



## **Presentation on Interim Results for the 12th Term (Year ending May 2008)**

January 22, 2008

CREED CORPORATION

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## Highlights

A strong interim result  
in challenging market  
conditions

### Financial Highlights

- 14.3% increase in Ordinary Profit
- 7.1% increase in Assets Under Management
- 4.3% increase in Total Assets

	(Yen m)			
	Interim Nov '05	Interim Nov '06	Interim Nov '07	YoY
Gross revenue	9,295	25,032	17,595	-29.7%
Net revenue before SG&A	4,291	9,241	10,326	11.7%
SG&A	1,539	2,787	3,648	30.9%
Operating profit	2,752	6,453	6,678	3.5%
Ordinary profit	2,345	5,348	6,115	14.3%
Extraordinary profit and loss	598	415	-512	-223.4%
Net profit	1,696	2,962	3,000	1.3%
EPS (yen) <sup>1)</sup>	10,092	17,695	17,965	1.5%

	May '07	Nov '07	Change
Total assets	118,147	123,202	4.3%
Shareholders' equity	22,036	24,087	9.3%
Equity ratio	18.7%	19.6%	—
AUM (billion yen)	377	403	7.1%

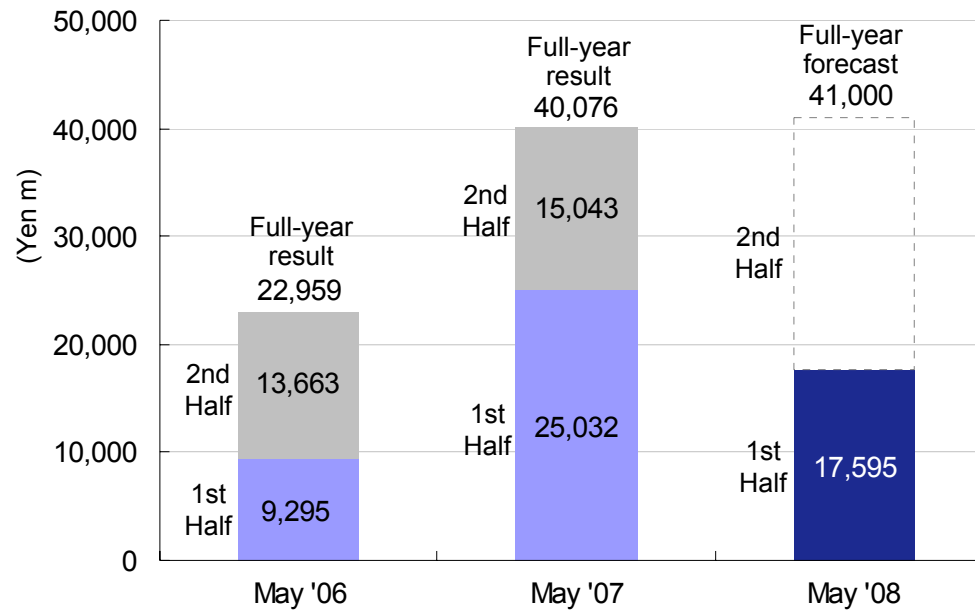
Notes:

1) Adjusted for dilution

## Gross Revenue

Gross revenue decreased due to reduced contribution from consolidated SPCs

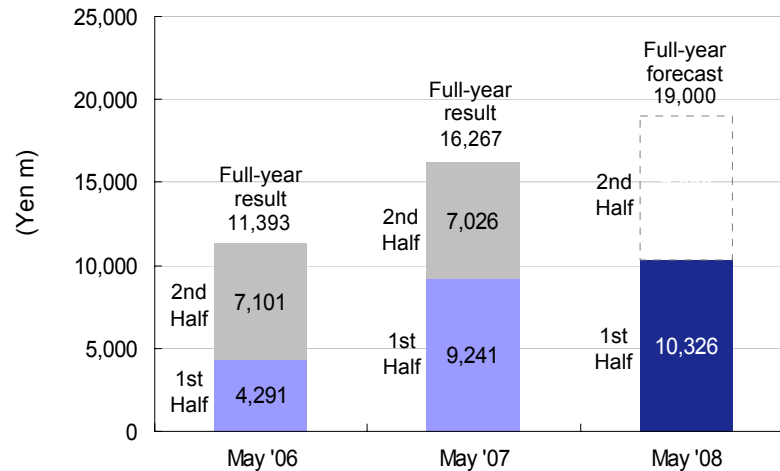
Gross Revenue – Down 29.7%



## Net Revenue before SG&A

Growth driven by increased dividends from controlled funds and asset management fees

### Net Revenue before SG&A – Up 11.7%



#### Breakdown of Net Revenue before SG&A by Segment

(Yen m)

		Interim Nov '06	Interim Nov '07	Difference
Fund Management	Dividends, etc	894	6,715	5,820
	Rents, etc	2,446	1,063	-1,382
	AM fees, etc	72	1,371	1,298
	Incentive fees	3,772	0	-3,772
	<b>Subtotal</b>	<b>7,186</b>	<b>9,150</b>	<b>1,963</b>
Real Estate Investment	Rents	719	1,004	285
	Disposals	1,096	382	-714
	Others	31	-238	-269
	<b>Subtotal</b>	<b>1,847</b>	<b>1,147</b>	<b>-699</b>
Others		229	23	-205
Eliminations and adjustments		-21	4	25
	<b>Total</b>	<b>9,241</b>	<b>10,326</b>	<b>1,084</b>

