

SUMMARY OF FINANCIAL RESULTS (REIT) For the 14th Fiscal Period Ended February 28, 2019

< Under Japanese GAAP >

April 15, 2019

Name of REIT Issuer: GLP J-REIT Stock Exchange Listing: TSE
Securities Code: 3281 URL <https://www.glpireit.com/>
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Scheduled date to file securities report: May 30, 2019

Scheduled date to commence distribution payments: May 21, 2019

Supplementary materials for financial results: ☒ Yes • No (Japanese / English)

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

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended February 28, 2019 (From September 1, 2018 to February 28, 2019)

(1) Operating Results

[Percentages indicate period-on-period changes]

	Operating revenues		Operating income		Ordinary income		Net income	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2019	18,691	10.6	10,185	11.9	8,946	12.6	9,052	13.9
August 31, 2018	16,896	19.1	9,100	21.9	7,944	24.4	7,944	24.4

	Net income per unit		Return on unitholders' equity		Ordinary income to total assets		Ordinary income to operating revenues	
Period ended	Yen		%		%		%	
February 28, 2019	2,365		3.1		1.6		47.9	
August 31, 2018	2,336		3.2		1.6		47.0	

(2) Distributions

	Distributions (excluding OPD*)		Optimal payable distribution (OPD)		Distributions (including OPD)		Payout ratio	Distributions to net assets
	Per Unit	Total	Per Unit	Total	Per Unit	Total		
Period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
February 28, 2019	2,361	9,050	296	1,134	2,657	10,185	99.9	2.9
August 31, 2018	2,335	7,945	299	1,017	2,634	8,962	100.0	3.0

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

(Note 1) For each period ended February 28, 2019 and August 31, 2018, payout ratio was calculated as follows since new investment units were issued during the period:

Payout ratio = Total distributions (excluding OPD) / Net income x 100

Payout ratio is rounded down to the first decimal place.

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

(Note 3) All of the amounts of OPD for the periods ended February 28, 2019 and August 31, 2018 were the refund of investment categorized as a distribution from in unitholders' capital for tax purposes.

(Note 4) Retained earnings decreased at a rate of 0.004 for each period ended February 28, 2019 and August 31, 2018, respectively, due to OPD (a refund of investment categorized as a distribution from unitholders' capital for tax purposes). These rates were calculated based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
Period ended	Million yen	Million yen	%	Yen
February 28, 2019	610,861	318,687	52.2	83,134
August 31, 2018	528,614	273,931	51.8	80,504

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
Period ended	Million yen	Million yen	Million yen	Million yen
February 28, 2019	14,565	(85,150)	71,503	16,497
August 31, 2018	9,240	(80,772)	75,102	15,577

2. Earnings Forecast for the Fiscal Periods Ending August 31, 2019 (From March 1, 2019 to August 31, 2019) and February 29, 2020 (From September 1, 2019 to February 29, 2020)

[Percentages indicate period-on-period changes]

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding OPD)	OPD per unit	Distributions per unit (including OPD)
Period ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
August 31, 2019	19,875	6.3	10,737	5.4	9,462	5.8	9,462	4.5	2,468	296	2,764
February 29, 2020	18,606	(6.4)	9,732	(9.4)	8,596	(9.2)	8,595	(9.2)	2,242	296	2,538

(Reference) Estimated net income per unit: For the fiscal period ending August 31, 2019 2,468 yen
For the fiscal period ending February 29, 2020 2,242 yen

* Other

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

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

(2) Number of investment units issued and outstanding

- (a) Number of investment units issued and outstanding, including treasury units:
As of February 28, 2019 3,833,420 Units As of August 31, 2018 3,402,681 Units
- (b) Number of treasury units:
As of February 28, 2019 0 Units As of August 31, 2018 0 Units

(Note) Please refer notes to "Per Unit Information" on page 33 for the number of investment units used as the basis for calculating the net income per unit.

* The Status of Statutory Audit

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

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

The forward-looking statements in this material are based on the information currently available to us and certain assumptions we believe reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements do not guarantee the amounts of future distributions and distributions in excess of earnings. Please refer to “Assumptions Underlying Earnings Forecasts for the 15th Fiscal Period Ending August 31, 2019 (From March 1, 2019 to August 31, 2019) and the 16th Fiscal Period Ending February 29, 2020 (From September 1, 2019 to February 29, 2020)” on page 7 – 9 for assumptions regarding the forward-looking statements.

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

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1. Structure and Formation of Investment Corporation

Disclosure is omitted, as there are no significant changes from the structure and formation of GLP J-REIT described in the most recent Securities Report filed on November 29, 2018.

2. Management Policy and Operating Conditions

(1) Management Policy

Disclosure is omitted, as there are no significant changes from the investment policy, investment targets and distribution policy described in the most recent Securities Report filed on November 29, 2018.

(2) Operating Conditions

[Overview of the Current Fiscal Period]

(i) Brief Background of GLP J-REIT

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

Having GLP Group (Note) as sponsor and investing in highly functional modern logistics facilities while taking advantage of the wealth of experience and management resources, GLP J-REIT aims to earn stable income and achieve steady growth in assets under management over the medium and long term. Since starting its operation as a listed J-REIT with 30 properties (total acquisition price of 208,731 million yen) in January 2013, GLP J-REIT has been steadily expanding its assets through the continuous acquisition of properties. As of the end of the current fiscal period, GLP J-REIT owns 76 properties (total acquisition price of 609,494 million yen).

(Note) GLP Group consists of GLP Holdings Limited, the holding company of the Sponsor of GLP J-REIT, and its group companies.

(ii) Investment Environment and Business Performance

During the current fiscal period, the Japanese economy continued to recover moderately as a whole, whereas exports were slightly weak, creating early signs which may indicate the slowdown of current recovery. At the Monetary Policy Meeting held on March 14 and 15, 2019, the Policy Board of the Bank of Japan determined that the current economy was “expanding moderately” but also mentioned that the Japanese economy has been affected by the slowdown in overseas economies. Thus, it becomes necessary to pay close attention to future trends in overseas economies.

In the real estate investment market, acquisitions by private placement funds as well as J-REITs have been increasing, and transactions remain active on the back of a continued favorable financing environment. In the logistics real estate market, active demand led to an increase in facilities development projects and liquidity has been further improved due to an increase in transactions. As a result, capitalization rates continue their downward trend.

In the logistics facilities leasing market, in addition to the new expansion of internet shopping and the business expansion of third party logistics (3PL), the importance of employment and customers' growing needs for value-added services including security have led to greater demand for modern logistics facilities with such functions. In this market environment, the vacancy rate temporarily increased in certain areas where the new supply of logistics facilities is concentrated. On the other hand, the vacancy rate of facilities held by logistics REITs or logistics facilities built more than one year ago remains low. Thus, it is deemed that the supply-demand balance of current logistics facilities continues to be stable due to the record-high levels of demand for logistics facilities.

Under these conditions, with the aim of further expansion of its asset size and improvement of stability and quality of its asset portfolio, GLP J-REIT decided to issue new investment units through the 6th public offering at the Board of Directors' Meeting held on August 13, 2018. Further, GLP J-REIT also decided to purchase eight logistics facilities, mainly developed by GLP Group (total acquisition price of 84,850 million yen) using funds from the public offering and new borrowings. The acquisition of properties was completed on September 3, 2018.

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 steady 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 13 consecutive fiscal periods since GLP J-REIT's listing on the Tokyo Stock Exchange.

As a result of these operations, GLP J-REIT owns 76 properties with a total acquisition price of 609,494 million yen and total leasable area of 2,785,263.44 m² as of the end of the current fiscal period. The occupancy rate across the entire portfolio remained stable at the high level of 99.2% as of the end of the current fiscal period. Furthermore, the total appraisal value of the entire portfolio reached 714,180 million yen with an unrealized gain of 125,479 million yen and the unrealized gain ratio (Note) of 21.3 %.

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

(iii) Overview of Financing

GLP J-REIT operates by pursuing the optimal balance between financial stability and the enhancement of investor value. With strong relationships with financial institutions, GLP J-REIT delivers cost efficiency by lengthening debt maturities, proactively using or converting to fixed interest rates and diversifying repayment dates, and maintains an appropriate level of Loan-To-Value ratio (hereinafter "LTV").

In the current fiscal period, GLP J-REIT newly borrowed 41,320 million yen to cover part of the acquisition price and related costs of eight properties which were acquired on September 3, 2018, as stated "(ii) Investment Environment and Business Performance" above. In addition, issuing the first

Green Bonds (GLP J-REIT 12th Unsecured Bonds, total amount issued: 5,100 million yen) on December 20, 2018, GLP J-REIT pursued the diversification and lengthening of debt maturities, as well as diversifying the sources of fundraising.

As a result of the above, outstanding interest-bearing liabilities as of the end of the current fiscal period totaled 274,100 million yen (outstanding loans 244,500 million yen, outstanding investment corporation bonds 29,600 million yen) and the ratio of interest-bearing liabilities to total assets (LTV) was 44.9 %.

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)	AA	—

(Note) It is the rating for the 2nd to the 12th Investment Corporation Bonds.

(iv) Overview of Financial Results and Cash Distribution

As a result of these management efforts, GLP J-REIT reported total operating revenues of 18,691 million yen, operating income of 10,185 million yen, ordinary income of 8,946 million yen and net income of 9,052 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 9,050,704,620 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 (3,833,420 units) from unappropriated retained earnings. Accordingly, distribution per unit for the current fiscal period was 2,361 yen.

In addition, GLP J-REIT intends to distribute funds in excess of the amount of retained earnings (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 1,134,692,320 yen, an amount almost equivalent to 30% of depreciation (3,788 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 296 yen.

(Note) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings that do not exceed the amount obtained by deducting capital expenditure for the accounting period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 962 million yen of capital expenditure for the current fiscal period from 3,788 million yen of depreciation expenses for the period is 2,826 million yen.

For the time being, GLP J-REIT intends to make an OPD distribution (a refund of investment

categorized as a distribution from unitholders' capital for tax purposes) in the amount equal to approximately 30% of depreciation expenses for the accounting period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair and maintenance plan or financial conditions in light of the estimated amount of capital expenditure for each fiscal period based on the plan.

With respect to all 76 properties held as of the end of the current fiscal period, the six-month period average of the total amount of the emergency repair and maintenance expenses and the medium- to long-term repair and maintenance expenses, which are set forth in the Engineering Reports, is 653 million yen.

[Outlook of Next Fiscal Period]

(i) Future Management Policy and Matters to be Addressed

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

- (A) In terms of its internal growth strategy, while enjoying the stable cash flows that characterize its portfolio of assets, GLP J-REIT will aim to keep high occupancy rate of facilities regardless the fluctuation of vacancy rate in the market as a whole, and negotiate for higher rents for lease agreements subject to renewal upon the expirations of lease periods with consideration of market rents. At the same time, GLP J-REIT will seek to enhance the value of existing assets through appropriate maintenance of such assets and capital expenditures.
- (B) With regard to its external growth strategy, GLP J-REIT will take advantage of 12 properties under Rights-of-First-Look agreement (floor area: approximately 0.69 million m²) (Note 1) (Note 2), which is held by GLP J-REIT as a specific and flexible pipeline, and seek future opportunities to acquire some of the 28 properties (floor area: approximately 2.67 million m²) (the figures include properties under construction or planned for construction) (Note 2) 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 third-party properties and using the bridge approach through the Optimal Takeout Arrangement ("OTA") (Note 3).
- (C) As to financial strategy, GLP J-REIT will examine such financing activities as extending debt maturities through refinancing, issuing investment corporate bonds and raising funds through public offerings of units, while closely monitoring the trends in the financing environment. By doing so, GLP J-REIT will work to achieve an optimal balance of financing methods and financing costs.

