

Global One Real Estate Investment Corp.

Summary of Financial Results for the Six-Month Period Ended March 2023

18 May 2023

REIT Issuer:	Global One Real Estate Investment Corp.
Stock Exchange Listing:	Tokyo Stock Exchange
Securities code:	8958
Website:	https://www.go-reit.co.jp/en/
Representative:	Akio Uchida, Executive Director
Asset Manager:	Global Alliance Realty Co., Ltd.
Representative:	Kazunori Yamauchi, President
Contact:	Gen Yamazaki, General Manager REIT Finance Department Tel: +81-3-3262-1494
Scheduled date for filing of securities report:	27 June 2023
Scheduled date for dividends payments:	15 June 2023
Explanatory material to be prepared:	Yes
Analyst meeting to be convened:	Yes

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

1. Financial summary for the six-month period ended March 2023 (1 October 2022 – 31 March 2023)

(1) Earning Position

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended March 2023	6,664	17.1	3,341	24.7	2,924	27.5	2,923	27.5
Six-month period ended Sept 2022	5,691	0.6	2,679	1.3	2,293	1.7	2,292	1.7

	Net income per unit	Ratio of net income to net assets	Ordinary profit to total assets	Ordinary profit to operating revenue
	Yen	%	%	%
Six-month period ended March 2023	2,935	2.9	1.4	43.9
Six-month period ended Sept 2022	2,415	2.4	1.2	40.3

(Note) Net income per unit is calculated by dividing net income by the weighted average number of investment units based on the number of days (948,996 units for the six-month period ended September 2022 and 996,131 units for the six-month period ended March 2023).

(2) Dividend distributions

	Dividend per unit (excluding dividends in excess of profit)	Total dividends (excluding dividends in excess of profit)	Dividend in excess of profit per unit	Total dividends in excess of profit
	Yen	Million yen	Yen	Million yen
Six-month period ended March 2023	2,860	2,925	—	—
Six-month period ended Sept 2022	2,426	2,302	—	—

	Payout ratio	Dividend ratio to net assets
	%	%
Six-month period ended March 2023	100.0	2.8
Six-month period ended Sept 2022	100.4	2.4

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

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

(*2) Dividend for the six-month period ended September 2022 is calculated by adding reversal of reserve for reduction entry (9 million yen) to unappropriated retained earnings, and dividing the amount by the number of investment units issued.

(*3) Dividend for the six-month period ended March 2023 is calculated by adding reversal of reserve for reduction entry (1 million yen) to unappropriated retained earnings, and dividing the amount by the number of investment units issued.

(3) Financial position

	Total assets	Net assets	Net assets to total assets	Net assets per unit
	Million yen	Million yen	%	Yen
Six-month period ended March 2023	209,923	103,449	49.3	101,141
Six-month period ended Sept 2022	198,847	95,212	47.9	100,330

(4) Cash flows

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Six-month period ended March 2023	9,342	-17,893	7,687	9,409
Six-month period ended Sept 2022	3,163	-307	-2,309	10,272

2. Earnings forecasts for the six-month period ending September 2023 (1 April 2023 – 30 September 2023) and earnings forecasts for the six-month period ending March 2024 (1 October 2023 – 31 March 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ending Sept 2023	7,252	8.8	3,740	11.9	3,311	13.2	3,310	13.2
Six-month period ending March 2024	7,216	-0.5	3,796	1.5	3,361	1.5	3,360	1.5

	Dividend per unit (excluding dividends in excess of profit)	Dividend in excess of profit per unit
	Yen	Yen
Six-month period ending Sept 2023	3,038	—
Six-month period ending March 2024	2,959	—

(Reference)	Six-month period ending Sept 2023	Six-month period ending March 2024
Projected net income per unit	3,236 yen	3,285 yen

(*) Dividend per unit is calculated on the premise that the amount remaining after deducting the reserve for reduction entry (203 million yen for the six-month period ending September 2023 and 334 million yen for the six-month period ending March 2024) from net income will be distributed.