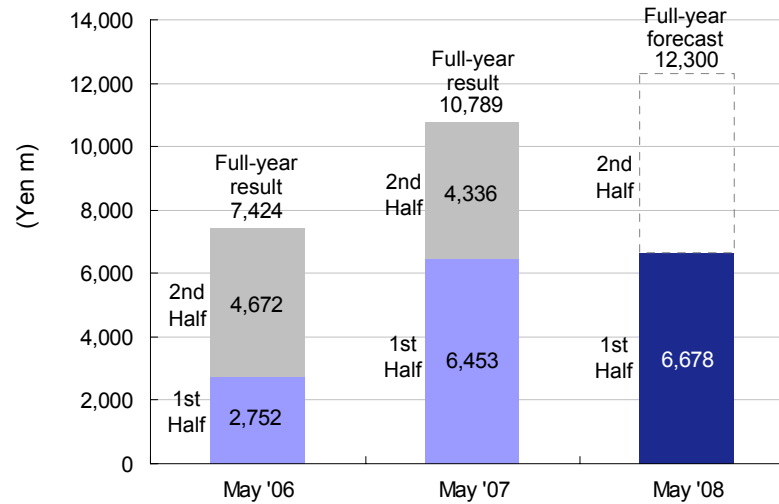
#### Notes:

1) The figures in this page have been calculated after giving consideration to internal transactions, and therefore not consistent with the totals shown on the graph.

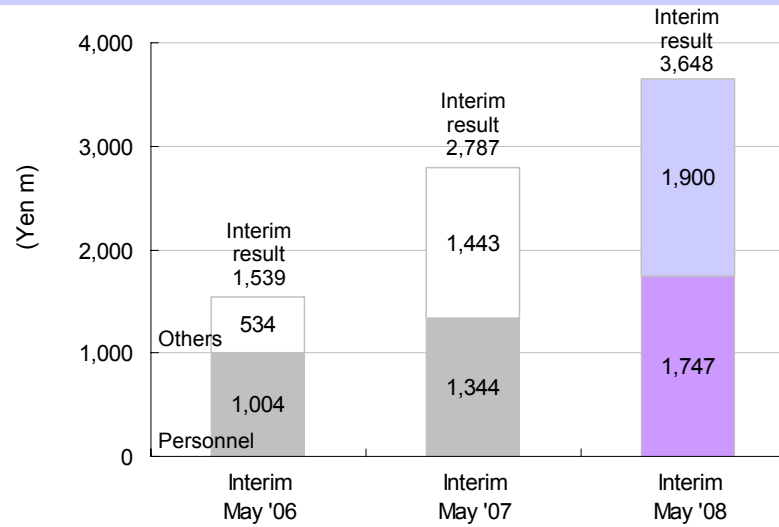
## Operating Profit / SG&A

Continued operating profit growth while platform is strengthened for future growth

### Operating Profit – Up 3.5%



### SG&A – Up 30.9%

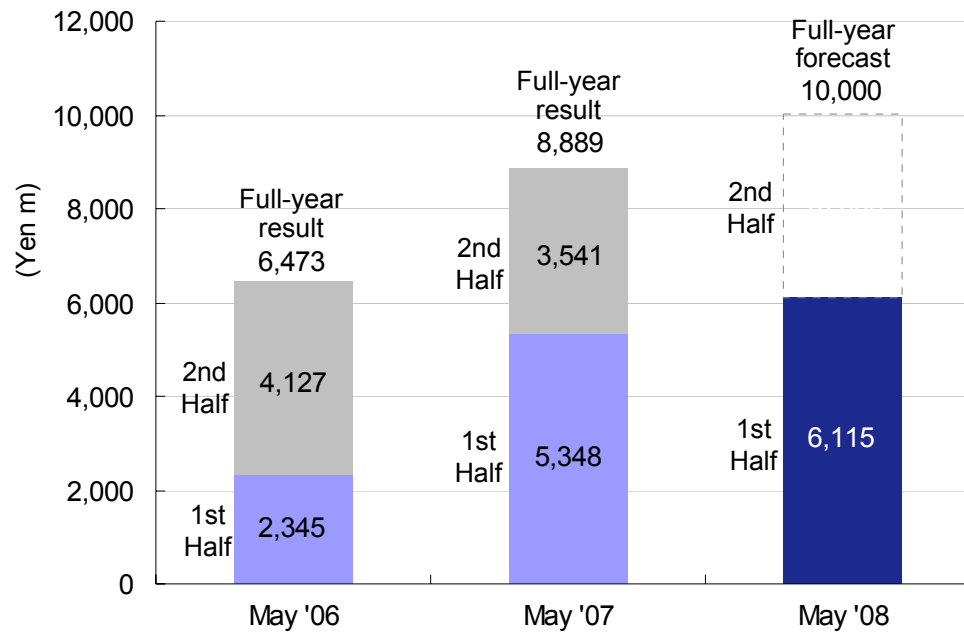


## Ordinary Profit

Ordinary profit growth exceeded operating profit growth.

Major contributing factor being realization of profits from private equity fund investments

