



# Semi-Annual Report

Aug 2013 Fiscal Period



3rd Fiscal Period

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

**GLP J-REIT**

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

Dividend per unit  
(Aug 2013 actual)

**2,189** yen

(including an optimal payable distribution  
of 259 yen)

Dividend per unit  
(Feb 2014 forecast)

**2,167** yen

(including an optimal payable distribution  
of 251 yen)

Total assets  
(acquisition price base)

**277.3** bn yen

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

Occupancy  
(as of Aug 2013)

**99.9**%

## Contents

Overview of GLP	02	Portfolio Data	08	Overview GLP J-REIT	18
Accretive Follow-on Offering	04	Debt Information	09	Investor's Information	19
Financial Highlight	06	Portfolio Map	10		
Portfolio Management	07	Overview of Portfolio	11		

# To Our Unitholders

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

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

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

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

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

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

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

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

I thank you for your ongoing support.





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

# Overview of GLP

## Investment in Modern Logistics Facilities

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

Large scale	Gross floor area: 10,000 m <sup>2</sup> or more	High functionality	(For more than 50% of the gross floor area) Floor-to-ceiling height: 5.5 meters or more Floor load tolerance: 1.5 tons/m <sup>2</sup> or more
-------------	--	-----------------------	---

\* Third-party logistics (“3PL”) operators provide partial or complete supply chain management services for corporate clients. Typically, 3PL companies provide unified services for operational, storage and transportation processes that can be adjusted and customized to fit the needs of individual clients in response to relevant market trends, including regarding user demand and delivery service requests.

## Investment Areas

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

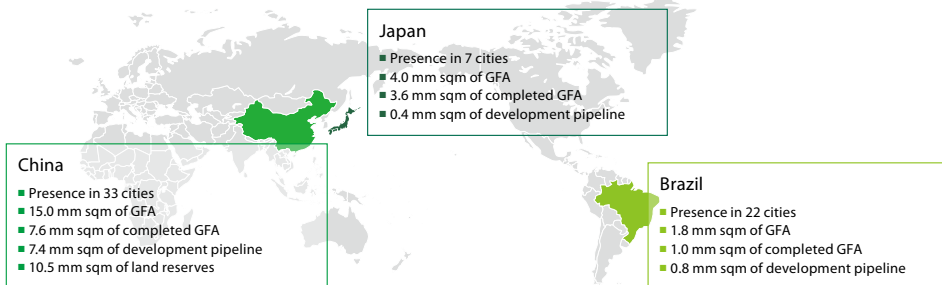
### Investment percentage by location (based on acquisition price)

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

## Utilization of the GLP Group’s Value Chain

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

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



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

### RoFL assets owned by GLP



GLP Tokyo II



GLP Osaka



GLP Yokohama

## Functions of Modern Logistics Facilities

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

### GLP Amagasaki

Wind-generated power



High-intensity lighting



24-hour security



Wide column space

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



Office space

Supports tenants by providing comfortable workplaces for on-site workers



Amenity space

Supports tenants by providing comfortable workplaces for on-site workers



Rampways allowing access to upper floors



Large truck loading yards

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

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

## First-ever Initiatives in J-REIT Sector

### 1 Acquisition of sponsor's flagship assets



GLP Tokyo



GLP Amagasaki

**Best-in-class portfolio**

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

AM Fee

Linked to NOI<sup>\*1</sup> and dividend (ca. 2/3)

&

Incentive bonus of asset manager

Linked to dividend and relative performance of investment unit

**Alignment of interests between unitholder and sponsor**

<sup>\*1</sup> NOI=Property-related revenues – Property-related expenses + Depreciation expenses

### 3 Optimal Payable Distribution (OPD)<sup>\*2</sup>

Stable income  
(net income)

+

OPD  
(30% of depreciation)

**FFO based cash distribution**

<sup>\*2</sup> For details, please refer to "Optimal Payable Distribution" on page 9.

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

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

**High liquidity**

<sup>\*3</sup> As of IPO of GLP J-REIT

**Innovative initiatives**

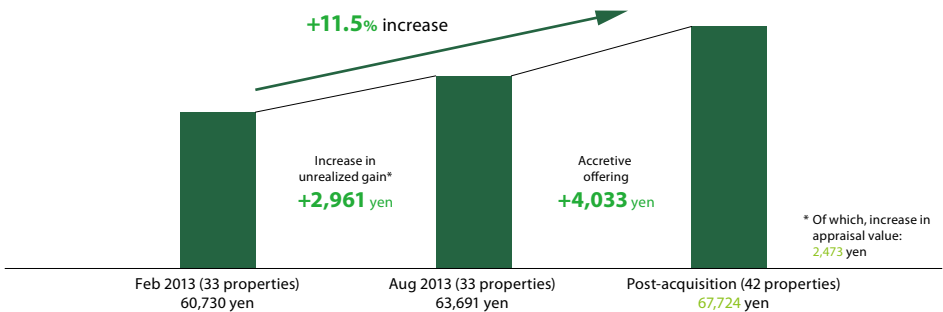
# Accretive Follow-on Offering

## ■ First Follow-on Offering (September 2013)

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

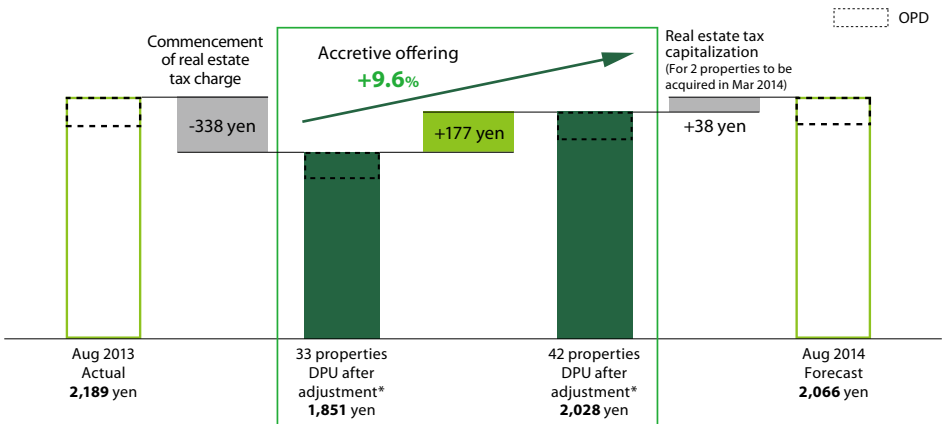
## ■ Growth in NAV per Unit

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



## ■ Dividend Growth

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



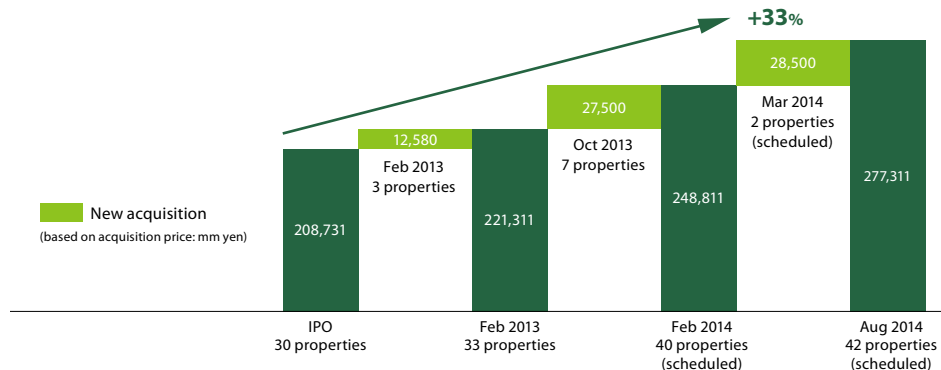
### \* Dividend after adjustment (stabilized dividend)

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

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

## Strong Portfolio Growth

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



## Portfolio Quality Maintained

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

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

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

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

## Examples of new properties



▲ GLP Urayasu III\*

\* To be acquired in Mar 2014



▲ GLP Hamura



▲ GLP Komaki\*



▲ GLP Sodegaura

# Financial Highlights

## Financials

### Aug 2013

(from March 1 to August 31, 2013)

### Feb 2014 (forecast)

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

### Aug 2014 (forecast)

(from March 1 to August 31, 2014)

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

#### Major factors for variation

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

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

## Dividend per Unit (yen)

### Aug 2013

(from March 1 to August 31, 2013)

### Feb 2014 (forecast)

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

### Aug 2014 (forecast)

(from March 1 to August 31, 2014)

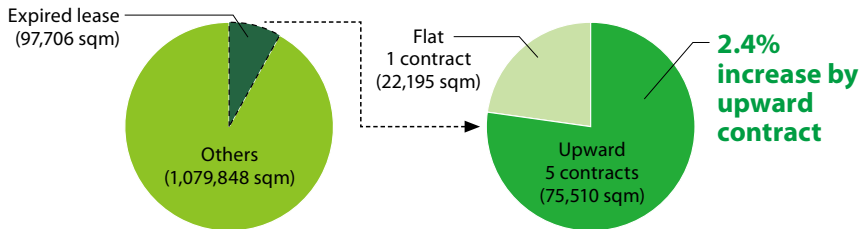
Dividend per unit (total)	2,189	2,167	2,066
Dividend per unit (excl. OPD)	1,930	1,916	1,784
Optimal payable distribution per unit	259	251	282



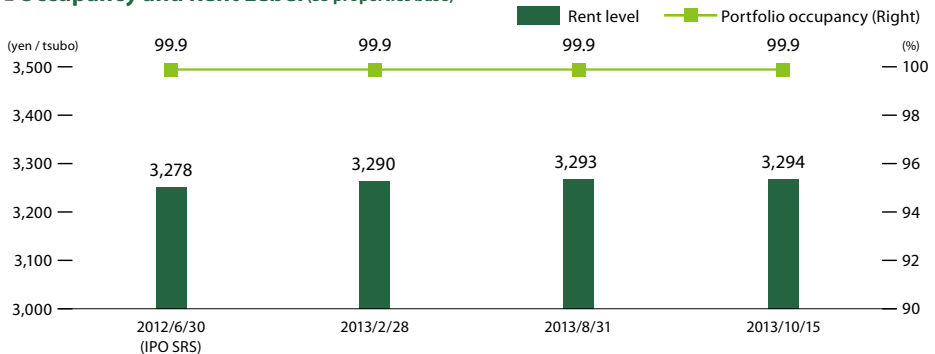
# Portfolio Management

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

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

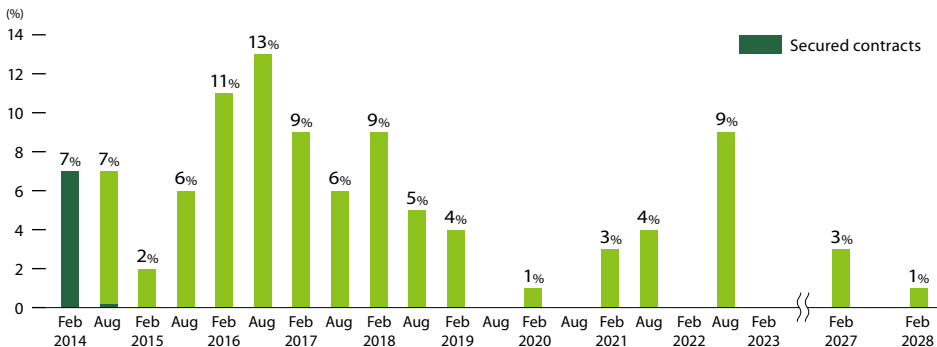


## Occupancy and Rent Level (33 properties base)

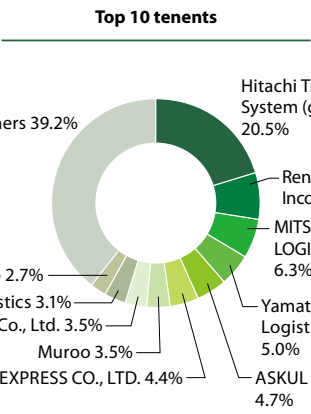
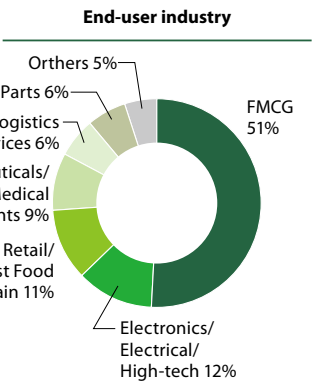
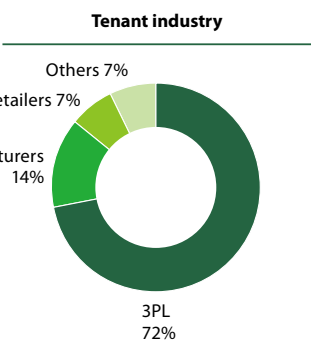
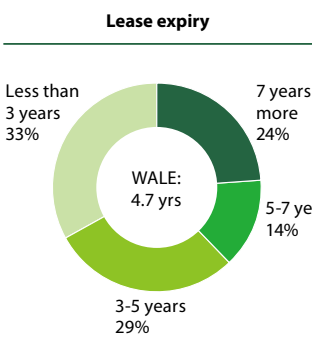
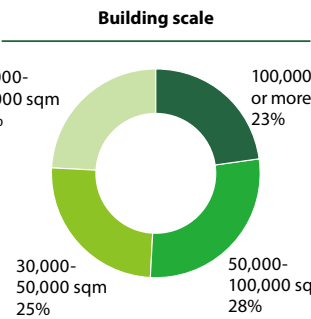
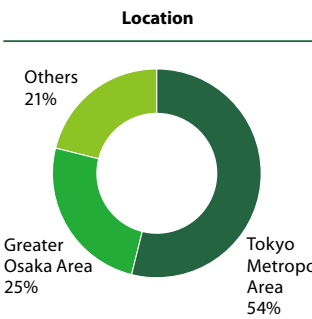


