LaSalle INVESTMENT MANAGEMENT
Logiport REIT

Financial Results for the 4th Fiscal Period ("FP")
Ending in February 2018
LaSalle LOGIPORT REIT

April 16, 2018



LaSalle LOGIPORT REIT

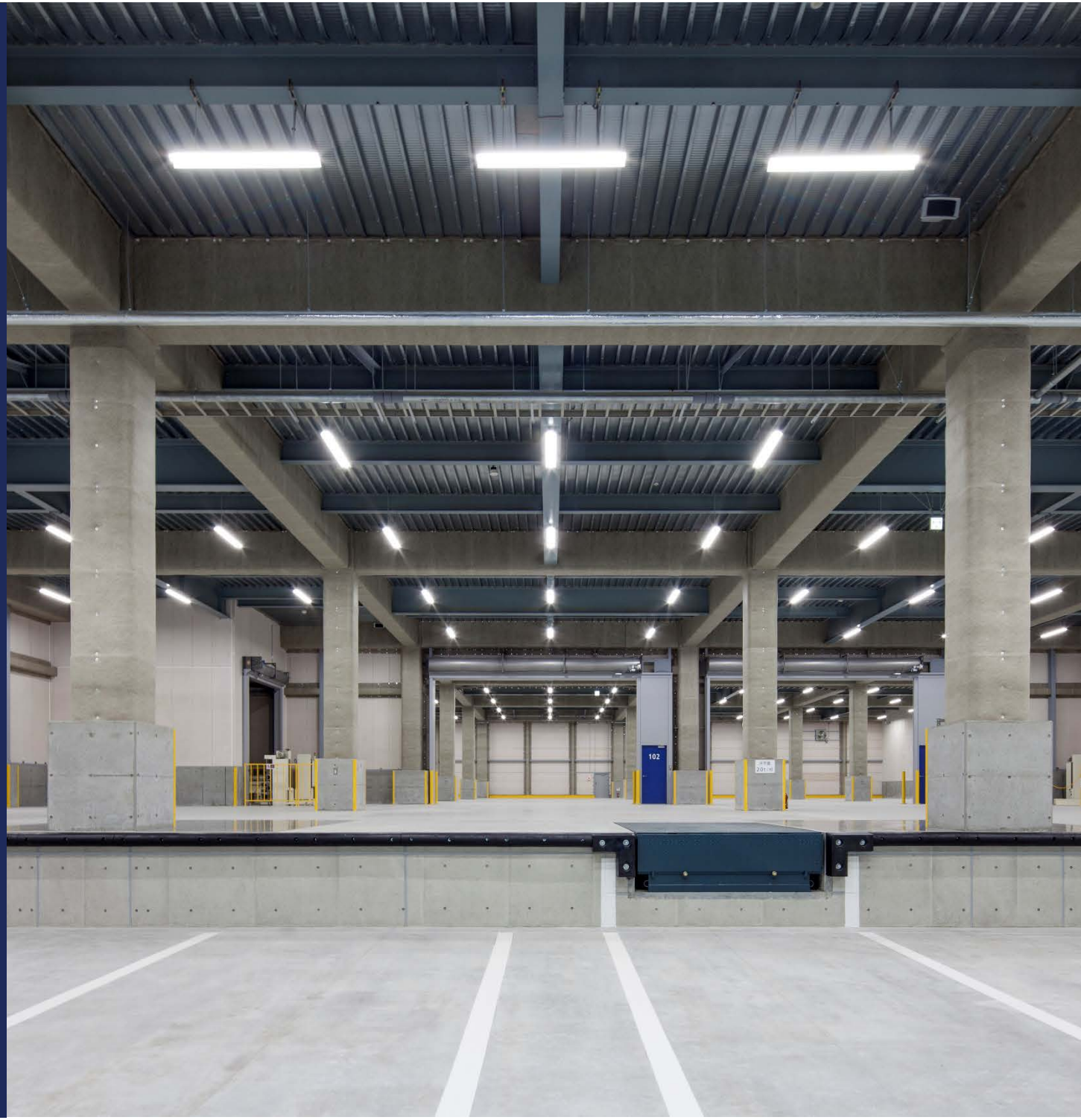
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01

Operational Highlights



Operational Highlights

1

By steadily improving investment results, LLR further enhances investor value

- DPU is 2,483 yen（+4.4% from prior FP, +4.2% relative to initial forecast）

2

External Growth: Maintain disciplined investment approach, accumulate property acquisitions results at appropriate yields

- Acquired 2 properties this March for ¥15.05bn, at a 4.8% NOI yield
- Newly secured preferential negotiation rights; 4 more properties worth ¥35.0bn

3

Internal Growth: Continue managing a portfolio that offers stability

- A high portfolio occupancy of 98.4% (FP average) was maintained
- Upward increase of +3.9% for LLR's fixed term lease assets achieved

4

Financial management: Continue to utilize available LTV reserve from the perspective of returning as much capital to investors

- By acquiring properties through all debt financing, LTV has reached the targeted range of 43%

DPU and NAV Growth

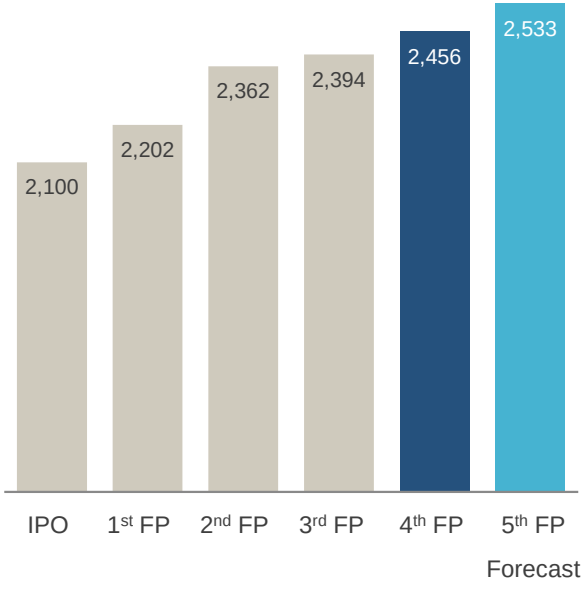
Improve Investors' Value by Steadily Accumulating Investment Results

DPU after adjustments for temporary effects(1) (yen)

Annual Rate

+7.7%

(from IPO)

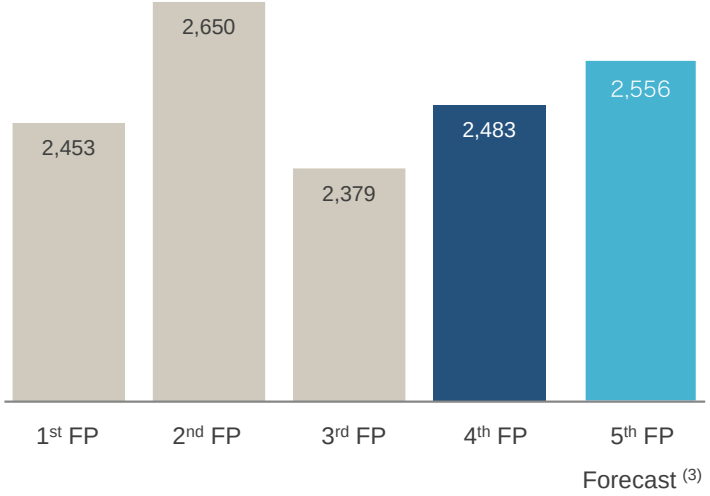


DPU Actuals・Forecasted (yen)

Annual Rate

+7.4%

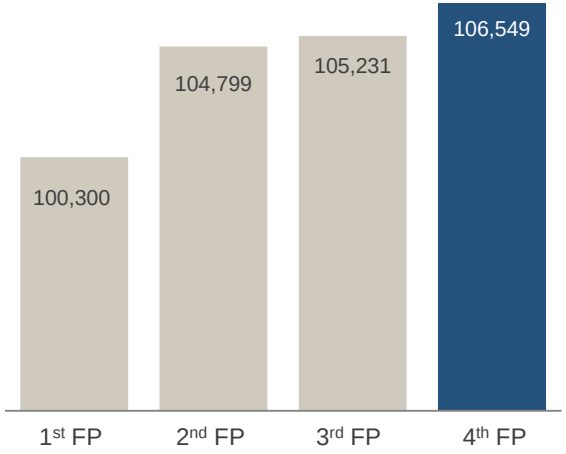
(From 3rd FP to 5th FP)



NAV per share (2) (yen)

Growth Rate from 1st FP

+6.2%



(1) The meaning of each fiscal period's DPU after adjustment of temporary effects is as follows
IPO: Forecast for the FP ending 2/2017 (3rd FP) based on the business plan used in the forecast announced on Feb 17, 2016.
1st FP: Forecast for the FP ending 2/2017 (3rd FP), announced on Oct. 18, 2016
2nd FP: Forecast for the FP ending 2/2017 (3rd FP) adjusting for temporary effects due to real estate taxes, announced on Apr. 14, 2017.
3rd FP: 3rd FP actual DPU adjusted for temporary effects due to real estate taxes.
4th FP: 4th FP actual DPU adjusted for temporary effects due to real estate taxes
5th FP: Forecast for the FP ending 8/2018 (5th FP) adjusting for temporary effects due to real estate taxes.
(2) (Net Assets – Intended Distributions + Unrealized Capital Gains) ÷ Outstanding # of Shares
(3) Announced on April 13, 2018

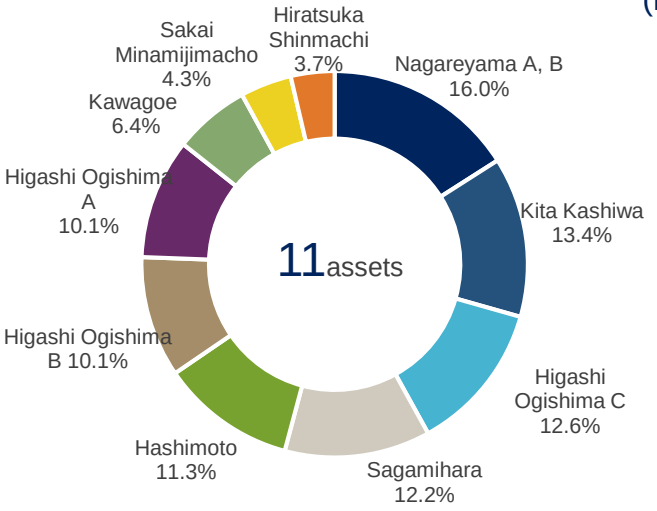
Portfolio Summary

Portfolio Summary[1]

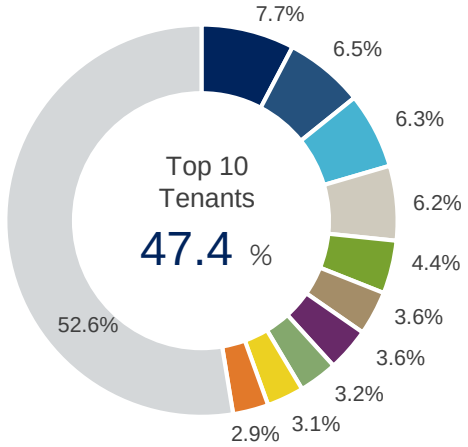
Acq. Price Total	# of properties	Occupancy
¥188.4bn	11	98.5 %

Appraisal NOI [2]	Total NRA	No. of Tenants[3]
5.0 %	1,046,524㎡	111

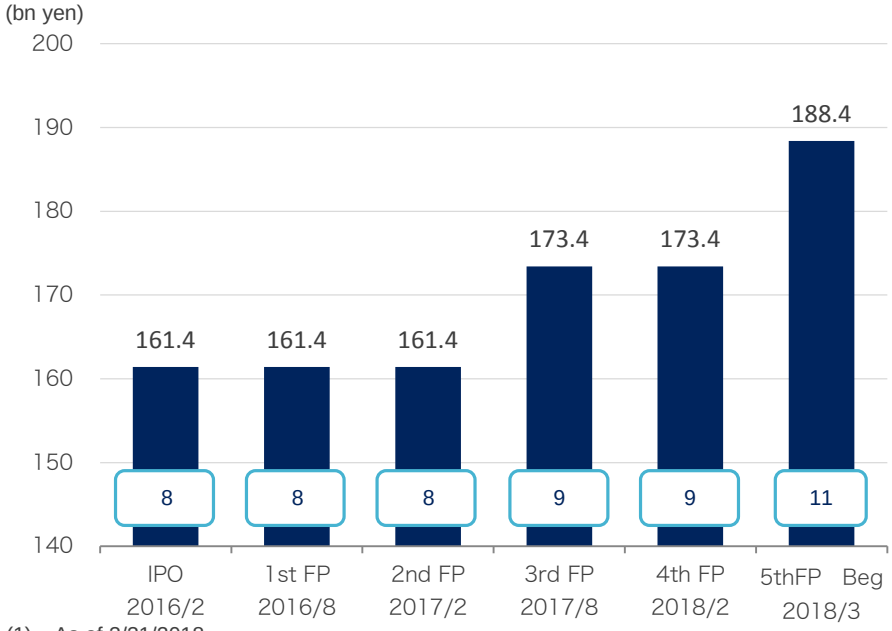
Portfolio Composition (Acq. Price Basis)



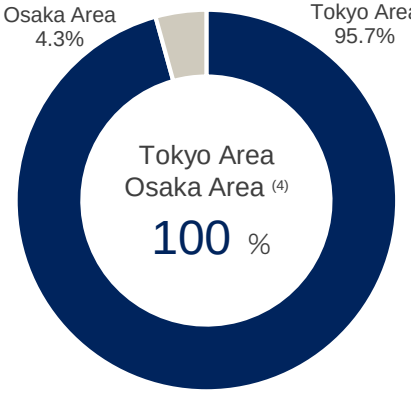
Tenant Diversification (Leased Area Basis)



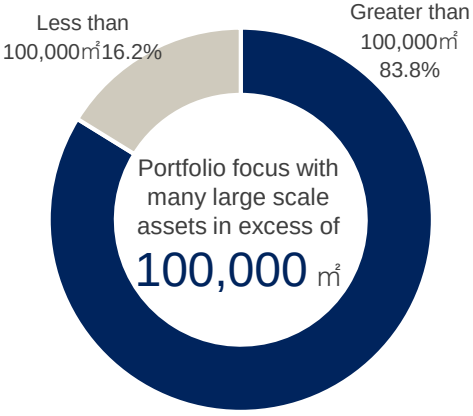
Change in AUM over time



Location Diversification (Acq. Price Basis)



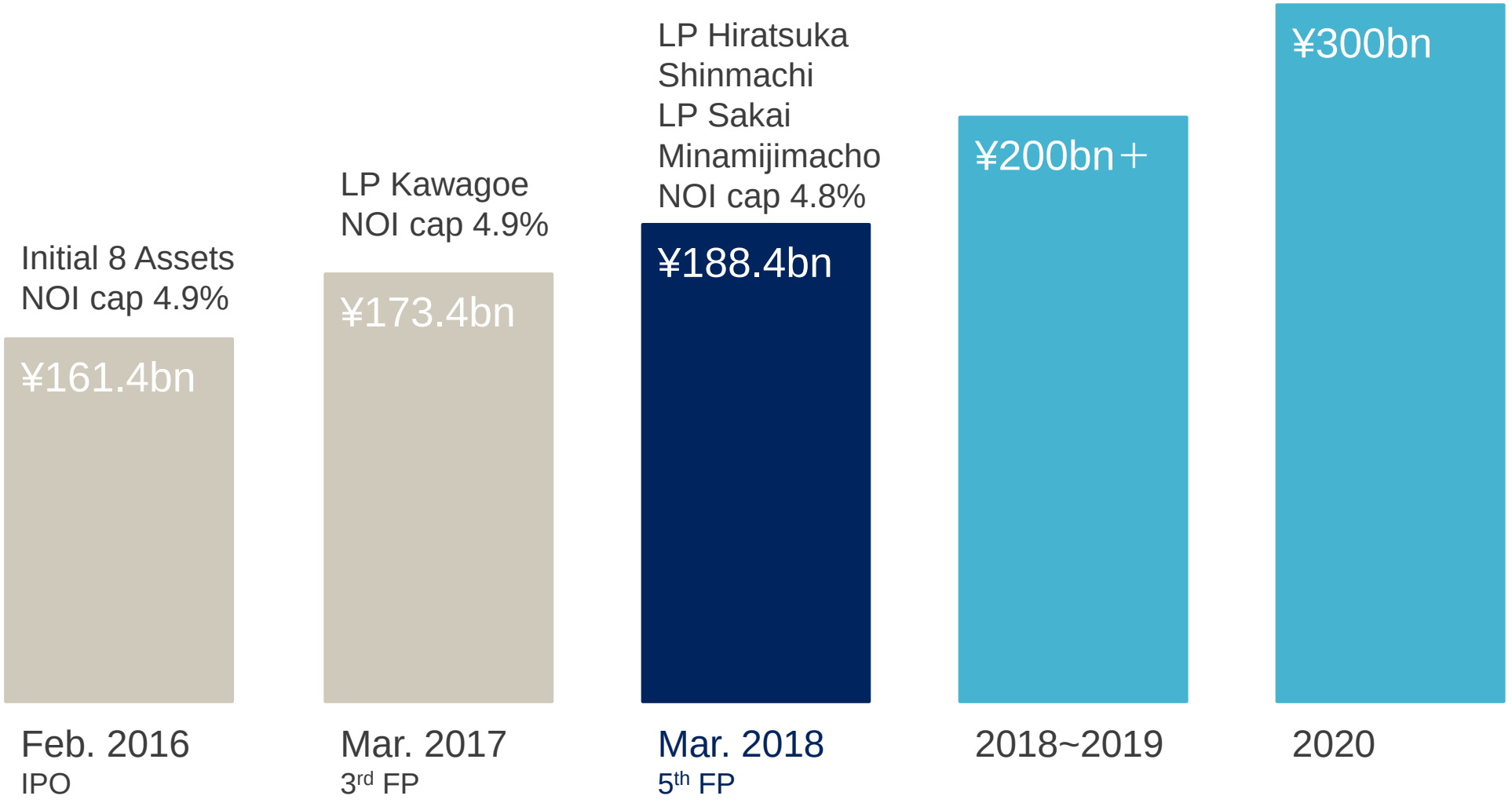
GFA Diversification (Acq. Price Basis)



(1) As of 3/31/2018
(2) "Appraisal NOI Yield" is defined as Appraisal NOI at Acquisition divided by the Acquisition Price
(3) "No. of Tenants" is an aggregation of existing 9 properties as of 2/28/2018, two new properties were acquired on 3/5/2018 . Totaling the gross number of tenants. There is some tenant overlaps across properties, thus the net number of tenants is 100.
(4) "Tokyo Area" is defined as the area within a 60km radius from JR Tokyo Station. "Osaka Area" is the area within a 45km radius from JR Osaka Station.

Accelerate growth toward a mid-term targeted goal of ¥300bn in AUM

External Growth: Disciplined Investment at Reasonable Pricing for Prime Logistics



Expand pipeline by securing multiple property acquisition channels

External Growth: Disciplined Investment at Reasonable Pricing for Prime Logistics

- Within striking distance of reaching above ¥200bn in AUM
- Solid pipeline leading up to reaching mid-term goal of ¥300bn

Preferential Negotiation Rights

4 properties

In excess of ¥35bn

+

LaSalle Fund

3 properties

In excess of ¥110bn

Informational Support Subject Properties

+

Feeder Fund

Development scale over the next 3 yrs

In excess of ¥120bn

Comprehensive Right of First Look (ROFL)

Pipeline properties preview

External Growth: Disciplined Investment at Reasonable Pricing for Prime Logistics

Preferential Negotiation Rights Secured

- Tokyo Area 3 properties + Osaka Area 1 property
- 1 property is built and in lease up, 3 properties are in development (prospective pre-lease tenants identified)
- Acquire at right timing within preferential period（Maturity Term: 2020）

LaSalle Fund

- Developing/operating 3 multi-tenanted logistics facilities
- Each properties is progressing with their lease up on schedule
- Overwhelming leasing achieved, with 63,000 tsubo of space leased up within the Osaka area developments



LP Sakai
4/2017 completed



LP Osaka Taisho
3/2018 completed



LP Kawasaki Bay
5/2019 expected

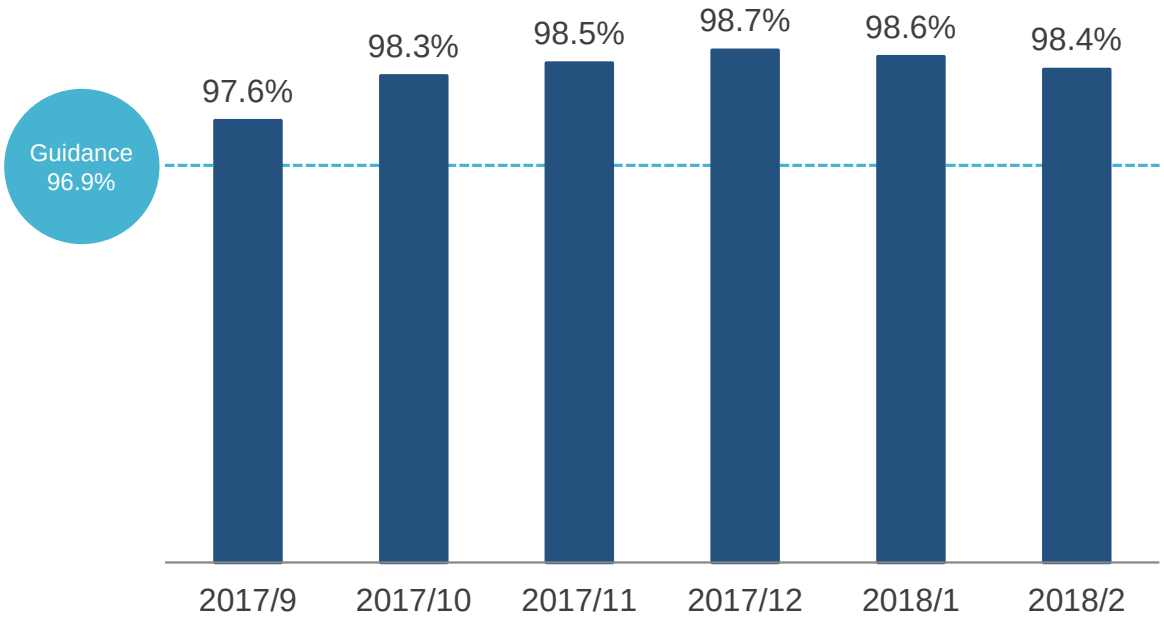
Feeder Fund

- The first deal is to begin construction in August 2018, and the asset is located in the Jobando/Ken-o-do submarket

Maintained Portfolio Occupancy In Excess of 98%

Internal growth: As large supply continues, priority is given to maintaining high occupancy rates

Achieved average occupancy rate for the 4th FP was 98.4%



158,000㎡ of leases came to their maturity, and of this amount 91.2% either automatically renewed or released

At Higashi Ogishima's 3 buildings, 97,200㎡ of lease maturities were negotiated

- Auto renewal rate was 97.4% which exceeded initial expectations
- Space that was given back took only 17 days to re-lease, suppressing vacancy loss

