



5th Fiscal Period Semi-Annual Report

March 1, 2018 to August 31, 2018

Features of LaSalle LOGIPORT REIT

1

Focused investments in prime logistics located in the Tokyo and Osaka areas

- The portfolio comprises large logistics facilities located in the Tokyo and Osaka markets
- Make investments with attention given to location and building specifications – the source of property competitiveness – to secure the portfolio’s competitiveness over a medium to long term

2

Leveraging the LaSalle Group’s real estate investment management capabilities

- Leverage the LaSalle Group’s global experience and expertise as a leading company investing in core real estate assets
- Take advantage of the LaSalle Group’s investment management capabilities with an strong track record of developing and investing in logistics facilities in Japan

3

Building robust financial balance sheets

- Build robust financial soundness from a medium- to long-term perspective to enable flexible adjustment to changes in the financial environment
- Loan to value (“LTV”) (ratio of interest-bearing debt to total assets) stood at 43.3% as of August 31, 2018, with a long-term issuer rating of AA- (Stable)

Table of Contents

Executive Director’s Message	2	About LaSalle Inc.	30
Overview and Trends of Foreign Investors	6	Operation and Governance Emphasizing Unitholders’ Interests and Transparency	32
Prime Logistics Report	8	Decision Making Flowchart for Related Party Transactions	33
External Growth Strategy	10	Risk Factors	34
Internal Growth Strategy	11		
LaSalle Group’s Professional Support Contributes to Greater Unitholder Value	12	Financial Section	
The LaSalle Group’s Initiatives on Sustainability	14	Balance Sheets	38
Financial Strategy	16	Statements of Income	39
Property and Corporate Level Income Statement, DPU Summary, and Yield Summary	17	Statements of Changes in Net Assets	40
Portfolio Maps	18	Statements of Cash Flows	41
Details of Portfolio	20	Notes to Financial Statements	42
Portfolio Summary	29	Independent Auditor’s Report	56
		Investor Information	57



Message to Unitholders

Toshimitsu Fujiwara

Executive Director
LaSalle LOGIPORT REIT
President and CEO
LaSalle REIT Advisors K.K.

On behalf of LaSalle LOGIPORT REIT (“LLR”), I would like to express sincere gratitude for your loyal patronage.

Having settled the 5th fiscal period ending August 2018, LLR has a renewed appreciation for your support. Let me brief you on our asset management status and the financial results for the fiscal period.

LLR makes it a basic policy to focus investments in large-scale, highly-functional logistics facilities located in the Tokyo and Osaka areas. In the 5th fiscal period, LLR acquired two properties (LOGIPORT Hiratsuka-shinmachi located in Hiratsuka City, Kanagawa and LOGIPORT Sakai-minamijima-cho located in Sakai City, Osaka), successfully expanding our asset

size to a portfolio of 11 properties totaling 188.4 billion yen. Backed by the strong demand for logistic spaces from tenants, the fiscal period average occupancy rate of the entire portfolio stood at 98.6%, continuing to stay at a high level of over 98%.

In financial operations, as LLR borrowed funds for acquiring the above-mentioned two properties, our interest-bearing debt amounted to 86.31 billion yen. In doing so, LLR worked to diversify the repayment dates of borrowings, securing financial soundness that is not susceptible to the changes in the financial environment.

As a result of these endeavors, LLR posted operating revenues of 5,663

million yen, operating income of 3,043 million yen, ordinary income of 2,697 million yen and net income of 2,696 million yen. Distribution per unit (“DPU”) came to 2,638 yen per for the fiscal period under review.

Going forward, LLR will continue to take advantage of the LaSalle Group’s global expertise in real estate investment and its asset management capabilities built on accumulated experience in developing and investing in logistics properties in Japan. By doing so, LLR is resolved to achieve greater unitholder value through stable growth in cash flows and asset value over the longer term.

Your continued support of LLR is deeply appreciated.

Financial Highlights for 5th Fiscal Period

(March 1, 2018 - August 31, 2018)

Portfolio Size 11 properties	Total Assets Under Management (“AUM”) 188.4 bn yen	Occupancy Rate 98.8%
Tokyo and Osaka Area Concentration 100.0%	Total Debt 86.31 bn yen	Loan to Value (“LTV”) Ratio 43.3%
Operating Revenues 5,663 mn yen	Operating Income 3,043 mn yen	Net Income 2,696 mn yen
Distribution Per Unit (“DPU”) 2,638 yen	Earnings Per Unit (“EPU”) 2,452 yen	DPU in Excess of Earnings 186 yen

Note: All of the figures above are as of August 31, 2018, the end of the 5th fiscal period.

Executive Director's Message



Toshimitsu Fujiwara

Executive Director
LaSalle LOGIPORT REIT

Profile

Toshimitsu Fujiwara is the Executive Director of LLR, and President and CEO of LaSalle REIT Advisors K.K. ("LRA"), LLR's asset management company. He has 19 years of real estate experience in Japan and the U.S. Toshimitsu joined LaSalle in Japan in 2009 and has overseen fund and asset management activities for the Japan Logistics Fund series. Previously, he worked at MGPA Japan LLC, the predecessor of Black Rock Japan Co., Ltd., and the U.S. real estate investment arm of Nippon Life Insurance Company. Toshimitsu has a Bachelor of Economics from the University of Tokyo.

Q1 Can you summarize the 5th fiscal period by highlighting key indices?

I am pleased to report that LLR had a strong fiscal period with results that once again exceeded initial guidance. These results were achieved through consistent dedication to maintain discipline with respect to executing LLR's acquisition strategy, portfolio management strategy, and financial management. LLR posted a DPU of 2,638 yen per unit based on operating income of 3,043 million yen. This reflects a 155 yen per unit growth over the 4th fiscal period's DPU, or an increase by 6.2%. LLR's actual performance also contributed 82 yen per unit more than initially forecast. Leasing management led to higher occupancy and more income coupled with reduced expenses were the greatest factors underlying for this upward revision.

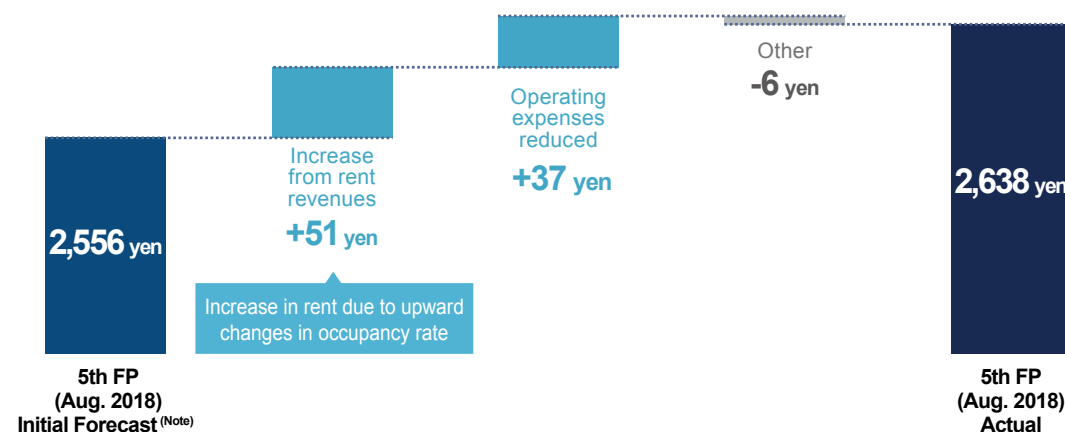
As mentioned, higher occupancy was a significant contributor to LLR's performance in the 5th fiscal period. Portfolio management, through internal growth, continued to yield results and raised LLR's overall performance by marking-to-market leases that were below sustainable market prices. LLR was able to either execute new lease contracts or renew leases equaling 122,000m² in space. These efforts led to maintaining a high average occupancy rate of 98.6% for the 5th fiscal period. Efforts particularly bore fruit at LOGIPORT Nagareyama (B) and LOGIPORT Sagami-hara where many contracts were up for renewal. Among the leases that were renewed during the 5th fiscal period, the team was able to raise rental rates by 3.0%. These efforts, as noted, contributed to enhancing the DPU.

The 5th fiscal period also proved the proactive financial management abilities of LLR. The 5th fiscal period acquisitions of LOGIPORT Hiratsuka Shinmachi and LOGIPORT Sakai-minamijimacho were both entirely funded by debt. This provision of funds through financing raised the LTV from 38.6% at the end of the 4th fiscal period to 43.3% at the end of the 5th fiscal period. Even with this proactive use of financing the LTV remains in the range of 40-45% that LLR adheres to in its pursuit of sound financial standing and management. LLR continues to pursue its financial strategy of procuring longer term loans, diversifying maturity dates, and the enhancing the fixed rate ratio of its loan interest rates.

Q2 What types of acquisition activities did LLR embark upon during this fiscal period?

LLR acquired two properties during the 5th fiscal period – LOGIPORT Hiratsuka-shinmachi (Hiratsuka City, Kanagawa Prefecture) and LOGIPORT Sakai-minamijimacho (Sakai City, Osaka Prefecture) – for a total of 15.05 billion yen. The environment around acquisitions continues to be tough due to the very strong market. However, LLR is confident that it acquired excellent properties at appropriate prices despite the very competitive environment. These acquisitions have increased LLR's portfolio to 11 properties and to an acquisition-based value of 188.4 billion yen. The acquisitions also marked a diversification in the portfolio with LOGIPORT Sakai-minamijimacho being LLR's first property in the Osaka area.

Factor Analysis Regarding Increase/Decrease of DPU



Note: Announced on April 13, 2018

Financial Highlights

		4th Fiscal Period	5th Fiscal Period	6th Fiscal Period (Forecast)
Operating Revenues	(properties)	5,251	5,663	5,649
Operating Income	(mn yen)	2,806	3,043	2,977
Ordinary income	(mn yen)	2,544	2,697	2,661
Net Income	(mn yen)	2,543	2,696	2,660
DPU	(yen)	2,483	2,638	2,606
EPU	(yen)	2,312	2,452	2,418
DPU in Excess of Earnings	(yen)	171	186	188
AUM	(bn yen)	1,734	1,884	1,884
Portfolio Size	(properties)	9	11	11
Occupancy Rate	(%)	98.4	98.8	—

Executive Director's Message

Separately, as part of LLR's strategy to differentiate itself relative to other logistics focused J-REITs, it began looking at acquisition opportunities that would further drive DPU growth, without necessarily having to raise equity capital from the public markets through a follow-on offering. LLR is pursuing deals where it will be able to drive DPU growth by investing in properties that have some level of leasing risk to manage, or to take on direct property development itself, in order to provide shareholders with the ability to acquire properties at a higher NOI yield. The first of these endeavors was to invest in a preferred equity interest in a special purpose company ("SPC") that owns LOGIPORT Amagasaki. This LOGIPORT Amagasaki was acquired by LLR and several other domestic equity capital partners, with the goal of leasing up the property to full stabilization, such that LLR would be able to acquire the property once fully stabilized. This represents a new measure taken to secure future growth in the competitive market environment. LLR now has preferential negotiating rights to acquire six properties with about 500,000 meters in space, representing about 100 billion yen in assets. LLR also has several deals in its sponsor development pipeline, which also amounts to around 100 billion yen. LLR continues to march towards its goal of a portfolio with an acquisition-based value of 300 billion yen.

Sponsor Developments



LaSalle Fund

LP Osaka Taisho
Mar. 2018 completed



LaSalle Fund

LP Kawasaki Bay
May 2019 expected



Feeder Fund

Shin Moriya deal
Aug. 2019 expected

Q3 How can LLR maintain its strong DPU in this continuously challenging market?

The Japanese real estate market, and specifically the Japanese logistics real estate market, has been characterized as a property sector with sound fundamentals. Originally perceived as an alternative asset class in Japan, the perception of logistics facilities has in the past few years shifted from this positioning to being recognized as a core asset class. This shift has been remarkable and has also meant a dramatic drop in cap rates when acquiring logistics properties as prices for the asset class rise. This, in turn, means a greater difficulty in achieving accretive public offerings.

Consequently, LLR has shifted its focus from acquiring fully or near fully occupied facilities at an advantageous price to acquiring properties with large vacancies that LLR believes are undervalued, and then committing the strengths of LaSalle Investment Management K.K. ("LaSalle K.K.") along with LLR's asset management arm, LaSalle REIT Advisors K.K. ("LRA" or the "Asset Manager"), which collectively make up LLR's extensive network (the "LaSalle Group") to secure new tenants and create new value.

LLR's first transaction under this new policy was the investment in LOGIPORT Amagasaki. This asset is located in the Osaka bay area within Amagasaki City, Hyogo Prefecture. It is a large logistics center that was originally developed and operated by an independent foreign player. Unfortunately, the occupancy had dropped off with a number of new facilities opening on the market and occupancy was still limited to 35% in September when LLR decided to invest in the asset. LLR's leasing activities excel and are driven by the LaSalle Group's dedicated leasing team

Sponsor Pipeline Business Model

Comprehensive preferential negotiation rights delivered by the LaSalle Group's feeder funds ^(Note)

Note: Fund providing properties to LLR.



Excess Return Strategies

Unitholder value enhanced by value add & development margin, unique to LLR

and its strong performance in the Osaka bay area. LLR expects the property to be fully leased within 12 months. The combination of the value add investment model with LLR's existing sponsor pipeline model gives LLR the opportunity to generate unexpected positive results.

LLR was able to use a minimal amount of capital in the amount of 1.2 billion yen by employing a new strategy within the provision of acquisition funds when investing in LOGIPORT Amagasaki. LLR jointly invested with a private fund administered by the LaSalle Group and thus limited its investment to 1.2 billion yen. LLR expects the investment to be very capital efficient. The greatest merit of this new approach to investing is that LLR is able to increase its investments without depending on public offerings.

Q4 Does environmental, societal, and governance ("ESG") continue to be a vital topic for LLR and its portfolio?

Of course. The LaSalle Group is broadly committed to the environment and is involved in a variety of initiatives. The LaSalle Group is a signatory to the Principles for Responsible Investment and founding member of both the ULI Greenprint Center for Building Performance and the Global Real Estate Sustainability Benchmark ("GRESB"). In March, Sumitomo Mitsui Banking Corporation gave LLR an "A" grade for its commitment to environmental initiatives. LLR's proactive investment in energy conservation is a good illustration of its initiatives. In addition, the Japanese environmental assessment rating system known as CASBEE – Comprehensive Assessment System for Built Environment Efficiency – gave LOGIPORT Kawagoe an "A" rating. Finally, in September 2018, LLR was awarded Green Star Status by GRESB. This is a peer-to-peer assessment that provides evidence that LLR is committed to improving performance in ESG matters.

With respect to governance matters, in order to enhance incentive alignment with shareholders, LLR is introducing an Investment Unit Ownership Program. This program will enable Directors and Employees of LRA and LaSalle K.K. to purchase units of LLR on a monthly basis, and by doing so, it bulks up LLR's efforts on the governance end of ESG. In order to comply with Japan's insider trading prevention regulations, the LaSalle Group set up the program which abides by the rules set forth in the Investment Unit Ownership Guidelines provided by the Japanese Securities Dealers Association ("JSDA") in May 2018, which was in accordance with the revised Financial Instruments and Exchange Act passed in June 2013. The way the LaSalle



LLR-1 LOGIPORT Amagasaki

The underlying real estate that secures Amagasaki TMK's Preferred Shares

Group's program works is, after LLR publicly posts its August fiscal period end earnings during the middle of October, a 10-day subscription period window opens up, where Directors and Employees may decide to subscribe into the program. Each Director/Employee sets a fixed monthly amount to which they choose to contribute toward an Investment Unit Ownership Association ("IUOA"), and it is through this IUOA that they are able to purchase units of LLR at the end of each month, at the prevailing market price at that point in time. Directors/Employees are not allowed to change their monthly contribution amounts. They are only allowed to change this amount once a year, during the aforementioned 10-day window in October. Moreover, Directors/Employees who are participating in the program, are not allowed to sell their units during their employment with the LaSalle Group, and are only allowed to sell their units one year after their employment with the LaSalle Group ends. The JSDA regulatory guidelines stipulate this rule. This investment program will commence in October 2018, and purchase of LLR investment units will begin in November 2018.

