

December 23, 2019

To All Concerned Parties

Name of REIT Issuer
 One REIT, Inc.
 2-1-3 Nihonbashi, Chuo-ku, Tokyo, Japan
 Koji Hashimoto, Executive Director
 (TSE Code: 3290)
 Contact:
 Asset Management Company
 Mizuho REIT Management Co., Ltd.
 Koji Hashimoto, Chief Executive Officer
 Contact Person: Takeshi Akimoto,
 Managing Director Finance & Administration Division
 TEL: +81-3-3242-7155

Notice concerning Acquisition of Asset (Silent Partnership Equity Interest)
(Kagurazaka Kogyo GK)

One REIT, Inc. (hereinafter referred to as “One REIT”) announced that Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”), the asset management company to which One REIT entrusts management of its assets, today decided that One REIT will conduct asset (silent partnership equity interest) acquisition, as described below.

1. Overview of Acquisition

(1)	Asset to be acquired	Silent partnership equity interest that has trust beneficiary rights of real estate placed in trust as asset under management (hereinafter referred to as the “Silent Partnership Equity Interest”)
(2)	Asset name	Kagurazaka Kogyo GK Silent Partnership Equity Interest
(3)	Real estate in trust	Kagurazaka Plaza Building
(4)	Planned amount of equity investment	18,000,000 yen
(5)	Conclusion date of silent partnership agreement	December 23, 2019
(6)	Planned acquisition date	December 24, 2019
(7)	Acquisition funds	Cash on hand

(Note 1) The asset is the silent partnership equity interest pertaining to silent partnership having Kagurazaka Kogyo GK (hereinafter referred to as the “Bridge SPC”) as the operator. Please refer to “3. Overview of the Silent Partnership Equity Interest” for further details of the silent partnership.

(Note 2) The Bridge SPC is scheduled to acquire trust beneficiary rights having real estate in trust as primary asset in trust (hereinafter referred to as the “Trust Beneficiary Rights”) on December 25, 2019.

(Note 3) LockeHallard Securities Co., Ltd. is scheduled to be the business operator handling the private placement of the Silent Partnership Equity Interest. The company does not fall under the category of “interested persons, etc.” defined in the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the “Investment Trusts Act”).

2. Reason for Acquisition

The decision was made to acquire the Silent Partnership Equity Interest based on the judgment that it will contribute to securing stable revenue and steady growth of assets under management over the medium to long term pursuant to the “asset management targets and policy” provided in the Articles of Incorporation of One REIT.

As announced in “Notice concerning Obtainment of Preferential Negotiation Rights for Acquisition of a Property (Kagurazaka Plaza Building)” dated December 13, 2019 (hereinafter referred to as the “Press Release on Obtainment of Preferential Negotiation Rights”), One REIT obtained the preferential negotiation rights for acquisition of the Trust Beneficiary Rights (hereinafter referred to as the “Preferential Negotiation Rights”). The acquisition of the Silent Partnership Equity Interest will enhance the probability of acquisition of the Trust Beneficiary Rights and is believed to thereby contribute to expanding the asset size and stabilizing the revenue base of One REIT. In addition, with the acquisition of the Silent Partnership Equity Interest, One REIT’s return on investment can be expected to increase through distribution of earnings sourced from rent revenue, etc. Please refer to the Press Release on Obtainment of Preferential Negotiation Rights for the points of the real estate in trust that were valued upon deciding on the acquisition of the Silent Partnership Equity Interest.

