

September 2, 2021

For Immediate Release

Name of REIT Issuer:
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Notice Concerning Issuance of New Investment Units (Green Equity Offering)

CRE Logistics REIT, Inc. (“CRE REIT”) hereby announces that a resolution was passed at its Board of Directors’ Meeting held on September 2, 2021 to issue new investment units as follows.

The issuance of new investment units shall be conducted as green equity offering (Note).

(Note) For more details of the green equity offering, please refer to the “<Reference> 4. Rationale for the Green Equity Offering” described below.

Issuance of new investment units through public offering (primary offering)

- (1) Number of investment units to be offered 64,550 units
(2) Amount to be paid in (issue amount) per unit To be determined

The amount to be paid in (issue amount) per unit shall be determined at the Board of Directors’ Meeting to be held on a date between Thursday, September 9, 2021 and Tuesday, September 14, 2021 (the “Issue Price Determination Date”).

- (3) Total amount to be paid in (total issue amount) To be determined
(4) Issue price (offer price) per unit To be determined

The issue price (offer price) per unit shall provisionally be the amount obtained by multiplying the closing price of the investment units of CRE REIT (the “Investment Units of CRE REIT”) in an ordinary transaction on Tokyo Stock Exchange Inc. (the “TSE”) on the Issue Price Determination Date (or the immediately preceding date, if no closing price on that day) by 0.90-1.00 (rounding down to the nearest yen), and shall be determined on the Issue Price Determinate Date after taking into consideration the level of demand conditions and other factors.

- (5) Total amount of issue price (total offer price) To be determined
(6) Offering method

All investment units shall be offered through a primary offering and shall be purchased and underwritten by a group of underwriters (collectively, the “Underwriters”). A part of the investment units issued in the public offering may be purchased by overseas investors in international markets mainly in Europe and Asia (excluding the United States and Canada). The target investors of the primary offering are the Target Institutional Investors (as defined in “<Reference> 1. Target of the primary offering” below).

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- (7) Underwriting agreement The Underwriters shall pay to CRE REIT the total amount to be paid in (total issue amount) for this offering on the payment date stated in (11) below, and the difference between the total amount to be paid in (total issue amount) and the total amount of issue price (total offer price) shall be the proceeds of the Underwriters. CRE REIT will not pay an underwriting commission to the Underwriters.
- (8) Unit of subscription One (1) unit or more in multiples of one (1) unit
- (9) Subscription period Business day immediately following the Issue Price Determination Date
- (10) Payment period of deposit for subscription Within the first two business days immediately following the Issue Price Determination Date
- (11) Payment date Payment date shall be a date within the period from Wednesday, September 15, 2021 to Tuesday, September 21, 2021. However, the date shall be four business days after the Issue Price Determination Date.
- (12) Delivery date Business day immediately following the payment date
- (13) The amount to be paid in (issue amount) per unit, issue price (offer price) per unit, and other matters necessary for the issuance of new investment units will be determined at the Board of Directors' Meeting to be held hereafter.
- (14) The abovementioned items are subject to the effectuation of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent revisions) (the "FIEA").

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<Reference>

1. Target of the primary offering

The primary offering shall be made only to the following domestic qualified institutional investors (which shall mean the Qualified Institutional Investors as stipulated in Article 2, Paragraph 3, Item 1 of the FIEA): banks, persons engaged in investment management business stipulated in Article 28, Paragraph 4 of the FIEA, insurance companies, Pension Fund Association, Shinkin Central Bank, National Federation of Credit Cooperatives, The Norinchukin Bank, federations of agricultural cooperatives or federations of mutual aid fishermen’s cooperatives as stipulated in Article 10, Paragraph 1, Item 9 of the Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act (Order of the Ministry of Finance No. 14 of 1993, as amended), The Rokinren Banks and The Shoko Chukin Bank, Ltd., as well as overseas institutional investors (collectively the “Target Institutional Investors”), to achieve more appropriate price formation for the investment units by expanding CRE REIT’s institutional investor base.

