

January 4, 2021

To All Concerned Parties

Name of REIT Issuer:
 CRE Logistics REIT, Inc.
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Notice Concerning Acquisition of Trust Beneficiary Rights to Real Estate in Japan and Leasing

CRE Logistics REIT, Inc. (hereinafter “CRE REIT”) hereby announces that CRE REIT Advisers, Inc. (hereinafter the “Asset Management Company”), an asset management company to which CRE REIT entrusts the management of its assets, decided on January 4, 2021 to acquire the trust beneficial interests in the following properties (hereinafter the “Assets to Be Acquired”) and to conduct the leasing thereof.

Because CRE, Inc. (hereinafter “CRE”), the seller and the lessee of the Assets to Be Acquired, is an interested person under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 as amended, hereinafter the “Investment Trust Act”), the Asset Management Company has obtained the consent of CRE REIT with the approval of a meeting of the Board of Directors of CRE REIT held today based on the Investment Trust Act. In addition, because CRE is an interested party under the Regulations for Transactions with Interested Parties, which is a set of internal regulations for the Asset Management Company, the Asset Management Company has taken the decision-making procedures stipulated in the Regulations for Transactions with Interested Parties for acquiring assets and conducting lease transactions.

1. Overview of the acquisition

| Category | Property no. | Property name | Location | Seller | Planned acquisition price (Million yen) (Note 1) | Appraised NOI yield (%) (Note 2) |
|--------------------------------|--------------|--|----------------------|--------|--|----------------------------------|
| Logistics-related facilities | M-15 | LogiSquare Sayama Hidaka (quasi-co-ownership interest ratio: 80%) | Hanno-shi, Saitama | CRE | 14,066 | 4.7 |
| | M-16 | LogiSquare Kawagoe II | Kawagoe-shi, Saitama | CRE | 3,244 | 4.8 |
| | O-3 | LogiSquare Kobe Nishi | Kobe-shi, Hyogo | CRE | 3,479 | 4.8 |
| Total / Average (3 properties) | | | — | — | 20,789 | 4.7 |

(Note 1) “Planned acquisition price” is the purchase price of each Asset to Be Acquired as set forth in the agreement for sale and purchase of the said Asset to Be Acquired. The purchase price does not include national and local consumption taxes or acquisition costs and is rounded down to the nearest million yen. The same applies hereinafter.

(Note 2) "Appraised NOI yield" is the ratio expressed as a percentage of the appraised NOI of each Asset to Be Acquired to the planned acquisition price (meaning the net operating income (NOI) that is obtained by deducting operating expenses from operating revenue stated in real estate appraisal reports, and it is income before deducting depreciation. It is different from net cash flow (NCF), which is obtained by deducting security deposits and other earnings as well as capital expenditure from NOI. The same applies hereinafter), rounded to the first decimal place. "Average appraised NOI yield" is the ratio in percentage form of the sum of the appraised NOI of each Asset to Be Acquired to the sum of the planned acquisition prices of the Assets to Be Acquired, rounded to the first decimal place. Appraised NOI yield and average appraised NOI yield have been calculated by the Asset Management Company and do not represent the figures shown in the real estate appraisal reports. The actual values after the acquisition of the Assets to Be Acquired by CRE REIT may differ from those shown in this text.

(1) Sales and purchase agreement date / Date of determination of planned acquisition: January 4, 2021

(2) Payment date / Planned acquisition date (Note 1): January 19, 2021

(3) Acquisition financing: Proceeds through the issuance of new investment units as resolved at the Board of Directors' meeting of CRE REIT held on January 4, 2021 (Note 2), borrowings (Note 3) and funds in hand

(4) Settlement method: To be paid in a lump sum upon delivery

(5) Existence or non-existence of intermediary: None

(Note 1) "Payment date" and "Planned acquisition date" are the execution date of the transfer of each trust beneficiary right described in the sales and purchase agreement concerning each Asset to Be Acquired. However, the payment date and the planned acquisition date may be changed in line with changes in the payment date for the issuance of new investment units in the primary offering stated in the "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" published today. The same applies hereafter.

(Note 2) For more details, please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" dated January 4, 2021.

(Note 3) For more details, please refer to "Notice Concerning Borrowing of Funds (New Borrowings and Refinancing)" dated January 4, 2021.

2. Reasons for the acquisition and leasing

The Assets to Be Acquired are logistics-related facilities developed by CRE, the sponsor, and are situated in locations suited to logistics. Bearing the high-quality brand name "LogiSquare" (Note), the facilities are universal and expandable to allow use by a range of tenants. The acquisition and leasing will be conducted with the aim of enhancing the portfolio of CRE REIT in accordance with its Articles of Incorporation and improving unitholder values based on the policies of "Long-term, stable asset management" and "Distinct external growth strategy." The characteristics of each Asset to Be Acquired are as described in 3. Details of the Assets to Be Acquired below. The acquisition of the Assets to Be Acquired is expected to diversify the portfolio and create stable, long-lasting cash distribution backed by long-term lease agreements that generate cash flow. CRE REIT believes that these characteristics will contribute to the realization of unitholder value enhancement.

With regard to the tenants of the Assets to Be Acquired, CRE REIT believes that the tenants meet the tenant selection criteria described in the Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties submitted to Tokyo Stock Exchange on September 29, 2020.

(Note) Developed by CRE or Commercial RE Co., Ltd. before its business transfer to CRE (CRE took over the master lease business and the lease management business of the business real estate of Commercial RE Co., Ltd. in August 2010), "LogiSquare" is the name of quality logistics-related facilities that meet tenant needs. The same applies hereafter.

3. Details of the Assets to Be Acquired

An overview of the trust beneficial interests in real estate, the Assets to Be Acquired, is shown in the table

below. The terms used in each column of the table are as described in the following, which is based on information as of the end of November 2020 unless otherwise provided herein.

