August 16, 2024

CRE Logistics REIT, Inc.
Summary of Financial Results (Unaudited)
For the 16th Fiscal Period Ended June 30, 2024
(For the Reporting Period from January 1, 2024 to June 30, 2024)
(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, Executive Officer, Head of Corporate Planning and General Affairs
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Scheduled date to file securities report: September 24, 2024
Scheduled date to commence payment of distributions: September 17, 2024
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. 16th Fiscal Period ended June 30, 2024 (January 1, 2024-June 30, 2024)

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

	Operating revenues		Operating income		Ordinary income		Net income	
Fiscal period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	4,466	(1.3)	2,383	(4.2)	2,068	(4.8)	2,067	(4.8)
December 31, 2023	4,525	6.7	2,488	6.8	2,173	8.6	2,172	8.6

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
June 30, 2024	3,294	2.4	1.3	46.3
December 31, 2023	3,460	2.6	1.3	48.0

(2) Distributions

	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
Fiscal period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
June 30, 2024	3,294	2,067	360	225	3,654	2,293	100.0	2.4
December 31, 2023	3,461	2,172	359	225	3,820	2,397	100.0	2.6

(Note 1) The entire amount of total surplus distributions 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 December 31, 2023 and the fiscal period ended June 30, 2024 was 0.003, in both periods. 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.

(3) Financial position

	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
As of	Million yen	Million yen	%	Yen
June 30, 2024	160,064	84,742	52.9	135,004
December 31, 2023	161,009	85,072	52.8	135,530

(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, 2024	2,450	104	(2,608)	3,627
December 31, 2023	4,296	(160)	(3,759)	3,680

2. Forecast for the 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024) and the 18th Fiscal Period ending June 2025 (January 1, 2025-June 30, 2025) (Percentages represent changes from corresponding period of previous period)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus distributions)	Distributions per unit (excluding surplus distributions)	Surplus distributions per unit
Fiscal period ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
December 31, 2024	4,655	4.2	2,536	6.4	2,196	6.2	2,195	6.2	3,741	3,497	244
June 30, 2025	4,698	0.9	2,589	2.1	2,223	1.2	2,222	1.2	3,782	3,540	242

(Reference) Forecast net income per unit (Forecast net income/ Forecast number of investment units at the end of the fiscal period) for the 17th Fiscal Period ending December 2024 is 3,496 yen and forecast net income per unit for 18th Fiscal Period ending June 2025 is 3,539 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)	As of June 30, 2024	627,700 units	As of December 31, 2023	627,700 units
2. Total number of treasury investment units at the end of the fiscal period	As of June 30, 2024	0 units	As of December 31, 2023	0 units

* Summary of financial results is not inside the scope of audit procedure by certified public accountants or audit corporations.

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

Forward-looking statements presented in these financial results, including forecasts of performance, are based on information currently available to CRE REIT and on certain assumptions CRE REIT 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 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024) and the 18th Fiscal Period ending June 2025 (January 1, 2025-June 30, 2025)” for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024) and the 18th Fiscal Period ending June 2025 (January 1, 2025-June 30, 2025)

