Financial Results (REIT) for the Fiscal Period Ended February 28, 2019

April 15, 2019

REIT Issuer: LaSalle LOGIPORT REIT
Stock Exchange Listing: TSE
Securities Code: 3466
URL: http://lasalle-logiport.com/english/
Representative: (Title) Executive Director
(Name) Toshimitsu Fujiwara

Asset Management Company: LaSalle REIT Advisors K.K.
Representative: (Title) President and CEO
(Name) Toshimitsu Fujiwara
Contact: (Title) Director, General Manager of Finance & Management Department
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Scheduled filing date of securities report: May 17, 2019
Scheduled date of distribution payment commencement: May 20, 2019

Supplementary information for financial results: Yes
Briefing meeting for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended February 28, 2019 (September 1, 2018 to February 28, 2019)

(1) Management Status

(% figures show period-over-period change)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended February 28, 2019	5,792	2.3	3,100	1.9	2,784	3.2	2,783	3.2
Fiscal period ended August 31, 2018	5,663	7.8	3,043	8.4	2,697	6.0	2,696	6.0

	Net income per unit	Ratio of net income on unitholders' equity (ROE)	Ratio of ordinary income on total assets (ROA)	Ratio of ordinary income on operating revenues
	Yen	%	%	%
Fiscal period ended February 28, 2019	2,530	2.6	1.4	48.1
Fiscal period ended August 31, 2018	2,451	2.5	1.4	47.6

(2) Distributions

	Distributions per unit (excluding those in excess of retained earnings per unit)	Total amount of distributions (excluding those in excess of retained earnings)	Distributions in excess of retained earnings per unit	Total amount of distributions in excess of retained earnings	Distributions per unit (including those in excess of retained earnings per unit)	Total amount of distributions (including those in excess of retained earnings)	Payout ratio	Net assets distribution ratio
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
Fiscal period ended February 28, 2019	2,530	2,783	187	205	2,717	2,988	100.0	2.6
Fiscal period ended August 31, 2018	2,452	2,697	186	204	2,638	2,901	100.0	2.5

Note 1. The net assets distribution ratio is calculated according to the following formula.
Distributions per unit (excluding those in excess of retained earnings per unit) / [(net assets per unit at the beginning of the fiscal period + net assets per unit at the end of the fiscal period) ÷ 2] × 100

Note 2. The total amount of distributions in excess of retained earnings is considered to be a refund of investment, which, for tax purposes, falls under a category of distribution as a reduction in unitholders' capital.

Note 3. The rates of reduction in retained earnings due to distributions in excess of retained earnings (a refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) in the fiscal periods ended August 31, 2018 and February 28, 2019 were both 0.002. Note that the calculation of the rates of reduction in retained earnings are based on Article 23, Paragraph 1, No. 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
	Million yen	Million yen	%	Yen
Fiscal period ended February 28, 2019	200,670	108,190	53.9	98,355
Fiscal period ended August 31, 2018	199,373	108,309	54.3	98,462

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at period end
	Million yen	Million yen	Million yen	Million yen
Fiscal period ended February 28, 2019	3,837	(1,307)	(1,680)	9,446
Fiscal period ended August 31, 2018	3,145	(15,275)	12,548	8,596

2. Forecasts for the Fiscal Periods Ending August 31, 2019 (March 1, 2019 to August 31, 2019) and February 29, 2020 (September 1, 2019 to February 29, 2020)

(% figures show period-over-period change)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding those in excess of retained earnings per unit)	Distributions in excess of retained earnings per unit	Distributions per unit (including those in excess of retained earnings per unit)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
Fiscal period ended August 31, 2019	6,092	5.2	3,306	6.6	2,975	6.9	2,974	6.9	2,704	174	2,878
Fiscal period ended February 28, 2020	6,331	3.9	3,491	5.6	3,162	6.3	3,160	6.3	2,873	162	3,035

Reference: Forecasted net income per unit for the period ending August 31, 2019: 2,704 yen; forecasted net income per unit for the period ending February 29, 2020: 2,873 yen

* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(i)	Changes in accounting policies due to revisions to accounting standards and other regulations	: None
(ii)	Changes in accounting policies other than (i) above	: None
(iii)	Changes in accounting estimates	: None
(iv)	Retrospective restatements	: None

(2) Total number of investment units issued and outstanding

		Fiscal period ended February 28, 2019	Fiscal period ended August 31, 2018
(i)	Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period	1,100,000 units	1,100,000 units
(ii)	Number of treasury units at the end of the fiscal period	-	-

Note: Please see the "Notes on Per Unit Information" on page 33 for the number of investment units used as the basis for calculating net income per unit.

* Presentation of the status of implementation of audit procedures

At the time of the release of these financial results for the fiscal period, auditing procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of appropriate use of the forecast of financial results and other matters of special note

The forecasts and other forward-looking statements presented in this material are based on information currently available to LLR and certain assumptions LLR deems to be reasonable. Actual results may differ materially from these forecasts due to a variety of factors. In addition, these forecasts do not guarantee the above distribution amounts.

For further details about the assumptions used in the forecasts above, please refer to the "Forecast Assumptions for the Fiscal Periods Ending August 31, 2019 and February 29, 2020" stated on page 11 below.

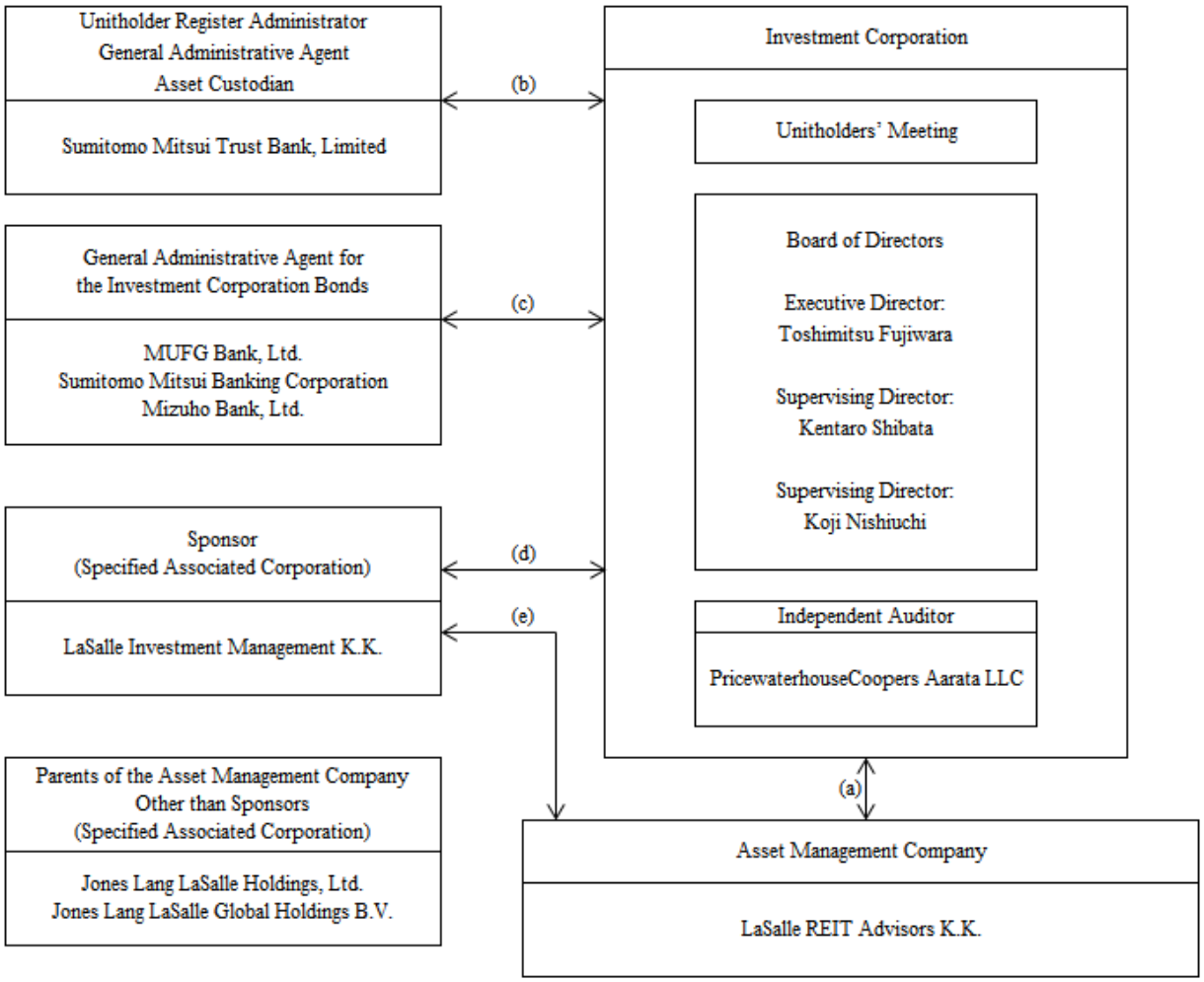
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1. Related Organizations

(i) Structure of the REIT



(a) Asset management agreement
(b) Transfer agent agreement / General administrative agreement / Asset custodian agreement
(c) Fiscal agent agreement
(d) Memorandum concerning use of trade names
(e) Sponsor support agreement

(ii) Names and Descriptions Outlining Respective Operational Roles and Services Pertaining to Investment Corporation and Related Organizations

Operational Role	Name	Description of Operations
Investment Corporation	LaSalle LOGIPORT REIT	LLR invests primarily in real estate-related assets, with an emphasis on logistics facilities.
Asset Management Company	LaSalle REIT Advisors K.K.	LaSalle REIT Advisors K.K. entered into an asset management agreement with LLR. Under this agreement, as an asset management company under the Act on Investment Trusts and Investment Corporations ("Investment Trusts Act," Act No. 198 of 1951, including subsequent amendments), LaSalle REIT Advisors K.K. conducts services related to the management of assets in accordance with bylaws established by LLR and investment guidelines which serve as LaSalle REIT Advisors K.K.'s internal rules.
Asset Custodian	Sumitomo Mitsui Trust Bank, Limited	LLR entered into an asset custodian agreement with Sumitomo Mitsui Trust Bank, Limited ("SMTB"). Under this agreement, SMTB provides custodial services as a custodian for LLR under the Investment Trusts Act.
Unitholder Register Administrator	Sumitomo Mitsui Trust Bank, Limited	SMTB entered into a unitholder register agreement with LLR (the asset management company that formed LLR executed the aforementioned unitholder register agreement, and LLR succeeded to the asset management company's contractual status). Under this agreement, SMTB, as the unitholder register administrator in accordance with the Investment Trusts Act, (1) prepares and keeps the unitholder register and otherwise administers the unitholder register, (2) administers the cash disbursements of distributions to unitholders, and (3) accepts unitholder applications to exercise their voting rights with respect to LLR and other unitholder filings on behalf of LLR. Furthermore, in relation to the aforementioned administrative services, SMTB is contracted by LLR to provide various services related to the use of numbers to identify specific individuals assigned under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013, including subsequent amendments) such as obtaining, using, and controlling individual and corporate numbers, etc.

