

SUMMARY OF FINANCIAL RESULTS (REIT)
For the 11th Fiscal Period Ended August 31, 2017
< Under Japanese GAAP >

October 13, 2017

Name of REIT Issuer:	GLP J-REIT	Stock Exchange Listing:	TSE
Securities Code:	3281	URL	http://www.glpjreit.com/
Representative:	(Name) Yoji Tatsumi, (Title) Executive Director		
Name of Asset Manager:	GLP Japan Advisors Inc.		
Representative:	(Name) Yoji Tatsumi, (Title) President & CFO		
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Scheduled date to file securities report: November 29, 2017

Scheduled date to commence distribution payments: November 14, 2017

Supplementary materials for financial results: ☒ Yes • No (Japanese / English)Holding of financial results briefing session: ☒ Yes • No (For institutional investors and analysts, in both Japanese and English)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended August 31, 2017 (From March 1, 2017 to August 31, 2017)

(1) Operating Results

[Percentages indicate period-on-period changes]

	Operating revenues		Operating income		Ordinary income		Net income	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2017	14,505	3.1	7,694	3.0	6,391	1.5	6,390	1.5
February 28, 2017	14,065	14.6	7,471	18.1	6,298	19.9	6,297	19.9

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenues
Period ended	Yen	%	%	%
August 31, 2017	2,239	3.0	1.4	44.1
February 28, 2017	2,208	3.1	1.5	44.8

(2) Distributions

	Distributions (excluding OPD*)		Optimal payable distribution (OPD)		Distributions (including OPD)		Payout ratio	Distributions to net assets
	Per Unit	Total	Per Unit	Total	Per Unit	Total		
Period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
August 31, 2017	2,240	6,390	302	861	2,542	7,252	100.0	3.0
February 28, 2017	2,207	6,296	304	867	2,511	7,164	99.9	3.0

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

(Note 1) Payout ratio for the period ended February 28, 2017 was calculated as follows since new investment units were issued during the period:

Payout ratio = Total distributions (excluding OPD) / Net income × 100
Payout ratio is rounded down to the first decimal place.

(Note 2) Payout ratio and distributions to net assets ratio are calculated on the basis of excluding OPD.

(Note 3) All of the amounts of OPD for the periods ended August 31, 2017 and February 28, 2017 are the refund of investment categorized as a distribution from in unitholders' capital for tax purposes.

(Note 4) Retained earnings decreased at a rate of 0.005 for the both periods ended August 31, 2017 and February 28, 2017, respectively, due to OPD (a refund of investment categorized as a distribution from unitholders' capital for tax purposes).

These rates are calculated based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
Period ended	Million yen	Million yen	%	Yen
August 31, 2017	442,537	215,920	48.8	75,679
February 28, 2017	446,849	216,693	48.5	75,950

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
Period ended	Million yen	Million yen	Million yen	Million yen
August 31, 2017	17,757	(464)	(12,165)	15,078
February 28, 2017	5,642	(58,527)	52,379	9,950

2. Earnings Forecast for the Fiscal Period Ending February 28, 2018 (From September 1, 2017 to February 28, 2018) and August 31, 2018 (From March 1, 2018 to August 31, 2018)

[Percentages indicate period-on-period changes]

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding OPD)	OPD per unit	Distributions per unit (including OPD)
Period ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
February 28, 2018	14,056	(3.1)	7,360	(4.3)	6,262	(2.0)	6,260	(2.0)	2,194	301	2,495
August 31, 2018	14,114	0.4	7,334	(0.4)	6,259	(0.0)	6,258	(0.0)	2,193	299	2,492

(Reference) Estimated net income per unit: For the fiscal period ending February 28, 2018 2,194 yen
For the fiscal period ending August 31, 2018 2,193 yen

* Other

(1) Changes in accounting policies, changes in accounting estimates and retroactive restatement

- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (b) Changes in accounting policies due to other reasons: None
- (c) Changes in accounting estimates: None
- (d) Retroactive restatement: None

(2) Number of investment units issued and outstanding

- (a) Number of investment units issued and outstanding, including treasury units:

As of August 31, 2017	2,853,078 Units	As of February 28, 2017	2,853,078 Units
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- (b) Number of treasury units:

As of August 31, 2017	0 Units	As of February 28, 2017	0 Units
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(Note) Please refer notes to "Per Unit Information" on page 33 for the number of investment units used as the basis for calculating the net income per unit.

* The Status of Statutory Audit

At the time of disclosure of this report of financial results, the audit procedures for the accompanying financial statements under the Financial Instruments and Exchange Act are in process.

* Appropriate use of the forecasts of financial results and other special matters

The forward-looking statements in this material are based on the information currently available to us and certain assumptions we believe reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements do not guarantee the amounts of future distributions and distributions in excess of earnings. Please refer to “Assumptions Underlying Earnings Forecasts for the 12th Fiscal Period Ending February 28, 2018 (From September 1, 2017 to February 28, 2018) and the 13th Fiscal Period Ending August 31, 2018 (From March 1, 2018 to August 31, 2018)” on page 10-11 for assumptions regarding the forward-looking statements.

This is an English language translation of the original Japanese announcement of the financial statements (“*Kessan Tanshin*”). This translation is provided for information purpose only. Should there be any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

1. Structure and Formation of Investment Corporation

Disclosure is omitted, as there are no significant changes from the structure and formation of GLP-J-REIT described in the most recent Securities Report filed on May 30, 2017.

2. Management Policy and Operating Conditions

(1) Management Policy

Disclosure is omitted, as there are no significant changes from the investment policy, investment targets and distribution policy described in the most recent Securities Report filed on May 30, 2017.

(2) Operating Conditions

[Overview of the Current Fiscal Period]

(i) Brief Background of GLP J-REIT

GLP J-REIT is a real estate investment corporation (“J-REIT”) specializing in logistics facilities, and it primarily invests in modern logistics facilities. GLP J-REIT was founded in accordance with the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trust Act”) with GLP Japan Advisors Inc. as the founder. It had its units listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange on December 21, 2012 (securities code: 3281).

Since starting its operation as a listed J-REIT with 30 properties (total acquisition price of 208,731 million yen) as at January 2013, GLP J-REIT has been steadily expanding its assets through continuous acquisition of properties. As of the end of the current fiscal period, GLP J-REIT owns 61 properties (total acquisition price of 438,098 million yen).

(ii) Investment Environment and Business Performance

During the current fiscal period, the Japanese economy as a whole continues to recover moderately. Corporate profits are improving as exports and industrial production are picking up, which leads to an increase in business investment. Consumer spending is moderately getting stronger, backed by a continuous improvement in employment and personal income.

In the real estate investment market, investors remain active with a continuously favorable financing environment. Logistics properties are widely recognized as attractive real estate investments with high asset liquidity. The competition to acquire properties remains intense due to an increase of new investors; thus, the market capitalization rate is trending downward.

In the logistics facilities leasing market, new demand for modern logistics facilities remains strong due to new expansion of internet shopping or a movement towards reorganization of retailers’ logistics hubs and the expansion of third party logistics (3PL). At the same time, investments in new development of large-scale facilities stay very active and the supply of facilities in the year of 2017 is expected to be the highest ever, by exceeding the prior year’s record. Thus, the vacancy rate of large-scale logistic facilities is anticipated to temporarily increase nationwide. As a result, regional disparities and differentiation of properties will widen further.

Under these conditions, GLP J-REIT has strategically contemplated improving the stability and quality

of its asset portfolio by replacing certain assets as follows: (i) sale of beneficial rights of two properties, GLP Tatsumi II and GLP Narita II (total selling price: 5,070 million yen, gain on sale: 324 million yen) on July 14, 2017 and (ii) acquisition of GLP Noda-Yoshiharu, the OTA Asset (Note 1), for which the purchase contract was entered on July 14, 2015, with the effective date of September 1, 2017.

In addition, GLP J-REIT negotiated with GLP Group (Note 2), the Sponsor of GLP J-REIT, with regard to the acquisition of properties subject to a Rights-of-First-Look agreement (Note 3). Based on the negotiation, it was agreed that GLP J-REIT would acquire four properties (GLP Maishima I, GLP Misato, GLP Urayasu and GLP Funabashi II; hereinafter “the Assets”) located in traditional logistic prime area in Tokyo metropolitan area and Greater Osaka area, applying the bridge approach (“plan”). Under the plan, on August 29, 2017, GLP Group and Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) entered the sales and purchase agreement that GLP Group would sell the Assets to SMFL. At the same time, GLP J-REIT and SMFL entered the sales and purchase agreement that SMFL would sell the said Assets to GLP J-REIT.

GLP J-REIT has adopted this plan for the purpose of acquiring the Assets at the timing and by the financing method determined as appropriate by GLP J-REIT. While SMFL temporarily owns the Assets, the plan makes it possible for GLP J-REIT to acquire the Assets at the designated timing within the scheduled acquisition period (Note 4) and at a price equivalent to the price that SMFL originally acquired from GLP Group (51,600 million yen) if they were to be acquired on March 1, 2018 or a price reduced to some extent from such price if acquired after that date. GLP J-REIT believes this acquisition strategy will contribute to its profit, as it enables GLP J-REIT to secure flexible acquisition opportunities and an upper limit on acquisition price. GLP J-REIT deems such plan through OTA as one of its strategic bridge plans to secure acquisition opportunities of high-quality assets.

Regarding rental operations, while providing services to satisfy the needs of existing tenants, GLP J-REIT has actively made efforts to increase rents in an environment of strong demand for modern logistics facilities. Thus, all lease agreements, including (i) lease agreements newly entered into on the day following the last day of the previous lease period or (ii) lease agreements modified for rent during lease periods (excluding automatic rent increases based on the provision of rent revisions), have been concluded with equal or higher rents for the 10 consecutive fiscal periods since GLP J-REIT’s listing on the Tokyo Stock Exchange.

As a result of these operations, GLP J-REIT owns 61 properties with a total acquisition price of 438,098 million yen and total leasable area of 2,126,567.61 m² as of the end of the current fiscal period. The occupancy rate across the entire portfolio remained stable at the high level of 99.9% as of the end of the current fiscal period. Furthermore, the total appraisal value of the entire portfolio reached 521,988 million yen with an unrealized gain of 98,035 million yen and the unrealized gain ratio (Note 5) of 23.1 %.

(Note 1) Please refer to (Note 9) on page 37, “5. Reference Information (2) Portfolio Overview” for the Optimal Takeout Arrangement (“OTA”).

(Note 2) GLP Group presents Global Logistic Properties Limited (hereinafter “GLP”), the Sponsor of GLP J-REIT, and its group companies.

(Note 3) Logistics properties held and managed by GLP Group are expected to be a valuable pipeline for the future external growth of GLP J-REIT. Based on such basic understanding, the Asset Manager of GLP J-REIT entered into a Rights-of-First-Look agreement with GLP in order to acquire logistics properties held by GLP Group on a stable and continuous basis. Properties subject to the agreement, under which the Asset Manager obtains preferential information on acquisition, are referred to as the “RoFL properties.”

(Note 4) The scheduled acquisition period means the period from March 1, 2018 to February 28, 2023.

(Note 5) $\text{Unrealized gain ratio} = \text{Unrealized gain (Appraisal value or research price at the fiscal period end} - \text{Book value)} / \text{Book value}.$

(iii) Overview of Financing

As a policy, GLP J-REIT flexibly operates with a target Loan-To-Value ratio (hereinafter “LTV”) of 45 % to 55 %, with an upper limit set at 60 %. Operating under stable financial conditions, GLP J-REIT strives to lengthen debt maturity and reduce borrowing costs under the current favorable financing environment.

