

Global One Real Estate Investment Corp.

Summary of Financial Results for the Six-Month Period Ended September 2018

14 November 2018

REIT Issuer:	Global One Real Estate Investment Corp.
Stock Exchange Listing:	Tokyo Stock Exchange
Securities code:	8958
Website:	http://www.go-reit.co.jp/eng/
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Scheduled date for filing of securities report:	25 December 2018
Scheduled date for dividends payments:	14 December 2018
Explanatory material to be prepared:	Yes
Analyst meeting to be convened:	Yes

- Amounts of less than one million yen are rounded down.

1. Financial summary for the six-month period that ended September 2018 (1 April 2018 – 30 September 2018)

(1) Earning Position

(Percentages indicate rate of change from previous six-month period)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	MM yen	%	MM yen	%	MM yen	%	MM yen	%
Six-month period ended Sept 2018	5,202	1.8	2,320	2.8	1,892	4.6	1,891	4.7
Six-month period ended March 2018	5,110	-0.6	2,258	-1.7	1,808	2.7	1,807	2.7
	Net income per unit		Ratio of net income to net assets		Ordinary profit to total assets		Ordinary profit to operating revenue	
	Yen		%		%		%	
Six-month period ended Sept 2018	2,135		2.2		1.0		36.4	
Six-month period ended March 2018	2,028		2.1		0.9		35.4	

(Note) GOR implemented a four-for-one split of investment units with 31 March 2018 as the record date and 1 April 2018 as the effective date. Net income per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the six-month period ended March 2018.

(2) Dividend distributions

	Dividend per unit (excluding dividends in excess of profit)	Total dividends (excluding dividends in excess of profit)	Dividend in excess of profit per unit	Total dividends in excess of profit
	Yen	MM yen	Yen	MM yen
Six-month period ended Sept 2018	2,136	1,891	0	0
Six-month period ended March 2018	8,164	1,807	0	0
	Payout ratio (*)	Dividend ratio to net assets		
	%	%		
Six-month period ended Sept 2018	100.0	2.2		
Six-month period ended March 2018	100.0	2.1		

(*1) GOR implemented a four-for-one split of investment units with 31 March 2018 as the record date and 1 April 2018 as the effective date.

(*2) Payout ratio is calculated using the following formula:

$$\text{Payout ratio} = \text{Total dividends (excluding dividends in excess of profit)} / \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Net assets to total assets	Net assets per unit
	MM yen	MM yen	%	Yen
Six-month period ended Sept 2018	190,752	87,126	45.7	98,371
Six-month period ended March 2018	190,209	87,042	45.8	98,276

(Note) GOR implemented a four-for-one split of investment units with 31 March 2018 as the record date and 1 April 2018 as the effective date. Unitholders' equity per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the six-month period ended March 2018.

(4) Cashflows

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at the end of period
	MM yen	MM yen	MM yen	MM yen
Six-month period ended Sept 2018	2,708	-387	-1,839	8,091
Six-month period ended March 2018	2,380	-131	-3,760	7,610

2. Earnings forecasts for the six-month period ending March 2019 (1 October 2018 – 31 March 2019) and earnings forecasts for the six-month period ending September 2019 (1 April 2019 – 30 September 2019)

(Percentages indicate rate of change from previous six-month period)

	Operating revenue		Operating profit		Ordinary profit		Net income	
	MM yen	%	MM yen	%	MM yen	%	MM yen	%
Six-month period ending March 2019	5,196	-0.1	2,334	0.6	1,901	0.4	1,900	0.4
Six-month period ending Sept 2019	5,302	2.0	2,357	1.0	1,922	1.1	1,922	1.2

	Dividend per unit (excluding Dividends in excess of profit)	Dividend in excess of profit per unit
	yen	yen
Six-month period ending March 2019	2,145	0
Six-month period ending Sept 2019	2,170	0

(Reference) Projected net income per unit for the six-month period ending March 2019 is 2,145 yen.
 Projected net income per unit for the six-month period ending September 2019 is 2,170 yen.

