Financial Results for the 2nd Fiscal Period ("FP") Ending in February 2017 LaSalle LOGIPORT REIT

Apr. 18, 2017



LaSalle INVESTMENT MANAGEMENT
Logiport REIT

PRIME LOGISTICS × LaSalle

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Ⅰ. Operational Highlights

Operational Highlights 1/2

External Growth

■ Acquisition of Logiport (“LP”) Kawagoe for 11.95bn yen (on 3/1/2017)

- Appraisal NOI Yield (1) 4.9 %
- AUM grows to ¥173.4bn

■ Securing preferential negotiating rights from other external third parties

- 4 properties in excess of ¥25bn
- All of the properties are under exclusivity and are prime logistics facilities located in the Tokyo or Osaka areas(2)

Internal Growth

■ Maintaining High Occupancies

- 2nd FP average occupancy was 97.5 %
- Occupancy as of 3/31/2017 was 98.1 %

（a 2.4% increase relative to IPO）

■ Portfolio level rent per tsubo increase

- Monthly rent per tsubo has increased to ¥3,535
  （+11 yen per tsubo increase from IPO）
- A rental gap of approximately 5.5 % remaining

Financial Strategy

■ Steadily increasing the LTV(3) level

- LP Kawagoe was acquired by raising debt capital through a syndicate loan of 13.79bn yen
- LTV raised from 34.2% to 38.7%
- Debt capacity of approximately ¥20bn yen remaining (Assuming LTV up of 45%）

■ Diversification of debt channels

- Issued investment corporation bonds of ¥6bn（5yr & 10yr notes）

■ Prolonged・Fixed Rate・Diversified

- Avg. remaining term 5.9 years
- Fixed rate ratio 87.7 %
- Financial institutions 11 banks

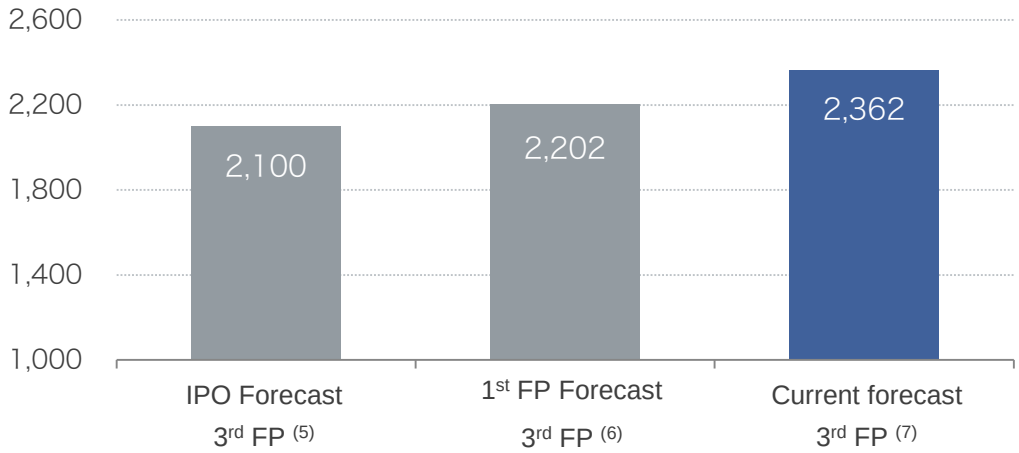
(1) Calculated by dividing the appraisal NOI at the time of acquisition by the acquisition price
(2) “Tokyo Area” defined as an area within 60km of JR Tokyo Station. “Osaka Area” is defined as an area within 45km from JR Osaka Station.
(3) Interest bearing debts ÷ Total Assets

Operational Highlights 2/2

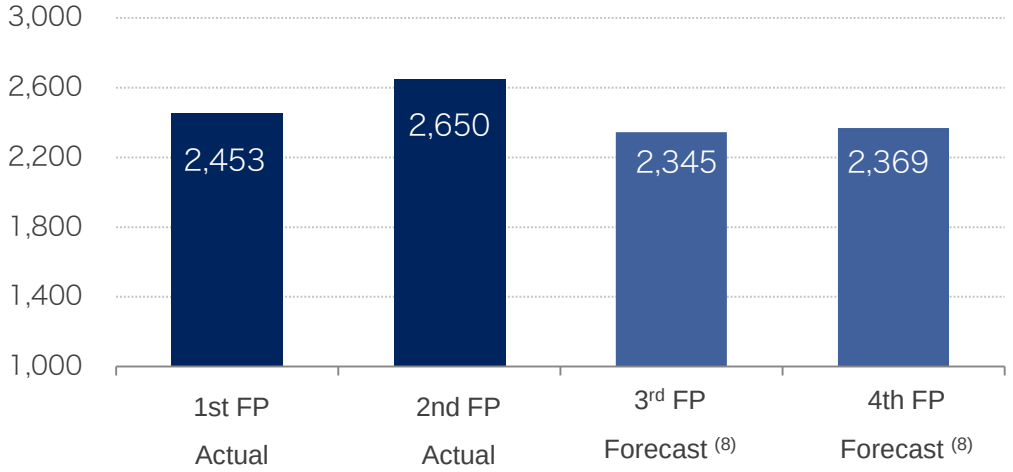
Summary of LLR(1)

Assets Under Management (2)	¥173.4 bn
Occupancy Rate	98.1 %
Property Location Concentration	Tokyo Area 100 %
Interest Bearing Debts	¥71.07 bn
LTV (3)	38.7 %
Debt Capacity	Approx. ¥20.0 bn
Wtd. Avg. Interest Costs	0.59 %
Credit Rating（JCR）	AA-

Increases in Forecast Stabilized DPU (yen) (4)



Actual and Forecast DPU (yen)



(1) As of 3/31/2017
(2) AUM is based on total acquisition price
(3) Interest Bearing Debts ÷ Total Assets
(4) DPU after temporary effects from property taxes and financing costs are adjusted
(5) 3rd FP forecast based on the business plan announced on 2/17/2016 (i.e. at IPO)
(6) 3rd FP forecast based on the business plan announced on 10/18/2016
(7) 3rd FP forecast based on the business plan announced on 4/14/2017, while bringing forward and adjusting for any temporary effects due to property taxes and financing costs
(8) Announced on 4/14/2017



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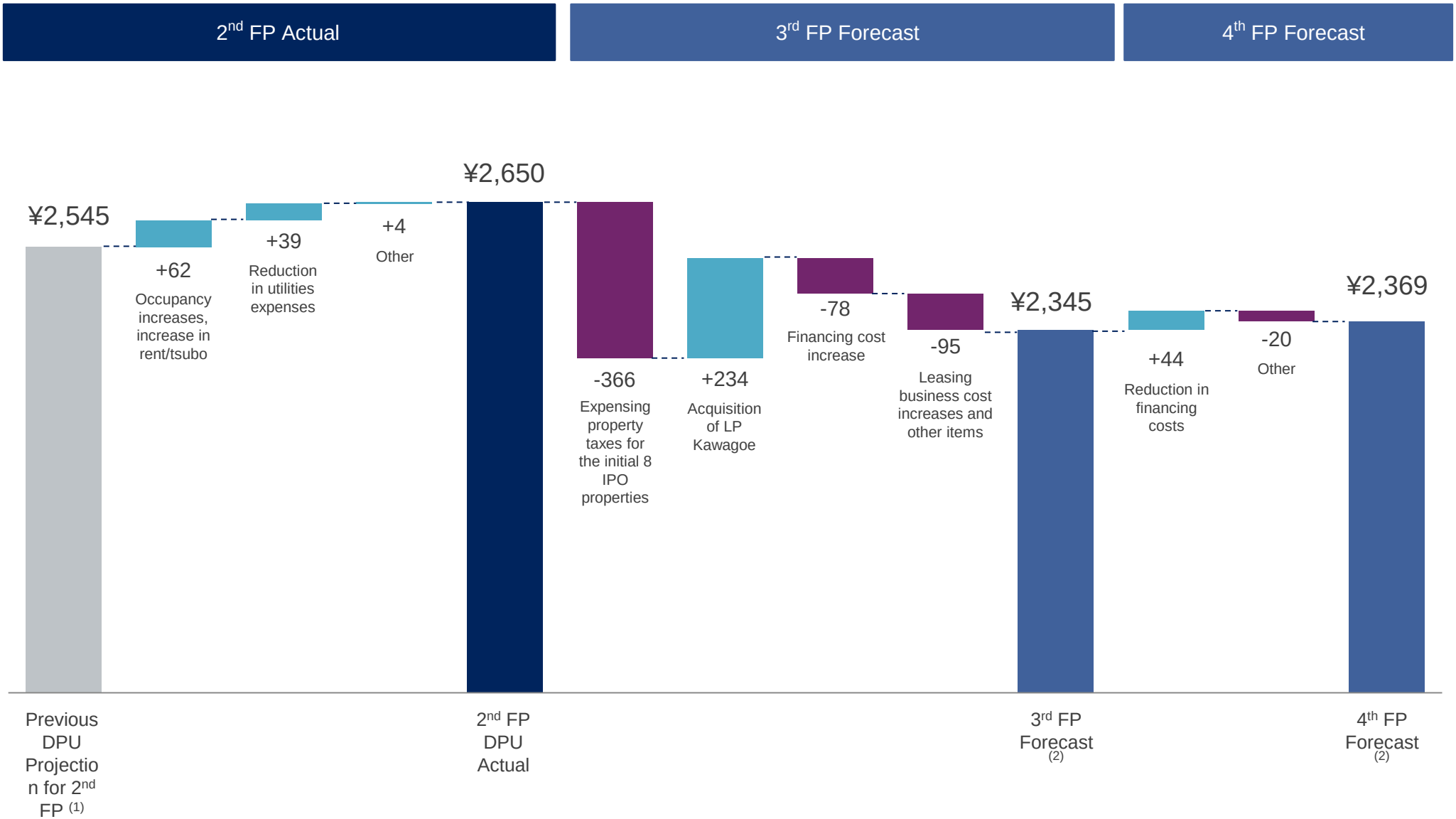
Ⅱ. 2nd Fiscal Period Financial Results

Comparison and Analysis of Actual DPU and Forecast DPU



(1) Announced on 10/18/2016
(2) Announced on 4/14/2017

2nd FP Financial Results (Ending 2/28/2017) Relative to Initial Forecasts

	2nd FP Forecast (1) (a)	2nd FP Actuals (b)	Difference (b)-(a)
Operational Highlights (million yen)			
Operating Revenues	4,800	4,853	+53
Operating Expenses	1,947	1,896	-51
Operating Income	2,853	2,956	+103
Ordinary Income	2,626	2,740	+114
Net Income	2,625	2,739	+114
Distributions Per Unit (yen)			
Total Distributions Per Unit（DPU）	2,545	2,650	+105
DPU attributed to earnings（EPU）	2,386	2,491	+105
DPU in excess of earnings	159	159	-
Other Highlights (million yen)			
NOI	4,152	4,263	+111
LTV (%)	34.3%	34.3%	-
Total Assets	172,015	172,144	+129
Interest Bearing Debts	58,970	58,970	-

(1) Announced on 10/18/2016

Key factors of the difference between 2nd FP Actuals and Previous Forecast (1)

Increase/Decrease in operating income

- Attributed to occupancy increase
  +68 mm yen (+62 DPU)
- Attributed to reduction in utilities cost
  +43 mm yen (+39 DPU)

(Note) The figures in parentheses above note the impact to DPU

(Note) In the above, “+” indicates an increase in profit (distribution), “-” indicates a decrease in profit (distribution)

3rd FP（ending 8/31/2017）and 4th FP（ending 2/28/2018）Forecasts

	2nd FP Actuals (a)	3rd FP Forecast (b)	Difference (b)-(a)	4th FP Forecast
Operational Highlights (million yen)				
Operating Revenues	4,853	5,191	+338	5,120
Operating Expenses	1,896	2,492	+596	2,447
Operating Income	2,956	2,698	-257	2,672
Ordinary Income	2,740	2,393	-346	2,419
Net Income	2,739	2,392	-347	2,418
Distributions Per Unit (yen)				
Total Distributions Per Unit（DPU）	2,650	2,345	-305	2,369
DPU attributed to earnings（EPU）	2,491	2,174	-317	2,198
DPU in excess of earnings	159	171	+12	171
Other Highlights (million yen)				
NOI	4,263	4,034	-229	4,031
LTV (%)	34.3%	38.7%	4.4%	38.7%
Total Assets	172,144	183,820	+11,676	183,674
Interest Bearing Debts	58,970	71,070	+12,100	71,070

Key factors for the difference between the 2nd FP and 3rd FP forecasts (1)

Increase in rental business income due to acquisition of LP Kawagoe

- Rental Revenues:+338mm yen (+307 DPU)
- Rental Expenses: -81mm yen (-74 DPU)
- Rental Profits: +257mm yen (+234 DPU)

Expensing property taxes for initial 8 assets

-402 mm yen (-366 DPU)

Increase in operating costs, SG&A expenses

-157 mm yen (-143 DPU)

Decrease in asset management fees

+52 mm yen (+48 DPU)

Increase in interest expense / loan related expenses (including temporary expenses)

-86 mm yen (-78 DPU)

(1) The figures in parentheses above note the impact to DPU
In the above, "+" indicates an increase in profit (distribution), "-" indicates a decrease in profit (distribution)





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Ⅲ. Activities To Date and Future Management Policies





Future Management Strategies

External Growth

- Disciplined and selective investment into prime logistics at a fair price

- 3 acquisition channels; LLR will acquire properties at appropriate timing

Existing LaSalle Funds
（JLF 3 Fund）

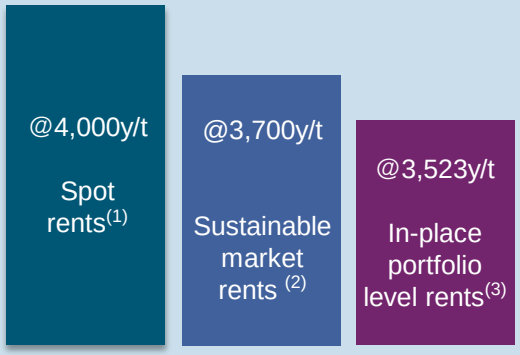
New LaSalle Fund (Proceeding)
（JLF 4 Fund）

External Acquisitions

Internal Growth

- Maintain high occupancy

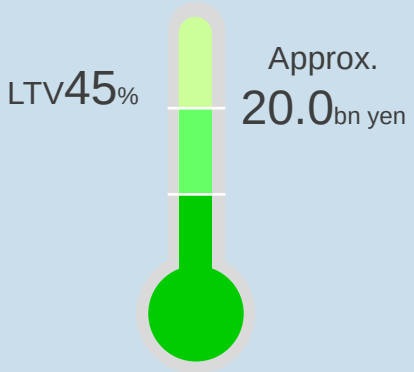
- While we enter a period of significant new supply, LLR's in-place leases are still below sustainable market rent levels



Financial Strategy

- Utilization of debt capacity

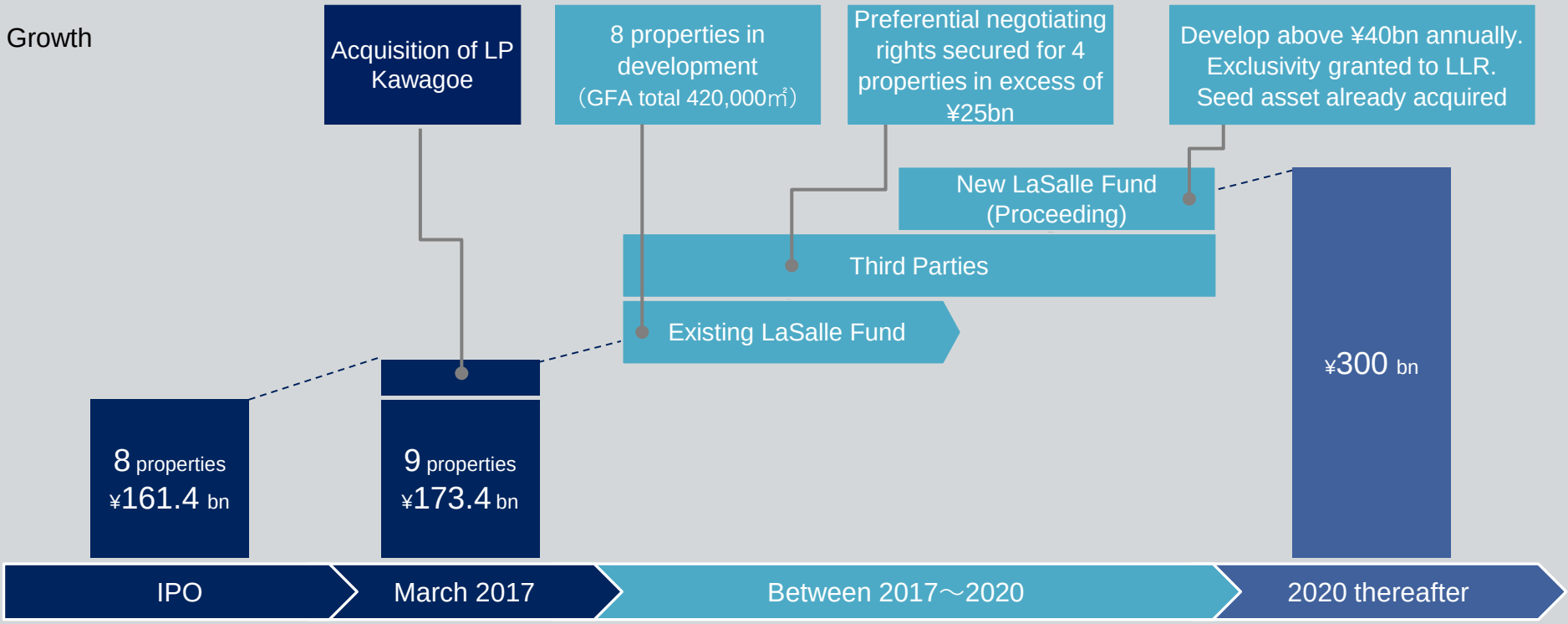
- Manage a stabilized LTV (long term) in a range of 40-45%, and acquire additional properties with remaining available debt capacity



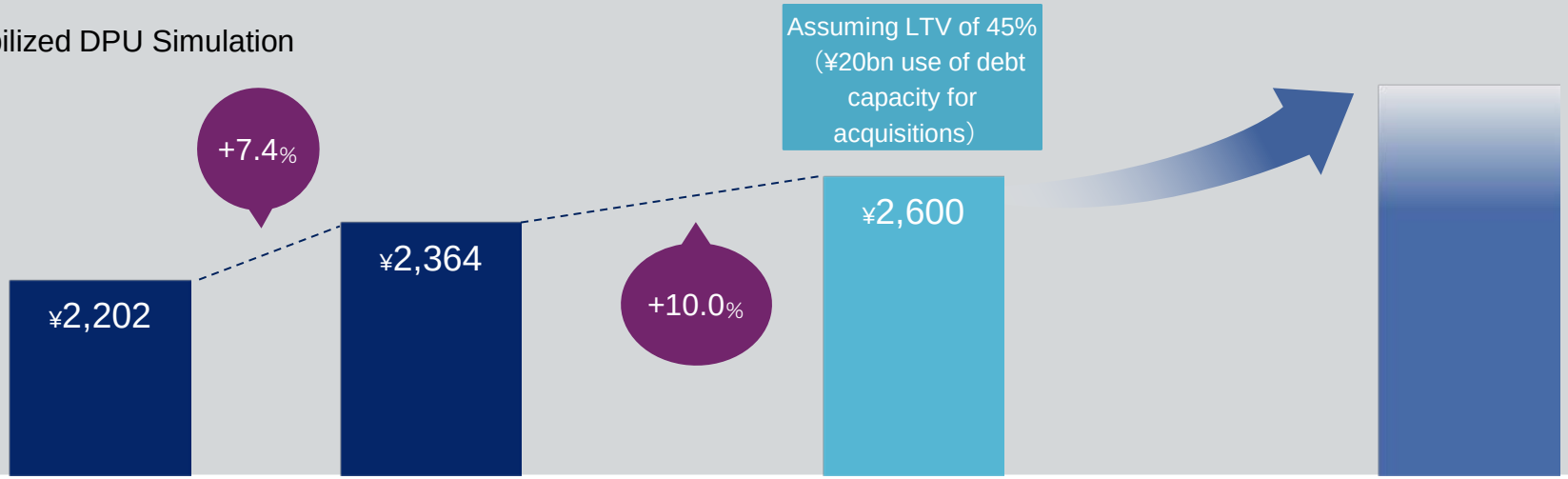
(1) New Development projects asking per tsubo rent levels (warehouse space only)
(2) Warehouse market rents based on market reports which are relied upon for LRA's underwritten levels.
(3) In-place per tsubo rents are inclusive of LP Kawagoe (warehouse space only)

The Mid-Term Road Map Toward ¥300 billion of AUM

External Growth



Illustrative Stabilized DPU Simulation



(Note) “LaSalle Funds” are real estate private funds that LaSalle establishes and manages

External Growth Track Record：Case Study of Logiport Kawagoe

Selective investment in good deals

With over-heating competition for stabilized prime logistics, LLR is protecting the NOI yield level of the existing portfolio



Logiport Kawagoe

Acquisition Price	¥11.95bn
Appraisal Value	¥12.00bn
Appraisal NOI yield	4.9%
Occupancy	100%

Transaction Highlights

Opportunities for acquisition of lower occupancy properties

- Remaining vacant space was left scattered, leaving an un-stabilized occupancy condition in-place for a prolonged period.
- Imminently, 1 tenant had submitted a termination notice, leaving the property faced with an even higher vacancy rate.

