

Asset Management Report

Global Logistic
Properties

GLP J-REIT



Aug 2013 Fiscal Period



3rd Fiscal Period

(from March 1, 2013 to August 31, 2013)

GLP J-REIT

1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-7104, Japan <http://www.glpjreit.com/english/>

Dividend per unit
(Aug 2013 actual)

2,189 yen

(including an optimal payable distribution
of 259 yen)

Dividend per unit
(Feb 2014 forecast)

2,167 yen

(including an optimal payable distribution
of 251 yen)

Total assets
(acquisition price base)

277.3 bn yen

(note) including properties acquired in
Oct 2013 and to be acquired in Mar 2014.

Occupancy
(as of Aug 2013)

99.9%

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To Our Unitholders

On behalf of GLP J-REIT, I am pleased to present the financial results of its third fiscal period ended August 2013.

During the six months, GLP J-REIT achieved strong performance through effective management of its 33 properties, including a rent increase for a number of properties on the back of growing demand for modern logistics facilities. As a result, the third period ended with operating revenues of 7,272 million yen, ordinary income of 3,547 million yen, and net income of 3,546 million yen.

Reflecting the above robust performance, the total dividend for the third period is 2,189 yen per unit, comprising a dividend of 1,930 yen per unit and an optimal payable distribution per unit of 259 yen.

In September 2013 (during the fourth period, ending February 2014), GLP J-REIT implemented its first follow-on offering subsequent to its IPO for the purpose of raising 23.9 billion yen. The proceeds were used for the acquisition of seven properties, which was completed in October 2013. This will be followed by two additional acquisitions that are scheduled for completion in March 2014. These investments are aimed at enhancing our asset portfolio value by 33% over the one-year period following the IPO, from 208.7 billion yen for 30 properties to 277.3 billion yen for 42 properties, thereby increasing our financial stability and risk diversification while maintaining portfolio quality.

We anticipate that the planned portfolio expansion will increase rent revenues. As a result for the fourth period, ending February 2014, we expect to post 8,063 million yen in operating revenues and pay a dividend per share of 2,167 yen. For the fifth period, ending August 2014, operating revenues are projected to further increase to 9,093 million yen. In the same period, we will begin to record real estate tax as expenses for the properties acquired in 2013, with 742 million yen in such expenses expected for the period. This would entail a 354 yen decrease in the dividend per share; however, this adverse effect will be reduced to the minimum level as part of our effort to achieve a forecast dividend of 2,066 yen, due to the above successful accretive offering.

The benefits from the follow-on offering and new acquisitions include an increase of 11.5% and 9.6% in NAV per unit and adjusted EPU*, respectively, from the February 2013 level, thereby enhancing our unitholders' value, a high-priority goal.

* Stabilized EPU after adjustment. See page 4 for more details.

GLP J-REIT is determined to maximize investor value through its best-in-class asset management services, recognized both in Japan and around the world, harnessing GLP's extensive experience in operating logistics facilities.

I thank you for your ongoing support.





Masato Miki
Executive Director, GLP J-REIT
President & CEO, GLP Japan Advisors Inc.

Overview of GLP

Investment in Modern Logistics Facilities

Our investment is intended to focus on “modern logistics facilities,” which we define as large-scale, highly functional leasable logistics facilities. This policy is strategically developed based on our market analysis, which tells us that demand for modern logistics facilities is expected to increase, reflecting the growth of Japanese 3PL business* as well as the e-commerce market, while such facilities remaining scarce.

Large scale	Gross floor area: 10,000 m ² or more	High functionality	(For more than 50% of the gross floor area) Floor-to-ceiling height: 5.5 meters or more Floor load tolerance: 1.5 tons/m ² or more
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* Third-party logistics (“3PL”) operators provide partial or complete supply chain management services for corporate clients. Typically, 3PL companies provide unified services for operational, storage and transportation processes that can be adjusted and customized to fit the needs of individual clients in response to relevant market trends, including regarding user demand and delivery service requests.

Investment Areas

We plan to invest primarily in logistics facilities located near airports and trading ports, along main traffic routes connecting major consumption districts, and around logistics hubs in production or consumption areas. Location selection is intended to ensure geographical diversification of the portfolio in consideration of local characteristics such as population distribution, overall production trends, and logistics dynamics within the region.

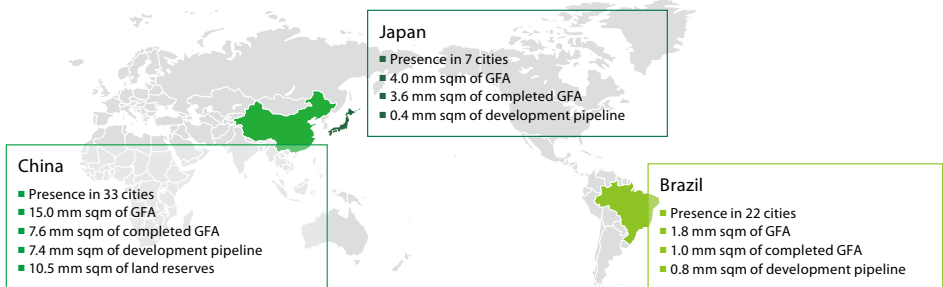
Investment percentage by location (based on acquisition price)

Location	Investment percentage
Tokyo metropolitan area	50-70%
Greater Osaka area	20-40%
Others	5-20%

Utilization of the GLP Group’s Value Chain

The GLP Group provides a variety of logistics facility-related solutions, ranging from acquisition, development, investment, operation and leasing to property management and consulting, utilizing experience developed through its portfolio management in Japan, China and Brazil, thereby building an efficient value chain within the group. In addition, the asset management company and GLP Group entered a Right-of-First-Look Agreement between the asset management company and the GLP Group for 33 properties (a total of 1.24 million square meters leasable area), which will serve as a tool for expanding our asset portfolio.

GLP’s global operation (As of March 31, 2013)



Source: GLP
Notes:
1. Includes properties owned by GLP J-REIT and managed by the GLP Group, as well as properties owned, operated and managed by GLP joint ventures with an external co-owner or co-owners.
2. Includes properties owned, operated and managed by GLP joint ventures with an external co-owner or co-owners.
3. Includes GFA for completed properties, stabilized properties (in the second year or later after completion, or with occupancy at 93% or above), properties under development/redevelopment, and land held for future development. Excludes land for which acquisition agreement has been partially reached ("land reserve").
4. Indicates GFA for properties under development/redevelopment and maximum possible GFA for land held for future development. Excludes land reserves.
5. Land reserves are not recognized on the balance sheet, indicating a possibility that such land may not be used by GLP for development.
6. Due to rounding off, there may be discrepancies between individual amounts and their sum.

RoFL assets owned by GLP



Functions of Modern Logistics Facilities

In investing in modern logistics facilities, we also consider the following functions:

GLP Amagasaki

Wind-generated power



High-intensity lighting



24-hour security



Wide column space

Offers our tenants flexibility for the layout and operation. Also, appropriate floor load tolerance accommodates various types of goods



Office space

Supports tenants by providing comfortable workplaces for on-site workers



Amenity space

Supports tenants by providing comfortable workplaces for on-site workers



Rampways allowing access to upper floors



Large truck loading yards

Accommodates heavy truck traffic and supports efficient operation that can shorten lead time and deal with frequent transport

The above shows major features of "GLP Amagasaki," one of the properties we acquired. Please note that this is an example of a modern logistics facility and does not fully illustrate our investment criteria.

First-ever Initiatives in J-REIT Sector

1 Acquisition of sponsor's flagship assets



GLP Tokyo



GLP Amagasaki

Best-in-class portfolio

2 Performance-linked AM fees and incentive bonuses of asset manager

AM Fee

Linked to NOI*1 and dividend (ca. 2/3)

&

Incentive bonus of asset manager

Linked to dividend and relative performance of investment unit

Alignment of interests between unitholder and sponsor

*1 NOI=Property-related revenues – Property-related expenses + Depreciation expenses

3 Optimal Payable Distribution (OPD)*2

Stable income
(net income)

+

OPD
(30% of depreciation)

FFO based cash distribution

*2 For details, please refer to "Optimal Payable Distribution" on page 9.

4 An IPO of large market cap and smallest lot of investment unit

	GLP J-REIT	J-REIT market*3
Market cap	ca. 111 bn yen	2nd largest
Unit price	60,500 yen	Smallest

High liquidity

*3 As of IPO of GLP J-REIT

Innovative initiatives

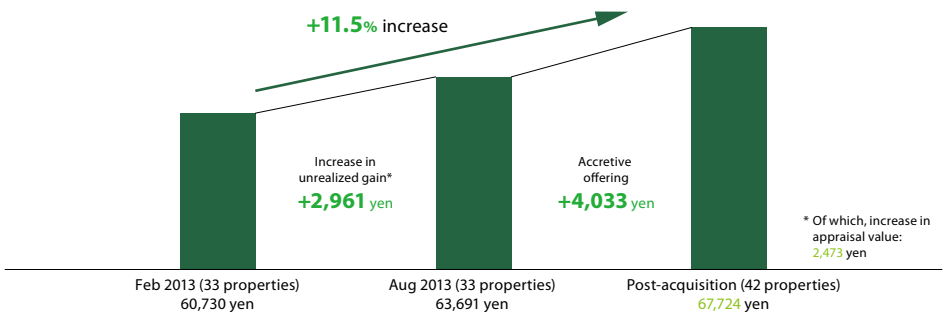
Accretive Follow-on Offering

First Follow-on Offering (September 2013)

In September 2013, GLP J-REIT implemented its first follow-on offering subsequent to its IPO for the purpose of raising 23.9 billion yen. The proceeds were used for the acquisition of seven properties, which was completed in October 2013. This will be followed by two additional acquisitions that are scheduled for completion in March 2014. The successful financing resulted in a significant accretive offering, with an increase in EPU and NAV per unit, thereby enhancing our unitholders' value.

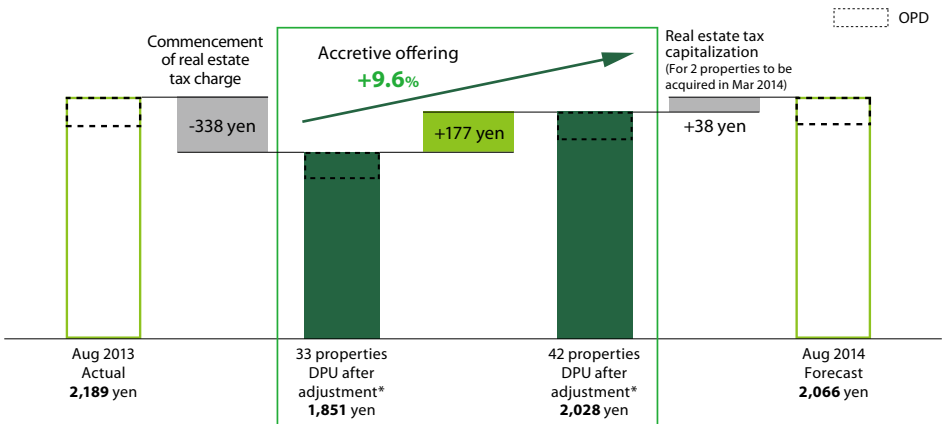
Growth in NAV per Unit

NAV per unit will increase 11.5% as a result of the accretive offering and an increase in unrealized gain.



Dividend Growth

Dividend after adjustment (stabilized dividend)* will increase 9.6% as a result of the accretive offering



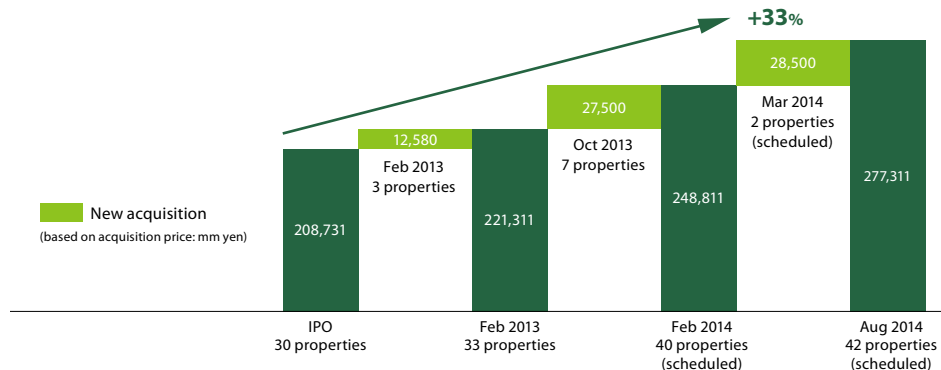
* Dividend after adjustment (stabilized dividend)

In accordance with real estate tax accounting rules, for the year of acquisition, real estate tax obligations etc. are included in acquisition costs and capitalized. Such obligations are recorded as expense annually from the subsequent year. Our actual and forecast dividends for the period ended August 2013 and ending August 2014, above indicated, do not reflect such real estate tax etc. expenses.

To expressly provide the effect of the follow-on offering on dividend value, dividends after adjustment, shown above, have been calculated on the assumption that all the owned properties are in full-period operation and by excluding the effect of variable factors such as real estate tax capitalization.

Strong Portfolio Growth

We have achieved continuous external growth since the IPO, expanding our asset portfolio to a projected 277.3 billion yen in March 2014, up 33% from the time of the IPO in December 2012.



Portfolio Quality Maintained

By adding nine properties, we will expand our portfolio while maintaining its quality.

	33 properties (Aug 2013)	New acquisition	Post-acquisition
No. of properties	33	9	42 ↑
Acquisition price	221,311 mm yen	56,000 mm yen	277,311 mm yen ↑
Average NOI yield ^{*1}	5.7%	5.6%	5.7% →
WALE ^{*2}	4.3 years	6.2 years	4.7 years ↑
Fixed-term lease ratio	94.2%	100.0%	95.3% ↑
Average building age	12.5 years	7.0 years	11.4 years ↑
Leasable area	1,178,461 m ²	291,330 m ²	1,469,792 m ² ↑
Occupancy rate	99.9%	100.0%	99.9% →

^{*1} Based on Appraisal NOI yield. Appraisal NOI yield for this purpose is based on NOI assumptions used for the direct capitalization analysis included in the appraisal report on each property.

^{*2} Weighted Average of Lease Expiry, or WALE is based on leased area excluding vacant area.

Examples of new properties



▲ GLP Urayasu III*

* To be acquired in Mar 2014



▲ GLP Hamura



▲ GLP Komaki*



▲ GLP Sodegaura

Financial Highlights

Financials

Aug 2013

(from March 1 to August 31, 2013)

Feb 2014 (forecast)

(from September 1, 2013 to February 28, 2014)

Aug 2014 (forecast)

(from March 1 to August 31, 2014)

Operating revenue (mm yen)	7,272	8,063	9,093
	(1) ↑	(2) ↑	
Operating income (mm yen)	4,301	4,836	4,782
		(3) ↑	
Ordinary income (mm yen)	3,547	4,020	3,745
		(4) ↑	
Net income (mm yen)	3,546	4,019	3,744
No. of properties at fiscal end	33	40	42

Major factors for variation

- (1) Increase in rent revenues related to seven newly acquired properties
- (3) Real estate tax expenses recorded for properties acquired in 2013

- (2) Increase in rent revenues related to two properties to be acquired in March 2014
- (4) Increase in borrowing cost related to additional loans scheduled for March 2014

Dividend per Unit (yen)

Aug 2013

(from March 1 to August 31, 2013)

Feb 2014 (forecast)

(from September 1, 2013 to February 28, 2014)

Aug 2014 (forecast)

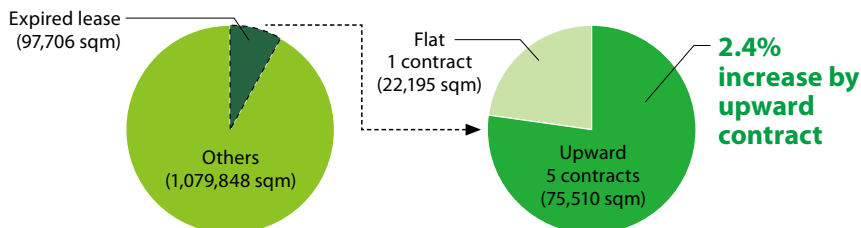
(from March 1 to August 31, 2014)

Dividend per unit (total)	2,189	2,167	2,066
Dividend per unit (excl. OPD)	1,930	1,916	1,784
Optimal payable distribution per unit	259	251	282

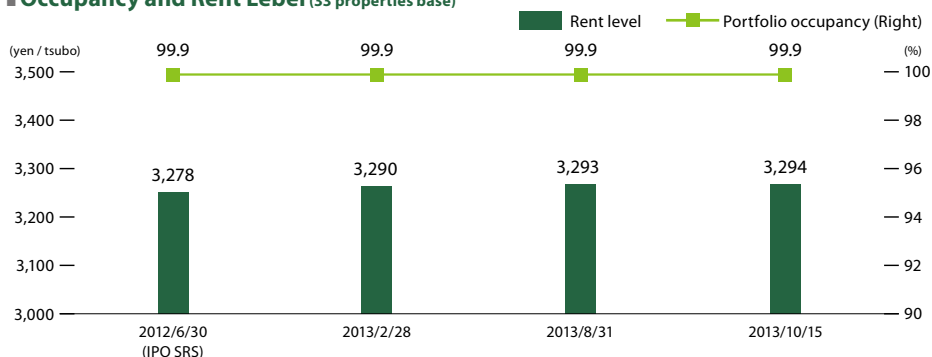
Portfolio Management

As of the end of August 2013, the occupancy rate remained at 99.9%, the same level as the previous period. Also, we have achieved rental growth by fully leveraging the GLP Group's capabilities in asset and property management.