***Others**

(1) Changes in accounting policies, changes in accounting estimates and restatements of revisions

(a) Changes in accounting policies due to amended Accounting Standards	None
(b) Changes in accounting policies due to other factors	None
(c) Changes in accounting estimates	None
(d) Restatements of revisions	None

(2) Number of units issued and outstanding

(a) Number of units issued and outstanding at the end of the period (including own units):

For the six-month period ended September 2018	885,684
For the six-month period ended March 2018	221,421

(b) Number of own units at the end of the period:

For the six-month period ended September 2018	0
For the six-month period ended March 2018	0

(*) GOR implemented a four-for-one split of investment units with 31 March 2018 as the record date and 1 April 2018 as the effective date.

***Completion status of auditing procedures**

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Act of Japan. The auditing procedures in accordance with those requirements have not been completed as of the date of the publication of this document.

***Explanations regarding the appropriate use of earnings forecasts / special notes**

(Forward-looking Statements)

Forward-looking statements in this presentation (i.e., earnings forecasts) are based on information currently available and certain assumptions GOR believes reasonable. Actual results may differ materially from the forward-looking statements in this presentation due to various factors. The forecasts contained in this document are "current" as of the date of this release, based on the assumptions on pages 11-12 ("Assumptions underlying earnings forecasts for the six-month period ending March 2019 (the 31st Period) and the six-month period ending September 2019 (the 32nd Period)"). Actual results (i.e., operating revenue, operating profit, ordinary profit, net income, dividend per unit) may differ depending on various factors. The forecasts do not guarantee the amounts of future dividends.

1. Related parties

Disclosure is omitted as there have been no important changes to “Business Structure of Global One Real Estate Investment Corporation” from the most recent securities report (submitted on 27 June 2018).

2. Operation policies and operation results

(1) Operation policies

Disclosure is omitted as there have been no significant changes in “Investment Policies,” “Investment Targets,” and “Dividend Distribution Policies” from the most recent securities report (submitted on 27 June 2018).

(2) Operation results

I. Overview of the six-month period that ended September 2018 (the “30th Period”)

A. Historical background

- 16 April 2003: Global One Real Estate Investment Corp. (“GOR”) was established by Global Alliance Realty Co., Ltd. (“GAR”) as a J-REIT under the Act on Investment Trusts and Investment Corporations of Japan. The total investment amount was 200 million yen, or 400 shares, at the time of incorporation.
- 28 May 2003: Corporate registration was completed with the Kanto Local Finance Bureau (Registration No. 20, granted by the Director-General of the Kanto Local Finance Bureau).
- 25 September 2003: GOR achieved an IPO on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (Securities Code: 8958) where an additional 48,000 units were issued that raised 23,623 million yen in funds.

GOR has completed its accounting closing for the 30th Period.

B. Investment environment and operation results

<Investment environment>

In the Japanese economy during the period, a gradual recovery trend continued amid improvements in corporate earnings as well as the job and household income environment.

In the rental office building market, the supply-demand balance remained tight due to continuing forward-looking moves for relocation eyeing expansion of existing offices and moves to better locations and continued demand for floor expansion in buildings against the backdrop of strong business performance, as well as steady progress in tenant attraction in new buildings.

The office building sales market continues to enjoy a favourable funding environment and robust investment appetite of domestic as well as foreign investors. With information on Class A office buildings remaining limited, there are signs of overheating in property-acquisition competition, leading to transaction prices remaining high.

<Operation results>

(a) Acquisition and sales in portfolio

The 1st Period (initial accounting period ended March 2004)

- On 26 September 2003: GOR acquired Sphere Tower Tennoz, Kintetsu Omori Building, and Kintetsu Shin-Nagoya Building with the total acquisition price of 39,753 million yen.

On 25 December 2003: GOR acquired Otemachi First Square (office condo, approximately 9.1% of the dedicated area, with an acquisition price of 23,495 million yen).

The 3rd Period (six-month period ended March 2005)

On 1 October 2004: GOR sold Kintetsu Omori Building.

