

# Asset Management Report


Aug 2017 Fiscal Period



## <Notice>

We invite you to view the webcast by President and CFO Yoji Tatsumi of GLP Japan Advisors Inc. (the asset manager) on the results for the August 2017 fiscal period.

### Presentation of results for the fiscal period ended August 2017, hosted by GLP J-REIT

Date and time	7 p.m. to 8 p.m., November 28 (Tue), 2017 (Tokyo time)	QR code 
Presenter	Yoji Tatsumi, President and CFO, GLP Japan Advisors Inc.	
How to participate	Please access from the QR code on the right or the "Seminar" page of the top menu of the website of SBI Securities Co., Ltd. ( <a href="https://www.sbisec.co.jp/">https://www.sbisec.co.jp/</a> ).	

\* The above-mentioned program will be broadcast in Japanese only.



11<sup>th</sup> Fiscal Period  
(from March 1 to August 31, 2017)

**GLP J-REIT**

1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-7134, Japan <http://www.glpjreit.com/english/>

Dividend per unit (Aug 2017 actual)

2,542 yen

(including an optimal payable distribution of 302 yen)

Dividend per unit (Feb 2018 forecast)

2,495 yen

(including an optimal payable distribution of 301 yen)

Total assets (as of Sep 1, 2017)

442.5 bn yen

(Note) Based on acquisition price

Occupancy (as of Aug 31, 2017)

99.9%

## Contents

Overview of GLP	02
Enhancement of Unitholders' Value	04
Financial Highlights	07
Portfolio Data	08
Sustainability Practices	09
Portfolio Map	10
Overview of Portfolio	12
ASSET MANAGEMENT REPORT	24
Balance Sheets	56
Statements of Income	58
Statements of Changes in Net Assets	59
Notes to Financial Statements	60
Statement of Distributions	73
Statements of Cash Flows (Reference information)	75
Overview GLP J-REIT	77
Investor's Information	78

# To Our Unitholders

On behalf of GLP J-REIT, I am pleased to present the financial results of the eleventh fiscal period ended August 2017.

In terms of external growth, GLP J-REIT replaced assets to improve the quality of the portfolio by selling two existing properties (total transfer price: 5,070 million yen; gain on sale: 324 million yen) on July 14, 2017, and acquiring one property in OTA (Note 1) on September 1, the beginning of the next period.

As of August 29, 2017, GLP J-REIT entered into a new OTA (Note 1) with Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL) concerning four properties located in long-established prime distribution areas in Greater Tokyo and Greater Osaka from among properties with a "Right-of-First-Look (RoFL)" (Note 2) owned and operated by the GLP Group (Note 3), the sponsor, enabling GLP J-REIT to secure flexible acquisition opportunities and an upper limit on acquisition price.

In terms of internal growth, GLP J-REIT maintained or increased rent for all rent contracts that expired during the eleventh period for the tenth consecutive fiscal period since its listing, while maintaining an average occupancy of as high as 99% or more.

In terms of finance, GLP J-REIT renewed the commitment line agreement of 6,000 million yen on June 26, 2017, and ensured flexible and stable financing for future acquisitions, repayments of borrowings, redemptions of investment corporation bonds and refund of security deposits. Furthermore, GLP J-REIT reduced interest expense and improved profitability by repaying a high-interest, long-term loan of 5,000 million yen early with the proceeds of the sale of the two existing properties above as well as funds on hand on July 31, 2017, and cancelled interest rate swaps (Note 4) using part of the gain on sale of real estate obtained from the sale of the two properties.

As a result, the eleventh period ended with operating revenues of 14,505 million yen, ordinary income of 6,391 million yen, and net income of 6,390 million yen. Reflecting the above performance, the total dividend for the eleventh period is 2,542 yen per unit, comprised of a dividend of 2,240 yen per unit and an optimal payable distribution per unit of 302 yen. The asset size of GLP J-REIT was 438,098 million yen (Note 5) at the end of the eleventh period. In the twelfth period (ending February 2018), we expect a drop in operating revenues due in part to a decrease in the gain on sale of real estate related to the two properties sold in July 2017. However, the effect of this is expected to be reduced due to the effect of the difference in the number of operating days of replaced properties, etc., and the decrease in interest expense due to refinancing for replaced assets, etc. As a result, we forecast a dividend of 2,495 yen per unit, comprised of a dividend of 2,194 yen per unit and an optimal payable distribution per unit of 301 yen.

Adjusted DPU (stabilized DPU after adjustment), following the above acquisition of GLP Noda-Yoshiharu, grew 34.6% since its listing, while NAV (Net Asset Value) per unit increased 77.5% from the end of the second fiscal period ended February 2013, which immediately followed its listing, thereby enhancing our unitholders' value, which is our primary goal.

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

I thank you for your ongoing support.



Yoji Tatsumi

Executive Director, GLP J-REIT

President and CFO, GLP Japan Advisors Inc.

(Note 1) Please refer to (Note 1) on page 04 for details on OTA.

(Note 2) Please refer to (Note 1) on page 05 for details on properties with "Right-of-First-Look (RoFL)".

(Note 3) Global Logistics Properties Limited ("GLP"), the parent company of GLP J-REIT's sponsor, and its group companies are hereinafter collectively referred to as the "GLP Group."

(Note 4) One-time costs due to cancellation of interest rate swaps, etc. were 145 million yen.

(Note 5) Based on acquisition price. The asset size including GLP Noda-Yoshiharu, which was acquired on September 1, 2017, is 442,594 million yen.



Kota Yamaguchi  
Supervisory Director

Yoji Tatsumi  
Executive Director  
GLP J-REIT

Toraki Inoue  
Supervisory Director

# Overview of GLP

## Investment in Modern Logistics Facilities

**1 Top-tier asset size** (Note 1) **442.5** bn yen  
among logistics J-REITs

**2 Industry-leading sponsor**  
**Largest logistics AUM in Japan**

**3 Largest sponsor pipeline** (Note 2) **3.2** mm sqm  
among logistics J-REITs

**4 Robust internal growth** Avg. occupancy since IPO <sup>(Note 3)</sup> **99%**  
Most recent rent increase <sup>(Note 4)</sup> **7%**

**5 Financial Soundness** JCR credit rating **AA**  
(Stable)

(Note 1) "Asset size" is based on the acquisition price as of September 1, 2017.

(Note 2) "Sponsor pipeline" is the gross floor area (gross floor area on the inspection certificate) as of September 1, 2017.

(Note 3) "Avg. occupancy since IPO" is the weighted average occupancy calculated by dividing the total leased area for each property by the total leasable area at the end of every month during the term since the IPO to August 2017, and rounded off to the nearest whole number.

(Note 4) Average rent growth of leases signed with increased rent for the February 2017 (10th) and August 2017 (11th) fiscal period, rounded off to the nearest whole number.

## Investment Target

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

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

## State-of-the-art Modern Logistics Facility (Example: GLP Tokyo II)



## Investment Areas

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

### Investment percentage by location (based on acquisition price)

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



# Enhancement of Unitholders' Value

GLP J-REIT carried out asset replacement using the OTA (Note 1) scheme for the first time, in order to improve the quality of its portfolio, the stability of medium- to long-term dividends, and the efficiency of portfolio management.

## Key Points of the Asset Replacement

1	Sold two properties for 5,070 million yen	Gain on sale of real estate <b>324 million yen</b> (Note 2)
2	Reduced acquisition price through the use of the OTA scheme	Acquired property at appraisal discount <b>-14.5%</b> (Note 3)
3	Acquired property adjacent to National Route 16	With NOI yield of <b>5.9%</b> (Note 4)
4	Repaid high-interest loan early using proceeds of sale	Decrease in interest expense (Note 5) <b>-18 million yen/stabilized period</b>

	Sales (Note 6)	Acquisition (Note 6)
Acquisition price	4,756 mm yen	4,496 mm yen
Sales price/ appraisal value	5,070 mm yen	5,260 mm yen (Note 7)
Appraisal NOI yield (Note 4)	5.5%	5.9%



(Note 1) OTA (Optimal Takeout Arrangement) is a bridge financing scheme that enables GLP J-REIT to secure an upper limit on the acquisition price of assets to be acquired by GLP J-REIT by having a third party temporarily own the asset, which GLP J-REIT then acquires with designated timing within the scheduled acquisition period. An "asset in OTA" refers to the property which GLP J-REIT plans to acquire through the OTA scheme. The same applies hereinafter.

(Note 2) As the figure was calculated by deducting book value as of July 14, 2017 and other related expenses from the sale price.

(Note 3) The discount rate is a reference figure calculated based on the appraisal value as of June 30, 2017 and the acquisition price.

(Note 4) As for the acquired asset, the appraisal NOI yield is derived by dividing the appraisal NOI as of June 30, 2017 by the acquisition price. As for the assets sold, the appraisal NOI yield is derived by dividing the appraisal NOI as of February 28, 2017 by the acquisition price.

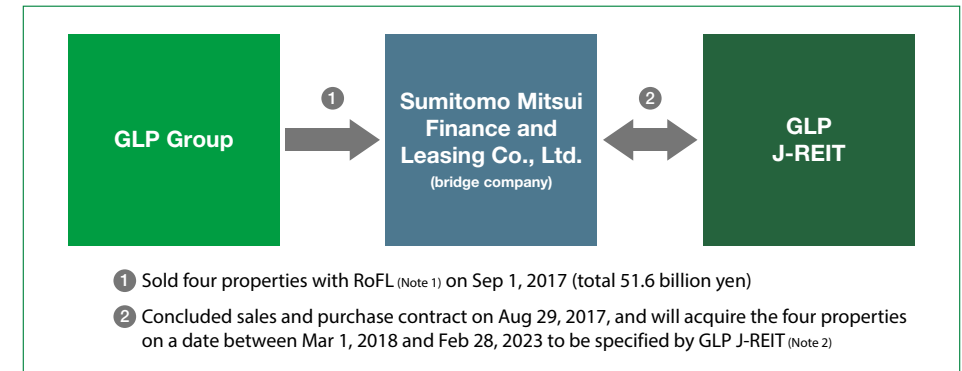
(Note 5) Calculated based on the assumption of refinancing an existing long-term borrowing of 5,000 mm yen for a loan period of 6.0 years and at interest rate of 0.466%. The actual amount of the new borrowing is 1,450 mm yen due to the utilization of funds on hand, which results in a cost reduction of 26 mm yen.

(Note 6) Date of sale: July 14, 2017; date of acquisition: September 1, 2017

(Note 7) Appraisal value as of June 30, 2017.

On August 29, 2017, GLP J-REIT decided to acquire four new properties using the OTA scheme for the second time, securing flexible acquisition opportunities and an upper limit on acquisition price.

## Using the OTA Scheme for the Second Time



Four properties located in long-established prime distribution areas in Greater Tokyo and Greater Osaka



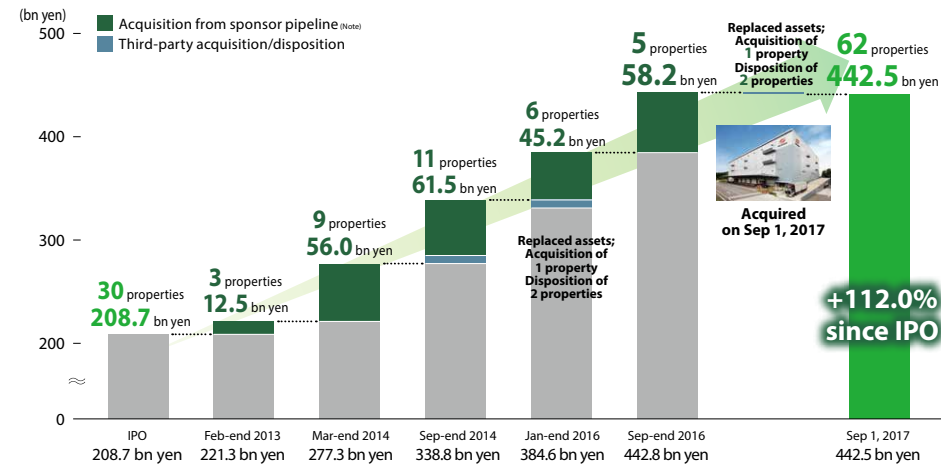
(Note 1) "RoFL" refers to right-of-first-look, which is a contractual right that obliges the sponsor to provide information about sales of properties of GLP Group to GLP J-REIT and undergo exclusive good faith negotiations with GLP J-REIT before negotiating with other parties. The sponsor has no obligation to sell any properties subject to GLP J-REIT's right-of-first-look. The same applies hereinafter.

(Note 2) The scheduled acquisition price will be the price equivalent to the acquisition price by SMFL (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 (a) the amount calculated based on preliminarily provided yield and (b) certain expenses, from the Net Cash Flow (NCF) (NCF=Rent revenue-rent expense-Capital expenditure during the period (Actual basis)) related to the assets from March 1, 2018 until the acquisition of the assets by GLP J-REIT, 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 (lower limit: 46,330 million yen).

