

# Asset Management Report

Aug 2014 Fiscal Period

Global Logistic  
Properties

GLP J-REIT



5th Fiscal Period

(from March 1 to August 31, 2014)

**GLP J-REIT**

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



Dividend per unit  
(Aug 2014 actual)

**2,176** yen

(including an optimal payable distribution  
of 283 yen)

Dividend per unit  
(Feb 2015 forecast)

**2,243** yen

(including an optimal payable distribution  
of 294 yen)

Total assets  
(acquisition price base)

**338.8** bn yen

(note) as of Sep 2, 2014

Occupancy  
(as of Aug 2014)

**99.9**%

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# To Our Unitholders

On behalf of GLP J-REIT, I am pleased to present the financial results of the fifth fiscal period ended August 2014.

During the six month period, GLP J-REIT saw a steady expansion of its portfolio by acquiring two properties, GLP Urayasu III and GLP Komaki, in March 2014 as well as two properties (GLP Tatsumi IIa, GLP Tatsumi IIb) in April 2014 from outside the GLP Group for the first time. At the same time, GLP J-REIT continued effective management of the 40 properties that it has continued to hold from the end of the previous fiscal period, including a rent increase for some of the properties on the back of growing demand for logistics facilities. In addition, we continued to extend the terms of borrowings while reducing borrowing costs as part of financial operations with a focus on balance between unitholder return and a stable financial base.

In the fifth period, we began to record real estate tax as expenses for the properties acquired in 2013, with 742 million yen in such expenses posted for the period. This would entail a 354 yen decrease in the dividend per share; however, this adverse effect was reduced to the minimum level due to implementation of the above measures. As a result, the fifth period ended with operating revenues of 9,322 million yen, ordinary income of 3,973 million yen, and net income of 3,971 million yen. Reflecting the above performance, the total dividend for the fifth period is 2,176 yen per unit, comprised of a dividend of 1,893 yen per unit and an optimal payable distribution per unit of 283 yen. This is roughly the same level as the total dividend for the fourth period, which was 2,190 yen per unit.


GLP J-REIT raised 32.2 billion yen in September 2014 through its second offering subsequent to its IPO (during the sixth period, ending February 2015). Together with new borrowings, the proceeds were used to acquire nine properties for 53.8 billion yen\* from the GLP Group, GLP J-REIT's sponsor. As a result, GLP J-REIT's portfolio value after the acquisition grew by 62.4% over 21 months since listing to 338.8 billion yen for 53 properties\*. We anticipate that the portfolio expansion will lead to an increase in rent revenues, which is the basis for our forecast of achieving operating revenues of 10,967 million yen and a dividend of 2,243 yen in the sixth period.

The benefits of the above offering and new acquisitions include an increase of 28.1% in NAV per unit from the end of the fiscal period ended February 2013 and a growth of 17.3% in adjusted EPU (stabilized EPU after adjustment) since listing, thereby enhancing our unitholders' value, which is our primary goal.

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

I thank you for your ongoing support.





**Masato Miki**

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

\* Based on acquisition price.

# 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 sqm or more	High functionality	(For more than 50% of the gross floor area) Floor-to-ceiling height: 5.5 meters or more Floor load tolerance: 1.5 tons/sqm or more
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\* 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.

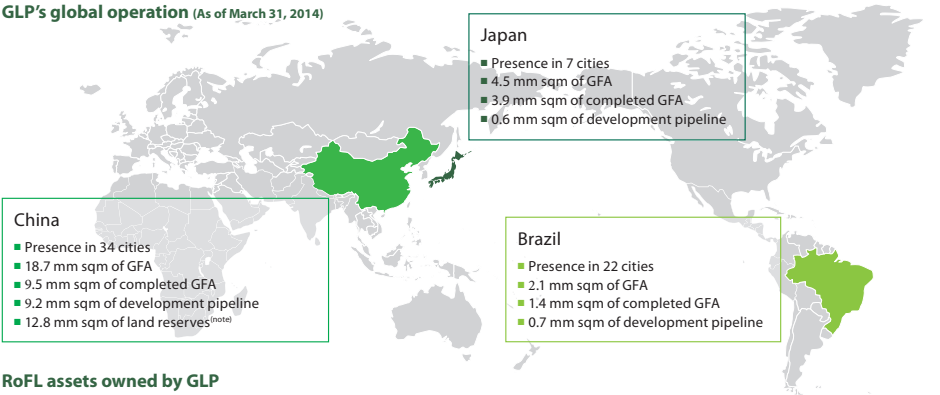
### Investment percentage by location (based on acquisition price)

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 24 properties (a total of 1.05 million square meters leasable area), which will serve as a tool for expanding our asset portfolio.

### GLP’s global operation (As of March 31, 2014)



### RoFL assets owned by GLP



GLP Yokohama



GLP Shinkiba



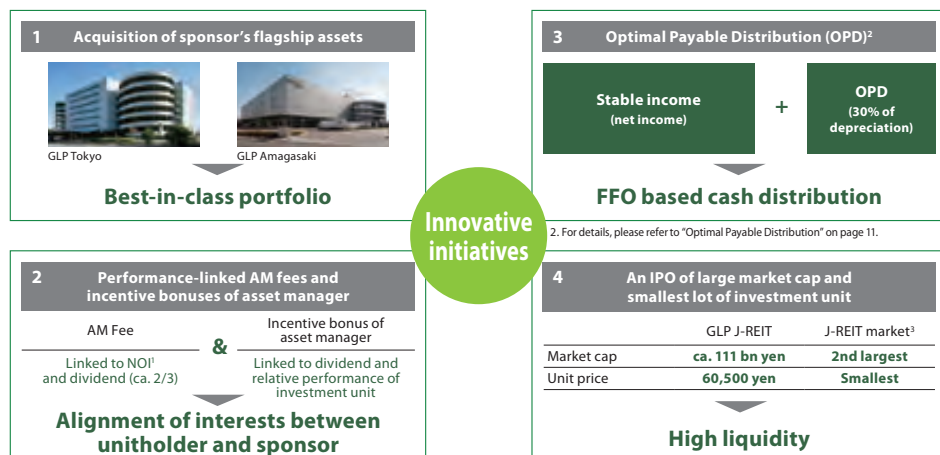
GLP Osaka

Source: GLP  
 Note:  
 Land reserves are properties that are under a certain level of agreement for purchase and are not recognized on the balance sheet of GLP. There is a possibility that these pieces of land may not be transferred for future development use by GLP.

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



## First-ever Initiatives in J-REIT Sector



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

3. As of IPO of GLP J-REIT

# Enhancement of Unitholders' Value

GLP J-REIT raised 32,217 million yen through its second follow-on offering in September 2014 subsequent to its IPO. GLP J-REIT completed acquisition of 11 properties in April 2014 and September 2014 for a total of 61,580 million yen using funds from the offering as well as loans payable.

## Overview of Newly Acquired Properties



GLP Tokyo II



GLP Tatsumi IIa



GLP Tatsumi IIb



GLP Okegawa



GLP Kadoma



GLP Seishin



GLP Hiroshima



GLP Fukuoka



GLP Chikushino



GLP Fukusaki



GLP Ogimachi

	Total acquisition price	NOI yield	Occupancy rate
11 properties	61,580 mm yen <sup>1</sup>	5.0% <sup>2</sup>	100.0%

1. Based on acquisition price

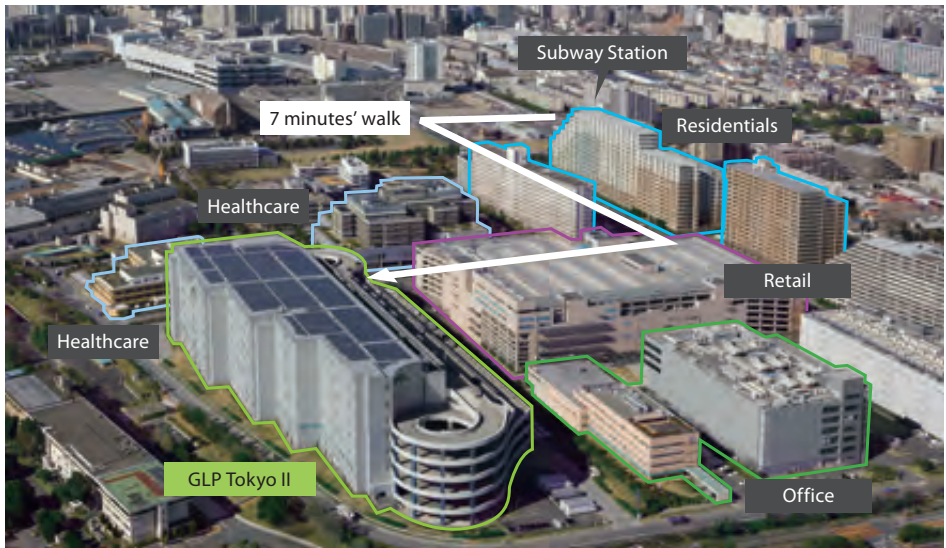
2. NOI yield (Appraisal NOI / Acquisition price)



## Overview of GLP Tokyo II

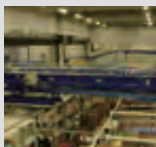
GLP Tokyo II was acquired for 36,100 million yen, the largest acquisition of a logistics facility by a J-REIT in terms of asset size. Located 6.5 kilometers from the center of Tokyo and within easy walking distance to Minami-sunamachi Station of the Tokyo Metro, GLP Tokyo II is one of a limited number of ideally located modern logistics facilities with state-of-the-art functions.

**Located seven minutes on foot from the nearest station, it is favorably situated to secure employment.**

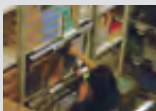


### Example of tenant operation at GLP Tokyo II (Biznet Corporation)

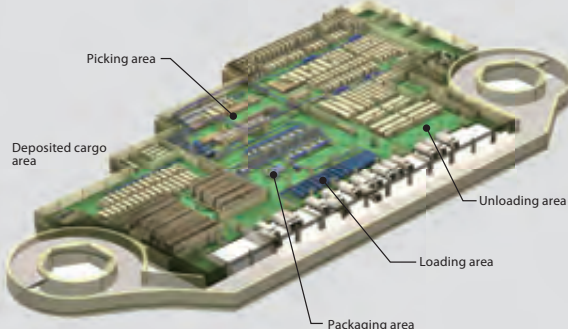
- Biznet Tokyo Distribution Center, an east Japan distribution base for Biznet Corporation, which offers procurement solutions for stationery and office supplies.
- The Center handles 15,000 items in its 12,000-square-meter warehouse space occupying one floor. It distributes to the entire east Japan area (from Hokkaido to the Tokai area) and offers same-day delivery within the 23 wards of Tokyo.



High ceilings offer effective use of space



Tenants can design their own operations



Offers freight handling that takes advantage of the large space

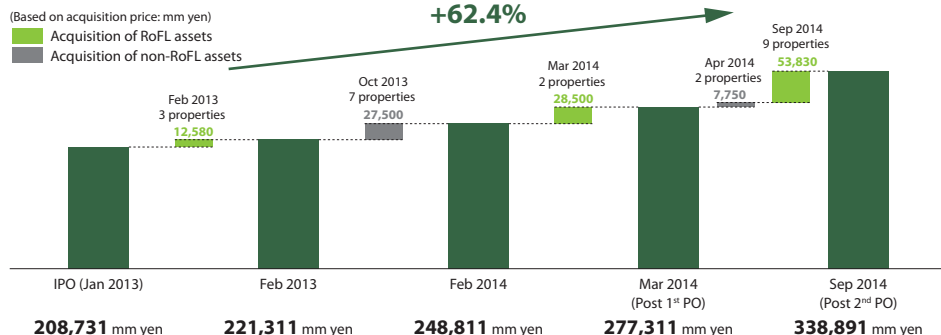


Efficient loading and unloading

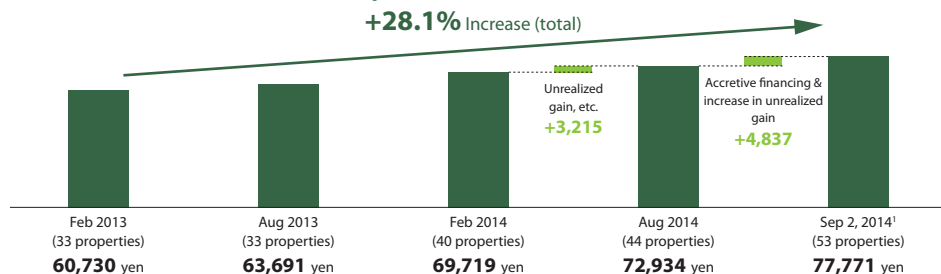
# Enhancement of Unitholders' Value

Due to the acquisition of properties in September 2014, GLP J-REIT's asset size reached 338,891 million yen, representing 62.4% growth over 21 months. The accretive finance resulted in an increase in net asset value (NAV) and dividend per unit as well as unitholders' value.

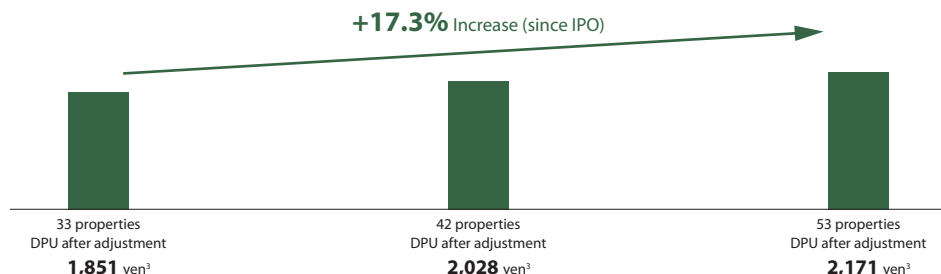
## Steady Expansion of the Portfolio



## Achievement of Increase in NAV per Unit



## Achievement of Increase in EPU Growth<sup>2</sup>



1. Based on Aug 2014 financial results, and unrealized gain of 9 newly acquired properties are added

2. Distribution per unit, including OPD

3. DPU described in its press release "Amendment of Forecast for the Fiscal Period Ending February 28, 2014 and Announcement of Forecast for the Fiscal Period Ending August 31, 2014" dated September 3, 2013. For explanation of DPU on 53 properties, please refer "Summary of Financial Results for the 5<sup>th</sup> period ended August 31, 2014" dated October 15, 2014.



## ■ Enhancement of Logistic Portfolio through Acquisitions

	Portfolio as of March 31, 2014	New Properties	After Acquisition of Properties (As of Sep. 2, 2014)
<b>No. of Properties</b>	42 properties	11 properties	<b>53 properties</b>
<b>Total Acquisition Price</b>	¥277,311 million	¥61,580 million	<b>¥338,891 million</b>
<b>Appraisal NOI Yield</b>	5.7%	5.0%	<b>5.6%</b>
<b>Weighted Average Lease Expiry</b>	4.3 years	5.5 years	<b>4.2 years</b>
<b>Leasable Area</b>	1,469,802 sqm	224,168 sqm	<b>1,693,881 sqm</b>
<b>Occupancy Rate</b>	99.9%	100.0%	<b>99.9%</b>
<b>LTV</b>	49.8% <sup>1</sup>	—	<b>49.1%<sup>2</sup></b>

1. Estimated value after new acquisitions and new borrowings in March 2014.

2. Assumption for the end of February 2015.

## ■ Strategy for Future External Growth

We will continue to seek steady external growth mainly in regard to the 24 properties of the RoFL pipeline, which we have entered into with the GLP Group.

