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To All Concerned Parties

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Notice Concerning the Amendments to Asset Management Guideline

LaSalle REIT Advisors K.K. (“**LRA**” or the “**Asset Management Company**”), the asset management company of LaSalle LOGIPORT REIT (“**LLR**” or the “**Investment Corporation**”), announces today that it has decided to amend its Asset Management Guideline (the “**Asset Management Guideline**”), as outlined below.

1. Background and Overview

LLR has been working to improve unitholder values by focusing on the long term stable growth in cash flows and asset values. With the current competitive environment for logistics facilities acquisitions, we believe it is important to expand acquisition opportunities in order to secure quality growth opportunities in the future. Against this backdrop, we are making partial amendments to the investment criteria, etc. stipulated in the Asset Management Guideline, including expansion of investment criteria and new establishment of investment ratio by asset type for the portfolio. Specifically, we will clarify the investment ratio of properties that do not fall under the conventional primary investment target of Prime Logistics (as defined below), lower the investment criteria for size with a consideration of acquiring medium-scale logistics facilities with high functional specifications located in suitable logistics areas, clarify the asset types specified in the Articles of Incorporation for properties that are primarily used for the purpose of other than logistics facilities such as industrial properties and data centers, expand the method of involvement of the investment corporation in development properties, and make changes to the distribution policy to conform with the expansion of investment targets such as acquisition of buildings with fixed-term land leasehold rights.

Considering the impact on distributions in the event of a temporary difference due to taxable income in excess of pretax earnings, etc., and for the purpose of avoiding the occurrence of taxable income due to a temporary difference due to taxable income in excess of pretax earnings, etc., we will partially change the distribution policy in the Asset Management Guideline so that the amount equivalent to the increase in the amount of the allowance for temporary difference adjustment can be distributed by posting the amount of the allowance for temporary difference adjustment within the scope of the temporary difference due to taxable income in excess of pretax earnings, etc.

2. Outline of Amendment (The provisions noted below are those after amendment and only those where major changes were made. The description of provisions without major changes has been omitted. Underlined parts indicate where changes were made.)

2 Investment policy

(1) Investment policy

(ii) Fundamental policy of the Investment Corporation: Features of the Investment Corporation (investment focusing on prime logistics)

Among the logistics facilities the Investment Corporation invests in, we refer to “Prime Logistics” as facilities located in “suitable logistics locations” which are “large-scale and highly functional”. We focus our investments on these assets which can be expected to generate stable earnings over the medium to long term.

<Characteristics of “Prime Logistics”>

Located in suitable logistics locations	
	Superior access to high consumption areas (densely populated areas)
	Close proximity to highway and highway interchange nodes
	Located in industrial use zoned areas that allow for 24-hour operations
	Easy public transportation access in order to attract employees
Large-scale and highly functional	
Large-scale	A scale (total floor space of approximately 16,500 m ² or more) that can accommodate the needs for consolidation and integration of logistics bases.
Highly functional	For improved storage capabilities and work efficiency, effective ceiling heights greater than 5.5m, floor loads that can handle in excess of 1.5 t/m ² , and typical column spacing is 10m × 10m
	Equipped with a large rampway with direct truck access to the upper levels or equipped with sufficient vertical conveying capabilities.
	Design that allows for flexible bay partitioning
	Ample office space
	Seismic isolation performance or high seismic resistance and safety

Note: The above table describes the general characteristics that the Investment Corporation considers to be "Prime Logistics." Logistics facilities that do not meet all the elements in the above table may also be called "Prime Logistics" after closely examining the characteristics of individual properties and comprehensively taking those factors into consideration. For example, in terms of large-scale, a property with a scale that allows tenants to operate their businesses efficiently (standard floor area is generally 3,300m² or more), or a property located in "other" areas other than the "Tokyo area and Osaka area" and with a scale that has certain level of functionality as a logistics facility and the Asset Management Company can judge as highly competitive such as the property whose scale meets the cargo volume required by tenants according to the economic scale of that area, may be called “Prime Logistics”.

(iii) Portfolio construction policy

(B) Investment standard

The Investment Corporation will invest in properties that contribute to long-term and stable growth by comprehensively assessing the size, location, tenants, buildings, sustainability, and stability of cash flow from the perspectives described in the table below, and will build a portfolio, centered on Prime Logistics properties.

In addition to Prime Logistics, the Investment Corporation also targets mid-sized logistics facilities located in suitable logistics areas and with high functional specifications, and properties for which the main use of real estate is available or used for data centers, communication facilities, research facilities, factories, supply processing facilities, and other infrastructure for corporate activities.

In the event that land with leasehold interest is an investment target, a comprehensive

judgment will be made, taking into consideration the primary use of the building on the land at the time of investment or the possibility of future reconstruction or conversion of the building on the land.

