

# Supplementary Materials to the Series of Press Releases Announced Today

December 15, 2025



CANDEO HOTELS KYOTO KARASUMA ROKKAKU



One REIT, Inc.

<https://one-reit.com/en/>  
Securities Code: 3290

(Asset Management Company)



Mizuho REIT Management

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# Property Replacement Through Partial Transfer of ONEST Kyoto Karasuma Square and Acquisition of CANDEO HOTELS KYOTO KARASUMA ROKKAKU



- Partial transfer of an approximately 40-year-old office building with concerns about future decline in profitability and other factors over four periods with a view to maximize both cash flow (CF) and gain on sale
- Acquired a relatively new accommodation-focused hotel that is close to Shijo Station and Karasuma Station and offers a one-of-a-kind accommodation experience combining the taste of Kyoto townhouses with modern comfort

## Asset to be transferred: ONEST Kyoto Karasuma Square



### Reasons for selecting asset to be transferred

Concern ①  
**Decrease in profitability**

**Large indivisible sections** that are very difficult to be leased

**Increase in repair costs** due to aging

Concern ②  
**Decrease in cash flow**

**Increase in CAPEX** due to large-scale construction

Concern ③  
**Decrease in unrealized gains**

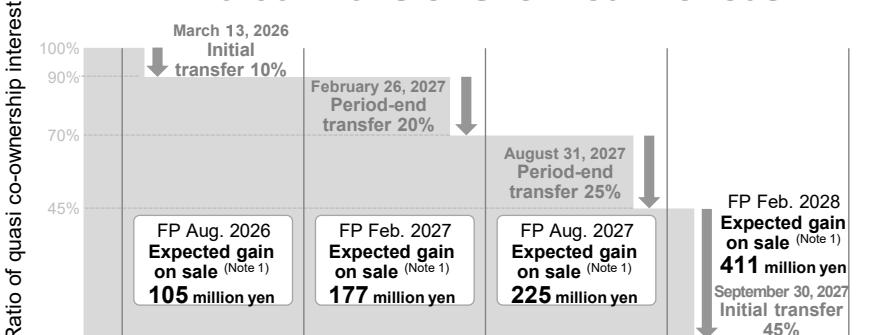
**Increase in book value** due to CAPEX exceeding depreciation



Against the backdrop of the building age of approximately 40 years, future declines in profitability and CF are predicted due to increases in repair costs and capital expenditures caused by large-scale construction, etc., and the transfer was decided through comprehensive consideration based also on the perspective of maximizing CF and gain on sale

The impact of property transfer on dividends is covered over four periods by recording gain on sale from the partial transfer

## Partial Transfer Over Four Periods



## Asset to be acquired: CANDEO HOTELS KYOTO KARASUMA ROKKAKU



A 4-year-old accommodation-focused hotel where the charm of Kyoto is felt throughout, including a tatami-floored lounge and reception room renovated from the former Ban Residence, a designated Kyoto City Cultural Property, and Kyoto-style breakfast served in a bento box

Conveniently located about a 3-minute walk from Karasuma Oike Station, it also offers modern comfort with a Sky Spa (large bath and sauna) and high-quality guestrooms, etc. as well as an accommodation experience that combines tradition and modernity

Stable revenue is expected in the form of fixed rent as it opened during the COVID-19 pandemic

## Effects of improvement in portfolio quality through acquisition

**Estimated increase in unrealized gains**

At the time of acquisition  
Appraisal value  
5,160 million yen

At the time of acquisition  
Estimated book value  
Approx. 4,900 million yen

► **Approx. 260 million yen**

Before acquisition (12/18)

**34.3 years**

After acquisition (12/18)

**33.2 years (-1.1 years)**

**Portfolio age**

Asset to be transferred

Approx.

**0 million yen/year**

**Liquidity on hand corresponding to depreciation expenses (Note 2)**

Asset to be acquired  
Approx.