Pricing for property

- Based on the leasing experience of the Sponsor, LLR was able to offer a price that appropriately evaluated the entailed risks.
- Other bidders seemed to shy away from the impending vacancy.

First phase of acquisition utilizing a bridge fund

- In order to shield LLR from any leasing risk, LLR utilized an acquisition structure that entailed a bridge fund vehicle.
- With the sponsor's support, the bridge fund was able to procure low cost capital for this warehousing phase of the acquisition.

Leasing efforts

- The bridge fund initially expected a lease up period of 9 months, however, it was able to lease up the remaining vacant units much earlier than anticipated.

Second phase of acquisition transferring asset to LLR

- LLR exercised its call option, and acquired LP Kawagoe at a price that kept bridge transaction costs to a minimum.

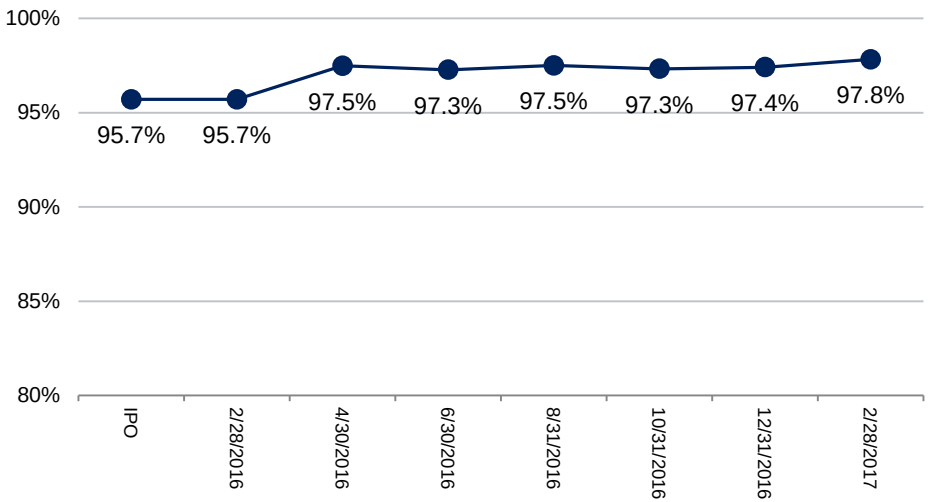
Acquiring stabilized prime logistics properties at a reasonable price

- Acquired at a price that is a relative discount to "priced to perfection" stabilized properties that come to market.
- Passing vacancy risk issues to a bridge vehicle, LLR acquires asset only after 100% lease-up is achieved.

Internal Growth Track Record

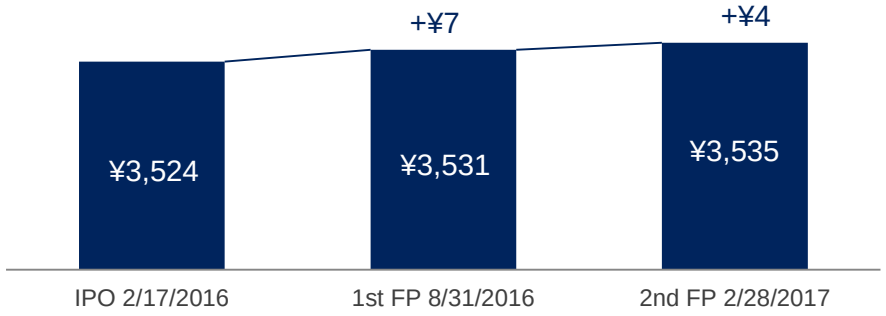
Changes in occupancy

Increased from 95.7% at IPO to 97.8% at 2nd FP end



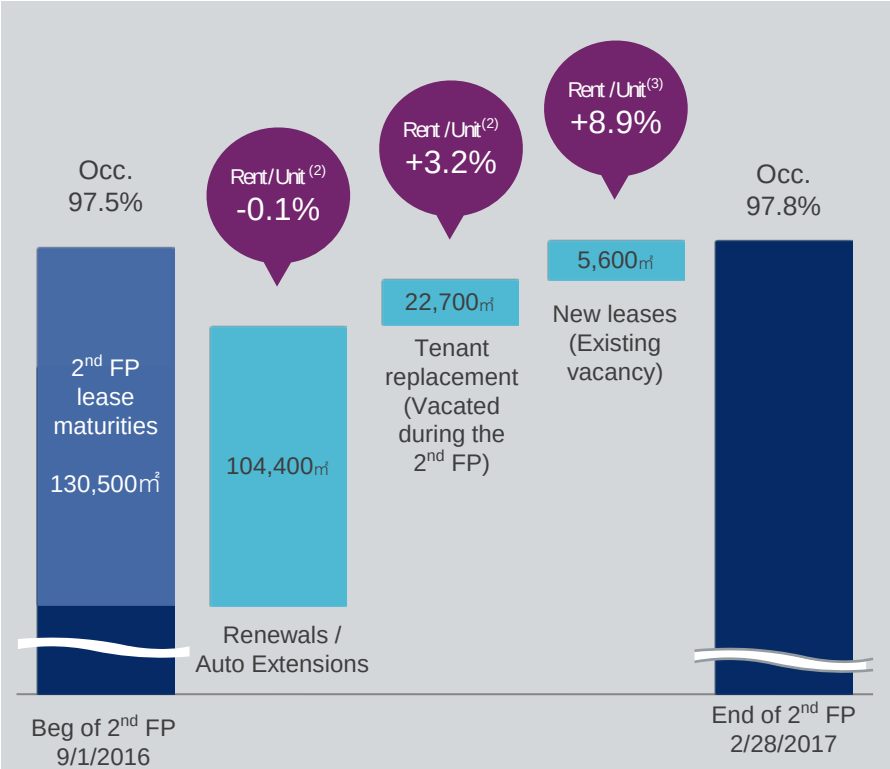
Portfolio level avg. per-tsubo rents (1)

Increase of +11 yen from IPO and +4 yen from prior FP



(1) Per-tsubo rents are calculated factoring in the storage space only.
(2) Increase/decrease in rates are relative to old contracts (only factoring the warehouse part, temporary leases are excluded)
(3) Percentage change relative to expected per tsubo price

Leasing track record



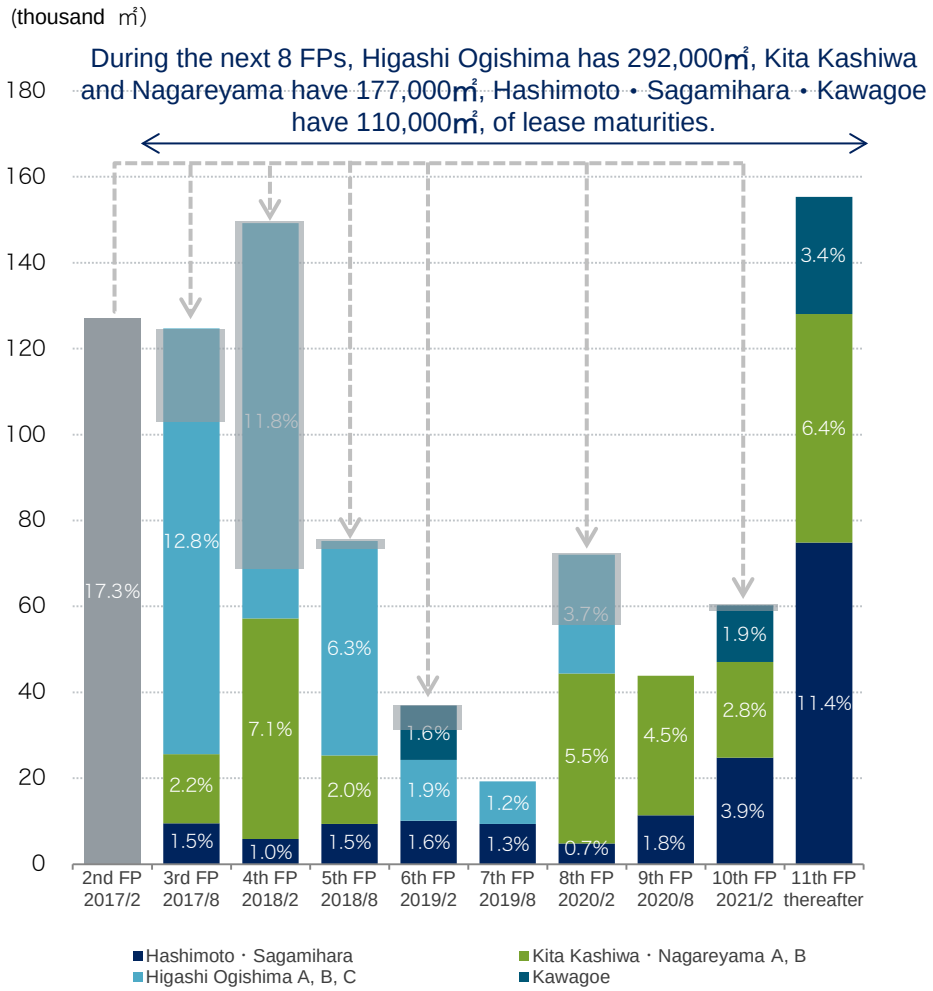
Main activities

LP Higashi Ogishima
- 98% of standard lease contracts auto extended.
- Vacant space had a average downtime of only 30 days.

LP Hashimoto
- Occupancy rose to 97.1% by 2nd FP end (representing a +5.0% increase relative to 1st FP end)

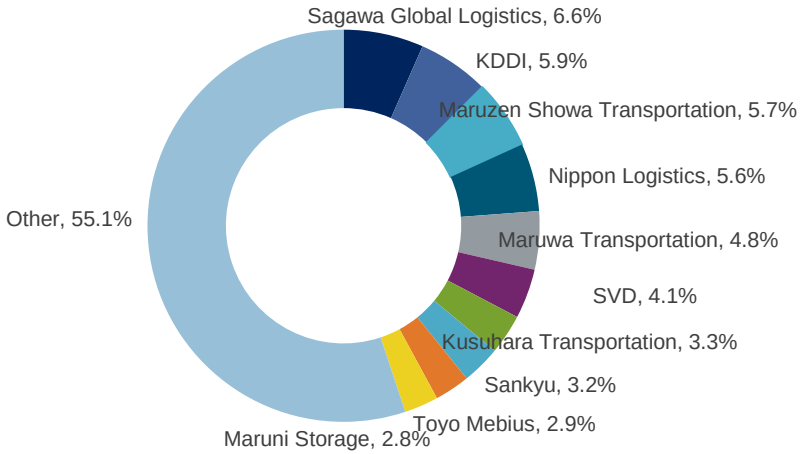
Lease Expiration Schedule and Tenant Diversification Status

Lease maturity / renewal periods



(Note) Figures expressed above are accounting for a percentage of annual rent

Tenant diversification (as a % of total NRA)



Top 5 tenants	**28.6** %
Top 10 tenants	**44.9** %
Total # of tenants	**99**

Asset Management Plan: Tasks and Efforts

	Tasks	Efforts
Higashi Ogishima	❑ Minimize vacancy loss due to short term or temporary use needs ❑ Manage rental increases attributed to tenant replacement and converting over standard leases into fixed term leases ❑ Improvement of terms and conditions to standard leases	❑ Average occupancy during the FP of 96.2% was achieved (relative to LLR's 94.8% expected 2nd FP forecast, the actual result exceeded expectations by 1.4%) ❑ 98% automatic extensions among those tenants that are on standard lease terms ❑ Downtime of only 30 days was achieved due to expanding tenants' needs which took up any vacated space. ❑ Succeeded in raising rents by 3% for those leases that were converted over from standard lease to fixed term lease.
Kita Kashiwa & Nagare-yama	❑ Reduction of rental gap (5-9%) upon lease maturity / lease renewal of fixed term leases ❑ With the oncoming neighboring new supply, either consensually agree to terminate lease ahead of schedule or prolong the lease term upon renewing	❑ Of the 15,829.06㎡ of leased space maturing, due to other tenants' expansion needs, 100% of this space is under contract for absorption. Per-tsubo rent is to increase by 4.1%. ❑ Taking into account the increased space needs of key tenants, was able to extend out the lease term at higher rent levels
Hashi-moto, Sagami-hara, Kawagoe	❑ Leasing up LP Hashimoto	❑ Occupancy of LP Hashimoto increased from 90.1% at IPO to 97.1% by March end 2017. ❑ The remaining space is already under contact and occupancy will increase to 99.9% by June 2017. ❑ LP Sagamihara had 1 bay of space reach its lease maturity during 2nd FP. The space was re-leased at a +5% increase.

Internal Growth Case Study

Tenant A (Kita Kashiwa)	NRA 6,264 tsubo
	Lease Maturity 7/2020

Due to Tenant A's expanding business, grasp their growing space needs

Tenant B (770 tsubo) is asked to leave its space upon lease expiration, and go to Tenant A with expansion proposal

Proposed to extend the lease term for the existing space, along with expansion space

Propose to raise rent/tsubo in exchange for capital investment for LED lighting

Contributing to the profitability and stability of the portfolio

Without waiting for the expiration of contracts
- ❑ Pre-emptive rent increases (+2.2%)
- ❑ Early agreement on prolonged lease term (extended by 2 years)
- ❑ Prevent tenants with growing businesses from vacating

Financial Strategy: Optimization of Stability and Efficiency by Utilizing Acquisition Capacity

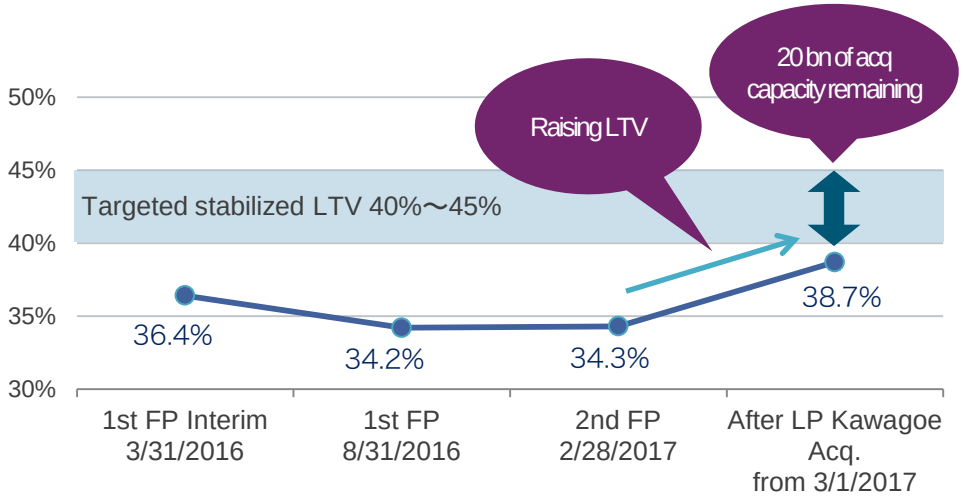
Mixing both longer duration and fixed rate debt at lower costs

- Investment corporate bond issuance, coupled with procurement of a syndicate loan for the acquisition of LP Kawagoe
- Prepayment of floating rate existing debt

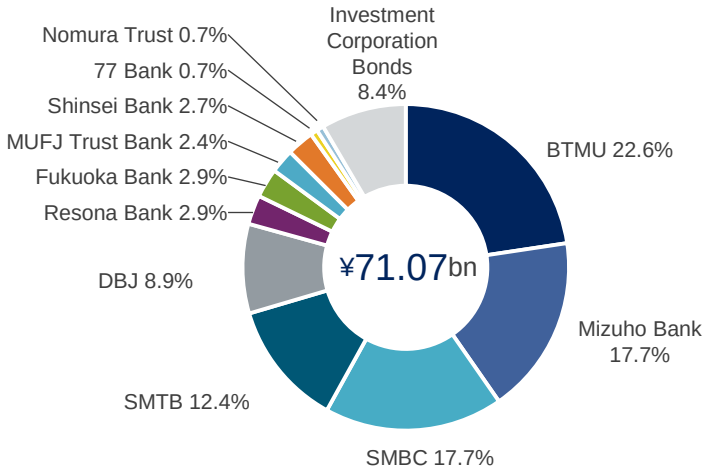
	1st FP 8/31/2016	After LP Kawagoe 3/1/2017
Debt Balance	¥58.97bn	¥71.07bn
(Inv. Corp. Bonds)	0	(¥6.0bn)
LTV	34.2 %	38.7 %
Credit Rating（JCR）	AA-	AA-
Avg. Remaining Term	5.9 yrs	5.9 yrs
Fixed Rate Debt Ratio	81.0 %	87.7 %
Wtd. Avg. Interest Rate	0.62 %	0.59 %
Number of lenders	7	11

