

Semi-Annual Report

Fiscal Period Ended December 31, 2023

from July 1, 2023 to December 31, 2023



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 15th fiscal period which is the 12th fiscal period since listing. We would like to express our sincere gratitude for your support.

During the 15th fiscal period, two new properties acquired in April 2023 contributed to the full period and costs were properly controlled. As a result, the business results in the 15th fiscal period included operating revenue of 4,525 million yen, operating income of 2,488 million yen, and net income of 2,172 million yen. Distributions totaled 2,397 million yen by adding 225 million yen of distributions in excess of earnings to net income. The distributions per unit amounted to 3,820 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, the Japanese economy gradually eased restrictions on movement, taking the opportunity of change in the classification of the COVID 19 pandemic under the Infection Law. Personal consumption recovered, and inbound demand continues to increase. Since then, private consumption and corporate capital investment have weakened, and the trend toward economic recovery remains extremely gradual. In the environment surrounding the J-REIT market, the TSE REIT index remained weak as long-term interest rates gradually rose as a result of the Bank of Japan’s revision of its monetary easing policy.

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 service, 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. 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 available in various sizes. The increasing difficulty of securing warehouse personnel due to current labor shortages is creating demand for logistics real estate at locations accessible to more hiring opportunities.

In addition to the situation in Ukraine and the Middle East, due to the escalation 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 with the demand for rebuilding these facilities continuing. 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 maintained a high operation status with 100.0% 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

CRE REIT issued a green bond of 2,000 million yen and made a prepayment for borrowings of 2,000 million yen on September 22, 2023. CRE REIT also made a prepayment for borrowings of 1,020 million yen on September 29, 2023, and 450 million yen on October 31, 2023 with cash on hand. As a result, the balance of interest-bearing liabilities stood at 71,029 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 44.1%.

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 4,525 million yen, operating income of 2,488 million yen, ordinary income of 2,173 million yen, and net income of 2,172 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 3,461 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 225,344,300 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 359 yen (Note). As a result, earnings distribution per investment unit (including surplus cash distributions) amounted to 3,820 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 79 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.

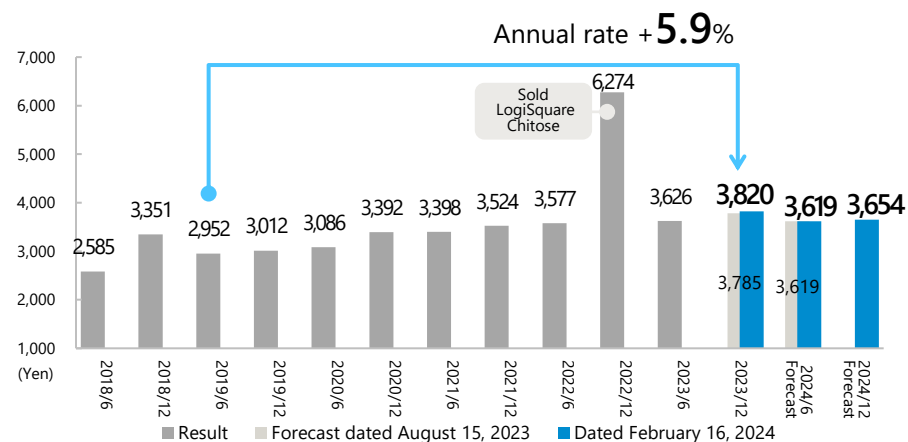
While CRE REIT's LTV level is set to approximately 45% and no more than 50%, in principle, it may temporarily exceed 50% due to asset acquisition or other factors.

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 5.4 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.

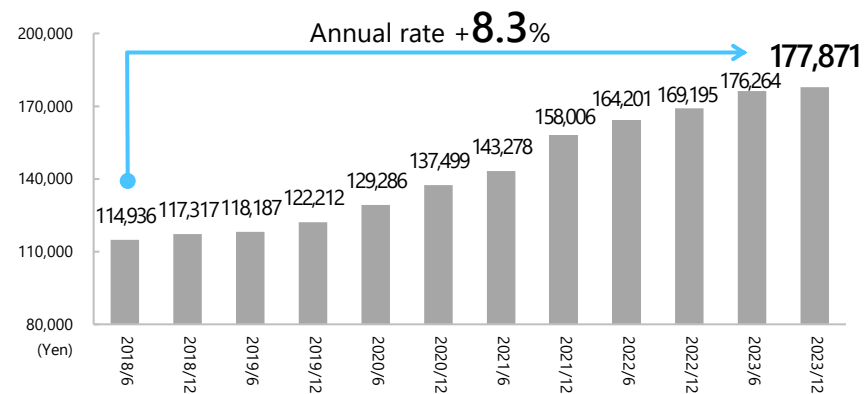
Note: The weighted average of the building ages (the number of years from the year of construction indicated in the real estate register to the end of the current fiscal period) of the 21 properties held at the end of the current fiscal period based on their acquisition prices, which is rounded to the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

Increasing DPU and NAV per Unit While Lowering LTV

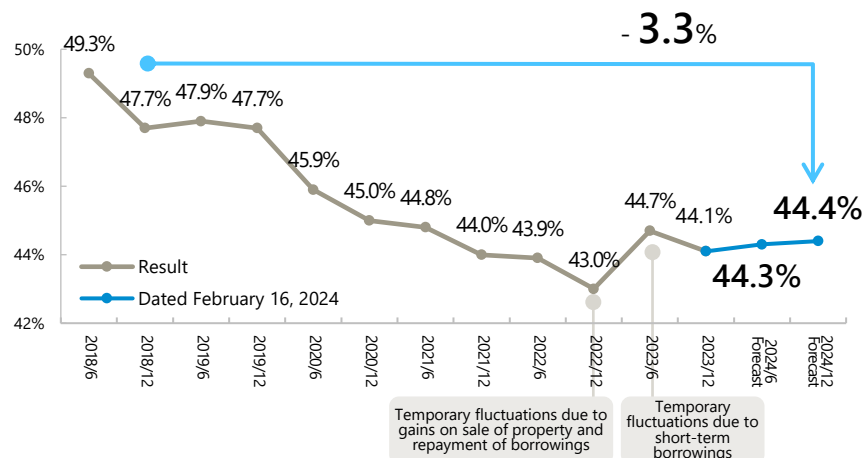
DPU



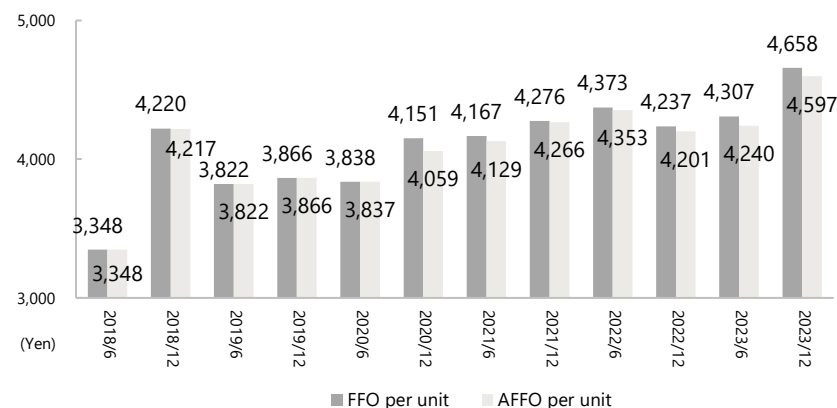
NAV per unit



LTV



FFO/AFFO per unit



1. FFO per unit = (Net income - Gain/Loss on the property sale + Depreciation) / Total number of investment units outstanding
 AFFO per unit = (Net income - Gain/Loss on the property sale + Depreciation - Capital expenditures) / Total number of investment units outstanding

