



Disclosure materials based on TCFD recommendations

LaSalle LOGIPORT REIT

December 22, 2022



Climate Change Awareness and Endorsement of TCFD Recommendations

Climate Change and the Real Estate Sector

The Paris Agreement, adopted in 2015 as an international framework for combating climate change, set a common global goal of keeping the increase in global average temperature below 2°C compared to pre-industrial levels and making efforts to limit the increase to 1.5°C. Since then, with the further accumulation of scientific knowledge, there has been a rapid increase in the understanding that the 2°C target is not sufficient to curb the effects of climate change, and that it is necessary to reduce greenhouse gas emissions to net zero around 2050 to achieve the 1.5°C target. In Japan, the Japanese government has declared its goal of becoming "carbon neutral by 2050" in 2020, and is now steering the country toward aggressive global warming countermeasures that will involve changes in industrial structure and economic society.

In addition, according to the IPCC report, climate change is already affecting many weather and climate extremes in all regions of the world.

Frequent occurrences of extreme phenomena such as heat waves, heavy rainfall, droughts, and tropical cyclones have been reported from all parts of the world and ensuring resilience against such increased risks has emerged as a key issue for corporate management.

The real estate sector, in particular, is responsible for approximately 40% of the world's greenhouse gas emissions, and the transition and physical risks associated with climate change are considered to be particularly significant. Therefore, the LLR recognizes that analyzing climate change-related risks and opportunities and appropriately incorporating them into its investment strategy is essential for the long-term stable growth of unitholder value. The key to this strategy is to increase energy efficiency and install solar power generation equipment, which LLR has been doing to successfully reduce greenhouse gas emissions to date.

Endorsement of TCFD Recommendations and Enhanced Disclosure

LaSalle REIT Advisors K.K. (LRA), the asset manager of the LLR, has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This briefing material is the first report following the framework of the TCFD recommendations.

The LaSalle Group, including LRA, is committed to achieving carbon neutrality by 2050, and announced a group-wide interim target for 2030 that is consistent with the 1.5°C target. This includes Scope 1 & 2 emissions (and Scope 3 to the extent possible).

As a member of the LaSalle Group, LRA will further deepen its efforts to address climate change and will continue to enhance information disclosure on climate-related issues in order to strengthen dialogue with investors and other stakeholders.

Governance

Sustainability Promotion System of the Asset Management Company

Board of Directors – The Board of Directors will receive a report from the Sustainability Promotion Committee at least once a year on the development of goals and policies related to ESG, including climate change, and the status of their efforts. The Board of Directors oversees ESG initiatives, including climate change, based on these reports.

President and Representative Director – As the chairman of the Sustainability Promotion Committee, oversees the execution of ESG goals, including climate change, at LRA.

Sustainability Promotion Committee – LRA has established a Sustainability Promotion Committee chaired by the President and Representative Director, which holds regular meetings once a year to establish ESG-related goals and policies, including climate change, and to monitor the progress of these efforts. The members of the Sustainability Promotion Committee consist of the managers of LRA's major ESG-related divisions and other staff members in charge of ESG-related activities. The committee promotes ESG-related activities in collaboration with LaSalle's Global Sustainability Committee (which meets at least six times a year) and the sustainability officer responsible for Asia Pacific.

External Experts – LRA receives advice on climate change issues from external experts as needed.

Personnel evaluation – All executives and employees are required to set ESG related targets as one of the annual goals in the personnel performance management system. Achievement of these goals is reflected in bonus assessments, and outstanding initiatives are also subject to internal awards.



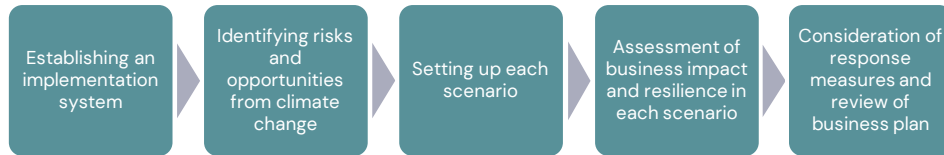
Strategy Scenario Analysis 1 of 2

Scenario Analysis

The TCFD recommendations call for an analysis based on scenarios created by exploring various possible futures.

Scenario analysis is performed to examine the risks and opportunities related to climate change according to the path of each scenario, how it will affect the business and its management, and whether there is capacity/resilience to withstand the impacts.

LLR conducted a scenario analysis to understand the risks and opportunities that climate change risk presents to LLR, including its management, and the financial impact it may have on the business.



Assumptions for scenario analysis

Based on the purpose of the Paris Agreement, the two outcomes were set: 4°C scenario and a 1.5°C/2°C scenario. The reference point was assumed to be 2030 for the interim target deadline for CO₂ emission reductions.

