

GLP J-REIT Sustainability Finance Framework

1 Introduction

1.1 Sustainability Initiatives

GLP J-REIT together with its asset management company, GLP Japan Advisors Inc., bears the social responsibilities of paying its utmost attention to environmental protection and of contributing to the health and safety of its employees, customers and local communities.

As a key confirmation of our overarching commitment to integrating such social responsibilities for the sustainability of the society into the heart of our business practices, we have established and issued various policies including our Environmental, Social and Governance (ESG) policies, and have taken various individual initiatives on a company as well as investment property basis.

This stance toward sustainability is also underpinned by the stated mission of our sponsor group, GLP, which is to “create best-in-class logistics facilities by maximizing value for all stakeholders including our investors, customers and communities in which we live and operate.”

1.2 Environmental, Social & Governance Policy

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

For details, please see the website of the asset management company.

<http://www.glpja.com/en/sustainability.html>

The asset management company has established a task force comprised of the representative director and president, CIO, CFO, head of Investment Department, and head of Corporate Planning Department and is actively engaged in promoting sustainability.

1.3 Our ESG Principles

GLP believes that an integrated ESG approach is required to deliver the best benefits to GLP and our shareholders. This will be implemented through the following principles:

- 1) Upholding ethics and corporate integrity as the cornerstones of how we do business at all levels of our company
We maintain a zero corruption policy across all our operations and take an active role to instill a culture of business integrity and ethical values. Strict written policies detailing the Code of Business Conduct and Ethics underpin this commitment, with all employees required to comply on an annual basis.
- 2) Embedding material ESG risks and opportunities into decision-making
GLP is firmly committed to managing its activities throughout the group to provide the highest level of protection to the environment and to safeguard the health and safety of its employees, customers and communities.
We are committed to ensuring that material ESG risks and opportunities are built into investment research and screening, selection of investments, and portfolio management.
- 3) Engaging proactively with stakeholders
Proactive stakeholder engagement allows GLP to understand and respond to local and emerging risks and opportunities in the communities that we operate in. We believe that this is key to being a dynamic business, and is central to developing long term value creation.
- 4) Attracting and retaining talented, motivated employees is vital to our success
GLP’s commitment to continuous improvement in its people and projects will see ESG being embedded into our talent management initiatives. We create comprehensive training initiatives and a positive work environment that supports individual growth and development and promotes a healthy, safe and balanced lifestyle. As part of our cultural values, GLP seeks to identify talents both internally and externally and to build its talent pipeline for succession planning.
- 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets
GLP is committed to driving cost- and resource-based efficiency within our supply chain. Regional and national relationships will be established where possible, and GLP will work closely with our preferred suppliers to support the delivery of developments safely, on budget, on time and with the lowest environmental impact.
- 6) Drive performance through evidence
GLP recognises that to build accountability and transparency relies on robust and defensible data metrics. We commit to putting in place the necessary performance and data management systems and processes that support our ESG Policy objectives.

- 7) Taking the lead in building better communities
As part of GLPs commitment to continuous improvement, we will contribute positively to the debate on green building and wider sustainable development by sharing knowledge with our peers and learning from others. We constantly seek ways to innovate in order to minimise the impacts our projects have on the environment, and strive to make a net positive contribution in the communities in which we operate.
- 8) Creating a culture of entrepreneurial value creation
We constantly seek ways to innovate in order to minimise the impacts our projects have on the environment and make a net positive contribution where we can.
- 9) Protecting and enhancing the environment across all of our operations
GLP is vigilant about protecting the environment across all of our operations. We will aim to exceed national and local environmental standards relating to our operations and protect or enhance forested areas through our tree programs.
- 10) Supporting livelihood opportunities in the communities we work in
Education is an area that needs urgent attention in many of GLP's communities and one that offers the opportunity to make a large impact. GLP is committed to doing its part to support and promote quality education through investment into schools, teacher training and apprenticeships.
- 11) Promoting Energy Efficiency & Renewables
Energy efficiency is fundamental to our design and operation process. We are committed to optimising energy use in both the existing stock and new developments. As the continued supply of energy is an increasing concern for some of our growth markets, we will continue to promote the use of renewables in our local communities.
- 12) Building sustainably certified new developments
GLP is committed to building and operating high performing developments which meet or are capable of meeting recognised certification standards.
We commit to reviewing this Policy Statement on an annual basis as our business develops and evolves.

2 Use of Proceeds

2.1 Types of Projects Eligible to Sustainability Finance Investment

Projects that satisfy the Eligible Green Project Criteria and the Eligible Social Project Criteria are eligible to sustainability finance investment (Eligible Sustainability Projects) .

