



# 9th Fiscal Period Semi-Annual Report

March 1, 2020 to August 31, 2020



## 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.

I would like to extend our deepest sympathies to all those affected by the spread of the novel coronavirus (“COVID-19”).

Thanks to the continued support of our unitholders, LLR has successfully completed its 9th fiscal period (ended August 2020).

During the fiscal period under review, amid economic activities falling into turmoil under the COVID-19 pandemic, LLR further focused its efforts on stably managing the portfolio of 16 properties worth 245.6 billion yen.

Accordingly, LLR achieved a period-average occupancy rate for the entire portfolio of 99.0%, the highest level since its listing. These endeavors allowed LLR to post operating revenues of 7,430 million yen, operating income of 4,066 million yen, ordinary income of 3,664 million yen, and net income of 3,663 million yen, with a distribution per unit (“DPU”) of 2,892 yen. In September 2020, after entering the 10th fiscal period ending February 2021, LLR acquired four properties totaling 76.4 billion yen, including additional interests in an existing property, by using funds from its third public offering, while disposing a property (leasehold land). With the transactions, LLR’s asset size expanded to 317.8 billion yen.

Going forward, while fulfilling its social responsibility of leading logistics infrastructure, LLR is resolved to endeavor to continuously enhance unitholder value. To do so, LLR will keep leveraging the LaSalle Group’s global real estate investment knowledge as well as the asset management capabilities built on its abundant development and investment experiences in Japan’s logistics facilities.

Your continued support of LLR is deeply appreciated.

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## Features of LaSalle LOGIPORT REIT

- 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
- 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
- Building robust financial balance sheets**
  - Build robust financial soundness from a medium- to long-term perspective to enable flexible adjustment to changes in the financial environment
  - Loan to value (“LTV”) (ratio of interest-bearing debt to total assets) stood at 42.0% after the third public offering with a long-term issuer rating of AA- (Stable)

## Financial Highlights for 9th Fiscal Period

(March 1, 2020 - August 31, 2020)

<b>Portfolio Size</b> <small>(Note)</small> <b>18 properties</b>	<b>Total Assets Under Management</b> <small>(“AUM”) (Note)</small> <b>317.8 bn yen</b>	<b>Occupancy Rate</b> <b>99.1%</b>
<b>Tokyo and Osaka Area Concentration</b> <b>100.0%</b>	<b>Total Debt</b> <small>(Note)</small> <b>143.5 bn yen</b>	<b>Loan to Value (“LTV”) Ratio</b> <small>(Note)</small> <b>42.0%</b>
<b>Operating Revenues</b> <b>7,430 mn yen</b>	<b>Operating Income</b> <b>4,066 mn yen</b>	<b>Net Income</b> <b>3,663 mn yen</b>
<b>Distribution Per Unit (“DPU”)</b> <b>2,892 yen</b>	<b>Earnings Per Unit (“EPU”)</b> <b>2,688 yen</b>	<b>DPU in Excess of Earnings</b> <b>204 yen</b>

Note: After the third public offering.

## Executive Director's Message

# LLR's fundamentals remain strong as COVID-19 situation gains clarity



### Toshimitsu Fujiwara

Executive Director  
LaSalle LOGIPORT REIT

President and CEO  
LaSalle REIT Advisors K.K.

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

## Financial Highlights

		8th Fiscal Period	9th Fiscal Period	10th Fiscal Period (Forecast)
Operating Revenues	(mn yen)	8,758	7,430	9,556
Operating Income	(mn yen)	5,233	4,066	5,237
Ordinary Income	(mn yen)	4,760	3,664	4,537
Net Income	(mn yen)	4,759	3,663	4,536
DPU	(yen)	3,670	2,892	3,000
EPU	(yen)	3,492	2,688	2,769
DPU in Excess of Earnings	(yen)	178	204	231
AUM	(bn yen)	2,456	2,456	3,178
Portfolio Size	(properties)	16	16	18
Occupancy Rate	(%)	98.7	99.1	-

## Q1 What were this fiscal period's financial highlights and DPU actuals?

This 9th fiscal period made it clear that despite COVID-19's impact on various aspects of our day-to-day lives, the cash flow resiliency demonstrated by logistics properties has made logistics the clear standout property type when compared to hotels, retail, office, and even residential to an extent. The pandemic has not had the devastating effects on the logistics real estate market that some feared, and this is primarily due to the acceleration of e-commerce consumption which actually grew in an environment where people are working, living, and primarily consuming from home. LLR is learning to carry on in this new normal and has even moved from a purely defensive posture, discussed in my last message, to a more aggressive stance of using its available capital on "offense" as it relates to future opportunities.

For example, LLR recognized that the capital environment remained favorable and elected to conduct a third public offering, the first global one since its IPO. It was extremely successful, raising 48 billion yen that LLR used

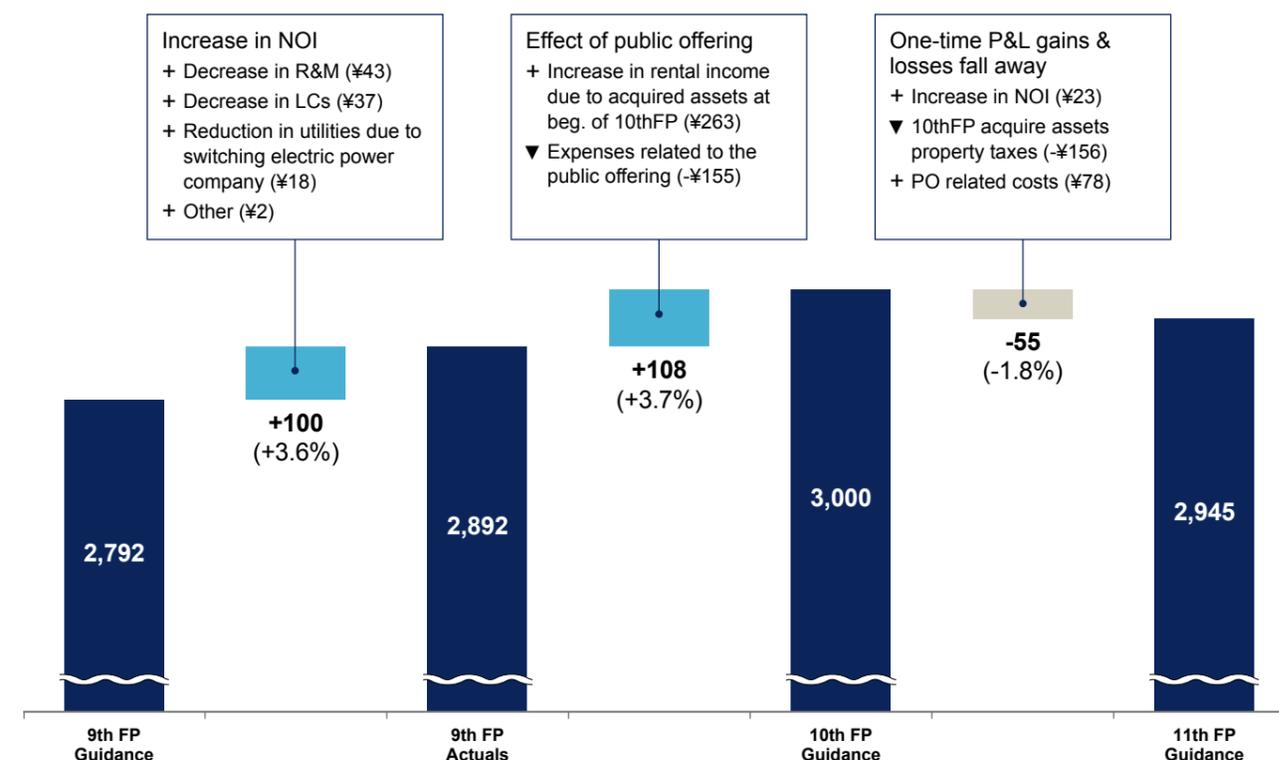
to acquire four properties for a total of 76.4 billion yen, taking its AUM past 300 billion yen and turning LLR into a mid-sized J-REIT.

What's more, LLR was able to acquire these large new logistics facilities in the Tokyo and Osaka areas for an average net operating income ("NOI") yield of 4.8%, a remarkably high number for a J-REIT in this market. It was LLR's excess returns strategy that enabled these attractive acquisition yields, and this "edge" is something that LLR will continue to leverage to stay ahead in an ever increasing competitive landscape.

Amid the pandemic, LLR exceeded expectations in its distribution per unit ("DPU"), delivering a DPU of 2,892 yen this fiscal period, 3.6% or 100 yen higher than the initial forecast of 2,792 yen. This was mainly thanks to lower property operating expenses, such as repairs and maintenance, leasing commissions and utilities, than expected.

## Increased Profits Expected in 10th Fiscal Period Due to Positive Uplift from PO

### DPU Transition



# LLR's fundamentals remain strong as COVID-19 situation gains clarity

In fact, since announcing its active management strategy in its 6th fiscal period, LLR has achieved an annual growth rate of 6.1% in its DPU after one-time adjustments, well over its 4% stated target. This fiscal period it also increased net asset value ("NAV") per unit by 10.6% to 134,228 yen and acquisition capacity to 31 billion yen through its LTV capacity and dry powder capital. Since announcing its active management strategy, NAV per unit has grown by an annual rate of 22.3% as well.

The DPU forecast for the 10th fiscal period is 3,000 yen, an increase of 108 yen from the 9th fiscal period due to the four properties acquired through LLR's recent global public offering beginning to contribute to earnings. In the 11th fiscal period, LLR's guidance is 2,945 yen per unit, a decrease of 55 yen mainly owing to the dissipation of

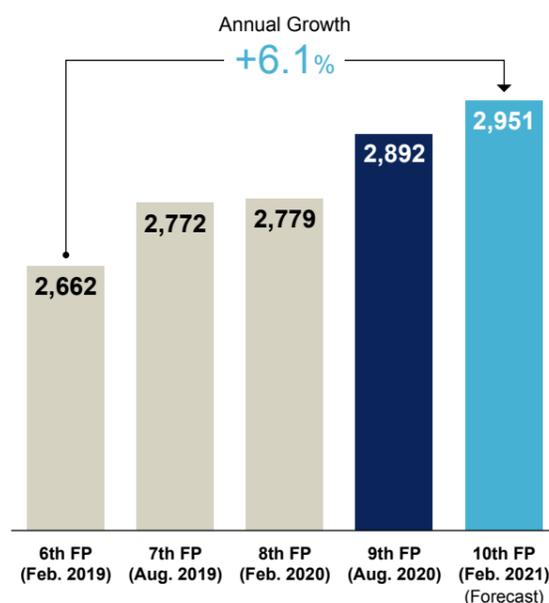
one-time gains and loss adjustments, as well as the expensing of property taxes for these four assets.

In addition to increasing profits and dividends backed by solid performance this period, LLR accessed a wealth of external growth opportunities from sponsor-developed projects and excess return investment deals. It accelerated internal growth by capturing robust tenant demand, leading to high occupancy and continued momentum in rent increase. Furthermore, strategic capital expenditure increased property profitability while deals within LLR's excess returns strategy steadily added value.

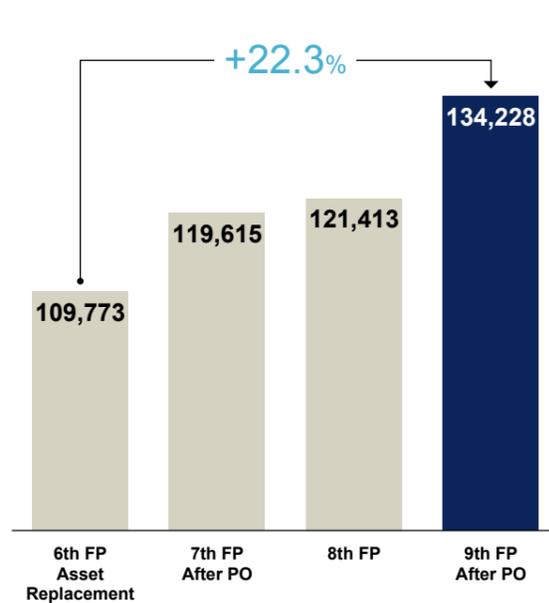
These remain unprecedented times but LLR is confident in the strength of its fundamentals, the skill of its team, and the versatility of its unique platform.

## Achieved Annual DPU Exceeding Targeted Growth Rate of 4%

DPU After One Time Adjustments (yen)



NAV Per Unit (yen)



Q2

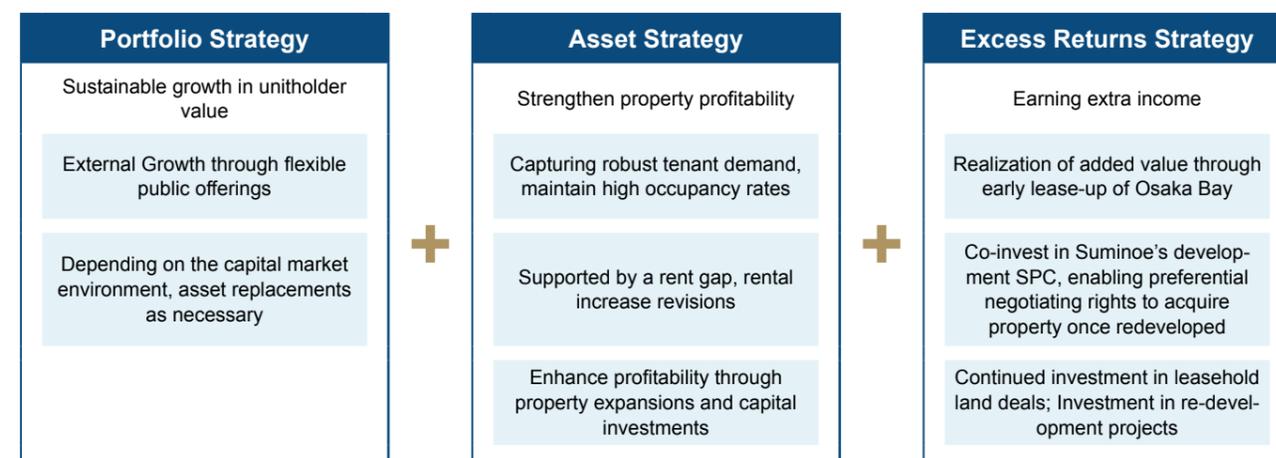
Going forward, is there any change to the three components of LLR's active management strategy, namely the portfolio, asset, and excess returns strategies?

LLR uses these three categories to organize its overarching strategy of active management to achieve an annual DPU growth rate of over 4%. Each category's strategy contributes to this figure: 1% in the case of portfolio and assets, and 2% in the case of excess returns.

Despite the turmoil of 2020, LLR calculates that it can continue to hit these numbers in each area. Thus, there is no change in LLR's stated goals of delivering on its 4% DPU growth target.

## Management Strategies Enabling Continued Growth in Unitholder Value

Aim for Average Annual DPU Growth of Over 4%



The goal of the portfolio strategy is to capitalize acquisition opportunities with the most appropriate means of capital at the point in time when an acquisition is ready. It does this through a combination of external growth via public offerings, debt-financed acquisitions, and, if warranted, via asset replacement (i.e. where an acquisition could be capitalized by the disposition proceeds raised via a sale or a transfer). In August 2020, LLR conducted its third public offering, and as a global 144A formatted offering. It has been an exciting past few months for LLR, raising 48 billion yen that it used to acquire four large new logistics facilities, where the cash flows from these properties would start flowing through LLR starting from the beginning of the 10th fiscal period.

These four facilities, located in the Tokyo and Osaka areas, are LOGIPORT Kawasaki Bay, LOGIPORT Shinmoriya, LOGIPORT Amagasaki, and LOGIPORT Sakai. At the time of its construction completion, Kawasaki Bay was the largest multi-tenant logistics facility in Japan. LOGIPORT Shinmoriya is located within walking distance of residential neighborhoods, making it easy to secure laborers. LOGIPORT Sakai's accessibility allows it to serve a large swathe of Osaka, and LOGIPORT

Amagasaki has the potential to increase its hazardous material storage area (a higher-rent feature) because there is some un-used floor area ratio ("FAR") available at the subject site. The total acquisition price was 76.4 billion yen, average appraisal NOI yield was 4.8%, average age was 1.9 years, and average occupancy rate was 99.5%.

The public offering and asset acquisition meant that LLR's AUM grew to 317.8 billion yen, raising concerns from some investors that this AUM growth might stunt DPU growth potential going forward. By potentially incorporating an asset replacement strategy, it is possible for LLR to keep its AUM growth on a steady pace, all the while prioritizing dividend growth as the key driver for the barometer of success. LLR is not intending to grow its AUM size just for the sake of growing AUM, and LLR's re-oriented asset management fee structure which aligns incentives with dividend and NAV growth is a true testament to where its priorities lie.

That said, LLR's property pipeline is currently worth about 170 billion yen, affording numerous future opportunities for external growth. Even now, it has five deals totalling 600,000m<sup>2</sup> in sponsor-developed projects that will

# LLR's fundamentals remain strong as COVID-19 situation gains clarity

contribute to stable income revenue, and three excess return strategy deals - one lease-up deal underway (LOGIPORT Osaka Bay) and two leasehold land to redevelopment plays (Suminoe and Higashi Ogishima). LLR intends to maintain its 4% annual DPU target by continuing to acquire stable sponsor-developed projects and excess value-add projects without resorting to mixing in

older properties or those located in secondary and tertiary markets. But because cap rates have fallen since the start of the pandemic (partially explaining the 130-basis-point spread between appraisal NOI yield and implied cap rate in the 9th fiscal period), much of the relative success in execution also comes down to LLR's asset and excess returns strategies.