## Lease Expiry Profile

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



# Portfolio Data



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

# Debt Information

## Loan Details (as of Aug 2013)

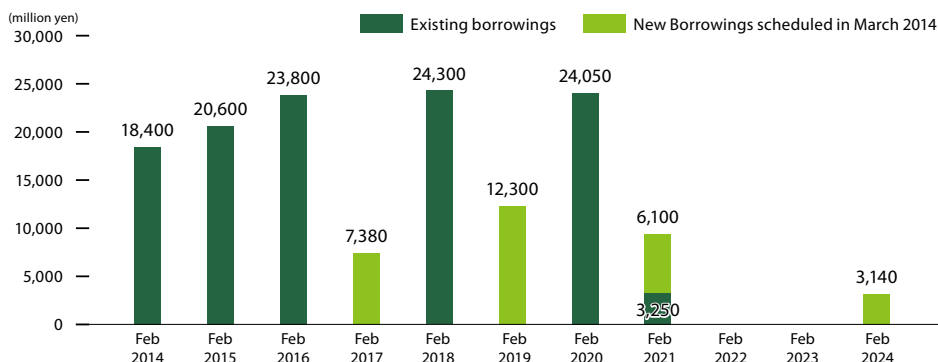
Average remaining period **3.3** years

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

Fixed interest ratio **65.9%**

Long-term loan ratio **83.9%**

## Debt Maturity Diversification



## Credit Ratings

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

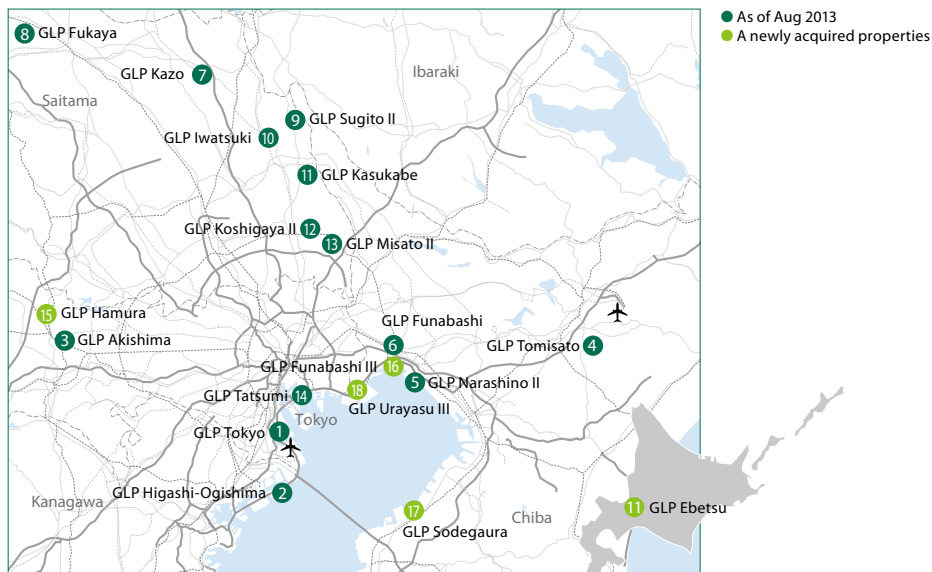
## Optimal Payable Distribution

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

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

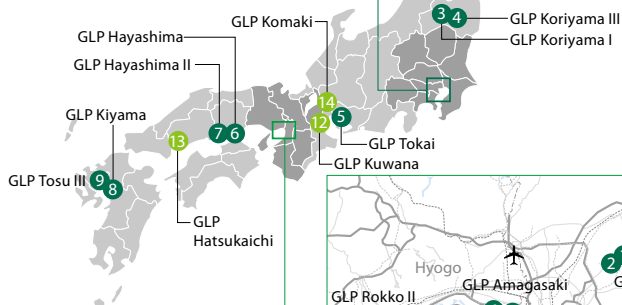
- The amount of the optimal payable distribution made for any given fiscal period will be determined by GLP J-REIT. The amount will not exceed that of depreciation expenses posted for the immediately prior fiscal period less the amount of capital expenditure for the same period.
- The implementation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

# Portfolio Map

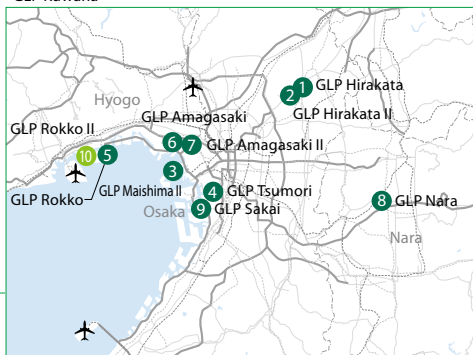


## Tokyo Metropolitan Area

## Other Area



## Greater Osaka Area



# Overview of Portfolio in Tokyo Metropolitan Area

---



**1** GLP Tokyo Ota, Tokyo



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



**3** GLP Akishima Akishima, Tokyo



**4** GLP Tomisato Tomisato, Chiba



**5** GLP Narashino II Narashino, Chiba



**6** GLP Funabashi Funabashi, Chiba

# Overview of Portfolio in Tokyo Metropolitan Area



**7** GLP Kazo Kazo, Saitama



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



**8** GLP Fukaya Fukaya, Saitama



**15** GLP Hamura Hamura, Tokyo

New  
property



**14** GLP Tatsumi Koto, Tokyo



**16** Funabashi III Funabashi, Chiba

New  
property





**10** GLP Iwatsuki Saitama, Saitama



**11** GLP Kasukabe Kasukabe, Saitama



**12** GLP Koshigaya II Koshigaya, Saitama



**13** GLP Misato II Misato, Saitama



**17** GLP Sodegaura Sodegaura, Chiba

New  
property



**18** GLP Urayasu III Urayasu, Chiba

New  
property

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



**1** GLP Hirakata Hirakata, Osaka



**2** GLP Hirakata II Hirakata, Osaka



**3** GLP Maishima II Osaka, Osaka



**4** GLP Tsumori Osaka, Osaka



**5** GLP Rokko Kobe, Hyogo





**6** GLP Amagasaki Amagasaki, Hyogo



**7** GLP Amagasaki II Amagasaki, Hyogo



**8** GLP Nara Yamato koriyama, Nara



**9** GLP Sakai Sakai, Osaka



**10** GLP Rokko II Kobe, Hyogo

New  
property

# Overview of Portfolio in Other Area



**1** GLP Morioka Shiwa, Iwate



**2** GLP Tomiya Kurokawa, Miyagi



**3** GLP Koriyama I Koriyama, Fukushima



**4** GLP Koriyama III Koriyama, Fukushima



**6** GLP Hayashima Tsukubo, Okayama



**5** GLP Tokai Tokai, Aichi



**7** GLP Hayashima II Tsukubo, Okayama



**8** GLP Kiyama Miyaki, Saga



**9** GLP Tosu III Tosu, Saga



**10** GLP Sendai Sendai, Miyagi



**11** GLP Ebetsu Ebetsu, Hokkaido

New  
property



**12** GLP Kuwana Kuwana, Mie

New  
property



**13** GLP Hatsukaichi Hatsukaichi, Hiroshima

New  
property

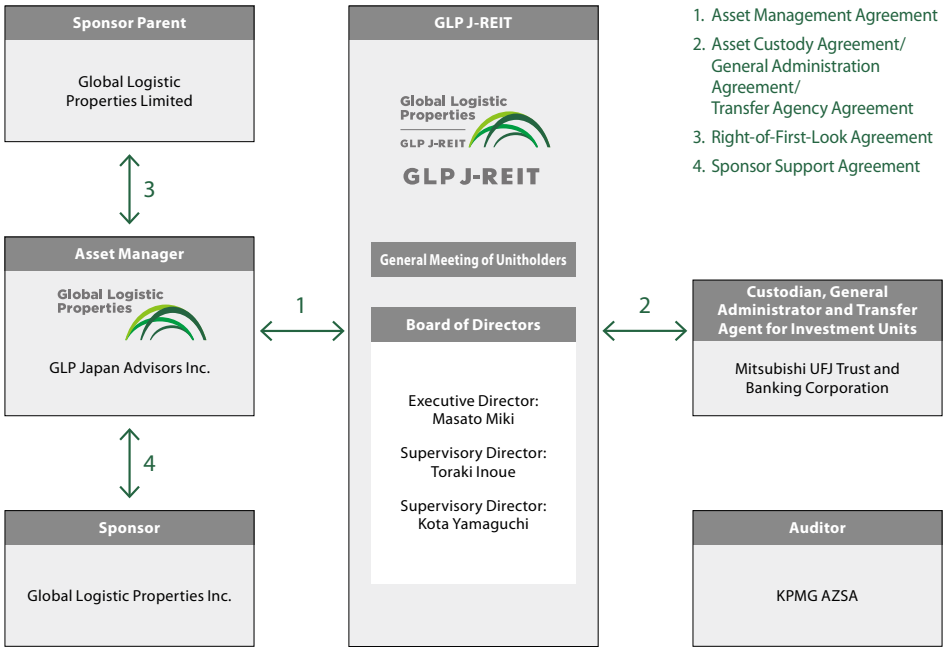


**14** GLP Komaki Komaki, Aichi

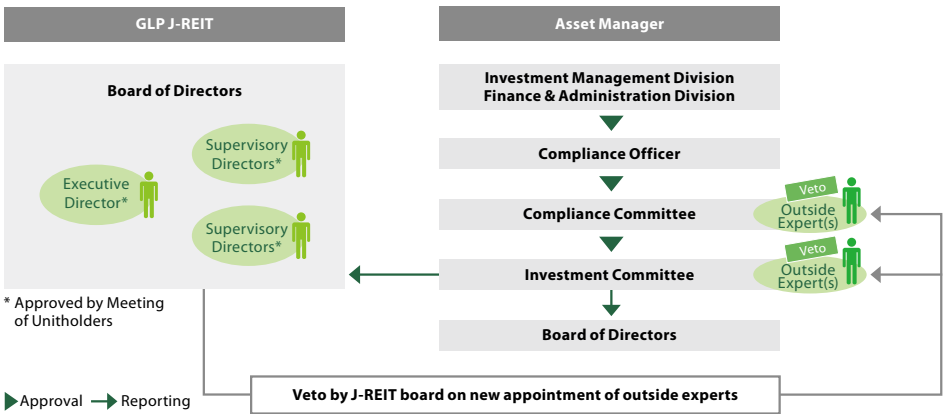
New  
property

# Overview GLP J-REIT

## Structure of GLP J-REIT

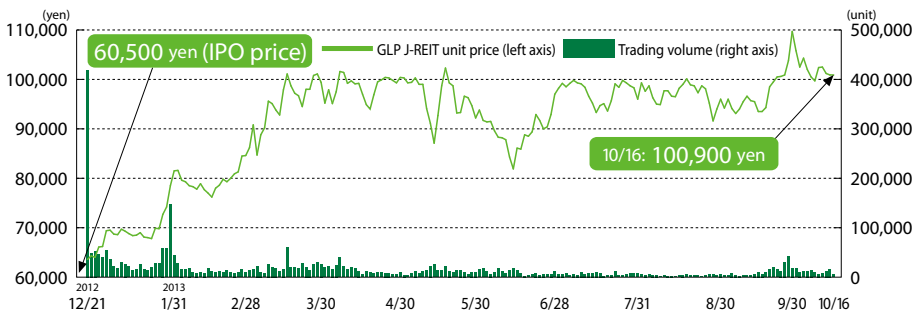


## Governance Structure for Related Party Transactions

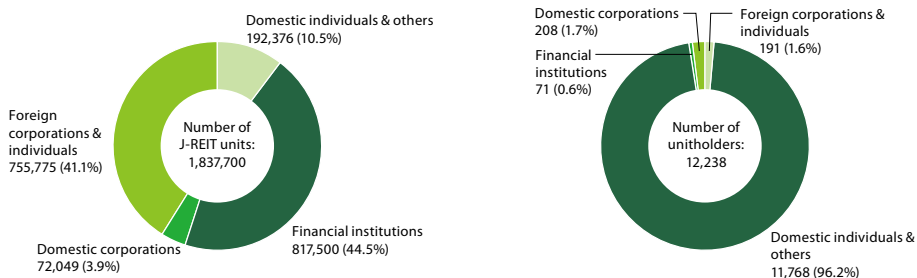


# Investor's Information

## Historical Investment Unit Price (closing price)



## Unitholder Composition



# ASSET MANAGEMENT REPORT

## [Overview of Asset Management]

### 1. Trends in Key Indicators

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

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

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

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

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

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

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

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

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

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



## 2. Performance Review for the 3rd Period

### (1) Brief Background of GLP J-REIT

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

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

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

### (2) Investment Environment and Business Performance

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

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

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

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

Thus, GLP J-REIT owns 33 properties with a total acquisition price of 221,311 million yen and a total leasable area of 1,178,461.83m<sup>2</sup> as of the end of the current fiscal period. The occupancy rate of the entire portfolio continued to remain stable, and at the end of the current fiscal period, it was at the high level of 99.9%.

