May 10, 2024

To whom it may concern

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Notice of Formulation of the Keikyu Group 20th Integrated Management Plan

Keikyu Corporation (the “Company”) hereby announces that, in order to improve the sustainability of the Company and the Keikyu Group as well as to improve the social and corporate value of the Keikyu Group, the Company has formulated an integrated management plan, which consists of the “Long-Term Vision” as the ideal image of fiscal 2040 that the Keikyu Group pursues, the “Long-Term Management Policy” that establishes the direction for realizing the Long-Term Vision, and the “Medium-Term Management Plan” that sets forth the contents of measures we will implement from fiscal 2024 to fiscal 2026 based on the Long-Term Vision and the Long-Term Management Policy. For details, please refer to the attached materials.

以　上

あんしんを羽ばたく力に —— 京急グループ



Keikyu Group 20th Integrated Management Plan

Create Upward Spiral of Mutual Value Co-Creation

Long-Term Strategy Policy ～ FY2040
Medium-Term Management Plan FY2024 ～ FY2026

Keikyu Corporation（Securities code:9006）
May 10th , 2024
https://www.keikyu.co.jp

KEIKYU
京急グループ

20th Integrated Management Plan Summary 1

KEIKYU

Main Points of 20th Integrated Management Plan (Overview)

Long-Term Vision
(The future of FY2040 as envisioned by Keikyu Group)

Realize the sustainable growth of lineside areas through the upward spiral of mutual value co-creation between the mobility and community creation platforms

Sustainability Promotion Policy — **Promote enhancement of social and corporate value**

Lineside Value Co-Creation Strategy — **Create upward spiral of mutual value co-creation**

Mobility platform

Optimize all modes of transportation to enhance the value of communities and expand the scale of lineside areas

Community creation platform

Create demand by increasing mobility opportunities and the flow of people through the establishment of hubs and the provision of living support

Keys to Strengthening the Management Base — **Strengthen management capital as a foundation for corporate value creation**

- Promote business structure reforms
- Thoroughly consider The customer's perspective
- Promote human capital management
- Strengthen financial management

Development of key businesses

Encourage the growth and revitalization of areas along railway lines through mutual cooperation between the growth triangle zone of Shinagawa, Haneda, and Yokohama and each area

- Promote community development around Shinagawa Station to drive the sustainable development of the entire lineside area
- Maximize and utilize the potential of Haneda Airport, a gateway to Japan
- Promote community development for Kawasaki, Yokohama and suburban living areas (south of Yokohama) be sustainable and productive
- Build the Miura Urban Resort
- Promote multipolar community development with multiple core hubs along the railway lines

20th Integrated Management Plan Summary 2

Roadmap for Realizing Our Long-Term Vision

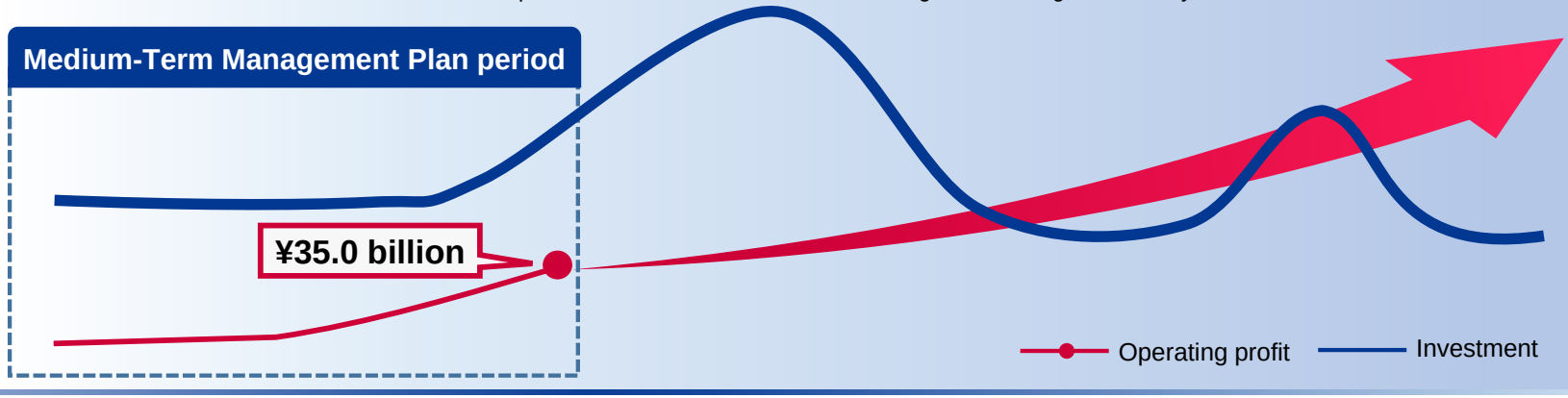
2021 – 2023 | 2024 | 2025 | 2026 | 2027 | – | 2040

Previous Medium-Term Management Plan period

- In each business, low-cost operation was promoted more than planned
- Demand, starting in the Transportation segment, for each business recovered
- Strengthened the real estate business by promoting asset turnover based on securitization

Long-Term Management Policy period

For sustainable development of the Keikyu Group, promote efforts, including improving the lineside value and corporate value, in accordance with the Long-Term Management Policy.



Major development projects and efforts	Schedule
Takanawa 3-chome area development	Begin construction → Open
Shinagawa Station commercial area development	Begin construction (station building frame) → Begin construction (building body) → Open
Kawasaki New! Arena City Project	Begin construction → Open
Haneda Airport Terminal 1·2 Station new lead track construction	Service start
Continuous grade separated project near Shinagawa Station	Project complete
Platform doors	Installation complete
Smart support system (contactless counter)	Expansion → Function enhancement → Centralized monitoring
One-man train operation	Introduction → Expansion

Investment | Profit contribution

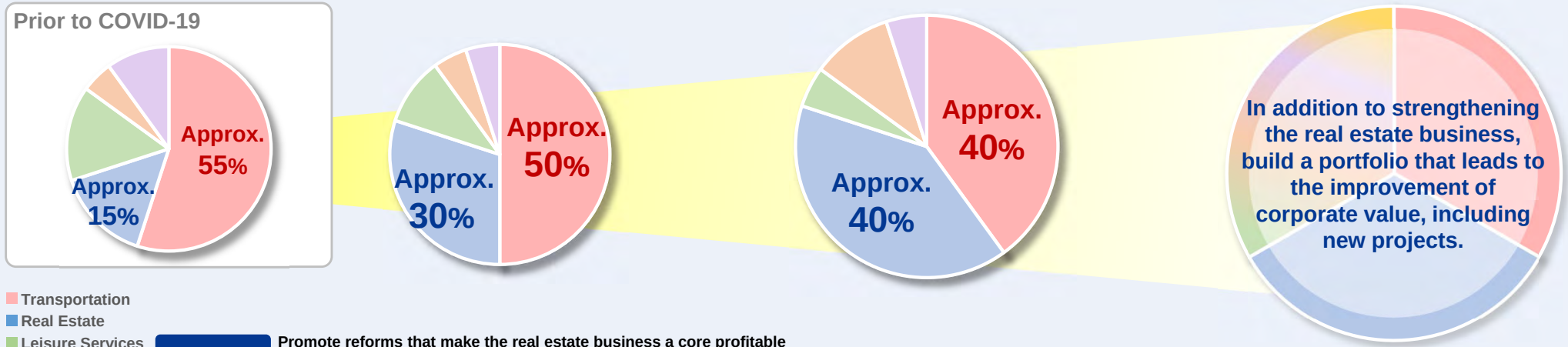
20th Integrated Management Plan Summary 3

Key Management Indicators

Key management indicators	FY2026 (Final year of the Medium-Term Management Plan)	Long-term goal	Direction of indicator management
Operating profit	¥35.0 billion	Aim to achieve **ROE of at least 8.0%** while paying attention to financial soundness	▶ Promote profit growth by portfolio reform including strengthening of the real estate business and by next-generation operation in the railway business.
Net interest-bearing debt/ EBITDA ratio	Less than 8.0 times		▶ Ensure financial soundness for promoting growth investment including development around Shinagawa Station. Note: With the construction around Shinagawa Station going into full swing, the figure in FY2027 and beyond is expected to be 8 times or more (returns to less than 8 times after opening).
ROE (Return on Equity)	At least 6.0%		▶ Promote management that takes into account the profitability of capital. ▶ Pursue a longer-term improvement while maintaining a minimal level because, for the time being, the development of the Takanawa 3-chome area and the investment in changing the railway business should be pushed ahead.

Business Portfolio Reform (operating profit)

FY2026 — Stable operation after the opening of the Takanawa 3-chome area — Long term



Real Estate — **Promote reforms that make the real estate business a core profitable business as profitable as the transportation business by continuing the strengthening of the real estate business, an effort that has been pursued since the period of the previous integrated management plan.**

Transportation — **Ensure that the business will continue to be the core profitable business by promoting next-generation operations** (such as one-man train operation) **in the railway business and increasing the profitability of capital in the long term.**

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Keikyu Group 20th Integrated Management Plan

: Create upward spiral of mutual value co-creation



Reviewing the 19th Integrated Management Plan and Recognizing the Business Environment

Overview of the 20th Integrated Management Plan

Details of the 20th Integrated Management Plan

The overview of Keikyu Group 19th Integrated Management Plan

▶Long-Term Vision (The future of FY2035 as envisioned by Keikyu Group)

Position Shinagawa, Haneda, and Yokohama, which connect all of Japan and the world and are the driving force of Japan's development, as a growth triangle zone, and realize in the districts along Keikyu Railway lines a rich and varied area which supports the livelihood and exchange of many people in Japan and overseas while developing sustainably.

▶Long-Term Management Strategy Basic Policies(Three Pillars)

Area Strategy	Business Strategy
Support the development of the growth triangle zone of Shinagawa, Haneda and Yokohama, and revitalize the districts along the Keikyu Railway lines with that potential as a driving force	Initiatives to strengthen management base and revamp business portfolio to respond to changes in the business environment such the declining population and diversification of lifestyles

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Corporate Sustainability Strategy

Positioning ESG initiatives as the basis of management aimed at the sustainable development of local communities and the Keikyu Group

▶Long-Term Management Strategy Period Steps

FY2021	FY2022	FY2023	FY2024	～	FY2035
Medium-Term Management Plan Period			Long-Term Management Strategy Period		
Turning point in light of COVID-19					
“Successful Conclusion of Long-Term Vision” Period					

▶Medium-Term Management Plan Priority Tasks

Response to the Dramatic Change in the Business Environment due to the COVID-19 Outbreak

Strengthening the management base through business structural reform for sustainable development of the Keikyu Group	Reform the business portfolio based on concentration and focus starting with strengthening real estate business
▶Shift to low-cost operations in the railway, bus and hotel businesses ▶Downsizing indirect departments throughout the Keikyu Group ▶Ensure financial soundness by distinguishing investments and effectively utilizing asset holdings, etc.	▶Promote the strengthening of real estate business by reorganizing asset holdings ▶Revise profit structure by concentrating management resources on businesses that should be tackled

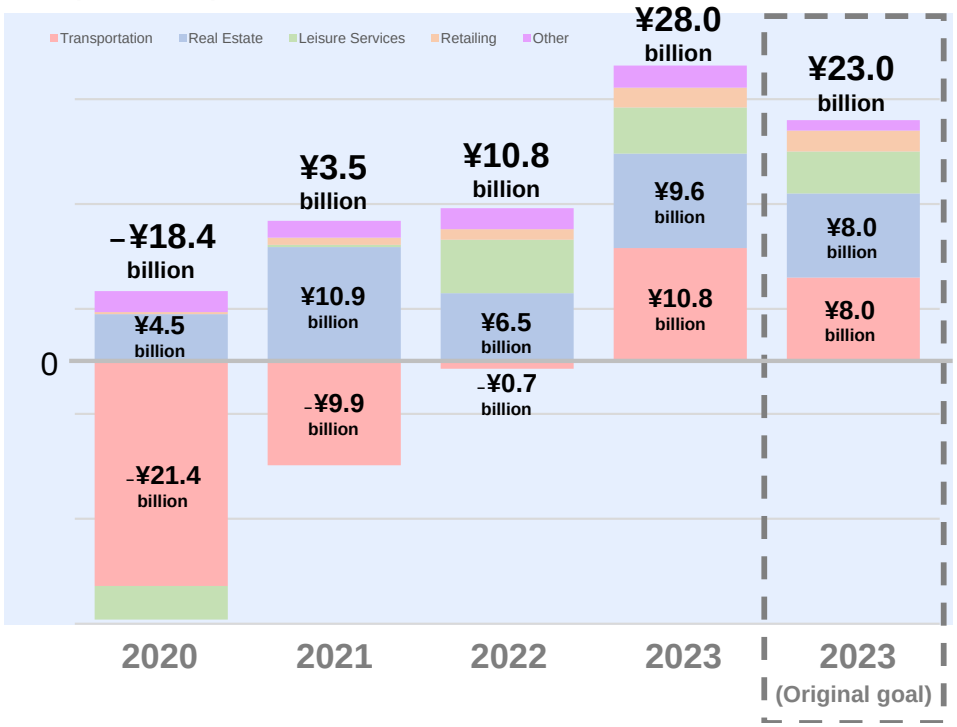
Initiatives Linked to Long-Term Management Strategy

▶Initiatives for using the growth triangle zone in Shinagawa, Haneda and Yokohama as the driving force to revitalize areas along railway lines
▶Promote construction of Miura Urban Resort in line with changes in housing and leisure values in the suburbs
▶Strive to improve customer satisfaction to cement the Keikyu Group as the choice for customers
▶Stringent risk management to avoid and minimize risks that could significantly impact operations, and to minimize risks that have materialized
▶Thorough ESG management through business to improve local communities and corporate value

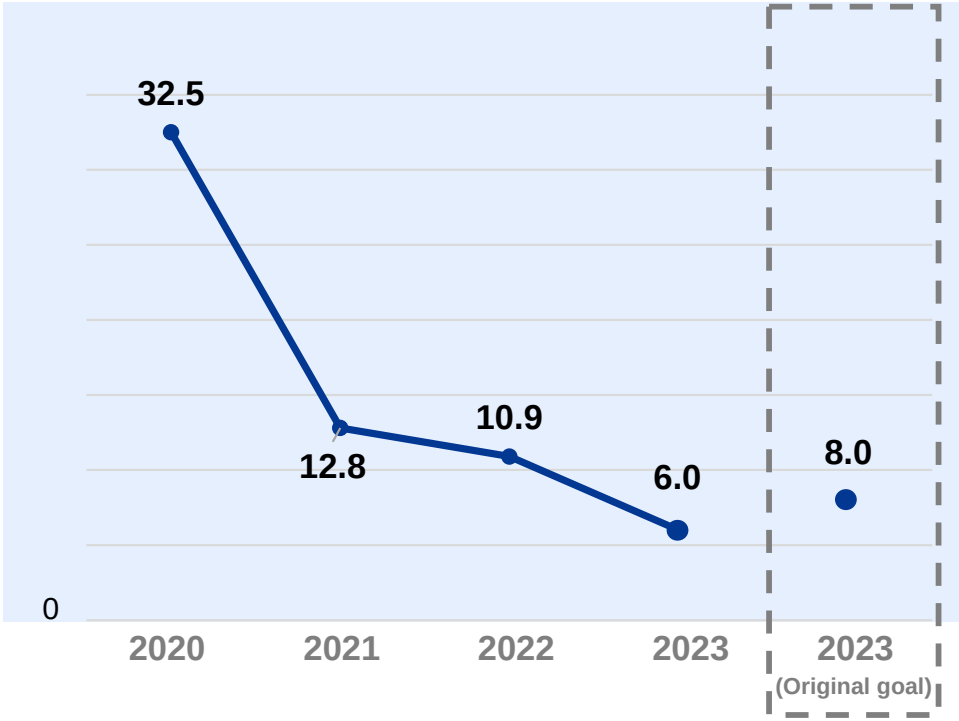
Progress and Evaluation of the 19th Integrated Management Plan 1

▶Transition of management indicators

■ Operating profit



■ Net interest-bearing debt/EBITDA ratio



▶Evaluation of management indicators

Indicators	Evaluation
Operating profit	▶ Railway, bus, hotel, and other businesses saw demand recovery from the COVID-19 pandemic. ▶ Fares were revised for the railway and bus businesses. ▶ In each business, low-cost operation was promoted more than planned. ▶ Asset turnover in the real estate business was promoted through liquidity.
Net interest-bearing debt/ EBITDA ratio	▶ EBITDA was better than planned, mainly because of demand recovery and the promotion of low-cost operations. ▶ Good progress was made on reducing liabilities by clearly distinguishing investments from assets held and divesting some of the land in the Takanawa 3-chome area.

