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December 18, 2019

To All Concerned Parties

REIT Issuer:

LaSalle LOGIPORT REIT

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Asset Manager:

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Notice regarding Acquisition of Asset (Preferred Shares of Nanko Property TMK)

LaSalle LOGIPORT REIT (hereinafter referred to as “**LLR**”) who has entrusted the management of its assets to LaSalle REIT Advisors K.K. (“**LRA**” or the “**Asset Manager**”), announces that it has decided to acquire (the “**Subject Acquisition**”) the following preferred shares (hereinafter referred to as the “**Newly Acquired Asset**” or “**Preferred Shares**”).

Since the acquiring party of the Preferred Shares falls under a category of being a related party transaction, based on the rules set forth in LRA’s related party transaction rules (“**Related Party Transactions Rules**”), it is necessary for this Subject Acquisition to be in compliance with regulations and other internal procedures, and as such, the Subject Acquisition has undergone those proper procedures, deliberations, and resolutions.

1. Overview of the Subject Acquisition

- | | |
|--------------------------------|--|
| (1) Newly Acquired Asset | : Nanko Property TMK’s (“ Nanko Property TMK ”) (Note 1)
Preferred Shares (Note 2) |
| (2) Acquisition Price | : 1,134 million yen (representing approximately 11.4% of the total
Preferred Shares issued by Nanko Property TMK) |
| (3) Scheduled Acquisition Date | : December 25, 2019 |
| (4) Acquiring Entity | : Nanko Property TMK |
| (5) Underlying Real Estate | : LOGIPORT Osaka Bay (the “ Subject Property ”) (Note 3) |
| (6) Acquisition Funds | : Cash or New Borrowings (Note 4) |

Note :

1. For details about Nanko Property TMK, please refer to “3.Details of the Subject Acquisition / (1) Overview of the Preferred Shares” below.
2. The underlying real estate that secures Nanko Property TMK’s Preferred Shares is known as “LOGIPORT Osaka Bay”, and LLR assumes the Preferred Shares on the above “(3) Scheduled Acquisition Date”. On the same date that the underwriting agreement of the Preferred Shares is executed, a preferential negotiation right agreement (“**Preferential Negotiation Rights Agreement**”) between Nanko Property TMK will be granted such that the trust beneficiary interest (the “**Subject Trust**”

Beneficiary Interest) of the Subject Property would be able to be acquired by LLR. Details of this preferential negotiation right (the “**Preferential Negotiation Right**”) is described in “3.Details of the Subject Acquisition / (1) Overview of the Preferred Shares / Other” below.

3. Details about the Subject Property are described in “3. Details of the Subject Acquisition / (2) Subject Property Summary” below. While the name of the Subject Property as of today is “Nanko Distribution Centre II”, after LLR acquires the Preferred Shares, the management name of the Subject Property will be changed to “LOGIPORT Osaka Bay.” The same applies below.
4. If the acquisition funds are to be procured by borrowing, with respect to details around the new borrowings, please refer to the press release titled “Notice on Borrowing of Funds” published at a later date.

2. Reasons for acquisition

The Subject Property is acquired through Nanko Property TMK as the second Value Add Investment (Note 1) following on the low-occupancy property investment made in Logiport Amagasaki. The Subject Property is a “large scale, high specification” logistics facility located in a “suitable logistics site” in the Osaka Bay Area (Note 2), and it is a property that meets the standards of what would be deemed as “Prime Logistics” (Note 3). In connection with the Subject Acquisition, LLR will obtain the Preferential Negotiation Right, so it will have the opportunity to acquire the Subject Property that is expected to generate stable earnings over the medium to long term. In addition, by executing this acquisition as part of LLR’s Value Add Strategy (Note 4), this acquisition creates opportunities to receive additional dividends (Note 5) through the Preferred Shares.

The supply and demand environment for logistics facilities in the Osaka Bay Area is improving rapidly. The vacancy rate, which was 19.8% as of the end of March 2018, which has decreased rapidly to 5.8% as of the end of September 2019, and market rents are on an upward trend. (Note 6) Based on these above characteristics, we decided to proceed with this Subject Acquisition.

