GLP J-REIT

August 13, 2018

For Immediate Release

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Announcement of Amendment of Forecast Concerning Operating Status and Distribution for the Fiscal Period Ending February 28, 2019 and Forecast for the Fiscal Period Ending August 31, 2019

GLP J-REIT announces today an amendment to its forecast for the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019), which was announced on April 13, 2018 as well as the forecast for the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019) presented below.

The forecast for the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018), which was announced on April 13, 2018, has not been amended.

Details

1. Amendment and Announcement of Forecasts Concerning Operating Status and Distribution

(1) Amendment to the forecast concerning operating status and distribution for the fiscal period ending February 28, 2019

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distributions)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distributions)
Previous forecast (A)	16,331	8,589	7,508	7,507	2,206	300	2,506
Amended forecast (B)	18,603	10,074	8,825	8,824	2,302	297	2,599
Increase or decrease (B－A)	+2,271	+1,485	+1,317	+1,317	+96	△3	+93
Rate of increase or decrease	+13.9%	+17.3%	+17.5%	+17.6%	+4.4%	△1.0%	+3.7%

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(2) Forecast for the fiscal period ending August 31, 2019

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding optimal payable distributions)	Optimal payable distribution per unit (yen)	Distributions per unit (yen) (including optimal payable distributions)
Fiscal period ending August 31, 2019	18,898	9,908	8,701	8,700	2,269	298	2,567

(Reference)

Fiscal period ending February 28, 2019: Forecast number of investment units issued and outstanding at period-end: 3,833,420 units (3,402,681 units as of the time of the previous announcement)

Fiscal period ending August 31, 2019: Forecast number of investment units issued and outstanding at period-end: 3,833,420 units

(Notes)

1. The fourteenth fiscal period of GLP J-REIT is from September 1, 2018 to February 28, 2019, and its fifteenth fiscal period is from March 1, 2019 to August 31, 2019.
2. The forecasts are calculated based on the assumptions stated in attachment 1:"Assumptions Underlying the Forecasts for the Fiscal Period Ending February 28, 2019 and the Fiscal Period Ending August 31, 2019." The actual operating revenue, operating income, ordinary income, net income, distributions per unit and optimal payable distributions per unit may vary due to future acquisition or sale of real estate and other assets, trends in the real estate and other markets, additional issuance of new investment units, changes in other circumstances surrounding GLP J-REIT and other factors. In addition, the forecasts are not intended to guarantee the amount of distributions or optimal payable distributions.
3. GLP J-REIT may revise its forecasts in the event that it expects discrepancies beyond a certain level from the forecast above.
4. Figures are rounded down and percentages are rounded to the nearest decimal place.

2. Reasons for the Amendment

Due to the issuance of new investment units, which was announced today in the "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units", as well as the acquisition of assets, which was announced today in the "Notice of Acquisition of Assets and Lease Contract with New Tenants (hereinafter referred to as the "Assets to be Acquired"), the assumptions underlying the forecast for the fiscal period ending February 28, 2019 announced on April 13, 2018 have been changed and there is a 10% or more change in operating income for such fiscal period. Therefore, the forecast for the fiscal period ending February 28, 2019 has been amended.

Together with such amendment, a new forecast was prepared concerning the forecast for the fiscal period ending August 31, 2019 based on the changed assumptions.

<Reference>

The forecast concerning operating status for the fiscal period ending February 28, 2019, which was amended and announced today, will be impacted by temporary factors, including expenses associated with the issuance of new investment units and borrowings, property-related taxes due on the Assets to be Acquired. Therefore, GLP J-REIT calculated, on a hypothetical basis, income excluding the impact of the temporary factors (hereinafter referred to as the "hypothetical based on amended forecast (winter period: assuming 76 properties)"), with the aim of illustratively presenting the impact that the issuance of new investment units and the acquisition of the Assets to be Acquired are expected to have on the operating status of GLP J-REIT. Such hypothetical results are shown together with the hypothetical results based on the forecast for the fiscal period ending February 28, 2019 released on April 13, 2018 (hereinafter referred to as the " the hypothetical result based on forecast before amendment (winter period: assuming 68 properties)") set forth in attachment 2: "Comparison of the hypothetical results based on forecast before amendment (winter period: assuming 68 properties) and the hypothetical results based on amended forecast (winter period: assuming 76 properties)".

