Disclaimers

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the "AIFMD") as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

Prohibition of Sales to EEA and United Kingdom Retail Investors

In addition to the restrictions under the AIFMD, the units of CRE Logistics REIT, Inc. ("CRE" or the "AIF") are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (the "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014, or the PRIIPs Regulation, for offering or selling the units of CRE or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the units of CRE, or otherwise making them available, to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

United Kingdom

The units of CRE are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, CRE REIT Advisers, Inc. (the "AIFM") has notified the Financial Conduct Authority (the "FCA") of its intention to offer these units in the United Kingdom. For the purposes of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") CRE is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communications of an invitation or inducement to invest in CRE may be made only to: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order; (ii) high net worth companies, unincorporated associations or other entities falling within Articles 49(2)(a) to (d) of the Order (all such persons referred to under (i) and (ii) of this paragraph, together being referred to as "Relevant Persons"). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any person who is not a Relevant Person may not act or rely on this document or any of its contents. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

European Economic Area and United Kingdom Investors

The AIFMD was adopted on June 8, 2011 and was required to be implemented by each Member State of the EEA into its national legislation by July 22, 2013. The units of CRE may not be marketed (within the meaning given to the term "marketing" under the AIFMD), and the Communication may not be conducted, to prospective investors domiciled or with a registered office in any Member State of the EEA or the United Kingdom unless: (i) the units of CRE may be marketed under any national private placement regime (including under the AIFMD) or other exemption in that Member State or the United Kingdom (as applicable); or (ii) the units of CRE can otherwise be lawfully marketed or sold in that Member State or the United Kingdom (as applicable) in circumstances in which the AIFMD does not apply, provided that any such offer or sale is not made to a retail investor as described above. We have made a notification to each of the Netherlands Authority for the Financial Markets and the United Kingdom Financial Conduct Authority pursuant to Article 42 of the AIFMD in order to market the units of CRE in the Netherlands and the United Kingdom, respectively.

Netherlands

The units of CRE are being marketed in the Netherlands under Section 1:13b of the Netherlands Financial Supervision Act (Wet op het financieel toezicht, or the "Wft"). In accordance with this provision, AIFM has notified the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, the "AFM") of its intention to offer these units in the Netherlands. The units of CRE will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (gekwalificeerde beleggers) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor CRE is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor CRE is subject to supervision of the Dutch Central Bank (De Nederlandsche Bank, "DNB") and the AFM. This Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the "Prospectus Regulation") as amended and applicable in the Netherlands. The AIFM is therefore solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

Article 23 (1)(a)	
Objectives of the AIF	CRE Logistics REIT, Inc. ("CRE" or the "AIF") is a REIT focusing primarily on logistics facilities in Tokyo Metropolitan area and Kansai area, aiming to secure stable earnings and enhance unitholder value.
Investment strategy	CRE mainly invests in high-quality logistics facilities that meet the tenant needs developed by CRE, Inc. in order to secure stable management over the long term. CRE acquires, maintains and manages such facilities and aims to contribute to users of logistic facilities and development of logistics in Japan by leveraging the comprehensive strength of the CRE Group pursuant to the sponsor support agreement between CRE and CRE, Inc. CRE focuses on Tokyo Metropolitan area and Kansai area, with a stable workforce. The target ratio for investment in Tokyo Metropolitan area and Kansai area is 80% or more. CRE intends to invest in locations that have advantages such as areas close to consumption centers.
Types of assets the AIF may invest in	Real estate, trust beneficiary interests in real estate, real estate securities, specified assets and other assets.
Techniques it may employ and all associated risks	The principal risks with respect to investment in CRE are as follows: • any adverse conditions in the Japanese economy could adversely affect CRE; • most of the properties in the portfolio are concentrated in the Tokyo metropolitan area; • CRE may not be able to acquire properties to execute the growth and investment strategy in a manner that is accretive to earnings; • illiquidity in the real estate market may limit the ability to grow or adjust the portfolio; • CRE's reliance on CRE, Inc. and other group companies, the AIFM and other third service providers could have a material adverse effect on business; • CRE may not be able to purchase properties from CRE, Inc. as planned; • there are potential conflicts of interest between CRE and CRE's related parties, including the AIFM; • CRE's revenues largely comprise leasing revenues from the portfolio properties, which may be negatively affected by vacancies, decreases in rent, and late or missed payments by tenants; • some of CRE's logistics properties are generally expected to cater to a single tenant or a small number of tenants and are typically designed for a specific use, which may make it difficult to find substitute tenants; • CRE faces significant competition in seeking tenants and it may be

	difficult to find replacement tenants; • increases in prevailing market interest rates may increase interest expense and may result in a decline in the market price of CRE's units; • CRE may suffer large losses if any of the properties incurs damage from a natural or man-made disaster; • any inability to obtain financing for future acquisitions could adversely affect the growth of the portfolio; • CRE's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify CRE from certain taxation benefits and significantly reduce the cash distributions to the unitholders; and • ownership rights in some of CRE's properties may be declared invalid or limited. In addition, CRE is subject to the following risks: • risks related to increasing operating costs; • risks related to CRE's dependence on the efforts of the AIFM's key personnel; • risk that distributions to unitholders may be lower than expected • risk of dilution to unitholders due to additional issuances of units; • risk of delinquent payment or nonpayment by CRE on its investment corporation bonds; • risks of concentrating investment properties on logistics properties; • risks related to entering into forward commitment contracts; • risks related to holding the property in the form of co-ownership interests (*kyōyū-mochibun*); • risks related to compartmentalized ownership interests; • risks related to properties on leased land or subject to leasehold interests; • risks related to third party leasehold interests in the land underlying CRE's properties; • risks related to holding the property through trust beneficiary interests; • risks related to properties not in operation (including properties under development); • risks related to ownership of land only where buildings are owned by third parties; • risks related to the defective title, design, construction or other defects or problems in the properties;

