Keihanshin Building Co.,Ltd.

Integrated Report 2026

For the fiscal year ended March 31, 2026



Editorial Policy

Editorial Policy

The Integrated Report 2026 is based on the business operations, strategy, and ESG information of Keihanshin Building Co., Ltd., and it is compiled as a comprehensible report for our stakeholders. Through this report, we will continue to provide our financial and nonfinancial information in good faith.

This report was prepared based on the International Integrated Reporting Framework released by the International Integrated Reporting Council (IIRC), as well as the Guidance for Collaborative Value Creation issued by Ministry of Economy, Trade and Industry of Japan.

Environment Social Governance
Guidance for Collaborative Value Creation

Target Scope

This report introduces major activities of Keihanshin Building Co., Ltd. and its subsidiaries.

Target Period

This report covers information on corporate activities in the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026). However, some parts may include past information or information on factors beyond April 1, 2026.

Note on Forward-looking Projections

This report contains descriptions of future plans, estimates, and projections. Such information is based on the information currently available to the Company. Actual results may differ due to various factors that may arise in the future. We appreciate your understanding on this matter.

Key Points of the Integrated Report 2026

Value Creation Story

Explains our value creation story from the perspective of how we will leverage our strengths and management resources and capital to create value through the achievement of the Long-Term Business Plan.

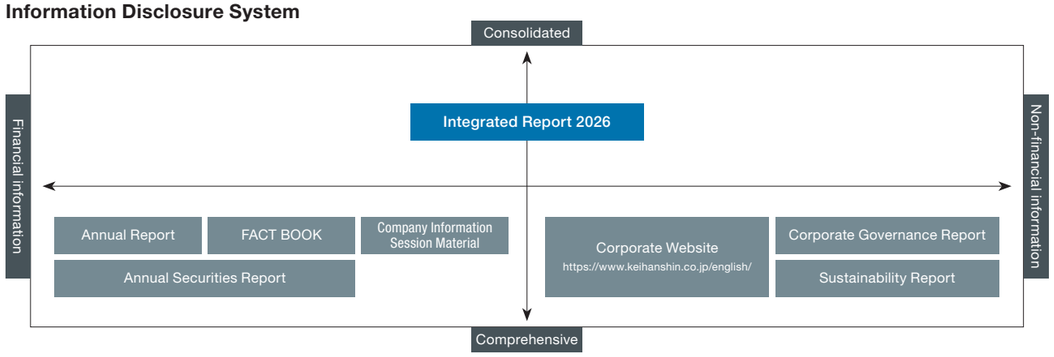
Business Overview

Updates the progress of new investments under the Long-Term Business Plan.

Practice of Sustainable Management

Reports on our recent review of materiality and expanded sustainability disclosures on human rights, supply chain management, and other topics, with stronger links to the Sustainability Report.

Information Disclosure System





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Basic information to understand the basic philosophy that serves as the foundation of management decisions

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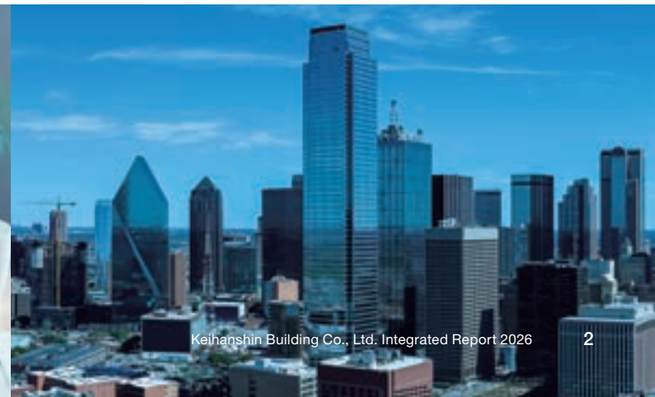
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Connect People,
Communities,
and the Future





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.

Code of Conduct

1. The customer comes first

We will earn our customers' trust, meet their needs and provide them with safe, high-quality environments and services.

2. Practicing compliance

We will always adhere strictly to laws, ordinances and regulations, and act with a strong social conscience rooted in high ethical standards.

In addition, we will conduct business fairly, transparently and appropriately, and maintain healthy and normal relationships with political and administrative persons and organizations.

We will have nothing to do with anti-social forces and organizations and resolutely deal with them.

3. Social contribution

We will establish a good relationship with the community, and actively engage in social contribution activities as a good citizen.

4. Disclosure of information

We will communicate openly not only with our shareholders, but also with the community widely, and disclose corporate information timely, accurately, and properly.

5. Protecting the environment

We will maintain our awareness that environmental protection is an important facet of business management, and will serve to be proactive in protecting the natural environment in a positive manner.

6. Respect for the individual

We will maintain our safe and comfortable workplaces in a manner that inspires employees in their work and encourages their self-actualization; and we will appropriately respect each employee's individuality and personality.

Officers of Keihanshin Building must be fully aware that it is their role to ensure the spirit of this code of conduct is adhered to, and shall lead by example in doing so, ensuring that all employees and other pertinent people adhere to the code. Officers must also be open to opinions from within and without the company at all times, and shall use these to further the company's and employees' performance of their moral obligations.

If an officer learns of any breach of this code, the officer shall take it upon himself to remedy the situation, identify its root cause, prevent it from recurring, and, having clarified each party's responsibility and authority, strictly punish all appropriate parties-even if that means the officer himself.

President
Tsuneo Wakabayashi

New businesses move from the planning stage to the execution stage

We will further accelerate our initiatives toward achieving the targets of Phase Ⅰ of the Long-Term Business Plan.



The President's greatest responsibility is to support the growth of each and every employee

The Company is currently working under the Long-Term Business Plan (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2033) to transform itself from "management focused on stability," centered on the real estate leasing business, into "disciplined, proactive management" that strikes a balance between stability and growth by also focusing on new businesses, including overseas business and equity investments.

The foundation for this is one of our Corporate Philosophy principles: "To act efficiently, evolve, and create a vital corporate atmosphere." To continue to "evolve" rather than becoming complacent with our past initiatives, I regularly tell employees that "there is no progress without change." I stress that we must not simply repeat what we did last year—that standing still while those around us move forward is effectively the same as falling behind—and encourage them to view change as an opportunity to solve problems and act accordingly. In addition, to build a "vital corporate atmosphere" capable of creating new businesses, I encourage employees to take on challenges without fear of failure and, even if they do fail, to use that experience as a source of learning and keep trying again and again. The growth of the Company is nothing other than the sum of the growth of its individual employees, and I believe my greatest responsibility as President is to support the growth of each and every employee. I believe that instilling this Corporate Philosophy throughout the Company will also drive the growth of the Company itself.

Fortunately, the Company is still small, with 66 employees, and I know the face and name of every employee. Because I see them almost every day, I make a point of speaking to each person in ways tailored to their individual character. I also try to attend internal meetings whenever possible, and I make a point of giving proposers my own feedback during those meetings. If there is anything in a circulated approval request that catches my attention, I may go to the employee in charge and ask, "Could you explain the background and rationale?" I sometimes do this to confirm the details.

Over the three years since the Long-Term Business Plan began, we have focused on hiring both experienced, mid-career personnel and new graduates, and the 25 employees hired during that period now account for nearly 40% of all employees. I feel that as existing employees and newly hired employees come together and move in the same direction toward "disciplined, proactive management," communication is increasing, mutual understanding is deepening, and this is leading to growth on both sides.

We achieved record-high earnings in fiscal 2025

Under the Long-Term Business Plan, we aim for growth by further strengthening the stable earnings base provided by the leasing business and building new businesses on top of it, including the revolving-type investment business and overseas investments. In fiscal 2025, the third year of Phase Ⅰ of the Long-Term Business Plan (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2028), net sales, operating profit, ordinary profit, and business profit before depreciation and amortization all reached record highs. This can be attributed entirely to our steady execution of the plan.

In fiscal 2025, we set out to strengthen the existing leasing business while further accelerating preparations to launch new businesses. Before discussing the leasing business, I would like to explain the state of the office market. As of the end of March 2026, the vacancy rate was 2.22% in the Tokyo area and 3.20% in the Osaka area. Supported by improving corporate earnings and a full-fledged post-pandemic return to the office, vacancy rates have remained relatively low and stable. Against this backdrop, the vacancy rate for the Company as a whole was 0.39% as of the end of March 2026, while the vacancy rate for the Company's office buildings was 0.45%. Compared with the averages for the Tokyo and Osaka areas, we have continued to maintain low vacancy rates. In the Osaka area, large-scale supply has largely run its course, while the Tokyo area will continue to see substantial large-scale supply going forward. However, because the office buildings we own are located in areas with convenient transportation access and are medium-sized properties that tend to attract strong demand, we believe they have a certain degree of competitive advantage. ▶P.31

In light of these office supply-demand conditions, the Company worked to increase rents through careful negotiations with customers, achieving an average rent increase of approximately 10% for customers whose contracts were renewed during the fiscal year or who newly moved into our properties. Under the office supply-demand conditions we had seen until now, there had not been many opportunities to conduct rent revision negotiations on this scale, but this time our sales staff worked as one and negotiated tenaciously. I feel that this experience also gave employees greater confidence and provided a good opportunity to strengthen the Company's underlying capabilities. Other factors contributing to higher net sales and profits included increased rental income following the transition of some floors of the Keihanshin OBP Building, an urban datacenter opened in Osaka Business Park (OBP), from reservation agreements to full contracts, as well as increased investment income from equity investments.

Datacenter buildings, which account for slightly more than half of the Company's net sales, are at the center of surging demand and rapidly changing trends driven by the explosive spread of generative AI. At the same time, in addition to rising real estate prices and inflation, increasingly advanced specification requirements are driving construction costs even higher, making it difficult to undertake new developments on our own. For this reason, rather than insisting on a development pipeline undertaken solely by the Company, we are exploring the possibility of joint development with external partners while leveraging the network built on long-standing relationships of trust with power suppliers and telecommunications carriers, with the aim of accurately capturing the latest market needs while controlling risk. ▶P.33

With regard to new businesses, overseas investments in particular progressed smoothly, and we were able to make equity investments in three projects: a logistics warehouse development in the suburbs of Atlanta, an existing multifamily rental residence in Dallas, and a multifamily rental residence development in Charlotte. By investing in projects involving a variety of asset types and regions, we are accumulating expertise in U.S. real estate while building cooperative relationships with a diverse range of partner companies.

In Japan, in addition to developing a refrigerated and frozen warehouse in Kasukabe-shi, Saitama, we made our first equity investment in a hotel development project in Sakurajima, Osaka. In addition, following our equity investments in healthcare facilities, in October 2025 we invested in Healthcare Asset Management Co., Ltd., which is entrusted with asset management by Healthcare & Medical Investment Corporation, a listed REIT. The company has experience in investment and management of healthcare facilities, and possesses know-how such as project information and relationships with operators. Through this investment, we will further strengthen our initiatives involving healthcare facilities and work on the development of healthcare facilities going forward. We also intend to work to develop personnel who will support the asset management business in the future through personnel interaction with the company.

Furthermore, in September 2025 we sold Asakusa Ekimae Building which we had acquired in June 2023, thereby establishing a track record in the revolving-type investment business. Although the building was relatively old, we acquired it with two possibilities in mind: long-term ownership with a view to future redevelopment, given the high potential of its location in front of Asakusa Station which is bustling with domestic and overseas tourists; and use in the revolving-type investment business, focusing on the scarcity value of the location. The potential of the location caught the attention of a prospective buyer, leading to the sale. We intend to apply the expertise and information channels gained through the process from acquisition to sale to our next asset rotation, while also considering such options as reclassifying some existing properties as revolving-type assets and incorporating them into the private placement fund that we are currently preparing to establish.

In light of the steady progress of new businesses and with the aim of accelerating future initiatives, effective April 1, 2026, we divided new business operations between the International Business Department and the domestic Business Development Group. For the former, we increased the number of personnel specializing in overseas business, while for the latter, we will share information with the Business Department on such matters as the value enhancement of existing properties and the sourcing of new properties, and further strengthen the revolving-type investment business. We also renamed the AM Business Preparation Group the Asset Management Department and decided to fully launch the asset management business. I believe that, as a result, we have now established the organizational and staffing structure needed to reap the fruits in Phase Ⅱ (from the fiscal year ended March 31, 2029 to the fiscal year ending March 31, 2033) from the seeds we have planted in new businesses. ▶P.39–

We now have a clear path to achieving the targets for the final year of Phase Ⅰ

Under the Long-Term Business Plan, we are working toward business profit of 8.0 billion yen and business profit before depreciation and amortization of 12.0 billion yen in the final year of Phase Ⅰ (FYE March 2028), as well as ROE of 7% or more, with the aim of reaching 8% or more as early as possible during Phase Ⅱ.

Business profit before depreciation and amortization in fiscal 2025 was 10.2 billion yen, leaving a gap of 1.8 billion yen to the Phase Ⅰ final-year target of 12.0 billion yen. However, we now expect to be able to close this gap by adding profits through capital gains from property sales, the accumulation of overseas investments and equity investments, and the acquisition of profitable properties, while further accelerating these businesses now that the systems and personnel needed to promote new businesses are in place. Since the start of fiscal 2026, we have also acquired a logistics warehouse in Urayasu-shi, Chiba in Japan and made an equity investment in a logistics warehouse development project in Chicago overseas.

