

4th Fiscal Period Semi-Annual Report

September 1, 2017 to February 28, 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 a strong track record of developing and investing in logistics facilities in Japan

3 Building a robust financial balance sheet

- 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 38.6% as of February 28, 2018, with a long-term issuer rating of AA- (Stable)

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 our sincere gratitude for your loyal patronage.

Having settled the 4th fiscal period ending February 2018, we renew our appreciation of 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-func-

tional logistics facilities located in the Tokyo and Osaka areas. In the 4th fiscal period, we continued to implement stable management of our portfolio of nine properties totaling 173.4 billion yen, successfully concluding, renewing and re-executing lease agreements that cover 158,000m² of rental spaces. These efforts led to the fiscal period-average occupancy rate of 98.4%, maintaining a high level of over 98% as achieved in the previous fiscal period. In financial operations, we worked to diversify fund procurement methods and extend remaining terms of debt through issuance of investment corporation bonds and other measures, securing financial soundness that is freer from changes in the financial environment.

As a result of these endeavors, we posted operating revenues of 5,251

million yen, operating income of 2,806 million yen, ordinary income of 2,543 million yen and net income of 2,543 million yen. Distribution per unit came to 2,483 yen per for the fiscal period under review.

Going forward, we 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, we are resolved to endeavor for greater unitholder value through stable growth in cash flows and asset value over a longer term.

We would appreciate your continued support of LLR.

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Financial Highlights for 4th Fiscal Period (September 1, 2017 - February 28, 2018)

Portfolio Size
9 properties

Tokyo Area Concentration
100.0%

Operating Revenues
5,251 mn yen

Distribution Per Unit ("DPU")
2,483 yen

Total Assets Under Management ("AUM")
173.4 bn yen

Total Debt
71.03 bn yen

Operating Income
2,806 mn yen

Earnings Per Unit ("EPU")
2,312 yen

Occupancy Rate
98.4%

Loan to Value ("LTV") Ratio
38.6%

Net Income
2,543 mn yen

DPU in Excess of Earnings
171 yen

Note: All of the figures above are as of February 28, 2018, the end of the 4th fiscal period.



Executive Director's Message

Toshimitsu Fujiwara

Executive Director

LaSalle LOGIPORT REIT

Thank you for your continued support of LLR. As the Executive Director of LLR, I am pleased to report strong results for the 4th fiscal period. During this fiscal period, LLR managed occupancy growth within its portfolio of existing prime logistics assets, laid the groundwork for further third-party acquisitions, posted growth in LLR's distribution per unit ("DPU") and distinguished itself in sustainability via efforts to improve the environment, societal contributions, and governance related matters.

LLR's DPU in the 4th fiscal period was 2,483 yen per unit, displaying strong results with a +104 yen increase (4.3% increase) from the previous fiscal period and a +101 yen increase (4.2% increase) relative to initial guidance given at the beginning of the fiscal period. The primary driver for this outperformance was driven by greater than expected occupancy, where initial guidance assumed a rate of 96.9%, whereas actual occupancy was 98.4%. Steady results from our property level operations have borne fruit in the form of DPU growth.

Internal and external institutional investors have a strong willingness to invest in logistics facilities, and competition for acquiring logistics facilities seems to be overheated. Amid such a situation, LLR is not pursuing quantity by simply expanding the size, but rather focusing on quality. In other words, prime properties are being targeted in locations suitable for logistics called "prime logistics," and focus is being placed on how to acquire these properties at an appropriate yield. While advocating such an external growth strategy, LLR made preparations for acquiring new properties during the 4th fiscal period, exercised its option on two preferential negotiation rights assets that it controlled, and acquired properties known as LOGIPORT Hiratsuka-shinmachi and LOGIPORT Sakai-minamijimacho, for a combined price of 15.05 billion yen at the beginning of the 5th fiscal period. The properties were acquired at an NOI yield of 4.8%. These acquisitions are expected to positively affect DPU starting in the 5th fiscal period onward.

With respect to internal growth, LLR negotiated, concluded, and renewed

Profile

Joined Nippon Life Insurance Company in 1994.
Joined LaSalle Investment Management Inc. (current: LaSalle Investment Management K.K.) in 2009 after serving at MGP Japan LLC (the predecessor of BlackRock Japan Co., Ltd.), and appointed as Executive Director in 2013. Seconded to LaSalle REIT Advisors K.K., the Asset Manager, in 2015 to assume the post of President and CEO.

lease agreements for space equivalent to 158,000m² during the 4th fiscal period, supported also by the strong demand for large-scale logistics facilities from tenants. As a result, LLR's occupancy rate reached 98.4% based on the average during the fiscal period. Within the fixed term lease assets, LLR have achieved rental reversion upside of 3.9% as LLR renegotiated with various tenants during their lease renewal period, in particular for this fiscal period as it pertains to lease renewals at LOGIPORT Nagareyama B and LOGIPORT Kitakashiwa.

As for financial strategy, LLR aimed to diversify financing methods, extending loan maturities, while stabilizing applicable interest rates through the issuance of investment corporation bonds. A sound financial structure resilient to fluctuations in the capital market environment is being established while concerns over interest rate increases remain mainly an issue in Europe and the U.S.

LLR acquired two properties, LOGIPORT Hiratsuka-shinmachi and LOGIPORT Sakai-minamijimacho, for a total of 15.05 billion yen at the beginning of the 5th fiscal period. The properties are both relatively new prime logistics properties with excellent locations. LOGIPORT Sakai-minamijimacho also contributes to the geographical diversification of the portfolio as it is LLR's first property in the Osaka area. As a result, the asset size increased to 188.4 billion yen. The properties to be acquired in the future, the so-called "property

pipeline," have been enriched for the mid-term goal of achieving an asset size of 300 billion yen. LLR now holds preferential negotiation rights for four properties with an asset size of more than 35 billion yen. Therefore, an asset size of 200 billion yen is close to being achieved. In addition, LaSalle Investment Management Japan K.K. ("LaSalle K.K." or the "Sponsor") announced that it will develop logistics facilities with an asset size of 120 billion yen over the next three years, and LLR intends to acquire those properties after they are completed and stabilized. Although the market environment remains competitive with signs of overheating, LLR would like to focus on steady progress while maintaining an attitude of conducting selective disciplined investments at an appropriate price.

LLR acquired the aforementioned properties utilizing its available debt capacity, and raised the LTV of the portfolio from 38.6% to 43.3%, where the total cost for the debt capital resulted in LLR's weighted average interest to decline from 0.61% to 0.59%.

For the 5th fiscal period, LLR is again assuming increased revenues and increased net income. DPU is expected to grow to 2,556 yen per unit for the 5th fiscal period, which is a +73 yen per unit or a 2.9% increase relative to the 4th fiscal period. When digging

deeper into a factor analysis, LLR sees that the primary driver for the upward lift in DPU is the two properties that were acquired, contributing 201 yen per unit. For occupancy, LLR assumes a 97.7% rate, given how LLR now has some track record for managing occupancies at a high rate.

I am also proud of two professional recognitions that are evidence of a strong commitment to excellence in operation and management. LLR was recognized by the Global Real Estate Sustainability Benchmark ("GRESB"), where it received a top honor Green Star. GRESB assesses the sustainability performance of 850 real estate companies and fund managers globally. GRESB assesses the environmental, societal, and governance ("ESG") performance of LLR, compares these factors relative to other comparable logistics focused REITs, and maps out areas for improvement. LaSalle Investment Management Inc. ("LaSalle Inc.") along with its various subsidiaries including LaSalle K.K. and 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") is also proud of this achievement, because eight out of its ten corporate submissions made



to GRESB obtained Green Stars. LLR and its Asset Manager believe that continued proactive commitment toward ESG related best practices raise the performance of its investments as well as contributing toward the management of its organization.

Sumitomo Mitsui Banking Corporation ("SMBC") additionally awarded LLR an A grade in its environmental initiatives evaluation. LLR received this grade for maintaining high standards pertaining to the monitoring of environmental loads, environmental management, and the implementation of environmental protection measures, among other efforts. The primary reasons for why SMBC rated LLR highly was due to 1) its comprehensive grasp on the total amount of electrical energy usage and water consumption at LLR's facilities; 2) LLR's proactive capital investments made to upgrade energy conservation by switching to LED lighting, coupled with realizing rent level increases, achieving both profitability improvements at the investment corporation level as well as making efforts to reduce its environmental footprint, and; 3) The LaSalle Group's implementation of a rigorous analyses developed around a demographics, technology, and urbanization ("DTU") + environmental ("E") framework.

The number of brands of J-REITs specializing in logistics real estate has also been increasing recently. LLR would like to continue responding to the expectations of all its unitholders by steadily implementing unique investment strategies through maximum utilization of the know-how of the LaSalle Group, the pioneer of development and investment in logistics real estate. Thank you for continuing to support LLR.

Assets Acquired in the 5th Fiscal Period



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

(in millions of yen unless otherwise specified)			
Property Level		3rd FP actuals	4th FP actuals
Number of Properties		9	9
Revenues			
RENT + CAM + Parking + Leased Roof + Other Income		4,939	4,962
Utilities reimbursables		295	289
OPERATING REVENUES		5,234	5,251
Operating expenses			
Outsourced contract costs		-342	-308
Utilities expense		-280	-278
Repair and maintenance		-127	-88
Property taxes		-402	-402
Other expenses		-34	-33
Total operating expenses		-1,185	-1,109
NOI		4,049	4,142
Depreciation expense		-625	-627
NOI AFTER DEPRECIATION		3,424	3,515
Corporate Level			
Operating expenses			
Asset management fee		-590	-618
Asset custody/administrative fee		-27	-28
Directors compensation		-3	-3
Independent auditor's fee		-10	-10
Other operating expenses		-53	-47
Corporate level operating expenses		-685	-709
OPERATING INCOME		2,739	2,806
Non-operating income			
Interest income receivable		0	0
Non-operating expenses			
Interest expense		-199	-191
Interest expense from investment corporation bonds		-14	-23
Amortization of deferred establishment expenses		-3	-3
Amortization of investment corporation bonds		-3	-4
Issuance costs		-88	-38
Financing related expenses		-308	-261
ORDINARY INCOME		2,430	2,544
Investment corporation taxes		-0	-1
NET INCOME		2,429	2,543
DPU Summary			
Net income		2,429	2,543
Number of outstanding units (million)		1.1	1.1
EPU (yen per unit)		2,209	2,312
Depreciation expense		625	627
30% of depreciation		187	188
Number of outstanding units (million)		1.1	1.1
DISTRIBUTIONS IN EXCESS OF EPU (yen per unit)		170	171
DPU BREAKDOWN			
EPU (yen per unit)		2,209	2,312
EXCESS DISTRIBUTIONS (yen per unit)		170	171
DPU (yen per unit)		2,379	2,483
Yield Summary			
NOI (annualized)		8,098	8,284
NOI after depreciation (annualized)		6,848	7,030
Acquisition price		173,390	173,390 (1)
NOI yield		4.67%	4.78%
After depreciation NOI yield		3.95%	4.05%
Tangible fixed asset book value		174,484	173,937 (2)
NOI yield		4.64%	4.76%
After depreciation NOI yield		3.92%	4.04%
Appraisal value		184,440	185,530 (3)
Unrealized capital gain		9,955	11,592 (3)-(2)=(4)
Unrealized capital gain		5.7%	6.7% (4)/(2)

Additional leasing revenue due to outperformance in occupancy relative to initial guidance. Guidance was 96.9% and FP average actual occupancy was 98.4%.