(Note 1) The floor area shown is for the 12 properties, including five sponsor-owned properties under the Rights-of-First-Look agreement, five properties acquired by Bridge SPCs for which the private equity placement was arranged by Mizuho Securities Co., Ltd. on January 31, 2019, and two properties acquired by another bridge scheme (undisclosed).

(Note 2) The figures as of March 31, 2019 are stated. (The figures exclude those of properties already sold as of today.) For properties under construction or planned for construction as of March 31, 2019, the floor area is calculated based on planned floor area of construction at that time.

(Note 3) Optimal Takeout Arrangement (“OTA”) refers to the arrangement under which GLP J-REIT acquires an asset at the timing designated by GLP J-REIT within the scheduled acquisition period, and with the acquisition price which may be reduced to some degree depending on the timing of acquisition.

(ii) Significant Subsequent Events

1. Sale of assets

GLP J-REIT sold the asset as described below.

GLP Fukuoka

• Type of specified asset	Beneficiary right of real estate in trust
• Contract date	March 29, 2019
• Closing date	March 29, 2019
• Sales price	2,300 million yen (Note 1)
• Buyer	Not disclosed (Note 2)

(Note 1) “Sales price” excludes asset transfer costs, property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 2) The Buyer is one entity, but its profile including the company form is not disclosed since the Buyer’s consent has not been obtained. As of today, there is no capital, personnel or transactional relationship to be disclosed between the Buyer and GLP J-REIT or its Asset Manager. In addition, the Buyer is not a related party of GLP J-REIT or its Asset Manager.

From this transaction, GLP J-REIT will recognize approximately 784 million yen of gain on sales of property and equipment for the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019).

(iii) Earnings Forecast

GLP J-REIT has made the following earnings forecasts for the fiscal period ending August 31, 2019 (From March 1, 2019 to August 31, 2019) and the fiscal period ending February 29, 2020 (From September 1, 2019 to February 29, 2020). Please refer the forecast assumptions to “Assumptions Underlying Earnings Forecasts for the 15th Fiscal Period Ending August 31, 2019 (From March 1, 2019 to August 31, 2019) and the 16th Fiscal Period Ending February 29, 2020 (From September 1, 2019 to February 29, 2020)” below.

[Percentages indicate period-on-period changes]

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding OPD)	OPD per unit	Distributions per unit (including OPD)
Period ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
August 31, 2019	19,875	6.3	10,737	5.4	9,462	5.8	9,462	4.5	2,468	296	2,764
February 29, 2020	18,606	(6.4)	9,732	(9.4)	8,596	(9.2)	8,595	(9.2)	2,242	296	2,538

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

Assumptions Underlying Earnings Forecasts for:

The 15th Fiscal Period Ending August 31, 2019 (From March 1, 2019 to August 31, 2019) and the 16th Fiscal Period Ending February 29, 2020 (From September 1, 2019 to February 29, 2020)

Item	Assumption
Accounting period	The 15th Fiscal Period: From March 1, 2019 to August 31, 2019 (184 days) The 16th Fiscal Period: From September 1, 2019 to February 29, 2020 (182 days)
Portfolio assets	<ul style="list-style-type: none"> It is assumed that the portfolio assets will consist of the trust beneficiary rights of 75 properties which excludes the trust beneficiary right of GLP Fukuoka, the property sold on March 29, 2019, from 76 properties held by GLP J-REIT as of the end of the 14th Fiscal Period. The forecasts also assume that there will be no changes to the portfolio assets (acquisition of new assets, disposal of portfolio assets, etc.) until the end of the 16th Fiscal Period. In practice, however, changes such as the acquisition or disposal of assets other than the aforementioned disposal of property may occur.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed to be 3,833,420 units, which is the number of investment units issued and outstanding as of the date of this report.
Interest-bearing liabilities	<ul style="list-style-type: none"> The outstanding interest-bearing liabilities of GLP J-REIT as of the date of this report are 274,100 million yen. It is assumed that 6,000 million yen of loans payable with the repayment date of February 28, 2020 will be refinanced with investment corporation bonds or borrowings in the 15th Fiscal Period. It is assumed that a part of 20,800 million yen of loans payable with the repayment date of January 4, 2020 will be refinanced with investment corporation bonds or borrowings in the 15th Fiscal Period. It is assumed that 1,940 million yen and 800 million yen of loans payable with the repayment date of September 2, 2019 will be refinanced with borrowings on the repayment date. It is assumed that 6,900 million yen of investment corporation bonds with the redemption date of November 28, 2019 will be refinanced with investment corporation bonds or borrowings on the redemption date. It is assumed that 1,600 million yen of loans payable will be repaid before its repayment date by using cash on hand in the 16th Fiscal Period.

Item	Assumption
	<ul style="list-style-type: none"> • Of loans payable with the repayment date of January 4, 2020, the remaining balance after the aforementioned refinancing and 3,250 million yen of loans payable with the repayment date of January 31, 2020 will be refinanced by borrowings on the respective repayment dates. • It is assumed that LTV as of August 31, 2019 (the 15th Fiscal Period) will be 44.8 % and LTV as of February 29, 2020 (the 16th Fiscal Period) will be 44.9 %. The following formula is used to compute LTV. $LTV = (\text{Balance of interest-bearing liabilities} / \text{Total assets}) \times 100$
Operating revenues	<ul style="list-style-type: none"> • 784 million yen of gain on sale of GLP Fukuoka is expected to be realized in the 15th Fiscal Period. • The forecasts assume seasonal effects on rent revenues since solar panels attached to properties are leased under variable-rent leases. Rental income from solar panel leasing is assumed to be 580 million yen for the 15th Fiscal Period and 325 million yen for the 16th Fiscal Period. • Concerning operating revenues, the forecasts assume that there is no delinquent rent payment by tenants.
Operating expenses	<ul style="list-style-type: none"> • With respect to taxes on property and equipment (fixed asset tax, city planning tax and depreciable asset tax on real estate, etc. hereinafter “property-related taxes”) held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period are recognized as rental expenses. However, if property and equipment is newly acquired and adjusted amounts of property-related taxes for the year under the same accounting period (the “amounts equivalent to property-related taxes”) arise between GLP J-REIT and the transferor, the relevant adjusted amounts are capitalized as part of the acquisition cost of the relevant property. • Taxes and dues are expected to be 1,570 million yen for the 15th Fiscal Period and 1,569 million yen for the 16th Fiscal Period. • Repair and maintenance expenses are expected to be 109 million yen for the 15th Fiscal Period and 63 million yen for the 16th Fiscal Period. • Property and facility management fees are expected to be 682 million yen for the 15th Fiscal Period and 673 million yen for the 16th Fiscal Period. • Depreciation is expected to be 3,788 million yen for the 15th Fiscal Period and 3,793 million yen for the 16th Fiscal Period. • Of rental expenses that are the main operating expenses, expenses other than depreciation are estimated based on the historical experiences and fluctuation factors. • Please be aware that actual amount of repair and maintenance expenses of each accounting period may be significantly different from the estimated amount due to the following reasons: repair and maintenance (1) may emergently arise due to property damages occurred by unpredictable incidents; (2) generally varies in amount from period to period and (3) may not arise regularly. • Depreciation is estimated using the straight-line method based on acquisition costs including incidental expenses assumed and additional capital expenditure in the future.
NOI (Net Operating Income)	<ul style="list-style-type: none"> • NOI (the amount calculated by deducting rental expenses, excluding depreciation, from operating revenues) is expected to be 16,014 million yen for the 15th Fiscal Period and 15,655 million yen for the 16th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • The total amount of interest expenses on loans, interest expenses on investment corporation bonds, amortization of investment corporation bonds issuance expenses and other finance-related expenses are expected to be 1,228 million yen for the 15th Fiscal Period and 1,104 million yen for the 16th Fiscal Period. Investment corporation bonds issuance expenses are amortized monthly for the period from issuance to redemption. • Investment unit issuance expenses are amortized monthly for three years from occurrence, and amortization expenses are expected to be 46 million yen for the 15th Fiscal Period and 31 million yen for the 16th Fiscal Period.

Item	Assumption
Distributions per unit (excluding OPD)	<ul style="list-style-type: none"> • Distribution per unit is calculated in accordance with the distribution policy set forth in the Articles of Incorporation of GLP J-REIT. • Distributions per unit (excluding OPD) may change due to various factors including changes in portfolio assets, changes in rental revenues in connection with changes in tenants, unexpected repair, changes in interest rates and additional issuance of investment units.
Optimal payable distribution (OPD) per unit	<ul style="list-style-type: none"> • The forecasts assume that all of the amounts of OPD for the 15th Period and the 16th Period will be the refund of its investment categorized as a distribution from unitholders' capital for tax purposes. • OPD per unit is calculated in accordance with the policy on cash distributions in excess of retained earnings provided in the Management Guidelines, the internal policy of the Asset Manager. It is calculated by assuming distribution of approximately 30% of respective depreciation arising in the 15th Fiscal Period and the 16th Fiscal Period. • Depreciation may vary from the current expected amount due to change in portfolio assets, the amount of incidental expenses incurred and the amount of capital expenditure. Therefore, the total amount of OPD calculated on the basis of depreciation may also vary due to these and other various factors. In addition, in order to maintain the value of assets held by GLP J-REIT, in the event that GLP J-REIT is to pay out OPD, GLP J-REIT sets the maximum as the amount of depreciation less capital expenditure incurred in the accounting period in which the concerned depreciation was recognized. Therefore, when urgent capital expenditure arises from unforeseen factors causing building damage and other, the amount of OPD per unit may decrease. Moreover, when the appraisal LTV provided below exceeds 60%, GLP J-REIT will not pay out OPD. • Appraisal LTV (%) = $A/B \times 100$ (%) A= Interest-bearing liabilities balance (including investment corporation bonds balance and short-term investment corporation bonds balance) at the end of the period + Deposit release amount at the end of the period B= Total amount of appraisal value or research price of portfolio assets at the end of the period + Cash and deposits balance at the end of the period – Scheduled total amount of distributions of earnings – Scheduled total amount of OPD The scheduled total amount of distributions of earnings and scheduled total amount of OPD are assumed to be the same as the actual figures of the most recent fiscal period.
Other	<ul style="list-style-type: none"> • The forecasts assume 192 million yen of extraordinary loss (repair and maintenance expenses) for damage to properties sustained during Typhoon Jebi (No.21) and Typhoon Trami (No.24) in September 2018; however, extraordinary income (insurance income) is also assumed at an amount equivalent to the loss. • The forecasts assume that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations of the Tokyo Stock Exchange, Inc., rules of the Investment Trusts Association, Japan, ("JITA"), etc. that will impact the forecast figures above. • The forecasts assume that there will be no unforeseen material change in general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousand yen)	
	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Assets		
Current assets		
Cash and deposits	7,617,737	7,113,336
Cash and deposits in trust	7,960,149	9,383,835
Operating accounts receivable	1,770,717	1,909,626
Prepaid expenses	442,635	546,037
Consumption taxes receivable	2,985,941	1,146,043
Other current assets	2,301	2,293
Total current assets	20,779,483	20,101,172
Noncurrent assets		
Property and equipment		
Vehicles	1,016	1,016
Accumulated depreciation	(508)	(635)
Vehicles, net	508	381
Buildings in trust	224,866,071	252,204,846
Accumulated depreciation	(25,768,052)	(29,355,567)
Buildings in trust, net	199,098,019	222,849,278
Structures in trust	5,790,599	6,201,724
Accumulated depreciation	(1,556,936)	(1,741,238)
Structures in trust, net	4,233,663	4,460,486
Machinery and equipment in trust	57,507	57,873
Accumulated depreciation	(48,340)	(51,431)
Machinery and equipment in trust, net	9,167	6,442
Tools, furniture and fixtures in trust	249,272	266,845
Accumulated depreciation	(109,772)	(122,835)
Tools, furniture and fixtures in trust, net	139,499	144,009
Land in trust	302,746,622	361,239,986
Construction in progress	23,484	—
Total property and equipment, net	506,250,964	588,700,584
Investments and other assets		
Investment securities	1,600	1,600
Long-term prepaid expenses	1,365,906	1,781,707
Deferred tax assets	—	62
Security deposits	10,000	10,000
Other	1,400	1,400
Total investments and other assets	1,378,906	1,794,770
Total noncurrent assets	507,629,871	590,495,354
Deferred assets		
Investment unit issuance expenses	111,283	157,006
Investment corporation bond issuance costs	94,322	108,168
Total deferred assets	205,605	265,174
Total Assets	528,614,960	610,861,701

