



Global One Real Estate Investment Corp.

(Securities Code: 8958)

1 April 2019 (Monday)

Supplementary Material on Earnings Forecasts

Supplementary Material for "GOR Revises Earnings Forecasts for the Six-Month Period Ending September 2019 and Announces Earnings Forecasts for the Six-Month Period Ending March 2020" dated 1 April 2019

【Reference】

"Supplementary Material Related to Tenant Replacement at TK Minami-Aoyama Building" as of 15 March 2019

REIT Issuer

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Global One Real Estate Investment Corporation

Representative: Akio Uchida, Executive Director

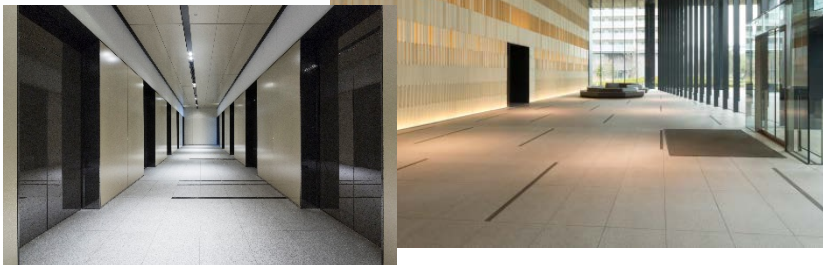
Asset Manager

Global Alliance Realty Co., Ltd.

Representative: Kenji Kojo, President

Contact: Gen Yamazaki, General Manager

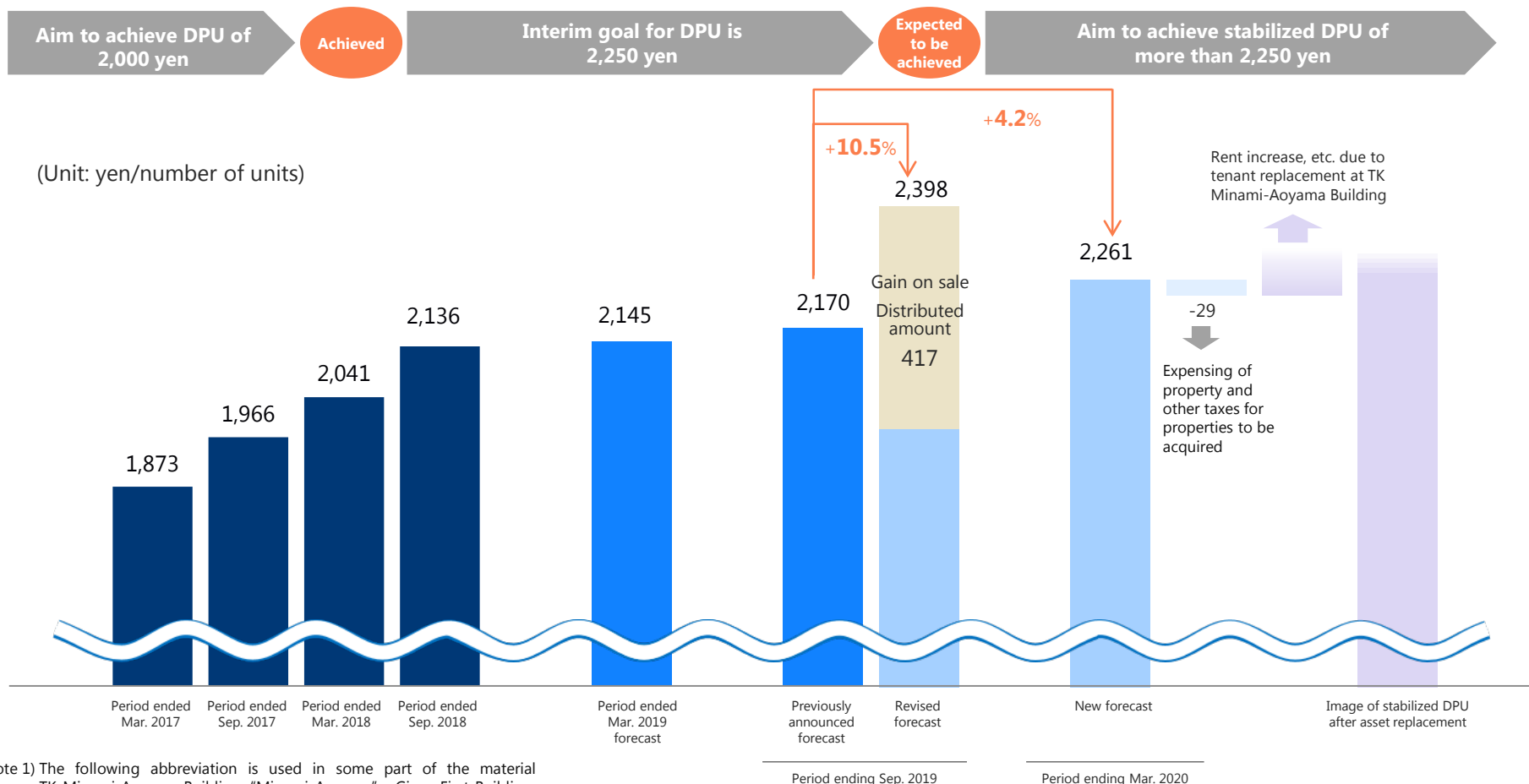
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Global Alliance Realty Co., Ltd.