Winter period resulted in reduced air conditioning use.

Contingent repair and maintenance were not implemented. Allocation between repair and maintenance, and capital expenditures.

Straight line depreciation method.

Asset management fee increased due to increases in revenues which in turn increased Ordinary Income (AM Fee 2) and adjusted EPU (AM Fee 3)

Increased due to additional issuance of investment corporation bonds.

Ordinary Income increased primarily due to increases in leasing revenues (i.e. Occupancy).

Amount which underlies EPU made available for distributions to unitholders.



Management Interview & Future Growth Strategies



Logistics Properties as Seen by the Chief Investment Officer

Prospects and Strategy for the Two Major Markets

Toshiaki Fukai, the Chief Investment Officer, explains the two major markets of Tokyo and Osaka, which are key to analyzing the logistics market in Japan.

Toshiaki Fukai

Chief Investment Officer
LaSalle REIT Advisors K.K.

Profile

Joined Misawa Homes Corporation in 1991. Joined Mitsubishi Corp.-UBS Realty Inc. in 2003 after working with Japan Real Estate Institute (JREI) and GE Real Estate K.K. Joined LaSalle Investment Management K.K. in 2017, seconded to LaSalle REIT Advisors K.K. in September that year to take office as Director and Chief Investment Officer.

How do you view the current situation in the two major logistics markets of the Tokyo metropolitan area and the Osaka area?

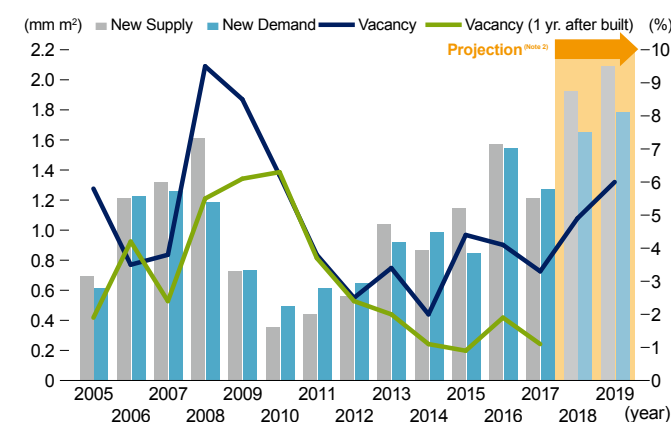
Demand for large scale modern logistics facilities remains strong due to the needs for aggregating and integrating logistics operations from disparate traditional warehouses, as well as the expansion of the e-commerce market, albeit e-commerce only makes up 16% of total inventory underlying space demand needs within the Tokyo metropolitan area. That said, securing human labor resources has now become a pressing issue for logistics operations. It is difficult to secure employees at facilities that are located far from public transportation or residential areas which in turn results in such facilities to be considered poorly located. Due to the importance of attracting labor, should a property be not well located, it tends to also be more

difficult to attract tenants, and set competitive rents at such facilities.

In terms of supply, according to CBRE, within the Tokyo metropolitan area, new demand exceeded new supply when looking back at the entire year of 2017. Looking forward, it is projected that in 2018 and 2019 significant amounts of new supply will continue to be brought to market, amounting to 1.9 million m² and 2.1 million m², respectively. Given such a prospect of an increase in new supply, the supply/demand balance in the Tokyo metropolitan area is expected to become more disproportionate among specific submarkets and experienced/inexperienced market participants.

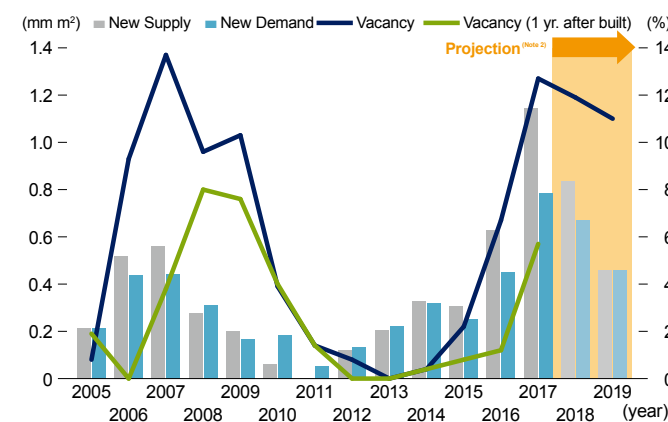
Supply/Demand and Mid-term Projections (Note 1)

Tokyo Area Logistics Market



Source: CBRE
Note 1: Logistics facilities with GFA greater than 5,000m²
Note 2: Light colored bar chart represents projections

Osaka Area Logistics Market



Meanwhile, with respect to the supply picture within the Osaka area, most of the historical stock was concentrated in the bay areas, and has extended into the inland submarkets starting in 2016. Differences in marking-to-market rents and tenant demand levels among areas are becoming larger within submarkets and is dependent upon each market participants in-house leasing prowess or lack thereof.

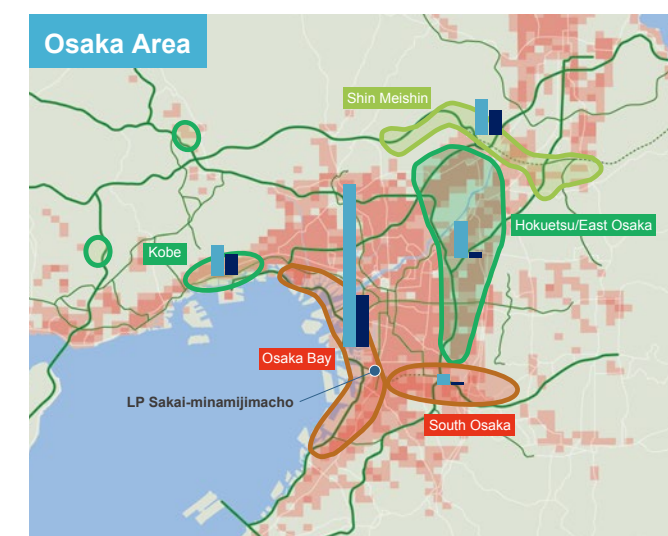
Going forward, we anticipate for tenants to become even more selective when determining which logistics facilities to occupy as it is dependent upon who the landlord is coupled with the convenience in locational merits, and this is true for both the Tokyo metropolitan area and the Osaka area.

In light of this situation in the logistics market, how is LLR doing in terms of investment management operations?

LLR has focused investments on large-scale, highly functional logistics facilities in locations that are suitable for these types of operations. While the supply of logistics facilities is increasing in the Tokyo metropolitan area and Osaka area, the properties owned by LLR are continuously operating stably at high occupancy, as they are blue-chip logistics facilities with strong competitiveness. LaSalle K.K., the sponsor, has unceasingly conducted investment management of logistics facilities since the early 2000s and built a track record. Along with the sponsor, LLR is working to maintain strong relationships with tenants and operating companies, etc. in an effort to promptly identify their needs for expanding and reorganizing logistics facilities. We will make best use of identifying such needs to continue stable investment management operations for LLR's logistics facilities.

In order to provide some data points of proof on this matter, investors have probably heard market rumors about how a dichotomy exists between the Osaka bay and Osaka inland markets, however, I believe that view is somewhat one-sided. In the LaSalle Group, despite the all-time high supply and challenging environment, we have managed to lease 210,000m² (or 63,000 tsubo) within the Osaka bay submarket, so rather than the gap being defined by the bay or inland location, I believe the disparity lies in the difference between leasing experience among market players. The LaSalle Group is the only group out there among both domestic or international logistics players to have been successfully able to lease up its developments even within this market environment. Thus to that end, we believe that we are performing well despite the current conditions.

Submarket Vacancy Rate and Supply Outlook



Vacancy* (2017 YE)	Supply/Demand Environment
0~5%	Supply/Demand is tight
5~10%	Supply/Demand is balanced
10~15%	Supply/Demand is softening
15%~	Supply/Demand is deteriorating

Existing stock as of YE 2017
2018 and 2019 projected supply

Population Density
(people/km²)

- 0-5,000
- 5,001-10,000
- 10,001+

Source: CBRE data which was compiled by LLR's asset manager
*Logistics facilities with GFA greater than 5,000m²

External Growth Strategy

Strong Track Record In Property Acquisitions through Selective Investments at Appropriate Yields

Acquisition of New Properties

Acquired 2 properties for a total of over 15.05 billion yen at a 4.8% NOI yield in March 2018

Newly Secured Preferential Negotiation Rights for More Properties

Eyeing additional acquisition of 4 properties for a total of over 35 billion yen

Assets Acquired in the 5th Fiscal Period



Future Growth Strategies

Preferential Negotiation Rights Properties

- Additional 4 properties worth 35 billion yen with newly secured preferential negotiation rights
- All are Tokyo Area and Osaka Area Prime Logistics
- 1 property completed and stably operated, 3 properties are under development (pre-lease tenants completed)

LaSalle Fund (Informational Support Subject Properties)

