

CRE, Inc.

Code: 3458



Photo: LogiSquare Fujimino A

**Presentation Materials for  
the Six Months Ended January 31, 2024  
(August 1, 2023 to January 31, 2024)**

March 14, 2024



Photo: LogiSquare Kakegawa

# Contents

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1H FY07/24   Key Indicators	P.2
1H FY07/24 Performance Highlights	P.4
Consolidated Summary of 1H FY07/24	P.5
FY07/24 Performance Forecast	P.6
CRE Business Strengths	P.8
Status of Each Business—Non-recurring Revenue Business	P.13
Status of Each Business—Recurring Revenue Business	P.18
Status of Each Business—Overseas Business	P.23
Recognition of and Response to Challenges Related to Equity Valuation	P.25
Initiatives to Realize Sustainable Society	P.30
Appendix	P.33

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

## Non-recurring revenue businesses

### Logistics Investment

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

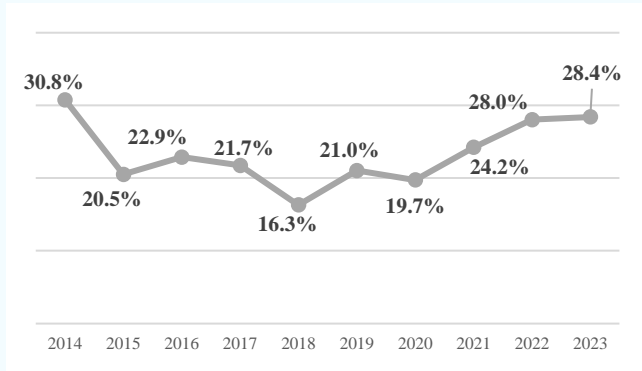
More than **¥210 billion**

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

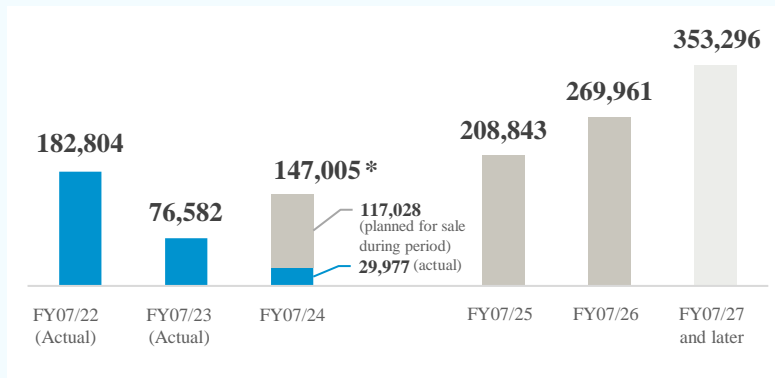
More than **¥150 billion**

\* See page 14-16 for details

### Development GPM results(%)



### Floor space sold/to be sold (sqm)



\* Tenants have been fully secured for the remaining four properties to be sold in FY07/24.

## Finances

### Net debt/equity ratio

(Upper limit at end of year: 2.5 times)

**1.36 times**

### Interest-bearing debt

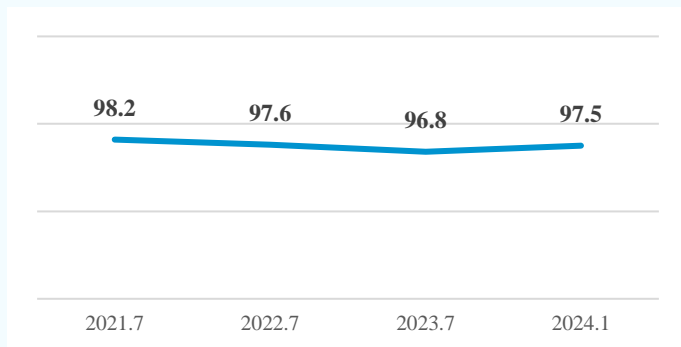
**¥76.2 billion**

# 1H FY07/24 | Key Indicators    Recurring Revenue Business

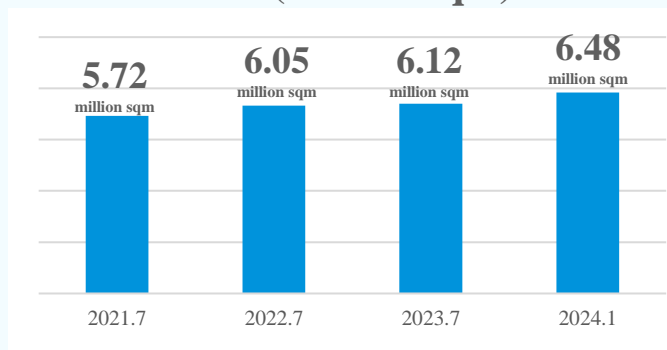
Both real estate floor space under management and assets under management are expanding steadily amid solid recurring revenue business growth.

## Recurring Revenue Business | Real Estate Management

### Master lease occupancy rate(%)

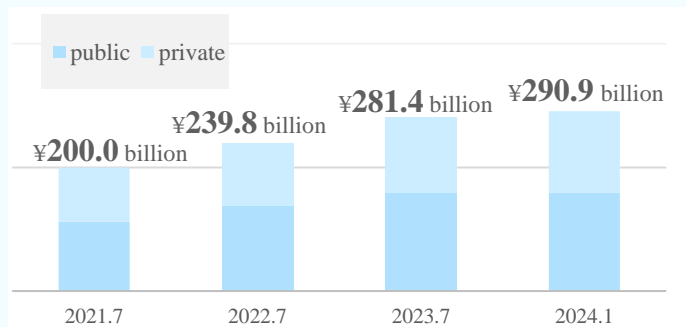


### Floor space under management (million sqm)

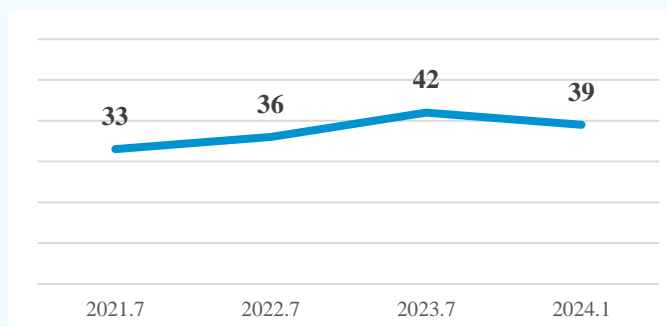


## Recurring Revenue Business | Asset Management

### Assets under management (AUM)



### Average AM fee rate(BPS)



# 1H FY07/24 Performance Highlights

## Performance highlights

Net sales	¥23,491 million	(+73.0% YoY / rate of progress of 34.6%)
Business profit <sup>*1</sup>	¥1,367 million	(+72.6% YoY / rate of progress of 18.2%)

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

## Performance highlights by business

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

- Logistics Investment: *LogiSquare* Itami was sold in December. *LogiSquare* Atsugi I, *LogiSquare* Ichinomiya, *LogiSquare* Fukuoka Ogoori, and *LogiSquare* Kakegawa are scheduled to be sold in 2H. Tenants have been fully secured for all properties, so there are no changes to our sales plan.
- Real Estate Management: The master lease occupancy rate remained at the 97% level. Sales declined on lower contract work income and other factors, while profit fell due to increased SG&A expenses and lower profit distributions from the Logistics Investment business, mainly for *LogiSquare* tenant introductions.
- Asset Management: Sales rose in tandem with growth in AUM, but profit fell due to an increase in SG&A expenses.
- Overseas: Made steady progress with logistics facility development in Vietnam and Indonesia. Recognized equity in losses of affiliates due to up-front investments.

## Other topics

- Shareholder returns: Resolved to pay a special interim dividend of 25 yen per share.

\* Our shareholder return policy is listed on page 29.

# Consolidated Summary of 1H FY07/24

- Operations are proceeding according to plan. We have secured tenants for all development properties in the Logistics Investment business. *LogiSquare Itami* was sold in December 2023. *LogiSquare Atsugi I*, *LogiSquare Ichinomiya*, *LogiSquare Fukuoka Ogoori*, and *LogiSquare Kakegawa* are scheduled to be sold in 2H.
- In 1H, the provision for bonuses grew (impact of roughly 188 million yen) and personnel expenses increased. Further, SG&A expenses climbed YoY in part due to the recognition of a provision of allowance for doubtful accounts in connection with investees (impact of about 80 million yen) in Q1.
- Non-operating expenses rose YoY as a result of factors such as equity in losses of affiliates accompanying up-front investments in the Overseas business.

(Millions of yen)

	1H FY07/23 results	1H FY07/24 results	FY07/24 full-year plan
Net sales	13,575	23,491	67,900
Gross profit	2,871	4,110	—
Selling, general and administrative expenses	2,374	2,818	—
(Amortization of goodwill)	106	106	—
Operating profit	497	1,291	7,500
EBITDA	785	1,573	8,100
Business profit*	792	1,367	7,500
Recurring profit	189	700	6,050
Net income	7	370	3,800
Earnings per share (Yen)	0.26	12.64	129.88

	1H FY07/23 results	1H FY07/24 results	FY07/24 full-year plan
Net sales	13,575	23,491	67,900
Real Estate Management	12,010	11,436	23,130
Logistics Investment	—	10,213	40,120
Asset Management	691	695	1,560
Overseas	7	8	10
Other operations	865	1,137	3,080
Segment profit	670	1,261	7,380
Real Estate Management	1,083	994	1,780
Logistics Investment	-345	859	6,370
Asset Management	461	423	910
Overseas	-41	-176	-310
Other operations	83	-76	-60
Adjustments	-571	-763	-1,310

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

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

Note 2: Segment sales represent sales to external customers.

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

# FY07/24 Performance Forecast

- Operating income and EBITDA are expected to be +4.9% and +4.8% YoY, respectively.
- Business profit is expected to remain mostly unchanged from the previous year, mainly due to up-front investments in the development of logistics facilities in the overseas business.
- Performance in 1H was in line with plan, so our full-year forecast is unchanged.

(Millions of yen)

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

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

# FY07/24 Performance Forecast by Segment

(Millions of yen)

	FY07/23 results (cons.; post-reclassification)	FY07/24 forecast (cons.)	YoY change	
			Amount	%
<b>Net sales</b>	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%
<b>Segment profit</b>	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	—

- **Real Estate Management**

Accelerate acquisition of existing properties to increase floor space under management

Improve profitability by optimizing tenant rents

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

- **Logistics Investment**

- **Large properties:**

Forecast only includes properties for which tenants have been secured

*LogiSquare* Itami was sold in December

No change to outlook on market environment

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

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 during FY07/24

- **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

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

Note 2: Segment sales represent sales to external customers.

