

CRE Logistics REIT

Supplementary Material for Acquisition and Sale of Assets



LogiSquare Sayama Hidaka

The property is located approximately 0.7 km from the Sayama Hidaka Interchange on the Ken-O Expressway, and access to National Route 407 is also easy. Surrounded by numerous warehouses, factories and other facilities, the property can be operated 24 hours a day.

July 20, 2022
CRE REIT Advisers, Inc.

- This material is organized based on the contents announced in the “Notice Concerning Acquisition of Trust Beneficiary Right to Real Estate in Japan”, “Notice Concerning Sale of Trust Beneficiary Right to Real Estate in Japan”, “Notice Concerning Borrowing of Funds (Refinancing by Green Loan)” and “Notice Concerning Revision of Forecasts of Operating Results for the Fiscal Period ending December 31, 2022” dated July 20, 2022, and additional information attached thereto.
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- Unless otherwise noted, in this material, monetary amounts are rounded down to the nearest indicated unit, and areas, numbers of years and ratios are rounded off to the nearest indicated unit. Any average or ratio pertaining to assets is the weighted average based on the acquisition price, unless otherwise noted.

Glossary

Term	Definition
Appraisal value	The appraisal value or an investigated value as of June 30, 2022 is stated based on the Certificate of Incorporation of CRE REIT and the Regulation on Accountings of Investment Corporations (Cabinet Office Order No.47 of 2006 including subsequent revisions)
Acquisition price	The purchase agreement price for each of the trust beneficiary rights stated in the sales agreement and does not include national and local consumption taxes or sales commission and other expenses that are incurred in the acquisition
Appraisal NOI yield	Ratio of the appraisal NOI of each asset (based on the relevant real estate appraisal report with valuation dated as of June 30, 2022) to the acquisition price of each asset
Appraisal NOI yield after depreciation	Ratio of the appraisal NOI after depreciation of each asset (based on the relevant real estate appraisal report with valuation dated as of June 30, 2022) to the acquisition price of each asset
Occupancy ratio	The ratio of the leased area to the leasable area as of the property as of June 30, 2022
CRE	CRE, INC.

Additional Acquisition of LogiSquare Sayama Hidaka (20%)



Ramp way Type	Multi	Tokyo Metropolitan Area	Ken-O Expressway Route 407	Self-consumption of solar power	CASBEE Real Estate Rank S	BELS ★★★★★
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- Property Features**
- The property is located approximately 0.7 km from the Sayama Hidaka Interchange on the Ken-O Expressway, and access to National Route 407 is also easy. Surrounded by numerous warehouses, factories and other facilities, the property can be operated 24 hours a day.
 - The property has warehouse space on floors 1-4 and offices, a cafeteria and so forth on the fifth floor. Each floor has an area of approximately 18,000 m2 and there is a rampway enabling heavy trucks to go directly to the second and third floors, giving the property a total of 120 truck berths across the first, second and third floors. The facility has a slope exclusively for outgoing vehicles on the second and third floors, contribute to the prevention of congestion and accidents and making maximum use of the site.
 - The uppermost fifth floor of the facility features a cafeteria which can seat around 150 people and a retail space, a rooftop terrace with views of Mount Fuji and other shared amenities and there is also free Wi-Fi and BGM broadcasting equipment to help improve the working environment of workers.

Location	12-1 Aza Kubo, Oaza Ashikariba, Hanno-shi, Saitama
Access	Approximately 0.7 km from Sayama Hidaka IC (Ken-o Expressway)
Structure	RC/S, 5F, alloy plated steel sheet roof
Total floor area	73,728.44 m ²
Total leasable area	71,211.10 m ²
Anticipated acquisition price	3,612 million yen
Appraisal value	3,900 million yen
Appraisal NOI yield	4.3 %
Appraisal NOI yield after depreciation	3.3 %
Completion date	May 2020
Occupancy rate ⁽¹⁾	91.0 %

