November, 2016

LaSalle LOGIPORT REIT

Explanation with respect to distributions in excess of retained earnings for the 1st Fiscal Period

Note: This information was originally prepared for Japanese investors and the English translation is provided solely for information purposes. As detailed below, the computation of the below items will differ for each individual unit holder depending on their particular circumstances. It is therefore recommended that unit holders consult their securities firm, their local tax office or their tax accountant, etc. regarding these matters.

Thank you very much for your participation in LaSalle LOGIPORT REIT.

Now, as a result of the decisions made at our board of directors meeting held on October 18, 2016, LLR shall be making a distribution of retained earnings in the amount of 2,269 yen per unit and shall also be making a distribution in excess of retain earnings in the amount of 184 yen per unit. These distributions shall occur on November 21, 2016.

This excess distribution of 184 yen per unit will be considered as a "Return of Capital", instead of the typical "Earned Surplus Capital" and as such its tax treatment is handled differently, which we would like to explain as outlined below.

Tax Treatment of the Excess Distribution for this Period

1. Category of income for the distributions in excess of retained earnings for this period (Articles 24, 25, etc. of the Income Tax Act)
   - The entire distribution in excess of retained earnings for this period are distributed from unit holders' capital. Under the Japanese tax laws, the portion attributable to capital, etc. is considered "return of capital," while the remaining portion not attributable to capital, etc. is considered "deemed dividends." Given that the entire distributions in excess of retained earnings for this period is being paid out from the portion attributable to capital, etc., <u>there will be no portion considered "deemed dividends."</u>
   - "Return of capital" is referred to as a "deemed transfer" for Japanese tax purposes, since it is deemed that part of the investment units owned by the unit holders has been transferred. Not only will a "deemed transfer" require that an adjustment (reduction) be made to the investment unit acquisition price, in principle, a final tax return will need to be filed if a "capital gain from deemed transfer" is realized.
   - Generally speaking, a non-Japanese investor (a foreign corporation or a non-resident individual with no permanent establishment in Japan) is subject to Japanese taxation on capital gains arising from the deemed transfer and must file a Japanese corporate tax return or a Japanese income tax return where the non-Japanese investor owns or owned more than 5% of the total units in LaSalle LOGIPORT REIT ("LLR") as of December 31 (for a non-Japanese individual) or as of the last day of the fiscal period (for a non-Japanese corporation) immediately prior to the calendar year or the fiscal period (as the case may be) in which the transfer of the LLR investment units takes place. (It should be noted that there is a possibility that the capital gains taxation mentioned above may be

exempted through application of a relevant income tax treaty). Non-Japanese investors should consult their own tax advisors as to the exact tax consequences relating to capital gains.

- The entire distributions in excess of retained earnings for this period will be deemed income from a "deemed transfer," and no withholding tax will be imposed on capital gains realized on the transfer even for investment units in custody at specified accounts "with withholding" if treated as a transfer associated with investment units in general accounts, etc.

2. Capital gain/loss from deemed transfer (Article 37-11 of the Act on Special Measures Concerning Taxation)
   - Pursuant to the Japanese tax laws, "capital gain/loss from deemed transfer" will arise for unit holders since it is deemed that there has been a transfer of some investment units.
   - Income from transfer, etc. is the amount whereby "(2) Acquisition price of units deemed to have been transferred" is subtracted from "(1) Deemed income."
   - Within the distributions in excess of retained earnings for this period, the deemed dividend is "0 yen" and the ratio of net asset value attributable to a reduction in capital is "0.002."

(1) Deemed income	=	Total distributions in excess of retained earnings amount	−	Deemed dividend (0 yen)
(2) Acquisition price of units deemed to have been transferred	=	Previous total acquisition price	×	Ratio of net asset value attributable to a reduction in capital (0.002)
(3) Capital gain/loss from deemed transfer ((1)-(2))	=	(1) Deemed income	−	(2) Acquisition price of units deemed to have been transferred

[Example] Where 10 LLR investment units were acquired at 100,000 yen per unit

(1) Deemed income = 184 yen (distributions in excess of retained earnings per unit) × 10 units
– 0 yen = 1,840 yen

(2) Acquisition price of units deemed to have been transferred
= (100,000 yen × 10 units) × 0.002 (ratio of net asset value attributable to a reduction in capital)
= 2,000 yen

(3) Capital gain/loss from deemed transfer = 1,840 yen – 2,000 yen = –160 yen

* Based on the above computation, capital gains from deemed transfer will arise for unitholders whose average acquisition price per investment unit is lower than 92,000 yen.

* If (3) above is a negative figure as a result of the computation, it will be a deemed loss on transfer.

* For the details regarding the computation of capital gain/loss from deemed transfer, please consult your local tax office or your tax accountant, etc.

3. Treatment of acquisition price (Article 114 (1) of the Order for Enforcement of the Income Tax Act)

- Pursuant to the Japanese tax laws, the acquisition price of each investment unit will be adjusted.
- The adjustment formula is indicated below. The ratio of net asset value attributable to a reduction in capital will be “0.002.”

$$\boxed{\text{New acquisition price per unit}} = \boxed{\text{Previous acquisition price per unit}} - \left(\boxed{\text{Previous acquisition price per unit}} \times \boxed{\text{Ratio of net asset value attributable to a reduction in capital (0.002)}} \right)$$

[Example] Where 10 LaSalle LOGIPORT REIT investment units were acquired at 100,000 yen per unit

(1) Adjustment per unit = 100,000 yen × 0.002 (ratio of net asset value attributable to a reduction in capital) = 200 yen

(2) New acquisition price per unit = 100,000 yen – 200 yen = 99,800 yen

(3) New acquisition price = 99,800 yen × 10 units = 998,000 yen

* Acquisition price adjustment, etc. for unit holders with “specified accounts” at securities firms may vary depending on the type of account utilized. Please confirm with your securities firm.

* Unit holders who are not using “specified accounts” at securities firms must make adjustments to the acquisition price using the above formula.

4. Information for individual unit holders

Items prescribed in Article 114 (5) of the Order for Enforcement of the Income Tax Act	**Notification**
Ratio of net asset value attributable to a reduction in capital (ratio prescribed in Article 61 (2) (iv) of the Order for Enforcement of the Income Tax Act concerning return of capital)	0.002 (rounded up to three decimal places)

5. Information for corporate unit holders

Items prescribed in Article 23 (4) of the Order for Enforcement of the Corporation Tax Act	**Notification**
Matters stipulated in Article 24 (1) of the Corporate Tax Act which resulted in the delivery of monies or other assets	Return of capital
Applicable date	November 21, 2016
Deemed dividend per unit	0 yen per unit

Matters prescribed in Article 119-9 (2) of the Order for Enforcement of the Corporation Tax Act	**Notification**
Ratio of net asset value attributable to a reduction in capital	0.002 (rounded up to three decimal places)
Decrease in capital surplus due to return of capital	202,400,000 yen