CRE Logistics REIT, Inc.

Announcement of Financial Results for the 18th Fiscal Period (Ended June 30, 2025)

August 19, 2025

Event Summary

[Company Name]	CRE Logistics REIT, Inc.
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[Event Name]	Announcement of Financial Results for the 18th Fiscal Period (Ended June 30, 2025)
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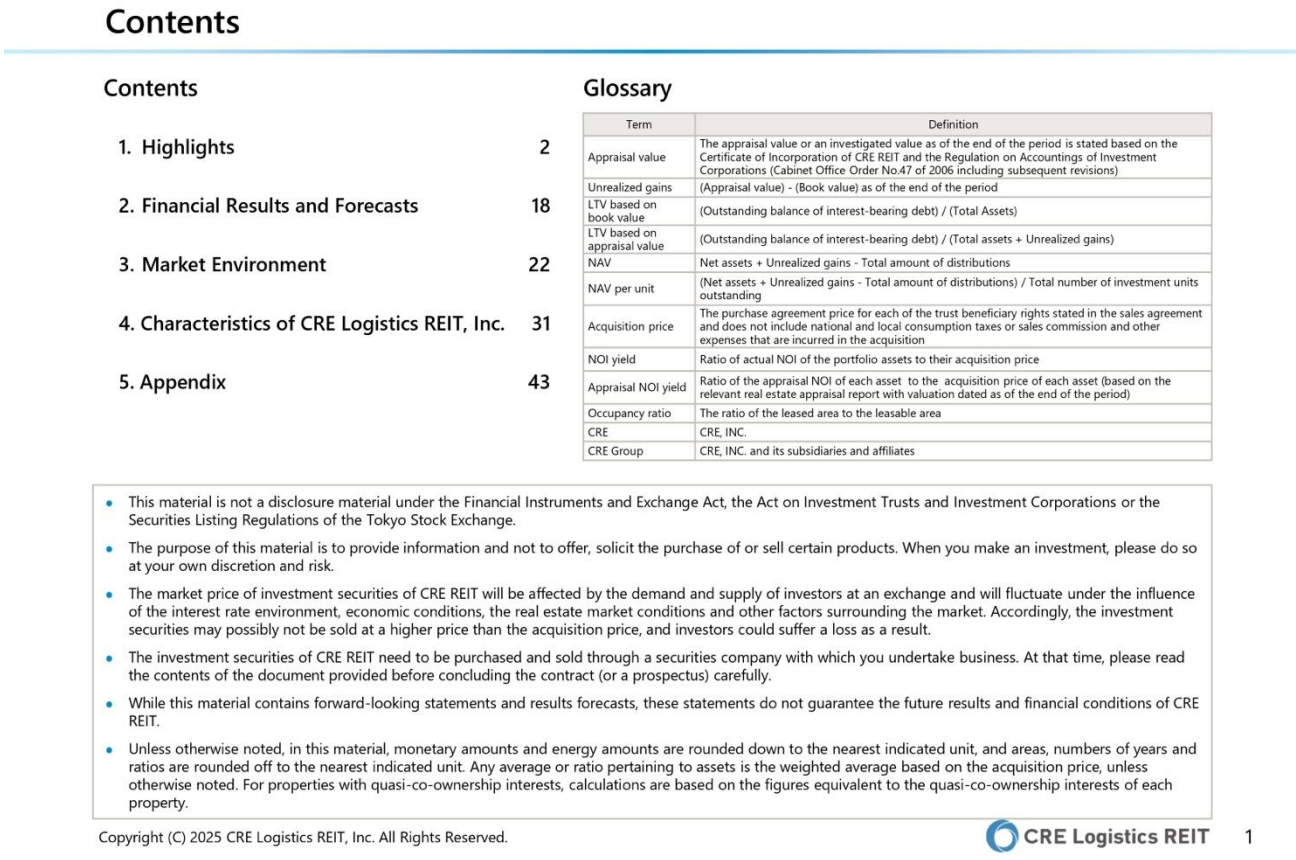
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	1
	Tsuyoshi Ito — President
[Analyst Names]*	Koki Ozawa — SBI SECURITIES Yosuke Ohata — Mizuho Securities Mikio Namiki — Okasan Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Moderator: We will now begin the 18th fiscal period financial results briefing of CRE Logistics REIT, Inc. Thank you very much for taking time out of your busy schedules to join us today. We would like to express our sincere gratitude for your continued support in the management of our Investment Corporation.

Today, President Tsuyoshi Ito of CRE REIT Advisers, Inc. will give a presentation, followed by a Q&A session. We will ask you to indicate your intention to ask a question, unmute you, and then ask you to speak. Now, Mr. Ito will begin the explanation.



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Glossary

Term	Definition
Appraisal value	The appraisal value or an investigated value as of the end of the period is stated based on the Certificate of Incorporation of CRE REIT and the Regulation on Accountings of Investment Corporations (Cabinet Office Order No.47 of 2006 including subsequent revisions)
Unrealized gains	(Appraisal value) - (Book value) as of the end of the period
LTV based on book value	(Outstanding balance of interest-bearing debt) / (Total Assets)
LTV based on appraisal value	(Outstanding balance of interest-bearing debt) / (Total assets + Unrealized gains)
NAV	Net assets + Unrealized gains - Total amount of distributions
NAV per unit	(Net assets + Unrealized gains - Total amount of distributions) / Total number of investment units outstanding
Acquisition price	The purchase agreement price for each of the trust beneficiary rights stated in the sales agreement and does not include national and local consumption taxes or sales commission and other expenses that are incurred in the acquisition
NOI yield	Ratio of actual NOI of the portfolio assets to their acquisition price
Appraisal NOI yield	Ratio of the appraisal NOI of each asset to the acquisition price of each asset (based on the relevant real estate appraisal report with valuation dated as of the end of the period)
Occupancy ratio	The ratio of the leased area to the leasable area
CRE	CRE, INC.
CRE Group	CRE, INC. and its subsidiaries and affiliates

- This material is not a disclosure material under the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations or the Securities Listing Regulations of the Tokyo Stock Exchange.
- The purpose of this material is to provide information and not to offer, solicit the purchase of or sell certain products. When you make an investment, please do so at your own discretion and risk.
- The market price of investment securities of CRE REIT will be affected by the demand and supply of investors at an exchange and will fluctuate under the influence of the interest rate environment, economic conditions, the real estate market conditions and other factors surrounding the market. Accordingly, the investment securities may possibly not be sold at a higher price than the acquisition price, and investors could suffer a loss as a result.
- The investment securities of CRE REIT need to be purchased and sold through a securities company with which you undertake business. At that time, please read the contents of the document provided before concluding the contract (or a prospectus) carefully.
- While this material contains forward-looking statements and results forecasts, these statements do not guarantee the future results and financial conditions of CRE REIT.
- Unless otherwise noted, in this material, monetary amounts and energy amounts are rounded down to the nearest indicated unit, and areas, numbers of years and ratios are rounded off to the nearest indicated unit. Any average or ratio pertaining to assets is the weighted average based on the acquisition price, unless otherwise noted. For properties with quasi-co-ownership interests, calculations are based on the figures equivalent to the quasi-co-ownership interests of each property.

