

Message to Unitholders



Toshimitsu Fujiwara

Executive Director
LaSalle LOGIPORT REIT
President and CEO
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On behalf of LaSalle LOGIPORT REIT (“LLR”), I would like to express sincere gratitude for your loyal patronage.

I would like to also extend our deepest sympathies to all those affected by the recent outbreak of the novel coronavirus disease 2019 (“COVID-19”).

Due to your continued support, LLR has completed its 8th fiscal period (ended February 2020).

During the 8th fiscal period, LLR conducted its second public offering in September 2019, upon which it acquired LOGIPORT Amagasaki and LOGIPORT Osaka Taisho (additional interest) for 35.1 billion yen. Prior to this, LLR executed the sale of interest in two properties announced in the previous fiscal period, continuing the initiatives

aimed at strengthening portfolio profitability. With these initiatives, LLR’s asset size grew to 16 properties worth 245.6 billion yen by the end of the 8th fiscal period. The operations of the existing properties of LLR also remain in good shape. Bolstered by strong demand from tenants, LLR also managed to achieve a high level average occupancy rate for the entire portfolio of 98.3% in the fiscal period. As a result of these endeavors and also buoyed by the gain on the sale of properties, LLR has continually achieved a strong performance since listing, posting operating revenues of 8,758 million yen, operating income of 5,233 million yen, ordinary income of 4,760 million yen, and net income of 4,759 million yen, with a distribution per unit (“DPU”) of 3,670 yen.

Going forward, LLR will continue to leverage the global investment management knowledge that the LaSalle Group possesses, coupled with its abundance of deep experience in logistics development and asset management in Japan, in order to provide long-term stable growth to cash flows and asset values, and by extension to create further enhanced value for unitholders.

Your continued support of LLR is deeply appreciated.

Features of LaSalle LOGIPORT REIT

1

Focused investments in prime logistics located in the Tokyo and Osaka areas

- The portfolio comprises large logistics facilities located in the Tokyo and Osaka markets
- Make investments with attention given to location and building specifications – the source of property competitiveness – to secure the portfolio’s competitiveness over a medium to long term

2

Leveraging the LaSalle Group’s real estate investment management capabilities

- Leverage the LaSalle Group’s global experience and expertise as a leading company investing in core real estate assets
- Take advantage of the LaSalle Group’s investment management capabilities with a strong track record of developing and investing in logistics facilities in Japan

3

Building robust financial balance sheets

- Build robust financial soundness from a medium- to long-term perspective to enable flexible adjustment to changes in the financial environment
- Loan to value (“LTV”) (ratio of interest-bearing debt to total assets) stood at 42.6% as of February 29, 2020 with a long-term issuer rating of AA- (Stable)

Financial Highlights for 8th Fiscal Period

(September 1, 2019 - February 29, 2020)

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Portfolio Size
16 properties

Total Assets Under Management (“AUM”)
245.6 bn yen

Occupancy Rate
98.7%

Tokyo and Osaka Area Concentration
100.0%

Total Debt
112.44 bn yen

Loan to Value (“LTV”) Ratio
42.6%

Operating Revenues
8,758 mn yen

Operating Income
5,233 mn yen

Net Income
4,759 mn yen

Distribution Per Unit (“DPU”)
3,670 yen

Earnings Per Unit (“EPU”)
3,492 yen

DPU in Excess of Earnings
178 yen

Executive Director's Message

LLR's operations have remained stable despite turmoil caused by COVID-19

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Toshimitsu Fujiwara is the Executive Director of LLR, and President and CEO of LaSalle REIT Advisors K.K. ("LRA"), LLR's asset management company. He has 19 years of real estate experience in Japan and the U.S. Toshimitsu joined LaSalle in Japan in 2009 and has overseen fund and asset management activities for the Japan Logistics Fund series. Previously, he worked at MGPA Japan LLC, the predecessor of Black Rock Japan Co., Ltd., and the U.S. real estate investment arm of Nippon Life Insurance Company. Toshimitsu has a Bachelor of Economics from the University of Tokyo.

The COVID-19 pandemic has caused profound economic volatility in countries around the world, and while it's difficult at this point to predict how long and how serious the impacts will be in the Japanese logistics sector, inclusive of LLR, so far the impact of the turmoil has been relatively minimal, demonstrating how resilient and stable logistics has been throughout this challenging environment. LLR went into this pandemic operating from a position of strength, and should be able to be in an even stronger financial position, when emerging on the other side of this economic turmoil.

Financial Highlights

| | | 7th Fiscal Period | 8th Fiscal Period | 9th Fiscal Period (Forecast) |
|---------------------------|--------------|-------------------------|-------------------|------------------------------|
| Operating Revenues | (mn yen) | 6,942 | 8,758 | 7,445 |
| Operating Income | (mn yen) | 4,064 | 5,233 | 3,932 |
| Ordinary Income | (mn yen) | 3,688 | 4,760 | 3,526 |
| Net Income | (mn yen) | 3,687 | 4,759 | 3,525 |
| DPU | (yen) | 3,200 | 3,670 | 2,792 |
| EPU | (yen) | 3,048 | 3,492 | 2,586 |
| DPU in Excess of Earnings | (yen) | 152 | 178 | 206 |
| AUM | (bn yen) | 2,105 ^(Note) | 2,456 | 2,456 |
| Portfolio Size | (properties) | 15 ^(Note) | 16 | 16 |
| Occupancy Rate | (%) | 98.8 | 98.7 | — |

Note: As of September 3, 2019 when the sales and acquisitions announced on April 15 and May 21 were completed.

Q1 What were this period's financial highlights and DPU actuals?

Despite the fact that the spread of the COVID-19 pandemic has disrupted economic activity throughout the world, profits continued to increase for LLR in the 8th fiscal period as it posted its highest DPU since its IPO at 3,670 yen. This actual DPU outperformed the initial guidance figure by 68 yen (+1.9%). The primary reason for the upward adjustment between where the actual DPU ended up relative to the initial guidance was attributed to favorable tenant demand dynamics, resulting in an occupancy rate that was higher than expectations.

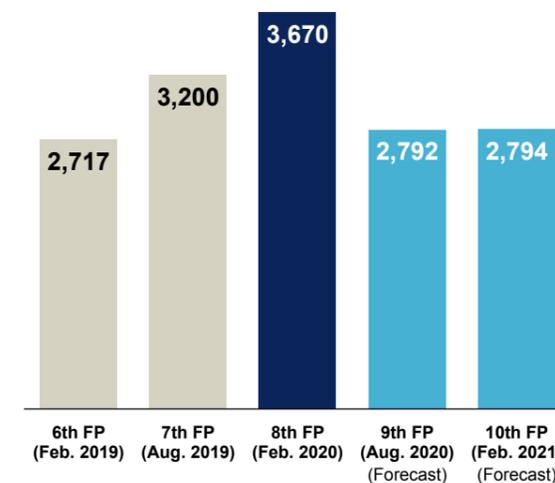
The DPU forecast for the 9th fiscal period is 2,792 yen, a decrease of 878 yen from the 8th fiscal period. This expected decrease is due to two temporary adjustment factors which were keeping DPU artificially elevated. The first factor is that the one-time capital gain distributions from the sale of properties that were included in the 8th fiscal period will exfoliate in the 9th fiscal period. The second factor is attributed to how the property taxes for

the assets that were acquired during the 8th fiscal period, will start to get expensed through the income statement in the 9th fiscal period.

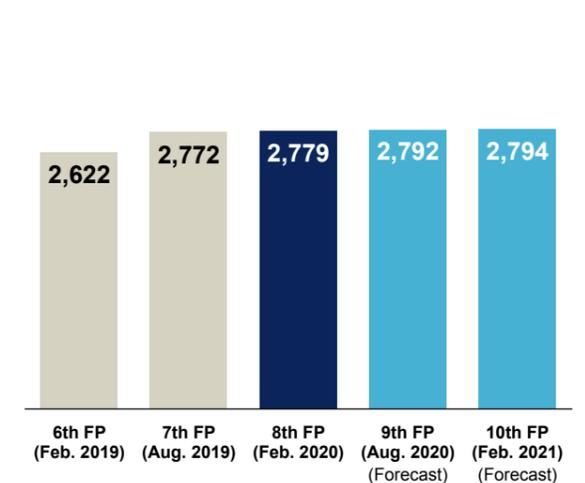
To reiterate, during the 6th, 7th, and 8th fiscal periods, temporary adjustment factors were included in the actual DPU levels which were keeping the dividend elevated. The normalized DPU is the level obtained when adjusting for these temporary adjustment factors (i.e. factors that artificially inflate or deflate the DPU for a few fiscal periods).

Normalized DPU for the 9th fiscal period is forecast to be 2,792 yen, representing a 13 yen increase compared to the 8th fiscal period's normalized DPU (8th fiscal period's normalized DPU was 2,779 yen). Profitability is expected to continue on a steady upward trend in the 9th fiscal period, largely because occupancy rates and rental revision rates are forecast to hit record highs during the 9th fiscal period.

Actual DPU (yen per unit)



Normalized DPU (yen per unit)



Q2 What impact has COVID-19 had on LLR?

To state matters from their conclusion, LLR has been minimally impacted by the COVID-19 pandemic. All properties owned by LLR remain under normal operations and cash flow remains sufficiently stable.

Even after the Japanese government declared a state of emergency, logistics services have continued operations, as logistics is an essential service that supports the economic activities and livelihoods of countless Japanese people.

In January and February, some tenants experienced diminished shipment of certain goods due to supply chain disruptions originating from China. However, supply chains have since rebounded to close to pre-COVID-19 levels, with the exception of some automobile parts and computer equipment manufacturers.

Perhaps most importantly, during this period when supply chains were disrupted, there were no cases in which rent

LLR's operations have remained stable despite turmoil caused by COVID-19

was waived or reduced, and to date there is only one case to report where a partial rent deferral, half of the rent for a two-month period, was granted to a tenant. However, in the interest of keeping rental payments current, LLR negotiated and structured things so that the half that would be deferred would be taken out of the tenant's security deposit and, from LLR's perspective, there would be no change in cash flow during the two-month deferral period. After the two month period is finished, the tenant would then replenish its security deposit in four equal installments over the course of the ensuing four months.

On the other side of the coin, as an increasing number of people stayed home and consumed from home, e-commerce / online orders had gained traction, where shipments of stored foods and daily necessities increased. Moreover, indicators suggest that tenants have started to pre-emptively stock up on inventories to meet demand, as well as

to hedge against any future supply chain disruption. Thus, turmoil caused by the pandemic has also had a positive impact when it comes to e-commerce oriented logistics.

In terms of leasing progress made during the COVID-19 volatile period, a new lease of approximately 36,700 tsubo was signed in February. This shows that demand for leasing remains robust and strong, despite how the number of COVID-19 cases were still increasing even when this lease was consummated.

Looking ahead, there are concerns that some tenants will not be able to pay rent in the short term, especially tenants involved in industries impacted by the continued stay-at-home measures imposed by the government, such as apparel that supplies retail and wholesale food businesses that supply restaurants. However, at this point in time, LLR anticipates very little impact or only an immaterial negative impact on LLR's business performance outlook.

Q3 What steps has LLR taken to navigate uncertainty amid this global pandemic?

As mentioned above, although LLR's business results have remained favorable throughout this pandemic, there is no doubt that it must keep a keen eye on downside risks. Therefore, while LLR will primarily focus on steadily implementing its active management strategy, LLR will also monitor the economic climate and strive to control risks.

First, LLR has implemented practical business continuity measures to combat COVID-19 cases should they occur at any of its assets. Remaining in close communication with on-site building management staff, in the event that someone within LLR's properties were to contract COVID-19, LLR would immediately close the property for a few days, disinfect the property, and the tenant will have the person who contracted COVID-19 and the people who were found to have come in contact with the contracted person to quarantine per the necessary time period, as well as have a B-team of people ready to go as a backup staff, so as to ensure the resumption of normal operations as quickly as possible. From LLR's perspective, the cost burden would be the cost of the disinfectant materials and the day or two of labor to clean the premises. The tenant would be liable for any additional labor cost burdens borne out of having to bring on a B-team backup staff.

Second, LLR is carefully assessing conditions within the

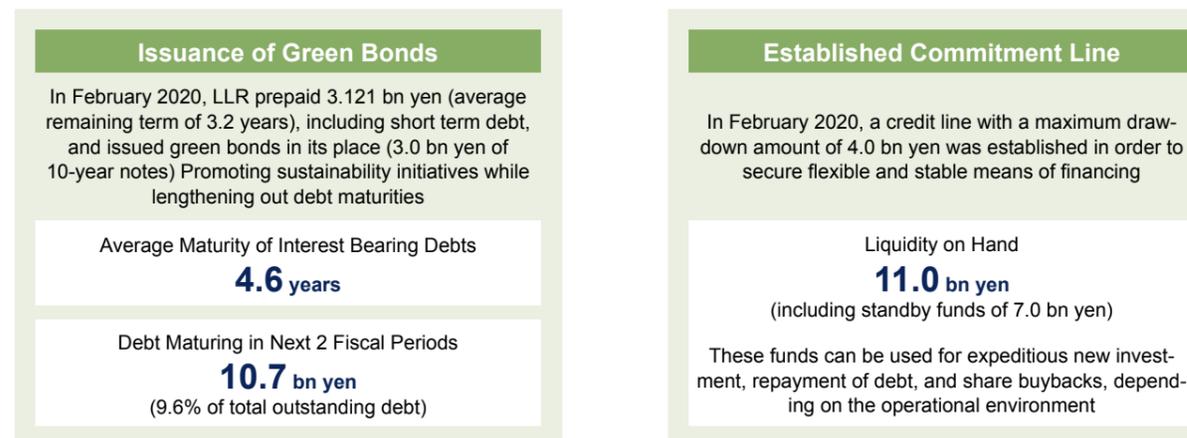
real estate transaction markets and capital markets, given the uncertainty surrounding market trends. Currently, there have been no logistics real estate transactions that would offer an indication on where real estate valuations may go. That said, based on market feedback that was obtained, it appears that discount rates and cap rates for logistics may remain flat due to the cash flow resiliency demonstrated by logistics, thus implying that there may not be a re-pricing for this asset class. Moreover, lender support for logistics remains unchanged at present. All indications suggest that debt financing will remain liquid.

Third, in terms of contract renewals and upward rent revisions, tenants have been renewing contracts pre-emptively. In cases where the likelihood of tenancy renewal remains uncertain, LLR is taking the time to assess each tenant and will incorporate these uncertainties into its occupancy rate projections by underwriting in some downtime assumptions.

Fourth, in terms of refinancing that occurred during the 8th fiscal period, LLR successfully issued 10-year Green Bonds worth 3 billion yen and established a 4.0 billion yen commitment line in February 2020. This was a timely decision given how LLR was able to enhance its liquidity just as uncertainty was rising in the global capital markets. With 11 billion yen secured in readily available liquidity

Strong Liquidity Position Creates Optionality on Both Offense and Defense

Financial Strategy Early Start of Strengthening Financial Position



through these measures, LLR has sufficient funds to repay the 10.7 billion yen in corporate debt that will mature in February 2021. The base case scenario assumption is that LLR will be able to refinance this 10.7 billion yen of debt with relative ease, however, if a credit crisis type of market condition arises in January or February of 2021, then LLR would be able to play defense if the need arise. As there is no downside to solidifying financial defenses in preparation for unforeseen circumstances, it is unlikely

that LLR will need to use this liquidity on hand to repay debt, as the current economic turmoil is unlikely to lead to a credit crunch. For the time being, however, LLR will assess the changes that occur in the investment environment so that funds can be used to play offense (i.e. pursue new investment opportunities and additional excess return strategy deals) or play defense (i.e. repay debt, buyback shares) depending on the unfolding operational environment.

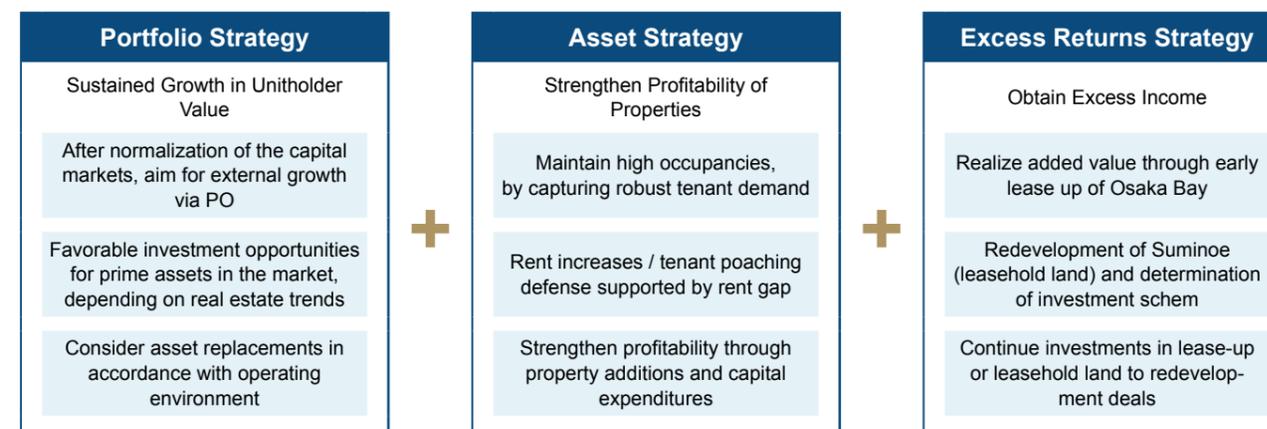
Q4 What is your management and operations strategy?

There has been no change in LLR's goal of delivering 4% growth in normalized DPU on the basis of its active management strategy. Launched in April 2019, the active management strategy was predicated on the idea that a

4% DPU growth rate could be achieved through the execution of the three pillars of portfolio strategy, asset strategy, and excess returns strategy, irrespective of whether or not these corporate actions were accompanied by a

Aim for DPU Growth of Over 4% per year While Controlling Downside Risks

Three Pillars of Active Management



LLR's operations have remained stable despite turmoil caused by COVID-19

public offering. The effectiveness of this strategy has not changed in the current operating environment. As highlighted earlier, LLR's current focus is on steadily implementing these active management strategies while keeping an eye on downside risks and working to manage them.

