

Financial Results (REIT) for the Fiscal Period Ended August 31, 2017

October 13, 2017

REIT Issuer:	LaSalle LOGIPORT REIT	Stock Exchange Listing:	TSE
Securities Code:	3466	URL:	http://lasalle-logiport.com/english/
Representative:	(Title) Executive Director	(Name) Toshimitsu Fujiwara	
Asset Management Company:	LaSalle REIT Advisors K.K.		
Representative:	(Title) President and CEO	(Name) Toshimitsu Fujiwara	
Contact:	(Title) Director, General Manager of Finance & Management Department	(Name) Daisuke Ishida	
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Scheduled filing date of securities report:	November 29, 2017	Scheduled date of distribution payment commencement:	November 20, 2017
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Supplementary information for financial results: Yes
 Briefing meeting for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended August 31, 2017 (March 1, 2017 to August 31, 2017)

(1) Management Status (% figures show period-over-period change)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Period ended August 31, 2017	5,234	7.9	2,739	(7.3)	2,430	(11.3)	2,429	(11.3)
Fiscal period ended February 28, 2017	4,853	(5.4)	2,956	(6.8)	2,740	9.7	2,739	9.7

	Net income per unit	Ratio of net income on unitholders' equity (ROE)	Ratio of ordinary income on total assets (ROA)	Ratio of ordinary income on operating revenues
	Yen	%	%	%
Fiscal Period ended August 31, 2017	2,209	2.2	1.4	46.4
Fiscal period ended February 28, 2017	2,490	2.5	1.6	56.5

(2) Distributions

	Distributions per unit (excluding those in excess of earnings per unit)	Total amount of distributions (excluding those in excess of earnings per unit)	Distributions in excess of earnings per unit	Total amount of distributions in excess of earnings	Distributions per unit (including those in excess of earnings per unit)	Total amount of distributions (including those in excess of earnings per unit)	Payout ratio	Net assets distribution ratio
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
Fiscal Period ended August 31, 2017	2,209	2,429	170	187	2,379	2,616	100.0	2.2
Fiscal period ended February 28, 2017	2,491	2,740	159	174	2,650	2,915	100.0	2.5

Note 1. The ratio of distributions to net assets is calculated according to the following formula.

$$\text{Distributions per unit (excluding those in excess of earnings per unit)} / [(\text{net assets per unit at the beginning of the fiscal period} + \text{net assets per unit at the end of the fiscal period}) \div 2] \times 100$$

Note 2. The total amount of distributions in excess of earnings is considered to be a refund of investment, which, for tax purposes, falls under a category of distribution as a reduction in unitholders' capital.

Note 3. The rate of reduction in retained earnings due to distributions in excess of earnings per unit (a refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) in both fiscal periods ended February 28, 2017 and August 31, 2017 was 0.002. Note that the calculation of the share of reductions in retained earnings is based on Article 23, Paragraph 1, No. 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Million yen	Million yen	%	Yen
Fiscal period ended August 31, 2017	183,842	108,416	59.0	98,560
Fiscal period ended February 28, 2017	172,144	108,901	63.3	99,001

(4) Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at fiscal period end
	Million yen	Million yen	Million yen	Million yen
Fiscal period ended August 31, 2017	2,904	(12,091)	9,127	7,558
Fiscal period ended February 28, 2017	2,861	(35)	(2,730)	7,618

2. Forecasts for the Fiscal Periods Ending February 28, 2018 (September 1, 2017 to February 28, 2018) and August 31, 2018 (March 1, 2018 to August 31, 2018)

(% figures show period-over-period change)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding those in excess of earnings per unit)	Distributions in excess of earnings per unit	Distributions per unit (including those in excess of earnings per unit)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
Fiscal period ending February 28, 2018	5,159	(1.4)	2,690	(1.8)	2,434	0.1	2,433	0.1	2,211	171	2,382
Fiscal period ending August 31, 2018	5,122	(0.7)	2,672	(0.7)	2,408	(1.0)	2,407	(1.0)	2,188	171	2,359

Reference: Forecasted net income per unit for the period ending February 28, 2018: 2,211 yen; forecasted net income per unit for the period ending August 31 2018: 2,188 yen

*Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(2) Total number of investment units issued and outstanding

(i) Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period

Fiscal period ended August 31, 2017	1,100,000 units	Fiscal period ended February 28, 2017	1,100,000 units
Fiscal period ended August 31, 2017	0 units	Fiscal period ended February 28, 2017	0 units

(ii) Number of treasury units at the end of the fiscal period

Note: Please see the "Notes on Per Unit Information" on page 29 for the number of investment units used as the basis for calculating net income per unit.

* Presentation of the status of implementation of audit procedures

At the time of the release of these financial results for the fiscal period, auditing procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

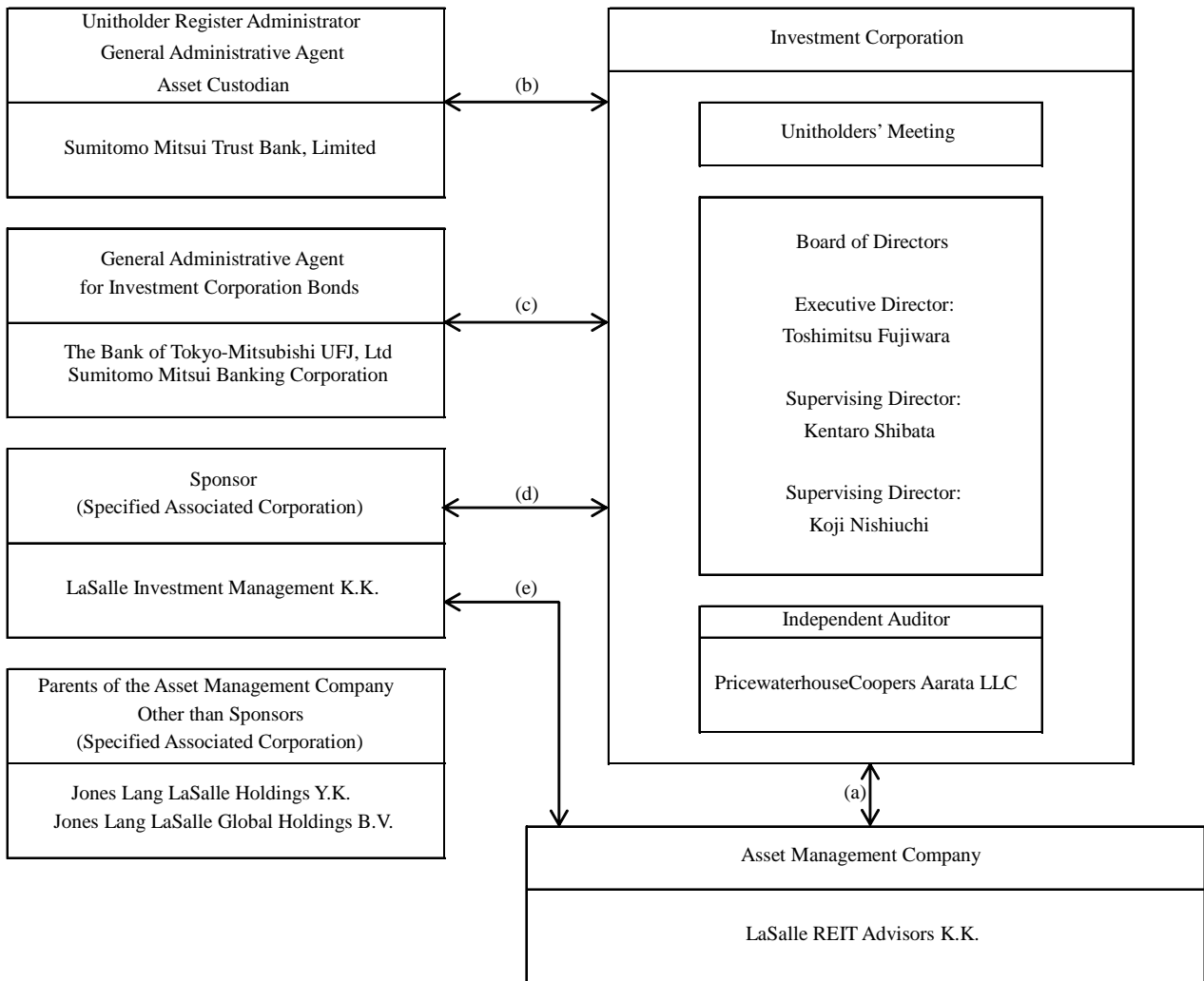
* Explanation of appropriate use of the forecast of financial results and other matters of special note

The forecasts and other forward-looking statements presented in this material are based on information currently available to LLR and certain assumptions LLR deems to be reasonable. Actual results may differ materially from these forecasts due to a variety of factors. These forecasts do not guarantee the above distribution amounts.

For further details about the assumptions used in the forecasts above, please refer to the "Forecast Assumptions for the Fiscal Periods Ending February 28, 2018 and August 31, 2018" stated on page 9 below.

