

June 29, 2020

To All Concerned Parties

Name of REIT Issuer:
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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 June 29, 2020 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-13	LogiSquare Ageo	Ageo-shi, Saitama	CRE	4,908	4.7
	M-14	LogiSquare Miyoshi	Miyoshi-machi, Saitama	CRE	11,700	4.6
	O-2	LogiSquare Chitose	Chitose-shi, Hokkaido	CRE	1,300	6.5
Total / Average (3 properties)			—	—	17,908	4.8

(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: June 29, 2020

(2) Payment date / Planned acquisition date (Note 1): July 13, 2020

(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 29, 2020 (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 hereinafter.

(Note 2) For more details, please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" dated June 29, 2020.

(Note 3) For more details, please refer to "Notice Concerning Borrowing of Funds (New Borrowings and Refinancing)" dated June 29, 2020.

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 March 24, 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 Commercial RE Co., Ltd. in August 2010), "LogiSquare" is the name of quality logistics-related facilities that meet tenant needs. The same applies hereinafter.

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 May 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.
 - "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 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 fixed rent type) that is 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 May 2020 for LogiSquare Ageo and as of today for LogiSquare Miyoshi and LogiSquare Chitose. 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 May 2020 for LogiSquare Ageo and as of today for LogiSquare Miyoshi and LogiSquare Chitose.
 - “PML (probable maximum loss) value” is the value equivalent to Level 2 in the Earthquake Risk (PML) Evaluation Report prepared by Sampo 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 in the real estate appraisal report prepared by Japan Real Estate Institute and 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 June 29, 2020 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 May 2020 for LogiSquare Ageo and as of today for LogiSquare Miyoshi and LogiSquare Chitose, 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 LogiSquare Ageo as of the end of May 2020 and LogiSquare Miyoshi and LogiSquare Chitose as of today (in the case of the pass-through type master lease agreement, the lease agreement with the end tenant).
- (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 Japan Real Estate Institute and Tanizawa Sogo Appraisal Co., Ltd.

(1) LogiSquare Ageo

Property no. M-13	LogiSquare Ageo	Category	Logistics-related facilities
Outline of specified assets			
Type of specified assets	Trust beneficial interest (planned) (Note 1)	Overview of trust beneficial interest	Entrustment date September 1, 2016, January 31, 2018 and July 13, 2020 (planned)
Planned acquisition date	July 13, 2020		Trustee Mitsubishi UFJ Trust and Banking Corporation (planned)
Planned acquisition price	¥4,908,000,000		Trust maturity date July 31, 2040 (planned)
Land	Location	449-12 Aza Tenjinya, Ooaza Jitogata, Ageo-shi, Saitama	Building structure Completion date for construction Total floor area Type Type of ownership
	Area	12,737.24 m ²	
	Zoning	Quasi-industrial district	
	Building coverage ratio/floor-area ratio	60%/ 200%	
	Type of ownership	Proprietary ownership	
Master lessee	CRE, Inc.	PM Company	CRE, Inc.
Master lease agreement	Pass-through ² (Note 2)	Number of tenants	2
Existence or non-existence of collateral	None	Total leasable area	19,127.67 m ²
PML (probable maximum loss) value	2.89%	Capacity utilization rate	100.0%

Features of the property:

- The property is located approximately 6.9 km from Okegawa Kitamoto Interchange on the Metropolitan Inter-City Expressway (Ken-O Expressway) and approximately 8.4 km from Yono Interchange on the Omiya Route of the Shuto Expressway and connected to National Route 17 Shin-Omiya Ageo Road (width 57 m) and Prefectural Road 51, major trunk roads. In addition, given that an extension project for an expressway from Yono Interchange on the Omiya Route of the Shuto Expressway to near LogiSquare Ageo is underway, convenience is expected to improve.
- Ageo-shi is located in southeast Saitama, with a population exceeding 229,000 people and approximately 103,000 householders (as of May 1, 2020), which has been increasing in recent years. The property is located in a relatively advantageous environment from the perspective of securing labor, because LogiSquare Ageo is very convenient for commuting, being approximately 7 minutes from Ageo Station on the JR Takasaki Line by bus, whose stop is a 1 minute-walk from LogiSquare Ageo, and the population is concentrated in the surrounding area.
- The property has two gates on the side facing National Route 17 Shin-Omiya Ageo Road and the side facing Prefectural Road 51, and this improves access for trucks to all quarters. The property secures a parking lot for passenger cars and an area of approximately 2,200 m² that can be used as a heavy truck holding area on the site with a passageway from Prefectural Road 51.
- The entire paved area where heavy trucks pass through 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 by the adding of black pigment to the semi-flexible pavement, which increases the visibility of guidelines and this contributes to maintaining the aesthetic beauty of the pavement by making vehicle tire marks imperceptible.
- The basic specifications for the warehouse portion include an average intensity of 300 Lux or more, a berth depth of 10.25 m and a berth eave of 4.0 m, an effective ceiling height of 6.0 m on each floor, a column span of 10.2 m × 9.8 m, and a floor weight capacity of 1.5 t/m² capable of supporting the operation of 2.5 t forklifts on each floor. The property is designed to increase storage efficiency by using metal insulated sandwich panels on the exterior walls and fire-resistant insulated panels on the walls of fireproof compartments inside the warehouse and by removing braces and intermediate posts.
- As protective equipment, durable, flexible guard polls made of special polymers are used. These guard polls are also installed for exterior protection, taking advantage of their improvement of safety inside the warehouse, high visibility, and high resistance to ultraviolet light.
- The lifting equipment includes two cargo elevators (movable load of 4.1 t, 45 m/min) and two vertical carrier machines, realizing efficient operation for vertical transportation between floors and for incoming and outgoing deliveries.
- The property pays attention to the initial cost of tenants and is able to respond to a wide range of layouts inside the warehouse because it uses a structural design assuming vertical carrier machines in two locations and floor openings for conveyors in the future on each floor to enable the installation of vertical carrier material handling equipment across the floors when a tenant moves in.
- 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.
- Attention is paid to the business continuity plan (BCP) of tenants by preventing the breakdown of fire shutters due to a short in wiring in case of a fire and preventing the spread of fire by installing an isolator in automatic fire alert systems, in addition to introducing an emergency earthquake alert system, which is standard equipment on LogiSquare, and installing AEDs.
- With regard to signs on the property, ways to increase amenities for workers have been devised, including the use of designs creating a sense of intimacy that visualizes warehouse features such as the effective ceiling height, floor weight capacity and lighting intensity.

Notes:

Not applicable.

(Note 1) The property is planned to be composed of two trust beneficial interests with Mitsubishi UFJ Trust and Banking Corporation as the trustee. Of this land, the entrustment date represents each entrustment date of the land for which a trust has already been established and the planned entrustment date of the land for which an additional trust is planned to be established when CRE REIT acquires it.

(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 at 22,491,829 yen from July 13, 2020 to December 31, 2020 and at 23,016,648 yen from January 1, 2021 to July 31, 2021.

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)	7,400.93 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 leasing						
Lessee	Type of business	Lease form	Lease period	Leased area	Rent	Security deposit and guarantee money
Undisclosed (Note)	Pharmaceutical products	Fixed term building lease	Undisclosed (Note)	11,726.74 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 Ageo	
Appraisal value	¥4,950,000,000	
Real estate appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of valuation	May 31, 2020	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥4,950,000,000	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	¥5,020,000,000	
(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	¥228,691,770	(1)-(2)
(4) Earnings from temporary deposits	Undisclosed (Note)	
(5) Capital expenditure	Undisclosed (Note)	
Net cash flow	¥226,105,365	(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	¥4,920,000,000	
Discount rate	First to tenth year 4.3% Eleventh year 4.5%	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	4.6%	Appraised by using the capitalization rate as the standard and by evaluating the uncertainty of future projections.
Integrated value	¥4,840,000,000	
Proportion of land	51.3%	
Proportion of building	48.7%	
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 Miyoshi

