



CRE Logistics REIT

Financial Results Briefing for the 8th Period

Ended June 2020 (January 1, 2020 to June 30, 2020)



LogiSquare Miyoshi

Located approximately 0.6 km from Miyoshi Smart Interchange on the Kanetsu Expressway, and access to Route 254 (Kawagoe Kaido) and Route 463 (Urawa Tokorozawa Bypass) is also easy.

August 17, 2020

CRE REIT Advisers, Inc.

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Glossary

Term	Definition
Appraisal value	The appraisal value or an investigated value as of the end of the period is stated based on the Certificate of Incorporation of the Investment Corporation and the Regulation on Accountings of Investment Corporations (Cabinet Office Order No.47 of 2006 including subsequent revisions)
Unrealized gains	(Appraisal value) - (Book value) as of the end of the period (Acquisition price in the case of newly acquired assets)
LTV	(Outstanding balance of interest-bearing debt) / (Total Assets)
LTV based on appraisal value	(Outstanding balance of interest-bearing debt) / (Total assets + Unrealized gains)
NAV per unit	(Net assets + Unrealized gains - Total amount of distributions) / Total number of investment units outstanding
Acquisition price	Acquisition price is 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.
NOI yield	Ratio of actual NOI of the portfolio assets to their acquisition price
Appraisal NOI yield	Ratio of appraisal NOI of each asset to the acquisition price (refers to appraisal NOI based on the appraisal report with June 30, 2020 as the date of the value opinion in the case of each asset held and appraisal NOI based on the appraisal report with May 31, 2020 as the date of the value opinion in the case of newly acquired assets)
CRE	CRE, INC.
CRE Group	CRE, INC. and its subsidiaries and affiliates

- This material is not a disclosure material under the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations or the Securities Listing Regulations of the Tokyo Stock Exchange.
- The purpose of this material is to provide information and not to offer, solicit the purchase of or sell certain products. When you make an investment, please do so at your own discretion and risk.
- The market price of investment securities of the Investment Corporation will be affected by the demand and supply of investors at an exchange and will fluctuate under the influence of the interest rate environment, economic conditions, the real estate market conditions and other factors surrounding the market. Accordingly, the investment securities may possibly not be sold at a higher price than the acquisition price, and investors could suffer a loss as a result.
- The investment securities of the Investment Corporation need to be purchased and sold through a securities company with which you undertake business. At that time, please read the contents of the document provided before concluding the contract (or a prospectus) carefully.
- While this material contains forward-looking statements and results forecasts, these statements do not guarantee the future results and financial conditions of the Investment Corporation.
- In this material, amounts are rounded off to the unit and ratios are rounded to the nearest one decimal place, unless otherwise noted. Any average or ratio pertaining to assets is the weighted average based on the acquisition price, unless otherwise noted.



1. Third Capital Increase by Public Offering and Asset Acquisitions

Summary of Third Capital Increase by Public Offering

Acquisition at appropriate price above implied cap rate



Number of properties

3 properties

Acquisition price

17,908 million yen

Average appraisal NOI yield

4.8 %

implied cap rate
4.0 %

Improve quality of portfolio through investment in LogiSquare

	End of 8 th Period (Ended June 2020)	After acquisition of assets
Number of properties	13 properties	16 properties
Acquisition price	73,675 million yen	91,583 million yen
Average appraisal NOI yield	4.9 %	4.8 %
Number of tenants	16	20
Average property age	4.8 years	4.0 years
Occupancy rate	100.0 %	100.0 %
Ratio of properties developed by CRE	100.0 %	100.0 %

Promote reduction of LTV, borrowing from new lenders and long-term debt

Liabilities

LTV

45.9 %

Average duration of
interest-bearing debt

As of July 30, 2020
2.8 years

Number of lenders

8

Increase in borrowing **7,950** million yen (including consumption tax loan of 250 million yen)

After the Borrowing
(July 31, 2020)

Estimate for June 30, 2021

45.0 %

As of July 30, 2020
3.7 years

10

Realize external growth that contributes to improvement in distributions per unit and NAV per unit

Net assets

NAV per unit

June 30, 2020
129,286 yen

Distributions per unit
(including OPD)

Estimate on normalised level
after second PO
3,160 yen

Number of new investment
units issued

76,250 units
(22.0% of total issued and outstanding investment units)

Total issue value

10,865 million yen

Form of offering

Domestic offering

After second capital
increase by public
offering

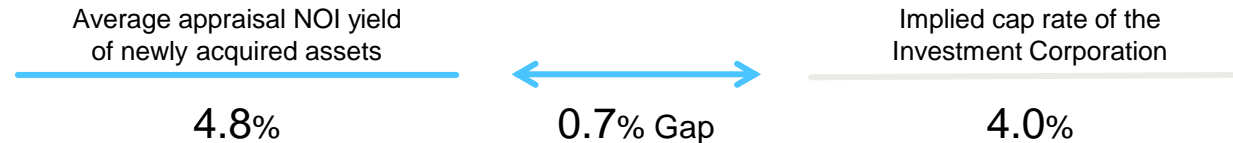
After third capital
increase by public
offering

After third capital increase by
public offering
133,180 yen (+ 3.0%)

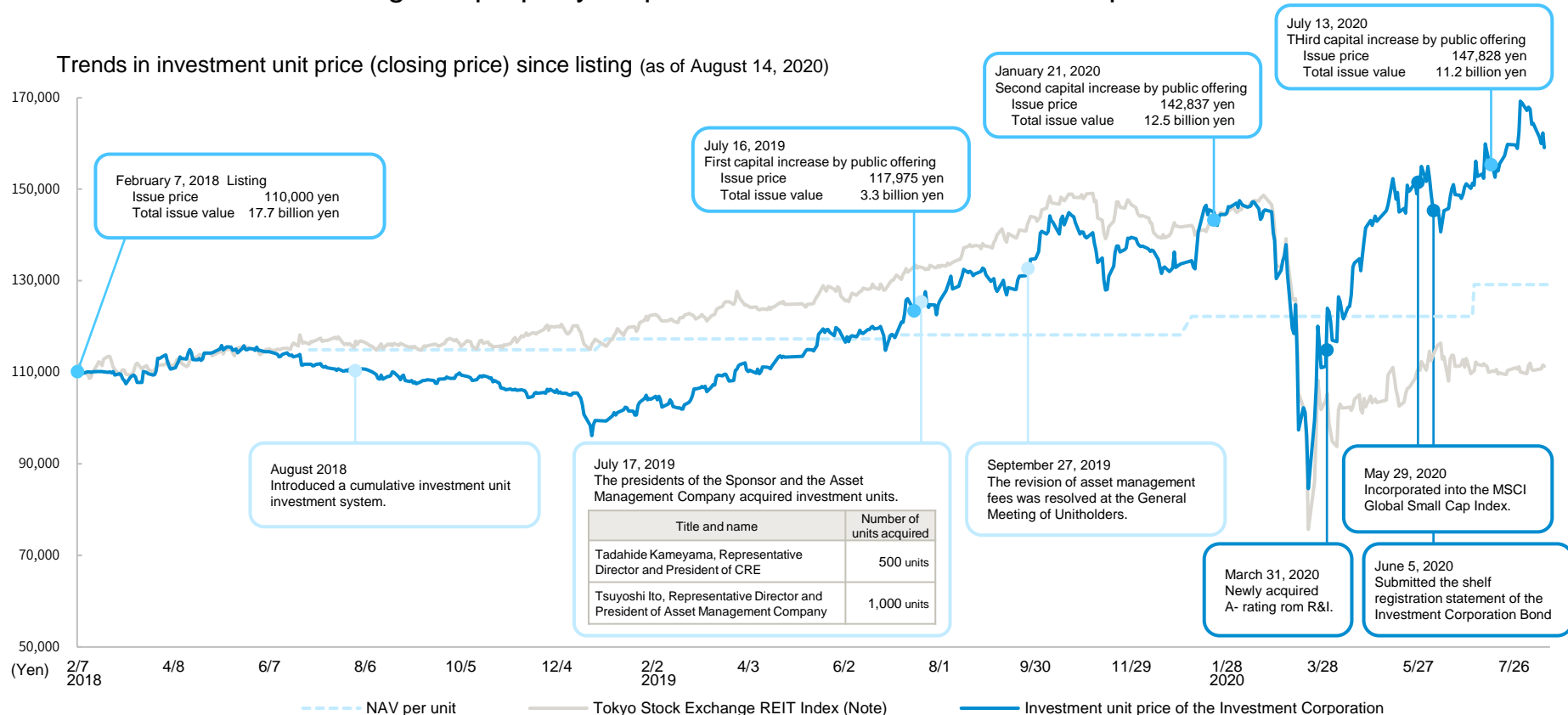
Estimate on normalised level
after third PO
3,258 yen (+ 3.1%)

Flexible Acquisition of Properties in Consideration of the Capital Market for the Three Consecutive Periods.

Acquired properties at appropriate price above implied cap rate.



Realized flexible financing and property acquisition in consideration of the capital market.

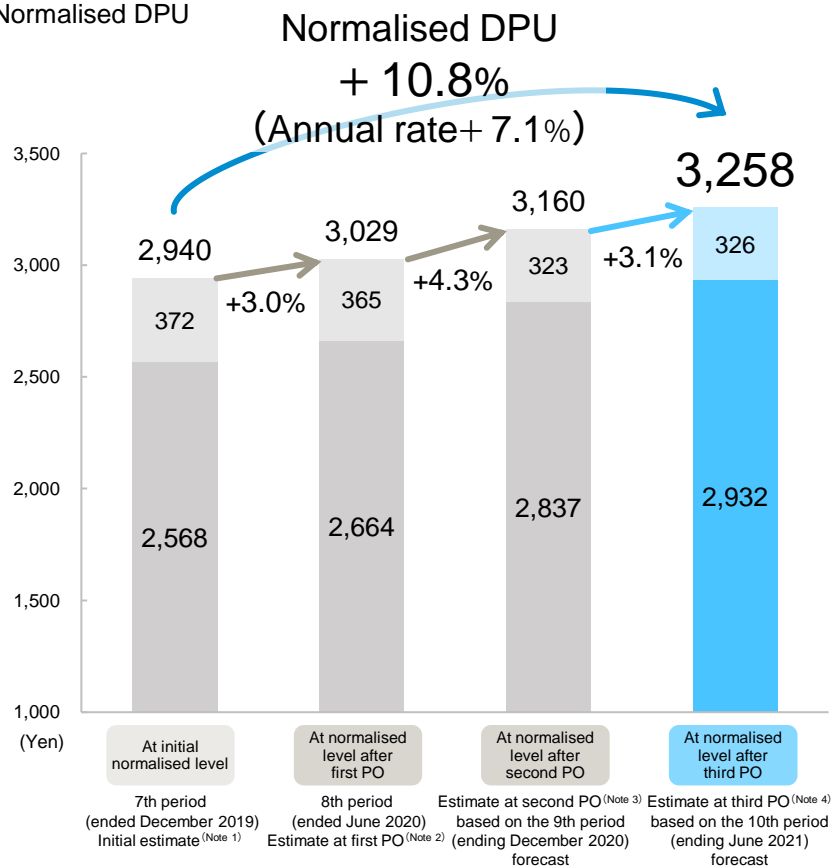


Note: Trends in the closing price of the Tokyo Stock Exchange REIT Index at Tokyo Stock Exchange, Inc. (hereinafter "TSE") show trends in relativized figures on the assumption that the closing price (1,664.83pt) of the TSE REIT Index on the date of the listing of the Investment Corporation (February 7, 2018) is the same as the issue price (110,000 yen per unit) of the Investment Corporation at the time of listing.

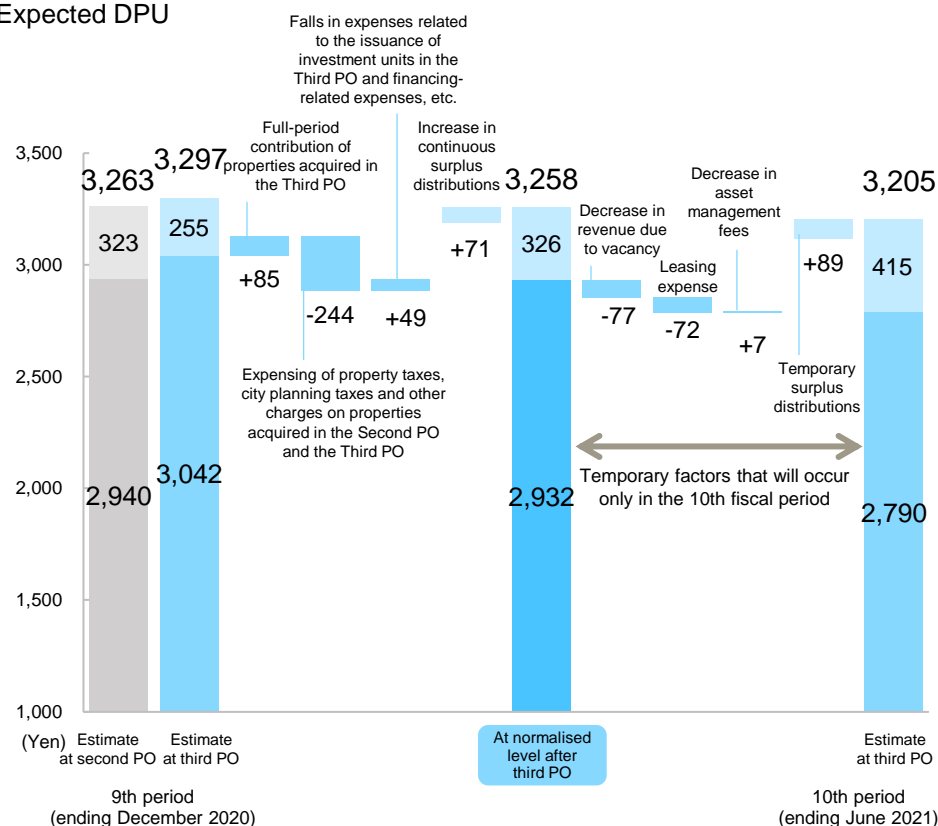
Realize External Growth that Contributes to Increase in Distributions per Unit and NAV per Unit

Raise normalised DPU by 10.8% within one and a half years by increasing capital for three consecutive periods.

Normalised DPU



Expected DPU



Note 1: "Initial estimate" is based on Summary of Financial Results for the 5th Fiscal Period Ended December 31, 2018 dated February 18, 2019.

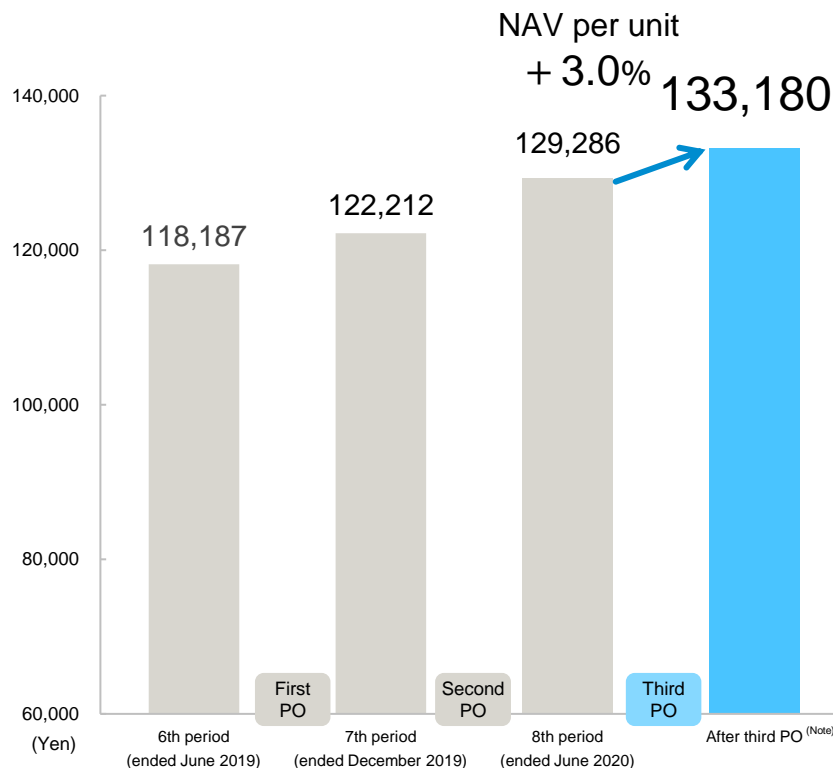
Note 2: "Estimate at first PO" is based on "Notice Concerning Revision of Forecasts of Operating Results for the Period ending December 31, 2019 and Forecasts of Operating Results for the Period ending June 30, 2020" dated June 27, 2019.

Note 3: "Estimate at second PO" is based on "Notice Concerning Revision of Forecasts of Operating Results for the Period ending June 30, 2020 and Forecasts of Operating Results for the Period ending December 31, 2020" dated January 7, 2020.

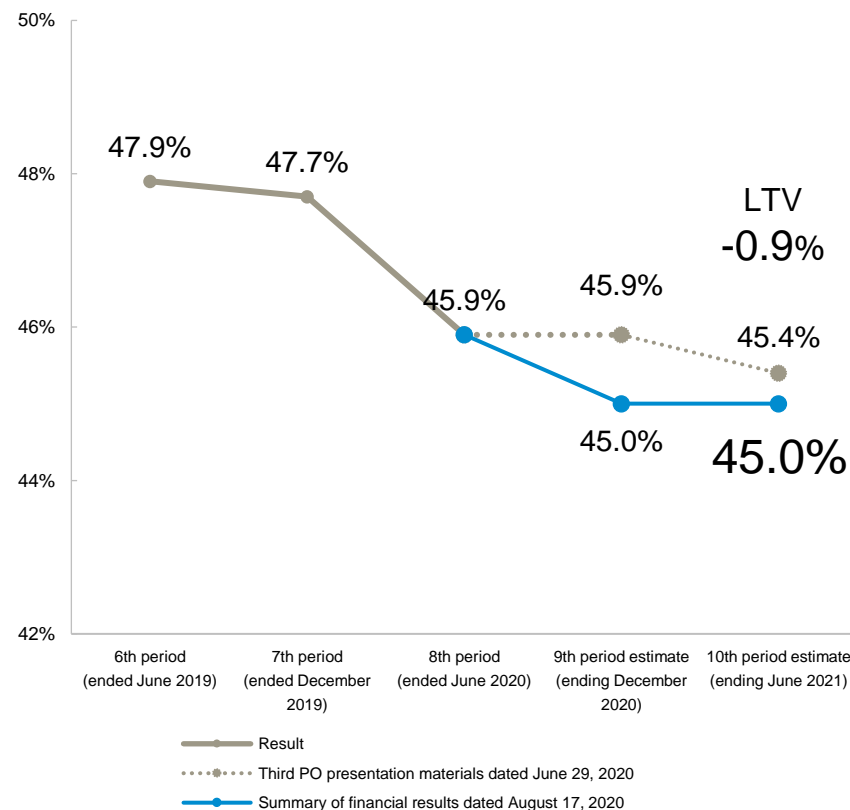
Note 4: "Estimate at third PO" is based on "Notice Concerning Revision of Forecasts of Operating Results for the Period ending December 31, 2020 and Forecasts of Operating Results for the Period ending June 30, 2021" dated June 29, 2020.

Realize External Growth that Contributes to Increase in Distributions per Unit and NAV per Unit

Achieved a higher NAV per unit



LTV is going to reduce to 45.0%



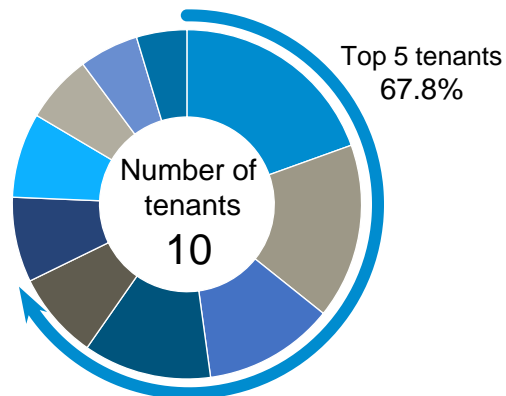
Note: "NAV per unit" after the third PO is calculated by the equation shown below.