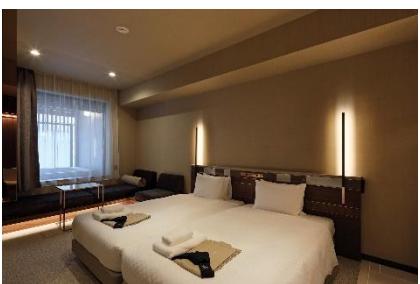
**37 million yen/year**

# Overview of Facilities at CANDEO HOTELS KYOTO KARASUMA ROKKAKU

- Differentiation achieved with the renovated reception building of the “Ban Residence,” a registered cultural property
- The area where the property is located is a tourist hub visited by many domestic and foreign travelers, and tourism demand mainly from inbound tourists is expected to grow



Location	Kyoto City, Kyoto
Asset to be acquired	Trust beneficiary right
Planned acquisition price (Note 3)	4,800 million yen
Appraisal value (Note 4)	5,160 million yen
Completed	March 2021
Structure/Number of floors	Steel, 10F Steel, 4F Wood with tiled roof, 2F
Total leasable area	3,454.06 m <sup>2</sup>
Number of guestrooms/ELVs	106 rooms/2 units



Spacious guestroom specifications with excellent comfort and designability



Sky Spa with a spacious bathtub and sauna



A library with insect cage-like windows unique to Kyoto townhouses



The passage to guestrooms and the quaint inner garden of Kyoto townhouses



Reception building of a hotel differentiated by a facade that utilizes the features of Kyoto townhouses

The reception building is preserved and used after undergoing renovation of part of the “Ban Residence,” which is a cultural property designated and registered by Kyoto City and built in the Meiji period

Obtained approval for preservation plans, including earthquake resistance, fire resistance, etc., upon the registration as a preserved building in Kyoto City

The taste of Kyoto townhouses attracts inbound tourists who are highly interested in the uniqueness of Japan, history and traditional culture

## Accommodation demand in the city center area



**2024  
Approx.  
32 million people**

**Percentage of foreigners in the total number of overnight guests in Kyoto**

**2024  
52%**

Source: Overnight Travel Statistics Survey (Japan Tourism Agency)

# Outlook for Dividends

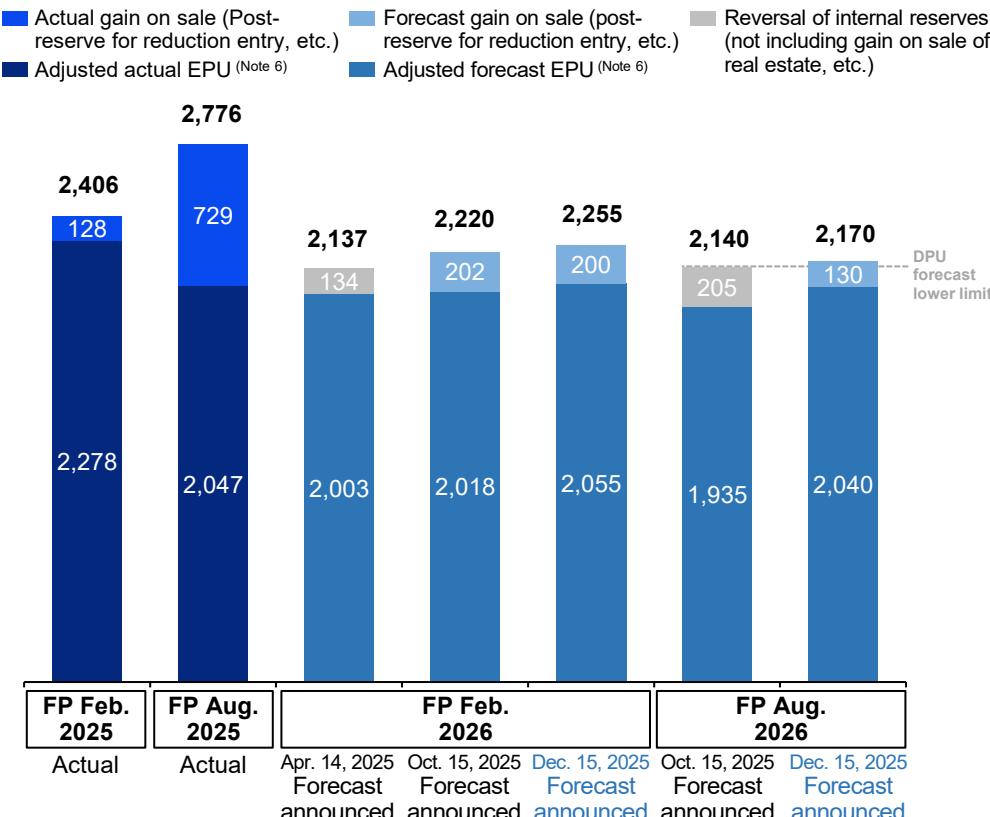
- Realization and return of unrealized gains utilizing an excellent sales environment, and securement of internal reserves using reserve for reduction entry
- Aim to raise EPU through property acquisitions allocating the amount equivalent to the book value of the asset to be transferred and flexible borrowing, etc.