<Portfolio investment ratio by asset type>

Asset Type	Investment ratio
<u>Prime Logistics</u>	<u>80% or more</u>
<u>Others</u>	<u>20% or less</u>

Portfolio investment standard

Size	Gross floor area of <u>6,600 m²</u> or more (<u>Prime Logistics has a gross floor area of approximately 16,500 m² or more</u>)
Development properties	Upon construction completion and property stabilization, it is expected that the above investment standards are substantially satisfied: Various risks related to the development of real estate such as development risk, entitlements risk, construction completion risk, tenant risk, valuation (fluctuation) risk, interest rate fluctuation risk during development, and large scale natural disaster risk, etc. are appropriately analyzed and are to be managed. <u>The investment methods, such as a method in which the Investment Corporation acts as the contractee to develop a property or a method in which the Investment Corporation is involved in property development through the acquisition of Development SPC preferred shares, should be based on characteristics consistent with appropriate development projects</u> Proper monitoring of the project's progression is to occur In light of how development projects do not generate cash flows immediately, there must not be an excessive exposure or impact upon the entire portfolio <u>(In the case a third party is to develop a property in anticipation of Investment Corporation's future acquisition of the property) Consider the probability of acquiring the development project through a possibility of obtaining preferential negotiation rights</u>

(v) Disposition policy

As a general rule, we do not sell properties for a short-term hold. However, we may consider selling a property at an appropriate time if we determine that selling the property will contribute to stabilizing the portfolio's earnings after comprehensively assessing the composition of the overall portfolio, changes in tenant needs, individual property conditions, profitability prospects, changes in the surrounding environment, etc.

In addition, for properties other than Prime Logistics, after comprehensive assessment of the real estate market conditions, the level of the Investment Corporation's unit price and distribution per unit, the stability of the overall earnings of Investment Corporation's assets under management and the steady growth of the overall assets under management, and the redevelopment of existing properties, etc., we may consider selling the property during the period not falling within the long-term period after acquiring a property.

(vii) Distribution policy

The Investment Corporation will make distributions of earnings and distributions in excess of retained earnings, in accordance with the policy set forth in Article 36 of the Articles of Incorporation. Prior to making distributions in excess of retained earnings, the Investment Corporation will fully consider the prevailing economic environment, market trends within the real estate and leasing markets, amount of any capital expenditures necessary to maintain or improve the competitiveness of its assets, profit or loss during the relevant fiscal period, distribution level, the general financial health of the Investment Corporation and other factors, in accordance with the following policy.

(A) Return of capital which qualifies as a distribution, etc., for capital reduction under the tax laws (“Distribution for Capital Reduction”)

The amount of Distribution for Capital Reduction shall not exceed an amount equivalent to 60/100 of the amount obtained by deducting from the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period, the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period. Provided, however, that upon consideration of the aforementioned factors, if the Investment Corporation determines that it is inappropriate to carry out a Distribution for Capital Reduction, the Investment Corporation will not make any Distribution for Capital Reduction.

In determining the amount of Distribution for Capital Reduction, the Investment Corporation shall, for the time being, target such amount for the amount equivalent to 30/100 of the amount obtained by deducting from the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period; provided, however, that the amount of distributions in excess of retained earnings shall be determined upon comprehensive consideration of the prevailing economic environment, market trends within the real estate and leasing markets, amount of any capital expenditures necessary to maintain or improve the competitiveness of its assets, net income during the applicable fiscal period, earnings level including one-time earnings such as any capital gains from, or any penalties paid on cancellation of, the sale of real estate assets, distribution level during the applicable fiscal period including the amount of distributions in excess of retained earnings, the Investment Corporation’s financial conditions (in particular, the appraisal LTV (*Note 1*)) and other factors (“Continuous Distributions in Excess of Retained Earnings”). Provided, however, that in consideration of the aforementioned factors, the Investment Corporation may not make all or part of the Continuous Distributions in Excess of Retained Earnings.

Furthermore, in addition to the Continuous Distributions in Excess of Retained Earnings, in the case where the amount of DPU is expected to temporarily decrease to a certain extent due to the issuance of new investment units, issuance of investment corporation bonds, capital procurement such as debt financing, large scale repairs due to natural disasters such as earthquakes or accidents such as fires, or payments of monies as litigation settlement, or capital losses on the sale of real estate assets, or other reasons, the Investment Corporation may make temporary Distribution for Capital Reduction in an amount determined by it only for the purpose of smoothing out the amount of DPU (“Temporary Distributions in Excess of Retained Earnings”).

The total amount of distribution of Continuous Distributions in Excess of Retained Earnings and Temporary Distributions in Excess of Retained Earnings shall not exceed the amount equivalent to 60/100 of the amount obtained by deducting from the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period.