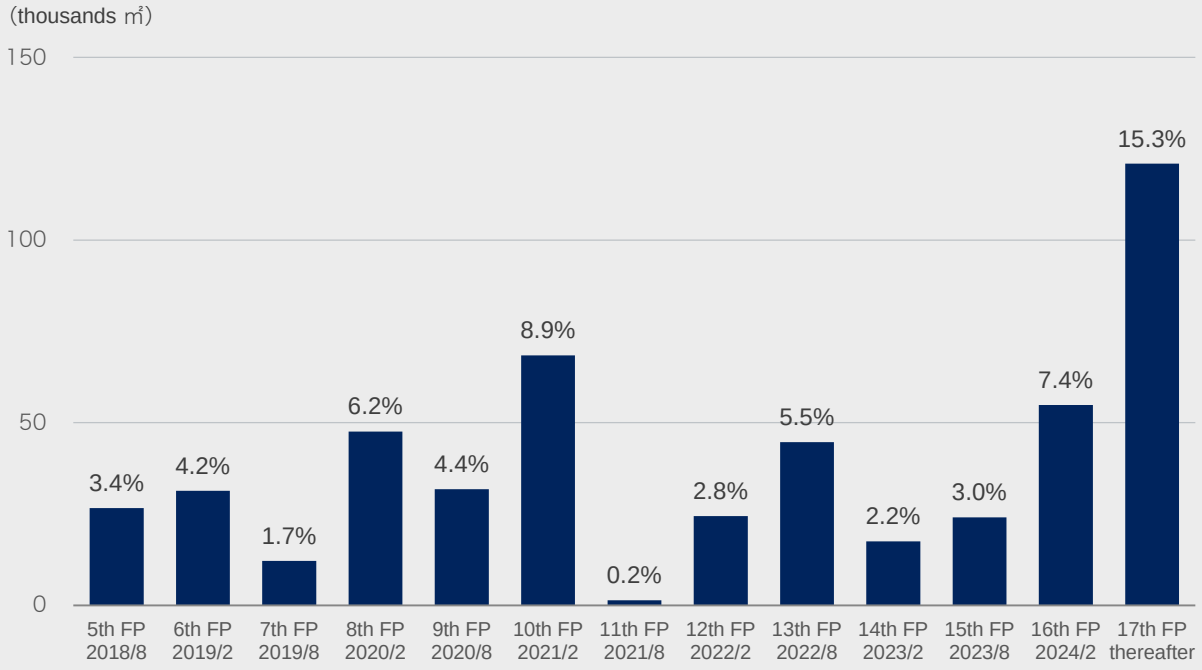
LLR will reflect these stable operation results into its forecasts going forward

Lease Rollover Schedule and Leasing Policy

Internal growth: As large supply continues, priority is given to maintaining high occupancy rates

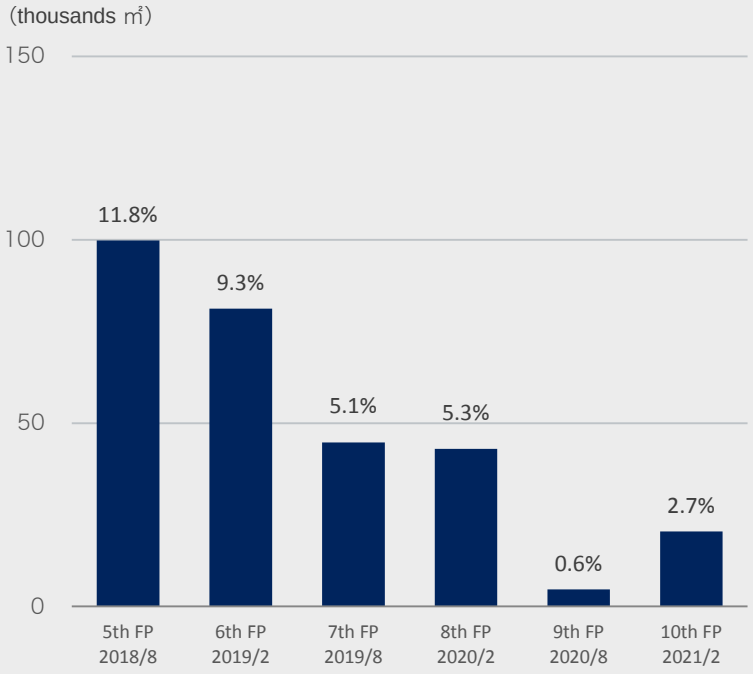
Fixed Term Lease(8 properties)

- Balance between high occupancy vs. rental upside



Higashi Ogishima 3 properties

- Downside protection due to rent gap and correlated high auto extension rates



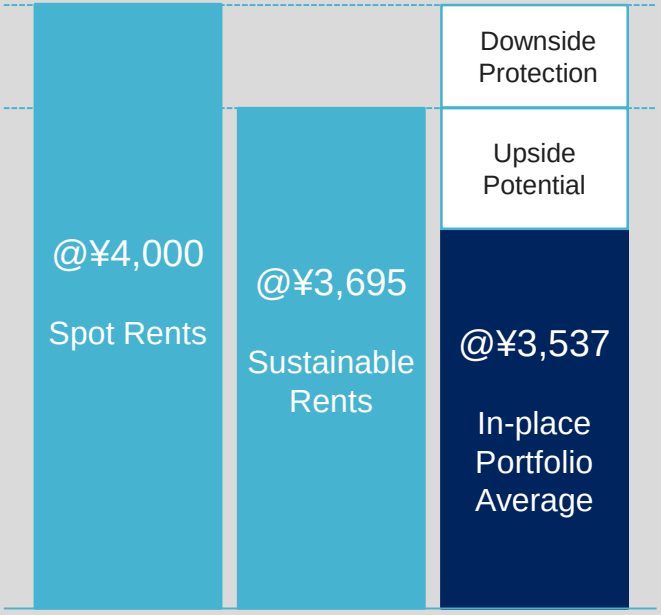
(Note) The above percentages are relative to annual rental revenues

Rents at Fixed Term Lease Properties　Increase Trend Continues

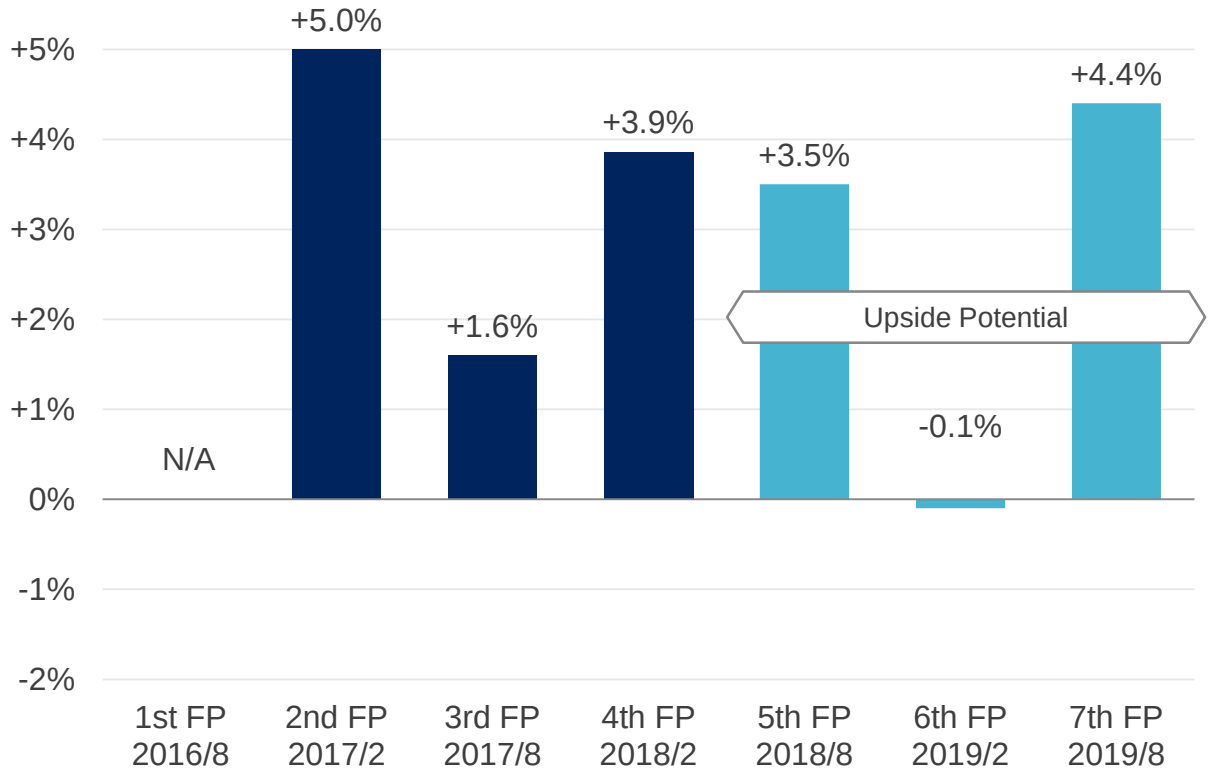
Internal growth: As large supply continues, priority is given to maintaining high occupancy rates

Rental Gap is 13%

Rent Gap	=	Downside Protection	+	Upside Potential
13%		8%		4~5%

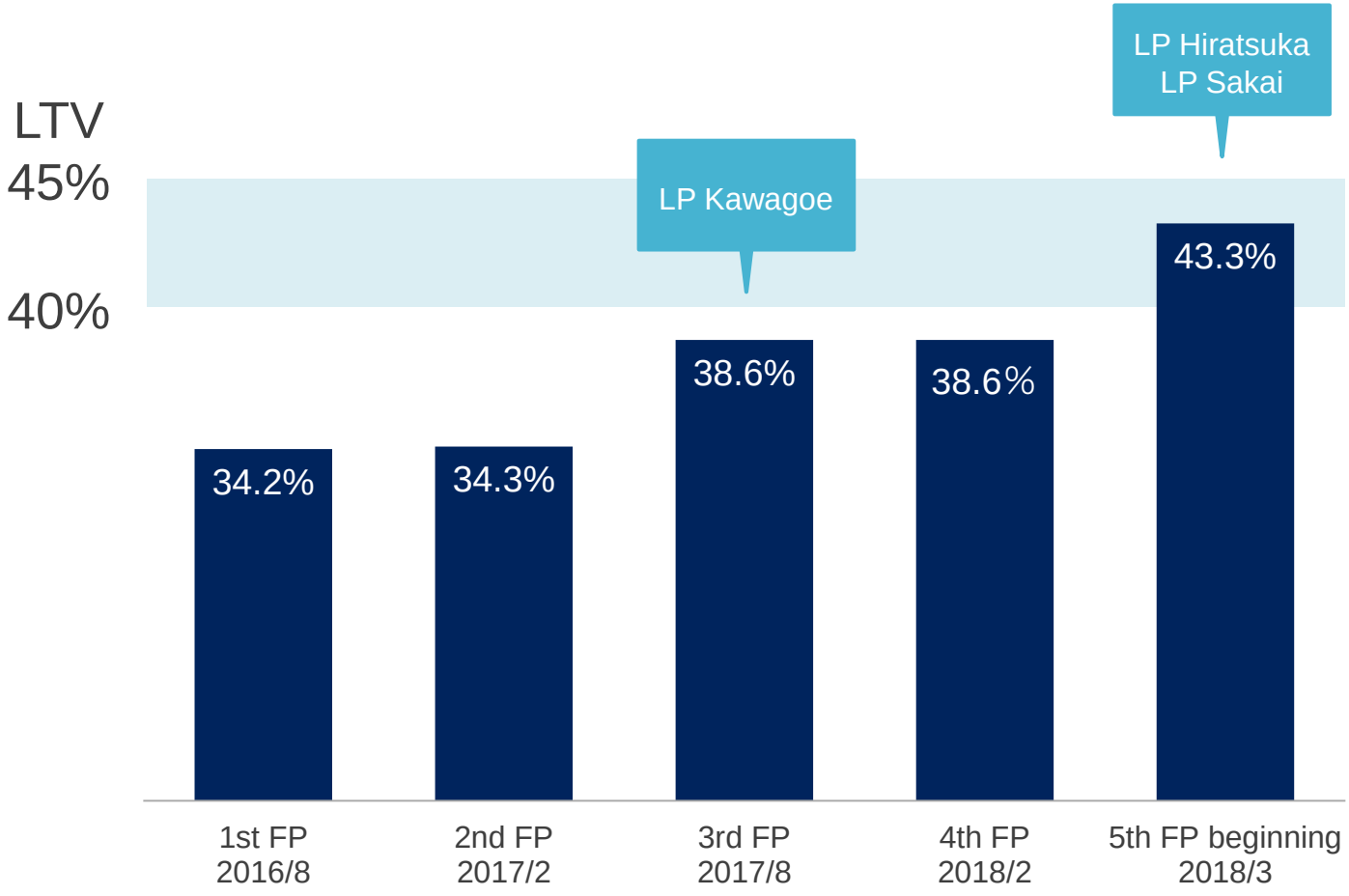


The rent gap for fixed term lease properties are steadily shrinking as incremental revisions are completed



Support External Growth by Utilizing LTV Surplus to Acquire Properties

Financial strategy: Utilize Financial Strengths Toward External Growth Through Prolonging, Fixing, and Diversifying the Overall Debt Structure



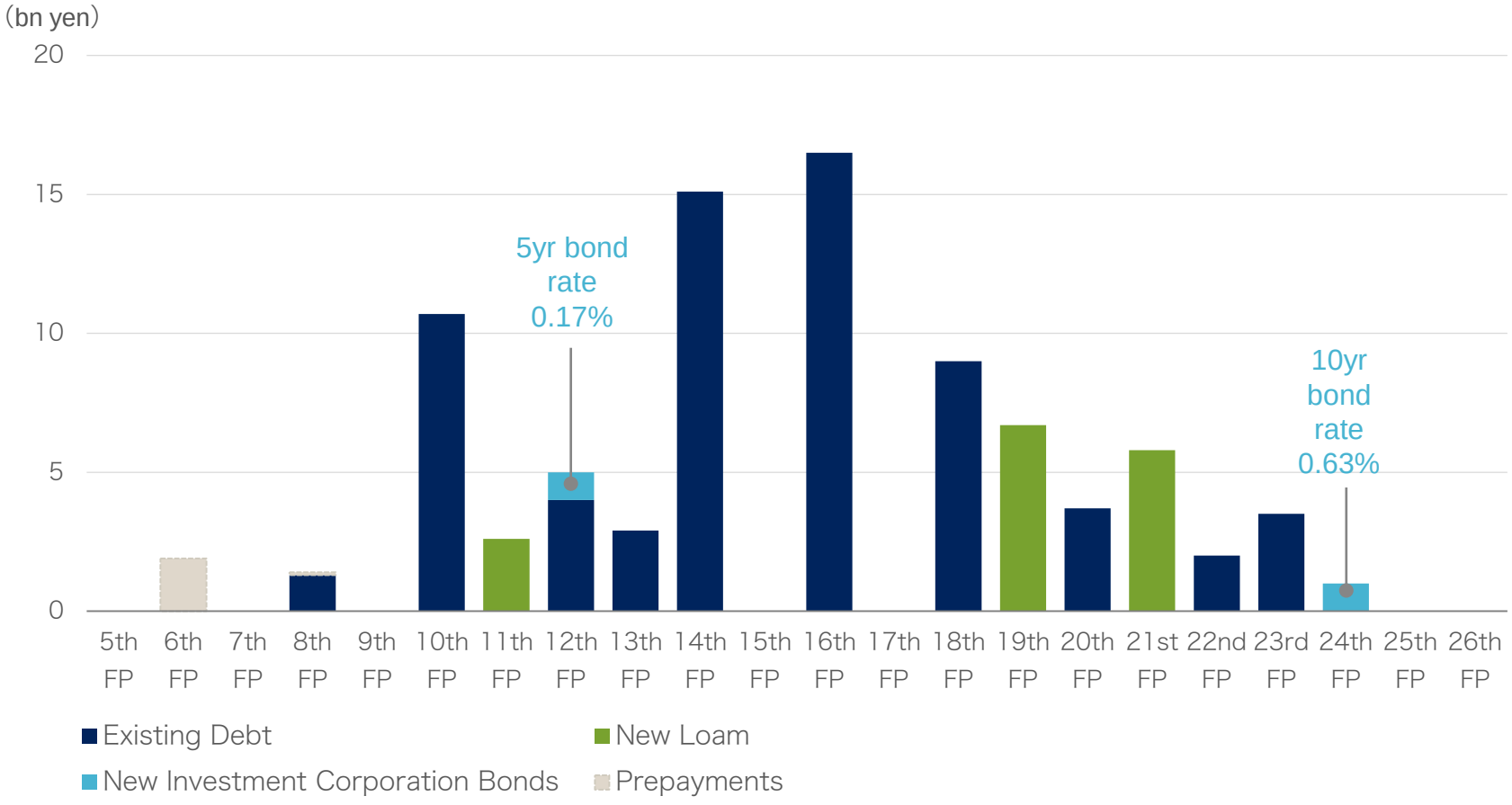
The LTV ratio has reached its stabilized range of 40～45%

Approximately ¥6bn of acquisition surplus before reaching a 45% LTV

Use Bonds to Limit Debt Costs While Prolonging Term・Fixing Rate

Financial strategy: Utilize Financial Strengths Toward External Growth Through Prolonging, Fixing, and Diversifying the Overall Debt Structure

Maturity Dates are Dispersed, Setting up Strong Resistance to Changing Capital Market Environment



Avg. Remaining Term
5.7yrs

Fixed Rate Ratio
93%

Interest Rate
0.59%

Credit Rating
AA-

3 Pillars of LLR's Investment Policy

Toward Sustainable Improvement of Investor Value

1

External Growth Strategy

Disciplined Investment at Reasonable Pricing for Prime Logistics

2

Internal Growth Strategy

As large supply continues, priority is given to maintaining high occupancy rates

3

Financial Strategy

Lengthen out Term・Fixed Rate Exposure・Diversification, Supporting External Growth

Memo

02

4th Fiscal Period Financial Results

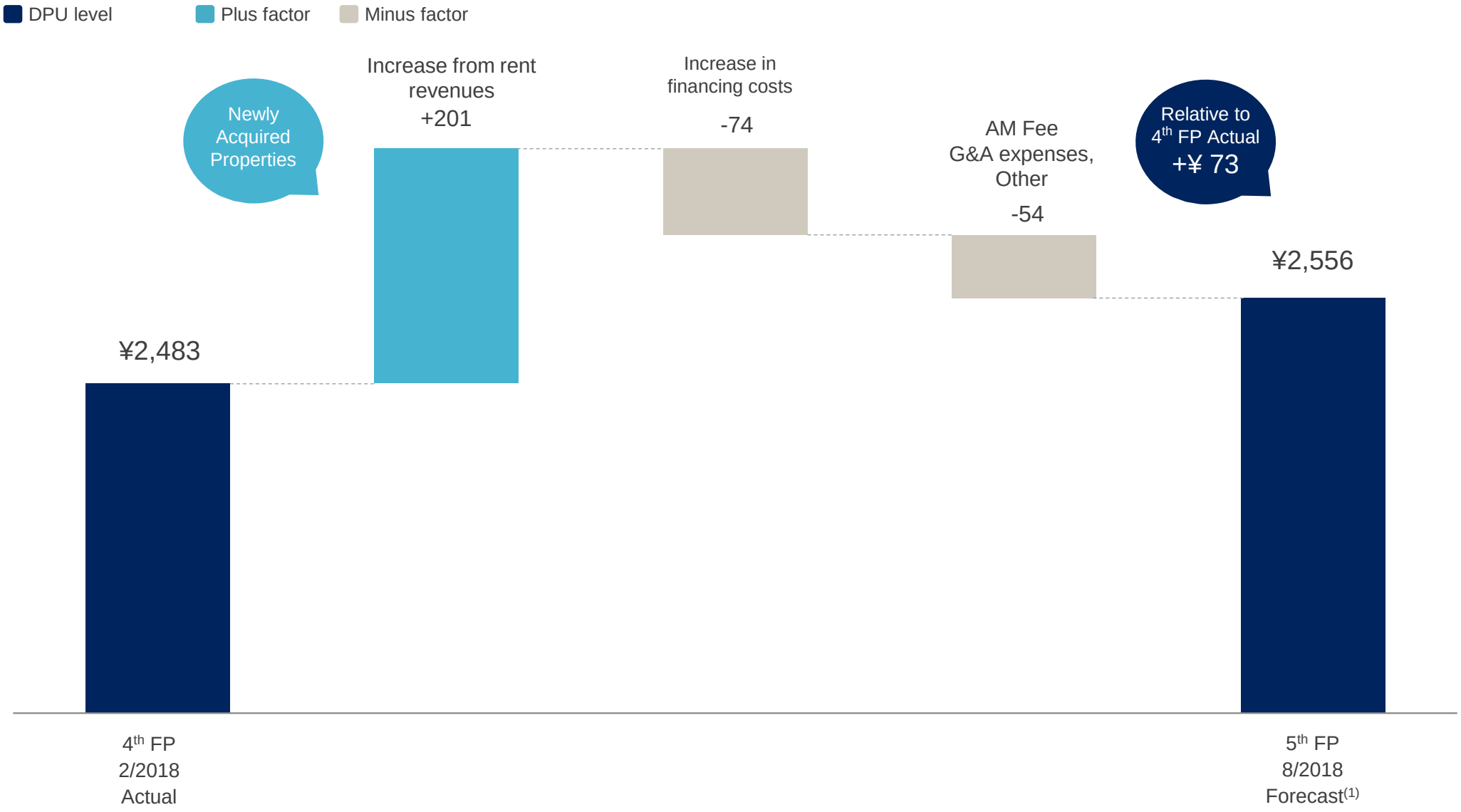


Factor Analysis on increase/decrease of DPU ①
(Comparison between 4th FP Initial Forecast vs. 4th FP End Actual)



(1) Announced on 10/13/2017

Factor Analysis on increase/decrease of DPU ②
(Comparison between 4th FP Actual vs. 5th FP Initial Guidance)



(1) Announced on 4/13/2018

2/28/2018 (4th FP) Financial Results

	Units: millions yen	3rd FP Actuals	Beg. 4th FP Forecasts (a)	4th FP Actuals (b)	Difference (b) – (a)	Key factors explaining the difference between initial 4th FP forecasts and 4th FP Actuals
Property Level	Real Estate Leasing Business Total	5,234	5,159	5,251	92	
	Rent + CAM + Other Income	4,939	4,888	4,962	74	Increased Occ. (Assumed 96.9% ⇒ 98.4% Actual)
	Reimbursable Utilities Income	295	271	289	18	Expansion of existing tenants' material handling equipment; attributed to increased occupancy
	Real Estate Operating Expenses Total	1,810	1,754	1,736	-18	
	Outsourced Contract Costs (1)	343	303	308	5	
	Utilities	280	249	278	29	Expansion of existing tenants' material handling equipment; attributed to increased occupancy
	Repair & Maintenance	127	138	88	-50	Contingent R&M were not implemented. Allocation between R&M and Capital Expenditures.
	Depreciation Expense	625	629	627	-2	
	Real Estate Taxes	402	402	402	-	
	Other Expenses	34	33	33	-	
	NOI After Depreciation	3,424	3,405	3,515	110	
	NOI	4,049	4,035	4,142	107	
Corporate	Asset Management Fee	590	599	618	19	Increased in accordance with increased profits
	Interest Expense & Financing Fees	304	252	258	6	Increased due to issuance of investment corporation bonds
	Other P&L Items	99	120	94	-26	Suppression of SG&A expenses (reserve cost not used)
	Investment Corporation Level Expenses	993	971	970	-1	
DPU Summary	Net Income	2,429	2,433	2,543	110	
	Total Distributions Per Unit (DPU)	2,379	2,382	2,483	101	
	Earnings Per Unit (EPU)	2,209	2,211	2,312	101	
	DPU in Excess of Earnings	170	171	171	-	
	LTV	38.6%	38.6%	38.6%	0.0%	
	Number of Properties	9	9	9	-	

(1) These figures are using numerical values based on management accounting and may differ from values in financial accounting.

8/31/2018 (5th FP) Financial Forecasts

	Units: millions yen	4th FP Actuals (a)	5th FP Forecast (b)	Difference (b) – (a)	Key factors influencing the difference between 4th FP Actuals and 5th Forecast
Property Level	Real Estate Leasing Business Total	5,251	5,608	357	
	Rent + CAM + Other Income	4,962	5,314	352	Increased due to acquisition of 2 properties (Assumed occupancy rate is 97.7%)
	Reimbursable Utilities Income	289	293	4	Seasonal variable factor
	Real Estate Operating Expenses Total	1,736	1,889	151	
	Outsourced Contract Costs (1)	308	320	12	Increased due to leasing commissions
	Utilities	278	280	2	Seasonal variable factor
	Repair & Maintenance	88	110	22	Based on repair & maintenance plan
	Depreciation Expense	627	685	58	Increased due to acquisition of 2 properties
	Real Estate Taxes	402	445	43	Increased due to property acquired in 2017 (LP Kawagoe); includes property tax increase
	Other Expenses	33	47	14	
	NOI After Depreciation	3,515	3,720	205	
	NOI	4,142	4,405	263	
Corporate	Asset Management Fee	618	655	37	Increased due to acquisition of 2 properties
	Interest Expense & Financing Fees	258	340	82	Increased due to acquisition of 2 properties
	Other P&L Items	94	116	22	Increased due to acquisition of 2 properties
	Investment Corporation Level Expenses	970	1,111	141	
DPU Summary	Net Income	2,543	2,606	64	
	Total Distributions Per Unit (DPU)	2,483	2,556	73	
	Earnings Per Unit (EPU)	2,312	2,370	58	
	DPU in Excess of Earnings	171	186	15	
	LTV	38.6%	43.3%	4.7%	100% debt financed acquisition
	Number of properties at end of FP	9	11	2	

(1) These figures are using numerical values based on management accounting and may differ from values in financial accounting.