In the portfolio strategy, LLR is committed to sustainably growing unitholder value. Insofar as uncertainty remains in macroeconomic trends, real estate transaction markets, capital markets, and elsewhere, it is key for LLR to assess the operating environment and not rush new acquisitions. Depending on the situation, LLR could consider asset replacement, and once the markets normalize (i.e. market volatility subsides), LLR will explore opportunities for external growth through public offerings. In the meantime, LLR will devise an optimal combination of

capitalizations that could include additional debt, cash on hand, asset replacements, and public offerings.

In terms of the asset strategy, LLR will enhance profitability by maintaining high occupancy and increasing rent through lease renewals, leveraging the robust tenant demand that has continued despite COVID-19. The occupancy rate of the portfolio has been stable since the 3rd fiscal period at over 98%. While average occupancy dipped slightly in the 8th fiscal period due to remaining vacancies that were leased within LOGIPORT Amagasaki, which was an asset acquired through a public offering conducted in September 2019, the average occupancy rate for the 9th fiscal period is expected to be 99.0%, another record high for LLR. In the 10th fiscal period, an average occupancy rate of 98.5% is forecast. At present, 74% of fixed-term leases set to expire in the 10th fiscal

period have been renegotiated and renewed, showcasing the tight supply-demand balance environment. While rent gaps vary from property to property and tenant to tenant, LLR has succeeded in reducing these each fiscal period. While the in-place rent is about 4% below LLR's target rent, LLR has successfully renegotiated 100% of contracts with a rate of increase at a record high of 7.1% for the 9th fiscal period. Given how 26% of the fixed-term leases set to expire in the 10th fiscal period have yet to conclude, LLR has assumed 4-months of downtime for this space in order to account for this uncertainty. As a function of this conservative downtime assumption, occupancy is forecast to decrease from 99.0% to 98.5%.

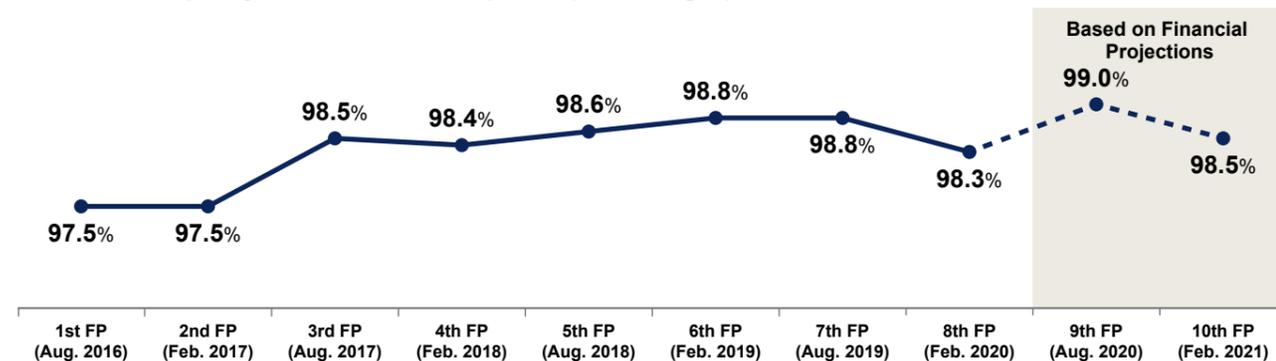
In terms of the excess returns strategy, LLR will increase DPU through the early lease-up of LOGIPORT Osaka Bay and continue to execute redevelopment plans for Suminoe (leasehold land). From the outset, LLR's strategy with

LOGIPORT Osaka Bay was to capture excess earnings through leasing up the property. With an occupancy rate of 35%, up from 12% at the time of initial investment, LLR is making progress in line with its initial business plan target of a 15-month lease-up phase. With the remaining 12 months of time, LLR expects to lease up the property to a stabilized occupancy level of 95%. This increase in occupancy rate can be attributed to the successful conclusion of leases with major e-commerce companies and third party logistics ("3PL") companies. In the short-term, LLR will prioritize leasing up LOGIPORT Osaka Bay over the next 12 months by strategically setting rents at acceptable levels. Once the LOGIPORT Osaka Bay reaches an occupancy rate of 95%, it is expected to generate dividends of 20 yen per unit. In the medium-term, LLR will turn to focus on internal growth by steadily raising rents to market levels.

Steady progress in Renewing Contracts and Automatic Renewals for Maturing Lease Tenants

Asset Strategy Focus on Maintaining High Occupancy Amid Uncertain Outlook

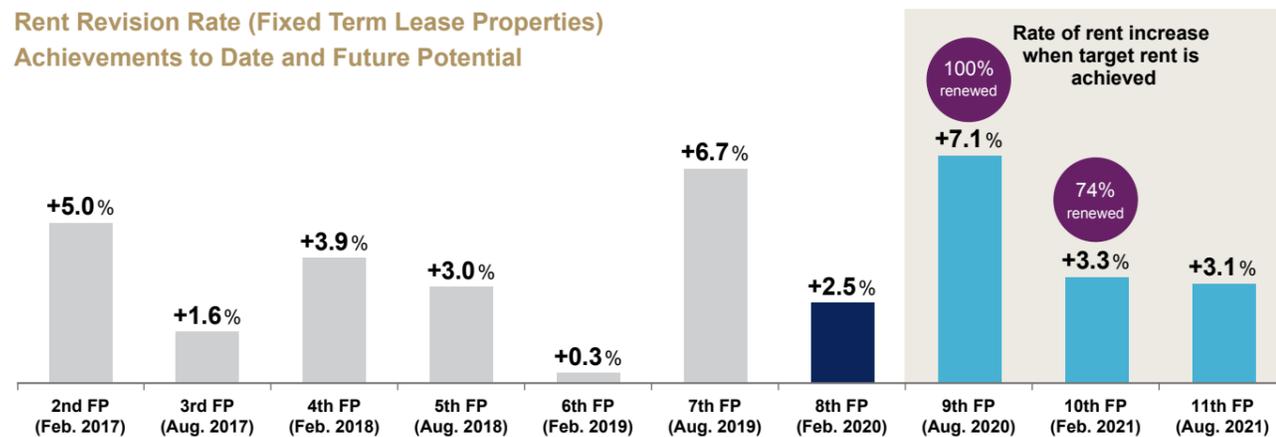
Portfolio Occupancy Trends and Assumptions (FP Averages)



Progress Made in Rent Upside Revisions

Asset Strategy Rent Growth Momentum Continues

Rent Revision Rate (Fixed Term Lease Properties)
Achievements to Date and Future Potential



Q5 Do you have any closing remarks for LLR's investors?

LLR is defensively positioned to withstand potential economic and market turmoil that could be caused by COVID-19. In addition to factors mentioned previously such as LLR's financial strength and stability, LLR is also well positioned because of its focus on consumer oriented domestic consumption driven logistics, and because its portfolio rent level is downside protected relative to spot asking rent levels witnessed the market.

In the event that COVID-19 uncertainty risk lingers, new development projects and leasing activities at new development projects would likely be prolonged. However, as the majority of LLR's tenants hold inventories tied to consumer goods, such economic turmoil would have limited impact on existing properties. Moreover, even if tenant demand were to slow, LLR would be able to withstand any tenant-poaching from competitors as LLR's current rents are approximately 11% below spot asking rent levels for new development projects.

Not only is LLR defensively positioned, but new opportunities also appear to be emerging. In the midst of the economic turbulence caused by COVID-19, the re-acceleration of e-commerce and automation of warehousing

operations are positive factors. As these developments are expected to continue in the future, the need for large-scale, high-performance logistics facilities is expected to increase over the medium to long term.

In closing, LLR continues to post positive DPU growth since its IPO despite uncertainties brought about by the global pandemic. LLR has been minimally impacted, all properties remain under normal operations, and cash flow remains stable.

LLR will continue to execute its active management strategy to pursue growth under these uncertain conditions, as the strategy remains effective. Maximizing the LaSalle Group's expertise as a pioneer in logistics real estate investment and development, LLR will continue to distinguish and differentiate itself from other J-REITs, withstand the COVID-19 pandemic, and emerge as a stronger player in the logistics real estate market on the other side of this economic turmoil.

Thank you for your unwavering commitment to LLR during these tumultuous times and for your continued support moving forward.

Operating Achievements

As a lease-up value add deal following LOGIPORT Amagasaki, LLR made an indirect investment by investing in an SPC that owns LOGIPORT Osaka Bay

LOGIPORT Osaka Bay (preferred shares)

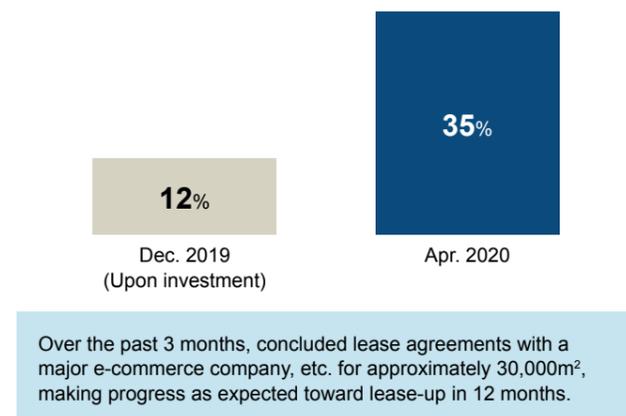
Excess Return Strategy Initiative to obtain excess returns through lease-up

In December 2019, an SPC operated by the LaSalle Group acquired LOGIPORT Osaka Bay from a third party. LLR invested 1.1 billion yen into the SPC, making an indirect investment.

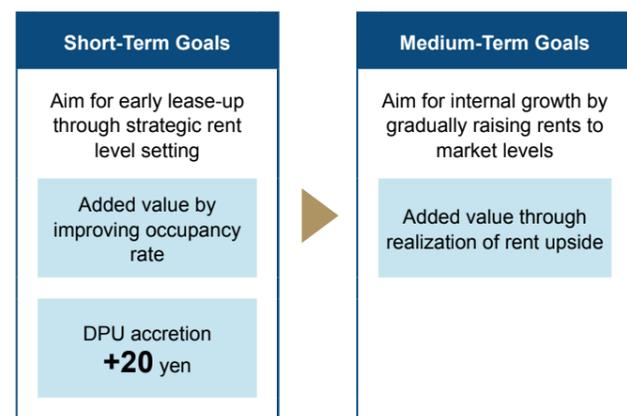


| Investment Amount | Investment Ratio | Building Age |
|------------------------|------------------|--------------|
| 1,134 million yen | 11.4% | 2 years |
| GFA | Location | Occupancy |
| 139,551 m ² | Osaka, Osaka | 35% |

Progress in Ratio of Long-Term Lease Contracts



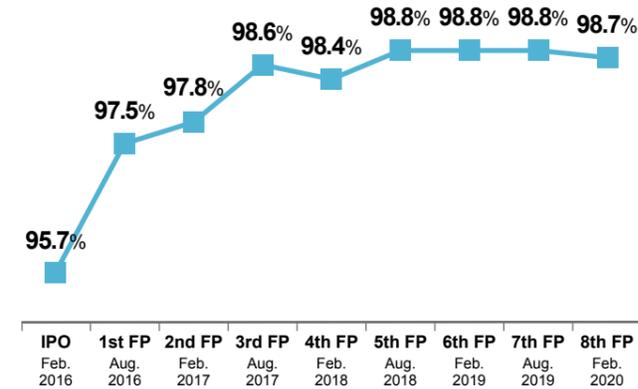
LLR's Strategy



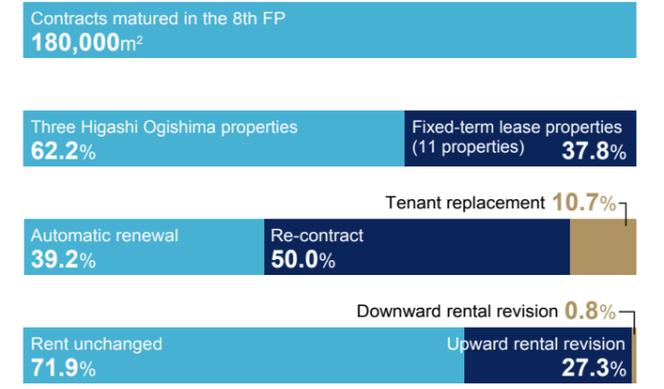
Internal Growth Strategy

Occupancy Rate and Fixed Term Lease Assets

Occupancy Rate



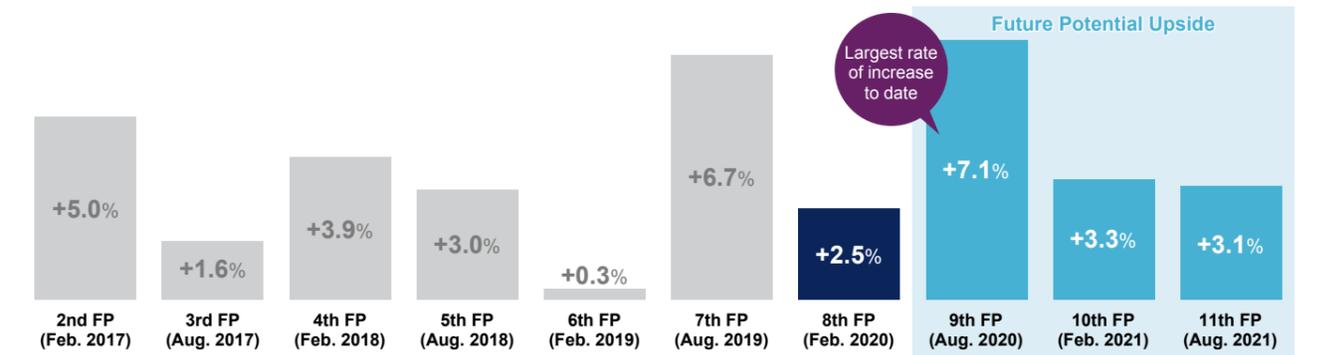
Renewal of contracts for spaces of some 180,000m² that matured in the 8th FP



Note: The percentages represent the ratios to the spaces for which contracts matured during the 8th FP (warehouse portions only, excluding temporary use).

Rental Revisions Track Record for Fixed Term Lease Assets and Future Rental Increase Potential

Rent increased by 2.5% upon revision in the 8th fiscal period. An increase of 7.1% has been informally agreed to for all contracts to be recontracted in the 9th fiscal period.



Rent Gap



Note 1: Asking rent per tsubo for warehouse portions of new development properties
 Note 2: Market rent per tsubo for warehouse portions prepared by the Asset Manager based on market reports
 Note 3: Rent per tsubo for warehouse portions

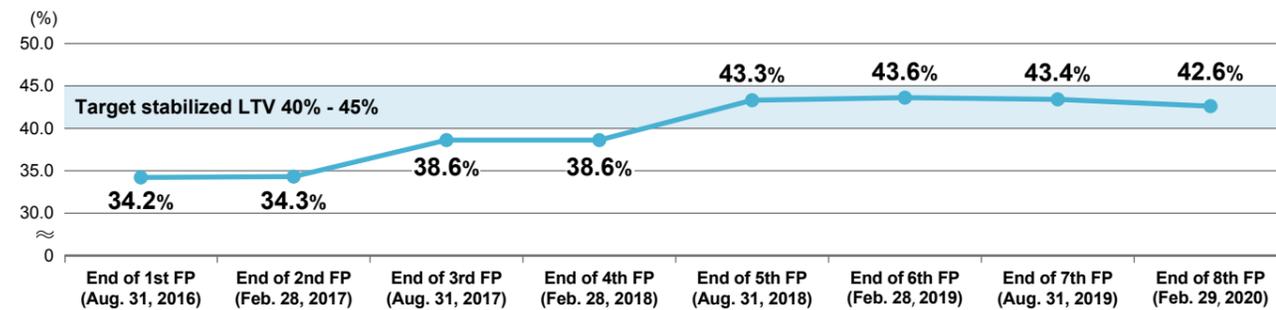
Financial Strategy (As of February 29, 2020)

Debt Summary

| | | | |
|---|------------------|--|---------------------|
| Ratio of interest-bearing debt to total assets (LTV) ^(Note 1) | 42.6% | Long-term issuer rating (Japan Credit Rating Agency, Ltd.) | AA- (Stable) |
| Average remaining years of debt | 4.6 years | Fixed rate ratio | 94.9% |

Note 1: Calculated by dividing interest-bearing debt by total assets.

