

# Global One Real Estate Investment Corp.

(Code:8958)



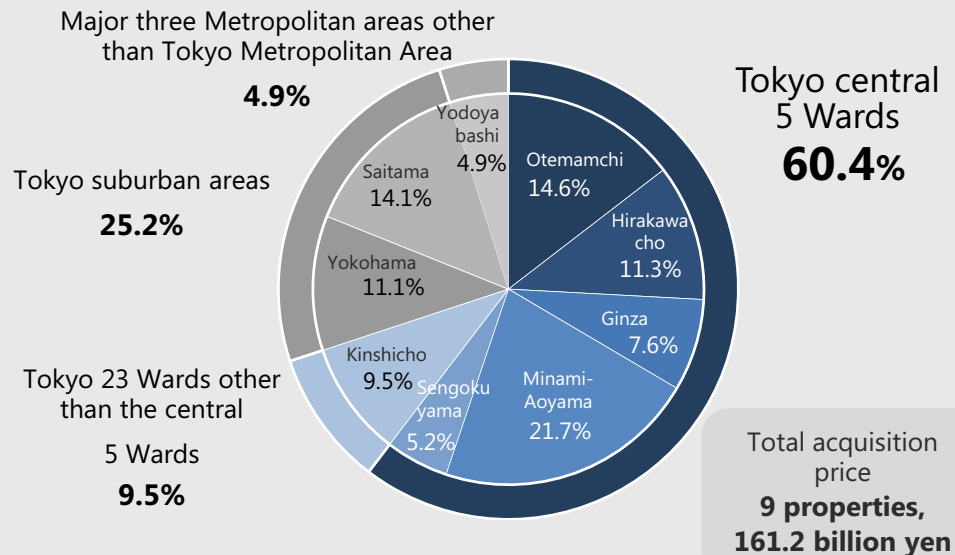
## Explanatory Material

Financial Results for the Six-Month Period Ended September 2016 (the 26<sup>th</sup> Period)

15 November 2016

## Portfolio

Investments in select high quality office buildings which are closer to nearby stations (CLOSER), newly or recently built (NEWER) and large sized (LARGER).



**"CLOSER"** easily accessible from nearby train stations  
Walking distance : 0 - 5 min.

**"NEWER"** newly or recently built

Average age of building : approx. 13.7 years  
Portfolio PML : 2.1%

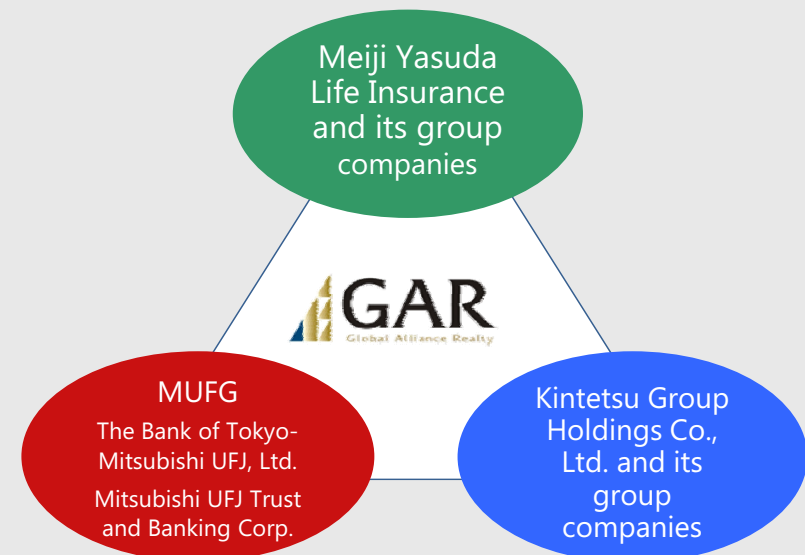
**"LARGER"** large office buildings

Average acquisition price : 17.9 billion yen  
Average gross rentable area : 11,416m<sup>2</sup>

## Financial Base and Sponsors

Solid financial base supported by financial sponsors

<b>LTV</b> (Interest-bearing debt/ total assets)	<b>Book value basis</b>	<b>50.3%</b>
	<b>Appraisal value basis</b>	<b>44.6%</b>
<b>Ratio of long-term/ fixed interest-bearing liabilities</b>		<b>88.2%</b>
<b>Average financing term</b>		<b>5.6years</b>
<b>Average interest rate</b>		<b>0.90%</b>
<b>Rating</b>		<b>AA – Stable (JCR)</b>



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# I Financial Results

The following abbreviations will be used for the following pages:

"GAR" = Global Alliance Realty Co., Ltd.

"GOR" = Global One Real Estate Investment Corp.

"Otemachi" = Otemachi First Square

"Hirakawacho" = Hirakawacho Mori Tower

"Ginza" = Ginza First Building

"Minami-Aoyama" = TK Minami-Aoyama Building

"Sengokuyama" = ARK Hills Sengokuyama Mori Tower

"Kinshicho" = Arca Central

"Yokohama" = Yokohama Plaza Building

"Saitama" = Meiji Yasuda Life Insurance Saitama-Shintoshin Building

"Yodoyabashi" = Yodoyabashi Flex Tower

Amounts less than the indicated amounts are rounded down and percentages and indices are rounded off, unless otherwise indicated.

# 1 . Executive Summary

	Performance/current standing	Future activities
Dividends	<ul style="list-style-type: none"> <li>■ Achieved 7,357 yen per unit                             <ul style="list-style-type: none"> <li>• Shifted to stable dividend streams as rent-free periods given to new tenants, which replaced major tenants at Minami Aoyama and Yodoyabashi have mostly expired</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Aim to achieve over 7,500 yen per unit</li> </ul>
Internal growth	<ul style="list-style-type: none"> <li>■ Overall average contracted rent has increased 3% in the last year and a half                             <ul style="list-style-type: none"> <li>• Expect to achieve rent increase revisions for 5 consecutive periods</li> <li>• Level of rent increased due to tenant replacements</li> </ul> </li> <li>■ Occupancy ratio maintained at high level                             <ul style="list-style-type: none"> <li>• Yodoyabashi achieved 100% occupancy ratio (since Nov 2016)</li> <li>• Portfolio occupancy ratio is 98.2% (as of 30 Sept 2016)</li> <li>• There is room for improvement of the occupancy ratio at Otemachi, etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Continue revisions of rent increases                             <ul style="list-style-type: none"> <li>• 76% of the current contracts is Market rent <math>\geq</math> Current contracted rent</li> <li>• Market rents exceed current rents : 2.1% of current total rent</li> </ul> </li> <li>■ Bring up rent level through leasing                             <ul style="list-style-type: none"> <li>• Pursue rent level for Otemachi</li> </ul> </li> </ul>
External growth	<ul style="list-style-type: none"> <li>■ Growth of asset size also required to stabilize revenues                             <ul style="list-style-type: none"> <li>• Diversification of tenants saw significant progress (Proportion of top 10 tenants drop from 55% to 33%)</li> <li>• Challenges lie in a small number of properties and also small asset size</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Broaden scope of candidate properties</li> <li>■ Strengthen collaboration with the sponsors                             <ul style="list-style-type: none"> <li>• Collaborate in terms of property information and supply</li> <li>• Pursue investment opportunities of large-scale properties through collaboration</li> </ul> </li> </ul>
Financial management	<ul style="list-style-type: none"> <li>■ Increase in unrealized gain                             <ul style="list-style-type: none"> <li>• Unrealized gain expanded to 21.5 billion yen, LTV based on appraisal value dropped to 44.6%</li> </ul> </li> <li>■ Extended period and reduced cost by issuing 10-year bonds in October                             <ul style="list-style-type: none"> <li>• 4 billion yen refinanced by replacing 4-year bonds at 0.66% with 10-year bonds at 0.47%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Continue reduction of financial costs                             <ul style="list-style-type: none"> <li>• The interest bearing liabilities which bear relatively high interest rates will come to maturity in the 28th and 29th periods</li> </ul> </li> </ul>

## 2. Financial Highlights

■ Achieved significant increase in revenue and profit in the 26th Period

		25 <sup>th</sup> Period Mar 2016	26 <sup>th</sup> Period Sept 2016	27 <sup>th</sup> Period Forecasts Mar 2017
<b>I/S・Dividends</b>				
Operating revenue =Property-related revenues	million yen	4,076	4,435	4,375
Operating profit (Property-related profit)	million yen	1,537 (1,961)	1,884 (2,318)	1,876 (2,322)
Ordinary profit	million yen	1,076	1,426	1,421
Net income	million yen	1,075	1,425	1,420
Total Dividends	million yen	1,094	1,425	1,420
Dividend per unit	yen	5,650	7,357	7,330
<b>Portfolio</b>				
NOI return (*1)	%	3.4	3.9	3.9
Term-end occupancy ratio	%	97.6	98.2	
<b>Others</b>				
Term-end total assets	million yen	168,692	169,115	
Interest-bearing liabilities	million yen	85,000	85,000	
Unrealized gain/ loss	million yen	17,973	21,599	
LTV (book value) (*2)	%	50.4	50.3	
LTV (appraisal value) (*3)	%	45.5	44.6	

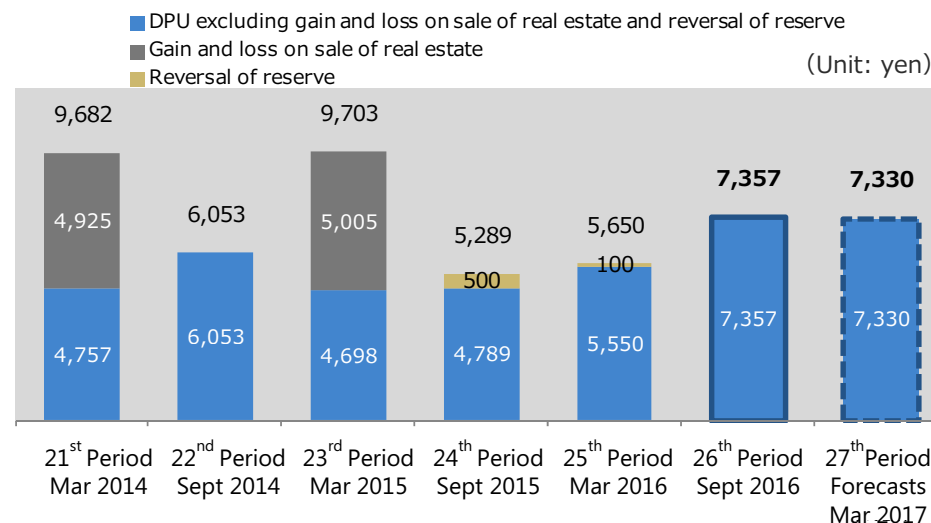
(\*1) NOI return = NOI for the six months × 2 ÷ acquisition price

(\*2) LTV (book value)=interest-bearing liabilities ÷ term-end total assets

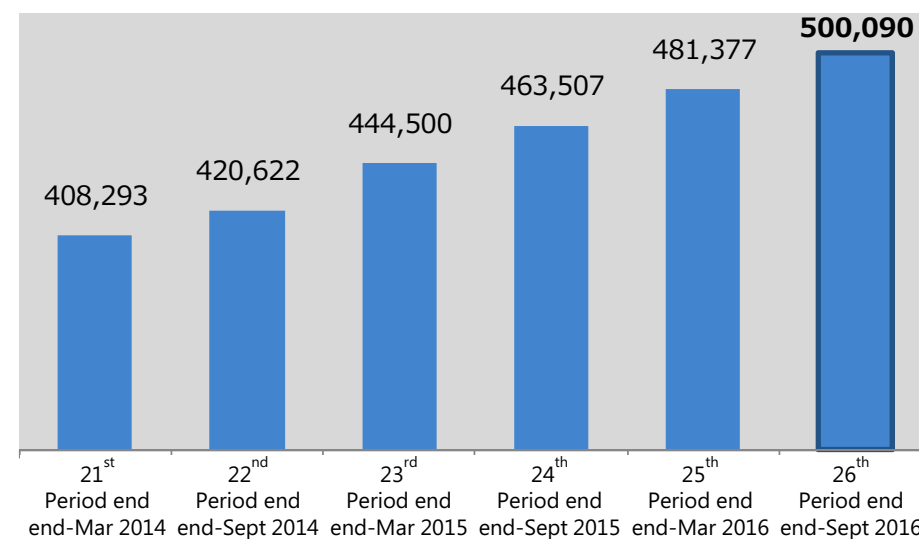
(\*3) LTV (appraisal value)=interest-bearing liabilities ÷ (term-end total assets + unrealized gain/ loss)

■ Unitholder value improved steadily

### Trend of Dividend per unit (DPU)



### Trend of NAV per unit



# 3. Forecasts and Actual Performance for the 26<sup>th</sup> Period

- Actual performance was better than forecast due to rapid progress in leasing at Ginza and Yodoyabashi, revenue and expenditure of utilities , etc.

(million yen)				
	26 <sup>th</sup> Period Forecasts Sept 2016	26 <sup>th</sup> Period Actual Sept 2016	Changes from 26th forecasts	
(*1)				
Operating Revenue	4,389	4,435	45	1.0%
Rental revenues (a)	4,389	4,435	45	1.0%
Rental revenues, etc.	4,110	4,131	20	0.5%
Utility charges	279	295	16	5.8%
Non rental revenues	-	9	9	-
Operating Expenses	2,560	2,551	-8	-0.3%
Property-related expenses (b)	2,119	2,116	-2	-0.1%
Property management fees	501	502	0	0.2%
Utility expenses	257	254	-2	-1.0%
Property and other taxes	430	429	-1	-0.3%
Casualty insurance	8	8	0	0.0%
Repairs and maintenance	111	113	2	1.9%
Depreciation and amortization (c)	804	803	-1	-0.2%
Loss on retirement of fixed assets	-	0	0	-
Other rental expenses	5	5	-0	-9.7%
Asset management fees	327	328	1	0.3%
Other general administrative cost	113	106	-7	-6.7%
Operating Profit	1,829	1,884	54	3.0%
Property-related profit (a-b)	2,270	2,318	48	2.1%
NOI (a-b+c)	3,075	3,122	46	1.5%
Non-operaitng Revenues	-	1	1	-
Non-operaitng Expenses	461	458	-3	-0.7%
Interest expense	386	383	-3	-0.8%
Other non-operating expenses	75	75	-0	-0.0%
Ordinary Profit	1,367	1,426	58	4.3%
Net Income	1,366	1,425	58	4.3%
Total Dividends	1,366	1,425	58	4.3%

The number of units issued at end of period	193,800 units	193,800 units	-	0.0%
Dividend per unit (DPU)	7,000 yen	7,357 units	357 yen	5.1%

(\*2)

(\*1) Forecasts are the numbers as of 17 May 2016 (at the time of the announcement of the financial results for the 25<sup>th</sup> Period).

(\*2) Amounts of less than 100 yen are rounded down.

(\*3) Increased profit/decreased profit divided by the number of units issued (193,800).

Main reasons for variance (million yen)	Main reasons for variance (million yen)		Converted to DPU
	Increased profit	Decreased profit	
Operating profit	54		282 yen
Property-related profit or loss			
Rental revenues, etc.	20		
Increase in revenue and expenditure of utilities	18		
Other general administrative costs	7		
Non-operating profit	4		20 yen
Decrease in interest expense	3		

Rapid progress in leasing at Ginza and Yodoyabashi  
Increase in store sales based percentage rents at Hirakawacho and Saitama, etc.

Decrease in expenses based on the number of unitholders

Decrease in interest rates of borrowings with variable interest rates



# 4. Comparison with the Previous Period

## ■ Significant increases in revenue and profit through expiries of rent-free periods and internal growth

(million yen)								
	25 <sup>th</sup> Period Mar 2016	26 <sup>th</sup> Period Sept 2016	Changes from previous period		Main reasons for variance	(million yen)		Converted to DPU
						Increased profit	Decreased profit	
Operating Revenue	4,076	4,435	359	8.8%	Operating profit	347		(*) 1,791 yen
Rental revenues (a)	4,076	4,435	359	8.8%	Property-related profit or loss			
Rental revenues, etc.	3,814	4,131	316	8.3%	Rental revenues, etc.			
Utility charges	259	295	36	14.0%	Expiries of rent-free periods	280		Minami-Aoyama, Saitama, Yodoyabashi, etc.
Non rental revenues	2	9	6	263.8%	Upward rent revisions	24		7 Properties (Otemachi, Ginza, Yokohama, Saitama, etc.)
Operating Expenses	2,538	2,551	12	0.5%	Moving in and out, etc.	10		Increased occupancy ratio at Otemachi and Yodoyabashi, etc.
Property-related expenses (b)	2,114	2,116	2	0.1%	Utility charges and expenses	19		
Property management fees	469	502	32	7.0%	Decrease in repairs and maintenance	57		Kinshicho, etc.
Utility expenses	237	254	17	7.3%	Increase in property management fees		32	Building management expense at Hirakawacho and Kinshicho
Property and other taxes	426	429	2	0.6%	Increase in asset management fees		18	Leasing expense at Ginza, Yodoyabashi, etc.
Casualty insurance	8	8	0	3.1%				
Repairs and maintenance	170	113	-57	-33.5%	Non-operating profit	2		15 yen
Depreciation and amortization (c)	795	803	8	1.0%	Decrease in interest expense	4		Decrease in interest rates of borrowings with variable interest rates
Loss on retirement of fixed assets	-	0	0	-	Reserve for reduction entry			-100 yen
Other rental expenses	7	5	-1	-26.9%	Decrease in the amount of reversal of reserve		19	
Asset management fees	309	328	18	6.1%				
Other general administrative cost	115	106	-9	-7.9%				
Operating Profit	1,537	1,884	347	22.6%				
Property-related profit (a-b)	1,961	2,318	356	18.2%				
NOI (a-b+c)	2,757	3,122	365	13.2%				
Non-operating Revenues	2	1	-1	-62.2%				
Non-operating Expenses	463	458	-4	-1.0%				
Interest expense	388	383	-4	-1.2%				
Other non-operating expenses	75	75	-0	-0.0%				
Ordinary Profit	1,076	1,426	350	32.5%				
Net Income	1,075	1,425	350	32.6%				
Reversal of reserve for reduction entry	19	-	-19	-100.0%				
Total Dividends	1,094	1,425	330	30.2%				
The number of units issued at end of period	193,800 units	193,800 units	-	0.0%				
Dividend per unit (DPU)	5,650 yen	7,357 yen	1,707 yen	30.2%				

				(million yen)		Converted to DPU	Main reasons for variance
				Increased profit	Decreased profit		
Properties that recorded increases/decreases of 10 million yen or more							
Minami-Aoyama				178		921 yen	Expiry of rent-free period
Yodoyabashi				55		286 yen	Expiries of rent-free periods, increase in occupancy ratio
Kinshicho				48		252 yen	Decrease in repair and maintenance expenses
Saitama				44		229 yen	Expiries of rent-free periods, upward rent revisions
Otemachi				26		139 yen	Increase in occupancy ratio, upward rent revisions

(\*) Increased profit/decreased profit divided by the number of units issued (193,800).



# 5. Forecast for the Next Period

## ■ Maintain stable operations and continue internal growth

(million yen)					Main reasons for variance (million yen)			Converted to DPU
	26 <sup>th</sup> Period Actual Sept 2016	27 <sup>th</sup> Period Forecasts Mar 2017	Changes from the 26th period		Increased profit	Decreased profit		
(*1)					(*2)			
Operating Revenue	4,435	4,375	-60	-1.4%	Operating profit		8	-43 yen
Rental revenues (a)	4,435	4,375	-60	-1.4%	Property-related profit or loss			
Rental revenues, etc.	4,131	4,120	-10	-0.3%	Rental revenues, etc.			Decrease in revenue due to increase in the amount of free rent
Utility charges	295	255	-39	-13.5%	Free rent		12	
Non rental revenues	9	-	-9	-100.0%	Upward rent revisions	5		7 properties (Yokohama, Saitama, etc.)
Operating Expenses	2,551	2,499	-51	-2.0%	Moving in and out	4		Increase in occupancy ratio at Yodoyabashi, etc.
Property-related expenses (b)	2,116	2,053	-63	-3.0%	Parking revenues, etc.		8	Parking revenues, percentage rent based on store sales, etc.
Property management fees	502	492	-9	-1.9%	Utilities charges and expense		15	
Utility expenses	254	229	-24	-9.7%	Decrease in repairs and maintenance	31		Ginza, Saitama, Yodoyabashi, etc.
Property and other taxes	429	427	-2	-0.5%	Decrease in property management fees	9		Decrease in leasing expense, etc.
Casualty insurance	8	8	0	0.0%				
Repairs and maintenance	113	81	-31	-27.8%				
Depreciation and amortization (c)	803	806	3	0.4%				
Loss on retirement of fixed assets	0	-	-0	-100.0%				
Other rental expenses	5	6	1	33.1%				
Asset management fees	328	330	1	0.6%				
Other general administrative cost	106	116	9	9.3%				
Operating Profit	1,884	1,876	-8	-0.4%				
Property-related profit (a-b)	2,318	2,322	3	0.1%				
NOI (a-b+c)	3,122	3,128	6	0.2%				
Non-operating Revenues	1	-	-1	-100.0%				
Non-operating Expenses	458	454	-4	-0.9%				
Interest expense	383	379	-3	-1.0%				
Other non-operating expenses	75	74	-0	-0.4%				
Ordinary Profit	1,426	1,421	-5	-0.4%				
Net Income	1,425	1,420	-5	-0.4%				
Total Dividends	1,425	1,420	-5	-0.4%				
The number of units issued at end of period	193,800 units	193,800 units	-	0.0%				
Dividend per unit (DPU)	7,357 yen	7,330 yen	-27 yen	-0.4%				

(\*1) For more information, please see "the Summary of Financial Results for the Six-Month Period Ended September 2016" released on 14 November 2016.

