

Global One Real Estate Investment Corp.

Summary of Financial Results for the Six-Month Period Ended March 2021

19 May 2021

REIT Issuer:	Global One Real Estate Investment Corp.
Stock Exchange Listing:	Tokyo Stock Exchange
Securities code:	8958
Website:	https://www.go-reit.co.jp/en/
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Scheduled date for filing of securities report:	23 June 2021
Scheduled date for dividends payments:	15 June 2021
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 March 2021 (1 Oct 2020 – 31 March 2021)

(1) Earning Position

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended March 2021	5,688	-0.8	2,737	-0.3	2,352	0.1	2,351	0.1
Six-month period ended Sept 2020	5,731	-2.2	2,745	2.7	2,351	3.6	2,350	3.6

	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 March 2021	2,444	2.4	1.2	41.4
Six-month period ended Sept 2020	2,443	2.4	1.2	41.0

(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	Million yen	Yen	Million yen
Six-month period ended March 2021	2,445	2,351	—	—
Six-month period ended Sept 2020	2,443	2,349	—	—
	Payout ratio (*)	Dividend ratio to net assets		
	%	%		
Six-month period ended March 2021	100.0	2.4		
Six-month period ended Sept 2020	100.0	2.4		

(*) 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
	Million yen	Million yen	%	Yen
Six-month period ended March 2021	200,600	96,805	48.3	100,641
Six-month period ended Sept 2020	200,833	96,803	48.2	100,639

(4) Cash flows

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Six-month period ended March 2021	3,120	-602	-2,349	9,755
Six-month period ended Sept 2020	3,305	-356	-2,268	9,586

2. Earnings forecasts for the six-month period ending September 2021 (1 April 2021 – 30 September 2021) and earnings forecasts for the six-month period ending March 2022 (1 October 2021 – 31 March 2022)

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ending Sept 2021	5,771	1.5	2,718	-0.7	2,329	-1.0	2,328	-1.0
Six-month period ending March 2022	5,664	-1.9	2,694	-0.9	2,305	-1.0	2,304	-1.0

	Dividend per unit (excluding Dividends in excess of profit)	Dividend in excess of profit per unit
	Yen	yen
Six-month period ending Sept 2021	2,420	—
Six-month period ending March 2022	(*) 2,400	—
(Reference)		
Projected net income per unit	Six-month period ending Sept 2021 2,420 yen	Six-month period ending March 2022 2,396 yen

(*) Dividend per unit is calculated on the premise that the distribution will be made by applying net income plus 4 million yen of the reserve for reduction entry.

*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 March 2021	961,884
For the six-month period ended September 2020	961,884
 - (b) Number of own units at the end of the period:

For the six-month period ended March 2021	0
For the six-month period ended September 2020	0

*This Summary of Financial Results is not subject to audit procedures by a certified public accountant or an audit firm.

* 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 page 11 (“Assumptions underlying earnings forecasts for the six-month period ending September 2021 (the 36th Period) and the six-month period ending March 2022 (the 37th 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. Operation results

(1) Operation results

I. Overview of the six-month period that ended March 2021 (the “35th 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 units, 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 and 23,623 million yen in funds were raised.

GOR has completed its accounting closing for the 35th Period.

B. Investment environment and operation results

<Investment environment>

In the 35th Period, while the Japanese economy remained in a severe state due to the impact of COVID-19, movements of recovery continued to be seen, however, weakness in some areas was seen.

In the office building rental market, increase in the number of cancellations attributable to the impact of COVID-19 was limited, but due to factors such as decrease in the number of concluded contracts caused by delays in decision-making by candidates for new tenants, the upward trend of vacancy rates continued and asking rents turned to a slight downward trend.

In the office building transaction market, management remains difficult under ultra-low interest rates due to ample financing by the central banks of various countries. While the investment appetite of domestic as well as foreign investors remains robust against the backdrop of a favourable funding environment, information on Class A office buildings for sale is still limited. Given this situation, competition over property acquisitions is severe and transaction prices remain high.

Going forward, while observing trends in business performance, GOR will pay utmost attention to rental market conditions, the trend of the real estate transaction market, and changes in the financial environment.

<Operation results>

(a) Acquisitions and sales in portfolio

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

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

On 25 December 2003: Acquired Otemachi First Square (sectional ownership, 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: Sold Kintetsu Omori Building.

On 29 March 2005: Acquired Ginza First Building (sectional ownership, 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: Acquired Rakuten Crimson House Aoyama, with an acquisition price of 35,000 million yen.

