

# Financial Results (REIT) for the Fiscal Period Ended February 28, 2021

April 14, 2021

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 Securities Code: 3466  
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Stock Exchange Listing: TSE  
 U R L : <http://lasalle-logiport.com/english/>

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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 May 28, 2021 (September 1, 2020 to February 28, 2021)

### (1) Management Status

(% figures show period-over-period change)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended February 28, 2021	9,504	27.9	5,316	30.7	4,668	27.4	4,667	27.4
Fiscal period ended August 31, 2020	7,430	(15.2)	4,066	(22.3)	3,664	(23.0)	3,663	(23.0)

	Net income per unit		Ratio of net income on unitholders' equity ( ROE )		Ratio of ordinary income on total assets (ROA)		Ratio of ordinary income on operating revenues	
	Yen	%		%		%		%
Fiscal period ended February 28, 2021	2,852			2.8		1.5		49.1
Fiscal period ended August 31, 2020	2,687			2.5		1.4		49.3

### (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 per unit)		Total amount of distributions (including those in excess of retained earnings)		Payout ratio	Net assets distribution ratio
	Yen	Million yen	Yen	Million yen	Yen	Million yen				
Fiscal period ended February 28, 2021	2,849	4,666	228	373	3,077	5,040	100.0		100.0	2.6
Fiscal period ended August 31, 2020	2,688	3,663	204	278	2,892	3,941	100.0		100.0	2.5

Note 1. Due to the issuance of new investment, the payout ratio in the fiscal period ended February 28, 2021 were calculated according to the following formula, shown rounded to two decimal places.

Payout ratio = total amount of distributions (excluding those in excess of earnings per unit) ÷ net income × 100

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

Distributions per unit (excluding those in excess of retained earnings per unit) / [(net assets per unit at the beginning of the fiscal period + net assets per unit at the end of the fiscal period) ÷ 2] × 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 period ended August 31, 2020 was 0.002. 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 period ended February 28, 2021 is expected to be 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

	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
	Million yen	Million yen	%	Yen
Fiscal period ended February 28, 2021	345,529	190,874	55.2	116,528
Fiscal period ended August 31, 2020	262,435	143,202	54.6	105,064

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at period end
	Million yen	Million yen	Million yen	Million yen
Fiscal period ended February 28, 2021	7,741	(76,948)	77,016	21,800
Fiscal period ended August 31, 2020	5,883	(343)	(5,003)	13,991

2. Forecasts for the Fiscal Periods Ending August 31, 2021 (March 1, 2021 to August 31, 2021) and February 28, 2022 (September 1, 2021 to February 28, 2022)

										(% figures show period-over-period change)		
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 ended August 31, 2021	10,718	12.8	5,893	10.9	5,195	11.3	5,194	11.3	2,910	232		3,142
Fiscal period ended February 28, 2022	10,538	(1.7)	5,681	(3.6)	5,078	(2.3)	5,077	(2.3)	2,844	239		3,083

Reference: Forecasted net income per unit for the period ending August 31, 2021: 2,910 yen; forecasted net income per unit for the period ending February 28, 2022: 2,844 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

	Fiscal period ended February 28, 2021	Fiscal period ended August 31, 2020
(i) Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period	1,638,000 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 21 for the number of investment units used as the basis for calculating net income per unit.

\* Presentation of the status of implementation of audit procedures

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

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

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

For further details about the assumptions used in the forecasts above, please refer to the "Forecast Assumptions for the Fiscal Periods Ending August 31, 2021 and February 28, 2022" stated on page 6 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 February 28, 2021 (10th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,638,000 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 while global monetary easing continued to increase volatility in the capital markets. While the growth of e-commerce has accelerated, private consumption particularly in service areas such as food & beverage, and accommodations has declined significantly. This led to 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 18 properties (total acquisition price 317,829 million yen, leasable floor area 1,342,134 square-meters) and the overall weighted average portfolio occupancy rate through the fiscal period was in a strong position at 99.0%. LLR's portfolio has 158 tenants as of the end of this fiscal period ended February 28, 2021 and aims for further tenant diversification.

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

LLR raised 44,710 million yen through a public offering with a payment date of September 1, 2020 and an additional 2,235 million yen through a third-party allotment with a payment date of September 29, 2020, respectively. The total amount of capital contribution (net) as of the end of the fiscal period under review was 186,207 million yen.

In the fiscal year, LLR borrowed a total of 34,100 million yen in September 2020 in order to finance the acquisition of 4 assets (Logiport Kawasaki Bay, Logiport Shinmoriya, Logiport Amagasaki (additional acquisition) and Logiport Sakai) as well as to finance part of the deal related costs. Also, LLR has transferred the trust beneficiary interests for the Suminoe (leasehold land) and a part of the "disposition" proceeds were used to fund the acquisition of the four assets as well as to fund part of the deal related costs. The proceeds from the seventh issuance of unsecured investment corporation bonds (limited inter-bond pari passu clause) issued on February 16, 2021 (total amount of 2,000 million yen) were used as a part of the funds to repay the debt before maturity in the amount of 2,000 million yen.

As far as the 10th fiscal period was concerned, at the end of the current fiscal period, the balance of interest-bearing debt of LLR was 146,344 million yen and LTV was 42.4%.

The status of LLR's credit ratings assigned as of February 28, 2021 was as follows.

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

Note: This was the rating for the 1st, 2nd, 3rd, 4th, 5th, 6th and 7th Unsecured Investment Corporation Bonds.

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

The operating period for the current fiscal period was 181 days from September 1, 2020 to February 28, 2021. During current fiscal period, LLR generated operating revenues of 9,504 million yen, operating income of 5,316 million yen, ordinary income of 4,668 million yen, and net income of 4,667 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 2,849 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 373 million yen as an Ongoing Distribution in Excess of Retained Earnings, an amount equivalent to approximately 30% of the 1,245 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 228 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 building condition surveyors' 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 265 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.

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 December 31, 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. Acquisition (preferred securities) of assets

LLR has acquired the following preferred securities on March 18, 2021.

Asset name	Acquisition price (million yen)	Seller	Underlying real estate
Kansai 1 Property TMK Preferred securities	201	Kansai 1 Property TMK	(Tentative name) Osaka Suminoe Logistics Center Project

b. Issuance of new investment units

LLR’s board of directors meeting made a resolution regarding the issuance of new investment units on April, 14 2021. The issue price per unit shall be determined at the board of directors meeting to be held on the date of the issue price determination.

(Issuance of new investment units through a public offering)

Number of investment units issued    140,000 units

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

Number of investment units issued    7,000 units

Subscriber                                      Nomura Securities Co., Ltd.

c. Acquisition of assets

On April 14, 2021, LLR has decided to acquire the following newly acquired asset, and plan to acquire it on April 30, 2021. In addition, the intended acquisition date is subject to change as agreed upon between LLR and the seller in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Osaka area	Osaka-7	LOGIPORT Osaka Bay	Osaka-city, Osaka	40,000	Nanko Property TMK

(iii) Forecast of Financial Results

The outlook for LLR's financial results for the fiscal period ending August 31, 2021 and the period ending February 28, 2022 are presented below.

	Operating revenues	Operating income	Ordinary income	Net Income	Distributions per unit (excluding those in excess of retained earnings per unit)	Distributions in excess of retained earnings per unit	Distributions per unit (including those in excess of retained earnings per unit)
	Million yen	Million yen	Million yen	Million yen	Yen	Yen	Yen
Fiscal period ending August 31, 2021	10,718	5,893	5,195	5,194	2,910	232	3,142
Fiscal period ending February 28, 2022	10,538	5,681	5,078	5,077	2,844	239	3,083

For the assumptions used in this outlook, please refer to the “Forecast Assumptions for the Fiscal Periods Ending August 31, 2021 and February 28, 2022” below.