In closing, LLR performed exceptionally well in the 5th fiscal period but the continuing bull market, ESG demands of the past few years and market demands make it essential for LLR to circumvent changes, act for the benefit of its investors in this market so that strong DPUs can be provided to unitholders and maintain a strong growth path. LLR is confident that it will continue to do so.

Overview and Trends of Foreign Investors

Ryunosuke Konishi

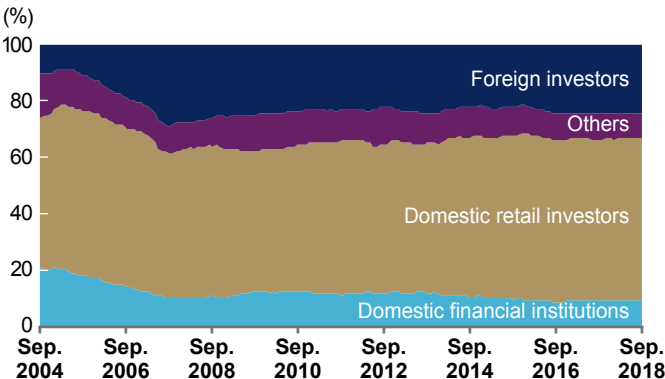
Managing Director of Acquisitions and Investor Relations
LaSalle REIT Advisors K.K.



Q1 Can you give us an overview of foreign investors investing in J-REITs?

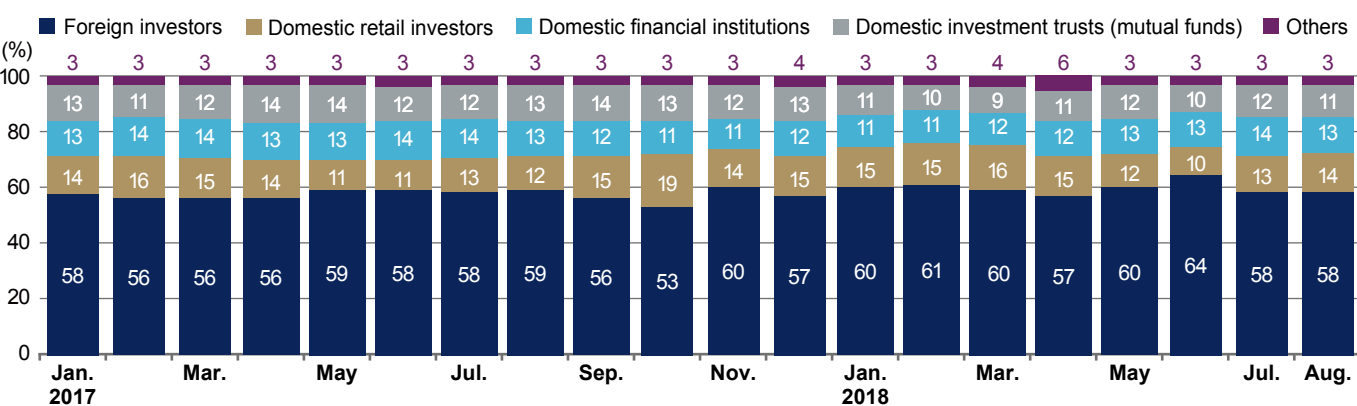
Let me begin by explaining the “stock,” or assets held by foreign investors, where except for 2004 through 2006 at the dawn of the J-REIT market, foreign investors have owned around 20% to 30% of J-REITs (Table 1). This is slightly lower than with general stocks, as the shareholding ratio of foreign investors for listed companies was about 30% at the end of fiscal 2017. Still, foreign investors demonstrate a sizable presence in J-REITs as well.

Table 1: Ownership Ratio of J-REITs by Investor Type



Source: Prepared by the Asset Manager based on the data by Bloomberg and materials publicized by companies.

Table 2: Breakdown of Transactions by Investor Type



Source: Prepared by the Asset Manager based on the data from Tokyo Stock Exchange, Inc.

In terms of the “flow,” or buying and selling in a certain period, foreign investors have accounted for 60% of the secondary trading market, with a trade volume large enough to have an impact on investment unit prices (Table 2).

As can be seen, foreign investors are one of the most influential investor groups both in terms of the stock and flow of transactions.

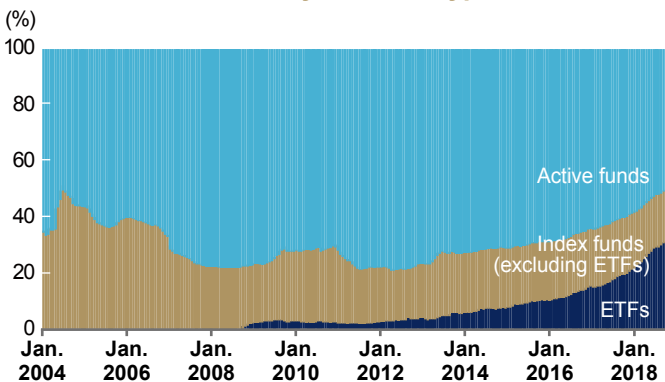
With respect to investor type, institutional investors are dominant among foreign investors. As they manage large funds on behalf of investors like pension funds, such institutional investors typically invest in J-REITs for diversification benefits by taking international exposure.

As a trend in recent years, it appears that there is an increasing number of investors who have established their bases in Singapore or Hong Kong to cover the entire Asian market including Japan. Sometimes LLR receives questions from such investors as to whether Japanese real estate or J-REITs are relatively undervalued compared with real properties or REITs in overseas markets such as Singapore and Hong Kong. Moreover, many of the foreign investors cover not only J-REITs but also operating companies involved in real estate. So they also ask us questions after analyzing and comparing J-REITs and Japanese real estate companies.

Q2 Stock investors are said to be increasingly turning to passive investing, but is the same trend seen among J-REIT investors?

A rising percentage of index funds and exchange traded funds (“ETFs”) that incorporate J-REIT are increasing. The graph shows the breakdown of transactions based on funds specialized in J-REITs conducted mainly by domestic asset managers, by product type. Active funds accounted for nearly 80% around 2012, but the figure has currently decreased to around 50%. On the other hand, the percentage of ETFs is rapidly growing, rising to as much as about 30% (Table 3).

Table 3: Transactions by Product Type



Source: Prepared by the Asset Manager based on the data by Bloomberg.

Q3 Are there any differences in LLR’s communication style with foreign investors and domestic investors?

I think foreign investors tend to be more assertive with their questioning requiring us to be more direct with our responses. Even in the disclosure materials of LLR, some expressions in the English language materials may appear more direct than those expressions in the Japanese language materials, although they resonate with investors in the same way.

Q4 Do foreign investors share in the recent growing interest in ESG awareness in Japan?

Foreign investors, especially those in Europe and Canada, are deeply engaged in ESG awareness endeavors. LLR is also proactively promoting ESG awareness. As an example of the results of such efforts, LLR obtained the highest ranking of Green Star in the GRESB Real Estate Assessment.

Moreover, as the number of institutional investors, both within Japan as well as abroad, increase and become more sophisticated with their knowledge around the benefits and drawbacks of pursuing various ESG initiatives, a firm such as LaSalle Inc., which has been a thought leader in this area for the past 10-years, can capitalize upon 1) enhanc-

ing long term returns performance as a result of its keen awareness around what gets the most yield when it comes to ESG implementation; 2) getting more recognition from the market as to why LLR is differentiated relative to other logistics J-REITs. Over time, it should become clearer to the market as to why LLR is innovative, and to that end, foreign investors have expressed their appreciation because sustainability is not a new thing outside of Japan.

Q5 What are some common opinions or comments received from foreign investors about J-REITs or the logistics sector?

Until recently, they showed a strong interest in the growth of cash distributions through external growth. At around the beginning of this year, however, I feel that they have become more interested in internal growth, property replacement, and other growth strategies rather than merely telling a story about external growth that involves follow on public offerings. As for the fundamentals of logistics facilities, my impression is that many investors are relatively optimistic about the future prospects of the properties, partly because the e-commerce market has been expanding in the U.S. and other overseas markets ahead of Japan. On the other hand, some investors appear to take a cautious stance on the possible interest rate hikes in the future. This may be backed by the fact that interest rates are starting to rise in countries other than Japan.

Q6 Are deals like LLR’s acquisition of preferred shares issued by Amagasaki Property TMK in September 2018 typically conducted by foreign REITs?

It is relatively common for foreign REITs to directly acquire equity interests of SPCs that own real estate. Therefore, for investors targeting to invest in foreign REITs, the risk return profile of the preferred equity securities issued by Amagasaki Property TMK should be relatively familiar.

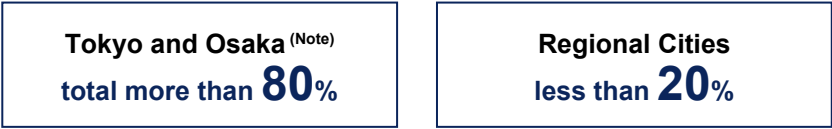
Q7 What types of responses are expected from foreign investors regarding the Investment Unit Ownership Program introduced in September 2018?

LLR’s intent behind introducing the Investment Unit Ownership Program was to contribute to the enhancement of LLR’s investor value over the medium to long term by promoting the alignment of the interests of LLR’s investors with the officers and employees of the Asset Manager and LaSalle K.K., the sponsor. Promoting alignment of interests with investors is a subject attracting great attention, and it is expected that the introduction of such a program will be positively welcomed.

Prime Logistics Report

Tokyo and Osaka are Target Markets

Prospective Portfolio Composition



Note: "Tokyo Area" is defined as the area that's within a 60km radius from JR Tokyo station and "Osaka Area" is defined as the area that's within a 45km radius from JR Osaka station.

Characteristics of "Prime Logistics"

Suitable Sites

- 1. Excellent access to high consumption areas (dense population areas)
- 2. Close proximity to highway interchange nodes
- 3. Located in industrial use zoned areas that allow for 24 hour operations
- 4. Easy public transportation access in order to attract employees

Large Scale

- 1. In general, GFA is greater than 16,500m²

High Specifications

- 1. Effective ceiling heights are greater than 5.5m, floor loads can handle in excess of 1.5 t/m², and column spacing is typically 10m x 10m
- 2. Large ramp ways for direct truck access to the upper floors or freight elevators with sufficient loading capacity
- 3. Designed with flexible bay partitioning
- 4. Ample office space
- 5. High safety features with seismic isolation or resistance performance

Example of a Suitable Site in the Case of LOGIPORT Hashimoto



Advantage of High Functionality

Functional Features of Prime Logistics

Callouts in the diagram:

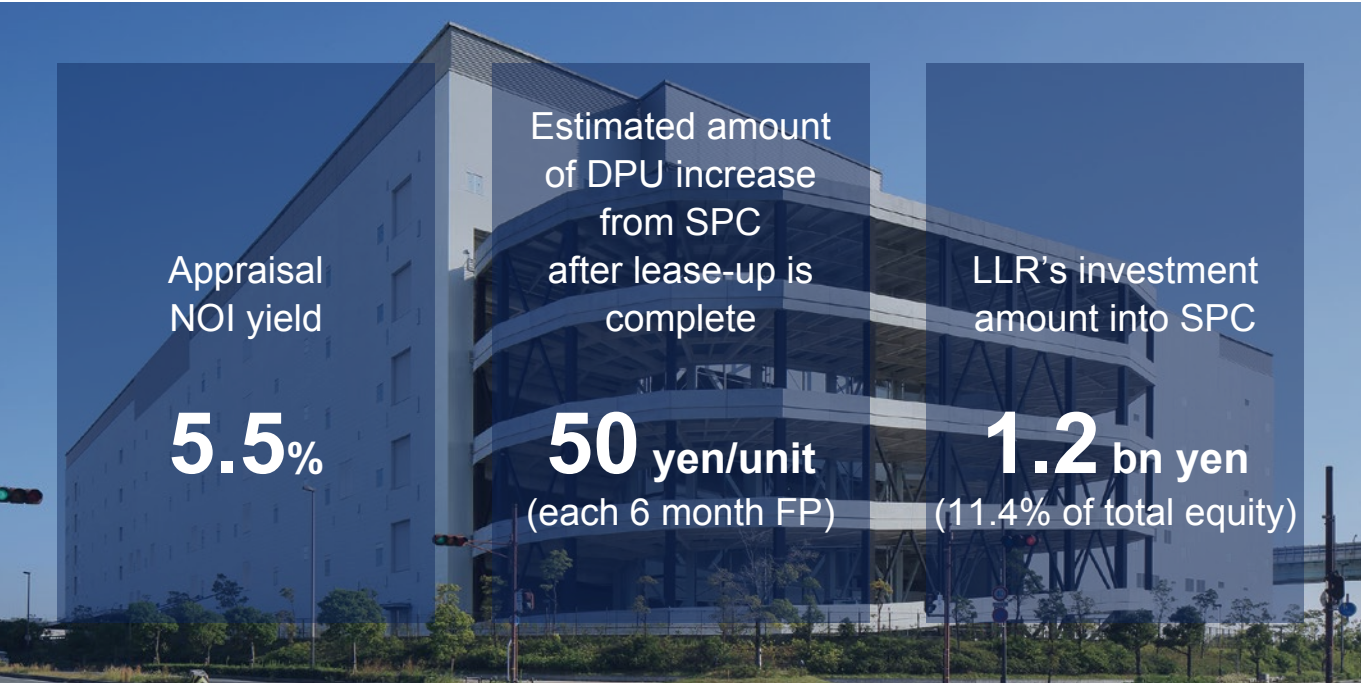
- Large-Scale Ramp Ways**
Enables truck access to the upper floors, or there are vertical conveyors with sufficient loading capacity.
- High-End Specifications**
Effective ceiling heights, floor loading, and column spacing to enhance storage efficiency and work productivity.
Ceiling Heights 5.5m
Column Spacing 10m
- Flexible Partitioning of Bays**
Designed with truck berths, vertical conveyor layouts, fire prevention compartmentalization.
- Office Space**
Ample office space.
- Seismic Isolation/Earthquake Resistance**
Lateral and vertical motion dampeners.
- LOGIPORT Sagamihara**

Environmental, Energy Efficiency

 Solar panels for renewable energy utilization	 Exterior walls, sandwich panel system for thermal insulation and airtightness	 Automatic lighting sensors for corridors and bathrooms	 Obtained S and A rankings, based on CASBEE evaluation for new and existing built
Security Measures 24-7, 365 days, fire prevention center	Ample Amenities Cafeteria space for employees during breaks	 Convenience stores on-sight for employee satisfaction	 Operation of a commuter bus from the nearest station

External Growth Strategy

Investing in Large-Scale, Undervalued Logistics Facilities Having Upside Revenue Potential
LOGIPORT Amagasaki: the First Investment for LLR in the Value-Added Strategy ^(Note)



Note: Refers to making investments in projects that have leasing risks or upgrade potential through redevelopment or extension.

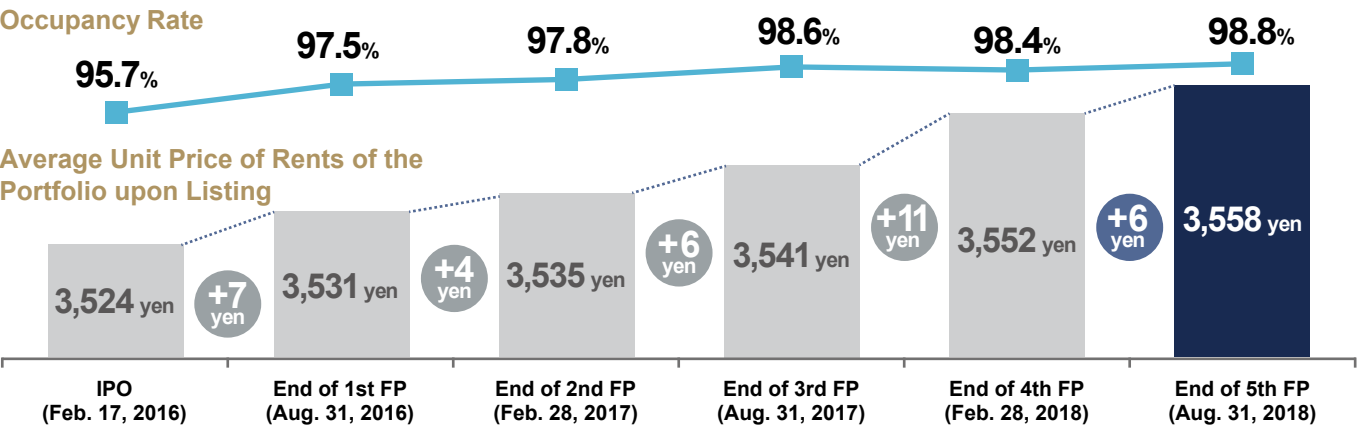
Strong Pipeline with 9 Properties Totaling over 200 Billion Yen ^(Note)



Note: The occupancy rate is calculated on the basis of areas under lease agreements (for warehouse sections only; including spaces not yet occupied).