3. Overview of the Silent Partnership Equity Interest

Operator name	Kagurazaka Kogyo GK						
Effective period of silent partnership agreement	To December 25, 2025						
Total amount of equity investment in silent partnership	1,338 million yen						
Overview of silent partnership	<p>The following is an overview of the silent partnership in which One REIT will invest.</p> <table border="1"> <thead> <tr> <th colspan="2">Kagurazaka Kogyo GK</th></tr> </thead> <tbody> <tr> <td rowspan="3">Real estate trust beneficiary rights, etc. 5,041 million yen (Note 1)</td><td>Non-recourse loan (senior) 2,793 million yen</td></tr> <tr> <td>Non-recourse loan (mezzanine) 910 million yen</td></tr> <tr> <td>Equity investment in silent partnership, etc. 1,338 million yen (Note 2)</td></tr> </tbody> </table> <p>(Note 1) The amount of real estate trust beneficiary rights, etc. includes acquisition costs, reserves, consumption tax, etc. associated with the acquisition of the Trust Beneficiary Rights. The real estate appraisal value of the real estate in trust is 5,065 million yen.</p> <p>(Note 2) One REIT is scheduled to invest 18 million yen (approximately 1.3%) of the total amount of equity investment in silent partnership, etc.</p> <p>Calculation period: The three-month periods every year from March 1 to the last day of May, from June 1 to the last day of August, from September 1 to the last day of November and from December 1 to the last day of February. However, the first calculation period shall be from the date of initial payment of investment (scheduled to be December 24, 2019) to the last day of February 2020, and the last day of the final calculation period shall be the termination date of the silent partnership operation.</p> <p>Distribution of earnings (losses): The operator will distribute earnings or losses that arise from the silent partnership operation to the silent partners according to the investment ratio in each calculation period. Furthermore, the limit of loss to be borne by the silent partners shall be the amount of investment of the silent partners.</p> <p>Mizuho Real Estate Management Co., Ltd. (hereinafter referred to as “MREM”) has been entrusted with the asset management operations of the Bridge SPC as of November 29, 2019. MREM falls under the category of “interested persons, etc.” defined in the Investment Trusts Act.</p>	Kagurazaka Kogyo GK		Real estate trust beneficiary rights, etc. 5,041 million yen (Note 1)	Non-recourse loan (senior) 2,793 million yen	Non-recourse loan (mezzanine) 910 million yen	Equity investment in silent partnership, etc. 1,338 million yen (Note 2)
Kagurazaka Kogyo GK							
Real estate trust beneficiary rights, etc. 5,041 million yen (Note 1)	Non-recourse loan (senior) 2,793 million yen						
	Non-recourse loan (mezzanine) 910 million yen						
	Equity investment in silent partnership, etc. 1,338 million yen (Note 2)						

Overview of the Preferential Negotiation Rights	<p>Description of the Preferential Negotiation Rights: Right to preferential negotiation for One REIT regarding acquisition of the Trust Beneficiary Rights. However, One REIT will not be obliged to acquire the Trust Beneficiary Rights.</p> <p>Exercise period of the Preferential Negotiation Rights: From December 25, 2019 to December 24, 2024</p> <p>Period allowed for sale: From September 1, 2020 to December 24, 2024</p> <p>Terms and conditions for exercising the Preferential Negotiation Rights: The following conditions shall be met:</p> <ol style="list-style-type: none"> 1) The purchase price deemed reasonable considering the internal rate of return (IRR) of the seller matching or exceeding the designated figure. 2) The transaction date is on a business day during the period allowed for sale.
-------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

4. Overview of Operator of Silent Partnership

Name	Kagurazaka Kogyo GK
Head office address	c/o Mentor Capital Tax Corporation 1-2-9 Nishi-Shimbashi, Minato-ku, Tokyo
Position / Name of representative	Representative member: Ippan Shadan Hojin SIA Prince No. 1 Person to execute duties: Tadatsugu Ishimoto
Nature of business	1. Acquisition, holding and disposition of real estate trust beneficiary rights 2. Acquisition, holding, disposition, leasing and management of real estate 3. All businesses incidental or related to the preceding items
Stated capital	100 thousand yen
Silent partners	Not disclosed ^(Note)
Date of establishment	March 20, 2019
Total assets	5,041 million yen (planned)
Net assets	100 thousand yen
Relationship with One REIT or the Asset Management Company	
Capital relations	There is no capital relationship to be stated with One REIT or the Asset Management Company. One REIT is scheduled to make equity investment in silent partnership of approximately 1.3%.
Personnel relations	There is no personnel relationship to be stated with One REIT or the Asset Management Company. In addition, there is no personnel relationship to be specially noted between associated persons or associated companies of One REIT or the Asset Management Company and associated persons or associated companies of the concerned company.
Business relations	There is no business relationship to be stated with One REIT or the Asset Management Company. MREM, a subsidiary of the parent company of the Asset Management Company, has been entrusted with the asset management operations of the concerned company.
Circumstances applicable to related parties	The concerned company does not fall under the category of a related party. However, the concerned company falls under the category of an interested party defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

(Note) Not disclosed as consent has not been obtained from any other silent partner.

