



Supplementary Explanation Material Concerning First Capital Increase by Public Offering and Asset Acquisitions



LogiSquare Kasukabe

The property is in close vicinity to National Route 16 and National Route 4 (Koshigaya-Kasukabe Bypass), which are major highways, and is located around 1.8 km from the Showa Interchange, where these two highways intersect. The property is expected to become even more convenient with the planned extension of National Route 4 (Higashi-Saitama Road).

June 27, 2019

CRE REIT Advisers, Inc.

Disclaimer

- This material reorganizes the information contained in the announcements made today entitled “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units,” “Notice Concerning Revision of Forecast for Performance in the Fiscal Period Ending December 31, 2019 and Forecast for Performance in the Fiscal Period Ending June 30, 2020,” “Notice Concerning Acquisition and Leasing of Domestic Trust Beneficial Interests in Real Estate” and “Notice of Borrowing of Funds (New Borrowing and Refinancing)” and other additional information incidental thereto.
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Summary of First Capital Increase by Public Offering and Asset Acquisitions

Acquire properties at appropriate price from Sponsor

M-7 LogiSquare Kawagoe



M-8 LogiSquare Kasukabe



Number of properties
2 properties

Planned acquisition price
6,390 million yen

Average appraisal NOI yield^(Note 1)
5.0%

Average property age^(Note 2)
1.1 years

Occupancy rate^(Note 3)
100.0%

Average remaining lease term^(Note 4)
9.1 years

Maintain high quality portfolio through investment in LogiSquare^(Note 5)

Number of properties

7 properties

9 properties

(Planned) acquisition price

47,725 million yen

54,115 million yen

Average appraisal NOI yield^(Note 6)

4.9%

4.9%

Average property age

2.4 years

2.3 years

Occupancy rate

100.0%

100.0%

Average remaining lease term

6.7 years

7.0 years

Tokyo Metropolitan Area^(Note 7)

94.0%

94.7%

Pursue appropriate LTV control and long-term debt

Liabilities

LTV^(Note 9)

Before the Borrowing

Forecast for June 30, 2019
47.9%

After the Borrowing

Estimate for June 30, 2020
47.9%

Ratio of long-term debt

May 31, 2019
100.0%

Plan for July 31, 2019
100.0%

Average life of interest-bearing debt

July 31, 2019
2.1 years

Plan for July 31, 2019
3.1 years

Increase in borrowing 3,166 million yen (including consumption tax loan of 267 million yen)

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

Net assets

NAV^(Note 10) per unit

Before the Issue

December 31, 2018^(Note 11)
117,317 yen

After the Issue

After the Issuance^(Note 12)
118,541 yen (+1.0%)

Distributions per unit

Previous estimate for period ending December 2019^(Note 13)
2,940 yen

Current estimate for period ending December 2019^(Note 14)
2,990 yen (+1.7%)

Estimate for period ending June 2020^(Note 14)
3,029 yen (+3.0%)

Number of new investment units to be issued

28,100 units
(12.2% of total issued and outstanding investment units)

Total issue value (forecast)