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

Forecast Assumptions for the Fiscal Periods Ending August 31, 2021 and February 28, 2022

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>Fiscal period ending August 31, 2021: March 1, 2021 to August 31, 2021 (184 days)</li> <li>Fiscal period ending February 28, 2022: September 1, 2021 to February 28, 2022 (181 days)</li> </ul>
Property portfolio	<ul style="list-style-type: none"> <li>The real estate trust beneficiary interests (18 assets in total) and preferred shares (two underlying assets in total) currently held by LLR, (collectively, the “<b>Currently Held Assets</b>”), along with the second acquisition of preferred shares of Kansai I Property TMK (the first acquisition of preferred shares, which is included in the Currently Held Assets, and the second acquisition of preferred shares, collectively the “<b>Kansai I Preferred Shares</b>”) announced on March 10, 2021, and the acquisition of real estate trust beneficiary interests and redemption of preferred shares of Nanko Property TMK (the “<b>Anticipated Redemption Asset</b>”) announced today. Also, as announced on February 15, 2021, LLR assumed that the hazardous material warehouse which LLR plans to construct on the premise of LOGIPORT Amagasaki, one of the Currently Held Assets, (the “<b>Extension Portion</b>”) will be acquired in late September 2021.</li> <li><b>Anticipated Acquisition Asset:</b>  LOGIPORT Osaka Bay :Anticipated to be acquired on April 30, 2021  (the “<b>Anticipated Acquisition Asset</b>”)  <b>Anticipated Redemption Asset:</b>  Preferred Shares of Nanko Property TMK :Anticipated to be redeemed on June, 2021</li> <li>The prevailing assumption is that aside from (i) the second acquisitions of Kansai I Preferred Shares, the Extension Portion and the Anticipated Acquisition Asset and (ii) redemption of the Anticipated Redemption Asset, no other changes (including acquisition of new property or disposition of properties held by LLR) would occur by the end of the fiscal period ending February 28, 2022.</li> <li>There is a possibility for further changes should LLR decide to acquire additional assets in addition to the Anticipated Acquisition Asset or dispose of properties held by LLR.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Leasing rental revenue is calculated based on information provided by the current owner regarding the Anticipated Acquisition Asset, the lease contracts of the Currently Held Assets in effect as of today, and market trends, etc.</li> <li>The average occupancy rate of all properties was expected to be 98.1% in the fiscal period ending August 31, 2021, and 98.6% in the fiscal period ending February 28, 2022.</li> <li>It is projected that the redemption of the Anticipated Redemption Asset will generate dividends in the amount of 535 million yen for the fiscal period ending August 31, 2021. The actual amount of dividends to be received may differ from this amount.</li> <li>With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delinquency.</li> <li>LLR expects that there will be no operating revenues to be generated in connection with the preferred shares.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Leasing-related expenses, other than depreciation expense are calculated by reflecting variable factors of expenses based on information provided by the current owner regarding the Anticipated Acquisition Asset. It is also based on the actual historical figures of the Currently Held Assets and relevant agreements in effect as of today.</li> <li>Depreciation expense, including ancillary costs, was calculated using a straight-line depreciation method, and LLR assumed depreciation expense to be 1,386 million yen and 1,427 million yen for the fiscal periods ending August 31, 2021 and February 28, 2021, respectively.</li> <li>At acquisition, property taxes, city planning tax and depreciable asset tax (collectively, the “property taxes”) are typically calculated on a pro-rata basis, based on the actual number of days of the year that the properties are owned by the buyer and seller respectively, and LLR’s pro-rata amount of the property taxes is assumed to be capitalized as part of LLR’s acquisition costs. Accordingly, for the Anticipated Acquisition Asset, this capitalized cost will not be expensed during the fiscal period ending August 31, 2021 and February 28, 2022 and the property taxes for the 2022 tax year will begin to be expensed through the income statement starting in the fiscal period ending August 31, 2022.</li> <li>With regards to the Anticipated Acquisition Asset, the property tax, etc. to be included in the acquisition cost basis, is assumed to be 143 million yen (equivalent to the tax expense for 246 days). If LLR were to</li> </ul>



Item	Assumptions
	<p>expense the property taxes corresponding to the full fiscal period ending August 31, 2021 and February 28, 2022, the total amount of the property taxes would be 106 million yen for each period.</p> <ul style="list-style-type: none"> <li>• Repair and maintenance expenses are calculated based on a repair and maintenance plan prepared by the Asset Management Company, for items viewed as necessary for each property. Actual repair and maintenance expenses may be significantly different from the expected amount due to various factors around certain unexpected repairs, the tendency for significant variations in the amount depending on each fiscal period, and the fact that repair expenses do not generally arise on a periodic basis.</li> <li>• LLR expects that there will be no operating expenses to be incurred in connection with the preferred shares.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• The projected amortization of costs related to the issuance of new investment units and the public offering of investment units are 30 million yen for the fiscal year ending August 31, 2021 and 32 million yen for the fiscal year ending February 28, 2022, respectively.</li> <li>• Interest expenses and other debt-related costs (including interest expenses on investment corporation bonds, amortization of investment corporation bonds and borrowing related expenses) are expected to be 594 million yen and 571 million yen for the fiscal periods ending August 31, 2021 and February 28, 2022, respectively. Non-cash items, which are included in interest expenses and other debt-related costs, are expected to be 107 million yen and 108 million yen for the fiscal periods ending August 31, 2021 and, February 28, 2022, respectively.</li> <li>• Loss on redemption of the preferred shares of the Anticipated Redemption Asset is expected to be 15 million yen for the fiscal period ending August 31, 2021.</li> </ul>
Loans payable	<ul style="list-style-type: none"> <li>• As of today, the balance of interest-bearing debts of LLR was 146,344 million yen. In addition, it was assumed that new loans totaling 20,300 million yen will be borrowed on April 30, 2021.</li> <li>• LLR also assumed that proceeds from the issuance of new investment units through third-party allotment, as explained in “Investment units” below would be appropriated for the funds to acquire the specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan) or repay debts in the future.</li> <li>• It is assumed that LLR will prepay 2,490 million yen during the fiscal period ending August 31, 2021 and 1,400 million yen during the fiscal period ending February 28, 2022 by using a consumption tax refund, which is expected to be received during the fiscal period ending August 31, 2021 and the fiscal period ending February 28, 2022.</li> <li>• It is assumed that LLR will prepay 1,134 million yen in the fiscal period ending August 31, 2021 by using principal amount of investment, which is expected to be received in accordance with the redemption of the Anticipated Redemption Asset during the fiscal period ending August 31, 2021.</li> <li>• It is assumed that all other borrowings or investment corporation bonds that are due by the end of the fiscal period ending February 28, 2022 will be refinanced.</li> <li>• The LTV ratio as of the end of each fiscal period ending August 31, 2021 and February 28, 2022 is assumed to be approximately 42.1% and 41.9%, respectively (rounded to one decimal place).</li> <li>• The LTV ratio is calculated by the following formula:</li> <li>• <math>LTV = \text{total interest-bearing debt} \div \text{total assets} \times 100</math></li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• It is assumed that, in addition to the total number of investment units issued and outstanding as of today (1,638,000 units), the new investment units (147,000 units in total) will be issued in full through the offerings (140,000 units) and a third-party allotment (up to 7,000 units), respectively, which were resolved at the Board of Directors meeting held today.</li> <li>• Other than the above, LLR assumed that there would be no other changes to the number of outstanding units until the end of the fiscal period ending February 28, 2022.</li> </ul>
Distributions per unit (excluding those in excess of retained earnings per unit)	<ul style="list-style-type: none"> <li>• Distributions per unit (excluding distributions in excess of retained earnings per unit) are calculated on the premise that all profits will be distributed in accordance with the distribution policy provided in LLR's Articles of Incorporation.</li> <li>• Distributions per unit (excluding distributions in excess of retained earnings per unit) may change due to factors such as additional acquisitions or dispositions of real estate properties, changes in rental revenues attributable to tenant replacements, changes in the operating environment including unexpected repairs, changes in interest rates, the actual number of new investment units to be issued, the issue price</li> </ul>