Rental Growth (From March 1, 2013 to October 15, 2013)

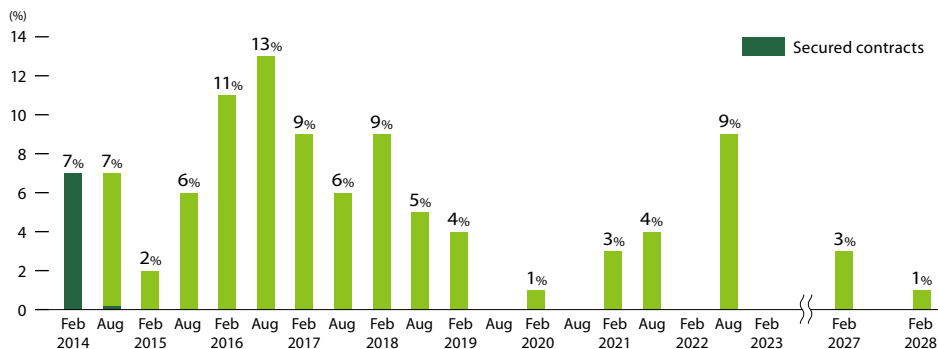


Occupancy and Rent Level (33 properties base)

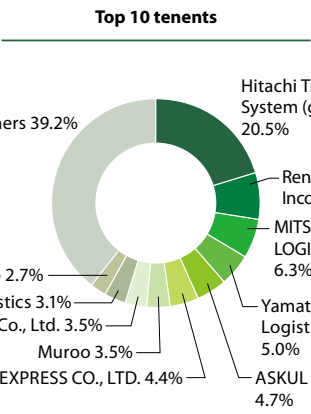
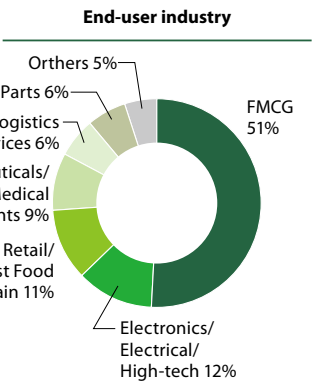
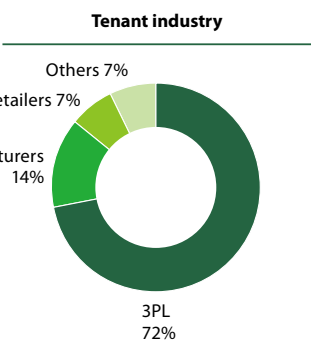
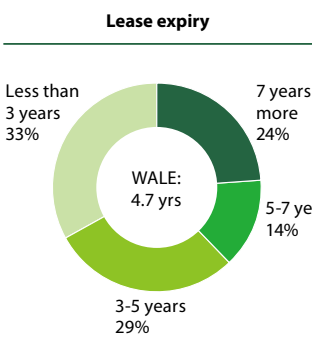
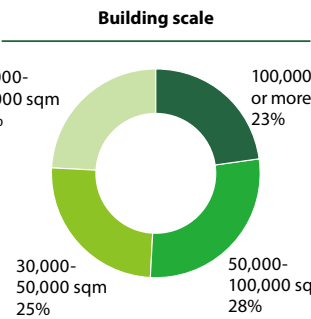
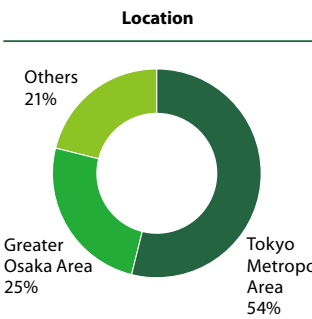


Lease Expiry Profile

The expiry dates of our lease contracts are adequately diversified, which is likely to provide steady opportunities for pursuing rent increases, thereby achieving steady rental growth.



Portfolio Data



* The above data is as of August 31, 2013. The data is based on 42, including 9 properties for which acquisition was not completed on that date (7 completed in October 2013 and 2 scheduled for completion in March 2014). Data for location and building scale is based on gross floor area. Other data is based on leased area.

Debt Information

Loan Details (as of Aug 2013)

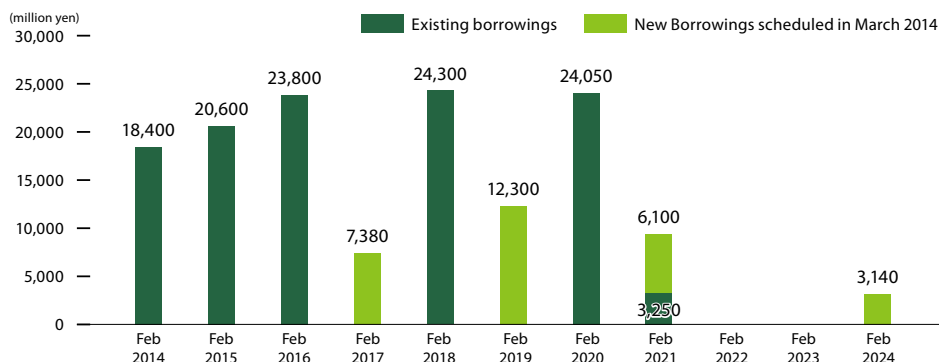
Average remaining period **3.3** years

LTV (Total loan/ total asset) **48.9%**

Fixed interest ratio **65.9%**

Long-term loan ratio **83.9%**

Debt Maturity Diversification



Credit Ratings

Credit Rating Agency	Subject	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA-	Stable

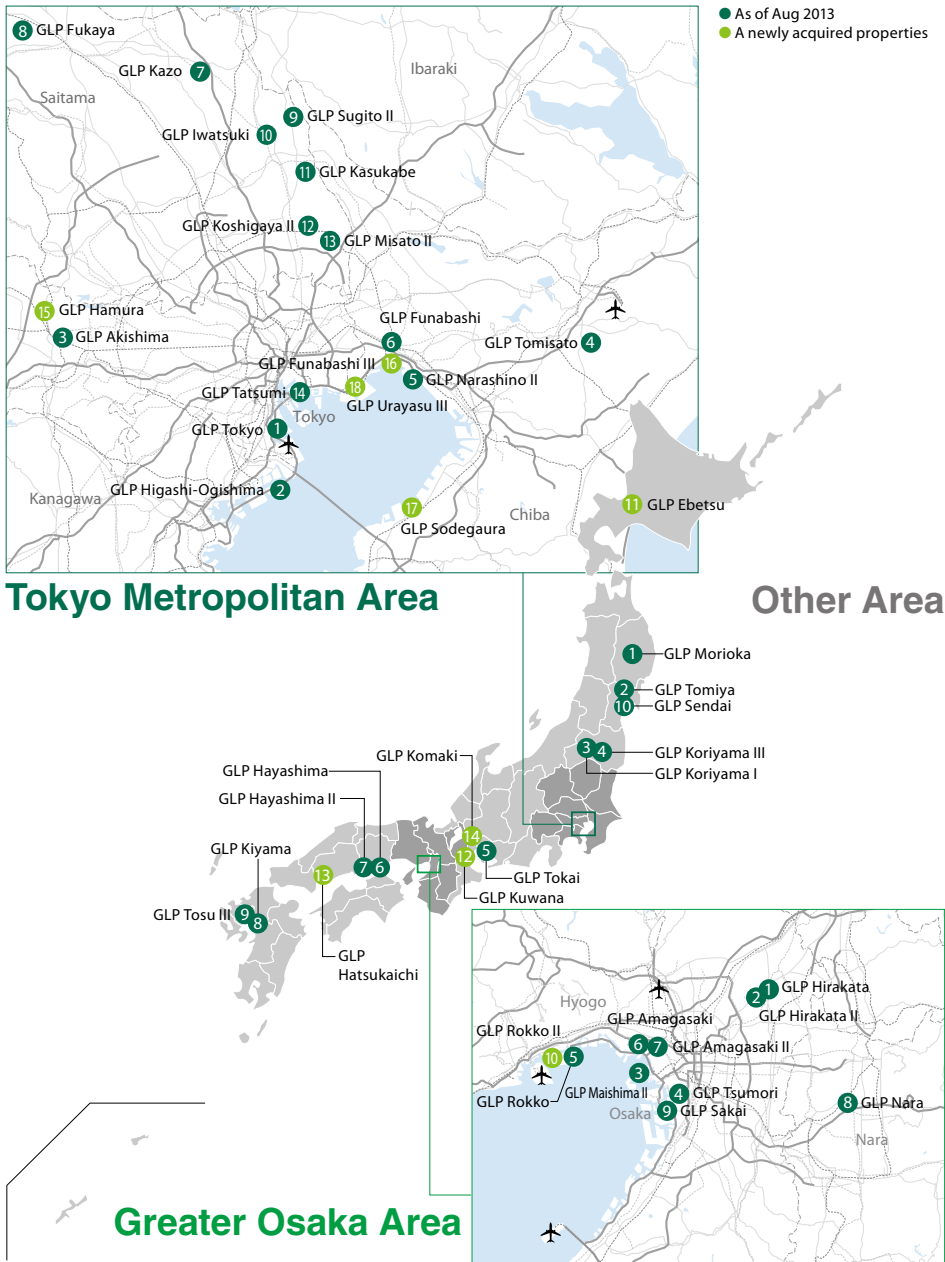
Optimal Payable Distribution

Our basic management policies include “optimal payable distribution” (OPD), which refers to profit distribution in excess of retained earnings implemented under our scheme that takes advantage of characteristics specific to the logistics facilities accounting, as a way of seeking efficient capital allocation.

In addition to ordinary profit distributions from retained earnings, it is our policy to implement optimal payable distribution on a continuous basis in accordance with the following principles:

- The amount of the optimal payable distribution made for any given fiscal period will be determined by GLP J-REIT. The amount will not exceed that of depreciation expenses posted for the immediately prior fiscal period less the amount of capital expenditure for the same period.
- The implementation and amount of the above optimal payable distribution will be determined in consideration of the amount of capital expenditure and the financial condition (especially as measured by the LTV benchmark) of GLP J-REIT, among other relevant factors. If it is deemed inappropriate to make such optimal payable distribution for reasons including but not limited to the macroeconomic environment and real estate market conditions as well as the condition of our portfolio and financials, such optimal payable distribution will not be executed.

