LaSalle
INVESTMENT MANAGEMENT
Logiport REIT

3rd Fiscal Period Semi-Annual Report

March 1, 2017 to August 31, 2017

LaSalle LOGIPORT REIT
2-1-1 Otemachi, Chiyoda-ku, Tokyo, Japan

LaSalle
INVESTMENT MANAGEMENT®
Logiport REIT

Delivering Prime Logistics Investment to the Japanese REIT Market

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Financial Highlights for 3rd Fiscal Period

(March 1, 2017 - August 31, 2017)

Portfolio Size **9 properties**	Total Assets Under Management (“**AUM**”) **173.4 bn yen**	Occupancy Rate **98.6%**
Tokyo Area Concentration **100.0%**	Total Debt **71.03 bn yen**	Loan to Value (“**LTV**”) Ratio **38.6%**
Operating Revenues **5,234 mn yen**	Operating Income **2,739 mn yen**	Net Income **2,429 mn yen**
Distribution Per Unit (“**DPU**”) **2,379 yen**	Earnings Per Unit (“**EPU**”) **2,209 yen**	DPU in Excess of Earnings **170 yen**

Note: All of the figures above are as of August 31, 2017, the end of the 3rd fiscal period.

Executive Director's Message

Toshimitsu Fujiwara

Executive Director
LaSalle LOGIPORT REIT

Thank you for your continued support of LaSalle LOGIPORT REIT ("**LLR**"). As the Executive Director of LLR, I am proud to report strong results for the 3rd fiscal period.

Over the past six months, the transactions market for fully stabilized prime logistics has continued on an upward trend, where the market has witnessed several deals that have traded at or near a 4% cap rate, culminating with a large, prime, and well-located asset in the Yokohama submarket trading at a 3.8% cap rate. Now that the market has crossed the sub-4% cap rate threshold, LLR believes with even greater conviction that this pace of cap rate compression is certain to slow down. These all-time-low cap rates coupled with a negative interest rate environment are proving to be challenging for a J-REIT like LLR to acquire stabilized properties; however, with some degree of ingenuity, LLR remains confident of being able to continue to acquire assets that are in the current mid-4% cap rate range.

Amid this environment where the capital markets remain remarkably liquid, there is a shortage of assets coming to market, which is one of the primary reasons for the continued uptick in prices. Currently, despite this challenging environment to acquire and externally grow assets under management ("**AUM**"), LLR remains disciplined and patient as it looks to make selective acquisitions with an eye toward capitalizing on those owner-operators that begin to struggle on the leasing front as more and more excess supply comes to market.

Within LLR's existing portfolio of assets, the average occupancy rate achieved throughout the fiscal period was 98.5%. The initial budget assumed an average occupancy of 97.8%. Thus, from an internal growth perspective, LLR outperformed the budget by 0.7%. When doing a deeper dive on the portfolio, the warehouse spaces throughout LLR's nine properties are currently 100% occupied and it is only the office component of some facilities which remain vacant.

As for LLR's activities during this fiscal period, LOGIPORT Kawagoe was acquired and incorporated into the portfolio at the beginning of the 3rd fiscal period on March 1, 2017. LLR capitalized the transaction utilizing only debt to finance the acquisition, thus, LLR's loan to value ("**LTV**") increased from 34.3% to 38.6%. AUM increased from 161.4 billion yen to 173.4 billion yen.

During this 3rd fiscal period LLR delivered on its actual dividend distributions to investors. The initial guidance, which LLR provided at the end of the 2nd fiscal period, projected a distribution per unit ("**DPU**") for the 3rd fiscal period of 2,345 yen per unit. In actuality, 2,379 yen per unit was achieved, representing a 34 yen or 1.4% outperformance. This 2,379 yen DPU is comprised of 2,209 yen of earnings per unit ("**EPU**") and 170 yen of distributions in excess of earnings ("**Excess Distributions**"). These results have been achieved through proactive yet prudent asset management, resulting in better than expected occupancy at LLR's nine properties during the 3rd fiscal period, along with modest rent per tsubo increases from fixed term leases that rolled at the Nagareyama and Kitakashiwa properties, as well as from the remaining space that was leased up at the Hashimoto asset. For the 4th fiscal period, initial guidance projects a DPU of 2,382 yen per unit.

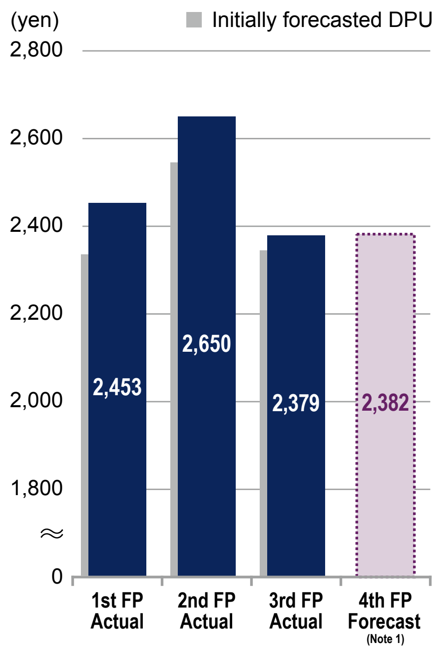
LLR is convinced that it will continue to deliver in the 4th fiscal period, through modest internal growth, and in terms of external growth—LLR has secured preferential negotiation rights for an additional four properties worth in excess of 25 billion yen. Some of these properties had an occupancy rate of 40% at the time when preferential negotiation rights were obtained. It has been a strategy of LLR to control assets that have partial leasing risk remaining, thereby enabling it to control these properties at a discounted price, while warehousing these assets in bridge vehicles during the re-lease up phases. Once a property has achieved stabilization, LLR completes the acquisition. With this kind of ingenuity, even as property prices continue to surge, LLR is planning to acquire properties that maintain net operating income ("**NOI**") yields that are in line with its existing portfolio. As an update to the current status of these properties with preferential negotiation rights, lease up at the bridge fund level has steadily progressed, and all four properties have now achieved 100% stabilization. Therefore, the groundwork towards acquisition by LLR is nearly complete.

In addition, in terms of external growth, preferential negotiation rights have been obtained through a new LaSalle fund (the "**New LaSalle Fund**") vehicle that is a LaSalle Investment Management Japan K.K. ("**LaSalle K.K.**" or the "**Sponsor**") affiliated private real estate fund called Japan Logistics Fund IV, which will effectively perform as a feeder fund to LLR. Please refer to LLR's press release posted on October 31, 2017 for further details.

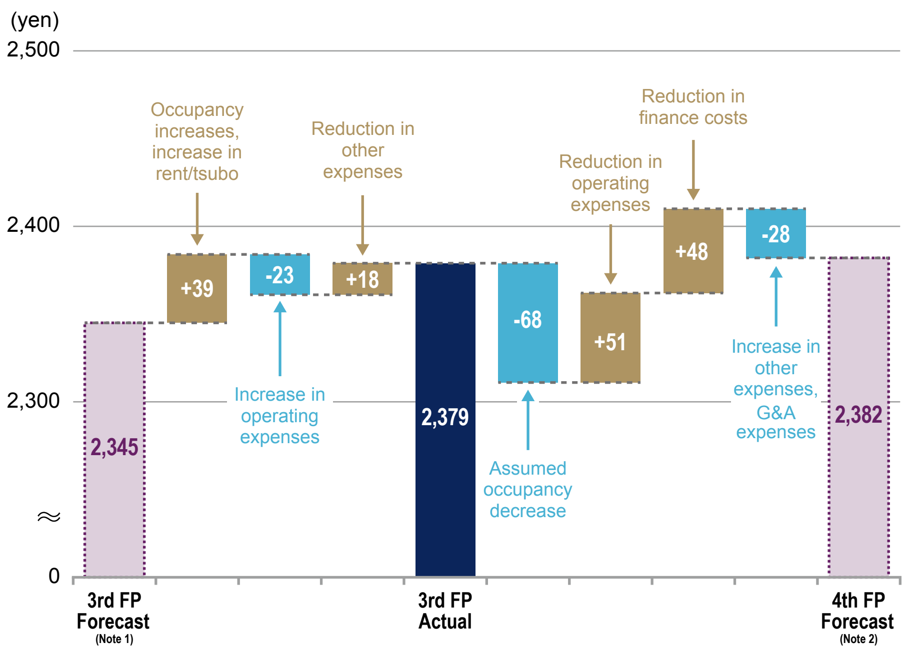
LLR continues to adhere to its investment policy and business plan of investing in prime logistics facilities in areas well suited for logistics with global and local support from LaSalle Investment Management Inc. ("**LaSalle Inc.**") along with its various subsidiaries including LaSalle K.K. and LLR's asset management arm, LaSalle REIT Advisors K.K. ("**LRA**" or the "**Asset Manager**") which collectively make up LLR's extensive network (the "**LaSalle Group**"). LLR is proud to operate with transparent and clear governance at a level that exceeds requirements. It is essential that LLR continue with this strategy while continuing to commit skilled professionals to deliver on promises.

Thank you for your continued support of LLR's mandate. I look forward to reporting again in six months' time.

Actual and Forecasted DPU



Comparison and Analysis of Actual DPU and Forecasted DPU



Note 1: Announced on April 14, 2017.
Note 2: Announced on October 13, 2017.

Property and Corporate Level Income Statement, DPU Summary, and Yield Summary

(in millions of yen unless otherwise specified)	2nd FP actuals	3rd FP actuals
Property Level		
Revenues		
RENT + CAM + PARKING + Other income	4,594	4,939
Utilities reimbursables	258	295
OPERATING REVENUES	**4,853**	**5,234**
Operating expenses		
Outsourced contract costs	-266	-342
Utilities expense	-232	-280
Repair and maintenance	-58	-127
Property taxes	0	-402
Other expenses	-33	-34
Total operating expenses	-589	-1,185
NOI	**4,263**	**4,049**
Depreciation expense	-583	-625
NOI AFTER DEPRECIATION EXPENSE	**3,680**	**3,424**
Corporate Level		
Operating expenses		
Asset management fee	-633	-591
Asset custody/administrative fee	-24	-27
Directors compensation	-4	-4
Independent auditor's fee	-10	-10
Other operating expenses	-53	-53
Corporate level operating expenses	-724	-685
OPERATING INCOME	**2,956**	**2,739**
Non-operating income		
Interest income receivable	0	0
Non-operating expenses		
Interest expense	-180	-199
Interest expense from investment corporation bonds	-1	-14
Amortization of deferred establishment expenses	-4	-4
Amortization of investment corporation bonds Issuance costs	-1	-3
Financing related expenses	-31	-88
Non-operating expenses	-216	-308
ORDINARY INCOME	**2,740**	**2,430**
Investment corporation taxes	-1	-1
Prior period carry forward	1	0
NET INCOME	**2,739**	**2,429**
DPU Summary		
Net income	2,739	2,429
Number of outstanding units (million)	1.1	1.1
EPU (yen per unit)	**2,491**	**2,209**
Depreciation expense	583	625
30% of depreciation	175	188
Number of outstanding units (million)	1.1	1.1
DISTRIBUTIONS IN EXCESS OF EPU (yen per unit)	**159**	**170**
DPU BREAKDOWN		
EPU (yen per unit)	2,491	2,209
EXCESS DISTRIBUTIONS (yen per unit)	159	170
DPU (yen per unit)	**2,650**	**2,379**

Yield Summary

NOI (annualized)	8,098	
NOI after depreciation expense (annualized)	6,847	
Acquisition price	173,390	(1)
NOI yield	4.63%	
After depreciation NOI yield	3.92%	
Tangible fixed asset book value	174,484	(2)
Appraisal value	184,440	(3)
Unrealized capital gain	9,956	(3)–(2)=(4)
Unrealized capital gain	5.4%	(4)/(3)

Additional revenue from LOGIPORT Kawagoe acquired at the start of 3rd FP.

Outperformance of occupancy relative to guidance (98.5% vs. 97.8%).

Expansion of existing tenants' material handling equipment.

Increased air conditioning use.

Increase in leasing fees due to contract renewal that was pushed up in timing.

Additional property management and building management fees due to acquisition of LOGIPORT Kawagoe.

Contingent repair items were not implemented.

Allocations between repair and maintenance, and capital expenditures.

Property taxes began getting expensed through the profits and losses for the 8 IPO properties beginning in the 3rd FP.

Straight line depreciation method. However, 2nd FP is for 8 properties while 3rd FP is factoring for 9 properties. Hence the increase.

Asset management fee increased due to increase in AUM, however, overall the asset management fee decreased due to property taxes getting expensed which lowered ordinary income.

Increased due to acquisition of LOGIPORT Kawagoe which was capitalized by using debt to finance the acquisition.

Increased due to additional issuance of investment corporation bonds.

Amount which underlies EPU made available for distributions to unitholders.

While the acquisition of LOGIPORT Kawagoe increased revenues, the expensing of property taxes for the 8 IPO assets is what underlies the difference between 2nd FP and 3rd FP.

Acquisition price is the purchase price for each of the trust beneficiary interests as shown in the purchase agreement of the relevant property.

Reflects the 3rd FP's carrying book value amount.

Appraisal value represents the value as of August 31, 2017.

Future Growth Strategies

External Growth Strategy

Interview with
the Chief Investment Officer

Toshiaki Fukai

LaSalle REIT Advisors K.K.

Q1 When did you join LRA?

I joined LRA on September 1, 2017. Prior to LRA, I was with Mitsubishi Corp.-UBS Realty Inc. ("**MCUBS**") for 14 years, where my most recent role was as an Executive Officer, as the Head of the Industrial Division and the Head of Planning and Coordination on behalf of the Industrial & Infrastructure Investment Corporation REIT ("**IIF**").

Q2 As the new Chief Investment Officer for LRA, do you intend to change the course of the current investment policy of LLR?

In the immediate future, no. I believe that LLR has a disciplined approach to acquisitions and given the ample pipeline on the horizon that will come from the four deals with preferential negotiation rights as well as from the New LaSalle Fund, I do not intend to change LLR's course. That said, as the cap rate environment for stabilized properties remains so tight, LLR may need to incorporate more creative methods when it comes to acquisitions from third parties, which go beyond the current scope of strategies of buying at a discount via a partial leasing risk strategy.

Q3 Now that you are a part of the LaSalle Group, what would you say are the differences relative to your experience at IIF?

Well, while it has only been two months since starting, I would say that my initial impression is that I am positively surprised by the strength and efforts exhibited through LaSalle K.K.'s internal leasing capabilities. Given how LLR prefers operating and managing multi-tenanted logistics facilities, I am impressed by the level of depth of LLR's tenant base, both in terms of third-party logistics ("**3PL**") distribution companies, as well as the end user tenants who stand behind the 3PL operators. With that type of strength and in-house knowledge, I can now understand why LLR is able to take measured and calculated risks across certain markets, where others may struggle in both lease up of new developments and maintaining high occupancy levels.

Q4 LLR's investment units are trading at a premium to market value (at the end of August 2017 the unit price was 110,000 yen and the net asset value ("NAV") per unit was 105,321 yen, implying a price to NAV ("P/NAV") of 1.04x). Are you satisfied with how the market views LLR's unit price and can you give examples of how valuation would be impacted going forward?

Despite 60% of the listed J-REITs currently trading at a P/NAV below 1.0x, LLR is happily in the minority that still trades at a premium. While it is appreciated that investors view LLR as a J-REIT with strong potential growth, LLR still believes that its units trade at a relative discount to its immediate peers, so no, I would say that I am not satisfied with where the units are currently trading. In order to continue to bridge the DPU yield gap that continues to exist, I believe LLR needs to stay the course and continue to demonstrate and execute the stated external growth strategy, which should develop a deeper track record and in turn convince more and more investors that LLR is a strong J-REIT with solid growth prospects that is managed by a strong and capable team.

Q5 With the acquisition of LOGIPORT Kawagoe now concluded and incorporated as a part of the portfolio, what does that do for your outlook on stabilized DPU?

When LLR was eight properties, the stabilized DPU was 2,202 yen per unit. Due to the acquisition of LOGIPORT Kawagoe, LLR was able to raise its stabilized DPU from 2,202 yen per unit to 2,394 yen per unit, representing an 8.7% increase. AUM also increased from 161.4 billion yen to 173.4 billion yen.