NAV per unit after the third PO = (NAV at end of 8th Period (ended June 30, 2020) + Total issue value + Sum total of appraisal values of newly acquired assets - Sum total of acquisition prices of newly acquired assets) / Total issued and outstanding investment units of CRE-REIT after the Issue

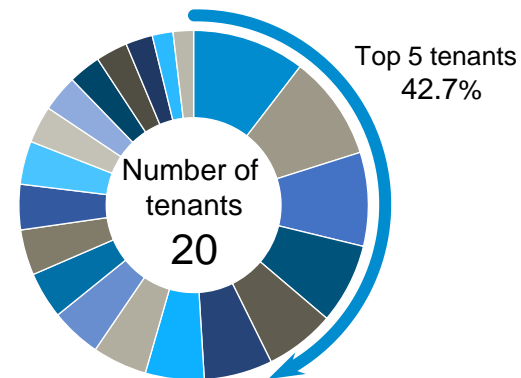
Achieve Further Portfolio Diversification through Three Times Capital Increase by Public Offering after Listing

Tenant
diversification
(based on
leased area)

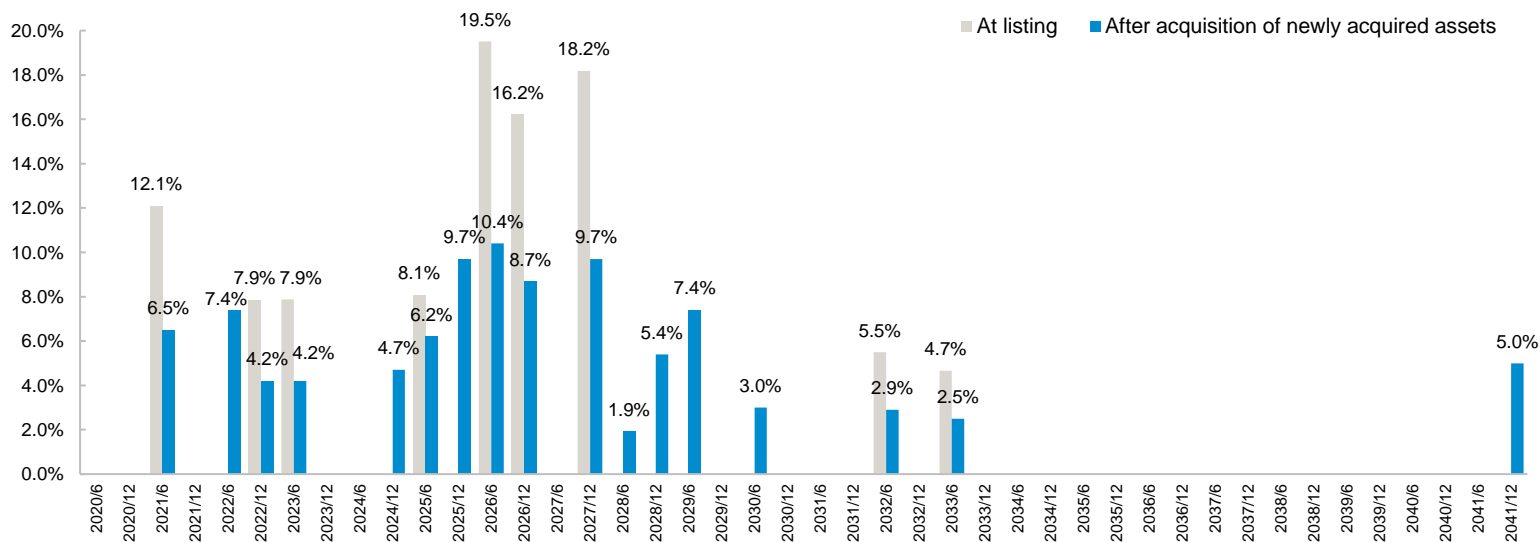
7 properties at listing



16 properties after acquisition of newly acquired assets



Diversification
of lease terms
(based on
leased area)



Newly Acquire Two Properties in Tokyo Metropolitan Area and One Property in Other Area

Locations of Assets Held, Newly Acquired Assets and Pipeline



Ensure Same High Quality as that of Existing Portfolio

	8th period (2020/6)		Newly acquired assets		After acquisition of newly acquired assets
Number of properties	13 properties		3 properties		16 properties
Acquisition price	73,675 million yen		17,908 million yen		91,583 million yen
Appraisal value (Estimated value)	78,580 million yen		18,550 million yen		97,130 million yen
Average appraisal NOI yield	4.9 %		4.8 %		4.8 %
Average appraisal NOI yield after depreciation ^(Note 1)	3.9 %	+	3.8 %	=	3.9 %
Average property age ^(Note 2)	4.8 years		0.6 years		4.0 years
Occupancy rate	100.0 %		100.0 %		100.0 %
Average lease term	8.8 years		7.3 years		8.5 years
Average remaining lease term ^(Note 3)	5.7 years		7.3 years		6.0 years
Number of tenants	16		4		20
Ratio of properties developed by CRE ^(Note 4)	100.0 %		100.0 %		100.0 %

Note 1: "Average appraisal NOI yield after depreciation" is the ratio of the sum total of the appraisal NOI of each asset less forecast depreciation to the sum total of the acquisition price of each asset.

Note 2: "Average property age" indicates the weighted average (rounded to one decimal place) of the ages (refers to number of years from date of registration of new construction of each property in real property register to June 30, 2020) of each asset.

Note 3: "Average remaining lease term" indicates the weighted average of the periods from June 30, 2020 to the expiration date of the lease agreement stipulated in the lease agreement of each asset.

Note 4: "Ratio of properties developed by CRE" is ratio of properties developed by CRE or Commercial RE Co., Ltd. before transfer to CRE.

Ensure Same High Quality as that of Existing Portfolio

Newly acquired assets

No.	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Appraisal NOI yield (%)	Total floor area (m ²)	Age (years)	Number of tenants	BTS (Note)	Occupancy ratio(%)	Developer
M-1	LogiSquare Kuki	Kuki-shi, Saitama	9,759	10,300	4.8	40,907.13	4.1	1	BTS	100.0	CRE
M-2	LogiSquare Hanyu	Hanyu-shi, Saitama	6,830	7,080	5.0	33,999.61	4.0	1	BTS	100.0	CRE
M-3	LogiSquare Kuki II	Kuki-shi, Saitama	2,079	2,180	5.1	11,511.22	3.4	1	BTS	100.0	CRE
M-4	LogiSquare Urawa Misono	Saitama-shi, Saitama	13,060	14,300	4.7	48,738.29	3.3	3	—	100.0	CRE
M-5	LogiSquare Niiza	Niiza-shi, Saitama	6,960	7,390	4.9	25,355.82	3.3	1	—	100.0	CRE
M-6	LogiSquare Moriya	Moriya-shi, Ibaraki	6,157	6,640	5.2	32,904.90	3.2	2	—	100.0	CRE
M-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	1,490	1,580	5.0	7,542.56	2.4	1	—	100.0	CRE
M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	4,900	5,330	5.1	21,315.54	2.1	1	BTS	100.0	CRE
M-9	LogiSquare Soka	Soka-shi, Saitama	8,109	8,600	4.6	28,817.59	7.0	1	—	100.0	CRE
M-10	LogiSquare Yashio	Yashio-shi, Saitama	5,073	5,340	4.6	19,068.60	6.4	1	—	100.0	CRE
M-11	LogiSquare Mizuho A	Mizuho-machi, Tokyo	2,794	2,960	4.9	13,755.16	13.4	1	BTS	100.0	CRE
M-12	LogiSquare Mizuho B	Mizuho-machi, Tokyo	3,584	3,760	4.8	16,016.37	13.4	1	BTS	100.0	CRE
M-13	LogiSquare Ageo	Ageo-shi, Saitama	4,908	4,950	4.7	19,142.84	1.2	2	—	100.0	CRE
M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	11,700	12,100	4.6	37,931.49	0.1	1	—	100.0	CRE
O-1	LogiSquare Tosu	Tosu-shi, Saga	2,880	3,120	5.2	16,739.40	2.4	1	BTS	100.0	CRE
O-2	LogiSquare Chitose	Chitose-shi, Hokkaido	1,300	1,500	6.5	19,760.00	2.6	1	—	100.0	CRE
16 properties Total/Average			91,583	97,130	4.8	393,506.52	4.0	20	—	100.0	—

Note : "BTS" stands for build-to-suit. It is logistics real estate developed by incorporating a specific company's demands in its specifications.

2. Financial Results and Forecasts



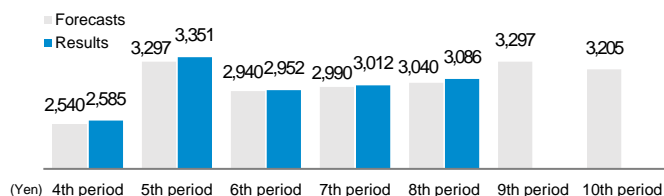
LogiSquare Ageo

Many ingenuities have been applied with regard to signs on the property including the use of designs creating a sense of intimacy that visualizes warehouse features such as the effective ceiling height, floor weight capacity and lighting intensity.

Highlights on the 8th Period—Achieved better-than-anticipated results due to stable management

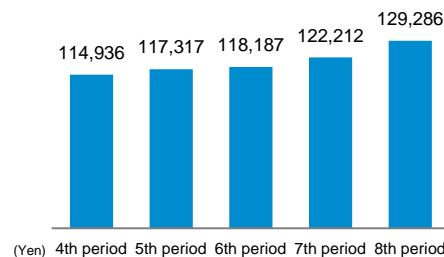
Distributions per unit

8th period Results (2020/6)	3,086 yen (Compared to forecast: Up 46 yen, Up 1.5%)
9th period Forecasts (2020/12)	3,297 yen
10th period Forecasts (2021/6)	3,205 yen



NAV per unit

8th period Results (2020/6)	129,286 yen (up 7,074 yen, up 5.8% from 7th period)
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Portfolio

Portfolio size	13 properties 73.6billion yen
Occupancy rate	100.0%
Average remaining lease term	5.7 years
Average property age	4.8 years
Ratio of fixed-term leases	100.0%
Ratio of fixed-rate rents	100.0%

Asset

	8th period (2020/6)	Compared to 7th period
Appraisal value	78,580 million yen	+20,700 million yen
Unrealized gains	5,918 million yen	+ 1,195 million yen
Unrealized gains ratio	8.1%	-0.7%
NOI yield	4.7%	-0.2%
NOI yield after depreciation	3.7%	+ 0.0%
Repair expense	7 million yen	+ 5 million yen
Capital expenditure	0 million yen	+ 0 million yen

Debt

	8th period (2020/6)	Compared to 7th period
Interest-bearing debt	35,719 million yen	+ 9,000 million yen
LTV	45.9%	-1.8%
LTV based on appraisal value	42.7%	-1.3%
Ratio of fixed interest debt	100.0%	—%
Ratio of long-term debt	100.0%	—%
Average borrowing interest rate	0.532%	+ 0.022%

Equity

	8th period (2020/6)	Compared to 7th period
Net assets per unit	115,329 yen	+ 8,324 yen
NAV	44,894 million yen	+ 13,211 million yen
NAV per unit	129,286 yen	+ 7,074 yen
Total number of investment units outstanding	347,250 units	+ 88,000 units

One characteristic of logistics facilities is that the ratio of building value to land is typically high, and so depreciation expense tends to be higher than for other asset classes. Since unrealized gains are the difference between appraisal value at end of period and book value after deduction of depreciation expense, CRE-REIT, which holds fairly new properties and has minimal capital expenditure, tends to record increasing unrealized gains because, at the end of each period, the sum of depreciation expense and any increase in appraisal value at the end of the period is added to unrealized gains at the end of the previous period.

Note: As of June 30, 2020, before third capital increase by public offering

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Results for the 8th Period (Ended June 2020)

Unit: million yen

	7th period (2019/12) Results (A)	8th period (2020/6) Forecasts (B)	8th period (2020/6) Results (C)	Difference vs. Previous period (C) - (A)	Difference vs. Forecast (C) - (B)
Operating revenues	1,580	2,024	2,030	① +450	⑤ +5
Leasing expenses (excluding depreciation)	254	303	299	② +44	⑥ -4
NOI	1,325	1,721	1,730	+405	+9
Depreciation	316	364	363	+47	-1
Net leasing revenues (NOI - Dep.)	1,009	1,356	1,367	+358	+11
General and administrative expenses, etc.	181	223	216	③ +35	⑦ -7
Operating income	828	1,133	1,151	+323	+18
Non-operating income	0	—	0	+0	+0
Non-operating expenses	141	185	181	④ +40	⑧ -3
Ordinary income	687	947	970	+283	+22
Net income	686	946	969	+283	+22
Distributions per unit (yen)	3,012	3,040	3,086	+74	+46
Earnings per unit (yen)	2,647	2,726	2,792	+145	+66
OPD per unit (yen)	365	314	294	-71	⑨ -20

Major factors for difference

- <Vs. previous period>
- ① Operating revenues +450
 - Increase due to 4 properties acquired in the 8th fiscal period +433
 - Full-period contribution of 2 properties acquired in 7th period +14
 - Occurrence of insurance claim income +3
 - ② Leasing expenses (excluding depreciation) +44
 - Increase due to 4 properties acquired in the 8th fiscal period +26
 - Increase due to the expensing of fixed asset taxes and city planning taxes on 2 properties acquired in the 7th period +18
 - ③ General and administrative expenses, etc. +35
 - Increase in asset management fees +35
 - Non-occurrence of expenses for General Meeting of Unitholders -2
 - ④ Non-operating expenses +40
 - Increase in loan-related expenses and interest expenses +29
 - Increase in amortization of expenses related to issue of investment units +1
 - Non-occurrence of expenses related to issue of investment units for first PO -3
 - Occurrence of expenses related to issue of investment units for second PO +12
- <Vs. forecast>
- ⑤ Operating revenues +5
 - Occurrence of insurance claim income +3
 - ⑥ Leasing expenses (excluding depreciation) -4
 - Decrease in repair expenses -3
 - ⑦ General and administrative expenses, etc. -7
 - Unused reserve fund -7
 - ⑧ Non-operating expenses -3
 - Decrease in loan-related expenses and interest expenses -3
 - ⑨ OPD per unit
Please refer to page 15.

Forecasts for the 9th and 10th Periods (Ending December 2020 and June 2021)

Unit: million yen

	8th period (2020/6) Results (A)	9th period (2020/12) Forecasts (B)	Difference (B) - (A)	10th period (2021/6) Forecasts (C)	Difference (C) - (B)
Operating revenues	2,030	2,589	+558	2,591	+2
Leasing expenses (excluding depreciation)	299	339	+39	471	+132
NOI	1,730	2,250	+519	2,119	④ -130
Depreciation	363	459	+96	460	+0
Net leasing revenues (NOI - Dep.)	1,367	1,790	① +422	1,659	-130
General and administrative expenses, etc.	216	276	② +60	274	⑤ -2
Operating income	1,151	1,513	+362	1,385	-128
Non-operating income	0	—	-0	—	—
Non-operating expenses	181	224	③ +42	202	⑥ -21
Ordinary income	970	1,289	+318	1,182	-106
Net income	969	1,288	+318	1,181	-106
Distributions per unit (yen)	3,086	3,297	+211	3,205	-92
Earnings per unit (yen)	2,792	3,042	+250	2,790	-252
OPD per unit (yen)	294	255	⑦ -39	415	⑦ +160

Major factors for difference

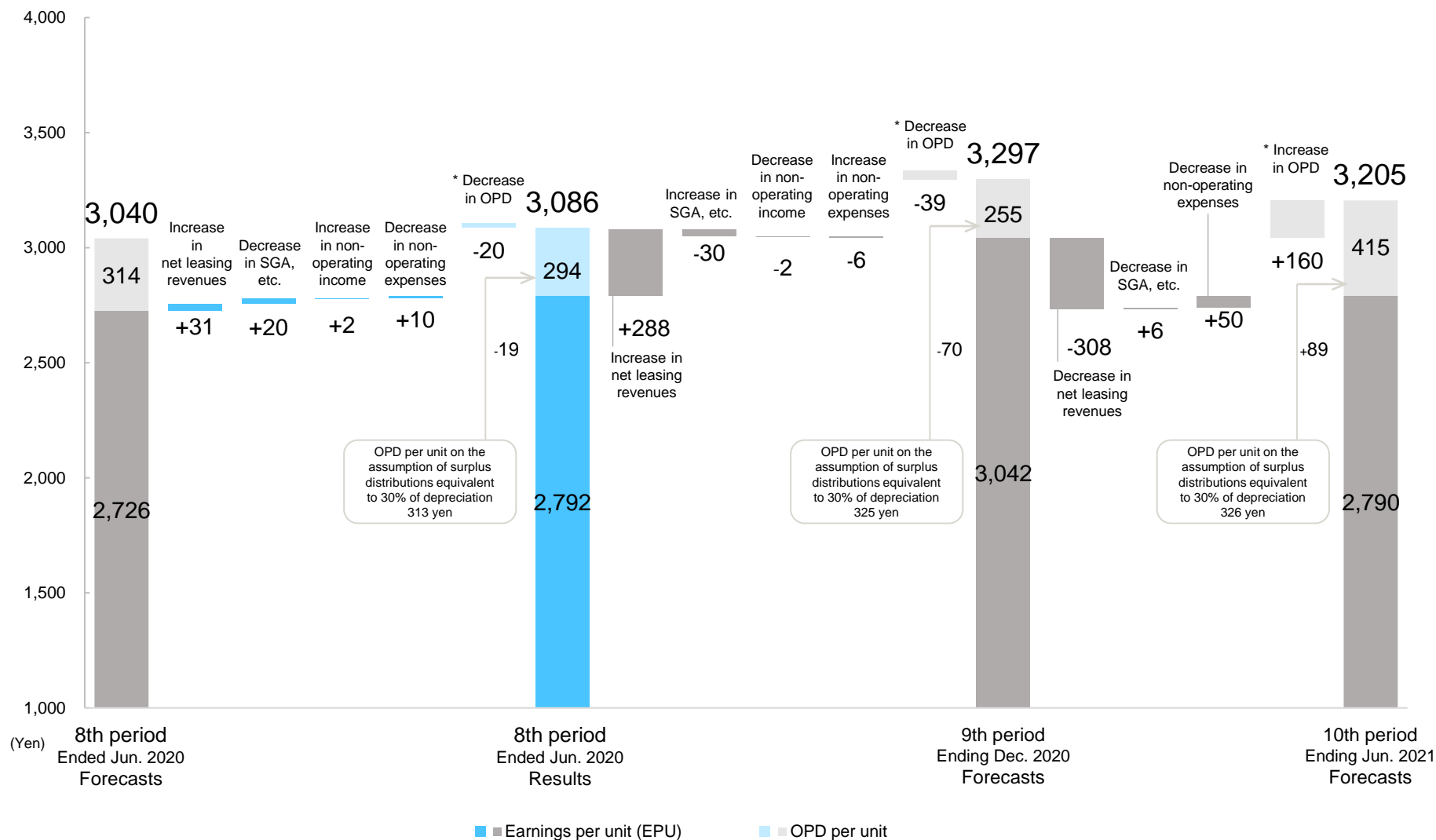
<9th period>

- ① Net leasing revenues +422
 - Increased due to 3 newly acquired properties +352
 - Full-period contribution of 4 properties acquired in 8th period +75
 - Non-occurrence of insurance claim income -3
- ② General and administrative expenses, etc. +60
 - Increase in asset management fees +50
 - Increase in asset custody and administrative service fees +4
- ③ Non-operating expenses +42
 - Increase in loan-related expenses and interest expenses +43
 - Increase in amortization of expenses related to issue of investment units +3
 - Non-occurrence of expenses related to issue of investment units for second PO -12
 - Occurrence of expenses related to issue of investment units for third PO +9

<10th period>

- ④ NOI -130
 - Full-period contribution of 3 newly acquired properties +34
 - Decrease in income due to vacancies -32
 - Expensing of fixed asset taxes and city planning taxes on 4 properties acquired in the 8th period and 3 properties newly acquired -102
 - Occurrence of leasing expenses -30
- ⑤ General and administrative expenses, etc. -2
 - Decrease in asset management fees -4
 - Increase in asset custody and administrative service fees +2
 - Non-occurrence of expenses related to third PO -2
- ⑥ Non-operating expenses -21
 - Decrease in loan-related expenses and interest expenses -6
 - Decrease in amortization of expenses related to issue of investment units -4
 - Non-occurrence of expenses related to issue of investment units for third PO -9
- ⑦ OPD per unit
Please refer to page 15.