(Unit: Thousand yen)

	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Liabilities		
Current liabilities		
Operating accounts payable	342,177	218,617
Short-term loans payable	1,160,000	800,000
Current portion of investment corporation bonds	6,000,000	6,900,000
Current portion of long-term loans payable	20,900,000	31,990,000
Accounts payable	2,167,737	2,452,715
Accrued expenses	60,560	78,233
Income taxes payable	605	1,706
Advances received	2,799,913	3,160,598
Deposits received	143,855	—
Current portion of tenant leasehold and security deposits	19,134	43,687
Total current liabilities	33,593,982	45,645,559
Noncurrent liabilities		
Investment corporation bonds	24,500,000	22,700,000
Long-term loans payable	185,620,000	211,710,000
Tenant leasehold and security deposits	10,895,259	11,893,873
Tenant leasehold and security deposits in trust	74,000	224,560
Total noncurrent liabilities	221,089,259	246,528,434
Total Liabilities	254,683,242	292,173,993
Net Assets		
Unitholders' equity		
Unitholders' capital	273,277,487	317,943,829
Deduction from unitholders' capital	(7,292,483)	(8,309,885)
Unitholders' capital, net	265,985,003	309,633,944
Retained earnings		
Unappropriated retained earnings	7,946,714	9,053,764
Total retained earnings	7,946,714	9,053,764
Total unitholders' equity	273,931,717	318,687,708
Total Net Assets *1	273,931,717	318,687,708
Total Liabilities and Net Assets	528,614,960	610,861,701

(2) Statements of Income

	(Unit: Thousand yen)	
	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Operating revenues		
Rental revenues *1	15,545,133	17,642,441
Other rental revenues *1	1,351,299	1,049,058
Total operating revenues	16,896,432	18,691,499
Operating expenses		
Rental expenses *1	5,936,781	6,389,098
Asset management fee	1,738,971	1,994,088
Asset custody fee	6,636	7,547
Administrative service fees	22,439	24,474
Directors' remuneration	3,960	3,960
Audit fee	13,500	13,500
Taxes and dues	108	103
Other operating expenses	73,805	73,302
Total operating expenses	7,796,204	8,506,074
Operating income	9,100,227	10,185,424
Non-operating income		
Interest income	57	67
Reversal of distributions payable	998	1,954
Interest on refund of consumption taxes and other	683	3,645
Others	0	0
Total non-operating income	1,740	5,668
Non-operating expenses		
Interest expense	753,981	817,637
Interest expenses on investment corporation bonds	72,121	80,371
Amortization of investment corporation bond issuance costs	14,138	15,440
Borrowing related expenses	214,667	239,726
Amortization of investment unit issuance expenses	45,966	46,150
Offering costs associated with the issuance of investment units	54,823	41,496
Others	1,346	3,756
Total non-operating expenses	1,157,045	1,244,580
Ordinary income	7,944,922	8,946,512
Extraordinary income		
Insurance income *2	—	554,024
Total extraordinary income	—	554,024
Extraordinary losses		
Loss on disaster *3	—	446,573
Total extraordinary losses	—	446,573
Income before income taxes	7,944,922	9,053,963
Income taxes-current	605	1,716
Income taxes-deferred	10	(62)
Total income taxes	615	1,653
Net income	7,944,307	9,052,310
Accumulated earnings brought forward	2,406	1,454
Unappropriated retained earnings	7,946,714	9,053,764

(3) Statements of Changes in Net Assets

Prior period (From March 1, 2018 to August 31, 2018)

(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	(6,433,707)	208,665,004	6,390,448	6,390,448	215,055,453	215,055,453
Changes of items during the period							
Issuance of new investment units	58,178,775		58,178,775			58,178,775	58,178,775
Distributions in excess of retained earnings		(858,776)	(858,776)			(858,776)	(858,776)
Distributions of earnings				(6,388,041)	(6,388,041)	(6,388,041)	(6,388,041)
Net income				7,944,307	7,944,307	7,944,307	7,944,307
Total changes of items during the period	58,178,775	(858,776)	57,319,998	1,556,265	1,556,265	58,876,264	58,876,264
Balance at the end of the period *1	273,277,487	(7,292,483)	265,985,003	7,946,714	7,946,714	273,931,717	273,931,717

Current period (From September 1, 2018 to February 28, 2019)

(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	273,277,487	(7,292,483)	265,985,003	7,946,714	7,946,714	273,931,717	273,931,717
Changes of items during the period							
Issuance of new investment units	44,666,342		44,666,342			44,666,342	44,666,342
Distributions in excess of retained earnings		(1,017,401)	(1,017,401)			(1,017,401)	(1,017,401)
Distributions of earnings				(7,945,260)	(7,945,260)	(7,945,260)	(7,945,260)
Net income				9,052,310	9,052,310	9,052,310	9,052,310
Total changes of items during the period	44,666,342	(1,017,401)	43,648,940	1,107,050	1,107,050	44,755,990	44,755,990
Balance at the end of the period *1	317,943,829	(8,309,885)	309,633,944	9,053,764	9,053,764	318,687,708	318,687,708

(4) Statements of Distributions

(Unit: Yen)		
	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
I Unappropriated retained earnings	7,946,714,353	9,053,764,437
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	1,017,401,619	1,134,692,320
III Distributions	8,962,661,754	10,185,396,940
[Distributions per unit]	[2,634]	[2,657]
Of which, distributions of earnings	7,945,260,135	9,050,704,620
[Of which, distributions of earnings per unit]	[2,335]	[2,361]
Of which, distributions in excess of retained earnings	1,017,401,619	1,134,692,320
[Of which, distributions in excess of retained earnings per unit]	[299]	[296]
IV Retained earnings carried forward	1,454,218	3,059,817

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.

Accordingly, GLP J-REIT declared a distribution amount of 7,945,260,135 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.

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 9,050,704,620 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.

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(Continued)

(Continued)

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

Thus, GLP J-REIT declared an OPD (a refund of investment categorized as a distribution from unitholders’ capital for tax purposes) amounting to 1,017,401,619 yen, which was determined as follows: (1) the amount not exceeding the upper limit of 2,742,388,093 yen calculated by deducting capital expenditure of 658,520,445 yen from depreciation expense of 3,400,908,538 yen, and (2) approximately 30% of the depreciation expense of 3,400,908,538 yen for the period.

(Continued)

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

Thus, GLP J-REIT declared an OPD (a refund of investment categorized as a distribution from unitholders’ capital for tax purposes) amounting to 1,134,692,320 yen, which was determined as follows: (1) the amount not exceeding the upper limit of 2,826,093,522 yen calculated by deducting capital expenditure of 962,005,439 yen from depreciation expense of 3,788,098,961 yen, and (2) approximately 30% of the depreciation expense of 3,788,098,961 yen for the period.

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

(5) Statements of Cash Flows

	(Unit: Thousand yen)	
	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Operating activities:		
Income before income taxes	7,944,922	9,053,963
Depreciation	3,400,908	3,788,098
Amortization of investment corporation bond issuance costs	14,138	15,440
Amortization of investment unit issuance expenses	45,966	46,150
Interest income	(57)	(67)
Reversal of distributions payable	(998)	(1,954)
Interest expense	826,103	898,008
Insurance income	—	(554,024)
Loss on disaster	—	446,573
Decrease (increase) in operating accounts receivable	(154,244)	(138,908)
Decrease (increase) in prepaid expenses	(41,380)	(103,401)
Decrease (increase) in consumption taxes receivable	(2,865,193)	1,839,898
Decrease (increase) in other current assets	23	7
Decrease (increase) in long-term prepaid expenses	(124,638)	(415,801)
Increase (decrease) in operating accounts payable	163,790	(123,559)
Increase (decrease) in accounts payable	307,047	214,487
Increase (decrease) in advances received	386,211	360,685
Increase (decrease) in deposits received	143,855	(143,855)
Subtotal	10,046,455	15,181,741
Interest received	57	67
Interest paid	(805,229)	(880,335)
Income taxes paid	(807)	(615)
Proceeds from insurance income	—	554,024
Payments for loss on disaster	—	(288,891)
Net cash provided by (used in) operating activities	9,240,476	14,565,991
Investing activities:		
Purchase of property and equipment	(86)	(1,785)
Purchase of property and equipment in trust	(83,099,394)	(86,322,082)
Proceeds from tenant leasehold and security deposits	2,389,719	1,468,426
Repayments of tenant leasehold and security deposits	(63,102)	(294,699)
Net cash provided by (used in) investing activities	(80,772,864)	(85,150,140)
Financing activities:		
Proceeds from short-term loans payable	1,140,000	8,000,000
Repayments of short-term loans payable	(5,480,000)	(8,360,000)
Proceeds from long-term loans payable	25,630,000	58,080,000
Repayments of long-term loans payable	—	(20,900,000)
Proceeds from issuance of investment corporation bonds	3,000,000	5,100,000
Redemption of investment corporation bonds	—	(6,000,000)
Payments of investment corporation bond issuance costs	(20,516)	(29,286)
Proceeds from issuance of investment units	58,079,617	44,574,468
Payment of distributions of earnings	(6,387,658)	(7,944,769)
Payment of distributions in excess of retained earnings	(858,547)	(1,016,978)
Net cash provided by (used in) financing activities	75,102,894	71,503,434
Net increase (decrease) in cash and cash equivalents	3,570,505	919,284
Cash and cash equivalents at beginning of period	12,007,381	15,577,887
Cash and cash equivalents at end of period *1	15,577,887	16,497,172