Operational Role	Name	Description of Operations
General Administrative Agent for the Investment Corporation Bonds	MUFG Bank, Ltd.	MUFG Bank, Ltd. entered into fiscal agency agreements with LLR, regarding the 1st Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) and the 2nd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) on February, 9, 2017, and regarding the 5th Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) on December 15, 2017. Under these agreements, MUFG Bank, Ltd., as a general administrative agent under the Investment Trusts Act, provides administrative services for (i) issuance agency, (ii) payment of interest and redemptions to creditors of the investment corporation, and (iii) management of the creditor registry in connection with the 1st Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds),the 2nd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) and the 5th Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds).
	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation (“SMBC”) entered into a fiscal agency agreement with LLR regarding the 3rd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) on July 7, 2017. Under this agreement, SMBC, as a general administrative agent under the Investment Trusts Act, provides administrative services for (i) issuance agency, (ii) payment of interest and redemptions to creditors of the investment corporation, and (iii) management of the creditor registry in connection with the 3rd Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds).
	Mizuho Bank, Ltd.	Mizuho Bank, Ltd., entered into a fiscal agency agreement with LLR regarding the 4th Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds) on December 15, 2017. Under this agreement, Mizuho Bank, Ltd., as a general administrative agent under the Investment Trusts Act, provides administrative services for (i) issuance agency, (ii) payment of interest and redemptions to creditors of the investment corporation, and (iii) management of the creditor registry in connection with the 4th Unsecured Investment Corporation Bonds (special pari passu conditions among specified investment corporation bonds).

Operational Role	Name	Description of Operations
General Administrative Agent (agent contracted to perform services related to organizational operation, calculations, accounting, and tax payments)	Sumitomo Mitsui Trust Bank, Limited	SMTB entered into a general administrative agreement with LLR to provide general administrative services (services related to organizational operations, calculations, accounting, and tax payments). Under this agreement, SMTB, as the general administrative agent under the Investment Trusts Act (agent contracted to perform services related to organizational operations, calculations, accounting, and tax payments), provides administrative services related to (1) the operation of the organization, (2) performing calculations, (3) preparation of accounting ledgers, and (4) tax payments on behalf of LLR.
Independent Auditor	PricewaterhouseCoopers Aarata LLC	PricewaterhouseCoopers Aarata LLC is contracted to perform financial audit services for LLR.
Sponsors Parents of the Asset Management Company (Specified Associated Corporations)	(i) LaSalle Investment Management K.K. (ii) Jones Lang LaSalle Holdings Limited (iii) Jones Lang LaSalle Global Holdings B.V.	As the parent company of LaSalle REIT Advisors K.K. (the “Asset Management Company”), LaSalle Investment Management K.K. is a specified associated corporation. Furthermore, LaSalle Investment Management K.K. entered into a sponsor support agreement with the Asset Management Company and a memorandum concerning the trade name use with LLR.

2. Management Policy and Management Status

(1) Management Policy

Disclosure of this information is omitted because there are no material changes in the "Investment Policy," "Investment Targets," and "Distribution Policy" in the most recent Securities Report (filed on November 29, 2018)

In addition, the Asset Management Company changed its internal operational guidelines on March 28, 2019, which was after the end of the February 2019 fiscal period end, where it announced that LLR would be able to conduct investment unit buy backs and cancellations of investment units of LLR, and also announced some changes to its distribution policies (specifically related to the dividend distribution in excess of retain earnings) (hereinafter referred to as the "Change in Operational Guidelines").

(2) Management Status

(Overview of the Fiscal Period)

(i) Significant developments of the investment corporation

With LaSalle REIT Advisors K.K. as the organizer, LLR was established with capital of 150 million yen (1,500 units) on October 9, 2015, pursuant to the Investment Trusts Act. Thereafter, LLR issued new investment units (1,050,800 units) through a public offering with a payment date of February 16, 2016, and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016. Furthermore, on March 15, 2016, LLR issued new investment units (47,700 units) through a third-party allotment associated with the aforementioned public offering. The financial statements for the fiscal period ended February 28, 2019 (6th period) were recently concluded, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,100,000 units

(ii) Investment Environment and Management Performance

The Japanese economy in 2018 performed well, driven by domestic demand, and real GDP recorded positive growth for the seventh consecutive year. In particular, capital expenditure increased against a backdrop of strong corporate earnings and drove economic expansion. Furthermore, there is a growing sense that the labor market is tightening, and incomes are rising due to wage increases and progress in labor force participation of women and the elderly, leading to a moderate increase in consumer spending. From the second half of the year, exports became increasingly sluggish, reflecting the slowdown in the pace of economic growth overseas. Concern is growing in the capital markets about factors that would lead to a global recession, such as the trade war between the US and China, and from December 2018 into January 2019 volatility temporarily increased. Even in this situation, the market for listed J-REITs remains solid, and in contrast to stocks which have become bearish, The Tokyo Stock Exchange REIT Index have been higher year-on-year throughout the year. On January 23, the Bank of Japan again revised its inflation outlook downward, and the goal of 2% inflation receded into the future. The likelihood of maintaining a low interest rate policy increased further and an accommodative environment for the procurement of funds was maintained. As a result, there continued to be robust investor demand for real estate that yields higher returns than securities. Real estate yields are stagnated at historically low levels, and real estate prices are also at high levels. In the logistics facilities market within the Tokyo metropolitan area, despite a high level of new supply in 2018, vacancy rates fell because strong new demand outpaced supply. In the Kinki area, vacancy rates rose due to the high volume of supply in 2017, but supply and demand are improving, particularly in the inland sub-markets where robust demand was seen outpacing supply.

Under these conditions, LLR steadily managed its eleven properties (total acquisition price 188,440 million yen, leasable floor area 811,882m^2) and the overall weighted average portfolio occupancy rate through the fiscal period was in a strong position at 98.8%. It is a portfolio that has 113 tenants as of the end of this fiscal period ended February 28, 2019, and aims for tenant diversification.

(iii) Overview of Procurement of Funds

LLR borrowed 1,221 million yen on September 26, 2018, to cover part of the acquisition of newly acquired preferred securities.

As a result of the foregoing, at the end of the current fiscal period, the balance of interest-bearing debt of LLR was 87,531 million yen and LTV was 43.6%

The status of LLR's credit ratings assigned as of February 28, 2019 was as follows.

Credit Rating Agency	Rating Type	Rating	Rating Outlook
JCR (Japan Credit Rating Agency Ltd.)	Long-term issuer rating	AA-	Stable
	Bond Rating (Note)	AA-	-

Note: This is the rating for the 1st, 2nd, 3rd, 4th and 5th Unsecured Investment Corporation Bonds.

(iv) Overview of Business Performance and Distributions

The operating period for the current fiscal period was 181 days from September 1, 2018 to February 28, 2019. During this fiscal period, LLR generated operating revenues of 5,792 million yen, operating income of 3,100 million yen, ordinary income of 2,784 million yen, and net income of 2,783 million yen.

Furthermore, through application of Article 67, Provision 15(1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments), LLR intends to include distributions as deductible expenses and distribute the entire amount of unappropriated retained earnings (excluding fractional distribution amounts of less than one yen per investment unit). As a result, the distribution amount per investment unit is 2,530 yen.

In addition to this, in accordance with the distribution policy provided for in LLR's Articles of Incorporation, in principle LLR makes ongoing distributions in excess of retained earnings each fiscal period ("Ongoing Distributions in Excess of Retained Earnings") (Note 1). Furthermore, in addition to Ongoing Distributions in Excess of Retained Earnings, LLR may make distributions, of an amount that it determines, as a distribution of the amount of temporary excess profit, but only for the purpose of equalizing the amount of distributions per unit (Note 2) in the event there are one-time reductions up to a certain amount of distributions per unit as a result of: (i) financing activities such as the issuance of new investment units, the issuance of short-term corporate bonds, or borrowings; (ii) large-scale repairs resulting from earthquakes and other natural disasters or fires and other accidents; (iii) payments for the settlement of lawsuits; (iv) losses on sales of real estate; or (v) other reasons.

In the current fiscal period, LLR distributed 205 million yen as an Ongoing Distribution in Excess of Retained Earnings, an amount equivalent to approximately 30% of the 688 million yen that is the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation for the current fiscal period. As a result, the distribution in excess of retained earnings per unit in the current fiscal period was 187 yen (Note 3).

Note 1. LLR's policy is to make distributions in excess of retained earnings each fiscal period after careful consideration is given to alternative uses of cash, such as execution of repairs, capital expenditures, profit generated during the fiscal period, the amount available for distribution, repayment of debts, along with factoring in the prevailing economic environment, the real estate market, the competitiveness of its acquired assets as well as its overall financial condition. (Note 4.)

Note 2. The amount of distributions which are the sum of the regular distributions in excess of retained earnings and the additional distributions in excess of our retained earnings when additional distributions in excess of retained earnings are made are limited to 60% of the amount resulting from deducting the total amount of the accumulated depreciation recorded as of the last day of the previous fiscal period from the total amount of accumulated depreciation calculated as of the last day of the relevant calculation period. (Note 4)

Note 3. The engineering report for each property prepared by Earth-Appraisal Co., Ltd estimates that the amount of anticipated semi-annual average of emergency or short-term repair and maintenance expenses and medium- to long-term repair and maintenance expenses is 199 million yen. LLR determines to make distributions in excess of retained earnings, considering that the amount of distributions in excess of retained earnings maintain the value of its portfolio and its financial stability taking into account macroeconomic environment, trends in the real estate market and real estate leasing industry and its financial conditions. Please note that the amount of distributions in excess of retained earnings will be deducted from the balance of LLR's unit holders' equity upon payment.

Note 4. These are based on guideline policies after incorporating the changes made to the Operational Guidelines.

(Outlook for the Future)

(i) Investment Environment Going Forward

Modest growth is expected to continue from 2019 onwards, even though the GDP growth rate will somewhat slow. As moderate wage increases will continue, consumer spending is expected to be solid and drive economic growth. Although a consumption tax increase is planned for October 2019, the downward effect on the economy is expected to be limited since part of the increased tax burden will be mitigated by temporary or special measures being taken to deal with the consumption tax. At the same time, there is a growing risk that the economy will stall as demand overseas weakens amid the US-China trade war and the slowdown of the global economy. In addition to a US-China trade agreement, depending on the outcome of a trade agreement between Japan and the US, which is the destination of 20% of Japan's exports, it is possible that there could be negative effects centered on the Japanese manufacturing sector. Against the backdrop of these global and domestic political and economic risks, there is the possibility that volatility in capital markets will continue. On the other hand, over the next two to three years, it is expected that there will continue to be demand for investment in real estate that generates stable income because the Bank of Japan is expected to maintain its low interest rate policy. In the logistics facilities market in the Tokyo metropolitan area, although new supply is expected to continue, strong rental demand in well located areas such as the coastal

area and the Gaikan Expressway/National Route 16 area are expected to absorb the new supply, and the rise in the overall vacancy rate in the Tokyo metropolitan area for the next several years is expected to be limited to the level of a moderate increase to the equilibrium point. In the Kinki area, it is highly likely that the worst period of deterioration in demand has passed in the Osaka coastal area, and in the inland area, strong rental demand is expected to continue.

(ii) Future Management Policy and Issues to Address

In this environment, LLR will seek to enhance unitholder value through stable long-term growth in cash flows and asset values by engaging in the following activities.

With respect to its external growth strategy, LLR will make the most of the property information provided by the LaSalle Group (Note 1) as well as LaSalle REIT Advisors' unique capabilities in obtaining property information. Under its sponsor support agreement, LLR is able to receive information about the sale of properties owned by LaSalle Fund (Note 2), and because of this enjoys diverse sourcing routes that tap into both sourcing from the LaSalle Fund and sourcing from third parties.

With respect to its internal growth strategy, LLR will aim to realize internal growth by leveraging its active asset management (Note 3) expertise that is a hallmark of the LaSalle Group, thanks in part to the personnel that will be provided to it and the information made available under the sponsor support agreement. LLR's portfolio is characterized by a highly stable cash flow attributed to a diversified tenant base, in addition to its staggered lease renewal dates, due to the terms of its lease agreements. When renewal dates are nearing, LLR will work to revise lease rates up after carefully reviewing market lease rates and vacancy rates. LLR will also endeavor to maintain and strengthen the competitiveness of its properties by making appropriate repairs and capital expenditures.