(i) Descriptions concerning “property no.” and “use”

- “Property no.” consists of a number and code that indicates the type of each property. The code “M” indicates logistics-related facilities located in the Tokyo Metropolitan Area, and the code “O” indicates those located in areas other than the Tokyo Metropolitan Area.
- “Use” is the use(s) of the Assets to Be Acquired

(ii) Descriptions concerning “Outline of specified assets”

- “Planned acquisition date” is the planned acquisition date of each Asset to Be Acquired.
- “Planned acquisition price” is the purchase price of each trust beneficiary interest set forth in the respective agreement for sale and purchase of the trust beneficiary interest for each Asset to Be Acquired. The purchase price does not include national and local consumption taxes or acquisition costs.
- “Overview of trust beneficiary right” is the content of the respective trust agreement for each real estate in trust that is concluded or is scheduled to be concluded with a trust beneficiary or a prospective trust beneficiary.
- “Location” of the land is the residence indication or the location of the building recorded in the register (one of the lot numbers, if more than one address was assigned).
- The land “area” is the area recorded in the register. This area is the entire area of the parcel for the building, both in the case of properties pertaining to co-ownership and in the case of properties pertaining to quasi co-ownership. This area may not match actual conditions.
- “Zoning” of the land is the districts and zones prescribed in Article 8, paragraph 1, item 1 of the City Planning Act (Act No. 100 of 1968, including all subsequent amendments).
- “Building coverage ratio/floor-area ratio” for the land is the upper limit of the building coverage ratio determined by city planning in accordance with zoning and other factors (designated building coverage ratio) and the upper limit of the floor-area ratio (designated floor-area ratio). Where there are more than one such ratio, all such ratios are listed. The designated building coverage ratios may be relaxed or restricted due to being fire-resistant buildings in fire zones or for other reasons. The designated floor-area ratio may also be relaxed or restricted due to the width of the roads adjacent to the land or for other reasons. These ratios may differ from the actual building coverage ratio and floor-area ratio applied.
- “Type of ownership” of the land and building is the type of rights pertaining to the land and building for each property that CRE REIT, a trustee or a prospective trustee owns or is scheduled to own.
- “Building structure” and “completion date for construction” of the building are the building structure and the completion date for construction in the register for each building.
- The building “total floor area” and “type” are the area and type recorded in the register for each building. This “total floor area” is the entire area for the building, both in the case of properties pertaining to co-ownership and in the case of properties pertaining to quasi co-ownership. In addition, “total floor area” is the sum of total floor area of the main building and annex.
- “Master lessee” is the company with which an effective master lease agreement is concluded as of today for each property.
- “Master lease agreement” is the type of master lease agreement (with a distinction between the pass-through type and the rent fixed type) that is concluded or is to be concluded between the owner and the Master lessee for each property.
- “PM Company” is the company with which a property management agreement is planned to be concluded at the time when CRE REIT acquires the Assets to Be Acquired.
- “Number of tenants” is the number of persons who have leased the real estate from CRE REIT based on lease agreements as of the end of November 2020 for LogiSquare Kawagoe II and LogiSquare Kobe Nishi and as of today for LogiSquare Sayama Hidaka. Where a master lease agreement has been signed or is planned to be signed with the Master Lessee, “number of tenants” is the total number of end tenants with regard to properties based on a pass-through type master lease. Moreover, where an end tenant lives with a third party or subleases all or a portion of the leased lot to a third party, such third party is not included in “number of tenants.”
- “Existence or non-existence of collateral” is an outline of the collateral for each Asset to Be Acquired in the case where CRE REIT is scheduled to provide the collateral after acquiring the Asset to Be Acquired.
- “Total leasable area” is the area of the portions that are deemed leasable based on the respective lease agreements concerning each Asset to Be Acquired that has been concluded or the floor plan, etc. as of the end of November 2020 for LogiSquare Kawagoe II and LogiSquare Kobe Nishi and as of today for LogiSquare Sayama Hidaka.

- “PML (probable maximum loss) value” is the value equivalent to Level 2 in the Earthquake Risk (PML) Evaluation Report prepared by Sompo Risk Management Inc.
 - “Features of the properties” are the basic features and characteristics of each Asset to Be Acquired, the evaluation conducted by CRE REIT, and special features of the communities where the asset is located, among other things, which are based on descriptions of a real estate appraisal report prepared by Tanizawa Sogo Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd. or based partly on materials obtained by the Asset Management Company.
 - “Notes” are matters that are deemed to be material with respect to relationships of the rights, usage, etc. of each property as of January 4, 2021 and other matters that are deemed to be material in consideration mainly of the potential impact on the appraised value of each Asset to Be Acquired, and the profitability or disposability thereof.
- (iii) Descriptions in the column for “capacity utilization rate”
- “Capacity utilization rate” is the ratio expressed as a percentage of the total leased area to leasable area of each Asset to Be Acquired as of the end of November 2020 for LogiSquare Kawagoe II and LogiSquare Kobe Nishi and as of today for LogiSquare Sayama Hidaka, rounded to the first decimal place.
- (iv) Descriptions in the column for “outline of leasing”
- “Lessee,” “lease form,” “lease period,” “leased area,” “rent,” “security deposit and guarantee money,” “rent revision,” “premature cancellation” and “penalty” are the contents of each lease agreement that has been concluded or is to be concluded with regard to LogiSquare Kawagoe II and LogiSquare Kobe Nishi as of the end of November 2020 and LogiSquare Sayama Hidaka as of today (in the case of the pass-through type master lease agreement, the lease agreement with the end tenant).
 - “Type of business” is the type determined upon judgment of the main products handled/business format of each tenant based on information gathered from tenants by the Asset Management Company through interviews and other means usually upon conclusion of the lease agreement.
- (v) Descriptions in the column for “outline of real estate appraisal report”
- The column for “outline of real estate appraisal report” is written based on the real estate appraisal report obtained from Tanizawa Sogo Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(1) LogiSquare Sayama Hidaka