With regard to our investment plan, we intend to make a total of 250.0 billion yen in investments over the 10 years of the Long-Term Business Plan. Of the 77.0 billion yen in investments planned for Phase Ⅰ, we have already made cumulative investments of 34.7 billion yen over the past three years. Compared with the original plan, investments in physical real estate have not progressed as expected because soaring real estate prices have lowered yields, while domestic equity investments and overseas investments, where it is relatively easier to secure yields, have moved ahead. Overall, however, investment efficiency has improved. ▶P.17–

Although we have established separate investment allocations for profitable properties, equity investments, and overseas investments, we do not intend to be bound by those allocations. Instead, we will emphasize investment efficiency and proceed flexibly with investments within the total amount of 250.0 billion yen. We also plan to review the future balance of investment amounts as appropriate wherever changes are warranted.

As I will discuss later, I hope you will also view our decision to step up shareholder returns at this time as evidence that we now have a clear outlook for the steady progress of the Long-Term Business Plan.

For new businesses, we will thoroughly manage risk while working to acquire the expertise needed to drive growth

With regard to new businesses, we make investment decisions while taking into account the balance between

risk and growth. As the domestic real estate market is expected to contract due to population decline, we are focusing on overseas investments as a medium- to long-term growth strategy. For the time being, we are concentrating our investments in the U.S. market, which among overseas markets is expected to deliver stable economic growth and is a region where risk management is relatively straightforward from the standpoint of legal systems and other factors. We believe overseas equity investments offer higher returns than direct investment in physical real estate in Japan, but also involve a corresponding level of risk. Accordingly, after taking into account the level of risk of each investment project, we maintain a balance with our domestic businesses when considering the total investment amount. As a guideline, the equity investment amount per project is approximately 1.0 billion to 3.0 billion yen. In terms of asset types, we are limiting investments to multifamily rental residences and logistics facilities, where the markets are relatively stable, while diversifying investment regions. We are also diversifying risk in terms of investment structure by co-investing with trusted partners.

In the United States, we have been able to build cooperative relationships with a diverse range of partner companies through our equity investments to date. At present, all of our investments are minority stakes, but we are also considering a gradual shift toward majority stakes. As relationships with partner companies have developed, we are also beginning to see a pipeline of future projects. Once we enter Phase Ⅱ, we intend to consider direct investments in physical real estate on our own, with a view to assigning resident personnel locally.

While securing stable income from the leasing business on which the Company has focused to date, we will invest in the United States with thorough risk management and work toward achieving ROE of 8% while balancing stability and growth.

We will develop employees and leaders who will open the way to the next era

Alongside the strengthening of new businesses, we are recruiting both experienced, mid-career personnel and new graduates. Recruitment in both categories has progressed smoothly, and 25 new employees have joined the Company in the three years since the Long-Term Business Plan began. In particular, when recruiting experienced, mid-career personnel, we clearly explained what we intend to do in our new businesses and what roles we expect them to play. As a result, we have been able to hire people who are aligned with the Company's thinking and direction. Because we have been able to recruit without mismatches, our retention rate is also very high, with only a few employees leaving the Company over the past three years. ▶P.74

For young employees hired as new graduates, we expect them to work alongside people who joined the Company with expertise from outside, gain practical experience through OJT, and grow more quickly by learning from failures. To this end, we thoroughly instruct young employees to "think for themselves." Recently, a third-year sales employee in Tokyo approached me about a property we were considering investing in and said, "Please come and take a look at it with me." I find that growth very encouraging. I tell our younger employees that rather than simply sitting at their desks gathering information, I want them to go out, actively attend opportunities to exchange information with other companies, make use of the networks they build there, and gain greater access to first-hand information. If there is a gathering they would like to attend or something new they would like to try, I want them to raise their hands and take on the challenge, and I intend to support them in doing so. Going forward, I also intend to make evaluations of employees' achievements even fairer and more understandable, and ensure that these evaluations are reflected in their compensation and treatment.

Effective April 1, 2026, in order to strengthen business management functions, we integrated the Corporate Planning Department and Finance & Accounting Department and newly established the Corporate Management Division. We also integrated the Personnel & General Affairs Department, Digital Transformation Promotion Department, and Sustainability Promotion Group to establish the Administration Division. By reorganizing the previously finely siloed organization into larger units and broadening horizontal connections, we hope employees will be able to see the bigger picture and gain a wide range of experience. In addition, because each organization has become larger, we introduced a Group Manager system and are also working to develop the next generation of leaders. The 10 Group Managers are positioned as executive candidates, and for the first time we have extended the stock compensation system to employees other than officers, with the aim of fostering their awareness as the next generation of management. ▶P.51–

We will strengthen initiatives for climate change mitigation and adaptation

Although global momentum behind efforts to prevent global warming has weakened following President Trump's major shift in U.S. environmental and energy policy, we recognize that environmental initiatives will remain an unavoidable issue for the real estate industry. In recent years, as natural disaster risks associated with climate change and earthquakes have clearly increased, awareness of "safety and security" among our customers, the tenants, has also risen significantly. For this reason, together with initiatives that contribute to the prevention of global warming by reducing GHG emissions, we need to advance initiatives that also take BCP into account, including how we can provide safety and security when a disaster occurs.

Accordingly, we have established KPIs mainly aimed at climate change mitigation: reducing Scope 1 and 2 GHG emissions by 46% by FYE March 2031 compared with FYE March 2020; achieving net-zero emissions (Scope 1, 2 and 3) by FYE March 2051; increasing the area of properties with green building certifications to 50% or more of the total floor space of owned properties by FYE March 2031 and obtaining green building certification for 100% of newly constructed properties going forward; and increasing the ratio of electricity derived from renewable energy sources for Scope 2 to 100% by FYE March 2051.

Meanwhile, as an initiative for adapting to climate change, we believe one of the Company's strengths is the BCP expertise we have cultivated through datacenter buildings, where even a momentary power outage is unacceptable. We intend to apply specifications accumulated through these datacenter buildings, such as flood and inundation countermeasures and on-site power generation capabilities, to future property development. In addition to strengthening these hard aspects, the Company has also centrally developed soft disaster-prevention systems, including initial-response manuals for disasters and practical disaster-prevention drills conducted in cooperation with partner companies. By viewing large-scale disasters caused by climate change realistically as "risks to our own business" and providing "real estate that never stops and offers the highest levels of safety and security" through both hard and soft measures, I believe we can grow together with our customers and contribute to society. ▶P.47

Achievement of these sustainability initiatives is also linked to the evaluation and compensation of officers, and going forward we will further increase the likelihood of achieving them. ▶P.60

To meet shareholder expectations, we will also implement shareholder returns ahead of schedule

In recent years, reviews of TOPIX constituents have been conducted periodically, and the hurdle for inclusion in TOPIX has become increasingly stringent. At the same time, while the number of individual shareholders has increased due to the spread of the new NISA program (Japan's tax-free investment system) and other factors, the number of the Company's individual shareholders has been on a declining trend, and daily trading volume has remained insufficient. In light of these circumstances, we recently announced measures to enhance shareholder returns, including a dividend increase, a stock split, and the establishment of a new shareholder benefit program.

First, based on our growing confidence in medium- to long-term profit growth, we decided to adopt a policy of progressive dividend increases. On a post-split basis following the 2-for-1 stock split implemented on July 1, 2026, we will gradually increase the current dividend of 20 yen per share each fiscal year. Ultimately, by FYE March 2029, the start of Phase Ⅱ, we plan to raise the annual dividend to 40 yen, double the current level. We decided to implement the stock split and establish the shareholder benefit program as an integrated strategy, with the aim of generating significant synergies by carrying out the two measures together. First, the stock split will halve the amount required per investment unit, lowering the hurdle to investment. With the shares having become easier to invest in, we will establish a shareholder benefit program. By not only making the shares easier to buy but also increasing their appeal, we believe we can attract a broad range of individual investors who previously had little interest in the Company. Through these measures, we aim to increase daily trading volume and improve liquidity, while continuing to consider share repurchases in a flexible manner in light of the business environment, capital efficiency, and other factors. Through these enhancements to shareholder returns, we intend to meet market expectations while working to maintain a PBR above 1x on a stable basis and further enhance corporate value.

The Company has set a target of reducing the ratio of cross-shareholdings to consolidated net assets to 10% or



less by FYE March 2028, the final year of Phase Ⅰ of the Long-Term Business Plan. Since announcing this plan in September 2024, we have sold all shares of two stocks and partially sold one stock. However, supported by the current strong stock market, the market value of our cross-shareholdings has risen significantly, and as a result, the ratio of cross-shareholdings to consolidated net assets in FYE March 2026 increased by 6.2 percentage points year on year to 21.2%. Going forward, we intend to steadily proceed with the sale of them in order to achieve our target based on the results of the annual examination of the validity of cross-shareholdings at the Board of Directors meeting. ▶P.20–

We will accelerate the PDCA cycle and connect it to Phase Ⅱ

As I have repeatedly stated, now in the fourth year since the Long-Term Business Plan began, I feel that we have established the organizational and staffing structure needed to harvest the fruits grown from the seeds planted in new businesses. Within the Long-Term Business Plan, we had positioned Phase Ⅰ as the "Plan" stage of the PDCA cycle, but from fiscal 2026 we were able to move into the "Do" stage slightly ahead of schedule. Toward Phase Ⅱ, we will work to advance the "Do" stage as quickly as possible, proceed through the "Check" and "Action" stages, and firmly connect the results to the next "Plan."

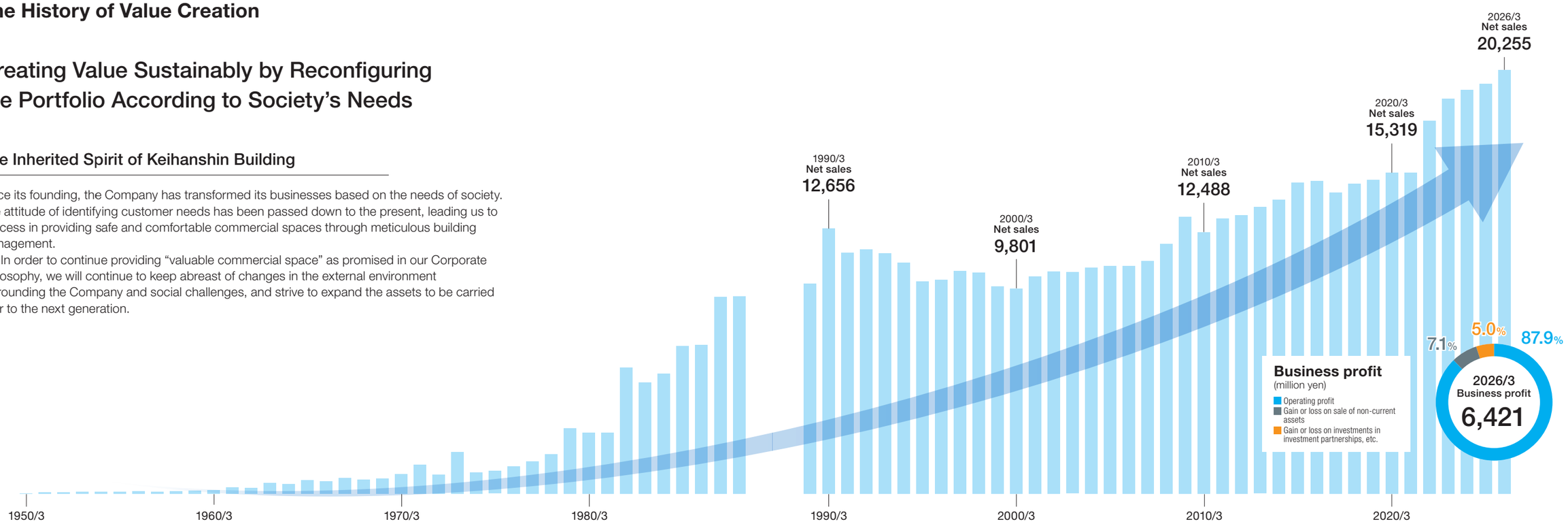
Because the Company operates with a very small number of employees, we conduct our business in cooperation and collaboration with a diverse range of stakeholders, and this has also become a driving force behind our growth. Going forward, we intend to continue meeting the support and expectations of our stakeholders and growing together with them. As we continue to work toward our goals, I would like to ask each of you for your continued understanding and support.

Creating Value Sustainably by Reconfiguring the Portfolio According to Society's Needs

The Inherited Spirit of Keihanshin Building

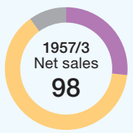
Since its founding, the Company has transformed its businesses based on the needs of society. The attitude of identifying customer needs has been passed down to the present, leading us to success in providing safe and comfortable commercial spaces through meticulous building management.

In order to continue providing "valuable commercial space" as promised in our Corporate Philosophy, we will continue to keep abreast of changes in the external environment surrounding the Company and social challenges, and strive to expand the assets to be carried over to the next generation.