Steady growth of dividend per unit

Revised forecast for the six-month period ending September 2019, new forecast for the six-month period ending March 2020 and image of stabilized DPU after asset replacement



(Note 1) The following abbreviation is used in some part of the material
TK Minami-Aoyama Building: "Minami-Aoyama" Ginza First Building: "Ginza"

(Note 2) In the material, dividend per unit (yen/number of units) is calculated by dividing the amount by the number of investment units issued and outstanding as of today (885,684 units), which is the previously announced forecast for the six-month period ending September 2019 before the revision, and by dividing the amount by the maximum number of investment units issued and outstanding (961,884 units) following the issuance of new investment units announced today, which is the revised forecast for the six-month period ending September 2019 after the revision.

Main temporary revenue and expenses (yen/number of units)

—Temporary revenue
• Gain on sale of Ginza: 681 (Internal reserves: 264)
—Temporary expenses
• Leasing expenses of Minami-Aoyama
• Investment unit issuance expenses: 32

—Temporary revenue
• Revenue equivalent to restoration costs of Minami-Aoyama: 300
—Temporary expenses
• Air conditioning construction costs and restoration costs of Minami-Aoyama: 160
• Loss on removal of air conditioning facilities of Minami-Aoyama: 153

* For the tenant replacement at Minami-Aoyama, please refer to page 6-9

Expected increase in reserve for reduction entry

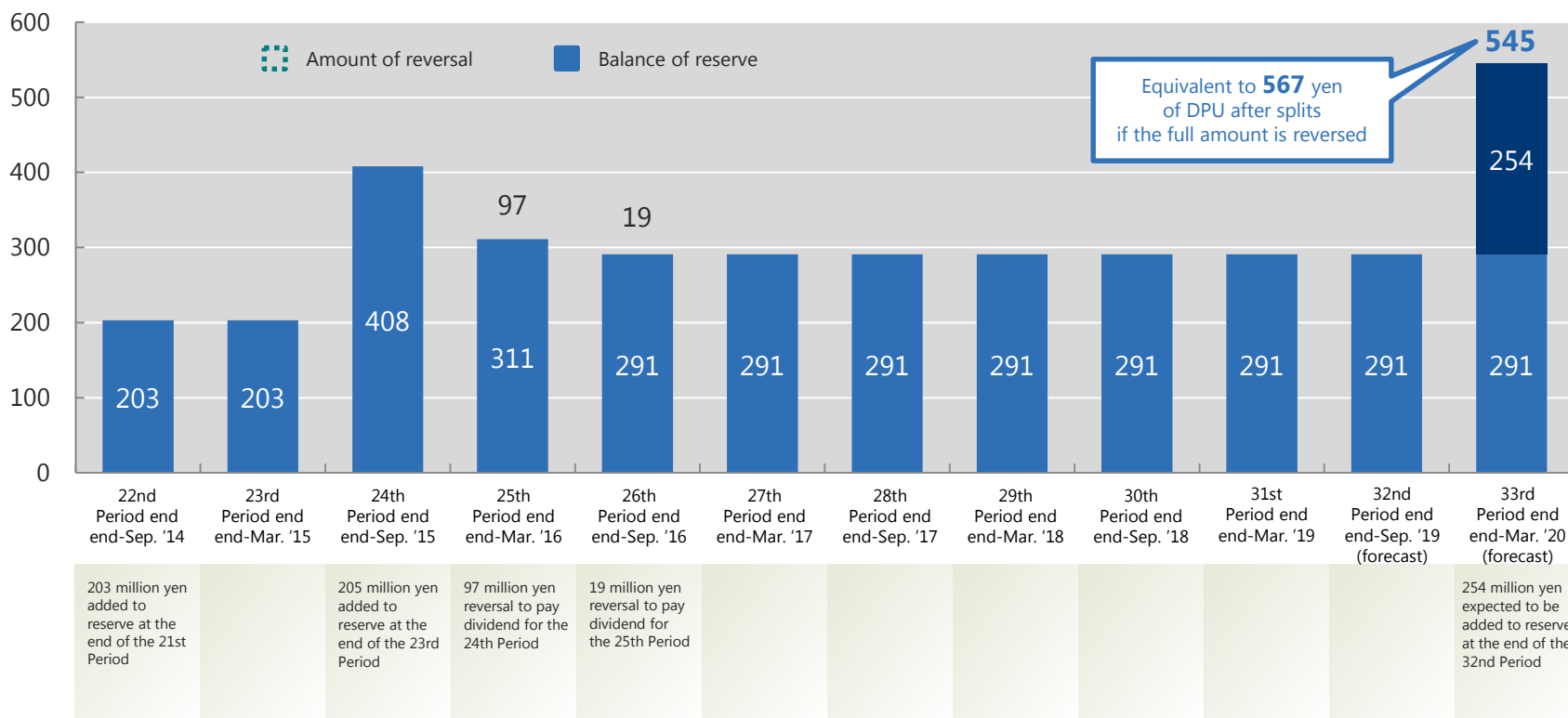
Allocate part of the gain on sale of Ginza First Building to internal reserves