Memo

03

Current Status of the Portfolio and Future Growth Strategies

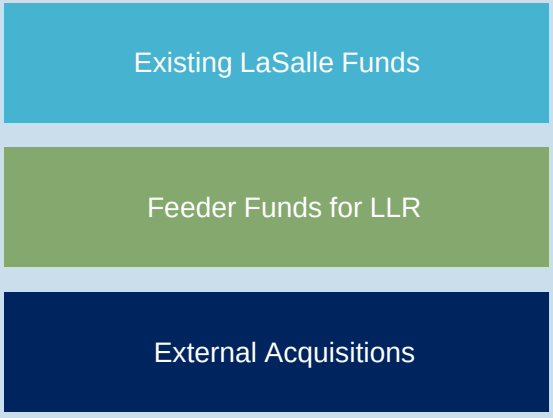


Future Management Strategies

External Growth

- In a market environment with a sense of overheating, disciplined investments at reasonable prices for prime logistics

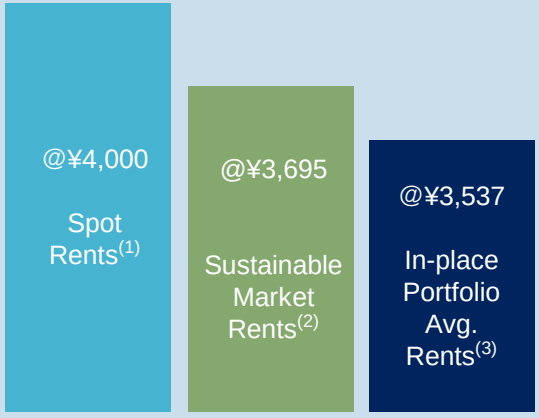
- 3 acquisition channels; LLR will acquire properties at appropriate timeframe



Internal Growth

- As large supply continues, priority is given to maintaining high occupancy rates

- While a period of significant supply continues, LLR's in-place leases are still below sustainable market rents



Financial Management

- Flexible financial management to support external growth while promoting prolonged terms, increasing fixed rate exposures, diversifying procurement channels

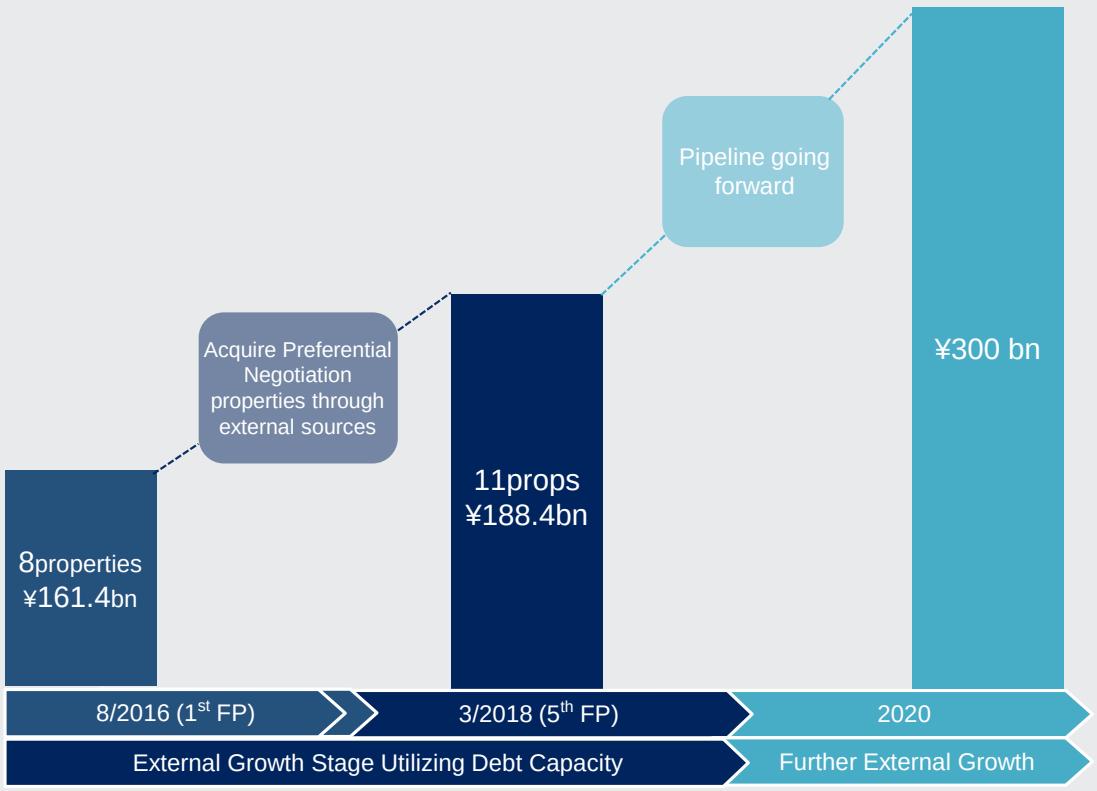
- With a stabilized LTV level hovering in the range of 40-45%, implement a flexible operation which supports acquisitions

- Build a strong financial position through taking on more fixed rates, lengthening out the loan term, diversify, creating an even stronger balance sheet

(1) New development projects are based on asking per tsubo rent levels for warehouse space only
(2) Warehouse market rents based on market reports which were relied upon for LRA's market rent levels
(3) Per tsubo rents of 11 properties include LP Hiratsuka Shinmachi and LP Sakai Minamijimacho

Expansion of pipeline toward AUM of ¥300bn

Growth of AUM



A pipeline that ensures fulfillment

Preferential Negotiation Rights Assets

- Additional 4 properties secured worth ¥35bn
- All are Tokyo Area・Osaka Area Prime Logistics
- 1 property completed and stabilized, 3 properties are under development (pre-lease tenants completed)

LaSalle Fund (Informational Support Subject Properties)

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



4/2017 completed



3/2018 completed



5/2019 anticipated completion

Feeder Fund for LLR (1)

- Operational since 10/2017
- Plan to invest ¥120bn mainly in development projects over the next 3 years
- Comprehensive Preferential Negotiation Rights to LLR are granted

(1) Funds that serve the purpose of supply properties to LLR

Newly Acquired Properties Highlights

LOGIPORT Hiratsuka Shinmachi

- Located in a mixed area of Hiratsuka city center, excellent located for securing employees
- By opening the Shin Shonan Bypass along the Ken-o-do Expressway, further improvements to access and traffic achieved
- Long term lease agreement concluded with the existing tenant, making it possible to create stable cash flow that is independent of market vacancy







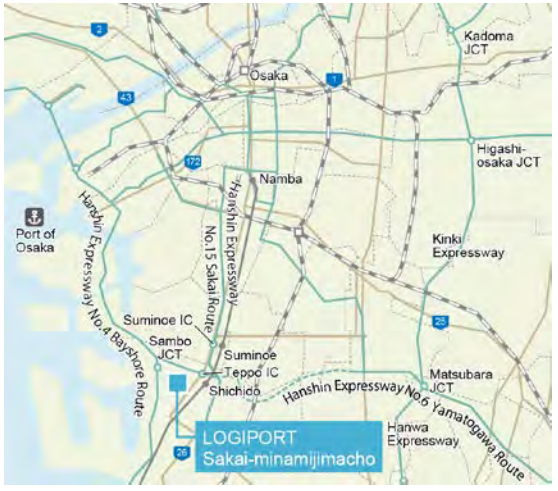
Acq. Price	¥6.90bn
Appraisal	¥7.06bn
Location	Hiratsuka-city, Kanagawa Prefecture
Completed	May 2016
NOI Yield (1)	4.8%
Occupancy	100%
Tenant	TONAMI TRANSPORTATION
NRA	29,074m²

LOGIPORT Sakai Minamijimacho

- Located in the center of Sakai city which is a government ordinance designated city, the property is in a mixed-use zoned area, with excellent location for attracting employees
- By opening the Hanshin Expressway Yamatogawa Line, further improvements to access and traffic achieved
- Long term lease agreement concluded with the existing tenant, making it possible to create stable cash flow that is independent of market vacancy





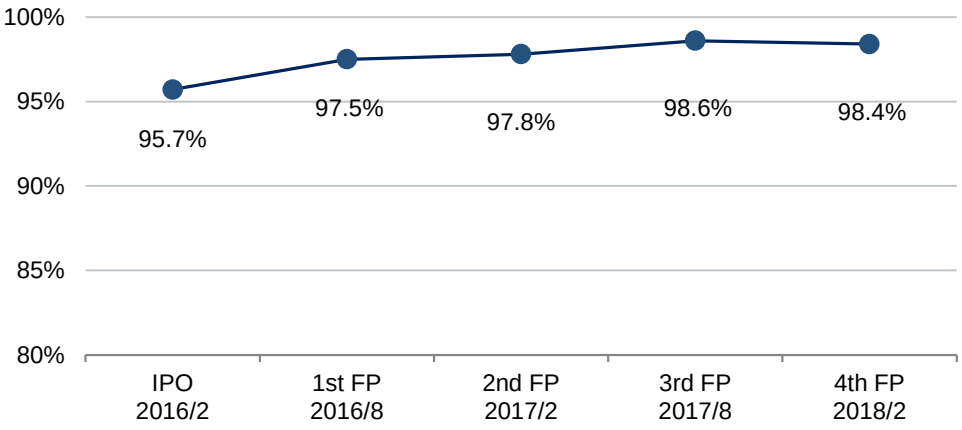


Acq. Price	¥8.15bn
Appraisal	¥8.30bn
Location	Sakai-city, Osaka
Completed	Oct 2016
NOI Yield (1)	4.8%
Occupancy	100%
Tenant	MARUWA UNYUKIKAN
NRA	30,690m²

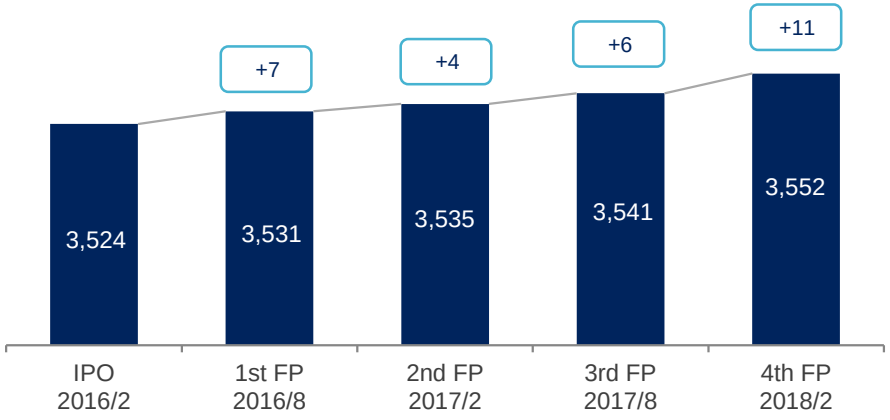
(1) "NOI Yield" is defined as the Appraisal NOI divided by the Acquisition Price

Internal Growth Property Operations Track Record ①

Changes in Occupancy



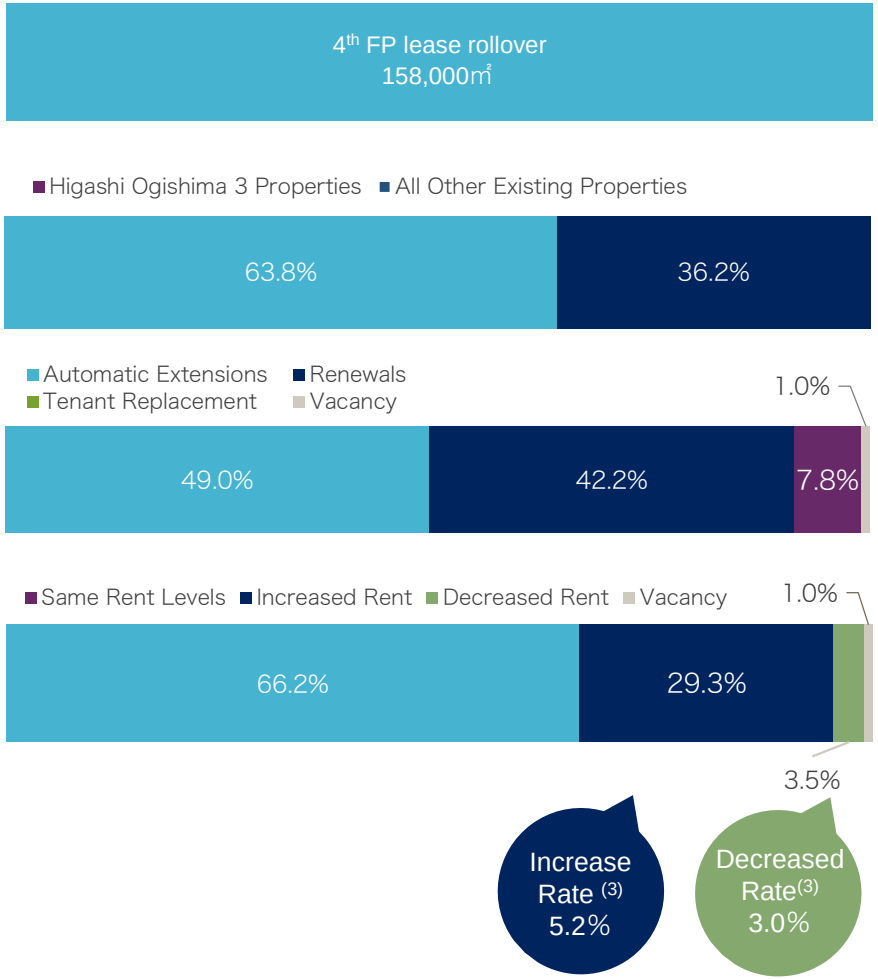
Changes in portfolio level avg. per-tsubo rents (1)



Leasing Track Record

- All Properties

4th FP Lease Maturities 158,000㎡



(1) Per-tsubo rents are calculated factoring in the initial 8 IPO assets.

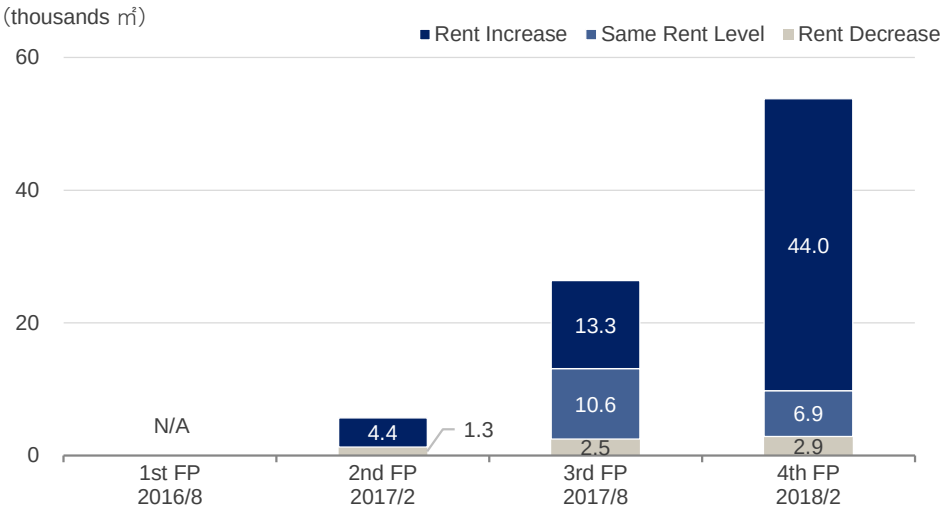
(2) The above percentages are the ratio of leases that came to maturity during the 4th FP

(3) Ratio is relative to the prior lease rent level (only warehouse is calculated, temporary use tenants are excluded)

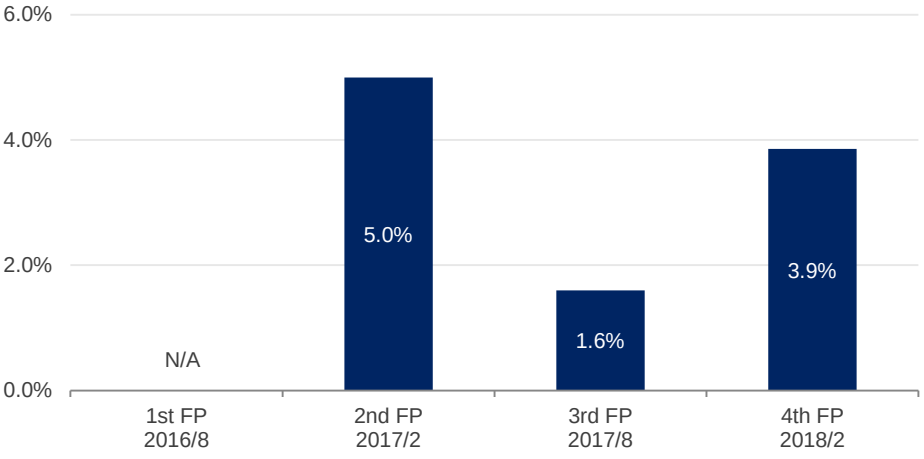
Internal Growth Property Operations Track Record ②

Fixed Term Lease (8 properties) (1)

Changes in Lease Rental Rates Upon Maturity(2)

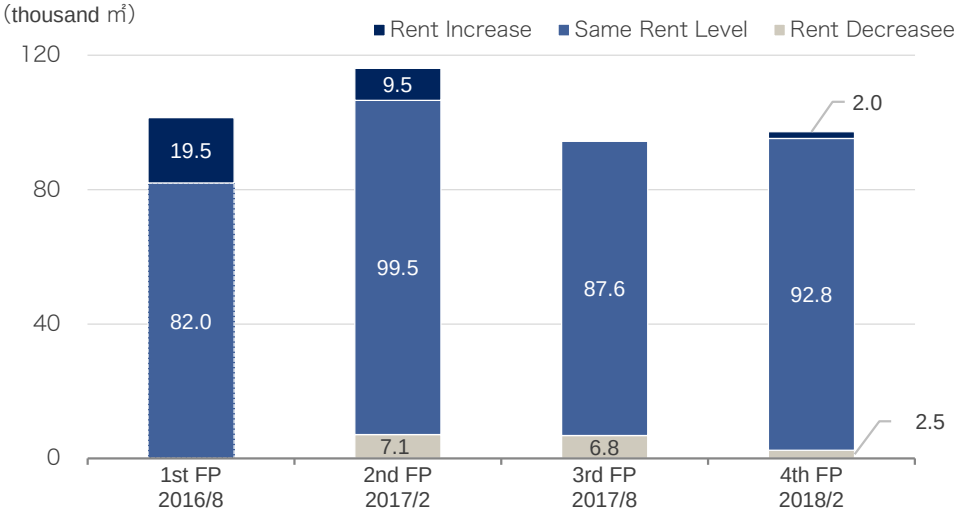


Changes in Lease Rental Rates (3)

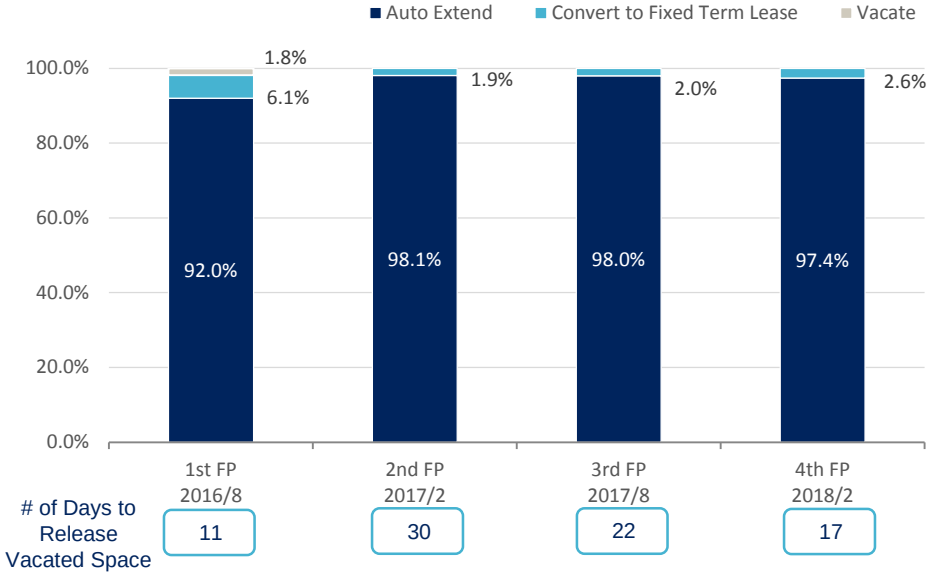


Higashi Ogishima 3 Properties

Changes in Lease Rental Rates Upon Maturity



Lease Renewal Track Record

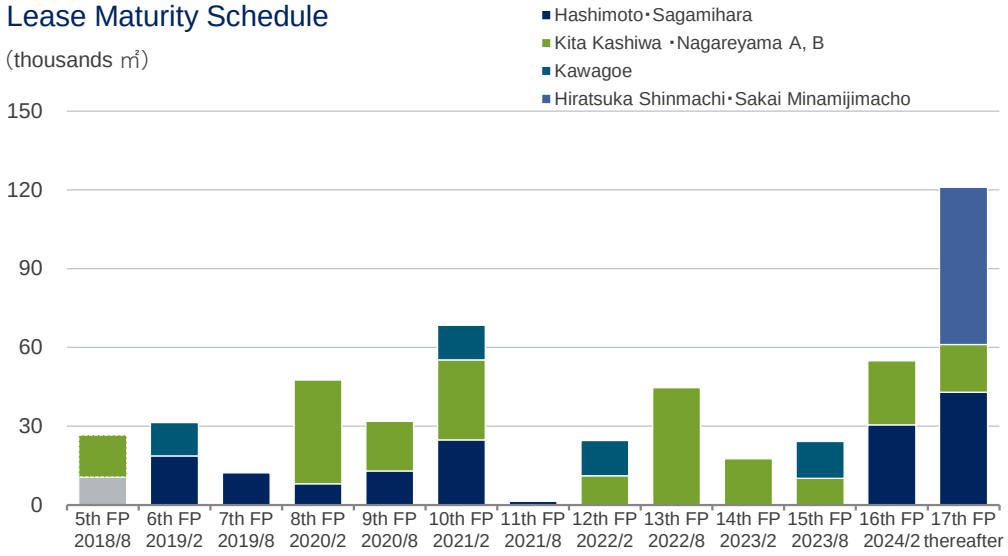


(1) The 8 properties owned as of the end of the 4th FP excluding the 3 Higashi Ogishima assets
(2) The area where the lease maturity came about during the FP (warehouse only, excluding temporary use)
(3) The amount the rent increased/decreased relative to the prior lease's rent level for each lease that matured during each FP (warehouse only, excluding temporary use)

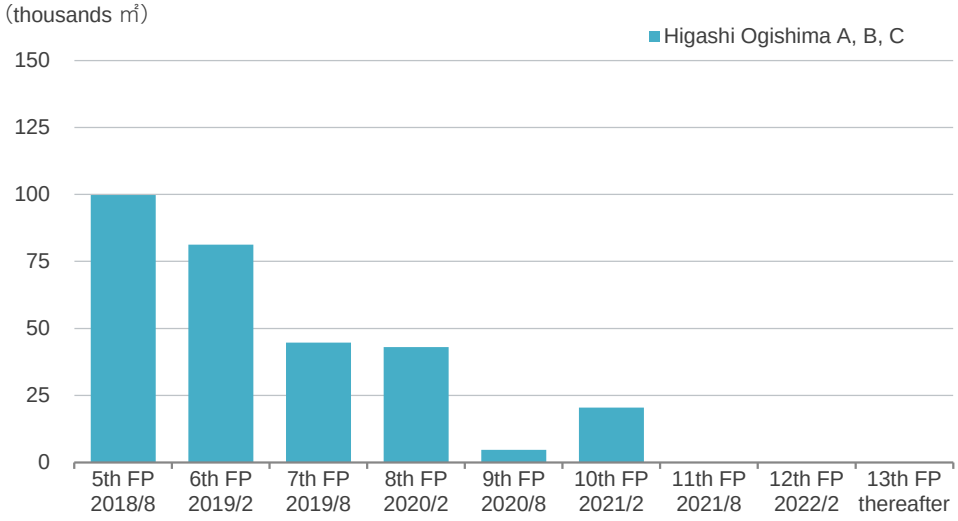
Leasing Strategy Going Forward

Fixed Term Lease (8 properties) (1)