Trends in net sales (million yen)

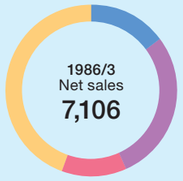
Responded to post-World War Ⅱ housing shortage



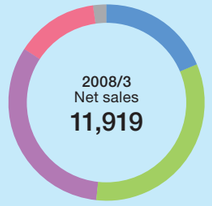
Responded to office shortage during the era of high economic growth



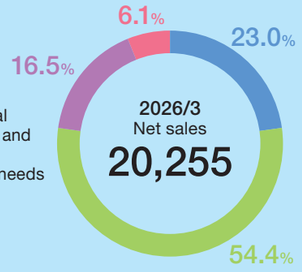
Provided new suburban lifestyles



Provided infrastructure to meet the information processing needs of IT society



Providing commercial spaces domestically and globally to meet diversifying societal needs



Office Buildings / Datacenter Buildings / WINS Buildings / Commercial Buildings, Logistics Warehouses, and Other Properties / Residential Sales / Others

1948

Reconstruction of the Hanshin Racecourse

The Company was founded by the Kansai business community and horse owners to revive a pastime that had been suspended due to the ravages of war. From the year after its founding through the 1950s, the Company established off-track betting parlors in the downtown areas of Osaka, Kyoto, and Kobe.



Hanshin Racecourse (Completed in 1949)

1956

Transition to a real estate company

The Hanshin Racecourse was sold to the Japan Racing Association (JRA). With the land and funds acquired from this sale, the Company converted itself to a real estate company. Initially, the Company placed a new focus on the residential sales business against the backdrop of the postwar housing shortage.



Housing lot (Takarazuka-shi, Hyogo)

1962

Beginning to lease office buildings

Against the backdrop of offices shortage during the era of high economic growth, our first office building, Keihanshin Kawaramachi Building, was completed along Midosuji Road, a main street in Osaka. Since then, we have been working to provide high-quality buildings for more than half a century.



Keihanshin Kawaramachi Building (Completed in 1962)

1976

Beginning to lease commercial facilities, logistics warehouses, etc.

Reflecting the lifestyle changes from the progress of motorization, we pursued the development and acquisition of roadside commercial facilities across Japan. In the 1980s, we also commenced the leasing business for logistics warehouses. Subsequently, the properties were replaced as appropriate in response to changes in society's needs, and the Company currently owns properties in locations that are highly convenient for transportation.



Hirakata Warehouse (Completed in 1983)

1988

Beginning to lease datacenter buildings

Construction of our first datacenter building, Keihanshin Shinmachi 1 Building, was completed. Since then, in response to the progress of IT and tenant trends, we have expanded the business by evolving our buildings to meet the demands of the times. In addition, the know-how regarding the disaster prevention performance and security systems, etc. developed through the operation of datacenter buildings is also utilized in the operation of office buildings.



Keihanshin Shinmachi 1 Building (Completed in 1988)

2009

Advance into the Tokyo metropolitan area

The Company started advancing into the Tokyo metropolitan area with the completion of the Keihanshin Onarimon Building. The Company opened the Tokyo Branch Office in 2014 and has been pursuing the expansion of its business in the Tokyo metropolitan area. By easing the concentration of properties owned in the Kansai area, we aim to reduce the risk of earthquakes and other natural disasters.



Keihanshin Onarimon Building (Completed in 2009)

2023–

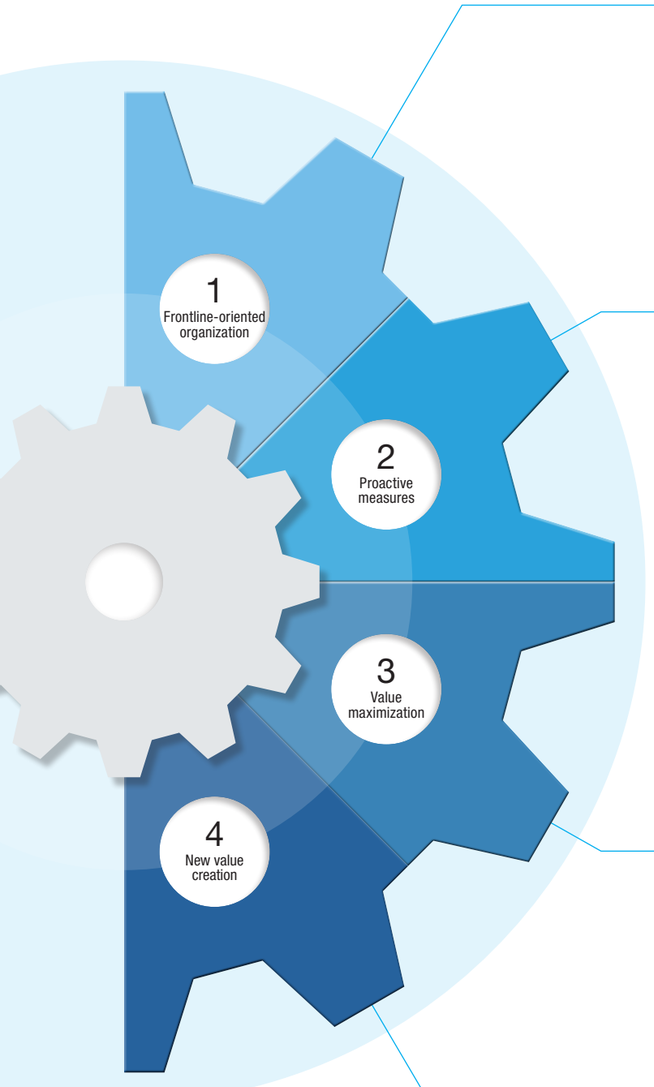
Establishment of a balanced revenue base and expansion into the United States

The Company aims to expand its asset portfolio and improve capital efficiency by engaging in new businesses such as revolving-type investments, equity investments, and overseas investments. In addition to targeting new asset types for investment, we established a local subsidiary in the U.S. in 2024 with a view to expanding our business.



Example of overseas investment

Sources of Competitive Advantage





1. Frontline-oriented organization
Solid relationships of trust with partner companies

Human Capital × Intellectual Capital × Social and Relationship Capital

Our source of competitiveness lies in our frontline-oriented organization. Our Property Management Department, whose members possess advanced expertise developed at major general contractors and other companies, is consistently involved in every stage, from surveys conducted at the time of property acquisition to development, operations, and management.

In addition, we have established a unique "twin system" in which the Property Management Department and the Business Department work together. By standing on the front lines, engaging sincerely with partner companies, and fostering solid trust and mutually beneficial ties built through long-standing business relationships, we are able to achieve highly efficient management with a small team of just over 60 employees.

Please refer to "Sustainability Report 2026."

Initiatives for Employees ▶ P.33
Supply Chain Management ▶ P.27

https://www.keihanshin.co.jp/sustainability/_assets/SustainabilityReport2026_EN.pdf



2. Proactive measures
Attentive tenant support with preventive maintenance

Human Capital × Social and Relationship Capital

By working as one with partner companies, we thoroughly implement "preventive maintenance," taking proactive measures before defects occur. We also apply know-how gained from operating different types of assets across our portfolio to improve the quality of property operations and management. Our agility and attentive support as a hands-on property owner have earned strong recognition and deep trust from tenants.

Please refer to "Sustainability Report 2026."

Relations with Customers ▶ P.29

https://www.keihanshin.co.jp/sustainability/_assets/SustainabilityReport2026_EN.pdf



3. Value maximization
Diverse assets that Continue grow in value after construction

Manufactured Capital

By making full use of these intangible strengths in our operations, we have enhanced the long-term value of a diverse range of assets—including office buildings; datacenter buildings; WINS buildings; and commercial buildings, logistics warehouses, and other properties—in prime locations in the Kansai area and the Tokyo metropolitan area. Properties refined in terms of both hardware and software have enabled us to build a resilient portfolio capable of withstanding economic fluctuations.

Real Estate Leasing Business ▶ P.31–



4. New value creation
Toward a strong financial foundation and the next stage of growth

Financial Capital

The trust and recognition we have earned from tenants generate stable earnings and ample cash flow, supporting our solid financial capital, as demonstrated by our A- credit rating. This stable financial capital then serves as the source of funds for reinvestment in the next stage of growth, including the revolving-type investment business and overseas and equity investments, creating a cycle that leads to the acquisition of new manufactured capital and human capital.

Financial Capital Strategies ▶ P.23–
New Businesses ▶ P.39–

Value Creation in the Value Chain

In the course of engaging in the real estate leasing business, we have been able to provide high-quality properties and improve the efficiency of our management systems by being comprehensively involved throughout the process: research and planning upon property acquisition; acquisition and development; operations and management; and redevelopment, renovation, and sale. Based on this strong value chain and know-how cultivated over many years, we are now promoting synergies with new businesses, including the revolving-type investment business, equity investments, and overseas investments, while building new revenue models. Through these initiatives, we will work to enhance corporate value, create new value for society, and contribute to the realization of a sustainable society.

Redevelopment, Renovation, and Sale

To prolong the life of buildings through construction work, the Property Management Department staff formulate plans for renovation and repair work based on the concept of "preventive maintenance," which means preventing accidents and problems by conducting regular inspections and maintenance on facilities and machinery before they break down. Even in buildings that are older, renovations are conducted on the interior, facilities, structure, etc. in order to maintain and enhance their asset value.

In addition, the returns and future direction for each owned property are examined annually by the Board of Directors. Going forward, we will consider building conditions, tenant lease status, and other factors and undertake redevelopment, renovation, or sale at the optimal time, linking these actions to further investment.

Expected Synergies

Human Capital **Intellectual Capital**

- Improvement of value by utilizing the know-how and experience cultivated through the long-term operation of properties

Real estate leasing business × Revolving-type investment business

Manufactured Capital

- Allocation of revenue from each business and gains on the sale of owned properties and equity properties to investment in businesses (renovations, repairs, and new investments) based on the market environment

Real estate leasing business × Revolving-type investment business / Overseas investments / Equity investments



Research and Planning

The Business Development Group works with the staff of the Property Management Department, who have extensive on-site experience at major general contractors, etc., to investigate market trends, location characteristics, and property conditions, and examines stable income from long-term ownership, value enhancement through renovation, and profits from future redevelopment and sales. In addition, we have increased the number of staff of the Business Development Group and broadened our sources of property information to build up a track record of new investments.

Expected Synergies

Human Capital **Intellectual Capital**

- Know-how related to due diligence upon acquisition of leasing properties

Real estate leasing business × Revolving-type investment business

Social and Relationship Capital

- Network cultivated to obtain information on leasing properties

Real estate leasing business × Revolving-type investment business / Equity investments



Create new revenue models

New businesses

Revolving-type investment business / Overseas investments / Equity investments

Plus

Redevelopment, Renovation, and Sale → Research and Planning → Acquisition and Development → Operations and Management

Provide valuable commercial space

Real estate leasing business

Office Buildings / Datacenter Buildings / WINS Buildings / Commercial Buildings, Logistics Warehouses, and Other Properties

Operations and Management

Property Management Department and Business Department staff visit sites in person and work together with partner companies to conduct quick and meticulous building management that results in realizing safety and comfort. We also build strong relationships with tenants, encouraging long-term occupancy and enabling us to quickly relet space when a tenant moves out. This has enabled us to sustain high occupancy rates while also maintaining and improving rent levels.

Expected Synergies

Social and Relationship Capital **Intellectual Capital**

- Risk management system and know-how developed in collaboration with partner companies through long-term operation of the leasing business

Social and Relationship Capital

- Leveraging of tenant relations developed through the leasing business

Real estate leasing business × Revolving-type investment business

Manufactured Capital

- Flexible selection of property use according to changes in the market environment
  (Long-term leasing property or short-term revolving asset)

Real estate leasing business × Revolving-type investment business



Acquisition and Development

When developing or acquiring real estate, we take into account access to public transportation such as railways and buses for all properties, in order to ensure tenant convenience from the perspective of business operations. In addition, staff of the Property Management Department take operations, management, and safety into account from the design or acquisition stage so that we can provide high-quality properties. Furthermore, for properties being leased as a whole building to a single tenant per property, we strive to improve customer satisfaction by developing properties tailored to tenant demands based on interviews with tenants.

Expected Synergies

Human Capital **Intellectual Capital**

- Consideration of the BCP functions cultivated through the operation of datacenter buildings as a factor to increase the value of revolving assets, as they are utilized for office buildings

Real estate leasing business × Revolving-type investment business

- Equity investments with a view to future property acquisition and redevelopment

Real estate leasing business × Equity investments

Social and Relationship Capital **Intellectual Capital**

- Improvement of value by leveraging the know-how and experience cultivated through identifying and responding to tenant needs

Real estate leasing business × Revolving-type investment business



Value created

- Providing safe, secure, and sustainable social infrastructure (buildings with extended lifespans and BCP functions)
- Reducing environmental impact and contributing to a decarbonized society (developing environmentally friendly buildings)
- Enhancing urban convenience and fostering local community development
- Creating valuable commercial spaces that support business activities

The Value Creation Process

Based on our Corporate Philosophy, we have built our business on developing, maintaining, and operating safe, comfortable, and environmentally friendly buildings with care, drawing on the expertise accumulated over many years and our relationships of trust with customers. Building on the proven underlying strength of this stock business, we will now step up flow businesses such as the revolving-type investment business and overseas investments, with our stock and flow businesses serving as twin engines of growth. In this phase of transformation, we will make effective use of the capital we have built to date while further strengthening our human capital comprising skilled professionals, our intellectual capital for managing diverse asset types, and our social and relationship capital that broadens opportunities for co-creation. Together with our stakeholders, we will create valuable commercial space for the next 100 years.