### The RoFL\* pipeline (24 properties)

RoFL properties that GLP owns in Japan



\* "RoFL" refers to right of first look, which is a contractual right that obliges the sponsor to provide the information about the sales of its properties to GLP J-REIT and undergo exclusive good faith negotiations with GLP J-REIT before negotiating with other parties. The sponsor has no obligation to sell any properties subject to our right of first look.

# Financial Highlights

## Financials

### Aug 2014

(from March 1 to  
August 31, 2014)

### Feb 2015 (forecast)

(from September 1, 2014 to  
February 28, 2015)

Operating revenue (mm yen)	9,322	10,967
	(1) ↑	
Operating income (mm yen)	4,911	5,790
	(1) ↑	
Ordinary income (mm yen)	3,973	4,662
	(2) ↑	
Net income (mm yen)	3,971	4,661
No. of properties at fiscal end	44	53

#### Major factors for variation

(1) Increase in rent revenues related to nine newly  
acquired properties

(2) Increase in borrowing cost related to additional  
loans for acquiring properties

## Dividend per Unit (yen)

### Aug 2014

(from March 1 to  
August 31, 2014)

### Feb 2015 (forecast)

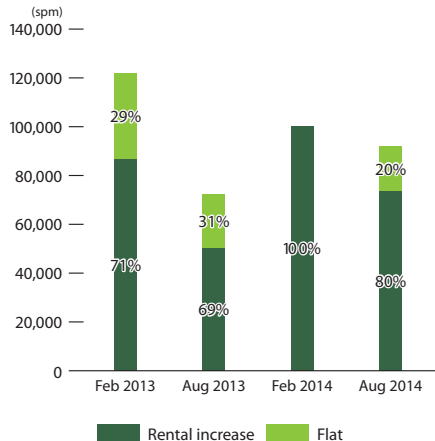
(from September 1, 2014 to  
February 28, 2015)

Dividend per unit (total)	2,176	2,243
Dividend per unit (excl. OPD)	1,893	1,949
Optimal payable distribution per unit	283	294

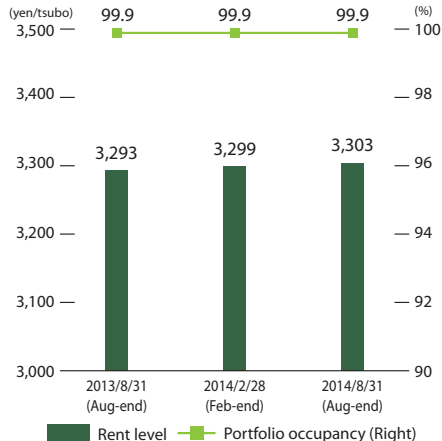
# Portfolio Management

As of the end of August 2014, 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



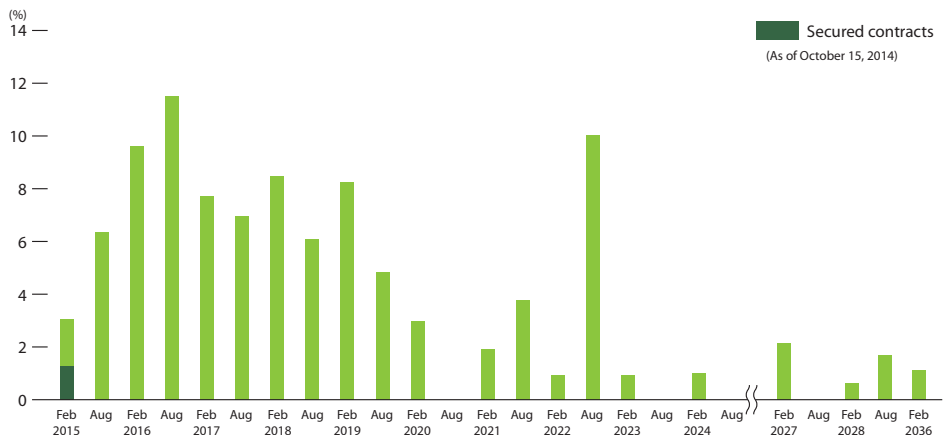
## Occupancy and Monthly Rent Level\*



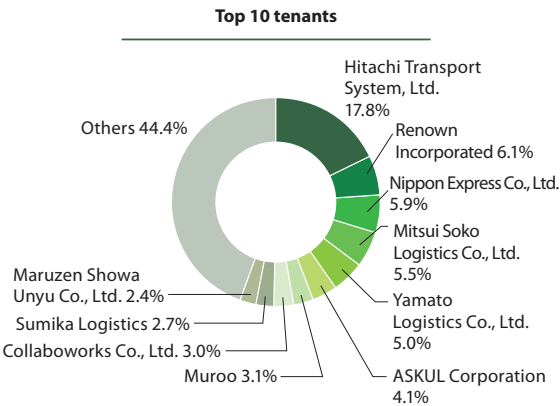
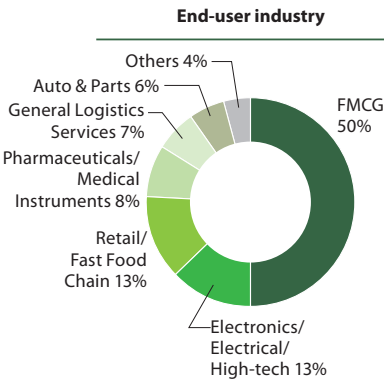
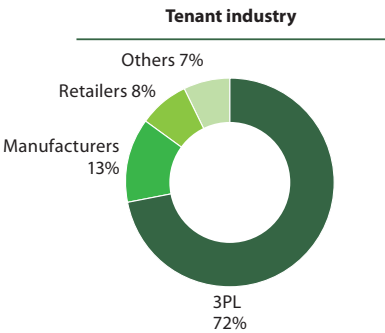
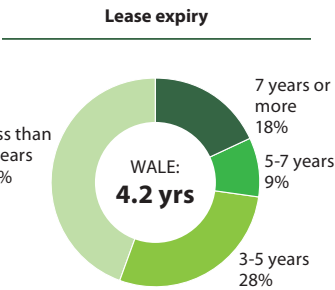
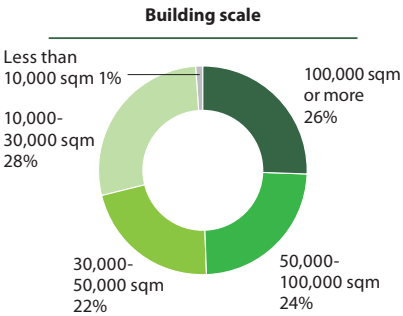
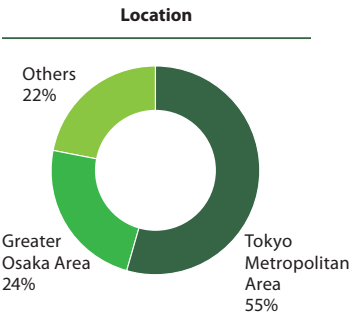
\* Based on 33 properties, which GLP J-REIT owns more than 1 year as of August end, 2014

## 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 September 2, 2014. The data is based on 53 properties, including those acquired in September 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 2014)

Average remaining period

**3.7** years

LTV (Total loan/  
total asset)

**51.1**%\*

Fixed interest ratio

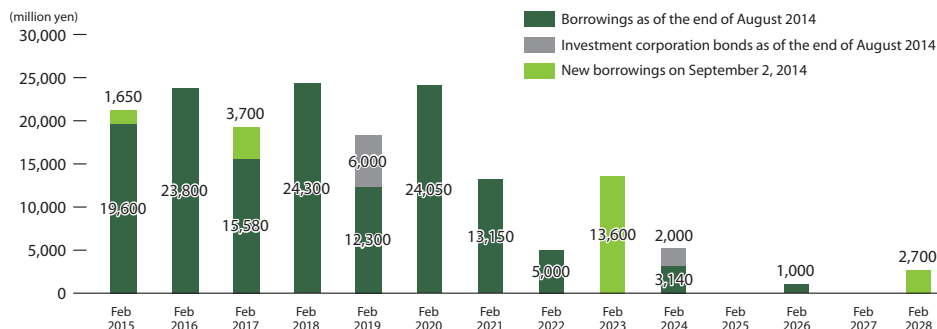
**75.9**%

Long-term loan ratio

**86.9**%

\* Expected LTV as of the end of February 2015: 49.1%

## ■ Debt Maturity Diversification (as of Sep 2, 2014)



## ■ Credit Ratings

Credit Rating Agency	Subject	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA-	Stable
JCR (Japan Credit Rating Agency, Ltd.)	Bond rating <sup>1</sup>	AA-	—
JCR (Japan Credit Rating Agency, Ltd.)	Bond rating <sup>2</sup>	AA-	—

1. It is the rating for the 1st unsecured investment corporate bond.

2. It is the rating for the 2nd unsecured investment corporate bond.

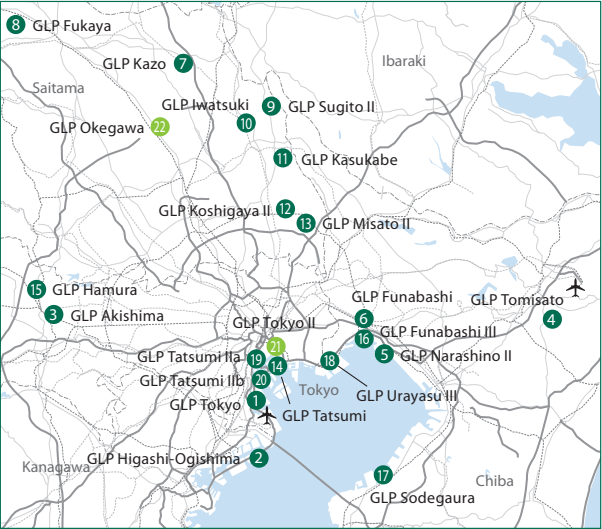
## ■ Optimal Payable Distribution

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:

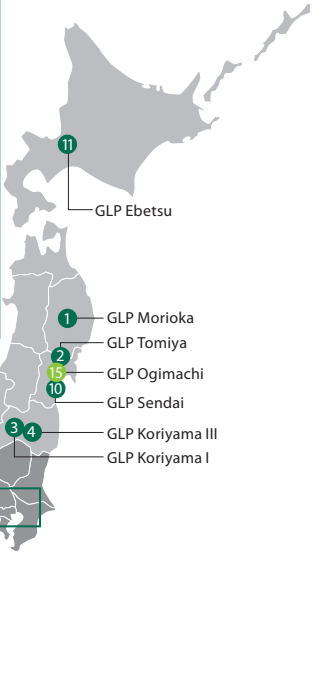
- The amount of the optimal payable distribution made for any given fiscal period will be determined by GLP J-REIT. The amount will not exceed that of depreciation expenses posted for the immediately prior fiscal period less the amount of capital expenditure for the same period.
- The implementation 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

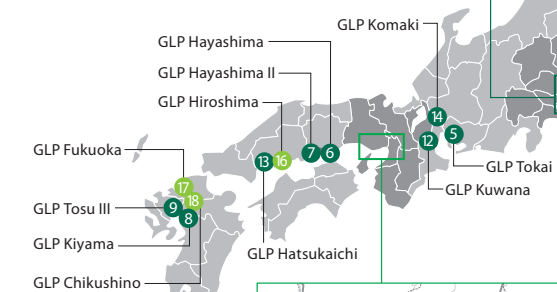


● As of Aug 2014  
 ● Properties newly acquired in and after September 2014

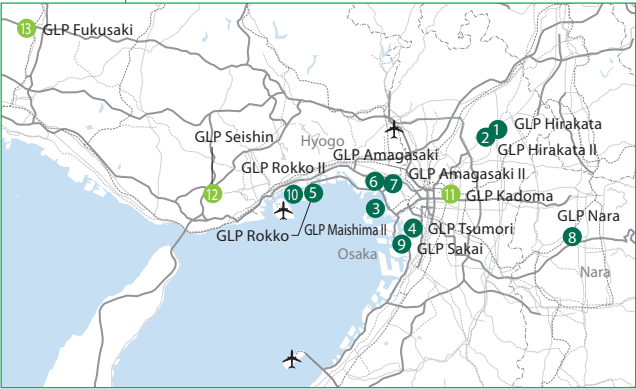
## Other Area



## Tokyo Metropolitan Area



## Greater Osaka Area





# Overview of Portfolio in Tokyo Metropolitan Area

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**1** GLP Tokyo Ota, Tokyo



**5** GLP Narashino II Narashino, Chiba



**4** GLP Tomisato Tomisato, Chiba



**8** GLP Fukaya Fukaya, Saitama



**6** GLP Funabashi Funabashi, Chiba

# Overview of Portfolio in Tokyo Metropolitan Area



**18** GLP Urayasu III Urayasu, Chiba



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



**3** GLP Akishima Akishima, Tokyo



**17** GLP Sodegaura Sodegaura, Chiba



**16** GLP Funabashi III Funabashi, Chiba



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



**10** GLP Iwatsuki Saitama, Saitama



**11** GLP Kasukabe Kasukabe, Saitama



**7** GLP Kazo Kazo, Saitama



**20** GLP Tatsumi IIb Koto, Tokyo



**21** GLP Tokyo II Koto, Tokyo

New  
property



# Overview of Portfolio in Tokyo Metropolitan Area



**13** GLP Misato II Misato, Saitama



**14** GLP Tatsumi Koto, Tokyo



**19** GLP Tatsumi Ila Koto, Tokyo



**12** GLP Koshigaya II Koshigaya, Saitama



**15** GLP Hamura Hamura, Tokyo



**22** GLP Okegawa Okegawa, Saitama

New  
property

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



**1** GLP Hirakata Hirakata, Osaka



**2** GLP Hirakata II Hirakata, Osaka



**4** GLP Tsumori Osaka, Osaka



**11** GLP Kadoma Kadoma, Osaka

New property



**5** GLP Rokko Kobe, Hyogo



**7** GLP Amagasaki II Amagasaki, Hyogo



**3** GLP Maishima II Osaka, Osaka

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



**6** GLP Amagasaki Amagasaki, Hyogo



**13** GLP Fukusaki Kanzaki, Hyogo

New property



**9** GLP Sakai Sakai, Osaka



**10** GLP Rokko II Kobe, Hyogo



**8** GLP Nara Yamato koriyama, Nara



**12** GLP Seishin Kobe, Hyogo

New property



# Overview of Portfolio in Other<sup>Area</sup>

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**1** GLP Morioka Shiwa, Iwate



