

CRE, Inc.

Code: 3458



Photo: *LogiSquare Narita*

Presentation Materials for the Nine Months Ended April 30, 2024 (August 1, 2023 to April 30, 2024)

June 12, 2024



Photo: *LogiSquare Fukuoka Ogoori*

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Revision of Dividend Forecast

- For year-end dividend for FY07/24, in addition to an ordinary dividend (progressive dividend) of ¥26 per share (forecast), we decided to pay a special dividend of ¥24 per share as flexible shareholder returns (see page 30 for details on shareholder return policy)
- As a result, we revised the year-end dividend forecast per share for FY07/24 from ¥26 initially to **¥50**

	Forecast released September 13, 2023	Forecast released June 12, 2024
FY07/24 Year-end dividend per share (forecast)	¥26	¥50 (Ordinary dividend ¥26 + special dividend ¥24)
FY07/24 Net income (forecast) *1	¥3,800 million	¥3,800 million
FY07/24 Total return ratio (forecast) *2	—	39%

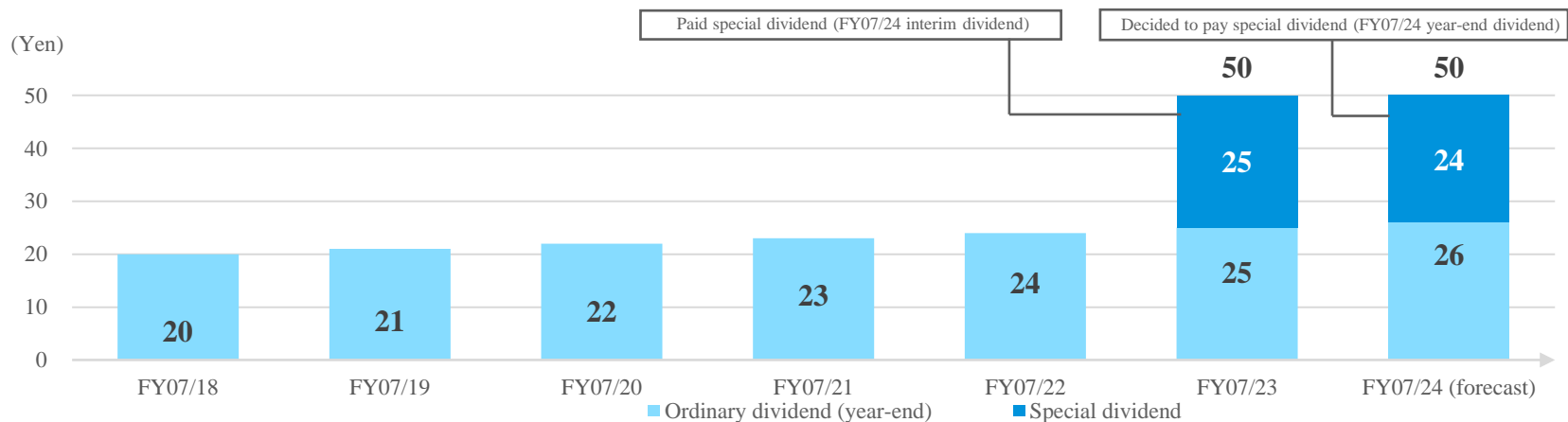
Our calculation formula for the total return ratio :

$$\text{Total return ratio} = \frac{(\text{Year-end dividend for fiscal } n) + (\text{Interim dividend for fiscal } n+1) + (\text{Amount of share buybacks for fiscal } n+1)}{\text{Profit attributable to owners of parent for fiscal } n}$$

*1 No revision was made to the FY07/24 performance forecast

*2 Total return ratio was calculated based on total issued shares as of April 30, 2024 (excluding treasury stock)

Dividend per share



Note: We conducted a 2-for-1 stock split on November 1, 2016 and August 1, 2018, and dividend per share in the figure above have been retroactively adjusted to reflect the stock splits.

Cumulative Q3 FY07/24 | Key Indicators Non-recurring Revenue Businesses/Finances

Already achieved pipeline commitment of over 200 billion yen during the Second Medium-Term Management Plan period.
Shifting to land development for the next medium-term management plan period.

Non-recurring revenue businesses

Logistics Investment

Pipeline projects in the Second Medium-Term Management Plan
(includes sold projects)

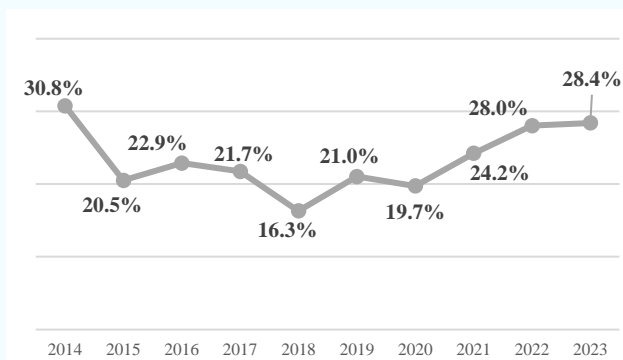
More than **¥210 billion**

Pipeline projects in the next medium-term management plan
(includes undisclosed projects)

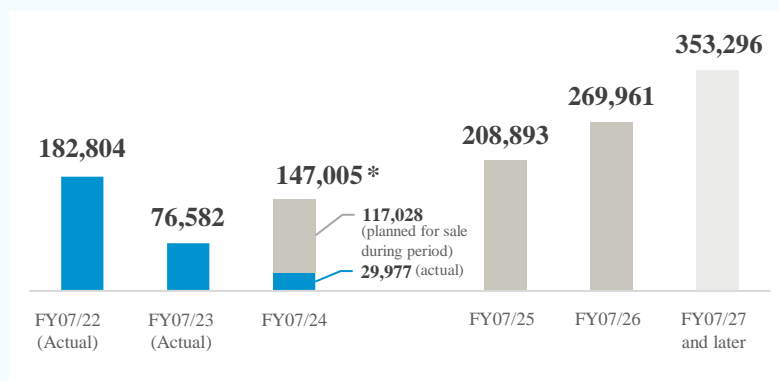
More than **¥150 billion**

* See page 15-17 for details

Development GPM results(%)



Floor space sold/to be sold (sqm)



* Tenants have been fully secured for the remaining four properties to be sold in FY07/24 (of which, sales decision has been disclosed for one property)

Finances

Net debt/equity ratio

(Upper limit at end of year: 2.5 times)

1.97 times

Interest-bearing debt

¥90.0 billion

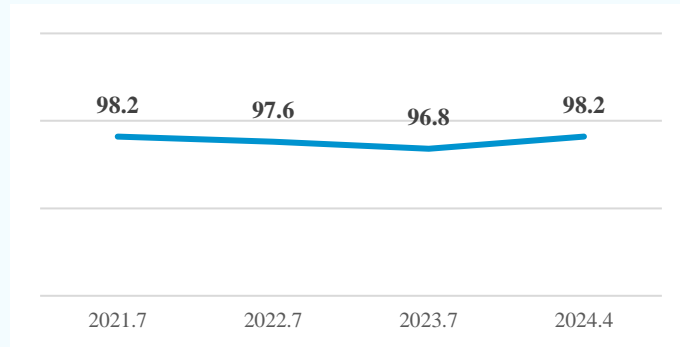
* As of April 30, 2024

Cumulative Q3 FY07/24 | Key Indicators Recurring Revenue Business

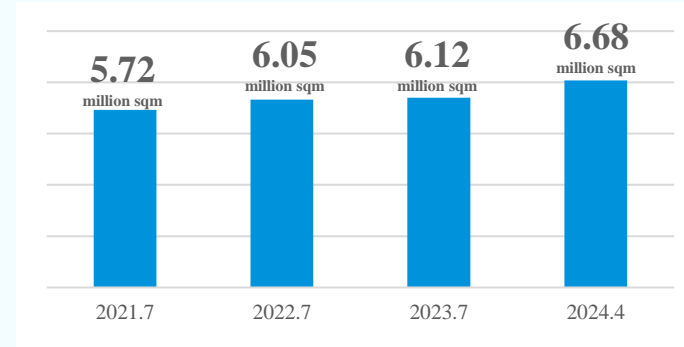
Both real estate floor space under management and assets under management are expanding steadily amid solid recurring revenue business growth.

Recurring Revenue Business | Real Estate Management

Master lease occupancy rate(%)

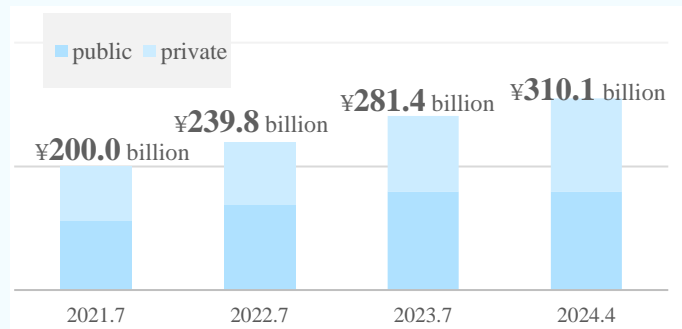


Floor space under management (million sqm)

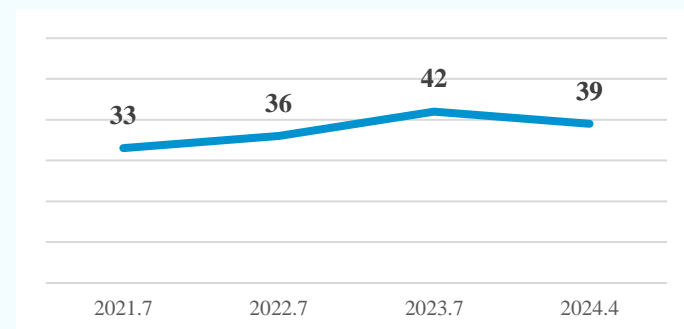


Recurring Revenue Business | Asset Management

Assets under management (AUM)



Average AM fee rate(BPS)



Cumulative Q3 FY07/24 Performance Highlights

Performance highlights

Net sales	¥30,160 million	(-30.0% YoY / rate of progress of 44.4%)
Business profit*1	¥1,331 million	(-80.8% YoY / rate of progress of 17.7%)

*1 Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates) + Profit (loss) from business investments

Performance highlights by business

All businesses are performing according to plan, so there are no changes to our full-year forecast.

- **Logistics Investment:** No property sales in Q3
Sold *LogiSquare* Itami in December 2023
Decided to sell *LogiSquare* Ichinomiya in Q4 (July 2024) (disclosed May 15, 2024)
Expect to sell *LogiSquare* Atsugi I, Fukuoka Ogoori, and Kakegawa in Q4
Secured tenants for all properties, and made no change to the sales plan
- **Real Estate Management:** The master lease occupancy rate rose to the 98% range. Sales declined due in part to lower contract work income.
Despite higher SG&A expenses, segment profit fell only slightly YoY owing to increased profit distributions from the Logistics Investment business, mainly for *LogiSquare* tenant introductions.
- **Asset Management:** Sales and profit declined due to fees received for the acquisition of *LogiSquare* Hirakata and Shiroi in Q3 FY07/23.
- **Overseas:** Made steady progress with logistics facility development in Vietnam and Indonesia. Recognized equity in losses of affiliates due to up-front investments.

Other topics

- Shareholder returns: Decided to pay a special dividend along with a year-end dividend for FY07/24, and accordingly revised the dividend forecast (see page 2 for details)
* Our shareholder return policy is listed on page 30.

Consolidated Summary of Cumulative Q3 FY07/24

- Operations are proceeding according to plan. Secured tenants for all development properties in the Logistics Investment business. No properties were sold in Q3.
- SG&A expenses increased YoY in Q1 and Q2 due in part to higher provision for bonuses, but remained largely flat YoY in Q3.
- Non-operating expenses increased YoY as a result of factors such as equity in losses of affiliates accompanying up-front investments in the Overseas business.

(Millions of yen)

	Cumulative Q3 FY07/23 results	Cumulative Q3 FY07/24 results	FY07/24 full-year plan
Net sales	43,109	30,160	67,900
Gross profit	10,843	5,443	—
Selling, general and administrative expenses	4,234	4,249	—
(Amortization of goodwill)	159	159	—
Operating profit	6,608	1,193	7,500
EBITDA	7,041	1,619	8,100
Business profit*	6,948	1,331	7,500
Recurring profit	6,038	311	6,050
Net income	4,081	25	3,800
Earnings per share (Yen)	138.81	0.88	129.88

	Cumulative Q3 FY07/23 results	Cumulative Q3 FY07/24 results	FY07/24 full-year plan
Net sales	43,109	30,160	67,900
Real Estate Management	17,662	17,283	23,130
Logistics Investment	23,004	10,213	40,120
Asset Management	1,112	967	1,560
Overseas	11	13	10
Other operations	1,319	1,683	3,080
Segment profit	6,766	1,172	7,380
Real Estate Management	1,404	1,396	1,780
Logistics Investment	5,508	443	6,370
Asset Management	694	549	910
Overseas	-73	-273	-310
Other operations	46	-62	-60
Adjustments	-814	-881	-1,310

* Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)+ Profit (loss) from business investments

Note 1: The segment structure was revised in FY07/24, and the FY07/23 results have been restated to reflect the new segment structure.

Note 2: Segment sales represent sales to external customers.

Note 3: Segment profit = Operating profit + Equity in earnings of affiliates

FY07/24 Performance Forecast

- Operating income and EBITDA are expected to be +4.9% and +4.8% YoY, respectively.
- Business profit is expected to remain mostly unchanged from the previous year, mainly due to up-front investments in the development of logistics facilities in the overseas business.
- Performance in cumulative Q3 was in line with plan, so our full-year forecast is unchanged.

