

Financial Results (REIT) for the Fiscal Period Ended February 29, 2020

April 17, 2020

REIT Issuer: LaSalle LOGIPORT REIT  
 Securities Code: 3466  
 Representative: (Title) Executive Director  
 (Name) Toshimitsu Fujiwara

Stock Exchange Listing: TSE  
 URL: <http://lasalle-logiport.com/english/>

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  
 Telephone +81-3-6367-5600

Scheduled filing date of securities report: May 28, 2020

Scheduled date of distribution payment commencement: May 22, 2020

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 February 29, 2020 (September 1, 2019 to February 29, 2020)

|                                       | Operating revenues |      | Operating income |      | Ordinary income |      | Net income  |      |
|---------------------------------------|--------------------|------|------------------|------|-----------------|------|-------------|------|
|                                       | Million yen        | %    | Million yen      | %    | Million yen     | %    | Million yen | %    |
| Fiscal period ended February 29, 2020 | 8,758              | 26.2 | 5,233            | 28.8 | 4,760           | 29.1 | 4,759       | 29.1 |
| Fiscal period ended August 31, 2019   | 6,942              | 19.9 | 4,064            | 31.1 | 3,688           | 32.5 | 3,687       | 32.5 |

  

|                                       | 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 February 29, 2020 | 3,531               | 3.6  | 2.0  | 54.4   |
| Fiscal period ended August 31, 2019   | 3,201               | 3.2  | 1.7  | 53.1   |

(2) Distributions

|                                       | Distributions per unit (excluding those in excess of retained earnings per unit) | Total amount of distributions (excluding those in excess of retained earnings) | Distributions in excess of retained earnings per unit | Total amount of distributions in excess of retained earnings | Distributions per unit (including those in excess of retained earnings per unit) | Total amount of distributions (including those in excess of retained earnings) | Payout ratio | Net assets distribution ratio |
|---------------------------------------|--|--|---|--|--|--|--------------|-------------------------------|
|                                       | Yen  | Million yen  | Yen   | Million yen  | Yen  | Million yen  | %            | %                             |
| Fiscal period ended February 29, 2020 | 3,492  | 4,759  | 178   | 242  | 3,670  | 5,002  | 100.0        | 3.4                           |
| Fiscal period ended August 31, 2019   | 3,048  | 3,688  | 152   | 183  | 3,200  | 3,872  | 100.0        | 3.1                           |

Note 1. Due to the issuance of new investment, the payout ratio in the fiscal period ended August 31, 2019 and February 29, 2020 were calculated according to the following formula, shown rounded to two decimal places.

$$\text{Payout ratio} = \text{total amount of distributions (excluding those in excess of earnings per unit)} \div \text{net income} \times 100$$

Note 2. The net assets distribution ratio was calculated according to the following formula.

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

Note 3. The total amount of distributions in excess of retained earnings was considered to be a refund of investment, which, for tax purposes, falls under a category of distribution as a reduction in unitholders' capital.

Note 4. The rates of reduction in retained earnings due to distributions in excess of retained earnings (a refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) in the fiscal periods ended August 31, 2019 and February 29, 2020 were both 0.002. Note that the calculation of the rates of reduction in retained earnings are based on Article 23, Paragraph 1, No. 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

|                                       | <u>Total assets</u> | <u>Net assets</u> | <u>Unitholders' equity ratio</u> | <u>Net assets per unit</u> |
|---------------------------------------|---------------------|-------------------|----------------------------------|----------------------------|
|                                       | Million yen         | Million yen       | %                                | Yen                        |
| Fiscal period ended February 29, 2020 | 263,283             | 144,540           | 54.9                             | 106,046                    |
| Fiscal period ended August 31, 2019   | 224,693             | 121,775           | 54.2                             | 100,640                    |

(4) Cash Flows

|                                       | <u>Cash flows from operating activities</u> | <u>Cash flows from investing activities</u> | <u>Cash flows from financing activities</u> | <u>Cash and cash equivalents at period end</u> |
|---------------------------------------|---|---|---|--|
|                                       | Million yen                                 | Million yen                                 | Million yen                                 | Million yen                                    |
| Fiscal period ended February 29, 2020 | 8,961                                       | (37,802)                                    | 32,552                                      | 13,456   |
| Fiscal period ended August 31, 2019   | 11,049                                      | (30,753)                                    | 20,003                                      | 9,745  |

2. Forecasts for the Fiscal Periods Ending August 31, 2020 (March 1, 2020 to August 31, 2020) and February 28, 2021 (September 1, 2020 to February 28, 2021)

(% figures show period-over-period change)

|                                       | <u>Operating revenues</u> |        | <u>Operating income</u> |        | <u>Ordinary income</u> |        | <u>Net income</u> |        | <u>Distributions per unit (excluding those in excess of retained earnings per unit)</u> | <u>Distributions in excess of retained earnings per unit</u> | <u>Distributions per unit (including those in excess of retained earnings per unit)</u> |
|---------------------------------------|---------------------------|--------|-------------------------|--------|------------------------|--------|-------------------|--------|---|--|---|
|                                       | Million yen               | %      | Million yen             | %      | Million yen            | %      | Million yen       | %      | Yen   | Yen  | Yen   |
| Fiscal period ended August 31, 2020   | 7,445                     | (15.0) | 3,932                   | (24.9) | 3,526                  | (25.9) | 3,525             | (25.9) | 2,586   | 206  | 2,792   |
| Fiscal period ended February 28, 2021 | 7,440                     | (0.1)  | 3,923                   | (0.2)  | 3,525                  | (0.0)  | 3,524             | (0.0)  | 2,585   | 209  | 2,794   |

Reference: Forecasted net income per unit for the period ending August 31, 2020: 2,586 yen; forecasted net income per unit for the period ending February 28, 2021: 2,585 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

|  | <u>Fiscal period ended February 29, 2020</u> | <u>Fiscal period ended August 31, 2019</u> |
|--|--|--|
| (i) Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period | 1,363,000 units                              | 1,210,000 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. In addition, 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 August 31, 2020 and February 28, 2021" stated on page 5 below.

END

**【Table of Contents】**

|     |  |    |
|-----|--|----|
| 1.  | Management Policy and Management Status .....                      | 2  |
| (1) | Management Status .....  | 2  |
| (2) | Investment Risks .....   | 8  |
| 2.  | Financial Statements .....   | 10 |
| (1) | Balance Sheet .....  | 10 |
| (2) | Income Statement .....   | 12 |
| (3) | Statement of Unitholders' Equity .....                             | 13 |
| (4) | Statements related to Distributions .....                          | 15 |
| (5) | Statements of Cash Flows .....                                     | 17 |
| (6) | Notes with respect to Going Concern Assumptions .....              | 18 |
| (7) | Notes on Matters concerning Significant Accounting Policies .....  | 18 |
| (8) | Notes to the Financial Statements .....                            | 20 |
| (9) | Changes in Number of Investment Units Issued and Outstanding ..... | 30 |
| 3.  | Reference Information .....  | 32 |
| (1) | Information on Price of the Managed Assets .....                   | 32 |
| (2) | Capital Expenditures on Portfolio Assets .....                     | 45 |

## 1. Management Policy and Management Status

### (1) Management Status

#### (Overview of the Fiscal Period)

##### (i) Significant developments of the investment corporation

With LaSalle REIT Advisors K.K. as the organizer, LaSalle LOGIPORT REIT (LLR) was established on October 9, 2015, pursuant to the Investment Trusts Act, and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016.

The financial statements for the fiscal period ended February 29, 2020 (8th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,363,000 units.

##### (ii) Investment Environment and Management Performance

In the first three quarters of 2019, the Japanese economy remained firm, driven by domestic demand, despite the negative impact of the trade friction between the United States and China. On the other hand, domestic demand also declined in the fourth quarter, partly due to the consumption tax hike in October 2019 and the negative impact of typhoons. As the year turned into 2020, the spread of the novel coronavirus (known as COVID-19) began to spread worldwide, increasing uncertainty over the economic outlook and increasing volatility in capital markets. The stock market has become entered a correction, and the listed J-REIT market has also declined. Amid the growing negative impact on capital markets, expectations of additional quantitative easing by Japan, the United States, and European Central Banks have heightened, and there is an increasing possibility that the low interest rate environment will continue. In real estate transactions, real estate yields relative to bonds continued to attract investors, and there was strong demand for investment until the fourth quarter of 2019. In the Tokyo metropolitan logistics facilities market, although new supply continued to be at a high level throughout 2019, new demand continued to be strong, and vacancy rates fell to record low levels. In the Kansai region, supply and demand continued to improve due to firm demand in both the bay area markets as well as the inland area markets of Osaka.

Under these conditions, LLR steadily managed its 16 properties (total acquisition price 245,686 million yen, leasable floor area 1,063,488m<sup>2</sup>) and the overall weighted average portfolio occupancy rate through the fiscal period was in a strong position at 98.7%. LLR's portfolio has 127 tenants as of the end of this fiscal period ended February 29, 2020, and aims for further tenant diversification.

##### (iii) Overview of Procurement of Funds

LLR raised 20,836 million yen through a public offering with a payment date of September 18, 2019 and an additional 1,041 million yen through a third-party allotment with a payment date of October 10, 2019, respectively. The total amount of capital contribution (net) as of the end of the fiscal period under review was 139,781 million yen.

In the fiscal year, LLR borrowed a total of 16,800 million yen in September 2019 in order to finance the acquisition of Logiport Amagasaki and Logiport Osaka Taisho (additional joint co-ownership acquisition) as well as finance part of the deal related costs. LLR also borrowed an additional 1,134 million yen in December 2019 to finance the acquisition of the newly acquired preferred shares. In addition, LLR repaid 540 million yen using consumption tax related refunds and cash on hand. The proceeds from the sixth issuance of unsecured investment corporation bonds (limited inter-bond pari passu clause) issued on February 20, 2020 (total amount of 3,000 million yen) were used as a part of the funds to repay the bonds before maturity of 3,121 million yen.

As a result of the foregoing, at the end of the current fiscal period, the balance of interest-bearing debt of LLR was 112,244 million yen and LTV was 42.6%

The status of LLR's credit ratings assigned as of February 29, 2020 was as follows.

| Credit Rating Agency              | Rating Type             | Rating | Rating Outlook |
|-----------------------------------|-------------------------|--------|----------------|
| JCR                               | Long-term issuer rating | AA-    | Stable         |
| (Japan Credit Rating Agency Ltd.) | Bond Rating (Note)      | AA-    | -              |

Note: This was the rating for the 1st, 2nd, 3rd, 4th, 5th and 6th Unsecured Investment Corporation Bonds.

##### (iv) Overview of Business Performance and Distributions

The operating period for the current fiscal period was 182 days from September 1, 2019 to February 29, 2020. During this fiscal period, LLR generated operating revenues of 8,758 million yen, operating income of 5,233 million yen, ordinary income of 4,760 million yen, and net income of 4,759 million yen.

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 3,492 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 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, 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 event there are one-time reductions up to a certain amount of distributions per unit as a result of: (i) financing activities such as the issuance of new investment units, the issuance of short-term corporate bonds, or borrowings; (ii) large-scale repairs resulting from earthquakes and other natural disasters or fires and other accidents; (iii) payments for the settlement of lawsuits; (iv) losses on sales of real estate; or (v) other reasons.