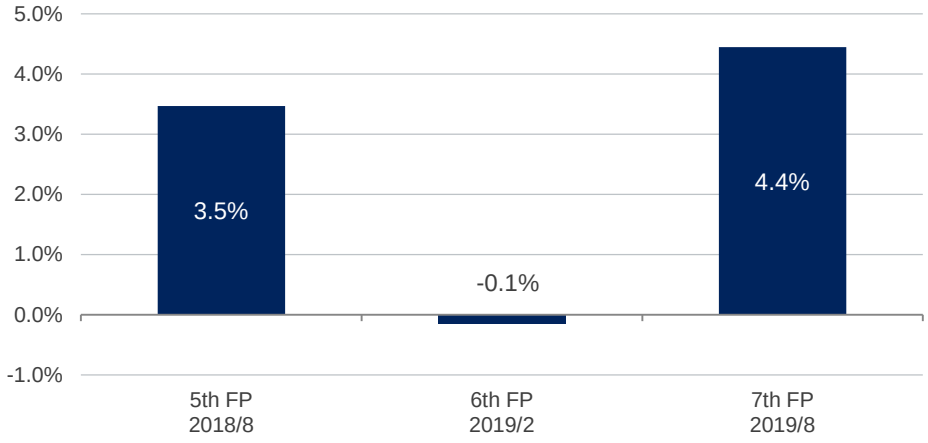
Lease Maturity Schedule



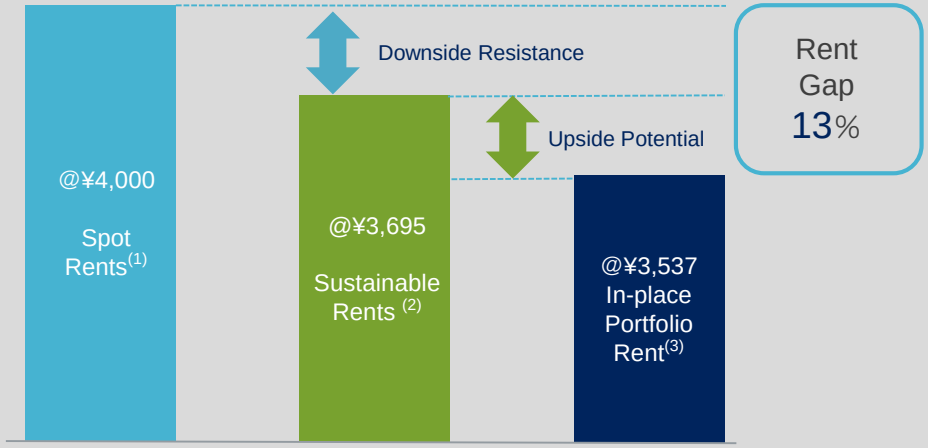
Higashi Ogishima 3 Properties



Rent Potential Upside going forward(1)



Rent Gap

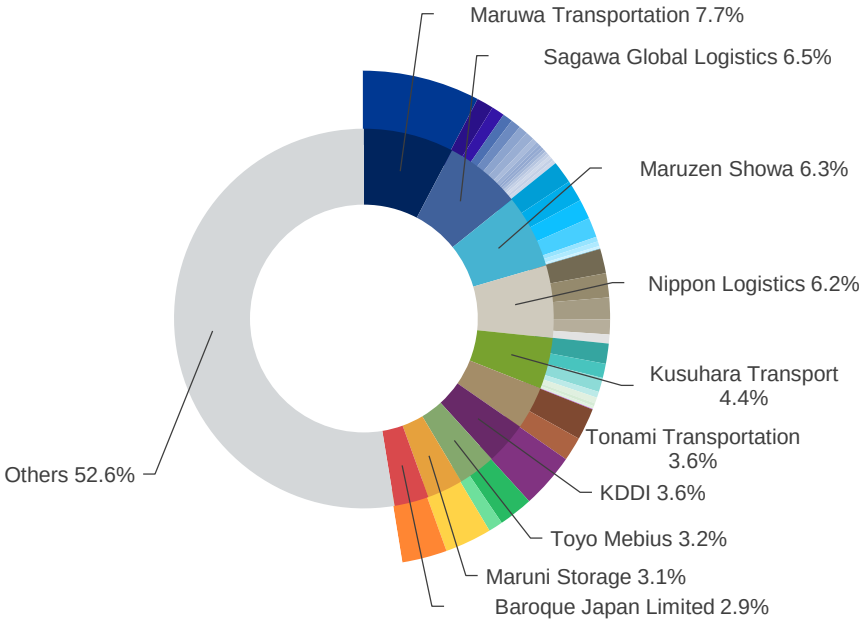


(1) Asking rent of warehouse area for the newly developed properties
(2) Based on a market reports which were compiled by the Asset Manager of LLR to define sustainable market rent levels
(3) Wtd Average for 11 properties (warehouse area only) including LP Hiratsuka Shinmachi and LP Sakai Minamijimacho
(4) Aggregated only existing fixed term lease properties, storage area only (excluding 3 Higashi Ogishima properties)

Features of LLR's Portfolio

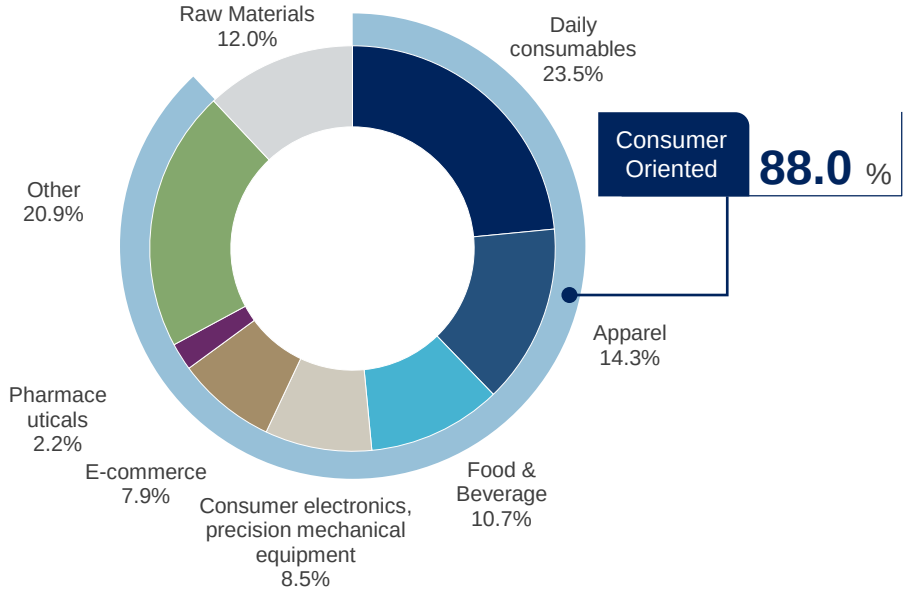
- Creating stable cash flows via tenant diversification and consumption oriented logistics tenants

Tenants Diversification Overview (1)
(The outer ring represents end tenants for the top 10 tenants)

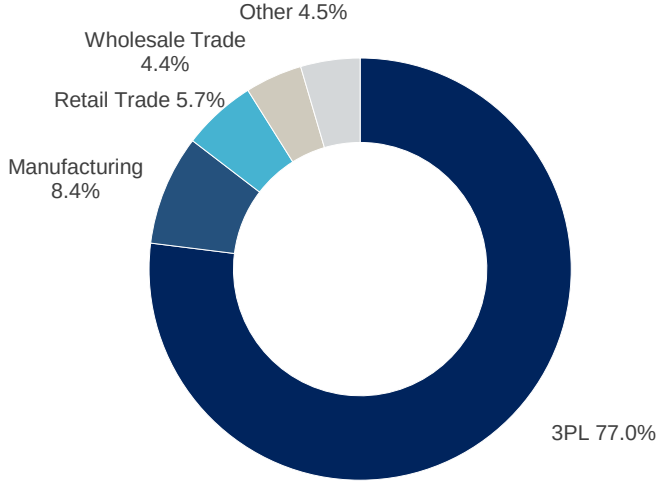


Top 5 tenants	**31.3** %
Top 10 tenants	**47.8** %
Total # of tenants	**111** (2)

End User's Industry Type ratio (3)



Tenant Business Ratio(3)



(Note) Figures for the existing 9 properties are as of 2/28/2018, for the 2 new properties, the figures are as of 3/5/2018
(1) Based on leased area
(2) Some properties have overlapping tenants. Net number of tenants is 100.
(3) Calculated based on area (Only storage area counted)

Occupancy Track Record

Occupancy Rates, Fixed Term Lease Ratios, Lease contract weighted average lease expirations

No.	Property Name	Occupancy Rates				# of tenants	WALE (Yrs.)	Fixed Term Lease Ratio
		3/31/2016	8/31/2017	3/31/2018	Change from 3/31/2016			
Tokyo-1	LP Hashimoto	90.1%	100.0%	100.0%	+9.9 pt	15	3.9	100.0%
Tokyo-2	LP Sagamihara	97.9%	99.6%	98.1%	+0.2 pt	18	3.9	100.0%
Tokyo-3	LP Kita Kashiwa	100.0%	100.0%	100.0%	-	8	4.0	100.0%
Tokyo-4	LP Nagareyama A	100.0%	100.0%	100.0%	-	1	-(2)	100.0%
Tokyo-5	LP Nagareyama B	99.7%	99.8%	99.9%	+0.2 pt	8	2.6	99.9%
Tokyo-6	LP Higashi Ogishima A	95.5%	96.9%	96.9%	+1.4 pt	22	1.1	34.7%
Tokyo-7	LP Higashi Ogishima B	94.4%	95.5%	95.4%	+1.0 pt	16	0.8	39.2%
Tokyo-8	LP Higashi Ogishima C	95.2%	97.7%	97.7%	+2.5 pt	17	0.9	47.1%
Tokyo-9	LP Kawagoe	-	100.0%	100.0%	-	4	3.3	100.0%
Tokyo-10	LP Hiratsuka Shinmachi	-	-	100.0%	-	1	-(2)	100.0%
Osaka-1	LP Sakai Minamijimacho	-	-	100.0%	-	1	-(2)	100.0%
Portfolio Totals		96.5%	98.6%	98.5%	+2.0 pt	111(3)	3.2	77.6%

Annual Rental Income Composition



Property Name	Ratio
Nagareyama A&B	15.0%
Kita Kashiwa	13.4%
Higashi Ogishima C	13.2%
Sagamihara	12.3%
Higashi Ogishima B	11.1%
Hashimoto	10.8%
Higashi Ogishima A	10.5%
Kawagoe	6.3%
Sakai Minamijimacho	4.0%
Hiratsuka Shinmachi	3.4%

(1) Tokyo-1 to Tokyo-9 are as of 2/28/2018, Tokyo-10 and Osaka-1 are as of 3/5/2018
(2) Not able to disclose due to not having received tenant approval
(3) Gross number of tenants.

Financial Management 4th FP・5th FP Initiatives

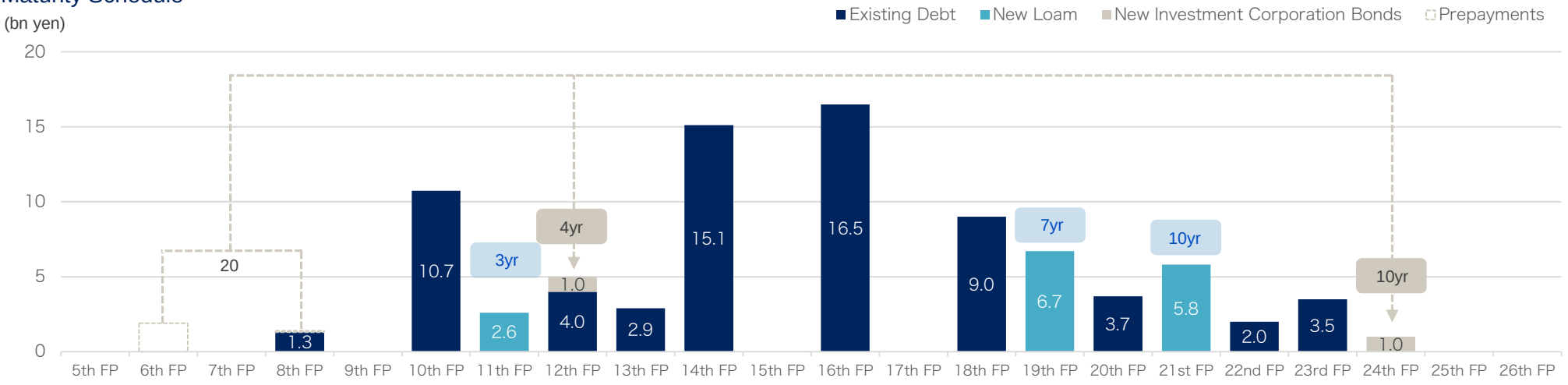
Build a strong financial structure

	3rd FP end 8/31/2017	After 2 Newly Acquired Properties 3/5/2018
Debt Balance	¥71.03bn	¥86.31bn
Of which are Inv. Corp. Bonds	¥9.5bn	¥11.5bn
LTV of Total Assets	38.6 %	43.3 %
Credit Rating (JCR)	AA-	AA-
Avg. Term	5.8 yrs	5.7 yrs
Avg. Loan Term	7.0 yrs	7.1 yrs
Fixed Rate Ratio	92.7 %	93.2 %
Wtd. Avg. Interest Rate	0.61 %	0.59 %

Reduction of procurement costs by utilizing investment corporation bonds

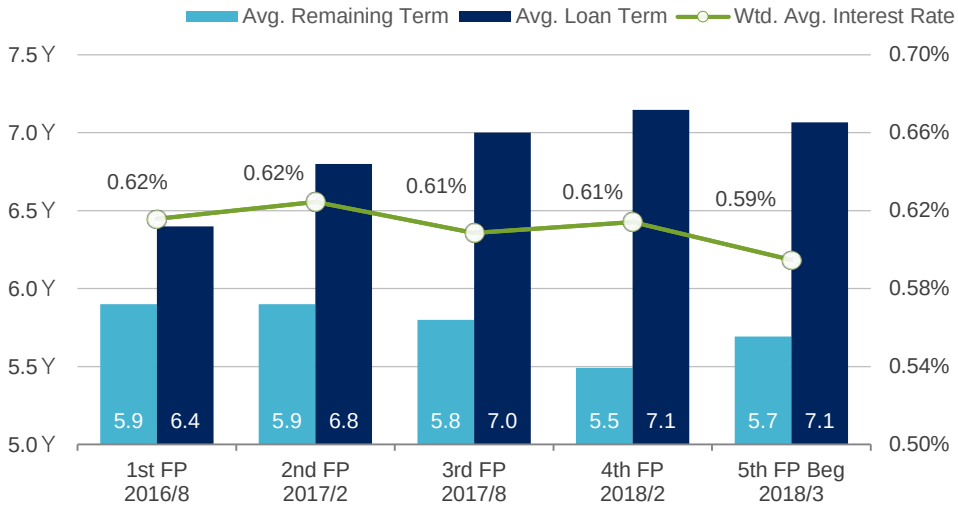
		Amount	Rate	Issuance Date	Term
3rd FP	1st unsecured issuance	4.0bn	0.26%	2/15/2017	5.0yrs
	2nd unsecured issuance	2.0bn	0.58%		10.0yrs
	3rd unsecured issuance	3.5bn	0.65%	7/13/2017	10.0yrs
4th FP	4th unsecured issuance	1.0bn	0.17%	12/21/2017	4.0yrs
	5th unsecured issuance	1.0bn	0.63%		10.0yrs
	Wtd. Avg.	-	0.46%	-	7.7yrs

Maturity Schedule

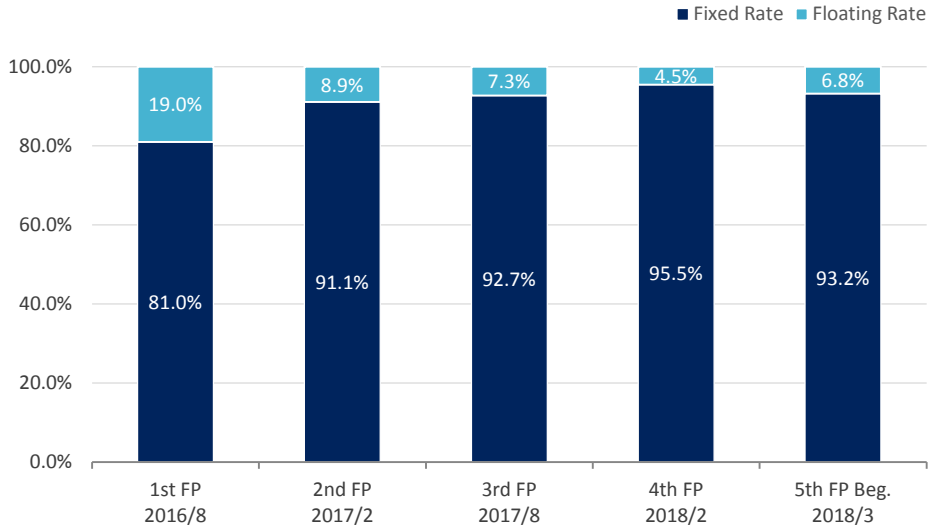


Financial Management　Progression of prolonging loan terms, fixing rates, along with controlling LTV

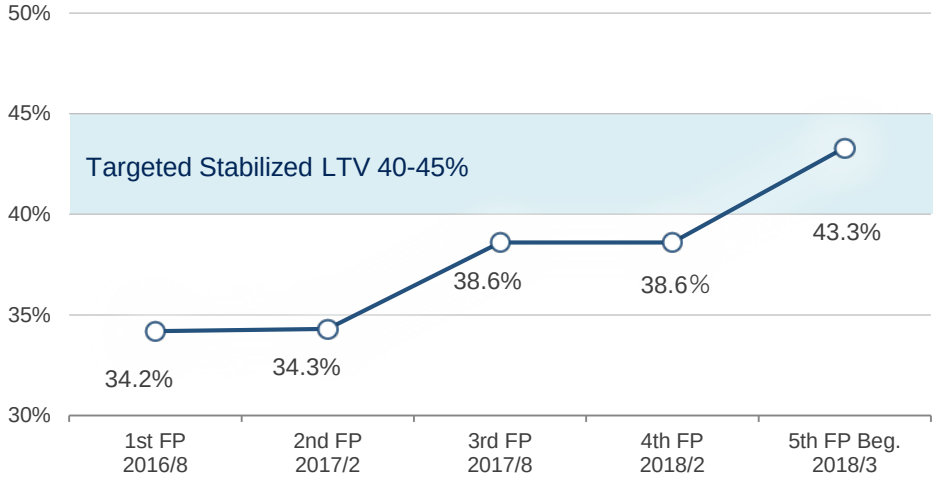
Promoting procurement cost controls and prolongation of borrowing terms



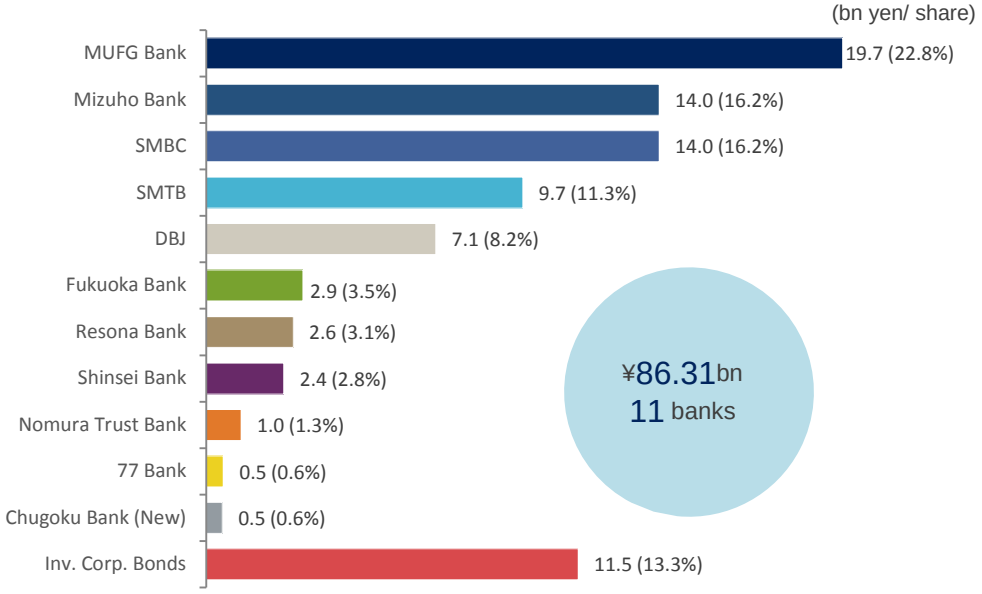
Enhancing the Fixed Rate Ratio



Controlling LTV



Financial Institution Transactions Situation



Memo

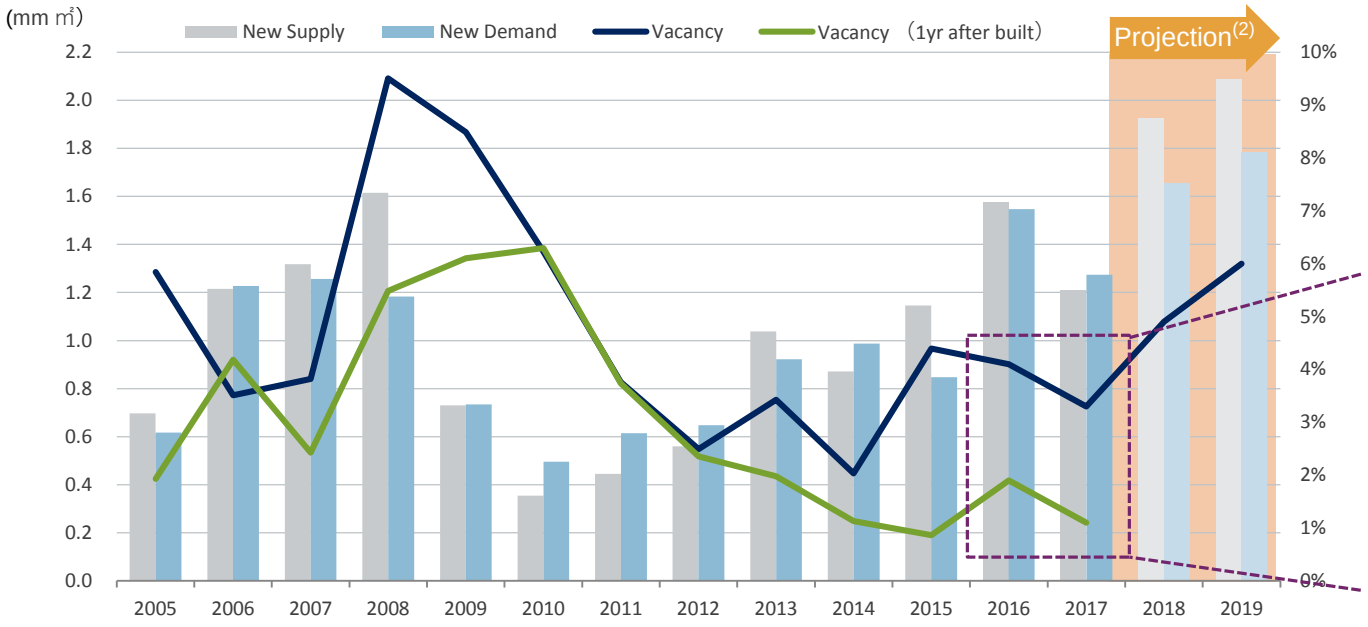
04

Logistics Market Outlook



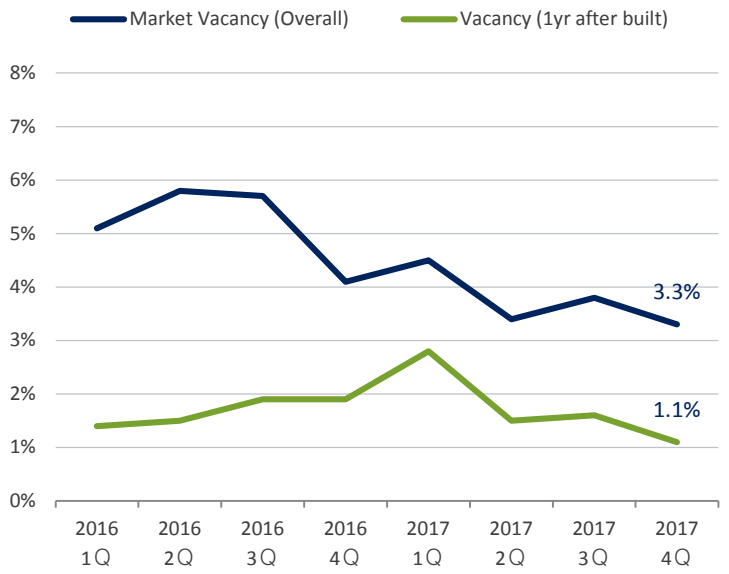
Tokyo Area Logistics Market

Supply/Demand and Mid-term Projections [(1)]

