

June 27, 2019

To All Concerned Parties

Name of REIT Issuer:
 CRE Logistics REIT, Inc.
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 Tsuyoshi Ito, Executive Director
 (TSE Code: 3487)
 Asset Management Company
 CRE REIT Advisers, Inc.
 Tsuyoshi Ito, President
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Notice Concerning Acquisition of Domestic Trust Beneficial Interests in Real Estate and Leasing Thereof

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 June 27, 2019 to acquire the trust beneficial interest in the following properties (hereinafter the “Assets to Be Acquired”) and to conduct the leasing thereof.

CRE, Inc. (hereinafter “CRE”), one of the sellers of the Assets to Be Acquired, is deemed to be an interested party under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter the “Investment Trust Act”). Accordingly, pursuant to the Investment Trust Act, the Asset Management Company obtained the consent of CRE REIT based on the approval of the Board of Directors of CRE REIT at its meeting held on June 27, 2019. CRE also qualifies as an interested party in accordance with the Regulations for Transactions with Interested Parties, the internal regulations of the Asset Management Company. Consequently, the Asset Management Company is following the decision-making procedures set forth in the Regulations for Transactions with Interested Parties for executing transactions for the acquisition of assets.

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-7	LogiSquare Kawagoe	Kawagoe-shi, Saitama	CRE	1,490	5.0
	M-8	LogiSquare Kasukabe	Kasukabe-shi, Saitama	Domestic leasing company (Note 3)	4,900	5.1
Total / Average (2 properties)			—	—	6,390	5.0

(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.

(Note 2) “Appraised NOI yield” is the ratio in percentage form of the appraised NOI of each Asset to Be Acquired to the planned acquisition price, 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 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.

(Note 3) As the approval of the seller for the disclosure of the information has not been obtained, the information has not been disclosed due to this unavoidable reason. The seller does not fall under an interested party as prescribed in the Investment Trust Act and the Regulations for Transactions with Interested Parties, the internal regulations of the Asset Management Company. Moreover, CRE REIT utilizes the bridge function of the leasing company in order to acquire properties in a flexible manner in consideration of the investment unit price. As the subject assets had been sold to the leasing company with a view to sales of the assets to CRE REIT in the future, CRE REIT decided to acquire the subject assets under the scheme.

- (1) Sales and purchase agreement date / Date of determination of planned acquisition: June 27, 2019
- (2) Payment date / Planned acquisition date (Note 1): July 16, 2019
- (3) Acquisition financing: Proceeds through the issuance of new investment units as resolved at the Board of Directors' meeting of CRE REIT held on June 27, 2019 (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) "Planned acquisition date" is the execution date of the transfer of each trust beneficiary interest described in the sales and purchase agreement concerning each Asset to Be Acquired.

(Note 2) For more details, please refer to "Notice Concerning Issuance of New Investment Units and Offering for Sale of Investment Units" dated June 27, 2019.

(Note 3) For more details, please refer to "Notice Concerning Borrowing of Funds (New Borrowings and Refinancing)" dated June 27, 2019.

2. Reasons for the acquisition and leasing

The Assets to Be Acquired are logistics-related facilities developed by CRE, the sponsor of CRE REIT, and 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 create stable, long-lasting cash distribution backed by long-term lease agreements that generate cash flow. CRE REIT believes that this 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 March 28, 2019.

(Note) Developed by CRE, "LogiSquare" is the name of quality logistics-related facilities that meet tenant needs.

3. Details of the Asset 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 May 2019 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 interest” 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 the 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 two such ratios, 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.
- “Total floor area” and “type” are the total floor area and the type in the register for each building. 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 a master lease agreement is planned to be concluded at the time when CRE REIT acquires the Assets to Be Acquired.
- “Master lease agreement” is the type of master lease agreement (distinction between the pass-through type and the fixed rent type) that is concluded or is scheduled to be concluded with 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 plan to lease the real estate from CRE REIT based on lease agreements that are scheduled to become effective on the planned acquisition date for each Asset to Be Acquired by CRE REIT. 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 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 as of the end of May 2019 or the floor plan, etc.
- “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. 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 the date of submitting this text 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 of total leased area to leasable area of each Asset to Be Acquired at each point in time, 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 with regard to each Asset to Be Acquired as at May 31 (in the case of the pass-through type master lease agreement, the lease agreement with the end tenant).
- (v) Explanations in the column for “outline of real estate appraisal report”
- The column for “outline of real estate appraisal report” is written based on the appraisal report obtained from Tanizawa Sogo Appraisal Co., Ltd.