Internal Growth Strategy

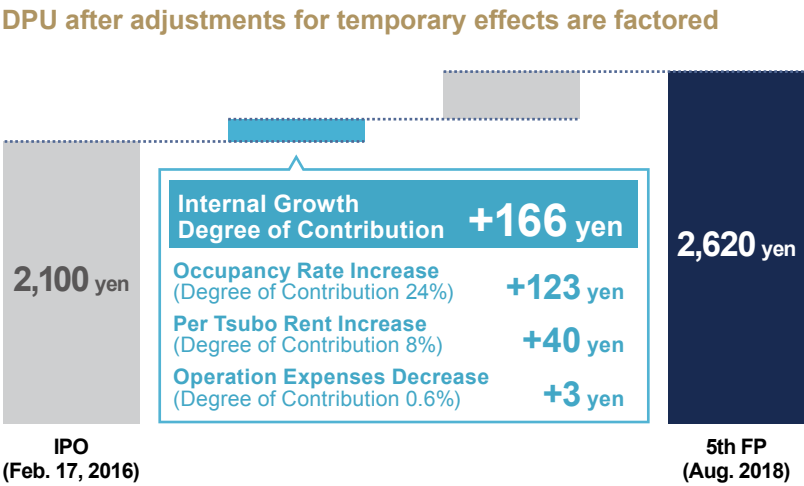
Occupancy Rate and Average Unit Price of Rents of the Portfolio ^(Note)



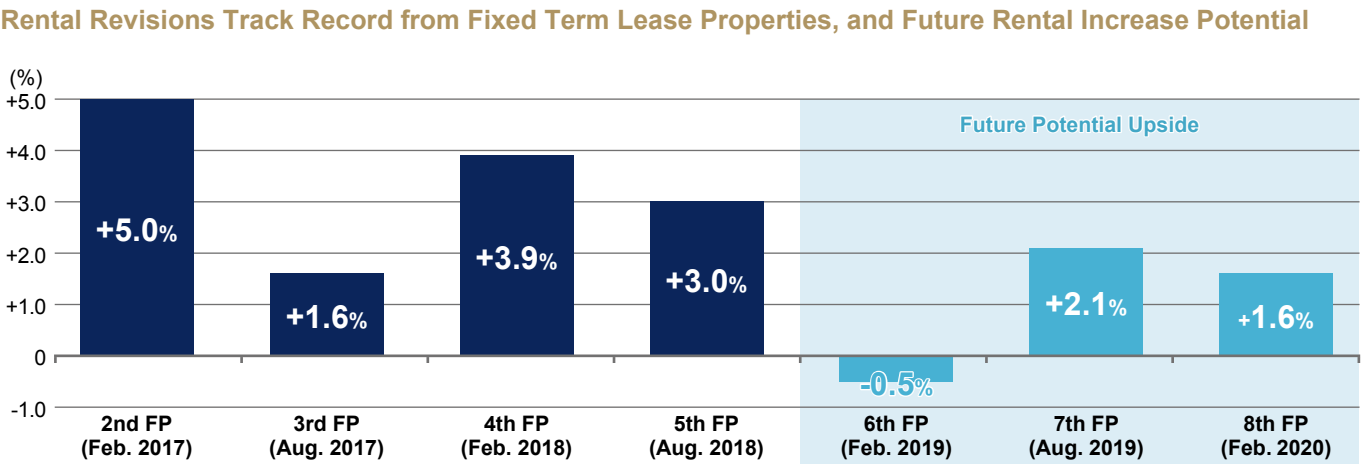
Note: Unit price of rents for warehouse spaces of the eight properties owned at time of listing.

Contributing to DPU Growth by Improving Occupancy Rate and Increasing per Tsubo Rents

- Stabilized DPU has increased by +520 yen from IPO to the 5th FP. Of that amount, +166 yen is attributed to internal growth, contribution 32%.
- When analyzing the breakdown to the 166 yen internal growth, occupancy accounts for +123 yen, per tsubo rent increase accounts for +40 yen, and real estate operation expenses savings accounts for +3 yen.



3.0% Increase in Rents Secured upon Rental Revisions for Properties under Fixed-Term Lease Agreements



LaSalle Group's Professional Support Contributes to Greater Unitholder Value

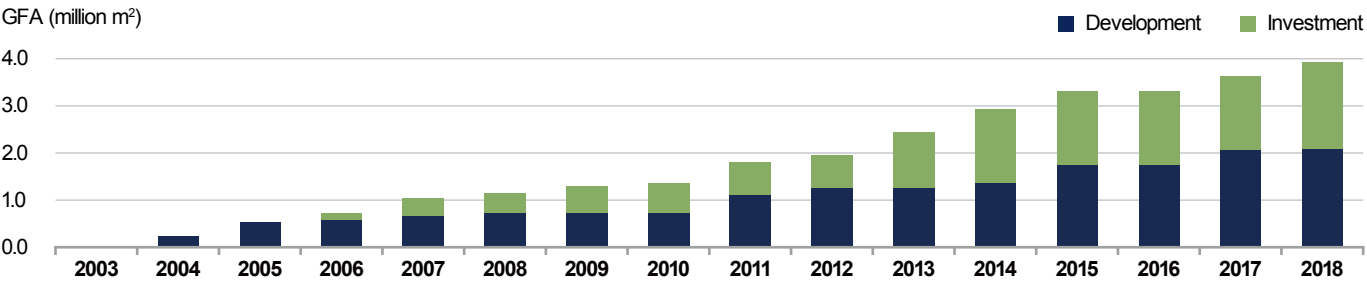
Development, Investment, and Leasing Track Record of Logistics Properties in Japan

Robust Experience in Development, Investment, and Leasing ^(Note 1)

Cumulative development ^(Note 2)	Approx. 2.09 mm m ²	Leasing experience	Approx. 2.99 mm m ²
Cumulative acquisitions	Approx. 1.82 mm m ²	Large scale development share within Tokyo ^(Note 3)	Approx. 17%

Note 1: As of September 30, 2018.
 Note 2: Includes properties scheduled to be developed.

Development/Investment Area (cumulative base) ^(Note 2)



Note 3: Source: Rental Logistics Facilities with Gross Floor Area of at Least 100,000m² Developed by Private-Sector Companies and Located in the Tokyo Metropolitan Area (as of June 30, 2018) by CBRE.

Achievements as Front Runner of Developing and Investing in Advanced Logistics Facilities in Japan

■ Front runner of developing and investing in advanced logistics facilities

Began in the Japanese market in 2003, cultivating the market ahead of major domestic developers

■ Formed a logistics development fund at the dawn of the industry

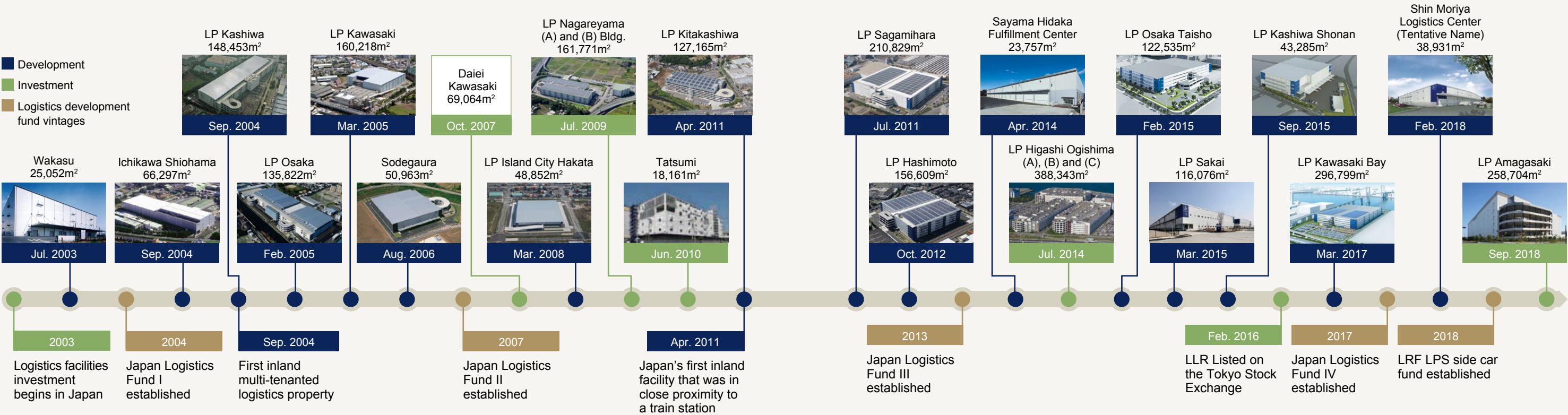
Formed a development fund specialized in logistics properties in 2004, when the industry was being created

■ Japan's first inland, multi-tenanted logistics facility*

Japan's first inland, multi-tenanted logistics facility (LP Kashiwa) completed in 2006 to lead the industry

■ Japan's first inland, multi-tenanted logistics facility in close proximity to a train station*

Japan's first inland, multi-tenanted facility in close proximity to a train station (LP Kitakashiwa) completed in 2012 to lead the industry



Note 1: Each point of time in the above chart indicates the time when transaction agreements for acquiring the relevant land and buildings were concluded.
 Note 2: The figures below the photos in the above chart indicates the gross floor area of respective properties.
 Note 3: As of the date of this document, LLR has not decided acquisition of any of the properties in the above chart, and there is no guarantee that LLR can acquire it in the future.

Note 4: The floor areas of buildings are based on the building certificates and drawings, etc. and may not be identical with the floor areas in the registry.
 Note 5: The building names are what the LaSalle Group uses to identify each property, and may not be identical with the current names.

The LaSalle Group's Initiatives on Sustainability

Initiatives on Sustainability

In terms of commitment to sustainability, the LaSalle Group leads the industry by participating in various groups that promote sustainability, and is making group-wide endeavors to promote best practices with considerations given to ESG (Environment, Social and Governance) by internally establishing the Global Sustainability Committee.

Became a Signatory of
the United Nation's Principles for
Responsible Investment (July 2009)



Founding Member of
the ULI Greenprint Center



GRESB Member



Obtained the DBJ Green Building Certification (for 4 properties)

LLR obtained the DBJ Green Building Certification for 4 properties it owns.



DBJ Green Building Certification

Developed independently by Development Bank of Japan Inc. ("DBJ"), this certification system is a comprehensive scoring model and a comprehensive evaluation system designed to certificate real estate that demonstrates considerations for the environment and society ("Green Buildings"), based on evaluation ranks on a five star scale.



Tokyo-1 LP Hashimoto



Tokyo-2 LP Sagamiara



Tokyo-3 LP Kitakashiwa



Tokyo-5 LP Nagareyama (B)

Star Rating ★★★★★

Star Rating ★★★★★

Star Rating ★★★★★

Star Rating ★★★★★

Participation in the GRESB Survey

GRESB Real Estate Assessment

LLR obtained Green Star, the highest ranking, in the GRESB Real Estate Assessment, which is a sustainability survey conducted by the GRESB for real estate companies and funds.



Obtained the CASBEE Assessment

CASBEE Building Evaluation

CASBEE offers a method to evaluate and rank a building's environmental performance. It is a system to comprehensively evaluate the environmental performance from such aspects as reduction of environmental load, including energy saving, resource saving and recycling performance, and considerations to views.



Obtained the BELS Assessment

BELS Assessment

BELS is a system for third parties to indicate energy conservation performance of buildings. Starting in April 2016, the Act for the Improvement of the Energy Saving Performance of Buildings (Building Energy Saving Act) requires real estate companies to endeavor to indicate energy saving performance of buildings.



Introduction of an Investment Unit Ownership Program

In an effort to promote further incentive alignment between LLR unitholders coupled with LRA and LaSalle K.K. Directors and Employees.

DTU (Demographics, Technology and Urbanization) + E (Environmental Change)

- As part of its initiatives on sustainability, the LaSalle Group started the DTU research program, which is designed to analyze the long-term real estate trends from the three factors of Demographics, Technology and Urbanization.
- By adding another factor of E (Environmental Change) to the DTU research program, the LaSalle Group makes an even wider analysis as to what advantages investors can obtain from sustainability initiatives.
 - The E-Factors include climate change impact, energy conservation, recycling of resources, reduction of carbon footprint and environmental standards and certifications of buildings.
 - Because of reinforced regulations and business requirements, the E-Factors such as sustainability and resilience to environmental change of a building are now an important consideration in conducting real estate investment.
 - National and local governments also attach importance to the energy consumption performance of buildings. Constructing and operating buildings that demonstrate awareness of the E-Factors are considered to take a major role in enhancing energy use efficiency.

Secular Demand Drivers for Real Estate DTU + E

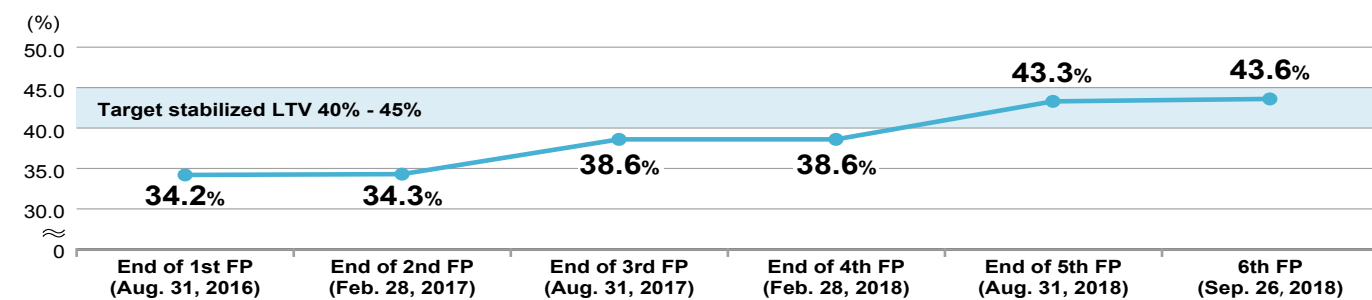


Financial Strategy (As of September 30, 2018)

Interest-Bearing Debt Status

Ratio of interest-bearing debt to total assets (LTV)	43.6%	Long-term issuer rating (Japan Credit Rating Agency, Ltd.)	AA- (Stable)
Average remaining years of debt	5.1 years	Fixed rate ratio	91.9%

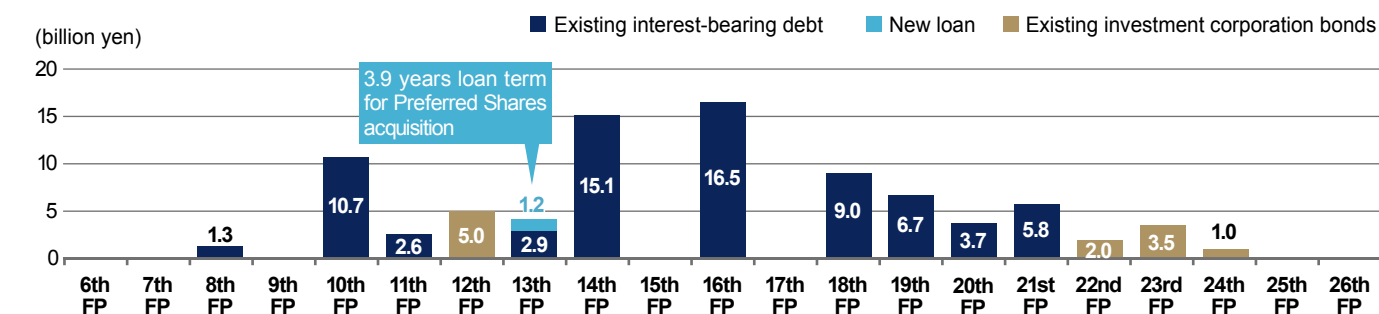
LTV Management



Breakdown of Interest-Bearing Debt (by financial institution)