(Millions of yen)

	FY07/23 results (cons.)	FY07/24 forecast (cons.)	YoY change	
			Amount	%
Net sales	52,159	67,900	15,740	30.2%
Operating profit	7,147	7,500	352	4.9%
EBITDA	7,729	8,100	370	4.8%
Business profit* <small>Figures in () exclude 449 million yen due to the effect of goodwill revaluation in connection with the additional investment in EnBio Holdings Inc.</small>	8,023 (7,573)	7,500	-523 (-73)	-6.5% (-1.0%)
Recurring profit	6,697	6,050	-647	-9.7%
Net income	4,387	3,800	-587	-13.4%
Earnings per share (Yen)	¥149.41	¥129.88	-¥19.53	-13.1%

* Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)+ Profit (loss) from business investments

FY07/24 Performance Forecast by Segment

(Millions of yen)

	FY07/23 results (cons.; post-reclassification)	FY07/24 forecast (cons.)	YoY change	
			Amount	%
Net sales	52,159	67,900	15,740	30.2%
Real Estate Management	23,322	23,130	-192	-0.8%
Logistics Investment	25,129	40,120	14,990	59.7%
Asset Management	1,531	1,560	28	1.9%
Overseas	36	10	-26	-72.6%
Other operations	2,139	3,080	940	43.9%
Segment profit	7,700	7,380	-320	-4.2%
Real Estate Management	1,757	1,780	22	1.3%
Logistics Investment	5,716	6,370	653	11.4%
Asset Management	962	910	-52	-5.4%
Overseas	-100	-310	-209	—
Other operations	372	-60	-432	—
Adjustments	-1,007	-1,310	-302	—

Note 1: The segment structure was revised in FY07/24, and the FY07/23 results have been restated to reflect the new segment structure.

Note 2: Segment sales represent sales to external customers.

Note 3: Segment profit = Operating profit + Equity in earnings of affiliates

- **Real Estate Management**

Accelerate acquisition of existing properties to increase floor space under management

Improve profitability by optimizing tenant rents

*The purchase and sale of small and medium-sized facilities have been transferred to the Logistics Investment segment.

- **Logistics Investment**

- **Large properties:**

Forecast only includes properties for which tenants have been secured

LogiSquare Itami was sold in December

No change to outlook on market environment

- **Small and Medium-sized properties:**

Sold properties to a private REIT in June 2024

*Expect to book sales/gain on sales in Q4

- **Asset Management**

Expand AUM in conjunction with property sales in the Logistics Investment segment

Began operating a private REIT whose main investment targets are small- and medium-sized warehouses in June 2024

- **Overseas**

Expand investment in logistics facility development in Vietnam and Indonesia

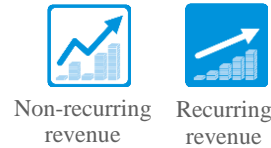
- **Other operations**

Profit decreased due to the absence of negative goodwill recorded in the previous fiscal year

CRE Business Strengths

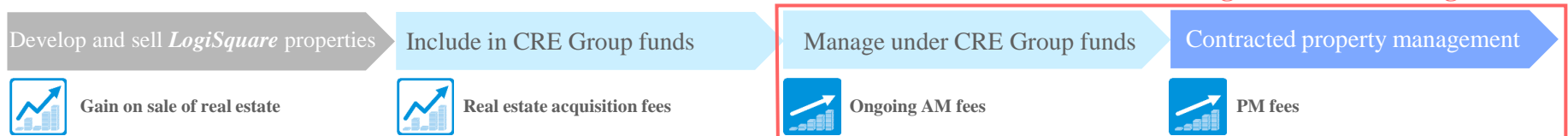
CRE Business Strengths

- Being involved from the property development stage (non-recurring revenue business), we are able to steadily expand the scale of the Asset Management and Real Estate Management businesses (recurring revenue businesses), which are stable earnings bases.



Logistics Investment/non-recurring business	<ul style="list-style-type: none"> • Development and sale of logistics warehouses • Purchase and sale of small and medium-sized facilities
Asset Management/recurring business	<ul style="list-style-type: none"> • Fund formation and management
Real Estate Management/recurring business	<ul style="list-style-type: none"> • Master lease • Property management • Leasing

Development business earnings model *A numerical visualization appears on the next slide. Solid recurring revenue business growth



Master lease business earnings model: Secure rental margins

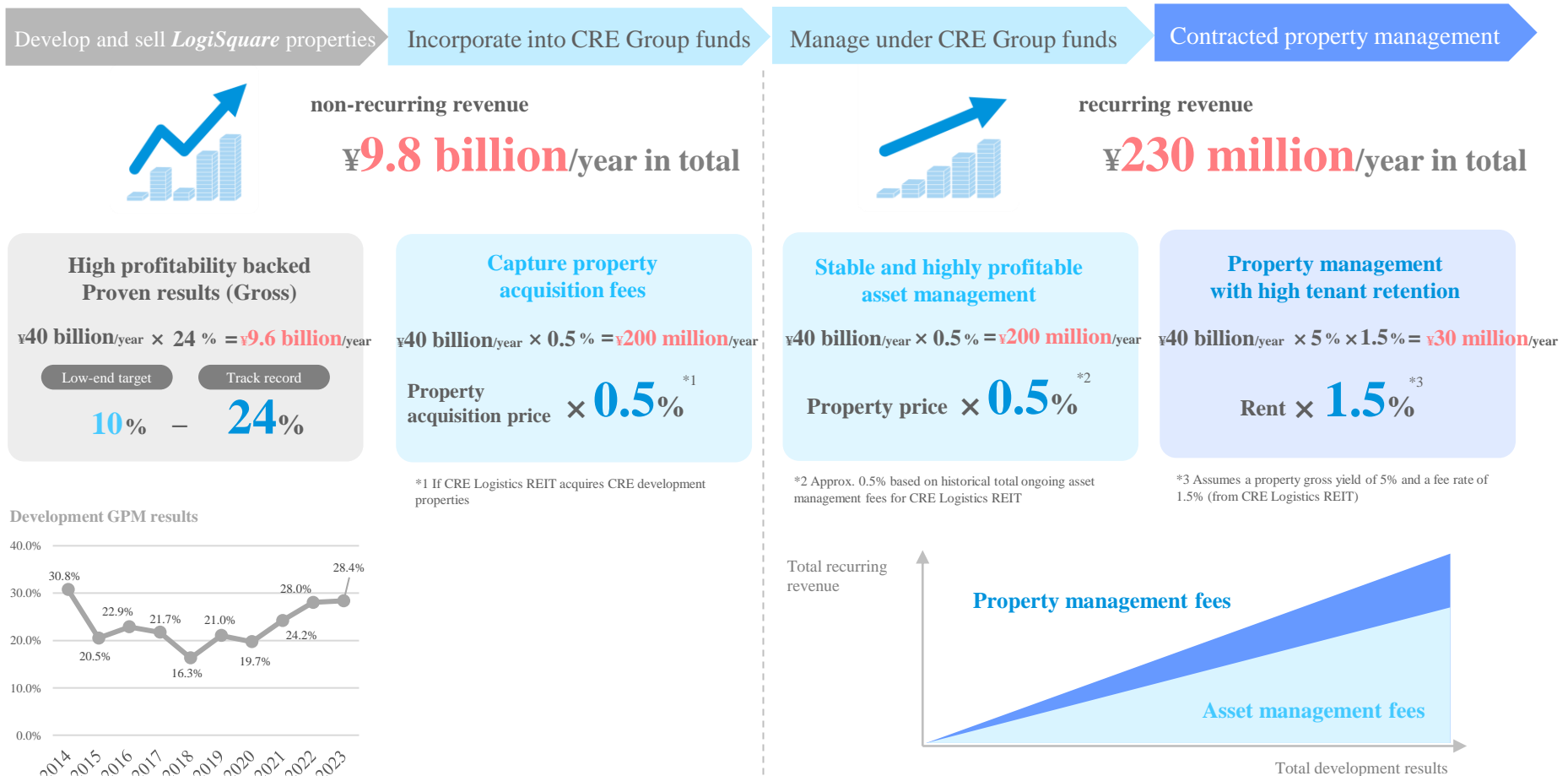


Business Model Linking Non-recurring and Recurring Revenue Businesses (Numerical Visualization)

- We have established a solid earnings base leveraging high-margin development projects (non-recurring revenue) and highly replicable asset management and property management businesses (recurring revenue).

In case of development project worth ¥40 billion/year

*Target of at least ¥200 billion in total over the 5-year period / 5 years = ¥40 billion

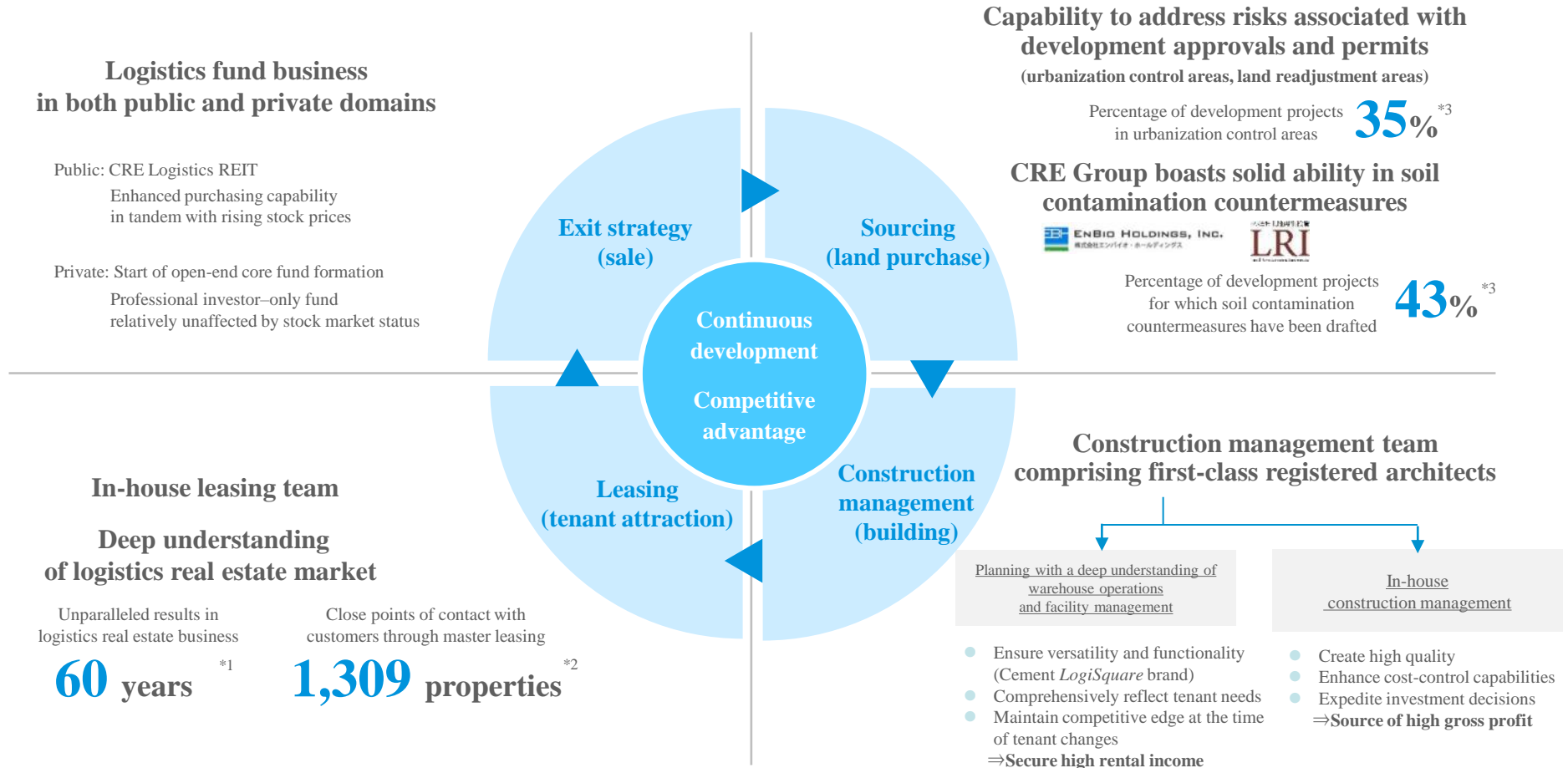


Logistics Investment Business Competitive Advantages (1)

We have created a virtuous cycle where in-house development capabilities in the non-recurring revenue business lead to stock accumulation and property management efficiencies in the recurring revenue business.



Competitive advantages in each phase of development



*1 Tenko Soken Co., Ltd., established in 1964 *2 As of April 30, 2024 *3 Based on 31 completed properties, up to LogiSquare Narita

Logistics Investment Business Competitive Advantages (2)

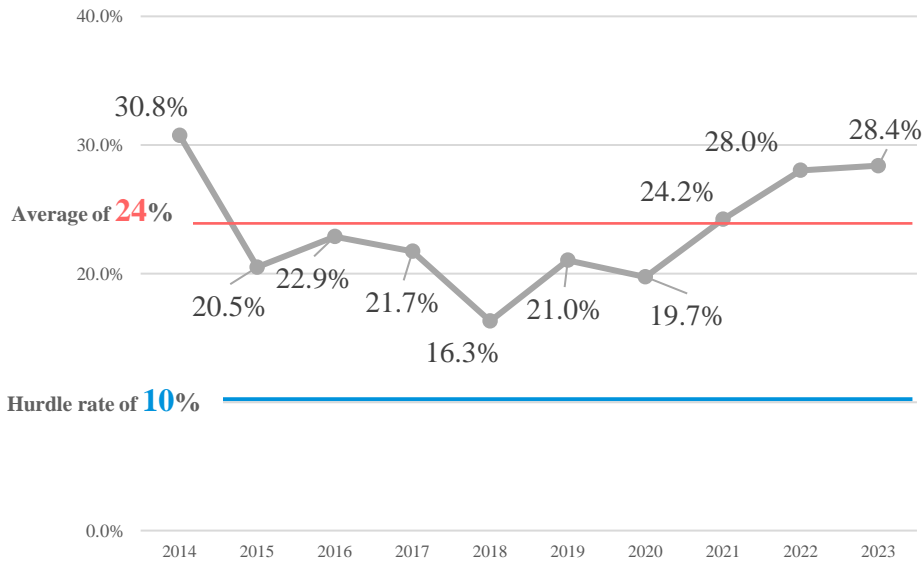
Despite high P&L volatility due to project-by-project variations in exit timing, our non-recurring revenue business contributes reliably to earnings as each project has a high GPM and investment return.

