

12th Fiscal Period

Semi-Annual Report

September 1, 2021 to February 28, 2022



LOGI Report

LaSalle LOGIPOINT REIT

1-11-1 Marunouchi, Chiyoda-ku, Tokyo, Japan <https://lasalle-logiport.com/english/>

Features of LaSalle LOGIPORT REIT

1 Focused Investments in Prime Logistics Located in the Tokyo and Osaka areas

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

2 Leveraging the LaSalle Group’s Real Estate Investment Management Capabilities

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

3 Continuing to Build a Strong Financial Position

- Build robust financial soundness from a medium- to long-term perspective to enable flexible adjustment to changes in the financial environment
- Loan to value (“LTV”) (ratio of interest-bearing debt to total assets) stood at 41.7% as of February 28, 2022, with a long-term issuer rating of AA (Stable)

Table of Contents

| | |
|---|----|
| Message to Unitholders | 1 |
| Operational Highlights | 2 |
| Focused Investments in Prime Logistics Located in the Tokyo and Osaka Areas | 4 |
| LaSalle Group’s Sponsor Support | 6 |
| Initiatives on ESG | 9 |
| Summary and Characteristics of the Portfolio | 12 |
| Investment Strategies that Enable Continuous Growth of Unitholder Value | 12 |
| Building of Robust Financial Soundness | 13 |
| Portfolio Maps | 14 |
| Major Properties in the Portfolio | 16 |
| Risk Factors | 18 |
| Financial Section | |
| Balance Sheet | 22 |
| Statement of Income | 24 |
| Statement of Changes in Net Assets | 25 |
| Statement of Cash Distributions | 26 |
| Statement of Cash Flows | 27 |
| Notes to Financial Statements | 28 |
| Supplementary Schedules | 41 |
| Independent Auditor’s Report | 48 |
| Investor Information | 50 |

Message to Unitholders



Toshimitsu Fujiwara

Executive Director
LaSalle LOGIPORT REIT

President and CEO
LaSalle REIT Advisors K.K.

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

Thanks to the continued support of unitholders, LLR has successfully completed its 12th fiscal period (ended February 2022).

The logistics real estate market continues to grow steadily against the backdrop of the expansion of the e-commerce market and movements to improve the efficiency of supply chains by companies. Amid such a favorable situation, LLR steadily managed a portfolio worth 357.8 billion yen composed of 19 properties in the 12th fiscal period. As a result, a high period-average occupancy rate of 98.9% was achieved. These endeavors allowed LLR to post operating revenues of 10,590 million yen, operating income of 5,756 million yen, ordinary income of 5,174 million yen, and net income of 5,174 million yen, with a distribution per unit (“DPU”) of 3,137 yen.

Going forward, while fulfilling its social responsibility of leading logistics infrastructure, LLR is resolved to endeavor to continuously enhance unitholder value. To do so, LLR will keep leveraging the LaSalle Group’s global real estate investment knowledge as well as the asset management capabilities built on its abundant development and investment experience in Japan’s logistics facilities.

Your continued support of LLR is deeply appreciated.

Distribution Per Unit

12th Fiscal Period (Actual)

3,137 yen

13th Fiscal Period (Forecast)

3,058 yen

14th Fiscal Period (Forecast)

3,064 yen

Management Performance

Operating Revenues

10,590 mn yen

Net Income

5,174 mn yen

Total Assets Under
Management (“AUM”)

357.8 bn yen

Portfolio Size

19 properties

Period-end Occupancy Rate

99.0 %

Long-term Issuer Rating

AA
(Stable)

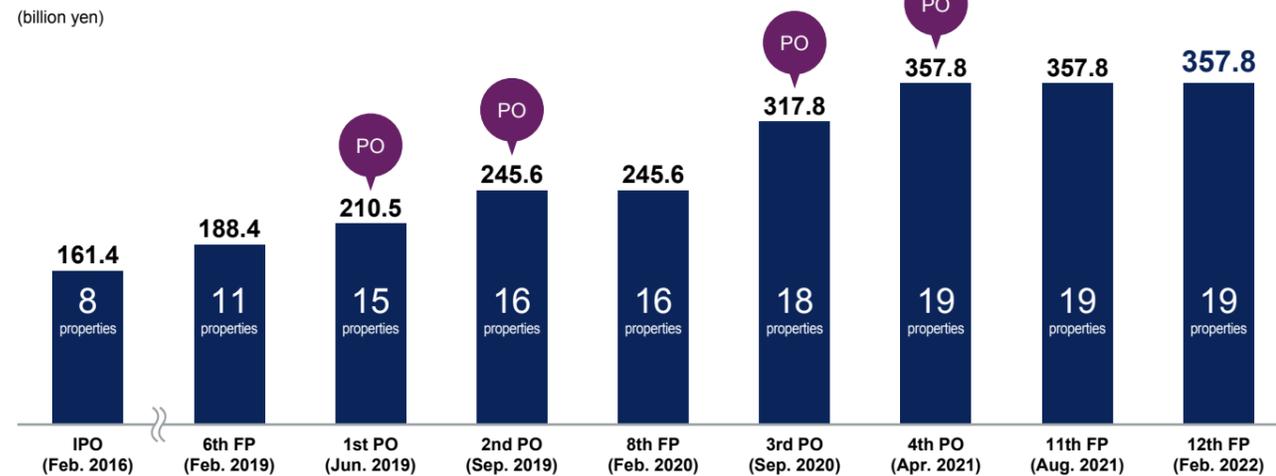
(Japan Credit Rating Agency, Ltd.)

Operational Highlights

Financial Highlights for 12th Fiscal Period

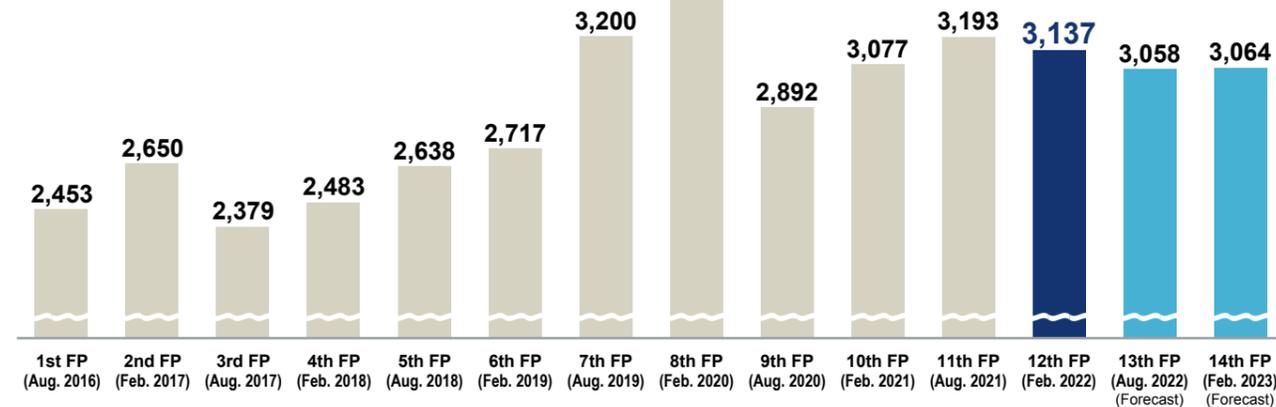
| | | 11th Fiscal Period | 12th Fiscal Period | 13th Fiscal Period (Forecast) |
|---------------------------|--------------|--------------------|--------------------|-------------------------------|
| Operating Revenues | (mn yen) | 10,707 | 10,590 | 10,694 |
| Operating Income | (mn yen) | 5,974 | 5,756 | 5,627 |
| Ordinary Income | (mn yen) | 5,288 | 5,174 | 5,031 |
| Net Income | (mn yen) | 5,287 | 5,174 | 5,030 |
| DPU | (yen) | 3,193 | 3,137 | 3,058 |
| Earnings Per Unit ("EPU") | (yen) | 2,962 | 2,899 | 2,817 |
| DPU in Excess of Earnings | (yen) | 231 | 238 | 241 |
| AUM | (bn yen) | 357.8 | 357.8 | 357.8 |
| Portfolio Size | (properties) | 19 | 19 | 19 |
| Period End Occupancy Rate | (%) | 98.8 | 99.0 | - |

Change in AUM Over Time



DPU Transition

DPU including distributions in excess of earnings per unit (yen)



Portfolio Strategy Increase in acquisition pipeline volume to more than 200 billion yen

Sponsor Development Projects (9 properties / 900,000m²)

- AZ-COM Logistics Kyoto (Completed in Sep. 2020)
- LOGIPORT Kazo (Completed in Jul. 2021)
- LOGIPORT Kobe Nishi (Completed in Nov. 2021)
- Matsudo Logistics Center (Completed in Jan. 2022)
- LOGIPORT Nagoya (Scheduled completion in July 2023)
- Planned Development 4 Projects (Undisclosed)

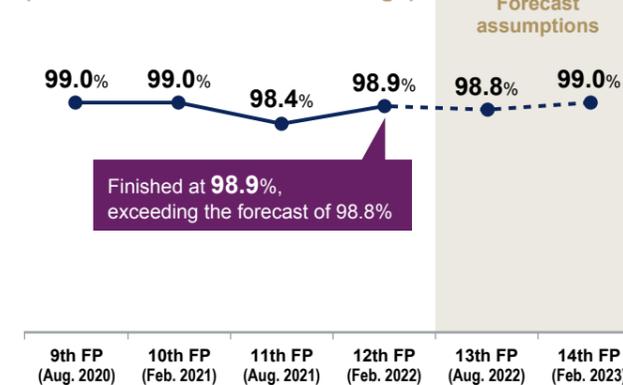
Value-add Investments (8 properties / 120,000m²) (LLR's own sourcing activities)

- Aisai Project (Undergoing warehousing, Completion in July 2021)
- Urawa Misono Project (Undergoing leasing, Scheduled completion in Mar. 2022)
- Vacant property for lease-up (Undergoing leasing, Scheduled completion in Nov. 2022)
- Vacant property for lease-up (Undergoing leasing, Scheduled completion in Nov. 2022)
- Iruma Project (Undergoing leasing, Scheduled completion in Mar. 2023)
- Osaka Suminoe Logistics Center (provisional name) (Under development, Scheduled completion in Mar. 2023)
- Matsudo Project (In preparation for development, Scheduled completion in 2024)
- Higashi Ogishima (During leaseback period, leasehold land)

Note: The CG for "LOGIPORT Nagoya," "Urawa Misono Project," "Iruma Project," "Osaka Suminoe Logistics Center (provisional name)" and "Matsudo Project" are in the planning stage, and are therefore subject to change. Unauthorized reproduction of the CG is prohibited.

Asset Strategy Occupancy rate and upward rent revision exceeded the forecast. Continuing to close the rent gap

Change in Occupancy Rate (Based on Fiscal Period Average)



Change in Rent Revision Rate (Fixed-term Lease Properties)



Focused Investments in Prime Logistics ^(Note 1) Located in the Tokyo and Osaka Areas ^(Note 2)

Prospective Portfolio Composition

Tokyo and Osaka Areas
 More than **80%** in total

Regional Cities
 Less than **20%**

Note 1: "Prime logistics" refers to large-scale logistics facilities with high specifications located in suitable sites.
 Note 2: "Tokyo Area" is defined as the area that is within a 60km radius from JR Tokyo station and "Osaka Area" is defined as the area that is within a 45km radius from JR Osaka station.

Characteristics of "Prime Logistics"

Suitable Sites

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

Large Scale

1. In general, gross floor area ("GFA") is greater than 16,500m²

High Specifications

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

Example of a Suitable Site in the Case of LOGIPORT Hashimoto



Advantage of High Functionality

Functional Features of Prime Logistics



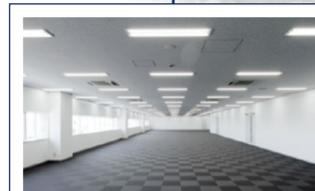
Large-Scale Ramp Ways
 Enables truck access to the upper floors, or there are vertical conveyors with sufficient loading capacity.



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



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



Office Space
 Ample office space.



Seismic Isolation/ Earthquake Resistance
 Providing seismic isolation and earthquake resistance performance.



Environmental, Energy Efficiency



Solar panels for renewable energy utilization



Exterior walls, sandwich panel system for thermal insulation and watertightness



Automatic lighting sensors for corridors and bathrooms



Obtained S and A rankings, based on CASBEE evaluation

Security Measures



24-7, 365 days, building management center

Ample Amenities



Cafeteria space for employees during breaks



Convenience stores for employee satisfaction



Operation of a commuter bus from the nearest station

LaSalle Group's Sponsor Support

Leveraging off of LaSalle Group's asset management capabilities

LaSalle Group is a leading real estate investment management firm providing investment management services in the U.S., Europe, and the Asia Pacific region.

Parent company of LaSalle is JLL

JLL Global comprehensive real estate services firm

| | | |
|---|--|--|
| Scale of Operations Revenues (FY2021) Approx. \$19.4 bn (Fee revenue Approx. \$8.1 bn) | Global Network 80 countries Approx. 98,000 employees | Market Capitalization Approx. \$13.6 bn (listed on the NYSE) |
|---|--|--|

Note: As of December 31, 2021.

