September 27, 2024

To whom it may concern

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Managing Executive Officer
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Notice Concerning the Review of the Long-Term Business Plan

Keihanshin Building Co., Ltd. (the "Company") hereby announces that a resolution was adopted, at the meeting of the Board of Directors convened on September 27, 2024, on the review of the Company's Long-Term Business Plan announced on May 12, 2023, for the period from FY2024/3 to FY2033/3.

1. Background to the review of the Long-Term Business Plan

The Company has formulated the Long-Term Business Plan for the period from FY2024/3 to FY2033/3, which was published on May 12, 2023. In FY2024/3, the first year of the Plan, we achieved progress largely in accordance with the initial plan, acquiring Asakusa-Ekimae Building as a profitable property and completing two equity investments through alliances with other companies, and in the area of overseas investment, investing in funds located in the U.S. to gather local information and absorb knowhow.

Taking into consideration dialogues with investors and other stakeholders with a view to realizing management that takes into account capital costs and share price, we have decided to revise our Long-Term Business Plan in order to meet their expectations for the early achievement of our long-term business targets, as well as to establish a target for reducing cross-shareholdings.

2. Details of the Long-Term Business Plan review

(1) Revision of some performance indicators

By bringing forward the launch and implementation of all new businesses, we will revise our performance indicators as follows. We will revise upward our ROE target for the final year of Phase I of our Long-Term Business Plan (FY2028/3) from 6% or more, to 7% or more. We will maintain our ROE target of 8% or more for the final year of Phase II (FY2033/3), but we aim to achieve this ahead of schedule.

(The underlined figures indicate changes from the initial Plan)

	Final fiscal year of Phase I (FY2028/3)	
	Before revision	After revision
Business profit *Operating profit + Loss (gain) on investments in investment partnerships, etc.	7 billion yen	<u>8 billion yen</u>

Business profit before depreciation *Business profit + Depreciation and amortization	11 billion yen	12 billion yen
ROE *Profit/Equity	6.0% or more	7.0% or more

(2) Reduction of cross-shareholdings

We will reduce the ratio of cross-shareholdings to consolidated net assets from 16.6% in FY2024/3 to 10% or less by the final fiscal year of Phase I (FY2028/3).

The sale proceeds from the reduction of cross-shareholdings will be used to invest in sustainable growth and return profits to shareholders (dividends, share buybacks, etc.). As a result, we expect this to contribute to improving capital efficiency, to a certain degree. We will also engage in attentive dialogue with the issuing companies of the shares that are subject to reduction, and put effort into seeking their understanding of our Company's policy.

(3) Shareholders Returns

While keeping the target dividend payout ratio of approximately 45% unchanged, we will put in place a progressive dividend system that is focused on providing stable dividends and increasing them through growth in earnings per share.

*For details, please refer to the attached “Long-Term Business Plan (10 Years from FY2024/3 to FY2033/3) – Version updated in September 2024.”

(End)

Version updated
in September 2024

Long-Term Business Plan

(10 years from FY2024/3 to FY2033/3)

September 27, 2024

Keihanshin Building Co.,Ltd.



Securities code 8818

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Basic Policy of Long-Term Business Plan

Corporate Philosophy

1. **To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers' and our businesses**
2. **To earn and value our customers', shareholders', and employees' trust by operating our company according to quality-first values**
3. **To act efficiently, evolve, and create a vital corporate atmosphere**

Target period	10 years from FY2024/3 to FY2033/3
Basic policy	1. Aim to continuously enhance corporate value by realizing sustainable management 2. Assess changes in the investment environment and expand our business size and create new profit models through increasing the portfolio
Corporate vision in 10 years' time	A company that will continue to contribute to a sustainable society with each and every employee growing through inventiveness and challenges and providing valuable commercial space that meet the needs of the times

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Background to the review of the Long-Term Business Plan **Updated**

Taking into consideration dialogues with investors and other stakeholders with a view to realizing management that takes into account capital costs and share price, we have decided to revise our Long-Term Business Plan in order to meet their expectations for the early achievement of our long-term business targets, as well as to establish a target for reducing cross-shareholdings.

New investments in the first fiscal year (FY2024/3) of the Long-Term Business Plan



Acquisition of the commercial building in Asakusa



Equity Investment (in the Tokyo metropolitan area)



Equity Investment (in Hyogo Prefecture)



Investment in the real estate fund in the U.S

▶ Progress largely in accordance with the initial plan

However

Recognition, through dialogues with investors and other stakeholders, of their expectations and society's demand for the early realization of our long-term business targets

review

Revision of targets aimed at early achievement of the Plan

+

Addition of target for reducing cross-shareholdings

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Progress in the first fiscal year of the Plan（New investments） Updated

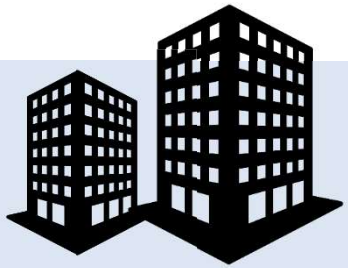
Acquisition of profitable properties



【We acquired the commercial building in Asakusa.】

- Located in front of Asakusa Station, which is crowded with tourists from Japan and overseas. Although it is an aged building, it is fully occupied.
  - ＞Revolving-type investment business that enhances asset value through renovation work, etc, and sell it
  - ＞Real estate leasing business with stable rent income
  - ⇒A property that can be used in both businesses

Equity Investments



【We made the equity investments into the office building in the Tokyo metropolitan area, and nursing home in Hyogo Prefecture.】

Overseas Investments



【We made an investment in the real estate fund in the U.S. 】

- The United States was selected as the first investment destination because of its expected economic growth and legal transparency in the real estate market.
- Absorption of local information and know-how through investment in funds
  （Investment in multifamily housing development project in Miami, Florida, in August 2024）

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Progress in the first fiscal year of the Plan（Sustainability） Updated

Environmental investments

【Energy-saving investments】

・Planned conversion of lightings in each building to LED and replacement and repair work of air conditioning equipment.