	Billion yen	Share
MUFG Bank	19.7	22.5%
Mizuho Bank	15.2	17.4%
Sumitomo Mitsui Banking	14.0	16.0%
Sumitomo Mitsui Trust Bank	9.7	11.2%
Development Bank of Japan	7.1	8.1%
Fukuoka Bank	2.9	3.4%
Resona Bank	2.6	3.1%
Shinsei Bank	2.4	2.7%
Nomura Trust Bank	1.0	1.2%
77 Bank	0.5	0.6%
Chugoku Bank	0.5	0.6%
investment corporation bonds	11.5	13.1%

Diversification of Repayment Dates

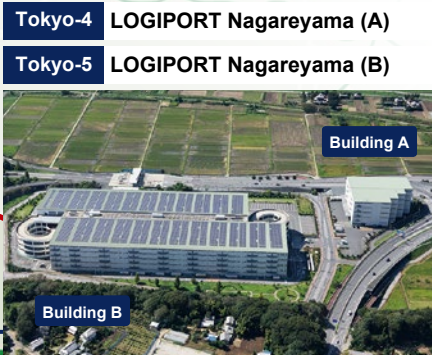


Property and Corporate Level Income Statement, DPU Summary, and Yield Summary

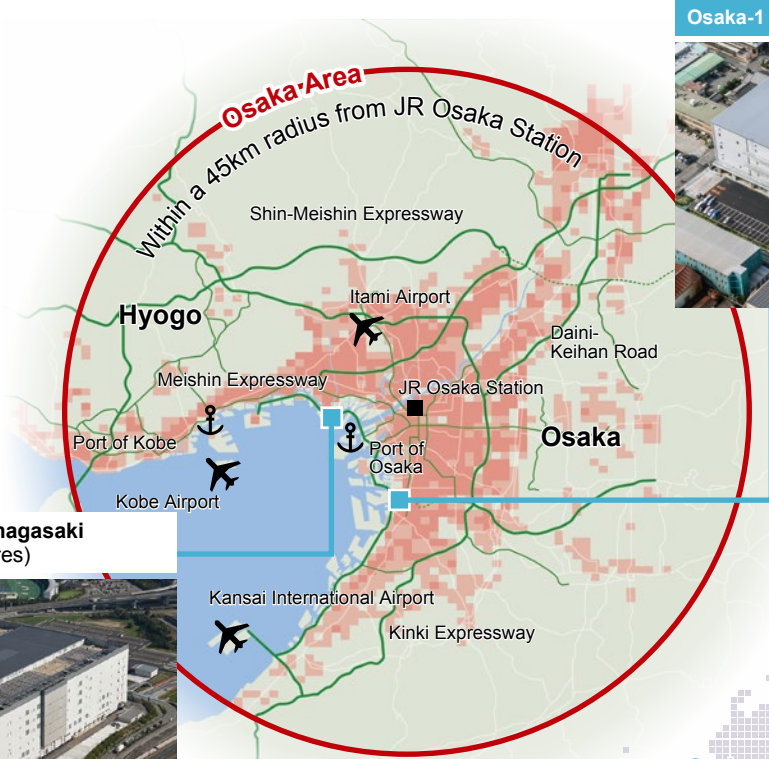
(in millions of yen unless otherwise specified)		4th FP actuals	5th FP actuals	
Property Level				
Number of Properties		9	11	
Revenues				
RENT + CAM + Parking + Leased Roof + Other		4,962	5,358	Additional leasing revenue due to acquisition of LP Hiratsuka-shinmachi and LP Sakai-minamijimacho and higher occupancy rate (period average figure rising from 98.4% to 98.6%)
Income		289	305	
Utilities reimbursables		289	305	
OPERATING REVENUES		5,251	5,663	Increased due to higher unit prices and more use in accordance with higher occupancy rate
Operating expenses				
Outsourced contract costs		-308	-296	Increased due to recording of property taxes and city planning taxes for LP Kawagoe for the entire fiscal period
Utilities expense		-278	-298	
Repair and maintenance		-88	-98	
Property taxes		-402	-431	
Other expenses		-33	-35	
Total operating expenses		-1,109	-1,161	
NOI		4,142	4,502	Larger depreciation expenses due to acquisition of LP Hiratsuka-shinmachi and LP Sakai-minamijimacho
Depreciation expense		-627	-685	
NOI AFTER DEPRECIATION		3,515	3,816	
Corporate Level				
Operating expenses				Asset management fee increased due to an increase in asset based fees and operating income-based fees in accordance with the acquisition and higher occupancy rates of LP Hiratsuka-shinmachi and LP Sakai-minamijimacho
Asset management fee		-618	-676	
Asset custody/administrative fee		-28	-27	
Directors compensation		-3	-3	
Independent auditor's fee		-10	-10	
Other operating expenses		-47	-56	
Corporate level operating expenses		-709	-773	
OPERATING INCOME		2,806	3,043	
Non-operating income				
Interest income receivable		0	0	
Non-operating expenses				Interest expenses increased due to new borrowings
Interest expense		-191	-231	
Interest expense from investment corporation bonds		-23	-26	
Amortization of deferred establishment expenses		-3	-3	
Amortization of investment corporation bonds		-4	-5	
Issuance costs		-38	-78	
Financing related expenses		-261	-345	
ORDINARY INCOME		2,544	2,697	
Investment corporation taxes		-1	-0	
NET INCOME		2,543	2,697	
DPU Summary				
Net income		2,543	2,697	
Number of outstanding units (million)		1.1	1.1	
EPU (yen per unit)		2,312	2,452	
Depreciation expense		627	685	
30% of depreciation		188	204	
Number of outstanding units (million)		1.1	1.1	
DISTRIBUTIONS IN EXCESS OF EPU (yen per unit)		171	186	
DPU BREAKDOWN				
EPU (yen per unit)		2,312	2,452	
EXCESS DISTRIBUTIONS (yen per unit)		171	186	
DPU (yen per unit)		2,483	2,638	
Yield Summary				
NOI (annualized)		8,284	9,004	(1)
NOI after depreciation (annualized)		7,030	7,632	(2)
Acquisition price		173,390	188,440	(3)
NOI yield		4.8%	4.8%	(1)/(3)
After depreciation NOI yield		4.1%	4.1%	(2)/(3)
Tangible fixed asset book value		173,937	188,639	(4)
NOI yield		4.8%	4.8%	(1)/(4)
After depreciation NOI yield		4.0%	4.0%	(2)/(4)
Appraisal value		185,530	203,090	(5)
Unrealized capital gain		11,592	14,450	(5)-(4)=(6)
Unrealized capital gain		6.7%	7.7%	(6)/(4)

Portfolio Maps

Tokyo Area



Osaka Area



Source: Population density is prepared by the Asset Manager based on “1/2 (500m) Data by Local Grid” of the “Ranking Mesh Map - Grid Square Statistics of 2015 Population Census” by the Statistics Bureau, Ministry of Internal Affairs and Communications, which is based on the results of the 2015 population census conducted on October 1, 2015.

Portfolio List

Property No.	Property Name	Location	GFA (m ²)	Acquisition Price (billion yen)	Appraisal Value (Note 2) (billion yen)	Property Age (Note 3) (years)	PML (Note 4) (%)
Tokyo-1	LOGIPORT Hashimoto (Note 5)	Sagamihara, Kanagawa	145,801	21.2	22.9	4	1.3
Tokyo-2	LOGIPORT Sagami-hara (Note 6)	Sagamihara, Kanagawa	200,045	23.0	25.3	5	0.5
Tokyo-3	LOGIPORT Kitakashiwa	Kashiwa, Chiba	104,302	25.3	28.6	6	0.9
Tokyo-4	LOGIPORT Nagareyama (A)	Nagareyama, Chiba	17,673	3.5	4.0	10	1.6
Tokyo-5	LOGIPORT Nagareyama (B)	Nagareyama, Chiba	133,414	26.6	28.9	10	2.3
Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kawasaki, Kanagawa	100,235	19.0	19.5	31	6.5
Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kawasaki, Kanagawa	117,546	19.1	21.3	27	6.2
Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kawasaki, Kanagawa	116,997	23.7	25.0	17	6.3
Tokyo-9	LOGIPORT Kawagoe	Kawagoe, Saitama	50,742	11.9	12.2	8	4.4
Tokyo-10	LOGIPORT Hiratsuka-shinmachi	Hiratsuka, Kanagawa	29,067	6.9	7.0	2	5.2
Osaka-1	LOGIPORT Sakai-minamijimacho	Sakai, Osaka	30,696	8.1	8.3	2	6.5
Total/Average (11 properties)			1,046,524	188.4	203.0	12	3.2
LLR-1	LOGIPORT Amagasaki (Preferred Shares)	Amagasaki, Hyogo	258,704	1.22	1.44	9 (Note 7)	5.6

Note 1: As of September 30, 2018.

Note 2: Appraisal values for Tokyo 1-10 and Osaka-1 are as of August 31, 2018. The LLR-1 appraisal is a reference value for the preferred shares as of September 2018.

Note 3: Property age is calculated by summing up the period from the date of new construction indicated on the registry of the major building through the end of September 2018, rounded off to the nearest integer. The average figure for the entire portfolio is weighted by the acquisition price, rounded off to the nearest integer.

Note 4: PML value is based on the reports as of February 2018 excluding LLR-1, for which the value is as of September 2018.

Note 5: Acquisition price and appraisal values for LOGIPORT Hashimoto indicate the amounts equivalent to LLR's quasi co-ownership (55%) in the trust beneficially interest it has acquired, while the GFA shows the figure for the entire property.

Note 6: Acquisition price and appraisal values for LOGIPORT Sagami-hara indicate the amounts equivalent to LLR's quasi co-ownership (51%) in the trust beneficially interest it has acquired, while the GFA shows the figure for the entire property.

Note 7: Construction work for converting a factory to a logistics facility completed in October 2017.

Details of Portfolio



LLR-1 LOGIPORT Amagasaki

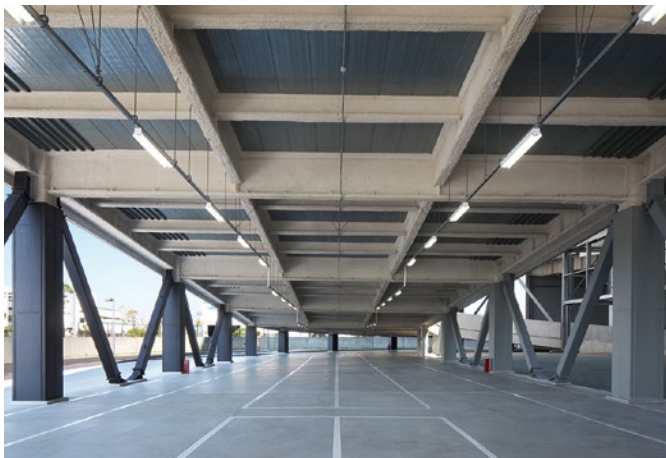
The underlying real estate that secures Amagasaki TMK's Preferred Shares

- Excellent access to central Osaka, a major consumption area, as well as the wide-ranging Osaka area
- Good access to Amagasaki Suehiro interchange on the Hanshin Expressway No. 5 Wangan Route, with a distance of approximately 200m
- Located about 10 minutes by bus from Deyashiki Station and accessible by bicycle, etc. from Higashi Naruo Station on the Hanshin Mukogawa Line, allowing expectations for securing employees
- Features a GFA of over 258,000m² and a leasable floor area per floor of over 33,000m²
- Designed to allow flexible bay partitioning (up to 6 sections for a floor), with ramp ways and high-level building specifications

	LOGIPORT Amagasaki
Location	Amagasaki, Hyogo
GFA	258,704.56m ²
NRA	216,500m ²
Acquisition price	1,221 million yen (Note 1)
Reference value	1,447 million yen (Note 2)
Share of portfolio	—
Built	April 2009
Occupancy	35.3%

Note 1: Represents approximately 11.4% of the total preferred securities issued by Amagasaki TMK.

Note 2: An approximate price calculated based on the property's appraisal report (that takes into consideration the future increase in the occupancy rate) obtained by Amagasaki TMK as well as the materials provided by the Asset Manager.



Tokyo-1 LOGIPORT Hashimoto

55% trust co-ownership interest

- Adjacent to National Route 16 for convenient access to high consumption areas such as Tokyo and Yokohama
- Convenient access to Metropolitan Inter-City Expressway allows for wider distribution to other areas
- Convenient walking distance from stations on JR lines (e.g. Hashimoto Station) and location adjacent to retail and residential areas
- Equipped with high specifications such as spiral ramps or slopes and large-scale per-floor area of 23,000m²

	LOGIPORT Hashimoto
Location	Sagamihara, Kanagawa
GFA	145,801.69m ²
NRA	130,162m ²
Acquisition price	21,200 million yen
Appraisal price	22,900 million yen
Share of portfolio	11.3%
Built	January 2015
Occupancy	100.0%



Details of Portfolio



Tokyo-2 LOGIPORT Sagamihara | 51% trust co-ownership interest

- Adjacent to National Route 16 for convenient access to high consumption areas such as Tokyo and Yokohama
- Convenient access to Metropolitan Inter-City Expressway via Sagamihara and Sagamihara-Aikawa interchanges allowing wider distribution to other areas
- Location near large residential areas which offers attractive environment for employment
- One of the largest scale logistics facilities in Tokyo Metropolitan area with GFA 200,000m²
- Equipped with high quality building specifications for logistics such as spiral ramps or slopes and earthquake-absorbing structure

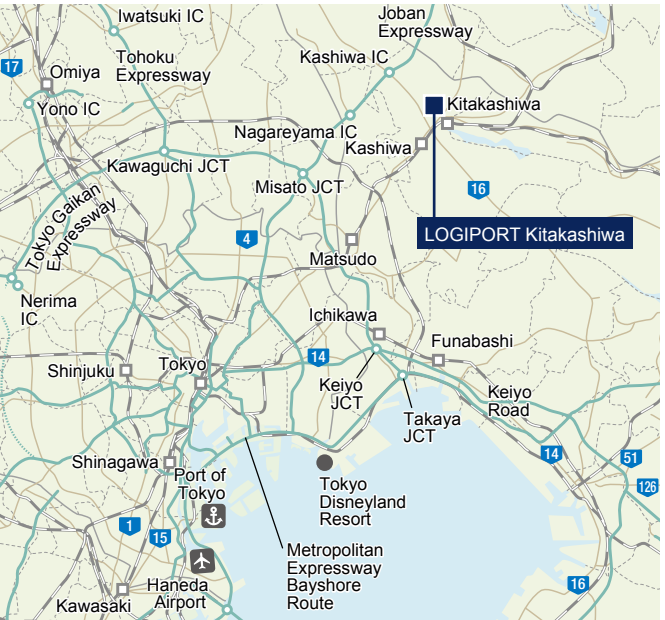
	LOGIPORT Sagamihara
Location	Sagamihara, Kanagawa
GFA	200,045.57m ²
NRA	180,971m ²
Acquisition price	23,020 million yen
Appraisal price	25,300 million yen
Share of portfolio	12.2%
Built	August 2013
Occupancy	99.7%



Tokyo-3 LOGIPORT Kitakashiwa

- Located in Kashiwa-city, a dense distribution area for deliveries to Tokyo Metropolitan area
- Located near National Route 6 and National Route 16 and approximately 6km from Kashiwa interchange on the Joban Expressway, which provides convenience for distribution center
- A 6-minute walk from Kitakashiwa station of JR Joban line, accessibility by bus and located near residential areas which offers attractive environment for employment
- Equipped with high quality building specifications such as spiral ramps or slopes and large-scale per-floor area of maximum 18,000m²

	LOGIPORT Kitakashiwa
Location	Kashiwa, Chiba
GFA	104,302.62m ²
NRA	100,349m ²
Acquisition price	25,300 million yen
Appraisal price	28,600 million yen
Share of portfolio	13.4%
Built	October 2012
Occupancy	100.0%



Details of Portfolio



Tokyo-4 and Tokyo-5 LOGIPORT Nagareyama (A) and (B)

