Semi-Annual Report

Fiscal Period Ended June 30, 2024

from January 1, 2024 to June 30, 2024

CRE Logistics REIT

We wish to sincerely thank you for the outstanding support you have provided CRE Logistics REIT, Inc. (“CRE REIT”).

We listed our units on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange on February 7, 2018, and are pleased to have concluded the 16th fiscal period which is the 13th fiscal period since listing. We would like to express our sincere gratitude for your support.

During the 16th fiscal period, we made steady progress in attracting tenants to properties held. As a result, the business results in the 16th fiscal period included operating revenue of 4,466 million yen, operating income of 2,383 million yen, and net income of 2,067 million yen. Distributions totaled 2,293 million yen by adding 225 million yen of distributions in excess of earnings to net income. The distributions per unit amounted to 3,654 yen, exceeding the forecast by 35 yen.

We expect that the leasing market for logistics real estate in Japan will remain strong, with strong demand from tenants based on home delivery demand associated with home shopping and electronic commerce and inventories accumulated by shippers in preparation for contingencies such as disruption to supply chains.

We will engage in steady management and continue to return the outcomes to our investors.

We hope that we can continue to count on your support.

Executive Director, CRE Logistics REIT, Inc.
President, CRE REIT Advisers, Inc.

Tsuyoshi Ito

1. Operating Results

(1) Operating Results

i. Overview of the Current Fiscal Period

A. Major trends of CRE REIT

CRE REIT was established on May 12, 2016, by CRE REIT Advisers, Inc. (the "Asset Manager") as the organizer pursuant to the provisions of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments) and its units were listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange ("TSE") on February 7, 2018 (Security Code: 3487). As of the end of the fiscal period, CRE REIT owned 21 properties, with a total acquisition price of 159,504 million yen.

B. Operation environment and results

In the current fiscal period, there were continued wage increases and increased inbound demand from foreign tourists, however, real wage continued to decrease due to inflation. Private consumption weakened and the real GDP growth rate from January to March 2024 remained negative. Within the J-REIT market, as a result of the Bank of Japan's revision of its monetary easing policy, the TSE REIT index remained weak as long-term interest rates gradually rose due to concerns about further hikes in policy interest rates.

Meanwhile, demand for logistics real estate is expected to continue to grow, given such trends as the sophistication of supply chain management (Note 1) and the rapid expansion of home shopping and electronic commerce, an increase in the number of parcels sent by home delivery services, and expansion of the amount of inventory held by shippers for dealing with supply constraints, or an increase in the use of third-party logistics (3PL) (Note 2) companies facing the so-called "2024 problem" caused by restrictions on drivers' overtime hours. Moreover, as a result of the expansion of the range of logistics real estate users associated with this market growth, demand is growing not only for large facilities, but also for multi-functional logistics real estate with high specifications and availability of various sizes. The increasing difficulty of securing warehouse personnel due to current labor shortages is creating demand for logistics real estate at locations where there are more hiring opportunities.

In addition to the situation in Ukraine and the Middle East, due to the escalation of the conflict between United States and China, attention must be paid to recession and deterioration of corporate performance not only in the Japanese economy, but the global economy. The lease market for logistics real estate is expected to remain strong given the further expansion of home shopping and e-commerce and inventories accumulated by shippers in preparation for contingencies such as disruption to supply chains. Furthermore, logistics facilities built during the period of high economic growth and the bubble economy are aging and the demand for the rebuilding of these facilities ongoing.

Under these circumstances, CRE REIT has been conducting appropriate management and operation of its 21 properties held as of the end of the current fiscal period in cooperation with CRE, Inc. ("CRE") and has maintained a high operation status with 97.4% occupancy of the overall portfolio as of the end of the current fiscal period.

Note 1: Supply chain management refers to an efficient management technique of seamless supply by regarding the flow from parts manufacturers, assembled product manufacturers, distributors, and to customers as a chain. The same applies hereafter.

Note 2: Third-party logistics (3PL) means planning the most efficient logistics strategies, proposing the development of logistics systems, and receiving comprehensive contracts to implement such strategies and development in lieu of shippers. The same applies hereafter.

C. Overview of financing

The balance of interest-bearing liabilities stood at 70,819 million yen as of the end of the current fiscal period, and the percentage of interest-bearing liabilities in total assets as of the end of the current fiscal period was 44.2%.

The credit ratings received by CRE REIT applicable to both the issuer and bond as of the end of the current fiscal period are described below.

Rating Agency	Rating Subject	Rating	Rating Outlook
Rating and Investment Information, Inc. (R&I)	Issuer rating	A	Stable
	Bond rating	A	-
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating	A+	Stable

Note: These are not the ratings of the investment units of CRE REIT. There are no credit ratings that have been provided or made publicly available by credit rating agencies or credit ratings that will be provided or made publicly available by credit agencies with respect to the investment units of CRE REIT at CRE REIT's request.

D. Overview of business performance and distributions

As a result of the management described above, the results for the current fiscal period included operating revenue of 4,466 million yen, operating income of 2,383 million yen, ordinary income of 2,068 million yen, and net income of 2,067 million yen.

CRE REIT decided to distribute all undistributed earnings held at the end of the current fiscal period, excluding fractions of a yen, assuming that earnings distributions would be added as deductible expenses by applying the special provisions for the taxation of investment corporations (Article 67-15 (1) of the Act on Special Measures Concerning Taxation (Act no.26 of 1957, including subsequent revisions)) ("Special Provisions for Taxation of Investment Corporations") based on CRE REIT's distribution policy specified in its certificate of incorporation. Earnings distribution per investment unit came to 3,294 yen. In addition, CRE REIT plans, in principle, to continuously distribute amounts in excess of earnings in each fiscal period (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) ("continuous distributions in excess of earnings") pursuant to the distribution policy specified in its certificate of incorporation. Based on this, CRE REIT distributed 225,972,000 yen, an amount nearly equivalent to 30.0% of depreciation for the current fiscal period, as a return of contribution corresponding to distributions accompanying a decrease in capital under tax law, and distributions in excess of earnings per investment unit amounted to 360 yen (Note). As a result, earnings distribution per investment unit (including surplus cash distributions) amounted to 3,654 yen.

Note: The six-month average of total expenses for emergency repair and medium- to long-term repair indicated in the engineering report for each asset held is 81 million yen. As a result of examining the current economic environment, trends in the real estate market and lease market, CRE REIT's financial condition, and other factors, CRE REIT decided to distribute funds in excess of profit based on the judgment that the distribution would be within the range that the value of assets held and that its financial health would be maintained. The distributions in excess of earnings for the current fiscal period will be deducted from the capitalization at the time of payment.

ii. Outlook for the Next Fiscal Period

A. Future investment policy

CRE REIT focuses on investing in high-quality logistics-related facilities (Note 2) that meet the demand of tenants generally in the Tokyo metropolitan area and Kansai area (Note 1). Needs of logistics real estate users have been increasingly diversified in recent years due to changes in the market structure. CRE REIT considers that acquiring, holding, and operating high-quality logistics-related facilities having the necessary and sufficient functions to meet the needs of individual users of logistics real estate represents the originality of its investment strategies.

CRE REIT uses the comprehensive strengths (Note 4) of the CRE Group (Note 3), which has more than 50 years of experience in the logistics real estate business, to invest in high-quality logistics-related facilities that meet the needs of tenants, create stable cash flow, and aim to increase value for investors.

Note 1: The Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, Gunma, and Yamanashi. Kansai area includes Osaka, Kyoto, Hyogo, Shiga, Nara and Wakayama. The same applies hereafter.

Note 2: CRE REIT's concept of high-quality logistics-related facilities meeting tenant needs are logistics-related facilities that have the location, basic specifications, expandability, and comfort necessary to satisfy tenant needs. The same applies hereafter.

Note 3: The CRE Group includes CRE and its affiliates. The CRE Group consists of CRE and its subsidiaries and affiliates. The same applies hereafter.

Note 4: The CRE Group has its original know-how characterized by total services in logistics real estate covering from the management and operation (proposing effective use of land, master leasing, property management, and leasing) to development (acquisition, planning, construction management (management of quality, construction periods, costs, etc. in development projects. The same applies hereinafter.), sale), holding, and operation (investment and external acquisition). This is in some cases referred to as the comprehensive strength of the CRE Group.

a. Long-term, stable asset management

CRE REIT believes that CRE is able to prepare locations, basic specifications, expandability, and comfortable use of properties that meet tenant needs, ensure an appropriate balance with rent levels, and develop logistics-related facilities to establish long-term lease contracts, which can be expected to generate stable cash flow.

CRE REIT ensures medium- to long-term stable cash flow by acquiring and operating properties mostly having long lease terms. CRE REIT also aims to achieve long-term, stable operation using this wide-ranging operation and management know-how of the CRE Group, promoting cost reduction while raising customer satisfaction, and reducing the risk of vacancies after tenant vacation.

b. External growth strategy

CRE REIT believes that it is able to promote strong external growth by receiving opportunities to acquire all logistics-related facilities developed and held by CRE (Note) through a sponsor support agreement with the CRE Group, a logistics real estate developer.

CRE REIT aims to achieve external growth by maximizing the use of pipeline support based on know-how built on extensive achievements and experience in the operation, leasing, development, investment, etc. of the CRE Group through the sponsor support agreement.

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

c. Financial policy

The basic policy of CRE REIT is to build a sound and stable financial base for the purpose of increasing and maintaining medium to long-term revenues. CRE REIT flexibly issues new investment units according to the characteristics of its portfolio consisting primarily of long-term lease agreements, taking into account the LTV level and market environment and paying attention to dilution (decrease in the ratio of voting rights per investment unit due to the issuance of new investment units and decrease in net asset value per investment unit or distribution per unit), and conducts financial operation with a focus on long-term stability by using borrowings with fixed, long-term interest rates.

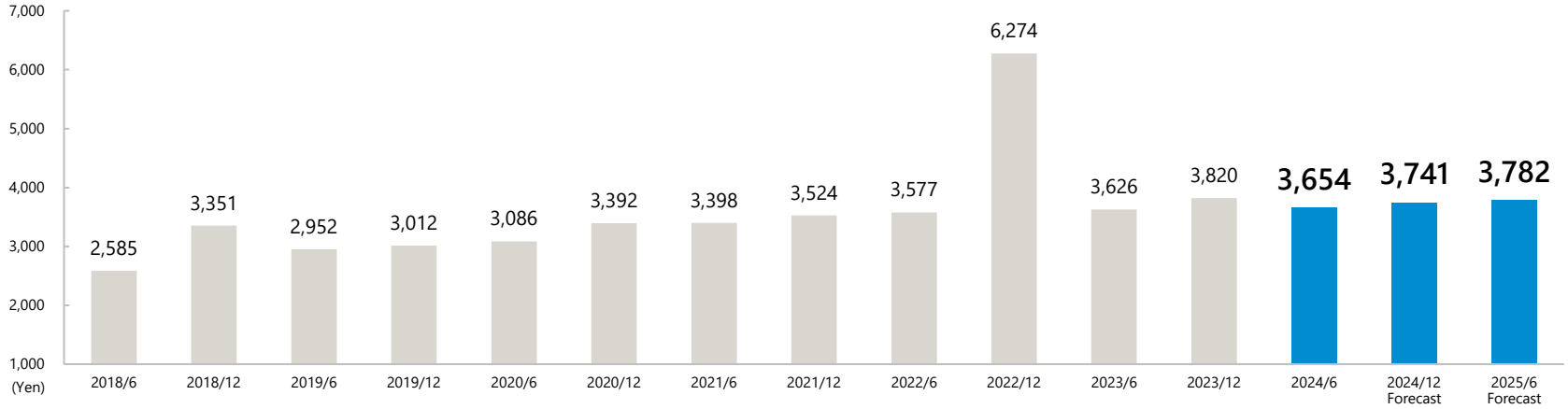
While CRE REIT's LTV level is set to approximately 45% and no more than 50%, in principle, it may temporarily exceed 50% due to asset acquisition or other factors.