Progress and Evaluation of the 19th Integrated Management Plan 2

▶ Progress and evaluation by theme

	Theme	Medium-Term Management Plan Targets	Progress	Evaluation
Strengthening management base	**Railway**	▶ Steadily cut costs by ¥3.0 billion compared to FY2019	▶ Operating expenses dedicated to the Railway business decreased over ¥3.0 billion	●
	Bus	▶ Early shift to profitability	▶ Achieved profitability in Q1 of FY2023	●
	Hotel	▶ Change break-even sales by 13 percentage points compared with FY2019	▶ Changed break-even sales by Over 13.0 percentage points (vs. FY2019)	●
Business portfolio reforms	**Strengthening of the real estate business**	▶ Expand the real estate business by establishing an asset turnover model, etc.	▶ Steadily promoted asset turnover using liquidity	●
	Reforms in earnings structure	▶ Promote cooperative measures between the mobility platform and the community creation platform	▶ After the Miura area, began new area management projects in the Ota-ku area, Kawasaki area, central Yokohama area, and Kanazawa-ku area ▶ Initiatives linking both PFs (Heiwajima area integrated development, Keikyu Kawasaki Station area integrated development)	●
Initiatives Linked to Long-Term Management Strategy	**Shinagawa area**	▶ Promote the Shinagawa development project, make steady progress for urban planning and local discussions, and start construction soon	▶ Takanawa 3-chome: Schedule was delayed, although a business permit for the land readjustment project was acquired and work such as excavation was advanced ▶ Station commercial area: Tokyo Urban Renewal Committee meeting held, urban planning procedures for the plan started (Urban planning decision was made in April 2024)	▲
	Haneda area	▶ Enhance access to Haneda, strengthen lodging infrastructure near airport	▶ Started new lead tracks construction at Haneda Airport Terminal 1·2 Station ▶ Built 861 rooms in the four buildings along the airport line	●
	Kawasaki, Yokohama area	▶ Make steady progress in community development plans aiming for coexistence between the developing Bay Area and the surrounding area	▶ Promoted each development project (YOKOHAMA SYMPHOSTAGE; Kitanakadori-North B-1 Block project; Yokohama City former local government office block utilization project; Kawasaki New! Arena City Project)	●
	Miura area	▶ Area management: increase area value through area management organizations ▶ Improvement of accessibility and revitalization: promote each measures ▶ Establish bases for each area: improve environment of the areas including Jogashima, Aburatsubo, and Miura coast	▶ Expanded the area management organization at the Miura area ▶ Strengthened the capabilities of the tourism-type MaaS of the Miura area to respond to “workations” with shared offices, provision of improved reservations, and increasing the digital ratio of discounted tickets ▶ Closed existing facilities, deepened our cooperation systems and business planning with business partners in Jogashima and Aburatsubo, and made progress in discussions on urban planning procedures and demolition work on existing facilities	●
	ESG	▶ Thorough implementation of ESG management	▶ Formulated the Basic Sustainability Policy and developed promotion systems ▶ Expanded information disclosure based on the TCFD recommendations ▶ Raised funds by a sustainability linked loan ▶ Introduced an ESG indicator as part of the evaluation items for executive officer bonuses	●
Financial strategy		▶ Operating profit: Approx. ¥23.0 billion ▶ Net interest-bearing debt/EBITDA ratio: lower than 8 times	▶ Operating profit: ¥28.0 billion ▶ Net interest-bearing debt/EBITDA ratio: 6.0 times	●

Organizing Information for Formulation of the 20th Integrated Management Plan

Evaluation summary of the 19th Integrated Management Plan

Positive impact

- Strengthened the management base by making radical changes to business structure, such as promoting the low-cost operation of businesses, including railway, with high fixed costs and downsizing back-office divisions.
- Promoted business portfolio reforms by strengthening the real estate business, including property securitization.
- With the COVID-19 impact subsiding, demand in the transportation business and other businesses is recovering.
- Improved sustainability by increasing the sophistication of sustainability-related strategies and initiatives.
- Built a business structure for promoting coordination between the mobility and community creation platforms and the upward spiral of mutual value co-creation.

Negative impact

- For development projects around Shinagawa Station, the balance is expected to deteriorate more than initially planned due to delays in schedules and higher material prices due to soaring prices.
- The previous integrated management plan prioritized responding to rapid changes in the business environment due to the impact of COVID-19, leaving a problem with capital efficiency in the medium and long term.

Recognized the business environment and advantages

Recognized the business environment

- Workstyle changes (such as less frequent business trips throughout the year and diversified workplaces)
- Lifestyle changes (such as changes in family structure and diversification of living environment needs)
- Further increase in the number of foreign visitors to Japan (30 million -> 60 million)
- Expansion of entertainment demand
- Population decline, declining birthrates, and an increase in foreign labor
- Advent of a super-aging society
- Increased risk of large-scale natural disasters and increased needs to prevent and mitigate disasters
- Increased geopolitical risks
- Recognized risk of the spread of infections after experiencing a pandemic
- Rapid shift to carbon neutrality and resource saving

Keikyu Group's advantages

- Offering mutual value of the mobility and community creation platforms
- Coordination and trust-based relationships with local governments, local communities, and relevant persons in local areas
- Wide variety of business areas
  - Growth triangle zone
  - Sustainable suburban living area
  - Miura Urban Resort
- The presence of Dual Core (Shinagawa, Yokohama), which is the two most important sites along our railway lines, and Dual Gateway (Shinagawa, Haneda), which provides direct connection to Japan and overseas countries
- Large-scale development starting with areas around Shinagawa Station
- Providing access to Haneda Airport

Organizing Information for Formulation of the 20th Integrated Management Plan

- **Continue to maintain financial health and improve capital profitability to promote large-scale development, such as development projects around Shinagawa Station.**
- **Realize new value through the upward spiral of mutual value co-creation between the mobility and community creation platforms, taking into account changes in the business environment and our advantages.**

Keikyu Group 20th Integrated Management Plan

: Create upward spiral of mutual value co-creation

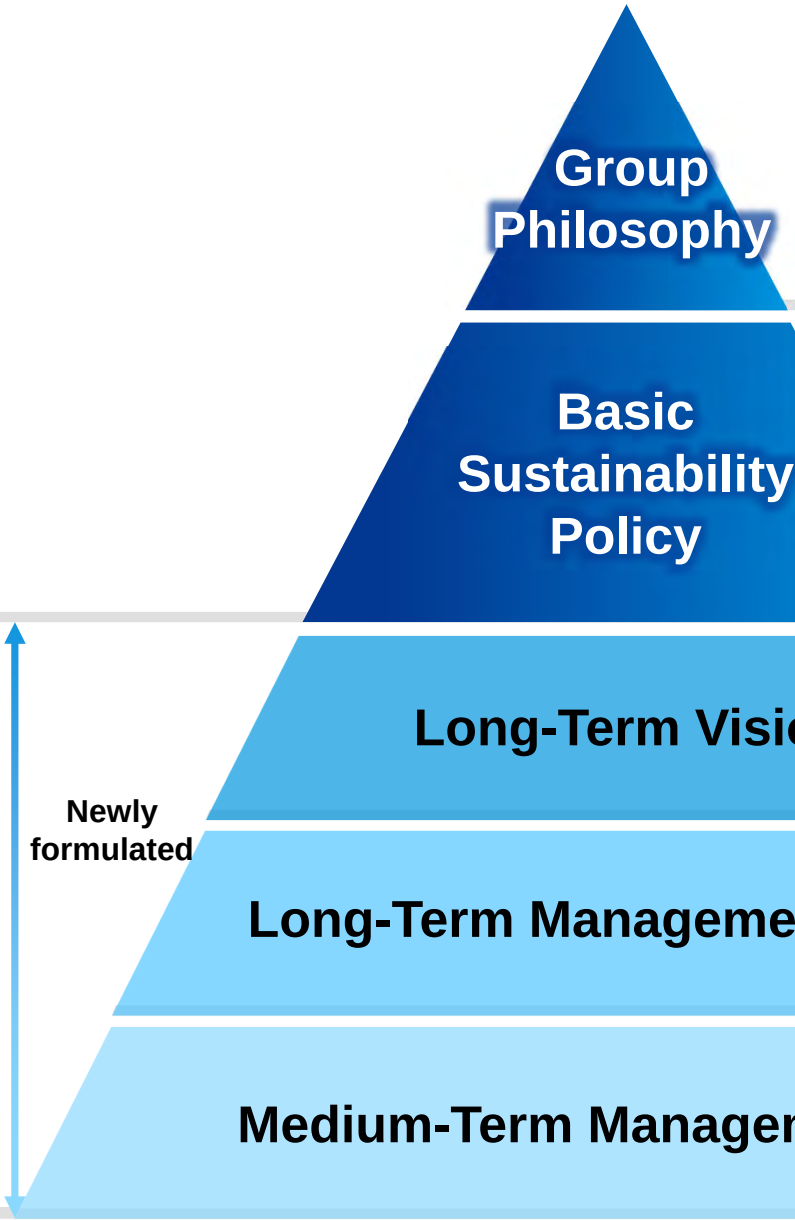


Reviewing the 19th Integrated Management Plan and Recognizing the Business Environment

Overview of the 20th Integrated Management Plan

Details of the 20th Integrated Management Plan

Keikyu Group 20th Integrated Management Plan System Diagram



Keikyu Group's Reason for Existence / Mission（excerpt）

Keikyu Group contributes to the development of society by creating new value through businesses that support urban lifestyles

Basic Policy to aim to create a better cycle of contributing to the sustainable growth of society and the sustainable growth of the Keikyu Group （excerpt）

In accordance with the Group Philosophy, we are aiming to create a better cycle of contributing to the sustainable growth of society and the sustainable growth of the Keikyu Group.

The future of FY2040 as envisioned by Keikyu Group

The strategy to achieve the long-term vision

The 3 years（FY2024～2026） plan based on Long-Term Vision and Long-Term Management Policy

Long-Term Vision and Long-Term Management Policy

▶ Long-Term Vision (ideal image of FY2040 that the Keikyu Group pursues)

Realize the sustainable growth of lineside areas through the upward spiral of mutual value co-creation between the mobility and community creation platforms

▶ Long-Term Management Policy

Aim to realize the Long-Term Vision through the Sustainability Promotion Policy, which serves as the basis for all business and management activities, the Lineside Value Co-Creation Strategy, which forms the core of this management plan, and the Keys to Strengthening the Management Base, which serve as the foundation for promoting the strategy.

- **Sustainability Promotion Policy:** Aim to improve social and corporate value on the basis of the Basic Sustainability Policy
- **Lineside Value Co-Creation Strategy:** Try to create new value through the upward spiral of mutual value co-creation between the mobility and community creation platforms
- **Keys to Strengthening the Management Base:** Strengthen management capital as a foundation for corporate value creation (promote business structure reforms, thoroughly consider the customer's perspective, promote human capital management, and strengthen financial management)

Development of key businesses

Set businesses that should be focused on by capitalizing on our unique strengths during the period of the management plan.
(Promote efforts including development projects around Shinagawa Station, maximizing the potential of Haneda Airport, and building the Miura Urban Resort)

(Roadmap for realizing our Long-Term Vision)

FY2021 – 2023 | FY2024 | FY2025 | FY2026 | FY2027 | – | FY2040

Previous Medium-Term Management Plan period

Turning point in light of COVID-19

Long-Term Management Policy period

Medium-Term Management Plan period

For sustainable development of the Keikyu Group, promote efforts, including improving the lineside value and corporate value, in accordance with the Long-Term Management Policy.

Main Points of Medium-Term Management Plan (FY2024 to 2026)

For sustainable development of the Keikyu Group, promote efforts, including improving the lineside value and corporate value, in accordance with the Long-Term Management Policy.

Sustainability Promotion Policy (p. 16) — **Promote enhancement of social and corporate value**

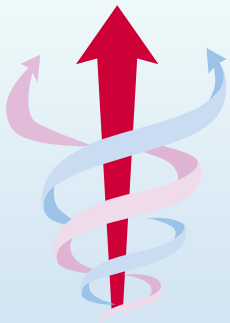
Lineside Value Co-Creation Strategy (p. 17) — **Create upward spiral of mutual value co-creation**

Mobility platform

Optimize all modes of transportation to enhance the value of communities and expand the scale of lineside areas

- Reorganize timetables and secondary traffic to adapt to changes in lifestyle
- Enhance the access for tourism, such as inbound tourism, and encourage the flow of people to destinations via railways
- Provide high-value-added services by using digital technologies

Other initiative keywords
#Upgrade of station functions
#Accessibility improvement
#Branding
#Targeting
#Promoting next-generation maintenance



Community creation platform

Create demand by increasing mobility opportunities and the flow of people through the establishment of hubs and the provision of living support

- Realize multifunctional complex community development at major stations and area-wide community development centered on a station
- Community development with combined digital and real elements
- Introduce various “content for living, working, enjoying, and learning,” such as work, tourism, and sports

Other initiative keywords
#Effective use of existing local stock
#Realizing waterfront lifestyle
#Cohabitation with nature
#Respect for diversity, local communities

Keys to Strengthening the Management Base — **Strengthen management capital as a foundation for corporate value creation**

- Promote business structure reforms (p. 32)
- Thoroughly consider the customer’s perspective (p. 37)
- Promote human capital management (p. 38)
- Strengthen financial management (p. 40)

Development of key businesses (p. 23)

Encourage the growth and revitalization of areas along railway lines through mutual cooperation between the growth triangle zone of Shinagawa, Haneda, and Yokohama and each area

- Promote community development around Shinagawa Station to drive the sustainable development of the entire lineside area
  - Promote development at Takanawa 3-chome
  - Increase the sophistication of station commercial area development plans
- Maximize and utilize the potential of Haneda Airport, a gateway to Japan
  - Strengthen competitiveness by improving the base for airport access
  - Create and capture inbound tourism demand
- Promote community development for Kawasaki, Yokohama and suburban living areas (south of Yokohama) be sustainable and productive
  - Promote “Kawasaki New! Arena City Project” and the Yokohama City former local government office block utilization project
  - Implement childcare support services to realize community development for multi-generational coexistence and strengthen secondary traffic
- Build the Miura Urban Resort
  - Promote the redevelopment plan of Jogashima, Aburatsubo, and other areas
  - Improve accessibility and strengthen area management
- Promote multipolar community development with multiple core hubs along the railway lines

Keikyu Group 20th Integrated Management Plan

: Create upward spiral of mutual value co-creation



Reviewing the 19th Integrated Management Plan and Recognizing the Business Environment

Overview of the 20th Integrated Management Plan

Details of the 20th Integrated Management Plan

Promote enhancement of social and corporate value

Promote enhancement of social and corporate value by pursuing management and business activities on the basis of the Basic Sustainability Policy.

