



We seek to be the No.1 corporate group with a logistics infrastructure platform that connects the people and things of our world.

Presentation Materials

for the Fiscal Year

Ended July 31, 2024

(August 1, 2023 to July 31, 2024)

CRE, Inc.



LogiSquare Atsugi II / Located in Atsugi, Kanagawa; total floor area: 18,422sqm

September 13, 2024

Prime Market of the Tokyo Stock Exchange; Code: 3458

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03 Updated business profit projection
for Second Medium-Term Management Plan

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Consolidated Summary of FY07/24

Consolidated Summary of FY07/24



- Each profit category from operating profit downward exceeded the plan, while sales and all profit categories, except for net income, increased YoY.

(Millions of yen)

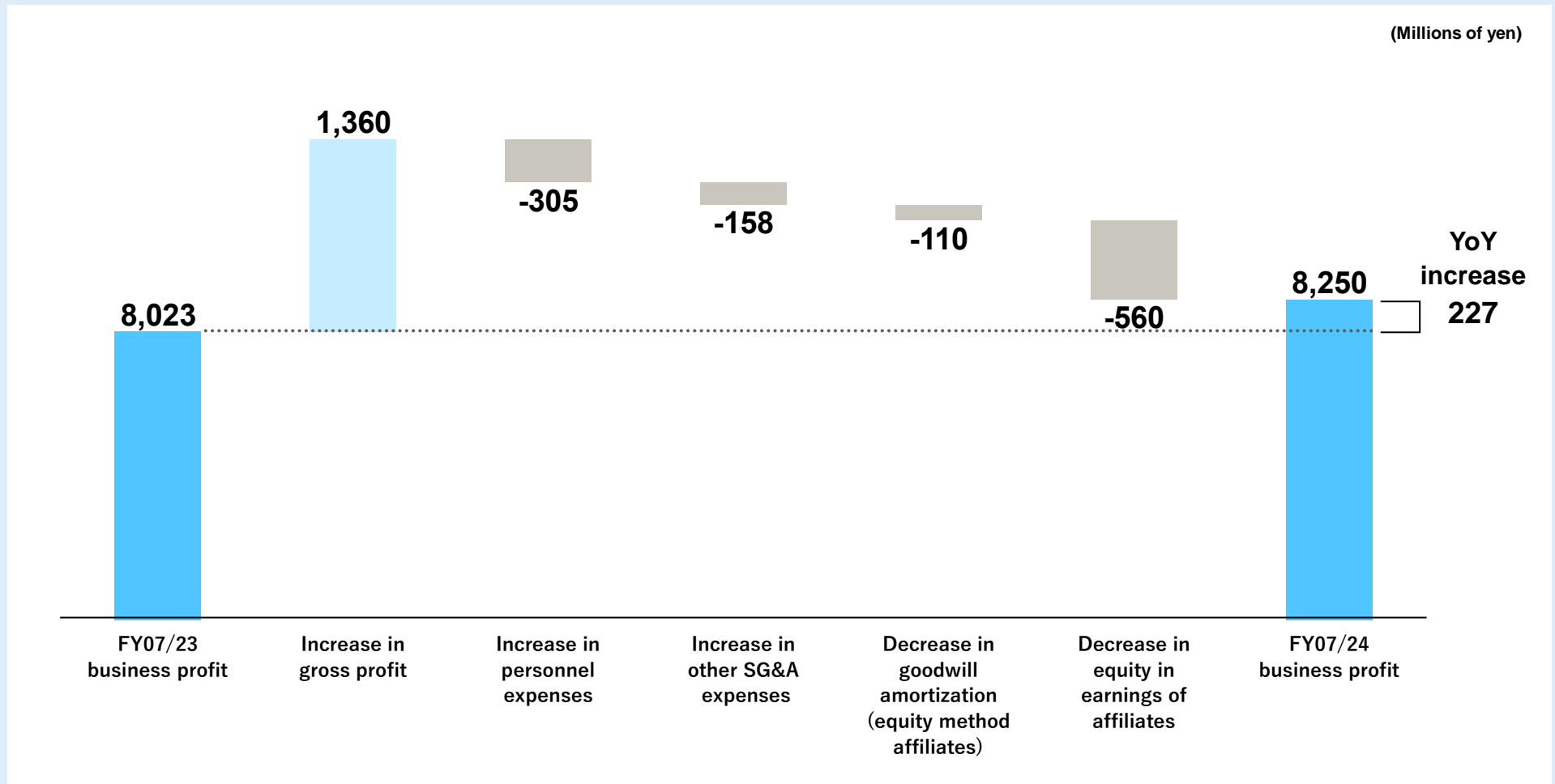
	FY07/23 results	FY07/24 results	YoY change(YoY)		FY07/24 full-year plan	YoY change(versus plan)	
			Amount	%		Amount	%
Net sales	52,159	66,901	14,742	28.3%	67,900	-998	-1.5%
Gross profit	12,837	14,198	1,360	10.6%	-	-	-
Selling, general and administrative expenses	5,689	6,152	463	8.1%	-	-	-
(Amortization of goodwill)	212	212	0	0.0%	-	-	-
Operating profit	7,147	8,045	897	12.6%	7,500	545	7.3%
EBITDA	7,729	8,617	888	11.5%	8,100	517	6.4%
Business profit* ¹	8,023 (7,573) ²	8,250	227 (676)	2.8% (8.9%)	7,500	750	10.0%
Recurring profit	6,697	6,816	119	1.8%	6,050	766	12.7%
Profit attributable to owners of parent	4,387	4,341	-45	-1.0%	3,800	541	14.3%
Earnings per share (Yen)	149.41	148.11	-1.3	-0.9%	129.88	18.23	14.0%

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

*2 Figures in () exclude 449 million yen due to the effect of goodwill revaluation in connection with the additional investment in EnBio Holdings Inc.

FY07/24 Analysis of factors behind change in business profit

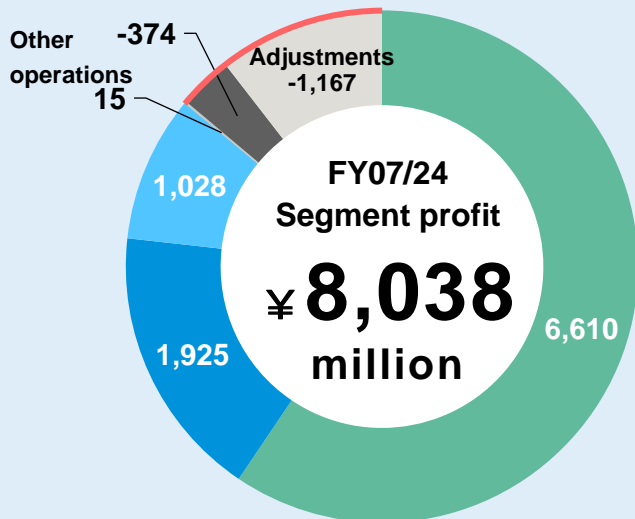
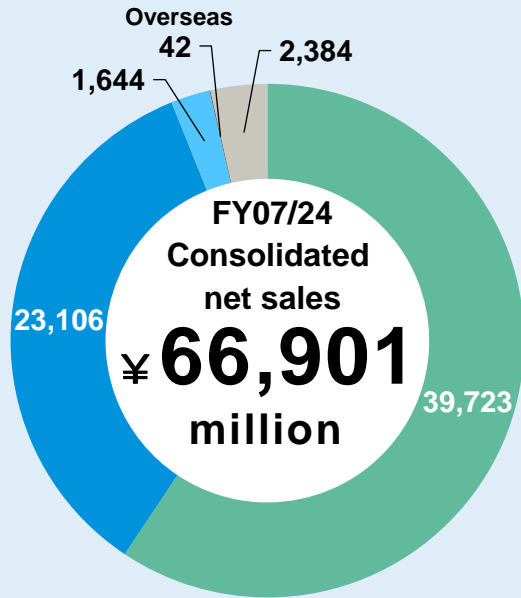
- Business profit* increased YoY despite increased SG&A expenses and loss in earnings of affiliates related to investment in the Overseas business. As a side note, FY07/23 business profit includes 449 million yen due to the effect of goodwill revaluation in connection with the additional investment in EnBio Holdings Inc.



* Business profit

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

The Segment structure



Non-recurring Revenue Business

Business with fluctuating profits

Logistics Investment

- Development of large logistics facilities
- Purchase and sale of small- and medium-sized logistics facilities

Recurring Revenue Businesses

Businesses with ongoing revenue

Real Estate Management

- Management of real estate (Master lease, Property management, Leasing)

Asset Management

- Formation and management of real estate funds
- J-REIT: CRE Logistics REIT, Inc.
- Private REIT: CRE Industrial Asset REIT, Inc.
- Various other private funds (such as a fund specializing in self-storage properties)

Overseas

- Development of logistics facilities in Southeast Asia, especially Vietnam and Indonesia

Other operations

- New businesses related to a logistics infrastructure platform

Consolidated Summary of FY07/24 by Segment



(Millions of yen)

	FY07/23 results	FY07/24 results	YoY change(YoY)		FY07/24 full-year plan	YoY change(versus plan)	
			Amount	%		Amount	%
Net sales	52,159	66,901	14,742	28.3%	67,900	-998	-1.5%
Logistics Investment	25,129	39,723	14,593	58.1%	40,120	-396	-1.0%
Real Estate Management	23,322	23,106	-215	-0.9%	23,130	-23	-0.1%
Asset Management	1,531	1,644	113	7.4%	1,560	84	5.4%
Overseas	36	42	5	16.1%	10	32	322.9%
Other operations	2,139	2,384	244	11.5%	3,080	-695	-22.6%
Segment profit	7,700	8,038	337	4.4%	7,380	658	8.9%
Logistics Investment	5,716	6,610	894	15.6%	6,370	240	3.8%
Real Estate Management	1,757	1,925	167	9.5%	1,780	145	8.2%
Asset Management	962	1,028	66	6.9%	910	118	13.0%
Overseas	-100	-374	-273	-	-310	-64	-
Other operations	429	15	-413	-96.4%	-60	75	-
Adjustments	-1,064	-1,167	-102	-	-1,310	142	-

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

* Segment sales represent sales to external customers. * Segment profit = Operating profit + Equity in earnings of affiliates

FY07/24 Status of Each Business

Key Indicators of FY07/24

① Non-recurring Revenue Business/Finances

Non-recurring Revenue Business | Logistics Investment

The development pipeline has topped ¥210.0 billion, exceeding the ¥200.0 billion committed under the current medium-term management plan and steadily building toward the next plan.

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 **¥200** billion

* See page 23 for details

Development GPM results

(Hurdle rate of 10%)

Although the development GPM declined YoY in FY07/24 due to the unique nature of some projects, it remained above CRE's internal hurdle rate of 10%.

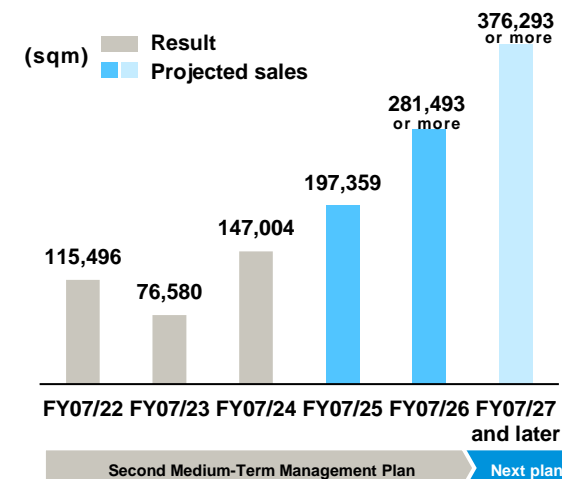
Actual for FY07/24

(LogiSquare Itami, LogiSquare Ichinomiya, LogiSquare Atsugi I, LogiSquare Kakegawa, LogiSquare Fukuoka Ogoori)

20.1%

Floor space sold/to be sold

The floor space to be sold (planned), including under the next medium-term plan (from FY07/27), is steadily increasing.