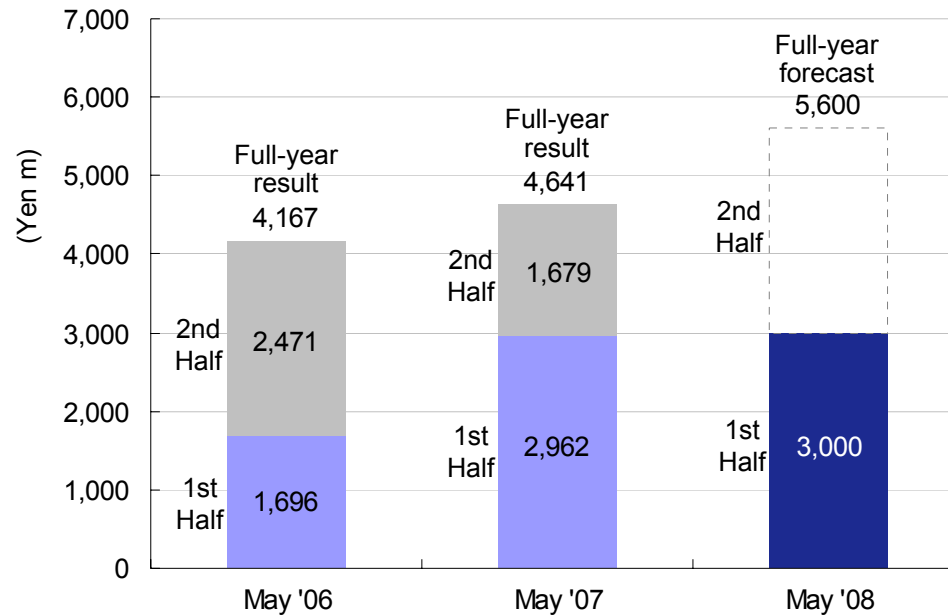
### Ordinary Profit – Up 14.3%



## Net Profit

Net profit growth of 1.3%  
despite one off impact of  
office relocation

Net Profit – Up 1.3%



## Overview of Balance Sheet

- Inventory assets increased due to completion of development projects and progress of overseas investment.
- Acceleration of real estate development led to increased balance of Construction in progress.
- Total liabilities rose due to increased loans payable, which resulted from increased Inventory assets and Construction in progress.

November 2007

(Yen m)

(Yen m)

	May '07	Nov '07	Change
Cash	8,877	8,868	-8
Inventory assets	39,067	44,284	5,217
Construction in progress	30,469	36,752	6,283
Operational investment securities	1,974	2,154	180
Warehoused properties	14,201	11,366	-2,834
Advanced payments	2,271	1,695	-575
Deposits	1,804	1,568	-235
Tangible fixed assets	319	497	178
Investment securities (Investment in anonymous associations)	(8,279)	(4,394)	(-3,885)
Other assets	6,189	6,341	152
<b>Total assets</b>	<b>118,147</b>	<b>123,202</b>	<b>5,054</b>

Assets  
123,202Liabilities  
98,833Net Assets  
24,369

Equity ratio: 19.6%

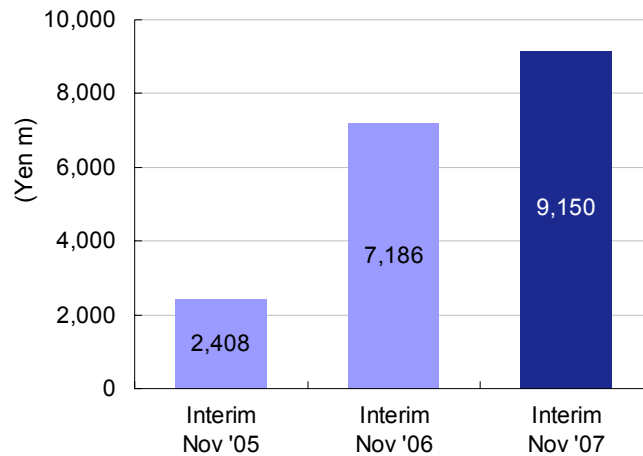
(Yen m)

	May '07	Nov '07	Change
Loans payable	75,708	80,737	5,028
(Non-recourse loans)	(23,475)	(26,242)	(2,767)
Corporate bonds and CP	7,900	9,670	1,770
Long-term deposits	1,483	980	-502
Guarantee deposits	2,179	2,159	-19
Accrued corporation tax, etc	2,713	2,446	-267
Other liabilities	5,985	2,838	-3,146
<b>Total liabilities</b>	<b>95,969</b>	<b>98,833</b>	<b>2,863</b>
Capital stock	4,327	4,334	6
Capital surplus	4,392	4,399	6
Retained earnings	12,562	15,142	2,580
Treasury stock	-660	-660	0
Minority interest	141	281	139
Others	1,413	871	-542
<b>Total net assets</b>	<b>22,178</b>	<b>24,369</b>	<b>2,191</b>

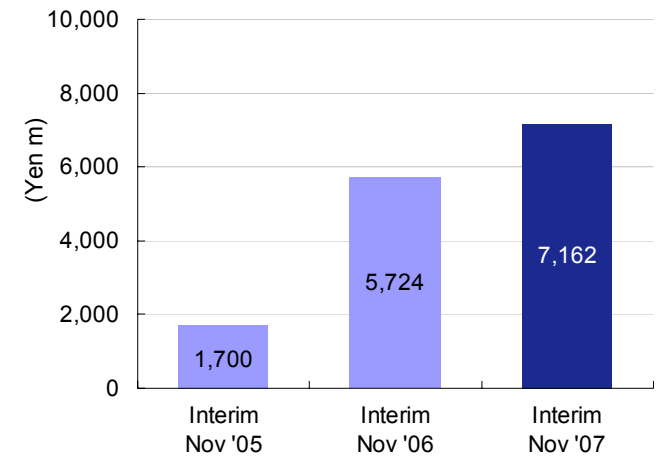
## Overview of Fund Management Business<sup>1)</sup>

Dividends and AM fees from private funds underpinned revenue and profit growth

### Net Revenue before SG&A – Up 27.3%



### Operating Profit – Up 25.1%



#### Breakdown of Net Revenue before SG&A

(Yen m)

	Interim 11th term	Interim 12th term	Difference
Dividends, etc	894	6,715	5,820
Rents, etc	2,446	1,063	-1,382
AM fees, etc	72	1,371	1,298
Incentive fees	3,772	0	-3,772
<b>Total</b>	<b>7,186</b>	<b>9,150</b>	<b>1,963</b>

