

**CRE Logistics REIT, Inc.**  
**Summary of Financial Results (Unaudited)**  
**For the 6th Fiscal Period Ended June 30, 2019**  
**(For the Reporting Period from January 1, 2019 to June 30, 2019)**  
**(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  
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Scheduled date to file securities report: September 24, 2019  
 Scheduled date to commence payment of distributions: September 12, 2019  
 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. 6th Fiscal Period ended June 30, 2019 (January 1, 2019-June 30, 2019)

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

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended								
June 30, 2019	1,411	(0.1)	718	(11.4)	597	(13.3)	596	(13.4)
December 31, 2018	1,413	19.1	811	21.4	689	31.7	688	31.8

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
June 30, 2019	2,580	2.4	1.2	42.3
December 31, 2018	2,978	2.8	1.4	48.8

## (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, 2019	2,580	596	372	85	2,952	682	100.0	2.4
December 31, 2018	2,978	688	372	85	3,351	774	100.0	2.8

(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, 2018 and the fiscal period ended June 30, 2019 was 0.004, respectively. 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, 2019	49,717	24,541	49.4	106,169
December 31, 2018	49,951	24,719	49.5	106,940

## (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, 2019	937	(145)	(773)	1,645
December 31, 2018	2,593	(192)	(2,126)	1,627

2. Forecast for the 7th Fiscal Period ending December 2019 (July 1, 2019-December 31, 2019) and the 8th Fiscal Period ending June 2020 (January 1, 2020-June 30, 2020)

(Percentages represent changes from corresponding period of previous period)

Fiscal period ending	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus distributions)	Distributions per unit (excluding surplus distributions)	Surplus distributions per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
December 31, 2019	1,578	11.8	823	14.6	681	14.1	680	14.1	2,990	2,625	365
June 30, 2020	1,591	0.8	825	0.2	691	1.5	690	1.5	3,029	2,664	365