Logistics facilities are characterized by a high ratio of building price to land and building price and depreciation tends to be comparatively higher than other asset classes. However, the average building age (Note) of CRE REIT's portfolio is low at 5.9 years, and large capital expenditures are not very likely to become necessary. Therefore, CRE REIT has set a policy of distributing funds exceeding profit, in principle, continuously and in every fiscal period, taking into consideration other options, including use for repairs or capital expenditures, repayment of borrowings, and the acquisition of new properties. For the time being, the level of continuous distributions in excess of earnings will be an amount equivalent to 30% of depreciation for the corresponding fiscal period. If a temporary decrease in distribution per unit is expected, CRE REIT may distribute continuous distributions in excess of earnings plus a one-off distribution that exceeds the profit level in the period for the purpose of maintaining the ordinary level of the distributions per unit. However, total amount of the continuous distributions in excess of earnings and a one-off distribution shall not exceed the equivalent to 60% of total depreciation for the relevant business period.

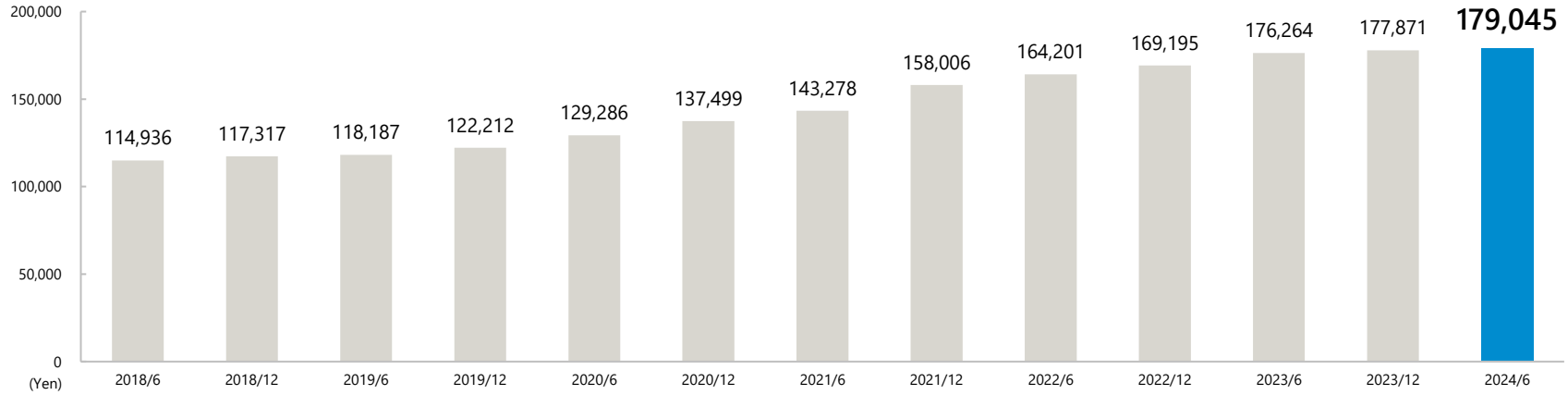
Note: The weighted average of the building ages (the number of years from the year of construction indicated in the real estate register to the end of the current fiscal period) of the 21 properties held at the end of the current fiscal period based on their acquisition prices, which is rounded to the first decimal place.

Trends in each indicator (1) DPU and NAV per unit

DPU



NAV per unit



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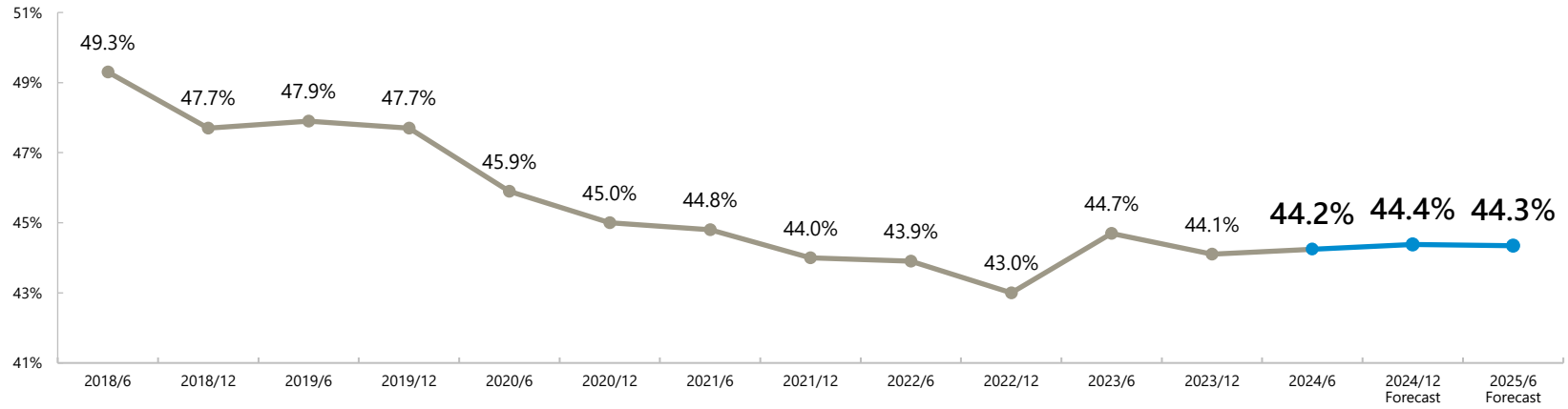
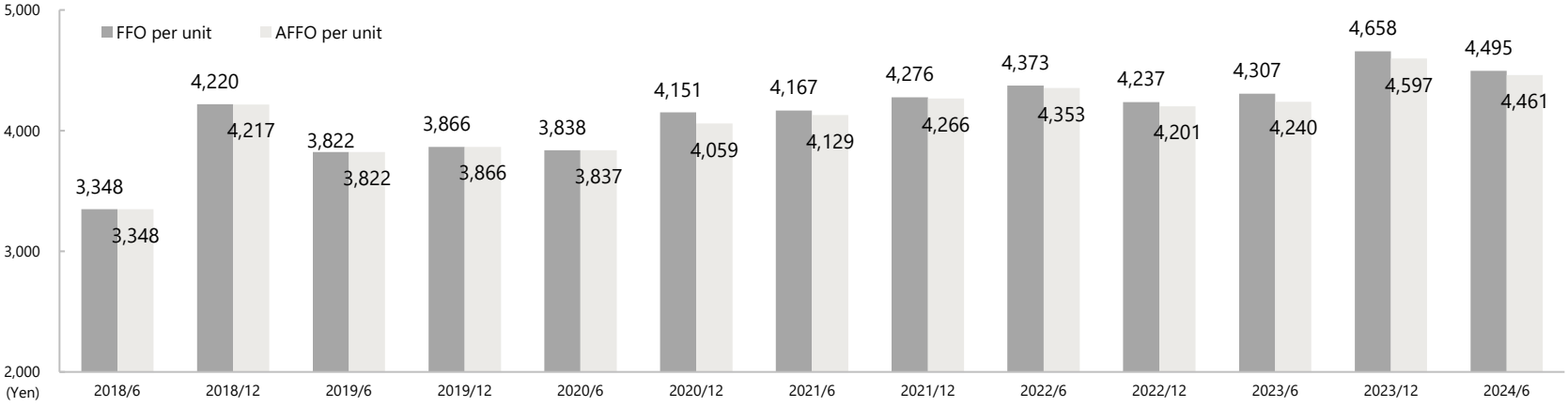
Trends in each indicator (2) LTV and FFO/AFFO per unit

LTV



FFO/AFFO per unit



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Highlights on the 16th FP

DPU

16th FP Results (2024/6)	3,654 yen (vs forecast: +35 yen, +1.0%)
17th FP Forecasts (2024/12)	3,741 yen
18th FP Forecasts (2025/6)	3,782 yen

NAV per unit

16th FP Results (2024/6)	179,045 yen (vs previous FP: +1,173 yen, +0.7%)

Portfolio

Portfolio size	21 properties 159 billion yen
Occupancy rate	End of the Period 97.4% Average 99.1%
Average remaining lease term	3.4 years
Average property age	5.9 years

Asset

	16th FP (2024/6)	Compared to 15th FP
Appraisal value	184,290 mn yen	+230 mn yen
Unrealized gains	29,937 mn yen	+962 mn yen
Unrealized gains ratio	19.4%	+0.7%
Repair expense	31 mn yen	+8 mn yen
Capital expenditure	21 mn yen	-16 mn yen

Debt

	16th FP (2024/6)	Compared to 15th FP
Interest-bearing debt	70,819 mn yen	-210 mn yen
LTV	44.2%	+0.1%
LTV based on appraisal value	37.3%	-0.1%
Ratio of fixed interest debt	81.5%	-0.3%
Ratio of long-term debt	99.5%	-0.2%
Average borrowing interest rate	0.660%	+0.051%

Equity

	16th FP (2024/6)	Compared to 15th FP
Net assets per unit	135,004 yen	-525 yen
NAV	112,386 mn yen	+736 mn yen
NAV per unit	179,045 yen	+1,173 yen
Total number of investment units outstanding	627,700 units	- units

1. As of June 30, 2024

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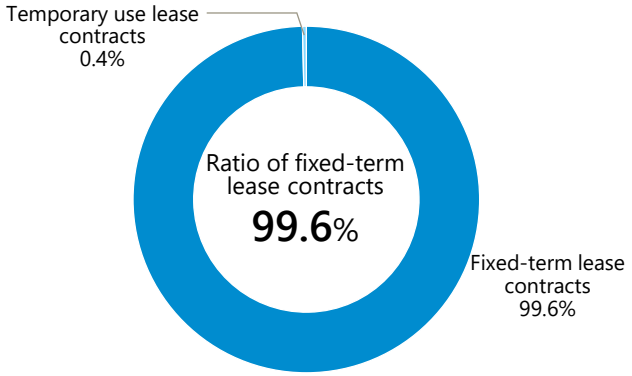
High-Quality Portfolio (1) Stable Cash Flow

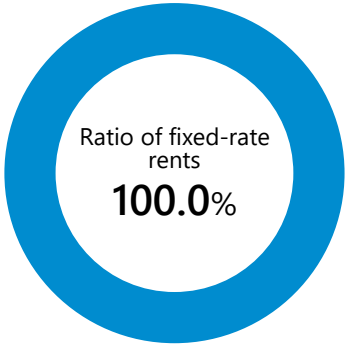
Form of contract that enables stable operation

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

Ratio of fixed-term lease contracts



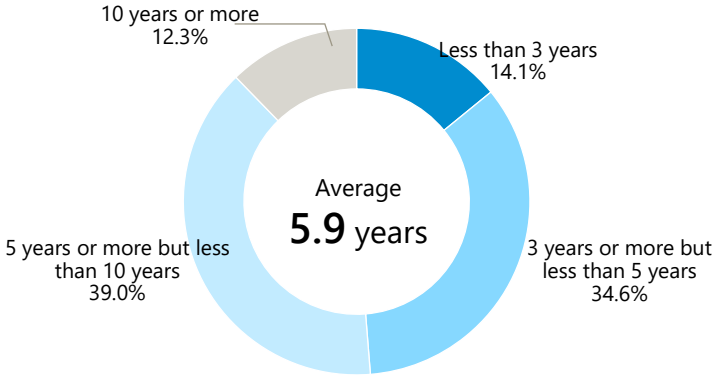
Ratio of fixed-rate rents



1. Only "Ratio of fixed-term lease contracts" is based on leased area.

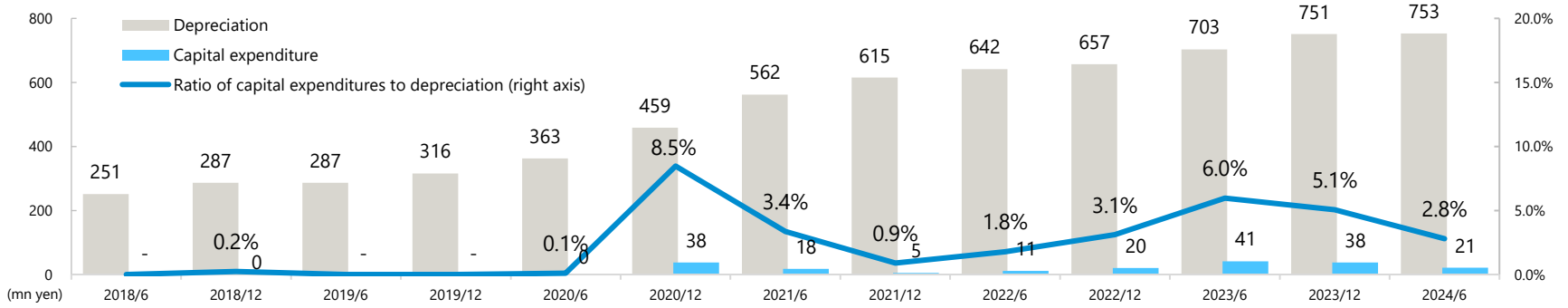
Inclusion of newly built properties

Property age



Capital expenditure remains low

- As the portfolio is mainly composed of newly built properties, capital expenditure is relatively low.