Reference: Development GPM

- High development GPM

Development GPM historical average

About 24%



Reference: Investment to exit

Reference case: LogiSquareOsaka Katano

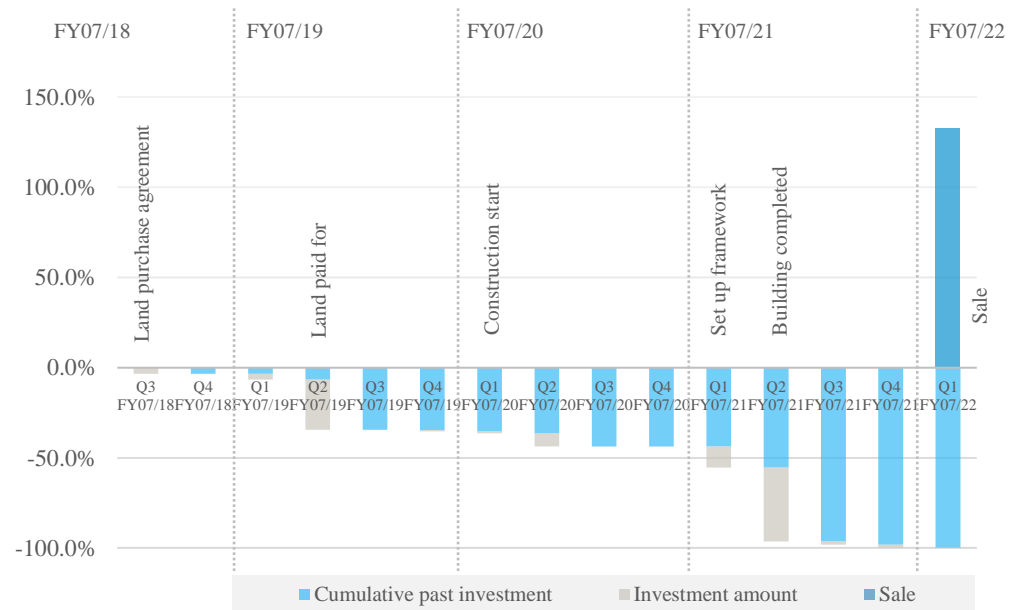
- Realized high IRR through tail-heavy capital investment

Non-leveraged IRR

About 19%*1

Leveraged IRR

More than 50%*1



Note: The above illustrates investment and recovery assuming total costs at 100% (excluding tax).; **Does not include asset management fees or property management fees received from CRE Logistics REIT after sale.**

*1 On a cash basis. Excludes property tax, city planning tax, and consumption tax. Leverage assumes loan-to-value ratio of 75% and 1.5% interest rate prepayment.

Status of Each Business

—Non-recurring Revenue Business

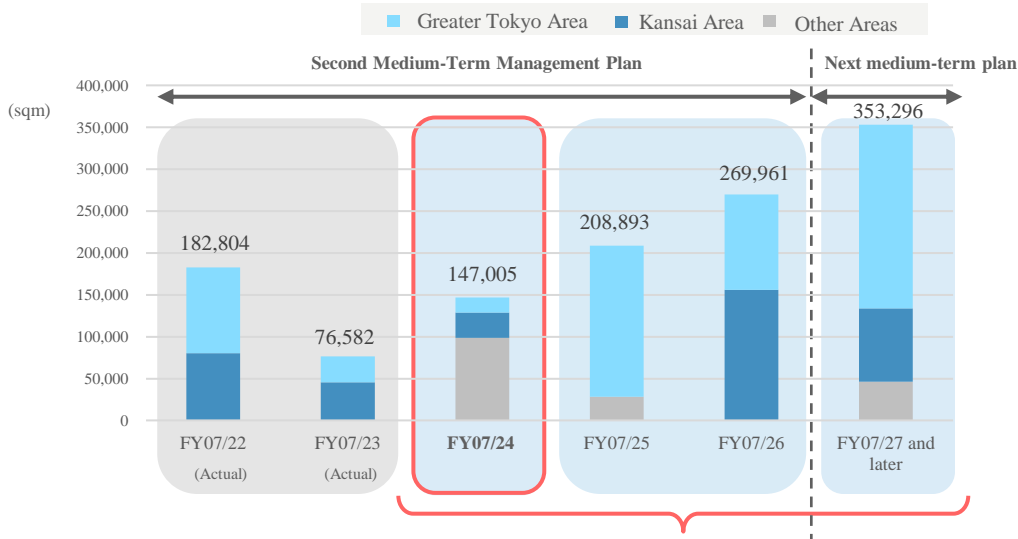
Non-recurring Revenue Business | Logistics Investment: Pipeline

NEW

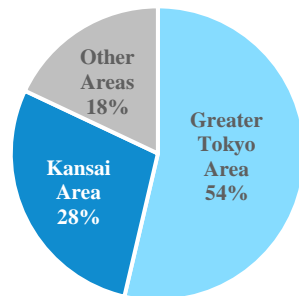
• Decided to sell *LogiSquare* Ichinomiya in Q4 (disclosed May 15, 2024)*

*Expect to book sales/gain on sales in Q4

Floor space sold/to be sold in each fiscal year



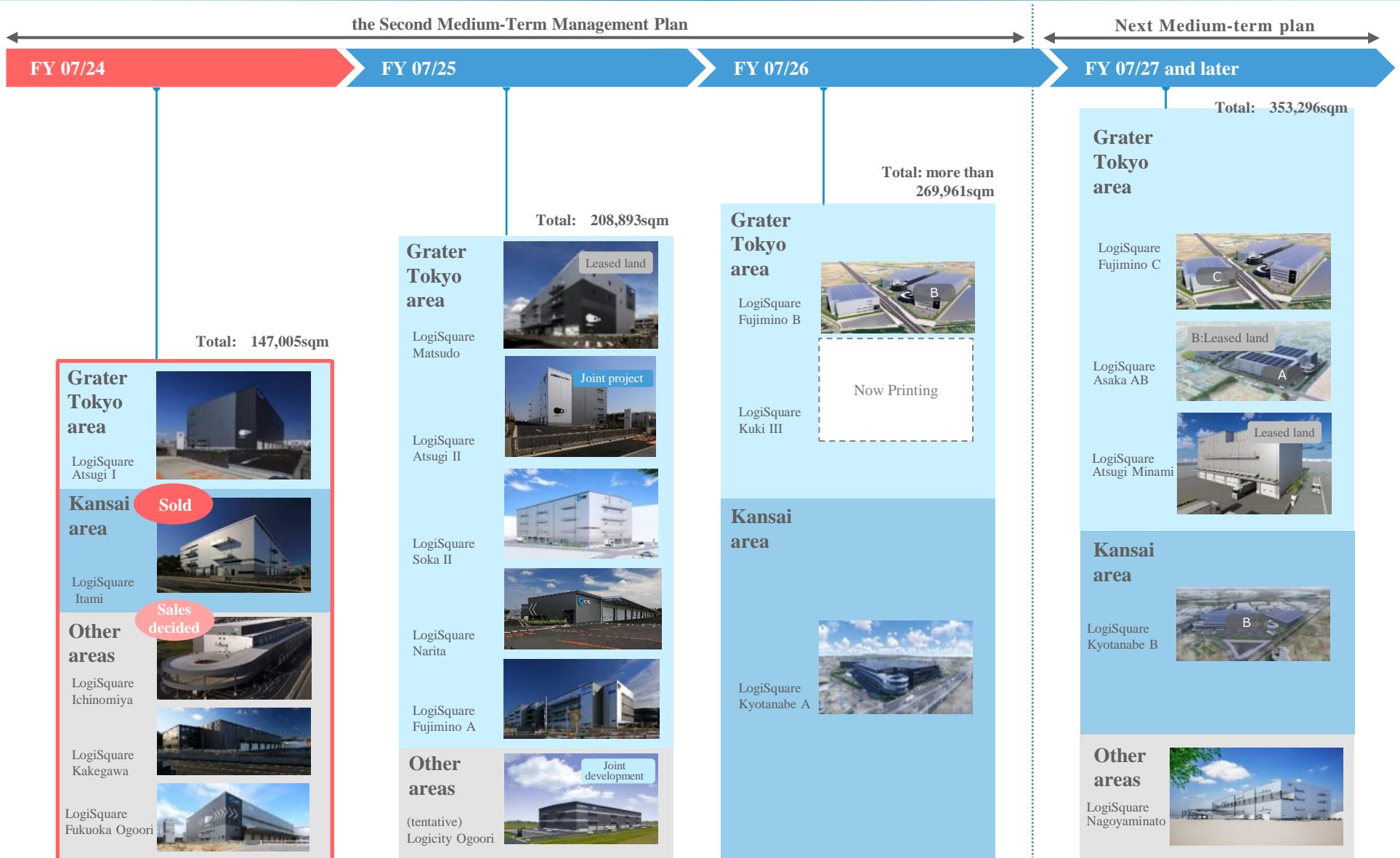
Pipeline projects by area from FY07/24



Note: Timing of sales may change, depending on construction progress and leasing conditions.

Timing of sale	Property name	Area	sqm	Tenants confirmed, either officially or informally	
FY 07/22	LogiSquare Miyoshi II	Greater Tokyo	18,136	—	
	LogiSquare Osaka Katano	Kansai	80,536	—	
	LogiSquare Sayama Hidaka	Greater Tokyo	84,132	—	
Total: 182,804					
FY 07/23	LogiSquare Shiroy	Greater Tokyo	30,820	—	
	LogiSquare Hirakata	Kansai	45,762	—	
Total: 76,582					
FY 07/24 (planned)	Sold LogiSquare Itami	Kansai	29,977	100%	
	LogiSquare Atsugi I	Greater Tokyo	18,238	100%	
	Sales decided LogiSquare Ichinomiya	Other	60,641	100%	
	LogiSquare Fukuoka Ogoori	Other	23,914	100%	
	LogiSquare Kakegawa	Other	14,235	100%	
Total: 147,005					
FY 07/25 (planned)	LogiSquare Matsudo	Leased land	Greater Tokyo	15,643	100%
	LogiSquare Fujimino A		Greater Tokyo	112,341	6%
	LogiSquare Soka II		Greater Tokyo	(planned) 16,099	
	LogiSquare Narita		Greater Tokyo	18,023	100%
	LogiSquare Atsugi II	Joint project	Greater Tokyo	18,423	100%
	(tentative)Logicity Ogoori	Joint development	Other	(planned) 28,364	100%
Total: 208,893					
FY 07/26 (planned)	LogiSquare Fujimino B		Greater Tokyo	(planned) 114,083	
	LogiSquare Kyotanabe A		Kansai	(planned) 155,878	100%
	LogiSquare Kuki III		Greater Tokyo	undecided	
Total: More than 269,961					
FY 07/27 and later (planned)	LogiSquare Asaka A		Greater Tokyo	(planned) 96,000	
	LogiSquare Asaka B	Leased land	Greater Tokyo	(planned) 65,498	
	LogiSquare Fujimino C		Greater Tokyo	(planned) 43,283	
	LogiSquare Kyotanabe B		Kansai	(planned) 87,534	
	LogiSquare Nagoyaminato		Other	(planned) 46,337	
	LogiSquare Atsugi Minami	Leased land	Greater Tokyo	(planned) 14,645	
Total: 353,296					

Non-recurring Revenue Business | Pipeline to be sold after FY07/24



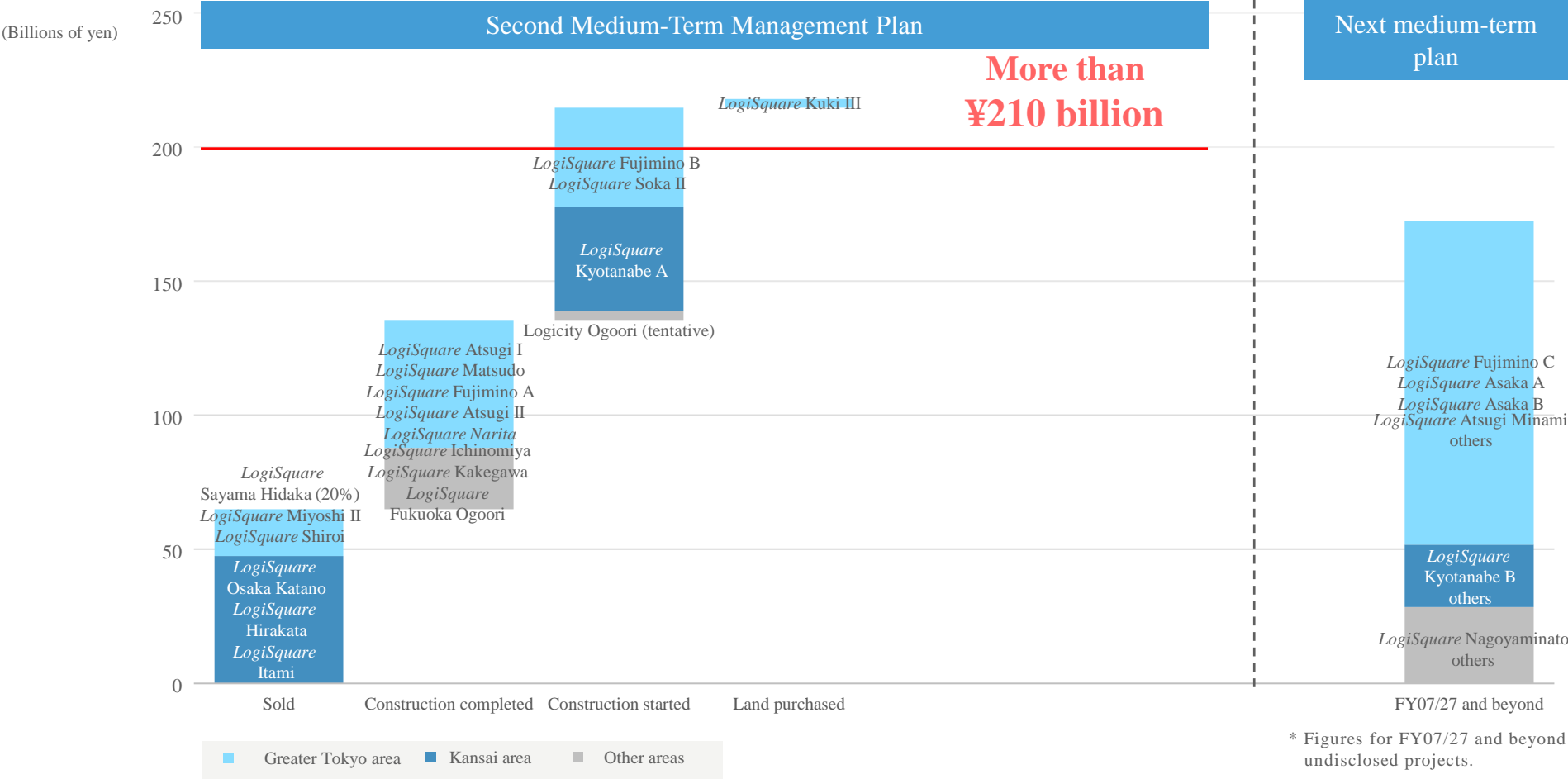
Note: Timing of sales may change, depending on construction progress and leasing conditions.