(Reference) Forecast net income per unit (Forecast net income/ Forecast number of investment units at the end of the fiscal period) for the 7th Fiscal Period ending December 2019 is 2,625 yen and forecast net income per unit for the 8th Fiscal Period ending June 2020 is 2,663 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, 2019	231,150 units	As of December 31, 2018	231,150 units
2. Total number of treasury investment units at the end of the fiscal period	As of June 30, 2019	0 units	As of December 31, 2018	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 this financial results, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of various factors. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Refer to the section on “Assumptions for Operating Forecasts for the 7th Fiscal Period ending December 2019 (July 1, 2019-December 31, 2019) and the 8th Fiscal Period ending June 2020 (January 1, 2020-June 30, 2020)” for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 7th Fiscal Period ending December 2019 (July 1, 2019-December 31, 2019) and the 8th Fiscal Period ending June 2020 (January 1, 2020-June 30, 2020)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>- 7th Fiscal Period (Ending December 31, 2019): July 1, 2019-December 31, 2019 (184 days)</li> <li>- 8th Fiscal Period (Ending June 30, 2020): January 1, 2020-June 30, 2020 (182 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>- The investment corporation possesses the trust beneficial interests in real estate in a total of nine properties (hereinafter referred to as “assets currently held”)—seven properties held as of June 30, 2019 (hereinafter referred to as “acquired assets before the fiscal period ended June 30, 2019”) and two properties acquired on July 16, 2019 (hereinafter referred to as “acquired assets for the fiscal period ending December 31, 2019”). The operating forecasts herein are based on the assumption that the investment corporation will continue to possess these properties until June 30, 2020, as well as the assumption that there will be no fluctuations in the trust beneficial interests in real estate (including newly acquired properties and the disposal of currently-held assets).</li> <li>- However, there is a possibility that fluctuations in the portfolio will occur due to factors including the new acquisition of properties or the disposal of assets currently held.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>- Real estate lease business revenues are calculated based on leasing contracts that are effective as of the date of submission of this financial results and actual performance in the past.</li> <li>- The forecasts assume there are no delinquencies or default on rental payments by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>- Expenses other than depreciation that fall under the category of real estate leasing expenses, which is the investment corporation’s main operating expenses, are actual expenses incurred on acquired assets before the fiscal period ended June 30, 2019. Regarding those acquired assets for the fiscal period ending December 31, 2019, expenses were forecast reflecting variables, including forecast costs (including taxes and public dues, property management fees, fire insurance expenses, repair expenses) based on information obtained from the previous owner, or the beneficiary who previously held the trust beneficiary interests.</li> <li>- Property tax and city planning tax, etc. for acquired assets before the fiscal period ended June 30, 2019 are expected to total 146 million yen per period.</li> <li>- In addition, when real estate is purchased, property tax and city planning tax, etc. are calculated and divided up on a pro-rated basis for calendar year with the current beneficiary of trust interests. The investment corporation incorporates this amount into the acquisition cost of the property. In light of this, property tax and city planning tax, etc. on the acquired assets for the fiscal period ending December 31, 2019 are not posted in the 7th Fiscal Period, but will be posted as property tax and city planning tax, etc. in the 8th Fiscal Periods. In the event that the property tax and city planning tax, etc. on acquired assets for the fiscal period ending December 31, 2019 were posted as expense, the amount is estimated at 18 million yen for each six-month period starting from the 8th Fiscal Period. Note that the total amount of property tax and city planning tax, etc. to be incorporated into the acquisition cost for the acquired assets for the fiscal period ending December 31, 2019 is estimated at 16 million yen.</li> <li>- Depreciation is based on the straight-line method. Depreciation is forecast to be 316 million yen in the fiscal period ending December 31, 2019 and 316 million yen in the fiscal period ending June 30, 2020.</li> <li>- Property management fees are expected to be 75 million yen in the fiscal period ending December 31, 2019 and 76 million yen in the fiscal period ending June 30, 2020.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>- Non-operating expenses for the 7th Fiscal Period are expected to total 141 million yen. Of this, it is estimated that 121 million yen is for interest expenses and other financial related costs, 3 million yen is for costs related to offerings new investment units, 6 million yen is for depreciation of founding costs, and 9 million yen is for depreciation of investment unit issuance costs.</li> <li>- Non-operating expenses for the 8th Fiscal Period are expected to total 133 million yen. Of this, it is estimated that 118 million yen is for interest expenses and other financial related expenses, 6 million yen is for depreciation of founding costs, and 8 million yen is for depreciation of investment unit issuance costs.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>- The total interest-bearing debt at the end of each fiscal period is as follows: 26,719 million yen as of December 31, 2019, and 26,719 million yen as of June 30, 2020.</li> <li>- It is assumed that the investment corporation refinance 6,679 million yen to repay 6,680 million yen which mature on July 31, 2019 in the fiscal period ending December 31, 2019.</li> <li>- The LTV is expected to be around 47.7% as of December 31, 2019, and about 47.7% as of June 30, 2020. The following equation was used to calculate LTV. The figure is rounded to the second decimal point.  <math display="block">LTV = \text{Interest-bearing debt} / \text{Total Assets} \times 100</math> </li> </ul>
Investment units	<ul style="list-style-type: none"> <li>- The assumptions for these forecasts are based on a total number of investment units issued of 259,250, as of the submission of these financial results. The forecasts do not factor in any assumption of a change in the number of investment units through June 30, 2020 due to factors such as the issuance of new investment units.</li> <li>- 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 259,250 for the fiscal period ending December 31, 2019 and the fiscal period ending June 30, 2020.</li> </ul>
Distributions per unit (excluding surplus distributions)	<ul style="list-style-type: none"> <li>- The distributions per unit (excluding surplus distributions) is calculated based on the assumption that distributions are carried out in accordance with the policies for monetary distributions set forth in the regulations of the investment corporation.</li> <li>- There is a possibility that the amount of the distributions per unit (excluding surplus distributions) could change owing to various factors, including changes in rental income, or unexpected maintenance work due</li> </ul>

