

January 4, 2021

To All Concerned Parties

Name of REIT Issuer:
CRE Logistics REIT, Inc.
2-10-1, Toranomom, Minato-ku, Tokyo, Japan
Tsuyoshi Ito, Executive Director
(TSE Code: 3487)
Asset Management Company
CRE REIT Advisers, Inc.
Tsuyoshi Ito, President
Person of Contact:
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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

CRE Logistics REIT, Inc. (hereinafter, “CRE REIT”) hereby announces that a resolution was passed at its Board of Directors’ Meeting held on January 4, 2021 to issue new investment units and conduct a secondary offering of investment units as follows.

1. Issuance of new investment units through public offering (primary offering)

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| (1) Number of investment units to be offered | 73,000 units |
| (2) Amount to be paid in (issue amount per unit) | To be determined |

The issue amount shall be determined at the Board of Directors’ Meeting to be held on a date between Wednesday, January 13, 2021 and Monday, January 18, 2021 (hereinafter, “Issue Price Determination Date”).

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| (3) Total amount to be paid in (total issue amount) | To be determined |
| (4) Issue price (offer price per unit) | To be determined |

The issue price (offer price) shall be determined by using, as a provisional condition, the amount obtained by multiplying the closing price of the investment units of CRE REIT (hereafter, “Investment Units of CRE REIT”) in an ordinary transaction on Tokyo Stock Exchange Inc. (hereinafter, the “TSE”) on the Issue Price Determination Date (or the immediately preceding date, if no closing price on that day) by 0.90-1.00 (rounding down to the nearest yen), and by taking into consideration demand conditions and other factors.

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| (5) Total amount of issue price (total offer price) | To be determined |
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| (6) Offering method | This shall be a primary offering. All investment units for the primary offering shall be purchased and underwritten by an underwriting syndicate whose lead managing underwriter shall be SMBC Nikko Securities Inc. (collectively, the “Underwriters”). The Underwriters, other than SMBC Nikko Securities Inc., shall be Nomura Securities Co, Ltd., Mizuho Securities Co., Ltd., Daiwa Securities Co. Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |
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| (7) Underwriting agreement | The Underwriters shall pay to CRE REIT the total amount to be paid (total issue amount) for this offering on the date stated in (11 below, and the difference between the total amount to be paid in (total issue amount) and the total amount of issue price (total offer price) shall be the proceeds of the Underwriters. CRE |
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- REIT will not pay an underwriting commission to the Underwriters.
- (8) Unit of subscription One (1) unit or more in multiples of one (1) unit
- (9) Period for subscription Business day immediately following the Issue Price Determination Date
- (10) Period for payment of deposit for subscription Within the first two business days immediately following the Issue Price Determination Date
- (11) Payment date Payment date shall be a date within the period from Tuesday, January 19, 2021 to Friday, January 22, 2021. However, the date shall be four business days after the Issue Price Determination Date.
- (12) Delivery and settlement date Business day immediately following the payment date
- (13) The amount to be paid in (issue amount), issue price (offer price), and other matters necessary for the issuance of new investment units will be determined at the Board of Directors' Meeting to be held hereafter.
- (14) The abovementioned items are subject to the effectuation of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.
2. Secondary offering of investment units (through over-allotment) (Refer to 1. Secondary offering through over-allotment, etc. below.)
- (1) Number of units to be offered 3,650 units
- The number of investment units to be offered above is the maximum number of investment units to be offered in the secondary offering through over-allotment by SMBC Nikko Securities Inc., the lead managing underwriter of the primary offering, separately from the primary offering, after taking into consideration demand conditions and other factors from the primary offering. The number of investment units to be offered above may be reduced, or the offering through over-allotment itself may be cancelled, depending on demand conditions and other factors concerning the primary offering. The number of investment units to be offered will be determined at the Board of Directors' Meeting held on the Issue Price Determination Date after taking into consideration demand conditions and other factors concerning the primary offering.
- (2) Seller. SMBC Nikko Securities Inc
- (3) Offer price To be determined
- To be determined at the Board of Directors' Meeting held on the Issue Price Determination Date. The offer price will be the same as the issue price (offer price) for the primary offering.
- (4) Total amount of offer price To be determined
- (5) Offering method Separate from the primary offering, SMBC Nikko Securities Inc., the lead managing underwriter, will carry out the secondary offering of the Investment Units of CRE REIT (hereinafter "Borrowed Investment Units") borrowed from CRE, Inc. (hereinafter "CRE"), the maximum number of which shall be 3,650, after taking into consideration demand conditions and other factors concerning the primary offering.
- (6) Unit of subscription One (1) unit or more in multiples of one (1) unit
- (7) Period for subscription The same period of subscription as the primary offering date.
- (8) Period for payment of deposit for subscription The same period as the period for payment of deposit for subscription for the primary offering.
- (9) Delivery and settlement date The same day as the delivery and settlement date for the primary offering.