In the current fiscal period, GLP J-REIT renewed the commitment line agreement in the maximum amount of 6,000 million yen on June 26, 2017 in order to secure flexible and stable financing method for future acquisition of new assets, repayments of borrowings including redemption of investment corporation bonds and repayments of security deposits. Furthermore, to improve profitability, GLP J-REIT made the following efforts to decrease future financing costs: (i) making early repayments of 5,000 million yen of long-term loans payable bearing relatively high rates of interest, using cash on hand and proceeds from sales of aforementioned two properties on July 31, 2017 and (ii) terminating interest rate swap contracts (Note 1), using a part of realized gain on sale of the said two properties.

As a result of the above, outstanding interest-bearing liabilities as of the end of the current fiscal period totaled 212,440 million yen (outstanding loans 184,940 million yen, outstanding investment corporation bonds 27,500 million yen) and the ratio of interest-bearing liabilities to total assets (LTV) was 48.0 %.

GLP J-REIT was assigned the following credit ratings as of the end of the current fiscal period.

Credit Rating Agency	Type	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA	Stable
	Bond rating (Note 2)	AA	—

(Note 1) The amount of lump-sum costs incurred to cancel interest rate swap contracts was 145 million yen.

(Note 2) It is the rating for the 1st to the 9th Unsecured Investment Corporation Bonds.

(iv) Overview of Financial Results and Cash Distribution

As a result of these management efforts, GLP J-REIT reported total operating revenues of 14,505 million yen, operating income of 7,694 million yen, ordinary income of 6,391 million yen and net income of 6,390 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 decided to distribute 6,390,894,720 yen. This cash distribution is eligible for the special tax treatment on investment corporations (Section 67.15 of the Special Taxation Measures Act) and represents the multiple of the number of investment units issued and outstanding (2,853,078 units) from unappropriated retained earnings. Accordingly, distribution per unit for the current fiscal period was 2,240 yen.

In addition, GLP J-REIT intends to distribute funds in excess of the amount of retained earnings (Optimal Payable Distribution (hereinafter “OPD”)) for 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 861,629,556 yen, an amount almost equivalent to 30% of depreciation (2,875 million yen) for the current fiscal period, as a refund of investment categorized as a distribution from unitholders’ capital for tax purposes. As a result, the amount of OPD per unit was 302 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 446 million yen of capital expenditure for the current fiscal period from 2,875 million yen of depreciation expenses for the period is 2,428 million yen.

For the time being, GLP J-REIT intends to make an OPD distribution (a refund of investment categorized as a distribution from unitholders’ capital for tax purposes) in the 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 and maintenance plan or financial conditions in light of the estimated amount of capital expenditure for each fiscal period based on the plan.

With respect to all 61 properties held as of the end of the current fiscal period, the six-month period average of the total amount of the short-term emergency repair and maintenance expenses and the medium- to long-term repair and maintenance expenses, which are set forth in the Engineering Reports, is 490 million yen.

[Outlook of Next Fiscal Period]

(i) Future Management Policy and Matters to be Addressed

GLP J-REIT is committed to implementing the following measures to advance growth over the medium to long term:

- (A) In terms of its internal growth strategy, while enjoying the stable cash flows that characterize its portfolio of assets, GLP J-REIT will aim to keep high occupancy rate of facilities regardless the fluctuation of vacancy rate in the market as a whole, and negotiate for higher rents for lease agreements subject to renewal upon the expirations of lease periods with consideration of market rents. At the same time, GLP J-REIT will seek to enhance the value of existing assets through appropriate maintenance of such assets and capital expenditures.
- (B) With regard to its external growth strategy, GLP J-REIT will take advantage of the Assets (floor area: approximately 170 thousand m²) for which the sale and purchase agreement was concluded on August 29, 2017 and 12 RoFL properties (floor area: approximately 630 thousand m²) (Note) held by GLP Group as a specific and flexible pipeline, and seek future opportunities to acquire some of the 28 properties (floor area: approximately 2,410 thousand m²) (Note) held by a joint venture formed by GLP Group with a third party. Furthermore, GLP J-REIT will pursue further expansion of its portfolio by continuously collecting information about prospective properties and considering using the bridge approach through the OTA.
- (C) As to financial strategy, GLP J-REIT will examine such financing activities as extending debt maturities through refinancing, issuing investment corporate bonds and raising funds through public offerings of units, while closely monitoring the trends in the financing environment. By doing so, GLP J-REIT will work to achieve an optimal balance of financing methods and financing costs.

(Note) It presents figures as of September 1, 2017.

(ii) Significant Subsequent Events

1. Acquisition of assets

GLP J-REIT acquired the beneficiary right of real estate in trust described below. The acquisition price (the purchase price under the Sales and Purchase Agreement of Beneficiary Right of Real Estate in Trust) does not include other acquisition related costs such as direct expenses for acquisition, property-related taxes and consumption taxes.

Property name	Acquisition date	Location	Seller	Acquisition price (Million yen)
GLP Noda-Yoshiharu	September 1, 2017	Noda, Chiba	MUL Property Co., Ltd.	4,496

2. Additional borrowings

GLP J-REIT obtained bank loans to acquire specified asset and related costs as stated in “1. Acquisition of assets” above.

Lender	Loan amount (Million yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation	870	0.45681%	September 1, 2017	September 1, 2023	Lump-sum repayment on repayment date	Unsecured not guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	580	0.45681%				
Total	1,450	—	—	—	—	—

(iii) Earnings Forecast

GLP J-REIT has made the following earnings forecasts for the fiscal period ending February 28, 2018 (From September 1, 2017 to February 28, 2018) and the fiscal period ending August 31, 2018 (From March 1, 2018 to August 31, 2018). Please refer the forecast assumptions to “Assumptions Underlying Earnings Forecasts for the 12th Fiscal Period Ending February 28, 2018 (From September 1, 2017 to February 28, 2018) and the 13th Fiscal Period Ending August 31, 2018 (From March 1, 2018 to August 31, 2018)” below.

[Percentages indicate period-on-period changes]											
Period ending	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding OPD)	OPD per unit	Distributions per unit (including OPD)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
February 28, 2018	14,056	(3.1)	7,360	(4.3)	6,262	(2.0)	6,260	(2.0)	2,194	301	2,495
August 31, 2018	14,114	0.4	7,334	(0.4)	6,259	(0.0)	6,258	(0.0)	2,193	299	2,492

(Note) The forecast figures are the current figures calculated based on certain assumptions, and the actual net income, distribution per unit, OPD per unit and other figures may vary due to changes in circumstances surrounding GLP J-REIT. In addition, the forecasts are not a guarantee of the amount of distributions or OPD.

**Assumptions Underlying Earnings Forecasts for the 12th Fiscal Period Ending February 28, 2018
(From September 1, 2017 to February 28, 2018) and the 13th Fiscal Period Ending August 31, 2018
(From March 1, 2018 to August 31, 2018)**

Item	Assumption
Accounting period	The 12th Fiscal Period: From September 1, 2017 to February 28, 2018 (181 days) The 13th Fiscal Period: From March 1, 2018 to August 31, 2018 (184 days)
Portfolio assets	<ul style="list-style-type: none"> It is assumed that the portfolio assets will consist of the trust beneficiary rights of 62 properties which include 61 properties held by GLP J-REIT as of the end of the 11th Fiscal Period and GLP Noda-Yoshiharu that was acquired on September 1, 2017. The forecasts also assume that there will be no changes to the portfolio assets (acquisition of new assets, disposal of portfolio assets, etc.) until the end of the 13th Fiscal Period. In practice, however, changes such as the acquisition of new assets other than those properties stated above or the disposal of portfolio assets may occur.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed to be 2,853,078 units, which is the number of investment units issued and outstanding as of the date of this document.
Interest-bearing liabilities	<ul style="list-style-type: none"> The outstanding interest-bearing liabilities of GLP J-REIT as of the date of this report are 213,890 million yen. On September 1, 2017, GLP J-REIT borrowed 1,450 million yen in order to acquire GLP Noda-Yoshiharu. As to 24,300 million yen of borrowing due on January 4, 2018 and 5,500 million yen of borrowing due on February 28, 2018, it is assumed to refinance them by new borrowings in the 12th Fiscal Period. It is assumed that LTV as of February 28, 2018 (the 12th Fiscal Period) will be 48.3% and LTV as of August 31, 2018 (the 13th Fiscal Period) will be 48.4%. The following formula is used to compute LTV. $LTV = (\text{Balance of interest-bearing liabilities} / \text{Total assets}) \times 100$
Operating revenues	<ul style="list-style-type: none"> Concerning operating revenues, the forecasts assume that there is no delinquent rent payment by tenants.
Operating expenses	<ul style="list-style-type: none"> With respect to taxes on property and equipment (fixed asset tax, city planning tax and depreciable asset tax on real estate, etc. hereinafter “property-related taxes”) held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period are recognized as rental expenses. However, if property and equipment is newly acquired and adjusted amounts of property-related taxes for the year under the same accounting period (the “amounts equivalent to property-related taxes”) arise between GLP J-REIT and the transferor, the relevant adjusted amounts are capitalized as part of the acquisition cost of the relevant property. Accordingly, property-related taxes for GLP Noda-Yoshiharu acquired in September 2017 will not be recognized as expense in the 12th Fiscal Period. The amount assumed to be recognized as expense in the 13th Fiscal Period is 14 million yen. The property-related taxes capitalized as part of acquisition cost is 9 million yen. Taxes and dues are expected to be 1,211 million yen for the 12th Fiscal Period and 1,226 million yen for the 13th Fiscal Period. Repair and maintenance expenses are expected to be 55 million yen for the 12th Fiscal Period and 69 million yen for the 13th Fiscal Period. Property and facility management fees are expected to be 499 million yen for the 12th Fiscal Period and 498 million yen for the 13th Fiscal Period. Depreciation is expected to be 2,869 million yen for the 12th Fiscal Period and 2,851 million yen for the 13th Fiscal Period. Of rental expenses that are the main operating expenses, expenses other than depreciation are estimated based on the historical experiences and fluctuation factors. Please be aware that actual amount of repair and maintenance expenses of each accounting period may be significantly different from the estimated amount due to the following reasons: repair and maintenance (1) may emergently arise due to property damages occurred by unpredictable incidents; (2) generally varies in amount from period to period and (3) may not