Highlights on the 15th FP

DPU

15th FP Results (2023/12)	3,820 yen (vs forecast: +35 yen, +0.9%)
16th FP Forecasts (2024/6)	3,619 yen
17th FP Forecasts (2024/12)	3,654 yen

NAV per unit

15th FP Results (2023/12)	177,871 yen (vs previous FP: +1,606 yen, +0.9%)
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Portfolio

Portfolio size	21 properties	159 billion yen
Occupancy rate	End of the Period 100.0%	Average 99.5%
Average remaining lease term	3.6 years	
Average property age	5.4 years	

Asset

	15th FP (2023/12)	Compared to 14th FP
Appraisal value	184,060 mn yen	+520 mn yen
Unrealized gains	28,974 mn yen	+1,233 mn yen
Unrealized gains ratio	18.7%	+0.9%
Repair expense	23 mn yen	+12 mn yen
Capital expenditure	38 mn yen	-3 mn yen

Debt

	15th FP (2023/12)	Compared to 14th FP
Interest-bearing debt	71,029 mn yen	-1,470 mn yen
LTV	44.1%	-0.6%
LTV based on appraisal value	37.4%	-0.8%
Ratio of fixed interest debt	81.7%	+4.4%
Ratio of long-term debt	99.7%	+2.0%
Average borrowing interest rate	0.609%	+0.036%

Equity

	15th FP (2023/12)	Compared to 14th FP
Net assets per unit	135,530 yen	-165 yen
NAV	111,649 mn yen	+1,008 mn yen
NAV per unit	177,871 yen	+1,606 yen
Total number of investment units outstanding	627,700 units	- units

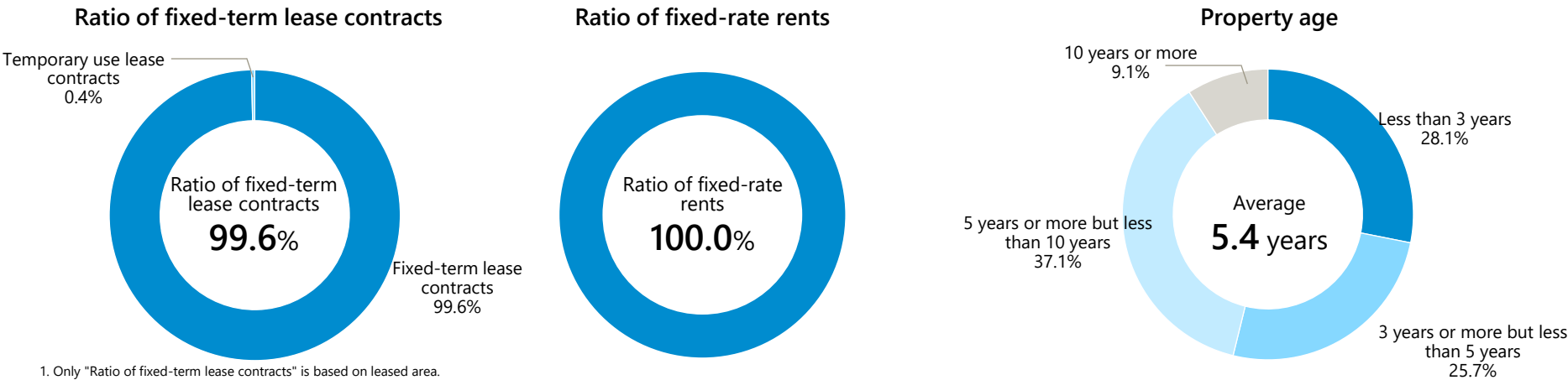
1. As of December 31, 2023

High-Quality Portfolio (1) Stable Cash Flow

Form of contract that enables stable operation

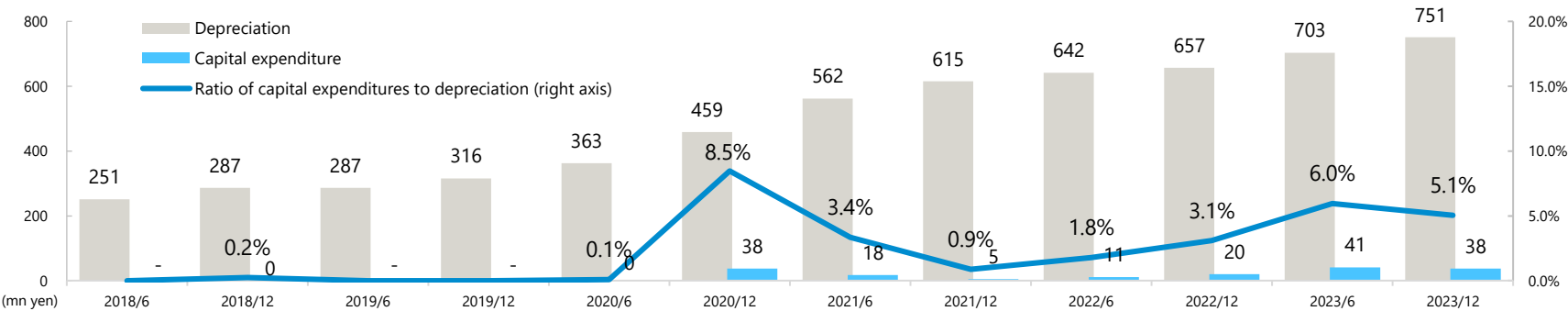
- In many cases, tenants who cancel early before the end of the contract term are required to pay the equivalent of rent for the whole remaining lease term as a penalty for breach of contract.
- Intention for renewal or termination is ascertained a year before the expiry of a contract.

