

CRE Logistics REIT, Inc.
Summary of Financial Results (Unaudited)
For the 4th Fiscal Period Ended June 30, 2018
(For the Reporting Period from January 1, 2018 to June 30, 2018)
(Translated from the Japanese original)

Corporate Information

Code: 3487 Listing: Tokyo Stock Exchange

(URL: <https://cre-reit.co.jp/en/>)

Representative: Tsuyoshi Ito, Executive Director

Asset management company: CRE REIT Advisers, Inc.
 Representative: Tsuyoshi Ito, President
 Person of Contact: Hirohisa Toda, Head of Corporate Planning
 Tel: +81-3-5575-3600

Scheduled date to file securities report: September 27, 2018
 Scheduled date to commence payment of distributions: September 20, 2018
 Preparation of supplementary material on financial results: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the basic earnings per unit)

1. 4th Fiscal Period ended June 30, 2018 (January 1, 2018-June 30, 2018)

(1) Operating results (Percentages represent changes from corresponding period of previous period)

Fiscal period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2018	1,186	156.8	668	193.1	523	192.8	522	193.8
December 31, 2017	462	0.0	228	0.3	178	0.2	177	0.2

Fiscal period ended	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
	Yen	%	%	%
June 30, 2018	2,623	3.3	1.5	44.1
December 31, 2017	2,539	2.5	1.0	38.7

(Note) The Investment Corporation issued 161,150 new investment units on February 6, 2018. Net income per unit for the fiscal period ended June 30, 2018 is calculated by dividing net income by the weighted average number of investment units (199,098 units) based on the number of days during the period.

(2) Distributions

Fiscal period ended	Distributions per unit (excluding surplus distributions)	Total distributions (excluding surplus distributions)	Surplus distributions per unit	Total surplus distributions	Distributions per unit (including surplus distributions)	Total distributions (including surplus distributions)	Payout ratio	Distributions to net assets ratio
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
June 30, 2018	2,259	522	326	75	2,585	597	100.0	2.2
December 31, 2017	2,540	177	-	-	2,540	177	100.0	2.5

(Note 1) The entire amount of total surplus distributions in the fiscal period ended June 30, 2018 is the return of contributions that falls under the distribution associated with the investment decrease for tax purposes.

(Note 2) The percentage of decreased surplus as a result of surplus distributions (the return of contributions that falls under the distribution associated with the investment decrease for tax purposes) in the fiscal period ended June 30, 2018 was 0.004. The calculation of the percentage of decreased surplus is based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(Note 3) The payout ratio in the fiscal period ended June 30, 2018 is calculated based on the following formula because the Investment Corporation issued new investment units.

$$\text{Payout ratio} = \text{Total amount of distributions (excluding surplus distributions)} \div \text{Net income} \times 100$$

(3) Financial position

As of	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
	Million yen	Million yen	%	Yen
June 30, 2018	51,380	24,628	47.9	106,547
December 31, 2017	17,712	7,177	40.5	102,540

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal period
Fiscal period ended	Million yen	Million yen	Million yen	Million yen
June 30, 2018	(713)	(30,925)	32,144	1,352
December 31, 2017	285	(0)	(177)	846

2. Forecast for the 5th Fiscal Period ending December 2018 (July 1, 2018-December 31, 2018) and the 6th Fiscal Period ending June 2019 (January 1, 2019-June 30, 2019) (Percentages represent changes from corresponding period of previous period)

Fiscal period ending	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus distributions)	Distributions per unit (excluding surplus distributions)	Surplus distributions per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
December 31, 2018	1,405	18.4	803	20.1	677	29.4	676	29.5	3,297	2,925	372
June 30, 2019	1,405	(0.0)	716	(10.8)	594	(12.2)	593	(12.2)	2,940	2,568	372

(Reference) Forecast net income per unit for the 5th Fiscal Period ending December 2018 is 2,925 yen and forecast net income per unit for the 6th Fiscal Period ending June 2019 is 2,567 yen.

* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatements

1. Changes in accounting policies associated with revision of accounting standards, etc.: None
2. Changes in accounting policies associated with other than 1: None
3. Changes in accounting estimates: None
4. Restatements: None

(2) Total number of investment units issued and outstanding

1. Total number of investment units issued and outstanding at the end of the fiscal period (including treasury investment units)
2. Total number of treasury investment units at the end of the fiscal period

As of June 30, 2018	231,150 units	As of December 31, 2017	70,000 units
As of June 30, 2018	0 units	As of December 31, 2017	0 units

* Status of audit procedures

As of the time of disclosure of this financial results report, auditing procedures for financial statements in accordance with the Financial Instruments and Exchange Act have not been completed.

* Remarks on appropriate use of forecasts of performance and other special notes

Forward-looking statements presented in this financial results, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of various factors. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Refer to the section on "Assumptions for Operating Forecasts for the 5th Fiscal Period ending December 2018 (July 1, 2018-December 31, 2018) and the 6th Fiscal Period ending June 2019 (January 1, 2019-June 30, 2019)" for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 5th Fiscal Period ending December 2018 (July 1, 2018-December 31, 2018) and the 6th Fiscal Period ending June 2019 (January 1, 2019-June 30, 2019)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> - 5th Fiscal Period (Ending December 31, 2018): July 1, 2018-December 31, 2018 (184 days) - 6th Fiscal Period (Ending June 30, 2019): January 1, 2019-June 30, 2019 (181 days)
Assets under management	<ul style="list-style-type: none"> - The investment corporation possesses the trust beneficial interests in real estate in a total of seven properties held as of June 30, 2018 (hereinafter referred to as “assets currently held”). The operating forecasts herein are based on the assumption that the investment corporation will continue to possess these properties until June 30, 2019, as well as the assumption that there will be no fluctuations in the trust beneficial interests in real estate (including newly acquired properties and the disposal of currently-held assets). - However, there is a possibility that fluctuations in the portfolio will occur due to factors including the new acquisition of properties or the disposal of assets currently held.
Operating revenues	<ul style="list-style-type: none"> - Real estate lease business revenues are calculated based on leasing contracts that are effective as of the date of submission of this financial results and actual performance in the past. - The forecasts assume there are no delinquencies or default on rental payments by tenants.
Operating expenses	<ul style="list-style-type: none"> - Expenses other than depreciation that fall under the category of real estate leasing expenses, which is the investment corporation’s main operating expenses, are calculated reflecting variables, including forecast costs (including taxes and public dues, property management fees, fire insurance expenses, repair expenses) based on actual performance in the past. - When real estate is purchased, property tax and city planning tax, etc. are calculated and allocated by the period, and they are settled with the current beneficiary of trust interests at the time of acquisition. The investment corporation incorporates this amount into the acquisition cost of the property. In light of this, property tax and city planning tax, etc. on the assets acquired in the fiscal period ended June 30, 2018 will not be expensed in the fiscal year ending December 31, 2018, and property tax and city planning tax, etc. for fiscal 2019 will be expensed from the fiscal year ending June 30, 2019. In the fiscal period ending December 31, 2018, property tax and city planning tax, etc. on the assets acquired during or before the fiscal period ended December 31, 2017 are expected to be 42 million yen. In the fiscal period ending June 30, 2019, property tax and city planning tax, etc. on the currently held assets are expected to be 147 million yen. - Depreciation is based on the straight-line method. Depreciation is forecast to be 287 million yen in the fiscal period ending December 31, 2018 and 287 million yen in the fiscal period ending June 30, 2019. - Property management fees are expected to be 70 million yen in the fiscal period ending December 31, 2018 and 67 million yen in the fiscal period ending June 30, 2019.
Non-operating expenses	<ul style="list-style-type: none"> - Non-operating expenses for the 5th Fiscal Period are expected to total 126 million yen. Of this, it is estimated that 107 million yen is for interest expenses and other financial related costs, 6 million yen is for depreciation of founding costs, and 12 million yen is for depreciation of investment unit issuance costs. - Non-operating expenses for the 6th Fiscal Period are expected to total 121 million yen. Of this, it is estimated that 103 million yen is for interest expenses and other financial related expenses, 6 million yen is for depreciation of founding costs, and 12 million yen is for depreciation of investment unit issuance costs.
Interest-bearing debt	<ul style="list-style-type: none"> - The total interest-bearing debt at the end of each fiscal period is as follows: 23,820 million yen as of December 31, 2018, and 23,620 million yen as of June 30, 2019. Of 25,350 million yen, which is the balance of loans as of the date of submission of these financial results, the investment corporation expects to prepay 1,330 million yen during the fiscal period ending December 31, 2018 using the refund of consumption taxes for the fiscal period ended June 30, 2018, and to prepay 200 million yen in the fiscal period ending December 31, 2018 and the fiscal period ending June 30, 2019, respectively, using some of its funds on hand. - The LTV is expected to be around 47.7% as of December 31, 2018, and about 47.7% as of June 30, 2019. The following equation was used to calculate LTV. The figure is rounded to the second decimal point. $LTV = \text{Interest-bearing debt} / \text{Total Assets} \times 100$
Investment units	<ul style="list-style-type: none"> - The assumptions for these forecasts are based on a total number of investment units issued of 231,150, as of the submission of these financial results. The forecasts do not factor in any assumption of a change in the number of investment units through June 30, 2019 due to factors such as the issuance of new investment units. - The distributions per unit (excluding surplus distributions) and the surplus distributions per unit are calculated based on a total number of investment units issued of 231,150 for the fiscal period ending December 31, 2018 and the fiscal period ending June 30, 2019.
Distributions per unit (excluding surplus distributions)	<ul style="list-style-type: none"> - The distributions per unit (excluding surplus distributions) is calculated based on the assumption that distributions are carried out in accordance with the policies for monetary distributions set forth in the regulations of the investment corporation. - There is a possibility that the amount of the distributions per unit (excluding surplus distributions) could change owing to various factors, including changes in rental income, or unexpected maintenance work due to a change in assets under management or a change in tenants.
Distributions per unit of surplus profit	<ul style="list-style-type: none"> - The surplus distributions per unit is calculated in accordance with the policy stipulated in the operational guidelines—the regulations of the investment corporation and the internal regulations of the asset management company. The payout plan for total surplus distributions for the fiscal period ending December 31, 2018 and the fiscal period ending June 30, 2019 is 85 million yen, respectively, with an amount equivalent to 30% of depreciation as a benchmark. - These assumptions do not include any specific possibility of a substantial deterioration in the economic