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



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# CRE Business Strengths

# CRE Business Strengths

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



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

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

**Solid recurring revenue business growth**



## Master lease business earnings model: Secure rental margins

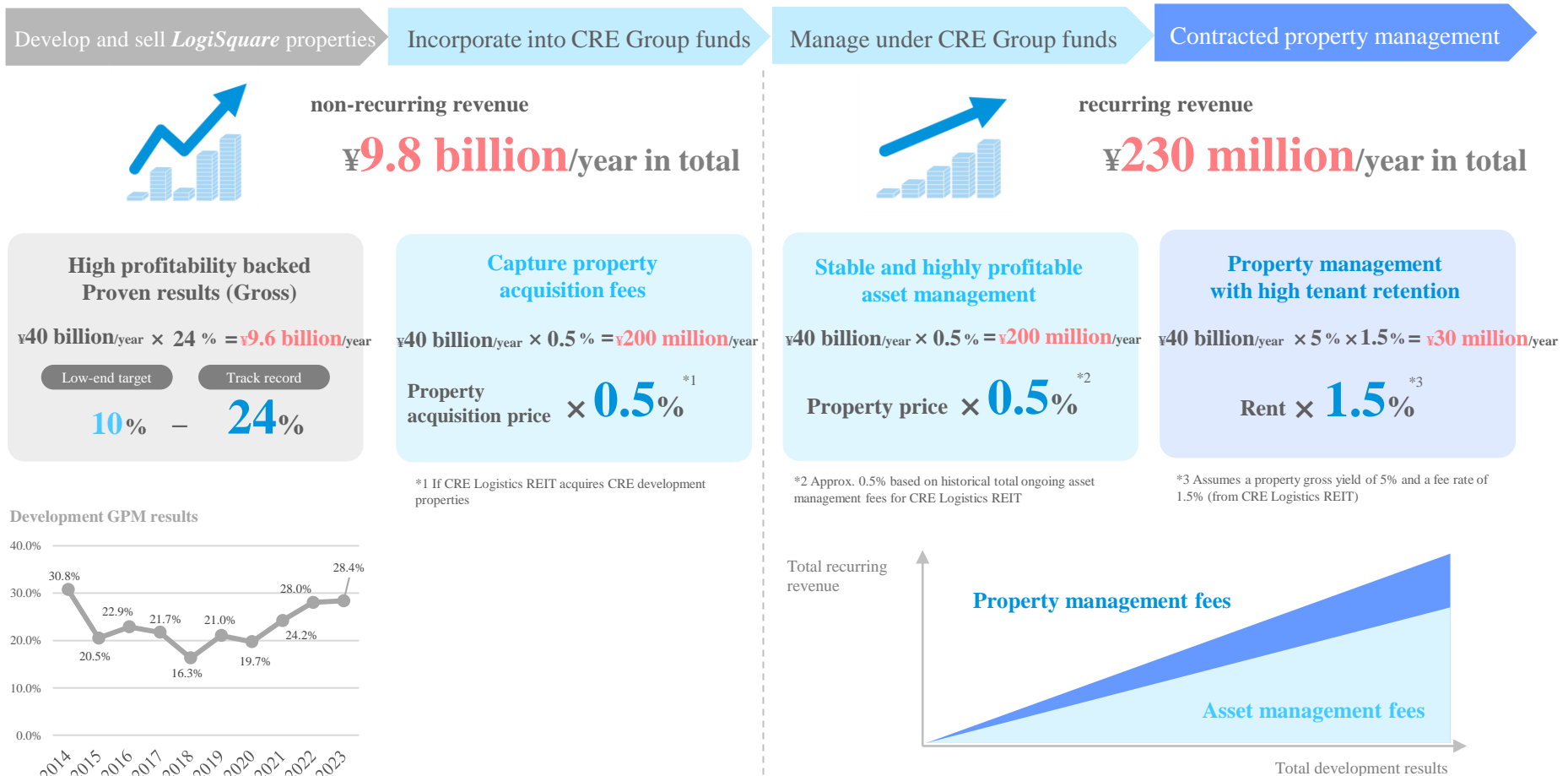


# Business Model Linking Non-recurring and Recurring Revenue Businesses (Numerical Visualization)

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

In case of development project worth ¥40 billion/year

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

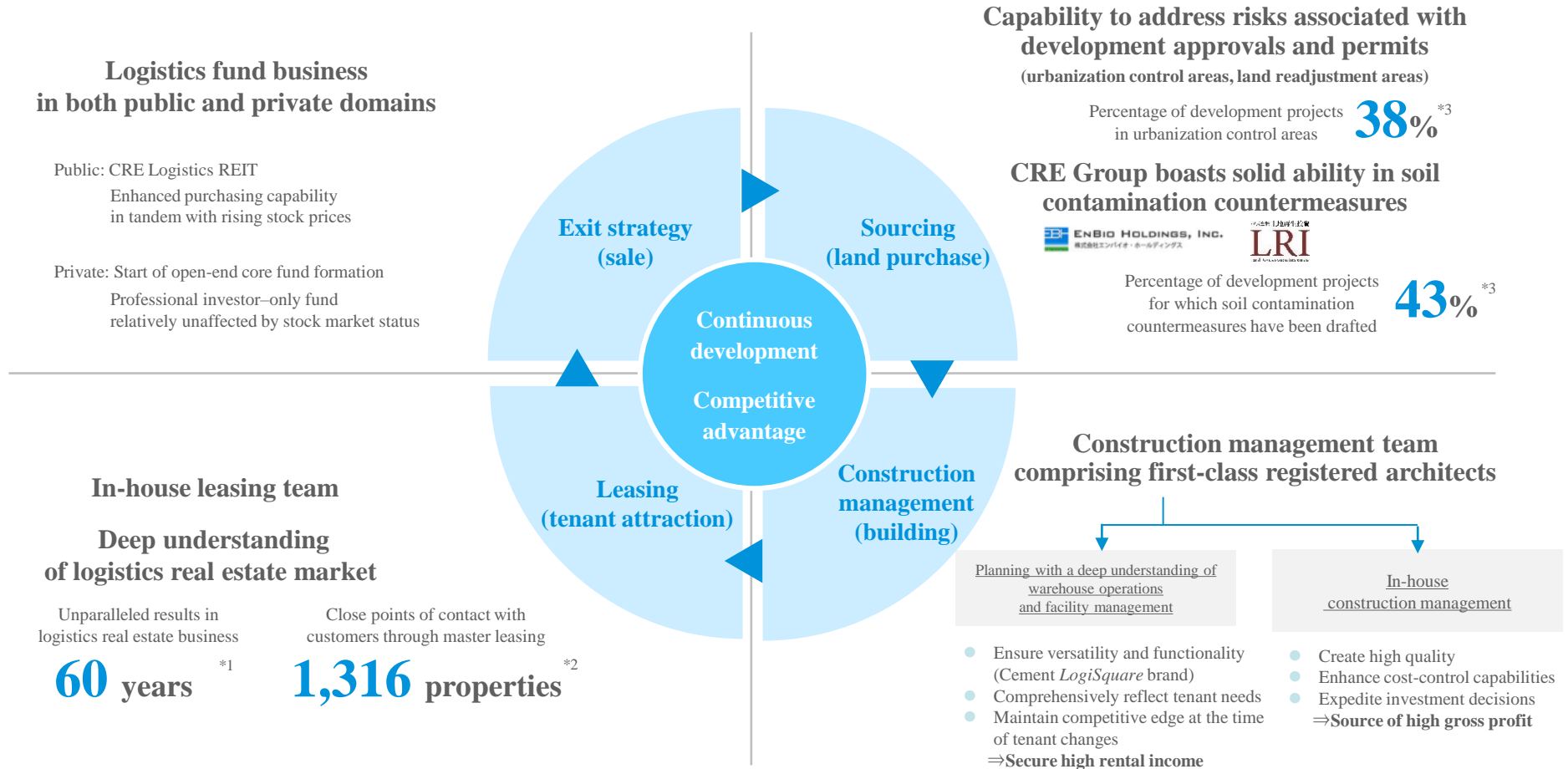


# Logistics Investment Business Competitive Advantages (1)

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



## Competitive advantages in each phase of development



\*1 Tenko Soken Co., Ltd., established in 1964 \*2 As of January 31, 2024 \*3 Based on 29 completed properties, up to LogiSquare Fukuoka Ogoori

# Logistics Investment Business Competitive Advantages (2)

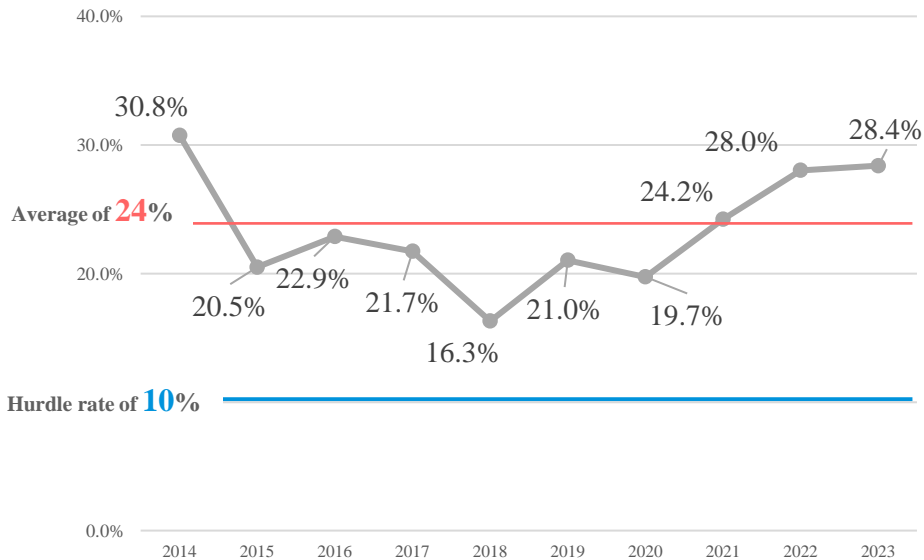
Despite high P&L volatility due to project-by-project variations in exit timing, our non-recurring revenue business contributes reliably to earnings as each project has a high GPM and investment return.

## Reference: Development GPM

- High development GPM

Development GPM historical average

About **24%**



## Reference: Investment to exit

Reference case: *LogiSquareOsaka Katano*

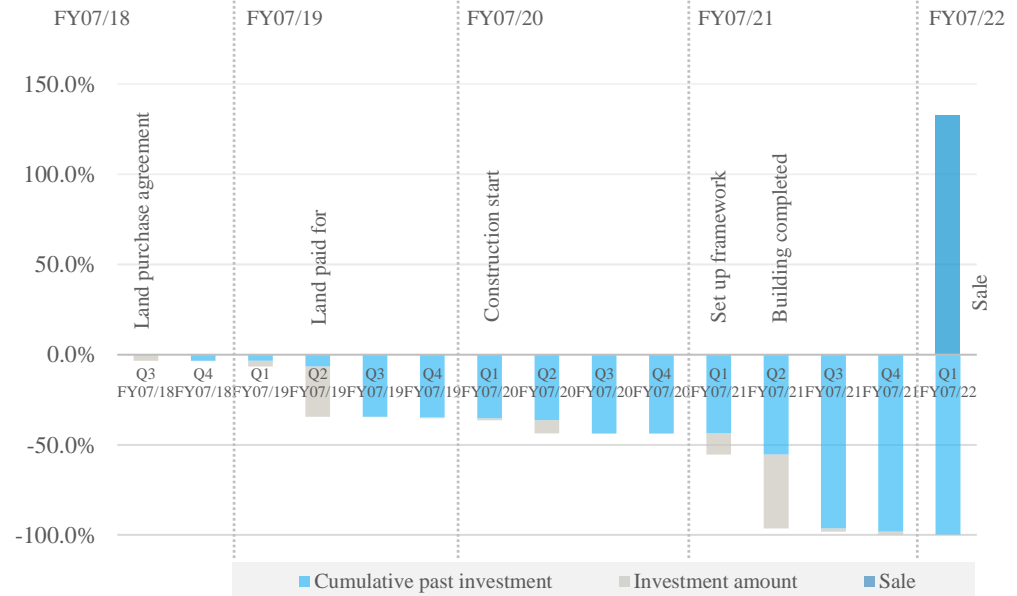
- Realized high IRR through tail-heavy capital investment

Non-leveraged IRR

About **19%<sup>\*1</sup>**

Leveraged IRR

More than **50%<sup>\*1</sup>**



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.

