

CRE Logistics REIT, Inc.
Summary of Financial Results (Unaudited)
For the 15th Fiscal Period Ended December 31, 2023
(For the Reporting Period from July 1, 2023 to December 31, 2023)
(Translated from the Japanese original)

Corporate Information

Code: 3487 Listing: Tokyo Stock Exchange

(URL: <https://cre-reit.co.jp/en/>)

Representative: Tsuyoshi Ito, Executive Director

Asset management company: CRE REIT Advisers, Inc.
 Representative: Tsuyoshi Ito, President
 Person of Contact: Hirohisa Toda, Executive Officer, Head of Corporate Planning and General Affairs
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Scheduled date to file securities report: March 26, 2024
 Scheduled date to commence payment of distributions: March 21, 2024
 Preparation of supplementary material on financial results: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the basic earnings per unit)

1. 15th Fiscal Period ended December 31, 2023 (July 1, 2023-December 31, 2023)

(1) Operating results (Percentages represent changes from corresponding period of previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal period ended								
December 31, 2023	4,525	6.7	2,488	6.8	2,173	8.6	2,172	8.6
June 30, 2023	4,239	(26.4)	2,330	(39.0)	2,001	(43.5)	2,000	(43.5)

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
December 31, 2023	3,460	2.6	1.3	48.0
June 30, 2023	3,361	2.5	1.3	47.2

(Note 1) The Investment Corporation issued 60,000 new investment units on April 3, 2023 and 3,000 new investment units on May 2, 2023. Net income per unit for the fiscal period ended June 30, 2023 is calculated by dividing net income by the weighted average number of investment units (595,197 units) based on the number of days during the period.

(2) Distributions

	Distributions per unit (excluding surplus distributions)	Total distributions (excluding surplus distributions)	Surplus distributions per unit	Total surplus distributions	Distributions per unit (including surplus distributions)	Total distributions (including surplus distributions)	Payout ratio	Distributions to net assets ratio
Fiscal period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
December 31, 2023	3,461	2,172	359	225	3,820	2,397	100.0	2.6
June 30, 2023	3,187	2,000	439	275	3,626	2,276	100.0	2.3

(Note 1) The entire amount of total surplus distributions is the return of contributions that falls under the distribution associated with the investment decrease for tax purposes.

(Note 2) The percentage of decreased surplus as a result of surplus distributions (the return of contributions that falls under the distribution associated with the investment decrease for tax purposes) in the fiscal period ended June 30, 2023 and the fiscal period ended December 31, 2023 was 0.004 and 0.003, respectively. The calculation of the percentage of decreased surplus is based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(Note 3) The payout ratio in the fiscal period ended June 30, 2023 is calculated based on the following formula because the Investment Corporation issued new investment units.

$$\text{Payout ratio} = \text{Total amount of distributions (excluding surplus distributions)} \div \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Unitholders' equity ratio	Net assets per unit
As of	Million yen	Million yen	%	Yen
December 31, 2023	161,009	85,072	52.8	135,530
June 30, 2023	162,250	85,176	52.5	135,695

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal period
Fiscal period ended	Million yen	Million yen	Million yen	Million yen
December 31, 2023	4,296	(160)	(3,759)	3,680
June 30, 2023	1,974	(22,526)	18,286	3,304

2. Forecast for the 16th Fiscal Period ending June 2024 (January 1, 2024-June 30, 2024) and the 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024) (Percentages represent changes from corresponding period of previous period)

Fiscal period ending	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus distributions)	Distributions per unit (excluding surplus distributions)	Surplus distributions per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
June 30, 2024	4,478	(1.0)	2,360	(5.1)	2,047	(5.8)	2,046	(5.8)	3,619	3,259	360
December 31, 2024	4,498	0.4	2,393	1.4	2,066	0.9	2,065	0.9	3,654	3,291	363

(Reference) Forecast net income per unit (Forecast net income/ Forecast number of investment units at the end of the fiscal period) for the 16th Fiscal Period ending June 2024 is 3,259 yen and forecast net income per unit for the 17th Fiscal Period ending December 2024 is 3,290 yen.

* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatements

1. Changes in accounting policies associated with revision of accounting standards, etc.: None
2. Changes in accounting policies associated with other than 1: None
3. Changes in accounting estimates: None
4. Restatements: None

(2) Total number of investment units issued and outstanding

1. Total number of investment units issued and outstanding at the end of the fiscal period (including treasury investment units)	As of December 31, 2023	627,700 units	As of June 30, 2023	627,700 units
2. Total number of treasury investment units at the end of the fiscal period	As of December 31, 2023	0 units	As of June 30, 2023	0 units

* Summary of financial results is not inside the scope of audit procedure by certified public accountants or audit corporations.