In the current fiscal period, LLR distributed 242 million yen as an Ongoing Distribution in Excess of Retained Earnings, an amount equivalent to approximately 30% of the 808 million yen that was the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation for the current fiscal period. As a result, the distribution in excess of retained earnings per unit in the current fiscal period was 178 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, profit generated during the fiscal period, the amount available for distribution, 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. The amount of distributions which are the sum of the regular distributions in excess of retained earnings and the additional distributions in excess of our retained earnings when additional distributions in excess of retained earnings are made are limited to 60% of the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation calculated as of the last day of the relevant calculation period.

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 222 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 spread of the new coronaviruses (COVID-19) worldwide and the suspension of various economic activities are helping to curb infections. The global economic outlook for 2020 is expected to decline, and many major economies are expected to experience recessions. Japan's economy is also likely to face an economic downturn in 2020, led by falling external demand and capital investment. However, the economic outlook is likely to remain highly uncertain, largely dependent on the convergence of the new coronavirus and policy responses by governments and central banks. The volatility of the capital market is expected to continue, and in the real estate investment market, there is a possibility that investment demand, particularly for lower quality real estate properties, will decline. The impact of the new coronaviruses on the logistics facility market is expected to be limited compared to hotels and retail facilities due to the increase in demand for e-commerce. However, as new supply continues to come to market, it is expected that the availability rate in metropolitan areas will increase slowly from the present very low level during the next few years. Relative to the Tokyo metropolitan area, the Osaka region is likely to face weaker supply-demand balance, and therefore it is expected that the importance of selecting sub-markets and individual properties will increase.

##### (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 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.

With respect to its internal growth strategy, LLR will aim to realize internal growth by leveraging its active asset management (Note 3) 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. In addition, given the current uncertain outlook, LLR will work to stabilize rent income by actively renewing contracts that will come due in the future ahead of schedule. 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. In addition, LLR will focus on banks' lending attitudes and provide a greater level of on-hands liquidity in order to implement smooth refinancing.

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 December 31, 2019) 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. "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) Significant Subsequent Events

None

(iv) Forecast of Financial Results

The outlook for LLR's financial results for the fiscal period ending August 31, 2020 and the period ending February 28, 2021 are presented below.

|  | Operating revenues | Operating income | Ordinary income | Net Income  | Distributions per unit (excluding those in excess of retained earnings per unit) | Distributions in excess of retained earnings per unit | Distributions per unit (including those in excess of retained earnings per unit) |
|--|--------------------|------------------|-----------------|-------------|--|---|--|
|  | Million yen        | Million yen      | Million yen     | Million yen | Yen  | Yen   | Yen  |
| Fiscal period ending August 31, 2020   | 7,445              | 3,932            | 3,526           | 3,525       | 2,586  | 206   | 2,792  |
| Fiscal period ending February 28, 2021 | 7,440              | 3,923            | 3,525           | 3,524       | 2,585  | 209   | 2,794  |

For the assumptions used in this outlook, please refer to the "Forecast Assumptions for the Fiscal Periods Ending August 31, 2020 and February 28, 2021" below.

Note. The figures above represent LLR's outlook at present and were calculated based on certain assumptions. The actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of retained earnings per unit), and distributions in excess of retained earnings per unit 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 August 31, 2020 and February 28, 2021

| Item                   | Assumptions   |
|------------------------|---|
| Calculation period     | <ul style="list-style-type: none"> <li>• Fiscal period ending August 31, 2020: March 1, 2020 to August 31, 2020 (184 days)</li> <li>• Fiscal period ending February 28, 2021: September 1, 2020 to February 28, 2021 (181 days)</li> </ul>  |
| Property portfolio     | <ul style="list-style-type: none"> <li>• It is assumed that there will be no changes (acquisition of new properties, disposal of held assets, etc.) from the real estate trust beneficial interests (16 properties in total) and preferred shares (one underlying property secures the preferred shares) (hereinafter referred to as "currently held assets") held on February 29, 2020 until the end of the fiscal year ending February 2021.</li> <li>• LLR's property portfolio may change due to the acquisition of new properties or the sale of assets held other than assets scheduled to be transferred.</li> </ul>   |
| Operating revenue      | <ul style="list-style-type: none"> <li>• Rental revenues are calculated based lease agreements for the Current Assets in effect as of today, and other factors including market trends.</li> <li>• The average occupancy rate of all properties was expected to be 99.0% in the fiscal period ending August 31, 2020, and 98.5% in the fiscal period ending February 28, 2021.</li> <li>• With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delinquency.</li> </ul>   |
| Operating expenses     | <ul style="list-style-type: none"> <li>• Leasing-related expenses other than depreciation expenses are calculated by reflecting variable factors of expenses based on the actual historical figures of the Current Held Assets, and entrustment agreements in effect as of today.</li> <li>• Depreciation expense, including ancillary costs, was calculated using a straight-line depreciation method, and LLR assumed that depreciation expense for the fiscal period ending August 31, 2020 was 937 million yen, and for the fiscal period ending February 28, 2021 was 952 million yen</li> <li>• While fixed property taxes, city planning taxes, and depreciable asset taxes ("Fixed Asset 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 was capitalized into LLR's acquisition costs. Accordingly, for the newly acquired assets, the settlement amount Fixed Asset Taxes will not be expensed during the fiscal period ending February 29, 2020. In addition, for the newly acquired assets, Fixed Asset Taxes for the fiscal year 2020 will be expensed from the fiscal period ending August 31, 2020.</li> <li>• In the fiscal year ending August 31, 2019, the following assets were newly acquired: "Logiport Sakai Chikko Shinmachi" (40% co-ownership interest), "Logiport Osaka Taisho" (25% co-ownership interest), "Logiport Kashiwa Shonan," "Logiport Sayama-Hidaka," "Higashi-Ogishima (leasehold land interest)," "Logiport Sakai Chikko Shinmachi (60% co-ownership interest)," "Logiport Osaka Taisho (37.5% co-ownership interest)," "Logiport Amagasaki (51% co-ownership interest)" are not recorded as expenses for the fiscal year ended February 28, 2020, and property taxes for the fiscal year ending August 31, 2020 will be recorded as expenses.</li> <li>• Fixed asset taxes are for the fiscal periods ending on August 31, 2020 and February 28, 2021 are expected to be 213 million yen and 213 million yen, respectively.</li> <li>• 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.</li> <li>• It is assumed that no operating expenses will arise in relation to the Preferred Equity Securities.</li> </ul> |
| Non-operating expenses | <ul style="list-style-type: none"> <li>• LLR expects to recognize the estimated amortization amount of deferred organization expenses in the amounts of 3 million yen for the fiscal periods ending August 31, 2020.</li> <li>• The projected amortization of costs related to the issuance of new investment units and the public offering of investment units resolved on May 21, 2019 and the expected amortization of costs related to the issuance and public offering of new investment units resolved on September 4, 2019 are 7 million yen for the fiscal year ending August 2020 and 7 million yen for the fiscal year ending February 2021, respectively.</li> </ul>   |

| Item   | Assumptions  |
|--|--|
| Loans payable  | <ul style="list-style-type: none"> <li>Interest expenses and other debt-related costs (including interest expenses on investment corporation bonds, amortization of investment corporation bonds and borrowing related expenses) are expected to be 394 million yen and 389 million yen for the fiscal periods ending August 31, 2020 and February 28, 2021, respectively. Non-cash items, which are included in interest expenses and other debt-related costs, are expected to be 72 million yen and 72 million yen for the fiscal periods ending August 31, 2020 and February 28, 2021, respectively.</li> <li>At the end of February 2020, the balance of interest-bearing debts of LLR was 112,244 million yen. It is assumed that there will be no change in the amount of interest-bearing debt until the end of the fiscal year ending February 2021.</li> <li>In fiscal 2020, the LTV ratio is expected to be 42.9% and is expected to be around 43.0% at the end of the fiscal year ending February 2021. (rounded to the first decimal place).<br/>The LTV ratio is calculated by the following formula:<br/><math display="block">\text{LTV} = \text{total interest-bearing debt} \div \text{total assets} \times 100</math></li> </ul>  |
| Investment units   | <ul style="list-style-type: none"> <li>Current outstanding number of units is 1,363,000. LLR does not expect there to be any changes to the number of outstanding units until the fiscal period ending February 28, 2021.</li> </ul>   |
| Distributions per unit (excluding those in excess of retained earnings per unit) | <ul style="list-style-type: none"> <li>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 Articles of Incorporation.</li> <li>Distributions per unit (excluding distributions in excess of retained earnings per unit) may change 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.</li> </ul>   |
| Distributions in excess of retained earnings per unit                            | <ul style="list-style-type: none"> <li>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 August 31, 2020, and February 28, 2021, are assumed to be 30% of the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period, less the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period, which are assumed to be 281 million yen and 285 million yen, respectively</li> <li>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</li> <li>LLR expects for the time being to make distributions in excess of retained earnings on a regular basis within an appropriate level for maintaining financial soundness and stability, after 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 amount resulting from deducting the total amount of accumulated depreciation recorded as of the last day of the previous fiscal period from the amount of accumulated depreciation calculated as of the last day of the relevant fiscal period. This amount will be decided by LLR taking into consideration the level of net income, gains or losses on sales of real estate, etc., the level of cancellation fees or penalties, the level of temporary revenues, the level of distributions including distributions in excess of retained earnings, and the financial condition of LLR (especially the Appraisal LTV set forth below) in the relevant calculation 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 to make reduced distributions or not to make any distributions in excess of retained earnings after considering the above-listed factors.</li> <li>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%:</li> </ul> |



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

- 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.
- The assumption is that the negative impact of the spread of the novel coronavirus infections will not spread further. The above forecasts do not take into account the long-term impact of the novel coronavirus infections or the adverse impact on the operational situation of further expansion.

(2) Investment Risks

As a result of the expansion of the novel coronavirus, as of today, the following changes have been made to "① Risks related to investment units and investment corporation bonds issued by investment corporation/(a) Risks related to price fluctuations" and ③ Risks relating to investment corporation assets: risks relating to property-specific risks / (c) Professional expert reports, etc." as part of the "Investment Risks" in the latest securities report (submitted on November 28, 2019). Changes are shown as underlined parts.

① Risks related to investment units and corporate bonds issued by investment corporations

Market price fluctuations risk

Recently, the spread of the novel coronavirus has expanded worldwide, resulting in stagnant operations and adverse effects on economic activities. The logistics properties, which are assets held by the Investment Corporation, are based on long-term lease contracts, and the Investment Corporation believes that stagnation in economic activity is unlikely to have an adverse impact on earnings immediately. However, the outbreak of the novel coronavirus rapidly expanded from around the end of the 8th period (calculation period until February 29, 2020) until the date of the release of this report. As a result, not only the Japanese economy but also the global economy were adversely affected, resulting in downward pressure upon the stock market. LLR's investment units were no exception. There are no assurances that the environment surrounding logistics facilities and their tenants will not be seriously impacted if the aforementioned infectious disease prolongs or further expands in the future. In addition, there is the risk of further adverse impacts on the market as a whole.