## Third Public Offering Summary

### Overview of the Capital Raise

Offering format	: Global Public Offering (Reg S + U.S. 144A)
Pricing Date	: Tuesday, August 25, 2020
Issue price	: 176,677 yen
# of units issued	: 275,000 units
Total offering amount	: Approx. 48.5 billion yen (including OA)

Note 1: Calculated by dividing the appraisal NOI by the acquisition price  
 Note 2: As of August 31, 2020.

## Outline of Properties Acquired

Total Acquisition Price	<b>76.4 bn yen</b>
Appraisal NOI Yield <sup>(Note 1)</sup>	<b>4.8 %</b>
Avg. age <sup>(Note 2)</sup>	<b>1.9 years</b>
Occupancy <sup>(Note 2)</sup>	<b>99.5 %</b>



## Q3 What did the asset strategy achieve this period?

LLR's asset strategy is to increase existing property profitability. It does this by capturing tenant demand to achieve and maintain high occupancy rates while also increasing rent, expanding properties, and investing capital in improvements to yield higher rents.

Thankfully, the impact of COVID-19 on rents, and by extension cash flow, has been negligible. While one tenant was granted a rent deferral on half of their rent for two months, the amount was taken from the tenant's security deposit, so from the REIT's perspective, there was no impact on cash flows. After the two months were up, the tenant was required to replenish its security deposit reserve in four equal installments, and that has now been collected in full as well. Moreover, LLR does not expect to receive any other future payment deferral requests or rent reduction requests. Portfolio occupancy remained at a high 99.0% throughout the fiscal period, representing its highest level

since LLR's listing, and is expected to remain high even when contracts renew in the 10th fiscal period.

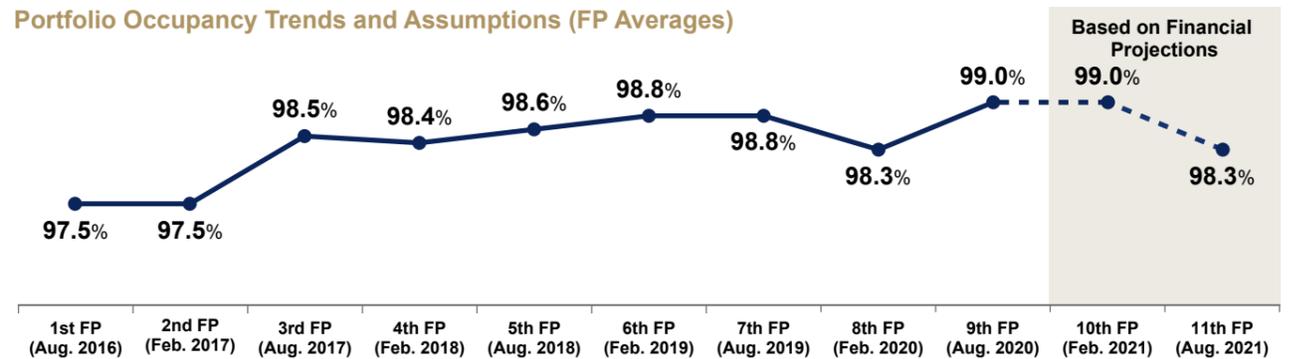
Overall market vacancy is at historical lows, making it easier to raise rents. LLR increased rents by 7.2% for the leases which came to maturity in the 9th fiscal period, its largest mark-to-market increase since listing. As there is a rent gap of around 5% across the entire portfolio, it expects to be able to continue raising rent, even after COVID-19 abates and places less upward pressure on the logistics industry. There are approximately 108,000m<sup>2</sup> of leases expiring in the 10th fiscal period, and LLR anticipates to raise rents by an average of 4.6%, and among these lease rollovers LLR has already obtained informal agreements for 84% of upcoming renewals.

Another way in which LLR achieves internal growth in its asset strategy is through strategic capital expenditures.

## Highest Portfolio Occupancy Rate Since Listing of 99.0%

### Asset Strategy Impact of COVID-19 on Cash Flow Will be Minimal

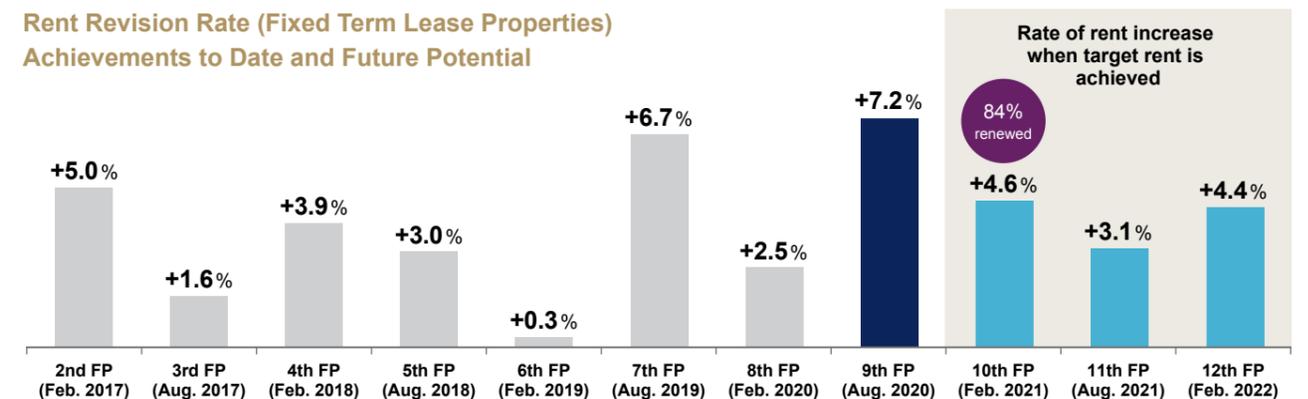
#### Portfolio Occupancy Trends and Assumptions (FP Averages)



## Continuing Momentum in Upward Rent Revisions

### Asset Strategy Steady Progress in Eliminating Rent Gap

#### Rent Revision Rate (Fixed Term Lease Properties) Achievements to Date and Future Potential



# LLR's fundamentals remain strong as COVID-19 situation gains clarity

This period, it converted the lighting fixtures for some tenants located at LOGIPORT Higashi Ogishima A to LEDs, reducing the tenant's electricity cost, which in turn helped facilitate an increase in rents despite the fact that the existing tenant was on Japanese standard lease terms. It installed solar panels at LOGIPORT Sakai Chikko Shinmachi that can be rented out to power companies for extra profit margins. LOGIPORT Sakai Chikko Shinmachi is the 10th of LLR's 17 properties to implement

solar panels, but it was the first property to incorporate this scheme. Finally, it will expand the hazardous material warehouse section of LOGIPORT Amagasaki using available floor-area ratio, as hazardous material storage is a high-spec area that can garner higher rents. In these ways, LLR is not only growing externally through acquisition but seeking out every possible way to maximize profit from within its existing portfolio.

## Accelerating Internal Growth through Strategic Capital Investment

### Asset Strategy Measures Taken to Raise Profitability of Owned Assets

Increase in rent from standard lease tenant by converting to LEDs	Installation <sup>(Note)</sup> of solar panels	Expansion (planned) <sup>(Note)</sup> of hazardous material warehouse																						
<p><b>LP Higashi Ogishima A</b></p> <p>In exchange for reductions in electricity costs due to the conversion of lighting to LEDs, rent increase from a standard lease tenant was achieved</p> <table border="1"> <tr> <td>Investment amount</td> <td><b>6 million yen</b></td> </tr> <tr> <td>Warehouse rent/tsubo</td> <td><b>+3%</b></td> </tr> <tr> <td>Timing</td> <td>From September 2020 onward</td> </tr> </table>	Investment amount	<b>6 million yen</b>	Warehouse rent/tsubo	<b>+3%</b>	Timing	From September 2020 onward	<p><b>LP Sakai Chikko Shinmachi</b></p> <p>Solar panels were installed on the roof. Realized an increase in revenues from rental income from electricity sellers.</p> <table border="1"> <tr> <td>Investment amount</td> <td><b>214 million yen</b></td> </tr> <tr> <td>Assumed NOI</td> <td><b>20 million yen</b></td> </tr> <tr> <td>Assumed ROI</td> <td><b>9%</b></td> </tr> <tr> <td>Timing</td> <td>From September 2020 onward</td> </tr> </table>	Investment amount	<b>214 million yen</b>	Assumed NOI	<b>20 million yen</b>	Assumed ROI	<b>9%</b>	Timing	From September 2020 onward	<p><b>LP Amagasaki</b></p> <p>Utilize unused FAR to expand a hazardous material warehouse on the site and aim to obtain additional income</p> <table border="1"> <tr> <td>Investment amount</td> <td><b>556 million yen</b></td> </tr> <tr> <td>Assumed NOI</td> <td><b>65 million yen</b></td> </tr> <tr> <td>Assumed ROI</td> <td><b>11%</b></td> </tr> <tr> <td>Timing</td> <td>From October 2020 onward</td> </tr> </table>	Investment amount	<b>556 million yen</b>	Assumed NOI	<b>65 million yen</b>	Assumed ROI	<b>11%</b>	Timing	From October 2020 onward
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Timing	From October 2020 onward																							

Note: Figures are estimates as of the date of this document, and are subject to change in the future.

### Q4 What were the fruits of the excess returns strategy this period?

Finally, LLR's excess returns strategy is to earn extra income not captured by its mainstay business. Right now, this strategy's two flagship projects are LOGIPORT Osaka Bay and Suminoe.

At Osaka Bay, LLR's goal is to lease up the property as quickly as possible so that it can begin contributing to earnings. Although leasing activities were forced to pause during Japan's state of emergency declaration from April to May, currently 62.7% of the facility has been contracted (it was struggling around 12% when LLR first invested) and it is on track for fully stable occupancy by the end of the year. This means that it will begin contributing to earnings in the fiscal year ending August 2021.

At Suminoe, LLR's goal is to generate excess earnings with a new redevelopment. After acquiring the land interest in May 2019, this period it transferred the land interest to a development special purpose company ("SPC") in preparation for its redevelopment phase. Having

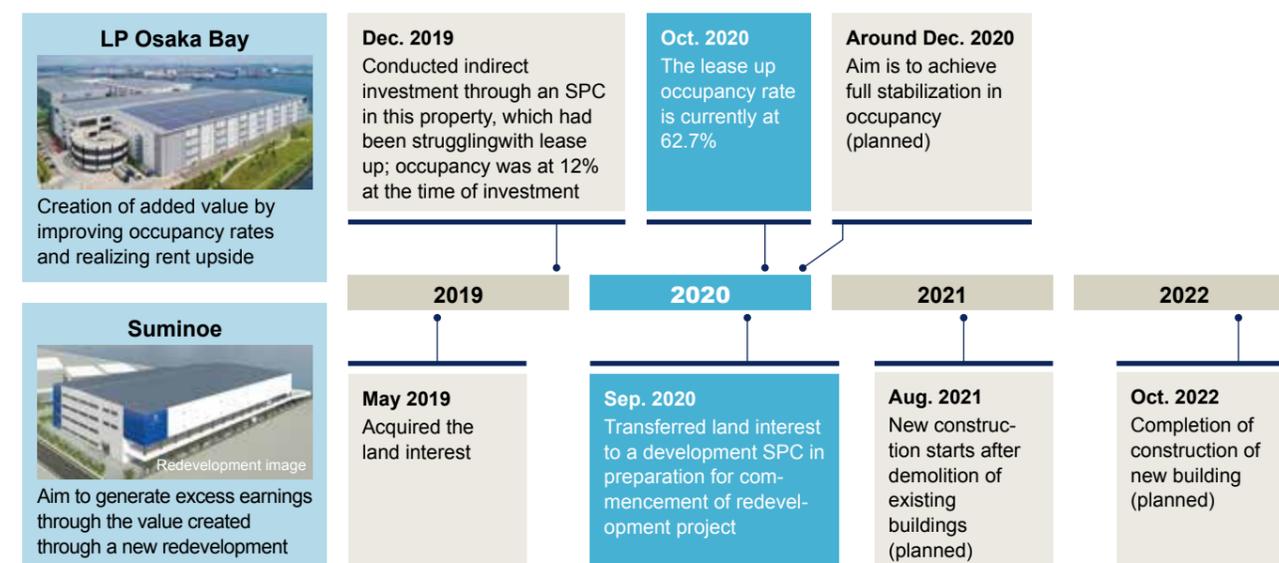
co-invested in Suminoe's development SPC, it has preferential negotiating rights to acquire the property once it is redeveloped. The next phase is demolition and then construction in August 2021 with completion scheduled for October 2022.

Both LOGIPORT Osaka Bay and Suminoe are expected to be acquired at an attractive cap rate, and indeed it is thanks to LLR's excess returns strategy that it can consistently acquire properties with such accretive yields. It was able to acquire the four properties mentioned earlier at an average NOI yield of 4.8%, producing a 130-basis-point spread between appraisal NOI yields and LLR's implied cap rate, while the logistics J-REIT average was 4.3%. Comparable private real estate transactions suggest that cap rates will continue to tighten, so LLR will depend on its excess returns strategy, namely, investing in lease-up value-add and leasehold redevelopment projects, to maintain a wider spread.

## Steady Progress in Efforts to Acquire Excess Earnings

### Excess Returns Strategy

### Two Projects in Progress - Logiport Osaka Bay and Suminoe (Land with Leasehold Interest)



### Q5 Do you have any closing remarks for LLR's investors?

At the end of the last fiscal period, uncertainty was at an all-time high due to COVID-19, and LLR focused on assuming a defensive posture. Several months into the pandemic, banking institutions' lending attitudes toward J-REITs have not changed substantially and financial markets continue to function relatively normally, so LLR considers it prudent to take a somewhat more offensive stance.

This includes the recent capital raise, which exceeded expectations and facilitated a series of attractive acquisitions. It is bolstered by this period's strong DPU, also higher than expected, with potential for further growth. It extends to raising rents, ensuring that any necessary COVID-19 measures regarding payment do not affect the bottom line, and spending capital to make LLR's facilities even more attractive. Finally, going on offense means becoming more creative in our strategy for garnering excess returns from lease-up value-add and leasehold redevelopment plays.

This final point in particular depends on LaSalle's unique strength – its deep knowledge of logistics entitlements and development – and Japanese corporations have shown a willingness to initiate such conversations in order to show profits in their upcoming fiscal periods, so LLR will pursue such leasehold redevelopments as its competitive advantage.

All in all, at the end of this 9th fiscal period, LLR finds itself with strong liquidity, both in terms of acquisition capacity and debt capacity, to continue to execute its active management strategy and its three pillars. Tenant demand is on the rise due not only to the re-acceleration of e-commerce amid the COVID-19 pandemic but also due to the further automation of warehouses. This is attracting new market participants, but LLR will continue to deliver unitholder value in this competitive logistics real estate market.

Thank you for your commitment to LLR thus far and for your continued support for our endeavors.

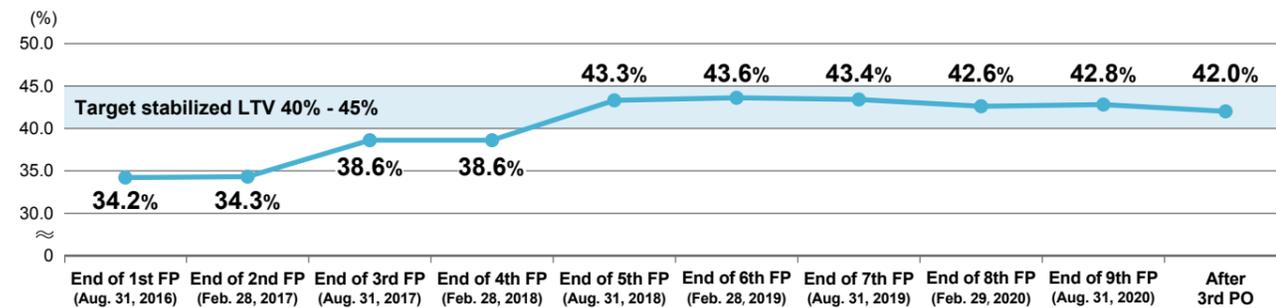
# Financial Strategy (After 3rd PO)

## Debt Summary

<b>Ratio of interest-bearing debt to total assets (LTV) (Note 1)</b>	<b>42.0%</b>	<b>Long-term issuer rating (Japan Credit Rating Agency, Ltd.)</b>	<b>AA- (Stable)</b>
<b>Average remaining years of debt</b>	<b>4.8 years</b>	<b>Fixed rate ratio</b>	<b>92.6%</b>

Note 1: Calculated by dividing interest-bearing debt by total assets.