* Remarks on appropriate use of forecasts of performance and other special notes

Forward-looking statements presented in these financial results, including forecasts of performance, are based on information currently available to CRE REIT and on certain assumptions CRE REIT deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of various factors. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Refer to the section on “Assumptions for Operating Forecasts for the 16th Fiscal Period ending June 2024 (January 1, 2024-June 30, 2024) and the 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024)” for details on the underlying assumptions for the forecasts above.

Assumptions for Operating Forecasts for the 16th Fiscal Period ending June 2024 (January 1, 2024-June 30, 2024) and the 17th Fiscal Period ending December 2024 (July 1, 2024-December 31, 2024)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> - 16th Fiscal Period (Ending June 30, 2024): January 1, 2024-June 30, 2024 (182 days) - 17th Fiscal Period (Ending December 31, 2024): July 1, 2024-December 31, 2024 (184 days)
Assets under management	<ul style="list-style-type: none"> - CRE REIT possesses the real estate trust beneficiary rights in the total of 21 properties as of December 31, 2023. Thereafter, it is assumed that there will be no changes (acquisition of new properties or the disposition of properties held, etc.) in the 21 properties under management through December 31, 2024. - However, there may be changes due to acquisition of new properties or sale of properties held.
Operating revenues	<ul style="list-style-type: none"> - Real estate leasing business revenues are calculated based on lease contracts that are in effect as of the date of submission of these financial results, historical results, tenant and market trends, and the competitiveness of the property. - The calculations assume that there will be no delinquencies or defaults on rent payments on the part of tenants.
Operating expenses	<ul style="list-style-type: none"> - Regarding real estate leasing expenses, which are the main operating expenses, expenses other than depreciation are calculated by taking into consideration variable factors such as expenses assumed to be incurred (taxes and public dues, entrusted property management, property insurance, repairs, etc.) based on the historical results. - Property taxes, city planning taxes and other charges are expected to be 443 million yen at the fiscal period ending June 30, 2024 and 443 million yen at the fiscal period ending December 31, 2024. - Depreciation is calculated using the straight line method, and it is expected to be 753 million yen in the fiscal period ending June 30, 2024 and 760 million yen in the fiscal period ending December 31, 2024. - Entrusted property management fees are expected to be 266 million yen for the fiscal period ending June 30, 2024 and 250 million yen for the fiscal period ending December 31, 2024.
Non-operating expenses	<ul style="list-style-type: none"> - Non-operating expenses for the fiscal period ending June 30, 2024 are expected to be 313 million yen. This amount will include the payment of 299 million yen for interest and other financing-related expenses and 7 million yen for the amortization of investment unit issuance costs. - Non-operating expenses for the fiscal period ending December 31, 2024 are expected to be 326 million yen. This amount will include the payment of 314 million yen for interest and other financing-related expenses and 5 million yen for the amortization of investment unit issuance costs.
Interest-bearing debt	<ul style="list-style-type: none"> - It is assumed that total interest-bearing debt will be 70,819 million yen at the end of the fiscal period ending June 30, 2024 and 70,819 million yen at the end of the fiscal period ending December 31, 2024. - In the fiscal period ending June 30, 2024, while long-term borrowings of 3,680 million yen became due on January 31, 2024, the same amount was refinanced. In addition, while short-term borrowings of 210 million yen will become due on March 29, 2024, it is assumed to be repaid with cash in hand. - In the fiscal period ending December 31, 2024, while long-term borrowings of 3,105 million yen will become due on July 31, 2024, it is assumed that the same amount will be refinanced. - The loan-to-value (LTV) ratio is expected to be around 44.3% at the end of the fiscal period ending June 30, 2024 and around 44.4% at the end of the fiscal period ending December 31, 2024. The following formula is used to calculate the LTV ratio, with numbers rounded off to the first decimal place. $\text{LTV ratio} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$