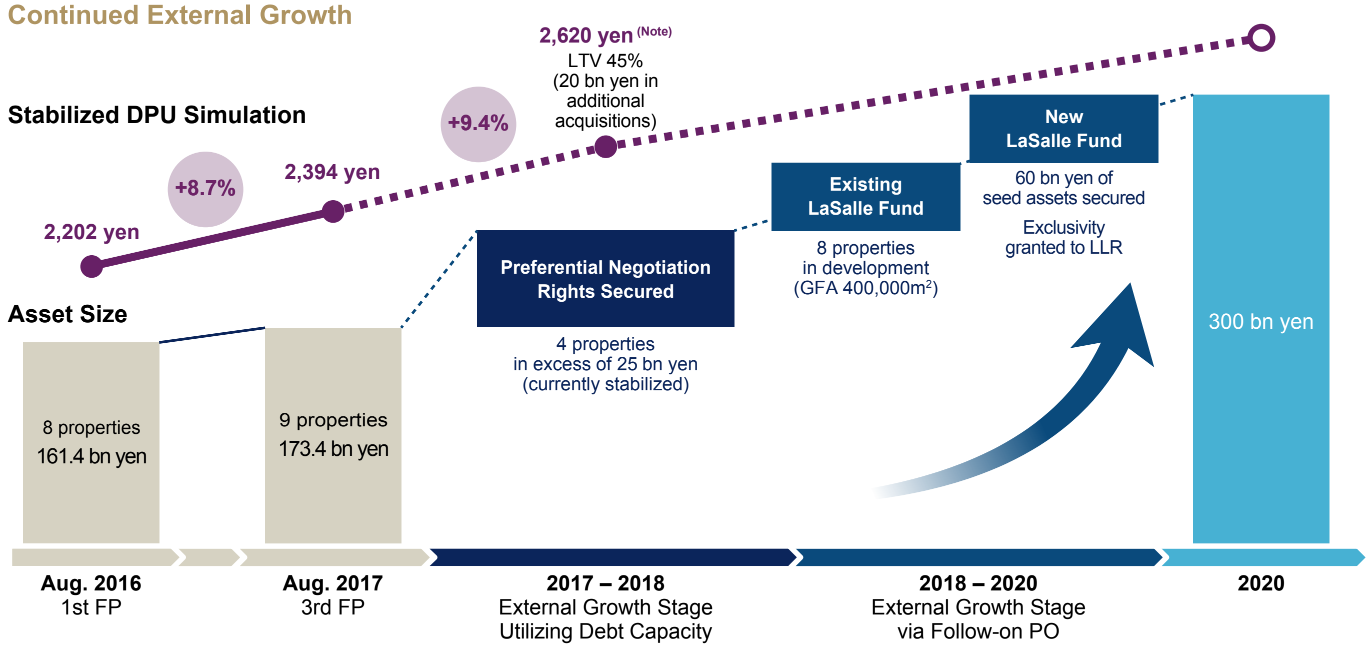
Q6 Going forward what are your prospects for external growth?

Over the course of the next three years, LLR's pipeline is an accumulation of the Preferential Negotiation Rights properties, the Existing LaSalle Fund, and the New LaSalle Fund, ultimately leading toward the stated goal of 300 billion yen. First, from now through 2018, we have named the first phase of this growth the "external growth utilizing LTV surplus capital" where we will acquire preferential negotiation rights assets that have already been secured on more than 25 billion yen worth, where these properties will be acquired utilizing debt capital. These four properties have completed lease-up, and are 100% occupied, so preparations for acquisitions have progressed nicely. When running a simulation on how DPU will be influenced, assuming an additional acquisition of 20 billion yen, reaching an LTV of 45%, the stabilized DPU is expected to be 2,620 yen per unit. This corresponds to a growth rate of +9.4% relative to LLR's current stabilized DPU level of 2,394 yen per unit. We would like to complete this first phase of growth as early as possible during 2018.

The second phase that follows is positioned as the "external growth utilizing a follow on public offering." Like a two-stage rocket, we intend to raise the valuation for LLR further by accumulating a track record of DPU growth through the first stage, and with this growth, it is through the second stage where we intend to accelerate growth by issuing a public offering at a P/NAV premium. As for the property pipeline during the second stage, we aim to acquire the properties from the Existing LaSalle Fund and the New LaSalle Fund.

At the New LaSalle Fund, the intention is to develop assets at an annual rate of 40 billion yen, and currently there are seed development projects worth 60 billion yen already in the works. This New LaSalle Fund will be a feeder fund that supplies properties to LLR. A feeder fund is a development fund with strings attached to LLR, where the investment corporation is comprehensively granted preferential negotiation rights, and can acquire assets after stabilized operations have been achieved, at an appraised value. As far as the LaSalle Group is concerned, the New LaSalle Fund is positioned to strongly support a tailwind as an external growth engine.

Continued External Growth



Note: Simulation assumes that additional acquisitions occur while maintaining the same NOI yield as the existing portfolio.

Internal Growth Strategy

Interview with
the Head of Asset Management

Toshikazu Urushibata

LaSalle REIT Advisors K.K.

Q1 LLR seems to be generating steady performance in terms of internal growth. What are the specific initiatives and strong points unique to LLR?

First of all, LLR has a powerful resource in the leasing team of the Sponsor. From the start, the leasing team has contributed to leasing for development projects of the Sponsor, and they have built an impressive record with excellent achievements. Furthermore, the network that enables LLR to approach directly not only 3PL providers, the prospective tenants, but also the shippers behind them is a distinct strength LLR has worked to build up over the past 15 years.

LLR holds weekly meetings with the leasing team and utilizes the results to establish leasing strategies. The meetings contribute not only to LLR's leasing activities, but also to negotiations for contract renewals with existing tenants as they provide a sense of the market trends in the areas surrounding LLR's properties—information which enables LLR to discern the competitiveness of the portfolio properties.

However, with just the leasing team of the Sponsor, there are limitations in terms of human resources. Therefore, asset managers themselves contact external brokers directly and utilize what they gain through the leasing activities. To paint a broader picture, the leasing team of the Sponsor provides "depth" while utilizing external brokers provides a complementing "width."

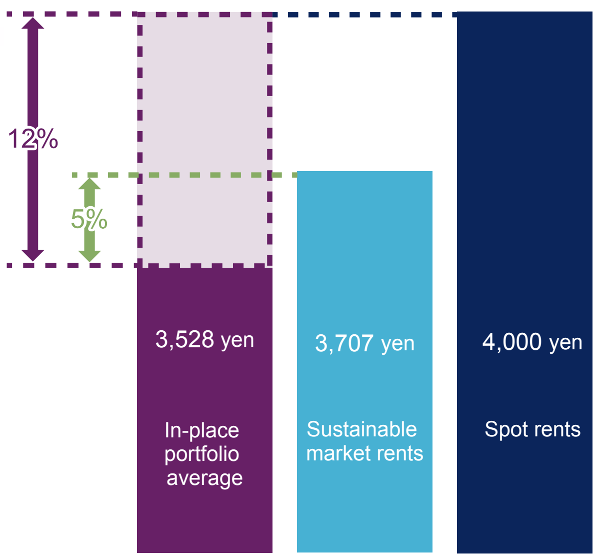
Saori Nakamura
Asset Manager

Q2 What is LLR's internal growth strategy?

LLR's properties still face rent gaps, so the basic strategy is to fill these gaps. Demand for logistics facilities within the greater Tokyo Metropolitan Area has been stronger than expected, so in considering the disparity in spot rents for tenants seeking to newly lease versus existing tenants, there is a need to discuss raising rent when conducting negotiations for contract renewals with existing tenants. Generally speaking, even when negotiations with existing tenants are unsuccessful and result in move-outs, contracts with new tenants at higher rents can be achieved.

LLR Rent Dynamics

5% upside mark-to-market potential when comparing in-place rents with the LaSalle Group's long-term historical sustainable rent levels based on its experience through real estate cycles.



At any rate, the market rents for surrounding areas may be weak in the short term, depending on the timing of negotiations and due to the current situation of mass supply. In such a situation, even if a contract renewal aiming to raise rent by 300 yen were to be negotiated, the vacancy period that could occur if the negotiation was unsuccessful would be around two months downtime. Although LLR aims to conclude contracts at high rents in the long run, there is a mission to faithfully pay cash distributions to unitholders every six months. Therefore, rather than insisting on a rent increase of 300 yen and not receiving any rent during that period, it may be better for unitholders if a rent of 3,500 yen with no increase is received for the full six months.

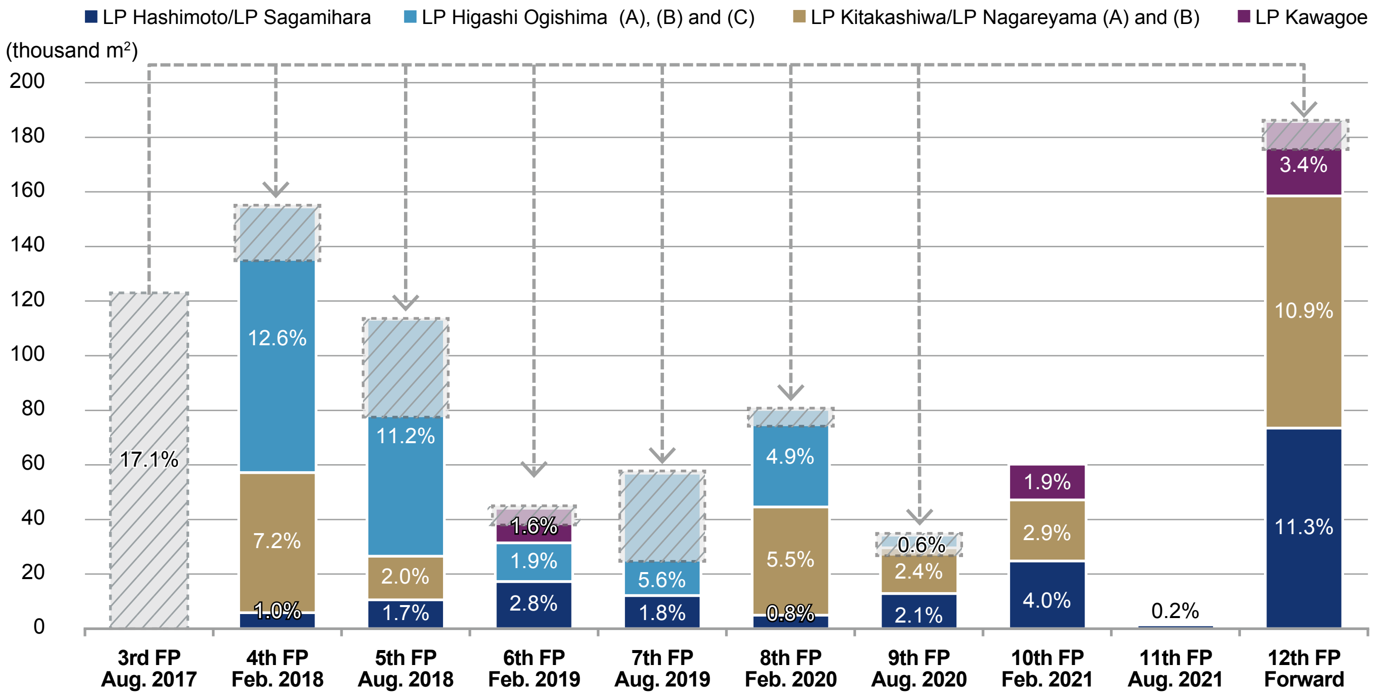
LLR makes decisions flexibly on a case-by-case basis by always considering what is best for unitholders. As one source of information to make such decisions, the information exchange with the leasing team of the Sponsor and external brokers mentioned above is very useful to understand the competitiveness of properties and their position in the market.

Q3 How does LLR undertake measures against disaster risk?

Fundamentally speaking, LLR believes simply taking measures to "not cause" disasters is insufficient, and that it is important to prepare measures under the assumption of "what to do when disasters occur." These days, tenants also have high awareness of disaster risks and are thus very cooperative. LLR would like to take this opportunity and increase communication between property management and tenants. To be specific, the number of gatherings for tenant fire prevention managers to meet with property management fire prevention managers has increased to four times per year from twice a year for some properties. In addition, LLR is considering increasing the number of fire drills from once a year, which it is mandatory, to twice a year as it is an exercise where once annually is not enough. However, this has yet to be implemented because it involves many parties and fixing schedules is difficult. LLR has also added improvements to the content of the drills, drawing on past disasters.

Distribution of Lease Maturities

As of August 31, 2017



Note: Figures expressed above account for a percentage of annual rent.

Financial Strategy

Interview with
the Chief Financial Officer

Daisuke Ishida

LaSalle REIT Advisors K.K.

Q1 How does the LaSalle Group position LLR?

Globally, the LaSalle Group is an investment advisory firm with a track record of investments in core assets targeting stable long-term rental income. In Japan as well, the LaSalle Group has placed forming a J-REIT, a core investment instrument, as the business challenge with utmost priority. After several years of preparation, LLR was listed in February 2016.

LLR is the flagship fund in Japan of the LaSalle Group, which has set a policy to provide full-fledged support for LLR's growth through group-wide efforts.

Q2 Can you describe the new LaSalle fund?

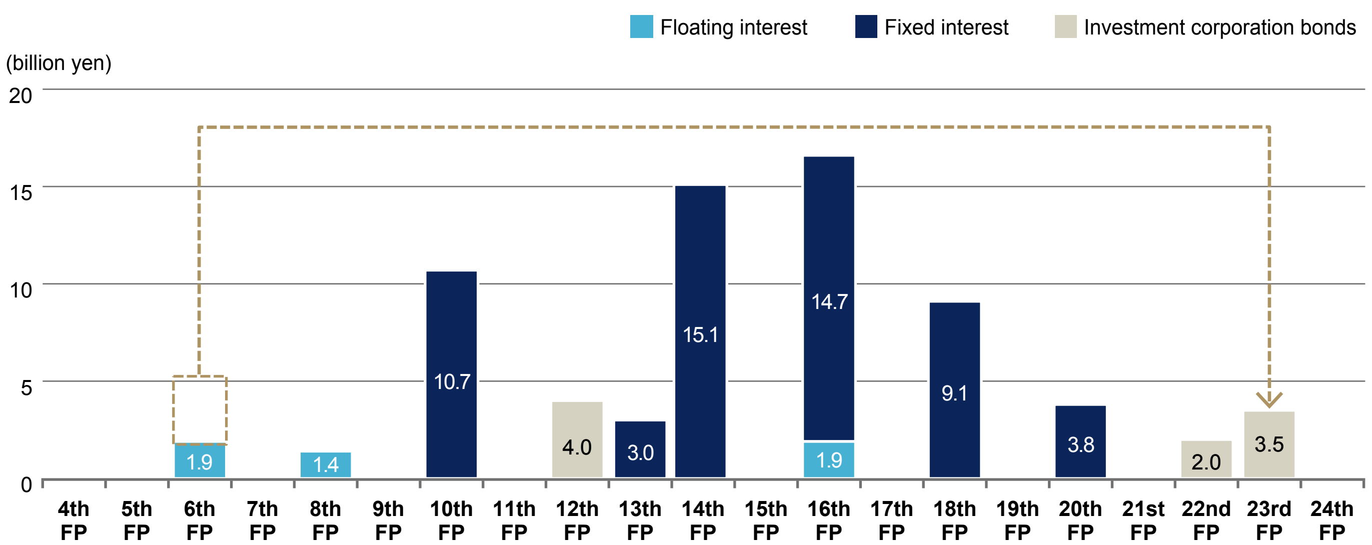
The new LaSalle fund is a fund established as part of the Sponsor support, with a strong sense of awareness towards LLR's growth. It is scheduled to invest in and develop properties at a pace of around 40 billion yen per year, and preferential negotiation rights for the developed properties are planned to be granted to LLR.

Sites suitable for development as logistics facilities (with 60 billion yen in total project costs) have already been secured as properties to be incorporated into the new LaSalle fund, so it can be viewed as a good start.

LLR anticipates the new LaSalle fund will be a strong engine to enable stable external growth, with property supply to LLR becoming full-scale over the medium to long term.