	to a change in assets under management or a change in tenants.
Distributions per unit of surplus profit	<ul style="list-style-type: none"> <li>- The surplus distributions per unit is calculated in accordance with the policy stipulated in the operational guidelines—the regulations of the investment corporation and the internal regulations of the asset management company. The payout plan for total surplus distributions for the fiscal period ending December 31, 2019 and the fiscal period ending June 30, 2020 is 94 million yen, respectively, with an amount equivalent to 30% of depreciation as a benchmark.</li> <li>- These assumptions do not include any specific possibility of a substantial deterioration in the economic climate, real estate market or the financial condition of the investment corporation.</li> <li>- The policy of the investment corporation is to implement the distribution of surplus profit semiannually in principle. The amount of the surplus distribution should be equivalent to 30% of total depreciation.</li> <li>- Moreover, in the event that the distributions per unit is expected to temporarily fall below a certain level due to dilution in the value of the investment unit or a considerable financial burden owing to the procurement of capital through the issuance of new investment units or other factors, the investment corporation may continue to distribute surplus profit plus a one-off distribution that exceeds the profit level in the period for the purpose of maintaining the ordinary level of the distributions per unit. However, this amount, which includes the ongoing surplus distribution, shall not exceed the equivalent to 60% of total depreciation for the relevant business period.</li> <li>- In actuality, the amount of distributions exceeding profit (return of contributions) is likely to fluctuate due to changes in the economic climate, real estate market trends, asset portfolio, and financial position, and there is a possibility the investment corporation will not implement distributions (return of contributions) in surplus distributions for the period.</li> </ul>
Other	<ul style="list-style-type: none"> <li>- The forecasts were built based on the assumption that there will be no revisions to laws and ordinances, the tax system, accounting standards, listing regulations set forth by the Tokyo Stock Exchange, Inc., and the regulations stipulated by the Investment Trusts Association, Japan, that would have an impact on the forecasts stated above.</li> <li>- The forecasts are also based on the assumption that there will be no unexpected major changes to general economic trends and the real estate market.</li> </ul>

3. Financial Statements  
(1) Balance Sheet

(Thousands of yen)

	As of December 31, 2018	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	1,001,457	1,124,800
Cash and deposits in trust	1,163,430	1,158,278
Operating accounts receivable	118,742	109,727
Prepaid expenses	82,278	81,574
Total current assets	2,365,909	2,474,381
Non-current assets		
Property, plant and equipment		
Buildings in trust	28,873,918	28,873,918
Accumulated depreciation	(848,464)	(1,125,429)
Buildings in trust, net	28,025,453	27,748,488
Structures in trust	1,341,493	1,341,493
Accumulated depreciation	(30,261)	(40,332)
Structures in trust, net	1,311,231	1,301,160
Tools, furniture and fixtures in trust	682	682
Accumulated depreciation	(61)	(122)
Tools, furniture and fixtures in trust, net	621	560
Land in trust	17,969,495	17,969,495
Total property, plant and equipment	47,306,802	47,019,704
Intangible assets		
Other	3,266	2,866
Total intangible assets	3,266	2,866
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	195,088	157,524
Deferred tax assets	10	14
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	215,598	178,039
Total non-current assets	47,525,668	47,200,611
Deferred assets		
Organization expenses	29,275	23,218
Investment unit issuance expenses	30,903	18,872
Total deferred assets	60,178	42,090
Total assets	49,951,756	49,717,083

(Thousands of yen)

	As of December 31, 2018	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	84,388	89,147
Current portion of long-term borrowings	6,680,000	6,680,000
Accrued expenses	111,640	106,480
Income taxes payable	815	910
Accrued consumption taxes	88,722	31,901
Advances received	252,245	252,086
Other	1,338	2,113
Total current liabilities	7,219,151	7,162,640
Non-current liabilities		
Long-term borrowings	17,140,000	17,140,000
Leasehold and guarantee deposits received in trust	873,269	873,269
Total non-current liabilities	18,013,269	18,013,269
<b>Total liabilities</b>	<b>25,232,420</b>	<b>25,175,909</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	24,106,072	24,106,072
Deduction from unitholders' capital	(75,354)	(161,342)
Unitholders' capital, net	24,030,717	23,944,729
Surplus		
Unappropriated retained earnings (undisposed loss)	688,618	596,444
Total surplus	688,618	596,444
Total unitholders' equity	24,719,335	24,541,173
<b>Total net assets</b>	<b>24,719,335</b>	<b>24,541,173</b>
<b>Total liabilities and net assets</b>	<b>49,951,756</b>	<b>49,717,083</b>

