

CRE Logistics REIT, Inc.
Summary of Financial Results (Unaudited)
For the 12th Fiscal Period Ended June 30, 2022
(For the Reporting Period from January 1, 2022 to June 30, 2022)
(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
 Person of Contact: Hirohisa Toda, Executive Officer, Head of Corporate Planning and General Affairs
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Scheduled date to file securities report: September 22, 2022
 Scheduled date to commence payment of distributions: September 13, 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. 12th Fiscal Period ended June 30, 2022 (January 1, 2022-June 30, 2022)

(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								
June 30, 2022	3,871	7.7	2,119	1.5	1,828	1.6	1,827	1.6
December 31, 2021	3,595	13.8	2,088	16.0	1,799	18.2	1,798	18.2

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
	Yen	%	%	%
Fiscal period ended				
June 30, 2022	3,236	2.4	1.3	47.2
December 31, 2021	3,343	2.6	1.4	50.1

(Note) CRE REIT 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
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
Fiscal period ended								
June 30, 2022	3,236	1,827	341	192	3,577	2,019	100.0	2.4
December 31, 2021	3,186	1,799	338	190	3,524	1,990	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 December 31, 2021 and the fiscal period ended June 30, 2022 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 December 31, 2021 is calculated based on the following formula because CRE REIT 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
June 30, 2022	140,960	75,172	53.3	133,118
December 31, 2021	140,743	75,334	53.5	133,406

(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
June 30, 2022	3,580	(9)	(1,989)	6,922
December 31, 2021	3,024	(22,338)	20,614	5,340

2. Forecast for the 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022) and the 14th Fiscal Period ending June 2023 (January 1, 2023-June 30, 2023) (Percentages represent changes from corresponding period of previous period)

Fiscal period ending	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
December 31, 2022	5,718	47.7	3,772	78.0	3,494	91.1	3,493	91.2	6,186	6,186	0
June 30, 2023	3,952	(30.9)	2,126	(43.6)	1,851	(47.0)	1,850	(47.0)	3,626	3,277	349

(Reference) Forecast net income per unit (Forecast net income/ Forecast number of investment units at the end of the fiscal period) for the 13th Fiscal Period ending December 2022 is 6,186 yen and forecast net income per unit for the 14th Fiscal Period ending June 2023 is 3,277 yen.

