

CRE, Inc.

Code: 3458

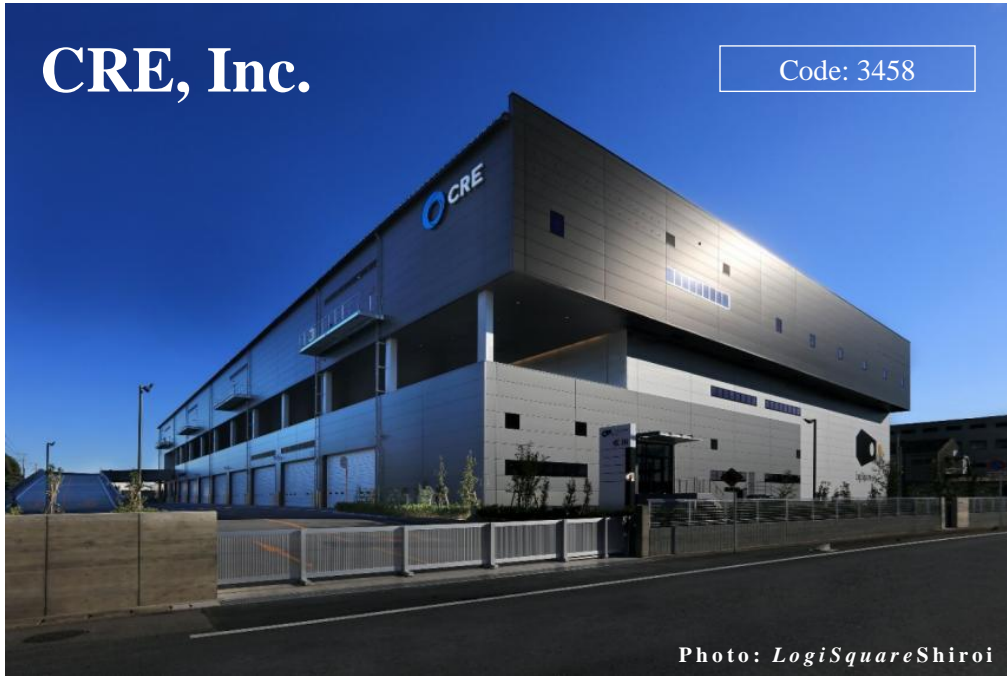


Photo: *LogiSquareShiroi*

**Consolidated Results for the Fiscal Year
Ended July 31, 2023
(August 1, 2022 to July 31, 2023)**

September 13, 2023



Photo: *LogiSquareHirakata*

**(1) Update on projected business profit
under the Second Medium-Term Management Plan**

(2) Update on shareholder return policy

(3) Changes in segment classification

Outlook and Challenges

Outlook

In FY07/23, we achieved ¥8.02 billion in business profit, a business indicator, representing a 23% increase compared to the initial plan. This was backed by a strong logistics real estate trading market and solid rents.

Although the J-REIT market is going through a difficult phase due to the high interest rate outlook, the logistics real estate trading market remains strong. For FY07/24, we project business profit of ¥7.5 billion. In FY07/23, there was a goodwill revaluation impact of approx.¥449 million due to an increase in the investment ratio in an affiliate. On an actual performance basis, excluding such temporary factors, business profit will remain almost unchanged from the previous year, mainly due to up-front investments in the development of logistics facilities in the overseas business, although growth is expected in the domestic business such as the master lease business.

In the logistics real estate rental market, while rental demand in the Greater Tokyo area reached a record high of more than 1 million tsubo (about 3.3 million sqm) in 2022, the vacancy rate has risen to the 7% range due to the impact of high supply. While the upward trend in rents continues, we expect tenants to become more selective about their properties in the short term. However, in 2024, we expect the supply in the Greater Tokyo area to stabilize at a level below 1 million tsubo, according to market observations.

For the flow business, taking into account such rental market conditions, we have conservatively incorporated into our earnings forecast for FY07/24 only the sale of the five *LogiSquare* properties for which tenants have been confirmed. For details, see pages 23–25.

Priority business issues

(1) Grow the master lease business

We will raise rents in response to inflation and expand floor space through efficient utilization of new land and acquisition of existing properties.

(2) Continue to purchase excellent development sites in the Logistics Investment segment

Currently, the focus of investment has shifted to FY07/27 and beyond. The Logistics Investment segment not only secures capital gains but also drives the expansion of our stock revenue base (asset management, etc.) As such, we aim to identify high-quality projects in the medium term.

(3) Develop the overseas business

We will actively invest in the business under the current medium-term management plan, with the aim of making it a cornerstone of our future earnings base. We are also considering expanding into new areas.

Outlook and Challenges

Equity valuation issues

There was a 22.1% drop (as of July 31, 2023) from the offering price of ¥1,780 in the second public offering in October 2021. We have made it one of our management priorities to restore the stock market's confidence in the growth potential of our business.

Specifically, we will aim to form an appropriate stock price in the stock market by disclosing earnings forecasts with greater transparency, carefully explaining our business model, and offering clearer descriptions of our development pipeline through financial results briefing materials and IR activities.

To enhance the transparency of future business development, we have updated our business profit targets for each fiscal year from FY07/24 onward. For FY07/26, the final year of the Second Medium-Term Management Plan, business profit is expected to be ¥14–15 billion, an upward revision from the previous target of ¥12 billion.

Enhance shareholder returns

At the same time, we will strive to enhance shareholder returns.

We have raised our target for the total shareholder return ratio of about 30% under the Second Medium-Term Management Plan to a lower limit of 30% and a target of 50%. In addition to year-end dividends, we aim to enhance shareholder returns through flexible means such as share buybacks and special dividends. We plan to implement a progressive dividend policy for year-end dividends.

For FY07/23, we plan to pay a year-end dividend of ¥25 per share, an increase of ¥1 from the previous forecast of ¥24 per share. Additionally, we approved a policy to pay a special interim dividend of 25 yen per share for FY07/24.

For FY07/24, we plan to pay a year-end dividend of ¥26 per share, while considering additional share buybacks or special dividends depending on business performance and market trends.

For details, see pages 8 and 10.

We ask for your continued support of the CRE Group and your encouragement as we move forward together.

Tadahide Kameyama, Representative Director and President

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FY07/23 Performance Highlights and FY07/24 Forecast Summary

FY07/23 performance highlights and FY07/24 forecast

	FY07/22 Actual	FY07/23 Actual	FY07/24 Forecast			
Business Profit^{*1} <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>	10,991 million	8,023 million (7,573 million)	7,500 million			
Profit attributable to owners of parent (consolidated) <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>	5,775 million	4,387 million (3,938 million)	3,800 million			
Dividends per share	Stable dividends	¥24	¥25	Total dividends (planned)	¥26	Total dividends
	Special dividends	—	¥25(planned) ^{*3}	¥50	Undecided	Undecided
Total return amount	1,965 million ^{*2}	1,462 million(planned) ^{*4}	Undecided			
Total return ratio <small>Figures in () are calculated by excluding 449 million yen from net income due to the revaluation of goodwill resulting from the additional investment in EnBio Holdings Inc.</small>	34%	33% (37%)	30% (minimum) – 50% (target)			

$$\text{Total return ratio} = \frac{\text{Our calculation formula for the total return ratio}}{\text{Profit attributable to owners of parent for fiscal n}}$$

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

FY07/23 performance highlights by business

- Logistics Investment: Sold *LogiSquareShiroi* and *LogiSquareHirakata*
- Real Estate Management: Profit decreased due partly to (1) downward swing in earnings of subsidiaries responsible for new businesses and (2) postponement of sale of small warehouses.
- Asset Management: Both public and private funds have seen growth. Recorded higher sales and profit, contrary to initial projections.
- Overseas: Made steady progress in developing logistics facilities in Vietnam and Indonesia. Construction started for Quang Ngai and Nghe An projects in Vietnam.
- Group: Posted negative goodwill due to additional investment in EnBio Holdings, Inc.

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

*2 Includes a total dividend amount of ¥719 million, as well as share buybacks totaling ¥1,246 million conducted from September 13 to 30, 2022, and from November 1 to 16, 2022.

*3 On September 13, 2023, the Company's Board of Directors approved a policy to pay a special interim dividend of 25 yen per share for FY07/24.

The Company will promptly disclose the details of the resolution once it has been officially approved.

*4 The total amount of planned returns for FY07/23 is based on the assumption that the total number of issued shares (excluding treasury stock) will be the same as of July 31, 2023, at the time of the interim dividend implementation in FY07/24.

Recognition of and Response to Challenges Related to Equity Valuation

Recognition of and Response to Challenges Related to Equity Valuation

Challenges

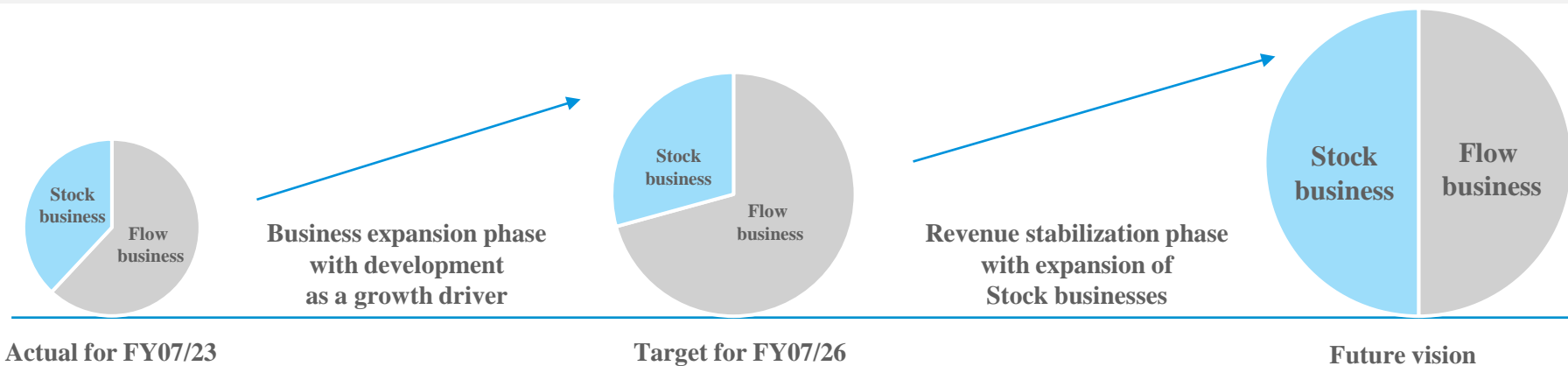
- Presenting a highly transparent growth scenario
- Reducing earnings volatility
- Making proactive shareholder returns

Responses

- ▶ Continuously update business profit forecasts
- ▶ Stabilize earnings by expanding stock 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

Stock and Flow businesses: Business scale illustration



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 Stock 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 (Update)

- Revised profit plans for each segment and updated projected business profit* for each fiscal year

*Properties expected to be sold in each fiscal year are listed on page 23

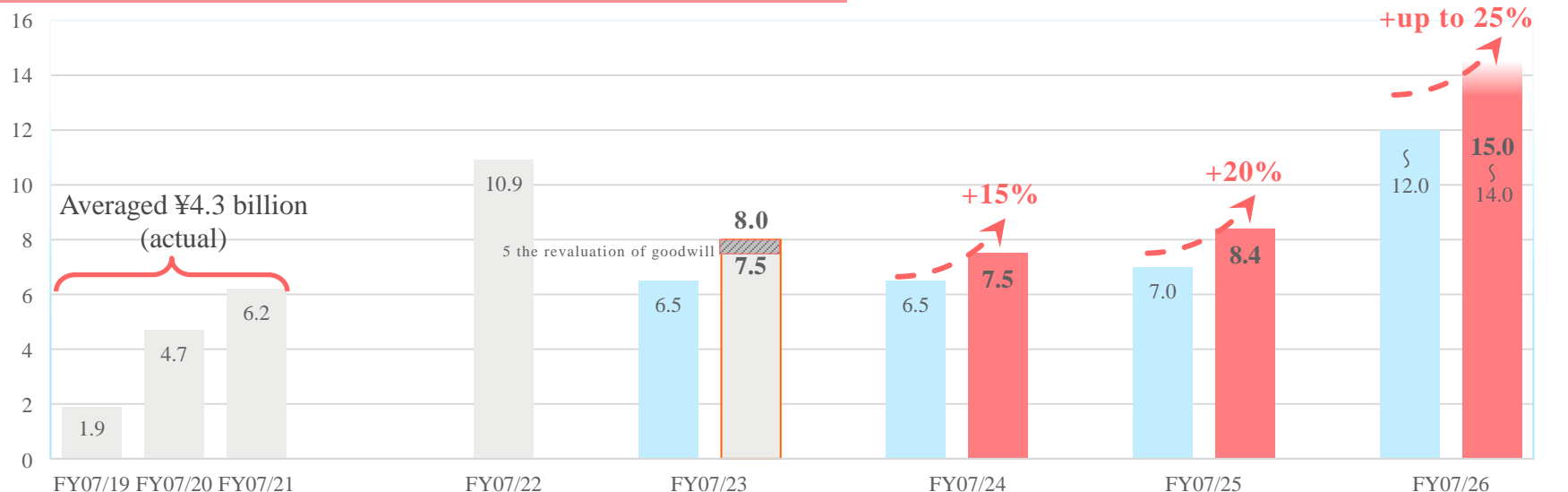
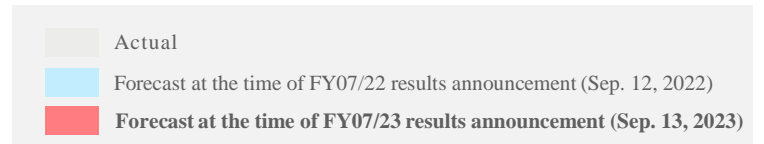
*Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)
+ Profit (loss) from business investments

