

October 16, 2008

To whom it may concern:

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Notice Concerning Borrowings

LaSalle Japan REIT Inc. (“LaSalle Japan”) today announced its decision to undertake borrowings. Brief details are as follows.

1. Reason for Undertaking Borrowings

LaSalle Japan has decided to undertake borrowings in order to refinance an existing term loan totaling ¥36.2 billion. Details of the aforementioned term loan were first disclosed in the press release “Notice Concerning Borrowings” dated November 16, 2007.

2. Details of Borrowings

In specific terms, LaSalle Japan has decided to undertake a long-term loan with a maturity of three years in accordance with a term loan agreement dated October 24, 2008 (scheduled contract date) with Sumitomo Mitsui Banking Corporation. Brief details are as follows.

- (1) Drawdown date: November 4, 2008
- (2) Loan amount: ¥35.7 billion (Note 1)
- (3) Lender: Sumitomo Mitsui Banking Corporation
- (4) Interest rate: Fixed rate of interest (Note 2)
- (5) Repayment date: November 4, 2011
- (6) Principal repayment method: Lump-sum principal payment in full on the stated repayment date
- (7) Interest payment method: December 30, 2008 marks the first day of interest payment. Subsequent payments during the period of the long-term loan (ending November 4, 2011) shall be made on the last business day of March, June, September and December as well as on the principal repayment date.
- (8) Collateral: Establish first lien real estate beneficiary rights in the following 2 properties: AEON Mall Musashimurayama Mu

and AEON Mall Kobekita

Note 1: LaSalle Japan will repay ¥0.5 billion from existing term loan (¥36.2 billion)

Note 2: The actual interest rate is scheduled to be determined on October 30, 2008. LaSalle Japan will make the relevant announcement separately immediately after determination.

3. Use of Borrowings

LaSalle Japan will use the proposed borrowings to refinance an existing term loan (Loan amount: ¥36.2 billion, Drawdown date: November 20, 2007, Repayment date: November 20, 2008) disclosed in the press release “Notice Concerning Borrowings” dated November 16, 2007.

4. Details of Total Borrowings after Drawdown of the Proposed Borrowings

Billions of Yen

	Before Drawdown of Proposed Borrowings	After Drawdown of Proposed Borrowings	Increase / (Decrease)
Short-term borrowings	51.7	15.5	(36.2)
Long-term borrowings	18.5	54.2	35.7
Total borrowings	70.2	69.7	(0.5)
Corporate bonds	-	-	-
Total of borrowings and corporate bonds	70.2	69.7	(0.5)
Other interest-bearing liabilities	-	-	-
Total interest-bearing liabilities	70.2	69.7	(0.5)

5. Details of LTV after Drawdown of the Proposed Borrowings

LTV will decrease 0.4% from 53.8% (at the end of April, 2008).

Please find attached (Reference Information) “Change of Financial Structure and Future Financial Strategy of LaSalle Japan” as the financial structure of LaSalle Japan after proposed borrowings.