The purpose of the hypothetical results based on amended forecast (winter period: assuming 76 properties) is not to estimate income for any specified fiscal periods. The hypothetical results based on amended forecast (winter period: assuming 76 properties) do not in any way represent a forecast of performance, etc., for specified fiscal periods. Please be aware that the actual performance for the fiscal period ending February 28, 2019 and other specified fiscal periods will be different from the hypothetical results based on amended forecast (winter period: assuming 76 properties). Please refer to attachment 2: “Comparison of the hypothetical results based on forecast before amendment (winter period: assuming 68 properties) and the hypothetical results based on amended forecast (winter period: assuming 76 properties)” for details of the method of calculation of the hypothetical results based on unamended forecast (winter period: assuming 68 properties) and the hypothetical results based on amended forecast (winter period: assuming 76 properties).

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Attachment 1

Assumptions Underlying the Forecasts for
the Fiscal Period Ending February 28, 2019 and the Fiscal Period Ending August 31, 2019

Item	Assumption
Calculation period	14th Fiscal Period (from September 1, 2018 to February 28, 2019) (181 days) 15th Fiscal Period (from March 1, 2019 to August 31, 2019) (184 days)
Portfolio Assets	・The forecasts are based on the assumption that in addition to the trust beneficiary interests mainly consisting of real estate (68 properties) as of March 1, 2018, GLP J-REIT shall acquire on September 3, 2018 the real estate trust beneficiary interests for GLP Shinsuna, GLP Shonan, GLP Osaka, GLP Settsu, GLP Nishinomiya, GLP Shiga, GLP Neyagawa and GLP Fujimae (the "properties planned for acquisition") by the proceeds raised through the issuance of investment units as resolved at the meeting of the board of directors of GLP J-REIT held on August 13, 2018, borrowings to be made in September 2018 (defined in "Interest-bearing liabilities" below) and cash on hand, totaling to the 76 properties, after which there will be no change in the assets under management (acquisition of new property, disposition of property held, etc.) until the end of August 2019. However, in reality, there is the possibility of fluctuation due to acquisition of new properties other than those mentioned above or disposal of properties.
Number of outstanding investment units	・The forecasts are based on the assumption that in addition to the 3,402,681 units currently issued and outstanding, 411,013 new investment units will be issued, which is the sum of the new investment units issued through a third-party allotment (upper limit: 19,726 units) and the new units issued through the offering (upper limit: 430,739 units) (investment units to be underwritten and purchased by the domestic underwriters and the international managers in the domestic and overseas offerings and investment units to be additionally issued, which are subject to the right to purchase granted to the international managers), which has been resolved at the meeting of the board of directors held on August 13, 2018.
Interest-bearing liabilities	・ The balance of interest-bearing liabilities of GLP J-REIT is 238,180 million yen as of today. ・ We assumed that on September 3, 2018, we would borrow ¥38,230 million in total (including short-term borrowing amount of ¥8,000 million, hereinafter referred to as the "borrowings to be made in September 2018"). ・ We assumed that we would prepay ¥2,040 million of the short-term borrowings in the amount of ¥8,000 million on September 30, 2018 using the funds procured by the issuance of investment units by way of a third-party allotment in connection with the over-allotment option in the domestic offering. ・ We assumed that with the respect to the remaining ¥5,960 million of the short-term borrowings to be made in September 2018 after the partial repayment above, we would refinance ¥5,900 million by issuing investment corporation bonds or using new borrowing and prepay ¥60 million using cash on hand during the fiscal period ending February 28, 2019. ・ We assumed that, during the fiscal period ending February 28, 2019, 2018 we would prepay ¥2,976 million of the borrowings maturing on February 28, 2019 (which have a total amount of ¥19,560 million) using a refund of consumption tax and cash on hand because a refund of consumption tax for the fiscal period ending August 31, 2018, is scheduled to take place during the fiscal period ending February 28, 2019

