

Financial Results (REIT) for the Fiscal Period Ended August 31, 2020

October 15, 2020

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

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

Asset Management Company: LaSalle REIT Advisors K.K.
 Representative: (Title) President and CEO
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Scheduled filing date of securities report: November 27, 2020

Scheduled date of distribution payment commencement: November 18, 2020

Supplementary information for financial results: Yes

Briefing meeting for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended August 31, 2020 (March 1, 2020 to August 31, 2020)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended August 31, 2020	7,430	(15.2)	4,066	(22.3)	3,664	(23.0)	3,663	(23.0)
Fiscal period ended February 29, 2020	8,758	26.2	5,233	28.8	4,760	29.1	4,759	29.1

	Net income per unit	Ratio of net income on unitholders' equity (ROE)	Ratio of ordinary income on total assets (ROA)	Ratio of ordinary income on operating revenues
	Yen	%	%	%
Fiscal period ended August 31, 2020	2,687	2.5	1.4	49.3
Fiscal period ended February 29, 2020	3,531	3.6	2.0	54.4

(2) Distributions

	Distributions per unit (excluding those in excess of retained earnings per unit)	Total amount of distributions (excluding those in excess of retained earnings)	Distributions per unit (including those in excess of retained earnings)	Total amount of distributions (including those in excess of retained earnings)	Payout ratio	Net assets distribution ratio
	Yen	Million yen	Yen	Million yen	%	%
Fiscal period ended August 31, 2020	2,688	3,663	204	278	100.0	2.5
Fiscal period ended February 29, 2020	3,492	4,759	178	242	100.0	3.4

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

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

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

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

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

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

(3) Financial Position

	<u>Total assets</u>	<u>Net assets</u>	<u>Unitholders' equity ratio</u>	<u>Net assets per unit</u>
	Million yen	Million yen	%	Yen
Fiscal period ended August 31, 2020	262,435	143,202	54.6	105,064
Fiscal period ended February 29, 2020	263,283	144,540	54.9	106,046

(4) Cash Flows

	<u>Cash flows from operating activities</u>	<u>Cash flows from investing activities</u>	<u>Cash flows from financing activities</u>	<u>Cash and cash equivalents at period end</u>
	Million yen	Million yen	Million yen	Million yen
Fiscal period ended August 31, 2020	5,883	(343)	(5,003)	13,991
Fiscal period ended February 29, 2020	8,961	(37,802)	32,552	13,456

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

(% figures show period-over-period change)

	<u>Operating revenues</u>		<u>Operating income</u>		<u>Ordinary income</u>		<u>Net income</u>		<u>Distributions per unit (excluding those in excess of retained earnings per unit)</u>	<u>Distributions in excess of retained earnings per unit</u>	<u>Distributions per unit (including those in excess of retained earnings per unit)</u>
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
Fiscal period ended February 28, 2021	9,556	28.6	5,237	28.8	4,537	23.8	4,536	23.8	2,769	231	3,000
Fiscal period ended August 31, 2021	9,491	(0.7)	4,979	(4.9)	4,446	(2.0)	4,445	(2.0)	2,713	232	2,945

Reference: Forecasted net income per unit for the period ending February 28, 2021: 2,772 yen; forecasted net income per unit for the period ending August 31, 2021: 2,713 yen

* Other

- (1) Changes in accounting policies, changes in accounting estimates and retrospective restatements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
 - (ii) Changes in accounting policies other than (i) above : None
 - (iii) Changes in accounting estimates : None
 - (iv) Retrospective restatements : None
- (2) Total number of investment units issued and outstanding

	<u>Fiscal period ended August 31, 2020</u>	<u>Fiscal period ended February 29, 2020</u>
(i) Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period	1,363,000 units	1,363,000 units
(ii) Number of treasury units at the end of the fiscal period	-	-

Note: Please see the "Notes to Per Unit Information" on page 31 for the number of investment units used as the basis for calculating net income per unit.

* Presentation of the status of implementation of audit procedures

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

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

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

For further details about the assumptions used in the forecasts above, please refer to the "Forecast Assumptions for the Fiscal Periods Ending February 28, 2021 and August 31, 2021" stated on page 8 below.

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1. Management Policy and Management Status

(1) Management Status

(Overview of the Fiscal Period)

(i) Significant developments of the investment corporation

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

The financial statements for the fiscal period ended August 31, 2020 (9th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,363,000 units.

(ii) Investment Environment and Management Performance

The impact of the spread of the new coronavirus (COVID-19) resulted in a slowdown in domestic and international economies and increased volatility in the capital markets. Private consumption has also declined significantly, particularly in service areas such as food & beverage, and accommodations. This has had a significant impact on the real estate leasing market, particularly in hotels and commercial retail facilities. However, in logistics real estate, demand for rental properties remained firm against a backdrop of further expansion in the e-commerce market, where vacancy rates remained at low levels in the Tokyo metropolitan area as well as the Osaka area.

Under these conditions, LLR steadily managed its 16 properties (total acquisition price 245,686 million yen, leasable floor area 1,063,488m²) and the overall weighted average portfolio occupancy rate through the fiscal period was in a strong position at 99.1%. LLR's portfolio has 141 tenants as of the end of this fiscal period ended August 31, 2020, and aims for further tenant diversification.

(iii) Overview of Procurement of Funds

As far as the 9th fiscal period was concerned, at the end of the current fiscal period, the balance of interest-bearing debt of LLR was 112,244 million yen and LTV was 42.8%

The status of LLR's credit ratings assigned as of August 31, 2020 was as follows.

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

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

(iv) Overview of Business Performance and Distributions

The operating period for the current fiscal period was 184 days from March 1, 2020 to August 31, 2020. During this fiscal period, LLR generated operating revenues of 7,430 million yen, operating income of 4,066 million yen, ordinary income of 3,664 million yen, and net income of 3,663 million yen.

Furthermore, through application of Article 67, Provision 15(1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments), LLR intends to include distributions as deductible expenses and distribute the entire amount of unappropriated retained earnings (excluding fractional distribution amounts of less than one yen per investment unit). As a result, the distribution amount per investment unit is 2,688 yen.

In addition to this, in accordance with the distribution policy provided for in LLR's Articles of Incorporation, in principle LLR makes ongoing distributions in excess of retained earnings each fiscal period ("Ongoing Distributions in Excess of Retained Earnings") (Note 1). Furthermore, in addition to Ongoing Distributions in Excess of Retained Earnings, LLR may make distributions, of an amount that it determines, as a distribution of the amount of temporary excess profit, but only for the purpose of equalizing the amount of distributions per unit (Note 2) in the event there are one-time reductions up to a certain amount of distributions per unit as a result of: (i) financing activities such as the issuance of new investment units, the issuance of short-term corporate bonds, or borrowings; (ii) large-scale repairs resulting from earthquakes and other natural disasters or fires and other accidents; (iii) payments for the settlement of lawsuits; (iv) losses on sales of real estate; or (v) other reasons.

In the current fiscal period, LLR distributed 278 million yen as an Ongoing Distribution in Excess of Retained Earnings, an amount equivalent to approximately 30% of the 930 million yen that was the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation for the current fiscal period. As a result, the distribution in excess of retained earnings per unit in the current fiscal period was 204 yen (Note 3).

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

Note 2. The amount of distributions which are the sum of the regular distributions in excess of retained earnings and the additional distributions in excess of our retained earnings when additional distributions in excess of retained earnings are made are limited to 60% of the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation calculated as of the last day of the relevant calculation period.

Note 3. The engineering report for each property prepared by Earth-Appraisal Co., Ltd estimates that the amount of anticipated semi-annual average of emergency or short-term repair and maintenance expenses and medium- to long-term repair and maintenance expenses is 254 million yen. LLR determines to make distributions in excess of retained earnings, considering that the amount of distributions in excess of retained earnings maintain the value of its portfolio and its financial stability taking into account macroeconomic environment, trends in the real estate market and real estate leasing industry and its financial conditions. Please note that the amount of distributions in excess of retained earnings will be deducted from the balance of LLR's unit holders' equity upon payment.

(Outlook for the Future)

(i) Future Management Policy and Issues to Address

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

With respect to its external growth strategy, LLR will make the most of the property information provided by the LaSalle Group (Note 1) as well as LaSalle REIT Advisors' unique capabilities in obtaining property information. Under its sponsor support agreement, LLR is able to receive information about the sale of properties owned by LaSalle Fund (Note 2), and because of this enjoys diverse sourcing routes that tap into both sourcing from the LaSalle Fund and sourcing from third parties.

With respect to its internal growth strategy, LLR will aim to realize internal growth by leveraging its active asset management (Note 3) expertise that is a hallmark of the LaSalle Group, thanks in part to the personnel that will be provided to it and the information made available under the sponsor support agreement. LLR's portfolio is characterized by a highly stable cash flow attributed to a diversified tenant base, in addition to its staggered lease renewal dates, due to the terms of its lease agreements. When renewal dates are nearing, LLR will work to revise lease rates up after carefully reviewing market lease rates and vacancy rates. In addition, given the current uncertain outlook, LLR will work to stabilize rent income by actively renewing contracts that will come due in the future ahead of schedule. LLR will also endeavor to maintain and strengthen the competitiveness of its properties by making appropriate repairs and capital expenditures.

With respect to financial strategy, LLR will strive to build an optimized capital structure with a sound financial foundation by taking advantage of its strong financial position in order to achieve a balance between stability in its finances and funding costs, while diversifying how it procures its funding sources, along with staggering debt maturities, while also considering the use of variable interest rates. In addition, LLR will focus on banks' lending attitudes and provide a greater level of on-hands liquidity in order to implement smooth refinancing.