Taking into consideration the composition of its unitholders as of the end of the 10th fiscal period (ended June 30, 2021), CRE REIT believes that increasing the ratio of domestic and overseas institutional investors, which are considered to have relatively high price formation capabilities, will contribute to more appropriate investment unit price formation, which in turn, will lead to the further enhancement of unitholder value for all unitholders, not limited to the Target Institutional Investors, and therefore, CRE REIT has decided to conduct the primary offering only to the Target Institutional Investors.

2. Total number of investment units issued and outstanding after the new issuance

Total number of investment units outstanding at present	500,150 units
Increase in number of investment units by the primary offering	64,550 units
Total number of investment units outstanding after the primary offering	564,700 units

3. Purposes of and Reasons for the Issuance

By acquiring a property with a high occupancy rate in a good location that has been developed recently by the sponsor, at an appropriate price and in a timely manner, CRE REIT aims to establish a quality portfolio that contributes to long-term, stable investment management in order to provide unitholders with good investment opportunities. The acquisition of the asset (the “Asset to be Acquired”) announced as of September 2, 2021 in the “Notice Concerning Acquisition and Leasing of Trust Beneficiary Right to Real Estate in Japan”, meets the investment standards of CRE REIT.

Upon review of the acquisition of the Asset to be Acquired, CRE REIT made the decision to issue new investment units after taking into consideration the level of distribution per unit, the level of NAV per unit, LTV, market trend and other factors.

4. Rationale for the Green Equity Offering

The CRE Group (Note 1) sets the management philosophy of “Ei (Eternal)”, “Toku (Virtue)” and “Kan (Cycle)”. CRE, the sponsor of CRE REIT, has been promoting the acquisition of BELS evaluation (Note2) at the development stage of logistics facilities in consideration of the environment, and carrying out environmentally friendly development such as the installation of solar panels, LED lighting, and the use of exterior wall panels with high environmental performance, toward the realization of (i) “Ei” that indicates an attitude of constantly contributing to social development, (ii) “Toku” to act for the betterment of others and society, and (iii) “Kan” to value connections with society and strive to create a circular society of the future.

CRE REIT believes that acquiring such environmentally friendly logistics facilities will lead to the sustainable

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growth of society and intends to acquire properties so that the majority of our portfolio (on an acquisition price basis) will be Green qualifying assets (Note 3). In addition to acquiring environmentally friendly logistics facilities, CRE REIT will proactively consider introducing additional facilities that CRE REIT believes will contribute to environmental improvement.

In order to further promote ESG (Note 4) initiatives, in August 2021, CRE REIT formulated the Green Equity Framework (Note 5) which refers to the four key criteria (1. Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, and 4. Reporting) specified by the Green Bond Principles 2021 (Note 6) as well as “Green Bond Guidelines 2020” (Note 7) and “Green Loan and Sustainability Linked Loan Guidelines 2020” (Note 8).

From DNV BUSINESS ASSURANCE JAPAN K.K. (“DNV”) (Note 10), CRE REIT has obtained a second-party opinion (Note 11) (Note 12) which states that the Green Equity Framework satisfies the four key criteria specified by the Green Bond Principles, etc. The primary offering is Green Equity Offering to be implemented in accordance with the Green Equity Framework.

CRE REIT will promote the acquisition of environmentally friendly logistics facilities and contribute to the sustainable growth of society, while diversifying its financing methods through the use of green finance (Note 13), including the implementation of Green Equity Offering.

(Note 1) “CRE Group” is a collective term for CRE, Inc. (“CRE”) and its group company. The CRE Group consists of CRE and its subsidiaries and affiliates (9 consolidated subsidiaries and 4 affiliates as of July 31, 2020).