| Property no. | LogiSquare Sayama Hidaka | | Category | Logistics-related facilities | |
|--|--|---|--------------------------|---|---|
| M-15 | | | | | |
| Outline of specified assets | | | | | |
| Type of specified assets | Quasi-co-ownership interest (80%) of trust beneficial interest (planned) | Overview of trust beneficial interest | Entrustment date | January 19, 2021 (planned) | |
| Planned acquisition date | January 19, 2021 | | Trustee | Sumitomo Mitsui Trust Bank, Limited (planned) | |
| Planned acquisition price | ¥14,066,000,000 | | Trust maturity date | January 31, 2041 (planned) | |
| Land | Location | 12-1 Aza Kubo, Oaza Ashikariba, Hanno-shi, Saitama | Building | Building structure | Reinforced concrete, steel construction, alloy coated steel sheet roof, five floors |
| | Area | 36,877.85 m ² | | Completion date for construction | May 30, 2020 |
| | Zoning | District not designated (urbanization control area) | | Total floor area | 73,728.44 m ² |
| | Building coverage ratio/floor-area ratio | 60% (Note 1)/200% | | Type | Warehouse |
| | Type of ownership | Proprietary ownership (Note 2) | | Type of ownership | Proprietary ownership |
| Master lessee | CRE, Inc. | PM Company | CRE, Inc. | | |
| Master lease agreement | Fixed | Number of tenants | 1 | | |
| Existence or non-existence of collateral | None | Total leasable area | 71,211.10 m ² | | |
| PML (probable maximum loss) value | 3.34% | Capacity utilization rate | 100.0% | | |
| <p>Features of the property:</p> <ul style="list-style-type: none"> • The property is located approximately 0.7 km from the Sayama Hidaka Interchange on the Ken-O Expressway, and access to National Route 407 is also easy. Surrounded by numerous warehouses, factories and other facilities, the property can be operated 24 hours a day. With the improvement of access to every major expressway via the Ken-O Expressway, the property has good potential as a strategic base for logistics not only in the Kanto area but across a wide area. • The development of this property led to the excavation of the remains of 74 pit dwellings from the Middle Jomon Period (around 5,000 years ago) and, following this historical discovery, CRE cooperated with the government's excavation work and record keeping and with site visits and so forth as part of its CSR initiatives. • The property has warehouse space on floors 1-4 and offices, a cafeteria and so forth on the fifth floor. Each floor has an area of approximately 18,000 m² and there is a rampway enabling heavy trucks to go directly to the second and third floors, giving the property a total of 120 truck berths across the first, second and third floors. The facility has slopes exclusively for outgoing vehicles on the second and third floors, contribute to the prevention of congestion and accidents and making maximum use of the site. • The property has a parking lot with 184 spaces as a result of the creation of an easement appurtenant to neighboring land on the south side of the site to satisfy greening plan requirements. • Metal insulated sandwich panels are used on exterior walls. The facility has a floor weight capacity of 1.5 t/m², an effective ceiling height of 6.0 m or more on each floor, average light intensity of 300 Lux or more, and there is a total of six cargo elevators (4.1 t) connecting the third and fourth floors for two-floor operations, and every floor can support the operation of | | | | | |

2.5 t forklifts.

- The facility also uses signs that visualize functions inside the facility and help improve operations inside the facility in terms of safety and function and help make the facility more comfortable for workers.
- The structure is an earthquake-proof structure with a rigid frame and without bracing, enabling flexible, efficient storage. Versatility has also been taken into consideration through the adoption of specifications that can be adapted to some extent to meet the future needs of tenants, including the installation of additional vertical carrier machines or internal stairways (connecting the third and fourth floors), the addition of offices and the installation of air conditioners inside the warehouse.
- The property has been certified under the system for confirming conformity with requirements under the Warehousing Business Act (Act No. 121 of 1956 as amended), simplifying the procedure to be carried out by the tenant when registering the property as a commercial warehouse and facilitating operation of the facility.
- The uppermost fifth floor of the facility features a cafeteria which can seat around 150 people and a retail space, a rooftop terrace with views of Mount Fuji and other shared amenities and there is also free Wi-Fi and BGM broadcasting equipment to help improve the working environment of workers.
- As a business continuity planning (BCP) measure, the facility is also equipped with the TASKis system developed by NOHMI BOSAI LTD., a leading manufacturer of disaster prevention equipment, so that, in the event of a fire, information such as the location of a fire within the facility, can be instantly sent to the smartphones of employees, the facility manager and other concerned parties, enabling the facility as a whole to efficiently support the in-house fire brigade in evacuating the facility and putting out the fire.
- There is a helipad on the roof for firefighters to use in the event of disaster. Through these and other measures such as the installation of an earthquake early warning system and AEDs, the facility takes the BCP of tenants into consideration.
- As an environmental measure, the property has acquired CASBEE Saitama Rank A certification and a BELS evaluation (★★★★) as a result of using LED lighting in all buildings, human detecting sensors and water-saving sanitary appliances.
- The roof is leased to a solar power generation business operator and the lessee has installed solar panels with a power output of 751.10 KW. Some of the power used by the property is natural energy generated through these solar panels.

Notes:

The Investment Corporation quasi co-owns the trust beneficial interest (the Investment Corporation's quasi co-ownership interest ratio is 80%) with CRE, Inc., which is the other quasi co-owner (quasi co-ownership interest ratio of 20%; hereinafter in this note referred to as the "Other Quasi Co-owner") of the trust beneficial interest (hereinafter in this note referred to as the "Beneficial Interest") of the property and the Investment Corporation, the Other Quasi Co-owner, the Asset Management Company and the Trusty Beneficiary have concluded a Beneficial Interest Quasi Co-Ownership Agreement Subject to a Condition Precedent (hereinafter referred to as the "Agreement between the Quasi Co-owners"). The Agreement between the Quasi Co-owners stipulates the matters described below.