The main sources of information referenced in the scenario analysis are listed in the table below.

Target year	Classification of Climate Change Risks	Primary Sources Referenced	
		4°C scenario	1.5°C/2°C scenario
2030	Transition Risks Risks arising from new regulations, taxation systems, technologies, etc. to achieve a decarbonized society	Failure to curb CO ₂ emissions (IEA World Energy Outlook 2021)	Achieve net zero CO ₂ emissions by 2050 (IEA NZE)
	Physical Risks Risks arising from climate change itself, such as changes in weather	CO ₂ emissions increased to the maximum possible level assumed (IPCC 6th Report SSP5-8.5)	Net zero CO ₂ emissions by the mid-21st century and net zero CO ₂ emissions in the second half of the 21st century (IPCC 6th Report SSP1-1.9 and SSP1-2.6)

Strategy Scenario Analysis 2 of 2

Scenario Setup

4°C scenario

The 4°C scenario is a scenario with high physical risk and low transition risk because it assumes that greenhouse gas emissions will continue to increase due to the lack of implementation of strict regulations and taxation systems to achieve a decarbonized society.

Government



Introduce policies and strengthen laws and regulations for disaster preparedness and other measures to adapt to climate change

Investors



Integration of ESG assessment into investment approaches has been limited to a certain extent, and ESG investments as a percentage of total investments are limited.



No measures taken or prepared: Difficulty in business continuity
Countermeasures in-place: Cost reduction and improved reputation

Tenants



Preference for warehouses with strong disaster prevention features and safety in unstable temperatures and weather conditions

Financial Institutions



Emphasis on physical risk assessment in lending decisions, but limited evaluation of a company's environmental performance

1.5°C/2°C scenario

The 1.5°C/2°C scenario is a scenario with low physical risk and high transition risk, as it assumes a downward trend in greenhouse gas emissions due to the implementation of strict regulations and taxation systems to achieve a decarbonized society.

Government



Introduce policies and strengthen laws and regulations for a low-carbon economy that will have a strong impact on climate change risk mitigation

Investors



Increased ESG-related performance and disclosure requirements as ESG-conscious investments become more mainstream



No measures taken or prepared: Losing competitive advantage
Countermeasures in-place: Maintain business and expand opportunities

Tenants



Preference for warehouses with higher environmental performance and expansion of tenant efforts to transition to a low-carbon society

Financial Institutions



Stimulate green financing and ensure compliance with environmental laws and regulations. Financing decisions based on environmental performance

Strategy to identify risks, opportunities, financial implications and countermeasures 1 of 2

Type	Risk and Opportunity Factors	Risk / Opp.	Financial Impact	Degree of impact ⁽¹⁾		Countermeasures	
				4°C scenario	1.5°C/2°C scenario		
Transition Risks and Opportunities	Policy and Legal	Increased operating costs related to CO ₂ emission control measures and higher taxes from introduction of carbon tax	Risk	Increased operational costs	Medium	Medium	<ul style="list-style-type: none"> • Achieve/revise CO₂ emission reduction targets • Conduct environmental assessments when acquiring new properties • Reduce CO₂ emissions and raise awareness of energy conservation by collaborating with tenants
	Technology	Delayed response to new technology and equipment. Increase in costs to switch to new technology and equipment.	Risk	Increased costs due to capital investments, and increased electricity costs if the switch to renewable energy is not made	Medium	Medium	<ul style="list-style-type: none"> • Implementation of capital investments • Reduction of energy consumption by switching to LED lighting • Reduction of CO₂ emissions by installing solar panels for on-site consumption • Utilization of renewable energy
		Increased demand for environmentally certified/low-carbon properties	Opp.	Increased property values resulting from higher rental revenues due to demand from tenants for environmentally friendly properties	Small	Large	<ul style="list-style-type: none"> • Maintain high ranking of environmental certifications for properties owned • Conduct environmental assessments when acquiring new properties
		Cost reductions through operation of facilities with high environmental performance and use of low-carbon energy	Opp.	Decreased running costs associated with converting owned properties to net zero	Medium	Medium	<ul style="list-style-type: none"> • Reduction of CO₂ emissions and electricity consumption • Promote energy-saving renovations
	Market & Reputation	Loss of reputation and competitiveness in the event of failure to respond to changes in tenant needs	Risk	Decreased rental revenue due to failure to retain tenants	Small	Medium	<ul style="list-style-type: none"> • Acquisition of high-ranking environmental certifications • Management of facilities with consideration for tenant needs
		Increased cost of debt financing due to declining reputation and valuation from investors and lenders	Risk	Increased interest expenses due to higher interest rates	Small	Large	<ul style="list-style-type: none"> • Improvement of ESG evaluation • Promote communication with investors and lenders regarding environmental initiatives
		Lower debt financing costs due to improved investor and lender appreciation of environmental responsiveness	Opp.	Decreased interest expenses due to lower interest rates	Small	Large	<ul style="list-style-type: none"> • Use of green financing and sustainability-linked financing

(1) After quantitatively calculating the impact of each risk and opportunity, "small" is considered if the impact is less than 1% of operating income for the fiscal year ending August 31, 2021, "medium" if the impact is between 1% and 5%, and "large" if the impact is 5% or more of operating income.