Basic Sustainability Policy

Under our Group Philosophy, we are aiming to create a better cycle of contributing to the sustainable growth of society and the sustainable growth of the Keikyu Group.

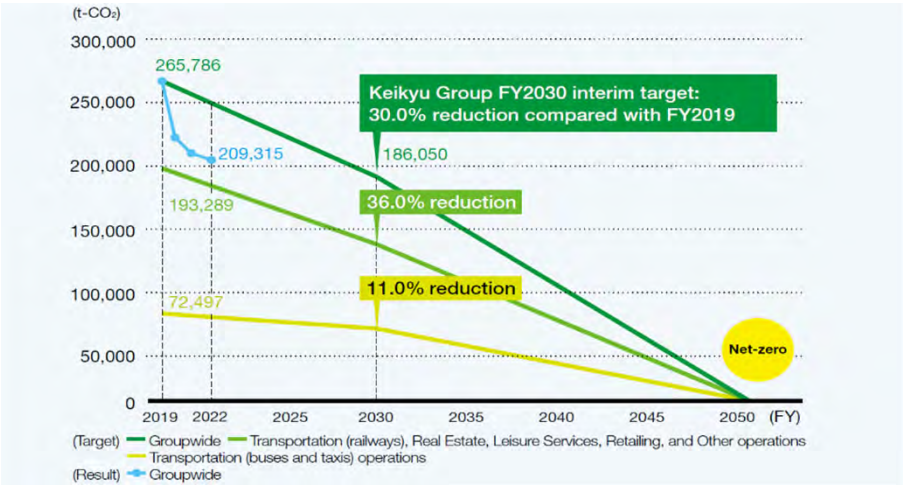
<Themes>

- We will create sustainable urban lifestyles that benefit people, society, and the earth.
- We will realize a corporate group in which diverse personnel play active roles.
- We will appropriately cooperate with all our stakeholders and continuously strengthen corporate governance.

Implementation of measures based on the Basic Sustainability Policy

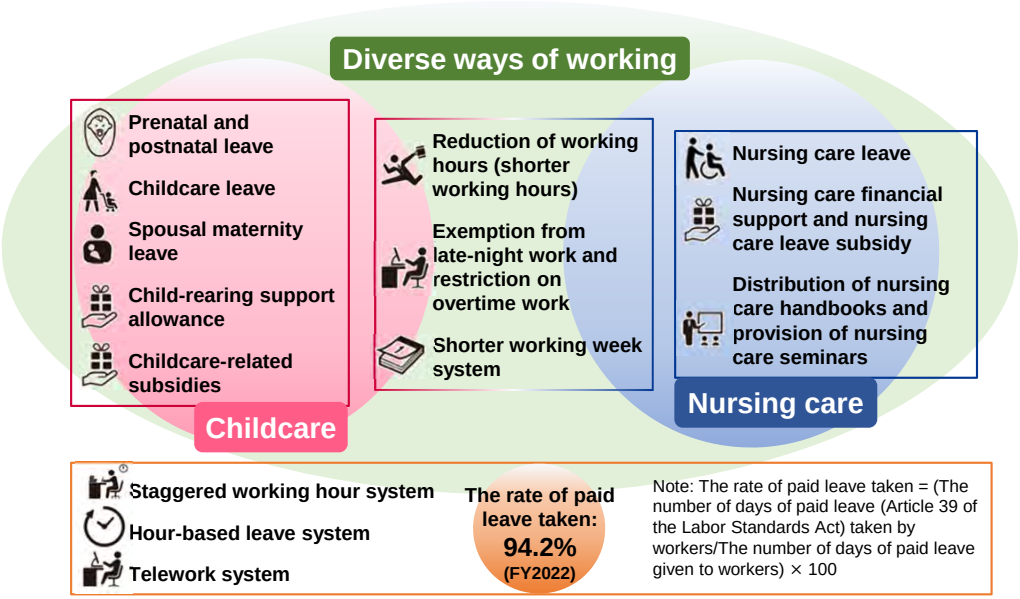
(Ex.) Make the Keikyu Group carbon neutral by 2050

Image of actual greenhouse gas emissions and reductions for carbon neutrality



This aims to achieve virtually zero greenhouse gas emissions by FY2050 to realize a carbon-free society.

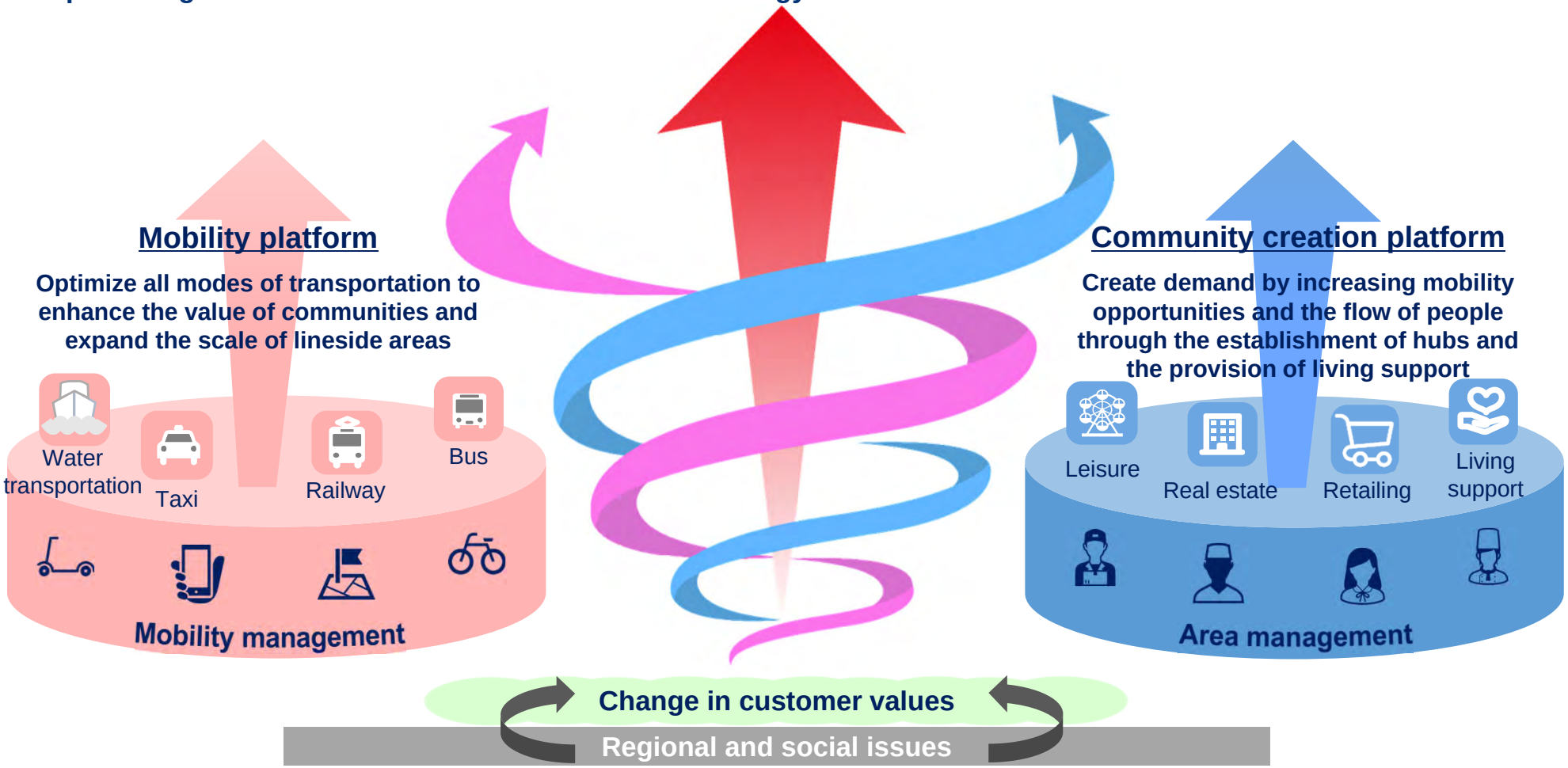
(Ex.) Efforts for diversity and work-life balance
(promotion system to support diverse ways of working and help handle both child-rearing and nursing care)



Create upward spiral of mutual value co-creation

We respond to the diversification of social problems and values by creating new value through the upward spiral of mutual value co-creation* between the mobility and community creation platforms, and aim to realize the sustainable development of local communities and the Keikyu Group. As a local platformer that co-creates value on the entire area together with local businesses, local governments, etc., while going beyond the scope of a railroad company and a developer, we will promote multipolar community development that provides each area along railway lines with means of transportation and spaces for living, working, enjoying, and learning.

▶ Conceptual diagram of the Lineside Value Co-Creation Strategy



* Mutual value co-creation: To create new value by maximizing the combined effect of the two projects: the mobility platform, which optimizes mobile environments from all means of transportation and thereby improves the community value and expands the range of areas along railway lines; and the community creation platform, which updates city functions and provides life support and thereby creates community-based ties, opportunities of moving, and demand for the movement of people.

Lineside Value Co-Creation Strategy 2

▶ Important points of the policy and measures of the mobility and community creation platforms

Set a concrete policy for both the mobility and community creation platforms and implement measures aimed at mutual value co-creation, thereby realizing new value.

Mobility platform



Reorganize timetables and secondary traffic to adapt to changes in lifestyle

#Local transportation #Local traffic #Mobility hub #Shared mobility #MaaS #Streamline



Enhance the access for tourism, such as inbound tourism, and encourage the flow of people into destinations on lineside areas

#Foreigners #Support for inbound tourism #Multilingual support #MaaS #Accommodation/travel plan #Local tour



Increase the sophistication of station functions such as local hubs, environmental response, and disaster prevention

#Carbon neutral #Autonomous mobile robot #Station childcare #Weather forecast #Stranded person



Turn railway and local resources into content that increases accessibility

#Community-based event planning #Local sake and local vegetables #Amusement and leisure #Railway enthusiast #City strolling



Promote branding that conveys the appeal of Keikyu and areas along railway lines

#Design management #Revitalization of local communities #Branding by station #Community development



Develop mobile services with a clear target, such as families with small children

#Family #Targeting women #Elderly #Foreigners #Comfortable transportation #Universal design



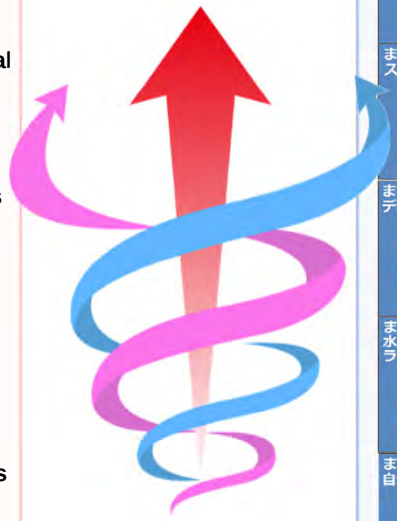
Provide high-value-added services and further improve efficiency through using digital technologies

#Automatic operation #Human flow measurement #5G/6G #Communications technology #Remote monitoring system #Emergency response



Promote sustainable next-generation maintenance using digital technologies

#AI #Operation efficiency improvement #Vehicle/railway maintenance #Data analysis



Community creation platform



Promote large-scale development that enriches living, working, enjoying, and learning around major stations

#Multifunctional complex city #Symbolic #Space design #Mobility network



Promote area-wide community development spreading out from a station

#Revitalization of shopping streets and back streets #Utilization of space under elevated railway tracks #Night opening #Shared mobility #Marché



Community development taking advantage of existing local stock, such as historic buildings and public facilities

#Utilization of vacant houses and stores #Renovation #Inflow of families with small children #Local needs



Community development with combined digital and real elements

#Marketing #Digital twin #Virtual space #Virtual event



Establish an image of areas along railway lines by realizing a waterfront lifestyle

#River space utilization #Coastal space utilization #Water transportation #Seaside resort



Environmentally - friendly community development harmonious with nature

#Living with nature #Green life #Agricultural experience #Climate change #Utilization of company-owned forests



Introduce various “content for living, working, enjoying, and learning,” such as work, tourism, and sports

#Coworking #Workcation #Tourism #Sports/e-sports #Subculture



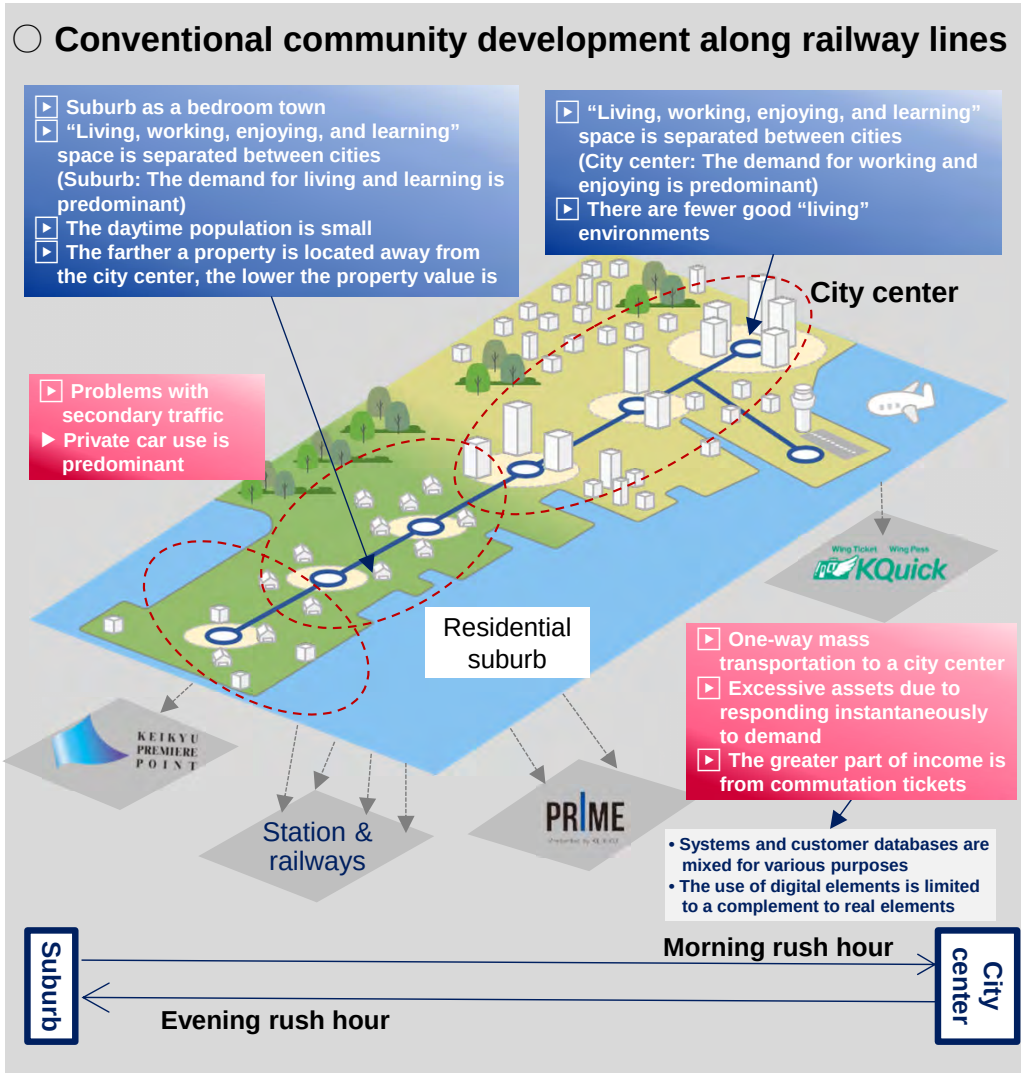
Build local communities that respect the diversity of families with small children, foreigners, the elderly, etc.