### (3) Overview of Financing

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

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



liabilities to total assets (LTV) was 48.9%.

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

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

#### (4) Overview of Financial Results and Cash Distribution

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

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

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

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

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

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

### 3. Changes in Number of Investment Units Issued and Outstanding

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

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

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

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

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

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

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

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

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

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

#### [Changes in Unit Price at TSE]

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

(Unit: Yen)

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

## 4. Distributions

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

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

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

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

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

## 5. Future Management Policy and Issues To Be Addressed

### (1) Operational Environment in Next Fiscal Period

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

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

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

### (2) Future Management Policy and Issues To Be Addressed

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

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

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

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

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

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

## 6. Significant Subsequent Events

### (1) Issuance of new investment units

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

#### [Issuance of new investment units through a public offering]

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

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

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

#### [Purpose of funding]

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

trust stated below in (2). The funds procured through the third-party allocation were appropriated and used to repay part of a short-term loan as stated in “Reference information” below. The early repayment in the amount of 1,100 million yen was executed on November 1, 2013.

## (2) Acquisitions of Assets

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

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

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

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

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

### (3) Borrowing of Funds

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

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

#### (Reference information)

##### (a) Repayment of borrowing

GLP J-REIT executed the early repayment of part of a short-term loan, using cash on hand and funds procured by the issuance of new investment units through third-party allocation as stated in “6. Significant Subsequent Events, (1) Issuance of new investment units” above, on November 1, 2013 as follows:

Lender	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Citibank Japan Ltd., The Bank of Fukuoka, Ltd., The Norinchukin Bank, Resona Bank, Limited.
Loan balance	18,400 million yen
Interest rate	0.48000% (Interest rate for the period from August 30, 2013 to the date of early repayment)
Loan execution date	January 4, 2013

Repayment date	January 4, 2014 (or, if it is not a business day, the following business day)
Amount of early repayment	1,100 million yen
Loan balance after early repayment	17,300 million yen
Collateral	Unsecured

## [Profile of GLP J-REIT]

### 1. Status of Unitholders' Capital

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

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

### 2. Matters Concerning Investment Units

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

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

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



### 3. Matters Concerning Directors and Auditors

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

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

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

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

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

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

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

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

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

## [Status on Investment Properties]

### 1. Composition of GLP J-REIT's Assets

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

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

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

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

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

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

## 2. Major Properties Owned

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

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

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

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

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

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

### 3. Summary of Portfolio Properties

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

The following table summarizes the investment properties held by GLP as of August 31, 2019:					
Name of property	Location (Note 1)	Type of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value (Million yen) (Note 3)	Book value (Million yen)
GLP Tokyo	2-1-2, Tokai, Ota-ku, Tokyo	Beneficiary right in trust	56,105.95	23,000	22,670
GLP Higashi-Ogishima	23-9, Higashi-Ogishima, Kawasaki-ku, Kawasaki, Kanagawa		34,582.00	5,350	5,015
GLP Akishima	4-13-41, Mihori-cho, Akishima, Tokyo 4-13-42, Mihori-cho, Akishima, Tokyo		27,356.63	7,440	7,183
GLP Tomisato	3-1, Misawa, Tomisato, Chiba		27,042.59	5,140	4,973
GLP Narashino II	3-6-3, Akanehama, Narashino, Chiba		104,543.59	18,200	15,228
GLP Funabashi	1-1389-2, Kaijincho-minami, Funabashi, Chiba		12,017.00	1,810	1,745
GLP Kazo	1-5-1, Minamishinozaki, Kazo, Saitama		76,532.71	12,400	11,424
GLP Fukaya	1900-2, Mizugahara, Orinokuchi, Fukaya, Saitama		19,706.00	2,580	2,402
GLP Sugito II	398-2, Fuwaka, Sugito-machi, Kita-Katsushika, Saitama		101,262.00	19,500	18,923
GLP Iwatsuki	2-9-10, Kokaba, Iwatsuki-ku, Saitama, Saitama		31,839.99	7,020	6,932
GLP Kasukabe	1155, Anzai, Suikaku, Kasukabe, Saitama		18,460.72	4,250	4,215
GLP Koshigaya II	2-2-1, Ryutsu-Danchi, Koshigaya, Saitama		43,537.47	9,960	9,765
GLP Misato II	3-2-1, Lala-city, Shinmisato, Misato, Saitama		59,208.59	15,100	14,574
GLP Tatsumi	3-11-10, Tatsumi, Koto-ku, Tokyo		12,925.58	5,150	4,966
GLP Hirakata	3-2-27, Minami-nakaburi, Hirakata, Osaka 3-2-7, Minami-nakaburi, Hirakata, Osaka		29,829.56	4,970	4,772
GLP Hirakata II	3-3-1, Minami-nakaburi, Hirakata, Osaka		43,283.01	8,070	7,948
GLP Maishima II	2-1-92, Hokukoryokuchi, Konohana-ku, Osaka, Osaka		56,511.10	9,900	8,913
GLP Tsumori	2-1-30, Minami-tsumori, Nishinari-ku, Osaka, Osaka		16,080.14	2,070	2,031
GLP Rokko	3-10, Koyochō-higashi, Higashinada-ku, Kobe, Hyogo		39,339.00	5,340	5,171
GLP Amagasaki	231-2, Nishimukojima-cho, Amagasaki, Hyogo		110,314.00	24,900	24,456
GLP Amagasaki II	16, Nishitakasū-cho, Amagasaki, Hyogo		12,342.95	2,080	2,049
GLP Nara	6-4, Imago-cho, Yamatokoriyama, Nara		19,545.35	2,600	2,384
GLP Sakai	1-63, Chikkouyawatamachi, Sakai-ku, Sakai, Osaka		10,372.10	2,050	2,001
GLP Morioka	59, Urata, Sakuramachi, Shiwa-cho, Shiwa, Iwate		10,253.80	839	813
GLP Tomiya	9-1-2, Narita, Tomiyama-machi, Kurokawa, Miyagi		20,466.98	2,820	2,808
GLP Koriyama I	3-2-2, Oroshi, Kikuta-cho, Koriyama, Fukushima		24,335.96	4,170	4,062
GLP Koriyama III	5-12, Mukaihara, Horinouchi, Kikuta-machi, Koriyama, Fukushima		27,671.50	2,660	2,635
GLP Tokai	2-47, Asayama, Tokai, Aichi		32,343.30	6,480	6,197
GLP Hayashima	823, Yao, Hayashima-cho, Tsukubo, Okayama		13,574.58	1,260	1,208
GLP Hayashima II	4507-40, Hayashima, Hayashima-cho, Tsukubo, Okayama		14,447.48	2,500	2,446
GLP Kiyama	2950-1, Urata, Sonobe, Kiyama-cho, Miyaki, Saga		23,455.96	4,980	4,719
GLP Tosu III	1-2, Wakasa, Fujinokimachi, Tosu, Saga		11,918.00	847	814
GLP Sendai	12-1, Niinuma, Nakano, Miyagino-ku, Sendai, Miyagi		37,256.23	5,790	5,594
Total			1,178,461.83	231,226	221,053

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

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

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

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

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

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

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

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

## 4. Specified Transaction

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

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

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

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

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

## 5. Investments and Other Assets

### (1) Investment securities – Equity securities

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

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

### (2) Details of other specified assets

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

## [Capital Expenditures for Properties Owned]

### 1. Future Plan of Capital Expenditures

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

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

### 2. Capital Expenditures During the Current Period

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

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

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

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

(Unit: Million yen)

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

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

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

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

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

(Reference) Summary of Engineering Due Diligence Report

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

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

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



## [Expenses and Liabilities]

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

(Unit: Thousand yen)

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

### 2. Status of Borrowings

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

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

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

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

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

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

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

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

### 3. Status of Investment Corporation Bonds

None

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

None

## [Acquisition and Disposition]

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

None

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

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

### 3. Appraisal Values of Specific Assets

None

### 4. Transactions with Interested Parties and Major Shareholders

#### (1) Transactions

None

#### (2) Amounts of fees paid

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

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

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

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

## **[Accounting]**

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

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

### **2. Change in Calculation of Depreciation**

None

### **3. Change in Valuation of Real Estate Properties**

None

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

None

## **[Other information]**

### **1. Notice**

None

### **2. Other**

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

## SUPPLEMENTAL INFORMATION

### Diversification of Portfolio

The following summarizes the diversification of properties in trust.

#### a. By Geographical Area

Area	Total floor space (m <sup>2</sup> ) (Note 1)	Ratio (%) (Note 2)	Acquisition cost (Million yen)	Ratio (%) (Note 2)
Tokyo metropolitan area	685,222.11	53.4	130,170	58.8
Greater Osaka area	371,503.18	29.0	59,760	27.0
Other	225,272.22	17.6	31,381	14.2
Total	1,281,997.51	100.0	221,311	100.0

(Note 1) “Total floor space” is based on the floor space stated on any of the followings: certificate of completion of the major building, notice of verification of building construction or application for verification of building construction.

(Note 2) “Ratio” is rounded off to the first decimal place. Thus, the totals shown do not necessarily agree with the sums of the individual ratios.

#### b. By Building Age

Building age (Note 1)	Number of properties	Total floor space (m <sup>2</sup> ) (Note 2)	Ratio (%) (Note 3)	Acquisition cost (Million yen)	Ratio (%) (Note 3)
20 years or more	13	365,655.76	28.5	46,061	20.8
15 years or more but less than 20 years	-	-	-	-	-
10 years or more but less than 15 years	2	75,777.44	5.9	15,100	6.8
5 years or more but less than 10 years	16	753,867.37	58.8	140,790	63.6
Less than 5 years	2	86,696.94	6.8	19,360	8.7
Total	33	1,281,997.51	100.0	221,311	100.0

(Note 1) As a general rules, “Building age” shows the period of years from a completion date of new construction of major building stated on real estate register to August 31, 2013.

(Note 2) “Total floor space” is based on the floor space stated on any of the followings: certificate of completion of the major building, notice of verification of building construction or application for verification of building construction.

(Note 3) “Ratio” is rounded off to the first decimal place. Thus, the totals shown do not necessarily agree with the sums of the individual ratios.

#### c. By Total Floor Space

Total floor space (m <sup>2</sup> ) (Note 1)	Number of properties	Total floor space (m <sup>2</sup> ) (Note 1)	Ratio (%) (Note 2)	Acquisition cost (Million yen)	Ratio (%) (Note 2)
100,000 m <sup>2</sup> or more	3	370,672.10	28.9	58,720	26.5
50,000 m <sup>2</sup> or more but less than 100,000 m <sup>2</sup>	4	268,723.28	21.0	57,770	26.1
30,000 m <sup>2</sup> or more but less than 50,000 m <sup>2</sup>	10	362,846.63	28.3	58,990	26.7
10,000 m <sup>2</sup> or more but less than 30,000 m <sup>2</sup>	16	279,755.50	21.8	45,831	20.7
Less than 10,000 m <sup>2</sup>	-	-	-	-	-
Total	33	1,281,997.51	100.0	221,311	100.0

(Note 1) “Total floor space” is based on the floor space stated on any of the followings: certificate of completion of the major building, notice of verification of building construction or application for verification of building construction.

(Note 2) “Ratio” is rounded off to the first decimal place. Thus, the totals shown do not necessarily agree with the sums of the individual ratios.

d. By Remaining Lease Period

Lease period (Remaining period) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Ratio (%) (Note 3)	Annual contracted rent (Million yen) (Note 4)	Ratio (%) (Note 3)
7 years or more	228,325.73	19.4	2,516	17.9
5 years or more but less than 7 years	165,467.64	14.1	2,375	16.9
3 years or more but less than 5 years	362,189.82	30.8	4,643	33.0
1 year or more but less than 3 years	339,703.52	28.8	3,504	24.9
Less than 1 year	81,867.83	7.0	1,036	7.4
Total	1,177,554.56	100.0	14,076	100.0

(Note 1) “Lease period” represents the remaining lease period subsequent to August 31, 2013 based on the lease agreement of each property in trust.

(Note 2) “Leased area” represents the total leased area by remaining lease period, based on the relevant lease agreement of each property or property in trust as of August 31, 2013, and is rounded off to the second decimal place.