In addition to the above, the market price of LLR units may be influenced by changes in the financial environment such as interest rate trends and foreign exchange rates. The market price may also be significantly influenced by factors such as the trading volume of the investment units, the balance of supply and demand, the superiority and inferiority of the investment in financial instruments other than Real Estate Investment Trust Securities, fluctuations in financial instruments markets other than the Real Estate Investment Trust securities market, market conditions, and future business trends. In particular, during periods of rising interest rates, the attractiveness of the dividend yield of each investment unit may decline, which in turn may cause the market price of the investment unit to decline.

In addition, the market price of the investment unit will be affected by factors surrounding the real estate-related market, such as changes in the valuation of general real estate, trends in the real estate market, the supply and demand of space relations within real estate, the economic environment surrounding companies that have the effect of influencing real estate demand, and changes in laws, accounting, and tax systems.

In addition, the Investment Corporation procures funds as necessary for the execution of its business, but in the event that the funds procured through the issuance of new investment units or the free allotment of new investment unit subscription rights to new investment units, the distribution and net assets per unit may be diluted. These events and other circumstances may affect the supply and demand balance of each investment unit in the market and affect the market price of LLR.

The market value of LLR may also fall in the event of administrative guidance, recommendations for administrative sanctions, or administrative sanctions against the Investment Corporation or the Asset Management Company by regulatory authorities. In addition, in the event that administrative guidance, recommendations or administrative sanctions are made to other investment corporations or other asset management companies by regulatory authorities, etc., the adverse effect of such action on the Real Estate Investment Trust securities market may cause the market price of LLR to decline.

In addition, price of LLR issued Investment Corporation Bonds may fluctuate due to market conditions such as interest rate trends, and may be affected by a review or reduction of its credit rating.

③ LLR's assets under management: risks specific to the underlying real estate

Risks related to expert reports, etc.

The appraisal value of real estate and the researched value of real estate do not necessarily agree with the objectively fair value of real estate, as they only indicate the appraisal at the time of analysis based on analysis by individual real estate appraisers, etc. The purpose and method of valuation are not necessarily to calculate the market price in the event of resale or repurchase. Therefore, even if an appraisal is conducted on the same property, the appraisal value and the survey value may differ depending on the appraisal method or investigation method or timing, such as a real estate appraiser. Furthermore, the results of such appraisals and price surveys do not guarantee or promise to buy or sell at the appraisal value or the researched value in the present and future, and even if real estate

is to be sold in the future, it will not necessarily be sold at the appraised value or at the researched value.

Due to the recent expansion of the novel coronavirus, overall economic activity may stagnate and demand for logistics facilities may decline. As a result, the appraisal value of real estate held by the Investment Corporation and the survey value of real estate prices may decline. As a result, the Investment Corporation may not be able to sell real estate held by the Investment Corporation at the assumed price, and it may incur losses. In addition, the Investment Corporation may be forced to recognize valuation losses as impairment losses even if it does not sell them. In addition, since the appraisal value of real estate owned by the Investment Corporation and the survey value of real estate values indicate the appraisal value at the time of analysis by real estate appraisers, etc., the appraisal may not sufficiently take into account the impact of the prolonged and further expansion of the new coronaviral infectious disease.

The Building Environmental Risk and Soil Contamination Risk Assessment Form are also expressions of opinion based on analyses conducted by individual survey companies, and the content of the risk assessment may differ depending on the evaluation method, survey method, etc. This report is only a description of the results of an investigation conducted by an expert, and we do not guarantee or promise that there will be no environmental problems such as soil contamination.

The Engineering Report (Building Status Survey Report) and the Earthquake Risk Assessment Report on the structure of the building, earthquake resistance, compliance with laws and regulations, presence or absence of harmful substances, etc., boundaries with neighboring land, etc. are mere statements of the results of an investigation conducted by an expert on the state and structure of the building, and do not guarantee or promise that the assets to be acquired do not contain any defects or defects, etc., and there is a possibility that defects may be discovered in the real estate acquired after the acquisition by the Investment Corporation.

In addition, the PML value calculated as a result of earthquake risk analysis of real estate is only a forecast based on the analysis of individual experts. The PML value is the ratio of the expected loss to replacement value. However, in the event of an earthquake in the future, a greater-than-expected recovery cost may be required.

As for real estate, various experts are qualified from national or private bodies to perform their tasks, but there is no assurance that all experts will be able to perform all tasks at all times without fault. The Asset Management Company will acquire assets by the Investment Corporation based on judgment and reports from external qualified experts. However, there is a risk that the judgment and report of such experts may be mistaken later, and in this case, the Investment Corporation may be seriously adversely affected.

## 2. Financial Statements

### (1) Balance Sheet

|   | Thousands of yen |                   |
|---|------------------|-------------------|
|   | As of            |                   |
|   | August 31, 2019  | February 29, 2020 |
| Assets                                      |                  |                   |
| Current assets                              |                  |                   |
| Cash and deposits                           | 6,744,682        | 9,977,243         |
| Cash and deposits in trust                  | 4,236,219        | 4,963,911         |
| Operating accounts receivable               | 177,092          | 288,181           |
| Prepaid expenses                            | 130,339          | 169,167           |
| Income taxes receivable                     | -                | 162,897           |
| Consumption taxes receivable                | 357,627          | 674,662           |
| Other                                       | 686              | 2,172             |
| Total current assets                        | 11,646,648       | 16,238,236        |
| Non-current assets                          |                  |                   |
| Property, plant and equipment               |                  |                   |
| Buildings in trust                          | 70,432,223       | 84,033,408        |
| Accumulated depreciation                    | (4,499,296)      | (5,305,680)       |
| Buildings in trust, net                     | 65,932,927       | 78,727,727        |
| Structures in trust                         | 29,308           | 81,767            |
| Accumulated depreciation                    | (2,300)          | (4,388)           |
| Structures in trust, net                    | 27,008           | 77,379            |
| Machinery and equipment in trust            | -                | 183               |
| Accumulated depreciation                    | -                | (5)               |
| Machinery and equipment in trust, net       | -                | 177               |
| Tools, furniture and fixtures in trust      | 10,405           | 10,081            |
| Accumulated depreciation                    | (340)            | (676)             |
| Tools, furniture and fixtures in trust, net | 10,064           | 9,404             |
| Land in trust                               | 145,322,177      | 166,427,880       |
| Total property, plant and equipment         | 211,292,178      | 245,242,569       |
| Investments and other assets                |                  |                   |
| Investment securities                       | 1,237,993        | 1,149,747         |
| Long-term prepaid expenses                  | 424,220          | 533,844           |
| Deferred tax assets                         | 3                | 12                |
| Lease and guarantee deposits                | 10,000           | 10,000            |
| Lease and guarantee deposits in trust       | -                | 5,170             |
| Total investments and other assets          | 1,672,218        | 1,698,773         |
| Total non-current assets                    | 212,964,396      | 246,941,343       |
| Deferred assets                             |                  |                   |
| Deferred organization expenses              | 7,922            | 4,265             |
| Investment unit issuance expenses           | 22,584           | 34,348            |
| Investment corporation bond issuance costs  | 52,023           | 65,324            |
| Total deferred assets                       | 82,530           | 103,938           |
| Total assets                                | 224,693,574      | 263,283,518       |

## Balance Sheet, continued

|   | Thousands of yen |                   |
|---|------------------|-------------------|
|   | As of            |                   |
|   | August 31, 2019  | February 29, 2020 |
| Liabilities                                     |                  |                   |
| Current liabilities                             |                  |                   |
| Operating accounts payable                      | 190,204          | 278,523           |
| Short-term loans payable                        | 1,930,000        | -                 |
| Current portion of long-term loans payable      | 1,300,000        | 10,740,000        |
| Accounts payable                                | 882,739          | 1,258,838         |
| Accrued expenses                                | 7,788            | 7,182             |
| Income taxes payable                            | 677              | 680               |
| Advances received                               | 1,051,574        | 1,228,031         |
| Other   | 654,639          | 725,022           |
| Total current liabilities                       | 6,017,624        | 14,238,278        |
| Non-current liabilities                         |                  |                   |
| Investment corporation bonds payable            | 11,500,000       | 14,500,000        |
| Long-term loans payable                         | 82,931,000       | 87,004,000        |
| Tenant leasehold and security deposits in trust | 2,469,743        | 3,000,275         |
| Total non-current liabilities                   | 96,900,743       | 104,504,275       |
| Total liabilities                               | 102,918,368      | 118,742,554       |
| Net assets                                      |                  |                   |
| Unitholders' equity                             |                  |                   |
| Unitholders' capital                            | 119,249,475      | 141,127,710       |
| Deduction from unitholders' capital             | (1,162,700)      | (1,346,620)       |
| Unitholders' capital, net                       | 118,086,775      | 139,781,090       |
| Surplus   |                  |                   |
| Unappropriated retained earnings                | 3,688,431        | 4,759,873         |
| Total surplus                                   | 3,688,431        | 4,759,873         |
| Total unitholders' equity                       | 121,775,206      | 144,540,963       |
| Total net assets                                | (*2) 121,775,206 | (*2) 144,540,963  |
| Total liabilities and net assets                | 224,693,574      | 263,283,518       |

## (2) Income Statement

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

## (3) Statement of Unitholders' Equity

Previous period (For the period ended August 31, 2019)

|  | Thousands of yen     |                                     |                      |  |               |
|--|----------------------|-------------------------------------|----------------------|--|---------------|
|  | 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          | (957,000)                           | 105,406,965          | 2,783,741  | 2,783,741     |
| Changes of items during period               |                      |                                     |                      |  |               |
| Issuance of new investment units             | 12,885,510           |                                     | 12,885,510           |  |               |
| Distributions in excess of retained earnings |                      | (205,700)                           | (205,700)            |  |               |
| Dividends of retained earnings               |                      |                                     |                      | (2,783,000)  | (2,783,000)   |
| Net income                                   |                      |                                     |                      | 3,687,689  | 3,687,689     |
| Total changes of items during period         | 12,885,510           | (205,700)                           | 12,679,810           | 904,689  | 904,689       |
| Balance at end of current period             | (*1) 119,249,475     | (1,162,700)                         | 118,086,775          | 3,688,431  | 3,688,431     |

|  | Thousands of yen          |                  |
|--|---------------------------|------------------|
|  | Total unitholders' equity | Total net assets |
| Balance at beginning of current period       | 108,190,706               | 108,190,706      |
| Changes of items during period               |                           |                  |
| Issuance of new investment units             | 12,885,510                | 12,885,510       |
| Distributions in excess of retained earnings | (205,700)                 | (205,700)        |
| Dividends of retained earnings               | (2,783,000)               | (2,783,000)      |
| Net income                                   | 3,687,689                 | 3,687,689        |
| Total changes of items during period         | 13,584,499                | 13,584,499       |
| Balance at end of current period             | 121,775,206               | 121,775,206      |