	• risks related to impairment losses relating to the properties; • risks related to tenant leasehold deposits and/or security deposits; • risks related to tenants' default as a result of financial difficulty or insolvency; • risks related to the insolvency of master lessors; • risks arising from leased properties being subleased, such as the inability to select sublessees and rental revenue being adversely affected by the sublessee's economic situation; • risks related to reserved land (*horyu-chi*) based on land readjustment law (Japanese law "*Tochi kukaku seiri hou*"); • risks arising from the purchaser's warranty against CRE with respect to defects in any property CRE sells to the purchaser; • risks related to relying on expert appraisals and engineering, environmental and seismic reports as well as industry and market data; • risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly remediate such substances; • risks related to strict environmental liabilities for the properties; • risks related to the amendment of applicable administrative laws and local ordinances; • risks related to investment in trust beneficiary interests; • risks related to investment in real estate-based securities; • risks related to the tight supervision by regulatory authorities and compliance with applicable rules and regulations; • risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs; and • risks related to changes in Japanese tax laws.
Any applicable investment restrictions	CRE is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the "ITA"), the Financial Instruments and Exchange Act (the "FIEA")) as well as its articles of incorporation. CRE must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (*chijō-ken*) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights. A listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context

	include, but are not limited to, anonymous association (*tokumei kumiai*) interests for investment in real estate. Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.
Circumstances in which the AIF may use leverage	CRE may take out loans or issue corporate bonds (including short-term corporate bonds) for the purpose of investing in properties, conducting repairs and paying distributions, as well as for operating capital and repaying debt (including security deposits, other debt and bonds).
The types and sources of leverage permitted and associated risks	Loans or investment corporation bonds. Loans or investment corporation bonds in which CRE enters or CRE issues may be subject to restrictive covenants in connection with any future indebtedness that may restrict operations and limit its ability to make cash distributions to unitholders, to dispose of properties or to acquire additional properties. Furthermore, if CRE were to violate such restrictive covenants, such as with regard to loan-to-value ratios, lenders may be entitled to require CRE to collateralize portfolio properties or demand that the entire outstanding balance be paid. In the event of an increase in interest rates, to the extent that CRE has any debt with unhedged floating rates of interest or CRE incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders.
Any restrictions on leverage	The maximum amount of total loan and total corporate bond issuance will be ¥1 trillion respectively, and the aggregate amount of all such debt will not exceed ¥1 trillion.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	As a general rule, CRE will maintain a conservative loan-to-value, or LTV, ratio, which is the ratio of (x) the aggregate principal amount of borrowings and investment corporation bonds to (y) the total assets of CRE's portfolio. CRE keeps around 45% as its LTV ratio, with the maximum LTV ratio of 50%; however, CRE's LTV ratio may fluctuate as a result of property acquisitions or other events.
Article 23(1) (b)	
Procedure by which the AIF may change its investment strategy / investment policy	Amendment of the articles of incorporation. Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however that under the ITA and CRE's articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted or cases regarding (i) assignment or

	dismissal of an executive director or supervisory director, (ii) execution or termination of the asset management agreement with the asset manager, (iii) dissolution of CRE, (iv) annexation of investment units, (v) exemption of liability for an executive director, supervisory director or accounting auditor or (vi) consent to an agreement for merger, if (a) an investor that has continued to hold 1/100 or more of the total investment units of CRE for more than six months notifies CRE of its opposition to the proposals within two weeks from the day CRE announced on its website that these proposals will submit for consideration at a general meeting or the convener of the meeting announces it in a way that is equivalent way to an announcement by CRE or (b) CRE announces its opposition intent through invitation for general meeting of unitholders or CRE's website. Additionally, the guidelines of the AIFM, which provide more detailed policies within CRE's overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.
Article 23(1) (c)	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	CRE has entered into the following agreements with third service providers: • Sponsor Support Agreement with CRE REIT Advisers, Inc. and CRE, Inc.; and Strategic Partners Co., Ltd. • Master Lease agreement / Property Management Outsourcing Agreement with CRE, Inc. All of the above agreements are governed by Japanese law. CRE is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material. CRE is a corporate-type investment trust in the form of investment corporation (*toshi hojin*) provided for under the ITA. Therefore, the relationship between CRE and its unitholders is governed by CRE's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. CRE's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of CRE's directors. The relationship between CRE and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA. The courts in Japan would recognize as a valid and final judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against CRE obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) CRE has