Notes:

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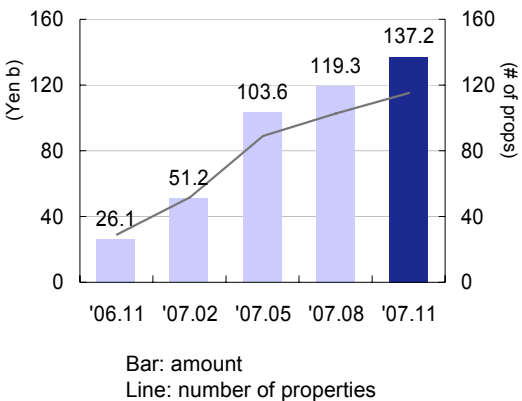
## Creed Real Estate Partners (CREP) Fund

Our flagship private fund – CREP – has continued to grow steadily

- Fund targets small to medium sized properties with value enhancement potential in major Japanese metropolitan areas
- Acquired 26 properties (JPY 34.4 billion) during the interim period; AUM stands at JPY 137.2 billion at the end of November 2007
- Acquired five properties (JPY 7.6 billion) and signed deals for 12 properties (JPY 20.7 billion) in December 2007; CREP has signed deals for 165.5 billion by the end of December 2007
- Expected to be fully invested by early FY09

### Example of Value-added Property: Conversion project of a residential property into office

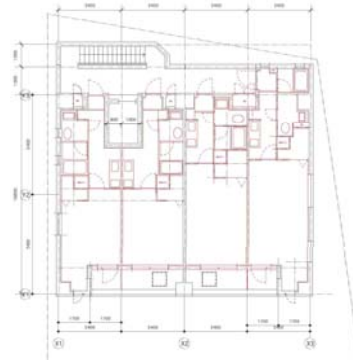
□ CREP Asset Growth



Before



After

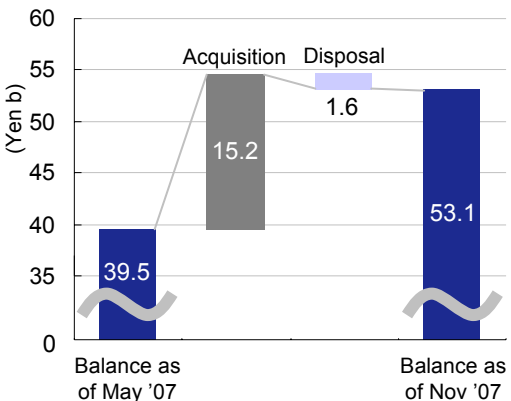


- Value-add points
  - Converted all 27 residential units on the 2nd – 8th floors into 14 office units
  - Renovated its façade to suit for an office building
  - Changed its plumbing arrangement and refurbished the entrance hall
  - Expecting 90% increase of rents per square meters for the converted floors

## Overview of Real Estate Investment Business

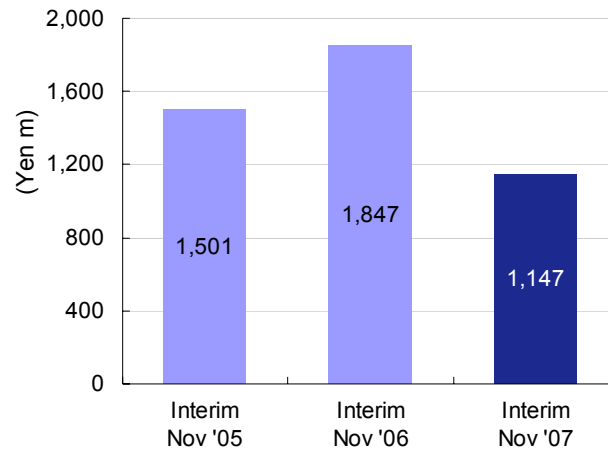
Real Estate Investment profits down largely due to reduced number of large disposals during the period

### Transactions during Interim Period

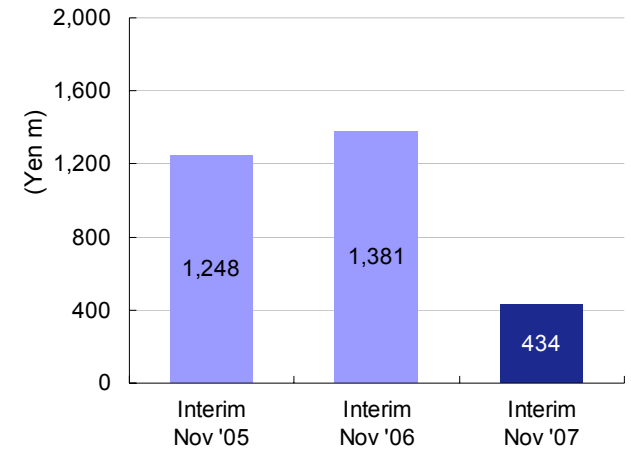


Notes: The amounts above are based on acquisition prices.