At present, the Subject Property’s occupancy rate is 25.0% (Note 7), and it will take some time before the Subject Property can stably generate revenue. If LLR were to acquire the Subject Property as is, it would be dilutive to LLR’s DPU and LLR’s NAV per unit. In order to prevent such dilution while still seeking a way to invest in this Subject Property, LLR consulted with its sponsor, LaSalle Investment Management Japan K.K. (“**LaSalle KK**” or the “**Sponsor**”), and as a result of this consultation, LLR decided to acquire the Preferred Shares of Nanko Property TMK with cash or borrowings, while also obtaining the Preferential Negotiation Rights of the Subject Property for future acquisitions opportunities.

Going forward, Nanko Property TMK’s asset manager will be the Sponsor, and LaSalle KK will concentrate on leasing activities to improve the occupancy rate of the Subject Property. Based upon the prevailing occupancy rate situation, LLR will consider the appropriate timing as to when to proceed with acquiring the Subject Property directly.

Note :

1. “Value Add Investments” are not a simple acquisition of a stabilized property, but rather are investments in a property prior to stable operations where leasing activities have not been completed, or where a targeted property has room for redevelopment or building expansion. An investment strategy that creates added value through asset management by LLR or its Sponsor, whereby the aim is to procure “excess returns.” This includes, for example, profits obtained by LLR earning dividends on the preferred investment securities, or by leasing up properties prior to stable operation and increasing their real estate value.
2. The “Osaka Bay Area” refers to Osaka Prefecture, Osaka City, part of Sakai City, Hyogo Prefecture, Amagasaki City, and

Nishinomiya City.

3. LLR has defined “prime logistics” as those properties, which are “large-scale, high specification” and located in “suitable logistics sites.”
4. “Value Add Strategy” refers to LLR’s unique strategy aimed at obtaining excess returns from Value Add Investments.
5. Dividends from the Preferred Shares are anticipated to be generated once the Subject Property’s occupancy rate gets above a certain amount. Accordingly, dividends are expected to be made after the stable operation of the property.
6. Based on “Logistics Market Data” prepared by CBRE, Inc.
7. The occupancy rate of the warehouse as of the end of November 2019.

3. Details of the Subject Acquisition

(1) Overview of the Preferred Shares

Name of the issuing company of the Preferred Shares	Nanko Property <i>Tokutei Mokuteki Kaisha</i>												
Intended Acquisition Price	JPY 1,134 million yen												
Overview	<p>① The Preferred Shares are to be issued by Nanko Property TMK for the purposes of conducting the following business.</p> <p>(i) Asset securitization plan based on the asset liquidation law (Act No. 105, 1998, including subsequent revisions, hereinafter referred to as the “Asset Liquidation Act”) (hereinafter referred to as the “Liquidation Plan”) and the business related to the management and disposal of the specified asset</p> <p>(ii) Any business incidental to (i) above</p> <p>② (Intended) Summary of Nanko Property TMK (Note 1)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Nanko Property TMK</th> </tr> </thead> <tbody> <tr> <td style="width: 50%;">Subject Trust Beneficiary Interest (Note 2) JPY37,513 million yen</td> <td style="width: 20%; text-align: center;">Debt</td> <td style="width: 30%; text-align: right;">27,543 million yen</td> </tr> <tr> <td></td> <td style="text-align: center;">Preferred Shares</td> <td style="text-align: right;">9,970 million yen (Note 3)</td> </tr> <tr> <td></td> <td style="text-align: center;">Common Securities</td> <td style="text-align: right;">JPY100,000</td> </tr> </tbody> </table> <p>(Note 1) With respect to the expressed amount, the estimated value as of December 27, 2019 is stated. In addition, the amounts are rounded down to the nearest unit, thus, even if the listed amounts are added, it may not match the total value.</p> <p>(Note 2) The “Subject Trust Beneficiary Interest” is primarily secured by the Subject Property as its underlying asset.</p> <p>(Note 3) Of the total amount of the Preferred Shares, LLR intends to acquire JPY1,134 million (or approximately 11.4% of the total).</p> <p>③ Nanko Property TMK’s fiscal year is from June 1 – May 31, and is thus comprised of one fiscal period. The distribution of profits and distribution of residual assets are as follows: (Profit Distribution)</p> <p>a) With respect to distribution of profits, priority members are entitled to receive a dividend based on an amount determined at the general meeting of members and has preference over specified members within a range of distributable earnings calculated in accordance with the asset liquidation plan in each fiscal year. In addition, certain specified members have previously waived their right to receive distribution of profits in accordance with the asset liquidation plan.</p>	Nanko Property TMK			Subject Trust Beneficiary Interest (Note 2) JPY37,513 million yen	Debt	27,543 million yen		Preferred Shares	9,970 million yen (Note 3)		Common Securities	JPY100,000
Nanko Property TMK													
Subject Trust Beneficiary Interest (Note 2) JPY37,513 million yen	Debt	27,543 million yen											
	Preferred Shares	9,970 million yen (Note 3)											
	Common Securities	JPY100,000											