With respect to financial strategy, LLR will strive to build an optimized capital structure with a sound financial foundation by taking advantage of its strong financial position in order to achieve a balance between stability in its finances and funding costs, while diversifying how it procures its funding sources, along with staggering debt maturities, while also considering the use of variable interest rates.

Note 1. "LaSalle Group" refers to the group of companies that provides real estate investment management services in 24 office locations in 17 countries (as of December 31, 2018) in the United States, Europe and the Asia-Pacific region, centered on LaSalle Investment Management Inc., which is one of the world's leading real estate investment advisory firms.

Note 2. "LaSalle Fund" refers to a fund formed and operated by the LaSalle Group.

Note 3. "Active asset management" is a generic term for management techniques aimed at increasing cash flow by identifying opportunities to create added value of properties held by carefully examining macro factors such as market lease rates and vacancy rates as well as the micro factors of each property, such as tenant lease terms and building management conditions.

(iii) Significant Subsequent Events

At LLR's Board of Directors Meeting held on April 15, 2019, the Investment Corporation will acquire the trust beneficiary rights (hereinafter referred to as the "Intended Acquisition Asset") and dispose of the trust beneficiary rights to (hereinafter referred to as the ("Intended Disposition Asset") in accordance to the following terms and conditions. The purchase and sale agreements associated with the Intended Acquisition Asset and Intended Disposition Asset are both forward commitment agreements (The purchase and sale agreement is dated as of a previous date, which is supposed to be settled and closed after 1 month or more after the execution of said purchase and sale agreement).

(a) Acquisition Overview

Area	Property No.	Property Name	Location	Intended Acquisition Price (Million yen) (Note)	Seller
Osaka	Osaka-2	LOGIPORT Sakai Chikko Shinmachi	Sakai-city, Osaka	4,160	BTS5 Real Estate Hanbai GK

(1) PSA : April 15, 2019

(2) Intended Closing Dates : 1st Closing (Joint Co-ownership interest of 40%) July 1, 2019
2nd Closing (Joint Co-ownership interest of 60%) September 3, 2019

(3) Source of Capital : Disposition of the Intended Acquisition Asset is to be fund from the sale.

Note. The Intended Acquisition price refers to the transaction value of the joint co-ownership trust beneficiary interest described in each of the joint co-ownership equity purchase & sale agreement pertaining to the asset in question to be acquired (consumption taxes and regional consumption taxes and other such expenses such as transaction fees) need to be agreed upon and is rounded down to the nearest million yen.

(b) Disposition Overview

Area	Property No.	Property Name	Location	Intended Acquisition Price (Million yen) (Note)	Seller
Tokyo	Tokyo-4	LOGIPORT Nagareyama A	Nagareyama-city, Chiba	4,500	Undisclosed

(1) PSA : April 15, 2019

(2) Intended Closing Dates : 1st Closing (Joint Co-ownership interest of 40%) June 28, 2019
2nd Closing (Joint Co-ownership interest of 60%) September 2, 2019

(3) Source of Capital : Acquisition of the Intended Acquisition Asset is to be fund from the sale.

Note. The Intended Disposition price refers to the transaction value of the joint co-ownership trust beneficiary interest described in each of the joint co-ownership equity purchase & sale agreement pertaining to the asset in question to be acquired (consumption taxes and regional consumption taxes and other such expenses such as transaction fees) need to be agreed upon and is rounded down to the nearest million yen.

(iv) Forecast of Financial Results

The outlook for LLR's financial results for the fiscal period ending August 31, 2019 and the period ending February 29, 2020 are presented below.

	Operating revenues	Operating income	Ordinary income	Net Income	Distributions per unit (excluding those in excess of retained earnings per unit)	Distributions in excess of retained earnings per unit	Distributions per unit (including those in excess of retained earnings per unit)
	Million yen	Million yen	Million yen	Million yen	Yen	Yen	Yen
Fiscal period ending August 31, 2019	6,092	3,306	2,975	2,974	2,704	174	2,878
Fiscal period ending February 29, 2020	6,331	3,491	3,162	3,160	2,873	162	3,035

For the assumptions used in this outlook, please refer to the “Forecast Assumptions for the Fiscal Periods Ending August 31, 2019 and February 29, 2020” below.

Note. The figures above represent LLR's outlook at present and are calculated based on certain assumptions. The actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of retained earnings per unit), and distributions in excess of retained earnings per unit may differ due to the future acquisition or disposition of real estate, conditions in the real estate market, fluctuations in interest rates, or other circumstances surrounding LLR. In addition, this forecast does not guarantee the above distribution amounts.

Forecast Assumptions for the Fiscal Periods Ending August 31, 2019 and February 29, 2020

Item	Assumptions
Calculation period	・Fiscal period ending August 31, 2019: March 1, 2019 to August 31, 2019 (184 days) ・Fiscal period ending February 29, 2020: September 1, 2019 to February 29, 2020 (182 days)
Property portfolio	・As of the date of this document, with respect to the real estate trust beneficiary interests currently held by LLR (total 11 assets) along with a preferred security interest (1 underlying asset) (collectively, the "Currently Held Assets"), the following real estate trust beneficiary interests are to be acquired and disposed. Intended Acquisition Asset: LOGIPORT Sakai Chikko Shinmachi (the "Intended Acquisition Asset") Joint co-ownership interest of 40% intended to be acquired on July 1, 2019 Joint co-ownership interest of 60% intended to be acquired on September 3, 2019 Intended Disposition Asset: LOGIPORT Nagareyama A (the "Intended Disposition Asset") Joint co-ownership interest of 40% intended to be disposed on June 28, 2019 Joint co-ownership interest of 60% intended to be disposed on September 2, 2019 ・The prevailing assumption is that asides from the aforementioned acquisition and disposition, no other assets are currently intended to be acquired or disposed by the fiscal period ending February 29, 2020 such that it would give rise to another change ・In practice, there is a possibility for further change, should LLR decide to acquire additional assets asides from the Intended Acquisition Asset mentioned above or dispose of the additional assets from within its Currently Held Assets.
Operating revenue	・Leasing rental revenue is calculated based on information provided by the current owner for the to be newly acquired property, its lease contracts, and market trends, etc. ・The average occupancy rate of all properties is expected to be 98.7% in the fiscal period ending August 31, 2019 and 98.8% in the fiscal period ending February 29, 2020. ・With respect to the underlying asset that backs the preferred securities, LOGIPORT Amagasaki, it is projected that the preferred security interest will provide a dividend distribution of 11 million yen for the fiscal period ending February 29, 2020. ・As described above within the "Assets Under Management" section, it is projected that the disposition of LOGIPORT Nagareyama A will generate a capital gain (defined as the intended transfer price less the book value as of the intended date of transfer, less any other projected transaction costs) of 393 million yen for the fiscal period ending August 31, 2019 and an additional 596 million yen for the fiscal period ending February 29, 2020. The actual amount of the capital gain generated from the sale may change. ・With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delinquency.
Operating expenses	・Leasing-related expenses other than depreciation expenses are calculated by reflecting variable factors of expenses based on information regarding the Acquisition Asset provided by the current owner, the actual historical figures of the Current Held Assets, and entrustment agreements in effect as of today. ・Depreciation expense, including ancillary costs, is calculated using a straight-line depreciation method, and LLR assumed that depreciation expense for the fiscal period ending August 31, 2019 is 694 million yen, and for the fiscal period ending February 29, 2020 is 699 million yen ・While property taxes are typically calculated pro-rata based on the actual number of days as to when the properties are owned and get settled at the time of acquisition, the settlement was capitalized into LLR's acquisition costs. Accordingly, for the Acquisition Asset, this capitalized cost will not be expensed during the fiscal periods ending August 31, 2019 and February 29, 2020 and the property taxes will begin to be expensed through the income statement starting in the fiscal period ending August 31, 2020. The total amount of property taxes for the Intended Acquisition Asset, is assumed to be 9 million yen (equivalent to the tax expense for 146 days). If LLR was to expense such property taxes during the fiscal period ending August 31, 2019 and February 29, 2020, then the impact would be 1 million yen and 12 million yen, respectively.

Item	Assumptions
	・Repair and maintenance expenses are calculated based on a repair and maintenance plan prepared by the Asset Management Company, for items viewed as necessary for each property. Actual repair and maintenance expenses may be significantly different from the expected amount due to various factors around certain unexpected repairs, the tendency for significant variations in the amount depending on each fiscal period, and the fact that repair expenses do not generally arise on a periodic basis. ・It is assumed that no operating expenses will arise in relation to the Preferred Equity Securities.
Non-operating expenses	・LLR expects to recognize the estimated amortization amount of deferred organization expenses in the amounts of 3 million yen for both of the fiscal periods ending August 31, 2019 and February 29, 2020, respectively. ・Interest expenses and other debt-related costs (including interest expenses on investment corporation bonds, amortization of investment corporation bonds and borrowing related expenses) are expected to be 317 million yen and 314 million yen for the fiscal periods ending August 31, 2019 and February 29, 2019, respectively. Non-cash items, which are included in interest expenses and other debt-related costs, are expected to be 51 million yen and 50 million yen for the fiscal periods ending August 31, 2019 and, February 29, 2020, respectively.
Loans payable	・As of the date of this document, the balance of LLR's interest-bearing debt is 87,531 million yen. LLR assumes that there will be no changes to the amount of interest-bearing debt between now and the end of the fiscal period ending February 29, 2020. ・The LTV ratio as of the end of the period ending August 31, 2019 is expected to be around 43.6%, and the LTV ratio as of the end of the period ending February 29, 2020 is expected to be around 43.6% The LTV ratio is calculated by the following formula: LTV = total interest-bearing debt ÷ total assets × 100
Investment units	・Current outstanding number of units is 1,100,000. LLR does not expect there to be any changes to the number of outstanding units until the fiscal period ending February 29, 2020.
Distributions per unit (excluding those in excess of retained earnings per unit)	・Distributions per unit (excluding distributions in excess of retained earnings per unit) are calculated on the premise that all profits will be distributed in accordance with the distribution policy provided in LLR's Articles of Incorporation. ・Distributions per unit (excluding distributions in excess of retained earnings per unit) may change due to factors such as additional acquisitions or dispositions of real estate properties, changes in rental revenues attributable to tenant replacements, changes in the operating environment including unexpected repairs, changes in interest rates and any additional issuance of new investment units in the future.
Distributions in excess of retained earnings per unit	・Distributions in excess of retained earnings per unit are calculated in accordance with the distribution policy in LLR's Articles of Incorporation and internal policies of the asset manager. Distributions in excess of retained earnings for the fiscal periods ending August 31, 2019, and February 29, 2020, are assumed to be 30% of the sum of the accumulated depreciation calculated on the last day of the applicable fiscal period, less the sum of the accumulated depreciation recorded on the last day of the preceding fiscal period, which are assumed to be 192 million yen and 178 million yen, respectively ・Depreciation expenses may vary from the current assumed amount due to a change in portfolio assets, the amount of incidental expenses incurred, the amount of capital expenditures, and the pro-rata allocation of acquisition costs attributed to each asset and their respective useful life adopted for each asset. The total amount of distributions in excess of retained earnings, which will be based on depreciation expenses, may also vary accordingly ・LLR expects for the time being to make distributions in excess of retained earnings on a regular basis within an appropriate level for maintaining financial soundness and stability, after consideration is given to alternative uses of cash such as execution of repair plans, capital expenditures, repayment of debts along with potential property acquisitions, and will make such distributions equal to 30% of the amount resulting from deducting the total amount of accumulated depreciation recorded as of the last day of the previous

Item	Assumptions
	fiscal period from the amount of accumulated depreciation calculated as of the last day of the relevant fiscal period. This amount will be decided by LLR taking into consideration the level of net income, gains or losses on sales of real estate, etc., the level of cancellation fees or penalties, the level of temporary revenues, the level of distributions including distributions in excess of retained earnings, and the financial condition of LLR (especially the Appraisal LTV set forth below) in the relevant calculation period. Unexpected factors, such as increases in repair expenses, may cause distributions in excess of retained earnings per unit to materially differ from the forecasted amount. If the Appraisal LTV (set forth below) exceeds 60%, LLR may decide to make reduced distributions or not to make any distributions in excess of retained earnings after considering the above-listed factors. ・LLR does not plan to make distributions in excess of retained earnings to the extent doing so would cause what LLR calls its "Appraisal LTV," as calculated below, to exceed 60%: Appraisal LTV(%) = A/B × 100 A = interest-bearing debt (inclusive of long-term corporate bonds and short-term corporate bonds but excluding subordinated debt) + tenant leasehold deposits (excluding the amount reserved by the trustees of LLR's properties as tenant leasehold deposits and the amount reserved as tenant leasehold deposits in LLR's relevant reserve account (this account is for the refund obligation which LLR has as the lessor to various tenants)). B = total appraised real estate value of LLR's portfolio + the amount of cash deposits in LLR's bank accounts (excluding reserve accounts for tenant leasehold deposits) + cash and deposits in trust (excluding the amount reserved by the trustees of our properties as tenant leasehold deposits) – the total amount of distributions for the immediately prior fiscal period – the total amount of distributions in excess of retained earnings for the immediately prior fiscal period. In addition, the total amount of distributions and distributions in excess of retained earnings (with respect to the return of capital invested) depends upon the figures for the most recent fiscal period.
Other	・As an underlying premise, LLR assumes that any revision that will have an impact on the forecast information above will be made in accordance with applicable laws and regulations (including tax laws), accounting standards, listing rules of the TSE and the standards set by the Investment Trusts Association, Japan. ・As an underlying premise, LLR assumes that there are no unexpected material changes to general economic trends and real estate market conditions.

