



Global One Real Estate Investment Corp.

(8958)

Financial Results for the Six-Month Period Ended September 2019 (the 32nd Period) (Explanatory Material)

14 November 2019



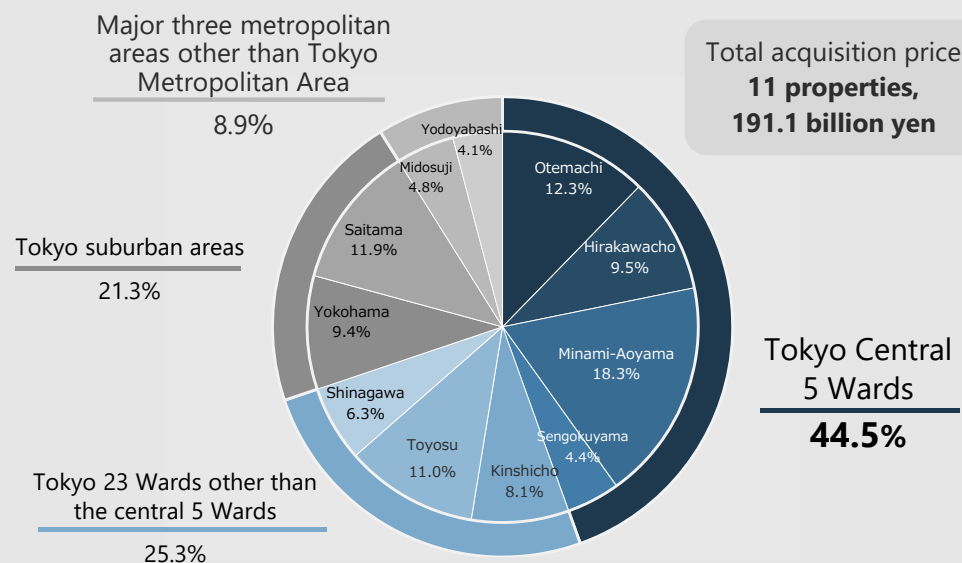
Global Alliance Realty Co., Ltd.

Overview of Global One Real Estate Investment Corporation

Portfolio (as of 30 September 2019)

Selective investment in high-quality office buildings which are closer to nearby stations, newly or recently built and large in size.

| | | GOR | Average of other office REITs (*) |
|---------------|------------------------------|------------------|-----------------------------------|
| CLOSER | Walking distance: 0 - 5 min. | 100.0% | 78.6% |
| | | | |
| NEWER | Average building age | 15.5 years | 22.4 years |
| | Portfolio PML | 1.9% | 2.0% |
| LARGER | Average acquisition price | 17.3 billion yen | 8.7 billion yen |
| | Average gross leasable area | 12,014 sqm | 8,699 sqm |



Financial Base and Sponsors (as of 30 September 2019)

Solid financial base supported by financial sponsors

| | |
|---|---|
| LTV (Interest-bearing debt / total assets) | Book value basis 46.9% Appraisal value basis 39.9% |
| Ratio of long-term / fixed interest-bearing liabilities | 89.9% |
| Average financing term | 6.6 years |
| Average interest rate | 0.66% |
| Rating | AA- Stable (JCR) |



Provides expertise in real estate investment and management



Provides expertise in the financial and trust businesses



Provides expertise in real estate investment and management



Japan Credit Rating Agency, Ltd. (JCR)
Long-term Issuer Rating
AA- (Stable)

[Asset Manager]



(*) "Other office REITs" refers to J-REITs (excluding GOR) which have an investment policy where 70% or a higher percentage (based on acquisition prices) of funds are allocated to commercial real estate of which main use is office. Average figures are calculated based on figures indicated in the most recent disclosure materials of each REIT that could be confirmed as of 30 September 2019.

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The following abbreviations will be used for the following pages:

"GOR" = Global One Real Estate Investment Corporation

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

"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

"Toyosu" = Hulin Toyosu Prime Square

"Shinagawa" = Shinagawa Seaside West Tower

"Yokohama" = Yokohama Plaza Building

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

"Midosuji" = Meiji Yasuda Life Insurance Osaka Midosuji Building

"Yodoyabashi" = Yodoyabashi Flex Tower

Unless otherwise indicated, amounts are rounded down and percentages, number of years, walking time to the station and areas are rounded.

The impacts of the following splits of investment units are taken into consideration for "After split(s)" or "Adjusted after split(s)" in the material.

- 2-for-1 split of investment units with 1 April 2014 as the effective date
- 4-for-1 split of investment units with 1 April 2018 as the effective date



I Preface

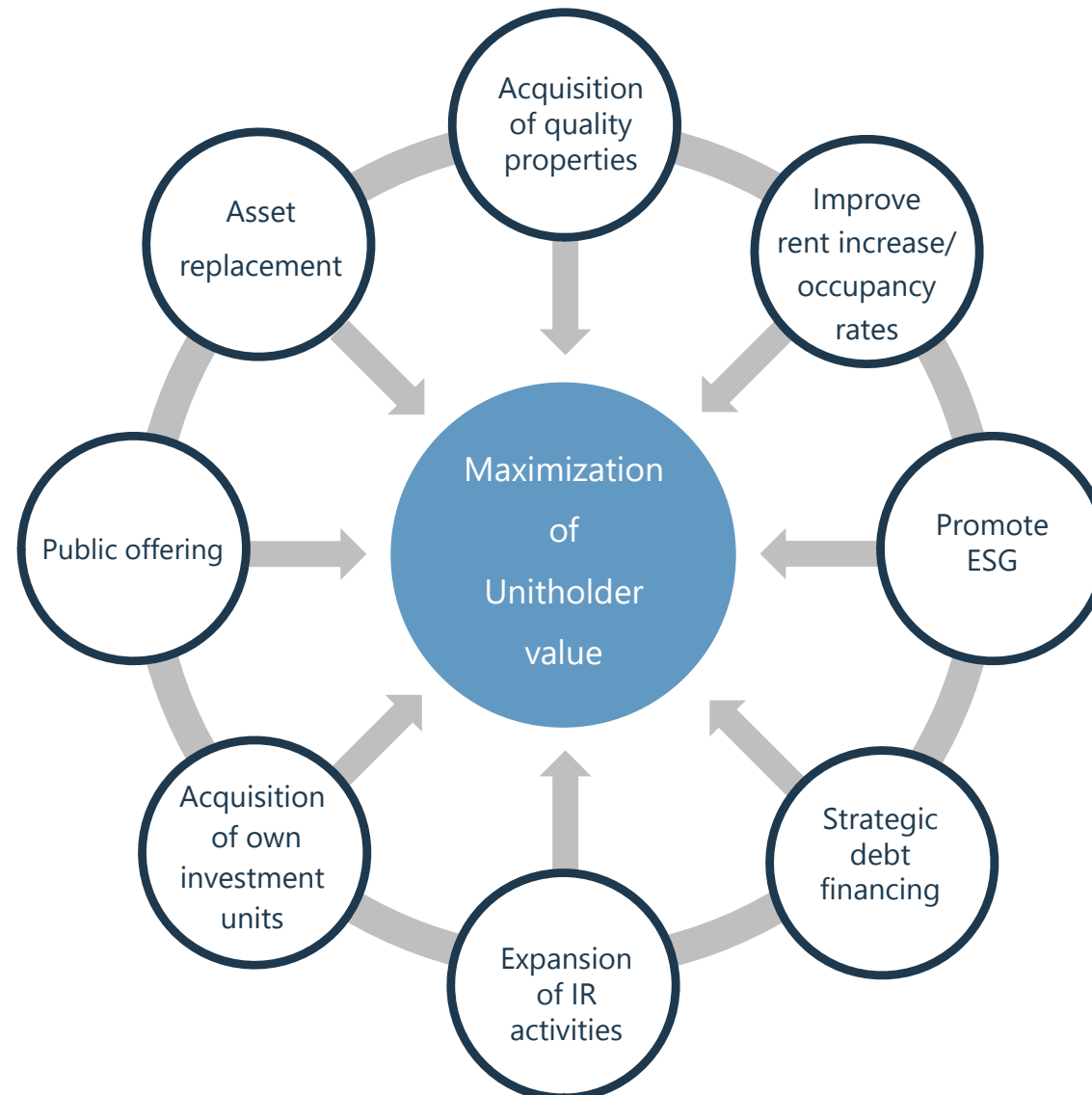
Efforts to Increase Unitholder Value ①

| | Actual performance in the 32nd Period | Future efforts |
|---------------------------|--|---|
| Internal growth | <ul style="list-style-type: none"> Increased dividends for the eighth consecutive period (*1) *Major increase in dividends due to gain on sale from transfer of Ginza First Building 31st Period: 2,192 yen → 32nd Period: 2,440 yen (+11.3%) Internal growth is to be realized by finding a successive tenant for Minami-Aoyama with no downtime Expecting upward rent revision for the eleventh consecutive period (*2) | <ul style="list-style-type: none"> For future DPU, aim for stabilized DPU in mid-2,400-yen range or higher (*1) Increase NOI yield by eliminating the rent gap <div> <div>Maintain/improve occupancy rate Continue to increase rent</div> <div>▶</div> <div>Raise portfolio NOI yield to the lower 4% range</div> </div> |
| External growth | <ul style="list-style-type: none"> Implemented strategic asset replacement (Ginza⇄Toyosu) that leads to enhancement of the portfolio quality through a buy-and-sell style and promoted expansion of the asset size to stabilize revenues Asset size (based on acquisition price): 182.4 billion yen → 191.1 billion yen Included in Global Index "FTSE EPRA/NAREIT Global Real Estate Index Series" | <ul style="list-style-type: none"> Asset replacement to enhance portfolio quality Continue to discuss replacement with properties that can expect improved revenues over the medium to long term Expand portfolio to stabilize revenues by continuing to make selective investments Acquire quality properties flexibly by creating the capacity to acquire properties through lowering of LTV Sourcing drawing upon both the sponsor, etc. route and independent route |
| Financial management / IR | <ul style="list-style-type: none"> Lowered LTV through public offering (based on book value: 49.4%→46.9%) LTV (book value) capacity to acquire properties is 12.4 billion yen before LTV reaching 50% Plan to allocate part of gain on sale to internal reserves to stabilize dividends Balance of reserve for reduction entry: 291 million yen → 552 million yen Promoted extension of financing terms, diversification of due dates and reduction of financing costs through refinancing Selected for Loan Margin Trading Issue through stock lending performed by GAR Implemented IR meetings with investors in Europe and Asia as well as participated in/organized several seminars for retail investors | <ul style="list-style-type: none"> Promote extension of financing terms and diversification of due dates Flexible LTV control responding to the real estate market conditions and financial environment Continue to discuss measures to maximize unitholder value while taking into account the changes in the market environment and constructive dialogue with investors |
| ESG | <ul style="list-style-type: none"> Selected materiality (priority issues for ESG) in line with ESG policy Participated in GRESB Real Estate Assessment for the first time (obtained "Green Star" and "3 Stars") Concluded green lease agreement, enriched employee benefits and expanded support for qualification acquisition of employees Opened an ESG page on the GOR's website | <ul style="list-style-type: none"> Promote and achieve activity plans and targets for each materiality Contribute to the achievement of the SDGs through GOR's medium- to long-term growth. |

(*1) "Dividends" refers to dividend per unit

(*2) Stated as "eleventh consecutive period," including the forecast for the period ending March 2020.

- Aim for further enhanced unitholder value through continuous implementation of various measures





II Financial Results

1. Financial Highlights

■ DPU will reach the target of mid-2,300-yen range. We will aim for stabilized DPU of 2,400 yen or more from now on

| | | 31st Period Mar '19 | 32nd Period Sep '19 | 33rd Period Mar '20 (*5) | 34th Period Sep '20 (*5) |
|--|-------------|------------------------|------------------------|--------------------------------|--------------------------------|
| I/S – Dividends | | | | | |
| Operating revenue (Property-related revenues) | million yen | 5,224 (5,224) | 6,194 (5,535) | 5,849 (5,849) | 5,683 (5,683) |
| Operating profit (Property-related profit) | million yen | 2,373 (2,878) | 3,062 (2,987) | 2,654 (3,214) | 2,699 (3,257) |
| Net income | million yen | 1,941 | 2,606 | 2,246 | 2,299 |
| Total number of investment units issued | Units | 885,684 | 961,884 | 961,884 | 961,884 |
| FFO per unit (*1) | yen | 3,098 | 2,917 | 3,365 | 3,280 |
| Dividend per unit | yen | 2,192 | 2,440 | 2,335 | 2,390 |
| Portfolio | | | | | |
| NOI yield (*2) | % | 4.0 | 4.0 | 4.4 | 4.3 |
| Term-end occupancy rate | % | 99.7 | 99.8 | 99.3 | 99.0 |
| Others | | | | | |
| Term-end total assets | million yen | 191,231 | 201,445 | | |
| Interest-bearing liabilities | million yen | 94,500 | 94,500 | | |
| Unrealized gain/loss | million yen | 31,183 | 35,663 | | |
| LTV (book value) (*3) | % | 49.4 | 46.9 | | |
| LTV (appraisal value) (*4) | % | 42.5 | 39.9 | | |

(*1) FFO per unit = (net income + depreciation and amortization + Loss on retirement of fixed assets – gain and loss on sale of real estate) ÷ total number of investment units issued

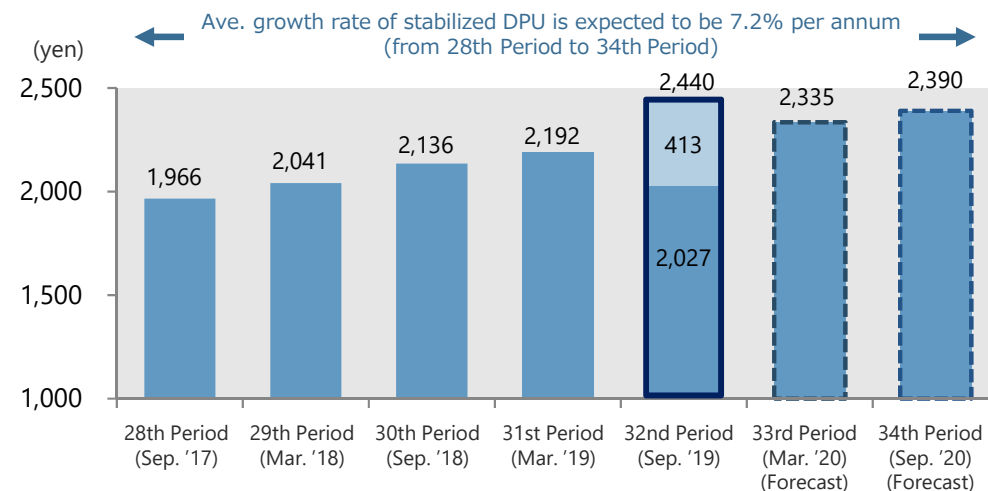
(*2) NOI yield = NOI for the six months × 2 ÷ acquisition price

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

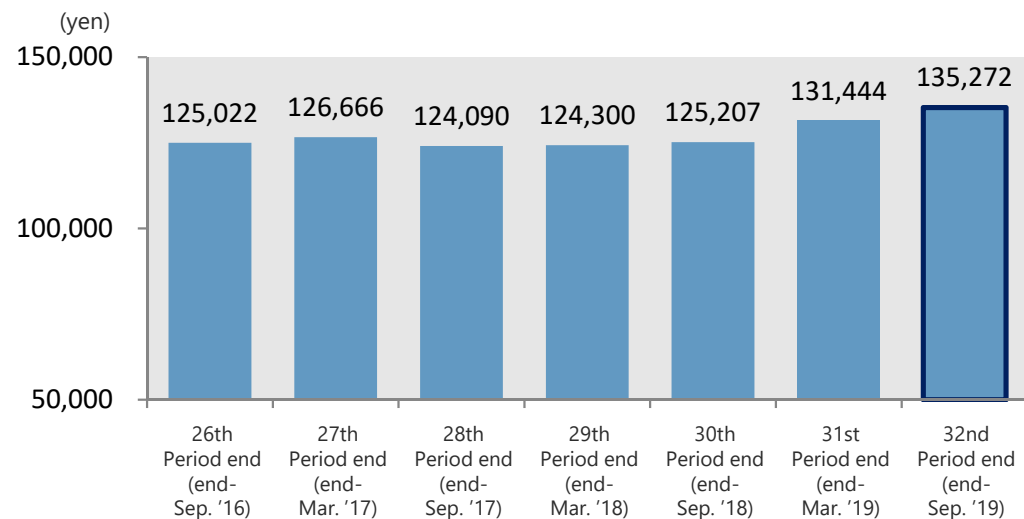
(*4) LTV (appraisal value) = interest-bearing liabilities ÷ (term-end total assets + unrealized gain/ loss)

(*5) The performance forecast does not include assumed occupation by yet-to-be finalized tenants.

Trend of dividend per unit (DPU; adjusted after split)



Trend of NAV per unit (*6; adjusted after split)



(*6) NAV per unit = (term-end net assets – total dividends + unrealized gain/loss) ÷ total number of investment units issued

2. Overview of Financial Results (Period ended Sep. 2019) (1): Comparison with forecast

- Higher-than-expected DPU due to reduction of rent holiday, progress of leasing and costs being lower than expected (up 1.8% compared to the forecast)

| | 32nd Period Forecast Sep '19 | 32nd Period Actual Sep '19 | (million yen) | |
|---|------------------------------------|----------------------------------|--------------------------------|--------|
| | (*)1 | | Changes from 32nd forecasts | |
| Operating Revenue | 6,175 | 6,194 | 18 | 0.3% |
| Rental revenues(a) | 5,519 | 5,535 | 15 | 0.3% |
| Rental revenues, etc. | 5,176 | 5,191 | 15 | 0.3% |
| Utility charges | 343 | 340 | -2 | -0.8% |
| Other rental revenues | — | 3 | 3 | — |
| Gain on sale of real estate | 655 | 658 | 2 | 0.4% |
| Operating Expenses | 3,149 | 3,131 | -17 | -0.6% |
| Property-related expenses(b) | 2,561 | 2,548 | -12 | -0.5% |
| Property management fees | 709 | 702 | -7 | -1.1% |
| Utility expenses | 344 | 337 | -7 | -2.0% |
| Property and other taxes | 530 | 527 | -2 | -0.5% |
| Casualty insurance | 10 | 10 | -0 | -0.4% |
| Repairs and maintenance | 101 | 107 | 5 | 5.3% |
| Depreciation and amortization(c) | 846 | 845 | -1 | -0.2% |
| Loss on retirement of fixed assets(d) | — | 12 | 12 | — |
| Other rental expenses | 17 | 5 | -11 | -66.5% |
| Asset management fees | 421 | 424 | 2 | 0.7% |
| Other general administrative cost | 167 | 159 | -7 | -4.6% |
| Operating Profit | 3,026 | 3,062 | 36 | 1.2% |
| Property-related profit (a-b) | 2,958 | 2,987 | 28 | 1.0% |
| NOI (a-b+c+d) | 3,805 | 3,845 | 39 | 1.0% |
| Non-operating Revenues | — | 0 | 0 | — |
| Non-operating Expenses | 464 | 455 | -8 | -1.9% |
| Interest expense | 341 | 335 | -6 | -1.8% |
| Unit issuance costs | 31 | 29 | -2 | -7.9% |
| Other non-operating expenses | 91 | 90 | -0 | -0.2% |
| Ordinary Profit | 2,561 | 2,607 | 45 | 1.8% |
| Net Income | 2,560 | 2,606 | 46 | 1.8% |
| Reserve for reduction entry | 254 | 260 | 6 | 2.6% |
| Total Dividends | 2,306 | 2,346 | 40 | 1.8% |
| | | | | |
| The number of units issued at end of period | 961,884 units | 961,884 units | 0 units | — |
| Dividend per unit (DPU) | 2,398 yen | 2,440 yen | 42 yen | 1.8% |

| Main reasons for variance (million yen) | | | Converted to DPU |
|--|---------------------|---------------------|---|
| | Increased profit | Decreased profit | |
| | | | (*)2 |
| Operating profit | 36 | | 37 yen |
| Property-related profits and losses | 28 | | |
| Rental revenues, etc. | 15 | | Shinagawa, Saitama, etc. |
| Decrease in property management fees | 7 | | |
| Increase in loss on retirement of fixed assets | | 12 | Account reclassification, etc. |
| Decrease in other rental expenses | 11 | | |
| Other general administrative cost | 7 | | Lower-than-expected stock transfer agency fee, etc. |

(*)1 Forecasts are figures as of 20 May 2019.

(*)2 Figure arrived at by dividing the amount of increase/decrease in profit by the total number of investment units issued (**961,884 units**) as of the end of the period ended September 2019.

2. Overview of Financial Results (Period ended Sep. 2019) (2): Comparison with previous period

- Asset replacement to exceed dilution due to capital increase result in an increase in DPU
- Allocate part of gain on sale to internal reserves to stabilize future dividends (DPU up 11.3% from the previous period)

| | (million yen) | | | |
|---|----------------------------------|----------------------------------|---------------------------------|------------|
| | 31st Period Actual Mar '19 | 32nd Period Actual Sep '19 | Changes from previous period | |
| Operating Revenue | 5,224 | 6,194 | 969 | 18.6% |
| Rental revenues(a) | 5,224 | 5,535 | 310 | 6.0% |
| Rental revenues, etc. | 4,902 | 5,191 | 289 | 5.9% |
| Utility charges | 321 | 340 | 19 | 6.0% |
| Other rental revenues | 0 | 3 | 2 | 294.2% |
| Gain on sale of real estate | — | 658 | 658 | — |
| Operating Expenses | 2,851 | 3,131 | 280 | 9.8% |
| Property-related expenses(b) | 2,345 | 2,548 | 202 | 8.6% |
| Property management fees | 570 | 702 | 131 | 23.1% |
| Utility expenses | 307 | 337 | 29 | 9.4% |
| Property and other taxes | 524 | 527 | 2 | 0.5% |
| Casualty insurance | 9 | 10 | 0 | 3.9% |
| Repairs and maintenance | 122 | 107 | -15 | -12.3% |
| Depreciation and amortization(c) | 802 | 845 | 42 | 5.3% |
| Loss on retirement of fixed assets(d) | 0 | 12 | 12 | 363,089.6% |
| Other rental expenses | 7 | 5 | -1 | -24.3% |
| Asset management fees | 388 | 424 | 35 | 9.2% |
| Other general administrative cost | 117 | 159 | 42 | 35.9% |
| Operating Profit | 2,373 | 3,062 | 689 | 29.0% |
| Property-related profit (a-b) | 2,878 | 2,987 | 108 | 3.8% |
| NOI (a-b+c+d) | 3,681 | 3,845 | 163 | 4.4% |
| Non-operating Revenues | 0 | 0 | -0 | -11.5% |
| Non-operating Expenses | 431 | 455 | 24 | 5.7% |
| Interest expense | 341 | 335 | -5 | -1.5% |
| Unit issuance costs | — | 29 | 29 | — |
| Other non-operating expenses | 90 | 90 | 0 | 1.1% |
| Ordinary Profit | 1,943 | 2,607 | 664 | 34.2% |
| Net Income | 1,941 | 2,606 | 665 | 34.2% |
| Reserve for reduction entry | — | 260 | 260 | — |
| Total Dividends | 1,941 | 2,346 | 405 | 20.9% |
| | | | | |
| The number of units issued at end of period | 885,684 units | 961,884 units | 76,200 units | 8.6% |
| Dividend per unit (DPU) | 2,192 yen | 2,440 yen | 248 yen | 11.3% |

| Main reasons for variance (million yen) | Increased profit | | Decreased profit | Converted to DPU |
|--|------------------|-----|------------------|---|
| | | | | |
| | | | | (*) |
| Operating Profit | 689 | | | 778 yen |
| Asset replacement | 839 | | | |
| Property-related profits and losses(Ginza) | | 172 | | Sales date (April 18) |
| Property-related profits and losses(Toyosu) | 352 | | | Acquisition date (April 18) |
| Gain on sale of real estate | 658 | | | Ginza |
| Property-related profits and losses(10Props.) | | 71 | | |
| Rental revenues, etc. | 83 | | | |
| Upward rent revisions | 5 | | | Yodoyabashi, Midosuji, Saitama, Kinshicho, etc. |
| Expires of rent-free periods | 54 | | | Otemachi, Yokohama, Saitama, etc. |
| Moving in and out, etc. | 24 | | | Yokohama, etc. |
| Increase in property management fees | | 119 | | Leasing up Minami-Aoyama, etc. |
| Increase in property and other taxes | | 20 | | Otemachi, Minami-Aoyama, Shinagawa, etc. |
| Decrease in repairs and maintenance | 7 | | | Otemachi, Saitama, etc. |
| Increase in depreciation and amortization | | 13 | | Kinshicho, etc. |
| Increase in loss on retirement of fixed assets | | 12 | | Yodoyabashi, etc. |
| Increase in asset management fees | | 35 | | Increase in management fee linked to profits |
| Increase in other general administrative cost | | 42 | | Consumption tax and miscellaneous loss accompanying the sale of Ginza, etc. |
| Non-operaiting profits and losses | | 24 | | -28 yen |
| Unit issuance costs | | 29 | | |
| Dilution due to capital increase | | | | -233 yen |
| Reserve for reduction entry | | 260 | | -270 yen |

(*) Operating profit and non-operating profits and losses are calculated by dividing the amount of increase in profit and the amount of decrease in profit, respectively, by the total number of investment units issued (885,684 units) as of the end of the period ended March 2019; and reserve for reduction entry is calculated by dividing the amount of decrease in profit by the total number of investment units issued (961,884 units) as of the end of the period ended September 2019.