- (i) Certain important decisions relating to the property and the Beneficial Interest shall be determined by the unanimous approval of the Quasi Co-owners.
- (ii) For a period of five (5) years from the date on which each Quasi Co-owner acquired quasi co-ownership of the Beneficial Interest, neither Quasi Co-owner may request that the Beneficial Right be split. Unless either Quasi Co-owner indicates its intention not to renew the non-splitting clause no later than the anniversary date one (1) year prior to the expiration date, the non-splitting clause shall be extended automatically for successive periods of five (5) years thereafter reckoned from the anniversary date one (1) year prior to such expiration, provided this is not in violation of laws and regulations.
- (iii) If either Quasi Co-owner transfers its respective quasi co-ownership interest, it shall have the transferee succeed to its position and rights and obligations under the Agreement between the Quasi Co-owners and the Other Quasi Co-owner shall authorize such transfer in advance. Any transfer of the quasi co-ownership interest held by the Other Quasi Co-owner shall be subject to the Sponsor Support Agreement concluded with the Investment Corporation.

(Note 1) The building coverage ratio is originally 60%, but has been eased to 70% as a result of applying the loosened regulations to the corner lot.

(Note 2) An easement for the purpose of maintaining and protecting forest in relation to acts of development under Article 10-2, Paragraph 2 of the Forest Act (Act No. 249 of 1951 as amended) has been created with respect to part (approximately 1,803.45 m²) of the neighboring land of the property, with the owner of the land as the creator of the easement and the part of the land as the dominant land.

| Outline of leasing | | | | | | |
|------------------------|---|---------------------------|--------------|-------------------------|--------------------|--------------------------------------|
| Lessee | Type of business | Lease form | Lease period | Leased area | Rent | Security deposit and guarantee money |
| CRE, Inc. | Real estate business | Fixed term building lease | 3.3 years | 71,211.10m ² | Undisclosed (Note) | Undisclosed (Note) |
| Rent revision | Not allowed. | | | | | |
| Premature cancellation | Not allowed; provided, however, that premature cancellation may be approved in unavoidable circumstances on the condition that the intent of the premature cancellation is notified in writing no later than 6 (six) months before the intended date of premature cancellation and that a penalty for the premature cancellation equivalent to the total amount of rent from the date of cancellation to the expiration date of the lease term (including such date) be paid. | | | | | |
| Penalty | Amount equivalent to unexpired rent. In the case of a mutual termination agreement, amount equivalent to the total amount of rent from the date of the mutual termination agreement to the expiration date of the lease term unless otherwise agreed. | | | | | |

(Note) As of the date of this release, a fixed rent master lease agreement has been concluded, however, the rent to be received from the master lease company, i.e. the lessee, is the same level as the rent of the sublessee and CRE REIT has, therefore, decided not to disclose this item because the disclosure thereof enables to estimate the rent level of the sublessee and may adversely affect the competitive position of CRE REIT and may eventually harm the interests of unitholders.

| Outline of real estate appraisal report | | |
|---|---|---|
| Property name | LogiSquare Sayama Hidaka | |
| Appraisal value (Note 1) | ¥14,900,000,000 | |
| Real estate appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Date of valuation | November 30, 2020 | |
| Items | Details (Note 1) | Comments, etc. |
| Appraisal value indicated by the income approach | ¥14,880,000,000 | The appraisal value is estimated using the income approach after conducting an examination using the direct capitalization method based on the appraisal value indicated by the DCF (Discount Cash Flow) method as the standard. |
| Appraisal value based on the direct capitalization method | ¥15,280,000,000 | |
| (1) Operating Revenue | Undisclosed (Note 2) | (i)-(ii) |
| ① Effective gross income | Undisclosed (Note 2) | |
| ② Losses from vacancy, etc. | Undisclosed (Note 2) | |
| (2) Operational Expenses | Undisclosed (Note 2) | Sum of values listed under a. to h. |
| a. Building maintenance costs | Undisclosed (Note 2) | |
| b. Utility expenses | Undisclosed (Note 2) | |
| c. Repair expenses | Undisclosed (Note 2) | |
| d. Property management fees | Undisclosed (Note 2) | |
| e. Tenant soliciting fees, etc. | Undisclosed (Note 2) | |
| f. Taxes and public dues | Undisclosed (Note 2) | |
| g. Insurance premiums | Undisclosed (Note 2) | |
| h. Other expenses | Undisclosed (Note 2) | |
| (3) Net operating income | ¥656,348,868 | (1)-(2) |
| (4) Earnings from temporary deposits | Undisclosed (Note 2) | |
| (5) Capital expenditure | Undisclosed (Note 2) | |
| Net cash flow | ¥642,497,432 | (3)+(4)-(5) |
| Capitalization rate | 4.2% | Appraised by comparing and examining several market capitalization rates of properties in peripheral areas or in similar districts, etc. in the same market area, by taking into account anticipated variations in future net cash flow and by paying attention to the relationship to the discount rate. |
| Appraisal value using the DCF method | ¥14,720,000,000 | |
| Discount rate | First to fifth fiscal year 4.1% Sixth year and thereafter 4.3% | Appraised by first determining the base yield of the warehouse using the built-up method, etc. in reference to the yields of financial instruments, and then by taking into account the individual risks pertaining to the subject real estate in relation to the said base yield. |
| Terminal capitalization rate | 4.4% | Appraised by using the capitalization rate as the standard and by evaluating the uncertainty of future projections. |
| Integrated value | ¥14,800,000,000 | |
| Proportion of land | 40.3% | |
| Proportion of building | 59.7% | |
| Other matters for consideration by the appraiser | None | |

(Note 1) The "appraisal value" is the appraisal value stated in the appraisal report and "details" are the figures relating to the building and site stated in the appraisal report multiplied by the quasi co-ownership interest ratio (80%) of the property CRE REIT plans to acquire. Accordingly, the "appraisal value" and the "appraisal value indicated by the income approach" do not match.