(3) Investment Risks

Disclosure of this information is omitted because there are no material changes in the “Investment Risks” described in the most recent Securities Report (filed on Thursday, November 29, 2018).

3. Financial Statements

(1) Balance Sheet

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2019
Assets		
Current assets		
Cash and deposits	5,858,660	6,828,982
Cash and deposits in trust	3,860,404	3,745,887
Operating accounts receivable	190,095	170,324
Prepaid expenses	114,446	121,307
Consumption taxes receivable	185,189	-
Other	57	114
Total current assets	10,208,854	10,866,616
Non-current assets		
Property, plant and equipment		
Buildings in trust	63,305,225	63,449,320
Accumulated depreciation	(3,197,064)	(3,885,164)
Buildings in trust, net	60,108,161	59,564,155
Structures in trust	10,775	12,173
Accumulated depreciation	(1,347)	(1,729)
Structures in trust, net	9,428	10,444
Tools, furniture and fixtures in trust	495	5,743
Accumulated depreciation	(49)	(98)
Tools, furniture and fixtures in trust, net	446	5,644
Land in trust	128,520,999	128,520,999
Total property, plant and equipment	188,639,035	188,101,244
Investments and other assets		
Investment securities	-	1,237,993
Long-term prepaid expenses	436,963	385,679
Deferred tax assets	6	20
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	446,970	1,633,694
Total non-current assets	189,086,005	189,734,938
Deferred assets		
Deferred organization expenses	15,234	11,578
Investment corporation bond issuance costs	63,335	57,679
Total deferred assets	78,570	69,258
Total assets	199,373,430	200,670,813

Balance Sheet, continued

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2019
Liabilities		
Current liabilities		
Operating accounts payable	191,545	169,693
Current portion of long-term loans payable	-	1,300,000
Accounts payable	767,256	816,141
Accrued expenses	5,574	5,163
Income taxes payable	735	1,029
Accrued consumption taxes	-	143,084
Advances received	969,612	978,731
Other	316,395	451,088
Total current liabilities	2,251,120	3,864,931
Non-current liabilities		
Investment corporation bonds payable	11,500,000	11,500,000
Long-term loans payable	74,810,000	74,731,000
Tenant leasehold and security deposits in trust	2,503,105	2,384,175
Total non-current liabilities	88,813,105	88,615,175
Total liabilities	91,064,226	92,480,106
Net assets		
Unitholders' equity		
Unitholders' capital	106,363,965	106,363,965
Deduction from unitholders' capital	(752,400)	(957,000)
Unitholders' capital, net	105,611,565	105,406,965
Surplus		
Unappropriated retained earnings	2,697,639	2,783,741
Total surplus	2,697,639	2,783,741
Total unitholders' equity	108,309,204	108,190,706
Total net assets	(*1) 108,309,204	(*1) 108,190,706
Total liabilities and net assets	199,373,430	200,670,813

(2) Income Statement

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Operating revenue		
Rent revenue	(*1) 5,179,266	(*1) 5,206,141
Other lease business revenue	(*1) 484,477	(*1) 586,316
Total operating revenue	5,663,743	5,792,458
Operating expenses		
Expenses related to rent business	(*1) 1,846,869	(*1) 1,860,667
Asset management fee	676,123	705,203
Asset custody and administrative fee	27,150	28,141
Directors' compensations	3,600	3,600
Audit fee	10,000	10,000
Other operating expenses	56,643	84,389
Total operating expenses	2,620,386	2,692,001
Operating profit	3,043,356	3,100,457
Non-operating income		
Interest income	42	47
Interest on refund	-	659
Total non-operating income	42	707
Non-operating expenses		
Interest expenses	231,312	230,646
Interest expenses on investment corporation bonds	26,786	25,963
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond	5,656	5,656
Borrowing related expenses	78,301	50,917
Total non-operating expenses	345,713	316,839
Ordinary income	2,697,686	2,784,324
Income before income taxes	2,697,686	2,784,324
Income taxes - current	742	1,036
Income taxes - deferred	16	(14)
Total income taxes	758	1,021
Net income	2,696,927	2,783,302
Retained earnings brought forward	711	439
Unappropriated retained earnings (undisposed loss)	2,697,639	2,783,741

(3) Statement of Unitholders' Equity

Previous period (For the period ended August 31, 2018)

	Thousands of yen				
	Unitholders' equity				
	Unitholders' capital			Surplus	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus
Balance at beginning of current period	106,363,965	(564,300)	105,799,665	2,543,911	2,543,911
Changes of items during period					
Distributions in excess of retained earnings		(188,100)	(188,100)		
Dividends of retained earnings				(2,543,200)	(2,543,200)
Net income				2,696,927	2,696,927
Total changes of items during period	-	(188,100)	(188,100)	153,727	153,727
Balance at end of current period	(*1) 106,363,965	(752,400)	105,611,565	2,697,639	2,697,639

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	108,343,576	108,343,576
Changes of items during period		
Distributions in excess of retained earnings	(188,100)	(188,100)
Dividends of retained earnings	(2,543,200)	(2,543,200)
Net income	2,696,927	2,696,927
Total changes of items during period	(34,372)	(34,372)
Balance at end of current period	108,309,204	108,309,204

Current period (For the period ended February 28, 2019)

	Thousands of yen				
	Unitholders' equity				
	Unitholders' capital			Surplus	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus
Balance at beginning of current period	106,363,965	(752,400)	105,611,565	2,697,639	2,697,639
Changes of items during period					
Distributions in excess of retained earnings		(204,600)	(204,600)		
Dividends of retained earnings				(2,697,200)	(2,697,200)
Net income				2,783,302	2,783,302
Total changes of items during period	-	(204,600)	(204,600)	86,102	86,102
Balance at end of current period	(*1) 106,363,965	(957,000)	105,406,965	2,783,741	2,783,741

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	108,309,204	108,309,204
Changes of items during period		
Distributions in excess of retained earnings	(204,600)	(204,600)
Dividends of retained earnings	(2,697,200)	(2,697,200)
Net income	2,783,302	2,783,302
Total changes of items during period	(118,497)	(118,497)
Balance at end of current period	108,190,706	108,190,706

(4) Statements related to Distributions

	Yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
I Unappropriated retained earnings for the period	2,697,639,273	2,783,741,863
II Additional amount of distributions in excess of retained earnings		
Deduction for unitholders' capital	204,600,000	205,700,000
III Amount of distributions	2,901,800,000	2,988,700,000
(amount of distributions per investment unit)	(2,638)	(2,717)
Of which, distributions of retained earnings	2,697,200,000	2,783,000,000
(of which, distributions of retained earnings per unit)	(2,452)	(2,530)
Of which, distributions in excess of retained earnings	204,600,000	205,700,000
(of which, distributions in excess of retained earnings per unit)	(186)	(187)
IV Retained earnings brought forward	439,273	741,863
Method of calculation of amount of distributions	Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be an amount in excess of an amount equivalent to 90% of the amount of LLR retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation. Based on this policy, 2,697,200,000 yen was allocated as distributions of retained earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings. Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) on a regular basis Based on this policy, the amount roughly equivalent to 30% of the 685,367,729 yen that is the maximum amount of depreciation expenses in the	Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, the amount of distributions is to be an amount in excess of an amount equivalent to 90% of the amount of LLR retained earnings that can be allocated as stipulated in Article 67, Provision 15 of the Act on Special Measures Concerning Taxation. Based on this policy, 2,783,000,000 yen was allocated as distributions of retained earnings. This is the maximum value of the integral multiple of the total number of units of the investment units issued and outstanding at end of the period in an amount that is not in excess of unappropriated retained earnings. Based on the policy for distributions of funds prescribed in Article 36, Paragraph 1 of LLR's Articles of Incorporation, LLR performs distributions of funds in excess of retained earnings (refund of investment categorized as a reduction in distribution from unitholders' capital for tax purposes) on a regular basis Based on this policy, the amount roughly equivalent to 30% of the 688,532,290 yen that is the amount remaining after deducting the total

Yen	
For the periods ended	
August 31, 2018	February 28, 2019
period was calculated to be 204,600,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital-refund distribution).	amount of accumulated depreciation recorded in the previous period from the total amount of accumulated depreciation calculated for this fiscal period was calculated to be 205,700,000 yen, and was allocated as distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution).

Note: In the event that LLR determines that it is appropriate as a result of in light of trends in the economic environment, real estate market and leasing market, conditions of properties held and its financial position, LLR may distribute funds in excess of funds available for distribution in an amount decided by LLR up to the amount stipulated under the regulations of the Investment Trust Association. Furthermore, when the amount of the distribution does not fulfill the requirements in the special provisions for taxes related to investment corporations stipulated in laws and ordinances, LLR may distribute funds in excess of the funds available for distribution in an amount decided upon by LLR for the purpose of meeting said requirements.

(5) Statements of Cash Flows

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Cash flows from operating activities		
Income before income taxes	2,697,686	2,784,324
Depreciation	685,367	688,532
Amortization of deferred organization expenses	3,656	3,656
Amortization of investment corporation bond	5,656	5,656
Interest income	(42)	(47)
Interest expenses	258,099	256,609
Decrease (increase) in operating accounts	(34,540)	13,416
Decrease (increase) in consumption taxes refund	(185,189)	307,011
Decrease (increase) in prepaid expenses	(17,541)	(6,861)
Decrease (increase) in long-term prepaid expenses	(100,361)	51,284
Increase (decrease) in operating accounts payable	10,030	(21,852)
Increase (decrease) in accounts payable - other	117,481	(23,209)
Increase (decrease) in accrued consumption taxes	(109,004)	21,261
Increase (decrease) in advances received	76,887	15,472
Other, net	(3,564)	(55)
Subtotal	3,404,621	4,095,199
Interest income received	42	47
Interest expenses paid	(257,687)	(257,021)
Income taxes paid	(1,079)	(743)
Net cash provided by (used in) operating activities	3,145,896	3,837,483
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(15,402,053)	(78,946)
Purchase of investment securities	-	(1,237,693)
Proceeds from tenant leasehold and security	152,344	22,853
Repayments of tenant leasehold and security	(25,485)	(13,307)
Net cash provided by (used in) investing activities	(15,275,194)	(1,307,094)
Cash flows from financing activities		
Proceeds from long-term loans payable	15,280,000	1,221,000
Payment of distributions of retained earnings	(2,543,096)	(2,697,337)
Payment of distributions in excess of retained	(188,089)	(204,610)
Net cash provided by (used in) financing activities	12,548,814	(1,680,948)
Net increase (decrease) in cash and cash equivalents	419,516	849,440
Cash and cash equivalents at beginning of period	8,177,147	8,596,663
Cash and cash equivalents at end of period	(*1) 8,596,663	(*1) 9,446,103

(6) Notes with respect to Going Concern Assumptions

None

(7) Notes on Matters concerning Significant Accounting Policies

1. Valuation standard and valuation method for investment securities

Available-for-sale securities

There is no market price

The moving average cost method was adopted.