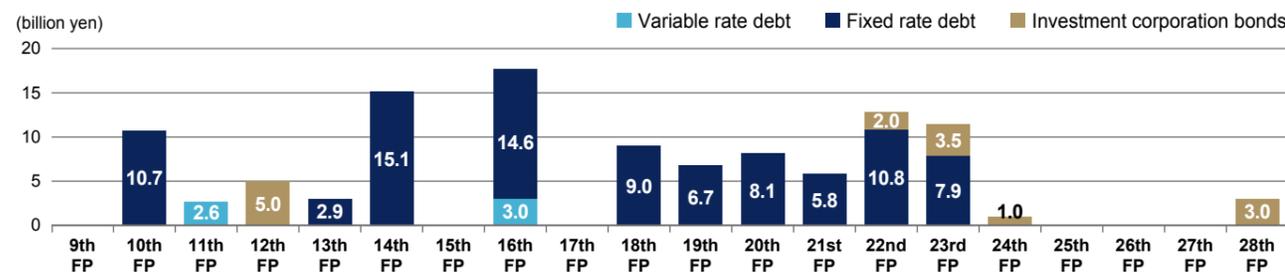
LTV Management



Breakdown of Interest-Bearing Debt (by financial institution)

| Financial Institution | Billion yen | Share |
|------------------------------|-------------|-------|
| MUFG Bank | 23.6 | 21.0% |
| Mizuho Bank | 18.5 | 16.5% |
| Sumitomo Mitsui Banking | 16.6 | 14.8% |
| Sumitomo Mitsui Trust Bank | 10.5 | 9.4% |
| Development Bank of Japan | 9.4 | 8.4% |
| Shinsei Bank | 4.6 | 4.2% |
| Resona Bank | 4.4 | 4.0% |
| Fukuoka Bank | 4.0 | 3.6% |
| Nomura Trust Bank | 2.4 | 2.2% |
| Chugoku Bank | 1.4 | 1.3% |
| Nishi Nippon City Bank | 1.0 | 0.9% |
| 77 Bank | 0.9 | 0.8% |
| Investment corporation bonds | 14.5 | 12.9% |

Diversification of Repayment Dates



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

(in millions of yen unless otherwise specified)

| | 7th FP actuals | 8th FP actuals | |
|--|----------------|----------------|--|
| Property Level | | | |
| Number of Properties | 17 | 16 | Sold LP Nagareyama A and LP Hiratsuka Shinmachi, and acquired LP Amagasaki |
| Real estate leasing revenues | | | |
| RENT + CAM + Parking + Leased Roof + Other Income | 5,674 | 6,899 | Impact of assets acquired in 7th FP and 8th FP |
| Utilities charge reimbursement | 313 | 330 | |
| Real estate tax refund | 9 | - | |
| Total real estate leasing revenues | 5,997 | 7,230 | |
| Real estate leasing expenses (Excluding depreciation) | | | |
| Outsourced contract costs | -332 | -412 | Leasing costs increased due to aggressive contract renewal |
| Utilities expenses | -312 | -320 | Implemented strategic repair and maintenance |
| Repair and maintenance | -90 | -177 | |
| Taxes and public dues | -477 | -449 | Impact of sale of LP Nagareyama A and LP Hiratsuka Shinmachi |
| Other leasing expenses | -43 | -49 | |
| Total real estate leasing expenses | -1,256 | -1,410 | |
| NOI (excluding dividend income and gain or loss on sales) | 4,740 | 5,819 | |
| Depreciation expense | -729 | -921 | Special capital gains distribution attributed to preferred shares from Amagasaki TMK |
| NOI after depreciation | 4,011 | 4,898 | |
| Dividend income | - | 798 | Difference in the interest sold in LP Nagareyama A and LP Hiratsuka Shinmachi |
| Gain on sales of real estate properties | 945 | 729 | |
| Corporate Level | | | |
| Corporate level expenses | | | |
| Asset management fee | -772 | -1,047 | Increase in the performance-linked portion |
| Asset custody and administrative fee | -29 | -34 | |
| Directors' compensations | -3 | -3 | |
| Audit fee | -10 | -12 | |
| Other operating expenses | -76 | -94 | |
| Total corporate level expenses | -891 | -1,192 | |
| Operating Profit | 4,064 | 5,233 | |
| Non-operating income | | | |
| Interest income and interest on refund | 0 | 6 | |
| Non-operating expenses | | | |
| Interest expenses | -243 | -274 | Increased due to increase in borrowings to procure funds for acquisition of new properties |
| Interest expenses on investment corporation bonds | -26 | -26 | |
| Amortization of deferred organization expenses | -3 | -3 | |
| Amortization of investment corporation bond | -5 | -5 | |
| Amortization of investment unit issuance expenses | -2 | -7 | |
| Investment unit public offering expenses | -17 | -27 | |
| Borrowing related expenses | -76 | -117 | |
| Loss on redemption of investment securities | - | -16 | |
| Total non-operating expenses | -376 | -479 | |
| Ordinary Income | 3,688 | 4,760 | |
| Income taxes | -0 | -0 | |
| Net Income | 3,687 | 4,759 | |
| Retained earnings brought forward | 0 | 0 | |
| Unappropriated retained earnings | 3,688 | 4,759 | |
| DPU Summary | | | |
| Unappropriated retained earnings | 3,688 | 4,759 | Increased due to public offering announced on September 4, 2019 |
| Total number of investment units issued and outstanding (unit) | 1,210,000 | 1,363,000 | |
| EPU (yen per unit) | 3,048 | 3,492 | |
| Acc. depr. for the current FP - Acc. Depr. of the previous FP | 614 | 808 | |
| About 30% of the above | 183 | 242 | |
| Total number of investment units issued and outstanding (unit) | 1,210,000 | 1,363,000 | |
| Distributions in excess of EPU (yen per unit) | 152 | 178 | |
| EPU (yen per unit) | 3,048 | 3,492 | |
| Distributions in excess of EPU (yen per unit) | 152 | 178 | |
| DPU (yen per unit) | 3,200 | 3,670 | |
| Yield Summary | | | |
| NOI (Annualized = NOI x 2) ^(Note 2) | 9,481 | 11,639 | |
| NOI After depreciation (NOI After depr. x 2) ^(Note 2) | 8,022 | 9,796 | |
| Acquisition price | 211,573 | 245,686 | |
| NOI yield | 4.5% | 4.7% | NOI / acquisition price |
| After depreciation NOI yield | 3.8% | 4.0% | NOI after depreciation / acquisition price |
| Tangible fixed asset book value | 211,292 | 245,242 | |
| NOI yield | 4.5% | 4.7% | NOI / tangible fixed asset book value |
| After depreciation NOI yield | 3.8% | 4.0% | NOI after depreciation / tangible fixed asset book value |
| Appraisal value | 231,790 | 271,190 | |
| Unrealized capital gain | 20,497 | 25,947 | Appraisal value - tangible fixed asset book value |
| Unrealized capital gain ratio | 9.7% | 10.6% | Unrealized capital gain / tangible fixed asset book value |

Note 1: These figures use numerical values based on management accounting and may differ from values based on financial accounting.
 Note 2: NOI and NOI after depreciation do not take into account the impact of the acquisitions and disposition of properties made during the year.

Prime Logistics Report

Tokyo and Osaka are Target Markets

Prospective Portfolio Composition



Note: "Tokyo Area" is defined as the area that's within a 60km radius from JR Tokyo station and "Osaka Area" is defined as the area that's within a 45km radius from JR Osaka station.

Characteristics of "Prime Logistics"

Suitable Sites

1. Excellent access to high consumption areas (dense population areas)
2. Close proximity to highway interchange nodes
3. Located in industrial use zoned areas that allow for 24 hour operations
4. Easy public transportation access in order to attract employees

Large Scale

1. In general, GFA is greater than 16,500m²

High Specifications

1. Effective ceiling heights are greater than 5.5m, floor loads can handle in excess of 1.5 t/m², and column spacing is typically 10m x 10m
2. Large ramp ways for direct truck access to the upper floors or freight elevators with sufficient loading capacity
3. Designed with flexible bay partitioning
4. Ample office space
5. High safety features with seismic isolation or resistance performance

Example of a Suitable Site in the Case of LOGIPORT Hashimoto



Advantage of High Functionality

Functional Features of Prime Logistics

Large-Scale Ramp Ways
Enables truck access to the upper floors, or there are vertical conveyors with sufficient loading capacity.

High-End Specifications
Effective ceiling heights, floor loading, and column spacing to enhance storage efficiency and work productivity.

Flexible Partitioning of Bays
Designed with truck berths, vertical conveyor layouts, fire prevention compartmentalization.

Office Space
Ample office space.

Seismic Isolation/ Earthquake Resistance
Lateral and vertical motion dampeners.

Environmental, Energy Efficiency

| | | | |
|---|---|--|--|
| Solar panels for renewable energy utilization | Exterior walls, sandwich panel system for thermal insulation and airtightness | Automatic lighting sensors for corridors and bathrooms | Obtained S and A rankings, based on CASBEE evaluation for new and existing built |
| 24-7, 365 days, fire prevention center | Cafeteria space for employees during breaks | Convenience stores on-sight for employee satisfaction | Operation of a commuter bus from the nearest station |

LaSalle Group's Professional Support Contributes to Greater Unitholder Value

Development, Investment, and Leasing Track Record of Logistics Properties in Japan

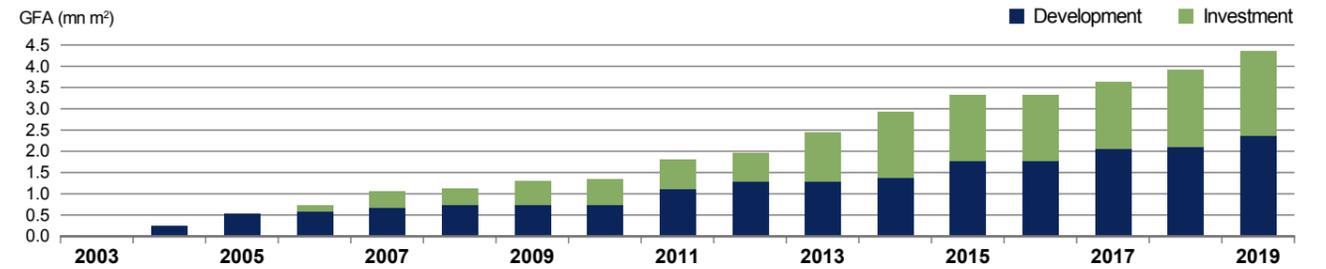
Robust Experience in Development, Investment, and Leasing ^(Note 1)

| | | | |
|--|--------------------------------------|--|--------------------------------------|
| Cumulative development ^(Note 2) | Approx. 2.36 mn m² | Leasing experience | Approx. 3.77 mn m² |
| Cumulative acquisitions | Approx. 1.98 mn m² | Large scale development share within Tokyo ^(Note 3) | Approx. 17% |

Note 1: As of February 29, 2020.

Note 2: Includes properties scheduled to be developed.

Development/Investment Area (cumulative base) ^(Note 2)



Note 3: Source: Rental Logistics Facilities with Gross Floor Area of at Least 100,000m² Developed by Private-Sector Companies and Located in the Tokyo Metropolitan Area (as of December 31, 2019) by CBRE.

Achievements as Front Runner of Developing and Investing in Advanced Logistics Facilities in Japan

■ Front runner of developing and investing in advanced logistics facilities

Began in the Japanese market in 2003, cultivating the market ahead of major domestic developers

■ Formed a logistics development fund at the dawn of the industry

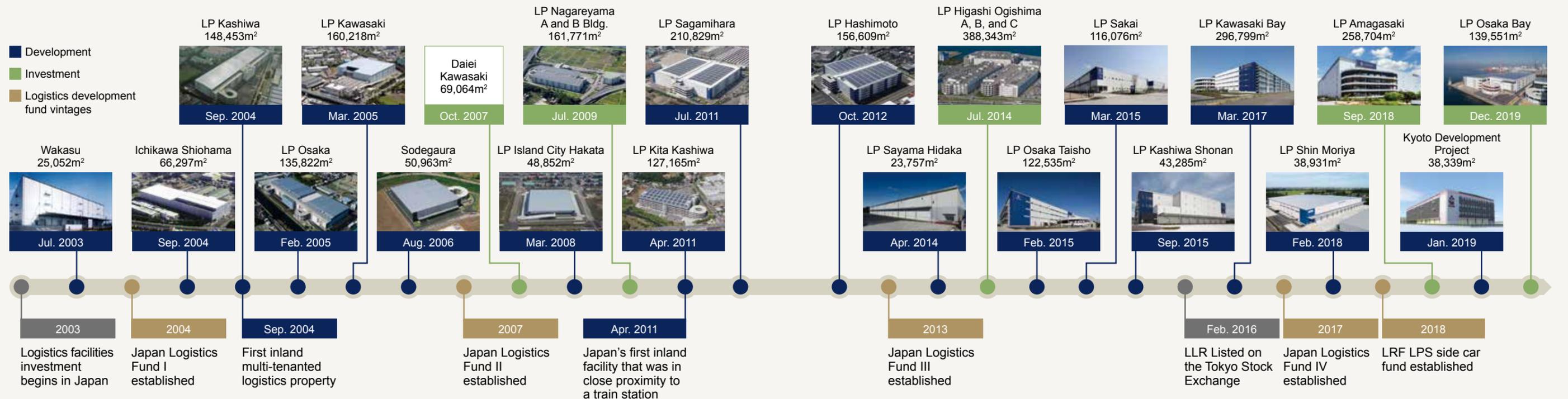
Formed a development fund specialized in logistics properties in 2004, when the industry was being created

■ Japan's first inland, multi-tenanted logistics facility in close proximity to a train station*

Japan's first inland, multi-tenanted facility in close proximity to a train station (LP Kita Kashiwa) completed in 2012 to lead the industry

■ One of Japan's largest multi-tenanted logistics facilities*

One of Japan's largest multi-tenanted logistics facilities (LP Kawasaki Bay) completed in June 2019



Note 1: Each point of time in the above chart indicates the time when transaction agreements for acquiring the relevant land and buildings were concluded.

Note 2: The figures above the photos in the above chart indicates the gross floor area of respective properties.

Note 3: As of the date of this document, LLR has not decided acquisition of any of the properties in the above chart, and there is no guarantee that LLR can acquire it in the future.

Note 4: The floor areas of buildings are based on the building certificates and drawings, etc. and may not be identical with the floor areas in the registry.

Note 5: The building names are what the LaSalle Group uses to identify each property, and may not be identical with the current names.

The LaSalle Group's Initiatives on Sustainability

Initiatives on Sustainability

At the LaSalle Group, in addition to being an industry leader in promoting sustainability through various organizations, an in-house Global Sustainability Committee has been established, which is conscious of the challenges involved with environmental (E), societal (S), and governance (G) (collectively "ESG") best practices and these measures are being incorporated on a group-wide basis.

Became a Signatory of the United Nation's Principles for Responsible Investment (July 2009)



GRESB Member



Member of the United Nations Environment Programme Finance Initiative ("UNEP FI")



Founding Member of the ULI Greenprint Center



The LaSalle Group agrees to the recommendations made by the Task Force on Climate-Related Financial Disclosures ("TCDF")



LaSalle's System for Promoting ESG

Promotion of ESG by Global Top Management

- The Global CEO of LaSalle Group serves as the chairperson of the Global Sustainability Committee and promotes ESG on a company-wide basis together with a dedicated Global ESG Officer (Global Sustainability Officer).
- Under the direction of the Global ESG Officer and ESG officers in each region, LaSalle Group implements ESG factors incorporated in the investment process in its daily investment and management activities.

Management Fee Structure Linked to Unitholder Value

Management Fee Structure of the Asset Manager

Management Fees during the Period

- Asset Management Fee I
NOI (including gain or loss on sale) × 10% (maximum rate)
- Asset Management Fee II
Net income before tax × Adjusted EPU × 0.002% (maximum rate)
- Asset Management Fee III
Adjusted NAV × NAV per unit in the immediately preceding fiscal period × 0.6% (maximum rate)

Acquisition Fee

- Sales price in the case of acquisition of real estate-related assets × 1.0% (maximum rate)

Merger Fee

- Appraisal value of real estate-related assets owned by the counterparty in consolidation-type merger or absorption-type merger × 1.0% (maximum rate)

Align Unitholder Interests with LaSalle Group Interests

| | |
|---|--|
| Holding of 47,700 investment units | Same-boat investment in LLR by LaSalle Group and JLL |
| Investment Unit Ownership Association Program (Note) | 38 people including the representative director of the sponsor and 3 directors of the Asset Manager joined the program |
| LLR's system for acquisition of treasury units | Regulations on acquisition and retirement of treasury units are established in the Asset Management Guidelines |

Note: The number of members of the Investment Unit Ownership Association is that as of April 17, 2020

Certifications and Acknowledgements Awarded to LLR

GRESB Real Estate Assessment



DBJ Green Building Certification



Star Rating ★★★★★



Star Rating ★★★★★

CASBEE Building Evaluation



S Rank ★★★★★



S Rank ★★★★★



S Rank ★★★★★

Building-Housing Energy-efficiency Labeling System ("BELS")



Ranking ★★★★★
ZEB Ready

SMBC Environmental Consideration Rating



J-REITs' ESG Evaluation Conducted by MUFG and Supported by JCR



Green Bonds

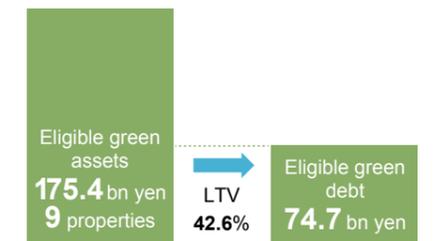
LLR's policy is to allocate proceeds from green bonds to the acquisition of eligible green assets meeting the eligibility criteria, repair work for green assets or repayment of loans or redemption of investment corporation bonds allocated to such.

Status of 1st Green Bond Issuance

| Issue amount | Interest rate | Issue date | Redemption date |
|--------------|---------------|-------------------|-------------------|
| 3.0 bn yen | 0.59% | February 20, 2020 | February 20, 2030 |

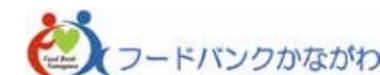
Note: The above amount has been fully allocated to refinancing of funds borrowed to acquire eligible green assets.

Eligible Green Assets



Foodbank Donations

Of the stockpile at facilities, food items nearing expiration (three months or more remaining until the expiration date) are donated to Food Bank Kanagawa.