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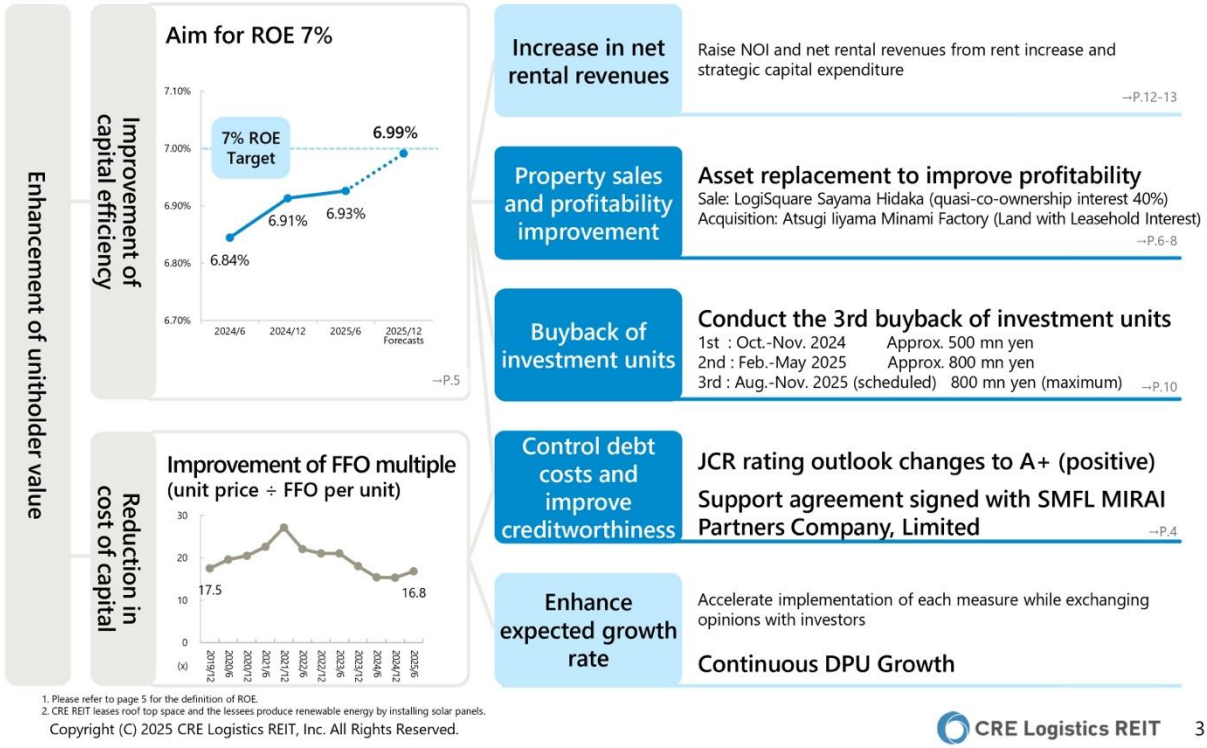
CRE Logistics REIT 1

Ito: My name is Ito of CRE REIT Advisers. Thank you very much for watching today's financial results briefing for the 18th fiscal period of CRE Logistics REIT. As of the end of June 2025, CRE Logistics REIT successfully closed its 18th fiscal period. We would like to express our deepest gratitude to everyone involved for their support.

Let me begin my explanation immediately. Please see the table of contents on page one. Today's presentation will focus on the operational highlights outlined in Chapter One.

Management with Conscious of Cost of Capital



1. Please refer to page 5 for the definition of ROE.
2. CRE REIT leases roof top space and the lessees produce renewable energy by installing solar panels.

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On page three , when we announced our financial results for the 17th fiscal period in February of this year, we stated that we would work to manage our properties with an awareness of the cost of capital. We have explained that we are pursuing five specific measures to improve capital efficiency and reduce the cost of capital in order to increase unitholders' value.

Of the five initiatives listed on the right side of page three, we are always aware of the increase in rent and the resulting increase in income from rental operations, regardless of the 18th fiscal period. The measures highlighted in blue—the middle three—are measures that have realized specific initiatives, especially in this 18th fiscal period. I would like to focus today's explanation on these three measures. By steadily implementing these policies, as described at the bottom of this page, we intend to increase the growth expectations of the capital market for CRE Logistics REIT and achieve continuous DPU growth.

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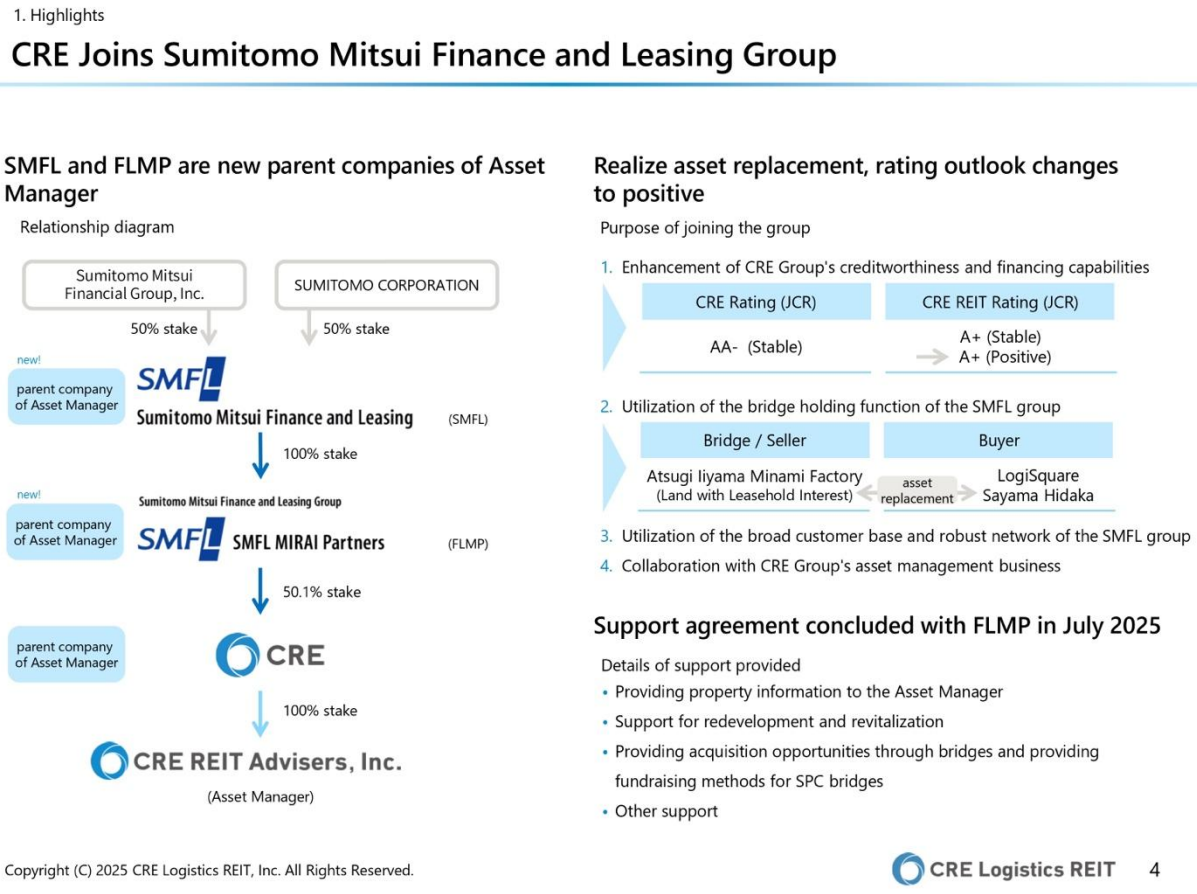


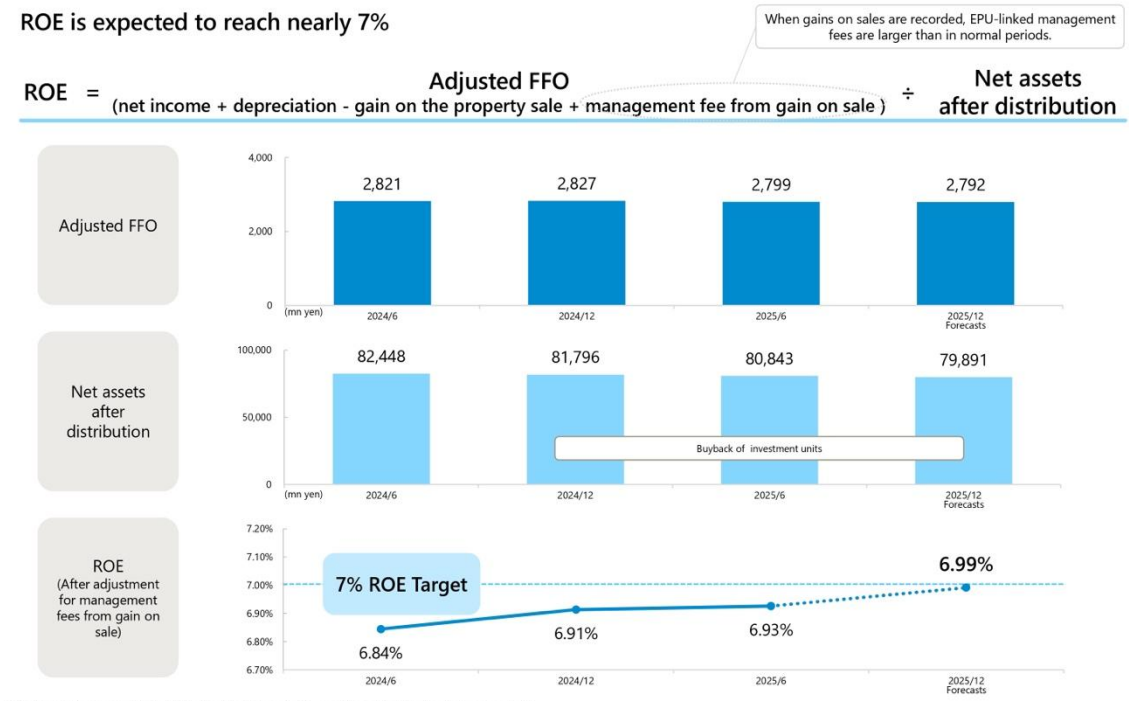
Please turn to page four. Sumitomo Mitsui Finance and Leasing Company, Limited has become the new parent company of CRE, Inc., which has long been the sponsor of CRE Logistics REIT. The TOB procedures for CRE, Inc. announced in January and the delisting procedures based on them have all been completed, and the current capital relationship among the companies, including CRE REIT Advisers, which is the asset management company of CRE Logistics REIT, is as shown on the left side of this page.