【BCP measures】

・Systematic implementation of countermeasure work to prepare for severe water damage, including waterproofing of rooftops and exterior walls of each building.

Investments in human resources

【Expansion of the head office】

・Expansion of the Osaka Head Office has been completed to improve productivity and prepare for an increase in the number of employees.

【Strengthening human capital】

・Strengthening recruitment of experienced personnel and new graduates for business expansion.

・Greatly expanded job-specific and rank-specific training to raise employee skills.

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Targeted Results **Updated**

■Performance plan

	2023/3	2024/3	Phase I 2024/3 to 2028/3	Phase II 2029/3 to 2033/3
Business profit (billions of yen) Operating profit + Loss (gain) on investments in investment partnerships, etc.	5.3	**5.1**	7.0 ➡ **8.0**	**14.0**
Business profit before depreciation and amortization (billions of yen) Business profit＋Depreciation and Amortization	9.1	**9.1**	11.0 ➡**12.0**	**18.0**
Equity ratio	46.5%	**44.9%**	**30% or more** （financial discipline）	
Net interest-bearing debt/EBITDA ratio	6.7 times	**7.4 times**	**Approximately 10 times** （financial discipline）	
ROA Business profit / Total assets	3.6%	**3.2%**	**4.0% or more**	**5.0% or more**
ROE Profit / Equity	5.9%	**5.2%**	6.0% or more ➡ **7.0% or more**	**8.0% or more**

Aim to achieve Phase II targets **ahead of schedule**

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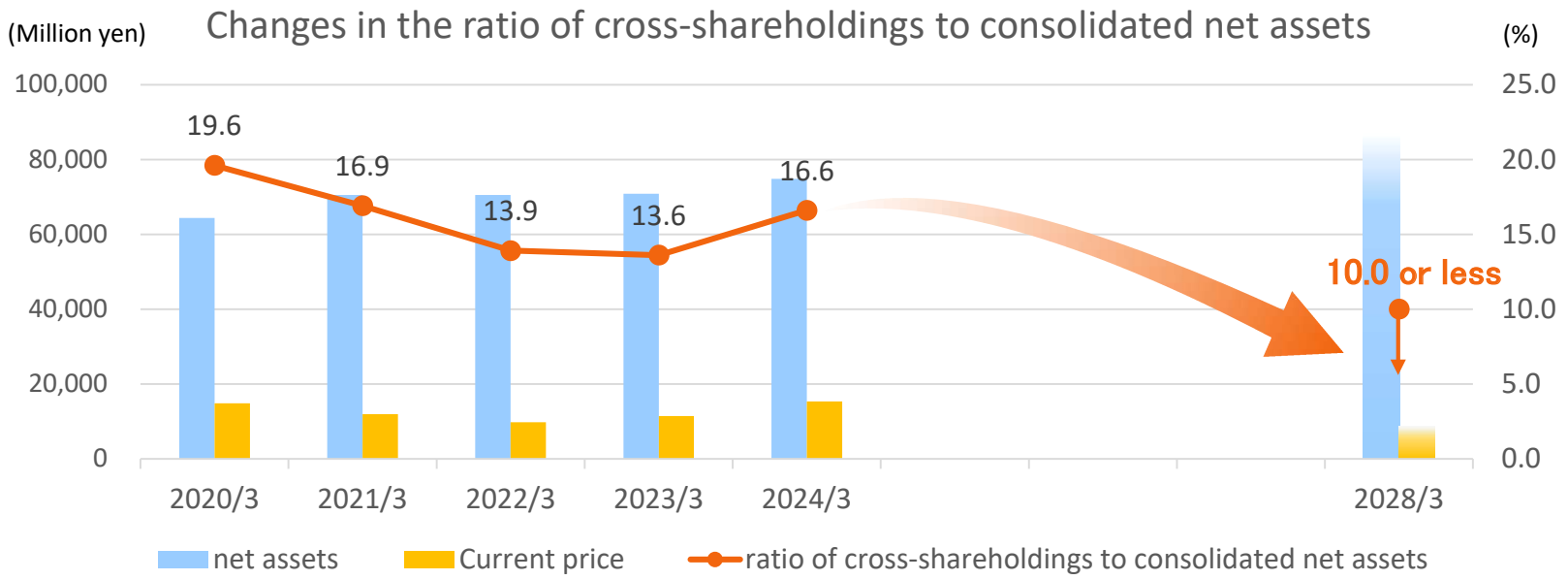
Targeted Results **Addition**

■Cross-shareholdings reduction plan

Reduce the ratio of cross-shareholdings to consolidated net assets to **10% or less** by the final fiscal year of Phase I (FY2028/3)



