

## Financial Results (REIT) for the Fiscal Period Ended August 31, 2023

October 16, 2023

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Stock Exchange Listing: TSE  
 URL: <https://lasalle-logiport.com/english/>

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 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 August 31, 2023(March 1, 2023 to August 31, 2023)

#### (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 August 31, 2023	11,215	2.1	5,741	0.8	5,090	(0.2)	5,089	(0.2)
Fiscal period ended February 28, 2023	10,982	1.8	5,697	0.6	5,099	0.6	5,098	0.6
	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 August 31, 2023	2,811		2.3		1.3		45.4	
Fiscal period ended February 28, 2023	2,856		2.4		1.3		46.4	

#### (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 August 31, 2023	2,725	5,090	365	681	3,090	5,772	100.0	2.3
Fiscal period ended February 28, 2023	2,856	5,097	241	430	3,097	5,528	100.0	2.4

Note 1. Due to the issuance of new investment, the payout ratio in the fiscal period ended August 31, 2023 was calculated according to the following formula, shown rounded to two decimal places.

$$\text{Payout ratio} = \frac{\text{total amount of distributions (excluding those in excess of earnings per unit)}}{\text{net income}} \times 100$$

Note 2. The net assets distribution ratio was calculated according to the following formula.

$$\text{Distributions per unit (excluding those in excess of retained earnings per unit)} / [(\text{net assets per unit at the beginning of the fiscal period} + \text{net assets per unit at the end of the fiscal period}) \div 2] \times 100$$

Note 3. The total amount of distributions in excess of retained earnings was considered to be a refund of investment, which, for tax purposes, falls under a category of distribution as a reduction in unitholders' capital.

Note 4. 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 period ended February 28, 2023 and August 31, 2023 were 0.003 and 0.004, respectively. Note that the calculation of the rates of reduction in retained earnings are based on Article 23, Paragraph 1, No. 5 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 August 31, 2023	406,070	225,031	55.4	120,466
Fiscal period ended February 28, 2023	383,879	213,456	55.6	119,583

(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 August 31, 2023	5,899	(24,770)	16,874	23,592
Fiscal period ended February 28, 2023	6,630	(679)	(5,496)	25,588

2. Forecasts for the Fiscal Periods Ending February 29, 2024 (September 1, 2023 to February 29, 2024) and August 31, 2024 (March 1, 2024 to August 31, 2024)

	Operating revenues		Operating income		Ordinary income		Net income		(% figures show period-over-period change)		
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	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)
	Yen		Yen		Yen		Yen		Yen	Yen	Yen
Fiscal period ended February 29, 2024	13,126	17.0	7,21	26.8	6,548	28.6	6,547	28.6	3,505	245	3,750
Fiscal period ended August 31, 2024	12,677	(3.4)	6,952	(4.5)	6,206	(5.2)	6,204	(5.2)	3,321	245	3,506

Reference: Forecasted net income per unit for the period ending February 29, 2024: 3,505yen ; forecasted net income per unit for the period ending August 31, 2024: 3,321yen

\* 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 August 31, 2024	Fiscal period ended February 28, 2023
(i) Total number of investment units issued and outstanding (including treasury units) at the end of the fiscal period	1,868,000 units	1,785,000 units
(ii) Number of treasury units at the end of the fiscal period	-	-

Note: Please see the "Notes on Per Unit Information" on page 31 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 February 29, 2024 and August 31, 2024" stated on page 6 below.

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## 1. Management Policy and Management Status

### (1) Management Status

#### (Overview of the Fiscal Period)

##### (i) Significant developments of the investment corporation

With LaSalle REIT Advisors K.K. as the organizer, LaSalle LOGIPORT REIT (LLR) was established on October 9, 2015, pursuant to the Investment Trusts Act, and was listed on the J-REIT section of the Tokyo Stock Exchange (Securities Code: 3466) on February 17, 2016.

The financial statements for the fiscal period ended August 31, 2023 (15th fiscal period) were recently completed, and the total number of issued and outstanding investment units as of the end of this fiscal period is 1,868,000 units.

##### (ii) Investment Environment and Management Performance

In the current fiscal year, the domestic consumption expenditures continue to lack strength in the Japanese economy due to inflation, although rise in consumption was expected after the COVID-19 was shifted to “Class 5” and the high wage increases were accomplished in the spring labor offensive. In the financial market, the Federal Reserve Board (FRB) remained unable to foresee the end of interest rate hike and the Bank of Japan has decided to be flexible on the yield curve control. Given the uncertainty over the direction of central bank's monetary policy, inflation stats, and foreign exchange rate trends, interest rate market continues to be highly volatile.

In the leasing market for prime logistics facilities, there is a continuing trend toward consolidation and integration of older properties primarily by third-party logistics (3PL) operators, as well as new expansions and diversification of space usage. The further establishment of a nationwide logistics network and supply chain are expected to also support the expansion of structural demand for prime logistics facilities. Under such environment, rental demand from a wide range of industries continues despite the vacancy rate for logistics facilities for lease is on a slight upward trend with a record-high level of new supply of logistics facility in the Tokyo metropolitan area. In addition, the vacancy rate in the Kinki region continues to remain low, with tight supply-demand conditions. Chubu region, although there were concerns that vacancy rates may rise as a relatively large new supply is planned, solid demand growth is being confirmed.

Under these conditions, LLR steadily managed its 22 properties (total acquisition price 380,934 million yen, leasable floor area 1,553,710 square-meters) and the portfolio occupancy rate at the end of the fiscal period was as high as at 99.0%. LLR's portfolio has 175 tenants that are well diversified as of the end of this fiscal period ended August 31, 2023.

##### (iii) Overview of Procurement of Funds

LLR raised 11,412 million yen through a public offering with a payment date of July 5, 2023, and an additional 600 million yen through a third-party allotment with a payment date of August 1, 2023, respectively. The total amount of unitholders' capital (net) as of the end of the fiscal period under review was 219,940 million yen.

In the fiscal year, LLR borrowed a total of 10,400 million yen in July 2023 in order to finance the acquisitions of three properties (Logiport Kyoto, Aisai logistics center and Kariya logistics center) as well as to finance part of the deal related costs.

Also, LLR repaid a total of 7,500 million yen in debt and raised the same amount in new debt on August 31, 2023.

In the fiscal year, LLR did not procure or repay interest-bearing debt. At the end of the current fiscal period, the balance of interest-bearing debt of LLR was 171,020 million yen and LTV was 42.1%.

The status of LLR's credit ratings assigned as of August 31, 2023 was as follows.

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

Note: This was the rating for the 2nd, 3rd, 5th, 6th, 7th and 8th Unsecured Investment Corporation Bonds.

##### (iv) Overview of Business Performance and Distributions

The operating period for the current fiscal period was 184 days from March 1, 2023 to August 31, 2023. During current fiscal period, LLR generated operating revenues of 11,215 million yen, operating income of 5,741 million yen, ordinary income of 5,090 million yen, and net income of 5,089 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 2,725 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 ("Continuous Distributions in Excess of Retained Earnings") (Note 1). Furthermore, in addition to the Continuous Distributions in Excess of Retained Earnings, in the case where the amount of DPU is expected to temporarily decrease to a certain extent due to the issuance of new investment units, issuance of investment corporation bonds, capital procurement such as debt financing, large scale repairs due to natural disasters such as earthquakes or accidents such as fires, or payments of monies as litigation settlement, or capital losses on the sale of real estate assets, or other reasons, the Investment Corporation may make temporary Distribution for Capital Reduction in an amount determined by it only for the purpose of smoothing out the amount of DPU ("Temporary Distributions in Excess of Retained Earnings").

In the current fiscal period, LLR distributed 438 million yen as an Continuous Distribution in Excess of Retained Earnings, an amount equivalent to approximately 30% of the 1,468 million yen that was 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. In addition, LLR decided to distribute 242 million yen as a Temporary Distributions in Excess of Retained Earnings, an amount equivalent to a one-time increase in property-related expenses (mainly outsourcing costs) and a one-time decrease in distribution per unit due to the issuance of new investment units, etc. As a result, the distribution in excess of retained earnings per unit in the current fiscal period was 365 yen (of which, Continuous Distributions in Excess of Retained Earnings per unit is 235 yen and Temporary Distributions in Excess of Retained Earnings per unit is 130 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 2. The amount of distributions which are the sum of the Continuous Distribution in Excess of Retained Earnings and the Temporary Distributions in Excess of Retained Earnings when Temporary 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 3. The engineering report for each property prepared by building condition surveyors' 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 334 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.

#### (Outlook for the Future)

##### (i) 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. In addition, given the current uncertain outlook, LLR will work to stabilize rent income by actively renewing contracts that will come due in the future ahead of schedule. 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 to mainly institutional investors 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.

(ii) Significant Subsequent Events

a. Execution of a purchase & sale agreement for the acquisition of assets (real estate trust beneficiary interests)

On October 16, 2023, LLR has decided to acquire the following newly acquired asset, and plan to acquire it on March 1, 2024. The purchase and sale agreements associated with the intended acquisition asset is 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. The same applies hereinafter). In addition, the intended acquisition date is subject to change as agreed upon between LLR and the seller in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Other	Other-3	Inuyama Logistics Center	Inuyama-city, Aichi	3,270	LRF2 Properties GK

b. Execution of underwriting agreements for the acquisition of assets (preferred shares and specified corporate bonds)

On October 16, 2023, LLR has decided to acquire the following newly preferred shares and specified corporate bonds (hereinafter collectively referred to as “Newly Acquired Assets” in b.). The underwriting agreement for the acquisition of the Newly Acquired Assets is forward commitment agreements.