	<p>b) Dividends of the Preferred Shares will be distributed in accordance to the total amount available for distribution divided evenly by the number of Preferred Shares outstanding.</p> <p>(Distribution of residual assets)</p> <p>Since specified members have waived their right to receive distributions of residual assets in advance of the asset liquidation plan, distribution of residual assets to specified members will not be carried out, and only distribution of residual assets to preferred members will be conducted.</p> <p>With respect to the method of distributing residual assets, pursuant to the provisions set forth in Article 502 of the Companies Act of the Asset Liquidation Act (Act. No. 86 of 2005, including subsequent amendments), payment of obligations etc. of Nanko Property TMK or the distributable residual assets after retaining fundings necessary for repayment have the right to received distribution according to the number of Preferred Shares owners.</p>
Other	<p>Overview of the preferential negotiation rights granted in connection with the acquisition of the Preferred Shares</p> <div style="border: 1px solid black; padding: 5px;"> <p>① Nanko Property TMK may not enter into negotiations or contract actions relating to the sale or other disposition of the Subject Property or the Subject Trust Beneficiary Interest (hereinafter referred to as the “Assets”) with a third party until the end of the Preferential Negotiation Rights Agreement is concluded with a decision determined by either LRA or the preferential negotiation rights holder (i.e. LLR or LLR’s designated third party. The same shall apply hereinafter).</p> <p>② Neither LLR nor Nanko Property TMK assume any legal obligation to buy or sell the Assets.</p> <p>③ As a conditions present to signing a purchase and sale agreement by the preferential negotiation rights holder, LRA or the preferential rights holder will conduct its own due diligence (“DD”) comprised of an appraisal, engineering report, environmental analysis, building code compliance analysis, contractual agreements, and diligence of other agreements, and provided that it is satisfied with its DD, then and only then will it move forward.</p> <p>*As of today, there are no guarantees that LLR will make a decision to acquire the Asset, and this it can always be acquired. LLR will make the necessary determinations after performing the necessary DD, and in accordance with LRA’s in-house regulations. Additionally, upon obtaining a preferential negotiation right, neither LLR nor LRA will pay any compensation to the contract signing party.</p> </div>

(2) Subject Property Summary

The following table summarizes the outline of the property (hereinafter referred to as "**Individual Property List**"). Terms used in referring to such individual property list are as follows. Please refer to the individual property table together with explanation of such terms.

The outline of the Subject Property and the information described about Nanko Property TMK later on are based on information provided by this Specified Purpose Company as of today, and for those items where dates are not specified, as of December 18, 2019. In the future, should LLR carry out its acquisition of the Subject Property, the property metrics at the time of acquisition in the future may differ from this information.

- a. Explanation of classification
 - “Property Use” is determined by the stated type of use recorded on the property registry.