In order to stabilize future dividends, GOR plans to retain reserved funds, up to 10% of net income for the period (ending September 2019), when gain on sale is recorded by utilizing the special tax treatment for the replacement of assets held for a long period.

Balance of reserve for reduction entry

Gain on sale of Ginza 655 million yen · 681yen/unit	Distributed amount 401 million yen · 417 yen /unit
	Internal reserves 254 million yen · 264 yen/unit

(million yen)



Reference



Global One Real Estate Investment Corp.

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15 March 2019 (Friday)

Supplementary Material Related to Tenant Replacement at TK Minami-Aoyama Building

Supplementary material related to "Tenant Replacement at a GOR Property
(cancellation of agreement and start of leasing)" as of 15 March 2019

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Asset Manager

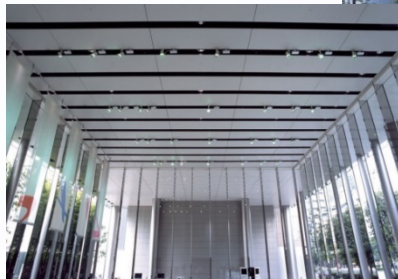
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Global Alliance Realty Co., Ltd.

The agreement with the current tenant was cancelled ahead of schedule, and an approximately 10-year fixed-term lease agreement was concluded with a new tenant that starts the next day

New tenant and terms of contract

- ◆ Contract starts 2 October 2019

Name of Tenant	undisclosed
Leased area	12,243.57m ²
Monthly rent	undisclosed
Lease start date	(1) 10,493.14 m ² : 2 October 2019 (2) 1,750.43 m ² : 1 November 2019
Lease termination date	1 October 2029
Agreement renewal	Will conclude at the termination date with no renewal (the renewal based on agreement is possible)
Notes concerning lease agreement	Although cancellation is possible with a written notice one year in advance, there is an obligation to pay the full amount of rent equivalent to up to 1 October 2024

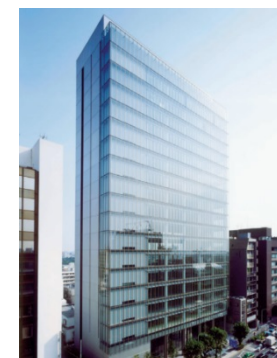
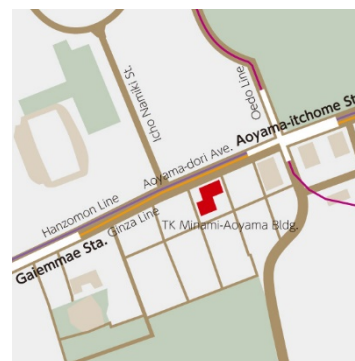
(Reference) Overview of lease agreement to be cancelled