2. Method of depreciation of non-current assets

Property, plant and equipment (including trust assets)

A straight-line method is used. The useful lives of principal property, plant and equipment are as follows:

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

3. Accounting treatment for deferred assets

(i) Deferred organization expenses

Amortized over a period of five years.

(ii) Issuance costs for corporate bonds

Amortized using the straight-line method over the period until redemption.

4. Standards for revenue and expense recognition

Treatment of fixed asset taxes

With respect to fixed asset taxes, city planning taxes, and depreciable asset taxes associated with the real estate or beneficiary interests in trusts holding real estate as trust assets held by LLR, the amount of taxes levied corresponding to the relevant accounting period are treated as lease expenses and expensed.

The amount equivalent to the first year's fixed asset tax that is borne by LLR in association with the acquisition of real estate or beneficiary interests in trusts holding real estate, as trust assets are not recognized as an expense; rather, they are included in the acquisition cost of the relevant real estate. During the previous period, the amount equivalent to the fixed asset tax included in the acquisition cost of real estate was 69,562 thousand yen, and this was not applicable in the current period.

5. Hedge accounting method

(i) Method of hedge accounting

LLR uses deferral hedge accounting. However, special treatment is applied to those interest rate swaps that satisfy the requirements for special accounting treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swap transactions

Hedged items: interest on loans

(iii) Hedging policy

Under its market risk management policy, LLR engages in derivative transactions for the purpose of hedging risk as provided for in its bylaws.

(iv) Method of assessing hedge effectiveness

Assessment of hedge effectiveness is omitted since interest rate swaps satisfy the requirements for special treatment.

6. Scope of funds in the statements of cash flows

The funds in the statements of cash flows (cash and cash equivalents) comprise cash on hand and cash in trusts, bank deposits and trust deposits available for withdrawal on demand, and short-term investments due within three months of the acquisition date, which are readily convertible to cash and bear only an insignificant risk of price fluctuations.

7. Other significant matters which constitute the basis for preparation of financial statements

(i) Accounting treatment for beneficiary interests in trusts that have real estate as assets in trust

With respect to trust beneficiary interests held by LLR, where the underlying assets are entrusted real estate, all asset and liability accounts within the trust assets as well as all revenue and expense accounts arising from the trust assets are recognized in the relevant accounts of the balance sheet and statements of income.

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

(a) Cash in trust and deposits in trust

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

(c) Tenant leasehold and security deposits in trust

(ii) Treatment of consumption taxes

LLR applies the tax-excluded method for the accounting treatment of consumption taxes and local consumption taxes.

(8) Notes on Change in Method of Presentation

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 of February 16, 2018) was applied from the beginning of this fiscal period, and the method of presentation was changed to show deferred tax assets under the category of investment and other assets, and deferred tax liabilities under the category of non-current liabilities. As a result, 6,000 yen in “Deferred Tax Assets” under “Current Assets” shown in the balance sheet statements for the last fiscal period were reclassified as 6,000 yen in “Deferred Tax Assets” under “Investments and Other Assets.”

(9) Notes to the Financial Statements

[Notes to Balance Sheet]

* 1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

Thousands of yen

As of	
August 31, 2018	February 28, 2019
50,000	50,000

[Notes to Income Statement]

* 1. Breakdown of operating income (loss) from real estate leasing

Thousands of yen

	For the periods ended	
	August 31, 2018	February 28, 2019
(i) Real estate leasing revenues		
Rent revenue		
Rent income	4,695,193	4,719,997
Common service fee	484,073	486,144
Total	5,179,266	5,206,141
Other lease business revenues		
Utilities charge reimbursement	305,329	305,398
Parking revenue	134,526	136,378
Other lease revenues	44,621	144,539
Total	484,477	586,316
Total real estate leasing revenues	5,663,743	5,792,458
(ii) Real estate leasing expenses		
Leasing expenses		
Outsourcing costs	275,781	273,608
Utilities expenses	298,976	302,420
Taxes and public dues	431,737	423,841
Insurance premiums	10,134	9,959
Repair and maintenance	98,419	111,015
Depreciation	685,367	688,532
Other leasing expenses	46,451	51,288
Total real estate leasing expenses	1,846,869	1,860,667
(iii) Real estate leasing profit ((ⅰ) - (ⅱ))	3,816,874	3,931,791

[Notes to Statement of Changes in Unitholders' Capital]

* 1. Total number of investment units authorized and total number of investment units issued and outstanding

	For the periods ended	
	August 31, 2018	February 28, 2019
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,100,000 units	1,100,000 units

[Notes to the Statements of Cash Flows]

* 1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the statement of cash flows

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Cash and deposits	5,858,660	6,828,982
Cash and deposits in trust	3,860,404	3,745,887
Restricted deposits in trust (Note)	(1,122,402)	(1,128,766)
Cash and cash equivalents at period end	8,596,663	9,446,103

Note: Deposits held in trust reserved for the refund of lease and guarantee deposits received from tenants.

[Notes to Lease Transactions]

Operating lease transactions (lessor)

Unearned leasing fees associated with non-cancelable operating leases

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2019
Due within one year	7,408,042	7,298,611
Due after one year	21,458,599	18,656,470
Total	28,866,642	25,955,082

[Notes to Financial Instruments]

1. Matters concerning the status of financial instruments

(i) Policy for handling financial instruments

At the time of acquisitions of new portfolio assets, LLR procures funds by issuing investment units, borrowing from financial institutions or issuing corporate bonds.

In consideration of safety and liquidity, and careful consideration of the market environment and situation of cash management, surplus funds are managed in deposits in principle.

Furthermore, derivatives transactions are used to hedge against interest rate volatility risks and other risks in connection with short-term loans and other fund procurement, and not for speculative trading.

(ii) Details of financial instruments, their risks, and the risk management system

Deposits are used for managing the surplus funds of LLR, and are subject to credit risks of failure of the financial institutions holding the deposits, but in consideration of safety and liquidity, and giving careful consideration to the market environment and cash management conditions, care is taken to limit the deposit terms to a short period.

Loans payable and investment corporation bonds are taken for the purpose of the procurement of funds for the acquisition of real estate, the repayment of debt or the redemption of investment corporation bonds and while subject to liquidity risks at the time of repayment, LLR is managing its liquidity risk through efforts to reduce liquidity risks by means such as diversifying repayment dates and lenders and maintaining liquidity on hand, as well as by preparing cash management plans. In addition, because part of the loans have variable interest rates, they are subject to the risk of increases in interest payments, but LLR makes efforts to limit the effect of increases in interest payments on LLR management by maintaining a conservative share of interest-bearing debt and increasing the ratio of loans with long-term fixed interest rates.

(iii) Supplemental explanation about matters concerning the fair value of financial instruments

In addition to fair value based on the market price, the fair value of financial products includes a reasonably calculated price when there is no market price. Because certain assumptions are used in the calculation of a price in question, that price may differ when different assumptions are used.

2. Matters concerning the fair value of financial instruments

Previous period (As of August 31, 2018)

Amounts recognized on the balance sheet as of the fiscal period ended August 31, 2018, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

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

Current period (As of February 28, 2019)

Amounts recognized on the balance sheet as of the fiscal period ended February 28, 2019, fair values, and differences between these amounts are presented below. Financial instruments for which it is extremely difficult to determine fair value are not included in the following tables (Note 2).

	Thousands of yen		
	As of February 28, 2019		
	Book value	Fair value	Difference
(1) Cash and deposits	6,828,982	6,828,982	-
(2) Cash and deposits in trust	3,745,887	3,745,887	-
Total assets	10,574,870	10,574,870	-
(3) Current portion of long-term loans payable	1,300,000	1,300,033	33
(4) Investment corporation bonds payable	11,500,000	11,570,800	70,800
(5) Long-term loans payable	74,731,000	75,335,713	604,713
Total liabilities	87,531,000	88,206,547	675,547
Derivative transactions	-	-	-

Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions

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

Due to the short maturities of these financial instruments, their fair value approximates their carrying value and they are therefore stated at carrying value.

(3) Current portion of long-term loans payable, (5) Long-term loans payable

These are stated at present value, which is calculated by discounting the total interest and principal (for loans payable that are subject to special treatment, the total interest and principal treated in combination with the relevant swap) by the putative interest rate as if the same loan were newly executed.

(4) Investment corporation bonds

These are the reference values published by the Japan Securities Dealer Association JSDA.

Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

Note 2. Financial instruments for which it is extremely difficult to determine fair value

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2019
Investment securities (*1)	-	1,237,993
Tenant leasehold and security deposits in trust (*2)	2,503,105	2,384,175

*1. Investment securities are not subject to fair value presentation because there are no market prices and it is difficult to reasonably estimate cash flows. Therefore it is understood to be extremely difficult to assess fair value.

*2. Tenant leasehold and security deposits in trust are not subject to fair value presentation because there are no market prices and it is difficult to reasonably estimate cash flows. Therefore it is understood to be extremely difficult to assess fair value.

Note 3. Amount to be redeemed after date of settlement of monetary claims

Previous period (As of August 31, 2018)

	Thousands of yen
	Due within one year
Cash and deposits	5,858,660
Cash and deposits in trust	3,860,404

Current period (As of February 28, 2019)

	Thousands of yen
	Due within one year
Cash and deposits	6,828,982
Cash and deposits in trust	3,745,887

Note 4. Repayment schedule for investment corporation bonds, long-term loans payable and other interest-bearing debt after the closing date

Previous period (As of August 31, 2018)

	Thousands of yen					
	As of August 31, 2018					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	-	-	-	5,000,000	-	6,500,000
Long-term loans payable	-	1,300,000	13,390,000	2,990,000	15,110,000	42,020,000
Total	-	1,300,000	13,390,000	7,990,000	15,110,000	48,520,000

Current period (As of February 28, 2019)

	Thousands of yen					
	As of February 28, 2019					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds payable	-	-	5,000,000	-	-	6,500,000
Long-term loans payable	1,300,000	10,740,000	2,650,000	19,321,000	16,560,000	25,460,000
Total	1,300,000	10,740,000	7,650,000	19,321,000	16,560,000	31,960,000

[Notes to Securities]

Previous period (As of August 31, 2018)

None

Current period (As of February 28, 2019)

Because there are no market prices for the preferred securities (1,237,993 thousand yen recognized on the balance sheet) and it is difficult to reasonably estimate cash flows, it is understood to be extremely difficult to assess fair value, so fair value is not listed.

[Notes to Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Previous period (As of August 31, 2018)

None

Current period (As of February 28, 2019)

None

2. Derivative transactions to which hedge accounting is applied

Previous period (As of August 31, 2018)

For each hedge accounting method, the contract amount as of the closing date and the notional principal amount specified in the contract are presented below.

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

Current period (As of February 28, 2019)

For each hedge accounting method, the contract amount as of the closing date and the notional principal amount specified in the contract are presented below.