3. Performance forecast (1): Period ending Mar. 2020

■ Decrease in revenue and profit due to a fallback in gain on sale despite property-related profit and loss posting a large increase of profit

| | (million yen) | | | |
|---|----------------------------------|------------------------------------|---------------------------------|-----------|
| | 32nd Period Actual Sep '19 | 33rd Period Forecast Mar '20 | Changes from the 32nd Period | |
| | | (*1) | | |
| Operating Revenue | 6,194 | 5,849 | -344 | -5.6% |
| Rental revenues(a) | 5,535 | 5,849 | 313 | 5.7% |
| Rental revenues, etc. | 5,191 | 4,605 | -586 | -11.3% |
| Utility charges | 340 | 288 | -52 | -15.4% |
| Other rental revenues | 3 | 955 | 952 | 30,886.2% |
| Gain on sale of real estate | 658 | — | -658 | -100.0% |
| Operating Expenses | 3,131 | 3,194 | 63 | 2.0% |
| Property-related expenses(b) | 2,548 | 2,634 | 86 | 3.4% |
| Property management fees | 702 | 580 | -121 | -17.3% |
| Utility expenses | 337 | 293 | -43 | -12.8% |
| Property and other taxes | 527 | 494 | -33 | -6.3% |
| Casualty insurance | 10 | 10 | -0 | -1.3% |
| Repairs and maintenance | 107 | 255 | 147 | 137.4% |
| Depreciation and amortization(c) | 845 | 841 | -3 | -0.5% |
| Loss on retirement of fixed assets(d) | 12 | 149 | 136 | 1,074.4% |
| Other rental expenses | 5 | 9 | 3 | 65.7% |
| Asset management fees | 424 | 420 | -3 | -0.9% |
| Other general administrative cost | 159 | 139 | -19 | -12.2% |
| Operating Profit | 3,062 | 2,654 | -408 | -13.3% |
| Property-related profit (a-b) | 2,987 | 3,214 | 227 | 7.6% |
| NOI (a-b+c+d) | 3,845 | 4,205 | 360 | 9.4% |
| Non-operating Revenues | 0 | — | -0 | -100.0% |
| Non-operating Expenses | 455 | 407 | -48 | -10.7% |
| Interest expense | 335 | 317 | -17 | -5.3% |
| Unit issuance costs | 29 | — | -29 | -100.0% |
| Other non-operating expenses | 90 | 89 | -1 | -1.9% |
| Ordinary Profit | 2,607 | 2,247 | -360 | -13.8% |
| Net Income | 2,606 | 2,246 | -360 | -13.8% |
| Reserve for reduction entry | 260 | — | -260 | -100.0% |
| Total Dividends | 2,346 | 2,245 | -100 | -4.3% |
| | | | | |
| The number of units issued at end of period | 961,884 units | 961,884 units | 0 units | — |
| Dividend per unit (DPU) | 2,440 yen | 2,335 yen | -105 yen | -4.3% |
| | (Forecast as of 20 May 2019) | 2,261 yen | | |

| Main reasons for variance (million yen) | | | Converted to DPU |
|---|---------------------|---------------------|---|
| | Increased profit | Decreased profit | |
| | | (*2) | |
| Operating Profit | | 408 | -424 yen |
| Property-related profits and losses | 227 | | |
| Rental revenues, etc. | | 586 | Otemachi, Yokohama, Midosuji, etc. |
| Upward rent revisions | 21 | | Yokohama, Shinagawa, Otemachi, Saitama, etc. |
| Expires of rent-free periods | 31 | | Minami-Aoyama, Saitama etc. |
| Moving in and out, etc. | | 639 | Agreed cancellation fee and restoration-equivalent amount for Minami-Aoyama |
| Increase in other rental revenues | 952 | | Decrease in leasing costs for Minami-Aoyama, etc. |
| Decrease in property management fees | 121 | | Ginza, etc. |
| Decrease in property and other taxes | 33 | | Upgrading of air-conditioning system and restoration work for Minami-Aoyama, Otemachi, etc. |
| Increase in repairs and maintenance | | 147 | Loss on retirement for Minami-Aoyama, etc. |
| Increase in loss on retirement of fixed assets | | 136 | Ginza |
| Decrease in gain on sale of real estate | | 658 | |
| Decrease in other general administrative cost | 19 | | Decrease in consumption tax and miscellaneous loss, etc. |
| | | | |
| Non-operating profits and losses | 47 | | 49 yen |
| Decrease in interest expense | 17 | | |
| Decrease in unit issuance costs | 29 | | |
| | | | |
| Reserve for reduction entry | 260 | | 270 yen |
| | | | |
| (reference) | | | |
| Temporary revenue and expenses related to construction and restoration work for Minami-Aoyama | | | |
| • Revenue equivalent to restoration costs | | 300 yen | |
| • Air conditioning construction costs and restoration costs | | -113 yen | |
| • Loss on removal of interior construction and air conditioning facilities, etc. | | -153 yen | |

(*1) See "Summary of Financial Results for the Six-Month Period Ended September 2019" released on 14 november 2019 for details on assumptions for the 33rd Period forecasts.

Occupancy by tenants yet to be decided is not factored into the performance forecasts.

(*2) Figure arrived at by dividing the amount of increase/decrease in profit by the total number of investment units issued (961,884 units) at the end of the period ended September 2019.

3. Performance forecast (2): Period ending Sep. 2020

- Despite a major drop in revenue due to fallback in temporary revenue for TK Minami-Aoyama Building, profit increased due to expiration of rent-free periods as well as fallback in construction and restoration work-related costs

| (million yen) | | | | |
|---|------------------------------------|------------------------------------|---------------------------------|---------|
| | 33rd Period Forecast Mar '20 | 34th Period Forecast Sep '20 | Changes from the 33rd Period | |
| | (*1) | | | |
| Operating Revenue | 5,849 | 5,683 | -166 | -2.8% |
| Rental revenues(a) | 5,849 | 5,683 | -166 | -2.8% |
| Rental revenues, etc. | 4,605 | 5,347 | 742 | 16.1% |
| Utility charges | 288 | 335 | 47 | 16.4% |
| Other rental revenues | 955 | — | -955 | -100.0% |
| Operating Expenses | 3,194 | 2,984 | -210 | -6.6% |
| Property-related expenses(b) | 2,634 | 2,425 | -208 | -7.9% |
| Property management fees | 580 | 579 | -0 | -0.1% |
| Utility expenses | 293 | 331 | 37 | 12.8% |
| Property and other taxes | 494 | 535 | 41 | 8.4% |
| Casualty insurance | 10 | 10 | 0 | 0.6% |
| Repairs and maintenance | 255 | 106 | -148 | -58.2% |
| Depreciation and amortization(c) | 841 | 856 | 15 | 1.8% |
| Loss on retirement of fixed assets(d) | 149 | — | -149 | -100.0% |
| Other rental expenses | 9 | 5 | -4 | -44.4% |
| Asset management fees | 420 | 424 | 3 | 0.9% |
| Other general administrative cost | 139 | 134 | -5 | -4.2% |
| Operating Profit | 2,654 | 2,699 | 44 | 1.7% |
| Property-related profit (a-b) | 3,214 | 3,257 | 42 | 1.3% |
| NOI (a-b+c+d) | 4,205 | 4,113 | -91 | -2.2% |
| Non-operating Revenues | — | — | — | — |
| Non-operating Expenses | 407 | 399 | -8 | -2.0% |
| Interest expense | 317 | 311 | -6 | -2.2% |
| Other non-operating expenses | 89 | 87 | -1 | -1.5% |
| Ordinary Profit | 2,247 | 2,300 | 52 | 2.4% |
| Net Income | 2,246 | 2,299 | 52 | 2.4% |
| Total Dividends | 2,245 | 2,298 | 52 | 2.4% |
| | | | | |
| The number of units issued at end of period | 961,884 units | 961,884 units | 0 units | — |
| Dividend per unit (DPU) | 2,335 yen | 2,390 yen | 55 yen | 2.4% |

| Main reasons for variance (million yen) | | | Converted to DPU |
|--|---------------------|---------------------|------------------------------------|
| | Increased profit | Decreased profit | |
| | (*2) | | |
| Operating Profit | 44 | | 46 yen |
| Property-related profits and losses | 42 | | |
| Rental revenues, etc. | 742 | | |
| Upward rent revisions | 19 | | Midosuji, Hirakawacho, Toyosu etc. |
| Expires of rent-free periods | 753 | | Minami-Aoyama etc. |
| Moving in and out, etc. | | 29 | Saitama, Kinshicho, etc. |
| Decrease in other rental revenues | | 955 | Minami-Aoyama |
| Increase in property and other taxes | | 41 | Toyosu etc. |
| Decrease in repairs and maintenance | 148 | | Minami-Aoyama etc. |
| Increase in depreciation and amortization | | 15 | Minami-Aoyama etc. |
| Decrease in Loss on retirement of fixed as | 149 | | Minami-Aoyama etc. |
| Non-operating profits and losses | 8 | | 8 yen |
| Interest expense | 6 | | |

(*1) See "Summary of Financial Results for the Six-Month Period Ended September 2019" released on 14 November 2019 for details of assumptions for the 33rd and 34th period forecasts.

Occupancy by tenants yet to be decided is not factored into the performance forecast.

(*2) Figure arrived at by dividing the amount of increase/decrease in profit by the total number of investment units issued (961,884 units) at the end of the period ending March 2020.



III Portfolio Management

1. External Growth (1): Overview of Asset Replacement (April 2019)

- Conducted asset replacement improving portfolio quality in a buy-and-sell style through an independent route
- At the same time, conducted public offering to lower LTV and increase asset acquisition capacity

| Overview of Asset Replacement | |
|--|--|
| Transfer/Acquisition Price | |
| Appraisal Value | |
| NOI Yield (based on appraisal value) | |
| NOI yield after Depreciation (based on appraisal value) | |
| Building Age | |
| Occupancy Rate | |
| Number of tenants | |



Transferred Asset
Ginza First Building

12,600 million yen

12,400 million yen

3.7%

3.0%

20.8 years

100.0%

7



Acquired Asset
Hulic Toyosu Prime Square

21,000 million yen

23,700 million yen

4.3%

3.6%

8.8 years

100.0%

21

<Key points>

- ◆ Realized gain on sale by capitalizing on opportunity to transfer Ginza First Building amid the booming real estate market.
- ◆ Transferred Ginza First Building that was facing increased repair costs, etc. over time, and acquired Hulic Toyosu Prime Square that is newer, larger and higher grade.
- ◆ Realized a buy-and-sell transaction on a negotiation basis which improves portfolio quality.

(Note) Figures at time of asset transfer or acquisition.

| Gain on sale |
|-----------------|
| 658 million yen |

- Gain on sale of **260 million** yen from the transfer of Ginza First Building will be **retained as internal reserves that can be discretionally reversed** through special tax measures for long-term asset holdings

| LTV (book value) |
|-----------------------------|
| 49.4% → 46.9% |
| (end-Mar '19) (end-Sep '19) |

- Aiming to further increase profitability by leveraging asset acquisition capacity up to an LTV ratio (book value) of 50% (**12.4 billion yen**).

1. External Growth (2): Overview of Asset Replacement (April 2019)

- Acquired a high-grade large office building in the Toyosu area, which enjoys excellent access to central Tokyo

Hulic Toyosu Prime Square (50% quasi co-ownership)



CLOSER

Nearby station

3-minute Walk

NEWER

Building age

8.8 years
(as of April 2019)

LARGER

Standard lease floor area

901 tsubo



| | |
|--------------------------------------|---|
| Location | 5-6-36, Toyosu, Koto-ku, Tokyo |
| Acquisition price | 21,000 million yen |
| Appraisal value at acquisition | 23,700 million yen (as of 1 February 2019) |
| Appraisal value at end of period | 24,300 million yen (as of the end of September 2019) |
| Occupancy Rate/ Number of tenants | 100.0%、 21 companies (as of the end of September 2019) |
| Nearby station | 3-minute walk from Toyosu Station on the Tokyo Metro Yurakucho Line and the Yurikamome Line |
| Year Built | August 2010 |
| Structure | S with a flat roof/12-story |
| Total Floor Area | 41,741.18 sqm (Entire building (including annex building)) |
| Gross Leasable Area | 16,140.86 sqm (50% ownership) |

Superiority of location

- Excellent access to Tokyo Station and major urban areas (Ginza, Yurakucho, Ikebukuro, etc.)
- Offers even better accessibility compared with other office buildings in the Toyosu area

High grade/High spec

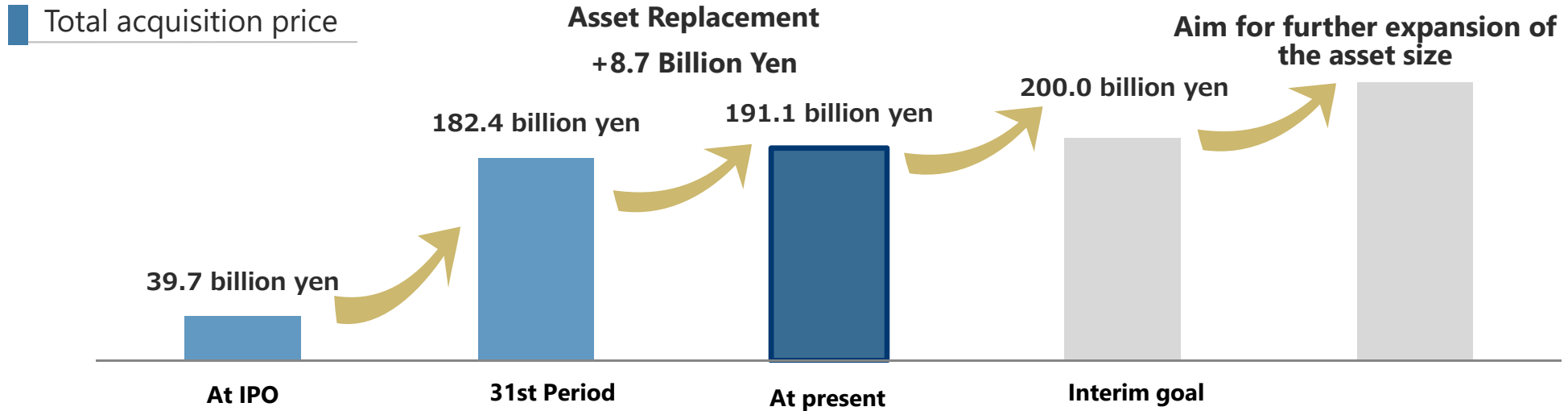
- Ceiling height of 2,800 mm; regular-shaped column-free space allowing for efficiency in layout
- Highly efficient and high-performing air-conditioning/lighting systems
- Vibration damping structure, BCP (space to install emergency power generators for tenants)

Market trends

- Companies attracted by the proximity to central Tokyo, large floor area, relatively lower rent compared to central Tokyo, potential of the area, etc. are moving into the area
- Office rents remain stable backed by strong demand
- Future rent increase can be expected since the current rent is lower than the market rent

1. External Growth (3): Efforts on External Growth

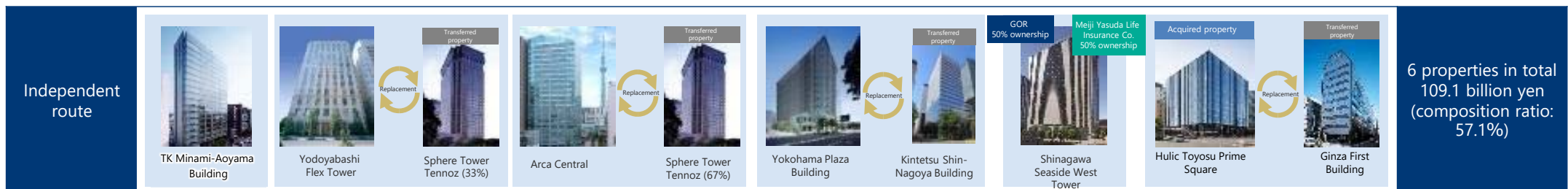
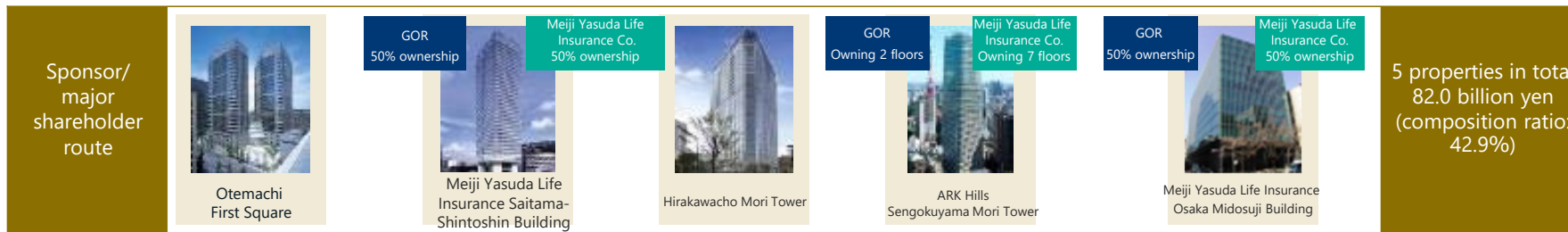
- Expanding the asset size to stabilize revenues by continuing to make selective investments



Property acquisition route

Sourcing **drawing upon both the sponsor/major shareholder route and independent route**

Enhancement of portfolio quality through continuous **asset replacement**



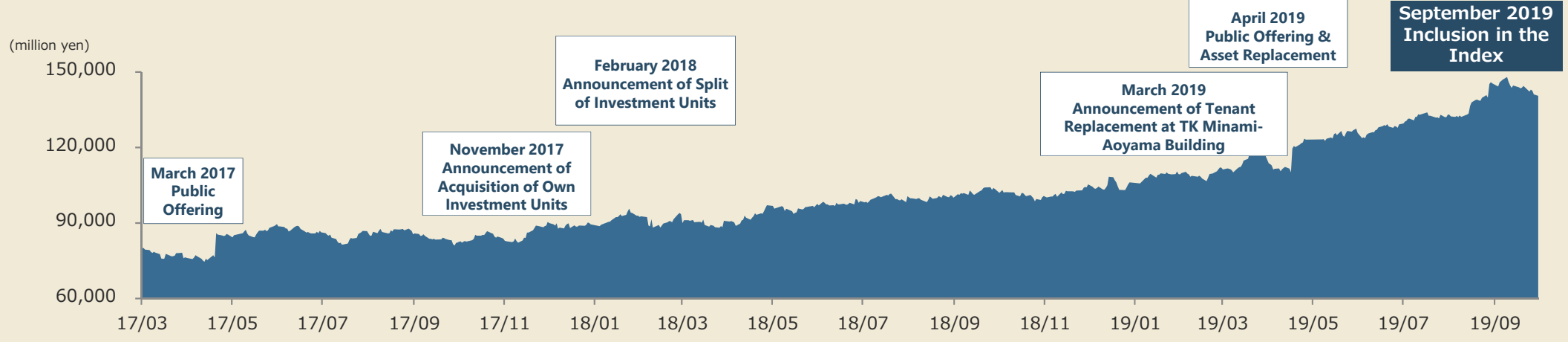
1. External Growth (4): Inclusion in FTSE EPRA/NAREIT Global Real Estate Index Series

- Included in FTSE EPRA/NAREIT Global Real Estate Index Series from September 2019
- Investor base and liquidity expected to be further expanded

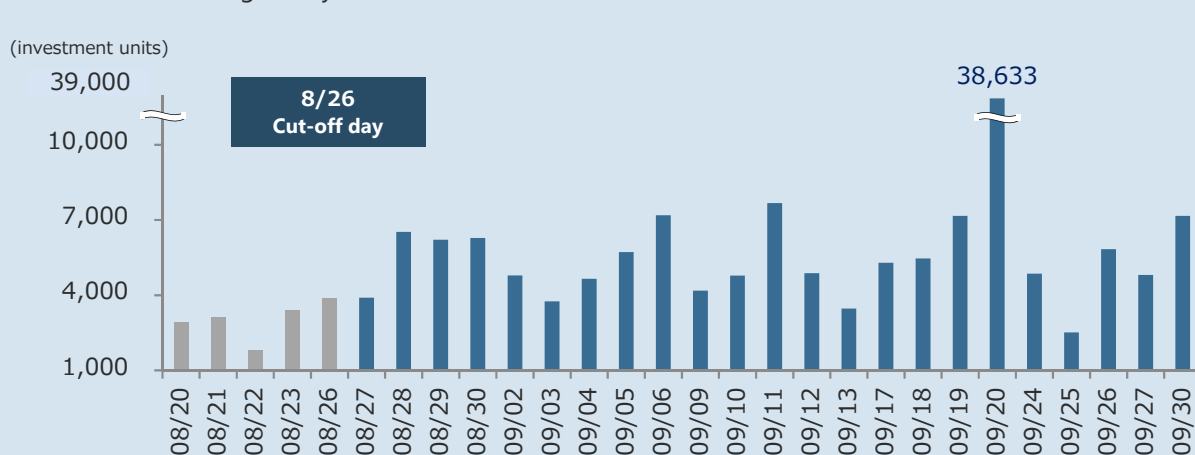
About FTSE EPRA/NAREIT Global Real Estate Index Series

An international real estate investment index developed by FTSE Russell in cooperation with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (NAREIT), and it is used as a benchmark for international real estate investments by a number of institutional investors in the world.

◆ GOR's Efforts and Market Value Until Inclusion in the FTSE EPRA/NAREIT Global Real Estate Index Series



◆ Trends of Average Daily Trade Volume Before and After the Inclusion



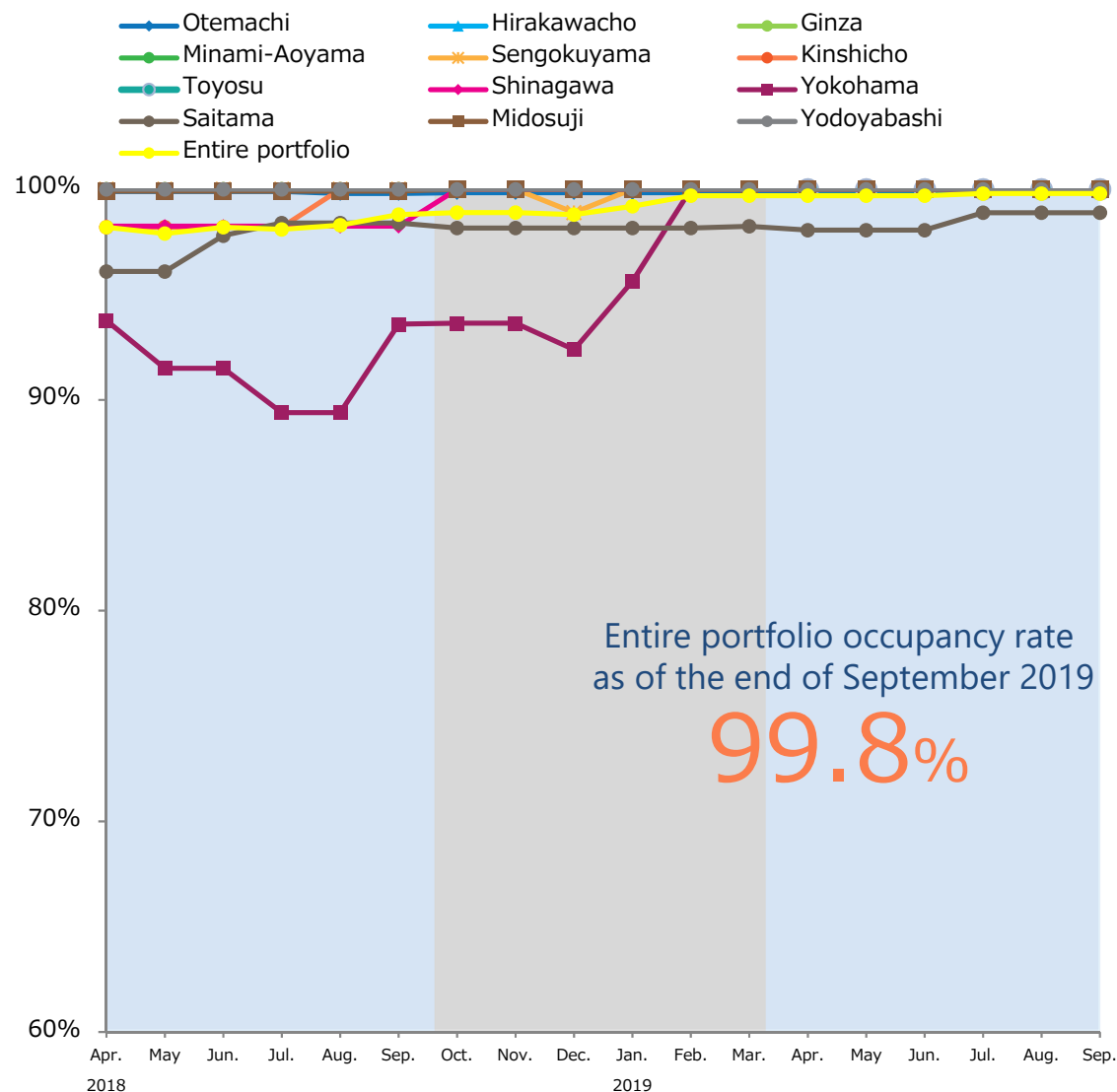
Enhancement of Unitholder Value Through Various Measures

Increase Liquidity with Inclusion in the Index

Continuous Measures to Maximize Unitholder Value

2. Internal Growth (1): Occupancy Rate

■ Occupancy rate stable at high levels – increasing to 99.8% for the portfolio (as of the end of September 2019)