Finances

Appropriately controlling interest-bearing debt using the net debt-to-equity ratio * As of July 31, 2024

Net debt/equity ratio

1.30 times

(Upper limit at end of year: 2.5 times)

Interest-bearing debt

¥77.8 billion

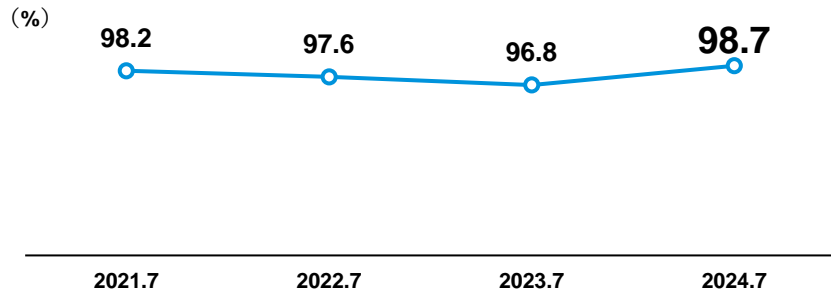
Key Indicators of FY07/24

② Recurring Revenue Businesses

Recurring Revenue Businesses | Real Estate Management

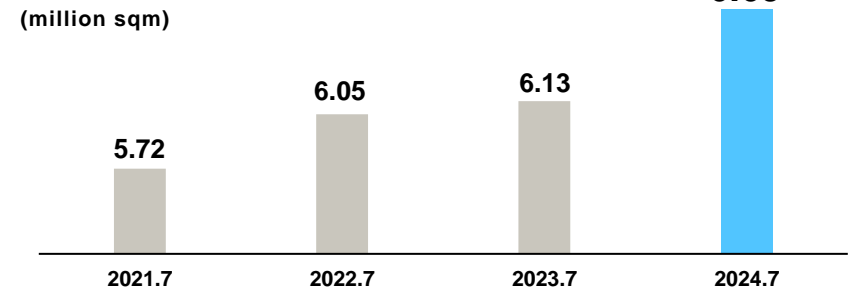
Master lease occupancy rate

Master lease occupancy rate remaining stable



Floor space under management

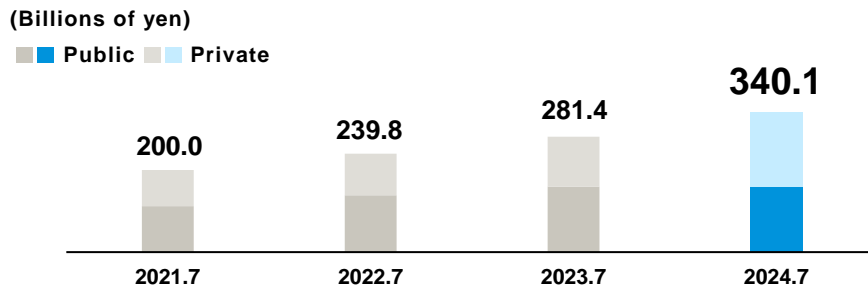
Floor space under management steadily expanding



Recurring Revenue Businesses | Asset Management

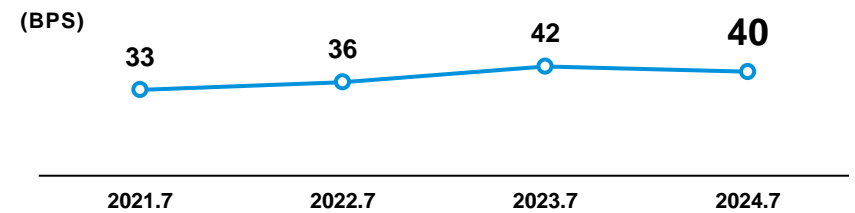
Assets under management (AUM)

Assets under management steadily expanding



Average AM fee rate

Average AM fee rate expected to continue its long-term upward trend as properties developed in-house are incorporated into the fund



Non-recurring Revenue Business

| Logistics Investment FY07/24 status

- In FY07/24, sales and profit grew YoY on sale of five properties.

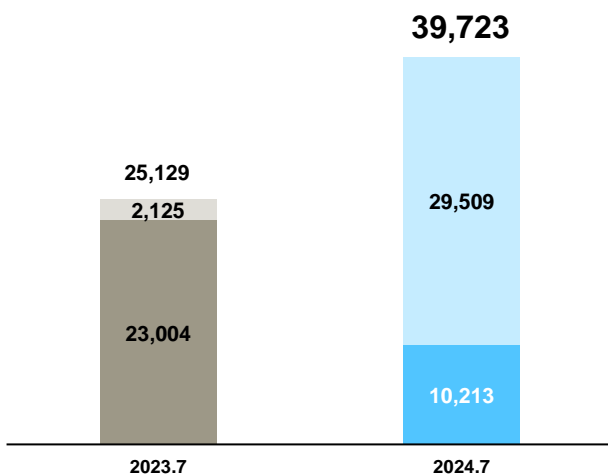
	FY07/23	FY07/24	YoY change(Amount)	YoY change(%)
Net sales	25,129	39,723	14,593	58.1%
Segment profit	5,716	6,610	894	15.6%

(Millions of yen)

Logistics Investment net sales

(Millions of yen)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



Properties sold in FY07/24

5 properties totaling 147,004 sqm



LogiSquare Itami(Hyogo Prefecture)
total floor area: 29,978sqm



LogiSquare Ichinomiya(Aichi Prefecture)
total floor area: 60,641sqm



LogiSquare Atsugi I(Kanagawa Prefecture)
total floor area: 18,236sqm



LogiSquare Kakegawa(Shizuoka Prefecture)
total floor area: 14,236sqm



LogiSquare Fukuoka Ogoori(Fukuoka Prefecture)
total floor area: 23,913sqm

Recurring Revenue Businesses

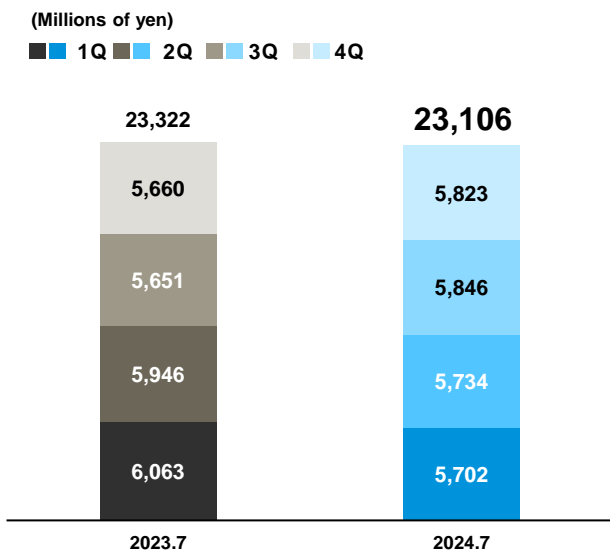
| Real Estate Management FY07/24 status

- Profit rose YoY due to increased rental income and greater profit distribution from the Logistics Investment business.
- Floor space under management steadily expanded. Occupancy rates also rose YoY as pre-leased properties began operation.
- New rents accompanying tenant replacements continued to increase versus previous rents.

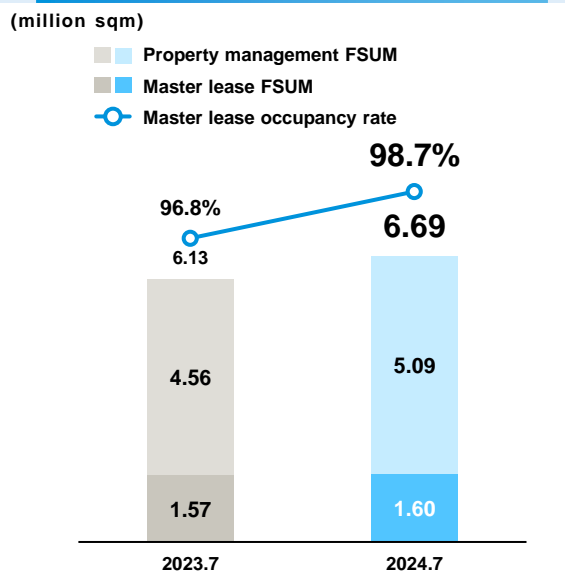
	FY07/23	FY07/24	YoY change(Amount)	YoY change(%)
Net sales	23,322	23,106	-215	-0.9%
Segment profit	1,757	1,925	167	9.5%

(Millions of yen)

Real Estate Management net sales



YoY comparison of floor space under management (FSUM) and master lease occupancy rate



Rents(properties managed via master lease)

	2021-2022	2022-2023	2023-2024
Rent Changes	+2.6%	+4.5%	+10.1%
Turnover	6.5%	4.0%	4.9%

Recurring Revenue Businesses

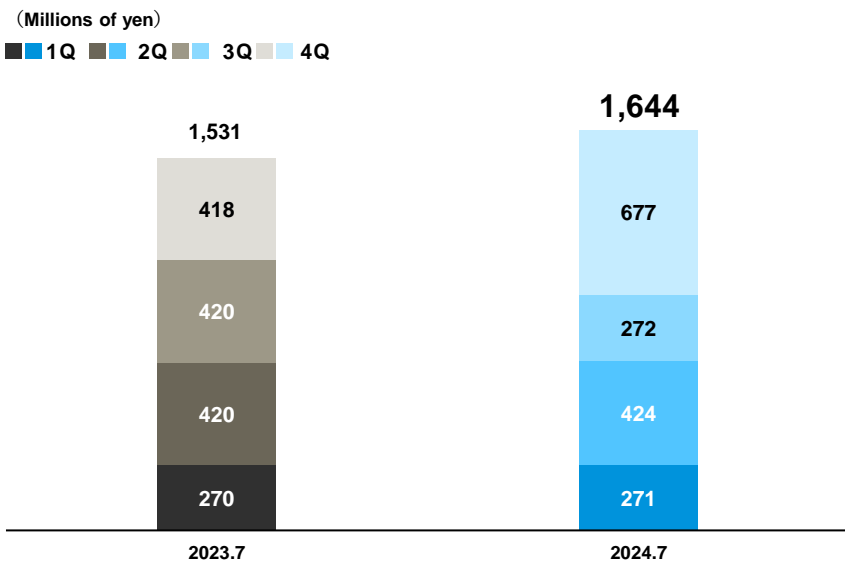
| Asset Management FY07/24 status

- Although SG&A expenses were recorded in relation to the formation of a private REIT in FY07/24, AUM grew steadily due to an unexpectedly large increase in private logistics-related contracts. As a result, sales and profit rose YoY, exceeding projections. Although the average AM fee rate was down YoY, we expect to maintain a long-term upward trend due to the inclusion in funds of properties developed in-house.

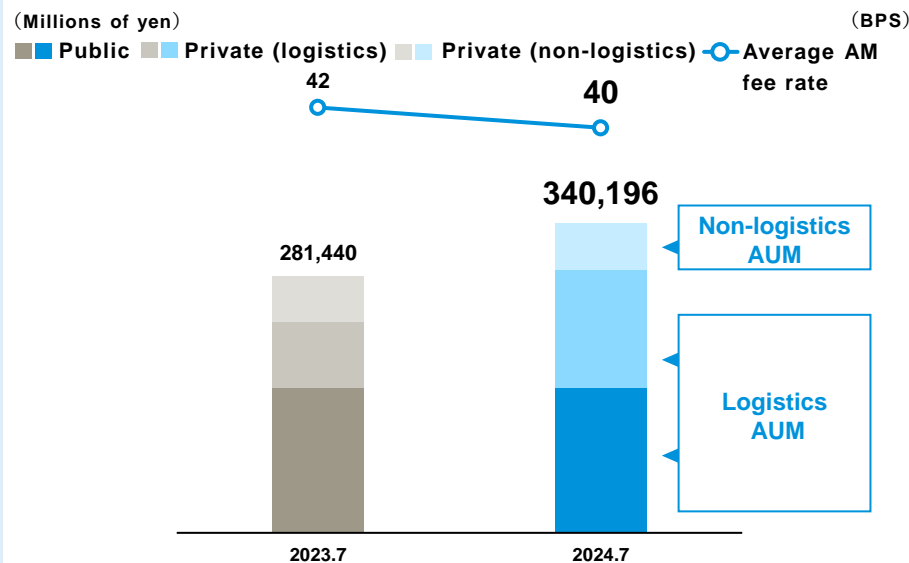
	FY07/23	FY07/24	YoY change(Amount)	YoY change(%)
Net sales	1,531	1,644	113	7.4%
Segment profit	962	1,028	66	6.9%

(Millions of yen)

Asset Management net sales



YoY comparison of AUM (managed in funds)



Recurring Revenue Businesses

| Asset Management



- We manage a variety of funds, including J-REITs, private REITs, and private funds.
- We aim to diversify our logistics funds in the private sector and raise AM fees.

J-REIT: CRE Logistics REIT, Inc.

Managed by consolidated subsidiary CRE REIT Advisers, Inc.

- Investment corporation specializing in logistics facilities. Listed on the Tokyo Stock Exchange's Real Estate Investment Trust Securities Market in February 2018. Manages 21 properties together valued at ¥159,504 million (based on acquisition price) as of end-July 2024.



- The portfolio is characterized by an emphasis on the LogiSquare facilities developed by CRE, long-term, stable asset management, and a clear external growth strategy (through sponsor support agreements with CRE).

Private REIT: CRE Industrial Asset REIT, Inc.

Managed by consolidated subsidiary Strategic Partners Co., Ltd.

- Began operating in June 2024.
- Investment targets are industrial real estate,* mainly small- and medium-sized warehouses with total floor space under 5,000sqm. In the master lease business, we have particular strengths in this area. The fund began with 18 properties under master lease contracts and an asset size of about ¥10.0 billion.
- While considering the balance of assets in the portfolio, we aim to grow the asset size to about ¥30.0 billion in the next three to five years.
- Expanding the asset size will contribute to expanding our recurring revenue business base.



Self-storage fund

Managed by consolidated subsidiary Strategic Partners Co., Ltd.

- With self-storage demand expected to grow going forward, set up a self-storage-focused fund in December 2021.2023
- Fifteen properties added in December 2023, for a total of 69 properties.



Open-end core fund (under planning)

Managed by consolidated subsidiary Strategic Partners Co., Ltd.

- Formed the first bridge fund with a target of ¥50–100 billion.
- Included LogiSquare Miyoshi II on March 2022.
- Long-term, stable operation policy (core)



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

- We are accelerating investment in warehouse development and have added one new project in Hai Phong.
- During the period of the Second Medium-Term Management Plan, we plan to invest a total of ¥9.0 billion in Vietnam and Indonesia.

Vietnam
— Warehouse development —



Sembcorp Logistics Park (Quang Ngai)



Sembcorp Logistics Park (Nghe An)

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
Planned for the future	Hai Phong Project (tentative name)	Approx. 25,000sqm	Autumn 2025 (planned)

Total: **11** buildings, approx. **153,700** sqm

- We are accelerating investment in warehouse development and have completed a BTS-type logistics facility in Cikarang.
- During the period of the Second Medium-Term Management Plan, we plan to invest a total of ¥9.0 billion in Vietnam and Indonesia.