(6) Notes Concerning Going Concern Assumption

None

(7) Notes Concerning Significant Accounting Policies

1. Basis and method of valuation of assets	<p>Securities</p> <p>Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.</p>										
2. Depreciation of noncurrent assets	<p>Property and equipment including trust assets</p> <p>Property and equipment are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:</p> <table> <tr> <td>Buildings</td><td>2 to 77 years</td></tr> <tr> <td>Structures</td><td>2 to 60 years</td></tr> <tr> <td>Machinery and equipment</td><td>6 to 12 years</td></tr> <tr> <td>Vehicles</td><td>4 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 18 years</td></tr> </table>	Buildings	2 to 77 years	Structures	2 to 60 years	Machinery and equipment	6 to 12 years	Vehicles	4 years	Tools, furniture and fixtures	2 to 18 years
Buildings	2 to 77 years										
Structures	2 to 60 years										
Machinery and equipment	6 to 12 years										
Vehicles	4 years										
Tools, furniture and fixtures	2 to 18 years										
3. Accounting treatment for deferred assets	<p>(1) Investment unit issuance expenses are amortized over three years using the straight-line method.</p> <p>(2) Investment corporation bond issuance costs are amortized over the respective terms of the bonds using the straight-line method.</p>										
4. Revenue and expense recognition	<p>Taxes on property and equipment</p> <p>With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period are accounted for as rental expenses.</p> <p>Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related taxes are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property-related taxes amounted to 274,381 thousand yen for the prior period and 114,332 thousand yen for the current period.</p>										

5. Hedge accounting	<p>GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on floating rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense.</p> <p>The hedge effectiveness test for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment as permitted under the Japanese GAAP.</p>
6. Cash and cash equivalents as stated in the Statements of Cash Flows	<p>Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.</p>
7. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment of beneficiary right of real estate in trust</p> <p>As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts.</p> <p>The following significant trust assets are shown separately on the balance sheets.</p> <ul style="list-style-type: none"> (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>(2) Accounting treatment for consumption taxes</p> <p>Consumption taxes withheld and paid are not included in the accompanying statements of income.</p>

(8) Notes Concerning Changes in Presentation

GLP J-REIT has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (the Accounting Standards Board of Japan (“ASBJ”) Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal period. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities, if any.

(9) Notes to Financial Statements

(Notes to Balance Sheets)

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

(Unit: Thousand yen)

Prior Period As of August 31, 2018	Current Period As of February 28, 2019
50,000	50,000

(Notes to Statements of Income)

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

(Unit: Thousand yen)

	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
A. Property-related revenues		
Rental revenues:		
Rental revenues	15,030,857	17,049,111
Common area charges	514,275	593,329
Total	15,545,133	17,642,441
Other revenues related to property leasing		
Utility charges	478,394	513,379
Parking lots	62,739	74,618
Solar panel leasing	648,099	363,025
Others	162,065	98,035
Total	1,351,299	1,049,058
Total property-related revenues	16,896,432	18,691,499
B. Property-related expenses		
Rental expenses:		
Taxes and dues	1,223,515	1,223,515
Property and facility management fees	602,115	680,351
Utilities	418,447	417,040
Repairs and maintenance	135,991	82,105
Casualty insurance	30,707	38,001
Depreciation	3,400,908	3,788,098
Others	125,095	159,985
Total property-related expenses	5,936,781	6,389,098
C. Operating income from property leasing (A – B)	10,959,650	12,302,400

*2. Extraordinary income:

Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
—	GLP J-REIT received insurance proceeds of 554,024 thousand yen for damage to properties sustained during Typhoon Jebi (No.21) and Typhoon Trami (No.24) in 2018, and recognized the amount as insurance income.

*3. Extraordinary loss:

Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
—	GLP J-REIT recognized a loss on disaster of 446,573 thousand yen for the restoration of property damage sustained during Typhoon Jebi (No.21) and Typhoon Trami (No.24) in 2018.

(Notes to Statements of Changes in Net Assets)

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

	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Number of investment units authorized	16,000,000 units	16,000,000 units
Number of investment units issued and outstanding	3,402,681 units	3,833,420 units

(Notes to Statements of Cash Flows)

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

	(Unit: Thousand yen)	
	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Cash and deposits	7,617,737	7,113,336
Cash and deposits in trust	7,960,149	9,383,835
Cash and cash equivalents	15,577,887	16,497,172

(Leases)

Operating lease transactions (As Lessor)

Future minimum rental revenues

	(Unit: Thousand yen)	
	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Due within one year	30,149,858	33,593,879
Due after one year	87,546,426	90,013,364
Total	117,696,285	123,607,244

(Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

(3) Supplemental explanation regarding fair values of financial instruments

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

2. Estimated fair value of financial instruments

Prior Period (As of August 31, 2018)

Book value, fair value and differences between the values as of August 31, 2018 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	7,617,737	7,617,737	—
(2) Cash and deposits in trust	7,960,149	7,960,149	—
Total assets	15,577,887	15,577,887	—
(1) Short-term loans payable	1,160,000	1,160,000	—
(2) Current portion of investment corporation bonds	6,000,000	6,010,200	10,200
(3) Current portion of long-term loans payable	20,900,000	20,911,370	11,370
(4) Investment corporation bonds	24,500,000	24,744,840	244,840
(5) Long-term loans payable	185,620,000	186,846,882	1,226,882
Total liabilities	238,180,000	239,673,293	1,493,293
Derivative transactions	—	(22,505)	(22,505)

Current Period (As of February 28, 2019)

Book value, fair value and differences between the values as of February 28, 2019 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	7,113,336	7,113,336	—
(2) Cash and deposits in trust	9,383,835	9,383,835	—
Total assets	16,497,172	16,497,172	—
(1) Short-term loans payable	800,000	800,000	—
(2) Current portion of investment corporation bonds	6,900,000	6,895,860	(4,140)
(3) Current portion of long-term loans payable	31,990,000	32,106,328	116,328
(4) Investment corporation bonds	22,700,000	22,999,350	299,350
(5) Long-term loans payable	211,710,000	214,143,893	2,433,893
Total liabilities	274,100,000	276,945,432	2,845,432
Derivative transactions	—	—	—

(Note 1) Methods to estimate fair value of financial instruments and matters regarding derivative transactions

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

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

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

(3) Current portion of long-term loans payable and (5) 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.

Derivative transactions:

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

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

(Unit: Thousand yen)

Account name	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Tenant leasehold and security deposits	10,895,259	11,893,873
Tenant leasehold and security deposits in trust	74,000	224,560
Total	10,969,259	12,118,434

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

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

Prior Period (As of August 31, 2018)

(Unit: Thousand yen)

	Due within one year
Cash and deposits	7,617,737
Cash and deposits in trust	7,960,149
Total	15,577,887

Current Period (As of February 28, 2019)

(Unit: Thousand yen)

	Due within one year
Cash and deposits	7,113,336
Cash and deposits in trust	9,383,835
Total	16,497,172

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

Prior Period (As of August 31, 2018)

(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	—	3,500,000	9,600,000
Long-term loans payable	20,900,000	25,990,000	31,250,000	24,860,000	24,230,000	79,290,000
Total	26,900,000	32,890,000	35,750,000	24,860,000	27,730,000	88,890,000

Current Period (As of February 28, 2019)

(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	6,900,000	4,500,000	—	1,500,000	2,000,000	14,700,000
Long-term loans payable	31,990,000	27,450,000	33,660,000	34,200,000	21,320,000	95,080,000
Total	38,890,000	31,950,000	33,660,000	35,700,000	23,320,000	109,780,000

(Investment Securities)

Prior Period (As of August 31, 2018) and Current Period (As of February 28, 2019)

None

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

Prior Period (As of August 31, 2018) and Current Period (As of February 28, 2019)

None

2. Derivative transactions for which hedge accounting is applied

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

Prior Period (As of August 31, 2018)

(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	181,180,000 (Note 1)	163,580,000 (Note 1)	(22,505) (Note 2)	(Note 3)

(Note 1) The amount includes 33,320 million yen of interest rate swap entered on August 30, 2018. The start date of the loan subject to the interest rate swap is September 3, 2018.

(Note 2) At August 31, 2018, the interest rate swap entered on August 30, 2018 is not deemed as an integral component of long-term loan payable under the special accounting treatment since the corresponding loan designated as a hedged item has not yet started. Thus, the amount presents the fair value of the aforementioned interest rate swap as of August 31, 2018. Interest rate swaps under the special accounting treatment are accounted for as an integral component of long-term loans payable designated as hedged items. Thus, their fair value is included in

that of long-term loans payable disclosed in aforementioned “(Financial Instruments), 2. Estimated fair value of financial instruments, (3) Current portion of long-term loans payable and (5) Long-term loans payable.”
(Note 3) Fair value is measured by the counterparty of the relevant transaction based on market rates.

Current Period (As of February 28, 2019)

(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	182,340,000	161,540,000	(Note 1)	(Note 2)

(Note 1) Interest rate swaps under the special accounting treatment are accounted for as an integral component of long-term loans payable designated as hedged items. Thus, their fair value is included in that of long-term loans payable disclosed in aforementioned “(Financial Instruments), 2. Estimated fair value of financial instruments, (3) Current portion of long-term loans payable and (5) Long-term loans payable.”

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

(Retirement Benefit Plans)

Prior Period (As of August 31, 2018) and Current Period (As of February 28, 2019)

None

(Equity in Income)

Prior Period (As of August 31, 2018) and Current Period (As of February 28, 2019)

No affiliate exists, thus, none to report.

(Asset Retirement Obligation)

Prior Period (As of August 31, 2018) and Current Period (As of February 28, 2019)

None

(Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: Thousand yen)

	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Deferred tax assets		
Enterprise tax payable	—	62
Total	—	62
Net deferred tax assets	—	62

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

(Unit: %)

	Prior Period As of August 31, 2018	Current Period As of February 28, 2019
Statutory effective tax rate	31.74	31.51
(Adjustments)		
Distributions deductible for tax purposes	(31.74)	(31.50)
Other	0.01	0.01
Actual tax rate	0.01	0.02

(Related Party Transactions)

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

Prior Period (From March 1, 2018 to August 31, 2018) and Current Period (From September 1, 2018 to February 28, 2019)

None

2. Transactions and account balances with affiliates

Prior Period (From March 1, 2018 to August 31, 2018) and Current Period (From September 1, 2018 to February 28, 2019)

None

3. Transactions and account balances with companies under common control

Prior Period (From March 1, 2018 to August 31, 2018)

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Subsidiary of major unitholder	GLP Japan Inc.	Minato-ku, Tokyo	100,000	Investment advisory/ agency	—	Entrustment of property management Patent license	Property management fee	312,099	Operating accounts payable	79,460
							Leasing commission	80,736		
							Royalty fee (Note 2)	7,500		
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	110,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Asset management fee (Notes 2 and 3)	1,970,152	Accounts payable	1,661,539
	GLP J-REIT Master Lease GK	Minato-ku, Tokyo	1,000	Real estate	—	Solar panel leasing	Rental income from solar panel leasing	254,036	Operating accounts receivable	52,948
	Ichikawashiohama Godo Kaisha	Minato-ku, Tokyo	1,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	30,722	Operating accounts receivable	4,864
	Fukaehama Logistic Special Purpose Company (Note 4)	Minato-ku, Tokyo	169,600	Real estate	—	—	Purchase of beneficiary right of real estate in trust	7,440,881	—	—
							Receipt of deposits	4,031	—	—
							Acceptance of security deposits	264,538	—	—
	Funabashi Two Logistic Special Purpose Company (Notes 4 and 5)	Minato-ku, Tokyo	1,971,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	7,789,590	—	—
							Receipt of deposits	2,979	—	—
							Acceptance of security deposits	96,097	—	—