	<p>climate, real estate market or the financial condition of the investment corporation.</p> <ul style="list-style-type: none"> - The policy of the investment corporation is to implement the distribution of surplus profit semiannually in principle. The amount of the surplus distribution should be equivalent to 30% of total depreciation. - Moreover, in the event that the investment unit is expected to temporarily fall below a certain level due to dilution in the value of the investment unit or a considerable financial burden owing to the procurement of capital through the issuance of new investment units or other factors, the investment corporation may continue to distribute surplus profit 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, this amount, which includes the ongoing surplus distribution, shall not exceed the equivalent to 60% of total depreciation for the relevant business period. - In actuality, the amount of distributions exceeding profit (return of contributions) is likely to fluctuate due to changes in the economic climate, real estate market trends, asset portfolio, and financial position, and there is a possibility the investment corporation will not implement distributions (return of contributions) in surplus distributions for the period.
Other	<ul style="list-style-type: none"> - The forecasts were built based on the assumption that there will be no revisions to laws and ordinances, the tax system, accounting standards, listing regulations set forth by the Tokyo Stock Exchange, Inc., and the regulations stipulated by the Investment Trusts Association, Japan, that would have an impact on the forecasts stated above. - The forecasts are also based on the assumption that there will be no unexpected major changes to general economic trends and the real estate market.