	received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, and (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.
Article 23(1) (d)	
The identity of the AIFM, AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights thereto	• AIFM (Asset Manager Company): CRE REIT Advisers, Inc. The AIFM provides services related to asset management, financing of the AIF, reporting to the AIF and other related matters. • Accounting Auditor: PricewaterhouseCoopers Aarata LLC The auditor audits financial statements and prepare audit reports. • Custodian: Sumitomo Mitsui Trust Bank, Limited The Custodian provides administrative services related to custody of assets. • General Administrative Agent: Mitsubishi UFJ Trust and Banking Corporation The general administrator provides administrative services related to accounting, tax payments and management of institutions. • Transfer Agent: Mizuho Trust & Banking Co., Ltd. The transfer agent provides administrative services related to unitholders' roster, addressing unitholders' claims, offers and notices and management of institutions. • General Administrative Agent (Investment Corporation Bonds): Mizuho Bank, Ltd. and MUFG Bank, Ltd. The general administrator provides administrative services related to Investment Corporation Bonds. Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that an asset manager owes a J-REIT a fiduciary duty and must conduct its activities as the asset manager in good faith. The FIEA also prohibits an asset manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the asset manager that are contrary to or violate the J-REIT's interests. Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.

Article 23(1) (e)	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
Article 23(1) (f)	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	Not applicable. There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.
Article 23(1) (g)	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	CRE shall evaluate assets in accordance with its Article of Incorporation. The methods and standards that CRE uses for the evaluation of assets shall be based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP. J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.
Article 23(1) (h)	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors	CRE seeks to manage the capital resources and liquidity sources to provide adequate funds for current and future financial obligations and other cash needs and acquisitions. CRE manages liquidity risk by considering long-term borrowing ratio, fixed interest ratio and repayment terms to secure financial stability. CRE manages liquidity risk by interest rate risk by using derivative transactions etc. As is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.

Article 23(1) (i)	
Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors	Compensation: The articles of incorporation provide that the AIF may pay each of its executive director up to ¥250,000 per month and each of its supervisory directors up to ¥250,000 per month. Asset Management Fees: The AIF pays the AIFM the following asset management fees (amounts are rounded down to the nearest whole number): • Acquisition Fee For each new property CRE acquires, AIFM receives an acquisition fee equal to the purchase price (excluding national and local consumption taxes, and acquisition costs), multiplied by a rate of 1% (0.5% for acquisition from a related party). • Management Fee #1 AIFM receives Management Fee #1 for each Calculation Period #1 (the three-month period starting from the day following the end of the previous fiscal period) and Calculation Period #2 (the period starting the day following the end of Calculation Period #1 and ending on the day when the current fiscal period ends). Management Fee #1 shall be paid at an annual rate of 0.3% of total assets. (i) Total assets for Calculation Period #1 are calculated based on the following formula: (total assets stated on the balance sheet for the previous fiscal period) + (purchase price of the assets that CRE acquired during Calculation Period #1 x number of days from the acquisition date to the last day of Calculation Period #1 / number of days in Calculation Period #1) - (book value of the assets that CRE disposed during Calculation Period #1 x number of days from the disposition date to the last day of Calculation Period #2 / number of days in Calculation Period #2) (ii) Total assets for Calculation Period #2 are calculated based on the following formula: (total assets stated on the balance sheet for the previous fiscal period) + (purchase price of the assets that CRE acquired during Calculation Period #1) – (book value of the assets that CRE disposed during Calculation Period #1) + (purchase price of the assets that CRE acquired during Calculation Period #2 x number of days from the acquisition date to the last day of Calculation Period #2 / number of days in Calculation Period #2) - (book value of the assets that CRE disposed during Calculation Period #2 x number of days from the disposition date to the last day of Calculation Period #2 / number of days in Calculation Period #2) • Management Fee #2 For each fiscal period, Management Fee #2 shall be paid as following formula:

(Net income before income taxes in each fiscal period before the deduction of Management Fee #2) x (net income before income taxes in each fiscal period before the deduction of Management Fee #2 / the total number of issued investment units as of the relevant fiscal period) x 0.0019%

Custodian Fee:

A monthly fee shall be calculated based on the formula: (total assets stated on the balance sheet as of the end of the previous fiscal period of the business term including the target month) x 0.03%/ 12.

(calculated on a pro-rate basis using the actual number of days of each month)

General Administrative Agent Fee:

A quarterly fee shall be calculated by the following formula based on the total assets stated on the balance sheet for the latest fiscal period.

Total Assets (million yen)	Calculation Method
10,000 or less	11,000,000 yen
Over 10,000 to 50,000	11,000,000 yen + (total assets- 10,000 million yen) x 0.080%
Over 50,000 to 100,000	43,000,000 yen + (total assets- 50,000 million yen) x 0.060%
Over 100,000 to 200,000	73,000,000 yen + (total assets- 100,000 million yen) x 0.055%
Over 200,000 to 300,000	128,000,000 yen + (total assets- 200,000 million yen) x 0.040%
Over 300,000 to 500,000	168,000,000 yen + (total assets- 300,000 million yen) x 0.035%
Over 500,000	238,000,000 yen + (total assets- 500,000 million yen) x 0.030%

(calculated on a pro-rate basis using the actual number of days of each calculation period with 365 days as one year)

Transfer Agent Fee:

The AIF pays to the Transfer Agent a transfer agent fee to be agreed to between the AIF and the Transfer Agent separately up to an amount calculated according to the following table.