1. Related Organizations

(i) Structure of the REIT



- (a) Asset management agreement
- (b) Transfer agent agreement / General administrative agreement / Asset custodian agreement
- (c) Fiscal agent agreement
- (d) Memorandum concerning use of trade names
- (e) Sponsor support agreement

(2) Names and Descriptions Outlining Respective Operational Roles and Services Pertaining to Investment Corporation and Related Organizations

Operational Role	Name	Description of Operations
Investment Corporation	LaSalle LOGIPORT REIT	LLR invests primarily in real estate-related assets, with an emphasis on logistics facilities.
Asset Management Company	LaSalle REIT Advisors K.K.	LaSalle REIT Advisors K.K. entered into an asset management agreement with LLR. Under this agreement, LaSalle REIT Advisors K.K., as an asset management company under the Act on Investment Trusts and Investment Corporations (“Investment Trusts Act,” Act No. 198 of 1951, including subsequent amendments), conducts services related to the management of assets in accordance with the bylaws established by LLR and the investment guidelines which serve as the asset management company’s internal rules.
Asset Custodian	Sumitomo Mitsui Trust Bank, Limited	LLR entered into an asset custody agreement with Sumitomo Mitsui Trust Bank, Limited (“SMTB”). Under this agreement, SMTB provides custodial services as a custodian for LLR under the Investment Trusts Act.
Unitholder Register Administrator	Sumitomo Mitsui Trust Bank, Limited	<p>(a) SMTB entered into a unitholder register agreement with LLR (the asset management company that formed LLR executed the aforementioned unitholder register agreement, and LLR succeeded to the asset management company’s contractual status). Under this agreement, SMTB, as the unitholder register administrator in accordance with the Investment Trusts Act (1), prepares and keeps the unitholder register and otherwise administers the unitholder register, (2) administers the cash disbursements of distributions to unitholders, and (3) accepts unitholder applications to exercise their voting rights with respect to LLR and other unitholder filings on behalf of LLR.</p> <p>(b) Furthermore, in relation to the aforementioned administrative services, SMTB is contracted by LLR to provide various services related to the use of numbers to identify specific individuals assigned under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013, including subsequent amendments) such as obtaining, using, and controlling individual and corporate numbers, etc.</p>
General Administrative Agent for the Investment Corporate Bonds	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On February 9, 2017, the Bank of Tokyo-Mitsubishi UFJ, Ltd. entered into fiscal agency agreements with LLR regarding the 1st Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) and the 2nd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds). Under these agreements, as a general administrative agent under the Investment Trusts Act, it provides administrative services for (i) issuance agency, (ii) payment of interest and redemptions to creditors of

		the investment corporation, and (iii) management of the creditor registry in connection with the 1st Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) and the 2nd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds).
	Sumitomo Mitsui Banking Corporation	On July 7, 2017, the Sumitomo Mitsui Banking Corporation (“SMBC”) entered into a fiscal agency agreement with LLR regarding the 3rd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds). Under this agreement, as a general administrative agent under the Investment Trusts Act, SMBC provides administrative services for (i) issuance agency, (ii) payment of interest and redemptions to creditors of the investment corporation, and (iii) management of the creditor registry in connection with the 3rd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds).
General Administrative Agent (agent contracted to perform services related to organizational operation, calculations, accounting, and tax payments)	Sumitomo Mitsui Trust Bank, Limited	SMTB entered into a general administrative agreement with LLR to provide general administrative services (services related to organizational operations, calculations, accounting, and tax payments). Under this agreement, SMTB, as the general administrative agent under the Investment Trusts Act (agent contracted to perform services related to organizational operations, calculations, accounting, and tax payments), provides administrative services related to (1) the operation of the organization, (2) performing calculations, (3) preparation of accounting ledgers, and (4) tax payments on behalf of LLR.
Independent Auditor	PricewaterhouseCoopers Aarata LLC	PricewaterhouseCoopers Aarata LLC is contracted to perform financial audit services for LLR.
Sponsor The Parent Company of the Asset Management Company (Specified Associated Corporations)	(i) LaSalle Investment Management K.K. (ii) Jones Lang LaSalle Holdings Y.K. (iii) Jones Lang LaSalle Global Holdings B.V.	As the parent company of LaSalle REIT Advisors K.K. (“Asset Management Company”), LaSalle Investment Management K.K. is a specified associated corporation. Furthermore, LaSalle Investment Management K.K. entered into a sponsor support agreement with the Asset Management Company and a memorandum concerning trade name use with LLR.

2. Management Policy and Management Status

(1) Management Policy

Disclosure of this information is omitted because there are no material changes in the “Investment Policy,” “Investment Targets,” and “Distribution Policy” in the most recent Securities Report (filed on May 30, 2017).

(2) Management Status

(Overview of the Fiscal Period)

(i) Significant developments of the investment corporation

With LaSalle REIT Advisors as the organizer, LLR was established with capital of 150 million yen (1,500 units) on October 9, 2015 pursuant to the Investment Trusts Act. Thereafter, LLR issued new investment units (1,050,800 units) through a public offering with a payment date of February 16, 2016, and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016. Furthermore, on March 15, 2016, LLR issued new investment units (47,700 units) through a third-party allotment associated with the aforementioned public offering. At the closing of the accounts for the third fiscal period ending August 31, 2017, the total number of issued and outstanding investment units as of the end of this period is 1,100,000 units.

(ii) Investment Environment and Management Performance

There were no major factors for change on the global political scene and financial markets, and performance continued to be relatively stable. The Japanese economy and capital markets remained in buoyant amid the continued strong growth of the global economy centered on the U.S., Europe and China. In the second quarter of 2017, the pace of growth increased with real GDP growth reaching an annualized rate of 2.5%, and a growth trend, driven by domestic demand centered on personal consumption was clearly evident. In particular, the employment market continued to be tight, and it is thought that consumption was supported further by the continuance of government fiscal policy focused on households. In capital markets, the Bank of Japan maintained low interest rates through yield curve control, and the stock market on the whole remained strong. In the J-REIT market, however, demand tapered and investment unit prices softened against a background of capital outflows from investment trusts with monthly distributions. Furthermore, the Financial Services Agency announced a strengthening of risk management regarding local banks, and there is renewed concern that the extension of the low interest rate policy will put pressure on the profitability of banks. In the logistics facilities market, while the volume of new supply remains high, vigorous new demand has absorbed the supply in the Tokyo metropolitan area, and performance on the whole continued to be stable. On the other hand, in parts of the Tokyo and Osaka metropolitan areas, where increases in free rent and other incentives were on offer, intensifying competition was evident. In the direct real estate investment market, the yield spread of real estate relative to bonds remains high, and there continues to be a strong interest in investing, primarily among domestic investors. Furthermore, amid strong growth of the capital market as a whole, the conclusion of major deals in peripheral urban areas has confirmed improvement of investor sentiment in the real estate market.

Under these conditions, LLR steadily managed its nine properties acquired by the end of the fiscal period (total acquisition price 173,390 million yen, leasable floor area 752,117m²) and the overall portfolio occupancy rate was in a strong position at 98.6% as of the end of the fiscal period. It is a portfolio that has 100 tenants as of the end of the fiscal period and aims for tenant diversification.

(iii) Overview of Procurement of Funds

In the current fiscal period, LLR issued on July 13, 2017 the 3rd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) for 3,500 million yen. LLR prepaid long term loans of 3,540 million yen using in part the funds from these Investment Corporation Bonds.

At the end of the current fiscal period, the balance of interest-bearing debt of LLR was 71,030 million yen and LTV was 38.6%.

The status of LLR's credit ratings assigned as of the end of the current period was as follows.

Credit rating agency	Rating type	Rating	Rating outlook
JCR (Japan Credit Rating Agency Ltd.)	Long-term issuer rating	AA-	Stable
	Securities Rating (Note)	AA-	-

Note: This is the rating for the No. 1, No. 2 and No. 3 Unsecured Corporation Bonds.

(iv) Overview of Business Performance and Distributions

The operating period for the current fiscal period was 184 days from March 1, 2017 to August 31, 2017. During this fiscal period, LLR generated operating revenues of 5,234 million yen, operating income of 2,739 million yen, ordinary income of 2,430 million yen, and net income of 2,429 million yen.

Furthermore, through application of Article 67, Provision 15(1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments), LLR intends to include distributions as deductible expenses and distribute the entire amount of unappropriated retained earnings (excluding fractional distribution amounts of less than one yen per investment unit). As a result, the distribution amount per investment unit is 2,209 yen.

In addition to this, in accordance with the distribution policy provided for in LLR's Articles of Incorporation, in principle LLR makes ongoing distributions in excess of the amount of retained earnings each fiscal period ("ongoing distributions in excess of retained earnings") (Note 1). Furthermore, in addition to ongoing distributions in excess of retained earnings, in the event there are one-time reductions up to a certain amount of distributions per unit as a result of large-scale repairs or financing activities such as the issuance of new investment units, the issuance of short-term corporate bonds, or borrowings, LLR may make distributions, of an amount that it determines, as a distribution of the amount of temporary excess profit, but only for the purpose of equalizing the amount of distributions per unit (Note 2).

In the current fiscal period, LLR distributed 187 million yen as an ongoing distribution in excess of retained earnings, an amount equivalent to approximately 30% of the depreciation expense of 625 million yen for the current fiscal period. As a result, the distribution in excess of retained earnings per unit in the current fiscal period was 170 yen (Note 3).

Note 1. LLR's policy is to make distributions in excess of retained earnings each fiscal period after careful consideration is given to alternative uses of cash, such as execution of repairs, capital expenditures, repayment of debts, along with factoring in the prevailing economic environment, the real estate market, the competitiveness of its Acquired Assets as well as its overall financial condition.

Note 2. LLR intends to make distributions in excess of retained earnings in an amount up to approximately 40% of the amount of depreciation expense for the immediately prior fiscal period, which are the sum of the regular distributions in excess of retained earnings and additional distributions in excess of our retained earnings.

Note 3. The engineering report for each property prepared by Earth-Appraisal Co., Ltd estimates that the amount of anticipated semi-annual average of emergency or short-term repair and maintenance expenses and medium- to long-term repair and maintenance expenses is 199 million yen. LLR determines to make distributions in excess of retained earnings, considering that the amount of distributions in excess of retained earnings maintain the value of its portfolio and its financial stability taking into account macroeconomic environment, trends in the real estate market and real estate leasing industry and its financial conditions. Please note that the amount of distributions in excess of retained earnings will be deducted from the balance of LLR's unit holders' equity upon payment.