Cella Argya Logistik Warehouse (Cikarang)

Indonesia

— Warehouse development —

Warehouse development status in Indonesia

	Development property name/project name	Lease floor area	Completed
In operation /Construction completed	Cella Argya Logistik Warehouse (Cikarang) *2 buildings	Approx. 40,000sqm	1st bldg.: December 2023 2nd bldg.: July 2024
Planned for the future	Cella Argya Logistik Warehouse (Cakung)	Approx. 101,000sqm (planned)	1st floor: Spring 2025 (planned) 2nd floor: Summer 2025 (planned)
	Cella Emerald Logistik (Narogong) *2 buildings	Approx. 65,000sqm (planned)	1st bldg.: September 2024 (planned) 2nd bldg.: Spring 2025 (planned)

Total: **5** buildings, approx. **206,000**sqm

FY07/25 Performance Forecast

FY07/25 Performance Forecast



- We expect the Logistics Investment, Real Estate Management, and Asset Management businesses to grow organically and continuously, while the deficit shrinks in the Overseas business, which is still in the investment phase. We expect all kinds of profits to grow at least 15% YoY. Business profit are expected to be +21.6% YoY.

(Millions of yen)

	FY07/24 results	FY07/25 forecast	YoY change	
			Amount	%
Net sales	66,901	75,650	8,748	13.1%
Operating profit	8,045	9,930	1,884	23.4%
EBITDA	8,617	10,430	1,812	21.0%
Business profit*	8,250	10,030	1,779	21.6%
Recurring profit	6,816	7,930	1,113	16.3%
Profit attributable to owners of parent	4,341	5,000	658	15.2%
Earnings per share (Yen)	148.11	170.38	22.27	15.0%

* Business profit

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

FY07/25 Performance Forecast by Segment



(Millions of yen)

	FY07/24 results	FY07/25 forecast	YoY change	
			Amount	%
Net sales	66,901	75,650	8,748	13.1%
Logistics Investment	39,723	46,940	7,216	18.2%
Real Estate Management	23,106	23,340	233	1.0%
Asset Management	1,644	1,780	135	8.2%
Overseas	42	60	17	41.9%
Other operations	2,384	3,530	1,145	48.0%
Segment profit	8,038	9,830	1,791	22.3%
Logistics Investment	6,610	8,390	1,779	26.9%
Real Estate Management	1,925	2,080	154	8.0%
Asset Management	1,028	1,070	41	4.1%
Overseas	-374	-300	74	-
Other operations	15	0	-15	-
Adjustments	-1,167	-1,410	-242	-

Logistics Investment

Large properties

- The plan includes only properties with confirmed tenants and a likelihood of sale.
- Cap rates are set based on market interviews.

Small and Medium-sized properties

- We plan to sell properties to private REITs.

Real Estate Management

- Accelerate acquisition and lease of existing properties to increase floor space under management
- Improve profitability by optimizing tenant rents

Asset Management

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

Overseas

- Expand investment in logistics facility development in Vietnam and Indonesia

* Segment sales represent sales to external customers.

* Segment profit = Operating profit + Equity in earnings of affiliates

FY07/25 Properties Slated for Sale

- We plan to sell five properties in FY07/25 (including 75% of stake in LogiSquare Kyotanabe A)

Properties slated for sale in FY07/25



LogiSquare Matsudo(Chiba Prefecture)
total floor area:15,642sqm



LogiSquare Atsugi II(Kanagawa Prefecture)
total floor area:18,422sqm



LogiSquare Narita(Chiba Prefecture)
total floor area:18,022sqm



Logicity Ogoori (Fukuoka Prefecture)
total floor area:28,364sqm



LogiSquare Kyotanabe A(Kyoto Prefecture)
*Left building in this photo
total floor area (planned) :155,878sqm
*75% of stake is slated for sale.

* Joint development with Fukuoka Jisho Co., Ltd.

Projected Business Profit for Each Fiscal Year



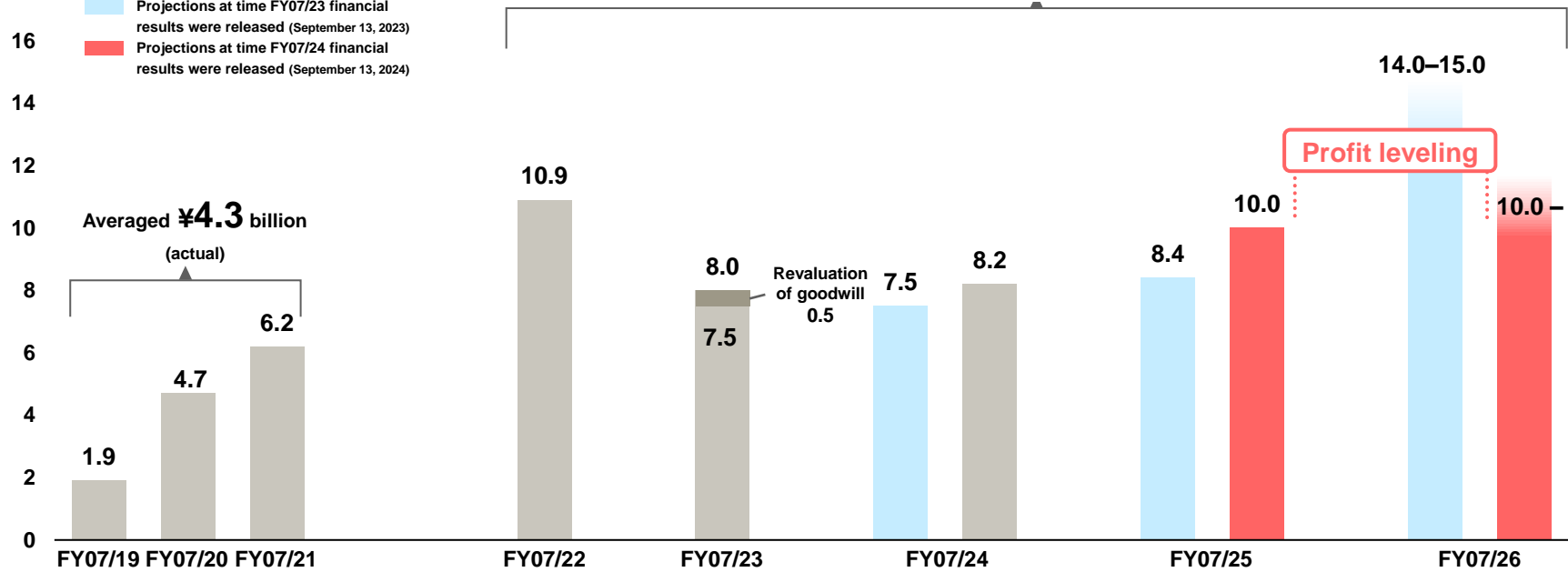
- Considering the status of tenants, etc., we have replaced properties scheduled for sale in FY07/25 and FY07/26.
*Lists of properties slated for sale in each fiscal year are shown on page 23.
- For properties slated for sale in FY07/26, the projected gain on sale is expected to decline due to factors such as a decrease in NOI caused by increases in property tax and city planning tax. In addition, for properties for which no tenants have been secured, contracted rents are based on planned values, so there is room for upside as rents continue to rise.

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

(Billions of yen)

■ Actual results
■ Projections at time FY07/23 financial results were released (September 13, 2023)
■ Projections at time FY07/24 financial results were released (September 13, 2024)

Average business profit (projected): **¥9.45 billion or more**



First Medium -Term Management Plan

Second Medium-Term Management Plan

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

External Environment



- We are closely monitoring risk factors such as the possibility of an increase in yields expected by investors due to future interest rate hikes, and rising construction costs, especially for development projects for which we do not yet have contracts with general contractors.
- Meanwhile, we view improvement in supply and demand in the rental market and the upward trend in rents as positive factors.

External environment

	External environment	Our response
Rental market	<ul style="list-style-type: none"> • Supply and demand balance is improving as the supply decreases. • Rents continue to rise. 	<ul style="list-style-type: none"> • We will continue to develop properties offering a good balance of location, rent, and specs.
Trading market	<ul style="list-style-type: none"> • If investors' expected yields rise due to interest rate trends, this may affect future selling prices. 	<ul style="list-style-type: none"> • We have not yet observed an increase in expected yields, but will closely monitor the market environment.
Development costs	<ul style="list-style-type: none"> • Construction costs and interest rates are trending upward. 	<ul style="list-style-type: none"> • There is a possibility rising construction costs will have an impact on development projects without contracts with general contractors in place at this time (mainly properties slated for sale during the period of the next medium-term management plan). We will continue to secure profits through appropriate leasing and cost management. • However, rising construction costs could be a factor boosting profits, since they will put upward pressure on rents for new properties. • We mainly procure funds for development with short-term variable interest rates, so interest rate hikes are not expected to have much impact on development costs.

Logistics Investment | Pipeline



- LogiSquare Narita has been sold (announced on August 16, 2024).

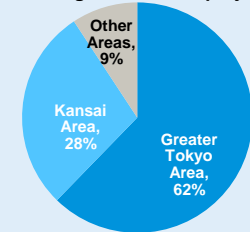
*Sales and gain on sale are to be recorded in Q1 FY07/25.

- We have confirmed tenants for LogiSquare Fujimino B and LogiSquare Atsugi Minami.

Timing of sale	Property name	Area	Total floor area(sqkm)	Tenants confirmed, either officially or informally	Completion (planned)
FY 07/22	LogiSquare Sayama Hidaka(20%)	Greater Tokyo	84,132	-	June 2020
	LogiSquare Osaka Katano	Kansai	80,535	-	January 2021
	LogiSquare Miyoshi II	Greater Tokyo	18,135	-	March 2021
Total: 115,496sqm *Regarding Sayama Hidaka, we calculate using 20% of total area, based on sold ownership ratio					
FY 07/23	LogiSquare Shiroi Joint project	Greater Tokyo	30,819	-	December 2022
	LogiSquare Hirakata	Kansai	45,761	-	January 2023
Total: 76,580sqm					
FY 07/24	LogiSquare Itami	Kansai	29,978	-	November 2022
	LogiSquare Atsugi I	Greater Tokyo	18,236	-	March 2023
	LogiSquare Ichinomiya	Other	60,641	-	September 2023
	LogiSquare Kakegawa	Other	14,236	-	January 2024
	LogiSquare Fukuoka Ogoori	Other	23,913	-	February 2024
Total: 147,004sqm					
FY 07/25 (planned)	LogiSquare Matsudo Leased land	Greater Tokyo	15,642	100%	May 2023
	LogiSquare Atsugi II Joint project	Greater Tokyo	18,422	100%	March 2024
	Sold LogiSquare Narita	Greater Tokyo	18,022	100%	May 2024
	Logicity Ogoori Joint development	Other	28,364	100%	July 2024
	LogiSquare Kyotanabe A (75%)	Kansai	155,878(planned)	100%	February 2025 (planned)
Total: 197,359sqm *Regarding Kyotanabe A, we calculate using 75% of total area, based on an ownership ratio we plan to sell					
FY 07/26 (planned)	LogiSquare Fujimino A	Greater Tokyo	112,340	10%	January 2024
	LogiSquare Soka II	Greater Tokyo	16,100(planned)	-	October 2024 (planned)
	LogiSquare Fujimino B	Greater Tokyo	114,083(planned)	100%	October 2024 (planned)
	LogiSquare Kyotanabe A (25%)	Kansai	155,878(planned)	100%	February 2025 (planned)
	LogiSquare Kuki III	Greater Tokyo	undecided	-	Undecided
Total: More than 281,493sqm *Regarding Kyotanabe A, we calculate using 25% of total area, based on an ownership ratio we plan to sell					
FY07/27 and later (planned)	LogiSquare Nagoyaminato	Other	50,832(planned)	-	November 2025 (planned)
	LogiSquare Atsugi Minami Leased land	Greater Tokyo	14,644(planned)	100%	January 2026 (planned)
	LogiSquare Kyotanabe B	Kansai	87,534(planned)	-	2026 (planned)
	LogiSquare Asaka A	Greater Tokyo	112,000(planned)	-	2027 (planned)
	LogiSquare Asaka B Leased land	Greater Tokyo	68,000(planned)	-	2027 (planned)
	LogiSquare Fujimino C	Greater Tokyo	43,283(planned)	-	2027 (planned)
	(Other undisclosed properties)	-	-	-	-
Total: More than 376,293sqm					

The announced Second Medium-Term Management Plan pipeline has topped **¥210.0 billion**, exceeding the commitment under the plan.

Pipeline projects by area from FY07/25 (Excluding undisclosed projects)



Pipeline acquisitions for the next medium-term plan are also progressing steadily and have expanded to over **¥200.0 billion**.

*This figure includes undisclosed properties.