(\*2) Increased profit/decreased profit divided by the number of units issued (193,800).



## **II Portfolio Management**

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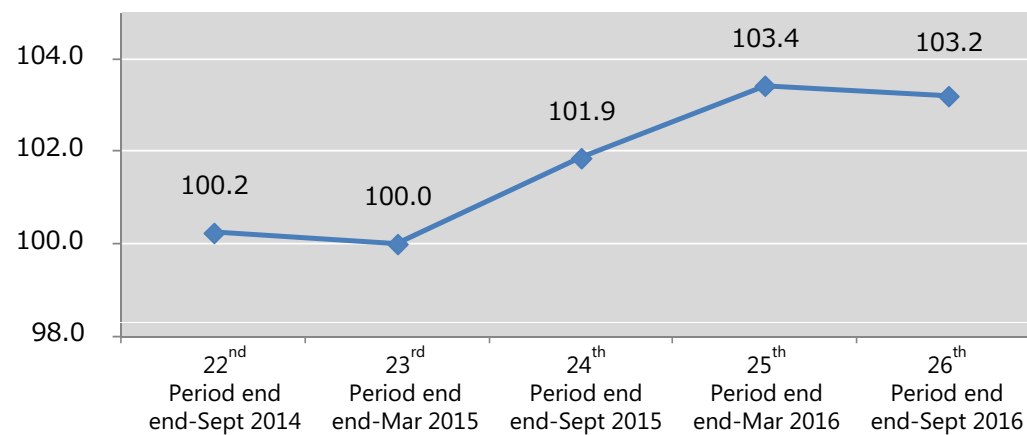
# 1. Internal Growth (1) Overall Picture of Internal Growth

- The average overall contracted rent has gone up 3% in the last year and a half, and the occupancy ratio stayed high
  - The overall average of office contracted rent rose 3% in the last year and a half thanks to rent increase revisions and increased rent level due to tenant replacements
  - Portfolio occupancy ratio is 98.2% (as of 30 September 2016)
  - The rent-free periods that increased in the 24th and 25th periods as major tenants left Minami Aoyama and Yodoyabashi have almost ended

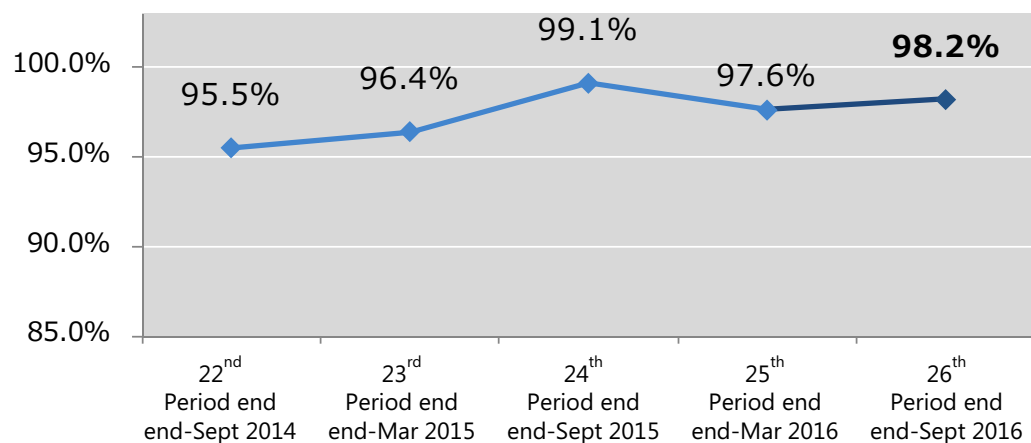
## Unit Contracted Rent

\* Office only, including common area charges  
Used index with end of the 23rd period = 100

Rent increase revisions  
Rent level increase due to tenant replacements

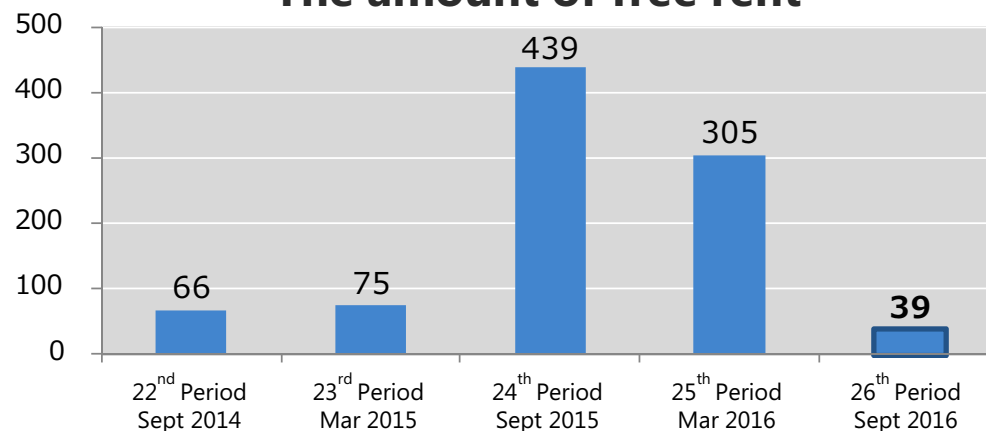


## Portfolio occupancy ratio



(million yen)

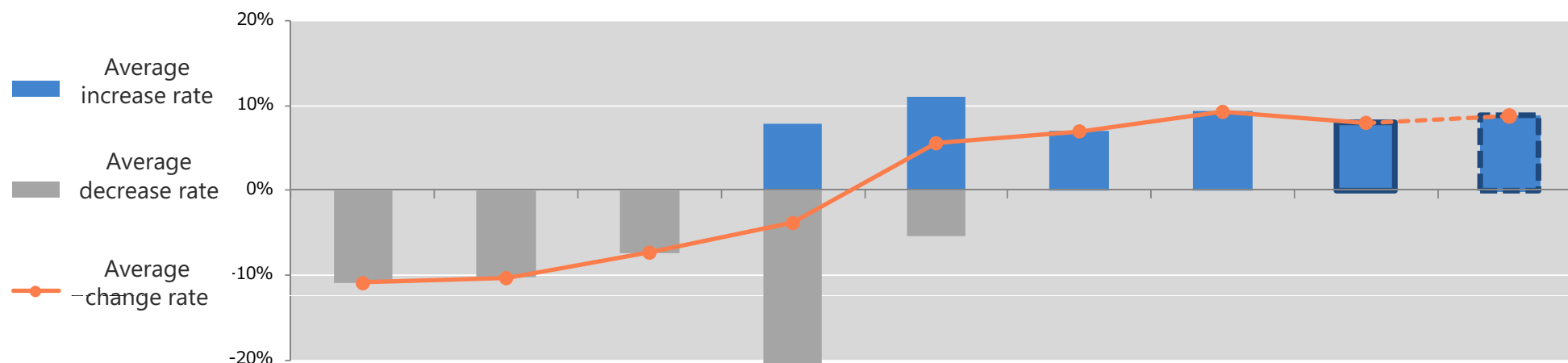
## The amount of free rent



# 1 . Internal Growth (2) Rental Rate Revisions ① Current Situation

## ■ Expect to achieve rent increase revisions for 5 consecutive periods

- In the 26<sup>th</sup> Period, out of a total of 22 cases, rents were increased at 14, maintained at 8, and reduced at 0, giving an average increase of +8.0%
- In the 27<sup>th</sup> Period, out of a total of 21 cases, rents are expected to be increased at 12, maintained at 9, and reduced at 0, giving an average increase of +8.8%



(*1)	19 <sup>th</sup> Period Mar 2013	20 <sup>th</sup> Period Sept 2013	21 <sup>st</sup> Period Mar 2014	22 <sup>nd</sup> Period Sept 2014	23 <sup>rd</sup> Period Mar 2015	24 <sup>th</sup> Period Sept 2015	25 <sup>th</sup> Period Mar 2016	26 <sup>th</sup> Period Sept 2016	27 <sup>th</sup> Period Forecasts (*2) Mar 2017
Area (m <sup>2</sup> )	6,649	16,117	20,002	18,507	11,709	25,295	13,684	11,304	9,494
Number of renewal	14	27	15	35	22	31	17	22	21
Area (m <sup>2</sup> )	—	—	—	3,332	2,497	8,804	8,389	7,468	2,810
Average increase rate	—	—	—	<b>7.8%</b>	<b>11.1%</b>	<b>7.0%</b>	<b>9.3%</b>	<b>8.0%</b>	<b>8.8%</b>
Number of rent increase	—	—	—	5	4	12	12	14	12
Area (m <sup>2</sup> )	3,212	5,746	705	1,996	1,608	—	—	—	—
Average decrease rate	-10.9%	-10.3%	-7.3%	-20.6%	-5.4%	—	—	—	—
Number of rent decrease	4	9	2	3	3	—	—	—	—
Average change rate	<b>-10.9%</b>	<b>-10.3%</b>	<b>-7.3%</b>	<b>-3.8%</b>	<b>5.6%</b>	<b>7.0%</b>	<b>9.3%</b>	<b>8.0%</b>	<b>8.8%</b>

(\*1) The average increase rates, the average decrease rates and the average change rates are based on the rents excluding common area charges.

(\*2) Forecasts for the 27<sup>th</sup> Period as of October-end 2016

# 1. Internal Growth (2) Rental Rate Revisions ② Future Outlook

## ■ Continue negotiations for contract revisions to increase rents

- 76% of the current contracts is Market rents  $\geq$  Current contracted rents
- Market rents exceed current contracted rents by 2.1% of current total rents

### Deviation of current contracted rents from market rents

◆ Changes in deviation from market rent (\*1) and proportion of leased area <offices only>

The previous period



71.6%

28.4%

The current period



76.1%

23.9%

Market rent  $\geq$  Current rent

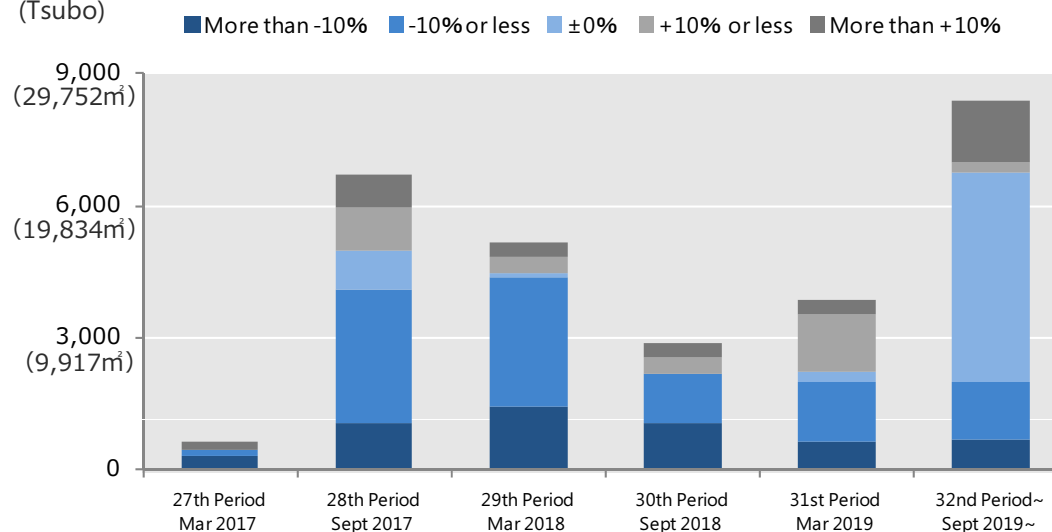
Market rent < Current rent

- The number of contracts with a negative rent gap against market rent increased and that of contracts with a positive rent gap against market rent decreased due to the rise of market rents
- Market rents exceed current contracted rents by 2.1% of the current total rents for offices or 616 Million yen per month.

### Deviation at the time of each rent revision

◆ Deviation and volume of leased area (\*2) <office only>

(Tsubo)



Deviation	Future policy
More than -10%	Aim to increase rent
Between ±0% and 10%	
+10% or less	Basically, maintain the current rent level, but engage in negotiations if the individual circumstances make a rent increase feasible
More than +10%	

(\*1) Deviation is an expression of the gap between the market rent and the current contracted rent, and is calculated using the following formula: current contracted rent / market rent - 1. Figures for market rent are based on rents under new contracts as estimated by CBRE as of the end of August 2016. Figures for current contracted rents include rents as formally or informally determined as of the end of October 2016.

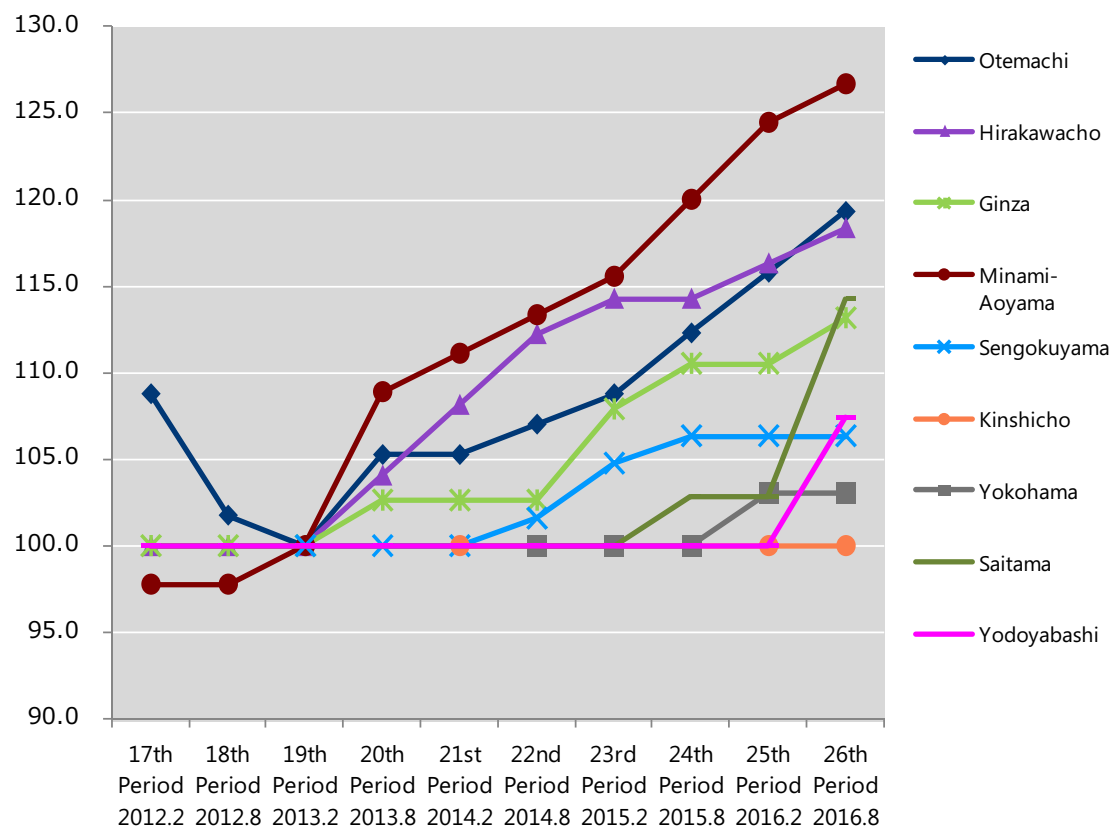
(\*2) Contracts for which rents are due to be revised during the 27<sup>th</sup> Period and for which the new rent has already been agreed upon are included in the next revision period.

# 1. Internal Growth (3) Market Rents and Tenants Moving In & Out

## ■ Market rents of high quality office buildings continue rising

- Saitama, Yokohama and Yodoyabashi experience rent increases following the trend of other properties in central Tokyo

## Trend of market rents of properties held by GOR

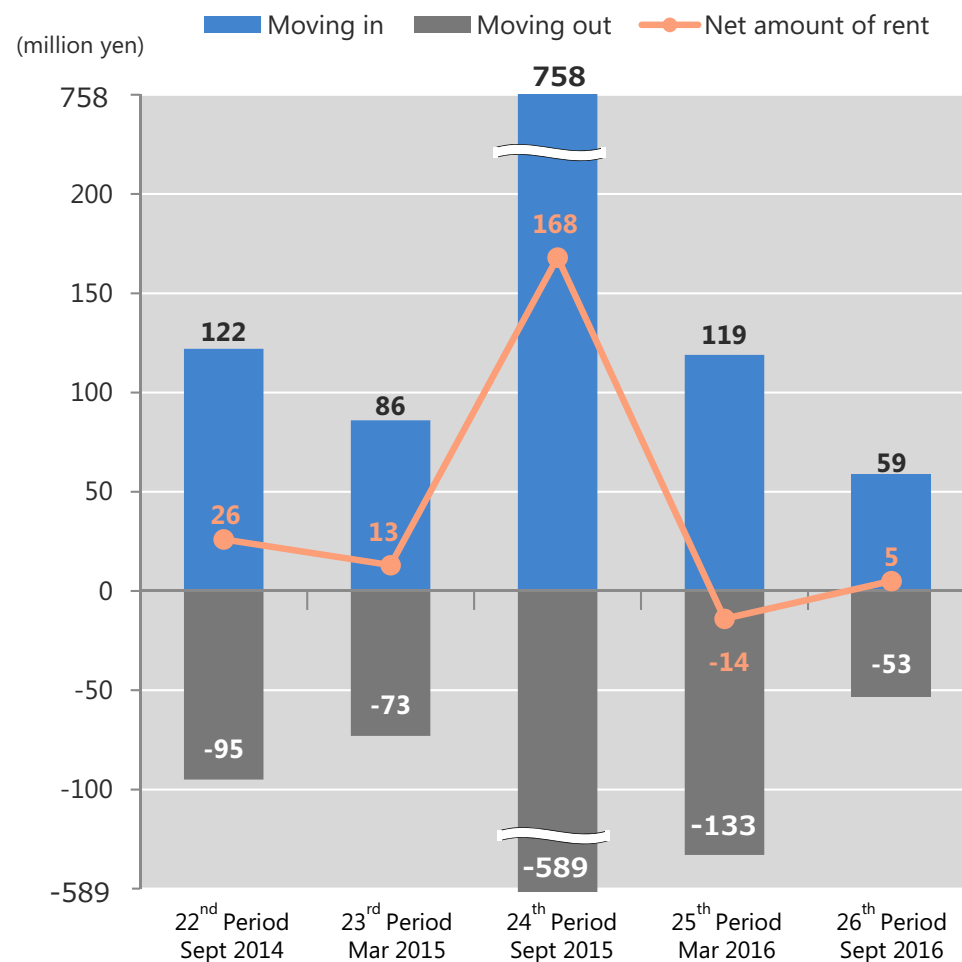


(Note) We used indexation of assumed new contract rents for respective properties assessed by CBRE using the following criteria

- Properties other than Kinshicho and Yokohama: February 2013 = 100
- Kinshicho (Acquired in March 2014) : February 2014 = 100
- Yokohama (Acquired in August 2014) : August 2014 = 100

