

CRE Logistics REIT, Inc.
Summary of Financial Results (Unaudited)
For the 11th Fiscal Period Ended December 31, 2021
(For the Reporting Period from July 1, 2021 to December 31, 2021)
(Translated from the Japanese original)

Corporate Information

Code: 3487 Listing: Tokyo Stock Exchange

(URL: <https://cre-reit.co.jp/en/>)

Representative: Tsuyoshi Ito, Executive Director

Asset management company: CRE REIT Advisers, Inc.
 Representative: Tsuyoshi Ito, President
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Scheduled date to file securities report: March 29, 2022
 Scheduled date to commence payment of distributions: March 22, 2022
 Preparation of supplementary material on financial results: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the basic earnings per unit)

1. 11th Fiscal Period ended December 31, 2021 (July 1, 2021 - December 31, 2021)

(1) Operating results (Percentages represent changes from corresponding period of previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended								
December 31, 2021	3,595	13.8	2,088	16.0	1,799	18.2	1,798	18.2
June 30, 2021	3,159	21.3	1,800	18.2	1,522	17.2	1,521	17.2

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
December 31, 2021	3,343	2.6	1.4	50.1
June 30, 2021	3,092	2.7	1.4	48.2

(Note 1) The Investment Corporation issued 73,000 new investment units on January 19, 2021 and 3,650 new investment units on February 10, 2021. Net income per unit for the fiscal period ended June 30, 2021 is calculated by dividing net income by the weighted average number of investment units (492,083 units) based on the number of days during the period.

(Note 2) The Investment Corporation issued 64,550 new investment units on September 15, 2021. Net income per unit for the fiscal period ended December 31, 2021 is calculated by dividing net income by the weighted average number of investment units (538,038 units) based on the number of days during the period.

(2) Distributions

	Distributions per unit (excluding surplus distributions)	Total distributions (excluding surplus distributions)	Surplus distributions per unit	Total surplus distributions	Distributions per unit (including surplus distributions)	Total distributions (including surplus distributions)	Payout ratio	Distributions to net assets ratio
Fiscal period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
December 31, 2021	3,186	1,799	338	190	3,524	1,990	100.0	2.5
June 30, 2021	3,042	1,521	356	178	3,398	1,699	100.0	2.5

(Note 1) The entire amount of total surplus distributions is the return of contributions that falls under the distribution associated with the investment decrease for tax purposes.

(Note 2) The percentage of decreased surplus as a result of surplus distributions (the return of contributions that falls under the distribution associated with the investment decrease for tax purposes) in the fiscal period ended June 30, 2021 and the fiscal period ended December 31, 2021 was 0.003, respectively. The calculation of the percentage of decreased surplus is based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(Note 3) The payout ratio in the fiscal period ended June 30, 2021 and the fiscal period ended December 31, 2021 is calculated based on the following formula because the Investment Corporation issued new investment units.

$$\text{Payout ratio} = \text{Total amount of distributions (excluding surplus distributions)} \div \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
As of	Million yen	Million yen	%	Yen
December 31, 2021	140,743	75,334	53.5	133,406
June 30, 2021	117,525	62,088	52.8	124,138

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal period
Fiscal period ended	Million yen	Million yen	Million yen	Million yen
December 31, 2021	3,024	(22,338)	20,614	5,340
June 30, 2021	2,139	(20,380)	18,408	4,039

2. Forecast for the 12th Fiscal Period ending June 2022 (January 1, 2022-June 30, 2022) and the 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022)
(Percentages represent changes from corresponding period of previous period)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus distributions)	Distributions per unit (excluding surplus distributions)	Surplus distributions per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
Fiscal period ending											
June 30, 2022	3,875	7.8	2,096	0.4	1,801	0.1	1,800	0.1	3,529	3,188	341
December 31, 2022	3,884	0.2	2,092	(0.2)	1,810	0.5	1,809	0.5	3,547	3,205	342

(Reference) Forecast net income per unit (Forecast net income/ Forecast number of investment units at the end of the fiscal period) for the 12th Fiscal Period ending June 2022 is 3,188 yen and forecast net income per unit for the 13th Fiscal Period ending December 2022 is 3,205 yen.

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

1. Changes in accounting policies associated with revision of accounting standards, etc.: Yes
2. Changes in accounting policies associated with other than 1: None
3. Changes in accounting estimates: None
4. Restatements: None

(2) Total number of investment units issued and outstanding

1. Total number of investment units issued and outstanding at the end of the fiscal period (including treasury investment units)	As of December 31, 2021	564,700 units	As of June 30, 2021	500,150 units
2. Total number of treasury investment units at the end of the fiscal period	As of December 31, 2021	0 units	As of June 30, 2021	0 units

* Summary of financial results is not inside the scope of audit procedure by certified public accountants or audit corporations.