5. Details of Real Estate in Trust

Property name		Kagurazaka Plaza Building
Specified assets category		Trust beneficiary rights
Trustee		Sumitomo Mitsui Trust Bank, Limited
Expiration date of trust period		December 31, 2029
Appraisal value		5,065 million yen
Appraisal company		Daiwa Real Estate Appraisal Co., Ltd.
Land	Location	4-8-1, 4-8-14, 4-8-15 Kagurazaka, Shinjuku-ku, Tokyo
	(Domicile)	4-8 Kagurazaka, Shinjuku-ku, Tokyo
	Area	1,265.93 m ²
	Zoning	Commercial district
	Building-to-land ratio / Floor-area ratio	100% / 323.4%
	Type of ownership	Proprietary ownership
Building	Completed	December 1992
	Construction / Number of floors	RC with flat roof B1/4F
	Total floor space	3,682.33 m ²
	Use	Office
	Type of ownership	Proprietary ownership
Collateral		The trust beneficiary rights are scheduled to have a pledge established that has the lender of the non-recourse loan to the operator as the pledgee. In addition, an agreement on establishment of a mortgage with a condition precedent that agrees to have the lender as the mortgagee is scheduled to be concluded for the real estate that is the trust asset.
PML value		7.25%
PM company		Tosei Community Co., Ltd.
Master lease company		None
Lease status		
	Total leasable area	2,819.49 m ²
	Leased area	2,819.49 m ²
	Occupancy rate	100%
	Total number of tenants	7
	Monthly rent (including common area charges)	15,575 thousand yen
	Lease and guarantee deposits	135,412 thousand yen
Special remarks		None

Description on the information provided in each column and the terms used in the table are as follows. The information provided in the table is as of the last day of October 2019, unless otherwise stated.

- a. The “Appraisal value” column contains the appraisal value described in the Real Estate Appraisal Report by Daiwa Real Estate Appraisal Co., Ltd. with November 1, 2019, being the appraisal date.
- b. Explanation of the “Land” column:
 - (i) The “Location” column contains the lot address as stated in the registry. The “(Domicile)” column contains the residential address. In case that the domicile is not available, the column contains the building location as stated in the registry (if there are multiple, then one of the locations).
 - (ii) The “Area” column contains the parcel area as stated in the registry.
 - (iii) The “Zoning” column contains the zoning category from Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended) (hereinafter referred to as the “City Planning Act”).
 - (iv) The “Building-to-land ratio / Floor-area ratio” column contains the quantitative values (upper limit) stipulated in accordance with the Building Standards Act (Act No. 201 of 1950, as amended) (hereinafter referred to as the “Building Standards Act”), City Planning Act and other relevant laws and ordinances.
 - (v) The “Type of ownership” column contains the type of rights retained in trust by the trustee concerning the real estate in trust.

- c. Explanation of “Building” column:
- (i) The “Completed” column is the initial completion date as stated in the registry.
 - (ii) The “Construction / Number of floors” column contains the structure and numbers of floors as stated in the registry and may differ from the present state.
 - (iii) The “Total floor space” column contains the sum total of the floor areas stated in the registry and may differ from the present state.
 - (iv) The “Use” column contains the primary type of use stated in the registry and may differ from the present state.
 - (v) The “Type of ownership” column contains the type of rights retained in trust by the trustee concerning the real estate in trust.
- d. The “PML value” column contains the PML value based on the earthquake PML appraisal report as of November 2019 by Sampo Risk Management Inc.
- e. The “PM company” column contains the property management company to which property management operations are outsourced as of December 23, 2019.
- f. The “Master lease company” column contains the master lease company to which the master lease operations are outsourced as of December 23, 2019, or information after the acquisition, if change in master lease company or termination of such outsource is planned.
- g. The “Total leasable area” column contains the total floor space (in the event that the common areas are leased out, the said areas are included) that can be leased for office and retail in the building concerning the real estate in trust. The total leasable area does not include the parking lot, warehouse or land used for other purposes. Total leasable area is not what is stated in the registry, but is calculated based on an area shown in the lease agreement. Therefore, the total leasable area does not necessarily match the total floor space stated in the registry. The data in this column is based on information provided by the current owners of the Trust Beneficiary Rights.
- h. The “Leased area” column contains data based on the leased space shown in lease agreements with each tenant from among the total leasable area. The leased area does not include the parking lot, warehouse or land used for other purposes. The data in this column is based on information provided by the current owners of the Trust Beneficiary Rights.
- i. The “Occupancy rate” column contains the figure as a percentage obtained by dividing the leased area by the total leasable area and rounded off to the first decimal place. The data in this column is based on information provided by the current owners of the Trust Beneficiary Rights.
- j. The “Total number of tenants” column contains the number of tenants described in the following manner; one tenant per asset to be acquired is described in case that the tenant takes out a lease on multiple rooms in the same real estate in trust. The data in this column is based on information provided by the current owners of the Trust Beneficiary Rights.
- k. The “Monthly rent (including common area charges)” column contains the total monthly rent described in a lease agreement with each tenant (including common area charges but excluding usage fees for parking lots and accessory facilities such as warehouse as well as amount equivalent to consumption tax, etc.), rounded down to the nearest thousand yen. The data in this column is based on information provided by the current owners of the Trust Beneficiary Rights. Monthly rent for a tenant that falls into a free rent period as of the last day of October 2019 is calculated based on the monthly rent described in the lease agreement.
- l. The “Lease and guarantee deposits” column contains the residual amount of lease and guarantee deposits, etc. (excluding the lease and guarantee deposits, etc. related to parking lots and accessory facilities such as warehouse) of each tenant described in the lease agreement concluded with each tenant provided by the current owners of the Trust Beneficiary Rights. Amounts are rounded down to the nearest thousand yen.
- m. The “Special remarks” column contains important issues related to the relationship of rights and the usage, etc. of the real estate in trust, as well as important issues in consideration of the impact on the appraisal value, profitability and liquidity of the real estate.