## ■ Rent level increased due to tenant replacement

## Rent changes due to moving in/out of tenants (including common area charges, full-period contribution value)

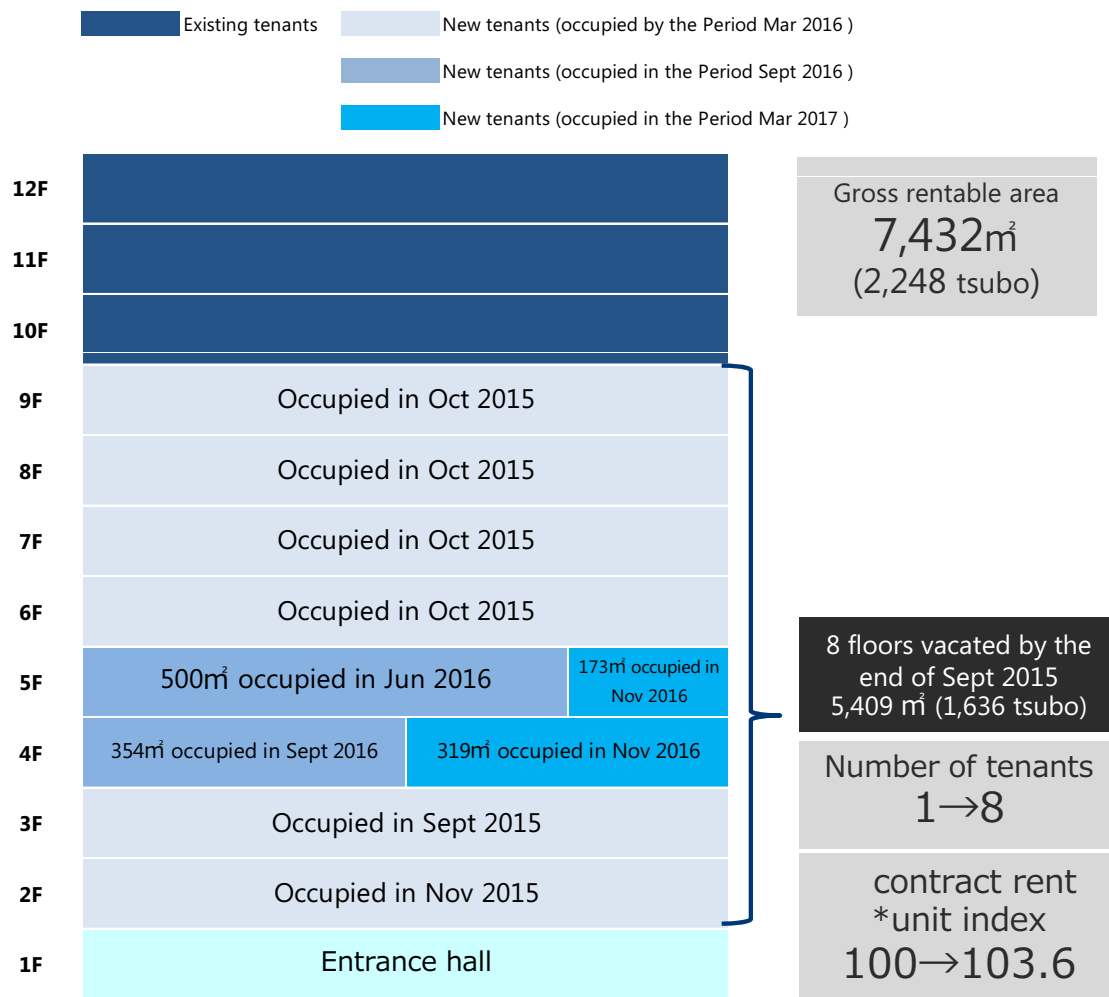


# 1 . Internal Growth (4) Leasing Activities

## ■ Yodoyabashi: Full occupancy of 100%, tenants diversified, and rent increased

- Occupancy ratio rose from 81.9% (end of the Period ended Mar 2016) to 93.4% (end of the Period ended Sept 2016), and to 100% in November 2016

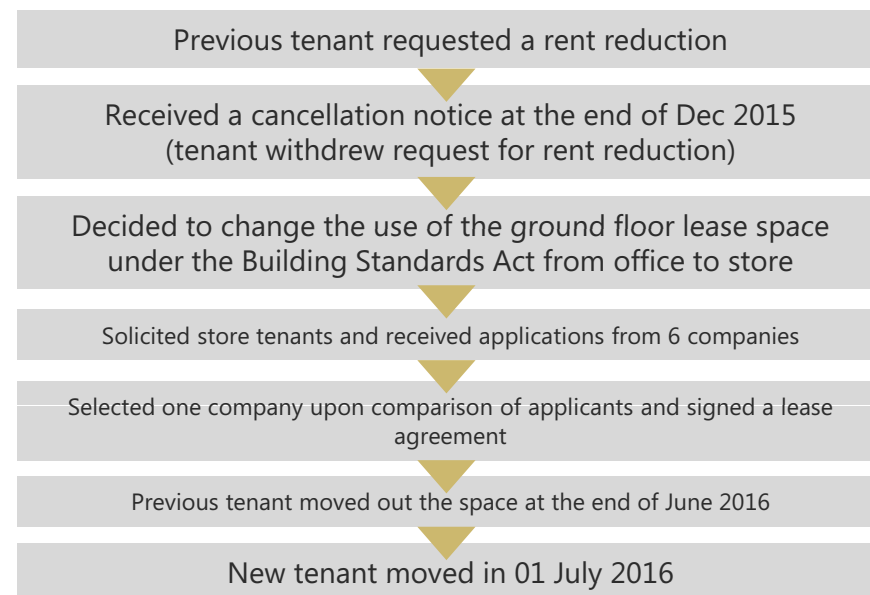
### Yodoyabashi Flex Tower



## ■ Ginza: Rise in rent with tenant replacement on the ground floor

- No vacancy period, no rent-free period
- The use of lease space was changed to merchandize selling store from office

### History of tenant replacement



	Previous tenant	New tenant
Leased area	324m <sup>2</sup> (98 tsubo)	
contract rent *unit index	100	106.7
use	Office	Merchandize selling store
Type of business	Printing service	Convenience store Drug store

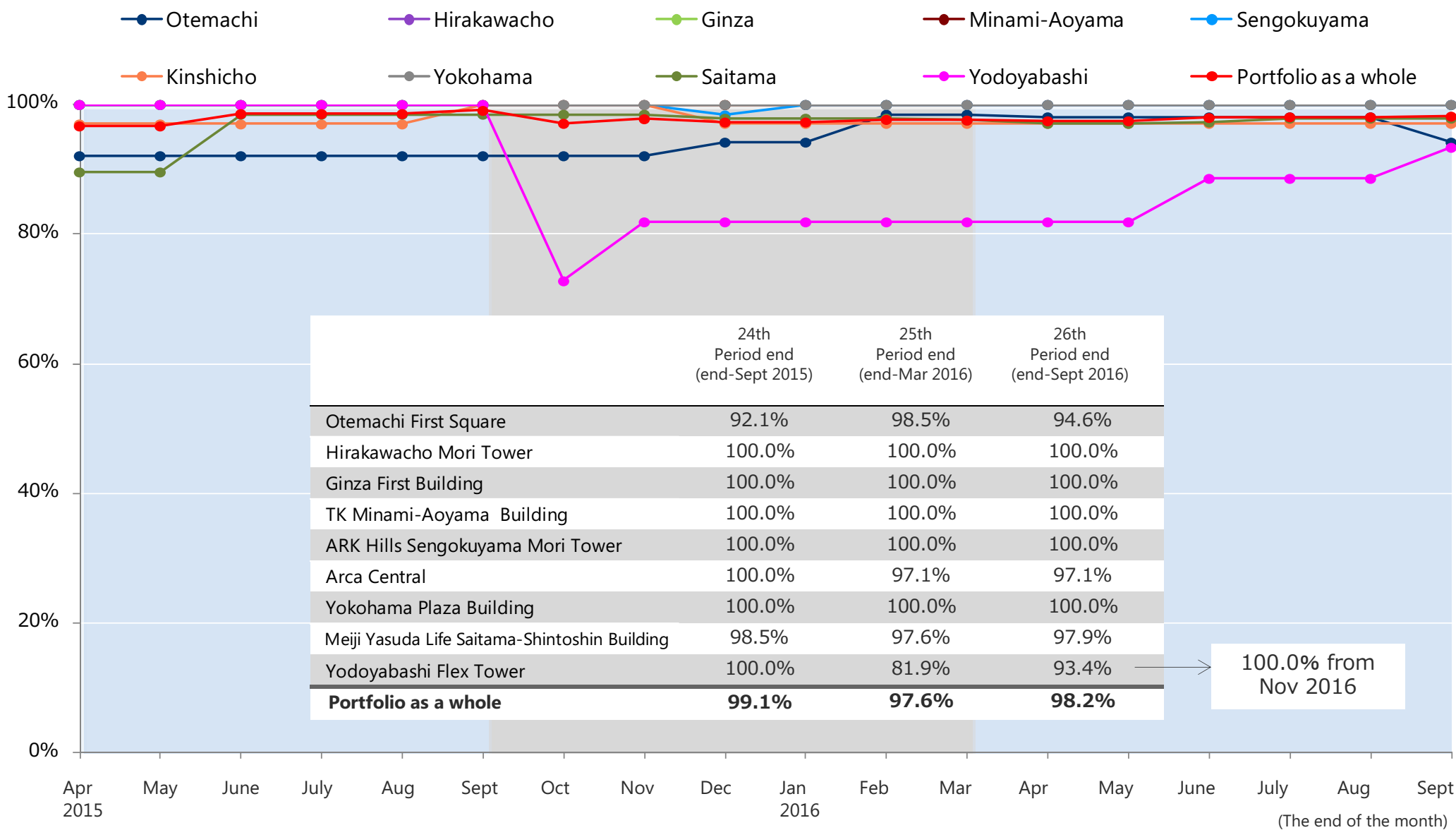
\* Contracted rents include common area charges



# 1. Internal Growth (5) Occupancy Ratio

## ■ There is room for improvement of the occupancy ratio at Otemachi, etc.

• Otemachi incurred 319m<sup>2</sup> (96 tsubo) of vacant lease space, and now leasing activities are ongoing to improve the rent level

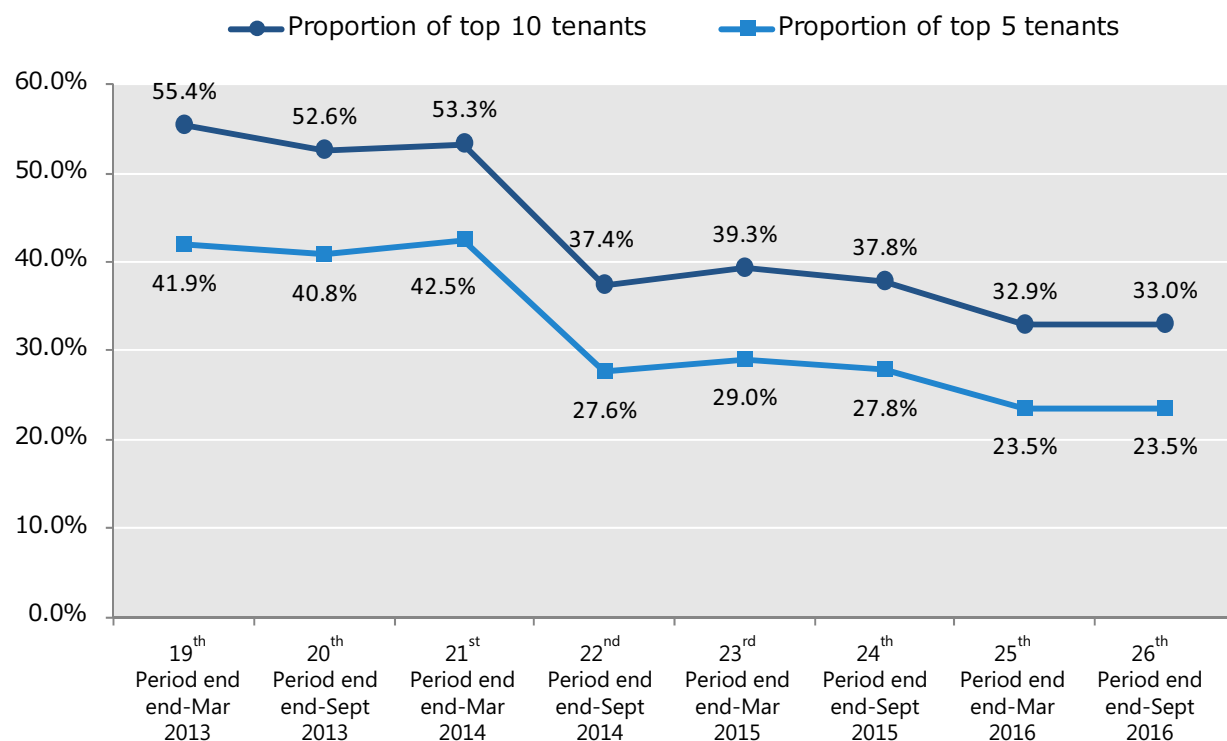


# 1 . Internal Growth (6) Tenant Diversification

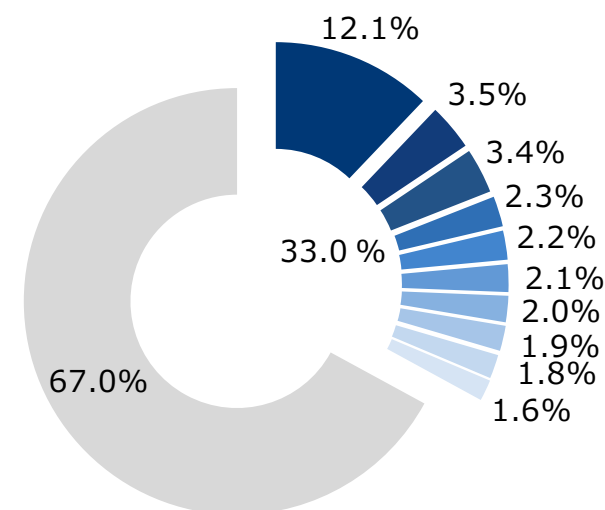
## ■ Tenant diversification progressed significantly

- Tenant diversification progressed significantly thanks to asset replacement, tenant replacement , etc.
- The contract with the largest tenant at Minami-Aoyama is not possible to cancel before the end of May, 2020

## Proportion of top 10 tenants & top 5 tenants



End of 26<sup>th</sup> period  
(end of September, 2016)  
Percentages of top 10 tenants

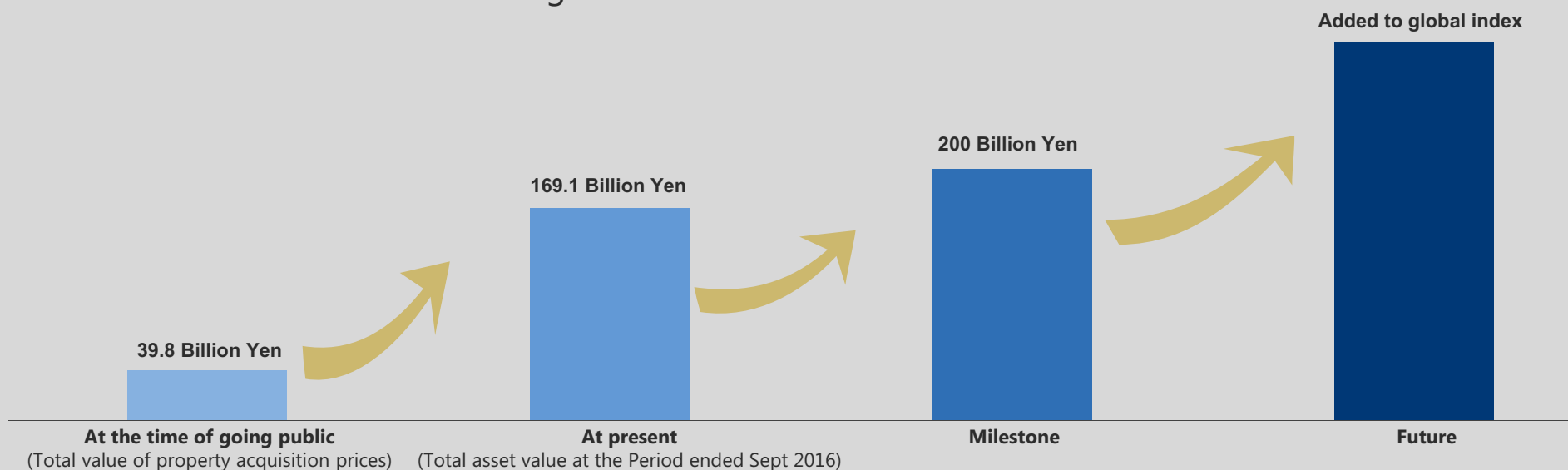


## 2. External Growth (1) Objectives of External Growth

- Expand asset size to stabilize revenue while focusing on the quality of properties
  - ▶ Pursue asset size expansion as well to stabilize revenue, in addition to tenant diversification and long-term stable contracts
  - ▶ Acquire properties that will contribute to the improvement of portfolio yield in the medium to long term and achieve sustainable external growth

Quality → Quality × Volume

- Expand asset size → Diversify portfolio and tenants → Stabilize revenue  
→ Improve liquidity of investment units by rising market value
- Asset size of 200 Billion yen and market value of 100 billion yen shall be the milestone for the time being
- We aim to have our stock added to a global index in the future



## 2. External Growth (2) External Growth Strategies and Our Activities

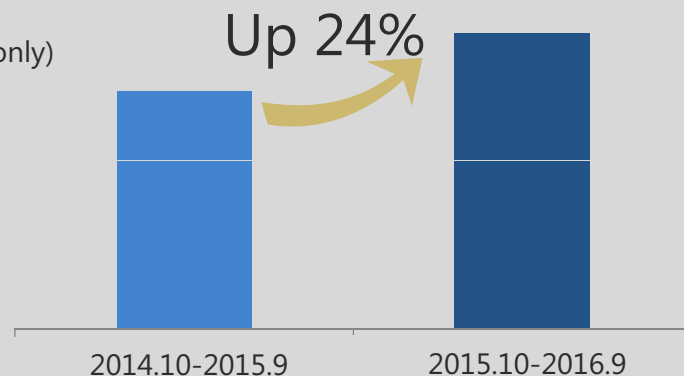
### ■ Strategies and Measures

- ▶ Reinforce sourcing power
- ▶ Broaden scope of candidate properties for acquisition
- ▶ Strengthen collaboration with the sponsors

- Set up Investment Information Office in April, 2016
- Considering location as the most important factor, keep focusing on [close] properties, review flexibly with [new] and [large] properties, and consider properties if they have overall competitiveness.
- Hold property information meetings on a regular basis
- Pursue investment opportunities for large properties through collaboration

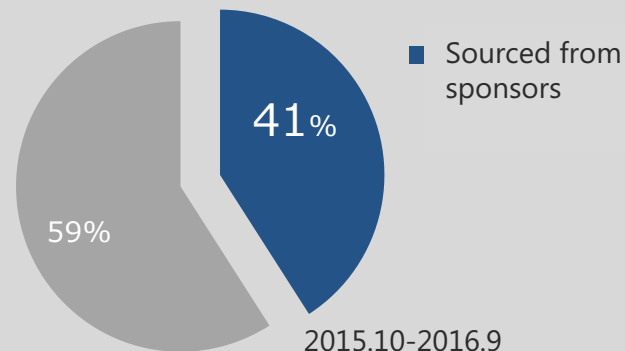
#### Number of property Information reports obtained

(Office buildings only)



#### More information sourced from sponsors

(Office buildings only)



#### Number of candidate properties increased significantly

##### Competitiveness of properties considered from a comprehensive perspective

##### Keep focusing on [Close] properties

- In addition to 5 wards in central Tokyo, properties located in those surrounding wards shall be considered
- Consider properties on prime locations at government-designated cities in local regions

##### Deal flexibly with [New] properties

- If a property is located on a favorable location, consider it even if it is a 20-years old property