Strategy to identify risks, opportunities, financial implications and countermeasures 2 of 2

Type	Risk and Opportunity Factors	Risk / Opp.	Financial Impact	Degree of impact ⁽¹⁾		Countermeasures	
				4°C scenario	1.5°C/2°C scenario		
Physical Risks and Opportunities	Acute	Increased property insurance premiums due to severe flooding	Risk	Increased property insurance premiums	Small	Small	<ul style="list-style-type: none"> • Conduct flooding risk assessment when acquiring new properties • Assess flooding risk and flooding history • Implement disaster countermeasures • Formulate and periodically review BCP measures through collaboration with tenants
		Increased costs due to severe flooding	Risk	Increased repair costs due to flood damage	Large	Medium	
		Decreased property values and rental income from properties at high risk of flooding / Increased risk of business stoppage due to severe flooding	Risk	Decreased rental income due to business stoppage caused by flood damage	Large	Small	
		Increased demand for disaster-resistant properties	Opp.	Increased rental revenue due to demand from tenants for disaster-resistant properties	Small	Small	
	Chronic	Increased operating costs due to higher average temperatures	Risk	Increased energy costs due to increased air conditioning usage	Small	Small	

(1) After quantitatively calculating the impact of each risk and opportunity, "small" is considered if the impact is less than 1% of operating income for the fiscal year ending August 31, 2021, "medium" if the impact is between 1% and 5%, and "large" if the impact is 5% or more of operating income.

Risk management

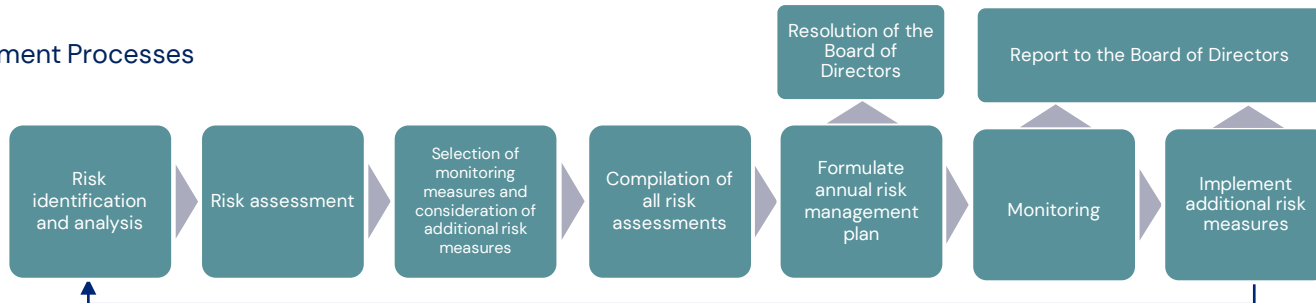
Risk Management Structure

Within LRA, the Board of Directors is responsible for the development and oversight of the risk management system as one of its highest priorities. This includes transition and physical risks related to climate change. The Board of Directors also assigns the Compliance Officer to serve as the Risk Management Supervisor, who is responsible for the overall risk management function in accordance with the risk management process set forth in the Risk Management Manual. The Board of Directors passes a resolution on the annual risk management plan submitted by the Risk Management Supervisor and receives quarterly reports on the progress of the plan. In addition, internal audits are conducted at least once a year. The internal audit covers the business activities conducted by all organizations and departments of LRA and the Board of Directors receives reports on the results.

Investment decisions – When acquiring new assets, the Investment Committee conducts a review of sustainability risks as part of the due diligence process and evaluates the identified risks before making an investment decision. These include soil contamination, flooding risk/history, energy efficiency, environmental certifications, water efficiency, waste management, and safety of building materials, etc.

On-going management – The Sustainability Promotion Committee manages and monitors all sustainability-related risks. For all properties managed, a "Sustainability Management Plan" is formulated each fiscal year to monitor environmental performance, climate change risk, resilience improvement, etc. Progress is regularly reported to the Sustainability Promotion Committee, and additional measures are considered when necessary. In addition, a Sustainability Guide is distributed to tenants to exchange viewpoints and raise awareness thereby improving the sustainability of each property.