Item	Assumption
	<p>arise regularly.</p> <ul style="list-style-type: none"> Depreciation is estimated using the straight-line method based on acquisition costs including incidental expenses assumed and additional capital expenditure in the future.
NOI (Net Operating Income)	<ul style="list-style-type: none"> NOI (the amount calculated by deducting rental expenses, excluding depreciation, from operating revenues) is expected to be 11,798 million yen for the 12th Fiscal Period and 11,771 million yen for the 13th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> The total amount of interest expenses on loans, interest expenses on investment corporation bonds, amortization of investment corporation bonds issuance expenses and other finance-related expenses are expected to be 1,067 million yen for the 12th Fiscal Period and 1,043 million yen for the 13th Fiscal Period. Investment corporation bonds issuance expenses are amortized monthly for the period from issuance to redemption. Investment unit issuance expenses are amortized monthly for three years from occurrence, and amortization expenses are expected to be 29 million yen for the 12th Fiscal Period and 29 million yen for the 13th Fiscal Period.
Distributions per unit (excluding OPD)	<ul style="list-style-type: none"> Distribution per unit is calculated in accordance with the distribution policy set forth in the Articles of Incorporation of GLP J-REIT. Distributions per unit (excluding OPD) may change due to various factors including changes in portfolio assets, changes in rental revenues in connection with changes in tenants, unexpected repair, changes in interest rates and additional issuance of investment units.
Optimal payable distribution (OPD) per unit	<ul style="list-style-type: none"> The forecasts assume that all of the amounts of OPD for the 12th Period and the 13th Period will be the refund of its investment categorized as a distribution from unitholders' capital for tax purposes. OPD per unit is calculated in accordance with the policy on cash distributions in excess of retained earnings provided in the Management Guidelines, the internal policy of the Asset Manager. It is calculated by assuming distribution of approximately 30% of respective depreciation arising in the 12th Fiscal Period and the 13th Fiscal Period. Depreciation may vary from the current expected amount due to change in portfolio assets, the amount of incidental expenses incurred and the amount of capital expenditure. Therefore, the total amount of OPD calculated on the basis of depreciation may also vary due to these and other various factors. In addition, in order to maintain the value of assets held by GLP J-REIT, in the event that GLP J-REIT is to pay out OPD, GLP J-REIT sets the maximum as the amount of depreciation less capital expenditure incurred in the accounting period in which the concerned depreciation was recognized. Therefore, when urgent capital expenditure arises from unforeseen factors causing building damage and other, the amount of OPD per unit may decrease. Moreover, when the appraisal LTV provided below exceeds 60%, GLP J-REIT will not pay out OPD. Appraisal LTV (%) = $A/B \times 100$ (%) A= Interest-bearing liabilities balance (including investment corporation bonds balance and short-term investment corporation bonds balance) at the end of the period + Deposit release amount at the end of the period B= Total amount of appraisal value or research price of portfolio assets at the end of the period + Cash and deposits balance at the end of the period – Scheduled total amount of distributions of earnings – Scheduled total amount of OPD The scheduled total amount of distributions of earnings and scheduled total amount of OPD are assumed to be the same as the actual figures of the most recent fiscal period.
Other	<ul style="list-style-type: none"> The forecasts assume that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations of the Tokyo Stock Exchange, Inc., rules of the Investment Trusts Association, Japan, ("JITA"), etc. that will impact the forecast figures above. The forecasts assume that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousand yen)	
	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Assets		
Current assets		
Cash and deposits	3,510,803	8,389,333
Cash and deposits in trust	6,439,675	6,688,825
Operating accounts receivable	1,627,445	1,613,137
Prepaid expenses	436,402	364,700
Deferred tax assets	21	12
Consumption taxes receivable	2,011,826	—
Other current assets	1,432	3,073
Total current assets	14,027,606	17,059,082
Noncurrent assets		
Property and equipment		
Vehicles	1,016	1,016
Accumulated depreciation	(127)	(254)
Vehicles, net	889	762
Buildings in trust	180,045,000	178,053,983
Accumulated depreciation	(17,321,387)	(19,868,296)
Buildings in trust, net	162,723,613	158,185,687
Structures in trust	4,795,313	4,585,081
Accumulated depreciation	(1,075,943)	(1,223,403)
Structures in trust, net	3,719,370	3,361,677
Machinery and equipment in trust	56,102	56,347
Accumulated depreciation	(35,220)	(39,578)
Machinery and equipment in trust, net	20,882	16,769
Tools, furniture and fixtures in trust	225,618	227,880
Accumulated depreciation	(75,619)	(86,444)
Tools, furniture and fixtures in trust, net	149,998	141,435
Land in trust	264,450,979	262,246,281
Construction in progress	64,173	76,341
Total property and equipment, net	431,129,906	424,028,954
Investments and other assets		
Investment securities	1,600	1,600
Long-term prepaid expenses	1,430,162	1,247,226
Security deposits	10,000	10,000
Other	1,400	1,400
Total investments and other assets	1,443,162	1,260,226
Total noncurrent assets	432,573,068	425,289,181
Deferred assets		
Investment unit issuance expenses	134,020	87,559
Investment corporation bond issuance costs	114,791	101,208
Total deferred assets	248,812	188,768
Total Assets	446,849,487	442,537,031

(Unit: Thousand yen)

	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Liabilities		
Current liabilities		
Operating accounts payable	172,336	298,756
Short-term loans payable	5,500,000	5,500,000
Current portion of long-term loans payable	24,300,000	24,300,000
Accounts payable	1,479,582	1,689,643
Accrued expenses	26,401	26,744
Income taxes payable	1,041	859
Consumption taxes payable	—	1,157,247
Advances received	2,382,144	2,447,923
Current portion of tenant leasehold and security deposits	89,919	39,500
Total current liabilities	33,951,426	35,460,675
Noncurrent liabilities		
Investment corporation bonds	27,500,000	27,500,000
Long-term loans payable	160,140,000	155,140,000
Tenant leasehold and security deposits	8,386,763	8,338,257
Tenant leasehold and security deposits in trust	178,019	178,019
Total noncurrent liabilities	196,204,782	191,156,276
Total Liabilities	230,156,209	226,616,951
Net Assets		
Unitholders' equity		
Unitholders' capital	215,098,711	215,098,711
Deduction from unitholders' capital	(4,704,741)	(5,572,077)
Unitholders' capital, net	210,393,970	209,526,634
Retained earnings		
Unappropriated retained earnings	6,299,307	6,393,445
Total retained earnings	6,299,307	6,393,445
Total unitholders' equity	216,693,277	215,920,080
Total Net Assets *2	216,693,277	215,920,080
Total Liabilities and Net Assets	446,849,487	442,537,031

(2) Statements of Income

	(Unit: Thousand yen)	
	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Operating revenues		
Rental revenues *1	13,469,209	13,516,432
Other rental revenues *1	596,145	665,155
Gain on sales of property and equipment *2	—	324,182
Total operating revenues	14,065,355	14,505,770
Operating expenses		
Rental expenses *1	5,067,666	5,187,274
Asset management fee	1,420,609	1,491,376
Asset custody fee	6,028	6,692
Administrative service fees	19,993	20,625
Directors' remuneration	3,960	3,960
Audit fee	13,500	13,000
Taxes and dues	138	12,271
Other operating expenses	61,784	76,202
Total operating expenses	6,593,680	6,811,402
Operating income	7,471,675	7,694,367
Non-operating income		
Interest income	48	71
Reversal of distributions payable	1,987	781
Interest on refund of consumption taxes and other	—	3,286
Total non-operating income	2,035	4,140
Non-operating expenses		
Interest expense	809,221	817,832
Interest expenses on investment corporation bonds	65,163	70,612
Amortization of investment corporation bond issuance costs	11,428	13,582
Borrowing related expenses	214,202	242,243
Amortization of investment unit issuance expenses	46,460	46,460
Offering costs associated with the issuance of investment units	27,811	—
Others, net	1,217	116,014
Total non-operating expenses	1,175,504	1,306,747
Ordinary income	6,298,206	6,391,760
Income before income taxes	6,298,206	6,391,760
Income taxes-current	1,048	870
Income taxes-deferred	20	8
Total income taxes	1,068	879
Net income	6,297,137	6,390,881
Accumulated earnings brought forward	2,170	2,564
Unappropriated retained earnings	6,299,307	6,393,445

(3) Statements of Changes in Net Assets

Prior period (From September 1, 2016 to February 28, 2017)

(Unit: Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Retained earnings		Total unitholders' equity	
				Unappropriated retained earnings	Total retained earnings		
Balance at the beginning of the period	185,176,702	(3,934,387)	181,242,315	5,251,989	5,251,989	186,494,304	186,494,304
Changes of items during the period							
Issuance of new investment units	29,922,009		29,922,009			29,922,009	29,922,009
Distributions in excess of retained earnings		(770,353)	(770,353)			(770,353)	(770,353)
Distributions of earnings				(5,249,818)	(5,249,818)	(5,249,818)	(5,249,818)
Net income				6,297,137	6,297,137	6,297,137	6,297,137
Total changes of items during the period	29,922,009	(770,353)	29,151,655	1,047,318	1,047,318	30,198,973	30,198,973
Balance at the end of the period *1	215,098,711	(4,704,741)	210,393,970	6,299,307	6,299,307	216,693,277	216,693,277

Current period (From March 1, 2017 to August 31, 2017)

(Unit: Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Retained earnings		Total unitholders' equity	
				Unappropriated retained earnings	Total retained earnings		
Balance at the beginning of the period	215,098,711	(4,704,741)	210,393,970	6,299,307	6,299,307	216,693,277	216,693,277
Changes of items during the period							
Distributions in excess of retained earnings		(867,335)	(867,335)			(867,335)	(867,335)
Distributions of earnings				(6,296,743)	(6,296,743)	(6,296,743)	(6,296,743)
Net income				6,390,881	6,390,881	6,390,881	6,390,881
Total changes of items during the period	—	(867,335)	(867,335)	94,138	94,138	(773,197)	(773,197)
Balance at the end of the period *1	215,098,711	(5,572,077)	209,526,634	6,393,445	6,393,445	215,920,080	215,920,080

(4) Statements of Distributions

(Unit: Yen)		
	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
I Unappropriated retained earnings	6,299,307,679	6,393,445,723
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	867,335,712	861,629,556
III Distributions	7,164,078,858	7,252,524,276
[Distributions per unit]	[2,511]	[2,542]
Of which, distributions of earnings	6,296,743,146	6,390,894,720
[Of which, distributions of earnings per unit]	[2,207]	[2,240]
Of which, distributions in excess of retained earnings	867,335,712	861,629,556
[Of which, distributions in excess of retained earnings per unit]	[304]	[302]
IV Retained earnings carried forward	2,564,533	2,551,003
Calculation method of distribution amount	<p>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 more than 90% of income available for dividends defined in Section 67.15 of the Special Taxation Measures Act.</p> <p>Accordingly, GLP J-REIT declared a distribution amount of 6,296,743,146 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.</p>	<p>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 more than 90% of income available for dividends defined in Section 67.15 of the Special Taxation Measures Act.</p> <p>Accordingly, GLP J-REIT declared a distribution amount of 6,390,894,720 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.</p>

(Continued)

(Continued)

(Continued)

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 in each fiscal period on a continuing basis.

Thus, GLP J-REIT declared an OPD (a refund of investment categorized as a distribution from unitholders’ capital for tax purposes) amounting to 867,335,712 yen, which was determined as follows: (1) the amount not exceeding the upper limit of 2,262,534,759 yen calculated by deducting capital expenditure of 635,870,533 yen from depreciation expense of 2,898,405,292 yen, and (2) approximately 30% of the depreciation expense of 2,898,405,292 yen for the period.

(Continued)

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 in each fiscal period on a continuing basis.

Thus, GLP J-REIT declared an OPD (a refund of investment categorized as a distribution from unitholders’ capital for tax purposes) amounting to 861,629,556 yen, which was determined as follows: (1) the amount not exceeding the upper limit of 2,428,451,069 yen calculated by deducting capital expenditure of 446,772,496 yen from depreciation expense of 2,875,223,565 yen, and (2) approximately 30% of the depreciation expense of 2,875,223,565 yen for the period.

(Note) For the time being, GLP J-REIT intends to make an OPD distribution (a refund of its investment categorized as a distribution from unitholders’ capital for tax purposes) in the amount equal to approximately 30% of the 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 and maintenance plan or financial conditions in light of the estimated amount of capital expenditure for each fiscal period based on the plan.