Inclusion of newly built properties



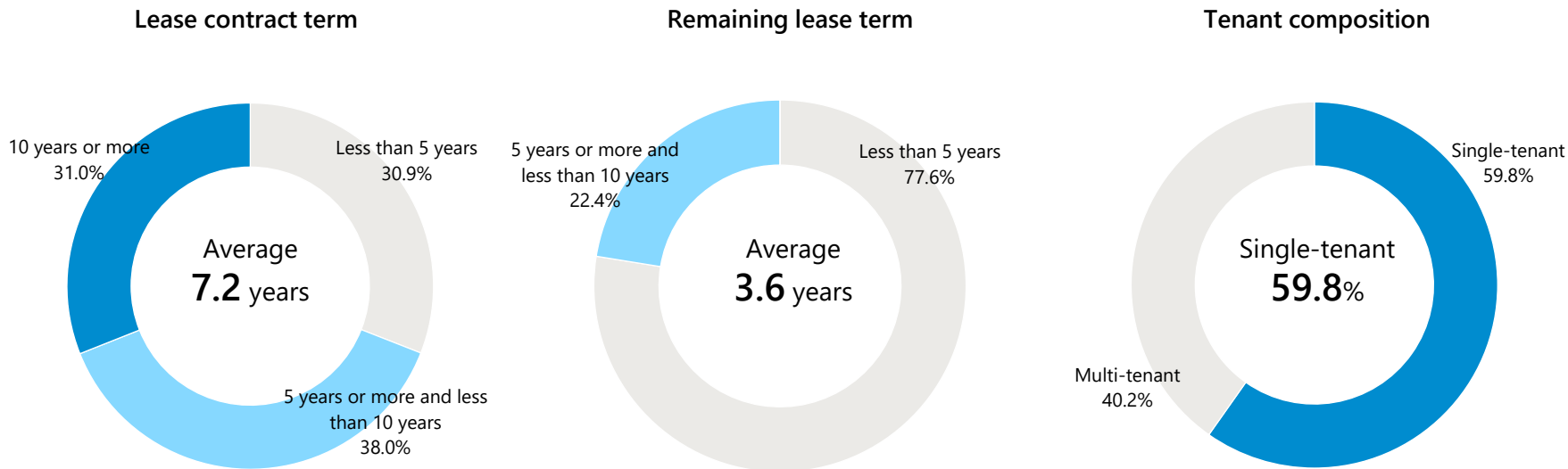
Capital expenditure remains low

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



High-Quality Portfolio (2) Long Term Lease Contracts

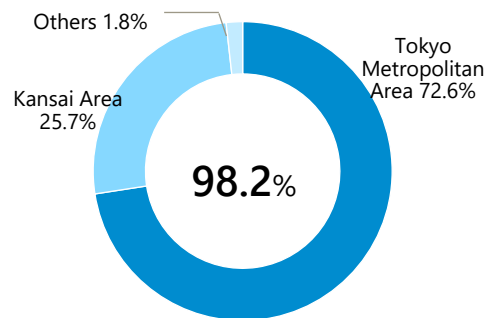
Contribution to the stability of portfolio based on long-term contracts that take into consideration tenant business plans.



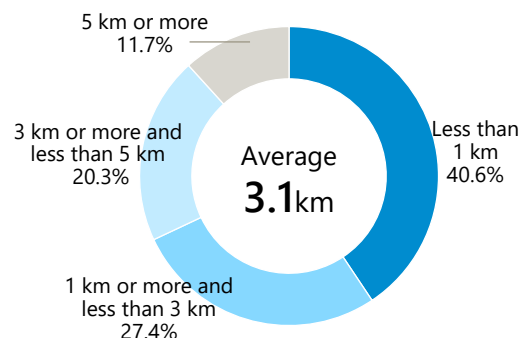
High-Quality Portfolio (3) Good Location

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

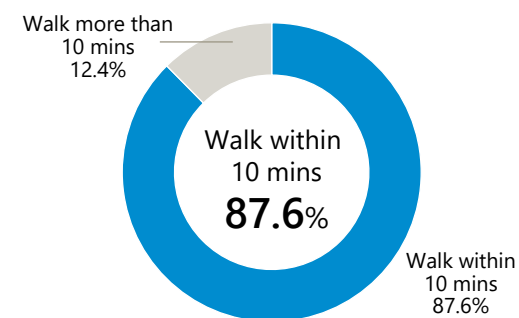
Ratio in Tokyo Metropolitan and Kansai area