Item	Assumptions
	of such investment units 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"> <li>Distributions in excess of retained earnings per unit are calculated in accordance with the distribution policy in LLR's Articles of Incorporation and internal policies of the asset manager. Distributions in excess of retained earnings for the fiscal periods ending August 31, 2021, and February 28, 2021, are assumed to be 30% of the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period, less the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period, which are assumed to be 415 million yen and 428 million yen, respectively</li> <li>Depreciation expenses may vary from the current assumed amount due to a change in portfolio assets, the amount of incidental expenses incurred, the amount of capital expenditures, and the pro-rata allocation of acquisition costs attributed to each asset and their respective useful life adopted for each asset. The total amount of distributions in excess of retained earnings, which will be based on depreciation expenses, may also vary accordingly</li> <li>LLR expects for the time being to make distributions in excess of retained earnings on a regular basis within an appropriate level for maintaining financial soundness and stability, after consideration is given to alternative uses of cash such as execution of repair plans, capital expenditures, repayment of debts along with potential property acquisitions, and will make such distributions equal to 30% of the amount resulting from deducting the total amount of accumulated depreciation recorded as of the last day of the previous fiscal period from the amount of accumulated depreciation calculated as of the last day of the relevant fiscal period. This amount will be decided by LLR taking into consideration the level of net income, gains or losses on sales of real estate, etc., the level of cancellation fees or penalties, the level of temporary revenues, the level of distributions including distributions in excess of retained earnings, and the financial condition of LLR (especially the Appraisal LTV set forth below) in the relevant calculation period. Unexpected factors, such as increases in repair expenses, may cause distributions in excess of retained earnings per unit to materially differ from the forecasted amount. If the Appraisal LTV (set forth below) exceeds 60%, LLR may decide to make reduced distributions or not to make any distributions in excess of retained earnings after considering the above-listed factors.</li> <li>LLR does not plan to make distributions in excess of retained earnings to the extent doing so would cause what LLR calls its "Appraisal LTV," as calculated below, to exceed 60%:  <math display="block">\text{Appraisal LTV}(\%) = A/B \times 100</math> <p>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)).</p> <p>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.</p> <p>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.</p> </li> </ul>
Other	<ul style="list-style-type: none"> <li>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.</li> <li>As an underlying premise, LLR assumes that there are no unexpected material changes to general economic trends and real estate market conditions.</li> <li>The assumption is that the negative impact of the spread of the novel coronavirus infections will not spread further.</li> </ul>

(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 November 27, 2020).

## 2. Financial Statements

### (1) Balance Sheet

		Thousands of yen	
		As of	
		August 31, 2020	February 28, 2020
Assets			
Current assets			
Cash and deposits	10,141,366	17,259,071	
Cash and deposits in trust	5,337,272	6,458,138	
Operating accounts receivable	364,676	394,875	
Prepaid expenses	155,422	231,513	
Consumption taxes receivable	-	2,572,251	
Other	1,818	575	
Total current assets	16,000,555	26,916,425	
Non-current assets			
Property, plant and equipment			
Buildings in trust	84,185,095	112,970,789	
Accumulated depreciation	(6,231,236)	(7,466,053)	
Buildings in trust, net	77,953,858	105,504,736	
Structures in trust	118,636	119,419	
Accumulated depreciation	(8,493)	(13,865)	
Structures in trust, net	110,143	105,553	
Machinery and equipment in trust	214,383	214,383	
Accumulated depreciation	(760)	(5,234)	
Machinery and equipment in trust, net	213,622	209,148	
Tools, furniture and fixtures in trust	10,219	12,164	
Accumulated depreciation	(1,025)	(1,417)	
Tools, furniture and fixtures in trust, net	9,193	10,747	
Land in trust	166,427,880	210,619,389	
Construction in progress in trust	-	13,714	
Total property, plant and equipment	244,714,698	316,463,289	
Investments and other assets			
Investment securities	1,149,747	1,149,747	
Long-term prepaid expenses	468,576	832,661	
Deferred tax assets	12	23	
Lease and guarantee deposits	10,000	10,000	
Lease and guarantee deposits in trust	5,170	10,137	
Total investments and other assets	1,633,505	2,002,569	
Total non-current assets	246,348,204	318,465,858	
Deferred assets			
Deferred organization expenses	609	-	
Investment unit issuance expenses	27,068	80,110	
Investment corporation bond issuance costs	58,712	67,109	
Total deferred assets	86,389	147,220	
Total assets	262,435,148	345,529,503	

Balance Sheet, continued

	Thousands of yen	
	As of	
	August 31, 2020	February 28, 20201
Liabilities		
Current liabilities		
Operating accounts payable	230,297	303,928
Short-term loans payable	-	800,000
Current portion of investment corporation bonds payable	-	5,000,000
Current portion of long-term loans payable	13,390,000	550,000
Accounts payable	1,219,330	1,514,226
Accrued expenses	6,108	9,507
Income taxes payable	848	1,069
Accrued consumption taxes	478,631	-
Advances received	1,327,702	1,683,103
Other	414,931	560,112
Total current liabilities	17,067,850	10,421,947
Non-current liabilities		
Investment corporation bonds payable	14,500,000	11,500,000
Long-term loans payable	84,354,000	128,494,000
Tenant leasehold and security deposits in trust	3,310,849	4,239,193
Total non-current liabilities	102,164,849	144,233,193
Total liabilities	119,232,699	154,655,140
Net assets		
Unitholders' equity		
Unitholders' capital	141,127,710	188,074,335
Deduction from unitholders' capital	(1,589,234)	(1,867,286)
Unitholders' capital, net	139,538,476	186,207,049
Surplus		
Unappropriated retained earnings	3,663,973	4,667,314
Total surplus	3,663,973	4,667,314
Total unitholders' equity	143,202,449	190,874,363
Total net assets	(*2) 143,202,449	(*2) 190,874,363
Total liabilities and net assets	262,435,148	345,529,503