			Thousands of yen			
			As of February 28, 2019			
			Contract amount			
Hedge accounting method	Type of derivative transaction	Primary hedged item	Total	Due after one year	Fair value	Fair value measurement
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fixed	Long-term loans payable	41,320,000	41,320,000	(Note)	(Note)

Note: Because the derivative transactions subject to special treatment for interest rate swaps are treated integrally with long-term loans that are being hedged, the stated fair value incorporates the fair value of the relevant long-term loans. (Please refer to Item (5) Long-term loans payable under (Notes to Financial Instruments) “Matters concerning the fair value of financial instruments” and “Note 1. Methods used to calculate the fair value of financial instruments and matters concerning derivative transactions” above.)

[Notes to Transactions with Related Parties]

1. Transactions and Account Balances with the Parent Company and Major Unitholders

Previous period (For the period ended August 31, 2018)

None

Current period (For the period ended February 28, 2019)

None

2. Transactions and Account Balances with Affiliates

Previous period (For the period ended August 31, 2018)

None

Current period (For the period ended February 28, 2019)

None

3. Transactions and Account Balances with Companies under Common Control

Previous period (For the period ended August 31, 2018)

						Relation					
Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Common board member	Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending Balance (thousands of yen) (Note 1)
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	826,623	Accounts payable	630,122

Note 1. The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

Note 2. The terms and conditions of these transactions were executed based on market practices.

Note 3. The Asset management fee above includes management fees of 150,500 thousand yen capitalized as part of acquisition costs of properties.

Current period (For the period ended February 28, 2019)

						Relation					
Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Common board member	Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending Balance (thousands of yen) (Note 1)
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset Manager	Payment of asset management fee (Note 3)	717,413	Accounts payable	654,242

Note 1. The transaction amounts do not include the consumption tax whereas the tax is included in the ending balance.

Note 2. The terms and conditions of these transactions were executed based on market practices.

Note 3. The Asset management fee above includes management fees of 12,210 thousand yen capitalized as part of acquisition costs of investment securities.

4. Transactions and Account Balances with Officers and Key individual investors

Previous period (For the period ended August 31, 2018)

None

Current period (For the period ended February 28, 2019)

None

[Notes on Tax Effect Accounting]

1. Breakdown of main reasons for generation of deferred tax assets and deferred tax liabilities

	Thousands of yen	
	As of	
	August 31, 2018	February 28, 2019
(Deferred tax assets)		
Enterprise tax payable	6	20
Total deferred tax assets	6	20
Net deferred tax assets	6	20

2. Breakdown of main items that were the cause of a material difference between the statutory effective tax rate and the burden of corporate taxes after application of tax-effect accounting

	As of	
	August 31, 2018	February 28, 2019
Statutory tax rate	31.74%	31.51%
(Adjustments)		
Deductible distributions	(31.73%)	(31.50%)
Other	0.02%	0.03%
Actual effective income tax rate	0.03%	0.04%

[Notes to Retirement Benefits]

Previous period (As of August 31, 2018)

None

Current period (As of February 28, 2019)

None

[Notes to Equity Method Earnings]

Previous period (As of August 31, 2018)

None

Current period (As of February 28, 2019)

None

[Notes to Asset Retirement Obligations]

Previous period (As of August 31, 2018)

None

Current period (As of February 28, 2019)

None

[Notes to Segment Information]

(Segment Information)

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

(Related information)

Previous period (For the period ended August 31, 2018)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

Current period (For the period ended February 28, 2019)

(1) Information by Products and Services

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

(2) Information by Geographic Region

(i) Operating Revenues

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

(ii) Property and Equipment

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

(3) Information by Major Customers

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

[Notes to Rental Properties]

LLR owns leased logistics facilities mainly in the Tokyo and Osaka areas for the purpose of obtaining rental income. The fair values of these rental properties on the balance sheet and the changes during the period are presented below.

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Book value (Note 1)		
Balance at the beginning of the period	173,937,899	188,639,035
Changes during the period (Note 2)	14,701,135	(537,791)
Balance at the end of the period	188,639,035	188,101,244
Fair value at the end of the period (Note 3)	203,090,000	203,920,000

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

Note 2. The increase for period ended August 31, 2018, was a result of the acquisition of two properties during the period with a total value of 15,282,361 thousand yen, offset slightly by depreciation expenses of 685,367 thousand yen. In addition, the decrease for period ended February 28, 2018, was a result of the recognition of depreciation expenses of 688,532 thousand yen.

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

Operating income (loss) associated with the rental properties is presented in “Notes to Income Statement.

[Note to Per Unit Information]

	Yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Net assets per unit	98,462	98,355
Net income per unit	2,451	2,530

Note 1. Net income per unit is calculated by dividing net income by the daily weighted average number of investment units for the period. In addition, the diluted net income per unit is not stated here as there are no diluted investment units.

Note 2. The basis for calculating net income per unit is as follows.

	Thousands of yen	
	For the periods ended	
	August 31, 2018	February 28, 2019
Net income	2,696,927	2,783,302
Amount not attributable to ordinary unitholders	-	-
Net income attributable to ordinary investment units	2,696,927	2,783,302
Weighted average number of units outstanding	1,100,000	1,100,000

[Notes to Significant Subsequent Events]

At LLR's Board of Directors Meeting held on April 15, 2019, the Investment Corporation will acquire the trust beneficiary rights (hereinafter referred to as the "Intended Acquisition Asset") and dispose of the trust beneficiary rights to (hereinafter referred to as the ("Intended Disposition Asset") in accordance to the following terms and conditions. The purchase and sale agreements associated with the Intended Acquisition Asset and Intended Disposition Asset are both forward commitment agreements (The purchase and sale agreement is dated as of a previous date, which is supposed to be settled and closed after 1 month or more after the execution of said purchase and sale agreement).

(a) Acquisition Overview

Area	Property No.	Property Name	Location	Intended Acquisition Price (Million yen) (Note)	Seller
Osaka	Osaka-2	LOGIPORT Sakai Chikko Shinmachi	Sakai-city, Osaka	4,160	BTS5 Real Estate Hanbai GK

(1) PSA : April 15, 2019

(2) Intended Closing Dates : 1st Closing (Joint Co-ownership interest of 40%) July 1, 2019
2nd Closing (Joint Co-ownership interest of 60%) September 3, 2019

(3) Source of Capital : Disposition of the Intended Acquisition Asset is to be fund from the sale.

Note. The Intended Acquisition price refers to the transaction value of the joint co-ownership trust beneficiary interest described in each of the joint co-ownership equity purchase & sale agreement pertaining to the asset in question to be acquired (consumption taxes and regional consumption taxes and other such expenses such as transaction fees) need to be agreed upon and is rounded down to the nearest million yen.

(b) Disposition Overview

Area	Property No.	Property Name	Location	Intended Acquisition Price (Million yen) (Note 1)	Seller
Tokyo	Tokyo-4	LOGIPORT Nagareyama A	Nagareyama-city, Chiba	4,500	Undisclosed

(1) PSA : April 15, 2019

(2) Intended Closing Dates : 1st Closing (Joint Co-ownership interest of 40%) June 28, 2019
2nd Closing (Joint Co-ownership interest of 60%) September 2, 2019

(3) Source of Capital : Acquisition of the Intended Acquisition Asset is to be fund from the sale.

Note. The Intended Disposition price refers to the transaction value of the joint co-ownership trust beneficiary interest described in each of the joint co-ownership equity purchase & sale agreement pertaining to the asset in question to be acquired (consumption taxes and regional consumption taxes and other such expenses such as transaction fees) need to be agreed upon and is rounded down to the nearest million yen.

(10) Changes in Number of Investment Units Issued and Outstanding

Unitholders' capital and changes in the number of investment units issued and outstanding as of the reporting date are shown below.

		Total number of outstanding investment units (units)		Unitholders' capital (Note 1) (thousand yen)		
Date	Description	Increase (decrease)	Balance	Increase (decrease)	Balance	Comment
October 9, 2015	Established through private placement	1,500	1,500	150,000	150,000	(Note 2)
February 16, 2016	Public offering	1,050,800	1,052,300	101,601,852	101,751,852	(Note 3)
March 15, 2016	Third-party allotment	47,700	1,100,000	4,612,113	106,363,965	(Note 4)
November 21, 2016	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(202,400)	106,161,565	(Note 5)
May 22, 2017	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(174,900)	105,986,665	(Note 6)
November 20, 2017	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(187,000)	105,799,665	(Note 7)
May 21, 2018	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(188,100)	105,611,565	(Note 8)
November 19, 2018	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(204,600)	105,406,965	(Note 9)

Note 1. The amount remaining after subtracting the amount of the deduction for unitholders' capital from unitholders' capital is stated.
Note 2. The amount remaining after subtracting the amount of the deduction for unitholders' capital from unitholders' capital is stated.
Note 3. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 100,000 per unit (underwriting price of 96,690 yen).
Note 4. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 96,690 yen. The proceeds of this third-party allotment were partly used to repay loans made as financing to acquire new properties.
Note 5. At the Board of Directors Meeting of LLR on October 18, 2016, LLR decided to make distributions in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a refund of investment) at an amount of 184 yen per unit as distributions of funds for the first fiscal period (ended August 31, 2016) and payment of these commenced on November 21, 2016.
Note 6. At the Board of Directors Meeting of LLR on April 14, 2017, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 159 yen per unit as distributions of funds for the second fiscal period (ended February 28, 2017) and payment of these commenced on May 22, 2017.
Note 7. At the Board of Directors Meeting of LLR on October 13, 2017, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 170 yen per unit as distributions of funds for the third fiscal period (ended August 31, 2017) and payment of these commenced on November 20, 2017.
Note 8. At the Board of Directors Meeting of LLR on April 13, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 171 yen per unit as distributions of funds for the fourth fiscal period (ended February 28, 2018) and payment of these commenced on May 21, 2018.
Note 9. At the Board of Directors Meeting of LLR on October 15, 2018, LLR decided to make distributions in excess of retained earnings (refund of contributions that under tax law is equivalent to a refund of investment) at an amount of 186 yen per unit as distributions of funds for the third fiscal period (ended August 31, 2018) and payment of these commenced on November 19, 2018.

4. Changes in Officers and Directors

(1) Changes in Directors of LLR

There were no changes in directors during the period.

(2) Changes in Directors of the Asset Management Company

There were no changes in directors during the period.

5. Reference Information

(1) Composition of LLR's Assets

Type of assets	Use	Area (Note 1)	Previous period (August 31, 2018) Total amount held (million yen) (Note 2)	Previous period (August 31, 2018) Percentage to total assets (%) (Note 3)	Current period (February 28, 2019) Total amount held (million yen) (Note 2)	Current period (February 28, 2019) Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics facilities	Tokyo area	180,390	90.5	179,883	89.6
		Osaka area	8,248	4.1	8,218	4.1
		Other	-	-	-	-
	Subtotal		188,639	94.6	188,101	93.7
Investment securities (Note 4)			-	-	1,237	0.6
Deposits / other assets			10,734	5.4	11,331	5.6
Total assets			199,373	100.0	200,670	100.0

	Previous period (August 31, 2018) Amount (million yen)	Previous period (August 31, 2018) Percentage to total assets (%) (Note 3)	Current period (February 28, 2019) Amount (million yen)	Current period (February 28, 2019) Percentage to total assets (%) (Note 3)
Total liabilities	91,064	45.7	92,480	46.1
Total net assets	108,309	54.3	108,190	53.9
Total assets	199,373	100.0	200,670	100.0

Note 1. “Area” refers to the Tokyo area, the Osaka area, as well as other prefectural areas, and the “Tokyo area” is defined as the area within 60km of Tokyo (specifically within a 60km radius of JR Tokyo Station), and “Osaka area” is defined as the area within 45km of Osaka (specifically within a 45km radius of JR Osaka Station).