(1) LogiSquare Kawagoe

Property no. M-7	LogiSquare Kawagoe	Use	Logistics-related facility
Outline of specified assets			
Type of specified assets	Trust beneficial interest (planned)	Overview of trust beneficial interest	Entrustment date July 16, 2019 (planned)
Planned acquisition date	July 16, 2019		Trustee Mitsubishi UFJ Trust and Banking Corporation (planned)
Planned acquisition price	¥1,490,000,000		Trust maturity date July 31, 2039 (planned)
Land	Location	2-8-45 Yoshinodai, Kawagoe-shi, Saitama	Building structure Steel construction, alloy coated steel sheet roof, two floors
	Area	6,295.88 m ²	Completion date for construction February 15, 2018
	Zoning	Exclusive industrial district	Total floor area 7,542.56 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. (planned)	PM Company	CRE, Inc. (planned)
Master lease agreement	Pass-through	Number of tenants	1
Existence or non-existence of collateral	None	Total leasable area	7,542.56 m ²
PML (probable maximum loss) value	3.89%		
Features of the property: <ul style="list-style-type: none"> • The property is located approximately 6.9 km from Kawajima Interchange on the Metropolitan Inter-City Expressway (the Ken-O Expressway), approximately 10 km from Kawagoe Interchange on the Kan-Etsu Expressway, and approximately 16.7 km from Yono Interchange on the Metropolitan Expressway and the Saitama Omiya Line. This is a good location because it is close to National Route 254 and National Route 16, which are major trunk roads, and because it provides good access to National Route 17 Shin-Omiya Ageo Road. The opening of the completed Kawagoe-Kita Prefectural Loop Road has also contributed to improved convenience. • Surrounded by numerous warehouses and factories, the property is located in the exclusive industrial district in Kawagoe Industrial Park and is operatable 24 hours a day. • The basic specifications for the warehouse portion include a floor weight capacity of 1.5 t/m², effective ceiling heights of 6.15 m for the 1st floor and 6.0 m for the 2nd floor, a column span of 10.0 × 8.8 m and an illumination intensity of 300 Lux ensured. Well-insulated metal sandwich panels are used on the exterior walls. With no braces on the 1st floor and a small number of columns in certain parts of the 2nd floor, the storage efficiency is high. • The transportation equipment inside the warehouse includes two cargo elevators (movable load of 3.5 t). By designing it a low facility with two stories, the time loss arising from transport through multiple levels that is inherent in multi-story warehouses is minimized, making the facility highly versatile with rapid incoming and outgoing deliveries. • The truck yard has been built in such a manner that it can respond flexibly to a range of uses, including adequate space for a large vehicle holding area. The depths of the berths are 13.5 m or longer. • From an environmental point of view, LED lighting in the entire facility, human detection sensors, water-saving sanitary fixtures, etc. have been introduced. As a result, it acquired a BELS (Building-Housing Energy-efficiency Labeling System) evaluation of (★★★★), a third-party certification for energy-saving facilities. • The earthquake early-warning system, which is standard equipment in LogiSquare brand facilities, and AEDs (Automated External Defibrillators) have been adopted in the property. In addition, the installation of automatic smoke alarms with disconnectors between the fire shutters will stop the shorting out of the circuitry in emergency situations and prevent fire from 			

spreading.

- The signs in the facilities feature Kawagoe Tozan-Ori (tozan-weave fabric) and *ajisai* (hydrangea) as their base design. These signs include those that visualize the functions of the facilities such as effective ceiling height, floor weight capacity and illumination intensity, with a view to increasing comfort for people working in the facility. The signs are color-coded for each floor to ensure that workers understand the current positions, and scale marks on the columns are used as a guide to the stack loads.

Notes:

Not applicable.