■ Eligible Green Project Criteria

Green buildings (Eligible Green Project category : Green Building)

New, existing or refurbished buildings with at least one certification in the following categories.

- i) DBJ Green Building Certification (Japan): five, four or three stars
- ii) CASBEE (Japan): S, A or B+
- iii) BELS (Japan): five, four or three
- iv) LEED (U.S.): Platinum, Gold or Silver

■ Eligible Social Project Criteria

Contribution to the sustainable growth of local communities

(Eligible Social Project category: Access to essential services)

New, existing, or refurbished buildings that contribute to either of items a through d shown below:

- a. Safety of local residents in times of disaster
- b. Development of the local living environment
- c. Revitalization of the local community
- d. Provision of parenting support

2.2 Sustainability investment policy based on long-term vision

GLP Group to which the sponsor of GLP J-REIT belongs has established the "Environmental, Social and Governance (ESG) principles" and has an overarching commitment to integrate sustainability into the heart of its business practice.

「Our ESG Principles」 (excerpt)

- 2) Embedding material ESG risks and opportunities into decision-making
- 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets

- 7) Taking the lead in building better communities
- 8) Creating a culture of entrepreneurial value creation
- 9) Protecting and enhancing the environment across all of our operations
- 10) Supporting livelihood opportunities in the communities we work in
- 11) Promoting Energy Efficiency & Renewables
- 12) Building sustainably certified new developments

The GLP Group will conduct business management by placing emphasis on ensuring the comfort and health of its employees and customers as well as local communities.

In accordance with the above policy, GLP J-REIT actively engages in CSR activities in full coordination with the GLP Group. It also contributes to the BCP of tenant companies by ensuring the safety of tenants, facility users and local communities as well as that of the stored cargo and employees of tenant companies.

Specifically, the following measures are taken:

- Some properties owned by GLP J-REIT, including GLP Yokohama and GLP Atsugi II, are advanced logistics facilities equipped with seismic isolation systems, and would be used as temporary shelters in times of disaster (tsunami) as has been agreed with the relevant local authorities. In the case of GLP Yokohama, GLP J-REIT has been working with the local authority to jointly conduct evacuation drills on a periodic basis in an effort to build a favorable relationship with local residents and establish a mechanism for ensuring smooth cooperation in the event a tsunami warning is issued. GLP J-REIT is seeking to acquire properties that can be useful as facilities that contribute to society, such as GLP Yokohama and GLP Atsugi II.
- Efforts are being made to obtain environmental certifications for its properties such as under the DBJ Green Building, CASBEE, BELS, and LEED certification programs.

2.3 Financing Method and Projects to Invest in

Financing method: Sustainability bonds or loans

Projects: Eligible Sustainability Projects, which are defined as those that satisfy any one of the Eligible Green Project Criteria and any one of the Eligible Social Project Criteria; Proceeds raised are used as funding for acquiring the projects or for the refinancing of such funding

3 Project Selection Process

3.1 Environmental and Social Goals to be Achieved through Sustainability Finance

GLP J-REIT's sustainability finance aims to achieve at least one of the following goals: 2) Embedding material ESG risks and opportunities into decision-making, 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets, 7) Taking the lead in building better communities, 8) Creating a culture of entrepreneurial value creation, 9) Protecting and enhancing the environment across all of our operations, 10) Supporting livelihood opportunities in the communities we work in, 11) Promoting Energy Efficiency & Renewables, and 12) Building sustainably certified new developments.

3.2 Project Evaluation Criteria

Eligible Green Projects for sustainability finance investment are evaluated and selected by the Sustainability Task Force of GLP J-REIT's asset manager, GLP Japan Advisors, based on "2.1 Types of Projects Eligible to Sustainability Finance Investment", the Asset Management Guidelines and relevant internal regulations by GLP Japan Advisors, and the GLP group's Environmental, Social and Governance (ESG) principles.

The acquisition of properties is subject to the due diligence process conducted by the Investment Department. It is made mandatory to include items concerning sustainability and environmental protection (including environmental performance certifications and ratings obtained) in the checklist and evaluate them in the due diligence process.

Final decisions on the acquisition of properties are made through an internal approval process, in which the President is the final decision maker, by means of a resolution of the Investment Committee comprised of the President, CFO, CIO, and Compliance Officer of GLP Japan Advisors, as well as of external members.