(Note 3) “Ratio” is rounded off to the first decimal place. Thus, the sums of individual ratios may not agree to 100%.

(Note 4) “Annual contracted rent” represents the total of annualized individual rent and classified by remaining lease period. It is calculated by multiplying the monthly contracted rent for building (including CAM but excluding consumption taxes. If the property or property in trust has multiple tenants, the total of all monthly rents.) indicated in the relevant lease agreement(s) of each property or property in trust as of August 31, 2013 by 12, rounded down to the nearest one million yen.

## Summary of Portfolio Properties

Area	Property number	Name of property	Location	Construction date (Note 1)	Annual contracted rent (Million yen) (Note 2)	Tenant leasehold and security deposit (Million yen) (Note 3)	Land area (m <sup>2</sup> )
Tokyo	Tokyo-1	GLP Tokyo	Ota-ku, Tokyo	November 17, 2003	1,285	268	14,879.68
	Tokyo-2	GLP Higashi-Ogishima	Kawasaki, Kanagawa	August 27, 1987	(Note 4)	(Note 4)	25,313.64
	Tokyo-3	GLP Akishima	Akishima, Tokyo	February 10, 2001	(Note 4)	(Note 4)	30,939.95
	Tokyo-4	GLP Tomisato	Tomisato, Chiba	July 3, 2007	(Note 4)	(Note 4)	39,398.15
	Tokyo-5	GLP Narashino II	Narashino, Chiba	August 26, 1991	(Note 4)	(Note 4)	55,185.00
	Tokyo-6	GLP Funabashi	Funabashi, Chiba	April 14, 1990	(Note 4)	(Note 4)	5,804.04
	Tokyo-7	GLP Kazo	Kazo, Saitama	March 11, 2005	(Note 4)	(Note 4)	38,278.86
	Tokyo-8	GLP Fukaya	Fukaya, Saitama	January 23, 1991	(Note 4)	(Note 4)	31,666.62
	Tokyo-9	GLP Sugito II	Kitakatsushika-gun, Saitama	January 18, 2007	1,222	418	53,792.06
	Tokyo-10	GLP Iwatsuki	Saitama, Saitama	August 5, 2008	(Note 4)	(Note 4)	17,277.60
	Tokyo-11	GLP Kasukabe	Kasukabe, Saitama	July 15, 2004	(Note 4)	(Note 4)	18,269.08
	Tokyo-12	GLP Koshigaya II	Koshigaya, Saitama	July 28, 2006	(Note 4)	(Note 4)	16,056.14
	Tokyo-13	GLP Misato II	Misato, Saitama	September 19, 2008	(Note 4)	(Note 4)	30,614.09
	Tokyo-14	GLP Tatsumi	Koto-ku, Tokyo	September 8, 2003	(Note 4)	(Note 4)	6,500.01
Tokyo metropolitan area, total					8,045	3,144	383,974.92
Osaka	Osaka-1	GLP Hirakata	Hirakata, Osaka	September 20, 1985	(Note 4)	(Note 4)	25,290.30
	Osaka-2	GLP Hirakata II	Hirakata, Osaka	December 11, 2000	(Note 4)	(Note 4)	31,131.17
	Osaka-3	GLP Maishima II	Osaka, Osaka	October 15, 2006	(Note 4)	(Note 4)	24,783.06
	Osaka-4	GLP Tsumori	Osaka, Osaka	October 14, 1981	(Note 4)	(Note 4)	9,021.75
	Osaka-5	GLP Rokko	Kobe, Hyogo	March 4, 1991	(Note 4)	(Note 4)	24,969.30
	Osaka-6	GLP Amagasaki	Amagasaki, Hyogo	December 8, 2006	1,479	555	59,078.60
	Osaka-7	GLP Amagasaki II	Amagasaki, Hyogo	February 12, 1992	(Note 4)	(Note 4)	4,310.06
	Osaka-8	GLP Nara	Yamatokoriyama, Nara	November 22, 1969	(Note 4)	(Note 4)	13,420.77
	Osaka-9	GLP Sakai	Sakai, Osaka	September 18, 2007	(Note 4)	(Note 4)	10,000.03
Greater Osaka area, total					3,845	1,501	202,005.04
Other	Other-1	GLP Morioka	Shiwa-gun, Iwate	August 27, 1980	(Note 4)	(Note 4)	10,244.70
	Other-2	GLP Tomiya	Kurokawa-gun, Miyagi	April 5, 2006	(Note 4)	(Note 4)	19,525.08
	Other-3	GLP Koriyama I	Koriyama, Fukushima	August 21, 2008	(Note 4)	(Note 4)	18,626.32
	Other-4	GLP Koriyama III	Koriyama, Fukushima	February 17, 1993	244	30	22,862.07
	Other-5	GLP Tokai	Tokai, Aichi	July 14, 2004	(Note 4)	(Note 4)	18,987.22
	Other-6	GLP Hayashima	Tsukubo-gun, Okayama	November 28, 1989	(Note 4)	(Note 4)	12,808.41
	Other-7	GLP Hayashima II	Tsukubo-gun, Okayama	December 7, 2007	(Note 4)	(Note 4)	14,675.59
	Other-8	GLP Kiyama	Miyaki-gun, Saga	November 5, 2008	(Note 4)	(Note 4)	73,225.00
	Other-9	GLP Tosu III	Tosu, Saga	September 30, 1982	(Note 4)	(Note 4)	26,187.51
	Other-10	GLP Sendai	Sendai, Miyagi	January 4, 2007	(Note 4)	(Note 4)	19,273.00
Other, total					2,186	821	236,414.90
Total portfolio					14,076	5,467	822,394.86

(Note 1) "Construction date" represents the date of construction of the main building as described in the property registry. For properties with several main buildings, the construction date of the oldest building is listed. For GLP Tsumori, it shows the delivery date of the inspection certificate.

(Note 2) "Annual contracted rent" represents the amount annualized by multiplying the monthly contracted rent (including CAM but excluding consumption taxes, if the property or property in trust has multiple tenants, the total of all monthly rents) as indicated in the relevant lease agreement(s) of each property or property in trust as of August 31, 2013 by 12. Any fraction less than one million yen is rounded down. Accordingly, the sum of annual contracted rent of each property or property in trust may not equal to each subtotal or total of portfolio.

(Note 3) "Tenant leasehold and security deposit" represents total balance of leasehold and security deposit amount stated on the lease agreement of each property or property in trust as of August 31, 2013, rounded down to the nearest million yen. Accordingly, the sum of leasehold and security deposit of each property or property in trust may not equal to each subtotal or total of portfolio.

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



## Valuation and Appraisal

Property number	Name of property	Appraiser	Date of valuation	Appraisal value (Million yen) (Note 1)	Indicated value				
					Direct Capitalization method		Discount Cash Flow method		
					Value (Million yen)	Cap rate (%)	Value (Million yen)	Discount rate (%)	Yield (%)
Tokyo-1	GLP Tokyo	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	23,000	23,400	4.7	22,600	4.4	5.0
Tokyo-2	GLP Higashi-Ogishima	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	5,350	5,430	5.1	5,260	4.8	5.4
Tokyo-3	GLP Akishima	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	7,440	7,550	5.2	7,320	4.9	5.5
Tokyo-4	GLP Tomisato	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	5,140	5,170	5.3	5,130	5.3/5.4	5.5
Tokyo-5	GLP Narashino II	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	18,200	19,200	5.3	17,700	5.0/5.2	5.3
Tokyo-6	GLP Funabashi	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	1,810	1,800	5.0	1,820	4.9/5.1	5.2
Tokyo-7	GLP Kazo	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	12,400	12,900	5.3	12,200	5.3/5.4	5.5
Tokyo-8	GLP Fukaya	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	2,580	2,650	5.3	2,550	5.2/5.3/5.4	5.5
Tokyo-9	GLP Sugito II	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	19,500	19,900	5.2	19,000	4.9	5.5
Tokyo-10	GLP Iwatsuki	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	7,020	7,140	5.2	6,900	4.9	5.5
Tokyo-11	GLP Kasukabe	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	4,250	4,300	5.5	4,190	5.2	5.8
Tokyo-12	GLP Koshigaya II	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	9,960	10,100	5.1	9,810	4.8	5.4
Tokyo-13	GLP Misato II	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	15,100	15,300	5.1	14,800	4.8	5.4
Tokyo-14	GLP Tatsumi	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	5,150	5,240	4.8	5,060	4.5	5.1
Osaka-1	GLP Hirakata	Japan Real Estate Institute	August 31, 2013	4,970	5,020	5.5	4,910	5.1	5.8
Osaka-2	GLP Hirakata II	Japan Real Estate Institute	August 31, 2013	8,070	8,150	5.2	7,980	5.0	5.4
Osaka-3	GLP Maishima II	Japan Real Estate Institute	August 31, 2013	9,900	9,930	5.5	9,860	4.9	5.6
Osaka-4	GLP Tsumori	Japan Real Estate Institute	August 31, 2013	2,070	2,100	5.8	2,040	5.5	6.1
Osaka-5	GLP Rokko	Japan Real Estate Institute	August 31, 2013	5,340	5,380	5.6	5,300	5.2	5.9
Osaka-6	GLP Amagasaki	Japan Real Estate Institute	August 31, 2013	24,900	25,200	5.0	24,600	4.8	5.2
Osaka-7	GLP Amagasaki II	Japan Real Estate Institute	August 31, 2013	2,080	2,110	5.6	2,050	5.3	6.0
Osaka-8	GLP Nara	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	2,600	2,630	6.1	2,570	5.8	6.4
Osaka-9	GLP Sakai	Japan Real Estate Institute	August 31, 2013	2,050	2,080	5.6	2,020	5.4	5.9
Other-1	GLP Morioka	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	839	856	6.5	831	6.3	6.7
Other-2	GLP Tomiya	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	2,820	2,820	6.0	2,820	5.7/5.9	6.2
Other-3	GLP Koriyama I	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	4,170	4,180	6.1	4,160	5.9/6.0	6.3
Other-4	GLP Koriyama III	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	2,660	2,650	6.0	2,670	5.7/5.8/5.9	6.2
Other-5	GLP Tokai	Morii Appraisal & Investment Consulting, Inc.	August 31, 2013	6,480	6,580	5.3	6,370	5.0	5.6
Other-6	GLP Hayashima	Japan Real Estate Institute	August 31, 2013	1,260	1,270	6.2	1,240	6.0	6.4
Other-7	GLP Hayashima II	Japan Real Estate Institute	August 31, 2013	2,500	2,530	5.7	2,460	5.5	6.0
Other-8	GLP Kiyama	Japan Real Estate Institute	August 31, 2013	4,980	5,000	5.6	4,950	5.0	6.0
Other-9	GLP Tosu III	Japan Real Estate Institute	August 31, 2013	847	852	5.8	841	5.4	6.1
Other-10	GLP Sendai	The Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2013	5,790	5,750	5.8	5,810	5.5/5.7	6.0

(Note 1) "Appraisal value" represents the appraisal value or research price as set forth on the relevant review reports by real estate appraisers as of the balance sheet date in accordance with the policy prescribed in the Articles of Incorporation of GLP J-REIT and the rules of the Investment Trust Association.

## Summary of Engineering Reviews and Seismic Risk Assessment

Property number	Name of property	Engineering due diligence company	Date of report	Short-term emergency repair costs (Thousand yen) (Note 1 and 2)	Mid-to-Long term repair costs (Thousand yen) (Note 1 and 3)	PML (%) (Note 1)		
Tokyo-1	GLP Tokyo	Property Risk Solution Corporation	September 19, 2012	-	219,100	7.8		
Tokyo-2	GLP Higashi-Ogishima			-	561,650	10.4		
Tokyo-3	GLP Akishima			-	168,950	10.7		
Tokyo-4	GLP Tomisato			-	75,700	7.0		
Tokyo-5	GLP Narashino II			-	1,292,600	10.5		
Tokyo-6	GLP Funabashi			-	240,050	12.5		
Tokyo-7	GLP Kazo			-	303,800	11.6		
Tokyo-8	GLP Fukaya			-	410,950	4.3		
Tokyo-9	GLP Sugito II			-	365,100	8.4		
Tokyo-10	GLP Iwatsuki			-	50,120	13.3		
Tokyo-11	GLP Kasukabe			-	170,650	14.8		
Tokyo-12	GLP Koshigaya II			-	136,530	7.9		
Tokyo-13	GLP MisatoII			-	78,600	10.4		
Tokyo-14	GLP Tatsumi			-	43,100	14.3		
Osaka-1	GLP Hirakata			-	315,300	9.9		
Osaka-2	GLP Hirakata II			-	305,900	14.8		
Osaka-3	GLP Maishima II			-	152,100	10.7		
Osaka-4	GLP Tsumori			-	142,750	16.8		
Osaka-5	GLP Rokko			-	476,400	10.5		
Osaka-6	GLP Amagasaki			-	307,700	13.1		
Osaka-7	GLP Amagasaki II			-	142,500	10.9		
Osaka-8	GLP Nara			-	102,910	26.6		
Osaka-9	GLP Sakai			-	42,200	13.1		
Other-1	GLP Morioka			-	59,600	13.5		
Other-2	GLP Tomiya			-	61,800	10.4		
Other-3	GLP Koriyama I			-	28,650	9.7		
Other-4	GLP Koriyama III			-	350,300	9.0		
Other-5	GLP Tokai			-	123,880	14.5		
Other-6	GLP Hayashima			-	126,880	8.8		
Other-7	GLP Hayashima II			-	33,150	6.6		
Other-8	GLP Kiyama			-	95,190	7.8		
Other-9	GLP Tosu III			-	201,000	8.9		
Other-10	GLP Sendai					-	159,450	9.9
Total (Note 4)						2.6		

(Note 1) “Short-term emergency repair costs,” “Mid-to-Long term repair costs” and “PML” per property are based on “Engineering Due Diligence Report.” The effect of the Great East Japan Earthquake is not taken into account for the calculation of PML.

