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For Immediate Release

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Notice Concerning Sale of Trust Beneficiary Right to Real Estate in Japan

CRE Logistics REIT, Inc. (“CRE REIT”) hereby announces that CRE REIT Advisers, Inc. (the “Asset Manager”), an asset management company to which CRE REIT entrusts the management of its assets, decided on July 20, 2022 to sale the trust beneficial right in the following property (the “Asset for Sale”).

1. Overview of the sale

Category	Property no.	Property name	Location	Anticipated sale price (Note 1)	Anticipated book value (Note 2)	Anticipated gain on sale (Note 3)	Appraisal value
Logistics-related facility	O-2	LogiSquare Chitose	Chitose-shi, Hokkaido	3,200 million yen	1,290 million yen	1,774 million yen	1,620 million yen

- (1) Sale and purchase agreement date / Date of determination of planned sale : July 20, 2022
- (2) Payment date / Planned sale date : August 3, 2022
- (3) Settlement method : To be received in lump sum upon delivery
- (4) Existence or non-existence of intermediary : Existence. Intermediary is not considered an interested person under the Act on Investment Trusts and Investment Corporations.
- (5) Buyer : Please refer to “4. Buyer profile”

(Note 1) “Anticipated sale price” is the sale price set forth in the agreement on sale and purchase of the asset to be transferred. The sale price does not include national and local consumption taxes or sale costs and is rounded down to the nearest million yen. The same applies hereinafter.

(Note 2) “Anticipated book value” is the assumed book value at the planned sale date and is rounded down to the nearest million yen. The same applies hereinafter.

(Note 3) “Anticipated gain on sale” is calculated by deducting anticipated book value and expenses related to the sale from anticipated sale price and is rounded down to the nearest million yen. The same applies hereinafter.

2. Reasons for the sale

CRE REIT aims to build a portfolio that achieves long-term stable asset management by investing in high-quality logistics-related facilities.

The Asset for Sale is located in a remote area and the operating costs are large compared to other areas,

and is being sold to eliminate future uncertainties. The anticipated sale price is 97.5% higher than the appraisal value, and the gain on sale is expected to be 1,774 million yen.

3. Details of the Asset for Sale

An overview of the trust beneficiary right in real estate, the Asset for Sale, is shown in the table below. The terms used in each column of the table are as described in the following, which is based on information as of the end of June 2022 unless otherwise provided herein.

- (i) Descriptions concerning “property no.” and “use”
 - “Property no.” consists of a number and code that indicates the type of each property. The code “M” indicates logistics-related facilities located in the Tokyo Metropolitan Area, and the code “O” indicates those located in areas other than the Tokyo Metropolitan Area.
 - “Use” is the use(s) of the Asset for Sale
- (ii) Descriptions concerning “Outline of specified asset”
 - “Acquisition price” is the purchase price of the trust beneficiary interest set forth in the agreement for sale and purchase of the trust beneficiary interest for the Asset for Sale at the time of acquisition. The purchase price does not include national and local consumption taxes or acquisition costs.
 - “Overview of trust beneficiary right” is the content of the respective trust agreement for the real estate in trust that is concluded with a trust beneficiary.
 - “Location” of the land is the residence indication or the location of the building recorded in the register (one of the lot numbers, if more than one address was assigned).
 - The land “area” is the area recorded in the register. This area is the entire land area for the building, whether the property is subject to co-ownership or quasi co-ownership. This area may not match actual land areas.
 - “Zoning” of the land is the districts and zones prescribed in Article 8, paragraph 1 of the City Planning Act (Act No. 100 of 1968, including all subsequent amendments, the “City Planning Act”).
 - “Building coverage ratio/floor-area ratio” for the land is the upper limit of the building coverage ratio determined by city planning in accordance with zoning and other factors (designated building coverage ratio) and the upper limit of the floor-area ratio (designated floor-area ratio). Where there are more than one such ratio, all such ratios are listed. The designated building coverage ratio may be relaxed or made more restrictive depending on whether there are fire-resistant buildings in the fire zone or for other reasons. The designated floor-area ratio may also be relaxed or made more restrictive due to the width of the roads adjacent to the land or for other reasons. These ratios may differ from the actual building coverage ratio and floor-area ratio applied.
 - “Type of ownership” of the land and building is the type of rights pertaining to the land and building for the property that CRE REIT or a trustee.
 - “Building structure” and “completion date for construction” of the building are the building structure and the completion date for construction in the register for the building.
 - The building “total floor area” and “type” are the area and type recorded in the register for the building. This “total floor area” is the entire area for the building, whether the property is subject to co-ownership or quasi co-ownership. In addition, “total floor area” is the sum of total floor area of the main building and any annex.
 - “Master lessee” is the company with which an effective master lease agreement is concluded as of today for the Asset for Sale.
 - “Master lease agreement” is the type of master lease agreement (with a distinction between the pass-through type and the rent fixed type) that is concluded between the owner and the Master lessee for the Asset for Sale.
 - “PM Company” is the company with which an effective property management agreement is concluded as of today for the Asset for Sale.
 - “Number of tenants” is the number of tenants who lease the Asset for Sale from CRE REIT based on lease agreements as of the end of June 2022. Where a master lease agreement has been signed, “number of tenants” is the total number of end tenants with regard to any property based on a pass-through type master lease. Moreover, where an end tenant shares with a third party or subleases all of or a portion of the leased lot to a third party, such third party is not included in “number of tenants.”
 - “Total leasable area” is the area of the portions that are deemed leasable based on the respective lease agreements concerning the Asset for Sale that has been concluded or the floor plan, etc. as of the end of June 2022.
 - “Occupancy rate” is the ratio expressed as a percentage of the total leased area to leasable area of the Asset for Sale as of the end of June 2022, rounded to the first decimal place.
 - “Notes” are matters that are deemed to be material with respect to relationships of the rights, usage, etc. of the