### Net Revenue before SG&A – Down 37.9%



### Operating Profit – Down 68.5%



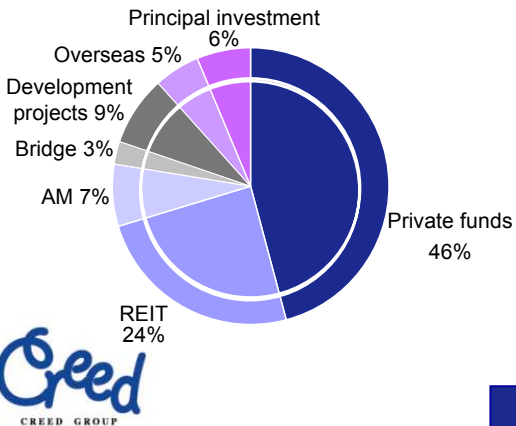
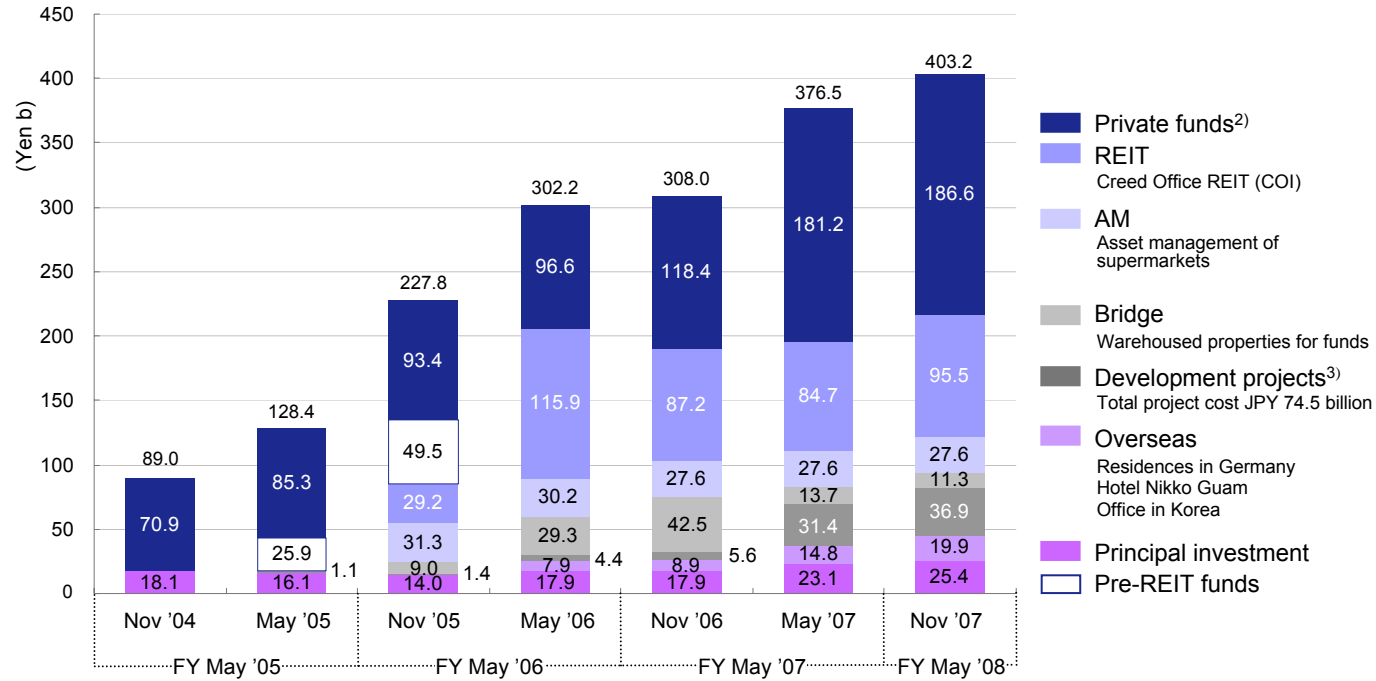
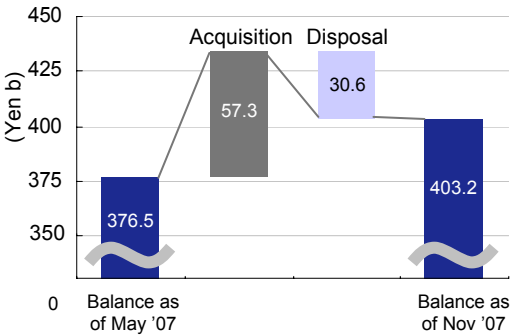
### Breakdown of Net Revenue before SG&A

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Rents	719	1,004	285
Disposals	1,096	382	-714
Others	31	-238	-269
<b>Total</b>	<b>1,847</b>	<b>1,147</b>	<b>-699</b>

# Overview of Assets Under Management<sup>1)</sup> (AUM)

AUM growth driven by acquisitions for CREP and land sourcing for development projects but partially offset by the closing of earlier private funds

▣ Transactions during Interim Period



Notes:

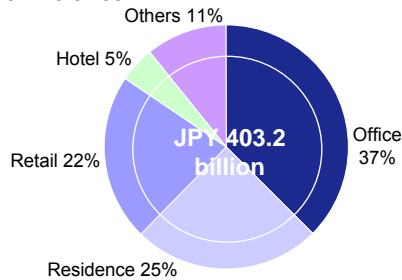
- Assets Under Management: The total sum of the balance of investments managed integral with the capital of investors, the balance of assets managed only with the investors' capital and the balance of assets held and managed by the Company and its 100%-owned subsidiaries. All figures are based on the acquisition prices and therefore do not include any capital expenditures. Figures for development projects include only the land prices; costs for architectural design and construction are added at completion.
- The assets of the consolidated SPCs are categorized under Private Funds.
- Development projects include those using SPCs, as well as those on Creed's balance sheet.