Current period (For the period ended February 29, 2020)

|  | Thousands of yen        |   |                         |  |               |
|--|-------------------------|---|-------------------------|--|---------------|
|  | Unitholders' equity     |   |                         |  |               |
|  | Unitholders' capital    |   |                         | Surplus  |               |
|  | Unitholders'<br>capital | Deduction from<br>unitholders'<br>capital | Unitholders'<br>capital | Unappropriated<br>retained<br>earnings<br>(undisposed<br>loss) | Total surplus |
| Balance at beginning of current period       | 119,249,475             | (1,162,700)                               | 118,086,775             | 3,688,431  | 3,688,431     |
| Changes of items during period               |                         |   |                         |  |               |
| Issuance of new investment units             | 21,878,235              |   | 21,878,235              |  |               |
| Distributions in excess of retained earnings |                         | (183,920)                                 | (183,920)               |  |               |
| Dividends of retained earnings               |                         |   |                         | (3,688,080)  | (3,688,080)   |
| Net income                                   |                         |   |                         | 4,759,522  | 4,759,522     |
| Total changes of items during period         | 21,878,235              | (183,920)                                 | 21,694,315              | 1,071,442  | 1,071,442     |
| Balance at end of current period             | (*1) 141,127,710        | (1,346,620)                               | 139,781,090             | 4,759,873  | 4,759,873     |

|  | Thousands of yen                |                  |
|--|---------------------------------|------------------|
|  | Unitholders' equity             |                  |
|  | Total<br>unitholders'<br>equity | Total net assets |
| Balance at beginning of current period       | 121,775,206                     | 121,775,206      |
| Changes of items during period               |                                 |                  |
| Issuance of new investment units             | 21,878,235                      | 21,878,235       |
| Distributions in excess of retained earnings | (183,920)                       | (183,920)        |
| Dividends of retained earnings               | (3,688,080)                     | (3,688,080)      |
| Net income                                   | 4,759,522                       | 4,759,522        |
| Total changes of items during period         | 22,765,757                      | 22,765,757       |
| Balance at end of current period             | 144,540,963                     | 144,540,963      |



## (4) Statements related to Distributions

|  | Yen                   |                   |
|--|-----------------------|-------------------|
|  | For the periods ended |                   |
|  | August 31, 2019       | February 29, 2020 |
| I Unappropriated retained earnings for the period                    | 3,688,431,723         | 4,759,873,883     |
| II Additional amount of distributions in excess of retained earnings |                       |                   |
| Deduction for unitholders' capital                                   | 183,920,000           | 242,614,000       |
| III Amount of distributions  | 3,872,000,000         | 5,002,210,000     |
| (amount of distributions per investment unit)                        | (3,200)               | (3,670)           |
| Of which, distributions of retained earnings                         | 3,688,080,000         | 4,759,596,000     |
| (of which, distributions of retained earnings per unit)              | (3,048)               | (3,492)           |
| Of which, distributions in excess of retained earnings               | 183,920,000           | 242,614,000       |
| (of which, distributions in excess of retained earnings per unit)    | (152)                 | (178)             |
| IV Retained earnings brought forward                                 | 351,723               | 277,883           |

## Method of calculation of amount of distributions

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 retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.

Based on this policy, 3,688,080,000 yen was allocated as distributions of retained 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.

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

Based on this policy, the amount roughly equivalent to 30% of the 614,944,649 yen that is the amount remaining after deducting the total amount of accumulated depreciation recorded in the previous period from the total amount of accumulated depreciation calculated for this fiscal period was

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 retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.

Based on this policy, 4,759,596,000 yen was allocated as distributions of retained 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.

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

Based on this policy, the amount roughly equivalent to 30% of the 808,813,444 yen that is the amount remaining after deducting the total amount of accumulated depreciation recorded in the previous period from the total amount of accumulated depreciation calculated for this fiscal period was

| Yen  |  |
|--|--|
| For the periods ended  |  |
| August 31, 2019  | February 29, 2020  |
| calculated to be 183,920,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution). | calculated to be 242,614,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution). |

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

(6) Notes with respect to Going Concern Assumptions

None

(7) Notes on Matters concerning Significant Accounting Policies

1. Valuation standard and valuation method for investment securities

Available-for-sale securities

There is no market price

The moving average cost method was adopted.

2. Method of depreciation of non-current assets

Property, plant and equipment (including trust assets)

A straight-line method is used. The useful lives of principal property, plant and equipment are as follows:

|                               |             |
|-------------------------------|-------------|
| Buildings                     | 2-79 years  |
| Structures                    | 10-45 years |
| Machinery and equipment       | 8 years     |
| Tools, furniture and fixtures | 6-15 years  |

3. Accounting treatment for deferred assets

(i) Deferred organization expenses

Amortized over a period of five years.

(ii) Issuance costs for corporate bonds

Amortized using the straight-line method over the period until redemption.

(iii) Investment unit issuance expenses

Amortized over a period of three years.

4. Standards for revenue and expense recognition

Treatment of fixed asset taxes

With respect to fixed asset taxes, city planning taxes, and depreciable asset taxes associated with the real estate or beneficiary interests in trusts holding real estate as trust assets held by LLR, the amount of taxes levied corresponding to the relevant accounting period are treated as lease expenses and expensed.

The amount equivalent to the first year's fixed asset tax that is borne by LLR in association with the acquisition of real estate or beneficiary interests in trusts holding real estate, as trust assets are not recognized as an expense; rather, they are included in the acquisition cost of the relevant real estate. The amount of fixed asset taxes, etc. included in the acquisition costs of real estate, etc. was 86,594,000 yen in the previous fiscal period, and 72,803,000 yen in the current fiscal period.

5. Hedge accounting method

(i) Method of hedge accounting

LLR uses deferral hedge accounting. However, special treatment was applied to those interest rate swaps that satisfy the requirements for special accounting treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swap transactions

Hedged items: interest on loans

(iii) Hedging policy

Under its market risk management policy, LLR engages in derivative transactions for the purpose of hedging risk as provided for in its bylaws.

(iv) Method of assessing hedge effectiveness

Assessment of hedge effectiveness was omitted since interest rate swaps satisfy the requirements for special treatment.

6. Scope of funds in the statements of cash flows

The funds in the statements of cash flows (cash and cash equivalents) comprise cash on hand and cash in trusts, bank deposits and trust deposits available for withdrawal on demand, and short-term investments due within three months of the acquisition date, which are readily convertible to cash and bear only an insignificant risk of price fluctuations.

7. Other significant matters which constitute the basis for preparation of financial statements

(i) Accounting treatment for beneficiary interests in trusts that have real estate as assets in trust

With respect to trust beneficiary interests held by LLR, where the underlying assets are entrusted real estate, all asset and liability accounts within the trust assets as well as all revenue and expense accounts arising from the trust assets are recognized in the relevant accounts of the balance sheet and statements of income.

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

(a) Cash in trust and deposits in trust

(b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust

(c) Lease and guarantee deposits in trust

(d) Tenant leasehold and security deposits in trust

(ii) Treatment of consumption taxes

LLR applies the tax-excluded method for the accounting treatment of consumption taxes and local consumption taxes. The nondeductible portion of consumption taxes imposed in connection with assets was charged to expense in the period incurred.

(8) Notes to the Financial Statements

[Notes to Balance Sheet]

1. Commitment line agreement

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

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

\* 2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

| Thousands of yen |                   |
|------------------|-------------------|
| As of            |                   |
| August 31, 2019  | February 29, 2020 |
| 50,000           | 50,000            |

[Notes to Income Statement]

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

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

\* 2. Breakdown of Gain on sales of real estate properties

Previous period (For the period ended August 31, 2019)

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

Current period (For the period ended February 29, 2020)

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

[Notes to Statement of Changes in Unitholders' Capital]

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

|   | For the periods ended                       |                   |
|---|---|-------------------|
|   | August 31, 2019                             | February 29, 2020 |
|   | Total number of investment units authorized | 10,000,000 units  |
| Total number of investment units issued and outstanding | 1,210,000 units                             | 1,363,000 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

|   | Thousands of yen      |                   |
|---|-----------------------|-------------------|
|   | For the periods ended |                   |
|   | August 31, 2019       | February 29, 2020 |
| Cash and deposits                       | 6,744,682             | 9,977,243         |
| Cash and deposits in trust              | 4,236,219             | 4,963,911         |
| Restricted deposits in trust (Note)     | (1,235,457)           | (1,484,732)       |
| Cash and cash equivalents at period end | 9,745,444             | 13,456,422        |

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

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

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(i) 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.

(ii) 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 part 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.

(iii) 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 (As of August 31, 2019)

Amounts recognized on the balance sheet as of the fiscal period ended August 31, 2019, 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).

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

Current period (As of February 29, 2020)

Amounts recognized on the balance sheet as of the fiscal period ended February 29, 2020, 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).

|  | Thousands of yen        |             |            |
|--|-------------------------|-------------|------------|
|  | As of February 29, 2020 |             |            |
|  | Book value              | Fair value  | Difference |
| (1) Cash and deposits                          | 9,977,243               | 9,977,243   | -          |
| (2) Cash and deposits in trust                 | 4,963,911               | 4,963,911   | -          |
| Total assets                                   | 14,941,155              | 14,941,155  | -          |
| (4) Current portion of long-term loans payable | 10,740,000              | 10,743,876  | 3,876      |
| (5) Investment corporation bonds payable       | 14,500,000              | 14,540,850  | 40,850     |
| (6) Long-term loans payable                    | 87,004,000              | 87,515,752  | 511,752    |
| Total liabilities                              | 112,244,000             | 112,800,479 | 556,479    |
| 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) Current portion of long-term loans payable, (6) 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.

(5) Investment corporation bonds

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

Derivative transactions

Please refer to "Notes to Derivative Transactions" below.

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

|  | Thousands of yen |                   |
|--|------------------|-------------------|
|  | As of            |                   |
|  | August 31, 2019  | February 29, 2020 |
| Investment securities (*1)                           | 1,237,993        | 1,149,747         |
| Tenant leasehold and security deposits in trust (*2) | 2,469,743        | 3,000,275         |

\*1. Investment securities 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.

\*2. 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. Amount to be redeemed after date of settlement of monetary claims

Previous period (As of August 31, 2019)

|                            | Thousands of yen    |
|----------------------------|---------------------|
|                            | Due within one year |
| Cash and deposits          | 6,744,682           |
| Cash and deposits in trust | 4,236,219           |

Current period (As of February 29, 2020)

|                            | Thousands of yen    |
|----------------------------|---------------------|
|                            | Due within one year |
| Cash and deposits          | 9,977,243           |
| Cash and deposits in trust | 4,963,911           |

Note 4. Repayment schedule for investment corporation bonds, long-term loans payable and other interest-bearing debt after the closing date

Previous period (As of August 31, 2019)

|                                      | Thousands of yen      |                            |                              |                               |                              |                      |
|--------------------------------------|-----------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
|                                      | As of August 31, 2019 |                            |                              |                               |                              |                      |
|                                      | Due within one year   | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
| Short-term loans payable             | 1,930,000             | -                          | -                            | -                             | -                            | -                    |
| Investment corporation bonds payable | -                     | -                          | 5,000,000                    | -                             | -                            | 6,500,000            |
| Long-term loans payable              | 1,300,000             | 13,390,000                 | 4,211,000                    | 15,110,000                    | 16,560,000                   | 33,660,000           |
| Total                                | 3,230,000             | 13,390,000                 | 9,211,000                    | 15,110,000                    | 16,560,000                   | 40,160,000           |

Current period (As of February 29, 2020)

|                                      | Thousands of yen        |                            |                              |                               |                              |                      |
|--------------------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
|                                      | As of February 29, 2020 |                            |                              |                               |                              |                      |
|                                      | Due within one year     | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
| Investment corporation bonds payable | -                       | 5,000,000                  | -                            | -                             | -                            | 9,500,000            |
| Long-term loans payable              | 10,740,000              | 2,650,000                  | 18,100,000                   | 17,694,000                    | 9,070,000                    | 39,490,000           |
| Total                                | 10,740,000              | 7,650,000                  | 18,100,000                   | 17,694,000                    | 9,070,000                    | 48,990,000           |

[Notes to Securities]

Previous period (As of August 31, 2019)

Because there are no market prices for the preferred securities (1,237,993 thousand yen recognized on the balance sheet) and it is difficult to reasonably estimate cash flows, it is understood to be extremely difficult to assess fair value, so fair value is not listed.