Non-recurring Revenue Business | Logistics Investment

Expect to sell five properties—*LogiSquare* Itami, Atsugi I, Ichinomiya, Fukuoka Ogoori, and Kakegawa—in FY07/24
 (Sold *LogiSquare* Itami in December 2023; decided to sell *LogiSquare* Ichinomiya in Q4 (July 2024))

The announced pipeline balance has **expanded to over ¥210 billion**, exceeding the commitments of the Second Medium-Term Management Plan
 Pipeline acquisitions for the next medium-term plan and beyond also remain solid, **accumulating over ¥150 billion**

Key indicator: Pipeline projects under the Second Medium-Term Management Plan

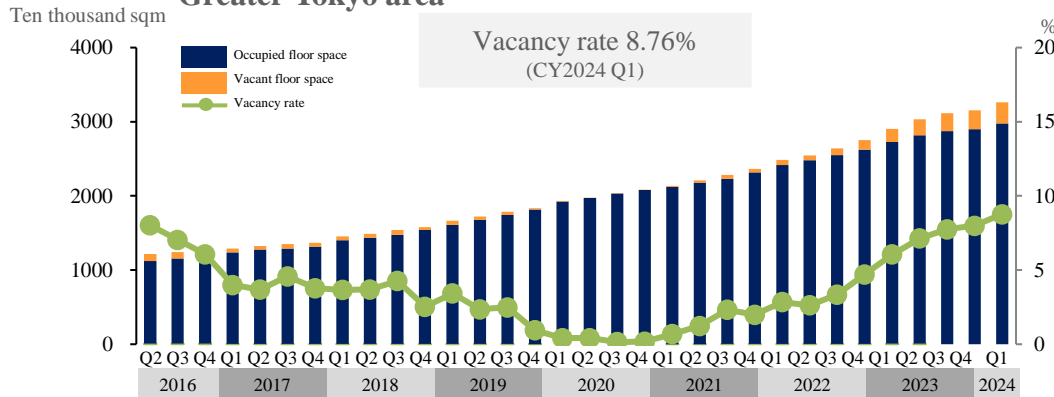


Rental market

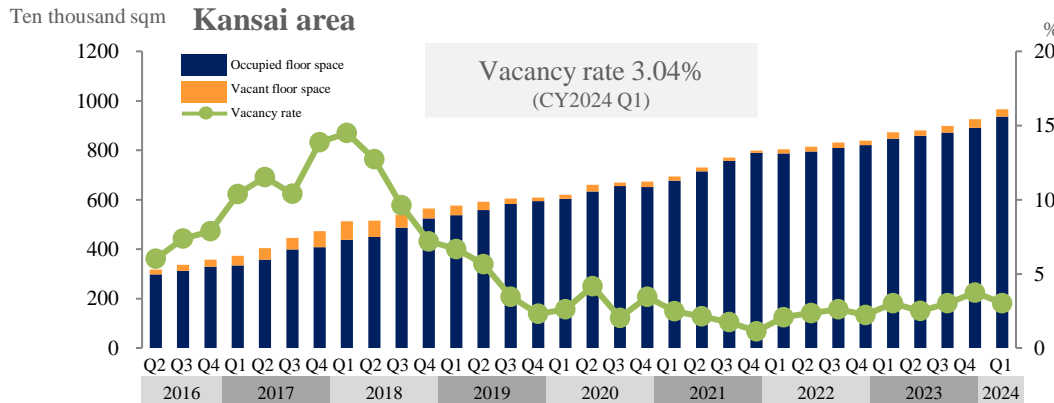
- In the Greater Tokyo area, demand continued holding firm, but vacancy rates rose as vacancies at existing properties were filled ahead of those at new properties.
- In the Kansai area, despite some vacancies at newly supplied properties, vacancy rates decreased owing to robust demand.

■ Stock amount and vacancy rate

Greater Tokyo area



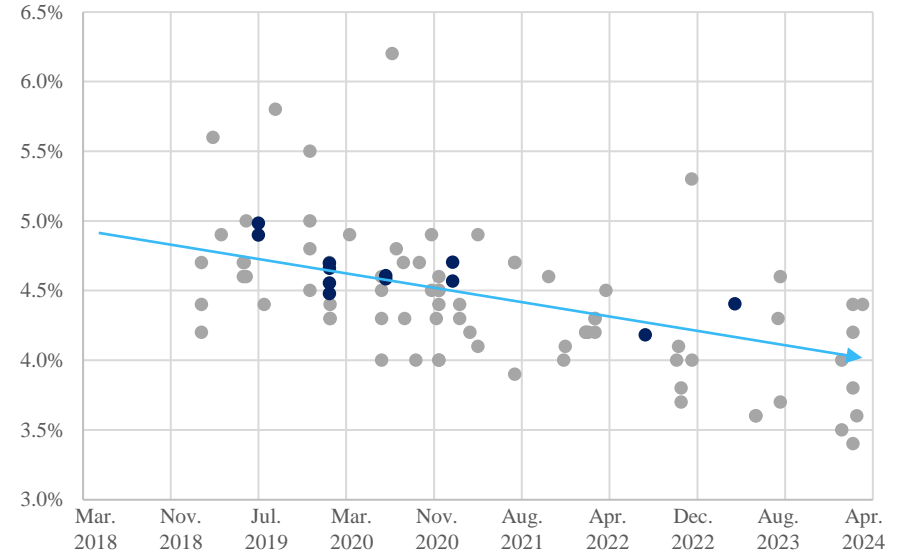
Kansai area



Trading market

- Downtrend in cap rate continues.

● NCF yield based on acquisition prices ● CRE Logistics REIT



*Of properties held in listed REITs, NCF yield based on acquisition prices of logistics facilities in the Greater Tokyo area

Source: SMBC Nikko Securities

Source: "Market Report on Warehouses and Logistics Properties (β version) Ver. 202403" published by CRE, Inc.

Status of Each Business —Recurring Revenue Business

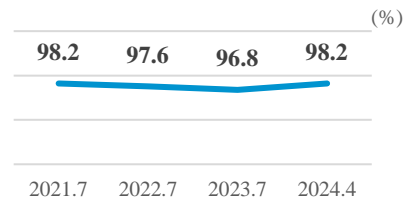
Recurring Revenue Business | Real Estate Management

Pillar of Recurring Revenue businesses

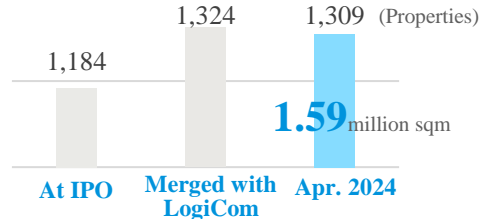
Master lease

- Develop/purchase small- and medium-sized warehouses and sell them to the CRE Group funds; make effective use of land (warehouse construction); lease existing small- and medium-sized warehouses to increase the number of properties under contract and expand the floor space under management
- In June 2024, began operating a private REIT whose main investment targets are small- and medium-sized warehouses. Aim to expand the business foundation by taking on master lease contracts for the fund's portfolio properties (see page 22).

Master lease occupancy rate



Number of master lease properties



Rents

- Rents paid by new tenants continue to surpass those paid by previous occupants.

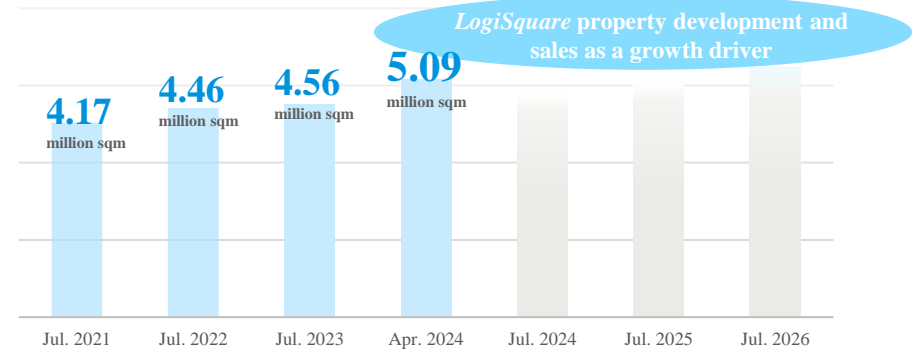
	2021-2022	2022-2023
Rent Changes	+2.6%	+4.5%
Turnover	6.5%	4.0%

Close points of contact with customers that support Logistics Investment and Asset Management

Property management

- Develop *LogiSquare* properties and sell them to the CRE Group funds to increase the floor space under management while improving profitability
- Revenue from contract management expected to grow by approximately 27% over three years (from FY07/23 to FY07/26)

Key indicator: Floor space under management -Property management



CRE ranks No. 3^{*1} among property management companies focused on logistics facilities with approx. 6.68 million sqm^{*2} in floor space under management

*1 Source: *Gekkan Property Management* (November 2023 issue) *2 As of April 30, 2024

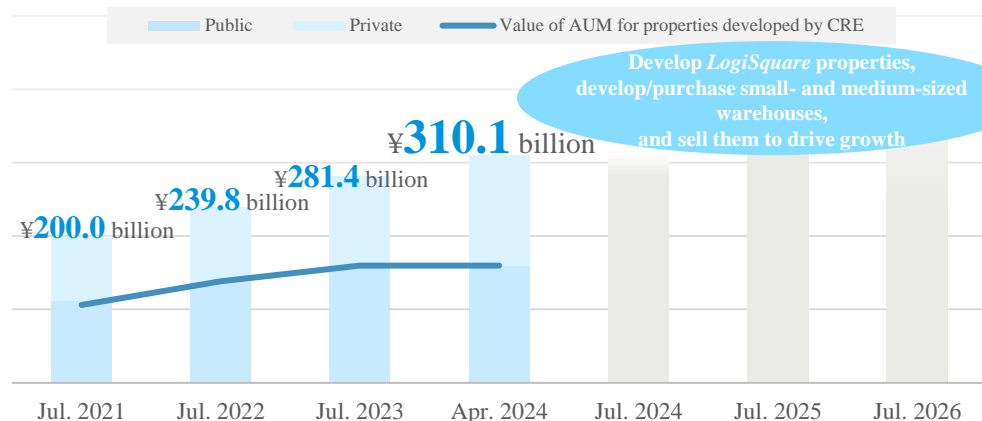
Recurring Revenue Business | Asset Management

Aim: Double assets under management (AUM) x Improve fee rates

Asset Management

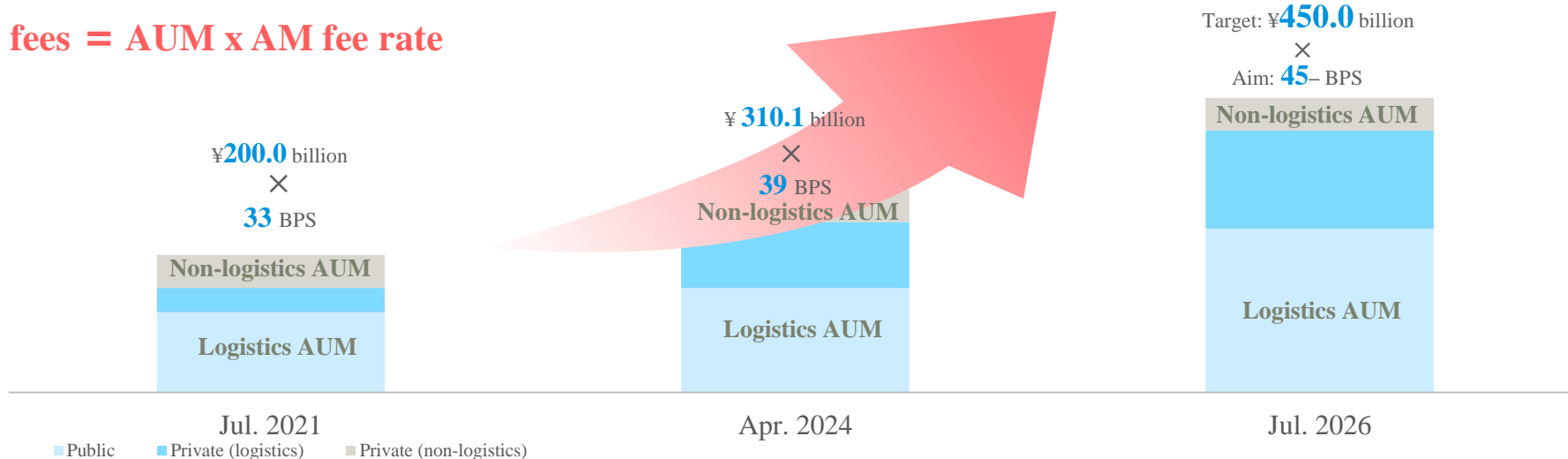
- Develop *LogiSquare* properties and develop/purchase small- and medium-sized warehouses, and sell them to the CRE Group funds to increase the number of properties under management and AUM.
- Improve AM fee income by providing appropriate services to fund investors, centered on logistics facilities
- In addition to CRE Logistics REIT, diversify private funds.

Key indicator: AUM



AUM and average AM fee rate by asset class

AM fees = AUM x AM fee rate



Recurring Revenue Business | Asset Management

Diversify private funds focused on logistics properties and increase asset management fees

NEW

Began operating a private REIT, CRE Industrial Asset

On June 5, 2024, consolidated subsidiary Strategic Partners Co., Ltd. began operating a private REIT, CRE Industrial Asset.

The fund will invest in industrial real estate*, mainly small- and medium-sized warehouses with total floor area of less than 5,000sqm, where CRE's strength lie in the master lease business, and significantly contribute to expanding the business foundation for the recurring revenue businesses.