(5) Statements of Cash Flows

	(Unit: Thousand yen)	
	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Operating activities:		
Income before income taxes	6,298,206	6,391,760
Depreciation	2,898,405	2,875,223
Amortization of investment corporation bond issuance costs	11,428	13,582
Amortization of investment unit issuance expenses	46,460	46,460
Interest income	(48)	(71)
Reversal of distributions payable	(1,987)	(781)
Interest expense	874,384	888,445
Decrease (increase) in operating accounts receivable	(809,523)	14,308
Decrease (increase) in prepaid expenses	(83,804)	71,702
Decrease (increase) in consumption taxes receivable	(2,011,826)	2,011,826
Decrease (increase) in other current assets	(976)	(1,641)
Decrease (increase) in long-term prepaid expenses	(316,923)	182,935
Increase (decrease) in operating accounts payable	(76,075)	126,419
Increase (decrease) in accounts payable	126,734	102,945
Increase (decrease) in consumption taxes payable	(708,840)	1,157,247
Increase (decrease) in advances received	272,296	65,778
Decrease in property and equipment in trust due to sales	—	4,700,872
Sub total	6,517,908	18,647,014
Interest received	48	71
Interest paid	(874,407)	(888,102)
Income taxes paid	(1,428)	(1,051)
Net cash provided by (used in) operating activities	5,642,121	17,757,932
Investing activities:		
Purchase of property and equipment	(1,183)	(1,834)
Purchase of property and equipment in trust	(59,215,939)	(363,848)
Proceeds from tenant leasehold and security deposits	973,449	83,740
Repayments of tenant leasehold and security deposits	(182,322)	(182,666)
Repayments of tenant leasehold and security deposits in trust	(100,000)	—
Other	(1,400)	—
Net cash provided by (used in) investing activities	(58,527,395)	(464,609)
Financing activities:		
Proceeds from short-term loans payable	9,000,000	—
Repayments of short-term loans payable	(3,500,000)	—
Proceeds from long-term loans payable	43,310,000	—
Repayments of long-term loans payable	(29,200,000)	(5,000,000)
Proceeds from issuance of investment corporation bonds	9,000,000	—
Payments of investment corporation bond issuance costs	(46,253)	(1,780)
Proceeds from issuance of investment units	29,836,133	—
Payments of distributions of earnings	(5,249,896)	(6,296,822)
Payments of distributions in excess of retained earnings	(770,227)	(867,040)
Net cash provided by (used in) financing activities	52,379,756	(12,165,642)
Net increase (decrease) in cash and cash equivalents	(505,517)	5,127,679
Cash and cash equivalents at beginning of period	10,455,996	9,950,478
Cash and cash equivalents at end of period *1	9,950,478	15,078,158

(6) Notes Concerning Going Concern Assumption

None

(7) Notes Concerning Significant Accounting Policies

1. Basis and method of valuation of assets	<p>Securities</p> <p>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.</p>										
2. Depreciation of noncurrent assets	<p>Property and equipment including trust assets</p> <p>Property and equipment 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:</p> <table> <tr> <td>Buildings</td><td>2 to 77 years</td></tr> <tr> <td>Structures</td><td>2 to 59 years</td></tr> <tr> <td>Machinery and equipment</td><td>6 to 12 years</td></tr> <tr> <td>Vehicles</td><td>4 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 18 years</td></tr> </table>	Buildings	2 to 77 years	Structures	2 to 59 years	Machinery and equipment	6 to 12 years	Vehicles	4 years	Tools, furniture and fixtures	2 to 18 years
Buildings	2 to 77 years										
Structures	2 to 59 years										
Machinery and equipment	6 to 12 years										
Vehicles	4 years										
Tools, furniture and fixtures	2 to 18 years										
3. Accounting treatment for deferred assets	<p>(1) Investment unit issuance expenses are amortized over three years using the straight-line method.</p> <p>(2) Investment corporation bond issuance costs are amortized over the respective terms of the bonds using the straight-line method.</p>										
4. Revenue and expense recognition	<p>Taxes on property and equipment</p> <p>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 are accounted for as rental expenses.</p> <p>Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related taxes are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property-related taxes amounted to 64,853 thousand yen for the prior period. No acquisition of real estate or beneficiary right of real estate in trust was made for the current period.</p>										

5. Hedge accounting	<p>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 floating 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.</p> <p>The hedge effectiveness test 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 as permitted under the Japanese GAAP.</p>
6. Cash and cash equivalents as stated in the Statements of Cash Flows	<p>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 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.</p>
7. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment of beneficiary right of real estate in trust</p> <p>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 sheet and statement of income accounts.</p> <p>The following significant trust assets are shown separately on the balance sheets.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust</p> <p>(c) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment for consumption taxes</p> <p>Consumption taxes withheld and paid are not included in the accompanying statements of income.</p>

(8) Notes to Financial Statements

(Notes to Balance Sheets)

1. Commitment line agreements

GLP J-REIT has a commitment line agreement with two financial institutions as follows:

	(Unit: Thousand yen)	
	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Total amount of commitment line agreement	6,000,000	6,000,000
Balance executed as loans	—	—
Unused line of credit	6,000,000	6,000,000

*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations:

(Unit: Thousand yen)	
Prior Period As of February 28, 2017	Current Period As of August 31, 2017
50,000	50,000

(Notes to Statements of Income)

*1. Revenues and expenses generated from property leasing activities:

(Unit: Thousand yen)		
	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
A. Property-related revenues		
Rental revenues:		
Rental revenues	13,023,503	13,073,022
Common area charges	445,705	443,409
Total	13,469,209	13,516,432
Other revenues related to property leasing		
Utility charges	333,423	397,323
Parking lots	46,699	50,571
Solar panel leasing	74,727	121,820
Others	141,294	95,439
Total	596,145	665,155
Total property-related revenues	14,065,355	14,181,587
B. Property-related expenses		
Rental expenses:		
Taxes and dues	1,064,605	1,220,167
Property and facility management fees	515,837	506,155
Utilities	319,665	383,772
Repairs and maintenance	91,908	71,729
Casualty insurance	26,525	26,000
Depreciation	2,898,405	2,875,223
Others	150,718	104,224
Total property-related expenses	5,067,666	5,187,274
C. Operating income from property leasing (A – B)	8,997,688	8,994,313

*2. Gain on sales of property and equipment:

Prior Period (From September 1, 2016 to February 28, 2017)

None

Current Period (From March 1, 2017 to August 31, 2017)

	(Unit: Thousand yen)
GLP Tatsumi Iib and GLP Narita II:	
Sales proceeds	5,070,000
Costs of sale of properties	4,700,872
Other sales expenses	44,944
Gain on sales of property and equipment	324,182

Sales price of each property is not disclosed since the counter party's consent is not obtained.

(Notes to Statements of Changes in Net Assets)

*1. Number of investment units authorized and number of investment units issued and outstanding

	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Number of investment units authorized	16,000,000 units	16,000,000 units
Number of investment units issued and outstanding	2,853,078 units	2,853,078 units

(Notes to Statements of Cash Flows)

*1. Reconciliation of cash and cash equivalents in the Statements of Cash Flows to accounts and amounts in the accompanying balance sheets

	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Cash and deposits	3,510,803	8,389,333
Cash and deposits in trust	6,439,675	6,688,825
Cash and cash equivalents	9,950,478	15,078,158

(Leases)

Operating lease transactions (As Lessor)

Future minimum rental revenues

	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Due within one year	24,659,223	24,362,502
Due after one year	80,255,258	74,800,693
Total	104,914,482	99,163,196

(Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

GLP J-REIT procures funds for acquisition of assets or repayment of debts 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 and investment corporation bonds are mainly made to procure funds for acquisition of properties and refinancing of bank loans or investment corporation bonds upon their maturities. GLP J-REIT mitigates the liquidity risk exposure upon repayment and redemption of loans by diversifying the maturities and lending institutions and concluding a commitment line agreement, 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, and is 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

Prior Period (As of February 28, 2017)

Book value, fair value and differences between the values as of February 28, 2017 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	3,510,803	3,510,803	—
(2) Cash and deposits in trust	6,439,675	6,439,675	—
Total assets	9,950,478	9,950,478	—
(1) Short-term loans payable	5,500,000	5,500,000	—
(2) Current portion of long-term loans payable	24,300,000	24,385,363	85,363
(3) Investment corporation bonds	27,500,000	27,865,110	365,110
(4) Long-term loans payable	160,140,000	162,415,604	2,275,604
Total liabilities	217,440,000	220,166,078	2,726,078
Derivative transactions	—	—	—

Current Period (As of August 31, 2017)

Book value, fair value and differences between the values as of August 31, 2017 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	8,389,333	8,389,333	—
(2) Cash and deposits in trust	6,688,825	6,688,825	—
Total assets	15,078,158	15,078,158	—
(1) Short-term loans payable	5,500,000	5,500,000	—
(2) Current portion of long-term loans payable	24,300,000	24,335,127	35,127
(3) Investment corporation bonds	27,500,000	27,894,400	394,400
(4) Long-term loans payable	155,140,000	157,362,976	2,222,976
Total liabilities	212,440,000	215,092,504	2,652,504
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) Current portion of long-term loans payable and (4) 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 principal 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 designated as a hedged item.

(3) Investment corporation bonds

The reference value published by the Japan Securities Dealers Association is used as the fair value.

Derivative transactions:

Please refer to “(Derivative Transactions)” described below.

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

(Unit: Thousand yen)

Account name	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Tenant leasehold and security deposits	8,386,763	8,338,257
Tenant leasehold and security deposits in trust	178,019	178,019
Total	8,564,782	8,516,276

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 difficult to estimate their fair value. Therefore, their fair values are not disclosed.

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

Prior Period (As of February 28, 2017)

(Unit: Thousand yen)

	Due within one year
Cash and deposits	3,510,803
Cash and deposits in trust	6,439,675
Total	9,950,478

Current Period (As of August 31, 2017)

(Unit: Thousand yen)

	Due within one year
Cash and deposits	8,389,333
Cash and deposits in trust	6,688,825
Total	15,078,158

(Note 4) Redemption schedules for investment corporation bonds and long-term loans payable

Prior Period (As of February 28, 2017)

(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
Investment corporation bonds	—	6,000,000	6,900,000	4,500,000	—	10,100,000
Long-term loans payable	24,300,000	20,900,000	25,990,000	20,250,000	21,290,000	71,710,000
Total	24,300,000	26,900,000	32,890,000	24,750,000	21,290,000	81,810,000

Current Period (As of August 31, 2017)

(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
Investment corporation bonds	—	6,000,000	6,900,000	4,500,000	—	10,100,000
Long-term loans payable	24,300,000	20,900,000	25,990,000	24,050,000	12,490,000	71,710,000
Total	24,300,000	26,900,000	32,890,000	28,550,000	12,490,000	81,810,000

(Investment Securities)

Prior Period (As of February 28, 2017) and Current Period (As of August 31, 2017)

None

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

Prior Period (As of February 28, 2017) and Current Period (As of August 31, 2017)

None

2. Derivative transactions for which hedge accounting is applied

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

Prior Period (As of February 28, 2017)

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transaction	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	134,430,000	110,130,000	(Note 1)	(Note 2)

(Note 1) Interest rate swaps under the special accounting treatment are accounted for as an integral component 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 “(Financial Instruments), 2. Estimated fair value of financial instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable.”