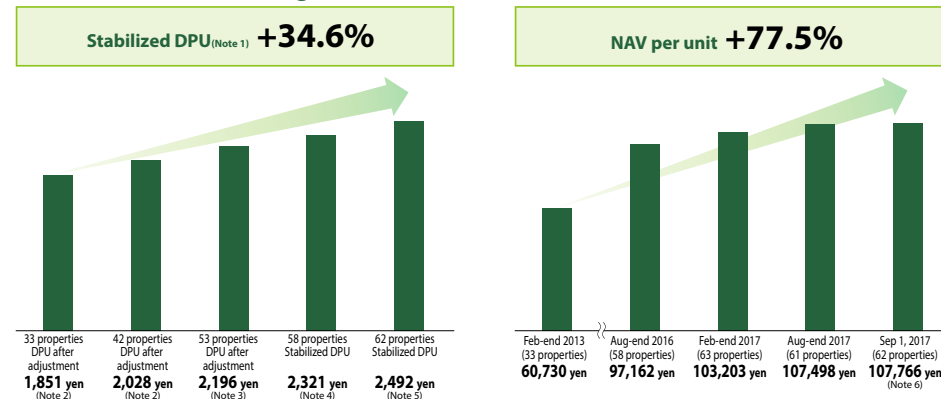
# Enhancement of Unitholders' Value

GLP J-REIT carried out an asset replacement using the OTA scheme for the first time by selling two existing properties, "GLP Tatsumi IIb" and "GLP Narita II," on July 14, 2017, and acquiring "GLP Noda-Yoshiharu," an asset in OTA, on September 1, 2017. As a result, GLP J-REIT's asset size grew to 442.5 billion yen, an increase of 112.0% since listing.

## Steady Expansion of the Portfolio



## Track Record Since Listing



(Note 1) Stabilized DPU including OPD.  
 (Note 2) Adjusted DPU described in "Amendment of Forecast for the Fiscal Period Ending February 28, 2014 and Announcement of Forecast for the Fiscal Period Ending August 31, 2014" dated September 3, 2013.  
 (Note 3) Adjusted DPU described in "Amendment of Forecast for the Fiscal Period Ending February 29, 2016 and Announcement of Forecast for the Fiscal Period Ending August 31, 2016" dated August 10, 2015.  
 (Note 4) Finalized DPU for the Aug 2016 fiscal period described in "Summary of Financial Results for the 9th Fiscal Period Ended August 31, 2016" dated October 13, 2016.  
 (Note 5) Forecast DPU for the Aug 2018 fiscal period described in "Summary of Financial Results for the 11th Fiscal Period Ended August 31, 2017" dated October 13, 2017.  
 (Note 6) Estimation based on results as of the end of August 2017 plus the addition of the unrealized gain from GLP Noda-Yoshiharu, which was acquired on September 1, 2017.

# Financial Highlights

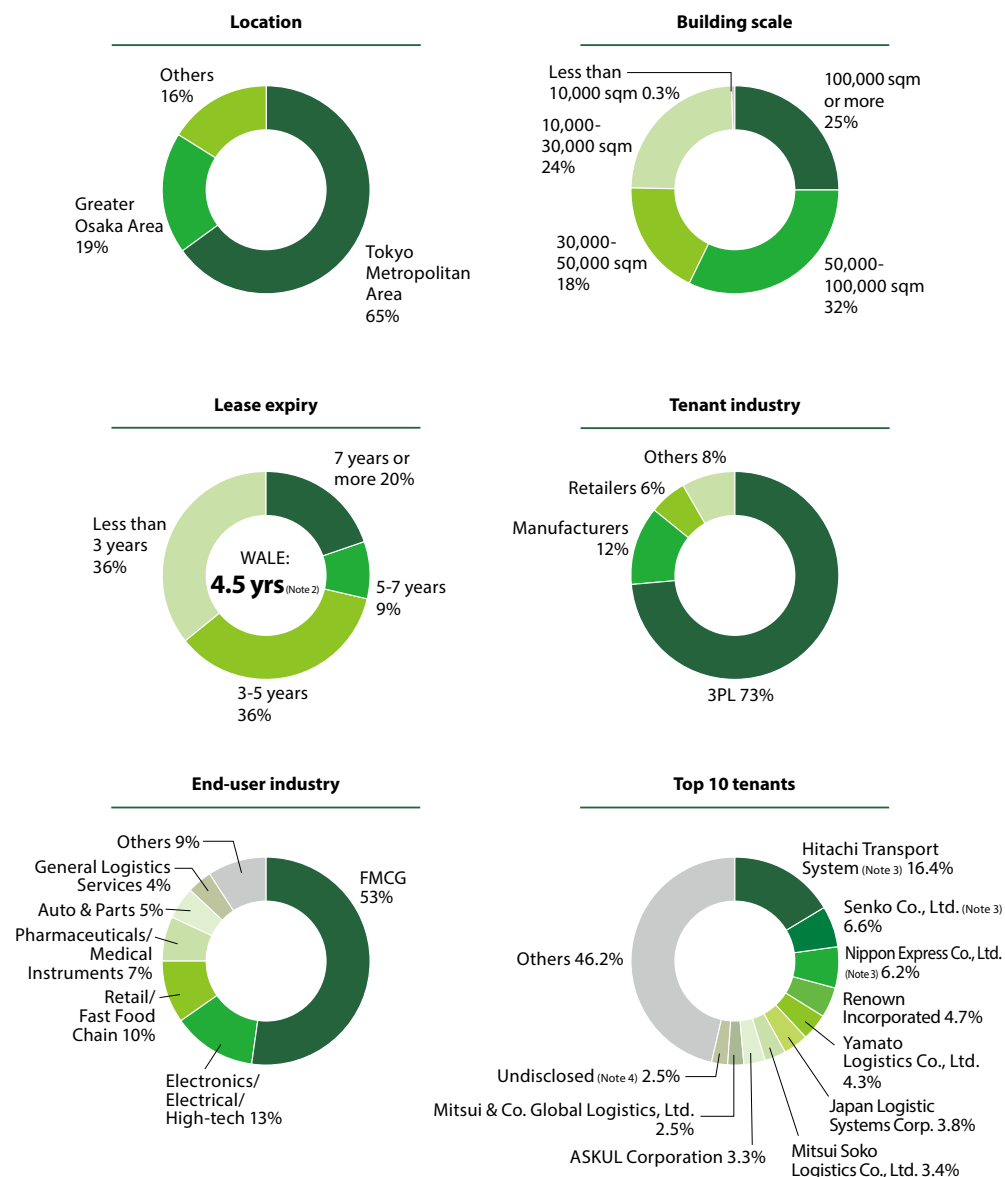
## Financials

	Aug 2017 (from March 1, 2017 to August 31, 2017)	Feb 2018 (forecast) (from September 1, 2017 to February 28, 2018)
Operating revenue (mm yen)	14,505	14,056
Operating income (mm yen)	7,694	7,360
Ordinary income (mm yen)	6,391	6,262
Net income (mm yen)	6,390	6,260
No. of properties at fiscal end	61	62

## Dividend per Unit (yen)

	Aug 2017 (from March 1, 2017 to August 31, 2017)	Feb 2018 (forecast) (from September 1, 2017 to February 28, 2018)
Dividend per unit (total) (yen)	2,542	2,495
Dividend per unit (excl. OPD) (yen)	2,240	2,194
Optimal payable distribution per unit (yen)	302	301

# Portfolio Data (Note 1)



(Note 1) The above data is as of the end of August 2017 (based on 61 properties). Data for location and building scale is based on acquisition price. Other data is based on leased area excluding vacant area.

(Note 2) WALE (weighted average leasing expiry) indicates the remaining lease period of each lease agreement weighted averaged on a leased area basis.

(Note 3) Hitachi Transport System, Senko, and Nippon Express include group companies.

(Note 4) We have not obtained permission to disclose the name of the tenant group, an international courier and third-party logistics provider.

# Sustainability Practices

GLP J-REIT provides high quality services and environmental friendly functions in the logistics facilities that it manages in order to maintain and improve customers' convenience and satisfaction.

Going forward, GLP J-REIT will continuously and actively make efforts to contribute to realizing a sustainable society through its investment and asset management of logistics properties.

## Environmental Friendly Items



## Environmental, Social & Governance Policy

GLP J-REIT together with its asset management company, GLP Japan Advisors Inc., shares the sustainability objectives, and continues to embed sustainability into our business. For details, please see the website of the asset management company.

## Service Improvement

- Develop tenant programs
- Conduct customer satisfaction surveys
- Consider tenants' BCP

## Participation in the GRESB Survey (Note)

Awarded "Green Star," the highest rating in the 2017 GRESB survey, and "4 Star" in the 2017 GRESB Rating for the third and second consecutive years, respectively



(Note) GRESB is an industry-driven organization widely regarded as a global standard for real estate sustainability. Its benchmark is used by leading global institutional investors to evaluate their investment portfolios.

## Properties that Have Received Sustainability or Environmental Certificates

### DBJ Green Building Certification (Note 1)



### CASBEE (Note 3)

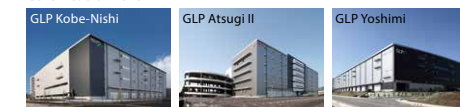
#### CASBEE for New Construction Class A



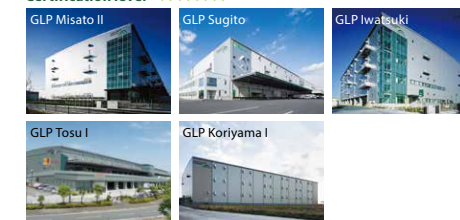
#### CASBEE Saitama Class A

### BELS Assessment (Note 2)

#### Certification level ★★★★★



#### Certification level ★★★



(Note 1) DBJ Green Building Certification System is a system to certify excellent buildings that meet the various stakeholders' social requirements, such as environmental design, security or disaster prevention based on the scoring model originally developed by DBJ. This system aims to promote the expansion of "Green Buildings" that are friendly to the environment.

(Note 2) The BELS (Building Energy-Housing Efficiency Labeling System) is a public evaluation system under which a third party evaluates the energy conservation performance of non-residential buildings based on evaluation standards identified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

(Note 3) "CASBEE (Comprehensive Assessment System for Built Environmental Efficiency)" is an evaluation system that ranks buildings and structures in terms of their environmental performance. In addition to each building's ability to reduce its environmental impact across a variety of areas including energy and resource conservation as well as recycling, this system comprehensively evaluates the environmental performance of each building and structure including its aesthetic appeal.



The map illustrates the distribution of 44 GLP sites across the Greater Tokyo Area. The sites are numbered 1 through 44, with some marked by green dots and others by blue dots. The map includes major expressways, interchanges (IC), and geographical features like Tokyo Bay. Key locations include Saitama, Tokyo, Chiba, and Kanagawa. The map also shows the location of the Tokyo Bayshore Route and the Tokyo Wan Aqua-Line.

Key locations and infrastructure shown on the map include:

- Expressways:** Kan-etsu Expressway, Joban Expressway, Ken-O Expressway, Tohoku Expressway, Tokyo-Gaikan Expressway, Chuo Expressway, Tomei Expressway, Tateyama Expressway, and Higashi-Kanto Expressway.
- Interchanges (IC):** Sakaikoga IC, Joso IC, Kawayajima IC, Nagareyama IC, Chiba-Kita IC, Atsugi IC, and Ebina JCT.
- GLP Sites:**
  - GLP Fukaya (8)
  - GLP Kazo (7)
  - GLP Okegawa
  - GLP Yoshimi
  - GLP Sugito (26)
  - GLP Sugito II (9)
  - GLP Iwatsuki
  - GLP Kasukabe
  - GLP Koshigaya II
  - GLP Noda-Yoshiharu (Acquired on Sep 1, 2017)
  - GLP Misato II
  - GLP Matsudo
  - GLP Funabashi III
  - GLP Funabashi
  - GLP Narashino
  - GLP Narashino II
  - GLP Urayasu III
  - GLP Shinkiba
  - GLP Higashi-Ogishima
  - GLP Sodegaura
  - GLP Tomisato
  - GLP Akishima
  - GLP Hamura
  - GLP Tatsumi Ila
  - GLP Tatsumi
  - GLP Tokyo I
  - GLP Tokyo II
  - GLP-MFLP Ichikawa Shiohama
  - GLP Atsugi II
  - GLP Aikawa
- Other Features:** Tokyo Bay, Tokyo Wan Aqua-Line, Tokyo Bayshore Road, and the location of the Tokyo Bayshore Route.