Asset name	Acquisition price (million yen)	Acquiring entity	Subject real estate
NY Properties TMK Preferred shares	735	NY Properties TMK	Nanko Logistics Center, Yachiyo Logistics Center
NY Properties TMK Specified corporate bonds	2,000		

Intended acquisition days

Preferred shares	:1st Closing Mid-November 2023	392 million yen
	2nd Closing Mid-March 2024	171.5 million yen
	3rd Closing Late-June 2024 to Early-July 2024	171.5 million yen
Specified corporate bonds	:1st Closing November 21, 2023	800 million yen
	2nd Closing March 19, 2024	600 million yen
	3rd Closing July 9, 2024	600 million yen

c. Decided to acquisition of assets (equity in investment in a silent partnership)

On October 16, 2023, LLR has decided to acquire the following newly equity in investment in a silent partnership, and plan to acquire it on October 30, 2023. In addition, the preferred shares of Kansai 1 Property TMK held by LLR (whose subject real estate is the following Osaka Suminoe Logistics Center), are scheduled to be redeemed by the end of the fiscal period ending February 2024.

Asset name	Acquisition price (million yen)	Acquiring entity	Subject real estate
Equity in investment in a silent partnership of LRF2 Properties GK	190	LRF2 Properties GK	Osaka Suminoe Logistics Center

d. Execution of a purchase & sale agreement for the disposition of assets (real estate trust beneficiary interests)

On October 16, 2023, LLR has decided to dispose of the following newly disposed asset. The purchase and sale agreements associated with the Intended Disposition Asset is forward commitment agreements. In addition, the intended disposition date is subject to change as agreed upon between LLR and the buyer in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Disposition price (million yen)	Buyer
Tokyo area	Tokyo-5	LOGIPORT Nagareyama B (Joint Co-ownership interest of 37.5%)	Nagareyama, Chiba	13,125	Undisclosed
Intended acquisition day		:1st Closing (Joint Co-ownership interest of 12.5%)		November 22, 2023	4,375 million yen
		:2nd Closing (Joint Co-ownership interest of 12.5%)		March 21, 2024	4,375 million yen
		:3rd Closing (Joint Co-ownership interest of 12.5%)		September 10, 2024	4,375 million yen

(iii) Forecast of Financial Results

The outlook for LLR's financial results for the fiscal period ending February 29, 2024 and the period ending August 31, 2024 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 February 29, 2024	13,126	7,281	6,548	6,547	3,505	245	3,750
Fiscal period ending August 31, 2024	12,677	6,952	6,206	6,204	3,321	245	3,566

For the assumptions used in this outlook, please refer to the “Forecast Assumptions for the Fiscal Periods Ending February 29, 2024 and August 31, 2023” below.

Note. The figures above represent LLR's outlook at present and were 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 February 29, 2024 and August 31, 2024

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>Fiscal period ending February 29, 2024: September 1, 2023 to February 29, 2024 (182 days)</li> <li>Fiscal period ending August 31, 2024: March 1, 2024 to August 31, 2024 (184 days)</li> </ul>
Property portfolio	<ul style="list-style-type: none"> <li>The prevailing assumption is that aside from the real estate trust beneficiary interests ( 22 assets in total) and preferred shares (Three asset) and equity in investment in a silent partnership (One asset) currently held by LLR (collectively, the “Currently Held Assets”), the following real estate trust beneficiary interests are to be acquired and disposed <ul style="list-style-type: none"> <li>Acquisition of assets (preferred share) <ul style="list-style-type: none"> <li>NY Properties TMK <ul style="list-style-type: none"> <li>1st Closing Mid-November 2023</li> <li>2nd Closing Mid-March 2024</li> <li>3rd Closing Late-June 2024 to Early-July 2024</li> </ul> </li> <li>Acquisition of assets (specified corporate bonds ) <ul style="list-style-type: none"> <li>NY Properties TMK <ul style="list-style-type: none"> <li>1st Closing November 21, 2023</li> <li>2nd Closing March 19, 2024</li> <li>3rd Closing July 9, 2024</li> </ul> </li> <li>Acquisition of assets (equity in investment in a silent partnership) <ul style="list-style-type: none"> <li>Equity in investment in a silent partnership of LRF2 Properties GK</li> <li>Anticipated to be acquired on October 30, 2023.</li> </ul> </li> <li>Acquisition of assets (real estate trust beneficiary interests) <ul style="list-style-type: none"> <li>Inuyama Logistics Center</li> <li>Anticipated to be acquired on March 1, 2024.</li> </ul> </li> <li>Disposition of assets (real estate trust beneficiary interests) <ul style="list-style-type: none"> <li>LOGIPORT Nagareyama B <ul style="list-style-type: none"> <li>1st Closing (Joint Co-ownership interest of 12.5%) November 22, 2023</li> <li>2nd Closing (Joint Co-ownership interest of 12.5%) March 21, 2024</li> </ul> </li> </ul> </li> <li>Redemption of assets (preferred share) <ul style="list-style-type: none"> <li>Kansai I Preferred TMK</li> <li>Anticipated to be redeemed by the end of February,2024</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>
	<ul style="list-style-type: none"> <li>The prevailing assumption is that asides from the aforementioned acquisition and disposition,no other changes (including acquisition of new property or disposition of properties held by LLR) would occur by the end of the fiscal period ending August 31, 2024.</li> <li>There is a possibility for further changes should LLR decide to acquire additional assets in addition to the Anticipated Acquisition Asset or dispose of properties held by LLR.</li> </ul>



Item	Assumptions
Operating revenue	<ul style="list-style-type: none"> <li>• Leasing rental revenue is calculated based on the lease contracts of the Currently Held Assets in effect as of today, and market trends, etc.</li> <li>• Interests and dividends of the acquiring assets (specified bonds) are calculated based on the details stipulated in the Terms of the Bond (<i>Shasai-Yoko</i>). The dividend income of the acquiring assets (specified bonds) is calculated with an assumption to start from November 2023.</li> <li>• Dividends for the acquiring assets (preferred securities) is calculated based on the estimated occupancy rate of the collateral assets and estimated expense for the TMK. The dividend income of the acquiring assets (preferred securities) is calculated with an assumption to start from August 2024.</li> <li>• For the assets to be sold, gain on disposal for the FY ending in February 2024 and August 2024 are estimated to be 1,138 million yen and 1,135 million yen respectively, although the actual number is subject to change.</li> <li>• Expecting to receive dividends upon asset redemption and the amount is estimated to be 469 million yen for the FY ending in February 2024, although the actual number is subject to change.</li> <li>• The average occupancy rate of all properties is expected to be 99.2% in the fiscal period ending February 29, 2024, and 98.7% in the fiscal period ending August 31, 2024.</li> <li>• With respect to operating revenues, there is an underlying assumption that tenants will fully pay their contractual rents without delinquency.</li> <li>• LLR expects that there will be no operating revenues to be generated in connection with the preferred shares.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Leasing-related expenses, other than depreciation expenses are based on the actual historical figures of the Currently Held Assets and relevant agreements in effect as of today.</li> <li>• Depreciation expense, including ancillary costs, is calculated using a straight-line depreciation method, and LLR assumed depreciation expense to be 1,528 million yen and 1,531 million yen for the fiscal periods ending February 29 2024 and , August 31, 2024, respectively.</li> <li>• At acquisition, property taxes, city planning tax and depreciable asset tax (collectively, the “property taxes”) are typically calculated on a pro-rata basis, based on the actual number of days of the year that the properties are owned by the buyer and seller respectively, and LLR’s pro-rata amount of the property taxes is assumed to be capitalized as part of LLR’s acquisition costs. Accordingly, for the asset acquired during the fiscal period ending August 31, 2023, this capitalized cost will not be expensed during the fiscal period ending August 31, 2024 and the property taxes for the 2025 tax year will begin to be expensed through the income statement starting in the fiscal period ending August 31, 2025, Property taxes for the full fiscal period are expected to be 8 million yen in the fiscal period ending August 31, 2025. Property taxes, are expected to be 1,011 million yen and 1,085 million yen for the fiscal period ending February 29, 2024 and, August 31, 2024 respectively.</li> <li>• 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.</li> <li>• LLR expects that there will be no operating expenses to be incurred in connection with the preferred shares and equity in investment in a silent partnership.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• The projected amortization of costs related to the issuance of new investment units and the public offering of investment units are 11 million yen for the fiscal year ending February 29, 2024 and 3 million yen for the fiscal year ending August 31, 2024, respectively.</li> <li>• 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 671 million yen and 708 million yen for the fiscal periods ending February 29, 2024, and August 31, 2024 respectively. Non-cash items, which are included in interest expenses and other debt-related costs, are expected to be 113 million yen and 112 million yen for the fiscal periods ending February 29, 2024 and August 31, 2024, respectively.</li> <li>• Loss on redemption of the preferred shares of the Anticipated Redemption Asset is expected to be 12million yen for the fiscal period ending , February 29, 2024</li> </ul>

Item	Assumptions
Loans payable	<ul style="list-style-type: none"> <li>• As of August 31, 2023, the balance of interest-bearing debts of LLR was 171,020 million yen.</li> <li>• It is assumed that all other borrowings or investment corporation bonds that are due by the end of the fiscal period ending August 31, 2024 will be refinanced.</li> <li>• The LTV ratio as of the end of each fiscal period ending February 29, 2024 and August 31, 2024 is assumed to be approximately 42.0%, 42.1% respectively (rounded to one decimal place).</li> <li>• The LTV ratio is calculated by the following formula:</li> <li>• <math>LTV = \text{total interest-bearing debt} \div \text{total assets} \times 100</math></li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• Current outstanding number of units is 1,868,000. It is assumed that LLR does not have any changes to the number of outstanding units by the end of the fiscal period ending August 31, 2024.</li> </ul>
Distributions per unit (excluding those in excess of retained earnings per unit)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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, the actual number of new investment units to be issued, the issue price of such investment units and any additional issuance of new investment units in the future.</li> </ul>

Item	Assumptions
Distributions in excess of retained earnings per unit	<ul style="list-style-type: none"> <li>• 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 February 29, 2024, and August 31, 2024, 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 457 million yen and 457 million yen, respectively.</li> <li>• 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.</li> <li>• 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 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. Furthermore, to maintain the stability of LLR's distributions per unit in the event that an amount of distributions per unit temporarily decreases due to a series of financing actions such as the issuance of new investment units (including investment unit third-party allotment) or large scale repair and maintenance, which may result in a temporary dilution of investment units or incurrence of large expenses, LLR may make distributions as temporary distributions in excess of retained earnings in addition to continuous distributions in excess of retained earnings. In addition, 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.</li> <li>• 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%:  <math display="block">\text{Appraisal LTV (\%)} = A/B \times 100</math> <p>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)).</p> <p>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.</p> <p>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.</p> </li> </ul>

Item	Assumptions
Other	<ul style="list-style-type: none"><li data-bbox="416 232 1444 360">• 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.</li><li data-bbox="416 376 1444 436">• As an underlying premise, LLR assumes that there are no unexpected material changes to general economic trends and real estate market conditions.</li></ul>

(2) 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 May 30, 2023).