(Note 2) Regarding this item, actual figures are used as a reference, and CRE REIT has decided not to disclose this item. This is because the disclosure thereof may adversely affect the competitive position of CRE REIT and may eventually harm the interests of unitholders.

(2) LogiSquare Kawagoe II

| Property no. | LogiSquare Kawagoe II | Category | Logistics-related facilities | |
|---|--|---------------------------------------|--|---|
| M-16 | | | | |
| Outline of specified assets | | | | |
| Type of specified assets | Trust beneficial interest (planned) | Overview of trust beneficial interest | Entrustment date January 19, 2021 (planned) | |
| Planned acquisition date | January 19, 2021 | | Trustee Sumitomo Mitsui Trust Bank, Limited (planned) | |
| Planned acquisition price | ¥3,244,000,000 | | Trust maturity date January 31, 2041 (planned) | |
| Land | Location | Building | Building structure (i) Steel construction, alloy coated steel sheet roof, two floors (ii) Light gauge steel construction, galvanized steel flat roof | |
| | Area | | 14,395.62 m ² | Completion date for construction (i) June 15, 2019 (ii) June 20, 2019 |
| | Zoning | | District not designated (urbanization control area) | Total floor area (i) 14,265.44 m ² (ii) 15.94 m ² |
| | Building coverage ratio/floor-area ratio | | 60% (Note 1)/200% | Type Warehouse |
| | Type of ownership | | Proprietary ownership | Type of ownership Proprietary ownership |
| Master lessee | CRE, Inc. | PM Company | CRE, Inc. | |
| Master lease agreement | Pass-through (Note 2) | Number of tenants | 1 | |
| Existence or non-existence of collateral | None | Total leasable area | 14,281.38 m ² | |
| PML (probable maximum loss) value | 3.08% | Capacity utilization rate | 100.0% | |
| Features of the property: <ul style="list-style-type: none"> The property is located approximately 3.6 km from Sakado Interchange on the Ken-O Expressway, approximately 7.0 km from Kawagoe Interchange on the Kan-etsu Expressway, and approximately 7.0 km from the Tsurugashima Interchange on the Kan-etsu Expressway and also has excellent access to the National Route 254, which is a main road within the Tokyo metropolitan area. Due to the improvement of access to every major expressway via the Ken-O Expressway, the property has excellent potential as a strategic base for logistics not only in the Kanto area but across a wide area. The property is located in an urbanization control area but since a logistics facility was previously located on the site, development of a logistics facility for lease was permitted as there was no need to change the building use and commercial warehouse registration pursuant to the Warehousing Business Act was possible. The property consists of two adjacent plots of land, with a logistics facility covering an area of approximately 14,000 m² on the plot on the east side and primarily space for parking on the plot of the west side. The property has many parking spaces for passenger cars from the viewpoint of convenience for commuters, since tenant employees are likely to commute to work by car. The facility has two floors with one floor covering an area of approximately 7,000 m². On the north side of the first floor, there are 22 truck berths and the property can also be split and adapted for use by multiple tenants. Metal insulated sandwich panels are used on exterior walls. The facility has an effective ceiling height of 6.0 m or more on | | | | |

each floor, a floor weight capacity of 1.5 t/m², an average light intensity of 300 Lux or more, and is capable of supporting the operation of 2.5 t forklifts on each floor.

- The lifting equipment includes three cargo elevators (movable load of 4.1t, 45m/min) and the installation of three vertical carrier machines is possible to meet future needs. Furthermore, the area surrounding the cargo elevators on the second floor of the warehouse has no columns for more efficient operations and storage, and the facility uses a structural design assuming two floor openings for conveyors in the future on the second floor to enable the installation of vertical carrier material handling equipment across the floors when a tenant moves in.
- The facility's two-floor structure enables speedy and efficient warehouse operations, reducing the lost time associated with transportation between floors.
- The entire area of the truck yard uses a semi-flexible pavement that reduces the creation of wheel tracks and has a high resistance to plastic deformation. In addition, safety inside the property is improved through the addition of black pigment to the semi-flexible pavement, which was previously white, to increase the visibility of guide lines and this contributes to maintaining the aesthetic beauty of the pavement by making vehicle tire marks imperceptible.
- As an environmental measure, the property has acquired a BELS evaluation (★★★★★) as a result of using LED lighting in all buildings, human detecting sensors and water-saving sanitary appliances.
- The property also gives consideration to tenant business continuity planning (BCP) through the use of an earthquake early warning system, the installation of AEDs, and the installation of circuit breakers to automatic fire alarm equipment as a measure to prevent fire spread in the event of a fire.
- The roof is leased to a solar power generation business operator and the lessee has installed solar panels with a power output of 702.38 KW. Some of the power used by the property is natural energy generated through these solar panels.

Notes:

To prohibit acts which might obstruct the erection of overhead power transmission cables and the maintenance and operation of power transmission cables on a portion (1,424.80 m²) of the land, an easement over 409-2 Asa Nishihara, Oaza Shimoosaka, Kawagoe-shi, Saitama has been created.

(Note 1) The building coverage ratio is originally 60%, but has been eased to 70% as a result of applying the loosened regulations to the corner lot.