Capacity utilization rate

End of December 2018	End of January 2019	End of February 2019	End of March 2019	End of April 2019	End of May 2019
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Outline of leasing

Lessee	Type of business	Lease form	Lease period	Leased area	Rent	Security deposit and guarantee money
Tokyo Logistics Factory Co., Ltd.	Land transportation	Fixed term building lease	10 years	7,542.56 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 1 (one) 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	
Appraisal value	¥1,570,000,000	
Real estate appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of valuation	May 31, 2019	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥1,570,000,000	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	¥1,590,000,000	
(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	¥74,170,131	(1)-(2)
(4) Earnings from temporary deposits	Undisclosed (Note)	
(5) Capital expenditure	Undisclosed (Note)	
Net cash flow	¥72,992,561	(3)+(4)-(5)
Capitalization rate	4.6%	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	¥1,560,000,000	
Discount rate	First to ninth year 4.5% Tenth year and thereafter 4.7%	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	4.8%	Appraised by using the capitalization rate as the standard and by evaluating the uncertainty of future projections.
Integrated value	¥1,520,000,000	
Proportion of land	48.1%	
Proportion of building	51.9%	
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.

(2) LogiSquare Kasukabe

Property no.	LogiSquare Kasukabe		Use	Logistics-related facility
M-8				
Outline of specified assets				
Type of specified assets	Trust beneficial interest		Overview of trust beneficial interest	Entrustment date
Planned acquisition date	July 16, 2019			July 27, 2018
Planned acquisition price	¥4,900,000,000			Trustee
				SMBC Trust Bank Ltd.
				Trust maturity date
				July 31, 2039
Land	Location	2126, etc., Mukaidori, Naganuma, Kasukabe-shi, Saitama		Building structure
	Area	13,662.01 m ²		Completion date for construction
	Zoning	No zoning designation (urbanization control area)		Total floor area
	Building coverage ratio/floor-area ratio	60%/200%		Type
	Type of ownership	Proprietary ownership		Type of ownership
			Building	Reinforced concrete, steel construction, alloy coated steel sheet roof, three floors
				June 1, 2018
				21,315.54 m ²
				Warehouse
				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	21,315.54 m ²
PML (probable maximum loss) value	2.99%			
Features of the property: <ul style="list-style-type: none"> The property is located approximately 15.0 km from Iwatsuki Interchange on the Tohoku Expressway. The property faces a road with a width of approximately 16 m and has good access, being approximately 400 m from National Route 4. It is close to National Route 16 and National Route 4 (Koshigaya Kasukabe Bypass), which are major trunk roads, and is approximately 1.8 km from Showa Interchange where the two national routes cross. In addition, the scheduled extension of National Route 4 (Higashi Saitama Road) will increase the convenience of the property. Within a walking distance of approximately 1.1 km from Minami-Sakurai Station on the Tobu Urban Park Line, it is geographically advantageous from the perspective of securing employment. Truck berths for a total of 26 trucks are located on two sides of the 1st floor, on the northeast and northwest sides. There are two gateways for the facility, one for entering and the other for exiting. By making the vehicle traffic within the site one way, truck traffic congestion and collision accidents are prevented. The depth of the berths is 13.4 m with a canopy top of 4.0 m. The basic specifications for the warehouse portion include an average illumination intensity of 300 Lux or more, a floor weight capacity of 1.5 t/m², an effective ceiling height of 6.0 m for each floor, and a column span of 10.7 m (certain columns: 10.8 m) × 10.5 m. Metal sandwich panels are used on the exterior walls, and fire resistant and heat insulating panels are used for fire rated compartment barriers. Moreover, the design with no braces and intermediate posts contributes to the enhancement of storage efficiency. The transportation equipment inside the warehouse includes two cargo elevators (movable load of 4.1 t, 45 m/min) and three vertical carrier machines, ensuring rapid, efficient indoor operations. In the building structures, moreover, apertures have been established in two locations on each floor for setting conveyors through the floor in the future. This will allow the installation of vertical material handling equipment through the upper and lower floors henceforth. The facility is extremely versatile because it can respond to the additional installation of vertical carrier machines and dock levelers, the need for pipe laying routes, the need for placing outdoor units for air conditioning facilities in the warehouse, the need for the additional installation 				

of cubicles and various other logistics needs, including needs to house tenants in the future.