LaSalle JLL's real estate investment management business division and a leading real estate investment management firm in the world

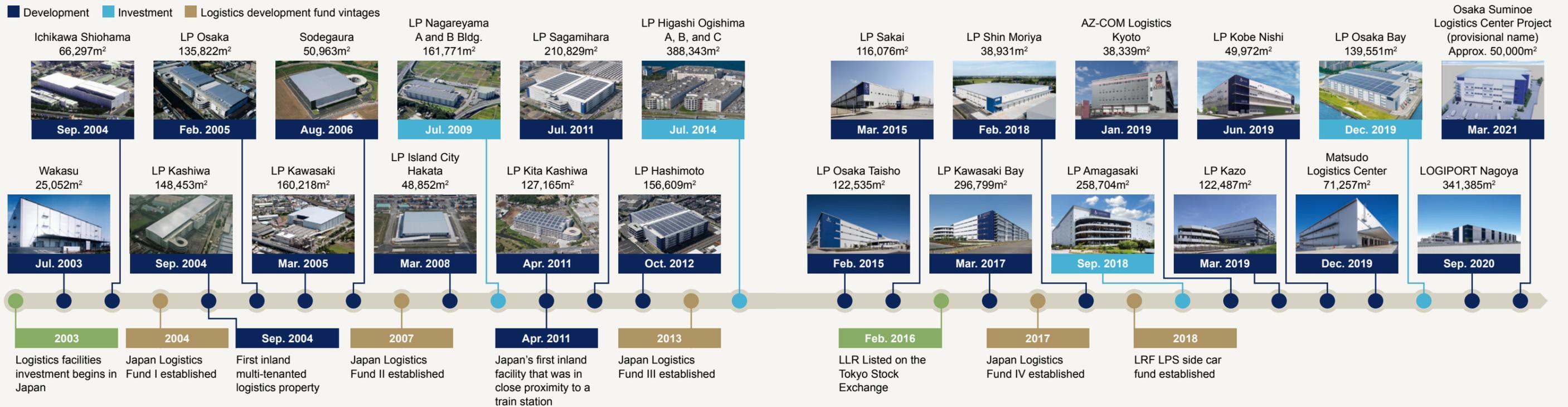
| | | |
|--|---|---|
| AUM Approx. \$77.8 bn | Global Network 15 countries/ 23 offices Over 875 employees | AUM by Region (USD billion) Americas: 27.3 Europe: 25.7 Asia Pacific: 13.4 RE Securities: 4.4 GPS (Note 2): 7.0 |
| Trusted by Investors 500+ institutional investors From 30+ countries including SWFs, pension systems, insurance companies, and corporates | AUM by Property Type (USD billion) Office: 25.0 Logistics: 15.2 Residential: 12.1 Retail: 9.7 Other RE Securities: 4.4 GPS (Note 2): 7.0 | |

Note 1: As of December 31, 2021.

Note 2: Global Partner Solutions: Fund of funds

Achievements as front runner of developing and investing in advanced logistics facilities in Japan

| | | | |
|--|--|---|---|
| Front runner of developing and investing in advanced logistics facilities Entered the Japanese market in 2003, cultivating the market ahead of major domestic developers | Formed a logistics development fund at the dawn of the industry Formed a development fund specialized in logistics properties in 2004, when the industry was being created | Japan's first inland, multi-tenanted logistics facility in close proximity to a train station* Japan's first inland, multi-tenanted facility in close proximity to a train station (LP Kita Kashiwa) completed in 2012 to lead the industry | One of Japan's largest multi-tenanted logistics facilities* One of Japan's largest multi-tenanted logistics facilities (LP Kawasaki Bay) completed in June 2019 |
|--|--|---|---|



Note 1: Each point of time in the above chart indicates the time when transaction agreements for acquiring the relevant land and buildings were concluded.
 Note 2: The figures above the photos in the above chart indicates the gross floor area of respective properties.
 Note 3: As of the date of this document, the above chart includes properties LLR has not decided to acquire, and there is no guarantee that LLR can acquire them in the future.

Note 4: The floor areas of buildings are based on the building certificates and drawings, etc., and may not be identical with the floor areas in the registry.
 Note 5: The building names are what the LaSalle Group uses to identify each property, and may not be identical with the current names.

Features of LLR 2

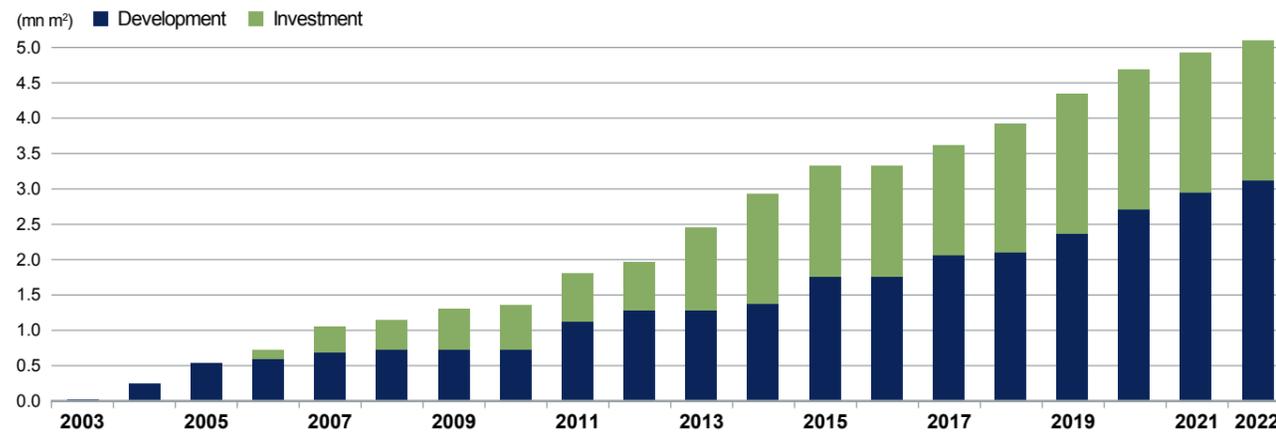
LaSalle Group's Sponsor Support

LaSalle Group's robust track record of development, investment, and leasing of logistics properties in Japan

Robust Experience in Development, Investment, and Leasing



Developments and Investments (Aggregated Basis) ^(Note 2)



Note 1: As of February 28, 2022.

Note 2: Includes properties scheduled to be developed.

Features of LLR 3

Initiatives on ESG

Basic Policy on ESG

ESG Goals

As a member of LaSalle Group, LLR strives to realize the following environmental (E), social (S), and governance (G) (collectively “ESG”) goals based on the “basic policy on ESG” stipulated by LaSalle.

- Reduction of environmental burden through business activities
- Reduction of environmental burden at owned properties
- Achievement of various environmental regulations exceeding the target
- Leading sustainable real estate investments with visionary ideas, and promoting innovation
- Cooperating with stakeholders for the management of owned properties in consideration of sustainability

LaSalle's System for Promoting ESG

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



GRESB Member



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



ULI Greenprint / Net Zero Emissions



The LaSalle Group supports the recommendations made by the Task Force on Climate-Related Financial Disclosures (“TCFD”)



Initiatives on ESG

Environmental Initiatives

Certifications Acquired by LLR

GRESB Real Estate Assessment Third Party Evaluations / Certifications

Acquired the highest rating of "5 Stars" and "Green Star"

Acquisition rate 100% (As of the end of February 2022)



| Certification / Evaluation | Number of Properties | Gross Floor Area | Ratio (GFA-based) |
|---|----------------------|-------------------------|-------------------|
| CASBEE Real Estate Certification (Note) | 18 | 2,044,057m ² | 100.0% |
| BELS | 17 | 1,754,893m ² | 85.9% |

Note: Includes both "CASBEE Buildings (New Construction)" for new buildings and "CASBEE-Real Estate" for buildings over one year after completion.

Examples of Initiatives



Introducing LED lighting

- LED Conversion rate (based on leasable floor area) 66%



Introducing motion sensor lights



Introducing solar energy panels

- Property with solar panels 12 properties
- Portfolio ratio (GFA base) 67%



Installation of new air conditioning equipment

Green Bonds

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

Status of Green Bond Issuance

Green Eligible Assets

| Issue amount | Interest rate | Issue date | Redemption date |
|--------------|---------------|-------------------|-------------------|
| 3.0 bn yen | 0.59% | February 20, 2020 | February 20, 2030 |
| 2.0 bn yen | 0.76% | February 16, 2021 | February 15, 2036 |
| 2.0 bn yen | 0.25% | February 10, 2022 | February 10, 2028 |

The green eligible asset ratio of 99.6% is the highest among J-REITs

Note: The amount on the left has been fully allocated toward the repayment of debt financing for the acquisition of Green Eligible Assets.

Social Initiatives

Contribution to Community and Safety and Security of Tenants



Cooperation agreement on disaster management with local governments



Donation of reserves in preparation for disasters



Disaster drills and fire-fighting drills



COVID-19 infection prevention

Initiatives for Employees

Diversity

(As of December 31, 2021)

- Percentage of female employees 38.9%
- Percentage of female managerial staff 20.0%

Employee Satisfaction Survey

(FY2021)

- Survey of all officers and employees to improve employee well-being and sense of belonging

Benefit

- Satisfactory vacation system
- Incentives for Investment Unit Ownership Association
- Health-conscious beverages
- Establishment of work from home rules and promotion of flexible working styles

Establishment of a Diversity, Equity and Inclusion (DEI) Committee

Various plans have been set up to promote diversity, equality and inclusion, including the design of programs to enhance a sense of belonging.

Governance Initiatives

Management Fee Structure Linked to Unitholder Value

Management Fees during the Period

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

Acquisition Fee

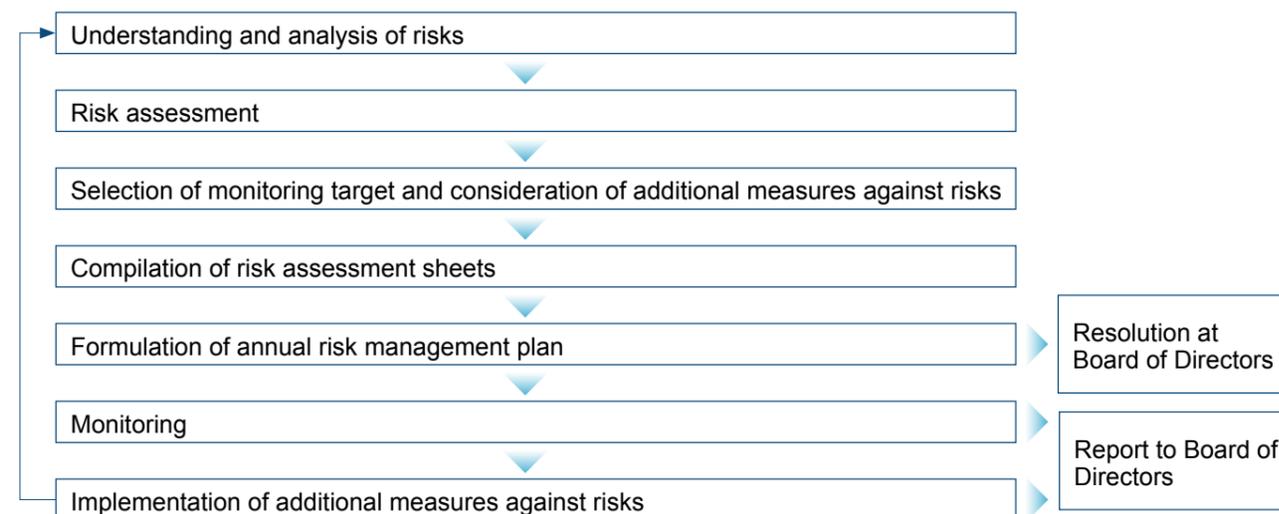
- Sales price in the case of acquisition of real estate-related assets × 1.0% (maximum rate)

Merger Fee

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

Development and Supervision of Risk Management System

Process of Risk Management



Summary and Characteristics of the Portfolio

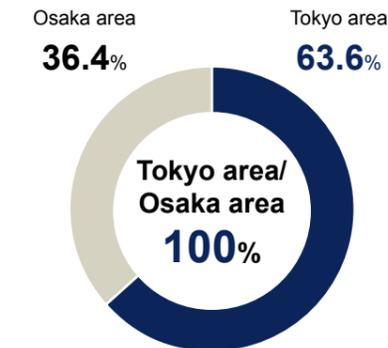
Portfolio Summary

| | | | |
|--------------------------|----------------------|----------------------------------|--------------|
| AUM | 357.8 bn yen | Appraisal NOI yield | 4.8% |
| No. of properties | 19 properties | Period-end occupancy rate | 99.0% |

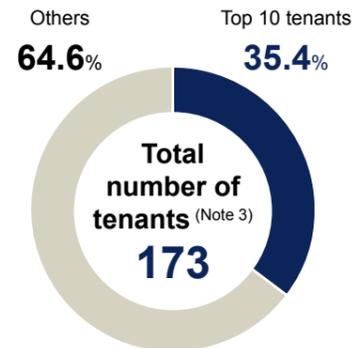
Note: Figures for 19 assets owned by LLR as of February 28, 2022.