Distance to an interchange

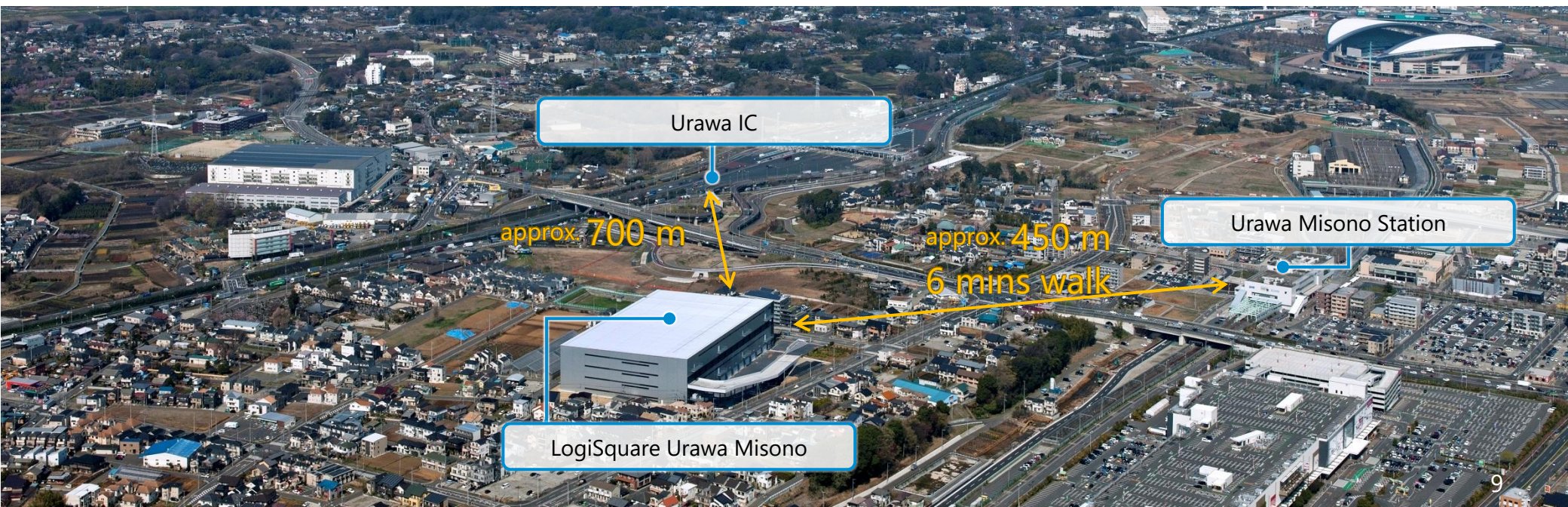


Walking distance from public transportation facilities



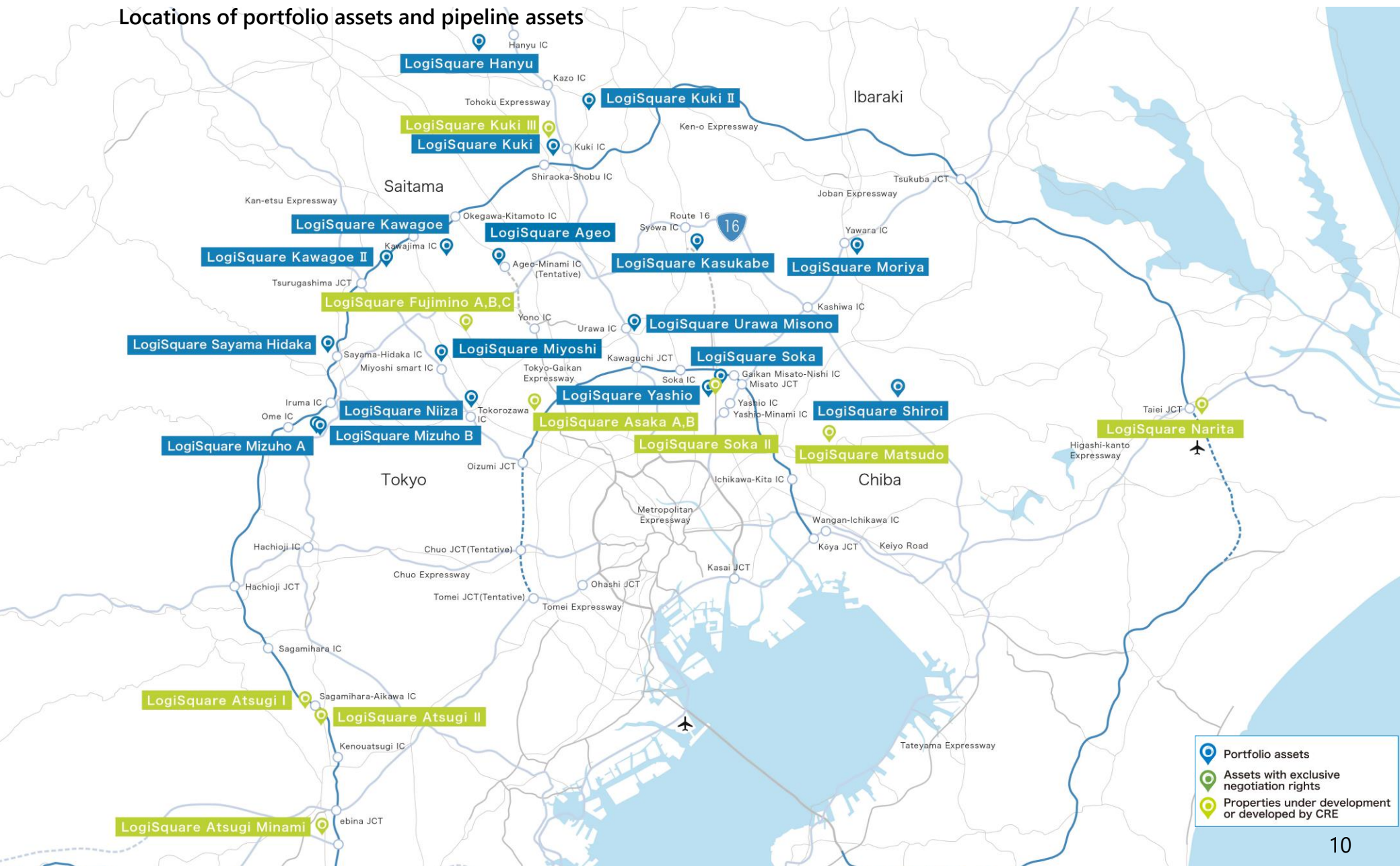
Example: LogiSquare Urawa Misono

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.

