GLP J-REIT

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For Immediate Release

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Announcement of Amendment of Forecast Concerning Operating Status and Distribution for the Fiscal Period Ending February 28, 2017 and Forecast for the Fiscal Period Ending August 31, 2017

GLP J-REIT announces today an amendment to its forecast for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017), which was announced on April 13, 2016 as well as the forecast for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) presented below.

The forecast for the fiscal period ending August 31, 2016 (from March 1, 2016 to August 31, 2016), which was announced on April 13, 2016, has not been amended.

Details

1. Amendment and Announcement of Forecasts Concerning Operating Status and Distribution

(1) Amendment to the forecast concerning operating status and distribution for the fiscal period ending February 28, 2017

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distributions)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distributions)
Previous forecast (A)	12,246	6,287	5,217	5,216	2,011	299	2,310
Amended forecast (B)	13,892	7,319	6,117	6,116	2,143	306	2,449
Increase or decrease (B－A)	+1,645	+1,031	+900	+900	+132	+7	+139
Rate of increase or decrease	+13.4%	+16.4%	+17.3%	+17.3%	+6.6%	+2.3%	+6.0%

(2) Forecast for the fiscal period ending August 31, 2017

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distributions)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distributions)
Fiscal period ending August 31, 2017	14,034	7,241	6,046	6,044	2,118	307	2,425

(Reference)

Fiscal period ending February 28, 2017: Forecast number of investment units issued and outstanding at period-end: 2,853,078 units (2,593,784 units as of the time of the previous announcement)

Fiscal period ending August 31, 2017: Forecast number of investment units issued and outstanding at period-end: 2,853,078 units

(Notes)

1. The tenth fiscal period of GLP J-REIT is from September 1, 2016 to February 28, 2017, and its eleventh fiscal period is from March 1, 2017 to August 31, 2017.
2. The forecasts are calculated based on the assumptions stated in attachment 1:“Assumptions Underlying the Forecasts for the Fiscal Period Ending February 28, 2017 and the Fiscal Period Ending August 31, 2017.” The actual operating revenue, operating income, ordinary income, net income, distributions per unit and optimal payable distributions per unit may vary due to the future acquisition or sale of real estate and other assets, trends in the real estate and other markets, additional issuance of new investment units, changes in other circumstances surrounding GLP J-REIT and other factors. In addition, the forecasts are not intended to guarantee the amount of distributions or optimal payable distributions.
3. GLP J-REIT may revise its forecasts in the event that it expects discrepancies beyond a certain level from the forecast above.
4. Figures are rounded down and percentages are rounded to the nearest decimal place.

2. Reasons for the Amendment

Due to the issuance of new investment units, which was announced today in the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units,” as well as the acquisition of co-ownership interest of trust beneficiary rights pertaining to GLP-MFLP Ichikawa Shiohama, which was announced on June 30, 2016 in the “Notice Concerning Acquisition of Asset,” and the acquisition of assets, which was announced today in the “Notice of Acquisition of Assets and Lease Contract with New Tenants” (hereinafter referred to as the “five assets planned for acquisition”), there were changes in the assumptions that underlie the forecast for the fiscal period ending February 28, 2017, which was announced on April 13, 2016. Therefore, the forecast for the fiscal period ending February 28, 2017 has been amended.

Accordingly, a new forecast was prepared concerning the forecast for the fiscal period ending August 31, 2017 that is based on the above-mentioned changes in assumptions.

<Reference>

For the purpose of illustratively presenting the expected impact of the acquisition of the five assets planned for acquisition among other things, on the management status of GLP J-REIT, GLP J-REIT calculated, on a hypothetical basis, the adjusted management status assuming that the issuance of new investment units and acquisition of the five assets planned for acquisition were not carried out (hereinafter referred to as the "hypothetical results (assuming 58 properties)"), based on assumptions of the forecast for the fiscal period ending August 31, 2017, which was announced today. Such assumptions are set forth in attachment 2: "Comparison of the forecast and the hypothetical results (assuming 58 properties) for the fiscal period ending August 31, 2017."

The purpose of the hypothetical results (assuming 58 properties) is not to estimate income for specified fiscal periods. Hypothetical results (assuming 58 properties) do not in any way represent a forecast of performance, etc., for specified fiscal periods. Please be aware that the actual performance for the fiscal period ending August 31, 2017 and other specified fiscal periods will be different from the hypothetical results (assuming 58 properties). Please refer to attachment 2: "Comparison of the forecast and the hypothetical results (assuming 58 properties) for the fiscal period ending August 31, 2017" for details of the method of calculation of the hypothetical results (assuming 58 properties).