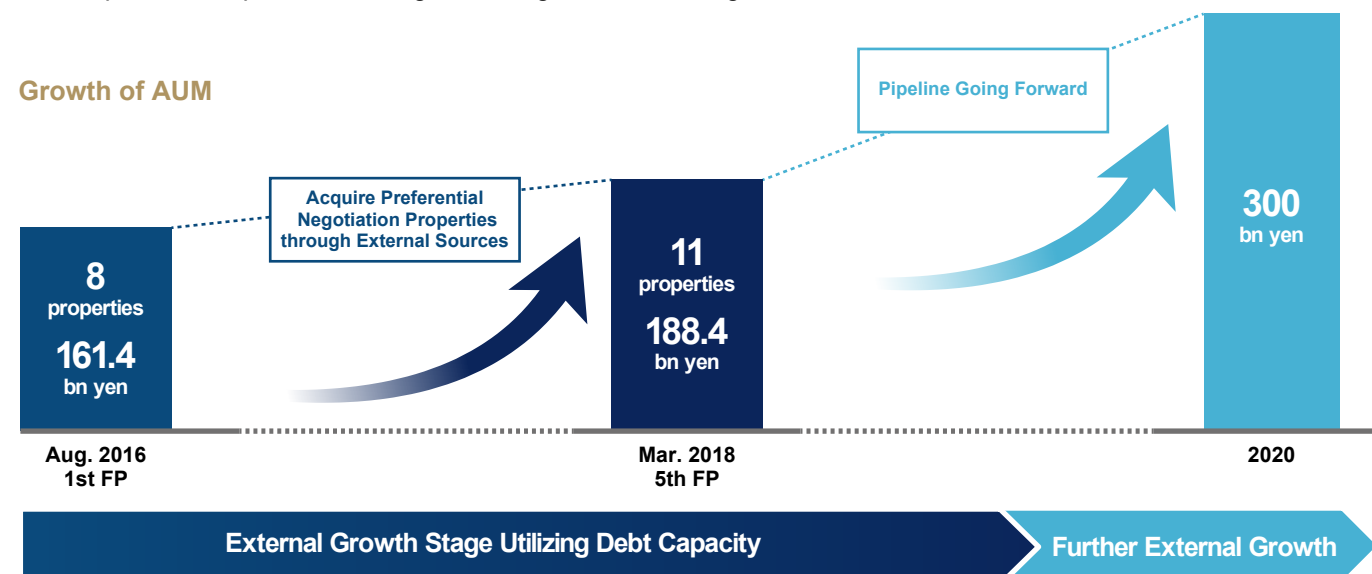
- 3 properties worth in excess of 110 billion yen, under development and are in the process of lease up



Feeder Fund for LLR

- Operational since October 2017
- Plan to invest 120 billion yen mainly in development projects over the next 3 years
- Comprehensive preferential negotiation rights to LLR are granted

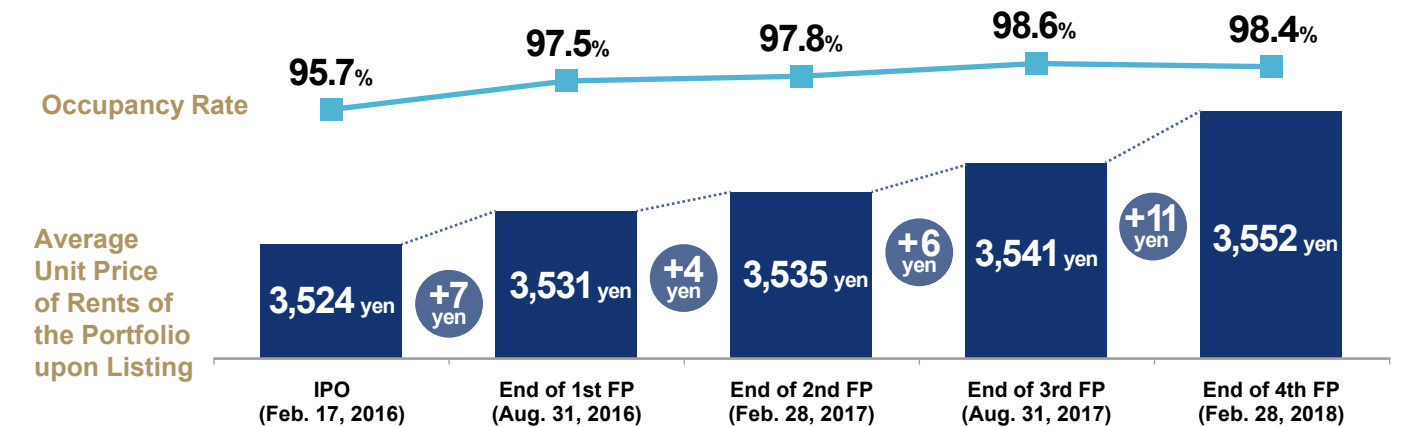
Growth of AUM



Internal Growth Strategy

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

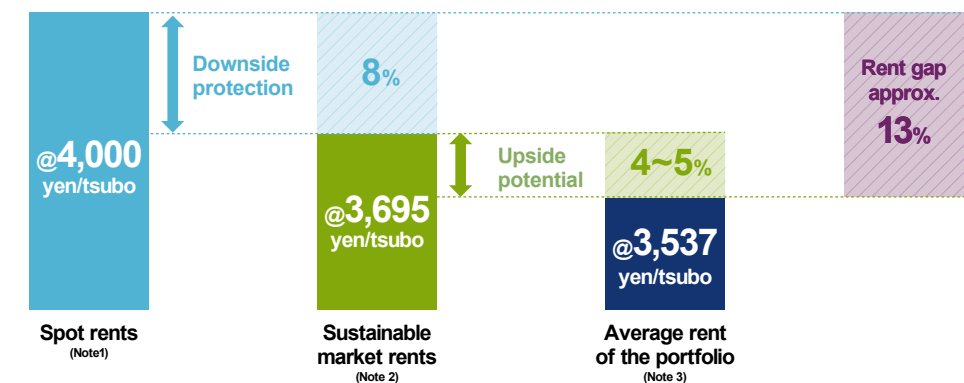
Occupancy rate rose from 95.7% upon listing to 98.4% as of the end of the 4th fiscal period.



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

Maintain High Occupancy Rate

Even in an era with mass supply of logistics facilities, rent gaps with spot rents or sustainable market rents make LLR properties resilient to enticing of tenants from them.



Note 1: Unit price of asking rents for warehouse spaces of newly developed properties.

Note 2: Unit price of market rents for warehouse spaces prepared by the Asset Manager based on market reports.

Note 3: Average unit price of rents for warehouse spaces of 11 properties including LOGIPORT Hiratsuka-shinmachi and LOGIPORT Sakai-minamijimacho.

Portfolio Summary

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

Overview of the Portfolio

As of March 31, 2018

Asset size	188.4 bn yen	Tokyo area/ Osaka area	100.0%
Average GFA	95,139m ²	No. of properties	11 properties
NOI yield	5.0%	Occupancy rate	98.5%

Characteristics of the Portfolio

Ratio by Investment Area

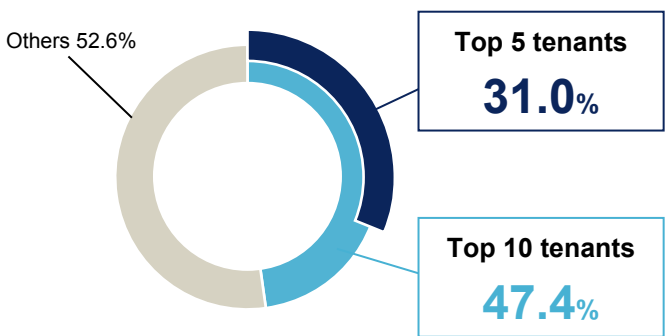


Average GFA



Tenant Diversification

(Note 1) (Note 2)



Total number of tenants

111

Note 1: Figures for the existing nine properties are as of February 28, 2018, for the two new properties, the figures are as of March 5, 2018.

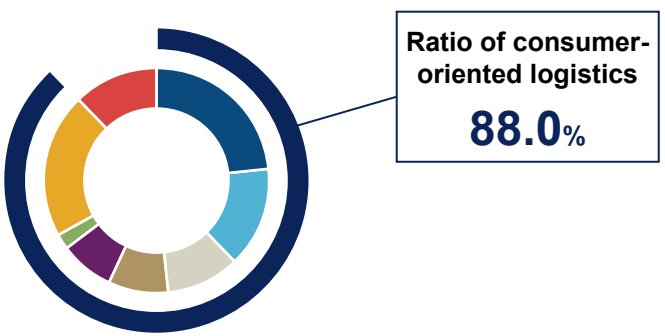
Note 2: Based on leased area.

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).

Diversification of End Users by Business Type

(Note 1) (Note 4)



Daily consumables	23.5%	E-commerce	7.9%
Clothes	14.3%	Pharmaceuticals	2.2%
Food and beverage	10.7%	Others	20.9%
Consumer electronics and precision machinery	8.5%	Raw materials	12.0%

Financial Strategy

Building a Robust Financial Standing

Interest-Bearing Debt Status

As of March 31, 2018

Ratio of inter-est-bearing debt to total assets (LTV)	43.3%	Long-term issuer rating (Japan Credit Rating Agency, Ltd.)	AA- (Stable)
Average remaining years of debt	5.7 years	Fixed rate ratio	93.2%

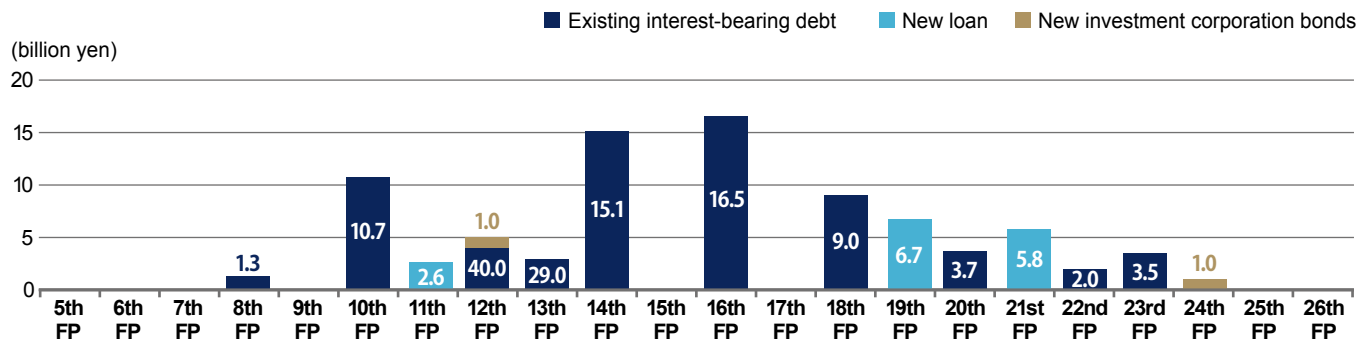
Breakdown of Interest-Bearing Debt (by financial institution)

