

## Press Release

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### **GOR Announces Transfer of a Property (Sphere Tower Tennoz)**

29 November 2013 - Referring to “Summary of Financial Results for the Six-Month Period Ended September 2013,” in which Global One Real Estate Investment Corp. (“GOR”) announced on 14 November 2013 that GOR was consider the possibility of exiting and selling Sphere Tower Tennoz, GOR announced today that it has decided to transfer the asset as follows:

#### 1. Outline of the transfer (Expected)

- (1) Asset Subject to Transfer : Trust beneficial interests in real estate (Note 1. Hereinafter referred to as “the Subject Property.”)
- (2) Name of Building : Sphere Tower Tennoz
- (3) Date of Acquisition of Asset Subject to Transfer : 26 September 2003
- (4) Transfer Price : 9,500,000,000 yen  
(Figures exclude fixed asset taxes and city planning taxes paid, national and local consumption tax, and adjustment for equipment replacement work charges (Note 2).)
- (5) Book Value : 10,383,994,135 yen  
(Figures are for book value as of 30 September 2013. Book value at the time of the transfer will be different.)
- (6) Loss on Transfer : Approx. - 1.3 billion yen

(Figures are estimates as book value at the time of the transfer, details of sale-related expenses, etc. have yet to be determined.)

- (7) Date of Conclusion : 29 November 2013  
of Agreement
- (8) Expected Dates of : 20 December 2013  
Transfers
- (9) Transferee : Harbor Capital Tokutei Mokuteki Kaisha (For details, see 4 below.)
- (10) Intermediary : Sanko Office Management Co., Ltd.
- (11) Transfer Method : The trust beneficial interests in real estate will be transferred to the  
above transferee.

(Note 1) The asset to be transferred is a 67% quasi co-ownership of trust beneficial interest in real estate held by GOR.

(Note 2) This is an adjustment for the replacement work of the central supervisory board already ordered by GOR in June 2013 and the other charges relevant to the works to be borne by the seller.

## 2. Reasons for the transfer

After taking into account real estate market conditions, expected future income from the real estate concerned and the portfolio as a whole, changes in the value of assets and forecasts etc. thereof, based on the "Management Targets and Policies" prescribed in its Articles of Incorporation, and performing a comprehensive assessment from the perspective of the portfolio asset composition and formation policy etc., GOR decided to transfer the asset after taking into account the following main factors.

(1) Restore a focus on *NEWER*, and secure the capacity to acquire other properties

GOR has cautiously selected prime properties in prime locations with an eye on three key elements: (1) *CLOSER*, (2) *NEWER*, and (3) *LARGER*, for the purpose of creating a quality portfolio. However, after the occurrence of the Great East Japan Earthquake in March 2011, there have been drastic changes in tenants' demands for office building specifications. In particular, tenants' request levels for "*NEWER*" properties have drastically risen with greater attention paid to new buildings designed in compliance with the latest earthquake resistance standards, including BCP (business continuity plan) readiness.

The Subject Property is more than 20 years old, and not only are the costs of maintaining its competitiveness, e.g. repair costs, refurbishment costs, etc., expected to rise, but even if money is spent, aspects of it, such as its suitability for BCP, will remain inferior to the most advanced buildings, and it may become less competitive.

Of the proceeds from the transfer, the amount corresponding to the book value can be used to repay debt. This will provide GOR with the capacity to acquire premium "*NEWER*" properties when they become available. By modifying our portfolio in this way, we aim to reaffirm our investment policy of *CLOSER*, *NEWER*, and *LARGER* to distinguish ourselves from other funds.