	• Monthly standard fee – Monthly standard fee shall be the amount calculated according to the following table and divided by 6. <table><tr><td>Number of Unitholders</td><td>Fees per Unitholder</td></tr><tr><td>first 5,000 unitholders</td><td>480 yen</td></tr><tr><td>over 5,000 to 10,000</td><td>420 yen</td></tr><tr><td>over 10,000 to 30,000</td><td>360 yen</td></tr><tr><td>over 30,000 to 50,000</td><td>300 yen</td></tr><tr><td>over 50,000 to 100,000</td><td>260 yen</td></tr><tr><td>over 100,000</td><td>225 yen</td></tr></table> • Other fees – The AIF pays the transfer agent fees for various other services, including fees for services in connection with the payment of dividends, the preparation, maintenance and storage of the AIF's unitholder register, preparation and reporting of the end-of-period unitholders register and unitholder statistical data. <u>Auditor Fee:</u> The AIF pays the accounting auditor up to ¥20 million per fiscal period. The board of directors is responsible for determining the compensation amount for the accounting auditor.
Article 23(1) (j)	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number of units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
Article 23(1) (k)	
The latest annual report referred to in Article 22(1)	Not applicable.
Article 23(1) (l)	
The procedure and conditions for the issue and sale of the units	CRE is authorized under its articles of incorporation to issue up to 10 million units. Its units have been listed on the Tokyo Stock Exchange since February 7, 2018. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on

	the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.
Article 23(1) (m)	
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	CRE's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors at https://www.reuters.com/companies/3487.T
Article 23(1) (n)	
Details of the historical performance of the AIF, where available	The units of CRE were listed on the Tokyo Stock Exchange on February 7, 2018. The most recent five fiscal period performance of the units is as follows.

Fiscal period (six months ended)	Total Assets (JPY millions)	Total Net Assets (JPY millions)	Net Assets per unit (JPY)
June 30, 2022	140,960	75,172	133,118
December 31, 2021	140,743	75,334	133,406
June 30, 2021	117,525	62,088	124,138
December 31, 2020	97,111	51,140	120,757
June 30, 2020	77,736	40,048	115,329

Article 23(1) (o)	
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	Not applicable.

Article 23(1) (p)	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and semi-annual report.
Article 23(2)	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
Article 23(4)(a)	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such	There are no such special arrangements.

arrangements	
How management and performance fees apply to such assets	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Immediately notify investors where they activate gates, side pockets or similar special	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

arrangements or where they decide to suspend redemptions	
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	CRE is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but such risks are controlled through diversification of financial institutions holding the deposits. The fund proceeds from borrowings and issuance of investment corporation bonds are used for the purpose of investing in properties, conducting repairs, paying cash distributions, operating the AIF, repaying obligations and other activities. These borrowings and investment corporation bonds are exposed to liquidity risks. CRE strives to reduce the liquidity risks and a risk of rising interest rates by diversifying repayment dates, fee, and so forth. Derivative transactions are also utilized to hedge the interest rate risks arising from any borrowing or other debts. CRE retains cash and deposits sufficient to response any potential finance needs, including funds for acquiring asset, paying cash distributions, and so forth.
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed	No such measures have been implemented.
If risk limits set by the AIFM have been or are	No such situation has occurred.

likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken	
Article 23(5)(a)	
Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Article 23(5)(b)	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of debt with interest is JPY 61,869 million as of June 30, 2022.

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS – SFDR PRE-CONTRACTUAL DISCLOSURE

Product Name: CRE Logistics REIT, Inc.

CRE Logistics REIT, Inc. ("CRE") promotes environmental and social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 ("SFDR"). We have no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on CRE REIT Advisers, Inc. ("Asset Manager"), to manage and operate the properties in our portfolio. CRE and the Asset Manager are hereinafter referred to collectively as "we," "us" or "our." References to "fiscal year" or "FY" are to the 12 months began or beginning April 1 of the year, unless noted otherwise. We have no reference benchmark designated for the purposes of attaining the environmental or social characteristics promoted by our investment units.

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: __% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: __%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by CRE?

We believe that enhancing unitholder value is possible only while preserving sustainable environment and achieving sustainable society. We make our contribution by investing in high-quality logistics facilities and conducting long-term, stable asset management. Under our sustainability policies and framework, we collaborate with CRE REIT Advisers, Inc. (the "Asset Manager"), to implement a wide range of initiatives promoting environmental, social and governance, or ESG, goals.

Such environmental initiatives include the following:

- *Setting greenhouse gas emission reduction goals in all properties in our portfolio.* We aim to reduce greenhouse gas emission intensity by 46% at our properties from FY2019 by FY2030. Our entire portfolio is subject to annual greenhouse gas emission targets.

- *ESG data coverage.* We monitor and track energy usage, renewable energy generation, greenhouse gas emissions and water usage of the properties in our portfolio. For FY2021, we monitored and tracked energy usage, renewable energy generation, greenhouse gas emissions and water usage data of 100%, of the total gross floor area of the properties. We plan to continue to monitor and track this data for 100% of the floor area of our properties through FY2027.