Cover Transaction Period, SMBC Nikko Securities Inc. may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units to be sold by the secondary offering through over-allotment.

Moreover, in connection with the primary offering and secondary offering through over-allotment, SMBC Nikko Securities Inc. may conduct a stabilizing transaction and allocate all or some of the Investment Units of CRE REIT purchased through the above stabilizing transaction to return the Borrowed Investment Units.

SMBC Nikko Securities Inc. plans to respond to the allotment through the Private Placement and acquire from CRE the Investment Units of CRE REIT, with respect to the number of units remaining after subtracting the aggregate number of units purchased through the stabilizing transaction and the Syndicate Cover Transactions to return the Borrowed Investment Units from the number of units to be sold by the secondary offering through over-allotment. For this reason, it is possible that applications may not be filed for the number of the investment units issued through the Private Placement, in whole or in part, and as a result, the final number of the investment units issued in the Private Placement may decrease to that extent or the issuance itself may not take place due to forfeiture.

On the Issuing Price Determination Date, it shall be determined whether secondary offering through over-allotment will be made, and how many investment units will be sold if such offering is made. If the secondary offering through over-allotment is not exercised, SMBC Nikko Securities Inc. shall not borrow the Investment Units of CRE REIT from CRE. Therefore, SMBC Nikko Securities Inc. shall not respond to the allotment through the Private Placement and not make an application. As a result, the issuance of new investment units through the Private Placement shall not take place due to forfeiture. In addition, no syndicate cover transactions on the TSE would be conducted.

2. Total number of investment units issued and outstanding after the new issuance

Total number of investment units outstanding at present	423,500 units
Increase in number of investment units by primary offering	73,000 units
Total number of investment units outstanding after primary offering	496,500 units
Number of new investment units to increase due to the issuance of new investment units through the Private Placement	3,650 units (Note)
Total number of investment units outstanding after the issuance of new investment units through the Private Placement	500,150 units (Note)

(Note) These figures represent the number of investment units when subscription is made by SMBC Nikko Securities Inc. for all of the investment units offered in the Private Placement and they are issued.

3. Purposes of and Reasons for the Issuance

By acquiring relatively new properties with high occupancy rates in good locations that have been developed by the sponsor at an appropriate price in a timely manner, CRE REIT aims to form a quality portfolio that contributes to long-term, stable investment management in order to provide unitholders with good investment opportunities. The acquisition of the assets (hereinafter, the “Assets to be Acquired”) announced as of January 4, 2021 in the “Notice Concerning Acquisition of Domestic Trust Beneficial Interests in Real Estate and Leasing Thereof”, meets the investment standards of CRE REIT.

In considering the acquisition of the Assets to be Acquired, CRE REIT decided to conduct the issuance of the new investment units by taking into consideration the level of distribution per unit, the level of NAV per unit, LTV, market trend and other factors.