## 2. Financial Statements

### (1) Balance Sheet

	Thousands of yen	
	As of	
	February 28, 2023	August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,742,816	17,951,390
Cash and deposits in trust	7,044,401	7,939,192
Operating accounts receivable	487,725	499,547
Prepaid expenses	267,742	260,319
Consumption taxes refund receivable	-	675,014
Other	469	469
<b>Total current assets</b>	<b>28,543,154</b>	<b>27,325,933</b>
Non-current assets		
Property, plant and equipment		
Buildings in trust	130,154,362	139,633,302
Accumulated depreciation	(13,083,474)	(14,537,907)
Buildings in trust, net	117,070,888	125,095,395
Structures in trust	185,038	199,523
Accumulated depreciation	(41,433)	(49,348)
Structures in trust, net	143,605	150,175
Machinery and equipment in trust	214,383	214,383
Accumulated depreciation	(23,130)	(27,604)
Machinery and equipment in trust, net	191,252	186,778
Tools, furniture and fixtures in trust	32,520	33,802
Accumulated depreciation	(5,517)	(7,427)
Tools, furniture and fixtures in trust, net	27,002	26,374
Land in trust	236,108,725	250,477,043
Construction in progress in trust	18,247	183,202
<b>Total property, plant and equipment</b>	<b>353,559,721</b>	<b>376,118,970</b>
Investments and other assets		
Investment securities	845,499	1,761,354
Long-term prepaid expenses	821,163	771,764
Deferred tax assets	22	1
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	10,137	10,137
<b>Total investments and other assets</b>	<b>1,686,823</b>	<b>2,553,258</b>
<b>Total non-current assets</b>	<b>355,246,545</b>	<b>378,672,229</b>
Deferred assets		
Investment unit issuance expenses	33,659	21,267
Investment corporation bond issuance costs	55,851	51,078
<b>Total deferred assets</b>	<b>89,510</b>	<b>72,346</b>
<b>Total assets</b>	<b>383,879,210</b>	<b>406,070,509</b>

Balance Sheet, continued

	Thousands of yen	
	As of	
	February 28, 2023	August 31, 2023
Liabilities		
Current liabilities		
Operating accounts payable	403,745	399,283
Short-term loans payable	-	10,400,000
Current portion of long-term loans payable	16,560,000	9,060,000
Accounts payable	1,725,674	1,805,469
Accrued expenses	9,724	6,233
Income taxes payable	1,062	619
Accrued consumption taxes	240,936	-
Advances received	1,915,843	2,054,545
Other	1,343,644	1,404,752
Total current liabilities	22,200,631	25,130,905
Non-current liabilities		
Investment corporation bonds payable	13,500,000	13,500,000
Long-term loans payable	130,560,000	138,060,000
Tenant leasehold and security deposits in trust	4,161,710	4,348,307
Total non-current liabilities	148,221,710	155,908,307
Total liabilities	170,422,342	181,039,212
Net assets		
Unitholders' equity		
Unitholders' capital	211,863,933	223,876,689
Deduction from unitholders' capital	(3,506,315)	(3,936,500)
Unitholders' capital, net	208,357,618	219,940,189
Surplus		
Unappropriated retained earnings (undisposed loss)	5,099,250	5,091,107
Total surplus	5,099,250	5,091,107
Total unitholders' equity	213,456,868	225,031,296
Total net assets	(*2) 213,456,868	(*2) 225,031,296
Total liabilities and net assets	383,879,210	406,070,509

(2) Income Statement

	Thousands of yen	
	For the periods ended	
	February 28, 2023	August 31, 2023
Operating revenues		
Rental revenues	(*1) 10,064,316	(*1) 10,259,910
Other rental revenues	(*1) 917,936	(*1) 955,831
Total operating revenue	10,982,252	11,215,742
Operating expenses		
Property-related expenses	(*1) 3,819,218	(*1) 4,010,406
Asset management fee	1,347,676	1,342,691
Asset custody and administrative fee	40,479	39,773
Directors' compensations	5,400	5,400
Audit fee	12,000	14,000
Bad debt expenses	-	68
Other operating expenses	60,005	61,542
Total operating expenses	5,284,780	5,473,881
Operating profit	5,697,472	5,741,860
Non-operating income		
Interest income	131	129
Reversal of distributions payable	593	504
Total non-operating income	724	633
Non-operating expenses		
Interest expenses	400,500	435,584
Interest expenses on investment corporation bonds	38,646	39,903
Amortization of investment unit issuance expenses	22,031	22,598
Amortization of investment corporation bond issuance costs	4,772	4,772
Investment unit public offering expenses	-	27,652
Borrowing related expenses	132,758	121,504
Total non-operating expenses	598,708	652,016
Ordinary income	5,099,488	5,090,478
Income before income taxes	5,099,488	5,090,478
Income taxes - current	1,082	639
Income taxes - deferred	2	21
Total income taxes	1,085	660
Net income	5,098,403	5,089,817
Retained earnings brought forward	846	1,290
Unappropriated retained earnings (undisposed loss)	5,099,250	5,091,107



(3) Statement of Unitholders' Equity

Previous period (For the period ended February 28, 2023)

	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	211,863,933	(3,077,915)	208,786,018	5,068,461	5,068,461
Changes of items during period					
Distributions in excess of retained earnings		(428,400)	(428,400)		
Dividends of retained earnings				(5,067,615)	(5,067,615)
Net income				5,098,403	5,098,403
Total changes of items during period	-	(428,400)	(428,400)	30,788	30,788
Balance at end of current period	(*1) 211,863,933	(3,506,315)	208,357,618	5,099,250	5,099,250

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	213,854,479	213,854,479
Changes of items during period		
Distributions in excess of retained earnings	(428,400)	(428,400)
Dividends of retained earnings	(5,067,615)	(5,067,615)
Net income	5,098,403	5,098,403
Total changes of items during period	(397,611)	(397,611)
Balance at end of current period	213,456,868	213,456,868

Current period (For the period ended August 31, 2023)

	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	211,863,933	(3,506,315)	208,357,618	5,099,250	5,099,250
Changes of items during period					
Issuance of new investment units	12,012,756		12,012,756		
Distributions in excess of retained earnings		(430,185)	(430,185)		
Dividends of retained earnings				(5,097,960)	(5,097,960)
Net income				5,089,817	5,089,817
Total changes of items during period	12,012,756	(430,185)	11,582,571	(8,142)	(8,142)
Balance at end of current period	223,876,689	(3,936,500)	219,940,189	5,091,107	5,091,107

	Thousands of yen	
	Unitholders' equity	
	Total unitholders' equity	Total net assets
Balance at beginning of current period	213,456,868	213,456,868
Changes of items during period		
Issuance of new investment units	12,012,756	12,012,756
Distributions in excess of retained earnings	(430,185)	(430,185)
Dividends of retained earnings	(5,097,960)	(5,097,960)
Net income	5,089,817	5,089,817
Total changes of items during period	11,574,428	11,574,428
Balance at end of current period	225,031,296	225,031,296

(4) Statements related to Distributions

	Yen	
	For the periods ended	
	February 28, 2023	August 31, 2023
I Unappropriated retained earnings for the period	5,099,250,013	5,091,107,467
II Additional amount of distributions in excess of retained earnings		
Deduction for unitholders' capital	430,185,000	681,820,000
III Amount of distributions	5,528,145,000	5,772,120,000
(amount of distributions per investment unit)	(3,097)	(3,090)
Of which, distributions of retained earnings	5,097,960,000	5,090,300,000
(of which, distributions of retained earnings per unit)	(2,856)	(2,725)
Of which, distributions in excess of retained earnings	430,185,000	681,820,000
(of which, distributions in excess of retained earnings per unit)	(241)	(365)
IV Retained earnings brought forward	1,290,013	807,467

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, 5,097,960,000 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 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, 5,090,300,000 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.

