

July 12, 2017

On the series of initiatives

Supplementary material relating to the following press releases dated July 12, 2017

“Notice Concerning Sale of Assets”

“Notice of Determination of Scheduled Acquisition Date Concerning Acquisition of Asset (GLP Noda Yoshiharu)”

“Notice Concerning Early Repayment of Borrowing and Cancellation of Swap Contract”

G L P J - R E I T (3 2 8 1)



Investment In Modern Logistics Facilities

Asset Replacement That Will Contribute to Enhancing the Quality of the Portfolio

Key points of the measures

1. By selling the two properties for 5,070 million yen,
2. By reducing the acquisition price through the OTA² scheme,
3. By repaying high-interest debt using the gain on sale,

Gain on sale of 343 million yen¹ will be recorded.

a prime property located adjacent to National Route 16 can be acquired with NOI yield of 5.9%³

the amount of interest payment will be reduced by 17 million yen⁴ each fiscal period (stabilized)

Overview of Asset replacement

- Through the asset replacement, **a stable, newly-built property with WALE⁵ of 8 years** can be acquired
- **A similar yield can be maintained after the depreciation of assets** following asset replacement

	To be sold	To be acquired
Number of properties	2	1
Property name	GLP Tatsumi IIb GLP Narita II	GLP Noda-Yoshiharu
Area	Kanto	Kanto
(Scheduled) acquisition/delivery date	July 14, 2017	September 1, 2017
(Assumed) acquisition price ⁶	4,756 million yen	4,497 million yen
Appraisal NOI yield ³	5.5%	5.9%
Yield after asset depreciation⁷	3.7%	3.9%
WALE ⁵	1.1 years	8.4 years
Building age ⁸	15.3 years	4.4 years

Property acquisition at the time of asset replacement

- Through the OTA² scheme, the property can be acquired with a **14.5% discount⁹** of the appraisal value.



GLP Noda-Yoshiharu

Assumed acquisition price ⁶	4,497 million yen
Appraisal value as of June 30, 2017	5,260 million yen
Appraisal discount	-762 million yen (-14.5%)

Repayment of borrowing

- High-interest, **long-term loan of 5.0 billion yen will be repaid early** using proceeds of sale
- **Temporary expenses 157 million yen¹⁰** due to the cancellation of interest rate swap contract, etc. **will be offset by part of gain on sale**

Borrowing to be repaid	5,000 million yen	Scheduled repayment date	July 31, 2017	Maturity period	8 years	Remaining period ¹¹	4.4 years	Fixed interest rate ¹²	1.20%
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(Reference) Interest rate (fixed interest rate) for borrowings with a maturity period of six years executed in December 2016: **0.53%**

Impact of the Measures on Financial Results¹³

- Temporary effect on profits for the fiscal period ending August 2017: Approx. +155 million yen
- Impact on profits for fiscal periods ending August 2018 and after (stabilized fiscal period): Approx. +17 million yen

	Impact on fiscal period ending August 2017	Impact on fiscal period ending February 2018	Impact on fiscal periods ending August 2018 and after (stabilized fiscal period)
Effect of sale of GLP Tatsumi IIb and GLP Narita II	<p>Temporary effect</p> <p>Gain on sale, etc.¹⁴: +313 million yen</p> <p>Decrease in NOI after asset depreciation (for 1.5 months): -20 million yen</p>	Decrease in NOI after asset depreciation: -87 million yen	<p>Impact on NOI after asset depreciation</p> <p>Decrease in NOI after asset depreciation: -87 million yen</p>
Effect of acquisition of GLP Noda-Yoshiharu	No impact as the acquisition will take place on September 1, 2017	<p>Increase in NOI after asset depreciation: +101 million yen</p> <p>(Impact of “un-expensed real estate taxes for newly acquired properties”: 14 million yen)</p>	Increase in NOI after asset depreciation: +87 million yen
Effect of refinancing in line with aforementioned asset replacement	<p>Temporary effect</p> <p>Temporary expenses¹⁵ due to cancellation of interest rate swap contract, etc.: -157 million yen</p> <p>Decrease in interest expenses¹⁶: +5 million yen</p>	Decrease in interest expenses ¹⁷ : +17 million yen	<p>Effect of decrease in interest expenses</p> <p>Decrease in interest expenses¹⁷: +17 million yen</p>