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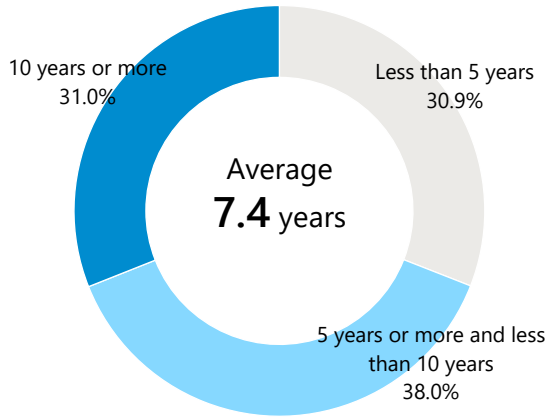
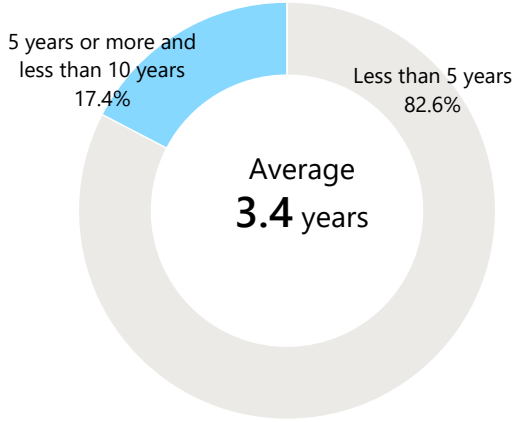
High-Quality Portfolio (2) Long Term Lease Contracts

Contribution to the stability of portfolio based on long-term contracts that take into consideration tenant business plans.

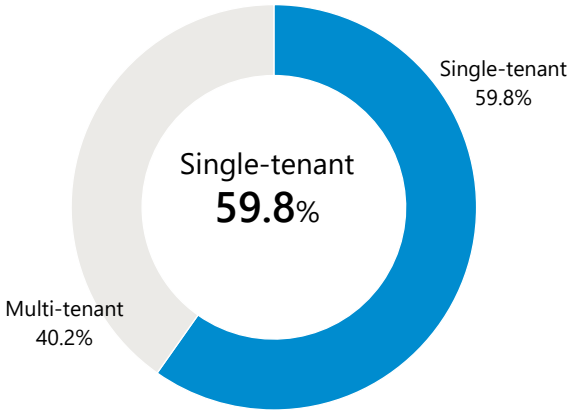
Lease contract term



Remaining lease term



Tenant composition



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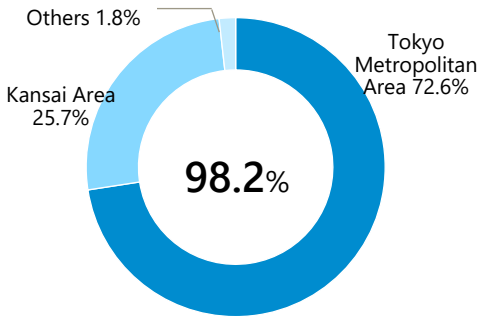
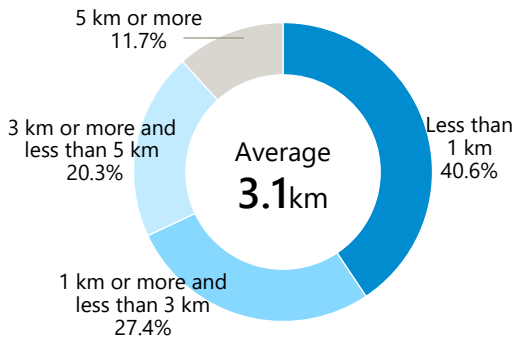
High-Quality Portfolio (3) Good Location

Properties are mostly located in a place suited for logistics where strong demand is expected, meeting tenants' needs to secure labour.

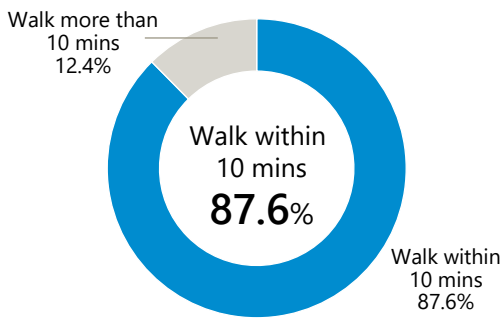
Ratio in Tokyo Metropolitan and Kansai area



Distance to an interchange

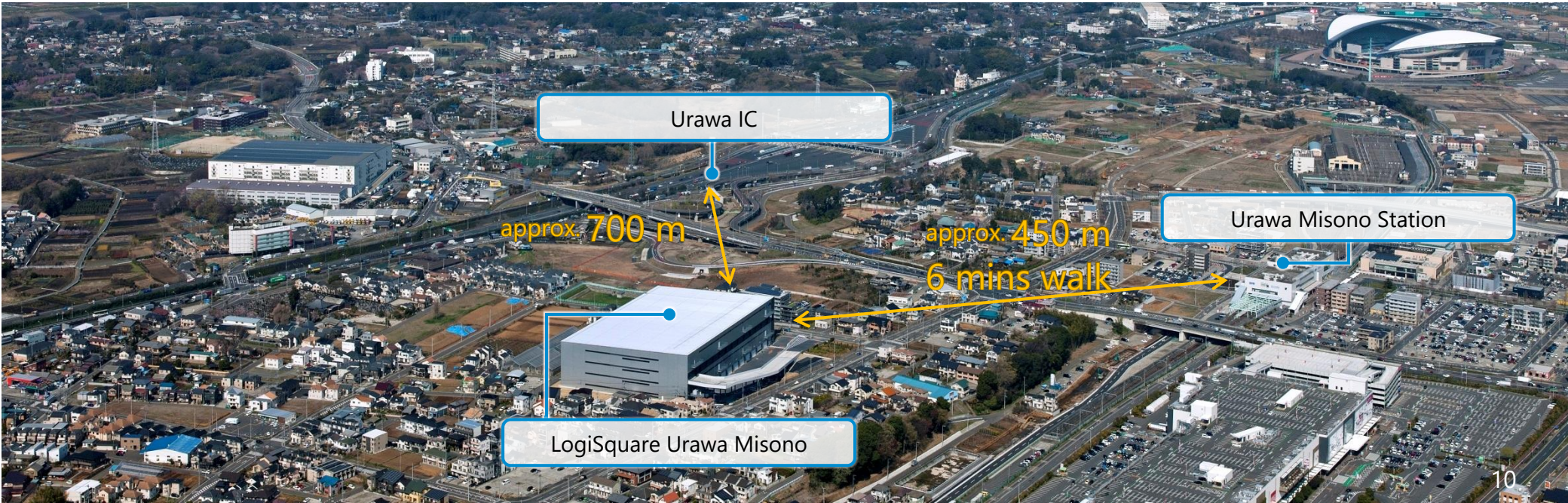


Walking distance from public transportation facilities



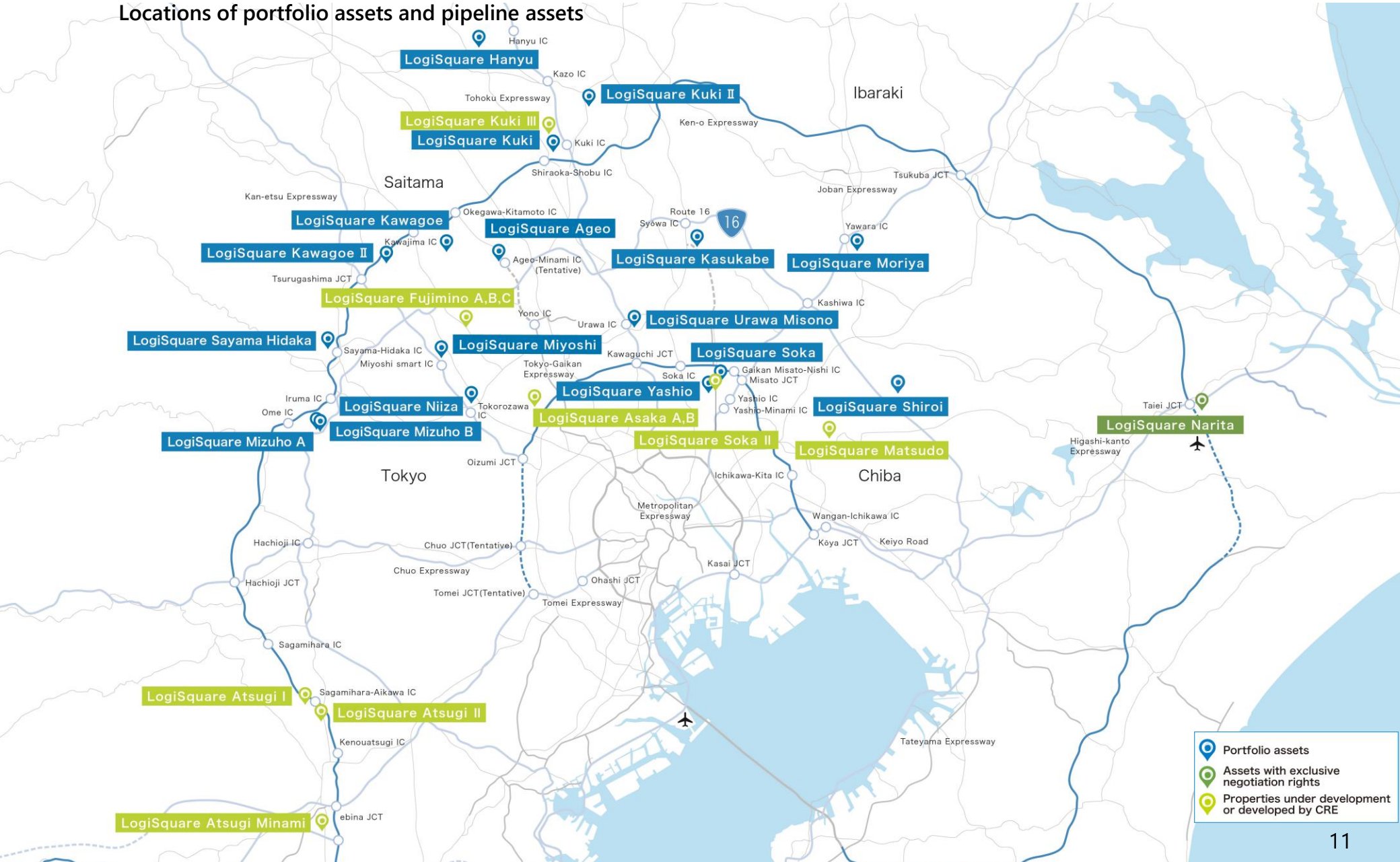
Example: LogiSquare Urawa Misono

The property is located approximately 700 m from Urawa IC (Tohoku Expressway) and approximately 450 m and a 6 minutes walk from Urawa Misono Station on the Saitama Rapid Railway Line. A large-scale community development project is underway in the surrounding area, which will become a potential advantage in securing employees because of the convenience in their commutes.