**2** GLP Tomiya Kurokawa, Miyagi



**3** GLP Koriyama I Koriyama, Fukushima



**4** GLP Koriyama III Koriyama, Fukushima



**5** GLP Tokai Tokai, Aichi



**6** GLP Hayashima Tsukubo, Okayama

# Overview of Portfolio in Other<sup>Area</sup>



**11** GLP Ebetsu Ebetsu, Hokkaido



**8** GLP Kiyama Miyaki, Saga



**7** GLP Hayashima II Tsukubo, Okayama



**9** GLP Tosu III Tosu, Saga



**10** GLP Sendai Sendai, Miyagi



**12** GLP Kuwana Kuwana, Mie



**13** GLP Hatsukaichi Hatsukaichi, Hiroshima



**14 GLP Komaki** Komaki, Aichi



**16 GLP Hiroshima** Hiroshima, Hiroshima

New  
property



**17 GLP Fukuoka** Fukuoka, Fukuoka

New  
property



**15 GLP Ogimachi** Sendai, Miyagi

New  
property

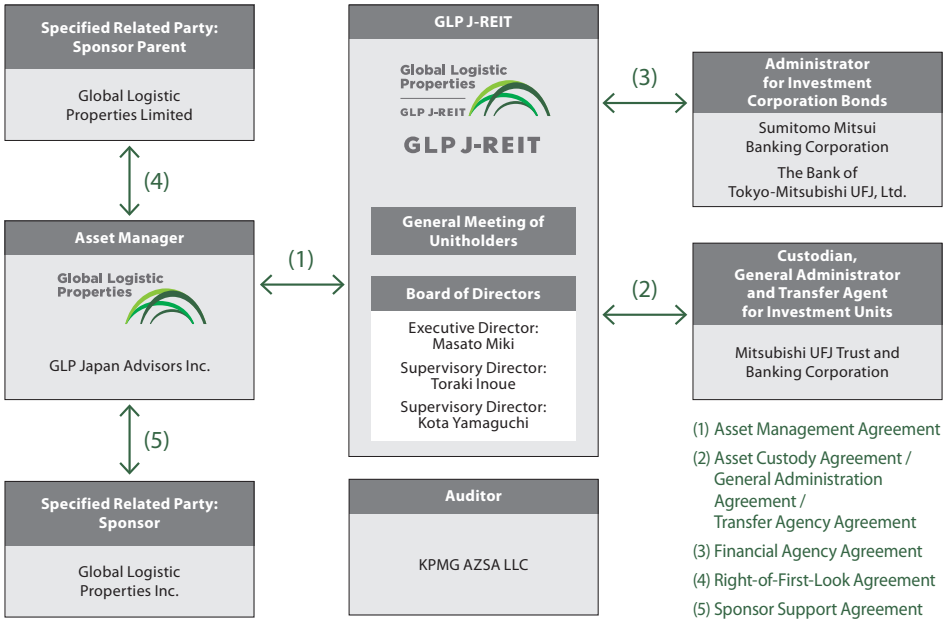


**18 GLP Chikushino** Chikushino, Fukuoka

New  
property

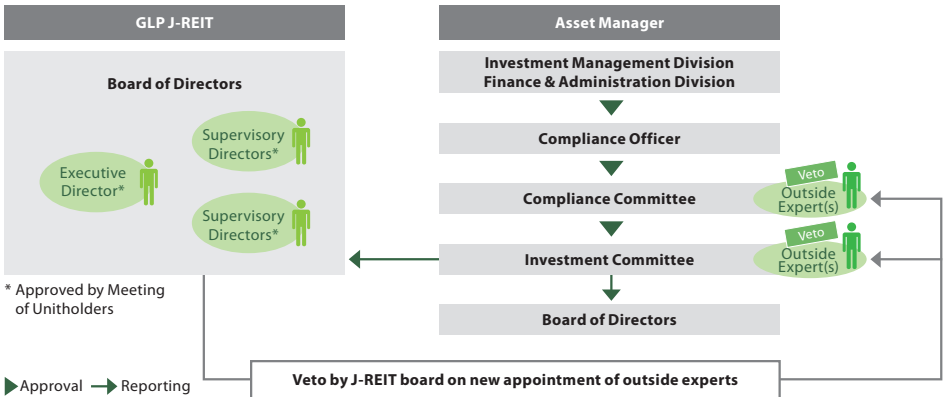
# Overview GLP J-REIT

## Structure of GLP J-REIT



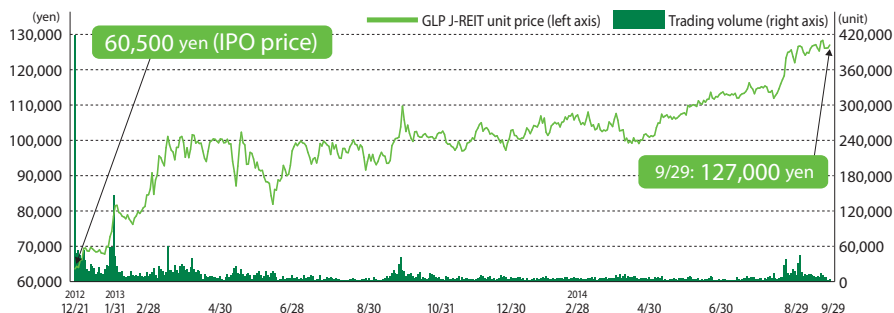
\* Global Logistic Properties Holdings Limited, GLP Singapore Pte. Ltd. and GLP J-REIT Master Lease Godo Kaisha, is each regarded as "Specified Related Party" as defined in the Financial Instruments and Exchange Act (the "Act") since: (i) Global Logistic Properties Holdings Limited and GLP Singapore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

## Governance Structure for Related Party Transactions

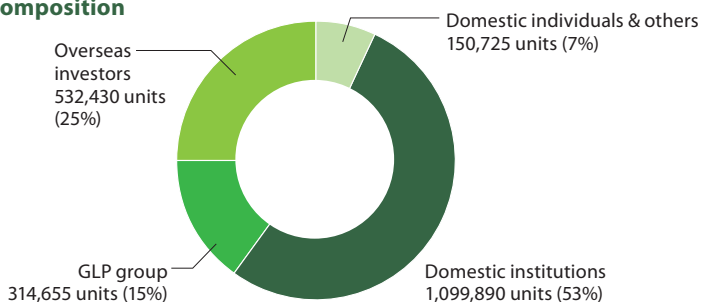


# Investor's Information

## 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	4th Period	5th Period
		Sept.16, 2011 to June 30, 2012	July 1, 2012 to Feb. 28, 2013	Mar. 1, 2013 to Aug. 31, 2013	Sept. 1, 2013 to Feb. 28, 2014	Mar. 1, 2014 to Aug. 31, 2014
Operating revenues	Million yen	—	2,236	7,272	8,080	9,322
Of which, Property-related revenues	Million yen	—	2,236	7,272	8,080	9,322
Operating expenses	Million yen	8	908	2,971	3,228	4,410
Of which, Property-related expenses	Million yen	—	665	2,124	2,323	3,438
Operating income (loss)	Million yen	(8)	1,328	4,301	4,852	4,911
Ordinary income (loss)	Million yen	(85)	910	3,547	4,069	3,973
Net income (loss)	Million yen	(85)	907	3,546	4,068	3,971
Total assets	Million yen	456	231,353	233,875	256,107	293,223
[Period-on-period changes]	%	[—]	[—]	[1.1]	[9.5]	[14.5]
Total net assets	Million yen	114	108,323	110,894	134,011	133,388
[Period-on-period changes]	%	[—]	[—]	[2.4]	[20.8]	[(0.5)]
Unitholders' capital, net (Note 4)	Million yen	200	107,501	107,347	129,942	129,415
Number of investment units issued and outstanding	Unit	400	1,837,700	1,837,700	2,097,700	2,097,700
Net assets per unit (Note 5)	Yen	35,705	58,945	60,344	63,884	63,588
Distributions	Million yen	—	975	4,022	4,593	4,564
Of which, Distributions of earnings	Million yen	—	821	3,546	4,067	3,970
Of which, Distributions in excess of retained earnings	Million yen	—	154	475	526	593
Distributions per unit	Yen	—	531	2,189	2,190	2,176
Of which, Distributions of earnings per unit	Yen	—	447	1,930	1,939	1,893
Of which, Distributions in excess of retained earnings per unit	Yen	—	84	259	251	283
Ordinary income to total assets (Note 6)	%	(37.4)	0.8	1.5	1.7	1.4
[Annualized ordinary income to total assets]	%	[(47.3)]	[1.2]	[3.0]	[3.3]	[2.9]
Return on unitholders' equity (Note 6)	%	(150.1)	1.7	3.2	3.3	3.0
[Annualized return on unitholders' equity]	%	[(189.6)]	[2.5]	[6.4]	[6.7]	[5.9]
Unitholders' equity to total assets (Note 6)	%	25.0	46.8	47.4	52.3	45.5
[Period-on-period changes]	%	[—]	[21.8]	[0.6]	[4.9]	[(6.8)]
Payout ratio (Note 6)	%	—	90.5	100.0	99.9	100.0
<b>【Other Information】</b>						
Number of operating days (Note 7)		—	56	184	181	184
Number of investment properties		—	33	33	40	44
Occupancy ratio	%	—	99.9	99.9	99.9	99.9
Depreciation expense	Million yen	—	515	1,588	1,755	1,985
Capital expenditures	Million yen	—	59	217	480	342
Rental NOI (Net Operating Income) (Note 6)	Million yen	—	2,086	6,736	7,513	7,869
FFO (Funds from Operation) (Note 6)	Million yen	—	1,422	5,134	5,823	5,957
FFO per unit (Note 6)	Yen	—	774	2,794	2,776	2,840
Total distributions / FFO ratio (Note 6)	%	—	68.6	78.3	78.9	76.6
Debt service coverage ratio (Note 6)		—	6.8	7.6	8.8	6.8
The ratio of interest bearing liabilities to total assets	%	—	49.4	48.9	44.2	51.1



(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 the 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 formulas are 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 and the 4th Period, the following formula is used due to the issuance of new units during the period. $\text{Total distributions (excluding OPD**)} / \text{Net income} \times 100$
Rental NOI (Net Operating income)	$\text{Property-related revenues} - \text{Property-related expenses} + \text{Depreciation expenses}$
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	$\text{Total distributions (including OPD**)} / \text{FFO} \times 100$
Debt service coverage ratio	$(\text{Net income} + \text{Interest expenses} + \text{Interest expenses on investment corporation bonds}) / (\text{Interest expenses} + \text{Interest expenses on investment corporation bonds})$

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

(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 5th Period

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

GLP J-REIT is a real estate investment corporation (J-REIT) specializing in logistics facilities that primarily invests in modern logistics facilities. GLP J-REIT was founded in accordance with the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trust Act”) with GLP Japan Advisors Inc. as the founder. It had its units listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange on December 21, 2012 (securities code: 3281). Subsequently, GLP J-REIT issued new investment units through a public offering in September 2013 and through a third party allocation in October 2013. The number of investment units issued and outstanding as of the end of the current fiscal period was 2,097,700 units with unitholders’ net capital of 129,415 million yen. Moreover, as of the end of the current fiscal period, GLP J-REIT owns 44 properties (total acquisition price of 285,061 million yen).

(Note) New investment units were issued through a public offering on September 1, 2014 and through a third party allocation on September 24, 2014. Please refer to “6. Significant Subsequent Events, (1) Issuance of New Investment Units” for details.

### (2) Investment Environment and Business Performance

During the current fiscal period, the overall Japanese economy is on a recovery trend. Although the reactionary effect was witnessed from a last-minute rise in demand before a consumption tax increase in April 2014, such effect has gradually lessened thanks to the effects of government policy measures.

The favorable financing environment in the real estate market has led to a number of asset acquisitions by J-REIT and increases of its capital through public offerings, while transactions and investments by private placement funds and foreign investors continued to be active.

In the leasing market for logistics facilities, although there was an increase in the new supply of large-scale logistics facilities, the new supply space was steadily taken up against the backdrop of the expansion of the third-party logistics (3PL) business and the e-commerce market.

Under these conditions, GLP J-REIT acquired the following four properties: (1) two properties (total acquisition price 28,500 million yen) in March 2014 pursuant to the Trust Beneficial Interest Transfer Agreement entered on September 3, 2013 and (2) two properties (total acquisition price 7,750 million yen) in April 2014 pursuant to the Trust Beneficial Interest Transfer Agreement entered in March 2014. Thus, GLP J-REIT managed to continuously expand the size of its assets and steadily grow its portfolio while maintaining the quality of its asset portfolio.

Moreover, while providing services which satisfy the needs of its portfolio property tenants, GLP J-REIT actively strove to increase rents in an environment of strong demand for logistics facilities. Thus, GLP J-REIT successfully renewed all lease contracts with the same conditions or higher rents during the four consecutive fiscal periods since its listing on the Tokyo Stock Exchange.

As a result of these operations, GLP J-REIT owns 44 properties with the total acquisition price of 285,061 million yen and the total leasable area of 1,490,181.13m<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. Under the favorable financing environment, GLP J-REIT also pursues to lengthen debt maturity and reduce its borrowing costs.

In the current fiscal period, GLP J-REIT entered into new loan agreements in the amount of 28,920 million yen in March and 7,700 million yen in April 2014 for the purpose of acquiring aforementioned properties. GLP J-REIT achieved to lengthen debt maturities while reducing borrowing costs, by refinancing 5,700 million yen with new loan contracts in June 2014 and issuing 2,000 million yen of the 2nd 10-year-maturity investment corporation bond in July 2014. Besides, GLP J-REIT further strengthened its financial stability by utilizing interest rate swap contracts to convert variable interest rates of some loans into fixed rates for a long term.

As a result of the above, outstanding interest-bearing liabilities as of the end of the current fiscal period totaled 149,920 million yen (outstanding loans 141,920 million yen, outstanding investment corporation bonds 8,000 million yen), and the ratio of interest-bearing liabilities to total assets (LTV) was 51.1%.

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

Credit Rating Agency	Type	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA-	Stable
JCR (Japan Credit Rating Agency, Ltd.)	Bond rating (Note 1)	AA-	—
JCR (Japan Credit Rating Agency, Ltd.)	Bond rating (Note 2)	AA-	—

(Note 1) It is the rating for the GLP J-REIT 1st Unsecured Bond.

(Note 2) It is the rating for the GLP J-REIT 2nd Unsecured Bond.

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

As a result of these management efforts, GLP J-REIT reported operating revenues of 9,322 million yen, operating income of 4,911 million yen, ordinary income of 3,973 million yen and net income of 3,971 million yen for the current fiscal period.

As for cash distribution for the current fiscal period, in accordance with the distribution policy set forth in its Articles of Incorporation, GLP J-REIT decided to distribute 3,970,946,100 yen. This cash distribution is eligible for the special tax treatment on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and represents the multiple of the number of investment units issued and outstanding (2,097,700 units) from unappropriated retained earnings. Accordingly, distribution per unit for the current fiscal period was 1,893 yen.

In addition, GLP J-REIT intends to distribute funds in excess of the amount of retained earnings (Optimal Payable Distribution (hereinafter “OPD”)) for each fiscal period on a continuous basis, in accordance with the distribution policy set forth in the Articles of Incorporation (Note). Based on this, GLP J-REIT decided to distribute 593,649,100 yen, an amount almost equivalent to 30% of depreciation (1,985 million yen) for the current fiscal period, as a refund of investment. As a result,

the amount of OPD per unit was 283 yen.

(Note) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings that do not exceed the amount obtained by deducting capital expenditure for the operating period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 342 million yen of capital expenditure for the current fiscal period from 1,985 million yen of depreciation expenses for the period is 1,643 million yen.