Portfolio Map



Overview of Portfolio in Tokyo Metropolitan Area



1 GLP Tokyo Ota, Tokyo



2 GLP Higashi-Ogishima
Kawasaki, Kanagawa



3 GLP Akishima Akishima, Tokyo



4 GLP Tomisato Tomisato, Chiba



5 GLP Narashino II Narashino, Chiba



6 GLP Funabashi Funabashi, Chiba

Overview of Portfolio in Tokyo Metropolitan Area



7 GLP Kazo Kazo, Saitama



9 GLP Sugito II Kita-katsushika, Saitama



8 GLP Fukaya Fukaya, Saitama



15 GLP Hamura Hamura, Tokyo

New
property



14 GLP Tatsumi Koto, Tokyo



16 Funabashi III Funabashi, Chiba

New
property



10 GLP Iwatsuki Saitama, Saitama



11 GLP Kasukabe Kasukabe, Saitama



12 GLP Koshigaya II Koshigaya, Saitama



13 GLP Misato II Misato, Saitama



17 GLP Sodegaura Sodegaura, Chiba

New
property



18 GLP Urayasu III Urayasu, Chiba

New
property

Overview of Portfolio in Greater **Osaka** Area



1 GLP Hirakata Hirakata, Osaka



2 GLP Hirakata II Hirakata, Osaka



3 GLP Maishima II Osaka, Osaka



4 GLP Tsumori Osaka, Osaka



5 GLP Rokko Kobe, Hyogo



6 GLP Amagasaki Amagasaki, Hyogo



7 GLP Amagasaki II Amagasaki, Hyogo



8 GLP Nara Yamato koriyama, Nara



9 GLP Sakai Sakai, Osaka



10 GLP Rokko II Kobe, Hyogo

New
property

Overview of Portfolio in Other Area



1 GLP Morioka Shiwa, Iwate



2 GLP Tomiya Kurokawa, Miyagi



3 GLP Koriyama I Koriyama, Fukushima



4 GLP Koriyama III Koriyama, Fukushima



6 GLP Hayashima Tsukubo, Okayama



5 GLP Tokai Tokai, Aichi



7 GLP Hayashima II Tsukubo, Okayama



8 GLP Kiyama Miyaki, Saga



9 GLP Tosu III Tosu, Saga



10 GLP Sendai Sendai, Miyagi



11 GLP Ebetsu Ebetsu, Hokkaido

New
property



12 GLP Kuwana Kuwana, Mie

New
property



13 GLP Hatsukaichi Hatsukaichi, Hiroshima

New
property

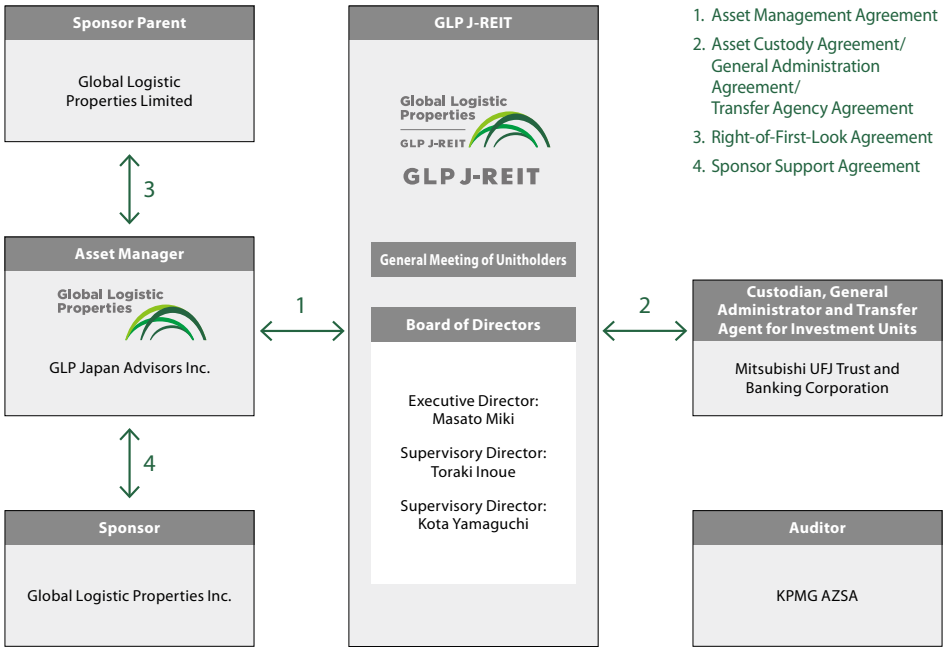


14 GLP Komaki Komaki, Aichi

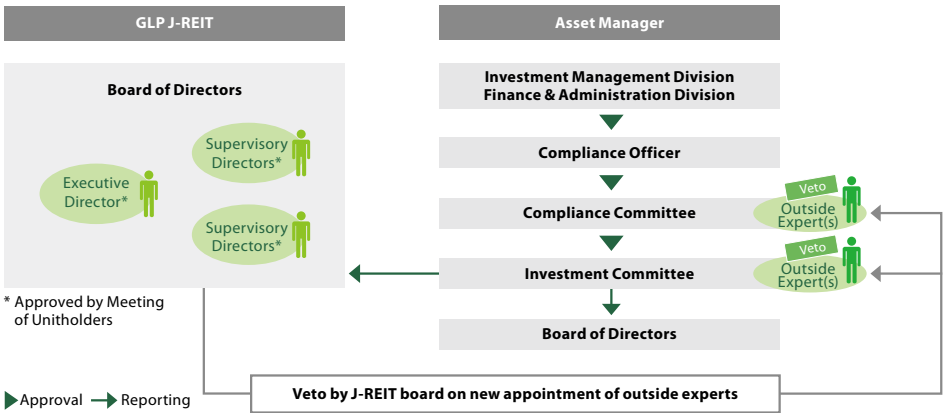
New
property

Overview GLP J-REIT

Structure of GLP J-REIT

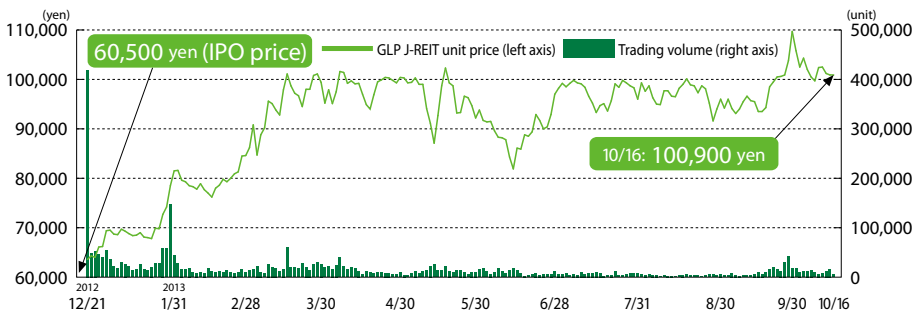


Governance Structure for Related Party Transactions

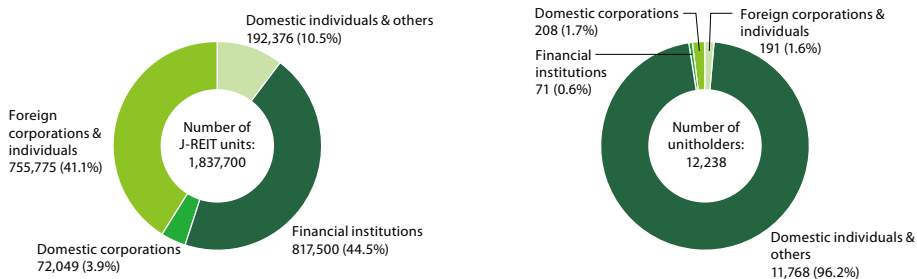


Investor's Information

Historical Investment Unit Price (closing price)



Unitholder Composition



ASSET MANAGEMENT REPORT

[Overview of Asset Management]

1. Trends in Key Indicators

		1st Period	2nd Period	3rd Period
		From September 16, 2011 To June 30, 2012	From July 1, 2012 To February 28, 2013	From March 1, 2013 To August 31, 2013
Operating revenues	Million yen	—	2,236	7,272
Of which, Property-related revenues	Million yen	—	2,236	7,272
Operating expenses	Million yen	8	908	2,971
Of which, Property-related expenses	Million yen	—	665	2,124
Operating income (loss)	Million yen	(8)	1,328	4,301
Ordinary income (loss)	Million yen	(85)	910	3,547
Net income (loss)	Million yen	(85)	907	3,546
Total assets	Million yen	456	231,353	233,875
[Period-on-period changes]	%	[—]	[—]	[1.1]
Total net assets	Million yen	114	108,323	110,894
[Period-on-period changes]	%	[—]	[—]	[2.4]
Unitholders' capital, net (Note 4)	Million yen	200	107,501	107,347
Number of investment units issued and outstanding	Unit	400	1,837,700	1,837,700
Net assets per unit (Note 5)	Yen	35,705	58,945	60,344
Distributions	Million yen	—	975	4,022
Of which, Distributions of earnings	Million yen	—	821	3,546
Of which, Distributions in excess of retained earnings	Million yen	—	154	475
Distributions per unit	Yen	—	531	2,189
Of which, Distributions of earnings per unit	Yen	—	447	1,930
Of which, Distributions in excess of retained earnings per unit	Yen	—	84	259
Ordinary income to total assets (Note 6)	%	(37.4)	0.8	1.5
[Annualized ordinary income to total assets]	%	[(47.3)]	[1.2]	[3.0]
Return on unitholders' equity (Note 6)	%	(150.1)	1.7	3.2
[Annualized return on unitholders' equity]	%	[(189.6)]	[2.5]	[6.4]
Unitholders' equity to total assets (Note 6)	%	25.0	46.8	47.4
[Period-on-period changes]	%	[—]	[21.8]	[0.6]
Payout ratio (Note 6)	%	—	90.5	100.0
【Other Information】				
Number of operating days (Note 7)		—	56	184
Number of investment properties		—	33	33
Occupancy ratio	%	—	99.9	99.9
Depreciation expense	Million yen	—	515	1,588
Capital expenditures	Million yen	—	59	217
Rental NOI (Net Operating Income) (Note 6)	Million yen	—	2,086	6,736
FFO (Funds from Operation) (Note 6)	Million yen	—	1,422	5,134
FFO per unit (Note 6)	Yen	—	774	2,794
Total distributions / FFO ratio (Note 6)	%	—	68.6	78.3
Debt service coverage ratio (Note 6)		—	6.8	7.6
The ratio of interest bearing liabilities to total assets	%	—	49.4	48.9

(Note 1) The fiscal period of GLP J-REIT is two six-month operating periods from March 1 to August 31 and from September 1 to February 28/29 of the following year. However, the 1st fiscal period is from the date of inception (September 16, 2011) to June 30, 2012 and the 2nd fiscal period is from July 1, 2012 to February 28, 2013.

(Note 2) Operating revenues and expenses are stated net of consumption taxes.

(Note 3) Any fraction is rounded down for monetary amounts unless otherwise stated. Ratios are rounded off to the first decimal places.

(Note 4) It represents the amount of unitholders' capital, net of distributions in excess of retained earnings deducted from total unitholders' capital amount.

(Note 5) GLP J-REIT executed an 8-for-1 unit split on October 31, 2012. Net assets per unit are calculated as if the unit split was executed on September 16, 2011.

(Note 6) The following formula is used for the calculation.

Ordinary income to total assets	$\text{Ordinary income (loss)} / [(\text{Total assets at beginning of period} + \text{Total assets at end of period}) / 2] \times 100$
Return on unitholders' equity	$\text{Net income (loss)} / [(\text{Net assets at beginning of period} + \text{Net assets at end of period}) / 2] \times 100$
Unitholders' equity to total assets	$\text{Net assets at end of period} / \text{Total assets at end of period} \times 100$
Payout ratio	Distributions per unit (excluding OPD**) / Net income per unit (Any fraction is rounded down to the first decimal place.) For the 2nd Period, the following formula is used due to issuance of new units during the period. $\text{Total distributions (excluding OPD**) / Net income} \times 100$
Rental NOI (Net Operating income)	$\text{Property-related revenues} - \text{Property-related expenses} + \text{Depreciation expenses}$
FFO (Funds From Operation)	$\text{Net income (loss)} + \text{Depreciation expenses} - \text{Gain (loss) on sale of properties}$
FFO per unit	$\text{FFO} / \text{Number of investment units issued and outstanding}$
Total distributions / FFO ratio	$\text{Total distributions (including OPD**)} / \text{FFO}$
Debt service coverage ratio	$(\text{Net income} + \text{Interest expenses}) / \text{Interest expenses}$

**: "OPD" stands for "Optimal Payable Distribution" that means distributions in excess of retained earnings.

(Note 7) "Number of operating days" represents the number of actual days to conduct management operation of properties and properties in trust. For the 2nd fiscal period, the actual operating days were from January 4, 2013 to February 28, 2013.

2. Performance Review for the 3rd Period

(1) Brief Background of GLP J-REIT

GLP J-REIT is Japan's largest real estate investment corporation (J-REIT) specializing in logistics facilities, primarily investing in modern logistics facilities. GLP J-REIT was founded on September 16, 2011 in accordance with the Act on Investment Trusts and Investment Corporations (hereinafter the "Investment Trust Act") with GLP Japan Advisors Inc. as the founder and initial capital of 100 million yen (200 investment units). Registration to the Kanto Local Finance Bureau under Article 187 of the Investment Trust Act was completed on October 3, 2011.

Subsequently, GLP J-REIT made the issuance of new investment units through a third-party allocation of 20 units on December 14, 2011 and 180 units on June 22, 2012, and issued 2,800 units through a unit split on October 31, 2012. Moreover, GLP J-REIT conducted the issuance of new investment units through a public offering for 1,747,100 units, with proceeds paid in by December 20, 2012 as the payment date, and had its units listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange on December 21, 2012 (securities code: 3281). With the issuance of 87,400 new investment units through a third-party allocation conducted on January 21, 2013, the number of investment units issued and outstanding as of the end of the current fiscal period totaled 1,837,700 units.

(Note) GLP J-REIT made the issuances of new investment units through a public offering on September 26, 2013 and through a third-party allocation on October 16, 2013. Please refer to "6. Significant Subsequent Events (1) Issuance of new investment units" below for further details.

(2) Investment Environment and Business Performance

During the current fiscal period, the Japanese economy showed signs of recovery thanks to various policy measures by the new government. Certain aspects of the economy are observed to be moving towards sustainable recovery, including a trend of high stock prices and weak yen and an improvement in corporate profits.

In the J-REIT market, the favorable financing environment gave rise to a number of asset acquisitions and capital increases through public offerings.

In the leasing market for logistics facilities, demand for large-scale logistics facilities remained solid against the backdrop of the expansion of the third-party logistics (3PL) business and the e-commerce market, with the vacancy rate continuing to stay at a low level nationwide.

Under these conditions, GLP J-REIT performed sound management of its 33 portfolio properties. By providing detailed services to meet customers' needs in an environment of strong demand for logistics facilities, GLP J-REIT successfully increased rents in renewed lease contracts with some customers whose lease period was expiring.

Thus, GLP J-REIT owns 33 properties with a total acquisition price of 221,311 million yen and a total leasable area of 1,178,461.83m² as of the end of the current fiscal period. The occupancy rate of the entire portfolio continued to remain stable, and at the end of the current fiscal period, it was at the high level of 99.9%.

(3) Overview of Financing

GLP J-REIT maintains a target Loan-To-Value ratio (hereinafter "LTV") of 45% to 55% and operates with a stable financial condition. No new financing was made during the current fiscal period.

Outstanding loans as of the end of the current fiscal period totaled 114,400 million yen, and the ratio of interest-bearing

liabilities to total assets (LTV) was 48.9%.

Furthermore, GLP J-REIT has been assigned the following credit rating as of the end of the current fiscal period.

Credit Rating Agency	Subject	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA-	Stable

(4) Overview of Financial Results and Cash Distribution

As a result of these management efforts, GLP J-REIT posted operating revenues of 7,272 million yen, operating income of 4,301 million yen, ordinary income of 3,547 million yen and net income of 3,546 million yen for the current fiscal period.

As for cash distribution for the current fiscal period, in accordance with the distribution policy set forth in its Articles of Incorporation, GLP J-REIT determined to distribute 3,546,761,000 yen, which represents the integral multiple of the number of investment units issued and outstanding (1,837,700 units) from unappropriated retained earnings that is eligible for the special tax treatment on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). Accordingly, distribution per unit for the fiscal period was 1,930 yen.

In addition, GLP J-REIT intends to distribute funds in excess of the amount of retained earnings (Optimal Payable Distribution (hereinafter “OPD”)) each fiscal period on a continuous basis, in accordance with the distribution policy set forth in the Articles of Incorporation (Note). Based on this, GLP J-REIT decided to distribute 475,964,300 yen, an amount almost equivalent to 30% of depreciation (1,588 million yen) for the current fiscal period, as a refund of investment. As a result, the amount of OPD per unit was 259 yen.

(Note) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings that do not exceed the amount obtained by deducting capital expenditure for the accounting period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 217 million yen of capital expenditure for the current fiscal period from 1,588 million yen of depreciation expense for the period is 1,371 million yen.

For the time being, GLP J-REIT intends to make an OPD distribution in an amount equal to approximately 30% of depreciation expenses for the accounting period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair plan or financial conditions in light of the estimated amount of capital expenditure for each fiscal term based on its long-term repair plan.

With respect to all 33 properties held as of August 31, 2013, the six-month period average of the total amount of the emergency short-term repair and maintenance expenses and the medium- to long-term repair and maintenance expenses, which are set out in the Engineering Report dated September 19, 2012 for each property prepared by PROPERTY RISK SOLUTION Corporation, is 306 million yen.

3. Changes in Number of Investment Units Issued and Outstanding

Changes in number of investment units issued and outstanding and net unitholders' capital from the date of establishment to the end of current period are as follows:

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Unitholders' capital, net (Note 1) (Millions of yen)		Note
		Increase (decrease)	Total	Increase (decrease)	Total	
September 16, 2011	Establishment through private placement	200	200	100	100	(Note 2)
December 14, 2011	Issuance of new units through allocation to a third party	20	220	10	110	(Note 3)
June 22, 2012	Issuance of new units through allocation to a third party	180	400	90	200	(Note 4)
October 31, 2012	Unit split	2,800	3,200	—	200	(Note 5)
December 20, 2012	Public offering	1,747,100	1,750,300	102,189	102,389	(Note 6)
January 21, 2013	Issuance of new units through allocation to a third party	87,400	1,837,700	5,112	107,501	(Note 7)
May 22, 2013	Distributions in excess of retained earnings (a refund of investment)	—	1,837,700	(154)	107,347	(Note 8)

(Note 1) "Unitholders' capital, net" represents the amount of unitholders' capital, net of distributions in excess of retained earnings deducted from total unitholders' capital.

(Note 2) At establishment of GLP J-REIT, new units were issued at the issue price of 500,000 yen per unit.

(Note 3) In order to obtain necessary operating funds, GLP J-REIT issued new investment units through a third party allocation at 500,000 yen per unit.

(Note 4) In order to obtain necessary operating funds, GLP J-REIT issued new investment units through a third party allocation at 500,000 yen per unit.

(Note 5) GLP J-REIT executed an 8-for-1 unit split.

(Note 6) In order to obtain funds to acquire new properties, GLP J-REIT issued new investment units through a public offering at the issue price of 60,500 yen or the offer price of 58,491 yen per unit.

(Note 7) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the offer price of 58,491 yen.

(Note 8) At the Board of Directors' Meeting held on April 16, 2013, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 84 yen per unit for the 2nd fiscal period (the period ended February 28, 2013). The payment of distributions was commenced on May 22, 2013.