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 (Update)

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

(million)

	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※ <small>*Funds for executing M&A are not included.</small>	10
total	725	2,110	2,835

Shareholder Returns : Stable Dividend and Flexible Shareholder Returns

Shareholder returns under the Second Medium-Term Management Plan

FY07/22 financial results announcement (September 12, 2022)

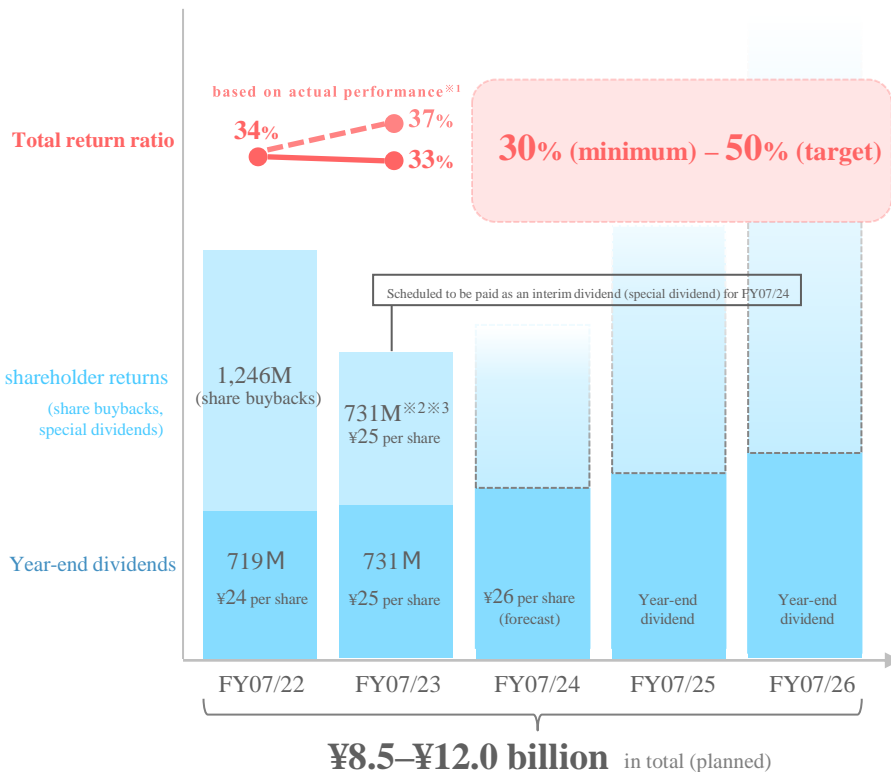
FY07/23 financial results announcement (September 13, 2023)

¥7 billion in total (planned)



¥8.5 – ¥12.0 billion in total (planned)

Profits and returns for FY07/22–FY07/26 and dividend per share for FY07/23



Previously

- Target total shareholder return ratio of 30%
- In addition to dividends, implement flexible share buybacks

In the Second Medium-Term Management Plan Period

- 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

*1 Figures are calculated by excluding 449 million yen from net income due to the revaluation of goodwill resulting from the additional investment in EnBio Holdings Inc.

*2 On September 13, 2023, the Company's Board of Directors approved a policy to pay a special interim dividend of 25 yen per share for FY07/24. The Company will promptly disclose the details of the resolution once it has been officially approved.

*3 The total amount of planned returns for FY07/23 is based on the assumption that the total number of issued shares (excluding treasury stock) will be the same as of July 31, 2023, at the time of the interim dividend implementation in FY07/24.

FY07/24 Performance Forecast

FY07/24 Performance Forecast

- Operating income and EBITDA are expected to be +4.9% and +4.8% y/y, 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.

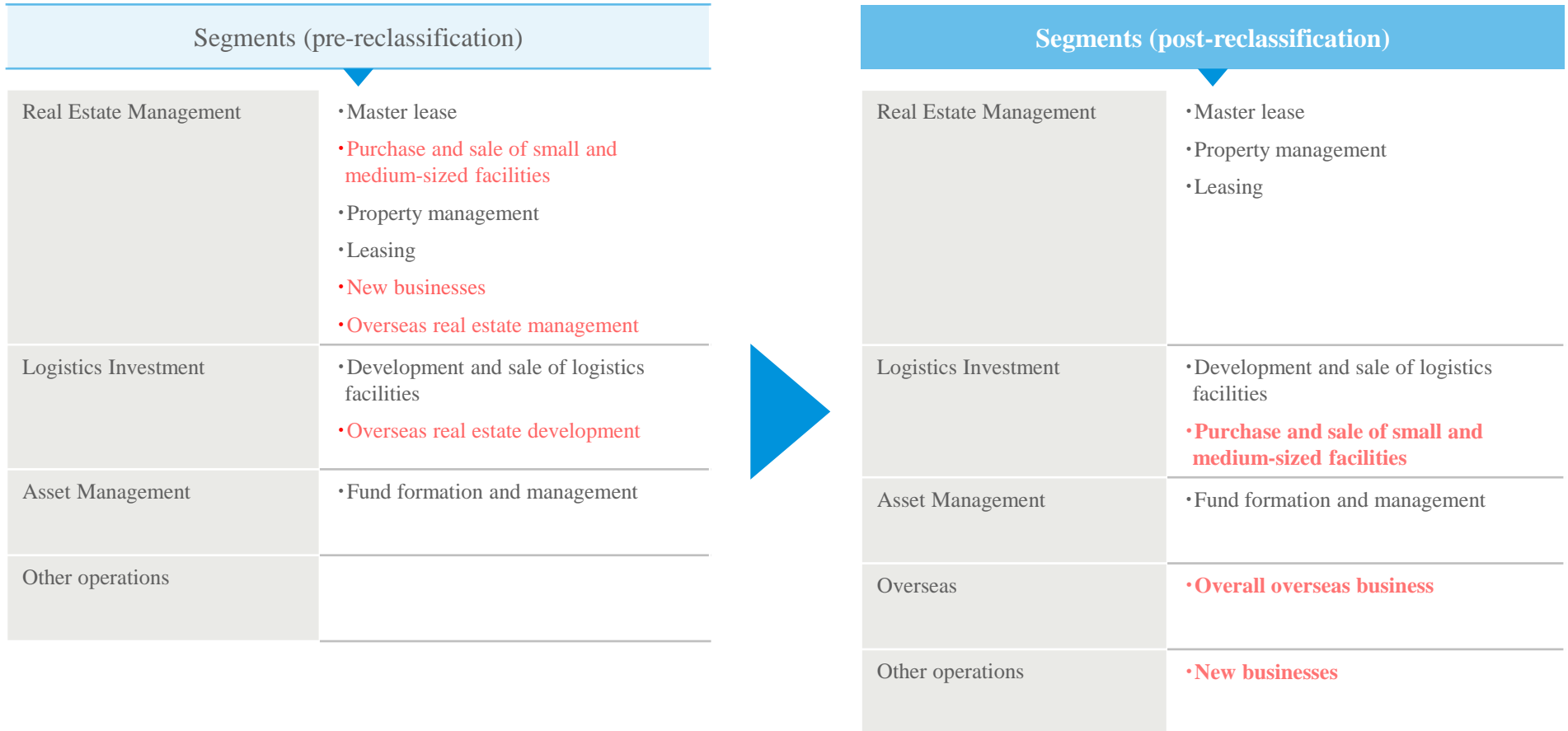
(Millions of yen)

	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

Segment Changes

- From FY07/24, the segment structure will be revised to clarify stock and flow 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.



* 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: FY07/23 figures are based on the new segment classification.

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:

Plan consists only of properties for which the lease is up *LogiSquare*Itami to be sold in December (contract signed)

For the sale of *LogiSquare* Atsugi I, Ichinomiya, Fukuoka Ogoori, and Kakegawa, the average cap rate is set with reference to the implied cap rate for CRE Logistics REIT.

Small and Medium-sized properties:

Plan to sell properties to a private REIT (to be formed)

- **Asset Management**

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

Plan to form a private REIT targeting small and medium-sized properties

- **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

FY07/23 Financial Results

Stock businesses

Real Estate Management

Master lease occupancy rate

96.8%

(-0.8pp YoY)

Asset Management

Assets under management (AUM)

¥281.4 billion

(+¥41.6 billion YoY; FY07/26 target: ¥450 billion)

Flow business

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)

Approx. ¥100 billion

Finances

Net debt/equity ratio

(Upper limit at end of year: 2.5 times)

1.23times

Interest-bearing debt

¥75.6 billion

* See page 23-25 for details

Consolidated Summary of FY07/23

- Sales and profits declined from FY07/22. However, we achieved solid earnings growth versus our initial and revised forecasts and recorded profit attributable to owners of parent of ¥4.387 billion, +37% compared to the initial plan and +22% compared to the revised plan.

(Millions of yen)

	FY07/22 results	FY07/23 results	FY07/23 Revised plan (March 15, 2023)
Net sales	62,734	52,159	51,900
Gross profit	15,717	12,837	—
Selling, general and administrative expenses	5,534	5,689	—
(Amortization of goodwill)	258	212	—
Operating profit	10,182	7,147	6,700
EBITDA	10,767	7,729	7,400
Business profit* ¹ <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>	10,991	8,023 (7,573)	7,000
Recurring profit	9,187	6,697	5,650
Net income	5,775	4,387	3,600
Earnings per share (Yen)	¥196.82	¥149.41	¥122.60

	FY07/22 results	FY07/23 results	FY07/23 Revised plan (March 15, 2023)
Net sales	62,734	52,159	51,900
Real Estate Management	28,058	28,205	28,400
Logistics Investment	33,260	22,411	22,200
Asset Management	1,408	1,536	1,300
Other operations	7	6	—
Segment profit	10,182	7,147	6,700
Real Estate Management	2,892	2,286	2,380
Logistics Investment	7,796	5,302	5,100
Asset Management	847	968	840
Other operations	2	-99	—
Adjustments	-1,356	-1,309	-1,620

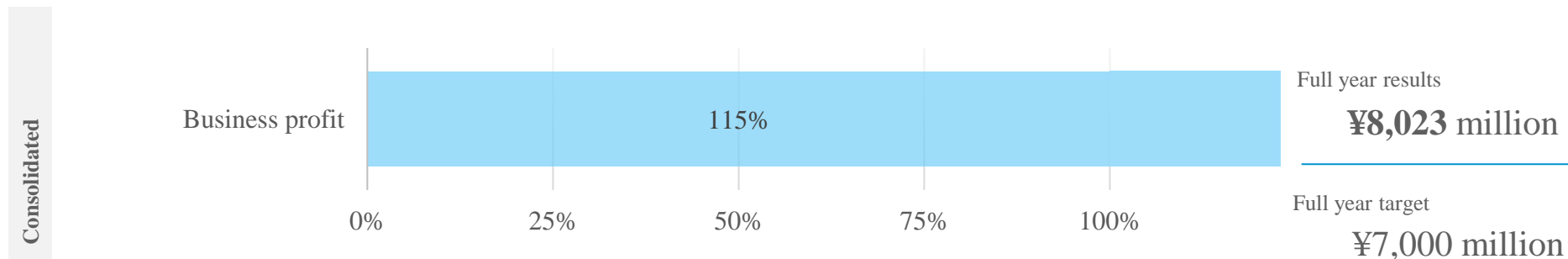
Note: Segment sales represent sales to external customers

