



Financial Results Briefing for the 5th Period

Ended December 2018 (July 1, 2018 to December 31, 2018)



LogiSquare Hanyu

The site was selected based on the needs of the tenant, a major logistics company, and the facility has maximum floor loading of 2.0 t/m² to withstand heavy loads. The facility has dual sided berths on the low first floor and an eaves length of 14.0 m to realize the efficiency of tenant's loading and unloading operations.

February 21, 2019

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
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 (231,150 units)
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
CRE	CRE, INC.
CRE Group	CRE, INC. and its subsidiaries and affiliates

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- 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.



1. Financial Results and Forecasts

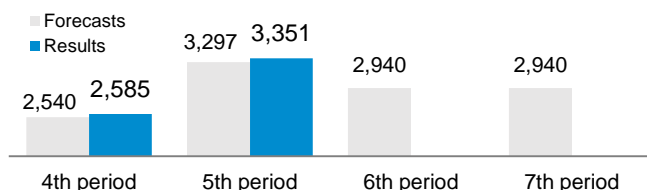
LogiSquare Urawa Misono

All LogiSquare facilities held by CRE-REIT have an effective ceiling height of 6m as a basic specification and use signage designed to visually communicate functions within the facility. Different colored signs are used on each floor to facilitate understanding of current location and the numbers on pillars are used as a guide during loading.

Highlights on the 5th Period—Achieved better-than-anticipated results due to stable management

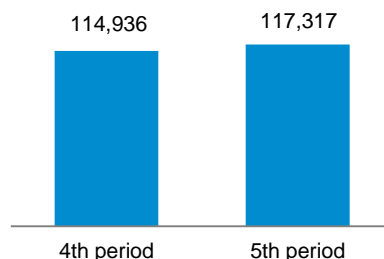
Distributions per unit

5th period Results (2018/12)	3,351 yen (Compared to forecast: Up 54 yen, Up 1.6%)
6th period Forecasts (2019/6)	2,940 yen
7th period Forecasts (2019/12)	2,940 yen



NAV per unit

5th period Results (2018/12)	117,317 yen (+2,380 yen from 4 th period)
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Portfolio

Portfolio size	7 properties 47.7 billion yen
Occupancy rate	100.0%
Average remaining lease term	7.1 years
Average property age	2.0 years
Ratio of fixed-term leases	100.0%
Ratio of fixed-rate rents	100.0%

Asset

	5th period (2018/12)	Compared to 4th period
Appraisal value	50,480 million yen	+350 million yen
Unrealized gains	3,173 million yen	+636 million yen
Unrealized gains ratio	6.7%	+1.4%
NOI yield	5.3%	—%
NOI yield after depreciation	4.1%	—%
Repair expense	0 million yen	-0 million yen
Capital expenditure	0 million yen	+0 million yen

Debt

	5th period (2018/12)	Compared to 4th period
Interest-bearing debt	23,820 million yen	-1,530 million yen
LTV	47.7%	-1.7%
LTV based on appraisal value	44.8%	-2.2%
Ratio of fixed interest debt	88.7%	+5.4%
Ratio of long-term debt	100.0%	+5.2%
Average borrowing interest rate	0.532%	+0.032%

Equity

	5th period (2018/12)	Compared to 4th period
Net assets per unit	106,940 yen	+393 yen
NAV	27,117 million yen	+550 million yen
NAV per unit	117,317 yen	+2,380 yen
Total number of investment units outstanding	231,150 units	— 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.

Results for the 5th Period (Ended December 2018)

Unit: million yen

	5th period (2018/12) Forecasts (A)	5th period (2018/12) Results (B)	Difference (B) - (A)
Operating revenues	1,405	1,413	① +7
Leasing expenses (excluding depreciation)	140	145	② +5
NOI	1,265	1,267	+2
Depreciation	287	287	+0
Net leasing revenues (NOI - Dep.)	977	980	+2
General and administrative expenses, etc.	174	168	③ -5
Operating income	803	811	+8
Non-operating income	—	3	④ +3
Non-operating expenses	126	125	-0
Ordinary income	677	689	+12
Net income	676	688	+12
Distributions per unit (yen)	3,297	3,351	+54
Distributions per unit (yen)	2,925	2,979	+54
OPD per unit (yen)	372	372	—

Major factors for difference

- ① Operating revenues +7
 - Increase in utilities income +7
- ② Leasing expenses +5
 - Increase in utilities expenses +6
 - Decrease in repair expenses -1
- ③ General and administrative expenses, etc. -5
 - Unused reserve fund -5
- ④ Non-operating expenses +3
 - Occurrence of interest on tax refund +3

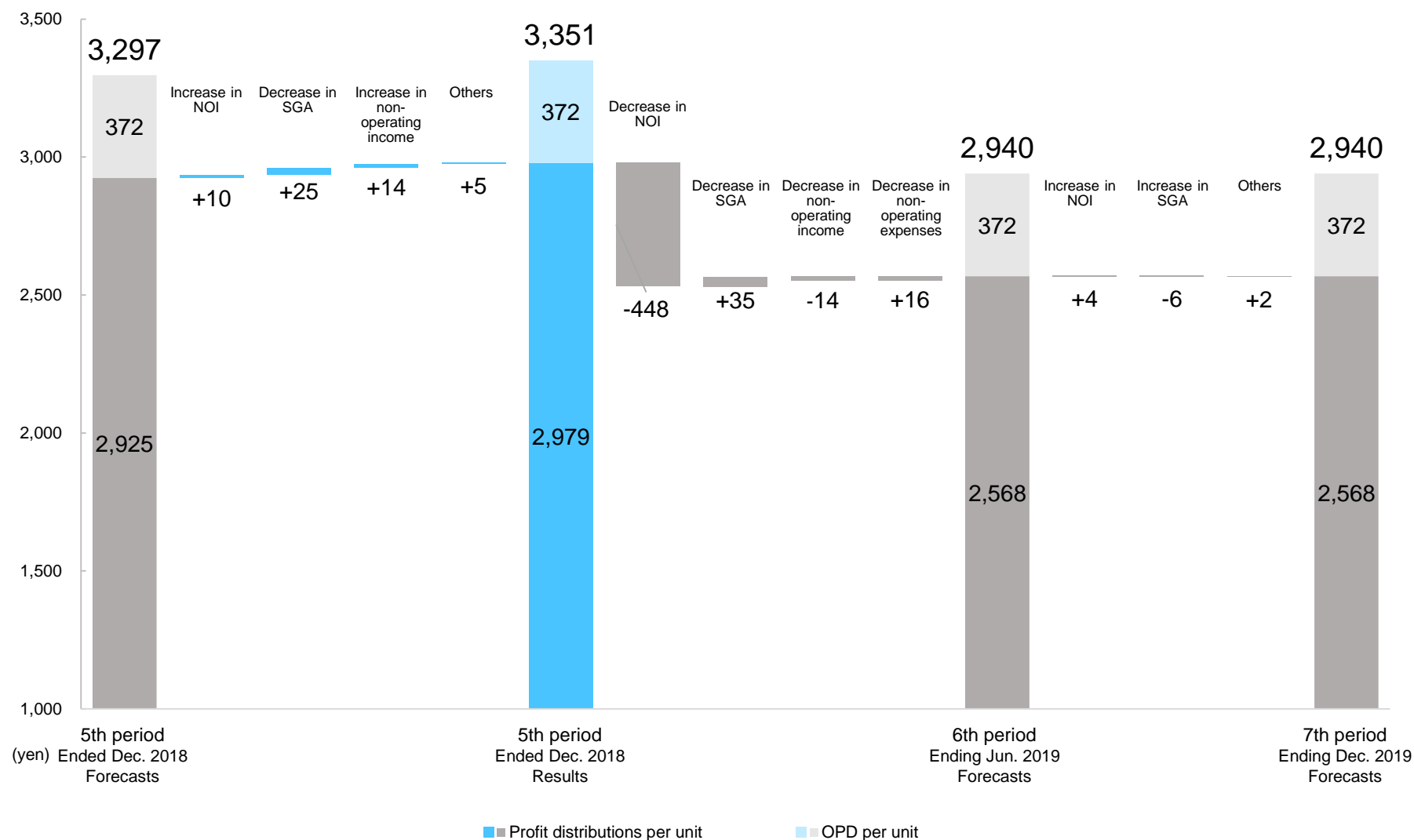
Forecasts for the 6th and 7th Periods (Ending June 2019 and December 2019)

Unit: million yen

	5th period (2018/12) Results (A)	6th period (2019/6) Forecasts (B)	Difference (B) - (A)	7th period (2019/12) Forecasts (C)	Difference (C) - (B)
Operating revenues	1,413	1,410	① -3	1,412	⑥ +2
Leasing expenses (excluding depreciation)	145	246	② +100	247	⑦ +1
NOI	1,267	1,163	-103	1,164	+0
Depreciation	287	287	—	287	—
Net leasing revenues (NOI - Dep.)	980	876	-103	877	+0
General and administrative expenses, etc.	168	160	③ -8	162	⑧ +1
Operating income	811	716	-95	715	-0
Non-operating income	3	—	④ -3	—	—
Non-operating expenses	125	121	⑤ -3	121	-0
Ordinary income	689	594	-94	594	-0
Net income	688	593	-94	593	-0
Distributions per unit (yen)	3,351	2,940	-411	2,940	—
Distributions per unit (yen)	2,979	2,568	-411	2,568	—
OPD per unit (yen)	372	372	—	372	—

Major factors for difference
<p><6th period></p> <p>① Operating revenues -3</p> <ul style="list-style-type: none"> Seasonal fluctuation in utilities income -2 <p>② Leasing expenses +100</p> <ul style="list-style-type: none"> Increase due to the expensing of fixed asset taxes and city planning taxes on 5 properties acquired in the 4th period +104 Decrease in facility management expenses -2 Seasonal fluctuation in utilities expenses -2 <p>③ General and administrative expenses, etc. -8</p> <ul style="list-style-type: none"> Decrease in asset management fees -8 <p>④ Non-operating income -3</p> <ul style="list-style-type: none"> Non-occurrence of interest on tax refund -3 <p>⑤ Non-operating expenses -3</p> <ul style="list-style-type: none"> Decrease in interest expense -2
<p><7th period></p> <p>⑥ Operating revenues +2</p> <ul style="list-style-type: none"> Seasonal fluctuation in utilities income +2 <p>⑦ Leasing expenses +1</p> <ul style="list-style-type: none"> Seasonal fluctuation in utilities expenses +1 <p>⑧ General and administrative expenses, etc. +1</p> <ul style="list-style-type: none"> Opening of General Meeting of Unitholders +2, etc.

Comparison between Each Period



2. Characteristics of CRE Logistics REIT, Inc.

Manager of Kita Kanto Logistics
Center of Sangetsu Corporation
(tenant of LogiSquare Kuki)

Member of Property Management
Group of CRE, INC.

LogiSquare Kuki

The facility is used as the Kita Kanto Logistics Center of Sangetsu Corporation, a trading company specializing in interior products.

All properties held by CRE-REIT are managed by CRE, with its strong track record in property management, to meet the requirements from the tenant every day.

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 8.9 years	Average remaining lease term 7.1 years	Tenant not using other REIT properties 6 in 10 tenants
(3) Good location	Ratio of Tokyo Metropolitan Area 94.0%	Less than 5km to an interchange 100.0%	Within 10 mins' walk of public transportation 95.6%

Advantages

Sponsor is real estate company specializing in logistics properties

(1) Leasing capability	Companies that have concluded lease contracts with CRE directly 1,070 companies	Leasing by CRE on its own 154 properties (July 2018)	Holding of private viewings, including for other listed REITs
(2) Property management (PM) capability	Managed floor area 1,435 properties 4,440,000 m ²	PM entrusted by other companies Approx. 70%	PM entrusted by other listed REITs 850,000 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. 		

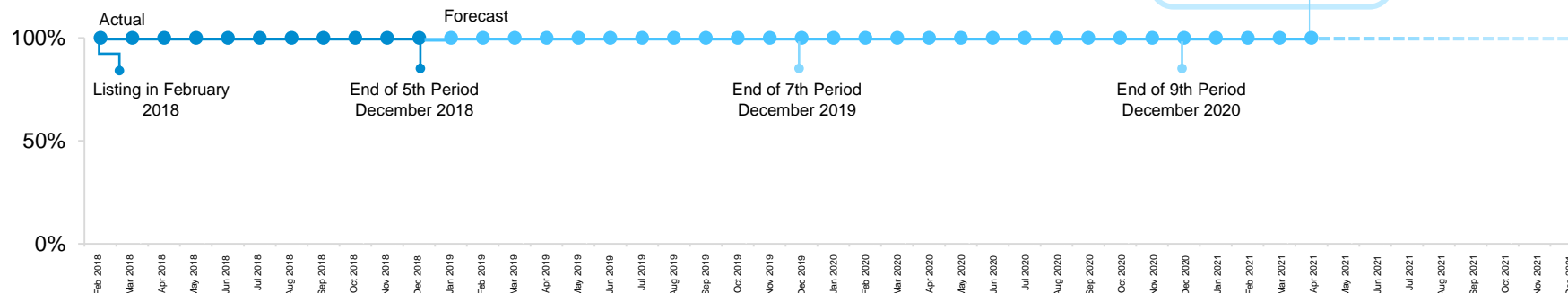
Capable of flexibly acquiring properties, taking consideration into investment unit price

- Able to make use of bridge functions. Already has experience of acquiring three properties at IPO using bridge schemes.
- Also able to acquire mid-sized properties and quasi-co-ownership interests using cash on hand.
- Already has a pipeline beyond current portfolio consisting of 10 properties, 320,000 m²

High-quality Portfolio (1) Stable cash flow

Plan to maintain average occupancy rate of 100.0% through to the end of April 2021

Changes in Average Occupancy Rate



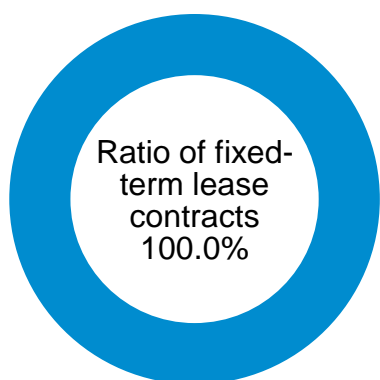
Form of contract that enables stable operation

- 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.