property as of today and other matters that are deemed to be material in consideration mainly of the potential impact on the appraised value of the Asset for Sale, and the profitability or disposability thereof.

(iii) Descriptions in the column for “outline of leasing”

- “Lessee,” “lease form,” “lease period,” “leased area,” “rent,” “security deposit and guarantee money,” “rent revision,” “premature cancellation” and “penalty” are the contents of each lease agreement that has been concluded for the Asset for Sale as of the end of June 2022 (in the case of the pass-through type master lease agreement, the lease agreement with the end tenant).
- “Type of business” is the type determined upon judgment of the main products handled/business format of each tenant based on information gathered from tenants by the Asset Manager through interviews and other means usually upon conclusion of the lease agreement.

(iv) Descriptions in the column for “outline of real estate appraisal report”

- The column for “outline of real estate appraisal report” is written based on the real estate appraisal report obtained from Japan Real Estate Institute.

LogiSquare Chitose

Property no.	LogiSquare Chitose		Category	Logistics-related facilities		
O-2						
Outline of specified asset						
Type of specified asset	Real estate trust beneficiary right		Overview of trust beneficiary right	Entrustment date	July 13, 2020	
Acquisition date	July 13, 2020			Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Acquisition price	¥1,300,000,000			Trust maturity date	July 31, 2040	
Land	Location	1007-281 Izumisawa Chitose-shi, Hokkaido		Building	Building structure	Steel construction, alloy coated steel sheet roof, single floor
	Area	49,599.00 m ²			Completion date for construction	November 9, 2017
	Zoning	Quasi-industrial district			Total floor area	19,760.00m ²
	Building coverage ratio/floor-area ratio	60%/200%			Type	Warehouse
	Type of ownership	Proprietary ownership			Type of ownership	Proprietary ownership
Master lessee	CRE, Inc.		PM company	CRE, Inc.		
Master lease agreement	Fixed		Number of tenants	1		
Total leasable area	19,760.00m ²		Occupancy rate	100.0%		
Notes: Not applicable.						

Outline of leasing						
Lessee	Type of business	Lease form	Lease period	Leased area	Rent	Security deposit and guarantee money
CRE, Inc.	Real estate business	Fixed term building lease	21.0 years	19,760.00m ²	Undisclosed (Note)	Undisclosed (Note)
Rent revision	Not allowed.					
Premature cancellation	Not allowed; provided, however, that premature cancellation may be approved under unavoidable circumstances until 11 years have elapsed since the commencement date of the lease on the condition that the intent to prematurely cancel is notified in writing no less than six (6) months before the intended date of premature cancellation and that a penalty for the premature cancellation be paid. In addition, after 11 years have elapsed since the commencement date of the lease, premature cancellation may be approved on the condition that the intent to prematurely cancel is notified in writing no less than six (6) months before the intended date of premature cancellation.					
Penalty	Until 11 years have elapsed since the commencement date of the lease, an amount equivalent to the unpaid rent up to the date when 11 years have elapsed. No penalty after 11 years have elapsed since the commencement date of the lease.					