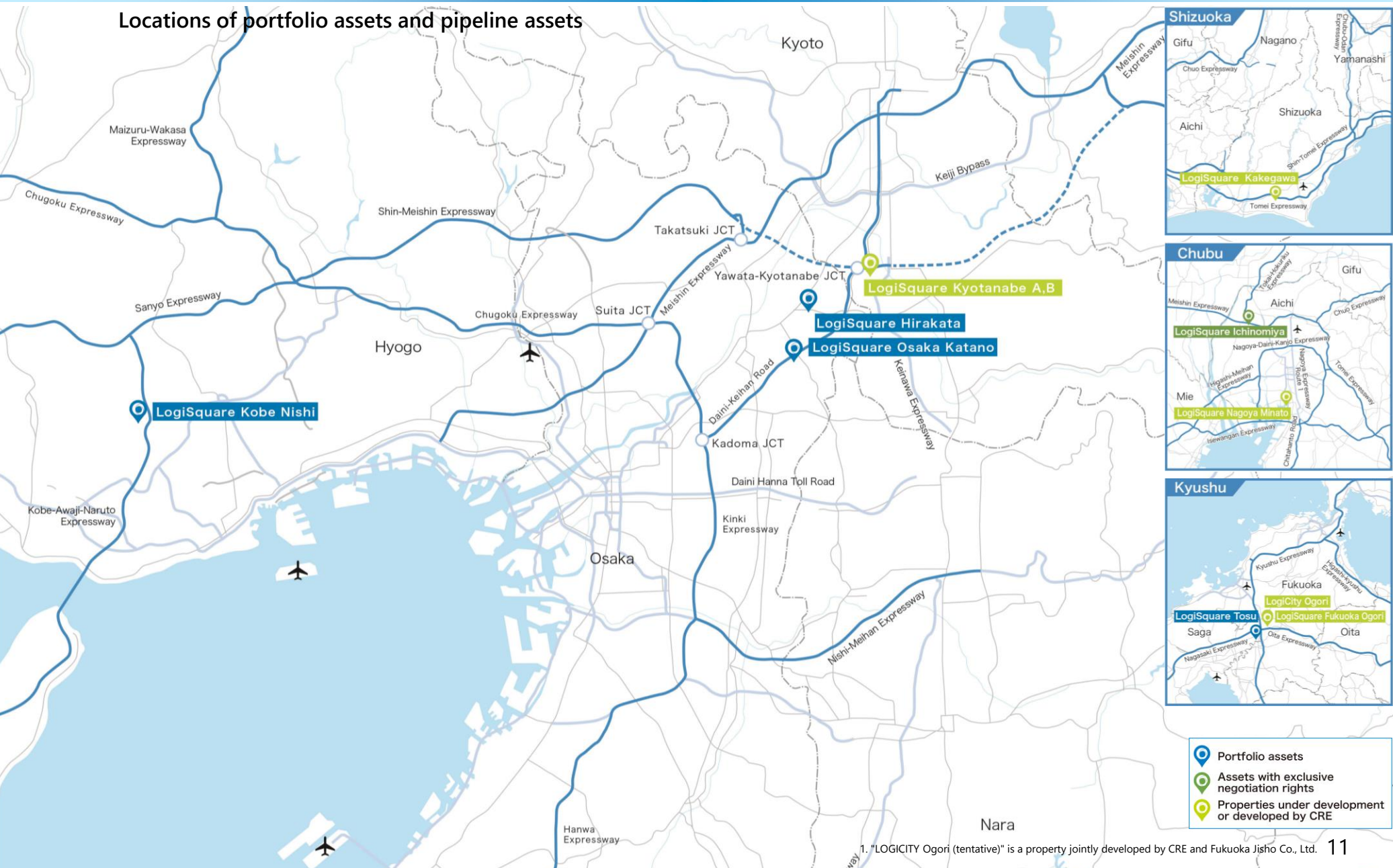


Portfolio Centered on Metropolitan Areas (1) Tokyo Metropolitan Area

Locations of portfolio assets and pipeline assets



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



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	7.6	1	100.0	CRE
M-2	LogiSquare Hanyu	Hanyu-shi, Saitama	6,830	7,700	5.0	33,999.61	7.5	1	100.0	CRE
M-3	LogiSquare Kuki II	Kuki-shi, Saitama	2,079	2,490	5.2	11,511.22	6.9	1	100.0	CRE
M-4	LogiSquare Urawa Misono	Saitama-shi, Saitama	13,060	15,800	4.7	48,738.29	6.8	3	100.0	CRE
M-5	LogiSquare Niiza	Niiza-shi, Saitama	6,960	8,380	4.9	25,355.82	6.8	1	100.0	CRE
M-6	LogiSquare Moriya	Moriya-shi, Ibaraki	6,157	8,000	5.6	32,904.90	6.7	2	100.0	CRE
M-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	1,490	1,820	5.1	7,542.56	5.9	1	100.0	CRE
M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	4,900	6,050	5.1	21,315.54	5.6	1	100.0	CRE
M-9	LogiSquare Soka	Soka-shi, Saitama	8,109	9,830	4.6	28,817.59	10.5	1	100.0	CRE
M-10	LogiSquare Yashio	Yashio-shi, Saitama	5,073	6,460	4.7	19,068.60	9.9	1	100.0	CRE
M-11	LogiSquare Mizuho A	Mizuho-machi, Tokyo	2,794	3,240	4.9	13,755.16	16.9	1	100.0	CRE
M-12	LogiSquare Mizuho B	Mizuho-machi, Tokyo	3,584	4,110	4.8	16,016.37	16.9	1	100.0	CRE
M-13	LogiSquare Ageo	Ageo-shi, Saitama	4,908	5,810	4.6	19,142.84	4.7	2	100.0	CRE
M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	11,700	13,700	4.6	37,931.49	3.6	1	100.0	CRE
M-15	LogiSquare Sayama Hidaka	Hanno-shi, Saitama	17,678	19,400	4.3	73,728.44	3.6	5	100.0	CRE
M-16	LogiSquare Kawagoe II	Kawagoe-shi, Saitama	3,244	3,720	4.8	14,281.38	4.5	1	100.0	CRE
M-17	LogiSquare Shiroy	Shiroy-shi, Chiba	7,415	7,940	4.4	28,503.11	1.1	1	100.0	CRE
K-1	LogiSquare Kobe Nishi	Kobe-shi, Hyogo	3,479	3,850	4.7	16,006.20	3.7	1	100.0	CRE
K-2	LogiSquare Osaka Katano	Katano-shi, Osaka	22,370	24,100	4.3	76,393.17	3.0	5	100.0	CRE
K-3	LogiSquare Hirakata	Hirakata-shi, Osaka	15,091	16,100	4.1	42,875.27	1.0	1	100.0	CRE
O-1	LogiSquare Tosu	Tosu-shi, Saga	2,823	3,860	5.9	16,739.40	5.9	1	100.0	CRE
21 properties Total/Average			159,504	184,060	4.6	625,534.09	5.4	33	100.0	—