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

Status of Business Profit and Segment Income Compared with Revised Targets

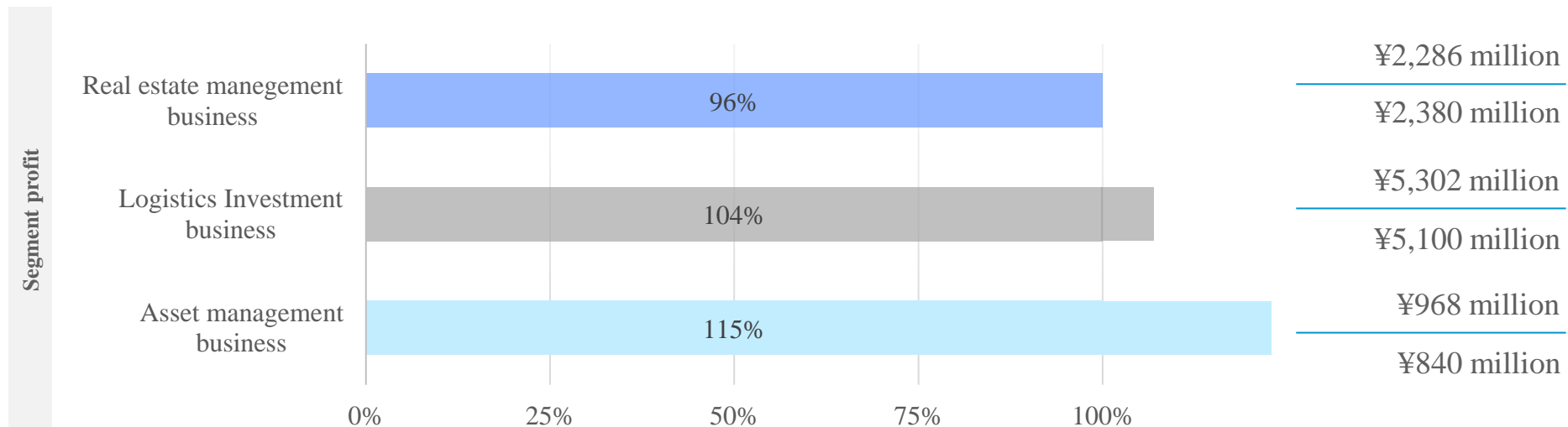
Previous Segment Standards

- **Business profit^{※1} of ¥8,023 million^{※2}, 115% progress against revised plan**



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

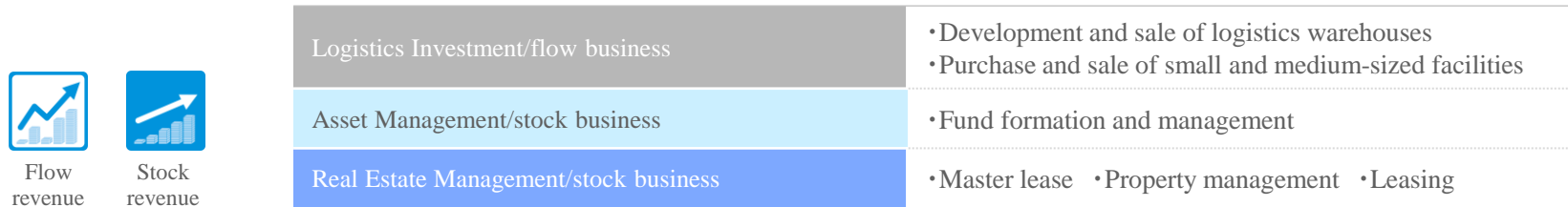
※2 Including 449 million yen due to the effect of goodwill revaluation in connection with the additional investment in EnBio Holdings Inc



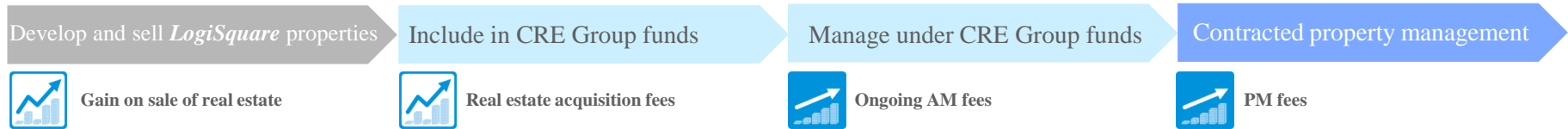
Earnings Models

Two Earnings Models

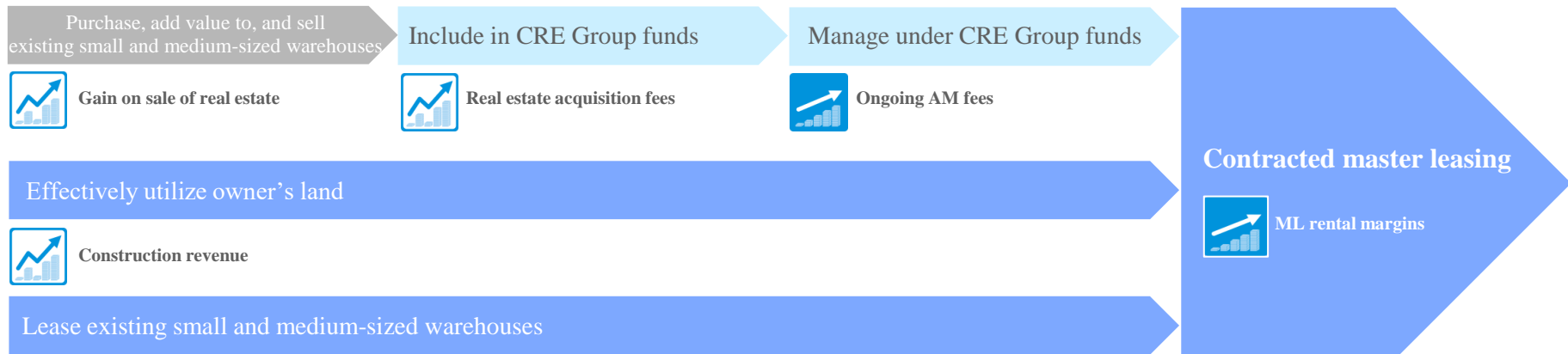
- Three segments organically collaborate to realize two earnings models.



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



Master lease business earnings model: Secure rental margins



Two Earnings Models

- We have established a business model that transforms high-margin development projects (flow revenue) into highly replicable stock revenue streams.

Development business earnings model (numerical visualization)

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



Flow revenue

¥9.8 billion/year in total



Stock revenue

¥230 million/year in total

High profitability backed Proven results (Gross)

¥40 billion/year × 24% = ¥9.6 billion/year

Low-end target Track record

10% — 24%

Capture property acquisition fees

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

Property acquisition price × 0.5%^{*1}

*1 If CRE Logistics REIT acquires CRE development properties

Stable and highly profitable asset management

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

Property price × 0.5%^{*2}

*2 Approx. 0.5% based on historical total ongoing asset management fees for CRE Logistics REIT

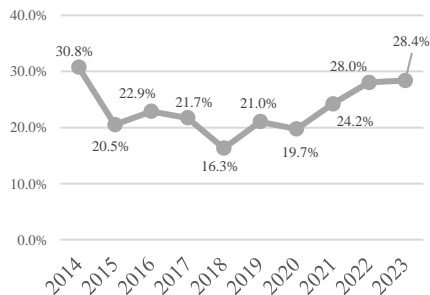
Property management with high tenant retention

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

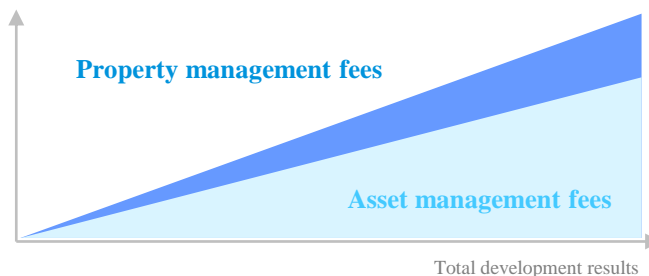
Rent × 1.5%^{*3}

*3 Assumes a property gross yield of 5% and a fee rate of 1.5% (from CRE Logistics REIT)

Development GPM results



Total recurring revenue



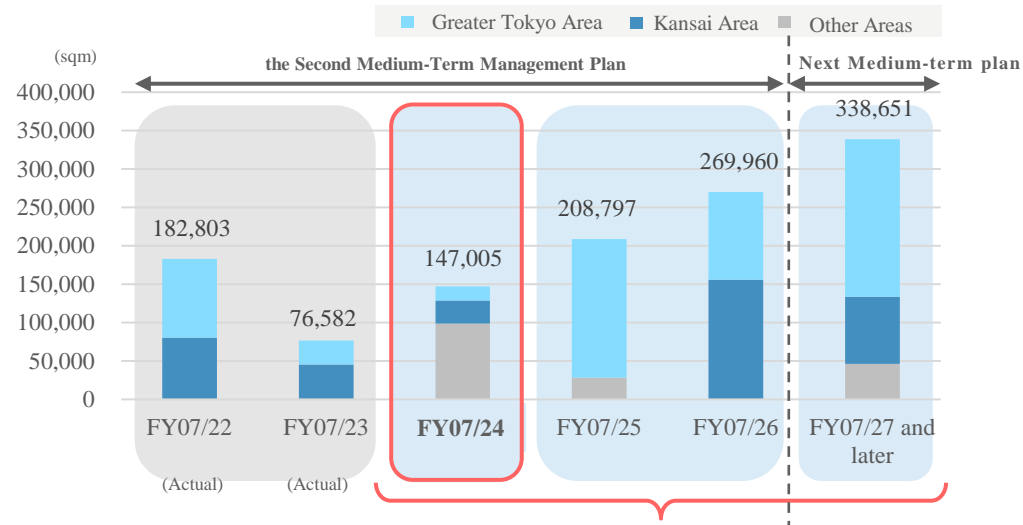
Status of Each Business —Flow Business

Flow Business | Logistics Investment: Pipeline

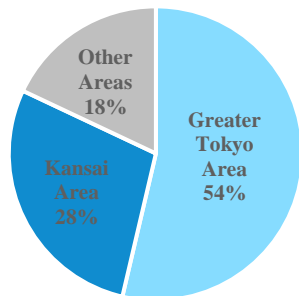
Made steady progress on pipeline expansion;
Target over ¥200 billion under the Second Medium-Term Management Plan

Invested in properties in the Greater Tokyo area
and Kansai area in a balanced manner

Floor space sold/to be sold in each fiscal year
under the Second Medium-Term Management Plan