Specific measures have also been announced as a result of this. As noted in item one at the top right of the page, CRE, Inc., the sponsor of CRE Logistics REIT, obtained its first credit rating and announced a rating of AA minus. In addition, the outlook on the credit rating of CRE Logistics REIT has been raised from stable to positive.

As also noted in item two, the asset sale and acquisition, as well as the asset replacement, which were announced yesterday, all made use of the bridge function provided by SMFL MIRAI Partners. On July 22, CRE Logistics REIT entered into a support agreement with SMFL MIRAI Partners. The agreement specifies concrete support, including the provision of extensive property information to the Asset Management Company, assistance with redevelopment projects that are difficult for CRE Logistics REIT to undertake on its own, and the provision of bridge functions necessary for future property acquisitions.

1. Highlights

ROE Approaches 7% Target by Implementing Each Measure



1. The forecast of net assets after distribution is estimated based on figures reflecting the 3rd buyback of investment units.

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CRE Logistics REIT 5

Please turn to page five. We are steadily approaching the 7% ROE target we announced in February.

We have been continuously increasing rents and maintaining that level for FFO, despite the NOI decrease due to the sale of properties.

As for net assets, CRE Logistics REIT has made further progress in improving capital efficiency by continuously acquiring its own investment units and continuing to make distributions in excess of earnings as part of its ongoing efforts to return profits to unitholders.

ROE is expected to show a slight improvement over the actual results for the period ended December 31, 2024, and is expected to be 6.99% for the period ending December 31, 2025, which is the current progressive period, getting closer to the originally set target.

1. Highlights

Decide to Sell in line with the Approach to Property Sales and Replacement

Divided Sale on 40% of quasi-co-ownership interest in LogiSquare Sayama Hidaka over 3 periods starting in the FP 2026/6

Location	Hanno-shi, Saitama
Acquisition price (40%)	7,071 mn yen
Completion date	May 2020

(mn yen)

Date of sale	Sale ratio	Sale price	Book value	Gain on sale	Reason for sale
1st June 2026	16.5%	3,135	2,797	333	The NOI yield is relatively inferior to other properties in the portfolio, and profitability is expected to improve by replacing it with the anticipated asset.
2nd Dec. 2026	11.5%	2,185	1,938	242	
3rd June 2027	12.0%	2,280	2,012	264	
Total	**40.0%**	**7,600**	**6,748**	**839**	

Page 8 of the previous financial results briefing materials (released on February 17, 2025)

Policy for selection of property for sale
5-10% of the assets by 2026

- Properties with limited potential for future profitability improvement, or properties with potential for profitability improvement but which will take time to realize.
- Properties that can reduce concentration risks such as area and lease expiration dates through sales.

The sale proceeds (equivalent to book value) will be considered for use based on the investment unit price, LTV level, etc.

Gain on sale

Buyback of investment units
Continuously buyback investment units in accordance with the investment unit price

Repayment of borrowings
Consideration based on LTV level

Acquisition of properties
Another option is to replace the assets with highly profitable properties that are expected to increase rent in the future

Return as distribution

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Please refer to page six. The bottom half of page six is a reprint of page eight of the 17th fiscal period financial results presentation material released in February of this year.

CRE Logistics REIT announced its intention to dispose of 5% to 10% of its assets by 2026 and allocate the realized gains to unitholder returns through distributions. With funds equivalent to book value remaining on hand, it will deliberately assess whether to pursue investment unit buybacks, strengthen financial stability through debt reduction, or acquisitions of higher-return assets to lift overall portfolio earnings.

As we have previously stated, the facilities held by CRE Logistics REIT consist of high-quality logistics facilities developed by the sponsor, and there are no properties that must be actively disposed of. However, it is necessary to sell one of the properties in order to realize a gain on the sale or to carry out the measures I mentioned earlier. After making a side-by-side comparison of the properties we own, we identified relatively inferior facilities and made the decision to sell this time.

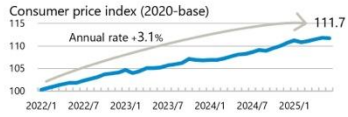
Asset Replacement Improves Profitability

Acquire a property that is inflation-responsive and high-yielding

	M-15 LogiSquare Sayama Hidaka (quasi-co-ownership interest 40%)	M-18 Atsugi Iiyama Minami Factory (Land with Leasehold Interest)
Acquisition price	7,071 mn yen	5,423 mn yen
Appraisal value	7,400 mn yen	6,020 mn yen
Sale price	7,600 mn yen	—
Book value yield (Actual NOI / Book value)	Average of last 3 FP 4.1%	—
Actual NOI yield (Actual NOI / Acquisition price)	Average of last 3 FP 4.0%	—
Appraisal NOI yield (Appraisal NOI / Acquisition price)	4.1%	< 4.5%
Appraisal NOI yield after depreciation (Appraisal NOI after depreciation / Acquisition price)	3.1%	< 4.5%

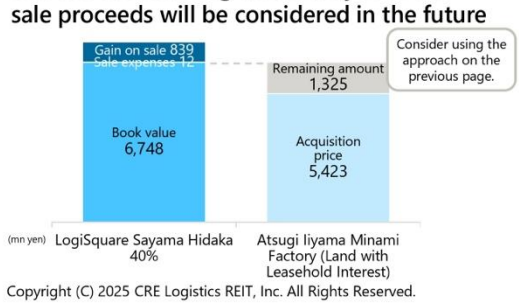
Property features

- Introduce CPI-linked clauses
  (The rent will be increased in line with the average consumer price index on each anniversary date after April 1, 2030)



- Property taxes and city planning taxes for this property are added to the rent, so they are essentially borne by the tenant
- Located in a suitable logistics area with redevelopment potential

The use of remaining 1.3 billion yen of the sale proceeds will be considered in the future



Implement the best options to increase net rental revenues / EPU

Comparison of estimates based on maintaining the current portfolio and LTV

	Sale (book value)	Use of funds: Acquisition	Use of funds: Repayment of borrowings	Use of funds: Buyback of investment units	net rental revenues per unit	EPU
Status quo	—	—	—	—	—	—
Only sale	6.7	—	3.3	3.4	↑	↑
Replacement	6.7	5.4	0.6	0.7	↑	↑

(bn yen)

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Please turn to page seven. For LogiSquare Sayama Hidaka, the asset designated for sale, the actual NOI yield is 4%, the appraisal-based NOI yield is 4.1%, and the appraisal NOI yield after depreciation is 3.1%. The land with leasehold interest in Atsugi Iiyama Minami Factory, which CRE Logistics REIT decided to acquire as an alternative asset, has an appraisal NOI yield of 4.5%. Since the property is only land, no depreciation expense is incurred, and the appraised NOI yield after depreciation is 4.5%, which will have a significant impact on P&L and contribute to improvement.

As shown on the right side of the page, the leasehold contract stipulates that the rent will be increased and revised in line with the CPI every year from the fifth year after the start of the contract. In addition, property taxes and city planning taxes are effectively borne by tenants. Therefore, even if rental income were to increase in the future in line with CPI while property and city planning taxes also rise, such cost increases would be offset.