Yen	
For the periods ended	
February 28, 2023	August 31, 2023
<p>Based on this policy, the amount roughly equivalent to 30% of the 1,439,473,778 yen that is the amount remaining after deducting the total 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 430,185,000 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).</p>	<p>Based on this policy, the amount roughly equivalent to 30% of the 1,468,730,876 yen that is the amount remaining after deducting the total 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 438,980,000 yen. In addition, the amount equivalent to a one-time increase in property-related expenses (mainly outsourcing costs) and a one-time decrease in distribution per unit due to the issuance of new investment units, etc, was calculated to be 242,840,000 yen. As a result, LLR was allocated 681,820,000 yen as the total amount of distributions of earnings in excess of retained earnings (amount of contributions refunded that under tax law is equivalent to a capital- refund distribution).</p>

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	
	February 28, 2023	August 31, 2023
Cash flows from operating activities		
Income before income taxes	5,099,488	5,090,478
Depreciation	1,439,473	1,468,730
Amortization of investment unit issuance expenses	22,031	22,598
Amortization of investment corporation bond issuance costs	4,772	4,772
Interest income	(131)	(129)
Interest expenses	439,146	475,488
Decrease (increase) in operating accounts receivable	25,929	(11,822)
Decrease (increase) in consumption taxes refund receivable	-	(797,431)
Decrease (increase) in prepaid expenses	(17,682)	7,423
Decrease (increase) in long-term prepaid expenses	(408)	49,398
Increase (decrease) in operating accounts payable	55,549	(4,461)
Increase (decrease) in accounts payable - other	29,848	55,091
Increase (decrease) in accrued consumption taxes	(57,037)	(118,519)
Increase (decrease) in advances received	22,914	138,702
Other, net	3,636	(1,008)
Subtotal	7,067,531	6,379,312
Interest income received	131	129
Interest expenses paid	(435,655)	(478,978)
Income taxes paid	(1,138)	(1,082)
Net cash provided by (used in) operating activities	6,630,868	5,899,380
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(421,925)	(24,003,276)
Purchase of investment securities	(331,362)	(1,125,854)
Proceeds from redemption of investment securities	-	210,000
Proceeds from tenant leasehold and security deposits in trust	99,756	348,986
Repayments of tenant leasehold and security deposits in trust	(26,051)	(200,058)
Net cash provided by (used in) investing activities	(679,583)	(24,770,203)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	10,400,000
Proceeds from long-term loans payable	15,110,000	7,500,000
Repayments of long-term loans payable	(15,110,000)	(7,500,000)
Proceeds from issuance of investment units	-	12,002,549
Payment of distributions of retained earnings	(5,068,236)	(5,097,509)
Payment of distributions in excess of retained earnings	(428,449)	(430,136)
Net cash provided by (used in) financing activities	(5,496,686)	16,874,903
Net increase (decrease) in cash and cash equivalents	454,598	(1,995,919)
Cash and cash equivalents at beginning of period	25,133,682	25,588,281
Cash and cash equivalents at end of period	(*1) 25,588,281	(*1) 23,592,361

(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

Shares without market price

The moving average cost method is adopted.

Equity in investment in a silent partnership

The method in which the amount equivalent to the equity in investment in a silent partnership is taken in as a net amount is 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
Machinery and equipment	8-24 years
Tools, furniture and fixtures	4-15 years

3. Accounting treatment for deferred assets

(i) Issuance costs for corporate bonds

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

(ii) Investment unit issuance expenses

Amortized over a period of three years.

4. Standards for revenue and expense recognition

(i) Standards for recording revenue

The details of main performance obligations concerning revenue generated from contracts between LLR and its customers and the ordinary time to satisfy performance obligations (ordinary time to recognize revenue) are as follows.

(a) Sale of real estate property

LLR recognizes revenue from the sale of real estate property when the purchaser, as the customer, obtains control of the real estate property. Note that LLR discloses “Gain on sales of real estate properties” or “Loss on sales of real estate properties” based on “Sales proceed” excluding “Book value of properties sold” and “Other sales expenses” on Income Statement. “Gain on sales of real estate properties” and “Loss on sales of real estate properties” were not recorded in the current fiscal period.

(b) Utilities charge reimbursement

LLR supplies utilities services such as the electricity, water, etc. to the lessee as the customer and recognize those income based on contracts with the customers.

(ii) 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. The amount of fixed asset taxes, etc. included in the acquisition costs of real estate, etc. was not recorded in the previous fiscal period, and was 46,387 thousand yen in the current fiscal period.

5. Hedge accounting method

(i) Method of hedge accounting

LLR uses deferral hedge accounting. However, special treatment was 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 was 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 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, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust
      - (c) Lease and guarantee deposits in trust
      - (d) Tenant leasehold and security deposits in trust
  - (ii) Treatment of nondeductible portion of consumption taxes
    - The nondeductible portion of consumption taxes imposed in connection with assets was charged to expense in the period incurred.

(8) Notes on the Financial Statements

[Notes on Balance Sheet]

1. Commitment line agreement

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

	Thousands of yen	
	As of	
	February 28, 2023	August 31, 2023
Total amount of committed line of credit	4,000,000	4,000,000
Borrowings drawn down	-	-
Balance of unused committed line of credit	4,000,000	4,000,000

\* 2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	Thousands of yen	
	As of	
	February 28, 2023	August 31, 2023
	50,000	50,000

[Notes on Income Statement]

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

	Thousands of yen	
	For the periods ended	
	February 28, 2023	August 31, 2023
(i) Real estate leasing revenues		
Rental revenues		
Rental income	9,226,227	9,422,889
Common service fee	838,089	837,021
Total	10,064,316	10,259,910
Other rental revenues		
Utilities charge reimbursement	642,756	619,011
Parking revenue	188,403	185,811
Other lease revenues	86,776	151,008
Total	917,936	955,831
Total real estate leasing revenues	10,982,252	11,215,742
(ii) Real estate leasing expenses		
Property-related expenses		
Outsourcing costs	428,309	449,442
Utilities expenses	631,575	591,094
Taxes and public dues	1,008,438	1,015,203
Insurance premiums	21,635	22,650
Repair and maintenance	129,435	172,757
Depreciation	1,439,473	1,468,730
Other leasing expenses	160,349	290,527
Total real estate leasing expenses	3,819,218	4,010,406
(iii) Real estate leasing profit ((i) - (ii))	7,163,034	7,205,335



[Notes on 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	
	February 28, 2023	August 31, 2023
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,785,000 units	1,868,000 units

[Notes on 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	
	February 28, 2023	August 31, 2023
Cash and deposits	20,742,816	17,951,390
Cash and deposits in trust	7,044,401	7,939,192
Restricted deposits in trust (Note)	(2,198,936)	(2,298,221)
Cash and cash equivalents at period end	25,588,281	23,592,361

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

[Notes on Lease Transactions]

Operating lease transactions (lessor)

Unearned leasing fees associated with non-cancelable operating leases

	Thousands of yen	
	As of	
	February 28, 2023	August 31, 2023
Due within one year	16,036,377	16,100,019
Due after one year	30,204,958	35,369,988
Total	46,241,335	51,470,008

[Notes on 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

Certain assumptions, etc. are used in calculating the fair value of financial instruments, and there can be cases where the values may vary based on different assumptions, etc. In addition, concerning the contract amounts of derivative transactions in “Derivative transactions” below the amount itself does not represent the value of the market risks associated with the derivative transactions.

2. Matters concerning the fair value of financial instruments

Previous period (As of February 28, 2023)

Amounts recognized on the balance sheet as of the fiscal period ended February 28, 2023, fair values, and differences between these amounts are presented below. Shares without market price are not included in the following table (Note 2). The notes for “Cash and deposits”, “Cash and deposits in trust” and “Short-term loans payable” are omitted due to their short-term settlement. Also, the note for “Tenant leasehold and security deposits in trust” is omitted because of immaterial.

	Thousands of yen		
	As of February 28, 2023		
	Book value	Fair value	Difference
(1) Current portion of long-term loans payable	16,560,000	16,566,924	6,924
(2) Investment corporation bonds payable	13,500,000	13,086,050	(413,950)
(3) Long-term loans payable	130,560,000	131,857,760	1,297,760
Total liabilities	160,620,000	161,510,735	890,735
Derivative transactions	-	-	-

Current period (As of August 31, 2023)

Amounts recognized on the balance sheet as of the fiscal period ended August 31, 2023, fair values, and differences between these amounts are presented below. Shares without market price are not included in the following table (Note 2). The notes for “Cash and deposits”, “Cash and deposits in trust” and “Short-term loans payable” are omitted due to their short-term settlement. Also, the note for “Tenant leasehold and security deposits in trust” is omitted because of immaterial.

	Thousands of yen		
	As of August 31, 2023		
	Book value	Fair value	Difference
(1) Current portion of long-term loans payable	9,060,000	9,067,831	7,831
(2) Investment corporation bonds payable	13,500,000	13,152,250	(347,750)
(3) Long-term loans payable	138,060,000	139,227,563	1,167,563
Total liabilities	160,620,000	161,447,644	827,645
Derivative transactions	-	-	-

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

(1) Current portion of long-term loans payable, (3) 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.

(2) Investment corporation bonds payable

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

Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

Note 2. Shares without market price

Previous period (As of February 28, 2023)

As for the preferred securities (653,951 thousand yen recognized on the balance sheet), the fair value is not disclosed based on the treatment stipulated in paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020).

Current period (As of August 31, 2023)

As for the preferred securities (1,134,001 thousand yen recognized on the balance sheet), the fair value is not disclosed based on the treatment stipulated in paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020).

Note 3. Equity in investment in a silent partnership

Previous period (As of February 28, 2023)

As for the equity in investment in a silent partnership (191,548 thousand yen recognized on the balance sheet), notes as stipulated in Paragraph 4 (1) of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020) are not disclosed by applying the treatment stipulated in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021).

Current period (As of August 31, 2023)

As for the equity in investment in a silent partnership (627,353 thousand yen recognized on the balance sheet), notes as stipulated in Paragraph 4 (1) of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020) are not disclosed by applying the treatment stipulated in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021).

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 February 28, 2023)

	Thousands of yen					
	As of February 28, 2023					
	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	-	-	-	2,000,000	6,500,000	5,000,000
Long-term loans payable	16,560,000	9,070,000	21,450,000	18,680,000	14,200,000	67,160,000
Total	16,560,000	9,070,000	21,450,000	20,680,000	20,700,000	72,160,000

Current period (As of August 31, 2023)

	Thousands of yen					
	As of August 31, 2023					
	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	-	-	-	5,500,000	3,000,000	5,000,000
Long-term loans payable	9,060,000	20,820,000	17,580,000	18,700,000	18,520,000	62,440,000
Total	9,060,000	20,820,000	17,580,000	24,200,000	21,520,000	67,440,000

[Notes on Securities]

Previous period (As of February 28, 2023)

As for the preferred securities (653,951 thousand yen recognized on the balance sheet), the fair value is not disclosed based on the treatment stipulated in paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020).