Note 1. "LaSalle Group" refers to the group of companies that provides real estate investment management services in 22 office locations in 15 countries (as of June 30, 2020) in the United States, Europe and the Asia-Pacific region, centered on LaSalle Investment Management Inc., which is one of the world's leading real estate investment advisory firms.

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

Note 3. "Active asset management" is a generic term for management techniques aimed at increasing cash flow by identifying opportunities to create added value of properties held by carefully examining macro factors such as market lease rates and vacancy rates as well as the micro factors of each property, such as tenant lease terms and building management conditions.

(ii) Significant Subsequent Events

a. Issuance of new investment units

LLR adopted a resolution on the issuance of new investment units as described below at the Board of Directors meeting held on August 17, 2020, and payment was completed on September 1, 2020, for the issuance of new investment units through a public offering and on September 29, 2020, for the issuance of new investment units through a third-party allotment.

(Issuance of new investment units through a public offering)

Number of investment units issued	261,904 units
Issue price	176,677 yen per unit
Total issue price	46,272,413,008 yen
Issue value	170,715 yen per unit
Total issue value	44,710,941,360 yen
Payment date	September 1, 2020

(Issuance of new investment units through a third-party allotment)

Number of investment units issued	13,096 units
Issue value	170,715 yen per unit
Total issue value	2,235,683,640 yen
Payment date	September 29, 2020
Subscriber	Nomura Securities Co., Ltd.

b. Borrowing of funds

LLR decided to borrow the following funds on September 1, 2020, and borrowed the funds on September 4, 2020.

Category	Lender	Borrowing Amount (million yen)	Interest Rate (Note 5) (Note 6)	Borrowing Date	Borrowing Method	Repayment Date (Note 9)	Repayment Method (Note 10)	Collateral
Short-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 1)	2,800	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.1625%			August. 31, 2021		
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 2)	5,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3000%	September 4, 2020	Borrowing based on a separate term loan agreement dated September 1, 2020, with the lenders shown on the left	August. 29, 2025	Bullet repayment	Unsecured and non-guaranteed
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 3)	6,300	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3300% (Note 7)			December. 21, 2027		

Category	Lender	Borrowing Amount (million yen)	Interest Rate (Note 5) (Note 6)	Borrowing Date	Borrowing Method	Repayment Date (Note 9)	Repayment Method (Note 10)	Collateral
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 4)	20,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3800% (Note 8)	September 4, 2020	Borrowing based on a separate term loan agreement dated September 1, 2020, with the lenders shown on the left	December 20, 2028	Bullet repayment	Unsecured and non-guaranteed

Note 1. The syndicate of lenders includes MUFG Bank, Ltd. and Mizuho Bank, Ltd.

Note 2. The syndicate of lenders includes Sumitomo Mitsui Trust Bank, Limited.

Note 3. The syndicate of lenders includes Development Bank of Japan Inc., Resona Bank, Limited, Shinsei Bank, Limited, The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd. and The Chugoku Bank, Limited.

Note 4. The syndicate of lenders includes MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

Note 5. "Interest Rate" does not include loan fees payable to lenders.

Note 6. The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day and the immediately preceding business day in case such date would fall in the next calendar month). As to floating interest rates, the base interest rate refers to the Japanese yen TIBOR for three-month deposits announced by the JBA TIBOR Association two business days before the interest payment date for the immediately preceding interest calculation period (however, for the first calculation period, the applicable date is the drawdown date). Please refer to the JBA TIBOR Association's website (<http://www.jbatibor.or.jp/english/>) for changes in the JBA Japanese yen TIBOR.

Note 7. The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	6,300 million yen
Interest Rate	Fixed payment interest rate 0.44400% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3300%
Starting Date	September 4, 2020
Termination Date	December 21, 2027
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.44400%.

Note 8. The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Nomura Securities Co., Ltd.
Notional Principal	20,000 million yen
Interest Rate	Fixed payment interest rate 0.50950% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3800%
Starting Date	September 4, 2020
Termination Date	December 20, 2028
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.50950%.

Note 9. The repayment date will be the immediately following business day in case such date would fall on a day that is not a business day and the immediate preceding business day in case such date would fall in the next calendar month.

Note 10. Partial or full principal repayment prior to the maturity date is permissible under certain conditions such as LLR providing prior written notice of its intention during the period between the borrowing date and the repayment date.

c. Acquisition of assets

LLR has acquired the trust beneficiary interests for the following assets on September 4, 2020. “Acquisition price” was the price to be paid for each Acquisition Asset pursuant to their respective relevant Trust Beneficiary Interests Purchase & Sale Agreement and the Joint Co-ownership Interest Purchase & Sale Agreement for Trust Beneficiary Interests (excluding national and local consumption taxes, and expenses such as transaction fees, and is rounded down to the nearest million yen. The same shall apply hereinafter).

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Tokyo area	Tokyo-14	LOGIPORT Kawasaki Bay (Note)	Kawasaki-city, Kanagawa	32,200	Kawasaki Bay Real Estate Hanbai GK
Tokyo area	Tokyo-15	LOGIPORT Shinmoriya	Tsukubamirai-city, Ibaraki	8,580	Shinmoriya Logistics GK
Osaka area	Osaka-5	LOGIPORT Amagasaki (Note)	Amagasaki-city, Hyogo	23,618	Amagasaki Logistics GK
Osaka area	Osaka-6	LOGIPORT Sakai (Note)	Sakai-city, Osaka	12,075	PLC11L GK
Total				76,473	

Note. Figures expressed above for the intended acquisition prices and appraisal values related to LOGIPORT Kawasaki Bay, LOGIPORT Amagasaki and LOGIPORT Sakai represent each 40%, 49% and 50% joint co-ownership portion in the real estate trust beneficiary interests to be owned by LLR, respectively

d. Disposition of assets

LLR has transferred the trust beneficiary interests for the following assets on September 3, 2020. “Disposition price” was the price to be paid for the Disposition Asset pursuant to the relevant Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Disposition price (million yen)	Buyer
Osaka area	Osaka-4	Suminoe (leasehold land)	Osaka-city, Osaka	4,620	Suminoe Land GK
Total				4,620	

(iii) Forecast of Financial Results

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

	Operating revenues	Operating income	Ordinary income	Net Income	Distributions per unit (excluding those in excess of retained earnings per unit)	Distributions in excess of retained earnings per unit	Distributions per unit (including those in excess of retained earnings per unit)
	Million yen	Million yen	Million yen	Million yen	Yen	Yen	Yen
Fiscal period ending February 28, 2021	9,556	5,237	4,537	4,536	2,769	231	3,000
Fiscal period ending August 31, 2021	9,491	4,979	4,446	4,445	2,713	232	2,945

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

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

Forecast Assumptions for the Fiscal Periods Ending February28, 2021 and August 31, 2021

Item	Assumptions										
Calculation period	<ul style="list-style-type: none"> Fiscal period ending February28, 2021: September 1, 2020 to February28, 2021(181 days) Fiscal period ending August 31, 2021: March 1, 2021 to August 31, 2021 (184days) 										
Property portfolio	<ul style="list-style-type: none"> In addition to the trust beneficiary interests in real estate (for 16 properties in total) and preferred equity securities (with one property as the underlying asset) held as of August 31, 2020 (“Current Assets”), LLR assumes that there will be no changes (e.g. any acquisition of new properties or any disposal of existing properties) until the end of the fiscal period ending August 31, 2021, with the exception of the acquisition and transfer of the following trust beneficiary interests in real estate and redemption of preferred equity securities. <p><Acquired Assets></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">LOGIPORT Kawasaki Bay (Joint co-ownership interest of 40%)</td> <td style="padding-left: 20px;">:acquired on September 4, 2020</td> </tr> <tr> <td style="padding-left: 20px;">LOGIPORT Shinmoriya</td> <td style="padding-left: 20px;">:same as above</td> </tr> <tr> <td style="padding-left: 20px;">LOGIPORT Amagasaki (Additional acquisition of a joint co-ownership interest of 49%)</td> <td style="padding-left: 20px;">:same as above</td> </tr> <tr> <td style="padding-left: 20px;">LOGIPORT Sakai (Joint co-ownership interest of 50%)</td> <td style="padding-left: 20px;">:same as above</td> </tr> </table> <p><Disposition Asset></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Suminoe (leasehold land)</td> <td style="padding-left: 20px;">:transferred on September 3, 2020</td> </tr> </table> <ul style="list-style-type: none"> There is a possibility for further changes, should LLR decide to acquire additional assets in addition to the Acquired Assets or dispose of properties held by LLR other than Disposition Asset. 	LOGIPORT Kawasaki Bay (Joint co-ownership interest of 40%)	:acquired on September 4, 2020	LOGIPORT Shinmoriya	:same as above	LOGIPORT Amagasaki (Additional acquisition of a joint co-ownership interest of 49%)	:same as above	LOGIPORT Sakai (Joint co-ownership interest of 50%)	:same as above	Suminoe (leasehold land)	:transferred on September 3, 2020
LOGIPORT Kawasaki Bay (Joint co-ownership interest of 40%)	:acquired on September 4, 2020										
LOGIPORT Shinmoriya	:same as above										
LOGIPORT Amagasaki (Additional acquisition of a joint co-ownership interest of 49%)	:same as above										
LOGIPORT Sakai (Joint co-ownership interest of 50%)	:same as above										
Suminoe (leasehold land)	:transferred on September 3, 2020										
Operating revenue	<ul style="list-style-type: none"> Rental revenues are calculated based lease agreements for the Current Assets in effect as of today, and other factors including market trends. The average occupancy rate of all properties was expected to be 99.0% in the fiscal period ending February 28, 2021, and 98.3% in the fiscal period ending August 31, 2021. A 39 million yen gain on the sale of real estate, etc. (the amount obtained by deducting the assumed carrying book value amount and expected transfer costs from the transfer price as of the transfer date) is expected in the fiscal period ending February 28, 2021, due to the transfer of the trust beneficiary interests in real estate for Suminoe (leasehold land) as stated in the above “Property portfolio” section With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delinquency. 										
Operating expenses	<ul style="list-style-type: none"> Leasing-related expenses other than depreciation expenses are calculated by reflecting variable factors of expenses based on the actual historical figures of the Current Held Assets, and entrustment agreements in effect as of today. Depreciation expense, including ancillary costs, was calculated using a straight-line depreciation method, and LLR assumed that depreciation expense for the fiscal period ending February 28, 2021 was 1,265 million yen, and for the fiscal period ending August 31, 2021 was 1,271million yen. While fixed property taxes, city planning taxes, and depreciable asset taxes (“Fixed Asset Taxes”) are typically calculated pro-rata based on the actual number of days as to which the properties are owned and were settled at the time of acquisition, the settlement was capitalized into LLR’s acquisition costs. Accordingly, for the newly acquired assets, the settlement amount Fixed Asset Taxes will not be expensed during the fiscal period ending February 28, 2021. In addition, for the newly acquired assets, Fixed Asset Taxes for the fiscal year 2021 will be expensed from the fiscal period ending August 31, 2021. Fixed asset taxes are for the fiscal periods ending on February 28, 2021 are expected to be 242 million yen. Repair and maintenance expenses are calculated based on a repair and maintenance plan prepared by the Asset Management Company, for items viewed as necessary for each property. Actual repair and maintenance expenses may be significantly different from the expected amount due to various factors around certain unexpected repairs, the tendency for significant variations in the amount depending on each fiscal period, and the fact that repair expenses do not generally arise on a periodic basis. It is assumed that no operating expenses will arise in relation to the Preferred Equity Securities. 										