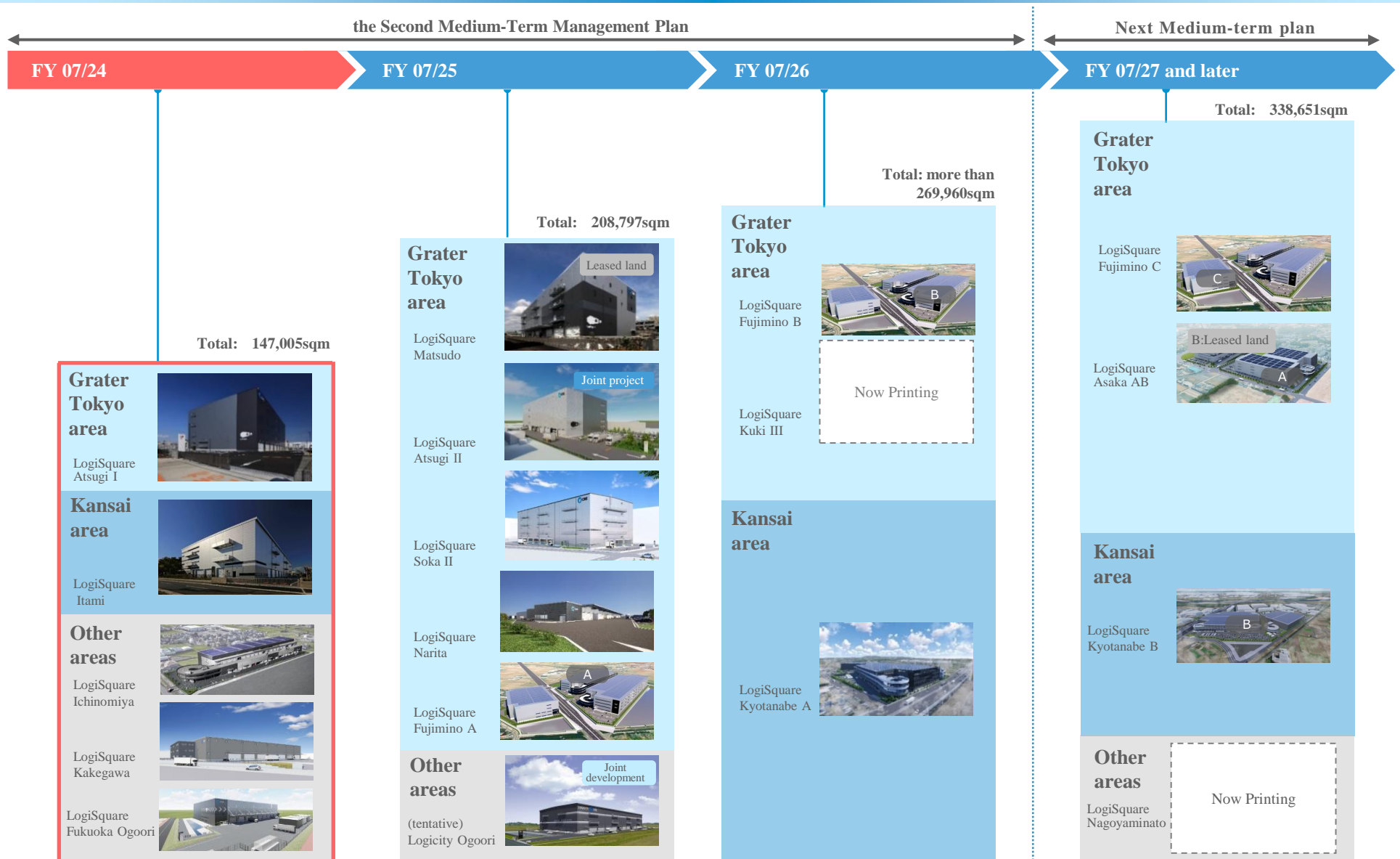
Pipeline projects by area from FY07/24



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

Timing of sale	Property name	Area	sqm	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: 182,803				
FY 07/23	LogiSquare Shiroi Joint project	Greater Tokyo	30,820	—
	LogiSquare Hirakata	Kansai	45,762	—
Total: 76,582				
FY 07/24 (planned)	LogiSquare Itami	Kansai	29,977	100%
	LogiSquare Atsugi I	Greater Tokyo	18,238	100%
	LogiSquare Ichinomiya	Other	(planned) 60,641	100%
	LogiSquare Fukuoka Ogoori	Other	(planned) 23,914	100%
	LogiSquare Kakegawa	Other	(planned) 14,235	100%
Total: 147,005				
FY 07/25 (planned)	LogiSquare Matsudo Leased land	Greater Tokyo	15,643	
	LogiSquare Fujimino A	Greater Tokyo	(planned) 112,294	
	LogiSquare Soka II	Greater Tokyo	(planned) 16,099	
	LogiSquare Narita	Greater Tokyo	(planned) 17,974	100%
	LogiSquare Atsugi II Joint project	Greater Tokyo	(planned) 18,423	100%
	(tentative)Logicity Ogoori Joint development	Other	(planned) 28,364	100%
Total: 208,797				
FY 07/26 (planned)	LogiSquare Fujimino B	Greater Tokyo	(planned) 114,083	
	LogiSquare Kyotanabe A	Kansai	(planned) 155,878	15%
	LogiSquare Kuki III	Greater Tokyo	undecided	
Total: more than 269,960				
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	
Total: 338,651				

Flow Business | Pipeline to be sold after FY07/27

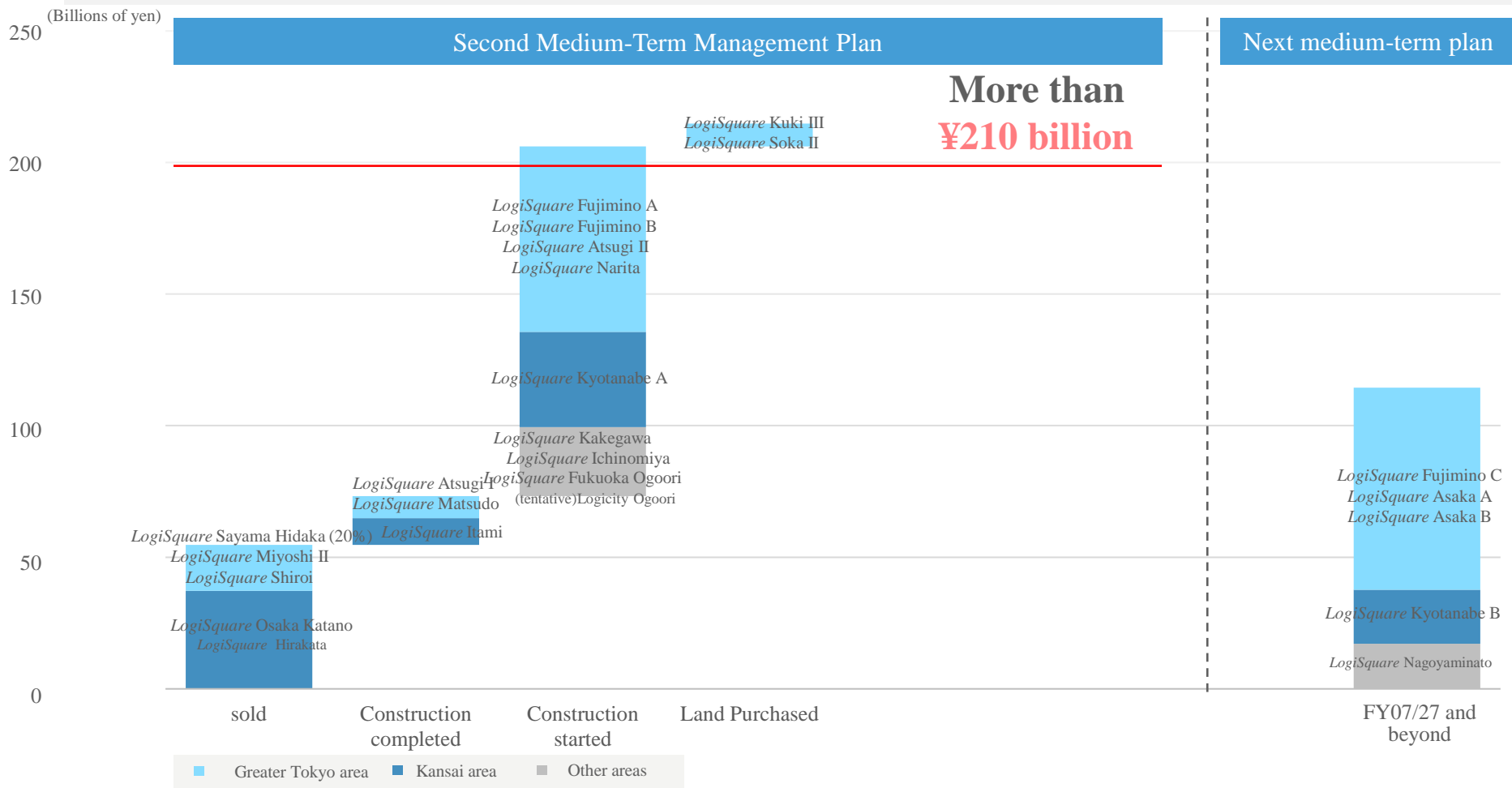


Note: Timing of sales may change, depending on construction progress and leasing conditions.

We sold two properties, *LogiSquare Hirakata* and *LogiSquare Shiroi*, in FY07/23.
The announced pipeline balance has expanded to over ¥210 billion, exceeding the commitments of the 2nd Mid-Term Management Plan.

Pipeline acquisitions for the next mid-term plan and beyond also remained solid, accumulating up to 100 billion yen.

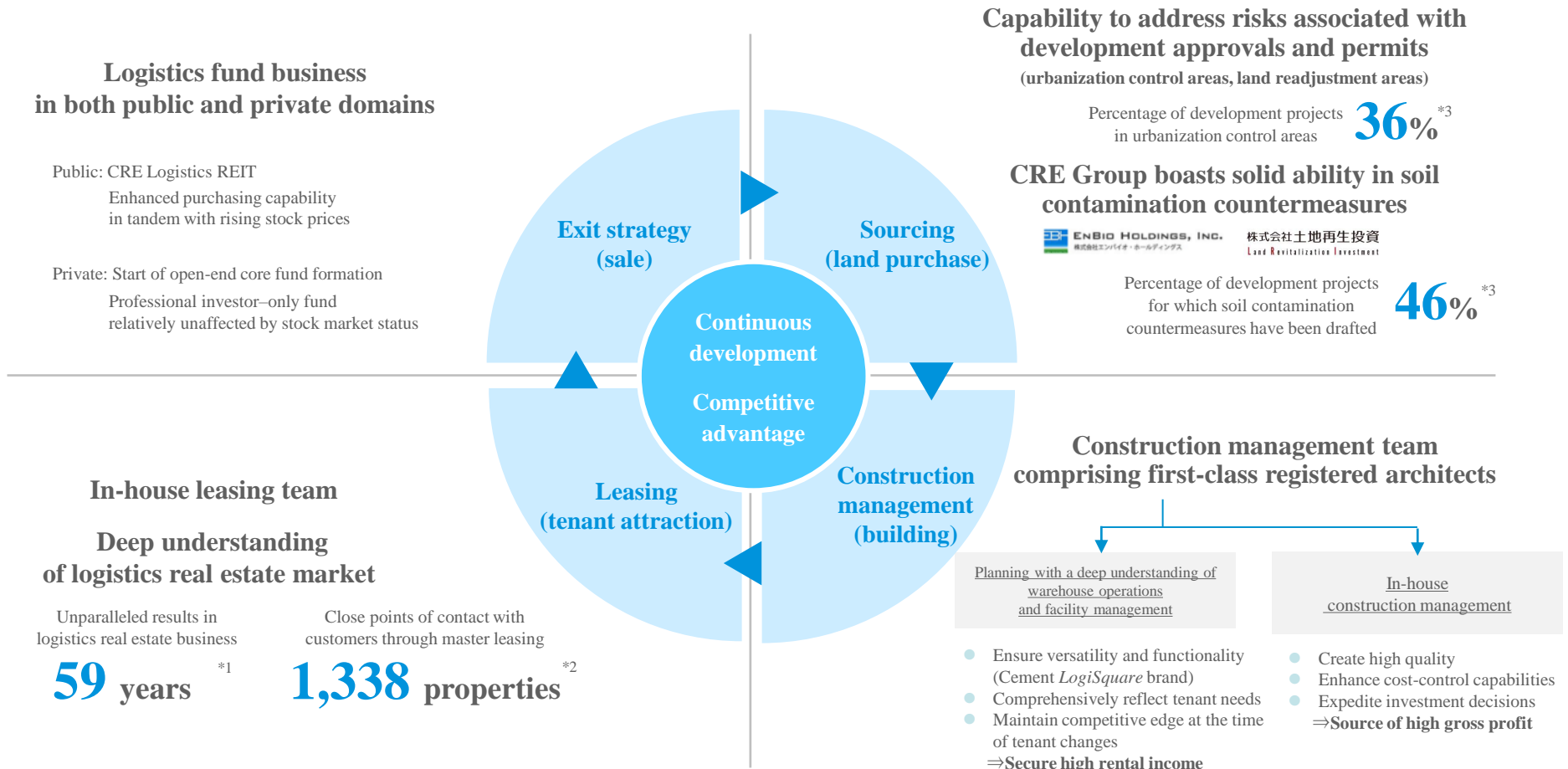
Key indicator: Pipeline projects under the Second Medium-Term Management Plan



Continuous development is made possible by CRE Group's competitive advantage.