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

Current Period (As of August 31, 2017)

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transaction	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	129,430,000	105,130,000	(Note 1)	(Note 2)

(Note 1) Interest rate swaps under the special accounting treatment are accounted for as an integral component 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 “(Financial Instruments), 2. Estimated fair value of financial instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable.”

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

(Retirement Benefit Plans)

Prior Period (As of February 28, 2017) and Current Period (As of August 31, 2017)

None

(Equity in Income)

Prior Period (As of February 28, 2017) and Current Period (As of August 31, 2017)

No affiliate exists, thus, none to report.

(Asset Retirement Obligation)

Prior Period (As of February 28, 2017) and Current Period (As of August 31, 2017)

None

(Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: Thousand yen)

	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Deferred tax assets		
Enterprise tax payable	21	12
Total	21	12
Net deferred tax assets	21	12

2. Reconciliation between Japanese statutory tax rate and the effective income tax rate with respect to pre-tax income reflected in the accompanying statement of income for each period is as follows.

(Unit: %)

	Prior Period As of February 28, 2017	Current Period As of August 31, 2017
Statutory effective tax rate	31.74	31.74
(Adjustments)		
Distributions deductible for tax purposes	(31.73)	(31.74)
Other	0.01	0.01
Actual tax rate	0.02	0.01

(Related Party Transactions)

1. Transactions and account balances with the parent company and major unitholders

Prior Period (From September 1, 2016 to February 28, 2017)

None

Current Period (From March 1, 2017 to August 31, 2017)

None

2. Transactions and account balances with affiliates

Prior Period (From September 1, 2016 to February 28, 2017)

None

Current Period (From March 1, 2017 to August 31, 2017)

None

3. Transactions and account balances with companies under common control

Prior Period (From September 1, 2016 to February 28, 2017)

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Subsidiary of major unitholder	Global Logistic Properties Inc.	Minato-ku, Tokyo	100,000	Investment advisory/agency	—	Entrustment of property management Patent license	Property management fee	261,090	Operating accounts payable	48,314
							Royalty fee (Note 2)	7,500	—	—
							Leasing commission	100,141	—	—
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	110,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Asset management fee (Notes 2, 3)	1,595,239	Accounts payable	1,346,280
	GLP Solar Special Purpose Company	Minato-ku, Tokyo	1,410,100	Equipment leasing	—	Rooftop leasing	Rental income from rooftop leasing (Note 2)	42,387	Advances received	7,629
	Ichikawa-Shiohama Special Purpose Company (Note 4)	Minato-ku, Tokyo	16,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	15,500,000	—	—
							Acceptance of security deposits	120,442	—	—
	Atsugi Two Logistics Special Purpose Company	Minato-ku, Tokyo	124,900	Real estate	—	—	Purchase of beneficiary right of real estate in trust	21,100,000	—	—
							Acceptance of security deposits	272,006	—	—
	Yoshimi Logistics Special Purpose Company	Minato-ku, Tokyo	80,700	Real estate	—	—	Purchase of beneficiary right of real estate in trust	11,200,000	—	—
							Receipt of deposits	624	—	—
							Acceptance of security deposits	145,466	—	—
	Fukaehama Logistics Special Purpose Company	Minato-ku, Tokyo	2,553,800	Real estate	—	—	Purchase of beneficiary right of real estate in trust	4,470,000	—	—
							Acceptance of security deposits	124,083	—	—
	Azeria Two Special Purpose Company	Minato-ku, Tokyo	6,450,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	5,940,000	—	—
							Receipt of deposits	4,382	—	—
							Acceptance of security deposits	35,162	—	—
	GLP J-REIT Solar GK	Minato-ku, Tokyo	100	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	57,437	Operating accounts receivable	13,793
	Ichikawashiohama Godo Kaisha	Minato-ku, Tokyo	1,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	17,290	Operating accounts receivable	6,285

(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:

- (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
- (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
- (c) The rental income from rooftop leasing was mutually agreed after negotiation between both parties, based on the initial formula proposed by GLP Solar Special Purpose Company.
- (d) Other transactions are determined based on market conditions.

(Note 3) The Asset management fee above includes management fees of 174,630 thousand yen capitalized as part of acquisition costs of properties.

(Note 4) Ichikawa-Shiohama Special Purpose Company has been liquidated effective March 16, 2017.

Current Period (From March 1, 2017 to August 31, 2017)

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Subsidiary of major unitholder	Global Logistic Properties Inc.	Minato-ku, Tokyo	100,000	Investment advisory/ agency	—	Entrustment of property management Patent license	Property management fee	260,008	Operating accounts payable	45,809
							Royalty fee (Note 2)	7,500	—	—
							Leasing commission	48,280	—	—
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	110,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Asset management fee (Notes 2, 3)	1,516,726	Accounts payable	1,391,733
	GLP Solar Special Purpose Company	Minato-ku, Tokyo	1,410,100	Equipment leasing	—	Rooftop leasing	Rental income from rooftop leasing (Note 2)	41,549	Advances received	7,056
	GLP J-REIT Solar GK	Minato-ku, Tokyo	100	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	92,678	Operating accounts receivable	16,684
	Ichikawashiohama Godo Kaisha	Minato-ku, Tokyo	1,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	29,141	Operating accounts receivable	3,040

(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:

- (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
- (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
- (c) The rental income from rooftop leasing was mutually agreed after negotiation between both parties, based on the initial formula proposed by GLP Solar Special Purpose Company.
- (d) Other transactions are determined based on market conditions.

(Note 3) The Asset management fee above includes 25,350 thousand yen of management fees for properties sold, which was included in the calculation of gain on sales of property and equipment.

4. Transactions and account balances with directors and major individual unitholders

Prior Period (From September 1, 2016 to February 28, 2017)

None

Current Period (From March 1, 2017 to August 31, 2017)

None

(Investment and Rental Properties)

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

(Unit: Thousand yen)

	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Book value		
Balance at the beginning of the period	374,788,962	431,065,733
Change during the period	56,276,770	(7,113,119)
Balance at the end of the period	431,065,733	423,952,613
Fair value at the end of the period	515,983,000	521,988,000

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

(Note 2) Of the change in book value during each period, the major increase for the prior period primarily due to the acquisition of the following five properties in the total amount of 58,539,305 thousand yen: GLP-MFLP Ichikawa Shiohama, GLP Atsugi II, GLP Yoshimi, GLP Fukaehama and GLP Tomiya IV, whereas the major decrease was due to depreciation of 2,898,405 thousand yen. The major increase for the current period was primarily due to capital expenditure, whereas the major decrease was due to the sales of two properties (GLP Tatsumi IIb and GLP Narita II) in the total amount of 4,700,872 thousand yen and depreciation of 2,875,223 thousand yen.

(Note 3) The fair value of investment and rental properties was determined based on third-party appraisals or research prices.

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

(Segment and Related Information)

(Segment Information)

1. Overview of operating and reportable segments

Operating segments are a component of GLP J-REIT for which separate financial information is available and whose operating results are regularly evaluated by the Board of Directors to make decisions about how resources are allocated and assess their performance. Consequently, each property is considered an operating segment. However, when properties share similar economic characteristic and meet other specific conditions, they may be aggregated for purposes of reporting segment information. Therefore, properties with multiple tenants have been aggregated and presented as the “Multi-tenant Property” reportable segment, whereas build-to-suit (“BTS”) properties developed for a single tenant or properties with a single tenant have been aggregated and presented as the “BTS Property” reportable segment.

GLP J-REIT’s properties were classified into each reportable segment as follows:

Multi-tenant property:	GLP Tokyo, GLP Sugito II, GLP Koshigaya II, GLP Misato II, GLP Amagasaki, GLP Koriyama III, GLP Urayasu III, GLP Komaki, GLP Tokyo II, GLP Narashino, GLP-MFLP Ichikawa Shiohama and GLP Atsugi II
BTS property:	GLP Higashi-Ogishima, GLP Akishima, GLP Tomisato, GLP Narashino II, GLP Funabashi,

GLP Kazo, GLP Fukaya, GLP Iwatsuki, GLP Kasukabe, GLP Tatsumi, GLP Hirakata, GLP Hirakata II, GLP Maishima II, GLP Tsumori, GLP Rokko, GLP Amagasaki II, GLP Nara, GLP Sakai, GLP Morioka, GLP Tomiya, GLP Koriyama I, GLP Tokai, GLP Hayashima, GLP Hayashima II, GLP Kiyama, GLP Sendai, GLP Hamura, GLP Funabashi III, GLP Sodegaura, GLP Rokko II, GLP Ebetsu, GLP Kuwana, GLP Hatsukaichi, GLP Tatsumi IIa, GLP Okegawa, GLP Kadoma, GLP Seishin, GLP Fukusaki, GLP Ogimachi, GLP Hiroshima, GLP Fukuoka, GLP Kobe-Nishi, GLP Shinkiba, GLP Sugito, GLP Matsudo, GLP Tosu I, GLP Yoshimi, GLP Fukaehama and GLP Tomiya IV.

On July 14, 2017, GLP J-REIT sold GLP Narita II, classified as Multi-tenant property, and GLP Tatsumi IIB, classified as BTS property, to a third party.

2. Basis of measurement for the amounts of segment income, segment assets and other items for each reportable segment
The accounting policies of each reportable segment are consistent to those disclosed in “Notes Concerning Significant Accounting Policies.” Segment income is measured on the basis of operating income.

3. Information about segment income, segment assets and other items

Prior Period (February 28, 2017)

	(Unit: Thousand yen)			
	Multi-tenant rental business	BTS rental business	Reconciling items	Amount on financial statements
Operating revenues (Note 1)	6,305,558	7,759,797	—	14,065,355
Segment income	3,950,922	5,046,766	(1,526,013)	7,471,675
Segment assets	202,026,438	237,154,730	7,668,318	446,849,487
Other items				
Depreciation	1,140,450	1,757,954	—	2,898,405
Increase in property and equipment	36,985,934	22,189,241	(70,484)	59,104,691

(Note 1) Operating revenues are exclusively earned from external parties.

(Note 2) Reconciling items to segment income in the negative amount of 1,526,013 thousand yen consist of corporate expenses that are not allocated to each reportable segment. Corporate expenses present mainly asset management fee, asset custody fee, administrative service fees, directors’ remuneration and other expenses.

Reconciling items to segment assets in the amount of 7,668,318 thousand yen include current assets of 5,915,171 thousand yen, property and equipment of 64,173 thousand yen, investments and other assets of 1,440,162 thousand yen and deferred assets of 248,812 thousand yen.

Reconciling items to increase in property and equipment under other items in the negative amount of 70,484 thousand yen consist of corporate assets which do not belong to reportable segments. Such corporate assets represent a decrease in construction in progress of 70,484 thousand yen.

Current Period (August 31, 2017)

(Unit: Thousand yen)

	Multi-tenant rental business	BTS rental business	Reconciling items	Amount on financial statements
Operating revenues (Note 1)	6,414,622	7,766,964	324,182	14,505,770
Segment income	3,920,780	5,073,533	(1,299,946)	7,694,367
Segment assets	197,660,660	234,615,991	10,260,380	442,537,031
Other items				
Depreciation	1,127,449	1,747,774	—	2,875,223
Increase in property and equipment	169,373	293,603	12,167	475,145

(Note 1) Operating revenues are exclusively earned from external parties.

(Note 2) Reconciling items to operating revenues in the amount of 324,182 thousand yen are gain on sales of property and equipment that does not belong to each reportable segment. Reconciling items to segment income in the negative amount of 1,299,946 thousand yen consist of 324,182 thousand yen of gain on sales of property and equipment that do not belong to each reportable segment and 1,624,128 thousand yen of corporate expenses that are not allocated to each reportable segment. Corporate expenses present mainly asset management fee, asset custody fee, administrative service fees, directors' remuneration and other expenses.