Materiality ▶P.45

Long-Term Business Plan

INPUT

Management Resources and Capital

Financial Capital

- ROE: **5.9**% (March 2023)
- Equity ratio: **46.5**% (March 2023)
- R&I credit rating: **A-**

Manufactured Capital

- High-quality real estate at prime locations
  Owned properties: **27** (March 2023)

Human Capital

- Efficient operations by a lean team of highly capable personnel
  Employees: **53** (as of March 2023)
- Highly specialized engineering divisions

Intellectual Capital

- Property assessment expertise and value-maximization know-how supported by an organization specializing in real estate

Social and Relationship Capital

- Tenant trust and high regard based on high-quality building management
- Relationships of trust with partner companies and suppliers built through many years of engagement
- Successful relationships with local communities and business partners

Natural Capital

- Optimization of resource consumption through environmental management

Business Activities

Real Estate Leasing Business (Stock)

- Office Buildings ▶P.31
- Datacenter Buildings ▶P.33
- WINS Buildings ▶P.35
- Commercial Buildings, logistics warehouses, and other properties ▶P.36

New Businesses (flow)

- Revolving-type Investment Business ▶P.39
- Overseas Investments ▶P.40
- Equity Investments ▶P.41

Strengthen

Human Capital ▶P.51–	• Recruitment of professional personnel: **18** experienced hires (cumulative from 2024/3 to 2026/3) • Investment in human resources development: **148** thousand yen per person per year (March 2026) • Interaction with external parties • Career development support: Career interview completion rate of **100**% (March 2026)
Intellectual Capital	• Know-how on investment in various areas and asset types in Japan • Know-how on investment in multifamily rental residences and logistics warehouses in the U.S.
Social and Relationship Capital	• Relationships with investees, intermediaries, and co-investors • Relationships with local partners in the U.S.

Corporate Governance ▶P.57–

Achievement of the Corporate Philosophy

To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers' and our businesses.

OUTPUT

• ROE	**5.9**% (2026/3)
• Dividend per share	**20** yen (after retroactive application of the stock split effective 2026/3)
• Number of profitable properties acquired	**3** (cumulative from 2024/3 to 2026/6)
• Number of equity investments	**6** (cumulative from 2024/3 to 2026/6)
• Number of overseas investments	**6** (cumulative from 2024/3 to 2026/6)
• Investment recovery	**6.4** billion yen (cumulative from 2024/3 to 2026/3)
• Number of employees	**66** (consolidated, 2026/3)
• Customer satisfaction	**83**% (2026/3)
• Energy consumption reduction rate	**19**% (compared to 2020/3)
• GHG emissions reduction rate (Scope 1 and 2)	**10**% (compared to 2020/3)

OUTCOME

Results for Management Resources and Capital

Financial Capital

- ROE: **8**% or more at the early stage of Phase Ⅱ
- Dividend per share (projection) : **40** yen (March 2029)

Manufactured Capital

- Restructuring the portfolio to include new asset types
- Establishing a multi-asset base in Japan and the U.S.

Human Capital

- An organization where people with diverse skills, experience, and backgrounds can demonstrate their capabilities
- Establishment of a local operating structure in the U.S.
- 10-year retention rate for next-generation core personnel: **80**% or more (overall/females) (March 2026)
- Percentage of females in managerial positions: **30**% or higher by FYE March 2041

Intellectual Capital

- Evolving from a company focused on domestic operations, limited asset types, and real estate leasing into one with know-how in global operations, diverse asset types, and broader real estate businesses

Social and Relationship Capital

- Broader and deeper relationships in Japan and overseas, built on trust cultivated over many years

Natural Capital

- Contribution to decarbonization of society in cooperation with tenants and business partners
- GHG emissions reduction rate: **46**% (compared to 2020/3 by 2031/3)

Long-Term Business Plan (FY2024/3–FY2033/3)

In recent years, the business environment surrounding the Company has changed significantly, including soaring real estate market prices and changes in working styles. With further changes expected in the future, in order to realize higher profit growth as well as a high degree of asset and capital efficiency, we have formulated a Long-Term Business Plan in the belief that it is necessary to develop systems capable of responding to changes in the external environment, establish a foundation for growth focusing on the 100th anniversary of the Company's founding under the new system, and carry out reforms to promote sustainable management.

Corporate Philosophy

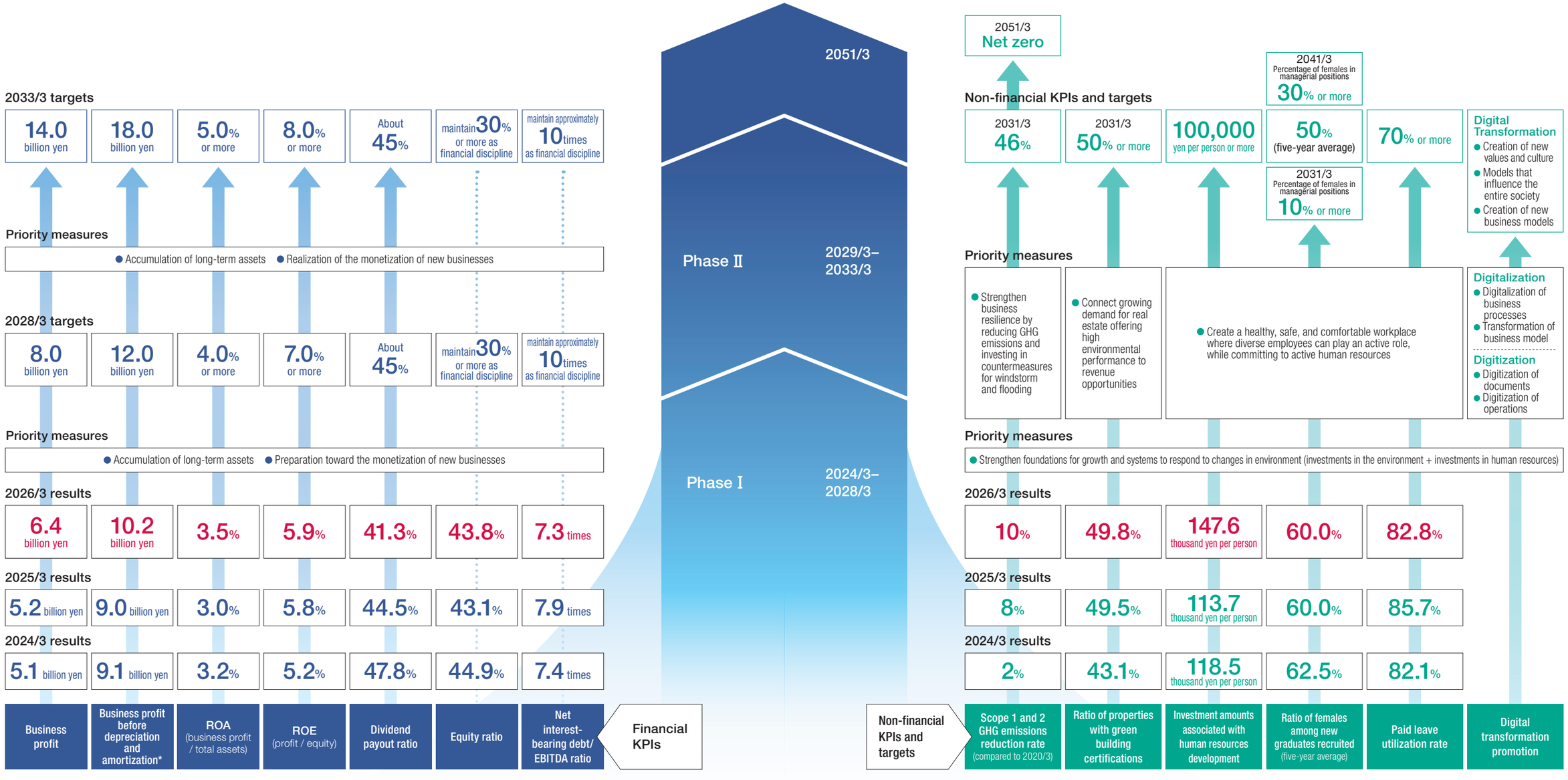
1. To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers' and our businesses.
2. To earn and value our customers', shareholders', and employees' trust by operating our company according to quality-first values.
3. To act efficiently,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

Long-Term Business Plan Basic Policy

1. Aim to continuously enhance corporate value by realizing sustainable management
2. Assess changes in the investment environment, and create new revenue models through and expand our business size increasing the portfolio

Corporate vision in 10 years' time

Each and every employee grows through inventiveness and challenges to meet the needs of the times
A company that will continue to contribute to a sustainable society by providing valuable commercial space



* Business profit before depreciation and amortization = Business profit (Operating profit + Investment profit (loss) from investment partnerships, etc. + Gain (loss) on sale of non-current assets) + Depreciation

Business Strategy

▌Promoting growth by leveraging our strengths

The Company's strengths

Diversified asset types | Sound financial balance | Meticulous building management | Highly efficient existing businesses

▌Transition to a revenue structure that maintains balance between stock businesses and flow businesses

Revenue structure

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

▌Expand a stable revenue base by decreasing economic change risks through diversified asset types

Asset type

Existing assets	● Office buildings ● Datacenter buildings ● WINS buildings ● Commercial buildings ● Logistics warehouses
+	
New assets	● Residences for lease aimed at corporations ● Healthcare facilities ● Other asset types

Financial Capital Strategies (Financial Capital Strategies P.23)

▌Aim for enhanced ROA through initiatives for flow business, thereby realizing improvement of ROE as a result

Financial strategy

ROA ↑		Financial leverage		ROE ↑
Profit / Total assets	×	Total assets / Equity	=	Profit / Equity
Making ROA improvement the priority		Restraining excessive burden of financial leverage		Realizing improvement of ROE as a result

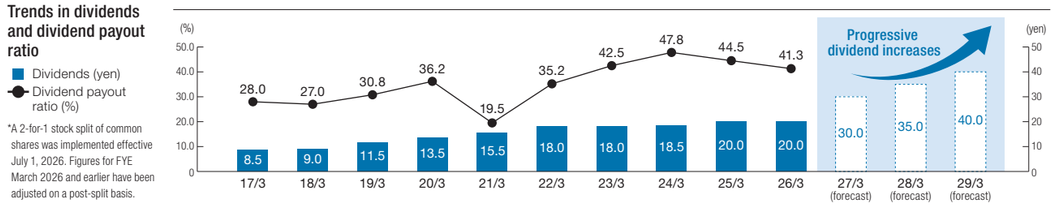
▌Pay attention to the balance between direct financing and indirect financing, and strive for stable financing at low interest rates

Shareholder returns

	2026/3	Long-Term Business Plan target
Dividend payout ratio	41.3%	About 45%

We are targeting a dividend payout ratio of about 45%, and our basic policy is to pay progressive dividends centered on stable dividends and dividend increases through growth in earnings per share. Three years have passed since the current Long-Term Business Plan (covering the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2033) was announced, leaving two years until the final year of Phase Ⅰ (fiscal year ending March 31, 2028). As a result of our initiatives to launch and monetize new businesses, we now have an outlook for achieving the Phase Ⅰ final-year performance targets of business profit of 8.0 billion yen, business profit before depreciation and amortization of 12.0 billion yen, and ROE of 7.0% or more. Accordingly, in order to meet the expectations of shareholders and investors through returns, we announced a basic policy of progressive dividend increases for the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029.

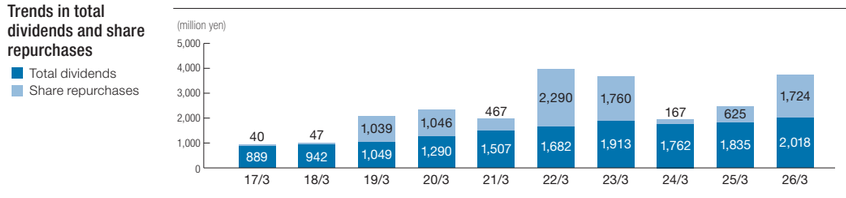
Trends in dividends and dividend payout ratio



*A 2-for-1 stock split of common shares was implemented effective July 1, 2026. Figures for FYE March 2026 and earlier have been adjusted on a post-split basis.

▌Consider shareholder returns with an awareness of the capital efficiency of share repurchases, etc., comprehensively taking into account the economic situation and the Company's stock price

Trends in total dividends and share repurchases

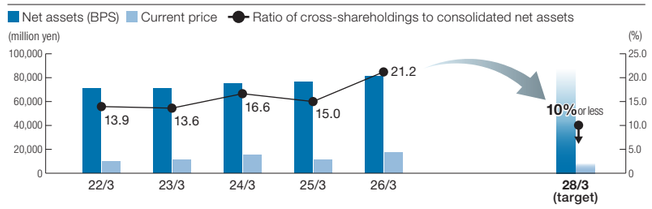


Business Strategy

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 (FYE 2028/3)

Changes in the ratio of cross-shareholdings to consolidated net assets



		2022/3	2023/3	2024/3	2025/3	2026/3
Number of stocks cross-held	Listed	26	26	25	24	23
	Unlisted	8	7	7	7	8

We will not have any cross-shareholdings that are not expected to support the Company's sustainable growth and medium- to long-term enhancement of corporate value. The Board of Directors annually examines the validity of cross-shareholdings in terms of the quantitative perspectives, such as whether dividends and rental income are commensurate with cost of capital, and the qualitative perspectives found in business relations. In addition, if a shareholder holding the Company's shares as cross-shareholdings indicates an intention to sell or otherwise dispose of those shares, we respect that shareholder's intention and do not engage in any conduct that would obstruct such sale or disposal.