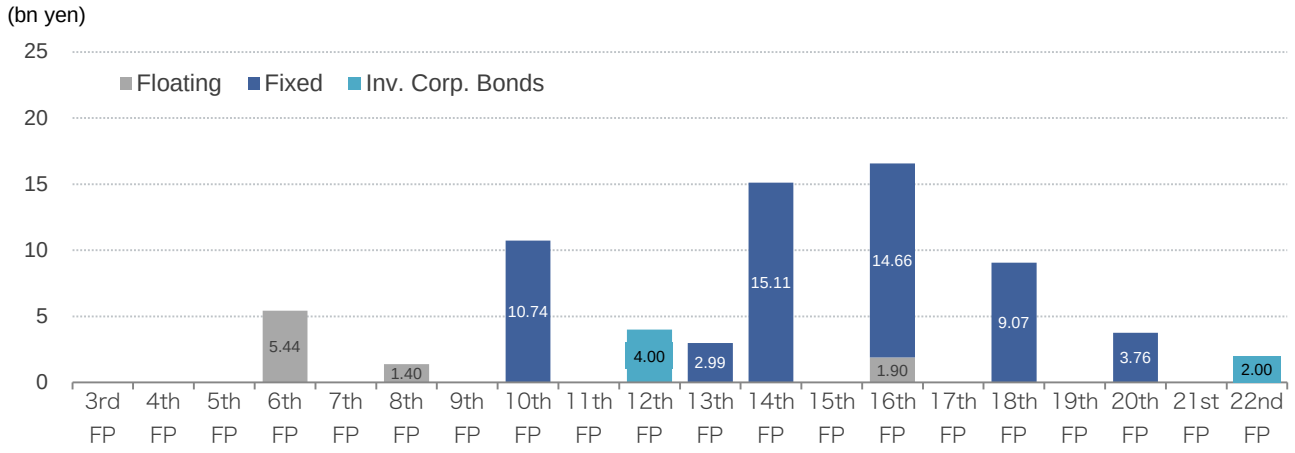
LTV control

- Raise LTV to a modest 38.7% with LP Kawagoe acquisition
- Utilize reserve capacity for future external growth acquisitions



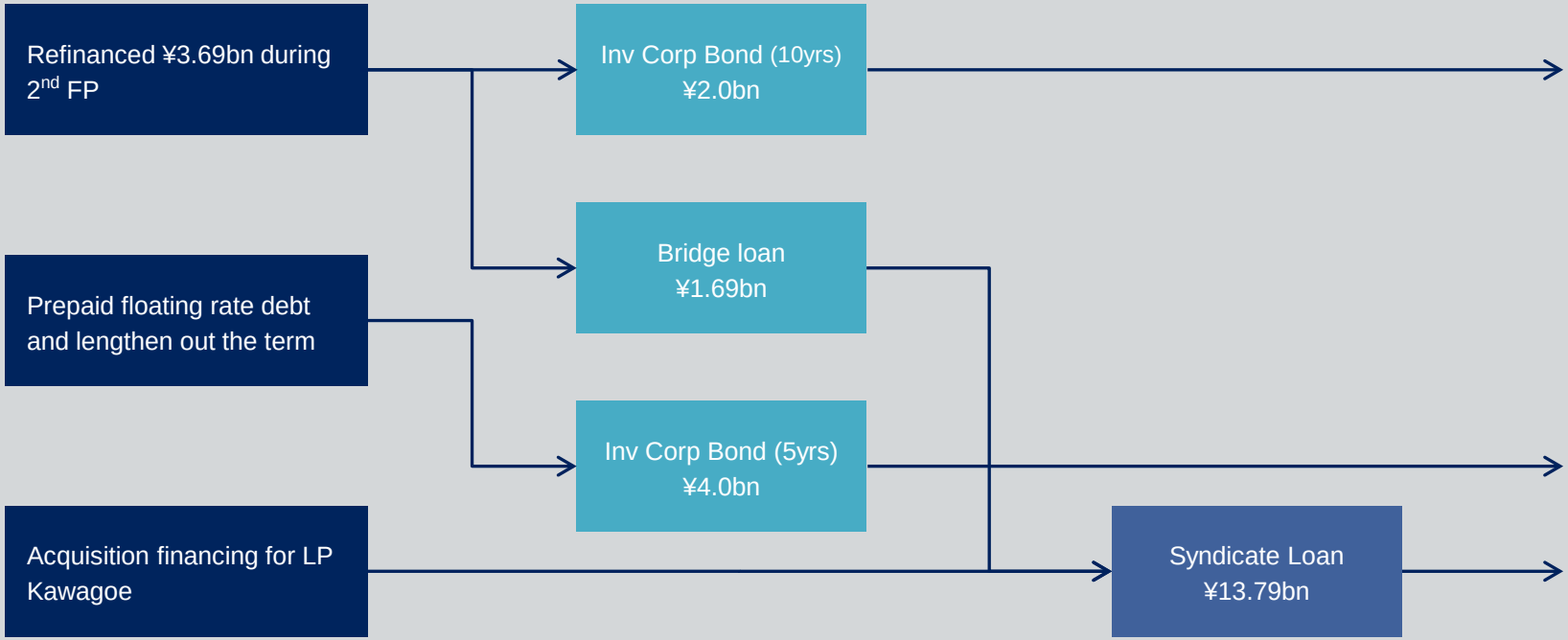
Diversification of lenders and repayment deadlines





Debt Procurement via Investment Corporation Bonds・Syndicate Loan

Capital Raising Plan	Refinance Feb. 2017	Acquisition of LP Kawagoe 3/1/2017
• Market trends, interest rate prospects Prolong Term / Fixed Rate	• The bonds were popular in the market; raised 6bn yen exceeding expectations. • Procured a bridging loan of ¥1.69bn assuming debt refinanced upon acquisition of LP Kawagoe.	• Since IPO, 4 new lenders were invited into the bank syndicate, and a ¥13.79bn loan was procured. • Bridge loan was extended out into 5-year debt.



- Avg. Remaining Term
  5.9 yrs (+0.43yrs)
- Fixed Rate Ratio
  87.7 % (+6.7%)
- # of Lenders
  11 (+4 banks)
- Issuance of Investment Corporation Bonds
  ¥6.0 bn
- Wtd. Avg. Debt Costs
  0.59 % (-0.03%)

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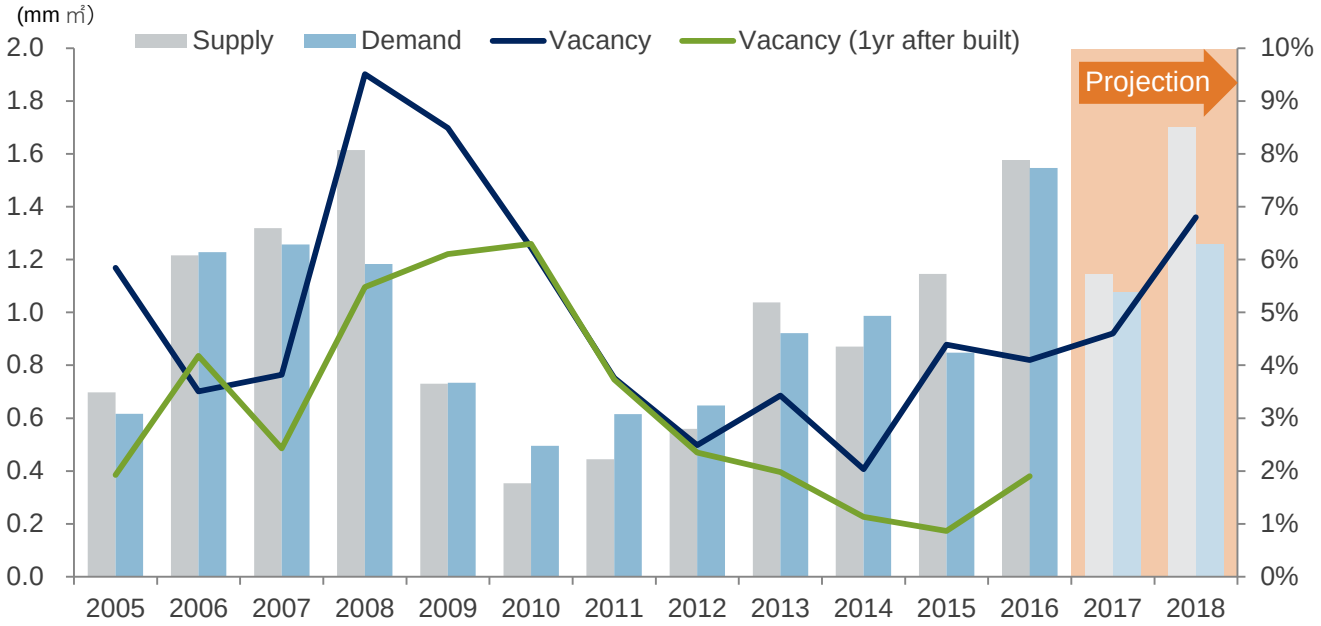
Ⅳ. Logistics Market Outlook



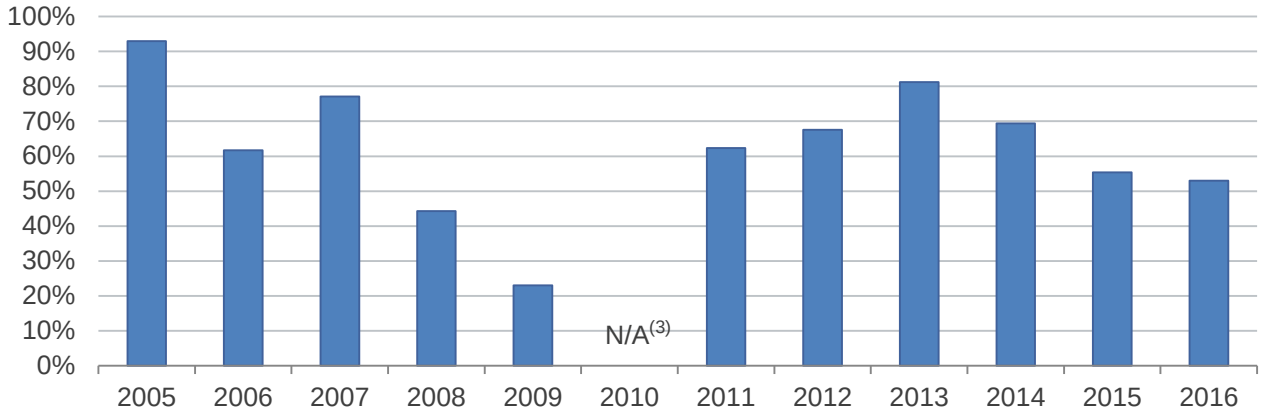
Tokyo Area Logistics Market

Supply/Demand and Mid-term Projections (1)



Source: CBRE (1) Logistics facilities with GFA greater than 5,000㎡ .

Change in occupancy rate for large-scale multi-tenanted facilities(2) at completion

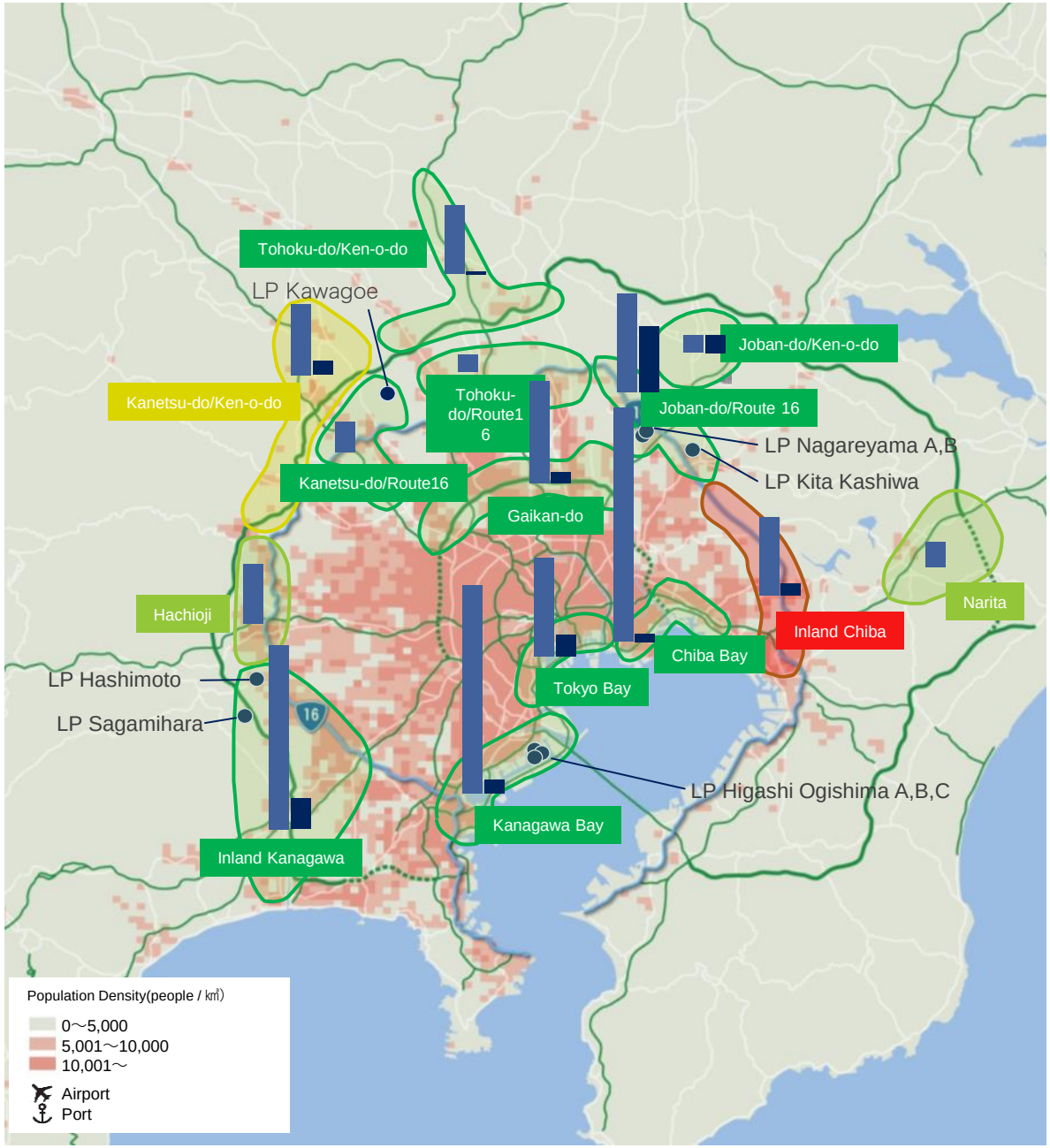


Source: CBRE (2) Multi-tenanted logistics facilities with GFA greater than 10,000 tsubo.
(3) In 2010, there were too few examples of newly supplied product.

2016 total vacancy (all properties)	2016 vacancy (1yr after completion)
4.1 %	1.9 %
(yoy -0.3%)	(yoy +1.0%)

- While new supply has been steadily absorbed by the market as a whole, the period required for leasing for some properties has been prolonged
- Possibility of gradual increase in vacancy rate, as significant supply comes to market (CBRE estimates that in 2018 vacancy will be 7%)
- The occupancy rate for developments that have been completed in 2016 was 53%. While this figure is lower than the 2013 level (81.2%), it is in line with the past 12-year's average.
- Secondary vacancy, due to tenants being lured away to other new development projects, has not been witnessed for modern logistics facilities that are already stabilized.

Tokyo Area Submarket Vacancy Rates and Supply Outlook



Recent Supply/Demand Balance

- While development of road networks and newly zoned industrial parks continue to push new developments outward from central Tokyo, some new emerging areas continue to struggle

Future Supply Trend

- In addition to the emerging areas that continue to be supplied (1) by new developments driven by the continued improvements made in road infrastructure, new supply is being developed within urbanization adjustment zoning where their district plans are being modified to accommodate logistics facilities use (in areas along the Joban-do / Route 16 submarkets) as well as older infill sites where large scale factories used to operate are being redeveloped into logistics (Inland Kanagawa).
- In recent years, the supply of emerging areas was mainly due to the progress of improved outer ring-road networks, however, going forward, the future supply will mainly be focused in traditional logistics submarket areas.

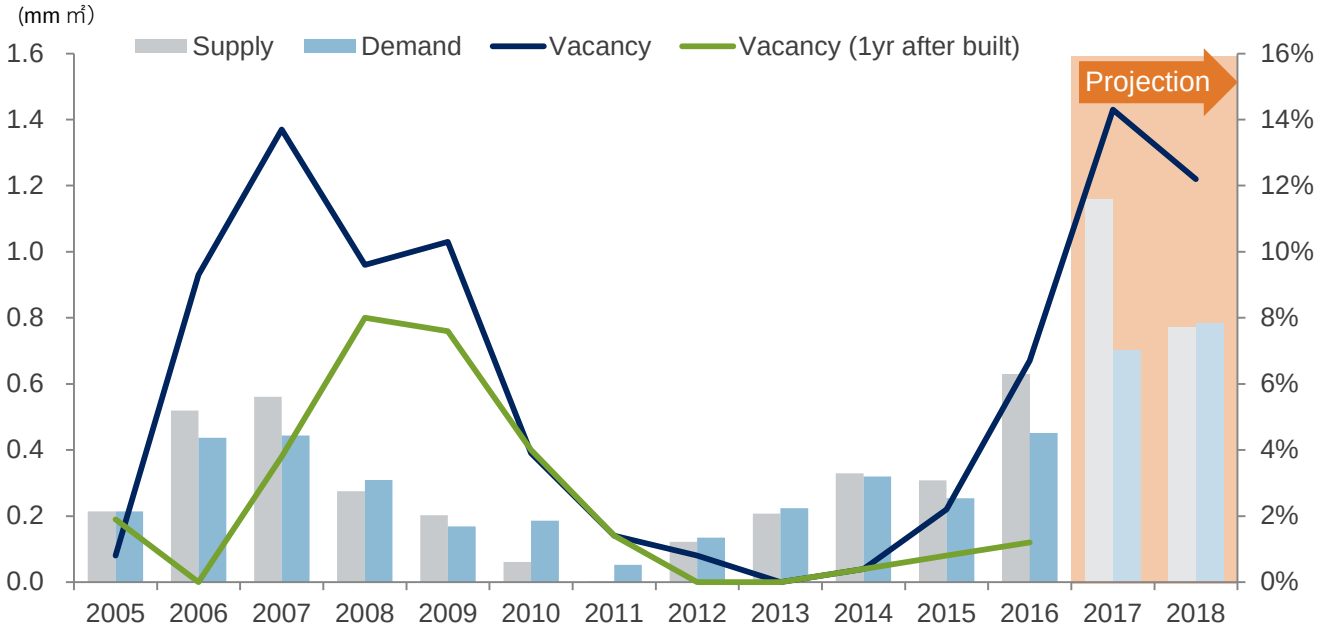
Vacancy (2) （YE 2016）	Supply/Demand Environment
0～5%	Supply/Demand tight
5～10%	Supply/Demand balanced
10～15%	Concerns of Supply/Demand Softening
15%～	Supply/Demand weak

Existing stock as of 2016 end
2017 & 2018 projected supply

Source: CBRE data which was compiled by LLR's asset manager
(1) Submarkets where the accumulation of existing stock is small
(2) Logistics Facilities with GFA greater than 5,000㎡

Osaka Area Logistics Market

Supply/Demand and Mid-term Projections (1)

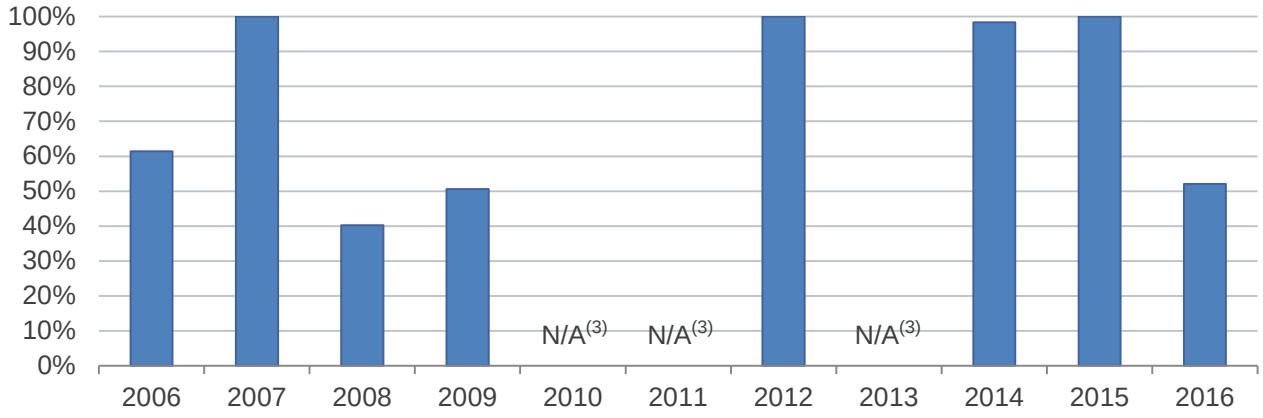


Source: CBRE (1) Logistics facilities with GFA greater than 5,000㎡.