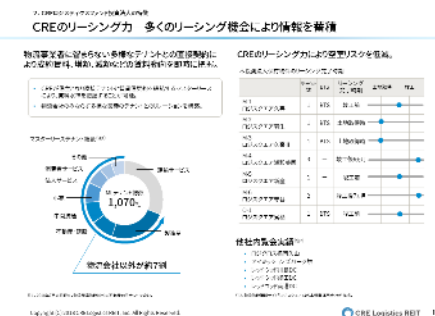
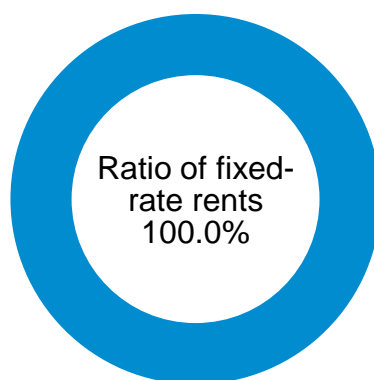
Mitigation of risk of vacancies through CRE's leasing capability

- See page 16.

Ratio of fixed-term lease contracts



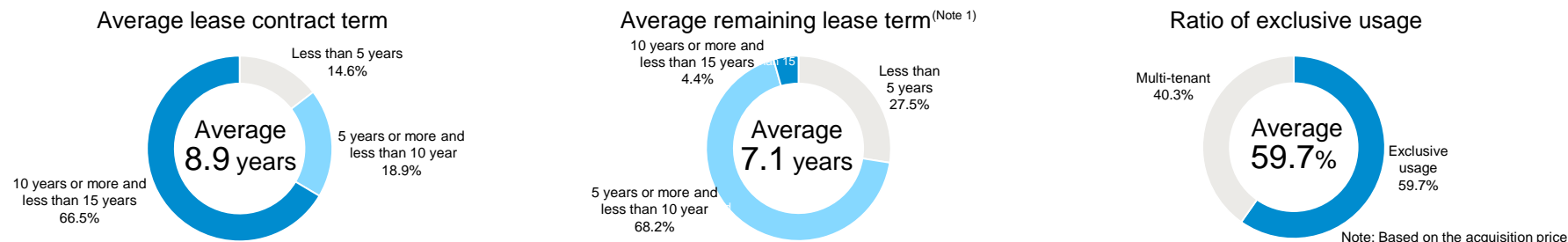
Ratio of fixed-rate rents



High-quality Portfolio (2) Long-term contracts with diverse tenants

Diverse tenants ranging from mid-sized enterprises to large enterprises conclude long-term contracts and use facilities as exclusive distribution bases.

CRE also attracts tenants not using other REIT properties through its leasing capabilities



Property name	Tenant name	Sector	Main business	Listed market	Use of other REIT property (Note 2)
LogiSquare Kuki	Sangetsu Corporation	Wholesale	Development and sale of total interior goods	TSE 1 st Section	Yes
LogiSquare Hanyu	Major large logistics company	Land transportation	General logistics business and related businesses	Not disclosed	Yes
LogiSquare Kuki II	FUSOGOSEI Co., Ltd.	Manufacturing	Manufacture and sale of building interior materials and interior products	—	No
LogiSquare Urawa Misono	Nippon Express Co., Ltd.	Land transportation	General logistics business and related businesses	TSE 1 st Section	Yes
	Tobu Delivery Co., Ltd. (Wholly-owned subsidiary of Tobu Railway Co., Ltd.)	Land transportation	Forwarding business, warehousing business, distribution processing business, etc.	—	No
	INNOMEDICS Medical Instruments, Inc. (Wholly-owned subsidiary of ORIX Corporation)	Wholesale	Purchase, sale, design and lease of medical equipment, medical materials and hospital facilities	—	No
LogiSquare Niiza	Building Book Center Co., Ltd. (KADOKAWA Group)	Warehousing and Transportation	Receipt, inventory management and shipment business of publications and the contract business of the refurbishment and reproduction of books	—	No
LogiSquare Moriya	Lixus Co., Ltd.	Land transportation	Forwarding business, warehousing business, distribution processing business, etc.	—	No
	CyberStep, Inc.	Information and communications	Development of network entertainment software and the licensing and operation of online game services	TSE 2 nd Section	No
LogiSquare Tosu	Nippon Express Co., Ltd.	Land transportation	General logistics business and related businesses	TSE 1 st Section	Yes

Note 1: The remaining lease term is the period from December 31, 2018 to the expiration date of the lease contract stated in the lease contract

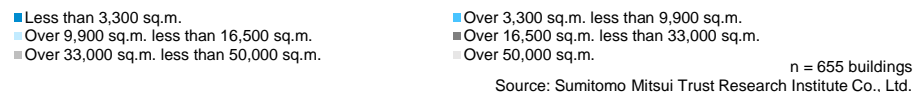
Note 2: According to investigation of Asset Management Company based on annual reports of other listed REITs in the period from January 22, 2018 to January 21, 2019.

High-quality Portfolio (2) Long-term contracts with diverse tenants

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

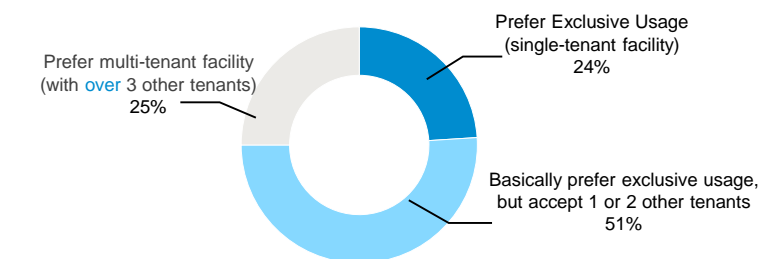
Approximately 80% of logistics bases used by consignors or logistics operators in the Tokyo Metropolitan Area are less than 16,500 sq.m. in site area^(Note 1).



In the case of the CRE-REIT, the average usage area per tenant is approx. 21,000 sq.m.

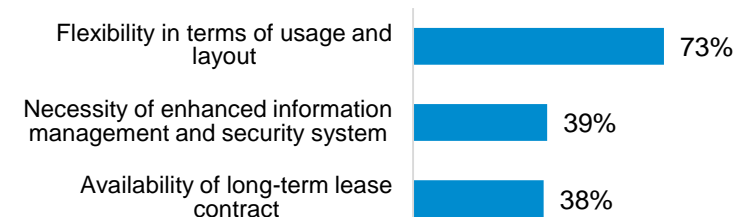
2 Desirable tenant mix

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



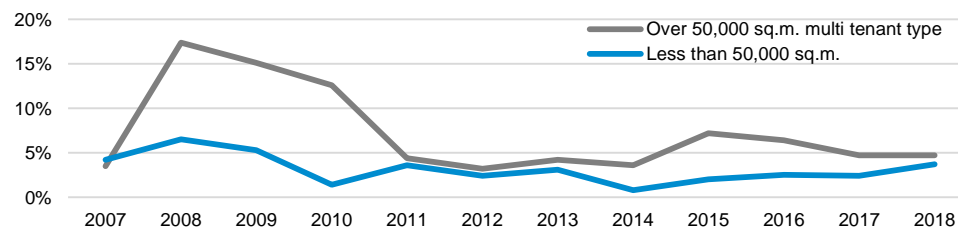
3 Reason for selecting single-tenant facility

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.



4 Vacancy rate per facility size in the Tokyo Metropolitan Area

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



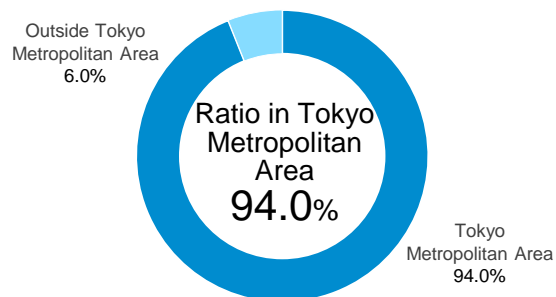
Note 1: Figures calculated based on a survey conducted by Sumitomo Mitsui Trust Research Institute Co., Ltd. from August to September 2017 (hereinafter the "Survey") are presented. In the Survey, a questionnaire was sent to 3,022 shipping and logistics companies, and the answers obtained from 199 companies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

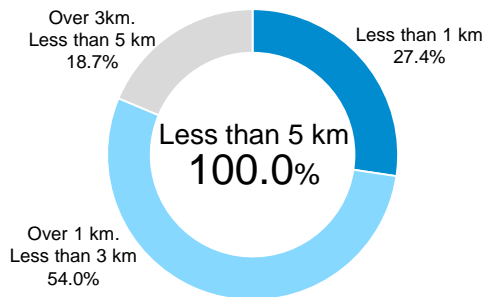
High-quality Portfolio (3) Good location

Properties are situated in locations suited to logistics where high demand is expected, with the need to secure labor also taken into consideration.

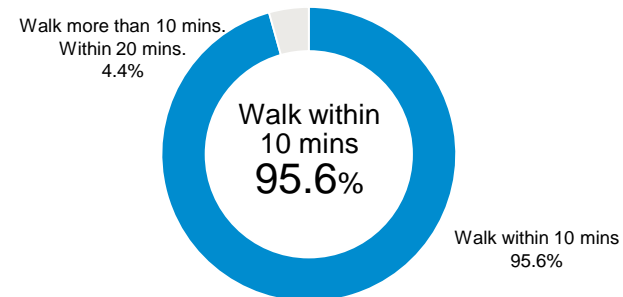
Ratio in Tokyo Metropolitan Area



Mileage to an interchange



Time required from public transportation facilities

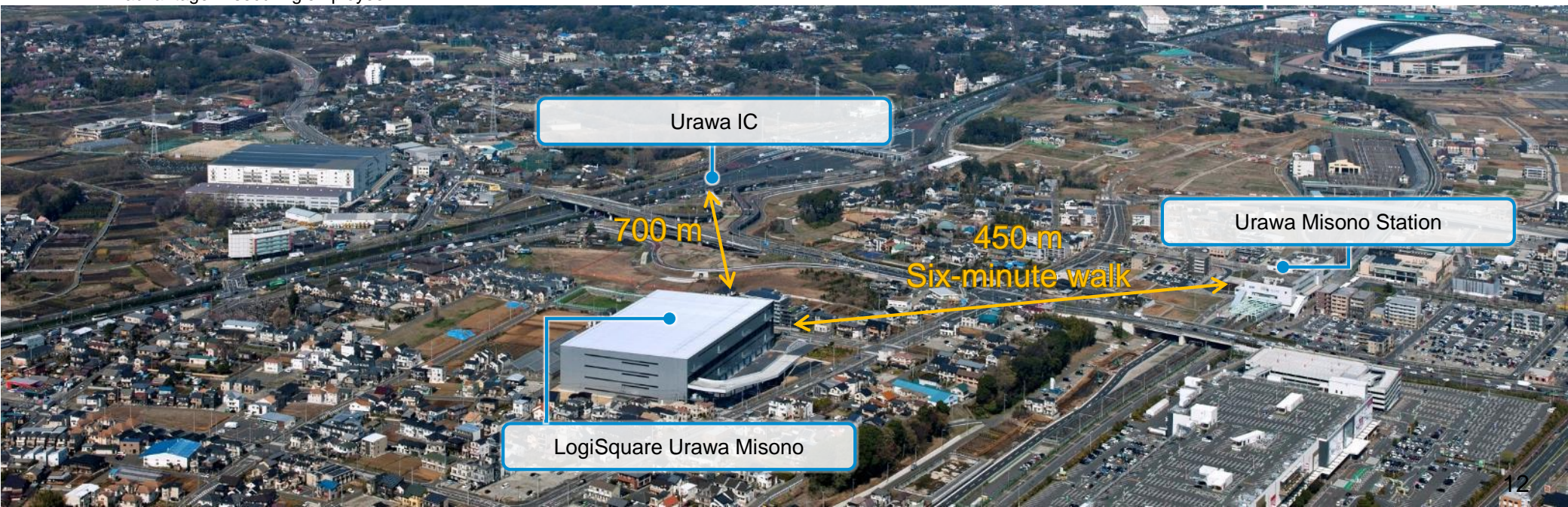


Note: Based on the acquisition price.

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.



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.

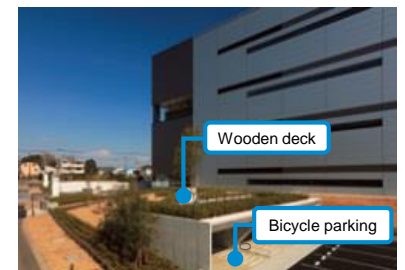


Facility has roof spraying system that uses well water to reduce the internal temperature.

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

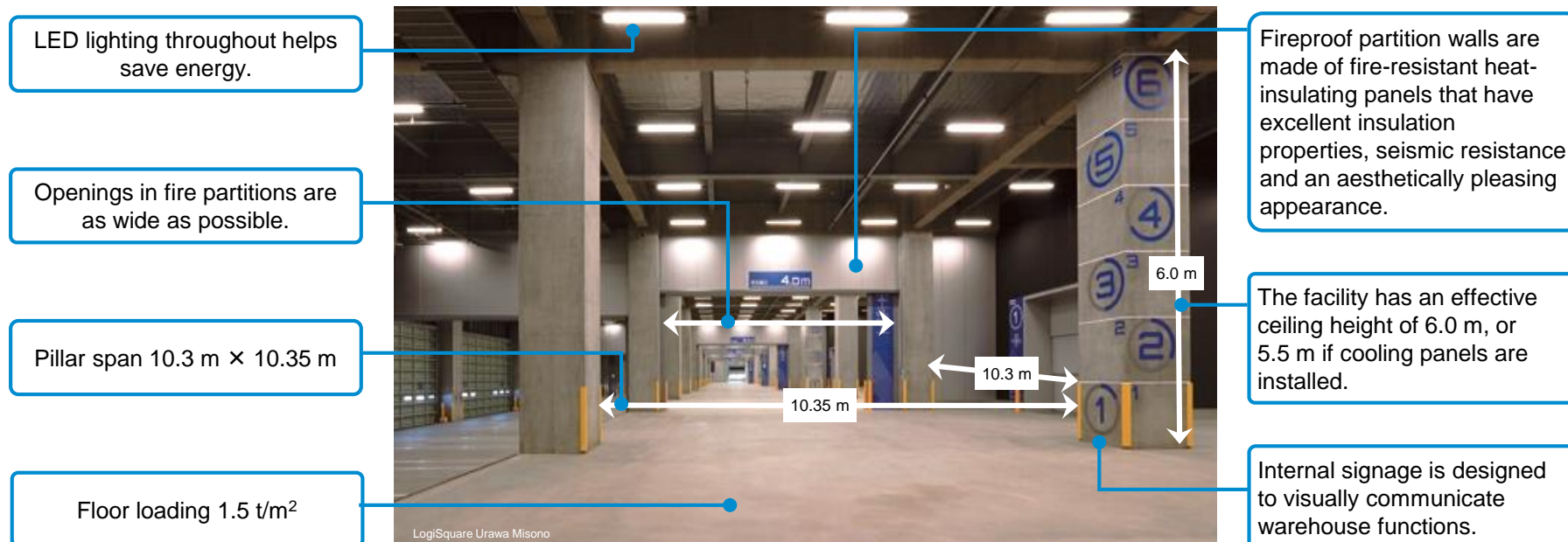
The facility has truck berths on the first and third floors.
To prevent congestion and accidents, the facility is designed to separate traffic flows and equipped with dedicated gates for the first/second floor tenants and the third/fourth floor tenants, respectively.