## Data related to the partial transfer of the asset to be transferred

	1st transfer	2nd transfer	3rd transfer	4th transfer	Total
Planned transfer date	March 13, 2026	February 26, 2027	August 31, 2027	September 30, 2027	—
Ratio of quasi co-ownership interest to be transferred	10.0%	20.0%	25.0%	45.0%	100.0%
Planned transfer price (million yen)	500	1,000	1,250	2,250	5,000
Appraisal value at the end of FP Aug. 2025 (million yen)	4,150				
Book value (million yen) <small>(Note 5)</small>	383	798	1,004	1,808	3,995
Expected gain on sale (million yen) <small>(Note 1)</small>	105	177	225	411	919

## Trends in dividends per unit

(based on three-for-one investment unit split with effective date of September 1, 2025)

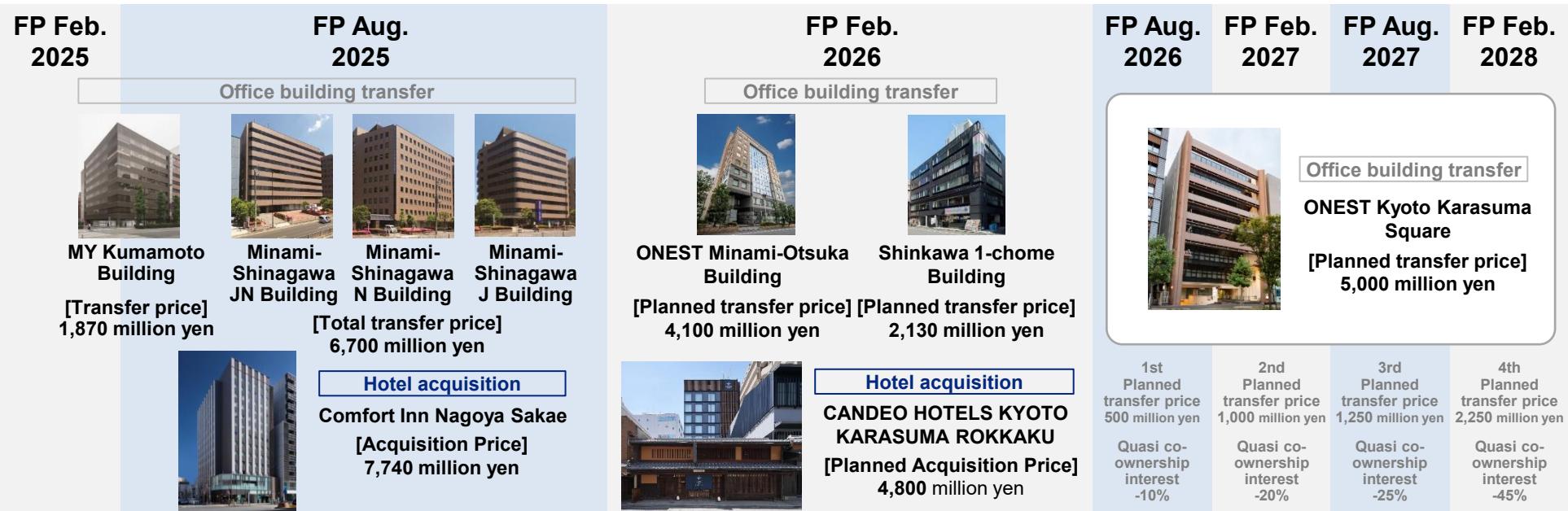
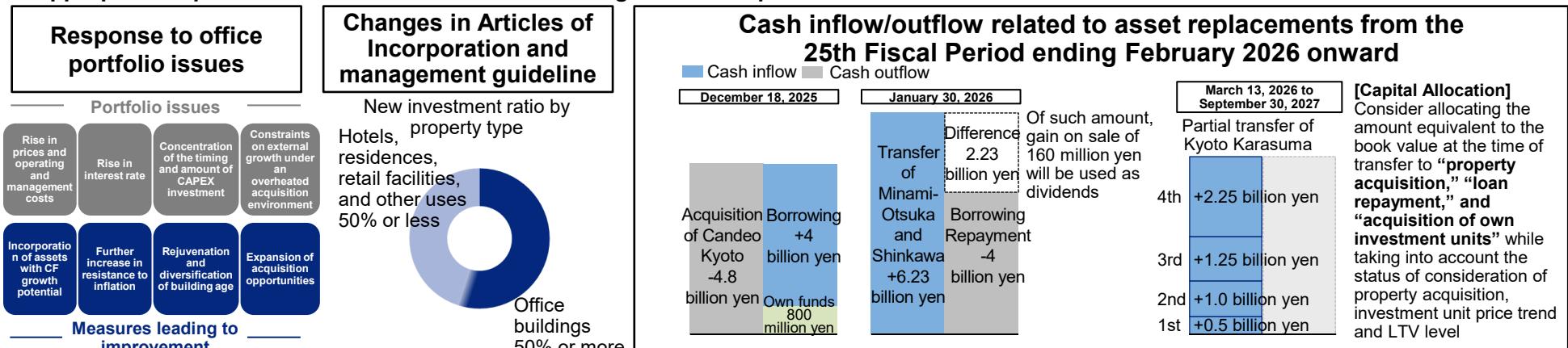