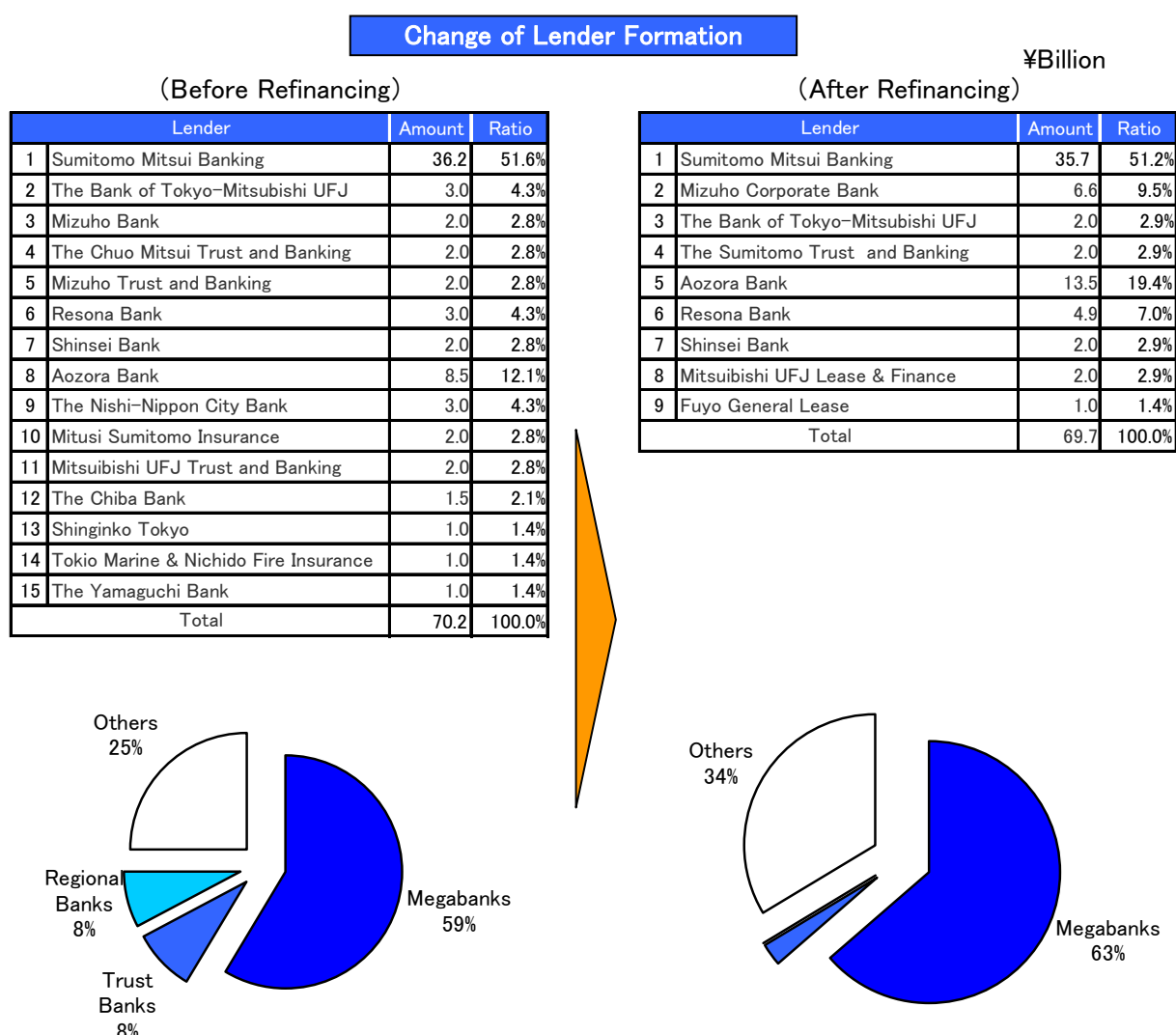
(Reference Information)

“Change of Financial Structure and Future Financial Strategy of LaSalle Japan”

In the event that LaSalle Japan refinances ¥25.5 billion executed on September 30, 2008 and ¥35.7 billion to be executed on November 4, 2008, financial structure will be strengthened as follows.

1. Building a Stable Lender Formation Consisting Primarily of Megabanks

As indicated in the charts that follow, the ratio of interest-bearing liabilities from megabanks as a total of LaSalle Japan’s total interest-bearing liabilities provided by megabanks (note) has improved from 59% to 63%. This is mainly attributable to new borrowings provided by Mizuho Corporate Bank, Ltd on September 30, 2008.



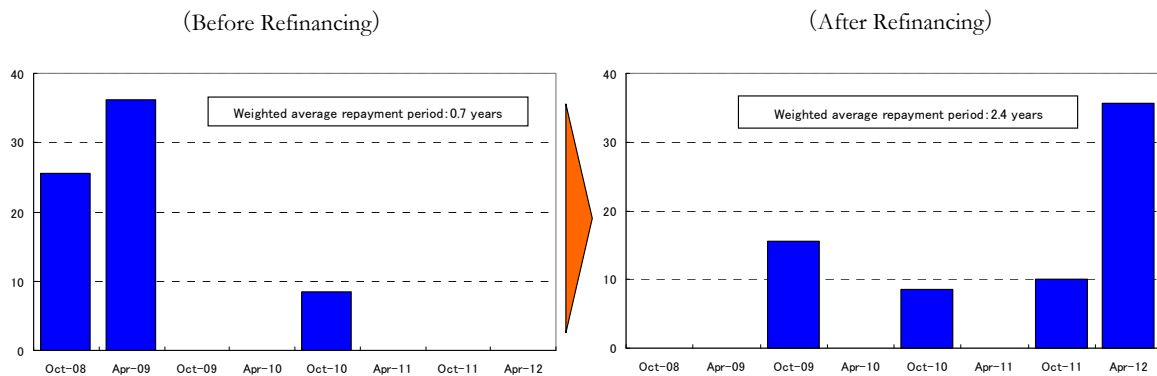
Note: Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo- Mitsubishi UFJ, Ltd. are collectively referred to as megabanks.

2. Minimizing Refinancing Risks by Staggering Repayment Dates

In connection with the refinancing on September 30, 2008 (¥25.5 billion), La Salle Japan has staggered repayment dates undertaking short-term loans (¥15.5 billion) with repayment terms of one year and long-term loans (¥10.0 billion) with repayment terms of three years. In this manner, LaSalle Japan has minimized the risk of refinancing after one year and at the same time secured the benefit over the long-term period of three years.