## LTV Management

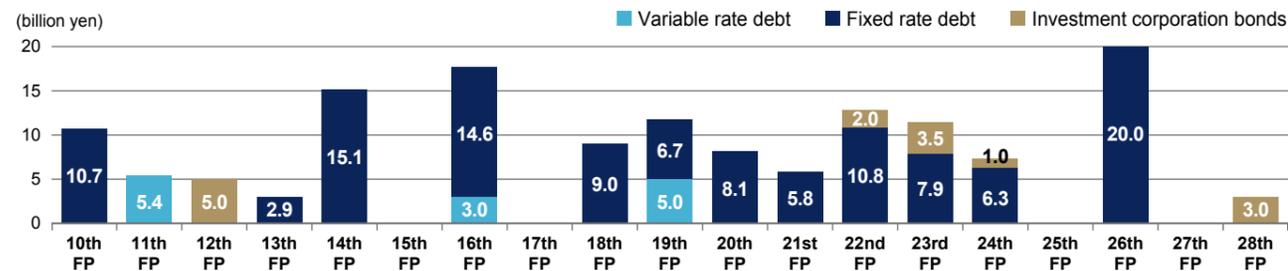


## Breakdown of Interest-Bearing Debt (by financial institution)

Financial Institution	Share
MUFG Bank	21.9%
Mizuho Bank	17.3%
Sumitomo Mitsui Banking	15.6%
Sumitomo Mitsui Trust Bank	10.9%
Development Bank of Japan	7.6%
Resona Bank	4.0%
Shinsei Bank	4.0%
Fukuoka Bank	3.5%
Nomura Trust Bank	1.7%
Nishi Nippon City Bank	1.4%
Chugoku Bank	1.4%
77 Bank	0.6%
Investment corporation bonds	10.1%

<b>Lenders:</b>	<b>12 banks</b>	<b>Total:</b>	<b>143.5 bn yen</b>
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## Diversification of Repayment Dates



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

	8th FP actuals	9th FP actuals	
<b>Property Level</b>			
<i>(in millions of yen unless otherwise specified)</i>			
<b>Number of Properties</b>	16	16	
<b>Real estate leasing revenues</b>			
RENT + CAM + Parking + Leased Roof + Other Income	6,899	7,083	← Increase in occupancy rate
Utilities charge reimbursement	330	347	
<b>Total real estate leasing revenues</b>	<b>7,230</b>	<b>7,430</b>	
<b>Real estate leasing expenses (Excluding depreciation)</b>			
Outsourced contract costs	-412	-336	← Decrease in leasing costs upon re-contracting
Utilities expenses	-320	-328	← Transfer to CAPEX, cost reductions and no implementation of preliminary repairs
Repair and maintenance	-177	-81	← Absence of boosting effect from not yet expensing real estate taxes on assets acquired in 7th FP and 8th FP
Taxes and public dues	-449	-670	
Other leasing expenses	-49	-58	
<b>Total real estate leasing expenses</b>	<b>-1,410</b>	<b>-1,474</b>	
<b>NOI (excluding dividend income and gain or loss on sales)</b>	<b>5,819</b>	<b>5,956</b>	
Depreciation expense	-921	-930	
<b>NOI after depreciation</b>	<b>4,898</b>	<b>5,026</b>	
Dividend income	798	-	← Absence of dividend on preferred shares from Amagasaki TMK
Gain on sales of real estate properties	729	-	← Absence of gain on sale of LP Nagareyama A and LP Hiratsuka Shinmachi
<b>Corporate Level</b>			
<b>Corporate level expenses</b>			
Asset management fee	-1,047	-877	← Decrease in the performance-linked portion
Asset custody and administrative fee	-34	-32	
Directors' compensations	-3	-3	
Audit fee	-12	-12	
Other operating expenses	-94	-33	
<b>Total corporate level expenses</b>	<b>-1,192</b>	<b>-959</b>	
<b>Operating Profit</b>	<b>5,233</b>	<b>4,066</b>	
<b>Non-operating income</b>			
Interest income and interest on refund	6	4	
<b>Non-operating expenses</b>			
Interest expenses	-274	-277	
Interest expenses on investment corporation bonds	-26	-35	
Amortization of deferred organization expenses	-3	-3	
Amortization of investment corporation bond	-5	-6	
Amortization of investment unit issuance expenses	-7	-7	
Investment unit public offering expenses	-27	-	
Borrowing related expenses	-117	-75	
Loss on redemption of investment securities	-16	-	
<b>Total non-operating expenses</b>	<b>-479</b>	<b>-406</b>	
<b>Ordinary Income</b>	<b>4,760</b>	<b>3,664</b>	
Income taxes	-0	-0	
<b>Net Income</b>	<b>4,759</b>	<b>3,663</b>	
Retained earnings brought forward	0	0	
<b>Unappropriated retained earnings</b>	<b>4,759</b>	<b>3,663</b>	
<b>DPU Summary</b>			
Unappropriated retained earnings	4,759	3,663	
Total number of investment units issued and outstanding (unit)	1,363,000	1,363,000	
<b>EPU (yen per unit)</b>	<b>3,492</b>	<b>2,688</b>	
Acc. depr. for the current FP - Acc. Depr. of the previous FP	808	930	
About 30% of the above	242	278	
Total number of investment units issued and outstanding (unit)	1,363,000	1,363,000	
<b>Distributions in excess of EPU (yen per unit)</b>	<b>178</b>	<b>204</b>	
EPU (yen per unit)	3,492	2,688	
Distributions in excess of EPU (yen per unit)	178	204	
<b>DPU (yen per unit)</b>	<b>3,670</b>	<b>2,892</b>	
<b>Yield Summary</b>			
NOI (Annualized = NOI x 2) (Note 2)	11,639	11,913	
NOI After depreciation (NOI After depr. x 2) (Note 2)	9,796	10,052	
Acquisition price	245,686	245,686	
<b>NOI yield</b>	<b>4.7%</b>	<b>4.8%</b>	NOI / acquisition price
<b>After depreciation NOI yield</b>	<b>4.0%</b>	<b>4.1%</b>	NOI after depreciation / acquisition price
Tangible fixed asset book value	245,242	244,714	
<b>NOI yield</b>	<b>4.7%</b>	<b>4.9%</b>	NOI / tangible fixed asset book value
<b>After depreciation NOI yield</b>	<b>4.0%</b>	<b>4.1%</b>	NOI after depreciation / tangible fixed asset book value
Appraisal value	271,190	271,640	
<b>Unrealized capital gain</b>	<b>25,947</b>	<b>25,925</b>	Appraisal value - tangible fixed asset book value
<b>Unrealized capital gain ratio</b>	<b>10.6%</b>	<b>11.0%</b>	Unrealized capital gain / tangible fixed asset book value

Note 1: These figures use numerical values based on management accounting and may differ from values based on financial accounting.  
 Note 2: NOI and NOI after depreciation do not take into account the impact of the acquisitions and disposition of properties made during the year.

# Prime Logistics Report

## Tokyo and Osaka are Target Markets

### Prospective Portfolio Composition



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

## Characteristics of "Prime Logistics"

### Suitable Sites

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

### Large Scale

1. In general, GFA is greater than 16,500m<sup>2</sup>

### High Specifications

1. Effective ceiling heights are greater than 5.5m, floor loads can handle in excess of 1.5 t/m<sup>2</sup>, 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

**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.

**Flexible Partitioning of Bays**  
Designed with truck berths, vertical conveyor layouts, fire prevention compartmentalization.

**Office Space**  
Ample office space.

**Seismic Isolation/ Earthquake Resistance**  
Providing seismic isolation and earthquake resistance performance.

### Environmental, Energy Efficiency

Solar panels for renewable energy utilization

Exterior walls, sandwich panel system for thermal insulation and watertightness

Automatic lighting sensors for corridors and bathrooms

Obtained S and A rankings, based on CASBEE evaluation

### Security Measures

24-7, 365 days, fire prevention center

### Ample Amenities

Cafeteria space for employees during breaks

Convenience stores 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

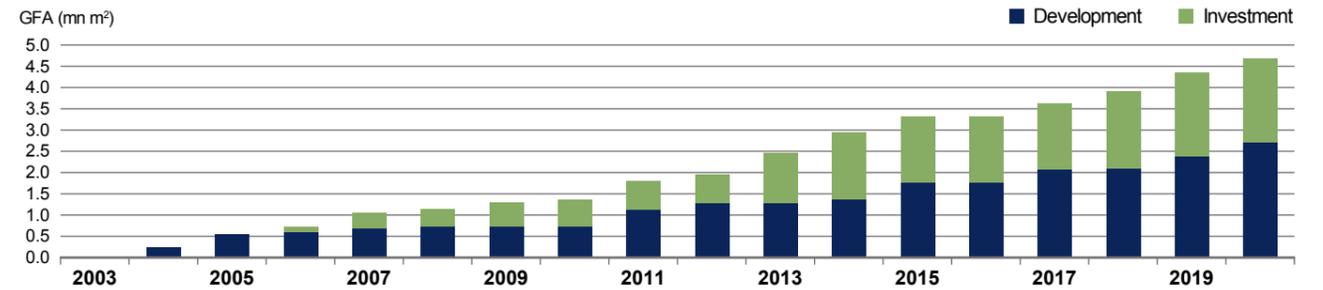
### Robust Experience in Development, Investment, and Leasing <sup>(Note 1)</sup>

Cumulative development <sup>(Note 2)</sup>	Approx. 2.70 mn m <sup>2</sup>	Leasing experience	Approx. 3.91 mn m <sup>2</sup>
Cumulative acquisitions	Approx. 1.98 mn m <sup>2</sup>	Large scale development share within Tokyo <sup>(Note 3)</sup>	Approx. 15%

Note 1: As of August 31, 2020.

Note 2: Includes properties scheduled to be developed.

### Development/Investment Area (cumulative base) <sup>(Note 2)</sup>



Note 3: Source: Rental Logistics Facilities with Gross Floor Area of at Least 100,000m<sup>2</sup> Developed by Private-Sector Companies and Located in the Tokyo Metropolitan Area (as of June 30, 2020) 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

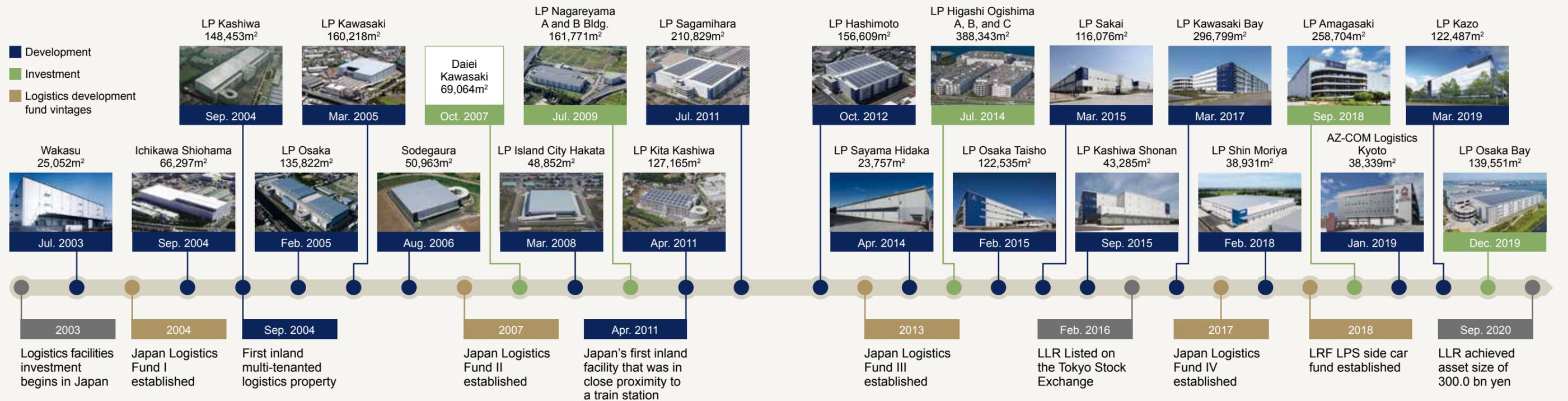
Formed a development fund specialized in logistics properties in 2004, when the industry was being created

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

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

### One of Japan's largest multi-tenanted logistics facilities\*

One of Japan's largest multi-tenanted logistics facilities (LP Kawasaki Bay) completed in June 2019



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 above the photos in the above chart indicates the gross floor area of respective properties.

Note 3: As of the date of this document, LLR has not decided acquisition of any of the properties in the above chart, and there is no guarantee that LLR can acquire it in the future.

Note 4: The floor areas of buildings are based on the building certificates and drawings, etc. and may not be identical with the floor areas in the registry.

Note 5: The building names are what the LaSalle Group uses to identify each property, and may not be identical with the current names.

# The LaSalle Group's Initiatives on Sustainability

## Initiatives on Sustainability

At the LaSalle Group, in addition to being an industry leader in promoting sustainability through various organizations, an in-house Global Sustainability Committee has been established, which is conscious of the challenges involved with environmental (E), societal (S), and governance (G) (collectively "ESG") best practices and these measures are being incorporated on a group-wide basis.

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



GRESB Member



Member of the United Nations Environment Programme Finance Initiative ("UNEP FI")



Founding Member of the ULI Greenprint Center



The LaSalle Group agrees to the recommendations made by the Task Force on Climate-Related Financial Disclosures ("TCFD")



## LaSalle's System for Promoting ESG

### Promotion of ESG by Global Top Management

- The Global CEO of LaSalle Group serves as the chairperson of the Global Sustainability Committee and promotes ESG on a company-wide basis together with a dedicated Global ESG Officer (Global Sustainability Officer).
- Under the direction of the Global ESG Officer and ESG officers in each region, LaSalle Group implements ESG factors incorporated in the investment process in its daily investment and management activities.

## Management Fee Structure Linked to Unitholder Value

### Management Fee Structure of the Asset Manager

#### Management Fees during the Period

- Asset Management Fee I  
NOI (including gain or loss on sale) × 10% (maximum rate)
- Asset Management Fee II  
Net income before tax × Adjusted EPU × 0.002% (maximum rate)
- Asset Management Fee III  
Adjusted NAV × NAV per unit in the immediately preceding fiscal period × 0.6% (maximum rate)

#### Acquisition Fee

- Sales price in the case of acquisition of real estate-related assets × 1.0% (maximum rate)

#### Merger Fee

- Appraisal value of real estate-related assets owned by the counterparty in consolidation-type merger or absorption-type merger × 1.0% (maximum rate)

## Align Unitholder Interests with LaSalle Group Interests

<b>Holding of 47,700 investment units</b>	Same-boat investment in LLR by LaSalle Group and JLL
<b>Investment Unit Ownership Association Program</b>	Covering the directors and employees of the sponsor and the Asset Manager The representative director of the sponsor and all full-time directors of the Asset Manager have joined the program
<b>LLR's system for acquisition of treasury units</b>	Regulations on acquisition and retirement of treasury units are established in the Asset Management Guidelines

## Certifications and Acknowledgements Awarded to LLR

GRESB Real Estate Assessment



SMBC Environmental Consideration Rating



J-REITs' ESG Evaluation Conducted by MUFG and Supported by JCR



### CASBEE Building Evaluation



Property No.	Property Name	Certification
Tokyo-1	LOGIPORT Hashimoto	S Rank
Tokyo-2	LOGIPORT Sagami-hara	S Rank
Tokyo-3	LOGIPORT Kita Kashiwa	S Rank
Tokyo-5	LOGIPORT Nagareyama B	S Rank <b>NEW</b>
Tokyo-6	LOGIPORT Higashi Ogishima A	A Rank
Tokyo-7	LOGIPORT Higashi Ogishima B	A Rank
Tokyo-8	LOGIPORT Higashi Ogishima C	A Rank
Tokyo-9	LOGIPORT Kawagoe	A Rank
Tokyo-11	LOGIPORT Kashiwa Shonan	S Rank <b>NEW</b>
Tokyo-12	LOGIPORT Sayama Hidaka	S Rank <b>NEW</b>
Tokyo-14	LOGIPORT Kawasaki Bay	S Rank
Tokyo-15	LOGIPORT Shinmoriya	A Rank
Osaka-1	LOGIPORT Sakai Minamijimacho	S Rank <b>NEW</b>
Osaka-2	LOGIPORT Sakai Chikko Shinmachi	S Rank <b>NEW</b>
Osaka-3	LOGIPORT Osaka Taisho	S Rank <b>NEW</b>
Osaka-5	LOGIPORT Amagasaki	S Rank

Building-Housing Energy-efficiency Labeling System ("BELS")



Osaka-1 LP Sakai Minamijimacho

Ranking ★★★★★  
ZEB Ready

## Green Bonds

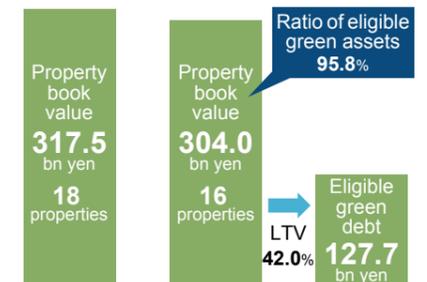
LLR's policy is to allocate proceeds from green bonds to the acquisition of eligible green assets meeting the eligibility criteria, repair work for green assets or repayment of loans or redemption of investment corporation bonds allocated to such.

### Status of 1st Green Bond Issuance

Issue amount	Interest rate	Issue date	Redemption date
3.0 bn yen	0.59%	February 20, 2020	February 20, 2030

Note: The above amount has been fully allocated to refinancing of funds borrowed to acquire eligible green assets.

### Eligible Green Assets



## Foodbank Donations

LLR works to donate food items nearing expiration (three months or more remaining until the expiration date) from the stockpile at LP Hashimoto and LP Sagami-hara to Food Bank Kanagawa.