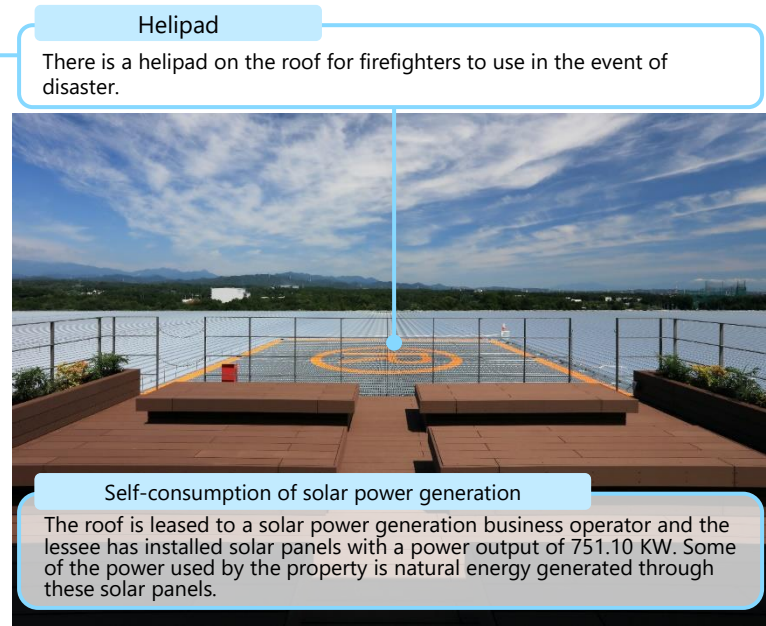
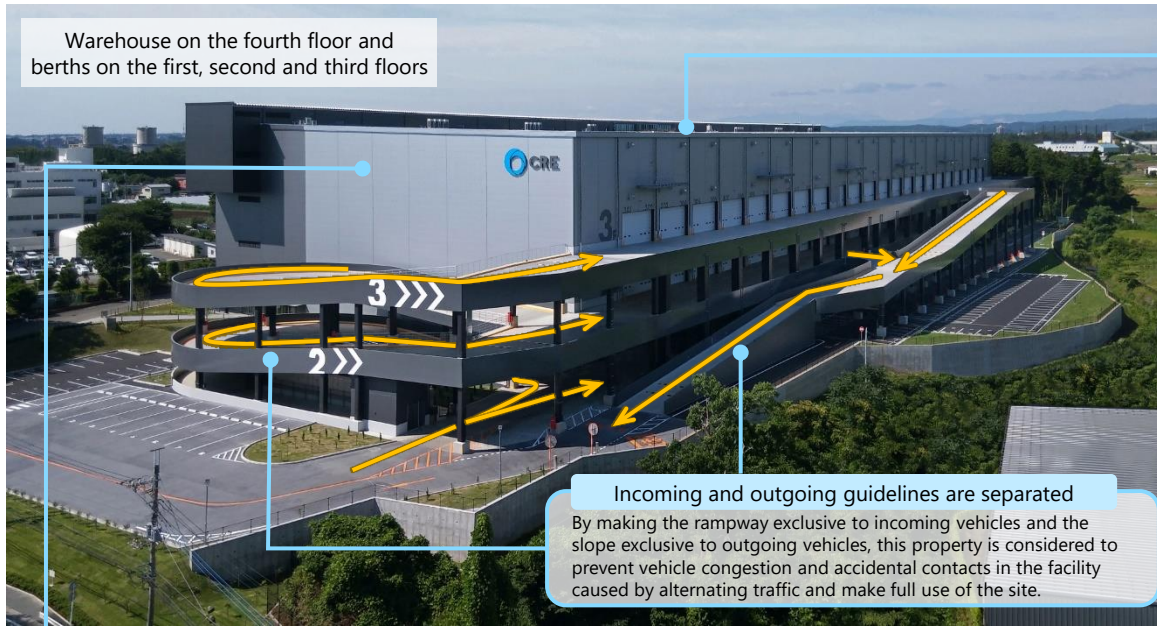