Diversified Portfolio

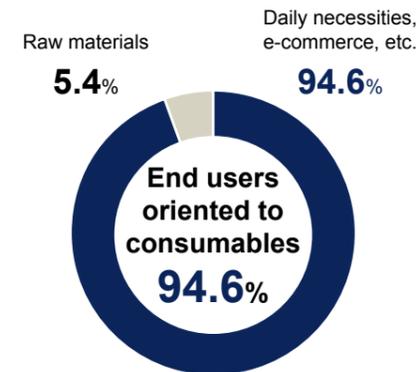
Ratio by Area/Location (acquisition price basis)



Tenant Diversification (Note 2)



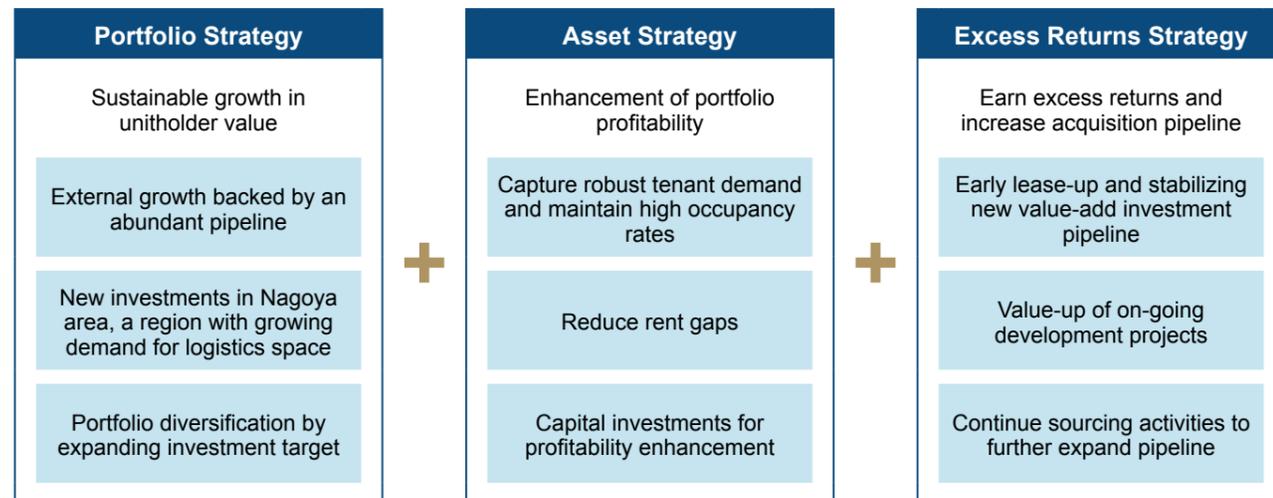
Ratio of End User Industry (Note 2)



Note 1: Calculated based on the figures for 19 assets owned by LLR as of February 28, 2022.
 Note 2: Calculated based on leased area (warehouse area only)
 Note 3: The figure includes tenant overlaps.

Investment Strategies that Enable Continuous Growth of Unitholder Value

Three Pillars of Active Management Strategy



Building of Robust Financial Soundness (as of February 28, 2022)

Financial Highlights

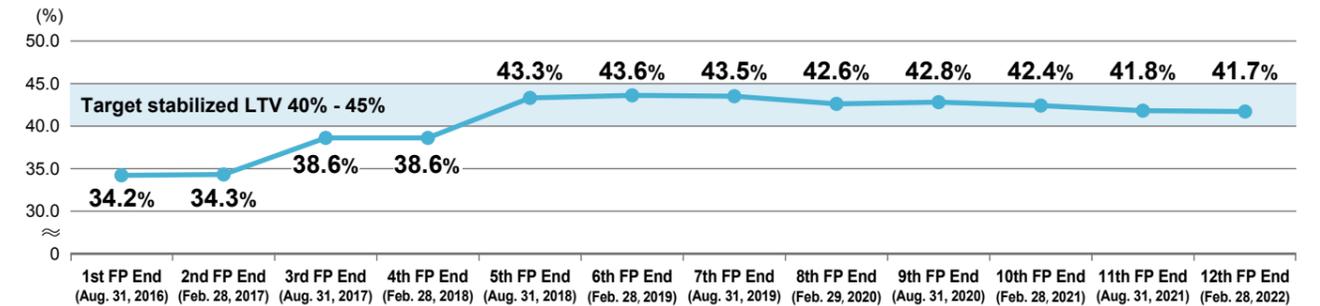
Upgraded in January 2022

| | | | |
|----------------------------|--------------|---|--------------------|
| LTV (Note 1) | 41.7% | Long-term issuer rating (Japan Credit Rating Agency, Ltd.) | AA (Stable) |
| Wtd. Avg. Int. Rate | 0.55% | Fixed rate ratio (Note 2) | 92.9% |

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

Note 2: Calculated as the balance of interest bearing debts with fixed interest rates / total balance of interest bearing debts.

LTV Management



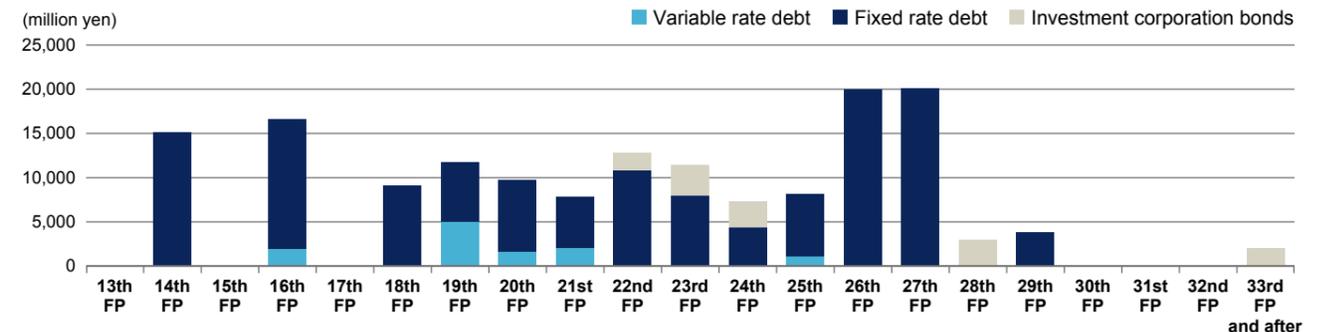
Breakdown of Interest-Bearing Debt (by financial institution)

| Financial Institution | Share |
|------------------------------|-------|
| MUFG Bank | 22.6% |
| Mizuho Bank | 17.1% |
| Sumitomo Mitsui Banking | 16.2% |
| Sumitomo Mitsui Trust Bank | 11.0% |
| Development Bank of Japan | 7.1% |
| Shinsei Bank | 4.2% |
| Resona Bank | 4.1% |
| Fukuoka Bank | 3.1% |
| Nishi Nippon City Bank | 1.9% |
| Nomura Trust Bank | 1.3% |
| Chugoku Bank | 1.2% |
| Aozora Bank | 1.2% |
| 77 Bank | 0.6% |
| Investment corporation bonds | 8.4% |

Lenders:
13 banks

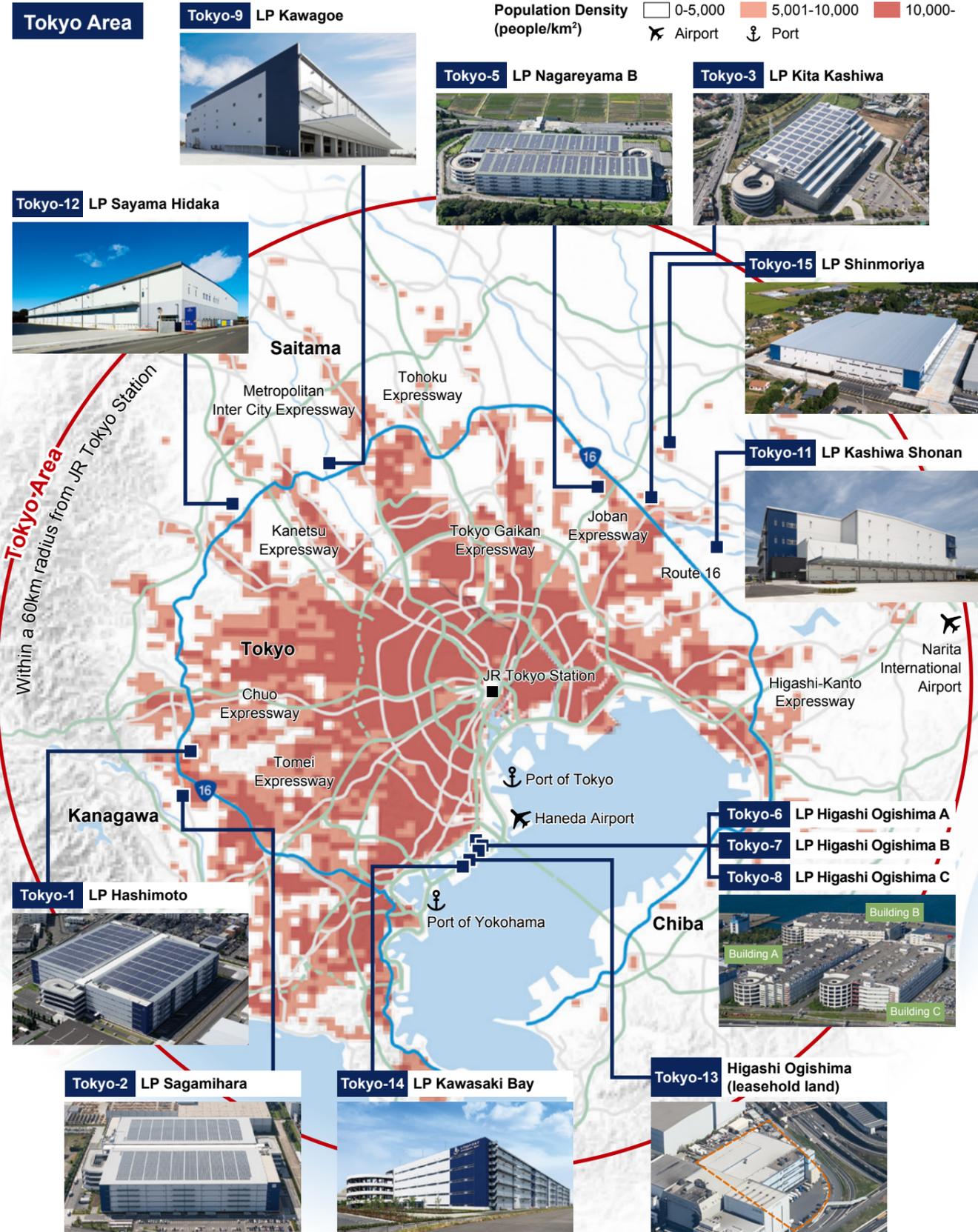
Total:
160.6 bn yen

Diversification of Repayment Dates



Portfolio Maps

Assets acquired by LLR are all "Prime Logistics" located in the Tokyo Area and Osaka Area.



Source: Population density is prepared by the LaSalle REIT Advisors K.K. (the "Asset Manager") based on "1/2 (500m) Data by Local Grid" of the "Ranking Mesh Map - Grid Square Statistics of 2015 Population Census" by the Statistics Bureau, Ministry of Internal Affairs and Communications, which is based on the results of the 2015 population census conducted on October 1, 2015.

Portfolio List

| Property No. | Property Name | Location | GFA (m ²) | Acquisition Price (million yen) | Appraisal Value (million yen) | NOI Yield (Note 2) (%) | Occupancy Rate (%) |
|--------------------------------------|--|-----------------------|-----------------------|---------------------------------|-------------------------------|------------------------|--------------------|
| Tokyo-1 | LOGIPORT Hashimoto (Note 3) | Sagamihara, Kanagawa | 145,801 | 21,200 | 25,100 | 4.6 | 97.8 |
| Tokyo-2 | LOGIPORT Sagamihara (Note 3) | Sagamihara, Kanagawa | 200,045 | 23,020 | 27,200 | 4.8 | 99.7 |
| Tokyo-3 | LOGIPORT Kita Kashiwa | Kashiwa, Chiba | 104,302 | 25,300 | 31,400 | 4.7 | 100.0 |
| Tokyo-5 | LOGIPORT Nagareyama B | Nagareyama, Chiba | 133,414 | 26,600 | 32,300 | 4.8 | 99.9 |
| Tokyo-6 | LOGIPORT Higashi Ogishima A | Kawasaki, Kanagawa | 100,235 | 19,000 | 20,600 | 4.9 | 97.0 |
| Tokyo-7 | LOGIPORT Higashi Ogishima B | Kawasaki, Kanagawa | 117,546 | 19,120 | 21,800 | 5.2 | 95.2 |
| Tokyo-8 | LOGIPORT Higashi Ogishima C | Kawasaki, Kanagawa | 116,997 | 23,700 | 26,900 | 4.9 | 99.1 |
| Tokyo-9 | LOGIPORT Kawagoe | Kawagoe, Saitama | 50,742 | 11,950 | 12,800 | 4.6 | 100.0 |
| Tokyo-11 | LOGIPORT Kashiwa Shonan | Kashiwa, Chiba | 40,878 | 9,300 | 10,600 | 4.9 | 100.0 |
| Tokyo-12 | LOGIPORT Sayama Hidaka | Hidaka, Saitama | 23,570 | 6,430 | 6,640 | 4.5 | 100.0 |
| Tokyo-13 | Higashi Ogishima (leasehold land) | Kawasaki, Kanagawa | - | 1,189 | 1,700 | 3.7 | 100.0 |
| Tokyo-14 | LOGIPORT Kawasaki Bay (Note 3) | Kawasaki, Kanagawa | 289,164 | 32,200 | 36,160 | 4.3 | 99.9 |
| Tokyo-15 | LOGIPORT Shinmoriya | Tsukubamirai, Ibaraki | 37,089 | 8,580 | 9,760 | 4.9 | 100.0 |
| Osaka-1 | LOGIPORT Sakai Minamijimacho | Sakai, Osaka | 30,696 | 8,150 | 9,170 | 4.8 | 100.0 |
| Osaka-2 | LOGIPORT Sakai Chikko Shinmachi | Sakai, Osaka | 20,428 | 4,160 | 5,040 | 5.5 | 100.0 |
| Osaka-3 | LOGIPORT Osaka Taisho (Note 3) | Osaka, Osaka | 117,037 | 17,655 | 20,300 | 4.7 | 96.0 |
| Osaka-5 | LOGIPORT Amagasaki | Amagasaki, Hyogo | 261,001 | 48,200 | 62,300 | 5.5 | 99.5 |
| Osaka-6 | LOGIPORT Sakai (Note 3) | Sakai, Osaka | 115,552 | 12,075 | 13,100 | 4.8 | 98.6 |
| Osaka-7 | LOGIPORT Osaka Bay | Osaka, Osaka | 139,551 | 40,000 | 44,400 | 4.5 | 100.0 |
| Total/Average (19 properties) | | | 2,044,057 | 357,829 | 417,270 | 4.8 | 99.0 |
| LLR-3 | Preferred Shares Osaka Suminoe Logistics Center Project (provisional name) | Osaka, Osaka | Approx. 50,000 | 501 | - | - | - |

Note 1: Figures for 19 properties and preferred shares owned by LLR as of February 28, 2022 are indicated.
 Note 2: NOI yield is the ratio of net operating income based on a direct capitalization method indicated in the appraisal report as of February 28, 2022, as a percentage of the acquisition price, rounded to one decimal place.
 Note 3: Acquisition price and appraisal value show the amounts equivalent to LLR's co-ownership interest in the trust beneficiary interests, while GFA shows the figure for the entire property.