* Industrial real estate: Warehouses and factories whose use can be changed to warehouses



Features

- **Virtually indefinite** funds similar to J-REITs
- Began operating 18 properties under master lease contracts and assets of about ¥10 billion. While striving to maintain a balanced portfolio, aim to expand AUM to around ¥30 billion in about three to five years
- As unlisted fund, **not easily affected by stock market status**
- Investor base consists primarily of institutional investors in Japan

Recurring Revenue Business | Asset Management

Aim to diversify logistics-focused funds in the private domain to increase AM fee income

Open-end core fund

Formed the first bridge fund with a target of ¥50–100 billion.
Included *LogiSquareMiyoshi II* on March 1, 2022.



Features

- **Virtually indefinite** funds similar to J-REITs
- Long-term, stable operation policy (core)
- As unlisted fund, **not easily affected by stock market status**
- Investor base consists primarily of major institutional investors in Japan

Self-storage fund

With self-storage demand expected to grow going forward, set up a self-storage-focused fund in December 2021.
fifteen properties added in December 2023, for a total of 69 properties.



Features

- Specialize in self-storage facilities
- Aim to expand the scale by adding properties
- As unlisted fund, **not easily affected by stock market status**
- Investor base consists primarily of overseas major institutional investors

Status of Each Business —Overseas Business

Overseas Business

Accelerate investment in Vietnam and Indonesia.

We plan to invest a total of ¥8 billion under the Second Medium-Term Management Plan.

The Overseas business will be made into a separate segment from FY07/24 to clarify the positioning of the business.

Sembcorp Logistics Park (Nghe An)

Sembcorp Logistics Park (Quang Ngai)



Vietnam

- Warehouse development

Thailand

- Self-storage

Indonesia

- Warehouse development

Warehouse development status in Vietnam

	Development property name/project name	Lease floor area	Completed
In operation /Construction completed	Sembcorp Logistics Park A (Hai Phong) Block 1	Approx. 15,000sqm	July 2015
	Sembcorp Logistics Park A (Hai Phong) Block 2	Approx. 14,300sqm	September 2017
	Sembcorp Logistics Park B (Hai Phong)	Approx. 13,200sqm	April 2020
	Sembcorp Logistics Park (Hai Duong)	Approx. 13,200sqm	April 2022
	Sembcorp Logistics Park (Quang Ngai) Park B	Approx. 14,000sqm	August 2023
	Sembcorp Logistics Park (Quang Ngai) Park A *2 buildings	Approx. 19,600sqm	October 2023
	Sembcorp Logistics Park (Nghe An) *3 buildings	Approx. 39,400sqm	December 2023

Total: 10 buildings, approx. 128,700sqm

Warehouse development status in Indonesia

	Development property name/project name	Lease floor area	Completed
Planned for the future	BTS-type logistics facility (Cikarang) *2 buildings	Approx. 40,000sqm (planned)	1st bldg.: December 2023 2nd bldg.: July 2024 (planned)
	Multi-tenant-type logistics facility (Cakung)	Approx. 101,000sqm (planned)	1st floor: Spring 2025 (planned) 2nd floor: Summer 2025 (planned)
	Multi-tenant-type logistics facility (Narogong) *2 buildings	Approx. 65,000sqm (planned)	1st bldg.: September 2024 (planned) 2nd bldg.: Spring 2025 (planned)

Total: 5 buildings, approx. 206,000sqm

Recognition of and Response to Challenges Related to Equity Valuation

Recognition of and Response to Challenges Related to Equity Valuation

Challenges

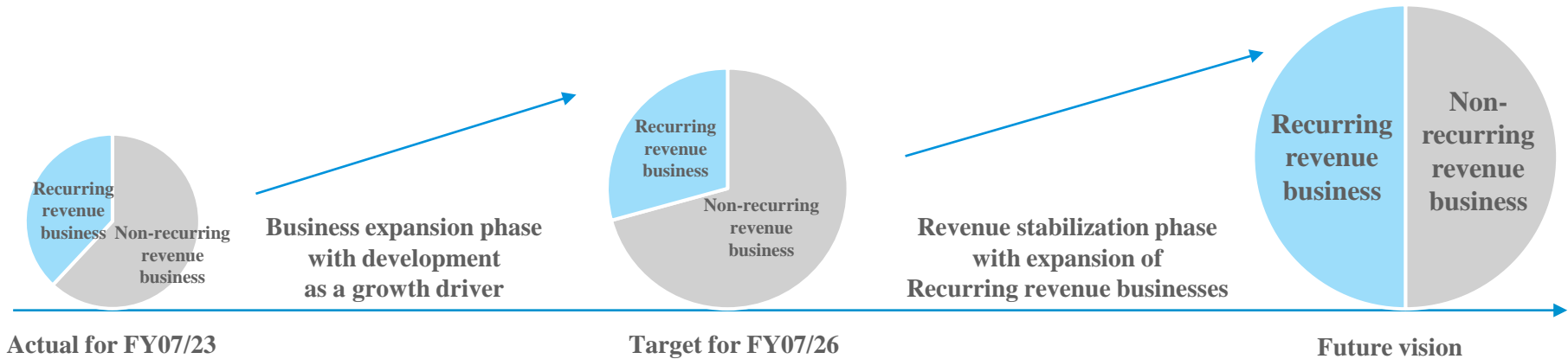
- Presenting a highly transparent growth scenario
- Reducing earnings volatility
- Making proactive shareholder returns

Responses

- ▶ Continuously update business profit forecasts
- ▶ Stabilize earnings by expanding Recurring revenue
- ▶ Continue to invest in growth and achieve a high total return ratio*

*30% (minimum) to 50% (target) under the Second Medium-Term Management Plan

Earnings stability improvement milestones (recurring revenue business growth)



Business Profit **¥7.57 billion***

¥14~15 billion

Multiple **×5.4** Market cap / Business profit

Market cap = **¥40.5 billion** As of July 31, 2023

Aim to improve equity valuation by expanding profitability

Aim to improve multiple valuation by increase in Recurring Revenue business ratio

* excluding 449 million yen due to the effect of goodwill revaluation in connection with the additional investment in EnBio Holdings Inc.

Projected Business Profit for Each Fiscal Year

- Revised profit plans for each segment and updated projected business profit* for each fiscal year when announcing the FY07/23 results

*Properties expected to be sold in each fiscal year are listed on page 15

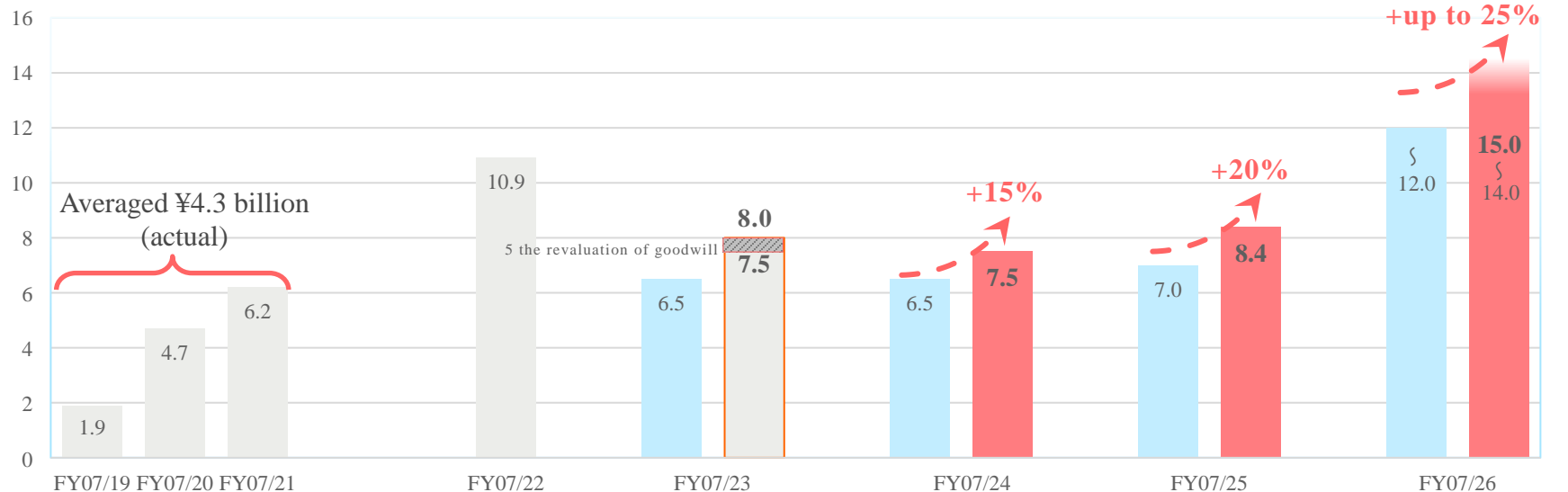
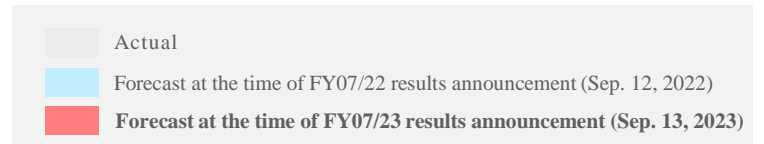
*Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)
+ Profit (loss) from business investments

Business profit (actual/forecast) under the Second Medium-Term Management Plan

Estimated average business profit under the Second Medium-Term Management Plan

• At the time of the FY07/22 financial results announcement: **¥8.6 billion**

• At the time of the FY07/23 financial results announcement: **Max ¥10 billion**



First Medium-Term Management Plan

Second Medium-Term Management Plan

Investment Plan to Support business Growth

Investment(actual/forecast) under the Second Medium-Term Management Plan

(100 Millions of yen)

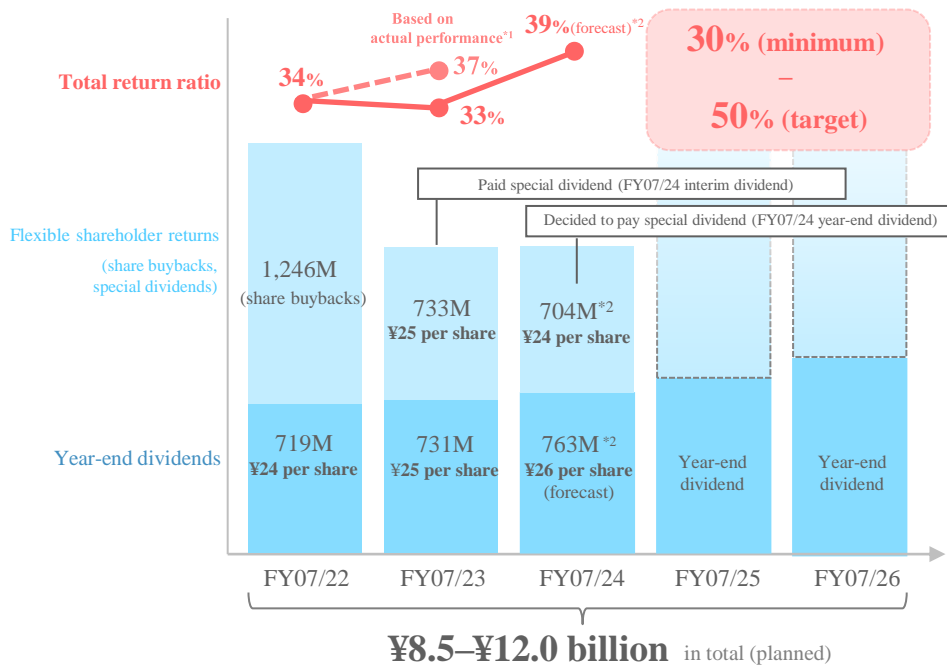
	FY07/22 FY07/23 actual	FY07/24-FY07/26 forecast	Total in 5 years
Logistics Investment	700	1,990	2,690
Asset Management	5	50	55
Overseas	15	65	80
New businesses	5	5*	10
		<small>*Funds for executing M&A are not included.</small>	
total	725	2,110	2,835

Shareholder Returns: Stable Dividend and Flexible Shareholder Returns

Shareholder return policy

- Aim for a total shareholder return ratio of 50%, with a minimum of 30% for each fiscal year
- In addition to year-end dividends, implement flexible shareholder returns (share buybacks or special dividends) depending on business performance and market trends
- Plan to implement a progressive dividend policy for year-end dividends
- Consider to accelerate shareholder returns on future earnings, depending on the situation

Envisioned shareholder returns under the Second Medium-Term Management Plan (FY07/22–FY07/26)



Shareholder returns under the Second Medium-Term Management Plan

¥8.5 – ¥12.0 billion in total (planned)

*When we announced our FY07/23 results (September 13, 2023), we revised up our total shareholder return target from the ¥7.0bn disclosed at the time of our FY07/22 results announcement (September 12, 2022).

Our calculation formula for the total return ratio

$$\frac{(\text{Year-end dividend for fiscal } n) + (\text{Interim dividend for fiscal } n+1) + (\text{Amount of share buybacks for fiscal } n+1)}{\text{Profit attributable to owners of parent for fiscal } n}$$

*1 The figure is calculated based on net income excluding the 449 million yen impact of the revaluation of goodwill due to the additional investment in EnBio Holdings, Inc.











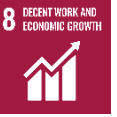


*2 Calculated based on total issued shares as of April 30, 2024 (excluding treasury stock)

Initiatives to Realize Sustainable Society

Initiatives to Realize Sustainable Society

We will contribute to the realization of a sustainable society by addressing priority issues (materiality).