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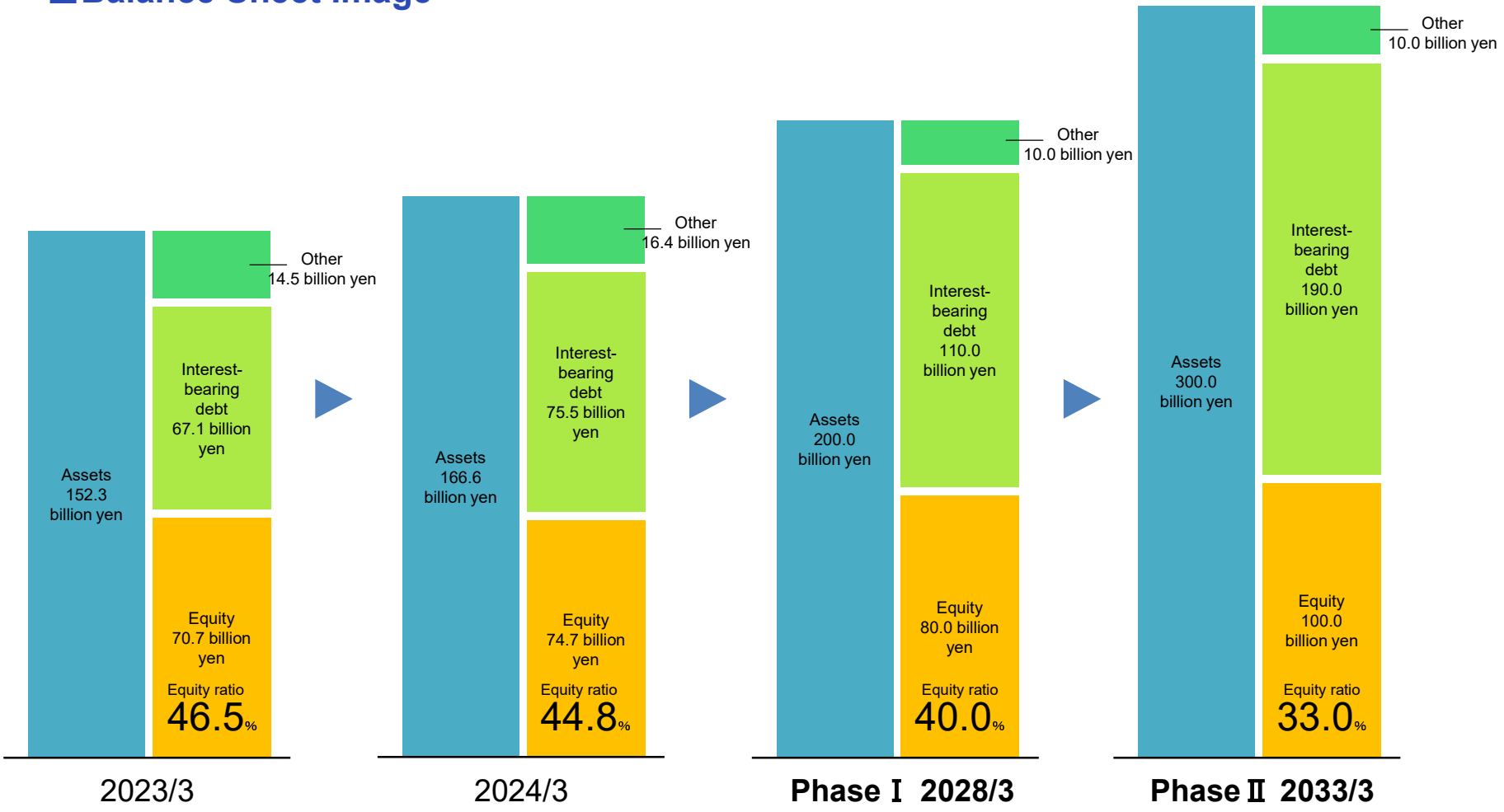
Targeted Results **Updated**

■Balance Sheet Image



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Targeted Results Updated

Investment Plans

Unit: billions of yen

		2024/3	Phase I 2024/3 to 2028/3	Phase II 2029/3 to 2033/3	Total
Investments in real estate	Acquisition of profitable properties	5.5	50.0	130.0	180.0
	Equity investments	4.7	8.0	8.0	16.0
	Overseas investments	0.1	5.0	20.0	25.0
	Rebuilding existing properties	–	4.0	5.0	9.0
Investments in renovations and repairs	Large-scale repairs to existing properties	2.5	10.0	10.0	20.0
Subtotal		13.0	77.0	173.0	250.0
Investment recovery	Sale of profitable properties	–	0.0	80.0	80.0
Net investments		13.0	77.0	93.0	170.0

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Targeted Results Updated

■ Sustainability KPIs

KPIs

1. Reduce Scope 1 and 2 GHG emissions by 46% by FY2031/3 compared to FY2020/3
2. Achieve net-zero GHG emissions (Scope1,2, and 3) by FY2051/3
3. Reduce per-unit energy consumption by 10% (compared to FY2019) by FY2030 through energy-saving efforts.
4. Raise the ratio of the area of properties with the Green Building Certification to 50% or more by FY2030 and acquire the Green Building Certification for all newly constructed properties in the future.
5. 100% of the electricity used by the Company under Scope 2 shall come from renewable energy sources by FYE March 2051.
6. Achieve five-year average male-to-female ratio of 50% among new recruits

■Sustainability Investment Plans

Unit: billions of yen

		2024/3	Phase I 2024/3 to 2028/3	Phase II 2029/3 to 2033/3	Total
Investments in the environment	▪Investments in renovations and repairs for energy-saving equipment and BCP measures ▪Use of renewable energy ▪Acquisition of green building certifications	**0.7**	**3.0**	**4.0**	**7.0**
Investments in human resources	▪Development of work environments ▪Investment in human resources training ▪Hiring specialized human resources who have experience	**0.2**	**1.0**	**2.0**	**3.0**
Total		**0.9**	**4.0**	**6.0**	**10.0**