Item	Assumption
	・ We assumed that we would refinance on the maturity date the borrowings in the amount of ¥2,500 million maturing on December 20, 2018 using new borrowings. ・ We assumed that we would refinance on the respective maturity dates (i) investment corporation bonds maturing on February 27, 2019 in the amount of ¥6,000 million and (ii) the remaining borrowings maturing on February 28, 2019 in the amount of ¥16,584 million (after the above assumed prepayment using a refund of consumption tax in the amount of ¥2,976 million from total amount of ¥19,560 million) using new borrowings or by issuing investment corporation bonds. ・ We assumed that during the fiscal period ending August 31, 2019 we would prepay ¥1,110 million of the borrowings by using a refund of consumption tax and cash on hand because a refund of consumption tax for the fiscal period ending February 28, 2019, is scheduled to take place during the fiscal period ending August 31, 2019. ・ LTV as of the end of the fiscal period ending February 28, 2019 is expected to be around 44.4%, (we expected 44.6% as the LTV of the fiscal period ending February 28, 2019 on our previous forecast as of April 13, 2018) while LTV as of the end of the fiscal period ending August 31, 2019 is expected to be around 44.3%. The following formula is used for calculating LTV: LTV = the balance of interest-bearing liabilities ÷ total assets × 100
Operating revenue	・The lease of the solar panels installed at the real estate employs variable rent calculated taking the effect of seasonal factors into consideration. We assumed the operating revenue from the solar panels is 352 million yen for the fiscal period ending February 28, 2019 and 621 million yen for the fiscal period ending August 31, 2019. ・Operating revenue is premised on the assumption that there will be no delay or failure in the payment of rents by lessees.
Operating expense	・The amount of taxes that has been decided to be imposed and corresponds to the fiscal period concerned is recorded as rental expenses. However, when the real estate, etc. was acquired and the adjustment of property-related taxes (the “amount equivalent to property-related taxes, etc.”) with the seller is required for the year that belongs to the calculation period, the amount of the adjustment will be included in the acquisition cost of the real estate. Accordingly, the property-related taxes (fixed assets tax, city planning tax and depreciable assets tax) for six properties (GLP Urayasu, GLP Funabashi II, GLP Misato, GLP Maishima I, GLP Soja I and GLP Soja II) and 13 solar panels that were acquired in March 2018 (the “properties acquired in March”) and the properties anticipated for acquisition will not be recorded as expenses for the fiscal period ending February 28, 2019, and will be recorded from the fiscal period ending August 31, 2019. The total amount of the property- related taxes (fixed assets tax, city planning tax and depreciable assets tax), which will be included in the acquisition cost of properties acquired in March is assumed to be 272 million yen. And that of properties planned for acquisition is expected to be 117million yen. ・Property-related taxes are assumed to be 1,224 million yen for the fiscal period ending February 28, 2019, and 1,578 million yen for the fiscal period ending August 31, 2019. ・Repair costs are assumed to be 72million yen for the fiscal period ending February 28, 2019, and 95 million yen for the fiscal period ending August 31, 2019.