Major Properties in the Portfolio



Risk Factors

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

Property and Business Risks

- The outbreak of a new strain of coronavirus (“**COVID-19**”) may have an adverse impact on LLR's operations, business and financial condition.
- Any adverse conditions in the Japanese economy including those resulting from the COVID-19 outbreak and the measures implemented to prevent the spread of the virus could adversely affect LLR.
- Russia's recent military offensive in Ukraine, the subsequent sanctions against Russia and the withdraw of many major corporations from Russia may have an adverse impact on the global economy resulting from a number of factors including higher energy prices and inflation, supply chain disruptions, lower global trade volumes and higher volatility in financial markets.
- LLR's financial forecasts and other targets are necessarily speculative and subject to uncertainties.
- LLR's strategy of investing in logistics facilities may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets.
- LLR may not be able to acquire properties to execute its growth and investment strategy in a manner that is accretive to earnings, and the scope of the pipeline support provided by the Sponsor is limited to the provision of information at the Sponsor's discretion.
- Illiquidity in the real estate market may limit LLR's ability to grow or adjust its portfolio.
- The past experience of the LaSalle Group in the Japanese real estate market is not an indicator or guarantee of LLR's future results.
- LLR's reliance on the Sponsor and other LaSalle Group companies could have a material adverse effect on its business.
- There are potential conflicts of interest between LLR and certain LaSalle Group companies, including LaSalle REIT Advisors K.K. (the “**Asset Manager**”), Sponsor Funds and other JLL group companies.
- LLR faces significant competition in seeking tenants and it may be difficult to find replacement tenants.
- LLR's properties may cater to a single tenant, making it difficult to find replacement tenants.
- Increases in prevailing market interest rates, including as a result of the Bank of Japan's additional monetary easing, could increase LLR's interest expenses and may result in a decline in the market price of its units.
- LLR's portfolio contains several large properties comprising a large portion of the portfolio by acquisition price, which could have an adverse effect on the business, financial condition and results of operation.
- LLR may suffer large losses if any of its properties incurs damage from a natural or man-made disaster or in the event of an accident or disaster stemming from faulty installation or age-related deterioration.
 - Damage to any one or more of the properties in LLR's portfolio, due to natural disaster, such as a flood, earthquake, or tsunami, or due to a man-made disaster, such as a fire or accident, could adversely affect LLR's business, and financial conditions, and result in a decline in operating results. For example, Japan is earthquake-prone and has historically experienced numerous large earthquakes that have resulted in extensive property damage, such as the Great East Japan Earthquake in 2011, which resulted in a tsunami and leakage of radioactive material at the Fukushima nuclear power plants. Furthermore, tenants or the infrastructure and access to LLR properties may be adversely affected by any natural disaster, causing tenants to leave properties or seek lower rents.
 - In addition, LLR may be required to compensate its tenants or third parties in the event of an accident or disaster at any of its properties stemming from any faulty installation or age-related deterioration, such as an elevator accident or water leakage, that results in injury, death or other damage to tenants or third parties.
 - To the extent reasonably available, LLR intends to carry casualty insurance covering all of its properties for many types of casualty losses with policy specification and insured limits that LLR believes are adequate and appropriate under the current circumstances. In particular, LLR will consider obtaining earthquake insurance coverage for those properties with a PML due to an earthquake, exceeding 15%, which currently does not apply to any of the properties within the existing portfolio of assets under management (“**AUM**”).
- Any property defect or non-conformity may adversely affect LLR's financial condition and results of operation.
- LLR's portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction.
- The properties in LLR's portfolio are concentrated in the Tokyo and Osaka areas, and it may have additional property concentration in other regional core cities in the future.

- LLR may decide to acquire its own units on the market but there can be no assurance that LLR will successfully acquire such units to the extent planned, or at all or be able to cancel or dispose of any such units in a manner beneficial to LLR.
- Any inability to obtain financing for future acquisitions or to refinance LLR's existing debt could adversely affect the growth of LLR's portfolio.
- Liquidity and other limitations on LLR's activities under debt financing arrangements may adversely affect the business, financial condition and results of operation.
- LLR may not be able to make distributions in excess of retained earnings as contemplated by LLR's distribution policy.
- LLR may invest in properties that are under development or those with low occupancy, and such investments may subject LLR to various risks.
- Acquisition of land in which third parties hold leasehold interests and own the buildings on the land may subject LLR to various risks.
- A high LTV ratio may increase exposure to changes in interest rates and have a material adverse effect on results of operations.
- A downgrading of LLR's credit rating may affect its ability to refinance or newly issue investment corporation bonds.
- LLR may suffer impairment losses relating to its properties.
- Decreases in tenant leaseholder deposits and/or security deposits may increase LLR's funding costs.
- LLR's lack of control over operating costs may adversely affect its business.
- LLR may lose rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, and is exposed to the risk of careless or imprudent management of properties by tenants.
- Master lease agreements expose LLR to certain risks.
- The cost of complying with regulations applicable to LLR's properties could adversely affect the results of its operations.
- LLR relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- LLR relies on industry and market data that are subject to significant uncertainties.
- LLR's buildings may violate earthquake resistance or other building codes, and any such buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by LLR at significant expense.
- The environmental assessments of properties made prior to ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- LLR may incur additional costs due to preferential purchase rights, rights of first refusal or other similar rights held by lessees or tenants.
- Entering into forward commitment contracts or contracts to purchase properties under development or properties with low occupancy may expose LLR to contractual penalties and market risks.
- LLR may be exposed to regulatory and financial risks related to climate change.
- LLR's success depends on the performance of service providers to which LLR is required to assign various key functions.
- LLR's performance depends on the efforts of key personnel of the Asset Manager.
- Unitholders have limited control over changes in LLR's investment policies.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.
- LLR's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify itself from certain taxation benefits and significantly reduce cash distributions to its unitholders.
- If the Japanese tax authorities disagree with the interpretations of the Japanese tax laws and regulations LLR used for prior periods, LLR may be forced to pay additional taxes for those periods.
- LLR may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase LLR's tax burden.
- LLR expects to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (“**FATCA**”) withholding tax.

Risk Factors

Legal and Regulatory Risks

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

Financial Section



Balance Sheet

| | Thousands of yen | |
|--|---------------------|---------------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| ASSETS | | |
| Current assets | | |
| Cash and deposits (Notes 4) | ¥ 20,396,318 | ¥ 19,293,300 |
| Cash and deposits in trust (Notes 4) | 6,858,842 | 7,324,224 |
| Operating accounts receivable | 426,487 | 485,923 |
| Prepaid expenses | 268,848 | 236,127 |
| Income taxes receivable | 19 | 111,053 |
| Consumption taxes receivable | – | 867,975 |
| Other | 469 | 60 |
| Total current assets | 27,950,987 | 28,318,666 |
| Non-current assets | | |
| Property and equipment (Note 7) | | |
| Buildings in trust | 129,444,498 | 128,385,798 |
| Structures in trust | 168,448 | 138,642 |
| Machinery and equipment in trust | 214,383 | 214,383 |
| Tools, furniture and fixtures in trust | 24,704 | 14,156 |
| Land in trust | 236,108,725 | 236,108,725 |
| Construction in progress in trust | 1,409 | 74,374 |
| Less: accumulated depreciation | (10,281,474) | (8,861,636) |
| Total property and equipment | 355,680,695 | 356,074,444 |
| Investments and other assets | | |
| Investment securities (Note 5) | 513,701 | 207,827 |
| Long-term prepaid expenses | 934,415 | 881,743 |
| Deferred tax assets (Note 14) | – | 21 |
| Lease and guarantee deposits | 10,000 | 10,000 |
| Lease and guarantee deposits in trust | 10,137 | 10,137 |
| Total investments and other assets | 1,468,255 | 1,109,730 |
| Total non-current assets | 357,148,950 | 357,184,174 |
| Deferred assets | | |
| Investment unit issuance expenses | 82,950 | 112,262 |
| Investment corporation bond issuance costs | 65,395 | 59,994 |
| Total deferred assets | 148,345 | 172,256 |
| Total Assets | ¥385,248,283 | ¥385,675,097 |

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

| | Thousands of yen | |
|--|---------------------|---------------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| LIABILITIES | | |
| Current liabilities | | |
| Operating accounts payable | ¥ 263,599 | ¥ 321,876 |
| Short-term loans payable (Note 12) | – | 700,000 |
| Current portion of investment corporation bonds payable (Notes 5 and 13) | – | 5,000,000 |
| Current portion of long-term loans payable (Notes 5 and 12) | 15,110,000 | 1,850,000 |
| Accounts payable | 1,992,958 | 1,821,739 |
| Accrued expenses | 6,656 | 6,732 |
| Income taxes payable | 605 | 741 |
| Accrued consumption taxes | 658,284 | – |
| Advances received | 1,896,931 | 1,896,741 |
| Other | 789,101 | 639,838 |
| Total current liabilities | 20,718,137 | 12,237,669 |
| Non-current liabilities | | |
| Investment corporation bonds payable (Notes 5 and 13) | 13,500,000 | 11,500,000 |
| Long-term loans payable (Notes 5, 6 and 12) | 132,010,000 | 142,270,000 |
| Tenant leasehold and security deposits in trust | 4,634,239 | 4,756,026 |
| Total non-current liabilities | 150,144,239 | 158,526,026 |
| Total Liabilities | 170,862,376 | 170,763,696 |
| NET ASSETS (Note 11) | | |
| Unitholders' equity | | |
| Unitholders' capital | 209,210,848 | 209,623,183 |
| Units authorized: | | |
| 10,000,000 units as of February 28, 2022 and August 31, 2021 | | |
| Units issued and outstanding: | | |
| 1,785,000 units as of February 28, 2022 and August 31, 2021 | | |
| Surplus | | |
| Retained earnings | 5,175,059 | 5,288,218 |
| Total unitholders' equity | 214,385,907 | 214,911,401 |
| Total Net Assets | 214,385,907 | 214,911,401 |
| Total Liabilities and Net Assets | ¥385,248,283 | ¥385,675,097 |

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

Statement of Income

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 28, 2022 | August 31, 2021 |
| Operating revenues (Notes 9 and 18) | | |
| Rental revenues | ¥ 9,867,955 | ¥ 9,478,817 |
| Other rental revenues | 722,172 | 683,684 |
| Dividend income | – | 545,328 |
| Total operating revenue | 10,590,128 | 10,707,830 |
| Operating expenses (Note 9) | | |
| Property-related expenses | 3,379,849 | 3,294,760 |
| Asset management fee | 1,341,645 | 1,343,952 |
| Asset custody and administrative fee | 42,473 | 40,778 |
| Directors' compensations | 4,500 | 3,600 |
| Audit fee | 12,000 | 12,000 |
| Other operating expenses | 52,831 | 37,975 |
| Total operating expenses | 4,833,300 | 4,733,067 |
| Operating income | 5,756,827 | 5,974,763 |
| Non-operating revenues | | |
| Interest income | 130 | 126 |
| Reversal of distributions payable | 329 | 1,040 |
| Interest on tax refund | 241 | 1,624 |
| Total non-operating income | 700 | 2,791 |
| Non-operating expenses | | |
| Interest expenses | 389,432 | 388,194 |
| Interest expenses on investment corporation bonds | 41,697 | 43,507 |
| Amortization of investment unit issuance expense | 29,312 | 27,650 |
| Amortization of investment corporation bond issuance costs | 6,405 | 7,115 |
| Investment unit public offering expenses | – | 55,615 |
| Borrowing related expenses | 116,043 | 151,094 |
| Loss on redemption of investment securities | – | 15,747 |
| Total non-operating expenses | 582,890 | 688,924 |
| Ordinary income | 5,174,637 | 5,288,630 |
| Income before income taxes | 5,174,637 | 5,288,630 |
| Income taxes - current | 605 | 1,062 |
| Income taxes - deferred | 21 | 1 |
| Total income taxes | 626 | 1,063 |
| Net income | 5,174,010 | 5,287,566 |
| Retained earnings brought forward | 1,048 | 652 |
| Retained earnings at end of period | ¥ 5,175,059 | ¥ 5,288,218 |

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

Statement of Changes in Net Assets

| | Thousands of yen | | | |
|--|------------------|----------------------|-------------------|------------------|
| | Number of units | Unitholders' capital | Retained earnings | Total net assets |
| Balance as of February 28, 2021 (Note 11) | 1,638,000 | ¥186,207,049 | ¥4,667,314 | ¥190,874,363 |
| Issuance of new investment units | 147,000 | 23,789,598 | | 23,789,598 |
| Distributions in excess of retained earnings | | (373,464) | | (373,464) |
| Distributions of retained earnings | | | (4,666,662) | (4,666,662) |
| Net income | | | 5,287,566 | 5,287,566 |
| Balance as of August 31, 2021 (Note 11) | 1,785,000 | ¥209,623,183 | ¥5,288,218 | ¥214,911,401 |
| Distributions in excess of retained earnings | | (412,335) | | (412,335) |
| Distributions of retained earnings | | | (5,287,170) | (5,287,170) |
| Net income | | | 5,174,010 | 5,174,010 |
| Balance as of February 28, 2022 (Note 11) | 1,785,000 | ¥209,210,848 | ¥5,175,059 | ¥214,385,907 |

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

Statement of Cash Distributions

| | Yen | | | |
|---|-----------------------|----------|-----------------|----------|
| | For the periods ended | | | |
| | February 28, 2022 | | August 31, 2021 | |
| | Total | Per unit | Total | Per unit |
| I Unappropriated retained earnings | ¥5,175,059,326 | | ¥5,288,218,351 | |
| II Distributions in excess of retained earnings | | | | |
| Deduction from unitholders' capital | 424,830,000 | | 412,335,000 | |
| III Distributions | | | | |
| Distributions of retained earnings | 5,174,715,000 | 2,899 | 5,287,170,000 | 2,962 |
| Distributions in excess of retained earnings | 424,830,000 | 238 | 412,335,000 | 231 |
| Total distributions | 5,599,545,000 | 3,137 | 5,699,505,000 | 3,193 |
| IV Retained earnings carried forward | ¥ 344,326 | | ¥ 1,048,351 | |

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

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

Based on the policy, LLR declared the distribution amount of 5,174,715,000 yen and 5,287,170,000 yen for the periods ended February 28, 2022 and August 31, 2021, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the fiscal period.