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

With respect to all 44 properties held as of the end of the current fiscal period, 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 forth in the Engineering Reports dated September 19, 2012, August 20, 2013 and March 20, 2014 for each property prepared by Deloitte Tohmatsu Property Risk Solution Co., Ltd., is 358 million yen.

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### 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) (Million 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)
September 26, 2013	Public offering	249,955	2,087,655	22,179	129,527	(Note 9)
October 16, 2013	Issuance of new units through allocation to a third party	10,045	2,097,700	891	130,418	(Note 10)
November 19, 2013	Distributions in excess of retained earnings (a refund of investment)	—	2,097,700	(475)	129,942	(Note 11)
May 19, 2014	Distributions in excess of retained earnings (a refund of investment)	—	2,097,700	(526)	129,415	(Note 12)

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

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

- (Note 9) In order to obtain funds to acquire new properties, GLP J-REIT issued new investment units through a public offering at the issue price of 88,735 yen or the offer price of 91,942 yen per unit.
- (Note 10) In connection with the public offering, GLP J-REIT issued new investment units through a third party allocation at the issue price of 88,735 yen.
- (Note 11) At the Board of Directors' Meeting held on October 16, 2013, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 259 yen per unit for the 3rd fiscal period (the period ended August 31, 2013). The payment of distributions was commenced on November 19, 2013.
- (Note 12) At the Board of Directors' Meeting held on April 15, 2014, it was resolved that GLP J-REIT would make distributions in excess of retained earnings (a refund of investment) of 251 yen per unit for the 4th fiscal period (the period ended February 28, 2014). The payment of distributions was commenced on May 19, 2014.

#### [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	4th Period	5th Period
For the period ended	June 30, 2012	February 28, 2013	August 31, 2013	February 28, 2014	August 31, 2014
Highest	—	84,600	102,300	109,700	125,600
Lowest	—	63,600	81,900	93,100	99,100

## 4. Distributions

Actual amounts of distributions are as follows:

(Unit: Thousand yen, unless otherwise stated)

	1st Period	2nd Period	3rd Period	4th Period	5th Period
	Sept. 16, 2011 to June 30, 2012	July 1, 2012 to Feb. 28, 2013	Mar. 1, 2013 to Aug. 31, 2013	Sept. 1, 2013 to Feb. 28, 2014	Mar. 1, 2014 to Aug. 31, 2014
Unappropriated retained earnings (accumulated deficit)	(85,743)	822,090	3,547,322	4,068,649	3,972,883
Retained earnings (deficit) carried forward	(85,743)	638	561	1,209	1,937
Total distributions	—	975,818	4,022,725	4,593,963	4,564,595
[Distributions per unit]	[— yen]	[531 yen]	[2,189 yen]	[2,190 yen]	[2,176 yen]
Of which, distributions of earnings	—	821,451	3,546,761	4,067,440	3,970,946
[Distributions of earnings per unit]	[— yen]	[447 yen]	[1,930 yen]	[1,939 yen]	[1,893 yen]
Of which, Distributions in excess of retained earnings	—	154,366	475,964	526,522	593,649
[Distributions in excess of retained earnings per unit]	[— yen]	[84 yen]	[259 yen]	[251 yen]	[283 yen]

- (Note) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings that do not exceed the amount obtained by deducting capital expenditure for the operating period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 342 million yen of capital expenditure for the current fiscal period from 1,985 million yen of depreciation expenses for the period is 1,643 million yen.

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



With respect to all 44 properties held as of the end of the current fiscal period, 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 forth in the Engineering Reports dated September 19, 2012, August 20, 2013 and March 20, 2014 for each property prepared by Deloitte Tohmatsu Property Risk Solution Co., Ltd., is 358 million yen.

## **5. Future Management Policy and Matters to be Addressed**

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

Although some weakness remains in the market due to the reaction after a last-minute rise in demand before a consumption tax rate increase, the Japanese economy is expected to recover owing to the effectiveness of various government's policy measures. While favorable investment environment is expected to continue in the short term, it is necessary to continuously monitor the risk of prolonged reactionary effect from a last-minute rise in demand before a consumption tax increase, the trends of the economies of the emerging countries and the resource-rich countries, the outlook of European debt crisis, and the recovery pace of the U.S. economy.

Leasable logistics facilities transactions have exhibited an upward trend due to rising investor interest in such transactions. This trend is expected to continue for a while. The leasing market is also expected to continue steady expansion because: (1) while the supply of new modern logistics facilities is expected to continue, the current growth in leasing demand among tenant companies is expected to absorb the vacancies from such facilities and (2) market shows solid trends in rents.

With regard to the financing environment, financial institutions are expected to maintain their current positive lending policies, and this financial environment will further ensure a steady capital inflow into the J-REIT market.

### **(2) Future Management Policy and Matters to be Addressed**

Under these circumstances, GLP J-REIT is committed to implementing the following measures to further its 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 negotiate for higher rents for lease contracts subject to renewal, giving consideration to market rents, upon the expiration of lease period. At the same time, GLP J-REIT will manage to enhance the value of existing assets by appropriate maintenance of such assets and capital expenditures.

As for external growth strategy, the Asset Manager of GLP J-REIT has entered into a right-of-first-look agreement with Global Logistic 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 24 properties wholly owned by the GLP Group (as of the date of this document). Taking advantage of this agreement as a valuable pipeline and continuously collecting information from third parties regarding prospective properties, GLP J-REIT will pursue 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.

## 6. Significant Subsequent Events

### (1) Issuance of New Investment Units

At the Board of Directors' Meetings held on August 11 and August 20, 2014, GLP J-REIT resolved to issue the following new investment units. The proceeds from new investment units through a public offering were fully collected on September 1, 2014 while the proceeds from new investment units through a third-party allocation were fully collected on September 24, 2014.

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

Number of new investment units to be issued:	281,709 units (113,216 units for domestic market, 168,493 units for international market)
Issue price (offer price):	113,827 yen per unit
Total amount issued (total offering amount):	32,066,090,343 yen
Amount to be paid in (issue amount):	109,947 yen per unit
Total amount to be paid in (total issue amount):	30,973,059,423 yen
Payment date:	September 1, 2014
Initial date of distribution calculation:	September 1, 2014

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

Number of new investment units issued:	11,322 units
Amount to be paid in (issue amount):	109,947 yen per unit
Total amount to be paid in (total issue amount):	1,244,819,934 yen
Payment date:	September 24, 2014
Initial date of distribution calculation:	September 1, 2014
Underwriter:	Nomura Securities Co., Ltd.

#### [Purpose of funding]

The funds raised through the public offering were appropriated for the acquisition of beneficiary rights of real estate in trust stated below in “(2) Acquisitions of Assets”. The funds raised through the third-party allocation will be kept as cash on hand, of which 1,090 million yen was appropriated to repay a long-term loan on September 30, 2014, before its maturity date of January 4, 2015.

## (2) Acquisitions of Assets

On September 2, 2014, GLP J-REIT acquired the nine properties shown below in the form of trust beneficiary rights (with the total acquisition price of 53,830 million yen). The acquisition price (the purchase price stated in the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust) excludes acquisition costs such as direct expenses for acquisition, property-related taxes and consumption taxes.

Property name	Acquisition date	Location	Seller	Acquisition price (Million yen)
GLP Tokyo II	September 2, 2014	Koto-ku, Tokyo	Tokyo Two Logistics Special Purpose Company	36,100
GLP Okegawa	September 2, 2014	Okegawa, Saitama	Okegawa Logistics Special Purpose Company	2,420
GLP Kadoma	September 2, 2014	Kadoma, Osaka	Azalea Special Purpose Company	2,430
GLP Seishin	September 2, 2014	Kobe, Hyogo	Seishin Logistics Special Purpose Company	1,470
GLP Fukusaki	September 2, 2014	Kanzaki-gun, Hyogo	Fukusaki Logistics Special Purpose Company	3,640
GLP Ogimachi	September 2, 2014	Sendai, Miyagi	Azalea Special Purpose Company	1,460
GLP Hiroshima	September 2, 2014	Hiroshima, Hiroshima	Azalea Special Purpose Company	3,740
GLP Fukuoka	September 2, 2014	Fukuoka, Fukuoka	Azalea Special Purpose Company	1,520
GLP Chikushino	September 2, 2014	Chikushino, Fukuoka	Azalea Special Purpose Company	1,050
Total	—	—	—	53,830

### (3) Additional Borrowings

GLP J-REIT obtained bank loans for acquisition of specified assets and related costs as stated in “(2) Acquisitions of Assets” above.

Lender	Loan amount (Million yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation	990	JBA yen 1month TIBOR plus 0.2%	September 2, 2014	February 28, 2015	Lump-sum repayment on repayment date	Unsecured not guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	660	JBA yen 1month TIBOR plus 0.2%		February 28, 2015		
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.	3,700	JBA yen 1month TIBOR plus 0.175%		September 2, 2016		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Bank of Fukuoka, Ltd., Development Bank of Japan Inc., The Norinchukin Bank, Resona Bank, Limited. and Sumitomo Mitsui Trust Bank, Limited	13,600	JBA yen 3month TIBOR plus 0.36% (Note 1)		September 2, 2022		
Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,700	JBA yen 3month TIBOR plus 0.93% (Note 2)		September 2, 2027		
Total	21,650	—	—	—	—	—

(Note 1) GLP J-REIT entered into an interest rate swap agreement on August 29, 2014 and the interest rate has been substantially fixed at 0.862%.

(Note 2) GLP J-REIT entered into an interest rate swap agreement on August 29, 2014 and the interest rate has been substantially fixed at 1.854%.

## [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	4th Period As of February 28, 2014	5th Period As of August 31, 2014
Number of investment units authorized (units)	2,000,00	16,000,000	16,000,000	16,000,000	16,000,000
Number of investment units issued and outstanding (units)	400	1,837,700	1,837,700	2,097,700	2,097,700
Unitholders' capital, net (million yen) (Note)	200	107,501	107,347	129,942	129,415
Number of unitholders	1	14,585	12,238	11,991	12,389

(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, 2014.

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	371,177	17.69
GLP Capital Japan 2 Private Limited	Shiodome City Center, 1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo	311,455	14.84
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Tower Z, Harumi Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	199,881	9.52
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	148,861	7.09
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	97,170	4.63
Nomura Bank Luxembourg S.A.	1-2-3, Otemachi, Chiyoda-ku, Tokyo Standing proxy: Sumitomo Mitsui Banking Corporation	65,295	3.11
CBLDN-STICHTING PGGM DEPOSITARY-LISTED REAL ESTATE PF FUND	6-27-30 Shinjuku, Shinjuku-ku, Tokyo Standing proxy: Citibank Japan Ltd.	49,166	2.34
The Bank of New York Mellon SA/NV 10	2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Standing proxy: The Bank of Tokyo Mitsubishi UFJ, Ltd., Transaction Service Division	44,745	2.13
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	27,958	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	23,425	1.11
Total		1,339,133	63.83

(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 current period

Title	Name	Other concurrent title	Total amount of fees paid during the Period (Thousand yen)
Executive Director (Notes 1, 2 and 3)	Masato Miki	President and CEO, GLP Japan Advisors Inc.	—
Supervisory Director (Note 2)	Toraki Inoue	Representative CPA, Toraki Inoue CPA Firm President, Accounting Advisory Co., Ltd. Outside Corporate Auditor, Pioneer Corporation	1,860
	Kota Yamaguchi	Partner, Kimura Takushima & Yamaguchi Law Firm Outside Director, Heiwa Corporation	1,860
Independent Auditor (Note 4)	KPMG AZSA LLC	—	14,500

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

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

(Note 3) At the 4th General Unitholders' Meeting of GLP J-REIT held on May 27, 2014, Yoji Tatsumi, the Chief Financial Officer of GLP Japan Advisors Inc., was appointed as a substitute executive director so as to fill any potential vacancy or shortage in the number of executive directors prescribed by laws and regulations.

(Note 4) The auditor's fee includes fees of a comfort letter which total amount is 1,500 thousand yen.

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

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

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

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

Operational role	Company name
Asset Management Company	GLP Japan Advisors Inc.
Custodian, General Administrator and Transfer Agent for Investment Units	Mitsubishi UFJ Trust and Banking Corporation
Administrator for 1st Investment Corporation Bond	Sumitomo Mitsui Banking Corporation
Administrator for 2nd Investment Corporation Bond	The Bank of Tokyo Mitsubishi UFJ, Ltd.

## [Status on Investment Properties]

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

Type of asset	Use of asset	Area (Note 1)	4th Period As of February 28, 2014		5th Period As of August 31, 2014	
			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	146,419	57.2	171,678	58.5
		Greater Osaka area	62,755	24.5	62,349	21.3
		Other	38,262	14.9	48,310	16.5
Subtotal			247,437	96.6	282,337	96.3
Deposits and other assets			8,669	3.4	10,886	3.7
Total assets (Note 5)			256,107 [247,437]	100.0 [96.6]	293,223 [282,337]	100.0 [96.3]

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

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

(Note 3) "Ratio to total assets" is rounded 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) The total assets above are stated at the book value. In addition, the figures in square brackets represent the holding properties portion to total assets.



## 2. Major Properties Owned

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

Name of properties	Book value (Million yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy ratio (%) (Note 3)	Ratio to total rental revenues (%) (Note 3)	Primary use
GLP Amagasaki	24,155	110,224.89	110,224.89	100.0	8.8	Logistics facility
GLP Tokyo	22,493	56,105.95	56,105.95	100.0	7.6	Logistics facility
GLP Sugito II	18,645	101,272.40	100,162.57	98.9	7.1	Logistics facility
GLP Urayasu III	18,229	64,198.11	64,198.11	100.0	(Note 4)	Logistics facility
GLP Narashino II	15,304	104,543.59	104,543.59	100.0	(Note 4)	Logistics facility
GLP Misato II	14,426	59,208.59	59,208.59	100.0	(Note 4)	Logistics facility
GLP Kazo	11,217	76,532.71	76,532.71	100.0	(Note 4)	Logistics facility
GLP Komaki	10,331	52,709.97	52,709.97	100.0	(Note 4)	Logistics facility
GLP Koshigaya II	9,674	43,537.47	43,537.47	100.0	(Note 4)	Logistics facility
GLP Maishima II	8,739	56,511.10	56,511.10	100.0	(Note 4)	Logistics facility
Total	153,218	724,844.79	723,734.96	99.8	53.0	

(Note 1) “Leasable area” is the area of property or property in trust that is available for lease in accordance with relevant lease agreements or architectural drawings. The figures are rounded down to the second decimal place. Leasable area may change upon renewal of agreements.

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

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

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

### 3. Summary of Portfolio Properties

The following table summarizes the investment properties held by GLP J-REIT as of the current period end.