(2) Consideration as to whether to hold on or sell out the Subject Property

The occupancy ratio of the Subject Property remains as low as the 40% level, due to a lease termination by a major tenant of GOR by the end of September 2013. Given that now is a turning point in our property management, GOR conducted a comprehensive deliberation on our future direction as to whether to hold on or sell out the Subject Property in the light of our unitholders' interests, in the manner shown below. After due consideration, in order to meet our

unitholders' interests, GOR decided it's better to sell out the Subject Property and proceed with the next step in our portfolio strategy of restoring a focus on *NEWER* and securing the capacity to acquire other properties for purpose (1) above, while GOR will suffer a temporary loss on sale of the Subject Property during the six-month period ending March 2014. In addition, GOR determined that now (the six-month period ending March 2014) is the right time, given that GOR is eligible to offset the loss on sale of the Subject Property against the gain on sale of Kintetsu Shin-Nagoya Building as stated (3) below.

<In the case of holding on the Subject Property>

The problem with the Subject Property lies in (i) the time required to generate income after filling the vacancies with subsequent tenants and (ii) the time required to achieve the expected profitability.

With regard to the former issue, it would be likely to take some time for the Subject Property to contribute to the income of GOR, even if we were to finalize contracts with subsequent tenants by satisfying their needs for a large area, in consideration of the longer free rent period, etc., in comparison with other areas.

As for the latter issue, the Subject Property is expected to secure successive tenants at higher rents than the current market level in terms of the positioning thereof in the GOR asset portfolio. However, it would likely to take considerable time for the Subject Property to recover the expected level of rents in view of concerns relating to the worsened supply and demand relationship in the areas around the Subject Property due to the lease termination by some major tenants in the areas and other negative factors.

After careful consideration of the above points, for the purpose of attaining early recovery and stability of dividends, GOR determined that generating these "waiting time" moments could not meet our unitholders' interests.

<In the case of selling out the Subject Property>

Now should be the time to consider selling out the Subject Property sooner or later, in view of its age under the portfolio strategy with the purpose of (1) above. In that case, with regard to the timing of the sale, the problem is whether GOR should (i) sell out the Subject Property after filling the vacancies with subsequent tenants or (ii) sell it off as it is.

With regard to (i) above, up to now, GOR has continued to promote activities for attracting subsequent tenants. However, at present, there are no prospects that GOR will be able to fill the vacancies with the subsequent tenants on terms and conditions satisfying the requirements of GOR. Accordingly, GOR cannot tell how long it will take to restore the occupancy ratio of the Subject Property to the normal state. Additionally, a high uncertainty also exists especially in the potential additional costs required for the maintenance for its competitiveness. Furthermore, in the light of the potential negative factors in the future market situation, there is no guarantee that GOR will be able to avoid the occurrence of loss on sale of the Subject Property even with considerable investment of time.

On the other hand, as for the latter case (ii), there are several advantages, including (a) GOR is most likely to be eligible to offset the loss on sale of the Subject Property against the gain on sale of Kintetsu Shin-Nagoya Building; (b) selling out the Subject Property is thought to meet our portfolio strategy of restoring a focus on *NEWER* and to help strengthen and improve our long-term portfolio; and (c) it will resolve the potential losses in leasing business incurred from the Subject Property for and after the six-month period ending in March 2014.

After reviewing the above points, GOR determined that selling out the Subject Property now should meet our unitholders' interests.

### (3) Handling of loss on sale of the Subject Property

The transfer price of the Subject Property is likely to fall below the book value of GOR, which is expected to cause GOR to suffer a loss on sale of approximately 1,300 million yen for the six-month period ending March 2014. For the purpose of selling out the Subject Property, GOR selected a potential buyer who bid the highest price after negotiations with several candidates who were interested in buying the Subject Property. GOR determined that it could achieve the best and reasonable price if the Subject Property is sold out, as it has a low occupancy rate in the current market.

The loss on sale from the Subject Property, amounting to approximately 1,300 million yen, will be eligible to be offset against the gain on sale from a 67% co-ownership of Kintetsu Shin-Nagoya Building, amounting to approximately 2,300 million yen, which is expected to be recorded during the 21st period (the six-month period ending March 2014).