##### Deal flexibly with [Large] properties

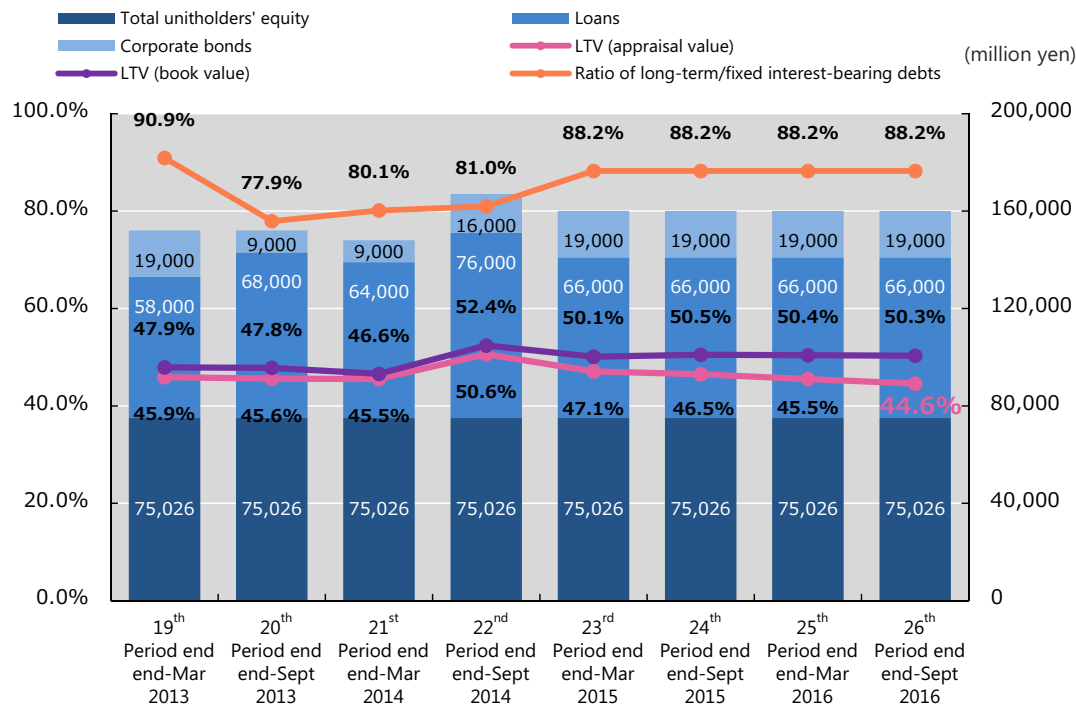
- Consider even medium-size office buildings

### 3. Financial Management (1) Historical Overview of Financial Management

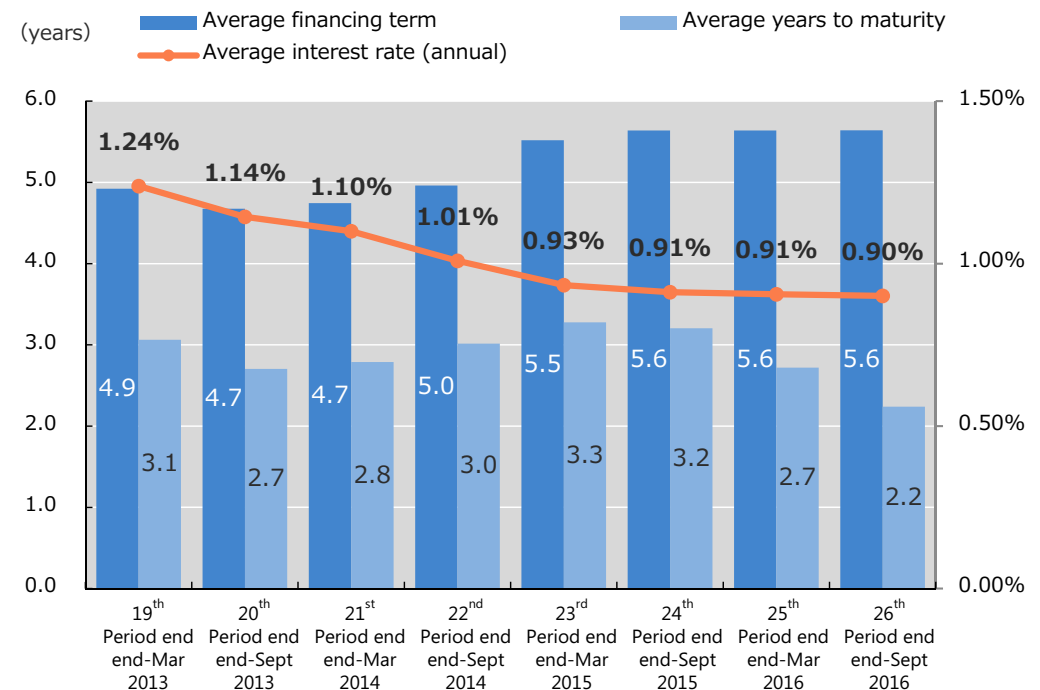
#### ■ Appraisal base LTV dropped to 44.6% due to increase in unrealized gains

- Manage leverage flexibly while fully reviewing stability of leasing contracts, real estate market, and financial environment, etc.
- Interest-bearing liabilities with a focus on long-term and fixed-rate debt

#### The breakdown of fund procurement



#### Conditions of interest-bearing liabilities



#### ◆ The breakdown of interest-bearing liabilities

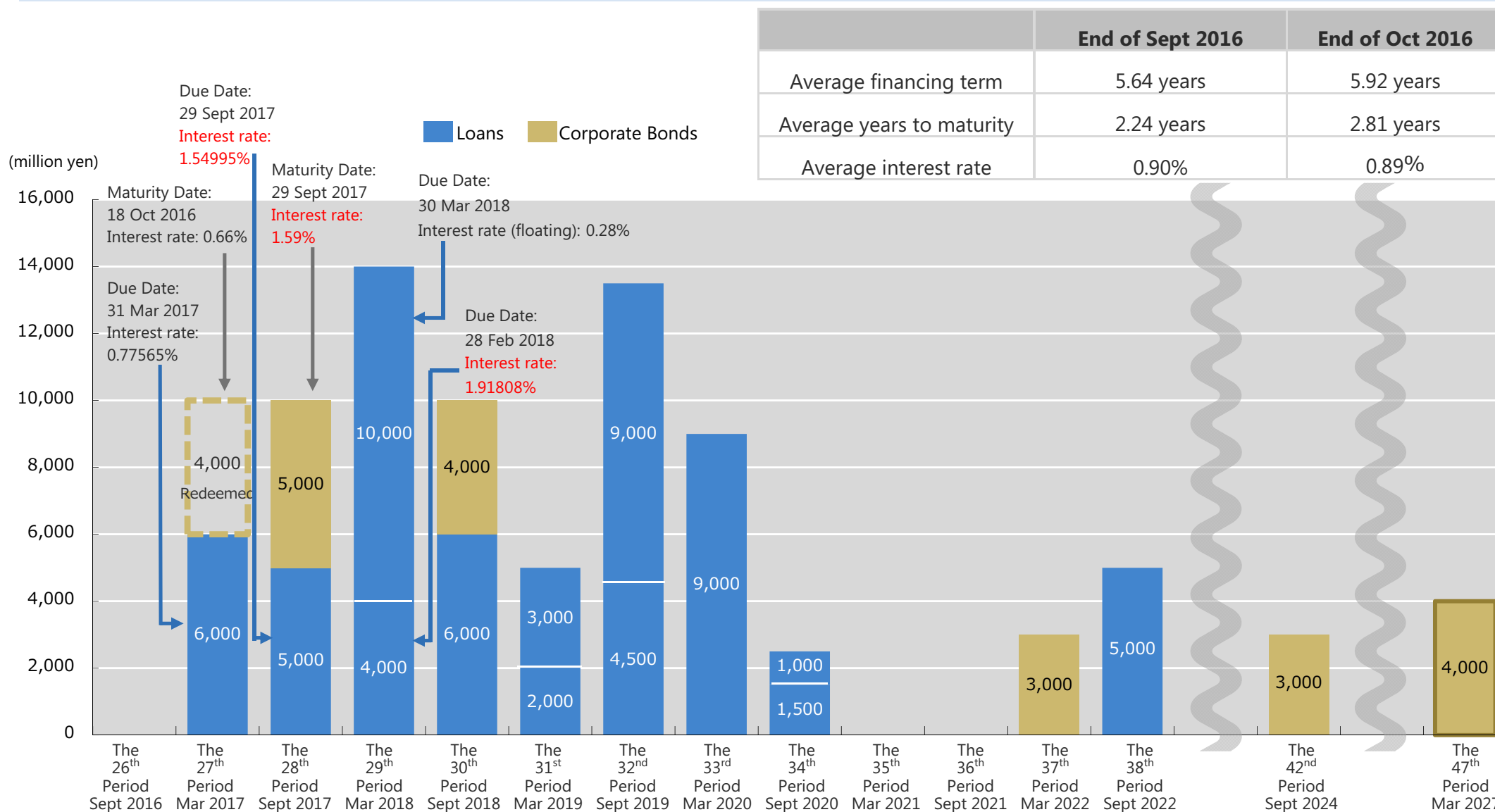
	25 <sup>th</sup> period end	26 <sup>th</sup> period end
Long-term loans	66,000 million yen	66,000 million yen
Corporate bonds	19,000 million yen	19,000 million yen
<b>Total</b>	<b>85,000 million yen</b>	<b>85,000 million yen</b>

	25 <sup>th</sup> period end	26 <sup>th</sup> period end
Average financing term	5.64 years	5.64 years
Average years to maturity	2.72 years	2.24 years
Average interest rate	0.91%	0.90%

### 3. Financial Management (2) Diversified Due Dates of Interest-bearing Liabilities (as of 31 October 2016)

#### ■ Extension of the term and reduction of costs – achieved in both efforts, continue working on reducing financial costs

- In October, 4-year bonds at 0.66% were refinanced to 10-year bonds at 0.47% (for the same amount of 4 billion yen), achieving both extension of the maturity and the reduction of financial cost
- Repayment due dates of interest-bearing debt with relatively high interest rates will arrive in the 28<sup>th</sup> Period (10 billion yen) and in the 29<sup>th</sup> Period (4 billion yen)





## III Reference Data

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# Property Values at the End of Period (as of 30 September 2016)

Property Name	Acquisition Price (million yen)	Appraisal Value (million yen) (*1)				Variance From Previous Period (million yen)	DC method Cap Rate (%) (*2)(*3)	DCF method	
		At the time of acquisition	End of 24 <sup>th</sup> Period	End of 25 <sup>th</sup> Period	End of 26 <sup>th</sup> Period			Discount Rate (%) (*2)(*3)	Terminal Cap Rate (%) (*2)(*3)
Otemachi First Square	23,495	23,500	28,100	28,700	28,700	—	3.2	2.7	3.2
Hirakawacho Mori Tower	18,200	18,800	21,600	22,100	22,800	700	3.3	3.1	3.5
Ginza First Building	12,282	12,500	11,400	11,700	12,100	400	3.6	3.4	3.8
TK Minami-Aoyama Building	35,000	35,040	32,700	33,400	33,500	100	3.4	3.3	3.4
ARK Hills Sengokuyama Mori Tower	8,423	8,610	9,960	10,300	10,600	300	3.3	3.1	3.5
Arca Central (*4)	① 15,031	① 16,600	17,600	17,600	18,000	400	4.1	3.9	4.3
	② 360	② 403							
Yokohama Plaza Building	17,950	17,980	19,300	19,600	19,900	300	4.3	3.9	4.5
Meiji Yasuda Life Insurance Saitama-Shintoshin Building	22,700	22,820	22,450	22,650	23,200	550	4.8	4.6	4.9
Yodoyabashi Flex Tower	7,834	7,940	6,730	6,760	6,920	160	4.3	4.1	4.5
Portfolio as a whole	161,276	164,193	169,840	172,810	175,720	2,910	3.8	3.5	3.9

(\*1) The valuations were rendered by the following appraisers:

Otemachi and Yokohama : Japan Real Estate Institute  
Hirakawacho, Ginza, Sengokuyama, Kinshicho and Yodoyabashi : Daiwa Real Estate Appraisal Co., Ltd.  
Minami-Aoyama and Saitama : Chuo Real Estate Appraisal Co., Ltd.

(\*2) Percentages were used for calculations of 26<sup>th</sup> period term-end appraisals.

(\*3) Cap rates and discount rates are weighted averages calculated based on 26<sup>th</sup> period term-end appraisals. Percentages are rounded off to the first decimal place.

(\*4) ①: GOR acquired Arca Central on 28 Mar 2014 (21<sup>st</sup> Period).

②: GOR acquired Arca Central additionally on 30 May 2014 (22<sup>nd</sup> Period).

Property Name	Appraisal Value at the end of 26 <sup>th</sup> Period (million yen) ①	Book Value at the end of 26 <sup>th</sup> Period (million yen) ②	Unrealized gain/loss (million yen) ③=①-②	Change rate of Book Value (%) ③/②
Otemachi First Square	28,700	23,488	5,211	22.2
Hirakawacho Mori Tower	22,800	17,626	5,173	29.4
Ginza First Building	12,100	11,802	297	2.5
TK Minami-Aoyama Building	33,500	33,680	-180	-0.5
ARK Hills Sengokuyama Mori Tower	10,600	8,228	2,371	28.8
Arca Central (*4)	18,000	16,028	1,971	12.3
Yokohama Plaza Building	19,900	17,998	1,901	10.6
Meiji Yasuda Life Insurance Saitama-Shintoshin Building	23,200	18,459	4,740	25.7
Yodoyabashi Flex Tower	6,920	6,807	112	1.7
Portfolio as a whole	175,720	154,120	21,599	14.0
Unrealized gain per unit			111,453 yen	23

# Revenues, Expenses and NOI Return (the 26<sup>th</sup> Period (ended Sept 2016) )

		Otemachi	Hirakawa cho	Ginza	Minami- Aoyama	Sengoku yama	Kinshicho	Yokohama	Saitama	Yodoya bashi	Total 9 properties
A. Property-related revenues	million yen	458	547	350	746	235	532	521	857	184	4,435
Rental revenues	million yen	(*)	547	341	746	235	532	521	857	184	4,426
Other rental revenues	million yen		—	9	—	—	—	0	0	—	9
B. Property-related expenses	million yen	241	204	166	290	85	237	234	517	139	2,116
Property management fees	million yen	(*)	91	27	63	35	76	41	92	23	502
Utilities expenses	million yen		12	34	45	3	28	24	75	19	254
Property and other taxes	million yen		28	45	76	12	58	31	59	19	429
Casualty insurance	million yen		0	0	1	0	2	0	1	0	8
Repairs and maintenance	million yen		3	18	18	—	0	9	47	13	113
Depreciation and amortization	million yen		68	39	85	33	71	126	240	62	803
Loss on retirement of fixed assets	million yen		—	—	—	—	—	—	—	—	0
Other rental expenses	million yen		0	0	0	0	0	0	0	0	5
C. Profits (A-B)	million yen	217	342	184	455	149	295	287	340	45	2,318
D. NOI (C+Depreciation and amortization)	million yen	292	410	223	540	183	367	414	580	108	3,122
E. Acquisition price	million yen	23,495	18,200	12,282	35,000	8,423	15,391	17,950	22,700	7,834	161,276
F. NOI return (D×2÷E)	%	2.5	4.5	3.6	3.1	4.3	4.8	4.6	5.1	2.8	3.9
G. After-depreciation return (C×2÷E)	%	1.9	3.8	3.0	2.6	3.6	3.8	3.2	3.0	1.2	2.9

(\*) Otemachi First Square: not all the items are included in the chart because there was a request from co-owners not to disclose broken-down rental revenues and utility charges.

# Top 10 Tenants (as of 30 September 2016)

	Name of Tenant (Name of End tenant in the case of pass-through)	Type of Business	Property Name	Leased Area (m <sup>2</sup> )	Leased area as % of total leased area (%) (*1)
1	Tokyu Land Corporation	Real estate, Leasing	TK Minami-Aoyama Building	12,243.57	12.1
2	Panasonic Corporation Eco Solutions company	Manufacturing	Yokohama Plaza Building	3,499.39	3.5
3	NS United Kaiun Kaisha, Ltd.	Transportation, Postal services	Otemachi First Square	3,422.58	3.4
4	Albion Co., Ltd.	Manufacturing	Ginza First Building	2,327.01	2.3
5	(*2)	Wholesale, Retail	Ginza First Building, Yokohama Plaza Building, Meiji Yasuda Life Insurance Saitama-Shintoshin Building	2,248.75	2.2
6	Japan Water Agency	Services	Meiji Yasuda Life Insurance Saitama-Shintoshin Building	2,120.48	2.1
7	Aflac	Financial, Insurance	Yodoyabashi Flex Tower	2,022.57	2.0
8	(*2)	Financial, Insurance	Arca Central	1,959.01	1.9
9	Saitama Labor Bureau	Public services	Meiji Yasuda Life Insurance Saitama-Shintoshin Building	1,815.81	1.8
10	APLUS Co., Ltd.	Financial, Insurance	Arca Central	1,664.00	1.6
Total				33,323.16	33.0

(\*1) "Total leased area" as of 30 September 2016 is 100,909.13m<sup>2</sup>.

(\*2) The name of the tenant remains undisclosed, as we have yet to receive permission to disclose it from the tenant.

## Basic Policies

- ▶ Manages and operates its portfolio properties to ensure steady portfolio growth and stable income stream in a mid- to long-term perspective.
- ▶ Provides “**maximum returns for unitholders,**” not only from a real estate investment and asset management perspective but also from a financial management perspective.

## Building Portfolio

- ▶ Maintains long-term asset value: GOR believes that it is important to invest in attractive properties from a long-term standpoint – properties that continue to boost investment demand for a certain period after acquisition. To this end, GOR cautiously selects prime properties at prime locations with an eye on three key elements: (1) **CLOSER** - easily accessible from nearby train stations; (2) **NEWER** – newly or recently built; and (3) **LARGER** – large office buildings with extensive office space. GOR also takes into consideration “strong and sustainable competitiveness in the marketplace” from a mid- to long-term perspective.
- ▶ Ensures stable rent Income: focuses on mid- to long-term stable cash flows. It is preferable to ensure a lease agreement at the time of acquisition, which promises an immediate cash flow for the first two years.

## Portfolio Quality and Growth Speed

- ▶ Uses due care to avoid excessive expansion that could undermine “unitholders’ interests.” Looking at a mid- to long-holding period, GOR pursues well-balanced investments in terms of quality and expansion rates, or portfolio conditions.

## Asset Management / Property Management

- ▶ Maintains its already-high occupancies and improving rent incomes. With an eye on further strengthening tenant relations, GOR seeks to enhance services in all aspects to boost tenant satisfaction. That being said, it is also important to streamline management costs. Capitalizing on its expertise, GOR would like to preserve an optimum balance between maintaining the level of property management and cost savings.



Otemachi First Square



Hirakawacho Mori Tower



Ginza First Building



TK Minami-Aoyama Building



ARK Hills Sengokuyama Mori Tower



Arca Central



Yokohama Plaza Building



Meiji Yasuda Life Insurance Saitama-Shintoshin Building



Yodoyabashi Flex Tower

## Strategies

Invests in properties with a focus on...

- Market competitiveness
- Competitiveness in the mid-to-long term

## Features

"CLOSER" - easily accessible from nearby train stations

Walking Distance : 0 – 5 min.