Property no. M-14	LogiSquare Miyoshi	Category	Logistics-related facilities
Outline of specified assets			
Type of specified assets	Trust beneficial interest (planned)	Overview of trust beneficial interest	Entrustment date July 13, 2020 (planned)
Planned acquisition date	July 13, 2020		Trustee Sumitomo Mitsui Trust Bank, Limited (planned)
Planned acquisition price	¥11,700,000,000		Trust maturity date July 31, 2040 (planned)
Land	Location	2291-1 Aza Higashi Nagakubo, Ooaza Kamitome, Miyoshi-machi, Iruma-gun, Saitama	Building structure Steel construction, alloy coated steel sheet roof, four floors
	Area	18,786.09 m ²	Completion date for construction May 24, 2020
	Zoning	District not designated (urbanization control area)	Total floor area 37,931.49 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	37,931.49 m ²
PML (probable maximum loss) value	2.11%	Capacity utilization rate	100.0%
<p>Features of the property:</p> <ul style="list-style-type: none"> • The property is located approximately 0.6 km from the Miyoshi Smart Interchange on the Kan-Etsu Expressway, and access to National Route 254 (Kawagoe Kaido) and National Route 463 (Urawa Tokorozawa Bypass) is also easy. It is projected that the Miyoshi Smart Interchange will become a full interchange and begin to be used for expanded types of vehicles from fiscal 2021. Given that improvement projects including connected neighboring roads are being promoted, convenience is expected to further improve. • Southern Saitama, particularly the Tokorozawa and Miyoshi areas, has excellent access to central Tokyo, and it is one of the areas where need for logistics bases is the highest in Saitama. Surrounded by numerous warehouses and factories, the property can be operated 24 hours a day. • A total of 44 heavy trucks can park and load at the same time because there is a slope enabling heavy trucks to go directly to the third floor and there are truck berths on the first and the third floors. Combined with a holding space for eight trucks, efficient incoming and outgoing delivery operations are possible. • The basic specifications for the warehouse portion include an average light intensity of 300 Lux or more, a berth depth of 13.5 m, an effective ceiling height of 5.5 m on each floor (excluding some areas), a column span of 9.5 m × 12.0 m, and a floor weight capacity of 1.5 t/m² capable of supporting the operation of 2.0 t forklifts. Metal insulated sandwich panels are used on exterior walls. • Specifications have the capacity to respond to the future needs of tenants because it is possible to install additional cargo elevators and vertical carrier machines, add offices and install air conditioners inside the warehouse, in addition to the already installed four cargo elevators (4.1 t) and four vertical carrier machines. • As an environmental measure, the property has acquired Rank A CASBEE Saitama certification and a BELS 			

evaluation (★★★★★) for its facilities plan giving consideration to the environment and energy saving, including the use of LED lighting in all buildings, human detecting sensors and water-saving sanitary appliances.

Notes:

On a part (5.68 m²) of this land, a sectional right of superficies is established for the purpose of installing water supply facilities with Miyoshi-machi, Iruma-gun as the superficiary. In addition, if the land is transferred, it is necessary to obtain consent from the superficiary in advance under the agreement for the creation of sectional right of superficies.

(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 at 19,595,510 yen from July 13, 2020 to August 31, 2020 and at 51,371,343 yen from September 1, 2020 to July 31, 2021.

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)	37,931.49 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 the 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 Miyoshi	
Appraisal value	¥12,100,000,000	
Real estate appraiser	Japan Real Estate Institute	
Date of valuation	May 31, 2020	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥12,100,000,000	Appraised by applying the direct capitalization method and the DCF (Discount Cash Flow) method.
Appraisal value based on the direct capitalization method	¥12,200,000,000	
(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	¥540,797,000	(1)-(2)
(4) Earnings from temporary deposits	Undisclosed (Note)	
(5) Capital expenditure	Undisclosed (Note)	
Net cash flow	¥536,185,000	(3)+(4)-(5)
Capitalization rate	4.4%	Appraised by adding and subtracting spreads attributable to locational conditions, building conditions and the terms of contract, etc. of the subject real estate to and from the yield that serves as a benchmark for each region.
Appraisal value using the DCF method	¥11,900,000,000	
Discount rate	4.0%	Appraised by comprehensively taking into consideration the individuality of the subject real estate with reference to the investment yields of similar real estate.
Terminal capitalization rate	4.5%	Appraised by comprehensively taking into consideration future trends of the investment yield, risks of the subject real estate as an investment target, a general projection of the future economic growth rate and trends of real estate prices and rents, etc.
Integrated value	¥11,200,000,000	
Proportion of land	45.5%	
Proportion of building	54.5%	
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 Chitose