# Breakdown of Assets Under Management (AUM)<sup>1)</sup>

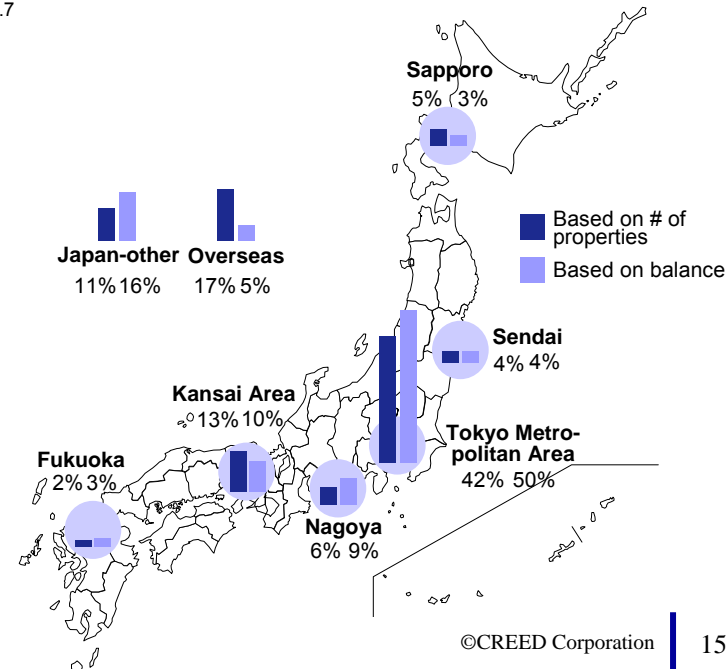
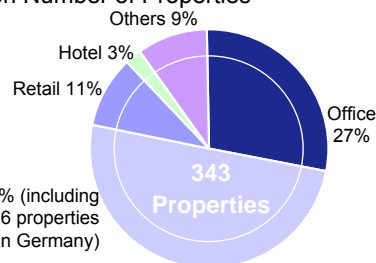
(Yen b)

Category	Starting Month	Asset Size	Change from May '07	Type of Investors	Property Type
Creed Real Estate Partners	Nov '06	137.2	33.6	Global Institutional Investors	Office and residence, etc.
Commercial facilities fund	Apr '06	19.8	0	Creed	Commercial facilities
Residential fund	Nov '05	5.2	0	Domestic institutional investors Business corporations	Residence
Artemis	Nov '04	0.3	-4.3	Domestic business corporations	Office and residence, etc.
Creed Real Estate Revival Fund II	Feb '04	12.7	-0.9	Domestic institutional investors	Office and residence, etc.
Fund B	May '02	0	-21.0	Foreign institutional investors	Office and residence, etc.
Fund A	May '01	2.0	-2.1	Foreign institutional investors	Office and residence, etc.
Others (several private funds)	—	9.3	0	—	Office and residence, etc.
Creed Office REIT	Mar '06	95.5	10.8	—	Office
AM of general supermarket (Seiyu), etc.	Nov '05	27.6	0	—	Commercial facilities
Bridge (warehoused properties)	—	11.3	-2.4	Creed	Office and residence, etc.
Development projects (on balance)	—	32.1	6.2	Creed	Office and hotel, etc
Development projects (off balance SPCs)	—	4.8	-0.7	Creed and domestic business corporations	Office and retail, etc
Overseas (Germany, S Korea & Guam)	Dec '05	19.9	5.1	Creed	Residence, hotel and office
Principal investment	—	25.4	2.3	Creed	Office and residence, etc.
<b>Total</b>		<b>403.2</b>	<b>26.7</b>		

■ Based on Balance<sup>2)</sup>



■ Based on Number of Properties<sup>2)</sup>



Notes:  
 1) All figures are as of Nov '07.  
 2) Land and construction in progress are categorised under "Others" until completion.

## Real Estate Development

Creed is maintaining a healthy and growing development pipeline

### Expanded Development Assets Pipeline

- Completion in the 1st half ended Nov '07<sup>2)</sup>  
(Yen b)

Asset class	# of projects	Project cost
Retail	1	1.7
Hotel	3	2.9
<b>Total</b>	<b>4</b>	<b>4.6</b>

- Planned completion in the 2nd half ending May '08<sup>2)</sup>  
(Yen b)

Asset class	# of projects	Project cost
Office	3	14.5
Residence	3	4.1
Hotel	5	5.3
<b>Total</b>	<b>11</b>	<b>23.8</b>



Office in Shibuya, Tokyo



Multi-use in Minato, Tokyo



Office in Nagoya



Office in Nagoya

- Current projects

- Five offices in Tokyo
  - Two residences in Tokyo
  - Retail and multi-use in Tokyo
  - Five offices in Nagoya
  - Retail in Nagoya
  - Residence in Osaka
  - Office in Chiba
  - Office in Sendai
  - Retail in Fukuoka
- 
- Eight hotels to be operated by the Creed Group

Total project costs: JPY 86.9 billion<sup>1)</sup>

#### Notes

1) As of the end of December, 2007

2) Excluding forward commitments. Forward commitments are forward contract to buy properties under construction by others at completion.

## Real Estate Development: Example of Creed's Project

### Office building in Nagoya

Structure	11F
Ground Area	1,298.37 sqm
Net Rentable Area	8,009.11 sqm
Parking	96 cars
Completion	January 2008



- ▣ Competitive advantages
  - Location: Located on the main street of the city at the centre of the business district
  - Design: Stylish appearance of glass walls contrasts well with the other old buildings in the neighbourhood
  
- ▣ Current leasing status
  - Leasing is going very well with sign-on / negotiated rents exceeding the projected rents

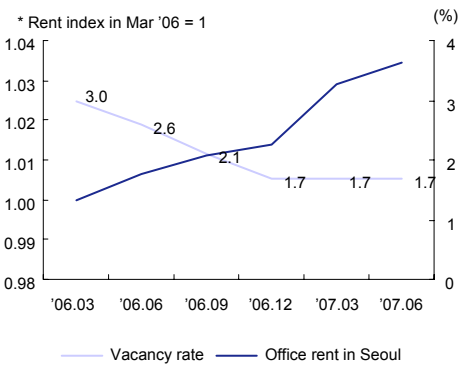
## Overseas Real Estate Investment: South Korea