On the other hand, in September 2024 we announced a target to reduce the ratio of cross-shareholdings to consolidated net assets from 16.6% at the end of March 2024 to 10% or less by the final fiscal year of Phase Ⅰ (through FYE March 2028). Going forward, we will proceed with the sale of them to a certain extent in order to achieve its targets based on the results of the examination of the validity of cross-shareholdings at the Board of Directors meeting. As of the end of March 2026, we held cross-shareholdings in 23 listed stocks. We have divested all shares of nine listed stocks and also sold part of the shares of three listed stocks we had owned as part of our cross-shareholdings policy, since 2015 when the Corporate Governance Code was enacted. The total amount of sales during this period was 14.0 billion yen.

Real Estate Leasing Business

Business Overview ▶ P.31

Priority measures

- Continue to position the real estate leasing business as the Company's core business while striving to maintain and bolster competitiveness
- Expand assets to be inherited by the next generation by assessing location and profitability
- Raise the composition ratio of sales outside the Kansai area to 30% to mitigate the risk of regional concentration
- Achieve a balanced asset portfolio and aim to establish a stable revenue foundation

Regional portfolio sales target (2033/3)

Tokyo metropolitan area, etc.: 30%	Kansai area: 70%

Revolving-type Investment Business

Business Overview ▶ P.39

Objectives

- Aim to maximize earnings and enhance ROA and ROE by divesting assets and reinvesting the proceeds in growth areas
- Aim to maximize earnings through the reconfiguration of assets while maintaining financial balance

Priority measures

- In Phase Ⅰ, the Company will establish an internal system and launch operations to enhance asset value through tenant replacement and renovation, and sell them
- In Phase Ⅱ, the Company will establish an asset management business and set up a fund business as an outlet for the revolving-type investment business to realize further growth and asset efficiency improvement

Phase Ⅰ 2024/3–2028/3	Phase Ⅱ 2029/3–2033/3	Cumulative amount recovered
Launch asset accumulation and asset value enhancement projects	Enter asset management field, establish business	80.0 billion yen

Overseas Investments

Business Overview ▶ P.40

Objectives

- Given concerns over the contraction of the domestic market in the future, the Company aims to acquire properties overseas as a medium- to long-term growth strategy

Priority measures

- Execute investments by identifying countries with potential for population and economic growth
- In Phase Ⅰ, the Company will focus its investment on acquiring minority stakes in SPCs (special purpose companies) through alliances with Japanese companies
- In the second half of Phase Ⅰ, the Company will establish local structures and consider investments in physical real estate

Phase Ⅰ 2024/3–2028/3	Phase Ⅱ 2029/3–2033/3	Cumulative investment scale
Development of internal structure, and investment in funds, SPCs, and physical real estate	Realize stable investment in SPCs and physical real estate	25.0 billion yen

Equity Investments

Business Overview ▶ P.41

Objectives

- In addition to acquiring properties on its own, the Company will diversify its investment methods, including property acquisitions through alliances with other companies

Priority measures

- In Phase Ⅰ, the Company will initiate equity investments and expand equity stakes
- In Phase Ⅱ, the Company will achieve its targeted investment scale by accumulating equity stakes through the diversification of investment methods

Phase Ⅰ 2024/3–2028/3	Phase Ⅱ 2029/3–2033/3	Cumulative investment scale
Accumulation of equity investments	Diversify investment methods to achieve targeted investment scale	16.0 billion yen

Business Strategy

Each of the investment plans established toward achieving the Long-Term Business Plan is progressing steadily. The breakdown of the investment plan set out in this plan is only a guideline. In actual investments, we will respond flexibly within the total amount of 250.0 billion yen while taking into account investment yields, market trends, and other factors.

Investment plans		FYE Mar. 31, 2024–FYE Mar. 31, 2026 cumulative results	Phase Ⅰ FYE Mar. 31, 2024–FYE Mar. 31, 2028 (cumulative)	Phase Ⅱ FYE Mar. 31, 2029–FYE Mar. 31, 2033 (cumulative)	Total
Investments in real estate	Acquisition of profitable properties	8.5 billion yen	50.0 billion yen	130.0 billion yen	180.0 billion yen
	Equity investments	10.6 billion yen	8.0 billion yen	8.0 billion yen	16.0 billion yen
	Overseas investments	8.9 billion yen	5.0 billion yen	20.0 billion yen	25.0 billion yen
	Reconstruction of existing properties	–	4.0 billion yen	5.0 billion yen	9.0 billion yen
Investment in renovations and repairs	Large-scale repairs of owned properties	6.5 billion yen	10.0 billion yen	10.0 billion yen	20.0 billion yen
Total		**34.7 billion yen**	**77.0 billion yen**	**173.0 billion yen**	**250.0 billion yen**
Investment recovery	Sale of profitable properties	6.4 billion yen	–	80.0 billion yen	80.0 billion yen
Net investment amount		**28.2 billion yen**	**77.0 billion yen**	**93.0 billion yen**	**170.0 billion yen**

Investment Results

	Property name	Area	Date of acquisition
Profitable properties	Komaki Logistics Center	Komaki-shi, Aichi	March 2025

	Project name	Area	Date of investment	Completion	Status
Equity Investments	Office Building in Central Tokyo	Minato-ku, Tokyo	October 2023	–	In operation
	Healthcare Facility in Hyogo	Nishinomiya-shi, Hyogo	March 2024	–	In operation
	Six Healthcare Facilities	Hokkaido, Tokyo, Aichi, Osaka, Hyogo, and Fukuoka	March 2025	–	In operation
	Apartment Building for Lease Aimed at Students in Tokyo	Itabashi-ku, Tokyo	March 2025	–	In operation
	Kasukabe Logistics Warehouse	Kasukabe-shi, Saitama	August 2025	Scheduled for 2027	Under development
	Osaka Sakurajima Resort	Osaka-shi, Osaka	December 2025	Scheduled for 2029	Under development
Overseas Investments	Miami Multifamily Rental Residence Development	Miami, Florida, USA	August 2024	2026	In operation
	Seattle Multifamily Rental Residence Development	Seattle, Washington, USA	February 2025	Scheduled for 2028	Under development
	Atlanta Logistics Warehouse Development	Atlanta, Georgia, USA	May 2025	2026	In operation
	Dallas Multifamily Rental Residence	Dallas, Texas, USA	November 2025	–	In operation
	Charlotte Multifamily Rental Residence Development	Charlotte, North Carolina, USA	March 2026	Scheduled for 2028	Under development

	Property name	Area	Date of acquisition	Date of sale
Sale of profitable properties	Asakusa Ekimae Building	Taito-ku, Tokyo	June 2023	September 2025

* Investment results through FYE March 2026 are presented.

Sustainability Strategy

Environmental investments

Priority measures
- Strengthen business resilience by reducing GHG emissions and investing in countermeasures for windstorm and flooding
- Promote the acquisition of green building certifications to connect growing demand for real estate offering high environmental performance to revenue opportunities

Investment in human resources (▶ P.51)

Priority measures: Employee skill improvement / Securing of diverse human resources / Improvement of in-house environment / Digital transformation promotion

Investment plans		FYE Mar. 31, 2024–FYE Mar. 31, 2026 cumulative results	Phase Ⅰ FYE Mar. 31, 2024–FYE Mar. 31, 2028 (cumulative)	Phase Ⅱ FYE Mar. 31, 2029–FYE Mar. 31, 2033 (cumulative)	Total
Environmental investments	● Investment in renovations and repairs for energy-saving equipment and BCP measures ● Use electricity derived from renewable energy sources ● Acquisition of green building certifications	1.9 billion yen	3.0 billion yen	4.0 billion yen	7.0 billion yen
Investment in human resources	● Improvement of in-house environment ● Investment in personnel training ● Recruitment of experienced, highly specialized personnel	0.6 billion yen	1.0 billion yen	2.0 billion yen	3.0 billion yen
Total		**2.6 billion yen**	**4.0 billion yen**	**6.0 billion yen**	**10.0 billion yen**

Investment Results

Environmental investments

- Used renewable energy at six office buildings and two datacenter buildings
- Renewed the green building certification for the Keihanshin Midosuji Building and maintained “S Rank,” the highest rating

Investment in human resources

- The ratio of new female graduates recruited (five-year average), who are the talent pool for female managers, reached 60%, exceeding the target of 50%
- The percentage of females in managerial positions was 11.8% (FYE March 2026), achieving the FYE March 2031 target (10% or more) ahead of schedule
- Investment amounts associated with human resources development (per person) increased to 148 thousand yen (target: 100,000 yen), and participation in external training was also encouraged
- The paid leave utilization rate has continuously exceeded the target of 70% since fiscal 2022, reaching 82.8% in fiscal 2025, while maintaining a 100% health checkup uptake rate
- Reorganized the organizational structure effective April 1, 2026, to promote new investments and development, including overseas investments, advance the AM business, and streamline administrative departments
- Identified human resources requirements for new businesses and increased personnel in the Business Development Group of Business Department and International Business Department

Operational streamlining

- Partial outsourcing of payment operations and digitization of business workflows
- Streamlining information gathering through the use of generative AI services

OUTCOME

Environmental investments

These buildings that have obtained green building certification have been particularly praised for their high energy-saving and water-saving capabilities, natural disaster measures suited to the conditions of their locations, and long service lives through appropriate maintenance and management. We believe that enhancing the BCP functions and environmental performance of our owned properties will lead to the improvement of the Company’s corporate value.

Investment in human resources

We aim to improve corporate value by working to improve business competitiveness and maintain competitiveness in recruiting human resources through the development of human resources and internal environment in line with business strategy as well as the improvement of operational efficiency.

Human Capital Management ▶ P.51



Toward realizing management that is conscious of capital cost and stock price

1. Our awareness of cost of shareholders' equity

We estimate the Company's cost of shareholders' equity to be in the mid-5% to mid-7% range, based on a comprehensive assessment of the results of various calculation models.

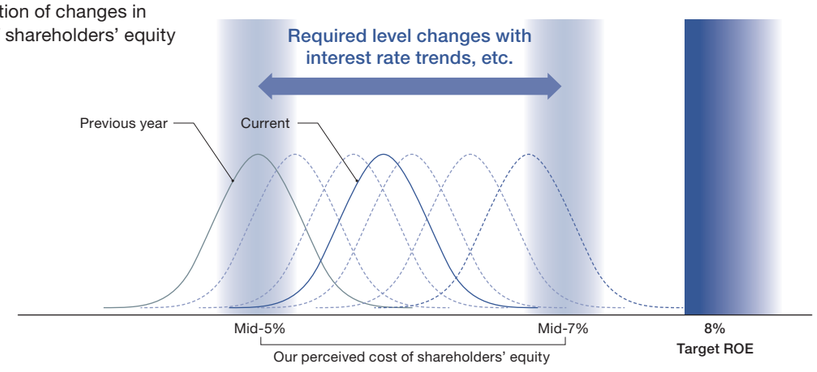
To date, the Company's business has centered on the real estate leasing business, with a focus on holding high-quality real estate and generating stable cash flows over the long term. As a result of this highly stable and low-risk business, the Company believes that its cost of shareholders' equity is at a level considerably lower than that of general operating companies.

Based on this view, we believe ROE of 5.9% in the fiscal year ended March 31, 2026 was at roughly the same level as our cost of shareholders' equity at the time. However, due to the recent rise in interest rates, we recognize that the Company's cost of shareholders' equity has also shifted upward.

Against the backdrop of a rising cost of shareholders' equity, we will continue to steadily execute the measures set out in the Long-Term Business Plan and focus on securing a positive equity spread by raising ROE to 7% or more in the final year of Phase Ⅰ and to 8% or more as early as possible in Phase Ⅱ. At the same time, rather than being bound by this timetable, we will continue working to achieve the ROE target even earlier by implementing each measure flexibly.

Our perceived cost of shareholders' equity

Illustration of changes in cost of shareholders' equity

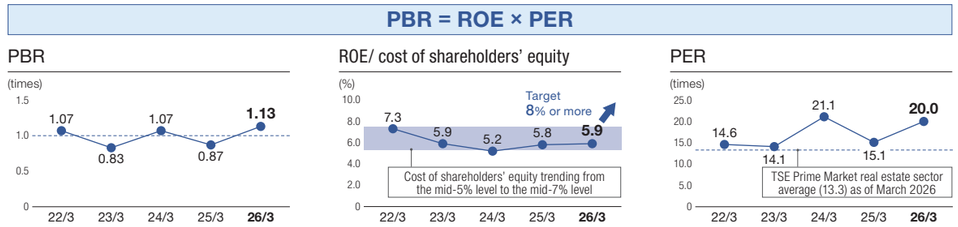


2. Analysis of current situation

We have traditionally analyzed PBR and PER, which are market valuation indicators, and ROE, which is a capital profitability indicator, based on the formula of PBR = ROE × PER.

We recognize that the current PER is already at a high level, reflecting expectations for the Company's future growth and other factors, and believe it is important to continue maintaining the current level. At the same time, in order to realize management that is conscious of capital cost and stock price as requested by the Tokyo Stock Exchange, continued improvement of corporate value is required. To achieve this, we believe it is also important to maintain a stable management condition in which PBR consistently exceeds 1x. PBR for the most recent fiscal year ended March 31, 2026 was 1.13x, and since then we have enhanced corporate value to a level at which PBR can be maintained consistently above 1x. Without being satisfied with the current PBR level, we will aim to further improve the PBR level, and we recognize that improving the ROE level is particularly important for that purpose.