Name of property	Location (Note 1)	Type of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value (Million yen) (Note 3)	Book value (Million yen)
GLP Tokyo	2-1-2, Tokai, Ota-ku, Tokyo	Beneficiary right of real estate in trust	56,105.95	24,300	22,493
GLP Higashi-Ogishima	23-9, Higashi-Ogishima, Kawasaki-ku, Kawasaki, Kanagawa		34,582.00	5,590	5,024
GLP Akishima	4-13-41, Mihori-cho, Akishima, Tokyo 4-13-42, Mihori-cho, Akishima, Tokyo		27,356.63	7,740	7,135
GLP Tomisato	3-1, Misawa, Tomisato, Chiba		27,042.59	5,270	4,896
GLP Narashino II	3-6-3, Akanehama, Narashino, Chiba		104,543.59	18,200	15,304
GLP Funabashi	1-1389-2, Kaijincho-minami, Funabashi, Chiba		12,017.00	1,840	1,745
GLP Kazo	1-5-1, Minamishinozaki, Kazo, Saitama		76,532.71	12,600	11,217
GLP Fukaya	1900-2, Mizugahara, Orinokuchi, Fukaya, Saitama		19,706.00	2,650	2,368
GLP Sugito II	398-2, Fuwaka, Sugito-machi, Kita-Katsushika, Saitama		101,272.40	20,100	18,645
GLP Iwatsuki	2-9-10, Kokaba, Iwatsuki-ku, Saitama, Saitama		31,839.99	7,320	6,842
GLP Kasukabe	1155, Anzai, Suikaku, Kasukabe, Saitama		18,460.73	4,470	4,144
GLP Koshigaya II	2-2-1, Ryutsu-Danchi, Koshigaya, Saitama		43,537.47	10,300	9,674
GLP Misato II	3-2-1, Lala-city, Shinmisato, Misato, Saitama		59,208.59	15,700	14,426
GLP Tatsumi	3-11-10, Tatsumi, Koto-ku, Tokyo		12,925.58	5,390	4,939
GLP Hamura	4-9-8, Shinmeidai, Hamura, Tokyo		40,277.93	8,210	7,639
GLP Funabashi III	2-15-1, Nishiura, Funabashi, Chiba		18,281.84	3,560	3,038
GLP Sodegaura	385-18, Shiinomori, Sodegaura, Chiba		45,582.06	7,140	6,107
GLP Urayasu III	15-27, Chidori, Urayasu, Chiba		64,198.11	18,700	18,229
GLP Tatsumi Ila	3-8-10, Tatsumi, Koto-ku, Tokyo		17,108.52	6,900	6,738
GLP Tatsumi Iib	3-7-7, Tatsumi, Koto-ku, Tokyo		3,359.00	1,120	1,065
GLP Hirakata	3-2-27, Minami-nakaburi, Hirakata, Osaka 3-2-7, Minami-nakaburi, Hirakata, Osaka		29,829.56	4,980	4,731
GLP Hirakata II	3-3-1, Minami-nakaburi, Hirakata, Osaka		43,283.01	8,230	7,849
GLP Maishima II	2-1-92, Hokukoryokuchi, Konohana-ku, Osaka, Osaka		56,511.10	10,100	8,739
GLP Tsumori	2-1-30, Minami-tsumori, Nishinari-ku, Osaka, Osaka		16,080.14	2,120	2,021
GLP Rokko	3-10, Koyocho-higashi, Higashinada-ku, Kobe, Hyogo		39,339.00	5,450	5,128
GLP Amagasaki	231-2, Nishimukojima-cho, Amagasaki, Hyogo		110,224.89	25,200	24,155
GLP Amagasaki II	16, Nishitakas-cho, Amagasaki, Hyogo		12,342.95	2,120	2,026
GLP Nara	6-4, Imago-cho, Yamatokoriyama, Nara		19,545.35	2,700	2,327
GLP Sakai	1-63, Chikkouyawatamachi, Sakai-ku, Sakai, Osaka		10,372.10	2,080	1,967
GLP Rokko II	4-15-1 Koyochohigashi, Higashinada-ku, Kobe, Hyogo		20,407.30	3,970	3,400
GLP Morioka	59, Urata, Sakuramachi, Shiwa-cho, Shiwa, Iwate		10,253.80	841	824
GLP Tomiya	9-1-2, Narita, Tomiyama-machi, Kurokawa, Miyagi		20,466.98	2,930	2,760
GLP Koriyama I	3-2-2, Oroshi, Kikuta-cho, Koriyama, Fukushima		24,335.96	4,340	3,966
GLP Koriyama III	5-12, Mukaihara, Horinouchi, Kikuta-machi, Koriyama, Fukushima		27,671.50	2,690	2,607
GLP Tokai	2-47, Asayama, Tokai, Aichi		32,343.31	6,900	6,119
GLP Hayashima	823, Yao, Hayashima-cho, Tsukubo, Okayama		13,574.58	1,260	1,206
GLP Hayashima II	4507-40, Hayashima, Hayashima-cho, Tsukubo, Okayama		14,447.48	2,560	2,398
GLP Kiyama	2950-1, Urata, Sonobe, Kiyama-cho, Miyaki, Saga		23,455.96	5,070	4,608
GLP Tosu III	1-2, Wakasa, Fujinokimachi, Tosu, Saga		11,918.00	866	828
GLP Sendai	12-1, Niinuma, Nakano, Miyagino-ku, Sendai, Miyagi		37,256.23	5,910	5,501
GLP Ebetsu	69-3 Kakuyama, Ebetsu, Hokkaido		18,489.25	1,900	1,574

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 Kuwana	3646-1 Kanegaya, Mizono, Tado-cho, Kuwana, Mie		20,402.12	4,140	3,615
GLP Hatsukaichi	14-2 Mokuzaikokita, Hatsukaichi, Hiroshima		10,981.89	2,250	1,967
GLP Komaki	1-31 Shinkoki, Komaki, Aichi		52,709.97	10,800	10,331
Total			1,490,181.13	306,507	282,337

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

(Note 2) “Leasable area” is the area of property or property in trust that is available for lease in accordance with relevant lease agreements or architectural drawings. The figures are rounded down to the second decimal place. Leasable area may change upon renewal of agreements.

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

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

Name of property	4th Period From September 1, 2013 To February 28, 2014				5th Period From March 31, 2014 To August 31, 2014			
	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	702	8.7	5	100.0	706	7.6
GLP Higashi-Ogishima	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Akishima	3	100.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
GLP Tomisato	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Narashino II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Funabashi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kazo	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Fukaya	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sugito II	4	98.9	654	8.1	4	98.9	661	7.1
GLP Iwatsuki	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Kasukabe	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Koshigaya II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Misato II	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
GLP Tatsumi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hamura	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Funabashi III	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sodegaura	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Urayasu III	—	—	—	—	2	100.0	(Note 3)	(Note 3)
GLP Tatsumi IIa	—	—	—	—	1	100.0	(Note 3)	(Note 3)
GLP Tatsumi IIb	—	—	—	—	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	811	10.0	6	100.0	822	8.8
GLP Amagasaki II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Nara	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Sakai	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Rokko II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
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	132	1.6	4	100.0	132	1.4
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)
GLP Ebetsu	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)

Name of property	4th Period From September 1, 2013 To February 28, 2014				5th Period From March 31, 2014 To August 31, 2014			
	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 Kuwana	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Hatsukaichi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
GLP Komaki	—	—	—	—	2	100.0	(Note 3)	(Note 3)
Total	60	99.9	8,080	100.0	66	99.9	9,322	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 the tenants’ consent is not obtained.

## 4. Specified Transaction

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

	Type	Contract amount (Million yen) (Note 1)		Fair value (Million yen) (Note 2)
			Due after one year	
OTC	Interest rate swaps: Receive floating/ pay fix	114,990,000	114,990,000	(890,101)
Total		114,990,000	114,990,000	(890,101)

(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 is not measured at fair value but accounted for under special treatment for interest rate swaps based on “Accounting Standards for Financial Instruments” under Japanese GAAP.

## 5. Investments and Other Assets

### (1) Investment securities – Equity securities

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

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

### (2) Details of other specified assets

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

## [Capital Expenditures for Properties Owned]

### 1. Future Plan of Capital Expenditures

The following table summarizes the major capital expenditure plans in connection with scheduled renovation and others for properties owned as of the current period end. 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 Funabashi	Funabashi, Chiba	Construction of fire protection compartment	From October 2014 to December 2014	219	—	—
GLP Koriyama III	Koriyama, Fukushima	Replacement of GR-type receivers	From October 2014 to February 2015	46	—	—
GLP Hamura	Hamura, Tokyo	Renovation of exterior wall	From November 2014 to February 2015	42	—	—
GLP Funabashi III	Funabashi, Chiba	Renovation of exterior wall joint of warehouse	From April 2015 to June 2015	35	—	—
GLP Higashi-Ogishima	Kawasaki, Kanagawa	Replacement of air-cooled chillers	From May 2015 to June 2015	35	—	—
GLP Morioka	Shiwa-gun, Iwate	Renovation of east exterior wall of warehouse	From June 2015 to August 2015	15	—	—
GLP Tosu III	Tosu, Saga	Renovation of asphalt pavement around administration building	From May 2015 to May 2015	10	—	—
GLP Tosu III	Tosu, Saga	Replacement of air conditioners	From December 2014 to December 2014	9	—	—
GLP Tosu III	Tosu, Saga	Replacement of air conditioners	From June 2015 to June 2015	9	—	—

### 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 342 million yen. The total construction cost amounted to 397 million yen, including repair and maintenance of 54 million yen that was accounted for as expenses.

Name of property	Location	Purpose	Period	Construction cost (Million yen)
GLP Narashino II	Narashino, Chiba	Replacement of control board of fire suppression system	From May 2014 to August 2014	57
GLP Higashi-Ogishima	Kawasaki, Kanagawa	Replacement of air conditioners	From May 2014 to June 2014	26
GLP Morioka	Shiwa-gun, Iwate	Renovation of south-west exterior wall	From July 2014 to August 2014	25
GLP Tosu III	Tosu, Saga	Replacement of air conditioners	From August 2014 to August 2014	9
Other	—	—	—	223
Total				342

### 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 Sept. 16, 2011 to June 30, 2012	2nd Period July 1, 2012 to Feb. 28, 2013	3rd Period Mar. 1, 2013 to Aug. 31, 2013	4th Period Sept. 1, 2013 to Feb. 28, 2014	5th Period Mar. 1, 2014 to Aug. 31, 2014
Balance brought forward from the previous period	—	—	—	—	—
Amount reserved during the period	—	—	—	—	—
Amount used during the period	—	—	—	—	—
Balance to be carried forward to the next period	—	—	—	—	—

(Note 1) GLP J-REIT intends not to account for reserves if the estimated amount of capital 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 6th period (for the period ending February 2015) to be 757 million yen, which does not exceed 1,641 million yen, the amount equivalent to 70% of 2,345 million yen, which is the estimated depreciation expenses for the same period.

(Note 2) GLP J-REIT intends to distribute funds in excess of the amount of retained earnings, which do not exceed the amount obtained by deducting an amount of capital expenditures for the operating period immediately before the period in which the distribution is made from an amount equal to depreciation expenses for the corresponding period. The amount obtained by deducting 342 million yen of capital expenditures for the current fiscal period from 1,985 million yen of depreciation expenses for the period is 1,643 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 operating period immediately before the period in which the distribution is made, unless GLP J-REIT determines that the OPD payment would have a negative impact on its long-term repair 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 44 properties held as of August 31, 2014, 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, August 20, 2013 and March 20, 2014 for each property prepared by Deloitte Tohmatsu Property Risk Solution Co., Ltd., is 358 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

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	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	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
Tokyo-15	GLP Hamura		August 20, 2013	—	55,940
Tokyo-16	GLP Funabashi III			—	125,360
Tokyo-17	GLP Sodegaura			—	60,000
Tokyo-18	GLP Urayasu III			—	289,550
Tokyo-19	GLP Tatsumi IIa		March 20, 2014	—	86,120
Tokyo-20	GLP Tatsumi IIb			—	93,183
Osaka-1	GLP Hirakata		September 19, 2012	—	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
Osaka-10	GLP Rokko II			August 20, 2013	—
Other-1	GLP Morioka		September 19, 2012	—	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
Other-11	GLP Ebetsu		August 20, 2013	—	47,690
Other-12	GLP Kuwana			—	51,170
Other-13	GLP Hatsukaichi			—	33,980
Other-14	GLP Komaki			—	115,500
Total				—	8,599,203

(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)

	4th Period From September 1, 2013 To February 28, 2014	5th Period From March 1, 2014 To August 31, 2014
Asset management fee	819,258	881,580
Asset custody fee	4,147	4,447
Administrative service fees	11,722	11,612
Directors' remuneration	3,720	3,720
Audit fee	14,000	14,000
Taxes and dues	44	128
Other operating expenses	52,148	56,491
Total	905,041	971,979

### 2. Status of Borrowings

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

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Due date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Short-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 6, 2014	3,800	-	0.39%	March 3, 2014	Lump-sum	(Note 11)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	April 1, 2014	-	-	0.35%	September 30, 2014 (Note 8)	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 1, 2014	-	-	0.35%	September 30, 2014 (Note 8)	Lump-sum	(Note 10)	Unsecured not guaranteed
	Sumitomo Mitsui Trust Bank, Limited	April 1, 2014	-	-	0.35%	September 30, 2014 (Note 8)	Lump-sum	(Note 10)	Unsecured not guaranteed
	Subtotal		3,800	-					
Long-term loans payable	Sumitomo Mitsui Banking Corporation	January 4, 2013	5,137	5,137	0.56%	January 4, 2015	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,281	4,281					
	Mizuho Bank, Ltd.		3,805	3,805					
	Mitsubishi UFJ Trust and Banking Corporation		1,712	1,712					
	Citibank Japan Ltd.		1,712	1,712					
	The Bank of Fukuoka, Ltd.		1,236	1,236					
	The Norinchukin Bank		856	856					
	Resona Bank, Limited.		856	856					
	Sumitomo Mitsui Banking Corporation	January 4, 2013	6,300	6,300	0.85% (Note 4)	January 4, 2016	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,900	5,900					
	Mizuho Bank, Ltd.		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	Citibank 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					

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Due date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	Sumitomo Mitsui Banking Corporation	January 4, 2013	6,400	6,400	1.13% (Note 4)	January 4, 2018	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,900	5,900					
	Mizuho Bank, Ltd.		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	Citibank 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 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,600	4,600					
	Mizuho Bank, Ltd.		4,000	4,000					
	Mitsubishi UFJ Trust and Banking Corporation		1,800	1,800					
	The Bank of Fukuoka, Ltd.		900	900					
	Development Bank of Japan Inc.		4,500	4,500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 1, 2013	3,250	3,250	1.03%	January 31, 2020	Lump-sum	(Note 10)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	February 1, 2013	3,250	3,250	1.30% (Note 4)	February 1, 2021	Lump-sum	(Note 10)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	January 6, 2014	1,200	1,200	0.44%	December 20, 2016	Lump-sum	(Note 11)	Unsecured not guaranteed
	Mizuho Bank, Ltd.	January 6, 2014	1,150	1,150	0.44%	December 20, 2016	Lump-sum	(Note 11)	Unsecured not guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 6, 2014	1,150	1,150	0.44%	December 20, 2016	Lump-sum	(Note 11)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	January 6, 2014	1,800	1,800	1.20% (Note 4)	December 20, 2021	Lump-sum	(Note 11)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		500	500					
	Mizuho Bank, Ltd.		900	900					
	Mitsubishi UFJ Trust and Banking Corporation		800	800					
	The Bank of Fukuoka, Ltd.		550	550					
	Resona Bank, Limited.		450	450					
	Sumitomo Mitsui Banking Corporation	March 3, 2014	-	1,000	0.56%	February 28, 2017	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,000					
	Mizuho Bank, Ltd.		-	1,000					
	Mitsubishi UFJ Trust and Banking Corporation		-	1,000					
	Citibank Japan Ltd.		-	750					
	The Bank of Fukuoka, Ltd.		-	750					
	The Norinchukin Bank		-	500					
	Resona Bank, Limited.		-	500					
	Sumitomo Mitsui Trust Bank, Limited		-	220					
	Shinsei Bank, Limited		-	220					
	Aozora Bank, Ltd.		-	220					
	The 77 Bank, Ltd.		-	220					