11 banks	86.31 bn yen
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	Billion yen	Share
MUFG Bank	19.7	22.8%
Mizuho Bank	14.0	16.2%
Sumitomo Mitsui Banking	14.0	16.2%
Sumitomo Mitsui Trust Bank	9.7	11.3%
Development Bank of Japan	7.1	8.2%
Fukuoka Bank	2.9	3.5%
Resona Bank	2.6	3.1%
Shinsei Bank	2.4	2.8%
Nomura Trust Bank	1.0	1.3%
77 Bank	0.5	0.6%
Chugoku Bank (New)	0.5	0.6%
investment corporation bonds	11.5	13.3%

Diversification of Repayment Dates

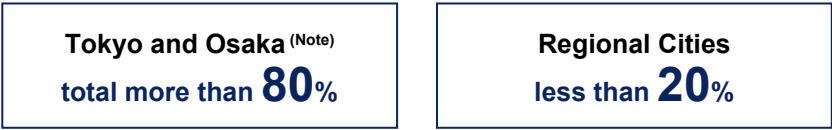
As of March 31, 2018



Prime Logistics Report

Tokyo and Osaka are Target Markets

Prospective Portfolio Composition



Note: "Tokyo Area" is defined as the are 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 and descriptions:

- 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

LaSalle Group's Professional Support Contributes to Greater Unitholder Value

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

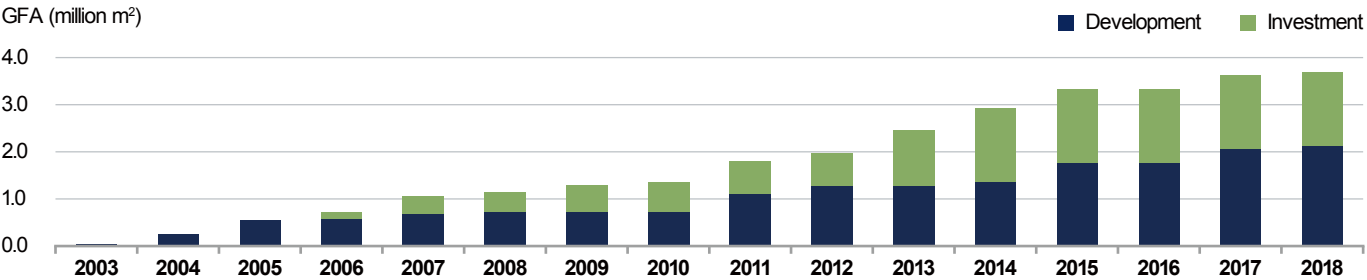
Robust Experience in Development, Investment, and Leasing ^(Note 1)

Cumulative development ^(Note 2)	Approx. 2.13 mm m ²	Leasing experience	Approx. 2.66 mm m ²
Cumulative acquisitions	Approx. 1.57 mm m ²	Large scale development share within Tokyo ^(Note 3)	Approx. 18%

Note 1: As of March 31, 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 December 31, 2017) 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

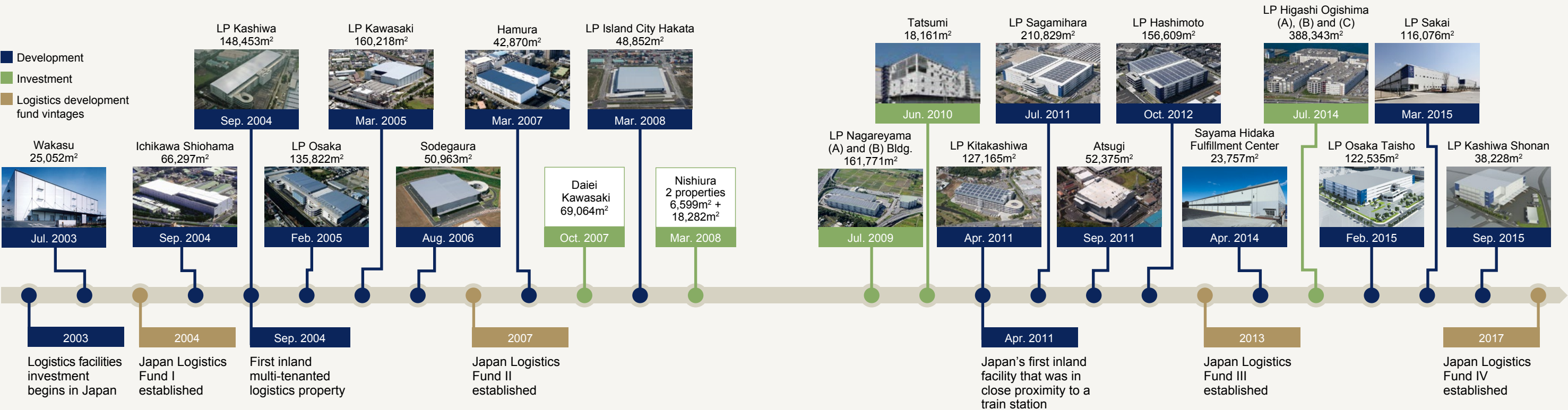
Formed a development fund specialized in logistics properties in 2004, when the industry was being created

■ 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.

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 JLL, a global professional real estate services and advisory firm.

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)

As of December 31, 2017



700+
Employees
in
17
Countries

Approx.
\$59.0 bn
Global Assets
Under
Management

400+
Investors
in
25
Countries

Commingled Funds

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

Separate Accounts

Customized mandates meeting the individual investment objectives of clients around the world.

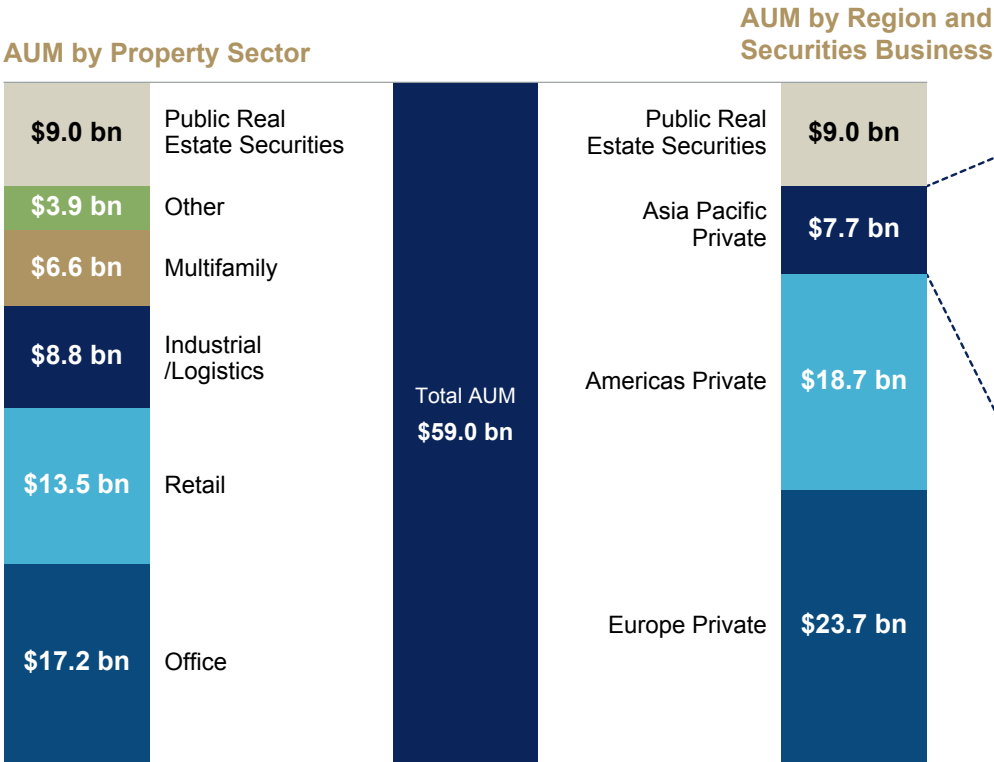
Global Public Securities

Actively managed global real estate securities programs offering diverse investment options.