Asset Management Report | 11



# Overview of Portfolio in Tokyo Metropolitan Area



**1** GLP Tokyo Ota, Tokyo



**18** GLP Urayasu III Urayasu, Chiba



**2** GLP Higashi-Ogishima Kawasaki, Kanagawa



**3** GLP Akishima Akishima, Tokyo



**5** GLP Narashino II Narashino, Chiba



**4** GLP Tomisato Tomisato, Chiba



**17** GLP Sodegaura Sodegaura, Chiba



**16** GLP Funabashi III Funabashi, Chiba



**8** GLP Fukaya Fukaya, Saitama



**6** GLP Funabashi Funabashi, Chiba



**9** GLP Sugito II Kita-katsushika, Saitama



# Overview of Portfolio in Tokyo Metropolitan Area



**10** GLP Iwatsuki Saitama, Saitama



**11** GLP Kasukabe Kasukabe, Saitama



**19** GLP Tatsumi Ila Koto, Tokyo



**7** GLP Kazo Kazo, Saitama



**21** GLP Tokyo II Koto, Tokyo



**12** GLP Koshigaya II Koshigaya, Saitama



**27** GLP Matsudo Matsudo, Chiba



**14** GLP Tatsumi Koto, Tokyo



**31** GLP Noda-Yoshiharu Noda, Chiba

Acquired as of  
September 1, 2017



**13** GLP Misato II Misato, Saitama



# Overview of Portfolio in Tokyo Metropolitan Area



29 GLP Atsugi II Aiko, Kanagawa



28 GLP-MFLP Ichikawa Shiohama Ichikawa, Chiba



30 GLP Yoshimi Hiki, Saitama



24 GLP Narashino Narashino, Chiba



15 GLP Hamura Hamura, Tokyo



22 GLP Okegawa Okegawa, Saitama



26 GLP Sugito Kita-Katsushika, Saitama



23 GLP Shinkiba Koto, Tokyo

# Overview of Portfolio in Greater **Osaka** Area



**1** GLP Hirakata Hirakata, Osaka



**2** GLP Hirakata II Hirakata, Osaka



**6** GLP Amagasaki Amagasaki, Hyogo



**4** GLP Tsumori Osaka, Osaka



**11** GLP Kadoma Kadoma, Osaka



**9** GLP Sakai Sakai, Osaka



**8** GLP Nara Yamato koriyama, Nara



**3** GLP Maishima II Osaka, Osaka



**13** GLP Fukusaki Kanzaki, Hyogo



**10** GLP Rokko II Kobe, Hyogo



## Overview of Portfolio in Greater **Osaka** Area



**15** GLP Fukaeahama Kobe, Hyogo



**7** GLP Amagasaki II Amagasaki, Hyogo



**12** GLP Seishin Kobe, Hyogo



**5** GLP Rokko Kobe, Hyogo



**14** GLP Kobe-Nishi Kobe, Hyogo

## Overview of Portfolio in **Other** Area



**1** GLP Morioka Shiwa, Iwate



**2** GLP Tomiya Tomiya, Miyagi



**3** GLP Koriyama I Koriyama, Fukushima



**4** GLP Koriyama III Koriyama, Fukushima



**5** GLP Tokai Tokai, Aichi



**6** GLP Hayashima Tsukubo, Okayama



## Overview of Portfolio in Other Area



20 GLP Tomiya IV Tomiya, Miyagi



8 GLP Kiyama Miyaki, Saga



12 GLP Kuwana Kuwana, Mie



13 GLP Hatsukaichi Hatsukaichi, Hiroshima



19 GLP Tosu I Tosu, Saga



10 GLP Sendai Sendai, Miyagi



16 GLP Hiroshima Hiroshima, Hiroshima



7 GLP Hayashima II Tsukubo, Okayama



14 GLP Komaki Komaki, Aichi



17 GLP Fukuoka Fukuoka, Fukuoka



11 GLP Ebetsu Ebetsu, Hokkaido



15 GLP Ogimachi Sendai, Miyagi

# ASSET MANAGEMENT REPORT

## [Overview of Asset Management]

### 1. Trends in Key Indicators

		7th Period	8th Period	9th Period	10th Period	11th Period
		Mar. 1, 2015 to Aug. 31, 2015	Sept. 1, 2015 to Feb. 29, 2016	Mar. 1, 2016 to Aug. 31, 2016	Sept. 1, 2016 to Feb. 28, 2017	Mar. 1, 2017 to Aug. 31, 2017
Operating revenues	Million yen	11,075	12,332	12,278	14,065	14,505
Of which, Property-related revenues	Million yen	11,075	12,252	12,278	14,065	14,181
Operating expenses	Million yen	5,341	5,821	5,949	6,593	6,811
Of which, Property-related expenses	Million yen	4,148	4,474	4,605	5,067	5,187
Operating income	Million yen	5,733	6,510	6,328	7,471	7,694
Ordinary income	Million yen	4,649	5,360	5,252	6,298	6,391
Net income	Million yen	4,648	5,360	5,250	6,297	6,390
Total assets	Million yen	353,068	390,197	387,848	446,849	442,537
[Period-on-period changes]	%	[1.6]	[10.5]	[(0.6)]	[15.2]	[(1.0)]
Total net assets	Million yen	164,991	187,382	186,494	216,693	215,920
[Period-on-period changes]	%	[(0.4)]	[13.6]	[(0.5)]	[16.2]	[(0.4)]
Unitholders' capital, net (Note 3)	Million yen	160,342	182,020	181,242	210,393	209,526
Number of investment units issued and outstanding	Unit	2,390,731	2,593,784	2,593,784	2,853,078	2,853,078
Net assets per unit	Yen	69,013	72,243	71,900	75,950	75,679
Distributions	Million yen	5,355	6,139	6,020	7,164	7,252
Of which, Distributions of earnings	Million yen	4,647	5,361	5,249	6,296	6,390
Of which, Distributions in excess of retained earnings	Million yen	707	778	770	867	861
Distributions per unit	Yen	2,240	2,367	2,321	2,511	2,542
Of which, Distributions of earnings per unit	Yen	1,944	2,067	2,024	2,207	2,240
Of which, Distributions in excess of retained earnings per unit	Yen	296	300	297	304	302
Ordinary income to total assets (Note 4)	%	1.3	1.4	1.4	1.5	1.4
[Annualized ordinary income to total assets]	%	[2.6]	[2.9]	[2.7]	[3.0]	[2.9]
Return on unitholders' equity (Note 4)	%	2.8	3.0	2.8	3.1	3.0
[Annualized return on unitholders' equity]	%	[5.6]	[6.1]	[5.6]	[6.3]	[5.9]
Unitholders' equity to total assets (Note 4)	%	46.7	48.0	48.1	48.5	48.8
[Period-on-period changes]	%	[(1.0)]	[1.3]	[0.1]	[0.4]	[0.3]
Payout ratio (Note 4)	%	100.0	100.0	100.0	99.9	100.0
【Other Information】						
Number of operating days		184	182	184	181	184
Number of investment properties		54	58	58	63	61
Occupancy ratio	%	99.0	99.1	99.2	99.8	99.9
Depreciation expenses	Million yen	2,361	2,601	2,572	2,898	2,875
Capital expenditures	Million yen	404	557	569	635	446
Rental NOI (Net Operating Income) (Note 4)	Million yen	9,287	10,379	10,245	11,896	11,869
FFO (Funds From Operation) (Note 4)	Million yen	7,009	7,882	7,823	9,195	8,941
FFO per unit (Note 4)	Yen	2,931	3,038	3,016	3,223	3,134
Total distributions / FFO ratio (Note 4)	%	76.4	77.9	76.9	77.9	81.1
Debt service coverage ratio (Note 4)		6.8	7.4	7.3	8.2	8.2
The ratio of interest bearing liabilities to total assets	%	50.0	49.0	48.7	48.7	48.0



(Note 1) Operating revenues and expenses are stated net of consumption taxes.

(Note 2) Any fraction is rounded down for monetary amounts unless otherwise stated. Ratios are rounded to the first decimal places. As to "Occupancy ratio," 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 3) It represents the amount of unitholders' capital, net of distributions in excess of retained earnings deducted from the total unitholders' capital amount.

(Note 4) The following formulas are used for the calculation.

Ordinary income to total assets	$\text{Ordinary income} / [(\text{Total assets at beginning of period} + \text{Total assets at end of period}) / 2] \times 100$
Return on unitholders' equity	$\text{Net income} / [(\text{Net assets at beginning of period} + \text{Net assets at end of period}) / 2] \times 100$
Unitholders' equity to total assets	$\text{Net assets at end of period} / \text{Total assets at end of period} \times 100$
Payout ratio	Distributions per unit (excluding OPD**) / Net income per unit x 100 (Any fraction is rounded down to the first decimal place.) For the 8th and 10th Periods, the following formula is used due to the issuance of new units during the period. $\text{Total distributions (excluding OPD**)} / \text{Net income} \times 100$
Rental NOI (Net Operating Income)	Property-related revenues – Property-related expenses + Depreciation expenses + Loss on disposal of property and equipment
FFO (Funds From Operation)	Net income + Depreciation expenses + Loss on disposal of property and equipment – Gain on sale of properties
FFO per unit	$\text{FFO} / \text{Number of investment units issued and outstanding}$
Total distributions / FFO ratio	$\text{Total distributions (including OPD**)} / \text{FFO} \times 100$
Debt service coverage ratio	$(\text{Net income} + \text{Interest expenses} + \text{Interest expenses on investment corporation bonds}) / (\text{Interest expenses} + \text{Interest expenses on investment corporation bonds})$

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

## 2. Performance Review for the 11th Period

### (1) 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).

### (2) 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 m<sup>2</sup> 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 5) on page 38, “[Status on Investment Properties] 3. Summary of Portfolio Properties” 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 (“RoFL”) 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)  $\text{Unrealized gain ratio} = \frac{\text{Unrealized gain (Appraisal value or research price at the fiscal period end)} - \text{Book value}}{\text{Book value}}$ .

### (3) 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.

#### (4) 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 expenses (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 operating 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 operating 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.

### 3. 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)
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)

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	
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.

### [Changes in Unit Price at TSE]

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

(Unit: Yen)

Fiscal Period	7th Period	8th Period	9th Period	10th Period	11th Period
For the period ended	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017
Highest	131,000	124,800	133,000	135,500	129,700
Lowest	111,500	103,300	120,500	122,500	114,700

## 4. Distributions

Actual amount of distributions is as follows:

(Unit: Thousand yen, unless otherwise stated)

	7th Period Mar. 1, 2015 to Aug. 31, 2015	8th Period Sept. 1, 2015 to Feb. 29, 2016	9th Period Mar. 1, 2016 to Aug. 31, 2016	10th Period Sept. 1, 2016 to Feb. 28, 2017	11th Period Mar. 1, 2017 to Aug. 31, 2017
Unappropriated retained earnings	4,649,872	5,362,512	5,251,989	6,299,307	6,393,445
Retained earnings carried forward	2,291	1,160	2,170	2,564	2,551
Total distributions	5,355,237	6,139,486	6,020,172	7,164,078	7,252,524
[Distributions per unit]	[2,240 yen]	[2,367 yen]	[2,321 yen]	[2,511 yen]	[2,542 yen]
Of which, distributions of earnings	4,647,581	5,361,351	5,249,818	6,296,743	6,390,894
[Distributions of earnings per unit]	[1,944 yen]	[2,067 yen]	[2,024 yen]	[2,207 yen]	[2,240 yen]
Of which, total refund of investments	707,656	778,135	770,353	867,335	861,629
[Total refund of investments per unit]	[296 yen]	[300 yen]	[297 yen]	[304 yen]	[302 yen]
Of total refund of investments, total distributions from reserve for temporary difference adjustments	—	—	—	—	—
[Of total refund of investments per unit, distributions from reserve for temporary difference adjustments per unit]	[— yen]	[— yen]	[— yen]	[— yen]	[— yen]
Of total refund of investments, total distributions from the unitholders' capital for tax purposes	707,656	778,135	770,353	867,335	861,629
[Of total refund of investments per unit, total distributions from the unitholders' capital for tax purposes per unit]	[296 yen]	[300 yen]	[297 yen]	[304 yen]	[302yen]

(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 operating 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 operating 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.

## 5. 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:

- (1) 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.
- (2) With regard to its external growth strategy, GLP J-REIT will take advantage of the Assets (floor area: approximately 170 thousand m<sup>2</sup>) for which the sales and purchase agreement was concluded on August 29, 2017 and 12 RoFL properties (floor area: approximately 630 thousand m<sup>2</sup>) (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 m<sup>2</sup>) (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.
- (3) 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.

## 6. 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	—	—	—	—	—

## [Profile of GLP J-REIT]

### 1. Status of Unitholders' Capital

	7th Period As of August 31, 2015	8th Period As of February 29, 2016	9th Period As of August 31, 2016	10th Period As of February 28, 2017	11th Period As of August 31, 2017
Number of investment units authorized (Units)	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Number of investment units issued and outstanding (Units)	2,390,731	2,593,784	2,593,784	2,853,078	2,853,078
Unitholders' capital, net (Million yen) (Note)	160,342	182,020	181,242	210,393	209,526
Number of unitholders	15,182	15,914	14,313	14,521	14,588

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

### 2. Matters Concerning Investment Units

The following is a list of major unitholders as of August 31, 2017.

Name	Location	Number of units held (Units)	Ratio to total number of units issued and outstanding (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	504,936	17.69
GLP Capital Japan 2 Private Limited	Shiodome City Center, 1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo	386,240	13.53
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	240,087	8.41
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12, Harumi, Chuo-ku, Tokyo	232,520	8.14
Nomura Bank (Luxembourg) S.A.	1-3-2, Marunouchi, Chiyoda-ku, Tokyo Standing proxy: Sumitomo Mitsui Banking Corporation	149,727	5.24
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	103,038	3.61
JP Morgan Chase Bank 385628	Building A, Shinagawa Intercity, 2-15-1, Konan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department	91,910	3.22
State Street Bank and Trust Company 505012	3-11-1, Nihonbashi, Chuo-ku, Tokyo Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department	44,084	1.54
State Street Bank and Trust Company 505223	Building A, Shinagawa Intercity, 2-15-1, Konan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department	33,706	1.18
State Street Bank West Client –Treaty 505234	Building A, Shinagawa Intercity, 2-15-1, Konan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department	26,396	0.92
Total		1,812,644	63.53



(Note) “Ratio to total number of units issued and outstanding” is rounded down to the second decimal place.