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Subsidiary of major unitholder	Misato Logistic Special Purpose Company (Note 4)	Minato-ku, Tokyo	17,350	Real estate	—	—	Purchase of beneficiary right of real estate in trust	16,939,573	—	—
							Receipt of deposits	10,768	—	—
							Acceptance of security deposits	799,000	—	—
	Maishima One Logistic Special Purpose Company (Note 4)	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	19,390,298	—	—
							Receipt of deposits	15,872	—	—
							Acceptance of security deposits	483,267	—	—
	Soja Logistic Special Purpose Company	Minato-ku, Tokyo	33,350	Real estate	—	—	Purchase of beneficiary right of real estate in trust	12,800,000	—	—
							Receipt of deposits	6,282	—	—
							Acceptance of security deposits	395,414	—	—
	Soja Two Logistic Special Purpose Company	Minato-ku, Tokyo	8,950	Real estate	—	—	Purchase of beneficiary right of real estate in trust	12,700,000	—	—
							Receipt of deposits	6,958	—	—
							Acceptance of security deposits	204,889	—	—
	GLP Solar Special Purpose Company	Minato-ku, Tokyo	12,900	Equipment leasing	—	—	Purchase of beneficiary right of solar panels in trust	4,990,000	—	—
	GLP Tosu One GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	62,488	Operating accounts receivable	12,757
	GLP Sugito Y.K.	Minato-ku, Tokyo	3,800	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	15,811	Operating accounts receivable	3,396
	GLP Urayasu Three Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	50,237	Operating accounts receivable	11,246
	GLP Tokyo Two Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	24,067	Operating accounts receivable	5,307
	GLP Komaki Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	39,053	Operating accounts receivable	7,438
	GLP Fukusaki Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	25,989	Operating accounts receivable	5,047
	GLP Amagasaki Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	42,051	Operating accounts receivable	8,307
	GLP Misato Two GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	27,110	Operating accounts receivable	5,430
	GLP Maishima Two Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	28,926	Operating accounts receivable	5,703
	GLP Kiyama GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	47,605	Operating accounts receivable	9,696

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

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

- (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
- (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by GLP Japan Inc.
- (c) Other transactions, including the transaction described in below (Note 4), are determined based on market conditions.

(Note 3) The Asset management fee above includes management fees of 231,181 thousand yen capitalized as part of acquisition costs of properties.

(Note 4) The counterparty of the transactions was Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) which is not a related party of GLP J-REIT. The sellers of the corresponding properties (GLP Urayasu, GLP Funabashi II, GLP Misato and GLP Maishima I; hereinafter the “Four Properties”) to SMFL were, however, Fukaehama Logistic Special Purpose Company, Funabashi Two Logistic

Special Purpose Company, Misato Logistic Special Purpose Company, and Maishima One Logistic Special Purpose Company, respectively, and they are all owned by GLP Holding Limited, the major unitholder of GLP J-REIT. At the same time of the acquisition of the Four Properties, SMFL entered the contract to sell the said properties to GLP J-REIT; that is, SMFL held the Four Properties only temporarily. Further, the contract prescribed that GLP J-REIT's acquisition price of the Four Properties shall be determined based on the acquisition price by SMFL. Thus, GLP J-REIT considers that the transactions were essentially made with the related parties of GLP J-REIT, and discloses them as related party transactions. The amounts stated above are the amounts of transactions between GLP J-REIT and SMFL.

(Note 5) Funabashi Two Logistic Special Purpose Company has been liquidated on March 29, 2018.

Current Period (From September 1, 2018 to February 28, 2019)

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Subsidiary of major unitholder	GLP Japan Inc.	Minato-ku, Tokyo	100,000	Investment advisory/agency	—	Entrustment of property management Patent license	Property management fee	354,879	Operating accounts payable	66,277
							Leasing commission	108,702		
							Royalty fee (Note 2)	7,500		
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	110,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Asset management fee (Notes 2 and 3)	2,248,638	Accounts payable	1,897,412
	GLP J-REIT Master Lease GK	Minato-ku, Tokyo	1,000	Real estate	—	Solar panel leasing	Rental income from solar panel leasing	146,421	Operating accounts receivable	27,648
	Ichikawashiohama Godo Kaisha	Minato-ku, Tokyo	1,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	15,911	Operating accounts receivable	5,236
	GLP Tosu One GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	35,685	Operating accounts receivable	5,629
	GLP Sugito Y.K.	Minato-ku, Tokyo	4,300	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	9,512	Operating accounts receivable	1,694
	GLP Urayasu Three Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	27,323	Operating accounts receivable	4,399
	GLP Tokyo Two Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	13,255	Operating accounts receivable	2,183
	GLP Komaki Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	22,299	Operating accounts receivable	3,905
	GLP Fukusaki Y.K.	Minato-ku, Tokyo	3,500	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	14,119	Operating accounts receivable	2,376
	GLP Amagasaki Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	21,363	Operating accounts receivable	3,666
	GLP Misato Two GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	15,665	Operating accounts receivable	2,710
	GLP Maishima Two Y.K.	Minato-ku, Tokyo	3,000	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	15,050	Operating accounts receivable	2,553
	GLP Kiyama GK	Minato-ku, Tokyo	2,200	Equipment leasing	—	Solar panel leasing	Rental income from solar panel leasing	26,417	Operating accounts receivable	4,348
	Shinsuna Logistic Special Purpose Company	Minato-ku, Tokyo	3,517,000	Real estate	—	—	Purchase of beneficiary right of real estate in trust	18,300,000	—	—
							Receipt of deposits	27,614	—	—
							Acceptance of security deposits	203,578	—	—

Classification	Name of the company	Location	Stated capital (Thousand yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
	Azalea Two Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	17,720,000	—	—
							Receipt of deposits	17,598	—	—
							Acceptance of security deposits	215,318	—	—
Subsidiary of major unitholder	Osaka Logistic Special Purpose Company	Minato-ku, Tokyo	25,250	Real estate	—	—	Purchase of beneficiary right of real estate in trust	36,000,000	—	—
							Receipt of deposits	25,515	—	—
							Acceptance of security deposits	369,907	—	—
	Cosmos Special Purpose Company	Minato-ku, Tokyo	681,100	Real estate	—	—	Purchase of beneficiary right of real estate in trust	4,730,000	—	—
							Acceptance of security deposits	72,042	—	—
	Neyagawa Logistic Special Purpose Company	Minato-ku, Tokyo	419,800	Real estate	—	—	Purchase of beneficiary right of real estate in trust	8,100,000	—	—
							Acceptance of security deposits	150,560	—	—

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

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

- (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
- (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by GLP Japan Inc.
- (c) Other transactions are determined based on market conditions.

(Note 3) The Asset management fee above includes management fees of 254,550 thousand yen capitalized as part of acquisition costs of properties.

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

Prior Period (From March 1, 2018 to August 31, 2018) and Current Period (From September 1, 2018 to February 28, 2019)

None

(Investment and Rental Properties)

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

(Unit: Thousand yen)

	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Book value		
Balance at the beginning of the period	426,357,341	506,227,480
Change during the period	79,870,138	82,473,104
Balance at the end of the period	506,227,480	588,700,584
Fair value at the end of the period	622,221,000	714,180,000

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

(Note 2) Of the change in book value during each period, the major increase for the prior period was primarily due to the acquisition of six properties (GLP Urayasu, GLP Funabashi II, GLP Misato, GLP Maishima I, GLP Soja I and GLP Soja II) in the amount of 77,569,736 thousand yen and the acquisition of solar panels in properties in the amount of 5,042,790 thousand yen, whereas the major decrease was due to depreciation of 3,400,908 thousand yen. The major increase for the current period was primarily due to the acquisition of eight properties (GLP Shinsuna, GLP Shonan, GLP Osaka, GLP Settsu, GLP Nishinomiya, GLP Shiga, GLP Neyagawa and GLP Fujimae) in the amount of 85,285,354 thousand yen, whereas the major decrease was due to depreciation of 3,788,098 thousand yen.

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

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

(Segment and Related Information)

(Segment Information)

1. Overview of operating and reportable segments

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

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

Multi-tenant property: GLP Tokyo, GLP Sugito II, GLP Koshigaya II, GLP Misato II, GLP Amagasaki, GLP Koriyama III, GLP Urayasu III, GLP Komaki, GLP Tokyo II, GLP Narashino, GLP-MFLP Ichikawa Shiohama, GLP Atsugi II, GLP Soja I, GLP Soja II, GLP Shinsuna and GLP Osaka

BTS property: GLP Higashi-Ogishima, GLP Akishima, GLP Tomisato, GLP Narashino II, GLP Funabashi, GLP Kazo, GLP Fukaya, GLP Iwatsuki, GLP Kasukabe, GLP Tatsumi, GLP Hirakata, GLP Hirakata II, GLP Maishima II, GLP Tsumori, GLP Rokko, GLP Amagasaki II, GLP Nara, GLP Sakai, GLP Morioka, GLP Tomiya, GLP Koriyama I, GLP Tokai, GLP Hayashima, GLP Hayashima II, GLP Kiyama, GLP Sendai, GLP Hamura, GLP Funabashi III, GLP Sodegaura, GLP Rokko II, GLP Ebetsu, GLP Kuwana, GLP Hatsukaichi, GLP Tatsumi IIa, GLP Okegawa, GLP Kadoma, GLP Seishin, GLP Fukusaki, GLP Ogimachi, GLP Hiroshima, GLP Fukuoka, GLP Kobe-Nishi, GLP Shinkiba, GLP Sugito, GLP Matsudo, GLP Tosu I, GLP Yoshimi, GLP Fukaehama, GLP Tomiya IV, GLP Noda-Yoshiharu, GLP Urayasu, GLP Funabashi II, GLP Misato, GLP Maishima I, GLP Shonan, GLP Settsu, GLP Nishinomiya, GLP Shiga, GLP Neyagawa and GLP Fujimae

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

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

Prior Period (August 31, 2018)

	(Unit: Thousand yen)			
	Multi-tenant rental business	BTS rental business	Reconciling items	Amount on financial statements
Operating revenues (Note 1)	7,412,055	9,484,376	—	16,896,432
Segment income	4,633,630	6,326,019	(1,859,422)	9,100,227
Segment assets	224,060,692	291,966,455	12,587,811	528,614,960
Other items				
Depreciation	1,316,352	2,084,556	—	3,400,908
Increase in property and equipment	27,898,105	55,372,941	(15,518)	83,255,528

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

(Note 2) Reconciling items to segment income in the negative amount of 1,859,422 thousand yen consist of corporate expenses that are not allocated to each reportable segment. Corporate expenses present mainly asset management fee, asset custody fee, administrative service fees, directors' remuneration and other expenses.

Reconciling items to segment assets in the amount of 12,587,811 thousand yen include current assets of 10,991,476 thousand yen, property and equipment of 23,484 thousand yen, investments and other assets of 1,367,244 thousand yen and deferred assets of 205,605 thousand yen.

Reconciling items to increase in property and equipment under other items in the negative amount of 15,518 thousand yen consist of corporate assets which do not belong to reportable segments. Such corporate assets represent a decrease in construction in progress (including construction in progress in trust) of 15,518 thousand yen.