Loan Maturity Schedule

As of August 31, 2017



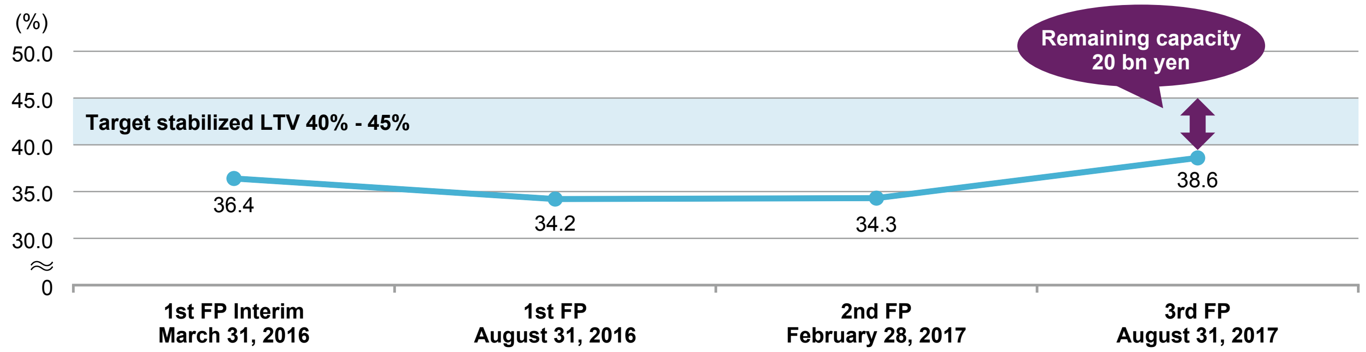
Q3 What are the future financial strategies?

The basic policy is to manage LTV at a stabilized level of 40-45%, acquire assets using available debt capacity and accumulate a track record of external growth and increased distributions.

In addition, as a result of the global economy entering a phase of rising interest rates while lending attitudes across financial institutions have trended toward decline, LLR is progressing efforts to increase its fix rate exposure while extending out remaining terms and diversifying debt sources in focusing attention on the soundness of its capital structure. LLR is operating out of a position of strength even among J-REITs, as its remaining term of 5.8 years and fixed rate ratio of 92.7% (as of the end of August 2017) were achieved through a third investment corporation bond issuance of 3.5 billion yen in July 2017. Furthermore, there will be no major refinancing through 2021 as a result of staggered repayment deadlines, which enables LLR to conduct stable financial management.

LLR is committed to further improve its strong financial structure to deliver stable cash distributions to unitholders going forward.

LTV Management



Strengthening Financial Structure

	After Acquisition of LP Kawagoe on March 1, 2017	3rd FP Ended on August 31, 2017
Debt balance	71.1 bn yen	71.0 bn yen
(of which are investment corporation bonds)	6.0 bn yen	9.5 bn yen
LTV of total assets	38.7%	38.6%
Credit rating (JCR)	AA–	AA–
Average remaining term	5.9 years	5.8 years
Average loan term	6.6 years	7.0 years
Fixed rate ratio	87.7%	92.7%
Weighted average interest rate	0.59%	0.61%

3rd Investment Corporate Bond Issuance Completed in July 2017

	Amount	Interest Rate	Issuance	Term
1st unsecured issuance	4.0 bn yen	0.26%	February 15, 2017	5.0 years
2nd unsecured issuance	2.0 bn yen	0.58%		10.0 years
3rd unsecured issuance	3.5 bn yen	0.65%	July 13, 2017	10.0 years
Weighted average		0.47%	–	7.9 years

The LaSalle Group's Commitment to Sustainability

Interview with
the Head of Acquisitions and
Investor Relations

Ryunosuke Konishi

LaSalle REIT Advisors K.K.

Q1 What other sustainability awards have LLR's properties received?

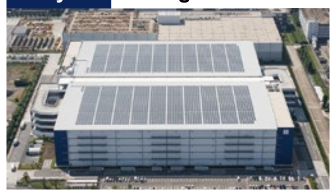
LLR has been recognized by CASBEE and the Green Building Council organized by the Development Bank of Japan ("**DBJ**") with DBJ Green Building Certification.

The following properties among LLR's portfolio have achieved high recognition star ratings based on the DBJ Green Building Certification scoring model:

Tokyo-1 LP Hashimoto

Star Rating
★★★★★

Tokyo-2 LP Sagamihara



Star Rating
★★★★★

Tokyo-3 LP Kitakashiwa

Star Rating
★★★★

Tokyo-5 LP Nagareyama (B)

Star Rating
★★★

Q2 As sustainability is becoming increasingly important, what is LLR's stance regarding environmental, societal, and governance ("ESG") matters. Could you explain current and planned efforts in this area?

In addition to being an industry leader in promoting sustainability through various organizations, the LaSalle Group has established an in-house Global Sustainability Committee, which is conscious of the challenges involved with ESG best practices and is incorporating these measures on a group-wide basis.

G R E S B
★ ★ ★ ★ ★ 2017

During 2017, LLR participated in the 2017 Global Real Estate Sustainability Benchmark ("**GRESB**") real estate assessment, which is conducted across real estate companies and funds, and was awarded Green Star status for its outstanding performance in ESG matters. LLR achieved three Green Stars out of five, scoring over 80 in terms of Management & Policy, and 63 in terms of Implementation and Measurement. LLR will continue to strive to enhance its scores in the coming years, and in particular looks to develop more ways in which it can be a larger contributor to the social factors ("**S-Factors**") within ESG guidelines.

DBJ Green Building
2016

DBJ Green Building Certification

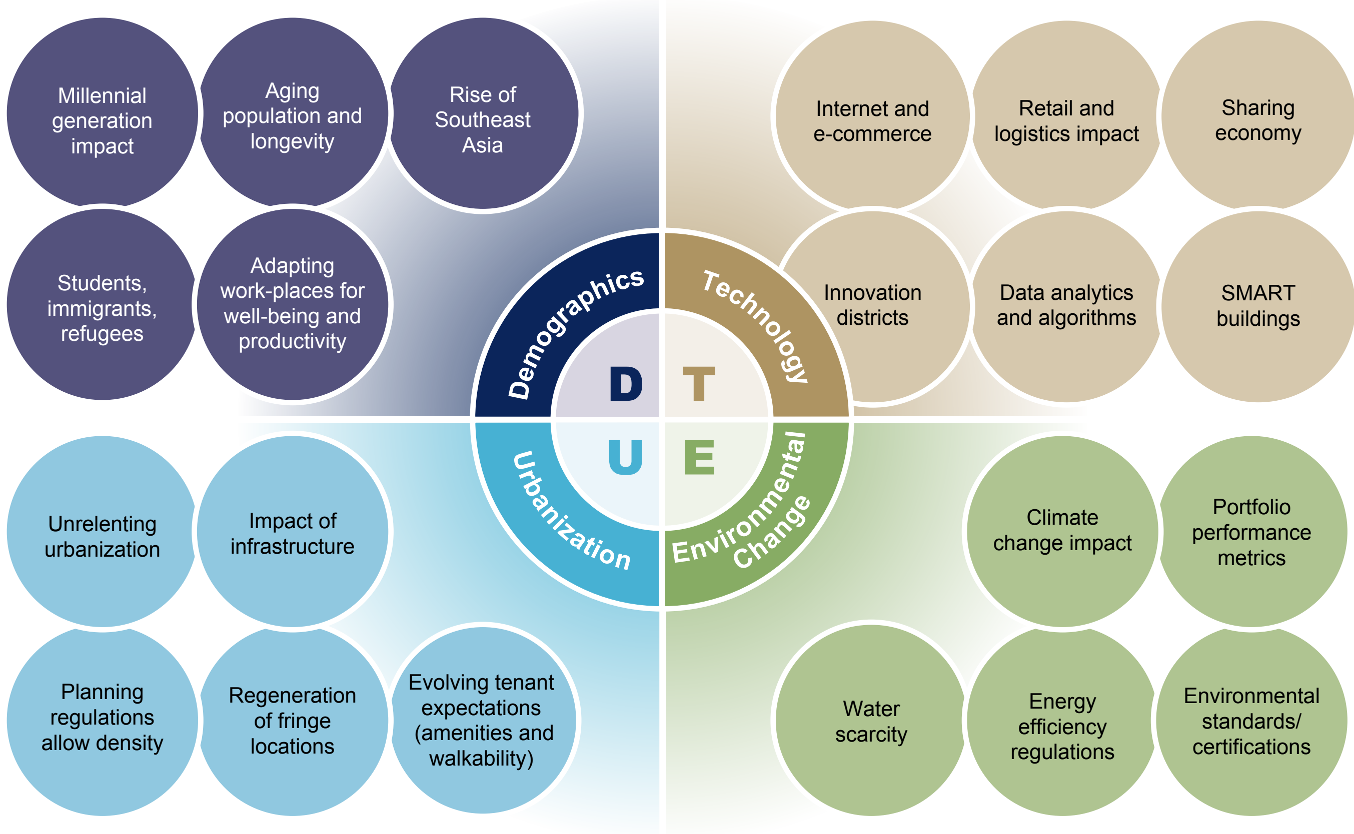
Introduced independently by the DBJ, this certification is a comprehensive scoring model targeting real estate that demonstrates concern for the environment and society. Evaluation is ranked on a five star scale.

Q3 What other sustainability efforts has the LaSalle Group conducted in terms of differentiating itself from other real estate investment management companies?

Five years ago, the LaSalle Group decided to undertake focused research on the long term "secular" drivers of real estate. Secular demand drivers are those factors which last and impact the market well past typical property cycles. As a result, the LaSalle Group developed the demographics, technology, and urbanization ("**DTU**") research program to better understand how fundamental drivers of demand interact. The LaSalle Group's hypothesis is that these secular drivers have the power to shape real estate markets in ways that supersede and outlast the shorter-term property cycles.

- In 2016, the LaSalle Group added a fourth secular trend for real estate investors to focus on in the next decade and beyond. The LaSalle Group has identified a broad array of environmental factors ("**E-Factors**") that can contribute to improvements in the risk-adjusted returns of real estate investments.
- E-Factors include energy conservation, carbon footprint reduction, climate change, water and waste recycling, and green building ratings to certify sustainable building design.
- E-Factors should be an important consideration in the investment analysis of portfolios and assets. Any real estate financial analysis should take into account the rising demand for the sustainability and resilience features of a building. The rising demand occurs through both regulatory and market forces.
- The LaSalle Group has also been tracking the growing awareness by governments and regulatory bodies to the E-Factors. National and local governments both realize that real estate is a major user of energy and water, and that activities inside buildings are major generators of recyclable waste. Therefore, construction and management of the built environment can play a major role in reducing carbon emissions, improving water and energy conservation, and stopping unsustainable waste disposal practices.
- The broader market effects–rising tenant preferences for sustainable, healthy, and flexible spaces for work, social interaction, shopping, leisure, storage/distribution, and residential living spaces–also vary greatly between and within countries.
- By adding "E" to the "DTU" framework, the LaSalle Group is committing to continue to conduct and review rigorous research in order to determine how its clients can benefit from sustainability initiatives.

Secular Demand Drivers for Real Estate DTU + E



Source: LaSalle as of January 2017.

Recognizing the Importance of Sustainability

LLR is committed to enhancing the ESG performance of its properties as this will not only be financially beneficial toward NOI but will also benefit unitholders. Over the last ten years, the LaSalle Group has developed a strong commitment to environmentally sustainable practices in the operations of the buildings it manages. The LaSalle Group realized that the same socio-economic forces that were leading the firm to allocate more resources to adopting ESG goals likely meant that in time, other investors and tenants would follow suit. Thus, in order to "future proof" investors' portfolios, the LaSalle Group made a serious commitment to focus time and resources on understanding how, when, and where sustainability attributes might be adopted in various markets.

Drivers Can Shape Real Estate Markets

Just as DTU drivers continue to evolve, the economics and political forces generated by environmental factors change. Recent examples include a better understanding of the resilience features of a building subject to extreme weather events. In Japan, earthquake resistance has now become commonplace, with LLR's properties being equipped with seismic isolation devices and having earthquake absorbing structures.

Financial and Environmental Performance

Institutional investors are not willing to put sustainability goals above competitive risk-adjusted returns. However, they increasingly pursue approaches that improve investment performance through sustainable investment criteria or maintain strong returns while also contributing positively to the environment. There is thus a trade-off between financial performance and environmental improvements. Sustainability initiatives can be mapped to four categories:

1. High ROI/High E-Factor Improvement

Financial benefits can be achieved in a short period of time with minimal costs while resulting in significant positive environmental impact. Examples include introducing LED lighting and adding motion sensors for lighting. Many of these improvements can realize return on investment ("**ROI**") such as raising rents as well as reducing operational expenses.

2. Low or Negative ROI/High E-Factor Improvement

Projects with longer or uncertain payback periods that might be difficult to justify in financial terms, which help surrounding properties, but where not all benefits accrue to building owners. Implementing modern energy conservation efficiency standards may initially be uneconomical, but can result in tenant retention and the ability to charge a premium for the added environmental benefits.

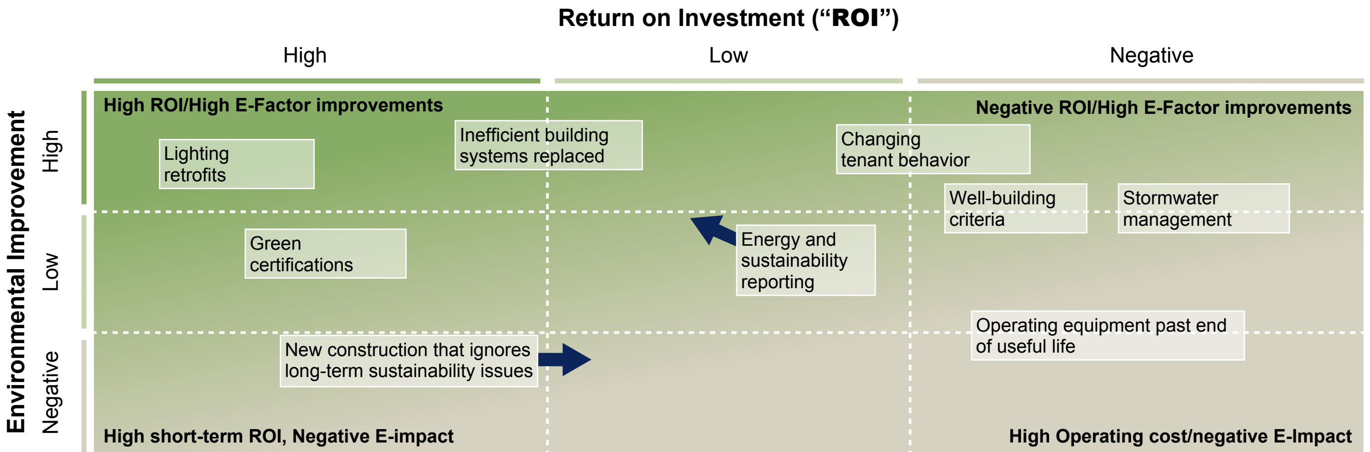
3. High ROI/Low E-Factor Improvement

Actual E-Factor improvement is modest at best. Examples include obtaining credentials for a building to be awarded a green rating, when already performing at a high level. These initiatives may still attract tenants and raise values, even if there is no actual improvement in the building management's approach.

4. Negative ROI/Negative E-Factor

Buildings with outdated building systems are more expensive to run and harm the environment by using more energy than modernized buildings. Although many of these properties can be converted, some projects will never be viable and thus, obsolete buildings will continue to operate with weak operating economics and environmentally-damaging practices.

Trade-offs Between Financial Performance and Environmental Improvement



Note: Arrows indicate where the investment/environmental performance combinations will likely change over time.
Source: LaSalle Environmental Factors & Real Estate Demand, Secular Drivers of Real Estate: DTU+E, June 2017

LLR has recognized the benefits of proactive measures to achieve sustainability measures and continues to implement initiatives for various stakeholders.

Stakeholder Eco-System

Various stakeholders have an impact on real estate:

Tenants: Increasing awareness of sustainability factors can be important for tenants, recognizing that employee recruitment and retention are linked to a healthy and environmentally-sound workplace.

Property owners: Property owners are increasingly working to attract/retain tenants by equipping properties with sustainability features and credentials, and educating tenants on sustainable practices.

Regulators: The regulatory environment is becoming increasingly active in sustainability measures with the pressure to comply with measures such as realizing emission reduction targets.

Lenders: There are varying levels of sustainability issue awareness and the importance placed on them in pricing loans by lenders.