Current period (As of February 29, 2020)

Because there are no market prices for the preferred securities (1,149,747 thousand yen recognized on the balance sheet) and it is difficult to reasonably estimate cash flows, it is understood to be extremely difficult to assess fair value, so fair value is not listed.

[Notes to Derivative Transactions]

1. Derivative transactions to which hedge accounting was not applied

Previous period (As of August 31, 2019)

None

Current period (As of February 29, 2020)

None

2. Derivative transactions to which hedge accounting was applied

Previous period (As of August 31, 2019)

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.

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

Current period (As of February 29, 2020)

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.

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

Note: 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 (4) Current portion of long-term loans payable and (6) Long-term loans payable 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. Transactions and Account Balances with the Parent Company and Major Unitholders

Previous period (For the period ended August 31, 2019)

None

Current period (For the period ended February 29, 2020)

None

2. Transactions and Account Balances with Affiliates

Previous period (For the period ended August 31, 2019)

None

Current period (For the period ended February 29, 2020)

None

3. Transactions and Account Balances with Companies under Common Control

Previous period (For the period ended August 31, 2019)

| Classification             | Name of the company        | Address           | Stated capital (thousands of yen) | Type of business               | Percentage of voting rights owned | Relation   |                       | Type of transaction (Note 2)             | Transaction amount (thousands of yen) (Note 1) | Account          | Ending Balance (thousands of yen) (Note 1) |
|----------------------------|----------------------------|-------------------|-----------------------------------|--------------------------------|-----------------------------------|--|-----------------------|--|--|------------------|--|
|                            |                            |                   |                                   |                                |                                   | Common board member  | Business relationship |  |  |                  |  |
| Subsidiary of an affiliate | LaSalle REIT Advisors K.K. | Chiyoda-ku, Tokyo | 164,500                           | Investment management business | -                                 | Executive Director of LLR and President & CEO of the Asset Manager | Asset Manager         | Payment of asset management fee (Note 3) | 1,152,517                                      | Accounts payable | 724,925                                    |

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

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

Note 3. Asset management fees, attributable to property acquisitions and property dispositions, were 300,530 thousand yen and 79,600 thousand yen, respectively.

Current period (For the period ended February 29, 2020)

| Classification             | Name of the company        | Address           | Stated capital (thousands of yen) | Type of business               | Percentage of voting rights owned | Relation   |                       | Type of transaction (Note 2)             | Transaction amount (thousands of yen) (Note 1) | Account          | Ending Balance (thousands of yen) (Note 1) |
|----------------------------|----------------------------|-------------------|-----------------------------------|--------------------------------|-----------------------------------|--|-----------------------|--|--|------------------|--|
|                            |                            |                   |                                   |                                |                                   | Common board member  | Business relationship |  |  |                  |  |
| Subsidiary of an affiliate | LaSalle REIT Advisors K.K. | Chiyoda-ku, Tokyo | 164,500                           | Investment management business | -                                 | Executive Director of LLR and President & CEO of the Asset Manager | Asset Manager         | Payment of asset management fee (Note 3) | 1,477,226                                      | Accounts payable | 1,041,394                                  |

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

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

Note 3. Asset management fees, attributable to property and investment security acquisitions, and property dispositions, were 387,270 thousand yen and 42,400 thousand yen, respectively.

4. Transactions and Account Balances with Officers and Key individual investors

Previous period (For the period ended August 31, 2019)

None

Current period (For the period ended February 29, 2020)

None

[Notes on Tax Effect Accounting]

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

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

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

|                                  | As of              |                   |
|----------------------------------|--------------------|-------------------|
|                                  | August 31, 2019    | February 29, 2020 |
|                                  | Statutory tax rate | 31.51%            |
| (Adjustments)                    |                    |                   |
| Deductible distributions         | (31.51%)           | (31.50%)          |
| Other                            | 0.02%              | 0.01%             |
| Actual effective income tax rate | 0.02%              | 0.02%             |

[Notes to Retirement Benefits]

Previous period (As of August 31, 2019)

None

Current period (As of February 29, 2020)

None

[Notes to Equity Method Earnings]

Previous period (As of August 31, 2019)

None

Current period (As of February 29, 2020)

None

[Notes to Asset Retirement Obligations]

Previous period (As of August 31, 2019)

None

Current period (As of February 29, 2020)

None

[Notes to Segment Information]

(Segment Information)

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

(Related information)

Previous period (For the period ended August 31, 2019)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

Current period (For the period ended February 29, 2020)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

[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.

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

Note 1. Book value was calculated by deducting accumulated depreciation from the acquisition cost.

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

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

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

[Note to Per Unit Information]

|                     | Yen                   |                   |
|---------------------|-----------------------|-------------------|
|                     | For the periods ended |                   |
|                     | August 31, 2019       | February 29, 2020 |
| Net assets per unit | 100,640               | 106,046           |
| Net income per unit | 3,201                 | 3,531             |

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

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

|  | Thousands of yen      |                   |
|--|-----------------------|-------------------|
|  | For the periods ended |                   |
|  | August 31, 2019       | February 29, 2020 |
| Net income   | 3,687,689             | 4,759,522         |
| Amount not attributable to ordinary unitholders      | -                     | -                 |
| Net income attributable to ordinary investment units | 3,687,689             | 4,759,522         |
| Weighted average number of units outstanding         | 1,151,954             | 1,347,828         |

[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 retained earnings (refund of investment) | -  | 1,100,000 | (202,400)                                    | 106,161,565 | (Note 5)  |
| May 22, 2017       | Distributions in excess of retained earnings (refund of investment) | -  | 1,100,000 | (174,900)                                    | 105,986,665 | (Note 6)  |
| November 20, 2017  | Distributions in excess of retained earnings (refund of investment) | -  | 1,100,000 | (187,000)                                    | 105,799,665 | (Note 7)  |
| May 21, 2018       | Distributions in excess of retained earnings (refund of investment) | -  | 1,100,000 | (188,100)                                    | 105,611,565 | (Note 8)  |
| November 19, 2018  | Distributions in excess of retained earnings (refund of investment) | -  | 1,100,000 | (204,600)                                    | 105,406,965 | (Note 9)  |
| May 20, 2019       | Distributions in excess of retained earnings (refund of investment) | -  | 1,100,000 | (205,700)                                    | 105,201,265 | (Note 10) |
| June 5, 2019       | Public offering   | 104,761  | 1,204,761 | 12,271,808                                   | 117,473,073 | (Note 11) |
| June 28, 2019      | Third-party allotment   | 5,239  | 1,210,000 | 613,701                                      | 118,086,775 | (Note 12) |
| September 18, 2019 | Public offering   | 145,714  | 1,355,714 | 20,836,373                                   | 138,923,148 | (Note 13) |
| October 10, 2019   | Third-party allotment   | 7,286  | 1,363,000 | 1,041,861                                    | 139,965,010 | (Note 14) |
| November 21, 2019  | Distributions in excess of retained earnings (refund of investment) | -  | 1,363,000 | (183,920)                                    | 139,781,090 | (Note 15) |

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

Note 2. The amount remaining after subtracting the amount of the deduction for unitholders' capital from unitholders' capital is stated.

Note 3. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 100,000 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, LLR decided to make distributions in excess of retained 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, LLR decided to make distributions in excess of retained earnings (refund of contributions 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.
- Note 7. At the Board of Directors Meeting of LLR on October 13, 2017, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 170 yen per unit as distributions of funds for the third fiscal period (ended August 31, 2017) and payment of these commenced on November 20, 2017.
- Note 8. At the Board of Directors Meeting of LLR on April 13, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 171 yen per unit as distributions of funds for the fourth fiscal period (ended February 28, 2018) and payment of these commenced on May 21, 2018.
- Note 9. At the Board of Directors Meeting of LLR on October 15, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 186 yen per unit as distributions of funds for the fifth fiscal period (ended August 31, 2018) and payment of these commenced on November 19, 2018.
- Note 10. At the Board of Directors Meeting of LLR on April 15, 2019, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 187 yen per unit as distributions of funds for the sixth fiscal period (ended February 28, 2019) and payment of these commenced on May 20, 2019.
- Note 11. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 121,387 yen per unit (underwriting price of 117,141 yen).
- Note 12. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 117,141 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 13. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 148,005 yen per unit (underwriting price of 142,995 yen).
- Note 14. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 142,995 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 15. At the Board of Directors Meeting of LLR on October 17, 2019, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 152 yen per unit as distributions of funds for the seventh fiscal period (ended August 31, 2019) and payment of these commenced on November 21, 2019.

### 3. Reference Information

#### (1) Information on Price of the Managed Assets

##### A) Composition of LLR's Assets

| Type of assets                 | Use                  | Area<br>(Note 1) | Previous period<br>(August 31, 2019)           |   | Current period<br>(February 29, 2020)          |   |
|--------------------------------|----------------------|------------------|--|---|--|---|
|                                |                      |                  | Total amount held<br>(million yen)<br>(Note 2) | Percentage to total assets<br>(%)<br>(Note 3) | Total amount held<br>(million yen)<br>(Note 2) | Percentage to total assets<br>(%)<br>(Note 3) |
| Real estate in trust           | Logistics facilities | Tokyo area       | 189,610  | 84.4  | 185,720  | 70.5  |
|                                |                      | Osaka area       | 21,682   | 9.6   | 59,522   | 22.6  |
|                                |                      | Other            | -  | -   | -  | -   |
| Subtotal                       |                      |                  | 211,292  | 94.0  | 245,242  | 93.1  |
| Investment securities (Note 4) |                      |                  | 1,237  | 0.6   | 1,149  | 0.4   |
| Deposits / other assets        |                      |                  | 12,163   | 5.4   | 16,891   | 6.4   |
| Total assets                   |                      |                  | 224,693  | 100.0   | 263,283  | 100.0   |

|                   | Previous period<br>(August 31, 2019) |  | Current period<br>(February 29, 2020) |  |
|-------------------|--------------------------------------|--|---------------------------------------|--|
|                   | Amount<br>(million yen)              | Percentage to total assets<br>(%) (Note 3) | Amount<br>(million yen)               | Percentage to total assets<br>(%) (Note 3) |
| Total liabilities | 102,918                              | 45.8                                       | 118,742                               | 45.1                                       |
| Total net assets  | 121,775                              | 54.2                                       | 144,540                               | 54.9                                       |
| Total assets      | 224,693                              | 100.0                                      | 263,283                               | 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 was rounded down to the nearest million yen.