- Located near the Nagareyama interchange on the Joban Expressway which connects to Metropolitan Expressway via Misato junction, which allows broad access to all of Tokyo's Metropolitan areas
- Delivery to various areas possible by using National Route 16
- LOGIPORT Nagareyama (A) is equipped with vertical conveyors and offers optimal specifications for storage needs
- LOGIPORT Nagareyama (B) is equipped with high quality building specifications such as spiral ramps or slopes and large-scale GFA of more than 130,000m²



	LOGIPORT Nagareyama (A)	LOGIPORT Nagareyama (B)
Location	Nagareyama, Chiba	Nagareyama, Chiba
GFA	17,673.87m ²	133,414.76m ²
NRA	18,172m ²	112,684m ²
Acquisition price	3,500 million yen	26,600 million yen
Appraisal price	4,020 million yen	28,900 million yen
Share of portfolio	1.9%	14.1%
Built	July 2008	July 2008
Occupancy	100.0%	99.9%

Tokyo-6, Tokyo-7 and Tokyo-8

LOGIPORT Higashi Ogishima (A), (B), and (C)

- Accessible to major transportation infrastructures such as the Higashi Ogishima interchange on the Metropolitan Expressway Bay Shore Route, the Yokohama port, the Tokyo port and Haneda Airport
- Located near areas of high consumption such as central Tokyo, Kawasaki and Yokohama
- Dense areas of factories and logistics facilities
- Kawasaki port harbor road Higashi Ogishima Mizuecho line expected to complete in 2023
- Large-scale facility equipped with high quality building specifications such as spiral ramps or slopes



	LOGIPORT Higashi Ogishima (A)	LOGIPORT Higashi Ogishima (B)	LOGIPORT Higashi Ogishima (C)
Location	Kawasaki, Kanagawa	Kawasaki, Kanagawa	Kawasaki, Kanagawa
GFA	100,235.67m ²	117,546.26m ²	116,997.14m ²
NRA	85,281m ²	103,731m ²	114,925m ²
Acquisition price	19,000 million yen	19,120 million yen	23,700 million yen
Appraisal price	19,500 million yen	21,300 million yen	25,000 million yen
Share of portfolio	10.1%	10.1%	12.6%
Built	April 1987	April 1991	September 2001
Occupancy	96.8%	95.1%	98.7%

Details of Portfolio



Tokyo-9 LOGIPORT Kawagoe

- Good access to Saitama and Tokyo, which are large consumption areas and by using the Ken-o or Kanetsu Expressways, this location offers great distribution coverage across the Tokyo Metropolitan area
- Close to National Route 16 and Route 254, which are main roads within the Tokyo metropolitan area and good access to the Kanetsu Expressway, Ken-o Expressway, and Shuto Expressways
- The surrounding area is an aggregation of logistics facilities and other industrial use
- Bus access from Kawagoe and Ageo stations are in walking distance, frequent bus service (over 100 round trips each weekday)

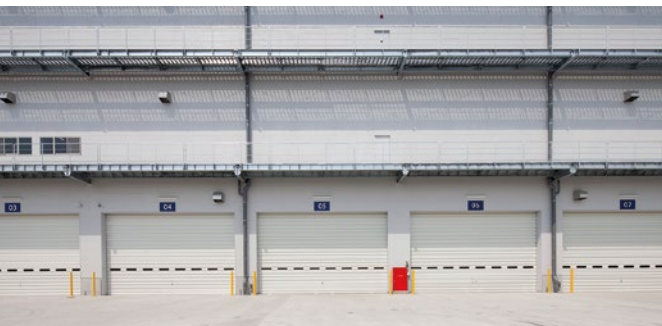
	LOGIPORT Kawagoe
Location	Kawagoe, Saitama
GFA	50,742.47m ²
NRA	53,088m ²
Acquisition price	11,950 million yen
Appraisal price	12,200 million yen
Share of portfolio	6.3%
Built	January 2011
Occupancy	100.0%



Tokyo-10 LOGIPORT Hiratsuka-shinmachi

- Good access to Kanagawa and Tokyo, which are large consumption areas
- By using the Ken-o or Tomei Expressways, this location offers great distribution coverage across the Tokyo Metropolitan area
- Good access to the expressway at approximately 4.5km to the Samukawa-minami interchange on the Ken-o Expressway
- The surrounding area is an aggregation of logistics facilities and other industrial use
- Approximately 2 minutes on foot to Kanagawa Chuo Kotsu Bus Nishi-shinmachi Bus Stop, approximately 15 minutes on foot to Hiratsuka Station

	LOGIPORT Hiratsuka-shinmachi
Location	Hiratsuka, Kanagawa
GFA	29,067.95m ²
NRA	29,074m ²
Acquisition price	6,900 million yen
Appraisal price	7,060 million yen
Share of portfolio	3.7%
Built	May 2016
Occupancy	100.0%



Details of Portfolio



Osaka-1 LOGIPORT Sakai-minamijimacho

- Good access to Osaka, which have large consumption areas
- By opening the Yamatogawa Line, this location offers great distribution coverage across the Kansai area
- Good access to the expressway at approximately 1.6 km to the Sambo interchange and approximately 0.5km to the Teppo gateway
- The surrounding area is an aggregation of logistics facilities and other industrial use
- Approximately 10 minutes on foot from the Shichido Station and excellent location to secure employees

	LOGIPORT Sakai-minamijimacho
Location	Sakai, Osaka
GFA	30,696.61m ²
NRA	30,690m ²
Acquisition price	8,150 million yen
Appraisal price	8,310 million yen
Share of portfolio	4.3%
Built	October, 2016
Occupancy	100.0%



Portfolio Summary

The Portfolio Comprises Large Logistics Facilities Located in the Tokyo and Osaka Areas

Overview of the Portfolio

As of August 31, 2018

Asset size	188.4 bn yen	Tokyo area/ Osaka area	100.0%
Total GFA	1,046,524m ²	No. of properties	11 properties
NOI yield	4.9%	Occupancy rate	98.8%

Characteristics of the Portfolio

Ratio by Investment Area

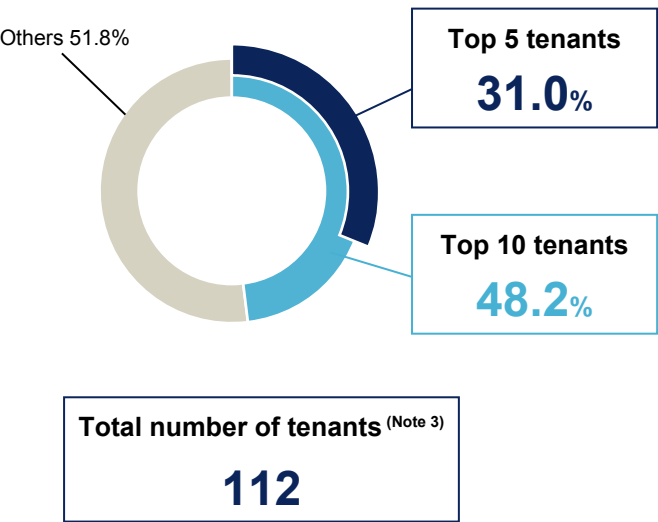


Average GFA

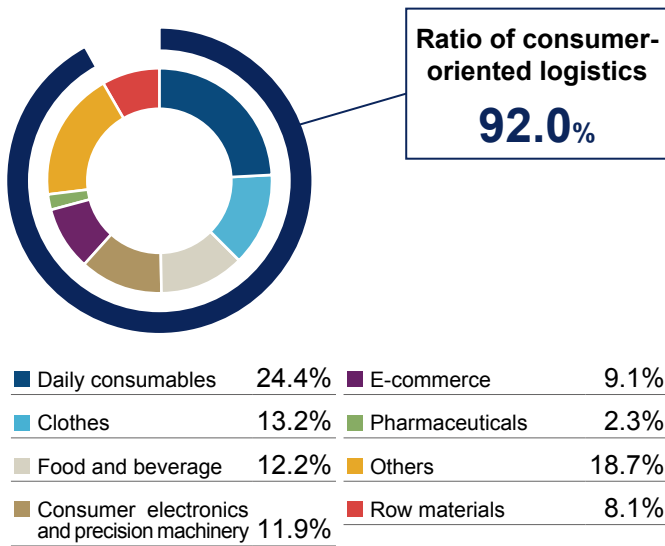


Note: Ratio by investment area and average GFA are calculated based on the sum total of the entire GFA of the logistics properties that have been acquired by LLR or other J-REITs by the end of September 2018 (excluding land with leasehold rights owned as properties).

Tenant Diversification (Note 1) (Note 2)



Diversification of End Users by Business Type (Note 1) (Note 4)



Note 1: Figures are as of August 31, 2018.
Note 2: Based on leased area.
Note 3: The figure includes tenant overlaps; the net number of tenants without counting overlapping tenants multiple times is 100.
Note 4: Calculated on the basis of leased area (for warehouse sections only).

About LaSalle Inc.

LaSalle Inc. is one of the world's leading real estate investment managers that builds trust through a distinctive combination of knowledge, people and client focus. LaSalle Inc. is an operationally independent subsidiary of Jones Lang LaSalle Inc. ("JLL"), a global professional real estate services and advisory firm.

As of June 30, 2018

As of December 31, 2017



Approx.
82,000
Employees

in **300+**
Offices

in **80+**
Countries

Market cap
Approx. **\$6.8 bn**
(listed on the NYSE)



700+
Employees
in
17
Countries

Approx.
\$59.5 bn
Global Assets
Under
Management

400+
Investors
in
25
Countries

Commingled Funds

Open and closed-end funds of-fering investors a strategic focus on attractive regions, styles and sectors.

Separate Accounts

Customized mandates meeting the individual investment objec-tives of clients around the world.

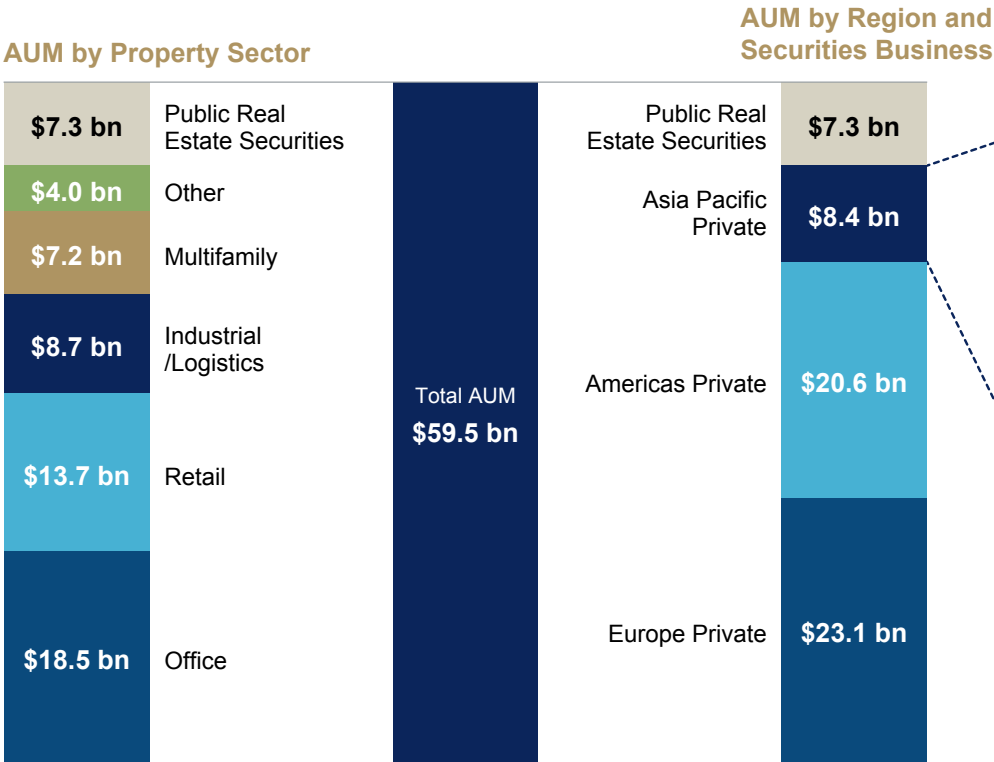
Global Public Securities

Actively managed global real estate securities programs offer-ing diverse investment options.



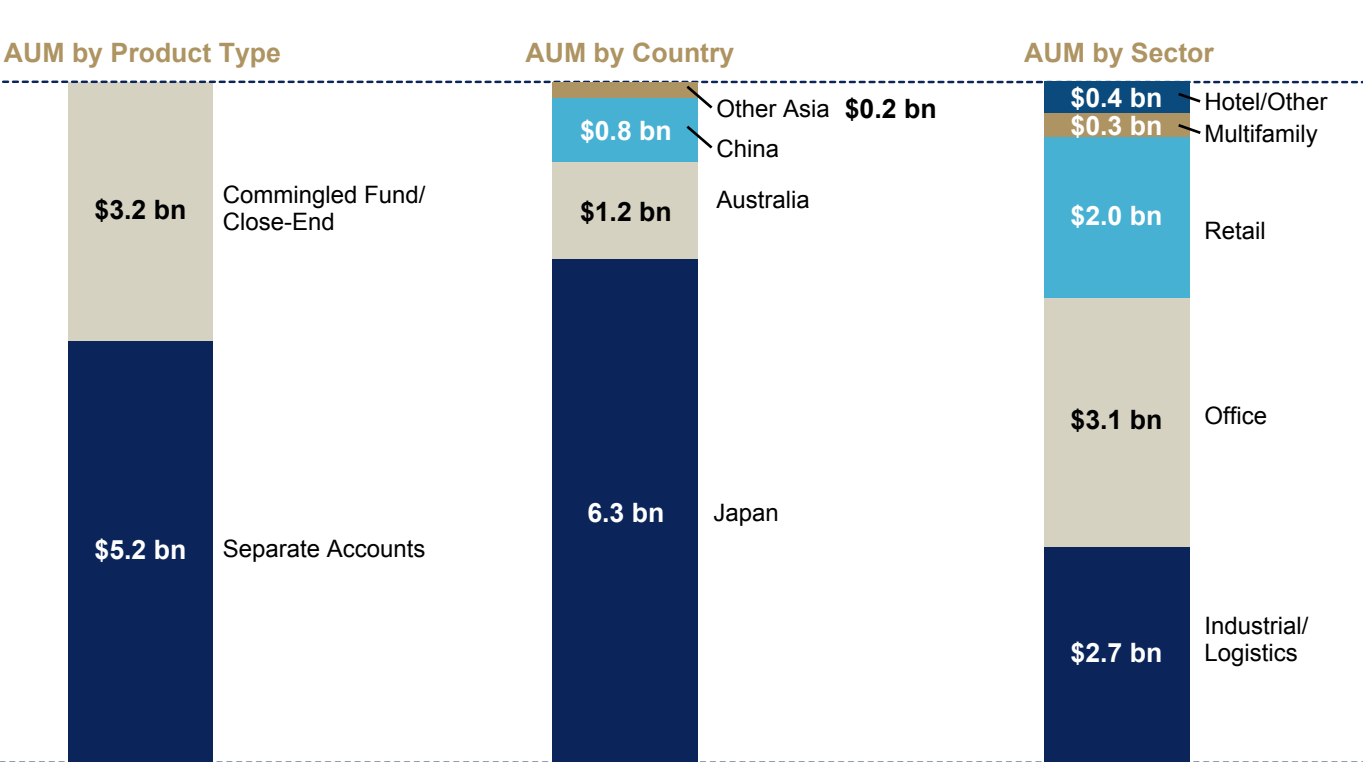
LaSalle Inc. Global AUM

As of June 30, 2018



LaSalle Inc. Asia AUM

As of June 30, 2018



Source: LaSalle Investment Management.

Operation and Governance Emphasizing Unitholders’ Interests and Transparency

LLR and the Asset Manager implement appropriate measures to protect the interests of unitholders and minimize conflicts of interest while taking advantage of the support of the LaSalle Group. In addition, the Asset Manager is compensated through an asset management fee linked in part to LLR’s earnings per unit (“EPU”), contributing to the alignment of its interests with those of unitholders.