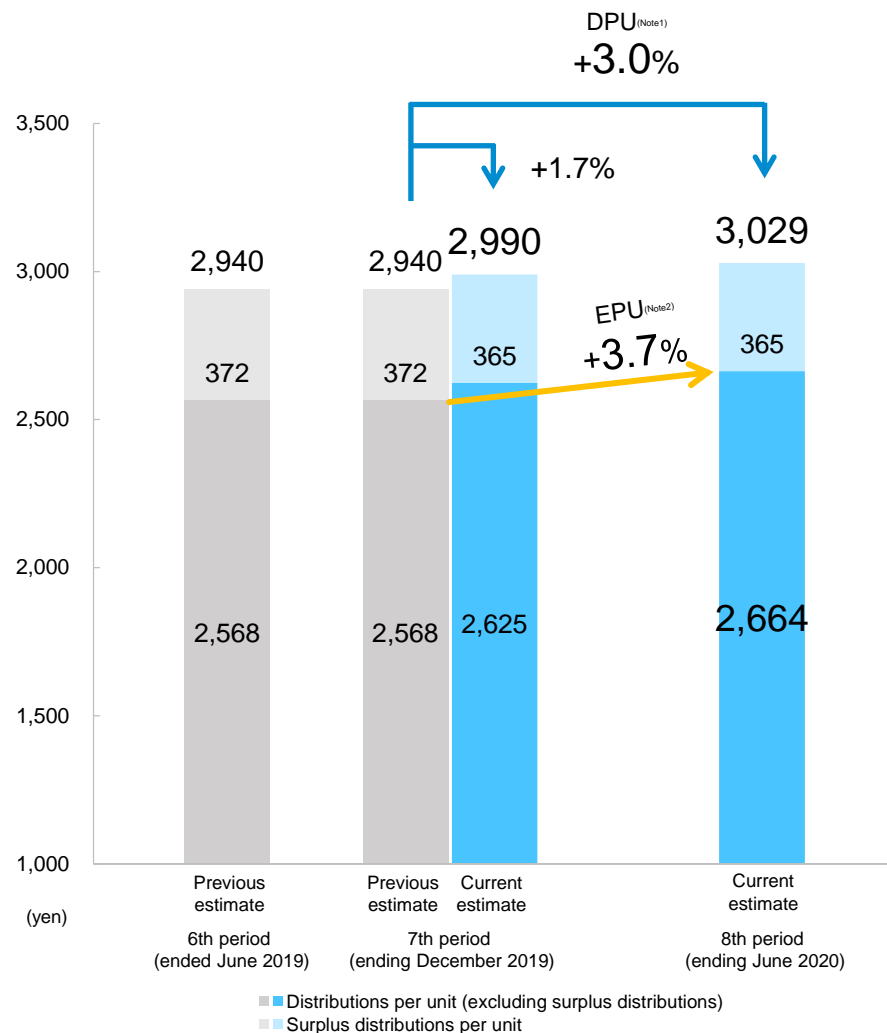
3,039 million yen

Form of offering

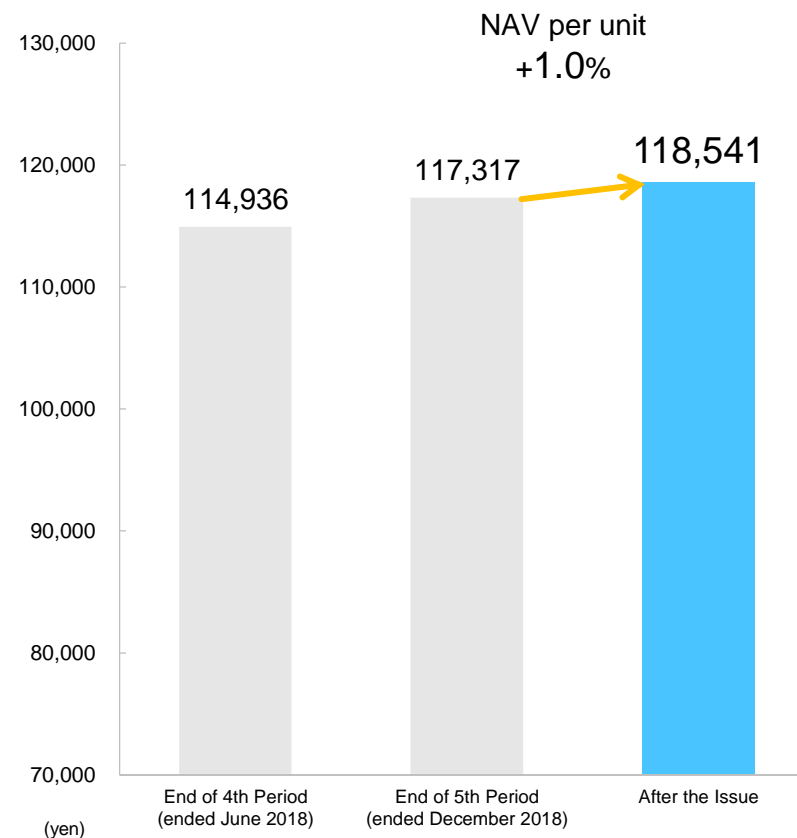
Domestic offering

Enhance unitholder value through external growth that contributes to improvement in DPU and NAV per unit

Effect of increasing DPU



Effect of increasing NAV per unit



Acquisition at an appropriate price of properties ; average appraisal NOI yield (5%) is higher than CRE REIT implied cap rate

Acquisition at appropriate price through strong sponsor support

Average appraisal NOI yield of assets planned for acquisition

5.0%



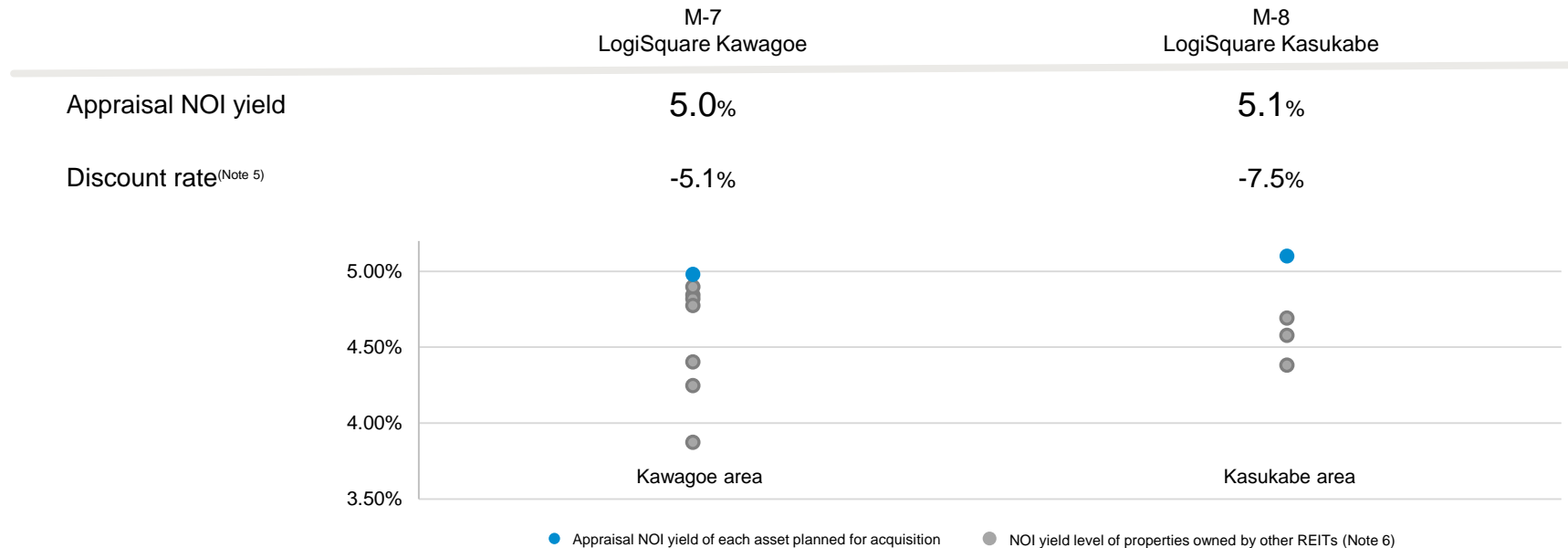
CRE REIT implied cap rate^{(Note 1) (Note 2)}