(Note 2) “Short-term emergency repair costs” represents the repair costs deemed to be required within one year from the date of the report.

(Note 3) “Mid-to-Long term repair costs” represents the repair costs deemed to be required within 12 years from the date of the report.

(Note 4) Probable Maximum Loss (“PML”) of the entire portfolio is 2.6, rounded up to the first decimal place, based on the “Portfolio Seismic Risk Assessment Review” dated on January 23, 2013. The effect of the Great East Japan Earthquake is not taken into account for the calculation of PML.

## Information on Major Properties

The following is the major property accounting for 10% or more of total property-related revenues for the period ended August 31, 2013.

Name of property	GLP Amagasaki	
Property-related revenues (Million yen)	804	
Ratio to total property-related revenues (%)	11.1	
Occupancy trend in recent 5 years	February 28, 2013	100.0
	August 31, 2013	100.0

(Note) “Occupancy trend in recent 5 years” represents the occupancy ratio after the commencement of operation by GLP J-REIT, rounded off to the first decimal place.

## Information on Major Tenants

The following is the major tenant to whom GLP J-REIT leases 10% or more of total leased area of the entire portfolio as of August 31, 2013.

Name of major tenant	Industry	Name of property	Annual contracted rent (Million yen) (Note 1)	Ratio to total rent (%) (Note 2)	Leased area (m <sup>2</sup> ) (Note 3)	Ratio to total leased area (%) (Note 4)
Hitachi Transport System, Ltd. (Note 5)	3PL	GLP Kazo	(Note 6)	(Note 6)	76,532.71	6.5
		GLP Tomiya			20,466.98	1.7
		GLP Maishima II			56,511.10	4.8
		GLP Kiyama			23,455.96	2.0
Subtotal			1,749	12.4	176,966.75	15.0

The entire portfolio	14,076	100.0	1,177,554.56	100.0
----------------------	--------	-------	--------------	-------

(Note 1) “Annual contracted rent” represents the amount annualized by multiplying the monthly contracted rent (including CAM but excluding consumption taxes) as indicated in the relevant lease agreement(s) of each property or property in trust as of August 31, 2013 by 12. Any fraction less than one million yen is rounded down. Accordingly, the sum of annual contracted rent of each property or property in trust may not equal to each subtotal or total of portfolio.

(Note 2) “Ratio to total rent” represents the ratio of annual contracted rent of each major tenant to total annual rents of the entire portfolio, rounded off to the first decimal place.

(Note 3) “Leased area” is the leased area as indicated in the relevant lease agreement for each property or property in trust as of August 31, 2013.

(Note 4) “Ratio to total leased area” represents the ratio of area leased by each major tenant to the total leased area of the entire portfolio, rounded off to the first decimal place.

(Note 5) Master lease agreements are signed between current owners and master leasing companies, and the relevant master leasing companies enter into a sub-lease agreement with key tenants. However, the rent of relevant master lease agreements is equivalent to that of sub-lease agreement, and they are so-called pass-through master lease agreements.

(Note 6) Not disclosed because tenant’s consent is not obtained.

Terms and conditions of contract with major tenant are as follows.

Name of major tenant	Name of property	Expiry date	Tenant leasehold and security deposits (Million yen) (Note 1)
Hitachi Transport System, Ltd.	GLP Kazo	(Note 2)	(Note 2)
	GLP Tomiya		
	GLP Maishima II		
	GLP Kiyama		
Subtotal		—	415

(Note 1) The amount of “Tenant leasehold and security deposits” is rounded down to the nearest one million yen.

(Note 2) Not disclosed because tenant’s consent is not obtained.

## Short-Term and Long-Term Loans Payable

(Thousand yen)

Name of financial institutions	As of February 28, 2013	Increase	Decrease	As of August 31, 2013	Average rate (*2)	Due date (*3)
Short-term loans payable:						
Sumitomo Mitsui Banking Corporation	4,000,000	-	-	4,000,000	0.50%	January 4, 2014
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000,000	-	-	4,000,000		
Mizuho Bank, Ltd. (*1)	4,000,000	-	-	4,000,000		
Mitsubishi UFJ Trust and Banking Corporation	1,800,000	-	-	1,800,000		
Citibank Japan Ltd.	1,300,000	-	-	1,300,000		
The Bank of Fukuoka, Ltd.	1,300,000	-	-	1,300,000		
The Norinchukin Bank	1,000,000	-	-	1,000,000		
Resona Bank, Limited.	1,000,000	-	-	1,000,000		
Total short-term loans payable	18,400,000	-	-	18,400,000		
Long-term loans payable:						
Sumitomo Mitsui Banking Corporation	5,400,000	-	-	5,400,000	0.60%	January 4, 2015
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,500,000	-	-	4,500,000		
Mizuho Bank, Ltd. (*1)	4,000,000	-	-	4,000,000		
Mitsubishi UFJ Trust and Banking Corporation	1,800,000	-	-	1,800,000		
Citibank Japan Ltd.	1,800,000	-	-	1,800,000		
The Bank of Fukuoka, Ltd.	1,300,000	-	-	1,300,000		
The Norinchukin Bank	900,000	-	-	900,000		
Resona Bank, Limited.	900,000	-	-	900,000		
Sumitomo Mitsui Banking Corporation	6,300,000	-	-	6,300,000	0.85% (*4)	January 4, 2016
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,900,000	-	-	5,900,000		
Mizuho Bank, Ltd. (*1)	4,000,000	-	-	4,000,000		
Mitsubishi UFJ Trust and Banking Corporation	1,800,000	-	-	1,800,000		
Citibank Japan Ltd.	1,800,000	-	-	1,800,000		
The Bank of Fukuoka, Ltd.	1,400,000	-	-	1,400,000		
The Norinchukin Bank	1,300,000	-	-	1,300,000		
Resona Bank, Limited.	1,300,000	-	-	1,300,000		
Sumitomo Mitsui Banking Corporation	6,400,000	-	-	6,400,000	1.13% (*4)	January 4, 2018
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,900,000	-	-	5,900,000		
Mizuho Bank, Ltd. (*1)	4,000,000	-	-	4,000,000		
Mitsubishi UFJ Trust and Banking Corporation	1,800,000	-	-	1,800,000		
Citibank Japan Ltd.	1,800,000	-	-	1,800,000		
The Bank of Fukuoka, Ltd.	1,800,000	-	-	1,800,000		
The Norinchukin Bank	1,300,000	-	-	1,300,000		
Resona Bank, Limited.	1,300,000	-	-	1,300,000		
Sumitomo Mitsui Banking Corporation	5,000,000	-	-	5,000,000	1.41% (*4)	January 4, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,600,000	-	-	4,600,000		
Mizuho Bank, Ltd. (*1)	4,000,000	-	-	4,000,000		
Mitsubishi UFJ Trust and Banking Corporation	1,800,000	-	-	1,800,000		
The Bank of Fukuoka, Ltd.	900,000	-	-	900,000		
Development Bank of Japan Inc.	4,500,000	-	-	4,500,000		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250,000	-	-	3,250,000	1.03%	January 31, 2020
Sumitomo Mitsui Banking Corporation	3,250,000	-	-	3,250,000	1.30% (*4)	February 1, 2021
Total long-term loans payable	96,000,000	-	-	96,000,000		
Total	114,400,000	-	-	114,400,000		

(\*1) Mizuho Corporate Bank, Ltd. was merged with Mizuho Bank, Ltd. on July 1, 2013 under the trade name Mizuho Bank, Ltd.

(\*2) "Average rate" means the weighted average interest rate during the period ended August 31, 2013 and is rounded off to the second decimal place.

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

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

(\*5) All of these fund procurements were made for the purpose of acquiring beneficiary rights of real estate in trust. None of these loans payable was secured by collateral or guarantee.

## Property and Equipment

(Unit: Thousand yen)

Class of assets	Balance as of February 28, 2013	Increase	Decrease	Balance as of August 31, 2013	Accumulated depreciation		Book value	Note (*)
						Depreciation for the period		
Property and equipment								
Buildings in trust	90,360,351	198,222	—	90,558,574	(1,969,518)	(1,486,961)	88,589,055	
Structures in trust	1,929,388	9,359	—	1,938,748	(120,227)	(91,099)	1,818,520	
Machinery and equipment in trust	51,909	—	—	51,909	(5,546)	(4,178)	46,363	
Tools, furniture and fixtures in trust	72,595	8,977	—	81,573	(8,001)	(6,052)	73,571	
Land in trust	130,525,023	483	—	130,525,506	—	—	130,525,506	
Construction in progress	—	19,641	—	19,641	—	—	19,641	
Sub total	222,939,268	236,685	—	223,175,954	(2,103,294)	(1,588,291)	221,072,659	
Total	222,939,268	236,685	—	223,175,954	(2,103,294)	(1,588,291)	221,072,659	

(\*)"Increase" was mainly due to capital expenditures.





## **Independent Auditor's Report**

To the Board of Directors of  
GLP J-REIT:

We have audited the accompanying financial statements of GLP J-REIT (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at August 31, 2013 and February 28, 2013, and the statements of income and retained earnings, statements of changes in net assets and statements of cash flows for each of the periods from March 1, 2013 to August 31, 2013 and from July 1, 2012 to February 28, 2013 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of GLP J-REIT as at August 31, 2013 and February 28, 2013, and their financial performance and cash flows for each of the periods from March 1, 2013 to August 31, 2013 and from July 1, 2012 to February 28, 2013 in accordance with accounting principles generally accepted in Japan.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 14 to the financial statements that further describes GLP J-REIT's subsequent issuance of new investment units, subsequent acquisition of trust beneficiary rights of seven properties and entering in purchase agreements of two trust beneficiary rights and agreements of long-term borrowings.

**KPMG AZSA LLC**

November 28, 2013  
Tokyo, Japan

# JGLP J-REIT

## Balance Sheets

As of August 31, 2013 and February 28, 2013

	<i>Thousands of yen</i>	
	As of August 31, 2013	As of February 28, 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Notes 2 and 3)	¥ 11,469,687	¥ 2,760,397
Operating accounts receivable	40,255	29,582
Prepaid expenses	306,792	354,239
Deferred tax assets (Note 10)	8	143
Consumption taxes receivable	—	4,606,628
Other current assets	78	—
Total current assets	11,816,821	7,750,992
Property and equipment, net (Note 5):		
Land in trust	130,525,506	130,525,023
Buildings in trust	90,558,574	90,360,351
Structures in trust	1,938,748	1,929,388
Machinery and equipment in trust	51,909	51,909
Tools, furniture and fixtures in trust	81,573	72,595
Construction in progress	19,641	—
	223,175,954	222,939,268
Accumulated depreciation	(2,103,294)	(515,002)
Total property and equipment, net	221,072,659	222,424,265
Investments and other assets:		
Investment securities	1,600	1,600
Long-term prepaid expenses	732,526	871,156
Security deposit	10,000	10,000
Investment unit issuance expenses	241,885	295,637
Total investments and other assets	986,011	1,178,394
<b>Total Assets</b>	<b>¥ 233,875,492</b>	<b>¥ 231,353,652</b>

The accompanying notes are an integral part of these financial statements.