As the transfer price of the Subject Property would be less than the book value of GOR at the time of transfer, GOR requested Tanizawa Sōgō Appraisal Co., Ltd. to appraise the value of the Subject Property for reference in order to decide whether the transfer price is reasonable. There is a divergence between the appraisal value at the time of transfer, which was calculated by Tanizawa Sōgō Appraisal Co., Ltd., and the estimated value at the end of the period (as of 30 September 2013), which was calculated by the Japan Real Estate Institute as indicated below in the table under “3. Details of the asset to be transferred”. The former was calculated on the basis that the Subject Property was to be sold out, and the latter was calculated on the basis that the Subject Property was to be held on to. The divergence was mainly caused by a difference in the estimated rents used in the two appraisals. The rent level for office buildings in the Tennoz area experienced a big drop due to the significant increase in the vacancy rate caused by relocations of major tenants etc. and fiercer competition for tenants among property owners in the area after the economic downturn in 2008, and this still remains low. The difference between the estimated rents of the respective appraisals, depends on the extent to which they take into consideration the present significantly decreased rent level vis-à-vis the expectation of future recovery in the rent level.

With regard to details of sales of assets by GOR, please see “E. Transfer” on P. 10-12 of “Summary of Financial Results for the Six-Month Period Ended September 2013” released on 14 November 2013.

3. Details of the asset to be transferred (The asset to be transferred is a 67% quasi co-ownership of trust beneficial interest in real estate held by GOR.)

Outline of the asset to be transferred				
Name of building	Sphere Tower Tennoz			
Type of specified asset	Trust beneficial interests in real estate (Note 1)			
Location	Residence indication: 2-2-8, Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan Land number: 2-2-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo, and other 11 parcels of land			
Land	Title	Ownership	Use	Commercial
	Land area	Total land area: 6,106.11 sqm	Floor area ratio / Building coverage	500%/80%
Building	Title (Note 2)	(1) Ownership (2) Co-ownership	Use	(1) Offices/stores (2) Machine room (District heating and cooling plant)
	Floor area (Note 3)	(1) 43,477.68 sqm (2) 3,674.04 sqm	Date built	(1) April 1993 (2) June 1991
	Structure	(1) 27-story plus one basement levels S, RC and SRC with a flat proof (2) RC structure with four basement floors		
	Designer	Research Institute of Architecture and Kajima Corporation	Construction firm	Kajima Construction and other companies
	PML	2.7%	Estimated future repair expenses (Note 4)	2,186,985,000 yen over 12 years (annual average: 182,248,000 yen)
Trustee	Mitsubishi UFJ Trust and Banking Corporation			
Property manager	ZYMAX PROPERTIES Corporation			
Summary of rent status (as of 30 September 2013)			Date and price of acquisition	
Total number of Tenants	22		Date of acquisition	26 September 2003
Rentable area (Note 5)	17,905.32 sqm		Acquisition price (Note 4)	12,114 million yen
Leased area (Note 5)	8,341.92 sqm		Appraisal value at the time of acquisition (Note 6)	
Total rent (Per month) (Note 4)	35 million yen		Date price determined	31 March 2003
Occupancy ratio	46.6%		Appraisal value	12,114 million yen
Estimated value at the end of the period (Note 6)			Appraisal value at the time of transfer (Note 7)	
Date estimate made	30 September 2013		Date price determined	15 November 2013
Estimated value at the end of the period	13,601 million yen		Appraisal value	9,350 million yen
(Note 1) GOR holds a 67% quasi co-ownership of trust beneficial interest in real estate (GOR assigned and transferred a 33% quasi co-ownership of trust beneficial interest in real estate on 02 October 2007).				
(Note 2) The Trustee solely holds the site, office and store spaces of Sphere Tower Tennoz, and owns the district heating and cooling plant (building number: 2-2-19, Higashi-Shinagawa, Shinagawa-ku, Tokyo) jointly with the land owner of the adjoining site immediately to the north (the Trustee holds 34.44% and the land owner of the adjoining site immediately to the north holds 65.56%). Additionally note that the district heating and cooling plant is located in the basement straddling the border between the site of Sphere Tower Tennoz and the land owned by the land owner of the adjoining site immediately to the north.				