Name of Tenant	Tokyu Land Corporation
Leased area	12,243.57m ²
Ratio in the gross rentable area of TK Minami-Aoyama Building	87.4%
Ratio in the gross leasable area of GOR portfolio	9.9%
Monthly rent	undisclosed
Lease termination date (original)	31 May 2020
Agreement cancellation date	(1) 10,493.14 m ² : 1 October 2019 (2) 1,750.43 m ² : 31 October 2019

Characteristics of TK Minami-Aoyama Building

C LOSER: Favorable location of a 2-minute walk from Aoyama-Itchome Station

It has excellent accessibility as it is located a 2-minute walk from Aoyama-Itchome Station on the Toei Oedo Line, the Tokyo Metro Ginza Line, and the Tokyo Metro Hanzomon Line, and a 4-minute walk from Gaioemmae Station on the Tokyo Metro Ginza Line. It also has high visibility as it faces Aoyama-dori Street with an opening of 55 m.



N EWER: High-spec office constructed in 2003

Ceiling height: 2,800 mm, free access floor 100 mm, outlet capacity 100 VA/m², 24-hour access

L ARGER: Highly competitive large-scale building

Gross floor area: 6,340 tsubo, standard floor area: 277 tsubo with no pillars

Entire use of 3,704 tsubo of leasable area is possible, yet it is a rare property that can also be occupied by multiple tenants

Key Points of the Tenant Replacement

Favorable office market and operations that meet tenant needs



Highly competitive quality of property

◆ No downtime for occupancy or rental revenues, etc.

- No contractual vacancy period as new agreement begins the day after the contract cancellation date.
- Although the new tenant will have a rent-free period, an agreement cancellation fee will be received from the current tenant, resulting in no revenue drop off from current rent revenue levels.
- Realized opportunistic tenant replacement with multiple strong demands under the condition that rents exceed current rents for the highly rare property that has the elements of "CLOSER," "NEWER," and "LARGER."

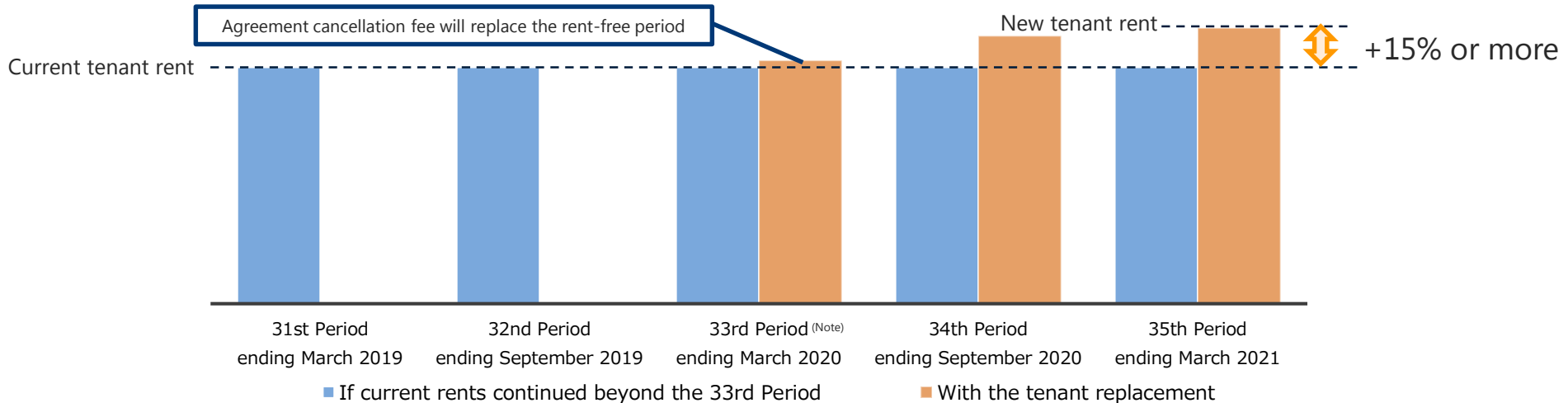
◆ Realized internal growth through the new tenant occupancy

- The monthly rent for the new tenant will exceed the current rent by more than 15%, which can be attributed to leasing activities that meet tenant needs