*GLP J-REIT website address: http://www.glpjreit.com

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Attachment 1

Assumptions Underlying the Forecasts for the Fiscal Period Ending February 28, 2017 and the Fiscal Period Ending August 31, 2017

Item	Assumption
Calculation period	10th Fiscal Period (from September 1, 2016 to February 28, 2017) (181 days) 11th Fiscal Period (from March 1, 2017 to August 31, 2017) (184 days)
Portfolio assets	・The forecasts are based on the assumption that GLP J-REIT will possess 63 properties in total through the acquisition of trust beneficiary rights for GLP-MFLP Ichikawa Shiohama, GLP Atsugi II, GLP Yoshimi, GLP Tomiya IV and GLP Fukaehama (the "five assets planned for acquisition") on September 1, 2016, using the funds procured by the issuance of investment units resolved at the meeting of the board of directors of GLP J-REIT held on August 16, 2016, borrowings to be made in September 2016 (defined in "Interest-bearing liabilities" below) and cash on hand, in addition to the trust beneficiary rights for 58 assets which are held by GLP J-REIT as of the end of its 8th fiscal period. The forecasts also assume that there will be no subsequent changes in the portfolio assets (acquisition of a new asset, disposal of a portfolio asset, etc.) through August 31, 2017. In practice, however, changes may arise due to the acquisition of new assets other than the above assets and the disposal of portfolio assets, etc.
Number of outstanding investment units	・The forecasts are based on the assumption that in addition to the 2,593,784 units currently issued and outstanding, 259,294 new investment units will be issued, which is the sum of the new investment units issued through a third-party allotment (upper limit: 11,787 units) and the new units issued through the offering (upper limit: 247,507 units) (investment units to be underwritten and purchased by the domestic underwriters and the international managers in the domestic and overseas offerings and investment units to be additionally issued, which are subject to the right to purchase granted to the international managers), which has been resolved at the meeting of the board of directors held on August 16, 2016.
Interest-bearing liabilities	・The balance of interest-bearing liabilities of GLP J-REIT is 188,830 million yen as of today. ・It is assumed that on September 1, 2016, GLP J-REIT will borrow 38,520 million yen in total from qualified institutional investors as provided in item 1, paragraph 3, Article 2 of the Financial Instruments and Exchange Act (including short term borrowings, hereinafter referred to as the "borrowings to be made in September 2016") and prepay 6,900 million yen of current portion of long-term borrowings due on September 2, 2016 with part of the borrowings to be made in September 2016 as the source of funds. Also, it is assumed that part of the borrowings to be made in September 2016 will be refinanced through borrowings or issuance of investment corporation bonds during the fiscal period ending February 28, 2017. ・It is assumed that GLP J-REIT will prepay 1,220 million yen of current portion of long-term borrowings due on February 28, 2017 at the end of October 2016 using the funds procured by the issuance of investment units by way of a third-party allotment in connection with the over-allotment option in the domestic offering. ・It is assumed that all of the current portion of long-term borrowings (8,500 million yen) that will become due on December 20, 2016 will be refinanced on the due date with borrowings. ・It is assumed that 6,880 million yen of the current portion of long-term borrowings (8,080 million yen) that will become due on February 28, 2017 will be refinanced through borrowings on the due date, and the amount not so refinanced (1,200 million yen) will be repaid with cash on hand.