4.6%

Level of cap rate in Tokyo Metropolitan Area^(Note 3)

4.5%

Appraisal NOI yield of each asset planned for acquisition^(Note 4)



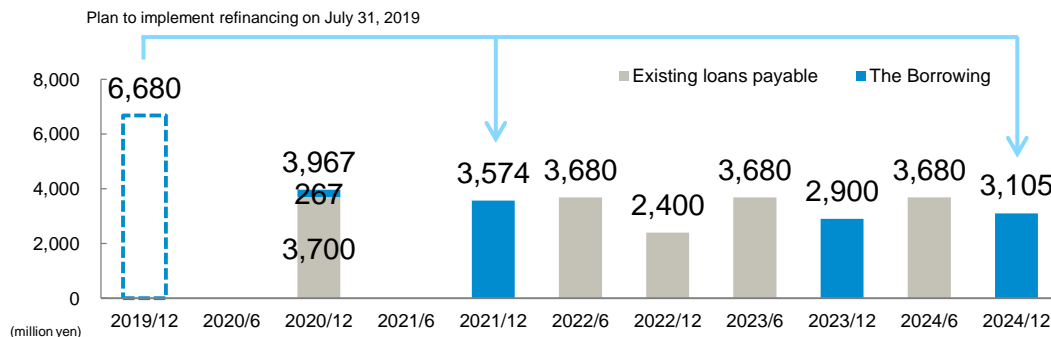
Promote stable financial operations through financing from new lenders, long-term borrowing and distribution of repayment dates

Pursue long-term debt

	Before the Borrowing (May 31, 2019)	After the Borrowing ^(Note 1) (July 31, 2019)	Difference
LTV	Forecast for June 30, 2019 47.9%	Estimate for June 30, 2020 47.9 %	—%
Interest-bearing debt	23,820 million yen	26,986 million yen	+3,166 million yen
Ratio of long-term debt ^(Note 2)	100.0%	100.0%	—%
Average life of interest-bearing debt ^(Note 3)	2.1 years	3.1 years	+1.0 years

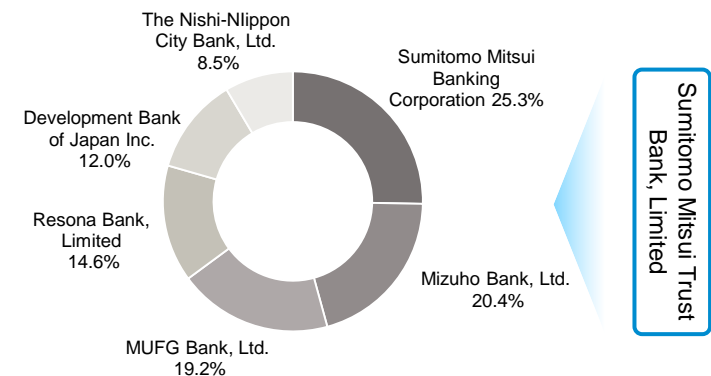
Promote distribution of repayment dates

In addition to borrowing associated with property acquisitions, CRE REIT plans to implement refinancing in July 2019.



Plan to start borrowing from Sumitomo Mitsui Trust Bank, Limited

Bank formation before the borrowing^(Note 4) ^(Note 5)












Approach to liabilities

- CRE REIT aims to reduce LTV to the 45% level and the upper limit of LTV is 50%, in principle.
- The above level is slightly higher than that of other listed logistics REITs but CRE REIT has chosen to make effective use of borrowing given that its cash flow is stable due to long-term leasing contracts.
- CRE REIT will implement financial operations with an emphasis on long-term stability through long-term, fixed rate loans.
- CRE REIT will first examine using funds in hand to acquire properties, etc. and will then examine repaying loans payable to expand its financial capabilities and reduce the cost of borrowing.