(Note 3) Floor area indicates the total floor area of the building.

(Note 4) These figures indicate those related to a 67% quasi co-ownership of trust beneficial interest in real estate.

(Note 5) These areas indicate those related to a 67% quasi co-ownership of trust beneficial interest in real estate.

(Note 6) The appraisal value at the time of acquisition and the estimated value at the end of the period were calculated by the Japan Real Estate Institute. Additionally note that the appraisal value at the time of acquisition and the estimated value at the end of the period were equivalent to a 67% quasi co-ownership of trust beneficial interest in real estate.

(Note 7) The appraisal value at the time of the transfer was calculated by the Tanizawa Sōgō Appraisal Co., Ltd.

#### 4. Overview of the Transferee

Name	Harbor Capital Tokutei Mokuteki Kaisha
Address	Izumi Garden, 1-6-1 Roppongi, Minato-ku, Tokyo
Representative	Takeshi Nakamura, Director
Main businesses	1. Business concerning securitization of specified assets 2. Any and all businesses incidental to each of the foregoing businesses concerning securitization of specified assets
Capital	Specified capital: 300,100,000 yen Preferred capital: — yen
Date incorporated	19 March 2010
Major shareholder(s), contribution ratio and summary of major shareholder(s)	The information is undisclosed due to the absence of acceptance by the transferee.
Relationships with GOR/GAR	
Capital relationships	There are no capital relationships of note between the GOR/GAR and the transferee.
Personnel relationships	There are no personnel relationships of note between the GOR/GAR and the transferee.
Business relationships	There are no business relationships of note between the GOR/GAR and the transferee.
Whether related Party	The transferee is not a related party of GOR/GAR.

#### 5. Outline of the intermediation

##### (1) Overview of the Intermediary

Name	Sanko Office Management Co., Ltd.
Address	Ginza Sanwa Building, 4-6-1 Ginza, Chuo-ku, Tokyo
Representative	Hajime Miyo, Representative Director
Main businesses	Real-estate brokerage, property management, asset management and leasing management consulting
Capital	100 million yen
Date incorporated	13 December 2011
Relationships with GOR/GAR	
Capital relationships	There are no capital relationships of note between the GOR/GAR and the transferee.
Personnel relationships	There are no personnel relationships of note between the GOR/GAR and the transferee.
Business relationships	There are no business relationships of note between the GOR/GAR and the transferee.
Whether related Party	The transferee is not a related party of GOR/GAR.

##### (2) Breakdown and value of the intermediation commission

Intermediation commission remains undisclosed as we have yet to receive permission to disclose it from the intermediary.

#### 6. Method of settlement

The method of settlement will be that on the expected date of the transfer of the Subject Property, the transferee will make a lump-sum payment of the transfer price.

#### 7. Schedule for the transfer

29 November 2013	Transfer decision made. Conclusion of agreement on transfer of quasi co-ownership of trust beneficial interests in real estate
20 December 2013	Transfer made

#### 8. Earnings forecasts

GOR estimates the earnings forecasts for the six-month period ending March 2014, assuming the transfer of the Subject Property in "Summary of Financial Results for the Six-Month Period Ended September 2013," released on 14 November 2013. Therefore, there are no changes to be made to the earnings forecasts for the six-month period ending March 2014.

#### <Attachments>

<Ref. 1> List of assets excluding the Subject Property and Kintetsu Shin-Nagoya Building

<Ref. 2> Portfolio data after transfer

<Ref. 1> List of assets excluding the Subject Property and Kintetsu Shin-Nagoya Building (\*)

(\*) Kintetsu Shin-Nagoya Building will be divided into co-ownerships of 67% and 33% and transferred on 27 March 2014, and on 09 October 2014, respectively. For details, please see “GOR Announces Transfer of a Property (Kintetsu Shin-Nagoya Building),” released on 14 November 2013.