Item	Assumption
	・It is assumed that, because consumption taxes paid corresponding to the fiscal period ending February 28, 2017 will be refunded during the fiscal period ending August 31, 2017, 3,300 million yen in long-term borrowings will be repaid at the end of August 2017 using the refunded consumption taxes and cash on hand. ・LTV as of the end of the fiscal period ending February 28, 2017 is expected to be around 48.8%, while LTV as of the end of the fiscal period ending August 31, 2017 is expected to be around 48.4%. The following formula is used for calculating LTV: LTV = the balance of interest-bearing liabilities ÷ total assets × 100
Operating revenue	・Operating revenue is premised on the assumption that there will be no delay or failure in the payment of rents by lessees.
Operating expense	・With respect to property-related taxes (fixed assets tax, city planning tax and depreciable assets tax), which are levied on real estate holdings, etc., the amount of taxes that has been decided to be imposed and corresponding to the fiscal period concerned is recorded as rental expenses. However, when the real estate, etc. was acquired and the adjustment of property-related taxes (the “amount equivalent to property-related taxes, etc.”) with the seller is required for the year that belongs to the calculation period, the amount of the adjustment will be included in the acquisition cost of the real estate. Accordingly, the property-related taxes for the one asset acquired in January 2016 (GLP Matsudo) and the five assets planned for acquisition will not be recorded as expenses for the fiscal period ending February 28, 2017, and 9 million yen and 151 million yen, respectively, is assumed as property-related taxes for the fiscal period ending August 31, 2017. The total amount of fixed assets tax, city planning tax and depreciable assets tax, which will be included in the acquisition cost of GLP Matsudo and the five assets planned for acquisition, is assumed to be 17 million yen for GLP Matsudo and 64 million yen for the five assets planned for acquisition. ・Property-related taxes are assumed to be 1,066 million yen for the fiscal period ending February 28, 2017, and 1,226 million yen for the fiscal period ending August 31, 2017. ・Repair costs are assumed to be 78 million yen for the fiscal period ending February 28, 2017, and 90 million yen for the fiscal period ending August 31, 2017. ・Property and facility management fees are assumed to be 515 million yen for the fiscal period ending February 28, 2017, and 514 million yen for the fiscal period ending August 31, 2017. ・Depreciation is assumed to be 2,917 million yen for the fiscal period ending February 28, 2017, and 2,920 million yen for the fiscal period ending August 31, 2017. ・Of rental expenses, which are the main operating expenses, expenses other than depreciation have been calculated based on previous actual figures and reflect the variable factors of expenses. ・Please note that repair costs for each calculation period may differ significantly from the forecast amounts because 1) repair costs may be urgently required due to damage, etc. to buildings based on factors that are difficult to predict, 2) the amount for each fiscal period generally differs significantly, and 3) repair costs are not incurred periodically. ・Depreciation, including incidental expenses and future additional capital expenditure, is calculated using the straight-line method.
Net Operating Income (NOI)	・NOI (the amount obtained by deducting rental expenses other than depreciation from operating revenue) is assumed to be 11,737 million yen for the fiscal period

Item	Assumption
	ending February 28, 2017, and 11,719 million yen for the fiscal period ending August 31, 2017.
Non-operating expenses	・Interest expenses, investment corporation bond interest expenses, amortization of investment corporation bond issuance expenses and finance-related expenses are expected to be 1,123 million yen for the fiscal period ending February 28, 2017, and 1,145 million yen for the fiscal period ending August 31, 2017. Amortization of investment corporation bond issuance expenses is carried out on a monthly basis over the period from issuance to maturity. ・Amortization of investment unit issuance expenses is carried out on a monthly basis over three years after the month of issuance of new units, and is expected to be 47 million yen for both the fiscal period ending February 28, 2017 and the fiscal period ending August 31, 2017. ・In addition, temporary expenses associated with the issuance of investment units are expected to be 28 million yen for the fiscal period ending February 28, 2017.
Distributions per unit (excluding optimal payable distributions)	・This amount is calculated based on the policy on cash distributions that is stipulated in the internal regulations of GLP J-REIT. ・There is a possibility that the amount of distributions per unit (excluding optimal payable distributions) will vary due to various factors such as changes in assets under management, fluctuation in rental revenues owing to changes in tenants, unexpected repairs, fluctuation in interest rates, and the issuance of new investment units.
Optimal payable distribution per unit	・Optimal payable distribution per unit is calculated in accordance with the policy on cash distributions in excess of earnings, which is provided in the Management Guidelines, the internal rules of the asset management company. It is calculated by assuming distributions of around 30% of depreciation to be recorded in the fiscal period ending February 28, 2017, and the fiscal period ending August 31, 2017, respectively. ・Depreciation may differ from the currently assumed amount due to changes in assets under management, incurred amount of incidental expenses, etc. and capital expenditure, etc. There is, therefore, a possibility that the total amount of optimal payable distributions, which is calculated based on depreciation, will change due to various factors including those mentioned above. GLP J-REIT has set the upper limit of optimal payable distributions at the amount obtained by deducting capital expenditure incurred in the calculation period when depreciation was recorded from the depreciation, in order to preserve the value of the assets held by GLP J-REIT. Accordingly, if capital expenditure is urgently required due to damage, etc. to buildings based on factors that are difficult to predict, there is a possibility that the amount of optimal payable distributions per unit will decrease. In addition, if the appraised LTV, which is defined below, exceeds 60%, GLP J-REIT will not pay out optimal payable distributions. ・Appraised LTV (%) = A/B×100 (%) A = the balance of interest-bearing liabilities at the end of the fiscal period (including the balance of investment corporation bonds and the balance of short-term investment corporation bonds) + amount of security deposits released as of the end of the fiscal period B = total amount of appraised value or investigated value of assets under management as of the end of the fiscal period + cash on hand as of the end of the fiscal period – total amount of expected distributions of earnings – total amount of expected optimal payable distributions ・The total amount of expected distributions of earnings and the total amount of expected optimal payable distributions are based on the actual amount for the