Also, as for the equity in investment in a silent partnership (191,548 thousand yen recognized on the balance sheet), notes as stipulated in Paragraph 4 (1) of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020).

Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020) are not disclosed by applying the treatment stipulated in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021).

Current period (As of August 31, 2023)

As for the preferred securities (1,134,001 thousand yen recognized on the balance sheet), the fair value is not disclosed based on the treatment stipulated in paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020).

Also, as for the equity in investment in a silent partnership (627,353 thousand yen recognized on the balance sheet), notes as stipulated in Paragraph 4 (1) of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020) are not disclosed by applying the treatment stipulated in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021).

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting was not applied

Previous period (As of February 28, 2023)

None

Current period (As of August 31, 2023)

None

2. Derivative transactions to which hedge accounting was applied

Previous period (As of February 28, 2023)

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, 2023				
		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	117,320,000	111,130,000	(Note)	(Note)

Current period (As of August 31, 2023)

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, 2023				
		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	117,320,000	111,130,000	(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 (1) Current portion of long-term loans payable and (3) 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 on Transactions with Related Parties]

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

Previous period (For the period ended February 28, 2023)

None

Current period (For the period ended August 31, 2023)

None

2. Transactions and Account Balances with Affiliates

Previous period (For the period ended February 28, 2023)

None

Current period (For the period ended August 31, 2023)

None

3. Transactions and Account Balances with Companies under Common Control

Previous period (For the period ended February 28, 2023)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending balance (thousands of yen) (Note 1)
						Common board member	Business relationship				
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset manager	Payment of asset management fee (Note 3)	1,350,826	Accounts payable	1,482,444

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, attributable to investment securities acquisitions, was 3,150 thousand yen.

Current period (For the period ended August 31, 2023)

Classification	Name of the company	Address	Stated capital (thousands of yen)	Type of business	Percentage of voting rights owned	Relation		Type of transaction (Note 2)	Transaction amount (thousands of yen) (Note 1)	Account	Ending balance (thousands of yen) (Note 1)
						Common board member	Business relationship				
Subsidiary of an affiliate	LaSalle REIT Advisors K.K.	Chiyoda-ku, Tokyo	164,500	Investment management business	-	Executive Director of LLR and President & CEO of the Asset Manager	Asset manager	Payment of asset management fee (Note 3)	1,584,791	Accounts payable	1,476,960

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, attributable to property and investment securities acquisitions, were 231,050 thousand yen and 11,050 thousand yen, respectively.

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

Previous period (For the period ended February 28, 2023)

None

Current period (For the period ended August 31, 2023)

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	
	February 28, 2023	August 31, 2023
(Deferred tax assets)		
Enterprise tax payable	22	1
Total deferred tax assets	22	1
Net deferred tax assets	22	1

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	
	February 28, 2023	
	February 28, 2023	August 31, 2023
Statutory tax rate	31.46 %	31.46 %
(Adjustments)		
Deductible distributions	(31.45 %)	(31.46 %)
Other	0.01 %	0.01 %
Actual effective income tax rate	0.02 %	0.01 %

[Notes on Retirement Benefits]

Previous period (As of February 28, 2023)  
None

Current period (As of August 31, 2023)  
None

[Notes on Equity Method Earnings]

Previous period (As of February 28, 2023)  
None

Current period (As of August 31, 2023)  
None

[Notes on Asset Retirement Obligations]

Previous period (As of February 28, 2023)  
None

Current period (As of August 31, 2023)  
None

[Notes on 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 February 28, 2023)

(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 August 31, 2023)

(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 on 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	
	February 28, 2023	August 31, 2023
Book value (Note 1)		
Balance at the beginning of the period	354,637,038	353,559,721
Changes during the period (Note 2)	(1,077,317)	22,559,249
Balance at the end of the period	353,559,721	376,118,970
Fair value at the end of the period (Note 3)	427,240,000	457,840,000

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

Note 2. The decrease for period ended February 28, 2023, was a result of the recognition of depreciation expenses of 1,439,473 thousand yen. In addition, the increase for period ended August 31, 2023, was a result of the acquisition of three properties during the period with a total value of 23,401,367 thousand yen. The decrease for period ended August 31, 2023, was a result of the recognition of depreciation expenses of 1,468,730 thousand yen, respectively.

Note 3. The fair value at the end of the period was 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 on Revenue Recognition]

1. Breakdown information on revenue from contracts with customers

Previous period (For the period ended February 28, 2023)

	Thousands of yen	
	Revenue from contracts with customers (Note)	Sales to external customers
Sales of real estate properties	-	-
Utilities charge reimbursement	642,756	642,756
Other	-	10,339,495
<b>Total</b>	<b>642,756</b>	<b>10,982,252</b>

Note. Rental revenue, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sales of real estate properties and utilities charge reimbursement.

Current period (For the period ended August 31, 2023)

	Thousands of yen	
	Revenue from contracts with customers (Note)	Sales to external customers
Sales of real estate properties	-	-
Utilities charge reimbursement	619,011	619,011
Other	-	10,596,730
<b>Total</b>	<b>619,011</b>	<b>11,215,742</b>

Note. Rental revenue, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sales of real estate properties and utilities charge reimbursement.

[Notes on Per Unit Information]

	Yen	
	For the periods ended	
	February 28, 2023	August 31, 2023
Net assets per unit	119,583	120,466
Net income per unit	2,856	2,811

Note 1. Net income per unit was 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 was 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	
	February 28, 2023	August 31, 2023
Net income	5,098,403	5,089,817
Amount not attributable to ordinary unitholders	-	-
Net income attributable to ordinary investment units	5,098,403	5,089,817
Weighted average number of units outstanding	1,785,000	1,810,554

[Notes on Significant Subsequent Events]

a. Execution of a purchase & sale agreement for the acquisition of assets (real estate trust beneficiary interests)

On October 16, 2023, LLR has decided to acquire the following newly acquired asset, and plan to acquire it on March 1, 2024. The purchase and sale agreements associated with the intended acquisition asset is 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. The same applies hereinafter). In addition, the intended acquisition date is subject to change as agreed upon between LLR and the seller in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Acquisition price (million yen)	Seller
Other	Other-3	Inuyama Logistics Center	Inuyama-city, Aichi	3,270	LRF2 Properties GK

b. Execution of underwriting agreements for the acquisition of assets (preferred shares and specified corporate bonds)

On October 16, 2023, LLR has decided to acquire the following newly preferred shares and specified corporate bonds (hereinafter collectively referred to as “Newly Acquired Assets” in b.). The underwriting agreement for the acquisition of the Newly Acquired Assets is forward commitment agreements.

Asset name	Acquisition price (million yen)	Acquiring entity	Subject real estate
NY Properties TMK Preferred shares	735	NY Properties TMK	Nanko Logistics Center, Yachiyo Logistics Center
NY Properties TMK Specified corporate bonds	2,000		

Intended acquisition days

Preferred shares	:1st Closing Mid-November 2023	392 million yen
	2nd Closing Mid-March 2024	171.5 million yen
	3rd Closing Late-June 2024 to Early-July 2024	171.5 million yen
Specified corporate bonds	:1st Closing November 21, 2023	800 million yen
	2nd Closing March 19, 2024	600 million yen
	3rd Closing July 9, 2024	600 million yen

c. Decided to acquisition of assets (equity in investment in a silent partnership)

On October 16, 2023, LLR has decided to acquire the following newly equity in investment in a silent partnership, and plan to acquire it on October 30, 2023. In addition, the preferred shares of Kansai 1 Property TMK held by LLR (whose subject real estate is the following Osaka Suminoe Logistics Center), are scheduled to be redeemed by the end of the fiscal period ending February 2024.

Asset name	Acquisition price (million yen)	Acquiring entity	Subject real estate
Equity in investment in a silent partnership of LRF2 Properties GK	190	LRF2 Properties GK	Osaka Suminoe Logistics Center

d. Execution of a purchase & sale agreement for the disposition of assets (real estate trust beneficiary interests)

On October 16, 2023, LLR has decided to dispose of the following newly disposed asset. The purchase and sale agreements associated with the Intended Disposition Asset is forward commitment agreements. In addition, the intended disposition date is subject to change as agreed upon between LLR and the buyer in accordance with Trust Beneficiary Interests Purchase & Sale Agreement.

Area	Property number	Asset name	Location	Disposition price (million yen)	Buyer
Tokyo area	Tokyo-5	LOGIPORT Nagareyama B (Joint Co-ownership interest of 37.5%)	Nagareyama, Chiba	13,125	Undisclosed
Intended acquisition day		:1st Closing (Joint Co-ownership interest of 12.5%)		November 22, 2023	4,375 million yen
		2nd Closing (Joint Co-ownership interest of 12.5%)		March 21, 2024	4,375 million yen
		3rd Closing (Joint Co-ownership interest of 12.5%)		September 10, 2024	4,375 million yen

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

Unitholders' capital and changes in the number of investment units issued and outstanding for the last five years are shown below.