Property no. O-2	LogiSquare Chitose	Category	Logistics-related facilities
Outline of specified assets			
Type of specified assets	Trust beneficial interest (planned)	Overview of trust beneficial interest	Entrustment date July 13, 2020 (planned)
Planned acquisition date	July 13, 2020		Trustee Mitsubishi UFJ Trust and Banking Corporation (planned)
Planned acquisition price	¥1,300,000,000		Trust maturity date July 31, 2040 (planned)
Land	Location	1007-281 Izumisawa Chitose-shi, Hokkaido	Building structure Steel construction, alloy coated steel sheet roof, single floor
	Area	49,599.00 m ²	Completion date for construction November 9, 2017
	Zoning	Quasi-industrial district	Total floor area 19,760.00 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	Fixed	Number of tenants	1
Existence or non-existence of collateral	None	Total leasable area	19,760.00 m ²
PML (probable maximum loss) value	1.04%	Capacity utilization rate	100.0%
<p>Features of the property:</p> <ul style="list-style-type: none"> • The property has high potential as a logistics base for air cargo using New Chitose Airport because it has excellent access to the airport, located approximately 8.8 km from it and approximately 2.4 km from the New Chitose Airport Interchange on the Hokkaido Expressway (Do-O Expressway). It is also possible to use the property as a balanced, strategic base for air, marine and land transportation because it can be a relay point between Sapporo, the largest consuming region in Hokkaido, and Tomakomai Port, a central international port boasting the largest volume of marine cargo in Hokkaido, via the Do-O Expressway. In addition, surrounded by numerous warehouses and factories because the property lies adjacent to Chitose Airport Industrial Complex, it can be operated 24 hours a day. • Because the property is a high-floored single-story building with truck berths on both east and west sides, a total of 64 heavy trucks can park and load at the same time. The property is leased separately to multiple tenants. • There are two gateways, one exclusively for the entrance and another for the exit, and vehicle traffic lines on the site are one way. In addition, with a holding area for 80 heavy vehicles, efficient incoming and outgoing delivery operations are possible. There is also a parking lot for 136 passenger cars for commuters and visitors. • The basic specifications for the warehouse portion include an average light intensity of 300 Lux or more, a berth depth of 13.0 m and a berth eave of 3.0 m, a floor weight capacity of 1.5 t/m², an effective ceiling height of 5.5 m or more (7.0 m at the highest), and a column span of 11.0 m × 10.0 m. The single-story structure also contributes to an improvement in storage efficiency because the equipment and cargo handling space required for transportation between floors unique to multi-story facilities are unnecessary. In addition, single-floor operations enable speedy operations in the warehouse without the lost time associated with transportation between floors. • Specifications are capable of responding to a broad range of future tenant needs, including the securing of piping routes, a yard for outdoor units and a space for additional cubicles in cases where air conditioners are installed in 			

the warehouse as well as legal response assuming the expansion of office.

- As a specification for cold regions, the property includes anti-freezing equipment such as heated roads using hot-water pipes and drainpipe duct heaters and gates without rails for snow removal vehicles. In addition, well-insulated sandwich panels and resin sashes (with argon gas-filled low-e double-pane glass) are used. Attention is also paid to prevent tenant operations from backing up, even during snowfall, by securing a vast snow-dumping area on the site.
- 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.
- Attention is paid to tenant business continuity plans (BCPs) by preventing the breakdown of fire shutters due to shorts in wiring in the event of a fire and preventing the spread of a fire by installing isolators in automatic fire alert systems, in addition to the installation of an emergency earthquake alert system, which is standard equipment on LogiSquare, and AEDs.
- Regarding signs on the property, ways to increase amenities of workers have been devised, including the use of design with a sense of intimacy that visualizes warehouse features such as effective ceiling height, floor weight capacity and lighting intensity.