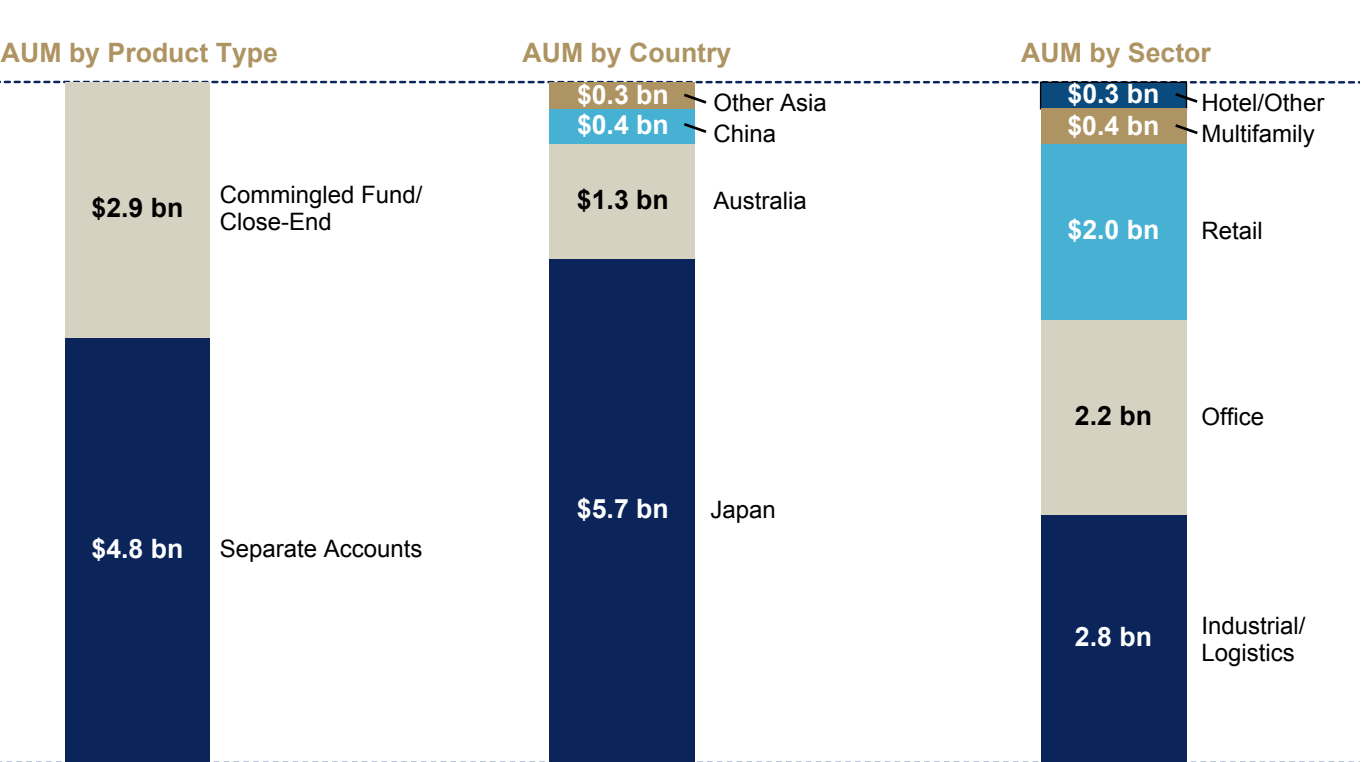
LaSalle Inc. Global AUM

As of December 31, 2017



LaSalle Inc. Asia AUM

As of December 31, 2017



Source: LaSalle Investment Management as of the end of December 2017.

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)

LR 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 Sagamiyama



Tokyo-3 LP Kitakashiwa



Tokyo-5 LP Nagareyama (B)

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.



Recognized in the SMBC Funding Program Based on Evaluation of Environmental Considerations

SMBC Funding Program Based on Evaluation of Environmental Considerations

Upon implementing loans and setting loan conditions, the SMBC Funding Program Based on Evaluation of Environmental Considerations evaluates how a company endeavors on environmental awareness, based on the proprietary evaluation criteria prepared by Sumitomo Mitsui Banking Corporation and The Japan Research Institute, Limited.



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

- As part of its initiatives on sustainability, the LaSalle Group started five years ago to analyze the long-term trends of real estate. As a result, the LaSalle Group developed 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



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 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 sheet 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

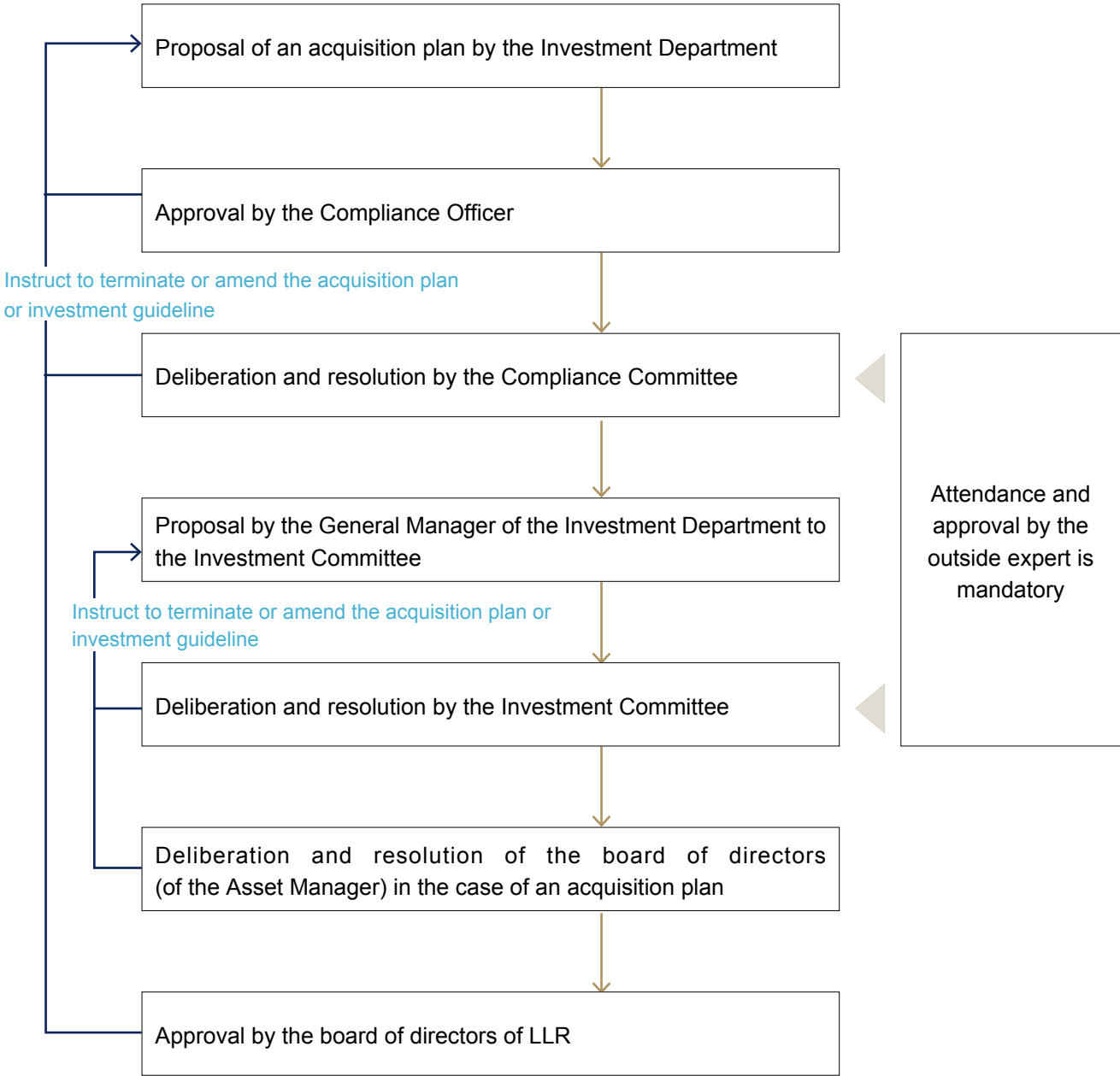
A 4.2% share of the outstanding investment units are held by the LaSalle Group and JLL, demonstrating alignment of interest.

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 eight 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.
- 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.
- 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.
- 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, 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.

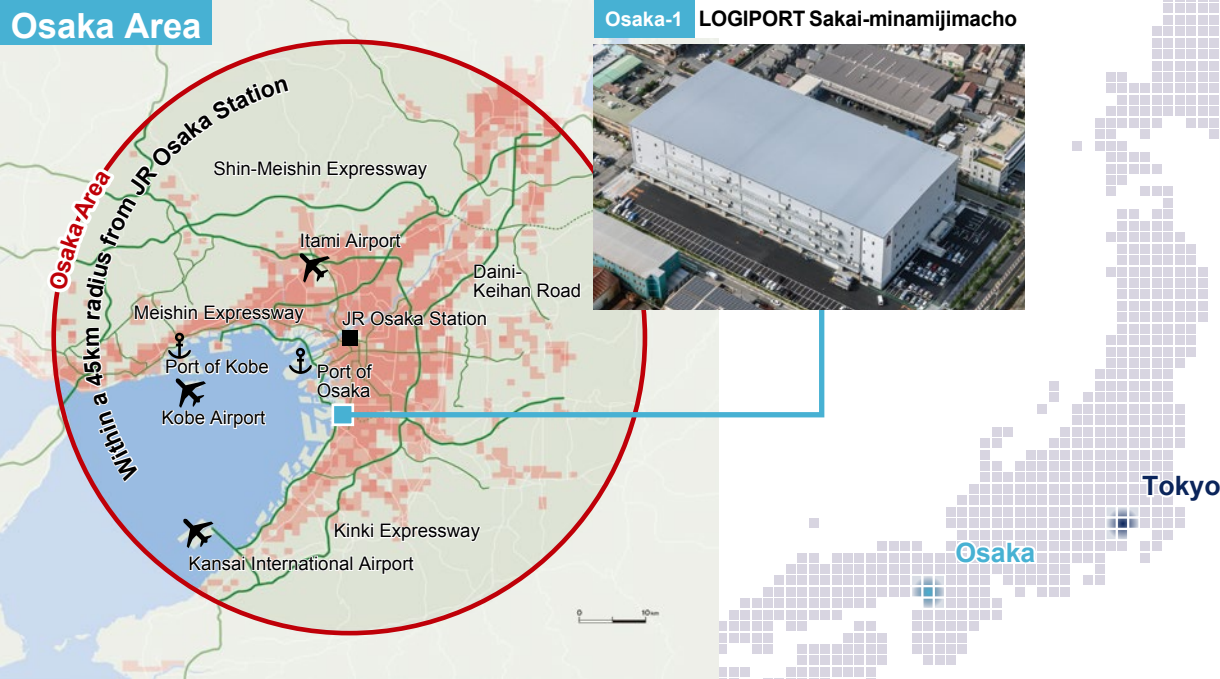
Portfolio Summary

Portfolio List

Property No.	Property Name	Location	GFA (m²)	Acquisition Price (billion yen)	Appraisal Value (billion yen)	Property Age (years)	PML (%)
Tokyo-1	LOGIPORT Hashimoto	Sagamihara, Kanagawa	145,801	21.2	22.4	3	1.3
Tokyo-2	LOGIPORT Sagamihara	Sagamihara, Kanagawa	200,045	23.0	24.8	5	0.5
Tokyo-3	LOGIPORT Kitakashiwa	Kashiwa, Chiba	104,302	25.3	28.1	5	0.9
Tokyo-4	LOGIPORT Nagareyama (A)	Nagareyama, Chiba	17,673	3.5	3.9	10	1.6
Tokyo-5	LOGIPORT Nagareyama (B)	Nagareyama, Chiba	133,414	26.6	28.4	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	12.1	7	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	200.8	12	3.2

Note 1: Figures are as of March 31, 2018 unless otherwise noted.
Note 2: GFA and appraisal value are rounded down to the nearest unit.
Note 3: Appraisal values indicated are as of February 2018 for Tokyo-1 through Tokyo-9, and are based on the appraisal report in January 2018 for Tokyo-10 and Osaka-1.
Note 4: PML value is based on the reports as of February 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 Sagamihara 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.