(Outlook for the Future)

(i) Investment Environment Going Forward

The outlook for the Japanese economy is for strong growth to continue, driven by personal consumption. The increase in employment and moderate wage increases are expected to support household income. Furthermore, the policy of "same wages for the same work" that the government is promoting, and other proposals such as ending public school fees, indicate that the Abe administration is strengthening its policies that focus on households, and these factors are expected to support consumption in the short to medium term. The pressure for yen depreciation arising in the foreign exchange markets as Europe and the United States take greater notice of the increase in policy interest rates is expected to result in boosting exports of Japanese companies and improving the profitability of their overseas businesses. Although there are concerns about a decline in consumer sentiment two years from now due to the increasing likelihood of a consumption tax hike in October 2019, it is believed that there is only limited risk of the same negative effects on consumption occurring when tax rates were raised in 2014, since the purpose of the tax increase and the strength of the present employment market are different. In addition, although the end of the term of the Governor of the Bank of Japan in April 2018 is approaching, there is a strong likelihood that the low interest rate policy will continue regardless of whether Governor Kuroda is reappointed or not. In the logistics facilities market, the outlook is for a further increase in new supply in 2018 in the Tokyo and Osaka metropolitan areas, and although an increase in vacancies in the overall market is expected, intensification of competition is expected to be limited to certain areas. As investment difficulties continue due to low interest rates, liquidity in the direct real estate investment market is expected to increase as investment demand continues to be robust and the investor segment broadens in the short to medium term to include pension funds and business corporations.

(ii) Future Management Policy and Issues to Address

In this environment, LLR will seek to enhance unitholder value through stable long-term growth in cash flows and asset values by engaging in the following activities.

With respect to its external growth strategy, LLR will make the most of the property information provided by the LaSalle Group (Note 1) as well as LaSalle REIT Advisors' unique capabilities in obtaining property information. Under its sponsor support agreement, LLR is able to receive information about the sale of properties owned by the LaSalle Fund (Note 2), and because of this enjoys diverse sourcing routes that tap into both sourcing from the LaSalle Fund and sourcing from third parties. Within the LaSalle Group, LLR will work to realize external growth through clearly defined targets for investment for LLR and the LaSalle Fund. Specifically, LLR will invest in core assets that have achieved stable occupancy rates (Note 3), while the LaSalle Fund will invest mainly in development properties and low-occupancy properties.

With respect to its internal growth strategy, LLR will aim to realize internal growth by leveraging its active asset management (Note 4) expertise that is a hallmark of the LaSalle Group, thanks in part to the personnel that will be provided to it and the information made available under the sponsor support agreement. LLR's portfolio is characterized by a highly stable cash flow attributed to a diversified tenant base, in addition to its staggered lease renewal dates, due to the terms of its lease agreements. When renewal dates are nearing, LLR will work to revise lease rates up after carefully reviewing market lease rates and vacancy rates. LLR will also endeavor to maintain and strengthen the competitiveness of its properties by making appropriate repairs and capital expenditures.

With respect to financial strategy, LLR will strive to build an optimized capital structure with a sound financial foundation by taking advantage of its strong financial position in order to achieve a balance between stability in its finances and funding costs, while diversifying how it procures its funding sources, along with staggering debt maturities, while also considering the use of variable interest rates.

Note 1. "LaSalle Group" refers to the group of companies that provides real estate investment management services in 24 office locations in 17 countries (as of June 30, 2017) in the United States, Europe and the Asia-Pacific region, centered on LaSalle Investment Management Inc., which is one of the world's leading real estate investment advisory firms.

Note 2. "LaSalle Fund" refers to a fund formed and operated by the LaSalle Group.

Note 3. "Core asset" refers to real estate that has relatively little variability in its cash flow, and is expected to secure stable income over the medium to longer term.

Note 4. "Active asset management" is a generic term for management techniques aimed at increasing cash flow by identifying opportunities to create added value of properties held by carefully examining macro factors such as market lease rates and vacancy rates as well as the micro factors of each property, such as tenant lease terms and building management conditions.

(iii) Forecast of Financial Results

The outlook for LLR's financial results for the fiscal period ending February 28, 2018 and the period ending August 31, 2018 are presented below.

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (excluding those in excess of earnings per unit)	Distributions in excess of earnings per unit	Distributions per unit (including those in excess of earnings per unit)
	Million yen	Million yen	Million yen	Million yen	Yen	Yen	Yen
Fiscal period ending Feb 2018	5,159	2,690	2,434	2,432	2,211	171	2,382
Fiscal period ending Aug 2018	5,122	2,672	2,408	2,407	2,188	171	2,359

For the assumptions used in this outlook, please refer to the "Forecast Assumptions for the Fiscal Periods Ending February 28, 2018 and August 31, 2018" below.

Note: The figures above represent LLR's outlook at present and are calculated based on certain assumptions. The actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of earnings), and distributions per unit in excess of earnings may differ due to the future acquisition or disposition of real estate, conditions in the real estate market, fluctuations in interest rates, or other circumstances surrounding LLR. In addition, this forecast does not guarantee the above distribution amounts

Forecast Assumptions for the Fiscal Periods Ending February 28, 2018 and August 31, 2018

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending February 28, 2018: September 1, 2017 to February 28, 2018 (181 days) • Fiscal period ending August 31, 2018: March 1, 2018 to August 31, 2018 (184 days)
Property portfolio	<ul style="list-style-type: none"> • LLR assumes that there will be no changes to the property portfolio (e.g., any acquisition of new properties or any disposal of existing properties) of the existing trust beneficiary interests in 9 properties (“Asset Holdings”) as of August 31, 2018. • LLR’s property portfolio may change due to acquisitions of new properties other than the Asset Holdings or the disposal of existing properties, etc.
Operating revenues	<ul style="list-style-type: none"> • Rental revenues from the leasing of the Asset Holdings are calculated based on lease agreements for the Asset Holdings in effect as of today and other factors, including expectations based on market trends. • With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delay or delinquency.
Operating expenses	<ul style="list-style-type: none"> • Leasing-related expenses other than depreciation expenses are calculated based on information reflecting fluctuations in the expenses based on historical data and outsourcing agreements in effect as of today. • Depreciation expenses, including ancillary costs, are calculated using a straight-line depreciation method, and LLR assumed that depreciation expenses of 629 million yen and 629 million yen are assumed for the fiscal periods ending February 28, 2018 and August 31, 2018, respectively. • While property taxes and city planning taxes are typically calculated pro-rata based on the actual number of days as to which the properties are owned and were settled at the time of acquisition, the settlement is included in LLR’s acquisition costs. Accordingly, for LOGIPORT Kawagoe acquired in March 2017, the settlement amount will not be expensed during the fiscal period ending February 28, 2018 because it is included in LLR’s acquisition costs. In addition, for LOGIPORT Kawagoe, property taxes and city planning taxes for the fiscal year 2018 will be expensed from the fiscal period ending August 31, 2018. The total amount of property taxes on LOGIPORT Kawagoe, which is included in the acquisition cost, is assumed to be 50 million yen (equivalent to the tax expenses for 306 days). If LLR were to expense property taxes in the fiscal period ending February 28, 2018, LLR would expense 30 million yen for such fiscal period. • Repair and maintenance expenses are calculated based on a repair and maintenance plan prepared by the Asset Management Company for items viewed as necessary for each property. Actual repair and maintenance expenses may be significantly different from the expected amount due to various factors around certain unexpected repairs, the tendency for significant variations in the amount depending on each fiscal period, and the fact that repair expenses do not generally arise on a periodic basis.
Non-operating expenses	<ul style="list-style-type: none"> • LLR expects to recognize the estimated amortization amount of deferred organization expenses in the amounts of 3.0 million yen for both of the fiscal periods ending February 28, 2018 and August 31, 2018, respectively. • Interest expenses and other debt-related costs (including investment corporation bond interest expense, investment corporation bond issuance expense amortization, and financing related expenses) are expected to be 252 million yen and 259 million yen for the fiscal periods ending February 28, 2018 and August 31, 2018, respectively. Non-cash items, which are included in other debt-related costs, are expected to be 37 million yen and 38 million yen for the fiscal periods ending February 28, 2018 and August 31, 2018, respectively.
Loans payable	<ul style="list-style-type: none"> • As of today, the balance of LLR’s interest-bearing debt is 71,030 million yen. LLR does not expect there to be any changes to the balance of LLR’s interest-bearing debt until the fiscal period ending August 31, 2018. • The LTV ratio as of the end of the period ending February 28, 2018 is expected to be around 38.6%, and the LTV ratio as of the end of the period ending August 31, 2018 is expected to be around 38.7%. The LTV ratio is calculated by the following formula: $\text{LTV} = \frac{\text{total interest-bearing debt}}{\text{total assets}} \times 100$
Investment units	<ul style="list-style-type: none"> • Current outstanding number of units is 1,100,000. LLR does not expect there to be any changes to the number of outstanding units until the fiscal period ending August 31, 2018.
Distributions per unit	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of retained earnings per unit) are calculated on the premise that all profits will be distributed in accordance with the distribution policy provided in LLR’s