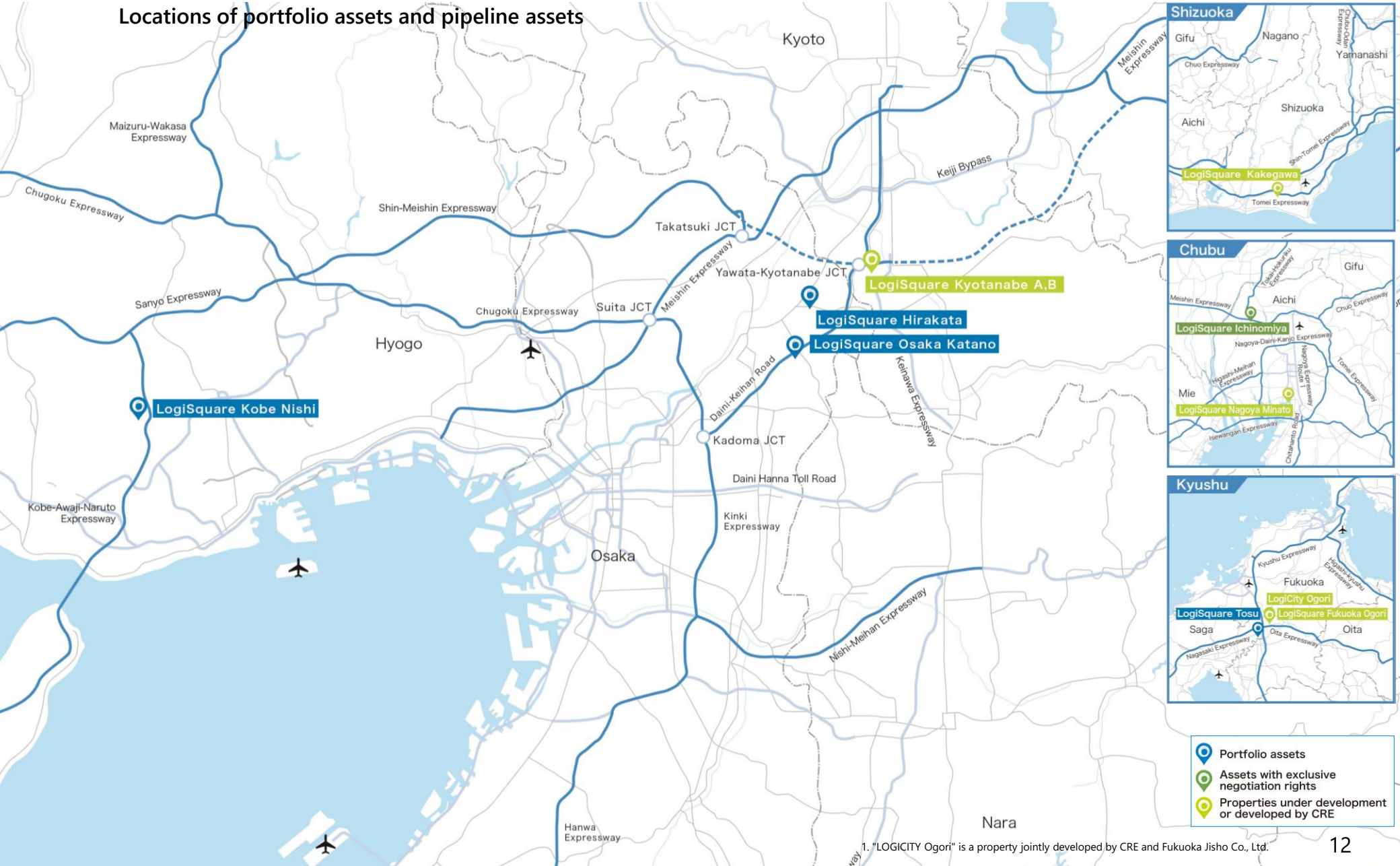
Portfolio Centered on Metropolitan Areas (1) Tokyo Metropolitan Area

Locations of portfolio assets and pipeline assets



Portfolio Centered on Metropolitan Areas (2) Kansai Area and Other

Locations of portfolio assets and pipeline assets



1. "LOGICITY Ogori" is a property jointly developed by CRE and Fukuoka Jisho Co., Ltd.

Portfolio List

No.	Property name	Location	Acquisition price (mn yen)	Appraisal value (mn yen)	Appraisal NOI yield (%)	Total floor area (㎡)	Age (years)	Number of tenants	Occupancy rate(%)	Developer
M-1	LogiSquare Kuki	Kuki-shi, Saitama	9,759	11,700	4.8	40,907.13	8.1	1	100.0	CRE
M-2	LogiSquare Hanyu	Hanyu-shi, Saitama	6,830	7,670	4.9	33,999.61	8.0	1	100.0	CRE
M-3	LogiSquare Kuki II	Kuki-shi, Saitama	2,079	2,490	5.2	11,511.22	7.4	1	100.0	CRE
M-4	LogiSquare Urawa Misono	Saitama-shi, Saitama	13,060	15,900	4.8	48,738.29	7.3	3	100.0	CRE
M-5	LogiSquare Niiza	Niiza-shi, Saitama	6,960	8,430	4.9	25,355.82	7.3	1	100.0	CRE
M-6	LogiSquare Moriya	Moriya-shi, Ibaraki	6,157	8,010	5.6	32,904.90	7.2	2	100.0	CRE
M-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	1,490	1,790	5.1	7,542.56	6.4	1	100.0	CRE
M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	4,900	6,000	5.1	21,315.54	6.1	1	100.0	CRE
M-9	LogiSquare Soka	Soka-shi, Saitama	8,109	9,820	4.6	28,817.59	11.0	1	100.0	CRE
M-10	LogiSquare Yashio	Yashio-shi, Saitama	5,073	6,490	4.7	19,068.60	10.4	1	100.0	CRE
M-11	LogiSquare Mizuho A	Mizuho-machi, Tokyo	2,794	3,250	4.9	13,755.16	17.4	1	100.0	CRE
M-12	LogiSquare Mizuho B	Mizuho-machi, Tokyo	3,584	4,110	4.8	16,016.37	17.4	1	100.0	CRE
M-13	LogiSquare Ageo	Ageo-shi, Saitama	4,908	5,860	4.8	19,142.84	5.2	2	100.0	CRE
M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	11,700	13,700	4.6	37,931.49	4.1	1	100.0	CRE
M-15	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	17,678	18,800	4.2	73,728.44	4.1	6	77.9	CRE
M-16	LogiSquare Kawagoe II	Kawagoe-shi, Saitama	3,244	3,720	4.8	14,281.38	5.0	1	100.0	CRE
M-17	LogiSquare Shiroi	Shiroi-shi, Chiba	7,415	7,870	4.4	28,503.11	1.6	1	100.0	CRE
K-1	LogiSquare Kobe Nishi	Kobe-shi, Hyogo	3,479	4,040	5.0	16,006.20	4.2	1	100.0	CRE
K-2	LogiSquare Osaka Katano	Katano-shi, Osaka	22,370	24,100	4.3	76,393.17	3.5	5	100.0	CRE
K-3	LogiSquare Hirakata	Hirakata-shi, Osaka	15,091	16,400	4.2	42,875.27	1.5	1	100.0	CRE
O-1	LogiSquare Tosu	Tosu-shi, Saga	2,823	4,140	6.3	16,739.40	6.4	1	100.0	CRE
21 properties Total/Average			159,504	184,290	4.6	625,534.09	5.9	34	97.4	–

1. As of June 30, 2024

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Overview of Appraisal Value

No.	Property name	Acquisition month and year	Acquisition price (mn yen)	Book value at the end of the 16th FP (mn yen)	At the end of the 16th FP		At the end of the 15th FP		Changes		Unrealized gains (mn yen)	Unrealized gains rate (%)
					Appraisal value (mn yen)	Direct capitalization rate (%)	Appraisal value (mn yen)	Direct capitalization rate (%)	Appraisal value (mn yen)	Direct capitalization rate (%)		
M-1	LogiSquare Kuki	Jul. 2016	9,759	8,770	11,700	3.9	11,700	3.9	—	—	2,929	33.4
M-2	LogiSquare Hanyu	Jul. 2016	6,830	6,140	7,670	4.3	7,700	4.3	-30	—	1,529	24.9
M-3	LogiSquare Kuki II	Feb. 2018	2,079	1,925	2,490	4.2	2,490	4.2	—	—	564	29.3
M-4	LogiSquare Urawa Misono	Feb. 2018	13,060	12,363	15,900	3.8	15,800	3.8	+100	—	3,536	28.6
M-5	LogiSquare Niiza	Feb. 2018	6,960	6,555	8,430	4.0	8,380	4.0	+50	—	1,874	28.6
M-6	LogiSquare Moriya	Feb. 2018	6,157	5,762	8,010	4.2	8,000	4.2	+10	—	2,247	39.0
M-7	LogiSquare Kawagoe	Jul. 2019	1,490	1,440	1,790	4.0	1,820	4.0	-30	—	349	24.2
M-8	LogiSquare Kasukabe	Jul. 2019	4,900	4,723	6,000	3.9	6,050	3.9	-50	—	1,276	27.0
M-9	LogiSquare Soka	Feb. 2020	8,109	8,050	9,820	3.6	9,830	3.6	-10	—	1,769	22.0
M-10	LogiSquare Yashio	Feb. 2020	5,073	5,040	6,490	3.6	6,460	3.6	+30	—	1,449	28.8
M-11	LogiSquare Mizuho A	Feb. 2020	2,794	2,799	3,250	4.0	3,240	4.0	+10	—	450	16.1
M-12	LogiSquare Mizuho B	Feb. 2020	3,584	3,568	4,110	4.0	4,110	4.0	—	—	541	15.2
M-13	LogiSquare Ageo	Jul. 2020	4,908	4,787	5,860	3.9	5,810	3.9	+50	—	1,072	22.4
M-14	LogiSquare Miyoshi	Jul. 2020	11,700	11,333	13,700	3.9	13,700	3.9	—	—	2,366	20.9
M-15	LogiSquare Sayama Hidaka	Jan. 2021 80% July 2022 20%	17,678	17,325	18,800	3.7	19,400	3.7	-600	—	1,474	8.5
M-16	LogiSquare Kawagoe II	Jan. 2021	3,244	3,180	3,720	4.0	3,720	4.0	—	—	539	17.0
M-17	LogiSquare Shiroi	Apr. 2023	7,415	7,404	7,870	4.1	7,940	4.1	-70	—	465	6.3
K-1	LogiSquare Kobe Nishi	Jan. 2021	3,479	3,425	4,040	4.2	3,850	4.2	+190	—	614	18.0
K-2	LogiSquare Osaka Katano	Sep. 2021	22,370	22,076	24,100	4.0	24,100	4.0	—	—	2,023	9.2
K-3	LogiSquare Hirakata	Apr. 2023	15,091	15,055	16,400	3.8	16,100	3.8	+300	—	1,344	8.9
O-1	LogiSquare Tosu	Apr. 2018	2,823	2,622	4,140	4.1	3,860	4.1	+280	—	1,517	57.9
End of 16th FP Total / Average		—	159,504	154,352	184,290	—	184,060	—	+230	—	29,937	19.4