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# Status of Each Business

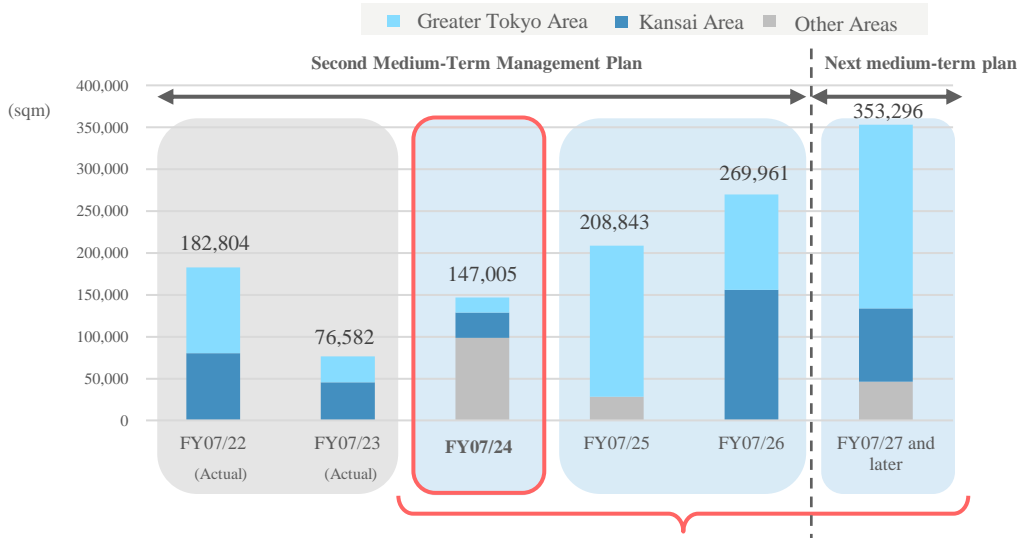
## —Non-recurring Revenue Business

# Non-recurring Revenue Business | Logistics Investment: Pipeline

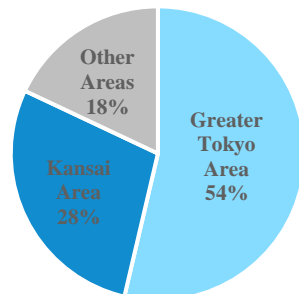
**NEW**

- Sold *LogiSquare Itami*
- Secured tenants for *LogiSquare Matsudo* and *LogiSquare Kyotanabe A*
- Added *LogiSquare Atsugi Minami* to pipeline

## Floor space sold/to be sold in each fiscal year



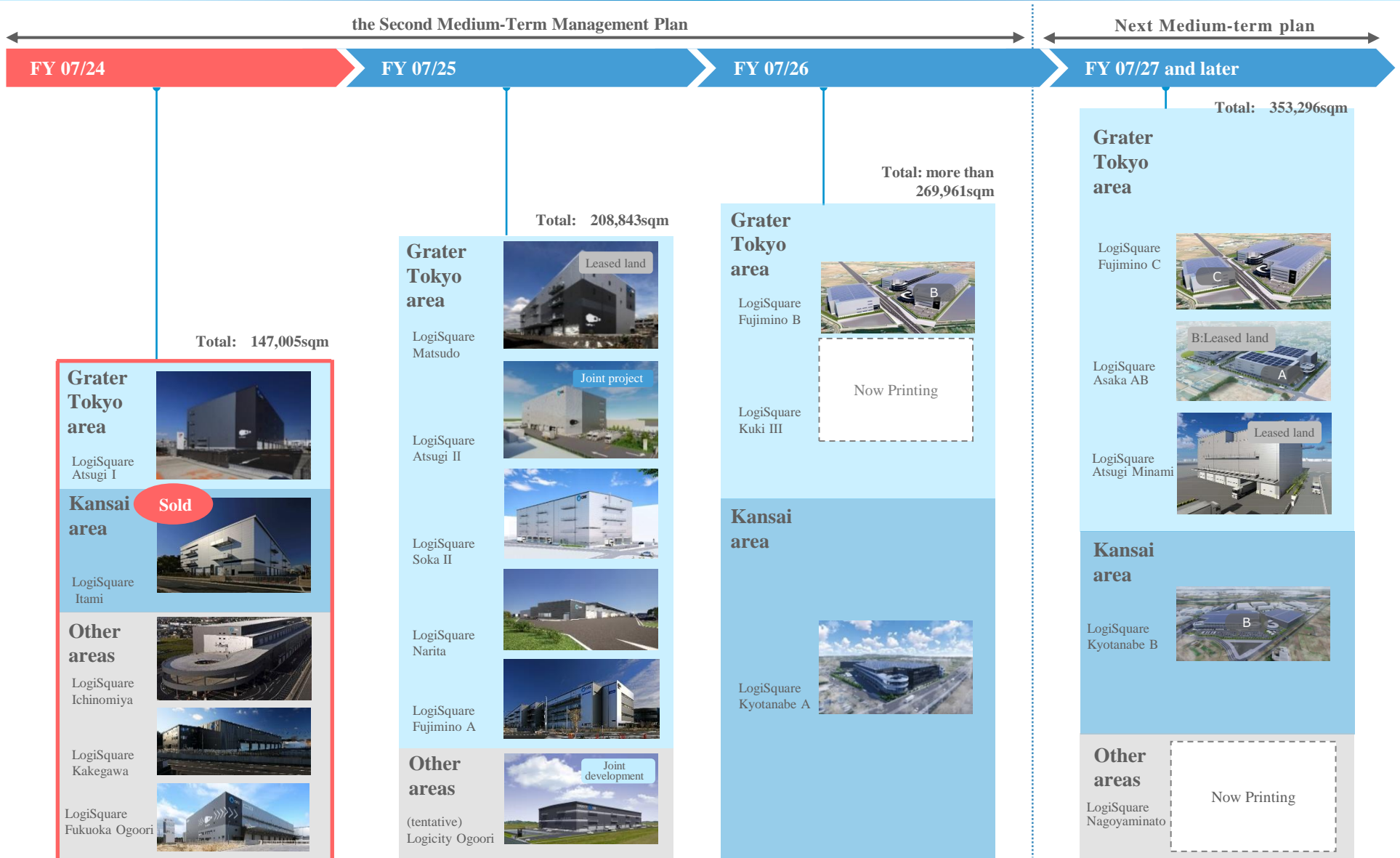
## Pipeline projects by area from FY07/24



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

Timing of sale	Property name	Area	sqm	Tenants confirmed, either officially or informally
FY 07/22	LogiSquare Miyoshi II	Greater Tokyo	18,136	—
	LogiSquare Osaka Katano	Kansai	80,536	—
	LogiSquare Sayama Hidaka	Greater Tokyo	84,132	—
	<b>Total: 182,804</b>			
FY 07/23	LogiSquare Shiroy <b>Joint project</b>	Greater Tokyo	30,820	—
	LogiSquare Hirakata	Kansai	45,762	—
<b>Total: 76,582</b>				
FY 07/24 (planned) <b>Sold</b>	LogiSquare Itami	Kansai	29,977	100%
	LogiSquare Atsugi I	Greater Tokyo	18,238	100%
	LogiSquare Ichinomiya	Other	60,641	100%
	LogiSquare Fukuoka Ogoori	Other	23,914	100%
	LogiSquare Kakegawa	Other	14,235	100%
	<b>Total: 147,005</b>			
FY 07/25 (planned)	LogiSquare Matsudo <b>Leased land</b>	Greater Tokyo	15,643	100%
	LogiSquare Fujimino A	Greater Tokyo	112,341	6%
	LogiSquare Soka II	Greater Tokyo	(planned) 16,099	
	LogiSquare Narita	Greater Tokyo	(planned) 17,974	100%
	LogiSquare Atsugi II <b>Joint project</b>	Greater Tokyo	(planned) 18,423	100%
	(tentative)Logicity Ogoori <b>Joint development</b>	Other	(planned) 28,364	100%
<b>Total: 208,843</b>				
FY 07/26 (planned)	LogiSquare Fujimino B	Greater Tokyo	(planned) 114,083	
	LogiSquare Kyotanabe A	Kansai	(planned) 155,878	100%
	LogiSquare Kuki III	Greater Tokyo	undecided	
<b>Total: More than 269,961</b>				
FY 07/27 and later (planned)	LogiSquare Asaka A	Greater Tokyo	(planned) 96,000	
	LogiSquare Asaka B <b>Leased land</b>	Greater Tokyo	(planned) 65,498	
	LogiSquare Fujimino C	Greater Tokyo	(planned) 43,283	
	LogiSquare Kyotanabe B	Kansai	(planned) 87,534	
	LogiSquare Nagoyaminato	Other	(planned) 46,337	
	LogiSquare Atsugi Minami <b>Leased land</b>	Greater Tokyo	(planned) 14,645	
<b>Total: 353,296</b>				

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



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



# Non-recurring Revenue Business | Logistics Investment

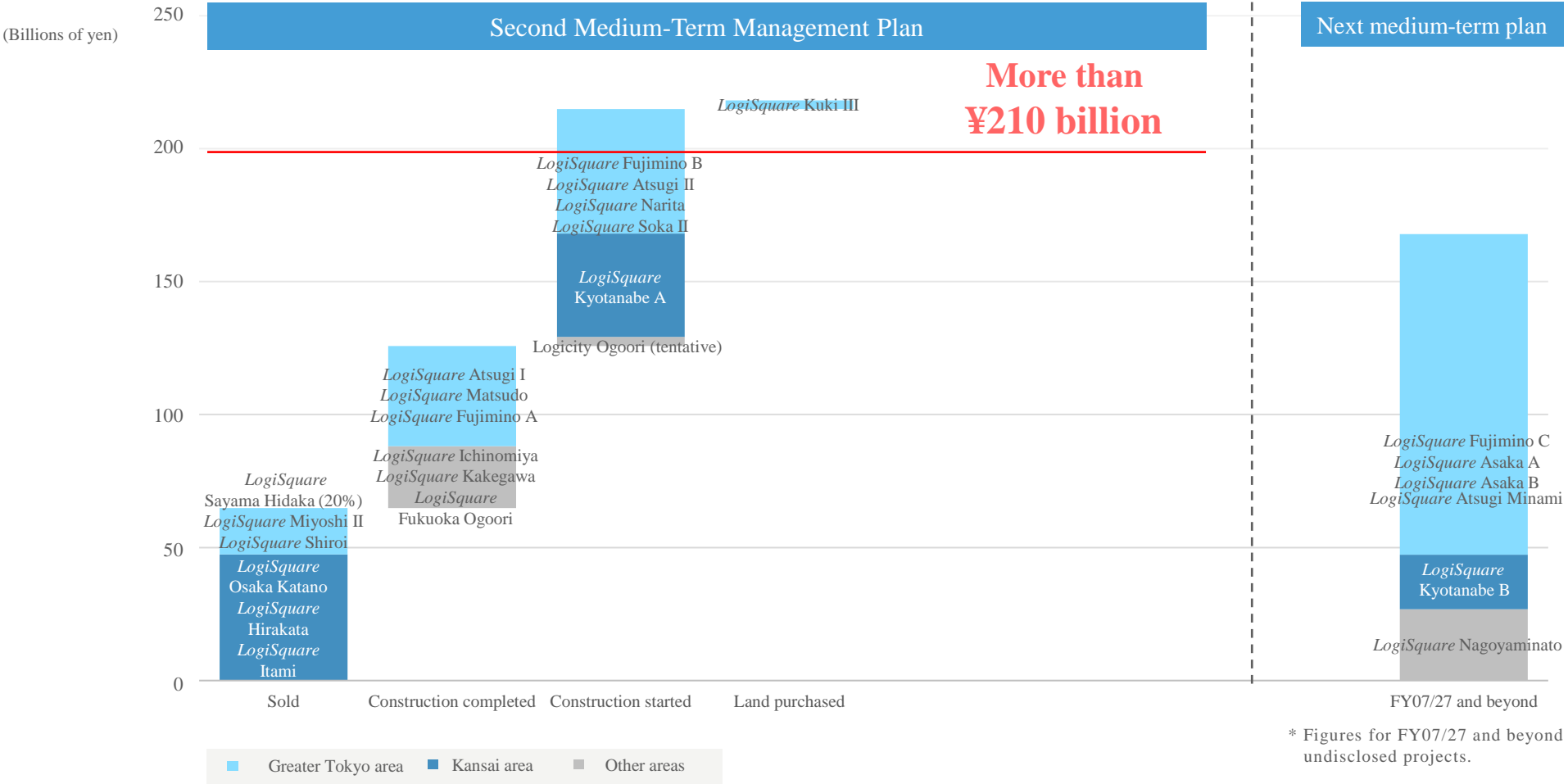
Five properties to be sold in FY07/24:

*LogiSquare Itami, LogiSquare Atsugi I, LogiSquare Ichinomiya, LogiSquare Fukuoka Ogoori, and LogiSquare Kakegawa (LogiSquare Itami sold in December).*

**The announced pipeline balance has expanded to over ¥210 billion**, exceeding the commitments of the Second Medium-Term Management Plan.