6. Transaction with Interested Persons, etc.

The Bridge SPC does not fall under the category of “interested persons, etc.” defined in the Investment Trusts Act. However, since it entrusts asset management to MREM, a subsidiary of the parent company of the Asset Management Company, it falls under the category of an interested party defined in the internal regulations concerning trading with an interested party of the Asset Management Company. Therefore, predetermined procedures are taken in accordance with the internal regulations concerning trading with an interested party.

7. Settlement Method, etc.

One REIT shall pay the entire planned amount of equity investment (18,000,000 yen) to the operator using cash on hand on the planned date of acquisition of the Silent Partnership Equity Interest (December 24, 2019).

8. Schedule of Acquisition

Decision date for acquisition of the Silent Partnership Equity Interest	December 23, 2019
Conclusion date of silent partnership agreement	December 23, 2019
Planned date for equity investment in silent partnership	December 24, 2019
Planned settlement date of the Trust Beneficiary Rights by the Bridge SPC	December 25, 2019

9. Outlook for Financial Results

The impact of the acquisition of the Silent Partnership Equity Interest on the financial results for the fiscal period ending February 2020 (13th fiscal period: September 1, 2019 to February 29, 2020) and the fiscal period ending August 2020 (14th fiscal period: March 1, 2020 to August 31, 2020) is minimal. Therefore, there is no change to the forecast of financial results.

<Reference Information>

1. Overview of Appraisal Report
2. Photo and Map of Real Estate in Trust
3. Overview of Portfolio after the Acquisition

One REIT corporate website: <http://www.one-reit.com/en/>

<Reference Information>

1. Overview of Appraisal Report

Property name	Kagurazaka Plaza Building
Appraisal value	5,065,000,000 yen
Appraisal company	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal date	November 1, 2019

(yen)

Item	Content	Overview, etc.
Income approach value	5,150,000,000	Estimated based on the judgment that the income approach value based on the DCF method is more credible and by also verifying with the income approach value based on the direct capitalization method
Value based on the direct capitalization method	5,350,000,000	Assessed by the net income that is stable over the medium to long term discounted by the capitalization rate
Operating revenue	255,311,066	
Maximum gross operating revenue	263,869,264	Recorded by assessing based on current rent, similar properties' new rent level, etc. and taking into account the property's medium- to long-term competitiveness
Vacancy loss, etc.	8,558,198	Assessed the occupancy rate (vacancy rate) that is stable over the medium to long term, etc. by taking the property's and similar properties' standard vacancy rate and factoring in the property's competitiveness, etc.
Operating expenses	47,520,996	
Maintenance expenses	9,492,000	Recorded based on the amount of the contract quotation
Utility expenses	15,037,776	Recorded by taking into account historical data, similar properties' expense level, etc.
Repair expenses	1,296,167	Recorded the annual average amount of medium- to long-term repair expenses in the engineering report
PM fees	4,844,668	Recorded by taking into account similar properties' expense level, etc.
Tenant solicitation expenses, etc.	2,018,479	Recorded by assessing using similar properties' tenant solicitation expenses, etc. as reference
Taxes and public dues	13,039,400	Recorded by assessing using the actual amount as reference
Non-life insurance fees	548,000	Recorded by assessing using similar properties' insurance premiums as reference
Other expenses	1,244,506	Recorded by assessing other reserve funds, such as supplies, based on historical data
Net operating income	207,790,070	
Gain on management of income from lump-sum payment	1,593,989	Assessed investment returns at the assumed yield of 1.0%
Capital expenditures	11,262,174	Recorded by assessing CM fees based on the annual average amount of medium- to long-term renewal expenses in the engineering report
Net income	198,121,885	
Capitalization rate	3.7%	Assessed by taking into account the property's location conditions, building conditions and other conditions in a comprehensive manner
Value based on the DCF Method	5,060,000,000	
Discount rate	3.4%	Assessed by using similar property transactions' investment yield, etc. as reference and taking into account comparison with other financial instruments' yield, etc.
Terminal capitalization rate	3.8%	Assessed by taking into consideration such factors as the property's marketability upon expiration of the holding period against the capitalization rate
Cost method value	3,210,000,000	
Land ratio	87.4%	
Building ratio	12.6%	