Item	Assumptions
(excluding those in excess of retained per unit)	<p>Articles of Incorporation.</p> <ul style="list-style-type: none"> Distributions per unit (excluding distributions in excess of retained earnings per unit) may change materially due to factors such as additional acquisitions or dispositions of real estate properties, changes in rental revenues attributable to tenant replacements, changes in the operating environment including unexpected repairs, changes in interest rates and any additional issuance of new investment units in the future.
Distributions in excess of retained earnings per unit	<ul style="list-style-type: none"> Distributions in excess of retained earnings per unit are calculated in accordance with the distribution policy in LLR's Articles of Incorporation and internal policies of the asset manager. Distributions in excess of retained earnings for the fiscal periods ending February 28, 2018 and August 31, 2018 are assumed to be equal to approximately 30% of depreciation expenses for such fiscal period, which are assumed to be 188 million yen and 188 million yen, respectively. Depreciation expenses may vary from the current assumed amount due to a change in portfolio assets, the amount of incidental expenses incurred, the amount of capital expenditures, and the pro-rata allocation of acquisition costs attributed to each asset and their respective useful life adopted for each asset. The total amount of distributions in excess of retained earnings, which will be based on depreciation expenses, may also vary accordingly. LLR expects to make distributions in excess of retained earnings on a regular basis within an appropriate level for maintaining financial soundness and stability, after careful consideration is given to alternative uses of cash, such as execution of repair plans, capital expenditures, repayment of debts along with potential property acquisitions, and will make such distributions equal to 30% of the depreciation expense for the relevant fiscal period. Unexpected factors, such as increases in repair expenses, may cause distributions in excess of retained earnings per unit to materially differ from the forecasted amount. If the appraisal LTV (set forth below) exceeds 60%, LLR may decide not to make any distributions in excess of retained earnings after considering factors such as economic or real estate conditions, credit rating or financial conditions. LLR does not plan to make distributions in excess of retained earnings to the extent doing so would cause what LLR calls its "appraisal LTV," as calculated below, to exceed 60%: Appraisal LTV (%) = $A/B \times 100$ A = interest-bearing debt (inclusive of long term corporate bonds and short-term corporate bonds but excluding subordinated debt) + tenant leasehold deposits (excluding the amount reserved by the trustees of LLR's properties as tenant leasehold deposits and the amount reserved as tenant leasehold deposits in LLR's relevant reserve account (this account is for the refund obligation which LLR has as the lessor to various tenants)). B = total appraised real estate value of LLR's portfolio + the amount of cash deposits in LLR's bank accounts (excluding reserve accounts for tenant leasehold deposits) + cash and deposits in trust (excluding the amount reserved by the trustees of our properties as tenant leasehold deposits) – the total amount of distributions for the immediately prior fiscal period – the total amount of distributions in excess of retained earnings for the immediately prior fiscal period. In addition, the total amount of distributions and distributions in excess of retained earnings (with respect to the return of capital invested) depends upon the figures for the most recent fiscal period.
Other	<ul style="list-style-type: none"> As an underlying premise, LLR assumes that any revision that will have an impact on the forecast information above will be made in accordance with applicable laws and regulations (including tax laws), accounting standards, listing rules of the TSE and the standards set by the Investment Trusts Association, Japan. As an underlying premise, LLR assumes that there are no unexpected material changes to general economic trends and real estate market conditions.

(3) Investment Risks

Disclosure is omitted because there is no material change from the “Investment Risks” described in the most recent Securities Report (filed on May 30, 2017).

3. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of February 28, 2017	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	4,538,137	3,963,564
Cash and deposits in trust	4,075,991	4,644,814
Operating accounts receivable	106,999	155,349
Prepaid expenses	86,727	89,583
Deferred tax assets	0	16
Consumption taxes receivable	-	38,115
Other	176	58
Total current assets	8,808,032	8,891,502
Non-current assets		
Property, plant and equipment		
Buildings in trust	53,363,816	57,196,460
Accumulated depreciation	(1,260,220)	(1,885,276)
Buildings in trust, net	52,103,595	55,311,184
Structures in trust	7,729	10,225
Accumulated depreciation	(285)	(611)
Structures in trust, net	7,444	9,614
Tools, furniture and fixtures in trust	80	80
Accumulated depreciation	(10)	(16)
Tools, furniture and fixtures in trust, net	70	63
Land in trust	110,806,002	119,164,088
Total property, plant and equipment	162,917,112	174,484,950
Investments and other assets		
Long-term prepaid expenses	344,194	376,854
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	354,194	386,854
Total non-current assets	163,271,307	174,871,805
Deferred assets		
Deferred organization expenses	26,204	22,547
Investment corporation bond issuance costs	38,764	56,180
Total deferred assets	64,968	78,728
Total assets	172,144,308	183,842,035

(Thousands of yen)

	As of February 28, 2017	As of August 31, 2017
Liabilities		
Current liabilities		
Operating accounts payable	115,061	233,796
Short-term loans payable	1,690,000	-
Accounts payable - other	738,202	643,457
Accrued expenses	869	4,018
Income taxes payable	609	934
Accrued consumption taxes	100,750	-
Advances received	820,072	877,885
Other	615,052	566,750
Total current liabilities	4,080,617	2,326,843
Non-current liabilities		
Investment corporation bond	6,000,000	9,500,000
Long-term loans payable	51,280,000	61,530,000
Tenant leasehold and security deposits in trust	1,881,801	2,068,317
Total non-current liabilities	59,161,801	73,098,317
Total liabilities	63,242,419	75,425,161
Net assets		
Unitholders' equity		
Unitholders' capital	106,363,965	106,363,965
Deduction from unitholders' capital	(202,400)	(377,300)
Unitholders' capital, net	106,161,565	105,986,665
Surplus		
Unappropriated retained earnings (undisposed loss)	2,740,324	2,430,209
Total surplus	2,740,324	2,430,209
Total unitholders' equity	108,901,889	108,416,874
Total net assets	*1 108,901,889	*1 108,416,874
Total liabilities and net assets	172,144,308	183,842,035

(2) Income Statement

(Thousands of yen)

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

(3) Statement of Unitholders' Equity

Previous Period (from September 1, 2016 to February 28, 2017)

	Unitholders' equity				
	Unitholders' capital			Surplus	
	Unitholders' capital	Deduction from unitholders' capital surplus	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus
Balance at beginning of current period	106,363,965	-	106,363,965	2,496,616	2,496,616
Changes of items during period					
Distributions in excess of retained earnings		(202,400)	(202,400)		
Dividends of surplus				(2,495,900)	(2,495,900)
Profit				2,739,607	2,739,607
Total changes of items during period	-	(202,400)	(202,400)	243,707	243,707
Balance at end of current period	*1 106,363,965	(202,400)	106,161,565	2,740,324	2,740,324

(Thousands of yen)

	Unitholders' equity	Total net assets
	Total unitholders' equity	
Balance at beginning of current period	108,860,581	108,860,581
Changes of items during period		
Distributions in excess of retained earnings	(202,400)	(202,400)
Dividends of surplus	(2,495,900)	(2,495,900)
Profit	2,739,607	2,739,607
Total changes of items during period	41,307	41,307
Balance at end of current period	108,901,889	108,901,889

Current Period (from March 1, 2017 to August 31, 2017)

	Unitholders' equity				
	Unitholders' capital			Surplus	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus
Balance at beginning of current period	106,363,965	(202,400)	106,161,565	2,740,324	2,740,324
Changes of items during period					
Distributions in excess of retained earnings		(174,900)	(174,900)		
Dividends of surplus				(2,740,100)	(2,740,100)
Profit				2,429,984	2,429,984
Total changes of items during period	-	(174,900)	(174,900)	(310,115)	(310,115)
Balance at end of current period	*1 106,363,965	(377,300)	105,986,665	2,430,209	2,430,209

(Thousands of yen)

	Unitholders' equity	Total net assets
	Total unitholders' equity	
Balance at beginning of current period	108,901,889	108,901,889
Changes of items during period		
Distributions in excess of retained earnings	(174,900)	(174,900)
Dividends of surplus	(2,740,100)	(2,740,100)
Profit	2,429,984	2,429,984
Total changes of items during period	(485,015)	(485,015)
Balance at end of current period	108,416,874	108,416,874

(4) Statements related to distributions

(Unit: yen)

	Previous period From September 1, 2016 To February 28, 2017	Current period From March 1, 2017 To August 31, 2017
I. Unappropriated retained earnings for the period	2,740,324,515	2,430,209,201
II. Additional amount of distributions in excess of retained earnings		
Deduction for unitholders' capital	174,900,000	187,000,000
III. Amount of distributions	2,915,000,000	2,616,900,000
(amount of distributions per investment unit)	(2,650)	(2,379)
Of which distributions of earnings	2,740,100,000	2,429,900,000
(of which, distributions of retained earnings per unit)	(2,491)	(2,209)
Of which, distributions in excess of retained earnings	174,900,000	187,000,000
(of which, distributions in excess of retained earnings per unit)	(159)	(170)
IV. Retained earnings brought forward	224,515	309,201

III Method of calculation of amount of distributions	<p>Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be an amount in excess of an amount equivalent to 90% of the amount of LLR earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, 2,740,100,000 yen was allocated as distributions of earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings.</p> <p>Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) on a regular basis</p> <p>Based on this policy, the amount roughly equivalent to 30% of the 583,252,821 yen that is the maximum amount of depreciation expenses in the period was calculated to be 174,900,000 yen, and was allocated as distributions of earnings in</p>	<p>Based on the policy for distributions of funds set in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be the amount equivalent to 90% of the amount of LLR earnings that can be allocated as defined in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, 2,429,900,000 yen was allocated as distributions of earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings.</p> <p>Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital-refund distribution) on a regular basis</p> <p>Based on this policy, the amount roughly equivalent to 30% of the 625,388,806 yen that is the maximum amount of depreciation expenses in the period was calculated to be 187,000,000</p>
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	excess of earnings (amount of contributions refunded that under tax law is equivalent to a capital-refund distribution).	yen, and was allocated as distributions of earnings in excess of earnings (a refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes).
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Note: In the event that LLR determines that it is appropriate as a result of in light of trends in the economic environment, real estate market and leasing market, conditions of properties held and its financial position, LLR may distribute funds in excess of funds available for distribution in an amount decided by LLR up to the amount stipulated under the regulations of the Investment Trust Association. Furthermore, when the amount of the distribution does not fulfill the requirements in the special provisions for taxes related to investment corporations stipulated in laws and ordinances, LLR may distribute funds in excess of the funds available for distribution in an amount decided upon by LLR for the purpose of meeting said requirements.