*Others

- | | | |
|---|-----------|------|
| (1) Changes in accounting policies, changes in accounting estimates and restatements of revisions | | |
| (a) Changes in accounting policies due to amended Accounting Standards | | None |
| (b) Changes in accounting policies due to other factors | | None |
| (c) Changes in accounting estimates | | None |
| (d) Restatements of revisions | | None |
| (2) Number of units issued and outstanding | | |
| (a) Number of units issued and outstanding at the end of the period (including own units): | | |
| For the six-month period ended March 2023 | 1,022,826 | |
| For the six-month period ended September 2022 | 948,996 | |
| (b) Number of own units at the end of the period: | | |
| For the six-month period ended March 2023 | 0 | |
| For the six-month period ended September 2022 | 0 | |

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

* Special notes

(Forward-looking Statements)

Forward-looking statements in this presentation (i.e., earnings forecasts) are based on information currently available and certain assumptions GOR believes reasonable. Actual results may differ materially from the forward-looking statements in this presentation due to various factors. The forecasts contained in this document are "current" as of the date of this release, based on the assumptions on page 10 ("Assumptions underlying earnings forecasts for the six-month period ending September 2023 (the 40th Period) and the six-month period ending March 2024 (the 41st Period)"). Actual results (i.e., operating revenue, operating profit, ordinary profit, net income, dividend per unit) may differ depending on various factors. The forecasts do not guarantee the amounts of future dividends.

1. Operation results

(1) Operation results

I. Overview of the six-month period ended March 2023 (the "39th Period")

A. Historical background

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

GOR has completed its accounting closing for the 39th Period.

B. Investment environment and operation results

<Investment environment>

In the 39th Period, the Japanese economy gradually recovered although some weaknesses were seen.

In Tokyo's office building rental market, vacancies that were eliminated due to relocations for upgrading and locational improvement and relocations for the purpose of office expansion exceeded the vacancies that newly occurred as a result of floor reduction and integration, resulting in a decline in vacancy rates for the first time in approximately three years. However, the small volume of new supply had a significant impact, and office demand is yet to recover. More companies intend to improve their office environment in order to promote work attendance and prevent turnover, but the area used per single tenant is decreasing. Such decrease has caused the stagnation of the elimination of vacancies.

In the office building transaction market, even in a phase of global interest rate hikes, the investment appetite of investors remains robust. Since information on Class A office buildings for sale is limited, the environment of property acquisitions is still severe and transaction prices remain high.

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

<Operation results>

(a) Acquisitions and transfers in portfolio

GOR transferred part of Otemachi First Square (25% of co-ownership in trust beneficial interests in real estate, transfer price: 6,750 million yen) on 6 December 2022 and acquired THE PEAK SAPPORO (acquisition price: 17,000 million yen) on 7 December 2022 as outlined in the next page.

<Summary of the transfer>

Name of building	Otemachi First Square
Location (Residence indication)	1-5-1, Otemachi, Chiyoda-ku, Tokyo
Land area (*1)	Total land area: 10,998.97 sqm Of which, the area of the subject parcel of land: 1,088.61 sqm
Floor area (*1)	Total floor area of the entire building: 141,228.06 sqm Floor area of subject section: 9,235.43 sqm
Transferred asset	Trust beneficial interests Land : Ownership (3 of the 7 parcels of the total land area) Building: Sectional ownership and co-ownership of sectional ownership 1st transfer 25 % 2nd transfer 30 % 3rd transfer 30 % 4th transfer 10 % 5th transfer 5 %
Contract date	24 October 2022
Dates of transfer	1st transfer 6 December 2022 2nd transfer 25 September 2023 (scheduled) 3rd transfer 25 March 2024 (scheduled) 4th transfer 25 September 2024 (scheduled) 5th transfer 23 October 2024 (scheduled)
Transfer price (*2)	Total 27,000 million yen 1st transfer 6,750 million yen 2nd transfer 8,100 million yen (scheduled) 3rd transfer 8,100 million yen (scheduled) 4th transfer 2,700 million yen (scheduled) 5th transfer 1,350 million yen (scheduled)
Material impact on earnings	888 million yen of gain on sale of real estate was recorded as operating revenue during the six-month period ended March 2023. 1,108 million yen of gain on sale of real estate will be recorded as operating revenue during the six-month period ending September 2023.
Transferee	DAIBIRU CORPORATION

(*1) "Land area" and "floor area" are shown based on the registration, unless otherwise stated.

(*2) The transfer price represents the prices described in the purchase agreement, excluding related expenses, settlement amount of property tax and city planning tax, consumption tax and local consumption tax.