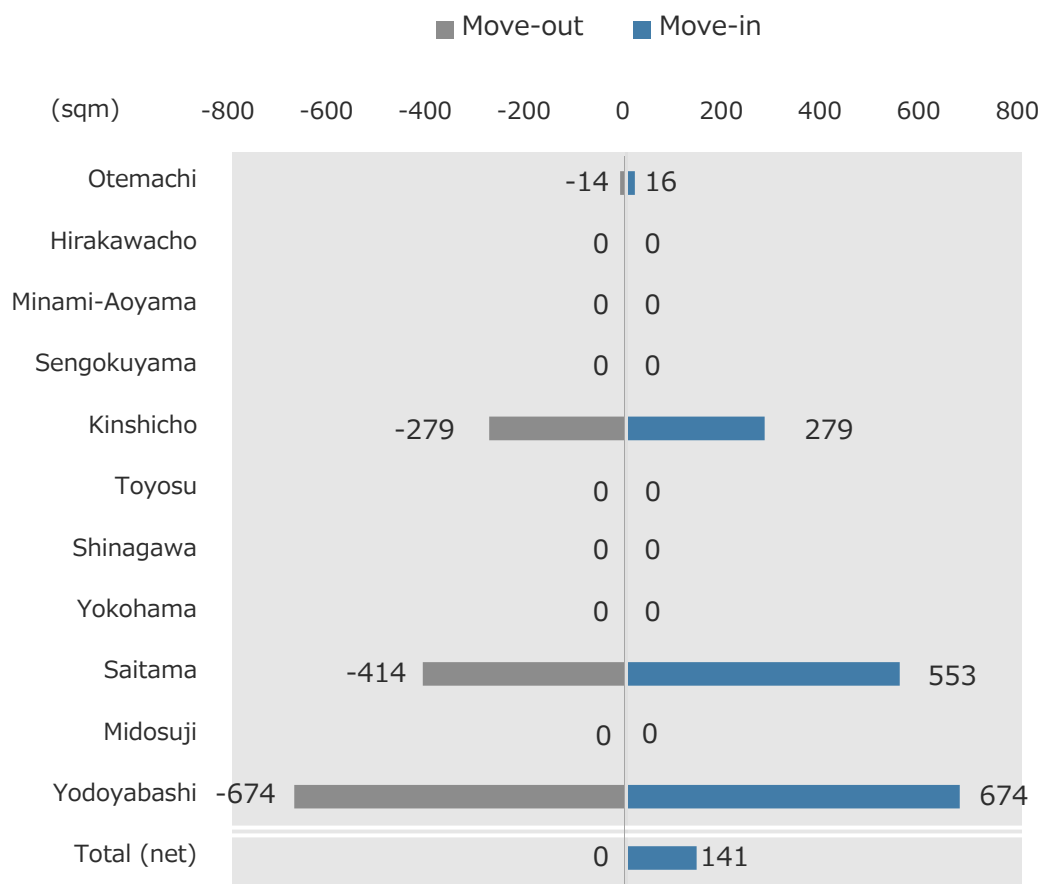


| | 30th Period end (end-Sep. '18) | 31st Period end (end-Mar. '19) | 32nd Period end (end-Sep. '19) |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Otemachi First Square | 99.8% | 99.8% | 99.9% |
| Hirakawacho Mori Tower | 100.0% | 100.0% | 100.0% |
| Ginza First Building | 100.0% | 100.0% | — |
| TK Minami-Aoyama Building | 100.0% | 100.0% | 100.0% |
| ARK Hills Sengokuyama Mori Tower | 100.0% | 100.0% | 100.0% |
| Arca Central | 100.0% | 100.0% | 100.0% |
| Hulic Toyosu Prime Square | — | — | 100.0% |
| Shinagawa Seaside West Tower | 98.2% | 100.0% | 100.0% |
| Yokohama Plaza Building | 93.6% | 100.0% | 100.0% |
| Meiji Yasuda Life Insurance Saitama-Shintoshin Building | 98.4% | 98.2% | 98.9% |
| Meiji Yasuda Life Insurance Osaka Midosuji Building | 99.9% | 100.0% | 100.0% |
| Yodoyabashi Flex Tower | 100.0% | 100.0% | 100.0% |
| Entire portfolio | 98.8% | 99.7% | 99.8% |

2. Internal Growth (2): Situation of Tenant Replacement

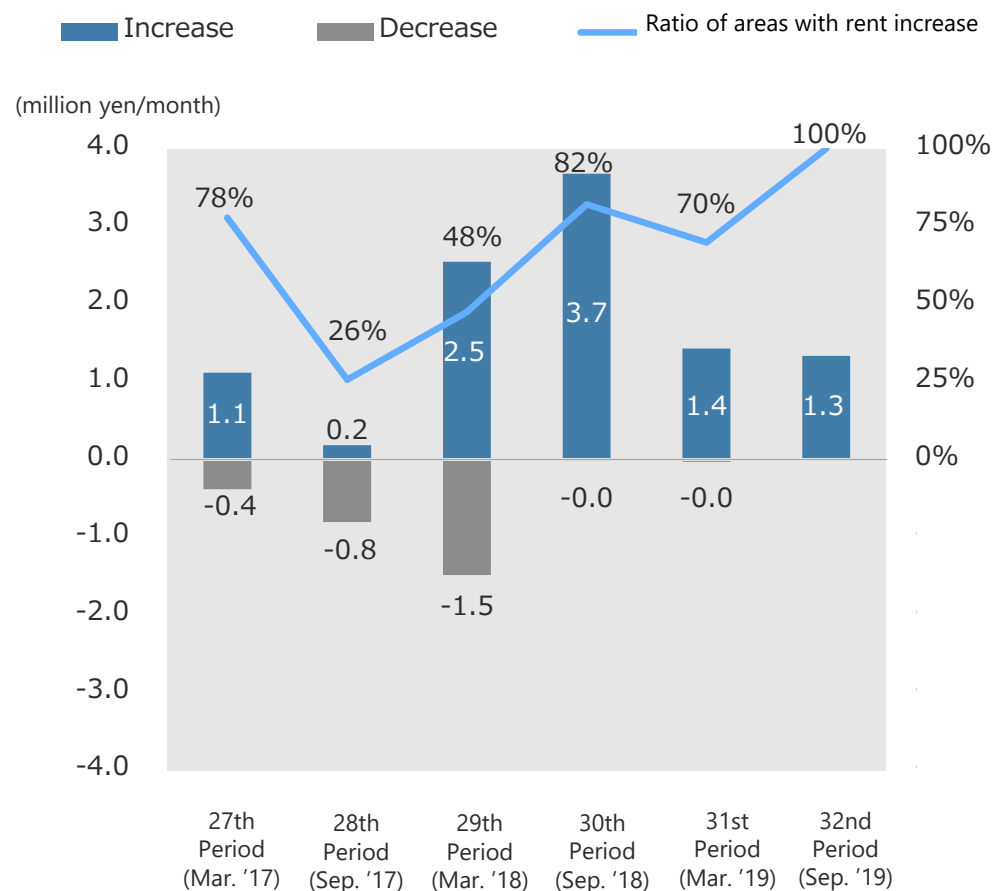
■ Realized rent increase through leasing up of vacancies exceeding move-outs and replacement of all tenants

Floor areas with tenant move-ins and move-outs for the 32nd Period



Rent upon replacement

(Change in monthly rent due to tenant replacement)



(*) The amounts of rent change indicate the total amounts of rents (including common area charges) obtained by subtracting the monthly rent before replacement from the monthly rent after the replacement under the respective office lease agreement with a tenant in each period.

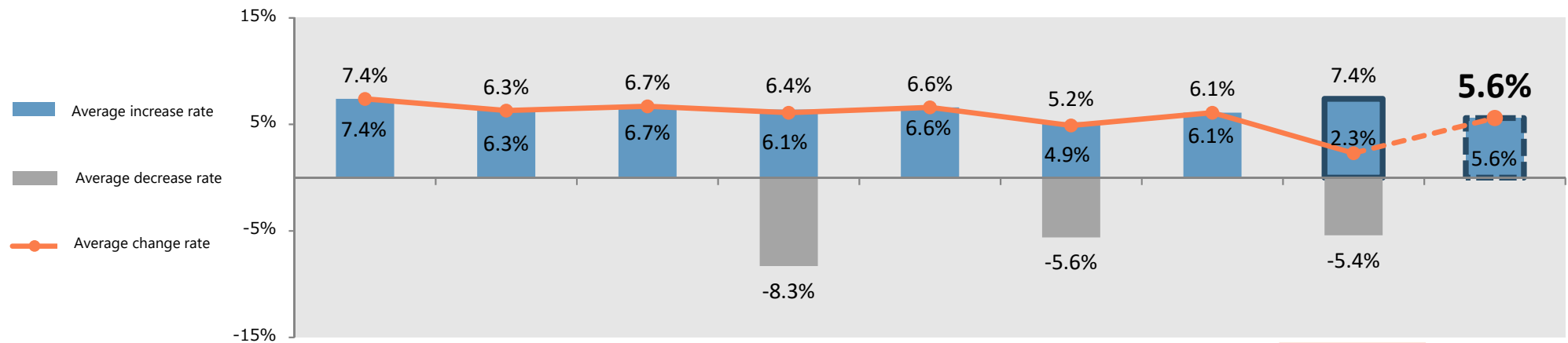
2. Internal Growth (3): Rent Revision ① - Current Situation

■ Expect to achieve upward rent revision for the eleventh consecutive period

- In the 32nd Period, out of a total of 39 cases, rents were increased for 21, maintained for 16, and reduced for 2, giving an average change rate of +2.3%

Except for 2 cases of downward revision (section with use other than office), upward trends remain unchanged (Average increase rate for the 32nd Period: 7.4%)

- In the 33rd Period, out of a total of 25 cases, rents are expected to be increased for 13, maintained for 12, and reduced for 0, giving an average change rate of +5.6%



| Details (*1) | 25th Period (Mar. '16) | 26th Period (Sep. '16) | 27th Period (Mar. '17) | 28th Period (Sep. '17) | 29th Period (Mar. '18) | 30th Period (Sep. '18) | 31st Period (Mar. '19) | 32nd Period (Sep. '19) | 33rd Period Forecast (*2) (Mar. '20) |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|
| Areas subject for contract renewal (sqm) | 13,684 | 11,304 | 9,494 | 32,767 | 26,115 | 32,686 | 14,243 | 27,366 | 20,873 |
| Number of renewal | 17 | 22 | 21 | 49 | 25 | 34 | 24 | 39 | 25 |
| Areas with upward rent revision (sqm) | 8,389 | 7,468 | 3,090 | 18,539 | 10,926 | 23,117 | 8,787 | 9,474 | 8,174 |
| Ratio of areas with upward rent revision | 61.3% | 66.1% | 32.5% | 56.6% | 41.8% | 70.7% | 61.7% | 34.6% | 39.2% |
| Average increase rate | 7.4% | 6.3% | 6.7% | 6.4% | 6.6% | 5.2% | 6.1% | 7.4% | 5.6% |
| Number of rent increase | 12 | 14 | 13 | 30 | 16 | 19 | 12 | 21 | 13 |
| Areas with downward rent revision (sqm) | — | — | — | 353 | — | 341 | — | 5,026 | — |
| Average decrease rate | — | — | — | -8.3% | — | -5.6% | — | -5.4% | — |
| Number of rent decrease | — | — | — | 1 | — | 1 | — | 2 | — |
| Average change rate | 7.4% | 6.3% | 6.7% | 6.1% | 6.6% | 4.9% | 6.1% | 2.3% | 5.6% |

(*1) The average rate of increase, average rate of decrease and average rate of change are based on rent including common area charges. Previously, these were based on only rent excluding common area charges, but the rates have been changed to be based on rent including common area charges from the fiscal period under review. Therefore, the figures of average rate of increase, the average rate of decrease and the average rate of change differ from previous figures.

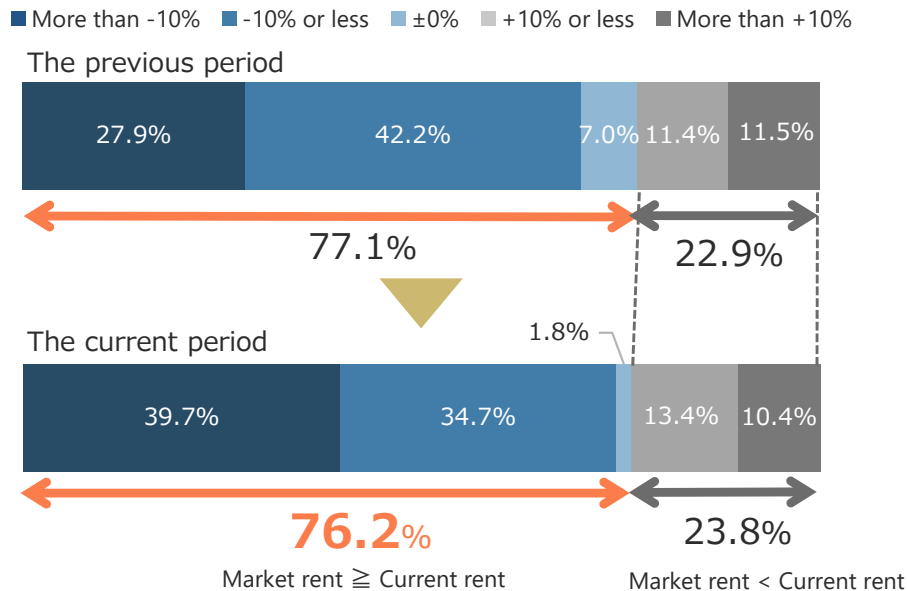
(*2) Forecasts for the 33rd Period are figures confirmed/informally confirmed as of the end of October 2019.

2. Internal Growth (3): Rent Revision ② - Future Outlook

Rent increase efforts continued through attempts at eliminating rent gap

Situation of rent gap (office only)

◆ Changes in Rent Gap (*1) and Proportion of Leased Area



- The rent gap was partially eliminated as a result of rent increase
- Rent gap is **-6.1%** (previously -4.5%)
- The amount of the gap is **332 yen in terms of DPU**, equivalent to **476 yen for the maximum amount of the gap**.
(Previously, 241 yen in terms of DPU, equivalent to 410 yen for the maximum amount of the gap) (*2)

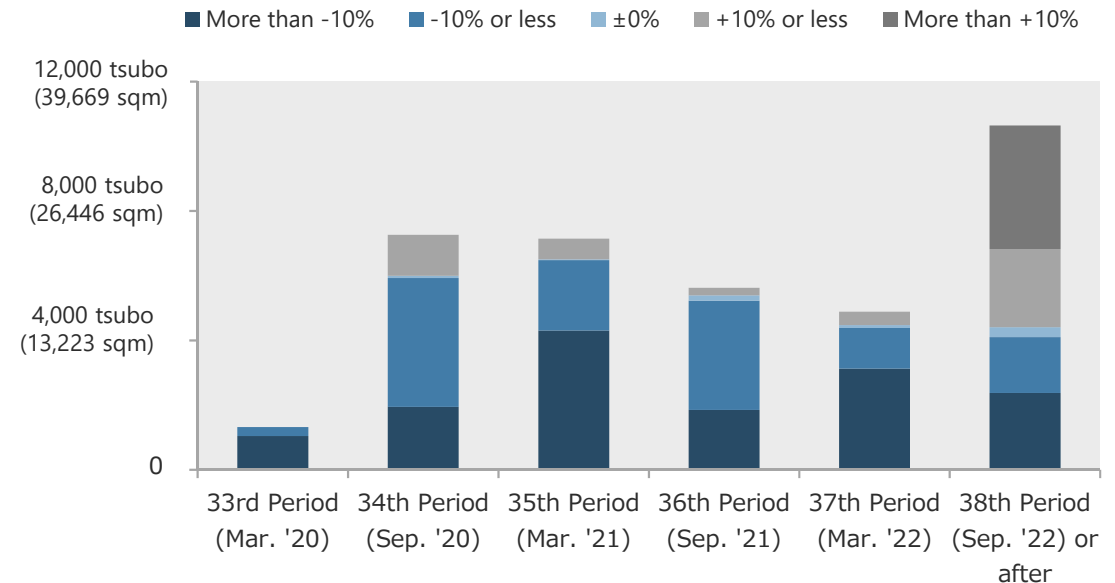
(*1) Rent gap is an expression of the gap between the market rent and the current rent (contracted rent including common area charges), and is calculated using the following formula: current contracted rent / market rent - 1. Figures for market rent are based on the median of rents under new contracts (including common area charges) indicated by range (hereinafter "market range") as estimated by CBRE as of August 2019. Figures for current contracted rents include rents as formally or informally confirmed as of the end of October 2019.

(*2) Amount of the gap is an expression of the gap between the market rent and the current rent, and the maximum amount of the gap is an expression of the gap between the maximum rent in the market range and the current rent.

(*3) Contracts for which rents are due to be revised during the 33rd and 34th Periods and for which the new rent has already been agreed upon are included in the next revision period.

Rent gap at the time of each rent revision (office only)

◆ Rent Gap and Volume of Area Subject to Rent Revision (*3)



| Rent gap | Basic policy |
|---|--|
| <ul style="list-style-type: none"> More than -10% -10% or less ±0% | Aim to increase rent |
| <ul style="list-style-type: none"> +10% or less More than +10% | Basically, maintain the current rent level, but engage in negotiations if the individual circumstances make a rent increase feasible |

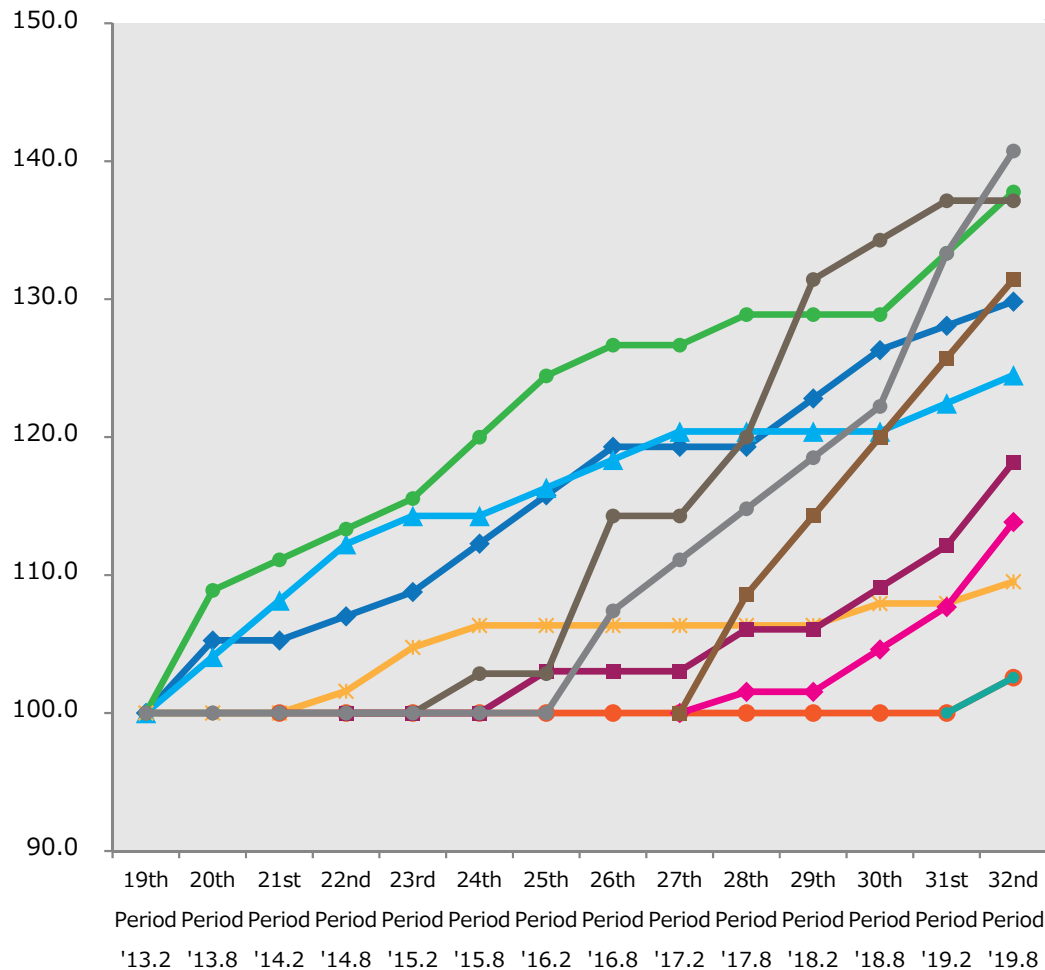
2. Internal Growth (4): Situation of Market Rent

■ Market rents of high-quality office buildings continue to show an increasing trend

- An increase from 6 months ago in Otemachi, Hirakawacho, Minami-Aoyama, Sengokuyama, Kinshicho, Toyosu, Shinagawa, Yokohama, Midosuji and Yodoyabashi

■ Change in market rents of properties held by GOR

Market rent increased for 10 properties backed by strong tenant demand



Toyosu (Joto area)

- Areas surrounding Toyosu Station continue to have nearly no vacancy, and new buildings under development are also expected to be completed with a high occupancy rate.
- Many tenants are expected to move into new buildings from outside the area. Therefore, there is no concern over secondary vacancies and supply-demand balance continues to remain tight.

Midosuji/Yodoyabashi (Yodoyabashi area)

- Since 2016, there has been no new supply in the area, and supply-demand balance remains tight (a new building is scheduled to be completed in 2020 but there are many old buildings in the area which are expected as a factor for boosting demand).
- The vacancy rate of the area ('18Q2→'18Q4) decreased from 0.6% to 0.4%, and the rent level continues to show an upward trend.

(*) We used indexation of assumed new contract rents (including common area charges) for properties assessed by CBRE using the following criteria.

- Properties other than Kinshicho, Toyosu, Shinagawa, Yokohama and Midosuji : February 2013=100
- Kinshicho (Acquired in March 2014) : February 2014=100
- Toyosu (Acquired in April 2019) : February 2019=100
- Shinagawa (Acquired in March 2017) : February 2017=100
- Yokohama (Acquired in August 2014) : August 2014=100
- Midosuji (Acquired in March 2017) : February 2017=100

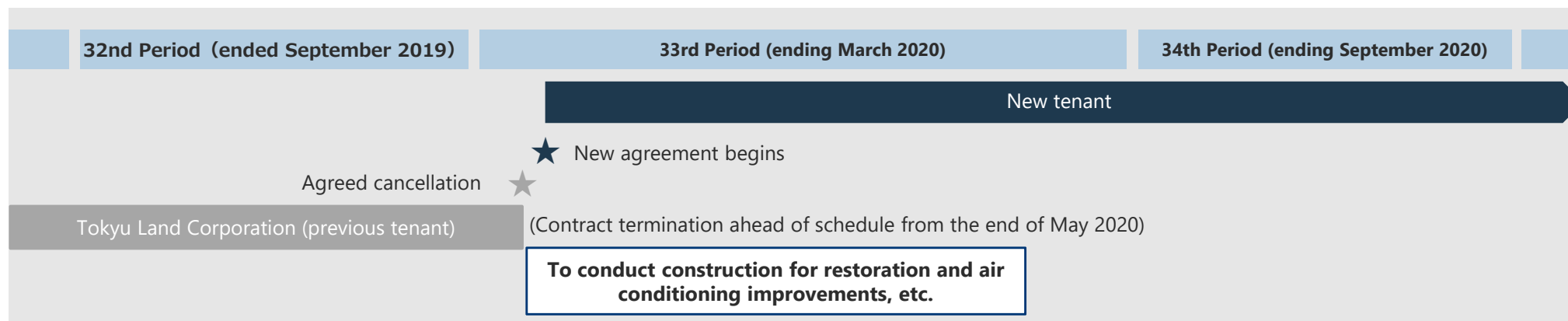
2. Internal Growth (5): Tenant Replacement at Minami-Aoyama (October 2019)

- Concluded a lease agreement with a new tenant without downtime
- Realized internal growth through a long-term lease agreement with a new tenant with high creditworthiness

Favorable office market and operations that meet tenant needs



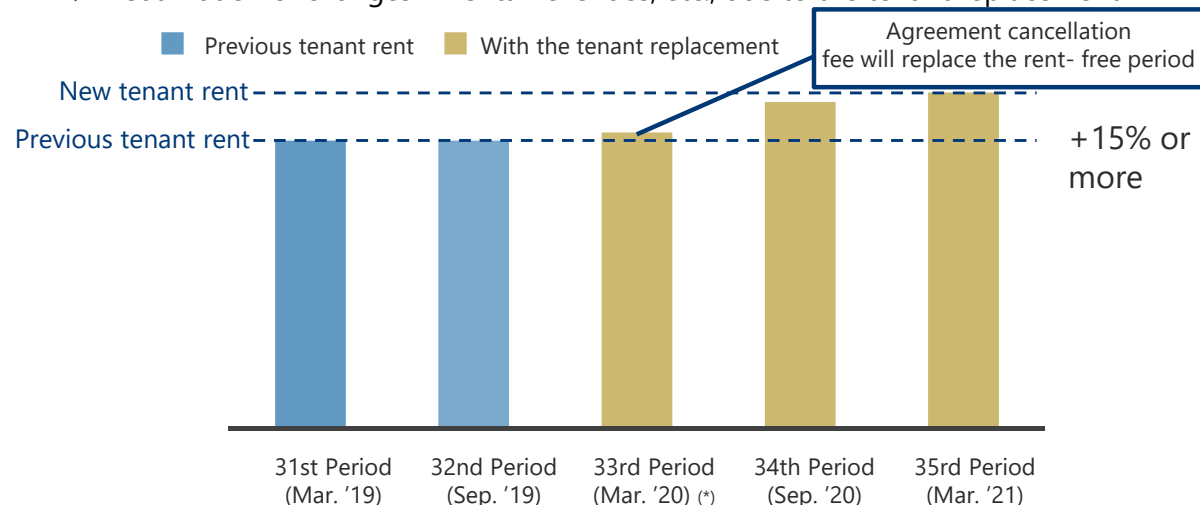
Highly competitive quality of property



◆ Fixed-Term Lease Agreement (approx. 10 years) with New Tenant Starts from October 2019

| | |
|----------------------------------|---|
| Name of Tenant | undisclosed |
| Leased area | 12,243.57 sqm |
| Monthly rent | undisclosed |
| Lease start date | ① 10,493.14 sqm : 2 October 2019 ② 1,750.43 sqm : 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 |

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

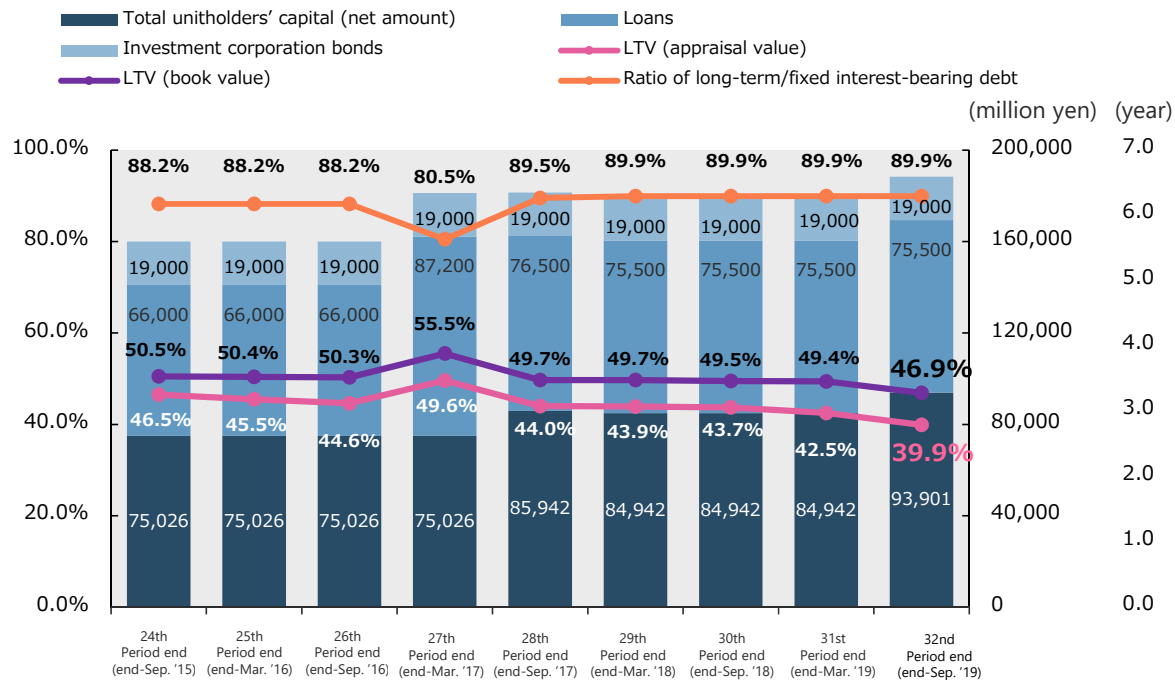


(*) Revenue from agreement cancellation fee received from the previous tenant is included in rent revenues, etc., for "With the tenant replacement" in the 33rd Period.