"NEWER" - newly or recently built

Average age of building : Approx. 13.7years

Portfolio PML : 2.1%

"LARGER" - large office buildings

Average acquisition price : 17.9 billion yen

Average gross rentable area : 11,416m<sup>2</sup>



# Portfolio Features ① "CLOSER"

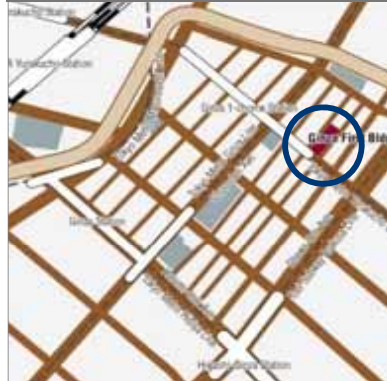
Otemachi First Square



Hirakawacho Mori Tower



Ginza First Building

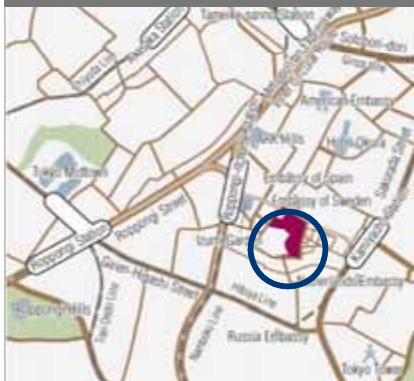


TK Minami-Aoyama Building



**Excellent proximity!**  
**Zero to five minute walk to nearby train stations!**

ARK Hills Sengokuyama Mori Tower



Arca Central



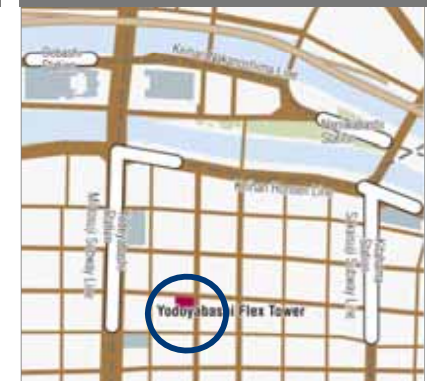
Yokohama Plaza Building



Meiji Yasuda Life Insurance Saitama-Shintoshin Building

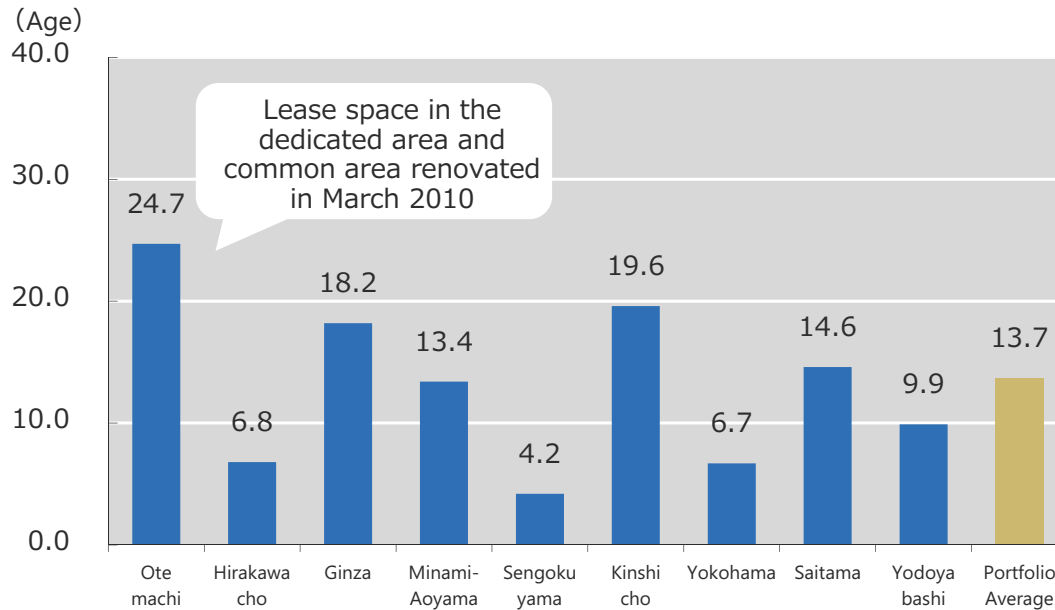


Yodoyabashi Flex Tower



# Portfolio Features ② "NEWER" (as of 30 September 2016)

## Age of Building



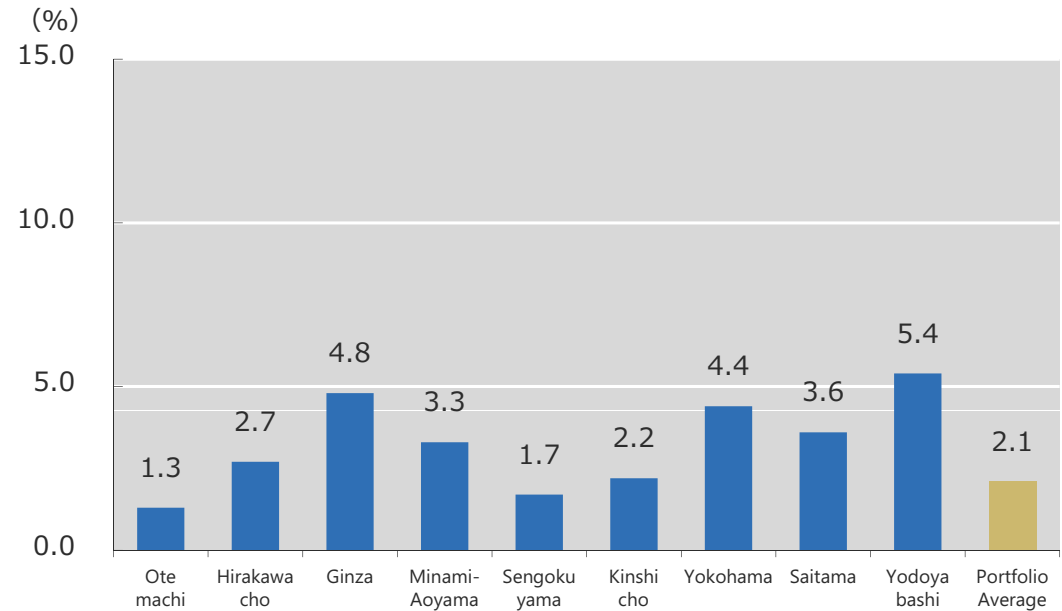
(\*1) Based on the age as of 30 September 2016

(\*2) Average age of Portfolio properties are weighted average based on gross rentable area.

Average Age of  
Portfolio Properties

Approx. **13.7** years

## PML (Probable Maximum Loss in the case of a major earthquake)



(\*) Source – seismic report provided by OYO RMS Corp.

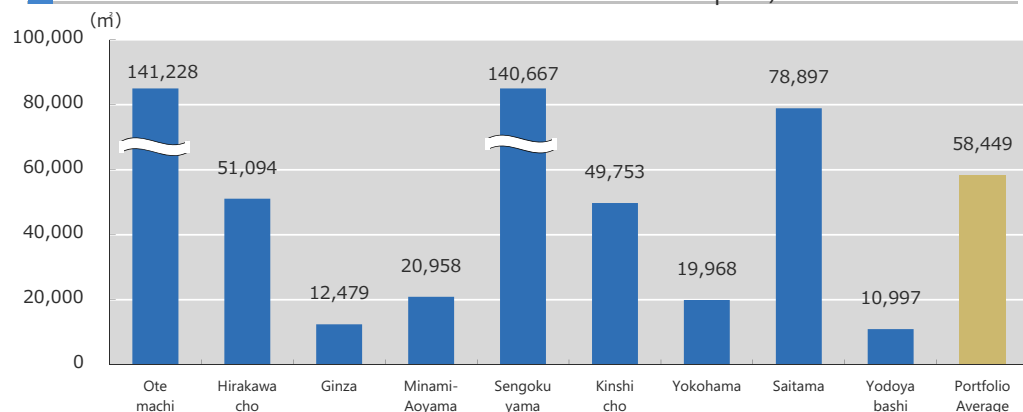
Portfolio PML

**2.1%**



# Portfolio Features ③ "LARGER" (as of 30 September 2016)

## Total Floor Area (including total floor area of the building that contains office condo space)

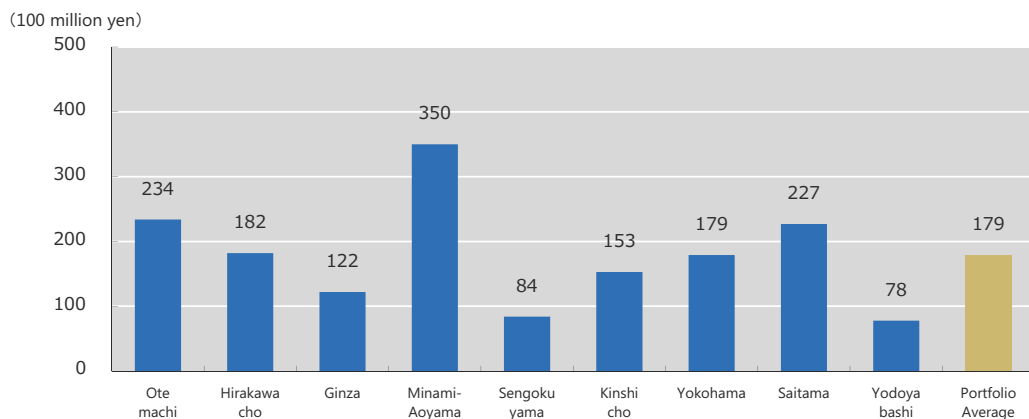


(\*) Figures less than the indicated unit are rounded down.

Total Floor Area per Property

58,449m²

## Acquisition Price



(\*) Figures less than the indicated unit are rounded down.

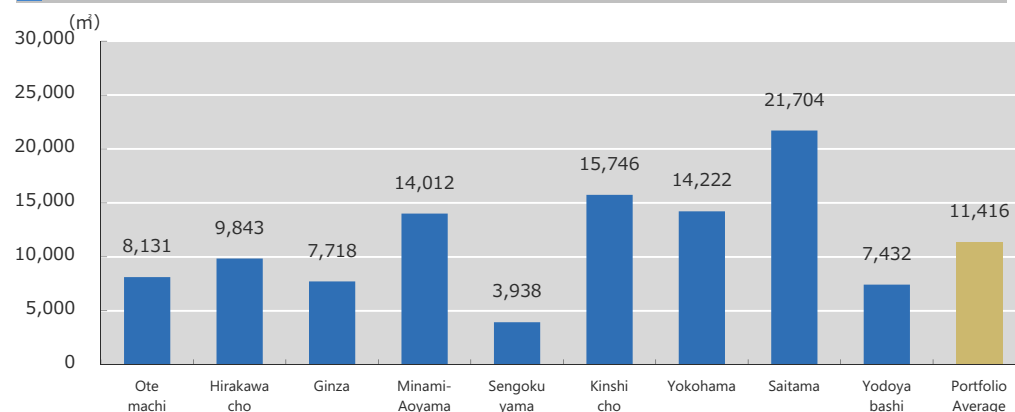
Total Acquisition Price

9 properties, 161.2 billion yen

Average Acquisition Price per Property

17.9 billion yen

## Gross Rentable Area (in the case of co-ownership, floor area in proportion to the interest)



(\*) Figures less than the indicated unit are rounded down.

Average Gross Rentable Area per Property

11,416m²

## Total Acquisition Price and Composition Ratio

Major three Metropolitan areas other than Tokyo Metropolitan Area

4.9%

Tokyo suburban areas

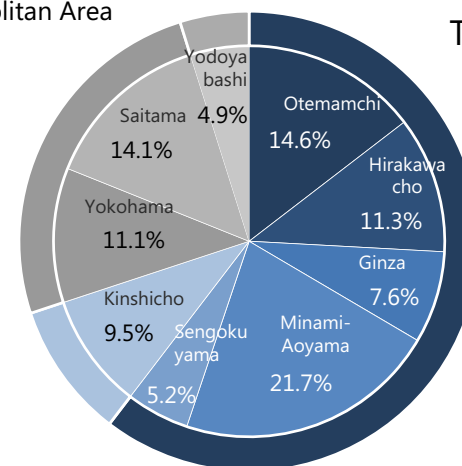
25.2%

Tokyo 23 Wards other than the central

5 Wards  
9.5%

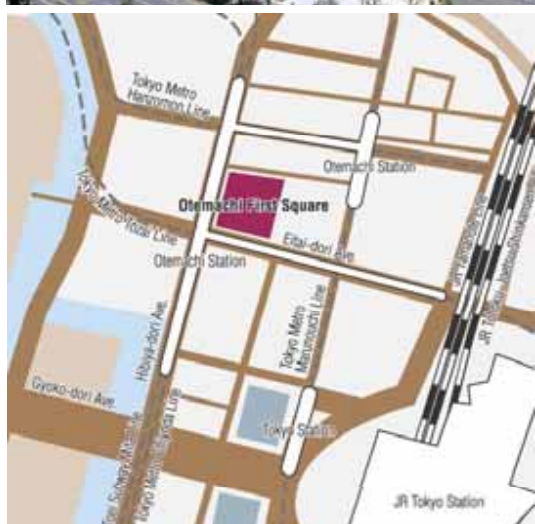
Tokyo central 5 Wards

60.4%



(\*1) Composition Ratio is calculated based on the acquisition price in proportion to the total acquisition price, rounded off to the first decimal place.

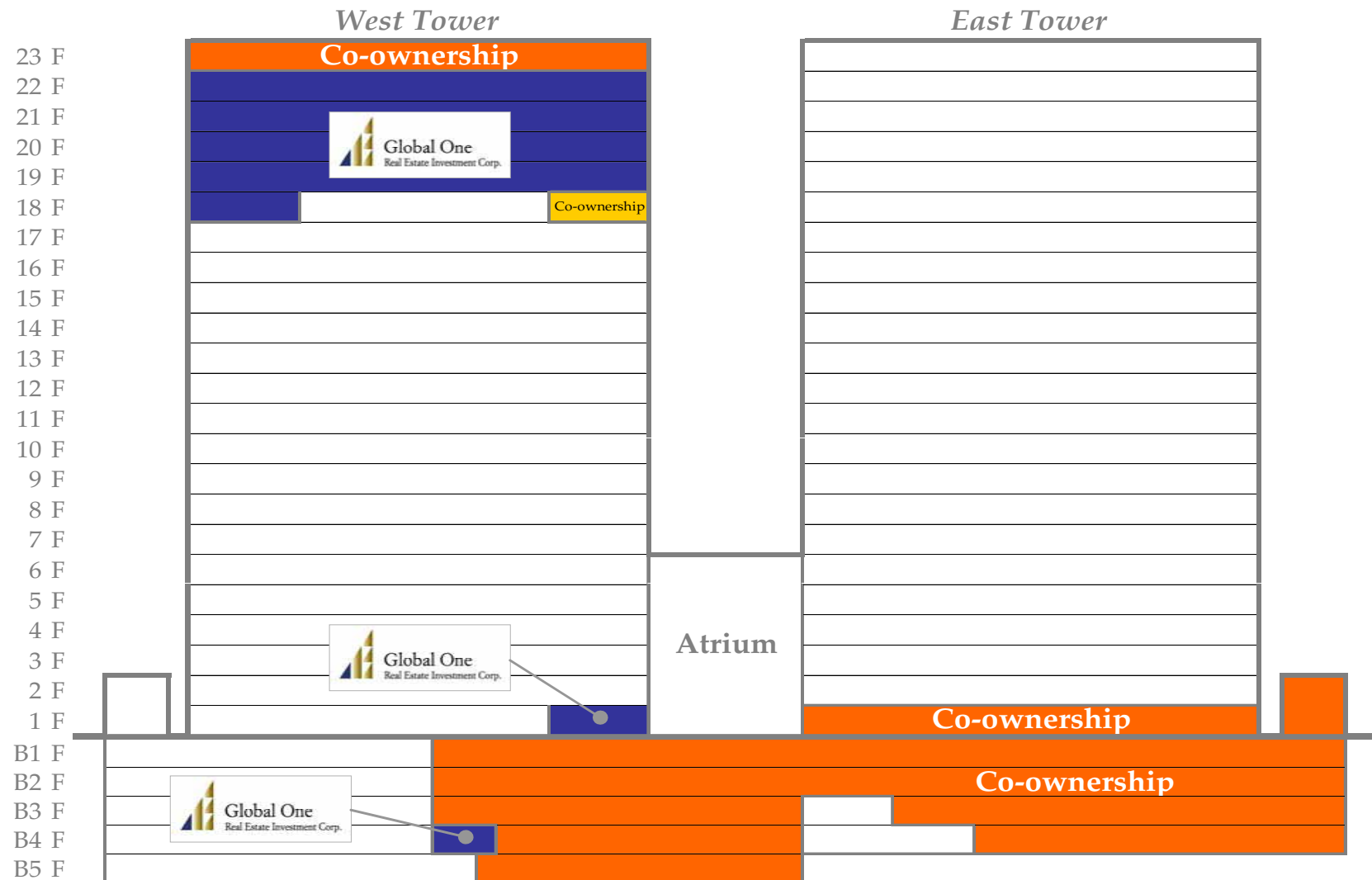
(\*2) The Tokyo Central 5 Wards include Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.



## Property Overview

<b>Location</b>	1-5-1, Otemachi, Chiyoda-ku, Tokyo
<b>Land Area</b>	10,998.97m <sup>2</sup>
<b>Floor Area</b>	141,228.06m <sup>2</sup> (GOR dedicated area = approx. 9.1%)
<b>Structure</b>	23-story plus 5 basement level S, SRC with a flat roof
<b>Year Built</b>	West Tower : February 1992 East Tower: February 1998
-----The following indicates the GOR-owned space-----	
<b>Acquisition Date</b>	25 Dec 2003
<b>Acquisition Price</b>	23,495 million yen (less than one million yen rounded down)
<b>Appraisal at Acquisition</b>	23,500 million yen (as of 01 Jul 2003)
<b>Term-end Appraisal</b>	28,700 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area</b>	8,131.75m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio</b>	94.6% (as of 30 Sept 2016)
<b>Type of Lease Contract</b>	Standard lease Fixed term lease
<b>Others</b>	Major renovations were carried out in March 2010 for the condo space (18-22F).

# Otemachi First Square ( Diagrammatic view )



(\*1) Ratio of GOR's Co-ownership

Ratio of GOR's co-ownership	Ratio of GOR's co-ownership
988,726 / 10,000,000	320,431 / 3,178,247

(\*2) The asset that GOR owns is the trust beneficial interest in real estate, and the owner of the real estate is Mitsubishi UFJ Trust and Banking Corporation.



## Property Overview

**Location:** 2-16-1, Hirakawacho, Chiyoda-ku, Tokyo

**Land Area:** 5,592.19m<sup>2</sup>

**Floor Area:** 51,094.82m<sup>2</sup>  
(The ownership interest that GOR owns: approx. 26.2%)

**Structure:** 24-story plus 3 basement level  
S, SRC, with a flat roof

**Year Built:** December 2009

-----The following indicates the GOR-owned space-----

**Acquisition Date:** 01 Mar 2011

**Acquisition Price:** 18,200 million yen

**Appraisal at Acquisition:** 18,800 million yen (as of 14 Jan 2011)

**Term-end Appraisal:** 22,800 million yen (as of 30 Sept 2016)

**Gross Rentable Area:** 9,843.52m<sup>2</sup> (as of 30 Sept 2016)

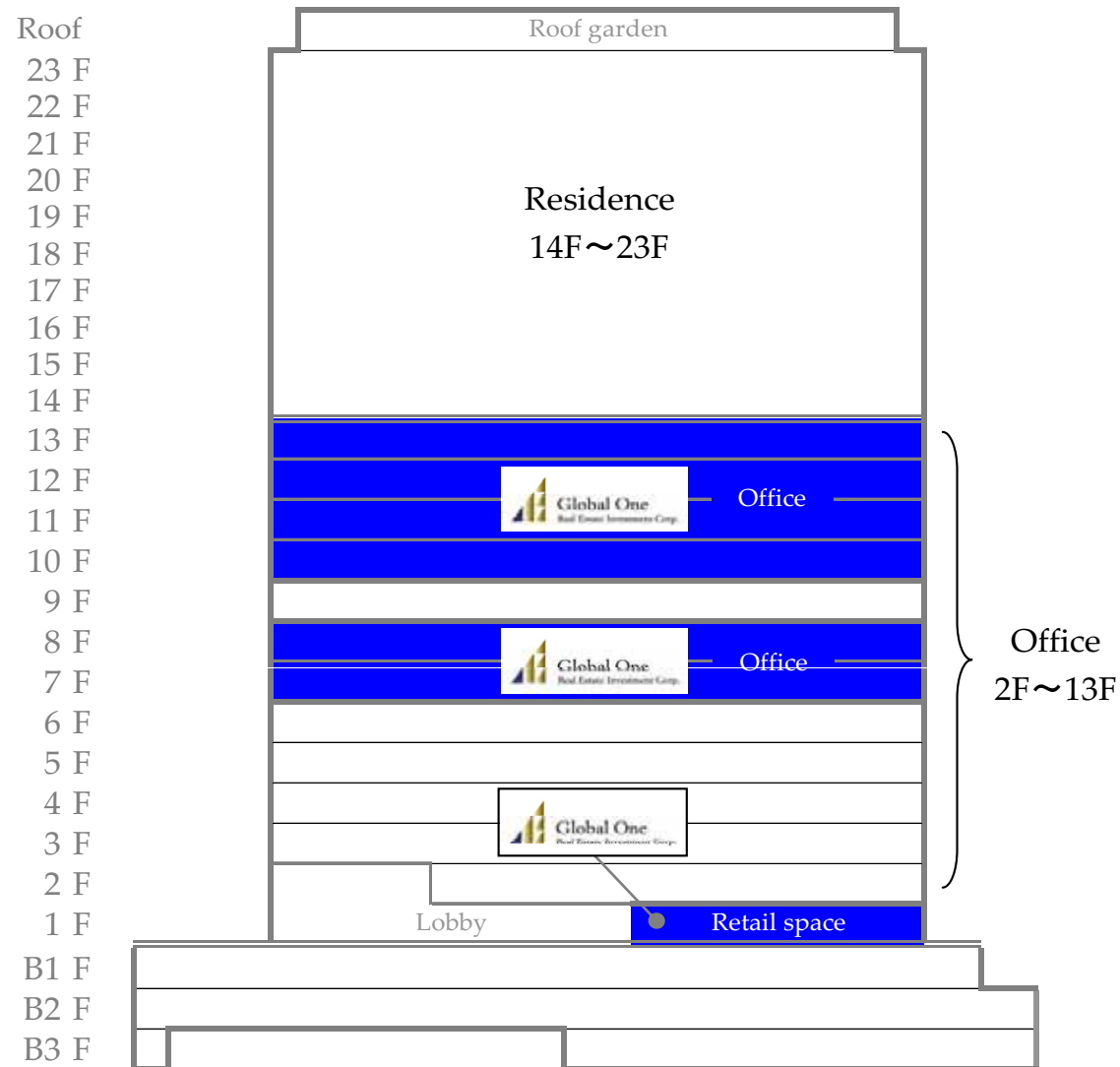
**Occupancy Ratio:** 100.0% (as of 30 Sept 2016)

**Type of Lease Contract:** Standard lease

**Others:** Master lease contract with Mori Building Co., Ltd.

The period of the fixed rent agreement ended, and the master lease contract was shifted to pass-through type on 01 April 2014.