### 3. Matters Concerning Directors and Auditors

#### Names of Directors and Independent Auditor for the current period

Title	Name	Other concurrent title	Total amount of fees paid during the Period (Thousand yen)
Executive Director (Notes 1 and 2)	Yoji Tatsumi	President and CFO, GLP Japan Advisors Inc.	—
Supervisory Director (Note 2)	Toraki Inoue	Representative CPA, Toraki Inoue CPA Firm President, Accounting Advisory Co., Ltd.	1,980
	Kota Yamaguchi	Partner, Kimura Takushima & Yamaguchi Law Firm Outside Director, Heiwa Corporation	1,980
Independent Auditor	KPMG AZSA LLC	—	13,000

(Note 1) Yoji Tatsumi owns 82 investment units of GLP J-REIT under his own name.

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

#### Policy on dismissal and non-reappointment of Independent Auditor

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

### 4. Asset Management Company, Custodian and General Administrators

The asset management company, the custodian and administrators as of the current period end are as follows:

Operational role	Company name
Asset Management Company	GLP Japan Advisors Inc.
Custodian, General Administrator, Transfer Agent for Investment Units	Mitsubishi UFJ Trust and Banking Corporation
Administrator for Investment Corporation Bonds	Sumitomo Mitsui Banking Corporation
Administrator for Investment Corporation Bonds	The Bank of Tokyo Mitsubishi UFJ, Ltd.
Administrator for Investment Corporation Bonds	Mitsubishi UFJ Trust and Banking Corporation

## [Status on Investment Properties]

### 1. Investment Status

Type of asset	Use of asset	Area (Note 1)	10th Period As of February 28, 2017		11th Period As of 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)	Logistics facility	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
Subtotal			431,065	96.5	423,952	95.8
Deposits and other assets			15,783	3.5	18,584	4.2
Total assets (Note 5)			446,849 [431,065]	100.0 [96.5]	442,537 [423,952]	100.0 [95.8]

(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 the 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 total assets above are stated at the book value. In addition, the figures in square brackets represent the holding properties portion to total assets.

## 2. Major Properties Owned

The major components of assets (the 10 largest properties by book value) as of the current period end are as follows:

Name of properties	Book value (Million yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy ratio (%) (Note 3)	Ratio to total rental revenues (%) (Note 3)	Primary use
GLP Tokyo II	35,326	79,073.21	79,073.21	100.0	7.3	Logistics facility
GLP Amagasaki	23,283	110,224.41	110,224.41	100.0	5.9	Logistics facility
GLP Tokyo	21,866	56,105.95	56,105.95	100.0	5.0	Logistics facility
GLP Atsugi II	20,968	74,176.27	74,176.27	100.0	(Note 4)	Logistics facility
GLP Sugito II	17,865	101,272.40	100,345.84	99.1	4.8	Logistics facility
GLP Urayasu III	17,702	64,198.11	64,198.11	100.0	(Note 4)	Logistics facility
GLP-MFLP Ichikawa Shiohama (Note 5)	15,466	50,813.07	50,813.07	100.0	3.4	Logistics facility
GLP Narashino II	14,711	101,623.59	101,623.59	100.0	(Note 4)	Logistics facility
GLP Misato II	14,068	59,208.59	59,208.59	100.0	(Note 4)	Logistics facility
GLP Shinkiba	11,552	18,341.73	18,341.73	100.0	(Note 4)	Logistics facility
Total	192,812	715,037.33	714,110.77	99.9	43.3	

(Note 1) “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. Leasable area may change upon renewal of agreements.

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

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

(Note 4) Not disclosed because the tenants’ consent is not obtained.

(Note 5) GLP-MFLP Ichikawa Shiohama is a property under joint co-ownership which GLP J-REIT 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.



### 3. Summary of Portfolio Properties

The following table summarizes the investment properties and OTA Assets (Note 5) held by GLP J-REIT as of the current period end.

Name of property	Location (Note 1)	Type of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value (Million yen) (Note 3)	Book value (Million yen)
GLP Tokyo	2-1-2, Tokai, Ota-ku, Tokyo	Beneficiary right of real estate in trust	56,105.95	28,700	21,866
GLP Higashi-Ogishima	23-9, Higashi-Ogishima, Kawasaki-ku, Kawasaki, Kanagawa		34,582.00	6,940	4,954
GLP Akishima	4-13-41, Mihori-cho, Akishima, Tokyo 4-13-42, Mihori-cho, Akishima, Tokyo		27,356.63	9,180	7,005
GLP Tomisato	3-1, Misawa, Tomisato, Chiba		27,042.59	5,660	4,670
GLP Narashino II	3-6-3, Akanehama, Narashino, Chiba		101,623.59	20,100	14,711
GLP Funabashi	1-1389-2, Kaijincho-Minami, Funabashi, Chiba		10,465.03	2,050	1,902
GLP Kazo	1-5-1, Minami-shinozaki, Kazo, Saitama		76,532.71	14,100	10,689
GLP Fukaya	1900-2, Mizugahara, Orinokuchi, Fukaya, Saitama		19,706.00	2,890	2,257
GLP Sugito II	398-2, Fukawa, Sugito-machi, Kita-Katsushika, Saitama		101,272.40	24,400	17,865
GLP Iwatsuki	2-9-10, Kokaba, Iwatsuki-ku, Saitama, Saitama		31,839.99	8,660	6,586
GLP Kasukabe	1155, Anzai, Suikaku, Kasukabe, Saitama		18,460.73	5,150	3,944
GLP Koshigaya II	2-2-1, Ryutsu-Danchi, Koshigaya, Saitama		43,533.28	13,100	9,378
GLP Misato II	3-2-1, Lala-city, Shinmisato, Misato, Saitama		59,208.59	19,000	14,068
GLP Tatsumi	3-11-10, Tatsumi, Koto-ku, Tokyo		12,925.58	6,440	4,853
GLP Hamura	4-9-8, Shinmeidai, Hamura, Tokyo		40,277.93	9,230	7,466
GLP Funabashi III	2-15-1, Nishiura, Funabashi, Chiba		18,281.84	4,130	3,039
GLP Sodegaura	385-18, Shiinomori, Sodegaura, Chiba		45,582.06	8,010	5,864
GLP Urayasu III	15-27, Chidori, Urayasu, Chiba		64,198.11	20,900	17,702
GLP Tatsumi Ila	3-8-10, Tatsumi, Koto-ku, Tokyo		17,108.52	8,300	6,656
GLP Tokyo II	3-4-11 Shinsuna, Koto-ku, Tokyo		79,073.21	41,100	35,326
GLP Okegawa	2-6 Akabori, Okegawa, Saitama		17,062.92	2,740	2,381
GLP Shinkiba	1-10-9, Shinkiba, Koto-ku, Tokyo		18,341.73	12,800	11,552
GLP Narashino	2-6-6, Shibazono, Narashino, Chiba		23,548.03	5,540	5,311
GLP Sugito	398-13, Fukawa, Sugito-machi, Kita-Katsushika, Saitama		58,918.12	9,890	8,193
GLP Matsudo	520-1, Kamihongo, Matsudo, Chiba		14,904.60	2,840	2,436
GLP-MFLP Ichikawa Shiohama (Note 4)	1-6-3, Shiohama, Ichikawa, Chiba		50,813.07	16,650	15,466
GLP Atsugi II	4022-2, Sakuradai, Nakatsu, Aikawa-machi, Aiko, Kanagawa		74,176.27	23,200	20,968
GLP Yoshimi	603-1, Nishi-Yoshimi, Yoshimi-machi, Hiki, Saitama		62,362.89	11,600	11,124
GLP Hirakata	3-2-27, Minami-Nakaburi, Hirakata, Osaka 3-2-7, Minami-Nakaburi, Hirakata, Osaka		29,829.56	6,250	4,621
GLP Hirakata II	3-3-1, Minami-Nakaburi, Hirakata, Osaka		43,283.01	9,230	7,556
GLP Maishima II	2-1-92, Hokukoryokuchi, Konohana-ku, Osaka, Osaka		56,511.10	11,600	8,183
GLP Tsumori	2-1-30, Minami-Tsumori, Nishinari-ku, Osaka, Osaka		16,080.14	2,340	2,006
GLP Rokko	3-10, Koyocho-Higashi, Higashinada-ku, Kobe, Hyogo		39,339.00	5,990	5,028
GLP Amagasaki	231-2, Nishi-Mukojima-cho, Amagasaki, Hyogo		110,224.41	28,700	23,283
GLP Amagasaki II	16, Nishi-Takasu-cho, Amagasaki, Hyogo		12,342.95	2,290	1,974
GLP Nara	6-4, Imago-cho, Yamatokoriyama, Nara		19,545.35	2,940	2,162
GLP Sakai	1-63, Chikkoyawatamachi, Sakai-ku, Sakai, Osaka		10,372.10	2,230	1,868
GLP Rokko II	4-15-1, Koyocho-Higashi, Higashinada-ku, Kobe, Hyogo		20,407.30	4,300	3,235
GLP Kadoma	4-2-1, Shinomiya, Kadoma, Osaka		12,211.73	3,180	2,430

Name of property	Location (Note 1)	Type of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value (Million yen) (Note 3)	Book value (Million yen)
GLP Seishin	2-5-1, Yasakadai, Suma-ku, Kobe, Hyogo	Beneficiary right of real estate in trust	9,533.88	1,640	1,444
GLP Fukusaki	1714-14, Saiji, Fukusaki-cho, Kanzaki, Hyogo		24,167.83	4,170	3,422
GLP Kobe-Nishi	7-1-1, Mitsugaoka, Nishi-ku, Kobe, Hyogo		35,417.31	7,620	6,915
GLP Fukaehama	34-1, Fukaehama-cho, Higashinada-ku, Kobe, Hyogo		19,386.00	4,580	4,443
GLP Morioka	59, Urata, Sakuramachi, Shiwa-cho, Shiwa, Iwate		10,253.80	878	783
GLP Tomiya	9-1-2, Narita, Tomiya, Miyagi		20,466.98	3,310	2,721
GLP Koriyama I	3-2-2, Oroshi, Kikuta-machi, Koriyama, Fukushima		24,335.96	4,580	3,763
GLP Koriyama III	5-12, Mukaihara, Horinouchi, Kikuta-machi, Koriyama, Fukushima		27,671.51	2,760	2,658
GLP Tokai	2-47, Asayama, Tokai, Aichi		32,343.31	7,740	5,921
GLP Hayashima	823, Yao, Hayashima-cho, Tsukubo, Okayama		13,574.58	1,350	1,210
GLP Hayashima II	4507-40, Hayashima, Hayashima-cho, Tsukubo, Okayama		14,447.48	2,740	2,255
GLP Kiyama	2950-1, Urata, Sonobe, Kiyama-cho, Miyaki, Saga		23,455.96	5,500	4,280
GLP Sendai	2-5-2, Sendaikou Kita, Miyagino-ku, Sendai, Miyagi		37,256.23	6,690	5,329
GLP Ebetsu	69-3, Kakuyama, Ebetsu, Hokkaido		18,489.25	2,220	1,469
GLP Kuwana	3646-1, Kanegaya, Mizono, Tado-cho, Kuwana, Mie		20,402.12	4,430	3,438
GLP Hatsukaichi	14-2, Mokuzaiko-Kita, Hatsukaichi, Hiroshima		10,981.89	2,430	1,881
GLP Komaki	1-31, Shinkoki, Komaki, Aichi		52,709.97	12,700	9,945
GLP Ogimachi	1-8-5, Ogimachi, Miyagino-ku, Sendai, Miyagi		13,155.28	1,610	1,484
GLP Hiroshima	2-7-11, Kusatsukou, Nishi-ku, Hiroshima, Hiroshima 2-7-4, Kusatsukou, Nishi-ku, Hiroshima, Hiroshima		21,003.04	4,100	3,651
GLP Fukuoka	1-10-1, Itaduke, Hakata-ku, Fukuoka, Fukuoka		14,641.22	1,720	1,481
GLP Tosu I	1715, Hirata, Hatazaki-machi, Tosu, Saga		74,860.38	10,500	8,948
GLP Tomiya IV	9-7-3, Narita, Tomiya, Miyagi 9-7-7, Narita, Tomiya, Miyagi		32,562.60	6,370	5,899
Total			2,126,567.61	521,988	423,952

OTA Assets (Note 5) (Note 6) (Note 7)					
GLP Noda-Yoshiharu	722-2, Tameshita, Yoshiharu, Noda, Chiba	Beneficiary right of real estate in trust	26,631.40	5,260	—
GLP Urayasu	76-4, Minato, Urayasu, Chiba		25,839.60	7,540	—
GLP Funabashi II	6-1, Shiomi-cho, Funabashi, Chiba		34,699.09	8,130	—
GLP Misato	3-1-3, Izumi, Misato, Saitama		46,892.00	17,700	—
GLP Maishima I	2-1-66, Hokuokoryokuchi, Konohana-ku, Osaka, Osaka		72,948.78	19,400	—

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

(Note 2) “Leasable area” is the area of property or property in trust that is available for lease in accordance with 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 3) “Appraisal value” represents the appraisal value or research price as set forth on the relevant study reports by real estate appraisers as of the balance sheet date in accordance with the policy prescribed in the Articles of Incorporation of GLP J-REIT and the rules of the Investment 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 4) GLP-MFLP Ichikawa Shiohama is a property under joint co-ownership which GLP J-REIT holds 50% beneficiary right of real estate in trust. “Leasable area” stated above is computed by multiplying 50% of the joint co-ownership ratio.

(Note 5) 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 sales 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 7), 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 6) The acquisition price of GLP Noda-Yoshiharu was determined to be 4,496 million yen on August 29, 2017.

(Note 7) 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.