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

Note 4. "Investment Securities" were preferred shares investment of Amagasaki Property TMK up until the prior fiscal period. In addition, this defined term now refers to the preferred shares investment of Nanko Property TMK, for this fiscal period.

B) Investment Assets

(i) Main Issues of the Investment Securities

| Type                 | Name of Securities                               | Quantity (units) | Carrying Amount (thousand yen) | Appraisal value (thousand yen) (Note 2) | Share of Total Assets (%) |
|----------------------|--|------------------|--------------------------------|---|---------------------------|
| Preferred Securities | Nanko Property TMK Preferred Securities (Note 1) | 1,134,000        | 1,149,747                      | 1,149,747                               | 0.4                       |

Note 1. The underlying asset related to the preferred securities is as shown below.

| Name of Securities                      | Property Portfolio         | Property Name      | Property Location   |
|---|----------------------------|--------------------|---|
| Nanko Property TMK Preferred Securities | Trust beneficiary interest | LOGIPORT Osaka Bay | Nankonaka 1-4-130, Suminoe-ku, Osaka-city, Osaka-prefecture |

Note 2. The carrying amount is shown for the appraisal value.

(ii) Overview of Real Estate, etc.

(a) 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 February 29, 2020 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 (m <sup>2</sup> ) (Note 6) |
|------------|--------------------------|-------------------------------|-------------------------------------|----------------------------|-------------------------------|---|--|-------------------------------|--|---|
| Tokyo area | Tokyo-1                  | LOGIPORT Hashimoto (Note 7)   | Kanagawa Prefecture Sagamihara City | Trust beneficiary interest | 5                             | 20,960  | 21,200                                   | 8.6                           | 23,300                                 | 145,801.69                                  |
|            | Tokyo-2                  | LOGIPORT Sagamihara (Note 8)  | Kanagawa Prefecture Sagamihara City | Trust beneficiary interest | 7                             | 22,870  | 23,020                                   | 9.4                           | 25,500                                 | 200,045.57                                  |
|            | Tokyo-3                  | LOGIPORT Kitakashiwa          | Chiba Prefecture Kashiwa City       | Trust beneficiary interest | 7                             | 25,097  | 25,300                                   | 10.3                          | 29,500                                 | 104,302.62                                  |
|            | Tokyo-5                  | LOGIPORT Nagareyama (B)       | Chiba Prefecture Nagareyama City    | Trust beneficiary interest | 12                            | 26,114  | 26,600                                   | 10.8                          | 30,200                                 | 133,414.76                                  |
|            | Tokyo-6                  | LOGIPORT Higashi Ogishima (A) | Kanagawa Prefecture Kawasaki City   | Trust beneficiary interest | 33                            | 19,041  | 19,000                                   | 7.7                           | 19,800                                 | 100,235.67                                  |
|            | Tokyo-7                  | LOGIPORT Higashi Ogishima (B) | Kanagawa Prefecture Kawasaki City   | Trust beneficiary interest | 29                            | 19,072  | 19,120                                   | 7.8                           | 21,600                                 | 117,546.26                                  |
|            | Tokyo-8                  | LOGIPORT Higashi Ogishima (C) | Kanagawa Prefecture Kawasaki City   | Trust beneficiary interest | 18                            | 23,511  | 23,700                                   | 9.6                           | 25,700                                 | 116,997.14                                  |
|            | Tokyo-9                  | LOGIPORT Kawagoe              | Saitama Prefecture Kawagoe City     | Trust beneficiary interest | 9                             | 11,926  | 11,950                                   | 4.9                           | 12,200                                 | 50,742.47                                   |
|            | Tokyo-11                 | LOGIPORT Kashiwa Shonan       | Chiba Prefecture Kashiwa City       | Trust beneficiary interest | 2                             | 9,375   | 9,300                                    | 3.8                           | 10,400                                 | 40,878.58                                   |
|            | Tokyo-12                 | LOGIPORT Sayama Hidaka        | Saitama Prefecture Hidaka City      | Trust beneficiary interest | 4                             | 6,485   | 6,430                                    | 2.6                           | 6,570                                  | 23,570.37                                   |

| Area                      | Property number<br>(Note 1) | Property name                        | Location                             | Form of possession         | Property age<br>(Years)<br>(Note 2) | As of end of current period carrying amount<br>(million yen) | Acquisition Price<br>(million yen)<br>(Note 3) | Investment ratio<br>(%)<br>(Note 4) | Appraisal value<br>(million yen)<br>(Note 5) | Gross floor area<br>(m <sup>2</sup> )<br>(Note 6) |
|---------------------------|-----------------------------|--------------------------------------|--------------------------------------|----------------------------|-------------------------------------|--|--|-------------------------------------|--|---|
|                           | Tokyo-13                    | Higashi Ogishima<br>(leasehold land) | Kanagawa Prefecture<br>Kawasaki City | Trust beneficiary interest | -                                   | 1,264  | 1,189  | 0.5                                 | 1,570  | -   |
| Osaka area                | Osaka-1                     | LOGIPOINT Sakai<br>Minamijimacho     | Osaka Prefecture<br>Sakai City       | Trust beneficiary interest | 3                                   | 8,156  | 8,150  | 3.3                                 | 8,510  | 30,696.61   |
|                           | Osaka-2                     | LOGIPOINT Sakai-<br>chikkoshinmachi  | Osaka Prefecture<br>Sakai City       | Trust beneficiary interest | 2                                   | 4,196  | 4,160  | 1.7                                 | 4,720  | 20,428.39   |
|                           | Osaka-3                     | LOGIPOINT Osaka Taisho<br>(Note 9)   | Osaka Prefecture<br>Osaka City       | Trust beneficiary interest | 2                                   | 17,805   | 17,655   | 7.2                                 | 18,700                                       | 117,037.14  |
|                           | Osaka-4                     | Suminoe<br>(leasehold land)          | Osaka Prefecture<br>Osaka City       | Trust beneficiary interest | -                                   | 4,574  | 4,330  | 1.8                                 | 4,620  | -   |
|                           | Osaka-5                     | LOGIPOINT Amagasaki<br>(Note 10)     | Hyogo Prefecture<br>Amagasaki City   | Trust beneficiary interest | 2                                   | 24,789   | 24,582   | 10.0                                | 28,300                                       | 259,004.56  |
| Portfolio total / average |                             |                                      |                                      |                            | 11                                  | 245,242  | 245,686  | 100.0                               | 271,190                                      | 1,460,701.83                                      |

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" with respect to "LOGIPOINT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to February 29, 2020, and this result was rounded to the nearest decimal place. 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 February 29, 2020, shown in the real estate appraisal documents prepared by Tanizawa Sogo Appraisal Co, Ltd., CBRE K.K. or Japan Real Estate Institute, 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 as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPOINT 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 as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPOINT 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.

Note 9. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPOINT Osaka Taisho are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 62.5%), while the gross floor area is the figure for the entire property.

Note 10. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPOINT Amagasaki 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.

(b) 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<br>(Note 1)  | Annual lease revenue<br>(million yen)<br>(Note 2) | Lease & guarantee deposits<br>(million yen)<br>(Note 3) | Leasable floor area<br>(㎡)<br>(Note 4) | Leased floor area<br>(㎡)<br>(Note 5) | Occupancy rate<br>(%)<br>(Note 6) |       |
|---------------------------|-----------------|--------------------------------------|--------------------------------|---|---|--|--------------------------------------|-----------------------------------|-------|
| Tokyo area                | Tokyo-1         | LOGIPORT Hashimoto<br>(Note 7)       | 15                             | 1,131   | 277   | 130,052                                | 129,938                              | 99.9                              |       |
|                           | Tokyo-2         | LOGIPORT Sagamihara<br>(Note 8)      | 19                             | 1,326   | 313   | 180,971                                | 180,373                              | 99.7                              |       |
|                           | Tokyo-3         | LOGIPORT Kitakashiwa                 | 7                              | 1,403   | 391   | 100,349                                | 100,228                              | 100.0                             |       |
|                           | Tokyo-5         | LOGIPORT Nagareyama (B)              | 8                              | 1,396   | 310   | 112,684                                | 112,517                              | 99.9                              |       |
|                           | Tokyo-6         | LOGIPORT Higashi Ogishima (A)        | 23                             | 1,092   | 334   | 85,281                                 | 82,571                               | 96.8                              |       |
|                           | Tokyo-7         | LOGIPORT Higashi Ogishima (B)        | 17                             | 1,158   | 361   | 103,731                                | 98,792                               | 95.2                              |       |
|                           | Tokyo-8         | LOGIPORT Higashi Ogishima (C)        | 18                             | 1,387   | 273   | 114,925                                | 113,521                              | 98.8                              |       |
|                           | Tokyo-9         | LOGIPORT Kawagoe                     | 4                              | 656   | 160   | 53,088                                 | 53,088                               | 100.0                             |       |
|                           | Tokyo-11        | LOGIPORT Kashiwa Shonan              | 1                              | Not disclosed<br>(Note 11)                        | Not disclosed<br>(Note 11)                              | 40,773                                 | 40,773                               | 100.0                             |       |
|                           | Tokyo-12        | LOGIPORT Sayama Hidaka               | 1                              | Not disclosed<br>(Note 11)                        | Not disclosed<br>(Note 11)                              | 23,565                                 | 23,565                               | 100.0                             |       |
|                           | Tokyo-13        | Higashi Ogishima<br>(leasehold land) | 1                              | Not disclosed<br>(Note 11)                        | Not disclosed<br>(Note 11)                              | 11,472                                 | 11,472                               | 100.0                             |       |
|                           | Osaka Area      | Osaka-1                              | LOGIPORT Sakai Minamijimacho   | 1   | Not disclosed<br>(Note 11)                              | Not disclosed<br>(Note 11)             | 30,690                               | 30,690                            | 100.0 |
|                           |                 | Osaka-2                              | LOGIPORT Sakai-chikkoshinmachi | 1   | Not disclosed<br>(Note 11)                              | Not disclosed<br>(Note 11)             | 20,427                               | 20,427                            | 100.0 |
| Osaka-3                   |                 | LOGIPORT Osaka Taisho<br>(Note 9)    | 12                             | 969   | 233   | 106,929                                | 106,830                              | 99.9                              |       |
| Osaka-4                   |                 | Suminoe<br>(leasehold land)          | 1                              | Not disclosed<br>(Note 11)                        | Not disclosed<br>(Note 11)                              | 25,571                                 | 25,571                               | 100.0                             |       |
| Osaka-5                   |                 | LOGIPORT Amagasaki<br>(Note 10)      | 13                             | 1,522   | 442   | 216,458                                | 207,635                              | 95.9                              |       |
| Portfolio total / average |                 |                                      | 142                            | 13,783  | 3,478   | 1,356,851<br>1,063,488                 | 1,337,999<br>1,049,340               | 98.6<br>98.7                      |       |

Note 1. "Number of tenants" is stated as the total number of lease agreements associated with the buildings shown for each of the trust properties as of February 29, 2020. 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 as of February 29, 2020 (excluding consumption taxes) 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 February 29, 2020, 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 February 29, 2020, 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 aggregate leasable floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- 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 February 29, 2020. 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 the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- 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 February 29, 2020, 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 LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable and leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- 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. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for LOGIPORT Osaka Taisho 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 (62.5%).
- Note 10. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Amagasaki” 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 11. Not disclosed because approval for disclosure has not been obtained from the tenant.