Identified priority issues (materiality)

		Key SDGs
E	Realize sustainable environment <ul style="list-style-type: none"> Switch to 100% green power by installing solar power generation systems at <i>LogiSquare</i> development properties Develop overseas power generation and water supply businesses (Middle East area) through group companies Obtain environmental certifications for <i>LogiSquare</i> development properties: Building-Housing Energy-efficiency Labelling System (BELS) and Comprehensive Assessment System for Built Environment Efficiency (CASBEE) At CRE Logistics REIT, pursue Global Real Estate Sustainability Benchmark (GRESB) registration, implement green finance Implement soil and groundwater contamination countermeasures 	     
	Grow and develop together with local communities <ul style="list-style-type: none"> Collaborate to preserve history (assist excavations) Create local employment through warehouse development Participate in welfare activities Sponsor courses at universities: Sophia University, Meiji University 	  
S	Create environment where diverse human resources can thrive <ul style="list-style-type: none"> Promote diversity Advance workstyle reform Develop and train human resources with a focus on self-fulfillment 	   
	Enhance corporate governance to secure trust of society <ul style="list-style-type: none"> Address corporate governance issues Ensure thorough compliance, strengthen practices Reinforce risk management 	

Initiatives to Realize Sustainable Society

EnBio Holdings, Inc. (equity method affiliate; hereinafter “EBH”) initiatives

● Switch to 100% green power at *LogiSquare* development properties

For *LogiSquare* properties to be developed in the future, plan to install solar power generation systems for consumption and purchase renewable energy from EnBio C Energy, Inc. (a subsidiary of EBH), switching to 100% green power.

Going forward, develop businesses with an eye toward establishing a scheme to mutually share renewable energy among *LogiSquare* properties and supplying renewable energy to third-party facilities managed by the CRE Group.

● Develop power generation and water supply businesses overseas (Middle East area)

- Build solar power plants in Dubai and Jordan. Use the solar power generation to pump groundwater and supply it to the region.
- Build a biomass power plant in Turkey. Effectively use biomass resources that are disposed of.

Topics

- From November 2023, EnBio C Energy started operating rooftop solar power generation systems at *LogiSquare* Hirakata (sold) and *LogiSquare* Shiroy (sold).
- From March 2024, EnBio C Energy started operating rooftop solar power generation systems at *LogiSquare* Miyoshi II (sold).



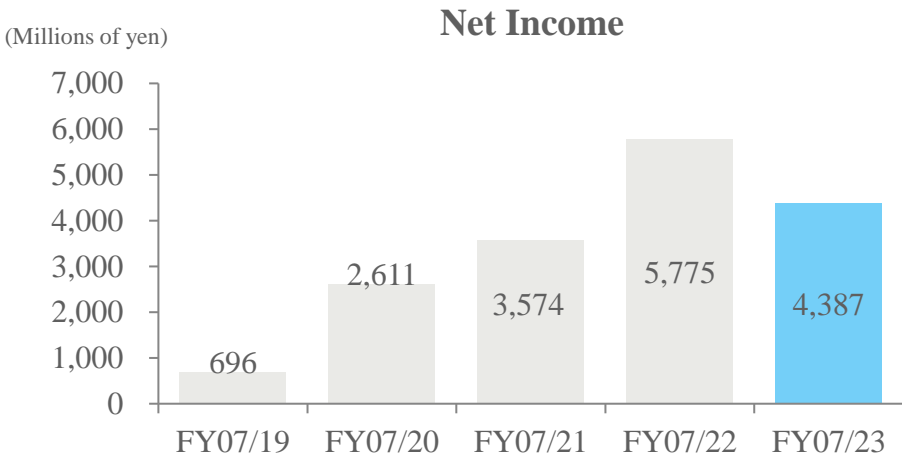
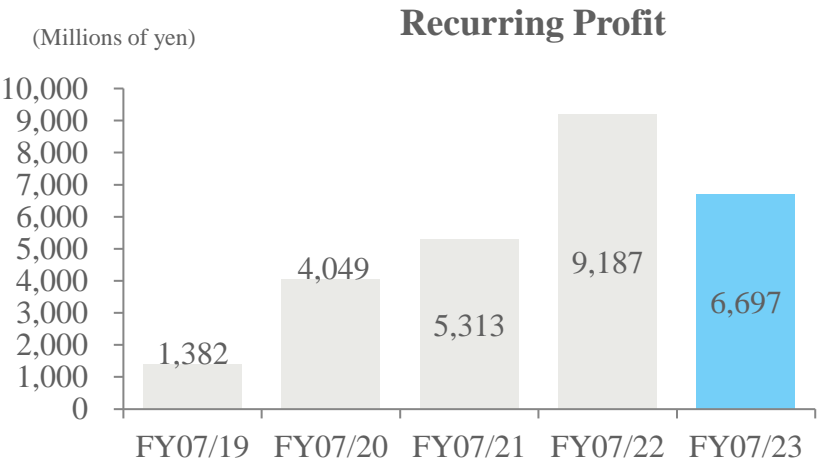
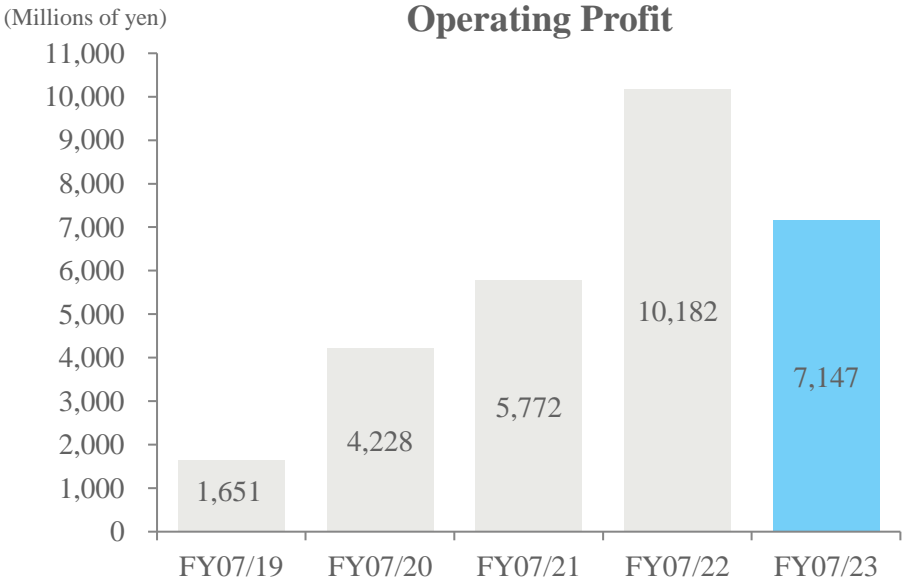
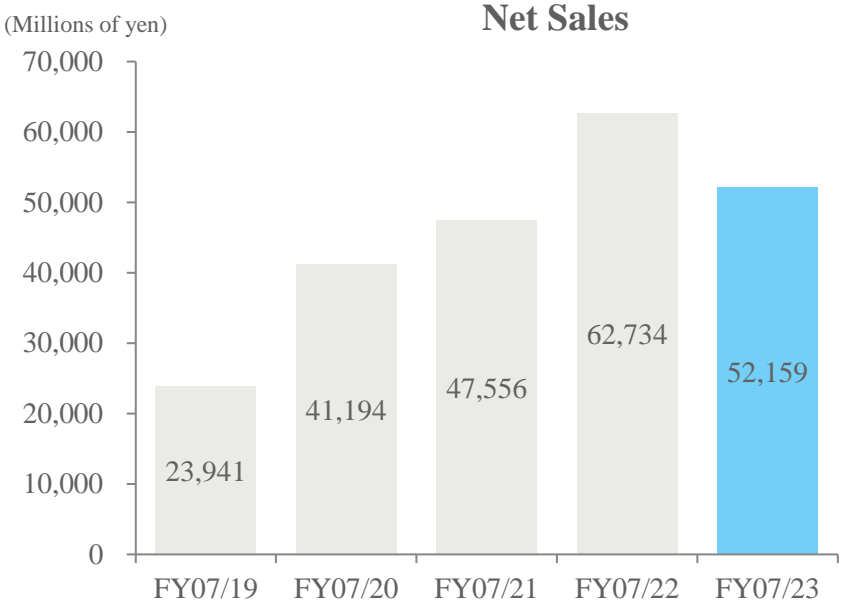
Solar power plant in Sabha, Mafraq (Jordan)



Biomass gasification power plant in Goynuk, Bolu Province in northwestern Turkey

Appendix

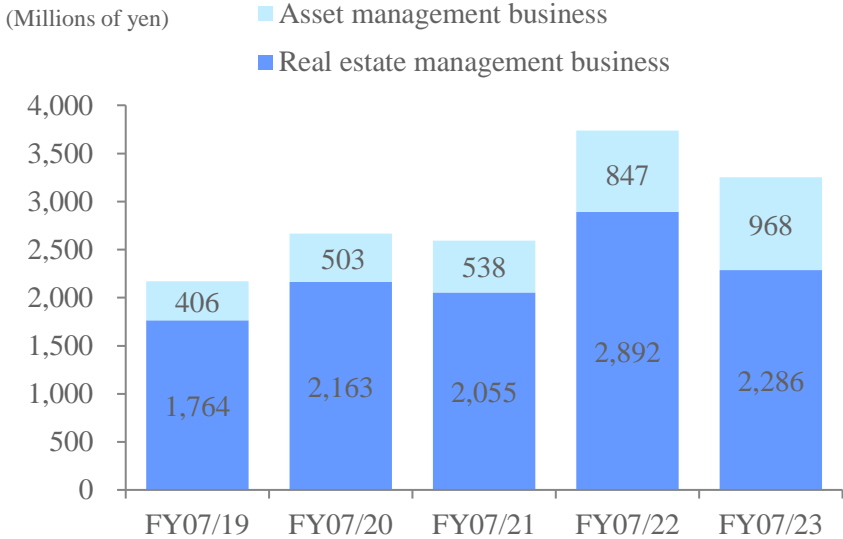
Consolidated Financial Highlights



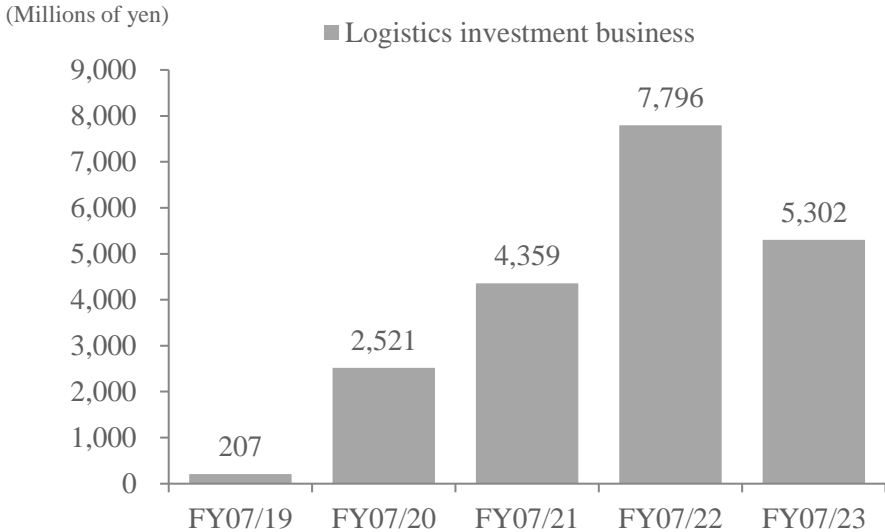
Financial Highlights for Each Reporting Segment

Segment Profit

Recurring revenue Business



Non-recurring revenue Business



Segment Changes

- From FY07/24, the segment structure will be revised to clarify Recurring revenue and Non-recurring revenue businesses.
- A new Overseas business segment will be established.
- In light of the fact that we use business profit* as a key management indicator, equity method affiliates will be included in segment components.

Segments (pre-reclassification)		Segments (post-reclassification)	
Real Estate Management	<ul style="list-style-type: none"> • Master lease • Purchase and sale of small and medium-sized facilities • Property management • Leasing • New businesses • Overseas real estate management 	Real Estate Management	<ul style="list-style-type: none"> • Master lease • Property management • Leasing
Logistics Investment	<ul style="list-style-type: none"> • Development and sale of logistics facilities • Overseas real estate development 	Logistics Investment	<ul style="list-style-type: none"> • Development and sale of logistics facilities • Purchase and sale of small and medium-sized facilities
Asset Management	<ul style="list-style-type: none"> • Fund formation and management 	Asset Management	<ul style="list-style-type: none"> • Fund formation and management
Other operations		Overseas	<ul style="list-style-type: none"> • Overall overseas business
		Other operations	<ul style="list-style-type: none"> • New businesses

* Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)+ Profit (loss) from business investments

Summary of Consolidated Balance Sheets

- Key components of real estate for sale: *LogiSquare* Atsugi I, *LogiSquare* Matsudo, *LogiSquare* Ichinomiya, *LogiSquare* Fujimino A, *LogiSquare* Kakegawa, *LogiSquare* Atsugi II, *LogiSquare* Fukuoka Ogoori, and small-sized warehouses, etc.; Thirteen properties in total
- Key components of real estate for sale in process: *LogiSquare* Fujimino BC, *Logicity* Ogoori (tentative), *LogiSquare* Kuki III, *LogiSquare* Narita, *LogiSquare* Kyotanabe AB, *LogiSquare* Soka II, *LogiSquare* Atsugi Minami, and *LogiSquare* Nagoyaminato, etc.