(Note 2) While a pass-through type master lease agreement has been concluded as of today, an agreement has been made on fixing the monthly rent to be received by the trustee from the master lessee under the master lease agreement from January 19, 2021 to January 31, 2022.

| Outline of leasing | | | | | | |
|------------------------|--|---------------------------|--------------------|--------------------------|--------------------|--------------------------------------|
| Lessee | Type of business | Lease form | Lease period | Leased area | Rent | Security deposit and guarantee money |
| Undisclosed (Note) | Land transportation | Fixed term building lease | Undisclosed (Note) | 14,281.38 m ² | Undisclosed (Note) | Undisclosed (Note) |
| Rent revision | Not allowed. | | | | | |
| Premature cancellation | Not allowed; provided, however, that premature cancellation may be approved under unavoidable circumstances on the condition that the intent of the premature cancellation is notified in writing no later than one (1) year before the intended date of premature cancellation and that a penalty for the premature cancellation be paid. | | | | | |
| Penalty | Amount equivalent to unexpired rent | | | | | |

(Note) Since the approval of the lessee for the disclosure of information has not been obtained, the information has not been disclosed due to this unavoidable reason.

| Outline of real estate appraisal report | | |
|---|--|---|
| Property name | LogiSquare Kawagoe II | |
| Appraisal value | ¥3,310,000,000 | |
| Real estate appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Date of valuation | November 30, 2020 | |
| Items | Details | Comments, etc. |
| Appraisal value indicated by the income approach | 3,310,000,000円 | The appraisal value is estimated using the income approach after conducting an examination using the direct capitalization method based on the appraisal value indicated by the DCF (Discount Cash Flow) method as the standard. |
| Appraisal value based on the direct capitalization method | ¥3,390,000,000 | |
| (1) Operating Revenue | Undisclosed (Note) | (i)-(ii) |
| (i) Effective gross Income | Undisclosed (Note) | |
| (ii) Losses from vacancy, etc. | Undisclosed (Note) | |
| (2) Operational Expenses | Undisclosed (Note) | Sum of values listed under a. to h. |
| a. Building maintenance costs | Undisclosed (Note) | |
| b. Utility expenses | Undisclosed (Note) | |
| c. Repair expenses | Undisclosed (Note) | |
| d. Property management fees | Undisclosed (Note) | |
| e. Tenant soliciting fees, etc. | Undisclosed (Note) | |
| f. Taxes and public dues | Undisclosed (Note) | |
| g. Insurance premiums | Undisclosed (Note) | |
| h. Other expenses | Undisclosed (Note) | |
| (3) Net operating income | ¥155,123,726 | (1)-(2) |
| (4) Earnings from temporary deposits | Undisclosed (Note) | |
| (5) Capital expenditure | Undisclosed (Note) | |
| Net cash flow | ¥152,564,100 | (3)+(4)-(5) |
| Capitalization rate | 4.5% | Appraised by comparing and examining several market capitalization rates of properties in peripheral areas or in similar districts, etc. in the same market area, by taking into account anticipated variations in future net cash flow and by paying attention to the relationship to the discount rate. |
| Appraisal value using the DCF method | ¥3,280,000,000 | |
| Discount rate | First to tenth year 4.4% Eleventh year 4.6% | Appraised by first determining the base yield of the warehouse using the built-up method, etc. in reference to the yields of financial instruments, and then by taking into account the individual risks pertaining to the subject real estate in relation to the said base yield. |
| Terminal capitalization rate | 4.7% | Appraised by using the capitalization rate as the standard and by evaluating the uncertainty of future projections. |
| Integrated value | ¥3,290,000,000 | |
| Proportion of land | 49.6% | |
| Proportion of building | 50.4% | |
| Other matters for consideration by the appraiser | None | |

(Note) Regarding this item, actual figures are used as a reference, and CRE REIT has decided not to disclose this item. This is because the disclosure thereof may adversely affect the competitive position of CRE REIT and may eventually harm the interests of unitholders.

(3) LogiSquare Kobe Nishi

| | | | | | |
|--|--|--|---------------------------------------|----------------------------------|---|
| Property no. | LogiSquare Kobe Nishi | | Category | Logistics-related facilities | |
| O-3 | | | | | |
| Outline of specified assets | | | | | |
| Type of specified assets | Trust beneficial interest (planned) | | Overview of trust beneficial interest | Entrustment date | January 19, 2021 (planned) |
| Planned acquisition date | January 19, 2021 | | | Trustee | Sumitomo Mitsui Trust Bank, Limited (planned) |
| Planned acquisition price | ¥3,479,000,000 | | | Trust maturity date | January 31, 2041 (planned) |
| Land | Location | 3-10-4 Mitsugaoka, Nishi-ku, Kobe-shi, Hyogo | | Building structure | Steel construction, alloy coated steel sheet roof, two floors |
| | Area | 13,414.57 m ² | | Completion date for construction | April 1, 2020 |
| | Zoning | Quasi-industrial district | | Total floor area | 16,006.20 m ² |
| | Building coverage ratio/floor-area ratio | 60%/200% | | Type | Warehouse |
| | Type of ownership | Proprietary ownership | | Type of ownership | Proprietary ownership |
| Master lessee | CRE, Inc. | | PM Company | CRE, Inc. | |
| Master lease agreement | Pass-through | | Number of tenants | 1 | |
| Existence or non-existence of collateral | None | | Total leasable area | 16,023.00 m ² | |
| PML (probable maximum loss) value | 0.81% | | Capacity utilization rate | 100.0% | |
| Features of the property: <ul style="list-style-type: none"> The property is located in Kobe Compound Industrial Park (Kobe Techno Logistic Park), in Nishi-ku, Kobe-shi, Hyogo. It is located approximately 1.6 km from the Kobe Nishi Interchange on the Kobe-Awaji-Naruto Expressway/Sanyo Expressway and also has good access to major trunk roads. In addition, the property is located on an industrial park and is, therefore, surrounded by numerous warehouses and factories and can be operated 24 hours a day. With access to Sannomiya and Central Osaka via the Hanshin Expressway from the Kobe-Awaji-Naruto Expressway and now with two possible routes to Kyoto from the Sanyo Expressway, either the Shin-Meishin Expressway (between Kobe Junction and Takatsuki Junction) opened in 2018 or the Chugoku Expressway/Meishin Expressway, the location has become even more convenient and is an excellent location for wide-area logistics base covering not only the major cities of Kansai - Kobe, Osaka and Kyoto - but also Okayama and Tokushima Prefectures. Situated in Nishi-ku, the ward of Kobe with the largest population, the property is also well located for securing labor, with the nearest station Kizu Station on the Kobe Dentetsu Ao Line with in walking distance, approximately 750m away. With each floor covering an area of approximately 8,000 m², the property has enough truck berths for a total of 20 heavy trucks to park and load at the same time, which combined with a holding space for four trucks, makes efficient incoming and outgoing delivery operations possible. With two separate office areas on the east and west side, the design also allows adaptation of the property so that it can be split and leased to more than one tenant. Metal insulated sandwich panels are used on exterior walls. The facility has a floor weight capacity of 1.5 t/m², an effective ceiling height of 6.0 m or more on both the first and second floors, an average light intensity of 300 Lux, and is capable of supporting the operation of 2.5 t forklifts on each floor. In addition, the property's two-floor structure and the installation of two cargo elevators (4.1t) and two vertical carrier machines helps minimize the lost time associated with the transportation of products between floors and enables speedy operations in the warehouse. | | | | | |