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

- Changes in accounting policies associated with revision of accounting standards, etc.: None
- Changes in accounting policies associated with other than 1: None
- Changes in accounting estimates: None
- 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 June 30, 2022	564,700 units	As of December 31, 2021	564,700 units
2. Total number of treasury investment units at the end of the fiscal period	As of June 30, 2022	0 units	As of December 31, 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 CRE REIT and on certain assumptions CRE REIT 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 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022) and the 14th Fiscal Period ending June 2023 (January 1, 2023-June 30, 2023)" for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 13th Fiscal Period ending December 2022 (July 1, 2022-December 31, 2022) and the 14th Fiscal Period ending June 2023 (January 1, 2023-June 30, 2023)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> - 13th Fiscal Period (Ending December 31, 2022): July 1, 2022-December 31, 2022 (184 days) - 14th Fiscal Period (Ending June 30, 2023): January 1, 2023-June 30, 2023 (181 days)
Assets under management	<ul style="list-style-type: none"> - CRE REIT possesses the real estate trust beneficiary rights in the total of 20 properties as of June 30, 2022 (“acquired assets before the fiscal period ended June 30, 2022”). In addition to the acquired assets before the fiscal period ended June 30, 2022, CRE REIT acquired the real estate trust beneficiary right in LogiSquare Sayama Hidaka (quasi-co-ownership interest ratio: 20%) on July 22, 2022 (“acquired asset for the fiscal period ending December 31, 2022”), and sold the real estate trust beneficiary right in LogiSquare Chitose on August 3, 2022 (“sold asset for the fiscal period ending December 31, 2022”). Thereafter, it is assumed that there will be no changes (acquisition of new properties or the disposition of properties held, etc.) in the 19 properties under management through June 30, 2023. - However, there may be changes due to acquisition of new properties or sale of properties held.
Operating revenues	<ul style="list-style-type: none"> - The forecasts assume that 1,774 million yen of gain on sale of the sold asset for the fiscal period ending December 31, 2022 will be booked in the fiscal period ending December 31, 2022. - Real estate leasing business revenues are calculated based on lease contracts that are in effect as of the date of submission of these financial results and historical results. Even though one lease contract will expire during the fiscal period ending December 31, 2022 and two lease contracts will expire during the fiscal period ending June 30, 2023, we concluded new lease contracts with the existing tenants. All lease contracts will be concluded at a fixed rent. - The calculations assume that there will be no delinquencies or defaults on rent payments on the part of tenants.
Operating expenses	<ul style="list-style-type: none"> - Regarding real estate leasing expenses, which are the main operating expenses, expenses other than depreciation are calculated by taking into consideration variable factors such as expenses assumed to be incurred (taxes and public dues, entrusted property management, property insurance, repairs, etc.) based on the historical results for the acquired assets before the fiscal period ended June 30, 2022, and for the acquired asset for the fiscal period ending December 31, 2022, based on information provided by its previous owner or previous beneficiary. - Property taxes, city planning taxes and other charges are expected to be 377 million yen at the fiscal period ending December 31, 2022 and 385 million yen at the fiscal period ending June 30, 2023. - In general, property taxes, city planning taxes and other charges levied on transacted real estate are settled at the time of acquisition by prorating for the period with the previous owners or the previous beneficiaries, and CRE REIT capitalizes the amounts equivalent to such settled amounts in the acquisition costs for properties. Therefore, property taxes, city planning taxes and other charges levied on the acquired asset for the fiscal period ending December 31, 2022 will not be booked as expenses for the fiscal period ending December 31, 2022, and property taxes, city planning taxes and other charges levied on the acquired asset for the fiscal period ending December 31, 2022 for fiscal year 2023 will be booked as expenses from the fiscal period ending June 30, 2023. Property taxes, city planning taxes and other charges levied on the acquired asset for the fiscal period ending December 31, 2022 are expected to be 10 million yen for the fiscal period ending June 30, 2023 and following periods. Property taxes, city planning taxes and other charges levied on the acquired asset for the fiscal period ending December 31, 2022, which will be capitalized in acquisition costs, are expected to be total 9 million yen. - Depreciation is calculated using the straight line method, and it is expected to be 657 million yen in the fiscal period ending December 31, 2022 and 657 million yen in the fiscal period ending June 30, 2023. - Entrusted property management fees are expected to be 210 million yen for the fiscal period ending December 31, 2022 and 220 million yen for the fiscal period ending June 30, 2023.
Non-operating expenses	<ul style="list-style-type: none"> - Non-operating expenses for the fiscal period ending December 31, 2022 are expected to be 278 million yen. This amount will include the payment of 261 million yen for interest and other financing-related expenses and 11 million yen for the amortization of investment unit issuance costs. - Non-operating expenses for the fiscal period ending June 30, 2023 are expected to be 275 million yen. This amount will include the payment of 260 million yen for interest and other financing-related expenses and 8 million yen for the amortization of investment unit issuance costs.
Interest-bearing debt	<ul style="list-style-type: none"> - It is assumed that total interest-bearing debt will be 60,669 million yen at the end of the fiscal period ending December 31, 2022 and 60,669 million yen at the end of the fiscal period ending June 30, 2023. - In the fiscal period ending December 31, 2022, while long-term borrowings of 2,400 million yen became due on July 29, 2022, of which 1,200 million yen was repaid by using free cash and the remaining 1,200 million