## (c) 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. | February 29, 2020                 | 23,300                        | 20,500                            | 23,500                              | 4.1                     | 23,200                            | 4.2               | 4.3                              |     |
|                 | Tokyo-2         | LOGIPORT Sagamihara (Note 2)      | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 25,500                        | 23,000                            | 25,900                              | 4.2                     | 25,300                            | 4.3               | 4.4                              |     |
|                 | Tokyo-3         | LOGIPORT Kitakashiwa              | CBRE K.K.                         | February 29, 2020                 | 29,500                        | 23,000                            | 29,800                              | 3.9                     | 29,500                            | 3.7               | 4.0                              |     |
|                 | Tokyo-5         | LOGIPORT Nagareyama (B)           | CBRE K.K.                         | February 29, 2020                 | 30,200                        | 21,500                            | 29,900                              | 4.2                     | 30,200                            | 3.9               | 4.2                              |     |
|                 | Tokyo-6         | LOGIPORT Higashi Ogishima (A)     | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 19,800                        | 19,100                            | 20,000                              | 4.4                     | 19,700                            | 4.5               | 4.6                              |     |
|                 | Tokyo-7         | LOGIPORT Higashi Ogishima (B)     | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 21,600                        | 20,700                            | 22,100                              | 4.4                     | 21,400                            | 4.5               | 4.6                              |     |
|                 | Tokyo-8         | LOGIPORT Higashi Ogishima (C)     | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 25,700                        | 24,600                            | 26,000                              | 4.3                     | 25,700                            | 4.4               | 4.5                              |     |
|                 | Tokyo-9         | LOGIPORT Kawagoe                  | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 12,200                        | 11,500                            | 12,500                              | 4.4                     | 12,100                            | 4.5               | 4.6                              |     |
|                 | Tokyo-11        | LOGIPORT Kashiwa Shonan           | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 10,400                        | 9,930                             | 10,600                              | 4.4                     | 10,300                            | 4.3 (Note 5)      | 4.6                              |     |
|                 | Tokyo-12        | LOGIPORT Sayama Hidaka            | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 6,570                         | 6,510                             | 6,690                               | 4.4                     | 6,520                             | 4.3 (Note 6)      | 4.6                              |     |
|                 | Tokyo-13        | Higashi Ogishima (leasehold land) | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 1,570                         | -                                 | -                                   | -                       | 1,570                             | 3.7 (Note 7)      | 3.8                              |     |
|                 | Osaka Area      | Osaka-1                           | LOGIPORT Sakai Minamijimacho      | Japan Real Estate Institute       | February 29, 2020             | 8,510                             | 5,860                               | 8,610                   | 4.5                               | 8,410             | 4.2                              | 4.6 |
|                 |                 | Osaka-2                           | LOGIPORT Sakai-chikkoshinmachi    | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020             | 4,720                             | 4,430                               | 4,850                   | 4.5                               | 4,670             | 4.4 (Note 8)                     | 4.7 |
| Osaka-3         |                 | LOGIPORT Osaka Taisho (Note 3)    | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 18,700                        | 17,900                            | 19,300                              | 4.2                     | 18,500                            | 4.3               | 4.4                              |     |
| Osaka-4         |                 | Suminoe (leasehold land)          | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 4,620                         | -                                 | -                                   | -                       | 4,620                             | 4.0               | 4.0                              |     |
| Osaka-5         |                 | LOGIPORT Amagasaki (Note 4)       | Tanizawa Sogo Appraisal Co., Ltd. | February 29, 2020                 | 28,300                        | 27,500                            | 28,500                              | 4.5                     | 28,200                            | 4.6               | 4.7                              |     |
| Portfolio total |                 |                                   |                                   |                                   | 271,190                       | 236,030                           | 268,250                             |                         | 269,890                           |                   |                                  |     |

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%).

Note 3. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Osaka Taisho are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (62.5%).

Note 4. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Amagasaki are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (51%).

Note 5. The discount rate for LOGIPORT Kashiwa Shonan is stated as the figure from the first fiscal year until the fourth fiscal year.

Note 6. The discount rate for LOGIPORT Sayama Hidaka is stated as the figure from the first fiscal year until the fourth fiscal year.

Note 7. The discount rate for Higashi Ogishima (leasehold land) is stated as the figure from the first fiscal year until the fourth fiscal year.

Note 8. The discount rate for LOGIPORT Sakai Chikko Shinmachi is stated as the figure from the first fiscal year until the eighth fiscal year.

(d) 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, 2019 are presented below.

| Property name                 | Total annual lease revenue<br>(million yen)<br>(Note 1) | Share of lease revenue<br>(%)<br>(Note 2) |
|-------------------------------|---|---|
| LOGIPORT Kitakashiwa          | 1,403   | 10.2                                      |
| LOGIPORT Nagareyama (B)       | 1,396   | 10.1                                      |
| LOGIPORT Higashi Ogishima (C) | 1,387   | 10.1                                      |
| LOGIPORT Amagasaki (Note 3)   | 1,522   | 11.0                                      |
| Total                         | 5,710   | 41.4                                      |

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, 2019 (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 Amagasaki is stated as an amount proportional to LLR’s ownership interest of the joint co-ownership interests within the trust beneficiary interests (51%).

(e) Information about Major Tenants

Within the assets held by LLR, as of February 29, 2020 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).



(f) Portfolio Diversification

The distribution of LLR's asset holdings according to classification by area as of February 29, 2020 is as shown below.

a. Share by area

| Area       | Number of properties<br>(Note 1) | Gross floor area<br>(m <sup>2</sup> ) |                   | Share<br>(%) |          | Acquisition price<br>(million yen) |          | Share(%) |          |
|------------|----------------------------------|---------------------------------------|-------------------|--------------|----------|------------------------------------|----------|----------|----------|
|            |                                  | (Note 1)                              | (Note 2) (Note 4) | (Note 1)     | (Note 3) | (Note 1)                           | (Note 5) | (Note 1) | (Note 3) |
| Tokyo area | 11                               |                                       | 1,033,535.13      |              | 70.8     |                                    | 186,809  |          | 76.0     |
| Osaka area | 5                                |                                       | 427,166.70        |              | 29.2     |                                    | 58,877   |          | 24.0     |
| Other      | -                                |                                       | -                 |              | -        |                                    | -        |          | -        |
| Total      | 16                               |                                       | 1,460,701.83      |              | 100.0    |                                    | 245,686  |          | 100.0    |

Note 1. Because Higashi Ogishima (leasehold land) and Suminoe (leasehold land) are leasehold land, they are included in the number of properties, Acquisition Price, and share thereof in the table above, but not included in gross floor area and share thereof.

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 based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki 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).

b. Share by property age (Note 1)

| Property age<br>(Note 2)                 | Number of properties | Gross floor area<br>(m <sup>2</sup> ) |              | Share<br>(%)<br>(Note 4) | Acquisition Price<br>(million yen)<br>(Note 6) | Share<br>(%)<br>(Note 4) |         |  |       |
|--|----------------------|---------------------------------------|--------------|--------------------------|--|--------------------------|---------|--|-------|
|  |                      | (Note 3)                              | (Note 5)     |                          |  |                          |         |  |       |
| 20 years or more                         | 2                    |                                       | 217,781.93   |                          | 14.9   |                          | 38,120  |  | 15.9  |
| At least 15 years but less than 20 years | 1                    |                                       | 116,997.14   |                          | 8.0  |                          | 23,700  |  | 9.9   |
| At least 10 years but less than 15 years | 1                    |                                       | 133,414.76   |                          | 9.1  |                          | 26,600  |  | 11.1  |
| At least 5 years but less than 10 years  | 4                    |                                       | 500,892.35   |                          | 34.3   |                          | 81,470  |  | 33.9  |
| Less than 5 years                        | 6                    |                                       | 491,615.65   |                          | 33.7   |                          | 70,277  |  | 29.3  |
| Total                                    | 14                   |                                       | 1,460,701.83 |                          | 100.0  |                          | 240,167 |  | 100.0 |

Note 1. Because Higashi Ogishima (leasehold land) and Suminoe (leasehold land) are leasehold land, they are not included in the table above.

Note 2. "Property Age" with respect to "LOGIPORT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to February 29, 2020, and this result was rounded to the nearest decimal place.

Note 3. "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 4. "Share" is rounded to the second decimal place.

Note 5. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki properties.

Note 6. "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) (Note 1)

| Size (gross floor area)<br>(m <sup>2</sup> )<br>(Note 2) (Note 4) | Number of<br>properties | Gross floor area<br>(m <sup>2</sup> )<br>(Note 2) (Note 4) |  | Share<br>(%)<br>(Note 3) | Acquisition Price<br>(million yen)<br>(Note 5) | Share<br>(%)<br>(Note 3) |
|---|-------------------------|--|--|--------------------------|--|--------------------------|
|   |                         |  |  |                          |  |                          |
| At least 100,000m <sup>2</sup>                                    | 9                       | 1,294,385.41   |  | 88.6                     | 200,177  | 83.3                     |
| At least 50,000m <sup>2</sup><br>Less than 100,000m <sup>2</sup>  | 1                       | 50,742.47  |  | 3.5                      | 11,950   | 5.0                      |
| At least 30,000m <sup>2</sup><br>Less than 50,000m <sup>2</sup>   | 2                       | 71,575.19  |  | 4.9                      | 17,450   | 7.3                      |
| At least 10,000m <sup>2</sup><br>Less than 30,000m <sup>2</sup>   | 2                       | 43,998.76  |  | 3.0                      | 10,590   | 4.4                      |
| Less than 10,000m <sup>2</sup>                                    | -                       | -  |  | -                        | -  | -                        |
| <b>Total</b>  | <b>14</b>               | <b>1,460,701.83</b>  |  | <b>100.0</b>             | <b>240,167</b>                                 | <b>100.0</b>             |

Note 1. Because Higashi Ogishima (leasehold land) and Suminoe (leasehold land) are leasehold land, they are not included in the table above.