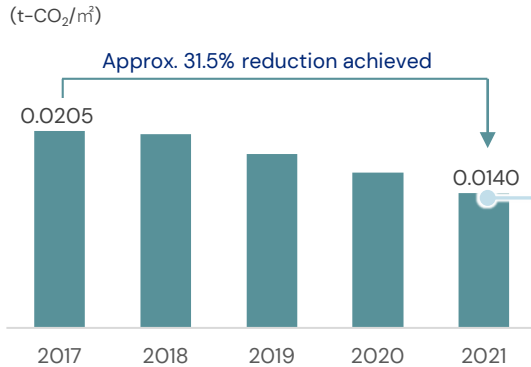
Risk Management Processes



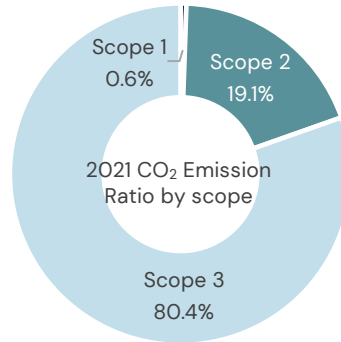
Indicators and Targets

CO₂ emissions and electricity consumption

We will monitor the CO₂ emissions and electricity consumption of our portfolio using CO₂ emissions intensity and electricity consumption per unit as a KPI. A target was set aiming for a 30% reduction by 2030, compared to 2017 levels.



As a result of our efforts to switch to LED lighting and install solar power generation equipment at our properties, in 2021, we have achieved our goal of reducing portfolio CO₂ emissions by 30% from the 2017 level (base year) on a per-unit basis. We are currently considering to set another ambitious reduction target.



Acquisition of environmental certifications

In order to enhance transparency and reliability of the environmental performance of the properties we manage, we have been promoting the acquisition of environmental certifications by setting a target to achieve a 100% acquisition rate of environmental certifications by 2025.

As of August 31, 2022, the acquisition rate of environmental certifications reached 100% for properties owned, excluding land with leasehold interest.

Certification	# of Properties	Acq. Ratio
CASBEE 	18	100.0 %
BELS 	18	100.0 %

Appendix – Data on electricity, gas, water, CO₂ emissions and waste

Item		2017	2018	2019	2020 ⁽²⁾	2021 ⁽²⁾
Electricity consumption	Total (kWh)	38,352,755	40,232,832	45,486,296	55,377,346	63,003,785
	Intensity (kWh/m ²) ⁽¹⁾	39.43	39.88	36.74	34.14	31.59
Gas consumption	Total (kWh)	1,463,395	1,192,812	1,135,680	1,217,964	842,701
	Intensity (kWh/m ²) ⁽¹⁾	4.27	3.47	3.31	3.55	2.45
Water consumption	Total (L)	75,122,000	76,247,000	77,653,230	97,338,390	114,548,000
	Intensity (L/m ²) ⁽¹⁾	77.24	75.57	62.72	60.00	57.43
CO ₂ emissions ⁽³⁾		19,899	20,331	22,402	26,246	27,465
Scope 1	Total (t-CO ₂)	263	214	204	219	152
Scope 2		19,637	20,116	22,197	26,027	5,234
Scope 3		-	-	-	-	22,078
CO ₂ emissions ⁽³⁾		0.020	0.020	0.018	0.016	0.014
Scope 1	Intensity (t-CO ₂ /m ²) ⁽¹⁾	0.0008	0.0006	0.0006	0.0006	0.0004
Scope 2		0.020	0.020	0.018	0.016	0.029 ⁽⁴⁾
Scope 3		-	-	-	-	0.012
Waste ⁽⁵⁾			84,457	72,696	79,611	109,304
Amount recycled	Total (kg)	-	-	-	-	5,820,682
Recycle rate	(%)	-	-	-	-	72.09

(1) The subject area includes the area of properties sold during the subject period. Also, figures are for entire properties and ownership percentage is not taken into account.

(2) Obtained third-party assurance from Ernst & Young ShinNihon LLC from 2020 results (2020 excludes waste, 2021 includes waste)

(3) Scope 2 and Scope 3 are disclosed separately from the 2021 results.

(4) The increase from 2020 is due to the fact that from 2021, the scope of "Scope 2 emissions" and "area" used in the calculation of intensity is limited to "CO₂ emitted from common areas of multi-tenant properties". CO₂ emitted from leased areas are included in Scope 3.

(5) Starting from 2021, added available tenant waste and waste to be recycled in addition to the common areas.