Pipeline acquisitions for the next medium term plan and beyond also remain solid, **accumulating over 150 billion yen**.

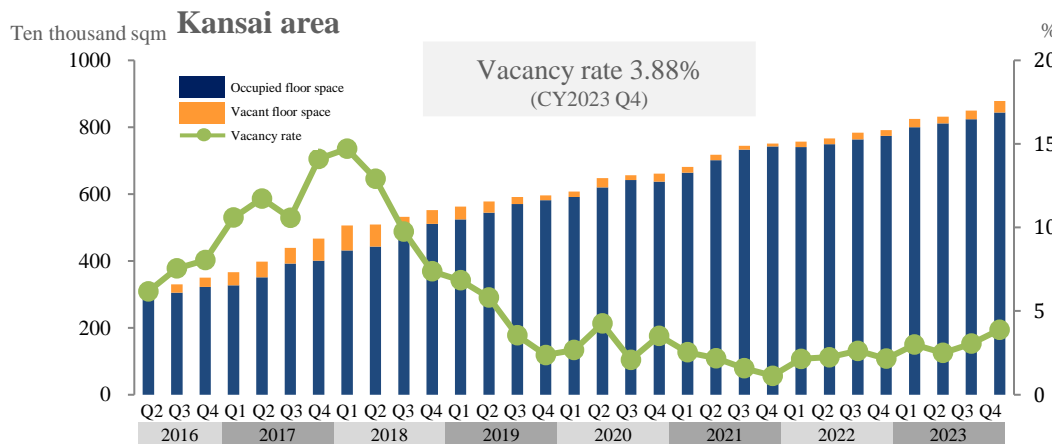
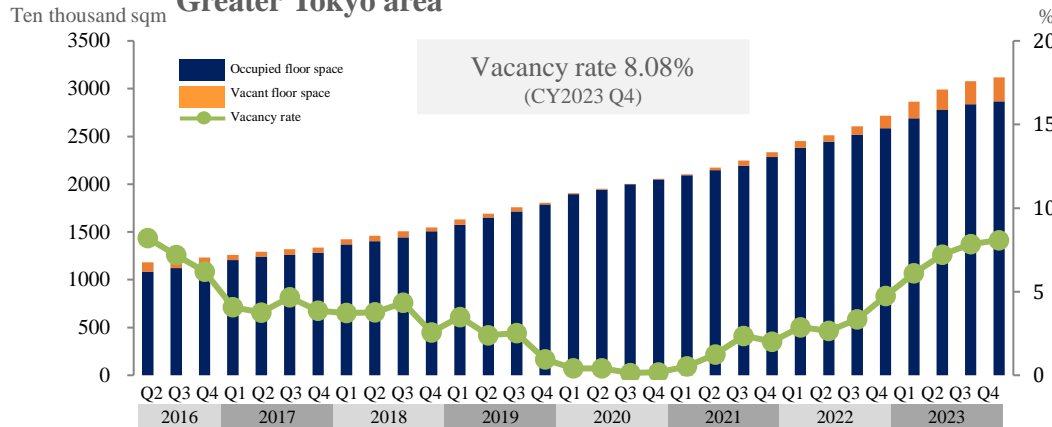
## Key indicator: Pipeline projects under the Second Medium-Term Management Plan



## Rental market

- In the Greater Tokyo area, new supply and existing property absorption are becoming polarized. Vacancy rates rose slightly.
- In the Kansai area, new supply and aggregate demand were firm, but vacancy rates rose.

### Stock amount and vacancy rate Greater Tokyo area

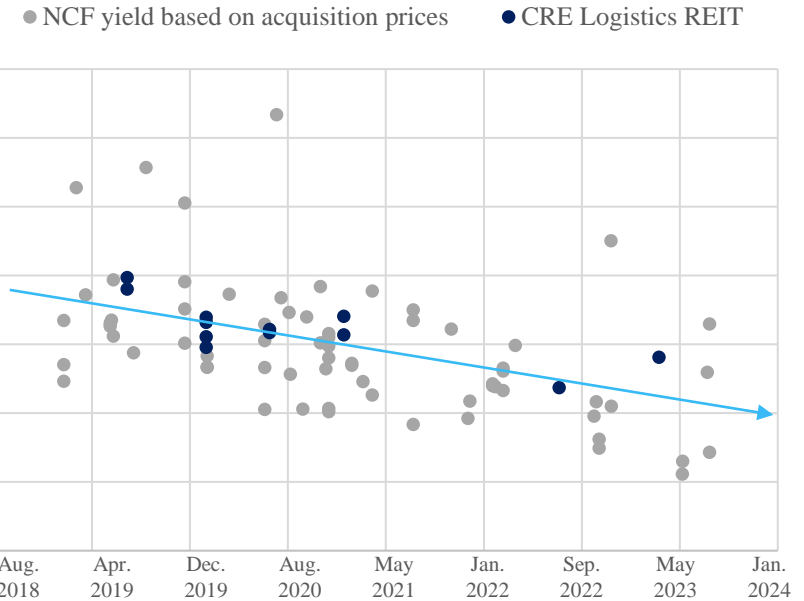


Source: "Market Report on Warehouses and Logistics Properties (β version) Ver. 202312" published by CRE, Inc.

## 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

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# Status of Each Business —Recurring Revenue Business

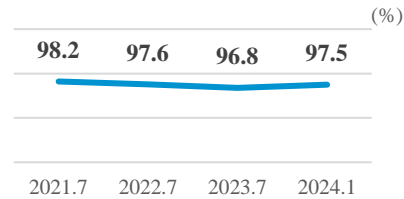
# Recurring Revenue Business | Real Estate Management

## Pillar of Recurring Revenue businesses

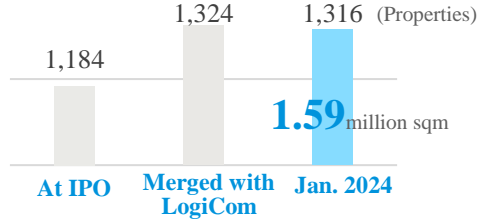
### Master lease

- 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 21).

### Master lease occupancy rate



### Number of master lease properties



### Rents

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

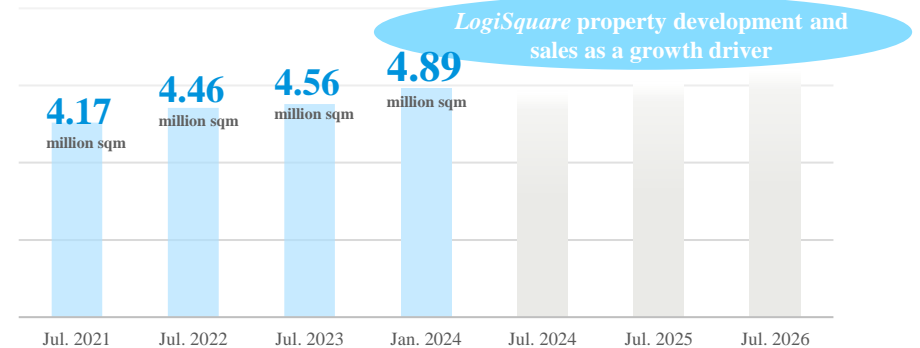
	2021-2022	2022-2023
Rent Changes	+2.6%	+4.5%
Turnover	6.5%	4.0%

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

### Property management

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

### Key indicator: Floor space under management -Property management



**CRE ranks No. 3<sup>\*1</sup> among property management companies focused on logistics facilities with approx. 6.48 million sqm<sup>\*2</sup> in floor space under management**

\*1 Source: *Gekkan Property Management* (November 2023 issue) \*2 As of January 31, 2024

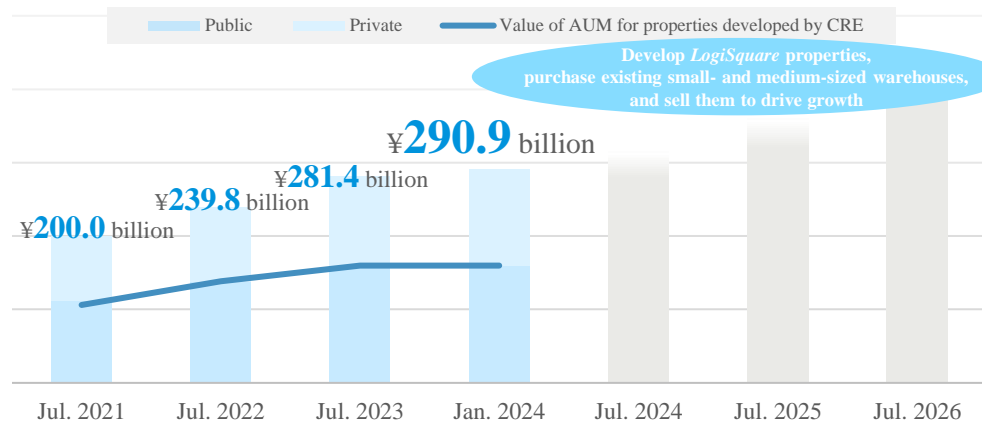
# Recurring Revenue Business | Asset Management

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

## Asset Management

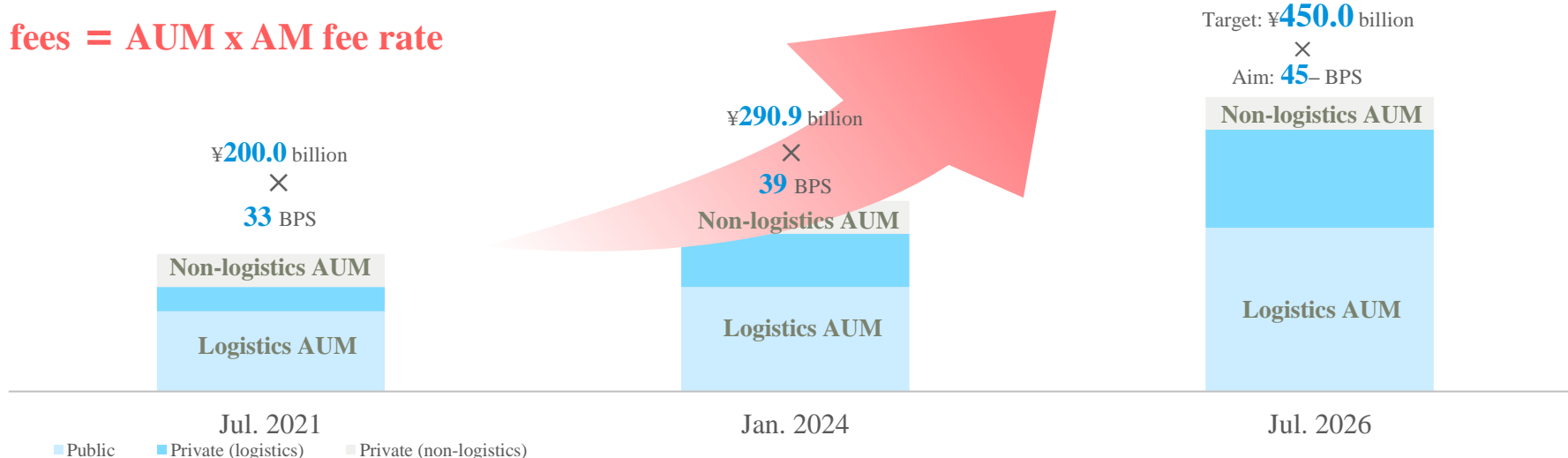
- Develop *LogiSquare* properties and purchase existing small- and medium-sized warehouses, and sell them to the CRE Group funds to increase the number of properties under management and AUM.
- Improve AM fee income by providing appropriate services to fund investors, centered on logistics facilities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

## 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 commence operations during FY07/24.

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 Recurring revenue 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. fifteen properties added in December 2023, for a total of 69 properties.