Other items considered by appraiser upon appraisal	Assessed using the income approach value as the basis and the cost method value as reference based on the judgment that the income approach value that reflects the property's revenue-generating potential and profitability of investment is the more credible value, and by deducting renewal construction costs based on the engineering report (85,000,000 yen)
----------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. Photo and Map of Real Estate in Trust



3. Overview of Portfolio after the Acquisition

Category	Property no.	Property name	Location ^(Note 1)	(Planned) Acquisition price (million yen) ^(Note 2)	Investment ratio (%) ^(Note 3)
Office	OT-2	ONEST Kanda Square	Chiyoda-ku, Tokyo	7,350	7.1
	OT-3	Tachikawa Nishiki-cho Building	Tachikawa-shi, Tokyo	3,264	3.2
	OT-5	ONEST Yokohama Nishiguchi Building	Yokohama-shi, Kanagawa	3,110	3.0
	OT-6	Yushima First Genesis Building	Bunkyo-ku, Tokyo	2,751	2.7
	OT-7	ONEST Nakano Building	Nakano-ku, Tokyo	2,880	2.8
	OT-8	36 Sankyo Building	Shinjuku-ku, Tokyo	2,395	2.3
	OT-9	Minami-Shinagawa JN Building	Shinagawa-ku, Tokyo	2,165	2.1
	OT-10	Minami-Shinagawa N Building	Shinagawa-ku, Tokyo	2,292	2.2
	OT-11	Minami-Shinagawa J Building	Shinagawa-ku, Tokyo	2,020	2.0
	OT-12	MY Atsugi Building ^(scheduled to be sold in March 2020)	Atsugi-shi, Kanagawa	1,240	1.2
	OT-13	Hachioji SIA Building	Hachioji-shi, Tokyo	730	0.7
	OT-14	ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	7,500	7.2
	OT-15	ONEST Ueno Okachimachi Building	Taito-ku, Tokyo	2,700	2.6
	OT-16	Daido Life Omiya Building	Saitama-shi, Saitama	3,000	2.9
	OT-17	ONEST Ikebukuro East Building	Toshima-ku, Tokyo	2,200	2.1
	OT-18	Crescendo Building	Yokohama-shi, Kanagawa	2,466	2.4
	OT-19	Tokyo Parkside Building	Koto-ku, Tokyo	10,450	10.1
	OT-20	Nishi-Gotanda 102 Building	Shinagawa-ku, Tokyo	4,500	4.3
	OO-1	Central Shin-Osaka Building	Osaka-shi, Osaka	4,612	4.5
	OO-2	Karasuma Plaza 21	Kyoto-shi, Kyoto	3,700	3.6
	OO-3	ONEST Nagoya Nishiki Square	Nagoya-shi, Aichi	2,381	2.3
	OO-4	MY Kumamoto Building	Kumamoto-shi, Kumamoto	1,152	1.1
	OO-5	Nagoya Fushimi Square Building	Nagoya-shi, Aichi	4,812	4.6
	OO-6	Daihakata Building	Fukuoka-shi, Fukuoka	10,650	10.3
	OO-7	Higobashi Center Building	Osaka-shi, Osaka	8,930	8.6
Subtotal (25 properties)				99,250	95.9
Retail	R-1	fab Minami-Osawa	Hachioji-shi, Tokyo	4,250	4.1
	Subtotal (1 property)			4,250	4.1
Total (26 properties)				103,500	100.0

Investment securities	Kagurazaka Kogyo GK Silent Partnership Equity Interest (Kagurazaka Plaza Building (Shinjuku-ku, Tokyo))	18	-
-----------------------	---------------------------------------------------------------------------------------------------------	----	---

(Note 1) The “Location” column contains the minimum independent administrative district where each property is located.

(Note 2) The “(Planned) Acquisition price” column shows the acquisition price (excluding amount equivalent to consumption tax, etc.) described in the purchase and sale agreements of real estate or trust beneficiary rights in real estate related to acquired assets, and the planned amount of equity investment described in the silent partnership agreement in the case of the Silent Partnership Equity Interest.

(Note 3) The “Investment ratio” column shows the figure calculated as a percentage of the acquisition price of each asset to the aggregate acquisition price of assets, and rounded to the first decimal place.