- The property has been certified under the system for confirming conformity with requirements under the Warehousing Business Act, simplifying the procedure to be carried out by the tenant when registering the property as a commercial warehouse and facilitating operation of the facility.
- Specifications allow for a certain degree of adaption to meet future tenant needs, for example, a structure that allows the installation of additional vertical carrier machines and dock levelers in the future, provision of piping routes, a yard for outdoor units and a space for additional cubicles in case air conditioning is installed in the warehouse as well as compliance with legal requirements assuming office expansion.
- The site uses a semi-flexible pavement that reduces the creation of wheel tracks and has a high resistance to plastic deformation.
- The property gives consideration to tenant business continuity planning (BCP), with the installation of an earthquake early warning system and AEDs.
- As an environmental measure, the property has acquired CASBEE Kobe Rank A certification and a BELS evaluation (★★★★) as a result of using LED lighting in all buildings, human detecting sensors and water-saving sanitary appliances.
- The roof is leased to a solar power generation business operator and the lessee has installed solar panels with a power output of 702.38 KW. Some of the power used by the property is natural energy generated through these solar panels.

Notes:

- The seller has agreed with Kobe City that when the seller establishes or transfers ownership of the land or buildings including facilities built thereon, a superficies, a right for use by loan, a right of lease or any other right to use and derive profit therefrom, or a mortgage, pledge or other charge thereon, the seller must obtain the prior permission from Kobe City. This agreement shall apply until September 5, 2028. The seller, the trust beneficiary and CRE REIT have obtained such permission from Kobe City.
- While there are some findings in the inspection report, they are to be corrected promptly at the seller's own expense and risk.

| Outline of leasing | | | | | | |
|------------------------|--|---------------------------|--------------------|-------------|--------------------|--------------------------------------|
| Lessee | Type of business | Lease form | Lease period | Leased area | Rent | Security deposit and guarantee money |
| Undisclosed (Note) | Land transportation | Fixed term building lease | Undisclosed (Note) | 16,023.00㎡ | Undisclosed (Note) | Undisclosed (Note) |
| Rent revision | Not allowed. | | | | | |
| Premature cancellation | Not allowed; provided, however, that premature cancellation may be approved under unavoidable circumstances on the condition that the intent of the premature cancellation is notified in writing no later than one (1) year before the intended date of premature cancellation and that a penalty for the premature cancellation be paid. | | | | | |
| Penalty | Amount equivalent to unexpired rent | | | | | |

(Note) Since the approval of the lessee for the disclosure of information has not been obtained, the information has not been disclosed due to this unavoidable reason.

| Outline of real estate appraisal report | | |
|---|---------------------------------------|--|
| Property name | LogiSquare Kobe Nishi | |
| Appraisal value | ¥3,600,000,000 | |
| Real estate appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Date of valuation | November 30, 2020 | |
| Items | Details | Comments, etc. |
| Appraisal value indicated by the income approach | 3,600,000,000円 | The appraisal value is estimated by conducting an examination using the value estimated by the direct capitalization method based on the judgment that the appraisal value indicated by the DCF (Discount Cash Flow) method that arrived at the value by clearly showing variations in future net cash flow is more persuasive. |
| Appraisal value based on the direct capitalization method | ¥3,610,000,000 | |
| (1) Operating Revenue | Undisclosed (Note) | (i)-(ii) |
| (i) Effective gross Income | Undisclosed (Note) | |
| (ii) Losses from vacancy, etc. | Undisclosed (Note) | |
| (2) Operational Expenses | Undisclosed (Note) | Sum of values listed under a. to h. |
| a. Building maintenance costs | Undisclosed (Note) | |
| b. Utility expenses | Undisclosed (Note) | |
| c. Repair expenses | Undisclosed (Note) | |
| d. Property management fees | Undisclosed (Note) | |
| e. Tenant soliciting fees, etc. | Undisclosed (Note) | |
| f. Taxes and public dues | Undisclosed (Note) | |
| g. Insurance premiums | Undisclosed (Note) | |
| h. Other expenses | Undisclosed (Note) | |
| (3) Net operating income | ¥165,271,092 | (1)-(2) |
| (4) Earnings from temporary deposits | Undisclosed (Note) | |
| (5) Capital expenditure | Undisclosed (Note) | |
| Net cash flow | ¥162,265,759 | (3)+(4)-(5) |
| Capitalization rate | 4.5% | Appraised with reference to the capitalization rates in the appraisal of J-REIT properties in the same market area by using capitalization rates of properties for similar use located in an area with the least risk as a benchmark and by adding and subtracting spreads attributable to locational conditions and other conditions. |
| Appraisal value using the DCF method | ¥3,590,000,000 | |
| Discount rate | 4.3% | Appraised through comparison with discount rates used in transactions involving similar properties and the yields of other financial instruments. |
| Terminal capitalization rate | 4.7% | Appraised by taking into consideration factors such as the marketability of the subject real estate on expiration of the period of ownership versus the capitalization rate. |
| Integrated value | ¥3,540,000,000 | |
| Proportion of land | 52.2% | |
| Proportion of building | 47.8% | |
| Other matters for consideration by the appraiser | None | |