	<p>yen was refinanced.</p> <ul style="list-style-type: none"> - In the fiscal period ending June 30, 2023, while long-term borrowings of 3,680 million yen will become due on January 31, 2023, it is assumed that the same amount will be refinanced. - The loan-to-value (LTV) ratio is expected to be around 43.0% at the end of the fiscal period ending December 31, 2022 and around 43.5% at the end of the fiscal period ending June 30, 2023. The following formula is used to calculate the LTV ratio, with numbers rounded off to the first decimal place. $\text{LTV ratio} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$
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 date of submission of these financial results. The forecasts do not factor in any assumption of a change in the number of investment units through June 30, 2023 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 December 31, 2022 and the fiscal period ending June 30, 2023.
Distributions per unit (excluding surplus distributions)	<ul style="list-style-type: none"> - Distributions per unit (excluding surplus distributions) are calculated in accordance with CRE REIT's policy on the distribution of cash as stipulated in its Articles of Incorporation. - Distributions per unit (excluding surplus distributions) may change for a variety of reasons, including changes in CRE REIT's investment assets, changes in leasing revenues due to tenant movements, etc., and/or the occurrence of unforeseen repairs and maintenance, etc.
Surplus distributions per unit	<ul style="list-style-type: none"> - Surplus distributions per unit are calculated in accordance with the policies stipulated in CRE REIT's Articles of Incorporation as well as the asset management guidelines provided in the asset management company's internal rules. - It is assumed that there will be no specific possibility of significant deterioration in the economic environment, the real estate market conditions or CRE REIT's financial condition. - While CRE REIT has a policy of continuously implementing surplus distribution for each fiscal period, in principle, with an amount equivalent to 30% of depreciation as a benchmark, CRE REIT has decided to implement this policy flexibly to level distributions within the range equivalent to 30% of depreciation. - In addition, in cases where distributions per unit are expected to decline temporarily to a certain extent due to the dilution of the investment unit value or a significant financial burden as a result of the procurement of funds through the issuance of new investment units or for other reasons, CRE REIT may implement temporary surplus distributions, in addition to the continuous surplus distributions, with a view to standardizing the amount of distributions per unit. However, the total amount of continuous surplus distributions and temporary surplus distributions shall not exceed the amount equivalent to 60% of depreciation for the relevant fiscal period. - The amount of surplus distributions (return of contributions) may change due to factors such as the economic environment, trends in the real estate market, the situation surrounding owned assets, and financial conditions, and the surplus distribution (return of contributions) may not be implemented as a result. - In the fiscal period ending December 31, 2022, considering anticipated levels of increased net income from gain on sale, it is assumed that CRE REIT will not implement continuous surplus distributions.
Other	<ul style="list-style-type: none"> - It is assumed that there will be no change in legislation, taxation, accounting standards, listing regulations imposed by the Tokyo Stock Exchange, rules and requirements imposed by The Investment Trusts Association, Japan, etc., that will impact the above forecasts. - It is assumed that there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.

3. Financial Statements
(1) Balance Sheet

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	2,738,067	4,403,111
Cash and deposits in trust	3,930,134	3,850,307
Operating accounts receivable	145,642	128,511
Prepaid expenses	153,526	155,892
Consumption taxes receivable	666,276	—
Total current assets	7,633,647	8,537,822
Non-current assets		
Property, plant and equipment		
Buildings in trust	67,620,215	67,631,265
Accumulated depreciation	(3,352,910)	(3,971,689)
Buildings in trust, net	64,267,304	63,659,575
Structures in trust	3,163,201	3,163,581
Accumulated depreciation	(129,400)	(152,671)
Structures in trust, net	3,033,800	3,010,909
Tools, furniture and fixtures in trust	3,322	3,322
Accumulated depreciation	(740)	(1,027)
Tools, furniture and fixtures in trust, net	2,582	2,295
Land in trust	65,374,983	65,374,983
Total property, plant and equipment	132,678,671	132,047,763
Intangible assets		
Other	866	2,419
Total intangible assets	866	2,419
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	338,437	297,275
Deferred tax assets	9	13
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	358,947	317,789
Total non-current assets	133,038,485	132,367,972
Deferred assets		
Investment unit issuance expenses	45,381	30,696
Investment corporation bond issuance costs	26,049	23,865
Total deferred assets	71,431	54,562
Total assets	140,743,564	140,960,356

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Operating accounts payable	169,205	251,204
Current portion of long-term borrowings	6,080,000	6,080,000
Accrued expenses	293,297	311,478
Income taxes payable	808	888
Consumption taxes payable	—	273,864
Advances received	695,158	695,314
Other	155,232	154,918
Total current liabilities	7,393,701	7,767,669
Non-current liabilities		
Investment corporation bonds	4,000,000	4,000,000
Long-term borrowings	51,789,000	51,789,000
Leasehold and guarantee deposits received in trust	2,212,960	2,218,819
Other	13,214	12,798
Total non-current liabilities	58,015,175	58,020,618
Total liabilities	65,408,877	65,788,287
Net assets		
Unitholders' equity		
Unitholders' capital	74,295,196	74,295,196
Deduction from unitholders' capital	(759,739)	(950,607)
Unitholders' capital, net	73,535,457	73,344,588
Surplus		
Unappropriated retained earnings (undisposed loss)	1,799,230	1,827,480
Total surplus	1,799,230	1,827,480
Total unitholders' equity	75,334,687	75,172,069
Total net assets	75,334,687	75,172,069
Total liabilities and net assets	140,743,564	140,960,356