Item	Assumptions
Investment units	<ul style="list-style-type: none"> - The assumptions for these forecasts are based on a total number of investment units issued of 627,700, as of the date of submission of these financial results. The forecasts do not factor in any assumption of a change in the number of investment units through December 31, 2024 due to factors such as the issuance of new investment units. - The distributions per unit (excluding surplus distributions) and the surplus distributions per unit are calculated based on a total number of investment units issued of 627,700 for the fiscal period ending June 30, 2024 and the fiscal period ending December 31, 2024.
Distributions per unit (excluding surplus distributions)	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Surplus distributions per unit are calculated in accordance with the policies stipulated in CRE REIT's Articles of Incorporation as well as the asset management guidelines provided in the asset management company's internal rules. - It is assumed that there will be no specific possibility of significant deterioration in the economic environment, the real estate market conditions or CRE REIT's financial condition. - While CRE REIT has a policy of continuously implementing surplus distribution for each fiscal period, in principle, with an amount equivalent to 30% of depreciation as a benchmark, CRE REIT has decided to implement this policy flexibly to level distributions within the range equivalent to 30% of depreciation. - 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 implement temporary surplus distributions, in addition to the continuous surplus distributions, with a view to standardizing the amount of distributions per unit. However, the total amount of continuous surplus distributions and temporary surplus distributions shall not exceed the amount equivalent to 60% of depreciation for the relevant fiscal period. - The amount of surplus distributions (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 (return of contributions) may not be implemented as a result.
Other	<ul style="list-style-type: none"> - 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 above forecasts. - It is assumed that there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.

3. Financial Statements
(1) Balance Sheet

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	717,806	1,193,356
Cash and deposits in trust	4,251,824	4,266,788
Operating accounts receivable	86,746	75,167
Prepaid expenses	156,989	114,231
Consumption taxes receivable	929,030	—
Income taxes receivable	—	14
Total current assets	6,142,397	5,649,558
Non-current assets		
Property, plant and equipment		
Buildings in trust	79,127,987	79,165,328
Accumulated depreciation	(5,248,262)	(5,972,396)
Buildings in trust, net	73,879,724	73,192,932
Structures in trust	3,470,377	3,470,377
Accumulated depreciation	(196,475)	(222,165)
Structures in trust, net	3,273,902	3,248,211
Tools, furniture and fixtures in trust	20,767	21,452
Accumulated depreciation	(2,422)	(4,442)
Tools, furniture and fixtures in trust, net	18,344	17,009
Land in trust	78,626,947	78,626,947
Total property, plant and equipment	155,798,919	155,085,101
Intangible assets		
Other	1,548	1,346
Total intangible assets	1,548	1,346
Investments and other assets		
Investment securities	10,500	10,500
Long-term prepaid expenses	235,190	200,263
Deferred tax assets	20	6
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	255,710	220,770
Total non-current assets	156,056,179	155,307,218
Deferred assets		
Investment unit issuance expenses	32,411	22,424
Investment corporation bond issuance costs	19,497	30,500
Total deferred assets	51,908	52,924
Total assets	162,250,485	161,009,701

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Operating accounts payable	271,316	245,809
Short-term borrowings	1,680,000	210,000
Current portion of long-term borrowings	6,580,000	6,785,000
Accrued expenses	350,494	387,658
Income taxes payable	1,023	645
Consumption taxes payable	—	324,616
Advances received	807,650	809,667
Other	357,785	161,606
Total current liabilities	10,048,269	8,925,004
Non-current liabilities		
Investment corporation bonds	4,000,000	6,000,000
Long-term borrowings	60,239,000	58,034,000
Leaschold and guarantee deposits received in trust	2,774,946	2,966,591
Other	11,955	11,532
Total non-current liabilities	67,025,902	67,012,123
Total liabilities	77,074,172	75,937,128
Net assets		
Unitholders' equity		
Unitholders' capital	84,318,685	84,318,685
Deduction from unitholders' capital	(1,143,170)	(1,418,730)
Unitholders' capital, net	83,175,514	82,899,954
Surplus		
Unappropriated retained earnings (undisposed loss)	2,000,797	2,172,618
Total surplus	2,000,797	2,172,618
Total unitholders' equity	85,176,312	85,072,573
Total net assets	85,176,312	85,072,573
Total liabilities and net assets	162,250,485	161,009,701