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

Name of property	10th Period From September 1, 2016 To February 28, 2017				11th Period From March 1, 2017 To August 31, 2017			
	At Period End		Rental revenues (Million yen)	Ratio to total rental revenues (%) (Note 2)	At Period End		Rental revenues (Million yen)	Ratio to total rental revenue (%) (Note 2)
	Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)			Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)		
GLP Tokyo	5	100.0	701	5.0	5	100.0	704	5.0
GLP Higashi-Ogishima	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Akishima	3	100.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
GLP Tomisato	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Narashino II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Funabashi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kazo	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Fukaya	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sugito II	4	98.9	661	4.7	5	99.1	680	4.8
GLP Iwatsuki	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kasukabe	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koshigaya II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Misato II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Tatsumi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hamura	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Funabashi III	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sodegaura	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Urayasu III	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Tatsumi Ila	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tatsumi Iib (Note 4)	1	100.0	(Note 3)	(Note 3)	—	—	(Note 3)	(Note 3)
GLP Tokyo II	5	95.8	1,015	7.2	6	100.0	1,040	7.3
GLP Okegawa	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Shinkiba	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Narashino	3	100.0	161	1.1	3	100.0	162	1.1
GLP Narita II (Note 4)	3	100.0	137	1.0	—	—	93	0.7
GLP Sugito	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Matsudo	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP-MFLP Ichikawa Shiohama	5	100.0	461	3.3	5	100.0	484	3.4
GLP Atsugi II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Yoshimi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hirakata	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hirakata II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Maishima II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tsumori	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Rokko	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Amagasaki	7	100.0	820	5.8	7	100.0	835	5.9
GLP Amagasaki II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Nara	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sakai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Rokko II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)

Name of property	10th Period From September 1, 2016 To February 28, 2017				11th Period From March 1, 2017 To August 31, 2017			
	At Period End		Rental revenues (Million yen)	Ratio to total rental revenues (%) (Note 2)	At Period End		Rental revenues (Million yen)	Ratio to total rental revenue (%) (Note 2)
	Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)			Number of tenants (Note 1)	Occupancy ratio (%) (Note 2)		
GLP Kadoma	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Seishin	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Fukusaki	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kobe-Nishi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Fukaehama	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Morioka	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tomiya	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koriyama I	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koriyama III	4	100.0	121	0.9	4	100.0	124	0.9
GLP Tokai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hayashima	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hayashima II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kiyama	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sendai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Ebetsu	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kuwana	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hatsukaichi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Komaki	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Ogimachi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hiroshima	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Fukuoka	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tosu I	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Tomiya IV	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Total	100	99.8	14,065	100.0	98	99.9	14,181	100.0

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

(Note 2) “Occupancy ratio” and “Ratio to total rental revenues” are rounded to the first decimal place. As to “Occupancy ratio,” 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 3) Not disclosed because the tenants’ consent is not obtained.

(Note 4) On July 14, 2017, GLP J-REIT sold GLP Tatsumi Iib and GLP Narita II to a third party.

## 4. Specified Transaction

As of the current period end, the contract amount and fair value of the outstanding transaction under the specified transaction account of GLP J-REIT are as follows.

	Type	Contract amount (Million yen) (Note 1)		Fair value (Million yen) (Note 2)
			Due after one year	
OTC	Interest rate swaps: Receive floating/ Pay fix	129,430	105,130	(1,923)
Total		129,430	105,130	(1,923)

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

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

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

## 5. Investments and Other Assets

### (1) Investment securities – Equity securities

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

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

### (2) Details of other specified assets

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



## [Capital Expenditure for Properties Owned]

### 1. 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	—	—

### 2. 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

### 3. Funds Reserved for Long-Term Repair Plans

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

(Unit: Million yen)

Operating period	7th Period Mar. 1, 2015 to Aug. 31, 2015	8th Period Sept. 1, 2015 to Feb. 29, 2016	9th Period Mar. 1, 2016 to Aug. 31, 2016	10th Period Sept. 1, 2016 to Feb. 28, 2017	11th Period Mar. 1, 2017 to Aug. 31, 2017
Balance brought forward from the previous period	—	—	—	—	—
Amount reserved during the period	—	—	—	—	—
Amount used during the period	—	—	—	—	—
Balance to be carried forward to the next period	—	—	—	—	—

(Note 1) GLP J-REIT intends not to account for reserves if the estimated amount of capital expenditure of the following period does not exceed the amount equivalent to 70% of the estimated depreciation expenses for the same period. GLP J-REIT estimates the amount of capital expenditure for the 12th period (for the period ending February 2018) to be 810 million yen, which does not exceed 2,008 million yen, the amount equivalent to 70% of 2,869 million yen, which is the estimated depreciation expenses for the same period.

(Note 2) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings that do not exceed the amount obtained by deducting capital expenditure for the operating 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 operating 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. Please refer to the "Summary of Engineering Due Diligence Report" below for the short-term emergency repair and maintenance expenses and the mid-to-long term repair and maintenance expenses for each asset.

## (Reference) Summary of Engineering Due Diligence Report

Property number	Name of property	Engineering due diligence company	Date of report	Short-term emergency repair and maintenance expenses (Thousand yen) (Note 1)	Mid-to-Long term repair and maintenance expenses (Thousand yen) (Note2)
Tokyo-1	GLP Tokyo	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 31, 2017	—	446,000
Tokyo-2	GLP Higashi-Ogishima			—	337,520
Tokyo-3	GLP Akishima			—	171,400
Tokyo-4	GLP Tomisato			—	90,060
Tokyo-5	GLP Narashino II			—	1,117,350
Tokyo-6	GLP Funabashi			—	167,750
Tokyo-7	GLP Kazo			—	392,050
Tokyo-8	GLP Fukaya			—	307,300
Tokyo-9	GLP Sugito II			—	406,640
Tokyo-10	GLP Iwatsuki			—	71,950
Tokyo-11	GLP Kasukabe			—	167,980
Tokyo-12	GLP Koshigaya II			—	139,890
Tokyo-13	GLP Misato II			—	145,920
Tokyo-14	GLP Tatsumi			—	54,520
Tokyo-15	GLP Hamura		August 20, 2013	—	55,940
Tokyo-16	GLP Funabashi III			—	125,360
Tokyo-17	GLP Sodegaura			—	60,000
Tokyo-18	GLP Urayasu III			—	289,550
Tokyo-19	GLP Tatsumi Ila		March 20, 2014	—	86,120
Tokyo-21	GLP Tokyo II		July 25, 2014	—	333,550
Tokyo-22	GLP Okegawa		July 27, 2015	—	209,530
Tokyo-23	GLP Shinkiba			—	243,980
Tokyo-24	GLP Narashino		July 27, 2015	—	230,950
Tokyo-26	GLP Sugito			—	266,119
Tokyo-27	GLP Matsudo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	December 14, 2015	—	142,870
Tokyo-28	GLP-MFLP Ichikawa Shiohama (Note 3)		April 12, 2016	—	220,644
Tokyo-29	GLP Atsugi II		August 3, 2016	—	180,143
Tokyo-30	GLP Yoshimi			—	142,536
Osaka-1	GLP Hirakata	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 31, 2017	—	376,400
Osaka-2	GLP Hirakata II			—	236,350
Osaka-3	GLP Maishima II			—	247,200
Osaka-4	GLP Tsumori			—	143,330
Osaka-5	GLP Rokko			—	406,840
Osaka-6	GLP Amagasaki			—	170,060
Osaka-7	GLP Amagasaki II			—	136,600
Osaka-8	GLP Nara			—	146,790
Osaka-9	GLP Sakai			—	39,800
Osaka-10	GLP Rokko II		August 20, 2013	—	296,150
Osaka-11	GLP Kadoma		July 25, 2014	—	114,160
Osaka-12	GLP Seishin			—	186,900
Osaka-13	GLP Fukusaki		January 28, 2015	—	137,800
Osaka-14	GLP Kobe-Nishi			—	57,340
Osaka-15	GLP Fukaehama	Tokio Marine & Nichido Risk Consulting Co., Ltd.	August 3, 2016	—	203,863



Property number	Name of property	Engineering due diligence company	Date of report	Short-term emergency repair and maintenance expenses (Thousand yen) (Note 1)	Mid-to-Long term repair and maintenance expenses (Thousand yen) (Note2)
Other-1	GLP Morioka	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 31, 2017	—	52,660
Other-2	GLP Tomiya			—	61,720
Other-3	GLP Koriyama I			—	56,400
Other-4	GLP Koriyama III			—	315,200
Other-5	GLP Tokai			—	151,530
Other-6	GLP Hayashima			—	144,200
Other-7	GLP Hayashima II			—	51,550
Other-8	GLP Kiyama			—	201,170
Other-10	GLP Sendai			—	134,980
Other-11	GLP Ebetsu		August 20, 2013	—	47,690
Other-12	GLP Kuwana			—	51,170
Other-13	GLP Hatsukaichi			—	33,980
Other-14	GLP Komaki			—	115,500
Other-15	GLP Ogimachi			—	110,170
Other-16	GLP Hiroshima		July 25, 2014	—	198,660
Other-17	GLP Fukuoka			—	134,110
Other-19	GLP Tosu I		Tokio Marine & Nichido Risk Consulting Co., Ltd.	July 27, 2015	—
Other-20	GLP Tomiya IV		August 3, 2016	—	233,500
Total				—	11,763,090

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

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

(Note 3) GLP-MFLP Ichikawa Shiohama is a property under joint co-ownership which GLP J-REIT holds 50% beneficiary right of real estate in trust. “Short-term emergency repair and maintenance expenses” and “Mid-to-Long term repair and maintenance expenses” stated above are computed by multiplying 50% of the joint co-ownership ratio.

## [Expenses and Liabilities]

### 1. Status of Expenses related to Asset Management

(Unit: Thousand yen)

	10th Period From September 1, 2016 To February 28, 2017	11th Period From March 1, 2017 To August 31, 2017
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	1,526,013	1,624,128

(Note) In addition to the amount shown, the amount of asset management fee capitalized as part of acquisition cost was 174,630 thousand yen for the 10th Period. The amount of asset management fee included in the calculation of gain on sale of properties was 25,350 thousand yen for the 11th Period.

## 2. Status of Borrowings

The following summarizes the outstanding loans payable by financial institutions as of the current period end.

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Repayment date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Short-term loans payable	Sumitomo Mitsui Banking Corporation	February 28, 2017	1,351	1,351	0.18%	February 28, 2018	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,144	1,144					
	Sumitomo Mitsui Trust Bank, Limited		621	621					
	The Norinchukin Bank		503	503					
	Citibank, N.A., Tokyo Branch (Note 4)		374	374					
	Development Bank of Japan Inc.		345	345					
	Mizuho Bank, Ltd.		315	315					
	Mitsubishi UFJ Trust and Banking Corporation		315	315					
	The Bank of Fukuoka, Ltd.		236	236					
	Resona Bank, Limited		158	158					
	Shinsei Bank, Limited		69	69					
	The 77 Bank, Ltd.		69	69					
	Subtotal		5,500	5,500					
Long-term loans payable	Sumitomo Mitsui Banking Corporation	January 4, 2013	6,400	6,400	1.13% (Note 5)	January 4, 2018	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,900	5,900					
	Mizuho Bank, Ltd.		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	Citibank, N.A., Tokyo Branch (Note 4)		1,800	1,800					
	The Bank of Fukuoka, Ltd.		1,800	1,800					
	The Norinchukin Bank		1,300	1,300					
	Resona Bank, Limited		1,300	1,300					
	Sumitomo Mitsui Banking Corporation	January 4, 2013	5,000	5,000	1.41% (Note 5)	January 4, 2020	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,600	4,600					
	Mizuho Bank, Ltd.		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	The Bank of Fukuoka, Ltd.		900	900					
	Development Bank of Japan Inc.		4,500	4,500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 1, 2013	3,250	3,250	1.03%	January 31, 2020	Lump-sum	(Note 8)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	February 1, 2013	3,250	3,250	1.30% (Note 5)	February 1, 2021	Lump-sum	(Note 8)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	January 6, 2014	1,800	—	1.20% (Note 5)	December 20, 2021 (Note 6)	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		500	—					
	Mizuho Bank, Ltd.		900	—					
	Mitsubishi UFJ Trust and Banking Corporation		800	—					
	The Bank of Fukuoka, Ltd.		550	—					
	Resona Bank, Limited		450	—					