Reconciling items to segment assets in the amount of 10,260,380 thousand yen include current assets of 8,738,044 thousand yen, property and equipment of 76,341 thousand yen, investments and other assets of 1,257,226 thousand yen and deferred assets of 188,768 thousand yen.

Reconciling items to increase in property and equipment under other items in the amount of 12,167 thousand yen consist of corporate assets which do not belong to reportable segments. Such corporate assets represent an increase in construction in progress of 12,167 thousand yen.

(Related Information)

Prior Period (From September 1, 2016 to February 28, 2017)

1. Revenue information by product and service

Substantially all of the operating revenue is earned from external customers in Japan.

2. Information by geographic area

(1) Operating revenues

Substantially all property and equipment are located in Japan.

(2) Property and equipment

Disclosure of this information has been omitted as the amount of property and equipment in Japan has exceeded 90% of the amount of total property and equipment on the accompanying balance sheet.

3. Information on major tenants

Disclosure of this information has been omitted as no customer accounting for 10% or more of total operating revenues existed.

Current Period (From March 1, 2017 to August 31, 2017)

1. Revenue information by product and service

Substantially all of the operating revenue is earned from external customers in Japan.

2. Information by geographic area

(1) Operating revenues

Substantially all property and equipment are located in Japan.

(2) Property and equipment

Disclosure of this information has been omitted as the amount of property and equipment in Japan has exceeded 90% of the amount of total property and equipment on the accompanying balance sheet.

3. Information on major tenants

Disclosure of this information has been omitted as no customer accounting for 10% or more of total operating revenues existed.

(Per Unit Information)

	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Net assets per unit	75,950 yen	75,679 yen
Net income per unit	2,208 yen	2,239 yen

(Note 1) Net income per unit is calculated by dividing net income for the period by the weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as no dilutive securities were outstanding.

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

	Prior Period From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Net income	6,297,137 thousand yen	6,390,881 thousand yen
Amount not attributable to ordinary unitholders	— thousand yen	— thousand yen
Net income attributable to ordinary unitholders	6,297,137 thousand yen	6,390,881 thousand yen
Average number of investment units outstanding	2,851,384 units	2,853,078 units

(Significant Subsequent Events)

1. Acquisition of assets

GLP J-REIT acquired the beneficiary right of real estate in trust described below. The acquisition price (the purchase price under the Sales and Purchase Agreement of Beneficiary Right of Real Estate in Trust) does not include other acquisition related costs such as direct expenses for acquisition, property-related taxes and consumption taxes.

Property name	Acquisition date	Location	Seller	Acquisition price (Million yen)
GLP Noda-Yoshiharu	September 1, 2017	Noda, Chiba	MUL Property Co., Ltd.	4,496

2. Additional borrowings

GLP J-REIT obtained bank loans to acquire specified asset and related costs as stated in “1. Acquisition of assets” above.

Lender	Loan amount (Million yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation	870	0.45681%	September 1, 2017	September 1, 2023	Lump-sum repayment on repayment date	Unsecured not guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	580	0.45681%				
Total	1,450	—	—	—	—	—

(9) Changes in Number of Investment Units Issued and Outstanding

Changes in number of investment units issued and outstanding and net unitholders' capital for the last five years are as follows:

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Unitholders' capital, net (Note 1) (Million yen)		Note
		Increase (decrease)	Total	Increase (decrease)	Total	
October 31, 2012	Unit split	2,800	3,200	—	200	(Note 2)
December 20, 2012	Public offering	1,747,100	1,750,300	102,189	102,389	(Note 3)
January 21, 2013	Issuance of new units through allocation to a third party	87,400	1,837,700	5,112	107,501	(Note 4)
May 22, 2013	Distributions in excess of retained earnings (a refund of investment)	—	1,837,700	(154)	107,347	(Note 5)
September 26, 2013	Public offering	249,955	2,087,655	22,179	129,527	(Note 6)
October 16, 2013	Issuance of new units through allocation to a third party	10,045	2,097,700	891	130,418	(Note 7)
November 19, 2013	Distributions in excess of retained earnings (a refund of investment)	—	2,097,700	(475)	129,942	(Note 8)
May 19, 2014	Distributions in excess of retained earnings (a refund of investment)	—	2,097,700	(526)	129,415	(Note 9)
September 1, 2014	Public offering	281,709	2,379,409	30,973	160,389	(Note 10)
September 24, 2014	Issuance of new units through allocation to a third party	11,322	2,390,731	1,244	161,633	(Note 11)
November 19, 2014	Distributions in excess of retained earnings (a refund of investment)	—	2,390,731	(593)	161,040	(Note 12)
May 19, 2015	Distributions in excess of retained earnings (a refund of investment)	—	2,390,731	(698)	160,342	(Note 13)
September 1, 2015	Public offering	197,594	2,588,325	21,784	182,126	(Note 14)
September 25, 2015	Issuance of new units through allocation to a third party	5,459	2,593,784	601	182,728	(Note 15)
November 17, 2015	Distributions in excess of retained earnings (a refund of investment)	—	2,593,784	(707)	182,020	(Note 16)
May 17, 2016	Distributions in excess of retained earnings (a refund of investment)	—	2,593,784	(778)	181,242	(Note 17)
September 1, 2016	Public offering	247,507	2,841,291	28,561	209,804	(Note 18)

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Unitholders' capital, net (Note 1) (Million yen)		Note
		Increase (decrease)	Total	Increase (decrease)	Total	
September 27, 2016	Issuance of new units through allocation to a third party	11,787	2,853,078	1,360	211,164	(Note 19)
November 16, 2016	Distributions in excess of retained earnings (a refund of investment)	—	2,853,078	(770)	210,393	(Note 20)
May 16, 2017	Distributions in excess of retained earnings (a refund of investment)	—	2,853,078	(867)	209,526	(Note 21)

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

(Note 3) 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 58,491 yen or the offer price of 60,500 yen per unit.

(Note 4) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 58,491 yen.

(Note 5) 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.

(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 88,735 yen or the offer price of 91,942 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 issue price of 88,735 yen.

(Note 8) At the Board of Directors’ Meeting held on October 16, 2013, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 259 yen per unit for the 3rd Fiscal Period (the period ended August 31, 2013). The payment of distributions was commenced on November 19, 2013.

(Note 9) At the Board of Directors’ Meeting held on April 15, 2014, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 251 yen per unit for the 4th Fiscal Period (the period ended February 28, 2014). The payment of distributions was commenced on May 19, 2014.

(Note 10) 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 109,947 yen or the offer price of 113,827 yen per unit.

(Note 11) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 109,947 yen.

(Note 12) At the Board of Directors’ Meeting held on October 15, 2014, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 283 yen per unit for the 5th Fiscal Period (the period ended August 31, 2014). The payment of distributions was commenced on November 19, 2014.

(Note 13) At the Board of Directors’ Meeting held on April 14, 2015, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 292 yen per unit for the 6th Fiscal Period (the period ended February 28, 2015). The payment of distributions was commenced on May 19, 2015.

(Note 14) 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 110,247 yen or the offer price of 114,174 yen per unit.

(Note 15) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of

110,247 yen.

(Note 16) At the Board of Directors' Meeting held on October 14, 2015, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment categorized as a distribution from unitholders' capital for tax purposes) of 296 yen per unit for the 7th Fiscal Period (the period ended August 31, 2015). The payment of distributions was commenced on November 17, 2015.

(Note 17) At the Board of Directors' Meeting held on April 13, 2016, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment categorized as a distribution from unitholders' capital for tax purposes) of 300 yen per unit for the 8th Fiscal Period (the period ended February 29, 2016). The payment of distributions was commenced on May 17, 2016.

(Note 18) 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 115,398 yen or the offer price of 119,357 yen per unit.

(Note 19) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 115,398 yen.

(Note 20) At the Board of Directors' Meeting held on October 13, 2016, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment categorized as a distribution from unitholders' capital for tax purposes) of 297 yen per unit for the 9th Fiscal Period (the period ended August 31, 2016). The payment of distributions was commenced on November 16, 2016.

(Note 21) At the Board of Directors' Meeting held on April 13, 2017, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment categorized as a distribution from unitholders' capital for tax purposes) of 304 yen per unit for the 10th Fiscal Period (the period ended February 28, 2017). The payment of distributions was commenced on May 16, 2017.

4. Changes in Directors and Officers

The following summarizes the changes in Officers of GLP Japan Advisors Inc.

	Auditor (part-time)
Appointed	Toyoyuki Ushioda (effective June 26, 2017)
Resigned	Tatsuya Miyamoto (effective June 26, 2017)

5. Reference Information

(1) Investment Status

Type of asset	Area (Note 1)	Prior Period February 28, 2017		Current Period August 31, 2017	
		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)	Tokyo metropolitan area	284,311	63.6	278,247	62.9
	Greater Osaka area	79,109	17.7	78,578	17.8
	Other	67,644	15.1	67,126	15.2
Sub Total		431,065	96.5	423,952	95.8
Deposits and other assets		15,783	3.5	18,584	4.2
Total assets (Notes 5 and 6)		446,849 [431,065]	100.0 [96.5]	442,537 [423,952]	100.0 [95.8]

	Amount (Million yen)	As a ratio to total assets (%) (Note 3)	Amount (Million yen)	As a ratio to total assets (%) (Note 3)
Total liabilities (Note 5)	230,156	51.5	226,616	51.2
Total net assets (Note 5)	216,693	48.5	215,920	48.8

(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 above.

(Note 2) “Total amount held” represents the book 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 to the first decimal place.

(Note 4) The amount of property and equipment in trust does not include the amount of construction in progress. The amount of property and equipment in trust in Tokyo metropolitan area includes the book value of vehicles.

(Note 5) The book value is stated for “total assets”, “total liabilities” and “total net assets”.

(Note 6) The figures in square brackets represent the holding properties portion to total assets.

(2) Portfolio Overview

The following table summarizes the beneficiary rights of real estate in trust or the real estate properties in trust and the OTA Assets (Note 9) held by GLP J-REIT at the fiscal period end. Each figure in this table is the information as of August 31, 2017 unless otherwise stated.