(5) Statements of Cash Flows

(Thousands of yen)

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

(8) Notes to the Financial Statements

[Notes to Balance Sheet]

* 1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

Previous period (February 28, 2017)	This period (August 31, 2017)
50,000 thousand yen	50,000 thousand yen

[Notes to Income Statement]

* 1. Breakdown of operating income (loss) from real estate leasing

(Unit: Thousands of yen)

	Previous period From September 1, 2016 To February 28, 2017		Current period From March 1, 2017 To August 31, 2017	
A. Real estate leasing revenues				
Rent revenue – real estate				
Rent income	3,959,491		4,302,668	
Common service fees	452,386	4,411,877	480,543	4,783,212
Other lease business revenue				
Utilities charge reimbursement	258,777		295,057	
Parking area rental revenue	117,019		126,663	
Other lease revenue	65,344	441,141	29,619	451,340
Total real estate leasing revenues		4,853,019		5,234,552
B. Real estate leasing expenses				
Expenses related to rent business				
Outsourcing costs	265,093		301,195	
Utilities expenses	232,373		280,081	
Taxes and public charges	-		402,188	
Insurance premiums	9,835		9,471	
Maintenance expenses	58,398		127,811	
Depreciation	583,252		625,388	
Other leasing expenses	23,627		64,014	
Total real estate leasing expenses		1,172,581		1,810,152
C. Real estate leasing profit (A-B)		3,680,438		3,424,399

[Notes to Statement of Changes in Unitholders' Capital]

* 1. Total number of investment units authorized and total number of investment units issued and outstanding

	Previous period From September 1, 2016 To February 28, 2017	Current period From March 1, 2017 To August 31, 2017
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,100,000 units	1,100,000 units

[Notes to the Statements of Cash Flows]

* 1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the statement of cash flows

(unit: Thousands of yen)	Previous period From September 1, 2016 To February 28, 2017	This period From March 1, 2017 To August 31, 2017
Cash and deposits	4,538,137	3,963,564
Cash and deposits in trust	4,075,991	4,644,814
Restricted deposits in trust (Note)	(995,826)	(1,049,638)
Cash and cash equivalents at period end	7,618,302	7,558,740

Note: Deposits held in trust reserved for the refund of lease and guarantee deposits received from tenants.

[Notes to Lease Transactions]

Operating lease transactions (lessor)

Unearned leasing fees associated with non-cancelable operating leases

(unit: Thousands of yen)	Previous period (February 28, 2017)	This period (August 31, 2017)
Due within one year	5,470,786	6,012,690
Due after one year	14,267,982	15,731,286
Total	19,738,768	21,743,976

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(1) Policy for handling financial instruments

At the time of acquisitions of new portfolio assets, LLR procures funds by issuing investment units, borrowing from financial institutions or issuing corporate bonds.

In consideration of safety and liquidity, and careful consideration of the market environment and situation of cash management, surplus funds are managed in deposits in principle.

Furthermore, derivatives transactions are used to hedge against interest rate volatility risks and other risks in connection with short-term loans and other fund procurement, and not for speculative trading.

(2) Details of financial instruments, their risks, and the risk management system

Deposits are used for managing the surplus funds of LLR, and are subject to credit risks of failure of the financial institutions holding the deposits, but in consideration of safety and liquidity, and giving careful consideration to the market environment and cash management conditions, care is taken to limit the deposit terms to a short period.

Loans payable and investment corporation bonds are taken for the purpose of the procurement of funds for the acquisition of real estate, the repayment of debt or the redemption of investment corporation bonds and while subject to liquidity risks at the time of repayment, LLR is managing its liquidity risk through efforts to reduce liquidity risks by means such as diversifying repayment dates and lenders and maintaining liquidity on hand, as well as by preparing cash management plans. In addition, because some of the loans have variable interest rates, they are subject to the risk of increases in interest payments, but LLR makes efforts to limit the effect of increases in interest payments on LLR management by maintaining a conservative share of interest-bearing debt and increasing the ratio of loans with long-term fixed interest rates.

(3) Supplemental explanation about matters concerning the fair value of financial instruments

In addition to fair value based on the market price, the fair value of financial products includes a reasonably calculated price when there is no market price. Because certain assumptions are used in the calculation of a price in question, that price may differ when different assumptions are used.

2. Matters concerning the fair value of financial instruments

Previous period (ended February 28, 2017)

Amounts recognized on the balance sheet as of the fiscal period ended February 28, 2017, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

(Unit: Thousands of yen)

	Amount recognized in balance sheet	Fair value	Difference
(1) Cash and deposits	4,538,137	4,538,137	-
(2) Cash and deposits in trust	4,075,991	4,075,991	-
Total assets	8,614,128	8,614,128	-
(3) Short-term loans payable	1,690,000	1,690,000	-
(4) Investment corporation bonds payable	6,000,000	6,012,800	12,800
(5) Long-term loans payable	51,280,000	51,885,042	605,042
Total liabilities	58,970,000	57,897,842	617,842
Derivative transactions	-	-	-

Current period (ended August 31, 2017)

Amounts recognized on the balance sheet as of the fiscal period ended August 31, 2017, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

(Unit: Thousands of yen)

	Amount recognized in balance sheet	Fair value	Difference
(1) Cash and deposits	3,963,564	3,963,564	-
(2) Cash and deposits in trust	4,644,814	4,644,814	-
Total assets	8,608,378	8,608,378	-
(4) Short-term loans payable	9,500,000	9,556,100	56,100
(5) Long-term loans payable	61,530,000	62,109,434	579,434
Total liabilities	71,030,000	71,665,534	635,534
Derivative transactions	-	-	-

Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions

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

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

(3) Short-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.

(4) Investment corporation bonds payable

These are the reference values published by the Japan Securities Dealer Association JSDA.

(5) Long-term loans payable

These are stated at present value, which is calculated by discounting the total interest and principal (for loans payable that are subject to special treatment, the total interest and principal treated in combination with the relevant swap) by the putative interest rate as if the same loan were newly executed.

Derivative transactions

Please refer to "Notes to Derivative Transactions" below.

Note 2. Financial instruments for which it is extremely difficult to determine fair value

(Unit: Thousands of yen)

Classification	Previous period (February 28, 2017)	Current period (August 31, 2017)
Tenant leasehold and security deposits in trust	1,881,801	2,068,317

Tenant leasehold and security deposits in trust are not subject to fair value presentation because there are no market prices and it is difficult to reasonably estimate cash flows. Therefore, it is understood to be extremely difficult to assess fair value.

Note 3. Scheduled redemption amount of monetary claims after the closing date of the fiscal period

Previous period (ended February 28, 2017)

(Unit: Thousands of yen)

	1 year or less
Cash and deposits	4,538,137
Cash and deposits in trust	4,075,991

This period (ended August 31, 2017)

(Unit: Thousands of yen)

	1 year or less
Cash and deposits	3,963,564
Cash and deposits in trust	4,644,814

Note 4. Scheduled repayment amount of loans payable and other interest-bearing debt after the closing date of the fiscal period

Previous period (ended February 28, 2017)

(Unit: Thousands of yen)

	1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	More than 5 years
Short-term loans payable	1,690,000	-	-	-	-	-
Investment corporation bonds payable	-	-	-	-	4,000,000	2,000,000
Long-term loans payable	-	3,540,000	-	10,740,000	-	37,000,000
Total	1,690,000	3,540,000	-	10,740,000	4,000,000	39,000,000

This period (ended August 31, 2017)

(Unit: Thousands of yen)

	1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	More than 5 years
Investment corporation bonds payable	-	-	-	-	4,000,000	5,500,000
Long-term loans payable	-	1,900,000	1,400,000	10,740,000	2,990,000	44,500,000
Total	-	1,900,000	1,400,000	10,740,000	6,990,000	50,000,000

[Notes to Marketable Securities]

Previous period (ended February 28, 2017)

None

This period (ended August 31, 2017)

None

[Notes to Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Previous period (ended February 28, 2017)

None

This period (ended August 31, 2017)

None

2. Derivative transactions to which hedge accounting is applied

Previous period (ended February 28, 2017)

For each hedge accounting method, the contract amount as of the closing date and the notional principal amount specified in the contract are presented below.

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Main hedged items	Contract amount		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Floating receivable Fixed payable	Long-term loans payable	28,690,000	28,690,000	*	-

This period (ended August 31, 2017)

For each hedge accounting method, the contract amount as of the closing date and the notional principal amount specified in the contract are presented below.

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Main hedged items	Contract amount		Fair value	Fair value measurement
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions floating receivable, fixed payable	Long-term loans payable	28,690,000	28,690,000	*	-

* Because the derivative transactions subject to special treatment for interest rate swaps are treated integrally with long-term loans that are being hedged, the stated fair value incorporates the fair value of the relevant long-term loans. (Please refer to Item (5) under (Notes to Financial Instruments) "Matters concerning the fair value of financial instruments" and "Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions" above.)

[Notes to Transactions with Related Parties]

1. Parent company and major corporate unitholders

Previous Period (from September 1, 2016 to February 28, 2017)

None

Current Period (from March 1, 2017 to August 31, 2017)

None

2. Related companies

Previous Period (from September 1, 2016 to February 28, 2017)

None

Current Period (from March 1, 2017 to August 31, 2017)

None

3. Sister companies

Previous Period (from September 1, 2016 to February 28, 2017)

Attributes	Name of company or personal name	Address	Equity or capital (thousand yen)	Content of business or profession	Share of voting rights held	Detail of relationship		Details of transaction (Note 2)	Transaction amount (thousand yen) (Note 1)	Category	Balance at the end of the period (thousand yen) (Note 1)
						Officers holding concurrent posts	Business relationship				
Subsidiaries of other affiliated companies	LaSalle REIT Advisors K.K.	Tokyo Chiyoda-ku	164,500	Asset Management services	-	Officers holding concurrent posts	Asset Management Company	Payment of asset management fee	633,517	Accounts payable - other	684,199

Note 1. In the above figures, the transaction amounts do not include consumption taxes, and the balance at the end of the period includes consumption taxes.