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

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

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

On 2 October 2007: Sold part of interest in Sphere Tower Tennoz (trust beneficial interest in real estate (33% quasi co-ownership)).

On 31 January 2008: 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: Acquired Hirakawacho Mori Tower (sectional ownership, approximately 26.2% of ownership interest, with an acquisition price of 18,200 million yen).

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

On 20 November 2012: Acquired ARK Hills Sengokuyama Mori Tower (sectional ownership, approximately 5.6% of ownership interest, with an acquisition price of 8,423 million yen).

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

On 20 December 2013: Sold all the remaining interest in Sphere Tower Tennoz.

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

On 28 March 2014: Acquired Arca Central (sectional ownership, approximately 56.1% of ownership interest, with an acquisition price of 15,031 million yen).

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

On 30 May 2014: Acquired additional ownership interest in Arca Central (sectional ownership, approximately 1.7% of ownership interest, with an acquisition price of 360 million yen).

On 1 August 2014: 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: Sold all the remaining interest in the Kintetsu Shin-Nagoya Building.

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

On 24 March 2017: Acquired Shinagawa Seaside West Tower (trust beneficial interest 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 interest with an acquisition price of 9,200 million yen).

The 32nd Period (six-month period ended September 2019)

On 18 April 2019: Acquired Toyosu Prime Square (50% quasi co-ownership of trust beneficial interest, with an acquisition price of 21,000 million yen) and sold all the interest in Ginza First Building.

The 35th Period (six-month period ended March 2021)

No acquisition or sale was performed in the six-month period ended March 2021.

(b) Portfolio performance

As of 31 March 2021, the GOR portfolio includes 11 office buildings. The total acquisition price accounts for 191,194 million yen with a total leasable area of 132,174.52 sqm. The overall occupancy rate of the GOR portfolio stands at 97.5% as of the end of the 35th Period.

The following shows the portfolio leasing status over the last year (through the end of March 2021):

As of the end of		Number of properties	Number of tenants (*1)	Total leasable area (sqm)	Occupancy rate (%) (*2)
April	2020	11	206	132,161.21	99.6
May	2020	11	205	132,161.21	99.8
June	2020	11	205	132,161.21	99.8
July	2020	11	204	132,161.21	99.5
August	2020	11	204	132,161.21	99.8
September	2020	11	203	132,161.21	97.6
October	2020	11	202	132,161.21	97.3
November	2020	11	202	132,161.21	97.4
December	2020	11	201	132,161.21	97.4
January	2021	11	200	(*3) 132,174.52	97.4
February	2021	11	199	132,174.52	97.4
March	2021	11	199	132,174.52	97.5

(*1) A tenant who leases more than one space within the portfolio is counted as one tenant.

(*2) "Occupancy rate" is calculated by dividing the total leased area by the total leasable area.

(*3) Total leasable area increased by 13.31 sqm as a result of the recalculation of leased area due to the move-out of tenants at Meiji Yasuda Life Insurance Osaka Midosuji Building.

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 the long term and reducing the risk of fluctuation in interest rates in the future.

During the period under review, GOR borrowed 4,750 million yen on 31 March 2021 to execute repayment of existing loans of 4,750 million yen due for repayment on 31 March 2021.

As of 31 March 2021, unitholders' capital (net amount) was 93,901 million yen, the total number of units issued and outstanding was 961,884, 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 31 March 2021 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 5,688 million yen, operating profit of 2,737 million yen, ordinary profit of 2,352 million yen, and net income of 2,351 million yen for the 35th Period.

Regarding dividends, GOR decided to distribute the entire amount of unappropriated retained earnings excluding fractional amounts of less than 1 yen per investment unit in anticipation of the application of tax exemption (under Article 67-15 of the Act on Special Measures Concerning Taxation) that will allow profit distributions to become tax deductible. As a result, dividend per unit is 2,445 yen.

II. Outlook of the next six-month period ending September 2021

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 20 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 stable income.

GOR and its asset manager GAR together look to realize “maximization of unitholder value,” 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 “maximization of unitholder value.” 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 and are more likely to be chosen by tenants. GOR carefully searches for and invests in superior properties bearing advantages over rivals and medium- to long-term competitiveness under the criteria of “*closer*” (i.e. conveniently situated), “*newer*” (recently built) and “*larger*” (large-sized).