Item	Assumptions
Calculation period	- 17th Fiscal Period (Ending December 31, 2024): July 1, 2024-December 31, 2024 (184 days) - 18th Fiscal Period (Ending June 30, 2025): January 1, 2025-June 30, 2025 (181 days)
Assets under management	- CRE REIT possesses the real estate trust beneficiary rights in the total of 21 properties as of June 30, 2024. Thereafter, it is assumed that there will be no changes (acquisition of new properties or the disposition of properties held, etc.) in the 21 properties under management through June 30, 2025, except for the following. - It is assumed that 30.0% of the quasi-co-ownership interest in LogiSquare Kuki II (the "Asset for Sale") will be sold on December 26, 2024 and 37.5% of the quasi co-ownership interest will be sold on January 31, 2025. - However, there may be changes due to acquisition of new properties or sale of properties held.
Operating revenues	- Real estate leasing business revenues are calculated based on lease contracts that are in effect as of the date of submission of these financial results, historical results, tenant and market trends, and the competitiveness of the property. - The calculations assume that there will be no delinquencies or defaults on rent payments on the part of tenants. - As a result of the sale of the Asset for Sale, gain on the property sale are expected to be 169 million yen for the fiscal period ending December 31, 2024 and 215 million yen for the fiscal period ending June 30, 2025.
Operating expenses	- Regarding real estate leasing expenses, which are the main operating expenses, expenses other than depreciation are calculated by taking into consideration variable factors such as expenses assumed to be incurred (taxes and public dues, entrusted property management, property insurance, repairs, etc.) based on the historical results. - Property taxes, city planning taxes and other charges are expected to be 443 million yen at the fiscal period ending December 31, 2024 and 439 million yen at the fiscal period ending June 30, 2025. - Depreciation is calculated using the straight line method, and it is expected to be 766 million yen in the fiscal period ending December 31, 2024 and 760 million yen in the fiscal period ending June 30, 2025. - Entrusted property management fees are expected to be 237 million yen for the fiscal period ending December 31, 2024 and 261 million yen for the fiscal period ending June 30, 2025.
Non-operating expenses	- Non-operating expenses for the fiscal period ending December 31, 2024 are expected to be 340 million yen. This amount will include the payment of 328 million yen for interest and other financing-related expenses and 5 million yen for the amortization of investment unit issuance costs. - Non-operating expenses for the fiscal period ending June 30, 2025 are expected to be 366 million yen. This amount will include the payment of 354 million yen for interest and other financing-related expenses and 4 million yen for the amortization of investment unit issuance costs.
Interest-bearing debt	- It is assumed that total interest-bearing debt will be 70,819 million yen at the end of the fiscal period ending December 31, 2024 and 70,819 million yen at the end of the fiscal period ending June 30, 2025. - In the fiscal period ending December 31, 2024, long-term borrowings of 3,105 million yen which became due on July 31, 2024 and short-term borrowings of 350 million yen which will become due on January 31, 2025 were repaid on July 31, 2024, refinancing a total of 3,455 million yen. - In the fiscal period ending June 30, 2025, while long-term borrowings of 5,600 million yen will become due on January 31, 2025, it is assumed that the same amount will be refinanced. - The loan-to-value (LTV) ratio is expected to be around 44.4% at the end of the fiscal period ending December 31, 2024 and around 44.3% at the end of the fiscal period ending June 30, 2025. The following formula is used to calculate the LTV ratio, with numbers rounded off to the first decimal place. LTV ratio = Total interest-bearing debt ÷ Total assets × 100

Item	Assumptions
Investment units	- The assumptions for these forecasts are based on a total number of investment units issued of 627,700, as of the date of 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, 2025 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 627,700 for the fiscal period ending December 31, 2024 and the fiscal period ending June 30, 2025.
Distributions per unit (excluding surplus distributions)	- Distributions per unit (excluding surplus distributions) are calculated in accordance with CRE REIT's policy on the distribution of cash as stipulated in its Articles of Incorporation. - Distributions per unit (excluding surplus distributions) may change for a variety of reasons, including changes in CRE REIT's investment assets, changes in leasing revenues due to tenant movements, etc., and/or the occurrence of unforeseen repairs and maintenance, etc.
Surplus distributions per unit	- Surplus distributions per unit are calculated in accordance with the policies stipulated in CRE REIT's Articles of Incorporation as well as the asset management guidelines provided in the asset management company's internal rules. - It is assumed that there will be no specific possibility of significant deterioration in the economic environment, the real estate market conditions or CRE REIT's financial condition. - While CRE REIT has a policy of continuously implementing surplus distribution for each fiscal period, in principle, with an amount equivalent to 30% of depreciation as a benchmark, CRE REIT has decided to implement this policy flexibly to level distributions within the range equivalent to 30% of depreciation. In the fiscal period ending December 31, 2024 and the fiscal period ending June 30, 2025, it is assumed that surplus distributions will be made in an amount equivalent to 20% of depreciation, taking into account the level of earnings including gain on the property sale. - In addition, in cases where distributions per unit are expected to decline temporarily to a certain extent due to the dilution of the investment unit value or a significant financial burden as a result of the procurement of funds through the issuance of new investment units or for other reasons, CRE REIT may implement temporary surplus distributions, in addition to the continuous surplus distributions, with a view to standardizing the amount of distributions per unit. However, the total amount of continuous surplus distributions and temporary surplus distributions shall not exceed the amount equivalent to 60% of depreciation for the relevant fiscal period. - The amount of surplus distributions (return of contributions) may change due to factors such as the economic environment, trends in the real estate market, the situation surrounding owned assets, and financial conditions, and the surplus distribution (return of contributions) may not be implemented as a result.
Other	- It is assumed that there will be no change in legislation, taxation, accounting standards, listing regulations imposed by the Tokyo Stock Exchange, rules and requirements imposed by The Investment Trusts Association, Japan, etc., that will impact the above forecasts. - It is assumed that there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.

3. Financial Statements
(1) Balance Sheet

(Thousands of yen)

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

(Thousands of yen)

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

(2) Statement of Income

(Thousands of yen)

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

(3) Statement of Unitholders' Equity

Fiscal period ended December 31, 2023

(Thousands of yen)

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

Fiscal period ended June 30, 2024

(Thousands of yen)

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

(4) Statement of Cash Flows

(Thousands of yen)

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