In essence, the subject land is located in a suitable logistics area, and we have secured an opportunity to redevelop the land and acquire a high-quality logistics facility after the expiration of the land lease contract. As shown at the bottom left of the page, the book value of the 40% interest in Sayama Hidaka is approximately JPY6.7 billion. Of this, JPY5.4 billion was used for the acquisition of the land, while the remaining JPY1.3 billion will be retained. Going forward, CRE Logistics REIT will carefully consider the use of these retained funds, taking into account market conditions and the level of its investment unit price.

In addition, we carefully considered how to pay for the JPY6.7 billion recovered from the sale by running many models and simulations within CRE Logistics REIT. In conclusion, as noted above, the acquisition of the replacement asset will lead to a significant improvement in the P&L. Accordingly, allocating JPY5.4 billion to this acquisition was determined to deliver greater growth in net rental income per unit and profit per unit, and thus CRE Logistics REIT decided to proceed with the acquisition.

1. Highlights

Anticipated Asset
M-18 Atsugi Iiyama Minami Factory (Land with Leasehold Interest)

Tokyo Metropolitan Area | Ken-O Expressway, Tomei Expressway

Location	3-2476-10, etc., Iiyama minami, Atsugi-shi, Kanagawa
Access	Approx. 8 km from the Ebina IC (Ken-O Expressway) Approx. 7.2 km from the Atsugi IC (Tomei Expressway)
Total leasable area	23,028.31 ㎡
Total leased area	23,028.31 ㎡
Anticipated acquisition price	1st 50% 2,711 mn yen 2nd 50% 2,711 mn yen total 5,423 mn yen
Appraisal value	6,020 mn yen
Appraisal NOI yield	4.5 %
Appraisal NOI yield after depreciation	4.5 %
Occupancy rate	100.0 %

Property features

- The Property is located approximately 8 km from the Ebina IC on the Ken-O Expressway, approximately 7.2 km from the Atsugi IC on the Tomei Expressway, making it highly accessible from major expressways and a promising location for use as a distribution relay point for wide areas such as the entire Greater Tokyo Area including Kanagawa Prefecture and the Greater Nagoya area.
- In the fixed-term land lease contract for business purpose with the Lessee, **a clause was introduced to increase the rent in line with the average consumer price index announced by the Statistics Bureau of the Ministry of Internal Affairs and Communications on each anniversary date after April 1, 2030**.
- **Property taxes and city planning taxes for this property are added to the rent, so they are essentially borne by the tenant**, eliminating the risk of fluctuations in property taxes and city planning taxes.

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On page eight, we will introduce the properties to be acquired.

The land with leasehold interest in the factory, outlined by the light blue dotted line in the aerial photograph, is the property to be acquired. The property is located 8 km from the Ken-O Expressway Ebina Interchange and 7.2 km from the Tomei Expressway Atsugi Interchange, offering excellent accessibility to major expressways. It is therefore expected to serve as a relay point for wide-area distribution covering the entire Kanto region and the Chubu area.

As introduced earlier, a CPI-linked clause was introduced in the land lease agreement, and the lessee is in effect responsible for property and city planning taxes, so the agreement is able to catch up with inflation.

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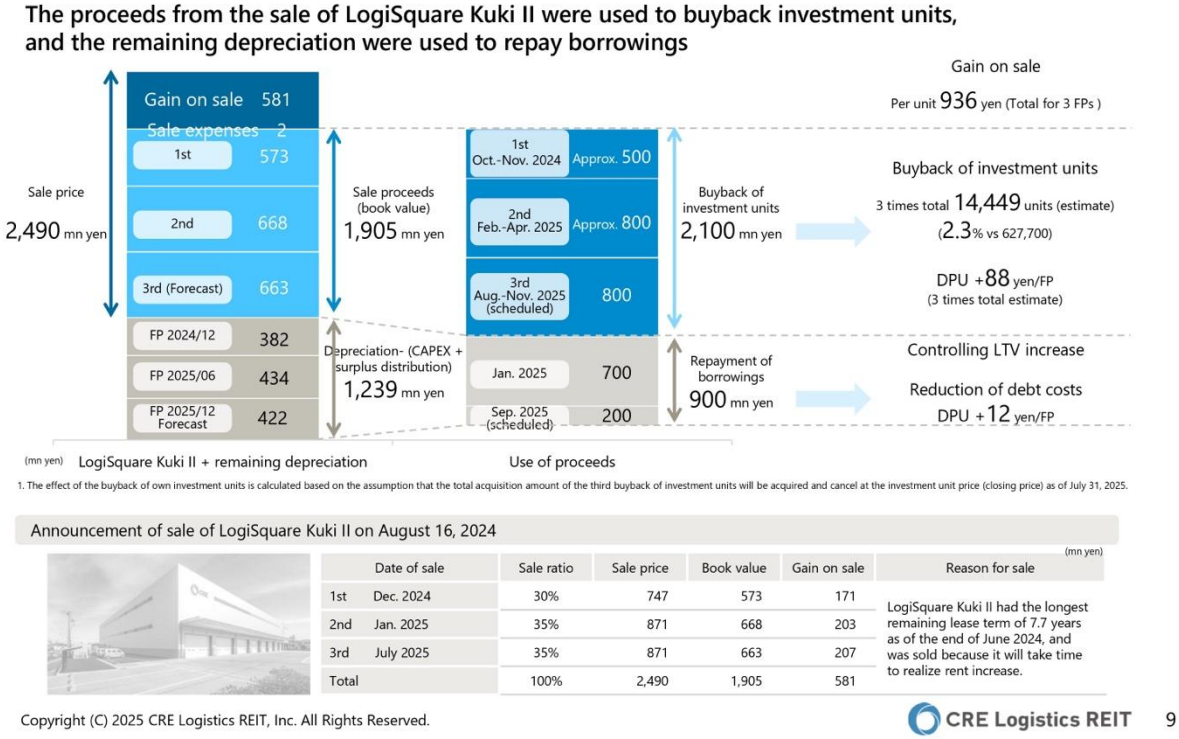
Sale Proceeds from Kuki II were used to Buyback Investment Units, etc.



Continuing on page nine, we report on the sale of LogiSquare Kuki II.

As you can see at the bottom half of the page, we announced the sale of LogiSquare Kuki II in three separate sales in August of last year. The bar graph on the left side shows the free cash flow that will be accumulated in the three fiscal periods, net of depreciation, and is shown as a gray bar graph. And the blue bar graph shows the sales price of LogiSquare Kuki II.

Approximately JPY580 million was recorded as gain on sale, which was returned to unitholders as distributions. Approximately JPY1.9 billion, equivalent to the book value of LogiSquare Kuki II, was allocated, and through three cumulative rounds of own investment unit acquisition, a total of JPY2.1 billion was expended. Of the approximately JPY1.2 billion in free cash flow accumulated in line with depreciation, JPY900 million was used to repay borrowings in order to strengthen financial stability. These three effects, the effect they had on the DPU, are shown on the right side of the page.

1. Highlights

Continuous Buyback of Investment Units

Conduct the 3rd buyback of investment units following the 2nd buyback

	Acquisition period	Total acquisition amount	Total acquisition number	Ratio of total investment units issued
1st	Oct. 23, 2024-Nov. 26, 2024	Approx. 500 mn yen	3,560 units	0.6%
2nd	Feb. 18, 2025- Apr. 11, 2025	Approx. 800 mn yen	5,542 units	0.9%
Announced today 3rd	**Aug. 19,2025-Nov. 28, 2025 (planned)**	**800 mn yen (maximum)**	**7,000 units (maximum)**	**1.1% (maximum)**
Total	—	Approx. 2,100 mn yen (maximum)	16,102 units (maximum)	2.6% (maximum)

Generally outperform the Tokyo Stock Exchange REIT Index

Trend in investment unit price (closing price) (as of August 14, 2025)

1. Trends in the closing price of the Tokyo Stock Exchange REIT Index and Tokyo Stock Exchange REIT Logistics Focus Index show trends in relativized figures on the assumption that the closing price on the October 22, 2024, when the 1st buyback of investment units was announced, is the same as the closing price of CRE REIT' investment unit .