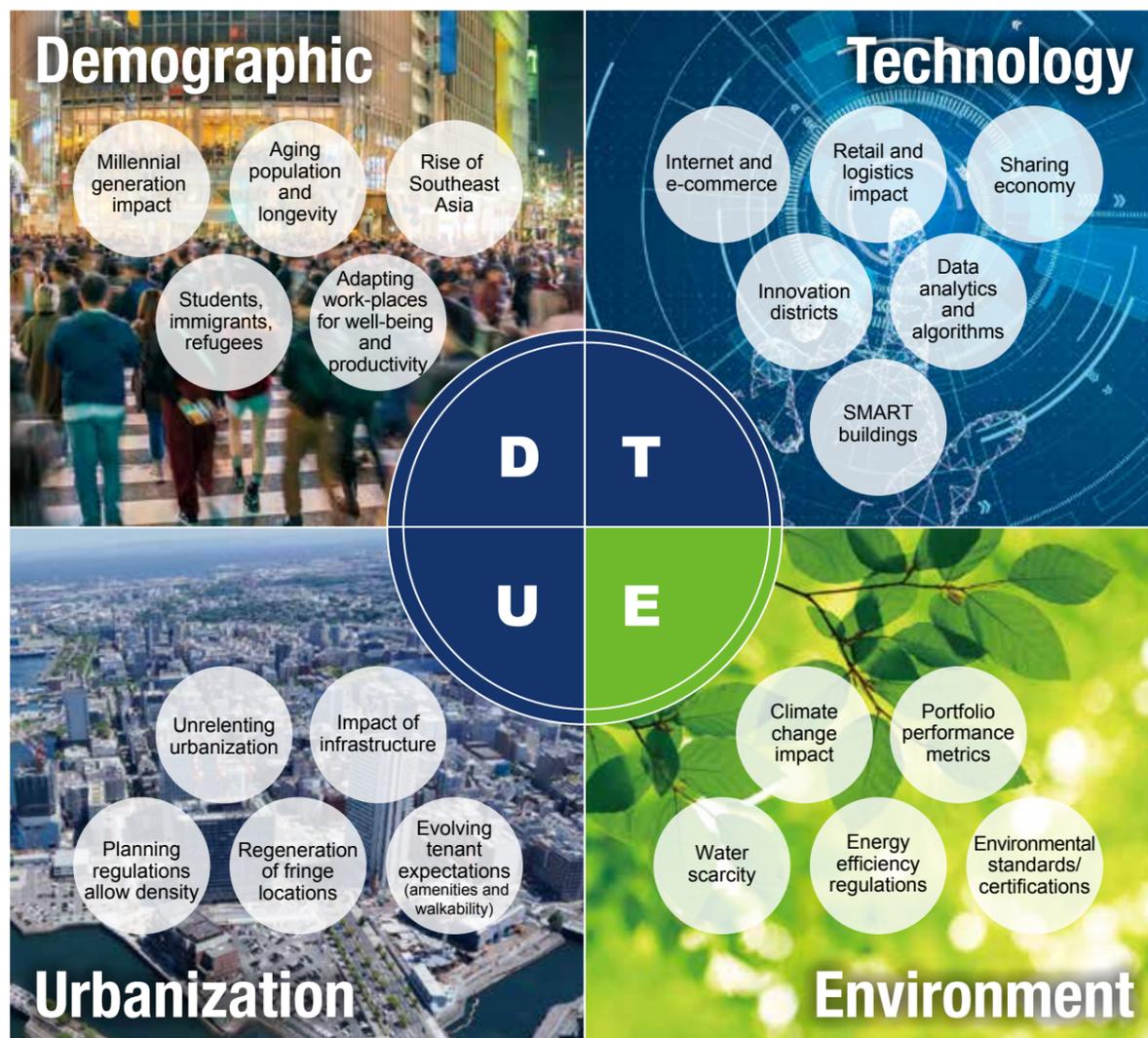


The LaSalle Group's Initiatives on Sustainability

DTU (Demographics, Technology and Urbanization) + E (Environmental Change)

- As part of its initiatives on sustainability, the LaSalle Group started the DTU research program, which is designed to analyze the long-term real estate trends from the three factors of Demographics, Technology and Urbanization.
- By adding another factor of E (Environmental Change) to the DTU research program, the LaSalle Group makes an even wider analysis as to what advantages investors can obtain from sustainability initiatives.
- The E-Factors include climate change impact, energy conservation, recycling of resources, reduction of carbon footprint and environmental standards and certifications of buildings.
- Because of reinforced regulations and business requirements, the E-Factors such as sustainability and resilience to environmental change of a building are now an important consideration in conducting real estate investment.
- National and local governments also attach importance to the energy consumption performance of buildings. Constructing and operating buildings that demonstrate awareness of the E-Factors are considered to take a major role in enhancing energy use efficiency.

Secular Demand Drivers for Real Estate DTU + E



Portfolio Summary

The Portfolio Comprises Large Logistics Facilities Located in the Tokyo and Osaka Areas

Overview of the Portfolio ^(Note)

| | | | |
|---------------------|------------------------|---------------------------|---------------|
| Asset size | 245.6 bn yen | Tokyo area/ Osaka area | 100% |
| Total GFA | 1.46 mn m ² | No. of properties | 16 properties |
| Appraisal NOI yield | 4.9% | Occupancy rate | 98.7% |

Note: 16 assets owned by LLR as of February 29, 2020.

Characteristics of the Portfolio

Investment Area Ratios ^(Note)

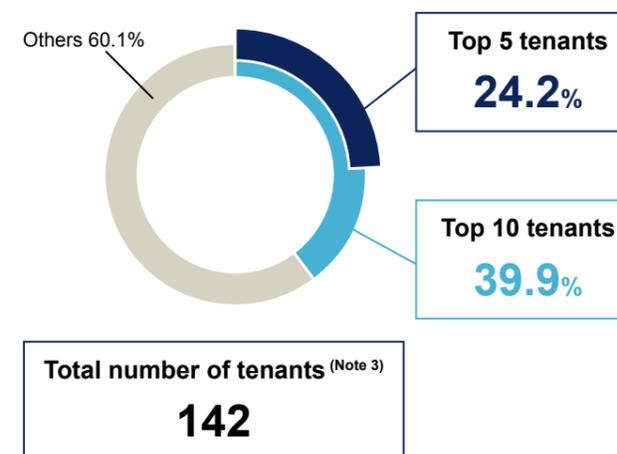
| | | |
|---------------------------------|---------------------|-------|
| LLR | | |
| Tokyo, Saitama, Chiba, Kanagawa | Kyoto, Osaka, Hyogo | |
| 70.8% | 29.2% | |
| J-REIT average (logistics only) | | |
| Tokyo, Saitama, Chiba, Kanagawa | Kyoto, Osaka, Hyogo | Other |
| 62.3% | 20.4% | 17.3% |

Average GFA ^(Note)

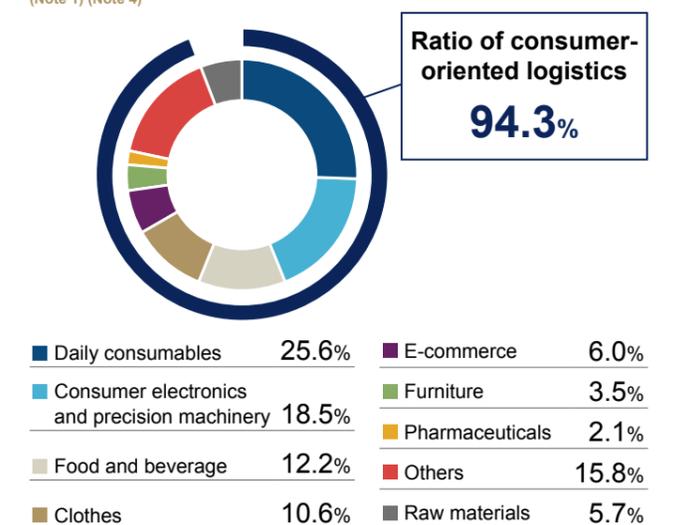
| |
|---------------------------------|
| LLR |
| 104,314m ² |
| J-REIT average (logistics only) |
| 37,384m ² |

Note: "Investment Area Ratios" and "Average GFA" are Calculated based on the figures for 14 assets (the assets owned by LLR as of February 29, 2020 excluding leasehold land assets).

Tenant Diversification ^{(Note 1) (Note 2)}



Diversification of End Users by Business Type ^{(Note 1) (Note 4)}



Note 1: Calculated based on the figures for 14 assets (the assets owned by LLR as of February 29, 2020 excluding leasehold land assets).

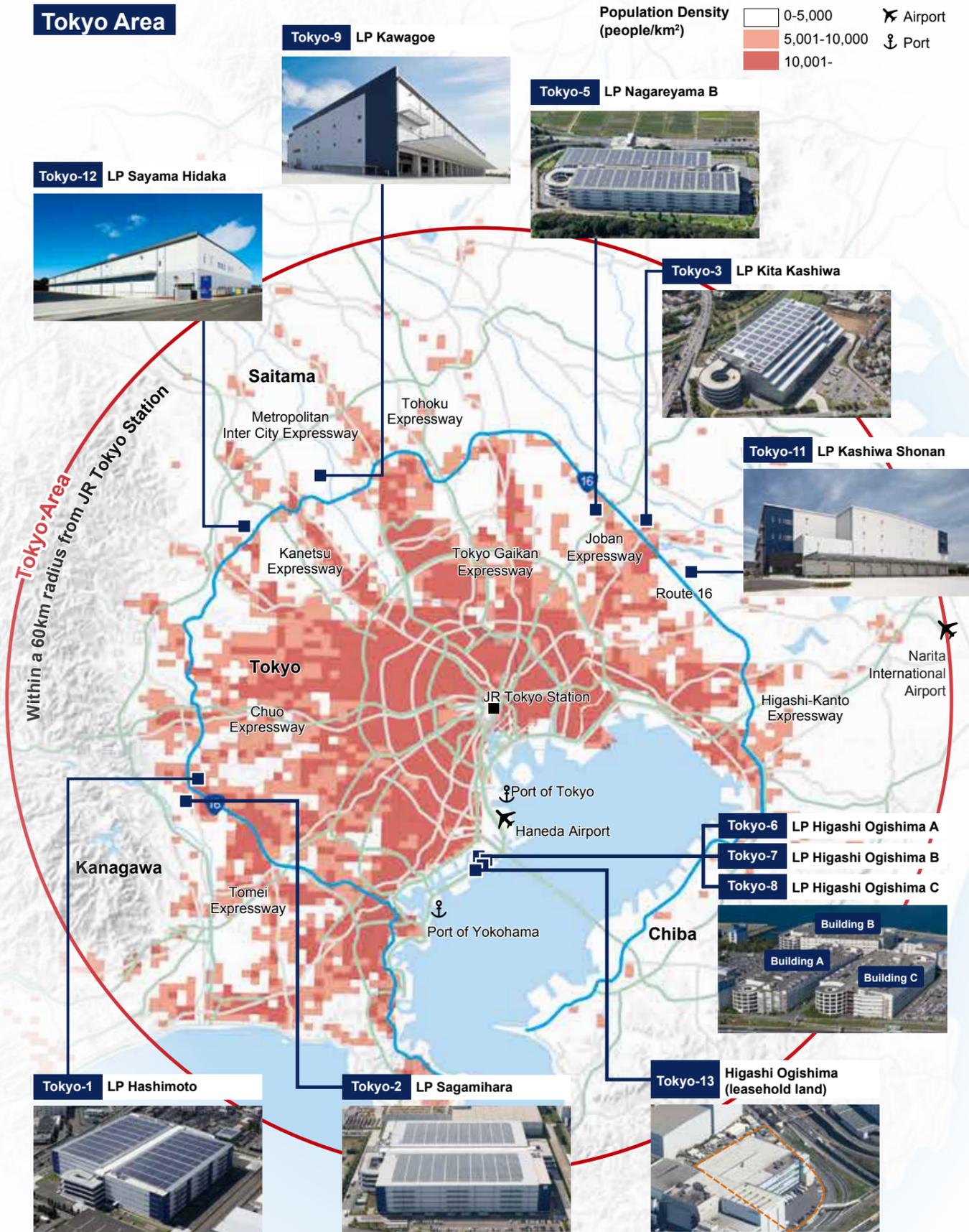
Note 2: Based on leased area.

Note 3: The figure includes tenant overlaps; the net number of tenants without counting overlapping tenants multiple times is 127.

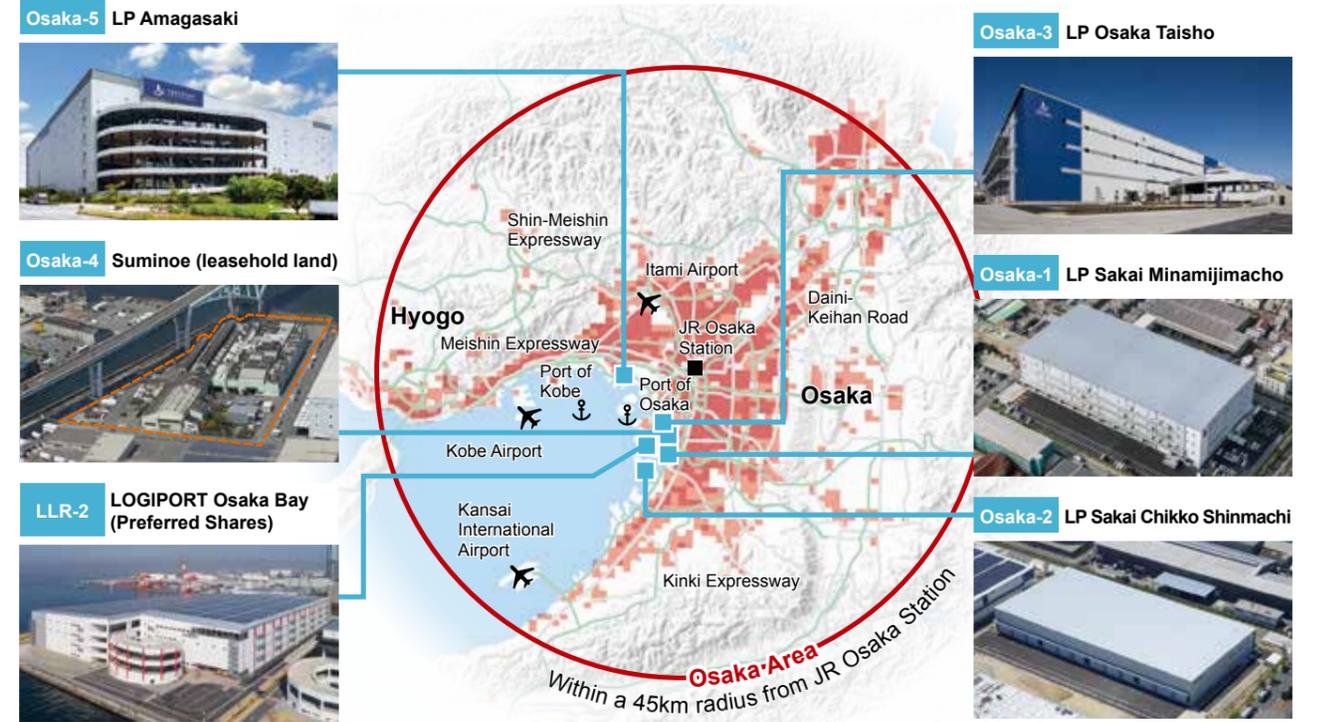
Note 4: Calculated on the basis of leased area (for warehouse sections only).

Portfolio Maps

Tokyo Area



Osaka Area



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 2015 Population Census" by the Statistics Bureau, Ministry of Internal Affairs and Communications, which is based on the results of the 2015 population census conducted on October 1, 2015.

Portfolio List

| Property No. | Property Name | Location | GFA (m ²) | Acquisition Price (billion yen) | Appraisal Value (Note 2) (billion yen) | Property Age (Note 3) (years) | PML (Note 4) (%) |
|--------------------------------------|---------------------------------------|----------------------|-----------------------|---------------------------------|--|-------------------------------|------------------|
| Tokyo-1 | LOGIPORT Hashimoto (Note 5) | Sagamihara, Kanagawa | 145,801 | 21.2 | 23.3 | 5 | 1.3 |
| Tokyo-2 | LOGIPORT Sagamiyama (Note 5) | Sagamihara, Kanagawa | 200,045 | 23.0 | 25.5 | 7 | 0.5 |
| Tokyo-3 | LOGIPORT Kita Kashiwa | Kashiwa, Chiba | 104,302 | 25.3 | 29.5 | 7 | 0.9 |
| Tokyo-5 | LOGIPORT Nagareyama B | Nagareyama, Chiba | 133,414 | 26.6 | 30.2 | 12 | 2.3 |
| Tokyo-6 | LOGIPORT Higashi Ogishima A | Kawasaki, Kanagawa | 100,235 | 19.0 | 19.8 | 33 | 6.5 |
| Tokyo-7 | LOGIPORT Higashi Ogishima B | Kawasaki, Kanagawa | 117,546 | 19.1 | 21.6 | 29 | 6.2 |
| Tokyo-8 | LOGIPORT Higashi Ogishima C | Kawasaki, Kanagawa | 116,997 | 23.7 | 25.7 | 18 | 6.3 |
| Tokyo-9 | LOGIPORT Kawagoe | Kawagoe, Saitama | 50,742 | 11.9 | 12.2 | 9 | 4.4 |
| Tokyo-11 | LOGIPORT Kashiwa Shonan | Kashiwa, Chiba | 40,878 | 9.3 | 10.4 | 2 | 1.6 |
| Tokyo-12 | LOGIPORT Sayama Hidaka | Hidaka, Saitama | 23,570 | 6.4 | 6.5 | 4 | 3.5 |
| Tokyo-13 | Higashi Ogishima (leasehold land) | Kawasaki, Kanagawa | - | 1.1 | 1.5 | - | - |
| Osaka-1 | LOGIPORT Sakai Minamijimacho | Sakai, Osaka | 30,696 | 8.1 | 8.5 | 3 | 6.5 |
| Osaka-2 | LOGIPORT Sakai Chikko Shinmachi | Sakai, Osaka | 20,428 | 4.1 | 4.7 | 2 | 7.6 |
| Osaka-3 | LOGIPORT Osaka Taisho (Note 5) | Osaka, Osaka | 117,037 | 17.6 | 18.7 | 2 | 8.4 |
| Osaka-4 | Suminoe (leasehold land) | Osaka, Osaka | - | 4.3 | 4.6 | - | - |
| Osaka-5 | LOGIPORT Amagasaki (Note 5) | Amagasaki, Hyogo | 259,004 | 24.5 | 28.3 | 2 | 5.7 |
| Total/Average (16 properties) | | | 1,460,701 | 245.6 | 271.1 | 11 | 2.7 |
| LLR-2 | LOGIPORT Osaka Bay (Preferred Shares) | Osaka, Osaka | 139,551 | 1.1 | - | 2 | - |

Note 1: As of February 29, 2020.

Note 2: Appraisal values are as of February 29, 2020.

Note 3: Property age is calculated by summing up the period from the date of new construction indicated on the registry of the major building (LOGIPORT Amagasaki's is from October 13, 2017, the date on which construction work for conversion from a factory to a logistics facility was completed) through the end of February 29, 2020, rounded off to the nearest integer. The average figure for the entire portfolio is weighted by the acquisition price, rounded off to the nearest integer.

Note 4: PML levels are as of August 2019, and based off of Tokyo Marine Nichido's "14 property earthquake risk survey portfolio analysis report."

Note 5: Acquisition price and appraisal value show the amounts equivalent to LLR's joint co-ownership interest in the trust beneficiary interests, while GFA shows the figure for the entire property.