(Note) Since the approval of the lessee for the disclosure of information has not been obtained, the information has not been disclosed due to this unavoidable reason.

Outline of real estate appraisal report		
Property name	LogiSquare Chitose	
Appraisal value	¥1,620,000,000	
Real estate appraiser	Japan Real Estate Institute	
Date of valuation	June 30, 2022	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥1,620,000,000	Appraised by applying the direct capitalization method and the DCF (Discount Cash Flow) method.
Appraisal value based on the direct capitalization method	¥1,620,000,000	
(1) Operating Revenue	¥114,072,000	(i)-(ii)
(i) Effective gross income	¥114,072,000	
(ii) Losses from vacancy, etc.	—	
(2) Operational Expenses	¥28,019,000	Sum of values listed under a. to h.
a. Building maintenance costs	—	
b. Utility expenses	—	
c. Repair expenses	¥1,503,000	
d. Property management fees	¥700,000	
e. Tenant soliciting fees, etc.	—	
f. Taxes and public dues	¥24,446,000	
g. Insurance premiums	¥1,370,000	
h. Other expenses	—	
(3) Net operating income	¥86,053,000	(1)-(2)
(4) Earnings from temporary deposits	¥285,000	
(5) Capital expenditure	¥3,507,000	
Net cash flow	¥82,831,000	(3)+(4)-(5)
Capitalization rate	5.1%	Appraised by taking into consideration transaction yields on similar real estate, etc. as well as by adding and subtracting spreads attributable to locational conditions, building conditions, and the terms of contract of the subject real estate to and from the yield that serves as a benchmark for each region.
Appraisal value using the DCF method	¥1,610,000,000	
Discount rate	5.0%	Appraised by comprehensively taking into consideration the individuality of the subject real estate with reference to the investment yields of similar real estate.
Terminal capitalization rate	5.2%	Appraised by comprehensively taking into consideration future trends of the investment yield, risks of the subject real estate as an investment target, a general projection of the future economic growth rate and trends of real estate prices and rents, etc.
Integrated value	¥1,640,000,000	
Proportion of land	20.5%	
Proportion of building	79.5%	
Other matters for consideration by the appraiser	None	

4. Buyer profile

- (1) Name: Grape TMK
- (2) Location: 1-4, Toranomom 5-chome, Minato-ku, Tokyo
- (3) Title and name of representative: Director Takaaki Fukunaga
- (4) Business: 1. Business related to the acquisition, asset management and disposition of specified assets based on Asset securitization plan pursuant to the Act on Securitization of Assets.
2. All the other associated business related to the business specified above.
- (5) Capital: JPY 200,000
- (6) Established: June 14, 2016
- (7) Net assets and total assets: The information is undisclosed as consent for disclosure has not been obtained from the buyer.
- (8) Large shareholders and shareholding ratio: Grape ISH 100%
- (9) Relationships with CRE REIT and the Asset Manager:
There are no capital, personal, or trade relationships to be noted between CRE REIT and the Asset Manager. The buyer does not fall under the category of a related party of CRE REIT and the Asset Manager.

5. Future outlook

The sale of the Asset for Sale is scheduled to be implemented on August 3, 2022, and it will have no impact on the operating results for the fiscal period ended June 30, 2022. For information on the outlook of the operating results of CRE REIT for the fiscal period ending December 31, 2022, please refer to the “Notice Concerning Revision of Forecasts of Operating Results for the Fiscal Period ending December 31, 2022” announced on July 20, 2022.

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

<Reference 1>

For the portfolio list after the sale of the Asset for Sale, please refer to the “Supplementary Material for Acquisition and Sale of Assets”.

<Reference 2> Forecasts for the fiscal period ended June 30, 2022 and results for the fiscal period ended December 31, 2021 announced on February 17, 2022.

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (including surplus distributions) (Yen)	Distributions per unit (excluding surplus distributions) (Yen)	Surplus distributions per unit (Yen)
FP ended June 30, 2022 Forecasts	3,875	2,096	1,801	1,800	3,529	3,188	341
FP ended Dec. 31, 2021 Results	3,595	2,088	1,799	1,798	3,524	3,186	338

(Note) Figures in the “FP ended June 30, 2022 Forecasts” are current forecasts based on certain assumptions. As such, actual operating revenue, operating income, ordinary income, net income, distributions per unit and surplus distributions per unit may differ from these forecasts as a consequence of changes in circumstances. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.