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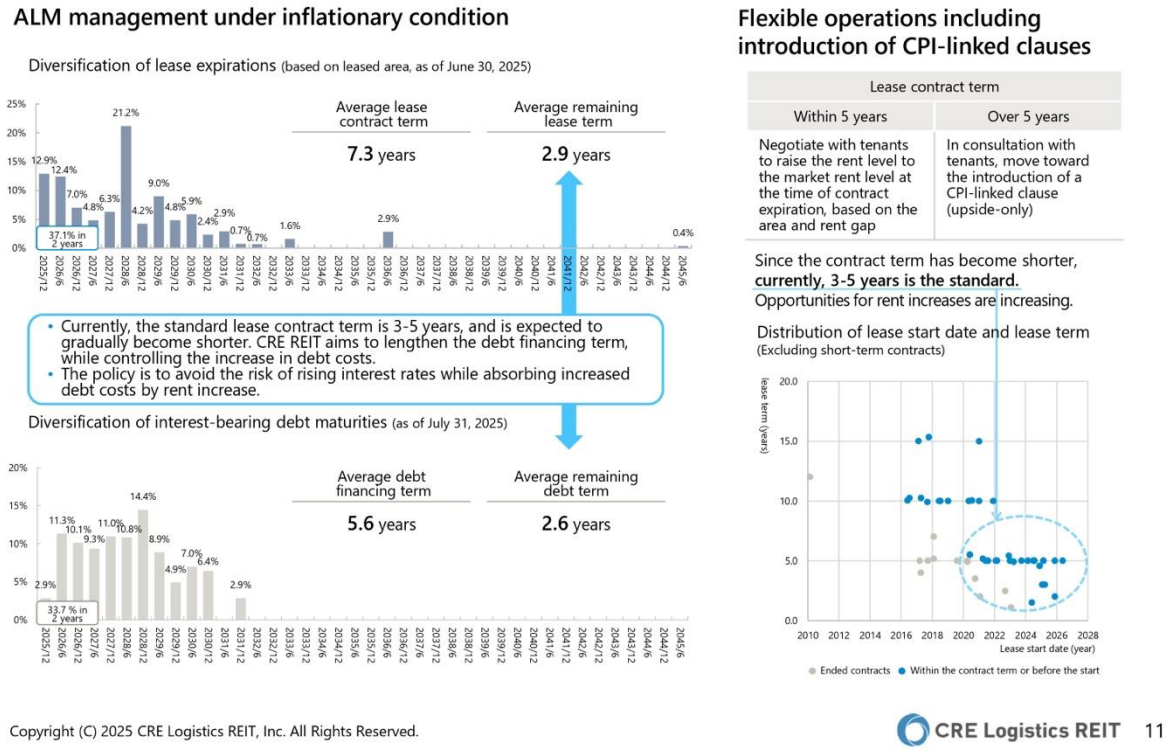
Please refer to page 10. CRE Logistics REIT has continuously acquired its own investment units.

Yesterday, CRE Logistics REIT announced its third acquisition of its own investment units, and the buyback commenced today. Unfortunately, we do not believe that the past two acquisition of our own investment units have led to fundamental improvement in the level of our investment unit price, but we are aware that this is a necessary measure to improve capital efficiency, and we will continue to work on it.

ALM Management Under Inflationary Condition



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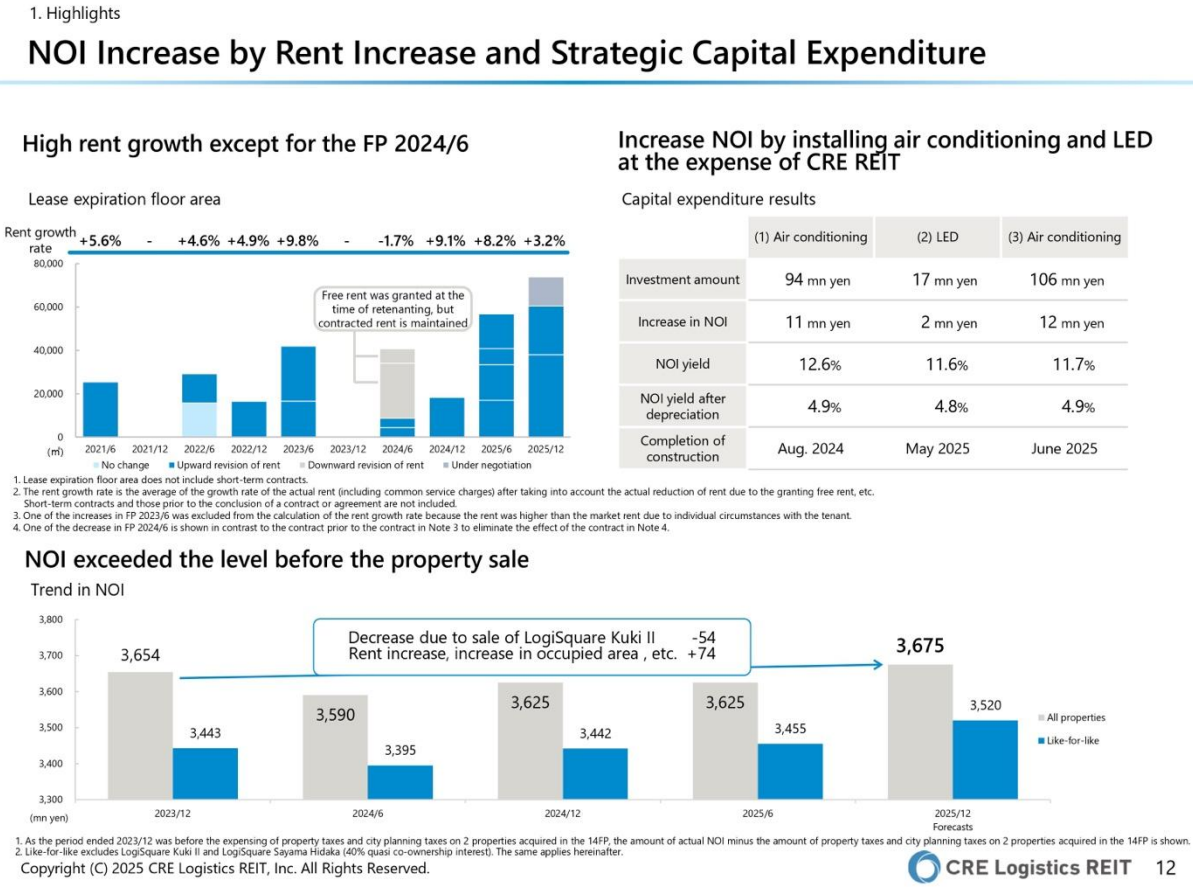
Please continue to page 11. The bar chart at the top left shows the lease maturity distribution, with an average remaining lease term of 2.9 years, while the bar chart at the bottom left illustrates the maturity distribution of interest-bearing debt, with an average remaining term of 2.6 years for borrowings. We will continue to work to match asset and liability durations as closely as possible to accommodate both inflation and deflation.

As shown in the graph at the bottom right of page 11, nearly all lease agreements entered into by CRE Logistics REIT since 2022 have been lease contracts with terms of five years or less. Especially after 2024, lease contracts with two- or three-year terms are beginning to appear.

We would like to reiterate our policy regarding the introduction of the CPI-linked clause. If the lease term is five years or less, we do not consider the CPI-linked clause to be a must, as we believe that CRE Logistics REIT can raise rents in line with market rent growth at the appropriate time. On the other hand, tenants may want to use the facility for a long period of time, or they may not want to be forced to move out in the short to medium term due to large capital investment. In such cases, we will conclude a lease agreement for a term longer than 5 years, and in such cases, we will introduce a CPI-linked clause in consultation with the tenant so that the lease can catch up with inflation.



Continued on page 12. We are continuing our efforts to increase rents. In the fiscal period ended June 30, 2025, four lease contracts expired, resulting in an average rent increase of 8.2%. Two lease contracts will expire in the fiscal period ending December 31, 2025, which is a progressive period. For one of them, the document has been executed in the form of an increase in rent with the same square footage. For the other lease agreement, the tenant has requested to return a portion of the floor, and a written agreement has been completed in the form of a reduced area with an increase in the unit rent per tsubo.