Notes:

Not applicable.

Outline of leasing						
Lessee	Type of business	Lease form	Lease period	Leased area	Rent	Security deposit and guarantee money
CRE	Real estate business	Fixed term building lease	21.0 years	19,760.00 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 until 11 years have elapsed since the commencement date of the lease on the condition that the intent to prematurely cancel is notified in writing no less than six (6) months before the intended date of premature cancellation and that a penalty for the premature cancellation be paid. In addition, after 11 years have elapsed since the commencement date of the lease, premature cancellation may be approved on the condition that the intent to prematurely cancel is notified in writing no less than six (6) months before the intended date of premature cancellation.					
Penalty	Until 11 years have elapsed since the commencement date of the lease, an amount equivalent to the unpaid rent up to the date when 11 years have elapsed No penalty after 11 years have elapsed since the commencement date of the lease					

(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 Chitose	
Appraisal value	¥1,500,000,000	
Real estate appraiser	Japan Real Estate Institute	
Date of valuation	May 31, 2020	
Items	Details	Comments, etc.
Appraisal value indicated by the income approach	¥1,500,000,000	Appraised by applying the direct capitalization method and the DCF (Discount Cash Flow) method.
Appraisal value based on the direct capitalization method	¥1,510,000,000	
(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	¥84,697,000	(1)-(2)
(4) Earnings from temporary deposits	Undisclosed (Note)	
(5) Capital expenditure	Undisclosed (Note)	
Net cash flow	¥81,474,000	(3)+(4)-(5)
Capitalization rate	5.4%	Appraised by adding and subtracting spreads attributable to locational conditions, building conditions and the terms of contract, etc. of the subject real estate to and from the yield that serves as a benchmark for each region.
Appraisal value using the DCF method	¥1,490,000,000	
Discount rate	5.3%	Appraised by comprehensively taking into consideration the individuality of the subject real estate with reference to the investment yields of similar real estate.
Terminal capitalization rate	5.5%	Appraised by comprehensively taking into consideration future trends of the investment yield, risks of the subject real estate as an investment target, a general projection of the future economic growth rate and trends of real estate prices and rents, etc.
Integrated value	¥1,730,000,000	
Proportion of land	19.5%	
Proportion of building	80.5%	
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: 2,236 million yen (as of April 30, 2020)
- (6) Established: December 2009
- (7) Net assets: 18,098 million yen (as of April 30, 2020)
- (8) Total assets: 66,577 million yen (as of April 30, 2020)
- (9) Large shareholders and shareholding ratio: Kyobashi Kousan, Inc. 47.59% (as of January 31, 2020)
- (10) Relationships of CRE, Inc. with CRE REIT and the Asset Management Company

Capital relationship: CRE, Inc. holds 7.0% 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, three 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-13 LogiSquare Ageo (Ageo-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 2016, December 2017, January 2018 and April 2019 (land in all cases)	

Property name (location)	M-14 LogiSquare Miyoshi (Miyoshi-machi, 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	November 2017 and December 2018 (land in both cases)	

Property name (location)	O-2 LogiSquare Chitose (Chitose-shi, Hokkaido)	
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 2016 (land)	

7. Brokerage

Not applicable.

8. Future Outlook

The acquisition of the Assets to Be Acquired is scheduled to be implemented on July 13, 2020, and it will have no impact on the operating results for the fiscal period ending June 30, 2020. For information on the outlook of the operating results of CRE REIT for the periods ending December 31, 2020 and June 30, 2021, please refer to the “Notice Concerning Revision of Forecasts of Operating Results for the Period ending December 31, 2020 and Forecasts of Operating Results for the Period ending June 30, 2021,” announced on June 29, 2020.

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