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

Accordingly, LLR declared distributions in excess of retained earnings of 424,830,000 yen and 412,335,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of the amount remaining after deducting the total amount of accumulated depreciation as of the previous period from the total amount of accumulated depreciation as of the current fiscal period of 1,419,837,083 yen and 1,375,066,033 yen for the periods ended February 28, 2022 and August 31, 2021, respectively.

Statement of Cash Flows

| | Thousands of yen | |
|---|-----------------------|-----------------|
| | For the periods ended | |
| | February 28, 2022 | August 31, 2021 |
| Cash flows from operating activities: | | |
| Income before income taxes | ¥ 5,174,637 | ¥ 5,288,630 |
| Depreciation | 1,419,837 | 1,375,066 |
| Amortization of investment unit issuance expenses | 29,312 | 27,650 |
| Amortization of investment corporation bond issuance costs | 6,405 | 7,115 |
| Interest income | (130) | (126) |
| Interest expenses | 431,129 | 431,701 |
| Loss (gain) on redemption of investment securities | – | 15,747 |
| Decrease (increase) in operating accounts receivable | 59,435 | (91,048) |
| Decrease (increase) in Income taxes receivable | 111,033 | (111,053) |
| Decrease (increase) in consumption taxes refund receivable | 867,975 | 1,704,275 |
| Decrease (increase) in prepaid expenses | (32,720) | (4,614) |
| Decrease (increase) in long-term prepaid expenses | (52,672) | (49,082) |
| Increase (decrease) in operating accounts payable | (58,276) | 17,947 |
| Increase (decrease) in accounts payable | (95,297) | 312,426 |
| Increase (decrease) in accrued consumption taxes | 658,284 | – |
| Increase (decrease) in advances received | 189 | 213,638 |
| Other, net | (6,196) | 3,753 |
| Subtotal | 8,512,947 | 9,142,027 |
| Interest income received | 130 | 126 |
| Interest expenses paid | (431,206) | (434,476) |
| Income taxes paid | (741) | (1,391) |
| Net cash provided by (used in) operating activities | 8,081,130 | 8,706,287 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment in trust | (759,571) | (40,991,134) |
| Proceeds from redemption of investment securities | – | 1,134,000 |
| Purchase of investment securities | (305,874) | (207,827) |
| Proceeds from tenant leasehold and security deposits in trust | 53,144 | 384,925 |
| Repayments of tenant leasehold and security deposits in trust | (33,743) | (29,068) |
| Net cash provided by (used in) investing activities | (1,046,045) | (39,709,104) |
| Cash flows from financing activities: | | |
| Proceeds from short-term loans payable | – | 1,800,000 |
| Repayments of short-term loans payable | (700,000) | (1,900,000) |
| Proceeds from long-term loans payable | 4,850,000 | 17,900,000 |
| Repayments of long-term loans payable | (1,850,000) | (2,824,000) |
| Proceeds from issuance of investment corporation bonds | 1,988,193 | – |
| Redemption of investment corporation bonds | (5,000,000) | – |
| Proceeds from issuance of investment units | – | 23,729,795 |
| Payment of distributions of retained earnings | (5,286,303) | (4,666,478) |
| Payment of distributions in excess of retained earnings | (412,273) | (373,422) |
| Net cash provided by (used in) financing activities | (6,410,382) | 33,665,894 |
| Net increase (decrease) in cash and cash equivalents | 624,702 | 2,663,077 |
| Cash and cash equivalents at beginning of period | 24,463,458 | 21,800,381 |
| Cash and cash equivalents at end of period (Note 4) | ¥25,088,160 | ¥24,463,458 |

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

Notes to Financial Statements

1. Organization and Basis of Presentation

a) Organization

With LaSalle REIT Advisors as the organizer, LaSalle LOGIPORT REIT (hereinafter referred to as “LLR”) was established with capital of 150 million yen (1,500 units) on October 9, 2015 pursuant to the Act on Investment Trusts and Investment Corporations (hereinafter referred to as “the Investment Trusts Act,” Act No. 198 of 1951, including subsequent amendments), and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016.

The financial statements for the fiscal period ended February 28, 2022 (12th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,785,000 units.

On February 17, 2016, LLR acquired and began managing eight properties (combined acquisition price of 161,440 million yen). Since its listing, LLR has acquired 14 properties (combined acquisition price of 211,119 million yen) and disposed of 3 properties (combined acquisition price of 14,730 million yen) during the subsequent fiscal periods. As a result, LLR owned 19 properties (combined acquisition price of 357,829 million yen) as of February 28, 2022.

These 19 properties (with total leasable floor area of 1,480,909 square-meters) comprise LLR's asset holdings as of February 28, 2022, and the occupancy rate for the entire portfolio as of February 28, 2022 was 99.0%.

b) Basis of Presentation

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

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

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

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased, and that are subject to insignificant risks of changes in value.

b) Investment Securities

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

c) Property and Equipment

Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

| | |
|-------------------------------|-------------|
| Buildings | 2-79 years |
| Structures | 10-45 years |
| Machinery and equipment | 8-24 years |
| Tools, furniture and fixtures | 4-15 years |

d) Revenue and Expense Recognition

The details of main performance obligations concerning revenue generated from contracts between LLR and its customers and the ordinary time to satisfy performance obligations (ordinary time to recognize revenue) are as follows.

(i) Sale of real estate property

LLR recognizes revenue from the sale of real estate property when the purchaser, as the customer, obtains control of the real estate property. Note that LLR discloses “Gain on sales of real estate properties” or “Loss on sales of real estate properties” based on “Sales proceed” excluding “Book value of properties sold” and “Other sales expenses” on Income Statement. “Gain on sales of real estate properties” and “Loss on sales of real estate properties” were not recorded in the current fiscal period.

(ii) Utilities charge reimbursement

LLR supplies utilities services such as the electricity, water, etc. to the lessee as the customer and recognize those income based on contracts with the customers.

e) Tax on Property and Equipment

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

Of the amounts paid for the acquisition of real estate properties or beneficiary rights in trust of real estate, the amount estimated for property tax is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. The amount of fixed asset taxes, etc. included in the acquisition costs of real estate, etc. was 142,659 thousand yen for the period ended August 31, 2021, and not applicable for the period ended February 28, 2022.

f) Investment Unit Issuance Expenses

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

g) Investment Corporation Bond Issuance Costs

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

h) Hedge Accounting

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

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

i) Beneficiary Rights in Trust

As to beneficiary rights in trust, all assets and liabilities for assets in trust, as well as the related income generated and expenses incurred, are recorded in the relevant balance sheet and statement of income accounts.

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

- (i) Cash and deposits in trust
- (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust
- (iii) Lease and guarantee deposits in trust
- (iv) Tenant leasehold and security deposits in trust

Notes to Financial Statements

j) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheet, and net movement is treated as operating cash flows in the statement of cash flows. The nondeductible portion of consumption taxes imposed in connection with assets was charged to expense in the period incurred.

3. Changes in Accounting Policies

a) Application of Accounting Standard for Revenue Recognition

LLR has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal period, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The impact of this change on the financial statements is immaterial. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Accounting Standard, the note related to revenue recognition for the previous fiscal period is not shown.

b) Application of Accounting Standard for Fair Value Measurement

LLR has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal period, and in accordance with the transitional treatments outlined in Paragraph 19 of Accounting Standard for Fair Value Measurement and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies outlined by Accounting Standard for Fair Value Measurement will be applied prospectively. The impact of this change on the financial statements is immaterial.

4. Cash and Cash Equivalents

The relationship between cash and cash equivalents in the statement of cash flows and the balance sheet is as follows:

| | Thousands of yen | |
|-------------------------------------|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Cash and deposits | ¥20,396,318 | ¥19,293,300 |
| Cash and deposits in trust | 6,858,842 | 7,324,224 |
| Restricted deposits in trust (Note) | (2,167,000) | (2,154,066) |
| Cash and cash equivalents | ¥25,088,160 | ¥24,463,458 |

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

5. Financial Instruments

a) Detailed Information on Financial Instruments

(i) Policy for Financial Instruments

At the time of acquisition of new portfolio assets, LLR procures funds through the issuance of investment units, borrowings from financial institutions or issuing investment corporation bonds.

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

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

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

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

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

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

Certain assumptions, etc. are used in calculating the fair value of financial instruments, and there can be cases where the values may vary based on different assumptions, etc. In addition, concerning the contract amounts of derivative transactions in “Derivative transactions” below the amount itself does not represent the value of the market risks associated with the derivative transactions.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the two values as of February 28, 2022 and August 31, 2021 are as follows. Shares without market price are not included in the following table (see Note 2 below). The notes for “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” are omitted due to their short-term settlement. Also, the note for “Tenant leasehold and security deposits in trust” is omitted because of immaterial.

| | Thousands of yen | | |
|---|-------------------------|--------------|------------|
| | As of February 28, 2022 | | |
| | Book value | Fair value | Difference |
| (1) Current portion of investment corporation bonds payable | ¥ – | ¥ – | ¥ – |
| (2) Current portion of long-term loans payable | 15,110,000 | 15,132,797 | 22,797 |
| (3) Investment corporation bonds payable | 13,500,000 | 13,338,850 | (161,150) |
| (4) Long-term loans payable | 132,010,000 | 132,828,350 | 818,350 |
| Total liabilities | ¥160,620,000 | ¥161,299,997 | ¥679,997 |
| (5) Derivative transactions | ¥ – | ¥ – | ¥ – |

| | Thousands of yen | | |
|---|-----------------------|--------------|------------|
| | As of August 31, 2021 | | |
| | Book value | Fair value | Difference |
| (1) Current portion of investment corporation bonds payable | ¥ 5,000,000 | ¥ 4,996,000 | ¥ (4,000) |
| (2) Current portion of long-term loans payable | 1,850,000 | 1,851,862 | 1,862 |
| (3) Investment corporation bonds payable | 11,500,000 | 11,477,750 | (22,250) |
| (4) Long-term loans payable | 142,270,000 | 143,124,163 | 854,163 |
| Total liabilities | ¥160,620,000 | ¥161,449,776 | ¥829,776 |
| (5) Derivative transactions | ¥ – | ¥ – | ¥ – |

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

(1) Current portion of investment corporation bonds payable and (3) Investment corporation bonds payable

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

(2) Current portion of long-term loans payable and (4) Long-term loans payable

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

(5) Derivative transactions

Please refer to Note 6, “Derivative Transactions.”

Notes to Financial Statements

(Note 2) Shares without market price

The description and balance sheet amounts of shares without market price are as follows:

| | Thousands of yen | |
|----------------------|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Preferred securities | ¥513,701 | ¥207,827 |

(Note 3) Repayment schedule for short-term loans payable, investment corporation bonds and long-term loans payable after February 28, 2022

| | Thousands of yen | | | | | |
|--------------------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of February 28, 2022 | | | | | |
| | 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 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ 2,000,000 | ¥11,500,000 |
| Long-term loans payable | 15,110,000 | 16,560,000 | 9,070,000 | 21,450,000 | 18,680,000 | 66,250,000 |
| Total | ¥15,110,000 | ¥16,560,000 | ¥9,070,000 | ¥21,450,000 | ¥20,680,000 | ¥77,750,000 |

Repayment schedule for short-term loans payable, investment corporation bonds and long-term loans payable after August 31, 2021

| | Thousands of yen | | | | | |
|--------------------------------------|-----------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | As of August 31, 2021 | | | | | |
| | 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 | ¥ - | ¥ - | ¥ - | ¥ - | ¥11,500,000 |
| Long-term loans payable | 1,850,000 | 15,110,000 | 16,560,000 | 20,820,000 | 17,580,000 | 72,200,000 |
| Total | ¥6,850,000 | ¥15,110,000 | ¥16,560,000 | ¥20,820,000 | ¥17,580,000 | ¥83,700,000 |

6. Derivative Transactions

For the periods ended February 28, 2022 and August 31, 2021, LLR only utilized interest rate swaps, which qualified for hedge accounting and met the special matching criteria, as described below.

| Hedge accounting method | Type of derivative transaction | Primary hedged item | Thousands of yen | | | |
|---|--|-------------------------|-------------------------|--------------------|------------|------------------------|
| | | | As of February 28, 2022 | | | |
| | | | Contract amount | | | |
| | | | Total | Due after one year | Fair value | Fair value measurement |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating / Pay fixed | Long-term loans payable | ¥115,650,000 | ¥106,430,000 | (Note) | (Note) |

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as the integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable."

| Hedge accounting method | Type of derivative transaction | Primary hedged item | Thousands of yen | | | |
|---|--|-------------------------|-----------------------|--------------------|------------|------------------------|
| | | | As of August 31, 2021 | | | |
| | | | Contract amount | | | |
| | | | Total | Due after one year | Fair value | Fair value measurement |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating / Pay fixed | Long-term loans payable | ¥111,800,000 | ¥111,800,000 | (Note) | (Note) |

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as the integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, "Financial Instruments, b) Estimated Fair Value of Financial Instruments, (2) Current portion of long-term loans payable and (4) Long-term loans payable."