	Category	Date of borrowing	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average rate (Note 2)	Due date (Note 3)	Repayment	Use	Remarks
	Name of financial institution								
Long-term loans payable	Sumitomo Mitsui Banking Corporation	March 3, 2014	-	3,720	0.71% (Note 5)	February 28, 2019	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	3,230					
	Mizuho Bank, Ltd.		-	2,550					
	Mitsubishi UFJ Trust and Banking Corporation		-	500					
	Citibank Japan Ltd.		-	700					
	The Bank of Fukuoka, Ltd.		-	700					
	The Norinchukin Bank		-	450					
	Resona Bank, Limited.		-	450					
	Sumitomo Mitsui Banking Corporation	March 3, 2014	-	2,000	1.03% (Note 6)	February 26, 2021	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,900					
	Mizuho Bank, Ltd.		-	1,250					
	Mitsubishi UFJ Trust and Banking Corporation		-	500					
	Development Bank of Japan Inc.		-	450					
	Sumitomo Mitsui Banking Corporation	March 3, 2014	-	1,470	1.43% (Note 7)	February 29, 2024	Lump-sum	(Note 10)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,170					
	Development Bank of Japan Inc.		-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 3, 2014	-	3,800	0.92%	February 26, 2021	Lump-sum	(Note 11)	Unsecured not guaranteed
	Sumitomo Mitsui Banking Corporation	June 30, 2014	-	1,500	0.33%	February 28, 2017	Lump-sum	(Note 11)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,200					
	Citibank Japan Ltd.		-	200					
	Development Bank of Japan Inc.		-	500					
	The Norinchukin Bank		-	500					
	Sumitomo Mitsui Trust Bank, Limited		-	800					
	Sumitomo Mitsui Banking Corporation	June 30, 2014	-	500	1.03%	June 30, 2026	Lump-sum	(Note 11)	Unsecured not guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	500					
	Subtotal		103,500	141,920					
	Total		107,300	141,920					

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

(Note 2) “Average rate” represents the weighted average interest rate during the fiscal period and is rounded 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) Based on the interest rate swap agreement entered on May 28, 2014, the interest rate has been substantially fixed at 0.75875% on and after May 30, 2014.

(Note 6) Based on the interest rate swap agreement entered on April 4, 2014, the interest rate has been substantially fixed at 1.0855% on and after April 8, 2014.

(Note 7) Based on the interest rate swap agreement entered on April 4, 2014, the interest rate has been substantially fixed at 1.5585% on and after April 8, 2014.

(Note 8) GLP J-REIT borrowed 3,150,000 thousand yen on April 1, 2014 and made repayments of 2,331,300 thousand yen on June 30, 2014 and 818,700 thousand yen on July 31, 2014 before its due date.

(Note 9) GLP J-REIT borrowed 1,400,000 thousand yen on April 1, 2014 and made repayments of 1,037,400 thousand yen on June 30, 2014 and 362,600 thousand yen on July 31, 2014 before its due date.

(Note 10) The fund was used to acquire properties or beneficiary rights of real estate in trust.

(Note 11) The fund was used to make repayment of bank borrowing.

### 3. Status of Investment Corporation Bonds

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

Description	Issued date	Balance at beginning of the period (Million yen)	Balance at end of the period (Million yen)	Interest rate	Maturity date	Maturity method	Use	Remarks
GLP J-REIT 1st Unsecured Bonds	February 27, 2014	6,000	6,000	0.47%	February 27, 2019	Lump-sum	(Note 1)	(Note 2)
GLP J-REIT 2nd Unsecured Bonds	July 30, 2014	-	2,000	0.98%	July 30, 2024	Lump-sum	(Note 1)	(Note 2)
Total		6,000	8,000					

(Note 1) The fund was used to make repayment of bank borrowing.

(Note 2) The bond is subject to the special pari passu clause among specified investment corporation bonds.

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

None

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## [Acquisition and Disposition]

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

Type of asset	Name of property	Acquisition	
		Acquisition date	Acquisition price (Million yen) (Note)
Beneficiary right of real estate in trust	GLP Urayasu III	March 3, 2014	18,200
	GLP Komaki		10,300
	GLP Tatsumi IIa	April 1, 2014	6,694
	GLP Tatsumi IIb		1,056
Total			36,250

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

### 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

#### (1) Real Estate Properties

Acquisition or transfer	Name of property	Acquisition date	Acquisition price (Million yen) (Note 1)	Appraisal value (Million yen)	Name of appraiser	Date of appraisal
Acquisition	GLP Urayasu III	March 3, 2014	18,200	18,200	The Tanizawa Sogo Appraisal Co., Ltd.	July 31, 2013
Acquisition	GLP Komaki	March 3, 2014	10,300	10,300	Morii Appraisal & Investment Consulting, Inc.	July 31, 2013
Acquisition	GLP Tatsumi IIa	April 1, 2014	6,694	6,760	Morii Appraisal & Investment Consulting, Inc.	February 28, 2014
Acquisition	GLP Tatsumi IIb	April 1, 2014	1,056	1,100	Morii Appraisal & Investment Consulting, Inc.	February 28, 2014

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

(Note 2) “Appraisal value” of specific assets above was calculated in accordance with the guideline of “Real Estate Appraisal Standards, Chapter 3, Appraisal of Securitized Real Estate.”

#### (2) Other

With regard to transactions and contracts entered by GLP J-REIT whose values shall be investigated based on the Article 201 of the Act on Investment Trusts and Investment Corporations, KPMG AZSA LLC performs an investigation of transactions other than those stated in “(1) Real Estate Properties” above. For the period from March 1, 2014 to August 31, 2014, the transactions subject to such investigation were five interest rate swap transactions, for which GLP J-REIT received a report from KPMG AZSA LLC. The investigation of the interest rate swap included the name of its counterparty, value, contract period and other details in relation to the interest rate swap transactions.



## 4. Transactions with Interested Parties

### (1) Transactions

	Transaction price	
	Purchase	Sale
Total amount	36,250,000 thousand yen	— thousand yen
	Of which, purchase from interested parties and major shareholders 28,500,000 thousand yen (78.6%)	Of which, sale to interested parties and major shareholders — thousand yen (—%)
Transactions with interested parties and major shareholders		
Urayasu Three Logistic Special Purpose Company	18,200,000 thousand yen (50.2%)	— thousand yen (—%)
Komaki Logistic Special Purpose Company (Note 2)	10,300,000 thousand yen (28.4%)	— thousand yen (—%)
Total	28,500,000 thousand yen (78.6%)	— thousand yen (—%)

### (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	169,768	Global Logistic Properties Inc.	169,768	100.0
Royalty fee	7,500	Global Logistic Properties Inc.	7,500	100.0
Leasing commission	28,984	Global Logistic Properties Inc.	28,984	100.0

(Note 1) 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, Japan.

(Note 2) The business name of Komaki Logistic Special Purpose Company was changed to Azalea Two Special Purpose Company on September 2, 2014.

## 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

*(This part is intentionally left blank)*

## [Other information]

### 1. Notice

The following summarizes an overview of major contracts that the Board of Directors of GLP J-REIT approved to conclude or modify for the current period.

Date of approval	Item	Summary
June 23, 2014	Conclusion of Underwriting Agreement and other relating to investment corporation bonds	<p>On July 15, 2014, it was approved to conclude the following agreements relating to the underwriting of the investment corporation bonds.</p> <p>(1) Underwriting Agreement, relating to the public offering of GLP J-REIT 2nd Unsecured Bond, concluded among GLP Japan Advisors Inc., SMBC Nikko Securities Inc., and Daiwa Securities Co., Ltd.</p> <p>(2) Financial Agency Agreement for GLP J-REIT 2nd Unsecured Bond with special pari passu conditions among specified investment corporation bonds, concluded with The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU"). Under the Agreement, BTMU is designated as the fiscal agent, issuing agent and payment agent in connection with the public offering of the investment corporation bond.</p> <p>(3) Memorandum agreed with the BTMU regarding the financial agency commission prescribed in the Financial Agency Agreement as stated above (2), for GLP J-REIT 2nd Unsecured Bond with special pari passu conditions among specified investment corporation bonds.</p>
August 11, 2014	Conclusion of Underwriting Agreement and other relating to new investment units	<p>On August 20, 2014, it was approved to conclude the following agreements and other relating to the issuance of new investment units.</p> <p>(1) Underwriting Agreement, relating to the issuance of new investment units through a domestic public offering, concluded among GLP Japan Advisors Inc., Nomura Securities Co., Ltd., Citigroup Global Markets Japan Inc., Goldman Sachs Japan Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd.</p> <p>(2) Memorandum with Nomura Securities Co., Ltd., relating to the issuance of new investment units through a third party allotment in connection with the domestic public offering.</p> <p>(3) International Purchase Agreement, relating to an overseas public offering, concluded among GLP Japan Advisors Inc., Goldman Sachs International, Citigroup Global Markets Limited, Nomura International plc. and J.P. Morgan Securities plc.</p>

### 2. Other

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

## Balance Sheets

(Unit: Thousand yen)

	Prior Period (Reference) As of February 28, 2014	Current Period As of August 31, 2014
Assets		
Current assets		
Cash and deposits	3,017,637	4,910,518
Cash and deposits in trust	3,796,866	4,290,515
Operating accounts receivable	39,315	184,297
Prepaid expenses	304,122	329,564
Deferred tax assets	36	34
Consumption taxes receivable	524,483	55,667
Other current assets	400	—
Total current assets	7,682,862	9,770,598
Noncurrent assets		
Property and equipment		
Buildings in trust	103,209,070	113,702,163
Accumulated depreciation	(3,615,924)	(5,469,312)
Buildings in trust, net	99,593,146	108,232,851
Structures in trust	2,348,908	2,771,918
Accumulated depreciation	(218,693)	(339,426)
Structures in trust, net	2,130,214	2,432,491
Machinery and equipment in trust	51,909	51,909
Accumulated depreciation	(9,724)	(13,903)
Machinery and equipment in trust, net	42,185	38,006
Tools, furniture and fixtures in trust	83,233	99,299
Accumulated depreciation	(14,541)	(22,058)
Tools, furniture and fixtures in trust, net	68,691	77,241
Land in trust	145,602,917	171,556,870
Construction in progress	6,892	17,749
Total property and equipment, net	247,444,047	282,355,212
Investments and other assets		
Investment securities	1,600	1,600
Long-term prepaid expenses	654,067	832,668
Security deposits	10,000	10,000
Total investments and other assets	665,667	844,268
Total noncurrent assets	248,109,715	283,199,480
Deferred assets		
Investment unit issuance expenses	282,476	209,855
Investment corporation bond issuance costs	31,999	44,045
Total deferred assets	314,476	253,901
Total Assets	256,107,053	293,223,980

(Unit: Thousand yen)

	Prior Period (Reference) As of February 28, 2014	Current Period As of August 31, 2014
Liabilities		
Current liabilities		
Operating accounts payable	97,594	168,180
Short-term loans payable	3,800,000	—
Current portion of long-term loans payable	19,600,000	19,600,000
Accounts payable	894,357	1,123,745
Accrued expenses	6,646	15,698
Income taxes payable	1,158	1,191
Advances received	1,392,633	1,631,787
Deposits received	—	75,900
Current portion of tenant leasehold and security deposits	55,354	77,783
Total current liabilities	25,847,745	22,694,288
Noncurrent liabilities		
Investment corporation bonds	6,000,000	8,000,000
Long-term loans payable	83,900,000	122,320,000
Tenant leasehold and security deposits	6,170,130	6,542,803
Tenant leasehold and security deposits in trust	178,019	278,019
Total noncurrent liabilities	96,248,149	137,140,822
Total Liabilities	122,095,895	159,835,111
Net Assets		
Unitholders' equity		
Unitholders' capital	130,572,839	130,572,839
Deduction from unitholders' capital	(630,331)	(1,156,853)
Unitholders' capital, net	129,942,508	129,415,985
Retained earnings		
Unappropriated retained earnings	4,068,649	3,972,883
Total retained earnings	4,068,649	3,972,883
Total unitholders' equity	134,011,158	133,388,869
Total Net Assets *1	134,011,158	133,388,869
Total Liabilities and Net Assets	256,107,053	293,223,980

## Statements of Operations

(Unit: Thousand yen)

	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
Operating revenues		
Rental revenues *1	7,836,430	8,986,824
Other rental revenues *1	244,480	335,258
Total operating revenues	8,080,911	9,322,083
Operating expenses		
Rental expenses *1	2,323,089	3,438,466
Asset management fee	819,258	881,580
Asset custody fee	4,147	4,447
Administrative service fees	11,722	11,612
Directors' remuneration	3,720	3,720
Audit fee	14,000	14,000
Taxes and dues	44	128
Other operating expenses	52,148	56,491
Total operating expenses	3,228,131	4,410,446
Operating income	4,852,780	4,911,637
Non-operating income		
Interest income	968	774
Interest on refund of consumption taxes	—	1,477
Total non-operating income	968	2,252
Non-operating expenses		
Interest expense	518,652	665,692
Interest expenses on investment corporation bonds	77	16,050
Amortization of investment corporation bond issuance costs	542	3,513
Borrowing related expenses	169,029	181,063
Amortization of investment unit issuance expenses	72,620	72,620
Offering costs associated with the issuance of investment units	22,100	1,315
Others, net	1,311	609
Total non-operating expenses	784,334	940,864
Ordinary income	4,069,415	3,973,024
Income before income taxes	4,069,415	3,973,024
Income taxes-current	1,355	1,348
Income taxes-deferred	(28)	1
Total income taxes	1,326	1,350
Net income	4,068,088	3,971,673
Accumulated earnings brought forward	561	1,209
Unappropriated retained earnings	4,068,649	3,972,883



## Statements of Changes in Net Assets

Prior period (From September 1, 2013 to February 28, 2014) (Reference)

(Unit: Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Retained earnings		Total unitholders' equity	
				Unappropriated retained earnings	Total retained earnings		
Balance at the beginning of the period	107,501,739	(154,366)	107,347,372	3,547,322	3,547,322	110,894,695	110,894,695
Changes of items during the period							
Issuance of new investment units	23,071,100		23,071,100			23,071,100	23,071,100
Distributions in excess of retained earnings		(475,964)	(475,964)			(475,964)	(475,964)
Distributions of earnings				(3,546,761)	(3,546,761)	(3,546,761)	(3,546,761)
Net income				4,068,088	4,068,088	4,068,088	4,068,088
Total changes of items during the period	23,071,100	(475,964)	22,595,135	521,327	521,327	23,116,463	23,116,463
Balance at the end of the period *1	130,572,839	(630,331)	129,942,508	4,068,649	4,068,649	134,011,158	134,011,158

Current period (From March 1, 2014 to August 31, 2014)

(Unit: Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Retained earnings		Total unitholders' equity	
				Unappropriated retained earnings	Total retained earnings		
Balance at the beginning of the period	130,572,839	(630,331)	129,942,508	4,068,649	4,068,649	134,011,158	134,011,158
Changes of items during the period							
Distributions in excess of retained earnings		(526,522)	(526,522)			(526,522)	(526,522)
Distributions of earnings				(4,067,440)	(4,067,440)	(4,067,440)	(4,067,440)
Net income				3,971,673	3,971,673	3,971,673	3,971,673
Total changes of items during the period	—	(526,522)	(526,522)	(95,766)	(95,766)	(622,289)	(622,289)
Balance at the end of the period *1	130,572,839	(1,156,853)	129,415,985	3,972,883	3,972,883	133,388,869	133,388,869

## Notes to Financial Statements

### (Notes Concerning Significant Accounting Policies)

By period Item	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
1. Basis and method of valuation of assets	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.	Securities Available-for-sale securities with no readily determinable market price are stated at cost. Cost of securities sold is determined by the moving-average method.
2. Depreciation of noncurrent assets	Property and equipment including trust assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows: Buildings 2 to 55 years Structures 2 to 57 years Machinery and equipment 6 to 12 years Tools, furniture and fixtures 2 to 15 years	Property and equipment including trust assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows: Buildings 2 to 55 years Structures 2 to 57 years Machinery and equipment 6 to 12 years Tools, furniture and fixtures 2 to 15 years
3. Accounting treatment for deferred assets	(1) Investment unit issuance expenses are amortized over three years using the straight-line method. (2) Investment corporate bond issuance costs are amortized over the remaining life of the bonds using the straight-line method.	(1) Investment unit issuance expenses are amortized over three years using the straight-line method. (2) Investment corporate bond issuance costs are amortized over the remaining life of the bonds using the straight-line method.
4. Revenue and expense recognition	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period 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 47,068 thousand yen for the current period.	Taxes on property and equipment With respect to taxes on property and equipment held by GLP J-REIT, of the tax amounts assessed and determined, the amounts corresponding to the relevant accounting period 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 147,145 thousand yen for the current period.