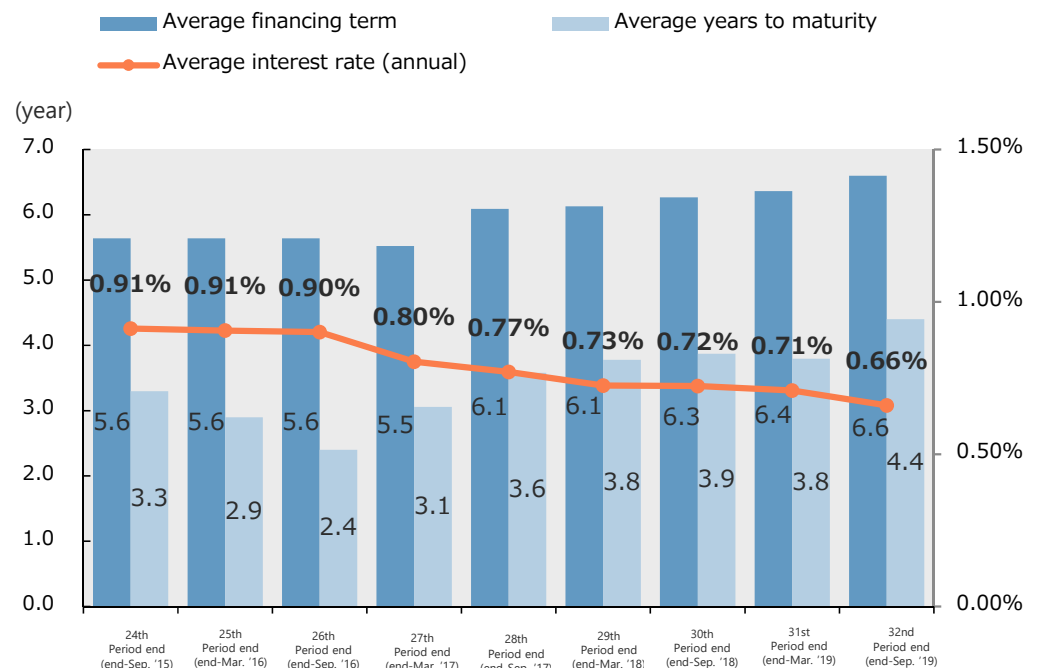
3. Financial Management (1): Historical Overview of Financial Management

■ Achieved lowering of LTV, longer debt terms/fixed interest rates and reduction of financing cost

Breakdown of fund procurement



Condition of interest-bearing liabilities



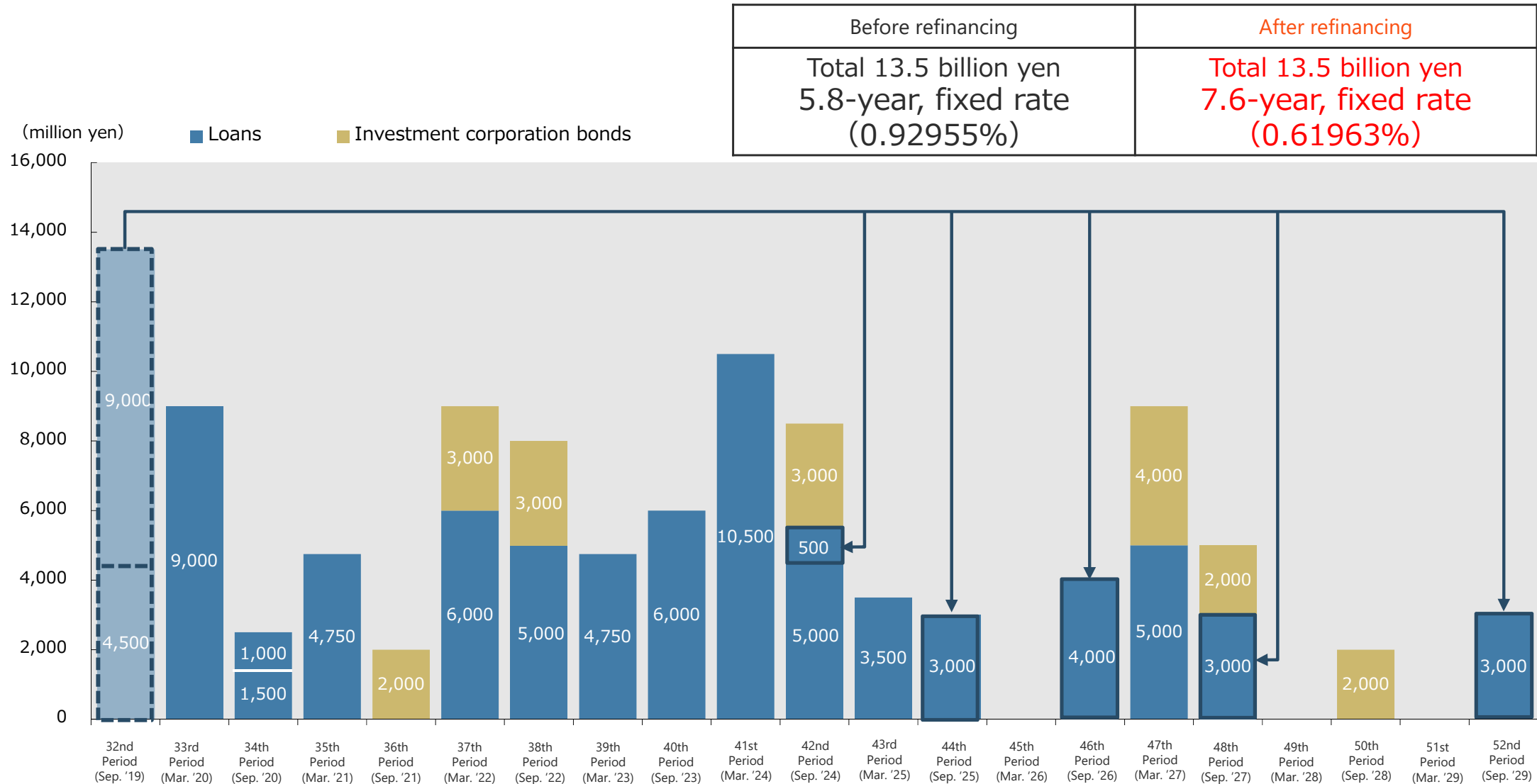
◆ Breakdown of interest-bearing liabilities

| | 31st period end | 32nd period end |
|------------------------------|---------------------------|---------------------------|
| Loans | 75,500 million yen | 75,500 million yen |
| Investment corporation bonds | 19,000 million yen | 19,000 million yen |
| Total | 94,500 million yen | 94,500 million yen |

| | 31st period end | 32nd period end |
|------------------------------|-----------------|-----------------|
| Average financing term | 6.4 years | 6.6 years |
| Average years to maturity | 3.8 years | 4.4 years |
| Average interest rate | 0.71% | 0.66% |

3. Financial Management (2): Diversified Due Dates of Interest-bearing Liabilities (as of 30 September 2019)

- Promoted extension of financing terms (5.8 years → 7.6 years) , diversification of due date and reduction of financing costs through refinancing



3. Financial Management (3): Reserve for reduction entry

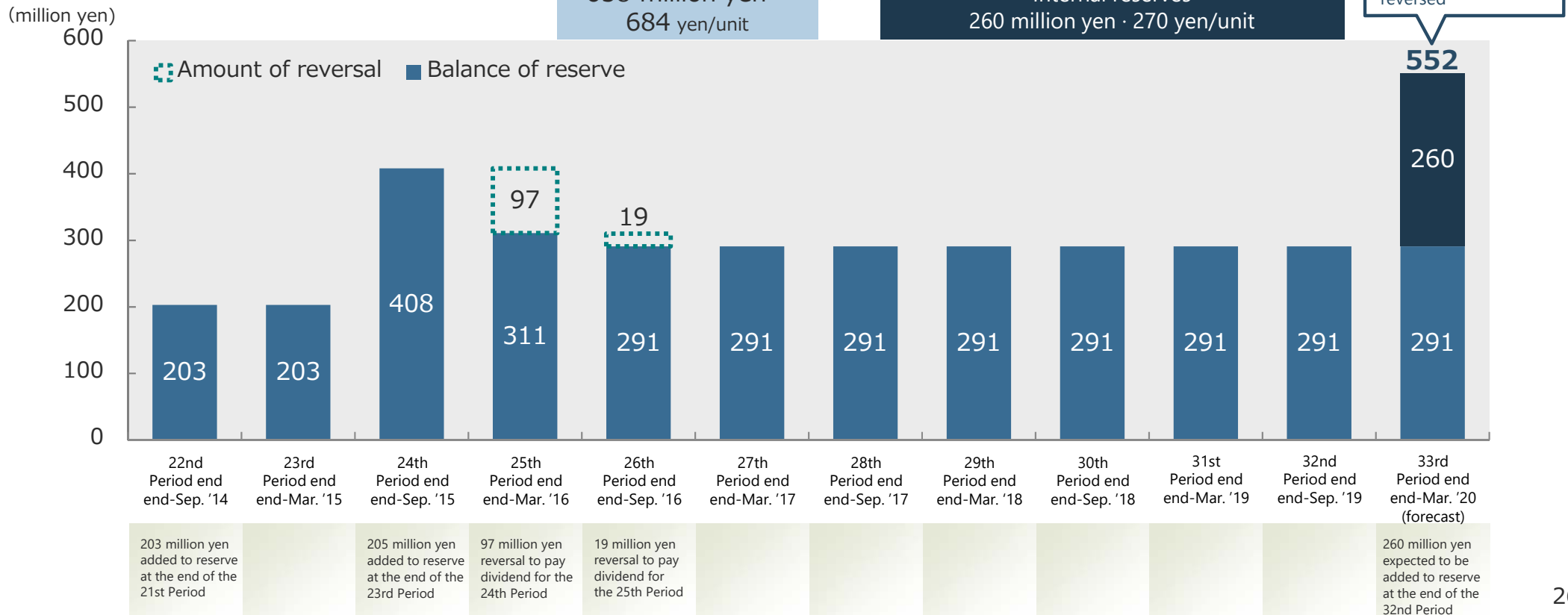
- Allocating part of gain on sale from transfer of Ginza First Building to internal reserves to stabilize future dividends

Basic ideas on the utilization of internal reserves

Considering the utilization of internal reserves for achieving stabilization in the case of temporary decrease in dividends

- Example of strategic use: Response to increase in expenses due to large-scale renovation and reform, response to dilution of dividends due to capital increase during the period.
- Example of other use: Response to decrease in revenue due to the moving out of major tenants, response to repairs and maintenance due to natural disasters.

Balance of reserve for reduction entry



4. Promotion of ESG ①

■ Promoting various initiatives to maximize GOR's profits based on the ESG Policy

ESG Policy

Established ESG Policy based on the idea that consideration for ESG in real estate will contribute to the maximization of client interests in the medium to long term (March 2019).

1. Responding to Climate Change

We will contribute to combating climate change by promoting energy efficiency in real estate and using renewable energy. In addition, we aim to provide safer and more competitive real estate by considering climate change adaptation.

2. Considering User Health and Well-being

We will improve the health and well-being of tenants and users and increase the added value of real estate by enhancing the indoor and outdoor environment and common use area functions.

3. Developing Human Capital

We believe that each employee is a valuable asset and recognize that the fulfillment of potential by various employees is necessary for the continued improvement of corporate value. For this reason, we will aim to improve the health of officers and employees and engage in human capital development through personnel systems, education, and training.

4. Developing ESG Awareness

We will work to enhance awareness of various aspects of ESG, not only among employees, but also tenants and suppliers of properties owned by clients. In addition to contributing to improving competitiveness of GAR and tenants, we aim to contribute to the realization of a sustainable society.

5. Communicating ESG Information

We will proactively disclose ESG promotion structures, strategies, and performance. Moreover, we will seek to secure informational objectivity by using external evaluations.

6. Eliminating Conflicts of Interest and Emphasizing Compliance

We will strictly eliminate conflicts of interest to protect clients' interests, and will emphasize observing laws, regulations and internal rules with an aim to gain the trust of a wide range of stakeholders.

ESG Promotion System

GAR has established the ESG Promotion System with the aim of continuously and systematically promoting GOR's initiatives based on its ESG policy (held once or more every three months).

| Constituent members | Details of issues |
|--|--|
| <ul style="list-style-type: none">• President [Top officer]• The executive officer(s) in charge of REIT Management Department or REIT Finance Department, the General Manager of REIT Management Department, and the General Manager of REIT Finance Department [Operating officer]• Co-General Manager of Research Department (ESG Promotion) [Secretariat]• Executive officer(s) in charge of other relevant departments, heads of relevant departments and executives and employees nominated as necessary | <ul style="list-style-type: none">• Development of system regarding ESG promotion and setting items for implementing initiatives• Setting yearly target figures and progress management related to various ESG policies (Policies on energy saving, reduction of greenhouse gas emissions, water saving, waste, etc.)• Management and review of implementation status at various measures based on the above yearly targets• Proposal on information disclosure methods concerning above items• Operate and organize Environmental Management System (EMS) |

4. Promotion of ESG ②

Participation in GRESB

Participated in GRESB Real Estate Assessment in September 2019 for the first time

GOR received a "Green Star" rating in the GRESB Real Estate Assessment as it was highly evaluated in the aspects of "Management & Policy" and "Implementation & Measurement" with regards to its engagement for sustainability.










Furthermore, GOR received "3 Stars" in "GRESB Rating" which was introduced as a relative evaluation of overall GRESB Score.



Selection of materiality (priority issues) and SDG contribution

Selected the following priority issues in line with the ESG policy established by GAR

GOR contributes to the achievement of the SDGs (*) through its medium- to long-term growth.

| | Core issues * Those in parenthesis in the below chart indicate action plans and objectives | Related SDGs |
|---------------------------|---|--|
| E (Environment) | <ul style="list-style-type: none"> Acquisition of environment-related certification (improvement of the acquisition ratio of external certification) Cooperation with tenants (conclusion of green lease agreement, raising awareness of environmental consideration for tenants) Management and reduction of energy consumption, etc (reduction of energy consumption, greenhouse gas and water consumption, increase in recycling rate of waste) |     |
| S (Social) | <ul style="list-style-type: none"> Improvement of employee performance and career development (enrichment of employee benefits, implementation of employee satisfaction survey, establishment of various training systems and expansion of support for qualification acquisition of employees) Stakeholder engagement (improvement of customer satisfaction through the implementation of tenant satisfaction survey, contribution to local community) |     |
| G (Governance) | <ul style="list-style-type: none"> Thorough compliance and risk management (confirmation of status of compliance with laws and regulations, etc., appropriate risk management through frameworks including the exclusion of conflict of interest) Promotion of proactive information disclosure (intend to expand ESG information through disclosed materials, etc. and further promote proactive information disclosure to stakeholders) |  |

(*) SDGs is an abbreviation of "Sustainable Development Goals." They are goals adopted at the U.N. summit in September 2015 and aimed to be achieved in 15 years from 2016 to 2030, composed of 17 major goals and 169 specific targets for achieving such goals.

Added ESG page to the website

Opened an ESG page on the GOR website (in June 2019)

Detailed information on GOR's initiatives for ESG is published

GOR ESG

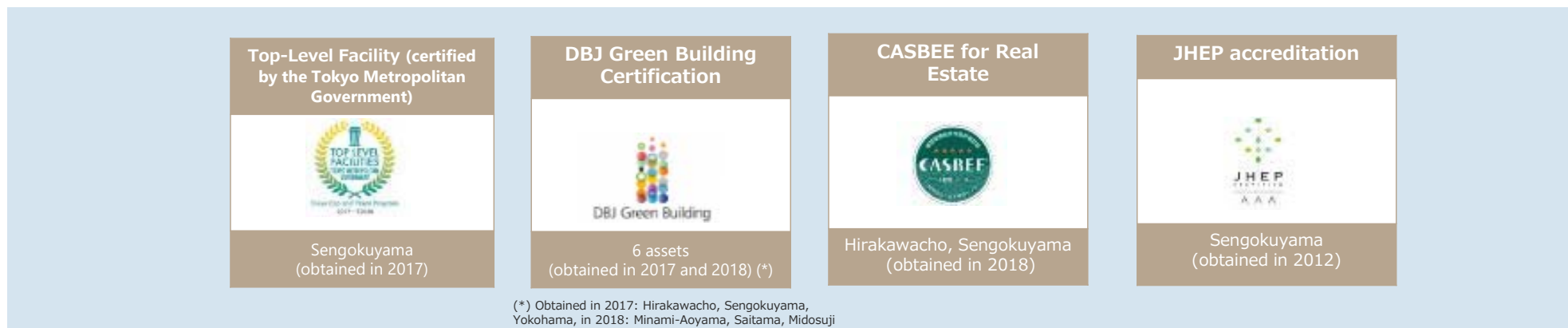
Search



4. Promotion of ESG ③

E : Environment

Acquisition of environmental certification



Promotion of green lease agreement

Voluntary arrangement and implementation of efforts leading to energy saving and reduction of CO2 emissions through the cooperation between GOR and tenants.

Establishment of medium-to long-term reduction targets of energy-related consumption

Established a goal to reduce the primary unit of energy consumption and CO2 emissions across the entire portfolio by an average of 1% per year in the most recent 5 years (based on fiscal 2018) and by 5% in 5 years.

S : Social

Implementation of executive and employee training

GAR conducts four sessions of compliance training every year (with one covering ESG).

GAR encourages and supports participation in outside seminars and training sessions and covers the expenses for participation.

Enrichment of employee benefit program and support for qualification acquisition of employees

Enrichment of employee benefit program including supporting the work-life balance and health of executives and employees of GAR.

GAR encourages acquisition of professional qualifications of employees and covers the expenses for taking exams and maintaining qualifications.

4. Promotion of ESG ④

G : Governance

System for preventing conflict of interest

The president of the Asset Manager does not serve as the executive director of the Investment Corporation, and the organization controlling the operation of GAR and GOR is partitioned.

Rules have been established for preventing conflict of interest transactions that are likely to be seen among customers with regard to GAR's three businesses (REIT asset management business, discretionary investment business and investment advisory business) in addition to the rules for transactions with sponsor-related parties

Same Boat Investment

GAR holds 6,000 investment units (0.62%) of GOR through same boat investment

Share the interests between GOR's unitholders and GAR and pursue enhancement of unitholder value of GOR over the medium term.

Fee for Asset Manager

Management fees

| | |
|------------------|--|
| Management fee 1 | Previous term-end total assets × 0.3% per annum |
| Management fee 2 | Net income before tax which is a base for asset management fee 2 during the concerned fiscal term (*) × 5.0% |

(*) Income before income taxes, which is the base for management fee 2 = operating revenue – operating expenses (excluding management fee 2) + non-operating profits and losses

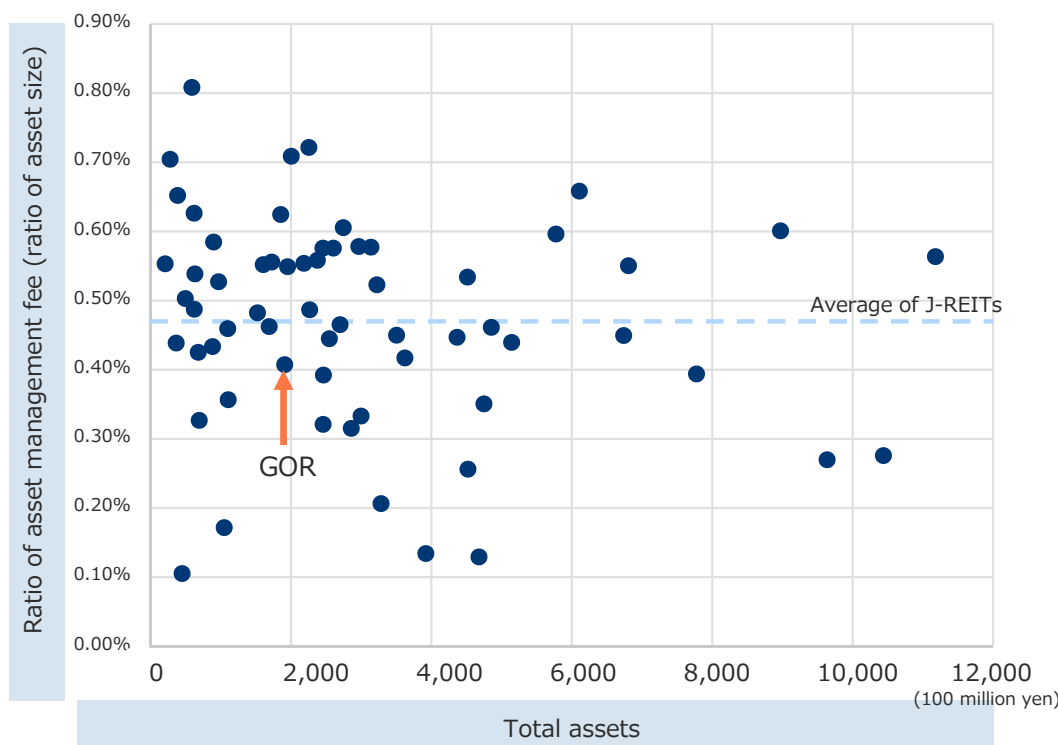
Acquisition/disposition fee (underlines are the agenda for the unitholders' meeting to be held on 12 December 2019)

| | |
|-----------------|--|
| Acquisition fee | Acquisition price (<u>appraisal value of the acquired real estate related assets in the case of acquisition through exchange of assets</u>) × 0.5% |
| Disposition fee | Disposition price (<u>appraisal value of the disposed real estate related assets in the case of disposition through exchange of assets</u>) × 0.5% |

Merger fee (summary of the agenda for the unitholders' meeting to be held on 12 December 2019)

| | |
|------------|--|
| Merger fee | The amount separately agreed upon with the Asset Manager on the effective date of the merger up to the amount equivalent to 0.5% of the total appraisal value of the counterparty's real estate related assets succeeded and owned after the merger. |
|------------|--|

◆List of asset management fees of each J-REIT (*)



(*) Figures are calculated based on the financial results for the most recent fiscal period of each investment corporation disclosed as of the end of September 2019.

Ratio of asset management fee = (asset management fee ÷ operation day × 365) / total asset
SANKEI REAL ESTATE Inc. is excluded as its financial results for the 1st fiscal period have not been announced.



IV Reference Data

| | |
|--|--|
| Basic Policies | <p>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 "<u>maximization of unitholder value.</u>"</p> |
| Investment mainly in superior properties | <p>GOR carefully sifts for superior properties that have advantages over rivals and medium- to long-term competitiveness using the key words of "<i>closer</i>" (i.e. conveniently situated), "<i>newer</i>" (recently built) and "<i>larger</i>" (large-sized) and invest in them.</p> |
| Portfolio Quality and Growth Speed | <p>GOR's approach is to take the utmost care not to lose sight by focusing too much on the pace of asset growth and end up investing in properties that may undermine the " maximization of unitholder value " principle, and try to strike the right balance between the quality of assets and the pace of growth and acquire properties on the premise of holding them over the medium to long-term.</p> |
| Management and Operation | <p>GOR seeks to maintain high occupancy ratios and maintain or improve rental revenues. At the same time, GOR aims to constantly manage its properties in ways that optimize the balance between efforts to maintain the quality of property management and reducing costs, in order to optimize property management costs while ensuring tenant satisfaction.</p> |

Property Values at the End of Period (as of 30 September 2019)

- Appraisal value of Hulic Toyosu Prime Square increased by 600 million yen from the time of acquisition and unrealized gain reached 3,212 million yen.

| Property Name | Acquisition Price (million yen) | Appraisal Value (million yen) (*1) | | | | Variance From Previous Period (million yen) | DC method Cap Rate(%) (*2) | DCF method | |
|---|---------------------------------|------------------------------------|--------------------|--------------------|--------------------|---|----------------------------|-----------------------|---------------------------|
| | | At the time of acquisition | End of 30th Period | End of 31st Period | End of 32nd Period | | | Discount Rate(%) (*2) | Terminal Cap Rate(%) (*2) |
| Otemachi First Square | 23,495 | 23,500 | 27,800 | 27,900 | 28,000 | 100 | 2.7 | 2.2 | 2.7 |
| Hirakawacho Mori Tower | 18,200 | 18,800 | 23,700 | 23,700 | 23,900 | 200 | 3.2 | 3.0 | 3.4 |
| TK Minami-Aoyama Building | 35,000 | 35,040 | 33,900 | 37,100 | 37,100 | — | 3.2 | 3.1 | 3.2 |
| ARK Hills Sengokuyama Mori Tower | 8,423 | 8,610 | 11,000 | 11,100 | 11,100 | — | 3.1 | 2.9 | 3.3 |
| Arca Central (*3) | ① 15,031 | ① 16,600 | 18,200 | 18,200 | 18,200 | — | 3.9 | 3.7 | 4.1 |
| | ② 360 | ② 403 | | | | | | | |
| Hulic Toyosu Prime Square | 21,000 | 23,700 | | | 24,300 | | 3.6 | 3.7 | 3.8 |
| Shinagawa Seaside West Tower | 12,000 | 12,650 | 12,900 | 13,000 | 13,050 | 50 | 4.0 | 3.8 | 4.2 |
| Yokohama Plaza Building | 17,950 | 17,980 | 20,300 | 20,800 | 21,000 | 200 | 3.8 | 3.5 | 4.0 |
| Meiji Yasuda Life Insurance Saitama-Shintoshin Building | 22,700 | 22,820 | 22,350 | 22,850 | 22,850 | — | 4.6 | 4.4 | 4.7 |
| Meiji Yasuda Life Insurance Osaka Midosuji Building | 9,200 | 9,590 | 10,000 | 10,400 | 10,800 | 400 | 3.6 | 3.7 | 3.8 |
| Yodoyabashi Flex Tower | 7,834 | 7,940 | 7,000 | 7,330 | 7,590 | 260 | 4.1 | 3.9 | 4.3 |
| Entire portfolio | 191,194 | 197,633 | 187,150 | 192,380 | 217,890 | 1,210 | | | |

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

Japan Real Estate Institute : Otemachi and Yokohama
 Daiwa Real Estate Appraisal Co., Ltd. : Hirakawacho, Sengokuyama, Kinshicho, Shinagawa and Yodoyabashi

Chuo Real Estate Appraisal Co., Ltd. : Minami-Aoyama and Saitama
 The Tanizawa Sogo Appraisal Co., Ltd. : Toyosu and Midosuji

(*2) Percentages were used for calculations of 32nd period term-end appraisals.