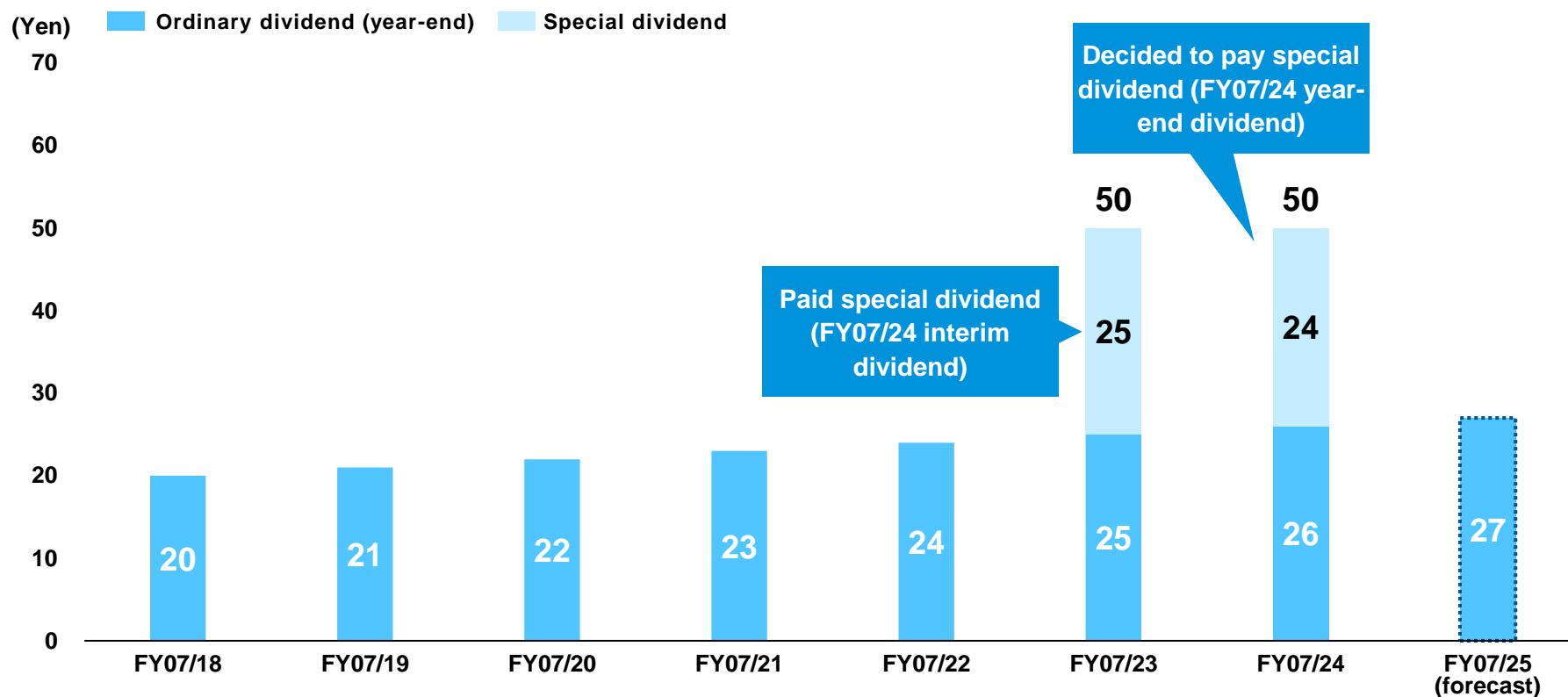
* Timing of sales may change, depending on construction progress and leasing conditions.

Shareholder Returns

Dividend per share

- Stable and continuous dividend performance
- Continue increases in ordinary dividend (year-end dividend)
- We plan to pay an ordinary dividend (year-end dividend) of ¥27 in FY07/25, and will announce any additional returns based on our shareholder return policy once decided.

Dividend per share



* 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.

Shareholder Returns

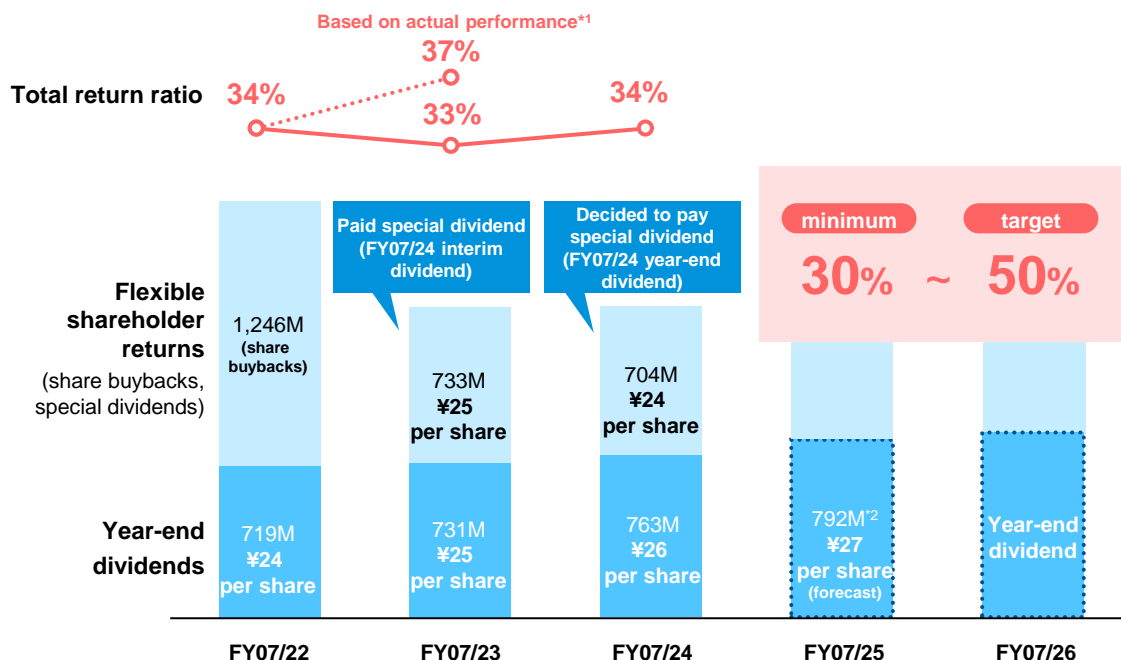
: Stable Dividend and Flexible Shareholder Returns



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

Total of at least **¥8.0 billion** (planned)

*At the FY07/24 results briefing (September 13, 2024), we revised the amount announced at the FY07/23 results briefing (September 13, 2023).

FY07/22–FY07/24 shareholder returns^{*3}

Total of **¥4.8 billion**

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 July 31, 2024 (excluding treasury stock) *3 Total amount decided to be refunded

CRE's Strengths



Broad network and **track record** with asset owners and tenants cultivated over more than 60 years* in the real estate management business



High development profit margins realized by utilizing unique strengths in each phase of logistics real estate development



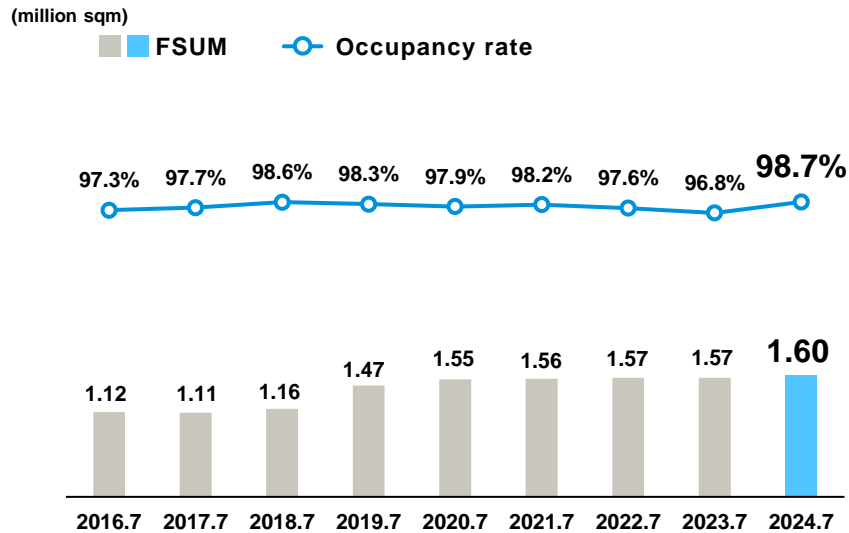
Recurring and non-recurring revenue businesses are organically linked, enabling **steady expansion of recurring revenue businesses** as a stable earnings base

CRE's Strengths ① Network

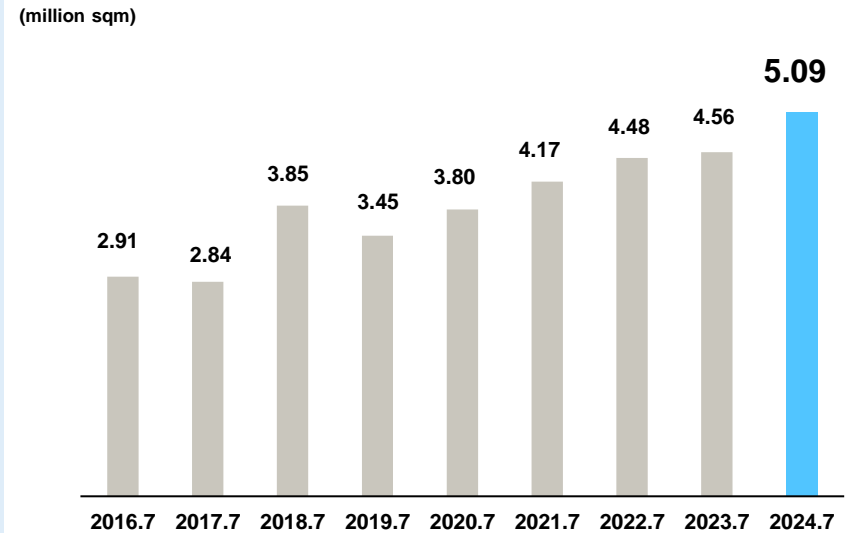


- A long track record of more than 60 years*1 in the logistics real estate management business has helped us realize a stable master lease occupancy rate and steady increase in floor space under management.
- Our extensive network of asset owners and tenants nationwide at small to large warehouses and in various industries, cultivated through the master lease and property management businesses, is also utilized in logistics real estate development.

Master lease floor space under management (FSUM) and occupancy rate



Property management FSUM



Total master lease and property management FSUM

(million sqm)

Year	2016.7	2017.7	2018.7	2019.7	2020.7	2021.7	2022.7	2023.7	2024.7
Total FSUM	4.03	3.96	5.00	4.92	5.35	5.72	6.05	6.13	6.69

Ranking of logistics facility-focused PM companies by FSUM

No. **3***2

*1 Tenko Soken Co., Ltd., established in 1964 *2 Source: Gekkan Property Management (November 2023 issue)

Status of Real Estate Management (by area)

Master Lease

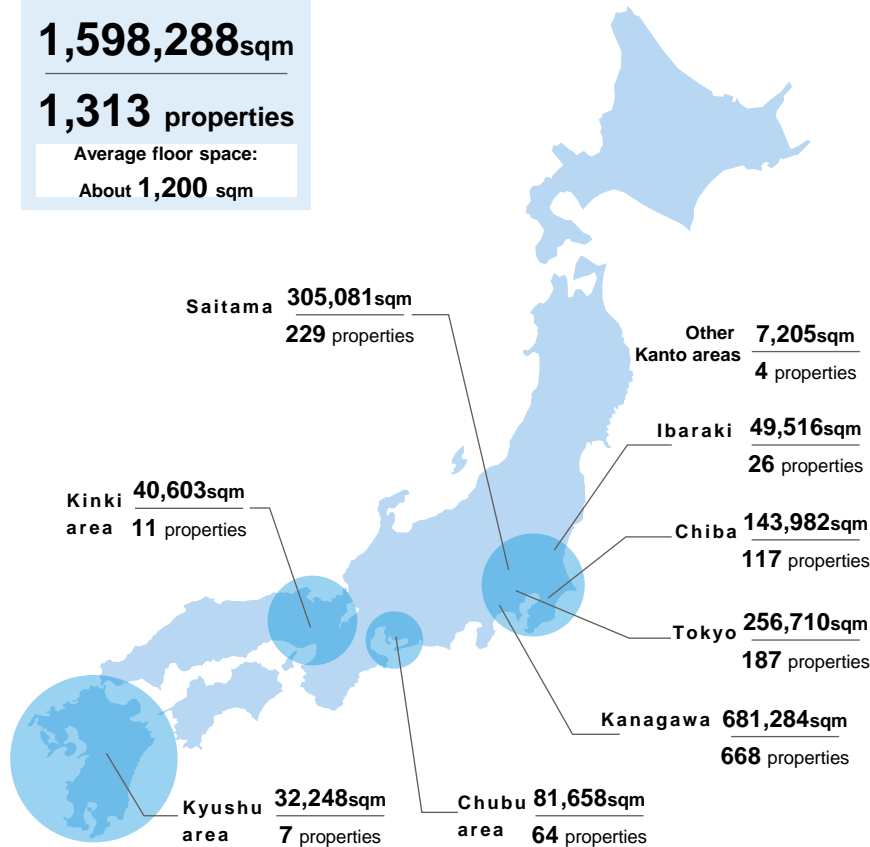
Mainly small properties located over a wide area, but centered on Greater Tokyo

1,598,288sqm

1,313 properties

Average floor space:

About **1,200 sqm**



Property Management

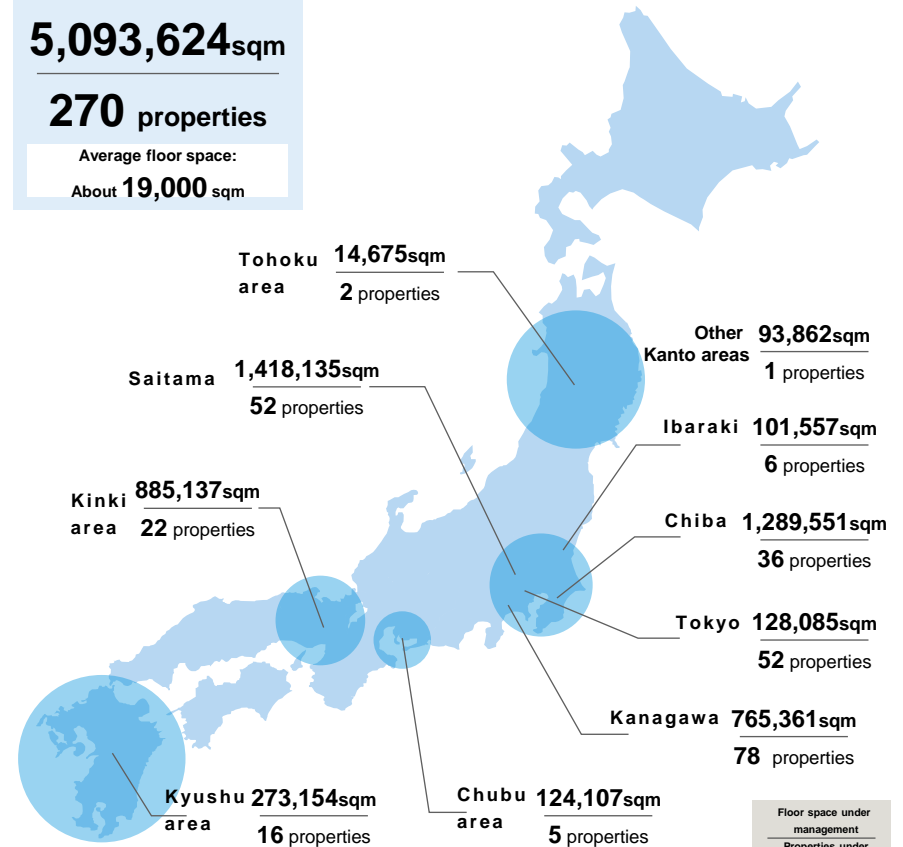
Mainly large properties located over a wide area, but centered on Greater Tokyo

5,093,624sqm

270 properties

Average floor space:

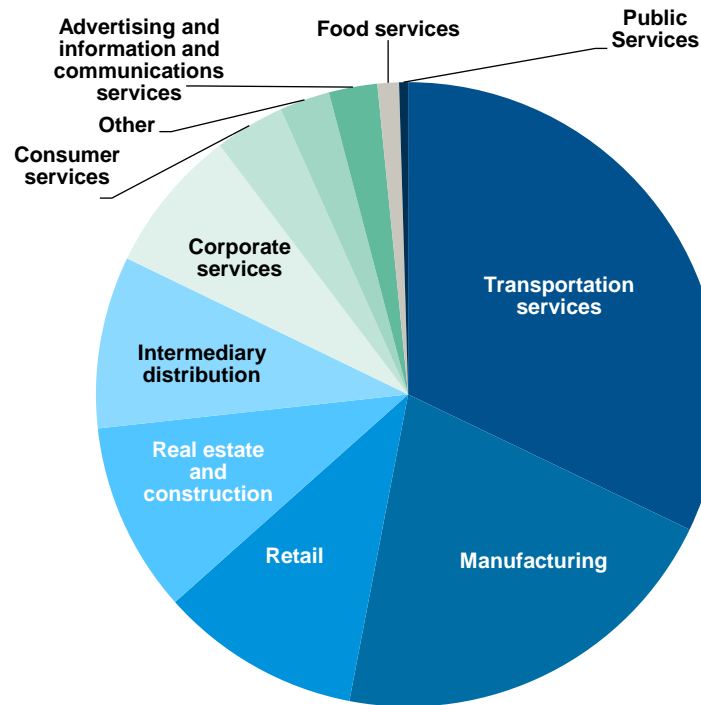
About **19,000 sqm**



Floor space under management
Properties under management

- Tenants of our master lease properties are from a wide variety of industries.
- In property management, we have a strong track record of management contracts from outside the CRE Group.

Tenant composition in master lease business



* As of July 31, 2024

Major customers for property management business

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

* As of July 31, 2024

- We have unique strengths in logistics real estate development, creating a competitive advantage and achieving continuous development.



CRE develops LogiSquare logistics facilities in-house

Unique sourcing (land procurement) methods

- **Ability to handle development permit risks (for urbanization control and land readjustment areas)**
We utilize our many years of experience and knowledge to thoroughly research the ordinances of each city, town, and village, to develop properties in urbanization control and land readjustment areas.
- **Good soil remediation capability utilizing the Group's strengths**
 - EnBio Holdings, Inc. (equity-method affiliate) Provides one-stop services related to soil remediation
 - Land Revitalization Investment Ltd. (equity-method affiliate) Purchases contaminated land, remediates it at low cost, and converts it for logistics and commercial facilities

Capability to address risks associated with development approvals and permits^{*1}

38%

Percentage of development projects for which soil contamination countermeasures have been drafted^{*1}

42%

Real estate development and leasing leveraging tenant relationships

- **Unique relationships with a diverse range of tenant companies**
Leveraging our contacts with logistics real estate users (tenants) through our master lease and property management businesses, we develop properties that fully reflect tenant needs.
- **In-house leasing team with in-depth knowledge of the logistics real estate market**
We issue our own market reports and have an in-house leasing team that is thoroughly familiar with the market, ensuring success in leasing.

Number of master lease and property management properties^{*2}

1,583

Tenant confirmation ratio for self-developed properties one year and a half after completion^{*1*3}

91%

High gross profits realized through expertise in land procurement and construction management

- **Familiar with supply and demand trends and rents in each area**
- **Construction management team made up of first-class architects**

Historical average development GPM^{*4}

About **23%**

Planning based on thorough knowledge of warehouse operations and facility management

In-house construction management

*1 Based on the performance of 32 completed properties up to Logicity Ogoori *2 As of end-July 2024 *3 The leasing period is assumed to be one to one and a half years.
*4 Average for FY07/14 to FY07/24

CRE's Strengths ② Logistics Real Estate Development

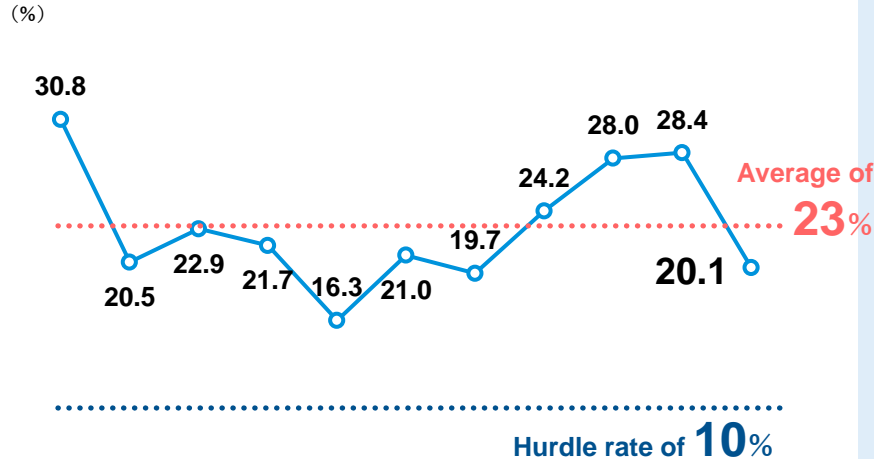
- Although there is high PL volatility due to differences in the timing of property sale for individual projects, we ensure high gross profit margins and investment returns for each development project, and this contributes steadily to CRE's profits.

Reference Development GPM

High development GPM

Development GPM historical average

About **23%**



2014.7 2015.7 2016.7 2017.7 2018.7 2019.7 2020.7 2021.7 2022.7 2023.7 2024.7

Reference Investment to exit

Reference case:
LogiSquareOsaka Katano

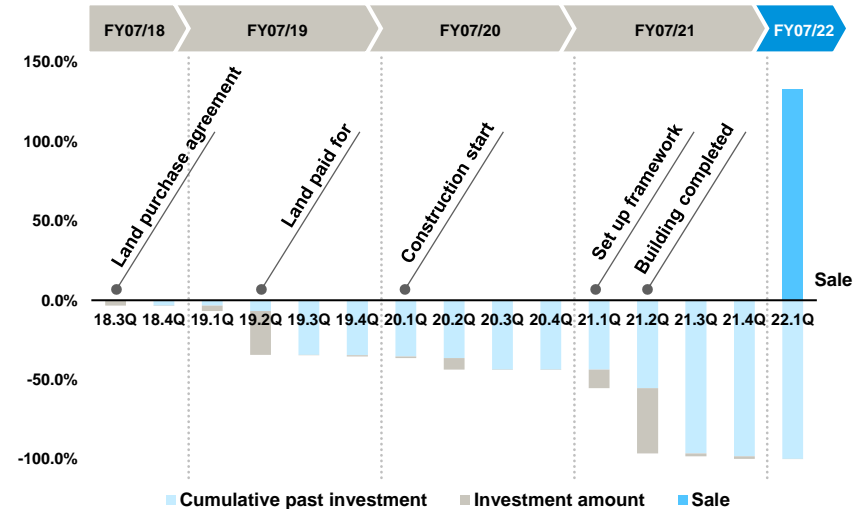
Realized high IRR through tail-heavy capital investment

Non-leveraged IRR

About **19%*1**

Leveraged IRR

More than **50%*1**

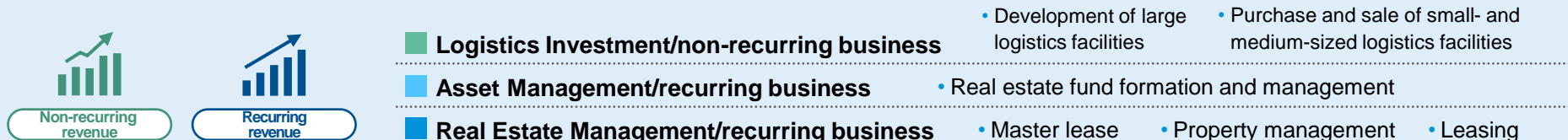


* Image of investment and recovery when total cost is set at 100% (excluding tax)
Does not include AM and PM fees received from CRE Logistics REIT after the sale

*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.

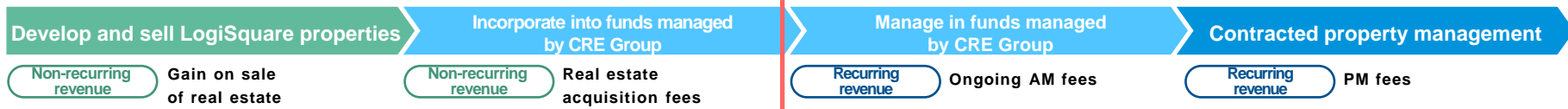
CRE's Strengths ③ Organic Link between Recurring and Non-recurring Revenue Businesses

- Starting with property development (non-recurring revenue business), we can steadily expand the scale of Asset Management and Real Estate Management (recurring revenue businesses) to serve as a stable earnings base.

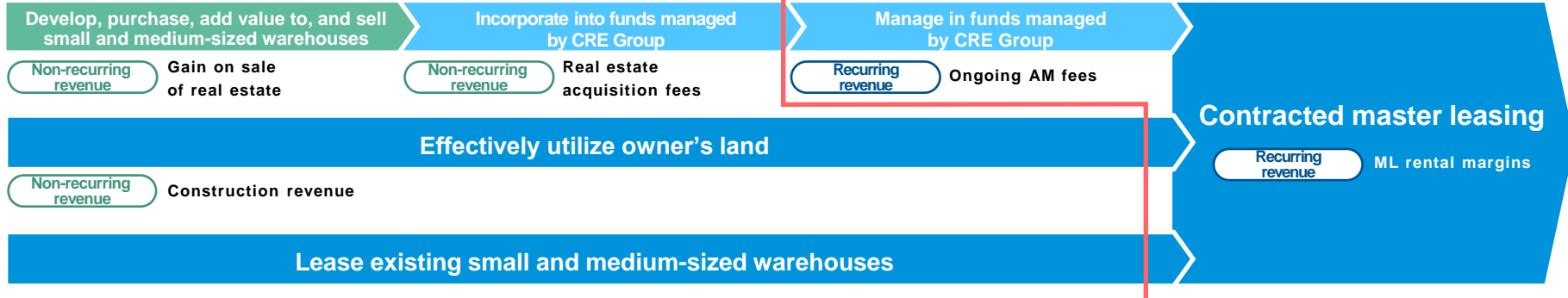


Development business earnings model *A numerical visualization appears on the next slide.

Solid recurring revenue business growth



Master lease business earnings model: Secure rental margins



CRE's Strengths ③ Organic Link between Recurring and Non-recurring Revenue Businesses

- We have established a strong revenue base that benefits from both the highly profitable development business (non-recurring revenue) and the highly reproducible 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



High profitability backed Proven results (Gross)

¥40 billion/year × 23% = ¥9.2 billion/year

Low-end target Historical average

10% – 23%

Capture property acquisition fees

¥40 billion/year × 0.5% = ¥200 million/year

Property acquisition price × 0.5%*1

Stable and highly profitable asset management

¥40 billion/year × 0.5% = ¥200 million/year

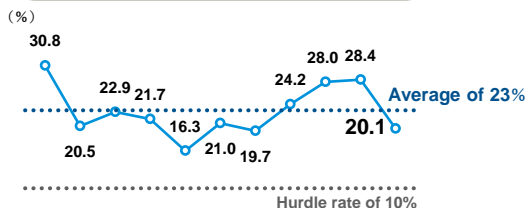
Property price × 0.5%*2

Property management with high tenant retention

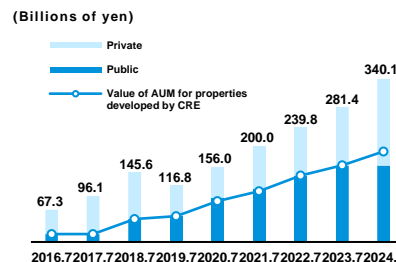
¥40 billion/year × 5% × 1.5% = ¥30 million/year

Rent × 1.5%*3

Development GPM results



AUM



*1 If CRE Logistics REIT acquires CRE development properties *2 Approx. 0.5% based on historical total ongoing asset management fees for CRE Logistics REIT.
 *3 Assumes a property gross yield of 5% and a fee rate of 1.5% (from CRE Logistics REIT)

CRE Group's Business Domain



- We handle property development and management and asset management as a one-stop service provider, and, in the logistics real estate field, we cover a wide range of business areas unparalleled among listed companies.
- We handle a wide range of real estate, from small to large properties, building relationships with a variety of asset owners and tenants.