## (2) Income Statement

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
Operating revenues		
Rental revenues	(*1) 6,865,424	(*1) 8,836,520
Other rental revenues	(*1) 565,543	(*1) 625,892
Gain on sales of real estate properties	-	(*2) 41,599
Total operating revenue	7,430,967	9,504,012
Operating expenses		
Property-related expenses	(*1) 2,404,952	(*1) 2,901,472
Asset management fee	877,040	1,147,746
Asset custody and administrative fee	32,996	37,439
Directors' compensations	3,600	3,600
Audit fee	12,000	12,000
Other operating expenses	33,682	85,428
Total operating expenses	3,364,271	4,187,687
Operating profit	4,066,696	5,316,324
Non-operating income		
Interest income	72	115
Reversal of distributions payable	3,608	549
Surrender value of insurance policies	-	2,094
Interest on refund	375	-
Total non-operating income	4,055	2,760
Non-operating expenses		
Interest expenses	277,674	347,220
Interest expenses on investment corporation bonds	35,589	35,167
Amortization of deferred organization expenses	3,656	609
Amortization of investment unit issuance expenses	7,280	19,344
Amortization of investment corporation bond	6,612	6,695
Investment unit public offering expenses	-	81,965
Borrowing related expenses	75,384	159,919
Total non-operating expenses	406,197	650,923
Ordinary income	3,664,554	4,668,161
Income before income taxes	3,664,554	4,668,161
Income taxes - current	859	1,087
Income taxes - deferred	0	(10)
Total income taxes	859	1,076
Net income	3,663,695	4,667,085
Retained earnings brought forward	277	229
Unappropriated retained earnings (undisposed loss)	3,663,973	4,667,314

## (3) Statement of Unitholders' Equity

Previous 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

Current period (For the period ended February 28, 2021)

	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	(1,589,234)	139,538,476	3,663,973	3,663,973
Changes of items during period					
Issuance of new investment units	46,946,625		46,946,625		
Distributions in excess of retained earnings		(278,052)	(278,052)		
Dividends of retained earnings				(3,663,744)	(3,663,744)
Net income				4,667,085	4,667,085
Total changes of items during period	46,946,625	(278,052)	46,668,573	1,003,341	1,003,341
Balance at end of current period	(*) 188,074,335	(1,867,286)	186,207,049	4,667,314	4,667,314

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	143,202,449	143,202,449
Changes of items during period		
Issuance of new investment units	46,946,625	46,946,625
Distributions in excess of retained earnings	(278,052)	(278,052)
Dividends of retained earnings	(3,663,744)	(3,663,744)
Net income	4,667,085	4,667,085
Total changes of items during period	47,671,914	47,671,914
Balance at end of current period	190,874,363	190,874,363



(4) Statements related to Distributions

	Yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
I Unappropriated retained earnings for the period	3,663,973,016	4,667,314,074
II Additional amount of distributions in excess of retained earnings		
Deduction for unitholders' capital	278,052,000	373,464,000
III Amount of distributions	3,941,796,000	5,040,126,000
(amount of distributions per investment unit)	(2,892)	(3,077)
Of which, distributions of retained earnings	3,663,744,000	4,666,662,000
(of which, distributions of retained earnings per unit)	(2,688)	(2,849)
Of which, distributions in excess of retained earnings	278,052,000	373,464,000
(of which, distributions in excess of retained earnings per unit)	(204)	(228)
IV Retained earnings brought forward	229,016	652,074

Method of calculation of amount of distributions

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

Based on this policy, 3,663,744,000 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

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, 4,666,662,000 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 1,245,054,374 yen that is the amount remaining after deducting the total amount of accumulated depreciation recorded in the previous period from the total amount of accumulated depreciation calculated for this fiscal period was

Yen	
For the periods ended	
August 31, 2020	February 28, 2020 <sup>1</sup>
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).	calculated to be 373,464,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution).

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

## (5) Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 2020
Cash flows from operating activities		
Income before income taxes	3,664,554	4,668,161
Depreciation	930,765	1,245,054
Amortization of deferred organization expenses	3,656	609
Amortization of investment unit issuance expenses	7,280	19,344
Amortization of investment corporation bond issuance costs	6,612	6,695
Interest income	(72)	(115)
Interest expenses	313,264	382,388
Decrease (increase) in operating accounts receivable	(76,495)	(30,199)
Decrease (increase) in Income taxes receivable	162,897	-
Decrease (increase) in consumption taxes refund receivable	674,662	(2,572,251)
Decrease (increase) in prepaid expenses	13,745	(76,091)
Decrease (increase) in long-term prepaid expenses	65,267	(364,084)
Increase (decrease) in operating accounts payable	(48,225)	73,630
Increase (decrease) in accounts payable - other	(95,524)	315,241
Increase (decrease) in accrued consumption taxes	478,631	(478,631)
Increase (decrease) in advances received	99,671	355,400
Decrease in property, plant and equipment in trust due to sale	-	4,574,798
Other, net	(2,693)	974
Subtotal	6,197,997	8,120,926
Interest income received	72	115
Interest expenses paid	(314,338)	(378,989)
Income taxes paid	(691)	(865)
Net cash provided by (used in) operating activities	5,883,039	7,741,186
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(347,101)	(77,588,565)
Proceeds from tenant leasehold and security deposits in trust	28,549	673,253
Repayments of tenant leasehold and security deposits in trust	(25,348)	(28,310)
Payments of leasehold and guarantee deposits in trust	-	(4,967)
Net cash provided by (used in) investing activities	(343,900)	(76,948,590)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	2,800,000
Repayments of short-term loans payable	-	(2,000,000)
Proceeds from long-term loans payable	-	44,690,000
Repayments of long-term loans payable	-	(13,390,000)
Proceeds from issuance of investment corporation bonds	-	1,984,906
Proceeds from issuance of investment units	-	46,874,237
Payment of distributions of retained earnings	(4,761,076)	(3,665,147)
Payment of distributions in excess of retained earnings	(242,713)	(277,983)
Net cash provided by (used in) financing activities	(5,003,790)	77,016,013
Net increase (decrease) in cash and cash equivalents	535,349	7,808,609
Cash and cash equivalents at beginning of period	13,456,422	13,991,771
Cash and cash equivalents at end of period	(*1) 13,991,771	(*1) 21,800,381

(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	5-15 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 154,345 thousand yen in the current fiscal period.

5. Hedge accounting method

(i) Method of hedge accounting

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

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swap transactions

Hedged items: interest on loans

(iii) Hedging policy

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

(iv) Method of assessing hedge effectiveness

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

6. Scope of funds in the statements of cash flows

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

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

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

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

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

- (a) Cash in trust and deposits in trust
- (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust
- (c) Lease and guarantee deposits in trust
- (d) Tenant leasehold and security deposits in trust

(ii) Treatment of consumption taxes

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

(8) Notes to the Financial Statements

[Notes to Balance Sheet]

1. Commitment line agreement

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

	Thousands of yen	
	As of	
	August 31, 2020	February 28, 20201
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	
August 31, 2020	February 28, 20201
50,000	50,000

[Notes to Income Statement]

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

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
(i) Real estate leasing revenues		
Rental revenues		
Rental income	6,277,619	8,089,566
Common service fee	587,804	746,954
Total	6,865,424	8,836,520
Other rental revenues		
Utilities charge reimbursement	347,292	366,092
Parking revenue	158,529	173,931
Other lease revenues	59,721	85,868
Total	565,543	625,892
Total real estate leasing revenues	7,430,967	9,462,412
(ii) Real estate leasing expenses		
Property-related expenses		
Outsourcing costs	326,320	398,089
Utilities expenses	328,034	335,750
Taxes and public dues	670,146	665,352
Insurance premiums	12,432	15,848
Repair and maintenance	81,020	151,638
Depreciation	930,765	1,245,054
Other leasing expenses	56,231	89,737
Total real estate leasing expenses	2,404,952	2,901,472
(iii) Real estate leasing profit ((i) - (ii))	5,026,014	6,560,940

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

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

None

Current period (For the period ended February 28, 2021)