South Korea offers similar opportunities to Japan

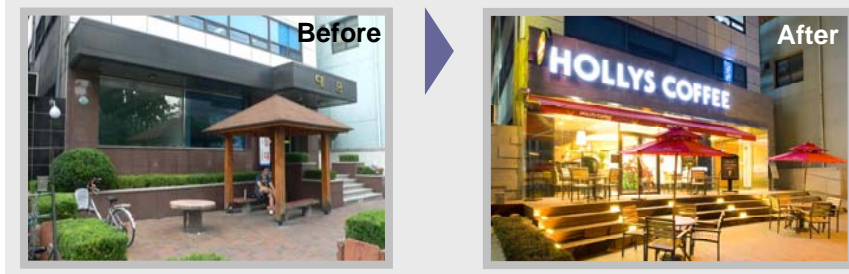
Our Korean based team has acquired 3 properties with total acquisition cost of ~JPY 3.7 billion

- South Korea is a market with a large supply of undermanaged small to medium sized office with value enhancement potential
- This presents an opportunity to apply our core real estate skills using our Seoul based team of 8 professionals with additional support from Japan
- Initial acquisition ~JPY 1.5 billion acquisition in June 2007
  - Renovation of ground floor retail space resulted in 40% increase in rent
  - Ongoing renewal negotiations with other tenants with ~10% increases expected

### Real Estate Market in Seoul, S Korea



Source: Ministry of Construction & Transportation of South Korean Government



- Two further acquisitions (~JPY 2.5 billion) completed in December 2007



## Overseas Real Estate Investment: Germany

Active management of German portfolio has resulted in further acquisitions and planned profit realisation

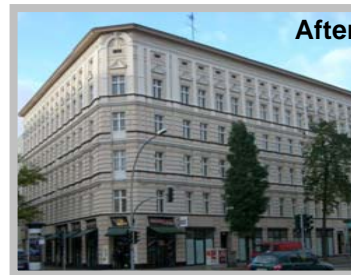
### Investment in residential properties in Germany

- Expanded portfolio
  - Portfolio consists of 66 properties (approx. EUR 78 million, JPY 12.2 billion) as of December 2007
- Profit realisation
  - Scheduled to conclude a contract to sell a portfolio of seven properties in January 2008