Details of Portfolio



LLR-2 LOGIPOINT Osaka Bay

preferred equity securities of Nanko Property TMK

- Located in the Osaka Bay area with favorable access to Osaka, a large consumption area
- Favorable access to the expressway at approximately 1.3km to the Nanko-Kita Interchange on the Hanshin Expressway No. 4 Wangan Route
- Located a 10-minute walk from Port Town-nishi Station on the Nanko Port Town Line whereby securement of workers can be expected.
- Large-scale logistics facility with approximately 140,000m² GFA and double rampways. Equipped with high-quality building specifications and ample amenity facilities

| | |
|--------------------|--|
| Location | Osaka, Osaka |
| GFA | 139,551.94m² |
| NRA | 136,516m² |
| Investment Amount | 1,134 million yen ^(Note) |
| Share of portfolio | – |
| Built | February 2018 |
| Occupancy | 35.8% |

Note: Represents approximately 11.4% of the total preferred equity securities issued by Nanko Property TMK.



Tokyo-1 LOGIPOINT Hashimoto

55% trust co-ownership interest

- Adjacent to National Route 16 for convenient access to high consumption areas such as Tokyo and Yokohama
- Convenient access to Metropolitan Inter-City Expressway allows for wider distribution to other areas
- Convenient walking distance from stations on JR lines (e.g. Hashimoto Station) and location adjacent to retail and residential areas
- Equipped with high specifications such as spiral ramps or slopes and large-scale per-floor area of 23,000m²

| | |
|--------------------|--------------------------------|
| Location | Sagamihara, Kanagawa |
| GFA | 145,801.69m² |
| NRA | 130,052m² |
| Acquisition price | 21,200 million yen |
| Appraisal value | 23,300 million yen |
| Share of portfolio | 8.6% |
| Built | January 2015 |
| Occupancy | 99.9% |



Details of Portfolio



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

- Adjacent to National Route 16 for convenient access to high consumption areas such as Tokyo and Yokohama
- Convenient access to Metropolitan Inter-City Expressway via Sagamihara and Sagamihara-Aikawa interchanges allowing wider distribution to other areas
- Location near large residential areas which offers attractive environment for employment
- One of the largest scale logistics facilities in Tokyo Metropolitan area with GFA 200,000m²
- Equipped with high quality building specifications for logistics such as spiral ramps or slopes and earthquake-absorbing structure



| | |
|--------------------|--------------------------------|
| Location | Sagamihara, Kanagawa |
| GFA | 200,045.57m² |
| NRA | 180,971m² |
| Acquisition price | 23,020 million yen |
| Appraisal value | 25,500 million yen |
| Share of portfolio | 9.4% |
| Built | August 2013 |
| Occupancy | 99.7% |



Tokyo-3 LOGIPORT Kita Kashiwa

- Located in Kashiwa-city, a dense distribution area for deliveries to Tokyo Metropolitan area
- Located near National Route 6 and National Route 16 and approximately 6km from Kashiwa interchange on the Joban Expressway, which provides convenience for distribution center
- A 6-minute walk from Kita Kashiwa station of JR Joban line, accessible by bus and located near residential areas which offers attractive environment for employment
- Equipped with high quality building specifications such as spiral ramps or slopes and large-scale per-floor area of maximum 18,000m²



| | |
|--------------------|--------------------------------|
| Location | Kashiwa, Chiba |
| GFA | 104,302.62m² |
| NRA | 100,228m² |
| Acquisition price | 25,300 million yen |
| Appraisal value | 29,500 million yen |
| Share of portfolio | 10.3% |
| Built | October 2012 |
| Occupancy | 100.0% |



Details of Portfolio



Tokyo-5 LOGIPORT Nagareyama B

- Located near the Nagareyama interchange on the Joban Expressway which connects to Metropolitan Expressway via Misato junction, which allows broad access to all of Tokyo's Metropolitan areas
- Delivery to various areas possible by using National Route 16
- LOGIPORT Nagareyama A is equipped with vertical conveyors and offers optimal specifications for storage needs
- LOGIPORT Nagareyama B is equipped with high quality building specifications such as spiral ramps or slopes and large-scale GFA of more than 130,000m²



| | |
|--------------------|--------------------------------|
| Location | Nagareyama, Chiba |
| GFA | 133,414.76m² |
| NRA | 112,684m² |
| Acquisition price | 26,600 million yen |
| Appraisal value | 30,200 million yen |
| Share of portfolio | 10.8% |
| Built | July 2008 |
| Occupancy | 99.9% |



Tokyo-6, Tokyo-7 and Tokyo-8

LOGIPORT Higashi Ogishima A, B, and C

- Accessible to major transportation infrastructures such as the Higashi Ogishima interchange on the Metropolitan Expressway Bay Shore Route, the Yokohama port, the Tokyo port and Haneda Airport
- Located near areas of high consumption such as central Tokyo, Kawasaki and Yokohama
- Dense areas of factories and logistics facilities
- Kawasaki port harbor road Higashi Ogishima Mizuecho line expected to complete in 2023
- Large-scale facility equipped with high quality building specifications such as spiral ramps or slopes



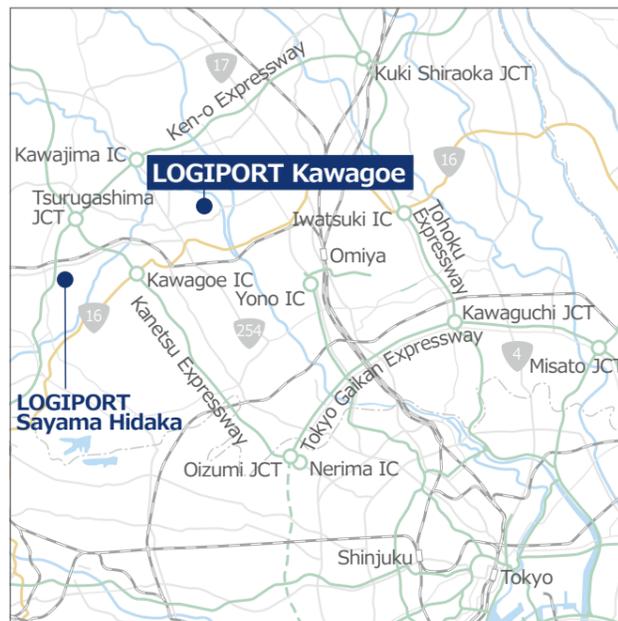
| | LOGIPORT Higashi Ogishima A | LOGIPORT Higashi Ogishima B | LOGIPORT Higashi Ogishima C |
|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Location | Kawasaki, Kanagawa | Kawasaki, Kanagawa | Kawasaki, Kanagawa |
| GFA | 100,235.67m² | 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 value | 19,800 million yen | 21,600 million yen | 25,700 million yen |
| Share of portfolio | 7.7% | 7.8% | 9.6% |
| Built | April 1987 | April 1991 | September 2001 |
| Occupancy | 96.8% | 95.2% | 98.8% |

Details of Portfolio



Tokyo-9 LOGIPORT Kawagoe

- Good access to Saitama and Tokyo, which are large consumption areas and by using the Ken-o or Kanetsu Expressways, this location offers great distribution coverage across the Tokyo Metropolitan area
- Close to National Route 16 and Route 254, which are main roads within the Tokyo metropolitan area and good access to the Kanetsu Expressway, Ken-o Expressway, and Shuto Expressways
- The surrounding area is an aggregation of logistics facilities and other industrial use
- Bus access from Kawagoe and Ageo stations are in walking distance, frequent bus service (over 100 round trips each weekday)



| | |
|--------------------|-------------------------------|
| Location | Kawagoe, Saitama |
| GFA | 50,742.47m² |
| NRA | 53,088m² |
| Acquisition price | 11,950 million yen |
| Appraisal value | 12,200 million yen |
| Share of portfolio | 4.9% |
| Built | January 2011 |
| Occupancy | 100.0% |



Tokyo-11 LOGIPORT Kashiwa Shonan

- Located in close proximity to National Route 16, and is conveniently located as a logistics hub for access to each location in the Greater Tokyo Area, including Tokyo, Chiba and Saitama
- Located in Shonan Industrial Complex, where many large-scale logistics facilities are located, allowing for operation 24 hours a day, 365 days a year
- Environmentally friendly and energy-efficient logistics facility with LED lighting installed throughout the entire building and tree-planted parking lots



| | |
|--------------------|-------------------------------|
| Location | Kashiwa, Chiba |
| GFA | 40,878.58m² |
| NRA | 40,773m² |
| Acquisition price | 9,300 million yen |
| Appraisal value | 10,400 million yen |
| Share of portfolio | 3.8% |
| Built | July 2018 |
| Occupancy | 100.0% |

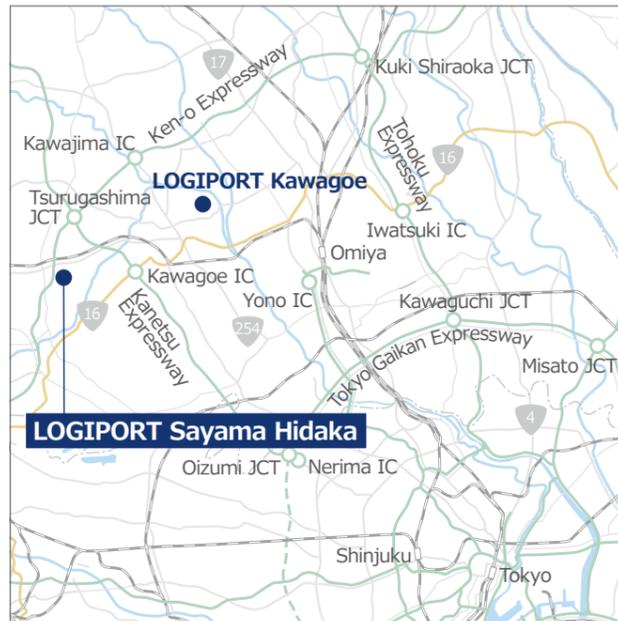


Details of Portfolio



Tokyo-12 LOGIPORT Sayama Hidaka

- Located in close proximity to National Route 16, and approx. 2.5km from Sayama Hidaka IC, the building serves as a logistics hub with good access to a wide range of area including Tokyo consumption area, Tama region and Central Saitama region
- The general specification of the building is very versatile to accommodate a wide range of tenants. With 3 freight elevators, 2 vertical conveyors and plenty of truck berths, the building offers high convenience for users



| | |
|--------------------|-------------------------------|
| Location | Hidaka, Saitama |
| GFA | 23,570.37m² |
| NRA | 23,565m² |
| Acquisition price | 6,430 million yen |
| Appraisal value | 6,570 million yen |
| Share of portfolio | 2.6% |
| Built | January 2016 |
| Occupancy | 100.0% |



Tokyo-13 Higashi Ogishima (leasehold land)

- Located in Kawasaki-city, Kanagawa, with convenient access to Port of Kawasaki, Haneda Airport, Port of Tokyo and more
- Located approx. 1.4km from Higashi Ogishima IC on the Bayshore Route, the building offers easy access to consumption area such as Tokyo, Kawasaki-city and Yokohama-city
- The tenant, F-LINE K.K., a logistics company composed of several domestic food manufacture companies, uses the property as refrigerating storage
- LLR secures stable land rent income during the period of the fixed-term land lease contract for business purposes, and aims for the possibility of redevelopment



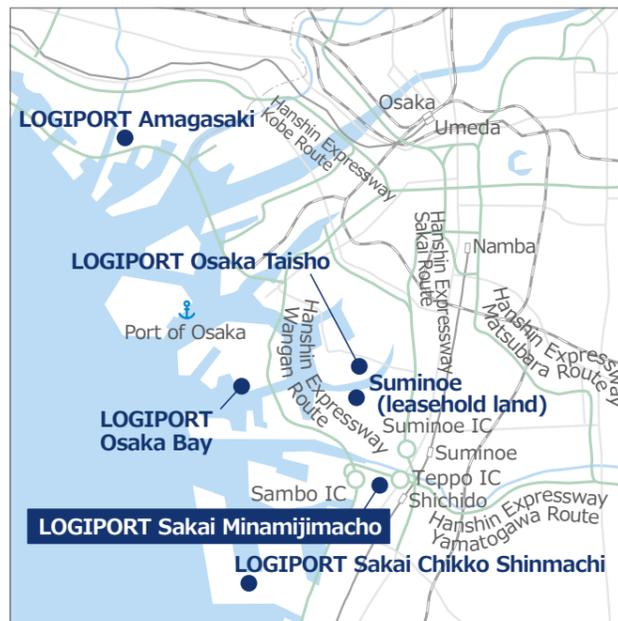
| | |
|--------------------|----------------------------|
| Location | Kawasaki, Kanagawa |
| GFA | - |
| NRA | 11,472m² |
| Acquisition price | 1,189 million yen |
| Appraisal value | 1,570 million yen |
| Share of portfolio | 0.5% |
| Built | - |
| Occupancy | 100.0% |

Details of Portfolio



Osaka-1 LOGIPORT Sakai Minamijimacho

- Good access to Osaka, which have large consumption areas
- By opening the Yamatogawa Line, this location offers great distribution coverage across the Kansai area
- Good access to the expressway at approximately 1.6km to the Sambo interchange and approximately 0.5km to the Teppo gateway
- The surrounding area is an aggregation of logistics facilities and other industrial use
- Approximately 10 minutes on foot from the Shichido Station and excellent location to secure employees

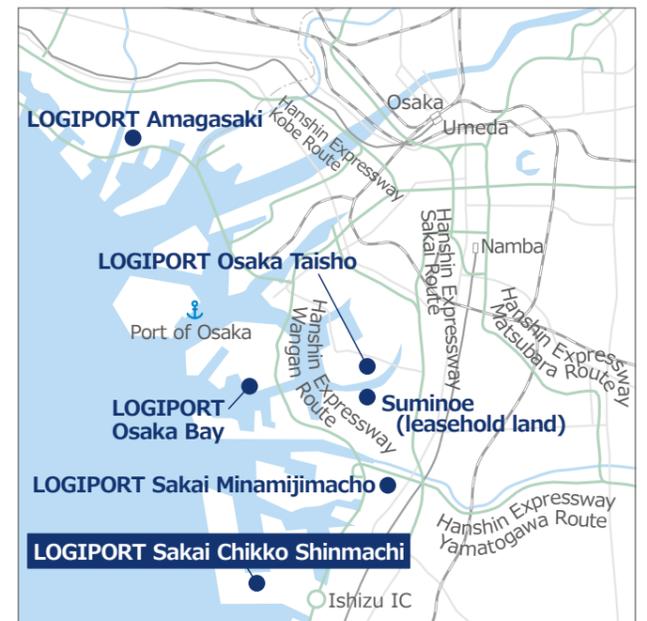


| | |
|--------------------|-------------------------------|
| Location | Sakai, Osaka |
| GFA | 30,696.61m² |
| NRA | 30,690m² |
| Acquisition price | 8,150 million yen |
| Appraisal value | 8,510 million yen |
| Share of portfolio | 3.3% |
| Built | October, 2016 |
| Occupancy | 100.0% |



Osaka-2 LOGIPORT Sakai Chikko Shinmachi

- Good access to a wide catchment throughout the Kansai area, via the Hanshin Expressway
- Good access to the expressway at approximately 3.0km to the Ishizu interchange along the Hanshin Expressway
- Freight elevators with a loading capacity of 3.5 tons and vertical conveyors throughout



| | |
|--------------------|-------------------------------|
| Location | Sakai, Osaka |
| GFA | 20,428.39m² |
| NRA | 20,427m² |
| Acquisition price | 4,160 million yen |
| Appraisal value | 4,720 million yen |
| Share of portfolio | 1.7% |
| Built | August 2018 |
| Occupancy | 100.0% |

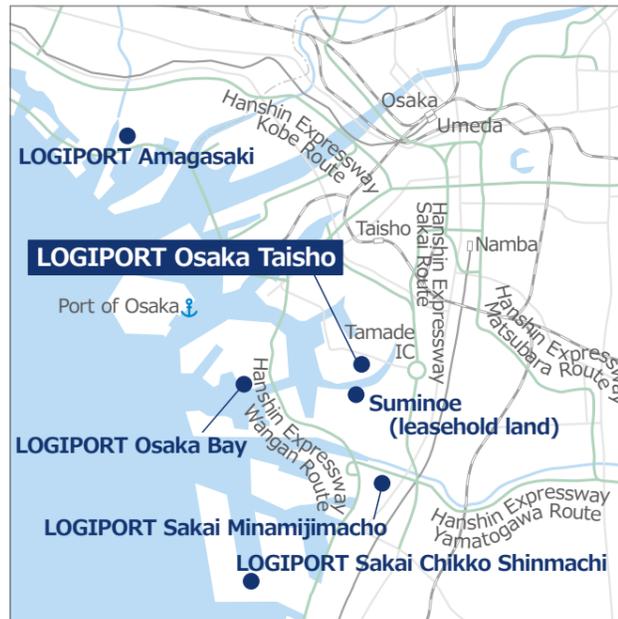


Details of Portfolio



Osaka-3 LOGIPORT Osaka Taisho | 62.5% trust co-ownership interest

- Located in Taisho-ku, Osaka-city, Osaka, within a 5km radius from Namba/ Shinsaibashi area and 10km radius from Umeda area. It is located in a favorable location which contributes to efficient and optimized logistics, by efficiently covering the large consumption area in Greater Kansai Area along with speedy distribution to Central Osaka Area
- Able to secure workforce as it is located near a residential area and is accessible from several bus routes from the nearest station, Taisho Station on the JR Osaka Loop Line and Osaka Metro Nagahori Tsurumiryokuchi Line
- Advantageous logistics facility of over 110,000m² GFA and with two-way ramp-ways. Equipped with basic specification such as pillar width of approx. 11m×10m, ceiling height of 5.5m and floor weight capacity of 1.5t/m²



| | |
|--------------------|--------------------------------|
| Location | Osaka, Osaka |
| GFA | 117,037.14m² |
| NRA | 106,929m² |
| Acquisition price | 17,655 million yen |
| Appraisal value | 18,700 million yen |
| Share of portfolio | 7.2% |
| Built | February 2018 |
| Occupancy | 99.9% |



Osaka-4 Suminoe (leasehold land)

- Located in Suminoe-ku, Osaka-city, Osaka. With approx. 2.5km to Tamade IC on the Hanshin Expressway No. 15 Sakai Route, it lies very close to Port of Osaka and nearby cities. Suminoe-ku is one of the main logistics areas in Osaka-city and has good access to large consumption areas
- The surrounding area is an industrial area in which warehouses and businesses are located, allowing for business operations such as 24 hour operation and frequent delivery
- The building on the land is used as a factory by Mitsui E&S Power Systems Inc.