Notes

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1. As the figure was calculated simply by deducting book value as of the end of the fiscal period ended February 2017 from the scheduled sale price, it may not be identical with the actual figure.
2. For the definition of OTA, please refer to “2. Reason for conclusion of the sales and purchase contract” of the “Notice of Conclusion of Sales and Purchase Contract concerning Acquisition of Asset” dated as of July 13, 2015.
3. As for the assets to be sold, the appraisal NOI yield is derived by dividing the appraisal NOI as of February 28, 2017 by the acquisition price. As for the asset to be acquired, the appraisal NOI yield is derived by dividing the appraisal NOI as of June 30, 2017 by the assumed acquisition price.
4. Based on the assumption of new borrowing of 4.6 billion yen (including costs related to the acquisition) with an interest rate 0.53% on September 1, 2017 for the acquisition of the new property, decreases in interest expenses are calculated by deducting interest expenses for the new borrowing from the reduction of interest expenses as a result of the repayment of loan amounting to 5.0 billion yen during the fiscal period ending August 2017. Interest rate of 0.53% for the new borrowing on September 1, 2017 is based on the assumption that interest rate will be at the same level as that of the borrowing with a maturity period of six years executed in December 2016, and will be different from the actual interest rate.
5. “WALE (Weighted Average Lease Expiry)” indicates data as of February 28, 2017. WALE for the assets for sale indicates weighted average period at the acquisition price.
6. Figures are rounded down to the nearest million yen. GLP J-REIT’s actual acquisition price, which will be reduced roughly in proportion to MUL Property (hereinafter, “MULP”)’s holding period as agreed with MULP, may not be identical with the actual figure as the amount will be adjusted by actual outlays including repair and maintenance costs and capital expenditures, during the holding period.
7. The yield after asset depreciation is derived by dividing the estimated NOI after asset depreciation for the fiscal period ending February 2018 by the (assumed) acquisition price.
8. The building age indicates data as of February 28, 2017. The building age for the assets for sale indicates weighted average age at the acquisition price.
9. The discount rate is a reference figure calculated based on the appraisal value as of June 30, 2017 and the assumed acquisition price.
10. Temporary expenses are the estimated amount as of now. The actual amounts will differ from the estimate since the final amounts are decided immediately before the repayment date and cancellation of the interest swap contract.
11. From July 31, 2017 to December 20, 2021 as the initial repayment date.
12. The interest rate reflects the effect gained through the swap transaction.

Notes

P.3

13. Other than factors listed herein, impact from fluctuations in asset management fee, etc. is expected.
14. Gain on sale, etc. are calculated by deducting the book value at the time of the sale, various expenses related to the sale, and amount of non-deductible consumption tax as a result of the sale from the sale price. The amount listed above is the current reference figure and may not be identical with the actual figure.
15. Temporary expenses are the estimated amount as of now. The actual amounts will differ from the estimate since the final amounts are decided immediately before the repayment date and cancellation of the interest swap contract.
16. Decrease in interest expenses indicates the amount of interest expenses that will be reduced as a result of the repayment of loan amounting to 5.0 billion yen on July 31, 2017.
17. Based on the assumption of new borrowing of 4.6 billion yen (including costs related to the acquisition) with an interest rate 0.53% on September 1, 2017 for the acquisition of the new property, decreases in interest expenses are calculated by deducting interest expenses for the new borrowing from the reduction of interest expenses as a result of the repayment of loan amounting to 5.0 billion yen during the fiscal period ending August 2017. Interest rate of 0.53% for the new borrowing on September 1, 2017 is based on the assumption that interest rate will be at the same level as that of the borrowing with a maturity period of six years executed in December 2016, and will be different from the actual interest rate.

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