	Thousands of yen
	Suminoe (leasehold land)
Sales proceed	4,620,000
Book value of properties sold	4,574,798
Other sales expenses	3,602
Gain on sales of real estate properties	41,599

[Notes to Statement of Changes in Unitholders' Capital]

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

	For the periods ended	
	August 31, 2020	February 28, 20201
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	1,638,000 units

[Notes to the Statements of Cash Flows]

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

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
Cash and deposits	10,141,366	17,259,071
Cash and deposits in trust	5,337,272	6,458,138
Restricted deposits in trust (Note)	(1,486,866)	(1,916,828)
Cash and cash equivalents at period end	13,991,771	21,800,381

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

[Notes to Lease Transactions]

Operating lease transactions (lessor)

Unearned leasing fees associated with non-cancelable operating leases

	Thousands of yen	
	As of	
	August 31, 2020	February 28, 20201
Due within one year	9,999,382	14,517,714
Due after one year	25,701,214	39,406,544
Total	35,700,596	53,924,259

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(i) Policy for handling financial instruments

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

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

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

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

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

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

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

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

2. Matters concerning the fair value of financial instruments

Previous period (As of August 31, 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	-
(5) Current portion of long-term loans payable	13,390,000	13,391,094	1,094
(6) Investment corporation bonds payable	14,500,000	14,317,800	△182,200
(7) Long-term loans payable	84,354,000	84,781,459	427,459
Total liabilities	112,244,000	112,490,354	246,354
Derivative transactions	-	-	-



Current period (As of February 28, 2021)

Amounts recognized on the balance sheet as of the fiscal period ended February 28, 2021, 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		
	February 28, 2021		
	Book value	Fair value	Difference
(1) Cash and deposits	17,259,071	17,259,071	-
(2) Cash and deposits in trust	6,458,138	6,458,138	-
Total assets	23,717,210	23,717,210	-
(3) Short-term loans payable	800,000	800,000	-
(4) Current portion of investment corporation bonds payable	5,000,000	4,990,900	(9,100)
(5) Current portion of long-term loans payable	550,000	550,919	919
(6) Investment corporation bonds payable	11,500,000	11,343,600	(156,400)
(7) Long-term loans payable	128,494,000	129,159,605	665,605
Total liabilities	146,344,000	146,845,024	501,024
Derivative transactions	-	-	-

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

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

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

(3) Short-term loans payable

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

(4) Current portion of corporation bonds payable and (6) Investment corporation bonds payable

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

(5) Current portion of long-term loans payable, (7) 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.

Derivative transactions

Please refer to "Notes to Derivative Transactions" below.

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

	Thousands of yen	
	As of	
	August 31, 2020	February 28, 2020
Investment securities (*1)	1,149,747	1,149,747
Tenant leasehold and security deposits in trust (*2)	3,310,849	4,239,193

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

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

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

Previous period (As of August 31, 2020)

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

Current period (As of February 28, 2021)

	Thousands of yen
	Due within one year
Cash and deposits	17,259,071
Cash and deposits in trust	6,458,138

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

Previous period (As of August 31, 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

Current period (As of February 28, 2021)

	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
Short-term loans payable	800,000	-	-	-	-	-
Investment corporation bonds payable	5,000,000	-	-	-	-	11,500,000
Long-term loans payable	550,000	18,100,000	17,694,000	9,070,000	21,450,000	62,180,000
Total	6,350,000	18,100,000	17,694,000	9,070,000	21,450,000	73,680,000

[Notes to Securities]

Previous 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.

Current period (As of February 28, 2021)

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

[Notes to Derivative Transactions]

1. Derivative transactions to which hedge accounting was not applied

Previous period (As of August 31, 2020)

None

Current period (As of February 28, 2021)

None

2. Derivative transactions to which hedge accounting was applied

Previous 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)

Current period (As of February 28, 2021)

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 28, 2021						
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	95,900,000	95,900,000	(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 (5) Current portion of long-term loans payable and (7) Long-term loans payable under (Notes to Financial Instruments) “Matters concerning the fair value of financial instruments” and “Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions” above.)

[Notes to Transactions with Related Parties]

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

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

None

Current period (For the period ended February 28, 2021)

None

2. Transactions and Account Balances with Affiliates

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

None

Current period (For the period ended February 28, 2021)

None

### 3. Transactions and Account Balances with Companies under Common Control

Previous period (For the period ended August 31, 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.

Current period (For the period ended February 28, 2021)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending Balance (thousands of yen) (Note 1)
						Common board member	Business relationship				
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	1,912,476	Accounts payable	1,262,521

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

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

Note 3. The asset management fee, attributable to property and investment security acquisitions, was 764,730 thousand yen.

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

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

None

Current period (For the period ended February 28, 2021)

None

[Notes on Tax Effect Accounting]

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

	Thousands of yen	
	As of	
	August 31, 2020	February 28, 20201
(Deferred tax assets)		
Enterprise tax payable	12	23
Total deferred tax assets	12	23
Net deferred tax assets	12	23

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

	As of	
	August 31, 2020	February 28, 2021
Statutory tax rate	31.46 %	31.46 %
(Adjustments)		
Deductible distributions	(31.45 %)	(31.45 %)
Other	0.01 %	0.01 %
Actual effective income tax rate	0.02 %	0.02 %

[Notes to Retirement Benefits]

Previous period (As of August 31, 2020)

None

Current period (As of February 28, 2021)

None

[Notes to Equity Method Earnings]

Previous period (As of August 31, 2020)

None

Current period (As of February 28, 2021)

None

[Notes to Asset Retirement Obligations]

Previous period (As of August 31, 2020)

None

Current period (As of February 28, 2021)

None

[Notes to Segment Information]

(Segment Information)

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

(Related information)

Previous period (For the period ended August 31, 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 February 28, 2021)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

[Notes to Rental Properties]

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

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
Book value (Note 1)		
Balance at the beginning of the period	245,242,569	244,714,698
Changes during the period (Note 2)	(527,871)	71,748,591
Balance at the end of the period	244,714,698	316,463,289
Fair value at the end of the period (Note 3)	271,190,000	358,420,000

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

Note 2. 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. In addition, the increase for period ended February 28, 2021, was a result of the acquisition of four properties during the period with a total value of 77,239,353 thousand yen. The decrease for period ended February 28, 2021, was a result of the disposition of one property during the period with a total value of 4,574,798 thousand yen and the recognition of depreciation expenses of 1,245,054 thousand yen, respectively.

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

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

[Note to Per Unit Information]

	Yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
Net assets per unit	105,064	116,528
Net income per unit	2,687	2,852

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

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

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 28, 20201
Net income	3,663,695	4,667,085
Amount not attributable to ordinary unitholders	-	-
Net income attributable to ordinary investment units	3,663,695	4,667,085
Weighted average number of units outstanding	1,363,000	1,635,974

[Notes to Significant Subsequent Events]

a. Acquisition (preferred securities) of assets

LLR has acquired the following preferred securities on March 18, 2021.

Asset name	Acquisition price (million yen)	Seller	Underlying real estate
Kansai 1 Property TMK Preferred securities	201	Kansai 1 Property TMK	(Tentative name) Osaka Suminoe Logistics Center Project

b. Issuance of new investment units

LLR's board of directors meeting made a resolution regarding the issuance of new investment units on April, 14 2021. The issue price per unit shall be determined at the board of directors meeting to be held on the date of the issue price determination.