- *Reducing energy consumption.* We have installed energy saving equipment at our properties, such as LED lighting (at 16 of our properties), highly-insulated sandwich panels (at 18 of our properties), human sensors (at 18 of our properties), well water-based roof watering equipment, and green walls (at one of our properties), as of June 30, 2022. We also have increased use of renewable energy through solar panel installations. As of June 30, 2022, 14 of our 20 properties were equipped with solar panels.

- *Reducing water use.* We have installed high-performance water-saving sanitation appliances to reduce water usage at our properties (at 18 of our properties), as of June 30, 2022.

- *Including "Green Lease" provisions in our agreements.* We have standardized environmental provisions, which we refer to as "Green Lease" provisions, in the leases with our tenants. Our Green Lease provisions include a clause for our tenants to collaborate with us to implement measures for energy conservation, environmental preservation, etc. As of June 30, 2022, 14.2% of the leases we entered into with our tenants contained such Green Lease provisions. We plan to increase the number of leases with our Green Lease provisions, and have entered into two additional lease contracts, which, after going into effect in 2023, will result in 33.1% of our leases with tenants containing our Green Lease provisions.

- *Collaboration with suppliers.* The Asset Manager has established standards for selecting and evaluating suppliers to promote ESG initiatives with suppliers. The Asset Manager evaluates each supplier's ESG performance prior to entering into a relationship with it, and conducts an annual sustainability review of each supplier.

- *Establishment of an environment management system, or EMS.* The Asset Manager has established policies concerning important environmental issues to provide practical measures to mitigate our environmental burden. The EMS comprises the framework and processes to implement these policies, based on which the Asset Manager makes on going recommendations on how to reduce our environmental burden. The EMS includes four steps: (i) establishment of environmental targets, environmental action plans and understanding of environment-related laws and regulations, (ii) implementation of measures, performance review and training, (iii) assessment of progress made against environmental targets and environmental action plans, analysis of expenses against budget and implementation of corrective and preventive measures and (iv) management review.

We implement various social initiatives at our properties including:

- *Supporting local communities and social development*. We have installed fire cisterns at our properties to provide water that can be used to fight fire and a helipad on the roof for firefighters in a disaster. The CRE Group has also cooperated with a local government in the excavation of the remains of 74 5,000 years-old pit houses, which were discovered during the development of LogiSquare Sayama Hidaka, and has collaborated with the local government in the preservation of archaeological records and tours of the site.

- *Providing support for business continuity planning.* The locations of our logistics facilities support our tenants with their business continuity planning because they are located inland where the risk of liquefaction is low and the risk of flooding based on hazard maps is also low. In addition, we have installed power receiving and transforming equipment at elevated locations as a flood control measure (at 7 of our properties), earthquake early warning systems (at 17 of our properties), short circuit isolators in fire alarms (at 8 of our properties), disaster prevention support systems (at one of our properties) and AEDs, as of June 30, 2022.

- *Providing efficient and comfortable working environment for tenants and their employees*. We have helped our tenants become more efficient by providing them with guidelines for incoming and outgoing vehicles to prevent congestion (at 6 of our properties) and accidents as well as interior walls with windows between offices to facilitate communication among employees (at 19 of our properties). A number of our properties have been furnished with cafeterias, rental meeting rooms and retail spaces (at two of our properties), restrooms for outside drivers (at 14 of our properties), smoking rooms meeting new legal requirements (at 6 of our properties), women's restrooms with lockers and recharging corners (at 10 of our properties), warm-color lighting in entrances and truck berths (at 9 of our properties), and signage to improve visual communication (at 18 of our properties) , as of June 30, 2022. We conduct a tenant satisfaction survey every year to improve amenities and convenience for the tenants and their employees.

- *Providing support for employees*. The Asset Manager provides compliance training four times a year for all full-time and part-time employees and encourages them to obtain qualifications by covering expenses and providing bonuses upon receiving qualifications. To support asset formation, we have a defined contribution pension plan, a unit investment plan (ESPP) and a restricted CRE, Inc. stock compensation scheme. The Asset Manager conducts a survey on employee engagement four times a year to confirm that they are proactively engaging in their work and are motivated to contribute to their departments and the company. The President of the Asset Manager interviews each employee every quarter to discuss various matters.

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by CRE?

We use the following indicators to measure the attainment of the environmental or social characteristics we promote:

- *Environmental certification of individual properties*. To track the environmental performance of our properties, we rely on certifications issued by third party organizations, such as the Development Bank of Japan's ("DBJ") Green Building Certification, Building Energy-efficiency Labeling System ("BELS") certification, Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, and other equivalent certifications. We call our properties that receive any such certifications "Green Buildings". With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received four stars or higher out of DBJ's five-star ranking system. With respect to CASBEE, we consider a property to have sufficient environmental certification if it received an A Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). With respect to BELS, we consider a property to have sufficient environmental certification if it received a four stars or higher out of BELS' five-star ranking system. As of August 3, 2022, 94.6% of our properties were Green Buildings based on total floor area.