Current Period (February 28, 2019)

(Unit: Thousand yen)

	Multi-tenant rental business	BTS rental business	Reconciling items	Amount on financial statements
Operating revenues (Note 1)	8,558,828	10,132,670	—	18,691,499
Segment income	5,440,378	6,862,021	(2,116,975)	10,185,424
Segment assets	277,930,868	322,153,375	10,777,457	610,861,701
Other items				
Depreciation	1,556,477	2,231,621	—	3,788,098
Increase in property and equipment	54,851,693	31,409,509	(23,484)	86,237,718

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

(Note 2) Reconciling items to segment income in the negative amount of 2,116,975 thousand yen consist of corporate expenses that are not allocated to each reportable segment. Corporate expenses present mainly asset management fee, asset custody fee, administrative service fees, directors' remuneration and other expenses.

Reconciling items to segment assets in the amount of 10,777,457 thousand yen include current assets of 8,728,229 thousand yen, investments and other assets of 1,784,053 thousand yen and deferred assets of 265,174 thousand yen.

Reconciling items to increase in property and equipment under other items in the negative amount of 23,484 thousand yen consist of corporate assets which do not belong to reportable segments. Such corporate assets represent a decrease in construction in progress of 23,484 thousand yen.

(Related Information)

Prior Period (From March 1, 2018 to August 31, 2018)

1. Revenue information by product and service

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

2. Information by geographic area

(1) Operating revenues

Substantially all property and equipment are located in Japan.

(2) Property and equipment

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

3. Information on major tenants

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

Current Period (From September 1, 2018 to February 28, 2019)

1. Revenue information by product and service

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

2. Information by geographic area

(1) Operating revenues

Substantially all property and equipment are located in Japan.

(2) Property and equipment

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

3. Information on major tenants

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

(Per Unit Information)

	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Net assets per unit	80,504 yen	83,134 yen
Net income per unit	2,336 yen	2,365 yen

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

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

	Prior Period From March 1, 2018 To August 31, 2018	Current Period From September 1, 2018 To February 28, 2019
Net income	7,944,307 thousand yen	9,052,310 thousand yen
Amount not attributable to ordinary unitholders	— thousand yen	— thousand yen
Net income attributable to ordinary unitholders	7,944,307 thousand yen	9,052,310 thousand yen
Average number of investment units outstanding	3,400,648 units	3,826,153 units

(Significant Subsequent Events)

1. Sale of assets

GLP J-REIT sold the asset as described below.

GLP Fukuoka

• Type of specified asset	Beneficiary right of real estate in trust
• Contract date	March 29, 2019
• Closing date	March 29, 2019
• Sales price	2,300 million yen (Note 1)
• Buyer	Not disclosed (Note 2)

(Note 1) “Sales price” excludes asset transfer costs, property taxes, city planning taxes, consumption taxes and local consumption taxes.

(Note 2) The Buyer is one entity, but its profile including the company form is not disclosed since the Buyer’s consent has not been obtained. As of today, there is no capital, personnel or transactional relationship to be disclosed between the Buyer and GLP J-REIT or its Asset Manager. In addition, the Buyer is not a related party of GLP J-REIT or its Asset Manager.

From this transaction, GLP J-REIT will recognize approximately 784 million yen of gain on sales of property and equipment for the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019).

(10) 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	
May 19, 2014	Distributions in excess of retained earnings (a refund of investment)	—	2,097,700	(526)	129,415	(Note 2)
September 1, 2014	Public offering	281,709	2,379,409	30,973	160,389	(Note 3)
September 24, 2014	Issuance of new units through allocation to a third party	11,322	2,390,731	1,244	161,633	(Note 4)
November 19, 2014	Distributions in excess of retained earnings (a refund of investment)	—	2,390,731	(593)	161,040	(Note 5)
May 19, 2015	Distributions in excess of retained earnings (a refund of investment)	—	2,390,731	(698)	160,342	(Note 6)
September 1, 2015	Public offering	197,594	2,588,325	21,784	182,126	(Note 7)
September 25, 2015	Issuance of new units through allocation to a third party	5,459	2,593,784	601	182,728	(Note 8)
November 17, 2015	Distributions in excess of retained earnings (a refund of investment)	—	2,593,784	(707)	182,020	(Note 9)
May 17, 2016	Distributions in excess of retained earnings (a refund of investment)	—	2,593,784	(778)	181,242	(Note 10)
September 1, 2016	Public offering	247,507	2,841,291	28,561	209,804	(Note 11)
September 27, 2016	Issuance of new units through allocation to a third party	11,787	2,853,078	1,360	211,164	(Note 12)
November 16, 2016	Distributions in excess of retained earnings (a refund of investment)	—	2,853,078	(770)	210,393	(Note 13)
May 16, 2017	Distributions in excess of retained earnings (a refund of investment)	—	2,853,078	(867)	209,526	(Note 14)
November 14, 2017	Distributions in excess of retained earnings (a refund of investment)	—	2,853,078	(861)	208,665	(Note 15)
March 1, 2018	Public offering	529,922	3,383,000	56,095	264,760	(Note 16)
March 20, 2018	Issuance of new units through allocation to a third party	19,681	3,402,681	2,083	266,843	(Note 17)
May 15, 2018	Distributions in excess of retained earnings (a refund of investment)	—	3,402,681	(858)	265,985	(Note 18)

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Unitholders' capital, net (Note 1) (Million yen)		Note
		Increase (decrease)	Total	Increase (decrease)	Total	
September 3, 2018	Public offering	411,013	3,813,694	42,620	308,605	(Note 19)
September 26, 2018	Issuance of new units through allocation to a third party	19,726	3,833,420	2,045	310,651	(Note 20)
November 14, 2018	Distributions in excess of retained earnings (a refund of investment)	—	3,833,420	(1,017)	309,633	(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) 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 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 109,947 yen or the offer price of 113,827 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 109,947 yen.
- (Note 5) 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 6) 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 7) 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 8) 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 9) 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 10) 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 11) 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 12) 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 13) 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 14) 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.

(Note 15) At the Board of Directors' Meeting held on October 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 302 yen per unit for the 11th Fiscal Period (the period ended August 31, 2017). The payment of distributions was commenced on November 14, 2017.

(Note 16) 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 105,856 yen or the offer price of 109,372 yen per unit.

(Note 17) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 105,856 yen.

(Note 18) At the Board of Directors' Meeting held on April 13, 2018, 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 301 yen per unit for the 12th Fiscal Period (the period ended February 28, 2018). The payment of distributions was commenced on May 15, 2018.

(Note 19) 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 103,697 yen or the offer price of 107,130 yen per unit.

(Note 20) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 103,697 yen.

(Note 21) At the Board of Directors' Meeting held on October 15, 2018, 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 299 yen per unit for the 13th Fiscal Period (the period ended August 31, 2018). The payment of distributions was commenced on November 14, 2018.

4. Changes in Directors and Officers

Changes in directors and officers are disclosed on a timely basis, when the contents for disclosure are determined.

5. Reference Information

(1) Investment Status

Type of asset	Area (Note 1)	Prior Period August 31, 2018		Current Period February 28, 2019	
		Total amount held (Million yen) (Note 2)	Ratio to total assets (%) (Note 3)	Total amount held (Million yen) (Note 2)	Ratio to total assets (%) (Note 3)
Property and equipment in trust (Note 4)	Tokyo metropolitan area	314,163	59.4	337,191	55.2
	Greater Osaka area	98,397	18.6	156,542	25.6
	Other	93,666	17.7	94,966	15.5
Sub Total		506,227	95.8	588,700	96.4
Deposits and other assets		22,387	4.2	22,161	3.6
Total assets (Notes 5 and 6)		528,614 [506,227]	100.0 [95.8]	610,861 [588,700]	100.0 [96.4]

	Amount (Million yen)	As a ratio to total assets (%) (Note 3)	Amount (Million yen)	As a ratio to total assets (%) (Note 3)
Total liabilities (Note 5)	254,683	48.2	292,173	47.8
Total net assets (Note 5)	273,931	51.8	318,687	52.2

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

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

(Note 3) “Ratio to total assets” is rounded to the first decimal place.

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

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

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

(2) Portfolio Overview

The following table summarizes the beneficiary rights of real estate in trust or the real estate properties in trust held by GLP J-REIT at the fiscal period end. Each figure in this table is the information as of February 28, 2019 unless otherwise stated.

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Tokyo-1	GLP Tokyo	22,700	21,589	29,700	3.7	56,757.92	56,757.92	100.0	3
Tokyo-2	GLP Higashi-Ogishima	4,980	4,906	6,850	0.8	34,582.00	34,582.00	100.0	1
Tokyo-3	GLP Akishima	7,555	7,370	9,730	1.2	27,356.63	27,356.63	100.0	3
Tokyo-4	GLP Tomisato	4,990	4,560	6,080	0.8	27,042.59	27,042.59	100.0	1
Tokyo-5	GLP Narashino II	15,220	14,487	20,100	2.5	101,623.59	101,623.59	100.0	2
Tokyo-6	GLP Funabashi	1,720	1,908	2,090	0.3	10,465.03	10,465.03	100.0	1
Tokyo-7	GLP Kazo	11,500	10,505	14,300	1.9	76,532.71	76,532.71	100.0	1
Tokyo-8	GLP Fukaya	2,380	2,202	2,890	0.4	19,706.00	19,706.00	100.0	1
Tokyo-9	GLP Sugito II	19,000	17,551	24,600	3.1	101,272.40	100,345.84	99.1	5
Tokyo-10	GLP Iwatsuki	6,940	6,469	9,520	1.1	31,839.99	31,839.99	100.0	1
Tokyo-11	GLP Kasukabe	4,240	3,863	5,280	0.7	18,460.73	18,460.73	100.0	1
Tokyo-12	GLP Koshigaya II	9,780	9,233	13,500	1.6	43,533.28	43,533.28	100.0	2
Tokyo-13	GLP Misato II	14,868	14,151	21,100	2.4	59,208.59	59,208.59	100.0	2
Tokyo-14	GLP Tatsumi	4,960	4,822	6,430	0.8	12,925.58	12,925.58	100.0	1
Tokyo-15	GLP Hamura	7,660	7,359	9,960	1.3	40,277.93	40,277.93	100.0	1
Tokyo-16	GLP Funabashi III	3,050	2,993	4,230	0.5	18,281.84	18,281.84	100.0	1
Tokyo-17	GLP Sodegaura	6,150	5,743	8,090	1.0	45,582.06	45,582.06	100.0	1
Tokyo-18	GLP Urayasu III	18,760	18,056	22,800	3.1	64,198.11	64,198.11	100.0	2
Tokyo-19	GLP Tatsumi Ila	6,694	6,615	8,500	1.1	17,108.52	17,108.52	100.0	1
Tokyo-21	GLP Tokyo II	36,373	35,121	43,400	6.0	79,073.21	79,073.21	100.0	6
Tokyo-22	GLP Okegawa	2,420	2,394	3,080	0.4	17,062.92	17,062.92	100.0	1
Tokyo-23	GLP Shinkiba	11,540	11,490	12,800	1.9	18,341.73	18,341.73	100.0	1
Tokyo-24	GLP Narashino	5,320	5,303	5,570	0.9	23,548.03	23,548.03	100.0	3
Tokyo-26	GLP Sugito	8,481	8,295	10,300	1.4	58,918.12	58,918.12	100.0	1
Tokyo-27	GLP Matsudo	2,356	2,413	2,890	0.4	14,904.60	14,904.60	100.0	1
Tokyo-28	GLP-MFLP Ichikawa Shiohama (Note 8)	15,500	15,277	17,300	2.5	50,813.07	50,813.07	100.0	5
Tokyo-29	GLP Atsugi II	21,100	20,623	24,000	3.5	74,176.27	74,176.27	100.0	2
Tokyo-30	GLP Yoshimi	11,200	10,902	11,800	1.8	62,362.89	62,362.89	100.0	1
Tokyo-31	GLP Noda-Yoshiharu	4,496	4,502	5,360	0.7	26,631.40	26,631.40	100.0	1
Tokyo-32	GLP Urayasu	7,440	7,467	7,910	1.2	25,839.60	25,839.60	100.0	1
Tokyo-33	GLP Funabashi II	7,789	7,780	8,300	1.3	34,699.09	34,349.01	99.0	1
Tokyo-34	GLP Misato	16,939	16,936	18,200	2.8	46,892.00	46,892.00	100.0	1
Tokyo-35	GLP Shinsuna	18,300	18,361	18,900	3.0	44,308.34	36,995.46	83.5	4