(Issuance of new investment units through a public offering)

Number of investment units issued 140,000 units

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

Number of investment units issued 7,000 units

Subscriber Nomura Securities Co., Ltd.

c. Acquisition of assets

On April 14, 2021, LLR has decided to acquire the following newly acquired asset, and plan to acquire it on April 30, 2021. In addition, the intended acquisition date is subject to change as agreed upon between LLR and the seller in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Osaka area	Osaka-7	LOGIPORT Osaka Bay	Osaka-city, Osaka	40,000	Nanko Property TMK

(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)
September 1, 2020	Public offering	261,904	1,624,904	44,710,941	184,249,417	(Note 17)
September 29, 2020	Third-party allotment	13,096	1,638,000	2,235,683	186,485,101	(Note 18)
November 18, 2020	Distributions in excess of retained earnings (refund of investment)	-	1,638,000	(278,052)	186,207,049	(Note 19)



- 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 yen 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 eighth fiscal period (ended February 29, 2020) and payment of these commenced on May 22, 2020.
- Note 17. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 176,677 yen per unit (underwriting price of 170,715 yen).
- Note 18. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 170,715 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 19. At the Board of Directors Meeting of LLR on October 15, 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 204 yen per unit as distributions of funds for the ninth fiscal period (ended August 31, 2020) and payment of these commenced on November 18, 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 (August 31, 2020)		Current period (February 28, 2021)	
			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	185,202	70.6	225,731	65.3
		Osaka area	59,512	22.7	90,731	26.3
		Other	-	-	-	-
	Subtotal	244,714	93.2	316,463	91.6	
Investment securities (Note 4)			1,149	0.4	1,149	0.3
Deposits / other assets			16,570	6.3	27,916	8.1
Total assets			262,435	100.0	345,529	100.0

	Previous period (August 31, 2020))		Current period (February 28, 2021)	
	Amount (million yen)	Percentage to total assets (%) (Note 3)	Amount (million yen)	Percentage to total assets (%) (Note 3)
Total liabilities	119,232	45.4	154,655	44.8
Total net assets	143,202	54.6	190,874	55.2
Total assets	262,435	100.0	345,529	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	0.3

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

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

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

(ii) Overview of Real Estate, etc.

(a) Portfolio Overview

The assets (real estate or beneficiary interests in trusts holding real estate as trust assets; collectively referred to as “asset holdings” hereinafter) held by LLR as of February 28, 2021 are presented below.

Area	Property number (Note 1)	Property name	Location	Form of possession	Property age (Years) (Note 2)	As of end of current period carrying amount (million yen)	Acquisition Price (million yen) (Note 3)	Investment ratio (%) (Note 4)	Appraisal value (million yen) (Note 5)	Gross floor area (m <sup>2</sup> ) (Note 6)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	6	20,822	21,200	6.7	23,800	145,801.69
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	8	22,762	23,020	7.2	25,900	200,045.57
	Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	Trust beneficiary interest	8	24,965	25,300	8.0	30,200	104,302.62
	Tokyo-5	LOGIPORT Nagareyama B	Chiba Prefecture Nagareyama City	Trust beneficiary interest	13	25,925	26,600	8.4	31,100	133,414.76
	Tokyo-6	LOGIPORT Higashi Ogishima A	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	34	18,991	19,000	6.0	20,200	100,235.67
	Tokyo-7	LOGIPORT Higashi Ogishima B	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	30	19,007	19,120	6.0	21,700	117,546.26
	Tokyo-8	LOGIPORT Higashi Ogishima C	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	19	23,415	23,700	7.5	26,400	116,997.14
	Tokyo-9	LOGIPORT Kawagoe	Saitama Prefecture Kawagoe City	Trust beneficiary interest	10	11,885	11,950	3.8	12,500	50,742.47
	Tokyo-11	LOGIPORT Kashiwa Shonan	Chiba Prefecture Kashiwa City	Trust beneficiary interest	3	9,302	9,300	2.9	10,500	40,878.58
	Tokyo-12	LOGIPORT Sayama Hidaka	Saitama Prefecture Hidaka City	Trust beneficiary interest	5	6,445	6,430	2.0	6,630	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 (㎡) (Note 6)
	Tokyo-13	Higashi Ogishima (leasehold land)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	-	1,264	1,189	0.4	1,600	-
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 9)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	2	32,291	32,200	10.1	34,920	289,164.66
	Tokyo-15	LOGIPORT Shinmoriya	Ibaraki Prefecture Tsukubamirai City	Trust beneficiary interest	2	8,654	8,580	2.7	9,310	37,089.81
Osaka area	Osaka-1	LOGIPORT Sakai Minamijimacho	Osaka Prefecture Sakai City	Trust beneficiary interest	4	8,095	8,150	2.6	8,720	30,696.61
	Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 10)	Osaka Prefecture Sakai City	Trust beneficiary interest	3	4,365	4,160	1.3	5,020	20,428.39
	Osaka-3	LOGIPORT Osaka Taisho (Note 11)	Osaka Prefecture Osaka City	Trust beneficiary interest	3	17,674	17,655	5.6	19,300	117,037.14
	Osaka-5	LOGIPORT Amagasaki	Hyogo Prefecture Amagasaki City	Trust beneficiary interest	3	48,402	48,200	15.2	57,800	259,004.56
	Osaka-6	LOGIPORT Sakai (Note 12)	Osaka Prefecture Sakai City	Trust beneficiary interest	4	12,179	12,075	3.8	12,800	115,552.35
Portfolio total / average					10	316,449	317,829	100.0	358,420	1,902,508.65

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 February 28, 2021, and this result was rounded to the nearest decimal place. The number presented as the portfolio age average is the weighted average weighted by acquisition price, rounded to the nearest whole number.

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

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

Note 5. "Appraisal value" represents the appraisal value as of February 28, 2021, 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 as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Kawasaki Bay are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 40%), while the gross floor area is the figure for the entire property.

Note 10. The appraised value of LOGIPORT Sakai Chikko Shinmachi includes the value related to the solar power generation equipment completed on August 31, 2020.

Note 11. 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 12. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Sakai are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 50%), 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)	16	1,181	291	130,052	129,938	99.9
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	19	1,334	313	180,971	180,373	99.7
	Tokyo-3	LOGIPORT Kitakashiwa	6	1,410	393	100,211	100,211	100.0
	Tokyo-5	LOGIPORT Nagareyama B	8	1,421	311	112,684	112,551	99.9
	Tokyo-6	LOGIPORT Higashi Ogishima A	23	1,100	333	85,281	82,722	97.0
	Tokyo-7	LOGIPORT Higashi Ogishima B	18	1,164	361	103,731	98,856	95.3
	Tokyo-8	LOGIPORT Higashi Ogishima C	18	1,384	273	114,925	113,351	98.6
	Tokyo-9	LOGIPORT Kawagoe	4	656	160	53,088	53,088	100.0
	Tokyo-11	LOGIPORT Kashiwa Shonan	1	Not disclosed (Note 12)	Not disclosed (Note 12)	40,773	40,773	100.0
	Tokyo-12	LOGIPORT Sayama Hidaka	1	Not disclosed (Note 12)	Not disclosed (Note 12)	23,565	23,565	100.0
	Tokyo-13	Higashi Ogishima (leasehold land)	1	Not disclosed (Note 12)	Not disclosed (Note 12)	11,472	11,472	100.0
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 9)	11	1,528	352	261,801	261,114	99.7
	Tokyo-15	LOGIPORT Shinmoriya	1	Not disclosed (Note 12)	Not disclosed (Note 12)	37,092	37,092	100.0
Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	1	Not disclosed (Note 12)	Not disclosed (Note 12)	30,690	30,690	100.0
	Osaka-2	LOGIPORT Sakai Chikko Shinmachi	1	Not disclosed (Note 12)	Not disclosed (Note 12)	20,427	20,427	100.0
	Osaka-3	LOGIPORT Osaka Taisho (Note 10)	11	932	224	106,929	102,691	96.0
	Osaka-5	LOGIPORT Amagasaki	13	3,103	894	216,458	215,796	99.7
	Osaka-6	LOGIPORT Sakai (Note 11)	5	694	156	112,711	111,006	98.5
Portfolio total / average			158	17,892	4,551	1,742,869 1,342,134	1,725,726 1,328,189	99.0 99.0