(B) Distribution of an amount equal to the increase in the Allowance for Temporary Difference Adjustment

In addition, in the event that the Investment Corporation incurs a temporary difference due to taxable income in excess of pretax earnings (stipulated in Article 2, Paragraph 2, Item 30 (a) of the Calculation Rules Pertaining to the Investment Corporation hereinafter referred to as "Calculation Rules". The same shall apply hereinafter.) (Note 2) and net asset deduction items (stipulated in Article 2, Paragraph 2, Item 30 (b) of the Calculation Rules and together with the temporary difference due to taxable income in excess of pretax earnings hereinafter referred to as "Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc.". The same shall apply hereinafter.) (Note 3), the Investment Corporation will, in consideration of the impact of such Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc., record an Allowance for Temporary Difference Adjustment (stipulated in Article 2, Paragraph 2, Item 30 of the Calculation Rules. The same shall apply hereinafter.) and distribute the amount equivalent to the increase in such Allowance for Temporary Difference Adjustment, to the extent of the Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc., for the purpose of avoiding the occurrence of taxable income due to such Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc.. The Investment Corporation may choose not to distribute the amount equivalent to the increase in such Allowance for Temporary Difference Adjustment in the case where the Investment Corporation decide it is in appropriate to carry out such distribution such as the case where the purpose of avoiding the occurrence of taxable income due to such Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc. is not able to be accomplished, taking the impact of the Temporary Difference due to Taxable Income in Excess of Pretax Earnings, etc. into consideration, due to the amendment to laws and regulations in the future.

Also, if the distribution in excess of retained earnings is carried out, the amount of such distribution shall be deducted from the total amount of capital contribution or the amount of capital surplus.

Note 1: If the appraisal LTV defined below exceeds 60%, then the Investment Corporation will not make the Distribution for Capital Reduction.

Appraisal LTV (%) = A/B x 100 (%)

A = balance of interest-bearing debts (long term investment corporation bond balance and short term investment corporation bond balance are included, however, subordinated debt balance is not included) + amount of security deposits, etc. (excluding the amount equivalent to the amount of cash reserved as security deposits by the trustee and the amount equivalent to the amount of cash reserved in the security deposits reserve account)

B = appraisal value of portfolio assets as of the end of a given fiscal period + cash deposits in borrower account(s) (excluding security deposits reserve account) + cash and deposits held in trust (excluding the amount equivalent to the amount of cash reserved as security deposits by the trustee) – total amount of distributions of earnings – total amount of distributions in excess of retained earnings.

The expected total amount of distributions of earnings and the expected total amount of distributions in excess of retained earnings (refund of capital contribution) shall be based on the figures as of the closing date (last day) of the most recent fiscal period.

Note 2: The difference between the taxable income (the amount of gain less the amount of loss) and the accounting profit (total income less total expenses) due to fixed asset impairment losses, debit items of depreciation and interest expense on asset retirement obligations, amortization expenses for fixed-term leasehold land, allowance for doubtful accounts and provision for repairs, amortization of goodwill, excess of depreciation over the depreciation limit.

Note 3: The total amount if the sum of valuation and translation adjustments, etc., (valuation difference on available-for-sale securities and deferred gains or losses on hedges), investment unit acquisition rights, deposits for subscriptions of investment units, and treasury investment units, is negative.

In addition to the above, minor changes have been made.

3. Date of Amendment
August 26, 2022

4. Other

The amendment of asset management guideline described in 2. above will expand the investment criteria of LLR, but on the other hand, since 2021, the LaSalle Group has established LaSalle Asia Opportunity Fund VI ("LAO VI"), a comprehensive, close-ended private fund that invests in office, retail, residential, warehousing and logistics, hotels and other commercial properties, and manages assets in the Asia-Pacific region, including Japan. LAO VI is a fund that seeks higher target returns than the Investment Corporation ("Opportunistic Fund"). LAO VI is granted a priority to consider any real estate investment opportunities, within its investment strategy, sourced by LaSalle Group. Although LAO VI is an Opportunistic Fund, and therefore its primary investment targets are different from those of Investment Corporation, there may be overlaps in investment targets of logistics facility developments and low occupancy properties, etc., which are targeted as part of Investment Corporation's Excess Returns Strategy (Note). For this reason, regarding the potential acquisition opportunities for development properties, low occupancy properties, etc. obtained by the Asset Management Company from third parties, an order of priority will be established between the Asset Management Company and the LaSalle Group, and the Asset Management Company will begin consideration of the potential acquisition opportunity only if the LaSalle Group decides not to pursue it for LAO VI.

Note: The "development of logistics facilities, low occupancy properties, etc., which are targeted as part of Investment Corporation's Excess Returns Strategy" means, but is not limited to, development properties that are not in stable operation and are low occupancy properties, as well as properties with all or some of the following characteristics:

- a. Development properties of cold storage facilities, and factories and commercial facilities with a view to future conversion of use to logistics facilities, etc.
- b. Properties whose information was obtained from a third party other than the LaSalle Group
- c. Medium-scale logistics facilities (logistics facilities with a total floor area of 6,600m² or more but less than 16,500m²)

* The Investment Corporation's website: <https://lasalle-logiport.com/english/>

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