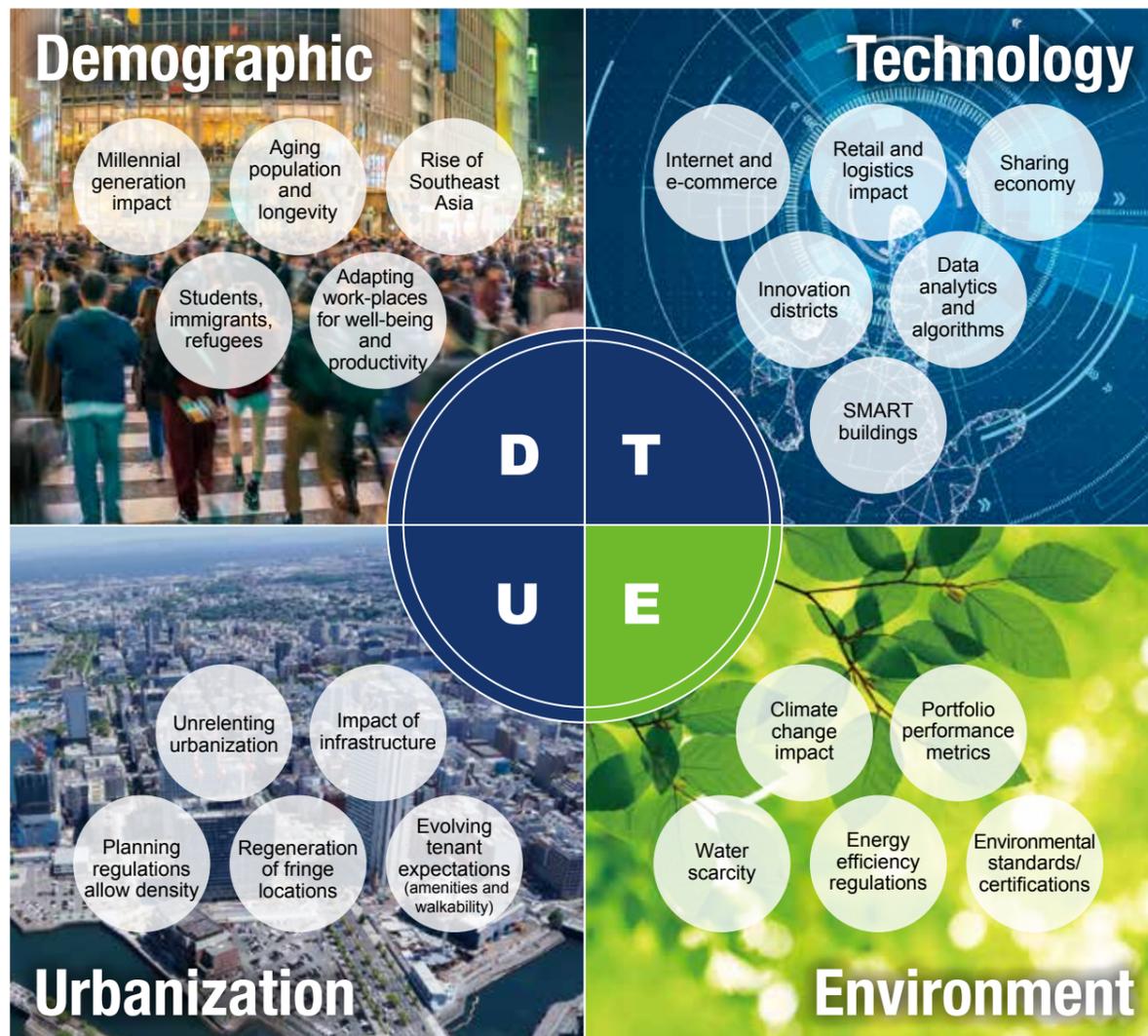


# The LaSalle Group's Initiatives on Sustainability

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

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

## Secular Demand Drivers for Real Estate DTU + E



# Portfolio Summary

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

### Overview of the Portfolio <sup>(Note)</sup>

Asset size	<b>317.8 bn yen</b>	Tokyo area/ Osaka area	<b>100%</b>
Total GFA	<b>1.90 mn m<sup>2</sup></b>	No. of properties	<b>18 properties</b>
Appraisal NOI yield	<b>4.9%</b>	Occupancy rate	<b>99.2%</b>

Figures as of August 31, 2020 for 18 assets (the assets owned by LLR as of September 30, 2020).

## Characteristics of the Portfolio

### Investment Area Ratios <sup>(Note)</sup>

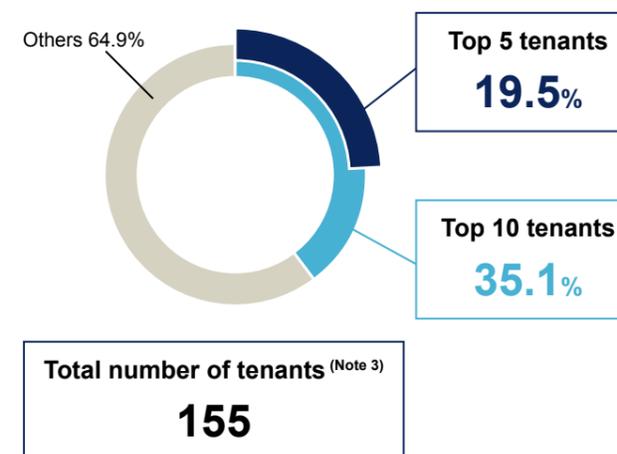
<b>LLR</b>			
Tokyo, Saitama, Chiba, Kanagawa	<b>71.5%</b>	Kyoto, Osaka, Hyogo	<b>28.5%</b>
<b>J-REIT average (logistics only)</b>			
Tokyo, Saitama, Chiba, Kanagawa	<b>61.9%</b>	Kyoto, Osaka, Hyogo	<b>19.5%</b>
		Other	<b>18.6%</b>

### Average GFA <sup>(Note)</sup>

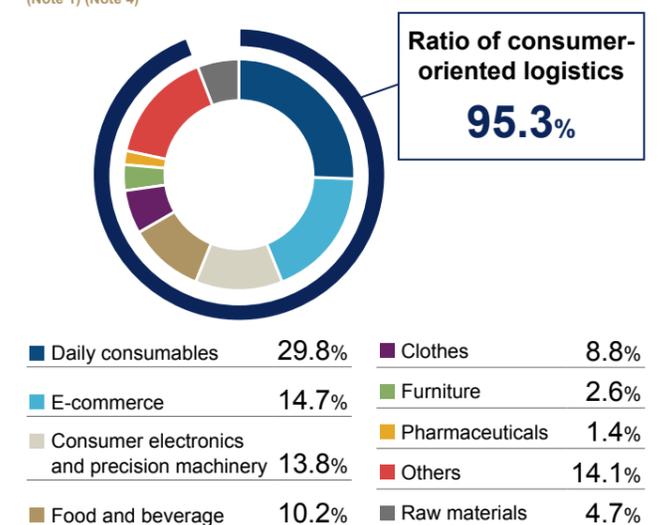
<b>LLR</b>	
	<b>105,694m<sup>2</sup></b>
<b>J-REIT average (logistics only)</b>	
	<b>45,049m<sup>2</sup></b>

Note: "Investment Area Ratios" and "Average GFA" are Calculated based on the figures for 17 assets (the assets owned by LLR as of September 4, 2020 excluding leasehold land assets).

### Tenant Diversification <sup>(Note 1) (Note 2)</sup>



### Diversification of End Users by Business Type <sup>(Note 1) (Note 4)</sup>



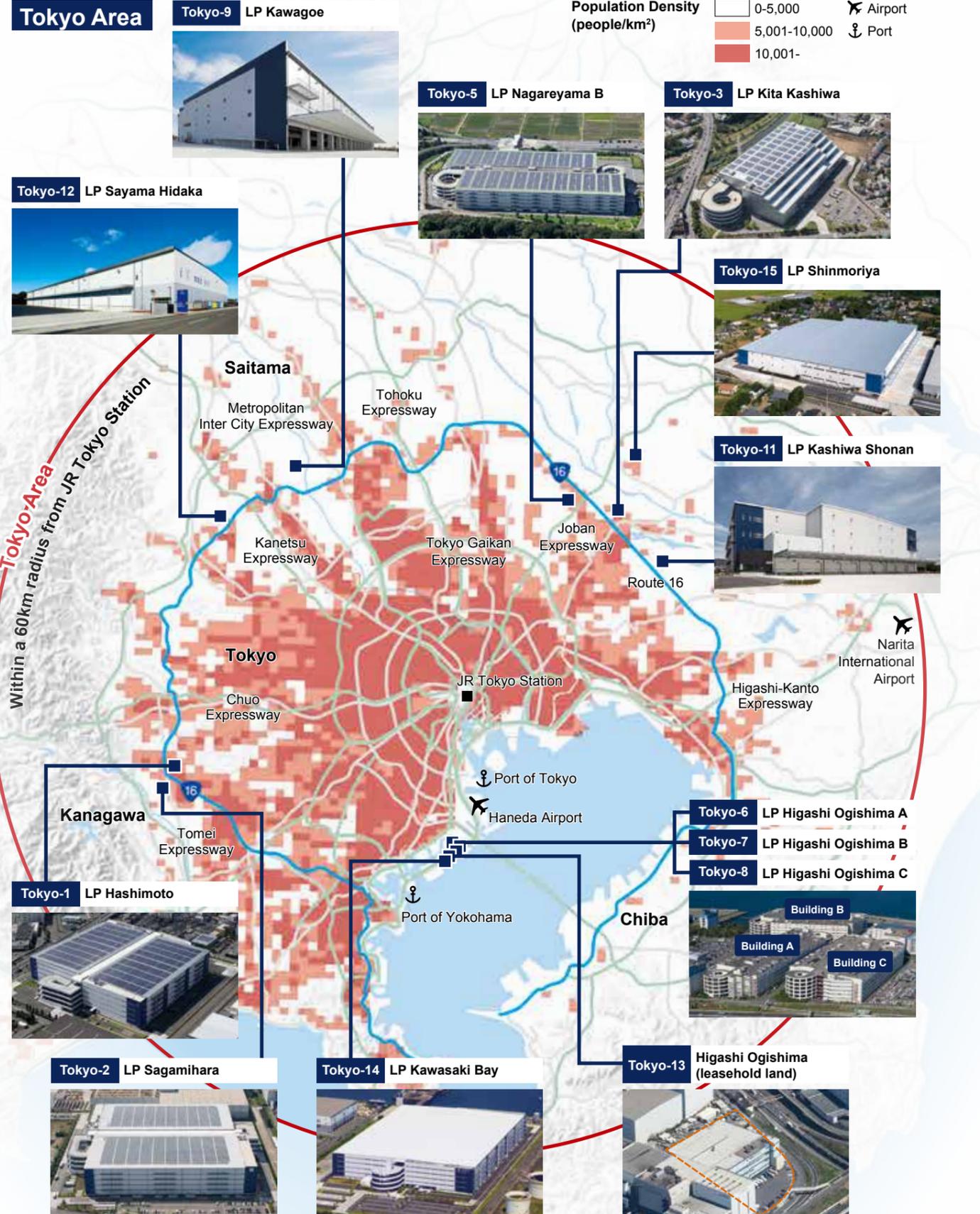
Note 1: Calculated based on the figures as of August 31, 2020 for 17 assets (the assets owned by LLR as of September 30, 2020 excluding leasehold land assets).

Note 2: Based on leased area.

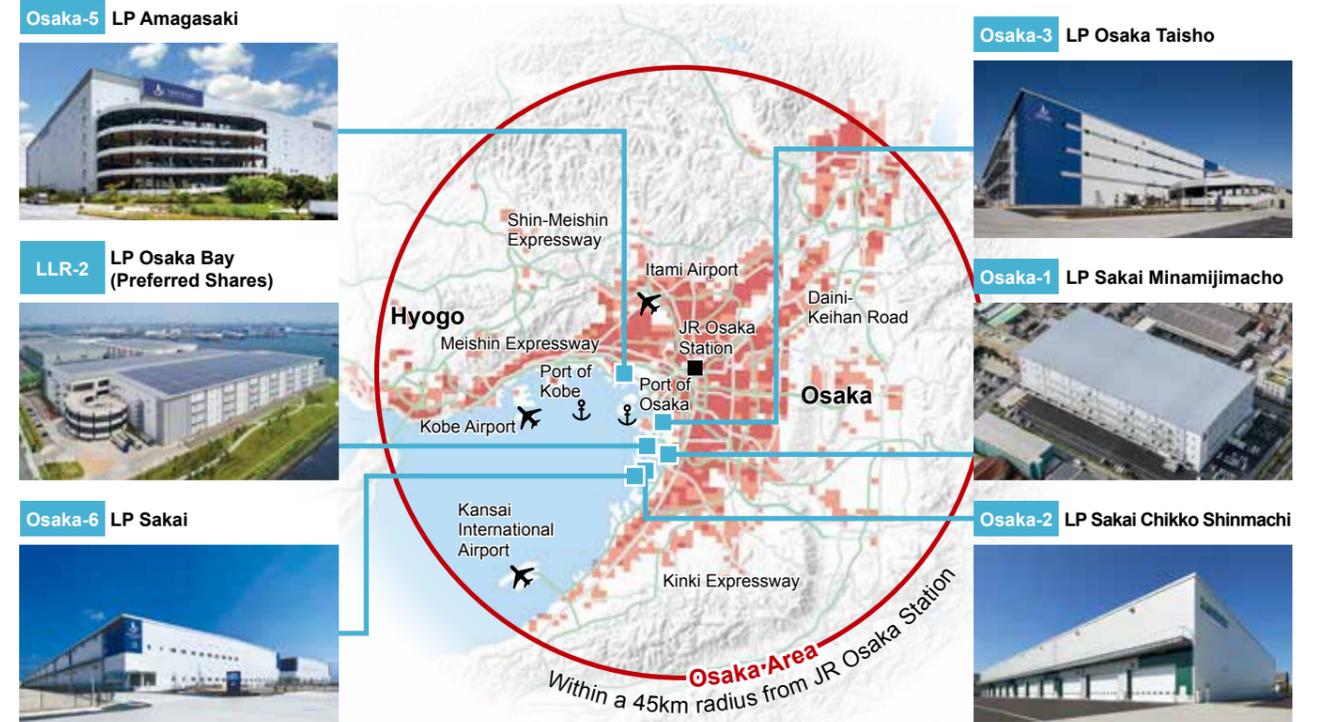
Note 3: The figure includes tenant overlaps; the net number of tenants without counting overlapping tenants multiple times is 137.

Note 4: Calculated on the basis of leased area (for warehouse sections only).

# Portfolio Maps



# Osaka Area



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

## Portfolio List

Property No.	Property Name	Location	GFA (m <sup>2</sup> )	Acquisition Price (billion yen)	Appraisal Value (Note 2) (billion yen)	Property Age (Note 3) (years)	PML (Note 4) (%)
Tokyo-1	LOGIPORT Hashimoto (Note 5)	Sagamihara, Kanagawa	145,801	21.2	23.3	6	1.3
Tokyo-2	LOGIPORT Sagamihara (Note 5)	Sagamihara, Kanagawa	200,045	23.0	25.5	7	0.5
Tokyo-3	LOGIPORT Kita Kashiwa	Kashiwa, Chiba	104,302	25.3	29.5	8	0.9
Tokyo-5	LOGIPORT Nagareyama B	Nagareyama, Chiba	133,414	26.6	30.2	12	2.3
Tokyo-6	LOGIPORT Higashi Ogishima A	Kawasaki, Kanagawa	100,235	19.0	19.9	33	6.5
Tokyo-7	LOGIPORT Higashi Ogishima B	Kawasaki, Kanagawa	117,546	19.1	21.6	29	6.2
Tokyo-8	LOGIPORT Higashi Ogishima C	Kawasaki, Kanagawa	116,997	23.7	25.7	19	6.3
Tokyo-9	LOGIPORT Kawagoe	Kawagoe, Saitama	50,742	11.9	12.2	10	4.4
Tokyo-11	LOGIPORT Kashiwa Shonan	Kashiwa, Chiba	40,878	9.3	10.4	2	1.6
Tokyo-12	LOGIPORT Sayama Hidaka	Hidaka, Saitama	23,570	6.4	6.5	5	3.5
Tokyo-13	Higashi Ogishima (leasehold land)	Kawasaki, Kanagawa	-	1.1	1.6	-	-
Tokyo-14	LOGIPORT Kawasaki Bay (Note 5)	Kawasaki, Kanagawa	289,164	32.2	34.1	1	3.3
Tokyo-15	LOGIPORT Shinmoriya	Tsukubamirai, Ibaraki	37,089	8.5	9.1	1	0.9
Osaka-1	LOGIPORT Sakai Minamijimacho	Sakai, Osaka	30,696	8.1	8.5	4	6.5
Osaka-2	LOGIPORT Sakai Chikko Shinmachi	Sakai, Osaka	20,428	4.1	5.0	2	7.6
Osaka-3	LOGIPORT Osaka Taisho (Note 5)	Osaka, Osaka	117,037	17.6	18.7	3	8.4
Osaka-5	LOGIPORT Amagasaki	Amagasaki, Hyogo	259,004	48.2	56.1	3	6.2
Osaka-6	LOGIPORT Sakai (Note 5)	Sakai, Osaka	115,552	12.0	12.8	3	8.7
<b>Total/Average (18 properties)</b>			<b>1,902,508</b>	<b>317.8</b>	<b>350.8</b>	<b>9</b>	<b>2.7</b>
LLR-2	LOGIPORT Osaka Bay (Preferred Shares)	Osaka, Osaka	139,551	1.1	-	3	-

Note 1: The figures are as of August 31, 2020 for 18 assets and preferred shares owned by LLR as of September 30, 2020.  
 Note 2: Appraisal values are as of August 31, 2020. For those properties acquired during the 3rd PO, appraisal values are as of June 30, 2020.  
 Note 3: Property age is calculated by summing up the period from the date of new construction indicated on the registry of the major building (LOGIPORT Amagasaki's is from October 13, 2017, the date on which construction work for conversion from a factory to a logistics facility was completed) through the end of August 31, 2020, rounded off to the nearest integer. The average figure for the entire portfolio is weighted by the acquisition price, rounded off to the nearest integer.  
 Note 4: PML levels are as of August 2020, and based off of Tokyo Marine Nichido's "18 property earthquake risk survey portfolio analysis report."  
 Note 5: Acquisition price and appraisal value show the amounts equivalent to LLR's joint co-ownership interest in the trust beneficiary interests, while GFA shows the figure for the entire property.