Date	Description	Total number of outstanding investment units (units)		Unitholders' capital (Note 1) (thousand yen)		Comment
		Increase (decrease)	Balance	Increase (decrease)	Balance	
November 19, 2018	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(204,600)	105,406,965	(Note 2)
May 20, 2019	Distributions in excess of retained earnings (refund of investment)	-	1,100,000	(205,700)	105,201,265	(Note 3)
June 5, 2019	Public offering	104,761	1,204,761	12,271,808	117,473,073	(Note 4)
June 28, 2019	Third-party allotment	5,239	1,210,000	613,701	118,086,775	(Note 5)
September 18, 2019	Public offering	145,714	1,355,714	20,836,373	138,923,148	(Note 6)
October 10, 2019	Third-party allotment	7,286	1,363,000	1,041,861	139,965,010	(Note 7)
November 21, 2019	Distributions in excess of retained earnings (refund of investment)	-	1,363,000	(183,920)	139,781,090	(Note 8)
May 22, 2020	Distributions in excess of retained earnings (refund of investment)	-	1,363,000	(242,614)	139,538,476	(Note 9)
September 1, 2020	Public offering	261,904	1,624,904	44,710,941	184,249,417	(Note 10)
September 29, 2020	Third-party allotment	13,096	1,638,000	2,235,683	186,485,101	(Note 11)
November 18, 2020	Distributions in excess of retained earnings (refund of investment)	-	1,638,000	(278,052)	186,207,049	(Note 12)
April 27, 2021	Public offering	140,000	1,778,000	22,656,760	208,863,809	(Note 13)
May 21, 2021	Distributions in excess of retained earnings (refund of investment)	-	1,778,000	(373,464)	208,490,345	(Note 14)
May 25, 2021	Third-party allotment	7,000	1,785,000	1,132,838	209,623,183	(Note 15)
November 18, 2021	Distributions in excess of retained earnings (refund of investment)	-	1,785,000	(412,335)	209,210,848	(Note 16)
May 23, 2022	Distributions in excess of retained earnings (refund of investment)	-	1,785,000	(424,830)	208,786,018	(Note 17)
November 17, 2022	Distributions in excess of retained earnings (refund of investment)	-	1,785,000	(428,400)	208,357,618	(Note 18)
May 22, 2023	Distributions in excess of retained earnings (refund of investment)	-	1,785,000	(430,185)	207,927,433	(Note 19)
July 5, 2023	Public offering	78,850	1,863,850	11,412,118	219,339,551	(Note 20)
August 1, 2023	Third-party allotment	4,150	1,868,000	600,637	219,940,189	(Note 21)

Note 1. The amount remaining after subtracting the amount of the deduction for unitholders' capital from unitholders' capital is stated.

- Note 2. 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 fifth fiscal period (ended August 31, 2018) and payment of these commenced on November 19, 2018.
- Note 3. At the Board of Directors Meeting of LLR on April 15, 2019, 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 187 yen per unit as distributions of funds for the sixth fiscal period (ended February 28, 2019) and payment of these commenced on May 20, 2019.
- Note 4. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 121,387 yen per unit (underwriting price of 117,141 yen).
- Note 5. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 117,141 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 6. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 148,005 yen per unit (underwriting price of 142,995 yen).
- Note 7. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 142,995 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 8. At the Board of Directors Meeting of LLR on October 17, 2019, 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 152 yen per unit as distributions of funds for the seventh fiscal period (ended August 31, 2019) and payment of these commenced on November 21, 2019.
- Note 9. At the Board of Directors Meeting of LLR on April 17, 2020, 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 178 yen per unit as distributions of funds for the eighth fiscal period (ended February 29, 2020) and payment of these commenced on May 22, 2020.
- Note 10. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 176,677 yen per unit (underwriting price of 170,715 yen).
- Note 11. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 170,715 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 12. At the Board of Directors Meeting of LLR on October 15, 2020, 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 204 yen per unit as distributions of funds for the ninth fiscal period (ended August 31, 2020) and payment of these commenced on November 18, 2020.
- Note 13. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 167,700 yen per unit (underwriting price of 161,834 yen).
- Note 14. At the Board of Directors Meeting of LLR on April 14, 2021, 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 228 yen per unit as distributions of funds for the tenth fiscal period (ended February 28, 2021) and payment of these commenced on May 21, 2021.
- Note 15. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 161,834 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.
- Note 16. At the Board of Directors Meeting of LLR on October 15, 2021, 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 231 yen per unit as distributions of funds for the eleventh fiscal period (ended August 31, 2021) and payment of these commenced on November 18, 2021.
- Note 17. At the Board of Directors Meeting of LLR on April 15, 2022, 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 238 yen per unit as distributions of funds for the twelfth fiscal period (ended February 28, 2022) and payment of these commenced on May 23, 2022.
- Note 18. At the Board of Directors Meeting of LLR on October 14, 2022, 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 240 yen per unit as distributions of funds for the thirteenth fiscal period (ended August 31, 2022) and payment of these commenced on November 17, 2022.
- Note 19. At the Board of Directors Meeting of LLR on April 17, 2023, 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 241 yen per unit

as distributions of funds for the fourteenth fiscal period (ended February 28, 2023) and payment of these commenced on November 17, 2022.

Note 20. LLR issued new investment units for the purpose of raising funds to acquire new properties at an offer price of 149,565 yen per unit (underwriting price of 144,732 yen).

Note 21. LLR issued new investment units through a third-party allotment associated with the public offering at an underwriting price of 144,732 yen for the purpose of obtaining funds for future acquisition of property and the repayment of loans.

3. Reference Information

(1) Information on Price of the Managed Assets

A) Composition of LLR's Assets

Type of assets	Use	Area (Note 1)	Previous period (February 28, 2023)		Current period (August 31, 2023)	
			Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics facilities	Tokyo area	223,857	58.3	223,573	55.1
		Osaka area	129,702	33.8	142,333	35.1
		Other	-	-	10,211	2.5
		Subtotal	353,559	92.1	376,118	92.6
Investment securities (Note 4)			845	0.2	1,761	0.4
Deposits / other assets			29,473	7.7	28,190	6.9
Total assets			383,879	100.0	406,070	100.0

	Previous period (February 28, 2023)		Current period (August 31, 2023)	
	Amount (million yen)	Percentage to total assets (%) (Note 3)	Amount (million yen)	Percentage to total assets (%) (Note 3)
Total liabilities	170,422	44.4	181,039	44.6
Total net assets	213,456	55.6	225,031	55.4
Total assets	383,879	100.0	406,070	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 was rounded down to the nearest million yen.

Note 3. "Percentage to total assets" was rounded to the second decimal place.

Note 4. "Investment Securities" were preferred shares of Kansai 1 Property, preferred shares of Japan Logistics Development 1 TMK and equity in investment in a silent partnership of JRF2 Properties GK TMK for the previous period, and, were preferred shares of Kansai 1 Property TMK, preferred shares of Japan Logistics Development 1 TMK, equity in investment in a silent partnership of JRF2 Properties GK and preferred shares of Japan Logistics Development 1 TMK for the current period, respectively.



B) Investment Assets

(i) Main Issues of the Investment Securities

As of August 31, 2023, the investment securities held by LLR are as follows.

Type	Name of securities	Quantity (units)	Carrying amount (thousand yen)	Appraisal value (thousand yen) (Note 4)	Share of total assets (%) (Note 5)
Preferred securities	Kansai 1 Property TMK preferred securities (Note 1)	501,000	513,701	513,701	0.1
Preferred securities	Japan Logistics Development 1 TMK preferred securities (Note 2)	2,700	140,249	140,249	0.0
Equity in investment in a silent partnership	LRF2 Properties GK equity in investment in a silent partnership (Note 3)	-	627,353	627,353	0.2
Preferred securities	Japan Logistics Development 2 TMK preferred securities (Note 2)	9,500	480,050	480,050	0.1
Total		-	1,761,354	1,761,354	0.4

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

Name of Securities	Property Portfolio	Property Name	Property Location
Kansai 1 Property TMK preferred securities	Trust beneficiary interest	Osaka Suminoe Logistics Center	Shibatani 1-10 and 1 other, Suminoe-ku, Osaka-city, Osaka prefecture

Note 2. The underlying asset related to the preferred securities is as shown below.

Name of Securities	Property Portfolio	Property Name	Property Location
Japan Logistics Development 1 TMK preferred securities	Trust beneficiary interest	Matsudo Project	Matsuhidai, Matsudo-city, Chiba prefecture

Note 3. The underlying asset related to the equity in investment in a silent partnership is as shown below.

Name of Securities	Property Portfolio	Property Name	Property Location
LRF2 Properties GK equity in investment in a silent partnership	Trust beneficiary interest	Urawa Misono Project	1-6-3 Misono, Midori-ku, Saitama-city, Saitama prefecture
	Trust beneficiary interest	Inuyama Project	1-6 Azakitahiratsuka, Inuyama-city, Aichi prefecture
	Trust beneficiary interest	Konosu Project	375-1 Hachimanden, Konosu-city, Saitama prefecture
	Trust beneficiary interest	LOGIPORT Kazo	1-317-6 Toyonodai, Kazo-city, Saitama prefecture
	Trust beneficiary interest	Iruma Project	4085 Miyanodai, Miyadera, Iruma-city, Saitama prefecture

Note 4. The underlying asset related to the preferred securities is as shown below.

Name of Securities	Property Portfolio	Property Name	Property Location
Japan Logistics Development 2 TMK preferred securities	Trust beneficiary interest	Sendai Project	Sendai-city, Miyagi prefecture

Note 5. The carrying amount is shown for the appraisal value.

Note 6. The share of total assets is rounded to the second decimal place.