Portfolio Maps



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 2010 Population Census” by the Statistics Bureau, Ministry of Internal Affairs and Communications, which is based on the results of the 2010 population census conducted on October 1, 2010.



Details of Portfolio



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

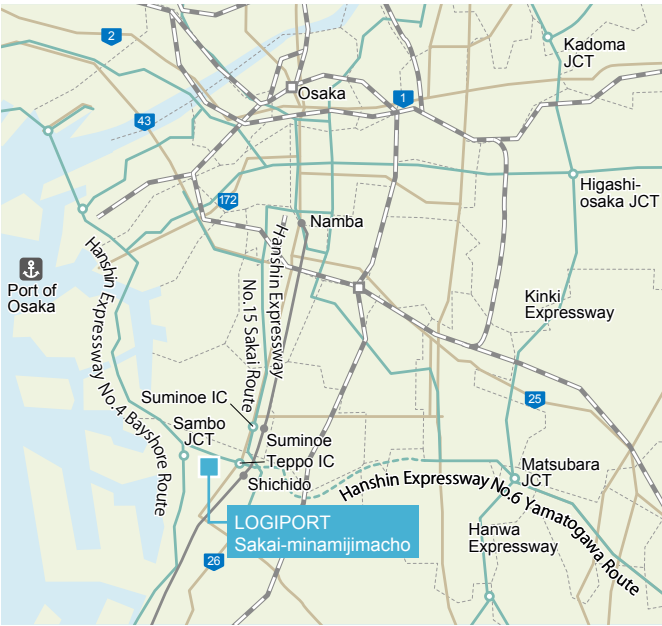


	LOGIPORT Hiratsuka-shinmachi
Location	Hiratsuka, Kanagawa
GFA	29,067.95m²
NRA	29,074m²
Acquisition price	6,900 million yen
Appraisal price	7,060 million yen
Share of portfolio	3.7%
Built	May 2016
Occupancy	100.0%



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	30,696.61m²
NRA	30,690m²
Acquisition price	8,150 million yen
Appraisal price	8,300 million yen
Share of portfolio	4.3%
Built	October, 2016
Occupancy	100.0%



Details of Portfolio



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	22,400 million yen
Share of portfolio	11.3%
Built	January 2015
Occupancy	100.0%



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	24,800 million yen
Share of portfolio	12.2%
Built	August 2013
Occupancy	98.1%

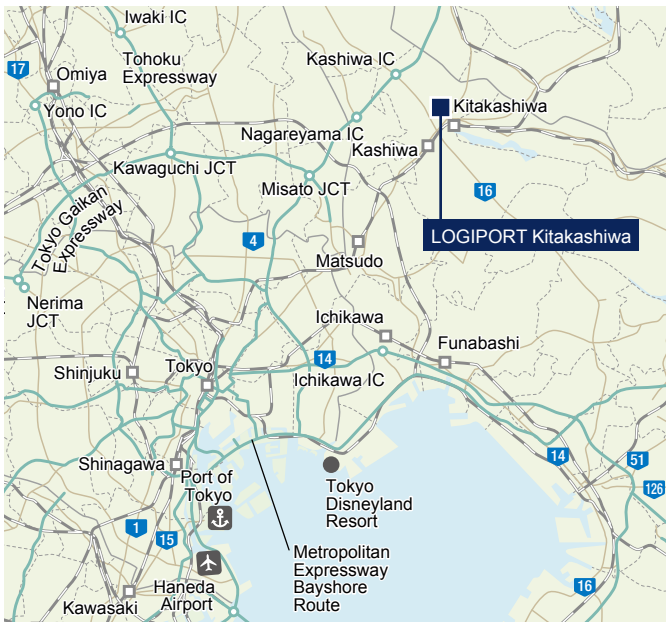


Details of Portfolio

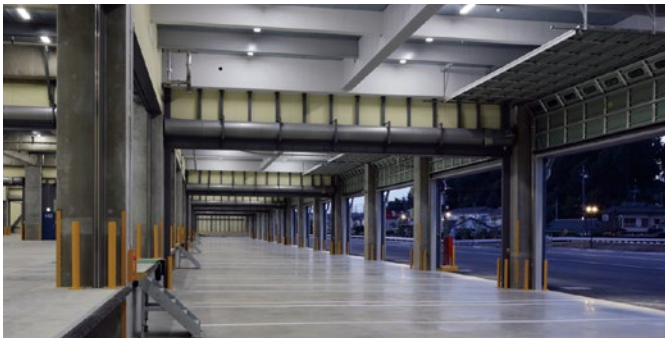


Tokyo-3 LOGIPORT Kitakashiwa

- 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

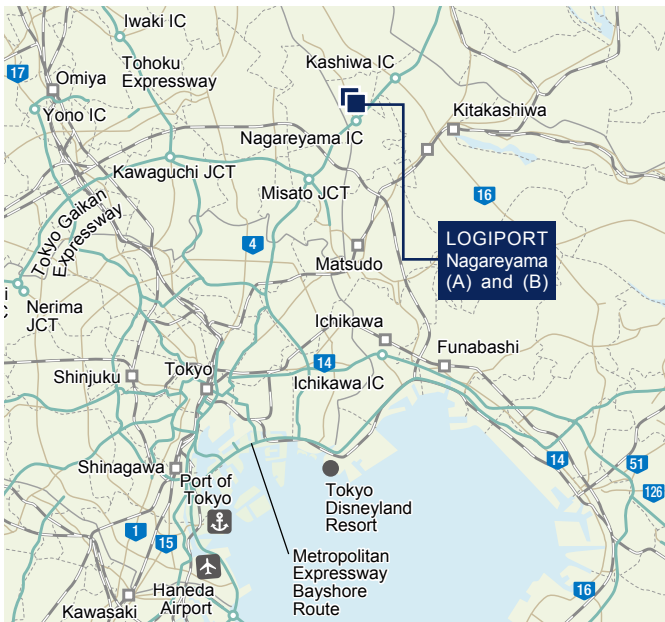


	LOGIPORT Kitakashiwa
Location	Kashiwa, Chiba
GFA	104,302.62m ²
NRA	100,349m ²
Acquisition price	25,300 million yen
Appraisal price	28,100 million yen
Share of portfolio	13.4%
Built	October 2012
Occupancy	100.0%



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 quipped with high quality building specifications such as spiral ramps or slopes and large-scale GFA of more than 130,000m²



	LOGIPORT Nagareyama (A)
Location	Nagareyama, Chiba
GFA	17,673.87m ²
NRA	18,172m ²
Acquisition price	3,500 million yen
Appraisal price	3,930 million yen
Share of portfolio	1.9%
Built	July 2008
Occupancy	100.0%

	LOGIPORT Nagareyama (B)
Location	Nagareyama, Chiba
GFA	133,414.76m ²
NRA	112,684m ²
Acquisition price	26,600 million yen
Appraisal price	28,400 million yen
Share of portfolio	14.1%
Built	July 2008
Occupancy	99.9%

Details of Portfolio



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 2018
- 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	96.9%	95.4%	97.7%

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	12,100 million yen
Share of portfolio	6.3%
Built	January 2011
Occupancy	100.0%



Financial Section



Balance Sheets

	Thousands of yen	
	As of	
	February 28, 2018	August 31, 2017
ASSETS		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 4,565,339	¥ 3,963,564
Cash and deposits in trust (Notes 3 and 4)	4,651,951	4,644,814
Operating accounts receivable	155,554	155,349
Prepaid expenses	96,904	89,583
Deferred tax assets (Note 13)	23	16
Consumption taxes receivable	—	38,115
Other	114	58
Total current assets	9,469,888	8,891,502
Non-current assets		
Property and equipment (Note 6)		
Buildings in trust	57,275,633	57,196,460
Structures in trust	10,775	10,225
Tools, furniture and fixtures in trust	495	80
Land in trust	119,164,088	119,164,088
Less: accumulated depreciation	(2,513,093)	(1,885,904)
Total property and equipment	173,937,899	174,484,950
Investments and other assets		
Long-term prepaid expenses	336,602	376,854
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	346,602	386,854
Total non-current assets	174,284,502	174,871,805
Deferred assets		
Deferred organization expenses	18,891	22,547
Investment corporation bond issuance costs	68,991	56,180
Total deferred assets	87,883	78,728
Total Assets	¥183,842,273	¥183,842,035
LIABILITIES		
Current liabilities		
Operating accounts payable	¥ 181,515	¥ 233,796
Accounts payable	665,325	643,457
Accrued expenses	5,163	4,018
Income taxes payable	1,072	934
Accrued consumption taxes	109,004	—
Advances received	892,724	877,885
Other	406,991	566,750
Total current liabilities	2,261,796	2,326,843
Non-current liabilities		
Investment corporation bonds payable (Notes 4 and 12)	11,500,000	9,500,000
Long-term loans payable (Notes 4, 5 and 11)	59,530,000	61,530,000
Tenant leasehold and security deposits in trust (Note 4)	2,206,899	2,068,317
Total non-current liabilities	73,236,899	73,098,317
Total Liabilities	75,498,696	75,425,161
NET ASSETS (Note 10)		
Unitholders' equity		
Unitholders' capital	105,799,665	105,986,665
Units authorized:		
10,000,000 units as of February 28, 2018 and August 31, 2017		
Units issued and outstanding:		
1,100,000 units as of February 28, 2018 and August 31, 2017		
Surplus		
Retained earnings	2,543,911	2,430,209
Total unitholders' equity	108,343,576	108,416,874
Total Net Assets	108,343,576	108,416,874
Total Liabilities and Net Assets	¥183,842,273	¥183,842,035

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

Statements of Income

	Thousands of yen	
	For the periods ended	
	February 28, 2018	August 31, 2017
Operating revenues (Note 8)		
Rent revenue	¥4,790,438	¥4,783,212
Other lease business revenue	461,547	451,340
Total operating revenue	5,251,985	5,234,552
Operating expenses (Note 8)		
Expenses related to rent business	1,736,382	1,810,152
Asset management fee	618,816	590,925
Asset custody and administrative fee	28,889	27,377
Directors' compensations	3,600	3,600
Audit fee	10,000	10,000
Other operating expenses	47,952	53,178
Total operating expenses	2,445,640	2,495,234
Operating income	2,806,345	2,739,317
Non-operating revenues		
Interest income	41	40
Interest on tax refund	257	—
Total non-operating income	298	40
Non-operating expenses		
Interest expenses	191,433	199,019
Interest expenses on investment corporation bonds	23,519	14,234
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	4,925	3,497
Borrowing related expenses	38,433	88,040
Total non-operating expenses	261,968	308,448
Ordinary income	2,544,675	2,430,909
Income before income taxes	2,544,675	2,430,909
Income taxes - current	1,079	940
Income taxes - deferred	(6)	(15)
Total income taxes	1,072	925
Net income	2,543,602	2,429,984
Retained earnings brought forward	309	224
Retained earnings at end of period	¥2,543,911	¥2,430,209