2016 total vacancy (all properties)	2016 vacancy (1yr after completion)
6.7 % (yoy +4.5%)	1.2 % (yoy +0.4%)

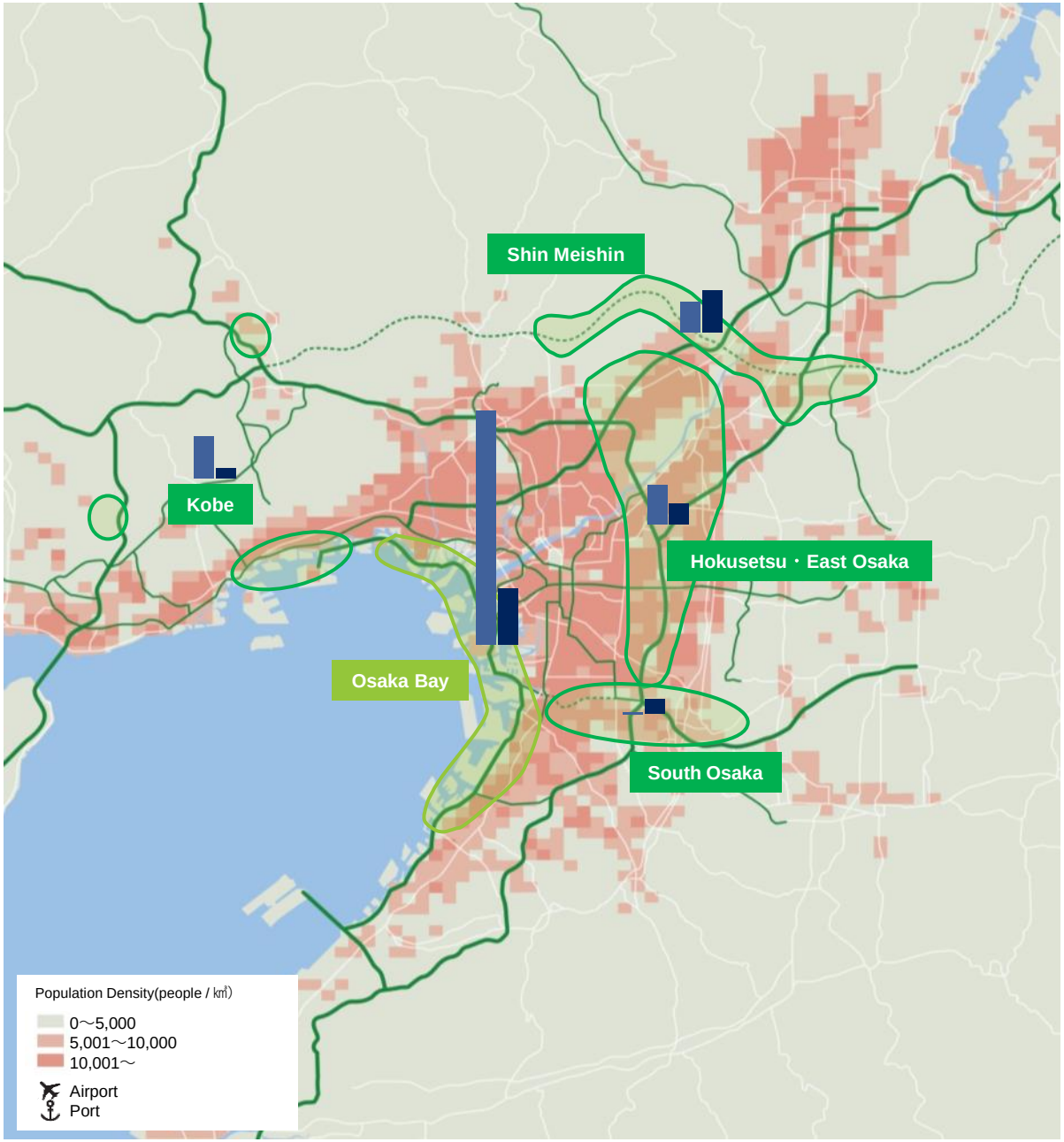
- 1,150,000㎡ of new logistics is expected to be supplied to market during 2017. While demand of approximately 700,000 ㎡ is expected to be evoked (a historical high), it is also expected that vacancy will rise sharply.
- 2018 projected supply is expected to decrease to 2016 levels. Thus, vacancy is expected to steadily decline after this year.

Change in occupancy rate for large scale multi-tenanted facilities(2) at completion



Source: CBRE (2) Multi-tenanted logistics facilities with GFA greater than 10,000 tsubo.
(3) In 2010, there were too few examples of newly supplied product.

Osaka Area Submarket Vacancy Rates and Supply Outlook



Recent Supply/Demand Balance

- With respect to the significant new supply, tenants continue to take a wait-and-see approach
- The disparity between operators' operating capabilities and leasing strategies (including their capabilities to negotiate rent levels) continues to widen. However, on a submarket level basis, there is no significant strength/weakness difference being witnessed

Future Supply Trend

- Supply volumes are expected to decline with 2017 being the peak year
- Significant undercutting rents (which in turn undermine market rents) is a concern for certain properties as they continue to struggle with leasing

Vacancy (1) (YE 2016)	Supply/Demand Environment
0～5%	Supply/Demand tight
5～10%	Supply/Demand balanced
10～15%	Concerns of Supply/Demand Softening
15%～	Supply/Demand weak

Existing stock as of 2016 end
2017 & 2018 projected supply

Source: CBRE data which was compiled by LLR's asset manager
(1) Logistics Facilities with GFA greater than 5,000㎡



V. Appendix





LaSalle INVESTMENT MANAGEMENT
Logiport REIT



Features of LaSalle LOGIPORT REIT

1 Focused investments of Prime Logistics located in Tokyo and Osaka

- The portfolio is comprised of large scale logistics concentrated in the Tokyo area
- In order to ensure a portfolio with superior mid- to long-term characteristics, there is focus and attention given to location and building specifications which are the source of a given properties' characteristics

2 Utilizing the asset management abilities of the LaSalle Group

- Capitalize upon the LaSalle Group's capabilities as a leading global investment manager with deep roots in core real estate investment
- Utilize the wealth of operational experience that LaSalle Japan has Nurtured in logistics development and investment

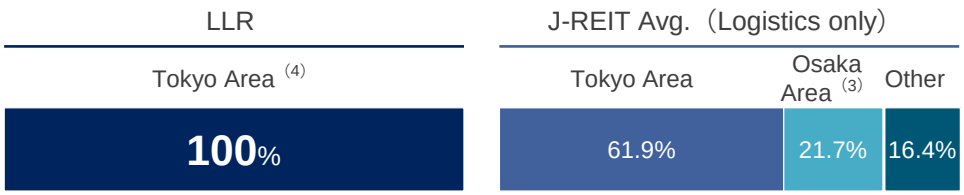


The portfolio consists of large scale logistics facilities located in Tokyo

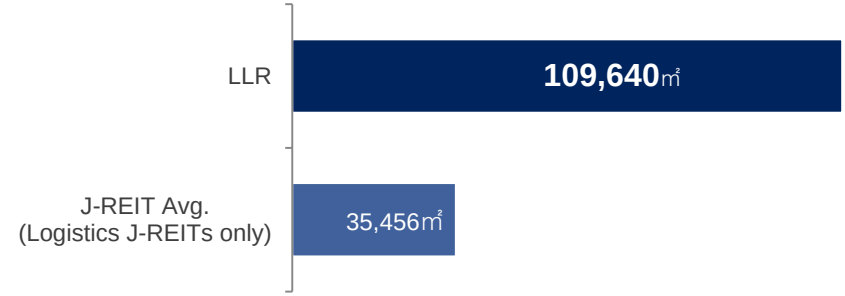
Portfolio Summary

AUM	¥173.4 bn	Tokyo Area(1)	100 %
Avg. GFA	109,640 m²	# of properties	9
NOI Yield (2)	4.9 %	Occ.(3)	98.1 %

Investment Area Statistics



Average GFA (3)



Location of Properties



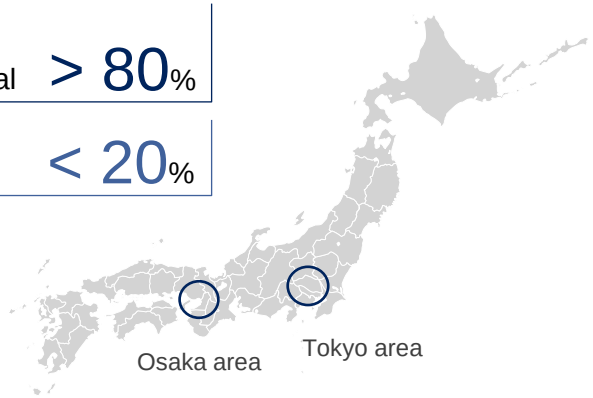
(1) “Tokyo Area” is defined as the area within a 60km radius from JR Tokyo station.
(2) “NOI Yield” is defined as Appraisal NOI at acquisition divided by the acquisition price.
(3) Occupancy is as of March 31, 2017.
(4) “Tokyo Area and Osaka Area ratios” are defined as logistics properties acquired by J-REITs as of 3/31/2017 and the ratio is their respective GFA’s relative to the total GFA.

Investment policy guided by the long term competitiveness of a given property

■ Tokyo and Osaka Areas are target markets

Prospective investment ratio

Tokyo and Osaka (1)	Total > 80%
Other areas	< 20%



(1)"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 (population agglomeration)
② Close proximity to highway 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 16,500㎡

High Specs

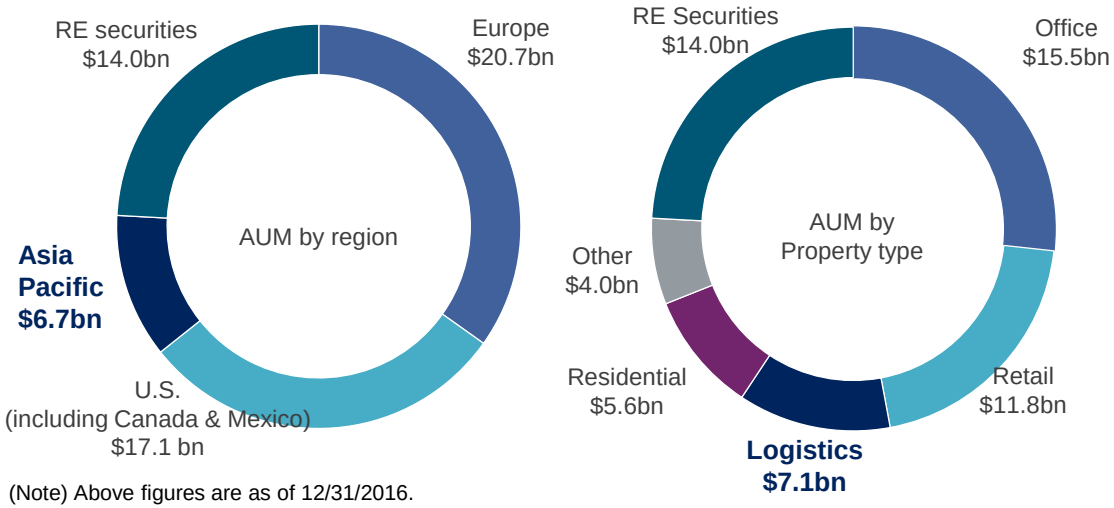
① Effective ceiling heights are greater than 5.5m, floor loads can handle in excess of 1.5t/㎡, and column spacing is typically 10m x 10m.
② Large ramp ways for direct truck access to the upper floors or freight elevators with sufficient loading capacity
③ Designed with flexible spatial partitioning
④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



LaSalle Group is a leader in real estate core investments

World leading real estate investment advisory firm

AUM	Global Network	Trusted by Investors
$58.0bn	17 countries / 24 offices Over 700 employees	323 institutions Investors from over 30 countries including SWFs, insurance companies, and HNW individuals



(Note) Above figures are as of 12/31/2016.

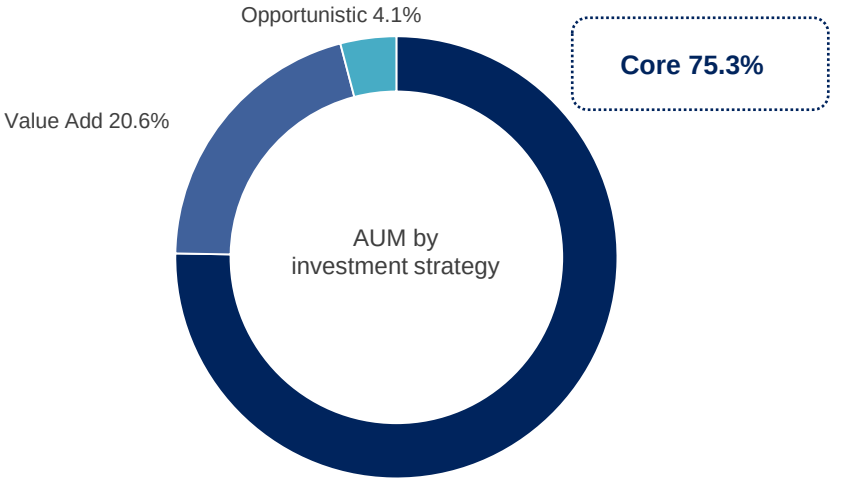
Global comprehensive real estate services firm

(Parent company of LaSalle Investment Management)

Scale of Operations	Global Network	Market Cap
Revenues (2016) Approx. $5.8bn	80 countries 280 offices 77,000 employees	Approx. $4.6 bn (listed on the NYSE)

(Note) Above figures are as of 12/31/2016

Core return investment strategies account for 75.3%



(Note) The ratios above are calculated without RE securities AUM in the denominator.

Consistently a recipient of several top industry awards as a leading global investment manager.

Award examples 2013-2017

- MSCI European Property Investment Awards
- Pensions Age Awards
- Property Week
- Professional Pensions UK Pensions Awards
- FT PIPA Awards
- Pensions Age Awards
- IPD Property Investment Awards
- Euromoney's Real Estate Poll
- Morningstar 2014 Fund of the Year
- International Fund Awards

LaSalle Group is a pioneering leader for the development of logistics facilities

■ Development, investment, and leasing track record of logistics properties in Japan

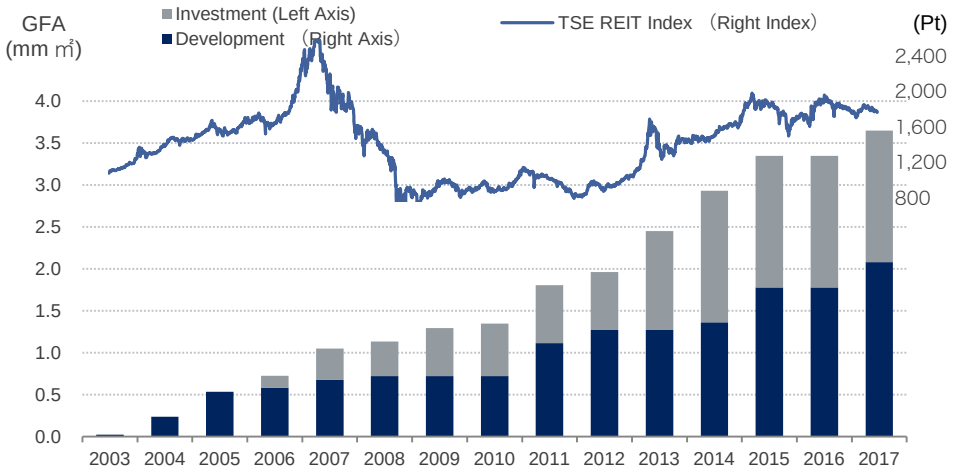
Robust experience in development, investment, and leasing (1)

Cumulative Development (2)	Approx. 2.08 mm m²
Cumulative Acquisitions	Approx. 1.6 mm m²
Leasing Experience	Approx. 2.24 mm m²
Large scale development share within Tokyo (3)	Approx. 18%

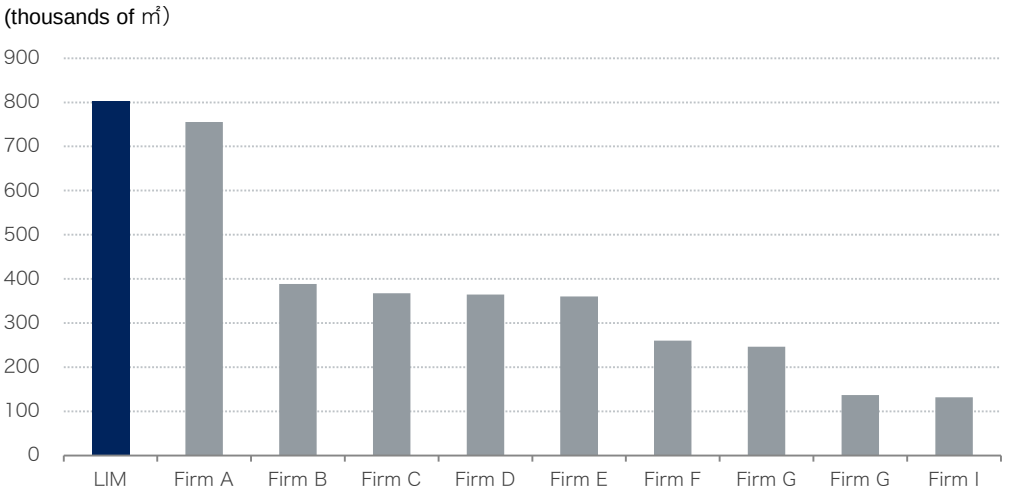
Involved in 4 out of the top 10 largest logistics deals

Rank	Property Name	Developer	GFA（㎡）	Completed
1	A	A	213,435	10/2015
2	LP Sagamihara	LaSalle Investment Management (“LIM”)	200,046	8/2013
3	B	A	198,000	9/2016
4	C	B	189,742	9/2016
5	Ex LP Kawasaki	LIM	160,218	1/2008
6	D	B	157,721	6/2011
7	E	B	155,931	8/2004
8	F	C	149,339	3/2014
9	Ex LP Kashiwa	LIM	148,453	6/2006
10	LP Hashimoto	LIM	145,802	1/2015

Development・Investment statistics (Cumulative Basis) (2)



No. 1 Developer of large scale logistics (of GFA >100,000㎡ in Tokyo)



Source: both of the above tables are CBRE
(Note) The figures above aggregate data for properties completed by 12/31/2016.