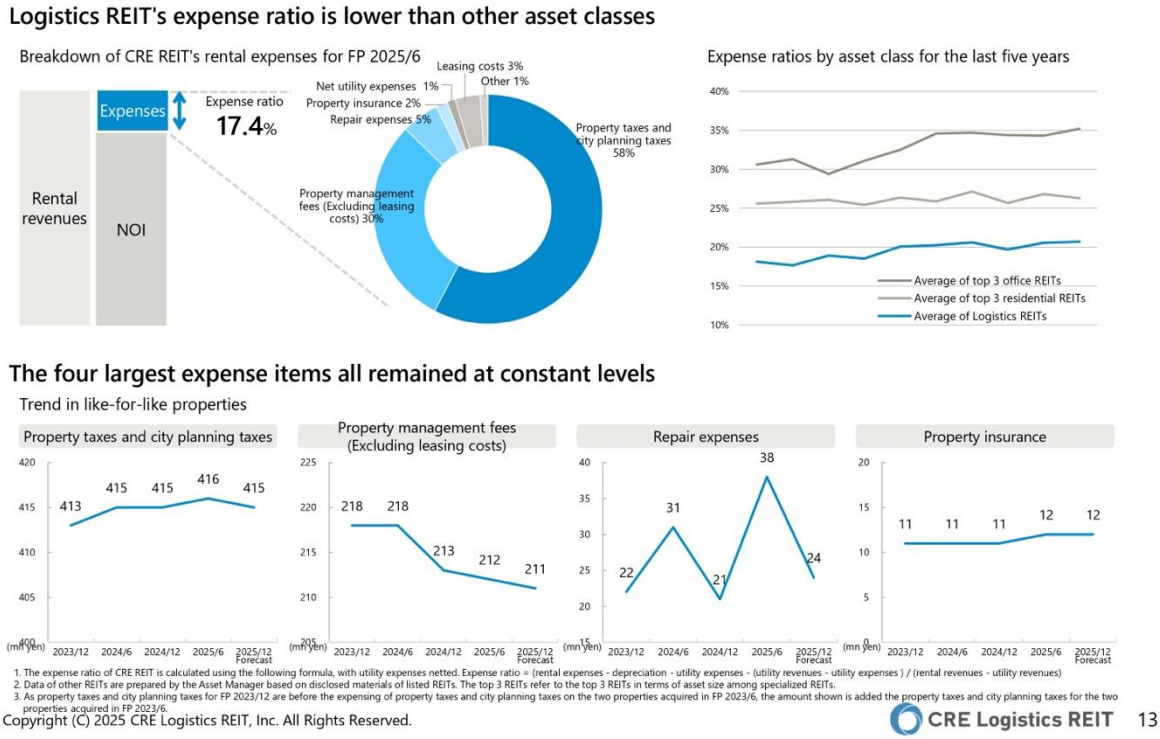
In the bar chart for the fiscal period ending December 2025, the bar highlighted as "under negotiation" at the very top represents the area subject to tenant move-out. Since negotiations are already underway with a prospective successor tenant, CRE Logistics REIT intends to conclude these negotiations as quickly as possible and realize the tenant replacement.

In the 18th fiscal period, we made two strategic capital expenditures, which are introduced in the upper right corner of the page, by installing LEDs and air conditioning at the expense of CRE Logistics REIT and receiving additional rent in return for the installation. We will continue to seek similar initiatives, as this is a measure that will lead to stronger tenant relations and also provide good investment efficiency.

The bottom half of page 12 shows a bar graph of portfolio NOI. As the gray bar graph and the callout show, despite the sale of LogiSquare Kuki II, portfolio NOI increased despite the sale of this property due to rent increases at other facilities, recovery in occupancy, and other factors.

For your reference, the blue bar graph shows the portfolio NOI for the same properties, specifically, excluding LogiSquare Kuki II and the 40% stake of LogiSquare Sayama Hidaka, which are subject to sale. The blue bar graph also shows that the portfolio NOI has increased due to the increase in rent.

Rental Expenses are Less Sensitive to Inflation and Remain at a Constant Level



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Please refer to page 13. Generally, logistics facilities have a low expense ratio as a percentage of rental revenue. In fact, the expense ratio for facilities owned by CRE Logistics REIT is 17.4%, which is lower than other asset classes. The breakdown of these expenses is shown in the pie chart: approximately 60% consists of property and city planning taxes, about 30% is property management fees, while repair expenses and insurance premiums, which are directly affected by inflation, account for only a few percent of total expenses. We will continue to increase rents in line with inflation and, at the same time, continue to work to increase rental income/loss, as the impact of this increase is minute in terms of expenses.

1. Highlights

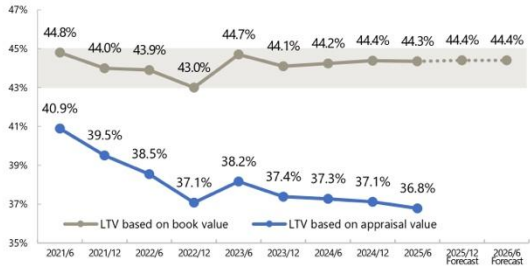
Promote Controlling Debt Costs and Ensuring Financial Stability (1)

Promote debt costs control and financial stability

Ratio of long-term debt	Ratio of fixed interest debt	Average borrowing interest rate
100.0%	81.8%	0.941%
LTV based on appraisal value	**Credit ratings (R&I)**	**Credit ratings (JCR)**
36.8%	A (Stable)	A+ (Positive)

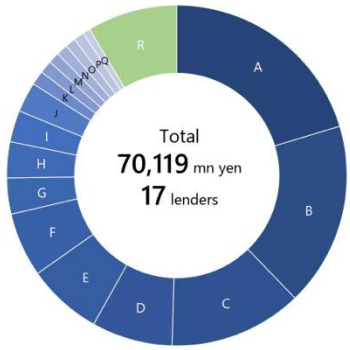
1. LTV based on appraisal value is as of June 30, 2025, others are as of July 31, 2025.

Operate LTV based on book value at 43-45%



Diversify interest-bearing debt sources

Breakdown of interest-bearing debt sources (as of July 31, 2025)



A	Sumitomo Mitsui Banking Corporation	20.3%	J	The Bank of Fukuoka, Ltd.	2.9%
B	Mizuho Bank, Ltd.	17.5%	K	The Hyakujushi Bank, Ltd.	1.4%
C	Development Bank of Japan Inc.	12.7%	L	The Yamaguchi Bank, Ltd.	1.2%
D	Resona Bank, Limited	7.7%	M	The Shizuoka Bank, Ltd.	1.1%
E	MUFG Bank, Ltd.	7.1%	N	The Yamanashi Chuo Bank, Ltd.	1.1%
F	Sumitomo Mitsui Trust Bank, Limited	6.1%	O	JAPAN POST BANK Co., Ltd.	1.0%
G	SBI Shinsei Bank, Limited	3.4%	P	The Chiba Bank, Ltd.	1.0%
H	The Nishi-Nippon City Bank, Ltd.	3.4%	Q	The Bank of Toyama, Ltd.	0.7%
I	Aozora Bank, Ltd.	3.0%	R	Green bond	8.6%

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On page 14, we continue to prioritize stability in our financial management. As for the LTV level in the lower left corner, we will continue to operate with a target of 43% to 45% LTV on total assets, unchanged from the previous level. On the other hand, since the appraisal values of assets held are on an increasing trend, the appraisal LTV is on a decreasing trend.

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Promote Controlling Debt Costs and Ensuring Financial Stability (2)

Efforts to curb rising debt costs

Shortening of loan periods	The term of the 1.8 billion yen loan will be shortened (5 year→ 4 year), because the lease term is expected to be shortened in the future
Early interest rate fixation	Early fixation of 3.7 billion yen loan refinanced at the end of July 2025 and 800 million yen loan scheduled for September 5, 2025
Suppressing base rate increases	Utilizing the Bank of Japan's climate change response operations to partially offset the rise in the base rate on 1 billion yen loan
Raising funds for investment corporation bond redemption through borrowings	Refinancing of the 1st investment corporation bond maturing in September 2025 is planned through borrowings
Maximizing interest income	Part of the cash in hand was deposited in fixed deposits

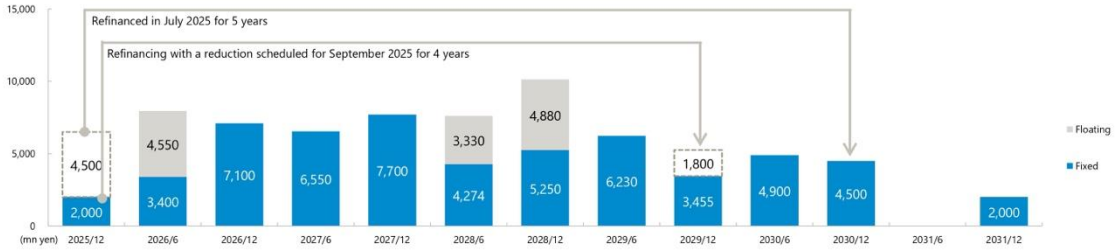
Lease term expiring in 2024 or later (Excluding short-term contracts)