- From an environmental point of view, LED lighting in the entire facility, human detection sensors, water-saving sanitary fixtures, etc. have been introduced. Moreover, the entire roof is covered with photovoltaic facilities with an output of 0.84 megawatt. As a result, it acquired Rank A of the CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) certification adopted by the Saitama Prefectural government and a BELS (Building-Housing Energy-efficiency Labeling System) evaluation of (★★★★★).
- The earthquake early-warning system, which is standard equipment in LogiSquare brand facilities, and AEDs (Automated External Defibrillators) have been adopted in the property. In addition, an emergency electric supply unit and automatic smoke alarms with disconnectors between the fire shutters have been installed to prevent fire from spreading.
- The facility is designed to visualize signs for warehouse functions such as effective ceiling height, floor weight capacity and illumination intensity and to have rest spaces in the site in order to increase the comfort of the people working in the facility.
- The property is used by Koizumi Logistics Service Corp., a company that conducts the planning, manufacture and sale of lighting fixtures and furniture, under the Koizumi Sangyo Corp. Group (Note 1). It is used as the base for the company's operations to cover east Japan. Products of the Koizumi Sangyo Corp. Group are used for lighting in the entire building.

Notes:

Not applicable.

Capacity utilization rate

End of December 2018	End of January 2019	End of February 2019	End of March 2019	End of April 2019	End of May 2019
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Outline of leasing

Lessee	Type of business	Lease form	Lease period	Leased area	Rent	Security deposit and guarantee money
Koizumi Logistics Service Corp.	Land transportation	Fixed term building lease	10 years	21,315.54 m ²	Undisclosed (Note 2)	Undisclosed (Note 2)
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 1 (one) 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 1) The Koizumi Sangyo Corp. Group consists of Koizumi Sangyo Corp. and its group companies.

(Note 2) 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 Kasukabe	
Appraisal value	¥5,300,000,000	
Real estate appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of valuation	May 31, 2019	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥5,300,000,000	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	¥5,430,000,000	
(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	¥247,623,146	(1)-(2)
(4) Earnings from temporary deposits	Undisclosed (Note)	
(5) Capital expenditure	Undisclosed (Note)	
Net cash flow	¥244,194,413	(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	¥5,250,000,000	
Discount rate	First to ninth year 4.4% Tenth year and thereafter 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	¥5,130,000,000	
Proportion of land	47.6%	
Proportion of building	52.4%	
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.

4. Seller Profile

M-7 LogiSquare Kawagoe

- (1) Company name: CRE, Inc.
- (2) Location: 2-10-1, Toranomom, Minato-ku, Tokyo
- (3) Representative: Tadahide Kameyama, Representative Director, President
- (4) Principle business: Leasing , property management and development of and intermediation and investment advice concerning logistics facilities
- (5) Capital: 2,189 million yen (as of April 30, 2019)
- (6) Date of establishment: December 2009
- (7) Net assets: 17,415 million yen (as of April 30, 2019)
- (8) Total assets: 53,635 million yen (as of April 30, 2019)
- (9) Major shareholders and shareholder ratios: Kyobashi Kousan, Inc. 47.91% (as of January 31, 2019)
- (10) Relationship between CRE REIT / the Asset Management Company and the said company

Capital relationship: As of June 27, 2019, the said company holds 14.3% of the total issued investment units of CRE REIT. The said company also owns 100.0% of the total issued shares of the Asset Management Company as of June 27, 2019.

Personnel relationship: As of June 27, 2019, of the executives and employees of the Asset Management Company, three Directors and one Statutory Auditor are concurrently serving as Directors of the said company. Moreover, one person is dispatched from the said company, while one of the executives and employees of the said company is dispatched from the Asset Management Company.

Business relationship: The said company has concluded sponsor support agreements with CRE REIT and the Asset Management Company, respectively. Moreover, the said company has concluded a property management outsourcing agreement and a master lease agreement with CRE REIT.

Status of classification: The said company falls under a related party of CRE REIT and the Asset Management Company.

M-8 LogiSquare Kasukabe

The seller of the LogiSquare Kasukabe is a domestic leasing company. Since the approval of the seller for the disclosure of information has not been obtained, the information has not been disclosed. The said seller does not fall under a person who has a relationship of special interest with CRE REIT and the Asset Management Company.