| | |
|--------------------|----------------------------|
| Location | Osaka, Osaka |
| GFA | - |
| NRA | 25,571m² |
| Acquisition price | 4,330 million yen |
| Appraisal value | 4,620 million yen |
| Share of portfolio | 1.8% |
| Built | - |
| Occupancy | 100.0% |

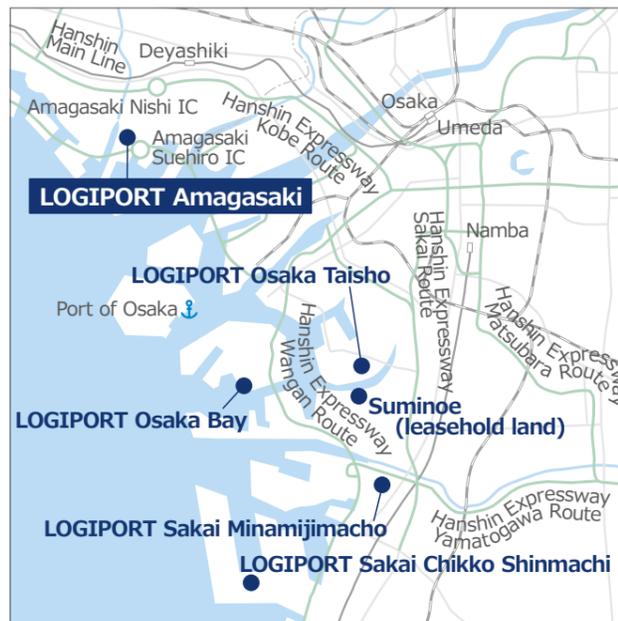


Details of Portfolio



Osaka-5 LOGIPOINT Amagasaki | 51% trust co-ownership interest

- Located in close proximity to Amagasaki Suehiro IC on the Hanshin Expressway Bayshore Route 5, and approx. 2.5 km direct distance to Amagasaki Nishi IC on Hanshin Expressway Kobe Route 3, with convenient access to several expressways
- Convenient access to Port of Osaka and Port of Kobe in an area enabling broad distribution. The property is in close proximity to central Osaka, a large consumption area, with good access to frequently used main routes
- Located in Amagasaki waterfront where many factories and warehouses are concentrated, allowing for efficient operations 24 hours a day, and frequent delivery
- Large logistics facility with over 250,000m² GFA. Specification includes a ramp-way accessible from all floors, common amenity functions and annex warehouse for hazardous items etc., suitable for various cargo



| | |
|--------------------|--------------------------------|
| Location | Amagasaki, Hyogo |
| GFA | 259,004.56m² |
| NRA | 216,458m² |
| Acquisition price | 24,582 million yen |
| Appraisal value | 28,300 million yen |
| Share of portfolio | 10.0% |
| Built | October 2017 |
| Occupancy | 95.9% |



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 Jones Lang LaSalle Inc. ("JLL"), a global professional real estate services and advisory firm.

As of December 31, 2019



Approx.
93,000
Employees

in
80
Countries

Market cap
Approx. **\$9.0 bn**
(listed on the NYSE)

As of December 31, 2019



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

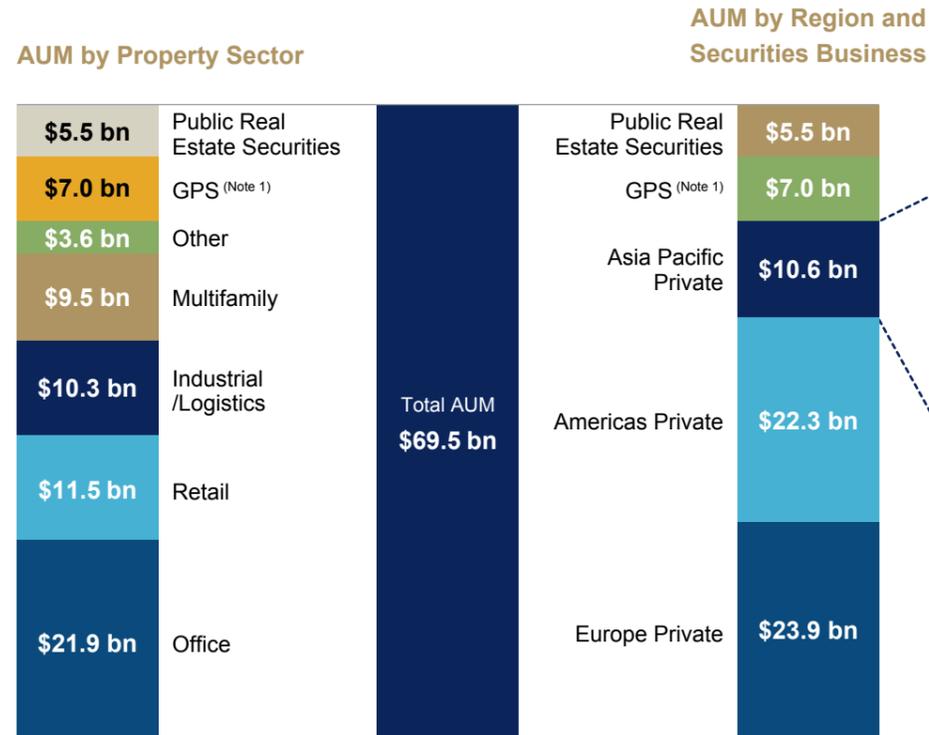
Separate Accounts
Customized mandates meeting the individual investment objectives of clients around the world.

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



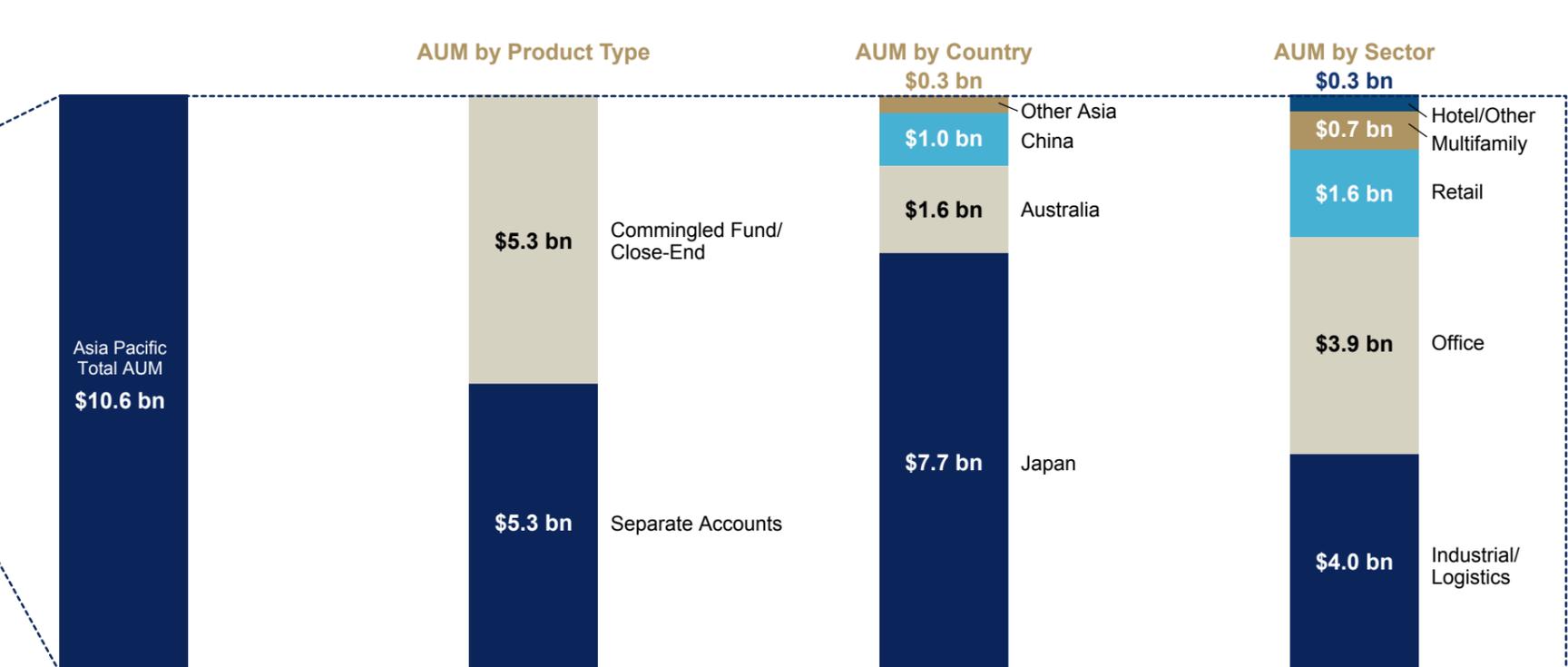
LaSalle Inc. Global AUM

As of December 31, 2019



LaSalle Inc. Asia AUM

As of December 31, 2019



Source: LaSalle Investment Management.
Note 1: Global Partners Solutions: Fund of funds

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 earnings per unit ("EPU"), contributing to the alignment of its interests with those of unitholders.

EPU Linked Asset Management Fee Structure

The Asset Manager receives the type 1 - 5 management fees as described below:

Management Fee Components of Asset Manager

| Management Fees during the Period | |
|-----------------------------------|--|
| 1 Asset Management Fee I | NOI (including gain or loss on sale) × 10% (maximum rate) |
| 2 Asset Management Fee II | Net income before tax × Adjusted EPU × 0.002% (maximum rate) |
| 3 Asset Management Fee III | Adjusted NAV × NAV per unit in the immediately preceding fiscal period × 0.6% (maximum rate) |
| Acquisition Fee | |
| 4 | Sales price in the case of acquisition of real estate-related assets × 1.0% (maximum rate) |
| Merger Fee | |
| 5 | Appraisal value of real estate-related assets owned by the counterparty in consolidation-type merger or absorption-type merger × 1.0% (maximum rate) |

Alignment of Interest between Unitholders and LaSalle Group

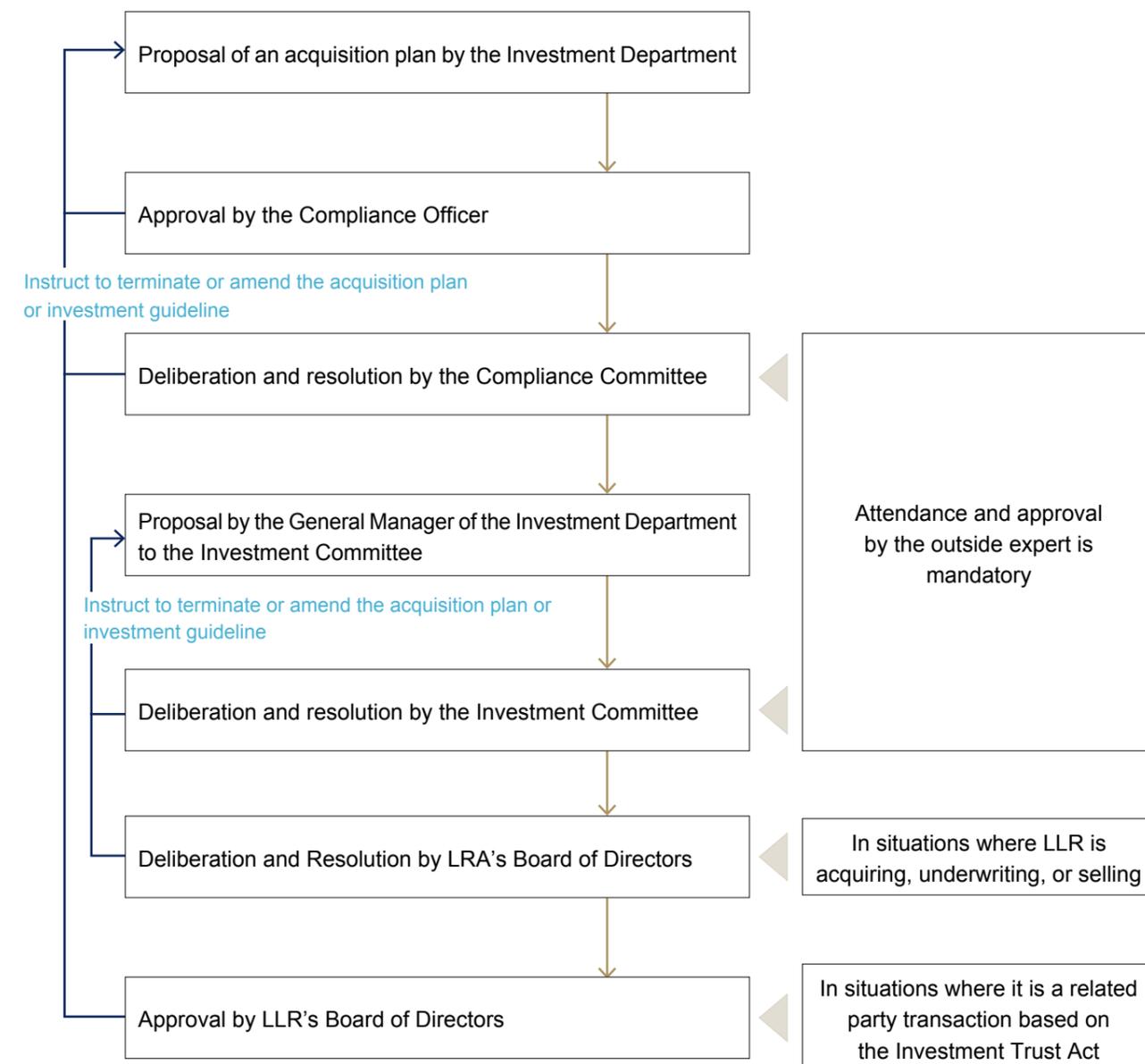
The LaSalle Group and JLL hold 47,700 units, demonstrating alignment of interest.

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

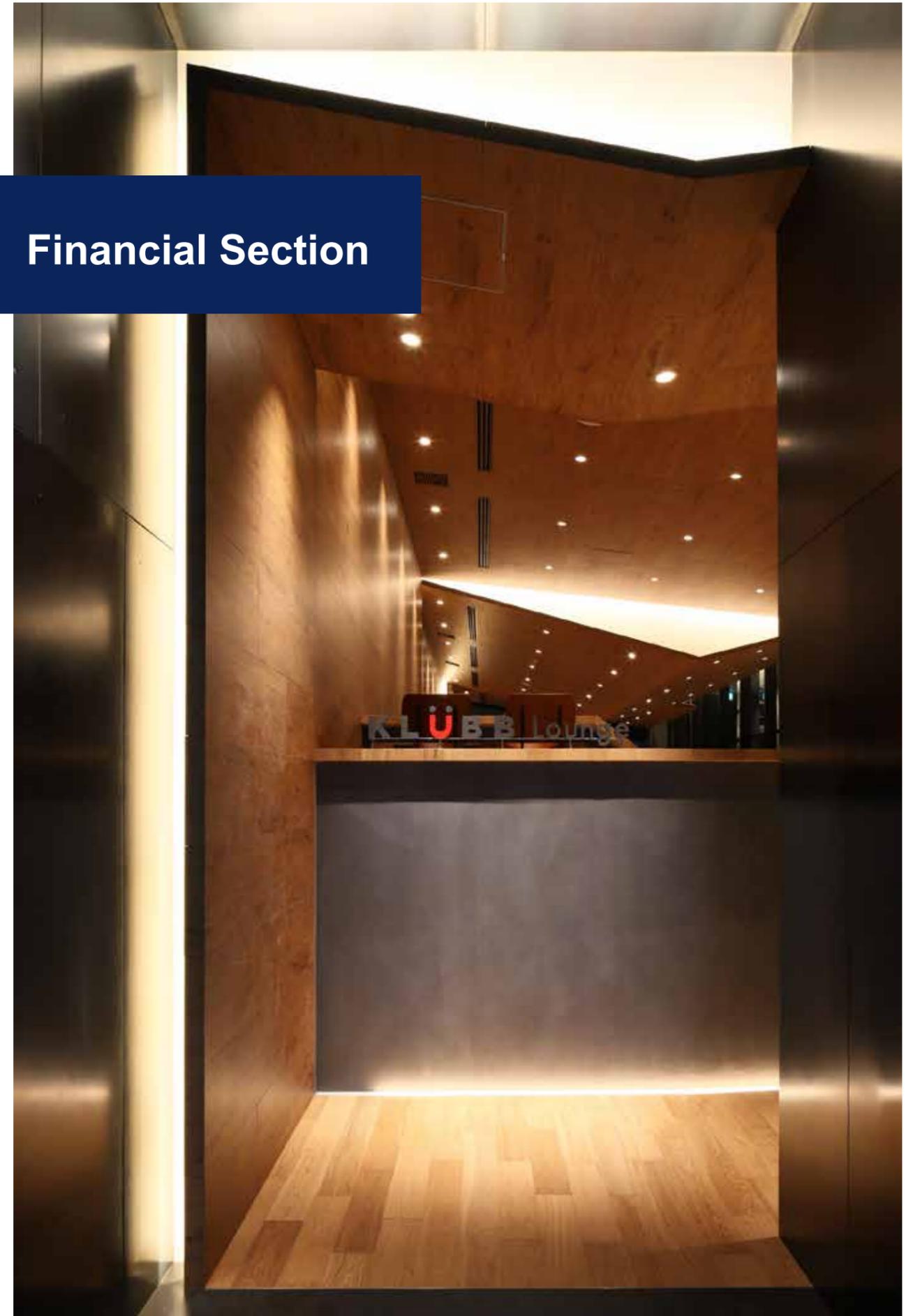
- LLR has a limited operating history.
- The Asset Manager has limited experience in operating a J-REIT.
- LLR's financial forecasts and other targets are necessarily speculative and subject to uncertainties.
- Any adverse conditions in the Japanese economy could adversely affect LLR.
- LLR's strategy 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 eleven 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 ("**AUM**").
- 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.
- LLR may decide to acquire its own units on the market but there can be no assurance that LLR will successfully acquire such units to the extent planned, or at all or be able to cancel or dispose of any such units in a manner beneficial to LLR.
- 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 subject to a number of uncertainties.
- LLR may invest in properties that are under development or those with low occupancy, and such investments may subject LLR to various risks.
- Acquisition of land in which third parties hold leasehold interests and own the buildings on the land may subject LLR to various risks.
- 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. LLR may have difficulty selling such interests due to limited market liquidity for such interests, 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 | |
| | February 29, 2020 | August 31, 2019 |
| ASSETS | | |
| Current assets | | |
| Cash and deposits (Notes 3 and 4) | ¥ 9,977,243 | ¥ 6,744,682 |
| Cash and deposits in trust (Notes 3 and 4) | 4,963,911 | 4,236,219 |
| Operating accounts receivable | 288,181 | 177,092 |
| Prepaid expenses | 169,167 | 130,339 |
| Income taxes receivable | 162,897 | – |
| Consumption taxes receivable | 674,662 | 357,627 |
| Other | 2,172 | 686 |
| Total current assets | 16,238,236 | 11,646,648 |
| Non-current assets | | |
| Property and equipment (Note 6) | | |
| Buildings in trust | 84,033,408 | 70,432,223 |
| Structures in trust | 81,767 | 29,308 |
| Machinery and equipment in trust | 183 | – |
| Tools, furniture and fixtures in trust | 10,081 | 10,405 |
| Land in trust | 166,427,880 | 145,322,177 |
| Less: accumulated depreciation | (5,310,751) | (4,501,937) |
| Total property and equipment | 245,242,569 | 211,292,178 |
| Investments and other assets | | |
| Investment securities (Note 4) | 1,149,747 | 1,237,993 |
| Long-term prepaid expenses | 533,844 | 424,220 |
| Deferred tax assets (Note 13) | 12 | 3 |
| Lease and guarantee deposits | 10,000 | 10,000 |
| Lease and guarantee deposits in trust | 5,170 | – |
| Total investments and other assets | 1,698,773 | 1,672,218 |
| Total non-current assets | 246,941,343 | 212,964,396 |
| Deferred assets | | |
| Deferred organization expenses | 4,265 | 7,922 |
| Investment unit issuance expenses | 34,348 | 22,584 |
| Investment corporation bond issuance costs | 65,324 | 52,023 |
| Total deferred assets | 103,938 | 82,530 |
| Total Assets | ¥263,283,518 | ¥224,693,574 |
| LIABILITIES | | |
| Current liabilities | | |
| Operating accounts payable | ¥ 278,523 | ¥ 190,204 |
| Short-term loans payable | – | 1,930,000 |
| Current portion of long-term loans payable (Notes 4 and 11) | 10,740,000 | 1,300,000 |
| Accounts payable | 1,258,838 | 882,739 |
| Accrued expenses | 7,182 | 7,788 |
| Income taxes payable | 680 | 677 |
| Advances received | 1,228,031 | 1,051,574 |
| Other | 725,022 | 654,639 |
| Total current liabilities | 14,238,278 | 6,017,624 |
| Non-current liabilities | | |
| Investment corporation bonds payable (Notes 4 and 12) | 14,500,000 | 11,500,000 |
| Long-term loans payable (Notes 4, 5 and 11) | 87,004,000 | 82,931,000 |
| Tenant leasehold and security deposits in trust (Note 4) | 3,000,275 | 2,469,743 |
| Total non-current liabilities | 104,504,275 | 96,900,743 |
| Total Liabilities | 118,742,554 | 102,918,368 |
| NET ASSETS (Note 10) | | |
| Unitholders' equity | | |
| Unitholders' capital | 139,781,090 | 118,086,775 |
| Units authorized: | | |
| 10,000,000 units as of February 29, 2020 and August 31, 2019 | | |
| Units issued and outstanding: | | |
| 1,363,000 units as of February 29, 2020 and | | |
| 1,210,000 units as of August 31, 2019 | | |
| Surplus | | |
| Retained earnings | 4,759,873 | 3,688,431 |
| Total unitholders' equity | 144,540,963 | 121,775,206 |
| Total Net Assets | 144,540,963 | 121,775,206 |
| Total Liabilities and Net Assets | ¥263,283,518 | ¥224,693,574 |