◆ Generated stable cashflow by concluding a long-term rental agreement with the highly trustworthy new tenant

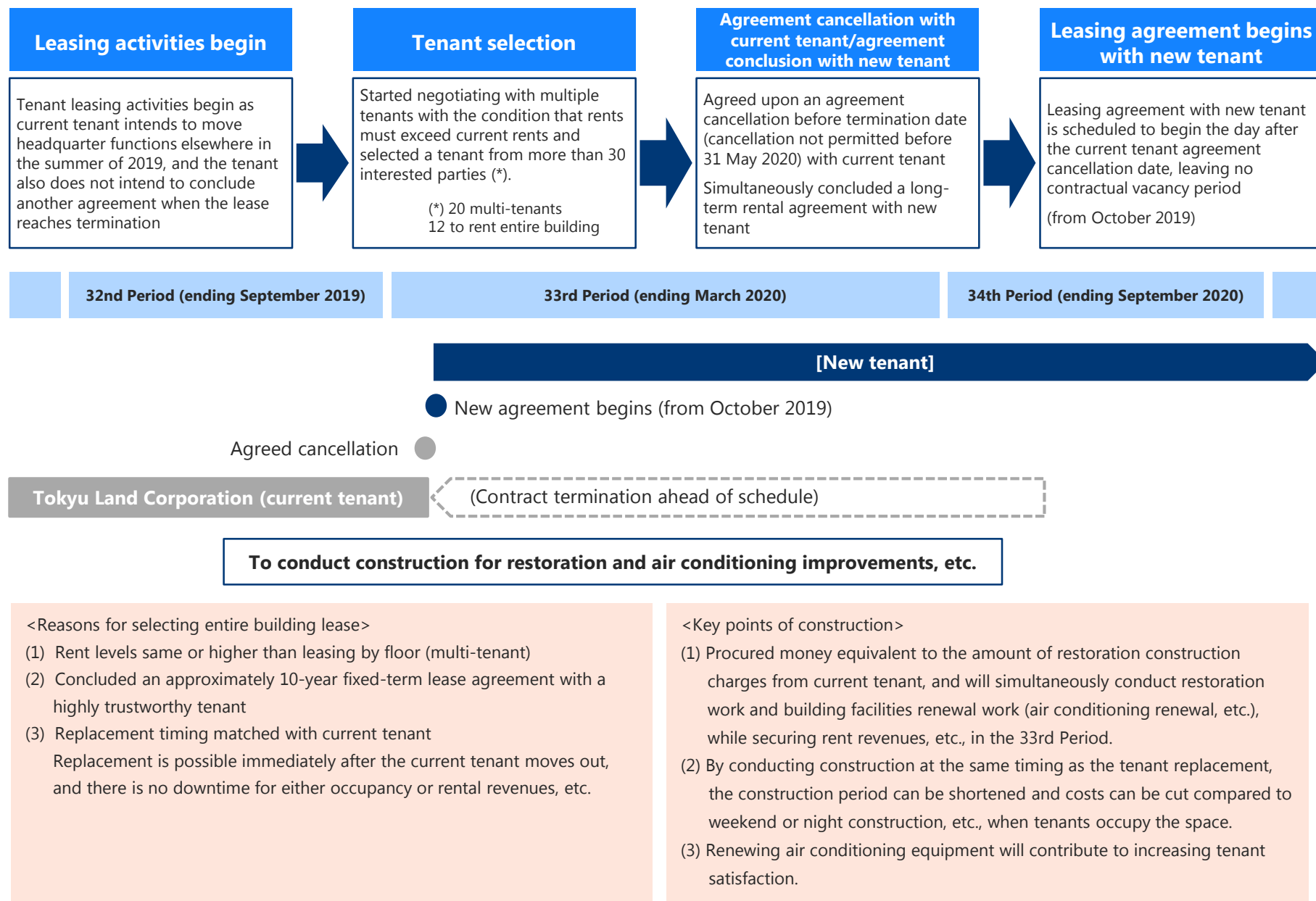
- Concluded an approximately 10-year fixed-term lease agreement
(Although cancellation is possible with a written notice one year in advance, there is an obligation to pay the full amount of rent equivalent to up to 1 October 2024)

<Visualization of changes in rental revenues, etc., due to the tenant replacement>



(Note) Revenue from agreement cancellation fee scheduled to be received from the current tenant is included in rent revenues, etc., for "With the tenant replacement" in the 33rd Period.