Competitive advantages in each phase of development

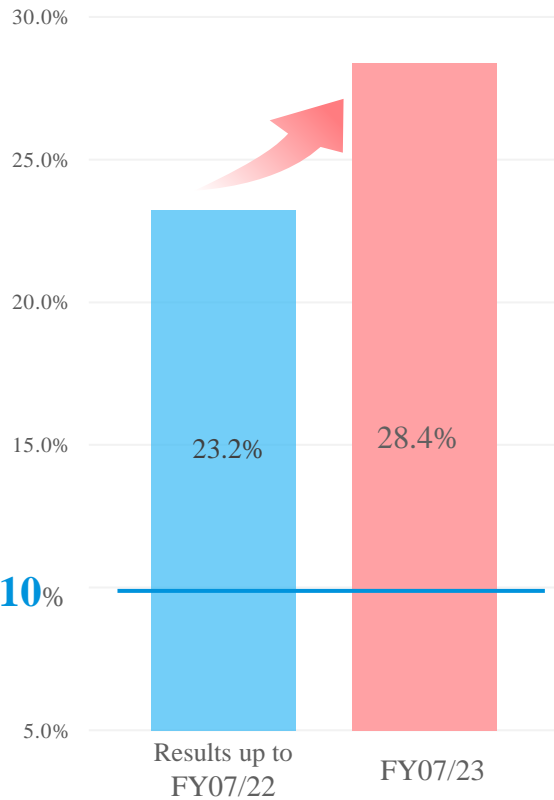


*1 Tenko Soken Co., Ltd., established in 1964 *2 As of July 31, 2023 *3 Based on 25 completed properties, up to LogiSquareMatsudo

Flow Business | Logistics Investment: Track Record from Investment to Exit

Segment gross profit margin

- Segment gross profit margin grew



Reference: Investment to exit

Reference case: *LogiSquareOsaka Katano*

- Realized high IRR through tail-heavy capital investment

Non-leveraged IRR

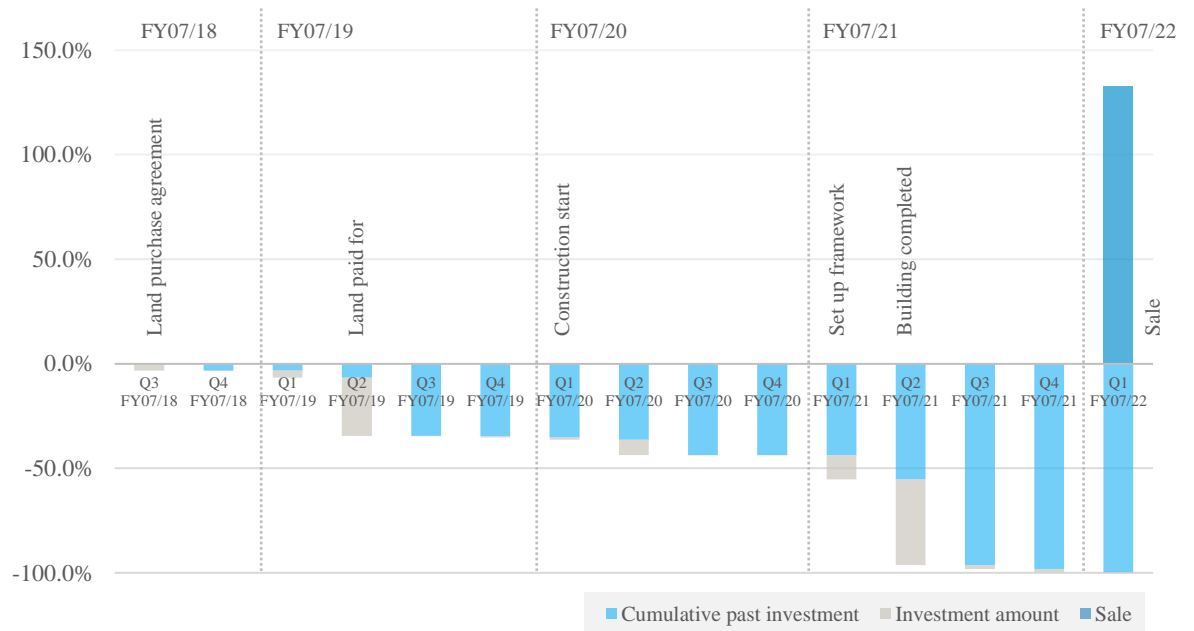
About **19%**^{*1}

Leveraged IRR

More than **50%**^{*1}

Weighted average investment period of about 1.5 years despite project duration of about 3.5 years

Achieved high IRR by leveraging high gross profit margin



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.

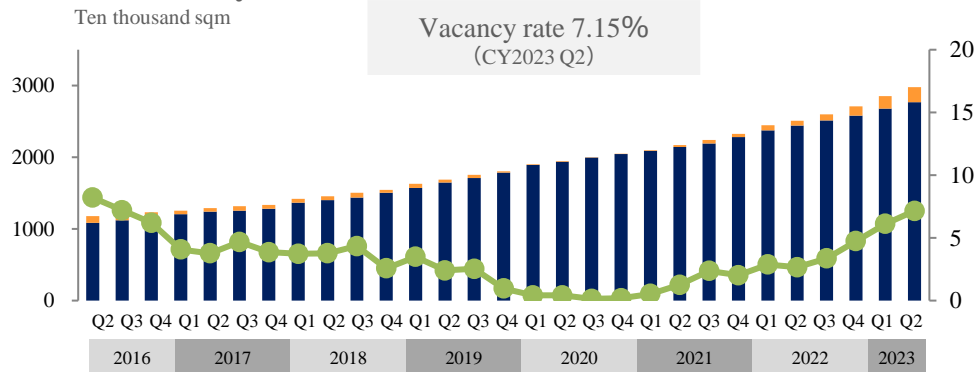
Flow Business | Logistics Real Estate Market Environment

Rental market

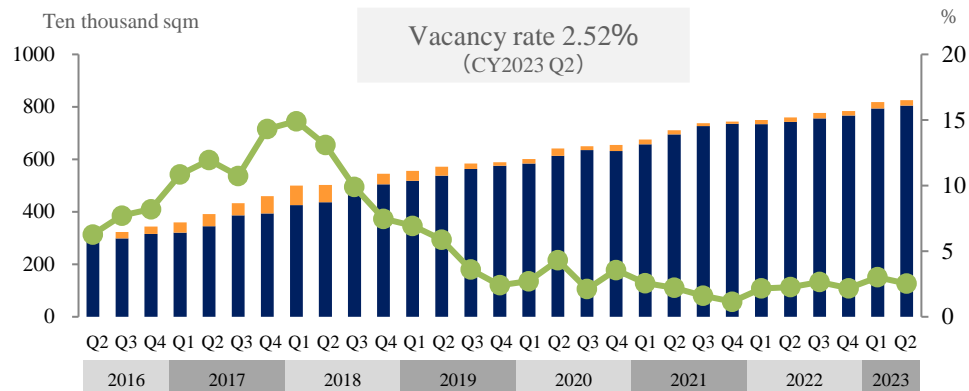
- In the Greater Tokyo area, vacancy rates increased despite continued strong demand.
- In the Kansai area, both supply and demand declined, but demand won out and vacancy rates decreased.

■ Stock amount and vacancy rate

Greater Tokyo area



Kansai area

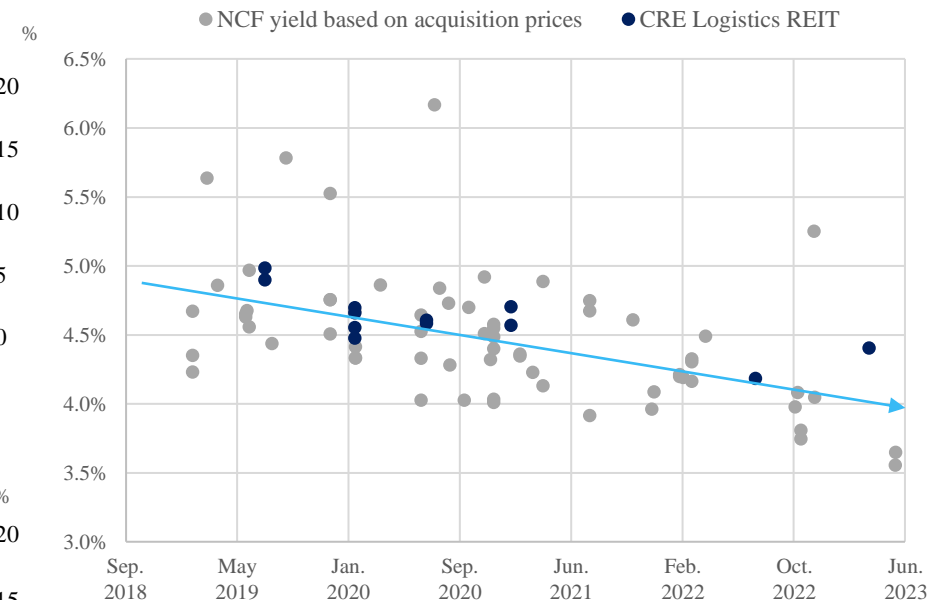


Source : "Market Report on Warehouses and Logistics Properties (β version) Ver. 202306" Published by CRE, Inc.

Trading market

- Downtrend in cap rate continues.

*Of properties held in listed REITs, appraisal NOI yield of logistics facilities in the Greater Tokyo area at the time of acquisition



Source: SMBC Nikko Securities

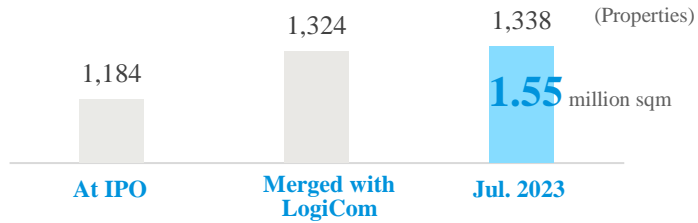
Status of Each Business —Stock Business

Pillar of stock businesses

Master lease

- Purchase existing 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
- Plan to form a private REIT for small- and medium-sized warehouses in FY07/24. Aim to expand its business foundation by taking on master lease contracts for properties in the fund (see page 33).

Number of master lease properties



Rents (2022–2023)

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

Rent changes **+4.5%** Turnover **4.0%**

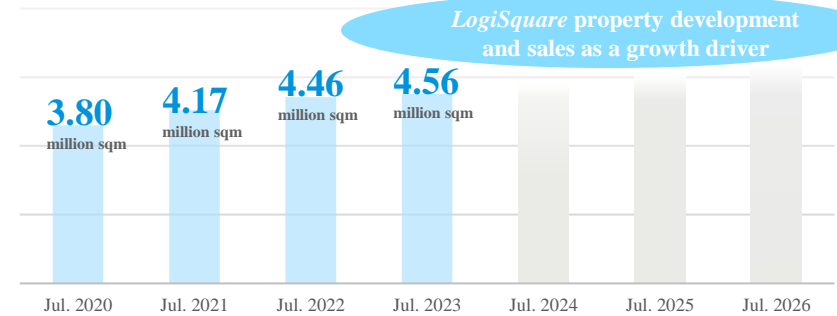
CRE ranks No. 3^{*1} among property management companies focused on logistics facilities with approx. **6.12 million sqm in floor space under management**

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



*1 Source: *Gekkan Property Management* (November 2022 issue) *2 As of July 31, 2023

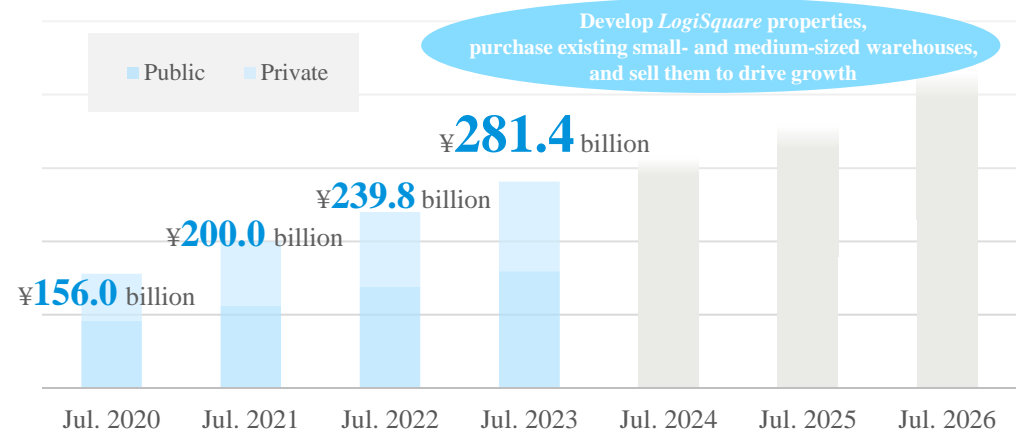
Stock Business | Asset Management

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

Asset Management

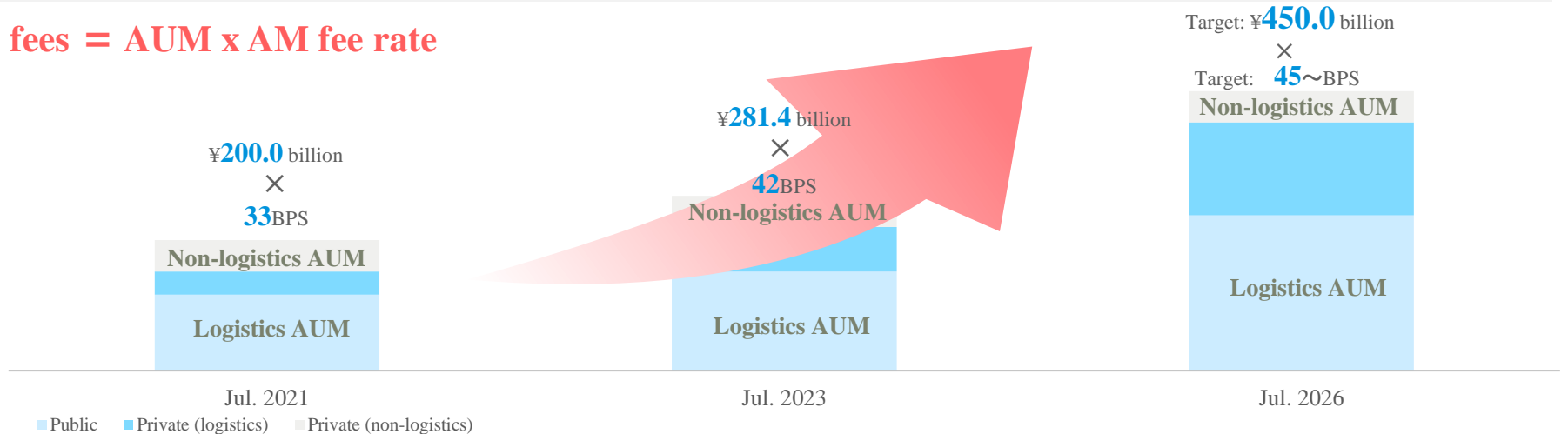
- Develop *LogiSquare* properties and purchase existing small- and medium-sized warehouses, and sell them to the CRE Group funds to increase the number of properties under management and AUM.
- Improve AM fee income by providing appropriate services to fund investors, centered on logistics facilities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

Key indicator: AUM



AUM and average AM fee rate by asset class

AM fees = AUM x AM fee rate



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

NEW

Initiative for formation of private REIT

Our Second Medium-Term Management Plan calls for the formation of a private REIT for small- and medium-sized warehouses. To this end, we will establish a real estate investment corporation (tentatively called CRE Industrial Asset Management REIT) and aim to start operations from next spring or later.