# Details of Portfolio



New Acquisition  
**Tokyo-14** LOGIPOINT Kawasaki Bay | 40% trust co-ownership interest

- Convenient access to key logistics infrastructures, such as Kawasaki Port, Haneda Airport, Tokyo Port, and Yokohama Port. Location has strong potential as a distribution center targeting high consumption areas, such as the Central Tokyo, Kawasaki city, and Yokohama city
- One of the largest scale multi-tenanted logistics properties in Japan, with leasable space per floor of around 15,000 tsubo (approx. 49,500m<sup>2</sup>) with central truck driving roadway coupled with high-end specification to meet recent tenants' requirements, including, ramp-way enabling access to each floor, ample ceiling height, and floor loading capacity

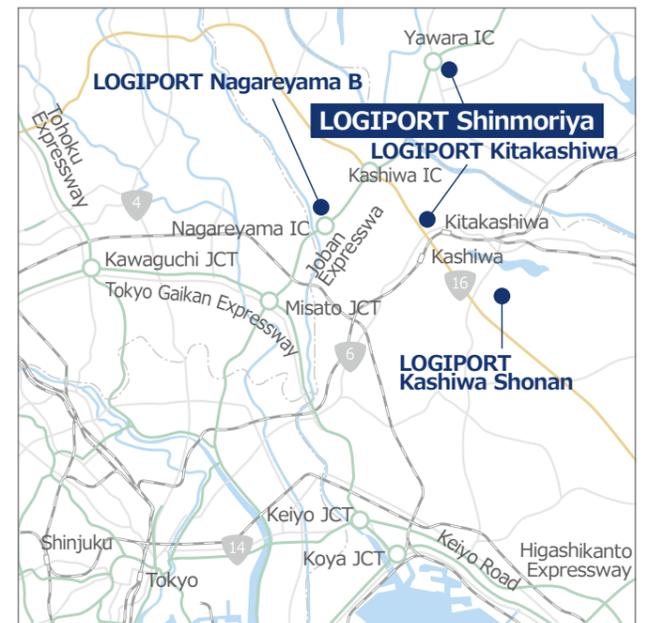


Location	<b>Kawasaki, Kanagawa</b>
GFA	<b>289,164.66m<sup>2</sup></b>
NRA	<b>261,801m<sup>2</sup></b>
Acquisition price	<b>32,200 million yen</b>
Appraisal value	<b>34,160 million yen</b>
Share of portfolio	<b>10.1%</b>
Built	<b>May 2019</b>
Occupancy	<b>99.7%</b>



New Acquisition  
**Tokyo-15** LOGIPOINT Shinmoriya

- Good access to the Tokyo CBD as well as greater Tokyo area. Convenient for regional distribution to northwest Chiba and central as well as eastern Saitama
- Scarce location because of ease in securing workforce due to convenience from Shinmoriya Station and near a dense residential district
- Highly versatile building, and being capable of accommodating multiple tenants



Location	<b>Tsukubamirai, Ibaraki</b>
GFA	<b>37,089.81m<sup>2</sup></b>
NRA	<b>37,092m<sup>2</sup></b>
Acquisition price	<b>8,580 million yen</b>
Appraisal value	<b>9,110 million yen</b>
Share of portfolio	<b>2.7%</b>
Built	<b>July 2019</b>
Occupancy	<b>100.0%</b>



# Details of Portfolio

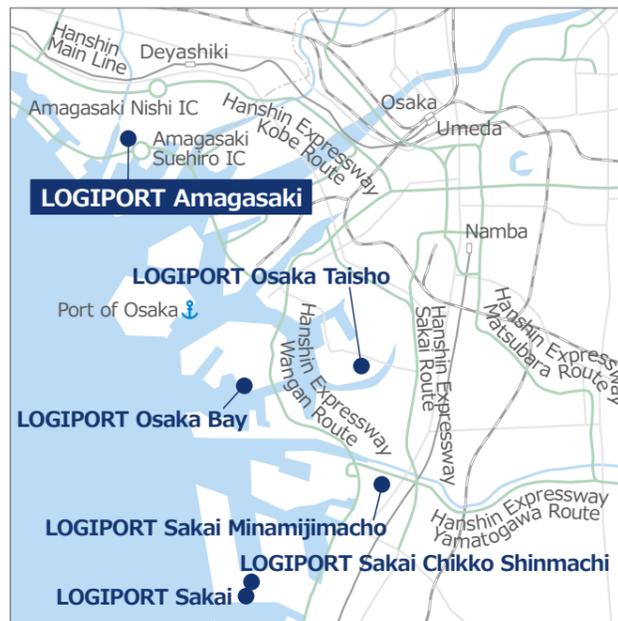


New Acquisition

## Osaka-5 LOGIPORT Amagasaki

(1) Existing ownership: 51% trust co-ownership interest,  
(2) Additional acquisition: 49% trust co-ownership interest

- Located in close proximity to Amagasaki Suehiro IC on the Hanshin Expressway Bayshore Route 5, and approx. 2.5 km direct distance to Amagasaki Nishi IC on Hanshin Expressway Kobe Route 3, with convenient access to several expressways
- Convenient access to Port of Osaka and Port of Kobe in an area enabling broad distribution. The property is in close proximity to central Osaka, a large consumption area, with good access to frequently used main routes
- Located in Amagasaki waterfront where many factories and warehouses are concentrated, allowing for efficient operations 24 hours a day, and frequent delivery
- Large logistics facility with over 250,000m<sup>2</sup> GFA. Specification includes a ramp-way accessible from all floors, common amenity functions and annex warehouse for hazardous items etc., suitable for various cargo



Location	<b>Amagasaki, Hyogo</b>	
GFA	<b>259,004.56m<sup>2</sup></b>	
NRA	<b>216,458m<sup>2</sup></b>	
Acquisition price	(1)	24,582 million yen
	(2)	23,618 million yen
	<b>Total</b>	<b>48,200 million yen</b>
Appraisal value	(1)	28,300 million yen
	(2)	27,800 million yen
	<b>Total</b>	<b>56,100 million yen</b>
Share of portfolio	<b>15.2%</b>	
Built	<b>October 2017</b>	
Occupancy	<b>99.7%</b>	



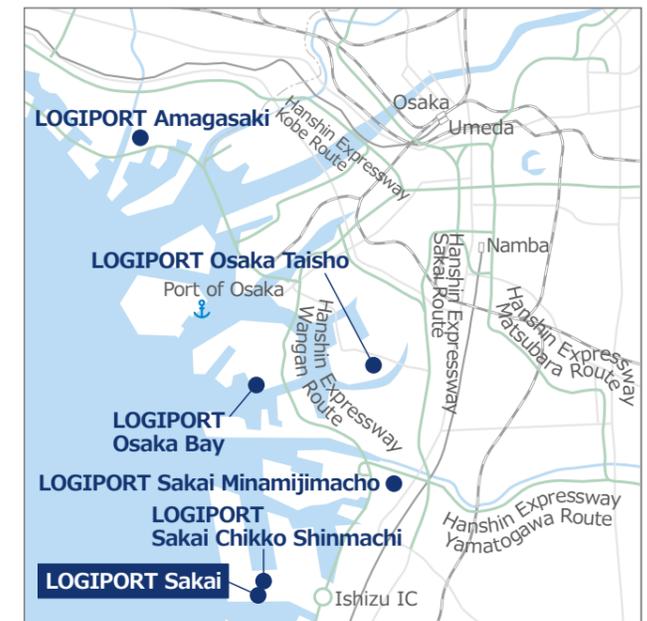
New Acquisition

## Osaka-6 LOGIPORT Sakai

50% trust co-ownership interest

- Located in an industrial zone of large logistics facilities, functioning as a hub for wide-ranging distribution, with easy access to expressways and major arterial roads. Situated in a convenient location near the Osaka CBD, a major area of high consumption
- Highly versatile building with specifications such as high ceiling and high floor loading capacity, allowing for highly efficient storage on the first floor, with high ceiling as well as no intermediary pillar warehouse space allowing for a flexible layout on the second floor
- Core tenants are major e-commerce operators and consumer goods manufacturers using the property as a base for distribution of products to consumers

Location	<b>Sakai, Osaka</b>
GFA	<b>115,552.35m<sup>2</sup></b>
NRA	<b>112,711m<sup>2</sup></b>
Acquisition price	<b>12,075 million yen</b>
Appraisal value	<b>12,800 million yen</b>
Share of portfolio	<b>3.8%</b>
Built	<b>March 2017</b>
Occupancy	<b>98.5%</b>

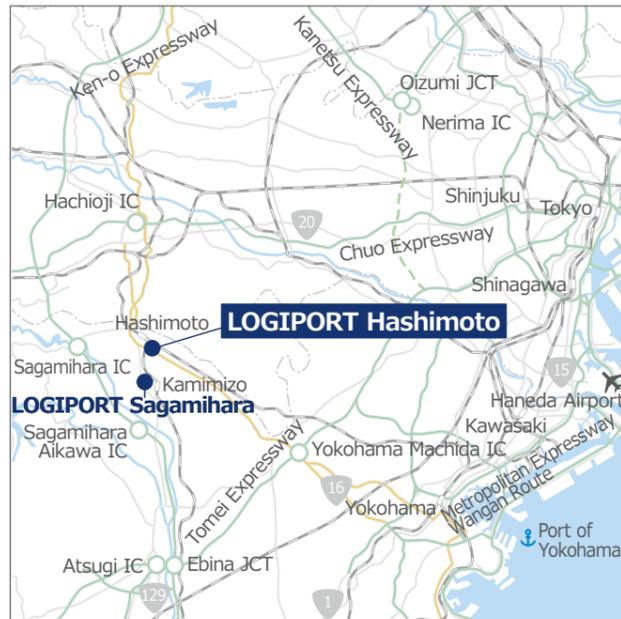


# Details of Portfolio



## Tokyo-1 LOGIPOINT 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 23,000m<sup>2</sup>



Location	<b>Sagamihara, Kanagawa</b>
GFA	<b>145,801.69m<sup>2</sup></b>
NRA	<b>130,052m<sup>2</sup></b>
Acquisition price	<b>21,200 million yen</b>
Appraisal value	<b>23,300 million yen</b>
Share of portfolio	<b>6.7%</b>
Built	<b>January 2015</b>
Occupancy	<b>99.9%</b>



## Tokyo-2 LOGIPOINT 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 200,000m<sup>2</sup>
- Equipped with high quality building specifications for logistics such as spiral ramps or slopes and earthquake-absorbing structure



Location	<b>Sagamihara, Kanagawa</b>
GFA	<b>200,045.57m<sup>2</sup></b>
NRA	<b>180,971m<sup>2</sup></b>
Acquisition price	<b>23,020 million yen</b>
Appraisal value	<b>25,500 million yen</b>
Share of portfolio	<b>7.2%</b>
Built	<b>August 2013</b>
Occupancy	<b>99.7%</b>



## Details of Portfolio



### Tokyo-3 LOGIPORT Kita Kashiwa

- 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 Kita Kashiwa station of JR Joban line, accessible 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 18,000m<sup>2</sup>

Location	<b>Kashiwa, Chiba</b>
GFA	<b>104,302.62m<sup>2</sup></b>
NRA	<b>100,228m<sup>2</sup></b>
Acquisition price	<b>25,300 million yen</b>
Appraisal value	<b>29,500 million yen</b>
Share of portfolio	<b>8.0%</b>
Built	<b>October 2012</b>
Occupancy	<b>100.0%</b>



### Tokyo-5 LOGIPORT Nagareyama B

- Located near the Nagareyama interchange on the Joban Expressway which connects to Metropolitan Expressway via Misato junction, which allows broad access to all of Tokyo's Metropolitan areas
- Delivery to various areas possible by using National Route 16
- LOGIPORT Nagareyama A is equipped with vertical conveyors and offers optimal specifications for storage needs
- LOGIPORT Nagareyama B is equipped with high quality building specifications such as spiral ramps or slopes and large-scale GFA of more than 130,000m<sup>2</sup>

Location	<b>Nagareyama, Chiba</b>
GFA	<b>133,414.76m<sup>2</sup></b>
NRA	<b>112,684m<sup>2</sup></b>
Acquisition price	<b>26,600 million yen</b>
Appraisal value	<b>30,200 million yen</b>
Share of portfolio	<b>8.4%</b>
Built	<b>July 2008</b>
Occupancy	<b>99.9%</b>



## Details of Portfolio



## Tokyo-6, Tokyo-7 and Tokyo-8

### LOGIPOINT Higashi Ogishima A, B, and C

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

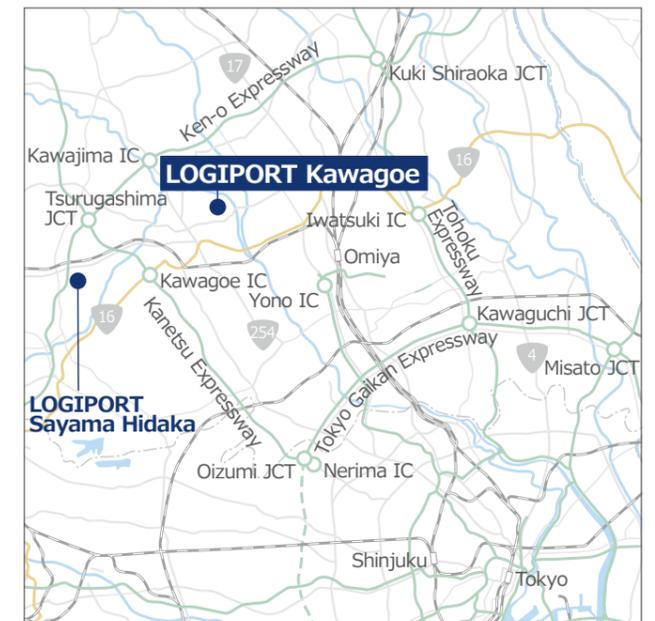


	LOGIPOINT Higashi Ogishima A	LOGIPOINT Higashi Ogishima B	LOGIPOINT Higashi Ogishima C
Location	Kawasaki, Kanagawa	Kawasaki, Kanagawa	Kawasaki, Kanagawa
GFA	100,235.67m <sup>2</sup>	117,546.26m <sup>2</sup>	116,997.14m <sup>2</sup>
NRA	85,281m <sup>2</sup>	103,731m <sup>2</sup>	114,925m <sup>2</sup>
Acquisition price	19,000 million yen	19,120 million yen	23,700 million yen
Appraisal value	19,900 million yen	21,600 million yen	25,700 million yen
Share of portfolio	6.0%	6.0%	7.5%
Built	April 1987	April 1991	September 2001
Occupancy	97.0%	95.2%	98.8%

## Tokyo-9 LOGIPOINT 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)

Location	Kawagoe, Saitama
GFA	50,742.47m <sup>2</sup>
NRA	53,088m <sup>2</sup>
Acquisition price	11,950 million yen
Appraisal value	12,200 million yen
Share of portfolio	3.8%
Built	January 2011
Occupancy	100.0%



# Details of Portfolio



## Tokyo-11 LOGIPORT Kashiwa Shonan

- Located in close proximity to National Route 16, and is conveniently located as a logistics hub for access to each location in the Greater Tokyo Area, including Tokyo, Chiba and Saitama
- Located in Shonan Industrial Complex, where many large-scale logistics facilities are located, allowing for operation 24 hours a day, 365 days a year
- Environmentally friendly and energy-efficient logistics facility with LED lighting installed throughout the entire building and tree-planted parking lots

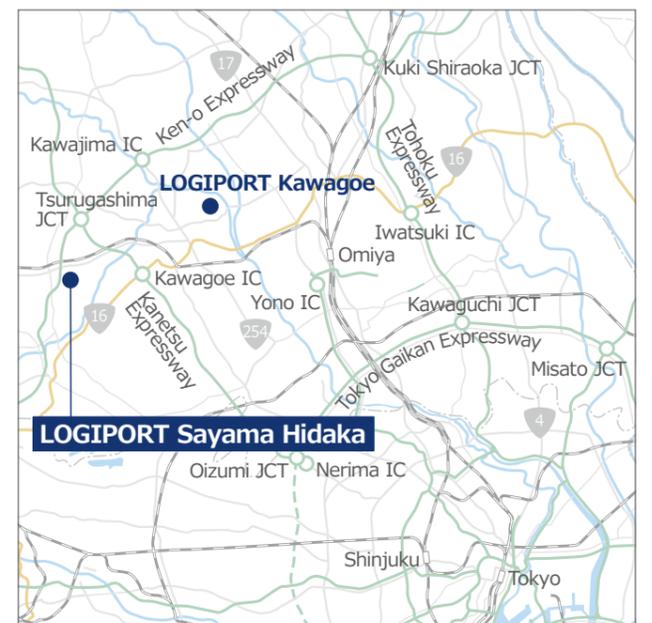


Location	<b>Kashiwa, Chiba</b>
GFA	<b>40,878.58m<sup>2</sup></b>
NRA	<b>40,773m<sup>2</sup></b>
Acquisition price	<b>9,300 million yen</b>
Appraisal value	<b>10,400 million yen</b>
Share of portfolio	<b>2.9%</b>
Built	<b>July 2018</b>
Occupancy	<b>100.0%</b>



## Tokyo-12 LOGIPORT Sayama Hidaka

- Located in close proximity to National Route 16, and approx. 2.5km from Sayama Hidaka IC, the building serves as a logistics hub with good access to a wide range of area including Tokyo consumption area, Tama region and Central Saitama region
- The general specification of the building is very versatile to accommodate a wide range of tenants. With 3 freight elevators, 2 vertical conveyors and plenty of truck berths, the building offers high convenience for users



Location	<b>Hidaka, Saitama</b>
GFA	<b>23,570.37m<sup>2</sup></b>
NRA	<b>23,565m<sup>2</sup></b>
Acquisition price	<b>6,430 million yen</b>
Appraisal value	<b>6,580 million yen</b>
Share of portfolio	<b>2.0%</b>
Built	<b>January 2016</b>
Occupancy	<b>100.0%</b>