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> The projected amortization of costs related to the issuance of new investment units and the public offering of investment units, are 21 million yen for the fiscal year ending February 2021 and 21 million yen for the fiscal year ending August 2021, respectively. Interest expenses and other debt-related costs (including interest expenses on investment corporation bonds, amortization of investment corporation bonds and borrowing related expenses) are expected to be 547 million yen and 511 million yen for the fiscal periods ending February 28, 2021 and August 31, 2021, respectively. Non-cash items, which are included in interest expenses and other debt-related costs, are expected to be 95 million yen and 100 million yen for the fiscal periods ending February 28, 2021 and, August 31, 2021, respectively.
Loans payable	<ul style="list-style-type: none"> At the end of August 2020, the balance of interest-bearing debts of LLR was 112,244 million yen. In addition, it was assumed that new loans totaling 34,100 million yen will be borrowed on September 4 2020. It was assumed that LLR will repay 2,800 million yen of short-term loans payable in the fiscal period ending August 31, 2021, with the source of capital coming from consumption tax refunds anticipated to be received during the fiscal period ending August 31, 2021. The LTV ratio as of the end of each fiscal period ending February 28, 2021 and August 31, 2021 is assumed to be approximately 42.4% and 42.0%, respectively (rounded to one decimal place). The LTV ratio is calculated by the following formula: $LTV = \text{total interest-bearing debt} \div \text{total assets} \times 100$
Investment units	<ul style="list-style-type: none"> Current outstanding number of units is 1,638,000. LLR does not expect there to be any changes to the number of outstanding units until the fiscal period ending August 31, 2021.
Distributions per unit (excluding those in excess of retained earnings per unit)	<ul style="list-style-type: none"> Distributions per unit (excluding distributions in excess of retained earnings per unit) are calculated on the premise that all profits will be distributed in accordance with the distribution policy provided in LLR's Articles of Incorporation. Distributions per unit (excluding distributions in excess of retained earnings per unit) may change due to factors such as additional acquisitions or dispositions of real estate properties, changes in rental revenues attributable to tenant replacements, changes in the operating environment including unexpected repairs, changes in interest rates and any additional issuance of new investment units in the future.
Distributions in excess of retained earnings per unit	<ul style="list-style-type: none"> Distributions in excess of retained earnings per unit are calculated in accordance with the distribution policy in LLR's Articles of Incorporation and internal policies of the asset manager. Distributions in excess of retained earnings for the fiscal periods ending February 28, 2021, and August 31, 2021, are assumed to be 30% of the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period, less the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period, which are assumed to be 378 million yen and 380 million yen, respectively Depreciation expenses may vary from the current assumed amount due to a change in portfolio assets, the amount of incidental expenses incurred, the amount of capital expenditures, and the pro-rata allocation of acquisition costs attributed to each asset and their respective useful life adopted for each asset. The total amount of distributions in excess of retained earnings, which will be based on depreciation expenses, may also vary accordingly LLR expects for the time being to make distributions in excess of retained earnings on a regular basis within an appropriate level for maintaining financial soundness and stability, after consideration is given to alternative uses of cash such as execution of repair plans, capital expenditures, repayment of debts along with potential property acquisitions, and will make such distributions equal to 30% of the amount resulting from deducting the total amount of accumulated depreciation recorded as of the last day of the previous fiscal period from the amount of accumulated depreciation calculated as of the last day of the relevant fiscal period. This amount will be decided by LLR taking into consideration the level of net income, gains or losses on sales of real estate, etc., the level of cancellation fees or penalties, the level of temporary revenues, the level of distributions including distributions in excess of retained earnings, and the financial condition of LLR (especially the Appraisal LTV set forth below) in the relevant calculation

period. Unexpected factors, such as increases in repair expenses, may cause distributions in excess of retained earnings per unit to materially differ from the forecasted amount. If the Appraisal LTV (set forth below) exceeds 60%, LLR may decide to make reduced distributions or not to make any distributions in excess of retained earnings after considering the above-listed factors.

- LLR does not plan to make distributions in excess of retained earnings to the extent doing so would cause what LLR calls its “Appraisal LTV,” as calculated below, to exceed 60%:

$$\text{Appraisal LTV(\%)} = A/B \times 100$$

A = interest-bearing debt (inclusive of long-term corporate bonds and short-term corporate bonds but excluding subordinated debt) + tenant leasehold deposits (excluding the amount reserved by the trustees of LLR's properties as tenant leasehold deposits and the amount reserved as tenant leasehold deposits in LLR's relevant reserve account (this account is for the refund obligation which LLR has as the lessor to various tenants)).

B = total appraised real estate value of LLR's portfolio + the amount of cash deposits in LLR's bank accounts (excluding reserve accounts for tenant leasehold deposits) + cash and deposits in trust (excluding the amount reserved by the trustees of our properties as tenant leasehold deposits) – the total amount of distributions for the immediately prior fiscal period – the total amount of distributions in excess of retained earnings for the immediately prior fiscal period.

In addition, the total amount of distributions and distributions in excess of retained earnings (with respect to the return of capital invested) depends upon the figures for the most recent fiscal period.

Other

- As an underlying premise, LLR assumes that any revision that will have an impact on the forecast information above will be made in accordance with applicable laws and regulations (including tax laws), accounting standards, listing rules of the TSE and the standards set by the Investment Trusts Association, Japan.
- As an underlying premise, LLR assumes that there are no unexpected material changes to general economic trends and real estate market conditions.
- The assumption is that the negative impact of the spread of the novel coronavirus infections will not spread further. The above forecasts do not take into account the long-term impact of the novel coronavirus infections or the adverse impact on the operational situation of further expansion.

(2) Investment Risks

Disclosure of this information is omitted because there are no material changes in the “Investment Risks” described in the most recent Securities Report (filed on August 17, 2020).

2. Financial Statements

(1) Balance Sheet

	Thousands of yen	
	As of	
	February 29, 2020	August 31, 2020
Assets		
Current assets		
Cash and deposits	9,977,243	10,141,366
Cash and deposits in trust	4,963,911	5,337,272
Operating accounts receivable	288,181	364,676
Prepaid expenses	169,167	155,422
Income taxes receivable	162,897	-
Consumption taxes receivable	674,662	-
Other	2,172	1,818
Total current assets	16,238,236	16,000,555
Non-current assets		
Property, plant and equipment		
Buildings in trust	84,033,408	84,185,095
Accumulated depreciation	(5,305,680)	(6,231,236)
Buildings in trust, net	78,727,727	77,953,858
Structures in trust	81,767	118,636
Accumulated depreciation	(4,388)	(8,493)
Structures in trust, net	77,379	110,143
Machinery and equipment in trust	183	214,383
Accumulated depreciation	(5)	(760)
Machinery and equipment in trust, net	177	213,622
Tools, furniture and fixtures in trust	10,081	10,219
Accumulated depreciation	(676)	(1,025)
Tools, furniture and fixtures in trust, net	9,404	9,193
Land in trust	166,427,880	166,427,880
Total property, plant and equipment	245,242,569	244,714,698
Investments and other assets		
Investment securities	1,149,747	1,149,747
Long-term prepaid expenses	533,844	468,576
Deferred tax assets	12	12
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	5,170	5,170
Total investments and other assets	1,698,773	1,633,505
Total non-current assets	246,941,343	246,348,204
Deferred assets		
Deferred organization expenses	4,265	609
Investment unit issuance expenses	34,348	27,068
Investment corporation bond issuance costs	65,324	58,712
Total deferred assets	103,938	86,389
Total assets	263,283,518	262,435,148