- *Environmental initiatives*: To mitigate the environmental impact from real estate operations, such as energy and water consumption, greenhouse gas emissions, waste, pollution and other impact on the ecosystem, we promote switch to high-efficiency facilities, optimization of building operations, water conservation, recycling and other initiatives, as well as establishment of a system that manages environmental impact for the preservation of the global environment such as the Sustainability Promotion Committee. The Sustainability Promotion Committee's responsibilities include review of energy consumption in common areas at our properties and monitoring of energy use optimization.

- *Climate change initiatives*: We recognize climate-related risks and the opportunities arising from the medium- to long-term changes in society and environment, including the socioeconomic implications of decarbonization and the devastating disasters resulting from climate change, and make efforts to manage these risks and opportunities. We promote reduction of energy consumption at our properties, utilization of renewable energy and other decarbonization measures. We have also improved our disaster preparedness through business continuity planning and installed disaster-ready equipment so that we are resilient when faced with significant environmental change. In addition, the Asset Manager became a signatory as a supporter to the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board and joined the Japan TCFD Consortium in February 2022.

- *Social initiatives – health, safety and amenities*: We endeavor to keep our tenants satisfied with our properties, build positive relationships with local communities and enhance the value of our properties with initiatives that improve the health and safety of tenants and local communities, including through better management of the indoor environment. These initiatives include establishment of guidelines to prevent congestion and accidents, interior walls with windows between offices and warehouses, cafeterias, rental meeting rooms and retail spaces and development of green spaces.

- *Social initiatives – stakeholders*: It is essential for property managers, other suppliers and external stakeholders including local communities to collaborate with tenants for the implementation of our sustainability policies. We collaborate with each tenant and CRE, Inc., the property manager, to collect data on electricity and water consumption, CO_2 emissions and generated waste. We have built strong relationships with these stakeholders to be able to pursue effective collaborations.

- *Social initiatives – employees and officers*: We provide employees on an ongoing basis with professional education and training to develop strong real estate investment and management professionals. We also help them improve their knowledge and understanding of sustainability and ESG issues to implement our sustainability policies. Moreover, we acquire and retain talented personnel by fostering a healthy, safe and comfortable work environment and ensuring that they can achieve a healthy work-life balance and fully demonstrate their capabilities.

- *Social initiatives – human rights*: The Asset Manager respects human rights and diverse values, and makes every effort to eliminate unfair discrimination in all of its businesses. Moreover, the Asset Manager observes the ILO (International Labor Organization) Declaration of Fundamental Principles and Rights at Work, which includes elimination of discrimination in employment, abolition of child labor, prohibition of forced or compulsory labor, freedom of association and the right to collective bargain.

- *Social initiatives – supply chain*: We promote sustainable procurement by taking into account not only the suppliers' economic performance but also their impact on the environment and society and other non-economic factors, to ensure sustainability throughout the entire supply chain supporting our business. We have established the Sustainable Procurement Policy to select and evaluate suppliers. Based on this policy, we evaluate suppliers based on their corporate ethics, legal compliance in relation to the environment and sustainability and respect for human rights.

- *Social initiatives – legal compliance and risk management:* We conduct our businesses in a fair manner by continuously working to strengthen our governance and ensuring legal compliance, fairness of transactions, information management, and prevention of corruption and conflicts of interest. Additionally, we incorporate into our real estate investment and management processes review of environmental and social risks from the medium- to long-term perspectives.

- *Social initiatives – disclosure*: To ensure relationships of trust with stakeholders, we disclose ESG information in a timely and appropriate manner and make efforts to achieve or undertake environmental certifications, international initiatives and other external evaluations.

Principal Adverse Impact

Does CRE consider principal adverse impacts on sustainability factors?

Yes, we collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets and energy consumption intensity. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence.

- *Exposure to fossil fuels through assets*. We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.

- *Exposure to energy-inefficient investment assets*. We consider properties other than Green Buildings to be energy-inefficient. As of August 3, 2022, 94.6% of the properties in the portfolio were Green Buildings, and 5.4% were nonqualified assets based on total floor area.

- *Energy consumption intensity*. The amount of energy consumption intensity of our properties was 20.67 kWh/m2 (in FY 2019), 25.55 kWh/m2 (in FY 2020) and 31.23 kWh/m2 (in FY 2021), including energy consumed by tenants. Scope 1 GHG emissions generated by properties were 0 t-CO2e (in FY 2019), 0 t-CO2e (in FY 2020) and 0 t-CO2e (in FY 2021). Scope 2 GHG emissions generated by properties were 64.4 t-CO2e (in FY 2019), 102.8 t-CO2e (in FY 2020) and 276.1 t-CO2e (in FY 2021). Scope 3 GHG emissions generated by properties were 3,854.0 t-CO2e (in FY 2019), 6,216.5 t-CO2e (in FY 2020) and 6,175.7 t-CO2e (in FY 2021). Total GHG emissions generated by properties were 3,918.4 t-CO2e (in FY 2019), 6,319.3 t-CO2e (in FY 2020) and 6,451.9

t-CO2e (in FY 2021). The greenhouse gas emission intensity from our portfolio was 0.012 t-CO2e/m2 (in FY 2019), 0.013 t-CO2e/m2 (in FY 2020) and 0.011 t-CO2e/m2 (in FY 2021).