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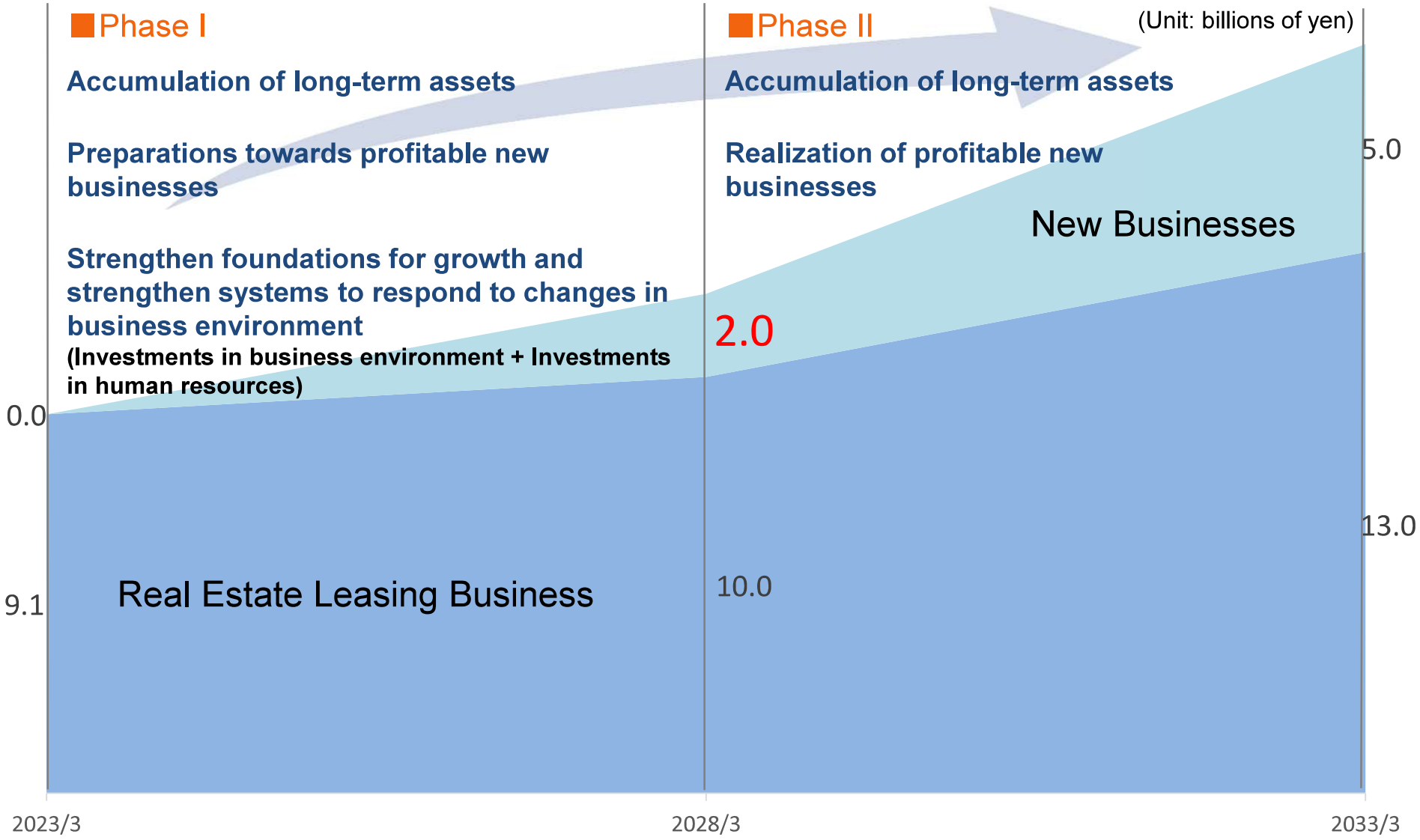
Trends in Profit Updated



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Business Strategy

The Company's Strengths

- **Diversified asset types**
- **Sound financial balance**
- **Meticulous building management**
- **Highly efficient real estate leasing business**

+

Functionality Supplemented by New Businesses

- Aim to maximize profits by increasing the number of properties and rearranging assets and aim to enhance ROA and ROE by maintaining financial balance
- Diversify acquisition and investment methods through alliances with other companies
- Expand a stable revenue base by decreasing economic change risks through further diversification of asset types
- Aim to achieve medium-to long-term growth by investing overseas where population and economic growth is expected, as there is a concern that the domestic market will shrink in the future

With high efficiency, construct a business portfolio that can withstand market fluctuations

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Business Strategy

- Transition to a revenue structure that maintains balance between stock businesses and flow businesses
- Expand a stable revenue base by decreasing economic change risks through diverse asset types

	Existing businesses		New businesses
Revenue structure	Stock business ・Real estate leasing business	+	Flow business ・Revolving-type investment business ・Equity investments ・Overseas investments

	Existing businesses		New assets
Asset type	・Office buildings ・Datacenter buildings ・WINS buildings ・Commercial buildings ・Logistics warehouses	+	・Residences for lease aimed at corporations ・Healthcare buildings ・Other asset types

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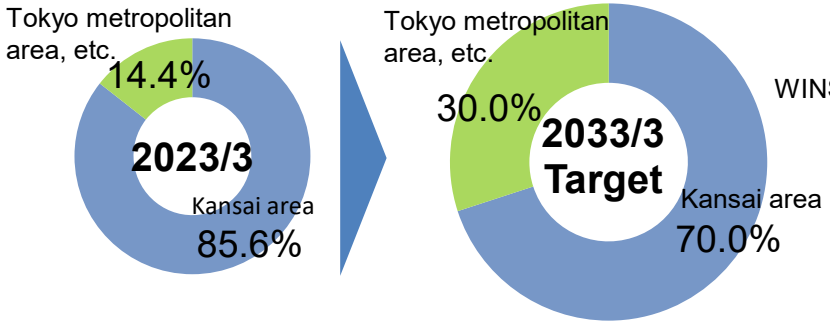
Business Strategy
Real Estate Leasing Business