We plan to add to the fund small- and medium-sized warehouses for which we will perform master leasing, which will contribute to the expansion of our stock business base.



Features

- **Virtually indefinite** funds similar to J-REITs
- Aim to expand the scale by adding properties
- As unlisted fund, **not easily affected by stock market status**
- Investor base consists primarily of institutional investors in Japan.

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.

Seven properties added in July 2023, for a total of 54 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 (Hai Duong)



Sembcorp Logistics Park (Quang Ngai) Park B



Vietnam

- Warehouse development

Thailand

- Self-storage

Indonesia

- Scheduled completion of BTS-type logistics facility (Cikarang, city in suburbs of Jakarta)
- Currently acquiring land for two warehouse developments in the Jakarta metropolitan area

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
Planned for the future	Sembcorp Logistics Park (Quang Ngai) Park A *2 buildings	Approx. 19,600sqm (planned)	October 2023 (planned)
	Sembcorp Logistics Park (Nghe An) *3 buildings	Approx. 39,400sqm (planned)	November 2023 (planned)

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	40,000sqm (planned)	1st bldg.: September 2023 (planned)
			2nd bldg.: July 2024 (planned)

Total: 2 buildings, approx. 40,000sqm

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.

EnBio C Energy, Inc. is constructing a rooftop solar power plant on Logisquare Hirakata and Shiroi



- **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.



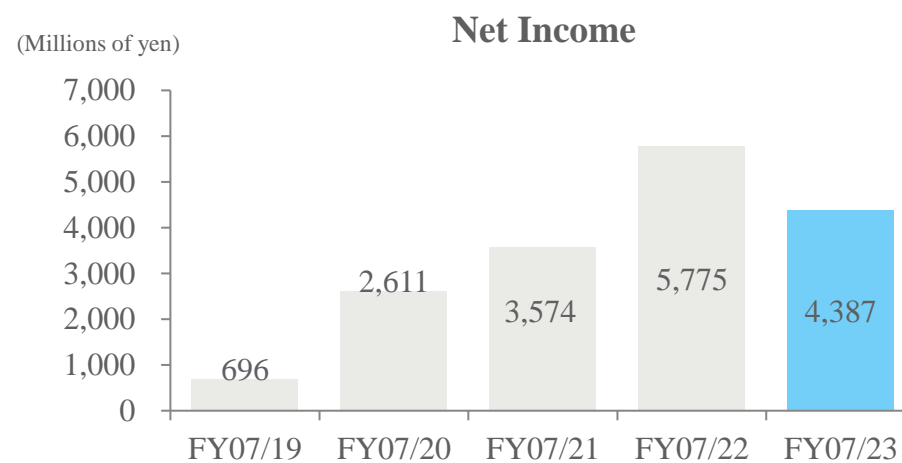
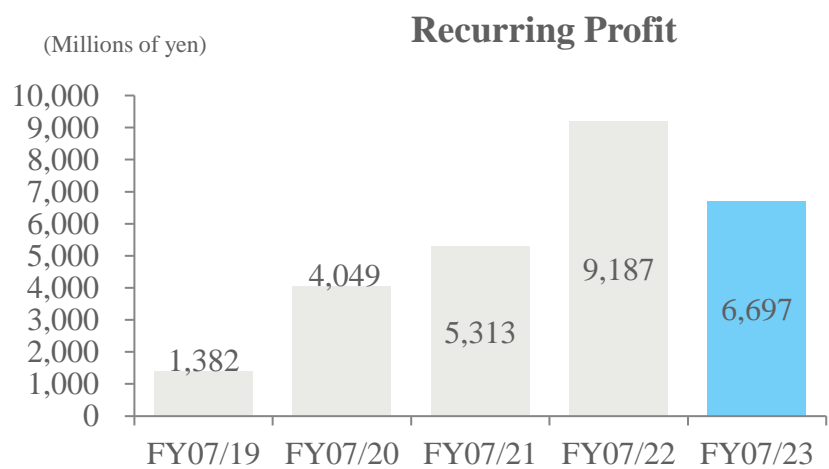
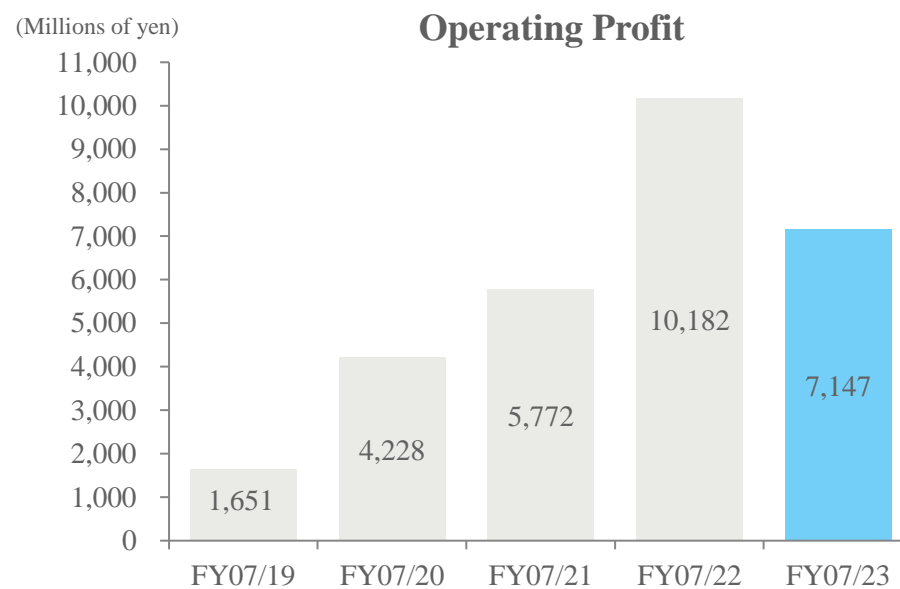
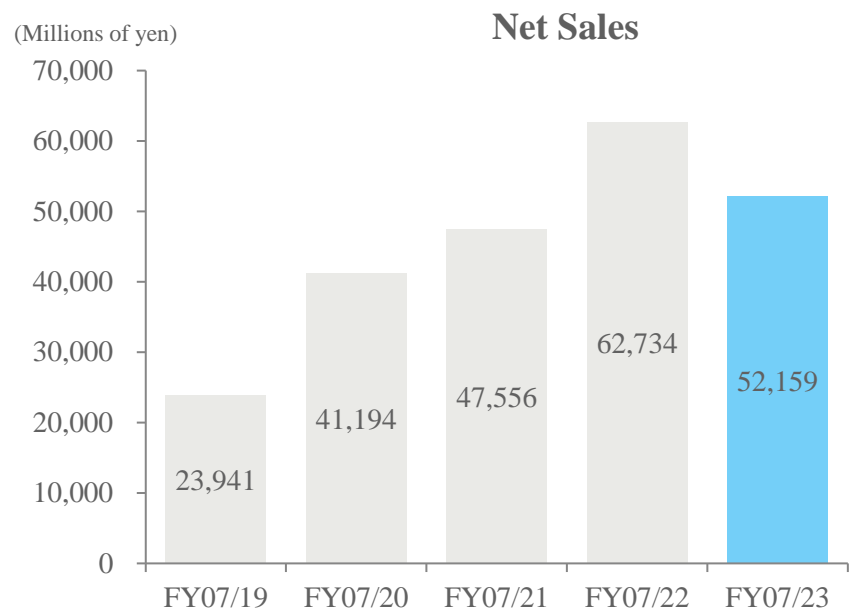
Solar power plant in Sabha, Mafraq (Jordan)



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

Appendix

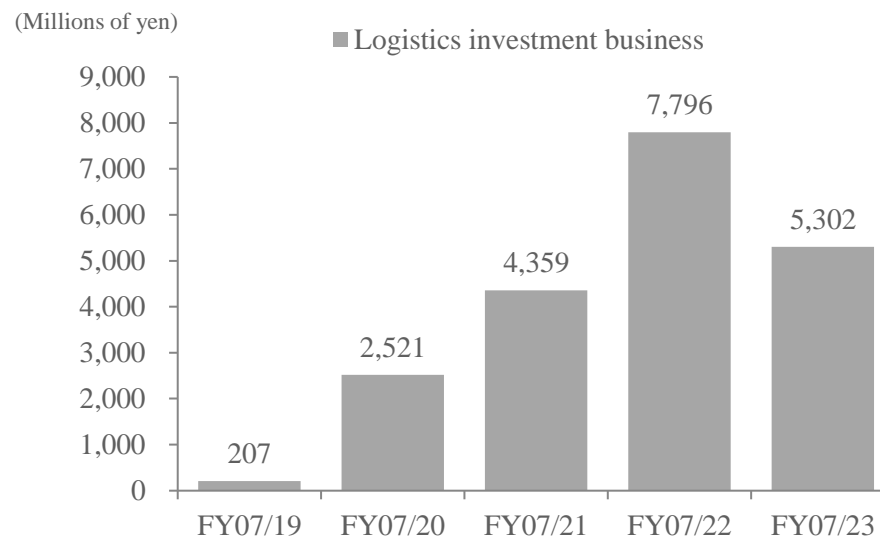
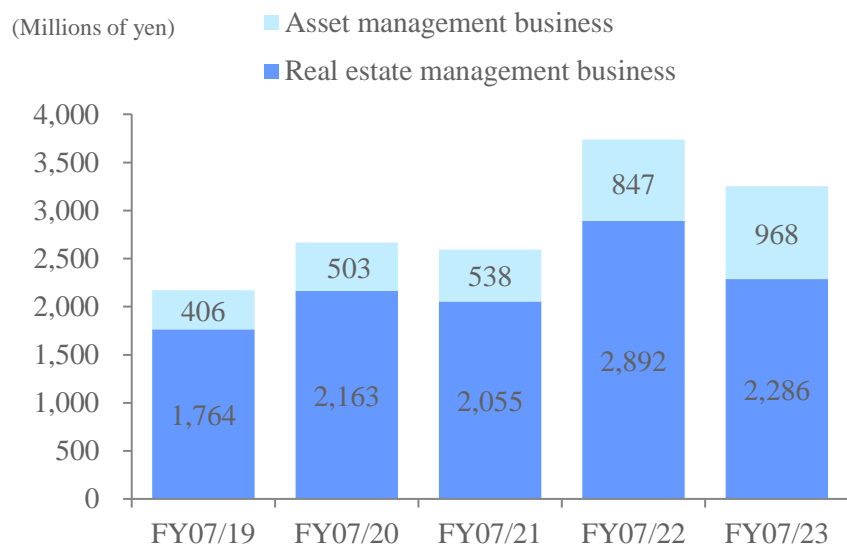
Consolidated Financial Highlights



Segment Profit

Stock Business

Flow Business



Summary of Consolidated Balance Sheets

- Key components of real estate for sale: *LogiSquare Itami, LogiSquare Atsugi I, LogiSquare Matsudo*, and six small-sized warehouses, etc.
- Key components of real estate for sale in process: *LogiSquare Fujimino ABC, LogiSquare Ichinomiya*, (tentative) *Logicity Ogoori, LogiSquare Kuki III, LogiSquare Fukuoka Ogoori* and *LogiSquare Kakegawa, LogiSquare Narita, LogiSquare Atsugi II, LogiSquare Kyotanabe AB, and LogiSquare Soka II*, etc.