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

Statements of Income

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 29, 2020 | August 31, 2019 |
| Operating revenues (Note 8) | | |
| Rent revenue | ¥6,638,340 | ¥5,483,767 |
| Other lease business revenue | 591,822 | 513,295 |
| Dividend income | 798,547 | – |
| Gain on sales of real estate properties | 729,667 | 945,267 |
| Total operating revenue | 8,758,378 | 6,942,330 |
| Operating expenses (Note 8) | | |
| Expenses related to rent business | 2,332,043 | 1,985,716 |
| Asset management fee | 1,047,556 | 772,387 |
| Asset custody and administrative fee | 34,640 | 29,145 |
| Directors' compensations | 3,600 | 3,600 |
| Audit fee | 12,000 | 10,500 |
| Other operating expenses | 94,709 | 76,284 |
| Total operating expenses | 3,524,550 | 2,877,633 |
| Operating income | 5,233,827 | 4,064,697 |
| Non-operating revenues | | |
| Interest income | 68 | 54 |
| Reversal of distributions payable | 2,655 | – |
| Surrender value of insurance policies | 1,968 | – |
| Interest on tax refund | 1,516 | – |
| Total non-operating income | 6,209 | 54 |
| Non-operating expenses | | |
| Interest expenses | 274,922 | 243,788 |
| Interest expenses on investment corporation bonds | 26,544 | 26,786 |
| Amortization of deferred organization expenses | 3,656 | 3,656 |
| Amortization of investment unit issuance expense | 7,280 | 2,053 |
| Amortization of investment corporation bond issuance costs | 5,815 | 5,656 |
| Investment unit public offering expenses | 27,325 | 17,573 |
| Borrowing related expenses | 117,128 | 76,843 |
| Loss on redemption of investment securities | 16,993 | – |
| Total non-operating expenses | 479,666 | 376,358 |
| Ordinary income | 4,760,370 | 3,688,393 |
| Income before income taxes | 4,760,370 | 3,688,393 |
| Income taxes - current | 856 | 686 |
| Income taxes - deferred | (8) | 17 |
| Total income taxes | 848 | 703 |
| Net income | 4,759,522 | 3,687,689 |
| Retained earnings brought forward | 351 | 741 |
| Retained earnings at end of period | ¥4,759,873 | ¥3,688,431 |

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

Statements of Changes in Net Assets

| | Number of units | Thousands of yen | | |
|--|-----------------|----------------------|-------------------|------------------|
| | | Unitholders' capital | Retained earnings | Total net assets |
| Balance as of February 28, 2019 (Note 10) | 1,100,000 | ¥105,406,965 | ¥2,783,741 | ¥108,190,706 |
| Issuance of new investment units | 110,000 | 12,885,510 | | 12,885,510 |
| Distributions in excess of retained earnings | | (205,700) | | (205,700) |
| Distributions of retained earnings | | | (2,783,000) | (2,783,000) |
| Net income | | | 3,687,689 | 3,687,689 |
| Balance as of August 31, 2019 (Note 10) | 1,210,000 | 118,086,775 | 3,688,431 | 121,775,206 |
| Issuance of new investment units | 153,000 | 21,878,235 | | 21,878,235 |
| Distributions in excess of retained earnings | | (183,920) | | (183,920) |
| Distributions of retained earnings | | | (3,688,080) | (3,688,080) |
| Net income | | | 4,759,522 | 4,759,522 |
| Balance as of February 29, 2020 (Note 10) | 1,363,000 | ¥139,781,090 | ¥4,759,873 | ¥144,540,963 |

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

Statements of Cash Flows

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 29, 2020 | August 31, 2019 |
| Cash flows from operating activities: | | |
| Income before income taxes | ¥ 4,760,370 | ¥ 3,688,393 |
| Depreciation | 921,703 | 729,248 |
| Amortization of deferred organization expenses | 3,656 | 3,656 |
| Amortization of investment unit issuance expenses | 7,280 | 2,053 |
| Amortization of investment corporation bond issuance costs | 5,815 | 5,656 |
| Interest income | (68) | (54) |
| Interest expenses | 301,466 | 270,575 |
| Loss (gain) on redemption of investment securities | 16,993 | – |
| Decrease (increase) in operating accounts receivable | (111,088) | (6,767) |
| Decrease (increase) in Income taxes receivable | (162,897) | – |
| Decrease (increase) in consumption taxes refund receivable | (215,028) | (459,634) |
| Decrease (increase) in prepaid expenses | (38,828) | (9,031) |
| Decrease (increase) in long-term prepaid expenses | (109,623) | (38,541) |
| Increase (decrease) in operating accounts payable | 88,318 | 20,511 |
| Increase (decrease) in accounts payable | 284,777 | 128,534 |
| Increase (decrease) in accrued consumption taxes | (102,006) | (41,077) |
| Increase (decrease) in advances received | 176,456 | 72,842 |
| Decrease in property, plant and equipment in trust due to sale | 3,462,182 | 6,931,344 |
| Other, net | (25,025) | 20,775 |
| Subtotal | 9,264,455 | 11,318,485 |
| Interest income received | 68 | 54 |
| Interest expenses paid | (302,072) | (267,949) |
| Income taxes paid | (854) | (1,037) |
| Net cash provided by (used in) operating activities | 8,961,596 | 11,049,553 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment in trust | (38,242,956) | (30,913,462) |
| Proceeds from redemption of investment securities | 1,221,000 | – |
| Purchase of investment securities | (1,149,747) | – |
| Proceeds from tenant leasehold and security deposits in trust | 447,228 | 227,466 |
| Repayments of tenant leasehold and security deposits in trust | (73,315) | (67,430) |
| Payments of leasehold and guarantee deposits in trust | (5,170) | – |
| Net cash provided by (used in) investing activities | (37,802,961) | (30,753,426) |
| Cash flows from financing activities: | | |
| Proceeds from short-term loans payable | 1,100,000 | 7,490,000 |
| Repayments of short-term loans payable | (3,030,000) | (5,560,000) |
| Proceeds from long-term loans payable | 16,834,000 | 8,200,000 |
| Repayments of long-term loans payable | (3,321,000) | – |
| Proceeds from issuance of investment corporation bonds | 2,980,883 | – |
| Proceeds from issuance of investment units | 21,859,190 | 12,860,871 |
| Payment of distributions of retained earnings | (3,686,866) | (2,782,046) |
| Payment of distributions in excess of retained earnings | (183,865) | (205,610) |
| Net cash provided by (used in) financing activities | 32,552,342 | 20,003,214 |
| Net increase (decrease) in cash and cash equivalents | 3,710,977 | 299,340 |
| Cash and cash equivalents at beginning of period | 9,745,444 | 9,446,103 |
| Cash and cash equivalents at end of period (Note 3) | ¥13,456,422 | ¥ 9,745,444 |

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 as the organizer, LaSalle LOGIPORT REIT (hereinafter referred to as “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 (hereinafter referred to as “the Investment Trusts Act,” Act No. 198 of 1951, including subsequent amendments), and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016.

On June 5, 2019 and June 28, 2019, LLR issued new investment units (104,761 units) through a public offering and additional investment units (5,239 units) through a third-party allotment associated with the aforementioned public offering, respectively. In addition, on September 18, 2019 and October 10, 2019, LLR issued new investment units (145,714 units) through a public offering and additional investment units (7,286 units) through a third-party allotment associated with the aforementioned public offering, respectively. As a result, the total number of issued and outstanding investment units as of February 29, 2020 was 1,363,000 units.

On February 17, 2016, LLR acquired and began managing eight properties (combined acquisition price of 161,440 million yen). Since its listing, LLR has acquired ten properties (combined acquisition price of 94,646 million yen) and disposed joint co-ownership interests in two properties (combined joint co-ownership interest of 10,400 million yen was sold) during the subsequent fiscal periods. As a result, LLR owned 16 properties (combined acquisition price of 245,686 million yen) as of February 29, 2020.

These 16 properties (with total leasable floor area of 1,063,488 square-meters) comprise LLR’s asset holdings as of February 29, 2020, and the occupancy rate for the entire portfolio as of February 29, 2020 was 98.7%.

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 referred to as “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) Investment securities

Available-for-sale securities without fair market value are valued using the moving average cost method.

c) 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 | 10-45 years |

| | |
|-------------------------------|------------|
| Machinery and equipment | 8 years |
| Tools, furniture and fixtures | 6-15 years |

d) 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 for property tax is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. The amount of fixed asset taxes, etc. included in the acquisition costs of real estate, etc. was 86,594 thousand yen for the period ended August 31, 2019, and 72,803 thousand yen for the period ended February 29, 2020.

e) Organization Expenses

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

f) Investment unit issuance expenses

Investment unit issuance expenses are amortized using the straight-line method over three years.

g) Investment Corporation Bond Issuance Costs

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

h) 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.

i) 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, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust
- (iii) Lease and guarantee deposits in trust
- (iv) Tenant leasehold and security deposits in trust

j) 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. The nondeductible portion of consumption taxes imposed in connection with assets was charged to expense in the period incurred.

Notes to Financial Statements

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 | |
| | February 29, 2020 | August 31, 2019 |
| Cash and deposits | ¥ 9,977,243 | ¥6,744,682 |
| Cash and deposits in trust | 4,963,911 | 4,236,219 |
| Restricted deposits in trust (Note) | (1,484,732) | (1,235,457) |
| Cash and cash equivalents | ¥13,456,422 | ¥9,745,444 |

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

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, borrowings from financial institutions or issuing investment corporation 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 February 29, 2020 and August 31, 2019 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 February 29, 2020 | | |
| | Book value | Fair value | Difference |
| (1) Cash and deposits | ¥ 9,977,243 | ¥ 9,977,243 | ¥ - |
| (2) Cash and deposits in trust | 4,963,911 | 4,963,911 | - |
| Total assets | ¥ 14,941,155 | ¥ 14,941,155 | ¥ - |
| (4) Current portion of long-term loans payable | 10,740,000 | 10,743,876 | 3,876 |
| (5) Investment corporation bonds payable | 14,500,000 | 14,540,850 | 40,850 |
| (6) Long-term loans payable | 87,004,000 | 87,515,752 | 511,752 |
| Total liabilities | ¥112,244,000 | ¥112,800,479 | ¥ 556,479 |
| (7) Derivative transactions | ¥ - | ¥ - | ¥ - |

| | Thousands of yen | | |
|--|-----------------------|-------------|------------|
| | As of August 31, 2019 | | |
| | Book value | Fair value | Difference |
| (1) Cash and deposits | ¥ 6,744,682 | ¥ 6,744,682 | ¥ - |
| (2) Cash and deposits in trust | 4,236,219 | 4,236,219 | - |
| Total assets | ¥10,980,902 | ¥10,980,902 | ¥ - |
| (3) Short-term loans payable | 1,930,000 | 1,930,000 | - |
| (4) Current portion of long-term loans payable | 1,300,000 | 1,300,000 | - |
| (5) Investment corporation bonds payable | 11,500,000 | 11,618,300 | 118,300 |
| (6) Long-term loans payable | 82,931,000 | 83,511,702 | 580,702 |
| Total liabilities | ¥97,661,000 | ¥98,360,002 | ¥ 699,002 |
| (7) Derivative transactions | ¥ - | ¥ - | ¥ - |

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

(1) Cash and deposits, (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, (4) Current portion of long-term loans payable

Due to the short maturities of these financial instruments and their variable interest rates, their fair value approximates their carrying value and they are therefore stated at carrying value.

(5) Investment corporation bonds payable

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

(6) 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.

(7) Derivative transactions

Please refer to Note 5, "Derivative Transactions."

Notes to Financial Statements

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

As Investment securities and Tenant leasehold & 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 | |
| | February 29, 2020 | August 31, 2019 |
| Investment securities | ¥1,149,747 | ¥1,237,993 |
| Tenant leasehold and security deposits in trust | 3,000,275 | 2,469,743 |

(Note 3) Redemption schedule for monetary claims after February 29, 2020

| | Thousands of yen | | | | | |
|----------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of February 29, 2020 | | | | | |
| | 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 | ¥ 9,977,243 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Cash and deposits in trust | 4,963,911 | - | - | - | - | - |
| Total | ¥14,941,155 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |

Redemption schedule for monetary claims after August 31, 2019

| | Thousands of yen | | | | | |
|----------------------------|-----------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of August 31, 2019 | | | | | |
| | 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 | ¥ 6,744,682 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Cash and deposits in trust | 4,236,219 | - | - | - | - | - |
| Total | ¥10,980,902 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |

(Note 4) Repayment schedule for investment corporation bonds and long-term loans payable after February 29, 2020

| | Thousands of yen | | | | | |
|--------------------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of February 29, 2020 | | | | | |
| | 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 | ¥ - | ¥5,000,000 | ¥ - | ¥ - | ¥ - | ¥ 9,500,000 |
| Long-term loans payable | 10,740,000 | 2,650,000 | 18,100,000 | 17,694,000 | 9,070,000 | 39,490,000 |
| Total | ¥10,740,000 | ¥7,650,000 | ¥18,100,000 | ¥17,694,000 | ¥9,070,000 | ¥48,990,000 |

Repayment schedule for investment corporation bonds and long-term loans payable after August 31, 2019

| | Thousands of yen | | | | | |
|--------------------------------------|-----------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of August 31, 2019 | | | | | |
| | 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 | ¥1,930,000 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Investment corporation bonds payable | - | - | 5,000,000 | - | - | 6,500,000 |
| Long-term loans payable | 1,300,000 | 13,390,000 | 4,211,000 | 15,110,000 | 16,560,000 | 33,660,000 |
| Total | ¥3,230,000 | ¥13,390,000 | ¥9,211,000 | ¥15,110,000 | ¥16,560,000 | ¥40,160,000 |

5. Derivative Transactions

For the periods ended February 29, 2020 and August 31, 2019, LLR only utilized interest rate swaps, which qualified for hedge accounting and met the special matching criteria, as described below.

| Hedge accounting method | Type of derivative transaction | Primary hedged item | Thousands of yen | | | |
|---|--|-------------------------|-------------------------|-------------|------------|------------------------|
| | | | As of February 29, 2020 | | | |
| | | | Contract amount | | Fair value | Fair value measurement |
| Total | Due after one year | | | | | |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating/Pay fixed | Long-term loans payable | ¥ 64,420,000 | ¥58,300,000 | (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, (6) Long-term loans payable."

| Hedge accounting method | Type of derivative transaction | Primary hedged item | Thousands of yen | | | |
|---|--|-------------------------|-----------------------|-------------|------------|------------------------|
| | | | As of August 31, 2019 | | | |
| | | | Contract amount | | Fair value | Fair value measurement |
| Total | Due after one year | | | | | |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating/Pay fixed | Long-term loans payable | ¥49,520,000 | ¥49,520,000 | (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, (6) Long-term loans payable."