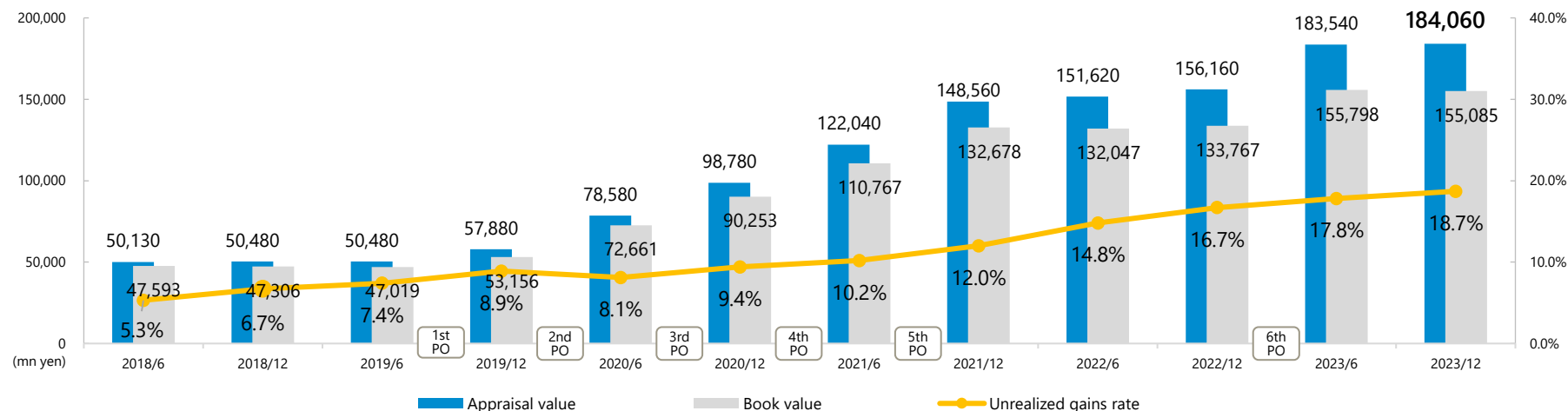
1. As of December 31, 2023

Overview of Appraisal Value

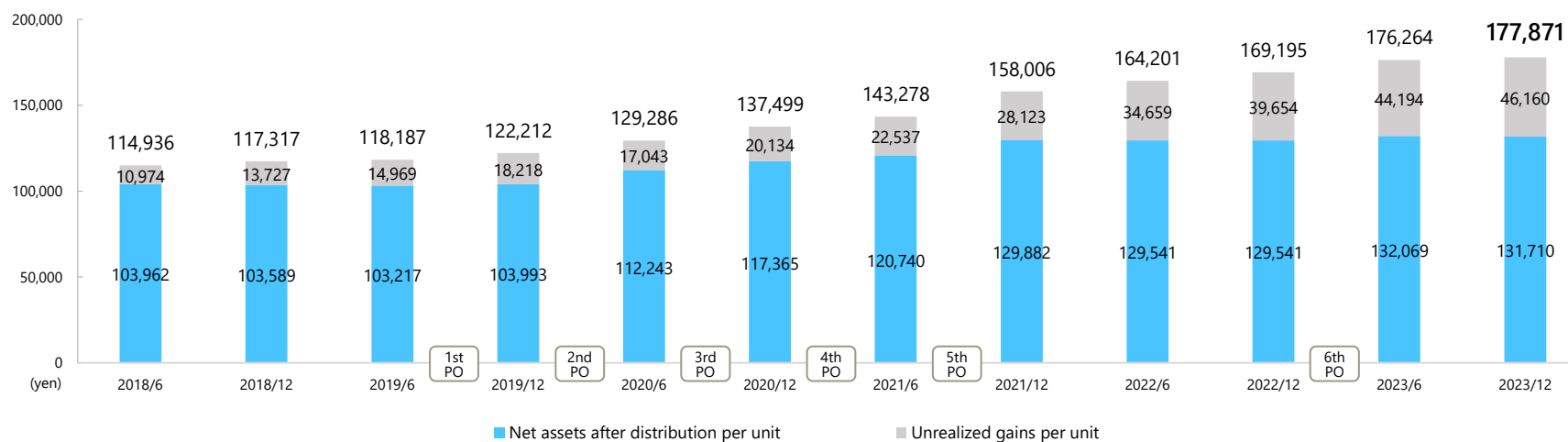
No.	Property name	Acquisition month and year	Acquisition price (mn yen)	Book value at the end of the 15th FP (mn yen)	At the end of the 15th FP		At the end of the 14th FP		Changes		Unrealized gains (mn yen)	Unrealized gains rate (%)
					Appraisal value (mn yen)	Direct capitalization rate (%)	Appraisal value (mn yen)	Direct capitalization rate (%)	Appraisal value (mn yen)	Direct capitalization rate (%)		
M-1	LogiSquare Kuki	Jul. 2016	9,759	8,836	11,700	3.9	11,800	3.9	- 100	—	2,863	32.4
M-2	LogiSquare Hanyu	Jul. 2016	6,830	6,178	7,700	4.3	7,700	4.3	—	—	1,521	24.6
M-3	LogiSquare Kuki II	Feb. 2018	2,079	1,940	2,490	4.2	2,490	4.2	—	—	549	28.3
M-4	LogiSquare Urawa Misono	Feb. 2018	13,060	12,431	15,800	3.8	15,800	3.8	—	—	3,368	27.1
M-5	LogiSquare Niiza	Feb. 2018	6,960	6,591	8,380	4.0	8,390	4.0	- 10	—	1,788	27.1
M-6	LogiSquare Moriya	Feb. 2018	6,157	5,792	8,000	4.2	8,010	4.2	- 10	—	2,207	38.1
M-7	LogiSquare Kawagoe	Jul. 2019	1,490	1,447	1,820	4.0	1,830	4.0	- 10	—	372	25.7
M-8	LogiSquare Kasukabe	Jul. 2019	4,900	4,746	6,050	3.9	6,070	3.9	- 20	—	1,303	27.5
M-9	LogiSquare Soka	Feb. 2020	8,109	8,073	9,830	3.6	9,890	3.6	- 60	—	1,756	21.8
M-10	LogiSquare Yashio	Feb. 2020	5,073	5,054	6,460	3.6	6,110	3.6	+ 350	—	1,405	27.8
M-11	LogiSquare Mizuho A	Feb. 2020	2,794	2,809	3,240	4.0	3,260	4.0	- 20	—	430	15.3
M-12	LogiSquare Mizuho B	Feb. 2020	3,584	3,580	4,110	4.0	4,110	4.0	—	—	529	14.8
M-13	LogiSquare Ageo	Jul. 2020	4,908	4,809	5,810	3.9	5,710	3.9	+ 100	—	1,000	20.8
M-14	LogiSquare Miyoshi	Jul. 2020	11,700	11,389	13,700	3.9	13,700	3.9	—	—	2,310	20.3
M-15	LogiSquare Sayama Hidaka	Jan. 2021 80% Jul. 2022 20%	17,678	17,418	19,400	3.7	19,600	3.7	- 200	—	1,981	11.4
M-16	LogiSquare Kawagoe II	Jan. 2021	3,244	3,195	3,720	4.0	3,720	4.0	—	—	524	16.4
M-17	LogiSquare Shiroy	Apr. 2023	7,415	7,441	7,940	4.1	7,930	4.1	+ 10	—	498	6.7
K-1	LogiSquare Kobe Nishi	Jan. 2021	3,479	3,440	3,850	4.2	3,770	4.2	+ 80	—	409	11.9
K-2	LogiSquare Osaka Katano	Sep. 2021	22,370	22,155	24,100	4.0	24,100	4.0	—	—	1,944	8.8
K-3	LogiSquare Hirakata	Apr. 2023	15,091	15,111	16,100	3.8	16,100	3.8	—	—	988	6.5
O-1	LogiSquare Tosu	Apr. 2018	2,823	2,640	3,860	4.1	3,450	4.1	+ 410	—	1,219	46.2
End of 15th FP Total / Average		—	159,504	155,085	184,060	—	183,540	—	+ 520	—	28,974	18.7

Overview of Appraisal Value

Appraisal value / Unrealized gains rate



NAV per unit



2. Financial Statements
(1) Balance Sheet

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	717,806	1,193,356
Cash and deposits in trust	4,251,824	4,266,788
Operating accounts receivable	86,746	75,167
Prepaid expenses	156,989	114,231
Consumption taxes receivable	929,030	—
Income taxes receivable	—	14
Total current assets	6,142,397	5,649,558
Non-current assets		
Property, plant and equipment		
Buildings in trust	79,127,987	79,165,328
Accumulated depreciation	(5,248,262)	(5,972,396)
Buildings in trust, net	73,879,724	73,192,932
Structures in trust	3,470,377	3,470,377
Accumulated depreciation	(196,475)	(222,165)
Structures in trust, net	3,273,902	3,248,211
Tools, furniture and fixtures in trust	20,767	21,452
Accumulated depreciation	(2,422)	(4,442)
Tools, furniture and fixtures in trust, net	18,344	17,009
Land in trust	78,626,947	78,626,947
Total property, plant and equipment	155,798,919	155,085,101
Intangible assets		
Other	1,548	1,346
Total intangible assets	1,548	1,346
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	235,190	200,263
Deferred tax assets	20	6
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	255,710	220,770
Total non-current assets	156,056,179	155,307,218
Deferred assets		
Investment unit issuance expenses	32,411	22,424
Investment corporation bond issuance costs	19,497	30,500
Total deferred assets	51,908	52,924
Total assets	162,250,485	161,009,701

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Operating accounts payable	271,316	245,809
Short-term borrowings	1,680,000	210,000
Current portion of long-term borrowings	6,580,000	6,785,000
Accrued expenses	350,494	387,658
Income taxes payable	1,023	645
Consumption taxes payable	—	324,616
Advances received	807,650	809,667
Other	357,785	161,606
Total current liabilities	10,048,269	8,925,004
Non-current liabilities		
Investment corporation bonds	4,000,000	6,000,000
Long-term borrowings	60,239,000	58,034,000
Leasehold and guarantee deposits received in trust	2,774,946	2,966,591
Other	11,955	11,532
Total non-current liabilities	67,025,902	67,012,123
Total liabilities	77,074,172	75,937,128
Net assets		
Unitholders' equity		
Unitholders' capital	84,318,685	84,318,685
Deduction from unitholders' capital	(1,143,170)	(1,418,730)
Unitholders' capital, net	83,175,514	82,899,954
Surplus		
Unappropriated retained earnings (undisposed loss)	2,000,797	2,172,618
Total surplus	2,000,797	2,172,618
Total unitholders' equity	85,176,312	85,072,573
Total net assets (Note 1)	85,176,312	85,072,573
Total liabilities and net assets	162,250,485	161,009,701

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

(2) Statement of Income

(Thousands of yen)