Before	After
Avg. 5.7 years	Avg. 4.3 years

Trends in 5-year swap rates

Spread out repayment maturities

Diversification of interest-bearing debt maturities (as of July 31, 2025)



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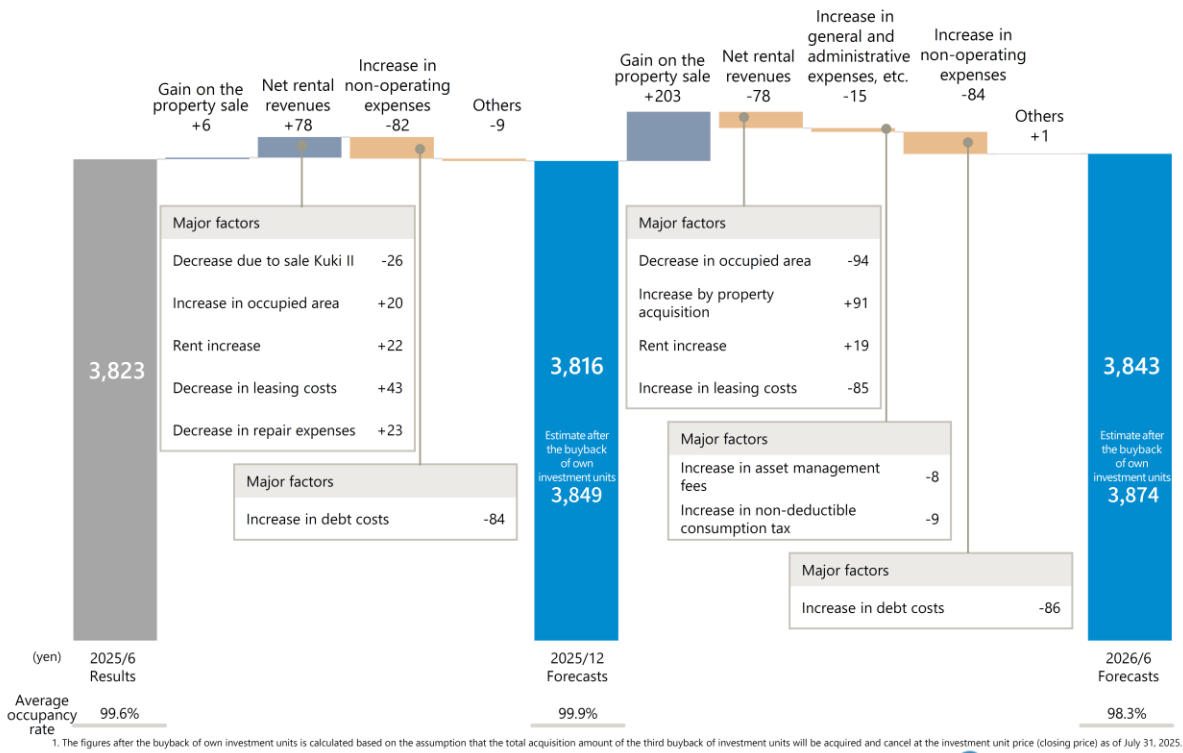
Please refer to page 15. Unfortunately, due to rising market interest rates, interest expenses have increased with each refinancing. CRE Logistics REIT continues its efforts to control rising debt costs. The term shortening the term of procurement does not mean that borrowing, which has been procured mainly through five-year contracts, will suddenly be based on short-term contracts, short-term borrowing, or variable interest rates.

As noted on the right side of the page, the lease term is expected to shorten from slightly over five years to slightly over four years. Accordingly, the JPY2 billion required for redemption of Investment Corporation bonds maturing in September is planned to be financed through a borrowing of JPY1.8 billion. Instead of the usual five-year contract, this financing has been arranged under a four-year contract, thereby reducing funding costs through the compression of both the base rate and the credit spread.

In addition, while borrowings are normally arranged on a floating-rate basis and then fixed through swap agreements, CRE Logistics REIT implemented interest rate fixing at an early stage, at an appropriate timing, in light of interest rate trends. Of the JPY1.8 billion to be procured for the redemption of the JPY2 billion Investment Corporation bonds maturing in September, JPY1 billion was financed through the Bank of Japan's Climate Response Financing Operations, thereby benefiting from a base rate lower than prevailing market rates and reducing funding costs.

Each measure may only have a small effect, but together they accumulate, and CRE Logistics REIT intends to build on these efforts to curb the rise in funding costs as much as possible.

DPU Forecasts for FP 2025/12 and FP 2026/6



1. The figures after the buyback of own investment units is calculated based on the assumption that the total acquisition amount of the third buyback of investment units will be acquired and cancel at the investment unit price (closing price) as of July 31, 2025.

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I would like to conclude my explanation with a supplementary explanation of the earnings forecast. Please turn to page 17. Yesterday, we announced our forecasts for the fiscal period ending December 31, 2025 and the fiscal period ending June 30, 2026. These are the JPY3,816 and JPY3,843 figures shown in the bar chart.

This forecast does not incorporate the effect of the third acquisition of own investment units. To be sure, the effect of the acquisition of own investment units has been estimated and is reflected in the table below. That amounts to JPY3,849 and JPY3,874. Based on the actual distribution of JPY3,823 in the fiscal period ended June 30, 2025, the business plan has been formulated to continue building an increasing trend in distributions.

That is all from me. Thank you in advance for any questions or comments you may have.

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Question & Answer

Moderator [M]: We will now go to the Q&A session. Does anyone have any questions? One person has now raised their hand. Mr. Ozawa of SBI Securities, please speak.

Ozawa [Q]: I am Ozawa from SBI Securities. I would like to ask you two questions.

The first is the sale of the logistics facility and the acquisition of the factory land. I would like to ask something like the background of the acquisition of the land at this factory.

As noted earlier on page seven, this property itself is located in a prime logistics area, so in a sense it can also be regarded as a logistics property. However, I believe the information was obtained through channels somewhat different from the usual routes, for example, via CRE, or perhaps, depending on the timing, through SMFL MIRAI Partners. I believe this was handled through a bridge, so it may be different, but it could also have come through an entirely different route. My first question is whether you could share any details on the background or process by which this came about.

Secondly, on page four, you also introduced some of the areas of future collaboration with SMFL MIRAI Partners. For example, in the support section below, there is a mention of redevelopment. Is this something that is likely to be realized in the near future?

To begin with, since the current portfolio is all CRE's newer properties, I don't think any of them are yet eligible for redevelopment, and since construction costs are high now to begin with, the hurdles to redevelopment are high, so I think this is probably something for the future.

Including such possibilities, could you share any views on medium- to long-term potential? For example, while it may not be a case of unutilized floor area ratio in the current properties, there could be opportunities where, as they mature as prime logistics sites, they might gain additional value. I would appreciate your thoughts on such future possibilities. Thank you.

Ito [A]: Thank you. I would like to respond in order.

First, with regard to the acquisition of the underlying land of the Atsugi Iiyama Minami Factory, in terms of the background and route, around the end of last year, the Asset Management Company was directly approached with a proposal, inquiring whether it would have an interest in the land as a site with potential for future redevelopment.

At first, I also thought of coordinating with CRE's development division, since this involves redevelopment. However, from the perspective of the development side, their response was that redevelopment could only commence after the land lease agreement, and until then it would be difficult to make use of the balance sheet.

At the same time, through our negotiations with the seller, we confirmed that a reasonable yield could be secured and that a CPI-linked clause could be firmly incorporated. Based on these factors, the decision was made for CRE Logistics REIT to directly own the property and initially acquire it as an income-generating asset. We have decided to acquire the property directly because we believe that redevelopment of the property after the lease expires will provide us with the opportunity to own a quality logistics facility at a low book value.

However, as it was necessary to time the acquisition by CRE Logistics REIT appropriately, we first had SMFL MIRAI Partners provide a bridge function in April. The property was initially sold from the seller to SMFL MIRAI Partners, and after adjusting the timing, CRE Logistics REIT has now acquired it. Accordingly, with respect to the question regarding the route, this was not through CRE or the SMFL Group, but rather, information obtained directly by the Asset Management Company, which led to the acquisition.

The second question, which concerns page four, specifically support for redevelopment in the context of collaboration with the SMFL Group—what exactly does this mean, and what does it imply? First of all, as you pointed out, the facilities we own are mainly newer buildings, so we do not have any facilities that we need or want to redevelop in the near future.