Balance Sheet, continued

	Thousands of yen	
	As of	
	February 29, 2020	August 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	278,523	230,297
Current portion of long-term loans payable	10,740,000	13,390,000
Accounts payable	1,258,838	1,219,330
Accrued expenses	7,182	6,108
Income taxes payable	680	848
Accrued consumption taxes	-	478,631
Advances received	1,228,031	1,327,702
Other	725,022	414,931
Total current liabilities	14,238,278	17,067,850
Non-current liabilities		
Investment corporation bonds payable	14,500,000	14,500,000
Long-term loans payable	87,004,000	84,354,000
Tenant leasehold and security deposits in trust	3,000,275	3,310,849
Total non-current liabilities	104,504,275	102,164,849
Total liabilities	118,742,554	119,232,699
Net assets		
Unitholders' equity		
Unitholders' capital	141,127,710	141,127,710
Deduction from unitholders' capital	(1,346,620)	△1,589,234
Unitholders' capital, net	139,781,090	139,538,476
Surplus		
Unappropriated retained earnings	4,759,873	3,663,973
Total surplus	4,759,873	3,663,973
Total unitholders' equity	144,540,963	143,202,449
Total net assets	(*2) 144,540,963	(*2) 143,202,449
Total liabilities and net assets	263,283,518	262,435,148

(2) Income Statement

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Operating revenues		
Rental revenues	(*1) 6,638,340	(*1) 6,865,424
Other rental revenues	(*1) 591,822	(*1) 565,543
Dividend income	798,547	-
Gain on sales of real estate properties	(*2) 729,667	-
Total operating revenue	8,758,378	7,430,967
Operating expenses		
Property-related expenses	(*1) 2,332,043	(*1) 2,404,952
Asset management fee	1,047,556	877,040
Asset custody and administrative fee	34,640	32,996
Directors' compensations	3,600	3,600
Audit fee	12,000	12,000
Other operating expenses	94,709	33,682
Total operating expenses	3,524,550	3,364,271
Operating profit	5,233,827	4,066,696
Non-operating income		
Interest income	68	72
Reversal of distributions payable	2,655	3,608
Surrender value of insurance policies	1,968	-
Interest on refund	1,516	375
Total non-operating income	6,209	4,055
Non-operating expenses		
Interest expenses	274,922	277,674
Interest expenses on investment corporation bonds	26,544	35,589
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment unit issuance expenses	7,280	7,280
Amortization of investment corporation bond	5,815	6,612
Investment unit public offering expenses	27,325	-
Borrowing related expenses	117,128	75,384
Loss on redemption of investment securities	16,993	-
Total non-operating expenses	479,666	406,197
Ordinary income	4,760,370	3,664,554
Income before income taxes	4,760,370	3,664,554
Income taxes - current	856	859
Income taxes - deferred	(8)	0
Total income taxes	848	859
Net income	4,759,522	3,663,695
Retained earnings brought forward	351	277
Unappropriated retained earnings (undisposed loss)	4,759,873	3,663,973

(3) Statement of Unitholders' Equity

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

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

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

Current period (For the period ended August 31, 2020)

	Thousands of yen				
	Unitholders' equity				
	Unitholders' capital			Surplus	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus
Balance at beginning of current period	141,127,710	(1,346,620)	139,781,090	4,759,873	4,759,873
Changes of items during period					
Distributions in excess of retained earnings		(242,614)	(242,614)		
Dividends of retained earnings				(4,759,596)	(4,759,596)
Net income				3,663,695	3,663,695
Total changes of items during period	-	(242,614)	(242,614)	(1,095,900)	(1,095,900)
Balance at end of current period	(*1) 141,127,710	(1,589,234)	139,538,476	3,663,973	3,663,973

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	144,540,963	144,540,963
Changes of items during period		
Distributions in excess of retained earnings	(242,614)	(242,614)
Dividends of retained earnings	(4,759,596)	(4,759,596)
Net income	3,663,695	3,663,695
Total changes of items during period	(1,338,514)	(1,338,514)
Balance at end of current period	143,202,449	143,202,449

(4) Statements related to Distributions

	Yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
I Unappropriated retained earnings for the period	4,759,873,883	3,663,973,016
II Additional amount of distributions in excess of retained earnings		
Deduction for unitholders' capital	242,614,000	278,052,000
III Amount of distributions	5,002,210,000	3,941,796,000
(amount of distributions per investment unit)	(3,670)	(2,892)
Of which, distributions of retained earnings	4,759,596,000	3,663,744,000
(of which, distributions of retained earnings per unit)	(3,492)	(2,688)
Of which, distributions in excess of retained earnings	242,614,000	278,052,000
(of which, distributions in excess of retained earnings per unit)	(178)	(204)
IV Retained earnings brought forward	277,883	229,016

Method of calculation of amount of distributions

Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be an amount in excess of an amount equivalent to 90% of the amount of LLR retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.

Based on this policy, 4,759,596,000 yen was allocated as distributions of retained earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings.

Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) on a regular basis

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

Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be an amount in excess of an amount equivalent to 90% of the amount of LLR retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation.

Based on this policy, 3,663,744,000 yen was allocated as distributions of retained earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings.

Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) on a regular basis

Based on this policy, the amount roughly equivalent to 30% of the 930,765,421 yen that is the amount remaining after deducting the total amount of accumulated depreciation recorded in the previous period from the total amount of accumulated depreciation calculated for this fiscal period was

Yen	
For the periods ended	
February 29, 2020	August 31, 2020
calculated to be 242,614,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution).	calculated to be 278,052,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution).

Note: In the event that LLR determines that it is appropriate as a result of in light of trends in the economic environment, real estate market and leasing market, conditions of properties held and its financial position, LLR may distribute funds in excess of funds available for distribution in an amount decided by LLR up to the amount stipulated under the regulations of the Investment Trust Association. Furthermore, when the amount of the distribution does not fulfill the requirements in the special provisions for taxes related to investment corporations stipulated in laws and ordinances, LLR may distribute funds in excess of the funds available for distribution in an amount decided upon by LLR for the purpose of meeting said requirements.

(5) Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Cash flows from operating activities		
Income before income taxes	4,760,370	3,664,554
Depreciation	921,703	930,765
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment unit issuance expenses	7,280	7,280
Amortization of investment corporation bond issuance costs	5,815	6,612
Interest income	(68)	(72)
Interest expenses	301,466	313,264
Loss (gain) on redemption of investment securities	16,993	-
Decrease (increase) in operating accounts receivable	(111,088)	(76,495)
Decrease (increase) in Income taxes receivable	(162,897)	162,897
Decrease (increase) in consumption taxes refund receivable	(215,028)	674,662
Decrease (increase) in prepaid expenses	(38,828)	13,745
Decrease (increase) in long-term prepaid expenses	(109,623)	65,267
Increase (decrease) in operating accounts payable	88,318	(48,225)
Increase (decrease) in accounts payable - other	284,777	(95,524)
Increase (decrease) in accrued consumption taxes	(102,006)	478,631
Increase (decrease) in advances received	176,456	99,671
Decrease in property, plant and equipment in trust due to sale	3,462,182	-
Other, net	(25,025)	(2,693)
Subtotal	9,264,455	6,197,997
Interest income received	68	72
Interest expenses paid	(302,072)	(314,338)
Income taxes paid	(854)	(691)
Net cash provided by (used in) operating activities	8,961,596	5,883,039
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(38,242,956)	(347,101)
Proceeds from redemption of investment securities	1,221,000	-
Purchase of investment securities	(1,149,747)	-
Proceeds from tenant leasehold and security deposits in trust	447,228	28,549
Repayments of tenant leasehold and security deposits in trust	(73,315)	(25,348)
Payments of leasehold and guarantee deposits in trust	(5,170)	-
Net cash provided by (used in) investing activities	(37,802,961)	(343,900)
Cash flows from financing activities		
Proceeds from short-term loans payable	1,100,000	-
Repayments of short-term loans payable	(3,030,000)	-
Proceeds from long-term loans payable	16,834,000	-
Repayments of long-term loans payable	(3,321,000)	-
Proceeds from issuance of investment corporation bonds	2,980,883	-
Proceeds from issuance of investment units	21,859,190	-
Payment of distributions of retained earnings	(3,686,866)	(4,761,076)
Payment of distributions in excess of retained earnings	(183,865)	(242,713)
Net cash provided by (used in) financing activities	32,552,342	(5,003,790)
Net increase (decrease) in cash and cash equivalents	3,710,977	535,349
Cash and cash equivalents at beginning of period	9,745,444	13,456,422
Cash and cash equivalents at end of period	(*1) 13,456,422	(*1) 13,991,771

(6) Notes with respect to Going Concern Assumptions

None

(7) Notes on Matters concerning Significant Accounting Policies

1. Valuation standard and valuation method for investment securities

Available-for-sale securities

There is no market price

The moving average cost method was adopted.

2. Method of depreciation of non-current assets

Property, plant and equipment (including trust assets)

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

Buildings	2-79 years
Structures	10-45 years
Machinery and equipment	8-24 years
Tools, furniture and fixtures	6-15 years

3. Accounting treatment for deferred assets

(i) Deferred organization expenses

Amortized over a period of five years.

(ii) Issuance costs for corporate bonds

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

(iii) Investment unit issuance expenses

Amortized over a period of three years.