<Summary of the asset acquired>

Name of building	THE PEAK SAPPORO	
Type of specified assets	Trust beneficial interests in real estate	
Location (Indication of registered building)	3-23-1, Kita-Jujo-Nishi, Kita-ku, Sapporo City, Hokkaido	
Land (*1)	Ownership	Ownership (Trust beneficial interests)
	Land area	2,549.13 sqm
Building (*1)	Ownership	Ownership (Trust beneficial interests)
	Use	Office and retail
	Floor area	12,823.15 sqm
	Year built	June 2021
	Structure	9-story plus 1 basement level S with flat roof
Contract date	24 October 2022	
Acquisition price (*2)	17,000 million yen	
Seller	Fuyo General Lease Co., Ltd.	

(*1) "Land area", "use", "floor area", "year built" and "structure" are shown based on the registration, unless otherwise stated.

(*2) The acquisition price represents the prices described in the purchase agreement, excluding related expenses, settlement amount of property tax and city planning tax, consumption tax and local consumption tax.

(Reference)

GOR acquired Global One Nagoya Fushimi (former name: Tomatsu Building) (acquisition price: 17,300 million yen) on 28 April 2023.

(b) Portfolio performance

As of 31 March 2023, the GOR portfolio includes 12 office buildings. The total acquisition price accounts for 202,320 million yen with a total leasable area of 140,553.41 sqm. The overall occupancy rate of the GOR portfolio stands at 96.3% as of the end of the 39th Period.

C. Financing activities

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

During the period under review, GOR issued new investment units in December 2022 and allocated the procured funds to part of the funds used to acquire THE PEAK SAPPORO and Global One Nagoya Fushimi. The payment date for the new investment units (70,330 units) issued through primary offering was 5 December 2022, and that for the new investment units (3,500 units) issued through third-party allotment was 22 December 2022. In addition, GOR borrowed 2,400 million yen on 7 December 2022.

Furthermore, GOR borrowed 4,750 million yen on 31 March 2023 to execute repayment of existing loans of 4,750 million yen due for repayment on 31 March 2023.

As of 31 March 2023, unitholders' capital (net amount) is 100,016 million yen, the total number of units issued and outstanding is 1,022,826, the unpaid loan balance is 77,900 million yen, and the total balance of investment corporation bonds issued and outstanding is 18,700 million yen.

GOR's credit rating status as of 31 March 2023 is as follows:

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

D. Financial results and dividend distributions

GOR recorded operating revenue of 6,664 million yen, operating profit of 3,341 million yen, ordinary profit of 2,924 million yen, and net income of 2,923 million yen for the 39th Period.

Regarding dividends, while anticipating the application of tax exemption (under Article 67-15 of the Act on Special Measures Concerning Taxation) that will allow profit distributions to become tax deductible, GOR decided to distribute 2,925 million yen, which is the amount of unappropriated retained earnings after adding 1 million yen of reversal of reserve for reduction entry. As a result, dividend per unit is 2,860 yen.

II. Outlook of the next six-month period ending September 2023

A. Basic policies

GOR manages and operates its portfolio properties consisting primarily of real estate and other assets (real estate, leasehold rights to real estate or surface rights or beneficial interests of trusts in which only these assets are entrusted among the assets as set forth in Article 105 paragraph 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations of Japan) for investment purposes in accordance with Articles 2 and 20 of “the Articles of Incorporation” and “Management Target and Policies” provided in its attachment. GOR manages the assets held by GOR (“Assets Under Management”) from a medium- to long-term viewpoint with the aim of achieving steady growth of the Assets Under Management and securing stable income.

GOR and its asset manager GAR together look to realize “maximization of unitholder value”, not only from a real estate investment and asset management perspective but also from a financial management perspective.

B. Portfolio strategies

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

(a) Invest mainly in superior properties that have a competitive edge

GOR recognizes the importance on investing in properties that have medium- to long-term competitiveness, and the factors of “*closer*” (i.e., conveniently situated), “*newer*” (recently built) and “*larger*” (large-sized) are taken into consideration accordingly. However, GOR does not strongly adhere to these factors and conducts investments focusing on the unique competitiveness of properties, taking into account area, location and building.