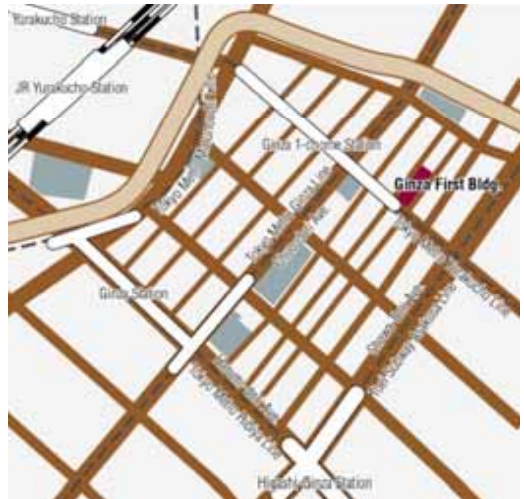
# Hirakawacho Mori Tower ( Diagrammatic view )



(\*1) Area owned by GOR

(\*2) The asset that GOR owns is the trust beneficial interest in real estate, and the owner of the real estate is Mitsubishi UFJ Trust and Banking Corporation.





## Property Overview

<b>Location:</b>	1-10-6, Ginza, Chuo-ku, Tokyo
<b>Land Area:</b>	1,404.64m <sup>2</sup>
<b>Floor Area:</b>	12,479.45m <sup>2</sup> (GOR dedicated area = approx. 92.1%)
<b>Structure:</b>	11-story plus 3 basement level S, RC, SRC with a flat roof
<b>Year Built:</b>	August 1998
-----The following indicates the GOR-owned space-----	
<b>Acquisition Date:</b>	29 Mar 2005
<b>Acquisition Price:</b>	12,282 million yen
<b>Appraisal at Acquisition:</b>	12,500 million yen (as of 30 Nov 2004)
<b>Term-end Appraisal:</b>	12,100 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	7,718.86m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	100.0% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Standard lease Fixed term lease

# TK Minami-Aoyama Building



## Property Overview

<b>Location:</b>	2-6-21, Minami Aoyama, Minato-ku, Tokyo
<b>Land Area:</b>	3,039.08m <sup>2</sup>
<b>Floor Area:</b>	20,958.79m <sup>2</sup>
<b>Structure:</b>	17-story plus 2 basement level S, SRC with a flat roof
<b>Year Built:</b>	May 2003
<b>Acquisition Date:</b>	21 Oct 2005
<b>Acquisition Price:</b>	35,000 million yen
<b>Appraisal at acquisition:</b>	35,040 million yen (as of 31 Jul 2005)
<b>Term-end Appraisal:</b>	33,500 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	14,012.64m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	100.0% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Fixed term lease Standard lease



# ARK Hills Sengokuyama Mori Tower



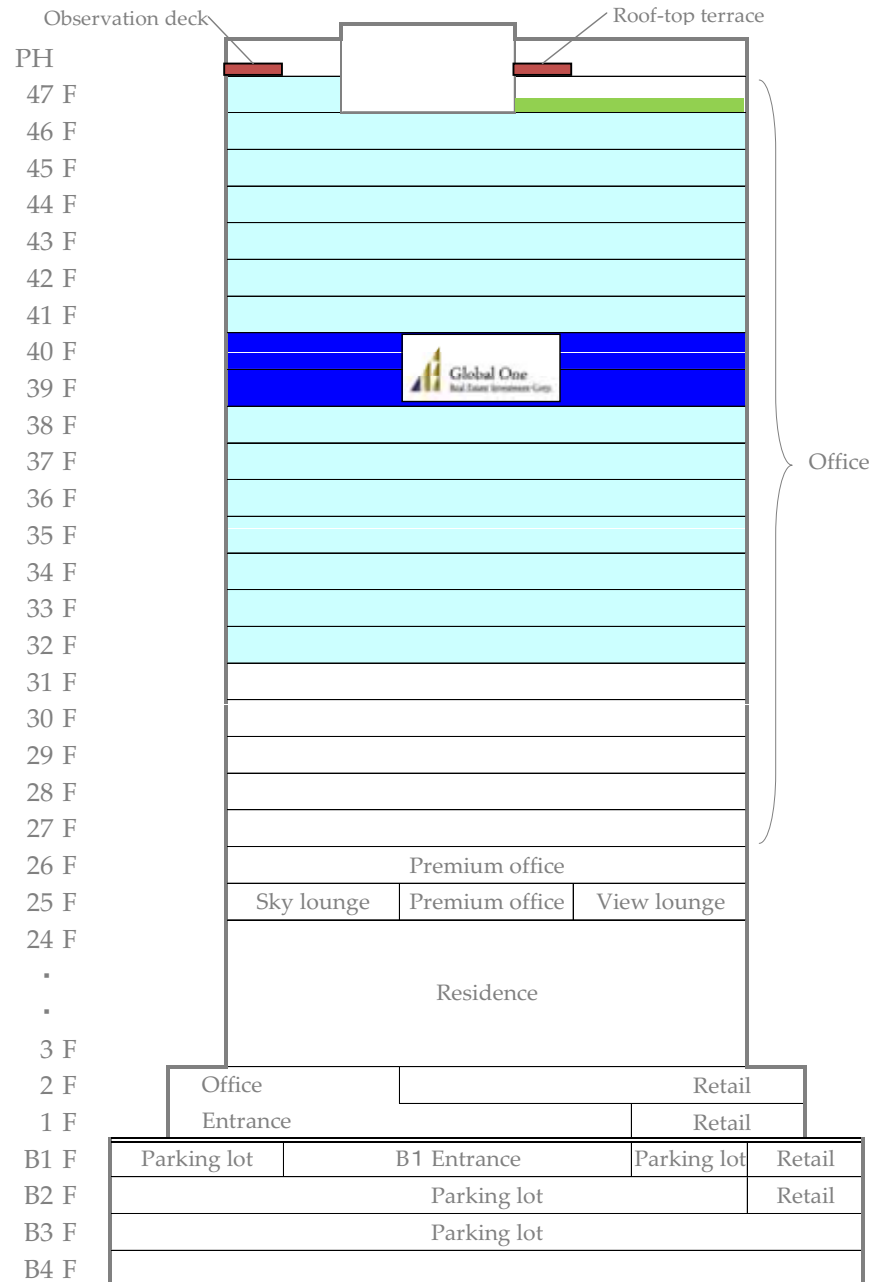
## Property Overview

<b>Location:</b>	1-9-10, Roppongi, Minato-ku, Tokyo
<b>Land Area:</b>	15,367.75m <sup>2</sup>
<b>Floor Area:</b>	140,667.09m <sup>2</sup> (The ownership interest that GOR owns: approx. 5.6%)
<b>Structure:</b>	47-story plus 4 basement level S, RC, SRC with a flat roof
<b>Year Built:</b>	August 2012

-----The following indicates the GOR-owned space-----

<b>Acquisition Date:</b>	20 Nov 2012
<b>Acquisition Price:</b>	8,423 million yen (less than 100 million yen rounded off)
<b>Appraisal at Acquisition:</b>	8,610 million yen (as of 05 Oct 2012)
<b>Term-end Appraisal:</b>	10,600 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	3,938.81m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	100.0% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Standard lease
<b>Others:</b>	Master lease with Mori Building Co., Ltd. The period of the fixed rent agreement ended, and the master lease contract was shifted to pass-through type on 01 Dec 2015. Joint management arrangement (16 floors: 32F – 47F) with other sectional owners

# ARK Hills Sengokuyama Mori Tower ( Diagrammatic view )



(\*1) Area owned by GOR

(\*2) Joint management areas owned by other sectional owners

Incorporated via a strategic partnership of three condo owners (Mori Building Co., Ltd., Meiji Yasuda Life Insurance Co., and GOR) so that they can jointly realize profits generated by the joint-management space (16 floors from 32F to 47F); revenues will be distributed to the three condo owners on a pro rata basis.

While GOR owns only two floor space, the adoption of the scheme contributes to the stabilization of income after the fixed rent period of the master lease contract.

(\*3) The asset that GOR owns is the trust beneficial interest in real estate, and the owner of the real estate is Mitsubishi UFJ Trust and Banking Corporation.



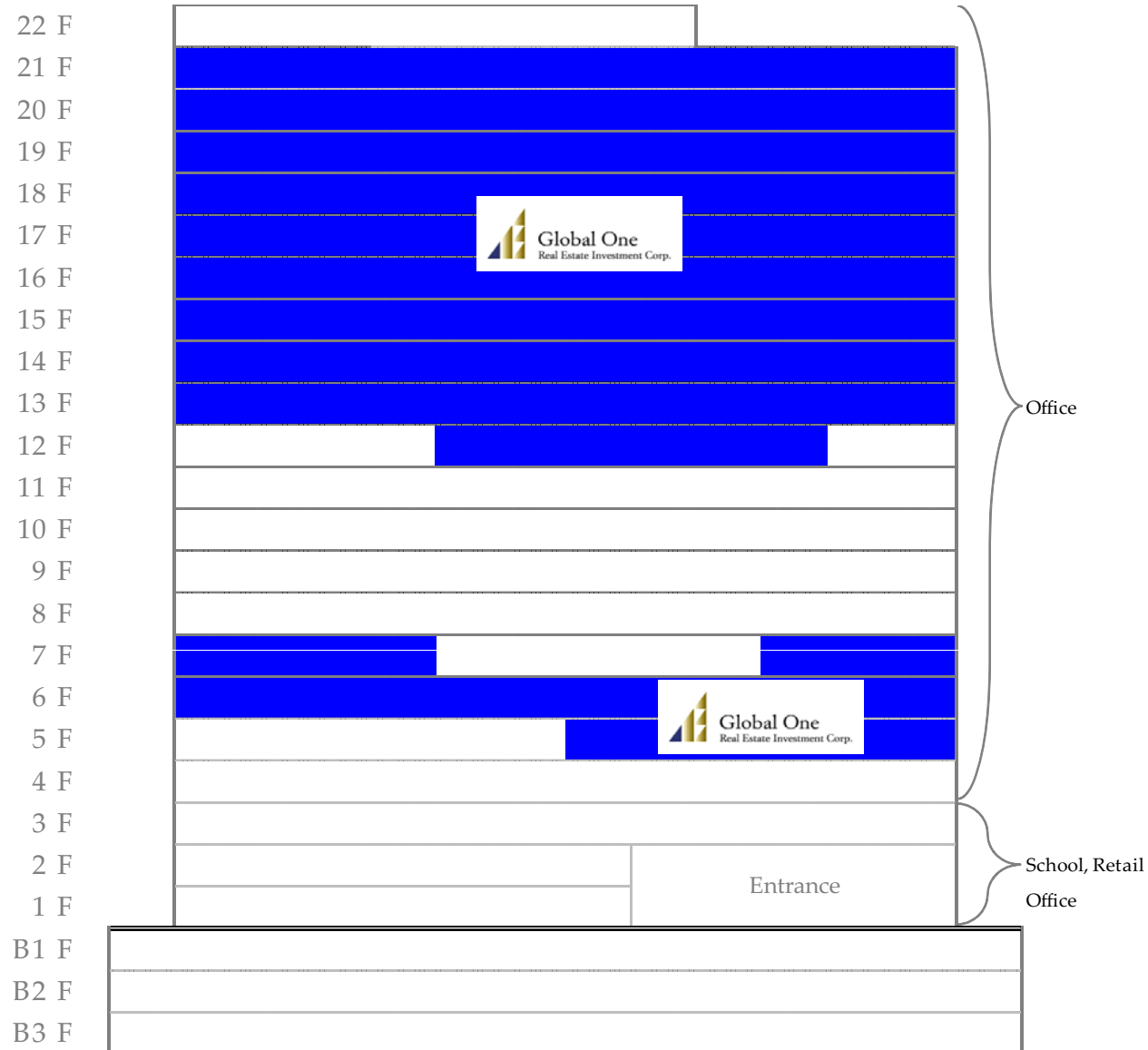
## Property Overview

<b>Location:</b>	1-2-1, Kinshi, Sumida-ku, Tokyo
<b>Land Area:</b>	18,100.41m <sup>2</sup> (entire Third Block)
<b>Floor Area:</b>	49,753.92m <sup>2</sup> (The ownership interest that GOR owns: approx. 57.8%)
<b>Structure:</b>	22-story plus 3 basement level S, partially SRC with a flat roof
<b>Year Built:</b>	March 1997

-----the following indicates GOR-owned space-----

<b>Acquisition Date:</b>	28 Mar 2014, 30 May 2014
<b>Acquisition Price:</b>	15,391 million yen (less than 100 million yen rounded off)
<b>Appraisal at Acquisition:</b>	17,003 million yen (as of 20 Feb 2014 and 01 May 2014)
<b>Term-end Appraisal:</b>	18,000 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	15,746.41m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	97.1% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Standard lease

# Arca Central( Diagrammatic view )



(\*1) Area owned by GOR



(\*2) The asset that GOR owns is the trust beneficial interest in real estate, and the owner of the real estate is Mitsubishi UFJ Trust and Banking Corporation.





## Property Overview

<b>Location:</b>	2-6, Kinkoucho, Kanagawa-ku, Yokohama City, Kanagawa
<b>Land Area:</b>	2,720.30m <sup>2</sup>
<b>Floor Area:</b>	19,968.20m <sup>2</sup>
<b>Structure:</b>	12-story plus 1 basement level S, SRC with a flat roof
<b>Year Built:</b>	February 2010
<b>Acquisition Date:</b>	01 Aug 2014
<b>Acquisition Price:</b>	17,950 million yen
<b>Appraisal at Acquisition:</b>	17,980 million yen (as of 05 June 2014)
<b>Term-end Appraisal:</b>	19,900 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	14,222.53m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	100.0% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Standard lease Fixed term lease

# Meiji Yasuda Life Insurance Saitama-Shintoshin Building



## Property Overview

<b>Location:</b>	11-2, Shintoshin, Chuo-ku, Saitama City, Saitama Prefecture
<b>Land Area:</b>	7,035.05m <sup>2</sup>
<b>Floor Area:</b>	78,897.42m <sup>2</sup>
<b>Structure:</b>	35-story plus 3 basement level RC, SRC with a flat roof
<b>Year Built:</b>	March 2002
-----the following indicates GOR-owned space(50% Co-ownership)-----	
<b>Acquisition Date:</b>	25 Apr 2007
<b>Acquisition Price:</b>	22,700 million yen
<b>Appraisal at Acquisition:</b>	22,820 million yen (as of 01 Feb 2007)
<b>Term-end Appraisal:</b>	23,200 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	21,704.32m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	97.9% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Fixed term lease



# Yodoyabashi Flex Tower



## Property Overview

<b>Location:</b>	3-3-11, Koraibashi, Chuo-ku, Osaka City, Osaka Prefecture
<b>Land Area:</b>	1,692.51m <sup>2</sup>
<b>Floor Area:</b>	10,997.50m <sup>2</sup>
<b>Structure:</b>	12-story plus 1 basement level SRC with a flat roof
<b>Year Built:</b>	November 2006
<b>Acquisition Date:</b>	31 Jan 2008
<b>Acquisition Price:</b>	7,834 million yen
<b>Appraisal at acquisition:</b>	7,940 million yen (as of 01 Nov 2007)
<b>Term-end Appraisal:</b>	6,920 million yen (as of 30 Sept 2016)
<b>Gross Rentable Area:</b>	7,432.28m <sup>2</sup> (as of 30 Sept 2016)
<b>Occupancy Ratio:</b>	93.4% (as of 30 Sept 2016)
<b>Type of Lease Contract:</b>	Standard lease



# Balance Sheets

## (1) Assets

(Unit: thousand yen)

	25th Period ① (As of 31 March 2016)	26th Period ② (As of 30 September 2016)	Variance ② - ①	
	Amount	Amount	Amount	Percentage variance (%)
1 Assets				
2 Current Assets				
3 Cash and bank deposits	2,608,260	3,463,358	855,097	
4 Cash in trust accounts and bank deposits in trust accounts (*)	9,708,688	10,055,947	347,258	
5 Tenant receivables	90,316	110,439	20,123	
6 Prepaid expenses	459,922	439,598	-20,323	
7 Deferred tax assets	18	13	-5	
8 Accrued income	—	253	253	
9 Advances paid	77	160	82	
10 Total current assets	12,867,283	14,069,770	1,202,486	9.3
11 Non-current Assets				
12 Fixed assets				
13 Buildings in trust accounts, net	42,530,993	41,841,083	-689,909	
14 Structures in trust accounts, net	758,325	741,517	-16,807	
15 Machinery and equipment in trust accounts, net	188,824	171,585	-17,238	
16 Tools, furniture and fixtures in trust accounts, net	58,552	62,401	3,848	
17 Land in trust accounts	111,298,931	111,298,931	—	
18 Construction in progress in trust accounts	811	4,308	3,497	
19 Total fixed assets, net	154,836,438	154,119,827	-716,610	-0.5
20 Intangible assets				
21 Other intangible assets in trust accounts	528	481	-47	
22 Total intangible assets	528	481	-47	-8.9
23 Investments and other assets				
24 Long-term prepaid expenses	236,503	184,456	-52,046	
25 Long-term prepaid consumption tax	3,873	3,305	-568	
26 Guaranty money deposited	10,000	10,000	—	
27 Reserve for repairs	677,372	677,372	—	
28 Total investments and other assets	927,750	875,134	-52,615	-5.7
29 Total non-current assets	155,764,717	154,995,443	-769,273	-0.5
30 Deferred assets				
31 Corporate bond issuance costs	60,848	49,920	-10,927	
32 Total deferred assets	60,848	49,920	-10,927	-18.0
33 Total Assets	168,692,848	169,115,135	422,286	0.3

## (2) Liabilities and Net Assets

(Unit: thousand yen)

	25th Period ① (As of 31 March 2016)	26th Period ② (As of 30 September 2016)	Variance ② - ①	
	Amount	Amount	Amount	Percentage variance (%)
1 Liabilities				
2 Current Liabilities				
3 Accounts payable	189,251	178,386	-10,864	
4 Unsecured corporate bonds due within one year	4,000,000	9,000,000	5,000,000	
5 Long term loans due within one year	6,000,000	11,000,000	5,000,000	
6 Other accounts payable	194	—	-194	
7 Accrued expenses	77,585	96,419	18,834	
8 Accrued income taxes	774	860	85	
9 Accrued consumption taxes	100,958	104,986	4,028	
10 Rents received in advance	555,368	592,879	37,511	
11 Cash distributions payable	6,714	6,411	-303	
12 Total current liabilities	10,930,846	20,979,944	10,049,097	91.9
13 Non-current Liabilities				
14 Unsecured corporate bonds	15,000,000	10,000,000	-5,000,000	
15 Long-term loans	60,000,000	55,000,000	-5,000,000	
16 Tenant security deposits in trust accounts	6,349,096	6,391,467	42,370	
17 Total non-current liabilities	81,349,096	71,391,467	-9,957,629	-12.2
18 Total Liabilities	92,279,943	92,371,412	91,468	0.1
19 Net Assets				
20 Unitholders' Equity				
21 Unitholders' capital	75,026,315	75,026,315	—	
22 Surplus				
23 Voluntary reserve				
24 Reserve for reduction entry	311,110	291,610	-19,500	
25 Total voluntary reserve	311,110	291,610	-19,500	
26 Retained earnings	1,075,479	1,425,796	350,317	
27 Total surplus	1,386,589	1,717,407	330,817	23.9
28 Total unitholders' equity	76,412,905	76,743,722	330,817	0.4
29 Total Net Assets	76,412,905	76,743,722	330,817	0.4
30 Total Liabilities and Net Assets	168,692,848	169,115,135	422,286	0.3

(\*) Bank deposits in trust accounts corresponding to tenant security deposits in trust accounts are: 25<sup>th</sup> Period: 5,954,681 thousand yen, 26<sup>th</sup> Period: 5,993,516 thousand yen