	Fiscal period ended June 30, 2023	Fiscal period ended December 31, 2023
Operating revenue		
Leasing business revenue (Note 1)	4,098,885	4,387,346
Other leasing business revenue (Note 1)	140,688	137,665
Total operating revenue	4,239,573	4,525,011
Operating expenses		
Expenses related to leasing business (Note 1)	1,476,107	1,564,907
Asset management fees	365,277	410,889
Asset custody fees	2,368	2,683
Administrative service fees	18,647	19,346
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	42,560	34,277
Total operating expenses	1,909,461	2,036,604
Operating income	2,330,112	2,488,406
Non-operating income		
Interest income	31	25
Dividend income	—	525
Reversal of distributions payable	91	312
Interest on tax refund	—	664
Refund of real estate taxes	4,799	—
Total non-operating income	4,923	1,527
Non-operating expenses		
Interest expenses	177,402	199,239
Interest expenses on investment corporation bonds	12,500	16,789
Borrowing related expenses	116,522	85,308
Amortization of investment unit issuance expenses	11,005	9,987
Amortization of investment corporation bond issuance costs	2,184	3,126
Other	13,623	2,425
Total non-operating expenses	333,238	316,876
Ordinary income	2,001,796	2,173,057
Income before income taxes	2,001,796	2,173,057
Income taxes - current	1,027	742
Income taxes - deferred	(9)	13
Total income taxes	1,018	756
Net income	2,000,777	2,172,300
Retained earnings brought forward	20	317
Unappropriated retained earnings (undisposed loss)	2,000,797	2,172,618

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

(3) Statement of Unitholders' Equity

Fiscal period ended June 30, 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	74,295,196	(1,143,170)	73,152,025	3,542,947	3,542,947	76,694,973	76,694,973
Changes during period							
Issuance of new investment units	10,023,489		10,023,489			10,023,489	10,023,489
Dividends of surplus				(3,542,927)	(3,542,927)	(3,542,927)	(3,542,927)
Net income				2,000,777	2,000,777	2,000,777	2,000,777
Total changes during period	10,023,489	—	10,023,489	(1,542,149)	(1,542,149)	8,481,339	8,481,339
Balance at end of period	84,318,685 (Note 1)	(1,143,170)	83,175,514	2,000,797	2,000,797	85,176,312	85,176,312

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

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

(4) Statement of Cash Distribution

(Yen)

	Fiscal period ended June 30, 2023	Fiscal period ended December 31, 2023
I. Unappropriated retained earnings	2,000,797,872	2,172,618,851
II. Surplus cash distributions		
Deduction from unitholders' capital	275,560,300	225,344,300
III. Distributions	2,276,040,200	2,397,814,000
(Distributions per unit)	(3,626)	(3,820)
Of which, earnings distributions	2,000,479,900	2,172,469,700
(Earnings distributions per unit)	(3,187)	(3,461)
Of which, distributions in excess of earnings	275,560,300	225,344,300
(Distributions in excess of earnings per unit)	(439)	(359)
IV. Retained earnings carried forward	317,972	149,151
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 2,000,479,900 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. Furthermore, in the current fiscal period, to maintain the stability of distributions per unit, CRE REIT decided to make one-off distribution additionally with the continuous distributions in excess of earnings. Under this policy, CRE REIT has decided to distribute 275,560,300 yen, approximately 39.2% 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 2,172,469,700 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).

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 June 30, 2023	Fiscal period ended December 31, 2023
Cash flows from operating activities		
Income before income taxes	2,001,796	2,173,057
Depreciation	703,378	752,046
Amortization of investment unit issuance expenses	11,005	9,987
Amortization of investment corporation bond issuance costs	2,184	3,126
Interest income	(31)	(25)
Interest expenses	189,902	216,029
Decrease (increase) in operating accounts receivable	17,064	11,578
Decrease (increase) in consumption taxes receivable	(929,030)	929,030
Decrease (increase) in prepaid expenses	(9,987)	42,757
Increase (decrease) in operating accounts payable	34,189	(25,198)
Increase (decrease) in accrued expenses	(78,261)	31,460
Increase (decrease) in consumption taxes payable	(83,501)	324,616
Increase (decrease) in advances received	103,522	2,016
Decrease (increase) in long-term prepaid expenses	2,455	34,926
Other, net	199,589	2,270
Subtotal	2,164,276	4,507,681
Interest received	31	25
Interest paid	(189,270)	(210,325)
Income taxes paid	(836)	(1,120)
Net cash provided by (used in) operating activities	1,974,199	4,296,261
Cash flows from investing activities		
Acquisition of property, plant and equipment in trust	(22,729,476)	(38,334)
Repayments from leasehold and guarantee deposits received in trust	(4,916)	(7,580)
Proceeds from leasehold and guarantee deposits received in trust	513,115	32
Proceeds from restricted deposits	2,949	4,548
Payments into restricted deposits	(307,869)	(119,534)
Net cash provided by (used in) investing activities	(22,526,196)	(160,869)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,480,000	—
Repayments of short-term borrowings	(800,000)	(1,470,000)
Proceeds from long-term borrowings	13,830,000	2,900,000
Repayments of long-term borrowings	(3,680,000)	(4,900,000)
Proceeds from issuance of investment corporation bonds	—	1,985,870
Proceeds from issuance of investment units	9,998,876	—
Distributions paid	(3,542,050)	(2,275,735)
Net cash provided by (used in) financing activities	18,286,825	(3,759,864)
Net increase (decrease) in cash and cash equivalents	(2,265,170)	375,527
Cash and cash equivalents at beginning of period	5,569,833	3,304,662
Cash and cash equivalents at end of period (Note 1)	3,304,662	3,680,190

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

	<p>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.</p> <p>The amount corresponding to fixed asset taxes that was included in the acquisition costs of real estate was 37,469 thousand yen in the previous fiscal period. There was no fixed asset tax included in the acquisition costs for real estate in the current fiscal period.</p>
5. Hedge accounting method	<p>(1) Hedge accounting method Deferral hedge accounting is used. Special treatment is used for interest rate swaps meeting the requirements for special treatment.</p> <p>(2) Hedging methods and hedged transactions Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(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.</p> <p>(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.</p>
6. Scope of cash (cash and cash equivalents) in a statement of cash flows	<p>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.</p>
7. Other matters that become the basis of preparing financial statements	<p>Accounting for trust beneficiary interests in real estate</p> <p>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.</p> <p>The following material items among assets in trust posted in the trust accounts are listed separately on the balance sheet.</p> <ul style="list-style-type: none"> (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 June 30, 2023	As of December 31, 2023
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 June 30, 2023	Fiscal period ended December 31, 2023
A. Revenue in the real estate leasing business		
Leasing business revenue		
Rent revenue	3,926,578	4,199,142
Common-area charge income	172,307	188,203
Subtotal	4,098,885	4,387,346
Other leasing business revenue		
Utilities income	115,431	110,944
Other revenues	25,257	26,720
Subtotal	140,688	137,665
Total revenue in the real estate leasing business	4,239,573	4,525,011
B. Expenses in the real estate leasing business		
Expenses related to leasing business		
Management commissions	232,014	266,139
Utilities expenses	125,614	118,231
Taxes and public dues	384,196	384,167
Non-life insurance expenses	12,057	12,302
Repair expense	10,796	23,566
Depreciation	703,109	751,844
Other expenses related to leasing business	8,318	8,656
Total expenses in the real estate leasing business	1,476,107	1,564,907
C. Net revenue in the real estate leasing business (A-B)	2,763,466	2,960,103