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in our portfolio.

We consider, both at the entity-level (i.e., the Asset Manager) and at the fund-level (i.e., CRE), principal adverse impacts of our investment decisions on sustainability factors. Under the Investment Trust Act of Japan, we are prohibited from having any employees and is required to outsource the asset management function to a third party. Accordingly, as discussed in detail elsewhere, any consideration at the fund-level of principal adverse impacts of our investment decisions on sustainability is principally conducted by the Asset Manager, subject to approval of our Board of Directors. In addition to the Asset Manager's contractual obligations to us under the asset management agreement, the Financial Instruments and Exchange Act of Japan provides that the Asset Manager owes us a fiduciary duty in conducting its activities, including making investment decisions informed by sustainability considerations.

Investment Strategy

What investment strategy does CRE follow?

Our basic philosophy is to leverage the comprehensive strength of the CRE Group, which boasts more than 50 years' experience in the logistics real estate business, to invest in quality logistics-related facilities that satisfy tenant needs. We aim to create a stable cash flow and enhance unitholder value through these investments. To this end, we mainly invest in high-quality logistics facilities that meet the tenant needs developed by CRE, Inc. in order to achieve long-term stable management. We acquire, maintain and manage such facilities and aim to contribute to users of logistic facilities and development of logistics in Japan by leveraging the comprehensive strength of the CRE Group pursuant to the sponsor support agreement between CRE, and CRE, Inc. Therefore we generally intend to have a portfolio consisting entirely of logistics properties. As of August 3, 2022, 100% of our properties were logistics properties.

In order to ensure that our asset management is sustainable while maximize the value of our portfolio assets, ESG factors are given significant consideration in our investment and asset management processes. The Asset Manager has established a green finance framework based on our commitment to exclusively use funds financed through green financing to acquire Green Buildings. Green financing under our green finance framework consists of green loans and green bonds where proceeds are used only to acquire Green Buildings or refinance loans or bonds financed for such acquisition. As of July 29, 2022, we had raised ¥16.654 billion in green loans and had issued ¥4 billion in green bonds under our green finance framework. We intend to use, as a general rule, the green finance framework for future acquisitions. We believe that using such green financing for the acquisition of Green Buildings, which we believe can serve society as infrastructure assets, will contribute to the betterment of society and the environment.

- *Selection of projects that qualify for Green Financing.* When determining whether to acquire or invest in a property though green financing, we rely on the DBJ, BELS and CASBEE certifications. We use green financing to acquire properties that receive (i) four stars or higher out of DBJ's five-star ranking system, (ii) A Rank or higher out of the CASBEE ranking system or (iii) a four stars or higher out of BELS' five-star ranking system.

- *Third-party evaluation.* Our green finance framework has been subject to the Green Finance Framework Evaluation by Japan Credit Rating Agency, which has granted us "Green 1 (F)," the highest grade.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by CRE?

A binding element of the investment strategy is our green finance framework, which involves determination of whether a target property has satisfied the criteria to qualify as a Green Building. Proposals for acquisition of Green Buildings are made by the Asset Manager's Invest Management Department and approved by the Asset Manager's Compliance Officer as well as Representative Director and President, and decisions are made at meetings of the Asset Manager's Investment Committee, the board meetings of the Asset Manager, then reported to the meetings of our Board of Directors.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

When investing in properties using proceeds from our green financing, we do not consider properties that do not meet the criteria under our green finance framework. We also do not generally consider investing in properties that are designated as contaminated areas that require government notification under the Soil Contamination Countermeasures Act of Japan or that do not otherwise meet our environmental standards based on their history of land usage and soil contamination, assessment by experts and examination of presence of harmful substances, unless appropriate measures are taken under the Soil Contamination Countermeasures Act or we conclude, after appropriate due diligence review, that any health or other ESG risk is limited. We also review whether the property we may acquire is compliant with applicable law.

What is the policy to assess good governance practices of the investee companies and CRE?

We invest directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, due diligence review (including the assessment of good governance practices) in relation to investee companies is not applicable.

While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems:

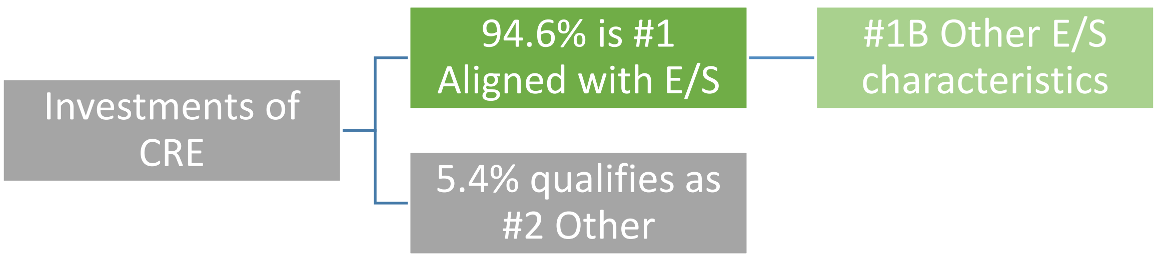
- *Adoption of a decision-making process in conflict-of-interest transactions involving independent outside experts.* We are not allowed to carry out related-party transactions without the approval of independent outside expert(s) on the Asset Manager's Investment Committee and Compliance Committee.