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Repayment date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	Sumitomo Mitsui Banking Corporation	March 3, 2014	3,720	3,720	0.76% (Note 5)	February 28, 2019	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,230	3,230					
	Mizuho Bank, Ltd.		2,550	2,550					
	Mitsubishi UFJ Trust and Banking Corporation		500	500					
	Citibank, N.A., Tokyo Branch (Note 4)		700	700					
	The Bank of Fukuoka, Ltd.		700	700					
	The Norinchukin Bank		450	450					
	Resona Bank, Limited		450	450					
	Sumitomo Mitsui Banking Corporation	March 3, 2014	2,000	2,000	1.09% (Note 5)	February 26, 2021	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,900	1,900					
	Mizuho Bank, Ltd.		1,250	1,250					
	Mitsubishi UFJ Trust and Banking Corporation		500	500					
	Development Bank of Japan Inc.		450	450					
	Sumitomo Mitsui Banking Corporation	March 3, 2014	1,470	1,470	1.56% (Note 5)	February 29, 2024	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,170	1,170					
	Development Bank of Japan Inc.		500	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 3, 2014	3,800	3,800	0.92%	February 26, 2021	Lump-sum	(Note 7)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	June 30, 2014	500	500	1.48% (Note 5)	June 30, 2026	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation	September 2, 2014	3,890	3,890	0.86% (Note 5)	September 2, 2022	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,470	3,470					
	Mizuho Bank, Ltd.		2,830	2,830					
	Mitsubishi UFJ Trust and Banking Corporation		970	970					
	The Bank of Fukuoka, Ltd.		610	610					
	Development Bank of Japan Inc.		650	650					
	The Norinchukin Bank		350	350					
	Resona Bank, Limited		270	270					
	Sumitomo Mitsui Trust Bank, Limited		560	560					
	Sumitomo Mitsui Banking Corporation	September 2, 2014	1,530	1,530	1.85% (Note 5)	September 2, 2027	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,170	1,170					
	Development Bank of Japan Inc.	January 5, 2015	1,250	1,250	0.31%	December 20, 2018	Lump-sum	(Note 7)	Unsecured not guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,250	1,250					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2015	800	800	0.29%	February 28, 2019	Lump-sum	(Note 8)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2015	2,700	2,700	0.52% (Note 5)	April 30, 2021	Lump-sum	(Note 8)	Unsecured not guaranteed
	Mizuho Bank, Ltd.	May 1, 2015	700	700	0.52% (Note 5)	April 30, 2021	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Norinchukin Bank	May 1, 2015	400	400	0.52% (Note 5)	April 30, 2021	Lump-sum	(Note 8)	Unsecured not guaranteed

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Repayment date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	Sumitomo Mitsui Banking Corporation	September 1, 2015	2,922	2,922	0.61% (Note 5)	February 28, 2022	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,348	2,348					
	Mizuho Bank, Ltd.		1,640	1,640					
	Mitsubishi UFJ Trust and Banking Corporation		680	680					
	Citibank, N.A., Tokyo Branch (Note 4)		320	320					
	The Bank of Fukuoka, Ltd.		480	480					
	Development Bank of Japan Inc.		320	320					
	The Norinchukin Bank		320	320					
	Resona Bank, Limited		320	320					
	Sumitomo Mitsui Trust Bank, Limited		440	440					
	Shinsei Bank, Limited		130	130					
	The 77 Bank, Ltd.		130	130					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2015	1,300	1,300	0.96% (Note 5)	September 1, 2025	Lump-sum	(Note 8)	Unsecured not guaranteed
	Mizuho Bank, Ltd.	January 4, 2016	3,000	3,000	(0.01)% (Note 5)	February 28, 2019	Lump-sum	(Note 7)	Unsecured not guaranteed
	Citibank, N.A., Tokyo Branch (Note 4)		500	500					
	The Bank of Fukuoka, Ltd.	January 4, 2016	1,800	1,800	0.35% (Note 5)	February 26, 2021	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Fukuoka, Ltd.		1,400	1,400					
	The Norinchukin Bank	January 4, 2016	1,400	1,400	0.61% (Note 5)	February 29, 2024	Lump-sum	(Note 7)	Unsecured not guaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,900	1,900					
	Resona Bank, Limited	January 4, 2016	1,400	1,400	0.93% (Note 5)	February 27, 2026	Lump-sum	(Note 7)	Unsecured not guaranteed
	Mizuho Bank, Ltd.		1,500	1,500					
	Sumitomo Mitsui Banking Corporation	January 4, 2016	5,600	5,600	1.22% (Note 5)	December 21, 2026	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,100	5,100					
	Sumitomo Mitsui Banking Corporation	January 4, 2016	500	500	1.31% (Note 5)	December 20, 2027	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		400	400					
	Sumitomo Mitsui Banking Corporation	January 4, 2016	600	600	1.57% (Note 5)	December 20, 2028	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		400	400					
	Sumitomo Mitsui Banking Corporation	January 15, 2016	980	980	0.42% (Note 5)	January 14, 2022	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 15, 2016	850	850	0.42%	January 14, 2022	Lump-sum	(Note 8)	Unsecured not guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	January 15, 2016	610	610	0.42% (Note 5)	January 14, 2022	Lump-sum	(Note 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2016	3,780	3,780	0.29%	September 1, 2023	Lump-sum	(Note 8)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	September 1, 2016	4,100	4,100	0.31%	September 1, 2024	Lump-sum	(Note 8)	Unsecured not guaranteed



	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Repayment date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2016	530	530	0.23%	September 2, 2019	Lump-sum	(Notes 7 and 8)	Unsecured not guaranteed
	Mizuho Bank, Ltd.		510	510					
	Citibank, N.A., Tokyo Branch (Note 4)		310	310					
	The Bank of Fukuoka, Ltd.		290	290					
	The 77 Bank, Ltd.		300	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2016	950	950	0.25%	September 1, 2020	Lump-sum	(Notes 7 and 8)	Unsecured not guaranteed
	Mizuho Bank, Ltd.		1,570	1,570					
	Mitsubishi UFJ Trust and Banking Corporation		300	300					
	Citibank, N.A., Tokyo Branch (Note 4)		270	270					
	The 77 Bank, Ltd.		60	60					
	Sumitomo Mitsui Banking Corporation	September 1, 2016	790	790	0.44%	March 1, 2024	Lump-sum	(Notes 7 and 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,170	1,170					
	Mizuho Bank, Ltd.		1,280	1,280					
	Mitsubishi UFJ Trust and Banking Corporation		830	830					
	Citibank, N.A., Tokyo Branch (Note 4)		780	780					
	The Bank of Fukuoka, Ltd.		500	500					
	Development Bank of Japan Inc.		230	230					
	The Norinchukin Bank		1,060	1,060					
	Resona Bank, Limited		490	490					
	Aozora Bank, Ltd.		180	180					
	Shinsei Bank, Limited		180	180					
	Sumitomo Mitsui Trust Bank, Limited		480	480					
	The 77 Bank, Ltd.		180	180					
	Sumitomo Mitsui Banking Corporation	September 1, 2016	2,170	2,170	0.57%	March 3, 2025	Lump-sum	(Notes 7 and 8)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,390	1,390					
	Mizuho Bank, Ltd.		1,110	1,110					
	Mitsubishi UFJ Trust and Banking Corporation		920	920					
	The Bank of Fukuoka, Ltd.		740	740					
	Development Bank of Japan Inc.		550	550					
	Resona Bank, Limited		650	650					
	Aozora Bank, Ltd.		370	370					
	Shinsei Bank, Limited		370	370					
	Sumitomo Mitsui Trust Bank, Limited		920	920					

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Repayment date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	Mizuho Bank, Ltd.	December 20, 2016	1,150	1,150	0.22%	December 21, 2020	Lump-sum	(Note 7)	Unsecured not guaranteed
	The Bank of Fukuoka, Ltd.	December 20, 2016	500	500	0.53%	December 20, 2022	Lump-sum	(Note 7)	Unsecured not guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 20, 2016	1,150	1,150	0.56%	December 20, 2023	Lump-sum	(Note 7)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	December 20, 2016	5,700	5,700	0.79%	September 1, 2025	Lump-sum	(Note 7)	Unsecured not guaranteed
	Subtotal		184,440	179,440					
Total			189,940	184,940					

(Note 1) “Long-term loans payable” includes the current portion of long term loans payable as of each period end.

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

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

(Note 4) The contract right as a lender was assigned from Citibank Japan Ltd. to Citibank, N.A., Tokyo Branch on March 31, 2017.

(Note 5) GLP J-REIT uses interest rate swaps to hedge the interest rate risk exposure. The rate stated above is the effective rate of interest after interest rate swaps.

(Note 6) The outstanding loan balance of 5,000 million yen at beginning of the period was repaid on July 31, 2017 before its contractual repayment date.

(Note 7) The fund was used to make repayments of bank borrowing.

(Note 8) The fund was used to acquire properties or beneficiary rights of real estate in trust.

### 3. Status of Investment Corporation Bonds

The following summarizes the status of investment corporation bonds issued as of the current period end.

Description	Issued date	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Interest rate (Note 1)	Maturity date	Maturity method	Use	Remarks
GLP J-REIT 1st Unsecured Bonds	February 27, 2014	6,000	6,000	0.47%	February 27, 2019	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 2nd Unsecured Bonds	July 30, 2014	2,000	2,000	0.98%	July 30, 2024	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 3rd Unsecured Bonds	December 26, 2014	4,500	4,500	0.51%	December 25, 2020	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 4th Unsecured Bonds	December 26, 2014	1,500	1,500	0.68%	December 26, 2022	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 5th Unsecured Bonds	December 26, 2014	3,000	3,000	1.17%	December 25, 2026	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 6th Unsecured Bonds	June 30, 2015	1,500	1,500	0.89%	June 30, 2025	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 7th Unsecured Bonds	November 28, 2016	6,900	6,900	0.01%	November 28, 2019	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 8th Unsecured Bonds	November 28, 2016	1,100	1,100	0.45%	November 27, 2026	Lump-sum	(Note 2)	(Note 3)
GLP J-REIT 9th Unsecured Bonds	February 27, 2017	1,000	1,000	0.47%	February 26, 2027	Lump-sum	(Note 2)	(Note 3)
Total		27,500	27,500					

(Note 1) “Interest rate” is rounded to the second decimal place.

(Note 2) The fund was used to make repayment of bank borrowing.

(Note 3) The bond is subject to the special pari passu clause among specified investment corporation bonds.

#### 4. Status of Short-Term Investment Corporation Bonds

None

#### 5. Status of Subscription Rights to New Investment Units

None

### [Acquisition and Disposition]

#### 1. Acquisition and Disposition of Real Estate Properties & Asset-Backed Securities and Infrastructure & Infrastructure Related Assets

Type of asset	Name of property	Disposition			
		Date	Price (Million yen) (Note 1)	Book value (Million yen)	Gain / Loss (Million yen)
Beneficiary right of real estate in trust	GLP Tatsumi IIb	July 14, 2017	5,070 (Note 2)	1,062	324 (Note2)
Beneficiary right of real estate in trust	GLP Narita II	July 14, 2017		3,638	
Total			5,070	4,700	324

(Note 1) “Disposition price” excludes disposition costs, property-related taxes and consumption taxes.

(Note 2) This disposition is pursuant to the single sales and purchase agreement with single counter party. The disposition price of each property is not disclosed since the counter party’s consent has not been obtained. Accordingly, gain or loss on sale of each property is also not disclosed.

#### 2. Acquisition and Disposition of Other Assets

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

#### 3. Appraisal Values of Specific Assets

##### (1) Real Estate Properties

Acquisition or disposition	Name of property	Disposition date	Disposition price (Million yen) (Note 1)	Appraisal value (Million yen) (Note 3)	Name of appraiser	Date of appraisal
Disposition	GLP Tatsumi IIb	July 14, 2017	5,070 (Note 2)	1,140	Morii Appraisal & Investment Consulting, Inc.	February 28, 2017
Disposition	GLP Narita II	July 14, 2017		3,870	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2017

(Note 1) “Disposition price” excludes disposition costs, property-related taxes and consumption taxes.

(Note 2) This disposition is pursuant to the single sales and purchase agreement with single counter party. The disposition price of each property is not disclosed since the counter party’s consent has not been obtained.

(Note 3) “Appraisal value” of specific assets above was determined in accordance with the “Real Estate Appraisal Standards, Specific Standards Chapter 3, Appraisal of Securitized Properties” or the “General Guideline for Real Estate Appraisers on Determination of Purpose and Scope of Valuation and Contents of Report” issued by Ministry of Land, Infrastructure, Transport and Tourism of Japan.

(2) Other

None

#### 4. Transactions with Interested Parties

(1) Transactions

None

(2) Amounts of fees paid

	Total fees (A) (Thousand yen)	Name of interested parties and major shareholders and the amount of transactions		(B)/(A) (%)
		Paid to	Amount paid (B) (Thousand yen)	
Property management fee	260,008	Global Logistic Properties Inc.	260,008	100.0
Royalty fee	7,500	Global Logistic Properties Inc.	7,500	100.0
Leasing commission	48,280	Global Logistic Properties Inc.	48,280	100.0

(Note) The term “interested parties” refers to interested parties of Asset Management Company (Asset Manager) as stipulated by Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations issued by The Investment Trust Association, Japan.

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

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

### [Accounting]

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

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

#### 2. Change in Calculation of Depreciation

None

#### 3. Change in Valuation of Real Estate Properties and Infrastructure Assets

None



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

None

#### **[Other Information]**

##### **1. Notice**

None

##### **2. Other**

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

#### **[Disclosure regarding Investments in Real Estate Holding Companies in Foreign Countries]**

None

#### **[Disclosure regarding Properties Held by above Mentioned Real Estate Holding Companies in Foreign Countries]**

None

## Balance Sheets

(Unit: Thousand yen)

	Prior Period (Reference) 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 (Reference) 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

## Statements of Income

(Unit: Thousand yen)

	Prior Period (Reference) 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



## Statements of Changes in Net Assets

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

(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

## Notes to Financial Statements

### (Notes Concerning Significant Accounting Policies)

By period Item	Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
1. Basis and method of valuation of assets	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.
2. Depreciation of noncurrent assets	Property and equipment are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows: Buildings 2 to 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	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: 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	(1) Investment unit issuance expenses are amortized over three years using the straight-line method. (2) Investment corporation bond issuance costs are amortized over the remaining life of the bonds using the straight-line method.	(1) Investment unit issuance expenses are amortized over three years using the straight-line method. (2) Investment corporation bond issuance costs are amortized over the remaining life of the bonds using the straight-line method.
4. Revenue and expense recognition	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period are accounted for as rental expenses. Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related 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 period.	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period are accounted for as rental expenses. Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related taxes are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. No acquisition of real estate or beneficiary right of real estate in trust was made for the period.