5. Hedge accounting	<p>GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively. The hedge effectiveness for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment.</p>	<p>GLP J-REIT enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation in compliance with their general risk management policy. GLP J-REIT uses interest rate swaps for the purpose of hedging its risk exposure associated with interests on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, GLP J-REIT applies the special accounting treatment to interest rate swaps which qualify for hedge accounting and meet the specific matching criteria. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income, respectively. The hedge effectiveness for interest rate swaps is omitted since all interest rate swaps of GLP J-REIT meet the specific matching criteria for the special accounting treatment.</p>
6. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheets.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust</p> <p>(c) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of operations.</p>	<p>(1) Accounting treatment of beneficiary right of real estate in trust As to beneficiary rights of real estate in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheets.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust</p> <p>(c) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment for consumption taxes Consumption taxes withheld and paid are not included in the accompanying statements of operations.</p>

**(Notes to Balance Sheets)**

Prior Period (Reference) As of February 28, 2014	Current Period As of August 31, 2014
*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.	*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations: 50,000 thousand yen.

**(Notes to Statements of Operations)**

Prior Period (Reference) From September 1, 2013 To February 28, 2014		Current Period From March 1, 2014 To August 31, 2014	
*1. Breakdown of operating income from property leasing are as follows:		*1. Breakdown of operating income from property leasing are as follows:	
(Unit: Thousand yen)		(Unit: Thousand yen)	
A. Property-related revenues		A. Property-related revenues	
Rental revenues:		Rental revenues:	
Rental revenues	7,618,792	Rental revenues	8,723,135
Common area charges	217,638	Common area charges	263,689
Total	<u>7,836,430</u>	Total	<u>8,986,824</u>
Other revenues related to property leasing		Other revenues related to property leasing	
Utility charges	178,854	Utility charges	230,956
Parking lots	27,157	Parking lots	28,707
Others	38,469	Others	75,594
Total	<u>244,480</u>	Total	<u>335,258</u>
Total property-related revenues	8,080,911	Total property-related revenues	9,322,083
B. Property-related expenses		B. Property-related expenses	
Rental expenses:		Rental expenses:	
Taxes and dues	—	Taxes and dues	742,745
Property and facility management fees	288,406	Property and facility management fees	328,479
Utilities	209,312	Utilities	254,787
Repairs and maintenance	15,247	Repairs and maintenance	54,802
Casualty insurance	14,965	Casualty insurance	16,334
Depreciation	1,755,590	Depreciation	1,985,815
Others	39,566	Others	55,502
Total property-related expenses	<u>2,323,089</u>	Total property-related expenses	<u>3,438,466</u>
C. Operating income from property leasing (A – B)	<u>5,757,822</u>	C. Operating income from property leasing (A – B)	<u>5,883,616</u>

**(Notes to Statements of Changes in Net Assets)**

Prior Period (Reference) From September 1, 2013 To February 28, 2014		Current Period From March 1, 2014 To August 31, 2014	
*1. Number of investment units authorized and number of investment units issued and outstanding		*1. Number of investment units authorized and number of investment units issued and outstanding	
Number of investment units authorized	16,000,000 units	Number of investment units authorized	16,000,000 units
Number of investment units issued and outstanding	2,097,700 units	Number of investment units issued and outstanding	2,097,700 units

**(Deferred Tax Accounting)**

Prior Period (Reference) As of February 28, 2014	Current Period As of August 31, 2014
<p>1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)</p> <p>(Deferred tax assets)</p> <p>Enterprise tax payable <u>36</u></p> <p>Total <u>36</u></p> <p>Net deferred tax assets <u>36</u></p>	<p>1. Significant components of deferred tax assets and liabilities (Unit: Thousand yen)</p> <p>(Deferred tax assets)</p> <p>Enterprise tax payable <u>34</u></p> <p>Total <u>34</u></p> <p>Net deferred tax assets <u>34</u></p>
<p>2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of operations for each period is as follows.</p> <p>(Unit: %)</p> <p>Statutory effective tax rate 36.59</p> <p>(Adjustments)</p> <p>Distributions deductible for tax purposes (36.57)</p> <p>Other <u>0.01</u></p> <p>Actual tax rate <u>0.03</u></p>	<p>2. Reconciliation between Japanese statutory tax rate and the actual income tax rate with respect to pre-tax income reflected in the accompanying statement of operations for each period is as follows.</p> <p>(Unit: %)</p> <p>Statutory effective tax rate 36.59</p> <p>(Adjustments)</p> <p>Distributions deductible for tax purposes (36.57)</p> <p>Other <u>0.01</u></p> <p>Actual tax rate <u>0.03</u></p>
<p>3. Change in tax rate after the fiscal period end</p> <p>In line with the promulgation on March 31, 2014 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10, 2014), the additional tax as Special Corporate Tax for Reconstruction will not be imposed effective from the fiscal period beginning on or after April 1, 2014.</p> <p>In this connection, for temporary differences reversing on or after September 1, 2014, statutory effective tax rate to calculate deferred tax assets or liabilities will be changed from 36.59% to 34.16%.</p> <p>There is no impact from this change.</p>	—

**(Capital Lease)**

Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
—	—

## (Financial Instruments)

Prior Period (from September 1, 2013 to February 28, 2014) (Reference)

### 1. Status of financial instruments

#### (1) Policy for financial instruments

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

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

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

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

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

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

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

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

#### (3) Supplemental explanation regarding fair values of financial instruments

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

### 2. Estimated fair value of financial instruments

Book value, fair value and difference between the values as of February 28, 2014 are as follows. Financial instruments for which fair value is difficult to estimate are excluded from the following table (See Note 2 below).

(Unit: Thousand yen)			
	Book value	Fair value	Difference
(1) Cash and deposits	3,017,637	3,017,637	—
(2) Cash and deposits in trust	3,796,866	3,796,866	—
Total assets	6,814,504	6,814,504	—
(1) Short-term loans payable	3,800,000	3,800,000	—
(2) Current portion of long-term loans payable	19,600,000	19,600,000	—
(3) Investment corporation bonds	6,000,000	6,006,000	6,000
(4) Long-term loans payable	83,900,000	84,536,189	636,189
Total liabilities	113,300,000	113,942,189	642,189

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

Assets:

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

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

Liabilities:

(1) Short-term loans payable

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

(2) Current portion of long-term loans payable (4) Long-term loans payable

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

(3) Investment corporation bonds

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

Derivative transactions:

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

None

(2) Derivative transactions for which hedge accounting is applied

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

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transactions	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/ pay fix	Long-term loans payable	77,150,000	77,150,000	*1	*2

\*1 Interest rate swaps under special accounting treatment are accounted for as the integral part of long-term loans payable designated as hedged items. Thus, their fair value is included in that of long-term loans payable disclosed in aforementioned “2. Estimated fair value of financial instruments, (Note 1) Methods to estimate fair value of financial instruments, Liabilities: (4) Long-term loans payable.”

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

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

(Unit: Thousand yen)

Account name	Amount on the balance sheet
Tenant leasehold and security deposits	6,170,130
Tenant leasehold and security deposits in trust	178,019
Total	6,348,149

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



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

(Unit: Thousand yen)

	Due within one year
Cash and deposits	3,017,637
Cash and deposits in trust	3,796,866
Total	6,814,504

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

(Unit: Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	—	—	—	—	6,000,000	—
Long-term loans payable	19,600,000	23,800,000	3,500,000	24,300,000	—	32,300,000
Total	19,600,000	23,800,000	3,500,000	24,300,000	6,000,000	32,300,000

#### Current Period (from March 1, 2014 to August 31, 2014)

#### 1. Status of financial instruments

##### (1) Policy for financial instruments

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

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

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

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

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

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

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

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

##### (3) Supplemental explanation regarding fair values of financial instruments

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

## 2. Estimated fair value of financial instruments

Book value, fair value and difference between the values as of August 31, 2014 are as follows. Financial instruments for which fair value is difficult to estimate are excluded from the following table (See Note 2 below).

(Unit: Thousand yen)

	Book value	Fair value	Difference
(1) Cash and deposits	4,910,518	4,910,518	—
(2) Cash and deposits in trust	4,290,515	4,290,515	—
Total assets	9,201,033	9,201,033	—
(1) Current portion of long-term loans payable	19,600,000	19,600,000	—
(2) Investment corporation bonds	8,000,000	8,042,600	42,600
(3) Long-term loans payable	122,320,000	123,267,473	947,473
Total liabilities	149,920,000	150,910,073	990,073
Derivative transactions	—	(15,106)	(15,106)

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

Assets:

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

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

Liabilities:

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

(2) Investment corporation bonds

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

Derivative transactions:

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

None

(2) Derivative transactions for which hedge accounting is applied

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

(Unit: Thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/ pay fix	Long-term loans payable	114,990,000 *1	114,990,000 *1	(15,106) *2	*3

\*1 The amount includes 16,300 million yen of interest rate swap entered on August 29, 2014. The start date of the loan that is the hedged item is September 2, 2014.

\*2 The fair value of the aforementioned interest rate swap entered on August 29, 2014 is stated since it is not accounted for as an integral component of long-term loan payable under the special accounting treatment due to the fact that such loan payable is not yet recognized as of August 31, 2014. Interest rate swaps under the special accounting treatment, except for those aforementioned, are accounted for as an integral component of long-term loans payable designated as hedged items. Thus, their fair value is included in that of long-term loans payable disclosed in aforementioned "2. Estimated fair value of financial instruments, (Note 1) Methods to estimate fair value of financial instruments, Liabilities: (3) Long-term loans payable."

\*3 Fair value is measured by the counterparty of the relevant transaction based on market rates.

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

(Unit: Thousand yen)

Account name	Amount on the balance sheet
Tenant leasehold and security deposits	6,542,803
Tenant leasehold and security deposits in trust	278,019
Total	6,820,822

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

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

(Unit: Thousand yen)

	Due within one year
Cash and deposits	4,910,518
Cash and deposits in trust	4,290,515
Total	9,201,033

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

(Unit: Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	—	—	—	—	6,000,000	2,000,000
Long-term loans payable	19,600,000	23,800,000	15,580,000	24,300,000	12,300,000	46,340,000
Total	19,600,000	23,800,000	15,580,000	24,300,000	18,300,000	48,340,000

## (Investment and Rental Properties)

Prior Period (from September 1, 2013 to February 28, 2014) (Reference)

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

(Unit: Thousand yen)

Amount on the balance sheet			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
221,053,017	26,384,137	247,437,155	264,270,000

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

(Note 2) The major increase was primarily due to the acquisition of the following 7 properties in the total amount of 27,659,430 thousand yen: GLP Hamura, GLP Funabashi III, GLP Sodegaura, GLP Rokko II, GLP Ebetsu, GLP Kuwana and GLP Hatsukaichi, where the major decrease was due to depreciation of 1,755,590 thousand yen.

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

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

Current Period (from March 1, 2014 to August 31, 2014)

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

(Unit: Thousand yen)

Amount on the balance sheet			Fair value at the end of the period
At the beginning of the period	Increase (decrease)	At the end of the period	
247,437,155	34,900,307	282,337,462	306,507,000

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

(Note 2) The major increase was primarily due to the acquisition of the following 4 properties in the total amount of 36,543,609 thousand yen: GLP Urayasu III, GLP Komaki, GLP Tatsumi Ila and GLP Tatsumi IIb), where the major decrease was due to depreciation of 1,985,815 thousand yen.