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.

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Features of LogiSquare

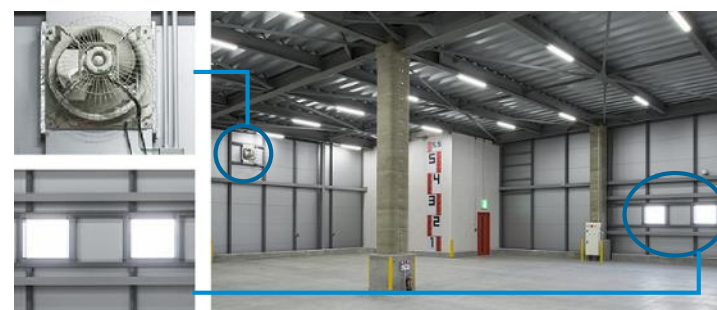
LogiSquare not only improves the efficiency of warehouse operations, creates a pleasant working environment for tenants but helps reduce costs in the future for CRE-REIT.



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.

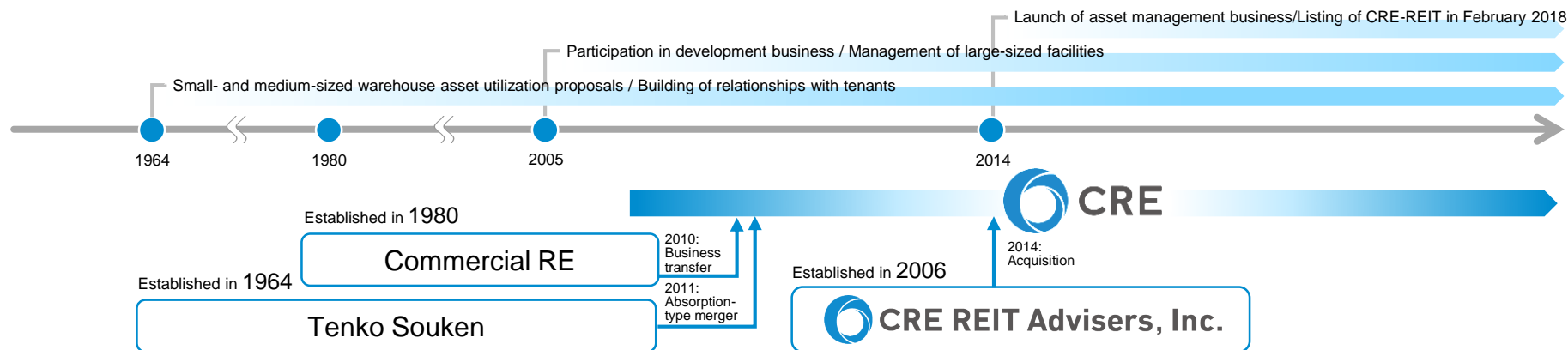


To help reduce costs in the future, the facility already has windows and ventilation built in to ensure compliance with laws and regulations in case it is necessary to expand office areas in the future.

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.

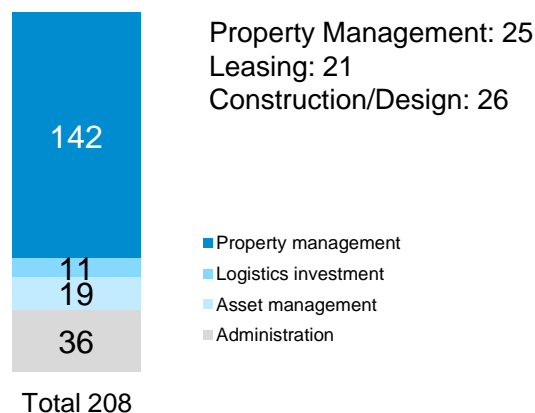
Sponsor is Real Estate Company Specializing in Logistics Properties

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

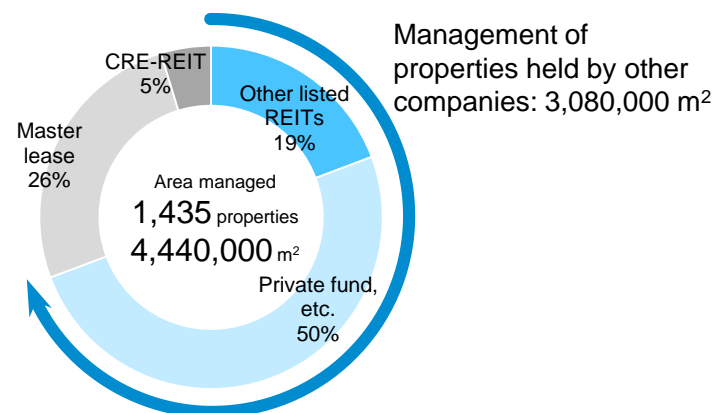
Number of employees on a consolidated basis (as of July 31, 2018) (Note 1)



Note 1: Prepared by the Asset Management Company based on [Annual Report for Fiscal 2018](#) of CRE, Inc.

Proven Track Record in Providing Services to Other Companies

CRE-REIT can draw on knowhow gained through management of 4,440,000 m²



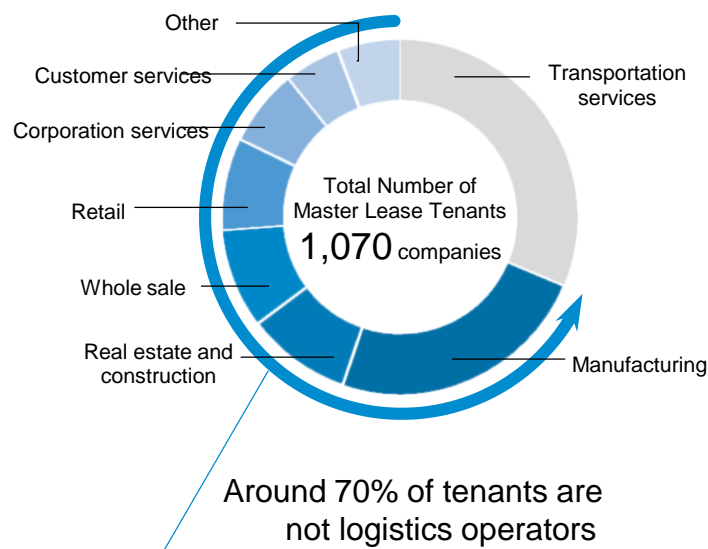
Note 2: As of October 31, 2018

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 1)



Note 1: As of July 31, 2018. Includes tenants of properties other than logistics-related facilities.

Mitigation of Vacancy Risk through CRE's Leasing Capability

Time of Leasing Completion of Properties Held by CRE-REIT

	Tenants	BTS	Time of leasing completion	Land acquisition	Completion of construction
M-1 LogiSquare Kuki	1	BTS	Before the completion of construction		
M-2 LogiSquare Hanyu	1	BTS	At the time of land acquisition		
M-3 LogiSquare Kuki II	1	BTS	At the time of land acquisition		
M-4 LogiSquare Urawa Misono	3	—	Six months after the completion of construction		
M-5 LogiSquare Niiza	1	—	Before the completion of construction		
M-6 LogiSquare Moriya	2	—	Seven months after the completion of construction		
O-1 LogiSquare Tosu	1	BTS	Before the completion of construction		

Private viewings for other companies^(Note 2)

- Logicross Fukuoka-Hisayama
- I Missions Park Sakai
- Redwood Kawajima DC
- Redwood Narita DC
- Redwood Nanko DC

Note 2: Prepared by the Asset Management Company based on the LogiSquare logistics facility information site.

CRE's Leasing Capability—Information Gathering as a Leading Real Estate Company

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.



Holding of CRE Forum

The purpose of the CRE Forum is to share logistics issues facing companies. **Since 2013**, CRE has **organized a total of 56 meetings**, with a total of **3,242 participants**.^(Note 1)



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.



Participating Companies (excerpt)^(Note 2)

- Nittsu Research Institute and Consulting, Inc.
- Hitachi, Ltd.
- Sunstar Group
- Tanita Corporation
- JD.com Jingdong Japan Co., Ltd.
- Toyota Industries Corporation
- Sapporo Group Management Ltd.
- CBcloud Co., Ltd.
- KBS Kubota Corporation
- Office FA.com Co., Ltd.
- MUJIN Inc.

Note 1: As of December 31, 2018

Note 2: Prepared by the Asset Management Company based on the LogiSquare logistics facility information site.

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

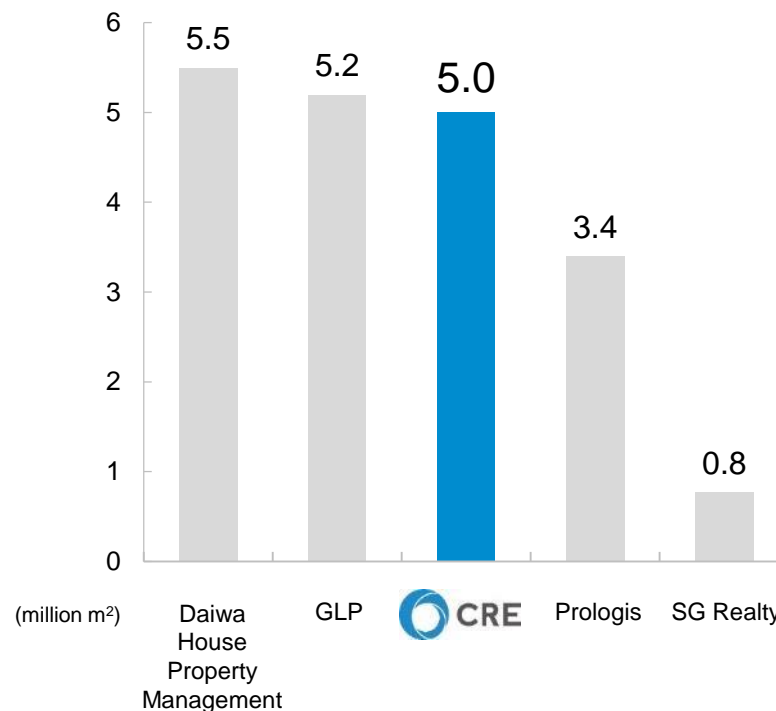
Management of Properties for Other Listed REITs, Private Funds, etc.

Major Customers

- LaSalle LOGIPOINT REIT
- Star Asia Investment Corporation
- Kenedix Retail REIT
- United Urban Investment Corp.
- Japan Logistics Fund, Inc.
- Industrial & Infrastructure Fund Investment Corporation
- Mitsubishi Estate Logistics REIT
- Daiwa House REIT
- CRE Logistics REIT
- LaSalle Investment Management Inc.
- Diamond Realty Management Inc.
- ESR
- Kokyo Asset Management Co., Ltd.
- Sumitomo Realty Management Co., Ltd.
- Sumitomo Corporation
- Challenger Ltd.
- Goldman Sachs Realty Japan, Ltd.
- Morgan Stanley Capital K.K.
- Daiei Real Estate & Development Co., Ltd.
- LC Partners, Inc.
- Tozai Asset Management Co., Ltd.
- Mitsui & Co., Realty Management Ltd.
- IDERA Capital Management Ltd.
- PGIM Real Estate (Japan), Ltd.
- Mitsubishi Jisho Investment Advisors, Inc.
- Fortress Investment Group (Japan) GK
- Tokyo-Kansho-Fukyu Co. Ltd.
- Yamato Home Convenience Co., Ltd.
- Takara Sangyo Co., Ltd.
- Tokyu Land Capital Management Inc.
- Universe Development Co., Ltd.
- Mitsui & Co. Real Estate, Ltd.
- CRE REIT Advisers, Inc.
- Strategic Partners Co., Ltd., etc.

(No particular order)

Ranks Third Among Logistics Facilities-centered PM companies



Note 2: "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 3: Prepared by the Asset Management Company based on Monthly Property Management magazine (November 2018 edition). Entrusted areas are as of August 31, 2018.

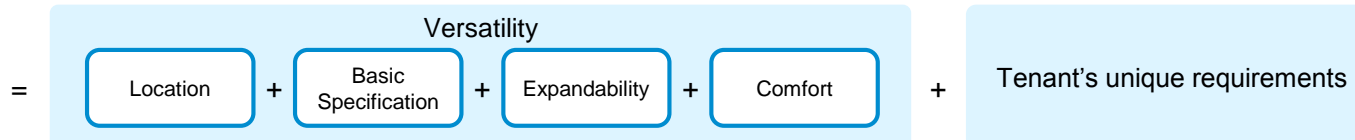
Note 1: CRE Inc.'s Summary of Financial Statements for the First Quarter of the Fiscal Year Ending July 31, 2018

Development Capability—Development Incorporating Tenant Requirements While Ensuring Versatility