Note 2. Terms and conditions are determined based on market conditions.

This Period (from March 1, 2017 to August 31, 2017)

Attributes	Name of company or personal name	Address	Equity or capital (thousand yen)	Content of business or profession	Share of voting rights held	Details of relationship		Details of transaction (Note 2)	Transaction amount (thousand yen) (Note 1)	Category	Balance at the end of the period (thousand yen) (Note 1)
						Officers holding concurrent posts	Business relationship				
Subsidiaries of other affiliated companies	LaSalle REIT Advisors K.K.	Tokyo Chiyoda-ku	164,500	Asset Management services	-	Concurrent posts held by officers	Asset Management Company	Payment of asset management fee (Note 3)	710,425	Accounts payable - other	544,477

Note 1. In the above figures, the transaction amounts do not include consumption taxes, and the balance at the end of the period includes consumption taxes.

Note 2. Terms and conditions are determined based on market conditions.

Note 3. Asset management fee includes the management fee associated with LP Kawagoe's property acquisition (119,500 thousand yen).

4. Officers and key individual investors

Previous Period (from September 1, 2016 to February 28, 2017)

None

Current Period (from March 1, 2017 to August 31, 2017)

None

[Notes on Tax-Effect Accounting]

1. Breakdown of main reasons for generation of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	Previous period As of February 28, 2017	Current period As of August 31, 2017
(Deferred tax assets)		
Non-deductible amount of unpaid business tax	0	16
Total deferred tax assets	0	16
Deferred tax assets	0	16

2. Breakdown of main items that were the cause of a material difference between the statutory effective tax rate and the burden of corporate taxes after application of tax-effect accounting

(Unit: %)

	Previous period As of February 28, 2017	Current period As of August 31, 2017
Statutory effective tax rate	31.74	31.74
(Adjusted)		
Deductible amount of dividend payments	(31.74)	(31.73)
Other	0.02	0.03
Burden of corporate taxes after application of tax-effect accounting	0.02	0.04

[Notes to Retirement Benefits]

Previous period (ended February 28, 2017)

None

This period (ended August 31, 2017)

None

[Notes to Equity Method Earnings]

Previous period (ended February 28, 2017)

None

This period (ended August 31, 2017)

None

[Notes to Asset Retirement Obligations]

Previous period (ended February 28, 2017)

None

This period (ended August 31, 2017)

None

[Notes to Segment Data]

(Segment information, etc.)

Segment information has been omitted because LLR has only one business segment (real estate leasing).

(Related Information)

Previous Period (from September 1, 2016 to February 28, 2017)

(1) Information about Products and Services

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

(2) Information by Geographical Area

(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 income statement.

(ii) Property, plant and equipment

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

(3) Information about Principal Customers

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

Current Period (from March 1, 2017 to August 31, 2017)

(1) Information about Products and Services

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

(2) Information by Geographical Area

(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 income statement.

(ii) Property, plant and equipment

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

(3) Information about Principal Customers

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

[Notes to Rental Properties]

LLR owns leased logistics facilities mainly in the Tokyo and Osaka areas for the purpose of obtaining rental income. The fair values of these rental properties on the balance sheet and the changes during the period are presented below.

(Unit: thousand yen)

	Previous period From September 1, 2016 To February 28, 2017	Current period From March 1, 2017 To August 31, 2017
Amount recognized in balance sheet		
Balance at the beginning of the period	163,442,126	162,917,112
Changes during the period	(525,013)	11,567,837
Balance at the end of the period	162,917,112	174,484,950
Fair value at end of the period	172,210,000	184,440,000

Note 1. The amount recognized on the balance sheet is the acquisition cost after deduction of accumulated depreciation.

Note 2. During the previous period, the main decrease was due to depreciation (583,252 thousand yen). Furthermore, the main increase in the current period was due to the acquisition of trust beneficiary interests in one property (12,126,163 thousand yen) and the main decrease was due to depreciation (625,388 thousand yen).

Note 3. The fair value at the end of the period is stated as the appraisal value of an outside real estate appraiser.

Operating income (loss) associated with the rental properties are presented in “Notes to Income Statement.”

[Notes to Per Unit Information]

	Previous period From September 1, 2016 To February 28, 2017	Current period From March 1, 2017 To August 31, 2017
Net assets per unit	99,001 yen	98,560 yen
Net income per unit	2,490 yen	2,209 yen

Note 1. Net income per unit is calculated by dividing net income by the daily weighted average number of investment units for the period. Furthermore, the diluted net income per unit is not stated here as there are no diluted investment units.

Note 2. The basis for calculating net income per unit is as follows.

	Previous period From September 1, 2016 To February 28, 2017	Current period From March 1, 2017 To August 31, 2017
Net income (thousand yen)	2,739,607	2,429,984
Amount not attributable to ordinary unitholders (thousand yen)	-	-
Net income attributable to ordinary investment units (thousand yen)	2,739,607	2,429,984
Average number of investment units during the period (units)	1,100,000	1,100,000

[Notes to Significant Subsequent Events]

None.

(9) Changes in Number of Investment Units Issued and Outstanding

Unitholders' capital and changes in the number of investment units issued and outstanding as of the reporting date are shown below.

Date	Description	Total number of outstanding investment units (units)		Unitholders' capital (Note 1) (thousand yen)		Comment
		Increase (decrease)	Balance	Increase (decrease)	Balance	
October 9, 2015	Established through private placement	1,500	1,500	150,000	150,000	(Note 2)
February 16, 2016	Public offering	1,050,800	1,052,300	101,601,852	101,751,852	(Note 3)
March 15, 2016	Third-party allotment	47,700	1,100,000	4,612,113	106,363,965	(Note 4)
November 21, 2016	Distributions in excess of earnings per unit (refund of investment)	-	1,100,000	(202,400)	106,161,565	(Note 5)
May 22, 2017	Distributions in excess of earnings per unit (refund of investment)		1,100,00	(174,900)	105,986,665	(Note 6)

Note 1. The amount remaining after subtracting the amount of the deduction for unitholders' capital from unitholders' capital is stated.

Note 2. LLR was incorporated at an issue price of 100,000 yen per unit.

Note 3. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 100,000 yen per unit (underwriting price of 96,690 yen).

Note 4. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 96,690 yen. The proceeds of this third-party allotment were partly used to repay loans made as financing to acquire new properties.

Note 5. At the Board of Directors Meeting of LLR on October 18, 2016, it was decided to make distributions in excess of earnings (amount of contributions refunded that under tax law is equivalent to a refund of investment) at an amount of 184 yen per unit as distributions of funds for the first fiscal period (ended August 31, 2016) and payment of these commenced on November 21, 2016.

Note 6. At the Board of Directors Meeting of LLR on April 14, 2017, it was decided to make distributions in excess of earnings (amount of contributions refunded that under tax law is equivalent to a refund of investment) at an amount of 159 yen per unit as distributions of funds for the second fiscal period (ended February 28, 2017) and payment of these commenced on May 22, 2017.

4. Changes in Officers and Directors

(1) Changes in Officers of LLR

There were no changes in officers and directors during the period.

(2) Changes in Directors of the Asset Management Company

Director Yasushi Iwakata resigned on April 30, 2017, and Toshiaki Fukai assumed the position of director on September 2, 2017.

5. Reference Information

(1) Composition of LLR's Assets

Type of assets	Use	Area (Note 1)	Previous period (as of February 28, 2017)		Current period (as of August 31, 2017)	
			Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics facilities	Tokyo area	162,917	94.6	174,484	94.9
		Osaka area	-	-	-	-
		Other	-	-	-	-
	Subtotal	162,917	94.6	174,484	94.9	
Deposits/Other assets			9,227	5.4	9,357	5.1
Total assets			172,144	100.0	183,842	100.0

	Previous period (as of February 28, 2017)		Current period (as of August 31, 2017)	
	Amount (million yen)	Percentage to total assets (%) (Note 3)	Amount (million yen)	Percentage to total assets (%) (Note 3)
Total liabilities	63,242	36.7	75,425	41.0
Total net assets	108,901	63.3	108,416	59.0
Total assets	172,144	100.0	183,842	100.0

Note 1. "Area" refers to the Tokyo area, the Osaka area, as well as other prefectural areas, and the "Tokyo area" is defined as the area within 60km of Tokyo (specifically within a 60km radius of JR Tokyo Station), and "Osaka area" is defined as the area within 45km of Osaka (specifically within a 45km radius of JR Osaka Station).

Note 2. "Total amount held" reflects the amount recognized on the balance sheet (for real estate in trust, the carrying value after depreciation) as of the closing date of the respective fiscal period, and is rounded down to the nearest million yen.

Note 3. "Percentage to total assets" is rounded to the second decimal place.

(2) Overview of Real Estate, etc.

(i) Portfolio Overview

The assets (real estate or beneficiary interests in trusts holding real estate as trust assets; collectively referred to as “asset holdings” hereinafter) held by LLR as of August 31, 2017 are presented below.