4. Total amount to be procured, use of proceeds, and scheduled outlay period

(1) Total amount to be procured (approximate net proceeds)

10,955,000,000 yen (maximum)

(Note) The abovementioned amount represents the total sum of 10,434,000,000 yen in net proceeds from the primary offering, and 521,000,000 yen in maximum net proceeds from the issuance of new investment units through the Private Placement. In

addition, the abovementioned amount is estimated based on the closing price of the Investment Units of CRE REIT in an ordinary transaction on the TSE as of Friday, December 11, 2020.

(2) Specific use of proceeds and scheduled outlay period

The net proceeds from the primary offering (10,434,000,000 yen) will be allocated for partial financing to obtain the Assets to be Acquired. The maximum net proceeds from the issuance of new investment units through the Private Placement (521,000,000 yen), which was resolved on the same date as the primary offering, will be used to fund the repayment of part of the borrowings or part of future acquisitions of specified assets.

(Note) The amount to be procured will be deposited into accounts with financial institutions until the expenditure is made.

5. Designation of distributees

Not applicable.

6. Future outlook

Please refer to “Notice Concerning Revisions to Operating Results Forecast for the Fiscal Period Ending June 30, 2021 and Disclosure of Operating Results Forecast for the Fiscal Period Ending December 31, 2021” released publicly today.

7. Status of operation and equity finance in the last three fiscal periods

(1) State of operation in the last three fiscal periods (Note 1)

	Jun. 2019 (6th period)	Dec. 2019 (7th period)	Jun. 2020 (8th period)
Net income per unit (Note 2)	¥2,580	¥2,670	¥2,872
Distributions per unit	¥2,952	¥3,012	¥3,086
Earning distributions per unit	¥2,580	¥2,647	¥2,792
Surplus distributions per unit	¥372	¥365	¥294
Actual dividend payout ratio (Note 3)	100.0%	100.0%	100.0%
Net assets per unit	¥106,169	¥107,005	¥115,329

(Note 1) The state of operation in the (6th) fiscal period ended June 30, 2019, the (7th) fiscal period ended December 31, 2019, and the (8th) fiscal period ended June 30, 2020, is written in “(1) State of operation in the last three fiscal periods” because the settlement of accounts for the (9th) fiscal period ended December 31, 2020 has yet to be completed as of today.

(Note 2) Net income per unit is calculated by dividing net income by the average number of investment units during the fiscal period.

(Note 3) Actual dividend payout ratio = Total distribution amount (excluding surplus distributions per unit) / net income × 100

(2) State of recent prices of investment unit

(i) State in the last three fiscal periods

	Dec. 2019 (7th period)	Jun. 2020 (8th period)	Dec. 2020 (9th period)
Opening	¥114,600	¥132,900	¥150,600
High price	¥146,100	¥156,000	¥171,800
Low price	¥114,500	¥82,000	¥143,900
Closing	¥133,700	¥151,300	¥157,100

(ii) State in the last six months

	Jul. 2020	Aug. 2020	Sep. 2020	Oct. 2020	Nov. 2020	Dec. 2020
Opening	¥150,600	¥168,800	¥156,400	¥156,200	¥152,500	¥155,700
High	¥171,800	¥170,800	¥158,200	¥165,500	¥162,300	¥159,900
Low	¥148,600	¥150,600	¥143,900	¥149,400	¥146,400	¥150,300
Closing	¥168,900	¥156,500	¥156,000	¥152,600	¥156,300	¥157,100

(iii) The prices of the investment units on the business day before the issuance determination date

	December 30, 2020
Opening	¥156,400
High price	¥157,900
Low price	¥155,400
Closing	¥157,100