Insurers: The continued development of pricing models based on probable maximum loss ("**PML**") estimates natural risks such as earthquakes and resulting implications for premium determination, capital deployment and coverage terms, and supplements traditional pricing practices based on historical loss experience.

Investors: Investors are increasingly tracking E-Factors in their investment portfolios and asking fund managers and REIT CEOs to report on their progress toward establishing and meeting ESG goals.

Neighboring market: Nearby properties, businesses and residents have stakes in the successful integration of E-Factors for a property such as disaster preparedness plans that make a property and an entire district more resilient to extreme weather events. Voluntary efforts in local communities often promote sustainability and healthy living that extend beyond the perimeter of a single building, thereby reducing the carbon footprint of the district. A market's voluntary adoption of sustainability practices and green building standards affects stakeholder perspectives and even potentially asset value.

Sustainability Impacts All Components of Real Estate Pricing

Identifying where sustainability factors can impact real estate pricing can assist investors in environmental improvement related investment decisions.

NOI: NOI may increase due to higher occupier demand as tenants start to value the productivity gains, thus supporting higher occupancy and rental rates. Lower operating expenses support higher NOI growth and margins.

Future value: Higher occupancy, lower financing margins and reduced obsolescence risk may well lead to lower capitalization rates and increased resale value. Investors may be willing to place a higher value on the future ability of the asset to generate net cash flows.

Capital expenditure: Modern, efficient systems and a competitive building should reduce future major capital requirements.

Financial Benefits of Green Buildings

Green buildings may have financial benefits compared to buildings without sustainability features. Green buildings can benefit from substantial risk premium advantages:

- Easier and less costly financing due to lender perception as being less risky
- Reduced vacancy risk and risk of heavy capital investment requirements for systems or building re-positioning
- Tend to attract tenants with a higher creditworthiness
- Ability to benefit from increased investor interest
- Offer greater appeal to tenants and so command lower vacancy risk premiums
- Reduced credit risk premiums due to greater appeal with better quality tenants

Having identified that environmental factors can impact real estate markets, the relationship between ROI and environmental improvements, the related stakeholders and potential areas of financial impact, LLR is fully committed to further implementing environmental measures. LLR strongly believes that such initiatives will benefit all stakeholders and looks forward to announcing further measures in future reports.

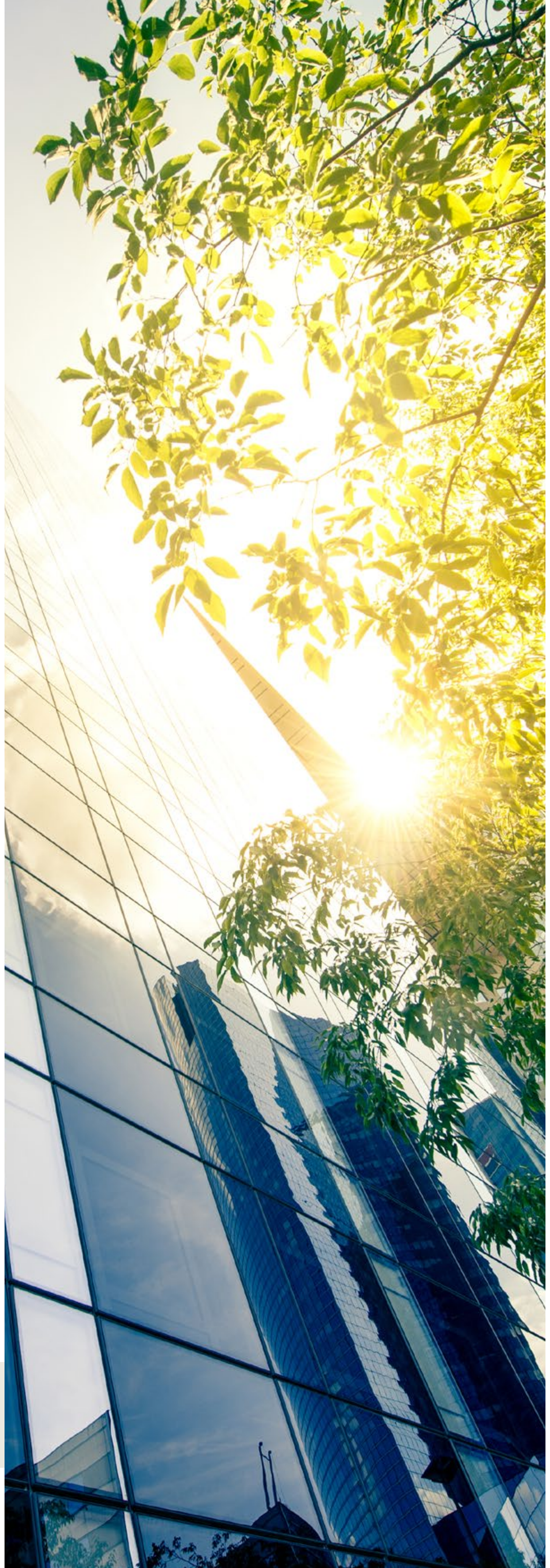
Findings So Far

Investors in long-term strategic assets should look beyond the ebb and flow of supply-demand cycles to understand long-term trends in real estate demand. In recent years, we have also worked on understanding how the supply-side and capital markets respond to these fundamental drivers. In some cases, the demand drivers can become fully-priced or even over-priced, once they are recognized by investors; and go chasing the same long-term trend can create a temporary over-supply situation.

Thus far, the results of the DTU research program are still being tested. We are finding that capital markets (pricing) and supply-response (development) both move quickly to follow secular drivers, once they become well understood and are perceived as "common wisdom" by mainstream investors. The evidence for secular trends accumulates slowly over time. The challenge for investors is to exploit the early-mover advantage before supply-response and pricing remove some, or most, of the benefits of following–instead of leading–these long-term trends. DTU factors can be key determinants of out-performance, but only when the broader market has not fully-priced their advantages, or when a rapid supply-response is constrained by regulatory or capital market factors.

By raising environmental considerations as worthy of close attention, we are suggesting that they will, in time, have the power to drive long-term occupier and investor demand on a vast scale equivalent to the original DTU factors. We are not suggesting that environmental issues are the only factors to consider, or that improvements in sustainability should be pursued regardless of the cost or the particular economics of each investment. Instead, we are suggesting that macro trends in environmental factors are linked to the economic incentive for all factors of production to become more flexible, resilient, sustainable, and efficient. Real estate has a reputation for being much less flexible than other forms of capital investment (i.e., technology and equipment) or labor, where recent trends in worker mobility, part-time workers and out-sourcing give employers more options. Some of this is due to real estate's inherent nature–a fixed asset with high capital costs associated with reconfiguring or adapting it to rapid changes in economic or social forces. By focusing on the E-Factors, real estate owners can improve a building's flexibility, resilience and efficiency through many of the sustainability innovations.

LaSalle Investment Management
Research & Strategy Report Download
“Environmental Factors & Real Estate Demand”
https://docs.google.com/forms/d/e/1FAIpQLSeYUkzXQqatqsTbMU7sQ0b59eSqEFmNFz61aSqfx6MJzSHMKA/viewform



Portfolio

Portfolio Summary

LLR managed a prime portfolio of nine large logistics facilities through the 3rd fiscal period. LLR acquired the LOGIPORT Kawagoe property at the beginning of the fiscal period. The list below shows the portfolio as of August 31, 2017.

Portfolio List

As of August 31, 2017

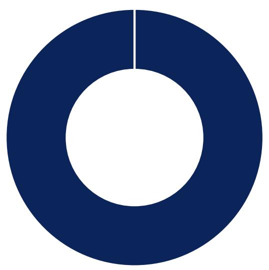
Property No.	Property Name	Location	GFA (m²)	Acquisition Price (billion yen)	Appraisal Value (billion yen) (Note 1)	Property Age (years)	PML (%)
Tokyo-1	LOGIPORT Hashimoto (Note 2)	Sagamihara, Kanagawa	145,801	21.2	22.4	3	1.3
Tokyo-2	LOGIPORT Sagamihara (Note 2)	Sagamihara, Kanagawa	200,045	23.0	24.8	4	0.5
Tokyo-3	LOGIPORT Kitakashiwa	Kashiwa, Chiba	104,302	25.3	27.6	5	0.9
Tokyo-4	LOGIPORT Nagareyama (A)	Nagareyama, Chiba	17,673	3.5	3.8	9	1.6
Tokyo-5	LOGIPORT Nagareyama (B)	Nagareyama, Chiba	133,414	26.6	27.9	9	2.3
Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kawasaki, Kanagawa	100,235	19.0	19.5	30	6.5
Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kawasaki, Kanagawa	117,546	19.1	21.3	26	6.2
Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kawasaki, Kanagawa	116,997	23.7	25.0	16	6.3
Tokyo-9	LOGIPORT Kawagoe	Kawagoe, Saitama	50,742	12.0	12.1	7	4.4
Total/Average (9 properties)			**986,760**	**173.4**	**184.4**	**12**	**3.4**

Note 1: Appraisal values are as of August 31, 2017.
Note 2: Acquisition price and appraisal values for LP Hashimoto and LP Sagamihara are expressed in relative proportion to LLR's ownership percentage of joint co-ownership interest. The gross floor area ("**GFA**") shown is of the entire property.

Portfolio Distribution

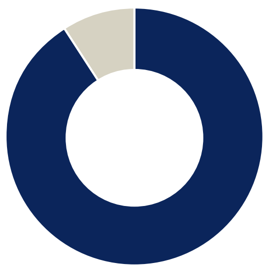
As of August 31, 2017

By Area



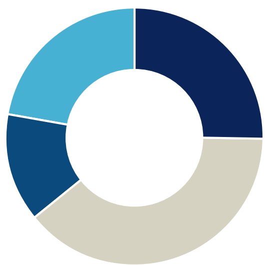
Tokyo Area	100.0%

By Net Rentable Area ("**NRA**")



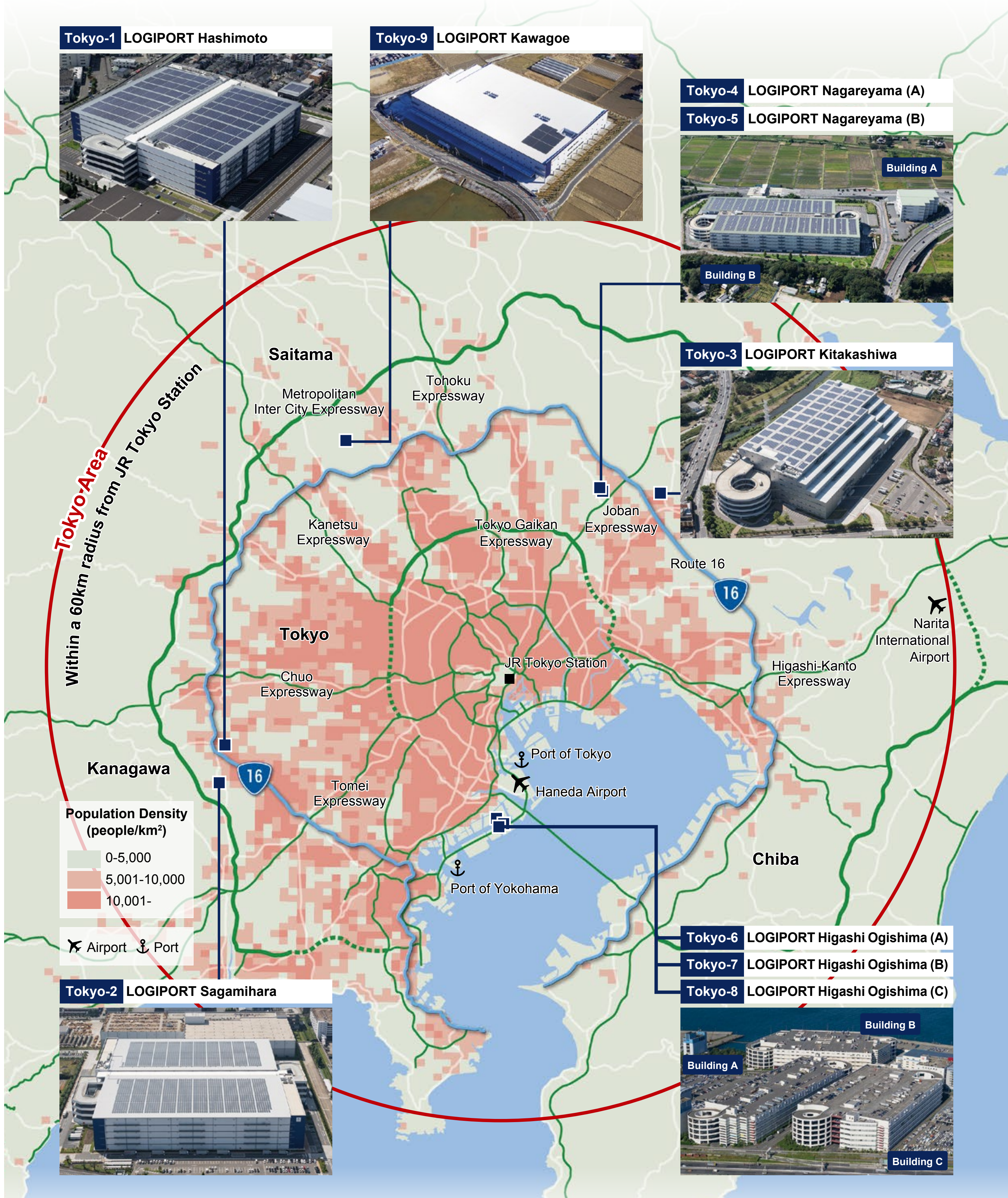
Greater or equal to 100,000m²	91.1%
Less than 100,000m²	8.9%

By Property Age (Note)



Less than 5 years	25.5%
Greater than or equal to 5 years and less than 10 years	38.8%
Greater than or equal to 10 years and less than 20 years	13.7%
Greater than or equal to 20 years	22.0%

Note: Property age refers to the number of years from the date of the new construction of the main building of the property set out in the real estate registry to August 31, 2017. Decimal digits are rounded to the nearest unit.



Source: Population density is prepared by the Asset Manager based on "1/2 (500m) Data by Local Grid" of the "Ranking Mesh Map - Grid Square Statistics of 2010 Population Census" by the Statistics Bureau, Ministry of Internal Affairs and Communications, which is based on the results of the 2010 population census conducted on October 1, 2010.

Details of Portfolio

Tokyo-1 LOGIPORT Hashimoto | 55% trust co-ownership interest

LLR acquired a 55% interest in LOGIPORT Hashimoto. Hashimoto is an industrial hub in Western Tokyo that has been assimilated into the larger city of Sagamihara, an ordinance designated city. Hashimoto enjoys excellent vehicular access with National Highway 16 passing through the district and also excellent access to multiple expressways. The facility is also walking distance from the terminal station of Hashimoto, ensuring access to workers. Thus the facility is in a prime location, is three years old, and is a prime deal size at over 20 billion yen.

As of August 31, 2017

	LOGIPORT Hashimoto
Location	**Sagamihara, Kanagawa**
GFA	**145,801.69m²**
NRA	**130,162m²**
Acquisition price	**21,200 million yen**
Appraisal price	**22,400 million yen**
Share of portfolio	**12.2%**
Built	**January 2015**
Occupancy	**100.0%**

Tokyo-2 LOGIPORT Sagamihara | 51% trust co-ownership interest

LOGIPORT Sagamihara, one of the largest logistics facilities in the Kanto area, is also located in the industrial suburb of Sagamihara. The site of the facility is near National Highway 16 and within about 4km from an expressway. The facility is popular for its linkage to distribution to Central and Western Japan via excellent access to the expressway system. LLR owns 51% of the 5-story facility. Specifications include a ceiling height of 5.5m and 1.5 tons/m² floor load capacity along with both an earthquake absorbing structure and emergency power generators. The office facilities are also very modern, something that has become indispensable in recent years. This combined with the access to train stations makes it a preferred facility for employees.