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Tokyo-36	GLP Shonan	5,870	5,926	6,190	1.0	23,832.60	23,832.60	100.0	1
Osaka-1	GLP Hirakata	4,750	4,569	6,390	0.8	29,829.56	29,829.56	100.0	1
Osaka-2	GLP Hirakata II	7,940	7,463	9,440	1.3	43,283.01	43,283.01	100.0	1
Osaka-3	GLP Maishima II	9,288	8,229	12,200	1.5	56,511.10	56,511.10	100.0	1
Osaka-4	GLP Tsumori	1,990	2,039	2,750	0.3	16,080.14	16,080.14	100.0	1
Osaka-5	GLP Rokko	5,160	5,027	6,020	0.8	39,339.00	39,339.00	100.0	1
Osaka-6	GLP Amagasaki	24,963	23,363	29,500	4.1	110,224.41	110,224.41	100.0	7
Osaka-7	GLP Amagasaki II	2,040	1,943	2,340	0.3	12,342.95	12,342.95	100.0	1
Osaka-8	GLP Nara	2,410	2,083	3,000	0.4	19,545.35	19,545.35	100.0	1
Osaka-9	GLP Sakai	2,000	1,820	2,260	0.3	10,372.10	10,372.10	100.0	1
Osaka-10	GLP Rokko II	3,430	3,153	4,350	0.6	20,407.30	20,407.30	100.0	1
Osaka-11	GLP Kadoma	2,430	2,412	3,250	0.4	12,211.73	12,211.73	100.0	1
Osaka-12	GLP Seishin	1,470	1,423	1,640	0.2	9,533.88	9,533.88	100.0	1
Osaka-13	GLP Fukusaki	3,928	3,589	4,480	0.6	24,167.83	24,167.83	100.0	1
Osaka-14	GLP Kobe-Nishi	7,150	6,739	7,620	1.2	35,417.31	35,417.31	100.0	1
Osaka-15	GLP Fukaehama	4,798	4,672	4,910	0.8	19,386.00	19,386.00	100.0	1
Osaka-16	GLP Maishima I	19,390	19,252	19,400	3.2	72,948.78	72,948.78	100.0	1
Osaka-17	GLP Osaka	36,000	35,985	36,200	5.9	128,504.34	118,937.05	92.6	12
Osaka-18	GLP Settsu	7,300	7,336	7,650	1.2	38,997.24	38,997.24	100.0	1
Osaka-19	GLP Nishinomiya	2,750	2,763	2,820	0.5	19,766.00	19,766.00	100.0	1
Osaka-20	GLP Shiga	4,550	4,565	4,740	0.7	29,848.70	29,848.70	100.0	1
Osaka-21	GLP Neyagawa	8,100	8,105	8,360	1.3	26,938.02	26,938.02	100.0	1
Other-1	GLP Morioka	808	750	870	0.1	10,253.80	10,253.80	100.0	1
Other-2	GLP Tomiya	3,102	2,938	3,670	0.5	20,466.98	20,466.98	100.0	1
Other-3	GLP Koriyama I	4,100	3,679	4,590	0.7	24,335.96	24,335.96	100.0	1
Other-4	GLP Koriyama III	2,620	2,623	2,770	0.4	27,671.51	27,671.51	100.0	4
Other-5	GLP Tokai	6,210	5,838	7,930	1.0	32,343.31	32,343.31	100.0	1
Other-6	GLP Hayashima	1,190	1,193	1,360	0.2	13,574.58	13,574.58	100.0	1
Other-7	GLP Hayashima II	2,460	2,186	2,880	0.4	14,447.48	14,447.48	100.0	1
Other-8	GLP Kiyama	5,278	4,627	6,020	0.9	23,455.96	23,455.96	100.0	1
Other-10	GLP Sendai	5,620	5,301	6,940	0.9	37,256.23	37,256.23	100.0	1
Other-11	GLP Ebetsu	1,580	1,430	2,220	0.3	18,489.25	18,489.25	100.0	1
Other-12	GLP Kuwana	3,650	3,350	4,300	0.6	20,402.12	20,402.12	100.0	1
Other-13	GLP Hatsukaichi	1,980	1,837	2,360	0.3	10,981.89	10,981.89	100.0	1
Other-14	GLP Komaki	10,748	10,206	13,700	1.8	52,709.97	52,709.97	100.0	2
Other-15	GLP Ogimachi	1,460	1,428	1,650	0.2	13,155.28	13,155.28	100.0	1
Other-16	GLP Hiroshima	3,740	3,597	4,200	0.6	21,003.04	21,003.04	100.0	2
Other-17	GLP Fukuoka	1,520	1,464	1,910	0.2	14,641.22	14,641.22	100.0	1
Other-19	GLP Tosu I	9,898	9,367	11,100	1.6	74,860.38	74,860.38	100.0	1
Other-20	GLP Tomiya IV	5,940	5,808	6,500	1.0	32,562.60	32,562.60	100.0	1

Property number	Property name	Acquisition price (Million yen) (Note 1)	Book value (Million yen)	Appraisal value (Million yen) (Note 2)	Share (%) (Note 3)	Leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Occupancy ratio (%) (Note 6)	Number of tenants (Note 7)
Other-21	GLP Soja I	12,800	12,705	13,100	2.1	63,015.53	60,176.87	95.5	5
Other-22	GLP Soja II	12,700	12,616	13,000	2.1	63,213.22	62,965.09	99.6	7
Other-23	GLP Fujimae	1,980	2,014	2,040	0.3	12,609.00	12,609.00	100.0	1
Total portfolio		609,494	588,700	714,180	100.0	2,785,263.44	2,764,019.84	99.2	135

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

(Note 2) “Appraisal value” represents the appraisal value or research price as set forth on the relevant study reports by real estate appraisers as of the balance sheet date in accordance with the policy prescribed in the Articles of Incorporation of GLP J-REIT and the rules of the Investment Trusts Association, Japan.

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

(Note 4) “Leasable area” is the area of property or property in trust that is available for lease in accordance with relevant lease agreements or architectural drawings. The figures are rounded down to the second decimal place. The leasable area may be changed upon renewal of lease agreements.

(Note 5) “Leased area” is the total area leased to building tenants in accordance with the relevant lease agreement of each property or property in trust. The figures are rounded down to the second decimal place. When the property or property in trust is leased through a master lease agreement, the leased area represents the total space actually leased based on the lease agreement concluded with end-tenants.

(Note 6) “Occupancy ratio” is rounded to the first decimal place. However, when it may result in 100.0% after rounding, the figure is rounded down to the first decimal place and shown as 99.9%

(Note 7) “Number of tenants” represents the total number of building tenants stated on the lease agreement of each property or property in trust.

(Note 8) GLP-MFLP Ichikawa Shiohama is a property under joint co-ownership which GLP-JREIT holds 50% beneficiary right of real estate in trust. “Leasable area” and “Leased area” stated above are computed by multiplying 50% of the joint co-ownership ratio.

(3) Capital Expenditure for Properties Owned

(a) Future plan for capital expenditure

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

Property name	Location	Purpose	Planned period	Estimated construction cost (Million yen)		
				Total amount	Amount paid during the period	Total amount paid
GLP Tokai	Tokai, Aichi	Renovation of South-side exterior walls	From May 2019 to June 2019	33	—	—
GLP Kasukabe	Kasukabe, Saitama	Roadbed improvement work in the facility yard (South-side)	From August 2019 to August 2019	32	—	—
GLP Tokyo	Ota, Tokyo	FRP waterproofing work on roofs	From July 2019 to August 2019	28	—	—
GLP Urayasu	Urayasu, Chiba	Renovation of North-side track berth	From September 2019 to October 2019	27	—	—
GLP Sugito II	Kita-Katsushika, Saitama	FRP waterproofing work on roofs	From January 2020 to February 2020	24	—	—
GLP Settsu	Settsu, Osaka	Renewal of No. C Omni Lifter, Building No.4	From August 2019 to January 2020	22	—	—
GLP Urayasu	Urayasu, Chiba	Renovation of North-side exterior walls and eave soffits	From October 2019 to November 2019	21	—	—
GLP Koriyama I	Koriyama, Fukushima	Replacement of foam fire extinguishing facility (deluge valves)	From October 2019 to February 2020	20	—	—
GLP Akishima	Akishima, Tokyo	Renovation of West-side exterior walls, Building B	From January 2020 to February 2020	20	—	—
GLP Morioka	Shiwa, Iwate	Renewal of vertical conveyors	From April 2019 To August 2019	9		

(b) Capital expenditure incurred for the period

The following table summarizes the major constructions to holding properties that resulted in capital expenditure for the current period. Capital expenditure for the current period was 962 million yen. The total construction cost amounted to 1,044 million yen, including repair and maintenance of 82 million yen that was accounted for as expenses.