(1) As of 9/30/2016
(2) Includes development pipeline
(3) Source: CBRE. Developed by a private company in Tokyo, where total floor area exceeds GFA of 100,000㎡ of leasable space. (As of 12/31/2016)

LaSalle Group's track record for developing logistics facilities in Japan

- Fund function + developer function + investor function = development and investment on an ongoing basis for large scale logistics facilities, regardless of the economic environment

2003 Logistics investment begins in Japan

2004 LaSalle Japan Logistics Fund I established

Sep 2004 First inland multi-tenanted logistics property

2007 LaSalle Japan Logistics Fund II established

Apr 2011 Japan's first inland facility that was in close proximity to a train station

2013 LaSalle Japan Logistics Fund III established



Jul 2003 Wakasu 25,052㎡



Sep 2004 LP Kashiwa 148,453㎡



Mar 2005 LP Kawasaki 160,218㎡



Mar 2007 Hamura 42,870㎡

Oct 2007 Daiei Kawasaki 69,064㎡



Mar 2008 LP Island City Hakata 48,852㎡



Jul 2009 LP Nagareyama A, B Buildings 161,771㎡



Apr 2011 LP Kita Kashiwa 127,165㎡



Sep 2011 Atsugi 52,375㎡



Apr 2014 Sayama Hidaka Fulfillment Center 23,757㎡



Feb 2015 LP Osaka Taisho 122,099㎡



Sep 2004 Ichikawa Shiohama 66,297㎡



Feb 2005 LP Osaka 135,822㎡



Aug 2006 Sodegaura 50,963㎡



Aug 2007 LP Hokkaido 19,041㎡

Dec 2007 Hiroshima 9,795㎡

Mar 2008 Nishiura 2 props 6,599㎡ + 18,282㎡



Jun 2010 Tatsumi 18,161㎡



Jul 2011 LP Sagamihara 210,829㎡



Oct 2012 LP Hashimoto 156,609㎡



Jul 2014 LP Higashi Ogishima A, B, C 388,343㎡



Mar 2015 LP Sakai Nishi 116,074㎡

Development | Acquisitions | Establishment of a private equity development fund

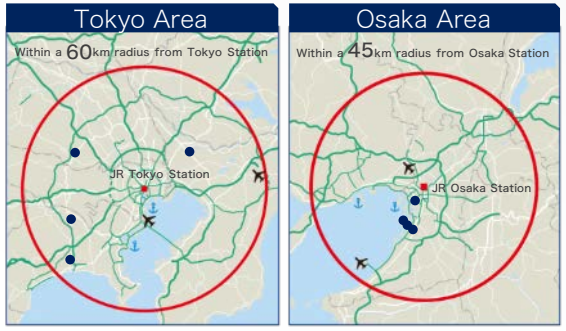
Distinct role sharing within the LaSalle Group and Future Development Pipeline

- LLR is the flagship core vehicle for the LaSalle Group, where it acquires stabilized logistics facilities



- 8 properties [2] are scheduled for development within LaSalle's logistics development fund [1]

Tokyo・Osaka Areas	100%
Avg. GFA	53,160㎡
Total GFA	425,280㎡



2017/2018
Scheduled for completion
8 properties
425,280㎡



2018 and thereafter

LaSalle's development fund plans to develop 40bn yen in additional logistics facilities each year from 2018 and thereafter

(1) A "LaSalle Fund" is a fund that the LaSalle Group has established and operates
(2) The images are renderings of what is assumed to be built, however, actual as-built construction may differ. Additionally, with respect to the properties mentioned above, as of April 18, 2017, LLR may not acquire all or any of the properties listed above.

Commitment to sustainability

LaSalle Group's commitment

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

- Signed onto the U.N. Principles for Responsible Investment ("PRI") in July 2009

  The PRI is an action principle that incorporates various environmental, social, and governance challenges into the investment process. The PRI was proposed by then secretary general Kofi Annan in 2006.

- ULI Greenprint: founding member

  The Urban Land Institute ("ULI") is a U.S. non-profit organization that is involved in real estate. Through the ULI Greenprint Center for Building Performance, we are working to reduce energy consumption footprint related to development and operation of real estate properties.

- Founding member of GRESB

  The Global Real Estate Sustainability Benchmark ("GRESB") is an group organized by major pension funds and asset management companies around the world, promoting the evaluation and measurement of ESG performance of real estate globally.

Efforts made by LLR

The installation of solar panels and more efficient energy usage has been incorporated as environmentally friendly measures in the course of operating properties

- DBJ Green Building certification achieved

  4 of LLR's properties received Green Building certifications.

DBJ Green Building certification

Introduced independently by the Development Bank of Japan ("DBJ"), this certification is a comprehensive scoring model targeting real estate that demonstrates concern for the environment and society. Evaluation is ranked on a 5 scale.


Star rating : ★★★★★
LP Hashimoto


Star rating : ★★★★★
LP Sagamihara


Star rating : ★★★★
LP Kita Kashiwa


Star rating : ★★★
LP Nagareyama B

- Participated in GRESB Survey

GRESB Real Estate Assessment

LLR participated in the 2016 fiscal year "GRESB real estate evaluation" survey which is conducted across real estate companies and funds.

- Received CASBEE's architectural evaluation certification



CASBEE Architectural Evaluation

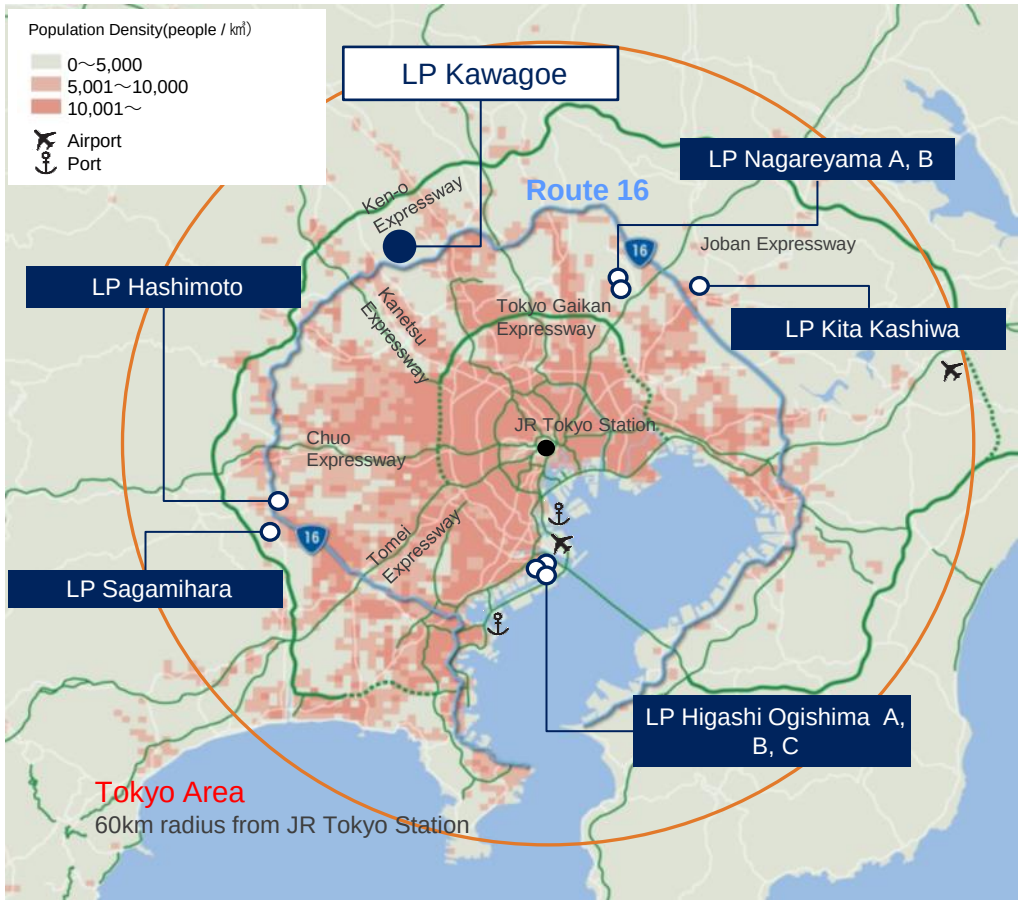
This is a comprehensive evaluation which measures the environmental performance of buildings, energy saving and resource savings, load reduction and recycling measures taken are measured.

External Growth Track Record：Acquisition of Logiport Kawagoe

	2/28/2017		LP Kawagoe		3/31/2017
Acquisition Price（Planned）	¥161.44 bn		¥11.95 bn		¥173.39 bn
NOI Yield	4.9 %		4.9 %		4.9 %
Occupancy Rate	97.5 %	＋	100.0 %		97.7 %
# of Properties	8		1		9
Tokyo Area ratio (1)	100 %		100 %		100 %

Practice solid acquisition strategies
- Suitable logistics sites
- Large scale・High spec
- Disciplined pricing

Leverage Sponsor Support
- Leasing
- Warehousing function



Suitable Locations

① Excellent access to areas of high consumption. Good access to Saitama and Tokyo, both of which are large consumption areas. By using the Ken-O or Kan-etsu expressways, this location offers great distribution coverage across the Tokyo Metropolitan Area

② Proximity to main arterial roads (nodal points). Close to National Route 16 and Route 254, which are main roads within the Tokyo metropolitan area. Good access to other highways.

③ Zoning for industrial usage, allowing 24-hour logistics operations

④ Easy pedestrian access from public transportation, aiding in attracting and retaining employees. Bus access from Kawagoe and Ageo stations are in walking distance. Frequent bus service (over 100 round trips per weekday)

Large Scale・High Spec

① GFA of 16,000 tsubo or more. Each floor boasts of a scale of more than 5,000 tsubo .

② Ceiling heights ranging 5.5m – 7.0m. Floor loading capacity of at least 1.5 t/sqm, and column-to-column spacing of 11.3m × 9.7m.

③ Freight elevators with a loading capacity of 3.5 tons. Elevators throughout the facility.

④ Truck berths on both sides of the 1st floor. Able to accommodate maximum of 4 tenants.

⑤ 8 meter eave extending from the first floor truck berth. With 13 meter columns + 8 meter roof eaves, the property can offer high efficiency cargo handling under heavy rain.

⑥ Ample office space with air conditioning available.

(2) Tokyo Area is defined as within a 60km radius from JR Tokyo station

Occupancy Track Record

Occupancy Rates, Fixed term lease ratios, Lease contract weighted average lease expirations

No.	Property Name	Occupancy Rate					Number of tenants	WALE (Yrs.)	Fixed Term Lease Ratio
		3/31/2016	8/31/2016	2/28/2017	3/31/2017	Change from 3/31/2016			
Tokyo-1	LP Hashimoto	90.1%	92.1%	95.2%	97.1%	+7.0 pt	15	4.8	100.0%
Tokyo-2	LP Sagamihara	97.9%	97.9%	99.6%	99.5%	+1.6 pt	16	4.6	100.0%
Tokyo-3	LP Kita Kashiwa	100.0%	100.0%	100.0%	100.0%	-	10	1.9	100.0%
Tokyo-4	LP Nagareyama A	100.0%	100.0%	100.0%	100.0%	-	1	-(1)	100.0%
Tokyo-5	LP Nagareyama B	99.7%	99.7%	99.8%	99.8%	+0.1 pt	8	3.1	100.0%
Tokyo-6	LP Higashi Ogishima A	95.5%	97.0%	97.1%	97.1%	+1.6 pt	23	1.1	32.4%
Tokyo-7	LP Higashi Ogishima B	94.4%	94.4%	94.2%	94.2%	-0.2 pt	15	0.8	33.5%
Tokyo-8	LP Higashi Ogishima C	95.2%	99.0%	97.7%	97.6%	+2.4 pt	17	0.9	43.7%
Tokyo-9	LP Kawagoe	-	-	-	100.0%	-	4	4.2	100.0%
Portfolio Totals		96.5%	97.5%	97.8%	98.1%	+1.6 pt	99(2)	2.6	76.3%

(1) Not able to disclose due to not having received tenant approval.
(2) If the same tenant is renting multiple properties, then that tenant is counted 1 time.

Investment Corporation Bonds ・ Syndicate Loan

(units：millions yen)

Changes in Debt Summary	1/31/2017 ①	Short Term Debt Inv Corp Bonds	2/28/2017 ②	Difference ②-①	Syndicate Loan	3/1/2017 ③	Difference ③-①
Short Term Borrowings	3,690	1,690	1,690	-2,000		0	-1,690
Long Term Borrowings	55,280	6,000	57,280	2,000	13,790	71,070	13,790
Total	58,970	7,690	58,970	0	13,790	71,070	12,100
LTV	34.2%		34.2%	0.0%		38.7%	4.5%
Wtd. Avg. Remaining Term	5.47yrs	5.37yrs	5.94yrs	0.47yrs	5.09yrs	5.90yrs	0.43yrs
Fixed Rate Ratio	81.0%	78.0%	91.1%	10.1%	62.0%	87.7%	6.7%
Wtd. Avg. Debt Costs	0.61%	0.32%	0.62%	0.01%	0.37%	0.59%	-0.02%
# of Lenders	7		8	1		11	4

(units：millions yen)

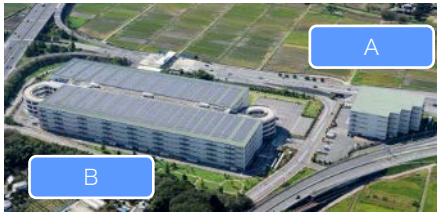
Changes in Interest Bearing Debts by Tranche														
Remaininig Yrs	0	9mths	1.5yrs	2.0yrs	2.5yrs	4.0yrs	5.0yrs	6.0yrs	6.5yrs	7.0yrs	8.0yrs	9.0yrs	10.0yrs	Totals
1/31/2017 ①	3,690	0	0	7,540	0	10,740	0	15,110	0	9,060	9,070	3,760	0	58,970
Short Term・ Inv. Corp Bonds		1,690					4,000						2,000	7,690
Repayment	-3,690			-4,000										-7,690
2/28/2017 ②	0	1,690	0	3,540	0	10,740	4,000	15,110	0	9,060	9,070	3,760	2,000	58,970
Syndicate Loan			1,900		1,400		2,990		7,500					13,790
Repayment		-1,690												-1,690
3/1/2017 ③	0	0	1,900	3,540	1,400	10,740	6,990	15,110	7,500	9,060	9,070	3,760	2,000	71,070

Portfolio Overview

	Property No.	Property Name	Location	GFA (㎡)	Acq. Price (¥ bn)	Appraisal [1] (¥ bn)	Inv. Ratio (%)	Age (Yrs)	NOI Yield[2] (%)	Occupancy (%)	PML (%)	# of tenants (tenants)
	**Tokyo－1**	LP Hashimoto [3]	Kanagawa Sagamihara-city	145,801	21.2	22.4	12.2	2	4.6	97.1	1.3	15
	**Tokyo－2**	LP Sagamihara [3]	Kanagawa Sagamihara-city	200,045	23.0	24.8	13.3	4	4.8	99.5	0.5	16
	**Tokyo－3**	LP Kita Kashiwa	Chiba Kashiwa-city	104,302	25.3	27.5	14.6	4	4.7	100.0	0.9	10
	**Tokyo－4**	LP Nagareyama A	Chiba Nagareyama-city	17,673	3.5	3.8	2.0	9	5.3	100.0	1.6	1
	Tokyo－5	LP Nagareyama B	Chiba Nagareyama-city	133,414	26.6	27.9	15.3	9	4.9	99.8	2.3	8
	**Tokyo－6**	LP Higashi Ogishima A	Kanagawa Kawasaki-city	100,235	19.0	19.5	11.0	30	5.3	97.1	6.5	23
	**Tokyo－7**	LP Higashi Ogishima B	Kanagawa Kawasaki-city	117,546	19.1	21.3	11.0	26	6.0	94.2	6.2	15
	**Tokyo－8**	LP Higashi Ogishima C	Kanagawa Kawasaki-city	116,997	23.7	25.0	13.7	16	5.3	97.6	6.3	17
	**Tokyo－9**	LP Kawagoe	Saitama Kawagoe-city	50,742	12.0	12.0	6.9	6	4.9	100.0	4.4	4
		Totals / Averages		986,760	173.4	184.2	100.0	12	5.0	98.1	3.4	109

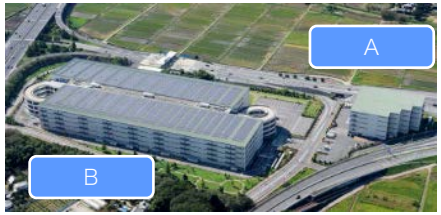
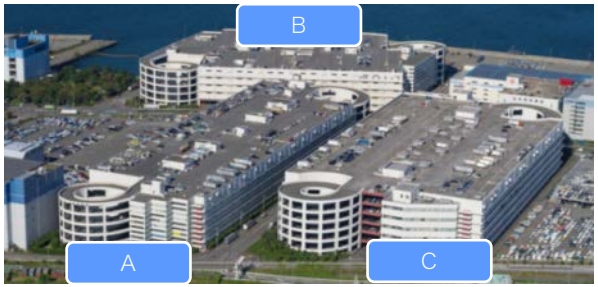
(1) Appraisal values are as of February 2017
(2) “NOI Yield” is the appraisal NOI divided by the acquisition price
(3) Acquisition price and appraisal values for “LP Hashimoto” and “LP Sagamihara” are expressed in relative proportion to LLR’s ownership percentage of joint co-ownership interest. The GFA shown is of the entire property.