- b. Explanation of what is shown in the column listed as “Summary of Specified Asset”
 - “Type of Specified Asset” indicates the type of trust beneficiary interest acquired by Nanko Property TMK at the time of the acquisition.
 - “Outline of Trust Beneficiary Interest” lists the trust establishment date, trustee, and trust expiration date at the time of acquisition by Nanko Property TMK.
 - The “Location” of the land describes the address of the site, and for those sites without one, it indicates the location of the building above (if there are multiple buildings, then one will be picked).
 - The “Area” of the land is based on the description on the property registry and may not be consistent with the current situation.
 - The “Useage area” of the land describes the allowable uses of the a given site based on Article 8, Paragraph 1, Item 1 of the Urban Planning Act (Law No. 100 of 1964, including subsequent revisions)
 - The “Site Coverage Ratio” of the land is the ratio of building area of the building relative to the site area, as stipulated in Article 53 of the Building Standards Law, and it describes the upper limit to what may be built per site in accordance with the zoning in the area.
 - The “Floor Area Ratio” of the land is the ratio of the total area of the building relative to the site area, as stipulated in Article 52 of the Building Standards Law (Law No 201 of 1954, including subsequent revisions), and it describes the upper limit of the volume allowable per zoning in accordance with urban planning in the area.
 - The “Ownership Type” of land and building describes the type of rights held by the trustee.
 - “Presence or absence of pledged collateral” indicates whether a property is scheduled to be pledged by LLR as collateral after acquisition of an underlying asset and an overview of the collateral if such property is scheduled to be pledged as collateral.
 - The “Structure and floor number” and “Type” of building is based on what is described in the property registry.
 - The “Construction period” describes the date to when the construction of the building was completed based on what is noted on the property registry.
 - The “Gross Floor Area” is based on what is noted on the property registry.
 - With respect to “Lease” pertaining to “Number of tenants”, “Annual Rent”, “Security Deposits/ Guarantees”, “Leased Area”, “Potential Leasable Area”, and “Occupancy”, these figures were obtained from Nanko Property TMK.
 - “PM” refers to the property management company intended to be contracted for the Subject Property.

- c. Explanation about the “Special Notes” column
 - Under “Special Notes”, consideration is given to those aspects of the deal that may influence property rights, property utilization, safety, etc. of real estate of entrusted real estate, at the date of this press release including but not limited to the following items.
 - Major constraints or restrictions based on laws and regulations
 - Burdens or encumbrances placed on rights relationships
 - Main items such as agreements with tenants or end tenants, relating to the lease or usage

- status of tenants or end tenants
- Structure that cross a boundary crossing or when there are issues with boundary confirmations, etc.

Property Name		LOGIPORT Osaka Bay
Property Use		Warehouse
Type of Specified Asset		Real Estate Trust Beneficiary Interest
Outline of Trust Beneficiary Interest (Intended)	Trust Establishment Date	December 27, 2019
	Trustee	MUFJ Trust K.K.
	Trust Expiration Date	November 30, 2029
Land	Location	Nankonaka 1-4-130, Suminoe-ku, Osaka-city, Osaka-prefecture
	Area	69,908.85 m ²
	Useage area	Semi-Industrial Zoning
	Site Coverage Ratio	60%
	Floor Area Ratio	200%
	Ownership Type	Ownership
Presence or absence of pledged collateral setting		None
Building	Structure and floor number	Steel structure aluminum-zinc alloy coated steel roofing, 4-story
	Construction period	February 27, 2018
	Gross Floor Area	139,551.94 m ²
	Type	Warehouse
Lease	Number of tenants	5
	Annual Rent	Not available (Note)
	Security Deposits / Guarantees	Not available (Note)
	Leased Area	34,231.10 m ²
	Potential Leaseable Area	136,516.89 m ²
	Occupancy	25.0%
PM		CRE INC. (Intended)
Special Notes		None

Notes:

Due to the fact that disclosure of rents have not received approval from tenants, this information is not able to be disclosed.

(3) Summary about Nanko Property TMK

Name of entity	Nanko Property TMK
Address	1-11-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Director Matsuzawa Kazuhiro
Main Business	1. Assignment of specified assets in accordance with an asset liquidation plan based on the Asset Securitization Law and business related to the management and disposition of said assets. 2. Other incidental business related to 1. above
Specified Contribution Amount	JPY 100,000 (as of November 19, 2019)
Amount of Preferred Equity Investment	9,970 million yen (as of December 27, 2019)
Establishment Date	Novembers 15, 2019
Specified Investor	Irohazaka <i>Ippan Shadan Hojin</i>
Capital ties	LLR intends to acquire approximately 11.4% of the total amount of preferred equity of Nanko Property TMK. Except for the above, there are no significant capital relationships with LLR or LRA.
Human relationships	None
Transactional relationships	None
Related Parties	Irohazaka ISH is not a related to party to either LLR or LRA In addition, since Nanko Property TMK has concluded an asset management agreement with the Sponsor, LaSalle KK, which is the parent company of LRA, this deal falls under an internal rule of being a related party transaction,

4. Outline of Appraisal etc. of the Subject Property

Since an appraisal will be obtained at that point in time in the future when LRA begins consideration for acquiring the Subject Property, at present, neither LLR nor LRA have obtained an appraisal for the valuation of the Subject Property or the Trust Beneficiary Interest.