(*3) ①: GOR acquired Arca Central on 28 Mar. 2014 (21st Period).

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

| Property Name | Appraisal Value at the end of 32nd Period (million yen)① | Book Value at the end of 32nd Period (million yen) ② | Unrealized gain/loss (million yen) ③=①-② | Change rate of Book Value (%) ③/② |
|---|--|--|--|-----------------------------------|
| Otemachi First Square | 28,000 | 23,219 | 4,780 | 20.6 |
| Hirakawacho Mori Tower | 23,900 | 17,224 | 6,675 | 38.8 |
| TK Minami-Aoyama Building | 37,100 | 33,227 | 3,872 | 11.7 |
| ARK Hills Sengokuyama Mori Tower | 11,100 | 8,027 | 3,072 | 38.3 |
| Arca Central (*3) | 18,200 | 16,132 | 2,067 | 12.8 |
| Hulic Toyosu Prime Square | 24,300 | 21,087 | 3,212 | 15.2 |
| Shinagawa Seaside West Tower | 13,050 | 11,942 | 1,107 | 9.3 |
| Yokohama Plaza Building | 21,000 | 17,271 | 3,728 | 21.6 |
| Meiji Yasuda Life Insurance Saitama-Shintoshin Building | 22,850 | 18,104 | 4,745 | 26.2 |
| Meiji Yasuda Life Insurance Osaka Midosuji Building | 10,800 | 9,484 | 1,315 | 13.9 |
| Yodoyabashi Flex Tower | 7,590 | 6,504 | 1,085 | 16.7 |
| Entire portfolio | 217,890 | 182,226 | 35,663 | 19.6 |
| Unrealized gain per unit | | | 37,076 yen | 33 |

Revenues, Expenses and NOI Yield (the 32nd Period (ended September 2019))

| | | Otemachi | Hirakawacho | Ginza (*2) | Minami Aoyama | Sengokuyama | Kinshicho | Toyosu (*3) | Shinagawa | Yokohama | Saitama | Midosuji | Yodoyabashi | Total |
|---|-------------|----------|-------------|------------|---------------|-------------|-----------|-------------|-----------|----------|---------|----------|-------------|---------|
| A . Property-related revenues | million yen | 502 | 548 | 34 | 760 | 247 | 545 | 497 | 405 | 523 | 916 | 313 | 239 | 5,535 |
| Rental revenues | million yen | (*1) | 548 | 34 | 758 | 247 | 545 | 497 | 405 | 523 | 916 | 313 | 239 | 5,532 |
| Other rental revenues | million yen | | — | — | 1 | — | — | — | — | 0 | 0 | 0 | 0 | 3 |
| B . Property-related expenses | million yen | 255 | 190 | 40 | 445 | 92 | 252 | 144 | 185 | 242 | 414 | 148 | 135 | 2,547 |
| Property management fees | million yen | (*1) | 79 | 2 | 191 | 36 | 76 | 36 | 43 | 44 | 93 | 36 | 15 | 702 |
| Utilities expenses | million yen | | 11 | 3 | 41 | 4 | 19 | 36 | 53 | 27 | 79 | 28 | 19 | 337 |
| Property and other taxes | million yen | | 30 | 30 | 84 | 13 | 59 | — | 36 | 31 | 60 | 46 | 20 | 527 |
| Casualty insurance | million yen | | 0 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 10 |
| Repairs and maintenance | million yen | | — | 0 | 41 | 1 | 0 | 5 | 4 | 11 | 30 | 4 | 3 | 107 |
| Depreciation and amortization | million yen | | 68 | 3 | 83 | 33 | 94 | 65 | 47 | 124 | 147 | 32 | 65 | 844 |
| Loss on retirement of fixed assets | million yen | | — | — | — | 2 | — | — | — | — | 0 | — | 9 | 12 |
| Other rental expenses | million yen | | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 5 |
| C . Profits (A-B) | million yen | 247 | 358 | (6) | 315 | 154 | 293 | 352 | 220 | 281 | 501 | 165 | 104 | 2,988 |
| D . NOI (C+Depreciation and amortization + Loss on retirement of fixed assets) | million yen | 326 | 426 | (2) | 398 | 190 | 387 | 418 | 267 | 405 | 649 | 197 | 179 | 3,845 |
| E . Acquisition price (*4) | million yen | 23,495 | 18,200 | — | 35,000 | 8,423 | 15,391 | 21,000 | 12,000 | 17,950 | 22,700 | 9,200 | 7,834 | 191,194 |
| F . NOI yield (D× 2 ÷ E) | % | 2.8 | 4.7 | — | 2.3 | 4.5 | 5.0 | 4.0 | 4.5 | 4.5 | 5.7 | 4.3 | 4.6 | 4.0 |
| G . After-depreciation return (C × 2 ÷ E) | % | 2.1 | 3.9 | — | 1.8 | 3.7 | 3.8 | 3.4 | 3.7 | 3.1 | 4.4 | 3.6 | 2.7 | 3.1 |

(*1) Otemachi First Square: Broken-down of revenues and expenses are not disclosed, as we have yet to receive permission to disclose it from co-owners.

(*2) The operating period of Ginza First Building for the 32nd Period started on 01 April 2019 and ended on 17 April 2019 (17 days).

(*3) The operating period of Hulic Toyosu Prime Square Building for the 32nd Period started on 18 April 2019 and ended on 30 September 2019 (166 days).

(*4) Excluded Ginza transferred on 18 April 2019 from the total acquisition price.

Top 10 Tenants (as of 30 September 2019)

| | Name of Tenant (Name of End tenant in the case of pass-through) | Type of Business | Property Name | Leased Area (sqm) | Leased area as % of total leased area (*1) |
|----|--|------------------------------------|---|----------------------|--|
| 1 | Tokyu Land Corporation (*2) | Real estate, Leasing | TK Minami-Aoyama Building | 12,243.57 | 9.3 |
| 2 | Mitsubishi Research Institute DCS Co., Ltd. | Information, Telecommunications | Shinagawa Seaside West Tower | 7,301.32 | 5.5 |
| 3 | MIRAIT Corporation | Construction | Hulic Toyosu Prime Square | 4,856.17 | 3.7 |
| 4 | Life Solutions Company, Panasonic Corporation | Manufacturing | Yokohama Plaza Building | 3,499.39 | 2.7 |
| 5 | NS United Kaiun Kaisha, Ltd. | Transportation, Postal services | Otemachi First Square | 3,422.58 | 2.6 |
| 6 | (*3) | Information, Telecommunications | Hulic Toyosu Prime Square | 2,980.16 | 2.3 |
| 7 | Mitsubishi Chemical Corporation | Manufacturing | Meiji Yasuda Life Insurance Osaka Midosuji Building | 2,441.31 | 1.9 |
| 8 | Japan Water Agency | Services | Meiji Yasuda Life Insurance Saitama- Shintoshin Building | 2,120.46 | 1.6 |
| 9 | Saitama Labor Bureau | Public services | Meiji Yasuda Life Insurance Saitama- Shintoshin Building | 2,110.58 | 1.6 |
| 10 | (*3) | Wholesale, Retail | Hulic Toyosu Prime Square Yokohama Plaza Building Meiji Yasuda Life Insurance Saitama- Shintoshin Building | 2,102.12 | 1.6 |
| | Total | | | 43,077.65 | 32.7 |

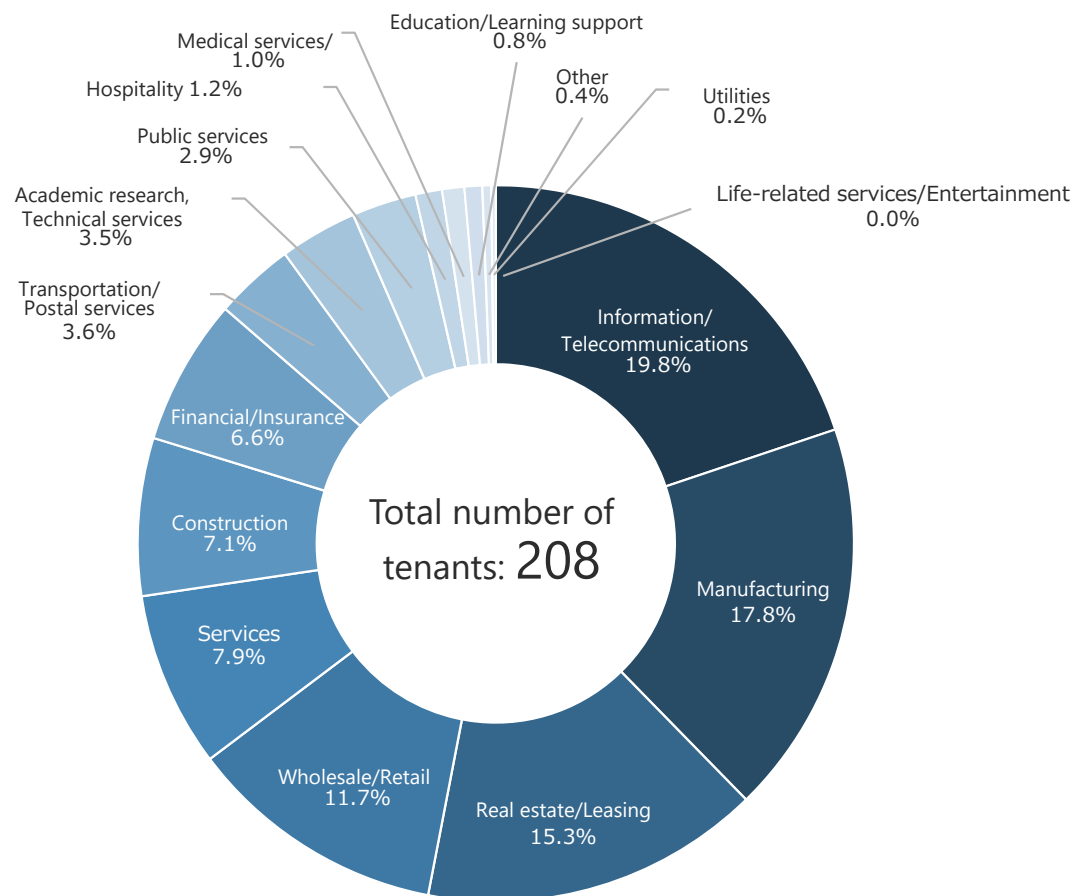
(*1) "Total leased area" as of 30 September 2019 is 131,899.54 sqm.

(*2) The lease agreement with the tenant for 10,493.14 sqm was cancelled on 1 October 2019, and the lease agreement for 1,750.43 sqm was cancelled on 31 October 2019. However, lease agreements for the respective spaces, which came into effect on 2 October 2019 and 1 November 2019, respectively, were concluded with a new tenant on 15 March 2019.

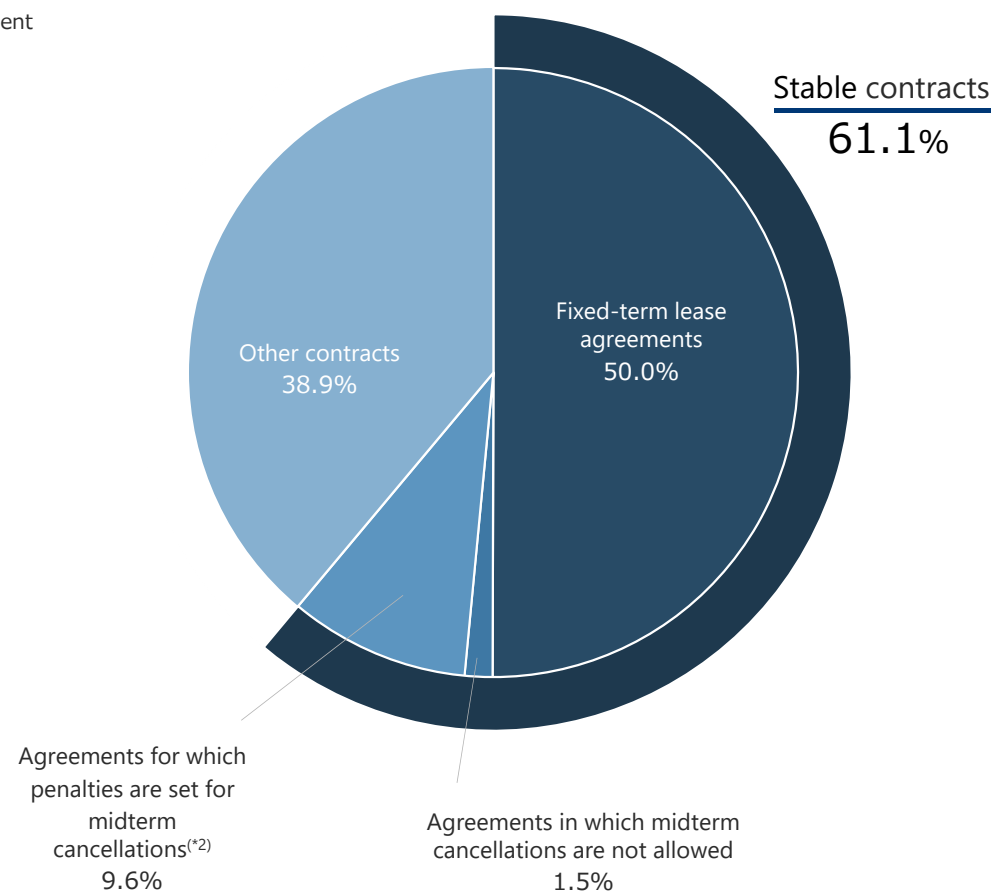
(*3) The name of the tenant remains undisclosed since consent for disclosure has not been obtained from the tenant.

Tenant Industry Ratio and Stable Contract Ratio (as of 30 September 2019)

Tenant by industry ^(*)



Stable contract ratio ^(*)



(*) Ratios are calculated based on leased area. Also, in the case of pass-through leases, ratios are calculated using the industry of end-tenant and lease agreement.

(*) "Agreements for which penalties are set for midterm cancellations" refers to lease agreements with penalties equivalent to three months' rent or more for midterm cancellations.



Otemachi First Square



Hirakawacho Mori Tower



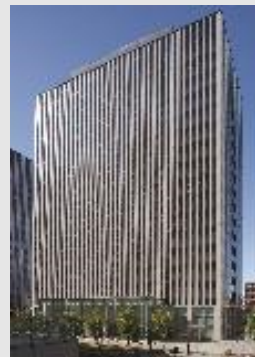
TK Minami-Aoyama ARK Hills Sengokuyama Mori Tower



Arca Central



Hulic Toyosu Prime Square



Shinagawa Seaside West Tower



Yokohama Plaza Building



Meiji Yasuda Life Insurance Saitama-Shintoshin Building



Meiji Yasuda Life Insurance Osaka Midosuji Building



Yodoyabashi Flex Tower

Strategies

Invests in properties with a focus on...

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

Features

"CLOSER" - conveniently situated

Walking Distance : 0 – 5 min.

"NEWER" - newly or recently built

Average age of building : 15.5 years

Portfolio PML : 1.9 %

"LARGER" - large office buildings

Average acquisition price : 17.3 billion yen

Average gross leasable area : 12,014 sqm

Portfolio Features ① "CLOSER"

Otemachi First Square



Hirakawacho Mori Tower



TK Minami-Aoyama Building



ARK Hills Sengokuyama Mori Tower



Arca Central



Hulic Toyosu Prime Square



Excellent proximity!

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

Shinagawa Seaside West Tower



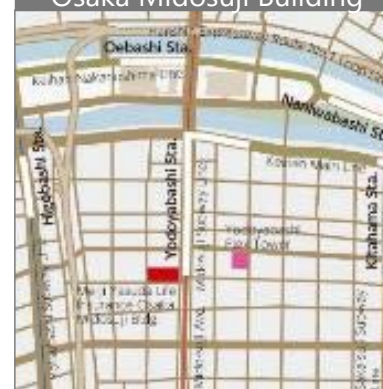
Yokohama Plaza Building



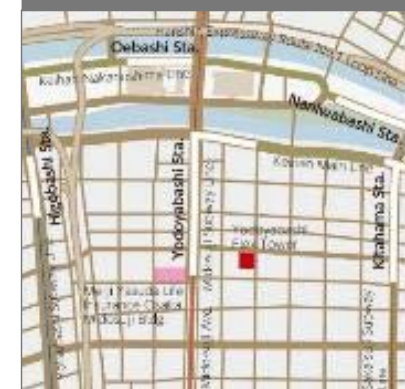
Meiji Yasuda Life Insurance Saitama-Shintoshin Building



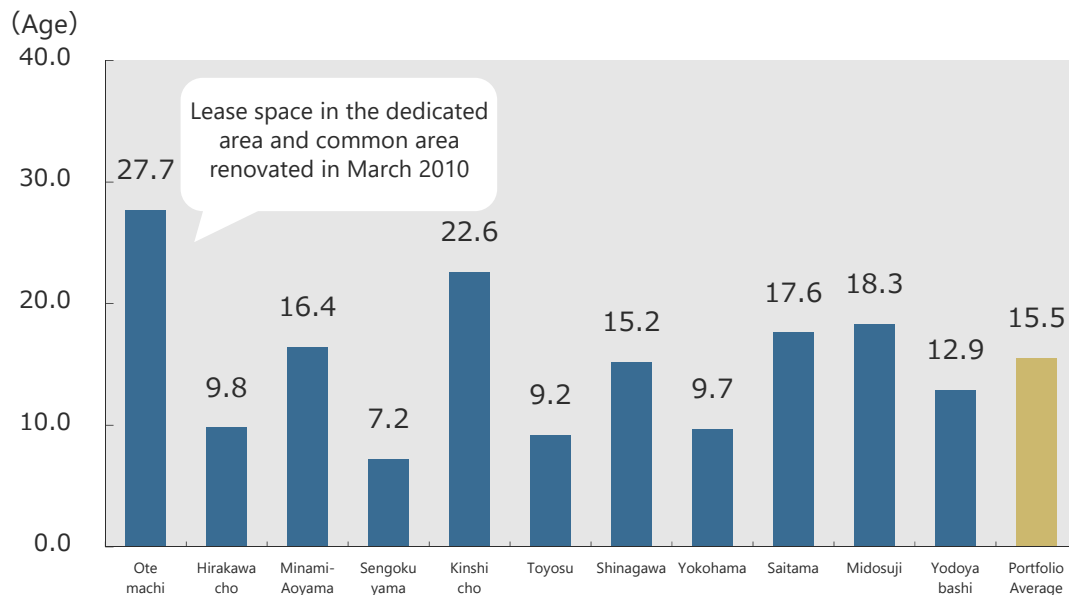
Meiji Yasuda Life Insurance Osaka Midosuji Building



Yodoyabashi Flex Tower



Age of Building



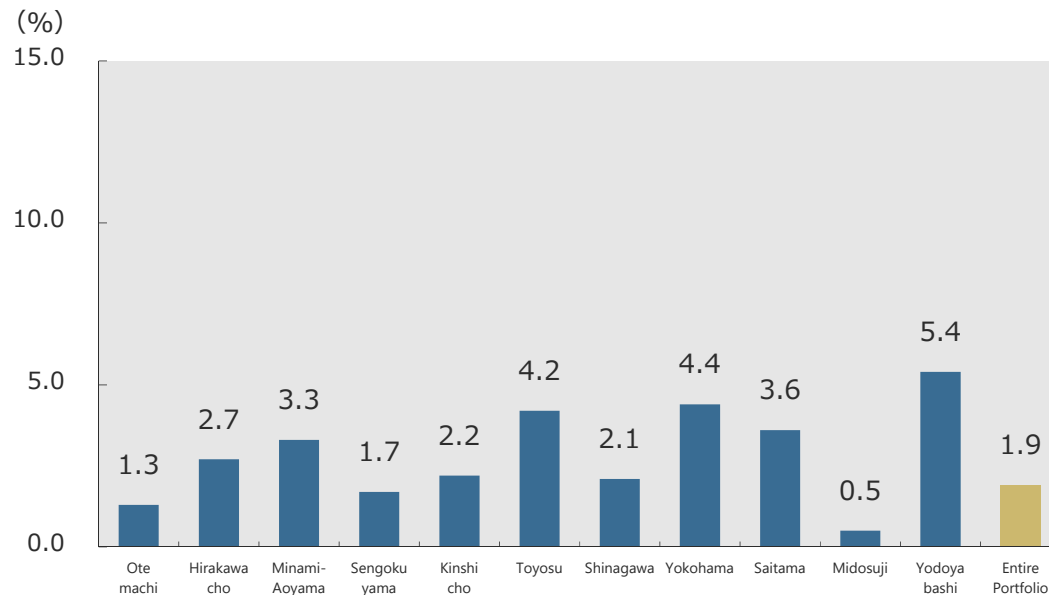
(*1) Based on the age as of 30 September 2019

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

Average Age of
Portfolio Properties

15.5 years

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



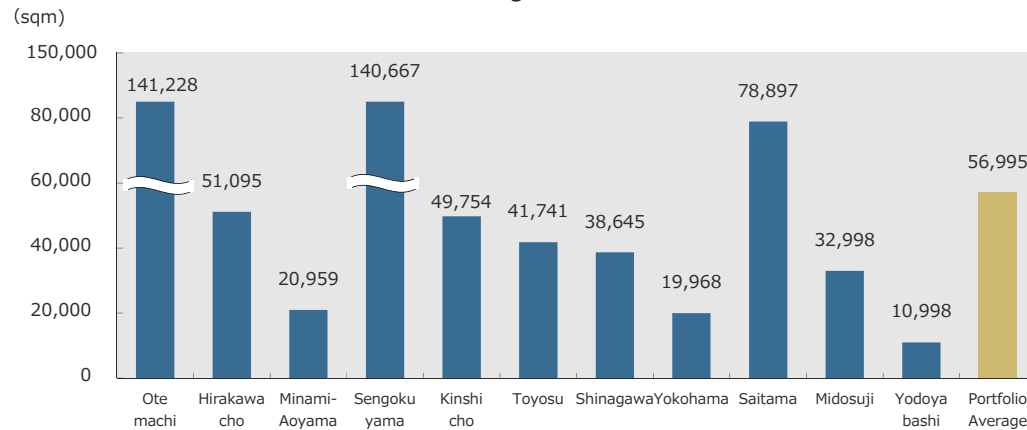
(*) Source – seismic report provided by OYO RMS Corp.

Portfolio PML

1.9%

Portfolio Features ③ "LARGER" (as of 30 September 2019)

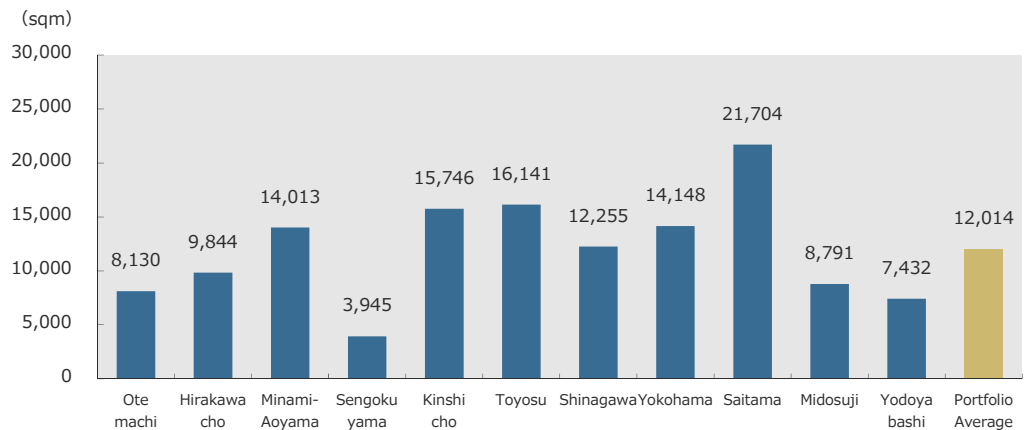
Total Floor Area (in the case of co-ownership, total floor area of the building)



Total Floor Area per Property

56,995 sqm

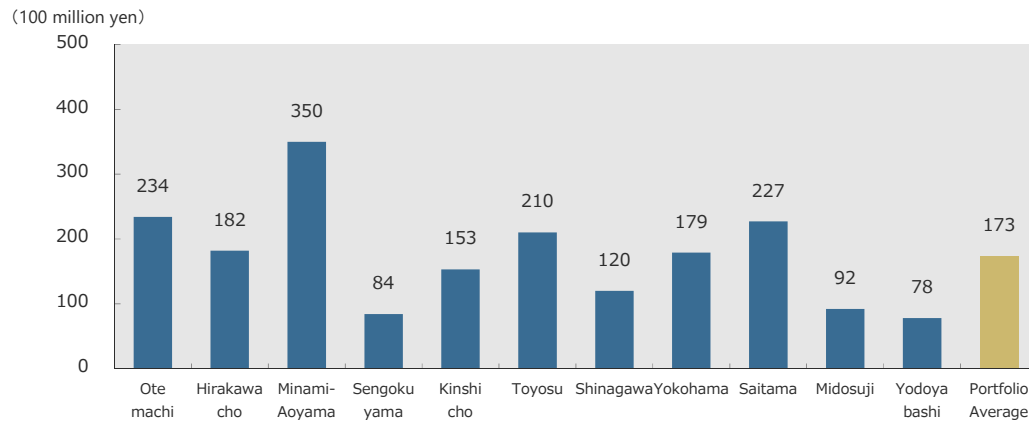
Gross Leasable Area (in the case of co-ownership, floor area in proportion to the interest)



Average Gross Leasable Area per Property

12,014 sqm

Acquisition Price



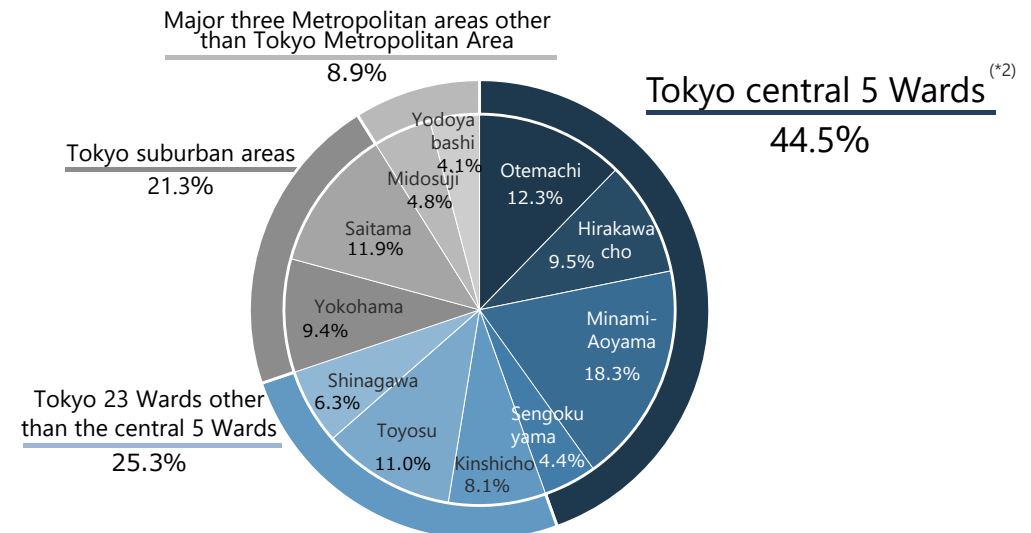
Total Acquisition Price

11 properties, 191.1 billion yen

Average Acquisition Price per Property

17.3 billion yen

Investment Ratio^(*)



(*) Investment ratio is calculated based on the acquisition price in proportion to the total acquisition price.