Properties acquired during Interim period ended Nov '07

### Example of Value-added property: Residence in Berlin, Germany

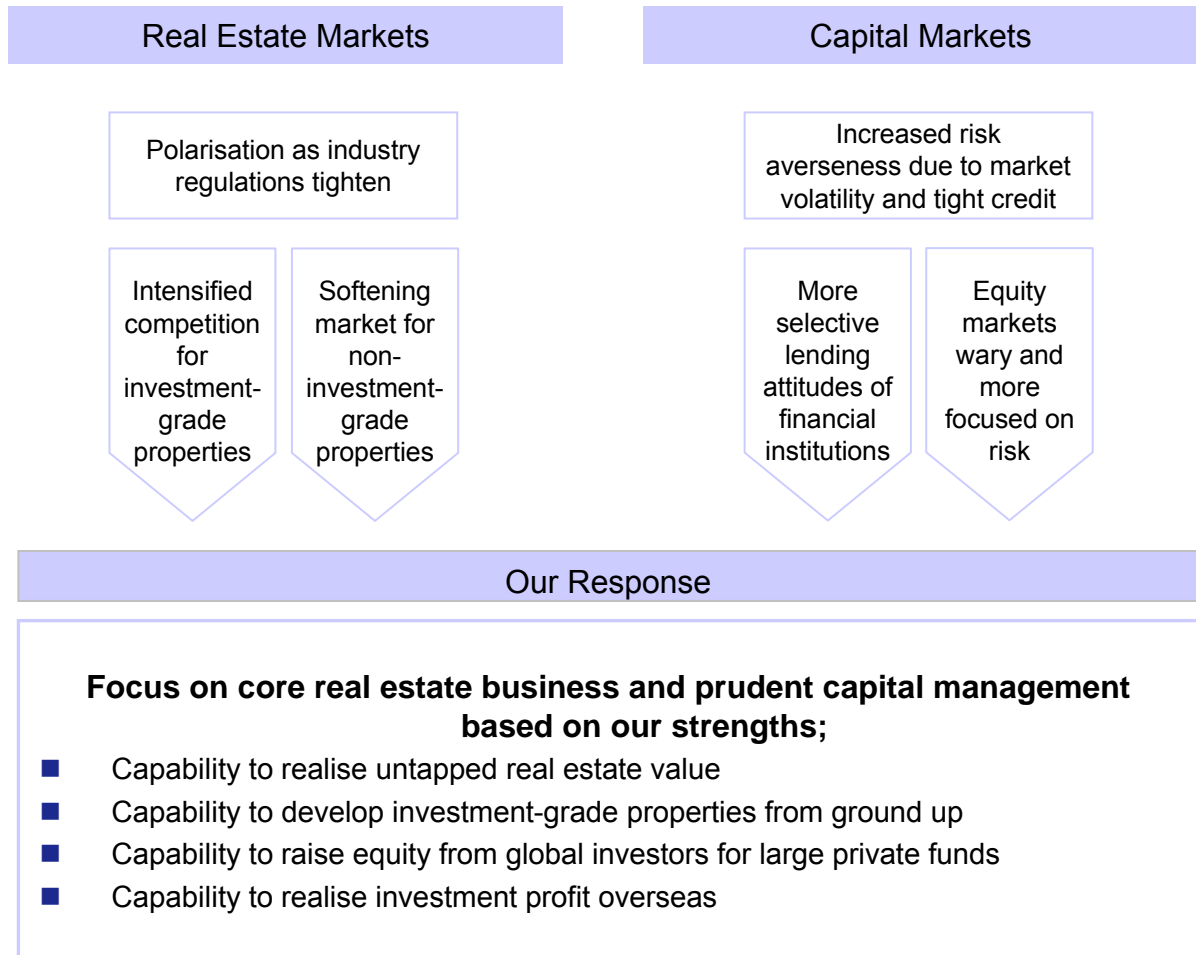


- Value-add points
  - Refurbished the façade, stair hall and entrance
- Achievements
  - Occupancy rate improved from 83% (as of Aug '07) to 94% (as of Dec '07), which increased its gross monthly rents by 10%

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## Market Conditions and Our Response



## Our Strategies for the Current Market

We will look to meet the challenges in the current market by focusing on our core business and maintaining the flexibility to take advantage of potential opportunities

- Real estate investment – focus on core business
  - Continue primary focus on transforming real estate opportunities in Japanese market
  - Apply core skills in South Korea to increase AUM
  - Crystallise profits through active management of German portfolio
- Real estate development – expansion of pipeline
  - Develop investment-grade assets to provide high quality assets for our balance sheet portfolio and our controlled funds
- Funds management – increase private fund offerings
  - Continued appetite of private equity capital for selective real estate investment
  - Focus on utilising skills and relationships arising from CREP and other private funds
  - Look to extend CREP fund offering
  - Target not only small to medium sized properties but also larger properties
  - Continue to monitor listed markets for future opportunities
- Balance sheet investments – focus on higher return opportunities
  - Invest balance sheet capital in higher return assets that are outside our funds' mandates
  - Increase cash reserve to take advantage of attractive investment opportunities
  - Sell properties which cannot be incorporated into any products and/or those with material refinancing risks

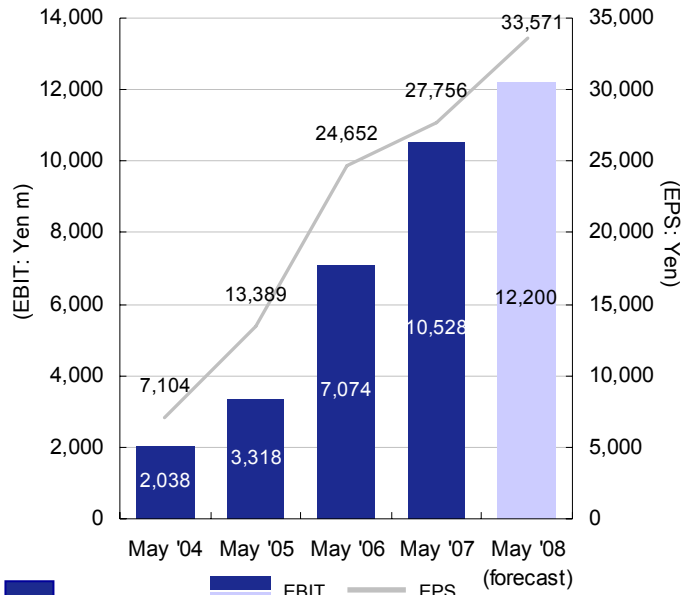
## Forecasts for FY May 2008

We are revising our AUM target downward based on changed market conditions and timing factors.

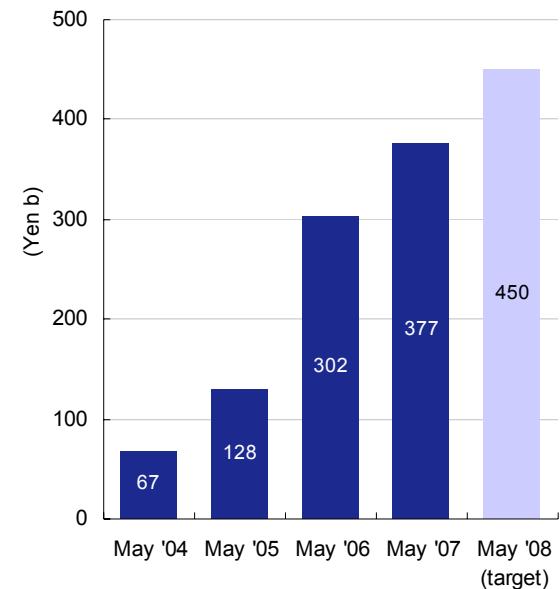
### Key figures

	May '07 Actual	May '08 Forecast	Change	%
	(Yen m)			
Gross revenue	40,076	41,000	924	2.3%
Net revenue before SG&A	16,267	19,000	2,733	16.8%
Operating profit	10,789	12,300	1,511	14.0%
Ordinary profit	8,889	10,000	1,111	12.5%
Net profit	4,641	5,600	959	20.7%
EPS (yen) <sup>1)</sup>	27,756	33,571	5,815	21.0%
EBIT <sup>2)</sup>	10,528	12,200	1,672	15.9%
AUM (billion yen)	377	450	74	19.5%

### EPS / EBIT



### AUM



#### Notes:

- 1) EPS figures, except the forecast for May '08, are adjusted for dilution. The figure for May '04 is adjusted for the stock split of 2 for 1 as of January 20, 2005.
- 2) EBIT (earnings before interest and taxes) is calculated by adding non-operating incomes (excluding interests received) to and subtracting non-operating expenses (excluding interests paid) from operating profit.

For inquiries, please contact;

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