Comparison between Each Period



Note 1: Calculated on the assumption that the total number of investment units issued and outstanding at the end of the 8th Period is 347,250 units and the total number of investment units issued and outstanding at the end of the 9th and 10th Periods is 423,500 units.

Note 2: The components do not add up to the difference between each period because the components are rounded off to the nearest one yen.

3. Growth Strategies



Rich Pipeline Enabling Future External Growth

Continue to promote property acquisitions at a reasonable price, aiming for continuous growth in distributions, based on cooperation with the CRE Group companies

Pipeline^(Note 1)

8 properties / Total floor area 265,132 m² + α (Property in Fujimino-shi, Saitama)



LogiSquare Kawagoe II
(1) June 2019
(2) 14,786.36 m²
(3) Kawagoe-shi, Saitama



LogiSquare Sayama
Hidaka (Hanno)
(1) June 2020
(2) 73,728.44m²
(3) Hanno-shi, Saitama



LogiSquare Miyoshi II
(1) March 2021
(2) 18,096 m²
(3) Miyoshi-machi, Saitama



計画中

Name TBD
(1) From 2022
(2) TBD (Site: 123,389 m²)
(3) Fujimino-shi, Saitama



LogiSquare Kobe nishi
(1) April 2020
(2) 16,049.62 m²
(3) Kobe-shi, Hyogo



LogiSquare Osaka Katano
(1) January 2021
(2) 80,661 m²
(3) Katano-shi, Osaka



計画中

LogiSquare Hirakata ^{new!}
(1) TBD
(2) 44,730 m²
(3) Hirakata-shi, Osaka



Suminoe Logistics Center
(1) January 1992
(2) 17,081.16 m²
(3) Osaka-shi, Osaka

Portfolio after acquisition of newly acquired properties

16 properties / Total floor area 393,506m²
Total acquisition price 91.5 billion yen



LogiSquare Kuki



LogiSquare Hanyu



LogiSquare Kuki II



LogiSquare Urawa Misono



LogiSquare Niiza



LogiSquare Moriya



LogiSquare Tosu



LogiSquare Kawagoe



LogiSquare Kasukabe



LogiSquare Soka



LogiSquare Yashio



LogiSquare Mizuho A



LogiSquare Mizuho B



LogiSquare Ageo



LogiSquare Miyoshi



LogiSquare Chitose



As a general rule, CRE-REIT is given the opportunity to acquire all logistics facilities developed and owned by CRE^(Note 2)



CRE Logistics REIT

(1) Completion month and year (planned)
(2) Total area (planned)
(3) Location
● Newly acquired assets
● Properties with first refusal right

Note 1: As of August 17, 2020, CRE-REIT has not engaged in specific negotiations with the CRE Group companies on this pipeline, nor does it have any plan to acquire them at the present time or guarantee future acquisition. This slide shows the pipeline as of August 17, 2020 but first refusal rights will be granted at any time on other properties besides these properties and CRE Group companies will proceed at any time with the development of other properties besides these properties.

Note 2: Unless the grounds for exclusion from application stipulated in the Sponsor Support Agreement apply.

The Investment Corporation's Approach to Property Acquisitions/CRE's Approach to Property Sales and Development

The Investment Corporation's Approach to Property Acquisitions

- Acquisition of property without dilution of distribution per unit/NAV per unit is a prerequisite for the improvement of unitholder value.
All from the first to the third capital increases by public offering, CRE acquired properties at a NOI cap above the implied cap rate and upheld the above prerequisite. CRE-REIT plans to maintain this approach moving forward.
- Achieve flexible external growth, taking investment unit price into consideration, including utilizing the bridge function.
CRE-REIT acquired three properties from leasing company at IPO and one property from leasing company at first capital increase by public offering. The timing of the Sponsor's property sales and the REIT's acquisitions can be adjusted.
- Acquisition of medium-sized properties and acquisition of quasi co-ownership interests using funds on hand is also possible.
Available to invest to the properties with total floor area of 5,000m² or larger and the acquisition of properties ranging from several hundred million yen to several billion yen is possible using retained funds on hand from accumulated depreciation.
- Achieve medium-term asset size target of 100 billion yen alongside improvement in unitholder value rather than focusing on early achievement.
Take investment unit price into consideration when achieving target asset size two or three years after listing stated in materials for Financial Results Briefing for the 4th Period (June 2018), rather than focusing on early achievement as stated above.

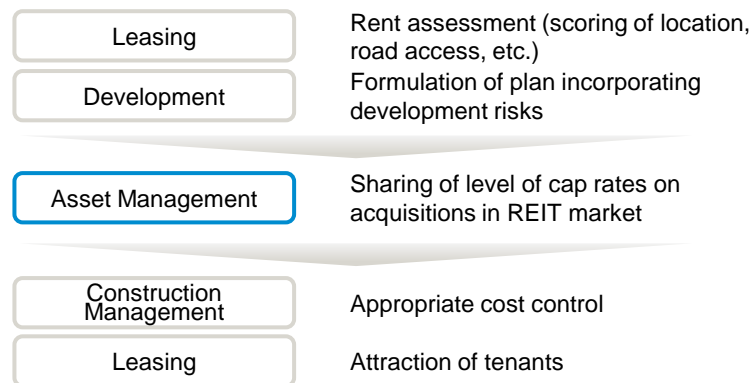
CRE's Approach to Property Sales and Development

Stable operation of CRE-REIT over medium and long term is CRE's top priority

CRE's Positioning of Asset Management Business

- Grow asset management business into second pillar of stock business.
- Continuously earn asset management fees and property management fees by selling properties developed by CRE to CRE-REIT.

The Asset Management Company is involved from the time of site acquisition to implement development with discipline

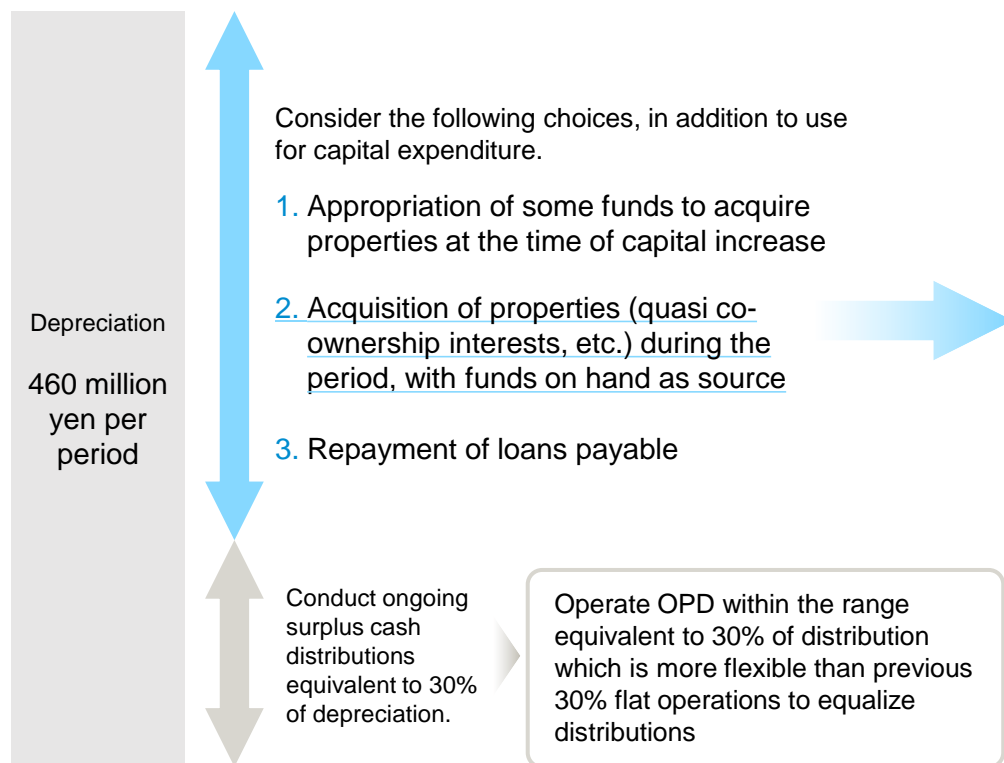


Generation of higher profits than planned

Source: Prepared by the Asset Management Company based on the Long-term Management Policy (September 12, 2016) of CRE, Inc.

Cash Management Aiming to Maximize and Level Distributions

Approach to the use of funds on hand



Effects by acquiring properties only with funds on hand

Estimate of an increase in distribution per unit (yen)

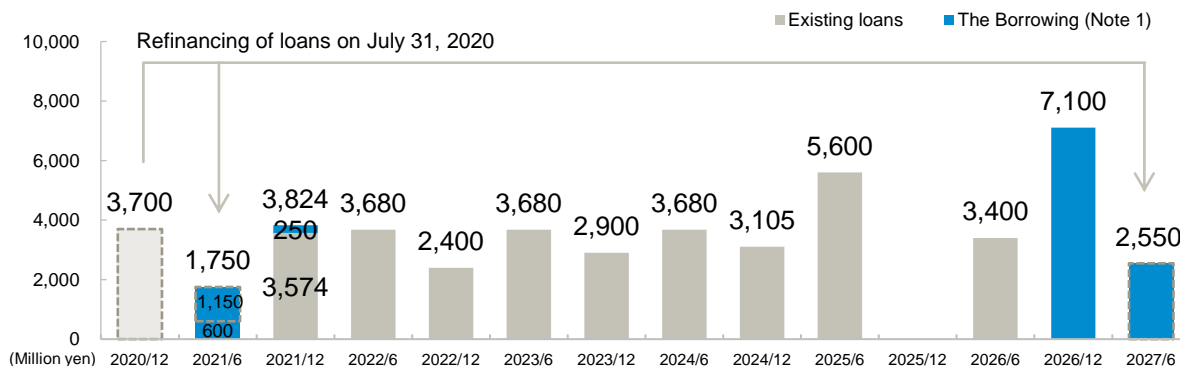
		NOI yield				
		4.6%	4.7%	4.8%	4.9%	5.0%
Acquisition price (million yen)	1,200	51	52	53	55	56
	1,300	54	56	57	59	60
	1,400	59	61	63	64	66
	1,500	63	65	67	68	70
	1,600	67	69	71	73	74
	1,700	72	74	76	78	80

Note: Calculated on the assumption that the total number of investment units outstanding is 423,500.

3. Growth Strategies

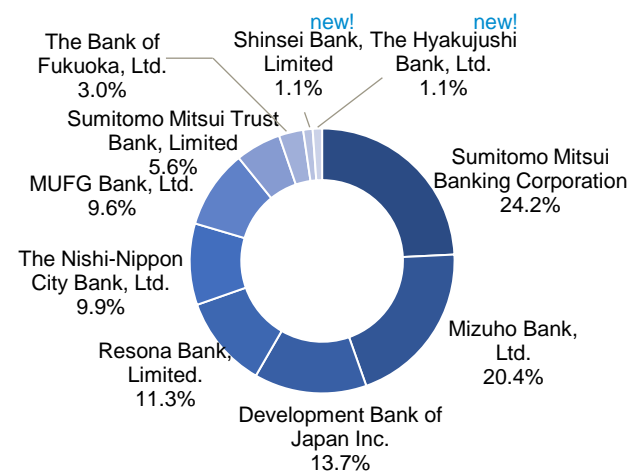
Promote Reduction of LTV, Borrowing from New Lenders, Long-term Debt and Distribution of Repayment Dates

Promotion of long-term debt and distribution of repayment dates



Borrowing from two new lenders

Bank Formation after the Borrowing



Reduce LTV to 45.0%

	8th period (2020/6)	After the Borrowing (as of July 31, 2020)	Difference
Interest-bearing debt	35,719 million yen	43,669 million yen	+ 7,950 million yen
LTV	45.9 %	10 th period estimate 45.0 %	- 0.9 %
Ratio of fixed interest debt	100.0 %	95.4 %	- 4.6 %
Ratio of long-term debt ^(Note 2)	100.0 %	96.0 %	- 4.0 %
Average borrowing interest rate	0.532 %	0.552 %	+ 0.020 %
Average life of interest-bearing debt ^(Note 3)	2.8 years	3.7 years	+ 0.9 years

Note 1: "The Borrowing" refers to borrowing executed on July 13, 2020 to finance the acquisition of the newly acquired assets and expenses incidental thereto, the repayment of a loan that fell due on July 31, 2020 and borrowing executed on July 31, 2020 for such repayment.

Note 2: Current portion of long-term debt is included in long-term debt.

Note 3: "Average life of interest-bearing debt" is calculated by finding the weighted average life based on the balance of each interest-bearing debt over the period from July 31, 2020 to the repayment date of each interest-bearing debt.

Approach to Liabilities

- CRE-REIT's LTV is set at around 45% and the upper limit of LTV is 50% in principle.
- The above level is slightly higher than that of other logistics REITs but since cash flow is stable due to long-term contracts, CRE-REIT has the option to make effective use of loans.
- CRE-REIT conducts financial operations with emphasis on long-term stability by taking out long-term loans with fixed interest rates.

Acquired A- Rating from R&I, Enabling the Issuance of Green Bonds.

Acquired A- rating from R&I.

- March 31, 2020 Rating acquired.

Rating and Investment Information, Inc. (R&I)

A- (Stable)

Key reasons for the rating

- (1) High-quality portfolio composed of competitive and relatively new logistics facilities
- (2) Outlook for the clear expansion of the portfolio size based on the sponsor pipeline
- (3) Conservative financial operation policy

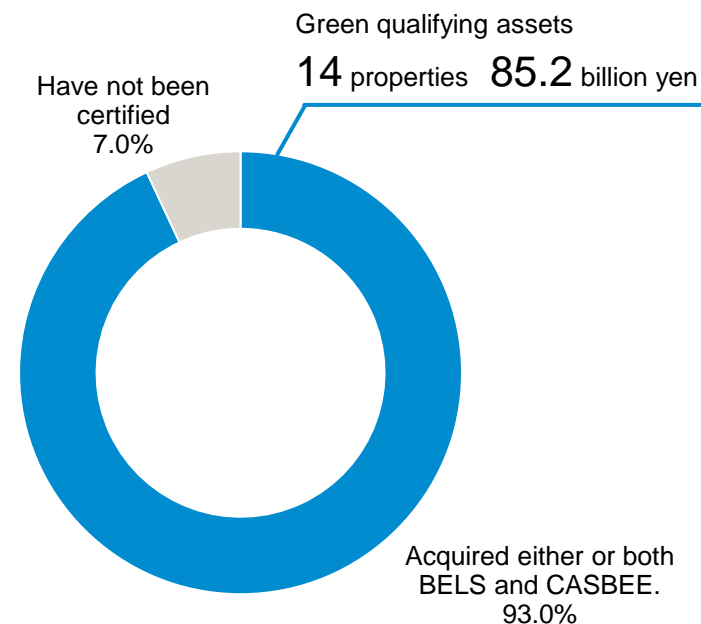
Source: Prepared by the Asset Management Company based on the R&I news release on March 31, 2020.

Acquired the highest rating in the green finance framework.

- June 5, 2020 Submitted the shelf registration statement of the Investment Corporation.
- June 26, 2020 Acquired Green 1 (F), the highest rating within the JCR Green Finance Framework Evaluation, an evaluation under the green finance framework formulated by the Investment Corporation from Japan Credit Rating Agency, Inc. (JCR).

More than 90% of the portfolio assets are green qualifying assets.^(Note)

Percentage of properties that have acquired an environmental certification.

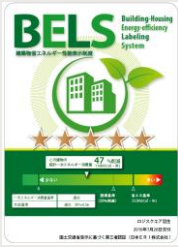






Note: Green qualifying assets are assets that satisfy certain eligibility criteria. The eligibility criteria for the green qualifying assets of the Investment Corporation are as follows, and properties that have acquired or updated or will acquire or update any of the relevant certifications are green qualifying assets.

- DBJ Green Building certification: four or five stars
- BELS: four or five stars
- CASBEE: rank S or A

Promoting ESG Efforts — Environment (1)

80% of properties have acquired BELS and/or CASBEE certification (based on acquisition price).

Property name	BELS	CASBEE	Installation of Solar Panels	Sandwich Panels	LED Lights
			 CRE-REIT leases roof top space and the lessees contribute to the creation of renewable energy through photovoltaic power generation.	 All the properties use sandwich panels with outstanding design and a high heat insulating effect for their exterior walls to reduce the thermal load when refrigerating and heating equipment is installed.	 The use of LED lights contributes not only to energy savings and the reduction of CO ₂ , but also the reduction of electric bills, which are to be paid by tenants, along with the replacement cost of lighting and an improvement in the working environment.
M-1 LogiSquare Kuki	★★★★★	Saitama Prefecture Rank A	○	○	○
M-2 LogiSquare Hanyu	★★★★★	Saitama Prefecture Rank B+	○	○	○
M-3 LogiSquare Kuki II	★★★★★	Saitama Prefecture Rank A	○	○	○
M-4 LogiSquare Urawa Misono	★★★★★	Saitama Prefecture Rank A	—	○	○
M-5 LogiSquare Niiza	★★★★★	Saitama Prefecture Rank A	○	○	○
M-6 LogiSquare Moriya	★★★★★	—	○	○	○
M-7 LogiSquare Kawagoe	★★★★★	—	—	○	○
M-8 LogiSquare Kasukabe	★★★★★	Saitama Prefecture Rank A	○	○	○
M-9 LogiSquare Soka	—	Saitama Prefecture Rank A	○	○	—
M-10 LogiSquare Yashio	—	Saitama Prefecture Rank A	○	○	—
M-11 LogiSquare Mizuho A	—	—	—	—	—
M-12 LogiSquare Mizuho B	—	—	—	—	—
M-13 LogiSquare Ageo	★★★★★	Saitama Prefecture Rank A	○	○	○
M-14 LogiSquare Miyoshi	★★★★★	Saitama Prefecture Rank A	○	○	○
O-1 LogiSquare Tosu	★★★★★	—	—	○	○
O-2 LogiSquare Chitose	★★★★★	—	—	○	○
Rate (based on acquisition price)	78.6%	80.1%	72.6%	93.0%	78.6%

Newly acquired
assets

Promoting ESG Efforts — Environment (2)

In-house consumption of solar power

Ensure a part of the electricity consumed in facilities from electricity generated by solar power. This can also be used as emergency power, contributing to tenant's BCP measures.



Installation of human detecting sensors

Promote energy saving by installing human detecting sensors in facilities.



Installation of water-saving sanitation appliances

Promote the reduction of water usage by installing sanitation appliances with high performance in the reduction of water usage.



Installation of roof watering equipment

Contribute to the reduction of temperatures inside warehouses by installing roof watering equipment using well water.



Wall greening

Wall greening has the effect of lowering the surface temperature of buildings and contributes to the reduction of CO₂ in the atmosphere.