### Features

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

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# Status of Each Business —Overseas Business



# Overseas Business

**Accelerate investment in Vietnam and Indonesia.**

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

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

Sembcorp Logistics Park (Nghe An)



Sembcorp Logistics Park (Quang Ngai)



## Vietnam

- Warehouse development

## Thailand

- Self-storage

## Indonesia

- Warehouse development

### Warehouse development status in Vietnam

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

**Total: 10 buildings, approx. 128,700sqm**

### Warehouse development status in Indonesia

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

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

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# Recognition of and Response to Challenges Related to Equity Valuation

# Recognition of and Response to Challenges Related to Equity Valuation

## Challenges

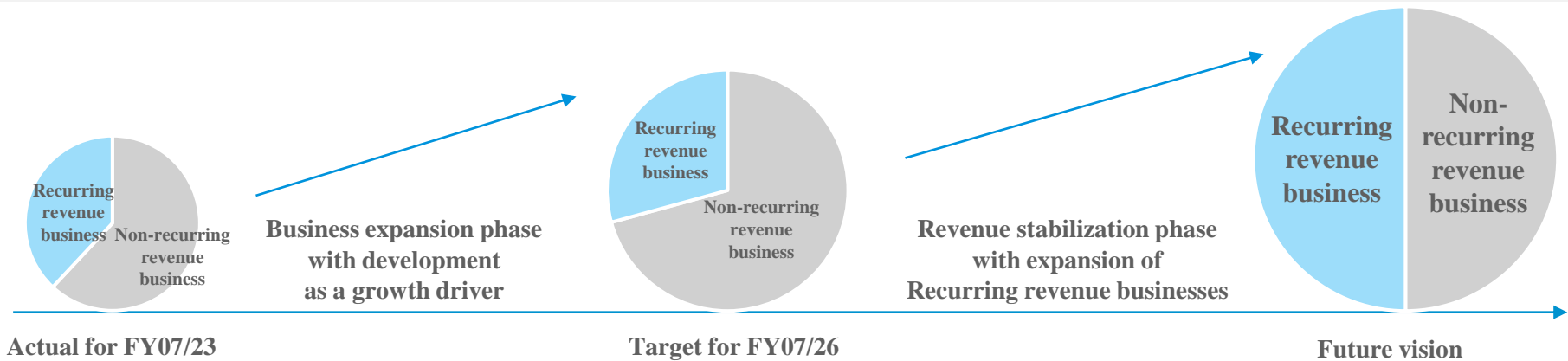
- Presenting a highly transparent growth scenario
- Reducing earnings volatility
- Making proactive shareholder returns

## Responses

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

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

### Earnings stability improvement milestones (recurring revenue business growth)



Business Profit **¥7.57 billion**※

**¥14~15 billion**

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

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

**Aim to improve equity valuation by expanding profitability**

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

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

# Projected Business Profit for Each Fiscal Year

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

\*Properties expected to be sold in each fiscal year are listed on page 14

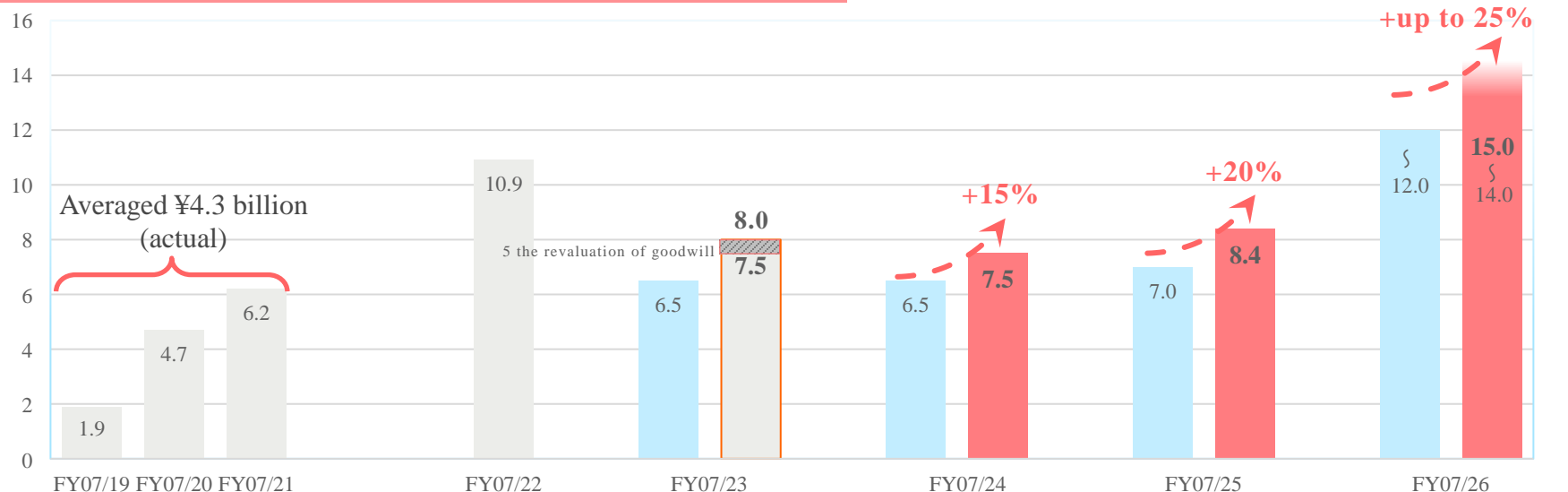
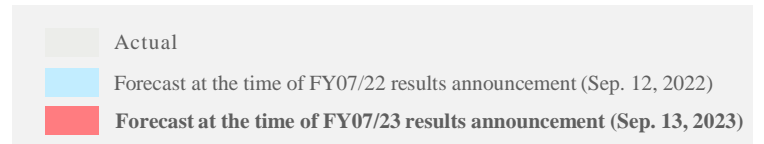
\*Business profit = Operating profit + Equity in earnings of affiliates + Goodwill amortization (consolidated subsidiaries/equity method affiliates)  
+ Profit (loss) from business investments

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

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

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

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



First Medium-Term Management Plan

Second Medium-Term Management Plan

# Investment Plan to Support business Growth

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

(100 Millions of yen)

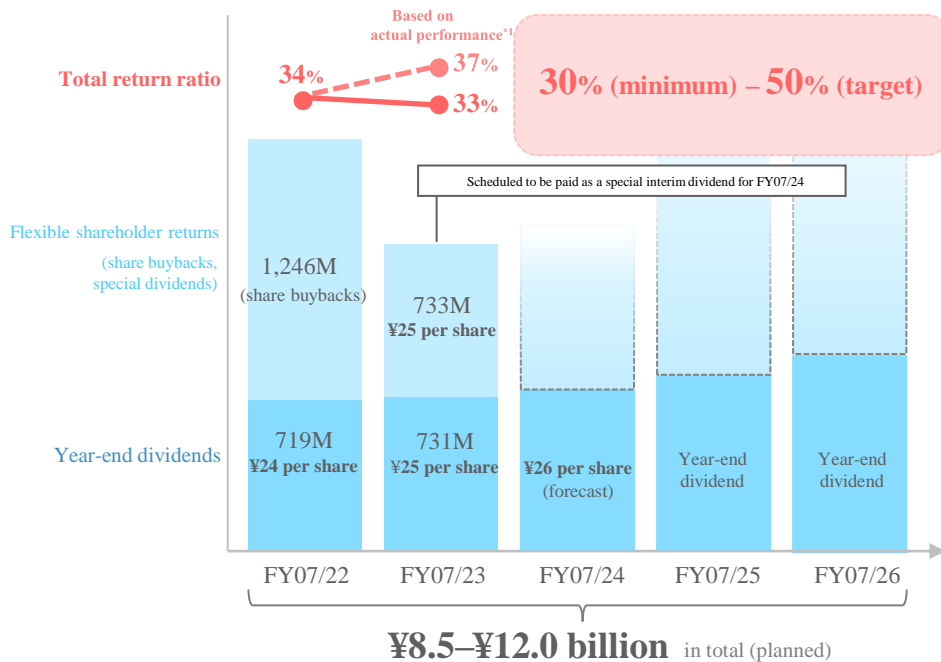
	FY07/22 FY07/23 actual	FY07/24-FY07/26 forecast	Total in 5 years
Logistics Investment	700	1,990	2,690
Asset Management	5	50	55
Overseas	15	65	80
New businesses	5	5※ <small>*Funds for executing M&amp;A are not included.</small>	10
total	725	2,110	2,835

# Shareholder Returns: Stable Dividend and Flexible Shareholder Returns

## Shareholder return policy

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

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



### Shareholder returns under the Second Medium-Term Management Plan

**¥8.5 – ¥12.0 billion** in total (planned)

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

### Our calculation formula for the total return ratio

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

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












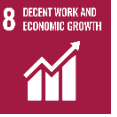


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# Initiatives to Realize Sustainable Society

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



# Initiatives to Realize Sustainable Society

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

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

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

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

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

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

### Topics

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



Solar power plant in Sabha, Mafrq (Jordan)

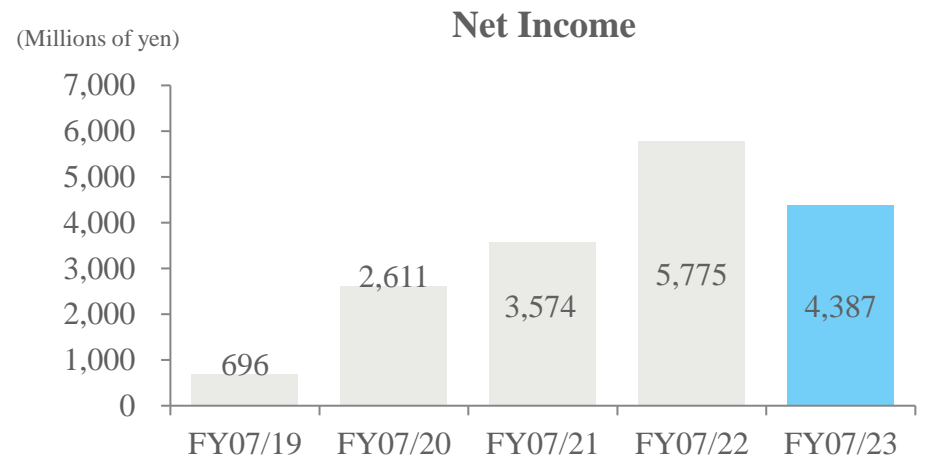
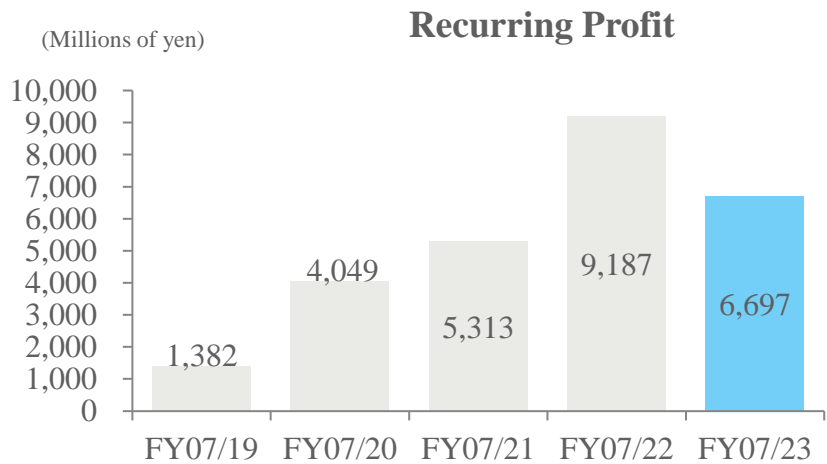
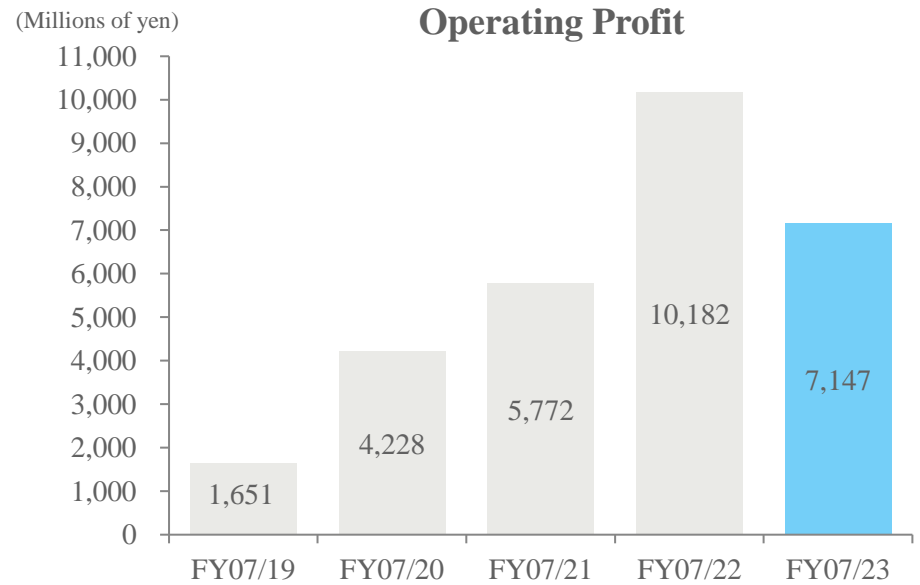
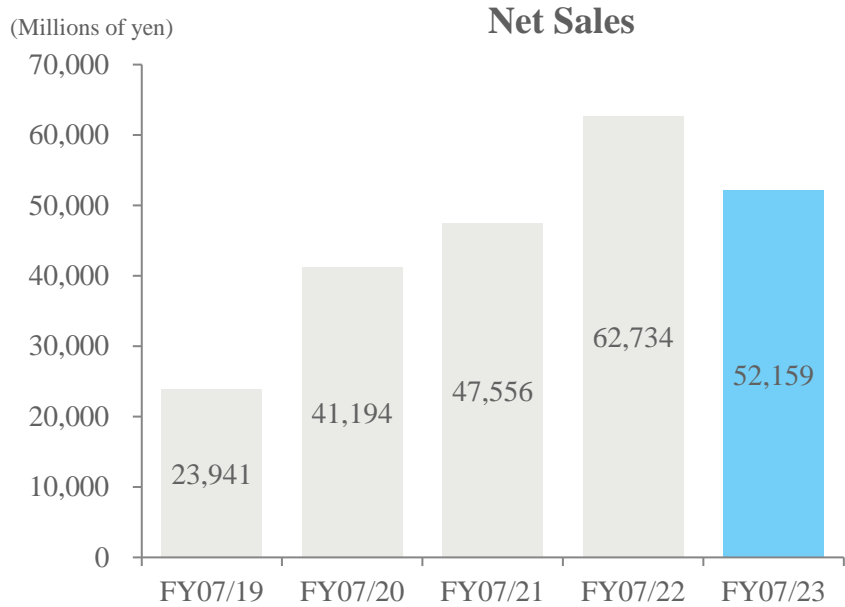