- Note 1. “Number of tenants” is stated as the total number of lease agreements associated with the buildings shown for each of the trust properties as of February 28, 2021. 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 28, 2021 (excluding consumption taxes) by 12, rounded down to the nearest million yen. Therefore, the sum of the “annual lease revenue” for the individual trust properties may not necessarily match the portfolio total.
- Note 3. “Lease & guarantee deposits” is stated as the aggregate amount of the lease and guarantee deposit balances shown in each lease agreement associated with each trust property for each trust property as of February 28, 2021, rounded down to the nearest million yen. Therefore, the sum of the individual “lease & guarantee deposits” for the properties may not necessarily match the portfolio total.
- Note 4. “Leasable floor area” is the area that can be leased at the buildings associated with each trust property as of February 28, 2021, stated as the aggregate of the area considered leasable under the lease agreements or building drawings, rounded down to the nearest whole number. Additionally, in the “Portfolio total” row, the upper figure represents the aggregate leasable floor area for the buildings of each trust property. The lower figure represents the aggregate leasable floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- Note 5. “Leased floor area” is stated as the aggregate leased floor area associated with the buildings shown in the lease agreements for each of the trust properties as of February 28, 2021. If a master lease agreement has been executed for the trust property, it is stated as the aggregate of the area which has actually been leased through the execution of lease agreements with end tenants, rounded down to the nearest whole number. Additionally, in the “Portfolio total/average” row, the upper figure represents the aggregate leased floor area for the buildings of each trust property. The lower figure represents the ratio of the aggregate leased floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.
- Note 6. “Occupancy rate” is stated as the ratio of leased floor area to leasable floor area with the buildings shown in the lease agreements for each of the trust properties as of February 28, 2021, 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 beneficial 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 Kawasaki Bay 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 (40%).
- Note 10. 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 11. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Sakai” 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 (50%).
- Note 12. Not disclosed because approval for disclosure has not been obtained from the tenant.

## (c) Appraisal report summary

Area	Property number	Property name	Appraiser	Appraisal date	Appraisal Value (million yen)	Cost-approach value (million yen)	Income approach value (million yen)				
							Direct capitalization method		Discounted cash flow (DCF) method		
							Income-approach value	Capitalization rate (%)	Income-approach value	Discount rate (%)	Terminal capitalization rate (%)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 1)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	23,800	20,400	24,100	4.0	23,700	4.1	4.2
	Tokyo-2	LOGIPORT Sagamihara (Note 2)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	25,900	22,800	26,500	4.1	25,700	4.2	4.3
	Tokyo-3	LOGIPORT Kitakashiwa	CBRE K.K.	February 28, 2021	30,200	23,200	30,500	3.8	30,200	3.6	3.9
	Tokyo-5	LOGIPORT Nagareyama B	CBRE K.K.	February 28, 2021	31,100	22,200	30,700	4.1	31,100	3.8	4.1
	Tokyo-6	LOGIPORT Higashi Ogishima A	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	20,200	19,700	20,400	4.3	20,100	4.4	4.5
	Tokyo-7	LOGIPORT Higashi Ogishima B	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	21,700	21,100	22,200	4.3	21,500	4.4	4.5
	Tokyo-8	LOGIPORT Higashi Ogishima C	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	26,400	25,300	26,800	4.2	26,200	4.3	4.4
	Tokyo-9	LOGIPORT Kawagoe	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	12,500	11,400	12,800	4.3	12,300	4.4	4.5
	Tokyo-11	LOGIPORT Kashiwa Shonan	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	10,500	10,000	10,800	4.3	10,400	4.2 (Note 7)	4.5
	Tokyo-12	LOGIPORT Sayama Hidaka	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	6,630	6,440	6,860	4.3	6,530	4.2 (Note 8)	4.5
	Tokyo-13	Higashi Ogishima (leasehold land)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	1,620	-	-	-	1,620	3.6 (Note 9)	3.7
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 3)	Japan Real Estate Institute	February 28, 2021	34,920	33,400	35,280	3.9	34,560	3.6	4.0
	Tokyo-15	LOGIPORT Shinmoriya	Japan Real Estate Institute	February 28, 2021	9,310	8,030	9,410	4.4	9,200	3.9	4.5
Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	Japan Real Estate Institute	February 28, 2021	8,720	5,730	8,810	4.4	8,620	4.0	4.5
	Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 4)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	5,020	4,570	5,120	4.5	4,970	4.4 (Note 10)	4.7
	Osaka-3	LOGIPORT Osaka Taisho (Note 5)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	19,300	17,600	19,900	4.1	19,000	4.2	4.3
	Osaka-5	LOGIPORT Amagasaki	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	57,800	53,900	58,500	4.3	57,500	4.4	4.5
	Osaka-6	LOGIPORT Sakai (Note 6)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2021	12,800	10,800	13,100	4.4	12,600	4.5	4.6
	Portfolio total				358,420	316,570	361,780		355,800		



- Note 1. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Hashimoto are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (55%).
- Note 2. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Sagamihara are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (51%).
- Note 3. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Kawasaki Bay are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (40%).
- Note 4. 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 5. 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 6. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Sakai are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (50%).
- Note 7. The discount rate for LOGIPORT Kashiwa Shonan is stated as the figure from the first fiscal year until the third fiscal year.
- Note 8. The discount rate for LOGIPORT Sayama Hidaka is stated as the figure from the first fiscal year until the third fiscal year.
- Note 9. The discount rate for Higashi Ogishima (leasehold land) is stated as the figure from the first fiscal year until the third fiscal year.
- Note 10. 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 February 28, 2021 are presented below.

Property name	Total annual lease revenue (million yen) (Note 1)	Share of lease revenue (%) (Note 2)
LOGIPORT Amagasaki (Note 3)	3,103	17.3
Total	3,103	17.3

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 February 28, 2021 (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.

(e) Information about Major Tenants

Within the assets held by LLR, as of February 28, 2021 there are no tenants for which the leased floor area represents 10% or more of the total leased floor area for the entire portfolio (for those assets for which a pass-through type master lease agreement has been executed, this includes the end tenants and excludes the master lessee that has executed the master lease agreement).

(f) Portfolio Diversification

The distribution of LLR's asset holdings according to classification by area as of February 28, 2021 is as shown below.

a. Share by area

Area	Number of properties (Note 1)	Gross floor area (m <sup>2</sup> )		Share (%)		Acquisition price (million yen)		Share (%)	
		(Note 1)	(Note 2)	(Note 1)	(Note 3)	(Note 1)	(Note 4)	(Note 1)	(Note 3)
Tokyo area	13		1,359,789.60		71.5		227,589		71.6
Osaka area	5		542,719.05		28.5		90,240		28.4
Other	-		-		-		-		-
Total	18		1,902,508.65		100.0		317,829		100.0

Note 1. Because Higashi Ogishima (leasehold land) is 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. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Kawasaki Bay, LOGIPORT Osaka Taisho, and LOGIPORT Sakai properties.