7. Property and Equipment

The following table summarizes the property and equipment as of February 28, 2022 and August 31, 2021.

| | Thousands of yen | | | | | |
|--|-------------------------|------------|----------|----------------|--------------------------|--------------|
| | As of February 28, 2022 | | | | | |
| | At cost | | | | | |
| | Beginning balance | Increase | Decrease | Ending balance | Accumulated depreciation | Book value |
| Buildings in trust | ¥128,385,798 | ¥1,058,700 | ¥ - | ¥129,444,498 | ¥10,238,469 | ¥119,206,028 |
| Structures in trust | 138,642 | 29,805 | - | 168,448 | 26,077 | 142,370 |
| Machinery and equipment in trust | 214,383 | - | - | 214,383 | 14,182 | 200,200 |
| Tools, furniture and fixtures in trust | 14,156 | 10,547 | - | 24,704 | 2,743 | 21,960 |
| Land in trust | 236,108,725 | - | - | 236,108,725 | - | 236,108,725 |
| Construction in progress in trust | 74,374 | 420,839 | 493,804 | 1,409 | - | 1,409 |
| Total | ¥364,936,081 | ¥1,519,892 | ¥493,804 | ¥365,962,169 | ¥10,281,474 | ¥355,680,695 |

(Note) The increase for period ended February 28, 2022, was a result of the acquisition of hazardous material warehouse during the period with a total value of 449,000 thousand yen.

| | Thousands of yen | | | | | |
|--|-----------------------|-------------|----------|----------------|--------------------------|--------------|
| | As of August 31, 2021 | | | | | |
| | At cost | | | | | |
| | Beginning balance | Increase | Decrease | Ending balance | Accumulated depreciation | Book value |
| Buildings in trust | ¥112,970,789 | ¥15,415,008 | ¥ - | ¥128,385,798 | ¥8,830,480 | ¥119,555,317 |
| Structures in trust | 119,419 | 19,223 | - | 138,642 | 19,452 | 119,190 |
| Machinery and equipment in trust | 214,383 | - | - | 214,383 | 9,708 | 204,674 |
| Tools, furniture and fixtures in trust | 12,164 | 1,992 | - | 14,156 | 1,995 | 12,161 |
| Land in trust | 210,619,389 | 25,489,336 | - | 236,108,725 | - | 236,108,725 |
| Construction in progress in trust | 13,714 | 60,660 | - | 74,374 | - | 74,374 |
| Total | ¥323,949,860 | ¥40,986,221 | ¥ - | ¥364,936,081 | ¥8,861,636 | ¥356,074,444 |

(Note) The increase for period ended August 31, 2021, was a result of the acquisition of one property during the period with a total value of 40,541,662 thousand yen.

Notes to Financial Statements

8. Investment and Rental Properties

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

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 28, 2022 | August 31, 2021 |
| Book value (Note 1) | | |
| Balance at the beginning of the period | ¥356,074,444 | ¥316,463,289 |
| Changes during the period (Note 2) | (393,748) | 39,611,155 |
| Balance at the end of the period | ¥355,680,695 | ¥356,074,444 |
| Fair value at the end of the period (Note 3) | ¥417,270,000 | ¥407,690,000 |

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

(Note 2) The increase for period ended February 28, 2022, was a result of the acquisition of hazardous material warehouse during the period with a total value of 449,000 thousand yen. The decrease for period ended February 28, 2022, was a result of the recognition of depreciation expenses of 1,419,837 thousand yen, respectively.

In addition, the increase for period ended August 31, 2021, was a result of the acquisition of one property during the period with a total value of 40,541,662 thousand yen. The decrease for period ended August 31, 2021, was a result of the recognition of depreciation expenses of 1,375,066 thousand yen, respectively.

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

9. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the periods ended February 28, 2022 and August 31, 2021.

| | Thousands of yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 28, 2022 | August 31, 2021 |
| (1) Real estate leasing revenues | | |
| Rental revenues | | |
| Rental income | ¥ 9,038,512 | ¥ 8,678,740 |
| Common service fee | 829,442 | 800,076 |
| Total | ¥ 9,867,955 | ¥ 9,478,817 |
| Other rental revenues | | |
| Utilities charge reimbursement | ¥ 445,550 | ¥ 414,854 |
| Parking revenue | 188,089 | 179,404 |
| Other lease revenues | 88,533 | 89,425 |
| Total | ¥ 722,172 | ¥ 683,684 |
| Total real estate leasing revenues | ¥10,590,128 | ¥10,162,502 |
| (2) Real estate leasing expenses | | |
| Property-related expenses | | |
| Outsourcing costs | ¥ 459,715 | ¥ 415,951 |
| Utilities expenses | 407,432 | 370,265 |
| Taxes and public dues | 897,776 | 897,896 |
| Insurance premiums | 18,531 | 17,628 |
| Repair and maintenance | 74,221 | 87,713 |
| Depreciation | 1,419,837 | 1,375,066 |
| Other leasing expenses | 102,335 | 130,238 |
| Total real estate leasing expenses | ¥ 3,379,849 | ¥ 3,294,760 |
| (3) Real estate leasing profit ((1) - (2)) | ¥ 7,210,278 | ¥ 6,867,741 |

10. Leases

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

| | Thousands of yen | |
|---------------------|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Due within one year | ¥16,230,299 | ¥16,131,646 |
| Due after one year | 35,113,459 | 38,458,247 |
| Total | ¥51,343,758 | ¥54,589,894 |

11. Net Assets

a) Stated Capital

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

b) Unitholders' Capital

Unitholders' capital as of February 28, 2022 and August 31, 2021 consists of the following items:

| | Thousands of yen | |
|---|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Unitholders' capital, gross | ¥211,863,933 | ¥211,863,933 |
| Deduction from unitholders' capital; Accumulated distribution in excess of retained earnings | (2,653,085) | (2,240,750) |
| Unitholders' capital | ¥209,210,848 | ¥209,623,183 |

Notes to Financial Statements

12. Short-term and Long-term Loans Payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the long-term loans payable as of February 28, 2022 and August 31, 2021.

| | Thousands of yen | |
|---|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| 0.21977% unsecured short-term loans due 2022 | ¥ – | ¥ 700,000 |
| Total short-term loans payable | – | 700,000 |
| 0.68000% unsecured long-term loans due 2023 | ¥ 5,890,000 | ¥ 5,890,000 |
| 0.67680% unsecured long-term loans due 2023 (*) | 9,220,000 | 9,220,000 |
| 0.79000% unsecured long-term loans due 2024 | 2,870,000 | 2,870,000 |
| 0.76155% unsecured long-term loans due 2024 (*) | 6,190,000 | 6,190,000 |
| 0.89000% unsecured long-term loans due 2025 | 4,160,000 | 4,160,000 |
| 0.88680% unsecured long-term loans due 2025 (*) | 4,910,000 | 4,910,000 |
| 0.98000% unsecured long-term loans due 2026 | 1,510,000 | 1,510,000 |
| 0.93127% unsecured long-term loans due 2026 (*) | 2,250,000 | 2,250,000 |
| 0.42945% unsecured long-term loans due 2022 | – | 1,300,000 |
| 0.38977% unsecured long-term loans due 2023 | 1,900,000 | 1,900,000 |
| 0.47128% unsecured long-term loans due 2023 | 5,600,000 | 5,600,000 |
| 0.51435% unsecured long-term loans due 2025 (*) | 6,750,000 | 6,750,000 |
| 0.59950% unsecured long-term loans due 2026 (*) | 5,880,000 | 5,880,000 |
| 0.34020% unsecured long-term loans due 2026 (*) | 3,100,000 | 3,100,000 |
| 0.42105% unsecured long-term loans due 2027 (*) | 5,100,000 | 5,100,000 |
| 0.30050% unsecured long-term loans due 2026 (*) | 1,300,000 | 1,300,000 |
| 0.36250% unsecured long-term loans due 2027 (*) | 5,700,000 | 5,700,000 |
| 0.40350% unsecured long-term loans due 2027 (*) | 7,900,000 | 7,900,000 |
| 0.42727% unsecured long-term loans due 2025 | 5,000,000 | 5,000,000 |
| 0.44400% unsecured long-term loans due 2027 (*) | 6,300,000 | 6,300,000 |
| 0.50950% unsecured long-term loans due 2028 (*) | 20,000,000 | 20,000,000 |
| 0.21997% unsecured long-term loans due 2022 | – | 550,000 |
| 0.41290% unsecured long-term loans due 2026 | 1,540,000 | 1,540,000 |
| 0.41000% unsecured long-term loans due 2028 (*) | 4,300,000 | 4,300,000 |
| 0.51700% unsecured long-term loans due 2029 (*) | 7,000,000 | 7,000,000 |
| 0.35727% unsecured long-term loans due 2026 | 2,000,000 | 2,000,000 |
| 0.40440% unsecured long-term loans due 2028 (*) | 2,800,000 | 2,800,000 |
| 0.52360% unsecured long-term loans due 2029 (*) | 13,100,000 | 13,100,000 |
| 0.45935% unsecured long-term loans due 2028 | 1,000,000 | – |
| 0.71150% unsecured long-term loans due 2030 (*) | 3,850,000 | – |
| Total long-term loans payable | ¥147,120,000 | ¥144,120,000 |

The stated interest rate is the weighted average interest rate during the period ended February 28, 2022. For certain loans (*) for which LLR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedule for long-term loans subsequent to February 28, 2022 is disclosed in Note 5, “Financial Instruments.”

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

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

| | Thousands of yen | |
|--|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Total amount of committed line of credit | ¥4,000,000 | ¥4,000,000 |
| Borrowings drawn down | – | – |
| Balance of unused committed line of credit | ¥4,000,000 | ¥4,000,000 |

13. Investment Corporation Bonds Payable

The investment corporation bonds payable will be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of February 28, 2022 and August 31, 2021.

| | Issued date | Maturity date | Interest rate | Thousands of yen | |
|---------------------------------|-------------------|-------------------|---------------|-------------------|-----------------|
| | | | | As of | |
| | | | | February 28, 2022 | August 31, 2021 |
| 1st unsecured bond | February 15, 2017 | February 15, 2022 | 0.260% | ¥ – | ¥ 4,000,000 |
| 2nd unsecured bond | February 15, 2017 | February 15, 2027 | 0.580% | 2,000,000 | 2,000,000 |
| 3rd unsecured bond | July 13, 2017 | July 13, 2027 | 0.650% | 3,500,000 | 3,500,000 |
| 4th unsecured bond | December 21, 2017 | December 21, 2021 | 0.170% | – | 1,000,000 |
| 5th unsecured bond | December 21, 2017 | December 21, 2027 | 0.630% | 1,000,000 | 1,000,000 |
| 6th unsecured bond (Green bond) | February 20, 2020 | February 20, 2030 | 0.590% | 3,000,000 | 3,000,000 |
| 7th unsecured bond (Green bond) | February 16, 2021 | February 15, 2036 | 0.760% | 2,000,000 | 2,000,000 |
| 8th unsecured bond (Green bond) | February 10, 2022 | February 10, 2028 | 0.250% | 2,000,000 | – |
| Total | | | | ¥13,500,000 | ¥16,500,000 |

14. Income Taxes

LLR is subject to Japanese corporate income taxes on its taxable income. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of February 28, 2022 and August 31, 2021 are as follows:

| | Thousands of yen | |
|---------------------------|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Enterprise tax payable | ¥ – | ¥21 |
| Total deferred tax assets | – | 21 |
| Net deferred tax assets | ¥ – | ¥21 |

Reconciliation of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statement of income for the periods ended February 28, 2022 and August 31, 2021 are as follows:

| | For the periods ended | |
|----------------------------------|-----------------------|-----------------|
| | February 28, 2022 | August 31, 2021 |
| Statutory tax rate | 31.46% | 31.46% |
| Adjustments: | | |
| Deductible distributions | (31.46%) | (31.45%) |
| Other | 0.01% | 0.01% |
| Actual effective income tax rate | 0.01% | 0.02% |

Notes to Financial Statements

15. Per Unit Information

The following table summarizes per unit information for the fiscal period ended February 28, 2022 and August 31, 2021.

| | Yen | |
|--|-----------------------|-----------------|
| | For the periods ended | |
| | February 28, 2022 | August 31, 2021 |
| Net income per unit | | |
| Basic net income per unit | ¥ 2,898 | ¥ 3,041 |
| Weighted average number of units outstanding | 1,785,000 | 1,738,396 |

| | Yen | |
|---------------------|-------------------|-----------------|
| | As of | |
| | February 28, 2022 | August 31, 2021 |
| Net assets per unit | ¥ 120,104 | ¥ 120,398 |

(Note) Net income per unit is calculated by dividing net income by the average number of investment units for the period. Net income for the basis for calculating net income per unit are 5,174,010 thousand yen and 5,287,566 thousand yen for the period ended February 28, 2022 and August 31, 2021, respectively. The diluted net income per unit is not stated here as there are no diluted investment units.