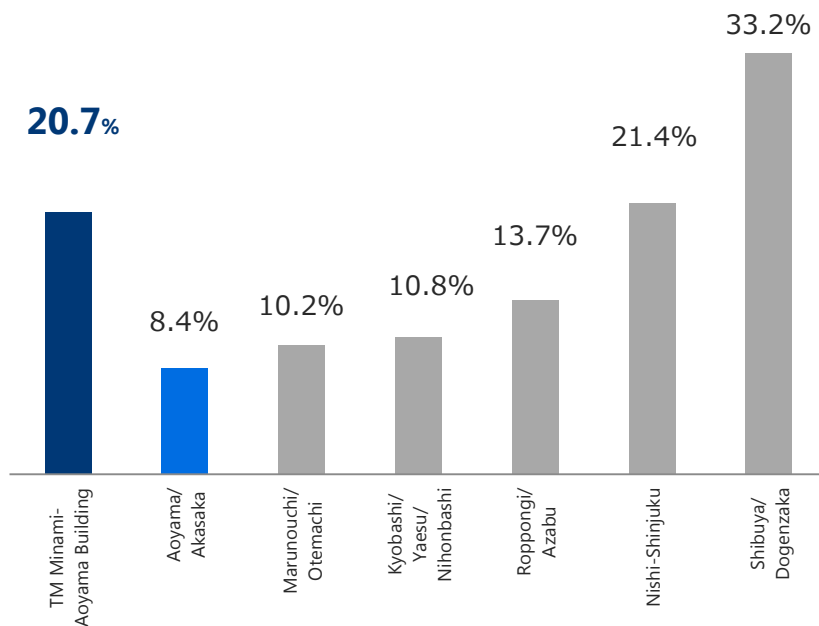
Timeline of the Tenant Replacement



Improving profitability through steady internal growth that includes the tenant replacement

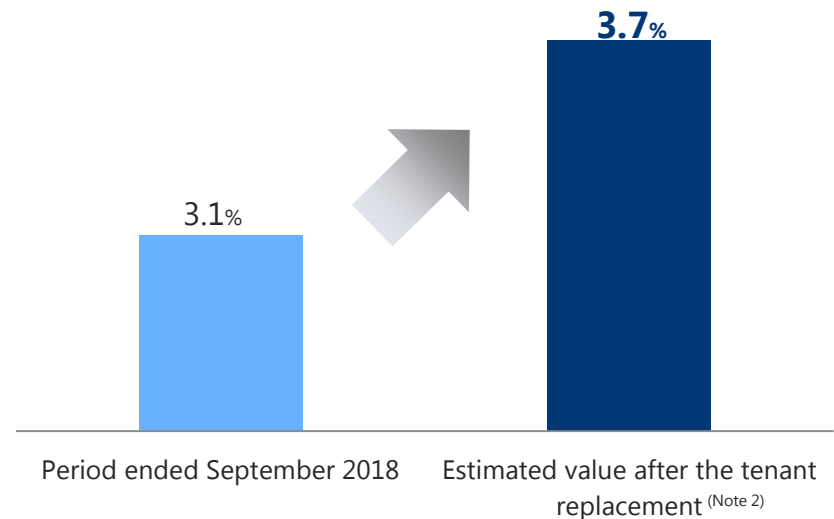
(Note 1) Rent increase rate comparison (compared to the end of May 2015)

- ◆ Realized a rent increase rate that largely exceeds that of the Aoyama/Akasaka area.



Large increase in NOI yield

- ◆ Expected rise of approximately 0.6% in the NOI yield of TK Minami-Aoyama Building



(Source) Sanko Estate Co., Ltd. "Office Market Report"

(Note 1) The rent increase rate for TM Minami-Aoyama Building is the rent increase rate comparing the rent after the tenant replacement and the rent as of the end of May 2015 (it includes the impact on rent increases during the duration of ownership of TM Minami-Aoyama Building as well as the tenant replacement). The rent increase rate by area indicates the increase rate of average asking rent between the end of May 2015 and the end of February 2019 for office floors with an area of 200 tsubo or more located within each area. When there are common area charges, these are included in rents.

(Note 2) "Estimated value after the tenant replacement" is the yield calculated based on expected NOI continuing through the 35th Period (ending March 2021).

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