Ensure same high quality as that of existing portfolio

	5th period (2018/12)	Assets planned for acquisition	After acquisition of assets planned for acquisition
Number of properties	7 properties	2 properties	9 properties
(Planned) acquisition price	47,725 million yen	6,390 million yen	54,115 million yen
Appraisal value (Estimated value)	50,480 million yen	6,870 million yen	57,350 million yen
Unrealized gains ^(Note 1)	3,173 million yen	480 million yen	3,653 million yen
Average appraisal NOI yield	4.9%	5.0%	4.9%
Average appraisal NOI yield after depreciation ^(Note 2)	3.7%	4.1%	3.7%
Average property age	2.4 years	1.1 years	2.3 years
Occupancy rate	100.0%	100.0%	100.0%
Average lease term ^(Note 3)	8.9 years	10.0 years	9.0 years
Average remaining lease term	6.7 years	9.1 years	7.0 years
Number of tenants ^(Note 4)	10	2	12
Ratio of properties developed by CRE ^(Note 5)	100.0%	100.0%	100.0%

Ensure same high quality as that of existing portfolio

No.	Property name	Location	(Planned) acquisition price (million yen)	Appraisal value (million yen)	Appraisal NOI yield (%)	Total floor area ^(Note 1) (m ²)	Age ^(Note 2) (years)	Number of tenants	BTS ^(Note 3)	Occupancy ratio (%)	Developer ^(Note 4)
M-1	LogiSquare Kuki	 Kuki-shi, Saitama	9,759	10,300	4.8	40,907.13	3.0	1	BTS	100.0	CRE
M-2	LogiSquare Hanyu	 Hanyu-shi, Saitama	6,830	7,060	4.9	33,999.61	2.9	1	BTS	100.0	CRE
M-3	LogiSquare Kuki II	 Kuki-shi, Saitama	2,079	2,170	5.1	11,511.22	2.3	1	BTS	100.0	CRE
M-4	LogiSquare Urawa Misono	 Saitama-shi, Saitama	13,060	13,900	4.7	48,738.29	2.3	3	—	100.0	CRE
M-5	LogiSquare Niiza	 Niiza-shi, Saitama	6,960	7,270	4.8	25,355.82	2.2	1	—	100.0	CRE
M-6	LogiSquare Moriya	 Moriya-shi, Ibaraki	6,157	6,630	5.1	32,904.90	2.1	2	—	100.0	CRE
M-7	LogiSquare Kawagoe	 Kawagoe-shi, Saitama	1,490	1,570	5.0	7,542.56	1.3	1	—	100.0	CRE
M-8	LogiSquare Kasukabe	 Kasukabe-shi, Saitama	4,900	5,300	5.1	21,315.54	1.0	1	BTS	100.0	CRE
O-1	LogiSquare Tosu	 Tosu-shi, Saga	2,880	3,150	5.2	16,739.40	1.3	1	BTS	100.0	CRE
Total/Average			54,115	57,350	4.9	239,014.47	2.3	12	—	100.0	—

Assets planned
for acquisition

Asset Planned for Acquisition (1)

M-7 LogiSquare Kawagoe

Box-type

Single

Tokyo
Metropolitan
Area

Ken-O Expressway, Kan-etsu
Expressway, National Route 254,
National Route 16

BELS
★★★★

LogiSquare property located in an industrial park, enabling tenants to operate 24 hours



Property Features

- The property has a good location, approximately 6.9 km from Kawajima interchange on Ken-O Expressway and approximately 10 km from Kawagoe interchange on Kan-etsu Expressway. It is also in close vicinity to National Route 254 and National Route 16, which are major highways, and offers excellent access to Route 17 Shin-Omiya Ageo Road. Convenience will be improved still further through the opening of the Kawagoe Northern Circular Route.
- Located in the exclusive industrial zone in Kawagoe Industrial Park, the property is surrounded by many warehouses and factories, enabling tenants to operate 24 hours.
- The property is equipped with earthquake early warning system and AED, which are fitted as standard in LogiSquare facilities. In addition, the fire alarm system has an isolator to prevent fire shutters from short-circuiting and malfunctioning in the event of a fire and to prevent the fire from spreading.



Location	2-8-45 Yoshinodai, Kawagoe-shi, Saitama
Access	Approximately 6.9 km from Kawajima interchange on Ken-O Expressway, and approximately 10 km from Kawagoe interchange on Kan-etsu Expressway
Structure	Steel-framed, alloy plated steel sheet roof 2F
Total floor area	7,542.56 m ²
Total leasable area	7,542.56 m ²
Planned acquisition price	1,490 million yen
Appraisal value	1,570 million yen
Appraisal NOI yield	5.0%
Completion date	February 2018
Occupancy rate	100.0%
Lease term	10.0 years
Tenant	Tokyo Logistics Factory Co., Ltd.