# Financial Indicators

Title		Calculations (*)	22 <sup>nd</sup> Period	23 <sup>rd</sup> Period	24 <sup>th</sup> Period	25 <sup>th</sup> Period	26 <sup>th</sup> Period
① Ordinary profit to total assets	%	$B \div \{(D+E) \div 2\}$	0.7	1.2	0.5	0.6	0.8
② (Annualized)	%		(1.4)	(2.4)	(1.1)	(1.3)	(1.7)
③ Net income to net assets ratio	%	$C \div \{(F+G) \div 2\}$	1.5	2.7	1.2	1.4	1.9
④ (Annualized)	%		(3.0)	(5.4)	(2.4)	(2.8)	(3.7)
⑤ Term-end net assets to total assets ratio	%	$G \div E$	43.5	45.6	45.3	45.3	45.4
⑥ Term-end interest-bearing liabilities to total assets ratio	%	$H \div E$	52.4	50.1	50.5	50.4	50.3
⑦ NOI (Net operating income)	million yen	$A+I$	2,812	2,741	2,600	2,757	3,122
⑧ FFO (Funds from operation)	million yen	$C+I-J$	1,922	1,694	1,717	1,870	2,228

(\*) Reference

(Unit : million yen)

Title	Period				
	22 <sup>nd</sup> Period	23 <sup>rd</sup> Period	24 <sup>th</sup> Period	25 <sup>th</sup> Period	26 <sup>th</sup> Period
<b>A</b> Property-related profits and losses	2,062	1,957	1,811	1,961	2,318
<b>B</b> Ordinary profit	1,174	2,086	928	1,076	1,426
<b>C</b> Net income	1,173	2,085	928	1,075	1,425
<b>D</b> Total assets at beginning of period	156,509	175,613	169,581	168,405	168,692
<b>E</b> Total assets at end of period	175,613	169,581	168,405	168,692	169,115
<b>F</b> Net assets at beginning of period	77,105	76,402	77,314	76,362	76,412
<b>G</b> Net assets at end of period	76,402	77,314	76,362	76,412	76,743
<b>H</b> Interest-bearing liabilities at end of period	92,000	85,000	85,000	85,000	85,000
<b>I</b> Depreciation and amortization	749	783	789	795	803
<b>J</b> Gain and loss on sale of real estate	-	1,175	-	-	-

<Reference> LTV reflecting term-end portfolio appraisals

① to ⑥: million yen ⑦: %

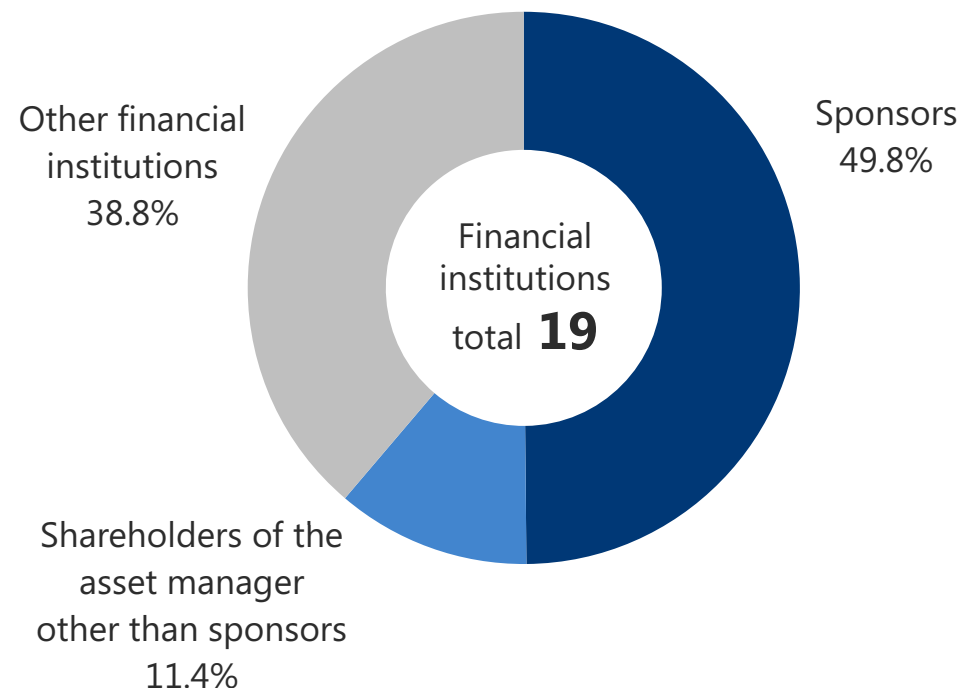
Title	Period				
	22 <sup>nd</sup> Period	23 <sup>rd</sup> Period	24 <sup>th</sup> Period	25 <sup>th</sup> Period	26 <sup>th</sup> Period
① Appraisal value at end of period	167,380	166,550	169,840	172,810	175,720
② Book value at end of period	161,092	155,840	155,349	154,836	154,120
③ (① - ②)	6,287	10,709	14,490	17,973	21,599
④ Total assets at end of period	175,613	169,581	168,405	168,692	169,115
⑤ (③ + ④)	181,900	180,291	182,895	186,665	190,714
⑥ Interest-bearing liabilities at end of period	92,000	85,000	85,000	85,000	85,000
⑦ LTV (⑥/⑤)	50.6	47.1	46.5	45.5	44.6

# Loans and Rating of Corporate Bonds (as of 30 September 2016)

- Stabilized bank formation with a focus on the sponsor banks
- JCR Rating: AA— Stable

## Lenders

Lender	UPB (million yen)	Share
● The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,700	23.8%
● Mitsubishi UFJ Trust and Banking Corp.	15,700	23.8%
● Development Bank of Japan Inc.	11,500	17.4%
● Sumitomo Mitsui Banking Corp.	3,750	5.7%
● The Bank of Fukuoka, Ltd.	3,750	5.7%
● The Iyo Bank, Ltd.	2,300	3.5%
● The Norinchukin Bank	1,600	2.4%
● Meiji Yasuda Life Insurance Co.	1,500	2.3%
● ORIX Bank Corp.	1,500	2.3%
● The 77 Bank, Ltd.	1,500	2.3%
● The Hyakugo Bank, Ltd.	1,500	2.3%
● The Nanto Bank, Ltd.	1,400	2.1%
● The Ashikaga Bank, Ltd.	1,000	1.5%
● Sompo Japan Nipponkoa Insurance Inc.	800	1.2%
● The Joyo Bank, Ltd. ● The Bank of Yokohama, Ltd. ● The Daishi Bank, Ltd. ● Higashi Nippon Bank, Ltd. ● The Kagawa Bank, Ltd.	2,500	3.8%
<b>Total</b>	<b>66,000</b>	<b>100.0%</b>



## Rating

credit rating agency	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating : AA-
	Outlook : Stable
	Corporate bonds (issued) : AA-

◇ Comment from JCR on 30 August 2016

"The Corporation stays with the financing mainly from the sponsor and other mega banks with an eye on stability. There are no specific concerns about the current financial structure."

# Breakdown of Interest-bearing Liabilities ①

## Breakdown of Loans (as of 31 October 2016)

Loan type	Lender	UPB (million yen)	Drawdown date	Interest rate	Repayment-due date	Financing term
Long-term loans	Development Bank of Japan Inc.	5,000	20 Oct 2010	1.54995 Fixed	29 Sept 2017 (28 <sup>th</sup> Period)	6.9 years
	Development Bank of Japan Inc.	4,000	01 Mar 2011	1.91808 Fixed	28 Feb 2018 (29 <sup>th</sup> Period)	7.0 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corp.	4,500	18 Oct 2012	1.18288 Fixed	30 Sept 2019 (32 <sup>nd</sup> Period)	7.0 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp. and Development Bank of Japan Inc.	1,500		1.37322 Fixed	30 Sept 2020 (34 <sup>th</sup> Period)	8.0 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., The Bank of Fukuoka, Ltd., The Iyo Bank, Ltd., The Joyo Bank, The Nanto Bank, Ltd., The Ashikaga Bank, Ltd., The Daishi Bank, Ltd., Higashi Nippon Bank, Ltd., The Hyakugo Bank, Ltd. and The Bank of Yokohama, Ltd.	6,000	20 Nov 2012	0.77565 Fixed	31 Mar 2017 (27 <sup>th</sup> Period)	4.4 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corp.	2,000		1.01933 Fixed	29 Mar 2019 (31 <sup>st</sup> Period)	6.4 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Trust and Banking Corp.	3,000	31 Jan 2013	1.01563 Fixed	29 Mar 2019 (31 <sup>st</sup> Period)	6.2 years
	Meiji Yasuda Life Insurance Co.	1,000		1.41807 Fixed	30 Sept 2020 (34 <sup>th</sup> Period)	7.7 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., The Nanto Bank, Ltd., ORIX Bank Corp., The 77 Bank and The Ashikaga Bank, Ltd.	6,000	28 Mar 2014	0.78809 Fixed	28 Sept 2018 (30 <sup>th</sup> Period)	4.5 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., The 77 Bank and The Kagawa Bank, Ltd.	10,000	01 Aug 2014	0.28000 Floating (*)	30 Mar 2018 (29 <sup>th</sup> Period)	3.7 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., The Iyo Bank, Ltd., ORIX Bank Corp. and The Hyakugo Bank, Ltd.	9,000		0.80289 Fixed	30 Sept 2019 (32 <sup>nd</sup> Period)	5.2 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., The Norinchukin Bank, Sompo Japan Nipponkoa Insurance Inc., The Iyo Bank, Ltd. and The Nanto Bank, Ltd.	9,000	31 Mar 2015	0.79695 Fixed	31 Mar 2020 (33 <sup>rd</sup> Period)	5.0 years
	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corp., The Bank of Fukuoka, Ltd., Meiji Yasuda Life Insurance Co. and The Iyo Bank, Ltd.	5,000	30 Sept 2015	0.92968 Fixed	30 Sept 2022 (38 <sup>th</sup> Period)	7.0 years
Total		66,000				

(\*) The interest rate applies to the period from 01 October 2016 to 31 October 2016.

All loans are unsecured / unguaranteed.

All loans are repaid in one bullet payment on the maturity date.

# Breakdown of Interest-bearing Liabilities ②

## Breakdown of Corporate Bonds (as of 31 October 2016)

Bond name (Term)	Balance (million yen)	Date issues	Coupon rate (%)	Collateral/ Guarantee	Maturity date	Redemption method (*)	Use of funds	Covenants	Notes
Series No.4 (7 years)	5,000	29 Sept 2010	1.59	None/ None	29 Sept 2017 (28 <sup>th</sup> Period)	Bullet maturity amortization	Redemption of the Series No.1 unsecured bonds	Negative pledge	Pari Passu clause attached
Series No.6 (4 years)	4,000	29 Sept 2014	0.29	None/ None	28 Sept 2018 (30 <sup>th</sup> Period)	Bullet maturity amortization	Repayment of long-term loans	Negative pledge	Pari Passu clause attached
Series No.7 (10 years)	3,000	29 Sept 2014	0.86	None/ None	27 Sept 2024 (42 <sup>nd</sup> Period)	Bullet maturity amortization	Repayment of long-term loans	Negative pledge	Pari Passu clause attached
Series No.8 (7 years)	3,000	26 Feb 2015	0.56	None/ None	25 Feb 2022 (37 <sup>th</sup> Period)	Bullet maturity amortization	Repayment of long-term loans	Negative pledge	Pari Passu clause attached
Series No.9 (10 years)	4,000	17 Oct 2016	0.47	None/ None	16 Oct 2026 (47 <sup>th</sup> Period)	Bullet maturity amortization	Redemption of the Series No.5 unsecured bonds	Negative pledge	Pari Passu clause attached
Total	19,000								

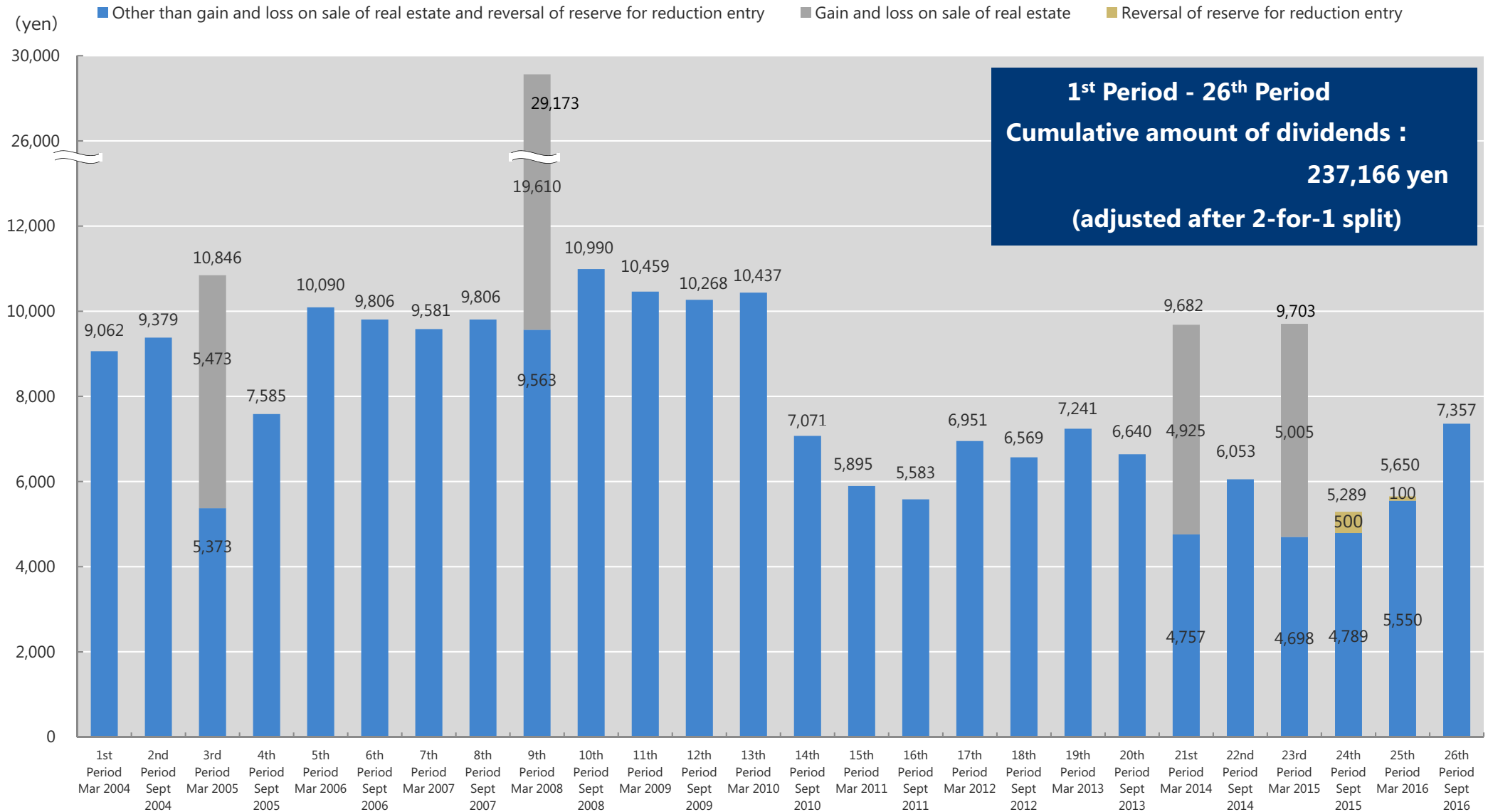
(\*) Redemption can be made at any time after the next day of issuance.

## Rating

credit rating agency	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating : AA-
	Outlook : Stable
	Corporate bonds (issued) : AA-

# Actual Dividends

## Actual Dividends



(\*1) From the 1<sup>st</sup> Period to the 21<sup>st</sup> Period, dividend per unit is calculated based on the assumption that the split of investment unit was implemented and figures in parentheses are prior to the split of investment unit. Concerning the 22<sup>nd</sup> Period, the figure in parentheses is calculated based on the assumption that the split of investment unit was not implemented.

(\*2) While calculation of the 1<sup>st</sup> Period starts on 16 April 2003 and ends on 31 March 2004, the actual operating period started on 26 September 2003 (purchased properties on this date) and ended on 31 March 2004, which totals 188 days, or 6 months and 5 days.

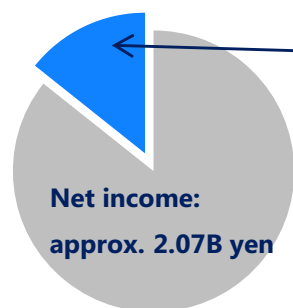
# Provision and Reversal of Reserve for Reduction Entry

## Securing internal reserves through sale proceeds and tax benefits

Allocate part of the gain from the sale of Kintetsu Shin-Nagoya Building which had been held for a long time, to internal reserves

### The 21<sup>st</sup> Period

【67% co-ownership sold on 27 Mar 2014】

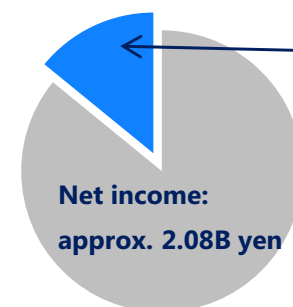


### The 22<sup>nd</sup> Period

~ period of co-ownership ~

### The 23<sup>rd</sup> Period (\*)

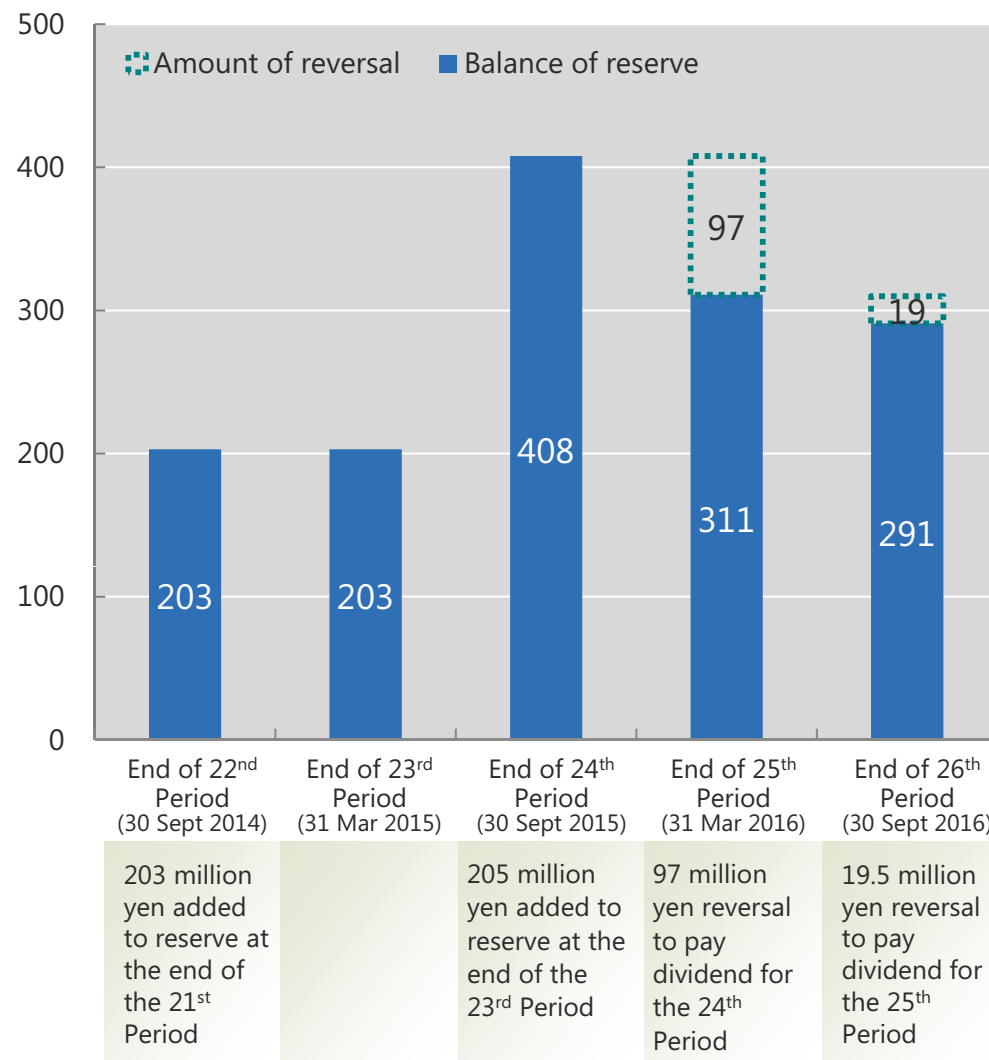
【33% co-ownership sold on 09 Oct 2014】



(\*) This allowance is applicable to the sale of land or buildings located in Japan and owned for over 10 years before 31 Dec 2014, for the purpose of purchasing land or buildings located in Japan. When a sale is booked under the specified conditions, retention of up to 10% of net income of that fiscal year is allowed in the form of a fund free to draw down.