[Changes in Unit Price at TSE]

The highest and lowest closing prices of the investment units listed on J-REIT section of the Tokyo Stock Exchange for each period are as follows:

(Unit: Yen)

Fiscal Period	1st Period	2nd Period	3rd Period
For the period ended	June 30, 2012	February 28, 2013	August 31, 2013
Highest	—	84,600	102,300
Lowest	—	63,600	81,900

4. Distributions

Actual amounts of distributions for the 1st and 2nd fiscal periods are as follows:

	1st Period	2nd Period	3rd Period
	From September 16, 2011 To June 30, 2012	From July 1, 2012 To February 28, 2013	From March 1, 2013 To August 31, 2013
Unappropriated retained earnings or accumulated deficit	(85,743) thousand yen	822,090 thousand yen	3,547,322 thousand yen
Retained earnings (deficit) carried forward	(85,743) thousand yen	638 thousand yen	561 thousand yen
Total distributions (Distributions per unit)	— thousand yen (— yen)	975,818 thousand yen (531 yen)	4,022,725 thousand yen (2,189 yen)
Of which, distributions of earnings (Distributions of earnings per unit)	— thousand yen (— yen)	821,451 thousand yen (447 yen)	3,546,761 thousand yen (1,930 yen)
Of which, Distributions in excess of retained earnings (Distributions in excess of retained earnings per unit)	— thousand yen (— yen)	154,366 thousand yen (84 yen)	475,964 thousand yen (259 yen)

(Note) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings, which do not exceed the amount obtained by deducting an amount of capital expenditures for the calculation period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 217 million yen of capital expenditures for the current fiscal period from 1,588 million yen of depreciation expense for the period is 1,371 million yen.

For the time being, GLP J-REIT intends to make Optimal Payable Distribution (the “OPD”), that means distributions in excess of retained earnings, in an amount equal to approximately 30% of depreciation expenses for the calculation period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair plan or financial conditions in light of the estimated amount of capital expenditures for each fiscal term based on the long-term repair plan of GLP J-REIT.

With respect to all 33 properties held as of August 31, 2013, the six-month period average of total amount of the short-term emergency repair costs and the medium- to long-term repair costs, which are set out in the Engineering Report dated September 19, 2012 for each property prepared by PROPERTY RISK SOLUTIONS Corporation, is 306 million yen.

5. Future Management Policy and Issues To Be Addressed

(1) Operational Environment in Next Fiscal Period

The Japanese economy is expected to continue to recover, owing to the effectiveness of various policy measures by the government and the export recovery.

As for transactions of leasable logistics facilities, proactive deals are continuing to take place, including participation of new players, due to the growing interest among investors. However, as the supply of such facilities is scarce compared with other asset types, securing acquisition sources has become a vital issue. In the leasing market, the sense of scarcity for modern logistics facilities has continued to cause the vacancy rate to drop, and an increase in rents is expected to accompany the growing leasing demand.

With regard to the financing environment, financial institutions are expected to maintain their current positive lending attitude, and a persistent capital inflow into the J-REIT market is anticipated.

(2) Future Management Policy and Issues To Be Addressed

Under these circumstances, GLP J-REIT is committed to implementing the following measures in pursuit of growth over the medium to long term.

In its internal growth strategy, while enjoying the stable cash flows that characterize its portfolio of assets, GLP J-REIT will

work on renewing lease contracts with upwardly revised rents, giving consideration to market rents, upon the expiration of lease period.

As for external growth strategy, the Asset Manager of GLP J-REIT has entered into a right-of-first-look agreement with Global Logistics Properties Limited, which is the sponsor parent, and its group companies (hereinafter “GLP Group”), allowing GLP J-REIT to preferentially obtain information regarding the sale of logistics facilities with regard to the 33 properties wholly owned by the GLP Group (as of the date of this document). While taking advantage of this agreement as a valuable pipeline, GLP J-REIT will also investigate other acquisition methods, including acquisitions from third parties, as it pursues further expansion of its portfolio size.

In terms of financial strategy, GLP J-REIT will examine such financing activities as extending debt maturities through refinancing, issuing investment corporation bonds and raising funds through public offerings, while closely monitoring the trends in the financing environment. By doing so, GLP J-REIT will work to achieve the optimal balance of financing methods and financing costs.

(Note) On October 1, 2013, GLP J-REIT acquired 7 properties (total acquisition price: 27,500 million yen) by means other than the aforementioned right-of-first-look agreement. In addition, on March 3, 2014, GLP J-REIT will acquire 2 properties (total acquisition price: 28,500 million yen) under the right-of-first-look agreement. Please refer to “6. Significant Subsequent Events (2) Acquisitions of Assets” below for further details.

6. Significant Subsequent Events

(1) Issuance of new investment units

At the Board of Directors’ Meeting held on September 3 and September 18, 2013, GLP J-REIT resolved to issue new investment units as follows. The payments for new investment units through a public offering and through a third-party allocation were completed on September 26, 2013 and October 16, 2013, respectively.

[Issuance of new investment units through a public offering]

Number of new investment units to be issued:	249,955 units (100,455 units for domestic market, 149,500 units for international market)
Issue price (offer price):	91,942 yen per unit
Total amount issued (total offering amount):	22,981,362,610 yen
Amount to be paid in (issue amount):	88,735 yen per unit
Total amount to be paid in (total issue amount):	22,179,756,925 yen
Payment date	September 26, 2013
Initial date for calculating distribution:	September 1, 2013

[Issuance of new investment units through a third-party allocation]

Number of new investment units issued:	10,045 units
Amount to be paid in (issue amount):	88,735 yen per unit
Total amount to be paid in (total issue amount):	891,343,075 yen
Payment date	October 16, 2013
Initial date of calculating distribution:	September 1, 2013
Underwriter:	Nomura Securities Co., Ltd.

[Purpose of funding]

The funds procured through the public offering were appropriated for the acquisition of beneficiary rights of real estate in

trust stated below in (2). The funds procured through the third-party allocation will be appropriated to repay a part of short-term loans.

(2) Acquisitions of Assets

GLP J-REIT acquired beneficiary rights of real estate in trust of seven properties stated below (with a total acquisition price of 27,500 million yen) on October 1, 2013. The acquisition price (the sales and purchase price in the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust) excludes related costs for the acquisition such as related expenses for acquisition, property-related taxes and consumption taxes.

Property Name	Location	Seller	Acquisition Price (Millions of yen)
GLP Hamura	Hamura, Tokyo	Light Year Special Purpose Company	7,660
GLP Funabashi III	Funabashi, Chiba	Light Year Special Purpose Company	3,050
GLP Sodegaura	Sodegaura, Chiba	Light Year Special Purpose Company	6,150
GLP Rokko II	Kobe, Hyogo	Light Year Special Purpose Company	3,430
GLP Ebetsu	Ebetsu, Hokkaido	Light Year Special Purpose Company	1,580
GLP Kuwana	Kuwana, Mie	Light Year Special Purpose Company	3,650
GLP Hatsukaichi	Hatsukaichi, Hiroshima	Light Year Special Purpose Company	1,980
Total	—	—	27,500

On September 3, 2013, GLP J-REIT has entered into the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust with sellers of beneficiary rights of the following two properties (with a total acquisition price of 28,500 million yen) with the scheduled acquisition date of March 3, 2014 (Note).

Property Name	Location	Seller	Acquisition Price (Millions of yen)
GLP Urayasu III	Urayasu, Chiba	Urayasu 3 Logistics Special Purpose Company	18,200
GLP Komaki	Komaki, Aichi	Komaki Logistics Special Purpose Company	10,300
Total	—	—	28,500

(Note) The said Sales and Purchase Agreement prescribes that if the Agreement is terminated by the nonfulfillment of conditions exclusively due to grounds attributable to GLP J-REIT, GLP J-REIT shall indemnify or reimburse the seller for any damage caused by the termination or in relation to the termination. However, it is prescribed that the Agreement shall be automatically terminated without any compensation for costs and damages or any other liability imposed upon GLP J-REIT, if GLP J-REIT could not procure funds for the acquisition before the date of ownership transfer due to grounds not attributable to GLP J-REIT.

(3) Borrowing of Funds

GLP J-REIT entered into the following Loan Agreements on September 27, 2013, in order to procure funds on the assumption that GLP J-REIT would acquire beneficiary rights of real estate in trust of two properties: GLP Urayasu III and GLP Komaki as stated above in (2).

Lender	Amount (Millions of yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Citibank Japan Ltd., The Bank of Fukuoka, Ltd., The Norinchukin Bank, Resona Bank, Limited., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd., and The 77 Bank, Ltd.	7,380	JBA yen 3month TIBOR plus 0.35%	March 3, 2014	End of February 2017	Lump-sum repayment on repayment date	Unsecured
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Citibank Japan Ltd., The Bank of Fukuoka, Ltd., The Norinchukin Bank and Resona Bank, Limited.	12,300	JBA yen 3month TIBOR plus 0.45%		End of February 2019		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Development Bank of Japan Inc.	6,100	JBA yen 3month TIBOR plus 0.55%		End of February 2021		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Development Bank of Japan Inc.	3,140	JBA yen 3month TIBOR plus 0.70%		End of February 2024		
Total	28,920	—	—	—	—	—

[Profile of GLP J-REIT]

1. Status of Unitholders' Capital

	1st Period As of June 30, 2012	2nd Period As of February 28, 2013	3rd Period As of August 31, 2013
Number of investment units authorized	2,000,000 units	16,000,000 units	16,000,000 units
Number of investment units issued and outstanding	400 units	1,837,700 units	1,837,700 units
Unitholders' capital, net (Note)	200 million yen	107,501 million yen	107,347 million yen
Number of unitholders	1	14,585	12,238

(Note) It represents the amount of unitholders' capital, net of distributions in excess of retained earnings deducted from total unitholders' capital amount.

2. Matters Concerning Investment Units

The following is a list of major unitholders as of August 31, 2013.

Name	Location	Number of units held (Units)	Ratio to total units issued and outstanding (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	299,662	16.30
GLP Capital Japan 2 Private Limited	Shiodome City Center, 1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo	272,455	14.82
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Tower Z, Harumi Triton Square, Harumi 1-8-12, Chuo-ku, Tokyo	188,370	10.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	107,939	5.87
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	101,669	5.53
Nomura Bank Luxembourg SA	1-2-3, Otemachi, Chiyoda-ku, Tokyo Standing proxy: Sumitomo Mitsui Banking Corporation	62,541	3.40
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	4-16-13, Tsukishima, Chuo-ku, Tokyo Standing proxy: Mizuho Bank, Ltd. (Settlement & Clearing Services Division)	22,362	1.21
State Street Bank and Trust Company	4-16-13, Tsukishima, Chuo-ku, Tokyo Standing proxy: Mizuho Bank, Ltd. (Settlement & Clearing Services Division)	20,402	1.11
State Street Bank and Trust Company	3-11-1, Nihonbashi, Chuo-ku, Tokyo Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited (Tokyo Branch)	20,129	1.09
The Gibraltar Life Insurance Co., Ltd. (General Account J-REIT)	1-8-11, Harumi, Chuo-ku, Tokyo Standing proxy: Japan Trustee Services Bank, Ltd.	17,308	0.94
Total		1,112,837	60.55

(Note) "Ratio to total units issued and outstanding" is rounded down to the second decimal place.

3. Matters Concerning Directors and Auditors

Names of Directors and Independent Auditor for the period ended August 31, 2013

Title	Name	Other concurrent title	Total amount of fees paid during the Period (Thousand yen)
Executive Director (Notes 1 and 2)	Masato Miki	President and CEO, GLP Japan Advisors Inc.	—
Supervisory Director (Note 2)	Toraki Inoue	Representative CPA, Toraki Inoue CPA Firm President, Account Advisory Co., Ltd. Outside Corporate Auditor, Pioneer Co., Ltd.	1,860
	Kota Yamaguchi	Partner, Kimura Takushima & Yamaguchi Law Firm Outside Director, Heiwa Corporation	1,860
Independent Auditor	KPMG AZSA LLC	—	14,000

(Note 1) Masato Miki owns 1,367 units of GLP J-REIT under his own name.

(Note 2) Executive Director and Supervisory Director may be an officer of entities other than above; however, any of such entities including the above has no interest with GLP J-REIT.

Policy on dismissal and non-reappointment of Independent Auditor

The dismissal and non-reappointment of Independent Auditor is to be resolved by the Board of Directors' meeting of GLP J-REIT after comprehensively considering various circumstances.

4. Asset Management Company, Custodian and General Administrator

The asset management company, the custodian and the general administrator as of August 31, 2013 are as follows:

Business	Company name
Asset Management Company	GLP Japan Advisors Inc.
Custodian, General Administrator and Transfer Agent for Investment Units	Mitsubishi UFJ Trust and Banking Corporation

[Status on Investment Properties]

1. Composition of GLP J-REIT's Assets

Type of asset	Use of asset	Area (Note 1)	2nd Period As of February 28, 2013		3rd Period As of August 31, 2013	
			Total amount held (Million yen) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (Million yen) (Note 2)	Ratio to total assets (%) (Note 3)
Property and equipment in trust (Note 4)	Logistics facility	Tokyo metropolitan area	130,751	56.5	130,022	55.6
		Greater Osaka area	60,116	26.0	59,729	25.5
		Other	31,556	13.6	31,300	13.4
Sub Total			222,424	96.1	221,053	94.5
Deposits and other assets			8,929	3.9	12,822	5.5
Total assets (Note 5)			231,353 [222,424]	100.0 [96.1]	233,875 [221,053]	100.0 [94.5]

(Note 1) "Tokyo metropolitan area" includes Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, and Yamanashi prefectures. "Greater Osaka area" includes Osaka, Hyogo, Kyoto, Shiga, Nara and Wakayama prefectures. "Other" includes areas other than the above.

(Note 2) "Total amount held" represents the carrying value (for property and equipment or property and equipment in trust, the book value after deducting depreciation).

(Note 3) "Ratio to total assets" is rounded off to the first decimal place.

(Note 4) The amounts of "Property and equipment in trust" do not include the amounts of construction in progress.

(Note 5) "Total assets" represents the total asset balance shown on the balance sheet as of the period end. In addition, the figures in square brackets represent the holding properties portion to total assets.

2. Major Properties Owned

The major components of assets (the 10 largest properties by book value) as of August 31, 2013 are as follows:

Name of properties	Book value (Million yen)	Leasable area (m ²) (Note 1)	Leasable area (m ²) (Note 2)	Occupancy ratio (%) (Note 3)	Ratio to total rental revenues (%) (Note 3)	Primary use
GLP Amagasaki	24,456	110,314.00	110,314.00	100.0	11.1	Logistics facility
GLP Tokyo	22,670	56,105.95	56,105.95	100.0	9.7	Logistics facility
GLP Sugito II	18,923	101,262.00	100,354.73	99.1	9.0	Logistics facility
GLP Narashino II	15,228	104,543.59	104,543.59	100.0	(Note 4)	Logistics facility
GLP Misato II	14,574	59,208.59	59,208.59	100.0	(Note 4)	Logistics facility
GLP Kazo	11,424	76,532.71	76,532.71	100.0	(Note 4)	Logistics facility
GLP Koshigaya II	9,765	43,537.47	43,537.47	100.0	(Note 4)	Logistics facility
GLP Maishima II	8,913	56,511.10	56,511.10	100.0	(Note 4)	Logistics facility
GLP Hirakata II	7,948	43,283.01	43,283.01	100.0	(Note 4)	Logistics facility
GLP Akishima	7,183	27,356.63	27,356.63	100.0	(Note 4)	Logistics facility
Total	141,088	678,655.05	677,747.78	99.9	62.0	

(Note 1) “Leasable area” is the area of property or property in trust that is available for lease in accordance with the relevant lease agreement or architectural drawing, and rounded down to the second decimal place.

(Note 2) “Leased area” is the total area leased to building tenants in accordance with the relevant lease agreement of each property or property in trust, and rounded down to the second decimal place. When the property or property in trust is leased through a master lease agreement, the leased area represents the total space actually leased based on the lease agreement concluded with end-tenants.

(Note 3) “Occupancy ratio” and “Ratio to total rental revenues” are rounded off to the first decimal place.

(Note 4) Not disclosed because tenant’s consent is not obtained.

3. Summary of Portfolio Properties

The following table summarizes the investment properties held by GLP J-REIT as of August 31, 2013.