Note 2. “Total amount held” reflects the amount recognized on the balance sheet (for real estate in trust, the carrying value after depreciation) as of the closing date of the respective fiscal period, and is rounded down to the nearest million yen.

Note 3. “Percentage to total assets” is rounded to the second decimal place.

Note 4. “Investment securities” are the Preferred Securities of Amagasaki Property TMK.

(2) Investment Assets

(i) Main Issues of the Investment Securities

Type	Name of Securities	Quantity (units)	Carrying Amount (thousand yen)	Appraisal value (thousand yen) (Note 2)	Share of Total Assets (%)
Preferred Securities	Amagasaki Property TMK Preferred Securities (Note 1)	1,221,000	1,237,993	1,237,993	0.6

Note 1. The underlying asset related to the preferred securities is as shown below.

Name of Securities	Property Portfolio	Property Name	Property Location
Amagasaki Property TMK Preferred Securities	Trust beneficiary interest	LOGIPORT Amagasaki	20 Ogimachi, Amagasaki-shi, Hyogo, and others

Note 2. The carrying amount is shown for the appraisal value.

(ii) Overview of Real Estate, etc.

(a) Portfolio Overview

The assets (real estate or beneficiary interests in trusts holding real estate as trust assets; collectively referred to as "asset holdings" hereinafter) held by LLR as of February 28, 2019 are presented below.

Area	Property number (Note 1)	Property name	Location	Form of possession	Property age (Years) (Note 2)	As of end of current period carrying amount (million yen)	Acquisition price (million yen) (Note 3)	Investment ratio (%) (Note 4)	Appraisal value (million yen) (Note 5)	Gross floor area (㎡) (Note 6)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	4	21,095	21,200	11.3	22,900	145,801.69
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	Kanagawa Prefecture Sagamihara City	Trust beneficiary interest	6	22,997	23,020	12.2	25,300	200,045.57
	Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	Trust beneficiary interest	6	25,187	25,300	13.4	28,800	104,302.62
	Tokyo-4	LOGIPORT Nagareyama (A)	Chiba Prefecture Nagareyama City	Trust beneficiary interest	11	3,469	3,500	1.9	4,080	17,673.87
	Tokyo-5	LOGIPORT Nagareyama (B)	Chiba Prefecture Nagareyama City	Trust beneficiary interest	11	26,289	26,600	14.1	29,100	133,414.76
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	32	19,096	19,000	10.1	19,500	100,235.67
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	28	19,160	19,120	10.1	21,300	117,546.26
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	17	23,630	23,700	12.6	25,000	116,997.14
	Tokyo-9	LOGIPORT Kawagoe	Saitama Prefecture Kawagoe City	Trust beneficiary interest	8	12,001	11,950	6.3	12,200	50,742.47
	Tokyo-10	LOGIPORT Hiratsuka Shinmachi	Kanagawa Prefecture Hiratsuka City	Trust beneficiary interest	3	6,953	6,900	3.7	7,230	29,067.95
Osaka area	Osaka-1	LOGIPORT Sakai Minamijimacho	Osaka Prefecture Sakai City	Trust beneficiary interest	2	8,218	8,150	4.3	8,510	30,696.61
Portfolio total / average					13	188,101	188,440	100.0	203,920	1,046,524.61

Note 1. “Property number” refers to the number assigned by classifying LLR's asset holdings into three areas, with those located in the Tokyo area designated as “Tokyo,” those in the Osaka area as "Osaka," and those located in other prefectural areas as “Other areas.”

Note 2. “Property age” is generally calculated as the period from the construction completion date shown on the property registry for the main building until February 28, 2019, and is rounded to the nearest whole number. The number presented as the portfolio age average is the weighted average weighted by acquisition price, rounded to the nearest whole number.

Note 3. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

Note 4. The investment ratio is the percentage of the acquisition price of the relevant property to the total acquisition price, rounded to two decimal places. Therefore, the sum of the individual investment ratio figures may not necessarily match the portfolio total.

Note 5. “Appraisal value” represents the appraisal value as of February 28, 2019, shown in the real estate appraisal documents prepared by Tanizawa Sogo Appraisal Co, Ltd., CBRE K.K. or Japan Real Estate Institute, which have been contracted to appraise the asset holdings.

Note 6. “Gross floor area” reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 7. The acquisition price and appraisal value for LOGIPORT Hashimoto are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 55%), while the gross floor area is the figure for the entire property.

Note 8. The acquisition price and appraisal value for LOGIPORT Sagamihara are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 51%), while the gross floor area is the figure for the entire property.

(b) Tenant Agreements

Information about the status of agreements with tenants for the asset holdings (leasable floor area, leased floor area, occupancy rate, total number of tenants, total annual lease revenue, total amount of lease and guarantee deposits) is presented below.

Area	Property number	Property name	Number of tenants (Note 1)	Annual lease revenue (million yen) (Note 2)	Lease & guarantee deposits (million yen) (Note 3)	Leasable floor area (㎡) (Note 4)	Leased floor area (㎡) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 7)	14	1,128	276	130,162	130,162	100.0
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	18	1,312	311	180,971	180,495	99.7
	Tokyo-3	LOGIPORT Kitakashiwa	8	1,393	361	100,349	100,349	100.0
	Tokyo-4	LOGIPORT Nagareyama (A)	1			18,172	18,172	100.0
	Tokyo-5	LOGIPORT Nagareyama (B)	8	1,577 (Note 9)	356 (Note 9)	112,684	112,517	99.9
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	23	1,091	331	85,281	82,569	96.8
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	18	1,158	364	103,731	98,705	95.2
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	17	1,386	271	114,925	113,440	98.7
	Tokyo-9	LOGIPORT Kawagoe	4	656	160	53,088	53,088	100.0
	Tokyo-10	LOGIPORT Hiratsuka Shinmachi	1	Not disclosed (Note 10)	Not disclosed (Note 10)	29,074	29,074	100.0
Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	1	Not disclosed (Note 10)	Not disclosed (Note 10)	30,690	30,690	100.0
Portfolio total / average			113	10,477	2,627	959,131 811,882	949,266 802,292	99.0 98.8

Note 1. “Number of tenants” is stated as the total number of lease agreements associated with the buildings shown for each of the trust properties as of February 28, 2019. If a master lease agreement has been executed for the trust property, it is stated as the total number of end tenants. However, if the same lessee has executed multiple lease agreements at the trust property, that lessee is counted as one tenant when arriving at calculating the total.

Note 2. “Annual lease revenue” is stated as the total annualized monthly rent calculated by multiplying the monthly lease amount (including common service fees) shown in each lease agreement associated with each trust property as of February 28, 2019 (excluding consumption taxes) by 12, rounded down to the nearest million yen. Therefore, the sum of the “annual lease revenue” for the individual trust properties may not necessarily match the portfolio total.

Note 3. “Lease & guarantee deposits” is stated as the aggregate amount of the lease and guarantee deposit balances shown in each lease agreement associated with each trust property for each trust property as of February 28, 2019, rounded down to the nearest million yen. Therefore, the sum of the individual “lease & guarantee deposits” for the properties may not necessarily match the portfolio total.

Note 4. “Leasable floor area” is the area that can be leased at the buildings associated with each trust property as of February 28, 2019, stated as the aggregate of the area considered leasable under the lease agreements or building drawings, rounded down to the nearest whole number. Additionally, in the “Portfolio total" row, the upper figure represents the aggregate leasable floor area for the buildings of each trust property. The lower figure represents the aggregate leasable floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leasable floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.

Note 5. “Leased floor area” is stated as the aggregate leased floor area associated with the buildings shown in the lease agreements for each of the trust properties as of February 28, 2019 If a master lease agreement has been executed for the trust property, it is stated as the aggregate of the area which has actually been leased through the execution of lease agreements with end tenants, rounded down to the nearest whole number. Additionally, in the “Portfolio total/average” row, the upper figure represents the aggregate leased floor area for the buildings of each trust property. The lower figure represents the ratio of the aggregate leased floor area for the buildings of each trust property after factoring in LLR's share in the joint co-ownership interests in a trust beneficiary interest and calculating leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.

Note 6. “Occupancy rate” is stated as the ratio of leased floor area to leasable floor area with the buildings shown in the lease agreements for each of the trust properties as of February 28, 2019, rounded to the second decimal place. Additionally, in the “Portfolio total/average” row, the upper figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place. The lower figure represents the ratio of the aggregate Leased Floor Area for a given building divided by the Leasable Floor Area for a given building, rounded to the second decimal place, after factoring in LLR's share in the joint co-ownership interests in a trust beneficial interest and calculating leasable and leased floor area proportional to LLR's share, in cases of trust properties in which LLR has share of the joint co-ownership interests.

Note 7. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Hashimoto” are stated as figures for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (55%).

Note 8. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Sagamihara” are stated as the figure for the entire building, while the annual lease revenue and lease & guarantee deposits are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (51%).

Note 9. Because consent has not been obtained from the single end tenant at “LOGIPORT Nagareyama (A)” to disclose the annual lease revenue and lease & guarantee deposits, the annual lease revenue and lease & guarantee deposits are presented in aggregate with the annual lease revenue and lease & guarantee deposits, respectively, for LOGIPORT Nagareyama (B).

Note 10. Not disclosed because approval for disclosure has not been obtained from the tenant.

(c) Appraisal report summary

Area	Property number	Property name	Appraiser	Appraisal date	Appraisal Value (million yen)	Cost-approach value (million yen)	Income approach value (million yen)				
							Direct capitalization method		Discounted cash flow (DCF) method		
							Income-approach value	Capitalization rate (%)	Income-approach value	Discount rate (%)	Terminal capitalization rate (%)
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 1)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	22,900	20,400	23,500	4.1	22,700	4.2	4.3
	Tokyo-2	LOGIPORT Sagamihara (Note 2)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	25,300	23,100	25,900	4.2	25,100	4.3	4.4
	Tokyo-3	LOGIPORT Kitakashiwa	CBRE K.K.	February 28, 2019	28,800	23,400	29,100	4.0	28,800	3.8	4.1
	Tokyo-4	LOGIPORT Nagareyama (A)	CBRE K.K.	February 28, 2019	4,080	2,840	4,060	4.4	4,080	4.0	4.3
	Tokyo-5	LOGIPORT Nagareyama (B)	CBRE K.K.	February 28, 2019	29,100	21,500	28,900	4.3	29,100	4.0	4.3
	Tokyo-6	LOGIPORT Higashi Ogishima (A)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	19,500	19,000	19,500	4.6	19,500	4.6	4.7
	Tokyo-7	LOGIPORT Higashi Ogishima (B)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	21,300	20,100	21,700	4.6	21,100	4.6	4.7
	Tokyo-8	LOGIPORT Higashi Ogishima (C)	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	25,000	24,300	25,000	4.5	25,000	4.5	4.6
	Tokyo-9	LOGIPORT Kawagoe	Tanizawa Sogo Appraisal Co., Ltd.	February 28, 2019	12,200	11,300	12,500	4.4	12,100	4.5	4.6
	Tokyo-10	LOGIPORT Hiratsuka Shinmachi	Japan Real Estate Institute	February 28, 2019	7,230	6,320	7,290	4.5	7,170	4.1	4.6
Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	Japan Real Estate Institute	February 28, 2019	8,510	5,940	8,610	4.5	8,400	4.2	4.6
Portfolio total					203,920	178,200	206,060		203,050		

Note 1. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Hashimoto are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (55%).

Note 2. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Sagamihara are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (51%).

(d) Information about major real estate properties

Of the assets held by LLR, those properties where "total annual lease revenue" represents 10% or more of the "total annual lease revenue for the entire portfolio" as of February 28, 2019 are presented below.