As of August 31, 2017

	LOGIPORT Sagamihara
Location	**Sagamihara, Kanagawa**
GFA	**200,045.57m²**
NRA	**180,971m²**
Acquisition price	**23,020 million yen**
Appraisal price	**24,800 million yen**
Share of portfolio	**13.3%**
Built	**August 2013**
Occupancy	**99.6%**

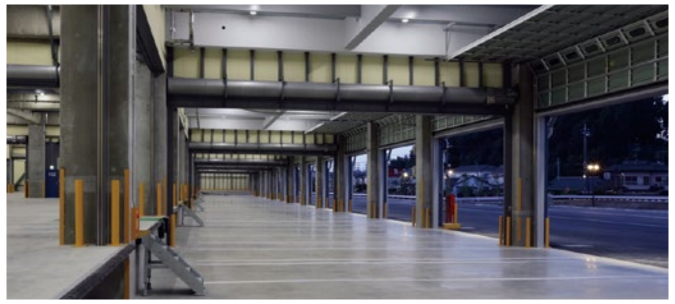
Details of Portfolio

Tokyo-3 LOGIPORT Kitakashiwa

LOGIPORT Kitakashiwa is located in the city of Kashiwa, Chiba. Chiba is the prefecture to the east of Tokyo that is home to Narita Airport. The six-minute pedestrian access to Kitakashiwa Station combined with the large population of the city means that there is a good supply of potential employees in the area. The excellent access to national highways and being only 6km from the Joban Expressway provides great access to Tokyo and Eastern Japan. Thus the prime location combined with the more than 100,000m² floor area that the 6-story structure offers also means it has a prime value of over 20 billion yen. The structure also features spiral ramps and large areas of up to 18,000m² per floor.

As of August 31, 2017

	LOGIPORT Kitakashiwa
Location	**Kashiwa, Chiba**
GFA	**104,302.62m²**
NRA	**100,349m²**
Acquisition price	**25,300 million yen**
Appraisal price	**27,600 million yen**
Share of portfolio	**14.6%**
Built	**October 2012**
Occupancy	**100.0%**



Tokyo-4 and Tokyo-5 LOGIPORT Nagareyama (A) and (B)

LOGIPORT Nagareyama (A) and (B) are located on neighboring sites in Chiba that enjoy excellent access to the Nagareyama Intersection on the Joban Expressway. LOGIPORT Nagareyama (A) was acquired for 3.5 billion yen, 200 million yen less than the appraised value and comprises 2.2% of the present portfolio. The property was completed during July 2008. It is a 5-story steel structure that is occupied by a single tenant but can be renovated to fit multiple tenants. LOGIPORT Nagareyama (B) has a gross floor area ("**GFA**") of 133,414m² on a site of about 59,233m². It was acquired for 26.6 billion yen, the price of the appraisal. At 16.5% of the portfolio it is the largest property in the portfolio and was completed in July 2008.

As of August 31, 2017

	LOGIPORT Nagareyama (A)	LOGIPORT Nagareyama (B)
Location	**Nagareyama, Chiba**	**Nagareyama, Chiba**
GFA	**17,673.87m²**	**133,414.76m²**
NRA	**18,172m²**	**112,684m²**
Acquisition price	**3,500 million yen**	**26,600 million yen**
Appraisal price	**3,840 million yen**	**27,900 million yen**
Share of portfolio	**2.0%**	**15.3%**
Built	**July 2008**	**July 2008**
Occupancy	**100.0%**	**99.8%**

Details of Portfolio

Tokyo-6, Tokyo-7 and Tokyo-8

LOGIPORT Higashi Ogishima (A), (B), and (C)

The LOGIPORT Higashi Ogishima properties are located on neighboring lots to the west of Tokyo in Kawasaki, Kanagawa, an industrial town strategically positioned between Tokyo and Yokohama. The three properties – LOGIPORT Higashi Ogishima (A), (B), and (C) – are all multi-storied and multi-tenanted. The total land area for LOGIPORT Higashi Ogishima (A) is 25,000m², LOGIPORT Higashi Ogishima (B) is 29,901m² and LOGIPORT Higashi Ogishima (C) is 25,719m². LOGIPORT Higashi Ogishima (A) has 22 tenants and combines five stories of logistic with ten stories of office, LOGIPORT Higashi Ogishima (B) has 18 tenants and combines 5 stories of logistics with 10 stories of office, and LOGIPORT Higashi Ogishima (C) has six stories of logistics. All three properties boast phenomenal access to the Shuto Expressway Bayshore Route's Higashi Ogishima Interchange, which is only 0.5km away. The properties are also only about ten minutes from the Port of Yokohama, 25 minutes from the Port of Tokyo and five minutes from Haneda Airport. Each facility has advanced specifications with double ramp ways enabling easy access to each floor by truck.

As of August 31, 2017

	LOGIPORT Higashi Ogishima (A)	LOGIPORT Higashi Ogishima (B)	LOGIPORT Higashi Ogishima (C)
Location	**Kawasaki, Kanagawa**	**Kawasaki, Kanagawa**	**Kawasaki, Kanagawa**
GFA	**100,235.67m²**	**117,546.26m²**	**116,997.14m²**
NRA	**85,281m²**	**103,731m²**	**114,925m²**
Acquisition price	**19,000 million yen**	**19,120 million yen**	**23,700 million yen**
Appraisal price	**19,500 million yen**	**21,300 million yen**	**25,000 million yen**
Share of portfolio	**11.0%**	**11.0%**	**13.7%**
Built	**April 1987**	**April 1991**	**September 2001**
Occupancy	**96.9%**	**95.5%**	**97.7%**

Tokyo-9 LOGIPORT Kawagoe

LOGIPORT Kawagoe is located in Kawagoe, Saitama, a suburb of Tokyo. The property was acquired for 11.95 billion yen on March 1, 2017, the first day of the 3rd fiscal period. This acquisition of trust beneficiary rights exercises an option where preferred negotiation rights were obtained on November 30, 2016. The center itself is a prime logistics center with excellent expressway access that enables LLR to further diversify its assets and tenants.

As of August 31, 2017

	LOGIPORT Kawagoe
Location	**Kawagoe, Saitama**
GFA	**50,742.47m²**
NRA	**53,088m²**
Acquisition price	**11,950 million yen**
Appraisal price	**12,100 million yen**
Share of portfolio	**6.9%**
Built	**January 2011**
Occupancy	**100.0%**

About LaSalle Inc.

LaSalle Inc. is one of the world's leading real estate investment managers that builds trust through a distinctive combination of knowledge, people and client focus. LaSalle Inc. is an operationally independent subsidiary of JLL, a global professional real estate services and advisory firm.

As of December 31, 2016

JLL **77,000** Employees in **280** Offices in **80** Countries — Market cap Approx. **$4.6 bn** (listed on the NYSE)

As of June 30, 2017

LaSalle INVESTMENT MANAGEMENT

- **700+** Employees in **17** Countries
- **$59.0 bn** Global Assets Under Management
- **400+** Investors in **30+** Countries

Commingled Funds
Open and closed-end funds offering investors a strategic focus on attractive regions, styles and sectors.

Separate Accounts
Customized mandates meeting the individual investment objectives of clients around the world.

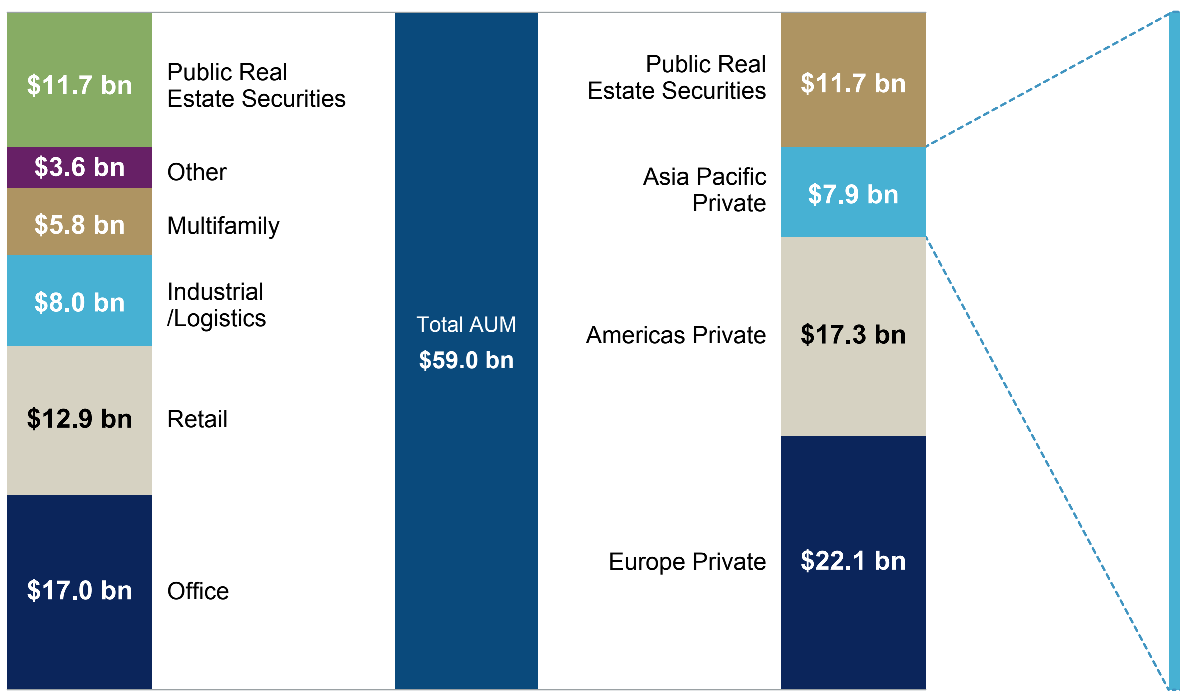
Global Public Securities
Actively managed global real estate securities programs offering diverse investment options.

LaSalle Inc. Global AUM

As of June 30, 2017

AUM by Property Sector

AUM by Region and Securities Business



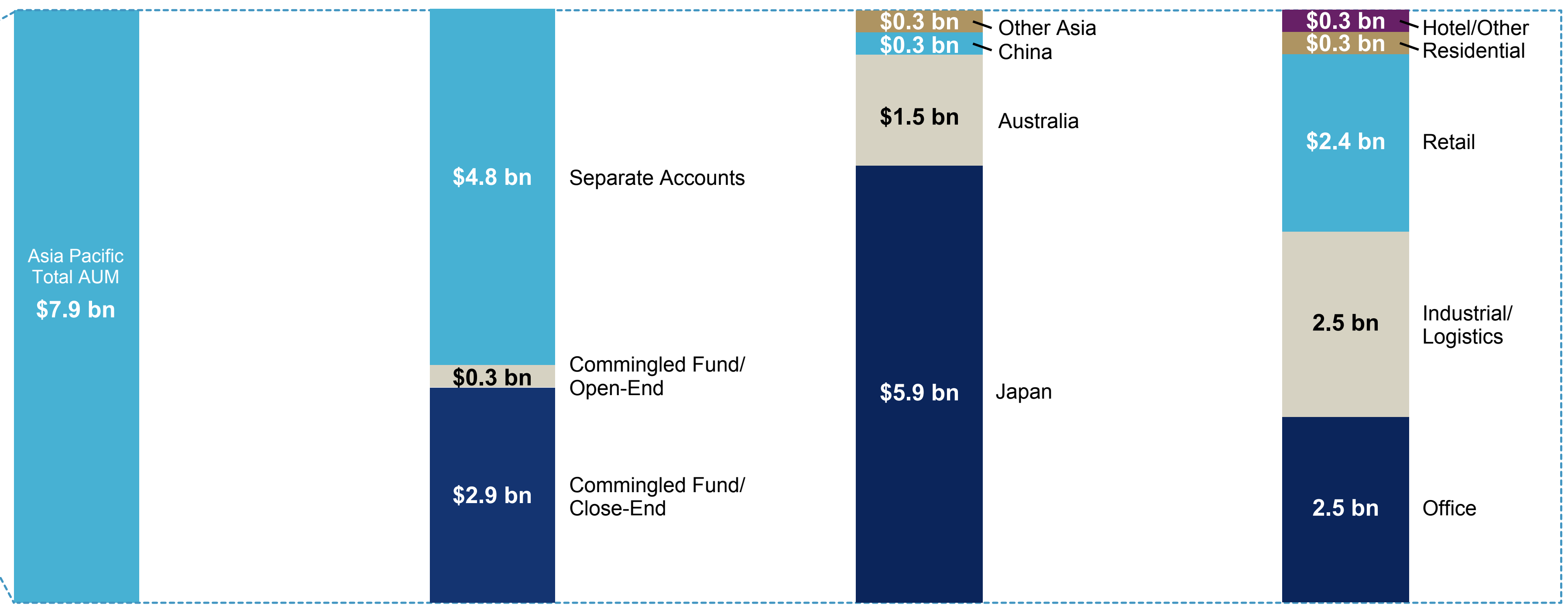
LaSalle Inc. Asia AUM

As of June 30, 2017

AUM by Product Type

AUM by Country

AUM by Sector

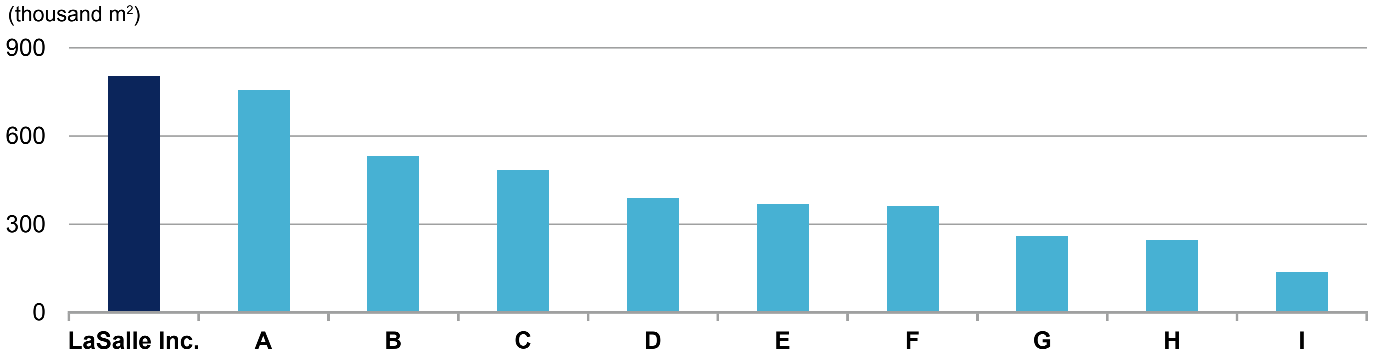


Source: LaSalle Investment Management as of the end of June, 2017.

LaSalle Group's Professional Support Contributes to Greater Unitholder Value

One of the unique aspects of the LaSalle Group is its robust emphasis on both development and investment in Japan. The LaSalle Group has managed three logistics funds to date—LaSalle Japan Logistics Fund I, II and III—and has recently finished raising capital for its fourth fund which will be a feeder fund for LLR. The LaSalle Group also boasts many firsts for its developments including the first inland logistics center and the first mega logistics center near a train station, making it easier to secure employees for tenants and management. The LaSalle Group has also survived or rather thrived through multiple real estate cycles in Japan, making decisive choices for developments and investments in various cycles of the market. The IPO of LLR includes both group developed assets and assets acquired by its funds at optimal timings.

LaSalle Inc. Recognized by CBRE as Top Developer of 100,000m^2 and Greater Logistics Centers

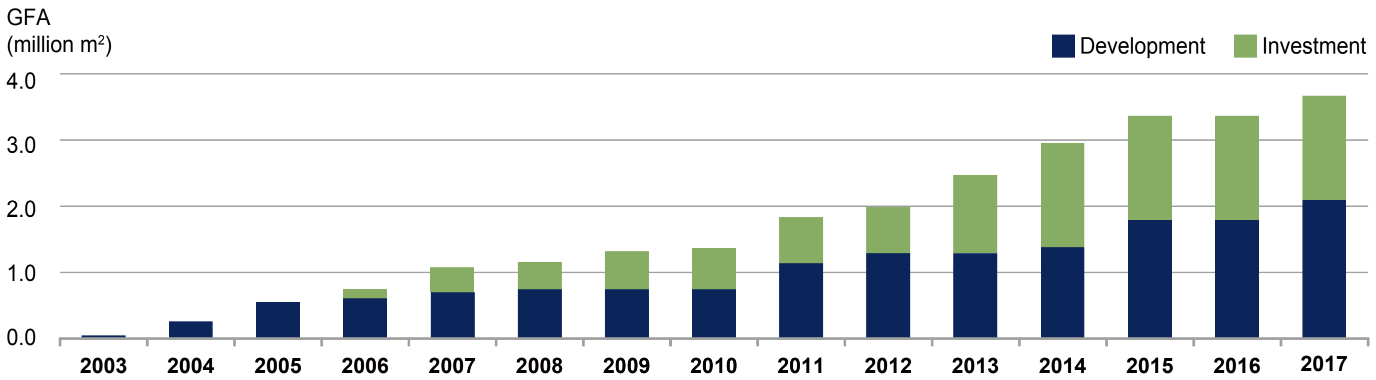


Source: CBRE
Note: The above figures are aggregated data for properties completed by June 30, 2017.