Basic specifications

Berth depth	13.5m or more
Effective ceiling height	1F 6.15 m, 2F 6.0 m
Pillar span	10.0 m × 8.8 m
Floor loading	1.5 t/m ²
Sandwich panels	○

Asset Planned for Acquisition (2)

M-8 LogiSquare Kasukabe

Box-type

Single

Tokyo
Metropolitan
Area

Tohoku Expressway,
National Route 16,
National Route 4

CASBEE
Saitama
Prefecture
A ranking

BELS
★★★★★

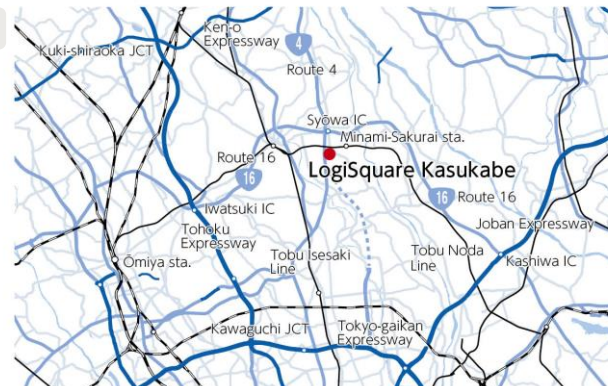
LogiSquare facility in an excellent location for securing labor,
situated within walking distance of station



Location	2126 Mukai-dori, Naganuma, Kasukabe-shi, Saitama
Access	Approximately 15 km from Iwatsuki Interchange on Tohoku Expressway
Structure	Reinforced concrete, alloy plated steel sheet roof 3F
Total floor area	21,315.54 m ²
Total leasable area	21,315.54 m ²
Planned acquisition price	4,900 million yen
Appraisal value	5,300 million yen
Appraisal NOI yield	5.1%
Completion date	June 2018
Occupancy rate	100.0%
Lease term	10.0 years
Tenant	Koizumi Logistics Service Corporation

Property Features

- The property is in close vicinity to National Route 16 and National Route 4 (Koshigaya-Kasukabe Bypass), which are major highways, and is located around 1.8 km from the Showa Interchange, where these two highways intersect. The property is expected to become even more convenient with the planned extension of National Route 4 (Higashi-Saitama Road).
- The property is also in an excellent location for securing labor as it is within walking distance (approximately 1.1 km) from Minami-Sakurai Station on the Tobu Urban Park Line.
- The facility has truck berths on two sides (the northeast side and northwest side) of the first floor, with 26 truck berths in total. To prevent congestion and accidents, the facility is designed to have the traffic flow in one direction and is equipped with an entry-only gate and an exit-only gate.



Basic specifications

Berth depth	13.4 m + eaves 4.0 m
Effective ceiling height	6.0 m
Pillar span	10.7 m (10.8 m in parts) × 10.5 m
Floor loading	1.5 t/m ²
Sandwich panels	○

Location of Assets Held, Assets for Planned Acquisition and Assets in the Pipeline



Notes

In this material, amounts are rounded off to the unit and ratios are rounded to the nearest one decimal place, unless otherwise noted.