Biomass gasification power plant in operation in Goynuk, Bolu Province, northwestern Turkey

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# Appendix

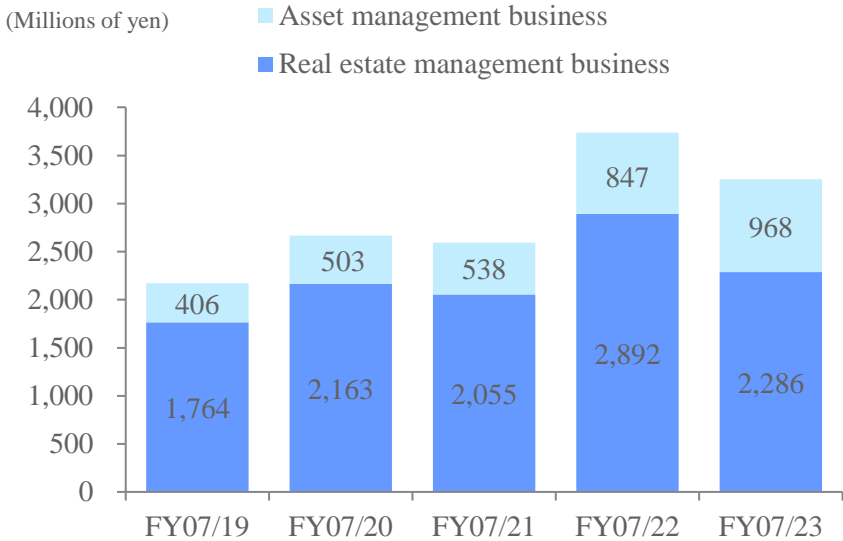
# Consolidated Financial Highlights



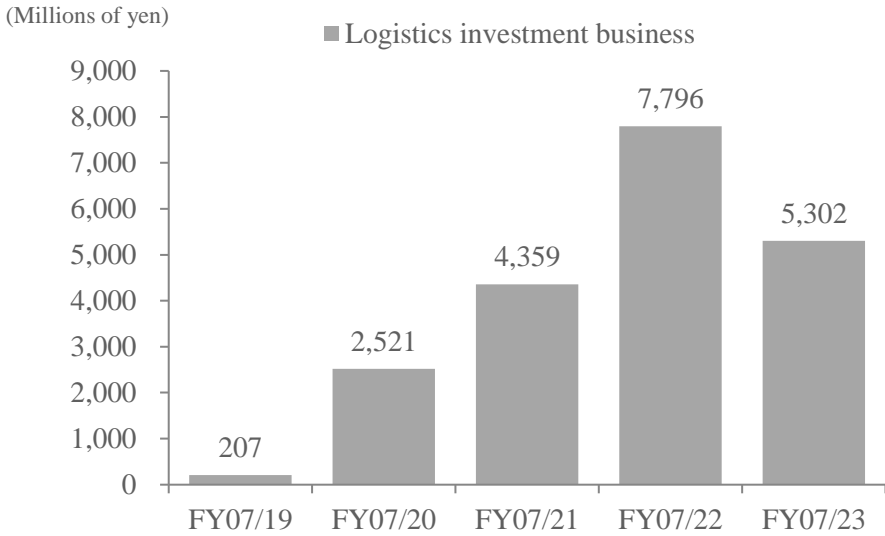
# Financial Highlights for Each Reporting Segment

## Segment Profit

### Recurring revenue Business

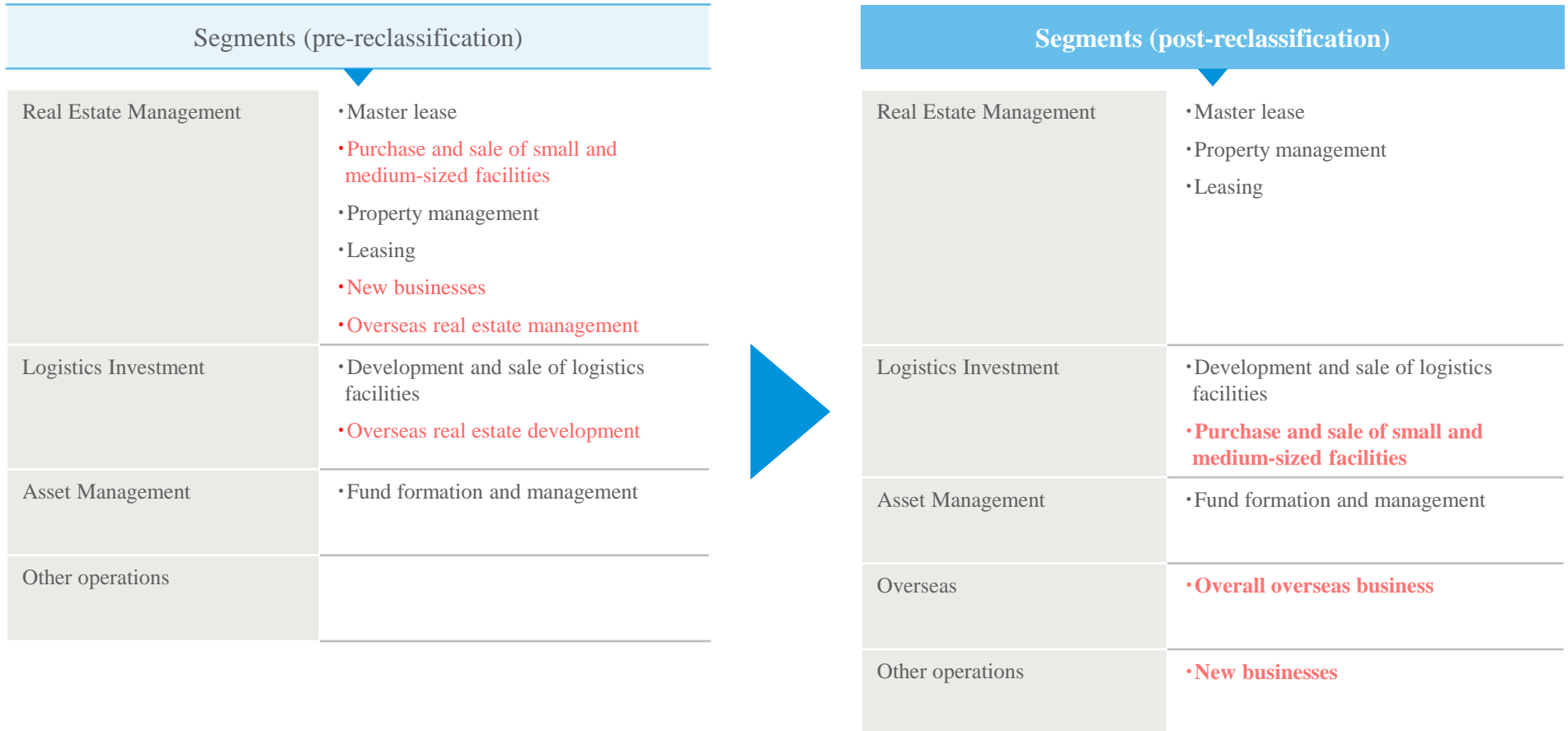


### Non-recurring revenue Business



# Segment Changes

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



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

# Summary of Consolidated Balance Sheets

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

(Millions of yen)

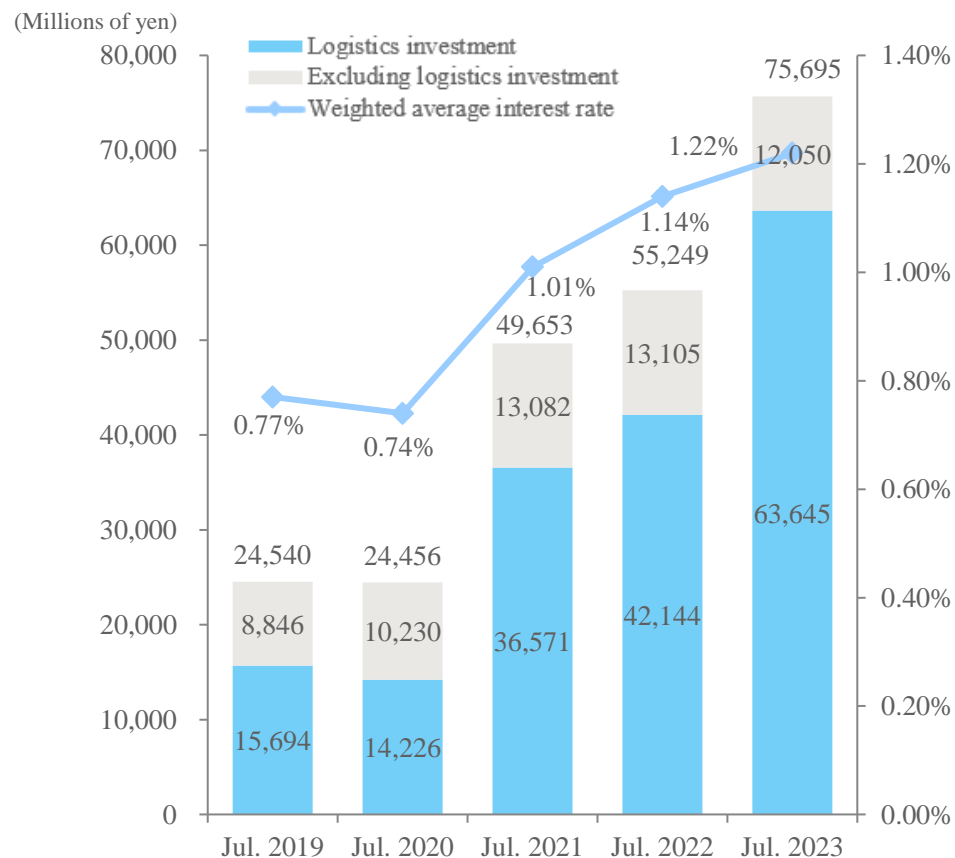
	As of July 31, 2023	As of January 31, 2024	Change		As of July 31, 2023	As of January 31, 2024	Change
<b>Assets</b>	138,821	145,890	7,069	<b>Liabilities</b>	100,344	107,724	7,380
Current Assets	109,658	115,097	5,439	Current liabilities	35,357	40,914	5,556
(Key components)				(Key components)			
Cash and deposits	28,292	24,325	-3,967	Short-term borrowings, etc.*1	20,749	19,931	-817
Real estate for sale	16,214	44,251	28,037	Non-current liabilities	64,986	66,810	1,824
Real estate for sale in process	58,588	36,064	-22,524	(Key components)			
Non-current assets	29,150	30,784	1,633	Long-term borrowings, etc.*2	54,946	56,300	1,354
(Key components)				Leasehold and guarantee deposits received	8,899	9,418	518
Property, plant and equipment	7,467	6,961	-505	Net assets	38,477	38,165	-311
Intangible assets	908	1,057	148	Share capital	5,295	5,365	69
Investments and other assets	20,774	22,765	1,990	Capital surplus	6,008	6,078	69
(Of which, Leasehold and guarantee deposits)	(7,999)	(8,199)	200	Retained earnings	25,979	25,618	-361
<b>Total assets</b>	138,821	145,890	7,069	<b>Total liabilities and net assets</b>	138,821	145,890	7,069