Image of CRE Group's business domain



Growth Strategy

Numerical targets

	Results of First Medium-Term Management Plan	Targets of Second Medium-Term Management Plan
Business profit*	¥6.2 billion in FY07/21	¥10.0 billion or more by FY07/26
ROE in final FY	15%	15% or higher

Status of efforts to achieve these targets

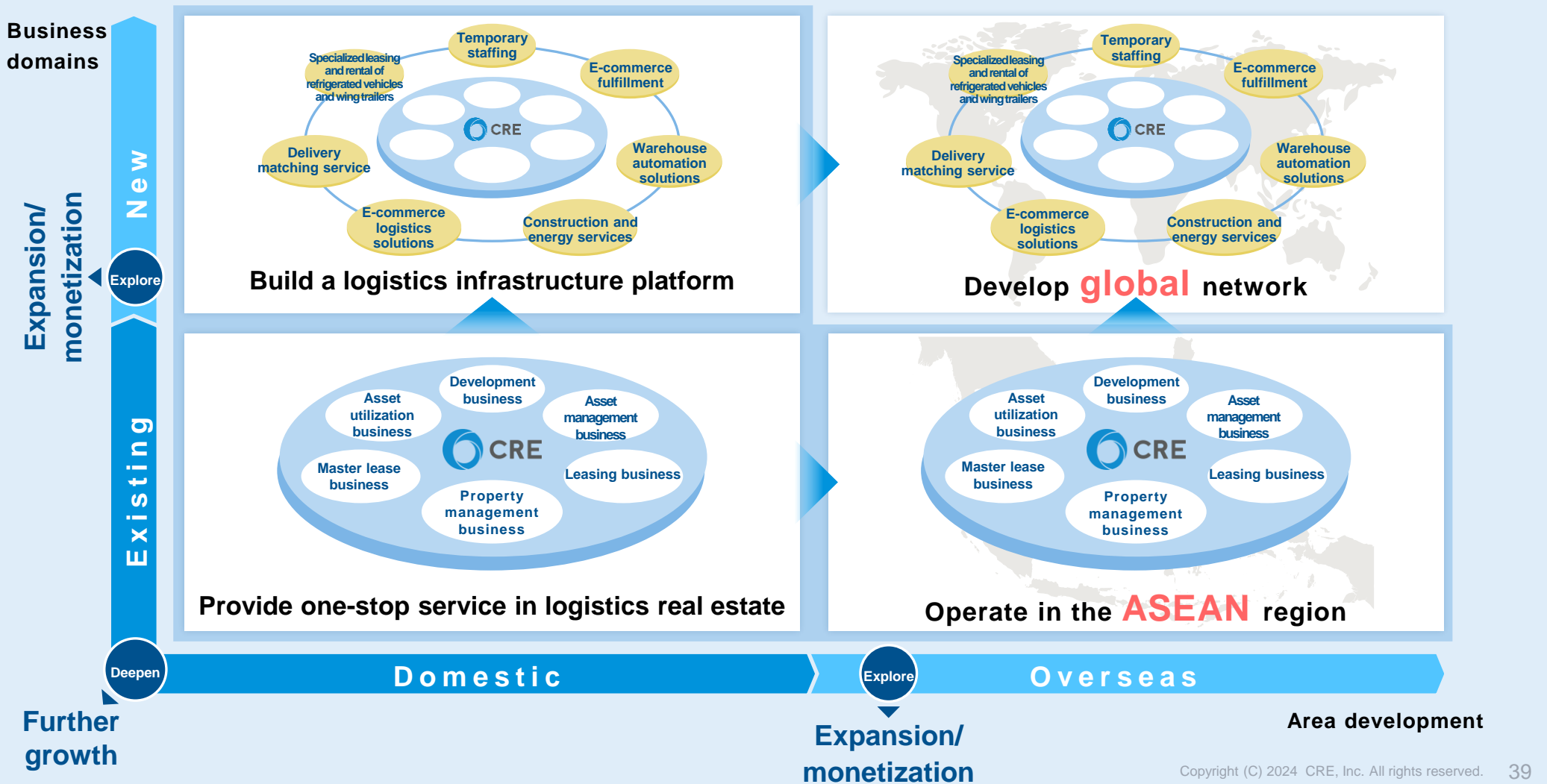
Logistics Investment	<ul style="list-style-type: none"> Steady procurement 	<p>Our announced pipeline balance has topped ¥210.0 billion, exceeding the commitment under the Second Medium-Term Management Plan. We are now focusing on procurement for the period of the next medium-term plan.</p>
Real Estate Management	<p>Master lease</p> <ul style="list-style-type: none"> Increasing floor space under management Effective use of land (construction of warehouses); development and purchase of small- and medium-sized warehouses for sale to funds managed by CRE Group; leasing of existing small- and medium-sized warehouses <p>Property management</p> <ul style="list-style-type: none"> Increasing floor space under management and improving profitability Management of LogiSquare properties developed in-house on behalf of funds managed by the CRE Group 	<p>Master lease and property management floor space under management increased roughly 970,000sqm between end-FY07/21 and end-FY07/24.</p>
Asset Management	<ul style="list-style-type: none"> Expanding AUM Development of our own LogiSquare properties; development and purchase of small- and medium-sized warehouses for sale to funds managed by CRE Group Aiming to improve AM fee income by providing appropriate services to fund investors, centered on logistics facilities Aiming to diversify private funds in addition to CRE Logistics REIT 	<p>AUM increased ¥140.1 billion between end-FY07/21 and end-FY07/24.</p> <p>The AM fee rate rose seven points between end-FY07/21 and end-FY07/24.</p> <p>We expanded our self-storage funds and began operating CRE Industrial Asset REIT in June 2024.</p>
Overseas	<ul style="list-style-type: none"> Focusing on investment in warehouse development in Vietnam and Indonesia 	<p>We completed nine buildings between end-FY07/21 and end-FY07/24.</p>
Other operations	<ul style="list-style-type: none"> Continuing expansion of logistics infrastructure platform (LIP) membership 	<p>We made Sato Solution Architect Co., Ltd. (now STRASOL Architects, Inc.) a subsidiary. We also entered capital and business alliances, or business alliances, with four companies between end-FY07/21 and end-FY07/24.</p>

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

CRE Group's Business Portfolio Development



- From a corporate group that provides one-stop services for logistics real estate, we aim to evolve into a corporate group that serves as a base for all services supporting logistics, and to grow into a company that continues to contribute to society through further growth in existing areas and expansion and profitability in both our overseas business and other new businesses.



Investment Plan to Support business Growth



- We will continue to inject funds mainly into the Logistics Investment business. We have already secured a sufficient development pipeline for the period of the Second Medium-Term Management Plan, so investment in new development projects will shift to properties intended for sale from FY07/27 onward.
- We will also continue to invest actively in overseas real estate development.

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

(Billions of yen)

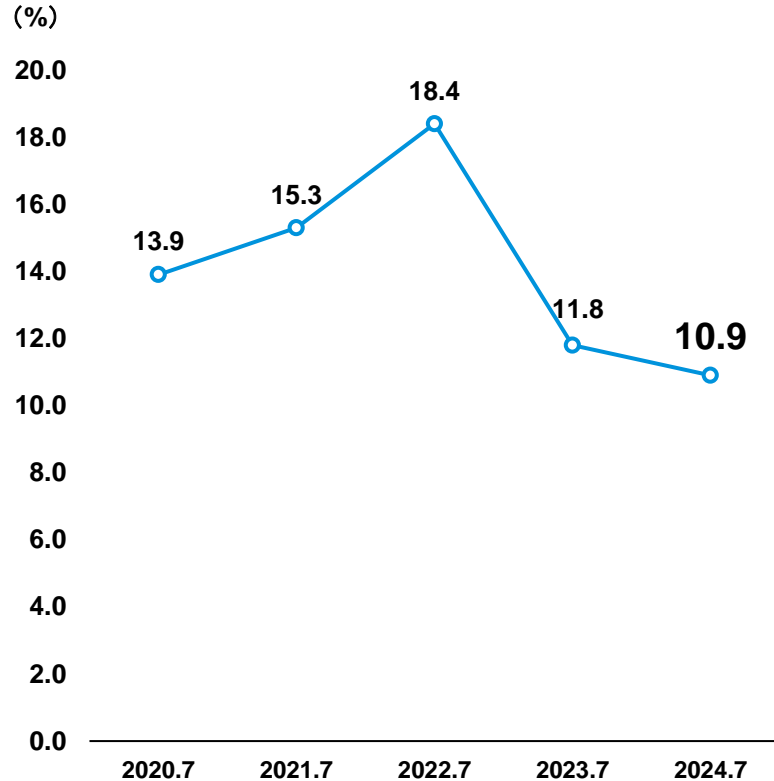
	FY07/22-FY07/24 actual	FY07/25-FY07/26 forecast	Total in 5 years
Logistics Investment	113.0	110.0	223.0
Asset Management	1.0	3.5	4.5
Overseas	4.0	5.0	9.0
New businesses	0.5	0.5*	1.0
total	118.5	119.0	237.5

*Funds for executing M&A are not included.

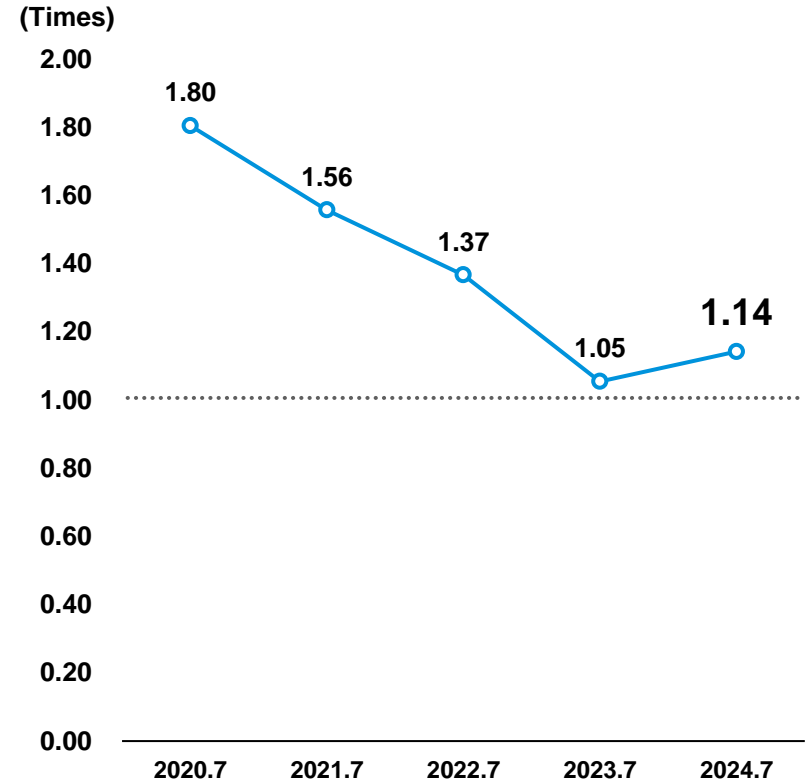
Measures to Realize Management Conscious of Cost of Capital and Stock Prices

- ROE has been above 10%.
- PBR has remained above 1.00x, but we aim to improve it through appropriate valuation in the stock market.