(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 August 31, 2023 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) (Note 3)	Acquisition price (million yen) (Note 4)	Investment ratio (%) (Note 5)	Appraisal value (million yen) (Note 6)	Gross floor area (m <sup>2</sup> ) (Note 7)	
Tokyo area	Tokyo-1	LOGIPORT Hashimoto (Note 8)	Kanagawa Prefecture Sagami-hara City	Trust beneficiary interest	9	20,482	21,200	5.6	26,500	145,801.69	
	Tokyo-2	LOGIPORT Sagami-hara (Note 9)	Kanagawa Prefecture Sagami-hara City	Trust beneficiary interest	10	22,510	23,020	6.0	29,100	200,045.57	
	Tokyo-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	Trust beneficiary interest	11	24,630	25,300	6.6	33,500	104,302.62	
	Tokyo-5	LOGIPORT Nagareyama B	Chiba Prefecture Nagareyama City	Trust beneficiary interest	15	25,917	26,600	7.0	33,800	133,414.76	
	Tokyo-6	LOGIPORT Higashi Ogishima A	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	36	18,889	19,000	5.0	20,200	100,235.67	
	Tokyo-7	LOGIPORT Higashi Ogishima B	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	32	19,072	19,120	5.0	22,700	117,546.26	
	Tokyo-8	LOGIPORT Higashi Ogishima C	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	22	23,182	23,700	6.2	28,300	116,997.14	
	Tokyo-9	LOGIPORT Kawagoe	Saitama Prefecture Kawagoe City	Trust beneficiary interest	13	11,718	11,950	3.1	12,900	50,742.47	
	Tokyo-11	LOGIPORT Kashiwa Shonan	Chiba Prefecture Kashiwa City	Trust beneficiary interest	5	9,122	9,300	2.4	11,000	40,878.58	
	Tokyo-12	LOGIPORT Sayama Hidaka	Saitama Prefecture Hidaka City	Trust beneficiary interest	8	6,341	6,430	1.7	6,880	23,570.37	
	Tokyo-13	Higashi Ogishima (leasehold land)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	-	1,264	1,189	0.3	1,790	-	
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 10)	Kanagawa Prefecture Kawasaki City	Trust beneficiary interest	4	31,777	32,200	8.5	37,000	289,164.66	
	Tokyo-15	LOGIPORT Shinmoriya	Ibaraki Prefecture Tsukubamirai City	Trust beneficiary interest	4	8,480	8,580	2.3	10,600	37,089.81	
	Osaka area	Osaka-1	LOGIPORT Sakai Minamijimacho	Osaka Prefecture Sakai City	Trust beneficiary interest	7	7,944	8,150	2.1	9,890	30,696.61
		Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 11)	Osaka Prefecture Sakai City	Trust beneficiary interest	5	4,246	4,160	1.1	5,160	20,428.39
Osaka-3		LOGIPORT Osaka Taisho (Note 12)	Osaka Prefecture Osaka City	Trust beneficiary interest	6	17,326	17,655	4.6	21,600	117,037.14	
Osaka-5		LOGIPORT Amagasaki	Hyogo Prefecture Amagasaki City	Trust beneficiary interest	6	47,871	48,200	12.7	62,500	261,007.41	

Area	Property number (Note 1)	Property name	Location	Form of possession	Property age (years) (Note 2)	As of end of	Acquisition price (million yen) (Note 4)	Investment ratio (%) (Note 5)	Appraisal value (million yen) (Note 6)	Gross floor area (m <sup>2</sup> ) (Note 7)
						current period carrying amount (million yen) (Note 3)				
	Osaka-6	LOGIPORT Sakai (Note 13)	Osaka Prefecture Sakai City	Trust beneficiary interest	6	11,931	12,075	3.2	13,600	115,552.35
	Osaka-7	LOGIPORT Osaka Bay	Osaka Prefecture Osaka City	Trust beneficiary interest	6	39,856	40,000	10.5	46,400	139,551.94
	Osaka-8	LOGIPORT Kyoto	Kyoto Prefecture Yawata City	Trust beneficiary interest	3	13,156	13,015	3.4	13,200	37,399.42
Other area	Other-1	Aisai Logistics Center	Aichi Prefecture Aisai City	Trust beneficiary interest	2	4,096	4,045	1.1	4,430	13,700.50
	Other-2	Kariya Logistics Center	Aichi Prefecture Kariya City	Trust beneficiary interest	1	6,115	6,045	1.6	6,790	20,981.08
Portfolio total / average					11	375,935	380,934	100.0	457,840	2,116,144.44

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" with respect to "LOGIPORT Amagasaki" was calculated by taking the period from October 13, 2017, when renovation work and conversion from a factory to logistics facility was completed, to August 31, 2023, and this result was rounded to the nearest decimal place. The number presented as the portfolio age average is the weighted average weighted by acquisition price, rounded to the nearest whole number.

Note 3. "As of end of current period carrying amount" is based on book value after depreciation as of August 31, 2023, rounded down to the nearest million yen. Construction in progress in trust is not included.

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).

Note 5. 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 6. "Appraisal value" represents the appraisal value as of August 31, 2023, 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 7. "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 8. The as of end of current period carrying amount, 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 9. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Sagami-hara 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.

Note 10. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Kawasaki Bay are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 40%), while the gross floor area is the figure for the entire property.

Note 11. The appraised value of LOGIPORT Sakai Chikko Shinmachi includes the value related to the solar power generation equipment completed on August 31, 2020.

Note 12. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Osaka Taisho are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 62.5%), while the gross floor area is the figure for the entire property.

Note 13. The as of end of current period carrying amount, Acquisition Price and appraisal value for LOGIPORT Sakai are stated as amounts proportional to LLR's ownership interest of the joint co-ownership interests within the trust beneficiary interest (equating to 50%), 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)	17	1,209	303	130,052	130,052	100.0	
	Tokyo-2	LOGIPORT Sagamihara (Note 8)	18	1,346	321	180,971	180,356	99.7	
	Tokyo-3	LOGIPORT Kitakashiwa	6	1,474	405	100,234	100,234	100.0	
	Tokyo-5	LOGIPORT Nagareyama B	8	1,526	332	112,645	112,493	99.9	
	Tokyo-6	LOGIPORT Higashi Ogishima A	19	1,131	349	85,281	82,671	96.9	
	Tokyo-7	LOGIPORT Higashi Ogishima B	19	1,280	367	103,744	99,096	95.5	
	Tokyo-8	LOGIPORT Higashi Ogishima C	22	1,436	208	114,925	113,707	98.9	
	Tokyo-9	LOGIPORT Kawagoe	4	665	162	53,087	53,053	99.9	
	Tokyo-11	LOGIPORT Kashiwa Shonan	1	Not disclosed (Note 12)	Not disclosed (Note 12)	40,773	40,773	100.0	
	Tokyo-12	LOGIPORT Sayama Hidaka	1	Not disclosed (Note 12)	Not disclosed (Note 12)	23,565	23,565	100.0	
	Tokyo-13	Higashi Ogishima (leasehold land)	1	Not disclosed (Note 12)	Not disclosed (Note 12)	11,472	11,472	100.0	
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 9)	12	1,538	353	261,801	261,315	99.8	
	Tokyo-15	LOGIPORT Shinmoriya	1	Not disclosed (Note 12)	Not disclosed (Note 12)	37,092	37,092	100.0	
	Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	1	Not disclosed (Note 12)	Not disclosed (Note 12)	30,690	30,690	100.0
		Osaka-2	LOGIPORT Sakai Chikko Shinmachi	1	Not disclosed (Note 12)	Not disclosed (Note 12)	20,427	20,427	100.0
Osaka-3		LOGIPORT Osaka Taisho (Note 10)	12	972	233	106,929	106,929	100.0	
Osaka-5		LOGIPORT Amagasaki	13	3,107	875	218,760	212,817	97.3	
Osaka-6		LOGIPORT Sakai (Note 11)	5	710	160	112,654	111,526	99.0	
Osaka-7		LOGIPORT Osaka Bay	11	1,977	777	136,516	136,516	100.0	
Osaka-8		LOGIPORT Kyoto	1	Not disclosed (Note 12)	Not disclosed (Note 12)	38,134	38,134	100.0	
Other Area		Other-1	Aisai Logistics Center	1	Not disclosed (Note 12)	Not disclosed (Note 12)	13,700	13,700	100.0
	Other-2	Kariya Logistics Center	1	Not disclosed (Note 12)	Not disclosed (Note 12)	20,953	20,953	100.0	
Portfolio total / average			175	21,347	5,632	1,954,416 1,553,710	1,937,581 1,538,031	99.1 99.0	

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 August 31, 2023. 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 August 31, 2023 (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 August 31, 2023, 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 August 31, 2023, 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 August 31, 2023. 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 August 31, 2023, 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. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for LOGIPORT Kawasaki Bay 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 (40%).
- Note 10. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for LOGIPORT Osaka Taisho 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 (62.5%).
- Note 11. The total number of tenants, leasable floor area, and leased floor area, and occupancy rate for “LOGIPORT Sakai” 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 (50%).
- Note 12. 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.	August 31, 2023	26,500	23,000	26,500	3.5	26,500	3.6	3.7	
	Tokyo-2	LOGIPORT Sagami-hara (Note 2)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	29,100	26,200	29,200	3.6	29,100	3.7	3.8	
	Tokyo-3	LOGIPORT Kitakashiwa	CBRE K.K.	August 31, 2023	33,500	25,700	33,900	3.6	33,500	3.4	3.7	
	Tokyo-5	LOGIPORT Nagareyama B	CBRE K.K.	August 31, 2023	33,800	25,400	33,300	3.9	33,800	3.6	3.9	
	Tokyo-6	LOGIPORT Higashi Ogishima A	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	20,200	19,200	20,300	4.1	20,100	4.2	4.3	
	Tokyo-7	LOGIPORT Higashi Ogishima B	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	22,700	22,900	22,100	4.0	22,900	4.1	4.2	
	Tokyo-8	LOGIPORT Higashi Ogishima C	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	28,300	27,900	28,400	3.9	28,300	4.0	4.1	
	Tokyo-9	LOGIPORT Kawagoe	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	12,900	13,100	13,000	4.0	12,900	4.1	4.2	
	Tokyo-11	LOGIPORT Kashiwa Shonan	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	11,000	11,400	11,300	4.0	10,900	3.9 (Note 7)	4.2	
	Tokyo-12	LOGIPORT Sayama Hidaka	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	6,880	6,840	6,940	4.0	6,860	3.9 (Note 8)	4.2	
	Tokyo-13	Higashi Ogishima (leasehold land)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	1,790	-	-	-	1,790	3.4	-	
	Tokyo-14	LOGIPORT Kawasaki Bay (Note 3)	Japan Real Estate Institute	August 31, 2023	37,000	34,440	37,160	3.6	36,840	3.3	3.7	
	Tokyo-15	LOGIPORT Shinmoriya	Japan Real Estate Institute	August 31, 2023	10,600	7,900	10,700	3.9	10,400	3.4	4.0	
	Osaka Area	Osaka-1	LOGIPORT Sakai Minamijimacho	Japan Real Estate Institute	August 31, 2023	9,890	5,510	9,950	3.9	9,820	3.5	4.0
		Osaka-2	LOGIPORT Sakai Chikko Shinmachi (Note 4)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	5,160	4,610	5,240	4.3	5,120	4.2 (Note 9)	4.5
Osaka-3		LOGIPORT Osaka Taisho (Note 5)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	21,600	18,100	22,300	3.6	21,300	3.7	3.8	
Osaka-5		LOGIPORT Amagasaki	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	62,500	56,100	62,600	4.0	62,500	4.1	4.2	
Osaka-6		LOGIPORT Sakai (Note 6)	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	13,600	11,000	13,700	4.2	13,500	4.3	4.4	
Osaka-7		LOGIPORT Osaka Bay	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	46,400	45,300	47,600	3.5	45,900	3.6	3.7	
Osaka-8		LOGIPORT Kyoto	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	13,200	12,200	13,500	3.7	13,000	3.5 (Note 10)	3.8	
Other Area		Other-1	Aisai Logistics Center	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	4,430	4,350	4,510	3.7	4,400	3.6 (Note 11)	3.9
	Other-2	Kariya Logistics Center	Tanizawa Sogo Appraisal Co., Ltd.	August 31, 2023	6,790	6,120	6,860	3.7	6,760	3.6 (Note 12)	3.9	
Portfolio total					457,840	407,270	459,060		456,190			