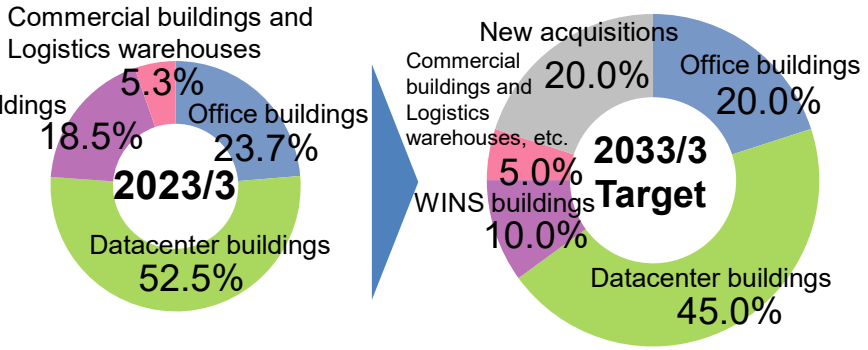
Real Estate Leasing Business

- Strive to maintain and strengthen the competitiveness of the real estate leasing business which is our foundation of business
- Assess locations and profitability to expand assets that will be carried over to the next generation
- Aim to raise the regional portfolio ratio of the Tokyo metropolitan area, etc., to 30% as assets are concentrated in the Kansai area
- Aim to establish a stable revenue base by achieving a balanced asset portfolio

Regional Portfolio Net Sales



Asset Portfolio Net Sales



Investment scale (Cumulative 10 years) **180.0 billion yen**

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Business Strategy
Real Estate Leasing Business

Strategy by Asset

Office Buildings

[Priority measures]

✔Promote investment in the central Tokyo area from the perspective of diversifying the portfolio

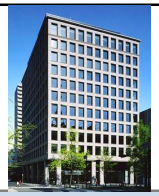
✔Based on diverse workstyles, provide offices of choice by developing buildings incorporating BCP measures with advanced features cultivated through developing new offices and the datacenter building business

✔Achieve enhanced customer satisfaction through improving soft services

✔Appropriately take measures such as selling unprofitable or older properties

✔Pursue profitability of existing properties

Existing Properties

								
Property	Midosuji Building	Kawaramachi Building	Yodoyabashi Building	Azuchimachi Building	Toranomon Building	Onarimon Building	Fuchu Building	Yoyogi-koen Building
Address	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Minato-ku, Tokyo	Minato-ku, Tokyo	Fuchu-shi, Tokyo	Shibuya-ku, Tokyo
Site area	2,033 ㎡	1,818 ㎡	1,790 ㎡	590 ㎡	899 ㎡	551 ㎡	18,460 ㎡	1,318 ㎡
Total floor area	19,872 ㎡	16,520 ㎡	12,136 ㎡	3,505 ㎡	7,834 ㎡	3,885 ㎡	36,200 ㎡	5,373 ㎡
Structure	B1/14F	B3/9F	B1/11F	B1/7F	B1/13F	B1/9F	6F	B1/6F
Completion	April 2007	April 1962 (Renewed in December 1999)	March 2001	March 1964 (Renewed in December 1999)	Completed in November 2020	April 2009	Purchased in May 2014	Purchased in April 2015

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Business Strategy
Real Estate Leasing Business

Strategy by Asset

Datacenter Buildings

Changes in the Business

1980s to early 1990s
Developed as storage areas for company office computers, and started business


Shinmachi 1 Building


Shin-Esaka Building

1990s to early 2000s
Developed as a communication-related base station, etc.


Toyosaki Building


Nakatsu Building


Shinmachi 2 Building

Late 2000s to the present
Developed as server centers for datacenter operators


Kitahorie Building


Nishishinsaibashi Building


OBP Building

[Priority measures]
✔Establish business strategy for older datacenter buildings (convert to office buildings, etc., attract tenants related to datacenters, etc.)

[Priority measures]
✔Maintain stable operations
✔Carry over operations management expertise cultivated throughout the years
✔Systematic renewals based on BCP measures

The present onward
Develop new datacenter buildings

[Priority measures]
✔Construct a business model that grasps the needs of the times
✔Develop new datacenter buildings that match customer needs
✔Consider investment in datacenter buildings through alliances with other companies, etc., leveraging our high public profile in the datacenter industry

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Business Strategy
Real Estate Leasing Business Updated

■Strategy by Asset

Commercial Buildings and Logistics Warehouses, etc.

[Priority Measures]
- ✔Acquire urban-type commercial buildings located near the commercial centers or terminal stations in the Tokyo metropolitan area and regional core cities
- ✔Acquire highly convenient logistics locations to meet the expansion in the scale of the EC market
- ✔Appropriately rebuild or sell older properties
- ✔Examining efficiency, expand new assets types such as apartment buildings and healthcare buildings

Existing Properties

						
Property	Nagano Shopping Facility	Shinjo-Kawaramachi Building	Fujisawa Shopping Facility	Hirakata Warehouse	Kawagoe Distribution Center	Sekime-Takadono Apartment Building
Address	Nagano-shi, Nagano	Nakagyo-ku, Kyoto-shi	Fujisawa-shi, Kanagawa	Hirakata-shi, Osaka	Kawagoe-shi, Saitama	Asahi-ku, Osaka-shi
Site area	12,198㎡	751㎡	3,493㎡	8,604㎡	15,729㎡	1,360㎡
Total floor area	42,741㎡	4,961㎡	7,739㎡	11,212㎡	11,446㎡	3,505㎡
Completion/ Acquisition	Purchased in October 1998	Purchased in April 1996 (Renewed in October 2014)	Purchased in October 2016	Completed in March 1983	Purchased in December 2015	Purchased in January 2023

Recent investment cases “Asakusa Ekimae Building”



Purpose	Commercial Building
Address	1-1-2 Asakusa, Taito-ku, Tokyo
Site area	266㎡
Total floor area	1,788㎡
Structure	7 floors above ground and 1 below ground
Acquisition	Purchased in June 2023