ROE



PBR



Challenges

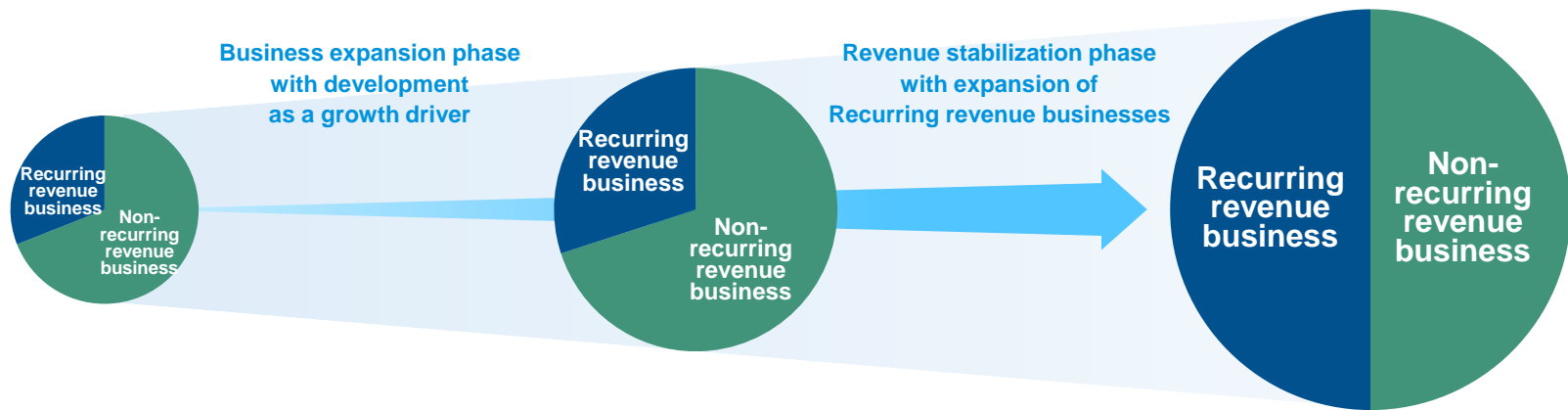
- Presenting a highly transparent growth scenario
- Reducing earnings volatility
- Making proactive shareholder returns



Responses

- Continuously update business profit forecasts
- Stabilize earnings by expanding Recurring revenue
- Continue to invest in growth and achieve a high total return ratio*1

Earnings stability improvement milestones (recurring revenue business growth)



Actual for FY07/24

Target for FY07/26

Future vision

Business Profit **¥8.25 billion**

¥10 billion or more

Multiple $\times 5.7$ (Market cap / Business profit)

Aim to improve equity valuation by expanding profitability

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

Market cap = **¥46.9 billion** (As of July 31, 2024)

Initiatives to Realize Sustainable Society

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

Identified priority issues (materiality)

E

Realize sustainable environment

- Switch to 100% green power by installing solar power generation systems at LogiSquare development properties
- Develop overseas power generation and water supply businesses (Middle East area) through group companies
- Obtain environmental certifications for LogiSquare 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

S

Grow and develop together with local communities

- Collaborate to preserve history (assist excavations)
- Create local employment through warehouse development
- Participate in welfare activities
- Sponsor courses at universities: Sophia University, Meiji University

Create environment where diverse human resources can thrive

- Promote diversity
- Advance workstyle reform
- Develop and train human resources with a focus on self-fulfillment

G

Enhance corporate governance to secure trust of society

- Address corporate governance issues
- Ensure thorough compliance, strengthen practices
- Reinforce risk management

Key SDGs



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.

Topics

- From June 2024, EnBio C Energy began operating a rooftop solar power system at LogiSquare Atsugi I (already sold).
- From August 2024, EnBio C Energy began operating a rooftop solar power system at LogiSquare Matsudo.



LogiSquare Atsugi I



LogiSquare Matsudo

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.



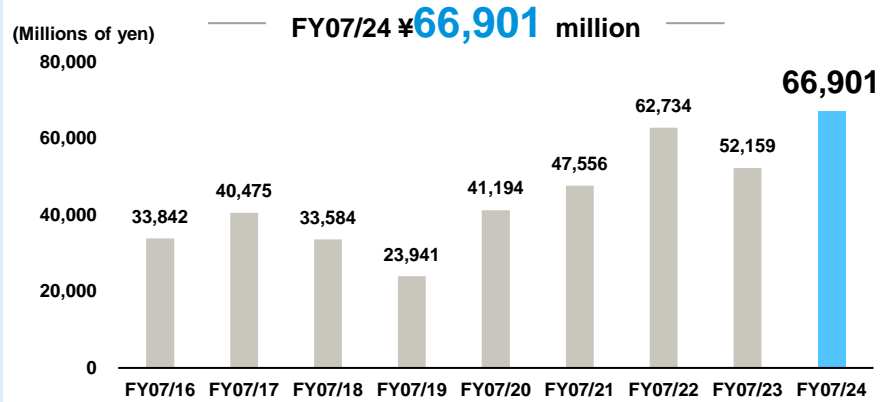
Solar power plant in Sabha, Mafraq (Jordan)



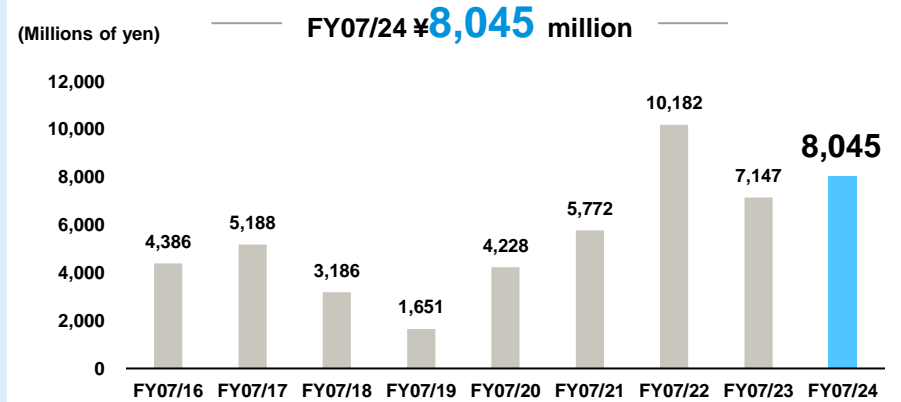
Biomass gasification power plant in Goynuk, Bolu Province in northwestern Turkey

Appendix

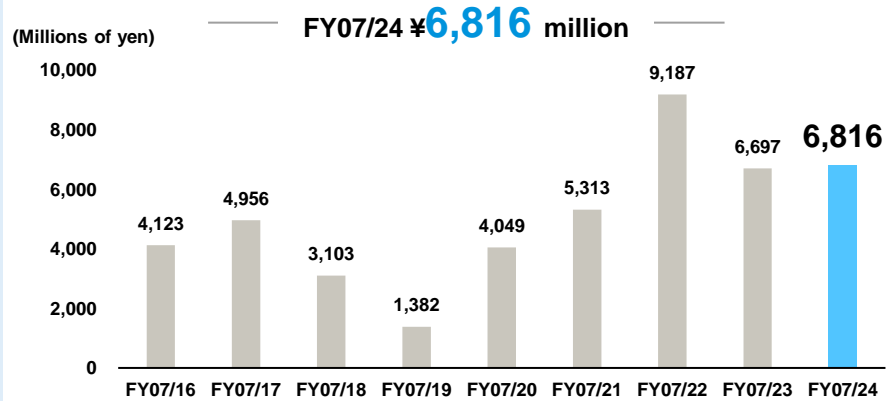
Net Sales



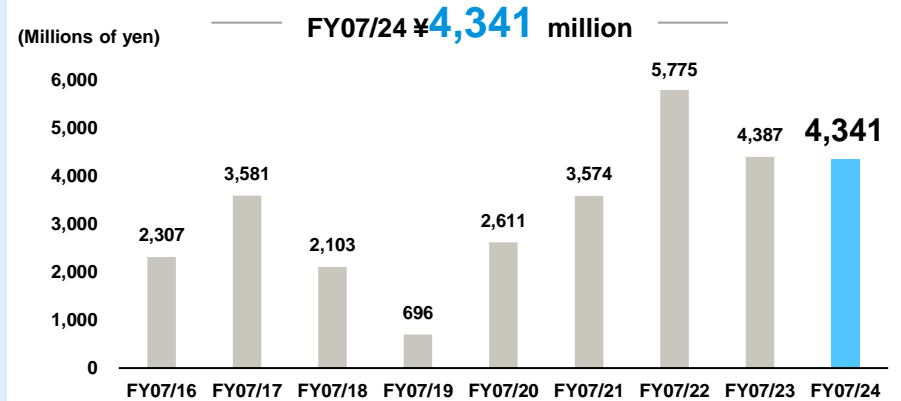
Operating Profit



Recurring Profit



Profit attributable to owners of parent



About CRE, Inc.

CRE is a one-stop logistics real estate service provider, providing a full range of logistics real estate services, encompassing leasing, management, development, brokerage, and investment advice.

Management Philosophy

Ei | Eternal: Our mission is to achieve perpetual growth
Toku | Virtue: We will work for the betterment of all people
Kan | Cycle: We will value connections with society

Corporate Philosophy

Creating a Connected Future
 Our mission is to create true value and to endure as a corporate group that is indispensable to society.

Business Vision

We seek to be the No.1 corporate group with a logistics infrastructure platform that connects the people and things of our world.

Company name	CRE, Inc.
Stock code	3458 Prime Market of the Tokyo Stock Exchange
Representative	Shuheï 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	¥5,365 million (as of July 31, 2024)
Consolidated net sales	¥66,901 million (FY07/24)
Number of employees	356 (Consolidated basis /as of July 31, 2024)
Industry sector	Real estate business



Shuheï Yamashita
 Representative Director,
 Chairman

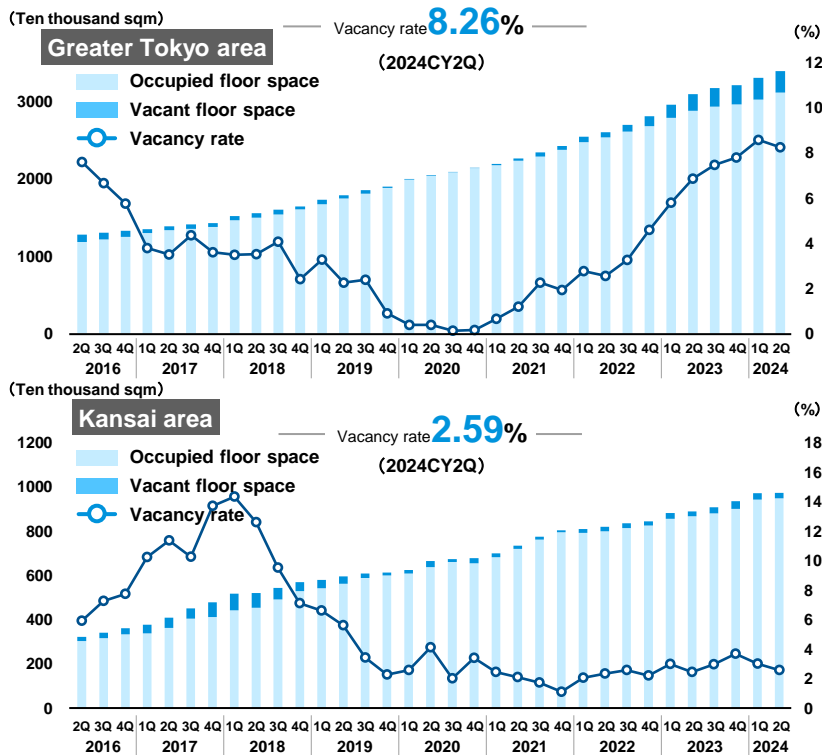


Tadahide Kameyama
 Representative Director,
 President

Rental market

- In the Greater Tokyo area, demand increased for two consecutive quarters, and vacancy rates fell as strong demand exceeded supply.
- In the Kansai area, despite a significant drop in demand, vacancy rates fell as supply also decreased.

Stock amount and vacancy rate

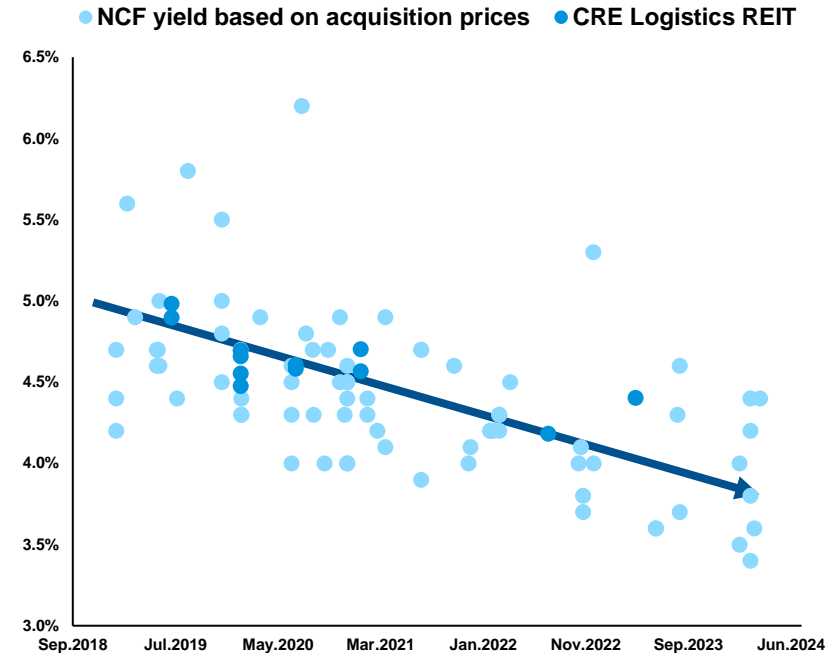


Source: "Market Report on Warehouses and Logistics Properties (β version) Ver. 202406" published by CRE, Inc.

Trading market

- Downtrend in cap rate continues.