EPU Linked Asset Management Fee Structure

The Asset Manager receives management fees, which comprises type 1 - 5 management fee as described below:

Management Fee Components of Asset Manager

Recurring Management Fees

1 Type 1 management fee (asset-based fees)

Up to 0.22% per year of total assets (as stated in the balance sheets at the end of the immediately preceding fiscal period)

2 Type 2 management fee (operating income-based fees)

(Immediately preceding fiscal period’s ordinary income + depreciation expense + deferred assets amortization – transfer gains and losses of specified assets – appraisal gain or loss) x 5.8% (as an upper limit)

3 Type 3 management fee (EPU-based fees)

(Type 1 management fee + type 2 management fee) multiplied by the EPU after adjustment and multiplied by 0.026% (as an upper limit)

Acquisition/Disposition Fees

4 Type 4 management fee (acquisition and disposition fees)

Up to 1.0% of the sales price (the sales price as stated in the purchase and sale agreement in case of an acquisition/disposition)

Merger Fee

5 Type 5 management fee (merger fees)

Up to 1.0% of the aggregated appraisal amount, as of the effective date of a merger, of a party’s assets to be transferred to an established or surviving entity pursuant to said merger

Alignment of Interest between Unitholders and LaSalle Group

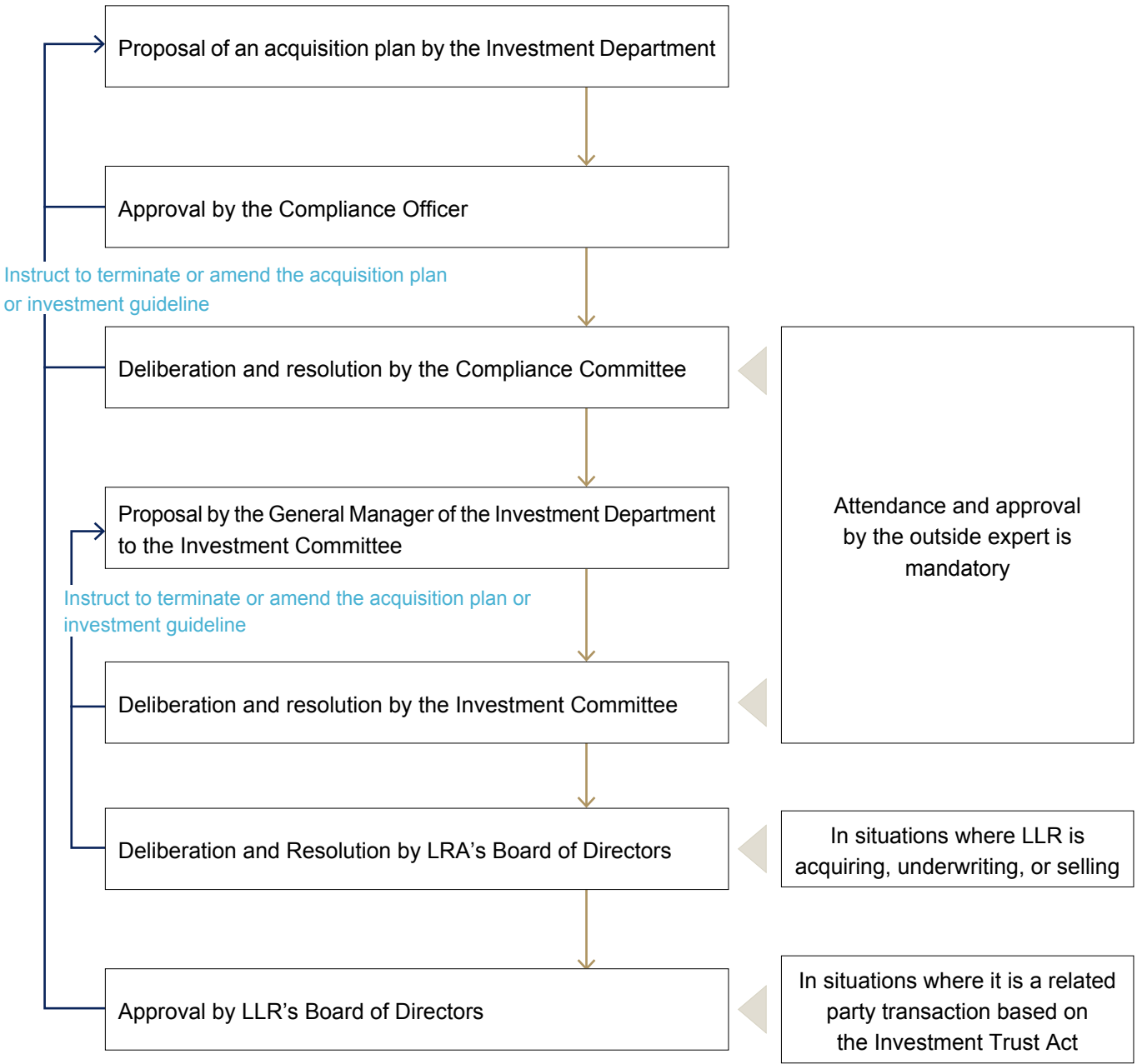
A 4.2% share of the outstanding investment units are held by the LaSalle Group and JLL, demonstrating alignment of interest.

Moreover, LLR’s asset management fees are structured to be aligned with unitholders’ interests and outside experts on the investment committee have veto rights for new acquisitions among other governance regulations. LLR continuously pursues a conservative strategy to deliver consistent competitive performance.

Decision Making Flowchart for Related Party Transactions

A transparent and robust governance structure speaks to the clear decision making flowchart of the Asset Manager as it relates to related party transactions. All related party transactions are subject to approvals by the Compliance Committee and the Investment Committee.

Measures to Prevent Conflict of Interests in Related Party Transactions



With respect to the decision making involving related party transactions, approval from the outside expert in the Compliance Committee and outside expert in the Investment Committee must be obtained. In addition, approval from the board of directors of LLR is also mandatory.

Note: The chart above illustrates the decision making flow that requires approval by the board of directors of LLR.

Risk Factors

An investment in LLR’s units includes significant risks. The principal risks include the following.

Property and Business Risks

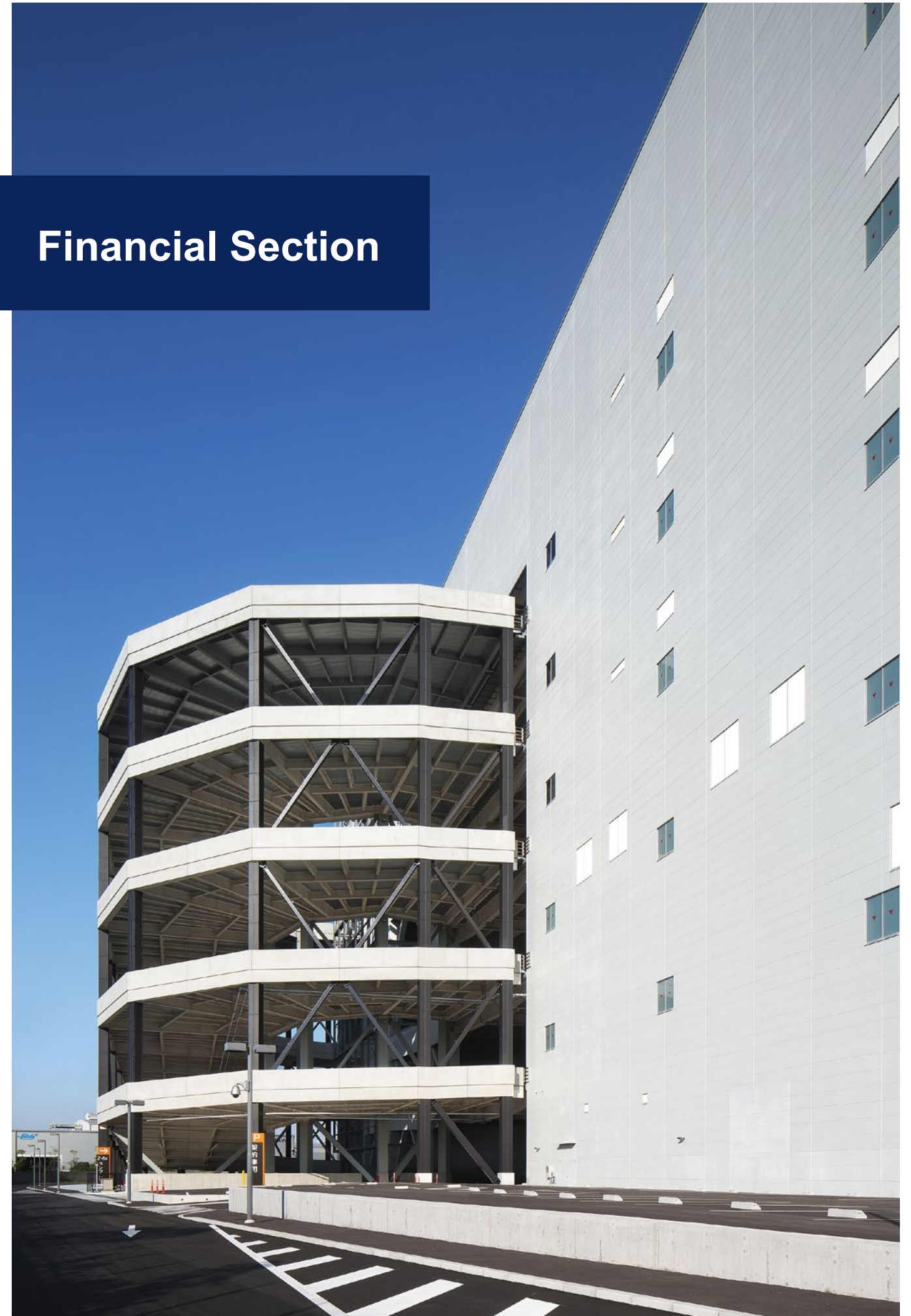
- LLR has a limited operating history.
- The Asset Manager has limited experience in operating a J-REIT.
- LLR’s financial forecasts and other targets are necessarily speculative and subject to uncertainties.
- Any adverse conditions in the Japanese economy could adversely affect LLR.
- LLR’s strategy of investing in logistics facilities may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets.
- LLR may not be able to acquire properties to execute its growth and investment strategy in a manner that is accretive to earnings, and the scope of the pipeline support provided by the Sponsor is limited to the provision of information at the Sponsor’s discretion.
- Illiquidity in the real estate market may limit LLR’s ability to grow or adjust its portfolio.
- The past experience of the LaSalle Group in the Japanese real estate market is not an indicator or guarantee of LLR’s future results.
- LLR’s reliance on the Sponsor and other LaSalle Group companies could have a material adverse effect on its business.
- There are potential conflicts of interest between LLR and certain LaSalle Group companies, including the Asset Manager, Sponsor Funds and other JLL group companies.
- LLR faces significant competition in seeking tenants and it may be difficult to find replacement tenants.
- LLR’s properties may cater to a single tenant, making it difficult to find replacement tenants.
- Increases in prevailing market interest rates, including as a result of the Bank of Japan’s additional monetary easing, could increase LLR’s interest expenses and may result in a decline in the market price of its units.
- Seven of the eleven properties in LLR’s portfolio each comprise over 10.0% by acquisition price, which could have an adverse effect on the business, financial condition and results of operation.
- LLR may suffer large losses if any of its properties incurs damage from a natural or man-made disaster or in the event of an accident or disaster stemming from faulty installation or age-related deterioration.
 - Damage to any one or more of the properties in LLR’s portfolio, due to natural disaster, such as a flood, earthquake, or tsunami, or due to a man-made disaster, such as a fire or accident, could adversely affect LLR’s business, and financial conditions, and result in a decline in operating results. For example, Japan is earthquake-prone and has historically experienced numerous large earthquakes that have resulted in extensive property damage, such as the Great East Japan Earthquake in 2011, which resulted in a tsunami and leakage of radioactive material at the Fukushima nuclear power plants. Furthermore, tenants or the infrastructure and access to LLR properties may be adversely affected by any natural disaster, causing tenants to leave properties or seek lower rents.
 - In addition, LLR may be required to compensate its tenants or third parties in the event of an accident or disaster at any of its properties stemming from any faulty installation or age-related deterioration, such as an elevator accident or water leakage, that results in injury, death or other damage to tenants or third parties.
 - To the extent reasonably available, LLR intends to carry casualty insurance covering all of its properties for many types of casualty losses with policy specification and insured limits that LLR believes are adequate and appropriate under the current circumstances. In particular, LLR will consider obtaining earthquake insurance coverage for those properties with a PML due to an earthquake, exceeding 15%, which currently does not apply to any of the properties within the existing portfolio of assets under management (“**AUM**”).
- Any property defect may adversely affect LLR’s financial condition and results of operation.
- LLR’s portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction.
- The properties in LLR’s portfolio are concentrated in the Tokyo area, and it may have additional property concentration in the Osaka area in the future.
- LLR may decide to acquire its own units on the market but there can be no assurance that LLR will successfully acquire such units to the extent planned or at all.
- Any inability to obtain financing for future acquisitions could adversely affect the growth of LLR’s portfolio.
- Liquidity and other limitations on LLR’s activities under debt financing arrangements may adversely affect the business, financial condition and results of operation.
- LLR’s policy to make distributions to unitholders in excess of retained earnings is not commonly employed by other J-REITs and is thus still subject to uncertainties.
- LLR may invest in properties that are under development or those with low occupancy, and such investments may subject LLR to various risks.
- Acquisition of land in which third parties hold leasehold interests and own the buildings on the land may subject LLR to various risks.

- A high LTV ratio may increase exposure to changes in interest rates and have a material adverse effect on results of operations.
- LLR may suffer impairment losses relating to its properties.
- Decreases in tenant leaseholder deposits and/or security deposits may increase LLR’s funding costs.
- LLR’s lack of control over operating costs may adversely affect its business.
- LLR may lose rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, and is exposed to the risk of careless or imprudent management of properties by tenants.
- Master lease agreements expose LLR to certain risks.
- The cost of complying with regulations applicable to LLR’s properties could adversely affect the results of its operations.
- LLR relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- LLR relies on industry and market data that are subject to significant uncertainties.
- LLR’s buildings may violate earthquake resistance or other building codes, and any such buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by LLR at significant expense.
- The environmental assessments of properties made prior to ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- LLR may incur additional costs due to preferential purchase rights, rights of first refusal or other similar rights held by lessees or tenants.
- Entering into forward commitment contracts or contracts to purchase properties under development may expose LLR to contractual penalties and market risks.
- LLR may be exposed to regulatory and financial risks related to climate change.
- LLR’s success depends on the performance of service providers to which LLR is required to assign various key functions.
- LLR’s performance depends on the efforts of key personnel of the Asset Manager.
- Unitholders have limited control over changes in LLR’s investment policies.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.
- LLR’s failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify itself from certain taxation benefits and significantly reduce cash distributions to its unitholders.
- If the Japanese tax authorities disagree with the interpretations of the Japanese tax laws and regulations LLR used for prior periods, LLR may be forced to pay additional taxes for those periods.
- LLR may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase the LLR’s tax burden.
- LLR expects to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (“**FATCA**”) withholding tax after 2018.

Legal and Regulatory Risks

- LLR’s ownership rights in some properties may be declared invalid or limited.
- LLR may lose its rights in a property LLR intended to acquire if the purchase of the property is characterized as a secured financing.
- LLR’s leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases.
- Some of LLR’s properties may be held in the form of a property or trust co-ownership interest, and LLR’s rights relating to such properties may be affected by the intentions of other co-owners.
- LLR may hold interests in some properties through preferred shares of Japanese special purpose companies (*tokutei mokuteki kaisha*) in the future, and illiquidity in the market for such shares may limit LLR’s ability to sell its interest, and the rights relating to the properties held by such special purposes companies may be limited.
- LLR may hold interests in some properties through Japanese anonymous association (*tokumei kumiai*) agreements. LLR may have difficulty selling such interests due to limited market liquidity for such interests, and LLR’s rights relating to such properties may be limited.
- LLR owns all of its properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- There are important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation.
- The Alternative Investment Fund Managers Directive (“**AIFMD**”) may negatively affect LLR’s ability to market its units within the European Economic Area (“**EEA**”) and increase compliance costs associated with the marketing of LLR’s units in the EEA.
- LLR’s units may be deemed to constitute “plan assets” for Employee Retirement Income Security Act (“**ERISA**”) purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and it being held in violation of ERISA requirements.