16. Transactions with Related Parties

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

(For the period ended February 28, 2022)

None

(For the period ended August 31, 2021)

None

b) Transactions and Account Balances with Affiliates

(For the period ended February 28, 2022)

None

(For the period ended August 31, 2021)

None

c) Transactions and Account Balances with Companies under Common Control

(For the period ended February 28, 2022)

| 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) | ¥1,344,645 | Accounts payable | ¥1,475,809 |

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

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

(Note 3) The asset management fee, attributable to investment security acquisitions, were 3,000 thousand yen.

(For the period ended August 31, 2021)

| 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) | ¥1,745,962 | Accounts payable | ¥1,478,347 |

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

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

(Note 3) The asset management fee, attributable to property and investment security acquisitions, were 400,000 thousand yen and 2,010 thousand yen, respectively.

17. Segment Information

Segment Information

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

Related Information

(For the period ended February 28, 2022)

a) Information by Products and Services

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

b) Information by Geographic Region

(i) Operating Revenues

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

c) Information by Major Customers

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

(For the period ended August 31, 2021)

a) Information by Products and Services

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

b) Information by Geographic Region

(i) Operating Revenues

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

Notes to Financial Statements

(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 sheet.

c) Information by Major Customers

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

18. Revenue Recognition

The breakdown information on revenue from contracts with customers are as follows:

| | Thousands of yen | |
|---------------------------------|--|-----------------------------|
| | For the periods ended February 28, 2022 | |
| | Revenue from contracts with customers (Note) | Sales to external customers |
| Sales of real estate properties | ¥ – | ¥ – |
| Utilities charge reimbursement | 445,550 | 445,550 |
| Other | – | 10,144,577 |
| Total | ¥445,550 | ¥10,590,128 |

(Note) Rental revenue, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sales of real estate properties and utilities charge reimbursement.

19. Subsequent Events

None

Supplementary Schedules

1. Schedule of Securities

a) Stocks

None

b) Securities other than stocks

| Type | Issue | Thousands of yen | | | | Remarks |
|----------------------|--|-------------------------|-----------------|---------------------|------------------------|----------|
| | | As of February 28, 2022 | | | | |
| | | Face value | Book value | Fair value (Note 1) | Valuation gain or loss | |
| Preferred securities | Kansai 1 Property TMK Preferred Securities | ¥ – | ¥513,701 | ¥513,701 | ¥ – | (Note 2) |
| Total | | ¥ – | ¥513,701 | ¥513,701 | ¥ – | |

(Note 1) The book value is shown for the appraisal value.

(Note 2) The underlying asset is trust beneficiary interest for (Tentative name) Osaka Suminoe Logistics Center Project.

2. Schedule of Contract Amounts and Fair Value of Derivative Transactions and Forward Exchange Transactions

| Hedge accounting method | Type of derivative transaction | Primary hedged item | Thousands of yen | | |
|---|--|-------------------------|---------------------------|--------------------|---------------------|
| | | | As of February 28, 2022 | | |
| | | | Contract amounts (Note 1) | | Fair value (Note 2) |
| | | | Total | Due after one year | |
| Special treatment for interest rate swaps | Interest rate swaps Receive floating / Pay fixed | Long-term loans payable | ¥115,650,000 | ¥106,430,000 | ¥70,171 |

(Note 1) Contract amounts of interest-rate swaps are presented based on notional amounts.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

(Note 3) The transactions are not valued at fair value because of adoption of the special accounting treatment for interest rate swap under Japanese GAAP.

3. Schedule of Property and Equipment

The schedule is described in the aforementioned “Note 7 Property and Equipment, the table for as of February 28, 2022.”

4. Schedule of Other Specified Assets

The beneficial interests in real estate trusts are included in the aforementioned “Note 7 Property and Equipment, the table for as of February 28, 2022.”

Supplementary Schedules

5. Schedule of Investment Corporation Bonds Payable

| | Issued date | Maturity date | Interest rate | Thousands of yen | | | Use | Collateral |
|---------------------------------|-------------------|-------------------|---------------|-------------------------|-------------------|--------------------|----------------------------------|------------|
| | | | | As of February 28, 2022 | | | | |
| | | | | Beginning balance | Decrease | Ending balance | | |
| 1st unsecured bond | February 15, 2017 | February 15, 2022 | 0.260% | ¥ 4,000,000 | ¥4,000,000 | ¥ - | | |
| 2nd unsecured bond | February 15, 2017 | February 15, 2027 | 0.580% | 2,000,000 | - | 2,000,000 | | |
| 3rd unsecured bond | July 13, 2017 | July 13, 2027 | 0.650% | 3,500,000 | - | 3,500,000 | | |
| 4th unsecured bond | December 21, 2017 | December 21, 2021 | 0.170% | 1,000,000 | 1,000,000 | - | | |
| 5th unsecured bond | December 21, 2017 | December 21, 2027 | 0.630% | 1,000,000 | - | 1,000,000 | Repayment of existing borrowings | |
| 6th unsecured bond (Green bond) | February 20, 2020 | February 20, 2030 | 0.590% | 3,000,000 | - | 3,000,000 | Unsecured/ unguaranteed | |
| 7th unsecured bond (Green bond) | February 16, 2021 | February 15, 2036 | 0.760% | 2,000,000 | - | 2,000,000 | | |
| 8th unsecured bond (Green bond) | February 10, 2022 | February 10, 2028 | 0.250% | - | - | 2,000,000 | | |
| Total | | | | ¥16,500,000 | ¥5,000,000 | ¥13,500,000 | | |

(Note) The yearly schedule of redemption for investment corporation bonds payable within five years after February 28, 2022 is as follows:

| Investment corporation bonds payable | Thousands of yen | | | | |
|--------------------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|
| | As of February 28, 2022 | | | | |
| | 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 |
| | ¥ - | ¥ - | ¥ - | ¥ - | ¥2,000,000 |

6. Schedule of Short-term and Long-term Loans Payable

| Lender | Thousands of yen | | | | Average interest rate (Note 1) | Repayment date | Use | Remarks |
|---------------------------------------|-------------------------|------------|------------------|----------------|--------------------------------|----------------------------|----------|-------------------------|
| | As of February 28, 2022 | | | | | | | |
| | Beginning balance | Increase | Decrease | Ending balance | | | | |
| Short-term loans payable | | | | | | | | |
| MUFG Bank, Ltd. | ¥ 390,000 | ¥ - | ¥ 390,000 | ¥ - | 0.21977% | April 28, 2022 | (Note 2) | Unsecured/ unguaranteed |
| Mizuho Bank, Ltd. | 310,000 | - | 310,000 | - | | | | |
| Total short-term loans payable | ¥ 700,000 | ¥ - | ¥ 700,000 | ¥ - | | | | |
| Long-term loans payable | | | | | | | | |
| MUFG Bank, Ltd. | ¥ 3,170,000 | ¥ - | ¥ - | ¥ 3,170,000 | 0.68000% | February 17, 2023 (Note 7) | (Note 2) | Unsecured/ unguaranteed |
| Mizuho Bank, Ltd. | 3,100,000 | - | - | 3,100,000 | | | | |
| Sumitomo Mitsui Banking Corporation | 3,100,000 | - | - | 3,100,000 | 0.67680% | February 17, 2023 (Note 7) | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 3,020,000 | - | - | 3,020,000 | | | | |
| Development Bank of Japan Inc. | 2,720,000 | - | - | 2,720,000 | 0.68000% | February 17, 2023 (Note 7) | (Note 2) | Unsecured/ unguaranteed |
| MUFG Bank, Ltd. | 2,870,000 | - | - | 2,870,000 | 0.79000% | February 19, 2024 | (Note 2) | Unsecured/ unguaranteed |
| Mizuho Bank, Ltd. | 2,530,000 | - | - | 2,530,000 | | | | |
| Sumitomo Mitsui Banking Corporation | 2,530,000 | - | - | 2,530,000 | 0.76155% | February 19, 2024 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 1,130,000 | - | - | 1,130,000 | | | | |
| MUFG Bank, Ltd. | 4,160,000 | - | - | 4,160,000 | 0.89000% | February 17, 2025 | (Note 2) | Unsecured/ unguaranteed |
| Mizuho Bank, Ltd. | 2,080,000 | - | - | 2,080,000 | | | | |
| Sumitomo Mitsui Banking Corporation | 2,080,000 | - | - | 2,080,000 | 0.88680% | February 17, 2025 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 750,000 | - | - | 750,000 | | | | |
| MUFG Bank, Ltd. | 1,510,000 | - | - | 1,510,000 | 0.98000% | February 17, 2026 | (Note 2) | Unsecured/ unguaranteed |
| Mizuho Bank, Ltd. | 900,000 | - | - | 900,000 | | | | |
| Sumitomo Mitsui Banking Corporation | 900,000 | - | - | 900,000 | 0.93127% | February 17, 2026 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 450,000 | - | - | 450,000 | | | | |
| Development Bank of Japan Inc. | 500,000 | - | 500,000 | - | | | | |
| Resona Bank, Limited | 400,000 | - | 400,000 | - | 0.42945% | March 1, 2022 | (Note 3) | Unsecured/ unguaranteed |
| The Bank of Fukuoka | 400,000 | - | 400,000 | - | | | | |
| Sumitomo Mitsui Banking Corporation | 1,900,000 | - | - | 1,900,000 | 0.38977% | September 1, 2023 | (Note 3) | Unsecured/ unguaranteed |
| MUFG Bank, Ltd. | 2,300,000 | - | - | 2,300,000 | | | | |
| Mizuho Bank, Ltd. | 1,900,000 | - | - | 1,900,000 | 0.47128% | September 1, 2023 | (Note 3) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 1,400,000 | - | - | 1,400,000 | | | | |

Supplementary Schedules

| Lender | Thousands of yen | | | Average interest rate (Note 1) | Repayment date | Use | Remarks |
|--|-------------------|----------|----------|--------------------------------|-------------------|----------|-------------------------|
| | Beginning balance | Increase | Decrease | | | | |
| MUFG Bank, Ltd. | 310,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 410,000 | - | - | | | | |
| Sumitomo Mitsui Banking Corporation | 410,000 | - | - | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 370,000 | - | - | | | | |
| Development Bank of Japan Inc. | 800,000 | - | - | | | | |
| Resona Bank, Limited | 1,250,000 | - | - | 0.51435% | March 5, 2025 | (Note 2) | Unsecured/ unguaranteed |
| The Bank of Fukuoka | 1,150,000 | - | - | | | | |
| Shinsei Bank, Limited | 850,000 | - | - | | | | |
| The 77 Bank, Ltd. | 300,000 | - | - | | | | |
| The Nomura Trust and Banking Co., Ltd. | 500,000 | - | - | | | | |
| The Chugoku Bank, Limited | 400,000 | - | - | | | | |
| MUFG Bank, Ltd. | 1,850,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 1,450,000 | - | - | | | | |
| Sumitomo Mitsui Banking Corporation | 1,450,000 | - | - | 0.59950% | March 5, 2026 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 1,130,000 | - | - | | | | |
| Resona Bank, Limited | 550,000 | - | - | | | | |
| The Bank of Fukuoka | 550,000 | - | - | | | | |
| Shinsei Bank, Limited | 700,000 | - | - | | | | |
| The 77 Bank, Ltd. | 400,000 | - | - | 0.34020% | February 17, 2026 | (Note 2) | Unsecured/ unguaranteed |
| The Nomura Trust and Banking Co., Ltd. | 450,000 | - | - | | | | |
| The Chugoku Bank, Limited | 450,000 | - | - | | | | |
| MUFG Bank, Ltd. | 1,600,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 1,200,000 | - | - | | | | |
| Sumitomo Mitsui Banking Corporation | 800,000 | - | - | 0.42105% | February 15, 2027 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 800,000 | - | - | | | | |
| Development Bank of Japan Inc. | 700,000 | - | - | | | | |
| The Bank of Fukuoka | 93,000 | - | - | | | | |
| Shinsei Bank, Limited | 743,000 | - | - | 0.30050% | February 17, 2026 | (Note 2) | Unsecured/ unguaranteed |
| The 77 Bank, Ltd. | 232,000 | - | - | | | | |
| The Nomura Trust and Banking Co., Ltd. | 232,000 | - | - | | | | |

| Lender | Thousands of yen | | | Average interest rate (Note 1) | Repayment date | Use | Remarks |
|--|-------------------|----------|----------|--------------------------------|-------------------|----------|-------------------------|
| | Beginning balance | Increase | Decrease | | | | |
| Shinsei Bank, Limited | 1,500,000 | - | - | | | | |
| Resona Bank, Limited | 1,300,000 | - | - | | | | |
| THE NISHI-NIPPON CITY BANK, LTD. | 1,000,000 | - | - | | | | |
| The Nomura Trust and Banking Co., Ltd. | 900,000 | - | - | 0.36250% | February 15, 2027 | (Note 2) | Unsecured/ unguaranteed |
| The Chugoku Bank, Limited | 500,000 | - | - | | | | |
| The Bank of Fukuoka | 500,000 | - | - | | | | |
| MUFG Bank, Ltd. | 2,300,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 2,200,000 | - | - | | | | |
| Sumitomo Mitsui Banking Corporation | 1,800,000 | - | - | 0.40350% | July 13, 2027 | (Note 2) | Unsecured/ unguaranteed |
| Development Bank of Japan Inc. | 1,600,000 | - | - | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 5,000,000 | - | - | 0.42727% | August 29, 2025 | (Note 2) | Unsecured/ unguaranteed |
| Development Bank of Japan Inc. | 1,500,000 | - | - | | | | |
| Resona Bank, Limited | 1,300,000 | - | - | | | | |
| The Bank of Fukuoka | 1,000,000 | - | - | | | | |
| Shinsei Bank, Limited | 1,000,000 | - | - | 0.44400% | December 21, 2027 | (Note 2) | Unsecured/ unguaranteed |
| The Chugoku Bank, Limited | 500,000 | - | - | | | | |
| THE NISHI-NIPPON CITY BANK, LTD. | 1,000,000 | - | - | | | | |
| MUFG Bank, Ltd. | 7,900,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 6,300,000 | - | - | 0.50950% | December 20, 2028 | (Note 2) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Banking Corporation | 5,800,000 | - | - | | | | |
| MUFG Bank, Ltd. | 200,000 | - | 200,000 | | | | |
| The Nomura Trust and Banking Co., Ltd. | 350,000 | - | 350,000 | 0.21997% | February 28, 2022 | (Note 4) | Unsecured/ unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | 1,540,000 | - | - | 0.41290% | February 17, 2026 | (Note 4) | Unsecured/ unguaranteed |
| Resona Bank, Limited | 950,000 | - | - | | | | |
| The Bank of Fukuoka | 1,350,000 | - | - | | | | |
| Shinsei Bank, Limited | 900,000 | - | - | 0.41000% | June 30, 2028 | (Note 4) | Unsecured/ unguaranteed |
| The Chugoku Bank, Limited | 100,000 | - | - | | | | |
| THE NISHI-NIPPON CITY BANK, LTD. | 1,000,000 | - | - | | | | |
| MUFG Bank, Ltd. | 1,640,000 | - | - | | | | |
| Mizuho Bank, Ltd. | 1,640,000 | - | - | | | | |
| Sumitomo Mitsui Banking Corporation | 1,640,000 | - | - | 0.51700% | June 29, 2029 | (Note 4) | Unsecured/ unguaranteed |
| Development Bank of Japan Inc. | 2,080,000 | - | - | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 2,000,000 | - | - | 0.35727% | April 30, 2026 | (Note 2) | Unsecured/ unguaranteed |