	<i>Thousands of yen</i>	
	<b>As of August 31, 2013</b>	As of February 28, 2013
<b>Liabilities</b>		
Current liabilities:		
Operating accounts payable	¥ 112,242	¥ 102,595
Short-term loans payable (Notes 3 and 9)	18,400,000	18,400,000
Accounts payable	859,878	533,675
Accrued expenses	8,513	5,400
Income taxes payable	594	2,701
Consumption taxes payable	282,961	—
Advances received	1,167,271	1,237,595
Deposits received	682,167	1,302,913
Current portion of tenant leasehold and security deposits	60,988	—
Total current liabilities	21,574,619	21,584,882
Noncurrent liabilities:		
Long-term loans payable (Notes 3, 4 and 9)	96,000,000	96,000,000
Tenant leasehold and security deposits (Note 3)	5,228,159	5,266,920
Tenant leasehold and security deposits in trust (Note 3)	178,019	178,019
Total noncurrent liabilities	101,406,178	101,444,939
<b>Total Liabilities</b>	<b>122,980,797</b>	<b>123,029,822</b>
<b>Net Assets (Note 8)</b>		
Unitholders' equity:		
Unitholders' capital, net (Note 8)-	107,347,372	107,501,739
Units authorized:		
16,000,000 units as of August 31, 2013 and February 28, 2013		
Units issued and outstanding:		
1,837,700 units as of August 31, 2013 and February 28, 2013		
Unappropriated retained earnings	3,547,322	822,090
Total unitholders' equity	110,894,695	108,323,829
<b>Total Net Assets</b>	<b>110,894,695</b>	<b>108,323,829</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 233,875,492</b>	<b>¥ 231,353,652</b>

*The accompanying notes are an integral part of these financial statements.*

# GLP J-REIT

## Statements of Income and Retained Earnings

For the period from March 1, 2013 to August 31, 2013 and  
for the period from July 1, 2012 to February 28, 2013

	<i>Thousands of yen</i>	
	For the period from March 1, 2013 to August 31, 2013	For the period from July 1, 2012 to February 28, 2013
<b>Operating revenues:</b>		
Rental revenues (Note 6)	¥7,038,883	¥2,170,336
Other rental revenues	233,860	66,620
Total operating revenues	7,272,743	2,236,957
<b>Operating expenses:</b>		
Rental expenses (Notes 5 and 6)	2,124,755	665,590
Asset management fee	754,275	209,385
Asset custody fee	4,113	1,121
Administrative service fees	11,190	3,910
Directors' remuneration	3,720	2,660
Audit fee	15,000	14,100
Taxes and dues	80	208
Other operating expenses	58,551	11,851
Total operating expenses	2,971,685	908,827
Operating income	4,301,058	1,328,129
<b>Non-operating income (expenses):</b>		
Interest income	1,265	2,230
Interest on refund of consumption taxes	5,426	17
Interest expense	(534,039)	(156,177)
Borrowing related expenses	(167,956)	(66,510)
Amortization of investment unit issuance expenses	(53,752)	(26,876)
Offering costs associated with the issuance of investment units	(1,909)	(168,482)
Others - net	(2,499)	(1,486)
Total non-operating expenses, net	(753,465)	(417,285)
Income before income taxes	3,547,592	910,844
<b>Income taxes (Note 10):</b>		
-Current	773	3,154
-Deferred	135	(143)
Total income taxes	908	3,010
Net income	¥3,546,683	¥ 907,833
Accumulated earnings (deficit) brought forward	638	(85,743)
Unappropriated retained earnings	¥3,547,322	¥ 822,090

	For the period from March 1, 2013 to August 31, 2013	For the period from July 1, 2012 to February 28, 2013
<b>Earnings per unit (Note 11):</b>		
Net income per unit	<b>1,929 yen</b>	1,720 yen
Weighted average number of units outstanding	<b>1,837,700 units</b>	527,696 units

*The accompanying notes are an integral part of these financial statements.*

## GLP J-REIT

### Statements of Changes in Net Assets

For the period from March 1, 2013 to August 31, 2013 and  
for the period from July 1, 2012 to February 28, 2013

	<i>Thousands of yen</i>			
	Number of units	Unitholders' capital, net	Retained earnings (Accumulated deficit)	Total net assets
Balance as of June 30, 2012	400	¥ 200,000	¥ (85,743)	¥ 114,256
An 8-for-1 unit split on October 31, 2012	2,800	—	—	—
Issuance of new units on December 20, 2012	1,747,100	102,189,626	—	102,189,626
Issuance of new units on January 21, 2013	87,400	5,112,113	—	5,112,113
Net income	—	—	907,833	907,833
Balance as of February 28, 2013 (Note 8)	1,837,700	107,501,739	822,090	108,323,829
Distributions in excess of retained earnings	—	(154,366)	—	(154,366)
Distributions of earnings	—	—	(821,451)	(821,451)
Net income	—	—	3,546,683	3,546,683
Balance as of August 31, 2013 (Note 8)	<b>1,837,700</b>	<b>¥107,347,372</b>	<b>¥3,547,322</b>	<b>¥110,894,695</b>

*The accompanying notes are an integral part of these financial statements.*

# GLP J-REIT

## Statements of Cash Flows

For the period from March 1, 2013 to August 31, 2013 and  
for the period from July 1, 2012 to February 28, 2013

*Thousands of yen*

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

The accompanying notes are an integral part of these financial statements.

**GLP J-REIT**  
**Notes to Financial Statements**  
**For the period from March 1, 2013 to August 31, 2013 and**  
**for the period from July 1, 2012 to February 28, 2013**

**1. Organization and Basis of Presentation**

1) Organization

GLP J-REIT, a Japanese real estate investment corporation, was established on September 16, 2011 under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter the “Investment Trust Act of Japan”) with Global Logistic Properties Limited (hereinafter “GLP”) acting as a sponsor. GLP J-REIT was formed to invest primarily in logistic properties in Japan. GLP J-REIT is externally managed by a licensed asset management company, GLP Japan Advisors Inc. (hereinafter “Asset Manager”).

On December 20, 2012, GLP J-REIT issued 1,747,100 new units through public offering and raised approximately 102,189 million yen. Those units are listed on the J-REIT section of the Tokyo Stock Exchange. In addition, GLP J-REIT issued 87,400 new units through allocation to a third party on January 21, 2013 and raised approximately 5,112 million yen.

As of August 31, 2013, GLP J-REIT held beneficiary rights of real estate in trust with respect to 33 properties located in the Tokyo metropolitan area, the greater Osaka area and other areas. Total leasable space was 1,178,461.83m<sup>2</sup>, of which 1,177,554.56 m<sup>2</sup> was leased to 53 tenants, and the aggregate occupancy ratio was 99.9%.

2) Basis of presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Act of Japan and the Japanese Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter “Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from the International Financial Reporting Standards.

The accompanying financial statements have been reformatted and translated into English from the financial statements of GLP J-REIT prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the prior period’s financial statements to conform to the classifications used in the current period.

GLP J-REIT does not prepare consolidated financial statements as it has no subsidiaries.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not

necessarily agree with the sums of the individual amounts.

The fiscal period of GLP J-REIT represents two six-month accounting periods: each period is from March 1 to August 31, and from September 1 to February 28/29 of the following year. The first fiscal period end after the date of inception was judgmentally determined to be June 30, 2012. Accordingly, for the accompanying financial statements, the fiscal period ended February 28, 2013 covers the period from July 1, 2012 to February 28, 2013.

## 2. Summary of Significant Accounting Policies

### 1) Cash and cash equivalents

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.

The balance of cash and cash equivalents as of August 31, 2013 and February 28, 2013 included 3,359,219 thousand yen and 2,049,745 thousand yen of cash and deposits in trust, respectively.

### 2) Property and equipment

Property and equipment are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

Buildings	2 to 55 years
Structures	2 to 57 years
Machinery and equipment	6 to 12 years
Tools, furniture and fixtures	2 to 15 years

### 3) Taxes on property and equipment

With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period is accounted for as rental expenses.

Of the amounts paid for the acquisition of real estate or beneficiary right of real estate in trust, the amounts equivalent to property-related tax are capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property-related taxes amounted to 1,287,785 thousand yen for the period ended February 28, 2013.

### 4) Investment securities

Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.

### 5) Investment unit issuance expenses

Investment unit issuance expenses are amortized over three years using the straight-line method.



#### 6) Hedge accounting

GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively.

The hedge effectiveness for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment.

#### 7) Beneficiary rights of real estate in trust

As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income accounts.

#### 8) Consumption taxes

Consumption taxes withheld and paid are not included in the accompanying statements of income.

#### 9) Capitalized borrowing related expenses

Capitalized borrowing related expenses are amortized over the borrowing period on a straight-line basis and the amount amortized is included in borrowing related expenses.

### 3. Financial Instruments

#### 1) Detailed information on financial instruments

##### (a) Policy for financial instruments

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

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

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

##### (b) Financial instruments, their risks and risk management system

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

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

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

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are deposits received from tenants. GLP J-REIT is obligated to repay the deposits upon the tenant's termination of the leased property, 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.

(c) Supplemental explanation regarding fair values of financial instruments

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

2) Estimated fair value of financial instruments

Book value, fair value and differences between the values as of August 31, 2013 and February 28, 2013 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2 below).

<i>Thousands of yen</i>			
<b>As of August 31, 2013</b>			
	<b>Book value</b>	<b>Fair value</b>	<b>Difference</b>
(1) Cash and cash equivalents:			
Cash and deposits	¥ 8,110,467	¥ 8,110,467	¥ —
Cash and deposits in trust	3,359,219	3,359,219	—
Total assets	¥ 11,469,687	¥ 11,469,687	¥ —
(1) Short-term loans payable	18,400,000	18,400,000	—
(2) Long-term loans payable	96,000,000	96,148,873	¥ 148,873
Total liabilities	¥ 114,400,000	¥ 114,548,873	¥ 148,873
Derivative transactions	¥ —	¥ —	¥ —

<i>Thousands of yen</i>			
As of February 28, 2013			
	Book value	Fair value	Difference
(1) Cash and cash equivalents:			
Cash and deposits	¥ 710,652	¥ 710,652	¥ —
Cash and deposits in trust	2,049,745	2,049,745	—
Total assets	¥ 2,760,397	¥ 2,760,397	¥ —
(1) Short-term loans payable	18,400,000	18,400,000	—
(2) Long-term loans payable	96,000,000	96,657,739	657,739
Total liabilities	¥ 114,400,000	¥ 115,057,739	¥ 657,739
Derivative transactions	¥ —	¥ —	¥ —

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

Assets:

(1) Cash and cash equivalents

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

Liabilities:

(1) Short-term loans payable

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

(2) Long-term loans payable

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

Derivative transactions:

Please refer to Note 4, “Derivative Transactions.”

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

<i>Thousands of yen</i>		
	As of August 31, 2013	As of February 28, 2013
Tenant leasehold and security deposits	¥5,228,159	¥5,266,920
Tenant leasehold and security deposits in trust	178,019	178,019
Total	¥5,406,178	¥5,444,939

Regarding tenant leasehold and security deposits and tenant leasehold and security deposits in trust, no

observable market prices are available and the timing of repayments is not reliably estimated. Thus, it is impracticable to reasonably estimate their future cash flows and very difficult to estimate their fair value. Therefore, their fair values are not disclosed.

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

<i>Thousands of yen</i>						
<b>As of August 31, 2013</b>						
	<b>Due within one year</b>	<b>Due after one to two years</b>	<b>Due after two to three years</b>	<b>Due after three to four years</b>	<b>Due after four to five years</b>	<b>Due after five years</b>
Cash and cash equivalents:						
Cash and deposits	¥ 8,110,467	¥—	¥—	¥—	¥—	¥—
Cash and deposits in trust	3,359,219	—	—	—	—	—
Total	¥11,469,687	¥—	¥—	¥—	¥—	¥—

<i>Thousands of yen</i>						
<b>As of February 28, 2013</b>						
	<b>Due within one year</b>	<b>Due after one to two years</b>	<b>Due after two to three years</b>	<b>Due after three to four years</b>	<b>Due after four to five years</b>	<b>Due after five years</b>
Cash and cash equivalents:						
Cash and deposits	¥ 710,652	¥—	¥—	¥—	¥—	¥—
Cash and deposits in trust	2,049,745	—	—	—	—	—
Total	¥2,760,397	¥—	¥—	¥—	¥—	¥—

(Note 4) Redemption schedules for long-term loans payable are as follows:

<i>Thousands of yen</i>						
<b>As of August 31, 2013</b>						
	<b>Due within one year</b>	<b>Due after one to two years</b>	<b>Due after two to three years</b>	<b>Due after three to four years</b>	<b>Due after four to five years</b>	<b>Due after five years</b>
Long-term loans payable	¥—	¥20,600,000	¥23,800,000	¥—	¥24,300,000	¥27,300,000

<i>Thousands of yen</i>						
<b>As of February 28, 2013</b>						
	<b>Due within one year</b>	<b>Due after one to two years</b>	<b>Due after two to three years</b>	<b>Due after three to four years</b>	<b>Due after four to five years</b>	<b>Due after five years</b>
Long-term loans payable	¥—	¥20,600,000	¥23,800,000	¥—	¥24,300,000	¥27,300,000

#### 4. Derivative Transactions

For the periods ended August 31, 2013 and February 28, 2013, GLP J-REIT only utilized interest rate swaps which qualified for hedge accounting and met the special matching criteria, as described below.

Hedge accounting method:	Special treatment for interest rate swaps
Type of derivative transaction:	Interest rate swaps, receive floating/ pay fix
Primary hedged item:	Long-term loans payable

<i>Thousands of yen</i>							
As of August 31, 2013				As of February 28, 2013			
Contract amount		Fair value	Fair value measurement	Contract amount		Fair value	Fair value measurement
Total	Due after one year			Total	Due after one year		
¥72,150,000	72,150,000	(*)	(*)	¥72,150,000	72,150,000	(*)	(*)

(\*) Interest rate swaps under the special accounting treatment are accounted for as an integral component of long-term loans payable designated as the hedged item. Thus, their fair value, which is measured by the counterparty of the relevant transaction based on market rates, is included in long-term loans payable disclosed in Note 3, “Financial Instruments, 2) Estimated fair value of financial instruments, (2) Long-term loans payable.”