6. Property and Equipment

The following table summarizes the property and equipment as of February 29, 2020 and August 31, 2019.

| | Thousands of yen | | | | | |
|--|-------------------------|-------------|------------|----------------|--------------------------|--------------|
| | As of February 29, 2020 | | | | | |
| | At cost | | | Ending balance | Accumulated depreciation | Book value |
| Beginning balance | Increase | Decrease | | | | |
| Buildings in trust | ¥ 70,432,223 | ¥15,082,082 | ¥1,480,898 | ¥ 84,033,408 | ¥5,305,680 | ¥ 78,727,727 |
| Structures in trust | 29,308 | 52,458 | - | 81,767 | 4,388 | 77,379 |
| Machinery and equipment in trust | - | 183 | - | 183 | 5 | 177 |
| Tools, furniture and fixtures in trust | 10,405 | - | 324 | 10,081 | 676 | 9,404 |
| Land in trust | 145,322,177 | 23,199,553 | 2,093,850 | 166,427,880 | - | 166,427,880 |
| Total | ¥215,794,115 | ¥38,334,277 | ¥3,575,072 | ¥250,553,320 | ¥5,310,751 | ¥245,242,569 |

(Note) The increase for period ended February 29, 2020, was a result of the acquisition of three properties during the period with a total value of 38,060,934 thousand yen. In addition, the decrease for period ended February 29, 2020, was a result of the disposition of two properties during the period with a total value of 3,462,182 thousand yen.

Notes to Financial Statements

| | Thousands of yen | | | | | |
|--|-----------------------|-------------|------------|----------------|--------------------------|--------------|
| | As of August 31, 2019 | | | | | |
| | At cost | | | Ending balance | Accumulated depreciation | Book value |
| Beginning balance | Increase | Decrease | | | | |
| Buildings in trust | ¥ 63,449,320 | ¥ 9,775,783 | ¥2,792,880 | ¥ 70,432,223 | ¥4,499,296 | ¥ 65,932,927 |
| Structures in trust | 12,173 | 17,135 | – | 29,308 | 2,300 | 27,008 |
| Tools, furniture and fixtures in trust | 5,743 | 4,878 | 216 | 10,405 | 340 | 10,064 |
| Land in trust | 128,520,999 | 21,053,729 | 4,252,551 | 145,322,177 | – | 145,322,177 |
| Total | ¥191,988,237 | ¥30,851,526 | ¥7,045,648 | ¥215,794,115 | ¥4,501,937 | ¥211,292,178 |

(Note) The increase for period ended August 31, 2019, was a result of the acquisition of six properties during the period with a total value of 30,722,463 thousand yen. In addition, the decrease for period ended August 31, 2019, was a result of the disposition of two properties during the period with a total value of 6,931,344 thousand yen.

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 | |
| | February 29, 2020 | August 31, 2019 |
| Book value (Note 1) | | |
| Balance at the beginning of the period | ¥211,292,178 | ¥188,101,244 |
| Changes during the period (Note 2) | 33,950,391 | 23,190,934 |
| Balance at the end of the period | ¥245,242,569 | ¥211,292,178 |
| Fair value at the end of the period (Note 3) | ¥271,190,000 | ¥231,790,000 |

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

(Note 2) The increase for period ended August 31, 2019, was a result of the acquisition of six properties during the period with a total value of 30,722,463 thousand yen. The decrease for period ended August 31, 2019, was a result of the disposition of two properties during the period with a total value of 6,931,344 thousand yen and the recognition of depreciation expenses of 729,248 thousand yen, respectively. In addition, the increase for period ended February 29, 2020, was a result of the acquisition of three properties during the period with a total value of 38,060,934 thousand yen. The decrease for period ended February 29, 2020, was a result of the disposition of two properties during the period with a total value of 3,462,182 thousand yen and the recognition of depreciation expenses of 921,703 thousand yen, respectively.

(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 February 29, 2020 and August 31, 2019.

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 29, 2020 | August 31, 2019 |
| (1) Real estate leasing revenues | | |
| Rent revenue | | |
| Rent income | ¥6,065,759 | ¥4,991,417 |
| Common service fee | 572,580 | 492,350 |
| Total | ¥6,638,340 | ¥5,483,767 |
| Other lease business revenue | | |
| Utilities charge reimbursement | ¥ 330,554 | ¥ 313,976 |
| Parking revenue | 153,290 | 141,777 |
| Other lease revenues | 107,978 | 57,541 |
| Total | ¥ 591,822 | ¥ 513,295 |
| Total real estate leasing revenues | ¥7,230,162 | ¥5,997,063 |
| (2) Real estate leasing expenses | | |
| Leasing expenses | | |
| Outsourcing costs | ¥ 336,202 | ¥ 268,586 |
| Utilities expenses | 320,667 | 312,352 |
| Taxes and public dues | 449,675 | 477,423 |
| Insurance premiums | 13,947 | 10,505 |
| Repair and maintenance | 177,479 | 90,277 |
| Depreciation | 921,703 | 729,248 |
| Other leasing expenses | 112,367 | 97,321 |
| Total real estate leasing expenses | ¥2,332,043 | ¥1,985,716 |
| (3) Real estate leasing profit ((1) - (2)) | ¥4,898,119 | ¥4,011,347 |

The following table summarizes the gain on sales of real estate properties for the periods ended February 29, 2020 and August 31, 2019.

| | Thousands of yen | | |
|---|--|---|------------|
| | For the periods ended February 29, 2020 | | |
| | LOGIPORT Nagareyama A (60% joint co-ownership interest) | LOGIPORT Hiratsuka-shinmachi (20% joint co-ownership interest) | Total |
| Sales proceed | ¥2,700,000 | ¥1,540,000 | ¥4,240,000 |
| Book value of properties sold | 2,077,347 | 1,384,834 | 3,462,182 |
| Other sales expenses | 29,875 | 18,275 | 48,150 |
| Gain on sales of real estate properties | ¥ 592,777 | ¥ 136,890 | ¥ 729,667 |

| | Thousands of yen | | |
|---|--|---|------------|
| | For the periods ended August 31, 2019 | | |
| | LOGIPORT Nagareyama A (40% joint co-ownership interest) | LOGIPORT Hiratsuka-shinmachi (80% joint co-ownership interest) | Total |
| Sales proceed | ¥1,800,000 | ¥6,160,000 | ¥7,960,000 |
| Book value of properties sold | 1,381,785 | 5,549,558 | 6,931,344 |
| Other sales expenses | 19,899 | 63,488 | 83,388 |
| Gain on sales of real estate properties | ¥ 398,314 | ¥ 546,953 | ¥ 945,267 |

Notes to Financial Statements

9. Leases

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

| | Thousands of yen | |
|---------------------|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| Due within one year | ¥ 9,972,151 | ¥ 7,994,988 |
| Due after one year | 25,568,972 | 19,229,325 |
| Total | ¥35,541,123 | ¥27,224,314 |

10. Net Assets

a) Stated Capital

LLR issues only non-par value units in accordance with the Investment Trusts Act, 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 February 29, 2020 and August 31, 2019 consists of the following items:

| | Thousands of yen | |
|--|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| Unitholders' capital, gross | ¥141,127,710 | ¥119,249,475 |
| Deduction from unitholders' capital; | | |
| Accumulated distributions in excess of retained earnings | (1,346,620) | (1,162,700) |
| Unitholders' capital | ¥139,781,090 | ¥118,086,775 |

c) Distributions

With regards 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 Special Taxation Measures Act, 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 | | | |
| | February 29, 2020 | | August 31, 2019 | |
| | Total | Per unit | Total | Per unit |
| I Unappropriated retained earnings | ¥4,759,873,883 | | ¥ 3,688,431,723 | |
| II Distributions in excess of retained earnings | | | | |
| Deduction from unitholders' capital | 242,614,000 | | 183,920,000 | |
| III Distributions | | | | |
| Distributions of retained earnings | 4,759,596,000 | 3,492 | 3,688,080,000 | 3,048 |
| Distributions in excess of retained earnings | 242,614,000 | 178 | 183,920,000 | 152 |
| Total distributions | 5,002,210,000 | 3,670 | 3,872,000,000 | 3,200 |
| IV Retained earnings carried forward | ¥ 277,883 | | ¥ 351,723 | |

Pursuant to the "Distribution Policy" as defined in Article 36, Paragraph 1 of Article 2 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.

Based on the policy, LLR declared the distribution amount of 4,759,596,000 yen and 3,688,080,000 yen for the periods ended February 29, 2020 and August 31, 2019, 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 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 242,614,000 yen and 183,920,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of the amount remaining after deducting the total amount of accumulated depreciation as of the previous period from the total amount of accumulated depreciation as of the current fiscal period of 808,813,444 yen and 614,944,649 yen for the periods ended February 29, 2020 and August 31, 2019, 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 February 29, 2020 and August 31, 2019.

| | Thousands of yen | |
|---|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| 0.23794% unsecured short-term loans due 2019 | ¥ – | ¥ 1,390,000 |
| 0.23693% unsecured short-term loans due 2020 | – | 540,000 |
| Total short-term loans payable | ¥ – | ¥ 1,930,000 |
| 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 |
| 0.25659% unsecured long-term loans due 2019 | – | 1,300,000 |
| 0.42945% unsecured long-term loans due 2022 | 2,990,000 | 2,990,000 |
| 0.39977% unsecured long-term loans due 2023 | 1,900,000 | 1,900,000 |
| 0.47128% unsecured long-term loans due 2023 | 5,600,000 | 5,600,000 |
| 0.26909% unsecured long-term loans due 2021 | 2,650,000 | 2,650,000 |
| 0.51435% unsecured long-term loans due 2025 (*) | 6,750,000 | 6,750,000 |
| 0.59950% unsecured long-term loans due 2026 (*) | 5,880,000 | 5,880,000 |
| 0.43488% unsecured long-term loans due 2022 | – | 1,221,000 |
| 0.34020% unsecured long-term loans due 2026 (*) | 3,100,000 | 3,100,000 |
| 0.42105% unsecured long-term loans due 2027 (*) | 5,100,000 | 5,100,000 |
| 0.30050% unsecured long-term loans due 2026 (*) | 1,300,000 | – |
| 0.23967% unsecured long-term loans due 2020 | – | – |
| 0.36250% unsecured long-term loans due 2027 (*) | 5,700,000 | – |
| 0.40350% unsecured long-term loans due 2027 (*) | 7,900,000 | – |
| 0.31633% unsecured long-term loans due 2024 | – | – |
| 0.43808% unsecured long-term loans due 2023 | 1,134,000 | – |
| Total long-term loans payable | ¥97,744,000 | ¥84,231,000 |

The stated interest rate is the weighted average interest rate during the period ended February 29, 2020. 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 February 29, 2020 is disclosed in Note 4, "Financial Instruments."

Notes to Financial Statements

Current portion of long-term loans payable is included in long-term loans payable.

LLR is in the contract of commitment line agreement with two banks.

| | Thousands of yen | |
|--|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| Total amount of committed line of credit | ¥4,000,000 | ¥ – |
| Borrowings drawn down | – | – |
| Balance of unused committed line of credit | ¥4,000,000 | ¥ – |

12. Investment Corporation Bonds Payable

The investment corporation bonds payable will be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of February 29, 2020 and August 31, 2019.

| | Issued date | Maturity date | Interest rate | Thousands of yen | |
|--------------------|-------------------|-------------------|---------------|-------------------|-----------------|
| | | | | As of | |
| | | | | February 29, 2020 | August 31, 2019 |
| 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 | 3,500,000 |
| 4th unsecured bond | December 21, 2017 | December 21, 2021 | 0.170% | 1,000,000 | 1,000,000 |
| 5th unsecured bond | December 21, 2017 | December 21, 2027 | 0.630% | 1,000,000 | 1,000,000 |
| 6th unsecured bond | February 20, 2020 | February 20, 2030 | 0.590% | 3,000,000 | – |
| Total | | | | ¥14,500,000 | ¥11,500,000 |

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 February 29, 2020 and August 31, 2019 are as follows:

| | Thousands of yen | |
|---------------------------|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| Enterprise tax payable | ¥ 12 | ¥ 3 |
| Total deferred tax assets | 12 | 3 |
| Net deferred tax assets | ¥ 12 | ¥ 3 |

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 February 29, 2020 and August 31, 2019 are as follows:

| | For the periods ended | |
|----------------------------------|-----------------------|-----------------|
| | February 29, 2020 | August 31, 2019 |
| Statutory tax rate | 31.51% | 31.51% |
| Adjustments: | | |
| Deductible distributions | (31.50%) | (31.51%) |
| Other | 0.01% | 0.02% |
| Actual effective income tax rate | 0.02% | 0.02% |

14. Per Unit Information

The following table summarizes per unit information for the fiscal periods ended February 29, 2020 and August 31, 2019.

| | Yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 29, 2020 | August 31, 2019 |
| Net income per unit | | |
| Basic net income per unit | ¥ 3,531 | ¥ 3,201 |
| Weighted average number of units outstanding | 1,347,828 | 1,151,954 |

| | Yen | |
|---------------------|-------------------|-----------------|
| | As of | |
| | February 29, 2020 | August 31, 2019 |
| Net assets per unit | ¥ 106,046 | ¥ 100,640 |

(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 4,759,522 thousand yen and 3,687,689 thousand yen for the periods ended February 29, 2020 and August 31, 2019, 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 February 29, 2020)

None

(For the period ended August 31, 2019)

None

b) Transactions and Account Balances with Affiliates

(For the period ended February 29, 2020)

None

(For the period ended August 31, 2019)

None

c) Transactions and Account Balances with Companies under Common Control

(For the period ended February 29, 2020)

| Classification | Name of the company | Address | Stated capital (thousands of yen) | Type of business | Percentage of voting rights owned | Relation | | Type of transaction (Note 2) | Transaction amount (thousands of yen) (Note 1) | Account | Ending balance (thousands of yen) (Note 1) |
|----------------------------|----------------------------|-------------------|-----------------------------------|--------------------------------|-----------------------------------|--|-----------------------|--|--|------------------|--|
| | | | | | | Common board member | Business relationship | | | | |
| 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) | ¥1,477,226 | Accounts payable | ¥1,041,394 |

(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 fees, attributable to property and investment security acquisitions, and property dispositions, were 387,270 thousand yen and 42,400 thousand yen, respectively.

Notes to Financial Statements

(For the period ended August 31, 2019)

| Classification | Name of the company | Address | Stated capital (thousands of yen) | Type of business | Percentage of voting rights owned | Relation | | Type of transaction (Note 2) | Transaction amount (thousands of yen) (Note 1) | Account | Ending balance (thousands of yen) (Note 1) |
|----------------------------|----------------------------|-------------------|-----------------------------------|--------------------------------|-----------------------------------|--|-----------------------|--|--|------------------|--|
| | | | | | | Common board member | Business relationship | | | | |
| 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) | ¥1,152,517 | Accounts payable | ¥724,925 |

(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 fees, attributable to property acquisitions and property dispositions, were 300,530 thousand yen and 79,600 thousand yen, respectively.

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 February 29, 2020)

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 August 31, 2019)

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



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 February 29, 2020, 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 February 29, 2020, 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

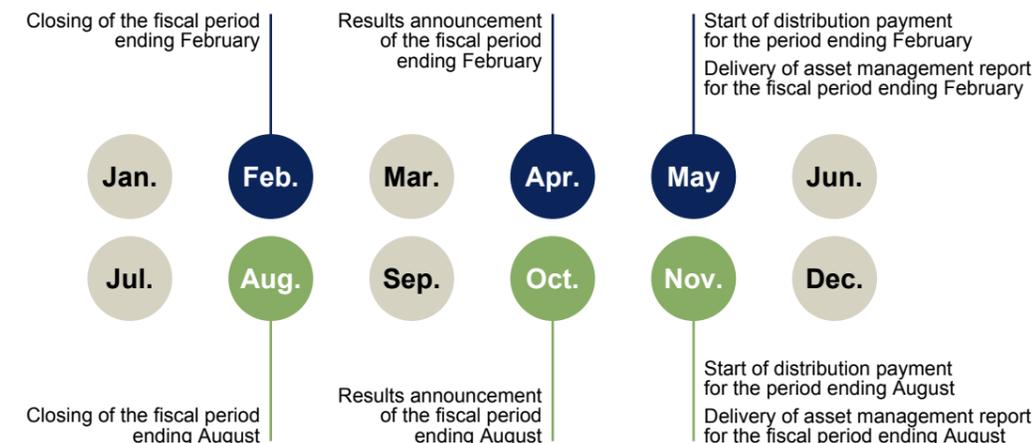
May 28, 2020

PriceWaterhouseCoopers Aarata LLC

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Investor Information

Schedule of Annual IR-Related Events



Unitholder Metrics

The following charts illustrate various metrics for measuring unitholders.

Top Unitholders

As of February 29, 2020

| | Number of Units | Ratio (%) |
|---|-----------------|---------------|
| Japan Trustees Services Bank, Ltd. (Trust Account) | 275,037 | 20.17% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 274,835 | 20.16% |
| The Nomura Trust and Banking Co., Ltd. (Trust Account) | 64,685 | 4.74% |
| NSI CUSTOMER SECURED 30.7. OMNIBUS (Note) | 46,200 | 3.38% |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 42,278 | 3.10% |
| BNYM AS AGT/CLTS 10 PERCENT | 23,871 | 1.75% |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 20,039 | 1.47% |
| STATE STREET BANK AND TRUST COMPANY 505223 | 15,723 | 1.15% |
| The Shinkumi Federation Bank | 14,551 | 1.06% |
| SSBTC CLIENT OMNIBUS ACCOUNT | 12,922 | 0.94% |
| Totals | 790,141 | 57.97% |

Note: NSI CUSTOMER SECURED 30.7 OMNIBUS holds in custody the investment units of LLR owned by Jones Lang LaSalle Co-Investment, Inc., which is a subsidiary of JLL. All of the investment units indicated above (46,200 units) are beneficially owned by Jones Lang LaSalle Co-Investment, Inc.

Breakdown of Units Held by Unitholder Type



Unitholder Breakdown by Unitholder Type