On 29 March 2005: GOR acquired Ginza First Building (office condo, approximately 92.1% of the dedicated area with an acquisition price of 12,282 million yen).

The 5th Period (six-month period ended March 2006)

On 21 October 2005: GOR acquired TK Minami-Aoyama Building, with an acquisition price of 35,000 million yen.

The 8th Period (six-month period ended September 2007)

On 25 April 2007: GOR acquired Meiji Yasuda Life Insurance Saitama-Shintoshin Building (50% of co-ownership with an acquisition price of 22,700 million yen).

The 9th Period (six-month period that ended March 2008)

On 2 October 2007: GOR sold a 33% share of its interest in Sphere Tower Tennoz.

On 31 January 2008: GOR acquired Yodoyabashi Flex Tower with an acquisition price of 7,834 million yen.

The 15th Period (six-month period ended March 2011)

On 1 March 2011: GOR acquired Hirakawacho Mori Tower (office condo, approximately 26.2% of the ownership) with an acquisition price of 18,200 million yen.

The 19th Period (six-month period ended March 2013)

On 20 November 2012: GOR acquired ARK Hills Sengokuyama Mori Tower (office condo, approximately 5.6% of the ownership) with an acquisition price of 8,423 million yen.

The 21st Period (six-month period ended March 2014)

On 20 December 2013: GOR sold Sphere Tower Tennoz.

On 27 March 2014: GOR sold part of our interest (67% co-ownership interest) in the Kintetsu Shin-Nagoya Building.

On 28 March 2014: GOR acquired Arca Central (office condo, approximately 56.1% of the ownership, with an acquisition price of 15,031 million yen).

The 22nd Period (six-month period ended September 2014)

On 30 May 2014: GOR acquired an additional ownership of Arca Central (office condo, approximately 1.7% of the ownership, with an acquisition price of 360 million yen).

On 1 August 2014: GOR acquired Yokohama Plaza Building (ownership with an acquisition price of 17,950 million yen).

The 23rd Period (six-month period ended March 2015)

On 9 October 2014: GOR sold its remaining interest (33% co-ownership interest) in the Kintetsu Shin-Nagoya Building.

The 27th Period (six-month period ended March 2017)

On 24 March 2017: GOR acquired Shinagawa Seaside West Tower (Trust beneficial interests in real estate (50% quasi co-ownership)), with an acquisition price of 12,000 million yen), and Meiji Yasuda Life Insurance Osaka Midosuji Building (50% of co-ownership with an acquisition price of 9,200 million yen).

The 30th Period (six-month period ended September 2018)

There was no acquisition or sale.

(b) Portfolio performance

As of 30 September 2018, the GOR Portfolio includes 11 office buildings. The total acquisition price accounts for 182,476 million yen with a gross rentable area of 123,878.08m². The occupancy rate of the overall GOR Portfolio stood at 98.8% as of the end of the 30th Period.

The following shows the portfolio leasing status over the most recent 1 year (until the end of September 2018):

As of the end of		# of properties	# of tenants (*1)	Gross rentable area (m ²)	Occupancy rate (%) (*2)
October	2017	11	189	123,648.88(*3)	97.9
November	2017	11	188	123,648.88	97.2
December	2017	11	188	123,662.04(*4)	97.7
January	2018	11	188	123,662.04	97.6
February	2018	11	186	123,662.04	98.0
March	2018	11	189	123,662.04	98.4
April	2018	11	191	123,662.04	98.2
May	2018	11	190	123,710.22(*5)	97.9
June	2018	11	191	123,710.22	98.2
July	2018	11	189	123,710.22	98.1
August	2018	11	188	123,710.22	98.3
September	2018	11	190	123,878.08(*6)	98.8

(*1) A tenant who leases multiple spaces within the portfolio is counted as one tenant.

(*2) "Occupancy Rate" is calculated by dividing the gross leased area by the gross rentable area. Numbers are rounded off to the first decimal place.