By period Item	Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
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>	<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. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts. The following significant trust assets are shown separately on the balance sheets.</p> <p>(a) Cash and deposits in trust (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust (c) Current portion of tenant leasehold and security deposits in trust (d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of income.</p>	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts. The following significant trust assets are shown separately on the balance sheets.</p> <p>(a) Cash and deposits in trust (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust (c) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of income.</p>

## (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 (Reference) 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

Prior Period (Reference) As of February 28, 2017	Current Period As of August 31, 2017
*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.	*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.

**(Notes to Statements of Income)**

Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017																																																																								
<p>*1. Breakdown of operating income from property leasing are as follows:</p> <p style="text-align: right;">(Unit: Thousand yen)</p> <p>A. Property-related revenues</p> <p>Rental revenues:</p> <table> <tr> <td>Rental revenues</td><td>13,023,503</td></tr> <tr> <td>Common area charges</td><td>445,705</td></tr> <tr> <td>Total</td><td>13,469,209</td></tr> </table> <p>Other revenues related to property leasing</p> <table> <tr> <td>Utility charges</td><td>333,423</td></tr> <tr> <td>Parking lots</td><td>46,699</td></tr> <tr> <td>Solar panel leasing</td><td>74,727</td></tr> <tr> <td>Others</td><td>141,294</td></tr> <tr> <td>Total</td><td>596,145</td></tr> </table> <p>Total property-related revenues 14,065,355</p> <p>B. Property-related expenses</p> <p>Rental expenses:</p> <table> <tr> <td>Taxes and dues</td><td>1,064,605</td></tr> <tr> <td>Property and facility management fees</td><td>515,837</td></tr> <tr> <td>Utilities</td><td>319,665</td></tr> <tr> <td>Repairs and maintenance</td><td>91,908</td></tr> <tr> <td>Casualty insurance</td><td>26,525</td></tr> <tr> <td>Depreciation</td><td>2,898,405</td></tr> <tr> <td>Others</td><td>150,718</td></tr> <tr> <td>Total property-related expenses</td><td>5,067,666</td></tr> </table> <p>C. Operating income from property leasing (A – B) <u>8,997,688</u></p>	Rental revenues	13,023,503	Common area charges	445,705	Total	13,469,209	Utility charges	333,423	Parking lots	46,699	Solar panel leasing	74,727	Others	141,294	Total	596,145	Taxes and dues	1,064,605	Property and facility management fees	515,837	Utilities	319,665	Repairs and maintenance	91,908	Casualty insurance	26,525	Depreciation	2,898,405	Others	150,718	Total property-related expenses	5,067,666	<p>*1. Breakdown of operating income from property leasing are as follows:</p> <p style="text-align: right;">(Unit: Thousand yen)</p> <p>A. Property-related revenues</p> <p>Rental revenues:</p> <table> <tr> <td>Rental revenues</td><td>13,073,022</td></tr> <tr> <td>Common area charges</td><td>443,409</td></tr> <tr> <td>Total</td><td>13,516,432</td></tr> </table> <p>Other revenues related to property leasing</p> <table> <tr> <td>Utility charges</td><td>397,323</td></tr> <tr> <td>Parking lots</td><td>50,571</td></tr> <tr> <td>Solar panel leasing</td><td>121,820</td></tr> <tr> <td>Others</td><td>95,439</td></tr> <tr> <td>Total</td><td>665,155</td></tr> </table> <p>Total property-related revenues 14,181,587</p> <p>B. Property-related expenses</p> <p>Rental expenses:</p> <table> <tr> <td>Taxes and dues</td><td>1,220,167</td></tr> <tr> <td>Property and facility management fees</td><td>506,155</td></tr> <tr> <td>Utilities</td><td>383,772</td></tr> <tr> <td>Repairs and maintenance</td><td>71,729</td></tr> <tr> <td>Casualty insurance</td><td>26,000</td></tr> <tr> <td>Depreciation</td><td>2,875,223</td></tr> <tr> <td>Others</td><td>104,224</td></tr> <tr> <td>Total property-related expenses</td><td>5,187,274</td></tr> </table> <p>C. Operating income from property leasing (A – B) <u>8,994,313</u></p> <p>*2. Breakdown of gain on sales of property and equipment are as follows:</p> <p style="text-align: right;">(Unit: Thousand yen)</p> <p>GLP Tatsumi IIb and GLP Narita II</p> <table> <tr> <td>Sales proceed</td><td>5,070,000</td></tr> <tr> <td>Book value of properties sold</td><td>4,700,872</td></tr> <tr> <td>Other sales expenses</td><td>44,944</td></tr> <tr> <td>Gain on sales of property and equipment</td><td>324,182</td></tr> </table> <p>Sales price of each property is not disclosed since the counter party's consent is not obtained.</p>	Rental revenues	13,073,022	Common area charges	443,409	Total	13,516,432	Utility charges	397,323	Parking lots	50,571	Solar panel leasing	121,820	Others	95,439	Total	665,155	Taxes and dues	1,220,167	Property and facility management fees	506,155	Utilities	383,772	Repairs and maintenance	71,729	Casualty insurance	26,000	Depreciation	2,875,223	Others	104,224	Total property-related expenses	5,187,274	Sales proceed	5,070,000	Book value of properties sold	4,700,872	Other sales expenses	44,944	Gain on sales of property and equipment	324,182
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**(Notes to Statements of Changes in Net Assets)**

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

**(Deferred Tax Accounting)**

Prior Period (Reference) As of February 28, 2017		Current Period As of August 31, 2017	
1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)		1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)	
(Deferred tax assets)		(Deferred tax assets)	
Enterprise tax payable	21	Enterprise tax payable	12
Total	21	Total	12
Net deferred tax assets	21	Net deferred tax assets	12
2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of income for each period is as follows. (Unit: %)		2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of income for each period is as follows. (Unit: %)	
Statutory effective tax rate	31.74	Statutory effective tax rate	31.74
(Adjustments)		(Adjustments)	
Distributions deductible for tax purposes	(31.73)	Distributions deductible for tax purposes	(31.74)
Other	0.01	Other	0.01
Actual tax rate	0.02	Actual tax rate	0.01

**(Property and Equipment under Capital Lease)**

Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
—	—

## **(Financial Instruments)**

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

### 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

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	—	—	—

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

#### Assets:

##### (1) Cash and deposits and (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 the 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:

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

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:

(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	*1	*2

\*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 "Liabilities" (2) and (4).

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

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

(Unit: Thousand yen)	
Account name	Amount on the balance sheet
Tenant leasehold and security deposits	8,386,763
Tenant leasehold and security deposits in trust	178,019
Total	8,564,782

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 schedule for monetary claims are as follows:

(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

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

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

##### 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

Book value, fair value and differences between the values as of August 31, 2017 are as stated below. 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 and (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 the 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:

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

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:

(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	*1	*2

\*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 “Liabilities” (2) and (4).

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

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

(Unit: Thousand yen)

Account name	Amount on the balance sheet
Tenant leasehold and security deposits	8,338,257
Tenant leasehold and security deposits in trust	178,019
Total	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 schedule for monetary claims are as follows:

(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 schedule for long-term loans payable and investment corporation bonds

(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 and Rental Properties)

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

Property and equipment consists of leasable logistic 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)

Book value			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
374,788,962	56,276,770	431,065,733	515,983,000

(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 the period, the major increase was 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.

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

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

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

Property and equipment consists of leasable logistic 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)

Book value			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
431,065,733	(7,113,119)	423,952,613	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 the period, the major increase 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 price.

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

## (Restriction on Asset Management)

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

None

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

None

## (Related Party Transactions)

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

Classification	Name of the company	Type of business	% of voting rights (owned)	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Interested party	Global Logistic Properties Inc.	Investment advisory/ agency	—	Property management fee	261,090	Operating accounts payable	48,314
				Royalty fee (Note 2)	7,500	—	—
				Leasing commission	100,141	—	—
Interested party	GLP Solar Special Purpose Company	Equipment leasing	—	Rental income from rooftop leasing (Note 2)	42,387	Advances received	7,629
Interested party	Light Year Special Purpose Company	Real estate	—	Rental income from rooftop leasing (Note 2)	3,822	Advances received	688
Interested party	Ichikawa-Shiohama Special Purpose Company (Note 3)	Real estate	—	Purchase of beneficiary right of real estate in trust	15,500,000	—	—
				Acceptance of security deposits	120,442	—	—
Interested party	Atsugi Two Logistics Special Purpose Company	Real estate	—	Purchase of beneficiary right of real estate in trust	21,100,000	—	—
				Acceptance of security deposits	272,006	—	—
Interested party	Yoshimi Logistics Special Purpose Company	Real estate	—	Purchase of beneficiary right of real estate in trust	11,200,000	—	—
				Receipt of deposits	624	—	—
				Acceptance of security deposits	145,466	—	—
Interested party	Fukaehama Logistics Special Purpose Company	Real estate	—	Purchase of beneficiary right of real estate in trust	4,470,000	—	—
				Acceptance of security deposits	124,083	—	—
Interested party	Azeria Two Special Purpose Company	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	—	—
Interested party	GLP J-REIT Solar GK	Equipment leasing	—	Rental income from solar panel leasing	57,437	Operating accounts receivable	13,793
Interested party	Ichikawashiohama Godo Kaisha	Equipment leasing	—	Rental income from solar panel leasing	17,290	Operating accounts receivable	6,285
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	—	Borrowing as short-term loans payable	315,000	Short-term loans payable	315,000
				Borrowing as long-term loans payable	2,050,000	Current portion of long-term loans payable	1,800,000
				Repayment of long-term loans payable	1,033,306	Long-term loans payable	9,810,000
				Interest expense	45,744	Accrued expenses	248
				Borrowing related fee	23,366	—	—
				Trust fee	9,253	Operating accounts payable	3,347
				Administrative service fee	19,993	Accounts payable	8,665
				Financial agency fee relating to investment corporation bonds	4,150	—	—

(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 royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
- (b) 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 or Light Year Special Purpose Company.
- (c) Other transactions are determined based on market conditions.

(Note 3) 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	Type of business	% of voting rights (owned)	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Interested party	Global Logistic Properties Inc.	Investment advisory/ agency	—	Property management fee	260,008	Operating accounts payable	45,809
				Royalty fee (Note 2)	7,500	—	—
				Leasing commission	48,280	—	—
Interested party	GLP Solar Special Purpose Company	Equipment leasing	—	Rental income from rooftop leasing (Note 2)	41,549	Advances received	7,056
Interested party	Light Year Special Purpose Company	Real estate	—	Rental income from rooftop leasing (Note 2)	3,822	Advances received	688
Interested party	GLP J-REIT Solar GK	Equipment leasing	—	Rental income from solar panel leasing	92,678	Operating accounts receivable	16,684
Interested party	Ichikawashiohama Godo Kaisha	Equipment leasing	—	Rental income from solar panel leasing	29,141	Operating accounts receivable	3,040
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	—	Borrowing as short-term loans payable	—	Short-term loans payable	315,000
				Repayment of long-term loans payable	800,000	Current portion of long-term loans payable	1,800,000
						Long-term loans payable	9,010,000
				Interest expense	45,296	Accrued expenses	234
				Trust fee	9,237	Operating accounts payable	3,261
				Administrative service fee	20,625	Accounts payable	9,466

(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 royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
- (b) 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 or Light Year Special Purpose Company.
- (c) Other transactions are determined based on market conditions.

**(Per Unit Information)**

Prior Period (Reference) 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	Net assets per unit	75,679 yen
Net income per unit	2,208 yen	Net income per unit	2,239 yen
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.		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 1) The basis for calculating the net income per unit is as follows:

	Prior Period (Reference) 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)

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

None

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

### 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	—	—	—	—	—



## Statements of Distributions

(Unit: Yen)

	Prior Period (Reference) 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

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.

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.

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.

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.

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.

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.

(Continued)

(Continued)

(Continued)

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)

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 operating 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.