#### 5. Investment and Rental Properties

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

	<i>Thousands of yen</i>	
	For the period from March 1, 2013 to August 31, 2013	For the period from July 1, 2012 to February 28, 2013
Book value		
Balance at the beginning of the period	¥222,424,265	¥ —
Change during the period	(1,371,248)	222,424,265
Balance at the end of the period	221,053,017	222,424,265
Fair value at the end of the period	¥231,226,000	¥226,681,000

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

The decrease in book value for the period ended August 31, 2013 is primarily due to depreciation of 1,588,291 thousand yen. The increase for the period ended February 28, 2013 was primarily due to the acquisition of the following 33 properties in the total amount of 222,879,564 thousand yen: GLP Tokyo, GLP Higashi-Ogishima, GLP Akishima, GLP Tomisato, GLP Narashino II, GLP Funabashi, GLP Kazo, GLP Fukaya, GLP Sugito II, GLP Iwatsuki,

GLP Kasukabe, GLP Koshigaya II, GLP Misato II, GLP Tatsumi, GLP Hirakata, GLP Hirakata II, GLP Maishima II, GLP Tsumori, GLP Rokko, GLP Amagasaki, GLP Amagasaki II, GLP Nara, GLP Sakai, GLP Morioka, GLP Tomiya, GLP Koriyama I, GLP Koriyama III, GLP Tokai, GLP Hayashima, GLP Hayashima II, GLP Kiyama, GLP Tosu III and GLP Sendai.

## 6. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from the property leasing activities for the periods ended August 31, 2013 and February 28, 2013.

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

## 7. Leases

The future minimum rental revenues from tenants subsequent to each fiscal period end under non-cancelable operating leases of properties are as follows.

	<i>Thousands of yen</i>	
	<b>August 31, 2013</b>	<b>February 28, 2013</b>
Due within one year	¥13,400,480	¥12,877,715
Due after one year	46,831,865	48,412,197
Total	¥60,232,345	¥61,289,912

## 8. Net Assets

### 1) Stated capital

GLP J-REIT issues only non-par value units in accordance with the Act on Investment Trusts and Investment Corporations of Japan and all issue amounts of new units are designated as stated capital. GLP J-REIT maintains at least 50,000 thousand yen as the minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations.

### 2) Unitholders' capital, net

Unitholders' capital, net as of August 31, 2013 and February 28, 2013 consists of the following items:

	<i>Thousands of yen</i>	
	<b>As of August 31, 2013</b>	<b>As of February 28, 2013</b>
Unitholders' capital - accumulated paid-in amount	<b>¥107,501,739</b>	¥107,501,739
Deduction from unitholders' capital - accumulated distribution in excess of retained earnings	<b>(154,366)</b>	—
Unitholders' capital, net	<b>¥107,347,372</b>	¥107,501,739

### 3) Distributions

Distributions related to the period but declared after the balance sheet date are summarized as follows:

	<i>Yen</i>			
	<b>For the period from March 1, 2013 to August 31, 2013</b>		<b>For the period from July 1, 2012 to February 28, 2013</b>	
	<b>Total</b>	<b>Per unit</b>	<b>Total</b>	<b>Per unit</b>
I Unappropriated retained earnings	<b>¥3,547,322,366</b>		¥822,090,380	
II Distributions in excess of retained earnings				
Deduction from unitholders' capital	<b>475,964,300</b>		154,366,800	
	<b>4,023,286,666</b>		976,457,180	
III Distributions				
Distributions of earnings	<b>3,546,761,000</b>	<b>¥1,930</b>	821,451,900	¥447
Distributions in excess of retained earnings	<b>475,964,300</b>	<b>259</b>	154,366,800	84
Total Distributions	<b>4,022,725,300</b>	<b>¥2,189</b>	975,818,700	¥531
IV Retained earnings carried forward	<b>¥ 561,366</b>		¥ 638,480	

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

Accordingly, GLP J-REIT declared a distribution amount of 3,546,761,000 yen and 821,451,900 yen, which was the amount equivalent to the maximum integral multiples of the number of investment units issued and outstanding as of August 31, 2013 and February 28, 2013, respectively.

Furthermore, based on the distribution policy as defined in Section 34.2 of its bylaws, GLP J-REIT will make an

Optimal Payable Distribution (the “OPD”), which represents a distribution of funds in excess of retained earnings, as a refund of its investment, in each fiscal period on a continuing basis. Accordingly, GLP J-REIT intends to distribute funds in excess of retained earnings, which do not exceed the amount calculated by deducting the amount of capital expenditures for the accounting period immediately preceding the period in which the OPD is made from the depreciation expense for the corresponding period. For the periods ended August 31, 2013 and February 28, 2013, the amount of capital expenditures was 217,043,896 yen and 59,704,000 yen, and the depreciation expense was 1,588,291,898 yen and 515,002,884 yen, respectively. Thus, the maximum amount available for the OPD amounted to 1,371,248,002 yen and 455,298,884 yen for the periods ended August 31, 2013 and February 28, 2013, respectively.

Thus, GLP J-REIT declared an OPD amounting to 475,964,300 yen and 154,366,800 yen as refund of its investment, which approximated 30% of the depreciation expense of 1,588,291,898 yen and 515,002,884 yen for the periods ended August 31, 2013 and February 28, 2013, respectively.

## 9. Short-Term and Long-Term Loans Payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of August 31, 2013 and February 28, 2013.

	<i>Thousands of yen</i>	
	<b>As of August 31, 2013</b>	<b>As of February 28, 2013</b>
0.50 % unsecured short-term loans	<b>¥18,400,000</b>	¥18,400,000
Total short-term loans payable	<b>¥18,400,000</b>	¥18,400,000
0.60% unsecured long-term loans due 2015	<b>¥20,600,000</b>	¥20,600,000
0.85% unsecured long-term loans due 2016 (*)	<b>23,800,000</b>	23,800,000
1.13% unsecured long-term loans due 2018 (*)	<b>24,300,000</b>	24,300,000
1.41% unsecured long-term loans due 2020 (*)	<b>20,800,000</b>	20,800,000
1.03% unsecured long-term loans due 2020	<b>3,250,000</b>	3,250,000
1.30% unsecured long-term loans due 2021 (*)	<b>3,250,000</b>	3,250,000
Total long-term loans payable	<b>¥96,000,000</b>	¥96,000,000

The stated interest rate is the weighted average interest rate during the periods ended August 31, 2013 and is rounded to the second decimal place. For certain loans (\*) which GLP J-REIT uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedules for long-term loans payable subsequent to August 31, 2013 and February 28, 2013 are disclosed in Note 3, “Financial Instruments.”

## 10. Income Taxes

GLP J-REIT is subject to Japanese corporate income taxes on its taxable income. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of August 31, 2013 and February 28, 2013 were as follows.

	<i>Thousands of yen</i>	
	<b>As of August 31, 2013</b>	<b>As of February 28, 2013</b>
Deferred tax assets		



Enterprise tax payable	¥ 8	¥143
Total	8	143
Net deferred tax assets	¥ 8	¥143

Reconciliations between the Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of income for the periods ended August 31, 2013 and February 28, 2013 are as follows.

	%	
	For the period from March 1, 2013 to August 31, 2013	For the period from July 1, 2012 to February 28, 2013
Statutory effective tax rate	36.59	36.59
(Adjustments)		
Distributions deductible for tax purposes	(36.58)	(33.00)
Valuation allowance	—	(3.39)
Other	0.02	0.13
Actual tax rate	0.03	0.33

GLP J-REIT has a policy of making cash distributions of earnings in excess of 90% of distributable income as defined in the Special Taxation Measures Act for the fiscal period to qualify for conditions as set forth in the Special Taxation Measures Act to achieve a deduction of cash distributions for income tax purposes. Based on this policy, GLP J-REIT treated the cash distributions of earnings as a tax deductible distribution as defined in the Special Taxation Measures Act.

## 11. Per Unit Information

The following table summarizes per unit information for the periods ended and as of August 31, 2013 and February 28, 2013.

	For the period from March 1, 2013 to August 31, 2013	For the period from July 1, 2012 to February 28, 2013
Net income per unit:		
Basic net income per unit	1,929 yen	1,720 yen
Weighted average number of units outstanding	1,837,700 units	527,696 units
	As of August 31, 2013	As of February 28, 2013
Net assets per unit	60,344 yen	58,945 yen

Basic net income per unit is based on the weighted average number of units issued and outstanding during the period. GLP J-REIT executed an 8-for-1 unit split on October 31, 2012. For the period ended February 28, 2013, net assets per unit and net income per unit are calculated based on the assumption that the unit split was executed on July 1, 2012.

Diluted earnings per unit and related information are not disclosed as no dilutive securities were outstanding.

## 12. Transactions with Related Parties

### 1) Transactions and account balances with the parent company and major unitholders

(For the period from March 1, 2013 to August 31, 2013)

None

(For the period from July 1, 2012 to February 28, 2013)

None

### 2) Transactions and account balances with affiliates

(For the period from March 1, 2013 to August 31, 2013)

None

(For the period from July 1, 2012 to February 28, 2013)

None

### 3) Transactions and account balances with companies under common control

(For the period from March 1, 2013 to August 31, 2013)

Classification	Name of the company	Location	Stated capital (Thousands of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance at the end of the period (Thousands of yen)
Subsidiary of other related company	Global Logistics Properties Inc.	Minato-ku, Tokyo	100,000	Investment advisory/ agency	—	Entrustment of property management Patent license	Property management fee	144,127	Operating accounts payable	25,421
							Royalty fee (Note 2)	7,500	—	—
							Leasing commission	9,423	—	—
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	100,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Asset management fee (Note 2)	754,275	Accounts payable	681,775
	GLP Solar Special Purpose Company	Minato-ku, Tokyo	160,100	Equipment leasing	—	Rooftop leasing	Rental income from rooftop leasing (Note 2)	39	Advances received	649

Notes:

- \*1 Consumption taxes are not included in the transaction amount but included in the related balance at the end of the period.
- \*2 Decisions relating to the terms and conditions of transactions:
  - (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
  - (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
  - (c) The rental income from rooftop leasing was mutually agreed after negotiation between both parties, based on the initial formula proposed by GLP Solar Special Purpose Company.
  - (d) Other transactions are determined based on market conditions.

(For the period from July 1, 2012 to February 28, 2013)

Classification	Name of the company	Location	Stated capital (Thousands of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance at the end of the period (Thousands of yen)
Subsidiary of other related company	Tokyo Logistic Special Purpose Company	Minato-ku, Tokyo	1,772,100	Real estate	—	—	Purchase of beneficiary right in trust	22,700,000	—	—
							Receipt of deposit	114,641	Deposits received	114,641
							Acceptance of tenant leasehold and security deposit	267,201	—	—

Classification	Name of the company	Location	Stated capital (Thousands of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance at the end of the period (Thousands of yen)
	Cosmos Special Purpose Company	Minato-ku, Tokyo	1,746,100	Real estate	—	—	Purchase of beneficiary right in trust	13,313,000	—	—
							Receipt of deposit	113,648	Deposits received	113,648
							Acceptance of tenant leasehold and security deposit	252,751	—	—
	Akishima Logistic Special Purpose Company	Minato-ku, Tokyo	314,400	Real estate	—	—	Purchase of beneficiary right in trust	7,160,000	—	—
							Receipt of deposit	40,043	Deposits received	40,043
							Acceptance of tenant leasehold and security deposit	293,166	—	—
	Tomisato Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	4,990,000	—	—
							Receipt of deposit	29,372	Deposits received	29,372
							Acceptance of tenant leasehold and security deposit	88,365	—	—
	Narashino2 Logistic Special Purpose Company	Minato-ku, Tokyo	4,650,100	Real estate	—	—	Purchase of beneficiary right in trust	15,220,000	—	—
							Receipt of deposit	143,773	Deposits received	115,036
							Acceptance of tenant leasehold and security deposit	455,574	—	—
	Funabashi Logistic Special Purpose Company	Minato-ku, Tokyo	416,600	Real estate	—	—	Purchase of beneficiary right in trust	1,720,000	—	—
							Receipt of deposit	19,700	Deposits received	19,700
	Kazo Logistic Special Purpose Company	Minato-ku, Tokyo	478,600	Real estate	—	—	Purchase of beneficiary right in trust	11,500,000	—	—
							Receipt of deposit	58,487	Deposits received	58,487
							Acceptance of tenant leasehold and security deposit	158,768	—	—
	Sugito 2 Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	19,000,000	—	—
							Receipt of deposit	101,994	Deposits received	101,994
							Acceptance of tenant leasehold and security deposit	390,223	—	—
	Iwatsuki Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	6,940,000	—	—
							Receipt of deposit	38,751	Deposits received	38,751
							Acceptance of tenant leasehold and security deposit	104,019	—	—
	Kasukabe Logistic Special Purpose Company	Minato-ku, Tokyo	1,116,100	Real estate	—	—	Purchase of beneficiary right in trust	4,240,000	—	—
							Receipt of deposit	13,238	Deposits received	13,238
							Acceptance of tenant leasehold and security deposit	600,000	—	—
	Koshigaya 2 Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	9,780,000	—	—
							Receipt of deposit	57,110	Deposits received	45,660
							Acceptance of tenant leasehold and security deposit	280,380	—	—
	Misato 2 Logistic Special Purpose Company	Minato-ku, Tokyo	225,900	Real estate	—	—	Purchase of beneficiary right in trust	14,600,000	—	—
							Receipt of deposit	81,682	Deposits received	65,294
							Acceptance of tenant leasehold and security deposit	210,505	—	—
	Tatsumi Logistic Special Purpose Company	Minato-ku, Tokyo	1,323,100	Real estate	—	—	Purchase of beneficiary right in trust	4,960,000	—	—
							Receipt of deposit	22,405	Deposits received	22,405