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

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

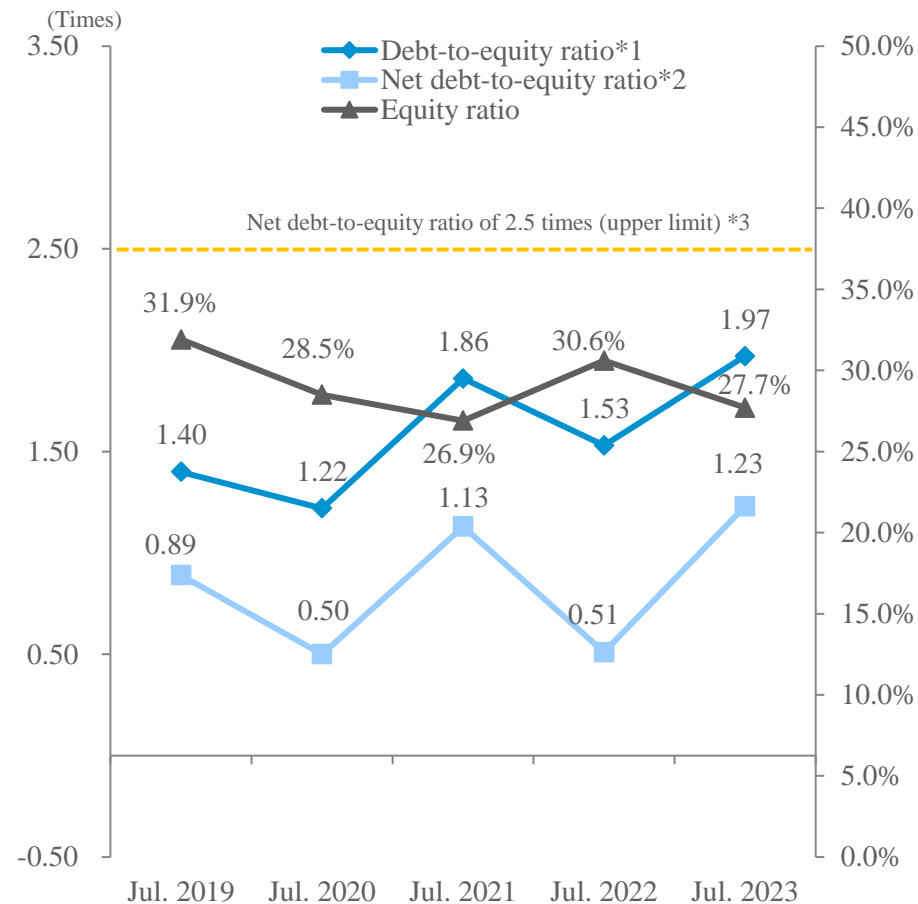
# Financial Position (As of July 31, 2023)

## Consolidated loan balance and weighted average interest rate



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

## Consolidated key indicators



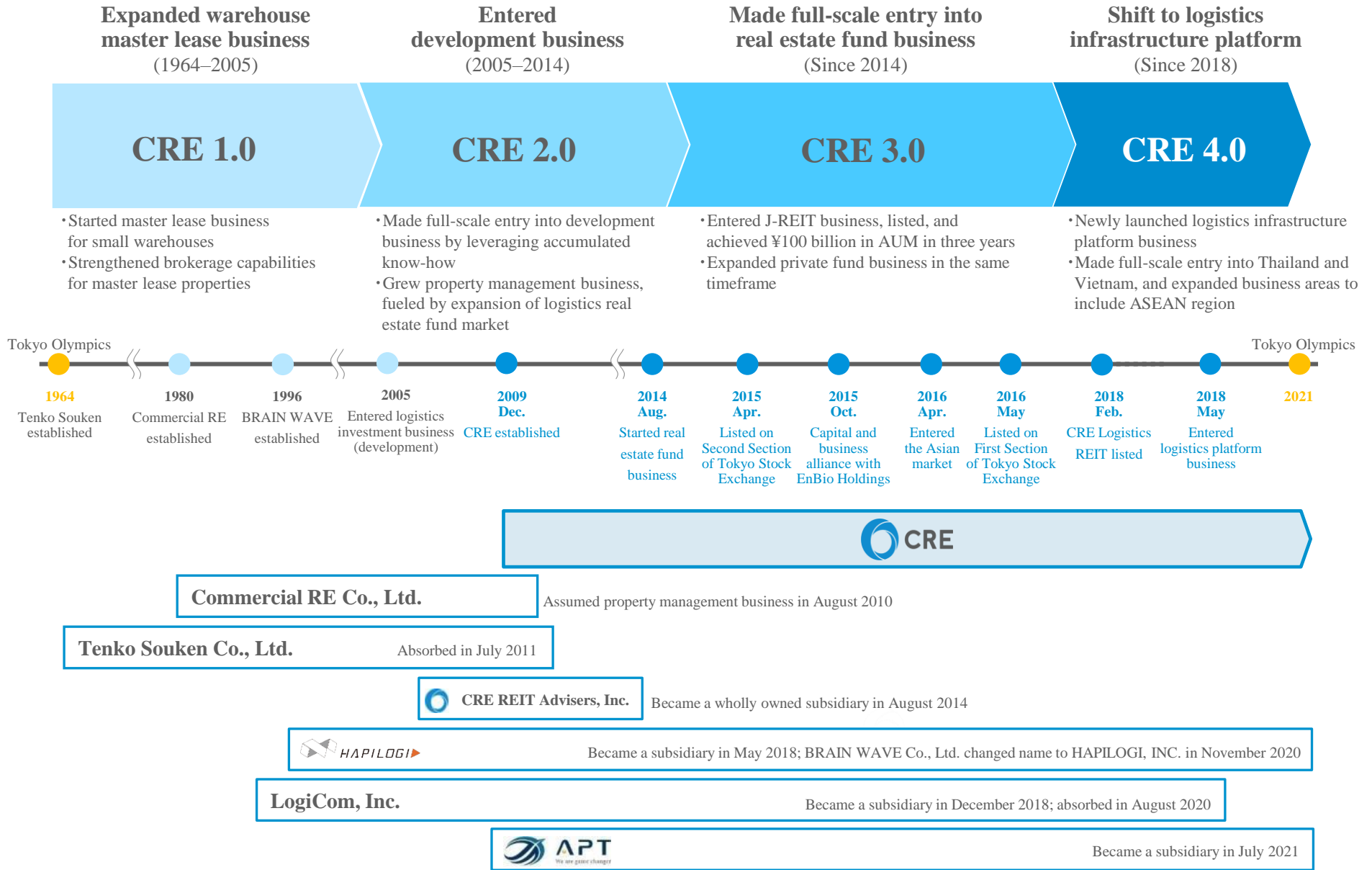
\*1 Debt-to-equity ratio = Interest-bearing debt (short-term borrowings, etc. + long-term borrowings, etc.) / Equity capital  
 \*2 Net debt-to-equity ratio = (Interest-bearing debt [short-term borrowings, etc. + long-term borrowings, etc.] - cash and deposits) / Equity capital  
 \*3 We set the upper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

# Company Profile

Company name	CRE, Inc.
Representative	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	342 (Consolidated basis / As of January 31, 2024)
Listing	Prime Market of the Tokyo Stock Exchange Code: 3458
Industry sector	Real estate business