Property name	Location	Purpose	Period	Construction cost (Million yen)
GLP Narashino II	Narashino, Chiba	Renewal of water chiller/heater	From June 2018 to November 2018	72
GLP Urayasu III	Urayasu, Chiba	Renewal of high-efficiency lightning equipment	From October 2018 to December 2018	59
GLP Okegawa	Okegawa, Saitama	Replacement of lighting equipment	From November 2018 to December 2018	37
GLP Shonan	Fujisawa, Kanagawa	Renovation of exterior walls (North- and South-side)	From October 2018 to December 2018	36
GLP Rokko	Kobe, Hyogo	Renovation of exterior walls, South-side of ASB building, West-side of warehouse building and other	From November 2018 to January 2019	29
GLP Urayasu	Urayasu, Chiba	Renewal of high-efficiency lightning equipment	From September 2018 to November 2018	27
GLP Misato II	Misato, Saitama	Renewal of high-efficiency lightning equipment	From July 2018 to September 2018	26
GLP Sugito II	Kita-Katsushika, Saitama	FRP waterproofing work on roofs	From October 2018 to December 2018	22
Other	—	—	—	650
Total				962

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

The 14th Fiscal Period (From September 1, 2018 to February 28, 2019)

(Unit in amount: Thousand yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-4	Tokyo-5	Tokyo-6	Tokyo-7
Property name	GLP Tokyo	GLP Higashi-Ogishima	GLP Akishima	GLP Tomisato	GLP Narashino II	GLP Funabashi	GLP Kazo
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	738,616	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses	168,632						
Taxes and dues	56,882						
Property and facility management fees	38,801						
Utilities	35,950						
Repair and maintenance	7,222						
Casualty insurance	838						
Others	28,937						
(3) NOI((1)-(2))	569,984	157,036	217,919	141,199	415,043	50,273	328,613
(4) Depreciation	110,606	42,152	28,603	36,669	133,505	16,661	100,313
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	459,377	114,883	189,316	104,529	281,537	33,611	228,299
(7) Capital expenditure	10,178	30,055	17,470	-	90,138	13,319	36,828
(8) NCF((3)-(7))	559,806	126,981	200,449	141,199	324,905	36,954	291,785

Property number	Tokyo-8	Tokyo-9	Tokyo-10	Tokyo-11	Tokyo-12	Tokyo-13	Tokyo-14
Property name	GLP Fukaya	GLP Sugito II	GLP Iwatsuki	GLP Kasukabe	GLP Koshigaya II	GLP Misato II	GLP Tatsumi
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	685,505	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses		132,477					
Taxes and dues		50,043					
Property and facility management fees		42,764					
Utilities		35,668					
Repair and maintenance		349					
Casualty insurance		1,330					
Others		2,321					
(3) NOI((1)-(2))	78,613	553,027	195,402	115,932	271,612	405,972	120,731
(4) Depreciation	29,755	131,613	41,647	37,844	53,477	84,741	13,878
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	48,858	421,413	153,754	78,088	218,134	321,230	106,853
(7) Capital expenditure	19,197	56,091	5,357	886	8,372	40,027	12,213
(8) NCF((3)-(7))	59,416	496,936	190,045	115,046	263,240	365,945	108,518

Property number	Tokyo-15	Tokyo-16	Tokyo-17	Tokyo-18	Tokyo-19	Tokyo-21	Tokyo-22
Property name	GLP Hamura	GLP Funabashi III	GLP Sodegaura	GLP Urayasu III	GLP Tatsumi Ila	GLP Tokyo II	GLP Okegawa
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	(Note)	(Note)	(Note)	(Note)	1,100,177	(Note)
(2) Property-related expenses						248,385	
Taxes and dues						84,674	
Property and facility management fees						63,645	
Utilities						82,917	
Repair and maintenance						7,349	
Casualty insurance						1,208	
Others						8,590	
(3) NOI((1)-(2))	196,777	77,042	189,868	453,829	161,904	851,792	70,365
(4) Depreciation	39,262	21,173	41,308	110,509	20,308	180,787	24,220
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	157,514	55,869	148,560	343,319	141,595	671,004	46,144
(7) Capital expenditure	2,051	6,760	-	66,808	8,060	10,146	65,726
(8) NCF((3)-(7))	194,725	70,282	189,868	387,021	153,844	841,646	4,639

Property number	Tokyo-23	Tokyo-24	Tokyo-26	Tokyo-27	Tokyo-28	Tokyo-29	Tokyo-30
Property name	GLP Shinkiba	GLP Narashino	GLP Sugito	GLP Matsudo	GLP-MFLP Ichikawa Shiohama	GLP Atsugi II	GLP Yoshimi
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	171,343	(Note)	(Note)	470,989	(Note)	(Note)
(2) Property-related expenses		26,305			84,909		
Taxes and dues		8,411			37,765		
Property and facility management fees		8,865			25,950		
Utilities		7,736			17,867		
Repair and maintenance		588			1,344		
Casualty insurance		239			688		
Others		465			1,292		
(3) NOI((1)-(2))	260,742	145,038	218,333	65,291	386,079	476,901	278,417
(4) Depreciation	35,210	23,524	48,063	12,138	64,173	115,183	74,136
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	225,532	121,513	170,269	53,152	321,906	361,718	204,280
(7) Capital expenditure	12,699	11,156	4,589	3,379	847	-	570
(8) NCF((3)-(7))	248,043	133,882	213,744	61,911	385,232	476,901	277,847

Property number	Tokyo-31	Tokyo-32	Tokyo-33	Tokyo-34	Tokyo-35	Tokyo-36	Osaka-1
Property name	GLP Noda-Yoshiharu	GLP Urayasu	GLP Funabashi II	GLP Misato	GLP Shinsuna	GLP Shonan	GLP Hirakata
Operating dates	181	181	181	181	179	179	181
(1) Property-related revenues	(Note)	(Note)	(Note)	(Note)	400,659	(Note)	(Note)
(2) Property-related expenses					31,647		
Taxes and dues					-		
Property and facility management fees					17,648		
Utilities					11,879		
Repair and maintenance					898		
Casualty insurance					582		
Others					637		
(3) NOI((1)-(2))	118,234	170,755	185,405	402,760	369,012	152,911	163,526
(4) Depreciation	30,388	36,162	34,290	61,998	37,070	23,389	23,172
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	87,846	134,592	151,115	340,762	331,942	129,522	140,353
(7) Capital expenditure	-	30,427	3,328	8,730	16,361	47,339	460
(8) NCF((3)-(7))	118,234	140,328	182,077	394,030	352,651	105,572	163,066

Property number	Osaka-2	Osaka-3	Osaka-4	Osaka-5	Osaka-6	Osaka-7	Osaka-8
Property name	GLP Hirakata II	GLP Maishima II	GLP Tsumori	GLP Rokko	GLP Amagasaki	GLP Amagasaki II	GLP Nara
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	(Note)	(Note)	(Note)	851,343	(Note)	(Note)
(2) Property-related expenses					174,997		
Taxes and dues					70,629		
Property and facility management fees					48,043		
Utilities					48,822		
Repair and maintenance					3,025		
Casualty insurance					1,452		
Others					3,024		
(3) NOI((1)-(2))	221,514	271,731	60,640	171,056	676,346	63,684	86,484
(4) Depreciation	37,133	97,435	8,678	31,186	167,574	11,850	27,552
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	184,381	174,295	51,962	139,870	508,772	51,833	58,931
(7) Capital expenditure	9,520	4,988	41,597	33,122	50,234	916	-
(8) NCF((3)-(7))	211,994	266,743	19,043	137,934	626,112	62,768	86,484

Property number	Osaka-9	Osaka-10	Osaka-11	Osaka-12	Osaka-13	Osaka-14	Osaka-15
Property name	GLP Sakai	GLP Rokko II	GLP Kadoma	GLP Seishin	GLP Fukusaki	GLP Kobe-Nishi	GLP Fukaehama
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses							
Taxes and dues							
Property and facility management fees							
Utilities							
Repair and maintenance							
Casualty insurance							
Others							
(3) NOI((1)-(2))	58,577	117,810	76,998	46,273	123,111	186,071	123,735
(4) Depreciation	15,907	27,442	12,001	11,824	44,984	58,715	37,692
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	42,669	90,368	64,997	34,449	78,126	127,356	86,043
(7) Capital expenditure	-	-	-	-	-	-	2,334
(8) NCF((3)-(7))	58,577	117,810	76,998	46,273	123,111	186,071	121,401

Property number	Osaka-16	Osaka-17	Osaka-18	Osaka-19	Osaka-20	Osaka-21	Other-1
Property name	GLP Maishima I	GLP Osaka	GLP Settsu	GLP Nishinomiya	GLP Shiga	GLP Neyagawa	GLP Morioka
Operating dates	181	179	179	179	179	179	181
(1) Property-related revenues	(Note)	861,443	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses		95,490					
Taxes and dues		-					
Property and facility management fees		50,871					
Utilities		37,747					
Repair and maintenance		1,315					
Casualty insurance		1,829					
Others		3,728					
(3) NOI((1)-(2))	494,237	765,952	209,671	75,756	134,806	180,857	29,645
(4) Depreciation	144,381	202,716	16,246	21,404	23,908	45,450	13,954
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	349,855	563,236	193,424	54,351	110,898	135,406	15,691
(7) Capital expenditure	1,729	25,266	9,972	6,219	9,517	-	1,404
(8) NCF((3)-(7))	492,508	740,686	199,699	69,537	125,289	180,857	28,241

Property number	Other-2	Other-3	Other-4	Other-5	Other-6	Other-7	Other-8
Property name	GLP Tomiya	GLP Koriyama I	GLP Koriyama III	GLP Tokai	GLP Hayashima	GLP Hayashima II	GLP Kiyama
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	(Note)	126,330	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses			33,679				
Taxes and dues			15,296				
Property and facility management fees			6,983				
Utilities			8,261				
Repair and maintenance			1,315				
Casualty insurance			309				
Others			1,513				
(3) NOI((1)-(2))	94,658	116,702	92,650	179,050	44,169	76,583	164,344
(4) Depreciation	31,648	42,451	27,703	35,166	7,982	23,481	64,188
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	63,010	74,251	64,946	143,883	36,187	53,101	100,155
(7) Capital expenditure	2,126	35,020	3,814	9,700	842	584	1,267
(8) NCF((3)-(7))	92,532	81,682	88,836	169,350	43,327	75,999	163,077

Property number	Other-10	Other-11	Other-12	Other-13	Other-14	Other-15	Other-16
Property name	GLP Sendai	GLP Ebetsu	GLP Kuwana	GLP Hatsukaichi	GLP Komaki	GLP Ogimachi	GLP Hiroshima
Operating dates	181	181	181	181	181	181	181
(1) Property-related revenues	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Property-related expenses							
Taxes and dues							
Property and facility management fees							
Utilities							
Repair and maintenance							
Casualty insurance							
Others							
(3) NOI((1)-(2))	175,890	59,933	122,504	67,247	305,551	44,817	120,522
(4) Depreciation	48,774	19,721	29,502	14,911	75,087	19,290	27,259
(5) Loss on disposal of property and equipment	-	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	127,116	40,212	93,002	52,335	230,464	25,527	93,263
(7) Capital expenditure	1,957	6,897	-	-	4,334	-	5,930
(8) NCF((3)-(7))	173,933	53,036	122,504	67,247	301,217	44,817	114,592

Property number	Other-17	Other-19	Other-20	Other-21	Other-22	Other-23
Property name	GLP Fukuoka	GLP Tosu I	GLP Tomiya IV	GLP Soja I	GLP Soja II	GLP Fujimae
Operating dates	181	181	181	181	181	179
(1) Property-related revenues	(Note)	(Note)	(Note)	402,458	382,523	(Note)
(2) Property-related expenses				60,701	51,176	
Taxes and dues				-	-	
Property and facility management fees				26,341	24,116	
Utilities				20,157	18,662	
Repair and maintenance				1,752	721	
Casualty insurance				902	897	
Others				11,548	6,779	
(3) NOI((1)-(2))	50,048	278,881	171,912	341,757	331,346	60,604
(4) Depreciation	13,248	101,462	46,520	87,355	84,350	12,000
(5) Loss on disposal of property and equipment	-	-	-	-	-	-
(6) Operating income from property leasing ((3)-(4)-(5))	36,799	177,418	125,391	254,401	246,996	48,604
(7) Capital expenditure	9,041	2,785	10,628	3,393	-	27,300
(8) NCF((3)-(7))	41,007	276,096	161,284	338,364	331,346	33,304

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