Trends in our PBR, PER, and ROE



3. Challenges in improving ROE

Based on the formula of ROE (profit/equity) = profit margin (profit/net sales) × total asset turnover ratio (net sales/total assets) × financial leverage (total assets/shareholders' equity), we have broken down ROE into the three elements of profit margin, total asset turnover ratio, and financial leverage, and examined the challenges toward improving ROE.

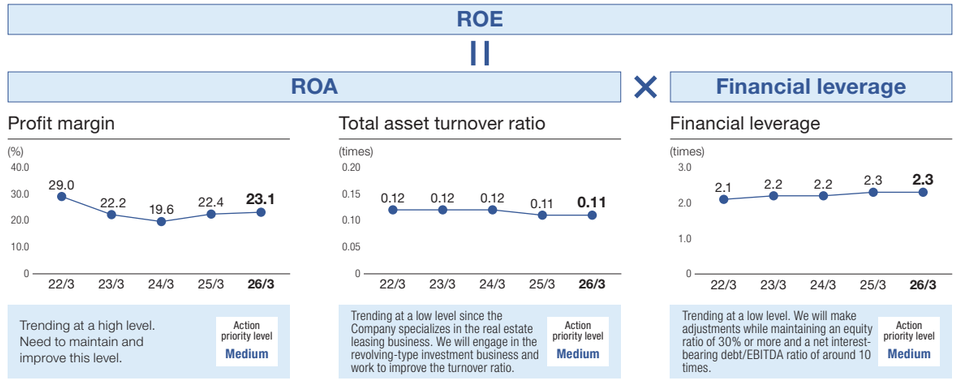
The first component, net profit margin, remains at a relatively high level. Going forward, while improving profitability on the foundation of our stable real estate leasing business, we believe it will be necessary to maintain this high level and continue improving it by capturing non-operating income from equity investments and overseas investments, where investment is currently proceeding ahead of earnings contributions. We will also need to flexibly sell existing properties that had been held for long-term ownership in order to realize unrealized gains.

The second component, total asset turnover, remains at a low level. We intend to improve total asset turnover through the sale of assets used in the revolving-type investment business during Phase Ⅱ. In the current Phase Ⅰ, surging real estate prices and the resulting decline in yields have created a market environment in which it is difficult to make investments in physical real estate, including assets used in the revolving-type investment business, at the pace we would like. Even so, we acquired Komaki Logistics Center in March 2025 and Urayasu Chidori Logistics Center in June 2026. Going forward, we will continue building a track record of acquiring high-quality properties with appropriate profitability and aim to improve turnover in Phase Ⅱ.

The Company's financial leverage, the third factor, is also at a level where we believe there is still room for an increase. We will continue the financial discipline set out under our Long-Term Business Plan, which calls for the Company to maintain an equity ratio of 30% or more and a net interest-bearing debt/EBITDA ratio of around 10 times. While maintaining management stability, and we also recognize the need to apply a somewhat greater degree of leverage.

We will continue to work on all three components in a balanced manner as we seek to improve ROE.

Trends in profit margin, total asset turnover ratio, and financial leverage



4. Initiatives

Based on these issues, I would like to explain our initiatives to improve ROE in three areas: 1. improving profitability and turnover (increasing earnings from businesses), 2. improving asset efficiency (replacing real estate assets, reducing cross-shareholdings, and strengthening human capital), and 3. capital policy (optimal capital structure and shareholder returns).

4-1. Improving profitability and turnover
(Increasing earnings from businesses)

The Board of Directors examines our business portfolio annually. Specifically, policies for continuous property ownership, rebuilding, sales, etc. are individually examined at the Board of Directors' meeting from both a quantitative point of view, such as comparison of capital cost and profitability, and a qualitative point of view, such as the growth potential of the area where the property is located.

Based on the results of these business portfolio examinations, we believe that improving ROE requires us to maintain and improve the profitability of our stable real estate leasing business while also improving profitability through engagement in new businesses such as the revolving-type investment business, including sales of existing properties (realization of unrealized gains), and equity investments. In line with this policy, in fiscal 2025, the Company made two domestic equity investments and three overseas equity investments, for a total of five investments.

In October 2025, we also invested in Healthcare Asset Management Co., Ltd., which is entrusted with asset management by Healthcare & Medical Investment Corporation, a listed REIT. We made this investment with a view to acquiring expertise in the healthcare field and developing personnel who will support the asset management business in the future. We position this initiative as an important measure not only for generating fee income, but also for expanding stable exit options (buyers) for properties that we may develop or acquire in the future and thereby improving total asset turnover. To strengthen this initiative, effective April 1, 2026, we split the Investment Promotion Department into the International Business Department, which handles overseas investment operations, and the domestic Business Development Group, which handles domestic investment and development operations, and increased staffing. We also renamed the AM Business Preparation Group to the Asset Management Department and strengthened our internal structure to support the full-scale launch of the asset management business.

Considering the lead time required to realize earnings in the revolving-type investment business and similar businesses, from property acquisition and value enhancement to sale, the process of generating earnings takes two to three years for existing properties and three to five years for development projects. We are currently working diligently toward generating earnings from new businesses in Phase Ⅱ.

When making investment decisions, we use NOI yield as the hurdle rate in our real estate leasing business and internal rate of return (IRR) in equity investments and revolving-type investment business. Overseas equity investments in particular offer higher returns than conventional direct investment in physical real estate in Japan, but also involve greater risk. Accordingly, we seek to reduce risk by setting ranges for both the total investment amount and the investment amount per project, while diversifying risk by investing in asset types and regions with growth potential.

Currently, domestic equity investments and overseas investments, which offer relatively high yields, are being made ahead of schedule. Going forward, we will continue to not be overly constrained by the investment budget for each type, and plan to invest flexibly within a total investment budget of 250.0 billion yen over 10 years, while monitoring the investment yields for individual projects, etc.

4-2. Improvement of asset efficiency
(Replacing real estate assets, reducing cross-shareholdings, and strengthening human capital)

As noted above, taking into account the results of our business portfolio examinations, we intend to improve asset efficiency by rotating real estate assets—recording gains from the sale of existing properties while making new investments in high-quality real estate—thereby increasing profits while also improving the quality of our real estate portfolio.

In addition, the Company examines the validity of cross-shareholdings annually at meetings of the Board of Directors for each individual stock, in terms of both quantitative perspectives, such as whether dividends and rental income are commensurate with cost of capital, and qualitative perspectives found in business relations.

Based on the results of this examination, in September 2024, we announced a target of reducing the ratio of cross-shareholdings to consolidated net assets to 10% or less by the fiscal year ending March 31, 2028, the final year of Phase Ⅰ.

We intend to utilize proceeds from the sale of shares for investments for sustainable growth and shareholder returns.

Since announcing the target, we have sold all shares of two stocks and partially sold one stock. On the other hand, as rising share prices of our holdings significantly increased their valuation, the ratio to net assets in the fiscal year ended March 31, 2026 rose by 6.2 percentage points year on year to 21.2%.

Under these circumstances, we are continuing to consider reducing our holdings in multiple stocks based on the results of the examination of the validity of cross-shareholdings.

Because the stock market has risen significantly since the target was announced, the environment for achieving the target is quite challenging. Nevertheless, we will continue to advance the reduction process and work to improve asset efficiency.

At the same time, we believe that strengthening intangible assets that do not appear on the balance sheet, such as human capital, is also necessary to improve asset efficiency. By making the investments needed to achieve our desired state—including promoting human resources development, enhancing employee engagement through measures including the personnel evaluation system, and creating systems to improve operational efficiency through measures including development of the digital transformation environment—we will ultimately enhance our ability to identify attractive investment projects, which will also be reflected in improved asset efficiency on our financial statements.

4-3. Capital policy
(optimal capital structure and shareholder returns)

For many years, our stable management policy centered on the real estate leasing business has been received positively by credit rating agencies, and we have obtained favorable ratings.

We will consider the optimal capital structure while taking into account our asset size and the fact that the real estate leasing business will continue to be our core business. In light of the fact that many diversified real estate companies have equity ratios of approximately 20% to 30%, we aim for an equity ratio of around 40% in the fiscal year ending March 31, 2028 and in the mid-30% range in the fiscal year ending March 31, 2033, the final year of the Long-Term Business Plan.

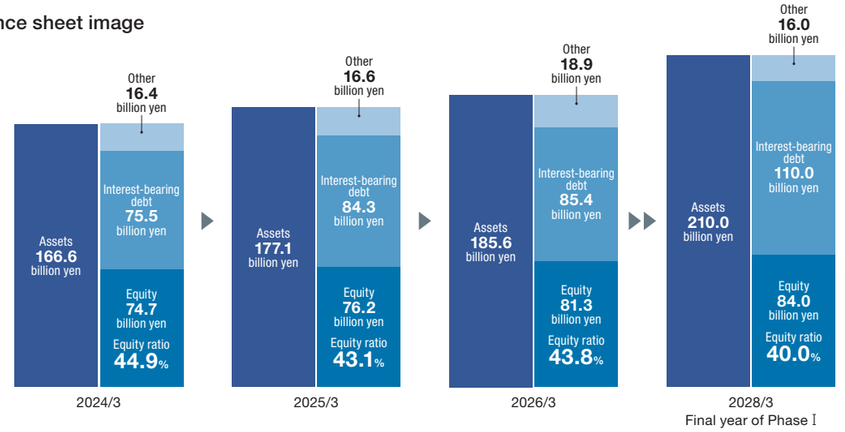
For new investments, we intend to enhance corporate value through proactive investment while maintaining the financial discipline set out in the Long-Term Business Plan.

With regard to shareholder returns, in May 2026, having gained a clear outlook for achieving the targets for the final year of Phase Ⅰ, we announced a capital policy package consisting of a stock split, progressive dividend increases, and the establishment of a shareholder benefit program. We also intend to implement share repurchases in a flexible manner, comprehensively taking into consideration economic conditions, the stock price level, etc. We will continue to consider the appropriate form of shareholder returns.

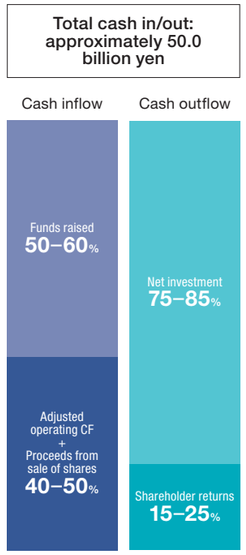
5. Summary

As described above, the entire Company is working vigorously to enhance corporate value as we seek to realize management that is more conscious than ever of capital cost and stock price. We fully understand that our stakeholders have expectations for the further improvement of our corporate value. We will steadily implement the measures set out in the Long-Term Business Plan with the aim of achieving the Company's ROE targets ahead of schedule as much as possible. Long-Term Business Plan ▶ P.17–

Balance sheet image



Cash allocation image



The image for cash allocation in the remaining two years of Phase Ⅰ of the Long-Term Business Plan is as shown on the left.

In Phase Ⅰ, while adhering to financial discipline, the Company will make aggressive investments. As a result, the investment level will exceed the sum of adjusted operating cash flow and proceeds from the sale of shares (so-called free cash flow will be negative).

Adjusted operating CF	● Excluding investments in and recovery of assets for revolving-type investment business recorded in current assets
Proceeds from sale of shares	● Proceeds from the sale of shares based on the policy of reducing the ratio of cross-shareholdings to consolidated net assets to 10% or less
Funds raised	● Cash and deposits + Borrowings - Repayments Raising funds while maintaining financial discipline (Equity ratio of 30% or more; Net interest-bearing debt/EBITDA ratio of around 10 times)
Net investment	● New investment - investment recovery Net investment amount after deducting the investment recovery amount from the new investment amount (Including investments in and recovery of assets for revolving-type investment business recorded in current assets) ● Not being overly constrained by the investment budget for each type of real estate investment set out in the business strategy, but responding flexibly while monitoring the investment yields for individual projects, market trends, etc.
Shareholder returns	● Dividends + Share repurchases ● Make a progressive dividend system that is focused on earnings per share the basic policy ● Progressive dividend increases from FYE March 2027 to FYE March 2029. Double the FYE March 2026 result over three years. ● Share repurchases to be implemented in a flexible manner, comprehensively taking into consideration economic conditions, the stock price level, etc.

Message from the Officer of Business Promotion Division



Senior Executive Officer
responsible for Business
Promotion Division

Takao Matsumoto

1. Business environment recognition, business model

Facing the headwinds of rising costs and establishing a solid revenue base from stock business through comprehensive support under the “twin system”

The current external environment is extremely harsh, with business costs rising directly as a result of persistently high real estate prices, continued increases in construction material and labor costs due to inflation, and the shift into a rising interest rate environment.

As a response to the headwinds created by soaring construction costs due to inflation, the Company is fully leveraging its unique strengths in the operation of existing assets. Specifically, the Property Management Department, with its specialized expertise, takes the lead in exercising meticulous control over various costs, including repair expenses, and thoroughly implements appropriate preventive maintenance to preserve building value. Furthermore, through the “twin system,” in which the Business Department and Property Management Department work together seamlessly from end to end, we have established a comprehensive support structure for customers.