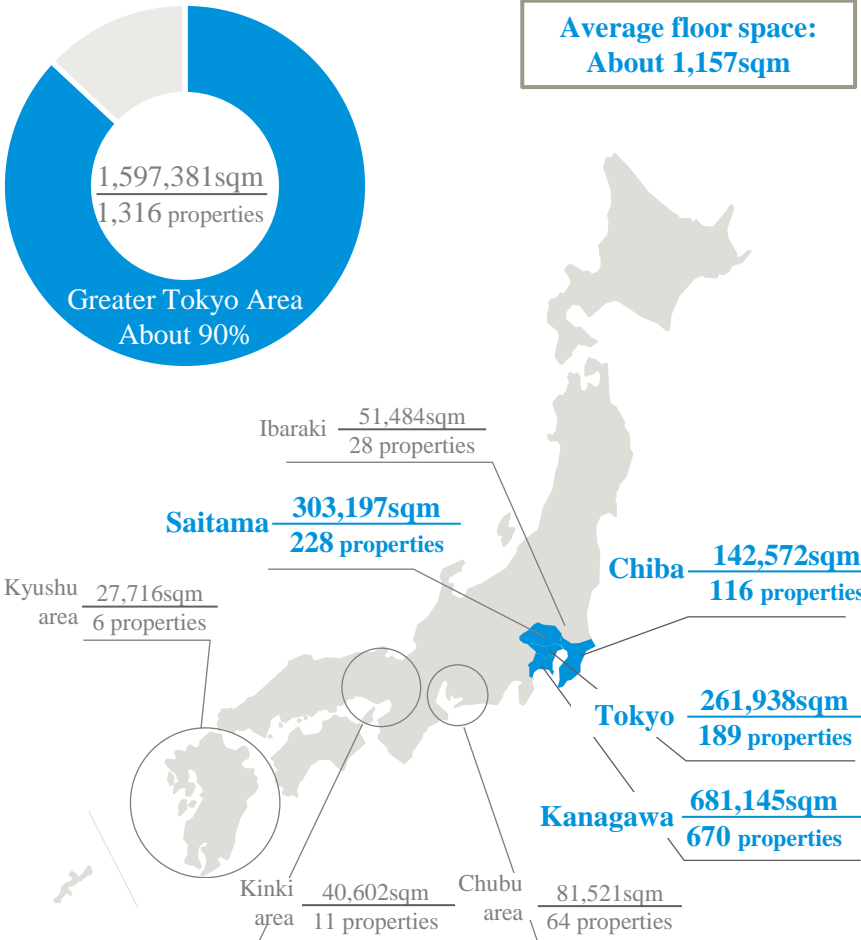


# History

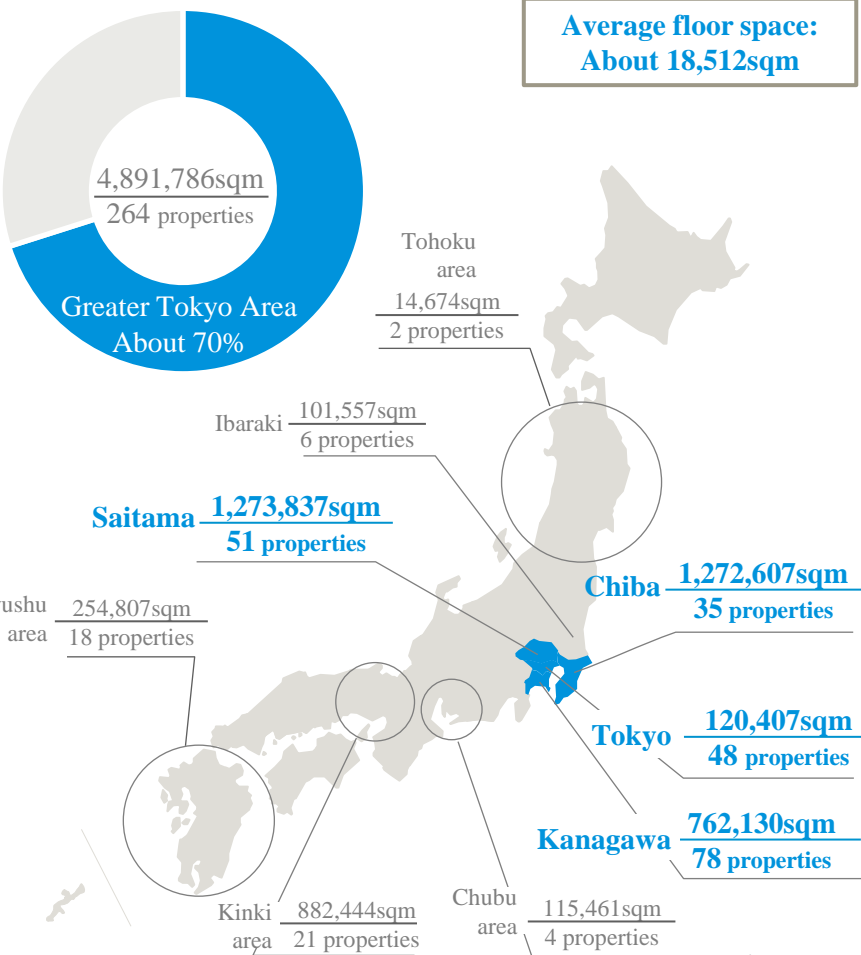


# Real Estate Management Business: Floor Space under Management by Area

## Master Lease



## Property Management

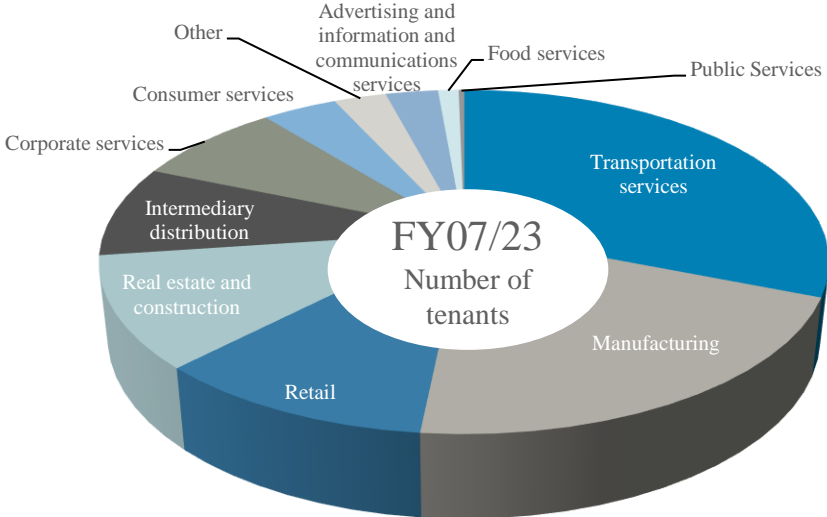


\* As of January 31, 2024  
 \* The Greater Tokyo area includes Saitama Prefecture, Chiba Prefecture, Tokyo, and Kanagawa Prefecture.

Floor space under management  
 Properties under management

# Diverse Customer Base

## Tenant composition in master lease business



## Major customers for property management business

- LaSalle LOGIPORT REIT
- LaSalle REIT Advisors K.K.
- Star Asia Investment Corporation
- Star Asia Investment Management Co., Ltd.
- KDX Realty Investment Corporation
- Kenedix Real Estate Fund Management, Inc.
- Kenedix Property Design, Inc.
- United Urban Investment Corporation
- Marubeni REIT Advisors Co., Ltd.
- Industrial & Infrastructure Fund Investment Corporation
- KJR Management
- Mitsubishi Estate Logistics REIT Investment Corporation
- Mitsubishi Jisho Investment Advisors, Inc.
- CRE Logistics REIT, Inc.
- CRE REIT 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.
- Star Asia Asset Advisors Co., Ltd.
- JA Mitsui Leasing Tatemono Co., Ltd.
- CBRE K.K.
- Odakyu Real Estate Co., Ltd.
- Real Link International Investment Advisors, Inc.
- Tokyo Realty Investment Management, Inc.
- Tokyu Land Corporation
- Strategic Partners Co., Ltd.

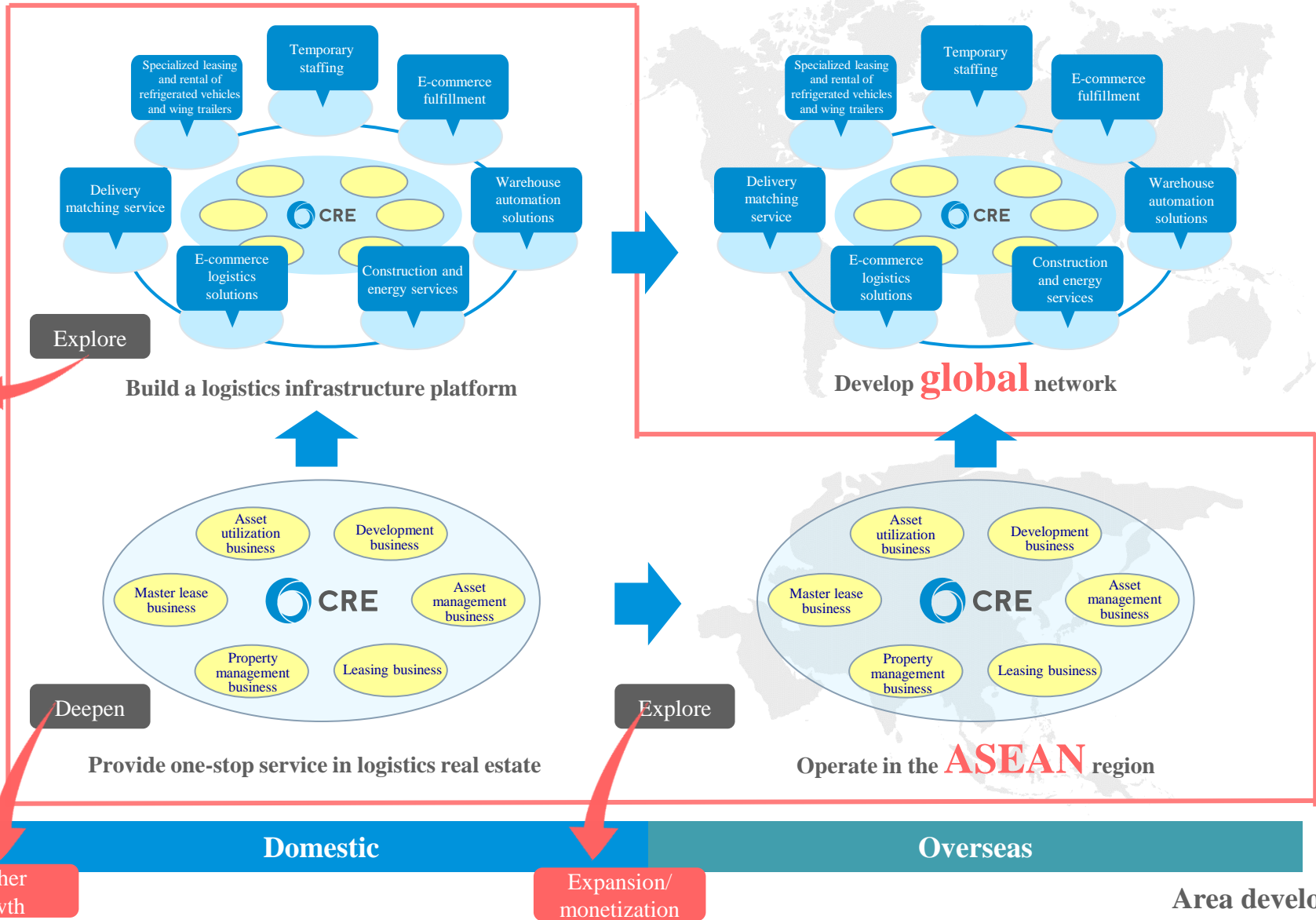
As of January 31, 2024

# CRE Group's Business Portfolio Development

Business domains

New

Existing



# Logistics Infrastructure Platform (LIP)

## Subsidiaries and affiliates



\*1 Consolidated subsidiaries \*2 Equity method affiliates

## Capital and business alliances



## Alliances



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

# Stock Information (As of January 31, 2024)

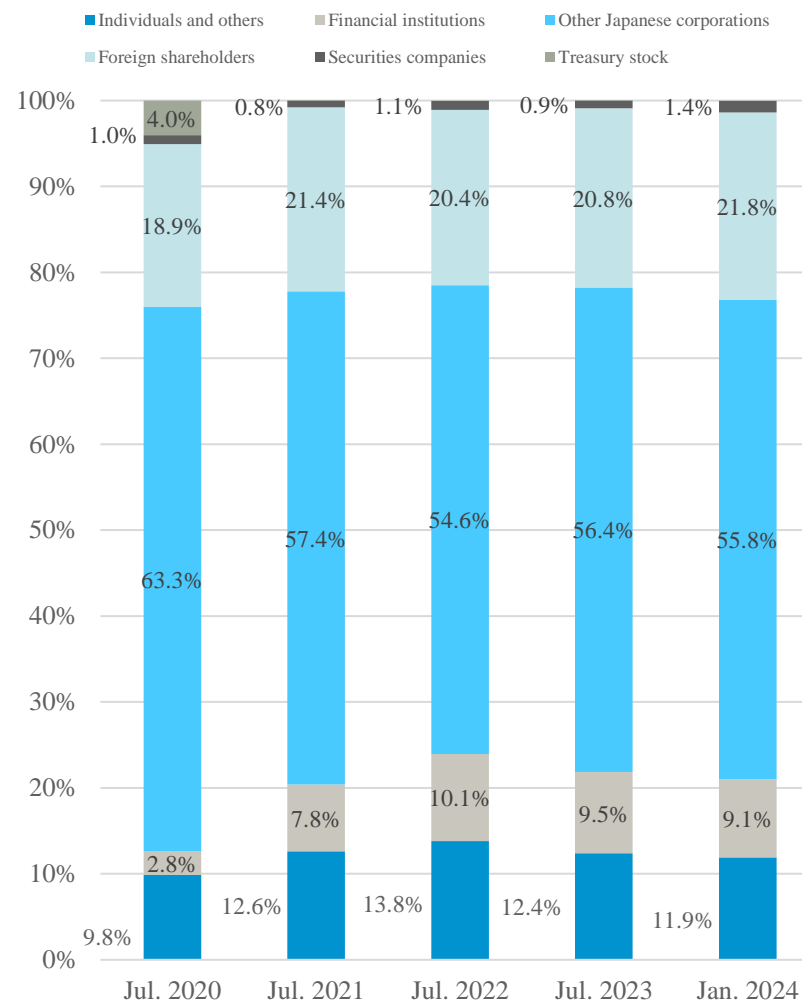
## Issued shares and shareholders

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

## Major shareholders

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

## Shareholding by shareholder type



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

# Disclaimer

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

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

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

This material is not intended as a solicitation to invest.

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