LaSalle Group's Professional Support Contributes to Greater Unitholder Value

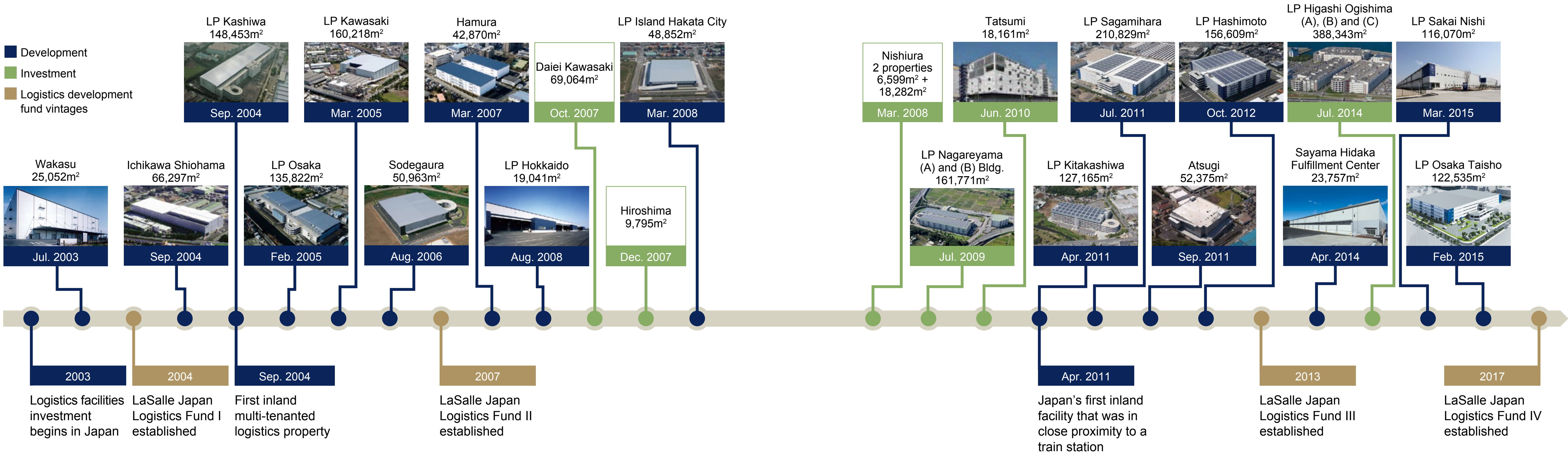
As of August 2017, LaSalle Group's logistics track record in Japan has surpassed 3.5 million m^2 of GFA with 2.06 million m^2 of GFA development and 1.6 million m^2 of GFA investment. This has helped make LaSalle Inc. the largest developer of large logistics facilities (GFA over 100,000m^2) over the past decade in the Greater Tokyo Area. Reflecting the extensive development record in particular, LaSalle Inc. has leased roughly 2.49 million m^2 of space since 2003 in these facilities. This proves that foreign players can be major participants in the logistics real estate market both in development and investment.

Development/Investment Area (cumulative base)(Note)



Note: Includes development pipeline.

Proven Logistics Developer and Investor since 2003 (selective)



Operation and Governance Emphasizing Unitholders' Interests and Transparency

LLR and the Asset Manager implement appropriate measures to protect the interests of unitholders and minimize conflicts of interest while taking advantage of the support of the LaSalle Group. In addition, the Asset Manager is compensated through an asset management fee linked in part to LLR's EPU, contributing to the alignment of its interests with those of unitholders.

EPU Linked Asset Management Fee Structure

The Asset Manager receives management fees, which comprises type 1 - 5 management fee as described below:

Management Fee Components of Asset Manager

Recurring Management Fees

1 Type 1 management fee (asset-based fees)

Up to 0.22% per year of total assets (as stated in the balance sheets at the end of the immediately preceding fiscal period)

2 Type 2 management fee (operating income-based fees)

(Immediately preceding fiscal period's ordinary income + depreciation expense + deferred assets amortization - transfer gains and losses of specified assets – appraisal gain or loss) x 5.8% (as an upper limit)

3 Type 3 management fee (EPU-based fees)

(Type 1 management fee + type 2 management fee) multiplied by the EPU after adjustment and multiplied by 0.026% (as an upper limit)

Acquisition/Disposition Fees

4 Type 4 management fee (acquisition and disposition fees)

Up to 1.0% of the sales price (the sales price as stated in the purchase and sale agreement in case of an acquisition/disposition)

Merger Fee

5 Type 5 management fee (merger fees)

Up to 1.0% of the aggregated appraisal amount, as of the effective date of a merger, of a party's assets to be transferred to an established or surviving entity pursuant to said merger

Alignment of Interest between Unitholders and LaSalle Group

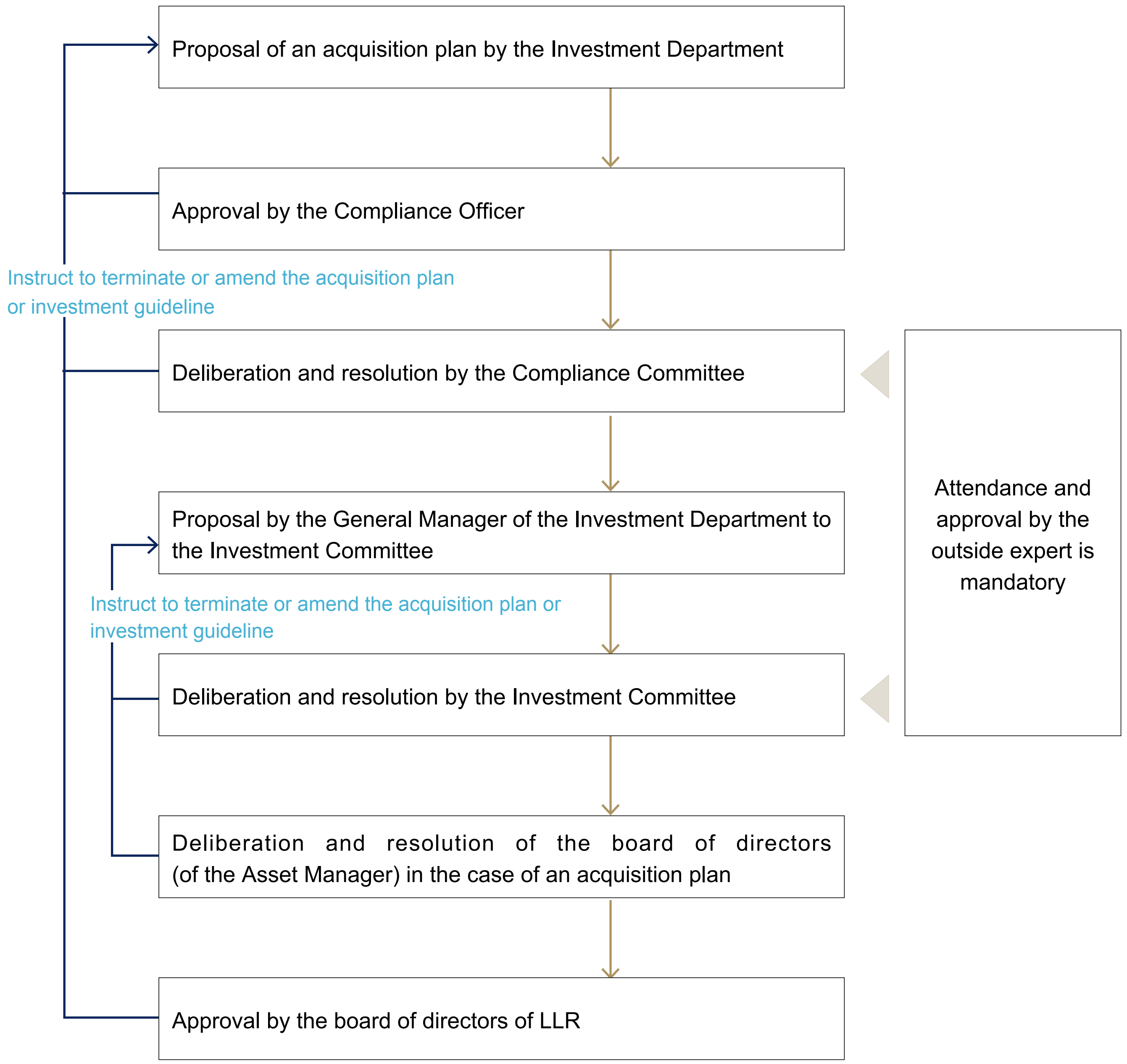
A 4.2% share of the outstanding investment units are held by the LaSalle Group and JLL, demonstrating alignment of interest.

Moreover, LLR's asset management fees are structured to be aligned with unitholders' interests and outside experts on the investment committee have veto rights for new acquisitions among other governance regulations. LLR continuously pursues a conservative strategy to deliver consistent competitive performance.

Decision Making Flowchart for Related Party Transactions

A transparent and robust governance structure speaks to the clear decision making flowchart of the Asset Manager as it relates to related party transactions. All related party transactions are subject to approvals by the Compliance Committee and the Investment Committee.

Measures to Prevent Conflict of Interests in Related Party Transactions



With respect to the decision making involving related party transactions, approval from the outside expert in the Compliance Committee and outside expert in the Investment Committee must be obtained. In addition, approval from the board of directors of LLR is also mandatory.

Note: The chart above illustrates the decision making flow that requires approval by the board of directors of LLR.

Risk Factors

An investment in LLR's units includes significant risks. The principal risks include the following.

Property and Business Risks

- LLR has a limited operating history.
- The Asset Manager has limited experience in operating a J-REIT.
- LLR's financial forecasts and other targets are necessarily speculative and subject to uncertainties.
- Any adverse conditions in the Japanese economy could adversely affect LLR.
- LLR's strategy of investing in logistics facilities may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets.
- LLR may not be able to acquire properties to execute its growth and investment strategy in a manner that is accretive to earnings, and the scope of the pipeline support provided by the Sponsor is limited to the provision of information at the Sponsor's discretion.
- Illiquidity in the real estate market may limit LLR's ability to grow or adjust its portfolio.
- The past experience of the LaSalle Group in the Japanese real estate market is not an indicator or guarantee of LLR's future results.
- LLR's reliance on the Sponsor and other LaSalle Group companies could have a material adverse effect on its business.
- There are potential conflicts of interest between LLR and certain LaSalle Group companies, including the Asset Manager, Sponsor Funds and other JLL group companies.
- LLR faces significant competition in seeking tenants and it may be difficult to find replacement tenants.
- LLR's properties may cater to a single tenant, making it difficult to find replacement tenants.
- Increases in prevailing market interest rates, including as a result of the Bank of Japan's additional monetary easing, could increase LLR's interest expenses and may result in a decline in the market price of its units.
- Seven of the eight properties in LLR's portfolio each comprise over 10.0% by acquisition price, which could have an adverse effect on the business, financial condition and results of operation.
- LLR may suffer large losses if any of its properties incurs damage from a natural or man-made disaster or in the event of an accident or disaster stemming from faulty installation or age-related deterioration.
  - Damage to any one or more of the properties in LLR's portfolio, due to natural disaster, such as a flood, earthquake, or tsunami, or due to a man-made disaster, such as a fire or accident, could adversely affect LLR's business, and financial conditions, and result in a decline in operating results. For example, Japan is earthquake-prone and has historically experienced numerous large earthquakes that have resulted in extensive property damage, such as the Great East Japan Earthquake in 2011, which resulted in a tsunami and leakage of radioactive material at the Fukushima nuclear power plants. Furthermore, tenants or the infrastructure and access to LLR properties may be adversely affected by any natural disaster, causing tenants to leave properties or seek lower rents.
  - In addition, LLR may be required to compensate its tenants or third parties in the event of an accident or disaster at any of its properties stemming from any faulty installation or age-related deterioration, such as an elevator accident or water leakage, that results in injury, death or other damage to tenants or third parties.
  - To the extent reasonably available, LLR intends to carry casualty insurance covering all of its properties for many types of casualty losses with policy specification and insured limits that LLR believes are adequate and appropriate under the current circumstances. In particular, LLR will consider obtaining earthquake insurance coverage for those properties with a PML due to an earthquake, exceeding 15%, which currently does not apply to any of the properties within the existing portfolio of assets under management.
- Any property defect may adversely affect LLR's financial condition and results of operation.
- LLR's portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction.
- The properties in LLR's portfolio are concentrated in the Tokyo area, and it may have additional property concentration in the Osaka area in the future.
- Any inability to obtain financing for future acquisitions could adversely affect the growth of LLR's portfolio.
- Liquidity and other limitations on LLR's activities under debt financing arrangements may adversely affect the business, financial condition and results of operation.
- LLR's policy to make distributions to unitholders in excess of retained earnings is not commonly employed by other J-REITs and is thus still subject to uncertainties.
- A high LTV ratio may increase exposure to changes in interest rates and have a material adverse effect on results of operations.
- LLR may suffer impairment losses relating to its properties.
- Decreases in tenant leaseholder deposits and/or security deposits may increase LLR's funding costs.
- LLR's lack of control over operating costs may adversely affect its business.
- LLR may lose rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, and is exposed to the risk of careless or imprudent management of properties by tenants.
- Master lease agreements expose LLR to certain risks.
- The cost of complying with regulations applicable to LLR's properties could adversely affect the results of its operations.
- LLR relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- LLR relies on industry and market data that are subject to significant uncertainties.
- LLR's buildings may violate earthquake resistance or other building codes, and any such buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by LLR at significant expense.
- The environmental assessments of properties made prior to ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- LLR may incur additional costs due to preferential purchase rights, rights of first refusal or other similar rights held by lessees or tenants.
- Entering into forward commitment contracts or contracts to purchase properties under development may expose LLR to contractual penalties and market risks.
- LLR may be exposed to regulatory and financial risks related to climate change.
- LLR's success depends on the performance of service providers to which LLR is required to assign various key functions.
- LLR's performance depends on the efforts of key personnel of the Asset Manager.
- Unitholders have limited control over changes in LLR's investment policies.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.
- LLR's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify itself from certain taxation benefits and significantly reduce cash distributions to its unitholders.
- If the Japanese tax authorities disagree with the interpretations of the Japanese tax laws and regulations LLR used for prior periods, LLR may be forced to pay additional taxes for those periods.
- LLR may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase the LLR's tax burden.
- LLR expects to be treated as a "passive foreign investment company" for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act ("**FATCA**") withholding tax after 2018.

Legal and Regulatory Risks

- LLR's ownership rights in some properties may be declared invalid or limited.
- LLR may lose its rights in a property LLR intended to acquire if the purchase of the property is characterized as a secured financing.
- LLR's leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases.
- Some of LLR's properties may be held in the form of a property or trust co-ownership interest, and LLR's rights relating to such properties may be affected by the intentions of other co-owners.
- LLR may hold interests in some properties through preferred shares of Japanese special purpose companies (*tokutei mokuteki kaisha*) in the future, and illiquidity in the market for such shares may limit LLR's ability to sell its interest, and the rights relating to the properties held by such special purposes companies may be limited.
- LLR may hold interests in some properties through Japanese anonymous association (*tokumei kumiai*) agreements, and LLR's rights relating to such properties may be limited.
- LLR owns all of its properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- There are important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation.
- The Alternative Investment Fund Managers Directive ("**AIFMD**") may negatively affect LLR's ability to market its units within the European Economic Area ("**EEA**") and increase compliance costs associated with the marketing of LLR's units in the EEA.
- LLR's units may be deemed to constitute "plan assets" for Employee Retirement Income Security Act ("**ERISA**") purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and it being held in violation of ERISA requirements.