The following table summarizes the investment properties held by GLP as of August 31, 2015:					
Name of property	Location (Note 1)	Type of ownership	Leasable area (m ²) (Note 2)	Appraisal value (Million yen) (Note 3)	Book value (Million yen)
GLP Tokyo	2-1-2, Tokai, Ota-ku, Tokyo	Beneficiary right in trust	56,105.95	23,000	22,670
GLP Higashi-Ogishima	23-9, Higashi-Ogishima, Kawasaki-ku, Kawasaki, Kanagawa		34,582.00	5,350	5,015
GLP Akishima	4-13-41, Mihori-cho, Akishima, Tokyo 4-13-42, Mihori-cho, Akishima, Tokyo		27,356.63	7,440	7,183
GLP Tomisato	3-1, Misawa, Tomisato, Chiba		27,042.59	5,140	4,973
GLP Narashino II	3-6-3, Akanehama, Narashino, Chiba		104,543.59	18,200	15,228
GLP Funabashi	1-1389-2, Kaijincho-minami, Funabashi, Chiba		12,017.00	1,810	1,745
GLP Kazo	1-5-1, Minamishinozaki, Kazo, Saitama		76,532.71	12,400	11,424
GLP Fukaya	1900-2, Mizugahara, Orinokuchi, Fukaya, Saitama		19,706.00	2,580	2,402
GLP Sugito II	398-2, Fuwaka, Sugito-machi, Kita-Katsushika, Saitama		101,262.00	19,500	18,923
GLP Iwatsuki	2-9-10, Kokaba, Iwatsuki-ku, Saitama, Saitama		31,839.99	7,020	6,932
GLP Kasukabe	1155, Anzai, Suikaku, Kasukabe, Saitama		18,460.72	4,250	4,215
GLP Koshigaya II	2-2-1, Ryutsu-Danchi, Koshigaya, Saitama		43,537.47	9,960	9,765
GLP Misato II	3-2-1, Lala-city, Shinmisato, Misato, Saitama		59,208.59	15,100	14,574
GLP Tatsumi	3-11-10, Tatsumi, Koto-ku, Tokyo		12,925.58	5,150	4,966
GLP Hirakata	3-2-27, Minami-nakaburi, Hirakata, Osaka 3-2-7, Minami-nakaburi, Hirakata, Osaka		29,829.56	4,970	4,772
GLP Hirakata II	3-3-1, Minami-nakaburi, Hirakata, Osaka		43,283.01	8,070	7,948
GLP Maishima II	2-1-92, Hokukoryokuchi, Konohana-ku, Osaka, Osaka		56,511.10	9,900	8,913
GLP Tsumori	2-1-30, Minami-tsumori, Nishinari-ku, Osaka, Osaka		16,080.14	2,070	2,031
GLP Rokko	3-10, Koyochō-higashi, Higashinada-ku, Kobe, Hyogo		39,339.00	5,340	5,171
GLP Amagasaki	231-2, Nishimukojima-cho, Amagasaki, Hyogo		110,314.00	24,900	24,456
GLP Amagasaki II	16, Nishitakasū-cho, Amagasaki, Hyogo		12,342.95	2,080	2,049
GLP Nara	6-4, Imago-cho, Yamatokoriyama, Nara		19,545.35	2,600	2,384
GLP Sakai	1-63, Chikkouyawatamachi, Sakai-ku, Sakai, Osaka		10,372.10	2,050	2,001
GLP Morioka	59, Urata, Sakuramachi, Shiwa-cho, Shiwa, Iwate		10,253.80	839	813
GLP Tomiya	9-1-2, Narita, Tomiyama-machi, Kurokawa, Miyagi		20,466.98	2,820	2,808
GLP Koriyama I	3-2-2, Oroshi, Kikuta-cho, Koriyama, Fukushima		24,335.96	4,170	4,062
GLP Koriyama III	5-12, Mukaihara, Horinouchi, Kikuta-machi, Koriyama, Fukushima		27,671.50	2,660	2,635
GLP Tokai	2-47, Asayama, Tokai, Aichi		32,343.30	6,480	6,197
GLP Hayashima	823, Yao, Hayashima-cho, Tsukubo, Okayama		13,574.58	1,260	1,208
GLP Hayashima II	4507-40, Hayashima, Hayashima-cho, Tsukubo, Okayama		14,447.48	2,500	2,446
GLP Kiyama	2950-1, Urata, Sonobe, Kiyama-cho, Miyaki, Saga		23,455.96	4,980	4,719
GLP Tosu III	1-2, Wakasa, Fujinokimachi, Tosu, Saga		11,918.00	847	814
GLP Sendai	12-1, Niinuma, Nakano, Miyagino-ku, Sendai, Miyagi		37,256.23	5,790	5,594
Total			1,178,461.83	231,226	221,053

(Note 1) "Location" represents the indication of residential address. If no indication of residential address exists, the location of the building (one of those if there are multiple buildings) shown on the registry is stated.

(Note 2) "Leasable area" is the area of property or property in trust that is available for lease in accordance with the relevant lease agreement or architectural drawing, and rounded down to the second decimal place.

(Note 3) "Appraisal value" represents the appraisal value or research price as set forth on the relevant study reports by real estate appraisers as of the balance sheet date in accordance with the policy prescribed in the Articles of Incorporation of GLP J-REIT and the rules of the Investment Trust Association.

The trend of property-related business of GLP J-REIT is as follows.

Name of property	2nd Period From July 1, 2012 To February 28, 2013				3rd Period From March 1, 2013 To August 31, 2013			
	At Period End		Rental revenues (Million yen)	Ratio to total rental revenues (%) (Note 2)	At Period End		Rental Revenues (Million yen)	Ratio to total rental revenue (%) (Note 2)
	Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)			Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)		
GLP Tokyo	5	100.0	219	9.8	5	100.0	702	9.7
GLP Higashi-Ogishima	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Akishima	3	100.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
GLP Tomisato	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Narashino II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Funabashi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kazo	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Fukaya	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sugito II	4	99.1	206	9.2	4	99.1	655	9.0
GLP Iwatsuki	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kasukabe	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koshigaya II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Misato II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Tatsumi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hirakata	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hirakata II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Maishima II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tsumori	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Rokko	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Amagasaki	6	100.0	250	11.2	6	100.0	804	11.1
GLP Amagasaki II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Nara	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sakai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Morioka	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tomiya	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koriyama I	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koriyama III	4	100.0	41	1.9	4	100.0	131	1.8
GLP Tokai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hayashima	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hayashima II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kiyama	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tosu III	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sendai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Total	53	99.9	2,236	100.0	53	99.9	7,272	100.0

(Note 1) “Number of tenants” represents the total number of building tenants stated on the lease agreement of each property or property in trust.

(Note 2) “Occupancy ratio” and “Ratio to total rental revenues” are rounded off to the first decimal place.

(Note 3) Not disclosed because tenant’s consent is not obtained.

4. Specified Transaction

As of August 31, 2013, the contract amount and fair value of the outstanding transaction under the specified transaction account of GLP J-REIT are as follows.

	Type	Contract amount (Million yen) (Note 1)		Fair value (Million yen) (Note 2)
			Due after one year	
OTC	Interest rate swaps: Receive floating/ Pay fix	72,150	72,150	(164)
Total		72,150	72,150	(164)

(Note 1) The contract amount of interest rate swaps is based on its notional principal.

(Note 2) The fair value is the amount measured by the counterparty of the transaction based on data such as market rates.

(Note 3) For the financial reporting purpose, the transaction was not measured at fair value but accounted for under special treatment for interest rate swaps based on “Accounting Standard for Financial Instruments” under Japanese GAAP.

5. Investments and Other Assets

(1) Investment securities – Equity securities

Name of stock	Number of share	Acquisition cost (Thousand yen)		Fair value (Thousand yen)		Unrealized gain/loss (Thousand yen)	Remarks
		Per share	Total	Per share	Total		
Okayama General Distribution Center Co., Ltd.	16 shares	100	1,600	100	1,600	—	(Note)

(Note) The book value is used as its fair value of the unlisted equity securities.

(2) Details of other specified assets

Beneficiary rights of real estate in trust held by GLP J-REIT are disclosed in aforementioned “3. Summary of Portfolio Properties.” GLP J-REIT has no other specified assets.

[Capital Expenditures for Properties Owned]

1. Future Plan of Capital Expenditures

The following table summarizes the major capital expenditure plan in connection with scheduled renovation and others for properties owned as of August 31, 2013. Estimated construction cost includes the amounts to be expensed for accounting purpose.

Name of property	Location	Purpose	Planned period	Estimated construction cost (Million yen)		
				Total amount	Paid during the period	Total amount paid
GLP Narashino II	Narashino, Chiba	Renewal of central monitor system	From August 2013 to December 2013	275	—	—
GLP Narashino II	Narashino, Chiba	Repair of control board of fire extinguishing system	From June 2014 to August 2014	60	—	—
GLP Higashi-Ogishima	Kawasaki, Kanagawa	Renewal of water cooled chillers	From April 2014 to June 2014	35	—	—
GLP Narashino II	Narashino, Chiba	Repair of evacuation lights	From October 2013 to November 2013	24	—	—
GLP Tokyo	Ohta-ku, Tokyo	Renewal of electronic locking system	From November 2013 to December 2013	23	—	—

2. Capital Expenditures During the Current Period

The following table summarizes the major constructions to holding properties that resulted in capital expenditure for the current period. Capital expenditure for the current period was 217 million yen. The total construction cost amounted to 232 million yen, including repair and maintenance of 15 million yen that was accounted for as expenses.

Name of property	Location	Purpose	Period	Construction cost (Million yen)
GLP Narashino II	Narashino, Chiba	Repair of exterior wall	From June 2013 to August 2013	34
GLP Narashino II	Narashino, Chiba	Renewal of fire extinguishing system	From July 2013 to August 2013	9
GLP Tsumori	Osaka-shi, Osaka	Repair of elevator	From March 2013 to May 2013	9
Other	—	—	—	162
Total				217

3. Funds Reserved for Long-Term Repair Plans

Based on the long-term repair plan established for each property, GLP J-REIT accounted for the following reserves from the operating cash flows to be appropriated for the large-scale engineering works in the mid- to long-term future.

(Unit: Million yen)

Operating period	1st Period From September 16, 2011 To June 30, 2012	2nd Period From July 1, 2012 To February 28, 2013	3rd Period From March 1, 2013 To August 31, 2013
Balance brought forward from the previous period	—	—	—
Amount reserved during the period	—	—	—
Amount used during the period	—	—	—
Balance brought forward to the next period	—	—	—

(Note 1) GLP J-REIT intends not to account for reserves if the estimated amount of capital expenditures of the following period does not exceed the amount equivalent to 70% of the estimated depreciation expenses for the same period. GLP J-REIT estimates the amount of capital expenditures for the 4th period (for the period ending February 2014) to be 488 million yen, which does not exceed 1,231 million yen, the amount equivalent to 70% of 1,759 million yen that is the estimated depreciation expenses for the same period.

(Note 2) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings, which do not exceed the amount obtained by deducting an amount of capital expenditures for the calculation period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 217 million yen of capital expenditures for the current fiscal period from 1,588 million yen of depreciation expense for the period is 1,371 million yen.

For the time being, GLP J-REIT intends to make OPD in an amount equal to approximately 30% of depreciation expenses for the calculation period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair plan or financial conditions in light of the estimated amount of capital expenditures for each fiscal term based on the long-term repair plan of GLP J-REIT.

With respect to all 33 properties held as of August 31, 2013, the six-month period average of total amount of the short-term emergency repair costs and the medium- to long-term repair costs, which are set out in the Engineering Report dated September 19, 2012 for each property prepared by PROPERTY RISK SOLUTION Corporation, is 306 million yen. Please refer to the “Summary of Engineering Due Diligence Report” below for short-term emergency repair costs and mid-to-long term repair costs for each asset.

(Reference) Summary of Engineering Due Diligence Report

Reference) Summary of Engineering Due Diligence Report					
Property number	Name of property	Engineering due diligence company	Date of report	Short-term emergency repair costs (Thousand yen) (Note 1)	Mid-to-Long term repair costs (Thousand yen) (Note2)
Tokyo-1	GLP Tokyo	Property Risk Solution Corporation	September 19, 2012	—	219,100
Tokyo-2	GLP Higashi-Ogishima			—	561,650
Tokyo-3	GLP Akishima			—	168,950
Tokyo-4	GLP Tomisato			—	75,700
Tokyo-5	GLP Narashino II			—	1,292,600
Tokyo-6	GLP Funabashi			—	240,050
Tokyo-7	GLP Kazo			—	303,800
Tokyo-8	GLP Fukaya			—	410,950
Tokyo-9	GLP Sugito II			—	365,100
Tokyo-10	GLP Iwatsuki			—	50,120
Tokyo-11	GLP Kasukabe			—	170,650
Tokyo-12	GLP Koshigaya II			—	136,530
Tokyo-13	GLP Misato II			—	78,600
Tokyo-14	GLP Tatsumi			—	43,100
Osaka-1	GLP Hirakata			—	315,300
Osaka-2	GLP Hirakata II			—	305,900
Osaka-3	GLP Maishima II			—	152,100
Osaka-4	GLP Tsumori			—	142,750
Osaka-5	GLP Rokko			—	476,400
Osaka-6	GLP Amagasaki			—	307,700
Osaka-7	GLP Amagasaki II			—	142,500
Osaka-8	GLP Nara			—	102,910
Osaka-9	GLP Sakai			—	42,200
Other-1	GLP Morioka			—	59,600
Other-2	GLP Tomiya			—	61,800
Other-3	GLP Koriyama I			—	28,650
Other-4	GLP Koriyama III			—	350,300
Other-5	GLP Tokai			—	123,880
Other-6	GLP Hayashima			—	126,880
Other-7	GLP Hayashima II			—	33,150
Other-8	GLP Kiyama	—	95,190		
Other-9	GLP Tosu III	—	201,000		
Other-10	GLP Sendai	—	159,450		
Total				—	7,344,560

(Note 1) “Short-term emergency repair costs” represents the repair costs deemed to be required within one year from the date of the report.

(Note 2) “Mid-to-Long term repair costs” represents the total repair costs deemed to be required within 12 years from the date of the report.

[Expenses and Liabilities]

1. Status of Expenses related to Asset Management

(Unit: Thousand yen)

	2nd Period From July 1, 2012 To February 28, 2013	3rd Period From March 1, 2013 To August 31, 2013
Asset management fee	209,385	754,275
Asset custody fee	1,121	4,113
Administrative service fees	3,910	11,190
Directors' remuneration	2,660	3,720
Audit fee	14,100	15,000
Taxes and dues	208	80
Other operating expenses	11,851	58,551
Total	243,236	846,930

2. Status of Borrowings

The following summarizes the outstanding loans payable by financial institutions as of August 31, 2013.