# Details of Portfolio



## Tokyo-13 Higashi Ogishima (leasehold land)

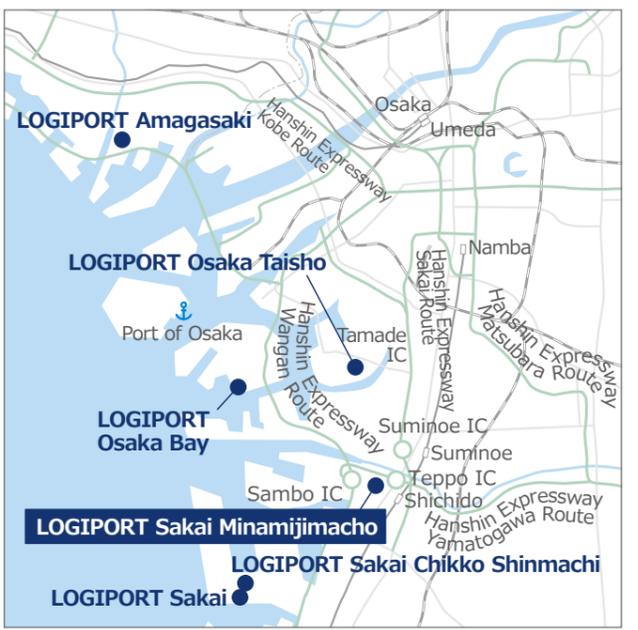
- Located in Kawasaki-city, Kanagawa, with convenient access to Port of Kawasaki, Haneda Airport, Port of Tokyo and more
- Located approx. 1.4km from Higashi Ogishima IC on the Bayshore Route, the building offers easy access to consumption area such as Tokyo, Kawasaki-city and Yokohama-city
- The tenant, F-LINE K.K., a logistics company composed of several domestic food manufacture companies, uses the property as refrigerating storage
- LLR secures stable land rent income during the period of the fixed-term land lease contract for business purposes, and aims for the possibility of redevelopment



Location	<b>Kawasaki, Kanagawa</b>
GFA	—
NRA	<b>11,472m<sup>2</sup></b>
Acquisition price	<b>1,189 million yen</b>
Appraisal value	<b>1,600 million yen</b>
Share of portfolio	<b>0.4%</b>
Built	—
Occupancy	<b>100.0%</b>

## Osaka-1 LOGIPOINT 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 1.6km 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



Location	<b>Sakai, Osaka</b>
GFA	<b>30,696.61m<sup>2</sup></b>
NRA	<b>30,690m<sup>2</sup></b>
Acquisition price	<b>8,150 million yen</b>
Appraisal value	<b>8,510 million yen</b>
Share of portfolio	<b>2.6%</b>
Built	<b>October, 2016</b>
Occupancy	<b>100.0%</b>



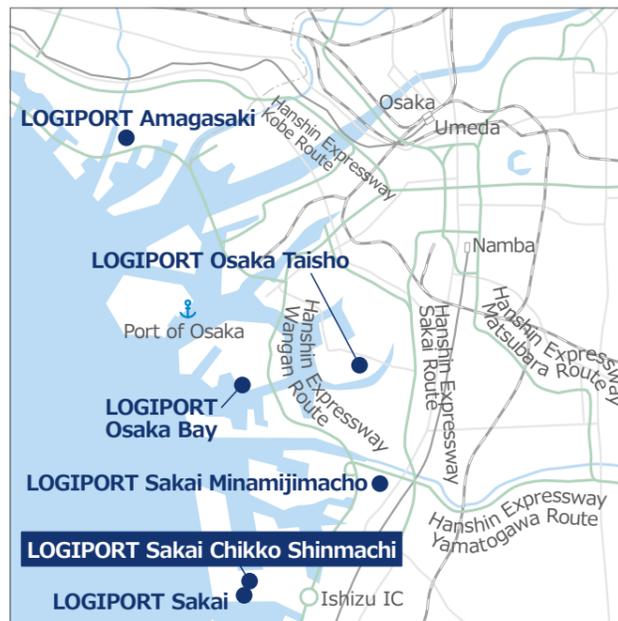
# Details of Portfolio



## Osaka-2 LOGIPORT Sakai Chikko Shinmachi

- Good access to a wide catchment throughout the Kansai area, via the Hanshin Expressway
- Good access to the expressway at approximately 3.0km to the Ishizu interchange along the Hanshin Expressway
- Freight elevators with a loading capacity of 3.5 tons and vertical conveyors throughout

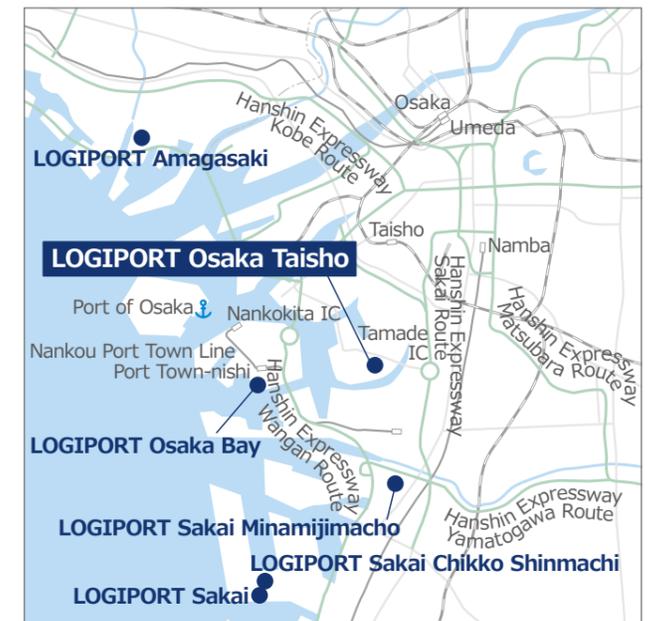
Location	<b>Sakai, Osaka</b>
GFA	<b>20,428.39m<sup>2</sup></b>
NRA	<b>20,427m<sup>2</sup></b>
Acquisition price	<b>4,160 million yen</b>
Appraisal value	<b>5,020 million yen</b>
Share of portfolio	<b>1.3%</b>
Built	<b>August 2018</b>
Occupancy	<b>100.0%</b>



## Osaka-3 LOGIPORT Osaka Taisho | 62.5% trust co-ownership interest

- Located in Taisho-ku, Osaka-city, Osaka, within a 5km radius from Namba/ Shinsaibashi area and 10km radius from Umeda area. It is located in a favorable location which contributes to efficient and optimized logistics, by efficiently covering the large consumption area in Greater Kansai Area along with speedy distribution to Central Osaka Area
- Able to secure workforce as it is located near a residential area and is accessible from several bus routes from the nearest station, Taisho Station on the JR Osaka Loop Line and Osaka Metro Nagahori Tsurumiryokuchi Line
- Advantageous logistics facility of over 110,000m<sup>2</sup> GFA and with two-way ramp-ways. Equipped with basic specification such as pillar width of approx. 11m×10m, ceiling height of 5.5m and floor weight capacity of 1.5t/m<sup>2</sup>

Location	<b>Osaka, Osaka</b>
GFA	<b>117,037.14m<sup>2</sup></b>
NRA	<b>106,929m<sup>2</sup></b>
Acquisition price	<b>17,655 million yen</b>
Appraisal value	<b>18,700 million yen</b>
Share of portfolio	<b>5.6%</b>
Built	<b>February 2018</b>
Occupancy	<b>99.9%</b>



# Details of Portfolio



## LLR-2 LOGIPORT Osaka Bay preferred equity securities of Nanko Property TMK

- Located in the Osaka Bay area with favorable access to Osaka, a large consumption area
- Favorable access to the expressway at approximately 1.3km to the Nanko-Kita Interchange on the Hanshin Expressway No. 4 Wangan Route
- Located a 10-minute walk from Port Town-nishi Station on the Nanko Port Town Line whereby securement of workers can be expected.
- Large-scale logistics facility with approximately 140,000m<sup>2</sup> GFA and double rampways. Equipped with high-quality building specifications and ample amenity facilities

Location	<b>Osaka, Osaka</b>
GFA	<b>139,551.94m<sup>2</sup></b>
NRA	<b>136,516m<sup>2</sup></b>
Investment Amount	<b>1,134 million yen</b> (Note 1)
Share of portfolio	–
Built	<b>February 2018</b>
Occupancy	<b>62.7%</b> (Note 2)

Note 1: Represents approximately 11.4% of the total preferred equity securities issued by Nanko Property TMK.  
 Note 2: The occupancy rate is the contract rate for the warehouse at October 1, 2020.



# About LaSalle Inc.

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

As of December 31, 2019



Approx.  
**93,000**  
Employees

in  
**80**  
Countries

Market cap  
Approx. **\$9.0 bn**  
(listed on the NYSE)

As of June 30, 2020



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

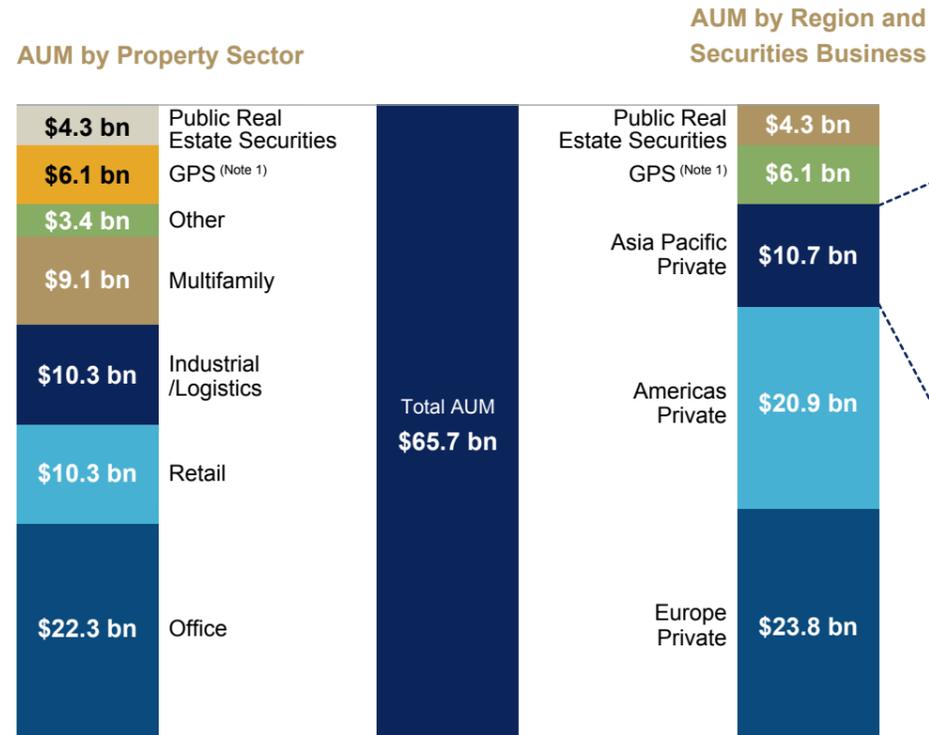
**Separate Accounts**  
Customized mandates meeting the individual investment objectives of clients around the world.

**Global Public Securities**  
Actively managed global real estate securities programs offering diverse investment options.



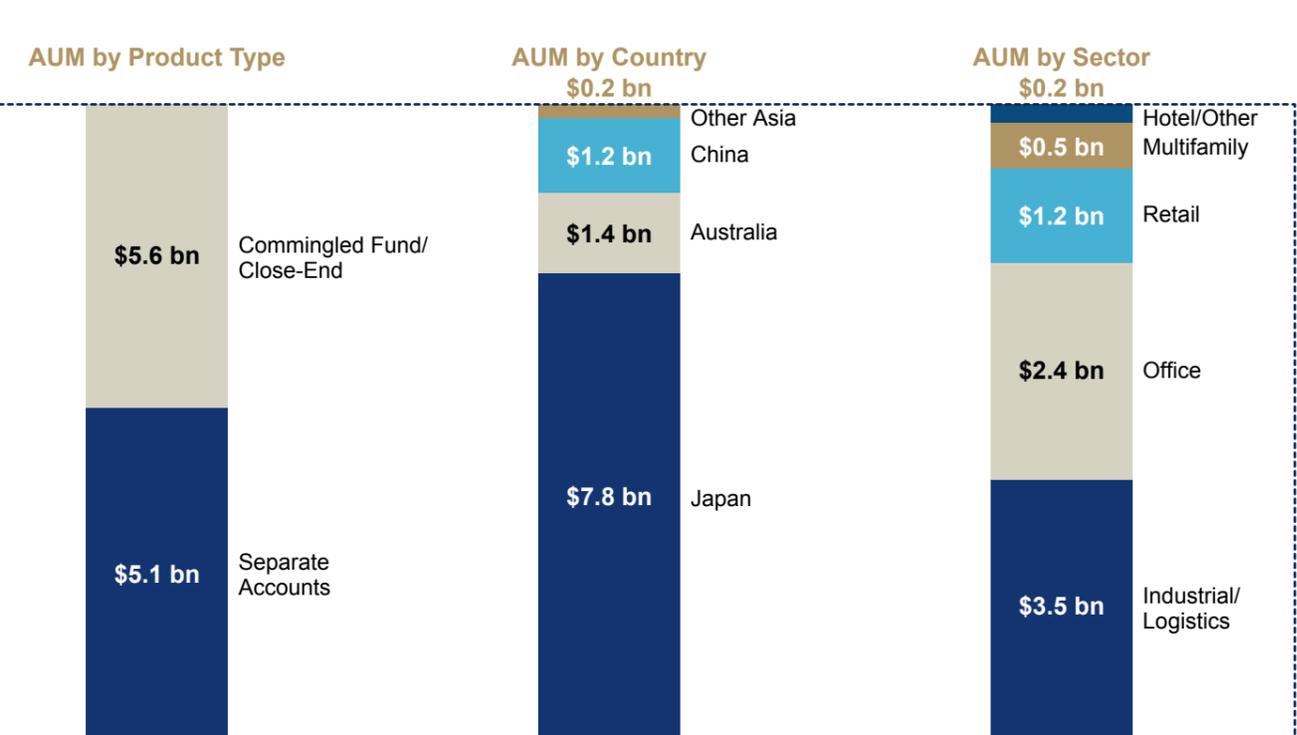
## LaSalle Inc. Global AUM

As of June 30, 2020



## LaSalle Inc. Asia AUM

As of June 30, 2020



Source: LaSalle Investment Management.  
Note 1: Global Partners Solutions: Fund of funds

# Operation and Governance Emphasizing Unitholders' Interests and Transparency

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

## EPU Linked Asset Management Fee Structure

The Asset Manager receives the type **1 - 5** management fees as described below:

### Management Fee Components of Asset Manager

#### Management Fees during the Period

##### 1 Asset Management Fee I

NOI (including gain or loss on sale) × 10% (maximum rate)

##### 2 Asset Management Fee II

Net income before tax × Adjusted EPU × 0.002% (maximum rate)

##### 3 Asset Management Fee III

Adjusted NAV × NAV per unit in the immediately preceding fiscal period × 0.6% (maximum rate)

#### Acquisition Fee

4 Sales price in the case of acquisition of real estate-related assets × 1.0% (maximum rate)

#### Merger Fee

5 Appraisal value of real estate-related assets owned by the counterparty in consolidation-type merger or absorption-type merger × 1.0% (maximum rate)

## Alignment of Interest between Unitholders and LaSalle Group

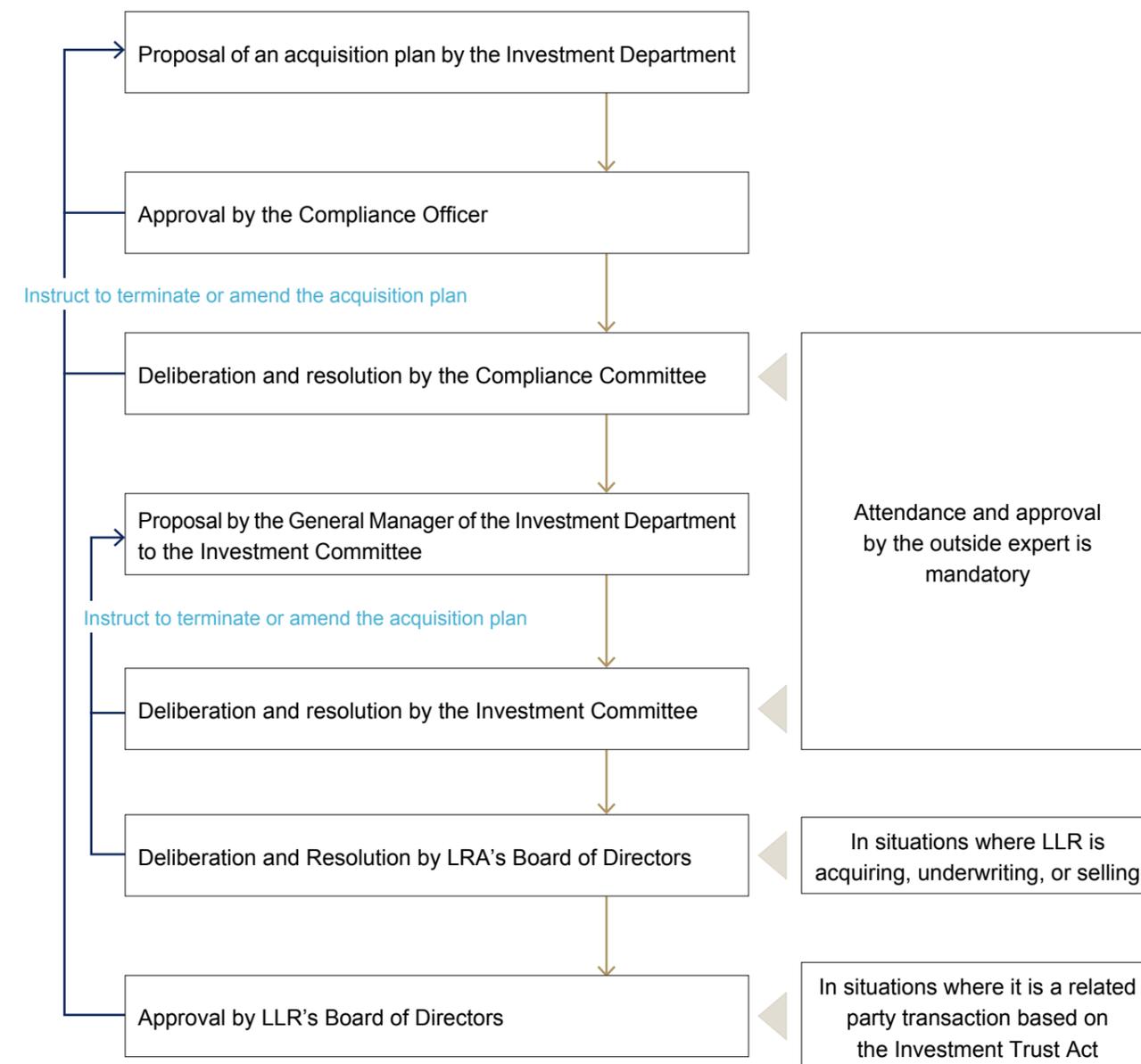
The LaSalle Group and JLL hold 47,700 units, demonstrating alignment of interest.

