June 27, 2019

To All Concerned Parties

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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

CRE Logistics REIT, Inc. (hereinafter "CRE REIT") announces revision of its operating results forecast for the fiscal period ending December 31, 2019, which CRE REIT announced on February 18, 2019 in the "Summary of Financial Results for the 5th Fiscal Period Ended December 31, 2018," and a new operating results forecast for the fiscal period ending in June 2020. The operating results forecast for the fiscal period ending June 30, 2019 remains unchanged.

1. Revision of operating results forecast for fiscal period ending December 31, 2019: (From July 1, 2019 to December 31, 2019)

	Operating revenue (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income (Million yen)	Distributions per unit (including surplus distributions) (Yen)	Distributions per unit (excluding surplus distributions) (Yen)	Surplus distributions per unit (Yen)
Previous forecast (A)	1,412	715	594	593	2,940	2,568	372
Revised forecast (B)	1,578	823	681	680	2,990	2,625	365
Amount increase/ decrease (B –A)	166	107	87	87	50	57	-7
Rate of increase/ decrease	+11.8%	+15.0%	+14.7%	+14.7%	+1.7%	+2.2%	-1.9%

(Reference) Fiscal period ending December 31, 2019: Expected total number of investment units issued and outstanding at the end of the period: 259,250 units; Expected net income per unit: 2,625 yen

2. Operating results forecast for fiscal period ending June 30, 2020 (From January 1, 2020 to June 30, 2020)

	Operating revenue (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income (Million yen)	Distributions per unit (including surplus distributions) (Yen)	Distributions per unit (excluding surplus distributions) (Yen)	Surplus distributions per unit (Yen)
Fiscal period ending June 2020	1,591	825	691	690	3,029	2,664	365

(Reference) Fiscal period ending June 30, 2020: Expected total number of investment units issued and outstanding at the end of the period: 259,250 units; Expected net income per unit: 2,663 yen

(Note 1) The results forecasts above are calculated based on the assumptions outlined in the attached "Assumptions Underlying the Operating Results Forecasts for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020." Actual operating revenue, operating income, ordinary income, net income, distribution per unit (including surplus distributions), distribution per unit (excluding surplus distributions) and surplus distributions per unit may vary due to differences from assumptions as a result of future acquisitions or disposal of real estate, etc., fluctuations in rent income due to changes in lessees, etc., changes in the operating environment such as the occurrence of unexpected repairs, fluctuations in interest rates, the actual number of issuances and issue value of new investment units to be decided, or the issuance of new investment units. Moreover, these forecasts do not guarantee the amounts of distributions and surplus distributions.

(Note 2) Forecasts may be modified if there is expected to be a noticeable discrepancy with the above forecasts.

(Note 3) All amounts are rounded down and percentages are calculated to the second decimal place with fractions less than .05 being rounded down and .05 and more being rounded up. The same applies hereinafter.

3. Reason for the revision

As a result of the issuance of new investment units announced in the " Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" and the acquisition of assets announced in "Notice Concerning Acquisition of Domestic Trust Beneficial Interests in Real Estate and Leasing Thereof", both of which were announced on June 27, 2019, the assumptions underlying the operating results forecast for the fiscal period ending December 31, 2019 announced on February 18, 2019 in the "Summary of Financial Results for the 5th Fiscal Period Ended December 31, 2018" have been changed, and a difference of more than 10% will occur in terms of the operating revenue forecast. Accordingly, the forecasts for the operating results and distributions for the fiscal period ending December 31, 2019 have been revised and new forecasts have been disclosed for the fiscal period ending June 30, 2020.

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

[Attachment]

Assumptions Underlying the Operating Results Forecasts for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020

Item	Assumptions
Calculation period	・7th Fiscal Period (Ending December 31, 2019): July 1, 2019-December 31, 2019 (184 days) ・8th Fiscal Period (Ending June 30, 2020): January 1, 2020-June 30, 2020 (182 days)
Assets under management	・It is assumed that (i) CRE REIT will continue to own real estate trust beneficiary rights in the total of two properties to be acquired on July 16, 2019 pursuant to the resolution of a meeting of the Board of Directors held on June 27, 2019 ("Assets to Be Acquired") until June 30, 2020, which will be added to the real estate trust beneficiary rights in the total of seven properties held by CRE REIT as of June 27, 2019 "Assets Currently Held"), and (ii) there will be no changes (acquisition of new properties, disposition of properties held, etc.) until June 30, 2020 except for the acquisition of the Assets to Be Acquired. ・In fact, however, there may be changes mainly due to the acquisition of new properties other than the Assets to Be Acquired and the disposal of properties held.
Operating revenue	・Real estate leasing business revenues related to the Assets Currently Held are calculated based on lease contracts that are in effect as of June 27, 2019 and historical results. ・Real estate leasing business revenues related to the Assets to Be Acquired are calculated based on information on leasing contracts provided by their current owners or beneficiaries. ・The calculations assume that there will be no delinquencies or defaults on rent payments on the part of tenants.
Operating expenses	・Expenses other than depreciation, which are considered to be real estate leasing expenses or main operating expenses, are calculated by taking into consideration change factors such as expenses assumed to be incurred (taxes and public dues, entrusted property management, property insurance, repairs, etc.) based on the historical results for the Assets Currently Held, and for the Assets to Be Acquired, based on information provided by their current owners and lease contracts in effect on June 27, 2019. ・Property taxes, city planning taxes and other charges levied are expected to amount to 146 million yen for the fiscal period ending December 31, 2019 and 146 million yen for the fiscal period ending June 30, 2020. ・In general, property taxes, city planning taxes and other charges levied on transacted real estate are settled at the time of acquisition by prorating for the period with the current owners. Because CRE REIT capitalizes the amounts equivalent to such settled amounts on the acquisition costs for properties, property taxes, city planning taxes and other charges levied on the Assets to Be Acquired are not recorded as expenses for the fiscal period ending December 31, 2019. As such, property taxes, city planning taxes and other charges levied on properties for fiscal year 2020 will be booked as expenses from the fiscal period ending June 30, 2020. Property taxes, city planning taxes and other charges levied on the Assets to Be Acquired are expected to 18 million yen for the fiscal period ending June 30, 2020 and following period. Property taxes, city planning taxes and other charges levied on the Assets to Be Acquired, which will be capitalized in acquisition costs, are expected to total 16 million yen. ・Depreciation, which is calculated based on the straight-line method, is expected to be 316 million yen for the fiscal period ending December 31, 2019 and 316 million yen for the