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

Properties At A Glance (the 32nd Period (ended September 2019))

| Name of property | Location | Type of ownership | Ownership ratio (%) | Total floor area (sqm) (* 1) | Total leasable area (sqm) (* 2) | Year built | PML (%) | Acquisition price (million yen) (* 3) | Investment ratio (%) (* 4) |
|---|--|---|---------------------|------------------------------|---------------------------------|------------|----------|---------------------------------------|----------------------------|
| Otemachi First Square | Otemachi, Chiyoda-ku, Tokyo | Condo (Trust beneficial interest) | approx. 9.1 | 141,228.06 | 8,130.27 | Feb. 1992 | 1.3 | 23,495 | 12.3 |
| Hirakawacho Mori Tower | Hirakawacho, Chiyoda-ku, Tokyo | Condo (Trust beneficial interest) | approx. 26.2 | 51,094.82 | 9,843.52 | Dec. 2009 | 2.7 | 18,200 | 9.5 |
| TK Minami-Aoyama Building | Minami-Aoyama, Minato-ku, Tokyo | Ownership (Trust beneficial interest) | 100.0 | 20,958.79 | 14,012.64 | May 2003 | 3.3 | 35,000 | 18.3 |
| ARK Hills Sengokuyama Mori Tower | Roppongi, Minato-ku, Tokyo | Condo (Trust beneficial interest) | approx. 5.6 | 140,667.09 | 3,944.81 | Aug. 2012 | 1.7 | 8,423 | 4.4 |
| Arca Central | Kinshi, Sumida-ku, Tokyo | Condo (Trust beneficial interest) | approx. 57.8 | 49,753.92 | 15,746.41 | Mar. 1997 | 2.2 | 15,391 | 8.1 |
| Hulic Toyosu Prime Square | Toyosu, Koto-ku, Tokyo | Ownership (50% quasi co-ownership of Trust beneficial interest) | 50.0 | 41,741.18 | 16,140.86 | Aug. 2010 | 4.2 | 21,000 | 11.0 |
| Shinagawa Seaside West Tower | Higashi-Shinagawa, Shinagawa-ku, Tokyo | Ownership (50% quasi co-ownership of Trust beneficial interest) | 50.0 | 38,645.33 | 12,255.39 | Aug. 2004 | 2.1 | 12,000 | 6.3 |
| Yokohama Plaza Building | Kanagawa-ku, Yokohama City, Kanagawa | Ownership (Trust beneficial interest) | 100.0 | 19,968.20 | 14,148.34 | Feb. 2010 | 4.4 | 17,950 | 9.4 |
| Meiji Yasuda Life Insurance Saitama-Shintoshin Building | Chuo-ku, Saitama City, Saitama Pr | 50% co-ownership of Ownership (Trust beneficial interest) | 50.0 | 78,897.42 | 21,704.30 | Mar. 2002 | 3.6 | 22,700 | 11.9 |
| Meiji Yasuda Life Insurance Osaka Midosuji Building | Chuo-ku, Osaka City, Osaka Pr | 50% co-ownership of Ownership | 50.0 | 32,997.60 | 8,791.18 | Jul. 2001 | 0.5 | 9,200 | 4.8 |
| Yodoyabashi Flex Tower | Chuo-ku, Osaka City, Osaka Pr | Ownership (Trust beneficial interest) | 100.0 | 10,997.50 | 7,432.28 | Nov. 2006 | 5.4 | 7,834 | 4.1 |
| Total | | - | - | 626,949.91 | 132,150.00 | - | 1.9 (*5) | 191,194 | 100.0 |

(*1) Total floor area shown in this chart indicates the total floor area of the building (including annex building) regardless of the type of ownership.

(*2) Total leasable area in this chart indicates the GOR-invested area.

(*3) Acquisition prices mean the prices indicated in the sales agreement and are exclusive of expenses relating to the acquisition of the property (fees related to sales and purchases, taxes). Concerning Arca Central, the acquisition price represents the purchase price of 16,400 million yen described in the purchase agreement less maintenance charges on the management association of 1,008 million yen, which was succeeded from the seller.

(*4) "Investment ratio" means a percentage of the property's acquisition price to the total acquisition price.

(*5) PML for entire portfolio.

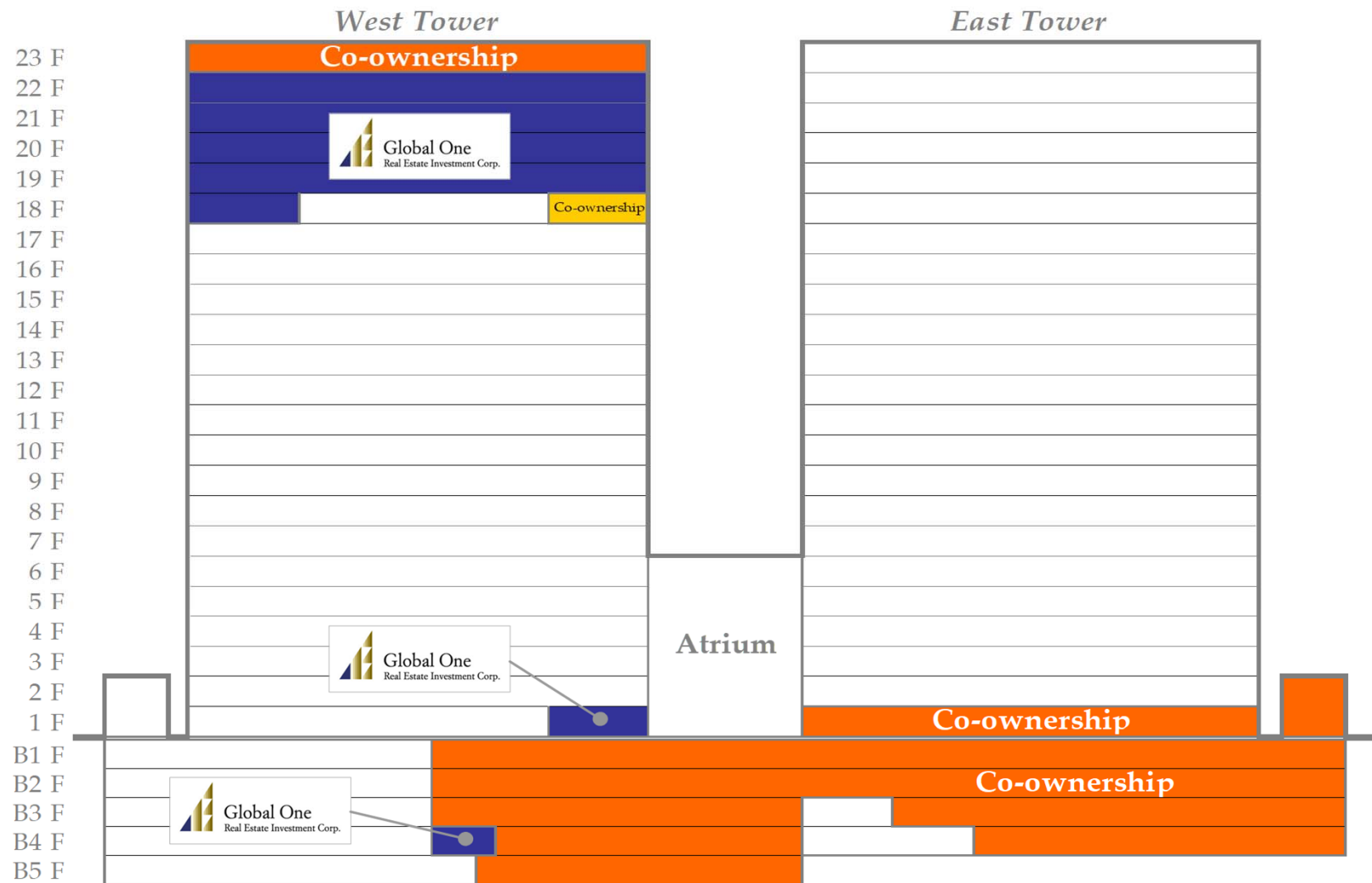


| | |
|--------------------|---|
| Location: | 1-5-1, Otemachi, Chiyoda-ku, Tokyo |
| Land Area: | 10,998.97 sqm |
| Floor Area: | 141,228.06 sqm (GOR dedicated area = approx. 9.1%) |
| Structure: | 23-story plus 5 basement level S, SRC with a flat roof |
| Year Built: | West Tower : February 1992 East Tower : February 1998 |

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

| | |
|----------------------------------|--|
| Acquisition Date: | 25 Dec. 2003 |
| Acquisition Price: | 23,495 million yen (less than one million yen rounded down) |
| Appraisal at Acquisition: | 23,500 million yen (as of 1 Jul. 2003) |
| Term-end Appraisal: | 28,000 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 8,130.27 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 99.9% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Standard lease Fixed term lease |
| Total monthly rent: | Undisclosed since consent for disclosure has not been obtained from the co-owners. |
| Others: | Major renovations were carried out in March 2010 for the condo space (18F-22F). |

Otemachi First Square (Diagrammatic view)



| |
|-----------------------------|
| Ratio of GOR's co-ownership |
| 988,726 / 10,000,000 |

| |
|-----------------------------|
| Ratio of GOR's co-ownership |
| 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.

Hirakawacho Mori Tower



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

Land Area: 5,592.19 sqm

Floor Area: 51,094.82 sqm
(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: 1 Mar. 2011

Acquisition Price: 18,200 million yen

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

Term-end Appraisal: 23,900 million yen (as of 30 Sep. 2019)

Gross Leasable Area: 9,843.52 sqm (as of 30 Sep. 2019)

Occupancy Rate: 100.0% (as of 30 Sep. 2019)

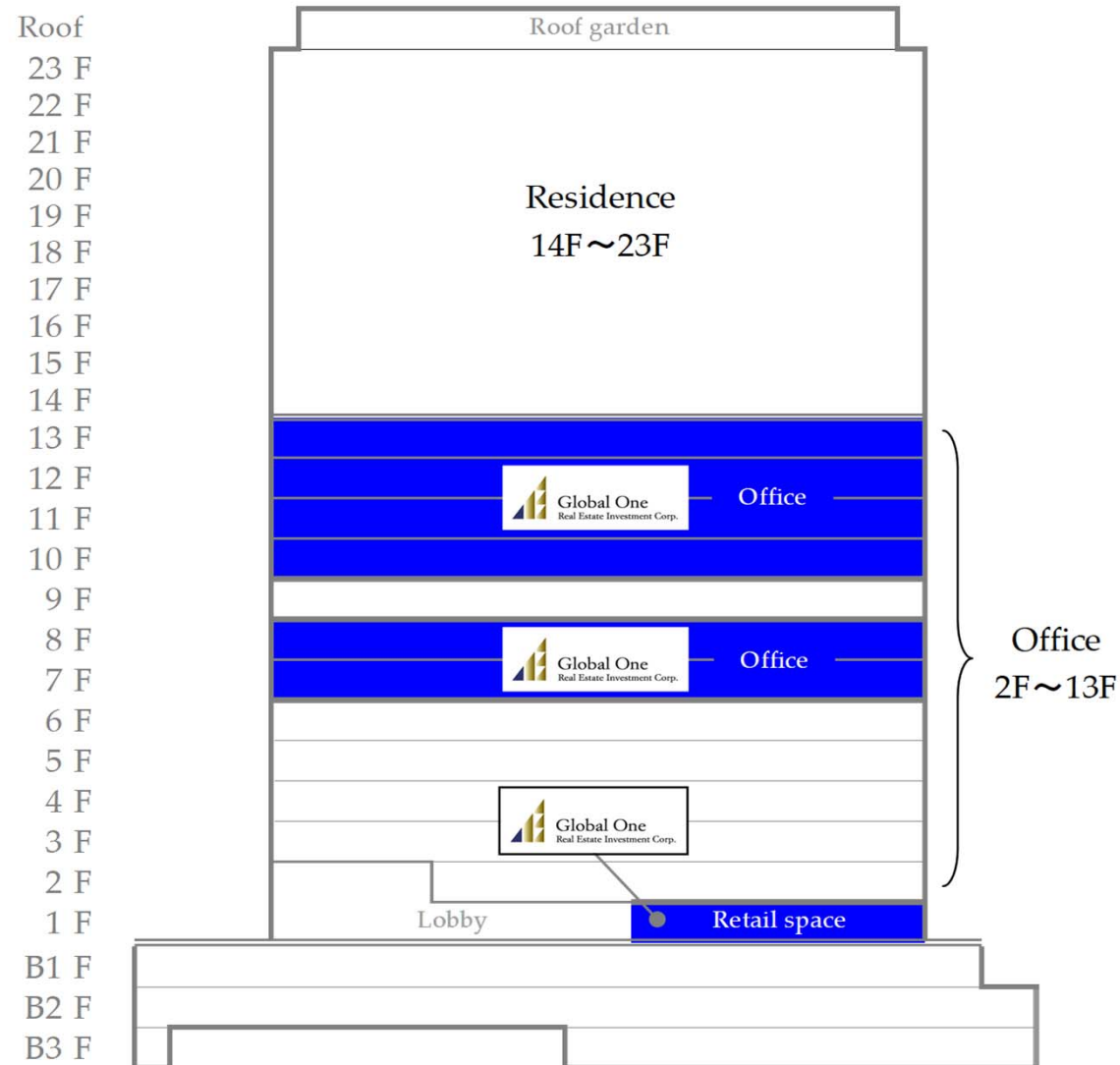
Type of Lease Agreement: Standard lease

Total monthly rent: 87 million yen (*)

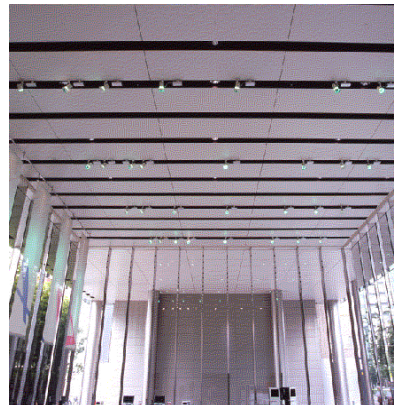
Others: Master lease contract with Mori Building Co., Ltd.
The period of the fixed rent agreement ended, and the master lease contract was shifted to pass-through type on 1 April 2014.

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Hirakawacho Mori Tower (Diagrammatic view)



TK Minami-Aoyama Building



| | |
|----------------------------------|---|
| Location: | 2-6-21, Minami Aoyama, Minato-ku, Tokyo |
| Land Area: | 3,039.08 sqm |
| Floor Area: | 20,958.79 sqm |
| Structure: | 17-story plus 2 basement level S, SRC with a flat roof |
| Year Built: | May 2003 |
| Acquisition Date: | 21 Oct. 2005 |
| Acquisition Price: | 35,000 million yen |
| Appraisal at acquisition: | 35,040 million yen (as of 31 Jul. 2005) |
| Term-end Appraisal: | 37,100 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 14,012.64 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Fixed term lease Standard lease |
| Total monthly rent: | 117 million yen (*) |

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 September 2019.

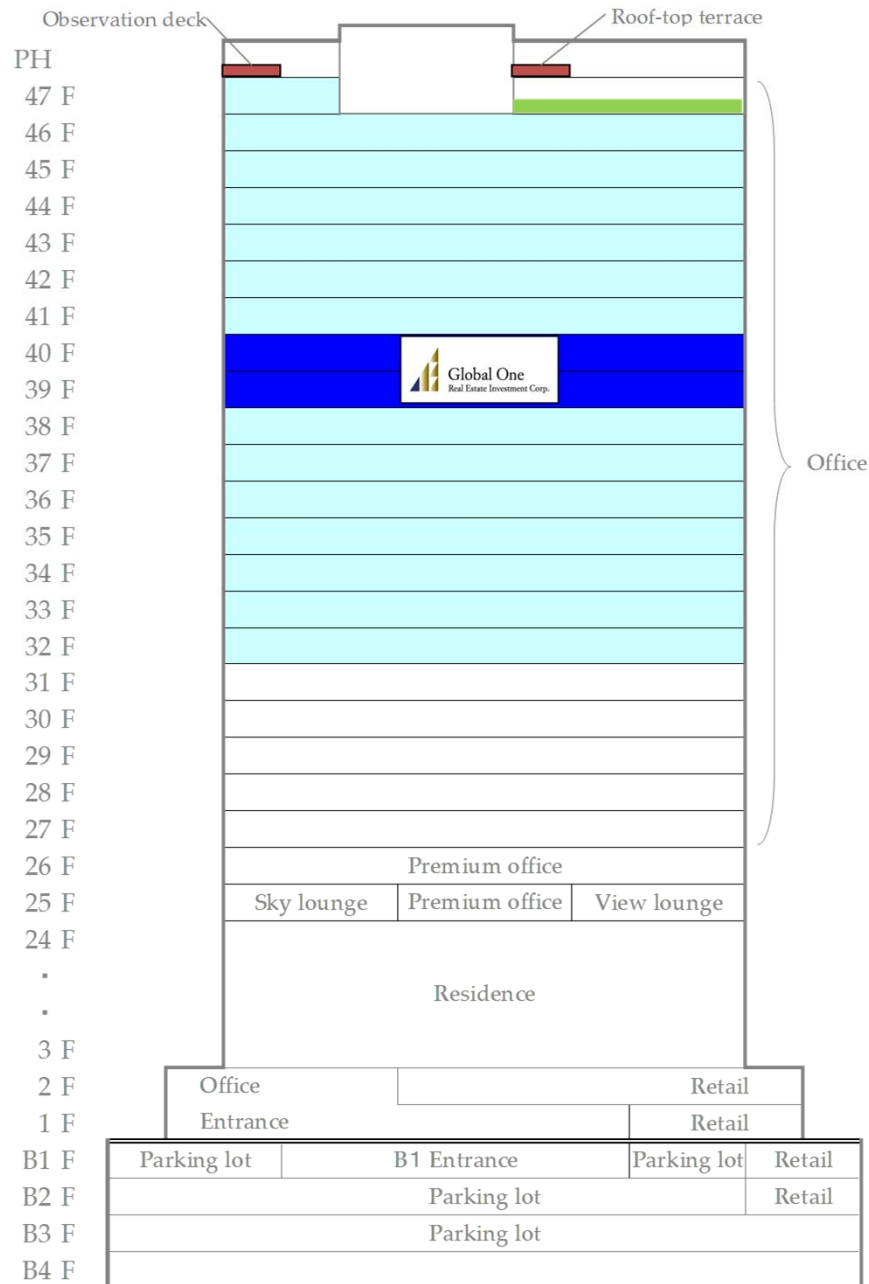
ARK Hills Sengokuyama Mori Tower



| | |
|---|---|
| Location: | 1-9-10, Roppongi, Minato-ku, Tokyo |
| Land Area: | 15,367.75 sqm |
| Floor Area: | 140,667.09 sqm (The ownership interest that GOR owns: approx. 5.6%) |
| Structure: | 47-story plus 4 basement level S, RC, SRC with a flat roof |
| Year Built: | August 2012 |
| -----The following indicates the GOR-owned space----- | |
| Acquisition Date: | 20 Nov. 2012 |
| Acquisition Price: | 8,423 million yen (less than 100 million yen rounded down) |
| Appraisal at Acquisition: | 8,610 million yen (as of 5 Oct. 2012) |
| Term-end Appraisal: | 11,100 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 3,944.81 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Standard lease |
| Total monthly rent: | 38 million yen (*) |
| Others: | 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 1 Dec. 2015. Joint management arrangement (16 floors: 32F – 47F) with other sectional owners |

(*) The figure indicates the total amount of rent for one month (including common area charges; in the case a rent-free period has been granted, monthly rent after the period ends) stipulated in lease agreements concluded with end tenants of joint management areas as of 30 Sep. 2019 multiplied by GOR's sectional ownership ratio.

ARK Hills Sengokuyama Mori Tower (Diagrammaticview)



(*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.

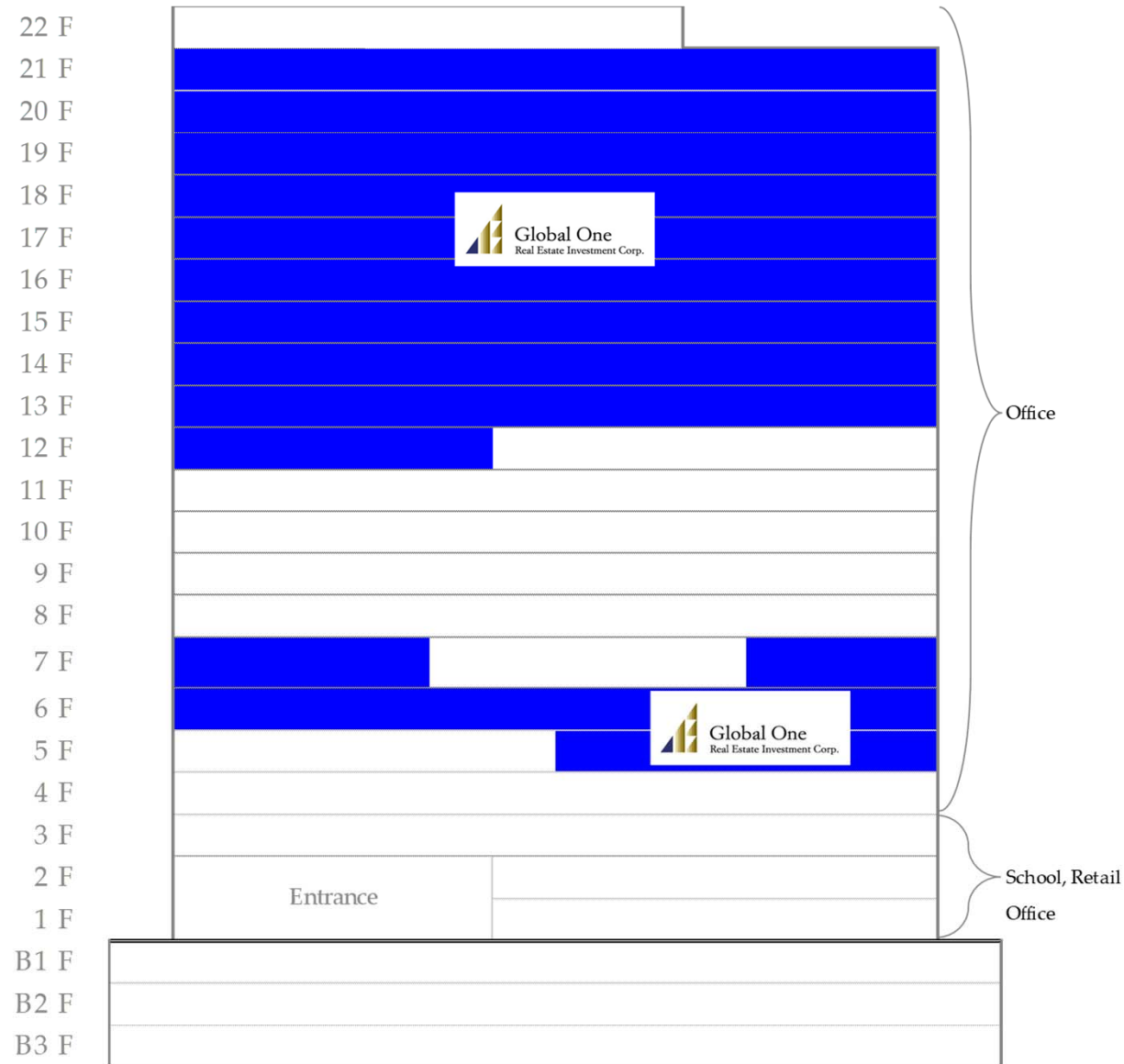
(*3) The asset that GOR owns is the trust beneficial interest in real estate, and the owner of the real estate is Mitsubishi UFJ Trust and Banking Corporation.



| | |
|---|---|
| Location: | 1-2-1, Kinshi, Sumida-ku, Tokyo |
| Land Area: | 18,100.41 sqm (entire Third Block) |
| Floor Area: | 49,753.92 sqm (The ownership interest that GOR owns: approx. 57.8%) |
| Structure: | 22-story plus 3 basement level S, partially SRC with a flat roof |
| Year Built: | March 1997 |
| -----the following indicates GOR-owned space----- | |
| Acquisition Date: | 28 Mar. 2014, 30 May 2014 |
| Acquisition Price: | 15,391 million yen (less than 100 million yen rounded down) |
| Appraisal at Acquisition: | 17,003 million yen (as of 20 Feb. 2014 and 1 May 2014) |
| Term-end Appraisal: | 18,200 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 15,746.41 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Standard lease |
| Total monthly rent: | 90 million yen (*) |

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

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.