5. Related Party Transactions

Since the acquisition of the Preferred Shares falls under the category as a Related Party Transaction of LRA, the transaction has undergone necessary deliberation and resolution that the intended acquisition price (upper limit) is lower than the reference valuation described in the Preferred Shares valuation report prepared by an independent third party, based on regulations and other internal rules of LRA.

6. Settlement Method and Acquisition Schedule

(1) Settlement Method

On December 25, 2019, all amounts are expected to be funded.

(2) Acquisition Schedule

The Newly Acquired Assets will be acquired based on the following schedule

12/18/2019	Conclusion of determination to acquire, execution of underwriting agreement concerning the acquisition of Preferred Shares
12/25/2019	Funding of equity contribution amounts (intended)
12/27/2019	Acquisition of Preferred Shares (intended)

7. Summary about brokers

No brokers were used to conduct this acquisition.

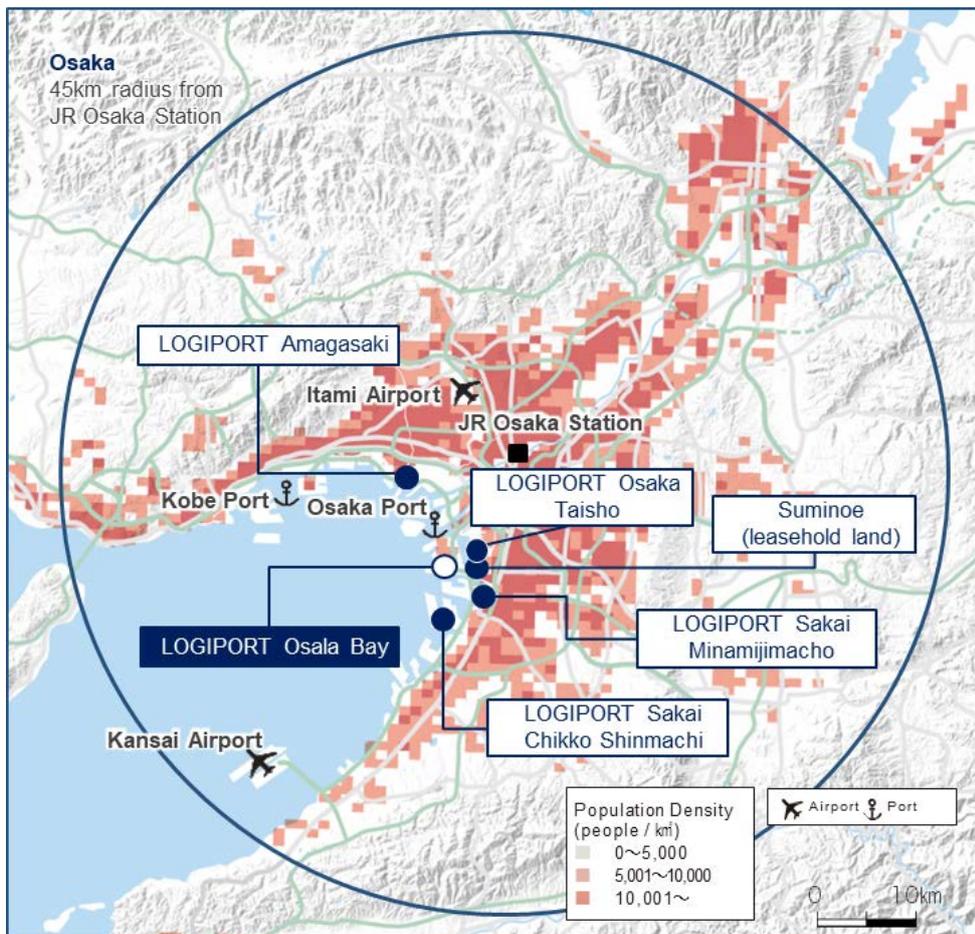
8. Outlook going forward

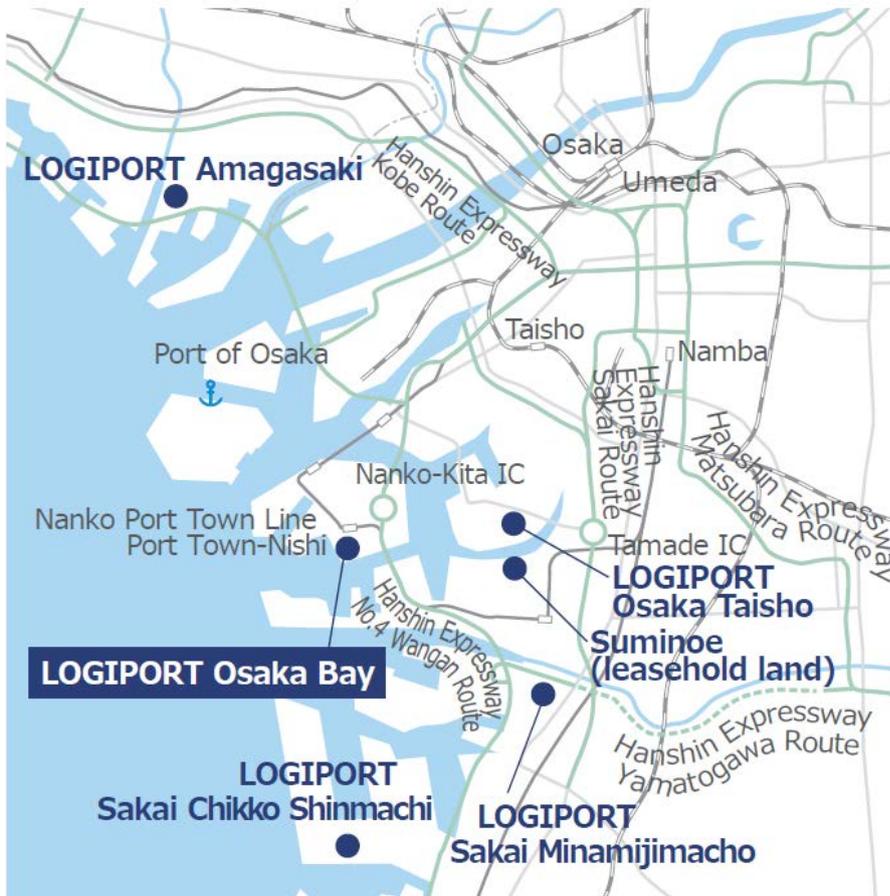
The effect of this Subject Acquisition upon LLR's financial earnings as of the end of the fiscal period ending in February 2020 (9/1/2019 ~ 2/29/2020) and August 2020 (3/1/2020 ~ 8/31/2020) are expected to be insignificant. Thus there are no changes in the operational situation to LLR, relative to what was announced on October 17, 2019 as it pertains to the fiscal period ending in February 2020 (9/1/2019 ~ 2/29/2020) and August 2020 (3/1/2020 ~ 8/31/2020).