Offices, cafeteria and rental meeting rooms established on the fifth floor

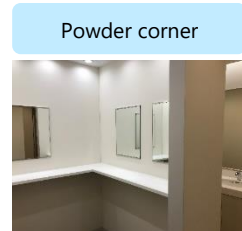
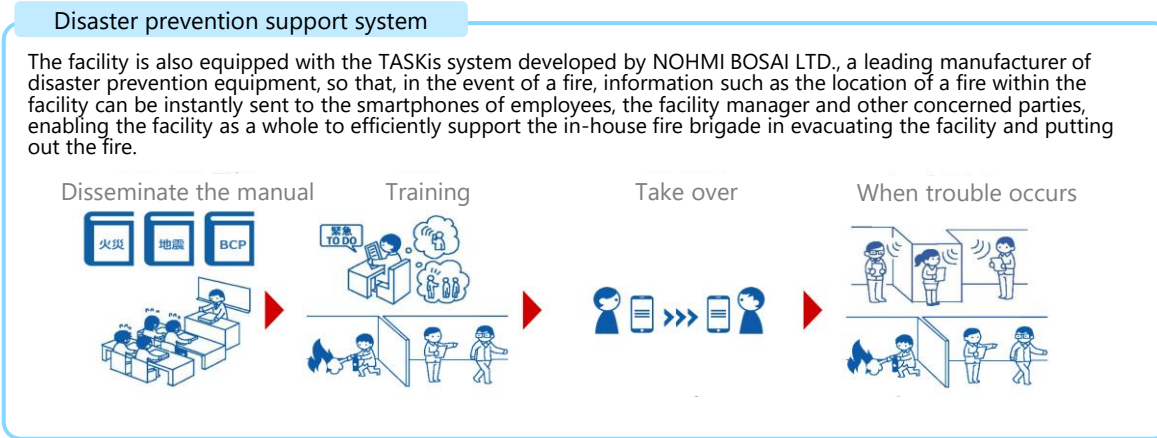


1: The master lease agreement between CRE REIT and CRE, which was a rent fixed type master lease agreement, is changed to a partly fixed and partly pass-through type master lease agreement, and the occupancy rate of end tenants is noted.

Additional Acquisition of LogiSquare Sayama Hidaka (20%)



Sandwich panels
Sandwich panels are used on exterior walls to reduce heating and cooling loads and to give the exterior an attractive appearance.