(*3) At Yokohama Plaza Building, the gross rentable area decreased by 74.19 m² as a result of some rentable sections being converted into common hallways.

(*4) At Meiji Yasuda Life Insurance Osaka Midosuji Building, the gross rentable area increased by 13.16 m² as a result of recalculation of leased area when a tenant was changed.

- (*5) At Meiji Yasuda Life Insurance Osaka Midosuji Building, the gross rentable area increased by 48.18 m² as a result of management warehouse being converted into rentable sections.
- (*6) At Ginza First Building, the gross rentable area increased by 167.86 m² as a result of some common hallways being converted into rentable sections.

C. Financing activities

In order to procure funds, GOR may borrow funds and issue investment corporation bonds as well as issue investment units. With regard to interest-bearing liabilities, GOR makes it a principle to borrow long-term loans with fixed interest rates from the perspective of managing assets over a long term and reducing future interest rate fluctuation risks.

In the period under review, GOR decided on 7 September 2018 to issue fresh bonds, as described below, in order to repay the Series No. 6 unsecured bonds (4,000 million yen) that expired 28 September 2018. The payment was completed on 27 September 2018.

(a) Series No. 12 unsecured bonds

Name of bond	Series No. 12 unsecured bonds (with pari passu clause)
Issue amount	2,000 million yen
Issuance price	100 yen per 100 yen face value
Interest rate	0.09% per annum
Date of issuance	27 September 2018
Collateral/guarantee	The bonds were issued on an unsecured and unguaranteed basis with no specific assets reserved.
Redemption date and method	The total amount to be redeemed on 27 September 2021. The investment corporation bonds may be repurchased and cancelled at any time after the date of payment unless otherwise specified by the transfer agent.
Ratings	AA- (Japan Credit Rating Agency, Ltd.)

(b) Series No. 13 unsecured bonds

Name of bond	Series No. 13 unsecured bonds (with pari passu clause)
Issue amount	2,000 million yen
Issuance price	100 yen per 100 yen face value
Interest rate	0.73% per annum
Date of issuance	27 September 2018
Collateral/guarantee	The bonds were issued on an unsecured and unguaranteed basis with no specific assets reserved.
Redemption date and method	The total amount to be redeemed on 27 September 2028. The investment corporation bonds may be repurchased and cancelled at any time after the date of payment unless otherwise specified by the transfer agent.
Ratings	AA- (Japan Credit Rating Agency, Ltd.)

GOR also borrowed 6,000 million yen on 28 September 2018 to repay existing loans of 6,000 million yen that expired on 28 September 2018.

As of 30 September 2018, the total capital contributed (net amount) was 84,942 million yen, the total number of units issued and outstanding was 885,684, the unpaid loan balance was 75,500 million yen, and the total balance of investment corporation bonds issued and outstanding was 19,000 million yen.

GOR's credit rating status as of 30 September 2018 is as follows:

Rating agencies	Rating descriptions	
Japan Credit Rating Agency, Ltd.	Long-term Issuer Rating:	AA-
	Outlook:	Stable
	Bond:	AA-

D. Financial results and dividend distributions

GOR recorded operating revenue of 5,202 million yen, operating profit of 2,320 million yen, ordinary profit of 1,892 million yen, and net income of 1,891 million yen for the 30th Period.

Regarding dividends, the application of a tax exemption (under Article 67-15 of the Act on Special Measures Concerning Taxation) means that profit distributions are expected to become tax deductible. It was decided to make the amount of profit distribution 1,891,821,024 yen, which is a multiple of 885,684, the number of investment units issued. As a result, dividend per investment unit is 2,136 yen.

II. Outlook of the next six-month period ending March 2019

A. Basic policies

GOR manages and operates its portfolio properties consisting primarily of real estate and other assets (real estate, leasehold rights to real estate or surface rights or beneficial interests of trusts in which only these assets are entrusted among the assets as set forth in Article 105 paragraph 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations of Japan) for investment purposes in accordance with Articles 2 and 21 of "the Articles of Incorporation" and "Management Target and Policies" provided in its attachment. GOR manages the assets held by GOR ("Assets under Management") from a medium- to long-term viewpoint with the aim of achieving steady growth of the Assets under Management and securing a stable income from them.