(Millions of yen)

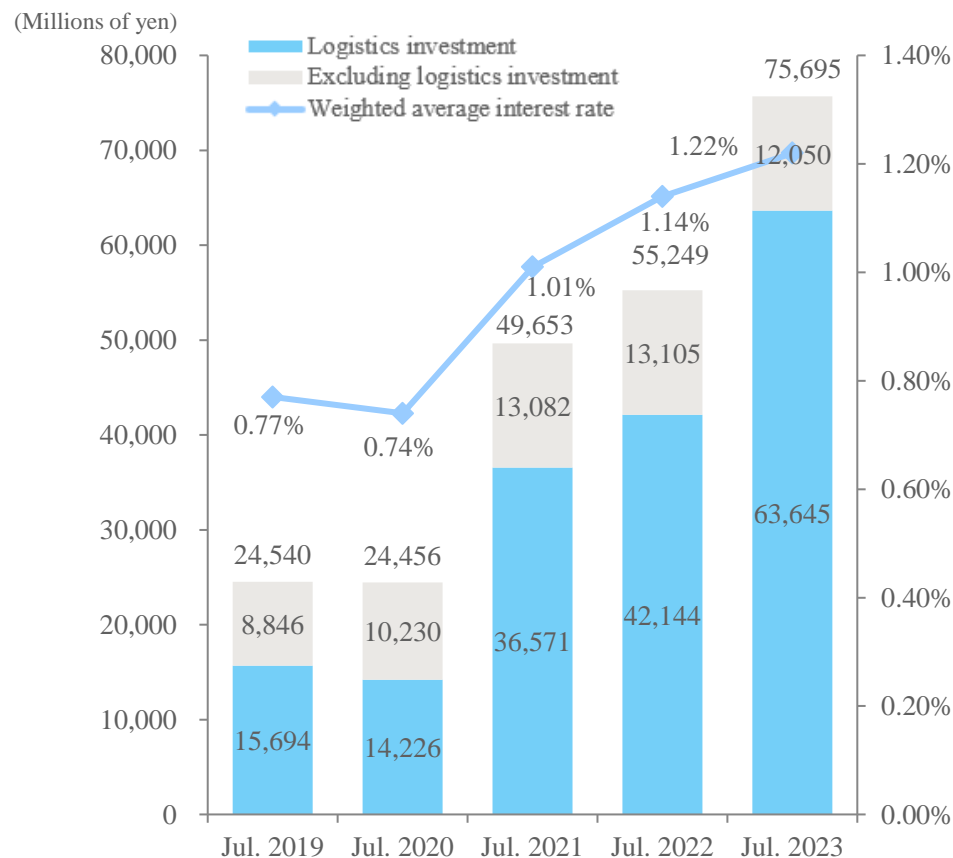
	As of July 31, 2023	As of April 30, 2024	Change		As of July 31, 2023	As of April 30, 2024	Change
Assets	138,821	151,878	13,056	Liabilities	100,344	114,769	14,425
Current Assets	109,658	120,359	10,701	Current liabilities	35,357	27,133	-8,224
(Key components)				(Key components)			
Cash and deposits	28,292	17,044	-11,248	Short-term borrowings, etc.*1	20,749	13,281	-7,467
Real estate for sale	16,214	53,324	37,109	Non-current liabilities	64,986	87,636	22,649
Real estate for sale in process	58,588	38,485	-20,103	(Key components)			
Non-current assets	29,150	31,495	2,344	Long-term borrowings, etc.*2	54,946	76,748	21,802
(Key components)				Leasehold and guarantee deposits received	8,899	9,807	908
Property, plant and equipment	7,467	6,902	-564	Net assets	38,477	37,108	-1,369
Intangible assets	908	996	87	Share capital	5,295	5,365	69
Investments and other assets	20,774	23,596	2,821	Capital surplus	6,008	6,078	69
(Of which, leasehold and guarantee deposits)	(7,999)	(8,246)	247	Retained earnings	25,979	24,539	-1,440
Total assets	138,821	151,878	13,056	Total liabilities and net assets	138,821	151,878	13,056

*1 Short-term borrowings, etc. = Short-term borrowings + Current portion of long-term borrowings + Current portion of bonds payable

*2 Long-term borrowings, etc. = Bonds payable + Long-term borrowings

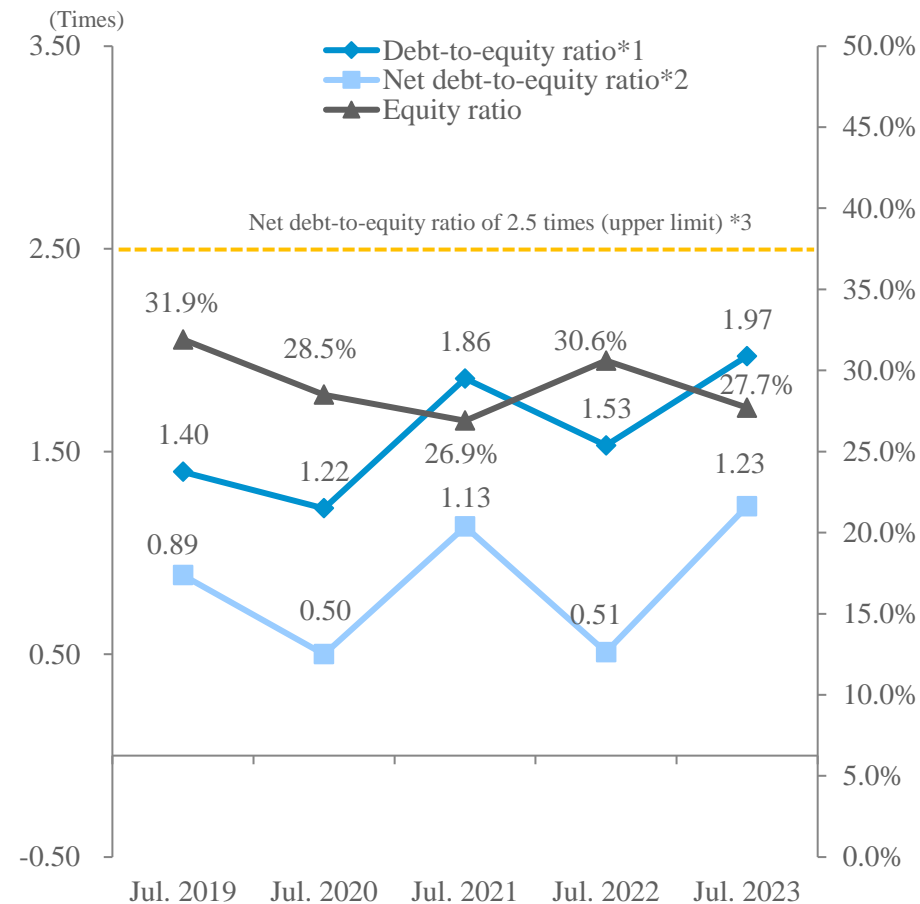
Financial Position (As of July 31, 2023)

Consolidated loan balance and weighted average interest rate



(Number)	Jul. 2019	Jul. 2020	Jul. 2021	Jul. 2022	Jul. 2023
Funding sources	24	23	28	44	44

Consolidated key indicators

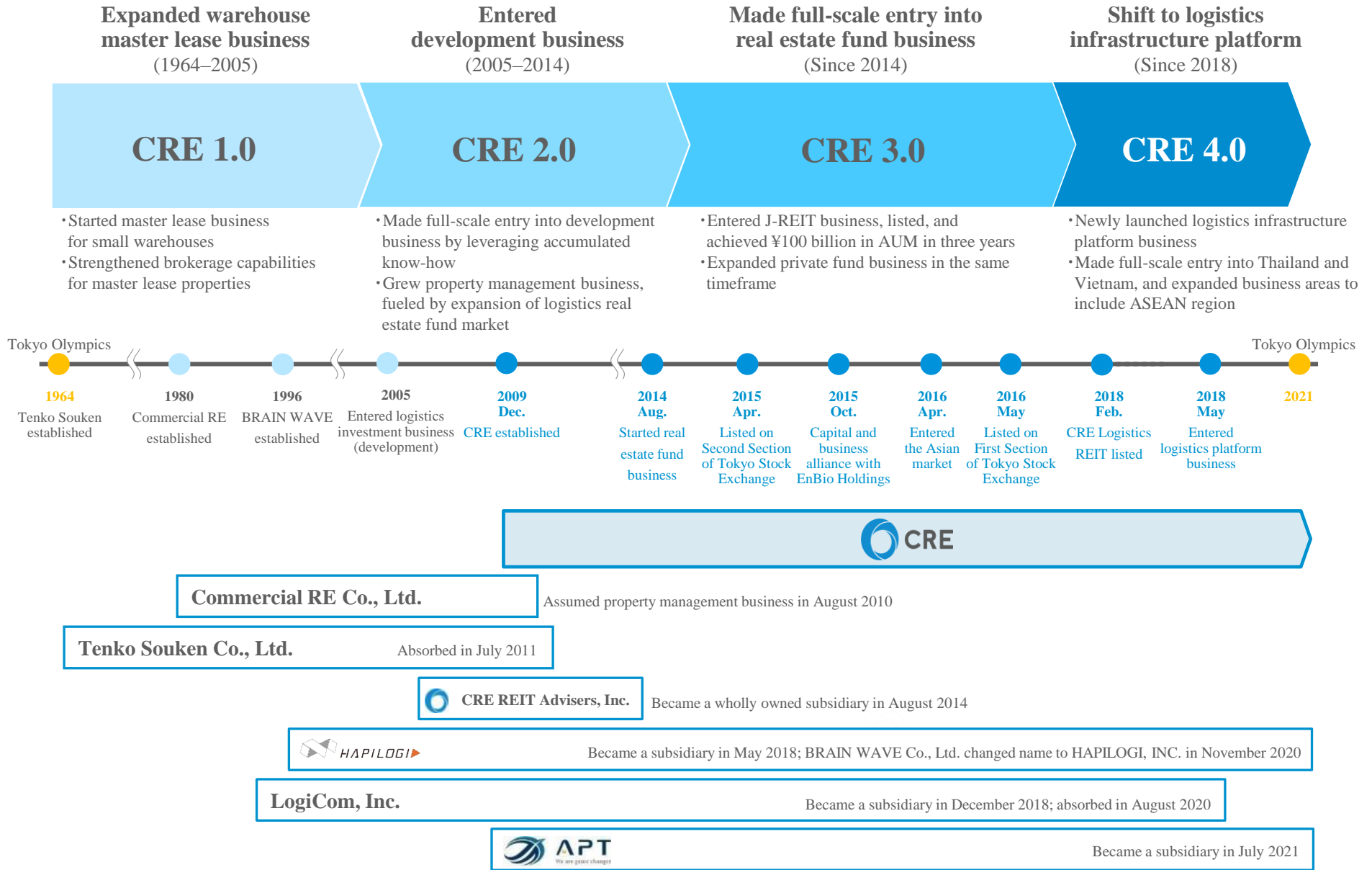


*1 Debt-to-equity ratio = Interest-bearing debt (short-term borrowings, etc. + long-term borrowings, etc.) / Equity capital
 *2 Net debt-to-equity ratio = (Interest-bearing debt [short-term borrowings, etc. + long-term borrowings, etc.] - cash and deposits) / Equity capital
 *3 We set the upper limit for net debt-to-equity ratio at about 2.5 times.
 (Source: Long-term strategy announced September 12, 2016)

Company Profile

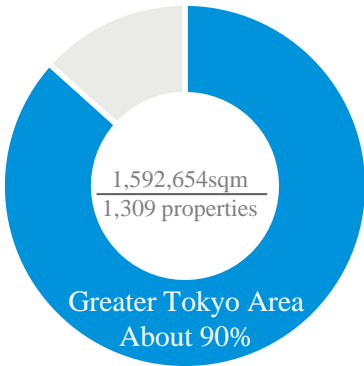
Company name	CRE, Inc.
Representative	Shuhei Yamashita, Representative Director, Chairman Tadahide Kameyama, Representative Director, President
Head office	East Tower 19F, Toranomom Twin Bldg., 2-10-1, Toranomom, Minato-ku, Tokyo
Sales offices	In Japan, Nishi-Tokyo, Kanagawa, Osaka, Fukuoka, and overseas, in Singapore, Thailand
Main businesses	Leasing, management, development, brokerage of, and investment advisory for, logistics facilities
Established	December 22, 2009
Paid-in Capital	¥5,295 million (As of July 31, 2023)
Consolidated net sales	¥52,159 million (FY07/23)
Number of employees	351(Consolidated basis / As of April 30, 2024)
Listing	Prime Market of the Tokyo Stock Exchange Code: 3458
Industry sector	Real estate business