Portfolio Summary 1/2

Property Name	LP Hashimoto (2)	LP Sagamihara (2)	LP Kita Kashiwa	LP Nagareyama A
				
Location	4-7 Oyama-cho, Midori-ku, Sagamihara City, Kanagawa Prefecture	3700-3 Dana, Chuo-ku, Sagamihara City, Kanagawa Prefecture	13-1 Matsugasaki Nitta, Kashiwa City, Chiba Prefecture	492 Minami, Nagareyama City, Chiba Prefecture
Nearest station / Interchange	Ken Oodo: Sagamihara IC and Sagamihara Aikawa IC	Ken Oodo: Sagamihara IC and Sagamihara Aikawa IC	JR Joban Line: Kitakashiwa 6 mins Joban Expressway Kashiwa IC	Joban Expressway: Nagareyama IC
Purchase Price	¥21,200,000,000	¥23,020,000,000	¥25,300,000,000	¥3,500,000,000
NOI Yield (1)	4.6%	4.8%	4.7%	5.3%
Construction	Reinforced concrete Alloy plated sheet steel	Reinforced concrete Alloy plated sheet steel	Reinforced concrete Alloy plated sheet steel	Alloy plated sheet steel
No. of floors	5 stories	5 stories	6 stories	5 stories
GFA	145,801.69㎡	200,045.57㎡	104,302.62㎡	17,673.87㎡
Property Characteristics	▪ In close proximity to the Route 16 major highway, while having excellent access to the Tokyo and Yokohama, two large consumption areas ▪ Easy access to “Sagamihara IC” and “Sagamihara Aikawa IC” catering logistics across a broad area ▪ Located within walking distance to “Hashimoto” which is a terminal station, the property is also facing commercial and residential properties making for a favorable employment environment ▪ Equipped with a ramp way, the building is of a scale where the leasable area per floor is in excess of 23,000㎡, with high grade specifications coupled with seismic isolation performance	▪ In close proximity to the Route 16 major highway, while having excellent access to the Tokyo and Yokohama, two large consumption areas ▪ Easy access to “Sagamihara IC” and “Sagamihara Aikawa IC” catering logistics across a broad area ▪ A vast residential area is in the near vicinity, allowing for excellent employment environment ▪ GFA in excess of 200,000 ㎡, making this asset the largest in the Tokyo metropolitan area among large scale logistics facilities ▪ Equipped with a ramp-way, the building has high grade specifications coupled with seismic isolation performance.	▪ Kashiwa City is an integrated area for large delivery centers aimed at the Tokyo metropolitan area ▪ Located in close proximity to major arterial highways No. 6 and No. 16, and is within 6km to the “Kashiwa IC” along the Joban Expressway, the property offers excellent transportation convenience as a delivery base ▪ Located within 6 minutes to the “Kitakashiwa” station along the JR Joban Line, there is bus service throughout, as well as neighboring residential homes, creating a favorable employment environment ▪ Equipped with a ramp way, the building has leasable area per floor of 18,000㎡, with high grade specifications	▪ Due to its close proximity to the “Nagareyama IC” along the Joban Expressway, via the “Misato Jct”, connecting to the Metropolitan Expressway, the property has excellent access to the Tokyo Metropolitan Area ▪ The property can make deliveries to a widespread area by utilizing its access to National Route 16 ▪ Building A is equipped with sufficient vertical conveying functions which are optimal toward tenants that are looking to address storage needs.
Major tenants	KDDI Crooz, Inc.	KK SVD Maruwa Transportation Agency	Maruni Business Logistics Corporation KK Baroque Japan Limited	Maruwa Transportation Agency

(1) “NOI Yield” is defined as appraisal NOI divided by the Purchase Price.
(2) Acquisition price and appraisal value of LP Hashimoto and LP Sagamihara are in proportion to LLR’s ownership percentage of joint co-ownership interest.
GFA is expressed in respect of the entire property.

Portfolio Summary 2/2

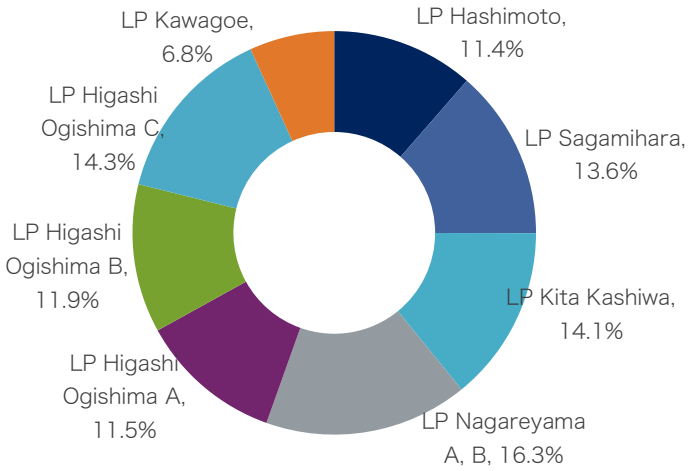
Property Name	LP Nagareyama B	LP Higashi Ogishima A	LP Higashi Ogishima B	LP Higashi Ogishima C	LP Kawagoe
					
Location	66-1 Tani, Nagareyama City, Chiba Prefecture	18-2 Higashi Ogishima, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	15 Higashi Ogishima, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	19-2 Higashi Ogishima, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	3-5-1 Yoshinodai, Kawagoe-city, Saitama
Nearest station / Interchange	Joban Expressway : Nagareyama IC	Bayshore Route: Higashi Ogishima IC	Bayshore Route: Higashi Ogishima IC	Bayshore Route: Higashi Ogishima IC	Ken-o Expressway：Kawashima IC Kanetsu Expressway：Kawagoe IC
Purchase Price	¥26,600,000,000	¥19,000,000,000	¥19,120,000,000	¥23,700,000,000	¥11,950,000,000
NOI Yield (1)	4.8%	5.3%	5.9%	5.2%	4.9%
Construction	Alloy plated sheet steel	Reinforced concrete Deck roofing	Reinforced concrete Deck roofing	Reinforced concrete Deck roofing	Reinforced concrete ・ steel framed alloy plated steel sheet
No. of floors	5 stories	10 stories (warehouse 5 stories)	10 stories (warehouse 5 stories)	6 stories	4 stories
GFA	133,414.76㎡	100,235.67㎡	117,546.26㎡	116,997.14㎡	50,742.47㎡
Property Characteristics	▪ Due to its close proximity to the “Nagareyama IC” along the Joban Expressway, via the “Misato JCT”, connecting to the Metropolitan Expressway, the property has excellent access to the Tokyo Metropolitan Area ▪ The property can make deliveries to a widespread area by utilizing its access to National Route 16 ▪ Building B has a GFA in excess of 130,000㎡, where it is equipped with high grade specifications	▪ Proximity to major transportation infrastructure including the Metropolitan Expressway Bayshore Route “Higashi Ogishima IC”, Yokohama Port, Tokyo Port, and Haneda Airport ▪ Proximity to major consumption areas such as the Tokyo Metropolitan Area, Kawasaki City, and Yokohama City ▪ The surrounding area has several industrial and logistics facilities and is characterized as a large industrial agglomerated area ▪ In 2018 the Kawasaki Port Harbor Road Higashi Ogishima Mizue Town Line is slated to open ▪ The property is of large scale and is equipped with a ramp way, along with high grade specifications			▪ Excellent access to areas of high consumption. Good access to Saitama and Tokyo, both of which are large consumption areas. By using the Ken-o or Kanetsu expressways, this location offers great distribution coverage across the Tokyo Metropolitan Area ▪ Proximity to main arterial roads (nodal points). Close to National Route 16 Highway and Route 254, which are main roads within the Tokyo metropolitan area. Good access to other highways. ▪ Easy pedestrian access from public transportation. ▪ Truck berths are installed on both sides of the first floor, ensuring delivery convenience, and providing versatile building specifications
Major Tenants	Nippon Logitech K.K. Nippon Paper Crecia K.K.	Toyo Mebius K.K. Fuji Shoko Corporation	Sagawa Global Logistics K.K. Maruzen Showa Transportation K.K.	Sagawa Global Logistics KK Sankyu Inc.	Nippon Express Co., Ltd. Keiyo Distribution Warehouse Co., Ltd.

(1) “NOI Yield” is defined as appraisal NOI divided by the Purchase Price.

Features of LLR's portfolio

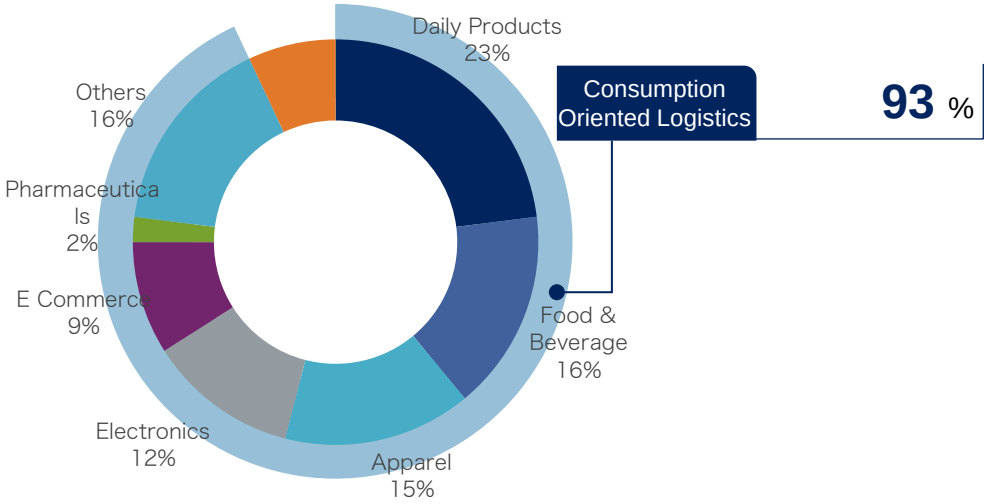
- Creation of stable cash flows by portfolio diversification and consumption oriented logistics tenants

Annual Rent (%) per property



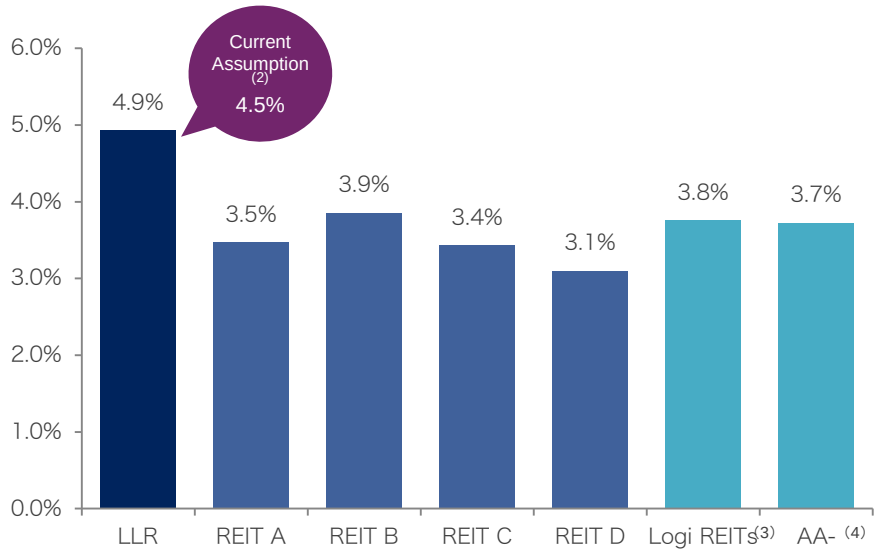
(Note) The figures above are as of 3/31/2017
(1) Calculated based on leased area
(2) Calculated based on an annualized rent basis

End Tenant User Industry Categories(2)

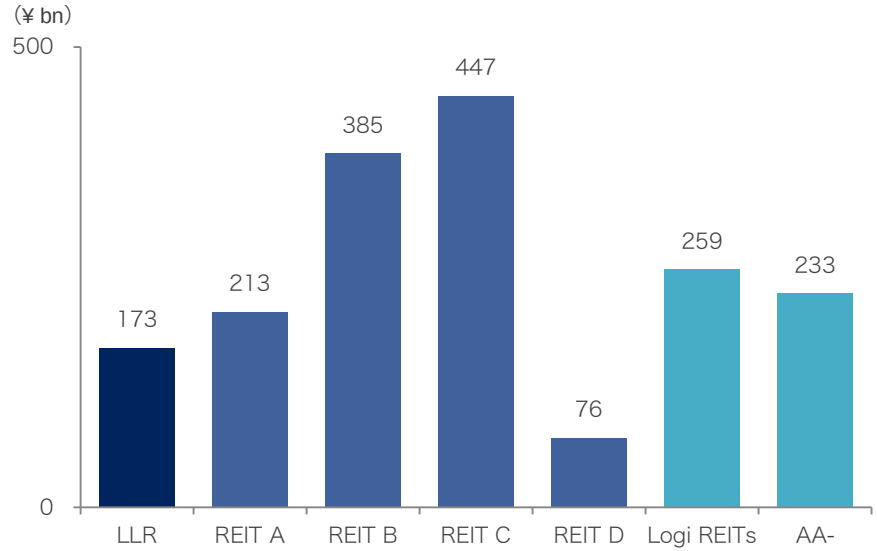


（Reference）J-REIT Valuations

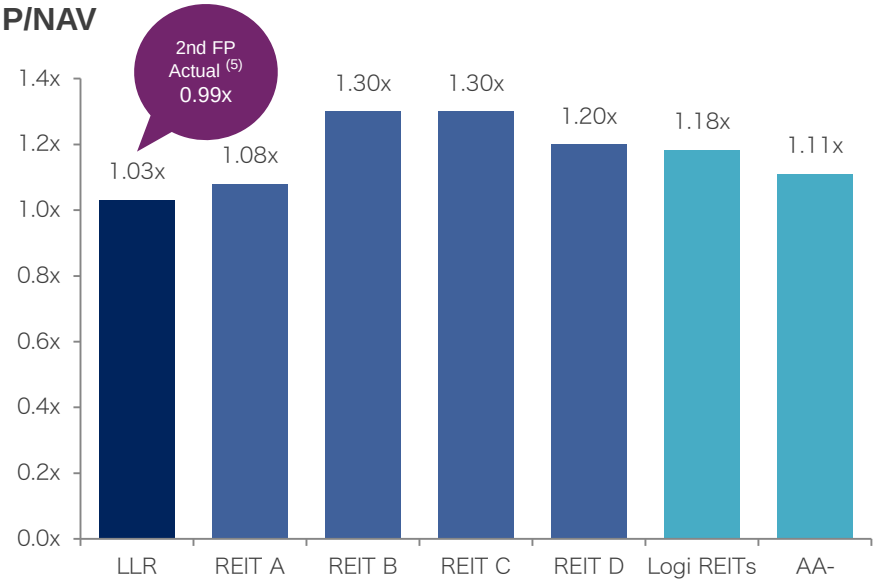
Dividend Yield (1)



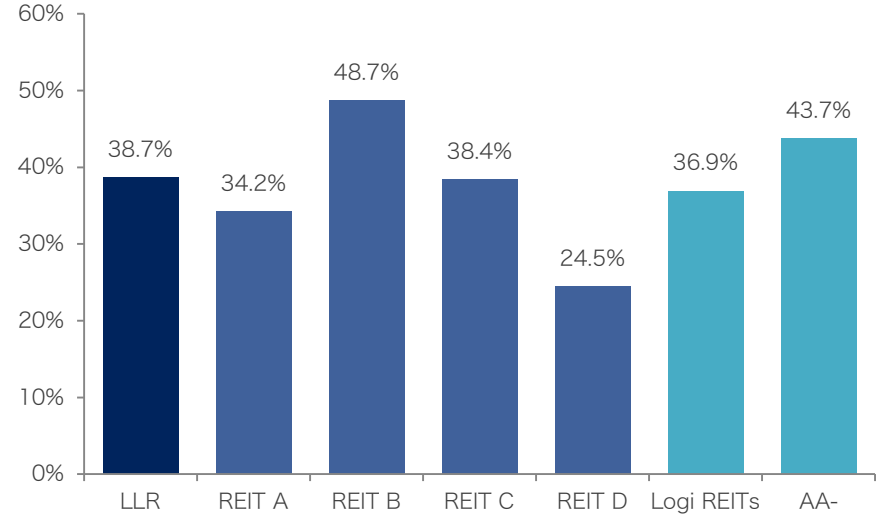
AUM（Acq. Price basis）



P/NAV



LTV(6)（Book Value basis）

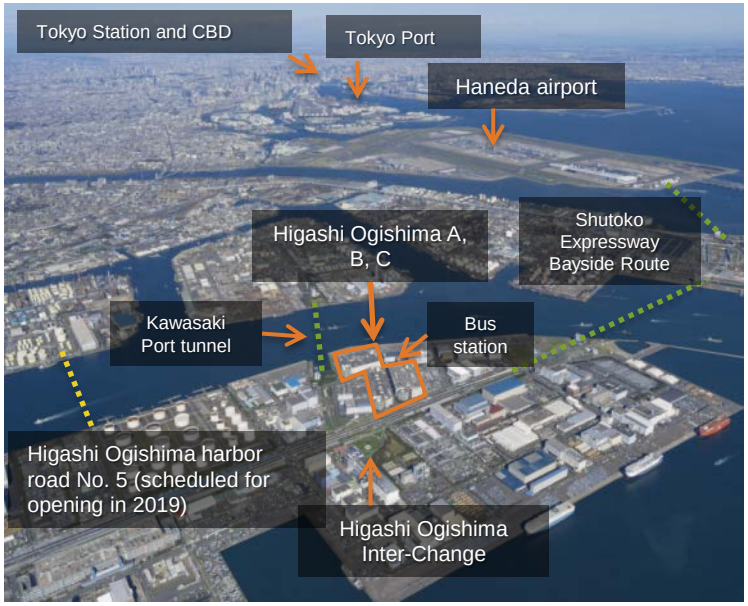


(Note) Created from disclosure materials of each company and stock price as of 3/31/2017.

(1) Dividend yield is calculated by doubling the following terms projected DPU.
(2) Calculated based on 3rd term forecast distribution announced on 4/18/2017. Unit price is as of 4/17/2017.
(3) Wtd. Avg. of 4 logistics REITs（same above）
(4) Wtd. Avg. of J-REIT (excluding LLR) that obtained a AA- rating from JCR as of 3/31/2017.（same above）
(5) Calculated based the 2nd FP Net Asset Value and investment unit price as of 4/17/2017.
(6) Based on the most recent financial results disclosure materials

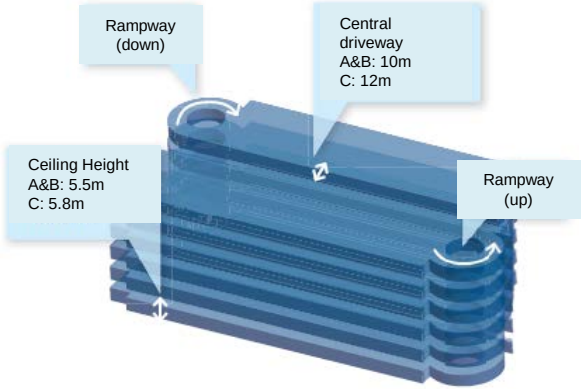
Property Close Up： Features of LP Higashi Ogishima 1/3

■ LP Higashi-Ogishima A, B, C are located in a suitable site for large scale, high functional “Prime Logistics”









Suitable Site

① Access to consumption areas

Good access to a major consumption area - Tokyo CBD, Yokohama, and Kawasaki

② Proximity to main arterial roads (nodes)

Adjacent to the Shutoko Expressway entry/exit, with easy access to logistics hubs such as Haneda airport, Tokyo port, and Yokohama port

③ Zoned for 24 hour operations and industrial use

Factories and logistics facilities comprise this large aggregated area for industrial use, enabling 24 hour operations

④ Pedestrian access to/from public transportation

Adjacent to bus station (1 min) which connects to Kawasaki and Yokohama stations, frequent bus service (weekdays in excess of 120 roundtrips)

Large scale

① GFA in excess of 30,000 tsubo, NRA per floor is in excess of 5,000 tsubo

High functionality

① Ceiling heights from 5.5m to 5.8m, floor load is 1.66t/㎡, column spacing is greater than 10m

② Equipped with double ramp-ways, allowing for direct truck access onto each floor