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■Strategy by Asset

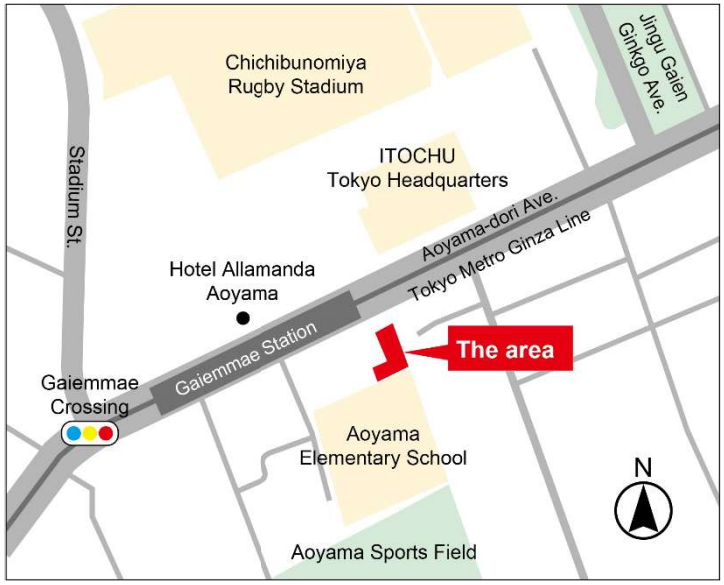
Acquisition of Sites for Development

[Priority Measures]

✔Acquire sites for development expected to increase in real estate value in the future from the various perspectives of not only transportation convenience, but potential value, future prospects, suitability of the location, and terrain

✔Consider participating in redevelopment and diversifying and expanding business through alliances, etc., with other companies

Recent investment towards the future,
“Site in Minamiaoyama”



An area expected to flourish further as there are plans to redevelop the Jingu Gaien area, with large-scale sports facilities, etc. around, and as a town where many local and foreign people gather

Address	2-22-16 Minamiaoyama, Minato-ku, Tokyo
Site area	589.80 m^2
Acquisition	Purchased in November 2022

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Business Strategy
New Businesses

Revolving-Type Investment Business

[Purpose]
Aim to enhance ROA and ROE by aiming for the maximization of profits through selling assets and reinvesting acquired funds in areas of growth
Aim to maximize profits by maintaining financial balance along with rearranging assets

[Priority Measures]
✔In Phase I, establish internal systems and begin businesses in order to sell assets that have increased in value through tenant replacements and renovation work, etc.
✔In Phase II, achieve further growth and enhanced fund efficiency by launching the asset management business and establishing the fund business, an outlet for the revolving-type investment business

Road Map

Phase I (2024/3 to 2028/3) Accumulate assets and begin the increasing value of assets business	Phase II (2029/3 to 2033/3) Enter the asset management industry Establish a business
Investment recovery scale (cumulative 10 years)	**80.0 billion yen**

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Equity Investments

[Purpose]
Promote diverse investment methods other than sole acquisitions by the Company such as acquisition through alliances with other companies

[Priority Measures]
✔In Phase I, begin equity investments and expand equity investments
✔In Phase II, realize achievements of investment scale through accumulated equity investments

Road Map

Phase I (2024/3 to 2028/3) Begin accumulating equity	Phase II (2029/3 to 2033/3) Achieve investment scale of accumulated equity
Investment scale (cumulative 10 years)	**16.0 billion yen**

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Overseas Investments

[Purpose]
Aim to acquire overseas properties as a medium- to long-term growth strategy due to concerns that the domestic market will shrink in the future

[Priority Measures]
✔Discerning countries where an increase in the population and economic growth is forecasted and make investments
✔In Phase I, make investments centered around minority investments in SPCs for the purpose of operating designated properties through alliances with Japanese companies that have already entered the local markets
✔In the latter half of Phase I, with local systems in place, consider actual real estate investments

Road Map

Phase I (2024/3 to 2028/3) Build internal systems Investments in funds, SPCs, and actual real estate	Phase II (2029/3 to 2033/3) Stable investments in SPCs and actual real estate
Investment scale (cumulative 10 years)	**25.0 billion yen**

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Financial Strategy Updated

- Pay attention to the balance between direct financing and indirect financing, and strive for stable financing at low interest rates
- Aim to realize improvement of ROE as a result of aiming for enhanced ROA through flow business initiatives

2033/3 Targeted Results

Equity ratio [financial discipline]

30% or more

Net interest-bearing debt/EBITDA ratio [financial discipline]

Approximately 10 times

FY2033/3 ROA (Business profit / Total assets)

5.0% or more at the end

FY2033/3 ROE (Profit / Total assets)

8.0% or more at the end

Policy for Improvement of Management Efficiency

ROA↑ Financial leverage ROE↑

$$\frac{\text{Profit}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Equity}} = \frac{\text{Profit}}{\text{Equity}}$$