Property name	Total annual lease revenue (million yen) (Note 1)	Share of lease revenue (%) (Note 2)
LOGIPORT Hashimoto (Note 3)	1,128	10.8
LOGIPORT Sagamihara (Note 4)	1,312	12.5
LOGIPORT Kitakashiwa	1,393	13.3
LOGIPORT Nagareyama (A) LOGIPORT Nagareyama (B) (Note 5)	1,577	15.1
LOGIPORT Higashi Ogishima (A)	1,091	10.4
LOGIPORT Higashi Ogishima (B)	1,158	11.1
LOGIPORT Higashi Ogishima (C)	1,386	13.2
Total	9,047	86.4

Note 1. "Total annual lease revenue" is stated as the total annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property as of February 28, 2019 (excluding consumption taxes), calculated by multiplying by 12, rounded down to the nearest million yen.

Note 2. "Share of lease revenue" is the ratio of that property's total annual lease revenue to the total annual lease revenue for the entire portfolio, rounded to the second decimal place.

Note 3. The total annual lease revenue for LOGIPORT Hashimoto is stated as an amount proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interests (55%).

Note 4. The total annual lease revenue for LOGIPORT Sagamihara is stated as an amount proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interests (51%).

Note 5. Because consent has not been obtained from the single end tenant at LOGIPORT Nagareyama (A) to disclose the annual lease revenue, it is presented in aggregate with the annual lease revenue for LOGIPORT Nagareyama (B).

(e) Information about Major Tenants

Within the assets held by LLR, as of February, 2019 there are no tenants for which the leased floor area represents 10% or more of the total leased floor area for the entire portfolio (for those assets for which a pass-through type master lease agreement has been executed, this includes the end tenants and excludes the master lessee that has executed the master lease agreement).

(f) Portfolio Diversification

The distribution of LLR's asset holdings according to classification by area as of February 28, 2019 is as shown below.

a. Share by area

Area	Number of properties	Gross floor area (㎡) (Note 1) (Note 3)	Share (%) (Note 2)	Acquisition price (million yen) (Note 4)	Share (%)
Tokyo area	10	1,015,828.00	97.1	180,290	95.7
Osaka area	1	30,696.61	2.9	8,150	4.3
Other	-	-	-	-	-
Total	11	1,046,524.61	100.0	188,440	100.0

Note 1. “Gross floor area” reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 2. “Share” is rounded to the second decimal place.

Note 3. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamihara properties.

Note 4. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

b. Share by property age

Property age (Note 1)	Number of properties	Gross floor area (㎡) (Note 2) (Note 4)	Share (%) (Note 3)	Acquisition price (million yen) (Note 5)	Share (%) (Note 3)
20 years or more	2	217,781.93	20.8	38,120	20.2
At least 15 years but less than 20 years	1	116,997.14	11.2	23,700	12.6
At least 10 years but less than 15 years	2	151,088.63	14.4	30,100	16.0
At least 5 years but less than 10 years	3	355,090.66	33.9	60,270	32.0
Less than 5 years	3	205,566.25	19.6	36,250	19.2
Total	11	1,046,524.61	100.0	188,440	100.0

Note 1. As a general rule, “property age” is calculated as the period from the construction date shown on the registration for the main building until February 28, 2019, rounded to the nearest whole number.

Note 2. “Gross floor area” reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 3. “Share” is rounded to the second decimal place.

Note 4. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamihara properties.

Note 5. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

c. Share by size (gross floor area)

Size (gross floor area) (㎡) (Note 1) (Note 3)	Number of properties	Gross floor area (㎡) (Note 1) (Note 3)	Share (%) (Note 2)	Acquisition price (million yen) (Note 4)	Share (%) (Note 2)
At least 100,000㎡	7	918,343.71	87.8	157,940	83.8
At least 50,000㎡ Less than 100,000㎡	1	50,742.47	4.8	11,950	6.3
At least 30,000㎡ Less than 50,000㎡	1	30,696.61	2.9	8,150	4.3
At least 10,000㎡ Less than 30,000㎡	2	46,741.82	4.5	10,400	5.5
Less than 10,000㎡	-	-	-	-	-
Total	11	1,046,524.61	100.0	188,440	100.0

Note 1. “Gross floor area” reflects the figure shown in the registrations for all buildings associated with the real estate in trust (excluding ancillary buildings that are not subject to leasing) held by LLR.

Note 2. “Share” is rounded to the second decimal place.

Note 3. The table above was created using the gross floor areas for the entire LOGIPORT Hashimoto and LOGIPORT Sagamihara properties.

Note 4. “Acquisition price” is the purchase price for each of the trust beneficiary interests as shown in the trust beneficiary interest purchase agreement of the relevant property (excluding consumption taxes, local consumption taxes, and various acquisition costs, and is rounded down to the nearest million yen).

d. Share by remaining lease term

Lease term (remaining lease term) (Note 1)	Leased floor area (㎡) (Note 2) (Note 4) (Note 5)	Share (%) (Note 3)	Annual lease revenue (million yen) (Note 2) (Note 4) (Note 5)	Share (%) (Note 3)
7 years or more	59,765	7.4	772	7.4
At least 5 years but less than 7 years	87,009	10.8	1,193	11.4
At least 3 years but less than 5 years	139,737	17.4	1,835	17.5
At least 1 year but less than 3 years	265,966	33.2	3,536	33.8
Less than 1 year	249,772	31.1	3,138	30.0
Total	802,250	100.0	10,477	100.0

Note 1. “Lease term (remaining term)”is based on the remaining term of leases as of February 28, 2019, under the lease agreements for asset holdings that have been executed as of that date.

Note 2. “Leased floor area” is stated as the leased floor area associated with each trust property for each trust property as of February 28, 2019, while “annual lease revenue” is stated as the annualized monthly rent (including common service fees) shown in each lease agreement associated with each trust property for each trust property as of February 28, 2019 (for trust properties with multiple lease agreements, the aggregate thereof) (excluding consumption taxes) calculated by multiplying by 12, rounded down to the nearest million yen. These are then aggregated for each remaining lease term category.

Note 3. “Share” is rounded to the second decimal place. Therefore, the total may not add up to 100%.

Note 4. “Leased floor area” is rounded down to the nearest whole number. “Annual lease revenue” is rounded down to the nearest million yen.

Note 5. The table above was created using figures proportional (55% and 51%, respectively) to LLR's holdings of joint co-ownership interests in trust beneficiary interests for the leased floor area and annual lease revenue for LOGIPORT Hashimoto and LOGIPORT Sagamihara.

(3) Capital Expenditures on Portfolio Assets

(i) Planned capital expenditures

The major planned capital expenditures associated with improvements to properties held by LLR as of the reporting date are presented below. Estimated work costs may include amounts that will ultimately be classified as an expense for accounting purposes.

Property number	Property name	Location	Purpose	Expected timing	Estimated work costs (million yen) (Note)		
					Total amount	Current Payment Amount	Total amount paid
Tokyo-6	LOGIPORT Higashi Ogishima (A)	Kanagawa Prefecture Kawasaki City	Renewal of air conditioning equipment	From July 2019 to February 2020	10	-	-
Tokyo-7	LOGIPORT Higashi Ogishima (B)	Kanagawa Prefecture Kawasaki City	Renewal of air conditioning equipment	From June 2019 to February 2020	9	-	-
Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kanagawa Prefecture Kawasaki City	Renewal of air conditioning equipment	February 2020	9	-	-

Note: All amounts are rounded down to the nearest million yen.

(ii) Capital expenditures during the period

A summary of the main projects, treated as capital expenditures, associated with real estate held by LLR that were undertaken during the period is presented below. Capital expenditures were 150 million yen for the period, and there were also 111 million yen in maintenance expenses classified as other operating expenses.

Property number	Property name	Location	Purpose	Implementation period	Amount paid (million yen) (Note)
Tokyo-8	LOGIPORT Higashi Ogishima (C)	Kanagawa Prefecture Kawasaki City	Renewal of air conditioning equipment	From November 2018 to February 2019	9
Tokyo-5	LOGIPORT Nagareyama (B)	Chiba Prefecture Nagareyama City	Construction work to exchange LED lighting in exclusive use areas	February 2019	9
Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	ITV monitoring equipment replacement work	February 2019	8
Other capital expenditures					123
Total					150

Note: All amounts are rounded down to the nearest million yen.

(iii) Funds accumulated for purposes of the long-term repair plans (reserve fund for building repairs)

None

(4) Property Income/Expenses

(Unit: thousand yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-4	Tokyo-5
Name of property	LOGIPORT Hashimoto	LOGIPORT Sagamihara	LOGIPORT Kitakashiwa	LOGIPORT Nagareyama (A)	LOGIPORT Nagareyama (B)
Number of operating days in 6th period	181	181	181	181	
(i) Total real estate leasing revenues	608,167	717,479	769,813	847,985	
Rent revenue - real estate	560,895	654,547	694,658	778,455	
Other lease business revenue	47,272	62,932	75,154	69,530	
(ii) Total real estate leasing expenses	196,852	231,130	276,325	324,958	
Outsourcing costs	20,072	32,865	30,602	30,279	
Utilities expenses	29,934	44,044	62,995	53,542	
Taxes and public dues	53,573	60,818	72,423	59,150	
Insurance premiums	937	1,106	1,202	1,616	
Repair and maintenance	4,162	3,838	15,964	29,168	
Depreciation	74,835	67,852	90,446	147,444	
Other leasing expenses	13,336	20,605	2,691	3,756	
(iii) Real estate leasing profit (= (i) - (ii))	411,315	486,348	493,487	58,775	464,251
(iv) Rent NOI (= (iii) + Depreciation)	486,150	554,200	583,934	80,858	589,613

Note: Because consent has not been obtained from the single end tenant at LOGIPORT Nagareyama (A) to disclose information, real estate leasing revenues and real estate leasing expenses for LOGIPORT Nagareyama (B) are presented in aggregate with the real estate leasing revenues and real estate leasing expenses respectively.

(Unit: thousand yen)

Property number	Tokyo-6	Tokyo-7	Tokyo-8	Tokyo-9	Tokyo-10
Name of property	LOGIPORT Higashi Ogishima (A)	LOGIPORT Higashi Ogishima (B)	LOGIPORT Higashi Ogishima (C)	LOGIPORT Kawagoe	LOGIPORT Hiratsuka Shinmachi
Number of operating days in 6th period	181	181	181	181	181
(i) Total real estate leasing revenues	605,501	687,706	769,834	384,986	
Rent revenue - real estate	544,439	574,763	690,966	320,917	
Other lease business revenue	61,062	112,942	78,867	64,068	
(ii) Total real estate leasing expenses	161,596	232,100	255,210	106,457	
Outsourcing costs	38,962	48,768	52,083	17,512	
Utilities expenses	18,973	29,964	44,166	18,798	Not disclosed (Note)
Taxes and public dues	38,681	58,448	57,698	23,046	
Insurance premiums	1,096	1,372	1,462	503	
Repair and maintenance	11,361	20,570	9,044	2,979	
Depreciation	50,360	70,912	89,243	40,941	
Other leasing expenses	2,160	2,063	1,511	2,675	
(iii) Real estate leasing profit (= (i) - (ii))	443,905	455,605	514,623	278,528	150,937
(iv) Rent NOI (= (iii) + Depreciation)	494,265	526,518	603,866	319,469	176,452

Note: Not disclosed because approval for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

Property number	Osaka-1
Name of property	LOGIPORT Sakai Minamijimacho
Number of operating days in 6th period	181
(i) Total real estate leasing revenues	
Rent revenue - real estate	
Other lease business revenue	
(ii) Total real estate leasing expenses	
Outsourcing costs	
Utilities expenses	Not disclosed (Note)
Taxes and public dues	
Insurance premiums	
Repair and maintenance	
Depreciation	
Other leasing expenses	
(iii) Real estate leasing profit (= (i) - (ii))	174,012
(iv) Rent NOI (= (iii) + Depreciation)	204,993

Note: Not disclosed because consent for disclosure has not been obtained from the tenant.