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 February 28, 2017 (Note 10)	1,100,000	¥106,161,565	¥2,740,324	¥108,901,899
Distributions in excess of retained earnings		(174,900)		(174,900)
Distributions of retained earnings			(2,740,100)	(2,740,100)
Net income			2,429,984	2,429,984
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

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

Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	February 28, 2018	August 31, 2017
Cash flows from operating activities:		
Income before income taxes	¥2,544,675	¥2,430,909
Depreciation	627,188	625,388
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond issuance costs	4,925	3,497
Interest income	(41)	(40)
Interest expenses	214,953	213,254
Decrease (increase) in operating accounts receivable	(205)	(48,349)
Decrease (increase) in consumption taxes refund receivable	38,115	(149,170)
Decrease (increase) in prepaid expenses	(7,321)	(2,855)
Decrease (increase) in long-term prepaid expenses	40,252	(32,659)
Increase (decrease) in operating accounts payable	(52,280)	118,734
Increase (decrease) in accounts payable	(4,834)	(115,782)
Increase (decrease) in accrued consumption taxes	109,004	10,305
Increase (decrease) in advances received	14,838	57,812
Other, net	16	117
Subtotal	3,532,941	3,114,818
Interest income received	41	40
Interest expenses paid	(213,808)	(210,105)
Income taxes paid	(940)	(615)
Net cash provided by (used in) operating activities	3,318,233	2,904,137
Cash flows from investing activities:		
Purchase of property and equipment in trust	(53,435)	(12,172,188)
Proceeds from tenant leasehold and security deposits in trust	21,548	165,769
Repayments of tenant leasehold and security deposits in trust	(35,790)	(85,051)
Net cash provided by (used in) investing activities	(67,667)	(12,091,470)
Cash flows from financing activities:		
Repayments of short-term loans payable	—	(1,690,000)
Proceeds from long-term loans payable	—	13,790,000
Repayments of long-term loans payable	(2,000,000)	(3,540,000)
Proceeds from issuance of investment corporation bonds	1,982,263	3,479,086
Payment of distributions of retained earnings	(2,427,653)	(2,736,628)
Payment of distributions in excess of retained earnings	(186,759)	(174,686)
Net cash provided by (used in) financing activities	(2,632,149)	9,127,770
Net increase (decrease) in cash and cash equivalents	618,406	(59,561)
Cash and cash equivalents at beginning of period	7,558,740	7,618,302
Cash and cash equivalents at end of period (Note 3)	¥8,177,147	¥7,558,740

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 February 28, 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). In addition, LLR acquired one property (acquisition price of 11,950 million yen) on March 1, 2017.

These nine properties (with total leasable floor area of 752,117 square-meters) comprise LLR’s asset holdings as of February 28, 2018, and the occupancy rate for the entire portfolio as of February 28, 2018 is 98.4%.

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 50,089 thousand yen for the period ended August 31, 2017, 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 sheet and statement 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 sheet, and net movement is treated as operating cash flows in the statement of cash flows.

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	
	February 28, 2018	August 31, 2017
Cash and deposits	¥4,565,339	¥3,963,564
Cash and deposits in trust	4,651,951	4,644,814
Restricted deposits in trust (Note)	(1,040,143)	(1,049,638)
Cash and cash equivalents	¥8,177,147	¥7,558,740

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

Notes to Financial Statements

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, borrowing from financial institutions or issuing short-term corporate 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 February 28, 2018 and August 31, 2017 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2).

	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	¥ –	¥ –	¥ –

	Thousands of yen		
	As of August 31, 2017		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 3,963,564	¥ 3,963,564	¥ –
(2) Cash and deposits in trust	4,644,814	4,644,814	–
Total assets	¥ 8,608,378	¥ 8,608,378	¥ –
(3) Investment corporation bonds payable	9,500,000	9,556,100	56,100
(4) Long-term loans payable	61,530,000	62,109,434	579,434
Total liabilities	¥71,030,000	¥71,665,534	¥635,534
(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	
	February 28, 2018	August 31, 2017
Tenant leasehold and security deposits in trust	¥2,206,899	¥2,068,317

(Note 3) 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	¥ –	¥ –	¥ –	¥ –	¥ –

Redemption schedule for monetary claims after August 31, 2017

	Thousands of yen					
	As of August 31, 2017					
	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	¥3,963,564	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	4,644,814	–	–	–	–	–
Total	¥8,608,378	¥ –	¥ –	¥ –	¥ –	¥ –

Notes to Financial Statements

(Note 4) 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

Repayment schedule for investment corporation bonds and long-term loans payable after August 31, 2017.

	Thousands of yen					
	As of August 31, 2017					
	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	¥ –	¥ –	¥ –	¥ –	¥ 4,000,000	¥ 5,500,000
Long-term loans payable	–	1,900,000	1,400,000	10,740,000	2,990,000	44,500,000
Total	¥ –	¥ 1,900,000	¥ 1,400,000	¥10,740,000	¥ 6,990,000	¥50,000,000

5. Derivative Transactions

For the periods ended February 28, 2018 and August 31, 2017, LLR only utilized interest rate swaps, which qualified for hedge accounting and met the special matching criteria, as described below.

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

Hedge accounting method	Type of derivative transaction	Primary hedged item	Thousands of yen			
			As of August 31, 2017			
			Contract amount		Fair value	Fair value measurement
			Total	Due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term loans payable	¥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 February 28, 2018 and August 31, 2017.

	Thousands of yen					
	As of February 28, 2018					
	At cost				Accumulated depreciation	Book value
	Beginning balance	Increase	Decrease	Ending balance		
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

	Thousands of yen					
	As of August 31, 2017					
	At cost				Accumulated depreciation	Book value
	Beginning balance	Increase	Decrease	Ending balance		
Buildings in trust	¥ 53,363,816	¥ 3,832,644	¥ –	¥57,196,460	¥1,885,276	¥55,311,184
Structures in trust	7,729	2,496	–	10,225	611	9,614
Tools, furniture and fixtures in trust	80	–	–	80	16	63
Land in trust	110,806,002	8,358,085	–	119,164,088	–	119,164,088
Total	¥164,177,628	¥12,193,226	¥ –	¥176,370,855	¥1,885,904	¥174,484,950

(Note) The increase for the period ended August 31, 2017, was mainly due to the acquisition of property during the period with a total value of 12,126,163 thousand yen.

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	
	February 28, 2018	August 31, 2017
Book value (Note 1)		
Balance at the beginning of the period	¥174,484,950	¥162,917,112
Changes during the period (Note 2)	(547,050)	11,567,837
Balance at the end of the period	¥173,937,899	¥174,484,950
Fair value at the end of the period (Note 3)	¥185,530,000	¥184,440,000

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

(Note 2) The decrease for period ended February 28, 2018, was a result of the recognition of depreciation expenses of 627,188 thousand yen. In addition, the increase for period ended August 31, 2017, was a result of the acquisition of one property during the period with a total value of 12,126,163 thousand yen, offset slightly by depreciation expenses of 625,388 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.

Notes to Financial Statements

8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the periods ended February 28, 2018 and August 31, 2017.

	Thousands of yen	
	For the periods ended	
	February 28, 2018	August 31, 2017
(1) Real estate leasing revenues		
Rent revenue		
Rent income	¥4,309,078	¥4,302,668
Common service fee	481,360	480,543
Total	¥4,790,438	¥4,783,212
Other lease business revenue		
Utilities charge reimbursement	¥ 289,186	¥ 295,057
Parking revenue	130,999	126,663
Other lease revenues	41,361	29,619
Total	¥ 461,547	¥ 451,340
Total real estate leasing revenues	¥5,251,985	¥5,234,552
(2) Real estate leasing expenses		
Leasing expenses		
Outsourcing costs	¥ 287,626	¥ 301,195
Utilities expenses	278,565	280,081
Taxes and public dues	402,178	402,188
Insurance premiums	9,354	9,471
Repair and maintenance	88,027	127,811
Depreciation	627,188	625,388
Other leasing expenses	43,441	64,014
Total real estate leasing expenses	¥1,736,382	¥1,810,152
(3) Real estate leasing profit ((1) - (2))	¥3,515,603	¥3,424,399

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	
	February 28, 2018	August 31, 2017
Due within one year	¥ 6,256,823	¥ 6,012,690
Due after one year	16,434,535	15,731,286
Total	¥22,691,358	¥21,743,976

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 February 28, 2018 and August 31, 2017 consists of the following items:

	Thousands of yen	
	As of	
	February 28, 2018	August 31, 2017
Unitholders' capital, gross	¥106,363,965	¥106,363,965
Deduction from unitholders' capital;		
Accumulated distributions in excess of retained earnings	(564,300)	(377,300)
Unitholders' capital	¥105,799,665	¥105,986,665

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			
	February 28, 2018		August 31, 2017	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥2,543,911,967		¥2,430,209,201	
II Distributions in excess of retained earnings				
Deduction from unitholders' capital	188,100,000		187,000,000	
III Distributions				
Distributions of retained earnings	2,543,200,000	2,312	2,429,900,000	2,209
Distributions in excess of retained earnings	188,100,000	171	187,000,000	170
Total distributions	2,731,300,000	2,483	2,616,900,000	2,379
IV Retained earnings carried forward	¥ 711,967		¥ 309,201	

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 2,543,200,000 yen and 2,429,900,000 yen for the periods ended February 28, 2018 and August 31, 2017, 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 188,100,000 yen and 187,000,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense of 627,188,221 yen and 625,388,806 yen for the periods ended February 28, 2018 and August 31, 2017, respectively.

Notes to Financial Statements

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 February 28, 2018 and August 31, 2017.