These steady yet strategic initiatives on both the hard and soft sides are the source of our very high level of customer satisfaction. Generally, once real estate owners reach a certain scale, they often outsource the management of individual properties to property management companies. The Company, however, acts as a building owner with a personal touch and does not simply leave matters to management companies. We take the initiative in handling everything from minor day-to-day complaints and requests to rent negotiations and coordination of various types of construction work. In addition, direct communication between the Company and customers without going through a management company enables us to respond quickly. It is precisely because customers appreciate this approach that they have been able to understand the rent increases in the rent negotiations we are currently conducting with them. This high level of satisfaction has also directly translated into demand from existing tenants for additional floor space within our buildings, helping us keep the vacancy rate across the Company’s entire portfolio extremely low regardless of market conditions and making a major contribution to improving property profitability. ▶P.11

2. Progress and evaluation of the Long-Term Business Plan

Careful selection of profitable properties and flexible progress on investment plans

Three years have passed since the Long-Term Business Plan (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2033) began. As a candid assessment of our initiatives to date, progress in the direct acquisition of physical real estate as profitable properties has been slower than planned, and it is true that this is an issue we currently face.

However, amid intensifying competition for investments, with property prices remaining high and most opportunities offering yields well below the levels we expect, compromising on yields simply to achieve near-term investment plans would undermine the quality of our medium- to long-term stock earnings. We therefore make careful decisions when acquiring profitable properties.

On the other hand, while direct acquisition of physical real estate has been highly challenging, domestic equity investments overseen by the Business Development Group under my supervision and overseas investments handled by the International Business Department have progressed ahead of our original expectations through agile investment activity. Because these investments make it relatively easier to secure higher yields than physical real estate, they also carry a corresponding level of risk. However, I feel that we are steadily accumulating the ability to identify high-quality opportunities in each field. ▶P.21

I myself have worked in the real estate industry for more than 30 years, and I keenly recognize that accurately capturing market trends and optimizing the asset portfolio in step with the times is by no means easy. Indeed, over the Company’s own 30-year journey, datacenter buildings have grown significantly, while we have withdrawn from the residential sales business, which once accounted for a large share of net sales, and have also gradually disposed of roadside commercial facilities. That is precisely why I believe it is extremely important for the Company’s sustainable growth to absorb expertise in the development and operation of a wide variety of assets, including healthcare facilities and hotels, through joint investments with external partners and thereby broaden our investment options.

Going forward, we will calmly assess the overheated market environment, leverage the organizational capabilities of our new structure, and thoroughly maintain our approach of rigorously selecting and acquiring high-quality properties that satisfy both yield and quality requirements.

3. Business strategy and measures to improve capital efficiency

Investing in development projects and acquiring high-potential properties that capture market growth

The greatest advantage of domestic equity investments for the Company is that they make it relatively easier to secure higher yields than physical real estate. They are also highly meaningful because they enable us to participate flexibly in projects of a scale or asset type that would be difficult for the Company to invest in on its own, while allowing us to acquire development and operational expertise that we do not yet possess through joint investments. In FYE March 2026, we made successive investments in domestic development projects, including the Kasukabe Logistics Warehouse and Osaka Sakurajima Resort. This enables us to both secure future capital gains from sales and acquire valuable expertise through joint investments. ▶P.41

Meanwhile, for properties in areas with solid underlying demand and where market rents are expected to rise in the future, we will continue to actively pursue direct acquisitions of physical real estate and combine them with our strengths in value enhancement and leasing capabilities to reliably monetize them. ▶P.39

In this way, by combining flexible deal sourcing through equity investments with improvements in property NOI (net operating income) driven by on-the-ground selection and leasing capabilities, and by coordinating with the newly established Asset Management Department, we will create a virtuous cycle of selling properties at the optimal time and maximize capital efficiency.

4. Development of human resources and internal systems

April 2026 reorganization: integrating on-the-ground expertise with investment know-how

The Company maintains efficient management with a small number of elite personnel, with only 66 employees working for its total asset scale. To further strengthen this advantage, in April 2026 we reorganized the former Investment Promotion Department by dividing it into the International Business Department and the Business Development Group responsible for new domestic investments, and integrating the latter into the Business Department.

The aim is to directly connect the latent needs of customers and local networks obtained at the front line of sales activities with the expertise in domestic equity investments and the revolving-type investment business conducted by the Business Development Group. Going forward, we will further evolve the “twin system” in which the newly reorganized Business Department and the Property Management Department, with its extensive on-site experience, work as one. We will systematically promote the development of professional human resources who combine an on-the-ground perspective with an investment mindset, are well-versed in different asset types and investment methods, and can lead a wide range of processes from property research and acquisition through value enhancement, leasing, rent negotiations, tenant replacement, and exit strategies (sales).

5. Sustainability

Aiming to create commercial spaces that remain valued for years through preventive maintenance and appropriate renovations

As climate change progresses, we recognize that for buildings above a certain scale in the market, advanced disaster-response capabilities and superior environmental performance are increasingly becoming “expected specifications (standard features)” required to be chosen by customers.

Against this market backdrop, and from my position overseeing the Property Management Department, I believe that the expertise (intellectual capital) in preventive maintenance and BCP response that the Company has systematically accumulated over many years through the operation of datacenter buildings and other properties is precisely what differentiates us from other companies.

Not only for newly constructed properties but also for older buildings that have been in service for many years, the Company has earned high evaluations from the market and external assessment organizations by steadily implementing appropriate equipment upgrades and other improvements in step with the times. In fact, even with the WINS Kyoto Building, which is more than 50 years old, we plan to continue stable leasing over the long term by taking advantage of its robust structural frame and carrying out interior renovation work. At a time when construction costs continue to rise, we believe that our efforts to keep our assets valuable and attractive for as long as possible are not only economically rational but also represent the Company’s own contribution to a circular society. ▶P.35

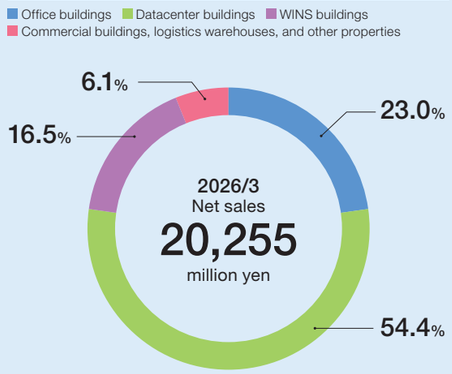
Going forward, we will use the on-the-ground capabilities of the integrated Business Department and Property Management Department as our greatest strength and devote ourselves to maximizing medium- to long-term corporate value by providing “commercial spaces that customers continue to choose” while meeting the demands of the times for environmental responsiveness.

Business Summary

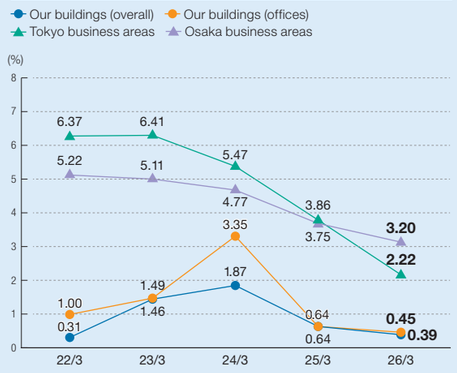
Real Estate Leasing Business

We operate properties across four asset types—office buildings; datacenter buildings; WINS buildings; and commercial facilities, logistics warehouses, and other properties—mainly in the Kansai area and the Tokyo metropolitan area. This diverse asset portfolio makes us less susceptible to economic fluctuations and enables us to maintain high occupancy rates.

Composition of net sales by asset type



Trends in vacancy rates



Source: Miki Shoji Co., Ltd.

New Businesses

We have steadily accumulated investment experience, mainly in equity investments and overseas investments. In addition to investments in existing office buildings, healthcare facilities, and rental apartment buildings for students, we have invested in the development projects in Japan and abroad listed below. This has given us a clear outlook for achieving the performance targets for Phase I. In parallel, we have recruited personnel and developed the necessary organizational structure. We have also formed a business alliance through our investment in Healthcare Asset Management Co., Ltd., and the scope of our collaboration is gradually expanding.

Number of profitable properties acquired: 3 Number of equity investments: 6 Number of overseas investments: 6

List of ongoing development projects

(As of June 30, 2026)

	Project name	Asset type	2023	2024	2025	2026	2027	2028	2029	2030
Equity investments	Kasukabe Logistics Warehouse	Warehouse				Construction start	Completion			
	Osaka Sakurajima Resort	Hotel			Construction start				Completion	
Overseas investments	Miami Multifamily Rental Residence Development	Residence	Construction start			Completion				
	Atlanta Logistics Warehouse Development	Warehouse			Construction start	Completion				
	Chicago Logistics Warehouse Development	Warehouse				Construction start	Completion			
	Seattle Multifamily Rental Residence Development	Residence			Construction start			Completion		
	Charlotte Multifamily Rental Residence Development	Residence			Construction start			Completion		

Business Environment



Long-term Business Plan Phase I

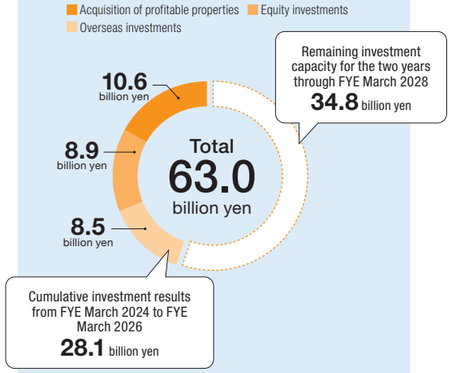
(2028/3)

Long-term Business Plan Phase I Indicators

Performance targets	
Business profit	8.0 billion yen
Business profit before depreciation and amortization	12.0 billion yen
ROA	4.0 % or more
ROE	7.0 % or more

Financial discipline	
Equity ratio	Maintain at 30 % or more
Net interest-bearing debt/ EBITDA ratio	Maintain at approximately 10 times

Growth Investment (New Businesses) Plan for Phase I



Future Initiatives

Real Estate Leasing Business

Work to increase rents while taking into account rent market trends and incorporating measures such as ready-to-use offices

- **Average office rent increase in FYE March 2026: 10%**

Cost control through planned and strategic repairs

Improve profitability and generate gains on sale through portfolio reshuffling

- **Sold Asakusa Ekimae Building in September 2025**



Asakusa Ekimae Building

New Businesses

Equity investments **Overseas investments**

Prioritize equity and overseas investments, where yields are relatively easier to secure

[Acquisition of profitable properties]

Long-term ownership

Although the investment environment remains challenging, we will continue to acquire real estate properties by carefully assessing their locations and growth potential.

- **Acquired Komaki Logistics Center in March 2025**
- **Acquired Urayasu Chidori Logistics Center in June 2026**



Komaki Logistics Center



Urayasu Chidori Logistics Center

Strive to diversify the financial institutions we work with and our financing methods

Launch the asset management business and promote asset turnover by establishing and managing private funds

Real Estate Leasing Business

Office Buildings

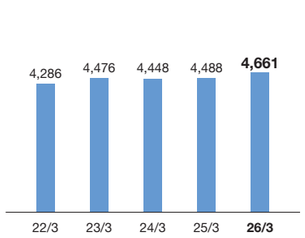

Keihanshin Toranomon Building

Providing commercial spaces focused on “safety,” “comfort,” and “environmentally friendly,” with a long-term perspective for our building management

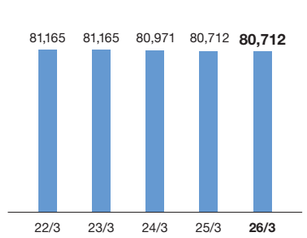
The Company owns and leases a total of eight office buildings, mainly in the business areas of Osaka and Tokyo. Our office buildings have strengths in comfort and high environmental performance, in addition to the advanced BCP functions which have been developed through datacenter building operations. We specialize in medium-sized office buildings.

PERFORMANCE

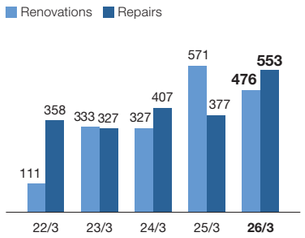
Net sales (million yen)



Rental floor space (m^2)



Investments in renovations and repairs (million yen)



Assessment of Current Business Environment

Strengths
- Properties owned in prime locations near stations, such as Midosuji, Osaka’s main road, and Toranomon in the Tokyo metropolitan area
- High BCP features, such as equipping with emergency-use generators and seismic isolation devices
- Meticulous preventive maintenance of buildings and facilities
- Close communication with our tenants as landlords with a personal touch

Opportunities
- Corporate relocation needs resulting from a review of the workplace environment with the aim of securing human resources
- Increase in demand for medium-sized office buildings due to the growth of start-up companies and office relocations and scale-down by large companies
- Increase in needs for moving into buildings with high environmental performance and BCP capabilities

Weaknesses
- Limited capability of responding to needs for relocation for expansion due to being specialized in medium-sized office buildings
- Lack of name recognition and brand strength outside the Kansai area

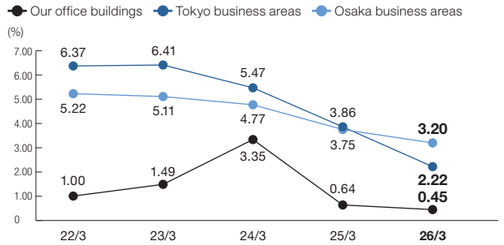
Risks
- Decrease in demand for office buildings due to the decreasing working population
- Intensified competition due to large supply of new office buildings and competitors’ large-scale properties being leased out in smaller units to tenants
- Departure of large tenants from property leased as a whole building to a single tenant per property and other properties

Assessment of Current Business Environment and Projection

In the office market, the vacancy rate has been relatively stable at a low level, supported by solid corporate earnings, business confidence, and a return to office-based work.