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- Note 1: "Average appraisal NOI yield" of the assets planned for acquisition refers to the ratio of the sum total of the appraisal NOI (refers to Net Operating Income based on the appraisal report found by deducting operating expenses from operating income and refers to income before deduction of depreciation; it is different from NCF (Net Cash Flow), which is found by deducting management gains such as security deposits and capital expenditures from NOI; the same applies hereinafter) of each asset planned for acquisition to the sum total of the planned acquisition prices of each asset planned for acquisition expressed in the form of a percentage rounded to one decimal place. The average appraisal NOI yield is a figure calculated by the Asset Management Company and is not a figure stated in the appraisal report. This figure may differ from the actual average appraisal NOI yield after CRE REIT's acquisition of the assets planned for acquisition. The same applies hereinafter.
- 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 May 31, 2019. The same applies hereinafter.) of the assets held by or planned for acquisition by CRE REIT as of each time point, weighted based on the (planned) acquisition price. The same applies hereinafter.
- Note 3: "Occupancy rate" indicates the weighted average of the ratio of the sum total of the leased area of assets held by and assets planned for acquisition by CRE REIT as of each time point to the sum total of the leasable area pertaining to said properties as of May 31, 2019, weighted based on the (planned) acquisition price and expressed in the form of a percentage rounded to one decimal place. The same applies hereinafter.
- Note 4: "Average remaining lease term" indicates the weighted average of the remaining lease terms (refers to term from June 27, 2019 to the date of expiry of the lease agreement specified in the lease agreement (lease agreement concluded with end tenant in the case where a passthrough type master lease agreement has been concluded) concluded with respect to such properties as of May 31, 2019; the same applies hereinafter) of the assets held by or planned for acquisition by CRE REIT as of each time point, weighted based on the planned purchase price and rounded to one decimal place. The same applies hereinafter.
- Note 5: "LogiSquare" is the name used to denote a high-quality logistics-related facility (refers to a single facility whereby the building that makes up the real estate is configured solely for use as a facility used in B2B logistics services and sales logistics services, which consists of each of the functions of transportation/delivery, storage, stockpiling, loading, packing, sorting and distribution processing of goods and the provision of related information respectively (hereinafter "logistics facility use"); a complex facility whereby the majority of the floor area of the building that makes up the real estate is for logistics facility use; a single facility whereby the building that makes up the real estate is configured solely for the use of storage of goods pursuant to deposit contract with consumers (hereinafter "deposit and storage use"); or a complex facility whereby the majority of the floor area of the building that makes up the real estate is for deposit and storage use, and includes any equipment and business premises incidental thereto; the same applies hereinafter) that meets tenant needs and that is developed by CRE, Inc. ("CRE" or sometimes CRE as sponsor is referred to as the "Sponsor"; the same applies hereinafter). The same applies hereinafter.
- Note 6: "Average appraisal NOI yield" is the ratio of the sum total of the appraisal NOI of each asset held or each asset planned for acquisition as of each time point (refers to appraisal NOI based on the appraisal report with December 31, 2018 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, 2018 as the date of the value opinion in the case of assets planned for acquisition; the same applies hereinafter) to the sum total of the (planned) acquisition prices of each asset held or each asset planned for acquisition, expressed in the form of a percentage rounded to one decimal place. The average appraisal NOI yield is a figure calculated by the Asset Management Company and is not a figure stated in the appraisal report. The same applies hereinafter.
- Note 7: "Tokyo Metropolitan Area ratio" is calculated for the assets held or assets planned for acquisition by CRE REIT as of each time point and is the ratio of the (planned) acquisition price of assets held or assets planned for acquisition that are located in the Tokyo Metropolitan area (denotes Tokyo, Kanagawa Prefecture, Chiba Prefecture, Saitama Prefecture, Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture and Yamanashi Prefecture; the same applies hereinafter) to the total (planned) acquisition price of such properties as of May 31, 2019. The ratio is rounded to one decimal place.
- Note 8: "After acquisition of assets planned for acquisition" refers to the time when the acquisition of the assets planned for acquisition is completed. Each of the figures relating to the portfolio after acquisition of the assets planned for acquisition are calculated by simply adding together each of the figures pertaining to the assets held and assets planned for acquisition over the given period based on certain assumptions and may not necessarily be consistent with actual figures after acquisition of the assets for acquisition. The same applies hereinafter.
- Note 9: The LTV forecast for June 30, 2019 is the forecast as of June 27, 2019 and may not necessarily be consistent with actual LTV on June 30, 2019. For details of the assumptions of the LTV forecast for June 30, 2020, please refer "Notice Concerning Revision of Forecast for Performance in the Fiscal Period Ending December 31, 2019 and Forecast for Performance in the Fiscal Period Ending June 30, 2020" released today. The same applies hereinafter.
- Note 10: "NAV" indicates Net Asset Value based on the appraisal value of the assets held by CRE REIT (refers to assets held by CRE REIT as of June 27, 2019; the same applies hereinafter) and the assets planned for acquisition. The same applies hereinafter.
- Note 11: "NAV per unit" as of the end of each period is calculated by the following equation. The same applied hereinafter.
"NAV per unit" as of the end of each period = (Net assets recorded on balance sheet at end of period in question + Total appraisal value of assets held at end of period in question – Total closing carrying amount of assets held at end of period in question – Total distributions at end of period in question) ÷ Total number of investment units issued and outstanding of CRE REIT at end of period in question
- Note 12: "NAV per unit" after the Issue is calculated using the following equation.
NAV per unit after the Issue = (Net assets on the balance sheet at the end of the 5th period (ended December 2018) + Total forecast issue value of the Issue* + Total appraisal value of assets held at end of 5th period (ended December 2018)** – Total closing carrying amount of assets held at end of 5th period (ended December 2018) + Total appraisal value of asset planned for acquisition*** – Total planned acquisition price of assets planned for acquisition*** – Total distributions at end of 5th period (ended December 2018)) ÷ Total number of investment units issued and outstanding of CRE REIT after the Issue
- * Total forecast issue value of the Issue is 3,039,000,000 yen. This forecast was calculated on the assumption of an issue price of 108,155 yen per unit of the Investment Units based on the closing price (118,000 yen) of the Investment Units in ordinary trading on Tokyo Stock Exchange, Inc. (hereinafter "TSE") as of June 7, 2019 (Friday). Accordingly, if the actual issue price in the Issue is lower than the above assumed price, the total issue value of the Issue will be less than the above amount and actual NAV per unit after acquisition of the assets planned for acquisition may be lower than described above. Conversely, if the actual issue price is higher than the above assumed price, the total issue value of the Issue will be more than the above amount and actual NAV per unit after acquisition of the assets planned for acquisition may be higher than described above.
- ** Real estate appraisal of each asset held and each asset planned for acquisition is entrusted to Japan Real Estate Institute and The Tanizawa Sōgō Appraisal Co., Ltd. and "appraisal value" is calculated based on the real estate appraisal value stated in each real estate appraisal report with December 31, 2018 as the date of the value opinion in the case of assets held and May 31, 2019 as the date of the value opinion in the case of assets planned for acquisition. The same applies hereinafter.
- *** "Planned acquisition price" means the sales price of each beneficial interest in trust stated in the transfer agreement of beneficial interest in trust pertaining to each asset planned for acquisition. "Acquisition price" means the sales price of each beneficial interest in trust stated in the transfer agreement of beneficial interest in trust pertaining to each asset held. The acquisition price and the planned acquisition price are referred to as the "(planned) acquisition price." Such sales price does not include consumption tax, local consumption tax, sales commission and other expenses. The same applies hereinafter.
- NAV per unit after the Issue is forecast NAV as of June 27, 2019 calculated based on the above assumptions and will not necessarily be consistent with actual NAV per unit after the Issue.
- Note 13: Previous DPU estimates for each period are based on "Financial Results for the 5th Period Ended December 2018" announced on February 18, 2019. The same applies hereinafter.
- Note 14: For details of the assumptions of the current estimates for each period and the DPU estimate for the period ending June 2020, please refer to "Notice Concerning Revision of Forecast for Performance in the Fiscal Period Ending December 31, 2019 and Forecast for Performance in the Fiscal Period Ending June 30, 2020" released today.