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Tokyo-1	GLP Tokyo	22,700	21,866	28,700	5.2	56,105.95	56,105.95	100.0	5
Tokyo-2	GLP Higashi-Ogishima	4,980	4,954	6,940	1.1	34,582.00	34,582.00	100.0	1
Tokyo-3	GLP Akishima	7,160	7,005	9,180	1.6	27,356.63	27,356.63	100.0	3

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Tokyo-4	GLP Tomisato	4,990	4,670	5,660	1.1	27,042.59	27,042.59	100.0	1
Tokyo-5	GLP Narashino II	15,220	14,711	20,100	3.5	101,623.59	101,623.59	100.0	2
Tokyo-6	GLP Funabashi	1,720	1,902	2,050	0.4	10,465.03	10,465.03	100.0	1
Tokyo-7	GLP Kazo	11,500	10,689	14,100	2.6	76,532.71	76,532.71	100.0	1
Tokyo-8	GLP Fukaya	2,380	2,257	2,890	0.5	19,706.00	19,706.00	100.0	1
Tokyo-9	GLP Sugito II	19,000	17,865	24,400	4.3	101,272.40	100,345.84	99.1	5
Tokyo-10	GLP Iwatsuki	6,940	6,586	8,660	1.6	31,839.99	31,839.99	100.0	1
Tokyo-11	GLP Kasukabe	4,240	3,944	5,150	1.0	18,460.73	18,460.73	100.0	1
Tokyo-12	GLP Koshigaya II	9,780	9,378	13,100	2.2	43,533.28	43,533.28	100.0	2
Tokyo-13	GLP Misato II	14,600	14,068	19,000	3.3	59,208.59	59,208.59	100.0	2
Tokyo-14	GLP Tatsumi	4,960	4,853	6,440	1.1	12,925.58	12,925.58	100.0	1
Tokyo-15	GLP Hamura	7,660	7,466	9,230	1.7	40,277.93	40,277.93	100.0	1
Tokyo-16	GLP Funabashi III	3,050	3,039	4,130	0.7	18,281.84	18,281.84	100.0	1
Tokyo-17	GLP Sodegaura	6,150	5,864	8,010	1.4	45,582.06	45,582.06	100.0	1
Tokyo-18	GLP Urayasu III	18,200	17,702	20,900	4.2	64,198.11	64,198.11	100.0	2
Tokyo-19	GLP Tatsumi Ila	6,694	6,656	8,300	1.5	17,108.52	17,108.52	100.0	1
Tokyo-21	GLP Tokyo II	36,100	35,326	41,100	8.2	79,073.21	79,073.21	100.0	6
Tokyo-22	GLP Okegawa	2,420	2,381	2,740	0.6	17,062.92	17,062.92	100.0	1
Tokyo-23	GLP Shinkiba	11,540	11,552	12,800	2.6	18,341.73	18,341.73	100.0	1
Tokyo-24	GLP Narashino	5,320	5,311	5,540	1.2	23,548.03	23,548.03	100.0	3
Tokyo-26	GLP Sugito	8,310	8,193	9,890	1.9	58,918.12	58,918.12	100.0	1
Tokyo-27	GLP Matsudo	2,356	2,436	2,840	0.5	14,904.60	14,904.60	100.0	1
Tokyo-28	GLP-MFLP Ichikawa Shiohama (Note 8)	15,500	15,466	16,650	3.5	50,813.07	50,813.07	100.0	5
Tokyo-29	GLP Atsugi II	21,100	20,968	23,200	4.8	74,176.27	74,176.27	100.0	2
Tokyo-30	GLP Yoshimi	11,200	11,124	11,600	2.6	62,362.89	62,362.89	100.0	1
Osaka-1	GLP Hirakata	4,750	4,621	6,250	1.1	29,829.56	29,829.56	100.0	1
Osaka-2	GLP Hirakata II	7,940	7,556	9,230	1.8	43,283.01	43,283.01	100.0	1
Osaka-3	GLP Maishima II	8,970	8,183	11,600	2.0	56,511.10	56,511.10	100.0	1
Osaka-4	GLP Tsumori	1,990	2,006	2,340	0.5	16,080.14	16,080.14	100.0	1
Osaka-5	GLP Rokko	5,160	5,028	5,990	1.2	39,339.00	39,339.00	100.0	1
Osaka-6	GLP Amagasaki	24,500	23,283	28,700	5.6	110,224.41	110,224.41	100.0	7
Osaka-7	GLP Amagasaki II	2,040	1,974	2,290	0.5	12,342.95	12,342.95	100.0	1
Osaka-8	GLP Nara	2,410	2,162	2,940	0.6	19,545.35	19,545.35	100.0	1
Osaka-9	GLP Sakai	2,000	1,868	2,230	0.5	10,372.10	10,372.10	100.0	1
Osaka-10	GLP Rokko II	3,430	3,235	4,300	0.8	20,407.30	20,407.30	100.0	1
Osaka-11	GLP Kadoma	2,430	2,430	3,180	0.6	12,211.73	12,211.73	100.0	1
Osaka-12	GLP Seishin	1,470	1,444	1,640	0.3	9,533.88	9,533.88	100.0	1
Osaka-13	GLP Fukusaki	3,640	3,422	4,170	0.8	24,167.83	24,167.83	100.0	1

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Osaka-14	GLP Kobe-Nishi	7,150	6,915	7,620	1.6	35,417.31	35,417.31	100.0	1
Osaka-15	GLP Fukaehama	4,470	4,443	4,580	1.0	19,386.00	19,386.00	100.0	1
Other-1	GLP Morioka	808	783	878	0.2	10,253.80	10,253.80	100.0	1
Other-2	GLP Tomiya	2,820	2,721	3,310	0.6	20,466.98	20,466.98	100.0	1
Other-3	GLP Koriyama I	4,100	3,763	4,580	0.9	24,335.96	24,335.96	100.0	1
Other-4	GLP Koriyama III	2,620	2,658	2,760	0.6	27,671.51	27,671.51	100.0	4
Other-5	GLP Tokai	6,210	5,921	7,740	1.4	32,343.31	32,343.31	100.0	1
Other-6	GLP Hayashima	1,190	1,210	1,350	0.3	13,574.58	13,574.58	100.0	1
Other-7	GLP Hayashima II	2,460	2,255	2,740	0.6	14,447.48	14,447.48	100.0	1
Other-8	GLP Kiyama	4,760	4,280	5,500	1.1	23,455.96	23,455.96	100.0	1
Other-10	GLP Sendai	5,620	5,329	6,690	1.3	37,256.23	37,256.23	100.0	1
Other-11	GLP Ebetsu	1,580	1,469	2,220	0.4	18,489.25	18,489.25	100.0	1
Other-12	GLP Kuwana	3,650	3,438	4,430	0.8	20,402.12	20,402.12	100.0	1
Other-13	GLP Hatsukaichi	1,980	1,881	2,430	0.5	10,981.89	10,981.89	100.0	1
Other-14	GLP Komaki	10,300	9,945	12,700	2.4	52,709.97	52,709.97	100.0	2
Other-15	GLP Ogimachi	1,460	1,484	1,610	0.3	13,155.28	13,155.28	100.0	1
Other-16	GLP Hiroshima	3,740	3,651	4,100	0.9	21,003.04	21,003.04	100.0	2
Other-17	GLP Fukuoka	1,520	1,481	1,720	0.3	14,641.22	14,641.22	100.0	1
Other-19	GLP Tosu I	9,220	8,948	10,500	2.1	74,860.38	74,860.38	100.0	1
Other-20	GLP Tomiya IV	5,940	5,899	6,370	1.4	32,562.60	32,562.60	100.0	1
Total portfolio		438,098	423,952	521,988	100.0	2,126,567.61	2,125,641.05	99.9	98

Property number	Property name	Acquisition price (Planned) (Million yen)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
OTA Assets (Note 9)									
Tokyo-31	GLP Noda-Yoshiharu	4,496 (Note 10)	—	5,260	—	26,631.40	26,631.40	100.0	1
N/A	GLP Urayasu	(Note 11)	—	7,540	—	25,839.60	25,839.60	100.0	1
N/A	GLP Funabashi II	(Note 11)	—	8,130	—	34,699.09	34,349.01	99.0	1
N/A	GLP Misato	(Note 11)	—	17,700	—	46,892.00	46,892.00	100.0	1
N/A	GLP Maishima I	(Note 11)	—	19,400	—	72,948.78	72,948.78	100.0	1

(Note 1) “Acquisition price” represents the purchase amount (excluding acquisition costs and consumption taxes) of each property or beneficiary right in trust as stated in the Sales and Purchase Agreement.

(Note 2) “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 Trusts Association, Japan. Concerning GLP Noda-Yoshiharu, the appraisal value as of June 30, 2017, is stated. For other OTA Assets, the appraisal values as of August 20, 2017 are stated.

(Note 3) “Share” is the ratio of the acquisition price of each property or property in trust to total acquisition price, and rounded to the first decimal place.

(Note 4) “Leasable area” is the area of property or property in trust that is available for lease in accordance with relevant lease agreements or

architectural drawings. The figures are rounded down to the second decimal place. The leasable area may be changed upon renewal of lease agreements.

- (Note 5) “Leased area” is the total area leased to building tenants in accordance with the relevant lease agreement of each property or property in trust. The figures are 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 6) “Occupancy ratio” is rounded to the first decimal place. However, when it may result in 100.0% after rounding, the figure is rounded down to the first decimal place and shown as 99.9%
- (Note 7) “Number of tenants” represents the total number of building tenants stated on the lease agreement of each property or property in trust.
- (Note 8) GLP-MFLP Ichikawa Shiohama is a property under joint co-ownership which GLP-JREIT holds 50% beneficiary right of real estate in trust. “Leasable area” and “Leased area” stated above are computed by multiplying 50% of the joint co-ownership ratio.
- (Note 9) On July 14, 2015, GLP J-REIT entered into a forward commitment contract concerning acquisition of GLP Noda-Yoshiharu held by a third party. The purpose of this arrangement was to reduce the acquisition price of the asset. Under the contract, it was agreed in cooperation with the Mitsubishi UFJ Lease & Finance (“MUFJ L&F”) Group that the asset would be temporarily owned by MUL Property Co., Ltd., a real estate-related company and a wholly-owned subsidiary of MUFJ L&F, and that GLP J-REIT would acquire the asset on the date designated by GLP J-REIT during the scheduled period from July 14, 2016 to July 13, 2020. The acquisition price was to be determined as a price reduced in the proportion of MUFJ L&F’s holding period, adjusted by the variance between actual and pre-agreed budget of maintenance fees and capital expenditures. On September 1, 2017, GLP J-REIT acquired GLP Noda-Yoshiharu. In addition, on August 29, 2017, GLP J-REIT entered into the sale and purchase agreement with Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) to acquire the following assets, which SMFL acquired from GLP Group on the same date: GLP Urayasu, GLP Funabashi II, GLP Misato and GLP Maishima I (“the Assets”). These assets were the RoFL properties held and managed by GLP Group. This agreement allows GLP J-REIT to acquire the Assets at the timing designated by GLP J-REIT within the scheduled acquisition period (after March 1, 2018 to February 28, 2023). As stated in (Note 11), the acquisition price will be reduced in proportion to the seller’s holding period when the acquisition is made after March 1, 2018. GLP J-REIT refers to the arrangement as “Optimal Takeout Arrangement (OTA)” and assets subject to the OTA as “OTA Assets.” GLP J-REIT plans to acquire the Assets all at once.
- (Note 10) The acquisition price of GLP Noda-Yoshiharu was determined to be 4,496 million yen on August 29, 2017.
- (Note 11) The scheduled acquisition price of GLP Urayasu, GLP Funabashi II, GLP Misato and GLP Maishima I will be the price equivalent to the original SMFL’s acquisition price (totaling 51,600 million yen) if the Assets were to be acquired on March 1, 2018, and, if acquired after such date, the acquisition price will be the amount calculated by deducting the amount calculated by deducting the amount calculated based on preliminarily provided yield and certain expenses, from the Net Cash Flow related to the Assets from March 1, 2018 until the acquisition of the Assets by GLP J-REIT (it is calculated by deducting the amounts of rental expenses and capital expenditures from rental revenues for the period), from the acquisition price by SMFL. Such amount is expected to be the value to be reduced generally in proportion to the length of SMFL’s ownership period after March 1, 2018.