The following summarizes the outstanding loans payable by financial institutions as of August 31, 2013.									
	Category	Date of borrowing	As of February 28, 2013 (Million yen)	As of August 31, 2013 (Million yen)	Average rate (Note 2)	Due date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Short-term loans payable	Sumitomo Mitsui Banking Corporation	January 4, 2013	4,000	4,000	0.50%	January 4, 2014	Lump-sum	(Note 5)	Unsecured
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,000	4,000					
	Mizuho Bank, Ltd. (Note 1)		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	Citibank Japan Ltd.		1,300	1,300					
	The Bank of Fukuoka, Ltd.		1,300	1,300					
	The Norinchukin Bank		1,000	1,000					
	Resona Bank, Limited.		1,000	1,000					
	Subtotal		18,400	18,400					
	Long-term loans payable		Sumitomo Mitsui Banking Corporation	January 4, 2013					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,500	4,500						
Mizuho Bank, Ltd. (Note 1)		4,000	4,000						
Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800						
Citibank Japan Ltd.		1,800	1,800						
The Bank of Fukuoka, Ltd.		1,300	1,300						
The Norinchukin Bank		900	900						
Resona Bank, Limited.		900	900						
Sumitomo Mitsui Banking Corporation		January 4, 2013	6,300	6,300	0.85% (Note 4)	January 4, 2016	Lump-sum	(Note 5)	Unsecured
The Bank of Tokyo-Mitsubishi UFJ, Ltd.			5,900	5,900					
Mizuho Bank, Ltd. (Note 1)			4,000	4,000					
Mitsubishi UFJ Trust and Banking Corporation			1,800	1,800					
Citibank Japan Ltd.			1,800	1,800					
The Bank of Fukuoka, Ltd.			1,400	1,400					
The Norinchukin Bank			1,300	1,300					
Resona Bank, Limited.			1,300	1,300					
Sumitomo Mitsui Banking Corporation		January 4, 2013	6,400	6,400	1.13% (Note 4)	January 4, 2018	Lump-sum	(Note 5)	Unsecured
The Bank of Tokyo-Mitsubishi UFJ, Ltd.			5,900	5,900					
Mizuho Bank, Ltd. (Note 1)			4,000	4,000					
Mitsubishi UFJ Trust and Banking Corporation			1,800	1,800					

Citibank Japan Ltd.		1,800	1,800					
The Bank of Fukuoka, Ltd.		1,800	1,800					
The Norinchukin Bank		1,300	1,300					
Resona Bank, Limited.		1,300	1,300					
Sumitomo Mitsui Banking Corporation	January 4, 2013	5,000	5,000	1.41% (Note 4)	January 4, 2020	Lump-sum	(Note 5)	Unsecured
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,600	4,600					
Mizuho Bank, Ltd. (Note 1)		4,000	4,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
The Bank of Fukuoka, Ltd.		900	900					
Development Bank of Japan Inc.		4,500	4,500					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 1, 2013	3,250	3,250	1.03%	January 31, 2020	Lump-sum	(Note 5)	Unsecured
Sumitomo Mitsui Banking Corporation	February 1, 2013	3,250	3,250	1.30% (Note 4)	February 1, 2021	Lump-sum	(Note 5)	Unsecured
Subtotal		96,000	96,000					
Total		114,400	114,400					

(Note 1) Mizuho Corporate Bank, Ltd. and Mizuho Bank, Ltd. merged on July 1, 2013 and the trade name was changed to Mizuho Bank, Ltd.

(Note 2) "Average rate" represents the weighted average interest rate during the fiscal period and is rounded off to the second decimal place.

(Note 3) When the due date falls on a day other than a business day, it shall be the next business day.

(Note 4) GLP J-REIT uses interest rate swaps to hedge the interest rate risk exposure. The rate stated above is the effective rate of interest after interest rate swaps.

(Note 5) The fund procurement was made for the purpose of acquiring properties or beneficiary rights of real estate in trust.

3. Status of Investment Corporation Bonds

None

4. Status of Short-Term Investment Corporation Bonds

None

[Acquisition and Disposition]

1. Acquisition and Disposition of Real Estate Properties and Asset-Backed Securities

None

2. Acquisition and Disposition of Investments and Other Assets

Other assets except real estate properties and asset-backed securities mentioned above mostly consist of cash and deposits and cash and deposits in trust.

3. Appraisal Values of Specific Assets

None

4. Transactions with Interested Parties and Major Shareholders

(1) Transactions

None

(2) Amounts of fees paid

	Total fees (A) (Thousand yen)	Name of interested parties and major shareholders and the amounts of transactions		(B)/(A) (%)
		Paid to	Amount paid (B) (Thousand yen)	
Property management fee	144,127	Global Logistic Properties Inc.	144,127	100.0
Royalty fee	7,500	Global Logistic Properties Inc.	7,500	100.0
Agency commission	9,423	Global Logistic Properties Inc.	9,423	100.0

(Note) The term “interested parties” refers to interested parties of Asset Management Company (Asset Manager) as stipulated by Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations issued by The Investment Trust Association of Japan. The term “major shareholder” refers to major shareholders of Asset Management Company as defined by Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Act.

5. Status on Transactions with Asset Manager in connection with Concurrent Business conducted by the Asset Manager

No item to report since GLP Japan Advisors Inc., the Asset Manager of GLP J-REIT, does not concurrently engaged in any of the Type I Financial Instruments Business, Type II Financial Instruments Business, Building Lots and Buildings Transaction Business or Real Estate Specified Joint Business.

[Accounting]

1. Status on Assets, Liabilities, Principals, and Income and Losses

Please refer to the “Balance Sheets,” “Statements of Operations,” “Statements of Net Assets,” “Notes to Financial Statements” and “Statements of Distributions” presented later in this report.

2. Change in Calculation of Depreciation

None

3. Change in Valuation of Real Estate Properties

None

4. Status of Beneficiary Certificates of Investment Trust Established by Self

None

[Other information]

1. Notice

None

2. Other

In this report, any fraction is rounded down for monetary amounts and rounded off for ratios unless otherwise stated.

Balance Sheets

(Unit: Thousand yen)

	Prior Period (Reference) As of February 28, 2013	Current Period As of August 31, 2013
Assets		
Current assets		
Cash and deposits	710,652	8,110,467
Cash and deposits in trust	2,049,745	3,359,219
Operating accounts receivable	29,582	40,255
Prepaid expenses	354,239	306,792
Deferred tax assets	143	8
Consumption taxes receivable	4,606,628	—
Other current assets	—	78
Total current assets	7,750,992	11,816,821
Noncurrent assets		
Property and equipment		
Buildings in trust	90,360,351	90,558,574
Accumulated depreciation	(482,557)	(1,969,518)
Buildings in trust, net	89,877,794	88,589,055
Structures in trust	1,929,388	1,938,748
Accumulated depreciation	(29,128)	(120,227)
Structures in trust, net	1,900,260	1,818,520
Machinery and equipment in trust	51,909	51,909
Accumulated depreciation	(1,368)	(5,546)
Machinery and equipment in trust, net	50,541	46,363
Tools, furniture and fixtures in trust	72,595	81,573
Accumulated depreciation	(1,949)	(8,001)
Tools, furniture and fixtures in trust, net	70,646	73,571
Land in trust	130,525,023	130,525,506
Construction in progress	—	19,641
Total property and equipment, net	222,424,265	221,072,659
Investments and other assets		
Investment securities	1,600	1,600
Long-term prepaid expenses	871,156	732,526
Security deposits	10,000	10,000
Total investments and other assets	882,756	744,126
Total noncurrent assets	223,307,022	221,816,786
Deferred assets		
Investment unit issuance expenses	295,637	241,885
Total deferred assets	295,637	241,885
Total Assets	231,353,652	233,875,492

(Unit: Thousand yen)

	Prior Period (Reference) As of February 28, 2013	Current Period As of August 31, 2013
Liabilities		
Current liabilities		
Operating accounts payable	102,595	112,242
Short-term loans payable	18,400,000	18,400,000
Accounts payable	533,675	859,878
Accrued expenses	5,400	8,513
Income taxes payable	2,701	594
Consumption taxes payable	—	282,961
Advances received	1,237,595	1,167,271
Deposits received	1,302,913	682,167
Current portion of tenant leasehold and security deposits	—	60,988
Total current liabilities	21,584,882	21,574,619
Noncurrent liabilities		
Long-term loans payable	96,000,000	96,000,000
Tenant leasehold and security deposits	5,266,920	5,228,159
Tenant leasehold and security deposits in trust	178,019	178,019
Total noncurrent liabilities	101,444,939	101,406,178
Total Liabilities	123,029,822	122,980,797
Net Assets		
Unitholders' equity		
Unitholders' capital	107,501,739	107,501,739
Deduction from unitholders' capital	—	(154,366)
Unitholders' capital, net	107,501,739	107,347,372
Retained earnings		
Unappropriated retained earnings	822,090	3,547,322
Total retained earnings	822,090	3,547,322
Total unitholders' equity	108,323,829	110,894,695
Total Net Assets *1	108,323,829	110,894,695
Total Liabilities and Net Assets	231,353,652	233,875,492

Statements of Operations

	(Unit: Thousand yen)	
	Prior Period (Reference)	Current Period
	From July 1, 2012	From March 1, 2013
	To February 28, 2013	To August 31, 2013
Operating revenues		
Rental revenues *1	2,170,336	7,038,883
Other rental revenues *1	66,620	233,860
Total operating revenues	2,236,957	7,272,743
Operating expenses		
Rental expenses *1	665,590	2,124,755
Asset management fee	209,385	754,275
Asset custody fee	1,121	4,113
Administrative service fees	3,910	11,190
Directors' remuneration	2,660	3,720
Audit fee	14,100	15,000
Taxes and dues	208	80
Other operating expenses	11,851	58,551
Total operating expenses	908,827	2,971,685
Operating income	1,328,129	4,301,058
Non-operating income		
Interest income	2,230	1,265
Interest on refund of consumption taxes	17	5,426
Total non-operating income	2,247	6,692
Non-operating expenses		
Interest expense	156,177	534,039
Borrowing related expenses	66,510	167,956
Amortization of investment unit issuance expenses	26,876	53,752
Offering costs associated with the issuance of investment units	168,482	1,909
Others, net	1,486	2,499
Total non-operating expenses	419,533	760,157
Ordinary income	910,844	3,547,592
Income before income taxes	910,844	3,547,592
Income taxes-current	3,154	773
Income taxes-deferred	(143)	135
Total income taxes	3,010	908
Net income	907,833	3,546,683
Accumulated earnings (deficit) brought forward	(85,743)	638
Unappropriated retained earnings	822,090	3,547,322

Statements of Changes in Net Assets

(Unit: Thousand yen)

	Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of the period	200,000	107,501,739
Changes of items during the period		
Issuance of new investment units	107,301,739	—
Total changes of items during the period	107,301,739	—
Balance at the end of the period *1	107,501,739	107,501,739
Deduction from unitholders' capital		
Balance at the beginning of the period	—	—
Changes of items during the period		
Distributions in excess of retained earnings	—	(154,366)
Total changes of items during the period	—	(154,366)
Balance at the end of the period	—	(154,366)
Unitholders' capital, net		
Balance at the beginning of the period	200,000	107,501,739
Changes of items during the period		
Issuance of new investment units	107,301,739	—
Distributions in excess of retained earnings	—	(154,366)
Total changes of items during the period	107,301,739	(154,366)
Balance at the end of the period	107,501,739	107,347,372
Retained earnings		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	(85,743)	822,090
Changes of items during the period		
Distributions of earnings	—	(821,451)
Net income	907,833	3,546,683
Total changes of items during the period	907,833	2,725,231
Balance at the end of the period	822,090	3,547,322
Total retained earnings		
Balance at the beginning of the period	(85,743)	822,090
Changes of items during the period		
Distributions of earnings	—	(821,451)
Net income	907,833	3,546,683
Total changes of items during the period	907,833	2,725,231
Balance at the end of the period	822,090	3,547,322

(Continued)

(Continued)

Total unitholders' equity

Balance at the beginning of the period	114,256	108,323,829
Changes of items during the period		
Issuance of new investment units	107,301,739	—
Distributions in excess of retained earnings	—	(154,366)
Distributions of earnings	—	(821,451)
Net income	907,833	3,546,683
Total changes of items during the period	108,209,573	2,570,865
Balance at the end of the period	108,323,829	110,894,695

Total Net Assets

Balance at the beginning of the period	114,256	108,323,829
Changes of items during the period		
Issuance of new investment units	107,301,739	—
Distributions in excess of retained earnings	—	(154,366)
Distributions of earnings	—	(821,451)
Net income	907,833	3,546,683
Total changes of items during the period	108,209,573	2,570,865
Balance at the end of the period	108,323,829	110,894,695

Notes to Financial Statements

(Notes Concerning Significant Accounting Policies)

By period Item	Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
1. Basis and method of valuation of assets	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.
2. Depreciation of noncurrent assets	Property and equipment including trust assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows: Buildings 2 to 55 years Structures 2 to 57 years Machinery and equipment 6 to 12 years Tools, furniture and fixtures 2 to 15 years	Property and equipment including trust assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows: Buildings 2 to 55 years Structures 2 to 57 years Machinery and equipment 6 to 12 years Tools, furniture and fixtures 2 to 15 years
3. Accounting treatment for deferred assets	Investment unit issuance expenses are amortized over three years using the straight-line method.	Investment unit issuance expenses are amortized over three years using the straight-line method.
4. Revenue and expense recognition	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period is accounted for as rental expenses. Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related tax are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property-related taxes amounted to 1,287,785 thousand yen for the period ended February 28, 2013.	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period is accounted for as rental expenses. Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related tax are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses.
5. Hedge accounting	GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively. The hedge effectiveness for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment.	GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively. The hedge effectiveness for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment.

<p>6. Other significant matters which constitute the basis for preparation of financial statements</p>	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheets. (a) Cash and deposits in trust (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust (c) Tenant leasehold and security deposits in trust (2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of operations.</p>	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheets. (a) Cash and deposits in trust (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust (c) Tenant leasehold and security deposits in trust (2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of operations.</p>
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(Change in Presentation)

<p>Prior Period (Reference) From July 1, 2013 to February 28, 2013</p>	<p>Current Period From March 1, 2013 to August 31, 2013</p>
<p>—</p>	<p>For the period ended August 31, 2013, interest on refund of consumption taxes is reported as a separate line item as materiality increased, although it was previously included in “Other” under non-operating income. Accordingly, the retroactive reclassification was made to the statement of operations for the prior period. Thus, the amount of 17 thousand yen included in “Other” under non-operating income for the prior period was reclassified and reported as interest on refund of consumption taxes.</p>

(Notes to Balance Sheets)

<p>Prior Period (Reference) As of February 28, 2013</p>	<p>Current Period As of August 31, 2013</p>
<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.</p>	<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.</p>

(Notes to Statements of Operations)

Prior Period (Reference) From July 1, 2012 To February 28, 2013		Current Period From March 1, 2013 To August 31, 2013	
*1. Breakdown of operating income from property leasing are as follows:		*1. Breakdown of operating income from property leasing are as follows:	
(Unit: Thousand yen)		(Unit: Thousand yen)	
A. Property-related revenues		A. Property-related revenues	
Rental revenues:		Rental revenues:	
Rental revenues	2,102,434	Rental revenues	6,824,818
Common area charges	67,902	Common area charges	214,064
Total	<u>2,170,336</u>	Total	<u>7,038,883</u>
Other revenues related to property leasing		Other revenues related to property leasing	
Utility charges	51,519	Utility charges	179,423
Parking lots	7,797	Parking lots	26,106
Others	7,303	Others	28,330
Total	<u>66,620</u>	Total	<u>233,860</u>
Total property-related revenues	2,236,957	Total property-related revenues	7,272,743
B. Property-related expenses		B. Property-related expenses	
Rental expenses:		Rental expenses:	
Property and facility management fees	84,929	Property and facility management fees	270,311
Utilities	52,489	Utilities	207,035
Repairs and maintenance	3,004	Repairs and maintenance	15,444
Casualty insurance	4,189	Casualty insurance	13,470
Depreciation	515,002	Depreciation	1,588,291
Others	5,974	Others	30,202
Total property-related expenses	<u>665,590</u>	Total property-related expenses	<u>2,124,755</u>
C. Operating income from property leasing	<u>1,571,366</u>	C. Operating income from property leasing	<u>5,147,988</u>
(A – B)		(A – B)	

(Notes to Statements of Changes in Net Assets)

Prior Period (Reference) From July 1, 2012 To February 28, 2013		Current Period From March 1, 2013 To August 31, 2013	
*1. Number of investment units authorized and number of investment units issued and outstanding		*1. Number of investment units authorized and number of investment units issued and outstanding	
Number of investment units authorized	16,000,000 units	Number of investment units authorized	16,000,000 units
Number of investment units issued and outstanding	1,837,700 units	Number of investment units issued and outstanding	1,837,700 units

(Deferred Tax Accounting)

Prior Period (Reference) As of February 28, 2013		Current Period As of August 31, 2013	
1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)		1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)	
(Deferred tax assets)		(Deferred tax assets)	
Enterprise tax payable	143	Enterprise tax payable	8
Total	143	Total	8
Net deferred tax assets	143	Net deferred tax assets	8
2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of operations for each period is as follows. (Unit: %)		2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of operations for each period is as follows. (Unit: %)	
Statutory effective tax rate	36.59	Statutory effective tax rate	36.59
(Adjustments)		(Adjustments)	
Distributions deductible for tax purposes	(33.00)	Distributions deductible for tax purposes	(36.58)
Valuation allowance	(3.39)	Valuation allowance	—
Other	0.13	Other	0.02
Actual tax rate	0.33	Actual tax rate	0.03

(Capital Lease)

Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
—	—

(Financial Instruments)

Prior Period (from July 1, 2012 to February 28, 2013) (Reference)

1. Status of financial instruments

(1) Policy for financial instruments

GLP J-REIT procures funds for acquisition of assets through issuance of new investment units, bank loans and issuance of investment corporation bonds.