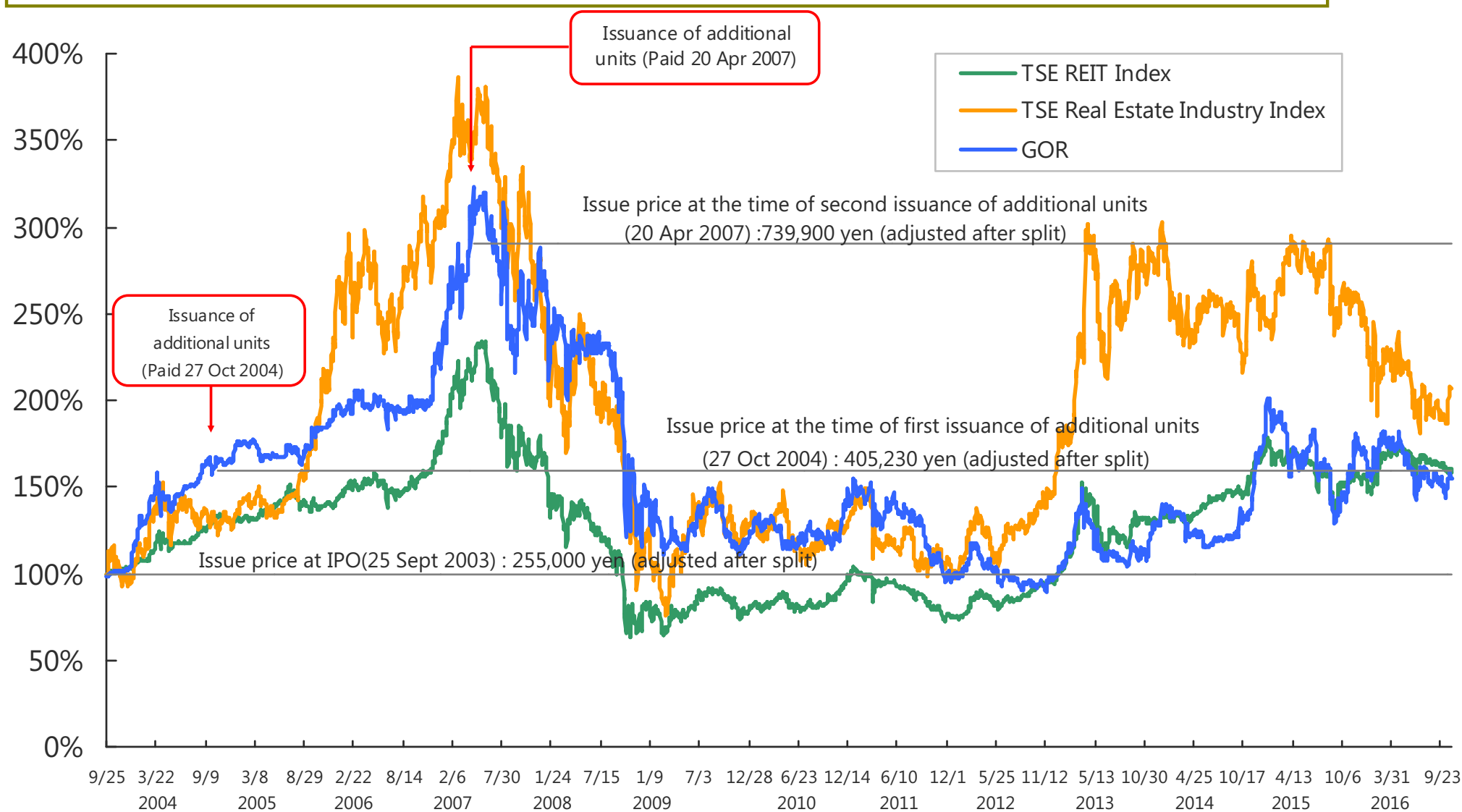
## Balance of reserve for reduction entry

(million yen)



# Performance Compared to Other Indices (25 Sept 2003 – 31 Oct 2016)

GOR implemented a two-for-one split of investment units with 01 April 2014 as the effective date.

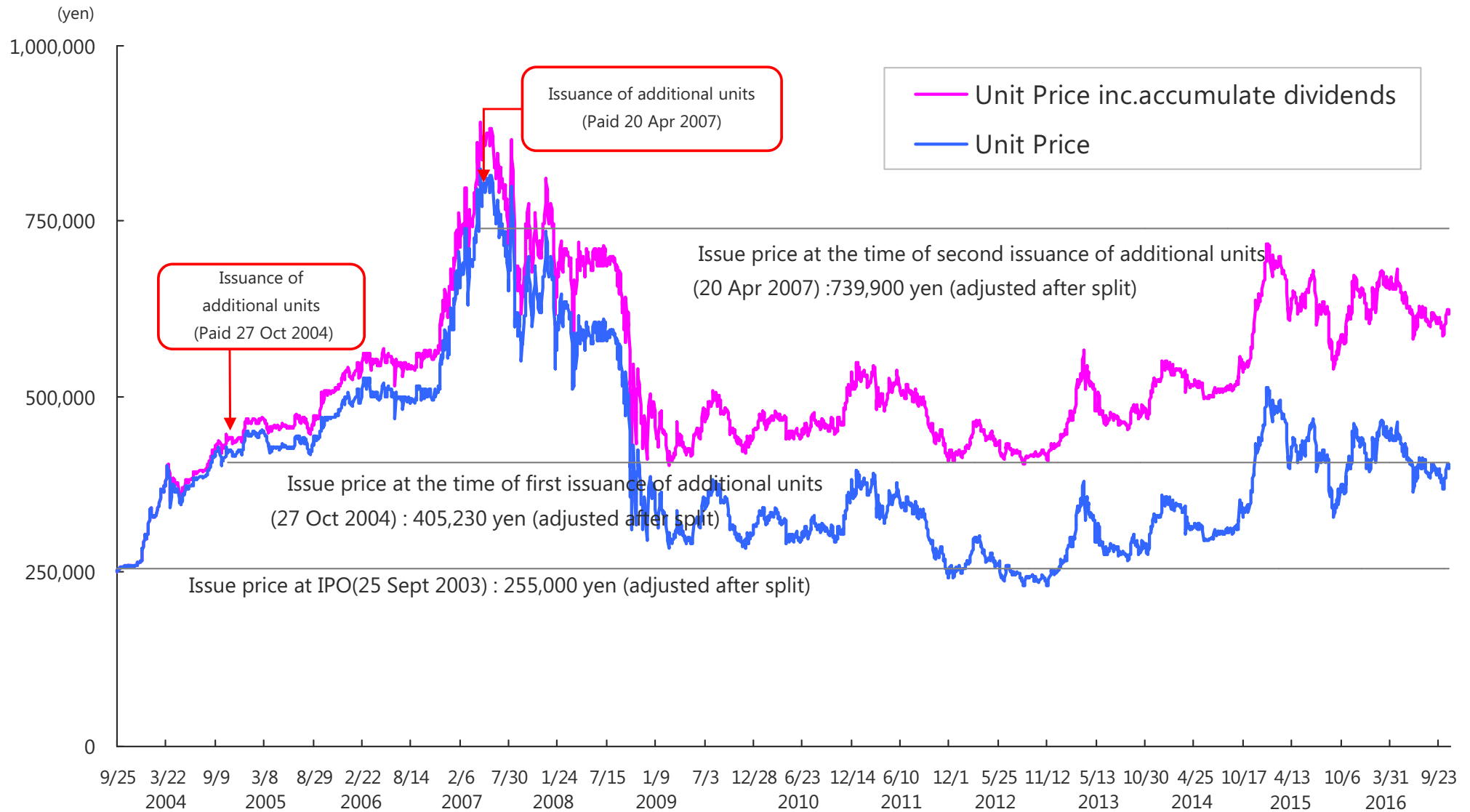


(\*1) Prices used for this chart are based on the closing price.

(\*2) TSE REIT Index and TSE Real Estate Industry Index: assumes the closing prices on 25 Sept 2003 are 100%.

Global One Real Estate Investment Corp.: assumes the initial offering price of 255,000 yen (adjusted after split) is 100%.

# Performance Including Accumulated Dividends (25 Sept 2003 – 31 Oct 2016)



(\*1) Prices used for this chart are based on the closing price.

(\*2) Unit price inc. accumulated dividends=Unit price+Accumulated dividends

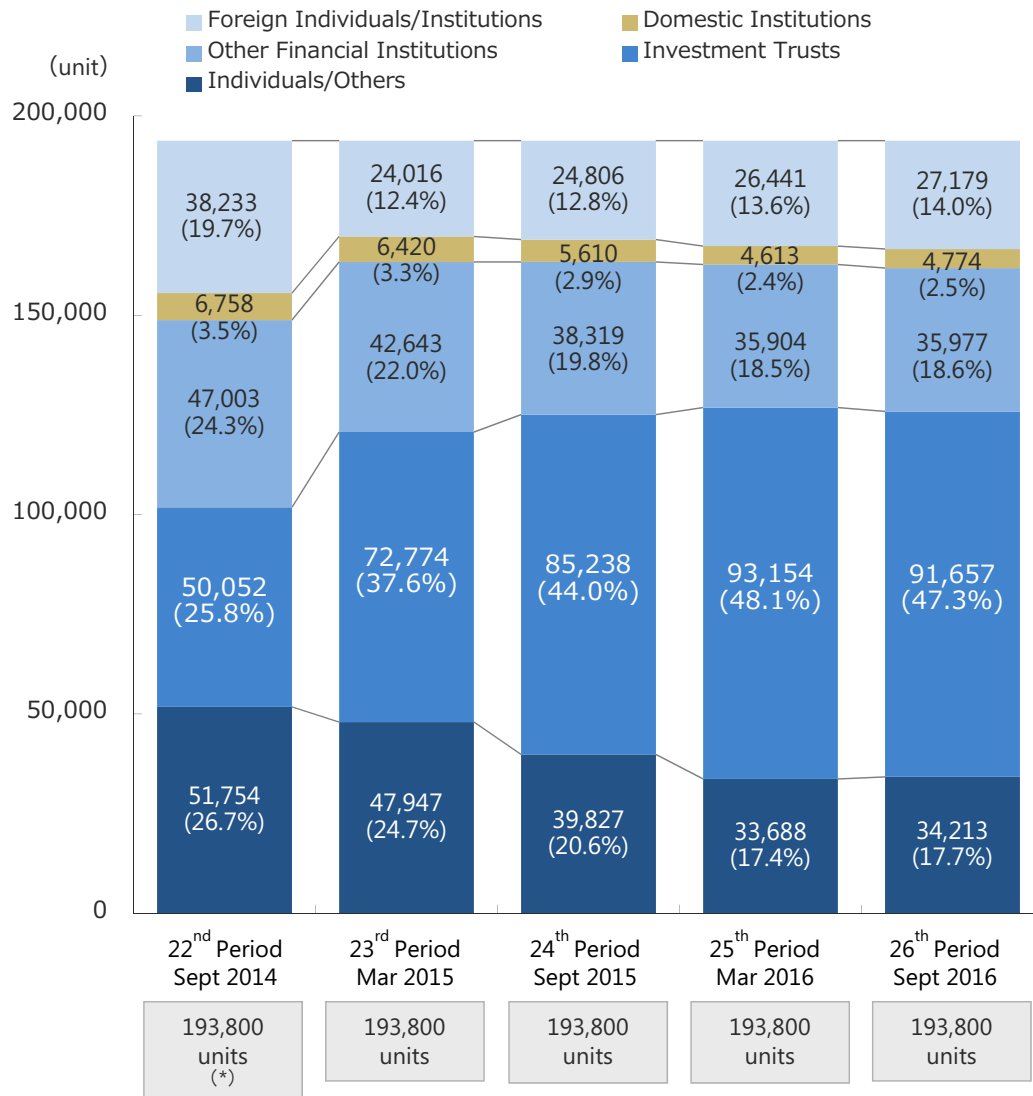
(\*3) GOR implemented a two-for-one split of investment units with 31 March 2014 as the record date and 01 April 2014 as the effective date.

In the above chart, unit prices and accumulated dividends before the ex-rights date are calculated based on the assumption that the split of investment units was implemented.



# Unitholder Segment, Top 10 Unitholders (as of 30 September 2016)

## # of units by unitholder segment



(\*1) GOR implemented a two-for-one split of investment units with 01 April 2014 as the effective date.

## # Top 10 Unitholders

	Name of unitholders	# of units held	Percentage to the total number of units issued (%) (*2)
1	Japan Trustee Services Bank, Ltd. (Trust Acc.)	52,361	27.01
2	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acc.)	23,102	11.92
3	The Master Trust Bank of Japan Ltd. (Trust Acc.)	21,739	11.21
4	The Nomura Trust and Banking co., Ltd. (Investment Trust Acc.)	11,431	5.89
5	STATE STREET BANK AND TRUST COMPANY 505223	3,055	1.57
6	CBNY DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,003	1.03
7	Japan Trustee Services Bank, Ltd. (Trust Acc. 9)	1,752	0.90
8	STATE STREET BANK WEST CLIENT-TREATY 505234	1,586	0.81
9	The Aichi Bank, Ltd.	1,510	0.77
10	STATE STREET BANK AND TRUST COMPANY 505012	1,476	0.76
	Total	120,015	61.92

(\*2) Percentages less than the second decimal place are rounded down.

# Overview of Asset Manager ①

## Global Alliance Realty Co., Ltd.

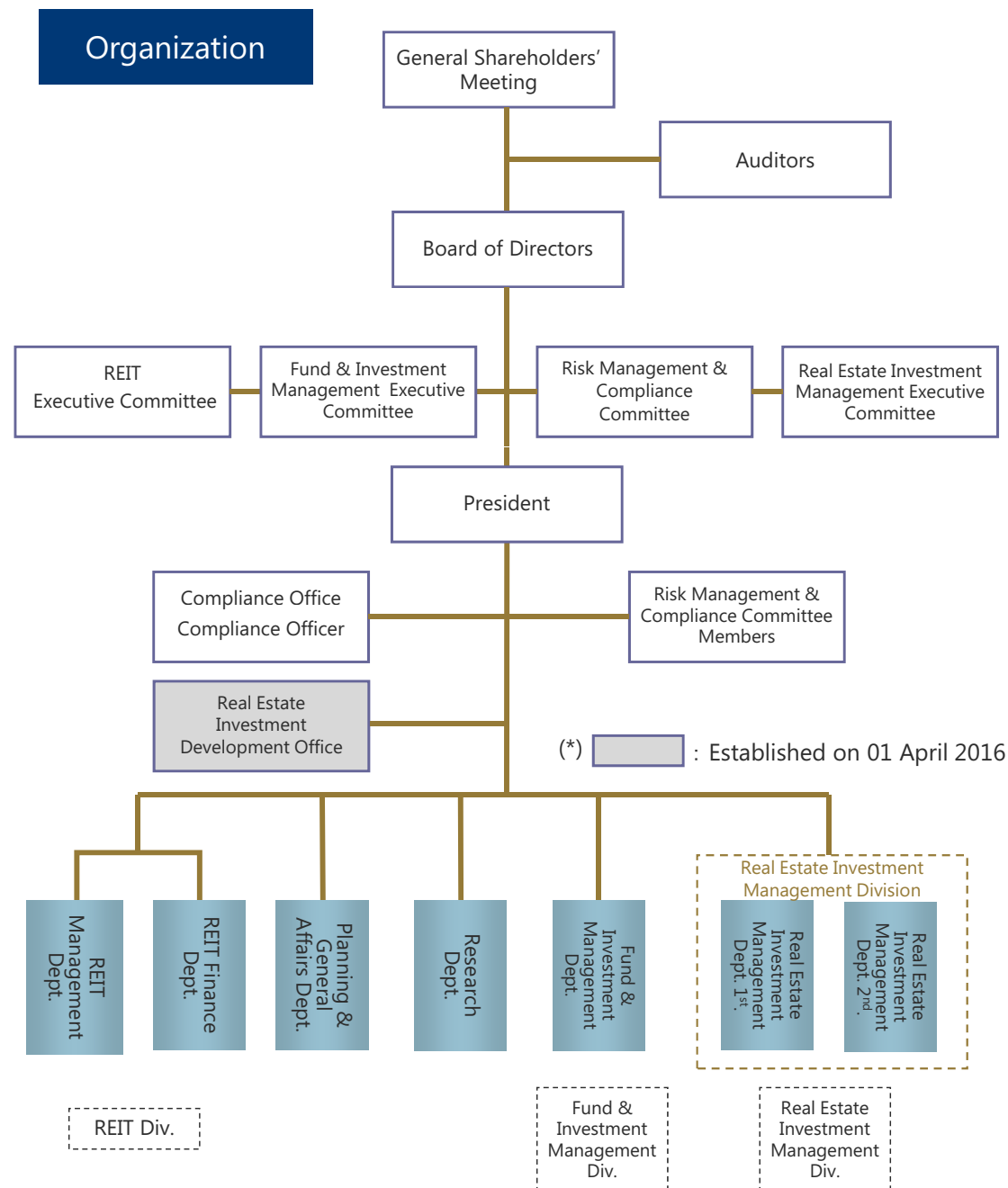
("GAR") is a licensed financial instruments business operator with registration No. 322 granted by the Director-General of the Kanto Local Finance Bureau, a member of the Investment Trusts Association, Japan and a member of Japan Securities Investment Advisers Association.

**Representative:** President Yasushi Wada  
**Location of Headquarters:** 4-1 Kojimachi, Chiyoda-ku, Tokyo  
**Incorporation:** 01 July 2002  
**Capital:** 400 million yen

## Sponsor group companies and their roles

Sponsor group companies	Roles
Meiji Yasuda Life Insurance Co. and its group companies	Provides human resources and expertise in real estate investment, asset / property management
Mitsubishi UFJ Financial Group, Inc. and its group companies	Provides human resources and expertise in the financial, securities and trust businesses
Kintetsu Group Holdings Co., Ltd. and its group companies	Provides human resources and expertise in real estate investment, asset/property management

## Organization



# Overview of Asset Manager ②

## Shareholders (as of 30 September 2016)

Name of shareholder	Founders of GAR	Investment in GAR		Outside board members of GAR (part-time) (Job title holding concurrently)	Employees temporarily transferred to GAR (# of employees and job title)		Financing for GOR	Outstanding Loan balance (million yen)	
		# of shares held	Percentage (%)						
Meiji Yasuda Life Insurance Group									
Meiji Yasuda Life Insurance Company	○	800	10.0%	○(Head of the Real Estate Dept.)	1	Co-General Manager, Real Estate Investment Management Dept. 1st and 2nd, Real Estate Investment Management Div.	○	1,500	
Meiji Yasuda System Technology Co., Ltd.		392	4.9%						
Mitsubishi UFJ Financial Group									
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	○	400	5.0%	○(Executive Officer & General Manager, Global Head of Structured Finance, Financial Solutions Group)	1	Deputy General Manager, Fund & Investment Management Dept.	○	15,700	
Mitsubishi UFJ Trust and Banking Corporation	○	400	5.0%	○(Executive Officer, Real Estate Business Office, Corporate Business Planning Div.)			○	15,700	
Mitsubishi UFJ Lease & Finance Company Limited		392	4.9%						
Kintetsu Group									
Kintetsu Group Holdings Co., Ltd.	○	800	10.0%	○(Director, Managing Executive Officer,Business and Interactive Communication Development Div.)	1	Deputy General Manager, REIT Management Dept.			
Kintetsu Insurance Service Co., Ltd.		392	4.9%						
Mori Building Co., Ltd.		800	10.0%						
Morikiyo Co., Ltd.		392	4.9%						
Mitsubishi Research Institute, Inc.		304	3.8%						
Sompo Japan Nipponkoa Insurance Inc.		304	3.8%				○	800	
The Hachijuni Bank, Ltd.		304	3.8%				○		
The Joyo Bank, Ltd.		304	3.8%				○	500	
The Ashikaga Bank, Ltd.		304	3.8%				○	1,000	
Shizuoka Bank Limited		304	3.8%				○		
The Chiba Bank, Ltd.		304	3.8%				○		
The Hyakugo Bank, Ltd.		304	3.8%				○	1,500	
The Yamagata Bank, Ltd.		160	2.0%						
The Juroku Bank, Ltd.		160	2.0%						
Nanto Bank, Ltd.		160	2.0%				○	1,400	
The Hyakujushi Bank, Ltd.		160	2.0%				○		
The Iyo Bank, Ltd.		160	2.0%				○	2,300	
Total		8,000	100.0%			3			40,400

(\*) Percentages of the ownership in GAR in proportion to the total shares issued.

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