- 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%).
- Note 3. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Kawasaki Bay are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (40%).
- Note 4. LOGIPORT Sakai Chikko Shinmachi appraised value, cost approach valuation, direct capitalization and DCF method income approach valuation, each include a value attributed to the solar power generation equipment completed on August 31, 2020.
- Note 5. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Osaka Taisho are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (62.5%).
- Note 6. The appraisal value, cost-approach value, and income-approach values based on the direct capitalization method, and DCF method for LOGIPORT Sakai are stated as amounts proportional to the joint co-ownership interests in trust beneficiary interests that LLR holds (50%).
- Note 7. The discount rate for LOGIPORT Kashiwa Shonan is stated as the figure from the first fiscal year.
- Note 8. The discount rate for LOGIPORT Sayama Hidaka is stated as the figure from the first fiscal year until the seventh fiscal year.
- Note 9. The discount rate for LOGIPORT Sakai Chikko Shinmachi is stated as the figure from the first fiscal year until the fourth fiscal year.
- Note 10. The discount rate for LOGIPORT Kyoto is stated as the figure from the first fiscal year until the eighth fiscal year.
- Note 11. The discount rate for Aisai Logistics Center is stated as the figure from the first fiscal year until the fourth fiscal year.
- Note 12. The discount rate for Kariya Logistics Center is stated as the figure from the first fiscal year until the fourth fiscal year.

(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 August 31, 2023 are presented below.

Property name	Total annual lease revenue (million yen) (Note 1)	Share of lease revenue (%) (Note 2)
LOGIPORT Amagasaki	3,107	14.6
Total	3,107	14.6

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 August 31, 2023 (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.

(e) Information about Major Tenants

Within the assets held by LLR, as of August 31, 2023 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) Property Income/Expenses

(Unit: thousand yen)

Property number	Tokyo-1	Tokyo-2	Tokyo-3	Tokyo-5	Tokyo-6
Name of property	LOGIPORT Hashimoto	LOGIPORT Sagamihara	LOGIPORT Kitakashiwa	LOGIPORT Nagareyama B	LOGIPORT Higashi Ogishima A
Number of operating days in 15th period	184	184	184	184	184
(i) Total real estate leasing revenues	671,612	749,236	827,799	824,244	631,310
Rental revenues	602,409	671,622	730,723	757,740	565,490
Other rental revenues	69,202	77,614	97,076	66,504	65,820
(ii) Total real estate leasing expenses	229,133	271,011	327,986	286,970	184,138
Outsourcing costs	20,861	32,740	36,973	32,540	39,222
Utilities expenses	48,599	56,679	83,946	49,365	26,111
Taxes and public dues	52,913	59,813	74,132	53,350	42,957
Insurance premiums	914	1,070	1,483	1,753	1,467
Repair and maintenance	16,354	9,449	27,423	17,697	5,906
Depreciation	76,189	71,563	99,910	128,511	66,205
Other leasing expenses	13,300	39,695	4,117	3,752	2,267
(iii) Real estate leasing profit (= (i) - (ii))	442,478	478,225	499,813	537,274	447,172
(iv) Rent NOI (= (iii) + Depreciation)	518,668	549,788	599,724	665,785	513,377

(Unit: thousand yen)

Property number	Tokyo-7	Tokyo-8	Tokyo-9	Tokyo-11	Tokyo-12
Name of property	LOGIPORT Higashi Ogishima B	LOGIPORT Higashi Ogishima C	LOGIPORT Kawagoe	LOGIPORT Kashiwa Shonan	LOGIPORT Sayama Hidaka
Number of operating days in 15th period	184	184	184	184	184
(i) Total real estate leasing revenues	748,007	799,035	345,469		
Rental revenues	631,433	714,940	324,906		
Other rental revenues	116,574	84,094	20,562		
(ii) Total real estate leasing expenses	257,922	268,655	110,770		
Outsourcing costs	57,964	58,178	18,543		
Utilities expenses	37,371	34,427	14,049	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues	64,771	64,353	26,468		
Insurance premiums	1,859	1,804	753		
Repair and maintenance	11,665	9,061	6,393		
Depreciation	82,197	99,370	43,141		
Other leasing expenses	2,092	1,460	1,420		
(iii) Real estate leasing profit (= (i) - (ii))	490,085	530,379	234,699	191,748	94,392
(iv) Rent NOI (= (iii) + Depreciation)	572,282	629,749	277,840	227,791	115,350

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

(Unit: thousand yen)

Property number	Tokyo-13	Tokyo-14	Tokyo-15	Osaka-1	Osaka-2
Name of property	Higashi Ogishima (leasehold land)	LOGIPORT Kawasaki Bay	LOGIPORT Shinmoriya	LOGIPORT Sakai Minamijimacho	LOGIPORT Sakai Chikko Shinmachi
Number of operating days in 15th period	184	184	184	184	184
(i) Total real estate leasing revenues		833,065			
Rental revenues		777,601			
Other rental revenues		55,464			
(ii) Total real estate leasing expenses		270,469			
Outsourcing costs		23,996			
Utilities expenses	Not disclosed (Note)	33,491	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues		88,676			
Insurance premiums		1,283			
Repair and maintenance		4,111			
Depreciation		107,550			
Other leasing expenses		11,359			
(iii) Real estate leasing profit (= (i) - (ii))	21,169	562,596	156,348	143,452	86,278
(iv) Rent NOI (= (iii) + Depreciation)	21,169	670,146	191,110	174,545	110,612

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

(Unit: thousand yen)

Property number	Osaka-3	Osaka-5	Osaka-6	Osaka-7	Osaka-8
Name of property	LOGIPORT Osaka Taisho	LOGIPORT Amagasaki	LOGIPORT Sakai	LOGIPORT Osaka Bay	LOGIPORT Kyoto
Number of operating days in 15th period	184	184	184	184	57
(i) Total real estate leasing revenues	502,258	1,713,417	387,177	1,032,303	
Rental revenues	466,860	1,546,877	354,897	981,358	
Other rental revenues	35,397	166,539	32,280	50,945	
(ii) Total real estate leasing expenses	228,316	715,093	159,453	358,595	
Outsourcing costs	19,100	54,448	17,292	23,559	
Utilities expenses	30,335	104,079	26,030	43,942	Not disclosed (Note)
Taxes and public dues	54,995	179,616	41,678	104,132	
Insurance premiums	778	3,608	1,249	2,176	
Repair and maintenance	3,985	39,298	1,770	13,583	
Depreciation	72,102	236,495	54,112	151,064	
Other leasing expenses	47,018	97,546	17,319	20,135	
(iii) Real estate leasing profit (= (i) - (ii))	273,941	998,323	227,723	673,708	59,511
(iv) Rent NOI (= (iii) + Depreciation)	346,043	1,234,819	281,836	824,773	75,771

(Unit: thousand yen)		
Property number	Other-1	Other-2
Name of property	Aisai Logistics Center	Kariya Logistics Center
Number of operating days in 15th period	57	57
(i) Total real estate leasing revenues		
Rental revenues		
Other rental revenues		
(ii) Total real estate leasing expenses		
Outsourcing costs		
Utilities expenses	Not disclosed (Note)	Not disclosed (Note)
Taxes and public dues		
Insurance premiums		
Repair and maintenance		
Depreciation		
Other leasing expenses		
(iii) Real estate leasing profit (= (i) - (ii))	21,410	34,601
(iv) Rent NOI (= (iii) + Depreciation)	27,648	45,230

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

(2) Capital Expenditures on Portfolio Assets

A) 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-3	LOGIPORT Kitakashiwa	Chiba Prefecture Kashiwa City	Cold storage facility expansion project	From August, 2022 To April, 2024	740	147	159

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

B) 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 461 million yen for the period, and there were also 172 million yen in maintenance expenses classified as other operating expenses.

Property number	Property name	Location	Purpose	Implementation period	Amount paid (million yen) (Note)
Tokyo-5	LOGIPORT Nagareyama B	Chiba Prefecture Nagareyama City	Heavyweight shutters renewal work	From May, 2023 To July, 2023	53
Tokyo-7	LOGIPORT Higashi Ogishima B	Kanagawa Prefecture Kawasaki City	Air-conditioning equipments installation work	From April, 2023 To August, 2023	43
Other capital expenditures					364
Total					461

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

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

None