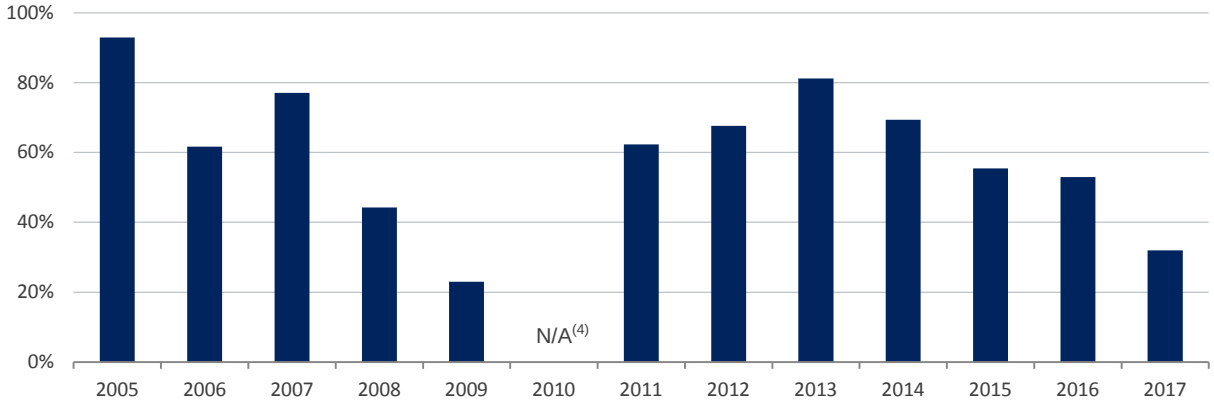


Source: CBRE (1) Logistics facilities with GFA greater than 5,000㎡
(2) Light colored bar chart represents projections

Most recent vacancy change



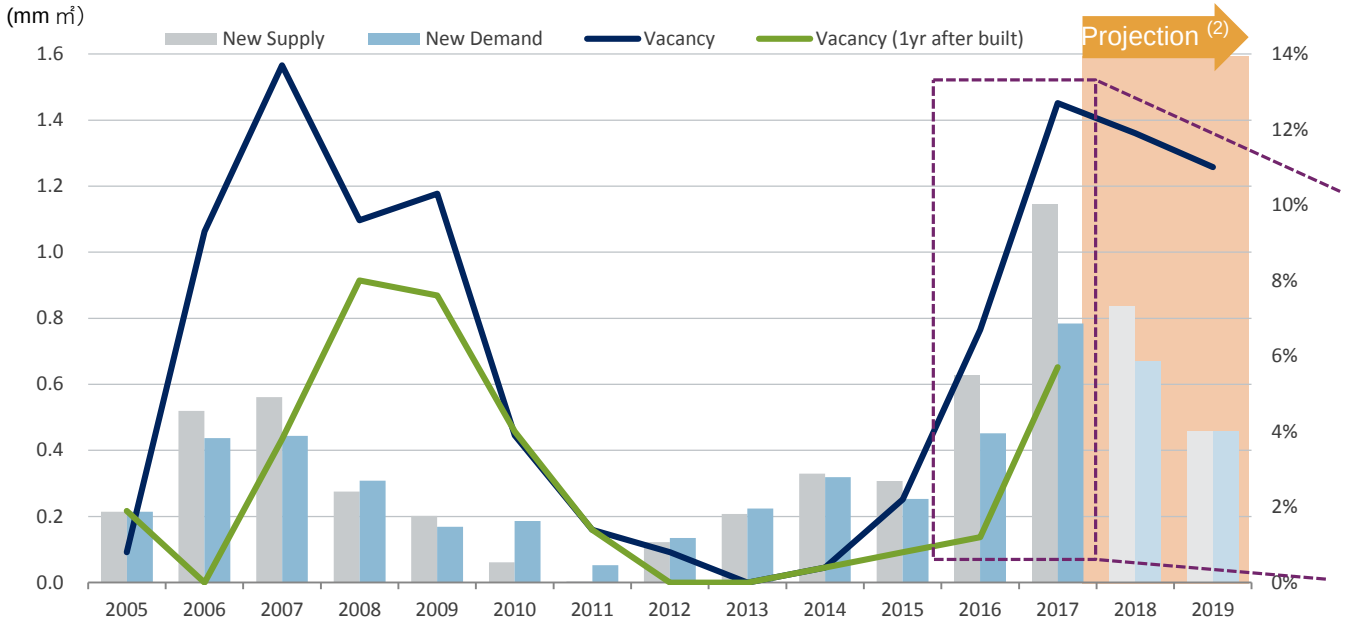
Change in occupancy for large scale multi-tenanted facilities[(3)] at completion



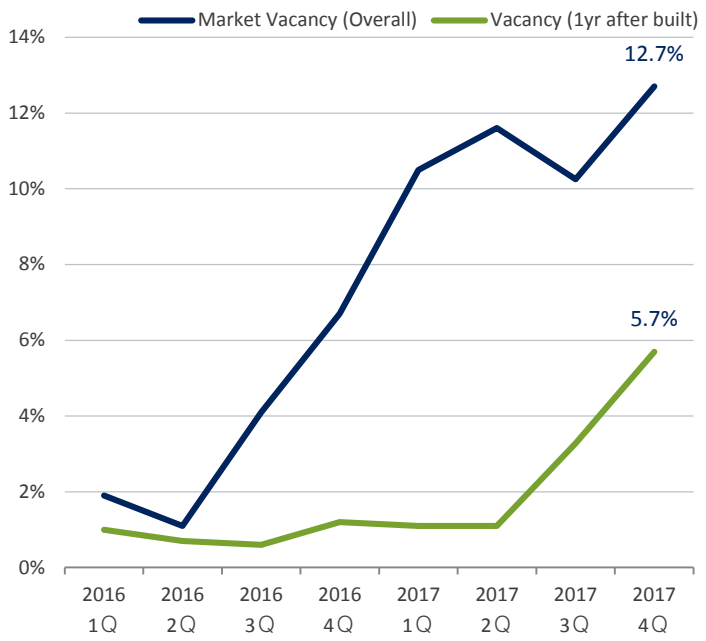
Source: CBRE (3) Multi-tenanted logistics facilities built with GFA greater than 10,000㎡
(4) In 2010, there were too few examples of newly supplied product

Osaka Area Logistics Market

Supply/Demand and Mid-term Projections (1)

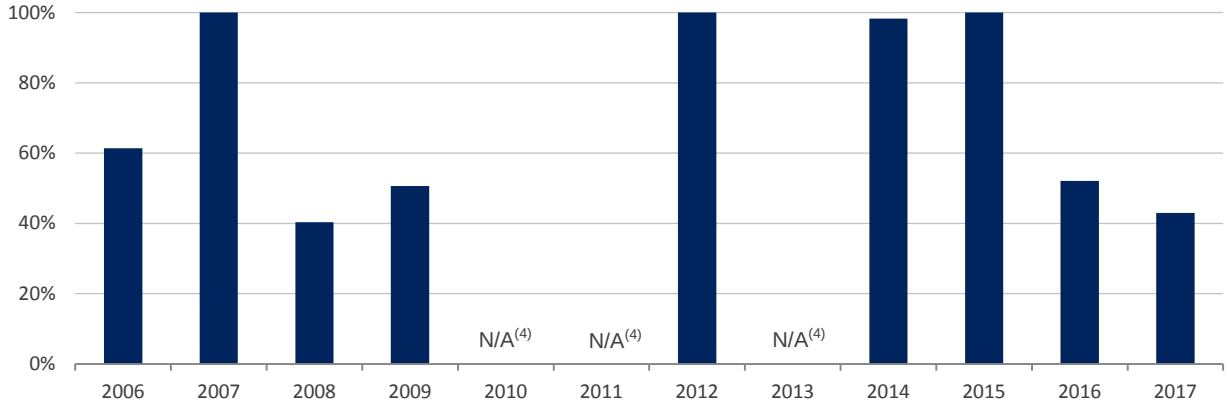


Most recent vacancy change



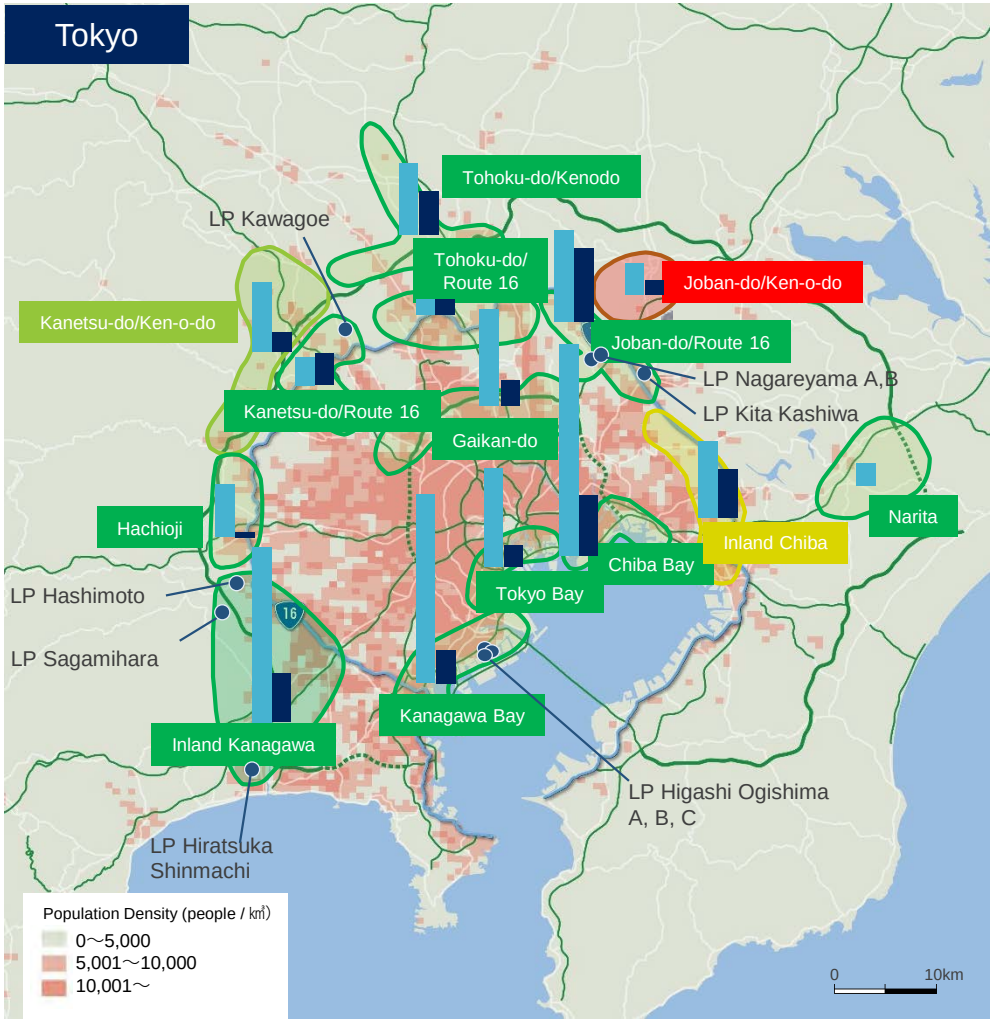
Source: CBRE (1) Logistics facilities with GFA greater than 5,000㎡
(2) Light colored bar chart represents projections

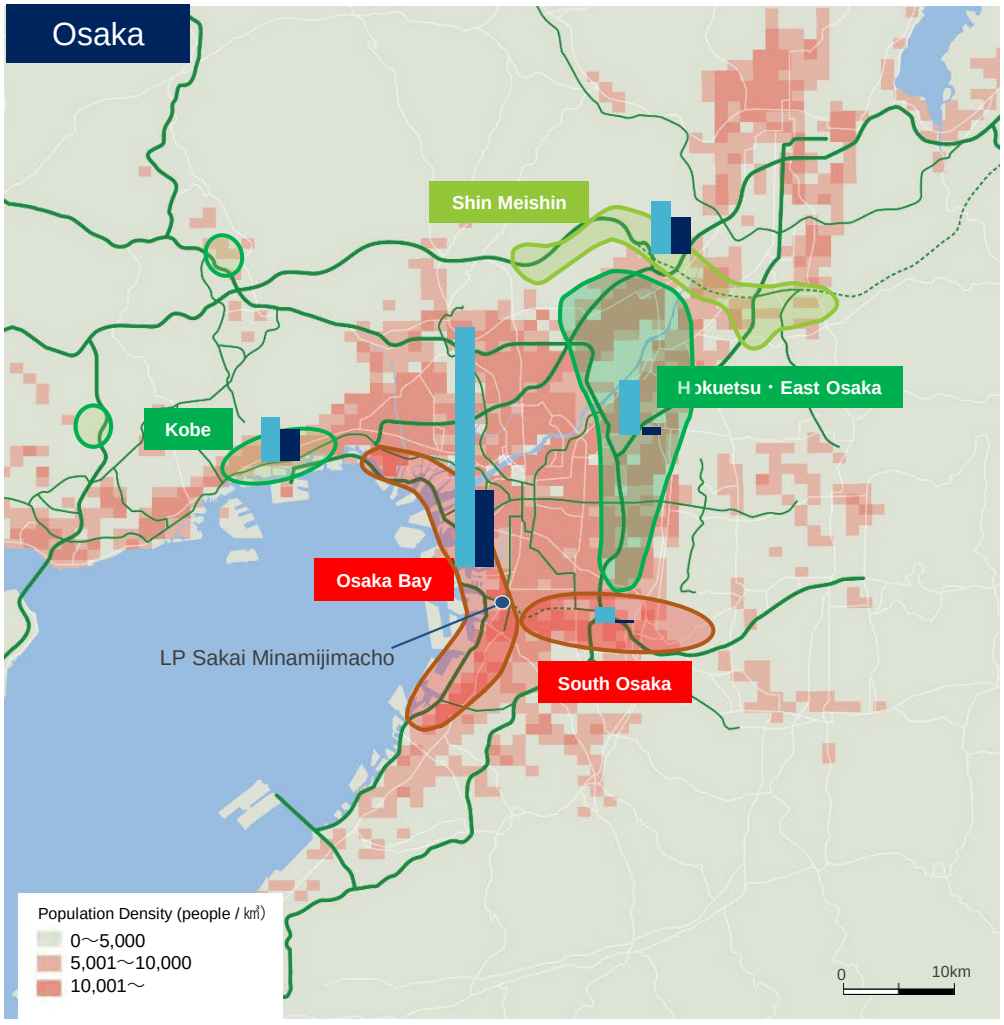
Change in occupancy for large scale multi-tenanted facilities (3)at completion



Source: CBRE (3) Multi-tenanted logistics facilities built with GFA greater than 10,000㎡
(4) In 2010, 2011, 2013, there were too few examples of newly supplied product

Tokyo Area / Osaka Area Submarket Vacancy Rate and Supply Outlook





Vacancy (1) (2017 YE)	Supply / Demand Environment
0～5%	Supply/Demand is tight
5～10%	Supply/Demand is balanced
10～15%	Supply/Demand is softening
15%～	Supply/Demand is deteriorating

Existing stock as of YE 2017
2018 and 2019 projected supply

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

Memo

05

Appendix



Summary on LaSalle LOGIPORT REIT

Features of LaSalle LOGIPORT REIT

1 Focused investments of Prime Logistics in Tokyo and Osaka

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

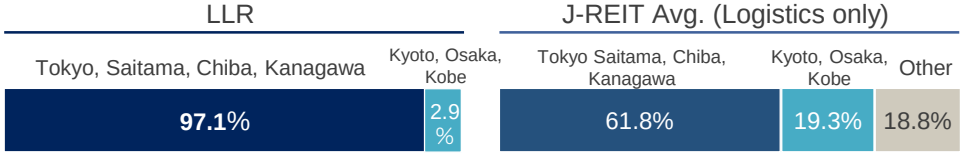
2 Leveraging off of the LaSalle Group's asset management capabilities

- Capitalize upon the LaSalle Group's capabilities as a leading global investment manager with deep roots in core real estate investing
- Utilize LaSalle Japan's wealth of operational experience within the logistics space

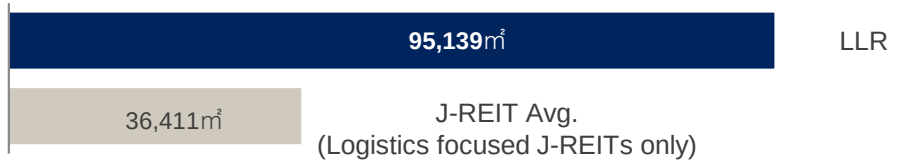
Portfolio Summary (1)

AUM	¥188.4 bn	Tokyo & Osaka areas	100 %
NOI Yield(2)	5.0 %	Occupancy	98.5 %

Investment Area Ratios (3)

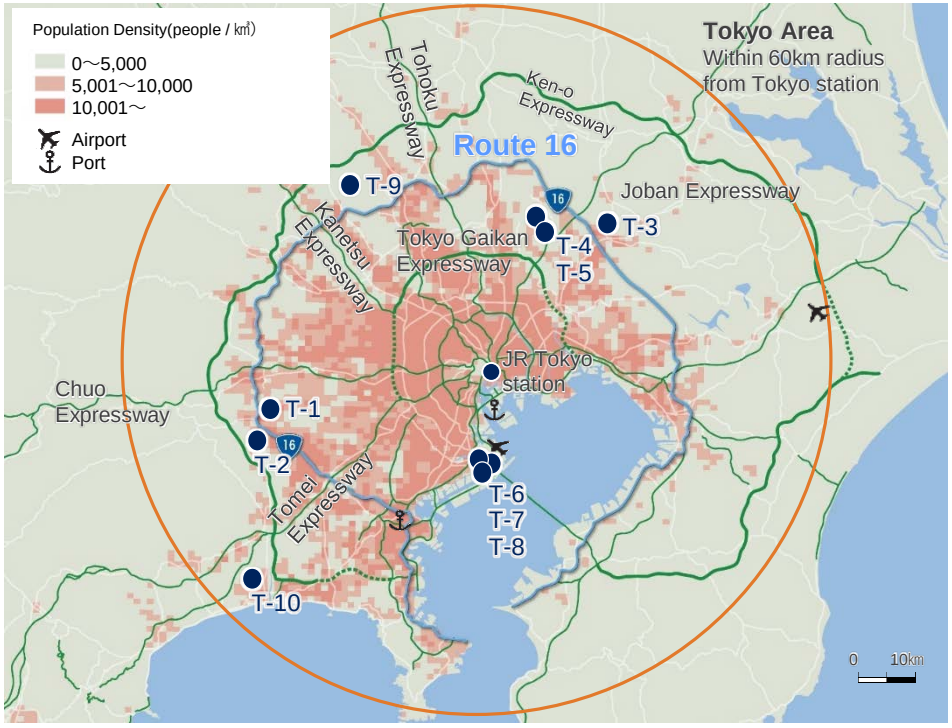


Avg. GFA (3)

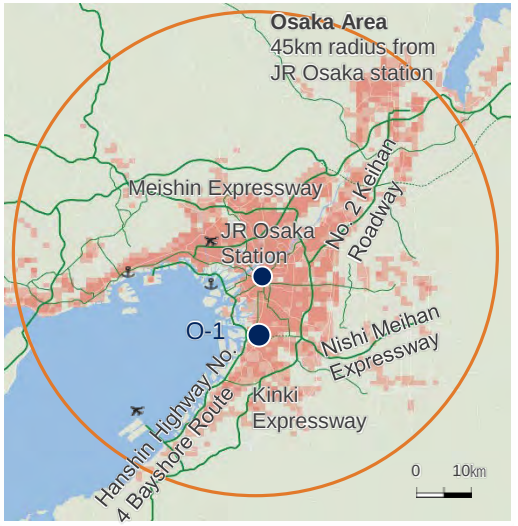


(1) As of 3/31/2018
(2) "NOI Yield" is calculated by dividing the appraisal NOI by the acquisition price
(3) "Investment Area Ratios" and "Average GFA" are calculated based on the total floor area, on a GFA basis, for all logistics properties that have been acquired by LLR and logistics focused J-REITs as of April 10, 2018. (J-REITs that count ground leased assets are excluded)

Location of properties



No.	Property Name
T-1	LP Hashimoto
T-2	LP Sagamihara
T-3	LP Kita Kashiwa
T-4	LP Nagareyama A
T-5	LP Nagareyama B
T-6	LP Higashi Ogishima A
T-7	LP Higashi Ogishima B
T-8	LP Higashi Ogishima C
T-9	LP Kawagoe
T-10	LP Hiratsuka Shinmachi
O-1	LP Sakai Minamijimacho

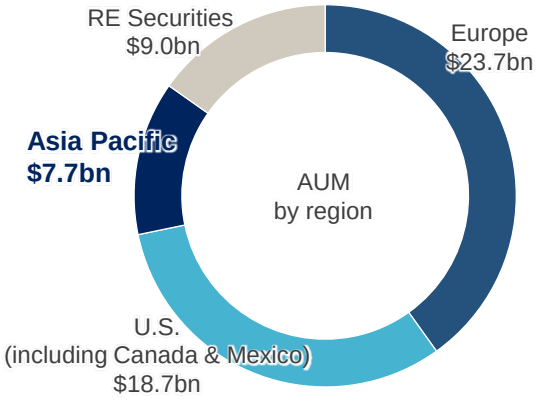


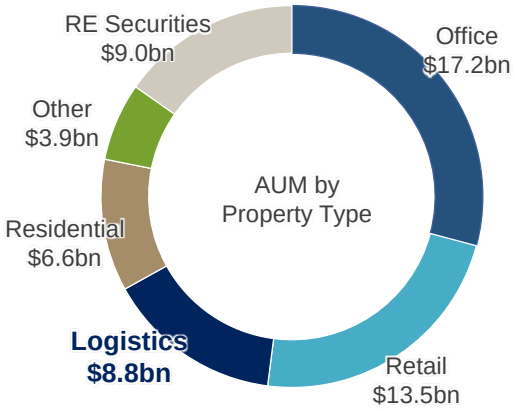
LaSalle Group is a leader in real estate core investments

LaSalle INVESTMENT MANAGEMENT

World leading real estate investment management firm

AUM	Global Network	Trusted by Investors
$59.0bn	17 countries / 24 offices Over 700 employees	400+ institutions Investors from over 25 Countries including SWFs, pension systems, insurance companies, and corporates





(Note) Figures above are as of 12/31/2017

JLL

Global comprehensive real estate services firm
(Parent company of LaSalle Investment Management)

Scale of Operations	Global Network	Market Capitalization
Revenues(2017) Approx. $6.7bn	80 countries 300 offices 82,000 employees	Approx. $6.8bn (listed on the NYSE)