Financial Section



Balance Sheets

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
ASSETS		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 5,858,660	¥ 4,565,339
Cash and deposits in trust (Notes 3 and 4)	3,860,404	4,651,951
Operating accounts receivable	190,095	155,554
Prepaid expenses	114,446	96,904
Deferred tax assets (Note 13)	6	23
Consumption taxes receivable	185,189	–
Other	57	114
Total current assets	10,208,860	9,469,888
Non-current assets		
Property and equipment (Note 6)		
Buildings in trust	63,305,225	57,275,633
Structures in trust	10,775	10,775
Tools, furniture and fixtures in trust	495	495
Land in trust	128,520,999	119,164,088
Less: accumulated depreciation	(3,198,460)	(2,513,093)
Total property and equipment	188,639,035	173,937,899
Investments and other assets		
Long-term prepaid expenses	436,963	336,602
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	446,963	346,602
Total non-current assets	189,085,998	174,284,502
Deferred assets		
Deferred organization expenses	15,234	18,891
Investment corporation bond issuance costs	63,335	68,991
Total deferred assets	78,570	87,883
Total Assets	¥199,373,430	¥183,842,273
LIABILITIES		
Current liabilities		
Operating accounts payable	¥ 191,545	¥ 181,515
Accounts payable	767,256	665,325
Accrued expenses	5,574	5,163
Income taxes payable	735	1,072
Accrued consumption taxes	–	109,004
Advances received	969,612	892,724
Other	316,395	406,991
Total current liabilities	2,251,120	2,261,796
Non-current liabilities		
Investment corporation bonds payable (Notes 4 and 12)	11,500,000	11,500,000
Long-term loans payable (Notes 4, 5 and 11)	74,810,000	59,530,000
Tenant leasehold and security deposits in trust (Note 4)	2,503,105	2,206,899
Total non-current liabilities	88,813,105	73,236,899
Total Liabilities	91,064,226	75,498,696
NET ASSETS (Note 10)		
Unitholders' equity		
Unitholders' capital	105,611,565	105,799,665
Units authorized:		
10,000,000 units as of August 31, 2018 and February 28, 2018		
Units issued and outstanding:		
1,100,000 units as of August 31, 2018 and February 28, 2018		
Surplus		
Retained earnings	2,697,639	2,543,911
Total unitholders' equity	108,309,204	108,343,576
Total Net Assets	108,309,204	108,343,576
Total Liabilities and Net Assets	¥199,373,430	¥183,842,273

The accompanying notes are an integral part of these financial statements.

Statements of Income

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2018
Operating revenues (Note 8)		
Rent revenue	¥5,179,266	¥4,790,438
Other lease business revenue	484,477	461,547
Total operating revenue	5,663,743	5,251,985
Operating expenses (Note 8)		
Expenses related to rent business	1,846,869	1,736,382
Asset management fee	676,123	618,816
Asset custody and administrative fee	27,150	28,889
Directors' compensations	3,600	3,600
Audit fee	10,000	10,000
Other operating expenses	56,643	47,952
Total operating expenses	2,620,386	2,445,640
Operating income	3,043,356	2,806,345
Non-operating revenues		
Interest income	42	41
Interest on tax refund	–	257
Total non-operating income	42	298
Non-operating expenses		
Interest expenses	231,312	191,433
Interest expenses on investment corporation bonds	26,786	23,519
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	5,656	4,925
Borrowing related expenses	78,301	38,433
Total non-operating expenses	345,713	261,968
Ordinary income	2,697,686	2,544,675
Income before income taxes	2,697,686	2,544,675
Income taxes - current	742	1,079
Income taxes - deferred	16	(6)
Total income taxes	758	1,072
Net income	2,696,927	2,543,602
Retained earnings brought forward	711	309
Retained earnings at end of period	¥2,697,639	¥2,543,911

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

	Number of units	Thousands of yen		
		Unitholders' capital	Retained earnings	Total net assets
Balance as of August 31, 2017 (Note 10)	1,100,000	¥105,986,665	¥2,430,209	¥108,416,874
Distributions in excess of retained earnings		(187,000)		(187,000)
Distributions of retained earnings			(2,429,900)	(2,429,900)
Net income			2,543,602	2,543,602
Balance as of February 28, 2018 (Note 10)	1,100,000	¥105,799,665	¥2,543,911	¥108,343,576
Distributions in excess of retained earnings		(188,100)		(188,100)
Distributions of retained earnings			(2,543,200)	(2,543,200)
Net income			2,696,927	2,696,927
Balance as of August 31, 2018 (Note 10)	1,100,000	¥105,611,565	¥2,697,639	¥108,309,204

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2018
Cash flows from operating activities:		
Income before income taxes	¥2,697,686	¥2,544,675
Depreciation	685,367	627,188
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	5,656	4,925
Interest income	(42)	(41)
Interest expenses	258,099	214,953
Decrease (increase) in operating accounts receivable	(34,540)	(205)
Decrease (increase) in consumption taxes refund receivable	(185,189)	38,115
Decrease (increase) in prepaid expenses	(17,541)	(7,321)
Decrease (increase) in long-term prepaid expenses	(100,361)	40,252
Increase (decrease) in operating accounts payable	10,030	(52,280)
Increase (decrease) in accounts payable	117,481	(4,834)
Increase (decrease) in accrued consumption taxes	(109,004)	109,004
Increase (decrease) in advances received	76,887	14,838
Other, net	(3,564)	16
Subtotal	3,404,621	3,532,941
Interest income received	42	41
Interest expenses paid	(257,687)	(213,808)
Income taxes paid	(1,079)	(940)
Net cash provided by (used in) operating activities	3,145,896	3,318,233
Cash flows from investing activities:		
Purchase of property and equipment in trust	(15,402,053)	(53,435)
Proceeds from tenant leasehold and security deposits in trust	152,344	21,548
Repayments of tenant leasehold and security deposits in trust	(25,485)	(35,790)
Net cash provided by (used in) investing activities	(15,275,194)	(67,667)
Cash flows from financing activities:		
Proceeds from long-term loans payable	15,280,000	–
Repayments of long-term loans payable	–	(2,000,000)
Proceeds from issuance of investment corporation bonds	–	1,982,263
Payment of distributions of retained earnings	(2,543,096)	(2,427,653)
Payment of distributions in excess of retained earnings	(188,089)	(186,759)
Net cash provided by (used in) financing activities	12,548,814	(2,632,149)
Net increase (decrease) in cash and cash equivalents	419,516	618,406
Cash and cash equivalents at beginning of period	8,177,147	7,558,740
Cash and cash equivalents at end of period (Note 3)	¥8,596,663	¥8,177,147

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Organization and Basis of Presentation

a) Organization

With LaSalle REIT Advisors as the organizer, LaSalle LOGIPORT REIT (hereinafter referred to as “LLR”) was established with capital of 150 million yen (1,500 units) on October 9, 2015 pursuant to the Act on Investment Trusts and Investment Corporations (hereinafter referred to as “the Investment Trusts Act,” Act No. 198 of 1951, including subsequent amendments). LLR issued new investment units (1,050,800 units) through a public offering with a payment date of February 16, 2016 and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016. Subsequently, on March 15, 2016, LLR issued new investment units (47,700 units) through a third-party allotment associated with the aforementioned public offering. As a result, the total number of issued and outstanding investment units as of August 31, 2018 is 1,100,000 units.

On February 17, 2016, LLR acquired and began managing eight properties (combined acquisition price of 161,440 million yen), following its listing, and acquired three properties (combined acquisition price of 27,000 million yen) during the subsequent fiscal periods. As a result, LLR owned eleven properties (combined acquisition price of 188,440 million yen) as of August 31, 2018.

These eleven properties (with total leasable floor area of 811,882 square-meters) comprise LLR’s asset holdings as of August 31, 2018, and the occupancy rate for the entire portfolio as of August 31, 2018 is 98.8%.

b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trusts Act and the Japanese Financial Instruments and Exchange Act and their related accounting regulations. They are also in conformity with accounting principles generally accepted in Japan (hereinafter referred to as “Japanese GAAP”), which are different in certain aspects as to the application and disclosure requirements from the International Financial Reporting Standards.

The accompanying financial statements have been reformatted and translated into English from the financial statements of LLR prepared in accordance with Japanese GAAP, and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased, and that are subject to insignificant risks of changes in value.

b) Property and Equipment

Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

Buildings	2-79 years
Structures	10-45 years
Tools, furniture and fixtures	6-15 years

c) Tax on Property and Equipment

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as leasing expenses.

Of the amounts paid for the acquisition of real estate properties or beneficiary rights in trust of real estate, the amount estimated for property tax is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property taxes amounted to 69,562 thousand yen for the period ended August 31, 2018, and are not applicable for the period ended February 28, 2018.

d) Organization Expenses

All organization expenses are amortized using the straight-line method over five years.

e) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

f) Hedge Accounting

LLR enters into derivative transactions in order to hedge against risks defined in its Articles of Incorporation. In compliance with the general risk management policy, LLR uses interest rate swaps for the purpose of hedging its risk exposure associated with interest on variable rate loans payable. Where deferral accounting is generally adopted for hedge transactions, LLR applies deferred hedge accounting. However, special accounting treatment provided under Japanese GAAP is applied to those interest rate swaps that meet the criteria for special accounting treatment. Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received amount under the swap agreements is recognized and included in interest expense or income, respectively.

Assessment of the hedge effectiveness has been omitted since all interest rate swaps meet the specific matching criteria under the special accounting treatment.

g) Beneficiary Rights in Trust

As to beneficiary rights in trust, all assets and liabilities for assets in trust, as well as the related income generated and expenses incurred, are recorded in the relevant balance sheets and statements of income accounts.

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

(i) Cash and deposits in trust

(ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust, land in trust

(iii) Tenant leasehold and security deposits in trust

h) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheets, and net movement is treated as operating cash flows in the statements of cash flows.

Notes to Financial Statements

3. Cash and Cash Equivalents

The relationship between cash and cash equivalents in the statements of cash flows and the balance sheets is as follows:

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
Cash and deposits	¥5,858,660	¥4,565,339
Cash and deposits in trust	3,860,404	4,651,951
Restricted deposits in trust (Note)	(1,122,402)	(1,040,143)
Cash and cash equivalents	¥8,596,663	¥8,177,147

(Note) Restricted deposits held in trust are reserved for the refund of leases and guarantee deposits received from tenants.

4. Financial Instruments

a) Detailed Information on Financial Instruments

(i) Policy for Financial Instruments

At the time of acquisition of new portfolio assets, LLR procures funds through the issuance of investment units, borrowings from financial institutions or issuing investment corporation bonds.

LLR manages surplus funds as deposits, taking security and liquidity into account with due consideration of market conditions and its own cash flow situation.

In addition, LLR uses derivatives transactions to hedge against interest rate fluctuation risks and other risks associated with loans and other funding sources, and does not engage in speculative transactions.

(ii) Financial Instruments, their Risks and Risk Management System

LLR manages surplus funds as deposits, and although they are exposed to credit risks such as the solvency of the financial institutions where they are deposited, LLR makes deposits carefully for short-term deposit maturities only, taking security and liquidity into account with due consideration of market conditions and its own cash flow situation.

LLR uses borrowings and investment corporation bonds for purposes such as procuring funds for the acquisition of real estate properties, repayment of borrowings and redemption of investment corporation bonds. Although they are exposed to liquidity risks at the time of repayment, LLR mitigates liquidity risk by staggering repayment dates, diversifying its financing sources and securing liquidity, and manages liquidity risk by methods such as preparing cash flow plans. In addition, among borrowings, as some of the loans are in the form of floating rate exposures, exposed to the risk of rising interest rates, LLR endeavors to keep the impact of higher interest payments on operations to a minimum by maintaining a conservative ratio of interest-bearing debt and by increasing the ratio of long-term loans payable in its borrowings.

(iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

The fair value of financial instruments include the value based on market prices, but when there is no market price available, the value is determined through a reasonable estimation. Certain assumptions are used in the calculation of their estimated values and thus, when different assumptions are used, the resulting estimated values may be different.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the two values as of August 31, 2018 and February 28, 2018 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	As of August 31, 2018		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 5,858,660	¥ 5,858,660	¥ –
(2) Cash and deposits in trust	3,860,404	3,860,404	–
Total assets	¥ 9,719,065	¥ 9,719,065	¥ –
(3) Investment corporation bonds payable	11,500,000	11,497,650	(2,350)
(4) Long-term loans payable	74,810,000	75,405,189	595,189
Total liabilities	¥86,310,000	¥86,902,839	¥592,839
(5) Derivative transactions	¥ –	¥ –	¥ –

	Thousands of yen		
	As of February 28, 2018		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 4,565,339	¥ 4,565,339	¥ –
(2) Cash and deposits in trust	4,651,951	4,651,951	–
Total assets	¥ 9,217,291	¥ 9,217,291	¥ –
(3) Investment corporation bonds payable	11,500,000	11,537,600	37,600
(4) Long-term loans payable	59,530,000	60,048,822	518,822
Total liabilities	¥71,030,000	¥71,586,422	¥556,422
(5) Derivative transactions	¥ –	¥ –	¥ –

(Note 1) Methods to estimate fair values of financial instruments

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

Due to the short maturities, the book value of these instruments is deemed to be a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(3) Investment corporation bonds payable

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

(4) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows which would be applicable to new loans payable under the same conditions and terms.

(5) Derivative transactions

Please refer to Note 5, “Derivative Transactions.”

(Note 2) Financial instruments for which fair value is extremely difficult to estimate

As tenant leasehold and security deposits in trust have no observable and available market price, and it is impracticable to reasonably estimate their future cash flows, the fair value is not disclosed.

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
Tenant leasehold and security deposits in trust	¥2,503,105	¥2,206,899

Notes to Financial Statements

(Note 3) Redemption schedule for monetary claims after August 31, 2018.

Thousands of yen						
As of August 31, 2018						
	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
Cash and deposits	¥5,858,660	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	3,860,404	–	–	–	–	–
Total	¥9,719,065	¥ –	¥ –	¥ –	¥ –	¥ –

Redemption schedule for monetary claims after February 28, 2018.

Thousands of yen						
As of February 28, 2018						
	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
Cash and deposits	¥4,565,339	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	4,651,951	–	–	–	–	–
Total	¥9,217,291	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 4) Repayment schedule for investment corporation bonds and long-term loans payable after August 31, 2018.

Thousands of yen						
As of August 31, 2018						
	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	¥ –	¥ 6,500,000
Long-term loans payable	–	1,300,000	13,390,000	2,990,000	15,110,000	42,020,000
Total	¥ –	¥1,300,000	¥13,390,000	¥ 7,990,000	¥15,110,000	¥48,520,000

Repayment schedule for investment corporation bonds and long-term loans payable after February 28, 2018.

Thousands of yen						
As of February 28, 2018						
	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	¥ –	¥ 6,500,000
Long-term loans payable	–	1,300,000	10,740,000	–	18,100,000	29,390,000
Total	¥ –	¥ 1,300,000	¥10,740,000	¥ 5,000,000	¥18,100,000	¥35,890,000

5. Derivative Transactions

For the periods ended August 31, 2018 and February 28, 2018, LLR only utilized interest rate swaps, which qualified for hedge accounting and met the special matching criteria, as described below.

Thousands of yen						
As of August 31, 2018						
Contract amount						
Hedge accounting method	Type of derivative transaction	Primary hedged item	Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term loans payable	¥41,320,000	¥41,320,000	(Note)	(Note)

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as the integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, “Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Long-term loans payable.”

Thousands of yen						
As of February 28, 2018						
Contract amount						
Hedge accounting method	Type of derivative transaction	Primary hedged item	Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term loans payable	¥28,690,000	¥28,690,000	(Note)	(Note)

(Note) Interest rate swaps, designated as hedged items, under the special accounting treatment are accounted for as the integral part of long-term loans payable. Therefore, the fair value is included in long-term loans payable disclosed in the aforementioned Note 4, “Financial Instruments, b) Estimated Fair Value of Financial Instruments, (4) Long-term loans payable.”

6. Property and Equipment

The following table summarizes the property and equipment as of August 31, 2018 and February 28, 2018.

Thousands of yen						
As of August 31, 2018						
At cost						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Book value
Buildings in trust	¥ 57,275,633	¥ 6,029,592	¥ –	¥ 63,305,225	¥3,197,064	¥ 60,108,161
Structures in trust	10,775	–	–	10,775	1,347	9,428
Tools, furniture and fixtures in trust	495	–	–	495	49	446
Land in trust	119,164,088	9,356,910	–	128,520,999	–	128,520,999
Total	¥176,450,992	¥15,386,503	¥ –	¥191,837,495	¥3,198,460	¥188,639,035

(Note) The increase for the period ended August 31, 2018, was mainly due to the acquisition of properties during the period with a total value of 15,282,361 thousand yen.