4. Standards for revenue and expense recognition

Treatment of fixed asset taxes

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

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

5. Hedge accounting method

(i) Method of hedge accounting

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

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swap transactions

Hedged items: interest on loans

(iii) Hedging policy

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

(iv) Method of assessing hedge effectiveness

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

6. Scope of funds in the statements of cash flows

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

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

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

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

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

(a) Cash in trust and deposits in trust

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

(c) Lease and guarantee deposits in trust

(d) Tenant leasehold and security deposits in trust

(ii) Treatment of consumption taxes

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

(8) Notes to the Financial Statements

[Notes to Balance Sheet]

1. Commitment line agreement

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

	Thousands of yen	
	As of	
	February 29, 2020	August 31, 2020
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

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

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

[Notes to Income Statement]

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

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
(i) Real estate leasing revenues		
Rental revenues		
Rental income	6,065,759	6,277,619
Common service fee	572,580	587,804
Total	6,638,340	6,865,424
Other rental revenues		
Utilities charge reimbursement	330,554	347,292
Parking revenue	153,290	158,529
Other lease revenues	107,978	59,721
Total	591,822	565,543
Total real estate leasing revenues	7,230,162	7,430,967
(ii) Real estate leasing expenses		
Property-related expenses		
Outsourcing costs	336,202	326,320
Utilities expenses	320,667	328,034
Taxes and public dues	449,675	670,146
Insurance premiums	13,947	12,432
Repair and maintenance	177,479	81,020
Depreciation	921,703	930,765
Other leasing expenses	112,367	56,231
Total real estate leasing expenses	2,332,043	2,404,952
(iii) Real estate leasing profit ((i) - (ii))	4,898,119	5,026,014

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

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

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

Current period (For the period ended August 31, 2020)

None

[Notes to Statement of Changes in Unitholders' Capital]

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

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

[Notes to the Statements of Cash Flows]

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

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Cash and deposits	9,977,243	10,141,366
Cash and deposits in trust	4,963,911	5,337,272
Restricted deposits in trust (Note)	(1,484,732)	(1,486,866)
Cash and cash equivalents at period end	13,456,422	13,991,771

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

[Notes to Lease Transactions]

Operating lease transactions (lessor)

Unearned leasing fees associated with non-cancelable operating leases

	Thousands of yen	
	As of	
	February 29, 2020	August 31, 2020
Due within one year	9,972,151	9,999,382
Due after one year	25,568,972	25,701,214
Total	35,541,123	35,700,596

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(i) Policy for handling financial instruments

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

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

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

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

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

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

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

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

2. Matters concerning the fair value of financial instruments

Previous period (As of February 29, 2020)

Amounts recognized on the balance sheet as of the fiscal period ended February 29, 2020, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

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

Current period (As of August 31, 2020)

Amounts recognized on the balance sheet as of the fiscal period ended August 31, 2020, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

	Thousands of yen		
	As of August 31, 2020		
	Book value	Fair value	Difference
(1) Cash and deposits	10,141,366	10,141,366	-
(2) Cash and deposits in trust	5,337,272	5,337,272	-
Total assets	15,478,638	15,478,638	-
(3) Current portion of long-term loans payable	13,390,000	13,391,094	1,094
(4) Investment corporation bonds payable	14,500,000	14,317,800	△182,200
(5) Long-term loans payable	84,354,000	84,781,459	427,459
Total liabilities	112,244,000	112,490,354	246,354
Derivative transactions	-	-	-

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

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

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

(3) Current portion of long-term loans payable, (5) Long-term loans payable

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

(4) Investment corporation bonds

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

Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

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

	Thousands of yen	
	As of	
	February 29, 2020	August 31, 2020
Investment securities (*1)	1,149,747	1,149,747
Tenant leasehold and security deposits in trust (*2)	3,000,275	3,310,849

*1. Investment securities are not subject to fair value presentation because there are no market prices and it is difficult to reasonably estimate cash flows. Therefore it is understood to be extremely difficult to assess fair value.

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

Note 3. Amount to be redeemed after date of settlement of monetary claims

Previous period (As of February 29, 2020)

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

Current period (As of August 31, 2020)

	Thousands of yen
	Due within one year
Cash and deposits	10,141,366
Cash and deposits in trust	5,337,272

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

Previous period (As of February 29, 2020)

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

Current period (As of August 31, 2020)

	Thousands of yen					
	As of August 31, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	-	5,000,000	-	-	-	9,500,000
Long-term loans payable	13,390,000	2,990,000	15,110,000	17,694,000	15,820,000	32,740,000
Total	13,390,000	7,990,000	15,110,000	17,694,000	15,820,000	42,240,000

[Notes to Securities]

Previous period (As of February 29, 2020)

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

Current period (As of August 31, 2020)

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

[Notes to Derivative Transactions]

1. Derivative transactions to which hedge accounting was not applied

Previous period (As of February 29, 2020)

None

Current period (As of August 31, 2020)

None

2. Derivative transactions to which hedge accounting was applied

Previous period (As of February 29, 2020)

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

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

Current period (As of August 31, 2020)

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

		Thousands of yen				
		As of August 31, 2020				
Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount		Fair value	Fair value measurement
			Total	Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fixed	Long-term loans payable	64,420,000	58,300,000	(Note)	(Note)

Note: Because the derivative transactions subject to special treatment for interest rate swaps are treated integrally with long-term loans that are being hedged, the stated fair value incorporates the fair value of the relevant long-term loans. (Please refer to Item (3) Current portion of long-term loans payable and (5) Long-term loans payable under (Notes to Financial Instruments) “Matters concerning the fair value of financial instruments” and “Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions” above.)

[Notes to Transactions with Related Parties]

1. Transactions and Account Balances with the Parent Company and Major Unitholders

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

None

Current period (For the period ended August 31, 2020)

None

2. Transactions and Account Balances with Affiliates

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

None

Current period (For the period ended August 31, 2020)

None

3. Transactions and Account Balances with Companies under Common Control

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

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

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

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

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

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

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending Balance (thousands of yen) (Note 1)
						Common board member	Business relationship				
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee	877,040	Accounts payable	964,744

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.

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

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

None

Current period (For the period ended August 31, 2020)

None

[Notes on Tax Effect Accounting]

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

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

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

	As of	
	February 29, 2020	August 31, 2020
Statutory tax rate	31.51%	31.46%
(Adjustments)		
Deductible distributions	(31.50%)	(31.45%)
Other	0.01%	0.01%
Actual effective income tax rate	0.02%	0.02%

[Notes to Retirement Benefits]

Previous period (As of February 29, 2020)

None

Current period (As of August 31, 2020)

None

[Notes to Equity Method Earnings]

Previous period (As of February 29, 2020)

None

Current period (As of August 31, 2020)

None

[Notes to Asset Retirement Obligations]

Previous period (As of February 29, 2020)

None

Current period (As of August 31, 2020)

None

[Notes to Segment Information]

(Segment Information)

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

(Related information)

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

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

Current period (For the period ended August 31, 2020)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

[Notes to Rental Properties]

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

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Book value (Note 1)		
Balance at the beginning of the period	211,292,178	245,242,569
Changes during the period (Note 2)	33,950,391	(527,871)
Balance at the end of the period	245,242,569	244,714,698
Fair value at the end of the period (Note 3)	231,790,000	271,190,000

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

Note 2. The increase for period ended February 29, 2020, was a result of the acquisition of three properties during the period with a total value of 38,060,934 thousand yen. The decrease for period ended August 31, 2019, was a result of the disposition of two properties during the period with a total value of 3,462,182 thousand yen and the recognition of depreciation expenses of 921,703 thousand yen, respectively. In addition, the increase for period ended August 31, 2020, was a result of the installation of photovoltaic power generation equipment during the period with a total value of 214,200 thousand yen. The decrease for period ended August 31, 2020, was a result of the recognition of depreciation expenses of 930,765 thousand yen, respectively.

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

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

[Note to Per Unit Information]

	Yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Net assets per unit	106,046	105,064
Net income per unit	3,531	2,687

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

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

	Thousands of yen	
	For the periods ended	
	February 29, 2020	August 31, 2020
Net income	4,759,522	3,663,695
Amount not attributable to ordinary unitholders	-	-
Net income attributable to ordinary investment units	4,759,522	3,663,695
Weighted average number of units outstanding	1,347,828	1,363,000

[Notes to Significant Subsequent Events]

a. Issuance of new investment units

LLR adopted a resolution on the issuance of new investment units as described below at the Board of Directors meeting held on August 17, 2020, and payment was completed on September 1, 2020, for the issuance of new investment units through a public offering and on September 29, 2020, for the issuance of new investment units through a third-party allotment.

(Issuance of new investment units through a public offering)

Number of investment units issued	261,904 units
Issue price	176,677 yen per unit
Total issue price	46,272,413,008 yen
Issue value	170,715 yen per unit
Total issue value	44,710,941,360 yen
Payment date	September 1, 2020

(Issuance of new investment units through a third-party allotment)

Number of investment units issued	13,096 units
Issue value	170,715 yen per unit
Total issue value	2,235,683,640 yen
Payment date	September 29, 2020
Subscriber	Nomura Securities Co., Ltd.

b. Borrowing of funds

LLR decided to borrow the following funds on September 1, 2020, and borrowed the funds on September 4, 2020.

Category	Lender	Borrowing Amount (million yen)	Interest Rate (Note 5) (Note 6)	Borrowing Date	Borrowing Method	Repayment Date (Note 9)	Repayment Method (Note 10)	Collateral
Short-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 1)	2,800	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.1625%			August. 31, 2021		
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 2)	5,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3000%		Borrowing based on a separate term loan agreement dated September 1, 2020, with the lenders shown on the left	August. 29, 2025		
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 3)	6,300	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3300% (Note 7)	September 4, 2020		December. 21, 2027	Bullet repayment	Unsecured and non-guaranteed
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 4)	20,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3800% (Note 8)			December 20, 2028		

Note 1. The syndicate of lenders includes MUFG Bank, Ltd. and Mizuho Bank, Ltd.

Note 2. The syndicate of lenders includes Sumitomo Mitsui Trust Bank, Limited.

Note 3. The syndicate of lenders includes Development Bank of Japan Inc., Resona Bank, Limited, Shinsei Bank, Limited, The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd. and The Chugoku Bank, Limited.

Note 4. The syndicate of lenders includes MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

Note 5. "Interest Rate" does not include loan fees payable to lenders.

Note 6. The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day and the immediately preceding business day in case such date would fall in the next calendar month). As to floating interest rates, the base interest rate refers to the Japanese yen TIBOR for three-month deposits announced by the JBA TIBOR Association two business days before the interest payment date for the immediately preceding interest calculation period (however, for the first calculation period, the applicable date is the drawdown date). Please refer to the JBA TIBOR Association's website (<http://www.jbatibor.or.jp/english/>) for changes in the JBA Japanese yen TIBOR.