Supplementary Schedules

| Lender | Thousands of yen | | | | Average interest rate (Note 1) | Repayment date | Use | Remarks |
|--|-------------------|------------|------------|----------------|--------------------------------|----------------|----------|-------------------------|
| | Beginning balance | Increase | Decrease | Ending balance | | | | |
| As of February 28, 2022 | | | | | | | | |
| Shinsei Bank, Limited | 1,000,000 | - | - | 1,000,000 | | | | |
| Aozora Bank, Ltd. | 1,000,000 | - | - | 1,000,000 | 0.40440% | June 30, 2028 | (Note 2) | Unsecured/ unguaranteed |
| Resona Bank, Limited | 800,000 | - | - | 800,000 | | | | |
| MUFG Bank, Ltd. | 4,200,000 | - | - | 4,200,000 | | | | |
| Mizuho Bank, Ltd. | 3,800,000 | - | - | 3,800,000 | | | | |
| Sumitomo Mitsui Banking Corporation | 3,600,000 | - | - | 3,600,000 | 0.52360% | June 29, 2029 | (Note 2) | Unsecured/ unguaranteed |
| Development Bank of Japan Inc. | 1,500,000 | - | - | 1,500,000 | | | | |
| Aozora Bank, Ltd. | - | 1,000,000 | - | 1,000,000 | 0.45935% | June 30, 2028 | (Note 5) | Unsecured/ unguaranteed |
| MUFG Bank, Ltd. | - | 2,550,000 | - | 2,550,000 | | | | |
| Development Bank of Japan Inc. | - | 500,000 | - | 500,000 | 0.71150% | June 28, 2030 | (Note 6) | Unsecured/ unguaranteed |
| Resona Bank, Limited | - | 400,000 | - | 400,000 | | | | |
| The Bank of Fukuoka | - | 400,000 | - | 400,000 | | | | |
| Total long-term loans payable | ¥144,120,000 | ¥4,850,000 | ¥1,850,000 | ¥147,120,000 | | | | |
| Total short-term and long-term loans payable | ¥144,820,000 | ¥4,850,000 | ¥2,550,000 | ¥147,120,000 | | | | |

(Note 1) Average interest rate represents the weighted average interest rate during the fiscal period and is rounded to the 6th decimal place. Also, average interest rates on borrowings with interest-rate swaps used to hedge interest rate risk are stated taking into account the effects of interest-rate swaps.

(Note 2) The funds were used for acquisition of trust beneficiary interest in properties and payment of related costs.

(Note 3) The funds were used for acquisition of trust beneficiary interest in properties, payment of related costs and repayment of short-term loans payable.

(Note 4) The funds were used for repayment of short-term and long-term loans payable.

(Note 5) The funds were used for redemption of investment corporation bonds.

(Note 6) The funds were used for repayment of long-term loans payable and redemption of investment corporation bonds.

(Note 7) Current portion of long-term loans payable is included in long-term loans payable.

(Note 8) The yearly schedule of repayment for long-term loans payable within five years after February 28, 2022 is as follows:

| | Thousands of yen | | | | |
|-------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|
| | As of February 28, 2022 | | | | |
| | 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 |
| Long-term loans payable | ¥15,110,000 | ¥16,560,000 | ¥9,070,000 | ¥21,450,000 | ¥18,680,000 |

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of LaSalle LOGIPORT REIT

Opinion

We have audited the financial statements of LaSalle LOGIPORT REIT (the Company), which comprise the balance sheet as at February 28 2022, and the statement of income, statement of changes in net assets, statement of cash distributions and statement of cash flows for the six months period then ended, and notes to financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28 2022, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
T: +81 (3) 6212 6800, F: +81 (3) 6212 6801, www.pwc.com/jp/assurance



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hideo Ohta
Designated Engagement Partner
Certified Public Accountant

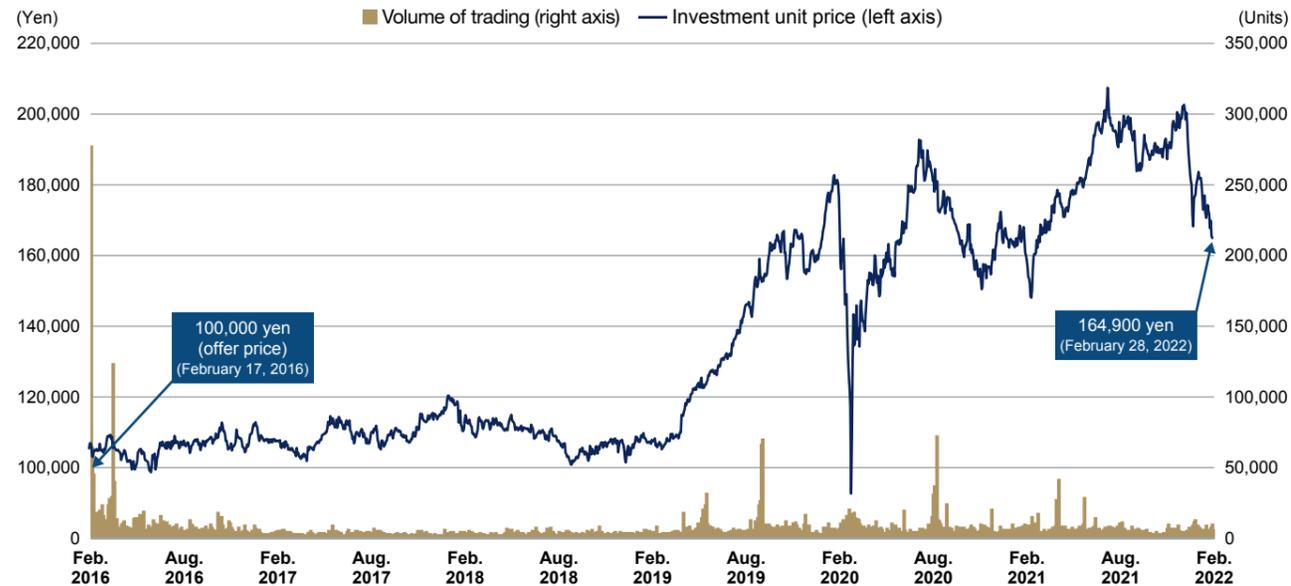
Takashi Yabutani
Designated Engagement Partner
Certified Public Accountant

PricewaterhouseCoopers Aarata LLC

May 30, 2022

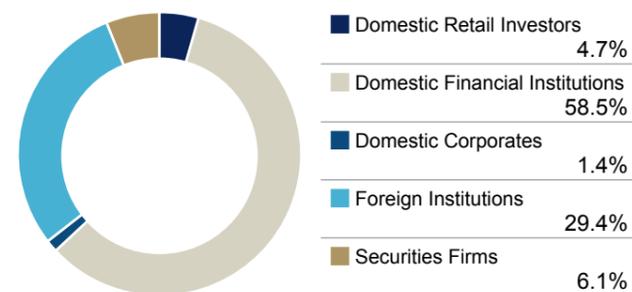
Investor Information

Change in Investment Unit Price



Unitholders Summary

Breakdown of Units Held by Unitholder Type



Unitholder Breakdown by Unitholder Type

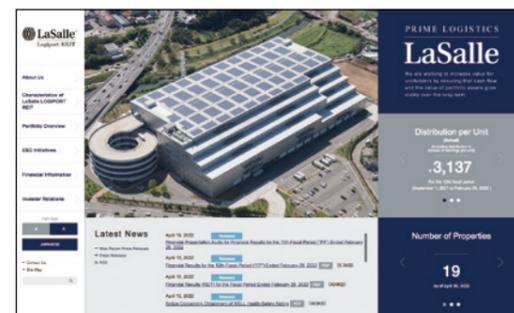


Schedule of Annual IR-Related Events

- Feb.** Closing of the fiscal period ending February
- Apr.** Results announcement of the fiscal period ending February
- May** Start of distribution payment for the period ending February
Delivery of asset management report for the fiscal period ending February
- Aug.** Closing of the fiscal period ending August
- Oct.** Results announcement of the fiscal period ending August
- Nov.** Start of distribution payment for the period ending August
Delivery of asset management report for the fiscal period ending August

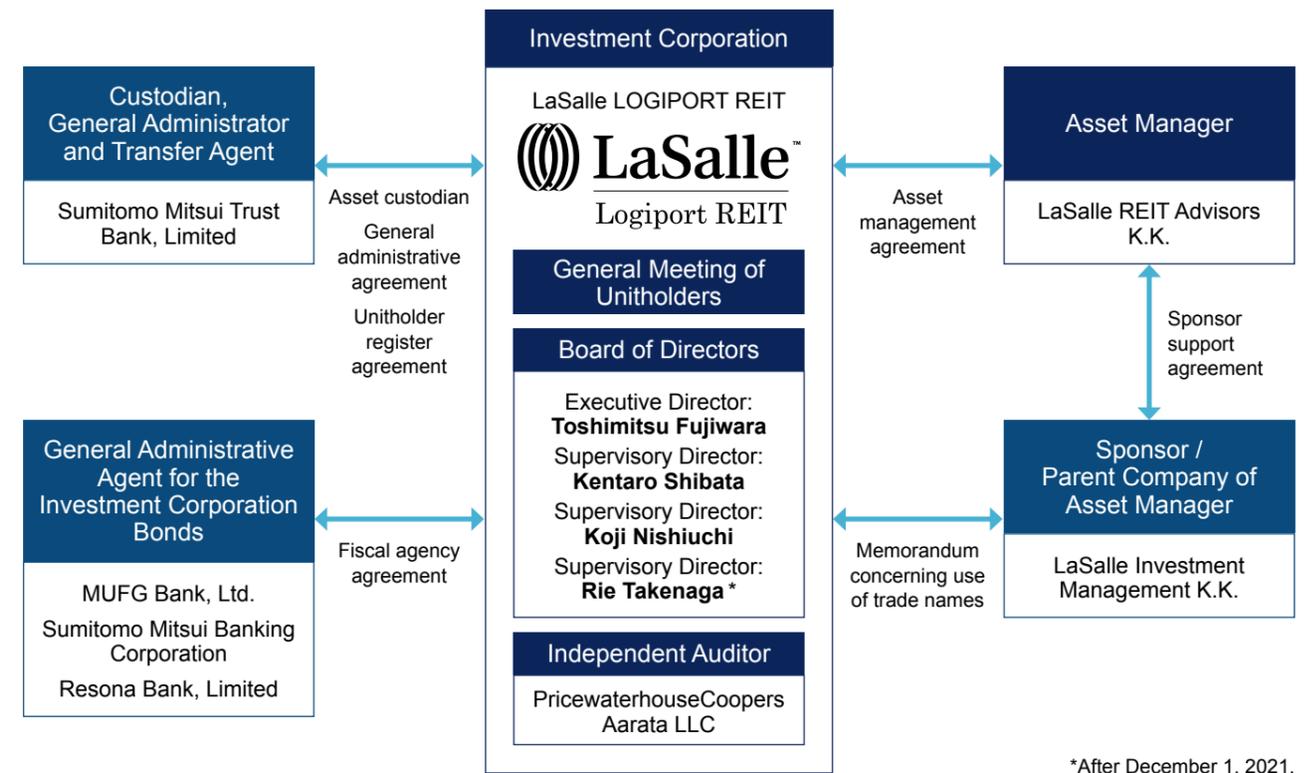
LLR's Website

LLR has prepared various contents for prompt and accurate information disclosure through its website. LLR will continue to further improve the contents and provide information in a timely manner.



<https://lasalle-logiport.com/english/>

Structure of LLR



Overview of the Asset Manager

| | |
|--|---|
| Name | LaSalle REIT Advisors K.K. |
| Established Date | March 18, 2002 |
| Capital | 164.5 million yen (as of February 28, 2022) |
| Shareholder | LaSalle Investment Management K.K. (100% ownership) |
| Financial Instrument Trader under Article 29 of the Financial Instruments and Exchange Act | Registration No.: The Director of Kanto Finance Bureau (Kinsho) No. 2863 |
| Building Lots and Buildings Transaction Business License | License No.: Tokyo Governor's Office license (2) No. 97862 |
| Discretionary Transaction Agent License | License No.: Minister of Land, Infrastructure, Transport and Tourism No. 92 |