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'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.
- Two of eighteen properties in LLR's portfolio each comprise over 10.0% by acquisition price, which could have an adverse effect on the business, financial condition and results of operation.
- LLR may suffer large losses if any of its properties incurs damage from a natural or man-made disaster or in the event of an accident or disaster stemming from faulty installation or age-related deterioration.
  - Damage to any one or more of the properties in LLR's portfolio, due to natural disaster, such as a flood, earthquake, or tsunami, or due to a man-made disaster, such as a fire or accident, could adversely affect LLR's business, and financial conditions, and result in a decline in operating results. For example, Japan is earthquake-prone and has historically experienced numerous large earthquakes that have resulted in extensive property damage, such as the Great East Japan Earthquake in 2011, which resulted in a tsunami and leakage of radioactive material at the Fukushima nuclear power plants. Furthermore, tenants or the infrastructure and access to LLR properties may be adversely affected by any natural disaster, causing tenants to leave properties or seek lower rents.
  - In addition, LLR may be required to compensate its tenants or third parties in the event of an accident or disaster at any of its properties stemming from any faulty installation or age-related deterioration, such as an elevator accident or water leakage, that results in injury, death or other damage to tenants or third parties.
  - To the extent reasonably available, LLR intends to carry casualty insurance covering all of its properties for many types of casualty losses with policy specification and insured limits that LLR believes are adequate and appropriate under the current circumstances. In particular, LLR will consider obtaining earthquake insurance coverage for those properties with a PML due to an earthquake, exceeding 15%, which currently does not apply to any of the properties within the existing portfolio of assets under management ("AUM").
- Any property defect may adversely affect LLR's financial condition and results of operation.
- LLR's portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction.
- The properties in LLR's portfolio are concentrated in the Tokyo area, and it may have additional property concentration in the Osaka area in the future.
- LLR may decide to acquire its own units on the market but there can be no assurance that LLR will successfully acquire such units to the extent planned, or at all or be able to cancel or dispose of any such units in a manner beneficial to LLR.
- 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 subject to a number of uncertainties.
- LLR may invest in properties that are under development or those with low occupancy, and such investments may subject LLR to various risks.
- Acquisition of land in which third parties hold leasehold interests and own the buildings on the land may subject LLR to various risks.
- A high LTV ratio may increase exposure to changes in interest rates and have a material adverse effect on results of operations.
- LLR may suffer impairment losses relating to its properties.

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

## Legal and Regulatory Risks

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

## Financial Section



## Balance Sheets

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
<b>ASSETS</b>		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 10,141,366	¥ 9,977,243
Cash and deposits in trust (Notes 3 and 4)	5,337,272	4,963,911
Operating accounts receivable	364,676	288,181
Prepaid expenses	155,422	169,167
Income taxes receivable	–	162,897
Consumption taxes receivable	–	674,662
Other	1,818	2,172
Total current assets	16,000,555	16,238,236
Non-current assets		
Property and equipment (Note 6)		
Buildings in trust	84,185,095	84,033,408
Structures in trust	118,636	81,767
Machinery and equipment in trust	214,383	183
Tools, furniture and fixtures in trust	10,219	10,081
Land in trust	166,427,880	166,427,880
Less: accumulated depreciation	(6,241,516)	(5,310,751)
Total property and equipment	244,714,698	245,242,569
Investments and other assets		
Investment securities (Note 4)	1,149,747	1,149,747
Long-term prepaid expenses	468,576	533,844
Deferred tax assets (Note 13)	12	12
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	5,170	5,170
Total investments and other assets	1,633,505	1,698,773
Total non-current assets	246,348,204	246,941,343
Deferred assets		
Deferred organization expenses	609	4,265
Investment unit issuance expenses	27,068	34,348
Investment corporation bond issuance costs	58,712	65,324
Total deferred assets	86,389	103,938
<b>Total Assets</b>	<b>¥262,435,148</b>	<b>¥263,283,518</b>
<b>LIABILITIES</b>		
Current liabilities		
Operating accounts payable	¥ 230,297	¥ 278,523
Current portion of long-term loans payable (Notes 4 and 11)	13,390,000	10,740,000
Accounts payable	1,219,330	1,258,838
Accrued expenses	6,108	7,182
Income taxes payable	848	680
Accrued consumption taxes	478,631	–
Advances received	1,327,702	1,228,031
Other	414,931	725,022
Total current liabilities	17,067,850	14,238,278
Non-current liabilities		
Investment corporation bonds payable (Notes 4 and 12)	14,500,000	14,500,000
Long-term loans payable (Notes 4, 5 and 11)	84,354,000	87,004,000
Tenant leasehold and security deposits in trust (Note 4)	3,310,849	3,000,275
Total non-current liabilities	102,164,849	104,504,275
<b>Total Liabilities</b>	<b>119,232,699</b>	<b>118,742,554</b>
<b>NET ASSETS</b> (Note 10)		
Unitholders' equity		
Unitholders' capital	139,538,476	139,781,090
Units authorized:		
10,000,000 units as of August 31, 2020 and February 29, 2020		
Units issued and outstanding:		
1,363,000 units as of August 31, 2020 and February 29, 2020		
Surplus		
Retained earnings	3,663,973	4,759,873
Total unitholders' equity	143,202,449	144,540,963
<b>Total Net Assets</b>	<b>143,202,449</b>	<b>144,540,963</b>
<b>Total Liabilities and Net Assets</b>	<b>¥262,435,148</b>	<b>¥263,283,518</b>

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

## Statements of Income

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 29, 2020
<b>Operating revenues</b> (Note 8)		
Rental revenues	¥6,865,424	¥6,638,340
Other rental revenues	565,543	591,822
Dividend income	–	798,547
Gain on sales of real estate properties	–	729,667
Total operating revenue	7,430,967	8,758,378
<b>Operating expenses</b> (Note 8)		
Property-related expenses	2,404,952	2,332,043
Asset management fee	877,040	1,047,556
Asset custody and administrative fee	32,996	34,640
Directors' compensations	3,600	3,600
Audit fee	12,000	12,000
Other operating expenses	33,682	94,709
Total operating expenses	3,364,271	3,524,550
Operating income	4,066,696	5,233,827
<b>Non-operating revenues</b>		
Interest income	72	68
Reversal of distributions payable	3,608	2,655
Surrender value of insurance policies	–	1,968
Interest on tax refund	375	1,516
Total non-operating income	4,055	6,209
<b>Non-operating expenses</b>		
Interest expenses	277,674	274,922
Interest expenses on investment corporation bonds	35,589	26,544
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment unit issuance expense	7,280	7,280
Amortization of investment corporation bond issuance costs	6,612	5,815
Investment unit public offering expenses	–	27,325
Borrowing related expenses	75,384	117,128
Loss on redemption of investment securities	–	16,993
Total non-operating expenses	406,197	479,666
Ordinary income	3,664,554	4,760,370
Income before income taxes	3,664,554	4,760,370
Income taxes – current	859	856
Income taxes - deferred	0	(8)
Total income taxes	859	848
Net income	3,663,695	4,759,522
Retained earnings brought forward	277	351
Retained earnings at end of period	¥3,663,973	¥4,759,873

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

## Statements of Changes in Net Assets

	Number of units	Thousands of yen		
		Unitholders' capital	Retained earnings	Total net assets
Balance as of August 31, 2019 (Note 10)	1,210,000	¥118,086,775	¥3,688,431	¥121,775,206
Issuance of new investment units	153,000	21,878,235		21,878,235
Distributions in excess of retained earnings		(183,920)		(183,920)
Distributions of retained earnings			(3,688,080)	(3,688,080)
Net income			4,759,522	4,759,522
Balance as of February 29, 2020 (Note 10)	1,363,000	¥139,781,090	¥4,759,873	¥144,540,963
Distributions in excess of retained earnings		(242,614)		(242,614)
Distributions of retained earnings			(4,759,596)	(4,759,596)
Net income			3,663,695	3,663,695
Balance as of August 31, 2020 (Note 10)	1,363,000	¥139,538,476	¥3,663,973	¥143,202,449

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

## Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 29, 2020
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 3,664,554	¥ 4,760,370
Depreciation	930,765	921,703
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment unit issuance expenses	7,280	7,280
Amortization of investment corporation bond issuance costs	6,612	5,815
Interest income	(72)	(68)
Interest expenses	313,264	301,466
Loss (gain) on redemption of investment securities	–	16,993
Decrease (increase) in operating accounts receivable	(76,495)	(111,088)
Decrease (increase) in Income taxes receivable	162,897	(162,897)
Decrease (increase) in consumption taxes refund receivable	674,662	(215,028)
Decrease (increase) in prepaid expenses	13,745	(38,828)
Decrease (increase) in long-term prepaid expenses	65,267	(109,623)
Increase (decrease) in operating accounts payable	(48,225)	88,318
Increase (decrease) in accounts payable	(95,524)	284,777
Increase (decrease) in accrued consumption taxes	478,631	(102,006)
Increase (decrease) in advances received	99,671	176,456
Decrease in property, plant and equipment in trust due to sale	–	3,462,182
Other, net	(2,693)	(25,025)
Subtotal	6,197,997	9,264,455
Interest income received	72	68
Interest expenses paid	(314,338)	(302,072)
Income taxes paid	(691)	(854)
Net cash provided by (used in) operating activities	5,883,039	8,961,596
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment in trust	(347,101)	(38,242,956)
Proceeds from redemption of investment securities	–	1,221,000
Purchase of investment securities	–	(1,149,747)
Proceeds from tenant leasehold and security deposits in trust	28,549	447,228
Repayments of tenant leasehold and security deposits in trust	(25,348)	(73,315)
Payments of leasehold and guarantee deposits in trust	–	(5,170)
Net cash provided by (used in) investing activities	(343,900)	(37,802,961)
<b>Cash flows from financing activities:</b>		
Proceeds from short-term loans payable	–	1,100,000
Repayments of short-term loans payable	–	(3,030,000)
Proceeds from long-term loans payable	–	16,834,000
Repayments of long-term loans payable	–	(3,321,000)
Proceeds from issuance of investment corporation bonds	–	2,980,883
Proceeds from issuance of investment units	–	21,859,190
Payment of distributions of retained earnings	(4,761,076)	(3,686,866)
Payment of distributions in excess of retained earnings	(242,713)	(183,865)
Net cash provided by (used in) financing activities	(5,003,790)	32,552,342
Net increase (decrease) in cash and cash equivalents	535,349	3,710,977
Cash and cash equivalents at beginning of period	13,456,422	9,745,444
Cash and cash equivalents at end of period (Note 3)	¥13,991,771	¥13,456,422

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), and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016.

The financial statements for the fiscal period ended August 31, 2020 (9th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,363,000 units.

On February 17, 2016, LLR acquired and began managing eight properties (combined acquisition price of 161,440 million yen). Since its listing, LLR has acquired ten properties (combined acquisition price of 94,646 million yen) and disposed joint co-ownership interests in two properties (combined joint co-ownership interest of 10,400 million yen was sold) during the subsequent fiscal periods. As a result, LLR owned 16 properties (combined acquisition price of 245,686 million yen) as of August 31, 2020.

These 16 properties (with total leasable floor area of 1,063,488 square-meters) comprise LLR’s asset holdings as of August 31, 2020, and the occupancy rate for the entire portfolio as of August 31, 2020 was 99.1%.

### 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) Investment securities

Available-for-sale securities without fair market value are valued using the moving average cost method.

### c) 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
Machinery and equipment	8-24 years
Tools, furniture and fixtures	6-15 years

### d) 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. The amount of fixed asset taxes, etc. included in the acquisition costs of real estate, etc. was 72,803 thousand yen for the period ended February 29, 2020.

### e) Organization Expenses

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

### f) Investment unit issuance expenses

Investment unit issuance expenses are amortized using the straight-line method over three years.

### g) Investment Corporation Bond Issuance Costs

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

### h) 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.

### i) Beneficiary Rights in Trust

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

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

(i) Cash and deposits in trust

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

(iii) Lease and guarantee deposits in trust

(iv) Tenant leasehold and security deposits in trust

### j) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Net payable to, or receivable from tax authorities is recognized as consumption taxes payable or receivable on the balance sheets, and net movement is treated as operating cash flows in the statements of cash flows. The nondeductible portion of consumption taxes imposed in connection with assets was charged to expense in the period incurred.

# Notes to Financial Statements

## 3. Cash and Cash Equivalents

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

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
Cash and deposits	¥10,141,366	¥ 9,977,243
Cash and deposits in trust	5,337,272	4,963,911
Restricted deposits in trust (Note)	(1,486,866)	(1,484,732)
Cash and cash equivalents	¥13,991,771	¥13,456,422

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

## 4. Financial Instruments

### a) Detailed Information on Financial Instruments

#### (i) Policy for Financial Instruments

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

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

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

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

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

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

#### (iii) Supplemental Explanation Regarding Fair Values of Financial Instruments

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

### b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the two values as of August 31, 2020 and February 29, 2020 are as follows. Financial instruments for which the fair value is difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	As of August 31, 2020		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 10,141,366	¥ 10,141,366	¥ –
(2) Cash and deposits in trust	5,337,272	5,337,272	–
Total assets	¥ 15,478,638	¥ 15,478,638	¥ –
(3) Current portion of long-term loans payable	13,390,000	13,391,094	1,094
(4) Investment corporation bonds payable	14,500,000	14,317,800	(182,200)
(5) Long-term loans payable	84,354,000	84,781,459	427,459
Total liabilities	¥112,244,000	¥112,490,354	¥ 246,354
(6) Derivative transactions	¥ –	¥ –	¥ –

	Thousands of yen		
	As of February 29, 2020		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 9,977,243	¥ 9,977,243	¥ –
(2) Cash and deposits in trust	4,963,911	4,963,911	–
Total assets	¥ 14,941,155	¥ 14,941,155	¥ –
(3) Current portion of long-term loans payable	10,740,000	10,743,876	3,876
(4) Investment corporation bonds payable	14,500,000	14,540,850	40,850
(5) Long-term loans payable	87,004,000	87,515,752	511,752
Total liabilities	¥112,244,000	¥112,800,479	¥ 556,479
(6) 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) Current portion of long-term loans payable and (5) 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.

##### (4) Investment corporation bonds payable

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

##### (6) Derivative transactions

Please refer to Note 5, "Derivative Transactions."

# Notes to Financial Statements

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

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

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
Investment securities	¥1,149,747	¥1,149,747
Tenant leasehold and security deposits in trust	3,310,849	3,000,275

(Note 3) Redemption schedule for monetary claims after August 31, 2020

	Thousands of yen					
	As of August 31, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	¥10,141,366	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	5,337,272	-	-	-	-	-
Total	¥15,478,638	¥ -	¥ -	¥ -	¥ -	¥ -

Redemption schedule for monetary claims after February 29, 2020

	Thousands of yen					
	As of February 29, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	¥ 9,977,243	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	4,963,911	-	-	-	-	-
Total	¥14,941,155	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for investment corporation bonds and long-term loans payable after August 31, 2020

	Thousands of yen					
	As of August 31, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥ -	¥5,000,000	¥ -	¥ -	¥ -	¥ 9,500,000
Long-term loans payable	13,390,000	2,990,000	15,110,000	17,694,000	15,820,000	32,740,000
Total	¥13,390,000	¥7,990,000	¥15,110,000	¥17,694,000	¥15,820,000	¥42,240,000

Repayment schedule for investment corporation bonds and long-term loans payable after February 29, 2020

	Thousands of yen					
	As of February 29, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	¥ -	¥5,000,000	¥ -	¥ -	¥ -	¥ 9,500,000
Long-term loans payable	10,740,000	2,650,000	18,100,000	17,694,000	9,070,000	39,490,000
Total	¥10,740,000	¥7,650,000	¥18,100,000	¥17,694,000	¥9,070,000	¥48,990,000

## 5. Derivative Transactions

For the periods ended August 31, 2020 and February 29, 2020, 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 August 31, 2020			
			Contract amount		Fair value	Fair value measurement
Total	Due after one year					
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fixed	Long-term loans payable	¥ 64,420,000	¥58,300,000	(Note)	(Note)

(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, (5) Long-term loans payable."

Hedge accounting method	Type of derivative transaction	Primary hedged item	Thousands of yen			
			As of February 29, 2020			
			Contract amount		Fair value	Fair value measurement
Total	Due after one year					
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fixed	Long-term loans payable	¥ 64,420,000	¥58,300,000	(Note)	(Note)

(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, (5) Long-term loans payable."