Making ROA improvement the top priority

↓

Restraining excessive burden of financial leverage

↓

Realizing improvement of ROE as a result

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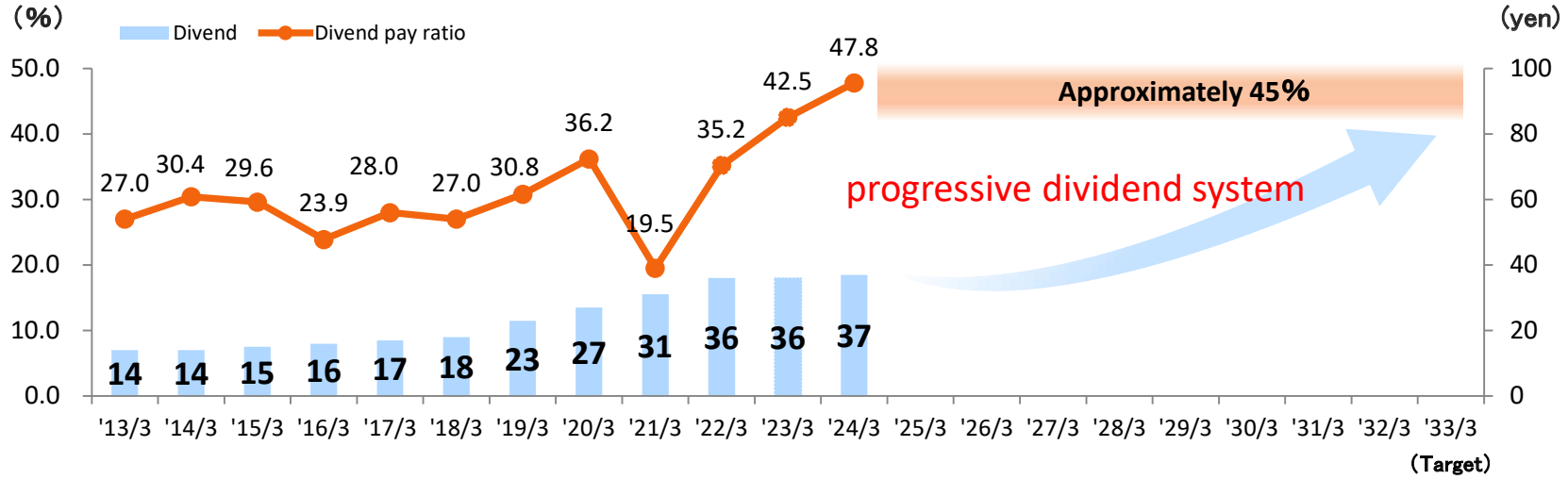
Shareholder Returns **Updated**

- Put in a place **progressive dividend system** that is focused on earnings per share
- Raise the current dividend payout ratio of 35% to 40% (as of May 2023) to **approximately 45%**
- Consider shareholder returns with an awareness of capital efficiency of shareholder repurchases, etc., comprehensively taking into account the economic situation and the Company's stock price

	2023/3	2024/3	Long-Term Business Plan Target
Dividend payout ratio	42.5%	47.8%	**Approximately 45%**

Trends in annual dividend per share and dividend payout ratio



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Sustainability Strategy

■The Company's Materiality (Key Sustainability Issues)

ESG	Theme	Materiality
E (Environmental)	**Balancing between a rich environment in the future and business activities**	■ Strengthening of resilience to climate change ■ Sustainable use of resources by measures to reduce the burden on the environment
S (Social)	**Provision of optimal space keeping abreast of changing external environment and times**	■ Provision of safe, secure, and comfortable space ■ Promotion of the business keeping abreast of changing environment and times
	Co-existence and co-prosperity with stakeholders	■ Conduct of constructive dialogue with investors and shareholders in line with the sustainable management ■ Collaboration with partner companies with an emphasis on ESG issues ■ Co-existence and co-prosperity with local communities
	Establishment of the organization where diverse human resources achieve their potential	■ Respect of human rights, diversity and inclusion ■ Improvement of human capital
G (Governance)	**Reinforcement of the management base that supports the sustainable management**	■ Financial strategy to adapt to a changing business environment ■ Strengthening of organizational resilience ■ Improvement of the effectiveness of the Board of Directors ■ Implementation of compliance that supports the sustainable management

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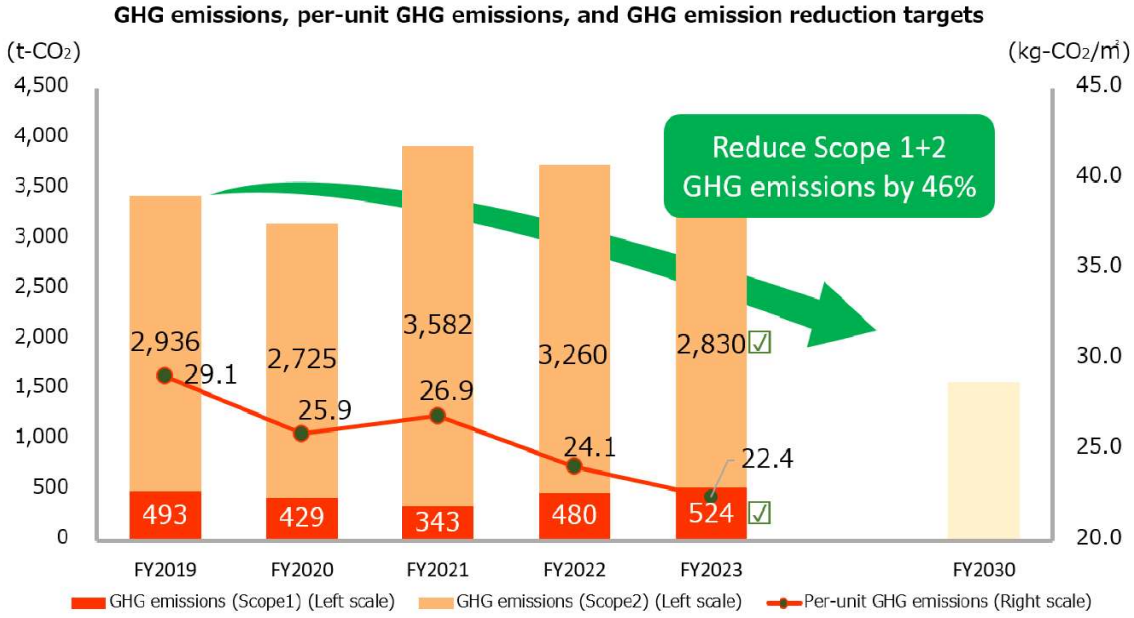
Sustainability Strategy **Updated**

GHG Emission Reduction Target

1. Reduce Scope 1 and 2 GHG emissions by **46%** by FY2031/3 compared to FY2020/3
2. Achieve **net-zero** GHG emissions (Scope1,2, and 3) by FY 2051/3

*Scope 1: Green-house gas emissions that are direct emissions by using fuel at the Company
*Scope 2: Green-house gas emissions that are indirect emissions by using electricity, heat, and steam provided by other companies
*Scope 3：Greenhouse gas emissions from other companies that is related to our Company's activities, other than Scope 1 and 2 emissions



(Note) Prior year results have been revised due to a review of the calculation method and other factors.