Soil contamination countermeasures

Enbio Holdings, Inc., a CRE group company, revitalizes old factory sites, etc. as land for the development of logistics facilities by actively utilizing in-situ cleaning methods that decompose underground contaminants without excavating contaminated soil.



Promoting ESG Efforts — Social

Improving amenities and the business continuity of tenants

- Support for BCP measures
 - Hold logistics facilities in inland areas with low risk of liquefaction.
 - Install power receiving and transforming equipment at elevated locations as a flood control measure.
 - Introduce earthquake early warning systems.
 - Install AEDs.
 - Install emergency power supply systems.
 - Install disconnectors in automatic fire alarms to prevent the spread of fires.
- Amenity Improvements
 - Adopt warm-color lighting in entrances and truck berths, etc.
 - Install restrooms for outside drivers.
 - Renovate smoking rooms to respond to the April 2020 revised Health Promotion Act.



Active sharing of information with investors

- Rationalize disclosures by correcting information gaps among investors.
 - Promote fair disclosure and the rationalization of disclosure by enhancing supplementary explanation materials.
- IR activities in consideration of COVID-19
 - Promote the same dialogue as in normal times with overseas investors and regional financial institutions by holding 24 conference calls from March to May 2020.



Efforts for officers and employees

- Support for skill development
 - Encourage them to acquire qualifications by paying for expenses and gift money for the acquisition of qualifications.

License holders (including those that have passed examinations)

Qualification name	Percentage staff holding the qualification or having passed the exam (Note)
Real estate broker	77.8%
ARES (Association for Real Estate Securitization) Certified Master	77.8%
CMA (Certified Member Analyst of the Securities Analysts Association of Japan) holder	33.3%
Real estate consulting master	11.1%

Note: Calculated with the 9 people involved in the operation of the Investment Corporation (as of the end of June 2020) as the denominator.

- Improvement of the work environment
 - Refresh and expand the work space with the relocation of offices.
 - Introduce staggered commuting and working from home as a measure to control COVID-19.
 - The president has 1 on 1 meeting with all employees quarterly.

Contribution to regional and social development

- CRE Activities
 - Create an endowed chair at Sophia University for the purpose of cultivating human resources that will engage in logistics and supply chain management in the future.
 - Cooperate in government excavation work and record retention and in the holding of study tours and briefings when developing logistics facilities.
 - Hold a CRE forum for the purpose of sharing logistics issues faced by companies.
- Install fire cisterns able to provide tap water that can be used to fight fires.
- Cooperate with traffic restrictions for the Saitama International Marathon.



Promoting ESG Efforts — Governance

Holding of investment units by officers and employees of the Asset Management Company

- President of sponsor hold units of CRE-REIT. Almost all officers and employees of the Asset Management Company hold investment units of CRE-REIT based on a cumulative investment system and internal regulations.

	Title	Name	Units held (Note)
CRE	Representative Director and President	Tadahide Kameyama	722 units
the Asset Management Company	Representative Director and President	Tsuyoshi Ito	1,110 units
	Managing Director	Takeshi Oka	59 units
	9 out of 10 employees hold investment units		

Note: As of June 30, 2020. Nine employees of the Asset Management Company hold a total of 118 investment units, as of June 30, 2020. Also, the number of each holding unit is rounded down to the nearest unit.

Independence of the Asset Management Company

- Given that the Asset Management Company was established as an independent asset management company, all its members are proper employees and CRE is not involved in their recruitment or personnel evaluation.

Category	Number of persons
Standing directors	2
Employees	10
(Of which, employees temporarily transferred from CRE)	—
Total	12

Note: As of June 30, 2020

Revision of asset management fee structure more aligned with unitholder interests

	Before Changes	After Changes
Management fee 1	Total assets × 0.4% (Upper limit)	Reduce Total assets × 0.325% (Upper limit)
Management fee 2	Income before income taxes × 5.0% (Upper limit)	Reduce Income before income taxes × 4.0% (Upper limit)
Management fee 3	—	Newly establish Earnings per unit × 10,000
Fee on acquisition	Acquisition cost × 1.0% (Upper limit) (0.5% (Upper limit) in case of transactions with interested party)	Acquisition cost × 1.0% (Upper limit) (0.5% (Upper limit) in case of transactions with interested party)
Fee on sale	Sale price × 0.5% (Upper limit)	Repeal —

- Amend Articles of Incorporation at the General Meeting of Unitholders held on September 27, 2019 and revise fee structure from the Period ending June 2020.
- Introduce fee structure more aligned with unitholder interests by decreasing management fees based on total assets and income before income taxes and establishing a new management fee based on earnings per unit to increase linkage with earnings per unit.
- Repeal fee on sale to prevent fee being charged even in the case of the sale of property that is detrimental to the interests of unitholders because a loss on sale is recognized.



4. Characteristics of CRE Logistics REIT, Inc.

Characteristics/Advantages of CRE-REIT

Characteristics

1. Portfolio focused on LogiSquare
2. Long-term, stable asset management
3. Distinct external growth strategy

High-quality portfolio

(1) Stable cash flow	Occupancy rate 100.0%	Ratio of fixed-term leases 100.0%	Ratio of fixed-rate rents 100.0%
(2) Long-term contracts with diverse tenants	Average lease contract term 8.5 years	Average remaining lease term 6.0 years	Ratio of single-tenant facilities 73.7%
(3) Good location	Ratio of Tokyo Metropolitan Area 95.4%	Average mileage to interchange 3.2 km	Within 10 mins' walk of public transportation 96.3%

Advantages

Sponsor is real estate company specializing in logistics properties^(Note 1)

(1) Leasing capability	Companies that have concluded lease contracts with CRE directly 1,100 companies	Leasing by CRE on its own 141 properties	Holding of private viewings, including for other listed REITs
(2) Property management (PM) capability	Managed floor area 1,581 properties 4,920,000 m ²	PM entrusted by other companies ^(Note 2) Approx. 70%	PM entrusted by other listed REITs 1,020,000 m ²
(3) Development capability	<ul style="list-style-type: none"> • Tenant requirements obtained through day-to-day management and leasing activities are fully reflected in facility development. • Has been developing suitable properties for REIT since 2006 when real estate securitization first appeared in Japan. 		

Capable of flexibly acquiring properties, taking consideration into investment unit price

- Able to utilize bridge function. Already acquired three properties at IPO and one property at the first capital increase by public offering by utilizing the bridge function.
- Also able to acquire mid-sized properties and quasi-co-ownership interests using cash on hand.
- Already secured pipeline of 8 properties with total floor area of 260,000 m² + α.

Note 1: As of the end of July 2019. Produced by the Asset Management Company based on data provided by CRE. Figures include data relating to property management of other real estate besides logistics facilities and master leases.

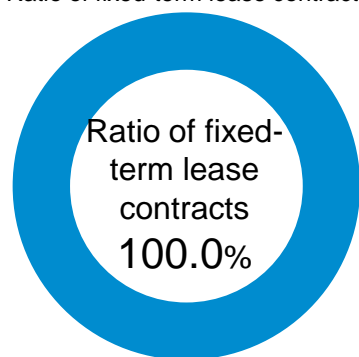
Note 2: "PM entrusted by other companies" is area managed by CRE less area relating to PM contracts with the Investment Corporation and area relating to properties in which CRE is involved as master lessee (area managed under PM contracts with other listed logistics REITs and private funds, etc.) as a ratio of the total area managed by CRE.

High-quality Portfolio (1) Stable cash flow

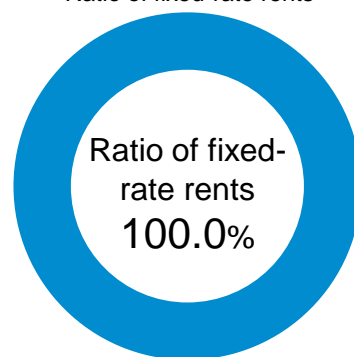
Form of contract that enables stable operation

- Tenants who cancel early before the end of the contract term are required to pay the equivalent of rent for the whole remaining lease term as a penalty for breach of contract.
- Intention for renewal or termination is ascertained a year before contract expiry.

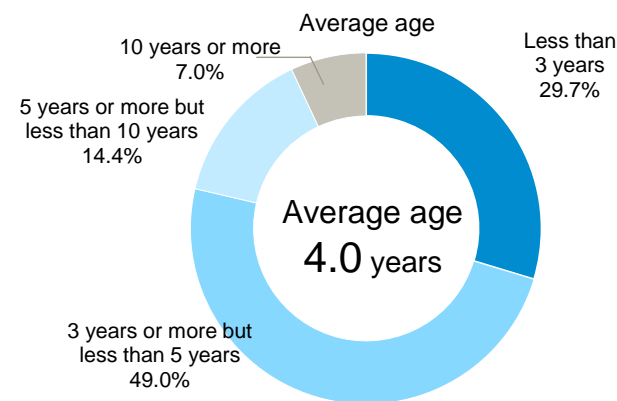
Ratio of fixed-term lease contracts



Ratio of fixed-rate rents



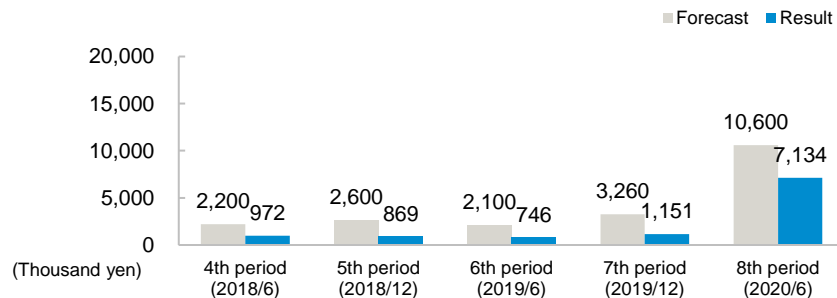
Inclusion of relatively new properties



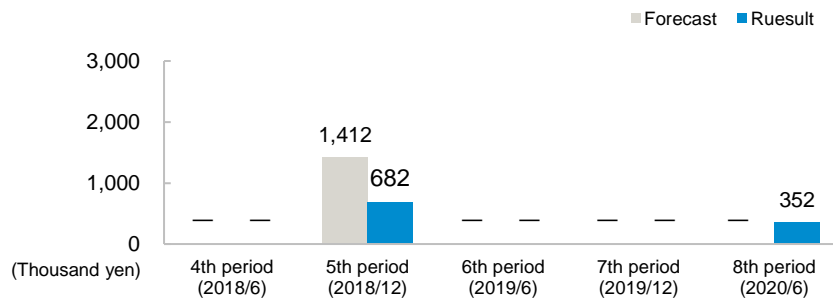
Repair expenses and capital expenditure remain at a low level

- The existing portfolio consists of relatively new properties and, partly thanks to appropriate property management by CRE, which provides property management services for each property, repair expenses and capital expenditure have remained at a low level until the end of fiscal period ended June 2020.

Repair Expenses



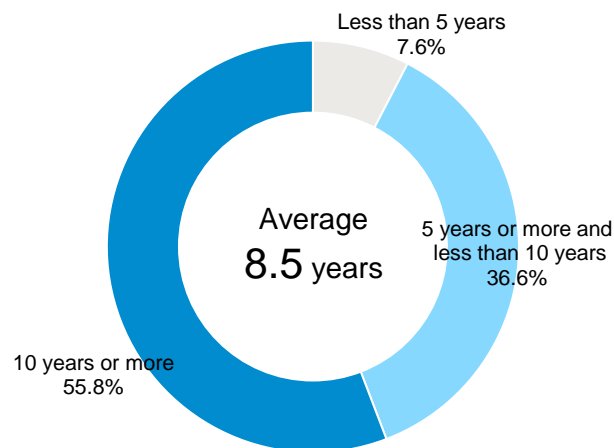
Capital Expenditure



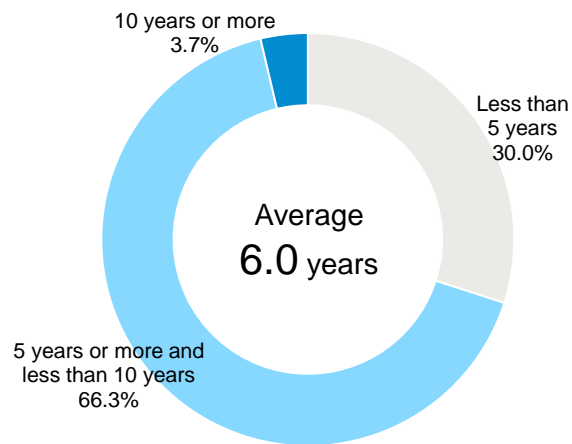
High-quality Portfolio (2) Long-term lease contracts

Long-term and single use contracts have conducted as the properties met the tenant's requirements of dedicated centers.

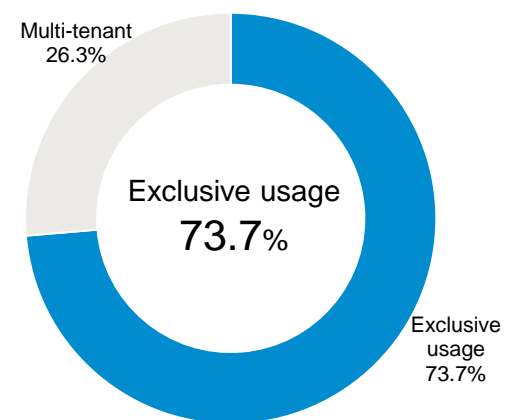
Average lease contract term



Average remaining lease term



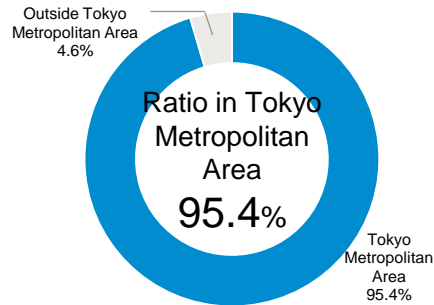
Tenant composition



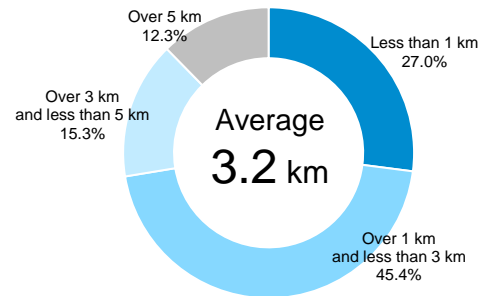
High-quality Portfolio (3) Good location

Properties are mostly in locations suited to logistics facilities where strong demand is expected, with tenants' need to secure labor also taken into consideration.

Ratio in Tokyo Metropolitan Area



Mileage to an interchange



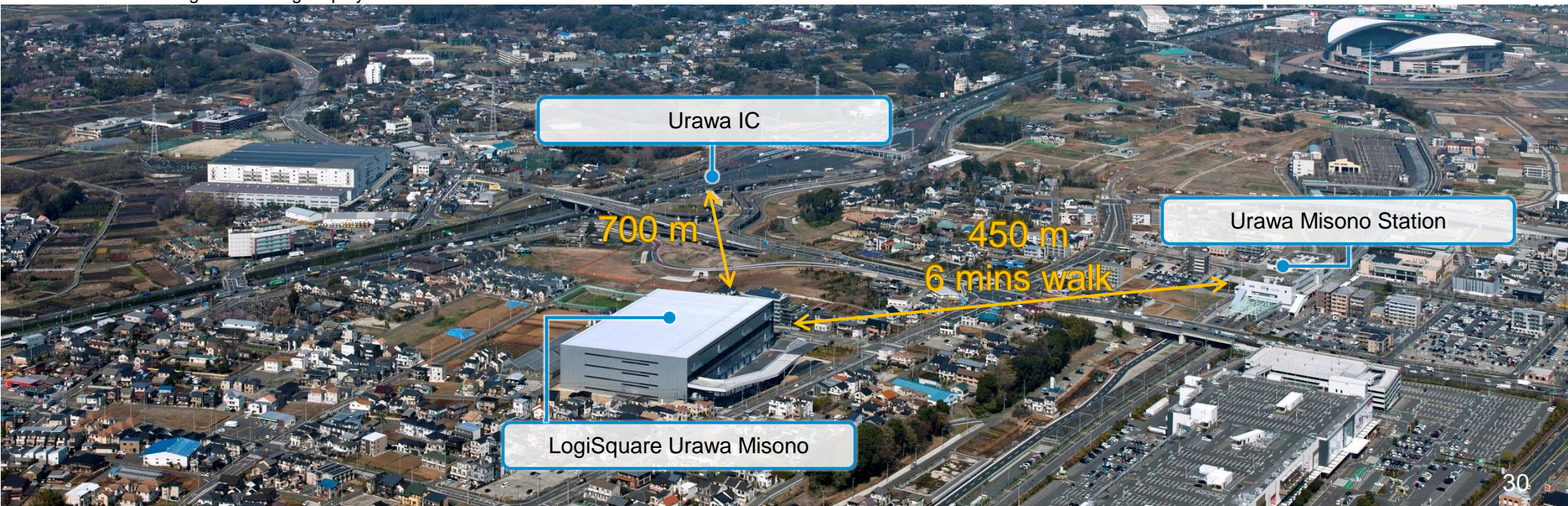
Time required from public transportation facilities



Example: LogiSquare Urawa Misono

The property is located approximately 700 m from Urawa IC (Tohoku Expressway) and approximately 450 m and a six-minute walk from Urawa Misono Station on the Saitama Rapid Railway Line.

A large-scale community development project is underway in the surrounding area, which will allow a close proximity between work and the home and be a potential advantage in securing employee.

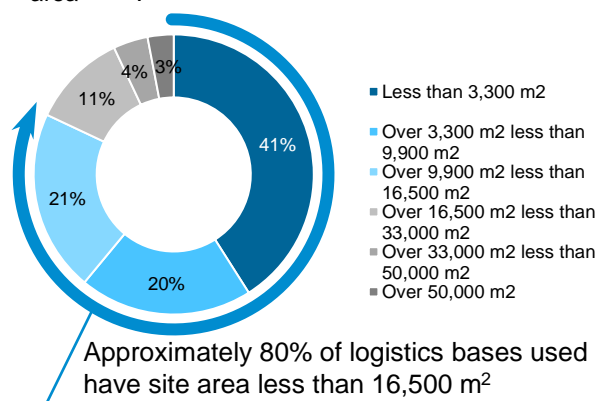


High-quality Portfolio (4) Competitive Advantage of Mid-sized Facilities

Many enterprises want to share a mid-sized logistic facility with a small number of other tenants and there is strong tenant demand for the logistics facilities developed by CRE.

1 Usage area per logistics base in the Tokyo Metropolitan Area

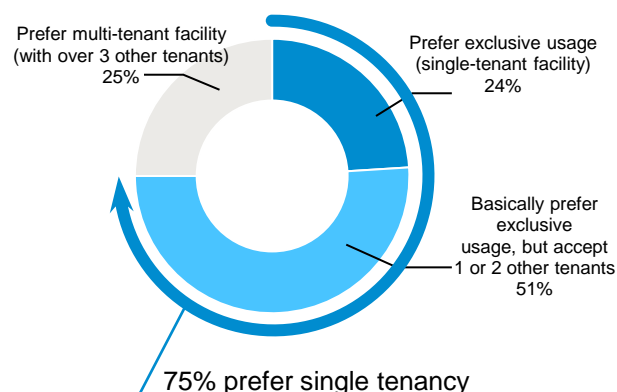
Approximately 80% of logistics bases used by consignors or logistics operators in the Tokyo Metropolitan Area are less than 16,500 m² in site area^(Note 1).



n = 655 buildings
Source: Sumitomo Mitsui Trust Research Institute Co., Ltd.