Item	Assumption
	latest fiscal period.
Others	・The forecasts assume that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations prescribed by the Tokyo Stock Exchange, and the rules, etc. established by the Investment Trusts Association, Japan that will influence the above forecasts. ・The forecasts assume that there will be no unforeseen material changes in general economic trends and real estate market conditions, etc.

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Attachment 2

Comparison of the forecast and the hypothetical results (assuming 58 properties) for the fiscal period ending August 31, 2017

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excl. OPD) (a)	OPD per unit (yen) (b)	(a)+(b)	Number of outstanding investment units
Hypothetical results for the fiscal period ending August 31, 2017 (assuming 58 properties) (A)	12,291	6,360	5,289	5,288	2,038	299	2,337	2,593,784
Forecast for the fiscal period ending August 31, 2017 (assuming 63 properties) (B)	14,034	7,241	6,046	6,044	2,118	307	2,425	2,853,078
Difference (B)-(A)	+1,742	+880	+756	+756	+80	+8	+88	+259,294
Rate of increase or decrease	+14.2%	+13.9%	+14.3%	+14.3%	+3.9%	+2.7%	+3.8%	+10.0%

<Assumptions for the hypothetical results (assuming 58 properties)>

The hypothetical results (assuming 58 properties) disregarding the issuance of new investment units and the acquisition of the five assets planned for acquisition, were calculated on a hypothetical basis on the premise of the portfolio as of February 28, 2016 (58 properties that GLP J-REIT owned at the end of the eighth fiscal period) and the number of outstanding investment units as of today, and by making the following adjustments to the forecast for the fiscal period ending August 31, 2017.

- It is assumed that the five assets planned for acquisition will not be acquired, and real estate rental revenues and real estate rental expenses (including depreciation expense) relating to the five assets planned for acquisition will not accrue.
- It is assumed that additional funds will not be raised through the issuance of new investment units and interest-bearing debt relating to the acquisition of the five assets planned for acquisition, and that the increase in the number of outstanding investment units, investment unit issuance expenses, interest expenses and borrowing related expenses, etc. that would accrue relating to such debt will not accrue.
- It is assumed that cash on hand planned to be appropriated for part of the funds to acquire the five assets planned for acquisition will be held as cash and deposits.
- Asset management fee 1 is calculated based on the amount of total assets as of the end of the

eighth fiscal period. Asset management fee 2 and 3 are calculated in consideration of NOI and net income per unit, reflecting the above assumptions. As a result, it is assumed that operating expenses will decrease, reflecting a decline in the asset management fee that is linked to these factors.

- When the forecast for the fiscal period ending August 31, 2017 was adjusted using the above assumptions, the main items for which differences from the forecast for the fiscal period ending August 31, 2017, which was announced today, would result are as follows:

  - Operating income from property leasing: a decline of 1,088 million yen
  - Other operating expenses (note): a decrease of 207 million yen
  - Interest expenses, investment corporation bond interest expenses, amortization of investment bond issuance expenses, borrowing related expenses, etc.: a decrease of 108 million yen
  - Amortization of investment unit issuance expenses: a decline of 15 million yen
    (note) Operating expenses exclude rental expenses and include asset management fee.

The purpose of presenting the hypothetical results (assuming 58 properties) is not to calculate performance for the fiscal period ending August 31, 2017 or other fiscal periods. Such hypothetical results do not in any way represent a forecast of performance for specified fiscal periods. Please be aware that the forecasts, including actual performance for the fiscal period ending August 31, 2017 and other fiscal periods, will be different from the above hypothetical results (assuming 58 properties).