5. Interested-Party Transaction

CRE is the seller of LogiSquare Kawagoe and the master lessee of the two properties that are the Assets to be Acquired. It is the parent company of the Asset Management Company and falls under interested party, etc. in accordance with the Investment Trust Act. Accordingly, pursuant to the Investment Trust Act, the Asset Management Company obtained the consent of CRE REIT based on the approval of the Board of Directors of CRE REIT at its meeting held on June 27, 2019. Moreover, being the seller of LogiSquare Kawagoe and the

master lessee and the property management company of the two properties that are the Assets to be Acquired, CRE qualifies as an interested party in accordance with the Regulations for Transactions with Interested Parties, which are the internal regulations of the Asset Management Company. Consequently, the Asset Management Company is following the decision-making procedures set forth in the said Regulations for Transactions with Interested Parties for executing transactions for the acquisition of assets.

6. Status of owners, etc. of the properties

The status of acquisition, etc. of properties from specially interested persons and persons who are deemed equivalent to specially interested persons (Note) is as follows.

(Note) Although the previous owner, etc. and the 2x previous owner, etc. of LogiSquare Kasukabe are not specially interested persons, the third to previous owner, etc., who is a specially interested person, executed a transaction with the 2x previous owner, etc. and succeeded to the status of the 2x previous owner, etc. based on an absorption-type company split agreement on the condition that the subject property be transferred to CRE REIT within one year from the said transaction. Accordingly, the previous owner, etc. and the 2x previous owner, etc. are treated as persons who are deemed equivalent to specially interested persons.

Property name (location)	M-7 LogiSquare Kawagoe (Kawagoe-shi, Saitama)	
Status of owner, etc. of property	Previous owner, etc.	2x previous owner, etc.
Name	CRE, Inc.	Other than special interested party
Relationship with specially interested party	Parent of the Asset Management Company	
History, reason, etc. for acquisition	Acquired for the purpose of building development.	
Acquisition price	Disclosure is omitted as the previous owner owned the property for more than one year.	
Date of acquisition	July 2016 (Land)	

Property name (location)	M-8 LogiSquare Kasukabe (Kasukabe-shi, Saitama)			
Status of owner, etc. of property	Previous owner, etc.	2x previous owner, etc.	3x previous owner, etc.	3x previous owner, etc.
Name	Domestic leasing company (Note)	Domestic leasing company (Note)	CRE, Inc.	Other than special interested parties
Relationship with specially interested party	—	—	Parent of the Asset Management Company	
History, reason, etc. for acquisition	Acquired for the purpose of investment and management	Acquired for the purpose of investment and management	Acquired for the purpose of building development.	

Acquisition price	Undisclosed (Note)	Undisclosed (Note)	Disclosure is omitted as the previous owner owned the property for more than one year.	
Date of acquisition	March 2019	July 2018	March 2017 (Land) June 2018 (Land)	

(Note) Since the approval of the owner for the disclosure of information has not been obtained, the information has not been disclosed due to this unavoidable reason. Neither the previous owner, etc. nor the 2x previous owner, etc. fall under interested parties in accordance with the Investment Trust Act and the Regulations for Transactions with Interested Parties, which are the internal regulations of the Asset Management Company. Moreover, the previous owner, etc. and the 2x previous owner, etc. belong to the same corporate group, and ownership rights are transferred between the group companies as part of the business restructure.

7. Brokerage

Not applicable.

8. Outlook for the future

The acquisition of the Assets to be Acquired is scheduled to be implemented on July 16, 2019, and it will have no impact on the operating results for the fiscal period ending June 30, 2019. For information on the outlook of the operating results of CRE REIT for the periods ending December 31, 2019 and June 30, 2020, please refer to the “Notice Concerning Revision of Forecasts of Operating Results for the Period ending December 31, 2019 and Forecasts of Operating Results for the Period ending June 30, 2020” announced on June 27, 2019.

End.

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

<For reference>

Please refer to the Supplementary Explanation regarding the First Public Offerings and Asset Acquisition that were publicly announced as of June 27, 2019 for the portfolio list after the acquisition of the Assets to be Acquired, photographs of the external appearance of the Assets to be Acquired, and a map of the vicinity thereof.