3.3 Project Evaluation / Selection Process

Eligible Green Projects are evaluated and selected by the Sustainability Task Force of GLP J-REIT's asset manager, GLP Japan Advisors which is composed of the President, CIO, CFO, Head of the Investments Department, Head of Corporate Planning Department and others.

The Corporate Planning Department proposes the sustainability finance, and Sustainability Task Force will consider

the selection of properties for funding and the allocation plan for funds procured through green finance.

As in the case of ordinary finance (taking out of loans, issuance of investment corporation bonds), sustainability finance is executed in the following process:

- Sustainability bonds

Sustainability bonds are issued subject to the adoption of the relevant comprehensive resolution by the Investment Committee and the Board of Officers.

- Sustainability loans

Loan agreements are concluded subject to approval by the Investment Committee.

3.4 Measures to Prevent Negative Impacts on the Environment and Society

GLP J-REIT is seeking to minimize the negative impacts its facilities may have on the environment and society, for instance, requiring the seller of a facility planned for acquisition to take appropriate measures to reduce any negative impact on the environment and society when there is such concern.

3.5 Disclosure to Investors of the Selection Process

GLP J-REIT plans to disclose the selection process to investors through its news releases as well as in evaluation reports prepared by Japan Credit Rating Agency, Ltd. (JCR) (supplements to the shelf registration statement filed with the local finance bureau in the case of sustainability bonds).

4 Management of Proceeds

4.1 Management of Green Finance Balance

The upper limit of green finance (limit of the "Debts of Eligible Green Projects") shall be the amount calculated by multiplying the total acquisition cost of the Eligible Green Projects by the ratio of actual interest-bearing debt to total assets as of the end of the latest fiscal period that can be calculated on the payment date or loan date of each investment corporation bond, or as of the end of every February.

Eligible Sustainability Projects that also fall under the definition of Eligible Green Projects under GLP J-REIT's Green Finance Framework are included in the total value of Eligible Sustainability Projects as well as that of Eligible Green Projects. Any amount of funding provided for those projects in the form of sustainability finance or green finance is included in calculating the outstanding balance of sustainability finance as well as that of green finance. The presence of such overlaps, i.e., amounts included in the total value and the outstanding balance of finance for both type of eligible assets, is disclosed in notes.

4.2 Appropriation Plan for Fund Raising

GLP J-REIT is committed to allocating all the proceeds from the Sustainability Financing towards funding the

acquisition of the Eligible Sustainability Projects or refinancing the relevant fund within one month after the financing.

4.3 Tracking Methodologies of Procurement Funds

Once the proceeds from sustainability finance are received, the person in charge in the Corporate Planning Department will transfer the entire amount to the seller as the funds for the acquisition of the property or transfer the funds for the redemption and repayment of the investment corporation bonds or loans to the account at a predetermined date. In order to carry out the above process, the president made final internal decisions in advance.

The proceeds received will be held in cash or cash equivalent until they are appropriated for the acquisition.

4.4 Internal and External Audits of Fund Procurement

The Asset Management Company regularly conducts internal and external audits. It also undergoes external audits of its overall accounting

4.5 Management of Documents Relating to Procurement Fund

The passbooks are held by Mitsubishi UFJ Trust and Banking Corporation, which is the asset custodian. GLP Japan Advisors will check and confirm account activity via electronic banking (GLP Japan Advisors is only authorized to view the account).

5 Reporting

5.1 Reporting on the Status of Proceeds

GLP J-REIT will publish the allocation status of the fund proceeds from sustainability financing on its website. These reports will be published once every year till the outstanding balance of the concerned green financing become zero. Further, as long as there remains any outstanding balance in its sustainability financing, GLP J-REIT will disclose the following benchmarks as of the end of February of each year on its website.

- Total amount of bond proceeds that has been used
- Unused amount of bond proceeds

5.2 Reporting on Positive Environmental Impacts and Social Benefits

The following information is disclosed on the website:

- Positive environmental impacts
 - Level of ratings awarded in environmental certifications
- Social benefits

Output indicators	-Number of properties under Eligible Sustainability Projects
Outcome indicators	- Emergency shelter for people affected by disasters - Standby station for Disaster Relief Teams and Emergency Fire Response Teams in the event of a disaster - Stockpile volume of fuel - Groundwater facility
Impact	- Harmonious relationship with the local community by contributing to the safety and security of the community

5.3 Reporting Procedure in the Event of Material Changes in Status

In the event of non-appropriation of funding, for instance, due to the sale of the Eligible Sustainability Project that was to be financed by the funding, GLP J-REIT discloses such facts on its website upon approval from CFO of GLP Japan Advisors.