

January 7, 2020

To All Concerned Parties

Name of REIT Issuer:
CRE Logistics REIT, Inc.
2-10-1, Toranomon, Minato-ku, Tokyo, Japan
Tsuyoshi Ito, Executive Director
(TSE Code: 3487)
Asset Management Company
CRE REIT Advisers, Inc.
Tsuyoshi Ito, President
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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 7, 2020 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 | 88,000 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 15, 2020 and Monday, January 20, 2020 (hereinafter, “Issue Price Determination Date”). |
| (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. |
| (5) | Total amount of issue price (total offer price) | To be determined |
| (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. |
| (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 (10) 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 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 Between the 1st and 2nd business days following the Issue Price Determination Date.
- (10) Payment date Payment date shall be a date within the period from Tuesday, January 21, 2020 to Friday, January 24, 2020. However, the date shall be four business days after the Issue Price Determination Date.
- (11) Delivery and settlement date Business day immediately following the payment date
- (12) 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
- (13) The aforementioned items are subject to the effectiveness 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 4,400 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 CRE REIT investment units (hereinafter "Borrowed Investment Units") borrowed from CRE, Inc. (hereinafter "CRE"), the maximum number of which shall be 4,400, 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 It shall be the same period of subscription as the primary offering date.
- (8) Delivery and settlement date The same day as the delivery and settlement date for the primary offering.
- (9) The offer price and other matters necessary for this secondary offering of investment units will be determined at the Board of Directors' Meeting to be held hereafter.
- (10) The aforementioned items are subject to the effectiveness of the filings of Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.

<Reference>

1. Secondary offering through over-allotment, etc.

Upon the primary offering, taking the demand conditions and other factors into consideration, SMBC Nikko Securities Inc., the lead managing underwriter for the primary offering, may offer the Investment Units of CRE REIT borrowed from CRE up to a maximum of 4,400 units (secondary offering through over-allotment). Although the number of investment units offered through over-allotment is scheduled to be 4,400 units, this represents the maximum number of units to be offered. It may be fewer depending upon the demand conditions and other factors, or no offering through over-allotment could be made.

In connection with the secondary offering through over-allotment, SMBC Nikko Securities Inc. will be granted the right to purchase additional Investment Units (hereinafter, “Green Shoe Option”) from CRE up to the number of set for the secondary offering through over-allotment at the same price as the offer price of the primary offering for the purpose of returning the Borrowed Investment Units, with Friday, February 14, 2020 as the deadline to exercise the Green Shoe Option.

In addition, SMBC Nikko Securities Inc. may purchase Investment Units of CRE REIT on the TSE up to the maximum number to be sold by the secondary offering through over-allotment (hereinafter, “Syndicate Cover Transactions”) during the period between the day immediately following the last day of the application period of the primary offering and Friday, February 14, 2020 (hereinafter, “the Syndicate Cover Transaction Period”) for the purpose of returning the Borrowed Investment Units. All Investment Units of CRE REIT purchased by SMBC Nikko Securities Inc. through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. At its own discretion during the Syndicate 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 exercise the Green Shoe Option to 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.

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. Where no secondary offering through over-allotment is made, neither the borrowing of Investment Units of CRE REIT from CRE by SMBC Nikko Securities Inc. nor the granting of the Green Shoe Option to SMBC Nikko Securities Inc. by CRE would be conducted. 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	259,250 units
Increase in number of investment units by primary offering	88,000 units
Total number of investment units outstanding after primary offering	347,250 units

3. Objective of and reason 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 7, 2020 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)

¥10,754,000,000

(Note) 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 20, 2019.

(2) Specific use of proceeds and scheduled outlay period

The proceeds from the primary offering will be allocated for partial financing to obtain the Assets to be Acquired.

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

5. Designation of distributives

Not applicable.

6. Operating forecasts

Please refer to “Notice Concerning Revisions to Operating Results Forecast for the Fiscal Period Ending June 30, 2020 and Disclosure of Operating Results Forecast for the Fiscal Period Ending December 31, 2020” 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. 2018 (4th period)	Dec. 2018 (5th period)	Jun. 2019 (6th period)
Net income per unit (Note 2)	¥2,623	¥2,978	¥2,580
Distributions per unit	¥2,585	¥3,351	¥2,952
Earning distributions per unit	¥2,259	¥2,979	¥2,580
Surplus distributions per unit	¥326	¥372	¥372
Actual dividend payout ratio (Note 3)	100.0%	100.0%	100.0%
Net assets per unit	¥106,547	¥106,940	¥106,169

(Note 1) The state of operation in the (4th) fiscal period ended June 30, 2018, the (5th) fiscal period ended December 31, 2018, and the (6th) fiscal period ended June 30, 2019, is written in “(1) State of operation in the last three fiscal periods” because the settlement of accounts for the (7th) fiscal period ended December 31, 2019 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. 2018 (5th period)	Jun. 2019 (6th period)	Dec. 2019 (7th period)
Opening price	¥111,800	¥100,400	¥114,600
High price	¥112,400	¥121,000	¥146,100
Low price	¥95,500	¥98,700	¥114,500
Closing price	¥99,500	¥114,800	¥133,700

(ii) State in the last six months

	Aug. 2019	Sep. 2019	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020
Opening price	¥124,700	¥131,000	¥134,800	¥140,000	¥139,700	¥132,900
High price	¥133,200	¥135,700	¥146,100	¥140,900	¥140,500	¥134,500
Low price	¥124,400	¥125,700	¥133,300	¥126,400	¥131,100	¥132,900
Closing price	¥131,300	¥134,800	¥139,700	¥139,500	¥133,700	¥134,400

(Note) The prices of the investment units in January 2020 are those as of Monday, January 6, 2020.

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

	January 6, 2020
Opening price	¥132,900
High price	¥134,500
Low price	¥132,900
Closing price	¥134,400

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

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 upon subscription	231,150 units
Number of investment units issued upon this subscription	28,100 units
Total number of outstanding investment units after the subscription	259,250 units
Initial use of funds upon issuance	Allocated them for partial financing to obtain specified assets
Planned disbursement period upon issuance	July 2019
State of allocation as of today	The full amount was allocated during the scheduled outlay period

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”), Tadahide Kameyama, President of CRE, and Director of the Asset Management Company, and Kyobashi Kousan, Inc., the largest shareholder of CRE, 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) 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 and sales of the Investment Units of CRE

REIT to SMBC Nikko Securities Inc. in connection with the exercise of Green Shoe Option) 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.

- (3) 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 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/>