Hulic Toyosu Prime Square



Location: 5-6-36, Toyosu, Koto-ku, Tokyo

Land Area: 10,255.07 sqm

Floor Area: 41,741.18 sqm

Structure: 12-story
S with a flat roof

Year Built: August 2010

--The following indicates GOR-owned space (50% quasi co-ownership)--

Acquisition Date: 18 Apr. 2019

Acquisition Price: 21,000 million yen

Appraisal at Acquisition: 23,700 million yen (as of 1 Feb. 2019)

Term-end Appraisal: 24,300 million yen (as of 30 Sep. 2019)

Gross Leasable Area: 16,140.86 sqm (as of 30 Sep. 2019)

Occupancy Ratio: 100.0% (as of 30 Sep. 2019)

Type of Lease Agreement: Standard lease
Fixed term lease

Total monthly rent: 85 million yen (*)

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Shinagawa Seaside West Tower



Location: 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo

Land Area: 5,935.08 sqm

Floor Area: 38,645.33 sqm

Structure: 18-story plus 1 basement level
S, SRC, RC with a flat roof

Year Built: August 2004

-----The following indicates GOR-owned space (50% quasi co-ownership)-----

Acquisition Date: 24 Mar. 2017

Acquisition Price: 12,000 million yen

Appraisal at Acquisition: 12,650 million yen (as of 1 Feb. 2017)

Term-end Appraisal: 13,050 million yen (as of 30 Sep. 2019)

Gross Leasable Area: 12,255.39 sqm (as of 30 Sep. 2019)

Occupancy Rate: 100.0% (as of 30 Sep. 2019)

Type of Lease Agreement: Standard lease

Total monthly rent: 64 million yen (*)

(*) "Total monthly rent" indicates the total amount of rent for one month stipulated in lease agreements effective as of 30 Sep. 2019.

For contracts that were granted free rent during the current contract period as of 30 Sep. 2019 at the time of contract renewal, the total amount of rent and common area charges per month that were calculated by deducting said amount of free rent equally divided over the current contract period as of 30 Sep. 2019 is 58 million yen.

Yokohama Plaza Building



| | |
|----------------------------------|---|
| Location: | 2-6, Kinkouchi, Kanagawa-ku, Yokohama City, Kanagawa |
| Land Area: | 2,720.30 sqm |
| Floor Area: | 19,968.20 sqm |
| Structure: | 12-story plus 1 basement level S, SRC with a flat roof |
| Year Built: | February 2010 |
| Acquisition Date: | 1 Aug. 2014 |
| Acquisition Price: | 17,950 million yen |
| Appraisal at Acquisition: | 17,980 million yen (as of 5 Jun. 2014) |
| Term-end Appraisal: | 21,000 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 14,148.34 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Standard lease Fixed term lease |
| Total monthly rent: | 81 million yen (*) |

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Meiji Yasuda Life Insurance Saitama-Shintoshin Building



Location: 11-2, Shintoshin, Chuo-ku, Saitama City, Saitama Prefecture

Land Area: 7,035.05 sqm

Floor Area: 78,897.42 sqm

Structure: 35-story plus 3 basement level
S, SRC with a flat roof

Year Built: March 2002

----the following indicates GOR-owned space (50% Co-ownership)----

Acquisition Date: 25 Apr. 2007

Acquisition Price: 22,700 million yen

Appraisal at Acquisition: 22,820 million yen (as of 1 Feb. 2007)

Term-end Appraisal: 22,850 million yen (as of 30 Sep. 2019)

Gross Leasable Area: 21,704.30 sqm (as of 30 Sep. 2019)

Occupancy Rate: 98.9% (as of 30 Sep. 2019)

Type of Lease Agreement: Fixed term lease

Total monthly rent: 127 million yen (*)

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Meiji Yasuda Life Insurance Osaka Midosuji Building



| | |
|--------------------|--|
| Location: | 4-1-1 Fushimi-machi, Chuo-ku, Osaka City, Osaka Prefecture |
| Land Area: | 2,992.26 sqm |
| Floor Area: | 32,997.60 sqm |
| Structure: | 14-story plus 3 basement level S, SRC with a flat roof |
| Year Built: | July 2001 |

----the following indicates GOR-owned space (50% Co-ownership)----

| | |
|----------------------------------|---|
| Acquisition Date: | 24 Mar. 2017 |
| Acquisition Price: | 9,200 million yen |
| Appraisal at Acquisition: | 9,590 million yen (as of 1 Feb. 2017) |
| Term-end Appraisal: | 10,800 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 8,791.18 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Fixed term lease |
| Total monthly rent: | 46 million yen (*) |

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Yodoyabashi Flex Tower



| | |
|----------------------------------|---|
| Location: | 3-3-11, Koraibashi, Chuo-ku, Osaka City, Osaka Prefecture |
| Land Area: | 1,692.51 sqm |
| Floor Area: | 10,997.50 sqm |
| Structure: | 12-story plus 1 basement level SRC with a flat roof |
| Year Built: | November 2006 |
| Acquisition Date: | 31 Jan. 2008 |
| Acquisition Price: | 7,834 million yen |
| Appraisal at acquisition: | 7,940 million yen (as of 1 Nov. 2007) |
| Term-end Appraisal: | 7,590 million yen (as of 30 Sep. 2019) |
| Gross Leasable Area: | 7,432.28 sqm (as of 30 Sep. 2019) |
| Occupancy Rate: | 100.0% (as of 30 Sep. 2019) |
| Type of Lease Agreement: | Standard lease Fixed term lease |
| Total monthly rent: | 34 million yen (*) |

(*) "Total monthly rent" indicates the total amount of rent for one month (including common area charges; in case a free-rent period is provided, monthly rent after such free-rent period expires) stipulated in lease agreements effective as of 30 Sep. 2019.

Financial Indicators

| Title | | Calculations (*) | 28th Period | 29th Period | 30th Period | 31st Period | 32nd Period |
|---|-------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| ① Ordinary profit to total assets | % | $B \div \{ (D + E) \div 2 \}$ | 0.9 | 0.9 | 1.0 | 1.0 | 1.3 |
| ② (Annualized) | % | | (1.8) | (1.9) | (2.0) | (2.0) | (2.6) |
| ③ Net income to net assets ratio | % | $C \div \{ (F + G) \div 2 \}$ | 2.1 | 2.1 | 2.2 | 2.2 | 2.8 |
| ④ (Annualized) | % | | (4.3) | (4.1) | (4.3) | (4.5) | (5.7) |
| ⑤ Term-end net assets to total assets ratio | % | $G \div E$ | 45.8 | 45.8 | 45.7 | 45.6 | 48.1 |
| ⑥ Term-end interest-bearing liabilities to total assets ratio | % | $H \div E$ | 49.7 | 49.7 | 49.5 | 49.4 | 46.9 |
| ⑦ NOI (Net operating income) | million yen | $A + I + K$ | 3,687 | 3,653 | 3,610 | 3,681 | 3,845 |
| ⑧ FFO (Funds from operation) | million yen | $C + I + K - J$ | 2,651 | 2,693 | 2,682 | 2,744 | 2,806 |

(*) Reference

(Unit : million yen)

| Title | Period | 28th Period | 29th Period | 30th Period | 31st Period | 32nd Period |
|--|--------|-------------|-------------|-------------|-------------|-------------|
| A Property-related profits and losses | | 2,796 | 2,767 | 2,819 | 2,878 | 2,987 |
| B Ordinary profit | | 1,761 | 1,808 | 1,892 | 1,943 | 2,607 |
| C Net income | | 1,760 | 1,807 | 1,891 | 1,941 | 2,606 |
| D Total assets at beginning of period | | 191,258 | 192,290 | 190,209 | 190,752 | 191,231 |
| E Total assets at end of period | | 192,290 | 190,209 | 190,752 | 191,231 | 201,445 |
| F Net assets at beginning of period | | 76,770 | 87,995 | 87,042 | 87,126 | 87,176 |
| G Net assets at end of period | | 87,995 | 87,042 | 87,126 | 87,176 | 96,800 |
| H Interest-bearing liabilities at end of period | | 95,500 | 94,500 | 94,500 | 94,500 | 94,500 |
| I Depreciation and amortization | | 890 | 885 | 790 | 802 | 845 |
| J Gain and loss on sale of real estate | | — | — | — | — | 658 |
| K Loss on retirement of fixed assets | | — | — | 0 | 0 | 12 |

<Reference> LTV reflecting term-end portfolio appraisals

① to ⑥: million yen ⑦: %

| Title | Period | 28th Period | 29th Period | 30th Period | 31st Period | 32nd Period |
|---|--------|-------------|-------------|-------------|-------------|-------------|
| ① Appraisal value at end of period | | 199,610 | 199,080 | 199,550 | 204,780 | 217,890 |
| ② Book value at end of period | | 174,708 | 174,223 | 173,890 | 173,596 | 182,226 |
| ③ (① - ②) | | 24,901 | 24,856 | 25,659 | 31,183 | 35,663 |
| ④ Total assets at end of period | | 192,290 | 190,209 | 190,752 | 191,231 | 201,445 |
| ⑤ (③ + ④) | | 217,192 | 215,065 | 216,412 | 222,415 | 237,109 |
| ⑥ Interest-bearing liabilities at end of period | | 95,500 | 94,500 | 94,500 | 94,500 | 94,500 |
| ⑦ LTV (⑥/⑤) | | 44.0 | 43.9 | 43.7 | 42.5 | 39.9 |

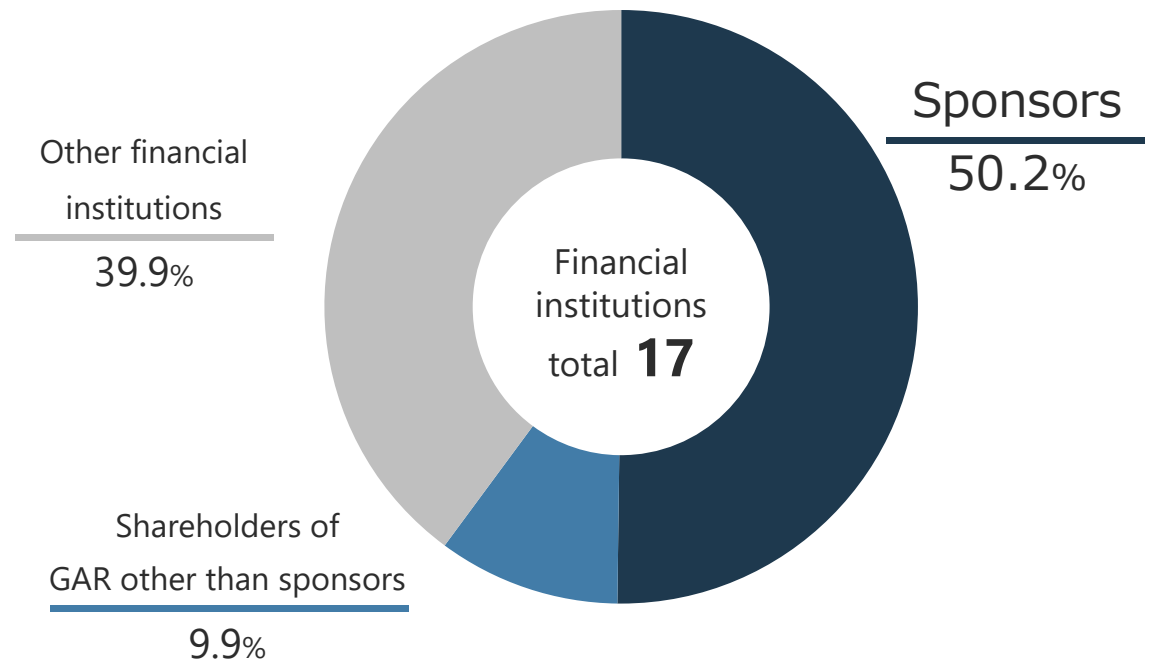
Loans and Rating of Investment corporation bonds (as of 30 September 2019)

■ Stabilized bank formation with a focus on the sponsor banks

■ JCR Rating: AA— Stable

Balance by Lender

| Lender | UPB (million yen) | Share |
|---|----------------------|---------------|
| ● MUFG Bank, Ltd. | 32,400 | 42.9% |
| ● Development Bank of Japan Inc. | 13,500 | 17.9% |
| ● Meiji Yasuda Life Insurance Co. | 5,500 | 7.3% |
| ● Sumitomo Mitsui Banking Corp. | 5,250 | 7.0% |
| ● The Bank of Fukuoka, Ltd. | 4,750 | 6.3% |
| ● The Norinchukin Bank | 2,600 | 3.4% |
| ● The Iyo Bank, Ltd. | 2,300 | 3.0% |
| ● The 77 Bank, Ltd. | 1,500 | 2.0% |
| ● The Hyakugo Bank, Ltd. | 1,500 | 2.0% |
| ● The Nanto Bank, Ltd. | 1,400 | 1.9% |
| ● The Ashikaga Bank, Ltd. | 1,000 | 1.3% |
| ● ORIX Bank Corp. | 1,000 | 1.3% |
| ● Sompo Japan Nipponkoa Insurance Inc. | 800 | 1.1% |
| ● The Joyo Bank, Ltd. | 500 | 0.7% |
| ● The Daishi Bank, | 500 | 0.7% |
| ● Higashi Nippon Bank, Ltd. | 500 | 0.7% |
| ● Tokio Marine & Nichido Fire Insurance Co., Ltd. | 500 | 0.7% |
| Total | 75,500 | 100.0% |



Rating of Investment corporation bonds

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

Breakdown of Interest-bearing Liabilities ①

Breakdown of Loans (as of 30 September 2019)

All loans are unsecured / unguaranteed.

All loans are repaid in one bullet payment on the repayment-due date.

| Loan type | Lender | UPB (million yen) | Drawdown date | Average Interest rate (%)(*) | Repayment-due date | Financing term |
|-----------------|--|----------------------|------------------|---------------------------------|----------------------------|-------------------|
| Long-term loans | MUFG Bank, Ltd., 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 (33rd Period) | 5.0 years |
| | MUFG Bank, Ltd. and Development Bank of Japan Inc. | 1,500 | 18 Oct. 2012 | 1.37322 Fixed | 30 Sep. 2020 (34th Period) | 8.0 years |
| | Meiji Yasuda Life Insurance Co. | 1,000 | 31 Jan. 2013 | 1.41807 Fixed | 30 Sep. 2020 (34th Period) | 7.7 years |
| | MUFG Bank, Ltd., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., and The 77 Bank, Ltd. | 4,750 | 30 Mar. 2018 | 0.29543 Floating | 31 Mar. 2021 (35th Period) | 3.0 years |
| | MUFG Bank, Ltd., 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 Tokio Marine & Nichido Fire Insurance Co., Ltd. | 6,000 | 31 Mar. 2017 | 0.59544 Fixed | 31 Mar. 2022 (37th Period) | 5.0 years |
| | MUFG Bank, Ltd., The Bank of Fukuoka, Ltd., Meiji Yasuda Life Insurance Co. and The Iyo Bank, Ltd. | 5,000 | 30 Sep. 2015 | 0.92968 Fixed | 30 Sep. 2022 (38th Period) | 7.0 years |
| | MUFG Bank, Ltd., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., and The 77 Bank, Ltd. | 4,750 | 30 Mar. 2018 | 0.39543 Floating | 31 Mar. 2023 (39th Period) | 5.0 years |
| | MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd., The Nanto Bank, Ltd., The 77 Bank and The Ashikaga Bank, Ltd. | 6,000 | 28 Sep. 2018 | 0.66849 Fixed | 29 Sep. 2023 (40th Period) | 5.0 years |
| | MUFG Bank, Ltd., Meiji Yasuda Life Insurance Co., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corp. and The Bank of Fukuoka, Ltd. | 10,500 | 24 Mar. 2017 | 0.77756 Fixed | 29 Mar. 2024 (41st Period) | 7.0 years |
| | Development Bank of Japan Inc. | 5,000 | 29 Sep. 2017 | 0.75558 Fixed | 30 Sep. 2024 (42nd Period) | 7.0 years |
| | MUFG Bank, Ltd. | 500 | 30 Sep. 2019 | 0.41940 Fixed | 30 Sep. 2024 (42nd Period) | 5.0 years |
| | Development Bank of Japan Inc. | 3,500 | 28 Feb. 2018 | 0.79131 Fixed | 31 Mar. 2025 (43rd Period) | 7.1 years |
| | MUFG Bank, Ltd., The Hyakugo Bank, Ltd. | 3,000 | 30 Sep. 2019 | 0.48947 Fixed | 30 Sep. 2025 (44th Period) | 6.0 years |
| | MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corp., The Iyo Bank, Ltd. ORIX Bank Corp. | 4,000 | 30 Sep. 2019 | 0.56580 Fixed | 30 Sep. 2026 (46th Period) | 7.0 years |
| | MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corp., Meiji Yasuda Life Insurance Co., The Norinchukin Bank | 5,000 | 29 Mar. 2019 | 0.74394 Fixed | 31 Mar. 2027 (47th Period) | 8.0 years |
| | MUFG Bank, Ltd., Sumitomo Mitsui Banking Corp., The Bank of Fukuoka, Ltd. | 3,000 | 30 Sep. 2019 | 0.64971 Fixed | 30 Sep. 2027 (48th Period) | 8.0 years |
| | MUFG Bank, Ltd., Development Bank of Japan Inc., Meiji Yasuda Life Insurance Co. | 3,000 | 30 Sep. 2019 | 0.82485 Fixed | 28 Sep. 2029 (52nd Period) | 10.0 years |
| Total | | 75,500 | | | | |

(*) "Average interest rate" represents the weighted average interest rate during the fiscal period.

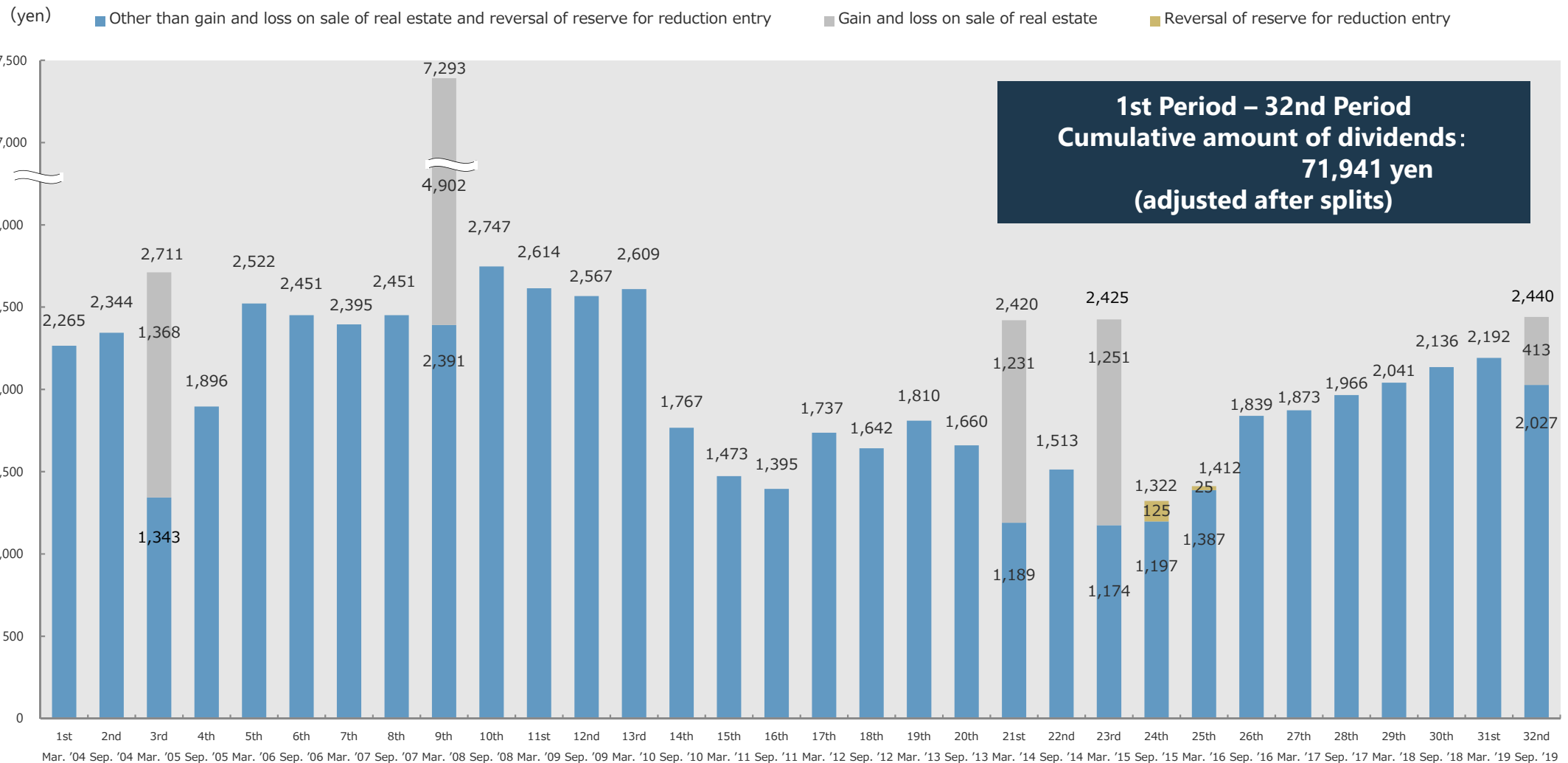
Breakdown of Interest-bearing Liabilities ②

Breakdown of Investment corporation bonds (as of 30 September 2019)

| Bond name (Term) | Balance (million yen) | Date issues | Coupon rate (%) | Collateral/ Guarantee | Maturity date | Redemption method (*) | Use of funds | Covenants | Notes |
|----------------------------|--------------------------|--------------|-----------------------|--------------------------|-------------------------------|------------------------------------|--|--------------------|----------------------------------|
| Series No.12 (3 years) | 2,000 | 27 Sep. 2018 | 0.09 | None/ None | 27 Sep. 2021 (36th Period) | Bullet maturity amortization | Redemption of the Series No.6 unsecured bonds | Negative pledge | Pari Passu clause attached |
| Series No.8 (7 years) | 3,000 | 26 Feb. 2015 | 0.56 | None/ None | 25 Feb. 2022 (37th Period) | Bullet maturity amortization | Repayment of long-term loans | Negative pledge | Pari Passu clause attached |
| Series No.10 (5 years) | 3,000 | 28 Sep. 2017 | 0.28 | None/ None | 28 Sep. 2022 (38th Period) | Bullet maturity amortization | Redemption of the Series No.4 unsecured bonds | Negative pledge | Pari Passu clause attached |
| Series No.7 (10 years) | 3,000 | 29 Sep. 2014 | 0.86 | None/ None | 27 Sep. 2024 (42nd 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 (47th Period) | Bullet maturity amortization | Redemption of the Series No.5 unsecured bonds | Negative pledge | Pari Passu clause attached |
| Series No.11 (10years) | 2,000 | 28 Sep. 2017 | 0.63 | None/ None | 28 Sep. 2027 (48th Period) | Bullet maturity amortization | Redemption of the Series No.4 unsecured bonds | Negative pledge | Pari Passu clause attached |
| Series No.13 (10 years) | 2,000 | 27 Sep. 2018 | 0.73 | None/ None | 27 Sep. 2028 (50th Period) | Bullet maturity amortization | Redemption of the Series No.6 unsecured bonds | Negative pledge | Pari Passu clause attached |
| Total | 19,000 | | | | | | | | |

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

Actual Dividends



(*1) Dividend per unit, etc. are calculated based on the assumption that the splits of investment unit were implemented.

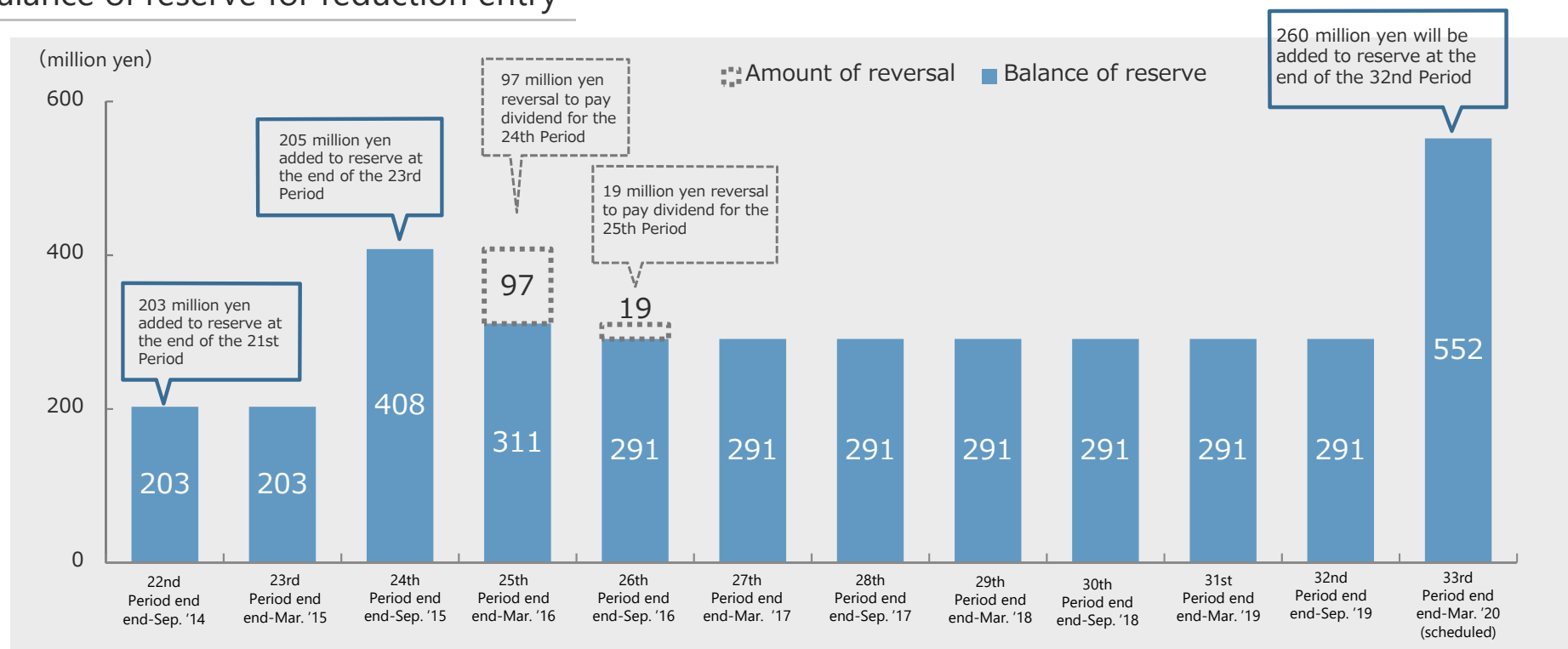
(*2) While calculation of the 1st Period starts on 16 April 2003 and ends on 31 March 2004, the actual operating period started on 26 September 2003 (purchased properties on this date) and ended on 31 March 2004, which totals 188 days, or 6 months and 5 days.