*** Remarks on appropriate use of forecasts of performance and other special notes**

Forward-looking statements presented in these financial results, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of various factors. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Refer to the section on "Assumptions for Operating Forecasts for the 12th Fiscal Period ending June 2022 (January 1, 2022-June 30, 2022) and the 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022)" for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 12th Fiscal Period ending June 2022 (January 1, 2022-June 30, 2022) and the 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> - 12th Fiscal Period (Ending June 30, 2022): January 1, 2022-June 30, 2022 (181 days) - 13th Fiscal Period (Ending December 31, 2022): July 1, 2022-December 31, 2022 (184 days)
Assets under management	<ul style="list-style-type: none"> - The investment corporation possesses the trust beneficial interests in real estate in a total of 20 properties (hereinafter referred to as “assets currently held”). The operating forecasts herein are based on the assumption that the investment corporation will continue to possess these properties until December 31, 2022, as well as the assumption that there will be no fluctuations in the trust beneficial interests in real estate (including newly acquired properties and the disposal of assets currently held). - However, there is a possibility that fluctuations in the portfolio will occur due to factors including the new acquisition of properties or the disposal of assets currently held.
Operating revenues	<ul style="list-style-type: none"> - Real estate lease business revenues are calculated based on leasing contracts that are effective as of the date of submission of these financial results and actual performance in the past. Even though the two lease contracts will expire during the fiscal period ending June 30, 2022, and one lease contract will expire during the fiscal period ending December 31, 2022, we concluded new lease contracts with the tenants. All lease contracts will be concluded at a fixed rent. - The forecasts assume there are no delinquencies or default on rental payments by tenants.
Operating expenses	<ul style="list-style-type: none"> - Expenses of assets currently held other than depreciation that fall under the category of real estate leasing expenses, which is the investment corporation’s main operating expenses, are calculated based on actual expenses., reflecting variables, including forecast costs (including taxes and public dues, property management fees, insurance expenses, repair expenses). - Property tax and city planning tax, etc. are estimated 388 million yen in the 12th fiscal period and 388 million yen in the 13th fiscal period on assets currently held. - Depreciation is based on the straight-line method. Depreciation is forecast to be 642 million yen in the 12th fiscal period and 644 million yen in the 13th fiscal period. - Property management fees are expected to be 202 million yen in the 12th fiscal period and 205 million yen in the 13th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> - Non-operating expenses for the 12th fiscal period are expected to total 294million yen. Of this, it is estimated that 271 million yen is for interest expenses and other financial related costs, and 14 million yen is for depreciation of investment unit issuance costs. - Non-operating expenses for the 13th fiscal period are expected to total 281 million yen. Of this, it is estimated that 266 million yen is for interest expenses and other financial related costs, and 11 million yen is for depreciation of investment unit issuance costs.
Interest-bearing debt	<ul style="list-style-type: none"> - The total interest-bearing debt at the end of each fiscal period is as follows: 61,869 million yen as of June 30, 2022 and 61,869 million yen as of December 31, 2022. - In the fiscal period ending June 30, 2022, while long-term borrowings of 3,680 million yen matured on January 31, 2022, and the same amount was refinanced. - In the fiscal period ending December 31, 2022, while long-term borrowings of 2,400 million yen will mature on July 29, 2022, it is assumed that the same amount will be refinanced. - The LTV is expected to be around 43.9% as of June 30, 2022, and around 44.0% as of December 31, 2022. The following equation was used to calculate LTV. The figure is rounded to the second decimal point. $LTV = \text{Interest-bearing debt} / \text{Total Assets} \times 100$
Investment units	<ul style="list-style-type: none"> - The assumptions for these forecasts are based on a total number of investment units issued of 564,700, as of the submission of these financial results. The forecasts do not factor in any assumption of a change in the number of investment units through December 31, 2022 due to factors such as the issuance of new investment units. - The distributions per unit (excluding surplus distributions) and the surplus distributions per unit are calculated based on a total number of investment units issued of 564,700 for the fiscal period ending June 30, 2022 and the fiscal period ending December 31, 2022.
Distributions per unit (excluding surplus distributions)	<ul style="list-style-type: none"> - The distributions per unit (excluding surplus distributions) is calculated based on the assumption that distributions are carried out in accordance with the policies for monetary distributions set forth in the regulations of the investment corporation. - There is a possibility that the amount of the distributions per unit (excluding surplus distributions) could change owing to various factors, including changes in rental income, or unexpected maintenance work due to a change in assets under management or a change in tenants.