Human detecting sensor and water-saving sanitary equipment

LED lighting in the whole building

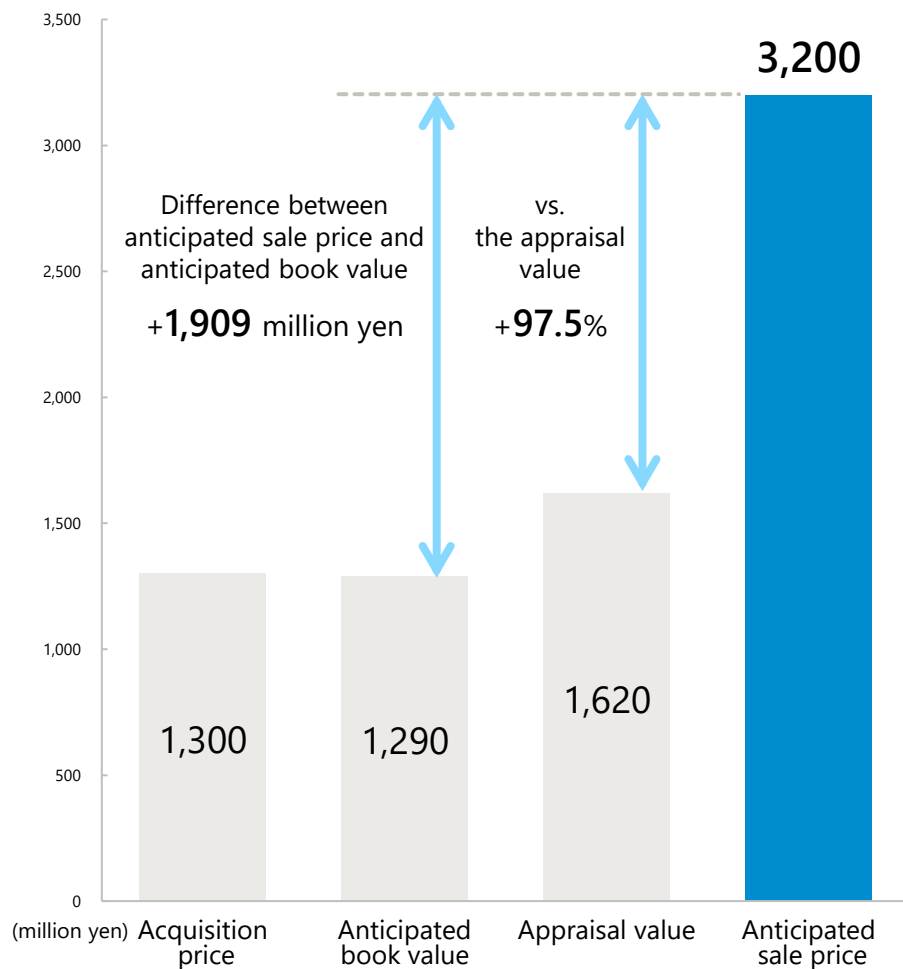


Emergency generators



Sale of LogiSquare Chitose

Realize sale at a price significantly higher than the appraisal value



Location	1007-281 Izumisawa Chitose-shi, Hokkaido
Access	Approximately 2.4 km from the New Chitose Airport IC (Do-O Expressway)
Structure	Steel construction, alloy coated steel sheet roof, single floor
Total floor area	19,760.00 m ²
Acquisition price	1,300 million yen
Anticipated book value	1,290 million yen
Appraisal value	1,620 million yen
Anticipated sale price	3,200 million yen
Appraisal NOI yield	6.6 %
Appraisal NOI yield after depreciation	5.2 %
Completion date	November 2017
Acquisition date	July 2020
Occupancy rate ⁽¹⁾	100.0 %

1: While a rent fixed type master lease agreement has been concluded between CRE REIT and CRE, the agreement is scheduled to be canceled on August 3, 2022, the date of sale.

Sale of LogiSquare Chitose

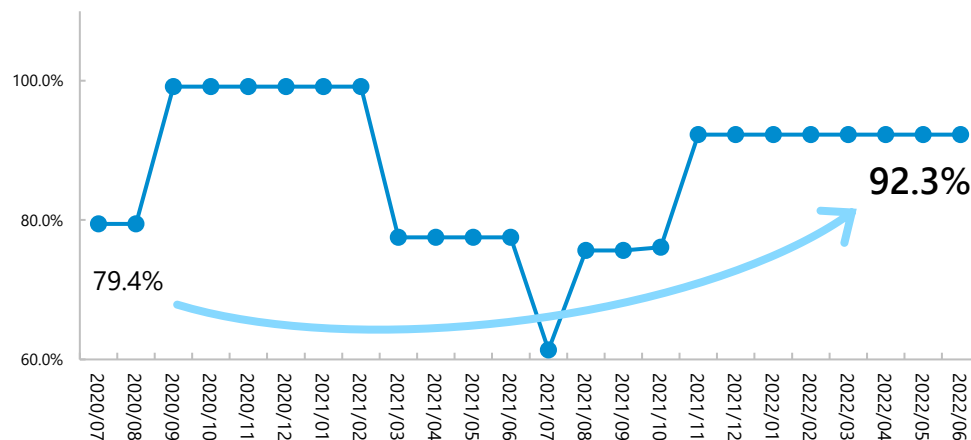
Key points of Sale

In July 2020, CRE REIT acquired under a rent fixed type master lease agreement concluded with CRE

- Occupancy rate of end users increased through the appropriate leasing strategies after acquisition by CRE REIT
- Realize the sale at a price significantly higher than the appraisal value, because CRE REIT will cancel a rent fixed type master lease agreement and buyer evaluated lease terms of end users
- 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