(b) Continuous expansion of asset size while striking the right balance between the quality of assets and the pace of growth

GOR intends to acquire properties in a continuous manner and expand its asset size for the purpose of realizing sustainable growth and stabilizing revenue based on the premise that it will own the properties over the medium- to long-term in principle, while striking the right balance between the quality of assets and the pace of growth. It must be noted, however, that after acquiring properties, GOR may sell them when it decides that doing so will contribute to achieving “maximization of unitholder value” after comprehensively studying the real estate market and status of such properties and the portfolio.

(c) Seeking to maintain high occupancy rates and maintain or increase rental revenues while at the same time optimizing the balance between the level of the quality of property management and management costs

GOR strives to maintain and build upon relationships of mutual trust with tenants and enhance its services to boost tenant satisfaction, and, by doing so, seeks to maintain high occupancy rates and maintain or increase rental revenues. At the same time, GOR aims to optimize the balance between the level of the quality of property management and management costs, while accurately meeting the needs of tenants.

C. Material matters after the account closing

N/A

D. Earnings forecasts

Earnings for the six-month period ending September 2023 (The 40th Period: 1 April 2023 – 30 September 2023) and the six-month period ending March 2024 (The 41st Period: 1 October 2023 – 31 March 2024) are forecasted as follows:

Concerning assumptions for the 40th Period and the 41st Period, please see the following items: “Assumptions underlying earnings forecasts for the six-month period ending September 2023 (the 40th Period) and the six-month period ending March 2024 (the 41st Period)”.

The main factors expected to contribute to increase or decrease are as follows.

Six-month period ending September 2023 (40th Period: 1 April 2023 to 30 September 2023)

Increasing Factors

- Gain on sale of real estate from partial transfer of Otemachi First Square (220 million yen)
- Property-related profits and losses from acquisition of Global One Nagoya Fushimi (223 million yen)
- Property-related profits and losses from acquisition of THE PEAK SAPPORO (65 million yen)
- Elimination of investment unit issuance costs (26 million yen)

Six-month period ending March 2024 (41st Period: 1 October 2023 to 31 March 2024)

Increasing Factors

- Property-related profits and losses from acquisition of Global One Nagoya Fushimi (53 million yen)

Decreasing Factors

- Gain on sale of real estate from partial transfer of Otemachi First Square (11 million yen)(*)
- Property-related profits and losses from partial transfer of Otemachi First Square (7 million yen)

(*) Gain on sale of real estate is 1,108 million for the 40th Period and 1,096 million yen for the 41st Period.

Earnings forecasts for the six-month period ending September 2023
(The 40th Period: 1 April 2023 – 30 September 2023)

Operating revenue	7,252	million yen
Operating profit	3,740	million yen
Ordinary profit	3,311	million yen
Net income	3,310	million yen
Dividend per unit	3,038	yen
Dividend in excess of profit per unit	–	yen

Earnings forecasts for the six-month period ending March 2024
(The 41st Period: 1 October 2023 – 31 March 2024)

Operating revenue	7,216	million yen
Operating profit	3,796	million yen
Ordinary profit	3,361	million yen
Net income	3,360	million yen
Dividend per unit (*)	2,959	yen
Dividend in excess of profit per unit	–	yen

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

Assumptions underlying earnings forecasts for the six-month period ending September 2023 (the 40th Period) and the six-month period ending March 2024 (the 41st Period)