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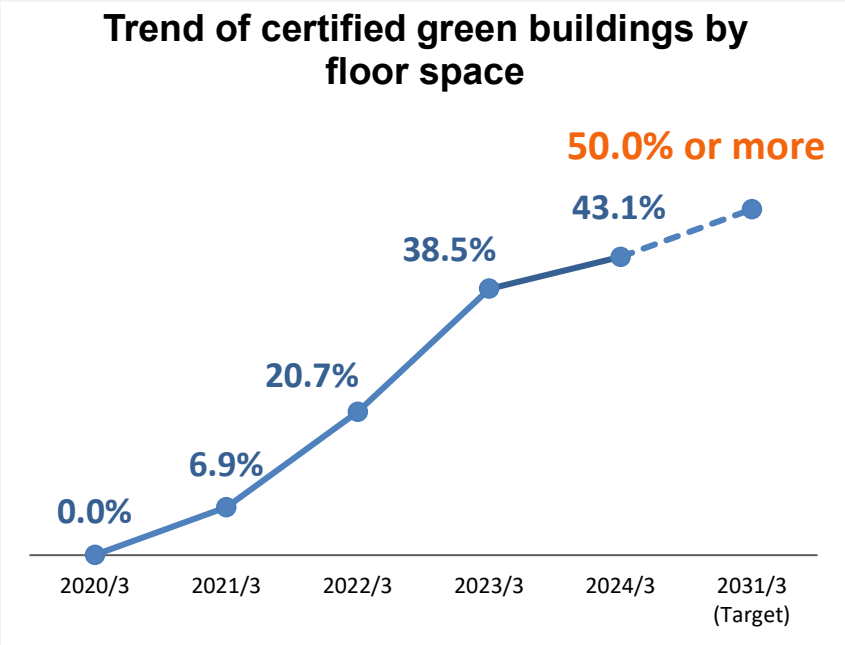
Sustainability Strategy Updated

Acquisition of Green Building Certifications

Aim to raise the ratio of certified green buildings to all the owned properties by floor space to **50% or more** by FY2031/3, a certification that comprehensively assesses building quality, including interior comfort and attention to the surrounding scenery, in addition to care for the environment such as use of materials and equipment that conserve energy with a minimal environmental impact



(Note) Prior year results have been revised due to a review of the calculation method and other factors.

The Company's CASBEE S-Ranked Properties

- Midosuji Building
- Fuchu Building
- Yodoyabashi Building
- Toranomon Building
- Onarimon Building
- Yoyogi-koen Building
- Fujisawa Shopping Facility
- WINS Umeda B Building

BELS Certified Properties

- OBP Building

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Sustainability Strategy

Human Resources Development

- Focus on human resources development, the core of corporate atmosphere, towards achieving continuous growth in the future with “To act efficiently, evolve, and create a vital corporate atmosphere,” prescribed in our corporate philosophy
- Actively work to secure diverse human resources and develop human resources according to an individual employee’s personality, individuality, and values with the belief that “The growth of a company is nothing other than the sum of the growth of its individual employees”
- Encourage diverse human resources to make self-directed growth by putting the right person in the right place, regardless of whether they were recruited as a new graduate or one with experience, gender, or age

Details of Key Initiatives

Securing Diverse Human Resources

- Continue recruiting new graduates (50% five-year average male-to-female ratio among new recruits)
- Recruiting those with experience and active use of the senior generation, etc.

Improving Skills of Employees

- Expand training of employees divided by duties and levels on a large scale
- Expand the system to support employees in acquiring qualifications with the aim of providing opportunities for self-improvement

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Sustainability Strategy

Composition of Personnel Supporting the Long-Term Business Plan

Aim to achieve the Long-Term Business Plan of the Company by improving skills of each personnel together with securing diverse human resources

Development of Work Environment

- Develop a work environment where all employees can play an active role according to their potential and employees' diverse personalities, individualities, and values are respected in order to realize effective business management with a small number of staff members
- Strive to create a safe and pleasant work environment where each employee can maximize their potential through aiming to improve productivity and operational efficiency together with developing a system that takes into account employees' work-life balance and where diverse workstyles are made possible

Details of Key Initiatives

Maintain a Sound Work Environment Without Discrimination

- Creating a corporate culture that is more receptive to the diversity of employees
- Promote internal awareness-raising activities such as human rights training

Develop a System Where Diverse Workstyles are Made Possible

- Enhancing support systems such as leave programs for childcare and family nursing
- Digitalization of documents and adoption of various systems that meet the needs of the times

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Sustainability Strategy

DX Promotion

Phase I (2024/3 to 2028/3)

Phase II (2029/3 to 2033/3)

Digitization

Digitization of paper documents (analog information)

Digitization of some aspects of operations

Digitalization

Digitalization of operating processes

Business model transformation

Digital Transformation

Creation of new values and culture

Model that will impact society as a whole

Details of Key Initiatives

Centralizing data in cloud storage

- Electricity usage of the central monitoring systems of various buildings is uploaded to a shared cloud and data is stored in a standardized format
- Manage personnel in charge of projects and various operations of promotion duties, overall progress, and approaches
- Integrate registration forms, notifications, and chat through two-way communication by establishing a user site for each tenant

Creation of New Business Models

- Creation of new business models that take advantage of digital technologies

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Financial outlooks, projections, and targets, etc., included in this presentation were prepared based on information available at the time of the release of this presentation. Actual performance may differ from forecasts due to various factors in the future.

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