#Migration support #Relocation #Multiple residences #Community building #Respect for diversity

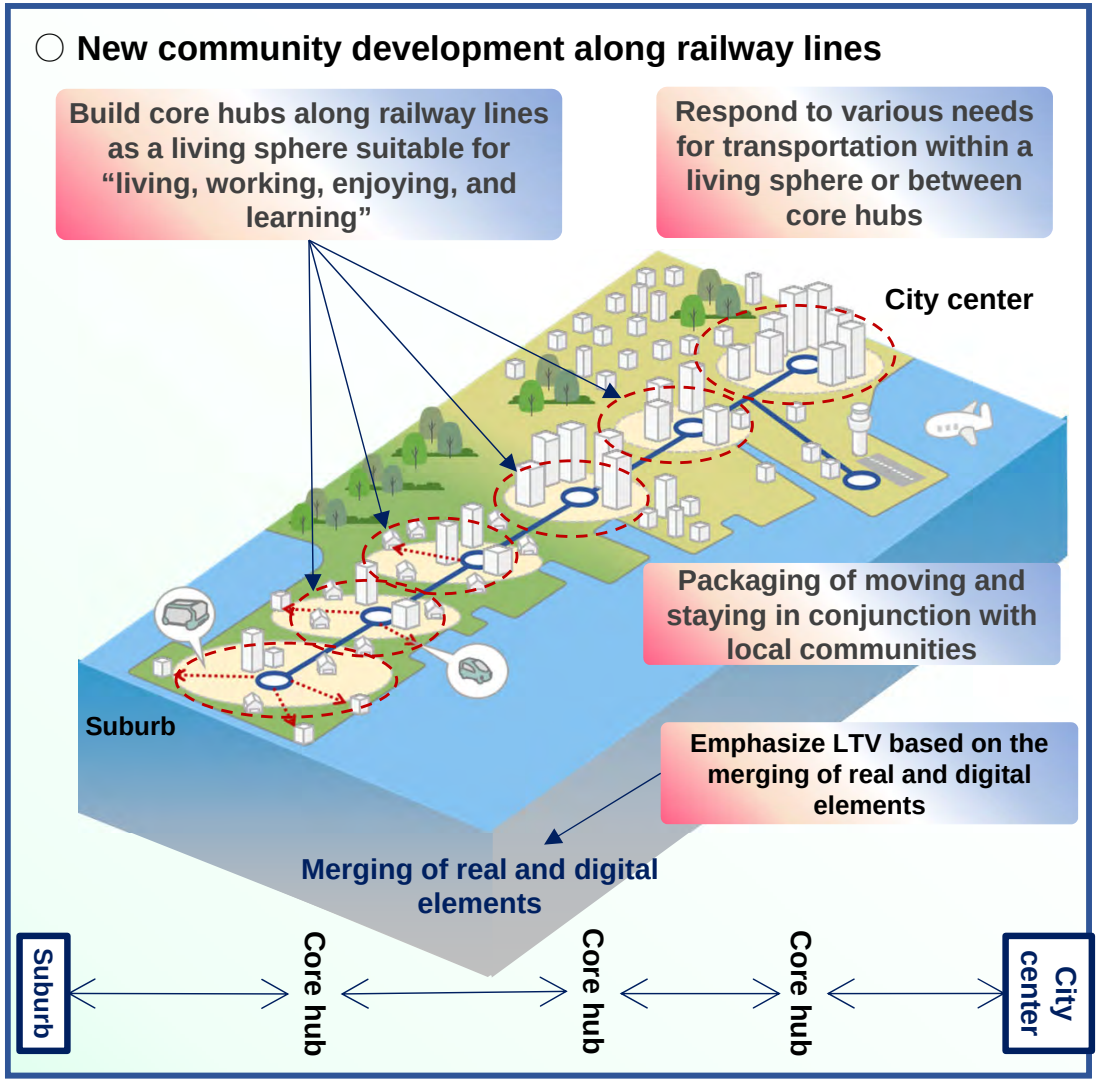
▶ Multipolar community development realizing new value

Rather than a bipolar structure between a suburb and a city center, aim for multipolar community development where multiple core hubs suitable for “living, working, enjoying, and learning” exist along railway lines.

○ Conventional community development along railway lines



○ New community development along railway lines



Transition from community development having a bipolar structure between a suburb and a city center to multipolar community development by building core hubs and responding to diverse demands for transportation

▶ Co-creation with local communities

To further expand the Keikyu Group's mutual value co-creation, promote co-creation activities with local communities as a local platformer within the framework of the two platforms.

newcal Project
Keikyu's co-creation activity with local communities as a local platformer

Mobility platform (mobility management)

(1) newcal MaaS (MaaS infrastructure)

Integration of "transportation and living, working, enjoying, learning"

Keikyu's "transportation" services

Keikyu's "living, working, enjoying, learning" services

Keikyu Line area common MaaS "newcal"

Reservation | Payment | Digital ticket | Smart lock
Multimodal route search



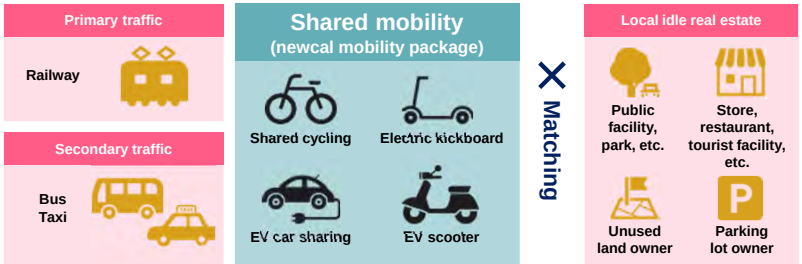
Local "transportation" services

Local "living, working, enjoying, learning" services

Make services common and create an economic zone over an entire local community

(2) newcal Mobility package (mobility improvement)

Shared mobility makes transportation convenient



Develop a mobility base with business operators

EaaS
(Ensen as a Service)

Integrated services tied with local communities we provide as a local platformer

Community creation platform (area management)

(3) newcal Family (organization)

Community building and networking

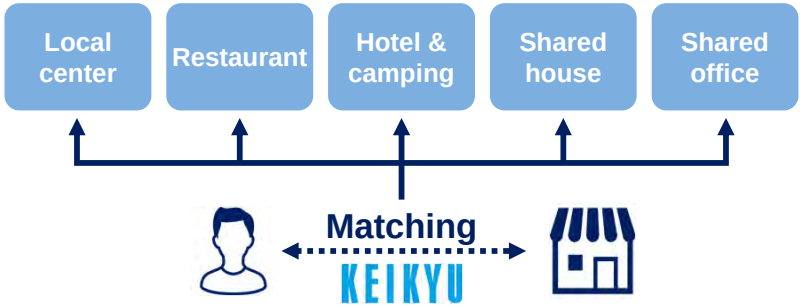
newcal family (about 300 groups)
- Local tourism operators
- Municipalities along railway lines
- Start-ups
- Major companies
- Ticket member stores
- Tourism associations
- Universities
- Keikyu Group

Child-rearing network Weavee
(25 groups)
- Child-rearing support groups, etc.

Weavee

(4) newcal Spots (regional hub improvement)

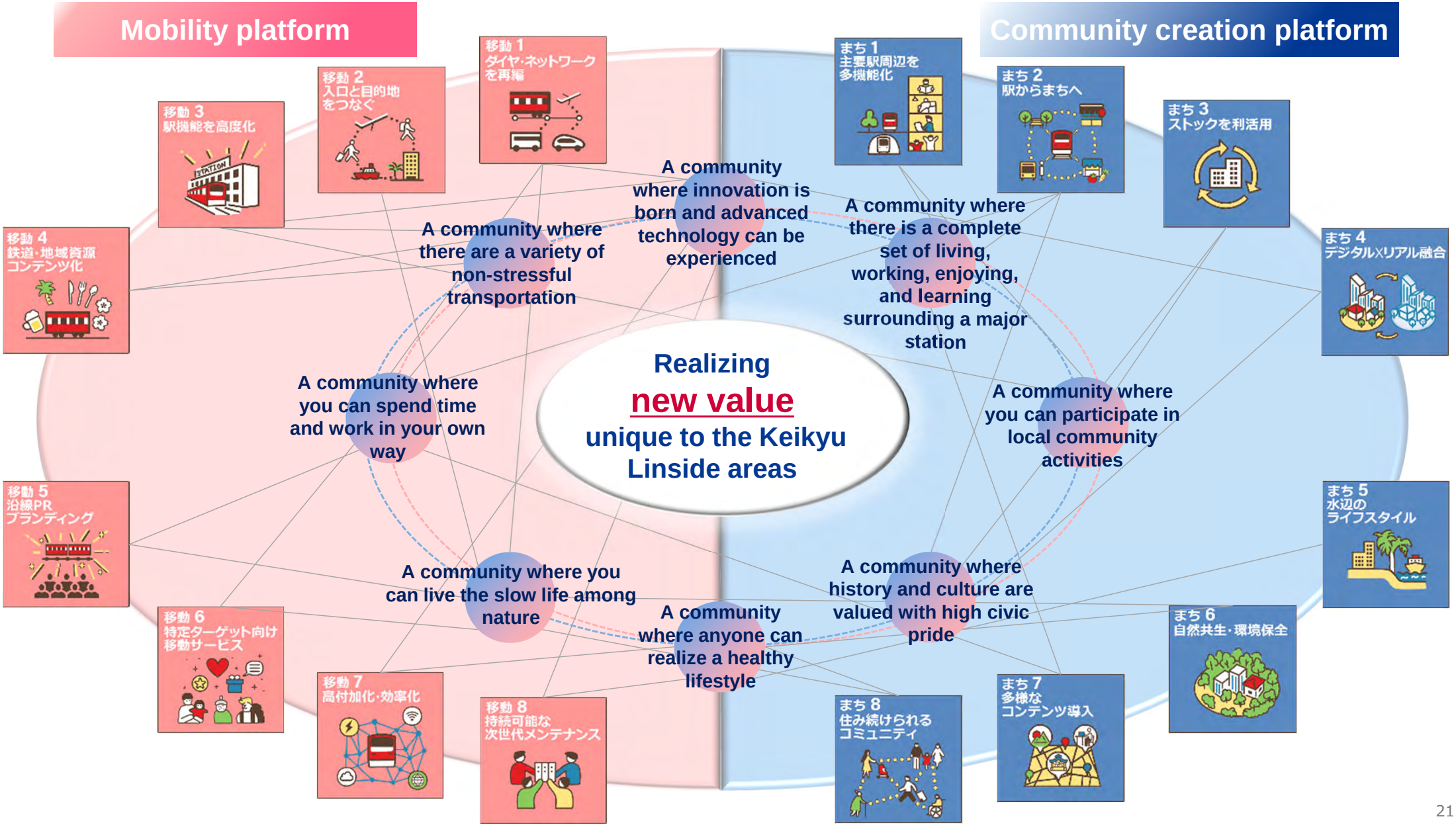
Create spaces for "living, working, enjoying, and learning" in a local community



Lineside Value Co-Creation Strategy 5

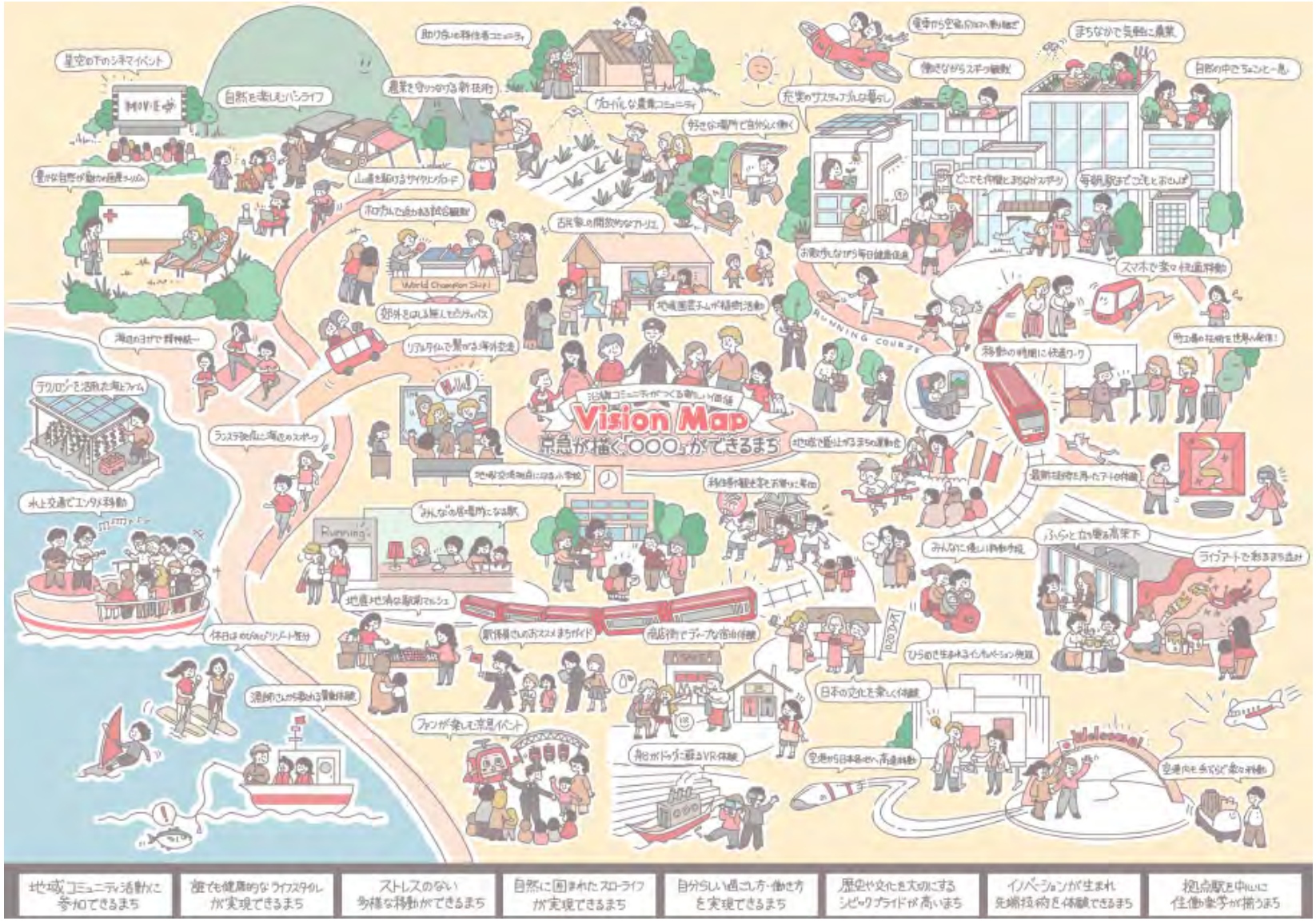
KEIKYU

▶ **New value is proposed by mutual value co-creation through the virtuous cycle of the mobility platform and community creation platform**



Ideal images of lineside areas the Keikyu Group pursues

Achieve sustainable lineside area development by continuing to provide new value that responds to diversified social issues and values through mutual value co-creation between the mobility and community creation platforms.