Area	Property Number (Note 1)	Property Name	Location	Form of possession	Property age (Years) (Note 2)	As of end of current period Carrying amount (million yen)	Acquisition price (million yen) (Note 3)	Investment ratio (%) (Note 4)	Appraisal value (million yen) (Note 5)	Gross floor area (㎡) (Note 6)
Tokyo Area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	Sagamihara, Kanagawa	Trust beneficiary interest	3	21,313	21,200	12.2	22,400	145,801.69
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	Sagamihara, Kanagawa	Trust beneficiary interest	4	23,182	23,020	13.3	24,800	200,045.57
	Tokyo-3	LOGIPORT Kitakashiwa	Kashiwa, Chiba	Trust beneficiary interest	5	25,437	25,300	14.6	27,600	104,302.62
	Tokyo-4	LOGIPORT Nagareyama (A)	Nagareyama, Chiba	Trust beneficiary interest	9	3,522	3,500	2.0	3,840	17,673.87
	Tokyo-5	LOGIPORT Nagareyama (B)	Nagareyama, Chiba	Trust beneficiary interest	9	26,613	26,600	15.3	27,900	133,414.76
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kawasaki, Kanagawa	Trust beneficiary interest	30	19,188	19,000	11.0	19,500	100,235.67
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kawasaki, Kanagawa	Trust beneficiary interest	26	19,290	19,120	11.0	21,300	117,546.26
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kawasaki, Kanagawa	Trust beneficiary interest	16	23,841	23,700	13.7	25,000	116,997.14
	Tokyo-9	LOGIPORT Kawagoe	Kawagoe, Saitama	Trust beneficiary interest	7	12,094	11,950	6.9	12,100	50,742.47
Portfolio total/Average					12	174,484	173,390	100.0	184,440	986,760.05

Note 1. “Property number” refers to the number assigned by classifying LLR’s asset holdings into three areas, with those located in the Tokyo area designated as “Tokyo,” those in the Osaka area as “Osaka,” and those located in other prefectural areas as “Other areas.”

Note 2. “Property age” is generally calculated as the period from the construction completion date shown on the property registry for the main building until August 31, 2017, and is rounded to the nearest whole number. The number presented as the portfolio age average is the weighted average weighted by acquisition price, rounded to the nearest whole number.

Note 3. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

Note 4. The investment ratio is the percentage of the acquisition price of the relevant property to the total acquisition price, rounded to two decimal places. Therefore, the sum of the individual investment ratio figures may not necessarily match the portfolio total.

Note 5. “Appraisal value” represents the appraisal value as of August 31, 2017, shown in the real estate appraisal documents prepared by either Tanizawa Sogo Appraisal Co, Ltd. or CBRE K.K., which have been contracted to appraise the asset holdings.

Note 6. “Gross floor area” reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 7. The acquisition price and appraisal value for LOGIPORT Hashimoto are stated as amounts proportional to LLR’s ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 55%), while the gross floor area is the figure for the entire property.

Note 8. The acquisition price and appraisal value for LOGIPORT Sagamihara are stated as amounts proportional to LLR’s ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 51%), while the gross floor area is the figure for the entire property.

(ii) Tenant Agreements

Information about the status of agreements with tenants for the asset holdings (leasable floor area, leased floor area, occupancy rate, total number of tenants, total annual lease revenue, total amount of lease and guarantee deposits) is presented below.

Area	Property number	Property name	Number of tenants (Note 1)	Annual rent (million yen) (Note 2)	Lease & guarantee deposits (million yen) (Note 3)	Leasable floor area (m ²) (Note 4)	Leased floor area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	15	1,127	276	130,162	130,162	100.0
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	18	1,309	314	180,971	180,234	99.6
	Tokyo-3	LOGIPORT Kitakashiwa	9	1,357	358	100,349	100,349	100.0
	Tokyo-4	LOGIPORT Nagareyama (A)	1	1,567 (Note 9)	356 (Note 9)	18,172	18,172	100.0
	Tokyo-5	LOGIPORT Nagareyama (B)	8			112,684	112,484	99.8
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	22	1,094	319	85,281	82,602	96.9
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	16	1,155	368	103,731	99,075	95.5
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	17	1,338	266	114,925	112,282	97.7
	Tokyo 9	LOGIPORT Kawagoe	4	656	160	53,088	53,088	100.0
Portfolio total/Average			110	9,606	2,421	899,366 752,117	888,452 741,564	98.8 98.6

Note 1. "Total # of tenants" is stated as the total number of lease agreements associated with the buildings shown for each of the trust properties as of August 31, 2017. If a master lease agreement has been executed for the trust property, it is stated as the total number of end tenants. However, if the same lessee has executed multiple lease agreements at the trust property, that lessee is counted as one tenant when arriving at calculating the total.

Note 2. "Annual lease revenue" is stated as the total annualized monthly rent calculated by multiplying the monthly lease amount (including common service fees) shown in each lease agreement associated with each trust property for each trust property as of August 31, 2017 (for trust properties with multiple lease agreements, the aggregate thereof) (excluding consumption taxes) multiplied by 12, rounded down to the nearest million yen. Therefore, the sum of the "annual lease revenue" for the individual trust properties may not necessarily match the portfolio total.

Note 3. "Lease & guarantee deposits" is stated as the aggregate amount of the lease and guarantee deposit balances shown in each lease agreement associated with each trust property for each trust property as of August 31, 2017, rounded down to the nearest million yen. Therefore, the sum of the individual "lease & guarantee deposits" for the properties may not necessarily match the portfolio total.

Note 4. "Leasable floor area" is the area that can be leased at the buildings associated with each trust property as of August 31, 2017, stated as the aggregate of the area considered leasable under the lease agreements or building drawings, rounded down to the nearest whole number. Additionally, in the "Portfolio total" row, the upper figure represents the aggregate leasable floor area for the buildings of each trust property. The lower figure represents the ratio of the aggregate leased floor area for a given building divided by the leasable floor area for a given building, after factoring in and converting for LLR's proportional ownership interest of the joint co-ownership interests within a trust beneficial interest, as applicable for LOGIPORT Hashimoto and LOGIPORT Sagamihara.

Note 5. "Leased floor area" is stated as the aggregate leased floor area associated with the buildings shown in the lease agreements for each of the trust properties as of August 31, 2017. If a master lease agreement has been executed for the trust property, it is stated as the aggregate of the area which has actually been leased through the execution of lease agreements with end tenants, rounded down to the nearest whole number. Additionally, in the "Portfolio total/average" row, the upper figure represents the aggregate leased floor area for the buildings of each trust property. The lower figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, after factoring in and converting for LLR's proportional ownership interest of the joint co-ownership interests within a trust beneficial interest, as applicable for LOGIPORT Hashimoto and LOGIPORT Sagamihara.

Note 6. "Occupancy rate" is stated as the ratio of leased floor area to leasable floor area with the buildings shown in the lease agreements for each of the trust properties as of August 31, 2017, rounded to the second decimal place. Additionally, in the "Portfolio total/average" row, the upper figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place. The lower figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place, after factoring in and converting for LLR's proportional ownership interest of the joint co-ownership interests within a trust beneficial interest, as applicable for LOGIPORT Hashimoto and LOGIPORT Sagamihara.

Note 7. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for "LOGIPORT Hashimoto" are stated as figures for the

entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (55%).

Note 8. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for "LOGIPORT Sagamihara" are stated as the figure for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (51%).

Note 9. Because consent has not been obtained from the single end tenant at "LOGIPORT Nagareyama (A)" to disclose the annual lease revenue and lease & guarantee deposits, the annual lease revenue and lease & guarantee deposits are presented in aggregate with the annual lease revenue and lease & guarantee deposits, respectively, for LOGIPORT Nagareyama (B).

(iii) Appraisal report summary

Area	Property number	Property name	Appraiser	Appraisal date	Appraisal value (million yen)	Cost-approach value (million yen)	Income approach value (million yen)				
							Direct capitalization method		Discounted cash flow (DCF) method		
							Income-approach value	Capitalization rate (%)	Income-approach value	Discount rate (%)	Terminal capitalization rate (%)
Tokyo Area	Tokyo-1	LOGIPORT Hashimoto (Note 1)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	22,400	20,000	23,000	4.2	22,200	4.3	4.4
	Tokyo-2	LOGIPORT Sagamihara (Note 2)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	24,800	23,100	25,400	4.3	24,600	4.4	4.5
	Tokyo-3	LOGIPORT Kitakashiwa	CBRE K.K.	August 31, 2017	27,600	22,500	27,700	4.2	27,600	4.0	4.3
	Tokyo-4	LOGIPORT Nagareyama (A)	CBRE K.K.	August 31, 2017	3,840	2,950	3,820	4.6	3,840	4.2	4.5
	Tokyo-5	LOGIPORT Nagareyama (B)	CBRE K.K.	August 31, 2017	27,900	21,900	27,500	4.5	27,900	4.2	4.5
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	19,500	21,500	19,800	4.8	19,300	4.8	4.9
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	21,300	22,900	22,600	4.8	20,700	4.8	4.9
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	25,000	23,800	25,800	4.7	24,600	4.7	4.8
	Tokyo 9	LOGIPORT Kawagoe	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2017	12,100	11,000	12,500	4.6	11,900	4.7	4.8
Portfolio total					184,440	169,650	188,120		182,640		

Note 1. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Hashimoto are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (55%).

Note 2. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Sagamihara are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (51%).

(iv) Information about major real estate properties

Of the assets held by LLR, those properties where “total annual lease revenue” represents 10% or more of the “total annual lease revenue for the entire portfolio” as of August 31, 2017 are presented below.

Property name	Total annual rent (million yen) (Note 1)	Share of lease revenue (%) (Note 2)
LOGIPORT Hashimoto (Note 3)	1,127	11.7
LOGIPORT Sagamihara (Note 4)	1,309	13.6
LOGIPORT Kitakashiwa	1,357	14.1
LOGIPORT Nagareyama (A) LOGIPORT Nagareyama (B) (Note 5)	1,567	16.3
LOGIPORT Higashi Ogishima (A)	1,094	11.4
LOGIPORT Higashi Ogishima (B)	1,155	12.0
LOGIPORT Higashi Ogishima (C)	1,338	13.9
Total	8,949	93.2

Note 1. “Total annual lease revenue” is stated as the total annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property as of August 31, 2017 (excluding consumption taxes), calculated by multiplying by 12, rounded down to the nearest million yen.