(Note 2) “BELS evaluation” means Building-Housing Energy-efficiency Labeling System. This system was launched to ensure that third-party organizations accurately evaluate and present the energy conservation performance of non-residential buildings based on the “Guidelines for the Evaluation of Energy Conservation Performance Indication for Non-Housing Buildings (2013)” established by the Ministry of Land, Infrastructure, Transport and Tourism. In addition, since April 2016, it has become one of the third-party certification systems stipulated in the Guidelines for Indication of Energy Consumption Performance of Buildings (Notification No. 489 of the Ministry of Land, Infrastructure, Transport and Tourism, 2016 as amended) based on Article 7 of the Act on the Improvement of Energy Consumption Performance of Buildings (Act No. 53 of 2015 as amended), and also houses have been added to the scope. Under this system, a third-party organization evaluates the energy conservation performance of both new and existing buildings based on various measures, and the evaluation is indicated in five levels (★ to ★★★★★).

(Note 3) “Green qualifying assets” means assets that meet certain qualified criteria of the Green Equity Framework.

(Note 4) “ESG” means the “Environment”, “Social” and “Governance”.

(Note 5) In establishing the Green Equity Framework, CRE REIT has appointed SMBC Nikko Securities Inc. as its Green Equity Structuring Agent. “Green Equity Structuring Agent” is a supporter who assists in raising funds through green equity offering by providing advice on establishing green equity frameworks and obtaining second party opinions.

(Note 6) “Green bonds” are bonds issued by entities, such as corporations and local governments, to raise funds to be used for green projects that will bring about tangible environmental improvements. The bonds are generally issued in accordance with the Green Bond Principals established by the International Capital Market Association (“ICMA”). “Green Bond Principals” are guidelines for the issuance of green bonds formulated by the Green Bond Principles Executive Committee, a private organization for which ICMA serves as the secretariat. The same applies below.

(Note 7) “Green Bond Guidelines 2020” are the guidelines established and published by Ministry of the Environment in March 2017, as amended in March 2020, to further promote green bonds in Japan by providing specific examples of responses and interpretations that are in line with Japan’s unique characteristics that can be used as references by market participants in considering specific actions related to green bonds while maintaining consistency with the Green Bond Principles.

(Note 8) “Green Loan and Sustainability Link Loan Guidelines 2020” are the guidelines established and published by Ministry of the Environment in March 2020. The guidelines, which aim to further promote green loans (Note 9) in Japan, provides specific examples of responses and interpretations that are in line with Japan’s unique characteristics that can be used as references by lenders, borrowers and other related institutions to consider specific actions related to green loans while maintaining consistency with the Green Loan Principles (Note 9).

(Note 9) “Green Loans” generally refers to a loan that complies with the Green Loan Principles. The same applies below. “Green Loan Principals” means guidelines for loans with respect to which use of proceeds is limited to restricted to the environmental area that are established by Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.

(Note 10) “DNV” is the Japanese office of DNV, a third-party assessment agency established in 1864, based in Oslo, the Kingdom of Norway. The

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agency has built a strong track record in providing a number of verification reports and second-party opinions, through its global activities as a registered issuance supporter (External Review Division) of the Green Bond Issuance Promotion Platform set up by Ministry of Environment of Japan and as a verifier certified by Climate Bonds Initiative, an international NGO that promotes a massive investment aiming at low-carbon economy. The same applies below.

(Note 11) In the Green Bond Principles, there are four types of external reviews: “second party opinion,” “verification,” “certification” and “rating”.

A “second party opinion” means an opinion by a third-party organization with expertise on the conformity with the Green Bond Principles, etc. A “verification” means that an external assessment body guarantees or certifies the conformity with certain standards related to environmental standards, etc. (including internal standards created by the issuer). The term “certification” means that an accredited third party evaluation organization confirms the conformity with generally recognized external greenness assessment standards and grants certification, and the term “rating” means that a third party organization such as a research or rating organization with expertise evaluates or assesses based on established rating methods. The same applies below.

(Note 12) DNV, as an external reviewer, has assessed the eligibility of the Green Equity Framework in reference to the Green Bond Principles and related standards, and by taking into account how the raised funds are managed, a consideration unique to green equity offerings. However, these various principles and standards are not originally intended for capital-intensive financings such as an issuance of the investment units. DNV does not evaluate Green Equity Offering itself. This second-party opinion by DNV does not provide a guarantee as to the financial performance of the investment units to be issued through the primary offering itself, the value of the investment or its long-term environmental benefits. This second-party opinion by DNV is merely an opinion on the Green Equity Framework and is not an opinion on the Investment Units of CRE REIT, which are the subject of the primary offering. This second-party opinion is different from a credit rating and is not a commitment by DNV to provide or make available a predetermined credit rating.