Furthermore, in connection with the scheduled refinancing on November 4, 2008, LaSalle Japan plans to extend its existing one-year short-term loan to three years, thereby minimizing its refinance risk in the long term.

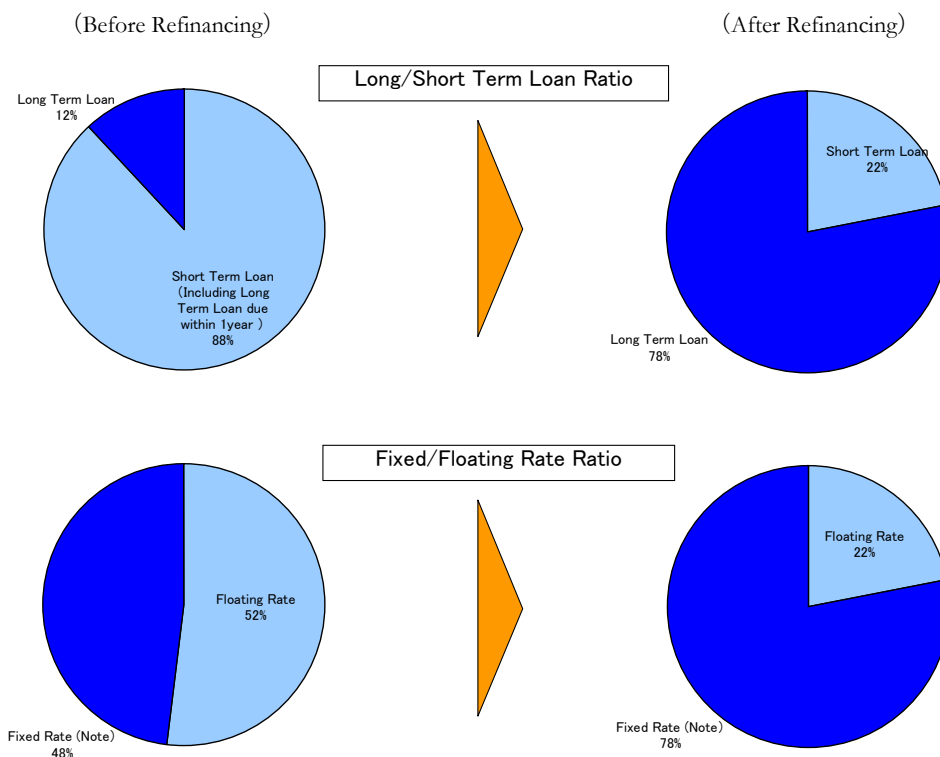
Through these means, LaSalle Japan will extend the weighted average repayment period of its borrowings from 0.7 years to 2.4 years.



3. Minimizing the Risks of an Increase in Interest Rates over the Long Term by Fixed Interest Rates Applicable to Borrowings, and Stabilizing Financial Ground by Long-Term Loans

In connection with the refinancing on September 30, 2008 (¥25.5 billion), specifically the three-year long-term portion (¥10.0 billion), LaSalle Japan has purchased an interest rate cap in an effort to hedge its exposure and risk with respect to fluctuations in interest rates over the long term. The refinancing on September 30, 2008 with repayment periods of one year (¥15.5 billion) are subject to floating rates of interest.

The scheduled refinancing on November 4, 2008 (¥35.7 billion) is subject to fixed rates of interest.



Note: Borrowings including fixed interest rate portion subject to the purchase of interest rate caps.

4. Future Financial Strategy

LaSalle Japan will push forward strategies as mentioned above such as 1. Building a Stable Lender Formation Consisting Primarily of Megabanks, 2. Minimizing Refinance Risks by Staggering Repayment Dates, and 3. Minimizing the Risks of an Increase in Interest Rates over the Long Term by Fixed Interest Rates Applicable to Borrowings, and Stabilizing Financial Ground by Long-Term Loans.

Specifically, LaSalle Japan will strengthen stable lender formation consisting primarily of megabanks with support from LaSalle Group which has high credibility and high name recognition (LaSalle Group has offices over 60 countries world wide and over 170 markets operation. LaSalle Investment Management, sponsor of LaSalle Investment Advisors, has ¥5,300 billion of asset under management as of December, 2007).

LaSalle Japan will improve staggered maturities through above strategies and will control repayment amount during each fiscal term. Additionally LaSalle Japan will extend the repayment dates and use fixed interest rate.

LaSalle Japan acquired stable financial ground by above refinancing processes. LaSalle Japan will promote sustainable mid-term and long-term growth with aforementioned financial strategies.

※ LaSalle Japan Website URL : <http://www.lasalle-jreit.com/>