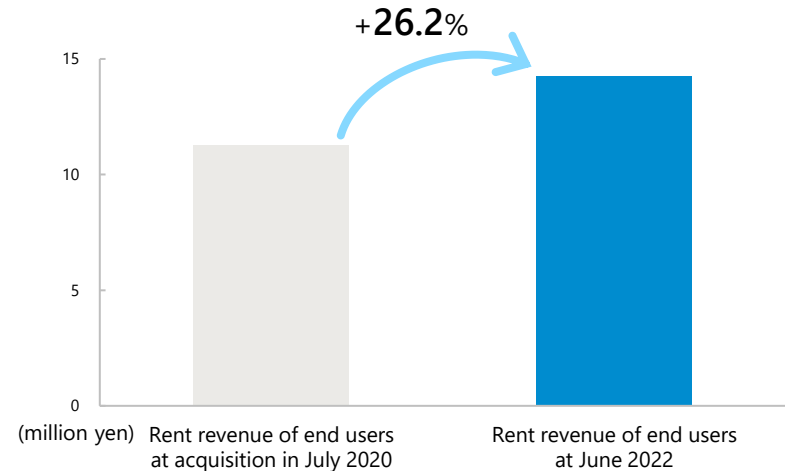
Occupancy rate of end users increased after acquisition in July 2020

Trend in occupancy rate



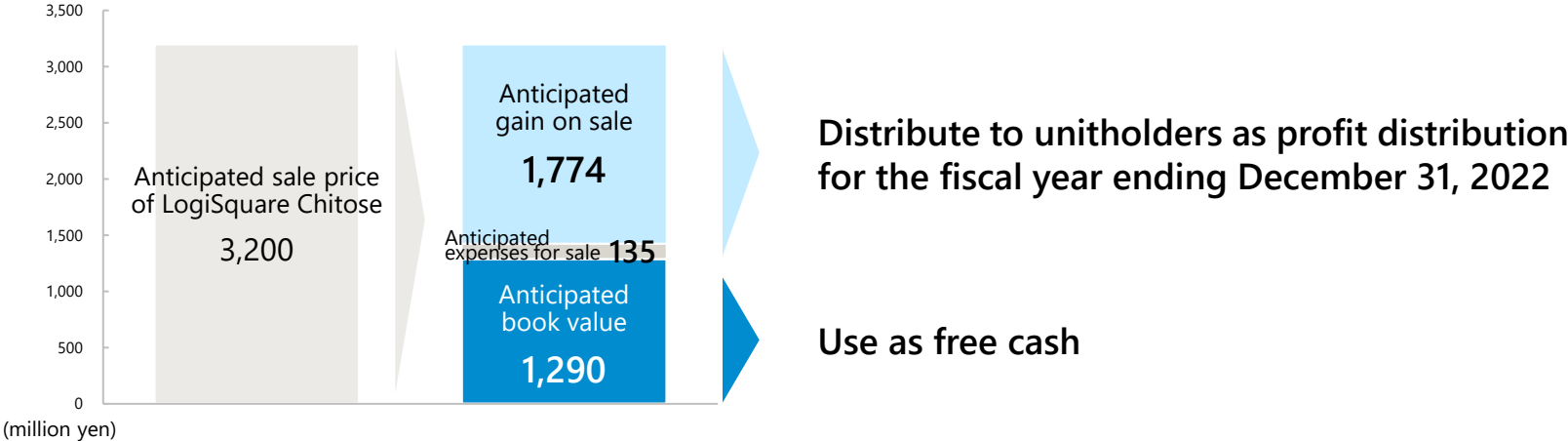
Significantly increase in rent revenue of end users

Rent revenue (including common-area charge income)



Efficient Use of Free Cash

How to use the proceeds from the sale of LogiSquare Chitose



Efficient use as per the approach to the use of free cash

	(million yen)
Free cash as of June 30, 2022	3,877
Proceeds from the sale of LogiSquare Chitose (anticipated book value)	1,290
Acquisition of LogiSquare Sayama Hidaka (20%)	3,612
Repayment of borrowings	1,200

Approach to the use of free cash

1. Appropriation of some funds to acquisition properties at the time of capital increase
2. Acquisition of properties (quasi co-ownership interests, etc.) with free cash as source
3. Repayment of borrowings