GOR and its asset manager GAR together look to provide "maximum returns for unitholders," not only from a real estate investment and asset management perspective but also from a financial management perspective.

B. Portfolio strategies

GOR aims to achieve the steady growth of its assets and secure stable profits from a medium- to long-term perspective, operate its finances in a secure manner, and manage its assets with the goal of "maximizing the value for unitholders." Specifically, GOR pursues portfolio strategies with a focus on the following points:

- (a) Aiming to invest mainly in superior properties that have a competitive edge and advantages to stand out in the market, keeping the key words of "*closer*," "*newer*" and "*larger*" in mind.
GOR places importance on investing in properties that have medium- to long-term competitiveness. This is based on the premise that such properties have advantages that make them an attractive option that is more likely to continue to be chosen by tenants. GOR carefully sifts for superior properties that have advantages over rivals and medium- to long-term competitiveness using the key words of "*closer*" (i.e. conveniently situated), "*newer*" (recently built) and "*larger*" (large-sized) and invest in them.
- (b) Strict selection of investment targets with the aim of striking the right balance between the quality of assets and the pace of growth
As described above, GOR is strict in selecting superior properties to invest in, but admittedly, there are only so many opportunities to invest in the kind of properties it seeks - Such properties cannot be acquired as easily as regular properties. GOR thinks that, under the market climate with signs of overheating in transaction prices, there is a risk that investment at fair prices may become impossible. As such, in seeking to achieve steady growth in asset value, GOR expects to see the pace of growth change along the way, alternating between phases of relatively gradual growth and rapid growth. Therefore, GOR's approach is to take the utmost care not to lose sight by focusing too much on the pace of asset growth and end up investing in properties that may undermine the "maximum value for unitholders" principle and try to strike the right balance between the quality of assets and the pace of growth and acquire properties on the premise of holding them over the medium to long-term. It must be noted, however, that GOR may sell properties when it decides that doing so will contribute to achieving maximum value for unitholders after studying the current real estate market, the characteristics of the property and the status of the portfolio from comprehensive angles.

- (c) Seeking to maintain high occupancy rates and maintain or increase rental revenues while at the same time managing and operating properties in ways that help achieve the right balance between the maintenance of the quality of property management and operations and cost reduction

GOR strives to maintain and build on relationships of mutual trust with tenants and enhance its services to boost tenant satisfaction, and, by doing so, seeks to maintain high occupancy rates and maintain or improve rental revenues. At the same time, GOR aims to constantly manage its properties in ways that optimize the balance between efforts to maintain the quality of property management and operations and reducing costs, in order to optimize property management costs while ensuring tenant satisfaction.

C. Material matters after the account closing

N/A

D. Earnings forecasts

Earnings for the six-month period ending March 2019 (The 31st Period: 1 October 2018 – 31 March 2019) and the six-month period ending September 2019 (The 32nd Period: 1 April 2019 – 30 September 2019) are forecasted as follows:

Concerning assumptions for the 31st Period and the 32nd Period, please see the following pages: “Assumptions underlying earnings forecasts for the six-month period ending March 2019 (the 31st Period) and the six-month period ending September 2019 (the 32nd Period)”

Earnings forecasts for the six-month period ending March 2019

(The 31st Period: 1 October 2018 – 31 March 2019)

Operating revenue:	5,196 million yen
Operating profit:	2,334 million yen
Ordinary profit:	1,901 million yen
Net income:	1,900 million yen
Dividend per unit:	2,145 yen
Dividend in excess of profit per unit:	0 yen

Earnings forecasts for the six-month period ending September 2019

(The 32nd Period: 1 April 2019 – 30 September 2019)

Operating revenue:	5,302 million yen
Operating profit:	2,357 million yen
Ordinary profit:	1,922 million yen
Net income:	1,922 million yen
Dividend per unit:	2,170 yen
Dividend in excess of profit per unit:	0 yen

(Note) The above forecasting numbers are “current,” based on the assumptions below. Actual results (i.e., operating revenue, operating profit, ordinary profit, net income, dividend per unit) may differ depending on various factors. The above forecasts do not guarantee the amounts of future dividends.