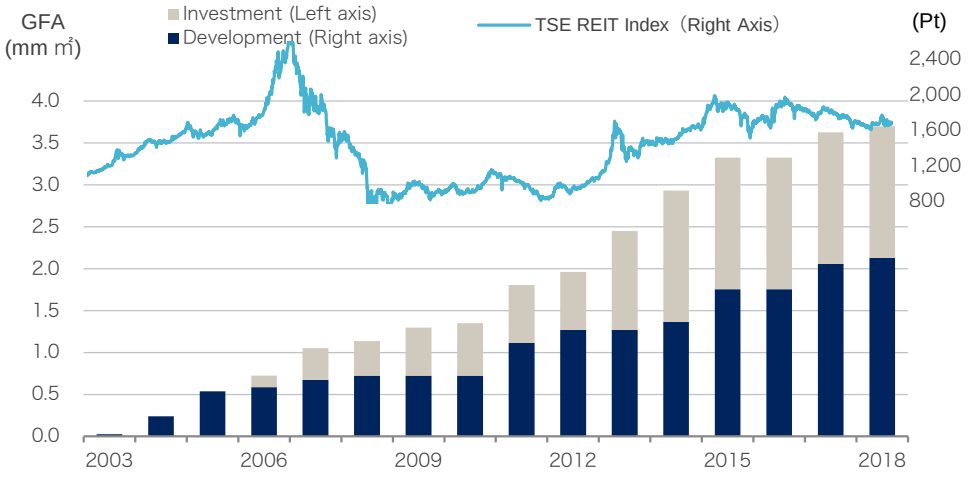
(Note) Above figures are as of 12/31/2017

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

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

Cumulative Development (2)	Approx. 2.13mm m²
Cumulative Acquisitions	Approx. 1.57 mm m²
Leasing Experience	Approx. 2.66mm m²
Large scale development share within Tokyo (3)	Approx. 18 %

Development・Investment Area (Aggregate Basis) (2)



(1) As of 3/31/2018
(2) Includes development pipeline
(3) Source: CBRE. Developed by a private company in Tokyo, where total floor area exceeds GFA of 10,000㎡ of leasable space (As of 12/31/2017)

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

- Fund management functionalities + Developer capabilities + Investor function = development & investment on an ongoing basis for large scale logistics facilities, regardless of the economic environment

2003 Logistics investment begins in Japan

2004 JAPAN LOGISTICS FUND I established

Sept 2004 First inland multi-tenanted logistics property

2007 JAPAN LOGISTICS FUND II established

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

2013 JAPAN LOGISTICS FUND III established

Feb 2016 LaSalle LOGIPORT REIT listed on the Tokyo Stock Exchange

2017 JAPAN LOGISTICS FUND Ⅳ established



7/2003 Wakasu 25,052㎡



9/2004 LP Kashiwa 148,453㎡



3/2005 LP Kawasaki 160,218㎡



3/2007 Hamura 42,870㎡



3/2008 LP Island City 48,852㎡



7/2009 LP Nagareyama A, B buildings 161,771㎡



4/2011 LP Kita Kashiwa 127,165㎡



9/2011 Atsugi 52,375㎡



4/2014 Sayama Hidaka Fulfillment Center 23,757㎡



2/2015 LP Osaka Taisho 122,535㎡



9/2015 LP Kashiwa Shonan 38,228㎡



9/2004 Ichikawa Shiohama 66,297㎡



2/2005 LP Osaka 135,822㎡



8/2006 Sodegaura 50,963㎡

10/2007 Daiei Kawasaki 69,064㎡

3/2008 Nishiura 2 props 6,599㎡ + 18,282㎡



6/2010 Tatsumi 18,161㎡



7/2011 LP Sagamihara 210,829㎡



10/2012 LP Hashimoto 156,609㎡



7/2014 LP Higashi Ogishima A, B, C 388,343㎡



3/2015 LP Sakai 116,076㎡

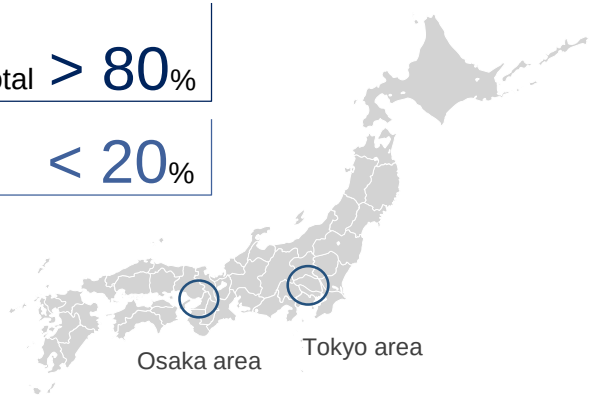
Development　Acquisitions　Establishment of a private equity development fund

Investment policy that focuses on locations and specifications as a source for maintaining property competitiveness

■ Tokyo and Osaka are target markets

Prospective portfolio composition

Tokyo and Osaka (1)	Total > 80%
Regional Cities	< 20%



(1) “Osaka Area” is defined as the area that’s within a 45km radius from JR Osaka station.

■ Characteristics of “Prime Logistics”

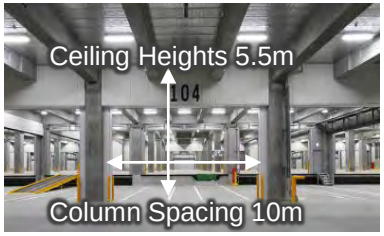
Suitable Sites	① Excellent access to high consumption areas (dense population areas) ② Close proximity to highway interchange nodes ③ Located in industrial use zoned areas that allow for 24 hour operations ④ Easy public transportation access in order to attract employees
Large Scale	① In general, GFA is greater than 16,500 ㎡
High Specs	① Effective ceiling heights are greater than 5.5m, floor loads can handle in excess of 1.5 t/㎡, 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



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.



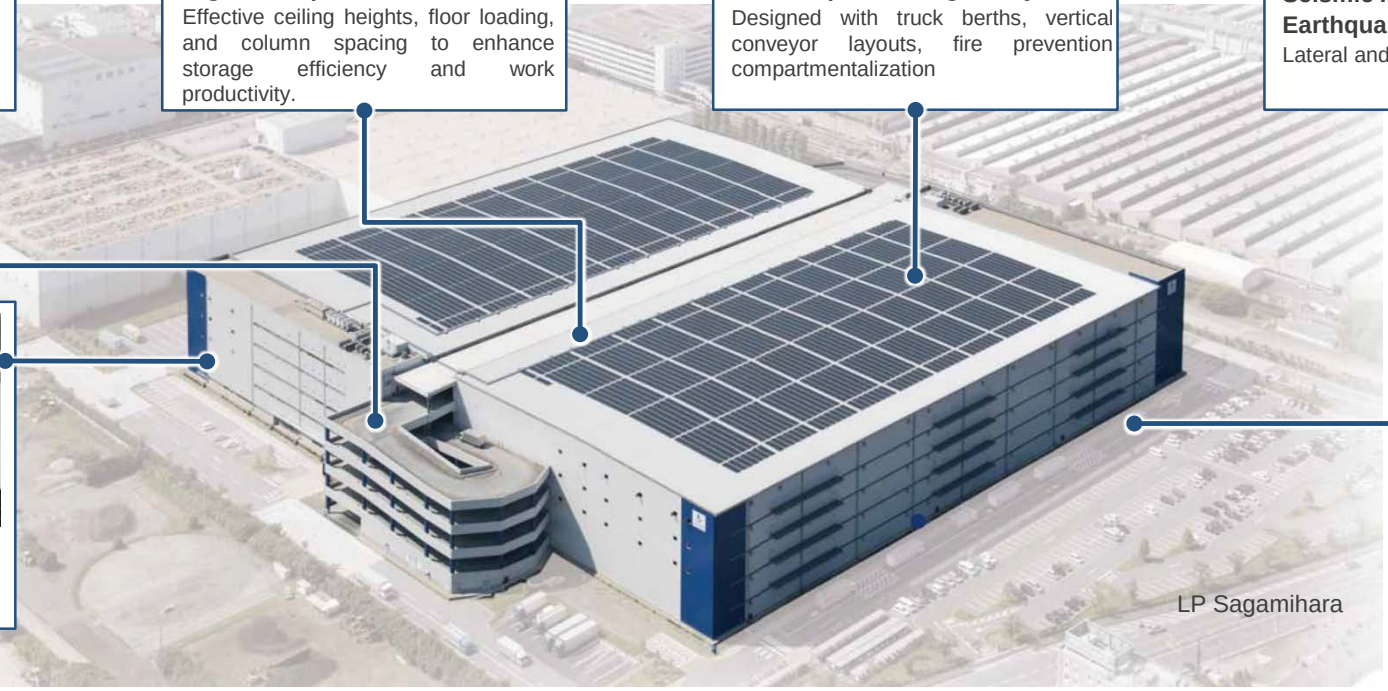
Flexible partitioning of bays
Designed with truck berths, vertical conveyor layouts, fire prevention compartmentalization



Seismic Isolation / Earthquake Resistance
Lateral and vertical motion dampeners



Office space
Ample office space



Environmental, Energy Efficiency, Security Measures, Enhanced Amenities

Environmental, Energy Efficiency



Solar panels for renewable energy utilization



Exterior walls, sandwich panel system for thermal insulation and airtightness.



Automatic lighting sensors for corridors and bathrooms



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

Security Measures



24-7, 365 days, fire prevention center

Ample Amenities



Cafeteria space for employees during breaks



Convenience stores on-sight for employee satisfaction



Operation of a commuter bus from the nearest station

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, societal, and governance ("ESG") best practices and are incorporating these measures on a company wide basis.

- Singed onto the U.N. Principals for Responsible Investment (PRI)

(July 2009)

PRI Principles for Responsible Investment

- ULI Greenprint: founding member

ULI Greenprint Center for Building Performance

- Founding member of GRESB

GRESB REAL ESTATE

Efforts made by LLR

Installation of solar panels and more efficient energy usage has been incorporated into LLR owned assets as environmentally friendly measures in the course of operating properties

- Participated in GRESB Real Estate Assessment

GRESB 2017

GRESB Real Estate Assessment

LLR participated in the 2017 GRESB real estate assessment, which is conducted across real estate companies and funds, and was awarded Green Star status for its outstanding performance in ESG matters.

- DBJ Green Building certifications achieved

4 of LLR's properties received Green Building certifications

DBJ Green Building 2016

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.



Stars : ★★★★★
LP Hashimoto



Stars : ★★★★★
LP Sagamihara



Stars : ★★★★
LP Kita Kashiwa



Stars : ★★★
LP Nagareyama B

- 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.

- Achieved BELS recognition award



BELS Assessment

BELS is a third party certification system that displays the energy saving performance of buildings. From April 2016, real estate companies were required to strive toward energy conservation practices per the Act on Building Energy Consumption Enhancement Improvement Act (Building Energy Conservation Law).

- Awarded SMBC's Environmental Considerations Rating



SMBC Environmental Assessment

The "SMBC Environmental Evaluation Consideration Loan" is to evaluate the environmental considerations that companies have done based on a rating system developed by the Sumitomo Mitsui Banking Corporation and Nippon Research Institute Co., Ltd.

Commitment to Sustainability

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

Five years ago, the LaSalle Group decided to undertake focused research on the long term "secular" drivers of real estate. As a result, LaSalle developed the DTU (demographics, technology, urbanization) research program to better understand how fundamental drivers of demand interact. LaSalle's hypothesis is that these secular drivers have the power to shape real estate markets in ways that supersede and outlast the shorter-term property cycles.

- In 2016, LaSalle added a fourth secular trend for real estate investors to focus on in the next decade and beyond. LaSalle has identified a broad array of environmental factors ("E-factors") that can contribute to improvements in the risk-adjusted returns of real estate investments.
- E-factors include: energy conservation, carbon footprint reduction, climate change, water and waste recycling, and green building ratings to certify sustainable building design.
- E-factors should be an important consideration in the investment analysis of portfolios and assets. Any real estate financial analysis should take into account the rising demand for the sustainability and resilience features of a building. The rising demand occurs through both regulatory and market forces.
- LaSalle has also been tracking the growing awareness by governments and regulatory bodies to the E-factors. National and local governments both realize that real estate is a major user of energy and water, and that activities inside buildings are major generators of recyclable waste. Therefore, construction and management of the built environment can play a major role in reducing carbon emissions, improving water and energy conservation, and stopping unsustainable waste disposal practices.

- The broader market effects – rising tenant preferences for sustainable, healthy, and flexible spaces for work, social interaction, shopping, leisure, storage/distribution, and residential living spaces – also vary greatly between and within countries.
- By adding "E" to the "DTU" framework, LaSalle is committing to continue to conduct and review rigorous research in order to determine how its clients can benefit from sustainability initiatives.



Portfolio Overview

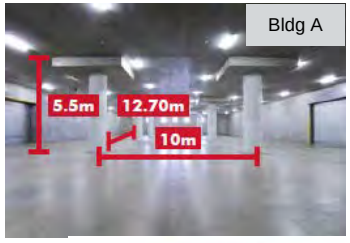
	Property No.	Property Name	Location	GFA (㎡)	Acq. Price (¥ bn)	Appraisal[2] (¥ bn)	Inv. Ratio (%)	Completed	NOI yield[3] (%)	Occupancy (%)	PML [4] (%)	# of tenants (tenants)
	**Tokyo－1**	LP Hashimoto [5]	Kanagawa Sagamihara-city	145,801	21.2	22.4	11.3	1/2015	4.6	100.0	1.3	15
	**Tokyo－2**	LP Sagamihara [5]	Kanagawa Sagamihara-city	200,045	23.0	24.8	12.2	8/2013	4.8	98.1	0.5	18
	**Tokyo－3**	LP Kita Kashiwa	Chiba Kashiwa-city	104,302	25.3	28.1	13.4	10/2012	4.6	100.0	0.9	8
	**Tokyo－4**	LP Nagareyama A	Chiba Nagareyama-city	17,673	3.5	3.9	1.9	7/2008	5.2	100.0	1.6	1
	Tokyo－5	LP Nagareyama B	Chiba Nagareyama-city	133,414	26.6	28.4	14.1	7/2008	4.7	99.9	2.3	8
	**Tokyo－6**	LP Higashi Ogishima A	Kanagawa Kawasaki-city	100,235	19.0	19.5	10.1	4/1987	5.2	96.9	6.5	22
	**Tokyo－7**	LP Higashi Ogishima B	Kanagawa Kawasaki-city	117,546	19.1	21.3	10.1	4/1991	5.8	95.4	6.2	16
	**Tokyo－8**	LP Higashi Ogishima C	Kanagawa Kawasaki-city	116,997	23.7	25.0	12.6	9/2001	5.2	97.7	6.3	17
	**Tokyo－9**	LP Kawagoe	Saitama Kawagoe-city	50,742	11.9	12.1	6.3	1/2011	4.9	100.0	4.4	4
	**Tokyo－10**	LP Hiratsuka Shinmachi	Kanagawa Hiratsuka	29,067	6.9	7.0	3.7	5/2016	4.8	100.0	5.2	1
	Osaka－1	LP Sakai Minamijimacho	Osaka Sakai-city	30,696	8.1	8.3	4.3	10/2016	4.8	100.0	6.5	1
			Totals /Averages	1,046,524	188.4	200.8	100.0		5.0	98.5	3.2	111

(1)Tokyo-1 to Tokyo-9 are as of 2/28/2018. Tokyo-10 and Osaka-1 are as of 3/5/2018.
(2)For appraisal values, Tokyo-1 to Tokyo-9 are as of 2/28/2018. Tokyo-10 and Osaka-1 are as of 1/2018.
(3)NOI yield is the appraisal NOI divided by the acquisition price.
(4)PML levels are as of 2/2018 and based off of Tokyo Marine Nichido's "11 Property Earthquake Risk Survey Portfolio Analysis Report."
(5)Acq price and appraisal values for Hashimoto and Sagamihara are expressed in relative proportion to LLR's co-ownership percentage. The GFA shown is of the entire property.

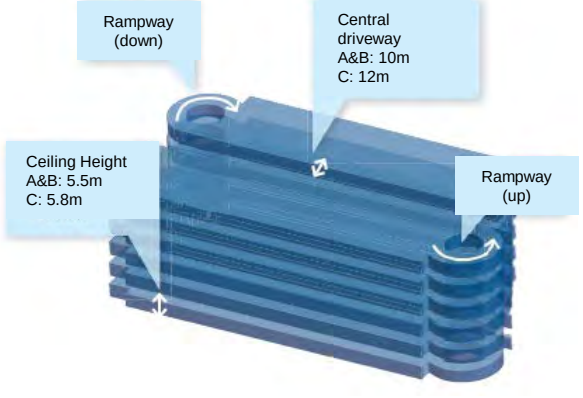
Property Close Up: Feature of LP Higashi Ogishima 1/3

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









Suitable Sites

① Access to consumption areas
Good access to major consumption concentrations – Tokyo CBD, Yokohama, Kawasaki

② Promixity 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 1.66 t/㎡, 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

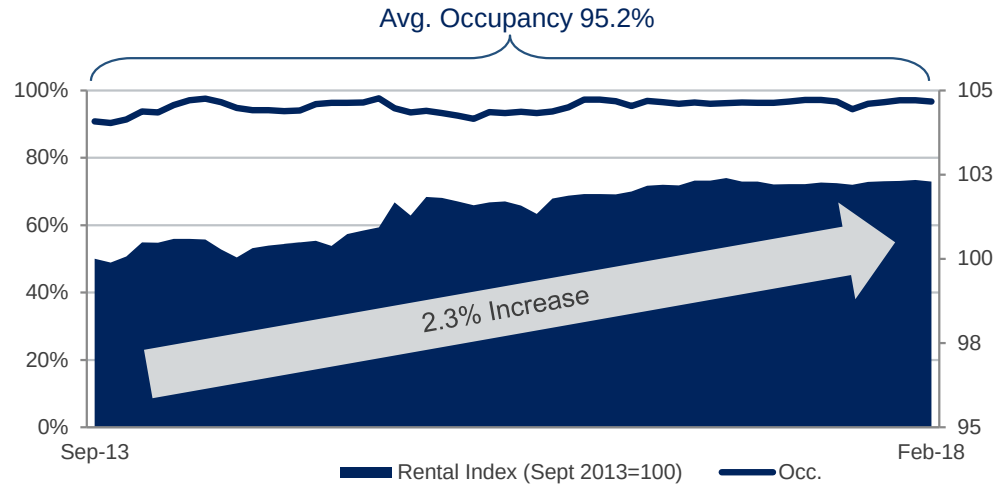
④ Ensured with adequate office space with air conditioning

⑤ Built out of reinforced concrete for high seismic resistance

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

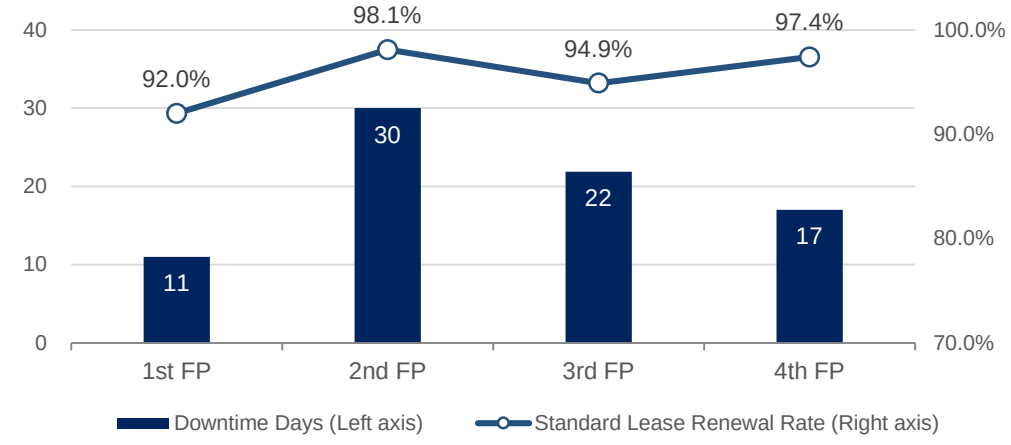
■ Built upon a track record of stable operations, per tsubo rents have steadily increased

Occupancy・Rent Unit Price Differential



(Note) Occ. based on area

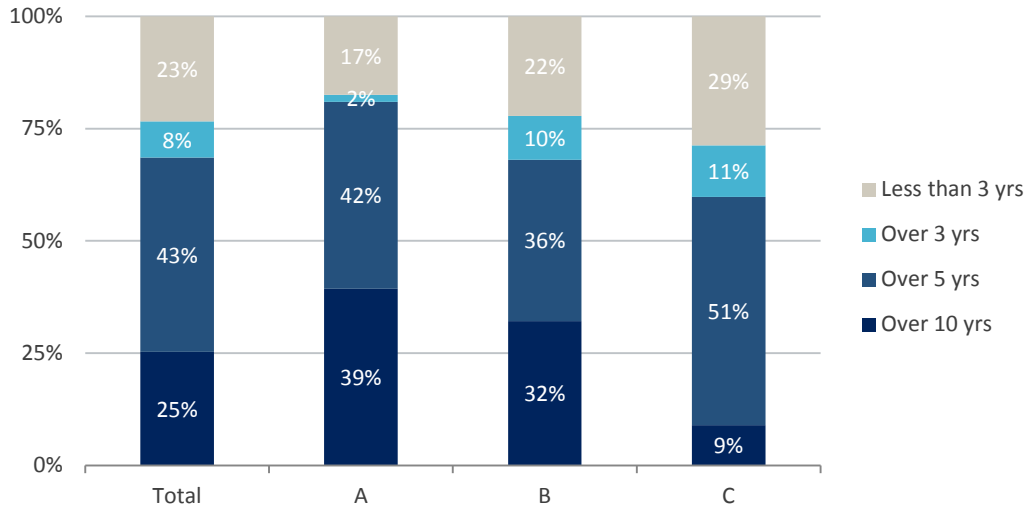
Automatic renewal rates out of standard lessees and associated downtime for tenants who vacate



Avg. period of occupancy for existing tenants

- Because the number of leases that are under standard terms are great, the average WALE is 1.9 years.
- Among the existing tenants, their avg. occupancy has lasted 7.7 years (counting from the first lease start date through the 4th FP)

■ Breakdown of length of occupancy



(Note) Based on leased area

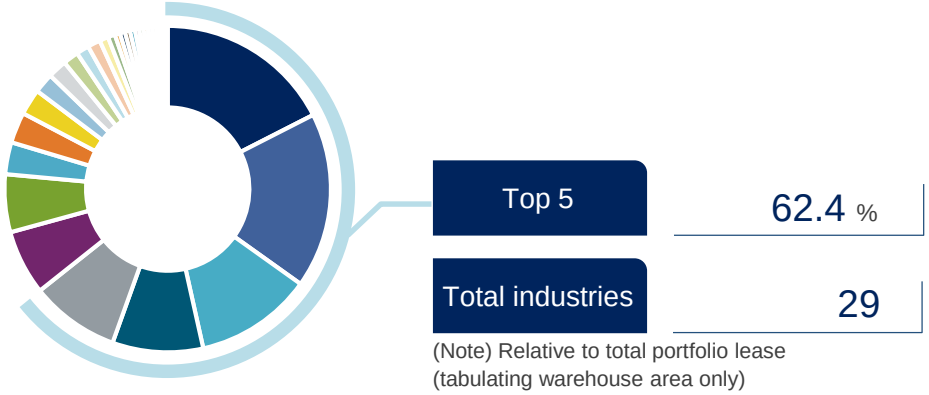
Property Close Up: Feature of LP Higashi Ogishima 3/3

■ Due to the dispersion of tenants/end tenants, below market rents, occupancy is stabilized (downside protected)

Tenants and End Tenants Composition

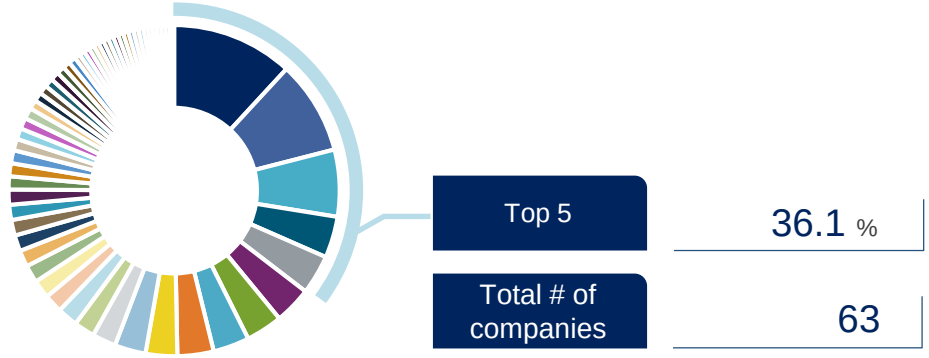
- Due to flexible compartmentalization of space, tenants range from small to large sizes
- As large scale tenants have received deposits of goods from multiple end users, actual tenant dispersion is even greater