Item	Assumption
	・Property and facility management fees are assumed to be 678 million yen for the fiscal period ending February 28, 2019, and 679 million yen for the fiscal period ending August 31, 2019. ・Depreciation is assumed to be 3,801 million yen for the fiscal period ending February 28, 2019, and 3,810 million yen for the fiscal period ending August 31, 2019. ・Of rental expenses, which are the main operating expenses, expenses (excluding depreciation) have been calculated based on previous actual figures and reflect the variable factors of expenses. ・Please note that repair costs for each calculation period may differ significantly from the forecast amounts because 1) repair costs may be urgently required due to damage, etc. to buildings based on factors that are difficult to predict, 2) the amount for each fiscal period generally differs significantly, and 3) repair costs are not incurred periodically. ・Depreciation, including incidental expenses and future additional capital expenditure, is calculated using the straight-line method.
Net Operating Income (NOI)	・NOI (the amount obtained by deducting rental expenses other than depreciation from operating revenue) is assumed to be 15,971 million yen for the fiscal period ending February 28, 2019, and 15,882 million yen for the fiscal period ending August 31, 2019.
Non-operating expenses	・Interest expenses, investment corporation bond interest expenses, amortization of investment corporation bond issuance expenses and finance-related expenses are expected to be 1,154 million yen for the fiscal period ending February 28, 2019, and 1,158 million yen for the fiscal period ending August 31, 2019. Amortization of investment corporation bond issuance expenses is carried out on a monthly basis over the period from issuance to maturity. ・Amortization of investment unit issuance expenses is carried out on a monthly basis over three years after the month of issuance of new units, and is expected to be 47 million yen for the fiscal period ending February 28, 2019 and 47 million yen for the fiscal period ending August 31, 2019. ・In addition, temporary expenses associated with the issuance of investment units are expected to be 45million yen for the fiscal period ending February 28, 2019.
Distributions per unit (excluding optimal payable distributions)	・This amount is calculated based on the policy on cash distributions that is stipulated in the internal regulations of GLP J-REIT. ・There is a possibility that the amount of distributions per unit (excluding optimal payable distributions) will vary due to various factors such as changes in assets under management, fluctuation in rental revenues owing to changes in tenants, unexpected repairs, fluctuation in interest rates, and the issuance of new investment units.
Optimal payable distribution per unit	・All of the amount of optimal payable distribution per unit for the fiscal periods ending February 28, 2019 and August 31, 2019 is assumed to be the refund of its investment categorized as a distribution from unitholders' capital for tax purposes. ・Optimal payable distribution per unit is calculated in accordance with the policy on cash distributions in excess of earnings, which is provided in the Management Guidelines, the internal rules of the asset management company. It is calculated by assuming distributions of around 30% of depreciation to be recorded in the fiscal period ending February 28, 2019, and the fiscal period ending August 31, 2019, respectively. ・Depreciation may differ from the currently assumed amount due to changes in assets under management, incurred amount of incidental expenses, etc. and

Item	Assumption
	capital expenditure, etc. There is, therefore, a possibility that the total amount of optimal payable distributions, which is calculated based on depreciation, will change due to various factors including those mentioned above. GLP J-REIT has set the upper limit of optimal payable distributions at the amount obtained by deducting capital expenditure incurred in the calculation period when depreciation was recorded from the depreciation, in order to preserve the value of the assets held by GLP J-REIT. Accordingly, if capital expenditure is urgently required due to damage, etc. to buildings based on factors that are difficult to predict, there is a possibility that the amount of optimal payable distributions per unit will decrease. In addition, if the appraised LTV, which is defined below, exceeds 60%, GLP J-REIT will not pay out optimal payable distributions. ・Appraised LTV (%) = A/B×100 (%) A = the balance of interest-bearing liabilities at the end of the fiscal period (including the balance of investment corporation bonds and the balance of short-term investment corporation bonds) + amount of security deposits released as of the end of the fiscal period B = total amount of appraised value or investigated value of assets under management as of the end of the fiscal period + cash on hand as of the end of the fiscal period – total amount of expected distributions of earnings – total amount of expected optimal payable distributions ・The total amount of expected distributions of earnings and the total amount of expected optimal payable distributions are based on the actual amount for the latest fiscal period.
Others	・The forecasts assume that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations prescribed by the Tokyo Stock Exchange, and the rules, etc. established by the Investment Trusts Association, Japan that will influence the above forecasts. ・The forecasts assume that there will be no unforeseen material changes in general economic trends and real estate market conditions, etc.