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Note 1: "DPU" means distributions per unit (including surplus distributions).

Note 2: "EPU" means earnings per unit.

Notes

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Note 1: "Implied cap rate" is the yield investors expect a property to generate based on investment unit price.

Note 2: "CRE REIT implied cap rate" is calculated using the following equation and is expressed in the form of a percentage rounded to one decimal place.

Implied cap rate = NOI per year (cruising basis)* \div (CRE REIT's market cap as of June 7, 2019 + Interest-bearing debt at end of 5th period (ended December 2018) + Lease deposits received at end of 5th period (ended December 2018) – (Cash and deposits at end of 5th period (ended December 2018) – restricted deposits at end of 5th period (ended December 2018))

* "NOI per year (cruising basis)" assumes that fixed asset taxes, city planning taxes, etc. pertaining to assets held that were acquired in the 4th period (ended June 2018), namely LogiSquare Kuki II, LogiSquare Urawa Misono, LogiSquare Niiza, LogiSquare Moriya and LogiSquare Tosu, are expensed, and is calculated by deducting the forecast amount of the abovementioned fixed asset taxes, city planning taxes, etc. from the sum total of the actual NOI of each asset held at the end of the 5th period (ended December 2018) (refers to actual net operating income (i.e. operating income less operating expenses) annualized based on duration of management in the 5th period (ended December 2018). It is not the same as NCF (Net Cash Flow), which is calculated by deducting management gains, such as security deposits, and capital expenditures from NOI). The same applies hereinafter.

Note 3: "Level of cap rate in Tokyo Metropolitan Area" is the simple average of the cap rates of logistics facilities held by listed J-REITs located in the Tokyo Metropolitan Area, which have been extracted from a database (ARES J-REIT Property Database) published by The Association for Real Estate Securitization (hereinafter "ARES"), calculated by the following formula: Actual NOI of each of the logistics facilities in question for the most recent period $\times 2 \div$ Appraisal value at end of the most recent period. The cap rate is expressed in the form of a percentage rounded to one decimal place.

Note 4: "Appraisal NOI yield" of each asset planned for acquisition is the ratio of appraisal NOI yield of each asset planned for acquisition to the planned acquisition price and is expressed as a percentage rounded to one decimal place. The appraisal NOI yield is a figure calculated by the Asset Management Company and is not a figure stated in the appraisal report. This figure may differ from the actual appraisal NOI yield after CRE REIT's acquisition of the assets planned for acquisition. The same applies hereinafter.

Note 5: "Discount rate" is calculated by the following equation and is expressed in the form of a percentage rounded to one decimal place.

Discount ratio = (Planned acquisition price – Appraisal value) \div Appraisal value

Please note that there is no guarantee that the potential value indicated by such discount rate will actually be realized in the form of capital gains, etc. in the future.

Note 6: "NOI yield level of properties owned by other REITs" is the NOI yield of logistics facilities held by listed J-REITs located in the Kawagoe Area (denotes Kawagoe-shi, Saitama) or the Kasukabe Area (denotes Kasukabe-shi, Saitama), which have been extracted from a database (ARES J-REIT Property Database) published by ARES, calculated by the following formula: Actual NOI of each of the logistics facilities in question for the most recent period $\times 2 \div$ Appraisal value at end of the most recent period. The NOI yield level is expressed in the form of a percentage rounded to one decimal place.

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Note 1: Each of the figures for "After the Borrowing (July 31, 2019)" are calculated as of July 31, 2019 in light of the borrowing to finance acquisitions of assets planned for acquisition as of June 27, 2019 and the payment of expenses incidental thereto with July 16, 2019 as the execution date (hereinafter the "Borrowing (1)") and the borrowing for the partial repayment of existing loans with July 31, 2019 as the execution date (hereinafter "the Borrowing (2)"; referred to collectively with the Borrowing (1) as the "Borrowing") and the partial repayment of existing loans through the Borrowing (2) (hereinafter the "Refinance"). The Borrowing (1) is made up of borrowing with a borrowing term of 4.0 years and borrowing with a borrowing term of 1.0 years and, as of June 27, 2019, the former is expected to amount to 2,900 million yen and the latter is expected to amount to 267 million yen, and the figures after the borrowing have been calculated based on these figures. (CRE REIT plans to use a consumption tax refund that will be refunded after acquisition of the assets planned for acquisition to repay the latter but this has not been reflected in calculation of each of the figures after the Borrowing (July 31, 2019), except for the estimate of LTV as of June 30, 2020.) Since the amount and conditions of the Borrowing (1) may be changed at the time of execution in light of circumstances such as the proceeds of the Issue and the conditions pertaining to Borrowing (2) may also be changed before the execution, each of the values after the Borrowing (July 31, 2019) will not necessarily be consistent with each of the actual values as of July 31, 2019. The same applied hereinafter.