Note: It is recommended to view this slide zoomed in. The zoomed version is available here.（Japanese Only）

Development of Key Businesses (Overall Picture)

KEIKYU

Encourage the growth and revitalization of areas along railway lines through mutual cooperation between the Growth triangle zone of Shinagawa, Haneda, and Yokohama and each area

Promote multipolar community development with multiple core hubs along the railway lines

- **Multipolar community development taking advantage of the two most important sites Dual Core (Shinagawa, Yokohama) and the two gateways Dual Gateway (Shinagawa, Haneda)**
- **Build core hubs suitable for living, working, enjoying, and learning along railway lines while responding to various transportation needs**



Promote community development around Shinagawa Station to drive the sustainable development of the entire lineside area (-> p. 24)

- Initiate the Takanawa 3-chome area development and ensure its stable operation
- Initiate station commercial area developments one by one; they have complex functions that connect a station and a community.

Promote community development in Kawasaki and Yokohama (-> p. 29)

- Large-scale station-front development, such as “Kawasaki New! Arena City Project”
- Large-scale development of the Yokohama waterfront

Promote community development for Kawasaki, Yokohama and suburban living areas (south of Yokohama) be sustainable and productive (-> p. 29)

- Increase resident population through community development for multi-generational coexistence
- Promote community development suitable for child-rearing

Maximize and utilize the potential of Haneda Airport, a gateway to Japan (-> p. 27)

- Enhance carrying capacity by constructing new lead tracks at Haneda Airport Terminal 1·2 Station, in addition to providing Shinagawa Station with two platforms serving four tracks
- Revitalize areas surrounding Haneda to fulfill the needs of Haneda Airport users

Build the Miura Urban Resort (-> p. 30)

- Discover content that enables stay-type tourism based on activities taking advantage of views, food, culture, and the natural environment
- Improve the appeal as a tourist destination

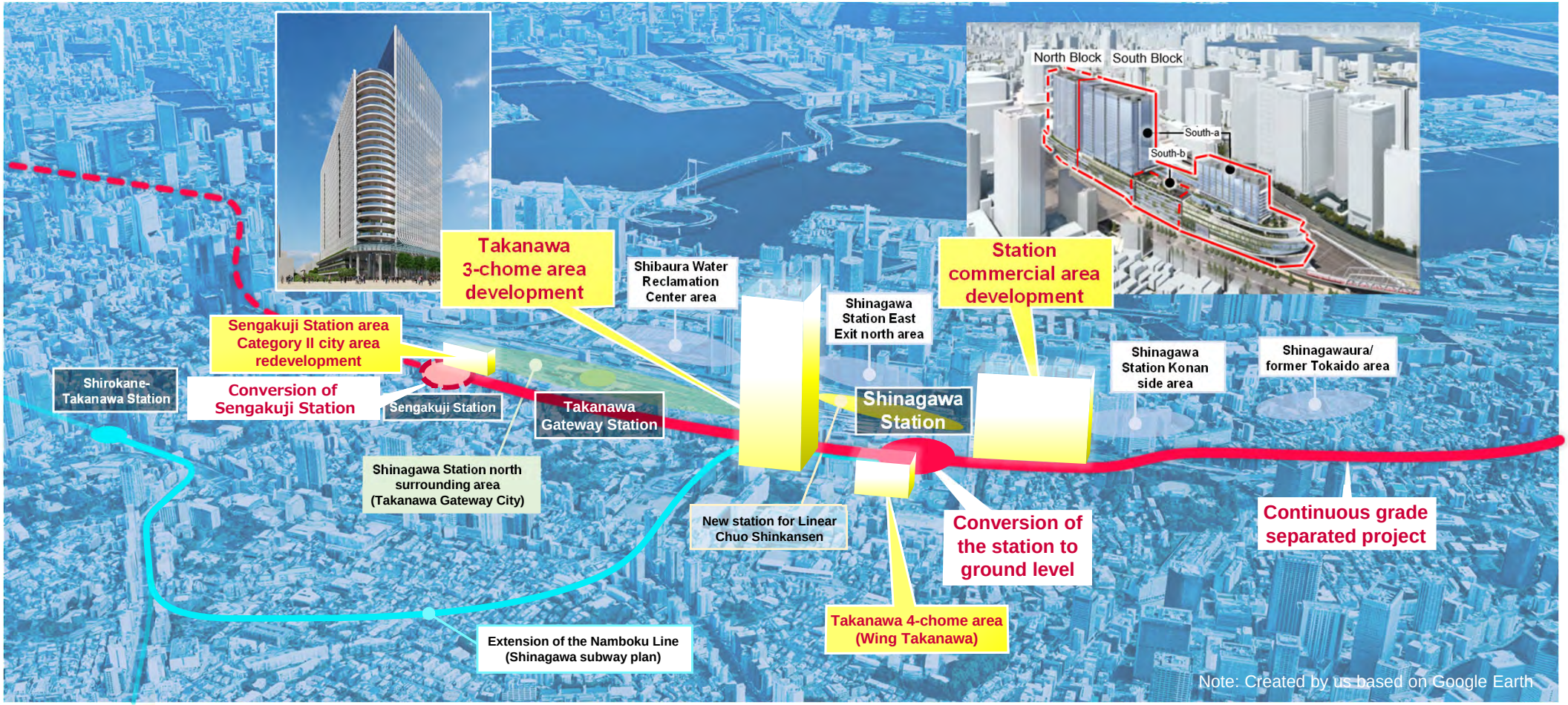
Development of Key Businesses (Shinagawa) 1

Promotion of community development around Shinagawa Station

- Promote the Takanawa 3-chome area development
- Increase the sophistication of station commercial area development plans

Shinagawa, a hub of international exchange that drives Japan's future growth

- The Shinagawa area is changing under the concept of **"Shinagawa, a hub of international exchange that drives Japan's future growth."**
- The Keikyu Group promotes new community development by leading development mainly in areas **conveniently located** from Shinagawa Station, including **the Takanawa 3-chome area and station commercial areas**.
- Lead the development of Shinagawa by improving railway access; for example, **through conversion of Shinagawa Station to ground level and through the continuous grade separated project near Shinagawa Station**.



Note: Created by us based on Google Earth

Development of Key Businesses (Shinagawa) 2

▶ Takanawa 3-chome area development plan

In March 2024, we concluded an agreement with Toyota Motor Corporation regarding joint development and operation of a building to promote community development in the Shinagawa Station West Exit area. Together with this company, which will open a new Tokyo head office in this facility, we will develop a complex that forms the core of Shinagawa, the international hub.

▶ **Commercial facilities** (five floors)

Provides a scene where people who live in Shinagawa and visitors can spend time in a green space and a lively scene for new experiences and exchanges.



▶ **Conference halls**

With high-quality stage facilities and hospitality, they support a wide range of business events, such as academic conferences, exhibitions, and seminars, from home and abroad.

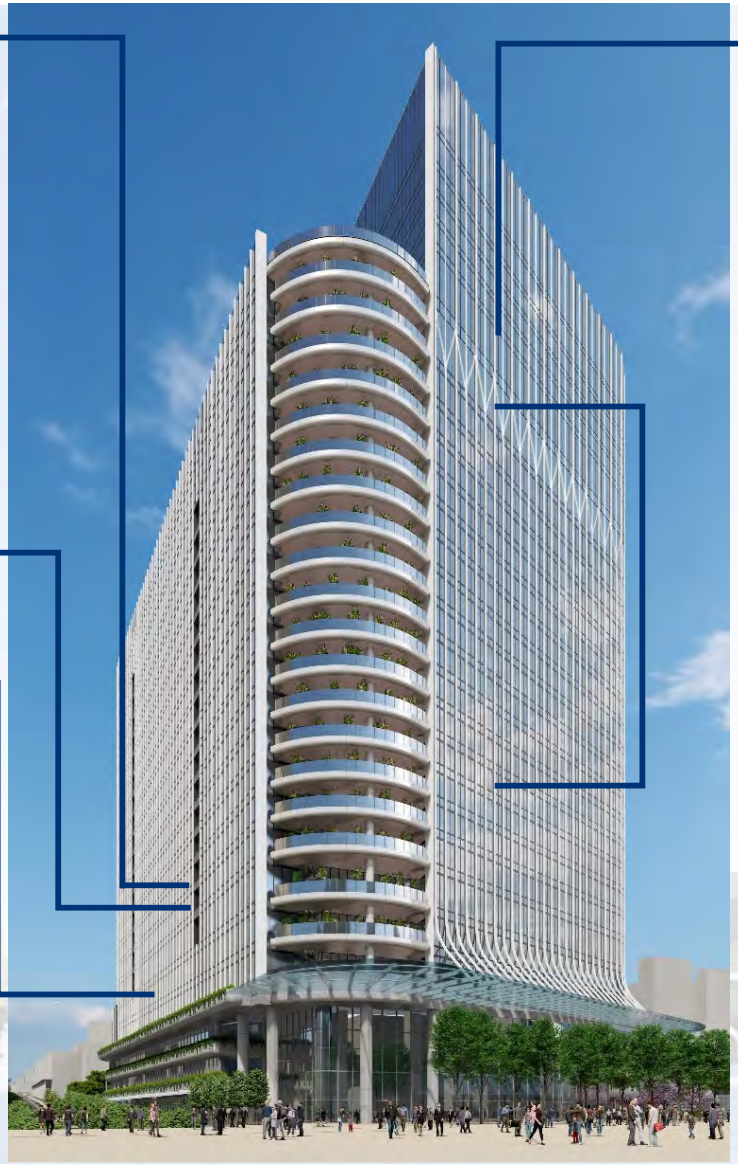
▶ **Outdoor square**

A good crowd is created through events, the rich green of nature provides pleasant resting spaces, and accepts persons stranded in the event of a disaster.



▶ **Multi-purpose hall**

With permanent state-of-the-art sound and lighting systems, it supports a wide range of events such as new product announcements, live music performances, and musicals.



▶ **Hotel** (seven floors)

With high public recognition and the ability to attract customers, a broad range of customers are brought in worldwide, providing guests with top-class hospitality and a “one-and-only” space experience.

▶ **Offices** (sixteen floors)

With balconies and office support lounges from which you can feel Shinagawa’s rich green, a wellness-focused comfortable business environment is made.

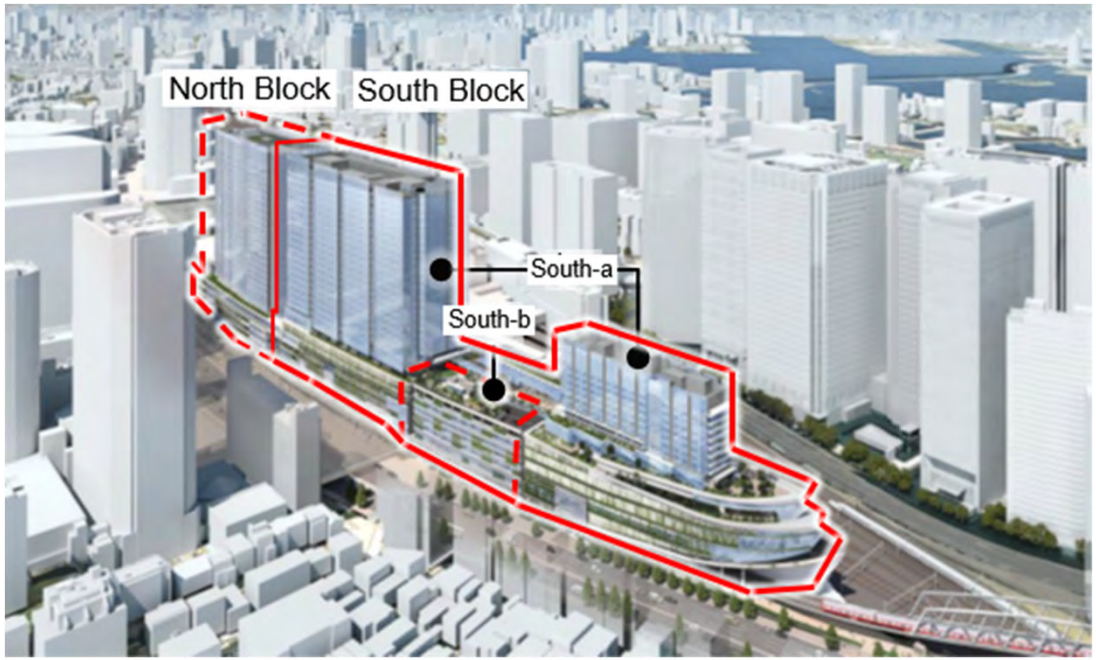


- **Site area: Approx. 23,600 m²**
- **Total floor area: Approx. 313,100 m²**
- **Schedule: Starting construction in FY2025, opening in FY2029 (planned)**
- **Project operator: Keikyu Corporation, Toyota Motor Corporation**
- **Total construction cost: Approx. ¥240 billion (Keikyu Corporation contribution)**

Development of Key Businesses (Shinagawa) 3

Station commercial area development plan

An urban planning decision was made in April 2024. Promote the project following the policy for space creation to develop a new Eki-Machi that connects unique surrounding communities, links various transportation modes, and creates new value ahead of its time, as shown in the Shinagawa Station Eki-Machi Guidelines Creation Edition 2023.