GLP J-REIT enters into derivative transactions solely for the purpose of reducing interest rate and other risks. GLP J-REIT does not use derivative transactions for speculative purpose.

GLP J-REIT generally invests surplus funds in deposits considering the safety of the investment although surplus funds could be invested in securities and monetary claims as a matter of policy.

(2) Financial instruments, their risks and risk management system

Deposits are used for investment of GLP J-REIT's surplus funds. These deposits are exposed to credit risk, such as bankruptcy of the depository financial institution. GLP J-REIT limits credit risk by using only short-term deposits in financial institutions with high credit ratings.

Bank loans are mainly made to procure funds for acquisition of properties. GLP J-REIT mitigates the liquidity risk exposure upon repayment and redemption of loans by diversifying the maturities and lending institutions, and manages such liquidity risk by preparing and monitoring the forecasted cash flows.

Certain loans are floating rate and exposed to the risk of rising interest rates. GLP J-REIT mitigates such risk by maintaining a prudent loan-to-value ratio and stabilizing its financial costs with the use of derivative transactions (interest rate swaps) as a hedge. As all interest rate swaps meet specific matching criteria for the special accounting treatment, thus the hedge effectiveness test is omitted. Derivative transactions are executed and managed under the Management Guidelines of the Asset Manager.

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are deposits received from tenants. GLP J-REIT is obligated to repay the deposits upon the tenant's termination of the leased property, thus exposed to liquidity risk. GLP J-REIT generally minimizes and manages such risk by holding sufficient funds to make the repayments and monitoring its cash flows.

(3) Supplemental explanation regarding fair values of financial instruments

The fair value of financial instruments is based on observable market prices, if available. When there is no available observable market price, the fair value is reasonably estimated. Since various factors are considered in estimating the fair value, different assumptions and factors could result in a range of values.

2. Estimated fair value of financial instruments

Book value, fair value and differences between the values as of February 28, 2013 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (See Note 2 below).

(Unit: Thousand yen)

	Book value	Fair value	Difference
(1) Cash and deposits	710,652	710,652	—
(2) Cash and deposits in trust	2,049,745	2,049,745	—
Total assets	2,760,397	2,760,397	—
(1) Short-term loans payable	18,400,000	18,400,000	—
(2) Long-term loans payable	96,000,000	96,657,739	657,739
Total liabilities	114,400,000	115,057,739	657,739
Derivative transactions	—	—	—

(Note 1) Methods to estimate fair value of financial instruments

Assets:

(1) Cash and deposits (2) Cash and deposits in trust

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value.

Liabilities:

(1) Short-term loans payable

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value.

(2) Long-term loans payable

With respect to long-term loans payable, interest rates of floating-rate loans are periodically adjusted or renewed by contract. Thus, the book value of these instruments is deemed a reasonable approximation of the fair value, and the book value is, therefore, used as the fair value. The fair value of fixed-rate loans is measured by discounting the total principle and interest amount at the current rate that are reasonably estimated to be applicable if GLP J-REIT enters into new similar loans. The fair value of interest rate swaps under special accounting treatment is included in long-term loans payable and designated as a hedged item.

Derivative transactions:

(1) Derivative transactions for which hedge accounting is not applied

None

(2) Derivative transactions for which hedge accounting is applied

The contract and notional amount as of the balance sheet date by hedge accounting method is as follows:

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transactions	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/ Pay fix	Long-term loans payable	72,150,000	72,150,000	*1	*2

*1 Interest rate swaps under special accounting treatment are accounted for as an integral component of long-term loans payable designated as the hedged items. Thus, their fair value is included in that of long-term loans payable disclosed in aforementioned "2. Estimated fair value of financial instruments, (Note 1) Methods to estimate fair value of financial instruments, Liabilities: (2) Long-term loans payable."

*2 Fair value is measured by the counterparty of the relevant transaction based on market rates.

(Note 2) Financial instruments for which fair value is very difficult to estimate.

(Unit: Thousand yen)

	Amount on the balance sheets
Tenant leasehold and security deposits	5,266,920
Tenant leasehold and security deposits in trust	178,019
Total	5,444,939

Regarding tenant leasehold and security deposits and tenant leasehold and security deposits in trust, no observable market prices are available and the timings of repayments are not reliably assumed, thus, it is impracticable to reasonably estimate their future cash flows and it is very difficult to estimate their fair value. Therefore, their fair values are not disclosed.

(Note 3) Redemption schedule for monetary claims

(Unit: Thousand yen)

	Due within one year
Cash and deposits	710,652
Cash and deposits in trust	2,049,745
Total	2,760,397

(Note 4) Redemption schedule for long-term loans payable and other interest-bearing debts

(Unit: Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable	—	20,600,000	23,800,000	—	24,300,000	27,300,000
Total	—	20,600,000	23,800,000	—	24,300,000	27,300,000

Current Period (from March 1, 2013 to August 31, 2013)

1. Status of financial instruments

(1) Policy for financial instruments

GLP J-REIT procures funds for acquisition of assets through issuance of new investment units, bank loans and issuance of investment corporation bonds.

GLP J-REIT enters into derivative transactions solely for the purpose of reducing interest rate and other risks. GLP J-REIT does not use derivative transactions for speculative purposes.

GLP J-REIT generally invests surplus funds in deposits considering the safety and liquidity of the investment although surplus funds could be invested in securities and monetary claims as a matter of policy.

(2) Financial instruments, their risks and risk management system

Deposits are used for investment of GLP J-REIT's surplus funds. These deposits are exposed to credit risk, such as bankruptcy of the depository financial institution. GLP J-REIT limits credit risk by using only short-term deposits in financial institutions with high credit ratings.

Bank loans are mainly made to procure funds for acquisition of properties. GLP J-REIT mitigates the liquidity risk exposure upon repayment and redemption of loans by diversifying the maturities and lending institutions, and manages such liquidity risk by preparing and monitoring the forecasted cash flows.

Certain loans are floating rate and exposed to the risk of rising interest rates. GLP J-REIT mitigates such risk by maintaining a prudent loan-to-value ratio and stabilizing its financial costs with the use of derivative transactions (interest rate swaps) as a hedge. All interest rate swaps meet the specific matching criteria to qualify for the special accounting treatment, thus the hedge effectiveness test is omitted. Derivative transactions are executed and managed under the Management Guidelines of the Asset Manager.

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are deposits received from tenants. GLP J-REIT is obligated to repay the deposits upon the tenant's termination of the leased property, thus exposed to liquidity risk. GLP J-REIT generally minimizes and manages such risk by holding sufficient funds to make the repayments and monitoring its cash flows.

(3) Supplemental explanation regarding fair values of financial instruments

The fair value of financial instruments is based on observable market prices, if available. When there is no available observable market price, the fair value is reasonably estimated. Since various factors are considered in estimating the fair value, different assumptions and factors could result in a range of fair values.

2. Estimated fair value of financial instruments

Book value, fair value and difference between the values as of August 31, 2013 are as follows. Financial instruments for which fair value is difficult to estimate are excluded from the following table (See Note 2 below).

	(Unit: Thousand yen)		
	Book value	Fair value	Difference
(1) Cash and deposits	8,110,467	8,110,467	—
(2) Cash and deposits in trust	3,359,219	3,359,219	—
Total assets	11,469,687	11,469,687	—
(1) Short-term loans payable	18,400,000	18,400,000	—
(2) Long-term loans payable	96,000,000	96,148,873	148,873
Total liabilities	114,400,000	114,548,873	148,873
Derivative transactions	—	—	—

(Note 1) Methods to estimate fair value of financial instruments

Assets:

(1) Cash and deposits (2) Cash and deposits in trust

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value.

Liabilities:

(1) Short-term loans payable

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value.

(2) Long-term loans payable

With respect to long-term loans payable, interest rates of floating-rate loans are periodically adjusted or renewed by contract. Thus, the book value of these instruments is deemed a reasonable approximation of the fair value, and the book

value is, therefore, used as the fair value. The fair value of fixed-rate loans is measured by discounting the total principle and interest amount at the current rates that are reasonably estimated to be applicable if GLP J-REIT enters into new similar loans. The fair value of interest rate swaps under the special accounting treatment is included in long-term loans payable and designated as a hedged item.

Derivative transactions:

(1) Derivative transactions for which hedge accounting is not applied

None

(2) Derivative transactions for which hedge accounting is applied

The contract and notional amount as of the balance sheet date by hedge accounting method is as follows:

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transactions	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/ Pay fix	Long-term loans payable	72,150,000	72,150,000	*1	*2

*1 Interest rate swaps under special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Thus, their fair value is included in that of long-term loans payable disclosed in aforementioned "2. Estimated Fair Value of Financial Instruments, (Note 1) Methods to Estimate Fair Value of Financial Instruments, Liabilities: (2) Long-term loans payable."

*2 Fair value is measured by the counterparty of the relevant transaction based on market rates.

(Note 2) Financial instruments for which fair value is difficult to estimate are as follows:

(Unit: Thousand yen)

Account name	Amount on the balance sheets
Tenant leasehold and security deposits	5,228,159
Tenant leasehold and security deposits in trust	178,019
Total	5,406,178

Regarding tenant leasehold and security deposits and tenant leasehold and security deposits in trust, no observable market prices are available and the timing of repayments is not reliably estimated. Thus, it is impracticable to reasonably estimate their future cash flows and very difficult to estimate their fair value. Therefore, their fair values are not disclosed.

(Note 3) Redemption schedule for monetary claims are as follows:

(Unit: Thousand yen)

	Due within one year
Cash and deposits	8,110,467
Cash and deposits in trust	3,359,219
Total	11,469,687

(Note 4) Redemption schedule for long-term loans payable and other interest-bearing debts

(Unit: Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable	—	20,600,000	23,800,000	—	24,300,000	27,300,000
Total	—	20,600,000	23,800,000	—	24,300,000	27,300,000

(Investment and Rental Properties)

Prior Period (from July 1, 2012 to February 28, 2013) (Reference)

Property and equipment consists of leasable logistics facilities for the purpose of earning rental revenues. The following tables summarize the book value, including changes during the fiscal periods and fair value of these rental properties.

(Unit: Thousand yen)

Amount on the balance sheet			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
—	222,424,265	222,424,265	226,681,000

(Note 1) The amount on the balance sheets is based on the acquisition cost less the accumulated amount of depreciation.

(Note 2) The increase for the period ended February 28, 2013 was primarily due to the acquisition of the following 33 properties in the total amount of 222,879,564 thousand yen: GLP Tokyo, GLP Higashi-Ogishima, GLP Akishima, GLP Tomisato, GLP Narashino II, GLP Funabashi, GLP Kazo, GLP Fukaya, GLP Sugito II, GLP Iwatsuki, GLP Kasukabe, GLP Koshigaya II, GLP Misato II, GLP Tatsumi, GLP Hirakata, GLP Hirakata II, GLP Maishima II, GLP Tsumori, GLP Rokko, GLP Amagasaki, GLP Amagasaki II, GLP Nara, GLP Sakai, GLP Morioka, GLP Tomiya, GLP Koriyama I, GLP Koriyama III, GLP Tokai, GLP Hayashima, GLP Hayashima II, GLP Kiyama, GLP Tosu III and GLP Sendai, where the major decrease for the prior period was due to depreciation of 515,002 thousand yen. The major decrease for the current period is due to depreciation of 1,588,291 thousand yen.

(Note 3) The fair value at the end of the period is determined based on the third-party appraisal value or research price.

Income and loss in connection with investment and rental properties are disclosed in “Notes to Statements of Operations.”

Current Period (from March 1, 2013 to August 31, 2013)

Property and equipment consists of leasable logistics facilities for the purpose of earning rental revenues. The following tables summarize the book value, including changes during the fiscal periods and fair value of these rental properties.

(Unit: Thousand yen)

Amount on the balance sheet			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
222,424,265	(1,371,248)	221,053,017	231,226,000

(Note 1) The amount on the balance sheets is based on the acquisition cost less the accumulated amount of depreciation.

(Note 2) The decrease is primarily due to depreciation of 1,588,291 thousand yen.

(Note 3) The fair value at the end of the period is determined based on the third-party appraisal value or research price.

Income and loss in connection with investment and rental properties are disclosed in “Notes to Statements of Operations.”

(Related Party Transactions)

Prior Period (from July 1, 2012 to February 28, 2013) (Reference)

Attribute	Name of party	Type of business	Ownership ratio	Detail of transaction	Amount of transaction (Thousand yen)	Account title	Balance at period end (Thousand yen)
Interested party	Global Logistic Properties Inc. (Note 1)	Investment advisory/ agency	-	Property management fee	45,073	Operating accounts payable	47,326
				Royalty fee (Note3)	2,900	-	-
Interested party	Tokyo Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	22,700,000	-	-
				Receipt of deposits	114,641	Deposits received	114,641
				Acceptance of tenant leasehold and security deposit	267,201	-	-
Interested party	Cosmos Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	13,313,000	-	-
				Receipt of deposit	113,648	Deposits received	113,648
				Acceptance of tenant leasehold and security deposit	252,751	-	-
Interested party	Akishima Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	7,160,000	-	-
				Receipt of deposit	40,043	Deposits received	40,043
				Acceptance of tenant leasehold and security deposit	293,166	-	-
Interested party	Tomisato Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,990,000	-	-
				Receipt of deposit	29,372	Deposits received	29,372
				Acceptance of tenant leasehold and security deposit	88,365	-	-
Interested party	Narashino2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	15,220,000	-	-
				Receipt of deposit	143,773	Deposits received	115,036
				Acceptance of tenant leasehold and security deposit	455,574	-	-
Interested party	Funabashi Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	1,720,000	-	-
				Receipt of deposit	19,700	Deposits received	19,700
Interested party	Kazo Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	11,500,000	-	-
				Receipt of deposit	58,487	Deposits received	58,487
				Acceptance of tenant leasehold and security deposit	158,768	-	-
Interested party	Sugito 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	19,000,000	-	-
				Receipt of deposit	101,994	Deposits received	101,994
				Acceptance of tenant leasehold and security deposit	390,223	-	-
Interested party	Iwatsuki Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	6,940,000	-	-
				Receipt of deposit	38,751	Deposits received	38,751
				Acceptance of tenant leasehold and security deposit	104,019	-	-
Interested party	Kasukabe Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,240,000	-	-
				Receipt of deposit	13,238	Deposits received	13,238
				Acceptance of tenant leasehold and security deposit	600,000	-	-
Interested party	Koshigaya 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	9,780,000	-	-
				Receipt of deposit	57,110	Deposits received	45,660
				Acceptance of tenant leasehold and security deposit	280,380	-	-
Interested party	Misato 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	14,600,000	-	-
				Receipt of deposit	81,682	Deposits received	65,294
				Acceptance of tenant leasehold and security deposit	210,505	-	-
Interested party	Tatsumi Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,960,000	-	-
				Receipt of deposit	22,405	Deposits received	22,405
				Acceptance of tenant leasehold and security deposit	138,414	-	-
Interested party	Hirakata Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,750,000	-	-
				Receipt of deposit	35,705	Deposits received	35,705
				Acceptance of tenant leasehold and security deposit	165,195	-	-
Interested party	Hirakata 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	7,940,000	-	-
				Receipt of deposit	58,773	Deposits received	58,773
				Acceptance of tenant leasehold and security deposit	254,788	-	-
Interested party	Maishima 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	8,970,000	-	-
				Receipt of deposit	79,877	Deposits received	63,842
				Acceptance of tenant leasehold and security deposit	135,270	-	-
Interested party	Tsumori Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	1,990,000	-	-
				Receipt of deposit	20,827	Deposits received	20,827
Interested party	Amagasaki Logistic	Real estate	-	Purchase of beneficiary right of real estate in trust	24,500,000	-	-

party	Special Purpose Company			Receipt of deposit	183,671	Deposits received	146,835
				Acceptance of tenant leasehold and security deposit	554,750	-	-
Interested party	Amagasaki 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	2,040,000	-	-
				Receipt of deposit	10,941	Deposits received	10,941
				Acceptance of tenant leasehold and security deposit	72,000	-	-
Interested party	Azalea Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	5,838,000	-	-
				Receipt of deposit	36,426	Deposits received	36,426
				Acceptance of tenant leasehold and security deposit	120,869	-	-
Interested party	Sakai Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	2,000,000	-	-
				Receipt of deposit	13,694	Deposits received	13,694
				Acceptance of tenant leasehold and security deposit	133,944	-	-
Interested party	Tomiya Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	2,820,000	-	-
				Receipt of deposit	13,761	Deposits received	13,761
				Acceptance of tenant leasehold and security deposit	45,000	-	-
Interested party	Koriyama 1 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,100,000	-	-
				Receipt of deposit	26,017	Deposits received	20,787
				Acceptance of tenant leasehold and security deposit	139,020	-	-
Interested party	Tokai Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	6,210,000	-	-
				Receipt of deposit	45,805	Deposits received	36,615
				Acceptance of tenant leasehold and security deposit	186,720	-	-
Interested party	Hayashima Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	1,190,000	-	-
				Receipt of deposit	7,986	Deposits received	7,986
				Acceptance of tenant leasehold and security deposit	48,000	-	-
Interested party	Hayashima 2 Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	2,460,000	-	-
				Receipt of deposit	16,748	Deposits received	13,384
				Acceptance of tenant leasehold and security deposit	81,660	-	-
Interested party	Kiyama Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	4,760,000	-	-
				Receipt of deposit	29,509	Deposits received	23,545
				Acceptance of tenant leasehold and security deposit	76,941	-	-
Interested party	Sendai Logistic Special Purpose Company	Real estate	-	Purchase of beneficiary right of real estate in trust	5,620,000	-	-
				Receipt of deposit	21,511	Deposits received	21,511
				Acceptance of tenant leasehold and security deposit	194,066	-	-
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	-	Borrowing of short-term loans	1,800,000	Short-term loans payable	1,800,000
				Borrowing of long-term loans	7,200,000	Long-term loans payable	7,200,000
				Interest payment	12,323	Accrued expenses	222
				Financing cost	32,400	-	-
				Trust fee	2,857	Operating accounts payable	2,265
				Administrative service fees	3,910	Accounts payable	2,486