	Thousands of yen	
	As of	
	February 28, 2018	August 31, 2017
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
0.22172% unsecured long-term loans due 2018	—	1,900,000
0.24960% unsecured long-term loans due 2019	1,300,000	1,400,000
0.42945% unsecured long-term loans due 2022	2,990,000	2,990,000
0.39474% 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
Total long-term loans payable	¥59,530,000	¥61,530,000

The stated interest rate is the weighted average interest rate during the period ended February 28, 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 February 28, 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 February 28, 2018 and August 31, 2017.

	Issued date	Maturity date	Interest rate	Thousands of yen	
				As of	
				February 28, 2018	August 31, 2017
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	—
5th unsecured bond	December 21, 2017	December 21, 2027	0.630%	1,000,000	—
Total				¥11,500,000	¥ 9,500,000

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 February 28, 2018 and August 31, 2017 are as follows:

	Thousands of yen	
	As of	
	February 28, 2018	August 31, 2017
Enterprise tax payable	¥23	¥16
Total deferred tax assets	23	16
Net deferred tax assets	¥23	¥16

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 statement of income for the periods ended February 28, 2018 and August 31, 2017 are as follows:

	For the periods ended	
	February 28, 2018	August 31, 2017
Statutory tax rate	31.74%	31.74%
Adjustments:		
Deductible distributions	(31.72%)	(31.73%)
Other	0.02%	0.03%
Actual effective income tax rate	0.04%	0.04%

14. Per Unit Information

The following table summarizes per unit information for the fiscal period ended February 28, 2018 and August 31, 2017.

	Yen	
	For the periods ended	
	February 28, 2018	August 31, 2017
Net income per unit		
Basic net income per unit	¥ 2,312	¥ 2,209
Weighted average number of units outstanding	1,100,000	1,100,000

	Yen	
	As of	
	February 28, 2018	August 31, 2017
Net assets per unit	¥ 98,494	¥ 98,560

(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 2,543,602 thousand yen and 2,429,984 thousand yen for the period ended February 28, 2018 and August 31, 2017, respectively. The diluted net income per unit is not stated here as there are no diluted investment units.

Notes to Financial Statements

15. Transactions with Related Parties

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

(For the period ended February 28, 2018)
None

(For the period ended August 31, 2017)
None

b) Transactions and Account Balances with Affiliates

(For the period ended February 28, 2018)
None

(For the period ended August 31, 2017)
None

c) Transactions and Account Balances with Companies under Common Control

(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.

(For the period ended August 31, 2017)

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)	¥710,425	Accounts payable	¥544,477

(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 119,500 thousand yen capitalized as part of acquisition costs of properties.

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 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.

(For the period ended August 31, 2017)

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.

Notes to Financial Statements

17. Subsequent Events

a) Acquisition of assets

LLR acquired the following assets on March 5, 2018. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the Newly Acquired Assets (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

Area	Property number	Property	Location	Acquisition price (Millions of yen)	Seller
Tokyo area	Tokyo-10	LOGIPORT Hiratsuka-shinmachi	Hiratsuka, Kanagawa	6,900	Logistics fudosan-hanbai GK
Osaka area	Osaka-1	LOGIPORT Sakai-minamijimacho	Sakai, Osaka	8,150	Logistics fudosan-hanbai GK
Total				15,050	

b) Borrowing of funds

For the properties listed above under “a. Acquisition of Assets,” LLR borrowed the following funds to cover the acquisition of the trust beneficiary interests, part of related expenses.

Category	Lender	Borrowing amount (Millions of yen)	Interest rate (Notes 4 and 5)	Borrowing date	Borrowing method	Repayment date (Note 8)	Repayment method (Note 9)	Collateral
Long-term	Syndicated facility consisting of MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as arrangers (Note 1)	2,650	Rate equal to 0.20% over the reference rate (3-month Japanese yen TIBOR by Japanese Bankers Association)	March 5, 2018	Borrowing based on a separate loan agreement dated March 1, 2018 with the lenders indicated on the left	March 5, 2021	Bullet repayment at maturity	Unsecured and non-guaranteed
	Syndicated facility consisting of MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as arrangers (Note 2)	6,750	Rate equal to 0.30% over the reference rate (3-month Japanese yen TIBOR by Japanese Bankers Association) (Note 6)	March 5, 2018	Borrowing based on a separate loan agreement dated March 1, 2018 with the lenders indicated on the left	March 5, 2025	Bullet repayment at maturity	Unsecured and non-guaranteed
	Syndicated facility consisting of MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as arrangers (Note 3)	5,880	Rate equal to 0.35% over the reference rate (3-month Japanese yen TIBOR by Japanese Bankers Association) (Note 7)	March 5, 2018	Borrowing based on a separate loan agreement dated March 1, 2018 with the lenders indicated on the left	March 5, 2026	Bullet repayment at maturity	Unsecured and non-guaranteed

(Note 1) The syndicated facility consists of the arrangers, Resona Bank, Limited, The Bank of Fukuoka, Ltd., Shinsei Bank, Limited, The Nomura Trust and Banking Co., Ltd. and The Chugoku Bank, Ltd.

(Note 2) The syndicated facility consists of the arrangers, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., Resona Bank, Limited, The Bank of Fukuoka, Ltd., Shinsei Bank, Limited, The 77 Bank, Ltd., The Nomura Trust and Banking Co., Ltd. and The Chugoku Bank, Ltd.

(Note 3) The syndicated facility consists of the arrangers and the Sumitomo Mitsui Trust Bank, Limited.

(Note 4) “Interest rate” does not include loan fees payable to lenders.

(Note 5) The initial interest payment date shall be May 31, 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 6) An interest rate swap agreement has been entered into as of March 1, 2018 as follows in an effort to stabilize the payment interest rate for these borrowings and hedge the risk of rising interest rates.

1) Counterparty	Sumitomo Mitsui Trust Bank, Limited
2) Notional principal	6,750 million yen
3) Interest rate	Fixed payment interest rate 0.51435% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.30%
4) Starting date	March 5, 2018
5) Ending date	March 5, 2025
6) Interest payment date	The initial interest payment date shall be May 31, 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).

*The interest rate for these borrowings will be effectively fixed at 0.51435% with the signing of the above interest rate swap agreement.

(Note 7) An interest rate swap agreement has been entered into as of March 1, 2018 as follows in an effort to stabilize the payment interest rate for these borrowings and hedge the risk of rising interest rates.

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional principal	5,880 million yen
3) Interest rate	Fixed payment interest rate 0.59950% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.35%
4) Starting date	March 5, 2018
5) Ending date	March 5, 2026
6) Interest payment date	The initial interest payment date shall be May 31, 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).

*The interest rate for these borrowings will be effectively fixed at 0.59950% with the signing of the above interest rate swap agreement.

(Note 8) 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 9) 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 February 28, 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 February 28, 2018, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

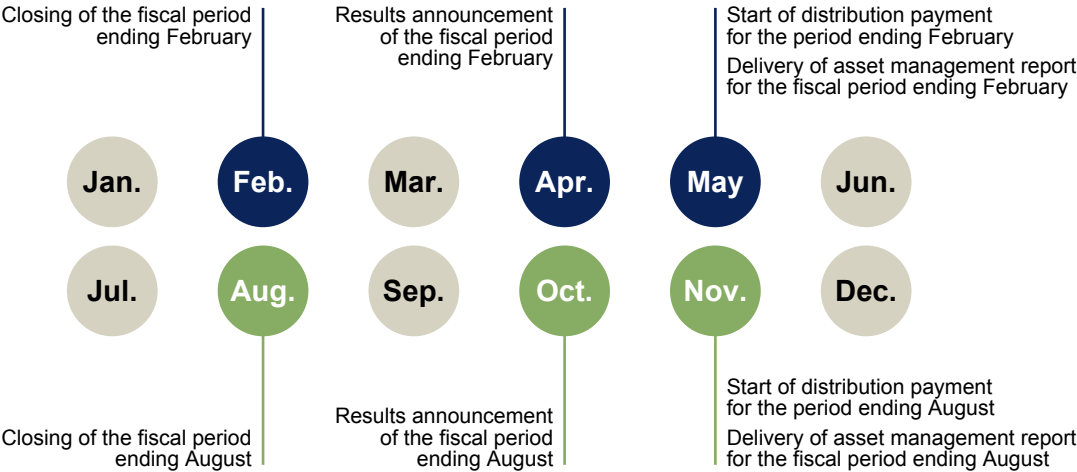
PricewaterhouseCoopers Aarata LLC

May 30, 2018

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Investor Information

Schedule of Annual IR-Related Events



Unitholder Metrics

As of February 28, 2018

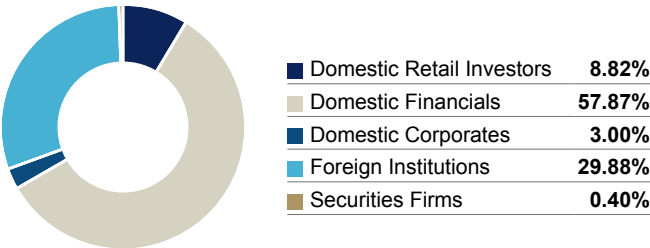
The following charts illustrate various metrics for measuring unitholders.

Top Unitholders

	Number of Units	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	221,392	20.12
The Master Trust Bank of Japan (Trust Account)	217,460	19.76
The Nomura Trust Bank (Trust Account)	54,370	4.94
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	53,282	4.84
NSI CUSTOMER SECURED 30.7. OMNIBUS ^(Note)	46,200	4.20
STATE STREET BANK AND TRUST COMPANY 505012	28,100	2.55
THE BANK OF NEW YORK MELLON SA/NV 10	17,072	1.55
STICHTING PENSIOENFONDS METAAL EN TECHNIEK	13,431	1.22
SIX SIS LTD.	12,705	1.15
STATE STREET BANK WEST CLIENT-TREATY 505234	12,113	1.10
Totals	676,125	61.46

Note: A custodian of LLR's investment units owned by Jones Lang LaSalle Co-Investment, Inc. (a subsidiary of JLL that owns 50% of the issued and outstanding shares of Jones Lang LaSalle Global Holdings B.V., a parent company of LaSalle Investment Management K.K., which is a parent company of the Asset Manager). All of the investment units indicated on the right (46,200 units) are practically owned by Jones Lang LaSalle Co-Investment, Inc.

Breakdown of Units Held by Unitholder Type



Unitholder Breakdown by Unitholder Type