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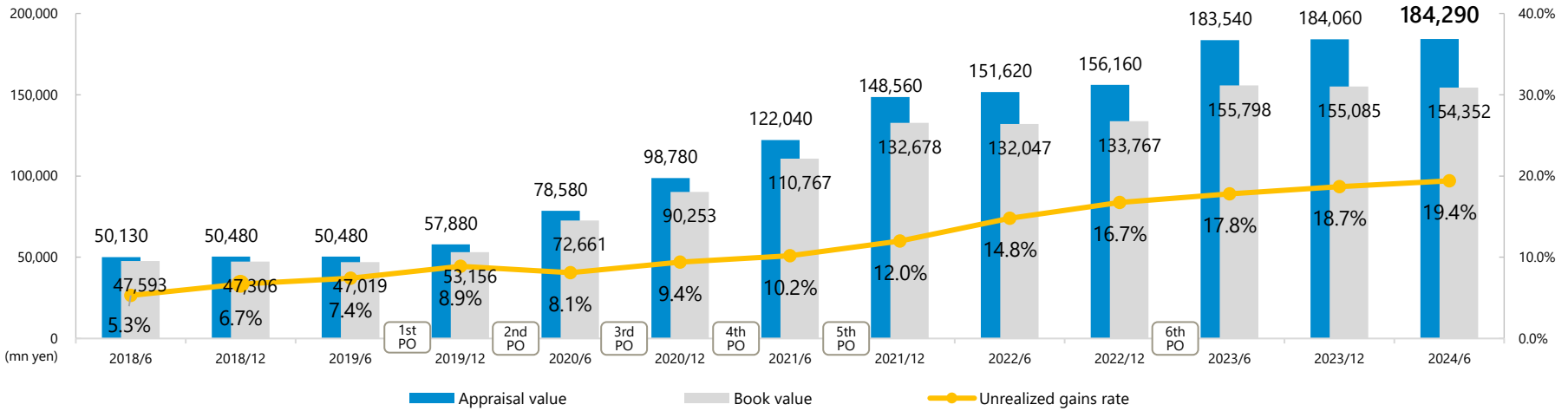
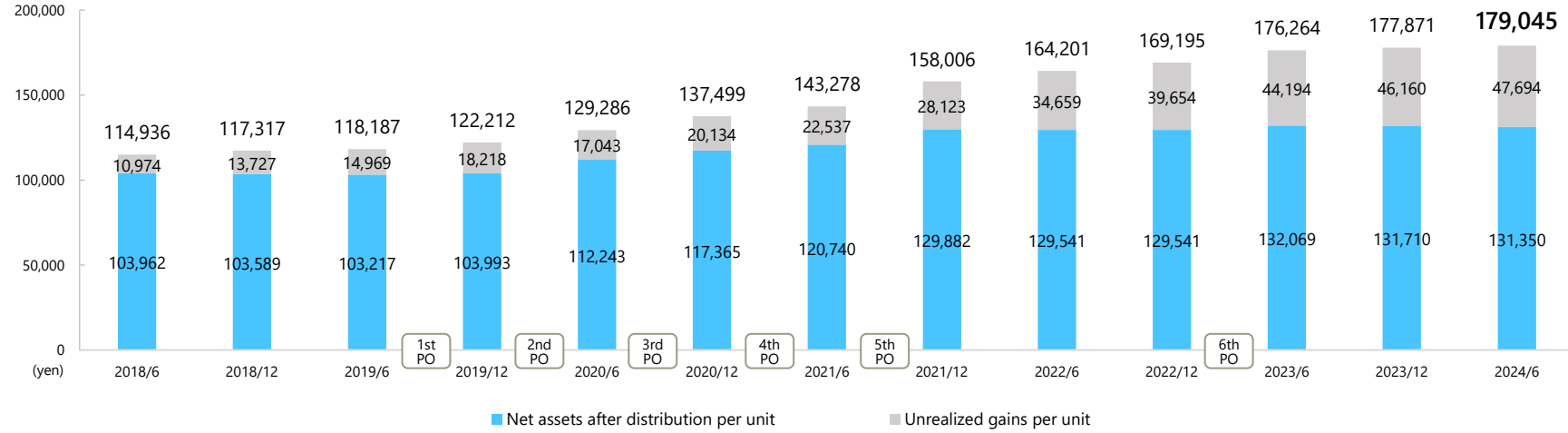
Overview of Appraisal Value

Appraisal value / Unrealized gains rate



NAV per unit



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2. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,193,356	1,356,978
Cash and deposits in trust	4,266,788	3,742,341
Operating accounts receivable	75,167	164,334
Prepaid expenses	114,231	136,088
Income taxes receivable	14	—
Total current assets	5,649,558	5,399,742
Non-current assets		
Property, plant and equipment		
Buildings in trust	79,165,328	79,183,305
Accumulated depreciation	(5,972,396)	(6,698,385)
Buildings in trust, net	73,192,932	72,484,920
Structures in trust	3,470,377	3,470,377
Accumulated depreciation	(222,165)	(247,856)
Structures in trust, net	3,248,211	3,222,521
Tools, furniture and fixtures in trust	21,452	24,585
Accumulated depreciation	(4,442)	(6,677)
Tools, furniture and fixtures in trust, net	17,009	17,907
Land in trust	78,626,947	78,626,947
Total property, plant and equipment	155,085,101	154,352,296
Intangible assets		
Other	1,346	1,144
Total intangible assets	1,346	1,144
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	200,263	248,713
Deferred tax assets	6	15
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	220,770	269,228
Total non-current assets	155,307,218	154,622,669
Deferred assets		
Investment unit issuance expenses	22,424	15,348
Investment corporation bond issuance costs	30,500	26,903
Total deferred assets	52,924	42,252
Total assets	161,009,701	160,064,664

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Operating accounts payable	245,809	304,988
Short-term borrowings	210,000	350,000
Current portion of long-term borrowings	6,785,000	8,705,000
Accrued expenses	387,658	370,521
Income taxes payable	645	917
Consumption taxes payable	324,616	109,613
Advances received	809,667	755,086
Other	161,606	7,063
Total current liabilities	8,925,004	10,603,190
Non-current liabilities		
Investment corporation bonds	6,000,000	6,000,000
Long-term borrowings	58,034,000	55,764,000
Leasehold and guarantee deposits received in trust	2,966,591	2,943,888
Other	11,532	11,115
Total non-current liabilities	67,012,123	64,719,004
Total liabilities	75,937,128	75,322,195
Net assets		
Unitholders' equity		
Unitholders' capital	84,318,685	84,318,685
Deduction from unitholders' capital	(1,418,730)	(1,644,075)
Unitholders' capital, net	82,899,954	82,674,610
Surplus		
Unappropriated retained earnings (undisposed loss)	2,172,618	2,067,859
Total surplus	2,172,618	2,067,859
Total unitholders' equity	85,072,573	84,742,469
Total net assets (Note 1)	85,072,573	84,742,469
Total liabilities and net assets	161,009,701	160,064,664

The accompanying notes are an integral part of these financial statements.

(2) Statement of Income

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Operating revenue		
Leasing business revenue (Note 1)	4,387,346	4,326,886
Other leasing business revenue (Note 1)	137,665	140,028
Total operating revenue	4,525,011	4,466,915
Operating expenses		
Expenses related to leasing business (Note 1)	1,564,907	1,630,799
Asset management fees	410,889	389,660
Asset custody fees	2,683	2,665
Administrative service fees	19,346	19,324
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	34,277	36,475
Total operating expenses	2,036,604	2,083,425
Operating income	2,488,406	2,383,490
Non-operating income		
Interest income	25	24
Dividend income	525	—
Reversal of distributions payable	312	280
Interest on tax refund	664	—
Total non-operating income	1,527	304
Non-operating expenses		
Interest expenses	199,239	204,010
Interest expenses on investment corporation bonds	16,789	20,390
Borrowing related expenses	85,308	76,418
Amortization of investment unit issuance expenses	9,987	7,075
Amortization of investment corporation bond issuance costs	3,126	3,597
Other	2,425	3,681
Total non-operating expenses	316,876	315,172
Ordinary income	2,173,057	2,068,622
Income before income taxes	2,173,057	2,068,622
Income taxes - current	742	920
Income taxes - deferred	13	(8)
Total income taxes	756	912
Net income	2,172,300	2,067,710
Retained earnings brought forward	317	149
Unappropriated retained earnings (undisposed loss)	2,172,618	2,067,859

The accompanying notes are an integral part of these financial statements.

(3) Statement of Unitholders' Equity

Fiscal period ended December 31, 2023

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	84,318,685	(1,143,170)	83,175,514	2,000,797	2,000,797	85,176,312	85,176,312
Changes during period							
Distributions in excess of earnings		(275,560)	(275,560)			(275,560)	(275,560)
Dividends of surplus				(2,000,479)	(2,000,479)	(2,000,479)	(2,000,479)
Net income				2,172,300	2,172,300	2,172,300	2,172,300
Total changes during period	—	(275,560)	(275,560)	171,820	171,820	(103,739)	(103,739)
Balance at end of period	84,318,685 (Note 1)	(1,418,730)	82,899,954	2,172,618	2,172,618	85,072,573	85,072,573

Fiscal period ended June 30, 2024

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	84,318,685	(1,418,730)	82,899,954	2,172,618	2,172,618	85,072,573	85,072,573
Changes during period							
Distributions in excess of earnings		(225,344)	(225,344)			(225,344)	(225,344)
Dividends of surplus				(2,172,469)	(2,172,469)	(2,172,469)	(2,172,469)
Net income				2,067,710	2,067,710	2,067,710	2,067,710
Total changes during period	—	(225,344)	(225,344)	(104,759)	(104,759)	(330,103)	(330,103)
Balance at end of period	84,318,685 (Note 1)	(1,644,075)	82,674,610	2,067,859	2,067,859	84,742,469	84,742,469

The accompanying notes are an integral part of these financial statements.

(4) Statement of Cash Distributions

(Yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
I. Unappropriated retained earnings	2,172,618,851	2,067,859,255
II. Surplus cash distributions		
Deduction from unitholders' capital	225,344,300	225,972,000
III. Distributions	2,397,814,000	2,293,615,800
(Distributions per unit)	(3,820)	(3,654)
Of which, earnings distributions	2,172,469,700	2,067,643,800
(Earnings distributions per unit)	(3,461)	(3,294)
Of which, distributions in excess of earnings	225,344,300	225,972,000
(Distributions in excess of earnings per unit)	(359)	(360)
IV. Retained earnings carried forward	149,151	215,455
Method of calculating distributions	Under the distribution policy established in Paragraph 1, Article 39 of the certificate of incorporation of CRE REIT, the distribution amount shall exceed the amount equivalent to 90% the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CRE REIT decided to distribute 2,172,469,700 yen, the maximum integral multiple of the total number of investment units outstanding, 627,700, which does not exceed the unappropriated retained earnings. Based on the cash distribution policy established in Paragraph 2, Article 39 of the certificate of incorporation of CRE REIT, CRE REIT continuously distributes cash in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) in every period. Under this policy, CRE REIT has decided to distribute 225,344,300 yen, approximately 30.0% of depreciation, as distributions in excess of earnings (contribution refunds that fall under distributions accompanying a decrease in capital under tax law).	Under the distribution policy established in Paragraph 1, Article 39 of the certificate of incorporation of CRE REIT, the distribution amount shall exceed the amount equivalent to 90% the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CRE REIT decided to distribute 2,067,643,800 yen, the maximum integral multiple of the total number of investment units outstanding, 627,700, which does not exceed the unappropriated retained earnings. Based on the cash distribution policy established in Paragraph 2, Article 39 of the certificate of incorporation of CRE REIT, CRE REIT continuously distributes cash in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) in every period. Under this policy, CRE REIT has decided to distribute 225,972,000 yen, approximately 30.0% of depreciation, as distributions in excess of earnings (contribution refunds that fall under distributions accompanying a decrease in capital under tax law).

Note: CRE REIT is able to distribute an amount determined by CRE REIT, not exceeding amounts specified in laws and regulations (including rules set forth by the Investment Trusts Association) as cash in excess of earnings if CRE REIT deems it appropriate for the purpose of maintaining stable distribution or reducing the tax payments of CRE REIT.

(5) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Cash flows from operating activities		
Income before income taxes	2,173,057	2,068,622
Depreciation	752,046	754,116
Amortization of investment unit issuance expenses	9,987	7,075
Amortization of investment corporation bond issuance costs	3,126	3,597
Interest income	(25)	(24)
Interest expenses	216,029	224,400
Decrease (increase) in operating accounts receivable	11,578	(89,167)
Decrease (increase) in consumption taxes receivable	929,030	—
Decrease (increase) in prepaid expenses	42,757	(21,856)
Increase (decrease) in operating accounts payable	(25,198)	67,040
Increase (decrease) in accrued expenses	31,460	(20,945)
Increase (decrease) in consumption taxes payable	324,616	(215,003)
Increase (decrease) in advances received	2,016	(54,581)
Decrease (increase) in long-term prepaid expenses	34,926	(48,449)
Other, net	2,270	(3,116)
Subtotal	4,507,681	2,671,707
Interest received	25	24
Interest paid	(210,325)	(220,592)
Income taxes paid	(1,120)	(649)
Net cash provided by (used in) operating activities	4,296,261	2,450,490
Cash flows from investing activities		
Acquisition of property, plant and equipment in trust	(38,334)	(28,971)
Repayments from leasehold and guarantee deposits received in trust	(7,580)	(214,186)
Proceeds from leasehold and guarantee deposits received in trust	32	39,934
Proceeds from restricted deposits	4,548	403,752
Payments into restricted deposits	(119,534)	(95,742)
Net cash provided by (used in) investing activities	(160,869)	104,786
Cash flows from financing activities		
Proceeds from short-term borrowings	—	350,000
Repayments of short-term borrowings	(1,470,000)	(210,000)
Proceeds from long-term borrowings	2,900,000	3,330,000
Repayments of long-term borrowings	(4,900,000)	(3,680,000)
Proceeds from issuance of investment corporation bonds	1,985,870	—
Distributions paid	(2,275,735)	(2,398,092)
Net cash provided by (used in) financing activities	(3,759,864)	(2,608,092)
Net increase (decrease) in cash and cash equivalents	375,527	(52,814)
Cash and cash equivalents at beginning of period	3,304,662	3,680,190
Cash and cash equivalents at end of period (Note 1)	3,680,190	3,627,375

The accompanying notes are an integral part of these financial statements.