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 based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki 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).

d. Share by remaining lease term

| Lease term<br>(remaining lease term)<br>(Note 1) (Note 2) | Leased floor area<br>(m <sup>2</sup> )<br>(Note 3) (Note 5) (Note 6) |                  | Share<br>(%)<br>(Note 4) | Annual lease revenue<br>(million yen)<br>(Note 3) (Note 5) (Note 6) |               | Share<br>(%)<br>(Note 4) |
|---|--|------------------|--------------------------|---|---------------|--------------------------|
|   |  |                  |                          |   |               |                          |
| 7 years or more   |  | 119,386          | 11.4                     |   | 1,461         | 10.6                     |
| At least 5 years but<br>less than 7 years                 |  | 41,758           | 4.0                      |   | 637           | 4.6                      |
| At least 3 years but<br>less than 5 years                 |  | 300,884          | 28.7                     |   | 4,177         | 30.3                     |
| At least 1 year but less<br>than 3 years                  |  | 256,159          | 24.4                     |   | 3,224         | 23.4                     |
| Less than 1 year  |  | 331,151          | 31.6                     |   | 4,281         | 31.1                     |
| <b>Total</b>  |  | <b>1,049,340</b> | <b>100.0</b>             |   | <b>13,783</b> | <b>100.0</b>             |

Note 1. Because Higashi Ogishima (leasehold land) and Suminoe (leasehold land) are both leasehold land, they are included in the table above based on their respective leaseback agreement terms for the leasehold land.

Note 2. “Lease term (remaining term)” is based on the remaining term of leases as of February 29, 2020, under the lease agreements for asset holdings that have been executed as of that date.

Note 3. “Leased floor area” is stated as the leased floor area associated with each trust property for each trust property as of February 29, 2020, 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 February 29, 2020 (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 4. “Share” is rounded to the second decimal place. Therefore, the total may not add up to 100%.

Note 5. “Leased floor area” is rounded down to the nearest whole number. “Annual lease revenue” is rounded down to the nearest million yen.

Note 6. The table above was created using the leased floor area and annual lease revenue based on figures equivalent to LLR’s respective shares in the joint co-ownership interests in LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki properties.

## (g) Property Income/Expenses

(Unit: thousand yen)

| Property number                                    | Tokyo-1               | Tokyo-2                | Tokyo-3                 | Tokyo-4                    | Tokyo-5                    |
|--|-----------------------|------------------------|-------------------------|----------------------------|----------------------------|
| Name of property                                   | LOGIPORT<br>Hashimoto | LOGIPORT<br>Sagamihara | LOGIPORT<br>Kitakashiwa | LOGIPORT<br>Nagareyama (A) | LOGIPORT<br>Nagareyama (B) |
| Number of operating days in 8th period             | 182                   | 182                    | 182                     | 1                          | 182                        |
| (i) Total real estate leasing revenues             | 607,181               | 721,345                | 759,910                 | 757,415                    |                            |
| Rent revenue - real estate                         | 563,595               | 660,528                | 685,549                 | 688,419                    |                            |
| Other lease business revenue                       | 43,586                | 60,816                 | 74,360                  | 68,995                     |                            |
| (ii) Total real estate leasing expenses            | 204,263               | 230,734                | 286,335                 | 337,196                    |                            |
| Outsourcing costs                                  | 20,141                | 32,546                 | 31,924                  | 34,683                     |                            |
| Utilities expenses                                 | 29,189                | 41,331                 | 59,977                  | 44,035                     |                            |
| Taxes and public dues                              | 53,434                | 59,578                 | 72,319                  | 51,695                     |                            |
| Insurance premiums                                 | 842                   | 993                    | 1,198                   | 2,208                      |                            |
| Repair and maintenance                             | 3,198                 | 5,002                  | 23,468                  | 43,612                     |                            |
| Depreciation                                       | 75,107                | 68,106                 | 91,560                  | 130,931                    |                            |
| Other leasing expenses                             | 22,348                | 23,176                 | 5,887                   | 30,029                     |                            |
| (iii) Real estate leasing profit<br>(= (i) - (ii)) | 402,918               | 490,611                | 473,574                 | (3,848)                    | 424,067                    |
| (iv) Rent NOI<br>(= (iii) + Depreciation)          | 478,025               | 558,717                | 565,134                 | (1,536)                    | 552,686                    |

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: thousand yen)

| Property number                                    | Tokyo-6                             | Tokyo-7                             | Tokyo-8                             | Tokyo-9             | Tokyo-10                           |
|--|-------------------------------------|-------------------------------------|-------------------------------------|---------------------|------------------------------------|
| Name of property                                   | LOGIPORT<br>Higashi<br>Ogishima (A) | LOGIPORT<br>Higashi<br>Ogishima (B) | LOGIPORT<br>Higashi<br>Ogishima (C) | LOGIPORT<br>Kawagoe | LOGIPORT<br>Hiratsuka<br>Shinmachi |
| Number of operating days in 8th period             | 182                                 | 182                                 | 182                                 | 182                 | 1                                  |
| (i) Total real estate leasing revenues             | 605,355                             | 700,382                             | 771,591                             | 345,135             |                                    |
| Rent revenue - real estate                         | 545,245                             | 577,307                             | 690,352                             | 320,917             |                                    |
| Other lease business revenue                       | 60,110                              | 123,075                             | 81,239                              | 24,217              |                                    |
| (ii) Total real estate leasing expenses            | 192,632                             | 265,028                             | 256,463                             | 125,463             |                                    |
| Outsourcing costs                                  | 52,683                              | 46,667                              | 53,576                              | 18,070              |                                    |
| Utilities expenses                                 | 18,498                              | 29,389                              | 38,380                              | 18,983              | Not disclosed<br>(Note)            |
| Taxes and public dues                              | 40,189                              | 61,148                              | 59,538                              | 26,250              |                                    |
| Insurance premiums                                 | 1,094                               | 1,370                               | 1,458                               | 522                 |                                    |
| Repair and maintenance                             | 22,120                              | 50,934                              | 10,097                              | 17,372              |                                    |
| Depreciation                                       | 54,062                              | 72,873                              | 90,559                              | 41,267              |                                    |
| Other leasing expenses                             | 3,984                               | 2,645                               | 2,852                               | 2,996               |                                    |
| (iii) Real estate leasing profit<br>(= (i) - (ii)) | 412,723                             | 435,353                             | 515,127                             | 219,671             | (1,761)                            |
| (iv) Rent NOI<br>(= (iii) + Depreciation)          | 466,785                             | 508,227                             | 605,687                             | 260,938             | (910)                              |

Note: Not disclosed because approval for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

| Property number                                    | Tokyo-11                   | Tokyo-12                  | Tokyo-13                                | Osaka-1                            | Osaka-2                               |
|--|----------------------------|---------------------------|---|------------------------------------|---------------------------------------|
| Name of property                                   | LOGIPORT<br>Kashiwa Shonan | LOGIPORT<br>Sayama Hidaka | Higashi<br>Ogishima<br>(leasehold land) | LOGIPORT<br>Sakai<br>Minamijimacho | LOGIPORT<br>Sakai-<br>chikkoshinmachi |
| Number of operating days in 8th period             | 182                        | 182                       | 182                                     | 182                                | 182                                   |
| (i) Total real estate leasing revenues             |                            |                           |   |                                    |                                       |
| Rent revenue - real estate                         |                            |                           |   |                                    |                                       |
| Other lease business revenue                       |                            |                           |   |                                    |                                       |
| (ii) Total real estate leasing expenses            |                            |                           |   |                                    |                                       |
| Outsourcing costs                                  |                            |                           |   |                                    |                                       |
| Utilities expenses                                 | Not disclosed<br>(Note)    | Not disclosed<br>(Note)   | Not disclosed<br>(Note)                 | Not disclosed<br>(Note)            | Not disclosed<br>(Note)               |
| Taxes and public dues                              |                            |                           |   |                                    |                                       |
| Insurance premiums                                 |                            |                           |   |                                    |                                       |
| Repair and maintenance                             |                            |                           |   |                                    |                                       |
| Depreciation                                       |                            |                           |   |                                    |                                       |
| Other leasing expenses                             |                            |                           |   |                                    |                                       |
| (iii) Real estate leasing profit<br>(= (i) - (ii)) | 218,946                    | 132,792                   | 29,425                                  | 151,619                            | 95,830                                |
| (iv) Rent NOI<br>(= (iii) + Depreciation)          | 254,984                    | 153,711                   | 29,425                                  | 182,601                            | 115,671                               |

Note: Not disclosed because approval for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

| Property number                                    | Osaka-3                  | Osaka-4                     | Osaka-5               |
|--|--------------------------|-----------------------------|-----------------------|
| Name of property                                   | LOGIPORT<br>Osaka taisho | Suminoe<br>(leasehold land) | LOGIPORT<br>Amagasaki |
| Number of operating days in 8th period             | 182                      | 182                         | 158                   |
| (i) Total real estate leasing revenues             | 450,363                  |                             | 639,766               |
| Rent revenue - real estate                         | 428,727                  |                             | 609,018               |
| Other lease business revenue                       | 21,635                   |                             | 30,748                |
| (ii) Total real estate leasing expenses            | 111,419                  |                             | 179,050               |
| Outsourcing costs                                  | 17,425                   |                             | 23,666                |
| Utilities expenses                                 | 17,613                   | Not disclosed<br>(Note)     | 23,268                |
| Taxes and public dues                              | 68                       |                             | -                     |
| Insurance premiums                                 | 544                      |                             | 1,292                 |
| Repair and maintenance                             | 786                      |                             | 888                   |
| Depreciation                                       | 71,351                   |                             | 117,253               |
| Other leasing expenses                             | 3,631                    |                             | 12,681                |
| (iii) Real estate leasing profit<br>(= (i) - (ii)) | 338,944                  | 101,407                     | 460,715               |
| (iv) Rent NOI<br>(= (iii) + Depreciation)          | 410,295                  | 101,407                     | 577,969               |

Note: Not disclosed because consent for disclosure has not been obtained from the tenant.

(2) Capital Expenditures on Portfolio Assets

A) 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<br>(million yen) (Note) |                        |                   |
|-----------------|--------------------------------|----------------------------|--|----------------------------------|--|------------------------|-------------------|
|                 |                                |                            |  |                                  | Total amount                                 | Current Payment Amount | Total amount paid |
| Osaka-2         | LOGIPORT Sakai-chikkoshinmachi | Osaka Prefecture Skai City | Installation work of photovoltaic power generation equipment | From April, 2020 To August, 2020 | 213  | -                      | -                 |

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

B) 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 275 million yen for the period, and there were also 177 million yen in maintenance expenses classified as other operating expenses.

| Property number            | Property name                 | Location                          | Purpose   | Implementation period                | Amount paid<br>(million yen)<br>(Note) |
|----------------------------|-------------------------------|-----------------------------------|---|--------------------------------------|--|
| Tokyo-3                    | LOGIPORT Kitakashiwa          | Chiba Prefecture Kashiwa City     | Truck berth water proofing  | From January, 2020 To February, 2020 | 30                                     |
| Tokyo-8                    | LOGIPORT Higashi Ogishima (C) | Kanagawa Prefecture Kawasaki City | High-voltage cable renewal works  | From August, 2019 To February, 2020  | 20                                     |
| Tokyo-3                    | LOGIPORT Kitakashiwa          | Chiba Prefecture Kashiwa City     | Construction of countermeasures to prevent bird droppings on each floor's driveways | From January, 2020 To February, 2020 | 19                                     |
| Other capital expenditures |                               |                                   |   |                                      | 205                                    |
| Total                      |                               |                                   |   |                                      | 275                                    |

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

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

None