③ Enabled with flexible partitioning, from a minimum of 200 tsubo

④ Ensured with adequate office space with air conditioning

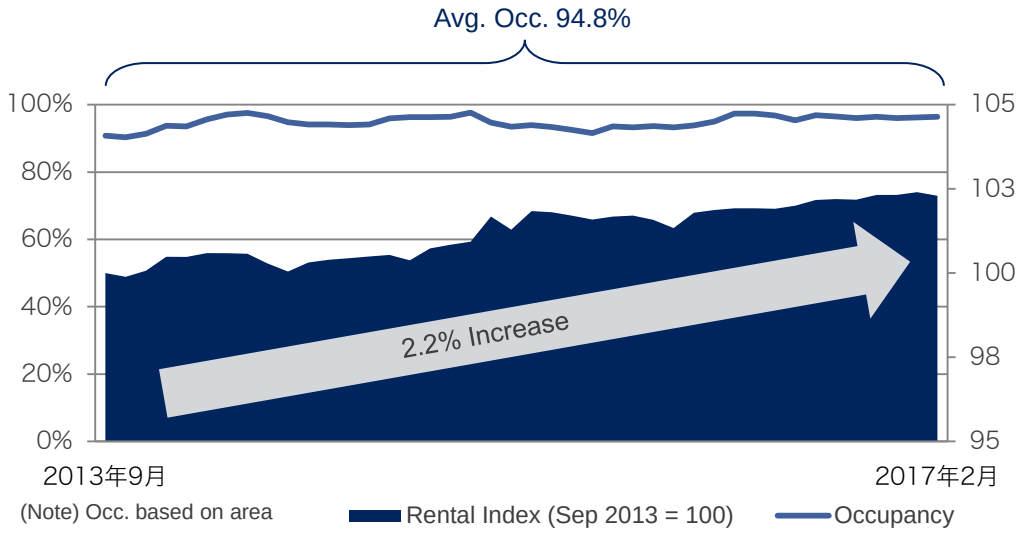
⑤ Built out of reinforced concrete for high seismic performance

Property Close Up： Features of LP Higashi Ogishima 2/3

■ Built upon a track record of stable operations, per tsubo rents have steadily increased

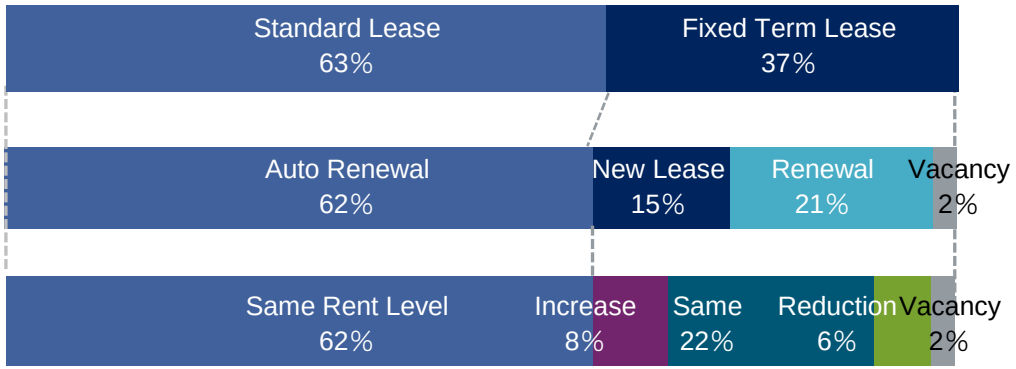
Occupancy・Rent Unit Price differential

- Avg. Rents have gone up by 2.2% over the past 3 years



Lease renewal status for 2nd FP

- Standard leases that get cancelled are converted into fixed term leases at higher mark-to-market rent levels

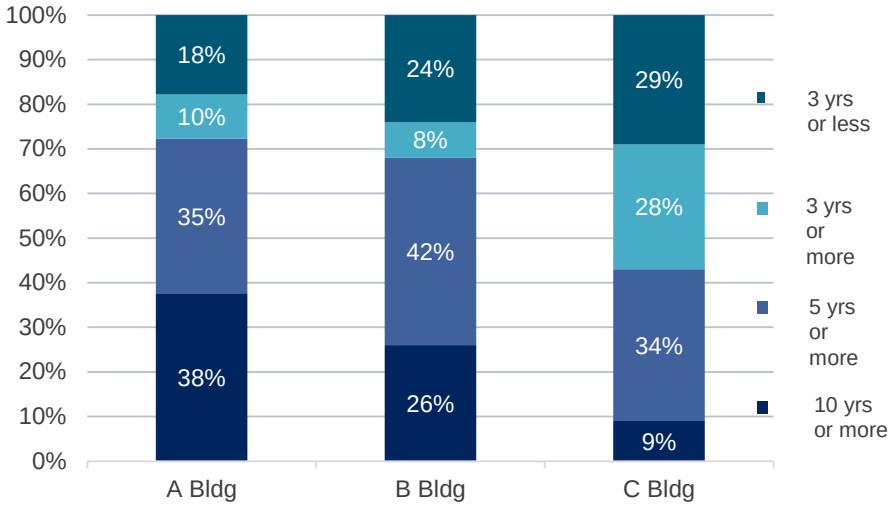


(Note) The percentages shown above are accounting for the roughly 1,118,800㎡ of space which came upon their lease maturities during the 2nd FP. (Temporary usage is not accounted for, and only the warehouse/storage use areas are considered).

Avg. period of occupancy for existing tenants

- Because the number of leases that are under standard terms are great, the average WALE is 1.7 years.
- Among the existing tenants, their avg. occupancy has lasted 6.9 years (Counting from the first lease start date through the 2nd FP)

■ Breakdown of length of occupancy



(Note) Based on leased area

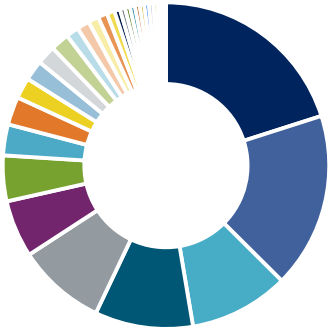
Property Close Up： Features of LP Higashi Ogishima 3/3

■ Due to dispersion of tenants・shippers, and below market rents, occupancy is stabilized (downside protected)

Tenant・Shippers Configuration

- Due to flexible compartmentalization of space, tenants range from small to large sizes
- As large scale tenants have received deposits of goods from multiple shippers (i.e. end users), actual tenant dispersion is even greater

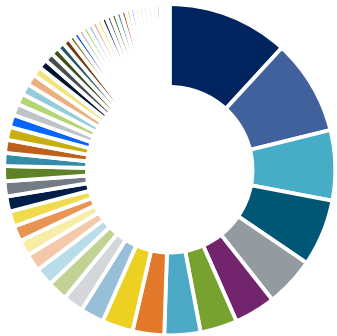
■ Tenant dispersion based upon industries



Top 5 Firms	65.8 %
Total industries	30 社

(Note) Relative to total portfolio lease area
（Warehouse area only)

■ Tenant dispersion based on actual end users

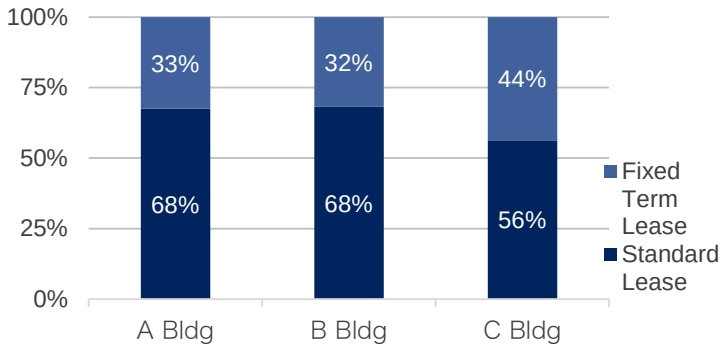


Top 5 firms	39.3 %
Total # of companies	59 社

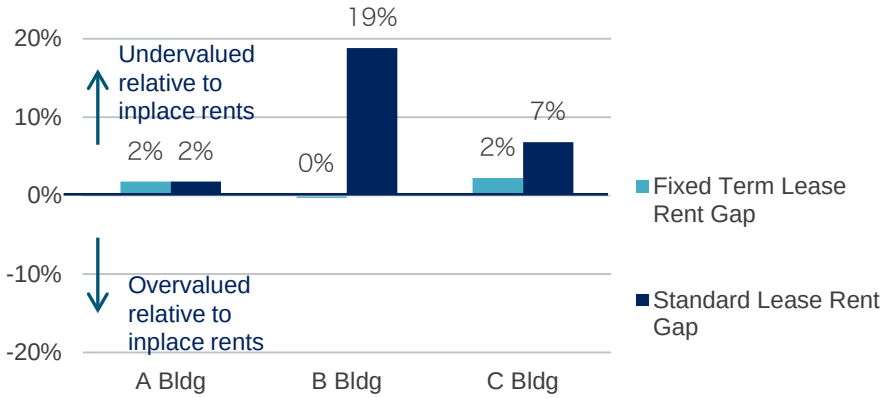
Current rent levels

- In-place rents are below market by 5%～20%
- As the rent gap is relatively large for those tenants under standard terms, the motivation to move is poor, thus, while their contracted lease terms are short, the actual period of occupancy has been over a long period of time.

■ Fixed term lease ・standard term lease ratios



■ Rent gap



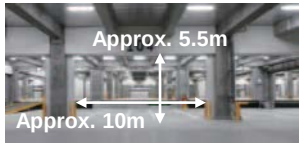
Features of “Prime Logistics”



Office space
Ample office space



Large Scale Ramp Way, etc.
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 space partitioning
Designed with contact car berths, vertical conveyor layouts, fire prevention compartmentalization.



Seismic Isolation / Earthquake resistance
Lateral and vertical motion dampeners

LOGIPORT Sagamihara

Environmental, energy efficiency



Solar panels for renewable energy utilization



Exterior walls sandwich panel system for thermal insulation and airtightness.



Automatic lighting sensors for corridors and bathrooms



Obtained S and A rankings, based on CASBEE, for new and existing built, respectively

Security Measures



24 hour, 365 day, fire prevention center

Amenity Enhancements



Cafeteria space for employees during breaks



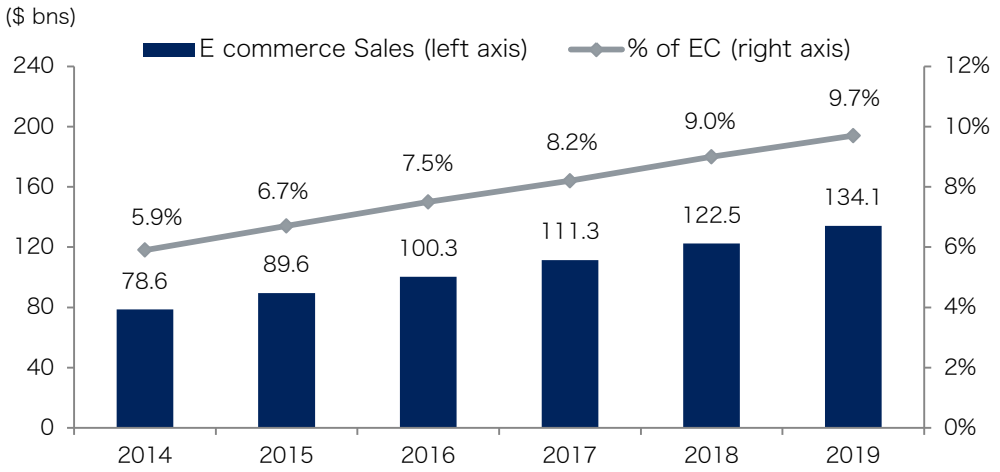
Convenience store for employees



Operation of a commuter bus from the nearest train station

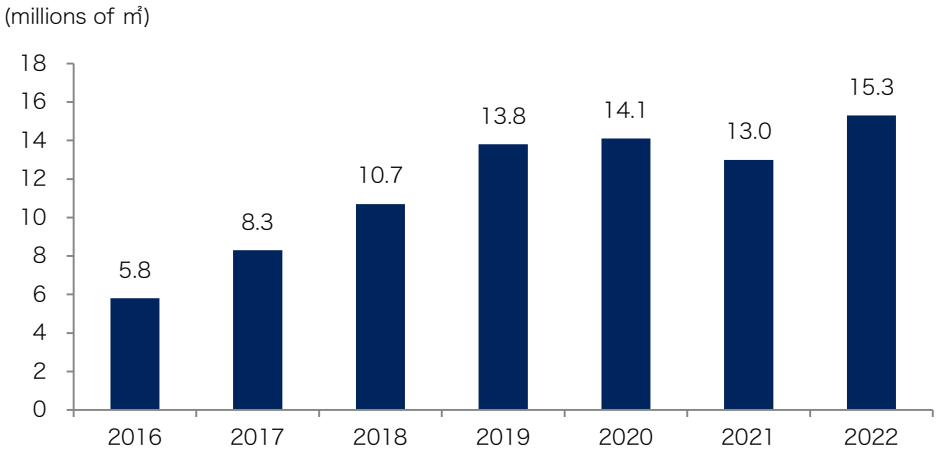
Logistics Market Overview

Expansion prospects of the E-commerce market



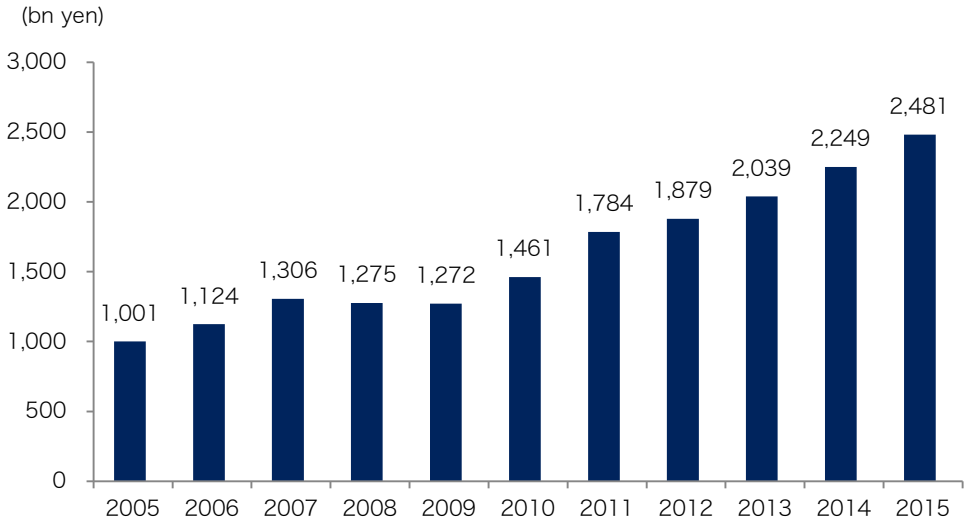
Source：eMarketer

Logistics properties facing a rebuilding period



Source：Based on the MLIT's "Construction Starts Statistical Survey"
※For buildings, the useful life assumes 50 years, described the total floor area of warehouse that tabulates the useful life in each year

Expansion changes in the 3PL market



Source：CBRE

Property by Property Profit & Loss

■ 2nd FP (9/1/2016-2/28/2017)

(Units：JPY thousands)

	LP Hashimoto	LP Sagamihara	LP Nagareyama A	LP Nagareyama B
Real Estate Leasing Business	556,238	720,913	840,200	
Rental Revenues	519,177	648,672	772,134	
Other Revenues	37,060	72,241	68,065	
Real Estate Operating Expenses	124,567	144,960	239,845	
Outsourcing Costs	19,512	32,290	30,735	
Utilities	26,295	32,558	47,079	
Insurance Premiums	966	1,149	1,848	
Repair & Maintenance	242	1,523	10,873	
Depreciation Expense	74,668	67,483	145,967	
Other Leasing Expenses	2,882	9,954	3,340	
Real Estate Leasing Business Income	431,670	575,953	67,571	532,783
Net Operating Income	506,339	643,436	89,306	657,016

	LP Kita Kashiwa	LP Higashi Ogishima A	LP Higashi Ogishima B	LP Higashi Ogishima C
Real Estate Leasing Business	754,619	598,645	627,687	754,714
Rental Revenues	677,271	546,619	557,273	690,729
Other Revenues	77,348	52,026	70,413	63,985
Real Estate Operating Expenses	201,987	132,308	142,554	186,357
Outsourcing Costs	30,440	56,905	46,270	48,938
Utilities	54,398	14,707	23,879	33,454
Insurance Premiums	1,369	1,256	1,577	1,668
Repair & Maintenance	22,777	6,434	2,540	14,007
Depreciation Expense	90,079	51,259	66,989	86,804
Other Leasing Expenses	2,922	1,746	1,298	1,483
Real Estate Leasing Business Income	552,631	466,337	485,132	568,357
Net Operating Income	642,711	517,596	552,121	655,162

(Note) Since consent for disclosure from an end tenant (1 company) of LP Nagareyama A building has not been obtained, each of the line items have been combined with LP Nagareyama B building.

Income Statements and Balance Sheets

■ Income Statements

（Units：millions yen）

Item	1st FP 8/31/2016	2nd FP 2/28/2017
Operating Revenues	5,130	4,853
Rental Revenues	4,687	4,411
Other Leasing Business Revenues	442	441
Operating Expenses	1,958	1,896
Expenses Related to Rental Business	1,282	1,172
Asset Management Fees	600	633
Asset Custody・Administrative Fees	25	23
Directors' Compensation	6	3
Independent Auditor Fees	—	10
Other Operating Expenses	43	53
Operating Income	3,171	2,956
Non-operating Income	8	0
Interest Income Receivables	0	0
Interest on Refund	7	0
Non-operating Expenses	680	216
Interest Expenses	204	179
Interest on Investment Corporation Bonds	—	0
Amortization of Deferred Establishment Expenses	6	3
Amortization of Investment Corporate Bonds Issuance Costs	—	0
Investment Unit Issuance Expenses	9	—
Offering Costs Associated with Issuance of Investment Units	322	—
Financing Related Expenses	132	31
Other	5	—
Ordinary Income	2,498	2,740
Net Income Before Income Taxes	2,498	2,740
Net Income	2,496	2,739
Prior Period Profit Carried Forward	—	0
Net Income Available for Distributions	2,496	2,740

■ Balance Sheets

（Units：millions yen）

Item	1st FP 8/31/2016	2nd FP 2/28/2017
Current Assets	8,659	8,808
Cash & Deposits	4,244	4,538
Cash & Deposits in Trust	4,266	4,075
Other Current Assets	148	193
Non-current Assets	163,779	163,271
Tangible Fixed Assets	163,442	162,917
Investments and Other Assets	337	354
Deferred Assets	29	64
Establishment Costs	29	26
Investment Corporate Bonds issuance costs	—	38
Total Assets	172,468	172,144
Current Liabilities	6,182	4,079
Operating Accounts Payable	103	115
Short Term Borrowings	3,690	1,690
Accounts Payables	1,085	738
Consumption Taxes Payable	158	100
Advances Received	815	820
Other Current Liabilities	329	614
Non-current Liabilities	57,425	59,163
Investment Corporate Bonds	—	6,000
Long Term Borrowings	55,280	51,280
Security Deposits held in Trust	2,145	1,883
Total Liabilities	63,607	63,242
Net Assets	108,860	108,901
Unitholders' Capital	106,363	106,161
Surplus Capital	2,496	2,740
Total Net Assets	108,860	108,901
Total Liabilities and Net Assets	172,468	172,144