Temporary repayment to reduce interest expense
Reduce LTV and secure future borrowing capacity

Portfolio Comparison Before and After Acquisition and Sale

	the 12th Fiscal Period (2022/6)		New asset		Asset for Sale		After acquisition and sale
Number of properties	20 properties		- property (quasi-co-ownership interest ratio: 20%)		1 property		19 properties
(Anticipated) acquisition price	134,686 million yen		3,612 million yen		1,300 million yen		136,998 million yen
Property age	4.7 years		2.1 years		4.6 years		4.6 years
Occupancy rate	100.0 %	+	91.0 %	-	100.0 %	=	98.8 %
Lease term	7.7 years		5.1 years		21.0 years		7.7 years
Remaining lease term	4.8 years		3.3 years		19.0 years		4.8 years
Number of tenants	28		2 ⁽¹⁾		1		29
Ratio of properties developed by CRE	100.0 %		100.0 %		100.0 %		100.0 %
Ratio in Tokyo Metropolitan and Kansai area	96.9 %		100.0 %		0.0 %		97.9 %

1. In the case of properties with pass-through type master leases or partly fixed and partly pass-through type master lease, the total number of end tenants is noted. The master lease agreement is changed to a partly fixed and partly pass-through type master lease agreement from a rent fixed type master lease agreement, and the net increase in the number of tenants is noted.

Portfolio List

No.	Property name	Location	Acquisition price (million yen)	Total floor area (㎡)	Age (years)	Number of tenants	Occupancy ratio(%)	Developer
M-1	LogiSquare Kuki	Kuki-shi, Saitama	9,759	40,907.13	6.1	1	100.0	CRE
M-2	LogiSquare Hanyu	Hanyu-shi, Saitama	6,830	33,999.61	6.0	1	100.0	CRE
M-3	LogiSquare Kuki II	Kuki-shi, Saitama	2,079	11,511.22	5.4	1	100.0	CRE
M-4	LogiSquare Urawa Misono	Saitama-shi, Saitama	13,060	48,738.29	5.3	3	100.0	CRE
M-5	LogiSquare Niiza	Niiza-shi, Saitama	6,960	25,355.82	5.3	1	100.0	CRE
M-6	LogiSquare Moriya	Moriya-shi, Ibaraki	6,157	32,904.90	5.2	2	100.0	CRE
M-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	1,490	7,542.56	4.4	1	100.0	CRE
M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	4,900	21,315.54	4.1	1	100.0	CRE
M-9	LogiSquare Soka	Soka-shi, Saitama	8,109	28,817.59	9.0	1	100.0	CRE
M-10	LogiSquare Yashio	Yashio-shi, Saitama	5,073	19,068.60	8.4	1	100.0	CRE
M-11	LogiSquare Mizuho A	Mizuho-machi, Tokyo	2,794	13,755.16	15.4	1	100.0	CRE
M-12	LogiSquare Mizuho B	Mizuho-machi, Tokyo	3,584	16,016.37	15.4	1	100.0	CRE
M-13	LogiSquare Ageo	Ageo-shi, Saitama	4,908	19,142.84	3.2	2	100.0	CRE
M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	11,700	37,931.49	2.1	1	100.0	CRE
M-15	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	⁽¹⁾ 17,678	73,728.44	2.1	3	91.0	CRE
M-16	LogiSquare Kawagoe II	Kawagoe-shi, Saitama	3,244	14,281.38	3.0	1	100.0	CRE
O-1	LogiSquare Tosu	Tosu-shi, Saga	2,823	16,739.40	4.4	1	100.0	CRE
O-3	LogiSquare Kobe Nishi	Kobe-shi, Hyogo	3,479	16,006.20	2.2	1	100.0	CRE
O-4	LogiSquare Osaka Katano	Katano-shi, Osaka	22,370	76,393.17	1.5	5	100.0	CRE
19 properties Total/Average			136,998	554,155.71	4.6	29	98.8	–

1. The figure is the sum of the 80% quasi co-ownership interest acquired in January 2021 and the 20% quasi co-ownership interest in the asset to be acquired.