- *Transparent and appropriate information disclosure*. We take into consideration the transparency of the information and the ease with which the shareholders will understand the information.

Asset Allocation

What is the asset allocation planned for CRE?

As of August 3, 2022, 94.6% of the properties in the portfolio were Green Buildings, and 5.4% were nonqualified assets based on total floor area. Our target is to achieve a portfolio, by FY2027, more than 95 % of which constitutes Green Buildings, and we plan to further increase the number of such assets by acquiring qualifying assets from CRE, Inc., the Asset Manager's parent.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the investment units of CRE?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

What investments are included under "#2 Other," what is their purpose and are there any minimum environmental or social safeguards?

As of August 3, 2022, two of our properties were not green qualified. We invested in these unqualified properties in February 2020, before we established our green finance framework in June 2020, because these two properties met our minimum investment criteria and we believed the acquisition of two properties would enhance unitholder value.

We adequately examine and analyze the status of harmful substances, soil contamination and groundwater contamination and consider the current and the mid- to long-term influence on properties before acquisition. However, from time to time we acquire properties that are designated as contaminated areas that require government notification under the Soil Contamination Countermeasures Act of Japan or that do not otherwise meet our standards, appropriate measures are taken under the Soil Contamination Countermeasures Act or we conclude, after appropriate due diligence review, that any health or other ESG risk is limited. In this regard, we consider the possibility that residents living near the property would drink the groundwater.

Index as Reference Benchmark

Is a specific index designated as a reference benchmark to determine whether CRE is aligned with the environmental or social characteristics that it promotes?

Not applicable.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by CRE?

Not applicable.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

How does the designated index differ from a relevant broad market index?

Not applicable.

Where can the methodology used for the calculation of the designated index be found?

Not applicable.

More Product-specific Information

Where can I find more product-specific information online?

More product-specific information can be found on the website: https://cre-reit.co.jp/en/esg/index.html.

Note Regarding the EU Taxonomy Regulation

As set out above, we promote certain environmental characteristics.

The Asset Manager is required, under Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is to be complemented by technical standards and screening criteria which are currently developed. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021. They apply as of January 1, 2022.

We invest in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Manager expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and the fact that, as a result thereof, data on alignment of our investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Manager is not currently in a position to disclose on an accurate and reliable basis to what extent our investments technically qualify as Taxonomy-aligned or "environmentally sustainable" within the specific meaning of the EU Taxonomy Regulation. Our investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Manager is required to state that there is no minimum proportion of our investments that qualify as such.

The Asset Manager further states that the "do no significant harm" principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF CRE (SFDR ARTICLE 6 DISCLOSURE)

In order to realize sustainability in our asset management while maximizing our portfolio value, we consider ESG factors in our investment and asset management processes. In particular, the Asset Manager has established a green finance framework.

As stated above, we have instituted a number of initiatives, at both the portfolio level and the property level, to promote environmental and social characteristics. Such initiatives include energy-saving initiatives and water resource initiatives.

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of a property's risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.

In addition, we aim to further refine and deepen our TCFD scenario analysis, which is described at our website: https://cre-reit.co.jp/en/esg/climate.html

Physical risks

The assets in which the fund invests are exposed to physical climate risks, which can materialize through, for example, floods, storms, heat and limited access to natural resources, causing the value of the assets to decline. Specifically for CRE, the following risks are particularly relevant.

- Flood risk: Some of the assets in which the fund invests are located in areas subject to a flood risk. Flooding in these areas may have a negative effect on the value of these assets. This risk is assessed as low for CRE because we generally invest in assets located in areas with a low flood risk based on hazard maps disclosed by local governments. For assets subject to a flood risk, we construct an embankment so that flooded water would not easily reach such assets, and we install electrical equipment at elevated places to prevent electricity outage.

- Storm risk: This is a relevant risk because some of the assets in which the fund invests are located in areas subject to a storm risk. A major storm in this area could have a negative effect on the value of these assets. We address this risk by insuring such assets. This risk is estimated to be low for CRE because we believe that our insurance coverage is sufficient to cover potential losses from storms.

Transition risks

The assets in which the fund invests are exposed to physical transition risks, which can materialize through, for example, changes in regulations, technical developments and/or social developments, causing the value of the assets to decline. Specifically for CRE, the following risks are relevant.

- General transition risk: We generally invest in logistics properties. New government policy, technical developments and/or changes in consumer preferences may affect the results of these properties. We address this risk by monitoring new government policies and technical developments and cooperating with CRE, Inc. to develop coordinated responses to such policies or developments.

- Risk of stranded assets: This is a relevant risk because we may invest in part in properties that are insufficiently prepared for sustainability measures imposed by the government or otherwise. These properties could therefore become stranded assets, i.e. assets that lose their value and/or are no longer marketable or readily marketable. If they become subject to unexpected legal restrictions or unfavorable social developments, this could have a negative effect on the value of the assets. We address this risk by monitoring new government policies and technical developments and cooperating with CRE, Inc. to develop coordinated responses to such policies or developments.