(As of 30 September 2013)

Name of building (Location)	Type of ownership	Total floor area (sqm) (Note 1)	Rentable area (sqm) (Note 2)	Date built	Age (Years) (Note 3)	Acquisition price (Million Yen) (Note 4)
Otemachi First Square (Chiyoda-ku, Tokyo)	Condo (Trust beneficial interest)	141,228.06	8,144.16	Feb. 1992	21.7	23,495
Hirakawacho Mori Tower (Chiyoda-ku, Tokyo)	Condo (Trust beneficial interest)	51,094.82	9,927.84	Dec. 2009	3.8	18,200
Ginza First Building (Chuo-ku, Tokyo)	Condo (Trust beneficial interest)	12,479.45	7,697.78	Aug. 1998	15.2	12,282
TK Minami-Aoyama Building (Minato-ku, Tokyo)	Ownership (Trust beneficial interest)	20,958.79	13,741.76	May 2003	10.4	35,000
Ark Hills Sengokuyama Mori Tower (Minato-ku, Tokyo)	Condo (Trust beneficial interest)	140,667.09	3,963.61	Aug. 2012	1.2	8,423
Meiji Yasuda Life Insurance Saitama-Shintoshin Building (Chuo-ku, Saitama City, Saitama)	50% co-ownership of Ownership (Trust beneficial interest)	78,897.42	21,704.32	Mar. 2002	11.6	22,700
Yodoyabashi Flex Tower (Chuo-ku, Osaka City, Osaka)	Ownership (Trust beneficial interest)	10,997.50	7,394.47	Nov. 2006	6.9	7,834
Total	—	—	72,573.94	—	10.8	127,934

(Note 1) Total floor area indicates the total floor area of the building regardless of the type of ownership.

(Note 2) Rentable area indicates the area owned by GOR.

(Note 3) Ages are rounded to one decimal place. The figure given as the “Total” for the ages is actually the average (weighted average based on gross rentable area) age of the properties in the portfolio.

(Note 4) Acquisition prices are the prices indicated in the sales agreement and are exclusive of expenses relating to the acquisition of the property (fees related to sales and purchases, taxes). Figures of less than 100 yen are rounded down.

<Ref. 2> Portfolio data after transfer

The changes of the portfolio by the transfers of the two properties, Sphere Tower Tennoz and Kintetsu Shin-Nagoya Building

Indicators	Unit	Before the transfers of the two properties as of 30 September 2013	After the transfers of the two properties as of 09 October 2014
Number of properties		9	7
Total acquisition price	Million yen	156,901	127,934
Average invested amount per property	Million yen	17,433	18,276

Average rentable area per property	sqm	12,117	10,367
Average age of building (Note 1)	Year	14.0	11.9
Portfolio PML (Note 2)	%	1.9	2.2

(Note 1) Average age of building indicates the weighted average age of the portfolio properties based on the total rentable area.

(Note 2) "Portfolio PML" was revised due to the incorporation of data related to the Great East Japan Earthquake into the earthquake risk analysis methodology by OYO RMS Corporation, a research firm.

**About GOR:**

Global One Real Estate Investment Corporation ("GOR") is a Japanese Real Estate Investment Trust (J-REIT) listed on the Tokyo Stock Exchange (TSE: 8958) with the ultimate goal of pursuing maximum returns for unitholders. GOR cautiously selects prime properties at prime locations with an eye on "strong and sustainable competitiveness in the marketplace." The three key watchwords in selecting properties are: (1) *CLOSER* - easily accessible from nearby train stations; (2) *NEWER* - newly or recently built; and (3) *LARGER* - large office buildings with extensive office space.

For more information about GOR, please visit: <http://www.go-reit.co.jp/eng/>

Note: This document is the English version of "Press Release" that is written in Japanese. The English version is understood to be a translation of the Japanese version and is supplied as a convenience to investors who prefer to use English. This document, containing forward-looking statements, is not intended to be a solicitation of any particular investment transaction. Investors should consult with their own investment advisors regarding the appropriateness of investing in any of the securities or investment strategies.