(2) Statement of Income

	(Thousands of yen)	
	Fiscal period ended December 31, 2021	Fiscal period ended June 30, 2022
Operating revenue		
Leasing business revenue	3,528,515	3,776,798
Other leasing business revenue	67,081	95,162
Total operating revenue	3,595,597	3,871,961
Operating expenses		
Expenses related to leasing business	1,137,494	1,344,742
Asset management fees	307,071	337,330
Asset custody fees	3,188	3,675
Administrative service fees	20,667	20,564
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	34,269	41,330
Total operating expenses	1,507,190	1,752,142
Operating income	2,088,406	2,119,818
Non-operating income		
Interest income	23	29
Reversal of distributions payable	394	665
Interest on tax refund	188	65
Refund of real estate taxes	11,139	—
Total non-operating income	11,745	761
Non-operating expenses		
Interest expenses	159,440	165,579
Interest expenses on investment corporation bonds	6,657	12,500
Borrowing related expenses	102,340	91,626
Amortization of investment unit issuance expenses	13,694	14,685
Amortization of investment corporation bond issuance costs	1,641	2,184
Other	16,562	5,731
Total non-operating expenses	300,335	292,306
Ordinary income	1,799,816	1,828,273
Income before income taxes	1,799,816	1,828,273
Income taxes - current	811	893
Income taxes - deferred	7	(3)
Total income taxes	819	889
Net income	1,798,997	1,827,384
Retained earnings brought forward	232	95
Unappropriated retained earnings (undisposed loss)	1,799,230	1,827,480

(3) Statement of Unitholders' Equity

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

Fiscal period ended June 30, 2022

(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	74,295,196	(759,739)	73,535,457	1,799,230	1,799,230	75,334,687	75,334,687
Changes during period							
Distributions in excess of earnings		(190,868)	(190,868)			(190,868)	(190,868)
Dividends of surplus				(1,799,134)	(1,799,134)	(1,799,134)	(1,799,134)
Net income				1,827,384	1,827,384	1,827,384	1,827,384
Total changes during period	—	(190,868)	(190,868)	28,250	28,250	(162,618)	(162,618)
Balance at end of period	74,295,196	(950,607)	73,344,588	1,827,480	1,827,480	75,172,069	75,172,069

(4) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended December 31, 2021	Fiscal period ended June 30, 2022
Cash flows from operating activities		
Income before income taxes	1,799,816	1,828,273
Depreciation	616,173	642,804
Amortization of investment unit issuance expenses	13,694	14,685
Amortization of investment corporation bond issuance costs	1,641	2,184
Interest income	(23)	(29)
Interest expenses	166,097	178,079
Decrease (increase) in operating accounts receivable	13,234	17,130
Decrease (increase) in consumption taxes receivable	316,317	666,276
Decrease (increase) in prepaid expenses	(11,670)	(2,365)
Increase (decrease) in operating accounts payable	(1,439)	80,574
Increase (decrease) in accrued expenses	33,967	18,090
Increase (decrease) in consumption taxes payable	—	273,864
Increase (decrease) in advances received	111,022	156
Decrease (increase) in long-term prepaid expenses	(23,789)	41,162
Other, net	151,144	(1,356)
Subtotal	3,186,189	3,759,531
Interest received	23	29
Interest paid	(160,480)	(177,988)
Income taxes paid	(974)	(812)
Net cash provided by (used in) operating activities	3,024,757	3,580,759
Cash flows from investing activities		
Acquisition of property, plant and equipment in trust	(22,526,530)	(10,005)
Acquisition of intangible assets	—	(2,020)
Repayments from leasehold and guarantee deposits received in trust	—	(407)
Proceeds from leasehold and guarantee deposits received in trust	470,704	6,267
Payments into restricted deposits	(282,422)	(3,515)
Net cash provided by (used in) investing activities	(22,338,248)	(9,681)
Cash flows from financing activities		
Proceeds from long-term borrowings	13,774,000	3,680,000
Repayments of long-term borrowings	(6,574,000)	(3,680,000)
Proceeds from issuance of investment corporation bonds	1,983,730	—
Proceeds from issuance of investment units	13,129,251	—
Distributions paid	(1,698,665)	(1,989,377)
Net cash provided by (used in) financing activities	20,614,316	(1,989,377)
Net increase (decrease) in cash and cash equivalents	1,300,825	1,581,700
Cash and cash equivalents at beginning of period	4,039,600	5,340,425
Cash and cash equivalents at end of period	5,340,425	6,922,126