(Millions of yen)

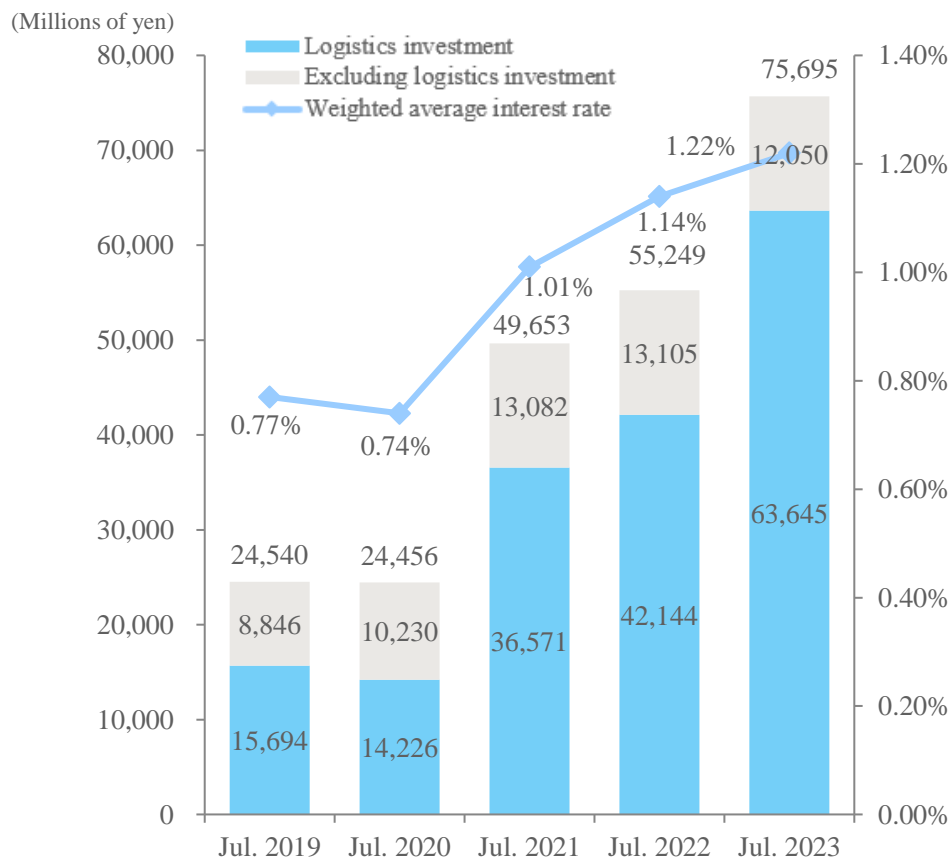
	Jul.2022	Jul.2023	YOY change (%)		Jul.2022	Jul.2023	YOY change (%)
Total assets	118,248	138,821	20,573	Total liabilities	82,090	100,344	18,253
Current Assets	92,273	109,658	17,384	Current liabilities	20,695	35,357	14,661
(Key components)				(Key components)			
Cash and deposits	36,806	28,292	-8,513	Short-term loans payable, etc.*1	3,429	20,749	-17,319
Real estate for sale	2,555	16,214	13,658	Fixed liabilities	61,394	64,986	3,592
Real estate for sale in process	43,981	58,588	14,607	(Key components)			
Fixed assets	25,954	29,150	3,196	Long-term loans payable, etc.*2	51,790	54,946	3,155
(Key components)				Lease and guarantee deposits received	7,975	8,899	924
Tangible fixed assets	7,222	7,467	245	Total net assets	36,157	38,477	2,319
Intangible fixed assets	1,052	908	-144	Common stock	5,217	5,295	77
Investments and other fixed assets	17,679	20,774	3,094	Capital surplus	7,177	6,008	-1,168
<Lease and guarantee deposits>	(7,548)	(7,999)	450	Earned surplus	22,311	25,979	3,668
Total assets	118,248	138,821	20,573	Total liabilities and net assets	118,248	138,821	20,573

*1 Short-term loans payable, etc. = Short-term loans payable + Current portion of long-term loans payable + current portion of bond

*2 Long-term loans payable, etc. = Bond + Long-term loans payable

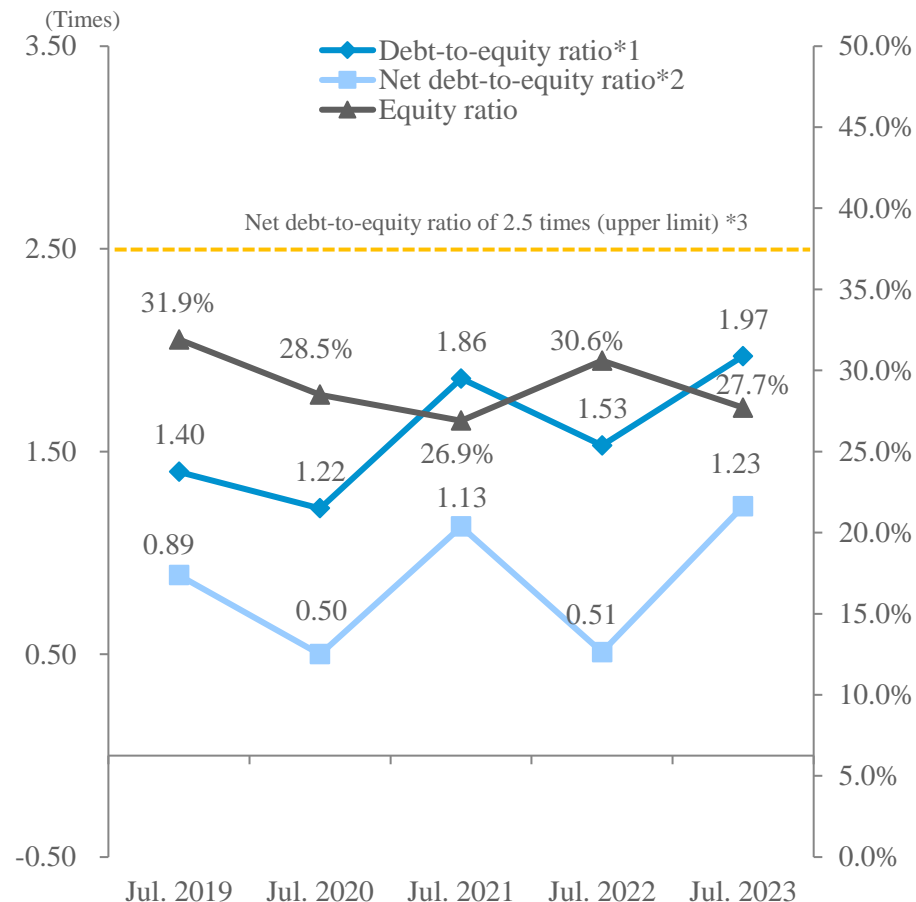
Financial Position (As of July 31, 2023)

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



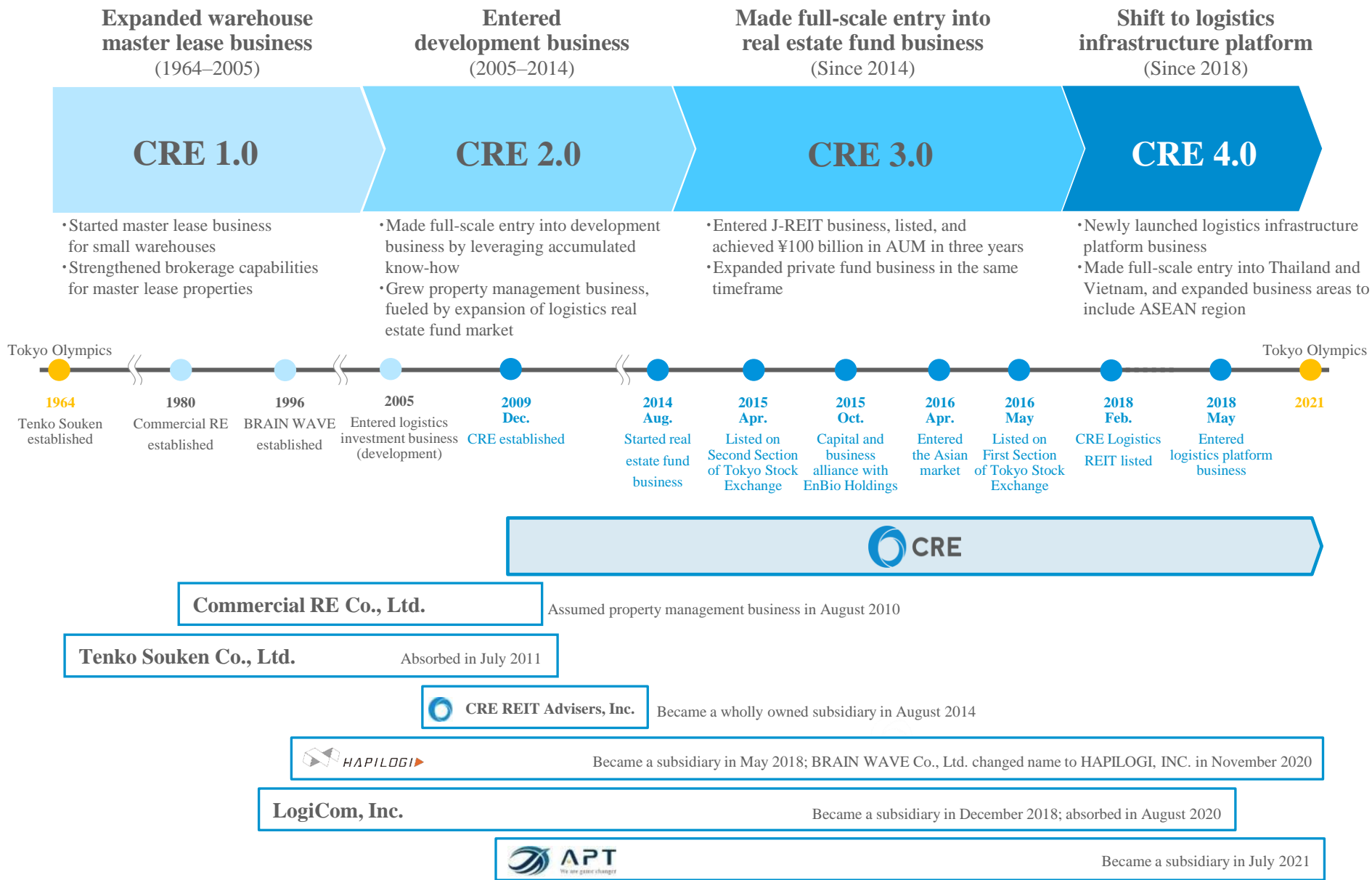
*1 Debt-to-equity ratio = Interest-bearing debt (short-term borrowings, etc. + long-term borrowings, etc.) / Equity capital
 *2 Net debt-to-equity ratio = (Interest-bearing debt [short-term borrowings, etc. + long-term borrowings, etc.] - cash and deposits) / Equity capital

*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

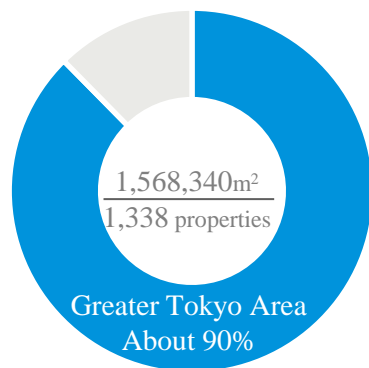
Company name	CRE, Inc.
Representative	Tadahide Kameyama, Representative Director, President
Head office	East Tower 19F, Toranomom Twin Bldg., 2-10-1, Toranomom, Minato-ku, Tokyo
Sales offices	In Japan, Nishi-Tokyo, Kanagawa, Osaka, Fukuoka, and overseas, in Singapore, Thailand
Main businesses	Leasing, 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	332 (Consolidated basis / As of July 31, 2023)
Listing	Prime Market of the Tokyo Stock Exchange Code: 3458
Industry sector	Real estate business