- (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 for investment in said properties, and such properties cannot be acquired as easily as regular properties. GOR believes there exists the risk that investment at fair prices may become impossible under a market climate with signs of overheating in transaction prices. 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 utmost care and avoid focusing too much on the pace of asset growth and investing in properties that may undermine the principle of “maximization of unitholder value,” strike the right balance between 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 “maximization of unitholder value” after comprehensively studying the current real estate market, characteristics of the property, and status of the portfolio.

- (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 increase 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

Not applicable

D. Earnings forecasts

Earnings for the six-month period ending September 2021 (The 36th Period: 1 April 2021 – 30 September 2021) and the six-month period ending March 2022 (The 37th Period: 1 October 2021 – 31 March 2022) are forecasted as follows:

Concerning assumptions for the 36th Period and the 37th Period, please see the following items: “Assumptions underlying earnings forecasts for the six-month period ending September 2021 (the 36th Period) and the six-month period ending March 2022 (the 37th Period)”

Earnings forecasts for the six-month period ending September 2021
(The 36th Period: 1 April 2021 – 30 September 2021)

Operating revenue	5,771 million yen
Operating profit	2,718 million yen
Ordinary profit	2,329 million yen
Net income	2,328 million yen
Dividend per unit	2,420 yen
Dividend in excess of profit per unit	— yen

Earnings forecasts for the six-month period ending March 2022
(The 37th Period: 1 October 2021 – 31 March 2022)

Operating revenue	5,664 million yen
Operating profit	2,694 million yen
Ordinary profit	2,305 million yen
Net income	2,304 million yen
Dividend per unit (*2)	2,400 yen
Dividend in excess of profit per unit	— yen

(*1) The above figures 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.

(*2) Dividend per unit is calculated on the premise that the distribution will be made by applying net income (2,396 yen per unit) plus 4 million yen of the reserve for reduction entry.

Assumptions underlying earnings forecasts for the six-month period ending September 2021 (the 36th Period) and the six-month period ending March 2022 (the 37th Period)

Items	Assumptions
Accounting period	The 36th Period: 1 April 2021 - 30 September 2021 (183 days) The 37th Period: 1 October 2021 - 31 March 2022 (182 days)
Operating assets	<ul style="list-style-type: none"> Assumes that GOR will only hold a total of 11 properties on 31 March 2021, through the end of the 37th Period (ending 31 March 2022) without any additional acquisitions or sales during the 36th Period and the 37th 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 31 March 2021 is 961,884 units. Dividend per unit is calculated based on the above number of units issued, or 961,884.
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 non-payment of rent by tenants. Assumes that rent and other income will decrease by a certain degree as a result of accepting requests for rent reduction from some tenants, taking into consideration the situation where they are requesting rent reduction due to the impact of COVID-19.
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 602 million yen for the 36th Period and 576 million yen for the 37th Period, and property and other taxes are estimated at 533 million yen for the 36th Period and 529 million yen for the 37th Period. Repair and maintenance expenses are estimated at 149 million yen for the 36th Period and 139 million yen for the 37th 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 882 million yen for the 36th Period and 872 million yen for the 37th Period, are calculated on a straight-line basis over the holding period. Operating expenses excluding property-related expenses (e.g. management fees, asset custody fees, and agency fees) are estimated at 555 million yen for the 36th Period and 556 million yen for the 37th Period.
Non-operating expenses	<ul style="list-style-type: none"> Total non-operating expenses (e.g. interest expenses) are estimated at 388 million yen for the 36th Period and 389 million yen for the 37th Period.
Borrowings and bonds	<ul style="list-style-type: none"> As of 31 March 2021, GOR has a total of 75,500 million yen in outstanding loans. It is assumed that loans due during 37th Period will be fully refinanced. Dividend per unit may change due to fluctuation in interest rates. As of 31 March 2021, GOR has a total of 19,000 million yen in outstanding corporate bonds issued. It is assumed that GOR will redeem the corporate bonds that are maturing during the 36th Period and the 37th Period using funds which will be fully procured by issuing fresh bonds.
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

	<p>tenant relocation, and unforeseen emergency repairs).</p> <ul style="list-style-type: none"> Assumes that the distribution of the 37th Period will be made by applying net income plus 4 million yen of the reserve for reduction entry.
Dividend in excess of profit per unit	<ul style="list-style-type: none"> Dividend distributions in excess of profit are not assumed during the 36th Period and the 37th Period at this point in time.
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.

2. Investment risks

Disclosure is omitted as there are no material changes from “Investment risks” in the most recent annual securities report (submitted for filing on 25 December 2020).