2 Desirable tenant mix

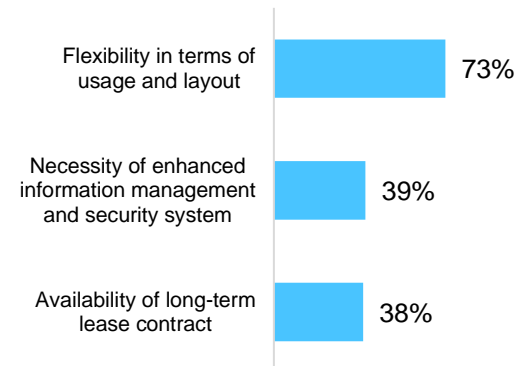
Approximately 75% prefer exclusive usage of facilities with up to 2 other tenants if they are to lease logistics facilities in the future.



n=145 companies
Source: Sumitomo Mitsui Trust Research Institute Co., Ltd.

3 Reason for selecting single-tenant facility

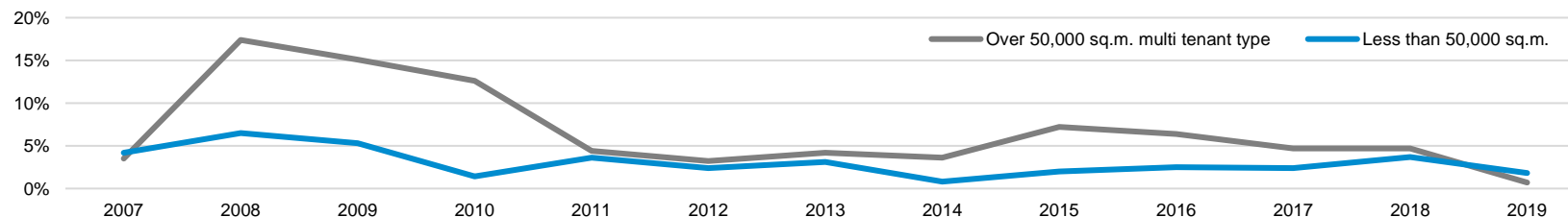
Respondents who prefer single-tenant facilities quoted the flexibility in terms of usage and layout, the necessity of enhanced information management and security system, and the availability of long-term lease contract.



n = 94 companies
Source: Sumitomo Mitsui Trust Research Institute Co., Ltd.

4 Vacancy rate per facility size in the Tokyo Metropolitan Area

Generally, logistics facilities with an area of less than 50,000 m² have lower vacancy rates than multi-tenant logistics facilities with an area over 50,000 m²^(Note 2), suggesting a high level of demand.



Source: CBRE K.K.

Note 1: Figures calculated based on a survey conducted by Sumitomo Mitsui Trust Research Institute Co., Ltd. from August to September 2017 (hereinafter the "Survey") are presented. In the Survey, a questionnaire was sent to 3,022 shipping and logistics companies, and the answers obtained from 199 companies are aggregated. Hereinafter the same applies to statements sourced by the surveys of Sumitomo Mitsui Trust Research Institute Co., Ltd. in this material.

Note 2: "Multi tenant-type" in "Vacancy rate per facility size in the Tokyo Metropolitan Area" refers to logistics facilities that were planned and designed on the premise of being used by multiple tenants at the development stage in principle.

Features of LogiSquare

LogiSquare is the brand name of high-quality logistics facilities developed by CRE to meet tenant needs.

Semi-flexible pavement is used to inhibit rutting.

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



Facility has roof spraying system that uses well water to reduce the internal temperature.

The facility has a total of 44 truck berths on the first and third floors to allow the docking of up to 44 large trucks simultaneously.



Truck berths are large enough to fit a whole 40ft container truck.



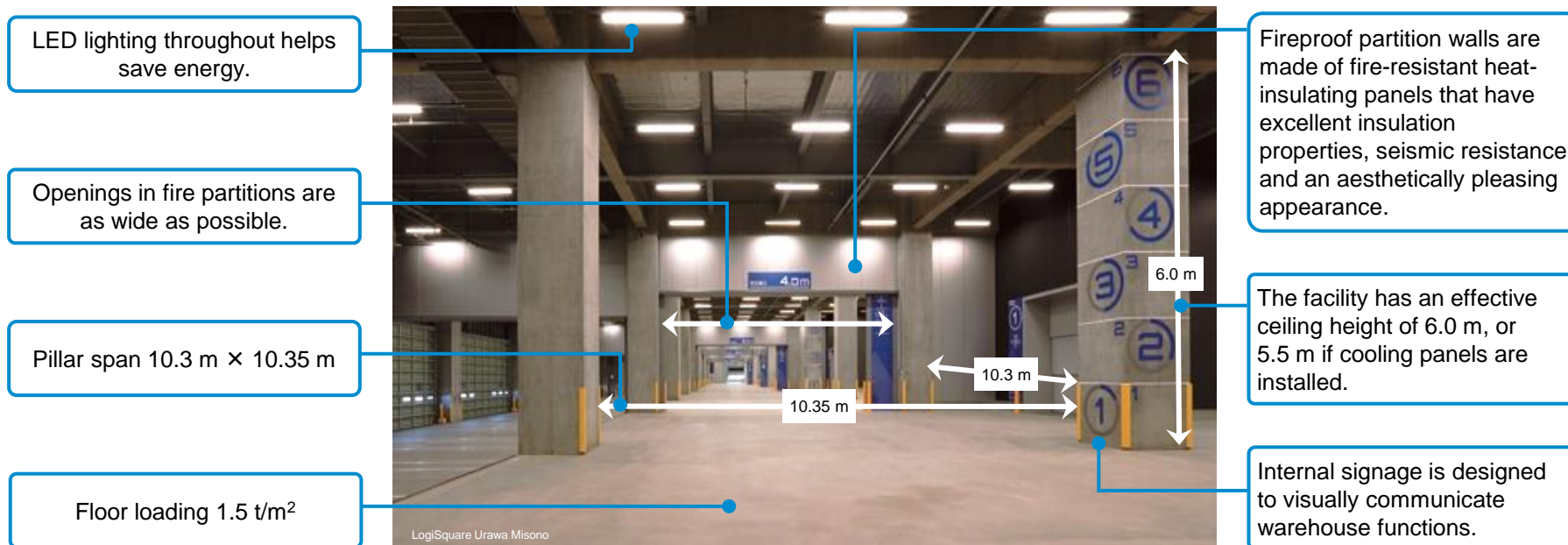
Rest area with wooden deck

The facility has truck berths on the first and third floors. To prevent congestion and accidents, the facility is designed to separate traffic flows and equipped with dedicated gates for the first/second floor tenants and the third/fourth floor tenants, respectively.

Note: The logistics facility shown above is an example of the features of LogiSquare. Not all facilities held by CRE-REIT have the features shown above.

Features of LogiSquare

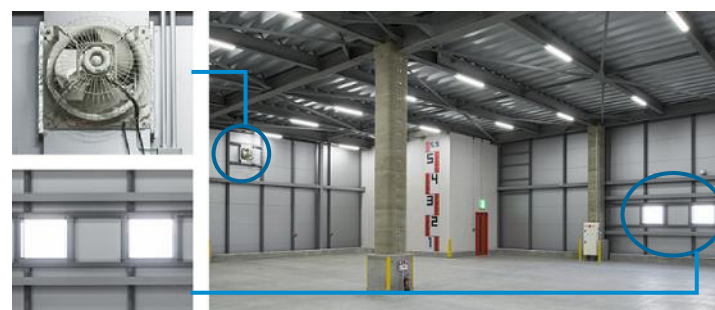
LogiSquare not only improves the efficiency of warehouse operations, creates a pleasant working environment for tenants but helps reduce costs in the future for CRE-REIT.



Interior walls between offices and the warehouse space have windows in them to facilitate communication.



The women's restroom has lockers and designed to make female employees feel comfortable.

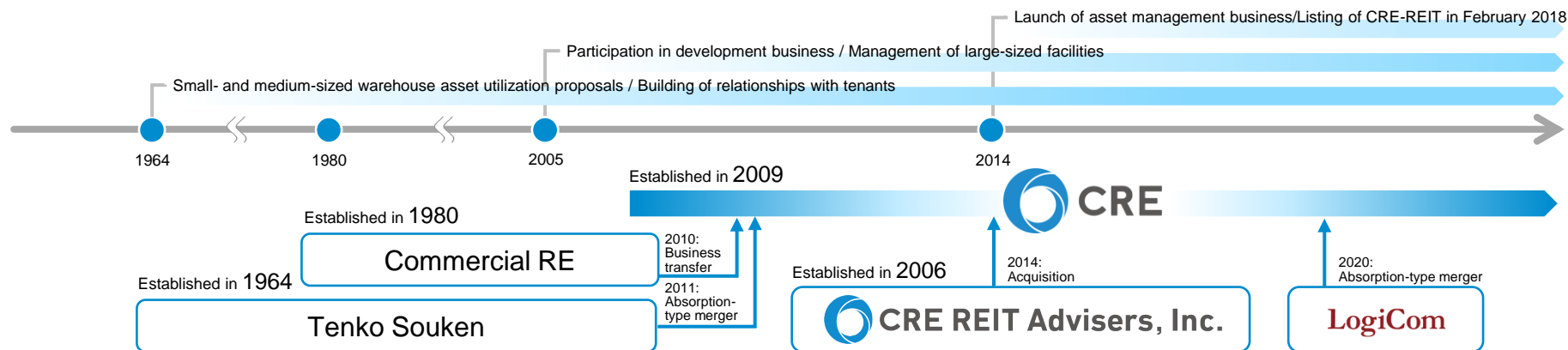


To help reduce costs in the future, the facility already has windows and ventilation built in to ensure compliance with laws and regulations in case it is necessary to expand office areas in the future.

Note: The logistics facility shown above is an example of the features of LogiSquare. Not all facilities held by CRE-REIT have the features shown above.

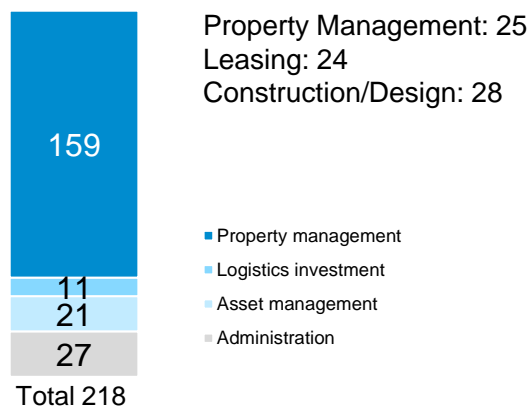
Sponsor is Real Estate Company Specializing in Logistics Properties

CRE, which sponsors CRE-REIT, has a track record of more than 50 years in the field of logistics real estate in Japan.



Involvement of All Employees in Logistics Properties

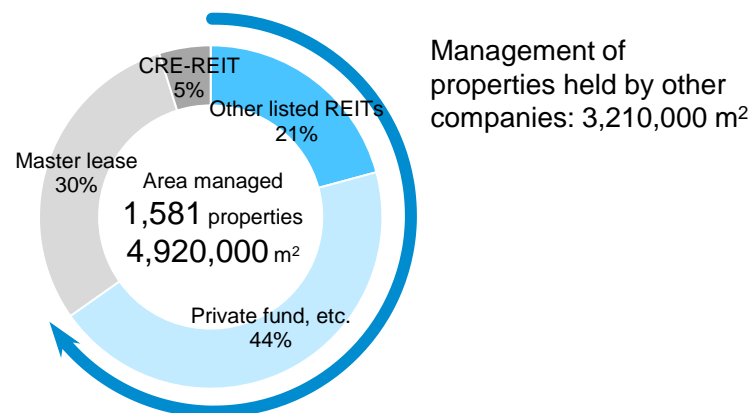
Number of employees on a consolidated basis (as of July 31, 2019)



Source: Prepared by the Asset Management Company based on Annual Report for Fiscal 2019 of CRE, Inc.

Proven Track Record in Providing Services to Other Companies^(Note)

CRE-REIT can draw on knowhow gained through management of 4,920,000 m²



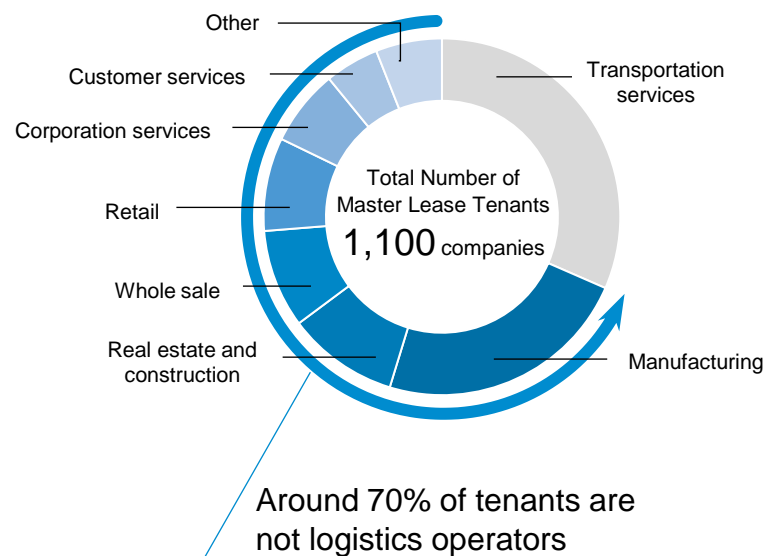
Note : As of July 31, 2019. Includes results under property management and master lease agreements for properties other than logistics-related facilities.

CRE's Leasing Capability—Accumulation of Information Through Many Leasing Opportunities

Instantly understands rent trends, including actual rents paid and rent increases and decreases, through the conclusion of contracts directly with diverse tenants not just logistics service providers.

- CRE can gain an understanding of rent levels by entering contracts with tenants directly as master tenant under a master lease arrangement
- CRE builds relationships with tenants from a variety of industries not only logistics operators.

Total Number of Master Lease Tenants^(Note)



Note: As of July 31, 2019. Includes tenants of properties other than logistics-related facilities.

Publication of LogiSquare Market Report

Every quarter, CRE publishes a report summarizing market trends in major areas, with a focus on large rental logistics facilities (10,000 m² or larger). Besides information on large logistics facilities, the report also includes information on small and medium-sized rental logistics facilities (less than 3,300 m²/only those managed by CRE) based on CRE's database of master lease properties.



Publication of LogiSquare Map (map of large logistics facilities)

Map showing major large rental logistics facilities that have been built over the past 10 years or are planned for development. Published once a year.



CRE's Management Capability—Diverse Customers Including Other Listed REITs

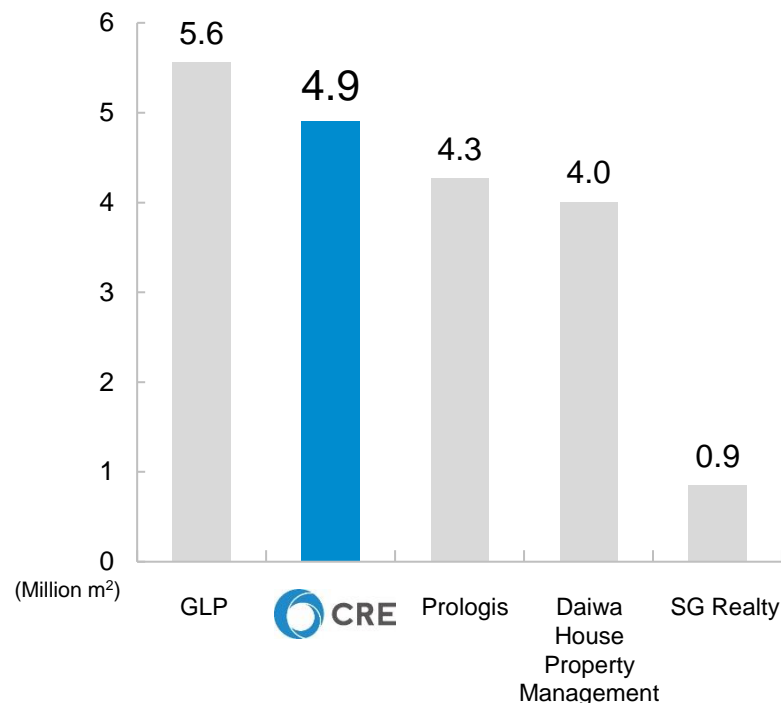
Management of Properties for Other Listed REITs, Private Funds, etc.

Major Customers^(Note 1)

- LaSalle LOGIPOINT REIT
- Star Asia Investment Corporation
- Kenedix Retail REIT Corporation
- United Urban Investment Corporation
- Japan Logistics Fund, Inc.
- Industrial & Infrastructure Fund Investment Corporation
- Mitsubishi Estate Logistics REIT Investment Corporation
- Daiwa House REIT Investment Corporation
- CRE Logistics REIT, Inc.
- LaSalle Investment Management
- Takara Asset Management Co., Ltd.
- Diamond Realty Management Inc.
- ESR LTD.
- Kokyo Asset Management Co., Ltd.
- Sumisho Realty Management Co., Ltd.
- Challenger Limited
- Morgan Stanley Capital K.K.
- Daiei Real Estate & Development Co., Ltd.
- Real Link International Investment Advisors, Inc.
- Tozai Asset Management Co., Ltd.
- Mitsui & Co., Realty Management Ltd.
- IDERA Capital Management Ltd.
- Mitsubishi Jisho Investment Advisors, Inc.
- FORTRESS INVESTMENT GROUP JAPAN
- Ichigo Estate
- Yamato Home Convenience Co. Ltd.
- TAKARA-SANGYO Co., Ltd.
- Tokyu Land Capital Management Inc.
- UIG Asset Management Co., Ltd.
- UNIVERSE DEVELOPMENT Co., Ltd.
- CRE REIT Advisers, Inc.
- Strategic Partners Co., Ltd..

(No particular order)

Ranks Second Among Logistics Facilities-centered PM companies^(Note 1)



Source: Prepared by the Asset Management Company based on Monthly Property Management magazine (November 2019 edition).

Note 1: "Logistics facilities-centered PM companies" refer to property management companies with 70% or more of their entrusted areas those of logistics facilities. "Entrusted areas" include the management areas of real estate other than logistics facilities.

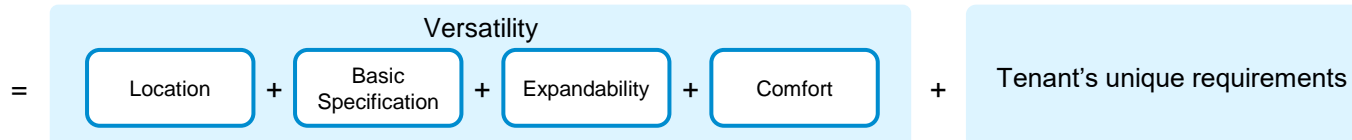
Note 2: In company names, Co., Ltd., Inc., etc. is omitted.

Source: CRE Inc.'s Summary of Financial Statements for the First three Quarters of the Fiscal Year Ending July 31, 2020.