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

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

**(Related Party Transactions)**

Prior Period (from September 1, 2013 to February 28, 2014) (Reference)

Classification	Name of the company	Type of business	% of voting rights (owned)	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Interested party	Global Logistic Properties Inc.	Investment advisory/ agency	—	Property management fee	156,077	Operating accounts payable	28,083
				Royalty fee (Note 2)	7,500	—	—
				Leasing commission	11,865	—	—
Interested party	GLP Solar Special Purpose Company	Equipment leasing	—	Rental income from rooftop leasing (Note 2)	9,860	Advances received	3,367
Interested party	Light Year Special Purpose Company	Real estate	—	Rental income from rooftop leasing (Note 2)	2,166	Advances received	668
				Purchase of beneficiary right of real estate in trust	27,500,000	—	—
				Receipt of deposits	87,847	—	—
				Receipt of leasehold and security deposits	1,022,354	—	—
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	—	Repayment of short-term loans payable	1,800,000	—	—
				Borrowing as long-term loans payable	800,000	Current portion of long-term loans payable	1,712,621
				Repayment of long-term loans payable	87,378	Long-term loans payable	6,200,000
				Interest expense	31,378	Accrued expenses	166
				Borrowing related fee	5,137	—	—
				Trust fee	7,120	Operating accounts payable	2,491
				Administrative service fee	11,722	Accounts payable	4,354
				Unitholders identification survey fee	1,800	—	—

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

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

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

Current Period (from March 1, 2013 to August 31, 2014)

Classification	Name of the company	Type of business	% of voting rights (owned)	Type of transaction	Transaction amount (Thousand yen)	Account title	Balance (Thousand yen)
Interested party	Global Logistic Properties Inc.	Investment advisory/ agency	—	Property management fee	169,768	Operating accounts payable	29,488
				Royalty fee (Note 2)	7,500	—	—
				Leasing commission	28,984	—	—
Interested party	GLP Solar Special Purpose Company	Equipment leasing	—	Rental income from rooftop leasing (Note 2)	26,620	Advances received	4,806
Interested party	Light Year Special Purpose Company	Real estate	—	Rental income from rooftop leasing (Note 2)	3,822	Advances received	688
Interested party	Urayasu Three Logistic Special Purpose Company	Real estate	—	Purchase of beneficiary right of real estate in trust	18,200,000	—	—
				Receipt of deposits	79,089	Deposits received	39,471
				Receipt of leasehold and security deposits	106,203	—	—
Interested party	Komaki Logistic Special Purpose Company	Real estate	—	Purchase of beneficiary right of real estate in trust	10,300,000	—	—
				Receipt of deposits	75,352	Deposits received	36,429
				Receipt of leasehold and security deposits	151,729	—	—
Asset custody company	Mitsubishi UFJ Trust and Banking Corporation	Trust and Banking	—	Borrowing as long-term loans payable	2,000,000	Current portion of long - term loans payable	1,712,621
						Long-term loans payable	8,200,000
				Interest expense	45,253	Accrued expenses	766
				Borrowing related fee	7,200	—	—
				Trust fee	7,656	Operating accounts payable	2,771
				Administrative service fee	11,612	Accounts payable	4,671
				Unitholders identification survey fee	1,780	—	—

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

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

- (a) The royalty fee was mutually agreed after negotiation between both parties based on the initial formula proposed by Global Logistic Properties Inc.
- (b) The rental income from rooftop leasing was mutually agreed after negotiation between both parties based on the initial formula proposed by GLP Solar Special Purpose Company.
- (c) Other transactions are determined based on market conditions.

(Note 3) The business name of Komaki Logistic Special Purpose Company was changed to Azalea Two Special Purpose Company on September 2, 2014.

**(Per Unit Information)**

Prior Period (Reference) From September 1, 2013 To February 28, 2014		Current Period From March 1, 2014 To August 31, 2014	
Net assets per unit	63,884 yen	Net assets per unit	63,588 yen
Net income per unit	1,974 yen	Net income per unit	1,893 yen
Net income per unit is calculated by dividing net income for the period by the weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.	

(Note 1) The basis for calculating the net income or loss per unit is as follows:

	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
Net income	4,068,088 thousand yen	3,971,673 thousand yen
Amount not attributable to ordinary unitholders	— thousand yen	— thousand yen
Net income attributable to ordinary unitholders	4,068,088 thousand yen	3,971,673 thousand yen
Average number of investment units during the period	2,060,678 units	2,097,700 units

## (Significant Subsequent Events)

Prior Period (from September 1, 2013 to February 28, 2014) (Reference)

### 1. Acquisitions of Assets

GLP J-REIT acquired the four properties shown below in the form of trust beneficiary rights (with a total acquisition costs: 36,250 million yen). The acquisition price (the purchase price stated in the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust) excludes acquisition costs such as related expenses for acquisition, property-related taxes and consumption taxes.

Property name	Acquisition date	Location	Seller	Acquisition price (Million yen)
GLP Urayasu III	March 3, 2014	Urayasu, Chiba	Urayasu Three Logistic Special Purpose Company	18,200
GLP Komaki	March 3, 2014	Komaki, Aichi	Komaki Logistic Special Purpose Company	10,300
GLP Tatsumi Ila	April 1, 2014	Koto-ku, Tokyo	Tokyo Bay Property Special Purpose Company	6,694
GLP Tatsumi Iib	April 1, 2014	Koto-ku, Tokyo	Tokyo Bay Property Special Purpose Company	1,056
Total	—	—	—	36,250

### 2. Borrowing of Funds

GLP J-REIT borrowed funds for acquisition of specified assets and related costs as stated in “1. Acquisitions of Assets” above.

Lender	Loan amount (Million 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	February 28, 2017	Lump-sum repayment on repayment date	Unsecured not guaranteed
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%		February 28, 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% (Note 1)		February 26, 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% (Note 2)		February 29, 2024		
Sumitomo Mitsui Banking Corporation	3,150	JBA yen 1month	April 1, 2014	September 30, 2014	Lump-sum repayment on	Unsecured not
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,150					

Sumitomo Mitsui Trust Bank, Limited	1,400	TIBOR plus 0.20%			repayment date	guaranteed
Total	36,620	-	-	-	-	-

(Note 1) GLP J-REIT entered into an interest rate swap agreement on April 4, 2014 and the interest rate has been substantially fixed at 1.0855% on and after April 8, 2014.

(Note 2) GLP J-REIT entered into an interest rate swap agreement on April 4, 2014 and the interest rate has been substantially fixed at 1.5585% on and after April 8, 2014.

#### Current Period (from March 1, 2014 to August 31, 2014)

##### 1. Issuance of New Investment Units

At the Board of Directors' Meetings held on August 11 and August 20, 2014, GLP J-REIT resolved to issue the following new investment units. The proceeds from new investment units through a public offering were fully collected on September 1, 2014 while the proceeds from new investment units through a third-party allocation were fully collected on September 24, 2014.

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

Number of new investment units to be issued:	281,709 units (113,216 units for domestic market, 168,493 units for international market)
Issue price (offer price):	113,827 yen per unit
Total amount issued (total offering amount):	32,066,090,343 yen
Amount to be paid in (issue amount):	109,947 yen per unit
Total amount to be paid in (total issue amount):	30,973,059,423 yen
Payment date:	September 1, 2014
Initial date of distribution calculation:	September 1, 2014

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

Number of new investment units issued:	11,322 units
Amount to be paid in (issue amount):	109,947 yen per unit
Total amount to be paid in (total issue amount):	1,244,819,934 yen
Payment date:	September 24, 2014
Initial date of distribution calculation:	September 1, 2014
Underwriter:	Nomura Securities Co., Ltd.

##### [Purpose of funding]

The funds raised through the public offering were appropriated for the acquisition of beneficiary rights of real estate in trust stated below in "2. Acquisitions of Assets." The funds raised through the third-party allocation will be kept as cash on hand, of which 1,090 million yen was appropriated to repay a long-term loan on September 30, 2014, before its maturity date of January 4, 2015.



## 2. Acquisitions of Assets

On September 2, 2014, GLP J-REIT acquired the nine properties shown below in the form of trust beneficiary rights (with a total acquisition price of 53,830 million yen). The acquisition price (the purchase price stated in the Sales and Purchase Agreement of Beneficiary Rights of Real Estate in Trust) excludes acquisition costs such as direct expenses for acquisition, property-related taxes and consumption taxes.

Property name	Acquisition date	Location	Seller	Acquisition price (Million yen)
GLP Tokyo II	September 2, 2014	Koto-ku, Tokyo	Tokyo Two Logistics Special Purpose Company	36,100
GLP Okegawa	September 2, 2014	Okegawa, Saitama	Okegawa Logistics Special Purpose Company	2,420
GLP Kadoma	September 2, 2014	Kadoma, Osaka	Azalea Special Purpose Company	2,430
GLP Seishin	September 2, 2014	Kobe, Hyogo	Seishin Logistics Special Purpose Company	1,470
GLP Fukusaki	September 2, 2014	Kanzaki-gun, Hyogo	Fukusaki Logistics Special Purpose Company	3,640
GLP Ogimachi	September 2, 2014	Sendai, Miyagi	Azalea Special Purpose Company	1,460
GLP Hiroshima	September 2, 2014	Hiroshima, Hiroshima	Azalea Special Purpose Company	3,740
GLP Fukuoka	September 2, 2014	Fukuoka, Fukuoka	Azalea Special Purpose Company	1,520
GLP Chikushino	September 2, 2014	Chikushino, Fukuoka	Azalea Special Purpose Company	1,050
Total	—	—	—	53,830

### 3. Additional Borrowings

GLP J-REIT obtained bank loans for acquisition of specified assets and related costs as stated in “2. Acquisitions of Assets” above.

Lender	Loan amount (Millions of yen)	Interest rate	Loan execution date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Banking Corporation	990	JBA yen 1month TIBOR plus 0.2%	September 2, 2014	February 28, 2015	Lump-sum repayment on repayment date	Unsecured not guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	660	JBA yen 1month TIBOR plus 0.2%		February 28, 2015		
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.	3,700	JBA yen 1month TIBOR plus 0.175%		September 2, 2016		
Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Bank of Fukuoka, Ltd., Development Bank of Japan Inc., The Norinchukin Bank, Resona Bank, Limited. and Sumitomo Mitsui Trust Bank, Limited	13,600	JBA yen 3month TIBOR plus 0.36% (Note 1)		September 2, 2022		
Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,700	JBA yen 3month TIBOR plus 0.93% (Note 2)		September 2, 2027		
Total	21,650	-	-	-	-	-

(Note 1) GLP J-REIT entered into an interest rate swap agreement on August 29, 2014 and the interest rate has been substantially fixed at 0.862%.

(Note 2) GLP J-REIT entered into an interest rate swap agreement on August 29, 2014 and the interest rate has been substantially fixed at 1.854%.

## Statements of Distributions

(Unit: Yen)

	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
I Unappropriated retained earnings	4,068,649,852	3,972,883,391
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	526,522,700	593,649,100
III Distributions	4,593,963,000	4,564,595,200
[Distributions per unit]	[2,190]	[2,176]
Of which, distributions of earnings	4,067,440,300	3,970,946,100
[Of which, distributions of earnings per unit]	[1,939]	[1,893]
Of which, distributions in excess of retained earnings	526,522,700	593,649,100
[Of which, distributions in excess of retained earnings per unit]	[251]	[283]
IV Retained earnings carried forward	1,209,552	1,937,291

### Calculation method of distribution amount

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

Accordingly, GLP J-REIT declared a distribution amount of 4,067,440,300 yen, which was the amount equivalent to the maximum integral multiples of the number of investment units issued and outstanding as of the end of the period.

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

In accordance with Section 34.1 of the bylaws set forth by GLP J-REIT for distributions of cash dividends, the amount of the distributions shall be 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 3,970,946,100 yen, which was the amount equivalent to the maximum integral multiples of the number of investment units issued and outstanding as of the end of the period.

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

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*(Continued)*

Thus, GLP J-REIT declared the OPD of 526,522,700 yen, as a refund of investment, which was determined as follows: (1) the amount not exceeding the upper limit of 1,275,293,218 yen calculated by deducting capital expenditure of 480,296,839 yen from depreciation expense of 1,755,590,057 yen, and (2) approximately 30% of the depreciation expense of 1,755,590,057 yen for the period.

*(Continued)*

Thus, GLP J-REIT declared the OPD of 593,649,100 yen, as a refund of investment, which was determined as follows: (1) the amount not exceeding the upper limit of 1,643,302,626 yen calculated by deducting capital expenditure of 342,513,135 yen from depreciation expense of 1,985,815,761 yen, and (2) approximately 30% of the depreciation expense of 1,985,815,761 yen for the period.

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

## Statements of Cash Flows (Reference information)

(Unit: Thousand yen)

	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
Operating activities:		
Income before income taxes	4,069,415	3,973,024
Depreciation	1,755,590	1,985,815
Amortization of investment corporation bond issuance costs	542	3,513
Amortization of investment unit issuance expenses	72,620	72,620
Interest income	(968)	(774)
Interest expense	518,730	681,742
Decrease (increase) in operating accounts receivable	940	(144,982)
Decrease (increase) in prepaid expenses	2,669	(25,442)
Decrease (increase) in consumption taxes receivable	(524,483)	468,815
Decrease (increase) in other current assets	(400)	400
Decrease (increase) in long-term prepaid expenses	78,459	(178,601)
Increase (decrease) in operating accounts payable	(14,648)	70,585
Increase (decrease) in accounts payable	66,691	117,870
Increase (decrease) in consumption taxes payables	(282,961)	—
Increase (decrease) in advances received	225,361	239,154
Increase (decrease) in deposits received	(682,167)	75,900
Sub Total	5,285,391	7,339,644
Interest received	968	774
Interest paid	(520,597)	(672,690)
Income taxes paid	(712)	(1,315)
Net cash provided by (used in) operating activities	4,765,049	6,666,413
Investing activities:		
Purchase of property and equipment	(6,872)	(17,660)
Purchase of property and equipment in trust	(28,157,717)	(36,768,586)
Proceeds from tenant leasehold and security deposits	1,029,200	457,045
Proceeds from tenant leasehold and security deposits in trust	—	100,000
Repayments of tenant leasehold and security deposits	(92,862)	(61,943)
Net cash provided by (used in) investing activities	(27,228,252)	(36,291,144)
Financing activities:		
Proceeds from short-term loans payable	8,800,000	7,700,000
Repayments for short-term loans payable	(23,400,000)	(11,500,000)
Proceeds from long-term loans payable	8,500,000	38,420,000
Repayments for long-term loans payable	(1,000,000)	—
Proceeds from issuance of investment corporation bonds	6,000,000	2,000,000
Payments for investment corporation bond issuance costs	(29,454)	(17,011)
Proceeds from issuance of investment units	22,957,887	—
Payments of distributions of earnings	(3,544,759)	(4,065,471)
Payments of distributions in excess of retained earnings	(475,654)	(526,256)
Net cash provided by (used in) financing activities	17,808,019	32,011,260
Net increase (decrease) in cash and cash equivalents	(4,655,183)	2,386,529
Cash and cash equivalents at beginning of period	11,469,687	6,814,504
Cash and cash equivalents at end of period *1	6,814,504	9,201,033

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

**(Notes Concerning Significant Accounting Policies)**

	Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014
Cash and cash equivalents as stated in the Statements of Cash Flows	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.	Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.

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

Prior Period (Reference) From September 1, 2013 To February 28, 2014	Current Period From March 1, 2014 To August 31, 2014												
*1. Reconciliation of cash and cash equivalents in the Statement of Cash Flows to accounts and amounts in the accompanying balance sheet (As of February 28, 2014) <div style="text-align: right;">(Unit: Thousand yen)</div> <table> <tr> <td>Cash and deposits</td><td style="text-align: right;">3,017,637</td></tr> <tr> <td>Cash and deposits in trust</td><td style="text-align: right;">3,796,866</td></tr> <tr> <td>Cash and cash equivalents</td><td style="text-align: right;"><u>6,814,504</u></td></tr> </table>	Cash and deposits	3,017,637	Cash and deposits in trust	3,796,866	Cash and cash equivalents	<u>6,814,504</u>	*1. Reconciliation of cash and cash equivalents in the Statement of Cash Flows to accounts and amounts in the accompanying balance sheet (As of August 31, 2014) <div style="text-align: right;">(Unit: Thousand yen)</div> <table> <tr> <td>Cash and deposits</td><td style="text-align: right;">4,910,518</td></tr> <tr> <td>Cash and deposits in trust</td><td style="text-align: right;">4,290,515</td></tr> <tr> <td>Cash and cash equivalents</td><td style="text-align: right;"><u>9,201,033</u></td></tr> </table>	Cash and deposits	4,910,518	Cash and deposits in trust	4,290,515	Cash and cash equivalents	<u>9,201,033</u>
Cash and deposits	3,017,637												
Cash and deposits in trust	3,796,866												
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