Note 2: "Ratio of long-term debt" refers to the ratio of long-term liabilities (liabilities payable over a term exceeding one year, including the current portion of long-term liabilities) to total interest-bearing liabilities at each time point.

Note 3: "Average life of interest-bearing debt" is the weighted average of the remaining terms (period from July 31, 2019 to the due date of each interest-bearing liability) of each interest-bearing liability at each time point, weighted based on the balance of each interest-bearing liability.

Note 4: The ratio of the principal borrowed from each financial institution to the total amount of interest-bearing debt before the Borrowing (May 31, 2019)

Note 5: The company names are abbreviated.

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Note 1: "Unrealized gains" at the end of the 5th period (ended December 2018) is the sum total of the appraisal values of each property held at the end of the 5th period (ended December 2018) stated in appraisal reports with December 31, 2018 as the date of the value opinion less the total carrying amount of the properties in question at the time point in question. "Unrealized gains" on assets planned for acquisition is the sum total of the appraisal values of each asset planned for acquisition with May 31, 2019 as the date of the value opinion less the sum total of the planned acquisition prices. Please note that there is no guarantee that these unrealized gains will be realized.

Note 2: "Average appraisal NOI yield after depreciation" is the ratio of the sum total of the appraisal NOI of each asset held and each asset planned for acquisition at each time point less forecast depreciation to the sum total of the (planned) acquisition price of each asset held and each asset planned for acquisition. It is expressed in the form of a percentage rounded to one decimal place. The average appraisal NOI yield after depreciation is a figure calculated by the Asset Management Company and is not a figure stated in the appraisal report.

Note 3: "Average lease term" relates to the assets held and assets planned for acquisition by CRE REIT as of each time point and is the weighted average of the lease terms of the properties in question as of the May 31, 2019, weighted based on (planned) acquisition price. It is expressed in the form of a percentage rounded to one decimal place.

Note 4: "Number of tenants" indicates the sum total of the number of tenants (if the conclusion of a master lease agreement with a master lease company is planned, the number of tenants is the total number of end tenants in the case of a passthrough-type master lease or the number of tenants taking only such master lease company as the tenant in the case of a fixed rent-type master lease; even if an end tenant allows co-habitation by a third party or sublets a certain section to a third party, the number of such third parties is not included in the number of tenants; the same applies hereinafter) of assets held and assets planned for acquisition by CRE REIT at each time point.

Note 5: "Ratio of properties developed by CRE" is the ratio of properties developed by CRE (includes special purpose company (includes special purpose company which has been dissolved and is completing liquidation as of June 27, 2019) in which CRE invests (includes but is not limited to investment in anonymous association) to assets held and assets planned for acquisition by CRE REIT as of each time point (based on (planned) acquisition price).

Notes

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Note 1: "Total floor area" indicates the sum total of the floor areas presented in the real estate register for each property. The area of attached buildings is also included. The same applies hereinafter.

Note 2: "Property age" is the number of years from date of registration of new construction of each property in real property register to May 31, 2019 rounded to one decimal place and "Average property age" indicates the weighted average of the ages (refers to number of years from date of registration of new construction of each property in real property register to May 31, 2019) of the assets held by or planned for acquisition by CRE REIT as of each time point, weighted based on the (planned) acquisition price and rounded to one decimal place.

Note 3: "BTS" stands for built-to-suit and refers to logistics real estate developed for a specific company by incorporating its requirements into the specifications. The same applies hereinafter.

Note 4: "CRE" in the "Developer" column includes any special purpose company in which CRE invests (including but not limited to investment in an anonymous association).

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Note 1: "Pipeline" refers to (1) properties for which CRE REIT already has first refusal right (hereinafter "first refusal right properties") in accordance with the Sponsor Support Agreement dated September 26, 2017 concluded between CRE REIT, the Asset Management Company and CRE (including subsequent amendments) (hereinafter the "Sponsor Agreement") and (2) properties being developed by CRE for which the first refusal right will be granted in accordance with said agreement in the future (excludes assets planned for acquisition). Under the Sponsor Support Agreement, CRE REIT or the Asset Management Company will be granted first refusal right for all properties developed and held by the CRE Group (means CRE and its Group companies; the CRE Group consists of CRE and its subsidiaries and affiliates (7 consolidated subsidiaries, 3 non-consolidated subsidiaries, 3 equity-method affiliates and 3 non-equity method affiliates as of January 31, 2019)) and will be given the opportunity to acquire these properties (provided, however, that this shall not apply if any of the grounds for exemption set out in the Sponsor Support Agreement apply), but even if such first refusal right is granted, CRE REIT is under no obligation to acquire any property for which the first refusal right is granted.

Note 2: There is no guarantee that roads whose opening date has yet to be determined will actually be opened.

Note 3: LogiSquare Kobe Nishi is scheduled for completion in April 2020, the Sayama-Hidaka IC Development Plan (Provisional Name) and LogiSquare Miyoshi are scheduled in June 2020, and LogiSquare Osaka Katano is scheduled in January 2021.

Note 4: As of June 27, 2019, regardless of whether it has the first refusal right, CRE REIT has not held any concrete negotiations with CRE regarding properties held and being developed by CRE other than the assets planned for acquisition nor plans to acquire them at the present time, and there is also no guarantee that it will be able to acquire them in the future.