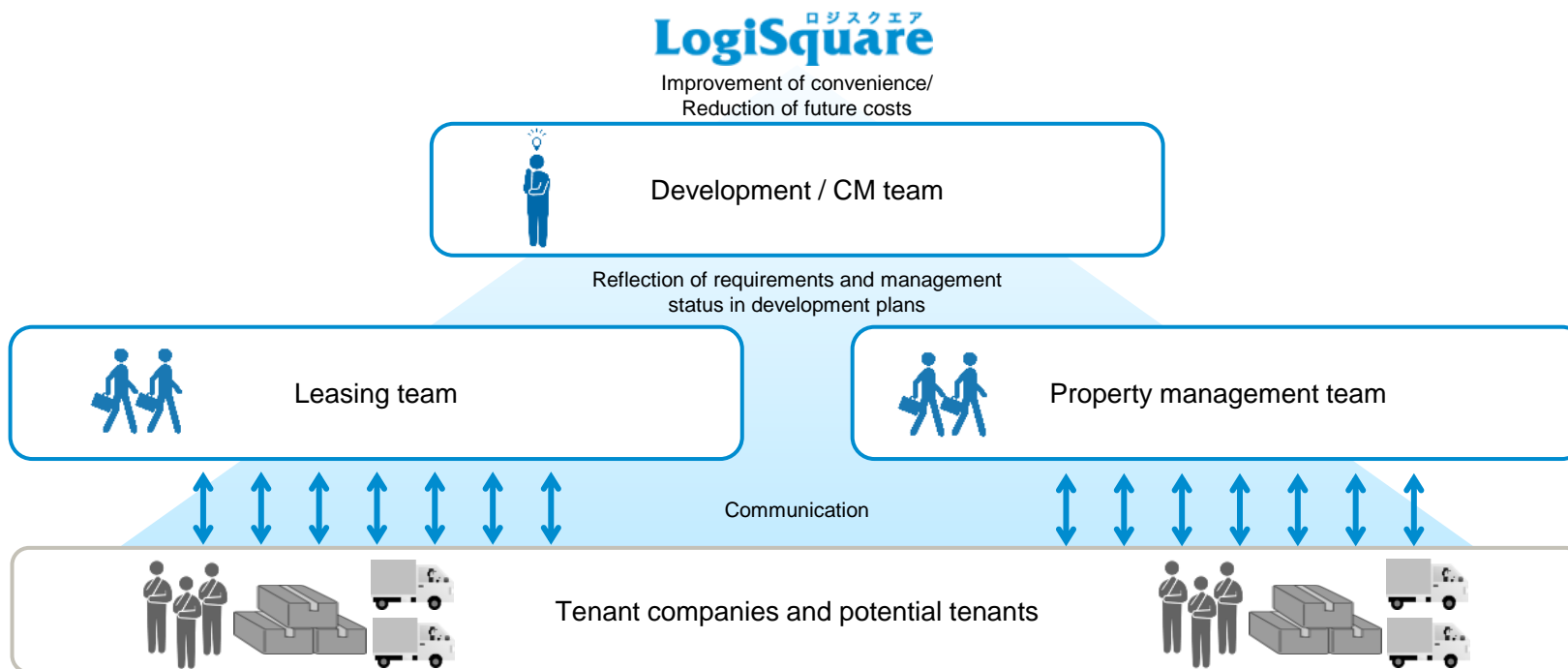
Development Capability—Development Incorporating Tenant Requirements While Ensuring Versatility

Realization of Long-term Contracts and Mitigation of Tenant Risk by Incorporating Tenant Requirements While Ensuring Versatility

LogiSquare ロジスクエア = High-quality logistics facilities developed by CRE to meet tenant needs



Improvement of Convenience Through Full Reflection of Requirements Learned Through Day-to-Day Management and Leasing Activities in Development Plans



CRE's Development Capability—Development Giving Tenant Convenience Highest Priority

Development based on optimal plan for characteristics of location, giving tenant convenience the highest priority

Low-type

For tenants that attach importance to operational efficiency

Facility with one or two floors for more convenient loading and unloading.
Ideal for both storage and distribution and suited to tenants who attach importance to operational efficiency.

Example: LogiSquare Hanyu



The facility is designed to direct vehicles to move in one direction, with separate entrance and exit gates.

Slope-type

For tenants who attach importance to location and operational efficiency

Facility situated in location with strong tenant demand and having three or four floors to utilize the floor-area ratio. Facility also has a slope, enabling trucks to access the third floors directly and allowing them to be used in same way as the first and second floors.
Ideal for both storage and distribution and suited to tenants who attach importance to both location and operational efficiency.

Example: LogiSquare Urawa Misono



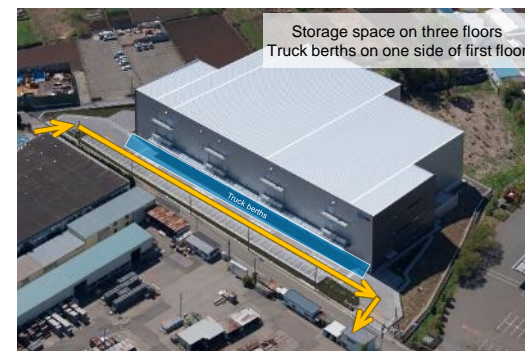
The facility is designed to separate traffic flows and equipped with dedicated gates for the first/second floor tenants and the third/fourth floor tenants, respectively.

Box-type

For tenants who attach importance to storage function

Facility in strategic location with strong tenant demand and close to city center and having three or four floors to utilize the floor-area ratio.
Ideal for storage, which is standard function for a logistic facility, and suited to tenants who attach importance to storage of personal items.

Example: LogiSquare Niiza



The facility is designed to direct vehicles to move in one direction, with separate entrance and exit gates.

All facility types are designed to prevent congestion and accidents.

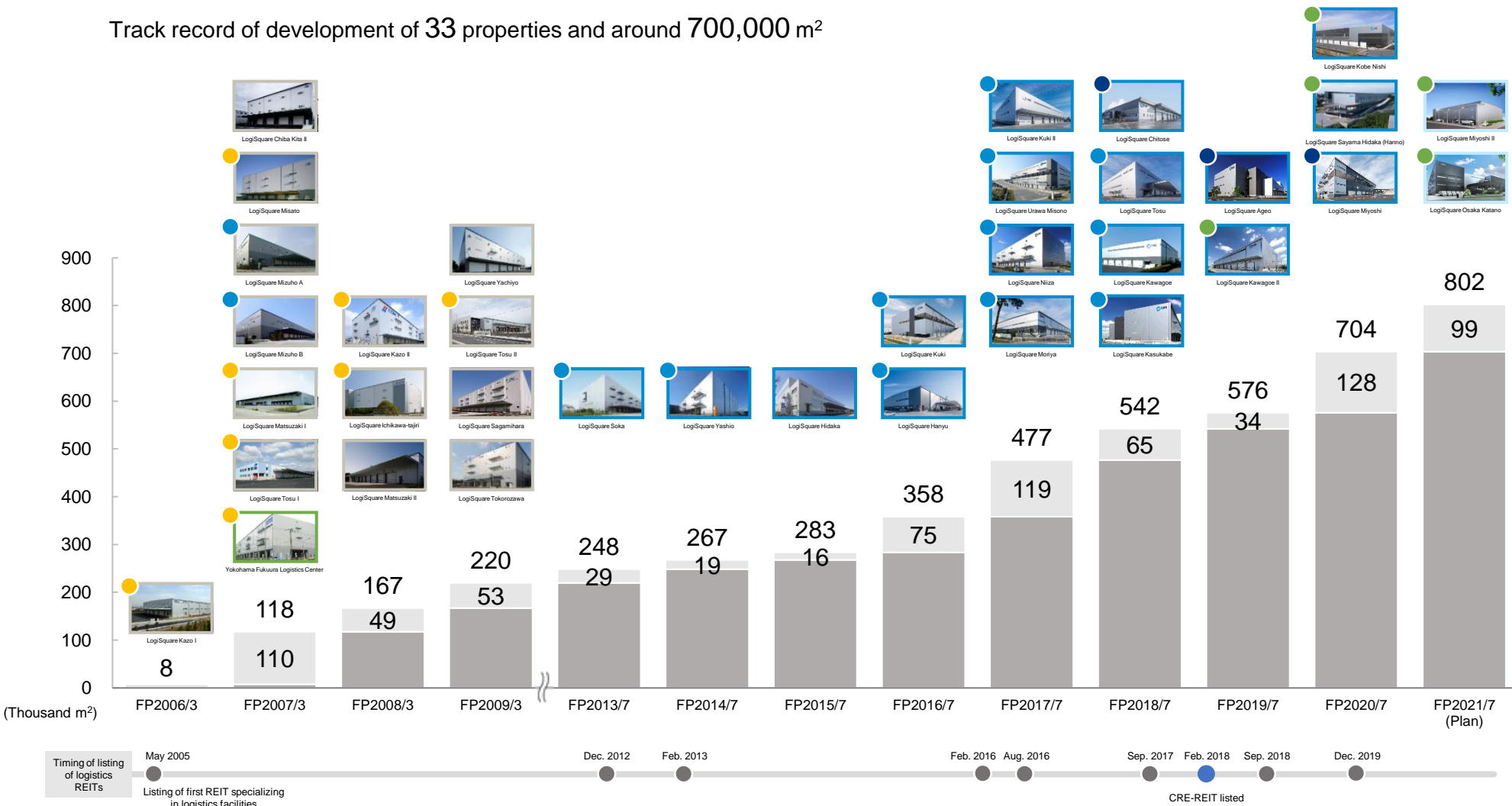
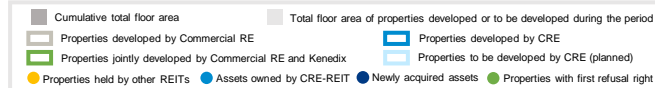


CRE's Development Capability


—Development Since the Start of Real Estate Securitization in Japan

CRE has been developing logistics properties since real estate securitization started in Japan and has built up knowhow on the development of properties suitable for REITs.

Track record of development of 33 properties and around 700,000 m²



Note: While the above also includes other assets besides portfolio assets, CRE-REIT has not engaged in specific negotiations with the CRE Group companies on any of the above assets that are not portfolio assets, nor does it have any plan to acquire them at the present time or guarantee future acquisition. The above also includes properties that have already been sold to third parties. Furthermore, with respect to properties to be developed by CRE (planned), as of August 17, 2020, development is not complete and the conceptional drawing, total floor area and development completion timing are based on plans as of August 17, 2020 and may change in the future. The building completion dates of the above properties are stated as the development completion dates.



5. Market Environment

Summary of Market Trends

Recent Market Trends

Tokyo Metropolitan Area

Pages 42 and 43

Vacancy rate: **0.43%** QoQ: **Slightly Deteriorated** (+ 0.02pt)

Both of new supplies and demands continue to be high.

Osaka Area

Page 42

Vacancy rate: **3.71%** QoQ: **Deteriorated** (+ 1.65pt)

Activity of both of new supplies and demands significantly increased.

Rising Demand for Rental Logistics Facilities

(1) Reconstruction Demand for Logistics Facilities

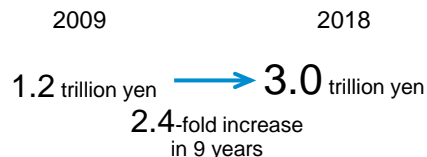
Page 44

Around **30%** of logistics facilities in the Tokyo Metropolitan Area are **40 to 50** years old.

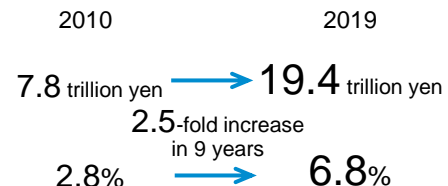
(2) Expansion of 3PL Market and EC Market

Page 45

3PL Market Size



EC Market Size/EC Ratio



(3) Rising Importance of Logistics Network Strategy

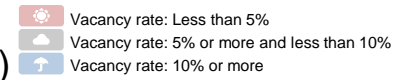
Page 46

The most important cost reduction measure to be implemented is a restructuring of logistics facilities.

Note: Please refer to the notes on each page from 42 to 46 page for the definition of each calculation method of each figure.

5. Market Environment Market Trends

(1) Tokyo Metropolitan Area and Osaka Area (from LogiSquare Market Report)

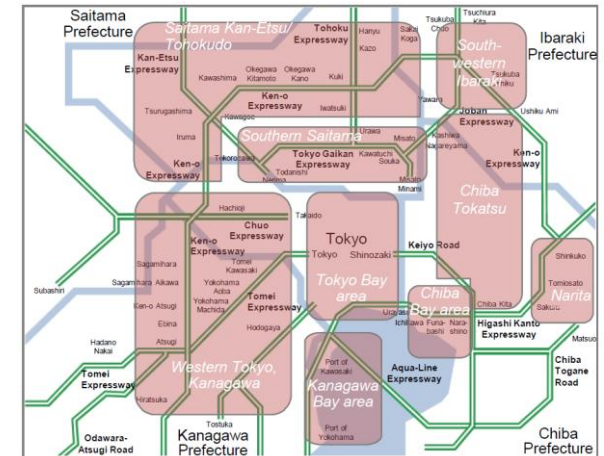
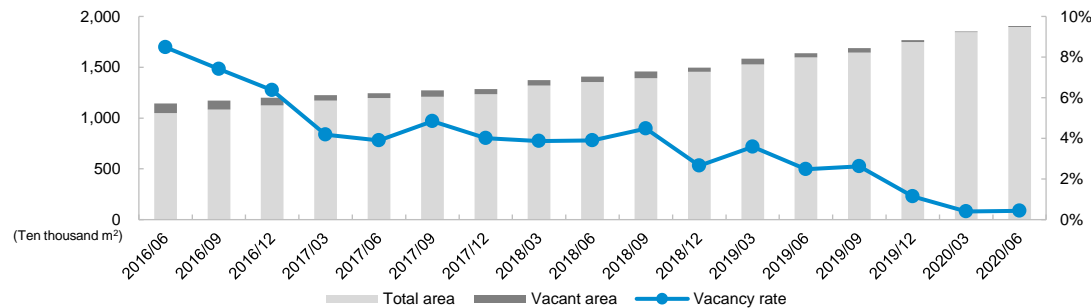


Tokyo Metropolitan Area

Both of new supplies and demands continue to be high.

Vacancy rate: 0.43% QoQ: Slightly Deteriorated

The vacancy rate increased 0.02 points from the previous Q to 0.43%. In 2020CY, both of supplies and demands remained high despite some decrease in new supplies from 2019CY, when supplies were at a record high since the survey started. In 2020CY 2Q, new supplies with approx. 140,000 tsubo and existing approx. 9,000 tsubo were almost all digested. New supplies with approx. 88,000 tsubo are scheduled for 3Q and approx. 158,000 tsubo is scheduled for 4Q. While 30,000 tsubo for 3Q are yet to be digested, leasing is in progress and approx. 50% of supplies for 4Q have reportedly been reserved. The low vacancy rate is likely to be maintained for the time being. Currently, new supplies with approx. 760,000 tsubo are scheduled for 2021CY. Activity in the Tokyo metropolitan area remains high.

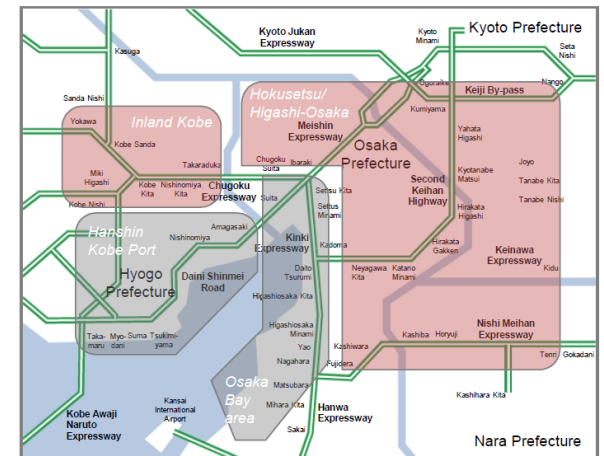
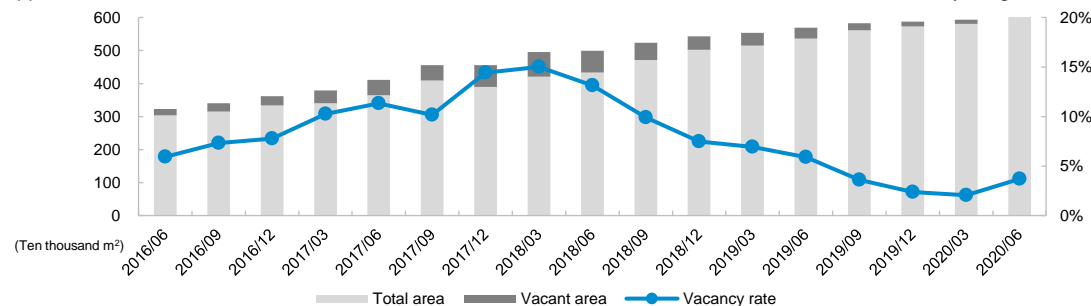


Osaka Area

Activity of both of new supplies and demands significantly increased.

Vacancy rate: 3.71% QoQ: Deteriorated

As mentioned for the previous Q, the vacancy rate was 3.71%, an increase of 1.65 points from the previous Q. New supplies that decreased continuously began increasing in 2020CY. New supplies with approx. 127,000 tsubo, the largest since the survey started, were provided in 2Q of 2020CY. New demand was approx. 95,000 tsubo, equivalent to five times of that in the previous Q. New supplies of approx. 26,000 tsubo for 3Q and approx. 25,000 tsubo for 4Q are scheduled, all of which have reportedly been reserved. The vacancy rate is expected to be on a decreasing trend for a while. New supplies of approx. 230,000 tsubo are scheduled for 2021CY. Reservation trends will be monitored from an early stage.



5. Market Environment Market Trends

(2) Individual Areas of Tokyo Metropolitan Area (from LogiSquare Market Report)

Southern Saitama Area

Miyoshi

Niiza

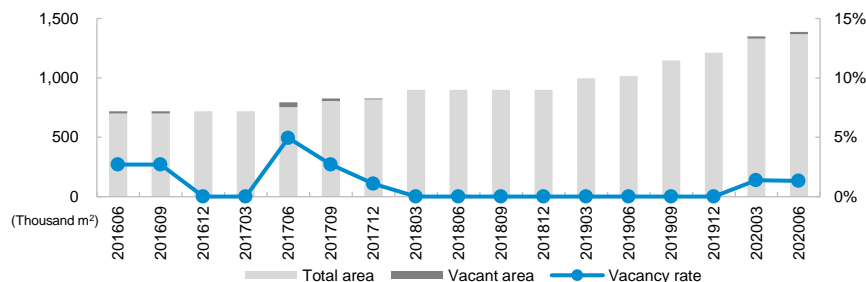
Urawa
Misono

Soka

Yashio

Vacancy rate: 1.34% QoQ: Slightly Improved

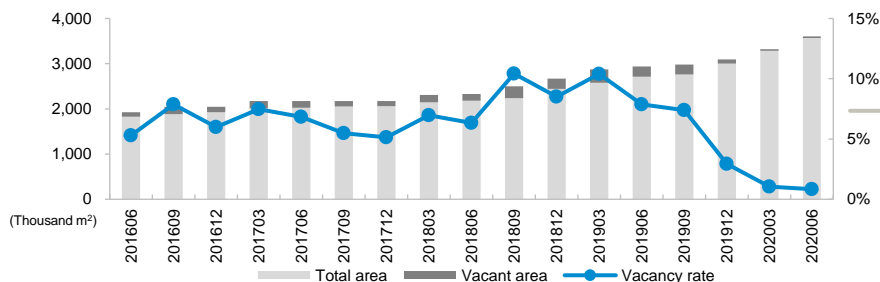
The vacancy rate was 1.34%, a decrease of 0.13 points from the previous Q. New supplies of slightly more than 10,000 tsubo were digested, and there were no changes in existing properties. New supplies of approx. 25,000 tsubo are scheduled for 4Q of 2020CY, for which leasing is reportedly in progress. There will be no significant impact on the vacancy rate any time soon, but trends in the reservation of new supply for 4Q will be monitored. New supplies of approx. 83,000 tsubo are scheduled for 2021CY, exceeding the amount supplied in 2020CY.



Saitama Kan-Etsu and Tohoku Expressway Area

Vacancy rate: 0.84% QoQ: Slightly Improved

The vacancy rate was 0.05%, a decrease of 0.40 points from the previous Q. There were no new supplies and digestion of existing properties continued. New supplies of approx. 54,000 tsubo are scheduled for 3Q of 2020CY and approx. 73,000 tsubo is scheduled for 4Q of 2020CY. Approx. 30,000 tsubo in the Nagareyama area have not been digested in 3Q of 2020CY. While leasing is reportedly in progress, the vacancy rate may temporarily increase. New supplies of approx. 130,000 tsubo are scheduled for 2021CY.