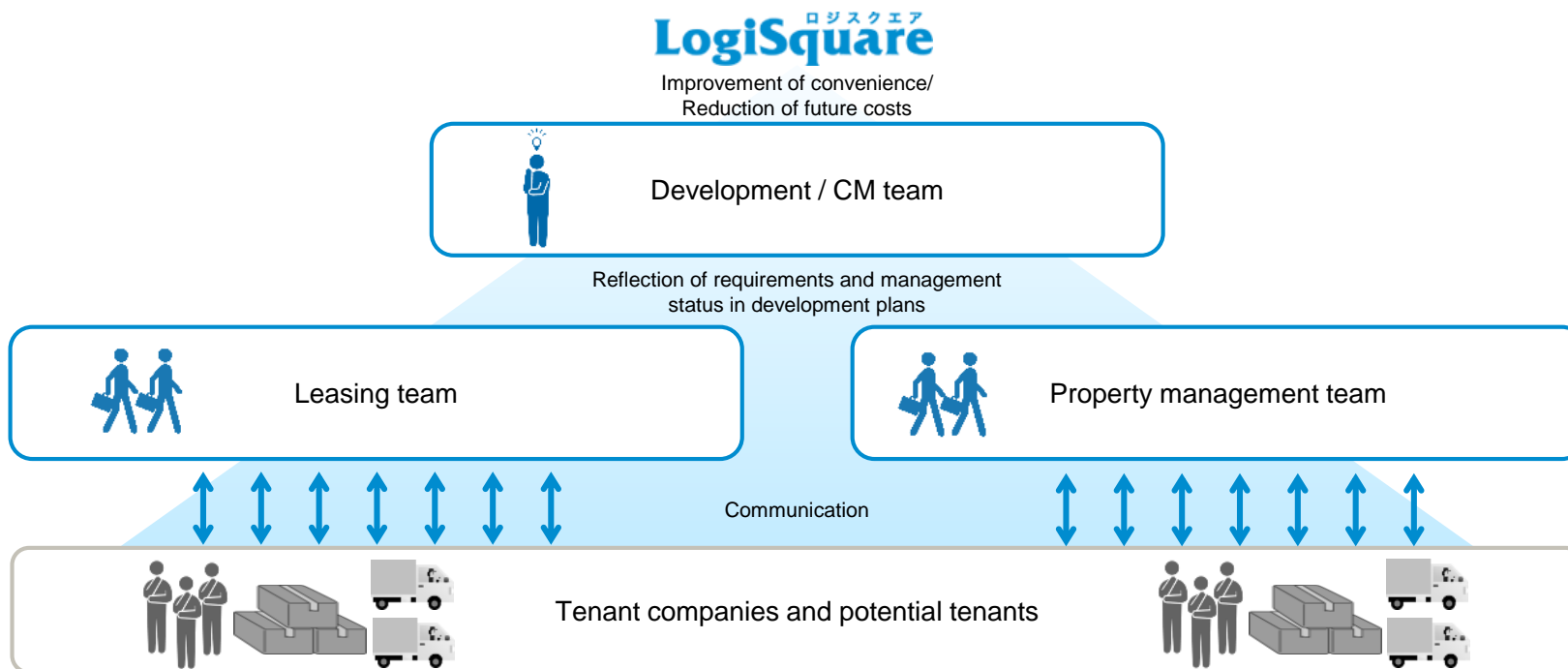
Realization of Long-term Contracts and Mitigation of Tenant Risk by Incorporating Tenant Requirements While Ensuring Versatility

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



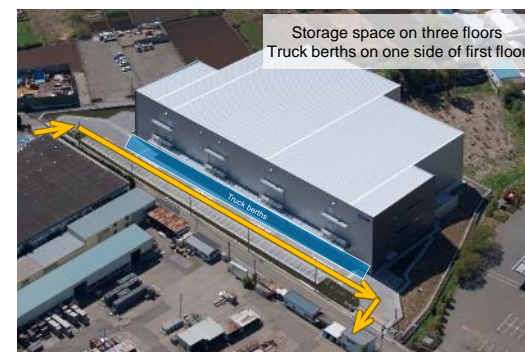
The facility is designed to separate traffic flows and equipped with dedicated gates for the first/second floor tenants and the third/fourth floor tenants, respectively.

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.

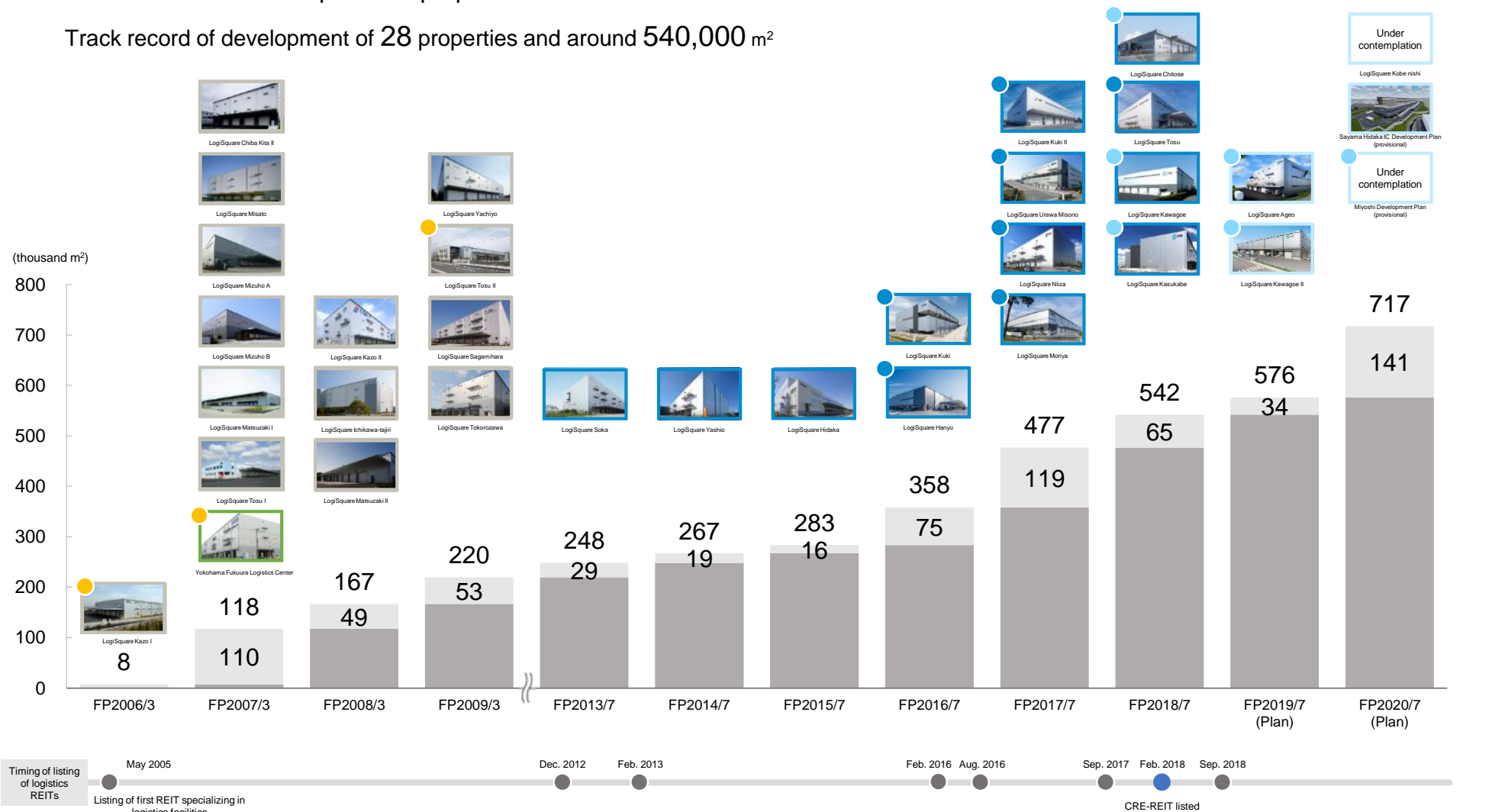


CRE's Development Capability

—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 28 properties and around 540,000 m²



Note: While the above properties include properties other than the portfolio assets, CRE-REIT does not engage in specific negotiations with the CRE Group on the assets above, nor does it have any plans to acquire them at the present time nor guarantee their future acquisition. The above properties also include properties already sold to a third party. In addition, the rendering, the total floor area and the date of completion of development of the properties to be developed by CRE (planned) are based on the plans as of February 18, 2019 and may differ from the actual ones. The above properties are stated with the date of completion of construction as the date of completion of development.

3. Growth Strategies



LogiSquare Kuki II

CRE developed the facility based on a concept developed through its relationships with tenants. A 15-year long-term lease contract was signed for the facility, which is extremely versatile while at the same time incorporating the specific needs of the tenant. This smallish LogiSquare facility, with a total floor area of around 11,000m², is suited to a single tenant.

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.**
Acquisition cap rate standard is higher than the implied cap rate, suggesting that the above is possible.
- **Achieve flexible external growth, taking investment unit price into consideration, including utilizing the bridge function.**
CRE acquired three properties from leasing companies at IPO. Currently, one property is still held by a leasing company, enabling adjustment of timing of acquisition by CRE-REIT with sale of property by sponsor.
- **Acquisition of medium-sized properties and acquisition of quasi co-ownership interests using funds on hand is also possible.**
Properties with total floor area of 5,000 m² or larger are the investment targets and the acquisition of properties ranging from several hundred million yen to several billion yen is possible using funds on hand equivalent to depreciation expense.
- **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).

Recognition of
current status

Cap rate in Tokyo Metropolitan Area

4.5%

CRE-REIT Implied Cap Rate^(Note 1)

4.9%

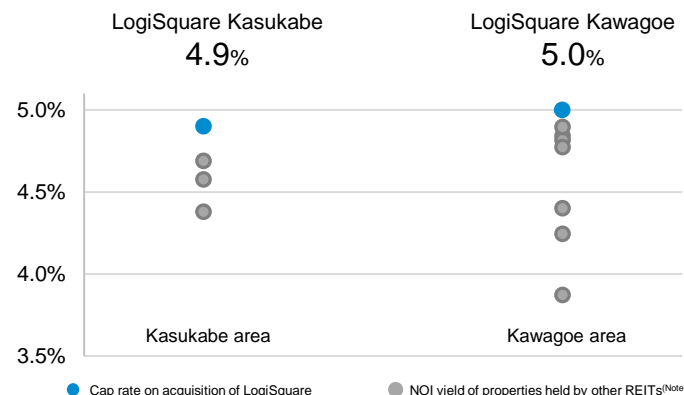
Current acquisition cap rate standard

5.0%

Standard for
property acquisition

- Acquisition at reasonable price is possible
thanks to strong sponsor support
- Acquisition cap rate standard is higher than
implied cap rate

Cap rate standard for properties with first refusal right



Note 1: Implied cap rate = Ordinary annual NOI level of 2,327 million yen ÷ (Market cap as of Jan. 31, 2019 + (Interest-bearing debt + Tenant leasehold deposits in trust - (Cash and deposits - Guarantee deposits - Restricted deposits))).
Note 2: Prepared by the Asset Management Company based on ARES database. NOI yield = Actual NOI for last fiscal period × 2 ÷ Appraisal value as of end of last fiscal period

Pipeline that Enables External Growth



LogiSquare Chitose
(1) November 2017
(2) 19,760.00 m²
(3) Chitose-shi, Hokkaido



LogiSquare Kawagoe
(1) February 2018
(2) 7,542.56 m²
(3) Kawagoe-shi, Saitama



LogiSquare Kasukabe
(1) June 2018
(2) 21,315.54 m²
(3) Kasukabe-shi, Saitama



LogiSquare Ageo
(1) April 2019
(2) 19,507 m²
(3) Ageo-shi, Saitama



LogiSquare Kawagoe II
(1) May 2019
(2) 14,400 m²
(3) Kawagoe-shi, Saitama

Under contemplation

LogiSquare Kobe nishi
(1) May 2020
(2) 16,000 m²
(3) Kobe-shi, Hyogo



Sayama Hidaka IC
Development Plan
(provisional)
(1) June 2020
(2) 84,132 m²
(3) Hanno-shi, Saitama

Under contemplation

Miyoshi Development Plan
(provisional)
(1) June 2020
(2) 41,217 m²
(3) Miyoshi-machi, Saitama

Under contemplation

LogiSquare Osaka Katano
(1) Not yet determined
(2) 83,700 m²
(3) Katano-shi, Osaka



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

Completion photograph
Conceptual drawing

Property name
(1) Completion month and
year (planned)
(2) Total area (planned)
(3) Location

10 properties
324,655.26 m²

● properties with first refusal right

CRE's Approach to Property Sales

—Provision of Maximum Support for Stable Operation of CRE-REIT

CRE supports external growth of CRE-REIT by providing CRE-REIT with opportunity to acquire all properties it develops and holds.

Generation of level of profits that is maintainable as developer

Past result of cap rate on sale to CRE-REIT

5.0%

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

CRE's Positioning of Asset Management Business^(Note 1)

- 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.

Note 1: September 12, 2016 Long-Term Management Policy of CRE, Inc.

Performance Trend in Development Business^(Note 2)

Million yen

	Fiscal year ended July 2016	Fiscal year ended July 2017	Fiscal year ended July 2018
Net sales	17,536	23,190	14,285
Segment income	3,514	4,233	1,837
Profit margin	20.0%	18.3%	12.9%
Properties sold ^(Note 3)	<ul style="list-style-type: none"> • Kuki • Hanyu 	<ul style="list-style-type: none"> • Kuki II • Niiza • Urawa Misono 	<ul style="list-style-type: none"> • Moriya • Tosu • Kasukabe

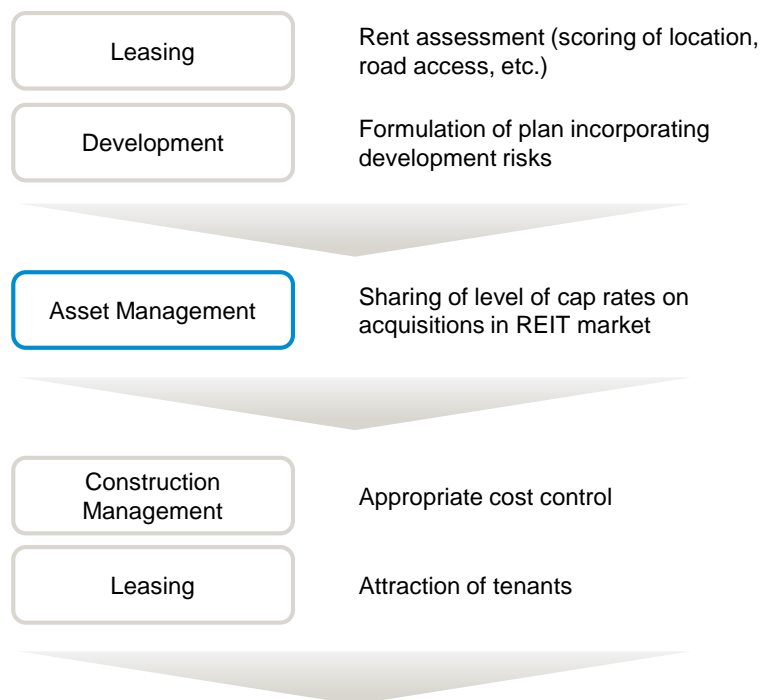
Note 2: Prepared by the Asset Management Company based on financial statement of CRE, Inc.

Note 3: LogiSquare omitted.