Estimated internal reserves at the end of the fiscal period ending February 2026

FP Feb. 2026 per unit  
614 million yen 763 yen

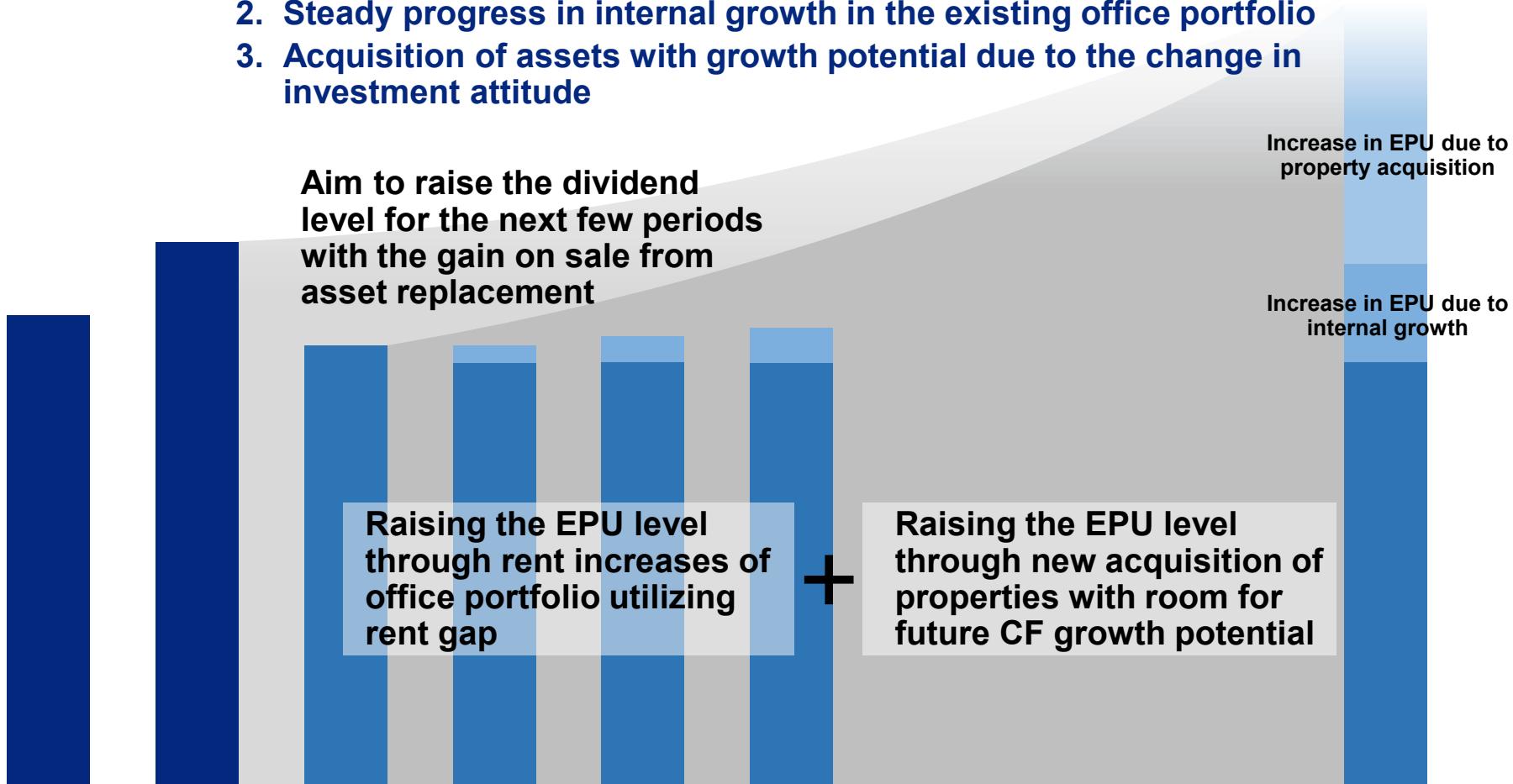
# Timeline and Capital Allocation of Property Replacement Strategy

- Promote asset replacements in which improvements in portfolio quality can be expected while utilizing unrealized gains and the strong real estate transaction market
- “New asset replacements totaling 20 billion yen in 2 years” from the 24th Fiscal Period (ended Aug. 2025) are currently ongoing, and appropriate capital allocation is carried out while being aware of capital costs



## Growth Strategy of One REIT

1. Recording of gain on sale over multiple periods due to the continuation of asset replacement strategy
2. Steady progress in internal growth in the existing office portfolio
3. Acquisition of assets with growth potential due to the change in investment attitude



(note 1) Expected gain on sale is the figure calculated by subtracting the expected book value at the time of sale and the total estimated amount of transfer costs from the planned transfer price for each transfer, and may vary.

(Note 2) Liquidity on hand corresponding to depreciation expenses is the figure obtained by deducting capital expenditures for the same period of time from depreciation expenses for a certain period. It is the actual figure for the fiscal period ended August 2025 and the estimated figure for the fiscal period ending February 2026 for the asset to be transferred and the estimated figures for the fiscal period ending August 2026 and fiscal period ending February 2027 for the asset to be acquired.

(Note 3) Planned acquisition price indicates the trading value of the asset to be acquired (excluding the amount equivalent to consumption tax, etc.) described in the purchase and sale agreement of trust beneficiary rights related to said asset, rounded down to the nearest million yen.

(Note 4) The valuation date of the appraisal value is October 31, 2025.

(Note 5) The book value is the estimated amount obtained by multiplying the book value for the asset to be transferred as of each partial transfer by the ownership interest subject to each partial transfer.

(Note 6) Adjusted EPU is the figure obtained by deducting gains on sale of real estate, etc. from EPU (earnings per unit).