	fiscal period ending June 30, 2020. ・Entrusted property management fees are expected to be 75 million yen for the fiscal period ending December 31, 2019 and 76 million yen for the fiscal period ending June 30, 2020.
Non-operating expenses	・Non-operating expenses for the fiscal period ending December 31, 2019 are expected to total 141 million yen. This amount will include the payment of 121 million yen for interest and other financing-related expenses, 3 million yen for expenses related to the issuance of investment units, 6 million yen for the depreciation of founding costs, and 9 million yen for the depreciation of investment unit issuance costs. ・Non-operating expenses for the fiscal period ending June 30, 2020 are expected to be 133 million yen. This amount will include the payment of 118 million yen for interest and other financing-related expenses, 6 million yen for the depreciation of founding costs, and 8 million yen for the depreciation of investment unit issuance costs.
Interest-bearing debt	・It is assumed that total interest bearing debt will be 26,986 million yen for the fiscal period ending December 31, 2019 and 26,719 million yen for the fiscal period ending June 30, 2020. ・CRE-REIT assumes that it will take on new borrowings amounting to 3,167 million yen from qualified institutional investors defined in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act. However, the actual amount of borrowing may be changed by the time of the implementation of the borrowing, taking into account factors such as the net proceeds obtained from the new issuance of investment units that was resolved at a meeting of CRE REIT's Board of Directors held on June 27, 2019. Other details about such new borrowings will be announced after they are determined. ・CRE REIT assumes that it will implement the refinancing of 6,679 million yen for the long-term borrowing of 6,680 million yen whose due date is July 31, 2019 in the fiscal period ending December 31, 2019. ・The loan-to-value (LTV) ratio is expected to be 48.2% at the end of the fiscal period ending December 31, 2019 and 47.9% at the end of the fiscal period ending June 30, 2020. The following formula is used to calculate the LTV ratio, with numbers rounded off to the first decimal place. LTV ratio = Total interest-bearing debt ÷ Total assets × 100 ・The LTV may vary depending on the number and value of the investment units to be issued this time.
Investment units	・It is assumed that in addition to the total of 231,150 investment units issued and outstanding as of June 27, 2019, 28,100 new investment units will be issued based on a resolution of CRE REIT's Board of Directors adopted at a meeting held on June 27, 2019, and there will be no change to the number of investment units through new issues of investment units by the end of the fiscal period ending June 30, 2020 or by other means, excluding the said issuance. ・Distributions per unit (excluding surplus distributions) are calculated based on 259,250 units, or the total of the expected numbers of investment units issued and outstanding at the end of the fiscal periods ending December 31, 2019 and June 30, 2020, respectively.
Distributions per unit (excluding surplus distributions)	・Distributions per unit (excluding surplus distributions) are calculated in accordance with CRE REIT's policy on the distribution of cash as stipulated in its Articles of Incorporation.. ・Distributions per unit (excluding surplus distributions) may change for a variety of reasons, including changes in CRE REIT's investment assets, changes in leasing revenues due to tenant movements, etc., and/or the occurrence of unforeseen repairs and

	maintenance, etc.
Surplus distributions per unit	・Surplus distributions per unit are calculated in accordance with the policies stipulated in CRE REIT's regulations as well as the asset management guidelines provided in the asset management company's internal regulations. The total amount of surplus distributions is expected to be 94 million yen for the fiscal period ending December 31, 2019 and 94 million yen for the fiscal period ending June 30, 2020, with an amount equivalent to 30% of depreciation specified as a benchmark. ・It is assumed that there will be no specific possibility of significant deterioration in the economic environment, the real estate market condition and CRE REIT's financial conditions. ・CRE REIT has a policy of continuously implementing surplus distribution every term, in principle, with an amount equivalent to 30% of depreciation as a benchmark. ・In addition, in cases where distributions per unit are expected to decline temporarily to a certain extent due to the dilution of the investment unit value or a significant financial burden as a result of the procurement of funds through the issuance of new investment units or for other reasons, CRE-REIT may continue to implement a temporary surplus distribution, in addition to the continuous surplus distributions, with a view to standardizing the amount of the distributions per unit. However, this amount shall not exceed the amount equivalent to 60% of depreciation for the relevant business period, including the continuous surplus distributions. ・In fact, the amount of distributions exceeding earnings (return of contributions) may change due to factors such as the economic environment, trends in the real estate market, the situation surrounding owned assets, and financial conditions, and the surplus distribution of the amount (return of contributions) may not be undertaken as a result.
Other	・It is assumed that there will be no change in legislation, taxation, accounting standards, listing regulations imposed by the Tokyo Stock Exchange, rules and requirements imposed by The Investment Trusts Association, Japan, etc., that will impact the aforementioned forecasts. ・It is assumed that there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.