■ Tenant dispersion by industry



(Note) Relative to total portfolio lease (tabulating warehouse area only)

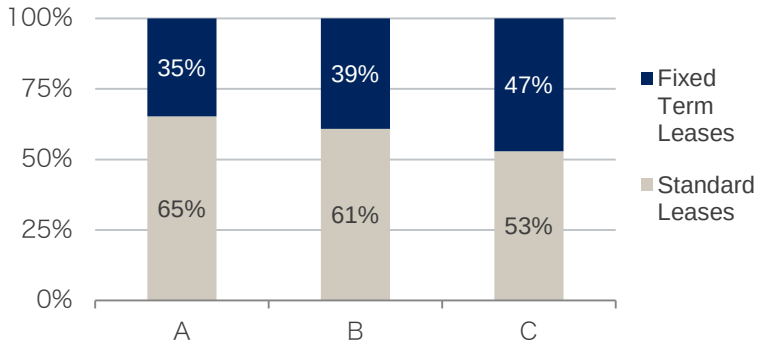
■ Tenant dispersion based on actual end users



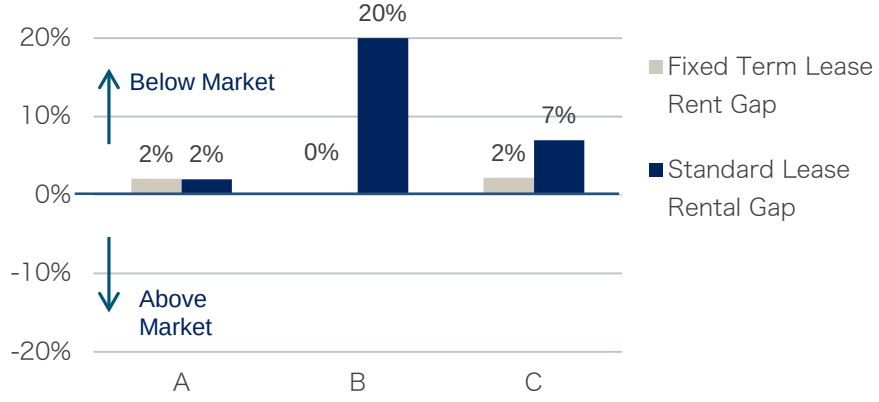
Current rent levels

- In-place rents are below market by 2%～20%
- As the rental gap is relatively large for those tenants under standard lease terms, the motivation to move is low, 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 lease term ratios

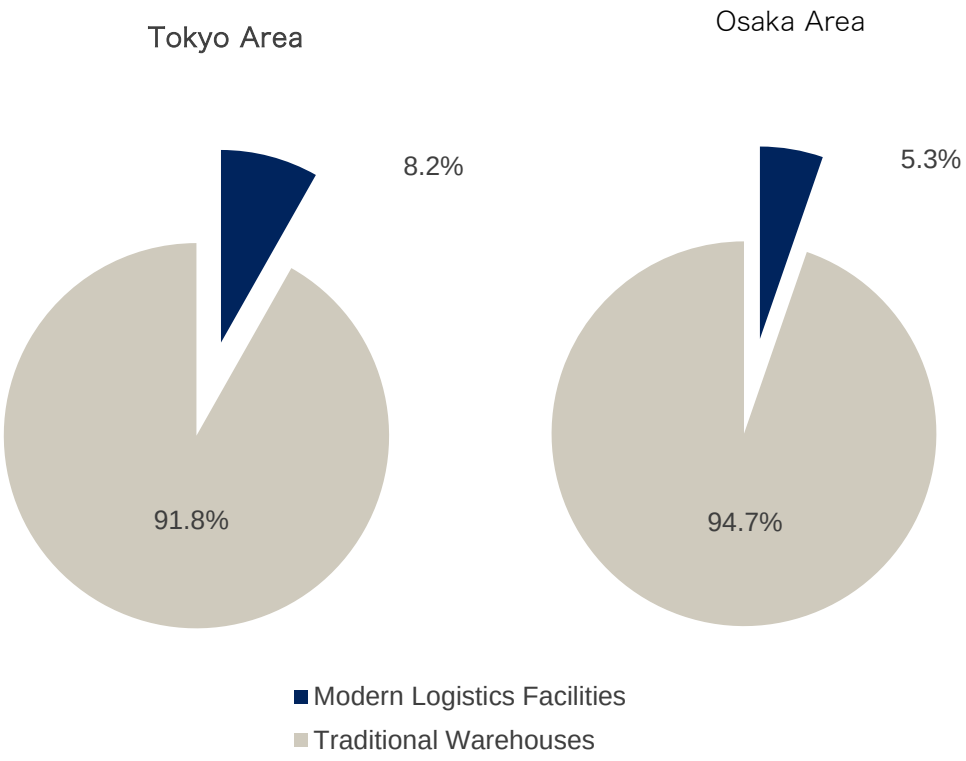


■ Rental gap

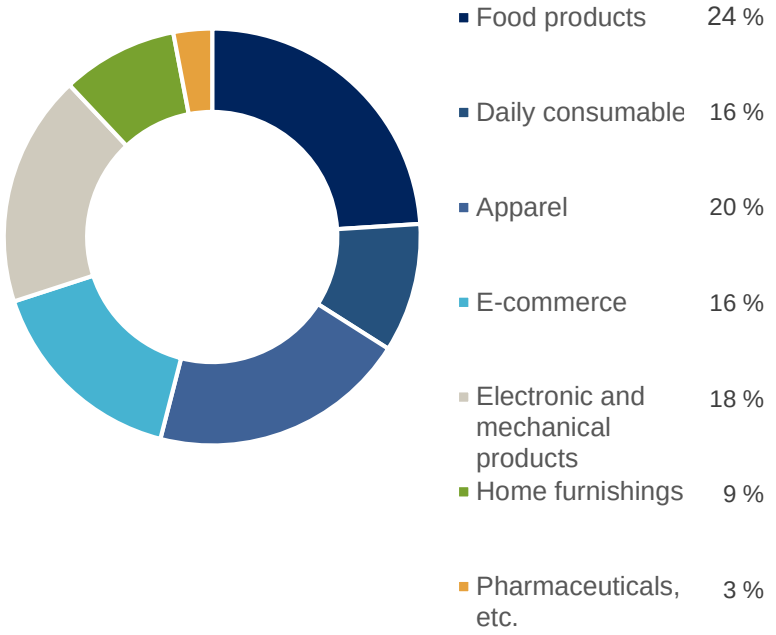


Logistics Real Estate Stock

Comparison of modern logistics facilities' [(1)] relative to ratio of overall warehouse stock



Tokyo area multi-tenanted facilities and the inventory that underlies space demand needs [(2)]

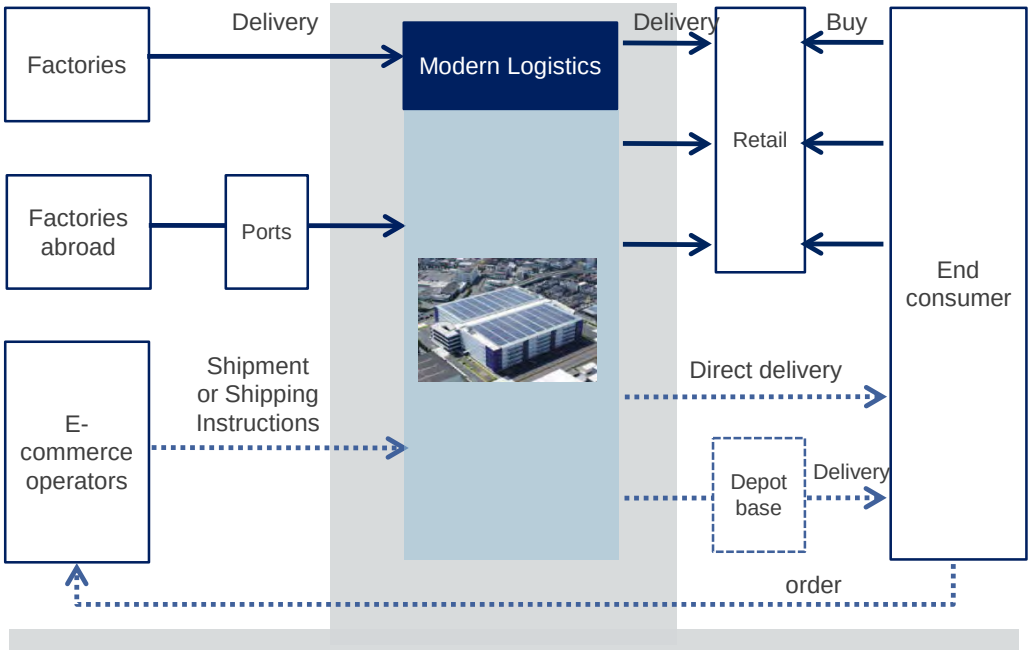


Source: both of the above are from CBRE
(1) GFA>10,000㎡, modern leasable facilities that satisfy functional design standards that warrant their modernity. As of 3/2017 information.
(2) Tokyo Area Multi-tenanted facilities with GFA > 10,000㎡

Specific needs related to logistics real estate

The role that modern logistics play in the supply chain

- What used to center around purely simple storage functions for traditional warehouses, modern logistics has evolved into facilities that can efficiently perform tasks such as sorting, processing, and delivery.



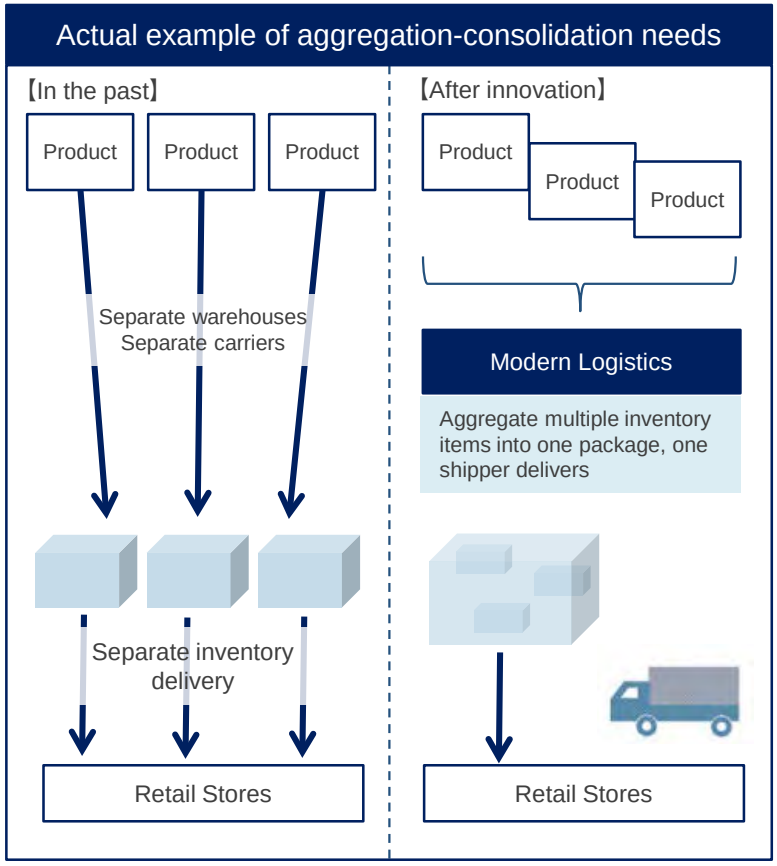
Typical work flow in logistics facilities

Arrival → Storage → Picking → Quality control → Packing → Shipment

・Logistics bears responsibility for the supply chain of companies from arrival to shipment.
・Outsourcing logistics operations to 3PL operators, increasing the number of cases to improve logistics efficiency.
・As a fulfillment center for E-commerce, returned items and repairs can be addressed at these facilities.

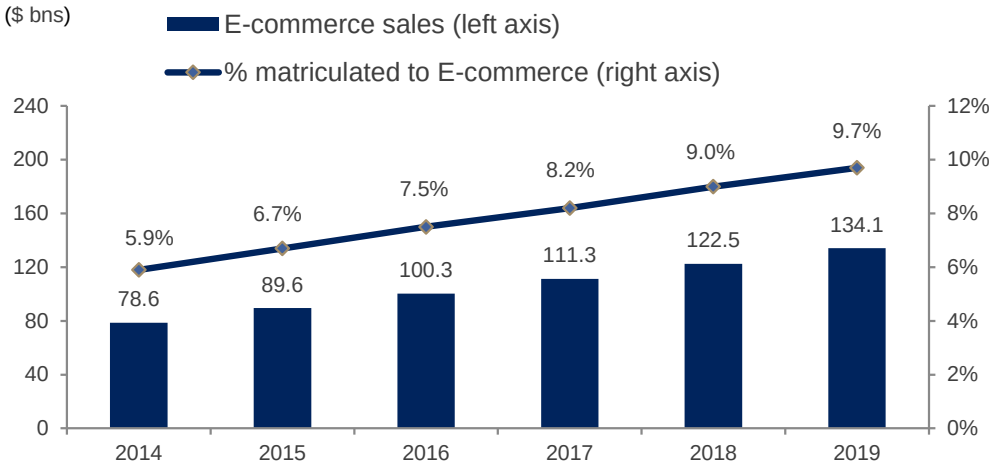
Expansion of consolidation and integration needs

- The source of logistics' robust demand is driven by two factors. First is the relocation needs from conventional small to medium-sized warehouses that demand aggregation and integration of operations. Second is from new demand arising from the burgeoning growth of e-commerce.



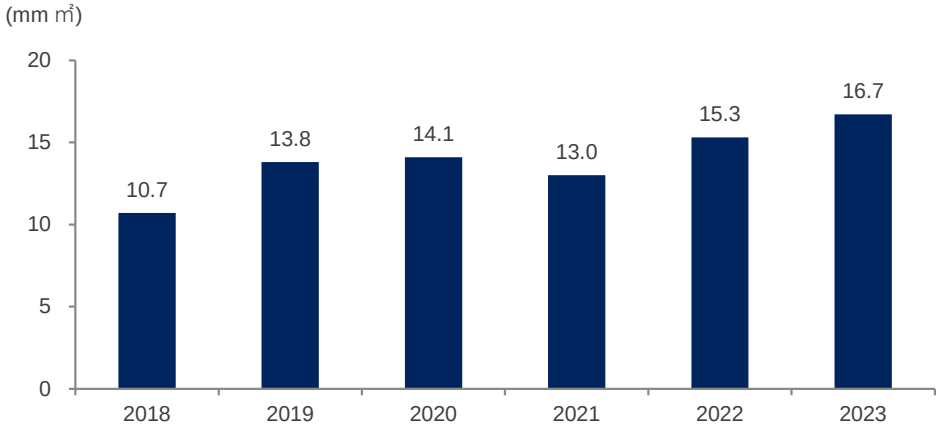
Market Environment Surrounding Logistics Real Estate

Expansion prospects of the E-commerce market



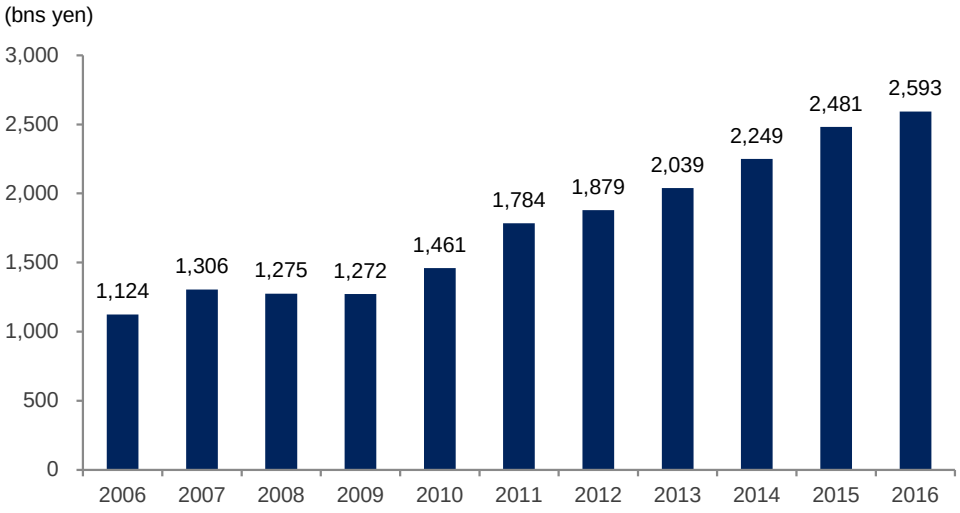
Source: eMarketer

Warehouse stock approaching its useful life and required rebuilding



Source: Based on the MLIT's "Construction Starts Statistics Survey"
* For buildings, the useful life assume a 50 year time horizon, described as the total floor area of warehouse that tabulates the useful life of each year

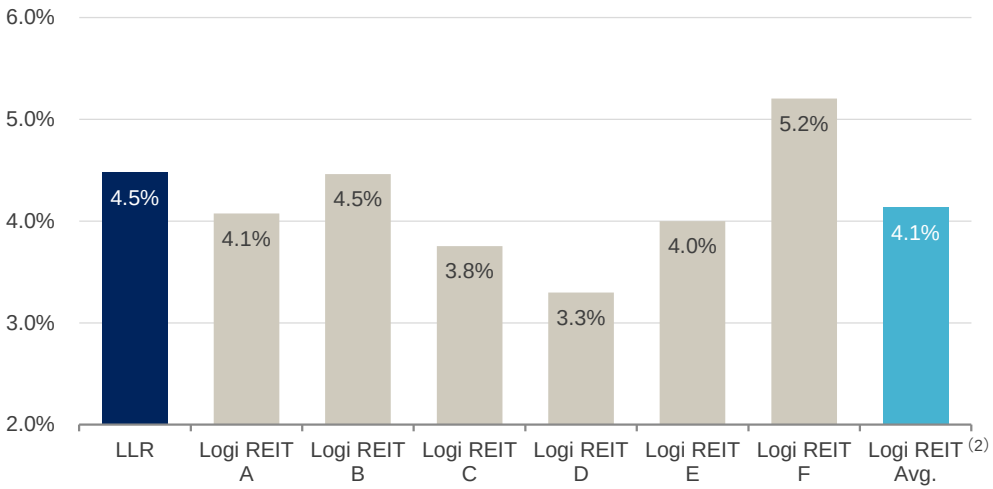
Expansion changes in the 3PL market



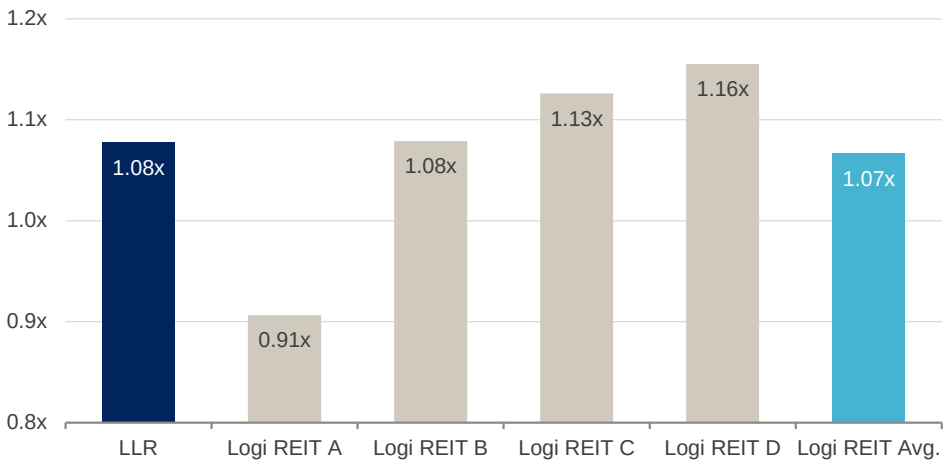
Source: CBRE

(Reference) J-REIT Valuations

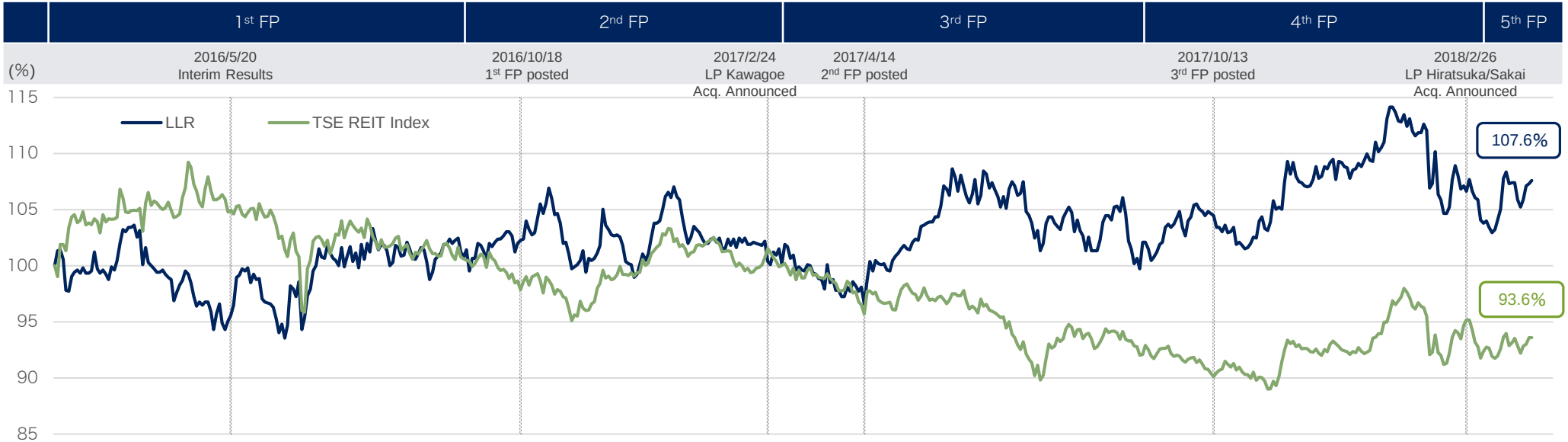
Dividend Yields (1)



P/NAV Ratios



Change in Unit Price (3)



(1) Dividend yield is calculated by doubling the forecasted DPU for each REIT's current fiscal period.
(2) Simple average for each logistic REIT excluding LLR（same below）
(3) Assumes an index of 100 for LLR and the TSE REIT Index as of 2/1/2017, and the relative change from 3/30/2018.
Source: Bloomberg

Portfolio level per tsubo rents vs. occupancy rates and their sensitivity to DPU growth

Sensitivity to DPU of Occ. Vs. Per Tsubo Rents (expressed in yen)

		Occupancy						
		-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Rent Level	-5.0%	-335	-294	-252	-211	-170	-129	-88
	-4.0%	-294	-252	-211	-169	-127	-86	-44
	-3.0%	-253	-211	-169	-127	-85	-43	-1
	-2.0%	-212	-169	-127	-85	-42	0	43
	-1.0%	-171	-128	-85	-42	1	44	86
	0.0%	-130	-87	-43	0	43	87	130
	1.0%	-89	-45	-2	42	86	130	174
	2.0%	-48	-4	40	85	129	173	217
	3.0%	-7	38	82	127	171	216	261
	4.0%	34	79	124	169	214	259	304
	5.0%	75	120	166	211	257	302	348

Sensitivity to DPU of Occ. Vs. Per Tsubo Rents (expressed as a %)

		Occupancy						
		-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Rent Level	-5.0%	-13.2%	-11.6%	-9.9%	-8.3%	-6.7%	-5.1%	-3.5%
	-4.0%	-11.6%	-9.9%	-8.3%	-6.7%	-5.0%	-3.4%	-1.7%
	-3.0%	-10.0%	-8.3%	-6.6%	-5.0%	-3.3%	-1.7%	0.0%
	-2.0%	-8.3%	-6.7%	-5.0%	-3.3%	-1.7%	0.0%	1.7%
	-1.0%	-6.7%	-5.0%	-3.4%	-1.7%	0.0%	1.7%	3.4%
	0.0%	-5.1%	-3.4%	-1.7%	0.0%	1.7%	3.4%	5.1%
	1.0%	-3.5%	-1.8%	-0.1%	1.7%	3.4%	5.1%	6.8%
	2.0%	-1.9%	-0.2%	1.6%	3.3%	5.1%	6.8%	8.5%
	3.0%	-0.3%	1.5%	3.2%	5.0%	6.7%	8.5%	10.3%
	4.0%	1.3%	3.1%	4.9%	6.7%	8.4%	10.2%	12.0%
	5.0%	2.9%	4.7%	6.5%	8.3%	10.1%	11.9%	13.7%

(Note) The estimate to DPU impact is based on an amount calculated by LLR's asset management company, divided by the total number of issued investment units. Both are figures calculated from a targeted plan and neither LLR not its asset manager does not guarantee their realization.