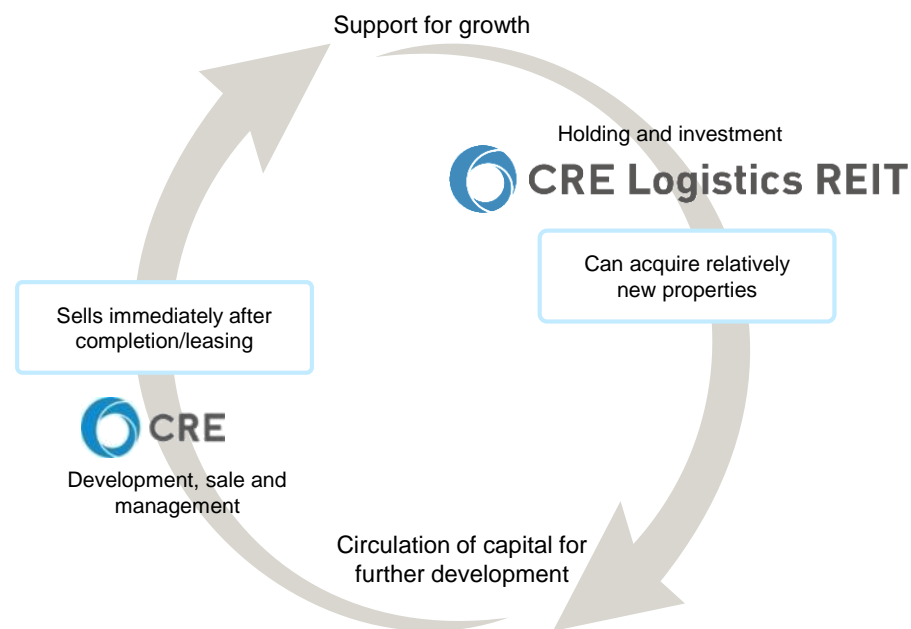
CRE's Approach to Property Sales—Site Acquisition Process with Eye on Sale

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

Since CRE attaches importance to capital efficiency and sells properties immediately after completion and leasing, CRE-REIT can acquire relatively new properties.



Generation of higher profits than planned



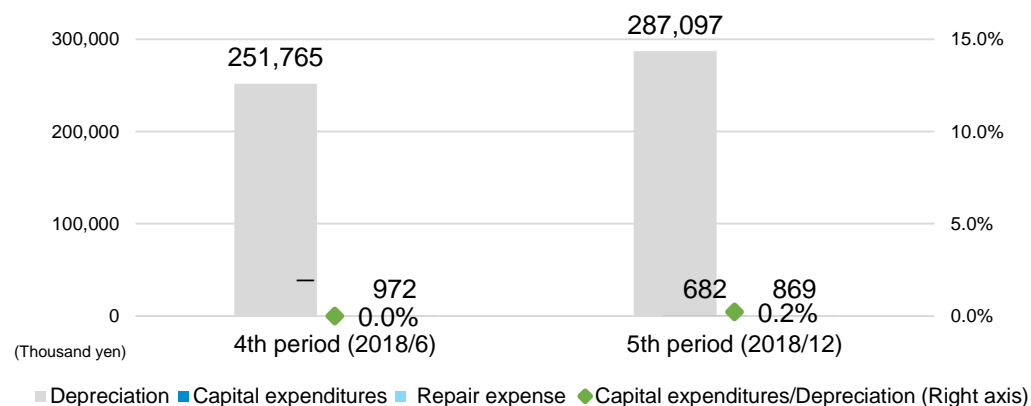
Long-term Stability/Internal Growth

Long-term Stability Backed by High-quality Portfolio (see pages 9-14)

Ongoing Cost Reduction Efforts

Thousand yen

	4th period (2018/6)		5th period (2018/12)	
	Forecast	Actual	Forecast	Actual
Capital expenditures	—	—	1,412	682
Repair expense	2,200	972	2,600	869



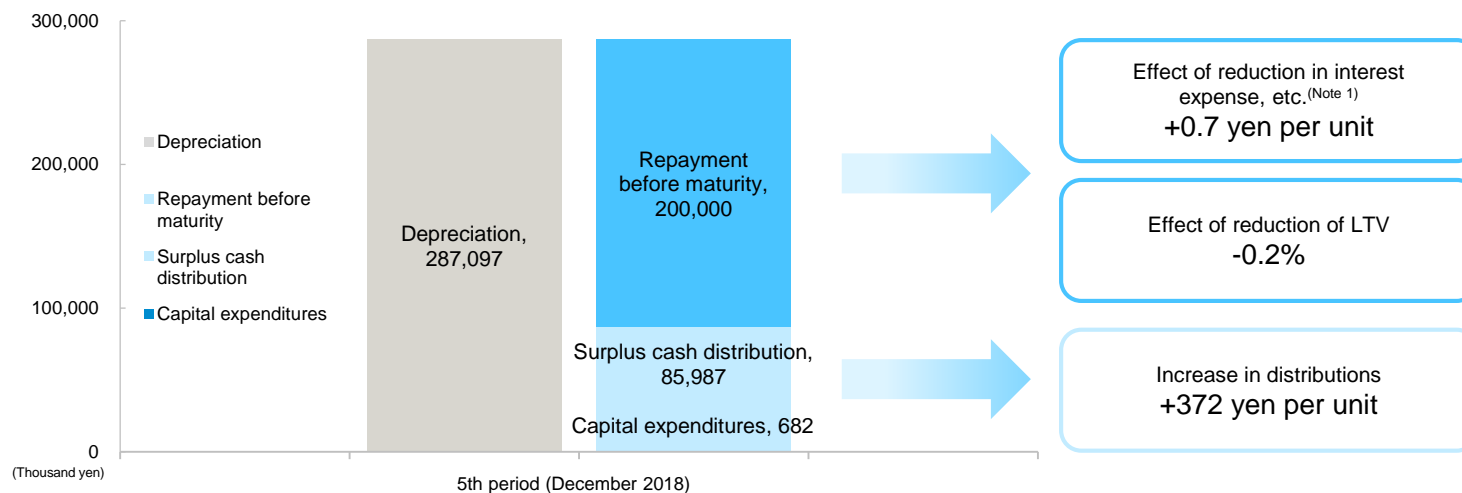
Initiatives for Internal Growth

Schedule	Name of Property	Details of Initiatives	Effect on distribution per unit (1 fiscal period) ^(Note)
Already implemented	LogiSquare Urawa Misono	Improvement of vending machine sales	+1 yen
Already implemented	LogiSquare Urawa Misono	Improvement of parking lot occupancy	+1 yen
Already implemented	LogiSquare Moriya	Improvement of parking lot occupancy	+7 yen
Mar. 2019	LogiSquare Urawa Misono	Reduction of electricity bill through switch to power producer and supplier	+3 yen
May 2019	LogiSquare Moriya	Reduction of electricity bill through switch to power producer and supplier	+1 yen

Note: The effect is the estimated impact on one fiscal period for reference purposes only and is not the effect in the current or future fiscal periods.

Efficient Cash Management

Efficient use of funds on hand from depreciation for maximization of distributions and expansion of financial reserve



Assumed Uses of Funds on Hand

Use	Specific measures / policies	Effect/Impact ^(Note 2)
Repayment of loans payable	Reduce interest expense and other costs through repayment	Increase in distributions through cost reduction <u>Repayment of 200 million yen increases DPU by 4 yen</u> Increase in financial reserve through reduction of LTV
Property acquisitions	Acquire properties ranging from several hundred million yen to several billion yen and quasi co-ownership interests	Contributes to continuous increase in distributions <u>Acquisition of 500 million yen property increases DPU by 37 yen</u>
OPD	Make OPD every period continuously, as a general rule, based on examination of other options including using for repairs or capital expenditures, repaying loans payable, and financing new property acquisitions. Aim to make OPD which corresponds to 30% of depreciation expenses for the time being.	Enables continuous accumulation of distributions <u>Increases DPU by 372 yen</u> Meanwhile, net assets decrease

Note 1: Estimated on the assumption of repayment on October 31, 2018 and continuation of interest expense for the remaining two months of the loan.

Note 2: The estimated effect is for reference purposes only and is not a forecast of the effect in the current period or future periods.

Status of 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.
- After examining using funds on hand for property acquisitions, CRE-REIT examines using them to repay loans in order to increase financial strength and reduce borrowing costs.

Borrowing to upper limit of LTV (50%) would generate acquisition capability of around **1.5 billion yen**

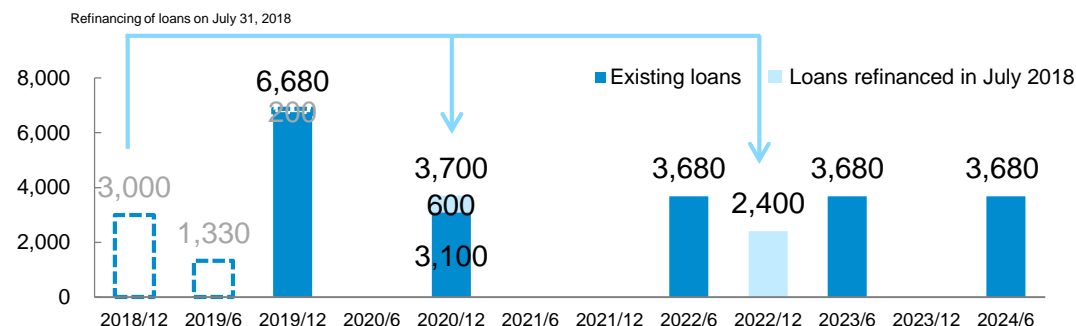
Improvement of LTV Through Repayment of 1,530 million yen in October 2018

	4th period (2018/6)	5th period (2018/12)	Compared to previous period
Interest-bearing debt	25,350 million yen	23,820 million yen	-1,530 million yen
LTV	49.3%	47.7%	-1.7%
LTV based on appraisal value	47.0%	44.8%	-2.2%
Ratio of fixed interest debt	83.4%	88.7%	+5.4%
Ratio of long-term debt ^(Note 1)	94.8%	100.0%	+5.2%
Average borrowing interest rate	0.501%	0.532%	+0.032%
Average life of interest-bearing debt	2.6 years	2.7 years	+0.1 years

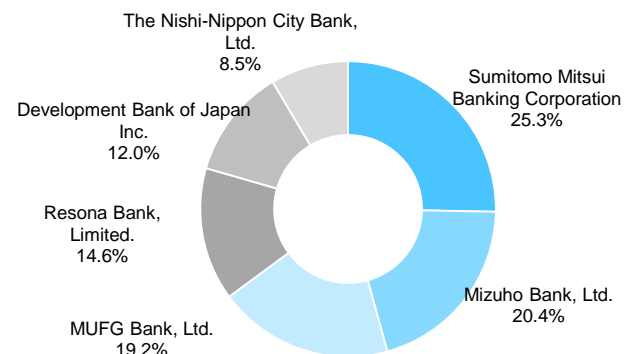
Note 1: Current portion of long-term debt is included in long-term debt.

Distribution of repayment dates

Refinanced loans in July 2018 and repaid consumption tax loans of 1,330 million yen and 200 million yen before their due dates in October



Stable bank formation centered on three mega banks



Governance—Operation from a Unitholder's Standpoint

High Level of Independence of Asset Management Company, CRE REIT Advisers

- Almost all employees are proper employees. CRE is not involved in hiring them or their personnel evaluations.

Category	Number of persons
Standing directors	2
Employees	9
(Of which, employees temporarily transferred from CRE)	1 (Note 1)
Total	11

Note 1: Individual in question is in charge of IR in Planning Dept. and is not involved in property acquisitions, etc.

- Established as Independent Asset Management Company

Date	History
July 2006	Establishment of Strategic Partners Co., Ltd. (now CRE REIT Advisers, Inc.)
August 2014	CRE acquired all shares
July 2016	Acquisition and operation of properties by CRE-REIT
February 2018	Listing of shares of CRE-REIT on Tokyo Stock Exchange

Holdings of Investment Units by Management of CRE (Sponsor) and CRE REIT Advisers (Asset Management Company)

- CRE REIT Advisers: Introduced cumulative investment plan (start of purchases from October 2018); units are held in accordance with internal regulations

Title	Name	Units held
Representative Director and President	Tsuyoshi Ito	22 units
Managing Director, General Manager of Investment Management Dept.	Takeshi Oka	10 units
Held by 8 out of 9 other employees		

Note 2: As of December 31, 2018

- CRE: Units are held by many officers and employees in accordance with internal regulations

Start of Examination of Revision of Asset Management Fees

Current Fee Structure

Fee	Upper limit
Management fee 1	Total assets × 0.4%
Management fee 2	Income before income taxes × 5.0%
Fee on acquisition	Acquisition cost × 1.0% (0.5% in case of transactions with interested party)
Fee on sale	Sale price × 0.5%

Examination of fee structure that will provide a greater incentive to improve unitholder value

4. Market Environment

Summary of Market Trends

Recent Market Trends

Tokyo Metropolitan Area

Page 33 and 34

Vacancy rate: 2.59%, QoQ: Improved (-1.78%)

Falling vacancy rate despite highest level of new supply since survey began

Osaka Area

Page 33

Vacancy rate: 7.68%, QoQ: Improved (-2.46%)

Vacancy rate halved over past year, supported by strong demand

Rising Demand for Rental Logistics Facilities

(1) Reconstruction Demand for Logistics Facilities

Page 35

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 36

3PL Market Size

2009	2017
1.2 trillion yen	2.8 trillion yen
2.2-fold increase in 8 years	

EC Market Size/EC Ratio

2010	2017
7.8 trillion yen	16.5 trillion yen
2.8%	5.8%
2.1-fold increase in 7 years	

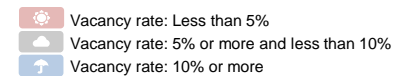
(3) Rising Importance of Logistics Network Strategy

Page 37

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

Market Trends

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



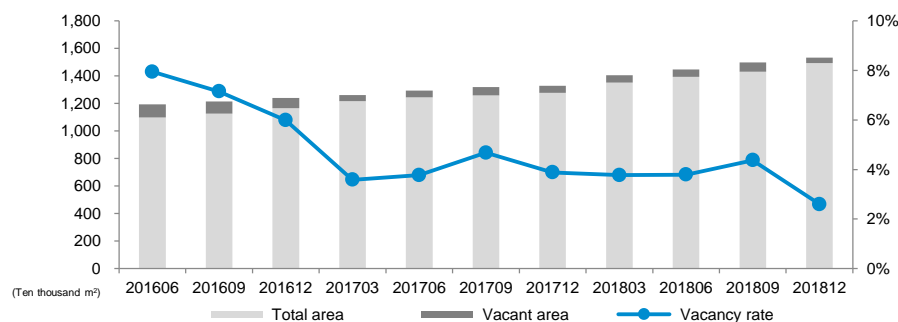
Tokyo Metropolitan Area

Falling vacancy rate despite highest level of new supply since survey began

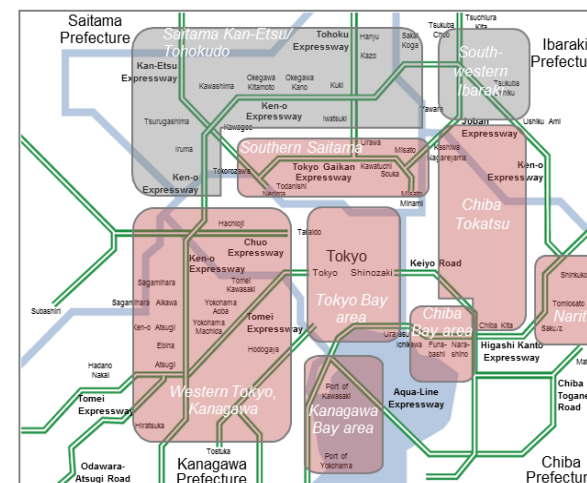
Overall, demand increased sharply, rising just over 50% from the previous quarter, to slightly less than 200,000 tsubo. Meanwhile, new supply in the current quarter was just under 110,000 tsubo, which is a little over 70% of the level in the previous quarter. As a result, the vacancy rate improved 1.78 percentage points, to 2.59%.