(3) Capital Expenditure for Properties Owned

(a) Future plan for capital expenditure

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

Property name	Location	Purpose	Planned period	Estimated construction cost (Million yen)		
				Total amount	Amount paid during the period	Total amount paid
GLP Sendai	Sendai, Miyagi	Renovation of East-side exterior walls	From April 2018 to August 2018	62	—	—
GLP Sugito	Kita Katsushika-gun, Saitama	LED installation work	From November 2017 to February 2018	56	—	—
GLP Rokko	Kobe, Hyogo	Renewal of heat source equipment, Phase II	From November 2017 to November 2017	55	—	—
GLP Sendai	Sendai, Miyagi	Installation of emergency power generation	From October 2017 to December 2017	50	—	—
GLP Kazo	Kazo, Saitama	Renovation of South-side exterior walls	From October 2017 to January 2018	37	—	—
GLP Tokyo	Ota-ku, Tokyo	FRP waterproofing work on roofs, Phase I	From April 2018 to June 2018	25	—	—
GLP Tokyo	Ota-ku, Tokyo	LED installation work for rental space	From September 2017 to December 2017	22	—	—
GLP Kasukabe	Kasukabe, Saitama	Roadbed improvement work in the facility yard	From July 2018 to August 2018	22	—	—
GLP Shinkiba	Koto-ku, Tokyo	Renovation of South-side exterior walls	From October 2017 to November 2017	20	—	—
GLP Narashino II	Narashino, Chiba	Renovation of exterior walls, Phase VI	From November 2017 to February 2018	20	—	—
GLP Morioka	Shiwa-gun, Iwate	Renovation of vertical conveyor, Phase II	From March 2018 to July 2018	13	—	—
GLP Morioka	Shiwa-gun, Iwate	Renovation of vertical conveyor, Phase I	From November 2017 to February 2018	10	—	—

(b) Capital expenditure incurred for the 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 446 million yen. The total construction cost amounted to 518 million yen, including repair and maintenance of 71 million yen that was accounted for as expenses.

Property name	Location	Purpose	Period	Construction cost (Million yen)
GLP Tokyo II	Koto-ku, Tokyo	Renewal of air conditioners on 2nd and 3rd floors of warehouse	From November 2016 to March 2017	38
GLP Kazo	Kazo, Saitama	Renewal of North-side exterior wall panels	From November 2016 to March 2017	26
GLP Narashino II	Narashino, Chiba	Renovation of exterior walls	From May 2017 to July 2017	20
Other	—	—	—	362
Total				446

(4) Overview of Property Leasing and Status of Operating Income

The 11h Fiscal Period (From March 1, 2017 to August 31, 2017)

(Unit in amount: Thousand yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-4	Tokyo-5	Tokyo-6	Tokyo-7
Property name	GLP Tokyo	GLP Higashi-Ogishima	GLP Akishima	GLP Tomisato	GLP Narashino II	GLP Funabashi	GLP Kazo
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	704,288	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses	144,943						
Taxes and dues	56,724						
Property and facility management fees	38,700						
Utilities	38,929						
Repair and maintenance	5,734						
Casualty insurance	734						
Others	4,122						
(3) NOI((1)-(2))	559,345	158,682	202,084	137,336	412,751	50,080	325,834
(4) Depreciation	116,734	40,663	29,174	37,795	129,190	15,355	100,613
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	442,610	118,019	172,909	99,541	283,560	34,725	225,221
(7) Capital expenditure	22,590	31,794	8,330	705	37,274	1,531	40,430
(8) NCF((3)-(7))	536,755	126,888	193,754	136,631	375,477	48,549	285,404

Property number	Tokyo-8	Tokyo-9	Tokyo-10	Tokyo-11	Tokyo-12	Tokyo-13	Tokyo-14
Property name	GLP Fukaya	GLP Sugito II	GLP Iwatsuki	GLP Kasukabe	GLP Koshigaya II	GLP Misato II	GLP Tatsumi
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	(Note 1)	680,787	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses		157,303					
Taxes and dues		49,817					
Property and facility management fees		42,240					
Utilities		38,554					
Repair and maintenance		5,959					
Casualty insurance		1,155					
Others		19,576					
(3) NOI((1)-(2))	76,213	523,484	183,664	115,522	267,153	397,301	124,702
(4) Depreciation	28,994	130,596	42,551	36,479	53,562	79,875	15,868
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	47,218	392,887	141,113	79,042	213,590	317,426	108,833
(7) Capital expenditure	7,677	7,362	4,086	2,506	5,212	5,671	2,600
(8) NCF((3)-(7))	68,536	516,122	179,578	113,016	261,941	391,630	122,102

Property number	Tokyo-15	Tokyo-16	Tokyo-17	Tokyo-18	Tokyo-19	Tokyo-20	Tokyo-21
Property name	GLP Hamura	GLP Funabashi III	GLP Sodegaura	GLP Urayasu III	GLP Tatsumi IIa	GLP Tatsumi IIb	GLP Tokyo II
Operating dates	184	184	184	184	184	135 (Note 2)	184
(1) Property-related revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	1,040,601
(2) Property-related expenses							267,301
Taxes and dues							83,620
Property and facility management fees							60,265
Utilities							98,643
Repair and maintenance							9,183
Casualty insurance							1,067
Others							14,520
(3) NOI((1)-(2))	210,501	82,319	189,561	429,243	162,259	25,410	773,300
(4) Depreciation	39,079	21,280	41,161	98,780	19,894	3,858	173,819
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	171,422	61,038	148,400	330,463	142,365	21,551	599,480
(7) Capital expenditure	154	4,360	1,249	10,703	7,735	1,807	43,297
(8) NCF((3)-(7))	210,347	77,959	188,312	418,540	154,524	23,603	730,003

Property number	Tokyo-22	Tokyo-23	Tokyo-24	Tokyo-25	Tokyo-26	Tokyo-27	Tokyo-28
Property name	GLP Okegawa	GLP Shinkiba	GLP Narashino	GLP Narita II	GLP Sugito	GLP Matsudo	GLP-MFLP Ichikawa Shiohama
Operating dates	184	184	184	135 (Note 2)	184	184	184
(1) Property-related revenues	(Note 1)	(Note 1)	162,460	93,043	(Note 1)	(Note 1)	484,968
(2) Property-related expenses			24,870	23,041			85,761
Taxes and dues			8,691	6,416			37,117
Property and facility management fees			6,945	6,409			26,556
Utilities			7,791	6,425			18,133
Repair and maintenance			125	1,024			1,548
Casualty insurance			216	177			621
Others			1,101	2,588			1,784
(3) NOI((1)-(2))	69,949	259,384	137,590	70,002	206,177	69,136	399,207
(4) Depreciation	22,080	35,191	22,579	24,012	45,178	11,974	64,083
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	47,869	224,193	115,010	45,990	160,998	57,161	335,123
(7) Capital expenditure	14,157	2,202	33,060	180	3,033	5,795	440
(8) NCF((3)-(7))	55,792	257,182	104,530	69,822	203,144	63,340	398,767

Property number	Tokyo-29	Tokyo-30	Osaka-1	Osaka-2	Osaka-3	Osaka-4	Osaka-5
Property name	GLP Atsugi II	GLP Yoshimi,	GLP Hirakata	GLP Hirakata II	GLP Maishima II	GLP Tsumori	GLP Rokko
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses							
Taxes and dues							
Property and facility management fees							
Utilities							
Repair and maintenance							
Casualty insurance							
Others							
(3) NOI((1)-(2))	482,163	295,102	161,833	220,485	259,328	66,446	165,734
(4) Depreciation	115,172	74,127	23,373	53,037	91,815	7,657	29,415
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	366,990	220,975	138,459	167,448	167,512	58,789	136,318
(7) Capital expenditure	877	-	10,254	1,708	-	1,540	20,754
(8) NCF((3)-(7))	481,285	295,102	151,579	218,777	259,328	64,906	144,979

Property number	Osaka-6	Osaka-7	Osaka-8	Osaka-9	Osaka-10	Osaka-11	Osaka-12
Property name	GLP Amagasaki	GLP Amagasaki II	GLP Nara	GLP Sakai	GLP Rokko II	GLP Kadoma	GLP Seishin
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	835,982	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses	203,240						
Taxes and dues	71,159						
Property and facility management fees	45,574						
Utilities	66,952						
Repair and maintenance	1,167						
Casualty insurance	1,247						
Others	17,139						
(3) NOI((1)-(2))	632,741	60,765	79,318	58,516	116,988	77,660	44,856
(4) Depreciation	158,539	11,739	35,509	16,082	27,442	11,604	11,282
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	474,202	49,026	43,809	42,433	89,546	66,056	33,574
(7) Capital expenditure	3,331	347	2,540	870	-	3,288	9,285
(8) NCF((3)-(7))	629,410	60,418	76,778	57,646	116,988	74,372	35,571

Property number	Osaka-13	Osaka-14	Osaka-15	Other-1	Other-2	Other-3	Other-4
Property name	GLP Fukusaki	GLP Kobe-Nishi	GLP Fukaehama	GLP Morioka	GLP Tomiya	GLP Koriyama I	GLP Koriyama III
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	124,606
(2) Property-related expenses							28,813
Taxes and dues							11,837
Property and facility management fees							7,080
Utilities							7,866
Repair and maintenance							1,039
Casualty insurance							264
Others							725
(3) NOI((1)-(2))	111,765	195,363	110,989	29,547	84,257	124,998	95,793
(4) Depreciation	40,681	58,704	29,765	13,656	25,056	41,604	26,086
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	71,084	136,658	81,223	15,890	59,200	83,393	69,706
(7) Capital expenditure	4,930	-	-	6,187	760	6,786	18,636
(8) NCF((3)-(7))	106,835	195,363	110,989	23,360	83,497	118,212	77,157

Property number	Other-5	Other-6	Other-7	Other-8	Other-10	Other-11	Other-12
Property name	GLP Tokai	GLP Hayashima	GLP Hayashima II	GLP Kiyama	GLP Sendai	GLP Ebetsu	GLP Kuwana
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses							
Taxes and dues							
Property and facility management fees							
Utilities							
Repair and maintenance							
Casualty insurance							
Others							
(3) NOI((1)-(2))	178,715	43,072	72,958	142,601	177,325	55,591	122,161
(4) Depreciation	38,799	7,767	23,642	55,556	47,106	19,158	29,502
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	139,915	35,304	49,315	87,045	130,219	36,432	92,658
(7) Capital expenditure	10,084	280	1,010	2,024	5,135	307	-
(8) NCF((3)-(7))	168,631	42,792	71,947	140,577	172,189	55,284	122,161

Property number	Other-13	Other-14	Other-15	Other-16	Other-17	Other-19	Other-20
Property name	GLP Hatsukaichi	GLP Komaki	GLP Ogimachi	GLP Hiroshima	GLP Fukuoka	GLP Tosu I	GLP Tomiya IV
Operating dates	184	184	184	184	184	184	184
(1) Property-related revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(2) Property-related expenses							
Taxes and dues							
Property and facility management fees							
Utilities							
Repair and maintenance							
Casualty insurance							
Others							
(3) NOI((1)-(2))	66,822	280,902	45,159	118,041	49,967	249,285	174,074
(4) Depreciation	14,911	63,605	19,294	27,271	13,698	86,744	45,378
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	51,911	217,296	25,864	90,769	36,269	162,541	128,696
(7) Capital expenditure	-	1,809	1,761	17,357	1,394	4,666	2,909
(8) NCF((3)-(7))	66,822	279,093	43,398	100,684	48,573	244,619	171,165

(Note1) Disclosure is omitted as the tenants' consents have not been obtained.

(Note 2) On July 14, 2017, GLP J-REIT sold GLP Tatsumi IIB and GLP Narita II to a third party.