The sole case would be the Mizuho A and B buildings. As commented earlier, only 100% of the permitted 200% floor area ratio has been utilized. Given that Buildings A and B are adjacent, in the longer term, there is considerable potential, such as for redevelopment as a single site. However, I must emphasize once again that this is not a near-term topic.

Another point, from the perspective of redevelopment, is that CRE itself had previously been actively pursuing development. Given this, there was the circumstance that CRE Logistics REIT, in collaboration with other developers on such redevelopment projects, could not rely on CRE's balance sheet, as there was no capacity available. That said, with CRE itself now a member of the SMFL Group, the balance sheet that CRE Logistics REIT can draw upon, namely the sponsor's balance sheet, has greatly expanded.

In the past, we had been working on themes such as collaborating with other developers on joint redevelopment projects, with the eventual aim of CRE Logistics REIT acquiring those redeveloped or developed properties. With the expansion of the balance sheet available to us, such negotiations have become more feasible.

We are currently working on joint development projects with other developers, and we are looking into the possibility of acquiring these properties in the future. Again, since the balance sheet of SMFL Group can now also be utilized by CRE Logistics REIT, we believe that the possibilities for this have expanded more than before. That is all from me.

Ozawa [Q]: Thank you very much. The second point, so you're saying that it's not so much your current portfolio, but more like the main one that you're going to use the balance sheet a little at some point in the future to buy, and then buy it when it's ready for a redevelopment project?

Ito [A]: Yes, that's right. Providing funding to other developers had been difficult for CRE Logistics REIT on its own. However, by also making use of the new sponsor's balance sheet, we can advance developments jointly, with CRE Logistics REIT positioned as the exit, thereby gaining opportunities for quality acquisitions. In this context, we view it as an immediate issue to address.

Ozawa [M]: I understand. Thank you.

Ito [M]: Thank you.

Moderator [M]: Thank you very much for your question, Mr. Ozawa. Now, Mr. Ohata, please ask your question.

Ohata [Q]: This is Ohata from Mizuho Securities. I have two questions.

My first question is about LTV. Currently, it is around 44% on a book-value basis and about 37% on an appraisal-value basis. Looking at other REITs, more and more are shifting to management on a market-value

basis, in effect, expanding leverage. Has CRE Logistics REIT considered taking such an approach? I would appreciate your comments on this point.

My second question concerns the overall leasing market for logistics facilities. Despite ongoing expectations of a turnaround and decline in vacancy rates, this has not yet materialized. Why is it taking so long, and how does CRE Logistics REIT perceive this situation? Please provide your insights on this point.

Ito [A]: Thank you. I would like to respond in order.

The first point is about LTV control. As I mentioned earlier in my explanation, we will continue to manage total asset LTV with a target range of 43% to 45%. We are aware that some other REITs have shifted to this market value basis.

First of all, we still have a room of 0.6 percentage points up to 45% in total asset LTV, so we believe it would be acceptable to make active use of this capacity. Within the 43% to 45% range, we believe the 0.6 percentage points can be utilized. This would, of course, increase the appraisal LTV a bit. Against this backdrop, we will thoroughly gauge both the overall market environment and the degree of LTV tolerated by the market. On that basis, the question will be whether to lift the LTV, say, to 46% to 47% on a book-value basis, or to 38% to 39% on a market-value basis, or to manage operations while balancing both measures.

Although we have not yet established a clear internal policy on the way forward, as a first step we are considering actively making use of the remaining 0.6% capacity in total asset LTV.

Next, we intend to consider what operational guidelines to set. In any case, the pace of interest rate increases has not been as rapid as initially expected at the beginning of the year, and the financial markets remain stable. Therefore, we regard the active use of leverage as one of the important themes.

The second point relates to the outlook for the leasing market. As initially projected in CRE's research, new supply in the Tokyo metropolitan area for 2025 was approximately 730,000 tsubo, with 380,000 tsubo scheduled for the first quarter, i.e., the three months from January to March.

Conversely, it was expected that only 350,000 tsubo would be supplied during the nine months from April to December. Accordingly, we had anticipated that the vacancy rate would start to decline in H2 of FY2025, after the end of June. In fact, we have analyzed that between the end of March and the end of June, the vacancy rate did fall slightly, by about 0.5 percentage points. As I mentioned earlier, first of all, the new supply in this Q3 and Q4 of 2025 will be narrowed down considerably, so I believe that vacancies will be steadily filled here.

On the other hand, as for whether vacancy rates will return to the extremely low levels of around 1% to 2% seen around 2020, my personal view is that it will be quite difficult to return to that level. It is also true that among the large number of facilities supplied since 2022 and 2023, some are located in areas where such large-scale floor space should not have been built, and others have specifications that make it difficult to achieve full occupancy. Since we assume that such floors will be difficult to fill, we do not expect to return to a situation of extremely low vacancy, such as this vacancy rate of 1% or 2%.

However, such low-quality facilities are not in direct competition with facilities owned by us, so we are not concerned that rents will fall because of such vacancies, and even if there is competition with such floors, we believe that occupancy will increase in higher-quality facilities. Even if there is a 3% or 4% vacancy, we do not think it will have much effect on the number of low-quality facilities that are vacant.

First of all, we would like to closely monitor the trend of the vacancy rate from the end of June to the end of September and toward the end of the year.

Finally, due in part to the effects of soaring construction costs, as shown in the graph, new supply in the Tokyo metropolitan area is expected to steadily decrease toward 2026 and 2027. In 2027, supply may increase somewhat due to developments that will be announced going forward. However, given the overall labor shortage in the construction industry and the many cases of project delays, development is not progressing as planned. Taking this into account, we expect vacancy rates to decline further through 2025 and 2026. That is all from me.

Ohata [M]: Thank you.

Ito [M]: Thank you.

Moderator [M]: Thank you very much for your question, Mr. Ohata. Does anyone have any other questions? Now, Mr. Namiki of Okasan Securities, please ask your question.

Namiki [Q]: I am Namiki from Okasan Securities. Thank you. I would like to ask one question.

On page four, it states "CRE Joins Sumitomo Mitsui Finance and Leasing Group." In conjunction with this earnings announcement, a reshuffling took place with the involvement of SMFL MIRAI Partners, resulting in the realization of a new sponsorship framework. While CRE had previously been involved in a TOB, I believe there had already been some expectations that some form of development like this would occur. To be honest, I am very proud of the fact that you were able to make this happen this time.

I'm not sure if the replacement will be realized this time, and I'm not sure if you can talk about it or not, but I suspect that there will be multiple projects, some kind of replacement, and some kind of support for acquisition of property . I would like to know what you are currently thinking about and what is being done, as far as you are able to tell us at this time. That's it. Thank you.

Ito [A]: Thank you. First of all, as I answered Mr. Ozawa's question earlier, we will jointly develop properties with other developers and eventually acquire those properties as an investment corporation. It is true that up to now, with only the limited balance sheets of CRE and CRE Logistics REIT, it has been difficult to take on such project opportunities. However, through the new collaboration with the SMFL Group, the balance sheet available to us has expanded considerably. As a result, CRE Logistics REIT is now able to independently collaborate with other developers and expand its pipeline for property acquisitions, which we regard as a significant advantage in our operations.

Another very basic case is when CRE needs to sell a facility it has developed, but it is not yet the right time for CRE Logistics REIT to acquire it. In such situations, we make use of the bridge function. We are looking forward to bridge leases or funding for bridge funds.

Discussions are also underway on establishing information-sharing frameworks involving facilities owned by SMFL MIRAI Partners, property information in their possession, and solution proposals concerning corporate real estate held by their client companies, where CRE Logistics REIT can participate and fulfill a meaningful role. In particular, in cases such as former factory sites or the rebuilding of idle assets like aging logistics facilities, if there is an opportunity for CRE Logistics REIT to play a role, we would certainly seek to share information and engage accordingly.

Such a project is currently underway behind the scenes. Since the amount of information has expanded dramatically, and since the balance sheet that can be used has also expanded dramatically, we are hopeful that this will be a partnership with great potential. That is all from me.

Namiki [M]: Thank you very much for your explanation.

Moderator [M]: Thank you very much for your question, Mr. Namiki. Does anyone have any other questions?

It appears that all questions have been answered, so we will conclude today's briefing. Thank you very much for joining us today.

Ito [M]: Thank you for taking the time out of your busy schedules. Please excuse me here.

[END]

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