(Note 1) Effective April 1, 2013, Global Logistic Properties Inc. has changed its Japanese trade name from GL Properties KK to Global Logistic Properties KK.

(Note 2) Consumption taxes are not included in the transaction amount but included in the related balance at the end of the period.

(Note 3) Decisions relating to the terms and conditions of transactions:

- (a) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
- (b) Other transactions are determined based on market conditions.

Current Period (from March 1, 2013 to August 31, 2013)

Classification	Name of the company	Type of business	% of voting rights (owned)	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance (Thousands of yen)
Related party	Global Logistics Properties Inc.	Investment advisory/ agency	—	Property management fee	144,127	Operating accounts payable	25,421
				Royalty fee (Note 2)	7,500	—	—
				Agent commission	9,423	—	—
Related party	GLP Solar Special Purpose Company	Equipment leasing	—	Rental income from rooftop leasing (Note 2)	39	Advances received	649
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	—	Interest payment	33,563	Short-term loans payable	1,800,000
						Long-term loans payable	7,200,000
				Trust fee	7,117	Accrued expenses	355
				Administrative service fees	11,190	Operating accounts payable	2,491
						Accounts payable	4,368

(Note 1) Consumption taxes are not included in the transaction amount but included in the related balance at the end of the period.

(Note 2) Decisions relating to the terms and conditions of transactions:

- The royalty fee was determined based on a mutual agreement after negotiation between both parties, using the initial formula proposed by Global Logistic Properties Inc.
- The rental income from rooftop leasing was determined based on a mutual agreement after negotiation between both parties, using the initial formula proposed by GLP Solar Special Purpose Company.
- Other transactions are determined based on market conditions.

(Per Unit Information)

Prior Period (Reference) From July 1, 2012 To February 28, 2013		Current Period From March 1, 2013 To August 31, 2013	
Net assets per unit	58,945 yen	Net assets per unit	60,344 yen
Net loss per unit	1,720 yen	Net income per unit	1,929 yen
Net income or loss per unit is calculated by dividing net income or loss for the period by the weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.		Net income or loss per unit is calculated by dividing net income or loss for the period by the weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.	

(Note 1) GLP J-REIT executed an 8-for-1 unit split on October 31, 2012. Net assets per unit and net income or loss per unit are calculated based on the assumption that the unit split was executed on September 16, 2011.

(Note 2) The basis for calculating the net income or loss per unit is as follows:

	Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
Net income	907,833 thousand yen	3,546,683 thousand yen
Amount not attributable to ordinary unitholders	— thousand yen	— thousand yen
Net income attributable to ordinary unitholders	907,833 thousand yen	3,546,683 thousand yen
Average number of investment units during the period	527,696 units	1,837,700 units

(Significant Subsequent Events)

Prior Period (from July 1, 2012 to February 28, 2013) (Reference)

None

Current Period (from March 1, 2013 to August 31, 2013)

1. Issuance of new investment units

At the Board of Directors' Meeting held on September 3 and September 18, 2013, GLP J-REIT resolved to issue new investment units as follows. The payments for new investment units through a public offering and through a third-party allocation were completed on September 26, 2013 and October 16, 2013, respectively.

[Issuance of new investment units through a public offering]

Number of new investment units to be issued:	249,955 units (100,455 units for domestic market, 149,500 units for international market)
Issue price (Offer price):	91,942 yen per unit
Total amount issued (total offering amount):	22,981,362,610 yen
Amount to be paid in (issue amount):	88,735 yen per unit
Total amount to be paid in (total issue amount):	22,179,756,925 yen
Payment date	September 26, 2013
Initial date for calculating distribution:	September 1, 2013

[Issuance of new investment units through a third-party allocation]

Number of new investment units issued:	10,045 units
Amount to be paid in (issue amount):	88,735 yen per unit
Total amount to be paid in (total issue amount):	891,343,075 yen
Payment date	October 16, 2013
Initial date of calculating distribution:	September 1, 2013
Underwriter:	Nomura Securities Co., Ltd.

[Purpose of funding]

The funds procured through the public offering were appropriated for the acquisition of beneficiary rights of real estate in trust stated below in 2. The funds procured through the third-party allocation will be appropriated to repay a part of short-term loans.

2. Acquisitions of Assets

GLP J-REIT acquired beneficiary rights of real estate in trust of seven properties stated below (with a total acquisition price of 27,500 million yen) on October 1, 2013. The acquisition price (the sales and purchase price in the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust) excludes related costs for the acquisition such as related expenses for acquisition, property-related taxes and consumption taxes.

Property Name	Location	Seller	Acquisition Price (Millions of yen)
GLP Hamura	Hamura, Tokyo	Light Year Special Purpose Company	7,660
GLP Funabashi III	Funabashi, Chiba	Light Year Special Purpose Company	3,050
GLP Sodegaura	Sodegaura, Chiba	Light Year Special Purpose Company	6,150
GLP Rokko II	Kobe, Hyogo	Light Year Special Purpose Company	3,430
GLP Ebetsu	Ebetsu, Hokkaido	Light Year Special Purpose Company	1,580
GLP Kuwana	Kuwana, Mie	Light Year Special Purpose Company	3,650
GLP Hatsukaichi	Hatsukaichi, Hiroshima	Light Year Special Purpose Company	1,980
Total	-	-	27,500

On September 3, 2013, GLP J-REIT has entered into the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust with sellers of beneficiary rights of the following two properties (with a total acquisition price of 28,500 million yen) with the scheduled acquisition date of March 3, 2014 (Note).

Property Name	Location	Seller	Acquisition Price (Millions of yen)
GLP Urayasu III	Urayasu, Chiba	Urayasu 3 Logistics Special Purpose Company	18,200
GLP Komaki	Komaki, Aichi	Komaki Logistics Special Purpose Company	10,300
Total	-	-	28,500

(Note) The said Sales and Purchase Agreement prescribes that if the Agreement is terminated by the nonfulfillment of conditions exclusively due to grounds attributable to GLP J-REIT, GLP J-REIT shall indemnify or reimburse the seller for any damage caused by the termination or in relation to the termination. However, it is prescribed that the Agreement shall be automatically terminated without any compensation for costs and damages or any other liability imposed upon GLP J-REIT, if GLP J-REIT could not procure funds for the acquisition before the date of ownership transfer due to grounds not attributable to GLP J-REIT.

3. Borrowing of Funds

GLP J-REIT entered into the following Loan Agreements on September 27, 2013, in order to procure funds on the assumption that GLP J-REIT would acquire beneficiary rights of real estate in trust of two properties: GLP Urayasu III and GLP Komaki as stated above in 2.

Lender	Amount (Millions of yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Citibank Japan Ltd., The Bank of Fukuoka, Ltd., The Norinchukin Bank, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, Aozora Bank, Ltd., and The 77 Bank, Ltd.	7,380	JBA yen 3month TIBOR plus 0.35%	March 3, 2014	End of February 2017	Lump-sum repayment on repayment date	Unsecured
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Citibank Japan Ltd., The Bank of Fukuoka, Ltd., The Norinchukin Bank and Resona Bank, Limited.	12,300	JBA yen 3month TIBOR plus 0.45%		End of February 2019		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Development Bank of Japan Inc.	6,100	JBA yen 3month TIBOR plus 0.55%		End of February 2021		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Development Bank of Japan Inc.	3,140	JBA yen 3month TIBOR plus 0.70%		End of February 2024		
Total	28,920	-	-	-	-	-

Statements of Distributions

(Unit: Yen)

	Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
I Unappropriated retained earnings	822,090,380	3,547,322,366
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	154,366,800	475,964,300
III Distributions	975,818,700	4,022,725,300
(Distributions per unit)	(531)	(2,189)
Of which, distributions of earnings	821,451,900	3,546,761,000
(Of which, distributions of earnings per unit)	(447)	(1,930)
Of which, distributions in excess of retained earnings	154,366,800	475,964,300
(Of which, distributions in excess of retained earnings per unit)	(84)	(259)
IV Retained earnings carried forward	638,480	561,366

Calculation method of distribution amount

In accordance with Section 34.1 of the bylaws set forth by GLP J-REIT for distributions of cash dividends, the amount of the distributions shall be limited to the amount of net income but more than 90% of income available for dividends defined in Section 67.15 of the Special Taxation Measures Act.

Accordingly, GLP J-REIT declared a distribution amount of 821,451,900 yen, which was the amount equivalent to the maximum integral multiples of the number of investment units issued and outstanding as of the end of the period.

Furthermore, based on the distribution policy as defined in Section 34.2 of its bylaws, GLP J-REIT will make an Optimal Payable Distribution (the "OPD"), which represents a distribution of funds in excess of retained earnings, as a refund of its investment, in each fiscal period on a continuing basis.

In accordance with Section 34.1 of the bylaws set forth by GLP J-REIT for distributions of cash dividends, the amount of the distributions shall be limited to the amount of net income but more than 90% of income available for dividends defined in Section 67.15 of the Special Taxation Measures Act.

Accordingly, GLP J-REIT declared a distribution amount of 3,546,761,000 yen, which was the amount equivalent to the maximum integral multiples of the number of investment units issued and outstanding as of the end of the period.

Furthermore, based on the distribution policy as defined in Section 34.2 of its bylaws, GLP J-REIT will make an Optimal Payable Distribution (the "OPD"), which represents a distribution of funds in excess of retained earnings, as a refund of its investment, in each fiscal period on a continuing basis.

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Thus, GLP J-REIT declared the OPD of 154,366,800 yen, as a refund of investment, which was determined as follows: (1) the amount not exceeding the upper limit of 455,298,884 yen calculated by deducting capital expenditure of 59,704,000 yen from depreciation expense of 515,002,884 yen and (2) approximately 30% of the depreciation expense of 515,002,884 yen for the period.

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Thus, GLP J-REIT declared the OPD of 475,964,300 yen, as a refund of investment, which was determined as follows: (1) the amount not exceeding the upper limit of 1,371,248,002 yen calculated by deducting capital expenditure of 217,043,896 yen from depreciation expense of 1,588,291,898 yen, and (2) approximately 30% of the depreciation expense of 1,588,291,898 yen for the period.

(Note) For the time being, GLP J-REIT intends to make an OPD distribution in an amount approximated to be 30% of the depreciation expense for the accounting period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair plan or financial conditions in light of the estimated amount of capital expenditure for each fiscal term based on the long-term repair plan of GLP J-REIT.

Statements of Cash Flows (Reference information)

	(Unit: Thousand yen)	
	Prior Period (Reference)	Current Period
	From July 1, 2012 To February 28, 2013	From March 1, 2013 To August 31, 2013
Operating activities:		
Income before income taxes	910,844	3,547,592
Depreciation	515,002	1,588,291
Amortization of investment unit issuance expenses	26,876	53,752
Interest income	(2,230)	(1,265)
Interest expense	156,177	534,039
Decrease (increase) in operating accounts receivable	(29,582)	(10,672)
Decrease (increase) in prepaid expenses	(348,989)	47,446
Decrease (increase) in consumption taxes receivable	(4,602,169)	4,606,628
Decrease (increase) in other current assets	1	—
Decrease (increase) in long-term prepaid expenses	(871,156)	138,630
Increase (decrease) in operating accounts payable	102,595	9,646
Increase (decrease) in accounts payable	308,323	390,095
Increase (decrease) in accrued expenses	(144)	—
Increase (decrease) in consumption taxes payables	—	282,961
Increase (decrease) in advances received	1,237,595	(70,324)
Increase (decrease) in deposits received	1,302,913	(620,746)
Sub Total	(1,293,940)	10,496,077
Interest received	2,230	1,265
Interest paid	(150,777)	(530,925)
Income taxes paid	(670)	(2,958)
Net cash provided by (used in) operating activities	(1,443,158)	9,963,459
Investing activities:		
Purchase of property and equipment in trust	(222,790,376)	(156,198)
Proceeds from tenant leasehold and security deposits	5,269,585	30,300
Proceeds from tenant leasehold and security deposits in trust	178,019	—
Repayments of tenant leasehold and security deposits	(2,664)	(8,073)
Purchase of investment securities	(1,600)	—
Net cash provided by (used in) investing activities	(217,347,036)	(133,971)
Financing activities:		
Increase in short-term loans payable	18,400,000	—
Proceeds from long-term loans payable	96,000,000	—
Proceeds from issuance of investment units	107,128,217	—
Payments for investment unit issuance expenses	—	(148,991)
Payments of distributions of earnings	—	(817,377)
Payments of distributions in excess of retained earnings	—	(153,828)
Net cash provided by (used in) financing activities	221,528,217	(1,120,197)
Net increase (decrease) in cash and cash equivalents	2,738,023	8,709,289
Cash and cash equivalents at beginning of period	22,374	2,760,397
Cash and cash equivalents at end of period *1	2,760,397	11,469,687

(Note) “Statements of Cash Flows” are prepared based on the “Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963) and attached for reference purpose only. These statements are unaudited since they are out of scope of independent audit under Article 130 of the Act on Investment Trusts and Investment Corporations.

(Notes Concerning Significant Accounting Policies)

	Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
Cash and cash equivalents as stated in the Statements of Cash Flows	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.

(Notes to Statements of Cash Flows)

Prior Period (Reference) From July 1, 2012 To February 28, 2013	Current Period From March 1, 2013 To August 31, 2013
*1. Reconciliation of cash and cash equivalents in Statement of Cash Flows to accounts and amounts in the accompanying balance sheets (Unit: Thousand yen)	*1. Reconciliation of cash and cash equivalents in Statement of Cash Flows to accounts and amounts in the accompanying balance sheets (Unit: Thousand yen)
Cash and deposits 710,652	Cash and deposits 8,110,467
Cash and deposits in trust 2,049,745	Cash and deposits in trust 3,359,219
Cash and cash equivalents <u>2,760,397</u>	Cash and cash equivalents <u>11,469,687</u>