Assumptions underlying earnings forecasts for the six-month period ending March 2019 (the 31st Period) and the six-month period ending September 2019 (the 32nd Period)

Items	Assumptions
Accounting period	The 31st Period: 1 October 2018 - 31 March 2019 (182 days) The 32nd Period: 1 April 2019 - 30 September 2019 (183 days)
Operating assets	<ul style="list-style-type: none"> Assumes that GOR will hold a total of eleven properties through the end of the 32nd Period (ending 30 September 2019) without any additional acquisitions or dispositions during the 31st Period and the 32nd Period. Notwithstanding the above assumption, estimates may change in the event of a change in the portfolio.
Number of units issued	<ul style="list-style-type: none"> The number of units that have been issued and outstanding as of 30 September 2018 is 885,684 units. Dividend per unit is calculated based on the above number of units issued, or 885,684.
Operating revenue	<ul style="list-style-type: none"> Rental revenue takes into account various factors (e.g., trend of tenants, competition in the neighbourhood, and market trends) and assumes that there will be no arrears or nonpayment of rent by tenants.
Operating expenses	<ul style="list-style-type: none"> Property-related expenses, excluding depreciation and amortization expenses, are calculated reflecting variable factors based on historical data. Property management fees relating to leasing activities are estimated at approximately 568 million yen for the 31st Period and approximately 565 million yen for the 32nd Period and tax and public dues at approximately 524 million yen for the 31st Period and approximately 551 million yen for the 32nd Period. Repair and maintenance expenses are estimated at approximately 134 million yen for the 31st Period and approximately 140 million yen for the 32nd Period. However, unforeseen emergency repairs may become necessary depending on various factors, and actual repair expenses may exceed the estimates. Depreciation and amortization expenses, estimated at approximately 803 million yen for the 31st Period and approximately 820 million yen for the 32nd Period, are calculated on a straight-line basis over the holding period. Operating expenses other than property-related expenses (e.g. management fees, asset custody fees, and agency fees) are estimated at approximately 514 million yen for the 31st Period and approximately 515 million yen for the 32nd Period.
Non-operating expenses	<ul style="list-style-type: none"> The total non-operating expenses (e.g. interest expenses) are estimated at approximately 433 million yen for the 31st Period and approximately 434 million yen for the 32nd Period.
Borrowings and bonds	<ul style="list-style-type: none"> As of the date of this release, GOR has a total of 75,500 million yen in outstanding loans. It is assumed that loans becoming due during 31st and 32nd Periods will be fully refinanced. Dividend per unit may change due to unforeseen fluctuations in interest rates. As of the date of this release, GOR has a total of 19,000 million

	<p>yen in outstanding corporate bonds issued. It is assumed that this amount will remain unchanged through the end of the 32nd Period (ending 30 September 2019).</p>
Dividend per unit	<ul style="list-style-type: none"> • Dividend per unit is calculated in accordance with “Cash Dividend Policies” set forth in the Articles of Incorporation. • Dividend per unit may change due to various factors (e.g., change in the portfolio properties, increase or decrease in rent income resulting from tenant relocation, and unforeseen emergency repairs).
Dividend in excess of profit per unit	<ul style="list-style-type: none"> • Dividend distributions in excess of profit are not assumed during the 31st Period and the 32nd Period.
Others	<ul style="list-style-type: none"> • Assumes that there will be no material changes that may affect the aforementioned forecasts during this period in related laws, accounting standards and tax regulations in Japan, TSE listing regulations, and/or rules of the Investment Trusts Association, Japan. • Assumes that unforeseen significant changes will not occur in the general economic trends or the real estate markets of Japan.