Note 7. The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	6,300 million yen
Interest Rate	Fixed payment interest rate 0.44400% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3300%
Starting Date	September 4, 2020
Termination Date	December 21, 2027
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.44400%.

Note 8. The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Nomura Securities Co., Ltd.
Notional Principal	20,000 million yen
Interest Rate	Fixed payment interest rate 0.50950% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3800%
Starting Date	September 4, 2020
Termination Date	December 20, 2028
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.50950%.

Note 9. The repayment date will be the immediately following business day in case such date would fall on a day that is not a business day and the immediate preceding business day in case such date would fall in the next calendar month.

Note 10. Partial or full principal repayment prior to the maturity date is permissible under certain conditions such as LLR providing prior written notice of its intention during the period between the borrowing date and the repayment date.

c. Acquisition of assets

LLR has acquired the trust beneficiary interests for the following assets on September 4, 2020. "Acquisition price" was the price to be paid for each Acquisition Asset pursuant to their respective relevant Trust Beneficiary Interests Purchase & Sale Agreement and the Joint Co-ownership Interest Purchase & Sale Agreement for Trust Beneficiary Interests.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Tokyo area	Tokyo-14	LOGIPORT Kawasaki Bay (Note)	Kawasaki-city, Kanagawa	32,200	Kawasaki Bay Real Estate Hanbai GK
Tokyo area	Tokyo-15	LOGIPORT Shinmoriya	Tsukubamirai-city, Ibaraki	8,580	Shinmoriya Logistics GK
Osaka area	Osaka-5	LOGIPORT Amagasaki (Note)	Amagasaki-city, Hyogo	23,618	Amagasaki Logistics GK
Osaka area	Osaka-6	LOGIPORT Sakai (Note)	Sakai-city, Osaka	12,075	PLC11L GK
Total				76,473	

Note. Figures expressed above for the intended acquisition prices and appraisal values related to LOGIPORT Kawasaki Bay, LOGIPORT Amagasaki and LOGIPORT Sakai represent each 40%, 49% and 50% joint co-ownership portion in the real estate trust beneficiary interests to be owned by LLR, respectively

d. Disposition of assets

LLR has transferred the trust beneficiary interests for the following assets on September 3, 2020. “Disposition price” was the price to be paid for the Disposition Asset pursuant to the relevant Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Disposition price (million yen)	Buyer
Osaka area	Osaka-4	Suminoe (leasehold land)	Osaka-city, Osaka	4,620	Suminoe Land GK
Total				4,620	

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

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

Date	Description	Total number of outstanding investment units (units)		Unitholders' capital (Note 1) (thousand yen)		Comment
		Increase (decrease)	Balance	Increase (decrease)	Balance	
October 9, 2015	Established through private placement	1,500	1,500	150,000	150,000	(Note 2)
February 16, 2016	Public offering	1,050,800	1,052,300	101,601,852	101,751,852	(Note 3)
March 15, 2016	Third-party allotment	47,700	1,100,000	4,612,113	106,363,965	(Note 4)
November 21, 2016	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(202,400)	106,161,565	(Note 5)
May 22, 2017	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(174,900)	105,986,665	(Note 6)
November 20, 2017	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(187,000)	105,799,665	(Note 7)
May 21, 2018	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(188,100)	105,611,565	(Note 8)
November 19, 2018	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(204,600)	105,406,965	(Note 9)
May 20, 2019	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(205,700)	105,201,265	(Note 10)
June 5, 2019	Public offering	104,761	1,204,761	12,271,808	117,473,073	(Note 11)
June 28, 2019	Third-party allotment	5,239	1,210,000	613,701	118,086,775	(Note 12)
September 18, 2019	Public offering	145,714	1,355,714	20,836,373	138,923,148	(Note 13)
October 10, 2019	Third-party allotment	7,286	1,363,000	1,041,861	139,965,010	(Note 14)
November 21, 2019	Distributions in excess of retained earnings (refund of investment)	-	1,363,000	(183,920)	139,781,090	(Note 15)
May 22, 2020	Distributions in excess of retained earnings (refund of investment)	-	1,363,000	(242,614)	139,538,476	(Note 16)

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

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

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

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

- Note 5. At the Board of Directors Meeting of LLR on October 18, 2016, LLR decided to make distributions in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a refund of investment) at an amount of 184 yen per unit as distributions of funds for the first fiscal period (ended August 31, 2016) and payment of these commenced on November 21, 2016.
- Note 6. At the Board of Directors Meeting of LLR on April 14, 2017, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 159 yen per unit as distributions of funds for the second fiscal period (ended February 28, 2017) and payment of these commenced on May 22, 2017.
- Note 7. At the Board of Directors Meeting of LLR on October 13, 2017, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 170 yen per unit as distributions of funds for the third fiscal period (ended August 31, 2017) and payment of these commenced on November 20, 2017.
- Note 8. At the Board of Directors Meeting of LLR on April 13, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 171 yen per unit as distributions of funds for the fourth fiscal period (ended February 28, 2018) and payment of these commenced on May 21, 2018.
- Note 9. At the Board of Directors Meeting of LLR on October 15, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 186 yen per unit as distributions of funds for the fifth fiscal period (ended August 31, 2018) and payment of these commenced on November 19, 2018.
- Note 10. At the Board of Directors Meeting of LLR on April 15, 2019, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 187 yen per unit as distributions of funds for the sixth fiscal period (ended February 28, 2019) and payment of these commenced on May 20, 2019.
- Note 11. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 121,387 yen per unit (underwriting price of 117,141 yen).
- Note 12. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 117,141 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 13. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 148,005 yen per unit (underwriting price of 142,995 yen).
- Note 14. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 142,995 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 15. At the Board of Directors Meeting of LLR on October 17, 2019, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 152 yen per unit as distributions of funds for the seventh fiscal period (ended August 31, 2019) and payment of these commenced on November 21, 2019.
- Note 16. At the Board of Directors Meeting of LLR on April 17, 2020, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 178 yen per unit as distributions of funds for the seventh fiscal period (ended February 29, 2020) and payment of these commenced on May 22, 2020.

3. Reference Information

(1) Information on Price of the Managed Assets

A) Composition of LLR's Assets

Type of assets	Use	Area (Note 1)	Previous period (February 29, 2020)		Current period (August 31, 2020)	
			Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics facilities	Tokyo area	185,720	70.5	185,202	70.6
		Osaka area	59,522	22.6	59,512	22.7
		Other	-	-	-	-
Subtotal			245,242	93.1	244,714	93.2
Investment securities (Note 4)			1,149	0.4	1,149	0.4
Deposits / other assets			16,891	6.4	16,570	6.3
Total assets			263,283	100.0	262,435	100.0

	Previous period (February 29, 2020)		Current period (August 31, 2020)	
	Amount (million yen)	Percentage to total assets (%) (Note 3)	Amount (million yen)	Percentage to total assets (%) (Note 3)
Total liabilities	118,742	45.1	119,232	45.4
Total net assets	144,540	54.9	143,202	54.6
Total assets	263,283	100.0	262,435	100.0

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

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

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

Note 4. "Investment Securities" are the preferred securities of Nanko Property TMK.

B) Investment Assets

(i) Main Issues of the Investment Securities

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

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

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

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

(ii) Overview of Real Estate, etc.

(a) Portfolio Overview

The assets (real estate or beneficiary interests in trusts holding real estate as trust assets; collectively referred to as “asset holdings” hereinafter) held by LLR as of August 31, 2020 are presented below.

Area	Property number (Note 1)	Property name	Location	Form of possession	Property age (Years) (Note 2)	As of end of current period carrying amount (million yen)	Acquisition Price (million yen) (Note 3)	Investment ratio (%) (Note 4)	Appraisal value (million yen) (Note 5)	Gross floor area (m ²) (Note 6)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	6	20,887	21,200	8.6	23,300	145,801.69
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	7	22,806	23,020	9.4	25,500	200,045.57
	Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	Trust beneficiary interest	8	25,022	25,300	10.3	29,500	104,302.62
	Tokyo-5	LOGIPORT Nagareyama B	Chiba Prefecture Nagareyama City	Trust beneficiary interest	12	26,015	26,600	10.8	30,200	133,414.76
	Tokyo-6	LOGIPORT Higashi Ogishima A	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	33	19,013	19,000	7.7	19,900	100,235.67
	Tokyo-7	LOGIPORT Higashi Ogishima B	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	29	19,033	19,120	7.8	21,600	117,546.26
	Tokyo-8	LOGIPORT Higashi Ogishima C	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	19	23,454	23,700	9.6	25,700	116,997.14
	Tokyo-9	LOGIPORT Kawagoe	Saitama Prefecture Kawagoe City	Trust beneficiary interest	10	11,900	11,950	4.9	12,200	50,742.47
	Tokyo-11	LOGIPORT Kashiwa Shonan	Chiba Prefecture Kashiwa City	Trust beneficiary interest	2	9,338	9,300	3.8	10,400	40,878.58
	Tokyo-12	LOGIPORT Sayama Hidaka	Saitama Prefecture Hidaka City	Trust beneficiary interest	5	6,464	6,430	2.6	6,580	23,570.37

Area	Property number (Note 1)	Property name	Location	Form of possession	Property age (Years) (Note 2)	As of end of current period carrying amount (million yen)	Acquisition Price (million yen) (Note 3)	Investment ratio (%) (Note 4)	Appraisal value (million yen) (Note 5)	Gross floor area (m ²) (Note 6)
	Tokyo-13	Higashi Ogishima (leasehold land)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	-	1,264	1,189	0.5	1,600	-
Osaka area	Osaka-1	LOGIPORT Sakai Minamijimacho	Osaka Prefecture Sakai City	Trust beneficiary interest	4	8,125	8,150	3.3	8,520	30,696.61
	Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 9)	Osaka Prefecture Sakai City	Trust beneficiary interest	2	4,389	4,160	1.7	5,020	20,428.39
	Osaka-3	LOGIPORT Osaka Taisho (Note 10)	Osaka Prefecture Osaka City	Trust beneficiary interest	3	17,744	17,655	7.2	18,700	117,037.14
	Osaka-4	Suminoe (leasehold land)	Osaka Prefecture Osaka City	Trust beneficiary interest	-	4,574	4,330	1.8	4,620	-
	Osaka-5	LOGIPORT Amagasaki (Note 11)	Hyogo Prefecture Amagasaki City	Trust beneficiary interest	3	24,677	24,582	10.0	28,300	259,004.56
Portfolio total / average					12	244,714	245,686	100.0	271,640	1,460,701.83

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

Note 2. "Property Age" with respect to "LOGIPORT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to August 31, 2020, and this result was rounded to the nearest decimal place. The number presented as the portfolio age average is the weighted average weighted by acquisition price, rounded to the nearest whole number.