(3) State of equity finance in the last three fiscal periods

1. Capital increase through public offering

Issuance date	July 16, 2019
Amount of procurement fund	¥3,196,094,000
Amount paid in (issuance price)	¥113,740
Total number of outstanding investment units	231,150 units
Number of investment units issued upon this	28,100 units
Total number of outstanding investment units	259,250 units
Initial use of funds upon issuance	Allocated them for partial financing to obtain
Planned disbursement period upon issuance	July 2019
State of allocation as of today	The full amount was allocated during the scheduled

2. Capital increase through public offering

Issuance date	January 21, 2020
Amount of procurement fund	¥12,118,392,000
Amount paid in (issuance price)	¥137,709
Total number of outstanding investment units	259,250 units
Number of investment units issued upon this	88,000 units
Total number of outstanding investment units	347,250 units
Initial use of funds upon issuance	Allocated them for partial financing to obtain
Planned disbursement period upon issuance	February 2020
State of allocation as of today	The full amount was allocated during the scheduled

3. Capital increase through public offering

Issuance date	July 13, 2020
Amount of procurement fund	¥10,366,438,500
Amount paid in (issuance price)	¥142,494
Total number of outstanding investment units	347,250 units
Number of investment units issued upon this	72,750 units
Total number of outstanding investment units	420,000 units
Initial use of funds upon issuance	Allocated them for partial financing to obtain
Planned disbursement period upon issuance	Jul. 2020
State of allocation as of today	The full amount was allocated during the scheduled

4. Capital increase through private placement

Issuance date	August 12, 2020
Amount of procurement fund	¥498,729,000
Amount paid in (issuance price)	¥142,494
Total number of outstanding investment units upon subscription	420,000 units
Number of investment units issued upon this subscription	3,500 units
Total number of outstanding investment units after the subscription	423,500 units
Initial use of funds upon issuance	Allocated them to partially fund the repayment of loans and partially fund the acquisition of specified assets in the future
Planned disbursement period upon issuance	(August 2020 and after)
State of allocation as of today	Already allocated part of the funds raised to partially fund the repayment of loans in the above planned disbursement period, and plan to allocate the remainder to partially fund the acquisition of assets to be acquired.

8. Limitations on sales and additional issues of investment units

- (1) Tsuyoshi Ito, Executive Officer of CRE REIT and President of CRE REIT Advisers, Inc. (hereinafter “the Asset Management Company”) and Tadahide Kameyama, President of CRE and Director of the Asset Management Company, agree with SMBC Nikko Securities Inc., upon the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to 180 days after the delivery and settlement date for the primary offering without the prior written consent of SMBC Nikko Securities Inc.

In the above case, SMBC Nikko Securities Inc. has the authority to cancel said restriction in part or in whole or shorten the restriction period at its own discretion.

- (2) Kyobashi Kousan, Inc., the largest shareholder of CRE, agrees with SMBC Nikko Securities Inc., upon the primary offering, not to sell the Investment Units of CRE REIT during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of SMBC Nikko Securities Inc.

In the above case, SMBC Nikko Securities Inc. has the authority to cancel said restriction in part or in whole or shorten the restriction period at its own discretion.

- (3) CRE agrees with SMBC Nikko Securities Inc., upon the primary offering, not to sell the Investment Units of CRE REIT (excluding loans of the Investment Units of CRE REIT to SMBC Nikko Securities Inc. in connection with the secondary offering through over-allotment) during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of SMBC Nikko Securities Inc.

In the above case, SMBC Nikko Securities Inc. has the authority to cancel said restriction in part or in whole or shorten the restriction period at its own discretion.

- (4) CRE REIT agrees with SMBC Nikko Securities Inc., upon the primary offering, not to issue the Investment Units of CRE REIT (excluding, however, issuance, etc. of Investment Units of CRE REIT in the case of the Private Placement or a unit split) during the period from the Issue Price Determination Date to 90 days after the delivery and settlement date for the primary offering without the prior written consent of SMBC Nikko Securities Inc.

In the above case, SMBC Nikko Securities Inc. has the authority to cancel said restriction in part or in whole or shorten the restriction period at its own discretion.

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