Note 2. “Share of lease revenue” is the ratio of that property’s total annual lease revenue to the total annual lease revenue for the entire portfolio, rounded to the second decimal place.

Note 3. The total annual lease revenue for LOGIPORT Hashimoto is stated as an amount proportional to LLR’s ownership interest of the joint co-ownership interests within the trust beneficiary interests (55%).

Note 4. The total annual lease revenue for LOGIPORT Sagamihara is stated as an amount proportional to LLR’s ownership interest of the joint co-ownership interests within the trust beneficiary interests (51%).

Note 5. Because consent has not been obtained from the single end tenant at LOGIPORT Nagareyama (A) to disclose the annual lease revenue, it is presented in aggregate with the annual lease revenue for LOGIPORT Nagareyama (B).

(v) Information about Major Tenants

Within the assets held by LLR, as of August 31, 2017 there are no tenants for which the leased floor area represents 10% or more of the total leased floor area for the entire portfolio (for those assets for which a pass-through type master lease agreement has been executed, this includes the end tenants and excludes the master lessee that has executed the master lease agreement).

(vi) Portfolio Diversification

The distribution of LLR's asset holdings as of August 31, 2017 according to classification by area is as shown below.

a. Share by area

Area	Number of properties	Gross floor area (m ²) (Note 1) (Note 2)	Share (%)	Acquisition price (million yen) (Note 3)	Share (%)
Tokyo area	9	996,760.05	100.0	173,390	100.0
Osaka area	-	-	-	-	-
Other	-	-	-	-	-
Total	9	986,760.05	100.0	173,390	100.0

Note 1. "Gross floor area" reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 2. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamiara properties.

Note 3. "Acquisition price" is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

b. Share by property age

Property age (Note 1)	Number of properties	Gross floor area (m ²) (Note 2) (Note 4)	Share (%) (Note 3)	Acquisition price (million yen) (Note 5)	Share (%) (Note 3)
20 years or more	2	217,781.93	22.1	38,120	22.0
At least 15 years but less than 20 years	1	116,997.14	11.9	23,700	13.7
At least 10 years but less than 15 years	-	-	-	-	-
At least 5 years but less than 10 years	4	306,133.72	31.0	67,350	38.8
Less than 5 years	2	345,847.26	35.0	44,220	25.5
Total	9	986,760.05	100.0	173,390	100.0

Note 1. As a general rule, "property age" is calculated as the period from the construction date shown on the registration for the main building until August 31, 2017, rounded to the nearest whole number.

Note 2. "Gross floor area" reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 3. "Share" is rounded to the second decimal place.

Note 4. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamiara properties.

Note 5. "Acquisition price" is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

c. Share by size (gross floor area)

Size (gross floor area) (m ²) (Note 1) (Note 3)	Number of properties	Gross floor area (m ²) (Note 1) (Note 3)	Share (%) (Note 2)	Acquisition price (million yen) (Note 4)	Share (%) (Note 2)
At least 100,000m ²	7	918,343.71	93.1	157,940	91.1
At least 50,000m ² Less than 100,000m ²	1	50,742.47	5.1	11,950	6.9
At least 30,000m ² Less than 50,000m ²	-	-	-	-	-
At least 10,000m ² Less than 30,000m ²	1	17,673.87	1.8	3,500	2.0
Less than 10,000m ²	-	-	-	-	-
Total	9	986,760.05	100.0	173,390	100.0

Note 1. "Gross floor area" reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 2. "Share" is rounded to the second decimal place.

Note 3. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamihara properties.

Note 4. "Acquisition price" is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

d. Share by remaining lease term

Lease term (remaining lease term) (Note 1)	Leased floor area (m ²) (Note 2) (Note 4) (Note 5)	Share (%) (Note 3)	Annual rent (million yen) (Note 2) (Note 4) (Note 5)	Share (%) (Note 3)
7 years or more	52,021	7.0	697	7.3
At least 5 years but less than 7 years	64,603	8.7	855	8.9
At least 3 years but less than 5 years	139,345	18.8	1,851	19.3
At least 1 year but less than 3 years	204,242	27.5	2,657	27.7
Less than 1 year	281,350	37.9	3,544	36.9
Total	741,564	100.0	9,606	100.0

Note 1. "Lease term (remaining term)" is based on the remaining term of leases as of August 31, 2017, under the lease agreements for asset holdings that have been executed as of that date.

Note 2. "Leased floor area" is stated as the leased floor area associated with each trust property for each trust property as of August 31, 2017, while "annual lease revenue" is stated as the annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property for each trust property as of August 31, 2017 (for trust properties with multiple lease agreements, the aggregate thereof) (excluding consumption taxes) calculated by multiplying by 12, rounded down to the nearest million yen. These are then aggregated for each remaining lease term category.

Note 3. "Share" is rounded to the second decimal place. Therefore, the total may not add up to 100%.

Note 4. "Leased floor area" is rounded down to the nearest whole number. "Annual lease revenue" is rounded down to the nearest million yen.

Note 5. The table above was created using figures proportional (55% and 51%, respectively) to LLR's holdings of joint co-ownership interests in trust beneficiary interests for the leased floor area and annual lease revenue for LOGIPORT Hashimoto and LOGIPORT Sagamihara.

(3) Capital expenditures on portfolio assets

(i) Planned capital expenditures

The major planned capital expenditures associated with improvements to properties held by LLR as of the reporting date are presented below. Estimated work costs may include amounts that will ultimately be classified as an expense for accounting purposes.

Property number	Property name	Location	Purpose	Expected timing	Estimated work costs (million yen) (Note)		
					Total amount	Current period Amount paid	Already paid Total amount
Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kawasaki, Kanagawa	Electrical equipment high-voltage cable improvement work	From September 2017 To February 2018	26	-	-

Note: All amounts are rounded down to the nearest million yen.

(ii) Capital expenditures during the period

A summary of the main projects, treated as capital expenditures, associated with real estate held by LLR that were undertaken during the period is presented below. Capital expenditures were 67 million yen for the period, and there were also 127 million yen in maintenance expenses classified as other operating expenses.

Property number	Property name	Location	Purpose	Implementation period	Amount paid (million yen) (Note)
Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kawasaki, Kanagawa	Construction of improvements to rooftop lightning rod	July 2017	9
Tokyo-9	LOGIPORT Kawagoe	Kawagoe, Saitama	Sign replacement work	July 2017	8
Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kawasaki, Kanagawa	Work to upgrade sprinkler heads	August 2017	7
Other capital expenditures					41
Total					67

Note: All amounts are rounded down to the nearest million yen.

(iii) Funds accumulated for purposes of the long-term repair plans (reserve fund for building repairs)

None

(4) Property income/expenses

(Unit: Thousands of yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-4	Tokyo-5
Name of real estate, etc.	LOGIPORT Hashimoto	LOGIPORT Sagamihara	LOGIPORT Kitakashiwa	LOGIPORT Nagareyama (A)	LOGIPORT Nagareyama (B)
Number of operating days in third fiscal period	184	184	184	184	
(i) Total real estate leasing revenues	597,547	699,407	758,161	838,922	
Rent revenue - real estate	553,980	653,431	677,742	774,805	
Other lease business revenue	43,567	45,975	80,418	64,117	
(ii) Total real estate leasing expenses	187,960	221,680	310,768	382,086	
Outsourcing costs	19,930	32,384	45,479	39,151	
Utilities expenses	29,357	39,671	60,893	47,999	
Taxes and public charges	53,875	60,605	72,586	60,479	
Insurance premiums	963	1,146	1,215	1,634	
Maintenance expenses	725	1,944	12,019	83,223	
Depreciation	74,712	67,509	90,106	146,230	
Other leasing expenses	8,394	18,418	28,467	3,366	
(iii) Real estate leasing profit (= (i) - (ii))	409,586	477,726	447,393	58,742	398,093
(iv) Rent NOI (= (iii) + Depreciation)	484,299	545,236	537,500	80,581	522,486

Note: Because consent has not been obtained from the single end tenant at LOGIPORT Nagareyama (A) to disclose information, real estate leasing revenues and real estate leasing expenses for LOGIPORT Nagareyama (B) are presented in aggregate with the real estate leasing revenues and real estate leasing expenses respectively.

(Unit: Thousands of yen)

Property number	Tokyo-6	Tokyo-7	Tokyo-8	Tokyo-9
Name of real estate, etc.	LOGIPORT Higashi Ogishima (A)	LOGIPORT Higashi Ogishima (B)	LOGIPORT Higashi Ogishima (C)	LOGIPORT Kawagoe
Number of operating days in third period (days)	184	184	184	184
(i) Total real estate leasing revenues	602,071	646,522	751,896	340,022
Rent revenue – real estate	548,105	571,726	682,501	320,917
Other lease business revenue	53,965	74,795	69,394	19,104
(ii) Total real estate leasing expenses	155,772	217,666	251,497	82,719
Outsourcing costs	38,829	50,399	56,782	18,237
Utilities expenses	17,157	27,083	39,919	17,998
Taxes and public charges	38,567	59,664	56,409	0
Insurance premiums	1,109	1,389	1,479	532
Maintenance expenses	6,475	10,066	8,302	5,056
Depreciation	51,686	67,795	87,093	40,254
Other leasing expenses	1,947	1,267	1,512	639
(iii) Real estate leasing profit (= (i) - (ii))	446,298	428,855	500,398	257,303
(iv) Rent NOI (= (iii) + Depreciation)	497,984	496,650	587,491	297,557