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

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

Note 5. "Appraisal value" represents the appraisal value as of August 31, 2020, shown in the real estate appraisal documents prepared by Tanizawa Sogo Appraisal Co, Ltd., CBRE K.K. or Japan Real Estate Institute, which have been contracted to appraise the asset holdings.

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

Note 7. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Hashimoto are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 55%), while the gross floor area is the figure for the entire property.

Note 8. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Sagamihara are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 51%), while the gross floor area is the figure for the entire property.

Note 9. The appraised value of LOGIPORT Sakai Chikko Shinmachi includes the value related to the solar power generation equipment completed on August 31, 2020.

Note 10. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Osaka Taisho are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 62.5%), while the gross floor area is the figure for the entire property.

Note 11. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Amagasaki are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 51%), while the gross floor area is the figure for the entire property.

(b) Tenant Agreements

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

Area	Property number	Property name	Number of tenants (Note 1)	Annual lease revenue (million yen) (Note 2)	Lease & guarantee deposits (million yen) (Note 3)	Leasable floor area (㎡) (Note 4)	Leased floor area (㎡) (Note 5)	Occupancy rate (%) (Note 6)	
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	14	1,140	279	130,052	129,938	99.9	
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	19	1,326	313	180,971	180,373	99.7	
	Tokyo-3	LOGIPORT Kitakashiwa	7	1,411	393	100,228	100,228	100.0	
	Tokyo-5	LOGIPORT Nagareyama B	8	1,396	310	112,684	112,534	99.9	
	Tokyo-6	LOGIPORT Higashi Ogishima A	23	1,096	330	85,281	82,722	97.0	
	Tokyo-7	LOGIPORT Higashi Ogishima B	17	1,158	361	103,731	98,792	95.2	
	Tokyo-8	LOGIPORT Higashi Ogishima C	18	1,387	273	114,925	113,521	98.8	
	Tokyo-9	LOGIPORT Kawagoe	4	656	160	53,088	53,088	100.0	
	Tokyo-11	LOGIPORT Kashiwa Shonan	1	Not disclosed (Note 11)	Not disclosed (Note 11)	40,773	40,773	100.0	
	Tokyo-12	LOGIPORT Sayama Hidaka	1	Not disclosed (Note 11)	Not disclosed (Note 11)	23,565	23,565	100.0	
	Tokyo-13	Higashi Ogishima (leasehold land)	1	Not disclosed (Note 11)	Not disclosed (Note 11)	11,472	11,472	100.0	
	Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	1	Not disclosed (Note 11)	Not disclosed (Note 11)	30,690	30,690	100.0
		Osaka-2	LOGIPORT Sakai Chikko Shinmachi	1	Not disclosed (Note 11)	Not disclosed (Note 11)	20,427	20,427	100.0
Osaka-3		LOGIPORT Osaka Taisho (Note 9)	12	969	233	106,929	106,830	99.9	
Osaka-4		Suminoe (leasehold land)	1	Not disclosed (Note 11)	Not disclosed (Note 11)	25,571	25,571	100.0	
Osaka-5		LOGIPORT Amagasaki (Note 10)	13	1,582	456	216,458	215,796	99.7	
Portfolio total / average			141	13,870	3,493	1,356,850 1,063,488	1,346,327 1,053,669	99.2 99.1	

Note 1. “Number of tenants” is stated as the total number of lease agreements associated with the buildings shown for each of the trust properties as of August 31, 2020. If a master lease agreement has been executed for the trust property, it is stated as the total number of end tenants. However, if the same lessee has executed multiple lease agreements at the trust property, that lessee is counted as one tenant when arriving at calculating the total.

Note 2. “Annual lease revenue” is stated as the total annualized monthly rent calculated by multiplying the monthly lease amount (including common service fees) shown in each lease agreement associated with each trust property as of February 29, 2020 (excluding consumption taxes) by 12, rounded down to the nearest million yen. Therefore, the sum of the “annual lease revenue”

for the individual trust properties may not necessarily match the portfolio total.

- Note 3. “Lease & guarantee deposits” is stated as the aggregate amount of the lease and guarantee deposit balances shown in each lease agreement associated with each trust property for each trust property as of August 31, 2020, rounded down to the nearest million yen. Therefore, the sum of the individual “lease & guarantee deposits” for the properties may not necessarily match the portfolio total.
- Note 4. “Leasable floor area” is the area that can be leased at the buildings associated with each trust property as of August 31, 2020, stated as the aggregate of the area considered leasable under the lease agreements or building drawings, rounded down to the nearest whole number. Additionally, in the “Portfolio total” row, the upper figure represents the aggregate leasable floor area for the buildings of each trust property. The lower figure represents the aggregate leasable floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- Note 5. “Leased floor area” is stated as the aggregate leased floor area associated with the buildings shown in the lease agreements for each of the trust properties as of August 31, 2020. If a master lease agreement has been executed for the trust property, it is stated as the aggregate of the area which has actually been leased through the execution of lease agreements with end tenants, rounded down to the nearest whole number. Additionally, in the “Portfolio total/average” row, the upper figure represents the aggregate leased floor area for the buildings of each trust property. The lower figure represents the ratio of the aggregate leased floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- Note 6. “Occupancy rate” is stated as the ratio of leased floor area to leasable floor area with the buildings shown in the lease agreements for each of the trust properties as of August 31, 2020, rounded to the second decimal place. Additionally, in the “Portfolio total/average” row, the upper figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place. The lower figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place, after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable and leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- Note 7. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Hashimoto” are stated as figures for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (55%).
- Note 8. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Sagamihara” are stated as the figure for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (51%).
- Note 9. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for LOGIPORT Osaka Taisho are stated as figures for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (62.5%).
- Note 10. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Amagasaki” are stated as the figure for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (51%).
- Note 11. Not disclosed because approval for disclosure has not been obtained from the tenant.

(c) Appraisal report summary

Area	Property number	Property name	Appraiser	Appraisal date	Appraisal Value (million yen)	Cost-approach value (million yen)	Income approach value (million yen)					
							Direct capitalization method		Discounted cash flow (DCF) method			
							Income-approach value	Capitalization rate (%)	Income-approach value	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 1)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	23,300	20,400	23,500	4.1	23,200	4.2	4.3	
	Tokyo-2	LOGIPORT Sagamihara (Note 2)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	25,500	23,200	25,900	4.2	25,300	4.3	4.4	
	Tokyo-3	LOGIPORT Kitakashiwa	CBRE K.K.	August 31, 2020	29,500	22,800	29,700	3.9	29,500	3.7	4.0	
	Tokyo-5	LOGIPORT Nagareyama B	CBRE K.K.	August 31, 2020	30,200	22,000	29,800	4.2	30,200	3.9	4.2	
	Tokyo-6	LOGIPORT Higashi Ogishima A	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	19,900	19,700	20,000	4.4	19,800	4.5	4.6	
	Tokyo-7	LOGIPORT Higashi Ogishima B	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	21,600	20,700	22,100	4.4	21,400	4.5	4.6	
	Tokyo-8	LOGIPORT Higashi Ogishima C	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	25,700	24,900	26,000	4.3	25,500	4.4	4.5	
	Tokyo-9	LOGIPORT Kawagoe	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	12,200	11,400	12,500	4.4	12,100	4.5	4.6	
	Tokyo-11	LOGIPORT Kashiwa Shonan	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	10,400	10,200	10,600	4.4	10,300	4.3 (Note 6)	4.6	
	Tokyo-12	LOGIPORT Sayama Hidaka	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	6,580	6,510	6,690	4.4	6,520	4.3 (Note 7)	4.6	
	Tokyo-13	Higashi Ogishima (leasehold land)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	1,600	-	-	-	1,600	3.7 (Note 8)	3.8	
	Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	Japan Real Estate Institute	August 31, 2020	8,520	5,860	8,610	4.5	8,410	4.0	4.6
		Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 3)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	5,020	4,660	5,120	4.5	4,970	4.4 (Note 9)	4.7
Osaka-3		LOGIPORT Osaka Taisho (Note 4)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	18,700	17,600	19,300	4.2	18,500	4.3	4.4	
Osaka-4		Suminoe (leasehold land)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	4,620	-	-	-	4,620	4.0	4.0	
Osaka-5		LOGIPORT Amagasaki (Note 5)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2020	28,300	27,100	28,500	4.5	28,200	4.6	4.7	
Portfolio total					271,640	237,030	268,320		270,120			

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

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

interests that LLR holds (51%).

Note 3. LOGIPORT Sakai Chikko Shinmachi appraised value, cost approach valuation, direct capitalization and DCF method income approach valuation, each include a value attributed to the solar power generation equipment completed on August 31, 2020.