Specifications	North commercial area	South commercial area (South-a)	South commercial area (South-b)
Site area	Approx. 14,700 m²	Approx. 17,300 m²	Approx. 1,500 m²
Total floor area	Approx. 165,000 m²	Approx. 201,000 m²	Approx. 8,300 m²
Main use	Offices, stores, train station, parking lots, etc.	Offices, stores, lodging facilities, gathering places, train station, parking lots, etc.	Offices, stores, parking lots, etc.
Floors	28 floors above ground and 3 floors below ground	28 floors above ground and 2 floors below ground	9 floors above ground and 1 floor below ground
Construction period (planned)	FY2025 – 2030	FY2025 – 2036	FY2030 – 2032
Project operator	East Japan Railway Company	Keikyu Corporation	Keikyu Corporation

Shinagawa Station overall development schedule (image)

	Until 2023	2024 – 2026	– 2030 –
Continuous grade separated project	Business permit・Begin construction		Conversion of Shinagawa Station to ground level (two platforms, four lines); Removal of crossings
Station commercial area development		Urban planning decision / Begin construction (station building frame)	Begin construction (building body) / Open
Takanawa 3-chome area development	Urban planning decision	Begin construction	Open

(Small) Light <- Investment -> Dark (Large)

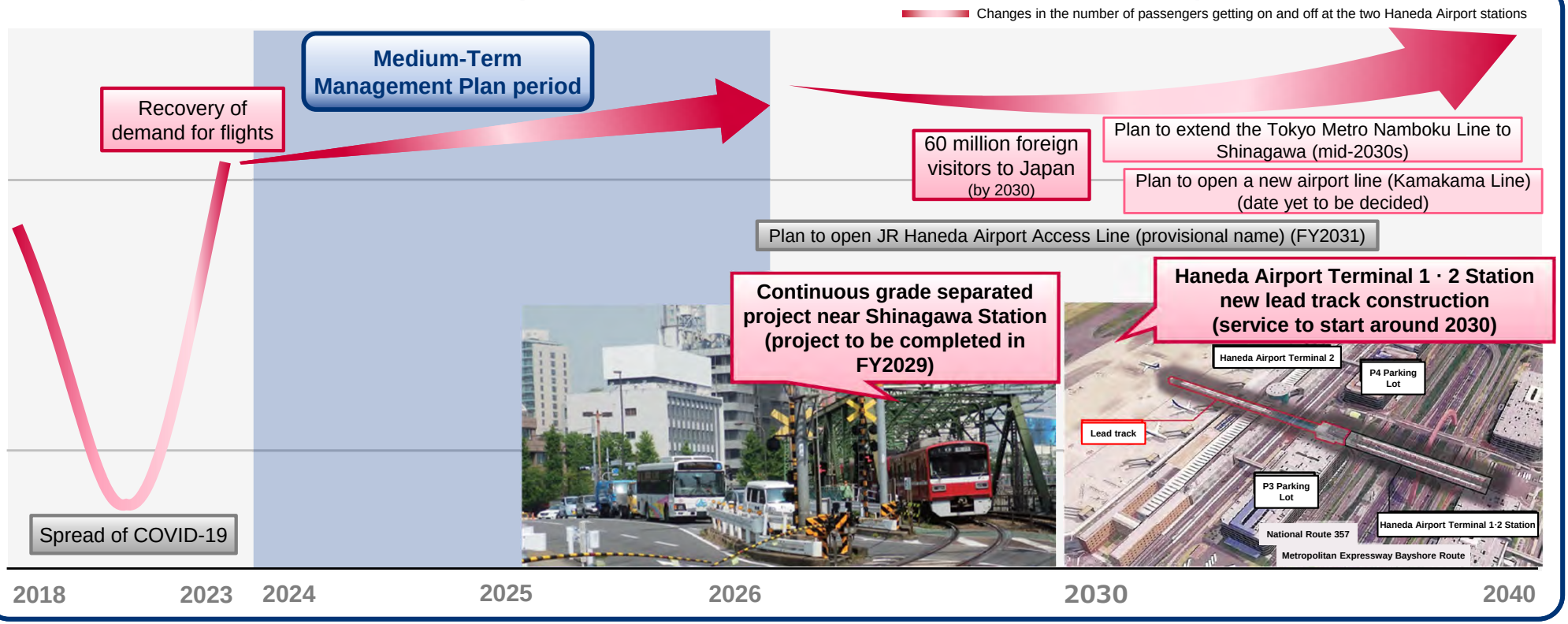
Development of Key Businesses (Haneda) 1

Maximize and utilize the potential of Haneda Airport, a gateway to Japan

▶ Strengthen competitiveness by improving the base for airport access

As the demand for flights, which was substantially low due to the COVID-19 pandemic, has recovered, the number of users of the two Haneda Airport stations has also rapidly recovered. In preparation for decreases in lineside resident population and the opening of JR Haneda Airport Access Line (provisional name), we aim to capture inbound tourism demand, which is expected to grow to 60 million people, and establish a firm position for Keikyu to be the railroad company automatically associated with access to Haneda.

Changes in the number of passengers getting on and off at the two Haneda Airport stations



Price advantage **Surcharge cut** (FY2019)	**Enhance carrying capacity**	**Haneda Airport Terminal 1·2 Station new lead track construction** Enhance the access (the number of in-service trains) to Haneda Airport in combination with reconstructing Shinagawa Station into a station with two platforms serving four tracks based on the continuous grade separated project near Shinagawa Station.		
	Improve services	**Introduction of contactless payment for riding, such as by credit card**	**Effective use of TIC touch points**	**Expansion of free-space vehicles**

Development of Key Businesses (Haneda) 2

▶ Create and capture inbound tourism demand

Promote the development of facilities and contents that can be used in various scenes, such as business, entertainment, and tourism, by offering stress-free transportation and hospitality and utilizing culture, tourism resources, etc., in lineside areas to capture the growing demand for inbound tourism.

Develop content for capturing inbound tourism demand in lineside areas

Development of MICE and luxury hotels around Shinagawa Station

- MICE that supports business and entertainment events domestically and from abroad
- Luxury brand hotels that serve as a base for MICE users

Note: MICE means “meeting, Incentive Travel, Convention and Exhibition

(For details, see p. 25)

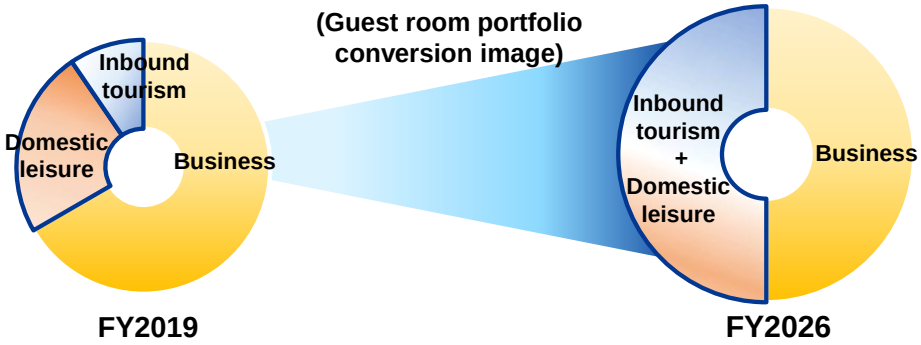
Providing hospitality at Keikyu Tourist Information Center



- Since opening, multilingual concierges in Shinagawa and Haneda have provided transportation and sightseeing Information and ticket sales to many customers.
- We Continue to provide hospitality mainly to foreign visitors to Japan, which is expected to increase further in the future.

Strengthen the capture of inbound tourism demand in the hotel business

Convert a guest room portfolio that used to focus on business use to leisure use, including inbound tourism.





A large bathing area and an open-air bath facing Mt. Fuji in KEIKYU EX HOTEL MINATOMIRAI-YOKOHAMA, scheduled to open in June 2024

Development of Key Businesses (Kawasaki, Yokohama)

Promote community development for Kawasaki, Yokohama and suburban living areas (south of Yokohama) be sustainable and productive

▶ Promote “Kawasaki New! Arena City Project” and the Yokohama City former local government office block utilization project

▶ Kawasaki New! Arena City Project



Site area	Approx. 12,000 m²
Use	Arena, commerce, hotel, etc.
Completion	2028 (planned)
Project operator	DeNA Co., Ltd. and Keikyu Corporation
Nearest station	Keikyu Kawasaki Station

- In collaboration with DeNA Co., Ltd, a new arena is planned for an area adjacent to Keikyu Kawasaki Station. The arena will be a complex entertainment facility open to the world that will welcome customers from Japan and worldwide.
- The main arena is expected to hold up to 15,000 people for entertainment events.
- Kawasaki Brave Thunders, a DeNA-affiliated professional basketball club, plans to use the arena as their home arena from the 2028-2029 season.

▶ Yokohama City former local government office block utilization project



Total floor area	Use	Completion	Project operator	Nearest station
Approx. 130,000 m²	Offices, commerce, hotel, etc.	2025 (planned)	Eight companies, incl. Mitsui Fudosan Co., Ltd. and Keikyu Corporation	JR Kannai Station

- A large-scale project in front of JR Kannai Station and directly connected to Yokohama Stadium.
  Characterized by the merging of the old and the new, it will serve as a base for entertainment and innovation, symbolizing next-generation Yokohama and creating a community that will become a new source of excitement and liveliness.

▶ Implement childcare support services to realize community development for multi-generational coexistence and strengthen secondary traffic

To reinforce secondary transportation, improve local traffic by introducing on-demand buses and green slow mobility, promote integrated operation with route buses, and expand MaaS-linked shared mobility.
Promote childcare support services on the mobility platform and strengthen the “Keikyu Kids Challenge!”

Development of Key Businesses (Miura)

Build the Miura Urban Resort

- ▶ Promote the redevelopment plan of Jogashima, Aburatsubo, and other areas
- ▶ Improve accessibility and strengthen area management

▶ Directions towards realizing the creation of the Miura Urban Resort

Towards a tourist destination enabling stay-type tourism for the entire area

Promoting the area management, Miura newcal

Organizing area management

- ▶ Strengthen cooperation by increasing the number of groups participating in the newcal family

Developing sites for staying through creation of local businesses

- ▶ Opening of misaki jyuku, a distributed hotel utilizing old folk houses

Unifying reservation payments through the development of MaaS for tourism

- ▶ Open to local communities as a reservation payment infrastructure common to local communities

Developing shared mobility

- ▶ Jointly develop mobility ports as a newcal mobility package
- ▶ Install electric mobility devices across the Miura Peninsula in collaboration with Kanagawa Prefecture

Development plan in the Miura Peninsula

Opening of FUFU Jogashima (tentative name)
(Scheduled to open in FY2025)

- ▶ Open a luxury hot spring inn in Jogashima in collaboration with Hulic Co., Ltd.

Aburatsubo area redevelopment
(Under feasibility consideration)

- ▶ Develop a site for staying jointly with a large developer

Development of the Mito area
(Under feasibility consideration)

- ▶ Implement a large-scale land development project using a land readjustment project

Maximize use of business sites

Strengthen restaurants and tenants taking advantage of a location for tourism

- ▶ Strengthen the existing restaurants and support multi-store operation [Misaki tourism]
- ▶ Strengthen the Hayama brand centered around key tenants [Hayama Marina]

Develop seaside business by utilizing the environment and co-creation with the local communities

Enhance sales focusing on inbound customers

- ▶ Plan and sell market-in services for inbound customers
- ▶ Participate in government-led projects

Further promote the creation of new added value using forests

Sustainable cultivation of attractive new content



Development of Key Businesses (development project list)

Topic: Development project for realizing multipolar community development

Sengakuji Station category II city area redevelopment



- Total floor area: approx. 110,000 m²
- Site area: approx. 8,000 m²
- Use: Housing, offices, commerce, etc.
- Completion: 2029 (scheduled)
- Project operator: Tokyu Land Corporation, Keikyu Corporation

Heiwajima Station multipurpose facility (tentative name)



- Total floor area: approx. 5,000 m²
- Site area: approx. 6,000 m²
- Use: Commerce, housing, etc.
- Completion: 2026 (scheduled)
- Project operator: Keikyu Corporation

Project	Total floor area	Investment (of the Company)	Development schedule (plan)
			Until 2026 / From 2027
Yokohama City former local government office block utilization project	Approx. 130,000 m²	Approx. ¥4.0 billion	Completion within 2025
Heiwajima Station multipurpose facility (tentative name)	Approx. 5,000 m²	Approx. ¥3.0 billion	Construction starts in May 2024 / To open in the first half of 2026
Kitanakadori-North B-1 Block project	Approx. 110,000 m²	Approx. ¥14 billion	Completion within 2027
Kawasaki New! Arena City Project	Approx. 60,000 m²	Undecided	Construction to start in the first half of 2025 / To open autumn 2028
Sengakuji Station category II city area redevelopment	Approx. 110,000 m²	Approx. ¥24 billion	Completion in 2029
Yokosuka Wakamatsucho project	Approx. 50,000 m²	Approx. ¥3.0 billion	Construction to start in October 2025 / Completion in 2029
Keikyu Kawasaki Station West Exit category I city area redevelopment project	Approx. 80,000 m²	Undecided	Construction to start in the second half of FY2025 / Completion in 2030

Note: For developments around Shinagawa Station, refer to “Promotion of community development around Shinagawa Station” in the “Development of Key Businesses” section.

(Small) Light <- Investment -> Dark (Large)

Strengthen management capital as a foundation for corporate value creation

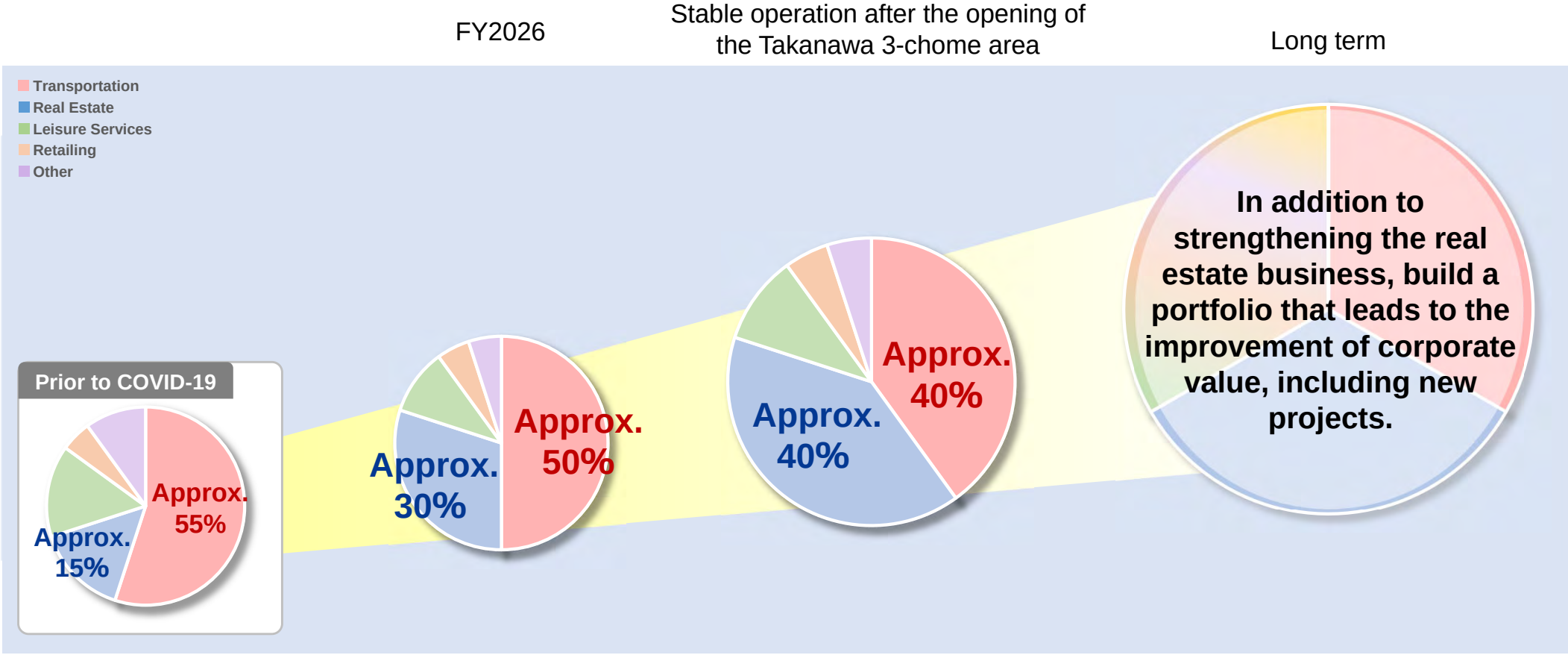
Promote business structure reforms

- **Long-term basic policy**

Portfolio reforms concentrating management resources on businesses to work on; strengthening the real estate business, creating new businesses, etc.	Operation reforms account for changes in the business environment	Business operations based on environmental consideration

Image of medium and long term portfolio changes (operating profit)

With the progress of developments around Shinagawa Station, the real estate business will become the second most profitable business by continuing to strengthen it as before.
For the long term, build a portfolio that improves corporate value, including new projects.