<p>Distributions per unit of surplus profit</p>	<ul style="list-style-type: none"> - The surplus distributions per unit is calculated in accordance with the policy stipulated in the operational guidelines—the regulations of the investment corporation and the internal regulations of the asset management company. - These assumptions do not include any specific possibility of a substantial deterioration in the economic climate, real estate market or the financial condition of the investment corporation. - While the investment corporation has a policy of implementing surplus distribution every term with an amount equivalent to 30% of depreciation as a benchmark, the investment corporation has decided to implement this policy flexibly to equalize distributions within the range equivalent to 30% of depreciation. - Moreover, in the event that the distributions per unit is expected to temporarily fall below a certain level due to dilution in the value of the investment unit or a considerable financial burden owing to the procurement of capital through the issuance of new investment units or other factors, the investment corporation may distribute continuous surplus profit plus a one-off distribution that exceeds the profit level in the period for the purpose of maintaining the ordinary level of the distributions per unit. However, total amount of the continuous surplus distribution and a one-off distribution shall not exceed the equivalent to 60% of total depreciation for the relevant business period. - In actuality, the amount of distributions exceeding profit (return of contributions) is likely to fluctuate due to changes in the economic climate, real estate market trends, asset portfolio, and financial position, and there is a possibility the investment corporation will not implement distributions (return of contributions) in surplus distributions for the period.
<p>Other</p>	<ul style="list-style-type: none"> - The forecasts were built based on the assumption that there will be no revisions to laws and ordinances, the tax system, accounting standards, listing regulations set forth by the Tokyo Stock Exchange, Inc., and the regulations stipulated by the Investment Trusts Association, Japan, that would have an impact on the forecasts stated above. - The forecasts are also based on the assumption that there will be no unexpected major changes to general economic trends and the real estate market.

3. Financial Statements
(1) Balance Sheet

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,728,060	2,738,067
Cash and deposits in trust	3,356,893	3,930,134
Operating accounts receivable	158,876	145,642
Prepaid expenses	141,856	153,526
Consumption taxes receivable	982,593	666,276
Total current assets	6,368,281	7,633,647
Non-current assets		
Property, plant and equipment		
Buildings in trust	58,837,546	67,620,215
Accumulated depreciation	(2,760,123)	(3,352,910)
Buildings in trust, net	56,077,422	64,267,304
Structures in trust	2,922,640	3,163,201
Accumulated depreciation	(106,699)	(129,400)
Structures in trust, net	2,815,940	3,033,800
Tools, furniture and fixtures in trust	3,322	3,322
Accumulated depreciation	(453)	(740)
Tools, furniture and fixtures in trust, net	2,868	2,582
Land in trust	51,871,682	65,374,983
Total property, plant and equipment	110,767,914	132,678,671
Intangible assets		
Other	1,266	866
Total intangible assets	1,266	866
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	314,648	338,437
Deferred tax assets	17	9
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	335,166	358,947
Total non-current assets	111,104,347	133,038,485
Deferred assets		
Investment unit issuance expenses	41,235	45,381
Investment corporation bond issuance costs	11,422	26,049
Total deferred assets	52,657	71,431
Total assets	117,525,286	140,743,564

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Operating accounts payable	170,645	169,205
Current portion of long-term borrowings	8,254,000	6,080,000
Accrued expenses	253,712	293,297
Income taxes payable	970	808
Advances received	584,135	695,158
Other	2,820	155,232
Total current liabilities	9,266,284	7,393,701
Non-current liabilities		
Investment corporation bonds	2,000,000	4,000,000
Long-term borrowings	42,415,000	51,789,000
Leasehold and guarantee deposits received in trust	1,742,256	2,212,960
Other	13,638	13,214
Total non-current liabilities	46,170,894	58,015,175
Total liabilities	55,437,179	65,408,877
Net assets		
Unitholders' equity		
Unitholders' capital	61,148,104	74,295,196
Deduction from unitholders' capital	(581,685)	(759,739)
Unitholders' capital, net	60,566,418	73,535,457
Surplus		
Unappropriated retained earnings (undisposed loss)	1,521,688	1,799,230
Total surplus	1,521,688	1,799,230
Total unitholders' equity	62,088,107	75,334,687
Total net assets	62,088,107	75,334,687
Total liabilities and net assets	117,525,286	140,743,564