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Attachment 2

Comparison of the hypothetical results based on forecast before amendment (winter period※: assuming 68 properties) and the hypothetical results based on amended forecast (winter period※: assuming 76 properties)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excl. OPD) (a)	OPD per unit (yen) (b)	(a)+(b)	Number of outstanding investment units
The hypothetical results based on forecast before amendment(winter period: assuming 68 properties) (A)	16,331	8,437	7,356	7,355	2,161	300	2,461	3,402,681
The hypothetical results based on amended forecast (winter period: assuming 76 properties) (B)	18,628	9,763	8,563	8,563	2,233	297	2,530	3,833,420
Difference (B-A)	+2,296	+1,326	+1,207	+1,207	+72	△3	+69	+430,739
Rate of increase or decrease	+14.1%	+15.7%	+16.4%	+16.4%	+3.3%	△1.0%	+2.8%	+12.7%

※GLP J-REIT holds and will hold 19 properties that are equipped with solar panels before and after the anticipated acquisitions. GLP J-REIT's revenues from solar panel leasing are subject to seasonal fluctuations related to the variable rents received from the lessees of its solar panels, as the amount of power generated by solar panels fluctuates depending on the amount of solar radiation, with variable rents in winter (fiscal periods ending February) often substantially lower than summer (fiscal periods ending August). Accordingly, the operating revenue in winter period as adjusted above is generally lower than in summer period.

＜Assumptions for the hypothetical results based on forecast before amendment (winter period: assuming 68 properties)＞

We calculated the hypothetical results based on forecast before amendment for the fiscal period ending February 28, 2019 (assuming the properties owned by GLP J-REIT as of today and investment units issued and outstanding as of today)

- Assuming a six-month portion of annual property-related taxes (including fixed assets tax and city planning tax)in the amount of 160 million yen will be expensed during the fiscal period ending February 28, 2019, on the assumption that property related taxes on the properties acquired in March will be expensed from such period.
- Assuming reduction of property management fees in the amount of 3 million yen due to the

change in NOI as a result of the above change in expenses.

- Assuming that Asset Management Fee 2 will decrease by 5 million yen taking into consideration the change in NOI by the above adjustment.

<Assumptions for the hypothetical results based on amended forecast (winter period: assuming 76 properties)>

We calculated the hypothetical results based on the amended forecast for the fiscal period ending February 28 2019(assuming the issuance of new investment units and the acquisition of the assets anticipated to be acquired as announced today, and by applying the assumptions described below to such amended forecast.

- Assuming operating revenues will increase by 24 million yen and operating income will increase by 23 million yen on the assumption that we will receive the rent revenue and incur the expenses associated with the assets to be acquired from the beginning of the fiscal period ending February 28, 2019.
- Assuming a six-month portion of annual property-related taxes (including fixed assets tax and city planning tax) in the amount of 352 million yen will be expensed during the fiscal period ending February 28, 2019, on the assumption that property related taxes on the properties acquired in March and the Asset to be Acquired will be expensed from such period.
- Assuming reduction of property management fees in the amount of 7 million yen due to the above change in NOI.
- Assuming that Asset Management Fee 2 will decrease by 11 million yen taking into consideration the change in NOI by the above adjustment.
- Assuming one-time expenses associated with the anticipated borrowings in the amount of 3 million yen, which is included in the amended forecast as assumption for expenses during the fiscal period ending February 28, 2019, will not be incurred.
- Assuming one-time expenses associated with the issuance of new investment units in the amount of 45 million yen, which is included in the amended forecast as assumption for expenses during the fiscal period ending February 28, 2019, will not be incurred.

The purpose of presenting the hypothetical results based on amended forecast (winter period: assuming 76 properties) is not to calculate performance for the fiscal period ending February 28, 2019 or other fiscal periods. Such hypothetical results do not in any way represent a forecast of performance for any specified fiscal period. Please be aware that the forecasts, including actual performance for the fiscal period ending February 28, 2019 and other fiscal periods, will be different from the above hypothetical results based on amended forecast (winter period: assuming 76 properties).