Note 4. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Osaka Taisho are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (62.5%).

Note 5. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Amagasaki are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (51%).

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

Note 7. The discount rate for LOGIPORT Sayama Hidaka is stated as the figure from the first fiscal year until the third fiscal year.

Note 8. The discount rate for Higashi Ogishima (leasehold land) is stated as the figure from the first fiscal year until the third fiscal year.

Note 9. The discount rate for LOGIPORT Sakai Chikko Shinmachi is stated as the figure from the first fiscal year until the seventh fiscal year.

(d) Information about major real estate properties

Of the assets held by LLR, those properties where “total annual lease revenue” represents 10% or more of the “total annual lease revenue for the entire portfolio” as of August 31, 2020 are presented below.

Property name	Total annual lease revenue (million yen) (Note 1)	Share of lease revenue (%) (Note 2)
LOGIPORT Kitakashiwa	1,411	10.2
LOGIPORT Nagareyama B	1,396	10.1
LOGIPORT Higashi Ogishima C	1,387	10.0
LOGIPORT Amagasaki (Note 3)	1,582	11.4
Total	5,779	41.7

Note 1. “Total annual lease revenue” is stated as the total annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property as of August 31, 2020 (excluding consumption taxes), calculated by multiplying by 12, rounded down to the nearest million yen.

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

Note 3. The total annual lease revenue for LOGIPORT Amagasaki is stated as an amount proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interests (51%).

(e) Information about Major Tenants

Within the assets held by LLR, as of August 31, 2020 there are no tenants for which the leased floor area represents 10% or more of the total leased floor area for the entire portfolio (for those assets for which a pass-through type master lease agreement has been executed, this includes the end tenants and excludes the master lessee that has executed the master lease agreement).

(f) Portfolio Diversification

The distribution of LLR's asset holdings according to classification by area as of August 31, 2020 is as shown below.

a. Share by area

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

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

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

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

Note 4. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki properties.

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

b. Share by property age (Note 1)

Property age (Note 2)	Number of properties	Gross floor area (m ²)		Share (%) (Note 4)	Acquisition Price (million yen) (Note 6)	Share (%) (Note 4)
		(Note 3)	(Note 5)			
20 years or more	2	217,781.93		14.9	38,120	15.9
At least 15 years but less than 20 years	1	116,997.14		8.0	23,700	9.9
At least 10 years but less than 15 years	2	184,157.23		12.6	38,550	16.1
At least 5 years but less than 10 years	4	473,720.25		32.4	75,950	31.6
Less than 5 years	5	468,045.28		32.0	63,847	26.6
Total	14	1,460,701.83		100.0	240,167	100.0

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

Note 2. "Property Age" with respect to "LOGIPORT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to August 31, 2020, and this result was rounded to the nearest decimal place.

Note 3. "Gross floor area" reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

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

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

Note 6. "Acquisition Price" is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

c. Share by size (gross floor area) (Note 1)

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

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

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

Note 3. “Share” is rounded to the second decimal place.

Note 4. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Osaka Taisho, and LOGIPORT Amagasaki properties.

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

d. Share by remaining lease term

Lease term (remaining lease term) (Note 1) (Note 2)	Leased floor area (m ²) (Note 3) (Note 5) (Note 6)			Share (%) (Note 4)	Annual lease revenue (million yen) (Note 3) (Note 5) (Note 6)			Share (%) (Note 4)
7 years or more	50,345			4.8	607			4.4
At least 5 years but less than 7 years	97,376			9.2	1,295			9.3
At least 3 years but less than 5 years	298,567			28.3	4,205			30.3
At least 1 year but less than 3 years	285,217			27.1	3,771			27.2
Less than 1 year	322,162			30.6	3,988			28.8
Total	1,053,669			100.0	13,870			100.0

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

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

Note 3. “Leased floor area” is stated as the leased floor area associated with each trust property for each trust property as of August 31, 2020, while “annual lease revenue” is stated as the annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property for each trust property as of August 31, 2020 (for trust properties with multiple lease agreements, the aggregate thereof) (excluding consumption taxes) calculated by multiplying by 12, rounded down to the nearest million yen. These are then aggregated for each remaining lease term category.

Note 4. “Share” is rounded to the second decimal place. Therefore, the total may not add up to 100%.

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

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

(g) Property Income/Expenses

(Unit: thousand yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-5	Tokyo-6
Name of property	LOGIPORT Hashimoto	LOGIPORT Sagamihara	LOGIPORT Kitakashiwa	LOGIPORT Nagareyama B	LOGIPORT Higashi Ogishima A
Number of operating days in 9th period	184	184	184	184	184
(i) Total real estate leasing revenues	610,160	722,511	771,874	753,508	607,772
Rental revenues	565,762	662,568	694,400	692,206	548,595
Other rental revenues	44,397	59,943	77,474	61,302	59,176
(ii) Total real estate leasing expenses	192,682	220,919	287,865	260,652	166,278
Outsourcing costs	20,278	32,539	32,063	29,046	39,432
Utilities expenses	27,581	39,809	61,954	40,060	20,235
Taxes and public dues	53,117	59,382	72,286	51,994	41,755
Insurance premiums	827	975	1,221	1,432	1,125
Repair and maintenance	12,228	7,687	23,030	4,024	3,553
Depreciation	75,185	68,210	94,336	129,293	57,550
Other leasing expenses	3,462	12,315	2,973	4,800	2,626
(iii) Real estate leasing profit (= (i) - (ii))	417,477	501,591	484,008	492,856	441,494
(iv) Rent NOI (= (iii) + Depreciation)	492,663	569,801	578,345	622,150	499,044

(Unit: thousand yen)

Property number	Tokyo-7	Tokyo-8	Tokyo-9	Tokyo-11	Tokyo-12
Name of property	LOGIPORT Higashi Ogishima B	LOGIPORT Higashi Ogishima C	LOGIPORT Kawagoe	LOGIPORT Kashiwa Shonan	LOGIPORT Sayama Hidaka
Number of operating days in 9th period	184	184	184	184	184
(i) Total real estate leasing revenues	662,882	769,330	346,426		
Rental revenues	577,246	691,581	320,917		
Other rental revenues	85,635	77,748	25,508		
(ii) Total real estate leasing expenses	229,941	249,626	125,001		
Outsourcing costs	52,768	50,559	18,334		
Utilities expenses	29,870	36,413	20,119	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues	63,012	61,374	26,176		
Insurance premiums	1,411	1,489	532		
Repair and maintenance	6,107	5,468	10,417		
Depreciation	74,597	92,522	41,441		
Other leasing expenses	2,173	1,797	7,980		
(iii) Real estate leasing profit (= (i) - (ii))	432,940	519,704	221,424	190,869	119,502
(iv) Rent NOI (= (iii) + Depreciation)	507,538	612,227	262,865	226,908	140,421

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

(Unit: thousand yen)

Property number	Tokyo-13	Osaka-1	Osaka-2	Osaka-3	Osaka-4
Name of property	Higashi Ogishima (leasehold land)	LOGIPORT Sakai Minamijimacho	LOGIPORT Sakai-chikkoshinmachi	LOGIPORT Osaka taisho	Suminoe (leasehold land)
Number of operating days in 9th period	184	184	184	184	184
(i) Total real estate leasing revenues				492,182	
Rental revenues				466,417	
Other rental revenues				25,765	
(ii) Total real estate leasing expenses				168,209	
Outsourcing costs				18,940	
Utilities expenses	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	18,594	Not disclosed (Note)
Taxes and public dues				55,622	
Insurance premiums				596	
Repair and maintenance				730	
Depreciation				71,552	
Other leasing expenses				2,172	
(iii) Real estate leasing profit (= (i) - (ii))	22,254	148,450	81,510	323,973	86,984
(iv) Rent NOI (= (iii) + Depreciation)	22,254	179,432	102,095	395,526	86,984

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

(Unit: thousand yen)

Property number	Osaka-5
Name of property	LOGIPORT Amagasaki
Number of operating days in 9th period	184
(i) Total real estate leasing revenues	824,302
Rental revenues	778,779
Other rental revenues	45,523
(ii) Total real estate leasing expenses	283,332
Outsourcing costs	27,498
Utilities expenses	33,394
Taxes and public dues	92,937
Insurance premiums	1,496
Repair and maintenance	7,773
Depreciation	117,550
Other leasing expenses	2,680
(iii) Real estate leasing profit (= (i) - (ii))	540,970
(iv) Rent NOI (= (iii) + Depreciation)	658,521

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

(2) Capital Expenditures on Portfolio Assets

A) Planned capital expenditures

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

Property number	Property name	Location	Purpose	Expected timing	Estimated work costs (million yen) (Note)		
					Total amount	Current Payment Amount	Total amount paid
Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	LED lighting conversion construction within leased area	January, 2021	30	-	-
Tokyo-8	LOGIPORT Higashi Ogishima C	Kanagawa Prefecture Kawasaki City	Security equipment renewal construction work	From December, 2020 To February, 2021	25	-	-
Osaka-5	LOGIPORT Amagasaki	Hyogo Prefecture Amagasaki City	Construction work associated with adding additional security cameras	From December, 2020 To February, 2021	20	-	-

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

B) Capital expenditures during the period

A summary of the main projects, treated as capital expenditures, associated with real estate held by LLR that were undertaken during the period is presented below. Capital expenditures were 402 million yen for the period, and there were also 81 million yen in maintenance expenses classified as other operating expenses.

Property number	Property name	Location	Purpose	Implementation period	Amount paid (million yen) (Note)
Osaka-2	LOGIPORT Sakai Chikko Shinmachi	Osaka Prefecture Skai City	Installation work of photovoltaic power generation equipment	From April, 2020 To August, 2020	214
Other capital expenditures					188
Total					402

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

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

None