History

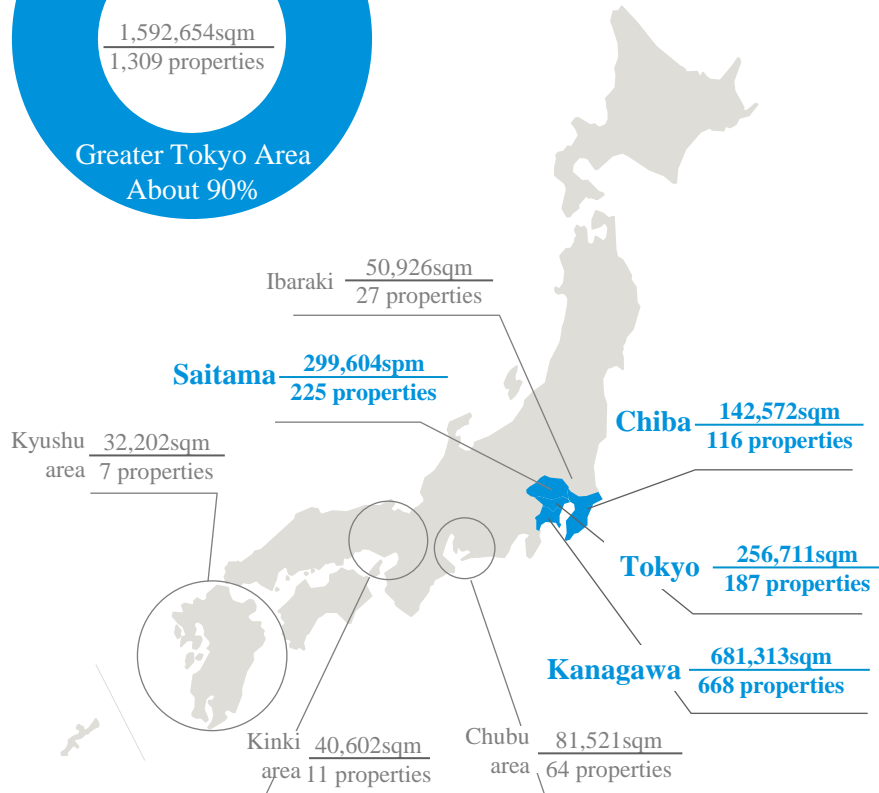


Real Estate Management Business: Floor Space under Management by Area

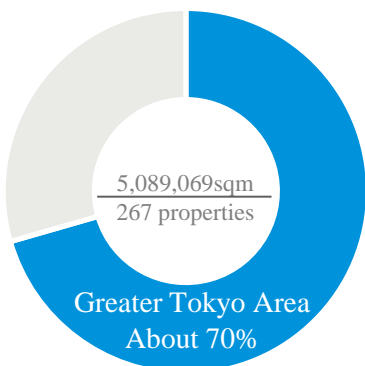
Master Lease



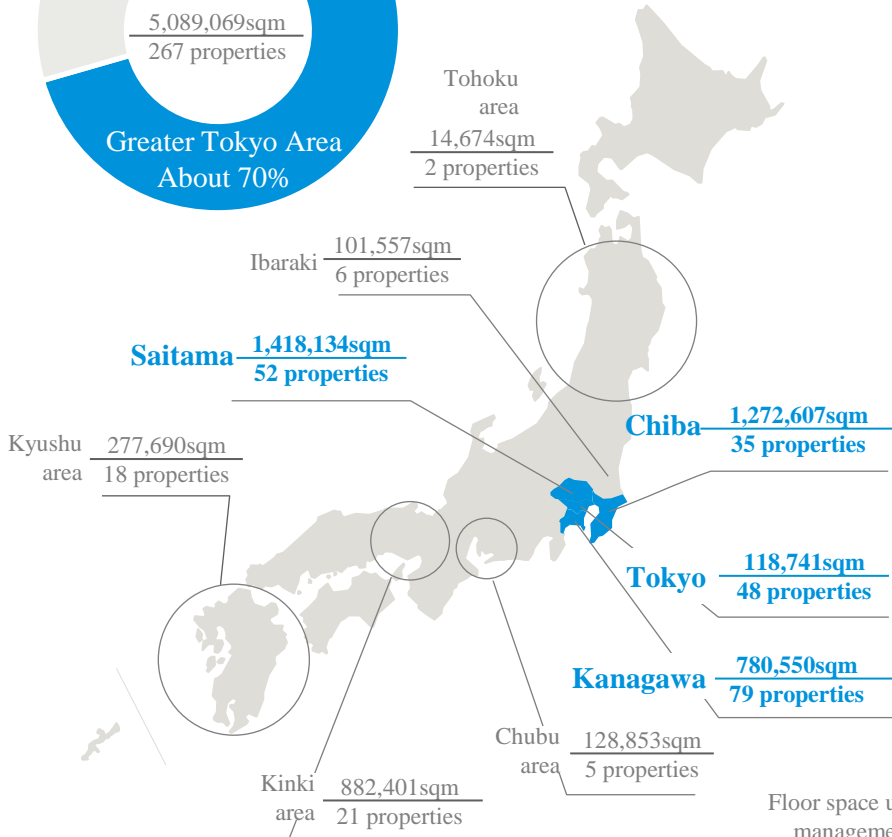
Average floor space:
About 1,223sqm



Property Management



Average floor space:
About 19,174sqm

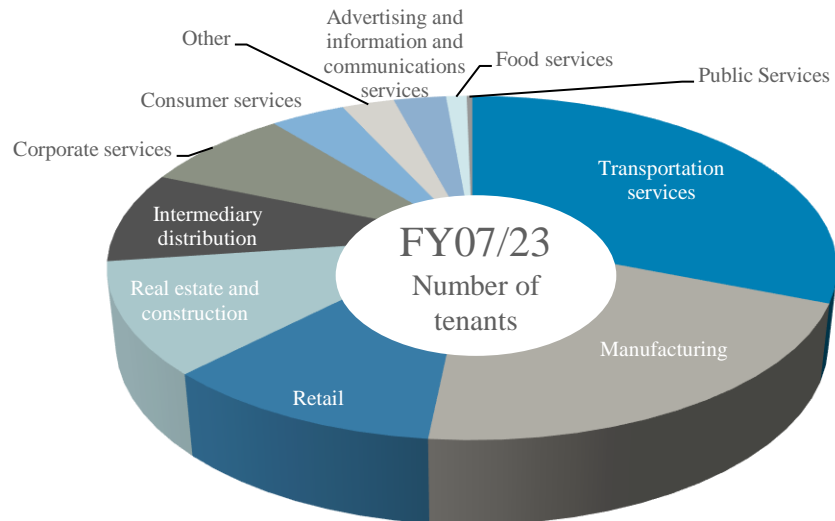


* As of April 30, 2024
* The Greater Tokyo area includes Saitama Prefecture, Chiba Prefecture, Tokyo, and Kanagawa Prefecture.

Floor space under management
Properties under management

Diverse Customer Base

Tenant composition in master lease business



Major customers for property management business

- LaSalle LOGIPORT REIT
- LaSalle REIT Advisors K.K.
- Star Asia Investment Corporation
- Star Asia Investment Management Co., Ltd.
- KDX Realty Investment Corporation
- Kenedix Real Estate Fund Management, Inc.
- Kenedix Property Design, Inc.
- United Urban Investment Corporation
- Marubeni REIT Advisors Co., Ltd.
- Industrial & Infrastructure Fund Investment Corporation
- KJR Management
- Mitsubishi Estate Logistics REIT Investment Corporation
- Mitsubishi Jisho Investment Advisors, Inc.
- CRE Logistics REIT, Inc.
- CRE REIT Advisers, Inc.
- LaSalle Investment Management
- Diamond Realty Management Inc.
- Challenger Limited
- Morgan Stanley Capital K.K.
- Daiei Real Estate & Development Co., Ltd.
- Mitsui & Co., Realty Management Ltd.
- FORTRESS INVESTMENT GROUP JAPAN
- Ichigo Estate
- Yamato Transport Co. Ltd.
- TAKARA-SANGYO Co., Ltd.
- UI JAPAN Ltd.
- Yasuda Real Estate Logi Lease Co., Ltd.
- ESR REIT Management Ltd.
- TLC REIT Management Inc.
- Kenedix Investment Partners, Inc.
- Daiwa Real Estate Asset Management Co., Ltd.
- Daiwa House Realty Mgt. Co., Ltd.
- Tokyu Land Capital Management Inc.
- AXions Co., Ltd.
- NEWBRAIN Co., Ltd.
- Star Asia Asset Advisors Co., Ltd.
- JA Mitsui Leasing Tatemono Co., Ltd.
- CBRE K.K.
- Odakyu Real Estate Co., Ltd.
- Real Link International Investment Advisors, Inc.
- Tokyo Tatemono Realty Investment Management, Inc.
- Tokyu Land Corporation
- Strategic Partners Co., Ltd.

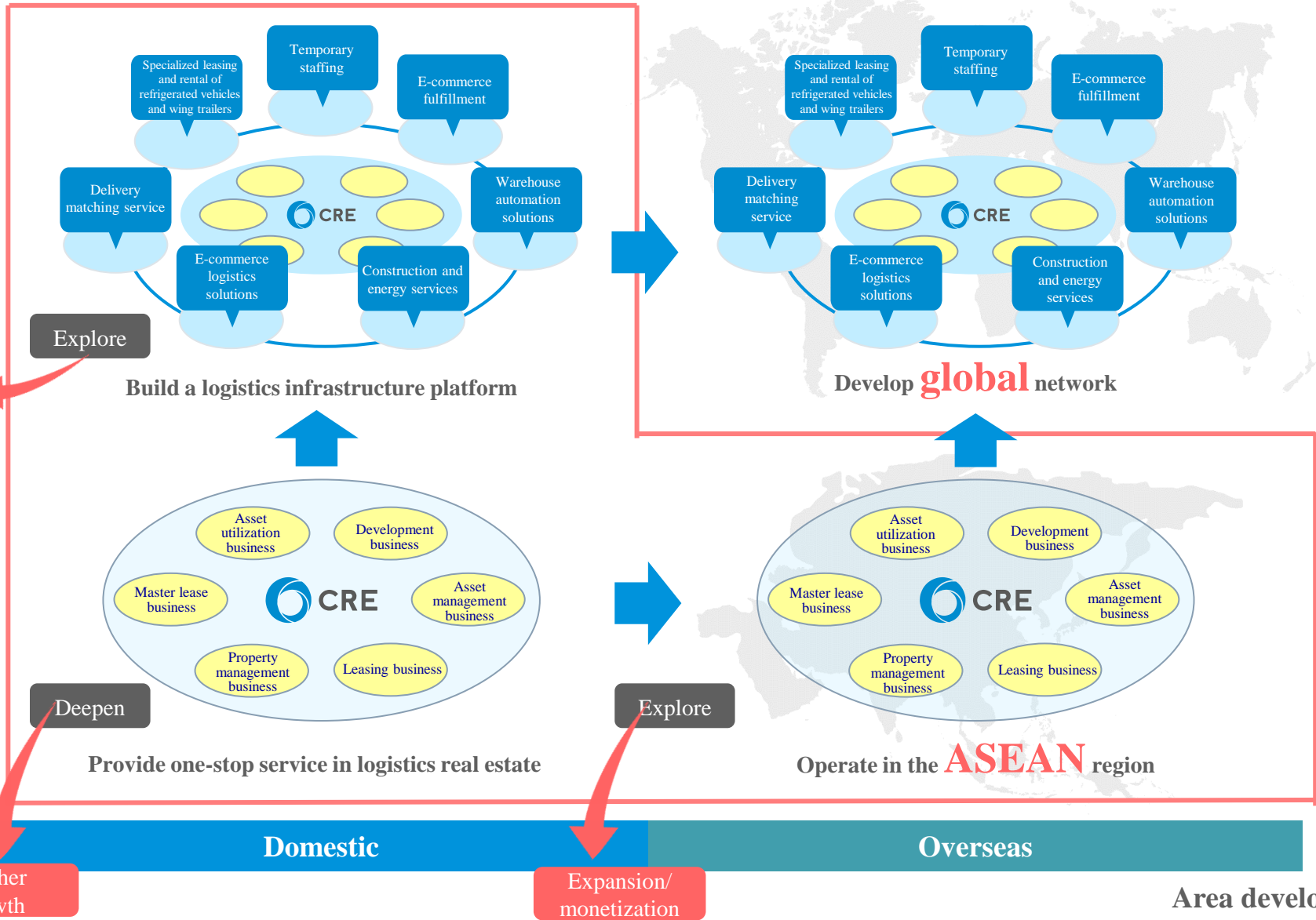
* As of April 30, 2024

CRE Group's Business Portfolio Development

Business domains

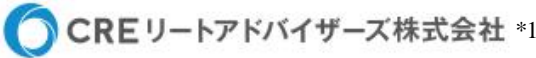
New

Existing



Logistics Infrastructure Platform (LIP)

Subsidiaries and affiliates



*1 Consolidated subsidiaries *2 Equity method affiliates

Capital and business alliances



Alliances



Stock Information (As of January 31, 2024)

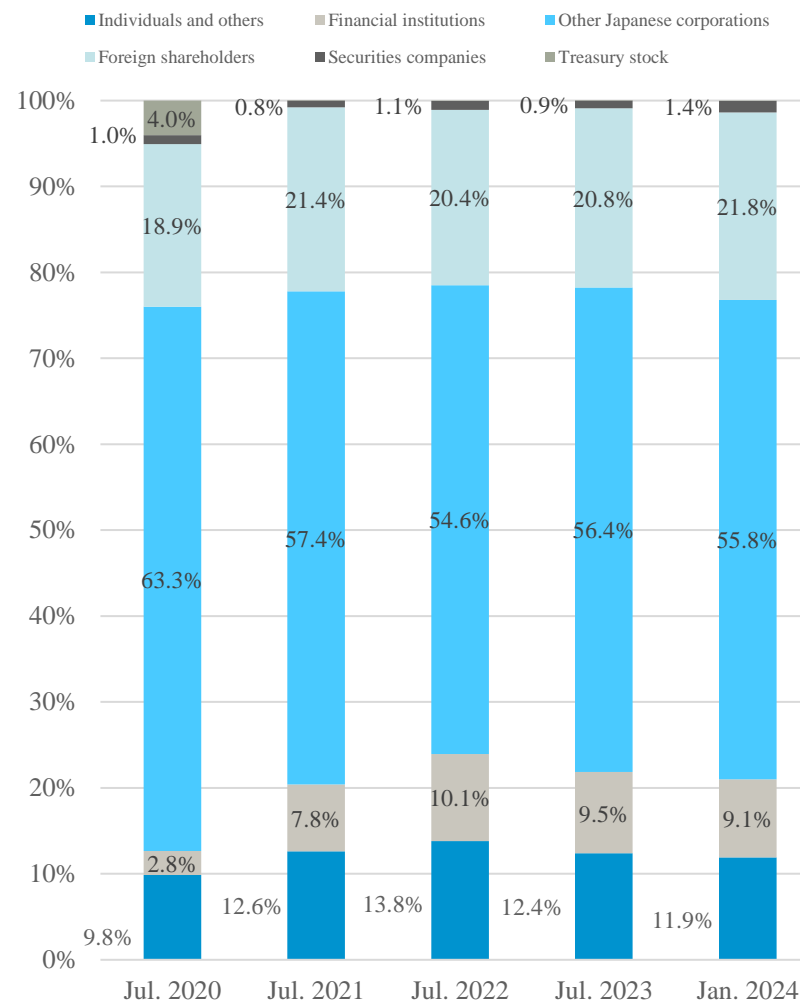
Issued shares and shareholders

Number of shares issued and outstanding	29,356,700
Number of shareholders	5,512

Major shareholders

Shareholder name	Number of shares (Thousands)	Shareholding ratio (%)
Kyobashi Kosan, Inc.	11,040	37.61
Kenedix, Inc.	4,485	15.28
GOLDMAN, SACHS & CO. REG	2,757	9.40
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,112	3.79
CITCO TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF THE VPL1 TRUST	1,000	3.41
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052257)	999	3.40
GOLDMAN SACHS INTERNATIONAL	762	2.60
NORTHERN TRUST CO. (AVFC) RE HCR00	761	2.59
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	711	2.42
Kokyo Tatemono Co., Ltd.	559	1.91

Shareholding by shareholder type



Note: In addition to the above, CRE owns approx. 5,000 of its own shares, representing 0.02% of the total number of issued shares.

Disclaimer

This material contains forward-looking statements regarding future business performance, development plans, and targets. These statements are projections made by the Company based on information available at the time of preparation and certain subjective assumptions regarding uncertain factors, and involve potential risks and uncertainties, and there can be no assurance that they will be realized in the future as described.

Please note that the actual results may differ from the forecasts in this material due to changes in economic conditions, market trends, and the business environment.

Also note that although every effort has been made to ensure the accuracy of the content of this material, the Company makes no warranty as to the novelty, validity, usefulness, fitness for a particular purpose, functionality, or safety of any matter related to this material.

This material is not intended as a solicitation to invest.

Investors are requested to make investment decisions based on their own judgment.