Financial Section

Balance Sheets

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
ASSETS		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 3,963,564	¥ 4,538,137
Cash and deposits in trust (Notes 3 and 4)	4,644,814	4,075,991
Operating accounts receivable	155,349	106,999
Prepaid expenses	89,583	86,727
Deferred tax assets (Note 13)	16	0
Consumption taxes receivable	38,115	–
Other	58	176
Total current assets	8,891,502	8,808,032
Non-current assets		
Property and equipment (Note 6)		
Buildings in trust	57,196,460	53,363,816
Structures in trust	10,225	7,729
Tools, furniture and fixtures in trust	80	80
Land in trust	119,164,088	110,806,002
Less: accumulated depreciation	(1,885,904)	(1,260,516)
Total property and equipment	174,484,950	162,917,112
Investments and other assets		
Long-term prepaid expenses	376,854	344,194
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	386,854	354,194
Total non-current assets	174,871,805	163,271,307
Deferred assets		
Deferred organization expenses	22,547	26,204
Investment corporation bond issuance costs	56,180	38,764
Total deferred assets	78,728	64,968
Total Assets	¥183,842,035	¥172,144,308
LIABILITIES		
Current liabilities		
Operating accounts payable	¥ 233,796	¥ 115,061
Short-term loans payable (Notes 4 and 11)	–	1,690,000
Accounts payable	643,457	738,202
Accrued expenses	4,018	869
Income taxes payable	934	609
Accrued consumption taxes	–	100,750
Advances received	877,885	820,072
Other	566,750	615,052
Total current liabilities	2,326,843	4,080,617
Non-current liabilities		
Investment corporation bonds payable (Notes 4 and 12)	9,500,000	6,000,000
Long-term loans payable (Notes 4, 5 and 11)	61,530,000	51,280,000
Tenant leasehold and security deposits in trust (Note 4)	2,068,317	1,881,801
Total non-current liabilities	73,098,317	59,161,801
Total Liabilities	75,425,161	63,242,419
NET ASSETS (Note 10)		
Unitholders' equity		
Unitholders' capital	105,986,665	106,161,565
Units authorized:		
10,000,000 units as of February 28, 2017 and August 31, 2016		
Units issued and outstanding:		
1,100,000 units as of February 28, 2017 and August 31, 2016		
Surplus		
Retained earnings	2,430,209	2,740,324
Total unitholders' equity	108,416,874	108,901,889
Total Net Assets	108,416,874	108,901,889
Total Liabilities and Net Assets	¥183,842,035	¥172,144,308

The accompanying notes are an integral part of these financial statements.

Statements of Income

	Thousands of yen	
	For the periods ended	
	August 31, 2017	February 28, 2017
Operating revenues (Note 8)		
Rent revenue	¥4,783,212	¥4,411,877
Other lease business revenue	451,340	441,141
Total operating revenue	5,234,552	4,853,019
Operating expenses (Note 8)		
Expenses related to rent business	1,810,152	1,172,581
Asset management fee	590,925	633,517
Asset custody and administrative fee	27,377	23,600
Directors' compensations	3,600	3,600
Audit fee	10,000	10,000
Other operating expenses	53,178	53,344
Total operating expenses	2,495,234	1,896,643
Operating income	2,739,317	2,956,375
Non-operating revenues		
Interest income	40	41
Interest on tax refund	–	20
Total non-operating income	40	62
Non-operating expenses		
Interest expenses	199,019	179,774
Interest expenses on investment corporation bonds	14,234	783
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	3,497	524
Borrowing related expenses	88,040	31,434
Total non-operating expenses	308,448	216,174
Ordinary income	2,430,909	2,740,264
Income before income taxes	2,430,909	2,740,264
Income taxes - current	940	615
Income taxes - deferred	(15)	40
Total income taxes	925	656
Net income	2,429,984	2,739,607
Retained earnings brought forward	224	716
Retained earnings at end of period	¥2,430,209	¥2,740,324

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

		Thousands of yen		
	Number of units	Unitholders' capital	Retained earnings	Total net assets
Balance as of August 31, 2016 (Note 10)	1,100,000	¥106,363,965	¥2,496,616	¥108,860,581
Distributions in excess of retained earnings		(202,400)		(202,400)
Distributions of retained earnings			(2,495,900)	(2,495,900)
Net income			2,739,607	2,739,607
Balance as of February 28, 2017 (Note 10)	1,100,000	¥106,161,565	¥2,740,324	¥108,901,899
Distributions in excess of retained earnings		(174,900)		(174,900)
Distributions of retained earnings			(2,740,100)	(2,740,100)
Net income			2,429,984	2,429,984
Balance as of August 31, 2017 (Note 10)	1,100,000	¥105,986,665	¥2,430,209	¥108,416,874

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	August 31, 2017	February 28, 2017
Cash flows from operating activities:		
Income before income taxes	¥2,430,909	¥2,740,264
Depreciation	625,388	583,252
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	3,497	524
Interest income	(40)	(41)
Interest expenses	213,254	180,558
Decrease (increase) in operating accounts receivable	(48,349)	(26,599)
Decrease (increase) in consumption taxes refund receivable	(149,170)	–
Decrease (increase) in prepaid expenses	(2,855)	(19,081)
Decrease (increase) in long-term prepaid expenses	(32,659)	(17,251)
Increase (decrease) in operating accounts payable	118,734	12,032
Increase (decrease) in accounts payable	(115,782)	(359,162)
Increase (decrease) in accrued consumption taxes	10,305	(58,100)
Increase (decrease) in advances received	57,812	4,475
Other, net	117	(1,300)
Subtotal	3,114,818	3,043,226
Interest income received	40	41
Interest expenses paid	(210,105)	(179,688)
Income taxes paid	(615)	(1,848)
Net cash provided by (used in) operating activities	2,904,137	2,861,730
Cash flows from investing activities:		
Purchase of property and equipment in trust	(12,172,188)	(46,445)
Proceeds from tenant leasehold and security deposits in trust	165,769	44,915
Repayments of tenant leasehold and security deposits in trust	(85,051)	(34,150)
Proceeds from collection of lease and guarantee deposits	–	117
Net cash provided by (used in) investing activities	(12,091,470)	(35,563)
Cash flows from financing activities:		
Proceeds from short-term loans payable	–	1,690,000
Repayments of short-term loans payable	(1,690,000)	(3,690,000)
Proceeds from long-term loans payable	13,790,000	–
Repayments of long-term loans payable	(3,540,000)	(4,000,000)
Proceeds from issuance of investment corporation bonds	3,479,086	5,960,711
Payment of distributions of retained earnings	(2,736,628)	(2,489,548)
Payment of distributions in excess of retained earnings	(174,686)	(201,754)
Net cash provided by (used in) financing activities	9,127,770	(2,730,592)
Net increase (decrease) in cash and cash equivalents	(59,561)	95,575
Cash and cash equivalents at beginning of period	7,618,302	7,522,727
Cash and cash equivalents at end of period (Note 3)	¥7,558,740	¥7,618,302

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Organization and Basis of Presentation

a) Organization

With LaSalle REIT Advisors K.K. as the organizer, LaSalle LOGIPORT REIT ("LLR") was established with capital of 150 million yen (1,500 units) on October 9, 2015 pursuant to the Act on Investment Trusts and Investment Corporations ("Investment Trusts Act," Act. No. 198 of 1951, including subsequent amendments). LLR issued new investment units (1,050,800 units) through a public offering with a payment date of February 16, 2016 and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016. Subsequently, on March 15, 2016, LLR issued new investment units (47,700 units) through a third-party allotment associated with the aforementioned public offering. As a result, the total number of issued and outstanding investment units as of August 31, 2017 is 1,100,000 units.

On February 17, 2016, LLR acquired and began managing eight properties (combined acquisition price of 161,440 million yen). In addition, LLR acquired one property (acquisition price of 11,950 million yen) on March 1, 2017.

These nine properties (with total leasable floor area of 752,117 square-meters) comprise LLR's asset holdings as of August 31, 2017, and the occupancy rate for the entire portfolio as of August 31, 2017 is 98.6%.

b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trusts Act and the Japanese Financial Instruments and Exchange Act and their related accounting regulations. They are also in conformity with accounting principles generally accepted in Japan (hereinafter "Japanese GAAP"), which are different in certain aspects as to the application and disclosure requirements from the International Financial Reporting Standards.

The accompanying financial statements have been reformatted and translated into English from the financial statements of LLR prepared in accordance with Japanese GAAP, and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, 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 insignificant risks of changes in value.

b) Property and Equipment

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	2-79 years
Structures	10-20 years
Tools, furniture and fixtures	6 years

c) Tax on Property and Equipment

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as leasing expenses.

Of the amounts paid for the acquisition of real estate properties or beneficiary rights in trust of real estate, the amount estimated of property tax is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property taxes amounted to 50,089 thousand yen for the period ended August 31, 2017.

d) Investment Unit Issuance Expenses

The full amount of investment unit issuance expenses is recorded as expenses at the time of expenditure.

e) Organization Expenses

All organization expenses are amortized using the straight-line method over five years.

f) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

g) Hedge Accounting

LLR enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation. In compliance with the general risk management policy, LLR uses interest rate swaps for the purpose of hedging its risk exposure associated with interest on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, LLR applies deferred hedge accounting. However, special accounting treatment provided under Japanese GAAP is applied to those interest rate swaps that meet the criteria for special accounting treatment. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received amount under the swap agreements is recognized and included in interest expense or income, respectively.

Assessment of the hedge effectiveness has been omitted since all interest rate swaps meet the specific matching criteria under the special accounting treatment.

h) Beneficiary Rights in Trust

As to beneficiary rights in trust, all 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 statements of income accounts.

The following material items of assets in trust recognized in the relevant account items are listed separately on the balance sheets.

(i) Cash and deposits in trust

(ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust, land in trust

(iii) Tenant leasehold and security deposits in trust

i) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheets, and net movement is treated as operating cash flows in the statements of cash flows.

3. Cash and Cash Equivalents

The relationship between cash and cash equivalents in the statements of cash flows and the balance sheets is as follows:

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Cash and deposits	¥3,963,564	¥4,538,137
Cash and deposits in trust	4,644,814	4,075,991
Restricted deposits in trust (Note)	(1,049,638)	(995,826)
Cash and cash equivalents	¥7,558,740	¥7,618,302

(Note) Restricted deposits held in trust are reserved for the refund of leases and guarantee deposits received from tenants.

Notes to Financial Statements

4. Financial Instruments

a) Detailed Information on Financial Instruments

(i) Policy for Financial Instruments

At the time of acquisition of new portfolio assets, LLR procures funds through the issuance of investment units, borrowing from financial institutions or issuing short-term corporate bonds.

LLR manages surplus funds as deposits, taking security and liquidity into account with due consideration of market conditions and its own cash flow situation.

In addition, LLR uses derivatives transactions to hedge against interest rate fluctuation risks and other risks associated with loans and other funding sources, and does not engage in speculative transactions.

(ii) Financial Instruments, their Risks and Risk Management System

LLR manages surplus funds as deposits, and although they are exposed to credit risks such as the solvency of the financial institutions where they are deposited, LLR makes deposits carefully for short-term deposit maturities only, taking security and liquidity into account with due consideration of market conditions and its own cash flow situation.

LLR uses borrowings and investment corporation bonds for purposes such as procuring funds for the acquisition of real estate properties, repayment of borrowings and redemption of investment corporation bonds. Although they are exposed to liquidity risks at the time of repayment, LLR mitigates liquidity risk by staggering repayment dates, diversifying its financing sources and securing liquidity, and manages liquidity risk by methods such as preparing cash flow plans. In addition, among borrowings, as some of the loans are in the form of floating rate exposures, exposed to the risk of rising interest rates, LLR endeavors to keep the impact of higher interest payments on operations to a minimum by maintaining a conservative ratio of interest-bearing debt and by increasing the ratio of long-term loans payable in its borrowings.

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

The fair value of financial instruments include the value based on market prices, but when there is no market price available, the value is determined through a reasonable estimation. Certain assumptions are used in the calculation of their estimated values and thus, when different assumptions are used, the resulting estimated values may be different.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the two values as of August 31, 2017 and February 28, 2017 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	As of August 31, 2017		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 3,963,564	¥ 3,963,564	¥ –
(2) Cash and deposits in trust	4,644,814	4,644,814	–
Total assets	¥ 8,608,378	¥ 8,608,378	¥ –
(4) Investment corporation bonds payable	9,500,000	9,556,100	56,100
(5) Long-term loans payable	61,530,000	62,109,434	579,434
Total liabilities	¥71,030,000	¥71,665,534	¥635,534
(6) Derivative transactions	¥ –	¥ –	¥ –

	Thousands of yen		
	As of February 28, 2017		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 4,538,137	¥ 4,538,137	¥ –
(2) Cash and deposits in trust	4,075,991	4,075,991	–
Total assets	¥ 8,614,128	¥ 8,614,128	¥ –
(3) Short-term loans payable	1,690,000	1,690,000	–
(4) Investment corporation bonds payable	6,000,000	6,012,800	12,800
(5) Long-term loans payable	51,280,000	51,885,042	605,042
Total liabilities	¥58,970,000	¥59,587,842	¥617,842
(6) Derivative transactions	¥ –	¥ –	¥ –

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

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

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

(3) Short-term loans payable

Due to the short maturities and their variable interest rate, the book value of these instruments is deemed to be a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(4) Investment corporation bonds payable

The reference statistical prices disclosed by the Japan Securities Dealers Association are used as the fair value.

(5) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows which would be applicable to new loans payable under the same conditions and terms.

(6) Derivative transactions

Please refer to Note 5, "Derivative Transactions."

(Note 2) Financial instruments for which fair value is extremely difficult to estimate

As tenant leasehold and security deposits in trust have no observable and available market price, and it is impracticable to reasonably estimate their future cash flows, the fair value is not disclosed.

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Tenant leasehold and security deposits in trust	¥2,068,317	¥1,881,801

(Note 3) Redemption schedule for monetary claims after August 31, 2017

	Thousands of yen					
	As of August 31, 2017					
	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
Cash and deposits	¥3,963,564	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	4,644,814	–	–	–	–	–
Total	¥8,608,378	¥ –	¥ –	¥ –	¥ –	¥ –

Notes to Financial Statements

Redemption schedule for monetary claims after February 28, 2017

	Thousands of yen					
	As of February 28, 2017					
	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
Cash and deposits	¥4,538,137	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	4,075,991	–	–	–	–	–
Total	¥8,614,128	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 4) Repayment schedule for investment corporation bonds and long-term loans payable after August 31, 2017.

	Thousands of yen					
	As of August 31, 2017					
	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 payable	¥ –	¥ –	¥ –	¥ –	¥4,000,000	¥ 5,500,000
Long-term loans payable	–	1,900,000	1,400,000	10,740,000	2,990,000	44,500,000
Total	¥ –	¥1,900,000	¥1,400,000	¥10,740,000	¥6,990,000	¥50,000,000

Repayment schedule for investment corporation bonds, short-term and long-term loans payable after February 28, 2017.

	Thousands of yen					
	As of February 28, 2017					
	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
Short-term loans payable	¥1,690,000	¥ –	¥ –	–	¥ –	¥ –
Investment corporation bonds payable	–	–	–	–	4,000,000	2,000,000
Long-term loans payable	–	3,540,000	–	10,740,000	–	37,000,000
Total	¥1,690,000	¥3,540,000	¥ –	¥10,740,000	¥4,000,000	¥39,000,000

5. Derivative Transactions

For the periods ended August 31, 2017 and February 28, 2017, LLR only utilized interest rate swaps, which qualified for hedge accounting and met the special matching criteria, as described below.

			Thousands of yen			
			As of August 31, 2017			
			Contract amount			
Hedge accounting method	Type of derivative	Primary hedged item	Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term loans payable	¥28,690,000	¥28,690,000	(Note)	(Note)

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as the integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (5) Long-term loans payable."

			Thousands of yen			
			As of February 28, 2017			
			Contract amount			
Hedge accounting method	Type of derivative	Primary hedged item	Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term loans payable	¥28,690,000	¥28,690,000	(Note)	(Note)

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as an integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (5) Long-term loans payable."

6. Property and Equipment

The following table summarizes the property and equipment as of August 31, 2017 and February 28, 2017.