(Note 13) Financing through green equity offerings, green loans and green bonds are collectively referred to as “green finance”.

5. Electronic delivery of prospectuses

The Underwriters will provide all of the prospectuses for the primary offering by means of electronic delivery, rather than delivery of printed documents (Note). CRE REIT believes that providing all prospectuses electronically is consistent with the spirit of CRE REIT’s promotion of green finance because electronic delivery of prospectuses will reduce the amount of paper, ink, etc. CRE REIT will continue to contribute to the conservation of the global environment by constantly considering initiatives that will lead to minimizing the burden on the global environment.

(Note) CRE REIT refers to the provision of the information stated in prospectuses by electromagnetic means as electronic delivery of prospectuses.

The person providing the prospectus is deemed to have delivered the prospectus, if such person provides the recipient of such information stated in the prospectus by electromagnetic means after obtaining consent from the recipient (Article 27-30-9, Paragraph 1 of the FIEA; Article 32-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Information on Regulated Securities (Ministry of Finance Order No. 22 of 1993, as amended) (the “Cabinet Office Order”). Accordingly, if such consent cannot be obtained or is withdrawn (Article 32-2, Paragraph 7 of the Cabinet Office Order), prospectuses cannot be delivered electronically, but the Underwriters will sell investment units in the primary offering only to those investors who have given and have not withdrawn such consent.

6. Total amount to and use of proceeds, and schedule of expenditure

(1) Total amount to be procured (approximate net proceeds)

13,232,000,000 yen

(Note) The above-mentioned amount is estimated based on the closing price of the Investment Units of CRE REIT in an ordinary transaction on the TSE as of Friday, August 20, 2021.

(2) Specific use of proceeds and schedule of expenditure

The net proceeds from the primary offering (13,232,000,000 yen) will be allocated for partial financing to obtain the Asset to be Acquired, which is the project that satisfy the eligibility criteria of the Green Equity Framework established by CRE REIT.

(Note) The proceeds will be deposited into accounts with financial institutions until the expenditure is made.

7. Designation of distributives

Not applicable.

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8. Limitations on sales and additional issues of investment units

- (1) Tsuyoshi Ito, Executive Officer of CRE REIT and President of CRE REIT Advisers, Inc. (the “Asset Manager”) and Tadahide Kameyama, President of CRE, Inc. (“CRE”) and Director of the Asset Manager, agree with the lead manager, in connection with the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to the date on which 180 days have elapsed counting from the delivery date for the primary offering without the prior written consent of the lead manager.

The lead manager has the authority to cancel abovementioned restriction in part or in whole or shorten the restriction period at its own discretion.

- (2) Kyobashi Kousan, Inc., the largest shareholder of CRE, agrees with the lead manager, in connection with the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to the date on which 90 days have elapsed counting from the delivery date for the primary offering without the prior written consent of the lead manager.

The lead manager has the authority to cancel abovementioned restriction in part or in whole or shorten the restriction period at its own discretion.

- (3) CRE agrees with the lead manager, in connection with the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to the date on which 90 days have elapsed counting from the delivery date for the primary offering without the prior written consent of the lead manager.

The lead manager has the authority to cancel abovementioned restriction in part or in whole or shorten the restriction period at its own discretion.

- (4) CRE REIT agrees with the lead manager, in connection with the primary offering, not to issue the Investment Units of CRE REIT (excluding, however, issuance, etc. of Investment Units of CRE REIT in the case of a unit split) during the period from the Issue Price Determination Date to the date on which 90 days have elapsed counting from the delivery date for the primary offering without the prior written consent of the lead manager.

The lead manager has the authority to cancel abovementioned restriction in part or in whole or shorten the restriction period at its own discretion.

* CRE Logistic REIT, Inc. website: <https://cre-reit.co.jp/en/>

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