Classification	Name of the company	Location	Stated capital (Thousands of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance at the end of the period (Thousands of yen)
	Hirakata Logistic Special Purpose Company	Minato-ku, Tokyo	1,372,600	Real estate	—	—	Acceptance of tenant leasehold and security deposit	138,414	—	—
							Purchase of beneficiary right in trust	4,750,000	—	—
							Receipt of deposit	35,705	Deposits received	35,705
							Acceptance of tenant leasehold and security deposit	165,195	—	—
	Hirakata 2 Logistic Special Purpose Company	Minato-ku, Tokyo	2,378,600	Real estate	—	—	Purchase of beneficiary right in trust	7,940,000	—	—
							Receipt of deposit	58,773	Deposits received	58,773
							Acceptance of tenant leasehold and security deposit	254,788	—	—
	Maishima 2 Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	8,970,000	—	—
							Receipt of deposit	79,877	Deposits received	63,842
							Acceptance of tenant leasehold and security deposit	135,270	—	—
	Tsumori Logistic Special Purpose Company	Minato-ku, Tokyo	90,100	Real estate	—	—	Purchase of beneficiary right in trust	1,990,000	—	—
							Receipt of deposit	20,827	Deposits received	20,827
	Amagasaki Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	24,500,000	—	—
							Receipt of deposit	183,671	Deposits received	146,835
							Acceptance of tenant leasehold and security deposit	554,750	—	—
	Amagasaki 2 Logistic Special Purpose Company	Minato-ku, Tokyo	666,100	Real estate	—	—	Purchase of beneficiary right in trust	2,040,000	—	—
							Receipt of deposit	10,941	Deposits received	10,941
							Acceptance of tenant leasehold and security deposit	72,000	—	—
	Azalea Special Purpose Company	Minato-ku, Tokyo	35,525,600	Real estate	—	—	Purchase of beneficiary right in trust	5,838,000	—	—
							Receipt of deposit	36,426	Deposits received	36,426
							Acceptance of tenant leasehold and security deposit	120,869	—	—
	Sakai Logistic Special Purpose Company	Minato-ku, Tokyo	745,600	Real estate	—	—	Purchase of beneficiary right in trust	2,000,000	—	—
							Receipt of deposit	13,694	Deposits received	13,694
							Acceptance of tenant leasehold and security deposit	133,944	—	—
	Tomiya Logistic Special Purpose Company	Minato-ku, Tokyo	100	Real estate	—	—	Purchase of beneficiary right in trust	2,820,000	—	—
							Receipt of deposit	13,761	Deposits received	13,761
							Acceptance of tenant leasehold and security deposit	45,000	—	—
	Koriyama 1 Logistic Special Purpose Company	Minato-ku, Tokyo	100,700	Real estate	—	—	Purchase of beneficiary right in trust	4,100,000	—	—
							Receipt of deposit	26,017	Deposits received	20,787
							Acceptance of tenant leasehold and security deposit	139,020	—	—
	Tokai Logistic Special Purpose Company	Minato-ku, Tokyo	43,100	Real estate	—	—	Purchase of beneficiary right in trust	6,210,000	—	—
							Receipt of deposit	45,805	Deposits received	36,615
							Acceptance of tenant leasehold and security deposit	186,720	—	—
	Hayashima Logistic Special Purpose	Minato-ku, Tokyo	100	Real estate	—	—	Purchase of beneficiary right in trust	1,190,000	—	—

Classification	Name of the company	Location	Stated capital (Thousands of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction	Transaction amount (Thousands of yen)	Account title	Balance at the end of the period (Thousands of yen)
	Company						Receipt of deposit	7,986	Deposits received	7,986
							Acceptance of tenant leasehold and security deposit	48,000	—	—
	Hayashima 2 Logistic Special Purpose Company	Minato-ku, Tokyo	100,100	Real estate	—	—	Purchase of beneficiary right in trust	2,460,000	—	—
							Receipt of deposit	16,748	Deposits received	13,384
	Kiyama Logistic Special Purpose Company	Minato-ku, Tokyo	100,600	Real estate	—	—	Acceptance of tenant leasehold and security deposit	81,660	—	—
							Purchase of beneficiary right in trust	4,760,000	—	—
	Sendai Logistic Special Purpose Company	Minato-ku, Tokyo	816,100	Real estate	—	—	Receipt of deposit	29,509	Deposits received	23,545
							Acceptance of tenant leasehold and security deposit	76,941	—	—
							Purchase of beneficiary right in trust	5,620,000	—	—
	Global Logistics Properties Inc. (Note 1)	Minato-ku, Tokyo	100,000	Investment advisory/agency	—	Entrustment of property management Patent license	Receipt of deposit	21,511	Deposits received	21,511
							Acceptance of tenant leasehold and security deposit	194,066	—	—
							Property management fee	45,073	Operating accounts payable	47,326
	GLP Japan Advisors Inc.	Minato-ku, Tokyo	100,000	Asset management	—	Concurrently serving directors Entrustment of asset management	Royalty fee (Note 3)	2,900	—	—
							Asset management fee (Note 3)	209,385	Accounts payable	219,854

Notes:

- \*1 Effective April 1, 2013, Global Logistic Properties Inc. has changed its Japanese trade name from GL Properties KK to Global Logistic Properties KK.
- \*2 Consumption taxes are not included in the transaction amount but included in the related balance at the end of the period.
- \*3 Decisions relating to the terms and conditions of transactions:
  - (a) The asset management fee was determined in accordance with the rules prescribed in the Articles of Incorporation of GLP J-REIT.
  - (b) The royalty fee was mutually agreed after negotiation between both parties, based on the initial formula proposed by Global Logistic Properties Inc.
  - (c) Other transactions are determined based on market conditions.

#### 4) Transactions and account balances with Board of Directors and individual unitholders

(For the period from March 1, 2013 to August 31, 2013)

None

(For the period from July 1, 2012 to February 28, 2013)

None

## 13. 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 single tenants or properties with single tenants have been aggregated and presented as the “BTS Property” reportable segment.

As of August 31, 2013 and February 28, 2013, 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 and GLP Koriyama III
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 Tosu III and GLP Sendai

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 Note 2, “Summary of Significant Accounting Policies.” Segment income is measured on the basis of operating income, excluding certain corporate expenses (see reconciling items below). Segment assets are measured on the basis of total assets, excluding certain assets (see reconciling items below).

3) Information about segment income, segment assets and other items for the periods ended August 31, 2013 and February 28, 2013 is as described in the following tables.

	<i>Thousands of yen</i>			
	<b>As of August 31, 2013</b>			
	<b>Multi-tenant rental business</b>	<b>BTS rental business</b>	<b>Reconciling items (*2)</b>	<b>Amount on financial statements</b>
Operating revenues (*1)	¥ 3,062,992	¥ 4,209,751	¥ —	¥ 7,272,743
Segment income	2,068,178	3,079,809	(846,930)	4,301,058
Segment assets	94,480,166	129,983,208	9,412,118	233,875,492
Other items				
Depreciation	578,062	1,010,229	—	1,588,291
Increase in property and equipment	¥ 44,135	¥ 172,908	¥ 19,641	¥ 236,685

Notes:

\*1 Operating revenues are exclusively earned from external parties.

\*2 Reconciling items to total segment income consist of corporate expenses that are not allocated to each reportable segment. Corporate expenses present mainly asset management fee of 754,275 thousand yen, asset

custody fee of 4,113 thousand yen, administrative service fees of 11,190 thousand yen, directors' remuneration of 3,720 thousand yen and other expenses.

Reconciling items to total segment assets consist of several assets that are not allocated to each reportable segment. Those assets include cash and cash equivalents of 8,110,467 thousand yen, long-term prepaid expenses and other assets of 742,526 thousand yen and investment unit issuance expenses of 241,885 thousand yen.

Reconciling items to total increase in property and equipment under other items consist of corporate assets which are not allocated to each reportable segment. Such corporate assets represent construction in progress.

<i>Thousands of yen</i>				
As of February 28, 2013				
	Multi-tenant rental business	BTS rental business	Reconciling Items (*2)	Amount on financial statements
Operating revenues (*1)	¥ 962,286	¥ 1,274,670	¥ —	¥ 2,236,957
Segment income	654,790	916,576	(243,236)	1,328,129
Segment assets	94,568,743	129,959,203	6,825,706	231,353,652
Other items:				
Depreciation	192,431	322,570	—	515,002
Increase in property and equipment	¥93,750,840	¥129,188,428	¥ —	¥222,939,268

Notes:

\*1 Operating revenues are exclusively earned from external parties.

\*2 Reconciling items to total segment income consist of corporate expenses that are not allocated to each reportable segment. Corporate expenses represent mainly asset management fee of 209,385 thousand yen, asset custody fee of 1,121 thousand yen, administrative service fees of 3,910 thousand yen, directors' remuneration of 2,660 thousand yen and other expenses.

Reconciling items to total segment assets consist of several assets that are not allocated to each reportable segment. Those assets include consumption taxes receivable of 4,606,628 thousand yen, long-term prepaid expenses and other assets of 881,156 thousand yen, and investment unit issuance expenses of 295,637 thousand yen.

## **Related Information**

(For the period from March 1, 2013 to August 31, 2013)

### 1) Revenue information by product and service

Disclosure of this information has been omitted as operating revenues earned from external customers for a single product and service have exceeded 90% of operating revenues on the accompanying statement of income.

### 2) Information by geographic area

#### (a) Operating revenues

Disclosure of this information has been omitted as operating revenues earned from external customers in Japan have exceeded 90% of operating revenues on the accompanying statement of income.

#### (b) Property and equipment

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

### 3) Information on major tenants

A major customer accounting for 10% or more of the total operating revenues is as follows. When each property or property in trust is leased through a master lease agreement, the amount of total revenues earned from end-tenants is stated.

Name of customer	Operating revenues	Relevant segment
Hitachi Transport System, Ltd.	874,578 thousand yen	BTS rental business

(For the period from July 1, 2012 to February 28, 2013)

#### 1) Revenue information by product and service

The services consist of rental income from Multi-tenant and BTS rental business.

#### 2) Information by geographic area

##### (a) Operating revenues

Disclosure of this information has been omitted as operating revenues earned from external customers in Japan have exceeded 90% of operating revenues on the accompanying statement of operations.

##### (b) Property and equipment

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

### 3) Information on major tenants

A major customer accounting for 10% or more of the total operating revenues is as follows. When each property or property in trust is leased through a master lease agreement, the amount of total revenues earned from end-tenants is stated.

Name of customer	Operating revenues	Relevant segment
Hitachi Transport System, Ltd.	277,420 thousand yen	BTS rental business

## 14. Subsequent Events

### 1) Issuance of new investment units

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

[Issuance of new investment units through public offering]

Number of new investment units issued:	249,955 units (100,455 units for domestic market 149,500 units for international market)
Issue price (offer price):	91,942 yen per unit
Total amount issued (total offering amount):	22,981,362,610 yen
Amount to be paid in (issue amount):	88,735 yen per unit



Total amount to be paid in (total issue amount):	22,179,756,925 yen
Payment date:	September 26, 2013
Initial date for calculating distribution:	September 1, 2013

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

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

The funds procured through public offering were appropriated for the acquisition of beneficiary rights of real estate in trust as described in (2) below. The funds procured through third-party allocation were appropriated and used to repay part of a short-term loan due on January 4, 2014. The early repayment in the amount of 1,100 million yen was executed on November 1, 2013.

## 2) Acquisitions of Assets

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

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

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

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

Note:

- \* The Agreement prescribes that if the Agreement is terminated for nonfulfillment of conditions due to grounds solely attributable to GLP J-REIT, GLP J-REIT shall indemnify or reimburse the sellers for any damage caused by or in relation to such termination. However, such Agreement also prescribed that the Agreement shall be automatically terminated without any compensation for costs or damages or any other liability imposed upon GLP J-REIT if GLP J-REIT is unable to procure funds for the acquisition before the date of ownership transfer due to grounds not attributable to GLP J-REIT.

### 3) Borrowing of Funds

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

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