History

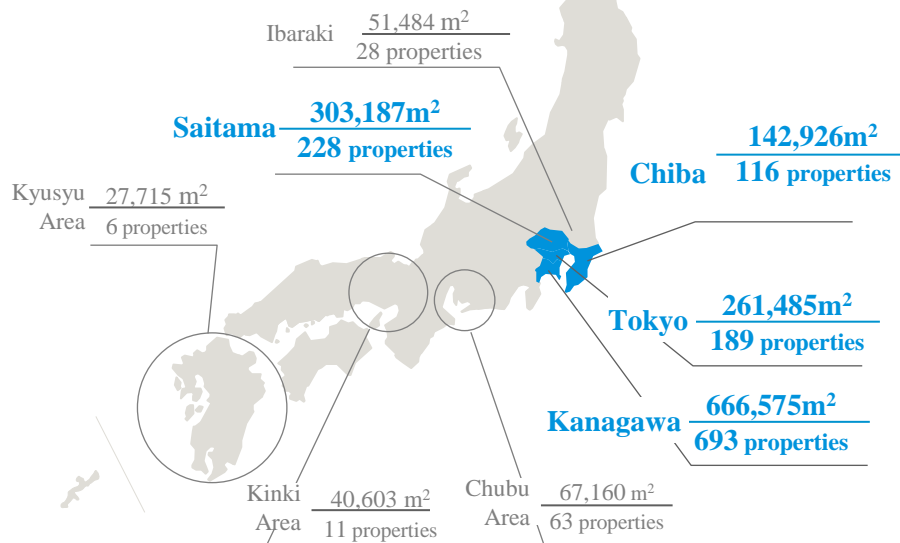


Real Estate Management Business: Floor Space under Management by Area

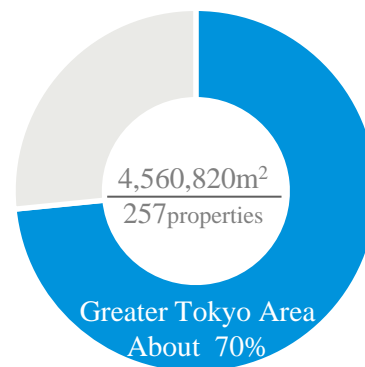
Master Lease



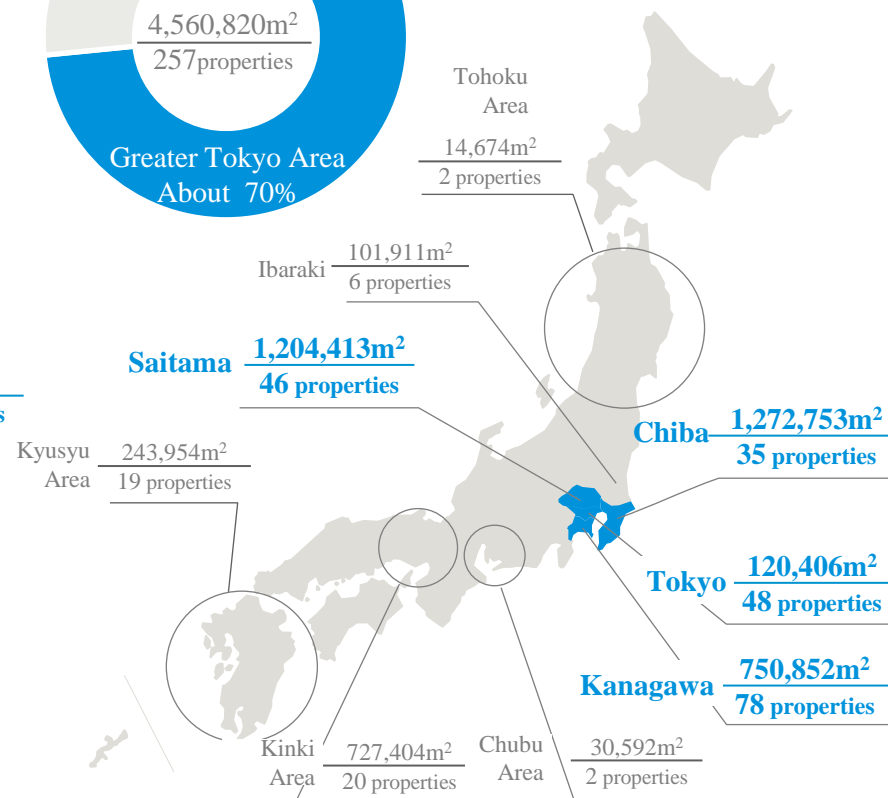
Average floor space:
About 1,200m²



Property Management



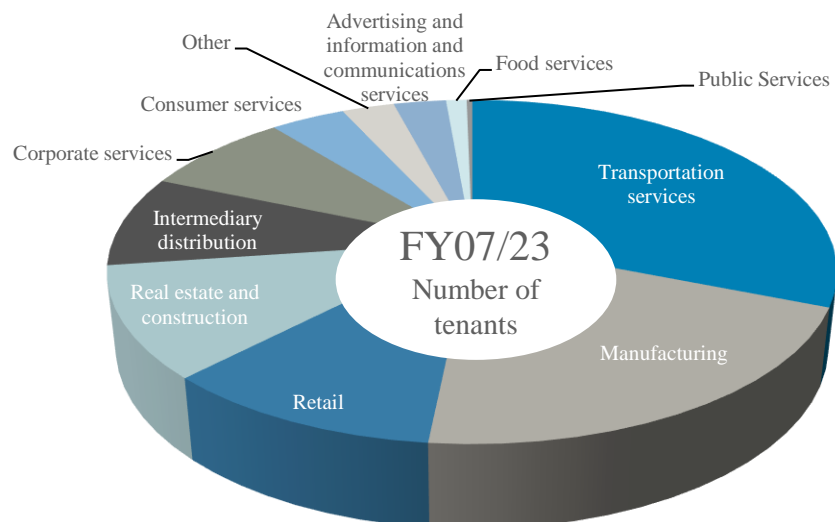
Average floor space:
About 18,000m²



As of July 31, 2023

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.
- Kenedix Retail REIT Corporation
- Kenedix Real Estate Fund Management, Inc.
- United Urban Investment Corporation
- Japan 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 Advisors, 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.
- Tokyo Tatemono Co., Ltd.
- Star Asia Asset Advisors Co., Ltd.
- JA Mitsui Leasing Tatemono Co., Ltd.
- URATA CO., LTD.
- CBRE K.K.
- Strategic Partners Co., Ltd.

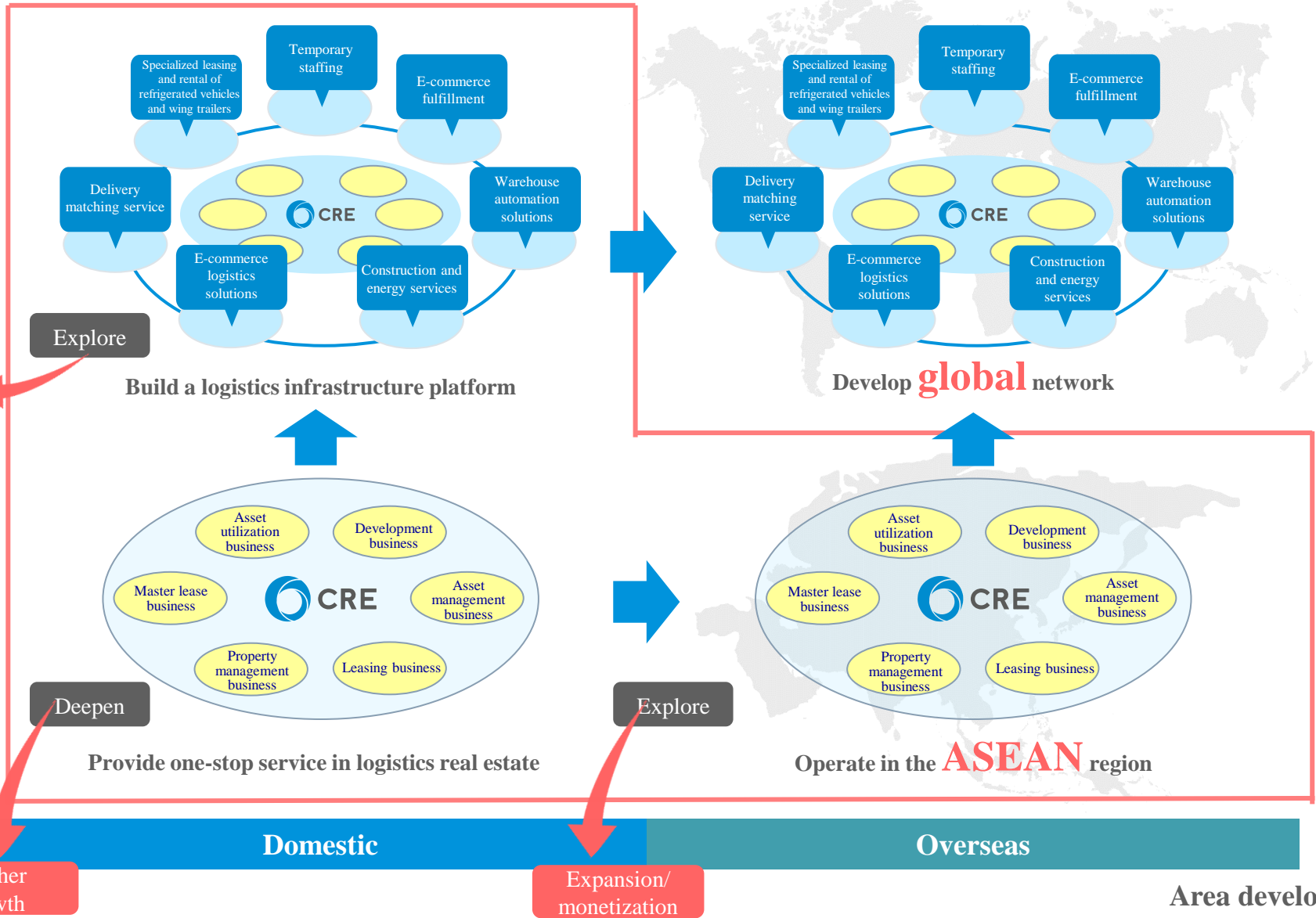
As of July 31, 2023

CRE Group's Business Portfolio Development

Business domains

New

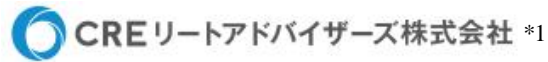
Existing



Area development

Logistics Infrastructure Platform (LIP)

Subsidiaries and affiliates



*1 Consolidated subsidiaries *2 Equity method affiliates

Capital and business alliances



Alliances



Stock Information (As of July 31, 2023)

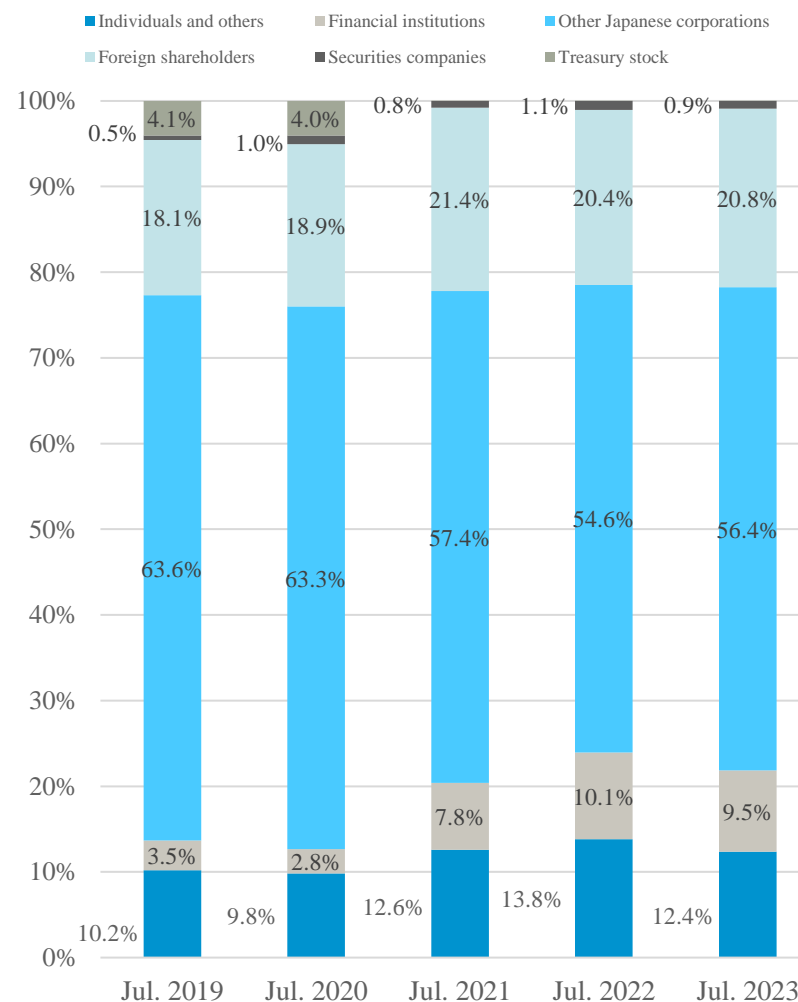
Issued shares and shareholders

Number of shares issued and outstanding	29,259,200
Number of shareholders	6,038

Major shareholders

Shareholder name	Number of shares (Thousands)	Shareholding ratio (%)
Kyobashi Kosan, Inc.	11,009	37.63
Kenedix, Inc.	4,485	15.33
GOLDMAN, SACHS & CO. REG	2,835	9.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,156	3.95
CITCO TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF THE VPL1 TRUST	1,000	3.42
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052257)	999	3.41
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY CLIENTS ACCOUNT	711	2.43
NORTHERN TRUST CO. (AVFC) RE HCR00	621	2.12
GOLDMAN SACHS INTERNATIONAL	606	2.07
Kokyo Tatemono Co., Ltd.	559	1.91

Shareholding by shareholder type



Note: In addition to the above, CRE owns approx. 2,000 of its own shares, representing 0.008% 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.