Notes to Financial Statements

Thousands of yen						
As of February 28, 2018						
	At cost			Ending balance	Accumulated depreciation	Book value
	Beginning balance	Increase	Decrease			
Buildings in trust	¥ 57,196,460	¥ 79,172	¥ –	¥ 57,275,633	¥ 2,512,085	¥ 54,763,548
Structures in trust	10,225	550	–	10,775	978	9,796
Tools, furniture and fixtures in trust	80	415	–	495	28	466
Land in trust	119,164,088	–	–	119,164,088	–	119,164,088
Total	¥176,370,855	¥ 80,137	¥ –	¥176,450,992	¥ 2,513,093	¥173,937,899

7. Investment and Rental Properties

LLR owns leased logistics properties mainly in the Tokyo and Osaka areas for the purpose of earning rent income. The opening book value, changes during the fiscal period and the fiscal period end fair value of the properties are as follows:

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2018
Book value (Note 1)		
Balance at the beginning of the period	¥173,937,899	¥174,484,950
Changes during the period (Note 2)	14,701,135	(547,050)
Balance at the end of the period	¥188,639,035	¥173,937,899
Fair value at the end of the period (Note 3)	¥203,090,000	¥185,530,000

(Note 1) Book value is calculated by deducting accumulated depreciation from the acquisition cost.

(Note 2) The increase for period ended August 31, 2018, was a result of the acquisition of two properties during the period with a total value of 15,282,361 thousand yen, offset slightly by depreciation expenses of 685,367 thousand yen. In addition, the decrease for period ended February 28, 2018, was a result of the recognition of depreciation expenses of 627,188 thousand yen.

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

8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the periods ended August 31, 2018 and February 28, 2018.

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2018
(1) Real estate leasing revenues		
Rent revenue		
Rent income	¥4,695,193	¥4,309,078
Common service fee	484,073	481,360
Total	¥5,179,266	¥4,790,438
Other lease business revenue		
Utilities charge reimbursement	¥ 305,329	¥ 289,186
Parking revenue	134,526	130,999
Other lease revenues	44,621	41,361
Total	¥ 484,477	¥ 461,547
Total real estate leasing revenues	¥5,663,743	¥5,251,985
(2) Real estate leasing expenses		
Leasing expenses		
Outsourcing costs	¥ 275,781	¥ 287,626
Utilities expenses	298,976	278,565
Taxes and public dues	431,737	402,178
Insurance premiums	10,134	9,354
Repair and maintenance	98,419	88,027
Depreciation	685,367	627,188
Other leasing expenses	46,451	43,441
Total real estate leasing expenses	¥1,846,869	¥1,736,382
(3) Real estate leasing profit ((1) - (2))	¥3,816,874	¥3,515,603

9. Leases

The future minimum rent revenue from tenants, subsequent to fiscal period end, under non-cancelable operating leases of properties is as follows:

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
Due within one year	¥ 7,408,042	¥ 6,256,823
Due after one year	21,458,599	16,434,535
Total	¥28,866,642	¥22,691,358

Notes to Financial Statements

10. Net Assets

a) Stated Capital

LLR issues only non-par value units in accordance with the Investment Trusts Act, and all issue amounts of new units are designated as stated capital. LLR maintains at least 50,000 thousand yen as minimum net assets as required by Article 67, Paragraph 4 of the Investment Trusts Act.

b) Unitholders' Capital

Unitholders' capital as of August 31, 2018 and February 28, 2018 consists of the following items:

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
Unitholders' capital, gross	106,363,965	¥106,363,965
Deduction from unitholders' capital;		
Accumulated distributions in excess of retained earnings	(752,400)	(564,300)
Unitholders' capital	¥105,611,565	¥105,799,665

c) Distributions

With regards to the distributions for this fiscal period, in an effort to include LLR's profit distributions as tax deductible expenses in accordance with Section 1 of Article 67-15 of the Special Taxation Measures Act, the distribution amount represents the entire unappropriated retained earnings for the fiscal period, excluding fractional amounts less than one yen.

	Yen			
	For the periods ended			
	August 31, 2018		February 28, 2018	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥2,697,639,273		¥2,543,911,967	
II Distributions in excess of retained earnings				
Deduction from unitholders' capital	204,600,000		188,100,000	
III Distributions				
Distributions of retained earnings	2,697,200,000	2,452	2,543,200,000	2,312
Distributions in excess of retained earnings	204,600,000	186	188,100,000	171
Total distributions	2,901,800,000	2,638	2,731,300,000	2,483
IV Retained earnings carried forward	¥ 439,273		¥ 711,967	

Pursuant to the "Distribution Policy" as defined in Article 36, Paragraph 1 of Article 2 of incorporation of LLR, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act.

Based on the policy, LLR declared the distribution amount of 2,697,200,000 yen and 2,543,200,000 yen for the periods ended August 31, 2018 and February 28, 2018, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the fiscal period.

Based on the distribution policy as defined in Article 36, Paragraph 2 of incorporation, LLR shall make distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

Accordingly, LLR declared distributions in excess of retained earnings of 204,600,000 yen and 188,100,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense of 685,367,729 yen and 627,188,221 yen for the periods ended August 31, 2018 and February 28, 2018, respectively.

11. Long-term Loans Payable

Long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the long-term loans payable as of August 31, 2018 and February 28, 2018.

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
0.42000% unsecured long-term loans due 2021	¥4,620,000	¥4,620,000
0.41323% unsecured long-term loans due 2021 (*)	6,120,000	6,120,000
0.68000% unsecured long-term loans due 2023	5,890,000	5,890,000
0.67680% unsecured long-term loans due 2023 (*)	9,220,000	9,220,000
0.79000% unsecured long-term loans due 2024	2,870,000	2,870,000
0.76155% unsecured long-term loans due 2024 (*)	6,190,000	6,190,000
0.89000% unsecured long-term loans due 2025	4,160,000	4,160,000
0.88680% unsecured long-term loans due 2025 (*)	4,910,000	4,910,000
0.98000% unsecured long-term loans due 2026	1,510,000	1,510,000
0.93127% unsecured long-term loans due 2026 (*)	2,250,000	2,250,000
0.25659% unsecured long-term loans due 2019	1,300,000	1,300,000
0.42945% unsecured long-term loans due 2022	2,990,000	2,990,000
0.40159% unsecured long-term loans due 2023	1,900,000	1,900,000
0.47128% unsecured long-term loans due 2023	5,600,000	5,600,000
0.26733% unsecured long-term loans due 2021	2,650,000	—
0.51435% unsecured long-term loans due 2025 (*)	6,750,000	—
0.59950% unsecured long-term loans due 2026 (*)	5,880,000	—
Total long-term loans payable	¥74,810,000	¥59,530,000

The stated interest rate is the weighted average interest rate during the period ended August 31, 2018. For certain loans (*) for which LLR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedule for long-term loans subsequent to August 31, 2018 is disclosed in Note 4, "Financial Instruments."

12. Investment Corporation Bonds Payable

The investment corporation bonds payable will be redeemed on a lump-sum basis at their contractual maturity dates. The following table summarizes the investment corporation bonds payable as of August 31, 2018 and February 28, 2018.

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				August 31, 2018	February 28, 2018
1st unsecured bond	February 15, 2017	February 15, 2022	0.260%	¥ 4,000,000	¥ 4,000,000
2nd unsecured bond	February 15, 2017	February 15, 2027	0.580%	2,000,000	2,000,000
3rd unsecured bond	July 13, 2017	July 13, 2027	0.650%	3,500,000	3,500,000
4th unsecured bond	December 21, 2017	December 21, 2021	0.170%	1,000,000	1,000,000
5th unsecured bond	December 21, 2017	December 21, 2027	0.630%	1,000,000	1,000,000
Total				¥11,500,000	¥11,500,000

Notes to Financial Statements

13. Income Taxes

LLR is subject to Japanese corporate income taxes on its taxable income. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of August 31, 2018 and February 28, 2018 are as follows:

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2018
Enterprise tax payable	¥ 6	¥23
Total deferred tax assets	6	23
Net deferred tax assets	¥ 6	¥23

Reconciliation of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the periods ended August 31, 2018 and February 28, 2018 are as follows:

	For the periods ended	
	August 31, 2018	February 28, 2018
Statutory tax rate	31.74%	31.74%
Adjustments:		
Deductible distributions	(31.73%)	(31.72%)
Other	0.02%	0.02%
Actual effective income tax rate	0.03%	0.04%

14. Per Unit Information

The following table summarizes per unit information for the fiscal period ended August 31, 2018 and February 28, 2018.

	Yen	
	For the periods ended	
	August 31, 2018	February 28, 2018
Net income per unit		
Basic net income per unit	¥ 2,451	¥ 2,312
Weighted average number of units outstanding	1,100,000	1,100,000

	Yen	
	As of	
	August 31, 2018	February 28, 2018
Net assets per unit	¥ 98,462	¥ 98,494

(Note) Net income per unit is calculated by dividing net income by the average number of investment units for the period. Net income for the basis for calculating net income per unit are 2,696,927 thousand yen and 2,543,602 thousand yen for the period ended August 31, 2018 and February 28, 2018, respectively. The diluted net income per unit is not stated here as there are no diluted investment units.

15. Transactions with Related Parties

a) Transactions and Account Balances with the Parent Company and Major Unitholders

(For the period ended August 31, 2018)
None

(For the period ended February 28, 2018)
None

b) Transactions and Account Balances with Affiliates

(For the period ended August 31, 2018)
None

(For the period ended February 28, 2018)
None

c) Transactions and Account Balances with Companies under Common Control

(For the period ended August 31, 2018)

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)	¥826,623	Accounts payable	¥630,122

(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 above includes management fees of 150,500 thousand yen capitalized as part of acquisition costs of properties.

(For the period ended February 28, 2018)

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	¥618,816	Accounts payable	¥569,319

(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.

Notes to Financial Statements

16. Segment Information

Segment Information

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

Related Information

(For the period ended August 31, 2018)

a) 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.

b) 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.

c) 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.

(For the period ended February 28, 2018)

a) 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.

b) 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.

c) 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.

17. Subsequent Events

a) Acquisition of Assets

LLR acquired preferred securities in the following assets on September 27, 2018.

Asset name	Acquisition price (Millions of yen)	Seller	Underlying real estate
Amagasaki Property TMK Preferred Securities	1,221	Amagasaki Property TMK	LOGIPORT Amagasaki

b) Borrowing of Funds

LLR borrowed the following funds to cover the acquisition of the preferred securities listed above under “a. Acquisition of Assets.”

Category	Lender	Borrowing amount (Millions of yen)	Interest rate (Notes 1 and 2)	Borrowing date	Borrowing method	Repayment date (Note 3)	Repayment method (Note 4)	Collateral
Long-term	Mizuho Bank, Ltd.	1,221	Rate equal to 0.37% over the reference rate (3-month Japanese yen TIBOR by Japanese Bankers Association)	September 26, 2018	Borrowing based on a separate loan agreement dated September 19, 2018 with the lenders indicated on the left	August 31, 2022	Bullet repayment at maturity	Unsecured and non-guaranteed

(Note 1) “Interest rate” does not include loan fees payable to lenders.

(Note 2) The initial interest payment date shall be November 30, 2018, and thereafter, on the last day of February, May, August, and November of each year as well as on the date of repayment of the principal (if that day is not a business day, the following business day, and if that business day falls in the following month, the nearest prior business day). For borrowing subject to a floating interest rate, the reference rate to be applied for interest paid in the accounting period on the interest payment date shall be the 3-month Japanese Yen Tokyo Interbank Offered Rate (TIBOR) of the Japan Bankers Association published two days before the nearest prior interest payment date (for the initial payment, the borrowing date). Concerning fluctuations in the reference rate, the Japanese Yen TIBOR published by the Japan Bankers Association, please see the web page of the Japan Bankers Association TIBOR management organization, <http://www.jbatibor.or.jp>.

(Note 3) The repayment date will be the immediately following business day in case such date would fall on a day that is not a business day and the immediately preceding business day in case such date would fall in the next calendar month.

(Note 4) Partial or full prepayment of principal is permissible under certain conditions such as LLR providing prior written notice of its intention during the period between the borrowing date and the repayment date.

Independent Auditor’s Report



Independent Auditor’s Report

To the Board of Directors of LaSalle LOGIPORT REIT

We have audited the accompanying financial statements of LaSalle LOGIPORT REIT(“the Company”), which comprise the balance sheet as at August 31, 2018, and the statement of income, statement of changes in net assets and statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2018, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

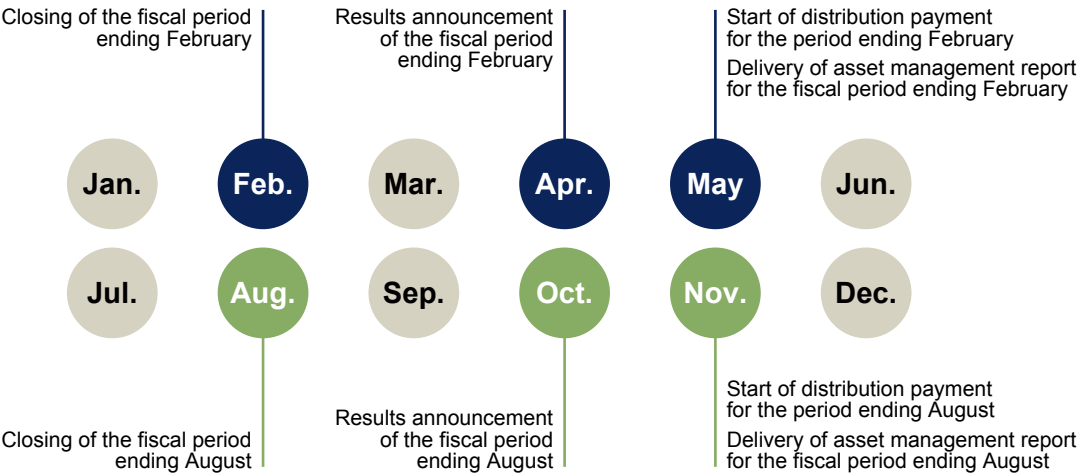
PricewaterhouseCoopers Aarata LLC

November 29, 2018

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Investor Information

Schedule of Annual IR-Related Events



Unitholder Metrics

As of August 31, 2018

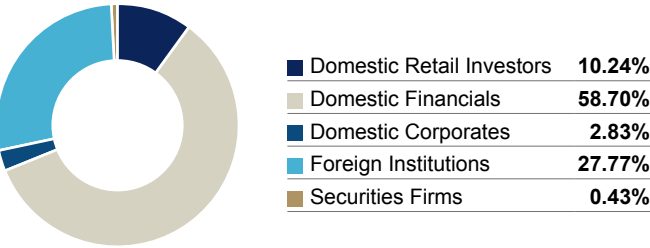
The following charts illustrate various metrics for measuring unitholders.

Top Unitholders

	Number of Units	Ratio (%)
The Master Trust Bank of Japan ,Ltd. (Trust Account)	229,200	20.83
Japan Trustees Services Bank, Ltd. (Trust Account)	209,026	19.00
The Nomura Trust and Banking Co., Ltd. (Trust Account)	53,190	4.83
NSI CUSTOMER SECURED 30.7. OMNIBUS ^(Note)	46,200	4.20
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	25,445	2.31
THE BANK OF NEW YORK MELLON SA/NV 10	24,154	2.19
STATE STREET BANK WEST CLIENT-TREATY 505234	13,072	1.18
SSBTC CLIENT OMNIB US ACCOUNT	12,305	1.11
THE HACHIJUNI BANK,LTD.	12,028	1.09
THE BANK OF NEW YORK MELLON 140044	9,113	0.82
Totals	633,733	57.61

Note: NSI CUSTOMER SECURED 30.7 OMNIBUS holds in custody the investment units of LLR owned by Jones Lang LaSalle Co-Investment, Inc., which is a subsidiary of JLL. All of the investment units indicated above (46,200 units) are beneficially owned by Jones Lang LaSalle Co-Investment, Inc.

Breakdown of Units Held by Unitholder Type



Unitholder Breakdown by Unitholder Type