(Note) Regarding this item, actual figures are used as a reference, and CRE REIT has decided not to disclose this item. This is because the disclosure thereof may adversely affect the competitive position of CRE REIT and may eventually harm the interests of unitholders.

4. Seller profile

- (1) Name: CRE, Inc.
- (2) Location: 2-10-1, Toranomom, Minato-ku, Tokyo
- (3) Title and name of representative: Representative Director and President Tadahide Kameyama
- (4) Business: Logistics facility leasing, management, development, brokerage and investment advice
- (5) Capital: 3,024 million yen (as of October 31, 2020)
- (6) Established: December 2009
- (7) Net assets: 22,804 million yen (as of October 31, 2020)
- (8) Total assets: 69,217 million yen (as of October 31, 2020)
- (9) Large shareholders and shareholding ratio: Kyobashi Kousan, Inc. 47.57% (as of July 31, 2020)
- (10) Relationships of CRE, Inc. with CRE REIT and the Asset Management Company

Capital relationship: CRE, Inc. holds 4.8% of the total number of investment units outstanding of CRE REIT as of today. CRE, Inc. also holds 100.0% of the total number of shares outstanding of the Asset Management Company as of today.

Personal relationship: Two directors and one corporate auditor of the Asset Management Company concurrently serve as directors of CRE, Inc. as of today. In addition, four officers or employees of CRE, Inc. are seconded from the Asset Management Company.

Business relationship: CRE, Inc. has entered into a sponsor support agreement with CRE REIT and the Asset Management Company. CRE, Inc. has also entered into a property management agreement and a master lease agreement with CRE REIT and the trustee.

Relevance to related party: CRE, Inc. is categorized as a related party of CRE REIT and the Asset Management Company.

5. Interested-party transaction

Because CRE, which is the seller and the master lessee of the Assets to Be Acquired, is the parent company of the Asset Management Company and falls under the interested persons under the Investment Trust Act, the Asset Management Company has obtained the consent of CRE REIT based on an approval at the meeting of the Board of Directors of CRE REIT held today based on the Investment Trust Act. In addition, because CRE is an interested party under the Regulations for Transactions with Interested Parties, which are internal regulations of the Asset Management Company, the Asset Management Company has taken the decision-making procedures stipulated in the Regulations for Transactions with Interested Parties.

Moreover, because CRE, the property management company, is also an interested party under the Regulations for Transactions with Interested Parties, which are internal regulations of the Asset Management Company, the Asset Management Company has taken the decision-making procedures stipulated in the Regulations for Transactions with Interested Parties.

6. Status of owners, etc. of the properties

The status of properties acquired from a person with a special interest in CRE REIT and the Asset Management Company or a person who is thought to be equivalent to a person with a special interest in CRE REIT and the Asset Management Company is as follows.

| | | |
|--|---|---|
| Property name (location) | M-15 LogiSquare Sayama Hidaka (Hanno-shi, Saitama) | |
| Status of owners, etc. of the property | Previous owner, etc. | Owner before the previous owner, etc. |
| Name | CRE, Inc. | Other than a person with special interest |
| Relationship with a person with special interest | Parent company of the Asset Management Company | — |
| Details and reason for acquisition | Acquired for the purpose of developing the building | — |
| Acquisition price | Omitted because the property has been owned for more than a year. | — |
| Time of acquisition | February 2018, March 2019 and June 2019 (land in all cases) | — |

| | | |
|--|---|---|
| Property name (location) | M-16 LogiSquare Kawagoe II (Kawagoe-shi, Saitama) | |
| Status of owners, etc. of the property | Previous owner, etc. | Owner before the previous owner, etc. |
| Name | CRE, Inc. | Other than a person with special interest |
| Relationship with a person with special interest | Parent company of the Asset Management Company | — |
| Details and reason for acquisition | Acquired for the purpose of developing the building | — |
| Acquisition price | Omitted because the property has been owned for more than a year. | — |
| Time of acquisition | December 2017 (land) | — |

| | | |
|--|---|---|
| Property name (location) | O-3 LogiSquare Kobe Nishi (Kobe-shi, Hyogo) | |
| Status of owners, etc. of the property | Previous owner, etc. | Owner before the previous owner, etc. |
| Name | CRE, Inc. | Other than a person with special interest |
| Relationship with a person with special interest | Parent company of the Asset Management Company | — |
| Details and reason for acquisition | Acquired for the purpose of developing the building | — |
| Acquisition price | Omitted because the property has been owned for more than a year. | — |
| Time of acquisition | March 2019 (land) | — |

7. Brokerage

Not applicable.

8. Future Outlook

The acquisition of the Assets to Be Acquired is scheduled to be implemented on January 19, 2021, and it will have no impact on the operating results for the fiscal period ending December 31, 2020. For information on the outlook of the operating results of CRE REIT for the periods ending June 30, 2021 and December 31, 2021, please refer to the “Notice Concerning Revision of Forecasts of Operating Results for the Period ending June 30, 2021 and Forecasts of Operating Results for the Period ending December 31, 2021,” announced on January 4, 2021.

* CRE Logistic REIT, Inc. website: <https://cre-reit.co.jp/en/>