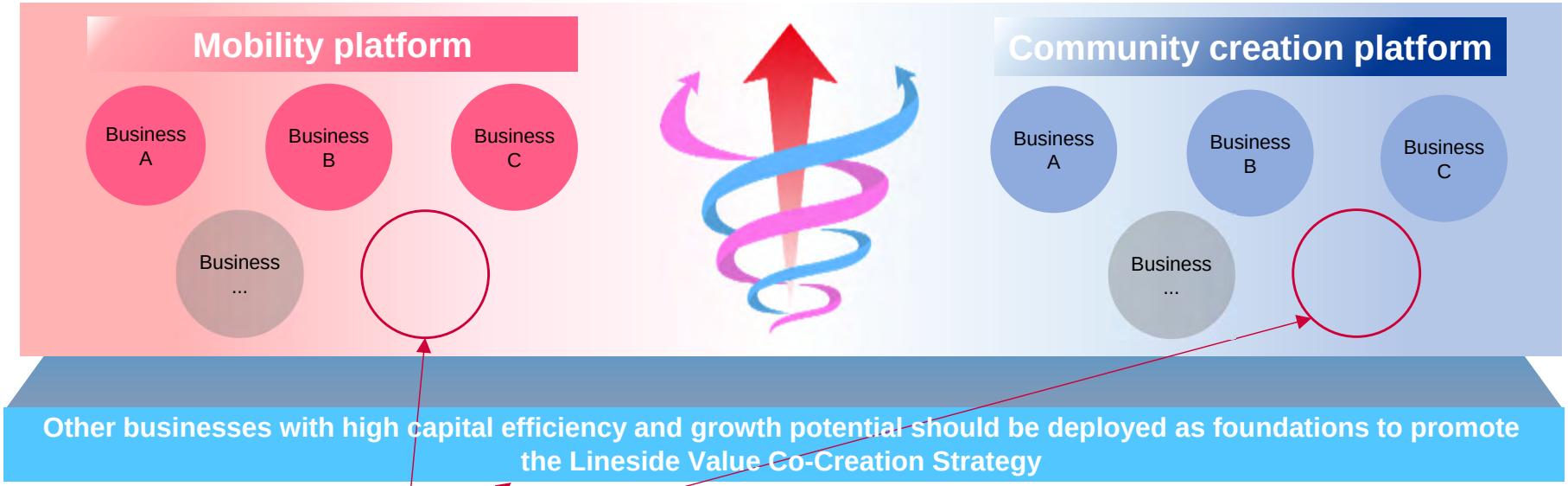


Keys to Strengthening the Management Base (Promote Business Structure Reforms) 2

▶ **Radical reorganization of all businesses within the Group and concentration of management resources on businesses to work on**
▶ **Active consideration and promotion of new businesses that will lead to lineside value co-creation and improvement of corporate value**

Concentrate management resources drastically on mutual value co-creation between the mobility and community creation platforms and profitability. Promote the creation of new businesses.

Creation of new businesses, and selection of businesses to work on (image)



New business

- Group synergy creating M&A
- Utilization of intellectual property, including business know-how
- Encouraging innovation from within the Company [ICHIRYU]
- Co-creation with outside partners seeking new value [Keikyu Accelerator Program]
- Business expansion in areas other than along railway lines, including overseas countries and so on

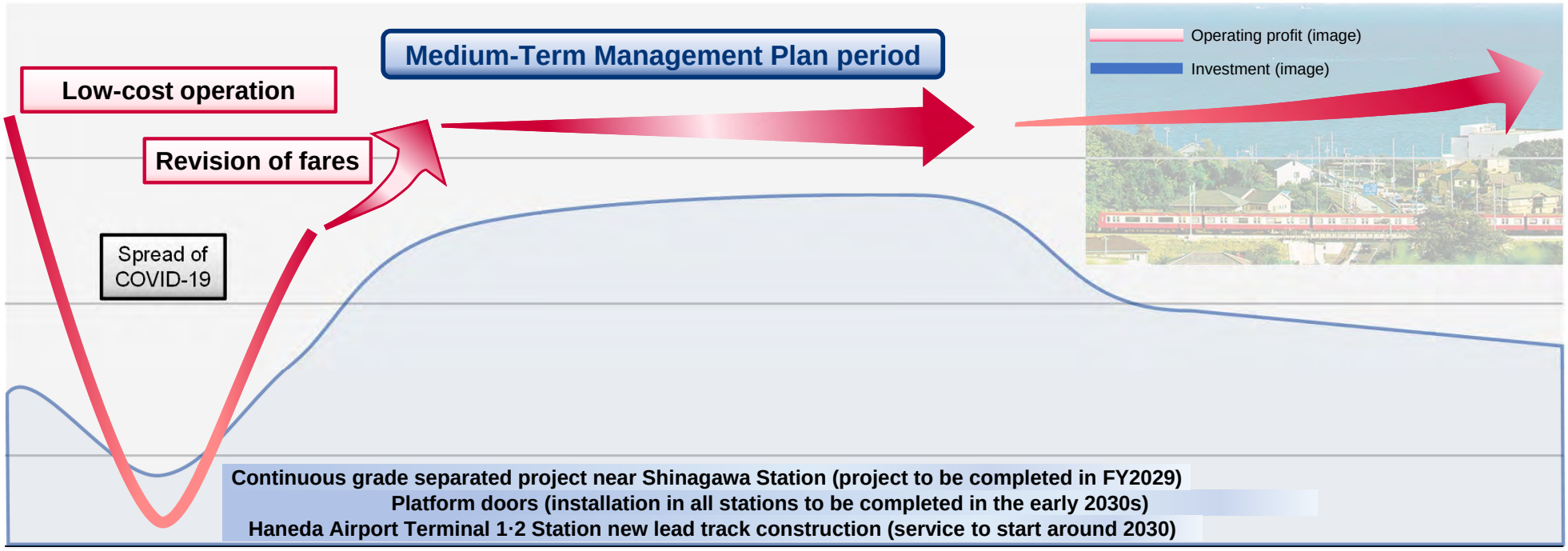
Radical reorganization

Reorganize the following businesses after close examination:
- Contribution to lineside value co-creation is low
- Capital efficiency and growth potential are low

Promoting next-generation operations in the railway business

Promote the merging of human and digital technology to improve productivity and secure safety at the same time and realize a business structure that can continuously respond to changes in social environments by investing in safety, such as platform doors, improving convenience, such as lead track construction at Haneda Airport Terminal 1·2 Station, and further strengthening the operation reforms promoted during the previous period of the Medium-Term Management Plan.

An image of changes in operating profit and investment in the railway business and significant efforts toward next-generation operations



Significant efforts toward next-generation operations

- ▶ Introduce one-man train operation
- ▶ Expand automated signal control
- ▶ Expand a smart support system (contactless counter)
- ▶ Introduce QR code reading to magnetic tickets
- ▶ Consider shifting from Time Based Maintenance (TBM) to Condition Based Maintenance (CBM)

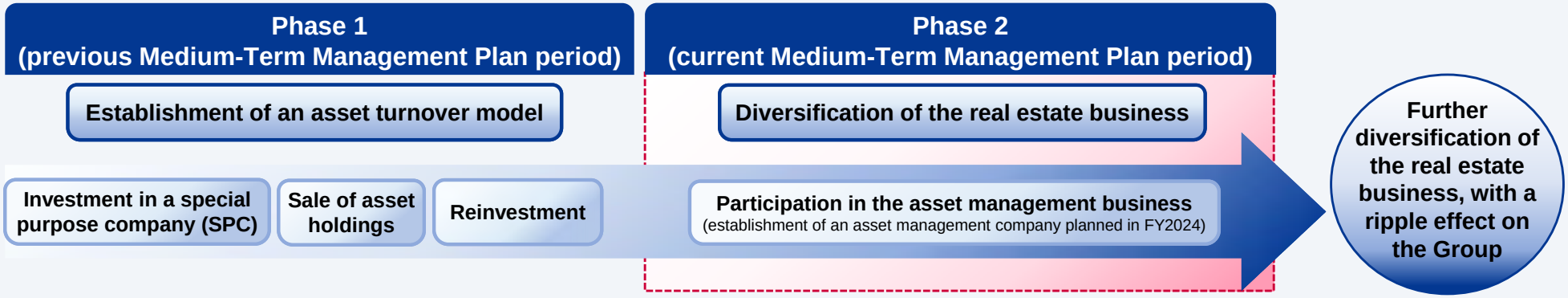
- ▶ Expand one-man train operation
- ▶ Further expand automated signal control
- ▶ Make a smart support system (contactless counter) subject to centralized monitoring

Strengthening of the real estate business

▶ Promote the optimization of a real estate asset portfolio

Expand assets for lease as a stable source of revenue through development projects around Shinagawa Station, etc. Combine diverse assets such as real estate sales, retail, and hotel-related assets. Regarding project areas, pay attention to balancing inside and outside lineside areas. Work on the realization of a portfolio that distributes risks and improves the profitability of capital at the same time.
In pursuing the above, strengthen the restructuring of assets based on property securitization by, for example, entering the asset management business.

(Continue to expand the real estate business through securitization)



▶ Secure stable profits in the housing-related business

Continue to strengthen the condominium business through the stable purchase of residential land.



PRIME Yokohama Kishiya
(construction scheduled for completion in January 2025)



PRIME STYLE Yokohama Namamugi
(construction scheduled for completion in February 2025)



PRIME PARKS Yokohama Namiki THE RESIDENCE
(construction scheduled for completion in February 2025)

▶ Advance development around stations

Refer to the “Topic: Development project for realizing multipolar community development” in the “Development of Key Businesses” section

Improvement of back-office division productivity

Major efforts	Effects	Results
Structural reform on a departmental or company basis with the aim of centralizing administrative tasks	Lessening duplication of services in the back-office divisions	Improvement of back-office division productivity
Labor saving in administrative tasks through the use of digital technologies	Reducing the number of personnel in the back-office divisions	Assignment of personnel to work for the support of value co-creation

Expanding the measures for energy saving, renewable energy introduction, and energy creation to support business operations based on environmental considerations

Operations on 100% renewable energy-derived electricity over all Keikyu lines





This effort is expected to significantly advance the achievement of the medium-term target of “make the Keikyu Group carbon neutral by 2050.”

Promote the acquisition of ZEH and ZEB certification



PRIME PARKS Yokohama Namiki THE RESIDENCE



YOKOHAMA SYMPHOSTAGE

Aim to ensure that all new condominiums(※) are ZEH-certified and that at least 50% of new leasehold or complex properties are ZEB-certified.
Note: Limited to properties led by the Company or KEIKYU REAESTATE Co., Ltd.

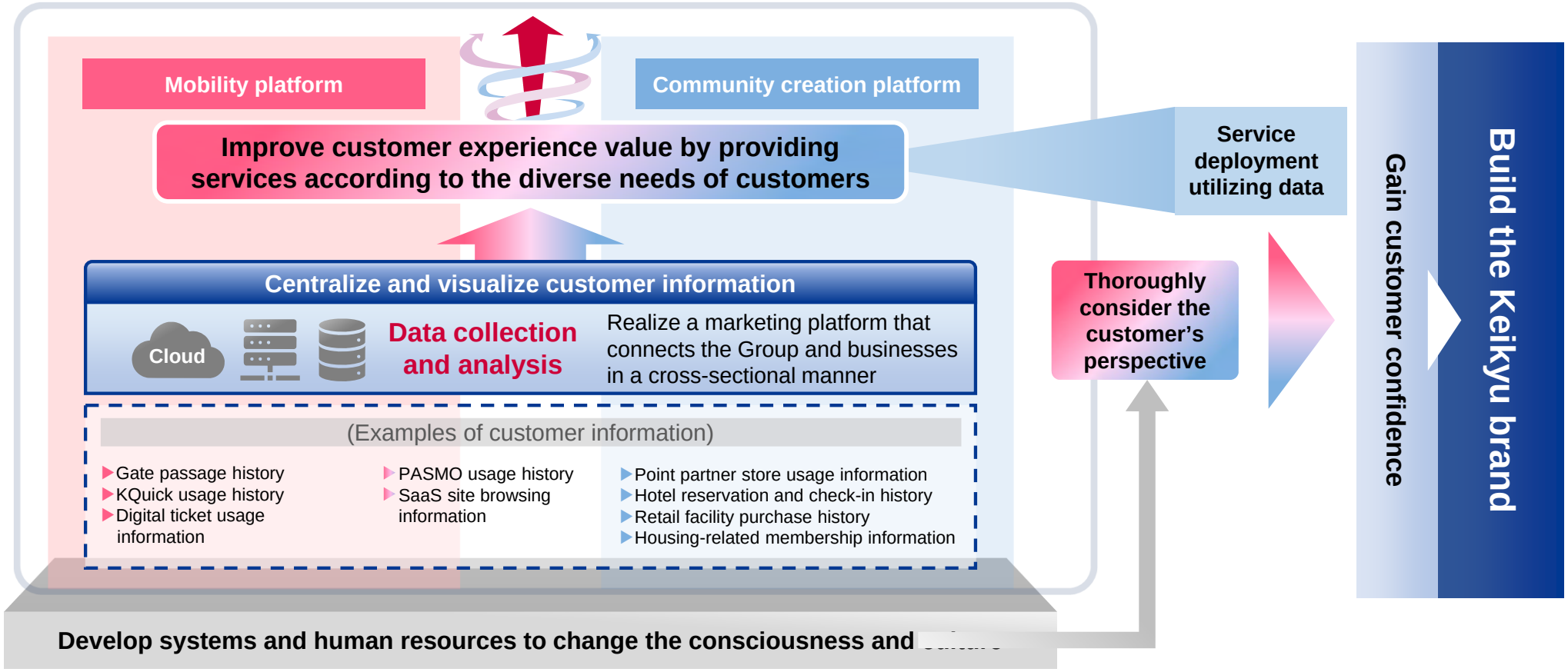
Keys to Strengthening the Management Base (Thoroughly Consider the Customer's Perspective)