In 2018, new supply was at the highest level since survey began at around 620,000 tsubo but the vacancy rate improved 1.29 percentage points, supported by strong demand.

In 2019, a record level of new supply of around 720,000 tsubo is planned. However, according to market watchers, this is unlikely to lead to a major deterioration in the vacancy rate as informal agreements have already been concluded for more than 50% of the new supply.



Vacancy rate: 2.59%, QoQ: Improved



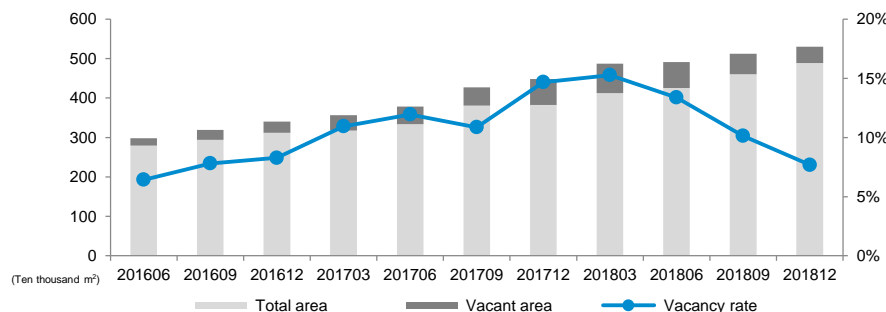
Osaka Area

Vacancy rate halved over past year, supported by strong demand

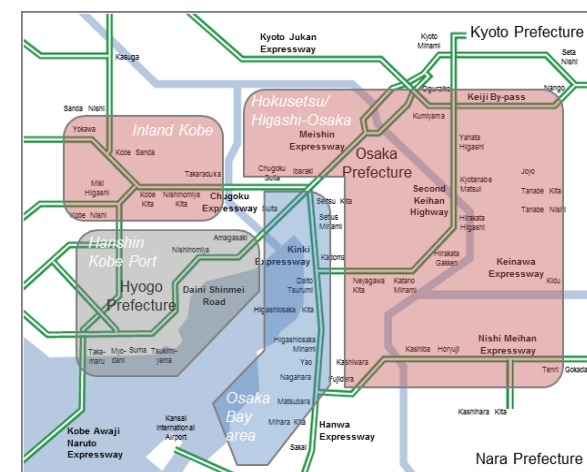
The vacancy rate improved 2.46 percentage points from the previous quarter, to 7.68%. This was because, in the current quarter, demand (around 90,000 tsubo) far exceeded supply (just over 55,000 tsubo).

Although supply has remained at a high level throughout 2018, the vacancy rate has halved since the fourth quarter of 2017, supported by strong demand.

In 2019, the improvement in the vacancy rate is expected to continue because new supply will be around 80,000 tsubo, which is around 30% of the 2018 level and informal agreements have been concluded for around 70% of the new supply.



Vacancy rate: 7.68%, QoQ: Improved



Source: "LogiSquare Market Report on Warehouses and Logistics Properties December 2018" of CRE, Inc.

Market Trends

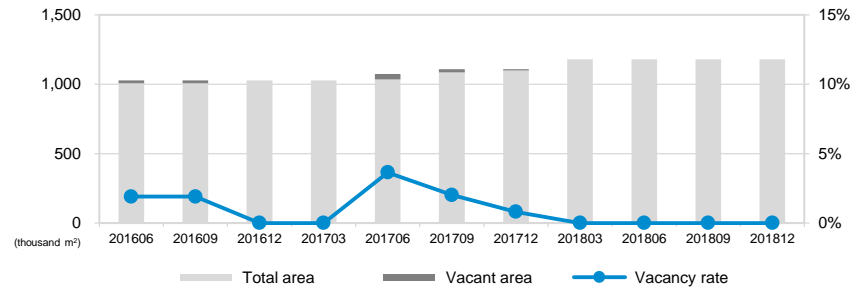
(2) Individual Areas of Tokyo Metropolitan Area (from LogiSquare Market Report)

Southern Saitama Area

Urawa Misono

Vacancy rate: 0.00%, QoQ: Stagnant

The vacancy rate was 0%, maintaining an extremely low level as in the previous quarter. While about 40,000 tsubo is to be newly supplied in 2019, informal agreements have already been concluded for just over 60% of the new supply, reconfirming that this is an area of strong needs. The vacancy rate is expected to remain extremely low in 2019.

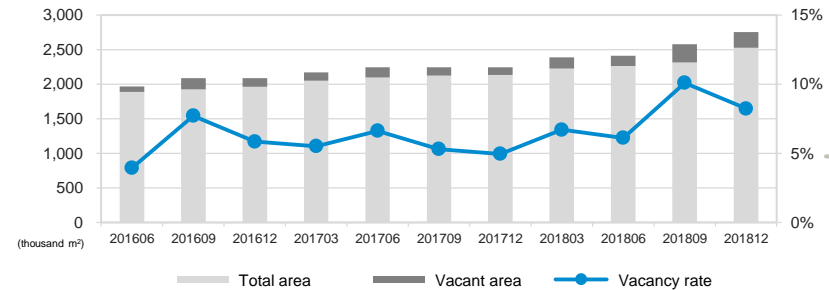


Saitama Kan-Etsu and Tohoku Expressway Area

Vacancy rate: 8.25%, QoQ: Improved

The vacancy rate was 8.25%, improving 1.86 percentage points from the previous quarter. In the current quarter, over 50,000 tsubo was newly supplied and just under 40% of this new supply has yet to be absorbed. However, the elimination of vacancies at existing properties led to improvement in the vacancy rate.

Over 80,000 tsubo is to be newly supplied in 2019 and informal agreements have already been concluded for just over 50% of this new supply. However, vacant floor space in the fourth quarter of 2018 was around 70,000 tsubo, which is around double that in the fourth quarter of 2017, suggesting that there is still little room for optimism.

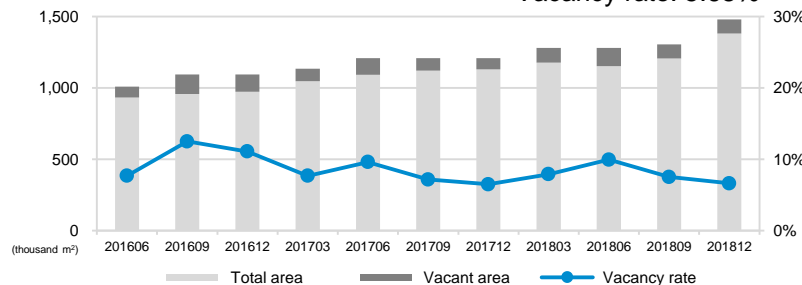


Breakdown: Saitama Kan-Etsu and Tohoku Expressway Area

Saitama Kan-Etsu Expressway Area

Niiza

Vacancy rate: 5.68%



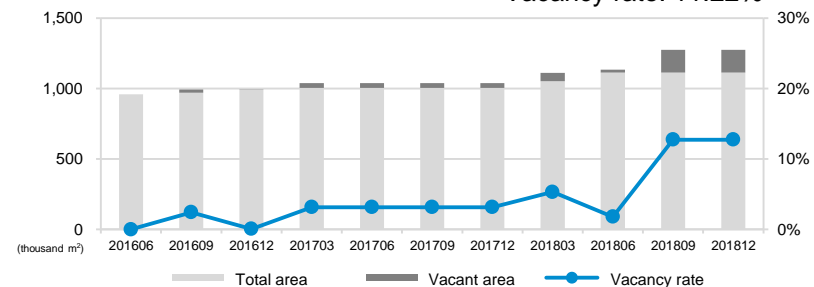
Saitama Tohoku Expressway Area

Kuki

Hanyu

Kuki II

Vacancy rate: 11.22%

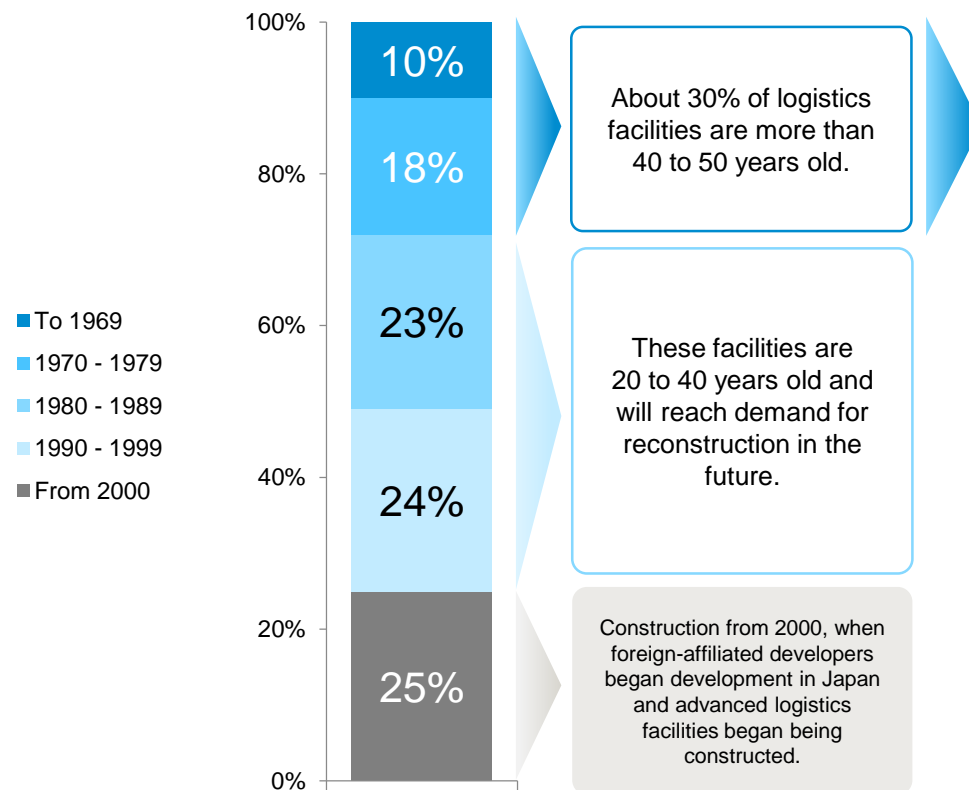


Rising Demand for Rental Logistics Facilities

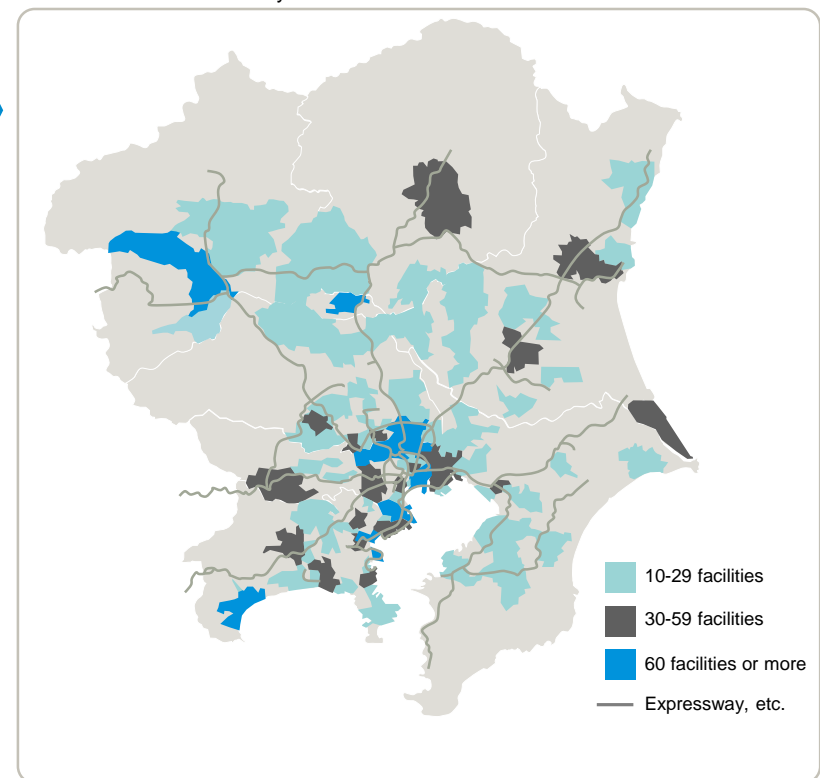
(1) Reconstruction Demand for Logistics Facilities

- About 30% of logistics facilities in the Tokyo Metropolitan Area 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 1), demand for reconstruction in pursuit of functionality appears to be increasing.

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



Distribution of locations by the number of facilities



Note 1: Steel-reinforced concrete or reinforced concrete structures

Note 2: Tokyo Metropolitan Area includes Tokyo, Kanagawa, Saitama, Chiba, central and southern Ibaraki, southern Tochigi and southern Gunma

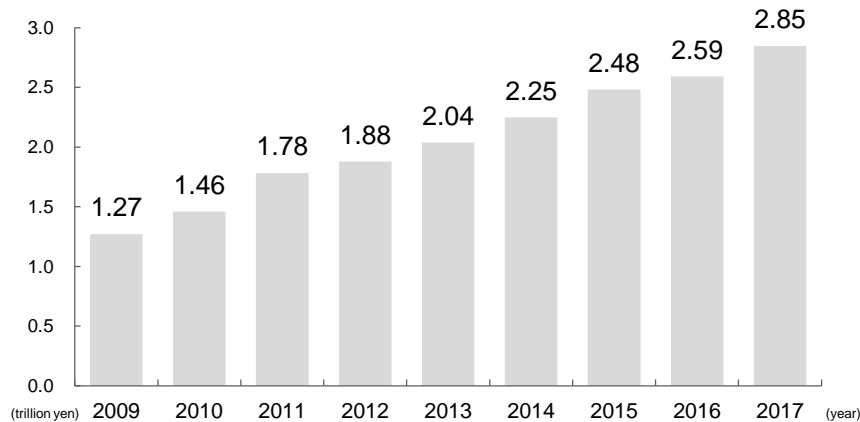
Note 3: Prepared by the Asset Management Company based on data from Tokyo Metropolitan Transportation Planning Association

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.