Short Term & Long Term Borrowings Summary

■ List of Borrowings （as of 3/1/2017）

（Units: millions yen）

Type	Lender	OPB	Interest Rate	Origination	Repayment[3]	Notes
Long Term	BTMU Mizuho Bank SMBC SMTB Resona Bank Fukuoka Bank	3,540	Base Interest Rate (JBA 1-mth JPY TIBOR) + 0.25%[1]	2/17/2017	2/18/2019	Unsecured Non-guaranteed
Long Term	Mizuho Bank SMBC SMTB Resona Bank Fukuoka Bank	6,120	0.41%[2]	2/17/2016	2/17/2021	Unsecured Non-guaranteed
Long Term	Mizuho Bank SMBC SMTB	9,220	0.68%[2]	2/17/2016	2/17/2023	Unsecured Non-guaranteed
Long Term	Mizuho Bank SMBC SMTB	6,190	0.76%[2]	2/17/2016	2/19/2024	Unsecured Non-guaranteed
Long Term	Mizuho Bank SMBC SMTB	4,910	0.89%[2]	2/17/2016	2/17/2025	Unsecured Non-guaranteed
Long Term	Mizuho Bank SMBC SMTB	2,250	0.93%[2]	2/17/2016	2/17/2026	Unsecured Non-guaranteed
Long Term	BTMU	1,540	0.42% （Fixed Rate）	2/17/2016	2/17/2021	Unsecured Non-guaranteed
Long Term	DBJ	3,080	0.42% （Fixed Rate）	2/17/2016	2/17/2021	Unsecured Non-guaranteed
Long Term	BTMU	3,170	0.68% （Fixed Rate）	2/17/2016	2/17/2023	Unsecured Non-guaranteed
Long Term	DBJ	2,720	0.68% （Fixed Rate）	2/17/2016	2/17/2023	Unsecured Non-guaranteed
Long Term	BTMU	2,870	0.79% （Fixed Rate）	2/17/2016	2/17/2024	Unsecured Non-guaranteed
Long Term	BTMU	4,160	0.89% （Fixed Rate）	2/17/2016	2/17/2025	Unsecured Non-guaranteed
Long Term	BTMU	1,510	0.98% （Fixed Rate）	2/17/2016	2/17/2026	Unsecured Non-guaranteed
Long Term	Resona Bank Fukuoka Bank Shinsei Bank 77 Bank Nomura Trust Bank	1,900	Base Interest Rate (JBA 3-mth JPY TIBOR) + 0.1625% [1]	3/1/2017	9/3/2018	Unsecured Non-guaranteed
Long Term	Resona Bank Fukuoka Bank Shinsei Bank 77 Bank Nomura Trust Bank	1,400	Base Interest Rate (JBA 3-mth JPY TIBOR) + 0.1875% [1]	3/1/2017	9/2/2019	Unsecured Non-guaranteed
Long Term	DBJ Resona Bank Fukuoka Bank MUFJ Trust Bank	2,990	0.43% (Fixed Rate)	3/1/2017	3/1/2022	Unsecured Non-guaranteed
Long Term	SMBC	1,900	Base Interest Rate (JBA 3-mth JPY TIBOR) + 0.3325% [1]	3/1/2017	9/1/2023	Unsecured Non-guaranteed
Long Term	MUFJ Trust Bank Mizuho Bank SMTB	5,600	0.47% （Fixed Rate）	3/1/2017	9/1/2023	Unsecured Non-guaranteed

(1) With respect to the Japanese Bankers Association (“JBA”) Japanese Yen TIBOR, please refer to the JBA TIBOR operating agency website（http://www.jbatibor.or.jp）

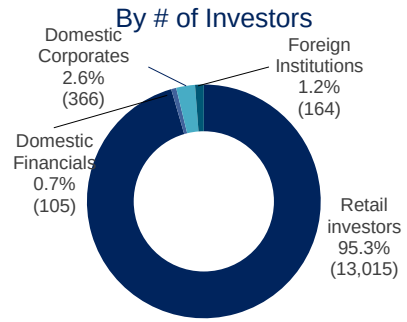
(2) For those loans with variable interest rates, we have entered into interest rate swap transactions in order to avoid any interest rate fluctuations risk. Thus, the interest rate shown takes into consideration the effect of the interest rate swap (i.e. a fixed interest rate)

(3) If the repayment of principal and interest falls on a non business day, then repayment shall be on the next business day. Should this day fall into the following month, then the repayment date shall be the immediately preceding business day.

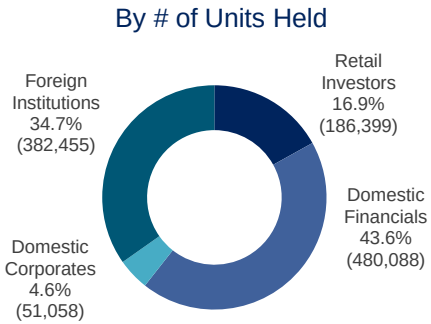
Unitholders Summary

As of 8/31/2016

Ownership by Investor Type



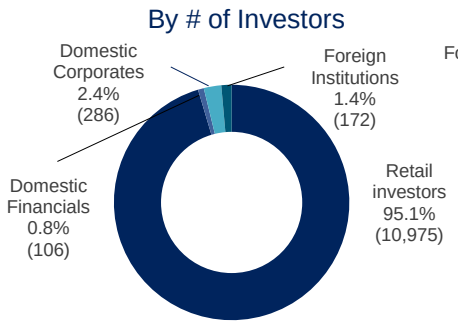
(Total # Investors:13,650)



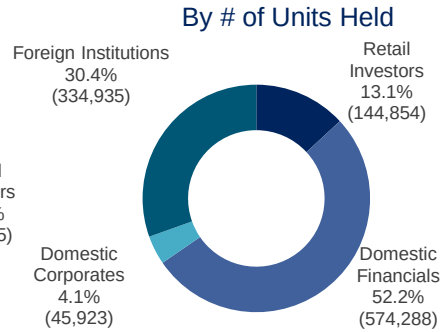
(Total # of Investment Units: 1,110,00)

As of 2/28/2017

Ownership by Investor Type



(Total # of investors:11,539)



(Total # of Investment Units: 1,110,00)

■Domestic retail investors ■Domestic financial institutions (incl. securities firms) ■Other domestic corporates ■Foreign institutions （incl. 46,200 units held by Sponsor）

Major Unitholders

	# of units	% of total
Japan Trustee Services Bank, Ltd. (Trust Account)	169,503	15.40%
Trust & Custody Services Bank, Ltd.（Securities Investment Trust Account)	97,035	8.82%
Japan Master Trust Bank (Trust)	83,007	7.54%
NSI CUSTOMER SECURED 30.7. OMNIBUS ※	46,200	4.20%
Nomura Bank (Luxembourg) S.A.	41,541	3.77%
Nomura Trust Bank （Trust）	41,107	3.73%
The Bank of New York, Non-treaty JASDEC account	24,574	2.23%
MSIP client securities	16,277	1.47%
BNYML – Non-treaty account	16,254	1.47%
SIX SIS LTD.	15,192	1.38%
Totals	550,690	50.06%

	# of units	% of total
Japan Trustee Services Bank, Ltd. (Trust Account)	225,809	20.52%
Trust & Custody Services Bank, Ltd.（Securities Investment Trust Account)	104,597	9.50%
Japan Master Trust Bank (Trust)	97,315	8.84%
Nomura Trust Bank （Trust）	50,393	4.58%
NSI CUSTOMER SECURED 30.7. OMNIBUS ※	46,200	4.20%
State Street Bank and Trust Company 505012	25,598	2.32%
The Bank of New York Mellon SA/NV 10	20,903	1.90%
Nomura Bank (Luxembourg) S.A.	19,950	1.81%
SIX SIS LTD.	14,149	1.28%
State Street Bank and Trust Company 505001	12,863	1.16%
Totals	617,777	56.16%

※The number of outstanding shares currently held by Jones Lang LaSalle Co-Investment, Inc. (The asset manager of LaSalle LOGIPORT REIT, LaSalle REIT Advisor KK's, parent company is LaSalle Investment Management KK ("LIM KK"). LIM KK's parent company is Jones Lang LaSalle Global Holdings B.V., and 50% of the outstanding shares of this holding company entity is held by Jones Lang LaSalle Co-Investment Inc.). As shown in the right hand table, the 46,200 units are actually held by Jones Lang LaSalle Co-Investment Inc.

Optimal Cash Management

■ Cash management policy implementation

Repayment of Interest Bearing Debts

Construction of robust financial structure

New Property Acquisitions

Strengthening growth potential

Utilize towards repairs or Capital Expenditure

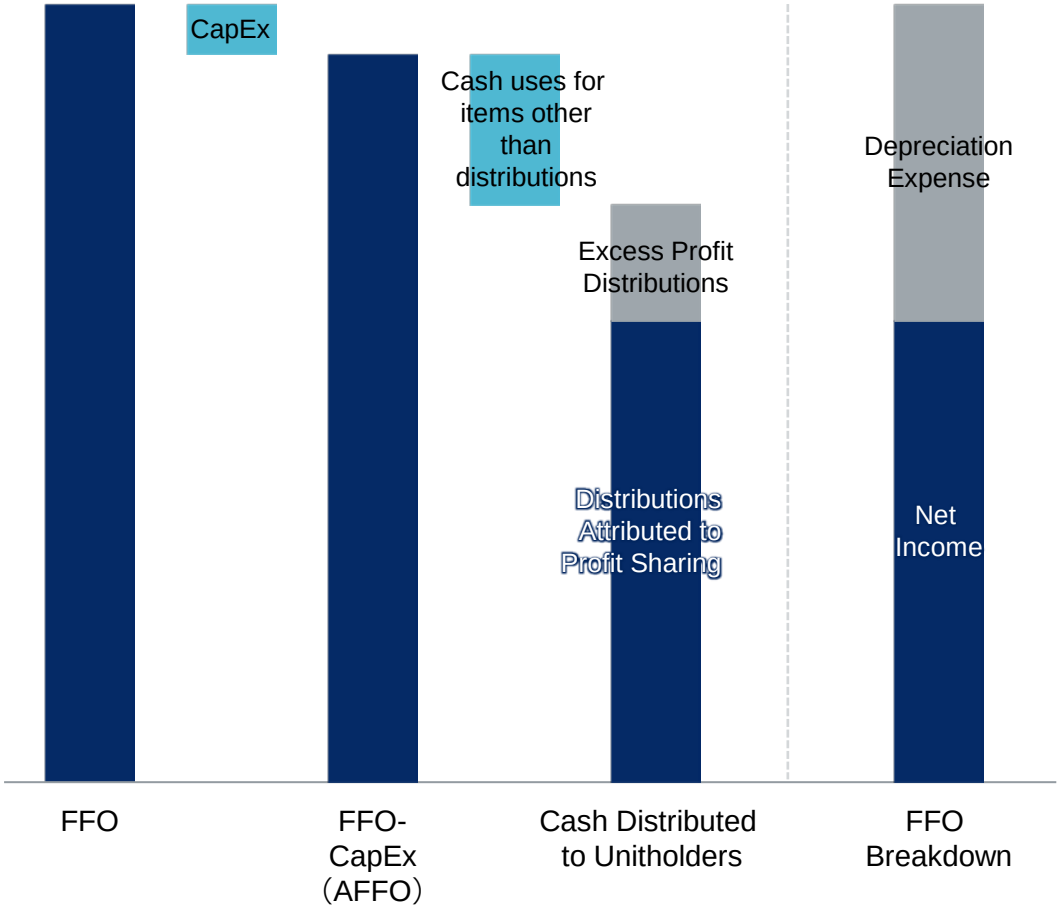
Maintain and strengthen the competitiveness of owned properties

Excess Profit Distribution (Return of Capital)

Goal (vs. Depreciation Expense)

- Continual excess profit distributions…30%
- Continual excess profit distributions + one time excess profit distributions…40%

■ Sample illustration of cash management due to implementation of excess profit distribution



(1) The diagram above is for illustration purposes only. The amount of distributions in excess of LLR's retained earnings which LLR ultimately makes is subject to change.

Governance Structure Emphasizing Unitholders' Interests and Transparency

■ Management fees which fluctuates with unitholders' value

Management Fee Components of Asset Manager

Recurring Management Fees

(1) AM Fee I (tied to AUM):
Prior Fiscal Period Total Assets × 0.22% (Upper Limit rate)

(2) AM Fee II (tied to ordinary income):
(Prior Fiscal Period Ordinary Income + Depreciation Expense + Deferred Assets Amortization − Transfer Gains or Losses on Specified Assets − Valuation Gains or Losses) × 5.8% (Upper Limit Rate)

(3) (AM Fee I + AM Fee II) × Adjusted EPU × 0.026% (Upper Limit rate)

Acquisition / Transfer Fees

(4) Sale Price × 1.0% (Upper Limit rate) in case of acquisition or transfer of real estate related assets

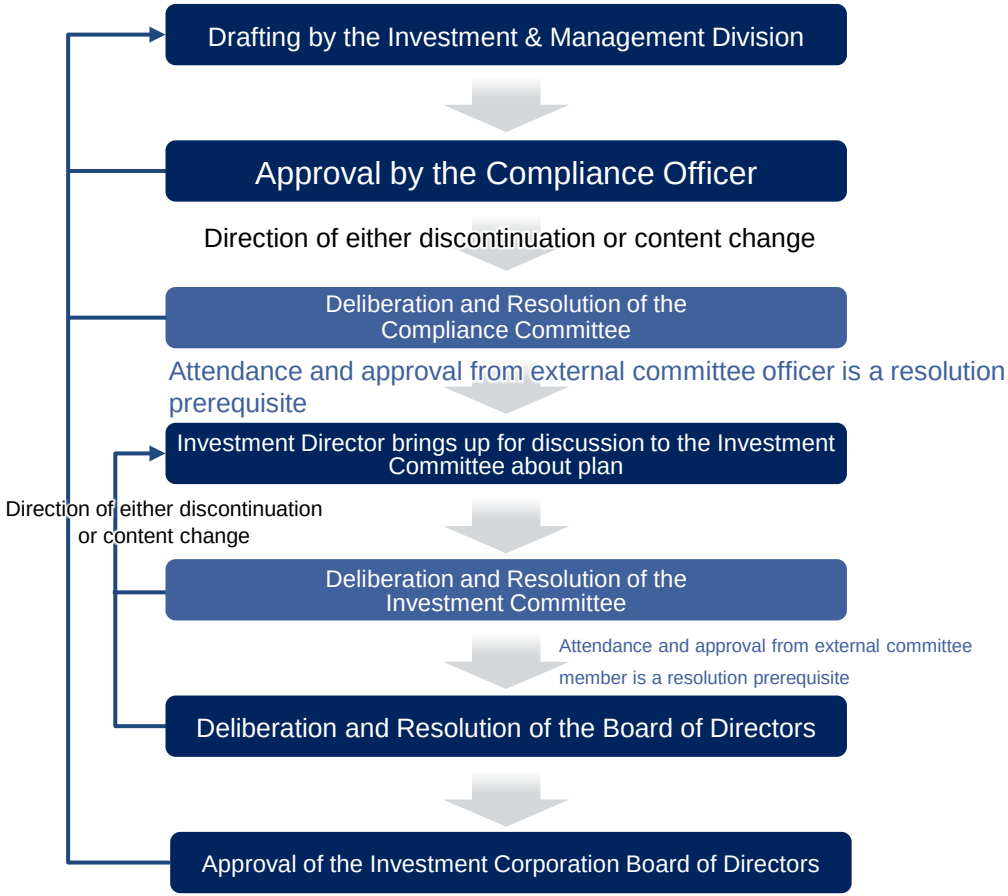
Merger Fee

(5) New merger or absorption merger opposite party real estate related appraised value × 1.0% (Upper Limit Rate)

■ Alignment of interest between unitholders and LaSalle Group

Approx. 4% of the outstanding investment units are held by the LaSalle Group and JLL, demonstrating alignment of interest

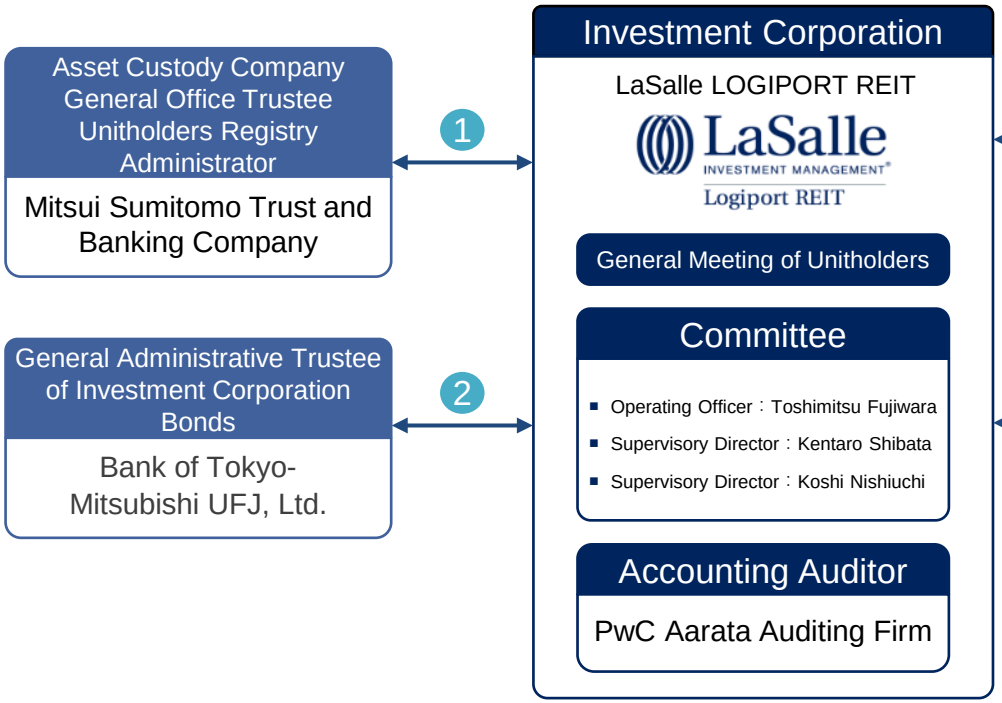
■ Decision making flow chart of Asset Manager as it relates to related party deals



With respect to the decision making involving related party transactions, approval from the external officer in the Compliance Committee and external officer in the Investment Committee must be obtained, and in addition, approval from the Investment Corporation's Board of Directors must be obtained as a prerequisite.

LaSalle LOGIPORT REIT's Structure

■ Structure Diagram of Investment Corporation



1. Asset Custody Agreement
   General Office Agreement
   Unitholders Registry and Administrative Agreement
2. General administrative trustee on investment corporation bonds
3. Asset Management Agreement
4. Sponsor Support Agreement
5. Trademark License Memorandum

■ Overview of Asset Management Company

Company Name	LaSalle REIT Advisors K.K.
Paid in Capital	¥164,500,000
Shareholder	LaSalle Investment Management K.K. (100%)
President and CEO	Toshimitsu Fujiwara
Registrations and Licensing, etc.	Realty Business　Governor of Tokyo (1) No. 97862　Trading discretionary proxy　MLIT approved No. 92 Financial Instruments Business　Director of the Kanto Local Financial Bureau No. 2863

Disclaimer

This document, which has been prepared solely for information purposes, should not be construed or considered for the purpose of recruitment, solicitation, or sales of the particular investment product in question.

In this document, there is information about LaSalle LOGIPORT REIT (hereinafter the “Investment Corporation” or “LLR”) which are based off of charts and data provided by third parties that were utilized by LaSalle REIT Advisors K.K. (hereinafter the “Asset Management Company” or “LRA”). In addition, there is analyses, judgments, and other opinions expressed by the Asset Management Company that draw from these data.

Given that the content of this document is unaudited, there are no guarantees provided with respect to its accuracy or reliability. In addition, please understand in advance, that with respect to the Asset Management Company’s analyses and judgment, these views merely reflect current opinions, and may change or discontinue without notice. With respect to the data, indicators, etc. published by third parties, neither the Investment Corporation nor the Asset Management Company will assume any responsibility for their accuracy (inclusive of data that is based on real estate appraisal reports).

The contents of this document contains forward looking statements regarding future projections and performance. These statements are future performance metrics of the Investment Corporation, however, they do not guarantee financial conditions.

The Asset Management Company is a financial instruments firm based on the Financial Instruments and Exchange Act.