Items	Assumptions
Accounting period	The 40th Period: 1 April 2023 - 30 September 2023 (183 days) The 41st Period: 1 October 2023 - 31 March 2024 (183 days)
Operating assets	<ul style="list-style-type: none"> • Assumes that GOR will acquire Global One Nagoya Fushimi on 28 April 2023 in addition to the 12 properties it owns as of 31 March 2023, and that it will transfer 30% of Otemachi First Square on 25 September 2023 and 25 March 2024, respectively, without any additional acquisitions or sales until the end of the six-month period ending 31 March 2024. • Notwithstanding the above assumption, estimates may change in the event of a change in the portfolio.
Number of units issued	<ul style="list-style-type: none"> • The number of units that have been issued and outstanding as of 31 March 2023 is 1,022,826 units. • Dividend per unit is calculated based on the above number of units issued, or 1,022,826.
Operating revenue	<ul style="list-style-type: none"> • Rental revenue takes into account various factors (e.g. tenant turnover, market trends, and competition in the neighborhood) and assumes that there will be no arrears or nonpayment of rent by tenants. • Rental revenue is expected to increase with the acquisition of Global One Nagoya Fushimi on 28 April 2023 and the transfer of 30% of Otemachi First Square respectively on 25 September 2023 and 25 March 2024. • Among the operating revenue for the 40th Period and 41st Period, 1,108 million yen and 1,096 million yen of gain on sale of real estate is expected respectively from the transfer of Otemachi First Square.
Operating expenses	<ul style="list-style-type: none"> • Property-related expenses, excluding depreciation and amortization expenses, are calculated reflecting variable factors based on historical data. • Because the amounts of property tax and city planning tax already paid by the seller are included in the acquisition cost of Global One Nagoya Fushimi, they will not be recorded as operating expenses in the 40th Period. However, property tax and city planning tax for this property due in and after the 42nd Period (77 million yen in fiscal 2023, i.e. 38 million yen for six months, excluding depreciated asset tax) will be recorded as operating expenses in the 42nd Period and after. • Property management fees relating to leasing activities are estimated at 649 million yen for the 40th Period and 606 million yen for the 41st Period and tax and public dues at 556 million yen for the 40th Period and 532 million yen for the 41st Period. • Repair and maintenance expenses are estimated at 134 million yen for the 40th Period and 104 million yen for the 41st Period. However, unforeseen emergency repairs may become necessary depending on various factors, and actual repair expenses may exceed the estimates. • Depreciation and amortization expenses, estimated at 962 million yen for the 40th Period and 950 million yen for 41st Period is calculated on a straight-line basis over the holding period. • Operating expenses other than property-related expenses (e.g. management fees, asset custody fees, and agency fees) are estimated at 676 million yen for the 40th Period and 692 million yen for the 41st Period.

Non-operating expenses	<ul style="list-style-type: none"> The total non-operating expenses (e.g. interest expenses) are estimated at 429 million yen for the 40th Period and 434 million yen for the 41st Period.
Borrowings and bonds	<ul style="list-style-type: none"> As of 31 March 2023, GOR has a total of 77,900 million yen in outstanding loans. It is assumed that loans due during the 40th Period and 41st Period excluding the balance of the bridge loan (2.4 billion yen) which is scheduled to be repaid using the proceeds from the transfer of Otemachi will be fully refinanced. GOR borrowed a total of 17,000 million yen in April 2023 from qualified institutional investors as defined in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act, including MUFG Bank, Ltd. 4,600 million yen due during the 40th Period and 6,900 million yen due during the 41st Period are scheduled to be repaid using the proceeds from the transfer of Otemachi. Dividend per unit may change due to unforeseen fluctuations in interest rates. As of 31 March 2023, GOR has a total of 18,700 million yen in outstanding corporate bonds issued. It is assumed the balance of outstanding corporate bonds issued will remain unchanged through the end of the 41st Period (ending 31 March 2024).
Dividend per unit	<ul style="list-style-type: none"> Dividend per unit is calculated in accordance with “Cash Dividend Policies” set forth in the Articles of Incorporation. Dividend per unit may change due to various factors (e.g., change in the portfolio properties, increase or decrease in rent income resulting from tenant relocation, and unforeseen emergency repairs). Assumes that part of the gain on sale from the second transfer (30%) and the third transfer (30%) of Otemachi First Square, transferred in segments across five periods, will be spent in a discretionary manner and to an extent that does not infringe on dividend deductibility requirements prescribed in Article 67-15 of the Act on Special Measures concerning Taxation for reserve for reduction entry of 203 million yen and 334 million yen respectively, in accordance with the “Special Provision on Taxation for Replacement of Specific Property” (Article 65-7 of the Act on Special Measures concerning Taxation) in financial results for the six-month period ending September 2023 and for the six-month period ending March 2024.
Dividend in excess of profit per unit	<ul style="list-style-type: none"> Dividend distributions in excess of profit are not assumed during the 40th Period and the 41st Period at this point in time.
Others	<ul style="list-style-type: none"> Assumes that there will be no material changes that may affect the aforementioned forecasts during these periods in related laws, accounting standards and tax regulations in Japan, TSE listing regulations, and/or rules of the Investment Trusts Association, Japan. Assumes that unforeseen significant changes will not occur in the general economic trends or the real estate markets of Japan.

2. Investment risks

Disclosure is omitted as there are no material changes from “Investment risks” in the most recent annual securities report (submitted for filing on 22 December 2022).