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

Note 4. "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 <sup>2</sup> )		Share (%) (Note 4)	Acquisition Price (million yen) (Note 5)	Share (%) (Note 4)
		(Note 3)				
20 years or more	2	217,781.93		11.4	38,120	12.0
At least 15 years but less than 20 years	1	116,997.14		6.1	23,700	7.5
At least 10 years but less than 15 years	2	184,157.23		9.7	38,550	12.2
At least 5 years but less than 10 years	4	473,720.25		24.9	75,950	24.0
Less than 5 years	8	909,852.10		47.8	140,320	44.3
Total	17	1,902,508.65		100.0	316,640	100.0

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

Note 2. "Property Age" with respect to "LOGIPORT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to February 28, 2021, 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. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Kawasaki Bay, LOGIPORT Osaka Taisho, and LOGIPORT Sakai properties.

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

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).

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

Size (gross floor area) (m <sup>2</sup> ) (Note 2) (Note 4)	Number of properties	Gross floor area (m <sup>2</sup> ) (Note 2)	Share (%) (Note 3)	Acquisition Price (million yen) (Note 4)	Share (%) (Note 3)
At least 100,000m <sup>2</sup>	11	1,699,102.42	89.3	268,070	84.7
At least 50,000m <sup>2</sup>	1	50,742.47	2.7	11,950	3.8
Less than 100,000m <sup>2</sup>					
At least 30,000m <sup>2</sup>	3	108,665.00	5.7	26,030	8.2
Less than 50,000m <sup>2</sup>					
At least 10,000m <sup>2</sup>	2	43,998.76	2.3	10,590	3.3
Less than 30,000m <sup>2</sup>					
Less than 10,000m <sup>2</sup>	-	-	-	-	-
Total	17	1,902,508.65	100.0	316,640	100.0

Note 1. Because Higashi Ogishima (leasehold land) is 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. The table above was created using the gross floor areas based on figures for the entire LOGIPORT Hashimoto, LOGIPORT Sagamihara, LOGIPORT Kawasaki Bay, LOGIPORT Osaka Taisho, and LOGIPORT Sakai properties.

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

Note 4. “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 <sup>2</sup> ) (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	167,045	12.6	2,203	12.3
At least 5 years but less than 7 years	83,947	6.3	1,066	6.0
At least 3 years but less than 5 years	303,720	22.9	4,399	24.6
At least 1 year but less than 3 years	483,310	36.4	6,572	36.7
Less than 1 year	290,164	21.8	3,650	20.4
Total	1,328,189	100.0	17,892	100.0

Note 1. Because Higashi Ogishima (leasehold land) is 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 28, 2021, 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 Kawasaki Bay, LOGIPORT Osaka Taisho, and LOGIPORT Sakai 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 10th period	181	181	181	181	181
(i) Total real estate leasing revenues	620,134	716,278	768,152	762,806	607,319
Rental revenues	579,966	665,947	698,161	701,427	549,743
Other rental revenues	40,167	50,330	69,990	61,379	57,576
(ii) Total real estate leasing expenses	191,284	209,522	272,020	260,775	192,569
Outsourcing costs	20,038	32,359	32,613	29,049	44,192
Utilities expenses	23,830	29,541	48,390	37,012	15,711
Taxes and public dues	53,116	59,380	72,282	51,990	41,755
Insurance premiums	836	962	1,202	1,410	1,107
Repair and maintenance	7,735	6,198	17,698	7,005	25,013
Depreciation	75,309	68,590	94,932	130,340	62,389
Other leasing expenses	10,417	12,490	4,900	3,966	2,399
(iii) Real estate leasing profit (= (i) - (ii))	428,849	506,755	496,132	502,031	414,750
(iv) Rent NOI (= (iii) + Depreciation)	504,159	575,345	591,064	632,371	477,139

(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 10th period	181	181	181	181	181
(i) Total real estate leasing revenues	665,193	764,352	342,406		
Rental revenues	579,759	690,116	320,578		
Other rental revenues	85,433	74,236	21,828		
(ii) Total real estate leasing expenses	228,865	271,202	121,378		
Outsourcing costs	42,224	54,451	17,884		
Utilities expenses	24,646	24,877	16,545	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues	63,011	61,374	26,175		
Insurance premiums	1,389	1,466	524		
Repair and maintenance	20,721	34,107	9,352		
Depreciation	75,231	93,532	41,824		
Other leasing expenses	1,640	1,392	9,070		
(iii) Real estate leasing profit (= (i) - (ii))	436,328	493,150	221,027	191,142	120,264
(iv) Rent NOI (= (iii) + Depreciation)	511,559	586,682	262,852	227,181	141,188

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

(Unit: thousand yen)

Property number	Tokyo-13	Tokyo-14	Tokyo-15	Osaka-1	Osaka-2
Name of property	Higashi Ogishima (leasehold land)	LOGIPORT Kawasaki Bay	LOGIPORT Shinmoriya	LOGIPORT Sakai Minamijimacho	LOGIPORT Sakai Chikko Shinmachi
Number of operating days in 10th period	181	178	178	181	181
(i) Total real estate leasing revenues		779,578			
Rental revenues		751,423			
Other rental revenues		28,155			
(ii) Total real estate leasing expenses		162,370			
Outsourcing costs		23,673			
Utilities expenses	Not disclosed (Note)	25,755	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues		-			
Insurance premiums		1,446			
Repair and maintenance		500			
Depreciation		107,296			
Other leasing expenses		3,697			
(iii) Real estate leasing profit (= (i) - (ii))	22,254	617,208	174,218	144,577	85,670
(iv) Rent NOI (= (iii) + Depreciation)	22,254	724,505	208,974	175,565	109,974

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

(Unit: thousand yen)

Property number	Osaka-3	Osaka-4	Osaka-5	Osaka-6
Name of property	LOGIPORT Osaka Taisho	Suminoe (leasehold land)	LOGIPORT Amagasaki	LOGIPORT Sakai
Number of operating days in 10th period	181	2	181	178
(i) Total real estate leasing revenues	476,472		1,614,895	355,532
Rental revenues	453,897		1,526,013	340,184
Other rental revenues	22,574		88,882	15,348
(ii) Total real estate leasing expenses	169,824		480,694	88,341
Outsourcing costs	18,940		53,875	16,151
Utilities expenses	15,729	Not disclosed (Note)	61,003	12,705
Taxes and public dues	55,621		93,052	-
Insurance premiums	1,285		1,498	1,006
Repair and maintenance	1,450		21,293	163
Depreciation	71,708		223,270	53,617
Other leasing expenses	5,088		26,699	4,697
(iii) Real estate leasing profit (= (i) - (ii))	306,647	(1,460)	1,134,200	267,191
(iv) Rent NOI (= (iii) + Depreciation)	378,355	(1,460)	1,357,470	320,808

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
Osaka-5	LOGIPORT Amagasaki	Hyogo Prefecture Amagasaki City	Hazardous material warehouse expansion project	From February, 2021 To September, 2021	457	13	13

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 315 million yen for the period, and there were also 151 million yen in maintenance expenses classified as other operating expenses.

Property number	Property name	Location	Purpose	Implementation period	Amount paid (million yen) (Note)	
Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	LED lighting conversion construction within leased area	From January, 2021 To February, 2021		25
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 January, 2021 To February, 2021		19
Other capital expenditures						244
Total						315

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