## (2) Statements of Income

(Thousands of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended June 30, 2019
<b>Operating revenue</b>		
Leasing business revenue	1,384,615	1,384,615
Other leasing business revenue	28,672	27,232
<b>Total operating revenue</b>	<b>1,413,287</b>	<b>1,411,847</b>
<b>Operating expenses</b>		
Expenses related to leasing business	432,972	532,472
Asset management fee	132,326	123,971
Asset custody fee	1,653	1,618
Administrative service fees	11,062	11,338
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	19,223	19,110
<b>Total operating expenses</b>	<b>601,738</b>	<b>693,011</b>
<b>Operating profit</b>	<b>811,549</b>	<b>718,836</b>
<b>Non-operating income</b>		
Interest income	7	10
Interest on tax refund	3,160	—
<b>Total non-operating income</b>	<b>3,167</b>	<b>10</b>
<b>Non-operating expenses</b>		
Interest expenses	65,539	62,865
Borrowing related expenses	40,801	40,563
Amortization of organization expenses	6,056	6,056
Amortization of investment unit issuance expenses	12,030	12,030
Other	1,000	—
<b>Total non-operating expenses</b>	<b>125,428</b>	<b>121,517</b>
<b>Ordinary profit</b>	<b>689,288</b>	<b>597,329</b>
<b>Profit before income taxes</b>	<b>689,288</b>	<b>597,329</b>
Income taxes - current	816	912
Income taxes - deferred	6	(4)
<b>Total income taxes</b>	<b>822</b>	<b>907</b>
<b>Profit</b>	<b>688,465</b>	<b>596,421</b>
<b>Retained earnings brought forward</b>	<b>152</b>	<b>22</b>
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>688,618</b>	<b>596,444</b>

(3) Statements of Changes in Net Assets  
Fiscal period ended December 31, 2018

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	24,106,072	-	24,106,072	522,320	522,320	24,628,392	24,628,392
Changes in items during period							
Distributions in excess of retained earnings		(75,354)	(75,354)			(75,354)	(75,354)
Dividends of surplus				(522,167)	(522,167)	(522,167)	(522,167)
Profit				688,465	688,465	688,465	688,465
Total changes in items during period	-	(75,354)	(75,354)	166,298	166,298	90,943	90,943
Balance at end of period	24,106,072	(75,354)	24,030,717	688,618	688,618	24,719,335	24,719,335

Fiscal period ended June 30, 2019

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	24,106,072	(75,354)	24,030,717	688,618	688,618	24,719,335	24,719,335
Changes in items during period							
Distributions in excess of retained earnings		(85,987)	(85,987)			(85,987)	(85,987)
Dividends of surplus				(688,595)	(688,595)	(688,595)	(688,595)
Profit				596,421	596,421	596,421	596,421
Total changes in items during period	-	(85,987)	(85,987)	(92,174)	(92,174)	(178,161)	(178,161)
Balance at end of period	24,106,072	(161,342)	23,944,729	596,444	596,444	24,541,173	24,541,173

## (4) Statements of Cash Flows

(Thousands of yen)

	Fiscal period ended December 31, 2018	Fiscal period ended June 30, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	689,288	597,329
Depreciation	287,497	287,497
Amortization of deferred organization expenses	6,056	6,056
Amortization of investment unit issuance expenses	12,030	12,030
Interest income	(7)	(10)
Interest expenses	65,539	62,865
Decrease (increase) in operating accounts receivable	7,806	9,015
Decrease (increase) in consumption taxes refund receivable	1,472,959	—
Decrease (increase) in prepaid expenses	(983)	703
Increase (decrease) in operating accounts payable	374	50,457
Increase (decrease) in accrued expenses	13,938	(6,381)
Increase (decrease) in accrued consumption taxes	88,722	(56,820)
Increase (decrease) in advances received	(146)	(158)
Decrease (increase) in long-term prepaid expenses	19,328	37,563
Other, net	(2,646)	87
Subtotal	2,659,759	1,000,238
Interest received	7	10
Interest paid	(65,392)	(61,644)
Income taxes paid	(944)	(817)
Net cash provided by (used in) operating activities	2,593,431	937,787
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(92,081)	(45,699)
Proceeds from leasehold and guarantee deposits received in trust	48	—
Payments into restricted deposits	(100,048)	(100,000)
Net cash provided by (used in) investing activities	(192,081)	(145,699)
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(1,330,000)	—
Proceeds from long-term borrowings	3,000,000	—
Repayments of long-term borrowings	(3,200,000)	—
Distributions paid	(596,248)	(773,896)
Net cash provided by (used in) financing activities	(2,126,248)	(773,896)
Net increase (decrease) in cash and cash equivalents	275,101	18,191
Cash and cash equivalents at beginning of period	1,352,449	1,627,550
Cash and cash equivalents at end of period	1,627,550	1,645,741