## Statements of Cash Flows (Reference information)

	(Unit: Thousand yen)	
	Prior Period (Reference)	Current Period
	From September 1, 2016 To February 28, 2017	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

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

**(Notes Concerning Significant Accounting Policies)**

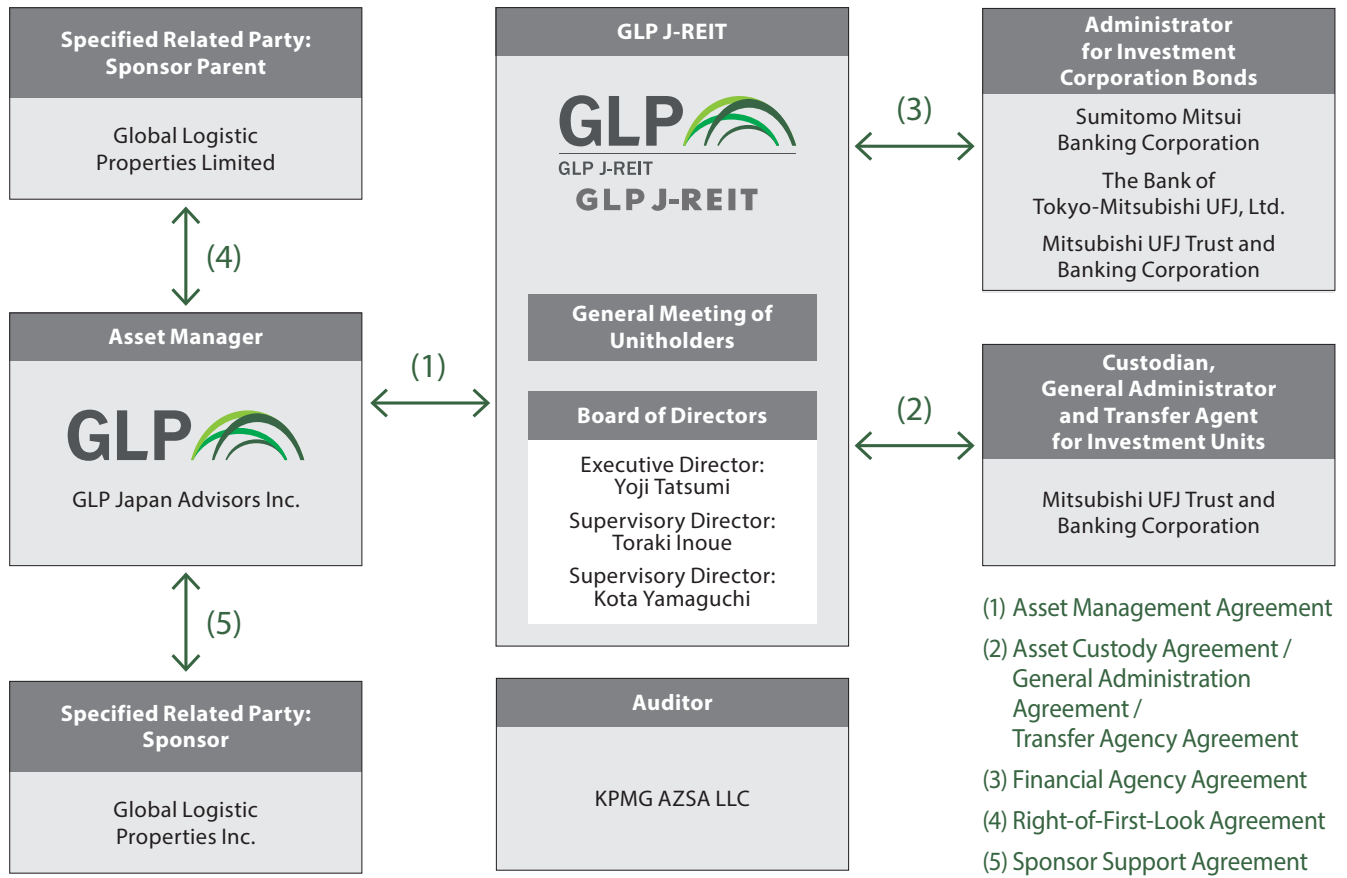
	Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017
Cash and cash equivalents as stated in the Statements of Cash Flows	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.

**(Notes to Statements of Cash Flows)**

Prior Period (Reference) From September 1, 2016 To February 28, 2017	Current Period From March 1, 2017 To August 31, 2017												
<p>*1. Reconciliation of cash and cash equivalents in the Statement of Cash Flows to accounts and amounts in the accompanying balance sheet (As of February 28, 2017)</p> <p style="text-align: right;">(Unit: Thousand yen)</p> <table> <tr> <td>Cash and deposits</td><td style="text-align: right;">3,510,803</td></tr> <tr> <td>Cash and deposits in trust</td><td style="text-align: right;">6,439,675</td></tr> <tr> <td>Cash and cash equivalents</td><td style="text-align: right;"><u>9,950,478</u></td></tr> </table>	Cash and deposits	3,510,803	Cash and deposits in trust	6,439,675	Cash and cash equivalents	<u>9,950,478</u>	<p>*1. Reconciliation of cash and cash equivalents in the Statement of Cash Flows to accounts and amounts in the accompanying balance sheet (As of August 31, 2017)</p> <p style="text-align: right;">(Unit: Thousand yen)</p> <table> <tr> <td>Cash and deposits</td><td style="text-align: right;">8,389,333</td></tr> <tr> <td>Cash and deposits in trust</td><td style="text-align: right;">6,688,825</td></tr> <tr> <td>Cash and cash equivalents</td><td style="text-align: right;"><u>15,078,158</u></td></tr> </table>	Cash and deposits	8,389,333	Cash and deposits in trust	6,688,825	Cash and cash equivalents	<u>15,078,158</u>
Cash and deposits	3,510,803												
Cash and deposits in trust	6,439,675												
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Cash and deposits	8,389,333												
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Cash and cash equivalents	<u>15,078,158</u>												

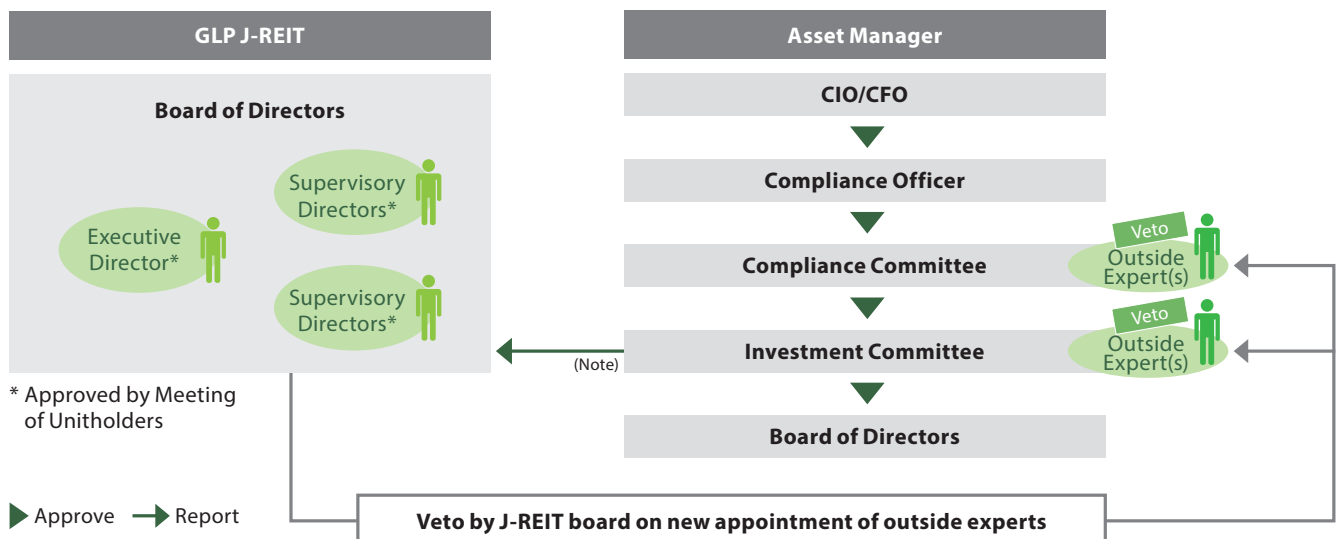
# Overview GLP J-REIT

## Structure of GLP J-REIT



(Note) Global Logistic Properties Holdings Limited, GLP Singapore Pte. Ltd. and GLP J-REIT Master Lease Godo Kaisha. is each regarded as "Specified Related Party" as defined in the Financial Instruments and Exchange Act (the "Act") since: (i) Global Logistic Properties Holdings Limited and GLP Singapore Pte. Ltd. are the indirect holding companies of GLP Japan Advisors, Inc. and (ii) GLP J-REIT Master Lease Godo Kaisha is conducting or has conducted transactions specified under Article 29-3 Paragraph 3, Item 4 (Real Estate Lending Transactions) of Order for Enforcement of the Act and thus is considered as an "interested party" of GLP Japan Advisors Inc.

## Governance Structure for Related Party Transactions

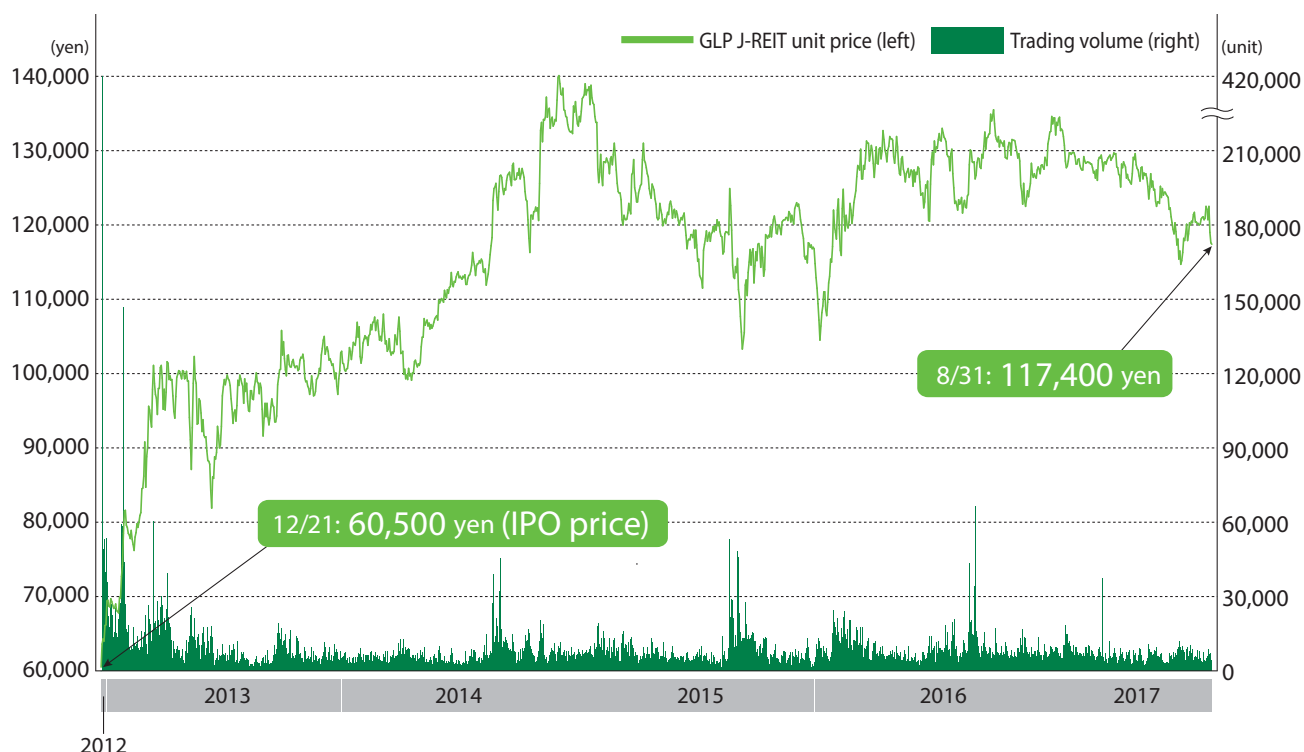


(Note) Approval of the J-REIT board is necessary for transactions that require the consent of J-REIT based on the resolution of the J-REIT board, and reporting to the board is necessary for other cases.



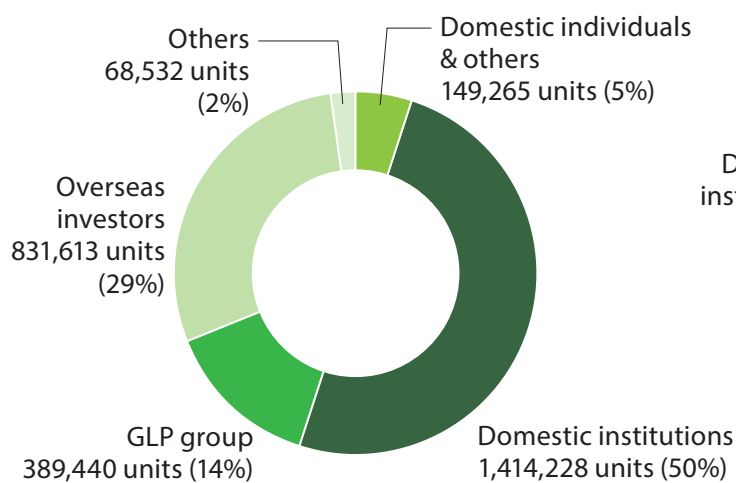
# Investor's Information

## Historical Investment Unit Price (closing price)



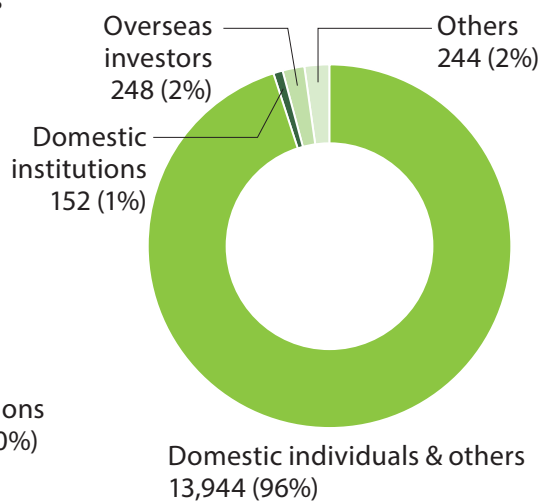
## Unitholder Composition (as of the end of Aug 2017)

Number of units held by unitholders



Total number of issued units: 2,853,078

Number of unitholders



Total number of unitholders: 14,588