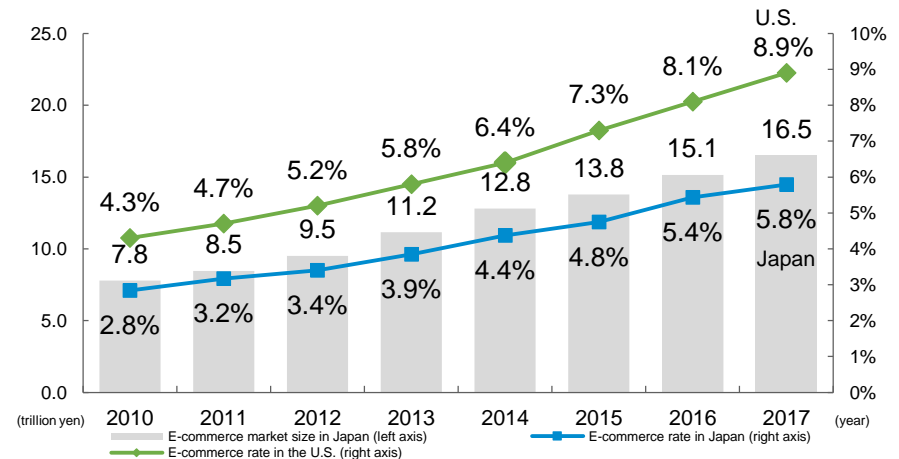
3PL (Third-Party Logistics) Market Size



Source: "The monthly Logistics Business" September 2018 issue

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

Growth in the BtoC e-commerce market size in Japan

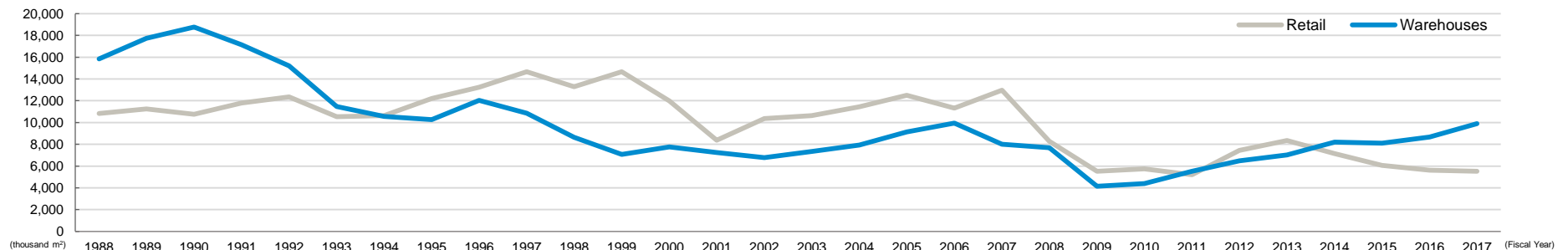


Note 1: Prepared by the Asset Management Company based on data of the Ministry of Economy, Trade and Industry for the BtoC e-commerce market size and the e-commerce rate in Japan and data of the United States Census Bureau for the e-commerce rate in the U.S.

Note 2: 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 2014, warehouses overtook retail in terms of the floor space of new construction starts.

Trends in Floor Space of New Construction Starts



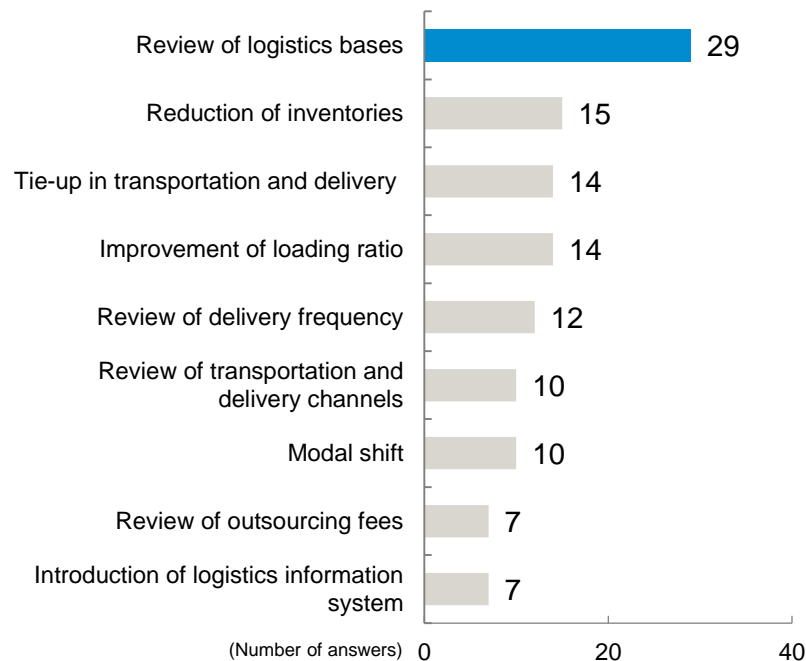
Note: Prepared by the Asset Management Company based on the Japan Construction Starts Report by the Ministry of Land, Infrastructure, Transport and Tourism.

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.

Important Cost-cutting Measures to be Implemented



Note 1: Prepared by the Asset Management Company based on the "Fiscal 2017 Research Report on Logistics Costs" of JILS

- 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 other costs by reviewing logistics bases and optimizing logistics.

Warehouse Rents as Percentage of COGs at Major Logistics Companies

	Company A	Company B
Warehouse rents as % of COGs	7.0%	8.5%
Labor cost as % of COGs	23.8%	10.2%

Note 2: Prepared by the Asset Management Company based on Annual Reports of each company.

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

An aerial photograph of a large, modern industrial building with a flat roof covered in solar panels. The building is surrounded by a residential neighborhood with many houses, some green fields, and a railway line in the background. A semi-truck is parked on the left side of the building. The word "Appendix" is overlaid in white text on the left side of the image.








Appendix

LogiSquare Moriya

The property is located in the Moriya-shi Matsunami land rezoning project area, within walking distance of Moriya Station on the Tsukuba Express Line. It has great advantages in terms of securing employee.

CRE-REIT leases the roof top space of 5 out of the 7 properties it holds and the lessees contribute to the creation of renewable energy through photovoltaic power generation.

Portfolio List

No.	Property name		Location	Acquisition price (millions of yen)	Appraisal value (millions of yen)	Appraisal NOI yield ¹ (%)	Total floor area ² (m ²)	Age ³ (years)	Number of tenants (tenants)	BTS ⁴	Occupancy ratio (%)	Developer
M-1	LogiSquare Kuki		Kuki-shi, Saitama	9,759	10,300	4.8	40,907.13	2.6	1	BTS	100.0	CRE
M-2	LogiSquare Hanyu		Hanyu-shi, Saitama	6,830	7,060	4.9	33,999.61	2.5	1	BTS	100.0	CRE
M-3	LogiSquare Kuki II		Kuki-shi, Saitama	2,079	2,170	5.1	11,511.22	1.9	1	BTS	100.0	CRE
M-4	LogiSquare Urawa Misono		Saitama-shi, Saitama	13,060	13,900	4.7	48,738.29	1.8	3	—	100.0	CRE
M-5	LogiSquare Niiza		Niiza-shi, Saitama	6,960	7,270	4.8	25,355.82	1.8	1	—	100.0	CRE
M-6	LogiSquare Moriya		Moriya-shi, Ibaraki	6,157	6,630	5.1	32,904.90	1.7	2	—	100.0	CRE
O-1	LogiSquare Tosu		Tosu-shi, Saga	2,880	3,150	5.2	16,739.40	0.9	1	BTS	100.0	CRE
Total/Average				47,725	50,480	4.9	210,156.37	2.0	10	—	100.0	—

Note 1: "Appraisal NOI yield" is the ratio of appraisal NOI of each asset acquired to its acquisition price and rounded to the nearest one decimal place. The average NOI yield is a weighted average NOI yield based on the acquisition price.

Note 2: For "Total floor area," the total floor area of each property presented in the real estate register is stated.

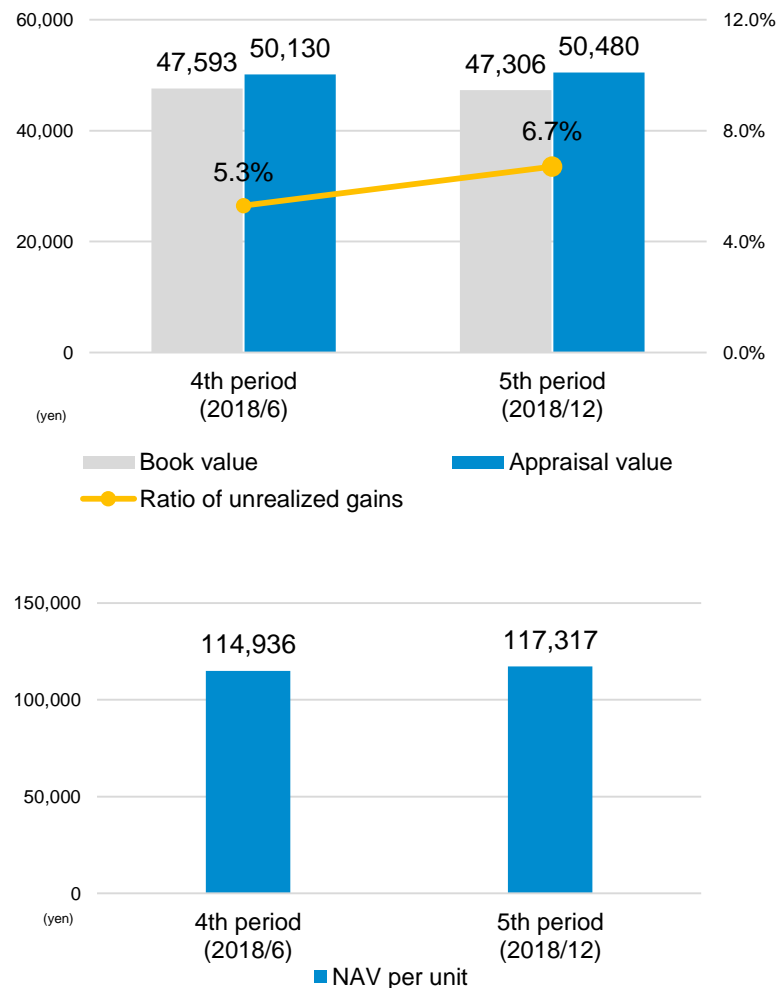
Note 3: For "Age," the age of each property from the date of its new construction on the real estate register to December 31, 2018 is stated by rounding it to the nearest one decimal place. The average age is a weighted average age based on the acquisition price.

Note 4: "BTS" stands for build-to-suit. It is logistics real estate developed by incorporating a specific company's demands in its specifications.

Overview of Appraisal

	4th period (2018/6)	5th period (2018/12)	Compared to previous period
Appraisal value	50,130 million yen	50,480 million yen	+350 million yen
Book value	47,593 million yen	47,306 million yen	-286 million yen
Unrealized gains and losses	2,536 million yen	3,173 million yen	+636 million yen
Unrealized gains	5.3%	6.7%	+1.4%
NAV per unit	114,936 yen	117,317 yen	+2,380 yen

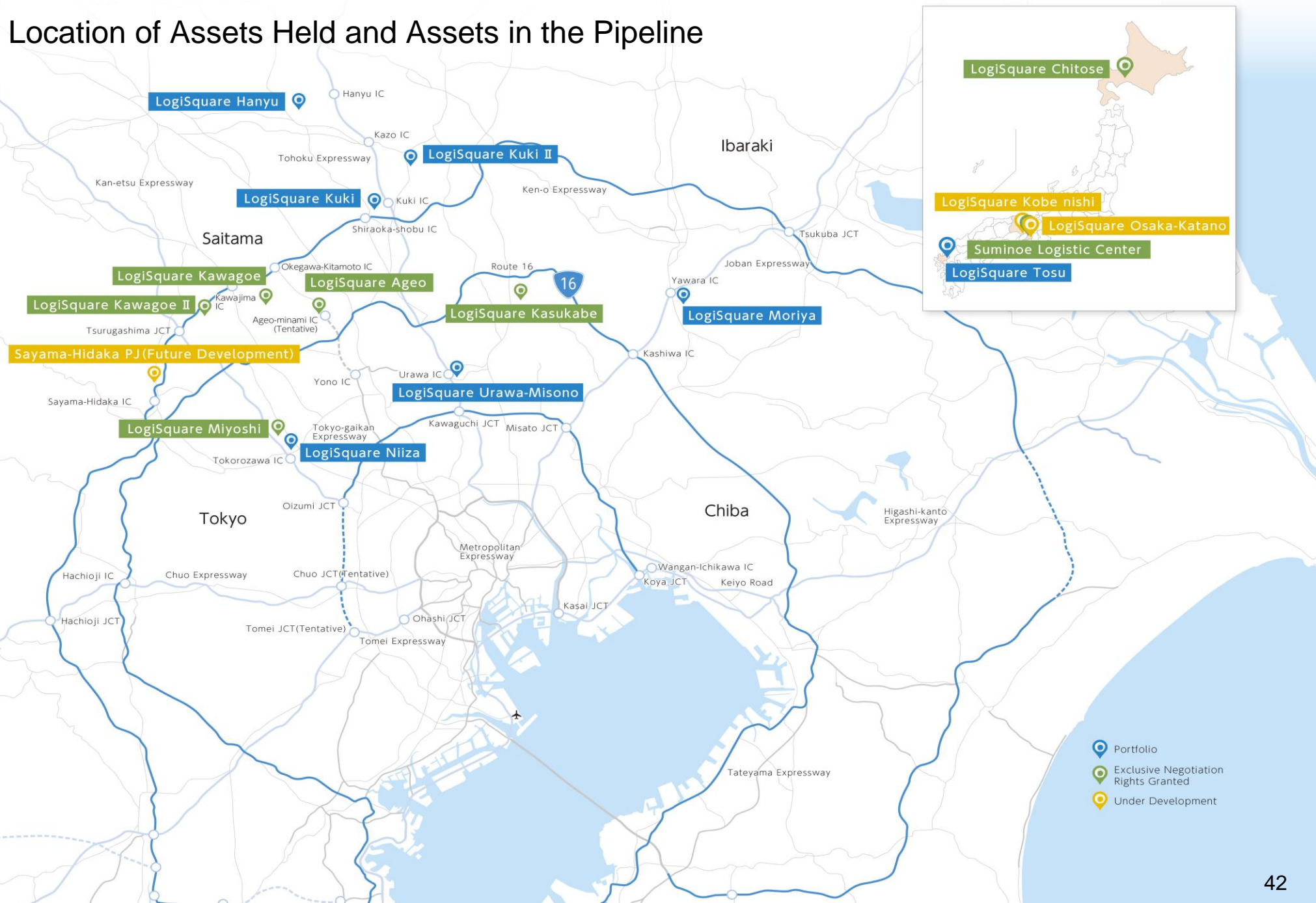
One characteristic of logistics facilities is that the ratio of building value to land is typically high, and so depreciation expense tends to be higher than for other asset classes. Since unrealized gains are the difference between appraisal value at end of period and book value after deduction of depreciation 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 (millions of yen)	Book value at the end of the 5th period (millions of yen)	At the end of the 5th period (December 31, 2018)		At the end of the 4th period (June 30, 2018)		Changes		Unrealized gains and losses (millions of yen)	Ratio of unrealized Gains (%)
					Appraisal value (millions of yen)	Direct capitalization rate (%)	Appraisal value (millions of yen)	Direct capitalization rate (%)	Appraisal value (millions of yen)	Direct capitalization rate (%)		
M-1	LogiSquare Kuki	Jul. 2016	9,759	9,485	10,300	4.5	10,300	4.5	—	—	814	8.6
M-2	LogiSquare Hanyu	Jul. 2016	6,830	6,640	7,060	4.7	7,060	4.7	—	—	419	6.3
M-3	LogiSquare Kuki II	Feb. 2018	2,079	2,081	2,170	4.8	2,160	4.8	+10	—	88	4.2
M-4	LogiSquare Urawa Misono	Feb. 2018	13,060	13,092	13,900	4.4	13,600	4.5	+300	-0.1	807	6.2
M-5	LogiSquare Niiza	Feb. 2018	6,960	6,962	7,270	4.6	7,240	4.6	+30	—	307	4.4
M-6	LogiSquare Moriya	Feb. 2018	6,157	6,162	6,630	4.7	6,620	4.7	+10	—	467	7.6
O-1	LogiSquare Tosu	Apr. 2018	2,880	2,881	3,150	4.7	3,150	4.7	—	—	268	9.3
Total / Average		—	47,725	47,306	50,480	—	50,130	—	+350	—	3,173	6.7