(2) Statement of Income

	(Thousands of yen)	
	Fiscal period ended June 30, 2023	Fiscal period ended December 31, 2023
Operating revenue		
Leasing business revenue	4,098,885	4,387,346
Other leasing business revenue	140,688	137,665
Total operating revenue	4,239,573	4,525,011
Operating expenses		
Expenses related to leasing business	1,476,107	1,564,907
Asset management fees	365,277	410,889
Asset custody fees	2,368	2,683
Administrative service fees	18,647	19,346
Remuneration for directors (and other officers)	4,500	4,500
Other operating expenses	42,560	34,277
Total operating expenses	1,909,461	2,036,604
Operating income	2,330,112	2,488,406
Non-operating income		
Interest income	31	25
Dividend income	—	525
Reversal of distributions payable	91	312
Interest on tax refund	—	664
Refund of real estate taxes	4,799	—
Total non-operating income	4,923	1,527
Non-operating expenses		
Interest expenses	177,402	199,239
Interest expenses on investment corporation bonds	12,500	16,789
Borrowing related expenses	116,522	85,308
Amortization of investment unit issuance expenses	11,005	9,987
Amortization of investment corporation bond issuance costs	2,184	3,126
Other	13,623	2,425
Total non-operating expenses	333,238	316,876
Ordinary income	2,001,796	2,173,057
Income before income taxes	2,001,796	2,173,057
Income taxes - current	1,027	742
Income taxes - deferred	(9)	13
Total income taxes	1,018	756
Net income	2,000,777	2,172,300
Retained earnings brought forward	20	317
Unappropriated retained earnings (undisposed loss)	2,000,797	2,172,618

(3) Statement of Unitholders' Equity

Fiscal period ended June 30, 2023

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	74,295,196	(1,143,170)	73,152,025	3,542,947	3,542,947	76,694,973	76,694,973
Changes during period							
Issuance of new investment units	10,023,489		10,023,489			10,023,489	10,023,489
Dividends of surplus				(3,542,927)	(3,542,927)	(3,542,927)	(3,542,927)
Net income				2,000,777	2,000,777	2,000,777	2,000,777
Total changes during period	10,023,489	—	10,023,489	(1,542,149)	(1,542,149)	8,481,339	8,481,339
Balance at end of period	84,318,685	(1,143,170)	83,175,514	2,000,797	2,000,797	85,176,312	85,176,312

Fiscal period ended December 31, 2023

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	84,318,685	(1,143,170)	83,175,514	2,000,797	2,000,797	85,176,312	85,176,312
Changes during period							
Distributions in excess of earnings		(275,560)	(275,560)			(275,560)	(275,560)
Dividends of surplus				(2,000,479)	(2,000,479)	(2,000,479)	(2,000,479)
Net income				2,172,300	2,172,300	2,172,300	2,172,300
Total changes during period	—	(275,560)	(275,560)	171,820	171,820	(103,739)	(103,739)
Balance at end of period	84,318,685	(1,418,730)	82,899,954	2,172,618	2,172,618	85,072,573	85,072,573

(4) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended June 30, 2023	Fiscal period ended December 31, 2023
Cash flows from operating activities		
Income before income taxes	2,001,796	2,173,057
Depreciation	703,378	752,046
Amortization of investment unit issuance expenses	11,005	9,987
Amortization of investment corporation bond issuance costs	2,184	3,126
Interest income	(31)	(25)
Interest expenses	189,902	216,029
Decrease (increase) in operating accounts receivable	17,064	11,578
Decrease (increase) in consumption taxes receivable	(929,030)	929,030
Decrease (increase) in prepaid expenses	(9,987)	42,757
Increase (decrease) in operating accounts payable	34,189	(25,198)
Increase (decrease) in accrued expenses	(78,261)	31,460
Increase (decrease) in consumption taxes payable	(83,501)	324,616
Increase (decrease) in advances received	103,522	2,016
Decrease (increase) in long-term prepaid expenses	2,455	34,926
Other, net	199,589	2,270
Subtotal	2,164,276	4,507,681
Interest received	31	25
Interest paid	(189,270)	(210,325)
Income taxes paid	(836)	(1,120)
Net cash provided by (used in) operating activities	1,974,199	4,296,261
Cash flows from investing activities		
Acquisition of property, plant and equipment in trust	(22,729,476)	(38,334)
Repayments from leasehold and guarantee deposits received in trust	(4,916)	(7,580)
Proceeds from leasehold and guarantee deposits received in trust	513,115	32
Proceeds from restricted deposit	2,949	4,548
Payments into restricted deposits	(307,869)	(119,534)
Net cash provided by (used in) investing activities	(22,526,196)	(160,869)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,480,000	—
Repayments of short-term borrowings	(800,000)	(1,470,000)
Proceeds from long-term borrowings	13,830,000	2,900,000
Repayments of long-term borrowings	(3,680,000)	(4,900,000)
Proceeds from issuance of investment corporation bonds	—	1,985,870
Proceeds from issuance of investment units	9,998,876	—
Distributions paid	(3,542,050)	(2,275,735)
Net cash provided by (used in) financing activities	18,286,825	(3,759,864)
Net increase (decrease) in cash and cash equivalents	(2,265,170)	375,527
Cash and cash equivalents at beginning of period	5,569,833	3,304,662
Cash and cash equivalents at end of period	3,304,662	3,680,190