* LLR's website: <http://lasalle-logiport.com/english/>

Exhibit 1: Features of LOGIPORT Osaka Bay

The Subject Property is a “large scale, high specification” logistics facility located in a “suitable logistics site” in the Osaka area, and it is a property that meets the standards of what would be deemed as “Prime Logistics”





**Logistics
Suitable Site**

- ① Excellent access to high consumption areas (population aggregation)
Good access to Osaka city which is a large consumer market
- ② Close proximity to major arterial roads (interchanges)
Access to the expressway is good where the Subject Property is within 1.3km of the Nanko North interchange
- ③ 24 hour operations within an industrial use area
Located in an industrially zoned area which affords 24-hour operations
- ④ Access to public transportation within walking distance
Subject Property is located 10-minute walk from Port Town West station, which offers attractive environment for employment



Large scale

- ① GFA 45,000+ tsubo, 1 floor consists of leasable area in excess of 10,000+ tsubo

High Specifications

- ① Effective floor to ceiling heights of 5.5 meters, floor loads of 1.5t/sqm, and column-to-column spacing approximately 10.45m × 10.2m
- ② Upper floor truck access via double rampways
- ③ Compatible with multi-tenant specifications affording flexible partitioning design (1 floor may be partitioned up to 6 bays)
- ④ Office space with air conditioning and rest area