Provision and Reversal of Reserve for Reduction Entry

Securing internal reserves through sale proceeds and tax benefits

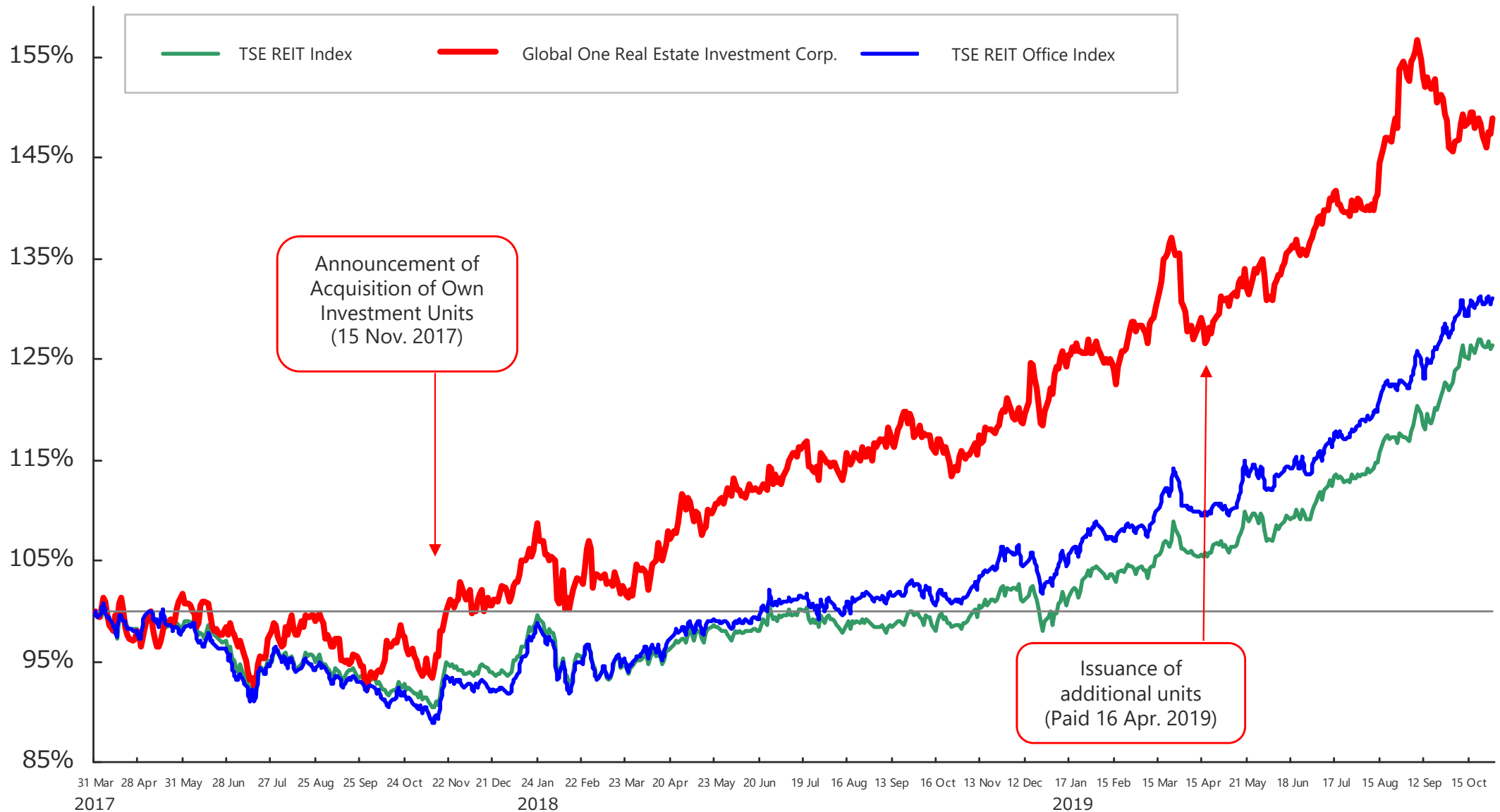
| | 21st Period | 23rd Period | 32nd Period |
|---------------------------------|---|---|----------------------|
| Subject property | Kintetsu Shin-Nagoya Building (Ownership 67%) | Kintetsu Shin-Nagoya Building (Ownership 33%) | Ginza First Building |
| Date of sale | 27 March 2014 | 9 October 2014 | 18 April 2019 |
| Gain on sale (million yen) | 2,382 | 1,175 | 658 |
| Net income (million yen) | 2,079 | 2,085 | 2,606 |
| Internal reserves (million yen) | 203 | 205 | 260 |

Balance of reserve for reduction entry



Performance Compared to Other Indices^① (31 Mar. 2017 – 31 Oct. 2019)

■ The investment unit price has significantly outperformed the index since the previous public offering



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

(*2) The indices deem the closing price on 31 March 2017 (98,250 yen: adjusted after split), the day the issuance of new investment units was disclosed, as 100%.

The closing price on 31 October 2019 was 146,400 yen.

Performance Compared to Other Indices② (25 Sep. 2003 – 31 Oct. 2019)

GOR implemented a two-for-one split of investment units with 1 April 2014 as the effective date, and implemented a four-for-one split of investment units with 1 April 2018 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 Sep. 2003 are 100%.

Global One Real Estate Investment Corp.: assumes the initial offering price of 63,750 yen (adjusted after splits) is 100%.

Performance Including Accumulated Dividends (25 Sep. 2003 – 31 Oct. 2019)



(*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 1 April 2014 as the effective date, and implemented a four-for-one split of investment units with 1 April 2018 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 splits of investment units were implemented.

DealWatch (2019/4/11)

An office REIT Global One Real Estate Investment Corporation ("GOR," TSE Code: 8958) raises funds by issuing new investment units to replace some properties in the portfolio with younger and larger properties, with an aim to achieve external growth and increase NOI.

On April 18, GOR will dispose the real estate trust beneficiary interests in Ginza First Building (Chuo Ward, Tokyo) at 12,600 million yen and will acquire 50% quasi co-ownership in real estate trust beneficiary interests in Hulic Toyosu Prime Square ("Hulic Toyosu", Koto Ward, Tokyo) at 21,000 million yen in a transaction with Fuyo General Lease.

The amount of proceeds from the offering including over-allotment totals approximately 9,200 million yen, which will be allocated towards acquisition price of the new property (net of the transfer price of the transfer property), and towards repayment of loans.

GOR has discussed potential replacement of some properties in the portfolio for the purpose of increasing NOI and expanding the asset size. According to Global Alliance Realty ("GAR"), the asset manager of GOR, "it was intended to carry out transactions in a buy-and-sell style in which more reasonable prices tend to be offered" because GOR may be forced to purchase at a higher price than the actual value when it unilaterally acquires a property, under these circumstances in which market prices of properties located in the Tokyo Metropolitan Area remain high.

This buy-and-sell transaction was offered through a independent channel. The offered price paid well to GOR, and besides, it was determined that acquisition of Hulic Toyosu, the younger property aged 9 years old, the rent of which is lower than those of other buildings located in the same district, would contribute to internal growth with great potential for upward rent revisions. Meanwhile, it is considered difficult to improve NOI of Ginza First Building as the repair of this 20-year-old building will become increasingly costly.

Book value-based LTV will be lowered to 47.1%, from 49.5% as of the end of September 2018, owing to an increase in internal reserves and the public offering. GOR managed to secure financial flexibility as the asset manager said, "LTV can be maintained at 50% or lower even after an acquisition worth 10,000 million yen or cheaper is to be financed by debt only, should the equity market conditions worsen."

During the roadshow in which GAR visited more than 40 investors from April 2 to 5, some of them questioned the reason as to why GOR decided to sell the property located in Ginza, a prestigious area in Tokyo. However, "a large majority of the investors was satisfied" with the GOR's explanation about its aim of the asset replacement, according to a bookrunner. The acquisition price of Hulic Toyosu was also deemed appropriate by the investors.

While it is not directly related to the acquisition and transfer, investors also highly appreciated GOR's agreement on conclusion of a lease agreement with a new tenant at TK Minami-Aoyama Building (Minato Ward, Tokyo) at a rent which is more than 15% higher than that of the current tenant. The current core tenant will leave the property in October this year.

The originally planned tranche split between institutional and retail investors was 55:45; however, the final tranche split was 60:40 due to strong demand indicated by institutional investors. The total demand compared to the offering size was 11x oversubscribed, with the institutional and retail tranches oversubscribed at 14x and 7x, respectively.

By Yasunori Fukui of DealWatch / Refinitiv)

CapitalEye (2019/4/11)

The marketing period of the public offering of Global One Real Estate Investment Corporation ("GOR") ended on April 5. The transaction review is as follows. The deal was launched when the unit price began to show an upward trend after the completion of the tenant replacement at TK Minami-Aoyama Building ("TK Minami-Aoyama"). GOR decided to acquire 50% quasi co-ownership interest in Hulic Toyosu Prime Square ("Hulic Toyosu") and transfer Ginza First Building through a transaction with Fuyo General Lease, and the difference of 8,885 million yen will be raised through this offering. While the number of assets in the portfolio will be unchanged at 11 before and after the offering, the asset size will increase from 182.4 billion yen to 191.1 billion yen.

On March 15, 2019, GOR announced the lease termination based on the cancellation of agreement with Tokyu Land Corporation ("Tokyu Land"), the current tenant of the entire property of TK Minami-Aoyama, as well as the agreement to conclude a lease agreement with a new tenant at a rent per month that will increase by 15% or more compared to that of the current tenant. While the name of the new tenant is not disclosed, GOR will conclude a 10-year fixed-term building lease agreement on the next day of the cancellation date of the current lease agreement. Rent for rent-free period can be compensated by the cancellation fee revenues to be received from Tokyu Land, which notified its intention to cancel the agreement before its expiry in March 2018. GOR's next move has been the center of attention because this property accounts for 10% of its portfolio. The news release was favorably received by the market, after which GOR's investment unit price reached 134,800 yen on March 25, the highest price in 10 years.

Tranche split between retail and institutional investors is 40:60. The portion of this small-scale offering allocated to institutional investors was originally 55% and then increased by 5% given demand indicated during the bookbuilding period. The deal was more than 11x oversubscribed, 7x and 14x at the retail and institutional tranches, respectively. A person involved in the deal said, "the deal has good reason to gain popularity as all possible positive factors are included in this deal: a small-sized deal, anticipated higher prices of offices in the Tokyo Metropolitan Area, DPU increase and rent increase in the flagship property with no downtime."

The issuer visited more than 40 investors during the 4-day roadshow held from April 2 to 5. Contrary to the positive views on the series of measures relating to TK Minami-Aoyama, investors showed surprise at GOR's decision to sell the building in Ginza and buy a property in Toyosu. GOR explained that Hulic Toyosu meets GOR's investment policy of acquiring "Closer, Newer and Larger" properties as well as about potential burden of increased repair costs for Ginza First Building, which is now 20 years old.

The acquisition price of Hulic Toyosu is 21,000 million yen, which is 11% below the appraisal value of 23,700 million yen. NOI yield on an appraisal basis and that after depreciation is 4.3% and 3.6%, respectively. The transfer price of Ginza First Building is 12,600 million yen, which exceeds the book value by 750 million yen. Global Alliance Realty ("GAR") said, "It can be acquired on favorable terms because the transaction is conducted in a buy-and-sell style" and a connection with Fuyo General Lease was "built leveraging industry pipeline." A certain bookrunner mentioned that "some investors were impressed with the fact that GOR figured out how to achieve external growth this way," despite the fact that J-REITs not affiliated with a developer often face difficulties with acquisition.

GOR upwardly revised the DPU forecast for the fiscal period ending September 30, 2019 by 10.5%, owing to the public offering and the asset replacement. The stabilized level of DPU increase is estimated at 4.2%, considering the internal growth backed by the rent gap. According to GAR, "Though GOR tries to close the rent gap by increasing rent at every contract renewal, the gap has not been filled yet as the market prices are also increasing." Its DPU growth rate is much larger than 2%, the average DPU growth in a J-REIT follow-on offering.

Book value-based LTV is to be lowered from 49.5% to 47.1% since all funds for acquisition are raised through equity financing, which will generate 11,600 million yen of acquisition capacity (with maximum LTV being 50%). GAR took pride in GOR's ability to achieve more than 4% DPU increase despite the full-equity-financing and to demonstrate its strong growth potential. Meanwhile, some international investors complained about the decline in equity value and pointed out the need for asset replacement that will lower LTV.

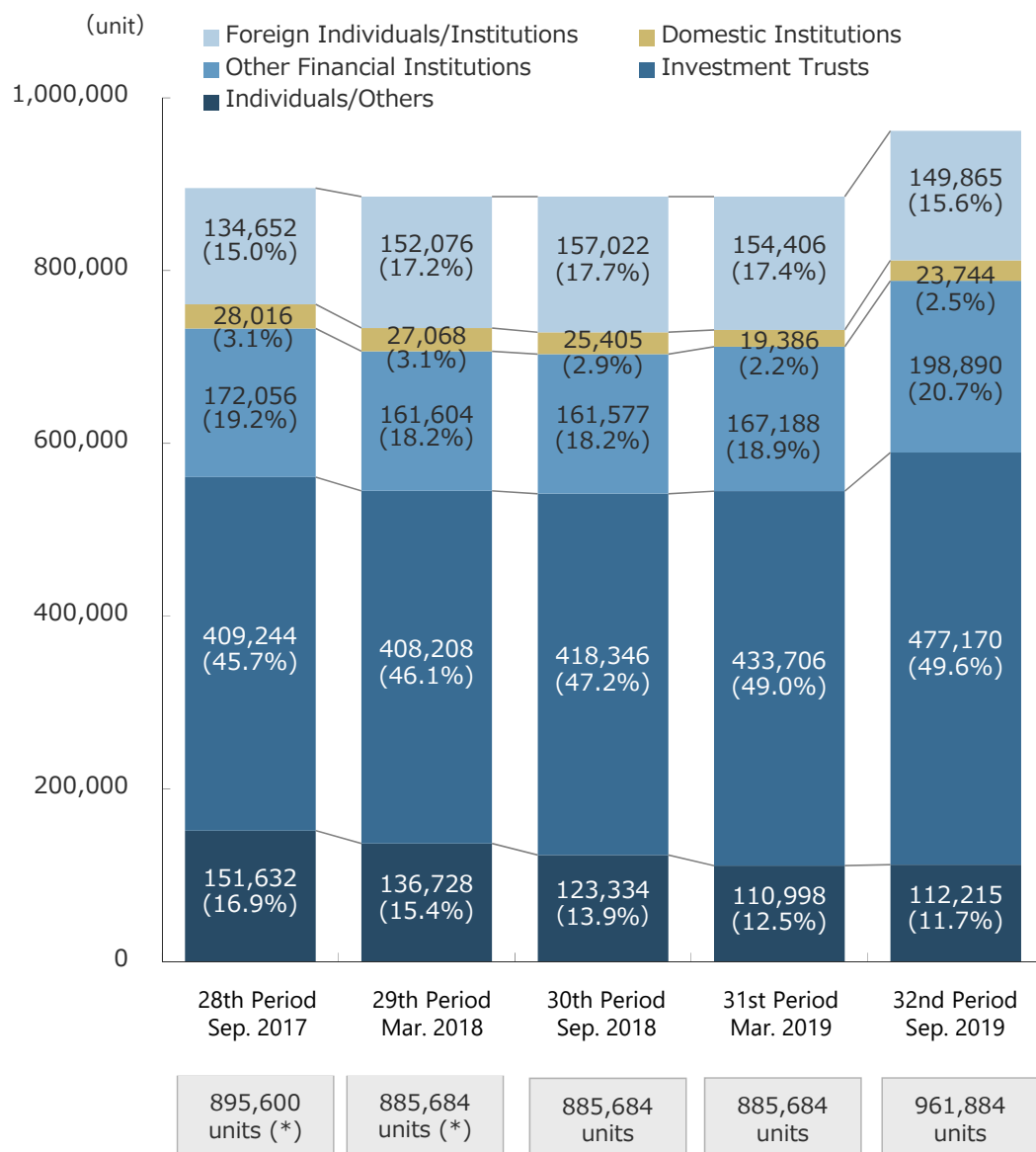
Nomura Securities is selected as one of the bookrunners this time, replacing Daiwa Securities acting as a bookrunner in the previous deal, for the reason that "the equity story proposed by Nomura was highly thoughtful and suggestive," according to GAR. The proposed equity story including a higher ratio of proceeds allocated to property acquisition than ordinary REIT offerings to lower LTV and a target of increasing market capitalization to aim to be a constituent of global REIT indices met the issuer's needs.

NAV per unit after the offering is to be 127,185 yen, representing NAV multiple of about 1x. The investment unit price declined by 2.8% during the period from launch to pricing. The closing price on April 11 was 126,300 yen, 0.47% (600 yen) higher than that of the previous day.

By Nagisa Ikebe of CAPITAL EYE News

Unitholder Segment, Top 10 Unitholders (as of 30 September 2019)

of units by unitholder segment



Top 10 Unitholders

| | Name of unitholders | # of units held | Percentage to the total number of units issued (%) (*) |
|----|--|-----------------|--|
| 1 | The Master Trust Bank of Japan Ltd. (Trust Acc.) | 249,230 | 25.91 |
| 2 | Japan Trustee Services Bank, Ltd. (Trust Acc.) | 206,278 | 21.44 |
| 3 | Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acc.) | 47,445 | 4.93 |
| 4 | The Nomura Trust and Banking co., Ltd. (Investment Trust Acc.) | 46,416 | 4.82 |
| 5 | Rakuten General Insurance Co., Ltd. | 16,780 | 1.74 |
| 6 | STATE STREET BANK WEST CLIENT - TREATY 505234 | 14,989 | 1.55 |
| 7 | DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO | 12,815 | 1.33 |
| 8 | SSBTC CLIENT OMNIBUS ACCOUNT | 11,666 | 1.21 |
| 9 | JP MORGAN CHASE BANK 385771 | 9,224 | 0.95 |
| 10 | JPMorgan Securities Japan Co., Ltd. | 8,014 | 0.83 |
| | Total | 622,857 | 64.75 |

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

(*) GOR implemented a four-for-one split of investment units with 1 April 2018 as the effective date. The figures before the 29th Period are adjusted for the investment unit split.

Global Alliance Realty Co., Ltd.

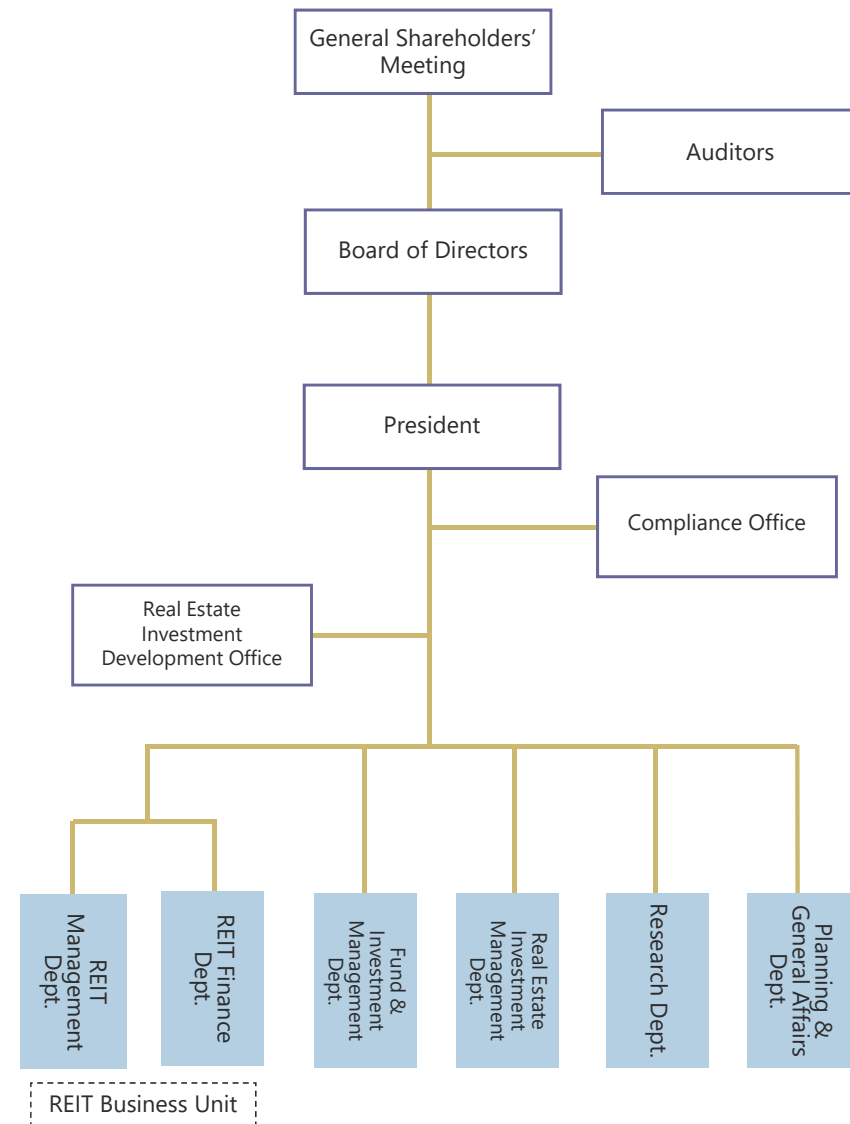
("GAR") is a licensed financial instruments business operator with registration No. 322 granted by the Director-General of the Kanto Local Finance Bureau, a member of the Investment Trusts Association, Japan and a member of Japan Securities Investment Advisers Association.

Representative: President Kenji Kojo
Location of Headquarters: 4-1 Kojimachi, Chiyoda-ku, Tokyo
Incorporation: 1 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 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 31 October 2019)

| 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 | | | | | | | | | |
| 1 | Meiji Yasuda Life Insurance Company | ○ | 800 | 10.0% | ○ (General Manager, Real Estate Investment Dept.) | 2 | Executive Officer, REIT Management Dept. Assistant Manager, Real Estate Investment Management Dept. | ○ | 5,500 |
| 2 | Diamond Athletics, Ltd. | | 392 | 4.9% | | | | | |
| Mitsubishi UFJ Financial Group | | | | | | | | | |
| 3 | MUFG Bank, Ltd. | ○ | 400 | 5.0% | ○ (Executive Officer & Managing Director, Head of Solution Products Division.) | 1 | General Manager, REIT Finance Dept. | ○ | 32,400 |
| 4 | Mitsubishi UFJ Trust and Banking Corporation | ○ | 400 | 5.0% | ○ (Executive Officer & Joint General Manager, Real Estate Business Office, Corporate Business Planning Division) | 1 | Assistant Manager, REIT Finance Dept. | ○ | |
| 5 | Mitsubishi UFJ Lease & Finance Company Limited | | 392 | 4.9% | | | | | |
| Kintetsu Group | | | | | | | | | |
| 6 | Kintetsu Group Holdings Co., Ltd. | ○ | 800 | 10.0% | ○ (Officer, Corporate Strategy Division, Tokyo Office, Nagoya Office and Taipei Office) | 1 | Assistant Manager, Real Estate Investment Development Office. | | |
| 7 | Kintetsu Insurance Service Co., Ltd. | | 392 | 4.9% | | | | | |
| 8 | Mori Building Co., Ltd. | | 800 | 10.0% | | | | | |
| 9 | Morikiyo Co., Ltd. | | 392 | 4.9% | | | | | |
| 10 | Mitsubishi Research Institute, Inc. | | 304 | 3.8% | | | | | |
| 11 | Sompo Japan Nipponkoa Insurance Inc. | | 304 | 3.8% | | | | ○ | 800 |
| 12 | The Hachijuni Bank, Ltd. | | 304 | 3.8% | | | | ○ | |
| 13 | The Joyo Bank, Ltd. | | 304 | 3.8% | | | | ○ | 500 |
| 14 | The Ashikaga Bank, Ltd. | | 304 | 3.8% | | | | ○ | 1,000 |
| 15 | Shizuoka Bank Limited | | 304 | 3.8% | | | | ○ | |
| 16 | The Chiba Bank, Ltd. | | 304 | 3.8% | | | | ○ | |
| 17 | The Hyakugo Bank, Ltd. | | 304 | 3.8% | | | | ○ | 1,500 |
| 18 | The Yamagata Bank, Ltd. | | 160 | 2.0% | | | | | |
| 19 | The Juroku Bank, Ltd. | | 160 | 2.0% | | | | | |
| 20 | Nanto Bank, Ltd. | | 160 | 2.0% | | | | ○ | 1,400 |
| 21 | The Hyakujushi Bank, Ltd. | | 160 | 2.0% | | | | ○ | |
| 22 | The Iyo Bank, Ltd. | | 160 | 2.0% | | | | ○ | 2,300 |
| Total | | | 8,000 | 100.0% | | 5 | | | 45,400 |

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

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