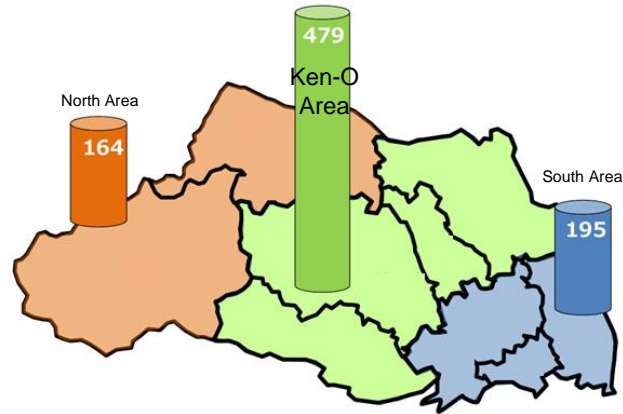
Location of Assets Held and Assets in the Pipeline



High Convenience of the Ken-O Expressway Area

- 838 business facilities were newly opened in the Prefecture in the last 11 years.
- Out of them, approximately 60% are located in the area surrounding the Ken-O Expressway.

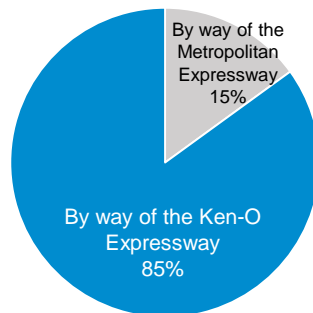
Business facilities opened in Saitama Prefecture



Note: From January 2005 to December 2015
Source: The Ministry of Land, Infrastructure, Transport and Tourism

- Between the Tomei Expressway and the Tohoku Expressway, more than 80% of traffics pass through the Ken-O Expressway.

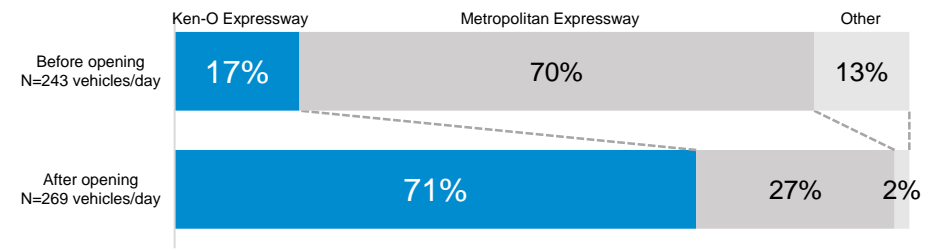
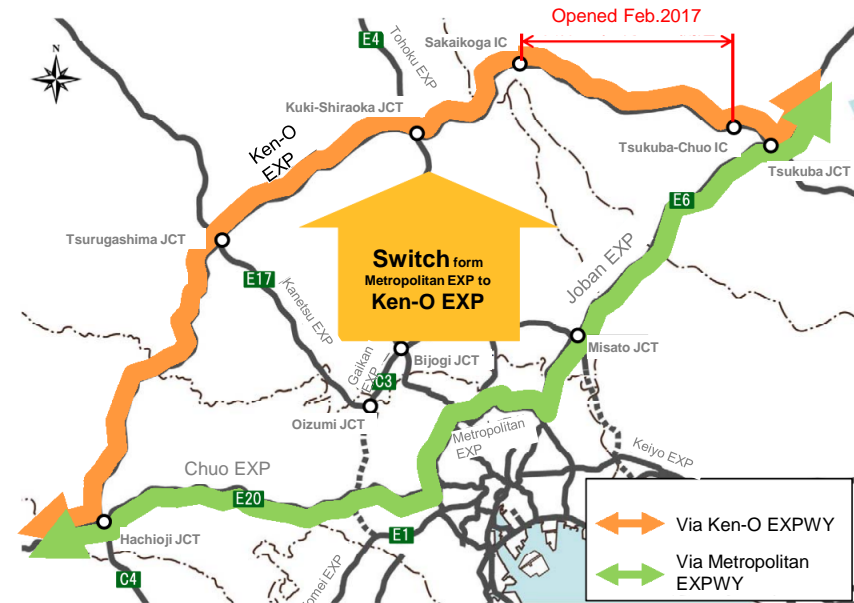
Usage Situation between the Tomei Expressway and the Tohoku Expressway after Ken-O Expressway opening



N = 2,592 vehicles/day
Note: For 334 days from April 2016 to March 2017 (excluding May)
Source: The Ministry of Land, Infrastructure, Transport and Tourism

- Between the Chuo Expressway and the Joban Expressway, approximately 70% of traffics pass through the Ken-O Expressway.

Usage Situation between the Chuo Expressway and the Joban Expressway after Ken-O Expressway opening



Note: For 30 days in June 2016 and 30 days in June 2017
"Other" includes vehicles by way of the Tokyo Gaikan Expressway (both ways)
Source: The Ministry of Land, Infrastructure, Transport and Tourism

Status of Investors

Major investors

Name	Number of investment units (units)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	35,674	15.4
CRE, Inc.	33,100	14.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,642	12.8
FUKUOKA JISHO Co.,Ltd.	10,000	4.3
Kyushu Leasing Service Co., Ltd.	5,000	2.2
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	4,789	2.1
Kinki Sangyo Credit Union	4,380	1.9
GOLDMAN,SACHS&CO.REG	3,835	1.7
The Bank of Yokohama, Ltd.	3,662	1.6
GOLDMAN SACHS INTERNATIONAL	3,249	1.4
Total	133,331	57.7

Same-boat investment

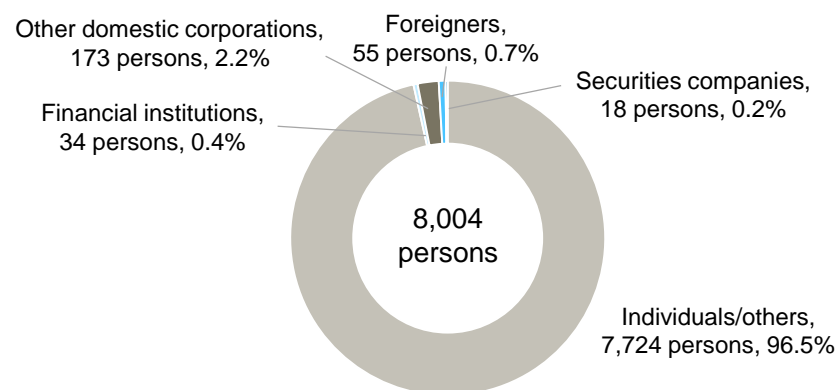
CRE will sincerely consider holding a certain percentage of investment units issued and outstanding (maximum approx. 10%) to share its own interests with the interests of investors in CRE-REIT. It has been confirmed that CRE will continue to hold the investment units of CRE-REIT unless the circumstances are exceptional.

14.3% holding

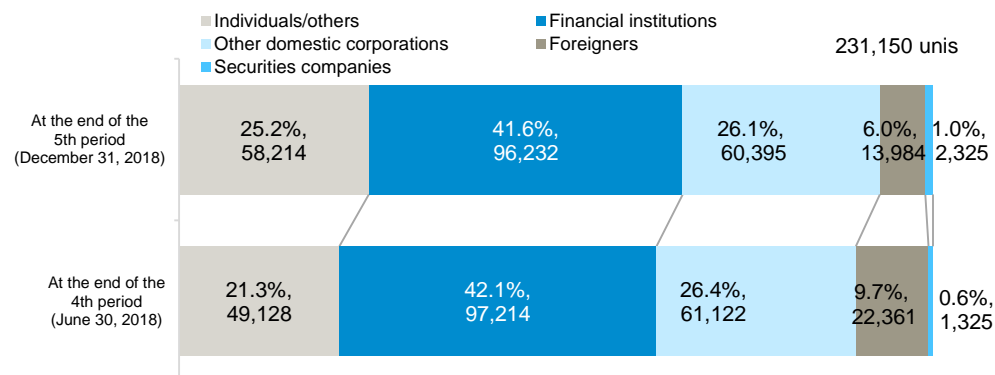
Note: As of December 31, 2018

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Number of investors by type of owner








Number of investment units by type of owner

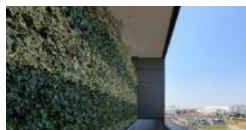


Initiatives for ESG

The CRE Group promotes the development and operation of environmentally friendly facilities and contributes to the cultivation of human resources that will engage in logistics. (See page 30 for details of Governance initiatives.)

All properties acquired BELS, and 80% acquired CASBEE^(Note).

Property name	BELS	CASBEE	Installation of Solar Panels	Sandwich Panels	LED Lights
	 <p>All properties have acquired five stars, the highest rating, under BELS.</p>	 <p>Around 80% of properties (based on the acquisition price) have acquired CASBEE.</p>	 <p>CRE-REIT leases roof top space and the lessees contribute to the creation of renewable energy through photovoltaic power generation.</p>	 <p>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.</p>	 <p>The use of LED lights contributes not only to energy savings and the reduction of CO2, 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.</p>
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	★★★★★	—	○	○	○
O-1 LogiSquare Tosu	★★★★★	—	—	○	○



Wall greening

Wall greening has the effect of reducing the surface temperature of the building and contributes to the reduction of CO2.



Installation of roof sprinkler systems

Roof sprinkler systems using well water are installed, which contributes to the reduction of the temperature inside the warehouse.

Note: Based on cost of acquisition

Initiatives of sponsor

Endowed “Logistics” chair initiated at Sophia University

It was initiated in 2015 under the auspices of Professor Emeritus Tsutomu Araki at Sophia University, an authority on logistics and RFID, for the purpose of cultivating human resources that will engage in logistics and supply chain management in the future.



Overview of the Asset Management Company

Founded in 2006 as an independent asset management company and operated mainly by career employees

Overview of CRE REIT Advisers, Inc.

Trade name	CRE REIT Advisers, Inc.
Representative	Representative Director and President Tsuyoshi Ito
Established	July 2006
Address	East Tower 19F, Toranomon Twin Bldg., 2-10-1, Toranomon, Minato-ku, Tokyo
License	Real Estate Brokerage Business / Governor of Tokyo (3) No. 87859 Financial Instruments Business / Kanto Finance Bureau Director (Registration of financial instruments firm) No.1325 (Investment management industry) Approval for discipline of transactions etc. Approval No. 104 of the Minister of Land, Infrastructure, Transport and Tourism
Business	Operation of CRE-REIT assets
Shareholder	CRE, Inc. (100%)

Number of officers and employees

Standing directors: Two

Employees: Nine (including one employee seconded from CRE)

History

July 2006	Established Strategic Partners Co., Ltd.
January 2007	Moved head office to Nihonbashi Kayabacho, Chuo-ku, Tokyo
February 2007	Started business (Operation)
August 2014	CRE acquired all shares
October 2014	Moved head office to Toranomon, Minato-ku, Tokyo
May 2015	Registered Investment management
March 2016	Entrustment-based agency services for transactions in Real Estate Brokerage Act
May 2016	Establishment of CRE-REIT
July 2016	Acquisition and operation of properties by CRE-REIT
February 2017	Transferred private investment fund management business through company split Company name changed to CRE REIT Advisers, Inc.

IR Activities and Topics

Actively undertake IR activities to expand the investor segments. IR expenses are borne by the Asset Management Company not by CRE-REIT.

IR activities for institutional investors

- Overseas IR
October 2018
Implemented Overseas IR and visited a total of 25 institutional investors in Singapore, Hong Kong, Korea, and North America
- Local IR
August to September 2018
Visited a total of 35 companies, including 17 in Tokyo and 18 outside Tokyo.
- Other
August 2018
CRE delivered a lecture at second “Logistics Real Estate Seminar” hosted by Daiwa Securities, which was attended by 42 participants.

Topics

- Introduction of the unit accumulative investment system
Contributions began in September 2018.
- Selection as loan margin trading issue
Selected on January 22, 2019.

Note: From July 2018 to February 21, 2019

IR activities for retail investors

- Presentation meeting for retail investors
 - July 8, 2018 Daiwa J-REIT Festa 2018 (Tokyo)
 - August 29, 2018 Nihon Securities Journal IR Seminar (Sapporo)
 - September 21, 2018 ARES/TSE J-REIT Fair (Tokyo)
 - September 26, 2018 Japan Investor Relations and Investor Support Seminar (Tokyo)
 - September 26, 2018 Radio Nikkei-1 Asazai
 - November 22, 2018 Daiwa J-REIT Caravan (Fukuoka)
 - November 23, 2018 SMBC Nikko Securities J-REIT Seminar (Nagoya)
 - November 24, 2018 J-REIT Fan 2018 Autumn (Tokyo)
 - December 4, 2018 Morning Star Seminar (Tokyo)
 - December 21, 2018 Nikkei J-REIT Seminar (Tokyo)