Thoroughly consider the customer's perspective

▶ **Long-term basic policy**

Changes to the consciousness and culture to thoroughly consider the customer's perspective	Offering value based on fully understanding the actual and potential needs of customers and ensuring the implementation of its PDCA cycle	Establishment of a Keikyu brand that will lead to customer loyalty improvement

- ▶ Develop systems and human resources to change the consciousness and culture to thoroughly consider the customer's perspective
- ▶ Realize strategic marketing such as the promotion of DX (accumulation of data inside and outside the group, analysis using AI, etc., and constant use of data in a cross-sectional manner)
- ▶ Implement measures for improving customer experience value according to the diverse needs of customers and examine their effect
- ▶ Improve both the corporate brand of the Keikyu Group and the brand image of communities along the Keikyu lines



Keys to Strengthening the Management Base (Promote Human Capital Management) 1

Promote human capital management

▶ Long-term basic policy

- Development of human resources who can create and co-create value from customer perspectives
- Creating an innovation-encouraging culture
- Continuous improvement of the engagement of working people

▶ Overview of human capital management (image)

Basic policy of human capital management

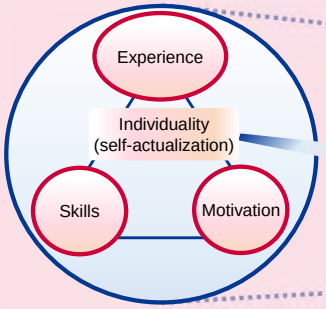
Aim to improve corporate value by developing human resources to create and co-create value and create a culture that encourages innovation from different individuals

Improve corporate value

Realize Long-Term Vision

Upward spiral of organizations and individuals

Develop human resources



Create and co-create value

Value of working in the Company
- Pride
- Relationship of trust
- Cooperative structure
- Challenge
- Growth opportunities

Develop human resources who can think from diverse viewpoints and customer perspectives and create/co-create value

Contribution to corporate value

Support for self-actualization

Create culture

Innovation from different individuals

Source of value creation
- Experience
- Skills
- Motivation

Create places for communications and learning, respect diverse values, and create an organization that cherishes trust and cooperation

Personnel management based on the basic policy of human capital management

System reform | Cultural reform

Develop human resources | Human resources portfolio | Personnel system | Working environment | DE&I

Engagement survey

▶ Basic policy and priorities to push in the Medium-Term Management Plan

▶ Building systems and frameworks that encourage the growth and challenge of diverse individuals for creating new value

Develop human resources

Help individual workers broaden their areas of contribution, take on new challenges, and use their abilities to the fullest, making it possible for them to feel their growth. Promote the creation of systems and frameworks necessary for that.

▶ Changing consciousness and establishing management so that innovation can be born, and creating opportunities for two-way communication

Create culture

The attitudes and management of workers, both keys to creating culture, should respect diverse values, value trust and cooperation, and encourage autonomy and co-creation.
Create places for internal communication and learning, and work on organization to instill these attitudes.

▶ Securing human resources in a strategic way to suit each business and investing in human capital

Lay the foundation for developing human resources and creating culture

In preparation for the Lineside Value Co-Creation Strategy, ensure that each business and organization's necessary human resources and working environments are well-prepared to allow workers to take on new challenges not limited to existing frameworks.

▶ Establishing a cycle from grasping the degree of engagement until remedial measures are implemented

Engagement

Conduct an engagement survey continuously and establish a system that allows hypothesis verification on efforts related to human capital management from various levels, such as organizations and workplaces.

▶ Indicators and targets regarded as important in promoting human capital management

Focus on the progress management of the indicators listed below to become a company with ideal working conditions where workers can be active and highly satisfied regardless of age, sex, disabilities, family circumstances, etc.

Indicators	Target	Fiscal year	Remarks
Employee engagement	Continuous improvement	Every year	
Percentage of female managers	10% or more	2026	30% or more in 2040
Percentage of employees taking childcare leave	100%/100%	2026	from left to right: male, female; to continue beyond the given fiscal year
Percentage of employees with disabilities	Legal standard or more	Every year	
Wage gap between male and female employees	Monitoring	–	
Rate of annual paid leave taken	100%	Every year	
Rate of employee physical examinations taken	100%	Every year	

Keys to Strengthening the Management Base (Strengthen Financial Management) 1

Strengthen financial management

▶ **Long-term basic policy**

Ensure financial soundness and improve capital efficiency simultaneously to steadily promote large-scale investment growth (-> (1) and (2) in the medium-term plan)

Prepare for realizing management based on the cost of capital and the share price (-> (2) and (3) in the medium-term plan)

- **(1) To ensure the steady progress of investment growth, such as the development in the Takanawa 3-chome area, keep stable profit growth and control the net interest-bearing debt to secure financial soundness required to maintain an A credit rating**
- **(2) Continuously analyze capital efficiency and market valuation, respond to improvements, and communicate with the market in preparation for realizing management based on the cost of capital and the share price**
- **(3) Continuously improve shareholder value and increase shareholder returns**

▶ **Indicators, targets, and directions regarded as important**

	FY2026	Long term
Operating profit	**¥35.0 billion**	Aim to achieve **ROE of at least 8.0%** while paying attention to financial soundness
Net interest-bearing debt/ EBITDA ratio	**Less than 8.0 times**	
ROE (Return on Equity)	**6.0% or more**	

Note: With the construction around Shinagawa Station going into full swing, the net interest-bearing debt/EBITDA ratio in FY2027 and beyond is expected to temporarily be 8 times or more (returns to less than 8 times after opening).

▶ Overall picture of efforts to promote enhancement of corporate value

Promote the improvement of the profitability of capital for continued growth and enhance corporate value in the medium and long term

Improvement of ROE

ROE = ROA (**ROIC** ± Adjustment (profit phase change, additional business liability)) × **Financial leverage**
(Return On Assets) (Return On Invested Capital)

▶ Improving the profitability of capital (= Improving ROIC)

- ▶ Accurately understanding the cost of capital
- ▶ Managing ROIC-WACC by business (Weighted Average Cost of Capital)
- ▶ Setting investment criteria based on the WACC by business
- ▶ Selecting businesses, investment properties, etc.
- ▶ Implementing steady business structure reforms
- ▶ Continuous reduction of cross-shareholdings

Create profit and cash with the cost of capital in mind

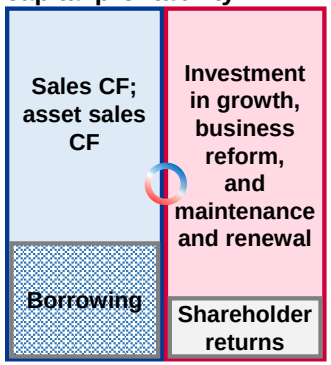
▶ Continuously improving capital structure (= Continuously improving financial leverage)

- ▶ Level of interest-bearing liabilities policy
  - Maintain financial soundness in the medium and long term (Net interest-bearing debt/EBITDA ratio: 7 times range or less)
- ▶ Equity level policy
  - Achieve an ROE of 8% or more in the future
  - Determine the amount of equity capital that should be held according to business risks

Utilize debt while paying attention to financial soundness

- ▶ Create and raise business funds with profitability and capital structure in mind
- ▶ Review businesses and capital structure in consideration of changing assets and profitability

Building cash flow allocation contributing to the improvement of capital profitability



Carry out various investments and shareholder returns to improve the profitability of capital by improving cash flows from operations, selling low-profitable assets, and using debts appropriately.

Business reform investment:
Investment in the railway business, responding to social changes such as population decline and maintaining the profitability and sustainability of railway transportation

Improvement of PER (Price Earnings Ratio)

- ▶ Reduce shareholders' risk
  - ▶ Continue promoting communication with equity investors and shareholders, improving the content of disclosed information (correct information asymmetry)
- ▶ Enhance medium and long term profitability
  - ▶ Carry out investment in growth and business reforms to achieve permanent growth
  - ▶ Realize a sustainable business environment by promoting sustainability

Improvement of PBR (Price Book-value Ratio)

<Present data analysis for realizing management based on the cost of capital and the share price>

Periodically analyze changes in indicators, such as ROE and PBR, and communicate with investors to take an objective view of our company's present situation; then, take measures to improve corporate value.

▶ Managing ROIC-WACC by business in order to analyze and improve capital profitability

- ▶ Analyze and improve ROIC-WACC while being aware of the cost of capital by business to ensure the improvement of ROIC
- ▶ For determination of investment in growth, set a hurdle rate based on **the WACC value by business**

▶ Efforts towards the improvement of ROIC by business

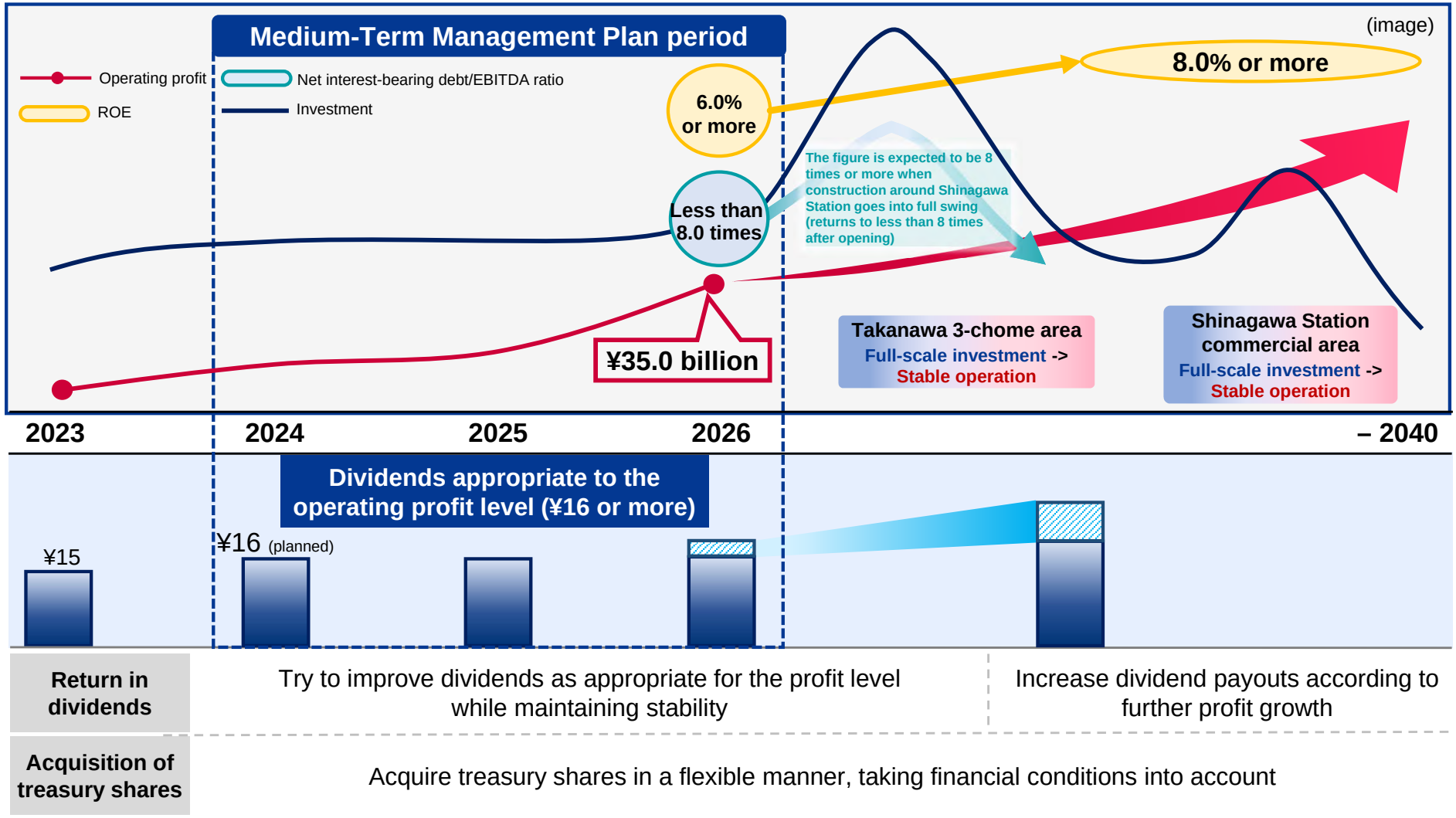
Business	Principal Initiatives
Transportation	▶Fundamental improvement of productivity in the medium to long term through efforts towards next-generation operation, including one-man train operation and a smart support system (contactless counter)
Real Estate	▶Continuous improvement of asset efficiency through the asset restructuring in the leasing business and the utilization of the private fund established by the Company ▶Business development in highly profitable areas with easy access to the city center regarding the sales business and inventory control through asset restructuring and replacement
Leisure Services	▶Deployment of new facilities in diverse business structures not limited to company-owned facilities ▶Promotion of improving profitability and increasing operation efficiency by facility structure and service deployment tailored to changes in the demand environment, such as the recovery of inbound tourism
Retailing	▶Improvement in profit ratio through DX-based operation reforms, lowering of the ratio of selling and administrative expenses to sales, and expansion of scale benefits
Common to all businesses	▶Improvement in the profitability of all Group businesses by maximizing the combined effect (synergy) of the mobility and community creation platforms ▶Improvement in operating profit and cash flow of the Group overall in the medium and long term by promoting community development in each area

Note: The ROIC-WACC by business is an indicator for internal control (introducing this index, the WACC value by business category and by business is examined through discussion with experts)

▶ Efforts for profit growth and control of the net interest-bearing debt during the Medium-Term Management Plan period

Portfolio reform and improvement in the profitability of capital through the management of the ROIC-WACC by business and FCF	Appropriate selection of investments and improvement of the efficiency of new investments for profit through the implementation of investment criteria based on the WACC by business
Improvement in operating profit and cash flow through earning recovery due to the effect of fare revision (for an entire year) in the railway business and enhancement of the real estate business	Control of excessive increase in liability through cash flow allocation in consideration of the goal of financial soundness

▶ Financial prospects where financial soundness and capital profitability are compatible and the policy on shareholder returns



Return in dividends	Try to improve dividends as appropriate for the profit level while maintaining stability	Increase dividend payouts according to further profit growth
Acquisition of treasury shares	Acquire treasury shares in a flexible manner, taking financial conditions into account	

Note: Although the investment in developments around Shinagawa Station will be costly for the time being, enhance shareholder returns according to the policies above in consideration of earning recovery in the railway business and future profit growth in our businesses.

▶ **Major preconditions for predicting changes in financial indicators**
- ▶ Fund raising: Based on the assumption of debt financing for the development of the Takanawa 3-chome and Shinagawa Station commercial areas
- ▶ Handling of the Takanawa 4-chome area development: To be considered according to the status of adjustment of persons concerned (to be incorporated into the prediction of changes in financial indicators according to the situation)

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<Note>
With the exception of historical facts, the information in these materials consists of forward-looking statements, created based on various assumptions at the time they were announced. The posting of such information is no guarantee of future results and is subject to risks and uncertainties. Actual results may differ from forward-looking statements due to various factors.