(6) Notes to Financial Statements

[Notes on going concern assumption]

Not applicable.

[Summary of significant accounting policies]

Basis of presentation

The financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and their related accounting regulations. They are also in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain aspects as to the application and disclosure requirements from the International Financial Reporting Standards ("IFRS").

The financial statements have been reformatted and translated into English from the financial statements of CRE REIT prepared in accordance with Japanese GAAP. In preparing these financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

1. Asset valuation standards and valuation method	Securities Available-for-sale securities Securities without market prices Stated at cost determined by the moving average method.
2. Depreciation method for non-current assets	(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The useful lives of major property, plant and equipment are as stated below. Buildings: 2 years to 80 years Structures: 10 years to 80 years Tools, furniture and fixtures: 3 years to 15 years (2) Intangible assets The straight-line method is used. (3) Long-term prepaid expenses The straight-line method is used.
3. Accounting for deferred assets	(1) Investment unit issuance expenses Amortized in equal amounts over three years. (2) Investment corporation bond issuance costs Amortized in equal amounts over the period until redemption.
4. Standards for recognition of revenues and expenses	(1) Accounting standard for revenue recognition The contents of major performance obligations concerning revenue arising from contracts with customers of CRE REIT and the general timing to satisfy such performance obligations (general timing to recognize the revenue) are as follows. 1. Sale of real estate, etc. With regard to sale of real estate, etc., revenue is recorded when the buyer (customer) obtains control of the real estate, etc. as a result of CRE REIT fulfilling the delivery obligation set forth in the contract pertaining to the sale of real estate. 2. Utilities income With regard to utilities charges, revenue is recorded in accordance with the supply of electricity, water, etc. to the lessee (customer) based on the lease agreement of the real estate, etc. and the supplementary agreement. As to utilities charges in cases where CRE REIT is acting as an agent, the net amount derived by deducting the amount to be paid to other parties supplying the electricity, water, etc. from the amount received by CRE REIT as utilities charges for the electricity, water, etc. supplied by those other parties is recognized as revenue. (2) Accounting for fixed asset taxes, etc. Of the amount of fixed asset taxes, city planning taxes, depreciable asset taxes, etc. imposed on real estate owned that was assessed and determined, the amount corresponding to the relevant calculation period is expensed as Expenses related to leasing business. The amount corresponding to fixed asset taxes for the first calendar year that CRE REIT incurred for

	the acquisition of real estate or trust beneficiary interests in real estate is not expensed, but is included in the acquisition cost of the real estate. There was no fixed asset tax included in the acquisition costs for real estate in the previous and the current fiscal period.
5. Hedge accounting method	(1) Hedge accounting method Deferral hedge accounting is used. Special treatment is used for interest rate swaps meeting the requirements for special treatment. (2) Hedging methods and hedged transactions Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans (3) Hedging policy CRE REIT conducts derivative transactions to hedge the risks set forth in its certificate of incorporation based on rules specifying the basic policy for risk management. (4) Methods of assessing hedge effectiveness The evaluation of the effectiveness of interest rate swaps is omitted because they meet the requirements for special treatment.
6. Scope of cash (cash and cash equivalents) in a statement of cash flows	Cash (cash and cash equivalents) in the statement of cash flows consist of cash on hand, cash in trust, deposits held on call with banks, deposits in trust, and other short-term highly liquid investments with a maturity of three months or less from the acquisition date with an insignificant risk of changes in value.
7. Other matters that become the basis of preparing financial statements	Accounting for trust beneficiary interests in real estate For trust beneficiary interests in real estate, all trust assets and liabilities as well as all income generated and expenses incurred for trust properties are recorded in the applicable accounts in the balance sheet and the statement of income. The following material items among assets in trust posted in the trust accounts are listed separately on the balance sheet. (i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust, and land in trust (iii) Leasehold and guarantee deposits received in trust

[Notes to the balance sheet]

*1. Minimum net asset value specified in Paragraph (4), Article 67 of the Act on Investment Trusts and Investment Corporations

(Thousands of yen)

As of December 31, 2023	As of June 30, 2024
50,000	50,000

[Notes to the statement of income]

*1. Breakdown of net revenue in the real estate leasing business

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
A. Revenue in the real estate leasing business		
Leasing business revenue		
Rent revenue	4,199,142	4,139,204
Common-area charge income	188,203	187,682
Subtotal	4,387,346	4,326,886
Other leasing business revenue		
Utilities income	110,944	100,796
Other revenues	26,720	39,231
Subtotal	137,665	140,028
Total revenue in the real estate leasing business	4,525,011	4,466,915
B. Expenses in the real estate leasing business		
Expenses related to leasing business		
Management commissions	266,139	272,173
Utilities expenses	118,231	108,457
Taxes and public dues	384,167	443,150
Non-life insurance expenses	12,302	12,588
Repair expense	23,566	31,837
Depreciation	751,844	753,914
Other expenses related to leasing business	8,656	8,678
Total expenses in the real estate leasing business	1,564,907	1,630,799
C. Net revenue in the real estate leasing business (A-B)	2,960,103	2,836,115

[Notes to statement of unitholders' equity]

*1. Total number of authorized investment units and total number of investment units issued and outstanding

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	627,700 units	627,700 units

[Notes to statement of cash flows]

*1. Cash and cash equivalents at end of fiscal period and their relationship with the amounts of items listed in the balance sheet

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Cash and deposits	1,193,356	1,356,978
Cash and deposits in trust	4,266,788	3,742,341
Restricted deposits (Note)	(1,779,954)	(1,471,944)
Cash and cash equivalents	3,680,190	3,627,375

Note: Deposits and deposits in trust withheld to return leasehold and guarantee deposits received from tenants

[Notes to lease transactions]

Operating lease transactions (lessor side)

Outstanding lease charges

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Due within 1 year	8,034,276	7,739,170
Due after 1 year	20,429,889	18,473,567
Total	28,464,166	26,212,738

[Notes to financial instruments]

1. Matters related to the status of financial instruments

(1) Policy for financial instruments

CRE REIT finances the acquisition of new working assets by issuing investment units, borrowing funds from financial institutions, issuing investment corporation bonds, or using other means.

CRE REIT carefully uses surplus funds, taking into account safety and liquidity and fully considering the market environment and financing conditions. Derivative trading is used to hedge the risk of interest-rate fluctuations in financing such as borrowing or other risks while speculative transactions are avoided.

(2) Details of financial instruments, their risks, and risk management system

Deposits are made from CRE REIT's surplus funds, which are exposed to credit risks such as the bankruptcy of the financial institution to which the funds are deposited. CRE REIT controls credit risks by limiting deposit terms to short terms and depositing funds only at financial institutions with high credit ratings.

Borrowings and investment corporation bonds are used to finance primarily the acquisition of trust beneficiary interests in real estate and funds required for the operation of CRE REIT. Among them, floating-rate borrowings are exposed to the risk of interest-rate fluctuations, and CRE REIT uses derivative trading as hedging instruments. Derivative trading is an interest-rate swap, and CRE REIT hedges the risk of interest-rate fluctuations by, in effect, fixing the interest expenses in the floating-rate financing. Details about the hedge accounting method, hedged items, hedging policy, and the method of assessing hedge effectiveness are provided in the earlier section, "5. Hedge accounting method," in the table "Notes on matters related to significant accounting policies."

Leasehold and guarantee deposits received from tenants are money deposited by tenants and exposed to liquidity risk caused by tenants' vacation before contract expiration. CRE REIT controls liquidity risk by having the Asset Manager prepare a cash management schedule and control short-term liquidity.

(3) Supplementary explanation about matters related to the fair value of financial instruments

Certain preconditions apply in the calculation of the fair value of financial instruments, which may vary when different preconditions apply. The amount of derivative trading contracts in the latter section, "Notes to derivative trading." do not directly indicate market risks associated with derivative trading.

2. Matters related to fair value of financial instruments

The following table presents the book value, fair value, and differences between them. "Cash and deposits", "Cash and deposits in trust" and "Short-term borrowings" are omitted as they are cash or they are settled in a short span of time and therefore similar in fair value to the book value. The table does not include securities without market prices.

As of December 31, 2023

(Thousands of yen)

	Book value	Fair Value (Note 1)	Difference
(1) Current portion of long-term borrowings	6,785,000	6,787,829	2,829
(2) Investment corporation bonds	6,000,000	5,935,000	(65,000)
(3) Long-term borrowings	58,034,000	57,858,523	(175,476)
Derivative trading	–	–	–

As of June 30, 2024

(Thousands of yen)

	Book value	Fair Value (Note 1)	Difference
(1) Current portion of long-term borrowings	8,705,000	8,700,186	(4,813)
(2) Investment corporation bonds	6,000,000	5,870,800	(129,200)
(3) Long-term borrowings	55,764,000	55,271,052	(492,947)
Derivative trading	–	–	–

Note 1: Method of calculating fair value of financial instruments and matters related to derivative trading

(1) Current portion of long-term borrowings, (3) long-term borrowings

Given that the fair value of these items is close to their book value because interest rates are renewed after certain periods of time, they are recorded at book value. Long-term borrowings with floating rates that are subject to the special accounting treatment for interest-rate swaps are calculated by discounting the combined total of principal and interest treated as unified with the Interest-rate swap by a reasonably estimated discount rate applicable to similar borrowings.

(2) Investment corporation bonds

Investment corporation bonds are recorded at reference values published by the Japan Securities Dealers Association.

Derivative trading

See the latter section, "Notes to derivative trading."

Note 2: Scheduled repayment amounts of investment corporation bonds and borrowings after the closing date

As of December 31, 2023

(Thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 year and within 3 years	Due after 3 year and within 4 years	Due after 4 year and within 5 years	Due after 5 years
Investment corporation bonds	—	2,000,000	—	—	2,000,000	2,000,000
Long-term borrowings	6,785,000	10,100,000	15,050,000	14,250,000	15,734,000	2,900,000
Total	6,785,000	12,100,000	15,050,000	14,250,000	17,734,000	4,900,000

As of June 30, 2024

(Thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 year and within 3 years	Due after 3 year and within 4 years	Due after 4 year and within 5 years	Due after 5 years
Investment corporation bonds	—	2,000,000	—	—	2,000,000	2,000,000
Long-term borrowings	8,705,000	12,450,000	13,650,000	15,304,000	14,360,000	—
Total	8,705,000	14,450,000	13,650,000	15,304,000	16,360,000	2,000,000

[Notes to securities]

Not applicable in the previous fiscal period (ended December 31, 2023) and the current fiscal period (ended June 30, 2024).

[Notes to derivative trading]

1. Derivatives not subject to hedge accounting

Not applicable in the previous fiscal period (ended December 31, 2023) and the current fiscal period (ended June 30, 2024).

2. Derivatives subject to hedge accounting

The table below shows the value of contract or the equivalent of the principal set forth in the contract at the closing date using the hedge accounting method.

As of December 31, 2023

(Thousands of yen)

Hedge accounting method	Type of derivative trading	Major hedged item	Contract amount		Fair value	Method of calculating fair value
				Due after a year		
Special accounting treatment for interest-rate swaps	Interest-rate swap transactions floating rate receivable, fixed rate payable	Long-term borrowings	51,359,000	44,574,000	(Note)	—

As of June 30, 2024

(Thousands of yen)

Hedge accounting method	Type of derivative trading	Major hedged item	Contract amount		Fair value	Method of calculating fair value
				Due after a year		
Special accounting treatment for interest-rate swaps	Interest-rate swap transactions floating rate receivable, fixed rate payable	Long-term borrowings	50,359,000	41,654,000	(Note)	—

Note : Because interest-rate swaps subject to special accounting treatment are treated as unified with the long-term borrowings subject to hedging, their fair value is included in the fair value of "current portion of long-term borrowings" and "long-term borrowings" in the earlier section, "2. Matters related to fair value of financial instruments." under "Notes to financial instruments."

