

October 30, 2008

To whom it may concern:

Name of the Issuer of the Real Estate Investment Fund:

LaSalle Japan REIT Inc.

2-13-10 Nagatacho, Chiyoda-ku, Tokyo

Name of Representative:

Masayuki Tanaka, Executive Director

(Code Number: 8974)

Name of Asset Management Company:

LaSalle Investment Advisors K.K.

Name of Representative:

Satoru Yamanaka, Representative Director

Inquiries to:

Makoto Yokoyama, Director,

Corporate Planning Department

TEL.: +81-3-3595-6700

Notice of Loss Reimbursement from Asset Management Company

LaSalle Japan REIT Inc. (“LaSalle Japan”) today announced that LaSalle Investment Advisors K.K. (“the Asset Management Company”), to which LaSalle Japan entrusts asset management operations, has acknowledged that the latter is in violation of its obligation for due diligence, namely, that the Asset Management Company has in the past, by its own judgment, imposed costs on LaSalle Japan that by rights LaSalle Japan was not required to bear. The Asset Management Company has conveyed its decision to reimburse LaSalle Japan for the loss of the incurred costs and the Board of Directors of LaSalle Japan resolved to accept this decision at its meeting held today.

1. Costs Imposed by the Asset Management Company on LaSalle Japan

(1) Cost Burden Associated with Tenant Fixtures

At the time of the acquisition of La Porte Aoyama (the “Property”) held by LaSalle Japan, the tenants residing in the Property acknowledged that a number of fixtures installed with the permission of the sellers were in violation of the building codes. Accordingly, the Asset Management Company requested that the tenants remove these fixtures. Upon receiving this request, the tenants removed the fixtures, however, for business reasons it became necessary to temporarily restore the fixtures in question before later installing new fixtures. The tenants then requested deductions in rent for amounts equivalent to the costs of removing and temporarily restoring the old fixtures and the installation of new fixtures. As a result, the Asset

Management Company deducted ¥10,800,000 from its rental fee, an amount that was, in turn, imposed on LaSalle Japan, even though by rights LaSalle Japan was not obligated to shoulder this fee.

(2) Inappropriate Cost Burden Associated with Fire Alarm Replacement

Following the acquisition of the Property, upon discussion with the property management vendor with regard to the management and operation, it was revealed that prior to the acquisition by LaSalle Japan a kitchen area had been installed with a fire alarm with a temperature gauge that was incorrectly set too low. Because this resulted in frequent false alarms, maintenance was undertaken to replace the unit with a properly functioning fire alarm. Although LaSalle Japan was not obligated to pay the ¥525,000 cost of this maintenance, this cost was imposed on LaSalle Japan.

2. Payment Details

Amount to be paid: ¥11,325,000 (total costs from 1 and 2 above)
Reimbursement date: October 31, 2008

3. Impact on LaSalle Japan Performance

There will be no revision to the forecast of LaSalle Japan's operating results for the period ending October 31, 2008.