(2) Statement of Income

	(Thousands of yen)	
	Fiscal period ended June 30, 2021	Fiscal period ended December 31, 2021
Operating revenue		
Leasing business revenue	3,118,710	3,528,515
Other leasing business revenue	40,944	67,081
Total operating revenue	3,159,654	3,595,597
Operating expenses		
Expenses related to leasing business	1,036,607	1,137,494
Asset management fees	269,103	307,071
Asset custody fees	2,750	3,188
Administrative service fees	17,552	20,667
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	28,484	34,269
Total operating expenses	1,358,998	1,507,190
Operating income	1,800,656	2,088,406
Non-operating income		
Interest income	23	23
Reversal of distributions payable	—	394
Interest on tax refund	185	188
Refund of real estate taxes	—	11,139
Total non-operating income	208	11,745
Non-operating expenses		
Interest expenses	137,326	159,440
Interest expenses on investment corporation bonds	5,247	6,657
Borrowing related expenses	101,346	102,340
Amortization of organization expenses	5,047	—
Amortization of investment unit issuance expenses	12,648	13,694
Amortization of investment corporation bond issuance costs	1,370	1,641
Other	15,263	16,562
Total non-operating expenses	278,250	300,335
Ordinary income	1,522,614	1,799,816
Income before income taxes	1,522,614	1,799,816
Income taxes - current	974	811
Income taxes - deferred	(5)	7
Total income taxes	968	819
Net income	1,521,645	1,798,997
Retained earnings brought forward	43	232
Unappropriated retained earnings (undisposed loss)	1,521,688	1,799,230

(3) Statement of Unitholders' Equity

Fiscal period ended June 30, 2021

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	50,285,726	(444,048)	49,841,677	1,298,917	1,298,917	51,140,595	51,140,595
Changes during period							
Issuance of new investment units	10,862,378		10,862,378			10,862,378	10,862,378
Distributions in excess of earnings		(137,637)	(137,637)			(137,637)	(137,637)
Dividends of surplus				(1,298,874)	(1,298,874)	(1,298,874)	(1,298,874)
Net income				1,521,645	1,521,645	1,521,645	1,521,645
Total changes during period	10,862,378	(137,637)	10,724,740	222,771	222,771	10,947,512	10,947,512
Balance at end of period	61,148,104	(581,685)	60,566,418	1,521,688	1,521,688	62,088,107	62,088,107

Fiscal period ended December 31, 2021

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	61,148,104	(581,685)	60,566,418	1,521,688	1,521,688	62,088,107	62,088,107
Changes during period							
Issuance of new investment units	13,147,092		13,147,092			13,147,092	13,147,092
Distributions in excess of earnings		(178,053)	(178,053)			(178,053)	(178,053)
Dividends of surplus				(1,521,456)	(1,521,456)	(1,521,456)	(1,521,456)
Net income				1,798,997	1,798,997	1,798,997	1,798,997
Total changes during period	13,147,092	(178,053)	12,969,038	277,541	277,541	13,246,579	13,246,579
Balance at end of period	74,295,196	(759,739)	73,535,457	1,799,230	1,799,230	75,334,687	75,334,687

(4) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended June 30, 2021	Fiscal period ended December 31, 2021
Cash flows from operating activities		
Income before income taxes	1,522,614	1,799,816
Depreciation	562,935	616,173
Amortization of organization expenses	5,047	—
Amortization of investment unit issuance expenses	12,648	13,694
Amortization of investment corporation bond issuance costs	1,370	1,641
Interest income	(23)	(23)
Interest expenses	142,573	166,097
Decrease (increase) in operating accounts receivable	(8,261)	13,234
Decrease (increase) in consumption taxes refund receivable	(137,372)	316,317
Decrease (increase) in prepaid expenses	(15,396)	(11,670)
Increase (decrease) in operating accounts payable	40,529	(1,439)
Increase (decrease) in accrued expenses	27,960	33,967
Increase (decrease) in advances received	110,640	111,022
Decrease (increase) in long-term prepaid expenses	1,932	(23,789)
Other, net	10,270	151,144
Subtotal	2,277,471	3,186,189
Interest received	23	23
Interest paid	(136,806)	(160,480)
Income taxes paid	(862)	(974)
Net cash provided by (used in) operating activities	2,139,825	3,024,757
Cash flows from investing activities		
Acquisition of property, plant and equipment in trust	(21,077,406)	(22,526,530)
Proceeds from leasehold and guarantee deposits received in trust	270,413	470,704
Proceeds from restricted deposit	696,902	—
Payments into restricted deposits	(270,413)	(282,422)
Net cash provided by (used in) investing activities	(20,380,504)	(22,338,248)
Cash flows from financing activities		
Proceeds from long-term borrowings	9,900,000	13,774,000
Repayments of long-term borrowings	(900,000)	(6,574,000)
Proceeds from issuance of investment corporation bonds	—	1,983,730
Proceeds from issuance of investment units	10,844,907	13,129,251
Distributions paid	(1,436,138)	(1,698,665)
Net cash provided by (used in) financing activities	18,408,768	20,614,316
Net increase (decrease) in cash and cash equivalents	168,089	1,300,825
Cash and cash equivalents at beginning of period	3,871,510	4,039,600
Cash and cash equivalents at end of period	4,039,600	5,340,425