[Notes to retirement benefits]

Not applicable in the previous fiscal period (ended December 31, 2023) and the current fiscal period (ended June 30, 2024) due to the absence of retirement benefit plan in CRE REIT.

[Notes to tax effect accounting]

1. Breakdown of deferred tax assets and liabilities by major cause

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Deferred tax assets		
Amount excluded from deductible expenses of accrued enterprise taxes	6	15
Total deferred tax assets	6	15
Net deferred tax assets	6	15

2. Breakdown of major items that caused a significant difference between the effective statutory tax rate and the actual effective income tax rate

	As of December 31, 2023	As of June 30, 2024
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Inclusion of distribution paid in deductible expenses	(31.45)%	(31.45)%
Other	0.03%	0.03%
Actual effective income tax rate	0.03%	0.04%

[Notes to share of profit and loss of entities accounted for using the equity method]
Not applicable in the previous fiscal period (from July 1 to December 31, 2023) and the current fiscal period (from January 1 to June 30, 2024) due to the absence of a company affiliated with CRE REIT.

[Notes on transactions with related party]
1. Parent company and major corporate unitholders
Not applicable in the previous fiscal period (from July 1 to December 31, 2023) and the current fiscal period (from January 1 to June 30, 2024)

2. Affiliated companies
Not applicable in the previous fiscal period (from July 1 to December 31, 2023) and the current fiscal period (from January 1 to June 30, 2024)

3. Companies under common control
Not applicable in the previous fiscal period (from July 1 to December 31, 2023) and the current fiscal period (from January 1 to June 30, 2024)

4. Directors and major individual unitholders
Fiscal period ended December 31, 2023

Attributes	Company or other names	Address	Capital or investment (million yen)	Business or occupation	Percentage of voting rights (owned)	Relationships with related parties	Description of transaction	Amount of transaction (thousand yen)	Item	Balance at end of period (thousand yen)
Directors and their relatives	Tsuyoshi Ito	–	–	Executive Director of CRE REIT and President of the Asset Manager	0.2%	Asset management contractor	Payment of asset management fees	410,889	Accrued expenses	317,021

Note 1: The above transaction amounts do not include consumption tax, while the balance at the end of the fiscal period does include consumption tax.
Note 2: The amount of asset management fees is determined based on the conditions specified in the certificate of incorporation of CRE REIT.

Fiscal period ended June 30, 2024

Attributes	Company or other names	Address	Capital or investment (million yen)	Business or occupation	Percentage of voting rights (owned)	Relationships with related parties	Description of transaction	Amount of transaction (thousand yen)	Item	Balance at end of period (thousand yen)
Directors and their relatives	Tsuyoshi Ito	–	–	Executive Director of CRE REIT and President of the Asset Manager	0.2%	Asset management contractor	Payment of asset management fees	389,660	Accrued expenses	296,157

Note 1: The above transaction amounts do not include consumption tax, while the balance at the end of the fiscal period does include consumption tax.
Note 2: The amount of asset management fees is determined based on the conditions specified in the certificate of incorporation of CRE REIT.

[Notes to asset retirement obligations]
Not applicable in the previous fiscal period (from July 1 to December 31, 2023) and the current fiscal period (from January 1 to June 30, 2024)

[Notes to segment information]
Segment information
CRE REIT has only one segment, the real estate leasing business, and the section of segment information is therefore omitted.

Related information
Fiscal period ended December 31, 2023
1. Information about products and services
The statement is omitted because operating revenue from external customers in a single product and service category accounts for more than 90% of operating revenue on the statement of income.
2. Information by geographical area
(1) Operating revenues
The statement is omitted because operating revenue from external customers in Japan accounts for more than 90% of operating revenue in the statement of income.
(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the balance sheet.

3. Information about major customers

(Thousands of yen)

Counterparty	Operating revenues	Related segments
CRE, Inc.	(Note 1) 573,704	Real estate leasing business
Nippon Express Co., Ltd.	(Note 2)	Real estate leasing business

Note 1: The amount includes rents for a certain period in which a fixed amount of monthly rent is received based on a master lease agreement irrespective of rental agreements with end tenants.
Note 2: Information about rents and other items is not provided due to the absence of tenant approval for the disclosure.

Fiscal period ended June 30, 2024

1. Information about products and services

The statement is omitted because operating revenue from external customers in a single product and service category accounts for more than 90% of operating revenue on the statement of income.

2. Information by geographical area

(1) Operating revenues

The statement is omitted because operating revenue from external customers in Japan accounts for more than 90% of operating revenue in the statement of income.

(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the balance sheet.

3. Information about major customers

(Thousands of yen)

Counterparty	Operating revenues	Related segments
Nippon Express Co., Ltd.	(Note)	Real estate leasing business

Note : Information about rents and other items is not provided due to the absence of tenant approval for the disclosure.

[Notes to real state such as rental properties]

CRE REIT holds rental logistics facilities principally in the Tokyo metropolitan area and Kansai area for the purpose of generating rental revenues. The amounts of items related to these rental properties posted on the balance sheet, changes in the amounts during the period, and fair value of the properties are presented in the table below.

(Thousands of yen)

		Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Balance sheet amount			
	Balance at beginning of period	155,798,919	155,085,101
	Increase (decrease) during the period	(713,817)	(732,805)
	Balance at end of period	155,085,101	154,352,296
Fair value at the end of period		184,060,000	184,290,000

Note 1: The amounts in the balance sheet represent the results of deducting the accumulated depreciation from the acquisition costs.
Note 2: Of the changes in the amounts in the previous fiscal period, a major decrease was due to depreciation (751,844 thousand yen). Of the changes in the amounts in the current fiscal period, a major decrease was due to depreciation (753,914 thousand yen).
Note 3: Fair value at the end of the period was based on the anticipated disposition price in the case of the properties for which a disposition agreement has been concluded, and the appraisal value or investigation value estimated by external real-property appraisers for other properties.

Profit and loss on operations of rental properties are stated in the earlier section, “Notes to the statement of income.”

[Notes to revenue recognition]

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Revenue from contracts with customers (Note)		
Utilities income	110,944	100,796
Other revenues		
Rent revenue	4,199,142	4,139,204
Common-area charge income	188,203	187,682
Other	26,720	39,231
Sales to external customers	4,525,011	4,466,915

Note : Rent revenues subject to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and revenue from sales of real estate properties subject to "Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies" (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA)) are excluded from "Revenue from contracts with customers" as they are not subject to Accounting Standard for Revenue Recognition. The revenue from contracts with customers is mainly revenues from utilities income.

[Notes to per-unit information]

(Yen)

Fiscal period ended December 31, 2023		Fiscal period ended June 30, 2024	
Net assets per unit	135,530	Net assets per unit	135,004
Net income per unit	3,460	Net income per unit	3,294

Note 1: Net income per unit is calculated by dividing net income by the average number of investment units weighted by the number of days during the period.

Diluted net income per unit is not stated due to the absence of diluted investment units.

Note 2: The basis of calculating net income per unit is presented below.

	Fiscal period ended December 31, 2023	Fiscal period ended June 30, 2024
Net income (thousand yen)	2,172,300	2,067,710
Amount not attributable to common unitholders (thousand yen)	–	–
Net income related to common investment units (thousand yen)	2,172,300	2,067,710
Average number of investment units during period (units)	627,700	627,700

[Notes to significant subsequent events]

Disposition of the property

CRE REIT has decided to dispose the following property on August 16, 2024.

Property No.	M-3	
Property name	LogiSquare Kuki II	
Location	Kuki-shi, Saitama	
(Anticipated) Disposition Price (Note 1)	2,490 million yen	
(Anticipated) Disposition Dates (Note 2)	(1) quasi-co-ownership interest 30.0%: December 26, 2024	747 million yen
	(2) quasi-co-ownership interest 37.5%: January 31, 2025	933 million yen
	(3) quasi-co-ownership interest 32.5%: July 1, 2025	809 million yen
Appraisal Value (Note 3)	2,490 million yen	
Buyer	Not disclosed (Note 4)	
Date of Sale and Purchase Agreement (Note 5)	August 16, 2024	

(Note 1) "(Anticipated) Disposition Price" indicates the sale price of the property to be disposed stated in sale and purchase agreement pertaining to the property to be disposed (the "Sale and Purchase Agreement"), rounded down to the nearest million yen and does not include national or local consumption taxes or expenses which will be incurred in connection with the disposition.

(Note 2) "(Anticipated) Disposition Dates" indicates an anticipated disposition date described in the Sale and Purchase Agreement. Note that the anticipated disposition date and the sale ratio are subject to change as agreed upon between CRE REIT and the buyer.

(Note 3) "Appraisal Value" shows the appraisal value stated on the real estate appraisal report with the price as of June 30, 2024.

(Note 4) The buyer is a domestic leasing company, but the details are not disclosed as the consent for disclosure has not been obtained from the buyer. The buyer is not a related party or a person with special interest in CRE REIT.

(Note 5) The Sale and Purchase Agreement falls under the category of forward commitments, etc. (defined as "a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto" in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency).

(7) Supplementary schedules

1. Schedule of securities

(1) Stocks

(Thousands of yen)

Name	Number of shares	Acquisition price		Fair value		Valuation profit/loss	Remarks
		Unit price	Amount	Unit price	Amount		
Kukishobu Industrial Park Management Center	10,500	1	10,500	1	10,500	-	(Note)
Total	10,500	1	10,500	1	10,500	-	-

Note: The fair value of the unlisted shares is stated at acquisition cost.

(2) Securities other than stocks

Not applicable.

2. Schedule of contract amounts and fair value of derivative transactions and forward exchange transactions

(Thousands of yen)

Classification	Type	Contract amount (Note 1)		Fair value (Note 2)
			Due after a year	
OTC transactions	Interest-rate swap transactions floating rate receivable, fixed rate payable	50,359,000	41,654,000	-
Total		50,359,000	41,654,000	-

Note 1: Contract amounts of interest-rate swaps are presented based on notional amounts.

Note 2: Fair value statement is omitted for those transactions that meet the criteria for special accounting treatment for interest-rate swaps in accordance with the Accounting Standard for Financial Instruments.

3. Schedule of property, plant and equipment

(Thousands of yen)

Types of assets	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Accumulated depreciation or accumulated amortization	Depreciation on for the period	Net balance at the end of the period	Remarks
Buildings in trust	79,165,328	17,976	-	79,183,305	6,698,385	725,988	72,484,920	-
Structures in trust	3,470,377	-	-	3,470,377	247,856	25,690	3,222,521	
Tools, furniture and fixtures in trust	21,452	3,133	-	24,585	6,677	2,235	17,907	
Land in trust	78,626,947	-	-	78,626,947	-	-	78,626,947	
Total	161,284,106	21,109	-	161,305,215	6,952,919	753,914	154,352,296	

4. Schedule of other specified assets

The beneficial interests in real estate trusts are included in "3. Schedules of property, plant and equipment" above.

5. Schedule of investment corporation bonds

(Thousands of yen)

Issue	Issue Date	Balance at the beginning of the period	Decrease during the period	Balance at the end of the period	Interest rate	Maturity date	Use	Collateral
CRE Logistics REIT, Inc. 1st unsecured investment corporation bond with supplementary pari passu clause (Green bond)	September 8, 2020	2,000,000	-	2,000,000	0.530%	September 8, 2025	Repayment of existing borrowings	Unsecured/ unguaranteed
CRE Logistics REIT, Inc. 2nd unsecured investment corporation bond with supplementary pari passu clause (Green bond)	November 26, 2021	2,000,000	-	2,000,000	0.720%	November 26, 2031	Repayment of existing borrowings	Unsecured/ unguaranteed
CRE Logistics REIT, Inc. 3rd unsecured investment corporation bond with supplementary pari passu clause (Green bond)	September 22, 2023	2,000,000	-	2,000,000	0.789%	September 21, 2028	Repayment of existing borrowings	Unsecured/ unguaranteed
Total	-	6,000,000	-	6,000,000	-	-	-	-

Note: The following is the maturity schedule for each year within five years after the balance sheet date.

(Thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 year and within 3 years	Due after 3 year and within 4 years	Due after 4 year and within 5 years
Investment corporation bonds	-	2,000,000	-	-	2,000,000
Total	-	2,000,000	-	-	2,000,000

6. Schedule of borrowings

(Thousands of yen)

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Short-term borrowings	Sumitomo Mitsui Banking Corporation	210,000	-	210,000	-	0.361%	March 29, 2024	(Note 4)	Unsecured/ unguaranteed
	Sumitomo Mitsui Banking Corporation	-	350,000	-	350,000	0.439%	January 31, 2025		
	Subtotal	210,000	350,000	210,000	350,000	-	-	-	-
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	830,000	-	830,000	-	0.731% (Note 3)	January 31, 2024	(Note 4)	Unsecured/ unguaranteed
	MUFG Bank, Ltd.	650,000	-	650,000	-				
	Mizuho Bank, Ltd.	650,000	-	650,000	-				
	Development Bank of Japan Inc.	650,000	-	650,000	-				
	Resona Bank, Limited	550,000	-	550,000	-				
	The Nishi-Nippon City Bank, Ltd.	350,000	-	350,000	-				

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	927,000	-	-	927,000	0.462% (Note 3)	July 31, 2024	(Note 4)	Unsecured/ unguaranteed
	Mizuho Bank, Ltd.	680,000	-	-	680,000				
	MUFG Bank, Ltd.	310,000	-	-	310,000				
	Development Bank of Japan Inc.	325,000	-	-	325,000				
	Resona Bank, Limited	420,000	-	-	420,000				
	The Nishi-Nippon City Bank, Ltd.	443,000	-	-	443,000				
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000	0.570% (Note 3)	January 31, 2025		
	Mizuho Bank, Ltd.	1,100,000	-	-	1,100,000				
	Development Bank of Japan Inc.	850,000	-	-	850,000				
	Sumitomo Mitsui Trust Bank, Ltd.	800,000	-	-	800,000				
	The Nishi-Nippon City Bank, Ltd.	700,000	-	-	700,000				
	The Bank of Fukuoka, Ltd.	650,000	-	-	650,000				
	Resona Bank, Limited	400,000	-	-	400,000				
	Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000	0.639% (Note 3)	January 30, 2026		
	Mizuho Bank, Ltd.	700,000	-	-	700,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	-	-	500,000				
	Development Bank of Japan Inc.	450,000	-	-	450,000				
	The Bank of Fukuoka, Ltd.	350,000	-	-	350,000				
	Sumitomo Mitsui Trust Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	300,000	-	-	300,000				

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.608% (Note 3)	July 31, 2026	(Note 4)	Unsecured/ unguaranteed
	Mizuho Bank, Ltd.	1,400,000	-	-	1,400,000				
	Development Bank of Japan Inc.	1,200,000	-	-	1,200,000				
	Sumitomo Mitsui Trust Bank, Ltd.	800,000	-	-	800,000				
	Resona Bank, Limited	500,000	-	-	500,000				
	SBI Shinsei Bank, Limited	500,000	-	-	500,000				
	The Hyakujushi Bank, Ltd.	500,000	-	-	500,000				
	The Nishi-Nippon City Bank, Ltd.	400,000	-	-	400,000				
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.649% (Note 3)	January 29, 2027		
	Mizuho Bank, Ltd.	850,000	-	-	850,000				
	Resona Bank, Limited	500,000	-	-	500,000				
	The Nishi-Nippon City Bank, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	0.471% (Note 3)	July 31, 2025		
	Mizuho Bank, Ltd.	800,000	-	-	800,000				
	Development Bank of Japan Inc.	600,000	-	-	600,000				
	MUFG Bank, Ltd.	700,000	-	-	700,000				
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000				
	SBI Shinsei Bank, Limited	400,000	-	-	400,000				
	Aozora Bank, Ltd	400,000	-	-	400,000				
	The Bank of Toyama, Ltd	300,000	-	-	300,000				
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	0.587% (Note 3)	July 30, 2027		
	Mizuho Bank, Ltd.	700,000	-	-	700,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000				
	SBI Shinsei Bank Co., Ltd.,	400,000	-	-	400,000				
	Aozora Bank, Ltd	600,000	-	-	600,000				
	Sumitomo Mitsui Banking Corporation	936,000	-	-	936,000	0.595% (Note 3)	January 31, 2028		
	Mizuho Bank, Ltd.	785,000	-	-	785,000				
	MUFG Bank, Ltd.	785,000	-	-	785,000				
	JAPAN POST BANK Co., Ltd.	700,000	-	-	700,000				
	Resona Bank, Limited	499,000	-	-	499,000				
	The Nishi-Nippon City Bank, Ltd.	319,000	-	-	319,000				
	Development Bank of Japan Inc.	250,000	-	-	250,000				

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.546% (Note 3)	March 31,2027	(Note 4)	Unsecured/ unguaranteed
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	The Shizuoka Bank, Ltd.	450,000	-	-	450,000				
	Development Bank of Japan Inc.	350,000	-	-	350,000				
	MUFG Bank, Ltd.	350,000	-	-	350,000				
	The Bank of Fukuoka, Ltd.	250,000	-	-	250,000				
	The Hyakujushi Bank, Ltd.	250,000	-	-	250,000				
	The Yamaguchi Bank, Ltd.	250,000	-	-	250,000				
	Sumitomo Mitsui Trust Bank, Ltd.	200,000	-	-	200,000				
	SBI Shinsei Bank Co., Ltd.,	200,000	-	-	200,000				
	Aozora Bank, Ltd	200,000	-	-	200,000				
	The Bank of Toyama, Ltd	200,000	-	-	200,000				
	The Yamanashi Chuo Bank, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	650,000	-	-	650,000	0.576% (Note 3)	September 30,2027		
	Mizuho Bank, Ltd.	550,000	-	-	550,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000				
	SBI Shinsei Bank Co., Ltd.,	400,000	-	-	400,000				
	Aozora Bank, Ltd	400,000	-	-	400,000				
	The Yamaguchi Bank, Ltd.	300,000	-	-	300,000				
	Sumitomo Mitsui Trust Bank, Ltd.	250,000	-	-	250,000				
	The Yamanashi Chuo Bank, Ltd.	250,000	-	-	250,000				
	The Hyakujushi Bank, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	830,000	-	-	830,000	0.664%	July 31,2028		
	Mizuho Bank, Ltd.	650,000	-	-	650,000				
	Development Bank of Japan Inc.	650,000	-	-	650,000				
	MUFG Bank, Ltd.	650,000	-	-	650,000				
	Resona Bank, Limited	550,000	-	-	550,000				
	The Nishi-Nippon City Bank, Ltd.	350,000	-	-	350,000				
	Sumitomo Mitsui Banking Corporation	375,000	-	-	375,000	0.614%	July 31,2028		
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Development Bank of Japan Inc.	225,000	-	-	225,000				
	Resona Bank, Limited	200,000	-	-	200,000				
	The Nishi-Nippon City Bank, Ltd.	100,000	-	-	100,000				

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	830,000	-	-	830,000	0.564%	January 31,2028	(Note 4)	Unsecured/ unguaranteed
	Mizuho Bank, Ltd.	650,000	-	-	650,000				
	Development Bank of Japan Inc.	650,000	-	-	650,000				
	MUFG Bank, Ltd.	650,000	-	-	650,000				
	Resona Bank, Limited	550,000	-	-	550,000				
	Sumitomo Mitsui Banking Corporation	850,000	-	-	850,000	0.489%	March 31,2026		
	Mizuho Bank, Ltd.	700,000	-	-	700,000				
	Development Bank of Japan Inc.	550,000	-	-	550,000				
	Resona Bank, Limited	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000				
	SBI Shinsei Bank Co., Ltd.,	300,000	-	-	300,000				
	Aozora Bank, Ltd	300,000	-	-	300,000				
	The Bank of Fukuoka, Ltd.	250,000	-	-	250,000				
	The Yamaguchi Bank, Ltd.	200,000	-	-	200,000				
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000				
	The Yamanashi Chuo Bank, Ltd.	200,000	-	-	200,000				
	The Chiba Bank, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000	0.960% (Note 3)	September 29,2028		
	Mizuho Bank, Ltd.	700,000	-	-	700,000				
	Development Bank of Japan Inc.	400,000	-	-	400,000				
	Resona Bank, Limited	250,000	-	-	250,000				
	Sumitomo Mitsui Trust Bank, Ltd.	200,000	-	-	200,000				
	SBI Shinsei Bank Co., Ltd.,	200,000	-	-	200,000				
	Aozora Bank, Ltd	200,000	-	-	200,000				
	The Yamaguchi Bank, Ltd.	100,000	-	-	100,000				
	The Shizuoka Bank, Ltd.	100,000	-	-	100,000				
	The Yamanashi Chuo Bank, Ltd.	100,000	-	-	100,000				
	The Chiba Bank, Ltd.	200,000	-	-	200,000				
	MUFG Bank, Ltd	700,000	-	-	700,000	0.880%	September 30,2027		
	Sumitomo Mitsui Banking Corporation	527,000	-	-	527,000	0.909% (Note 3)	January 31,2029		
	Mizuho Bank, Ltd.	527,000	-	-	527,000				
	Development Bank of Japan Inc.	527,000	-	-	527,000				
	Resona Bank, Limited	265,000	-	-	265,000				
	Sumitomo Mitsui Trust Bank, Ltd.	527,000	-	-	527,000				
	The Nishi-Nippon City Bank, Ltd.	527,000	-	-	527,000				

Classification	Lenders	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2)	Repayment due date	Use	Remarks
Long-term borrowings (Note 1)	Sumitomo Mitsui Banking Corporation	-	830,000	-	830,000	1.055% (Note 3)	January 31,2029	(Note 4)	Unsecured/ unguaranteed
	Mizuho Bank, Ltd.	-	650,000	-	650,000				
	Development Bank of Japan Inc.	-	650,000	-	650,000				
	Resona Bank, Limited	-	550,000	-	550,000				
	MUFG Bank, Ltd	-	650,000	-	650,000	1.105%	January 31,2029		
	Subtotal	64,819,000	3,330,000	3,680,000	64,469,000	-	-	-	-
Total		65,029,000	3,680,000	3,890,000	64,819,000	-	-	-	-

Note 1: Current portion of long-term borrowings are included in long-term borrowings.
Note 2: Average interest rate is the weighted average of the number of days and outstanding borrowings during the period, rounded to the fourth decimal place.
Note 3: Average interest rates on borrowings with interest-rate swaps used to hedge interest rate risk are stated taking into account the effects of interest-rate swaps.
Note 4: Borrowings are appropriated to acquire the beneficial interests in real estate trust and to refinance.
Note 5: With respect to the above borrowings, the "Loan Agreement" between CRE REIT and each individual financial institution contains a rider that the borrowings from all financial institutions rank pari passu with each other.
Note 6: The following is the maturity schedule for each year within five years after the balance sheet date.

(Thousands of yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 year and within 3 years	Due after 3 year and within 4 years	Due after 4 year and within 5 years
Long-term borrowings	8,705,000	12,450,000	13,650,000	15,304,000	14,360,000

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Independent Auditor's Report

To the Board of Directors of CRE Logistics REIT, Inc.

THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CRE Logistics REIT, Inc. (the Company), which comprise the balance sheet as at June 30, 2024, and the statement of income, statement of unitholders' equity, statement of cash distributions and statement of cash flows for the six month period then ended, and notes to the financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024, and its financial performance and its cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Semi-Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, supervisory directors are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Supervisory directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

FEE-RELATED INFORMATION

In connection with our audit of the financial statements for the six month period ended June 30, 2024, the amounts of fees for the audit and the other services charged to the Company by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥9.5 million and ¥2.15 million, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Mitsuo Tsuruta

Designated Engagement Partner
Certified Public Accountant

Takashi Sato

Designated Engagement Partner
Certified Public Accountant

September 24, 2024

The original copy of the Independent Auditor's Report is in the Company.