Fund Summary

Expressed as millions yen unless specified otherwise	3rd FP (Actual)	4th FP (Actual)
Operating Revenues	5,234	5,251
Net Operating Income (NOI)	4,049	4,142
Depreciation Expense	625	627
After Depreciation NOI	3,424	3,515
Asset Management Fee	590	618
Operating Income	2,739	2,806
Interest Expense	304	258
Net Income	2,429	2,543
Total Distribution Amount	2,616	2,731
Capital Expenditures	67	80
FFO	3,055	3,170
AFFO	2,988	3,090
Acquisition Price	173,390	173,390
Tangible Fixed Asset Book Value	174,484	173,937
Real Estate Appraisal Value	184,440	185,530
Unrealized Capital Gain	9,955	11,592
Unrealized Capital Gain (%)	5.7%	6.7%
Interest Bearing Debts	71,030	71,030
Net Assets	108,416	108,343
Total Assets	183,842	183,842
NOI Yield (Acq. Price basis)	4.7%	4.8%
After Depr. NOI Yield (Acq. Price)	3.9%	4.1%
LTV (Book Value Basis)	38.6%	38.6%
LTV (Market Value Basis)	36.7%	36.3%
# of Outstanding Units at FP end	1,100,000	1,100,000
NAV	115,755	117,204

Expressed as millions yen unless specified otherwise	3rd FP (Actual)	4th FP (Actual)
Distribution Per Unit (“DPU”)	2,379 yen	2,483 yen
Earnings Per Unit (“EPU”)	2,209 yen	2,312 yen
Distributions in Excess of EPU	170 yen	171 yen
AFFO per unit	2,717 yen	2,810 yen
NAV per unit	105,231 yen	106,549 yen
Net Asset per unit	98,560 yen	98,494 yen
Investment Unit Price (Last day with rights)	111,800 yen	112,900 yen
Market Capitalization (At Last day with rights)	122,980	124,190
Dividend Yield	4.26%	4.40%
PBR	1.13x	1.15x
Price / NAV	1.06x	1.06x
ROE	4.5%	4.7%
AFFO Payout Ratio	87.6%	88.4%

1. FFO＝Net Income + Depreciation Expense – Gain on sale of real estate
2. AFFO＝FFO – Capital Expenditures
3. NOI Yield＝NOI (Annual conversion・Recent results×2) ÷ Acquisition Price
4. After Depreciation NOI Yield＝ NOI-Deprecation（Annual conversion・Recent results×2）÷ Acq. Price
5. Total Assets LTV（Book Value basis）＝Interest Bearing Debts ÷ Total Assets
6. Total Assets LTV（Market Value basis）＝ Interest Bearing Debt ÷（Total Assets – Tangible Fixed Asset Book Value + Real Estate Appraisal Value）
7. NAV = (Net Assets – Expected Dividend Amount + Unrealized Capital Gain/Loss)
8. Dividend Yield＝DPU（Annual conversion・Recent results×2）÷ Investment Unit Price
9. P/Book Ratio (Stock Price Shareholders’ Equity multiplier）＝Investment unit price ÷ Shareholders’ Equity per unit
10. Price/NAV ratio＝Investment Unit Price ÷ NAV per unit
11. ROE(per share profitability ratio)＝Net Income (Annual conversion・Recent results×2) ÷ Shareholders’ Equity
12. AFFO Payout Ratio＝Total Distribution Amount ÷ AFFO

P&L of Leasing Business on a per property basis

■ 4th Fiscal Period (9/1/2018 ～ 2/28/2018)

（units：thousands of yen）

	LP Hashimoto	LP Sagamihara	LP Kita Kashiwa	LP Nagareyama A	LP Nagareyama B	LP Higashi Ogishima A	LP Higashi Ogishima B	LP Higashi Ogishima C	LP Kawagoe
Days of Operation during 4th FP	181	181	181	181	181	181	181	181	181
① Rental Revenues Total	603,554	709,086	759,270	840,795		601,144	649,498	750,322	338,312
Leasing Business	560,481	650,587	684,459	775,577		547,242	573,660	677,511	320,917
Other revenues	43,072	58,499	74,811	65,217		53,902	75,837	72,811	17,394
② Operating Expenses Total	181,605	225,638	271,263	343,190		153,298	221,231	260,183	79,971
Outsourced contract costs	20,268	34,245	36,550	34,976		37,846	50,050	56,068	17,621
Utilities	29,371	40,727	58,229	50,675		16,806	26,711	38,597	17,445
Real Estate Taxes	53,874	60,603	72,585	60,474		38,566	59,664	56,408	-
Insurance	949	1,129	1,215	1,616		1,093	1,368	1,458	523
Repair & Maintenance	739	6,438	9,512	31,763		5,325	13,555	18,211	2,482
Depreciation	74,733	67,571	90,175	146,475		51,839	68,084	87,884	40,424
Other expenses	1,668	14,922	2,995	17,208		1,819	1,797	1,554	1,474
③ NOI After Depreciation（=①−②）	421,949	483,448	488,007	55,454	442,150	447,846	428,267	490,139	258,341
④ NOI（=③+Depreciation）	496,682	551,019	578,182	77,338	566,741	499,685	496,351	578,024	298,765

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

Income Statement and Balance Sheet

■ Income Statement

（units：thousands of yen）

Item	3rd FP (Actuals) 8/31/2017	4th FP (Actuals) 2/28/2018
Operating Revenues	5,234,552	5,251,985
Leasing Business Revenues	4,783,212	4,790,438
Other Leasing Business Revenues	451,340	461,547
Operating Expenses	2,495,234	2,445,640
Operating Expenses Related to Rental Business	1,810,152	1,736,382
Asset Management Fee	590,925	618,816
Asset Custody / Administrative Fee	27,377	28,889
Directors' Compensation	3,600	3,600
Independent Auditors Fee	10,000	10,000
Other Operating Expenses	53,178	47,952
Operating Revenues less Expenses	2,739,317	2,806,345
Non-Operating Income	40	298
Interest Income Receivables	40	41
Interest on refund	-	257
Non-Operating Expenses	308,448	261,968
Interest Expense	199,019	191,433
Interest on Investment Corporation Bonds	14,234	23,519
Amortization of Deferred Establishment Expenses	3,656	3,656
Amortization of Investment Corporation Bonds Issuance Costs	3,497	4,925
Financing Related Expenses	88,040	38,433
Ordinary Income	2,430,909	2,544,675
Net Income Before Taxes	2,430,909	2,544,675
Net Income	2,429,984	2,543,602
Prior Period Profit Carried Forward	224	309
Net Income Available for Distributions	2,430,209	2,543,911

■ Balance Sheet

（units: thousands of yen）

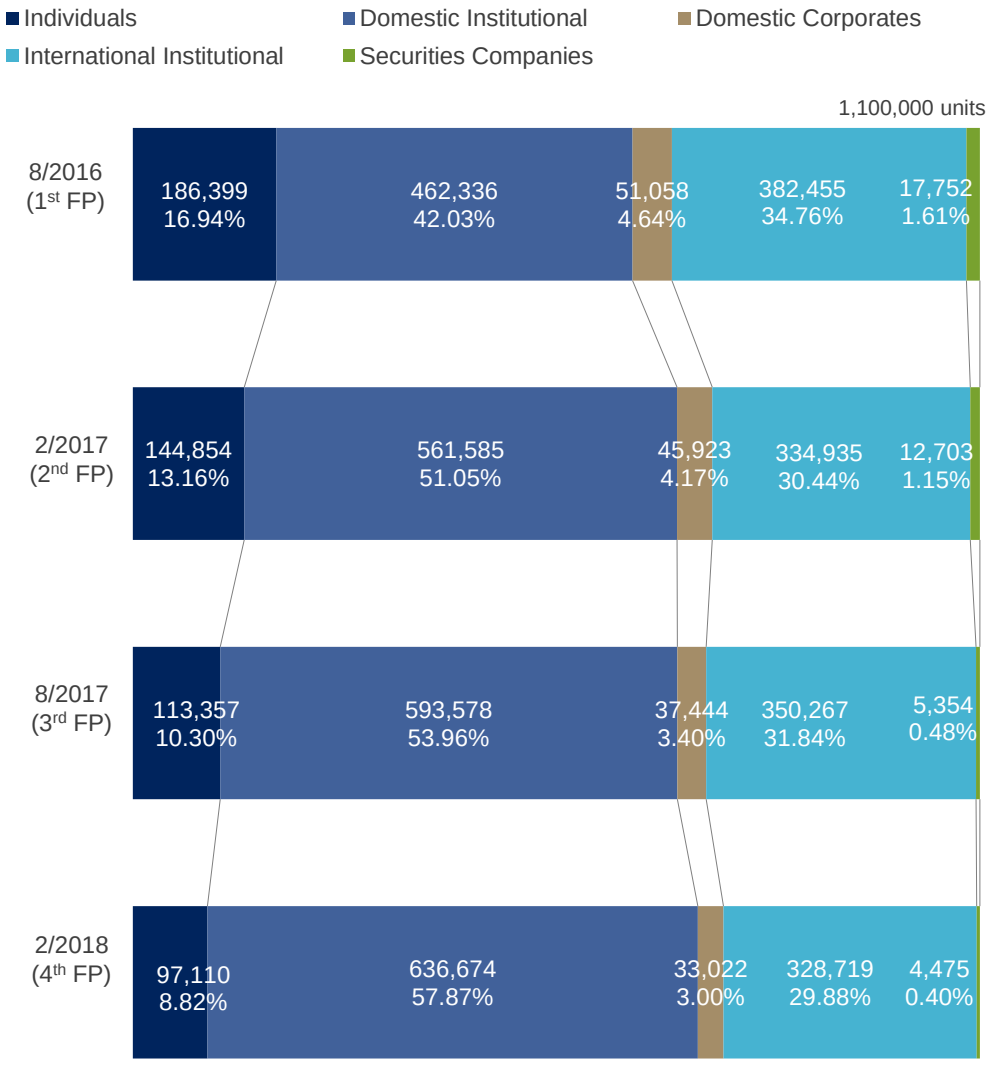
Item	3rd FP (Actuals) 8/31/2017	4th FP (Actuals) 2/28/2018
Current Assets	8,891,502	9,469,888
Cash & Deposits	3,963,564	4,565,339
Cash & Deposits in Trust	4,644,814	4,651,951
Other Current Assets	283,121	252,595
Non-Current Assets	174,871,805	174,284,502
Tangible Fixed Assets	174,484,950	173,937,899
Investments & Other Assets	386,854	346,602
Deferred Assets	78,728	87,883
Establishments Costs	22,547	18,891
Investment Corporation Bonds Issuance Costs	56,180	68,991
TOTAL ASSETS	183,842,035	183,842,273
Current Liabilities	2,326,843	2,271,057
Operating Accounts Payables	233,796	181,515
Accounts Payable	643,457	665,325
Consumption Taxes Payable	-	109,004
Advanced Received	877,885	892,724
Other Current Liabilities	571,702	422,486
Fixed Liabilities	73,098,317	73,227,639
Investment Corporation Bonds	9,500,000	11,500,000
Long Term Borrowings	61,530,000	59,530,000
Security Deposits Held in Trust	2,068,317	2,197,639
TOTAL LIABILITIES	75,425,161	75,498,696
Net Assets	108,416,874	108,343,576
Unitholders Capital (1)	105,986,665	105,799,665
Surplus Capital	2,430,209	2,543,911
TOTAL NET ASSETS	108,416,874	108,343,576
TOTAL LIABILITIES + NET ASSETS	183,842,035	183,842,273

(1) Unitholders Capital is equal to the equity raised at IPO less any distributions in excess of retained earnings.

Unitholders Summary

（As of February 28, 2018）

Change in Number of Investment Units by Investor Type



Number of Investors by Ownership Type

	4th FP (2/28/2018)			
	# of Investors	Ratio	# of Units	Ratio
Individuals	8,872	94.78%	97,110	8.82%
Domestic Institutional	78	0.83%	636,674	57.87%
Domestic Corporates	220	2.35%	33,022	3.00%
International Institutional	177	1.89%	328,719	29.88%
Securities Companies	13	0.13%	4,475	0.40%
Total	9,360	100.0%	1,100,000	100.0%

Major Unitholders (Top 10 Ranking)

Name of Account	# of Units	Ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	221,392	20.12%
Japan Master Trust Bank（Trust Account）	217,460	19.76%
Nomura Trust Bank（Trust Account）	54,370	4.94%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	53,282	4.84%
NSI CUSTOMER SECURED 30.7. OMNIBUS (3)	46,200	4.20%
STATE STREET BANK AND TRUST COMPANY 505012	28,100	2.55%
THE BANK OF NEW YORK MELLON SA/NV 10	17,072	1.55%
STICHTING PENSIOENFONDS METAAL EN TECHNIEK	13,431	1.22%
SIX SIS LTD.	12,705	1.15%
STATE STREET BANK WEST CLIENT－TREATY 505234	12,113	1.10%
Totals	676,125	61.46%

(1) Ratios are rounded to the nearest hundredth (2) Includes sponsor owned 46,200 units

(3) The number of outstanding shares currently held by Jones Lang LaSalle Co-Investment Inc. (the asset manager of LaSalle LOGIPORT REIT, LaSalle REIT Advisors K.K.'s, parent company is LaSalle Investment Management K.K. ("LaSalle KK"). LaSalle 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

- Distribution policy of cash reserves related to depreciation expense

Repayment of Interest Bearing Debts

Construction of robust financial condition

New Property Acquisitions

Strengthening growth potential

Utilize towards R&M or CapEx

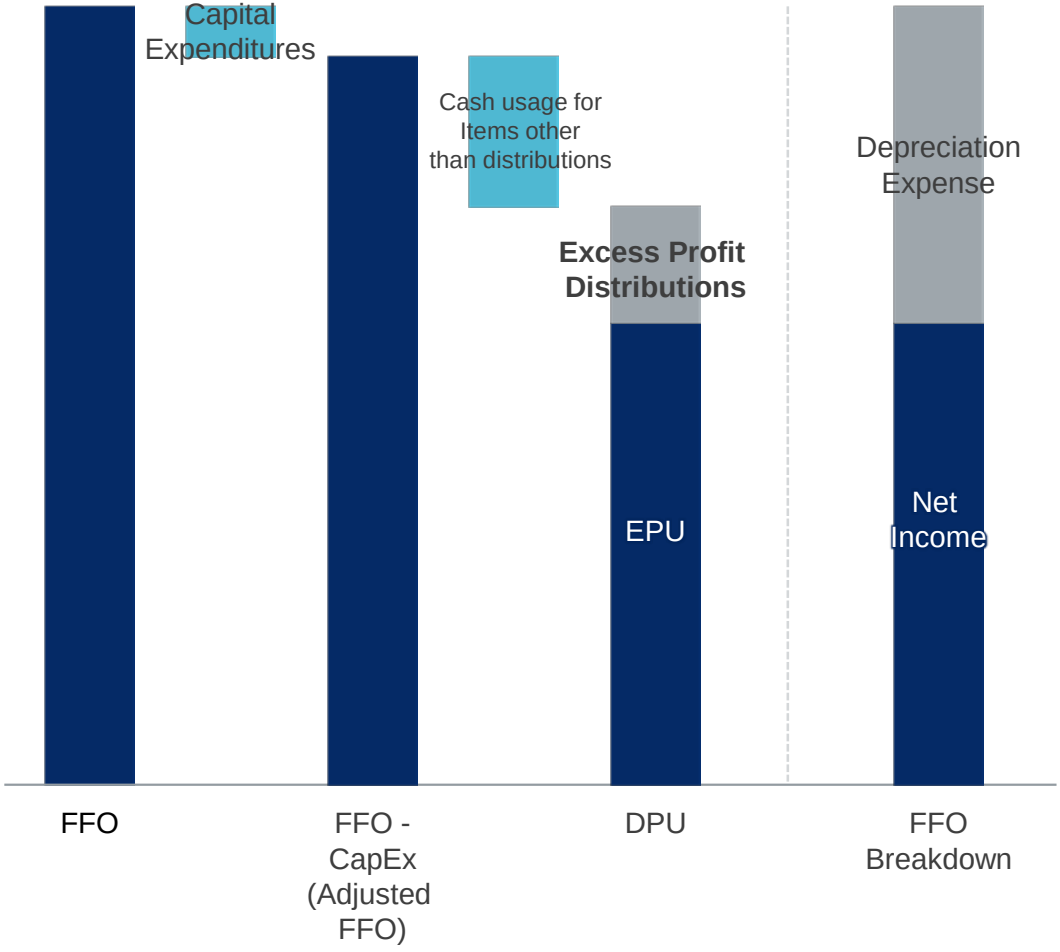
Maintain and strengthen competitiveness of owned assets

Excess Profit Distribution (Return of Capital)

Estimate（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



Governance Structure Emphasizing Unitholders' Interest and Transparency

■ Management fees which align with unitholders' value

Management Fee Components of Asset Manager

Recurring Management Fees

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

(2) AM Fee 2 (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 1 + AM Fee 2) × Adjusted EPU × 0.026% (Upper limit rate)

Acquisition / Transfer Fees

(4) Purchase Price × 1.0% (Upper limit rate) when acquiring or transferring real estate related assets

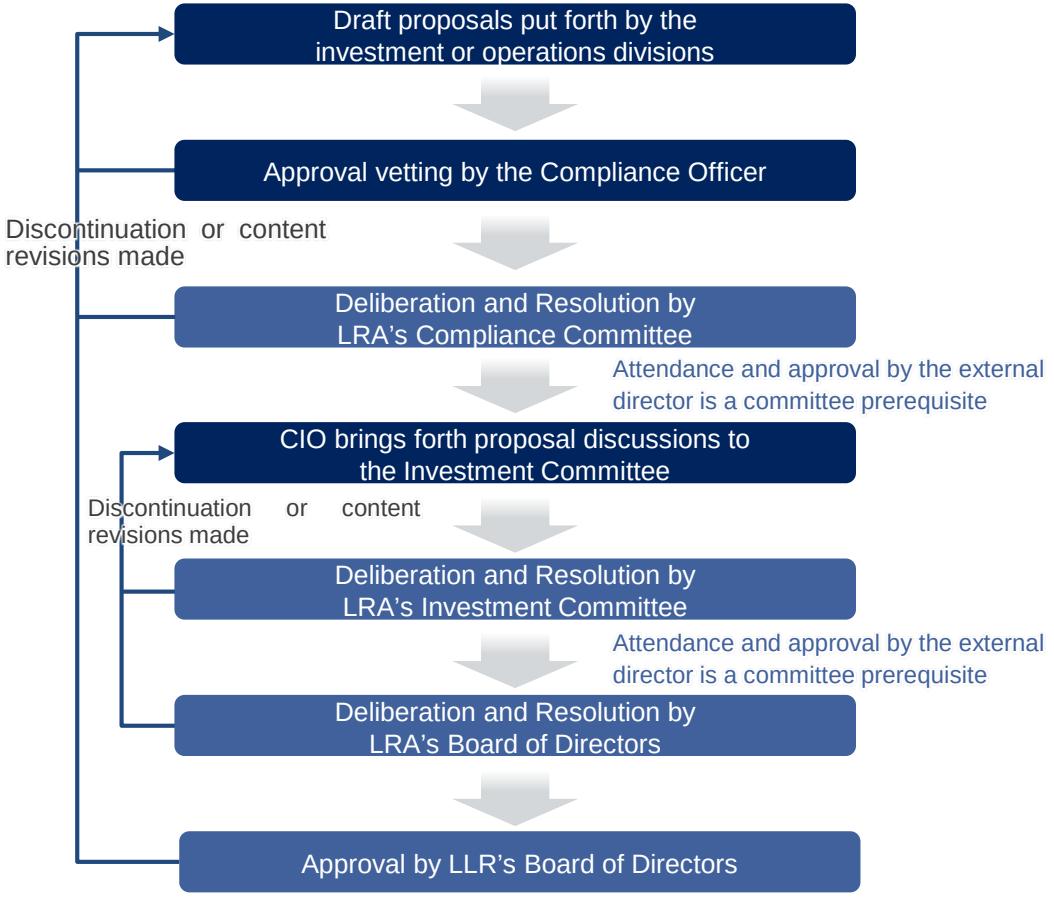
Merger Fee

(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

Approximately 4% of the outstanding investment units are held by the LaSalle Group and JLL, demonstrating alignment of economic interests

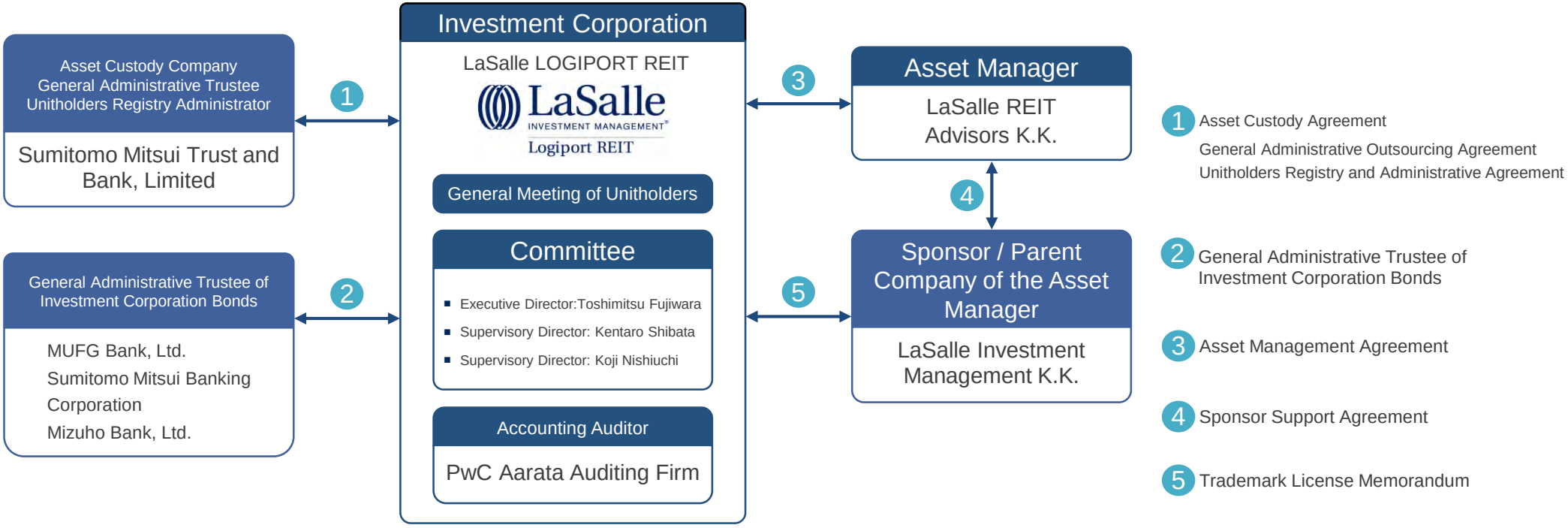
■ Decision making flow chart of LRA as it relates to related party transactions



With respect to resolutions involving related party transactions, approval from the external officer at both the Compliance Committee and Investment Committee level must be obtained. Furthermore, approval from the external Supervisory Directors at LLR's Board of Directors level must be obtained.

LaSalle LOGIPORT REIT's Structure

■ Structure Diagram of the Investment Corporation



■ 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
Registration and Licenses, etc.	Building Lots and Buildings Transaction 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 informational 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 inferences 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 LRA’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 contain 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. There is risk of investment loss due to fluctuations in the price of the investment units. In addition, there is risk of loss exceeding the principal amount for credit transactions, etc. When considering investment, please read and comprehend the content of the contract letter prior to signing, or prospectus delivered by a securities company.

In the future, if there are any material corrections to be made with regards to the content within this disclosure document, then such correction(s) will be posted onto LLR’s website (http://lasalle-logiport.com)

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