Comparison of NCF yield and 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

Summary of Consolidated Balance Sheets



	As of July 31, 2023	As of July 31, 2024	Change		As of July 31, 2023	As of July 31, 2024	Change
Total assets	138,821	142,557	3,735	Liabilities	100,344	101,386	1,041
Current Assets	109,658	111,141	1,483	Current liabilities	35,357	39,373	4,015
(Key components)				(Key components)			
Cash and deposits	28,292	24,325	-3,966	Short-term borrowings, etc.*1	20,749	26,434	5,685
Real estate for sale	16,214	39,063	22,849	Non-current liabilities	64,986	62,012	-2,974
Real estate for sale in process	58,588	37,168	-21,420	(Key components)			
Non-current assets	29,150	31,396	2,245	Long-term borrowings, etc.*2	54,946	51,403	-3,542
(Key components)				Leasehold and guarantee deposits received	8,899	9,513	614
Property, plant and equipment	7,467	6,829	-638	Net assets	38,477	41,170	2,693
Intangible assets	908	955	47	Share capital	5,295	5,365	69
Investments and other assets	20,774	23,611	2,836	Capital surplus	6,008	6,078	69
(Of which, leasehold and guarantee deposits)	(7,999)	(8,259)	260	Retained earnings	25,979	28,855	2,875
Total assets	138,821	142,557	3,735	Total liabilities and net assets	138,821	142,557	3,735

(Millions of yen)

- **Key components of real estate for sale** LogiSquare Matsudo, LogiSquare Fujimino A, LogiSquare Atsugi II, LogiSquare Narita, Logicity Ogoori, and small-sized warehouses, etc.; 10 properties in total
- **Key components of real estate for sale in process** LogiSquare Fujimino BC, LogiSquare Kuki III, LogiSquare Kyotanabe AB, LogiSquare Soka II, LogiSquare Atsugi Minami, LogiSquare Nagoyaminato

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

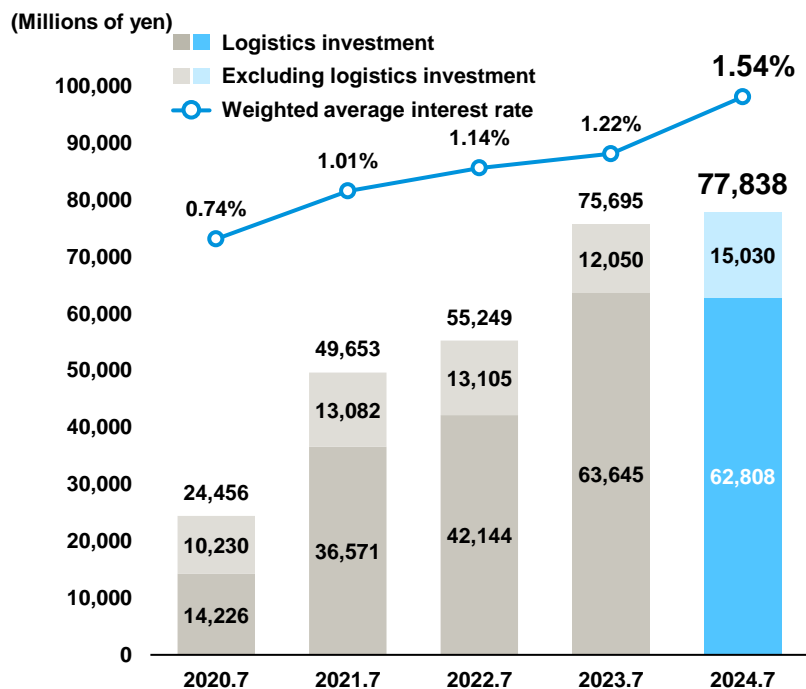
*2 Long-term borrowings, etc. = Bonds payable + Long-term borrowings

Financial Position (As of July 31, 2024)



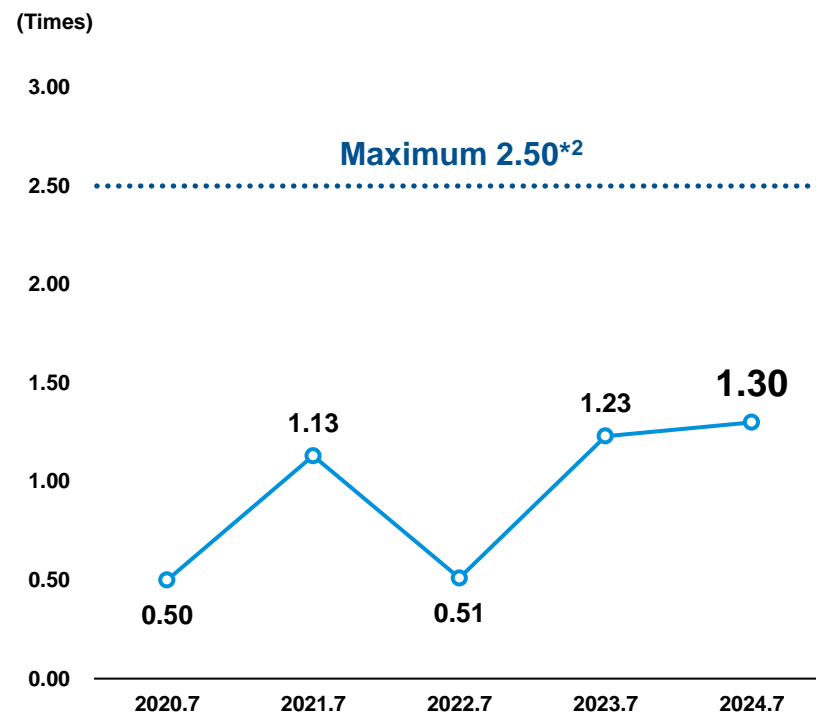
- We continue to raise funds under favorable conditions.
 - Funds for development are raised mainly at short-term variable interest rates.
 - In terms of interest-bearing debt, we generally control our net debt-to-equity ratio at 0.5x–1.5x, with 2.5x being the maximum.

Consolidated loan balance and weighted average interest rate



Funding sources (Number)	2020.7	2021.7	2022.7	2023.7	2024.7
	23	28	44	44	36

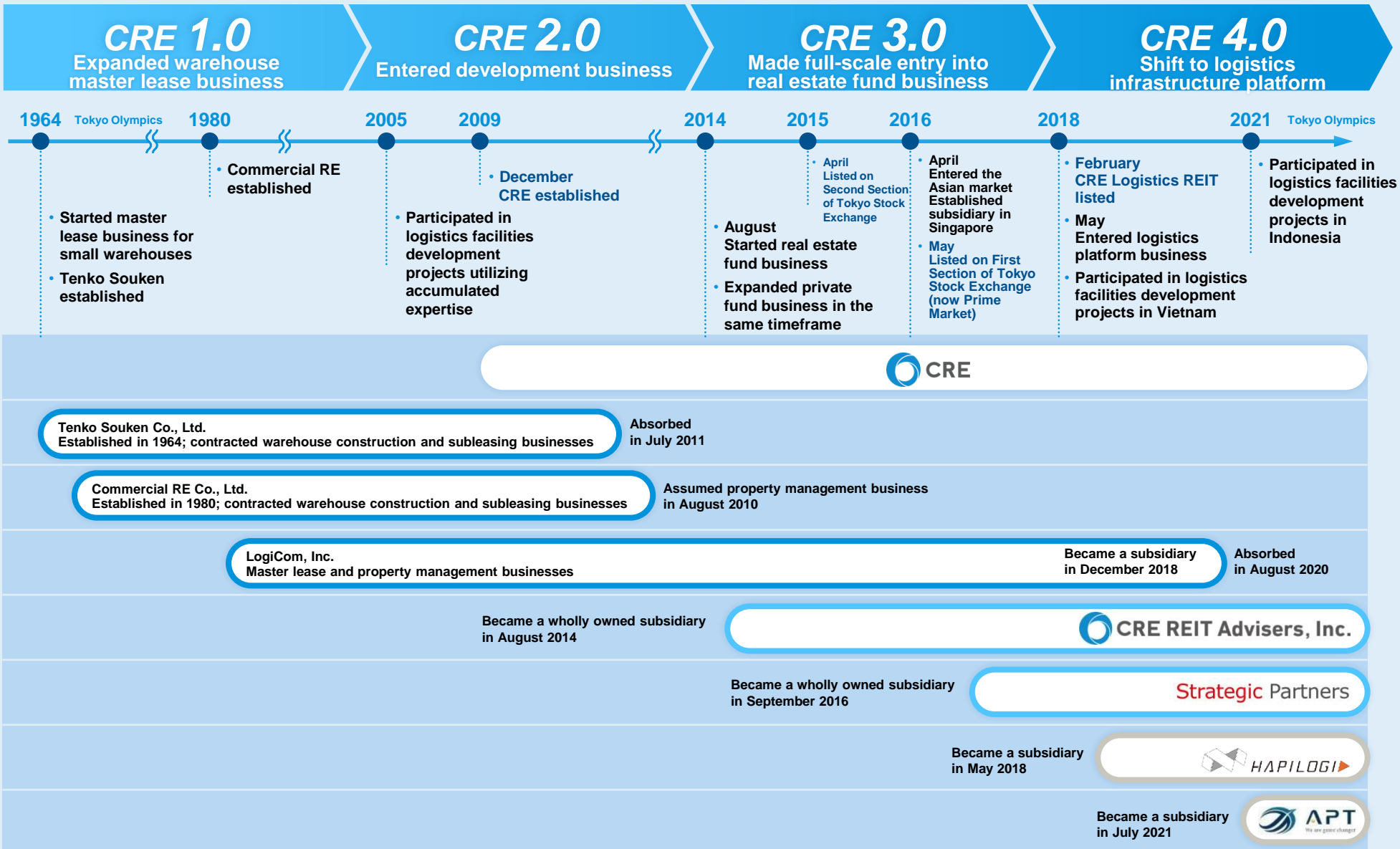
Net debt-to-equity ratio *1 (consolidated)



*1 Net debt-to-equity ratio = (Interest-bearing debt [short-term borrowings, etc. + long-term borrowings, etc.] - cash and deposits) / Equity capital

*2 We set the upper limit for net debt-to-equity ratio at about 2.5 times.

(Source: Long-term strategy announced September 12, 2016)



※ See page 53 for business details pertaining to subsidiaries.

We seek to be the No. 1 corporate group with a logistics infrastructure platform*¹ that connects the people and things of our world.

Subsidiaries

CRE REIT Advisers, Inc.
CRE REIT Advisers, Inc.*²
Operation of J-REITs specializing in logistics facilities

Strategic Partners
Strategic Partners Co., Ltd.*²
Operation of private REITs and funds

HAPILOGI
HAPILOGI, INC.*²
Automation and improved efficiency of e-commerce logistics

APT
We are game changer
APT Corporation*²
Warehouse automation and labor saving

STRASOL Architects
STRASOL Architects, Inc.
Business and IT consulting and solutions development support

Affiliates

ENBIO HOLDINGS, INC.
株式会社エンバイオ・ホールディングス
EnBio Holdings, Inc.*³
Provides one-stop services related to soil remediation

LRI
株式会社土地再生投資
Land Revitalization Investment
Land Revitalization Investment Ltd.*³
Rehabilitation of land with inherent soil contamination

Logi HR
Logi HR Co., Ltd.
Human resource issue resolution in the logistics industry

A-TRUCK
A-TRUCK Co., Ltd.*³
Refrigerated and wing truck leasing and rental



Capital and business alliances

CBcloud
CBcloud Co., Ltd.
Delivery matching platform

ASCEND
ascend, LTD.
Promotion of logistics DX

CCREB
企業価値創造ソリューションカンパニー
Compact CRE FOR ASIA
CCREB Advisors Inc.
CRE strategy creation and implementation support

Alliances

SANKYU
Sankyu Inc.

TRANCOM
TRANCOM Co., Ltd.

EDION
EDION Corporation

estie
estie, inc.

Japan Warehouse Master Lease Association
一般社団法人日本倉庫マスターリース協会
Japan Warehouse Master Lease Association

*1 System providing total logistics service infrastructure by simultaneously providing "logistics real estate" and "additional usage value"
*2 Consolidated subsidiary *3 Equity-method affiliate

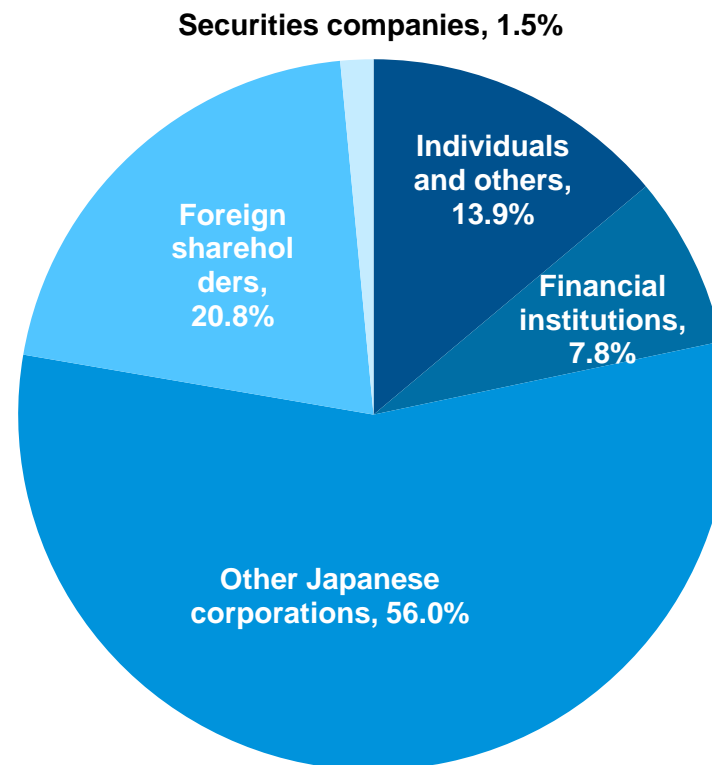
Issued shares and shareholders

Number of shares issued and outstanding	29,356,700
Number of shareholders	7,205

Major shareholders

Shareholder name	Number of shares (Thousands)	Shareholding Ratio (%)
Kyobashi Kosan, Inc.	11,040	37.62
Kenedix, Inc.	4,485	15.28
GOLDMAN, SACHS & CO. REG	2,284	7.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,101	3.75
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	942	3.21
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	747	2.55
NORTHERN TRUST CO. (AVFC) RE HCR00	570	1.94
Kokyo Tatemono Co., Ltd.	559	1.91

Ratio of Shareholding by Type of Shareholder



* In addition to the above, CRE owns 10,142 of its own shares, representing 0.03% of the total number of issued shares.

- **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.**