	Thousands of yen					
	As of August 31, 2017					
	At cost					
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Book value
Buildings in trust	¥ 53,363,816	¥ 3,832,644	¥ –	¥57,196,460	¥1,885,276	¥55,311,184
Structures in trust	7,729	2,496	–	10,225	611	9,614
Tools, furniture and fixtures in trust	80	–	–	80	16	63
Land in trust	110,806,002	8,358,085	–	119,164,088	–	119,164,088
Total	¥164,177,628	¥12,193,226	¥ –	¥176,370,855	¥1,885,904	¥174,484,950

(Note) The increase for the period ended August 31, 2017, was mainly due to the acquisition of property during the period with a total value of 12,126,163 thousand yen.

	Thousands of yen					
	As of February 28, 2017					
	At cost					
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Book value
Buildings in trust	¥ 53,309,846	¥53,969	¥ –	¥ 53,363,816	¥1,260,220	¥ 52,103,595
Structures in trust	3,459	4,270	–	7,729	285	7,444
Tools, furniture and fixtures in trust	80	–	–	80	10	70
Land in trust	110,806,002	–	–	110,806,002	–	110,806,002
Total	¥164,119,389	¥58,239	¥ –	¥164,177,628	¥1,260,516	¥162,917,112

Notes to Financial Statements

7. Investment and Rental Properties

LLR owns leased logistics properties mainly in the Tokyo and Osaka areas for the purpose of earning rent income. The opening book value, changes during the fiscal period and the fiscal period end fair value of the properties are as follows:

	Thousands of yen	
	For the periods ended	
	August 31, 2017	February 28, 2017
Book value (Note 1)		
Balance at the beginning of the period	¥162,917,112	¥163,442,126
Changes during the period (Note 2)	11,567,837	(525,013)
Balance at the end of the period	¥174,484,950	¥162,917,112
Fair value at the end of the period (Note 3)	¥184,440,000	¥172,210,000

(Note 1) Book value is calculated by deducting accumulated depreciation from the acquisition cost.

(Note 2) The increase for period ended August 31, 2017, was a result of the acquisition of one property during the period with a total value of 12,126,163 thousand yen, offset slightly by depreciation expenses of 625,388 thousand yen. In addition, the increase for period ended February 28, 2017, was a result of the recognition of depreciation expenses of 583,252 thousand yen.

(Note 3) The fair value at the end of the period is stated at the appraisal value obtained from an independent real estate appraiser.

8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the periods ended August 31, 2017 and February 28, 2017.

	Thousands of yen	
	For the periods ended	
	August 31, 2017	February 28, 2017
(1) Real estate leasing revenues		
Rent revenue		
Rent income	¥4,302,668	¥3,959,491
Common service fee	480,543	452,386
Total	¥4,783,212	¥4,411,877
Other lease business revenue		
Utilities charge reimbursement	¥ 295,057	¥ 258,777
Parking revenue	126,663	117,019
Other lease revenues	29,619	65,344
Total	¥ 451,340	¥ 441,141
Total real estate leasing revenues	¥5,234,552	¥4,853,019
(2) Real estate leasing expenses		
Leasing expenses		
Outsourcing costs	¥ 301,195	¥ 265,093
Utilities expenses	280,081	232,373
Taxes and public dues	402,188	–
Insurance premiums	9,471	9,835
Repair and maintenance	127,811	58,398
Depreciation	625,388	583,252
Other leasing expenses	64,014	23,627
Total real estate leasing expenses	¥1,810,152	¥1,172,581
(3) Real estate leasing profit ((1) - (2))	¥3,424,399	¥3,680,438

9. Leases

The future minimum rent revenue from tenants, subsequent to fiscal period end, under non-cancelable operating leases of properties is as follows:

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Due within one year	¥ 6,012,690	¥ 5,470,786
Due after one year	15,731,286	14,267,982
Total	¥21,743,976	¥19,738,768

10. Net Assets

a) Stated Capital

LLR issues only non-par value units in accordance with the Investment Trusts Act of Japan, and all issue amounts of new units are designated as stated capital. LLR maintains at least 50,000 thousand yen as minimum net assets as required by Article 67, Paragraph 4 of the Investment Trusts Act.

b) Unitholders' Capital

Unitholders' capital as of August 31, 2017 and February 28, 2017 consists of the following items:

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Unitholders' capital, gross	¥106,363,965	¥106,363,965
Deduction from unitholders' capital;		
Accumulated distributions in excess of retained earnings	(377,300)	(202,400)
Unitholders' capital	¥105,986,665	¥106,161,565

c) Distributions

With regard to the distributions for this fiscal period, in an effort to include LLR's profit distributions as tax deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law, the distribution amount represents the entire unappropriated retained earnings for the fiscal period, excluding fractional amounts less than one yen.

	Yen			
	For the periods ended			
	August 31, 2017		February 28, 2017	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥2,430,209,201		¥2,740,324,515	
II Distributions in excess of retained earnings				
Deduction from unitholders' capital	187,000,000		174,900,000	
III Distributions				
Distributions of retained earnings	2,429,900,000	2,209	2,740,100,000	2,491
Distributions in excess of retained earnings	187,000,000	170	174,900,000	159
Total distributions	2,616,900,000	2,379	2,915,000,000	2,650
IV Retained earnings carried forward	¥ 309,201		¥ 224,515	

Pursuant to the "Distribution Policy" as defined in Article 36, Paragraph 1 of Article 2 of the Articles of Incorporation of LLR, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act.

Notes to Financial Statements

Based on the policy, LLR declared the distribution amount of 2,429,900,000 yen and 2,740,100,000 yen for the periods ended August 31, 2017 and February 28, 2017, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the fiscal period.

Based on the distribution policy as defined in Article 36, Paragraph 2 of its Articles of Incorporation, LLR shall make distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

Accordingly, LLR declared distributions in excess of retained earnings of 187,000,000 yen and 174,900,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense of 625,388,806 yen and 583,252,821 yen for the periods ended August 31, 2017 and February 28, 2017, respectively.

11. Short-term and Long-term Loans Payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of August 31, 2017 and February 28, 2017.

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Unsecured short-term loans	¥ –	¥ 1,690,000
Total short-term loans payable	–	1,690,000
0.28000% unsecured long-term loans due 2019	–	3,540,000
0.42000% unsecured long-term loans due 2021	4,620,000	4,620,000
0.41323% unsecured long-term loans due 2021 (*)	6,120,000	6,120,000
0.68000% unsecured long-term loans due 2023	5,890,000	5,890,000
0.67680% unsecured long-term loans due 2023 (*)	9,220,000	9,220,000
0.79000% unsecured long-term loans due 2024	2,870,000	2,870,000
0.76155% unsecured long-term loans due 2024 (*)	6,190,000	6,190,000
0.89000% unsecured long-term loans due 2025	4,160,000	4,160,000
0.88680% unsecured long-term loans due 2025 (*)	4,910,000	4,910,000
0.98000% unsecured long-term loans due 2026	1,510,000	1,510,000
0.93127% unsecured long-term loans due 2026 (*)	2,250,000	2,250,000
0.21977% unsecured long-term loans due 2018	1,900,000	–
0.24477% unsecured long-term loans due 2019	1,400,000	–
0.42945% unsecured long-term loans due 2022	2,990,000	–
0.38977% unsecured long-term loans due 2023	1,900,000	–
0.47128% unsecured long-term loans due 2023	5,600,000	–
Total long-term loans payable	¥61,530,000	¥51,280,000

The stated interest rate is the weighted average interest rate during the period ended August 31, 2017. For certain loans (*) for which LLR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedule for long-term loans subsequent to August 31, 2017 is disclosed in Note 4, "Financial Instruments."

12. Investment Corporation Bonds Payable

The investment corporation bonds payable would be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of August 31, 2017 and February 28, 2017.

				Thousands of yen	
				As of	
	Issued date	Maturity date	Interest rate	August 31, 2017	February 28, 2017
1st unsecured bond	February 15, 2017	February 15, 2022	0.260%	¥4,000,000	¥4,000,000
2nd unsecured bond	February 15, 2017	February 15, 2027	0.580%	2,000,000	2,000,000
3rd unsecured bond	July 13, 2017	July 13, 2027	0.650%	3,500,000	–
Total				¥9,500,000	¥6,000,000

13. Income Taxes

LLR is subject to Japanese corporate income taxes on its taxable income. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of August 31, 2017 and February 28, 2017 are as follows:

	Thousands of yen	
	As of	
	August 31, 2017	February 28, 2017
Enterprise tax payable	¥16	¥0
Total deferred tax assets	16	0
Net deferred tax assets	¥16	¥0

Reconciliation of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the periods ended August 31, 2017 and February 28, 2017 are as follows:

	For the periods ended	
	August 31, 2017	February 28, 2017
Statutory tax rate	31.74%	31.74%
Adjustments:		
Deductible distributions	(31.73%)	(31.74%)
Other	0.03%	0.02%
Actual effective income tax rate	0.04%	0.02%

14. Per Unit Information

The following table summarizes per unit information for the fiscal period ended August 31, 2017 and February 28, 2017.

	Yen	
	For the periods ended	
	August 31, 2017	February 28, 2017
Net income per unit		
Basic net income per unit	¥2,209	¥2,490
Weighted average number of units outstanding	1,100,000	1,100,000

	Yen	
	As of	
	August 31, 2017	February 28, 2017
Net assets per unit	¥98,560	¥99,001

Notes to Financial Statements

(Note) Net income per unit is calculated by dividing net income by the average number of investment units for the period. Net income for the basis for calculating net income per unit are 2,429,984 thousand yen and 2,739,607 thousand yen for the period ended August 31, 2017 and February 28, 2017, respectively. The diluted net income per unit is not stated here as there are no diluted investment units.

15. Transactions with Related Parties

a) Transactions and Account Balances with the Parent Company and Major Unitholders

(For the period ended August 31, 2017)

None

(For the period ended February 28, 2017)

None

b) Transactions and Account Balances with Affiliates

(For the period ended August 31, 2017)

None

(For the period ended February 28, 2017)

None

c) Transactions and Account Balances with Companies under Common Control

(For the period ended August 31, 2017)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation: Common board member	Relation: Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending balance (thousands of yen) (Note 1)
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	¥164,500	Investment management business	–	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	¥710,425	Accounts payable	¥544,477

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

(Note 3) The asset management fee above includes management fees of 119,500 thousand yen capitalized as part of acquisition costs of properties.

(For the period ended February 28, 2017)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation: Common board member	Relation: Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending balance (thousands of yen) (Note 1)
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	¥164,500	Investment management business	–	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee	¥633,517	Accounts payable	¥684,199

(Note 1) The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

(Note 2) The terms and conditions of these transactions were executed based on market practices.

16. Segment Information

Segment Information

Segment information has been omitted as LLR has only one segment, which is real estate leasing business.

Related Information

(For the period ended August 31, 2017)

a) Information by Products and Services

Information about products and services has been omitted because operating revenues from sales to external customers for one product and service category are in excess of 90% of the operating revenues on the statements of income.

b) Information by Geographic Region

(i) Operating Revenues

Information about operating revenues has been omitted because operating revenues from sales to external customers in Japan are in excess of 90% of the operating revenues on the statements of income.

(ii) Property and Equipment

Information about property and equipment has been omitted because the amount of property and equipment located in Japan is in excess of 90% of the amount of property and equipment on the balance sheets.

c) Information by Major Customers

Information about major customers has been omitted because each net sale to a single external customer accounts for less than 10% of the operating revenues on the statements of income.

(For the period ended February 28, 2017)

a) Information by Products and Services

Information about products and services has been omitted because operating revenues from sales to external customers for one product and service category are in excess of 90% of the operating revenues on the statements of income.

b) Information by Geographic Region

(i) Operating Revenues

Information about operating revenues has been omitted because operating revenues from sales to external customers in Japan are in excess of 90% of the operating revenues on the statements of income.

(ii) Property and Equipment

Information about property and equipment has been omitted because the amount of property and equipment located in Japan is in excess of 90% of the amount of property and equipment on the balance sheets.

c) Information by Major Customers

Information about major customers has been omitted because each net sale to a single external customer accounts for less than 10% of the operating revenues on the statements of income.

17. Subsequent Events

None.

Independent Auditor's Report

pwc

Independent Auditor's Report

To the Board of Directors of LaSalle LOGIPORT REIT

We have audited the accompanying financial statements of LaSalle LOGIPORT REIT ("the Company"), which comprise the balance sheet as at August 31, 2017, and the statement of income, statement of changes in net assets and statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2017, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata LLC

November 29, 2017

PricewaterhouseCoopers Aarata LLC
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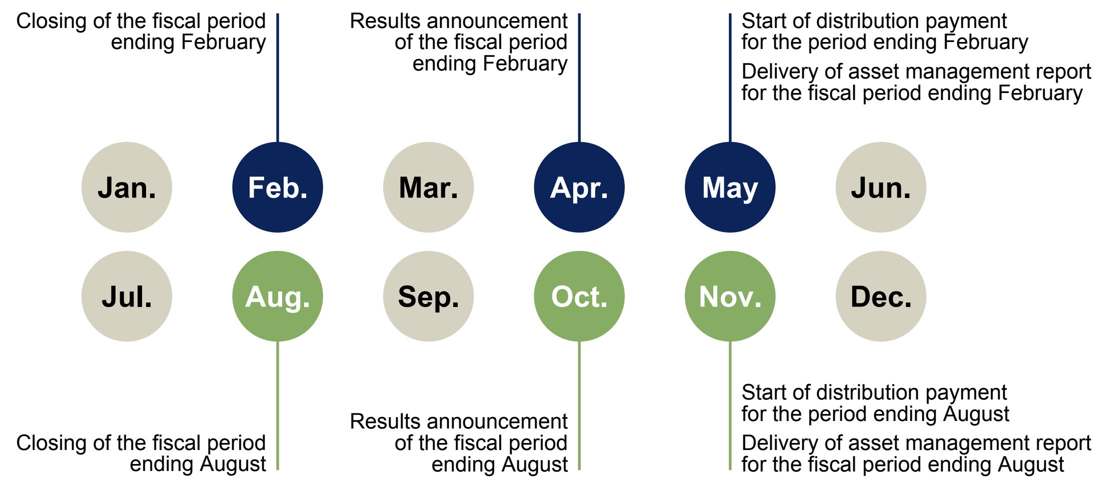
Investor Information

Schedule of Annual IR-Related Events



Unitholder Metrics

As of August 31, 2017

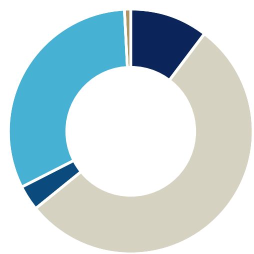
The following charts illustrate various metrics for measuring unitholders.

Top Unitholders

	Number of Units	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	220,678	20.06
The Master Trust Bank of Japan (Trust Account)	140,268	12.75
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	105,033	9.54
The Nomura Trust Bank (Trust Account)	51,332	4.66
NSI CUSTOMER SECURED 30.7. OMNIBUS (Note)	46,200	4.20
STATE STREET BANK AND TRUST COMPANY 505012	30,834	2.80
THE BANK OF NEW YORK MELLON SA/NV 10	18,833	1.71
BARCLAYS BANK PLC A/C CLIENT SEGREGATED A/C PB CAYMAN CLIENTS	14,271	1.29
SIX SIS LTD.	13,069	1.18
STATE STREET BANK AND TRUST COMPANY	10,651	0.96
Totals	**651,169**	**59.19**

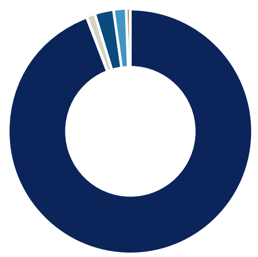
Note: A custodian of LLR's investment units owned by Jones Lang LaSalle Co-Investment, Inc. (a subsidiary of JLL that owns 50% of the issued and outstanding shares of Jones Lang LaSalle Global Holdings B.V., a parent company of LaSalle Investment Management K.K., which is a parent company of the Asset Manager). All of the investment units indicated on the right (46,200 units) are practically owned by Jones Lang LaSalle Co-Investment, Inc.

Breakdown of Units Held by Unitholder Type



Domestic Retail Investors	10.3%
Domestic Financials	53.9%
Domestic Corporates	3.4%
Foreign Institutions	31.8%
Securities Firms	0.4%

Unitholder Breakdown by Unitholder Type



Domestic Retail Investors	94.8%
Domestic Financials	0.7%
Domestic Corporates	2.3%
Foreign Institutions	1.8%
Securities Firms	0.1%