[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 June 30, 2023	Fiscal period ended December 31, 2023
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 June 30, 2023	Fiscal period ended December 31, 2023
Cash and deposits	717,806	1,193,356
Cash and deposits in trust	4,251,824	4,266,788
Restricted deposits (Note)	(1,664,968)	(1,779,954)
Cash and cash equivalents	3,304,662	3,680,190

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 June 30, 2023	Fiscal period ended December 31, 2023
Due within 1 year	8,606,817	8,034,276
Due after 1 year	23,947,238	20,429,889
Total	32,554,055	28,464,166

[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 June 30, 2023

(Thousands of yen)			
	Book value	Fair Value (Note 1)	Difference
(1) Current portion of long-term borrowings	6,580,000	6,588,180	8,180
(2) Investment corporation bonds	4,000,000	3,959,800	(40,200)
(3) Long-term borrowings	60,239,000	60,170,521	(68,478)
Derivative trading	—	—	—

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	—	—	—

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 June 30, 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
Long-term borrowings	6,580,000	10,705,000	12,450,000	13,650,000	15,304,000	8,130,000
Total	6,580,000	10,705,000	14,450,000	13,650,000	15,304,000	10,130,000

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

[Notes to securities]

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

[Notes to derivative trading]

1. Derivatives not subject to hedge accounting

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

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 June 30, 2023

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	44,779,000	(Note)	—

As of December 31, 2023

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)	—

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 June 30, 2023) and the current fiscal period (ended December 31, 2023) 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 June 30, 2023	As of December 31, 2023
Deferred tax assets		
Amount excluded from deductible expenses of accrued enterprise taxes	20	6
Total deferred tax assets	20	6
Net deferred tax assets	20	6

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 June 30, 2023	As of December 31, 2023
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Inclusion of distribution paid in deductible expenses	(31.44)%	(31.45)%
Other	0.03%	0.03%
Actual effective income tax rate	0.05%	0.03%

[Notes to share of profit and loss of entities accounted for using the equity method]

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

2. Affiliated companies

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

3. Companies under common control

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

4. Directors and major individual unitholders

Fiscal period ended June 30, 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	477,807	Accrued expenses	286,871

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.

Note 3: The amount of asset management fees includes 112,530 thousand yen, the performance fees for property acquired, added to the book value of individual investment properties.

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.

[Notes to asset retirement obligations]

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

[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 June 30, 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) 657,786	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 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.

[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 June 30, 2023	Fiscal period ended December 31, 2023
Balance sheet amount		
Balance at beginning of period	133,767,294	155,798,919
Increase (decrease) during the period	22,031,625	(713,817)
Balance at end of period	155,798,919	155,085,101
Fair value at the end of period	183,540,000	184,060,000

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 increase was attributable to the acquisition of two properties (LogiSquare Shiroy and LogiSquare Hirakata 22,692,852 thousand yen), and a major decrease was due to depreciation (703,109 thousand yen). Of the changes in the amounts in the current fiscal period, a major decrease was due to depreciation (751,844 thousand yen).

Note 3: Fair value at the end of the period was based on the appraisal value or investigation value estimated by external real-property appraisers.

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 June 30, 2023	Fiscal period ended December 31, 2023
Revenue from contracts with customers (Note)		
Utilities income	115,431	110,944
Other revenues		
Rent revenue	3,926,578	4,199,142
Common-area charge income	172,307	188,203
Other	25,257	26,720
Sales to external customers	4,239,573	4,525,011

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 June 30, 2023	Fiscal period ended December 31, 2023
Net assets per unit 135,695	Net assets per unit 135,530
Net income per unit 3,361	Net income per unit 3,460

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 June 30, 2023	Fiscal period ended December 31, 2023
Net income (thousand yen)	2,000,777	2,172,300
Amount not attributable to common unitholders (thousand yen)	—	—
Net income related to common investment units (thousand yen)	2,000,777	2,172,300
Average number of investment units during period (units)	595,197	627,700

[Notes to significant subsequent events]

Not applicable.

(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	51,359,000	44,574,000	-
Total		51,359,000	44,574,000	-

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		Net balance at the end of the period	Remarks
						Depreciation on for the period		
Buildings in trust	79,127,987	37,341	-	79,165,328	5,972,396	724,133	73,192,932	-
Structures in trust	3,470,377	-	-	3,470,377	222,165	25,690	3,248,211	
Tools, furniture and fixtures in trust	20,767	685	-	21,452	4,442	2,020	17,009	
Land in trust	78,626,947	-	-	78,626,947	-	-	78,626,947	
Total	161,246,079	38,026	-	161,284,106	6,199,004	751,844	155,085,101	

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	0.789%	September 21, 2028	Repayment of existing borrowings	Unsecured/unguaranteed
Total	-	4,000,000	-	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	1,020,000	-	1,020,000	-	0.345%	March 29, 2024 (Note 6)	(Note 4)	Unsecured/unguaranteed
	Sumitomo Mitsui Banking Corporation	660,000	-	450,000	210,000	0.351%	March 29, 2024 (Note 7)		
	Subtotal	1,680,000	-	1,470,000	210,000	-	-	-	-
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	527,000	-	527,000	-	0.402% (Note 3)	July 31, 2023	(Note 4)	Unsecured/unguaranteed
	Mizuho Bank, Ltd.	527,000	-	527,000	-				
	Development Bank of Japan Inc.	527,000	-	527,000	-				
	Resona Bank, Limited	265,000	-	265,000	-				
	The Nishi-Nippon City Bank, Ltd.	527,000	-	527,000	-				
	Sumitomo Mitsui Trust Bank, Ltd.	527,000	-	527,000	-				
	Sumitomo Mitsui Banking Corporation	927,000	-	-	927,000	0.462% (Note 3)	July 31, 2024		
	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				
	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	0.596%	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	0.546%	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	0.496%	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	1,000,000	-	1,000,000	-	0.395%	September 30,2024 (Note 8)		
	Mizuho Bank, Ltd.	1,000,000	-	1,000,000	-				
	Sumitomo Mitsui Banking Corporation	850,000	-	-	850,000	0.397%	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					
Subtotal	66,819,000	2,900,000	4,900,000	64,819,000	-	-	-	-	
Total		68,499,000	2,900,000	6,370,000	65,029,000	-	-	-	-

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: Long-term 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: CRE REIT made a prepayment of the amount of 1,020 million yen on September 29, 2023.

Note 7: CRE REIT made a prepayment of the amount of 450 million yen on October 31, 2023.

Note 8: CRE REIT made a prepayment of the amount of 2,000 million yen on September 22, 2023.

Note 9: 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	6,785,000	10,100,000	15,050,000	14,250,000	15,734,000



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 December 31, 2023, and the statement of income, statement of unitholders' equity, statement of cash distribution 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 December 31, 2023, 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.



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 December 31, 2023, 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 ¥4.65 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.

Takeshi Yamaguchi

Designated Engagement Partner
Certified Public Accountant

Takashi Sato

Designated Engagement Partner
Certified Public Accountant

March 26, 2024

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