## 6. Property and Equipment

The following table summarizes the property and equipment as of August 31, 2020 and February 29, 2020.

	Thousands of yen					
	As of August 31, 2020					
	At cost			Ending balance	Accumulated depreciation	Book value
Beginning balance	Increase	Decrease				
Buildings in trust	¥ 84,033,408	¥151,686	¥ -	¥ 84,185,095	¥6,231,236	¥ 77,953,858
Structures in trust	81,767	36,869	-	118,636	8,493	110,143
Machinery and equipment in trust	183	214,200	-	214,383	760	213,622
Tools, furniture and fixtures in trust	10,081	137	-	10,219	1,025	9,193
Land in trust	166,427,880	-	-	166,427,880	-	166,427,880
Total	¥250,553,320	¥402,893	¥ -	¥250,956,214	¥6,241,516	¥244,714,698

(Note) The increase for period ended August 31, 2020, was a result of the installation of photovoltaic power generation equipment during the period with a total value of 214,200 thousand yen.

# Notes to Financial Statements

	Thousands of yen					
	As of February 29, 2020					
	At cost			Ending balance	Accumulated depreciation	Book value
Beginning balance	Increase	Decrease				
Buildings in trust	¥ 70,432,223	¥15,082,082	¥1,480,898	¥ 84,033,408	¥5,305,680	¥ 78,727,727
Structures in trust	29,308	52,458	–	81,767	4,388	77,379
Machinery and equipment in trust	–	183	–	183	5	177
Tools, furniture and fixtures in trust	10,405	–	324	10,081	676	9,404
Land in trust	145,322,177	23,199,553	2,093,850	166,427,880	–	166,427,880
Total	¥215,794,115	¥38,334,277	¥3,575,072	¥250,553,320	¥5,310,751	¥245,242,569

(Note) The increase for period ended February 29, 2020, was a result of the acquisition of three properties during the period with a total value of 38,060,934 thousand yen. In addition, the decrease for period ended February 29, 2020, was a result of the disposition of two properties during the period with a total value of 3,462,182 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	
	August 31, 2020	February 29, 2020
Book value (Note 1)		
Balance at the beginning of the period	¥245,242,569	¥211,292,178
Changes during the period (Note 2)	(527,871)	33,950,391
Balance at the end of the period	¥244,714,698	¥245,242,569
Fair value at the end of the period (Note 3)	¥271,640,000	¥271,190,000

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

(Note 2) The increase for period ended August 31, 2020, was a result of the installation of photovoltaic power generation equipment during the period with a total value of 214,200 thousand yen. The decrease for period ended August 31, 2020, was a result of the recognition of depreciation expenses of 930,765 thousand yen, respectively. In addition, the increase for period ended February 29, 2020, was a result of the acquisition of three properties during the period with a total value of 38,060,934 thousand yen. The decrease for period ended February 29, 2020, was a result of the disposition of two properties during the period with a total value of 3,462,182 thousand yen and the recognition of depreciation expenses of 921,703 thousand yen, respectively.

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

## 8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from property leasing activities for the periods ended August 31, 2020 and February 29, 2020.

	Thousands of yen	
	For the periods ended	
	August 31, 2020	February 29, 2020
(1) Real estate leasing revenues		
Rental revenues		
Rental income	¥6,277,619	¥6,065,759
Common service fee	587,804	572,580
Total	¥6,865,424	¥6,638,340
Other rental revenues		
Utilities charge reimbursement	¥ 347,292	¥ 330,554
Parking revenue	158,529	153,290
Other lease revenues	59,721	107,978
Total	¥ 565,543	¥ 591,822
Total real estate leasing revenues	¥7,430,967	¥7,230,162
(2) Real estate leasing expenses		
Property-related expenses		
Outsourcing costs	¥ 326,320	¥ 336,202
Utilities expenses	328,034	320,667
Taxes and public dues	670,146	449,675
Insurance premiums	12,432	13,947
Repair and maintenance	81,020	177,479
Depreciation	930,765	921,703
Other leasing expenses	56,231	112,367
Total real estate leasing expenses	¥2,404,952	¥2,332,043
(3) Real estate leasing profit ((1) - (2))	¥5,026,014	¥4,898,119

The following table summarizes the gain on sales of real estate properties for the periods ended February 29, 2020.

	Thousands of yen		
	For the periods ended February 29, 2020		
	LOGIPORT Nagareyama A (60% joint co-ownership interest)	LOGIPORT Hiratsuka-shinmachi (20% joint co-ownership interest)	Total
Sales proceed	¥2,700,000	¥1,540,000	¥4,240,000
Cost of properties sold	2,077,347	1,384,834	3,462,182
Other sales expenses	29,875	18,275	48,150
Gain on sales of real estate properties	¥ 592,777	¥ 136,890	¥ 729,667

## 9. Leases

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

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
Due within one year	¥ 9,999,382	¥ 9,972,151
Due after one year	25,701,214	25,568,972
Total	¥35,700,596	¥35,541,123

# Notes to Financial Statements

## 10. Net Assets

### a) Stated Capital

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

### b) Unitholders' Capital

Unitholders' capital as of August 31, 2020 and February 29, 2020 consists of the following items:

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
Unitholders' capital, gross	¥141,127,710	¥141,127,710
Deduction from unitholders' capital;		
Accumulated distribution in excess of retained earnings	(1,589,234)	(1,346,620)
Unitholders' capital	¥139,538,476	¥139,781,090

### c) Distributions

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

	Yen			
	For the periods ended			
	August 31, 2020		February 29, 2020	
	Total	Per unit	Total	Per unit
I Unappropriated retained earnings	¥3,663,973,016		¥4,759,873,883	
II Distributions in excess of retained earnings				
Deduction from unitholders' capital	278,052,000		242,614,000	
III Distributions				
Distributions of retained earnings	3,663,744,000	2,688	4,759,596,000	3,492
Distributions in excess of retained earnings	278,052,000	204	242,614,000	178
Total distributions	3,941,796,000	2,892	5,002,210,000	3,670
IV Retained earnings carried forward	¥ 229,016		¥ 277,883	

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 3,663,744,000 yen and 4,759,596,000 yen for the periods ended August 31, 2020 and February 29, 2020, 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 278,052,000 yen and 242,614,000 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30% of the amount remaining after deducting the total amount of accumulated depreciation as of the previous period from the total amount of accumulated depreciation as of the current fiscal period of 930,765,421 yen and 808,813,444 yen for the periods ended August 31, 2020 and February 29, 2020, respectively.

## 11. Long-term Loans Payable

Long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the long-term loans payable as of August 31, 2020 and February 29, 2020.

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
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
0.42945% unsecured long-term loans due 2022	2,990,000	2,990,000
0.40159% unsecured long-term loans due 2023	1,900,000	1,900,000
0.47128% unsecured long-term loans due 2023	5,600,000	5,600,000
0.26909% unsecured long-term loans due 2021	2,650,000	2,650,000
0.51435% unsecured long-term loans due 2025 (*)	6,750,000	6,750,000
0.59950% unsecured long-term loans due 2026 (*)	5,880,000	5,880,000
0.34020% unsecured long-term loans due 2026 (*)	3,100,000	3,100,000
0.42105% unsecured long-term loans due 2027 (*)	5,100,000	5,100,000
0.30050% unsecured long-term loans due 2026 (*)	1,300,000	1,300,000
0.36250% unsecured long-term loans due 2027 (*)	5,700,000	5,700,000
0.40350% unsecured long-term loans due 2027 (*)	7,900,000	7,900,000
0.43909% unsecured long-term loans due 2023	1,134,000	1,134,000
Total long-term loans payable	¥97,744,000	¥97,744,000

The stated interest rate is the weighted average interest rate during the period ended August 31, 2020. For certain loans (\*) for which LLR uses interest rate swaps to hedge their interest rate risk exposure, the effective interest rate which includes the effect of the interest rate swap is stated.

The redemption schedule for long-term loans subsequent to August 31, 2020 is disclosed in Note 4, "Financial Instruments."

Current portion of long-term loans payable is included in long-term loans payable.

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

	Thousands of yen	
	As of	
	August 31, 2020	February 29, 2020
Total amount of committed line of credit	¥4,000,000	¥4,000,000
Borrowings drawn down	—	—
Balance of unused committed line of credit	¥4,000,000	¥4,000,000



# Notes to Financial Statements

(For the period ended February 29, 2020)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending balance (thousands of yen) (Note 1)
						Common board member	Business relationship				
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	¥164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	¥1,477,226	Accounts payable	¥1,041,394

(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 fees, attributable to property and investment security acquisitions, and property dispositions, were 387,270 thousand yen and 42,400 thousand yen, respectively.

## 16. Segment Information

### Segment Information

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

### Related Information

(For the period ended August 31, 2020)

#### a) Information by Products and Services

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

#### b) Information by Geographic Region

##### (i) Operating Revenues

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

##### (ii) Property and Equipment

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

#### c) Information by Major Customers

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

(For the period ended February 29, 2020)

#### a) Information by Products and Services

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

#### b) Information by Geographic Region

##### (i) Operating Revenues

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

##### (ii) Property and Equipment

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

#### c) Information by Major Customers

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

## 17. Subsequent Events

#### a) Issuance of new investment units

LLR adopted a resolution on the issuance of new investment units as described below at the Board of Directors meeting held on August 17, 2020, and the payment was completed on September 1, 2020, for the issuance of new investment units through a public offering and on September 29, 2020, for the issuance of new investment units through a third-party allotment.

(Issuance of new investment units through a public offering)

Number of investment units issued	261,904 units
Issue price	176,677 yen per unit
Total issue price	46,272,413,008 yen
Issue value	170,715 yen per unit
Total issue value	44,710,941,360 yen
Payment date	September 1, 2020

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

Number of investment units issued	13,096 units
Issue value	170,715 yen per unit
Total issue value	2,235,683,640 yen
Payment date	September 29, 2020

# Notes to Financial Statements

Subscriber

Nomura Securities Co., Ltd.

## b) Borrowing of funds

LLR decided to borrow the following funds on September 1, 2020, and borrowed the funds on September 4, 2020.

Category	Lender	Borrowing Amount (million yen)	Interest Rate (Note 5) (Note 6)	Borrowing Date	Borrowing Method	Repayment Date (Note 9)	Repayment Method (Note 10)	Collateral
Short-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 1)	¥2,800	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.1625%			August 31, 2021		
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 2)	¥5,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3000%		Borrowing based on a separate term loan agreement dated September 1, 2020, with the lenders shown on the left	August 29, 2025		
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 3)	¥6,300	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3300% (Note 7)	September 4, 2020		December 21, 2027	Bullet repayment	Unsecured and non-guaranteed
Long-term	Syndicate of lenders arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation (Note 4)	¥20,000	Base interest rate (3-month Japanese yen TIBOR by Japanese Bankers Association) + 0.3800% (Note 8)			December 20, 2028		

(Note 1) The syndicate of lenders includes MUFG Bank, Ltd. and Mizuho Bank, Ltd.

(Note 2) The syndicate of lenders includes Sumitomo Mitsui Trust Bank, Limited.

(Note 3) The syndicate of lenders includes Development Bank of Japan Inc., Resona Bank, Limited, Shinsei Bank, Limited, The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd. and The Chugoku Bank, Limited.

(Note 4) The syndicate of lenders includes MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

(Note 5) "Interest Rate" does not include loan fees payable to lenders.

(Note 6) The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment 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). As to floating interest rates, the base interest rate refers to the Japanese yen TIBOR for three-month deposits announced by the JBA TIBOR Association two business days before

the interest payment date for the immediately preceding interest calculation period (however, for the first calculation period, the applicable date is the drawdown date). Please refer to the JBA TIBOR Association's website (<http://www.jbatibor.or.jp/english/>) for changes in the JBA Japanese yen TIBOR.

(Note 7) The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	6,300 million yen
Interest Rate	Fixed payment interest rate 0.44400% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3300%
Starting Date	September 4, 2020
Termination Date	December 21, 2027
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

\* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.44400%.

(Note 8) The interest rate swap agreements was concluded on September 2, 2020, to fix the payment interest rate and hedge the risk of rising interest rates on these borrowings as follows.

Counterparty	Nomura Securities Co., Ltd.
Notional Principal	20,000 million yen
Interest Rate	Fixed payment interest rate 0.50950% Variable receipt interest rate 3-month Japanese yen TIBOR by Japanese Bankers Association + 0.3800%
Starting Date	September 4, 2020
Termination Date	December 20, 2028
Interest Payment Date	The first interest payment date is the last day of November 2020, and the subsequent interest payment dates are the last day of every February, May, August and November thereafter, and the repayment date (or the immediately following business day in case such interest payment date would fall on a day that is not a business day or the immediately preceding business day in case such date would fall in the next calendar month).

\* The interest rate swap agreement will, in effect, fix the interest rate for Loan at 0.50950%.

(Note 9) 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 immediate preceding business day in case such date would fall in the next calendar month.

## Notes to Financial Statements

(Note 10) Partial or full principal repayment prior to the maturity date 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.

### c) Acquisition of assets

LLR has acquired the trust beneficiary interests for the following assets on September 4, 2020. "Acquisition price" was the price to be paid for each Acquisition Asset pursuant to their respective relevant Trust Beneficiary Interests Purchase & Sale Agreement and the Joint Co-ownership Interest Purchase & Sale Agreement for Trust Beneficiary Interests.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Tokyo area	Tokyo-14	LOGIPORT Kawasaki Bay (Note)	Kawasaki-city, Kanagawa	¥32,200	Kawasaki Bay Real Estate Hanbai GK
Tokyo area	Tokyo-15	LOGIPORT Shinmoriya	Tsukubamirai-city, Ibaraki	8,580	Shinmoriya Logistics GK
Osaka area	Osaka-5	LOGIPORT Amagasaki (Note)	Amagasaki-city, Hyogo	23,618	Amagasaki Logistics GK
Osaka area	Osaka-6	LOGIPORT Sakai (Note)	Sakai-city, Osaka	12,075	PLC11L GK
Total				¥76,473	

(Note) Figures expressed above for the intended acquisition prices and appraisal values related to LOGIPORT Kawasaki Bay, LOGIPORT Amagasaki and LOGIPORT Sakai represent each 40%, 49% and 50% joint co-ownership portion in the real estate trust beneficiary interests to be owned by LLR, respectively

### d) Disposition of assets

LLR has transferred the trust beneficiary interests for the following assets on September 3, 2020. "Disposition price" was the price to be paid for the Disposition Asset pursuant to the relevant Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Disposition price (million yen)	Buyer
Osaka area	Osaka-4	Suminoe (leasehold land)	Osaka-city, Osaka	¥4,620	Suminoe Land GK
Total				¥4,620	

# Independent Auditor's Report



## Independent Auditor's Report

To the Board of Directors of LaSalle LOGIPORT REIT

### Opinion

We have audited the financial statements of LaSalle LOGIPORT REIT (the Company), which comprise the balance sheet as at August 31 2020, and the statement of income, statement of changes in net assets and statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31 2020, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Mitsuo Tsuruta  
Designated Engagement Partner  
Certified Public Accountant

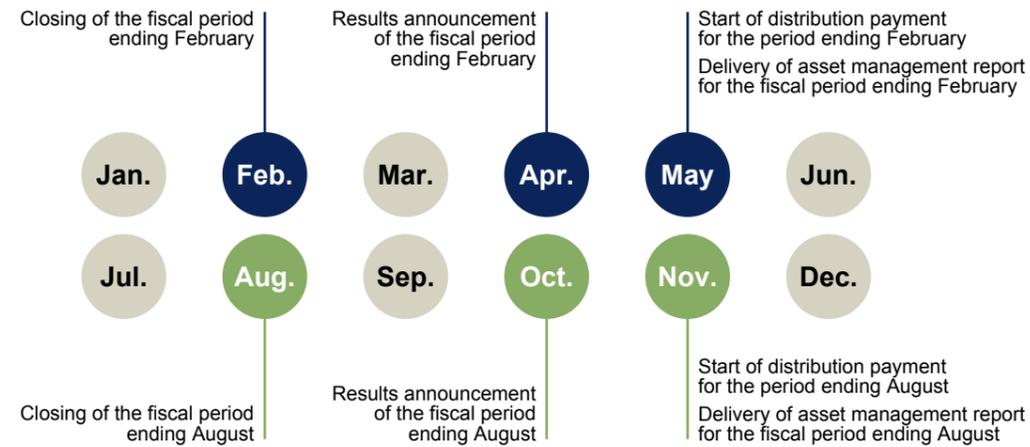
Takashi Yabutani  
Designated Engagement Partner  
Certified Public Accountant

PricewaterhouseCoopers Aarata LLC

November 27, 2020

# Investor Information

## Schedule of Annual IR-Related Events



## Unitholder Metrics

The following charts illustrate various metrics for measuring unitholders.

### Top Unitholders

As of August 31, 2020

	Number of Units	Ratio (%)
Japan Trustees Services Bank, Ltd. (Trust Account)	264,437	19.40%
Custody Bank of Japan (Trust Account)	264,387	19.39%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	56,985	4.18%
NSI CUSTOMER SECURED 30.7. OMNIBUS (Note)	46,200	3.38%
Custody Bank of Japan (Securities Investment Trust Account)	42,549	3.12%
SMBC Nikko Securities Inc.	28,981	2.12%
BNYM AS AGT/CLTS 10 PERCENT	22,965	1.68%
STATE STREET BANK WEST CLIENT-TREATY 505234	19,751	1.44%
Mitsubishi UFJ Trust and Banking Corporation	18,352	1.34%
SSBTC CLIENT OMNIBUS ACCOUNT	17,609	1.29%
<b>Totals</b>	<b>782,216</b>	<b>57.38%</b>

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

### Breakdown of Units Held by Unitholder Type



### Unitholder Breakdown by Unitholder Type