Source: Prepared by the Asset Management Company based on data from "LogiSquare Market Report on Warehouses and Logistics Properties June 2020" of CRE, Inc.

Breakdown: Saitama Kan-Etsu and Tohoku Expressway Area

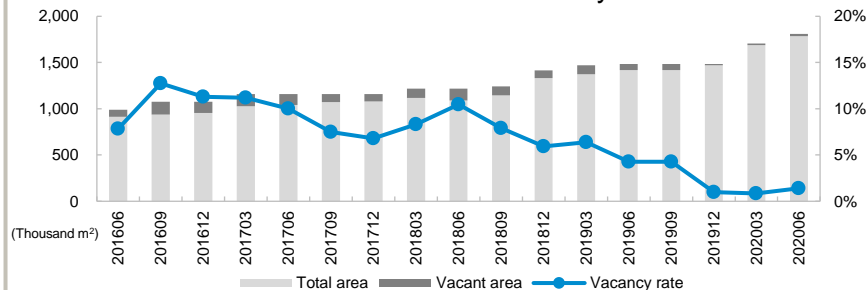
Saitama Kan-Etsu Expressway Area

Mizuho A

Mizuho B

Kawagoe

Vacancy rate: 1.39%



Saitama Tohoku Expressway Area

Ageo

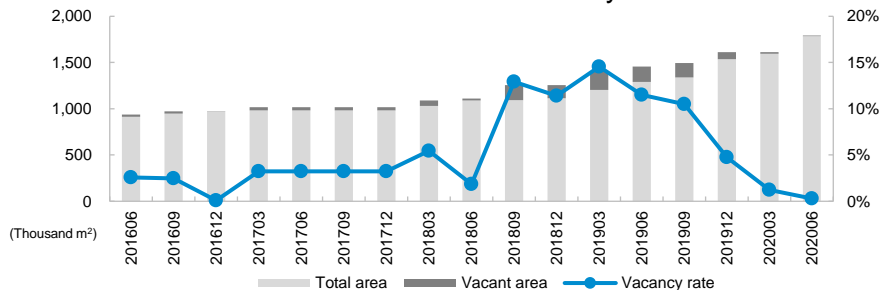
Kuki

Hanyu

Kuki II

Kasukabe

Vacancy rate: 0.29%



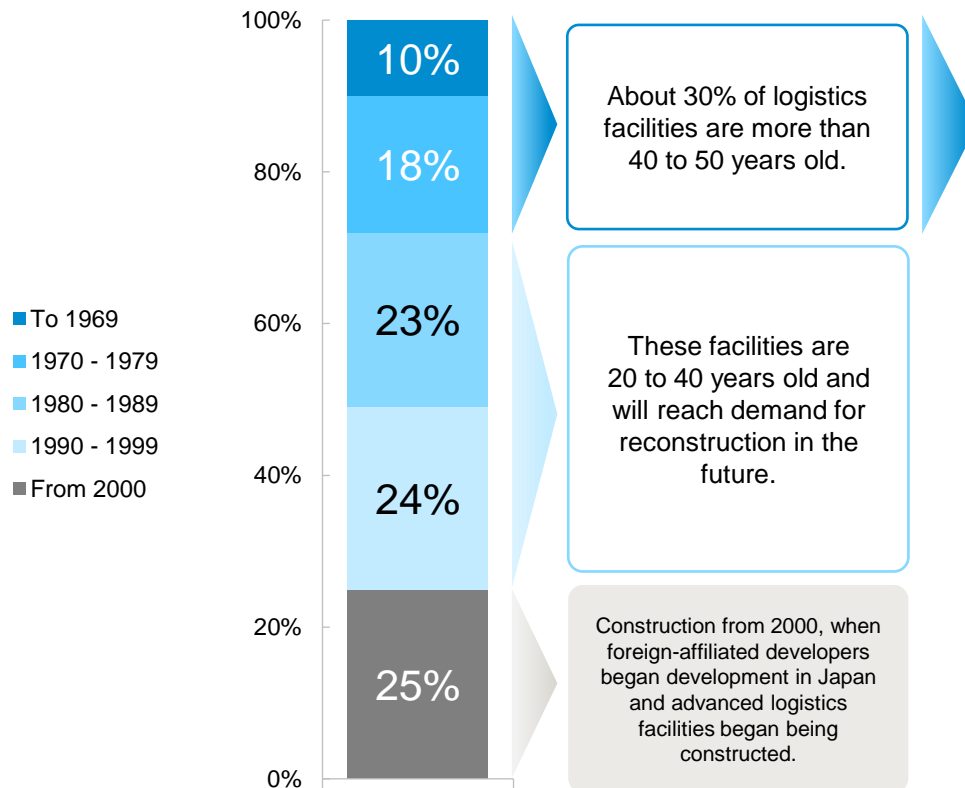
Source: Prepared by the Asset Management Company based on data from CRE, Inc.

Rising Demand for Rental Logistics Facilities

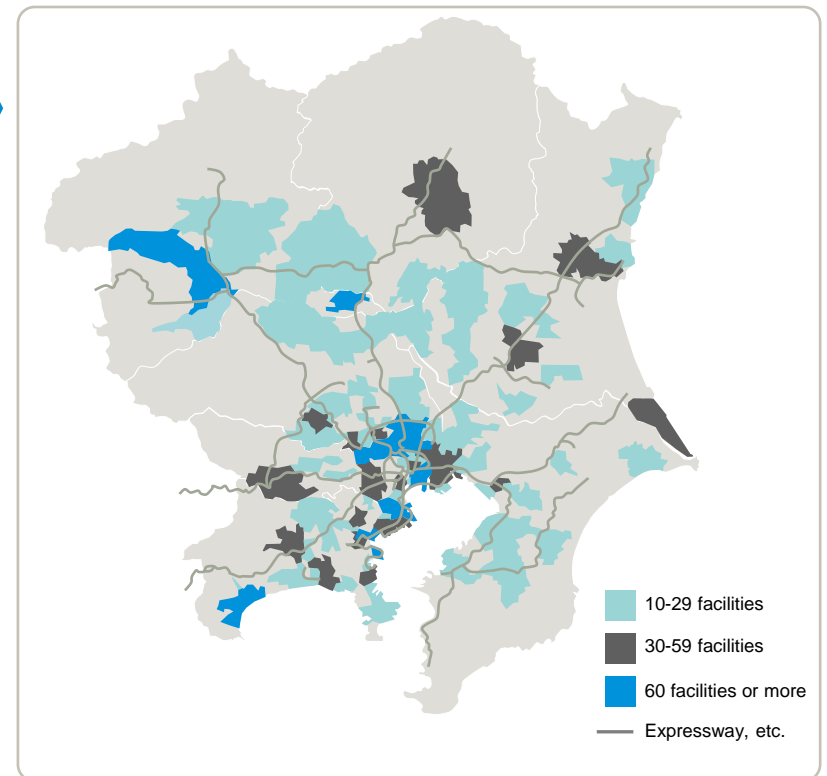
(1) Reconstruction Demand for Logistics Facilities

- About 30% of logistics facilities in the Tokyo Metropolitan Area^(Note 1) were constructed during the period of high economic growth or the economic bubble, and they are 40 to 50 years old.
- Given that the useful life of logistics facilities under the tax code is 38 years^(Note 2), demand for reconstruction in pursuit of functionality appears to be increasing.

Percentage of logistics facilities in the Tokyo Metropolitan Area by year of construction



立地件数分布



Source: Prepared by the Asset Management Company based on data from Tokyo Metropolitan Transportation Planning Association

Note 1: Tokyo Metropolitan Area includes Tokyo, Kanagawa, Saitama, Chiba, central and southern Ibaraki, southern Tochigi and southern Gunma

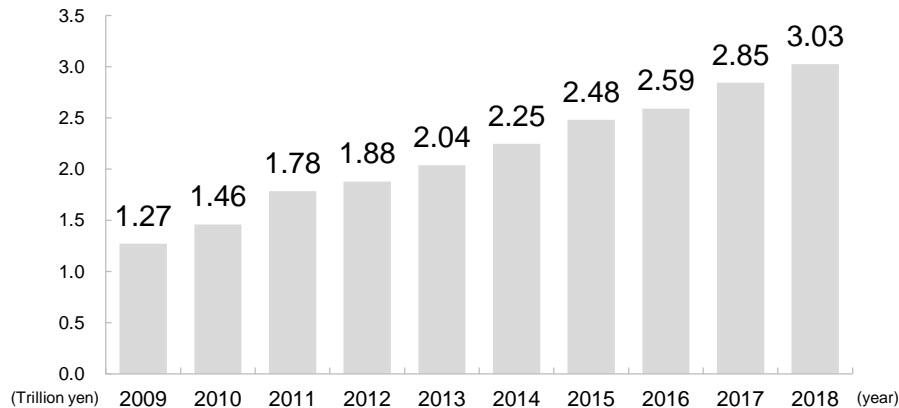
Note 2: Steel-reinforced concrete or reinforced concrete structures

Rising Demand for Rental Logistics Facilities

(2) Expansion of 3PL Market and EC Market

- The market for third-party logistics (3PL) is growing as increasingly companies are tending to comprehensively outsource their logistic operation.

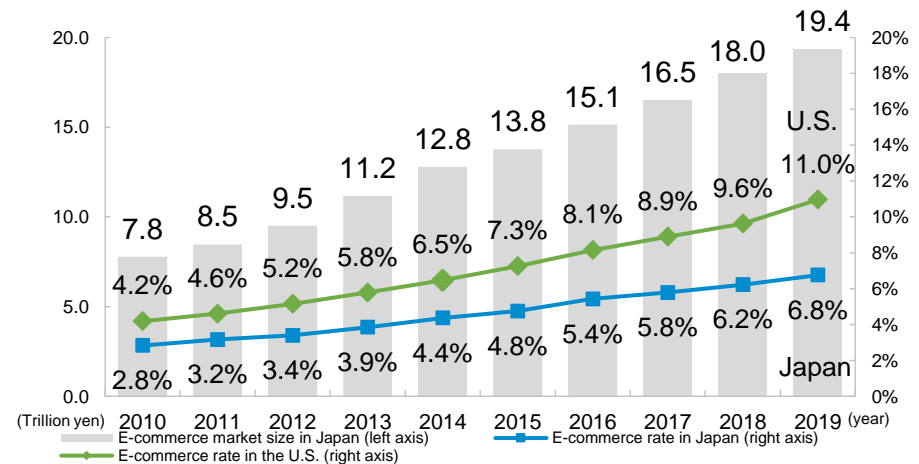
3PL (Third-Party Logistics) Market Size



Source: "The monthly Logistics Business" September 2019 issue

- The EC market is expanding year by year. However, in Japan, the EC rate is low compared with the U.S. and there is still much room for expansion.

Growth in the BtoC e-commerce market size in Japan

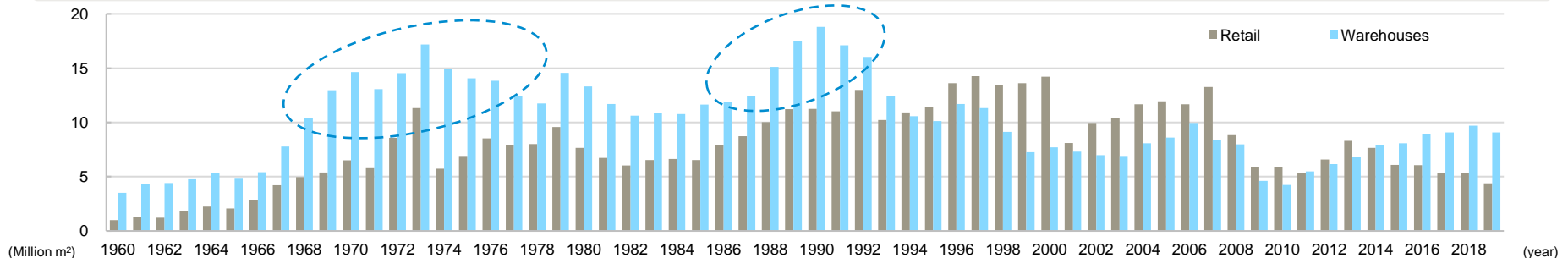


Source: Prepared by the Asset Management Company based on data of the Ministry of Economy, Trade and Industry for the BtoC e-commerce market size and the e-commerce rate in Japan and data of the United States Census Bureau for the e-commerce rate in the U.S.

Note : The ratio of the e-commerce market size to the amount of all commercial transactions (the commercial transaction market size). The e-commerce rate in BtoC e-commerce refers to the value in the field of product sales.

- In recent years, the floor space of new warehouse construction starts is around half the peak level and there is a shortage of logistics facilities to meet current logistics needs.

Trends in Floor Space of New Construction Starts



Source: Prepared by the Asset Management Company based on the Japan Construction Starts Report by the Ministry of Land, Infrastructure, Transport and Tourism and the Statistical Yearbook of Construction by the Ministry of Construction

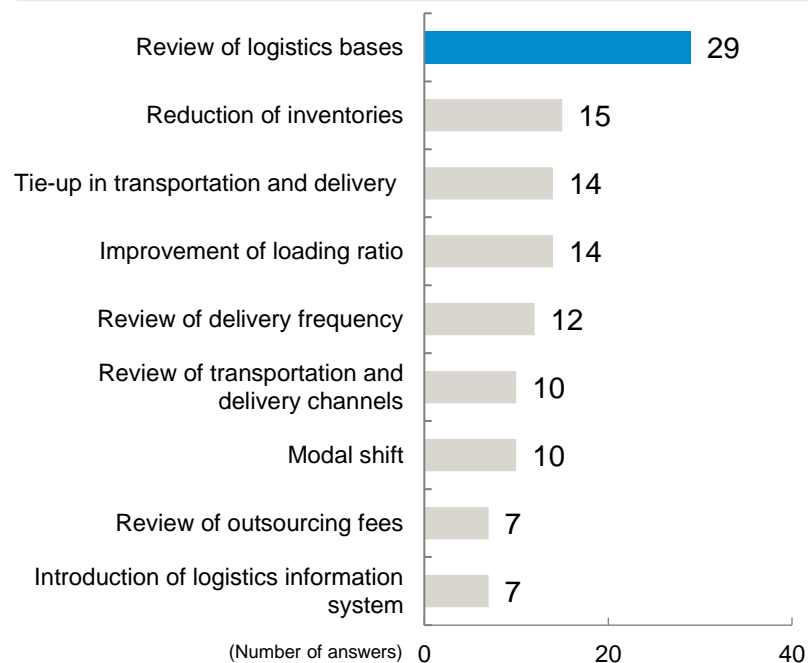
Rising Demand for Rental Logistics Facilities

(3) Rising Importance of Logistics Network Strategy

- A majority of companies mention a review of logistics bases as an important cost-cutting measure that needs to be implemented.

- Warehouse rents account for less than 10% of the cost of goods sold of major logistics companies, which is a small percentage compared to other costs such as labor costs.
- There is perhaps much room to reduce and curb costs from the viewpoint of employment and transportation, even if warehouse rents do rise, by reviewing logistics bases.

Important Cost-cutting Measures to be Implemented



Source: Prepared by the Asset Management Company based on the "Fiscal 2017 Research Report on Logistics Costs" of JILS

Warehouse Rents as Percentage of COGs at Major Logistics Companies^(Note)

	Company A	Company B
Warehouse rents as % of COGs	7.4%	11.9%
Labor cost as % of COGs	23.5%	11.1%

Source: Created by the Asset Management Company based on the annual reports of each of the above companies for the fiscal year ended March 31, 2020.

Note : Listed companies that are not affiliated with electric railway companies are excluded from the 20 largest listed companies in terms of revenue that belong to the "land transportation industry" (middle classification) among the sectors in the Appendix of the Sector Classification Handling Guidelines published by the Securities Identification Code Committee and then information is provided about two listed companies (i) for which details of non-consolidated COGs figures are stated in their annual reports and (ii) which the Asset Management Company, upon consideration of their non-consolidated and consolidated COGs figures, judged to be core companies of the Groups to which they belong. The table shows the trend in relation to two specific leading logistics companies and the same trend does not necessarily apply to other major logistics companies.

**Network strategy will become increasingly important
due to driver shortages, difficulties securing warehouse workers and rising fuel prices.**

6. Appendix

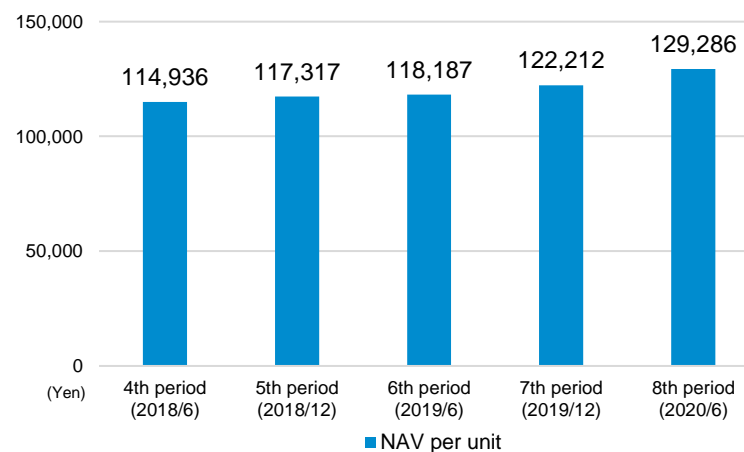
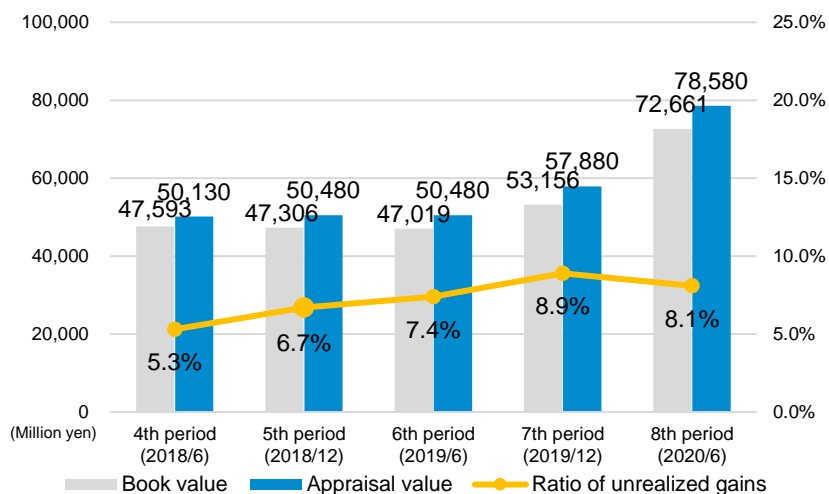
LogiSquare Miyoshi

The southern part of Saitama, particularly the Tokorozawa and Miyoshi area, has excellent access to central Tokyo, and it is one of the areas where demands for logistics bases are the highest in Saitama. Surrounded by numerous warehouses and factories, the property can operate 24 hours a day.

Overview of Appraisal

	7th period (2019/12)	8th period (2020/6)	Compared to previous period
Appraisal value	57,880 million yen	78,580 million yen	+ 20,700 million yen
Book value	53,156 million yen	72,661 million yen	+ 19,504 million yen
Unrealized gains and losses	4,723 million yen	5,918 million yen	+ 1,195 million yen
Unrealized gains	8.9 %	8.1 %	- 0.7 %
NAV per unit	122,212 yen	129,286 yen	+ 7,074 円

One characteristic of logistics facilities is that the ratio of building value to land is typically high, and so depreciation expense tends to be higher than for other asset classes. Since unrealized gains are the difference between appraisal value at end of period and book value after deduction of depreciation expense, CRE-REIT, which holds fairly new properties and has minimal capital expenditure, tends to record increasing unrealized gains because, at the end of each period, the sum of depreciation expense and any increase in appraisal value at the end of the period is added to unrealized gains at the end of the previous period.



Overview of Appraisal

No.	Property name	Acquisition month and year	Acquisition price (million yen)	Book value at the end of the 8th period (million yen)	At the end of the 8th period ^(Note) (June 30, 2020)		At the end of the 7th period (December 31, 2019)		Changes		Unrealized gains and losses (million yen)	Ratio of unrealized gains (%)
					Appraisal value (million yen)	Direct capitalization rate (%)	Appraisal value (million yen)	Direct capitalization rate (%)	Appraisal value (million yen)	Direct capitalization rate (%)		
M-1	LogiSquare Kuki	Jul. 2016	9,759	9,287	10,300	4.5	10,300	4.5	—	—	1,012	10.9
M-2	LogiSquare Hanyu	Jul. 2016	6,830	6,501	7,080	4.7	7,080	4.7	—	—	578	8.9
M-3	LogiSquare Kuki II	Feb. 2018	2,079	2,038	2,180	4.8	2,170	4.8	+ 10	—	141	6.9
M-4	LogiSquare Urawa Misono	Feb. 2018	13,060	12,891	14,300	4.3	14,300	4.3	—	—	1,408	10.9
M-5	LogiSquare Niiza	Feb. 2018	6,960	6,850	7,390	4.5	7,390	4.5	—	—	539	7.9
M-6	LogiSquare Moriya	Feb. 2018	6,157	6,050	6,640	4.7	6,640	4.7	—	—	589	9.7
M-7	LogiSquare Kawagoe	Jul. 2019	1,490	1,495	1,580	4.6	1,570	4.6	+ 10	—	84	5.6
M-8	LogiSquare Kasukabe	Jul. 2019	4,900	4,899	5,330	4.5	5,300	4.5	+ 30	—	430	8.8
M-9	LogiSquare Soka	Feb. 2020	8,109	8,211	8,600	4.2	—	—	+ 8,600	—	388	4.7
M-10	LogiSquare Yashio	Feb. 2020	5,073	5,142	5,340	4.2	—	—	+ 5,340	—	197	3.8
M-11	LogiSquare Mizuho A	Feb. 2020	2,794	2,834	2,960	4.4	—	—	+ 2,960	—	125	4.4
M-12	LogiSquare Mizuho B	Feb. 2020	3,584	3,632	3,760	4.4	—	—	+ 3,760	—	127	3.5
O-1	LogiSquare Tosu	Apr. 2018	2,880	2,825	3,120	4.7	3,130	4.7	- 10	—	294	10.4
End of 8th Period Total/Average		—	73,675	72,661	78,580	—	57,880	—	+ 20,700	—	5,918	8.1

For Reference: After Acquisition of Newly Acquired Assets (as of July 13, 2020)

Newly acquired assets	M-13	LogiSquare Ageo	Jul. 2020	4,908	—	4,950	4.5	—	—	—	—	42	0.9
	M-14	LogiSquare Miyoshi	Jul. 2020	11,700	—	12,100	4.4	—	—	—	—	400	3.4
	O-2	LogiSquare Chitose	Jul. 2020	1,300	—	1,500	5.4	—	—	—	—	200	15.4
	After acquisition of newly acquired assets Total/Average		—	91,583	—	97,130	—	—	—	—	—	6,560	7.2

Note: Based on the appraisal report with May 31, 2020 as the date of the value opinion in the case of newly acquired assets

Newly Acquired Assets M-13 LogiSquare Ageo

Box-type

Tokyo
Metropolitan
AreaKen-O Expressway
Metropolitan Expressway
Omiya Route
Route 17CASBEE
Saitama
Prefecture
A rankingBELS
★★★★★

LogiSquare, which is expected to improve in accessibility due to the extension of the expressway



Location	449-12 Aza Tenjinya, Ooaza Jitogata, Ageo-shi, Saitama and others
Access	Approximately 6.9 km from Okegawa Kitamoto IC on the Ken-O Expressway Approximately 8.4 km from Yono IC on the metropolitan Expressway Omiya Route
Structure	Alloy plated steel sheet roof steel structure with three stories
Total floor area	19,142.84 m ²
Total leasable area	19,127.67 m ²
Planned acquisition price	4,908 million yen
Appraisal value	4,950 million yen
Appraisal NOI yield	4.7%
Appraisal NOI yield after depreciation	3.8%
Completion date	April 2019
Occupancy rate	100.0%

Property Features

- Located approximately 6.9 km from Okegawa Kitamoto IC on the Ken-O Expressway and approximately 8.4 km from Yono IC on the metropolitan Expressway Omiya Route and next to Route 17 Shin-Omiya Ageo Road (width 57 m) and Prefectural Road 51, all major trunk roads.
- Accessibility is expected to improve because a project extending an expressway from Yono IC on the metropolitan Expressway Omiya Route to near LogiSquare Ageo has begun.
- The property has two gates, on the Route 17 Shin-Omiya Ageo Road side and on the Prefectural Road 51 side, and this improves truck access from all quarters.



Basic specifications

Berth depth	10.25 m + eaves 4.0 m
Effective ceiling height	6.0 m
Pillar span	10.2 m × 9.8 m
Floor loading	1.5 t/m ²
Sandwich panels	○

Newly Acquired Assets M-14 LogiSquare Miyoshi

Slope-type

Single

Tokyo
Metropolitan
AreaKan-etsu Expressway
Route 254
Route 463CASBEE
Saitama
Prefecture
A rankingBELS
★★★★★

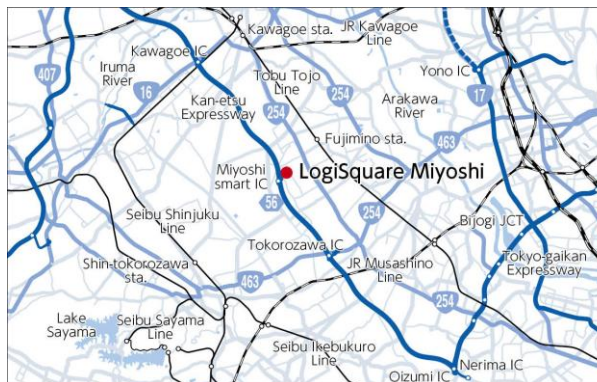
LogiSquare with good access located approximately 600 m from IC and able to operate 24 hours a day



Location	2291-1 Higashi-Nagakubo, Kamitome, Miyoshimachi, Iruma-gun, Saitama
Access	Approximately 0.6 km from Miyoshi Smart IC on the Kan-etsu Expressway
Structure	Alloy plated steel sheet roof steel structure with four stories
Total floor area	37,931.49 m ²
Total leasable area	37,931.49 m ²
Planned acquisition price	11,700 million yen
Appraisal value	12,100 million yen
Appraisal NOI yield	4.6%
Appraisal NOI yield after depreciation	3.7%
Completion date	May 2020
Occupancy rate	100.0%

Property Features

- Located approximately 0.6 km from Miyoshi Smart Interchange on the Kan-etsu Expressway, and access to Route 254 (Kawagoe Kaido) and Route 463 (Urawa Tokorozawa Bypass) is also easy. Miyoshi Smart Interchange is expected to become a full-interchange after fiscal 2021.
- The southern part of Saitama, particularly the Tokorozawa and Miyoshi area, has excellent access to central Tokyo, and it is one of the areas where demands for logistics bases are the highest in Saitama. Surrounded by numerous warehouses and factories, the property can operate 24 hours a day
- A total of 44 heavy trucks can park and load at the same time because of the slope enabling heavy trucks to go directly to the third floor and truck berths are placed on the first and the third floors.



Basic specifications

Berth depth	13.5 m
Effective ceiling height	5.5 m
Pillar span	9.5 m × 12.0 m
Floor loading	1.5 t/m ²
Sandwich panels	○

Newly Acquired Assets O-02 LogiSquare Chitose

Low-Type

Do-O Expressway

Single

BELS
★★★★★

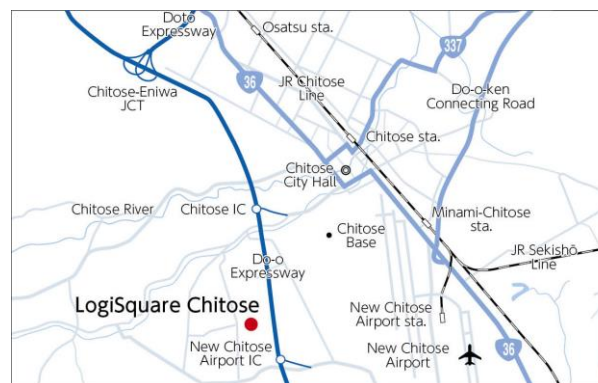
A LogiSquare that is a highly convenient logistics base for air cargo



Location	1007-281 Izumisawa, Chitose-shi, Hokkaido
Access	Approximately 2.4 km from the New Chitose Airport IC on the Do-O Expressway
Structure	Alloy plated steel sheet roof steel structure with single floor
Total floor area	19,760.00 m ²
Total leasable area	19,760.00 m ²
Planned acquisition price	1,300 million yen
Appraisal value	1,500 million yen
Appraisal NOI yield	6.5%
Appraisal NOI yield after depreciation	5.1%
Completion date	November 2017
Occupancy rate	100.0%

Property Features

- The property has excellent access to the New Chitose Airport and is a balanced strategic base for air, marine and land transportation because it can be a relay point between Sapporo and Tomakomai Port, a central international port handling the largest volume of marine cargo in Hokkaido, via the Do-O Expressway.
- Because the property is a high-floored single-story building with truck berths on both the east and west sides, a total of 64 heavy trucks can park and load at the same time. It has also secured a holding area for 80 heavy vehicles on site.
- As a part of specifications for cold regions, the property includes anti-freezing equipment such as road heating and drainpipe duct heaters using hot-water pipes. It also uses well-insulated sandwich panels and resin window sashes (with argon gas-filled low-e double pane glass).



Basic specifications

Berth depth	13.0 m + eaves 13.0 m
Effective ceiling height	5.5 m
Pillar span	11.0 m × 10.0 m
Floor loading	1.5 t/m ²
Sandwich panels	○

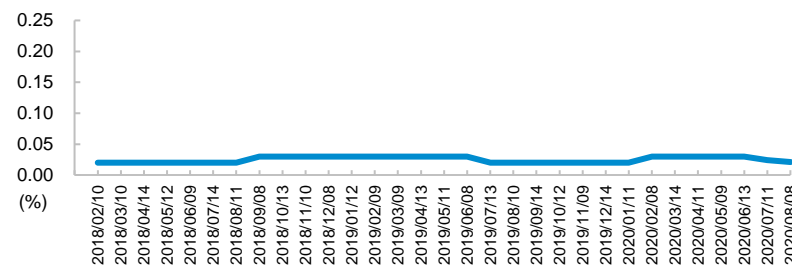
Currently, COVID-19 Has not Had an Impact on the Investment Corporation, and Cash Flows are Stable.

Tenants have not requested the delay or reduction of rent payments.

- As of August 17, 2020, there have been no requests from tenants to delay rent payments or reduce rent due to the deterioration of their operating status and earnings.
- As of August 17, 2020, the Investment Corporation has confirmed that tenants have paid the entire amount of contracted rent by the payment dates.

Credit standing of tenants remains the same as before. ^(Note)

Bankruptcy prediction values of tenants



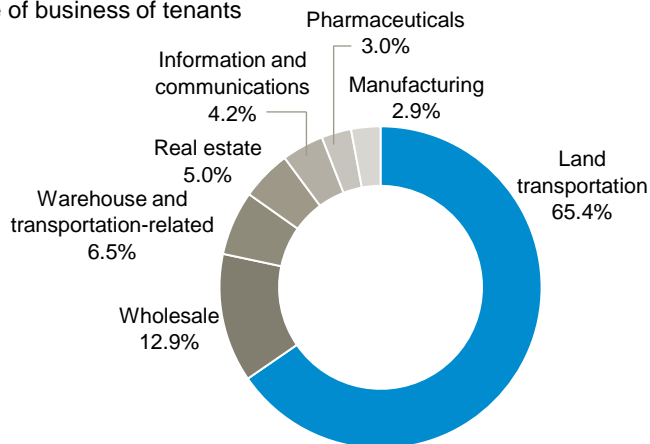
Source: Prepared by the Asset Management Company based on the bankruptcy prediction values of Teikoku Databank Ltd.

Note: For the credit standing of tenants of the Investment Corporation, the bankruptcy prediction values of Teikoku Databank Ltd. about tenants of properties held are weight-averaged by their leased area and stated in percent figures by being rounded to the nearest two decimal places.

* The bankruptcy prediction values are the probability that a company will go bankrupt within a year. It is quantified by Teikoku Databank Ltd., using its own data analysis method based on data accumulated through its credit research and information gathering network. It is calculated for each company, using a value between 0% and 100%.

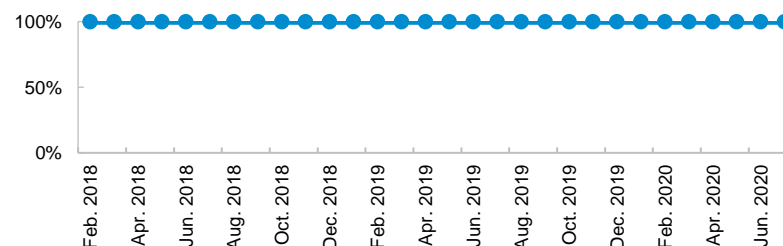
Approx. 70% of tenants are logistics operators.

Type of business of tenants



100.0% occupancy rate has been maintained since the listing.

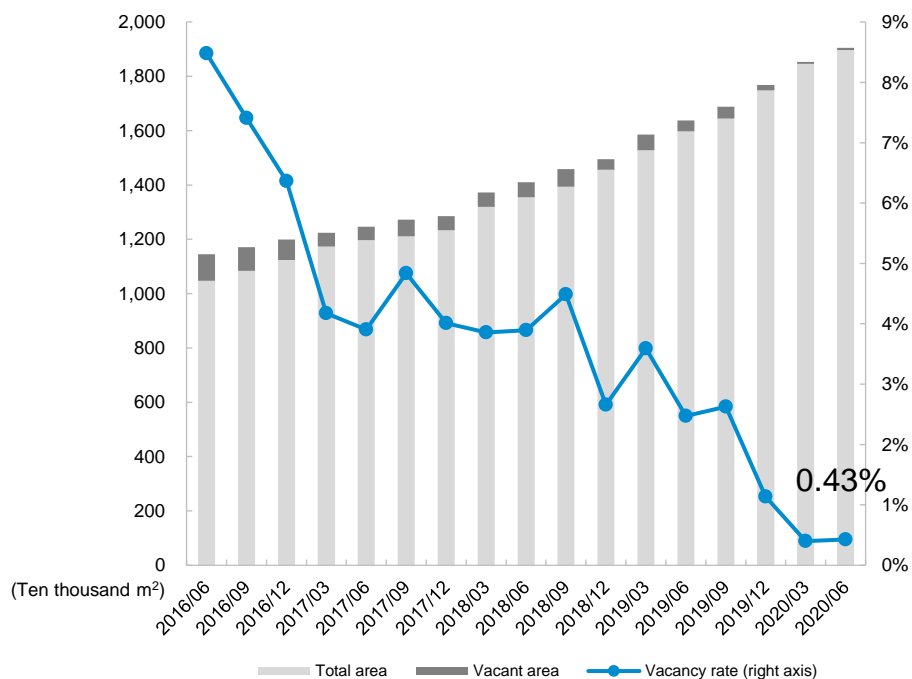
Trends in occupancy rate



Rental Demand for Logistics Facilities Continues to Remain Firm.

The vacancy rate in the Tokyo metropolitan area is 0.43% as of the end of June 2020, the lowest level since June 2016. New supply of about 140,000 tsubo and existing supply of about 9,000 tsubo have been nearly digested from April to June.

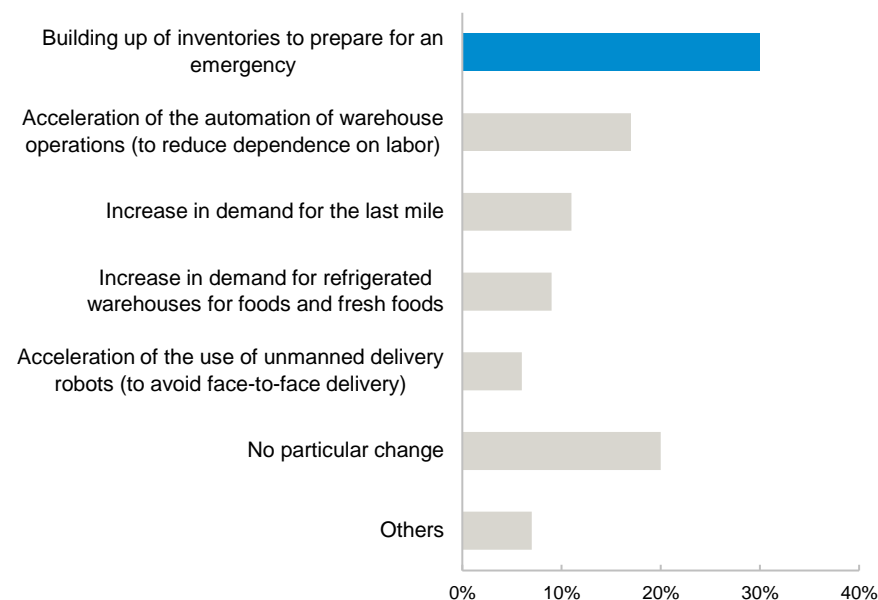
Trends in the vacancy rate in the Tokyo metropolitan area



Source: Prepared by the Asset Management Company based on CRE, Inc.'s Warehouse and Logistics Property LogiSquare Market Report June 2020

Possibility that rental demand for logistics facilities will increase due to COVID-19.

Medium- to long-term changes and the impact of COVID-19 considered by tenants using logistics facilities



Number of responses: 361
 Survey period: March 4, 2020 to March 19, 2020
 Survey targets: Tenant companies using logistics facilities
 Source: Prepared by the Asset Management Company based on the Impact of COVID-19 on Logistics from CBRE K.K.

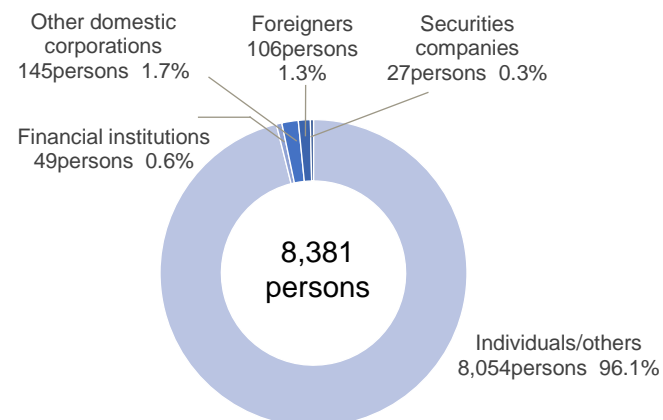
Status of Investors

Major investors

Name	Number of investment units (units)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	67,720	19.5
The Master Trust Bank of Japan ,Ltd. (Trust Account)	64,392	18.5
CRE, Inc.	24,390	7.0
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	12,874	3.7
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,415	3.6
Mitsubishi UFJ Trust and Banking Corporation	6,164	1.8
The Bank of Yokohama, Ltd.	5,655	1.6
Fukuoka Jisho Co., Ltd.	5,000	1.4
Kinki Sangyo Credit Union	4,380	1.3
The Kagawa Bank, Ltd.	3,525	1.0
Total	206,515	59.5

Note: As of June 30, 2020

Number of investors by type of owner



Number of investment units by type of owner