The vacancy rate of our office buildings as of the end of March 2026 was 0.45% due to the replacement of tenants. As a result, net sales from the office building business for the fiscal year ended March 31, 2026 amounted to 4,661 million yen, an increase of 173 million yen year-on-year. Although concerns remain that the vacancy rate will increase due to a large supply of new office buildings, particularly in the Tokyo metropolitan area, its impact on our business is minor at present and we continue to maintain a high occupancy rate.

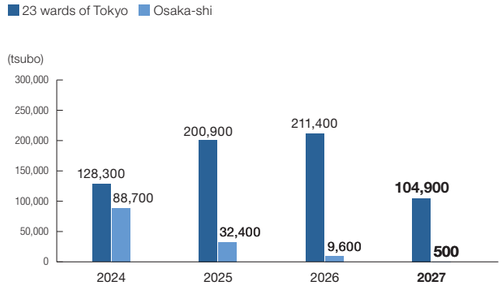
Trends in vacancy rates



Source: Miki Shoji Co., Ltd.

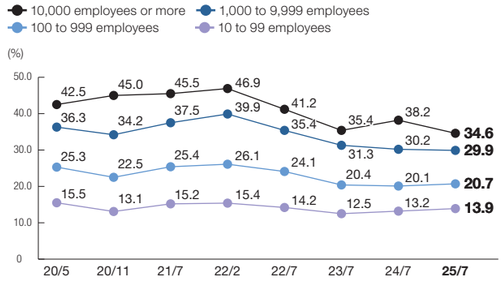
New office supply forecast

* 1 tsubo = about 3.3 m^2



Source: Office Rent Data 2026 by Sanko Estate Co., Ltd. (issued in December 2025)

Ratio of teleworkers by company size (full-time employees)



Source: PERSOL RESEARCH AND CONSULTING CO., LTD. “Tenth Survey on Telework”

Business Strategy and Initiatives

● Promote investments mainly in the central Tokyo area from the perspective of portfolio area diversification

● Increase the value of older buildings and raise rents through appropriate negotiations

Introduced our first ready-to-use office in the Keihanshin Azuchimachi Building
Implemented rent revisions averaging 10%, reflecting tight supply-demand conditions in the office market

● Provide medium-sized office buildings with high environmental performance and BCP capabilities in prime locations

Location	Owned properties are located within a one- to six-minute walk from the nearest station.
Environmental performance	Seven out of eight properties acquired CASBEE Rank A or higher. We will continue to promote the acquisition of green building certifications.
BCP performance	They have emergency generators and flood-control panels for tenants. Ensuring seismic resistance equivalent to new earthquake resistance standards

● Value-adding investments to satisfy tenant needs

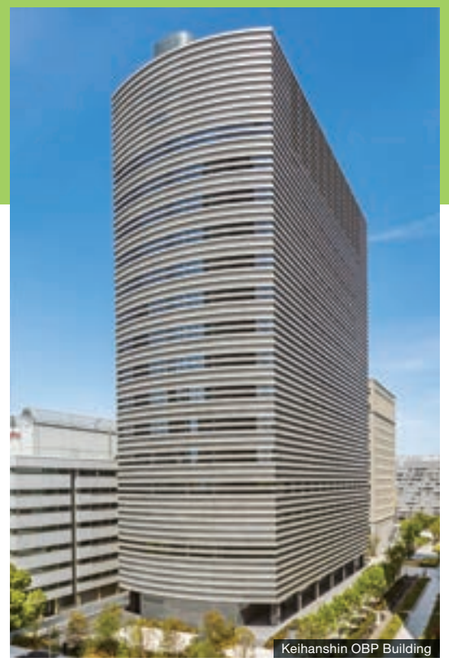
We carried out full restroom renovations at the Keihanshin Kawaramachi Building and the Keihanshin Azuchimachi Building. These renovations transformed the buildings into office spaces that accommodate diverse workers and give consideration to the environment, including improved convenience through the addition of women’s restroom stalls, the installation of multipurpose restrooms, and the introduction of water-saving equipment. By strengthening the competitiveness of our properties, these initiatives are contributing to improved tenant satisfaction and higher rent levels.


Water-saving toilet in Keihanshin Azuchimachi Building


Ready-to-use office in Keihanshin Azuchimachi Building

Real Estate Leasing Business

Datacenter Buildings

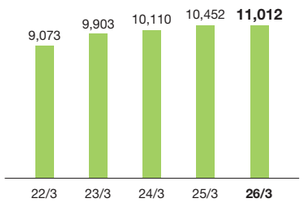

Keihanshin OBP Building

Developing urban datacenter buildings based on over 30 years of experience in the leasing business

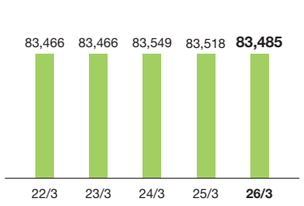
The Company owns and leases eight urban datacenter buildings in Osaka. The Company's datacenter buildings are equipped with the latest features such as advanced disaster-prevention functions, stable electric power supply, and advanced security systems, and enable tenants to continue their business operations even in the event of a major disaster or other emergency. In addition, our maintenance and management services, based on the expertise accumulated over 30 years, are also highly regarded, and are one of our strengths.

PERFORMANCE

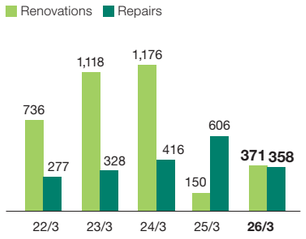
Net sales (million yen)



Rental floor space (m^2)



Investments in renovations and repairs (million yen)



Assessment of Current Business Environment

Strengths
- Specialization in convenient urban datacenter buildings where infrastructure is concentrated
- Accumulated experience of the datacenter building business extending over 30 years
- Strong collaboration with partner companies in building management and operation

Opportunities
- Increase in demand for datacenters thanks to expanding digital transformation (DX) and the adoption of generative AI
- Increase in demand for datacenter buildings in the Kansai area as a means of providing decentralization and backup environments for BCP measures
- Collaborations with other companies, leveraging our public profile in the industry

Weaknesses
- Lack of track record in developing business outside the Osaka central area

Risks
- Competition and oversupply due to the entry of major real estate companies
- Intensified competition when acquiring land
- Increase in operating costs due to decarbonization and reduction of GHG emissions

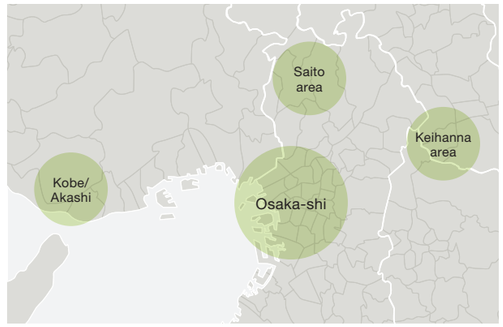
Assessment of Current Business Environment and Projection

With the promotion of digital transformation (DX) in society and the rapid growth and spread of generative AI, data communication volume has been increasing. As a result, the demand for datacenters is expected to remain strong in the future.

Under these circumstances, net sales from datacenter buildings for the fiscal year ended March 31, 2026 were 11,012 million yen, an increase of 559 million yen year-on-year, due to an increase in rental income resulting from some tenants in the Keihanshin OBP Building shifting to formal contracts.

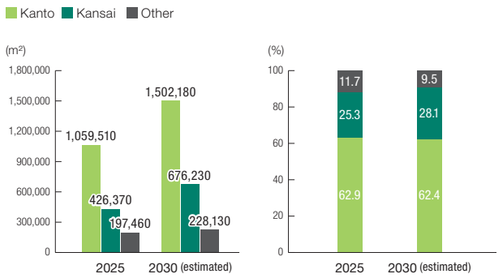
In Japan, the government is promoting the decentralization of datacenter buildings to regional areas, mainly Hokkaido and Kyushu, against the backdrop of tight electricity supply and demand and the need to reduce disaster risks. However, datacenter buildings remain concentrated in a few parts of the Tokyo metropolitan area and the Kansai region.

We own datacenter buildings concentrated in central Osaka. By deploying experienced technical and sales teams at the Head Office and on site, we have lived up to the trust placed in us by customers while achieving an efficient management and operation structure. Demand in this area is high because it is close to telecommunications network nodes and enables high-speed, high-quality internet connectivity. We will continue to seek to develop urban datacenter buildings by making maximum use of the strengths we have built to date.



Datacenter concentrations in the Kansai region

Regional breakdown of datacenter server room floor space



Source: Comprehensive list of data center business market studies 2026 Edition of Market (Fuji Chimera Research Institute, Inc.)

Business Strategy and Initiatives

We entered the datacenter building leasing business in the 1980s in anticipation of the advent of an IT society, and since then we have been involved in the development and operation of buildings that meet the needs of our tenants. Since the eight buildings currently owned by the Company have different usages and functionalities, depending on the year of completion, we have included measures for each building in the Long-Term Business Plan and are advancing them. As for new development, although datacenter operators are eager to expand their datacenters, developing datacenter buildings by ourselves alone as we have done in the past is now more difficult. The soaring real estate market has raised the hurdle for the acquisition of land for urban-type datacenter buildings which have been our strength, and datacenter buildings are becoming increasingly sophisticated and larger in scale, requiring larger investments. These are combined with the recent rise in construction costs. Under these circumstances, in the Long-Term Business Plan, we will also consider joint investments through alliances with other parties such as datacenter operators and construction companies by leveraging our high public profile and relationships.

1980s to early 1990s


Keihanshin Shinmachi 1 Building

Late 1990s to early 2000s


Keihanshin Shinmachi 2 Building

Developed as a site for installing office computers for enterprises

Properties: Shinmachi 1 Building and Shin-Esaka Building

Business Strategy
- Establish a business strategy for older datacenter buildings

[Conversion to office buildings, etc., attracting datacenter-related tenants, etc.]

Developed as telecommunication-related base stations, etc.

Properties: Toyosaki Building, Nakatsu Building, and Shinmachi 2 Building

Business Strategy
- Maintain stable operation
- Carry over operation and management expertise
- Carry out planned renewals

Late 2000s to present


Keihanshin OBP Building

Long-Term Business Plan

Developed as a server installation site for datacenter operators

Properties: Kitahorie Building, Nishishinsaibashi Building, and OBP Building

Business Strategy
- Maintain stable operation
- Carry over operation and management expertise
- Carry out planned renewals

Development of new datacenter buildings

Business Strategy
- Establish a business model that catches the needs of the times
- Develop new datacenter buildings that meet customer needs
- Consider investments in datacenter buildings through alliances with other companies, etc., leveraging our high public profile in the datacenter industry

Real Estate Leasing Business

WINS Buildings

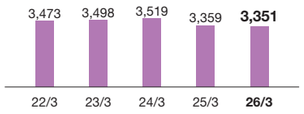

WINS Umeda B Building

Maintaining and operating fine facilities together with Japan Racing Association (JRA) and local communities

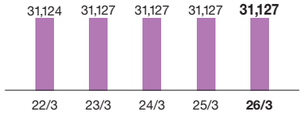
WINS buildings refer to the facilities that sell off-track betting tickets for JRA races held all over Japan. The Company has owned and leased since its founding a total of five WINS buildings in the central area of the cities of Kyoto, Osaka, and Kobe, including Umeda in Osaka and Gion in Kyoto, which are prime locations for transportation access. It has strived to create facilities that are loved by horse racing fans and the local communities, along with the JRA.

PERFORMANCE

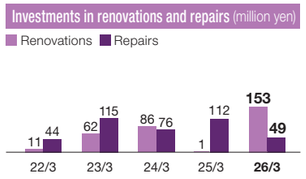
Net sales (million yen)



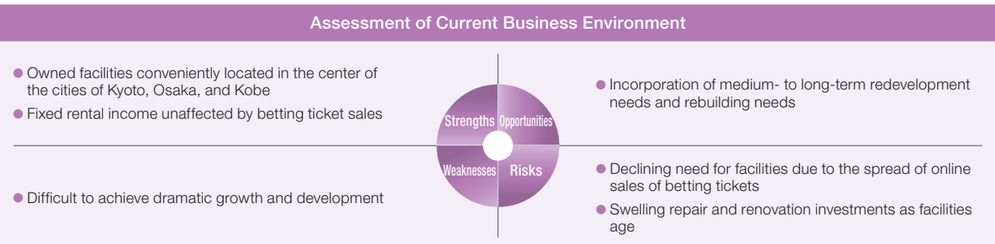
Rental floor space (m^2)



Investments in renovations and repairs (million yen)



Assessment of Current Business Environment



Assessment of Current Business Environment and Projection

While the share of betting ticket sales at WINS buildings out of total net sales is on a declining trend as online betting is spreading, all of our properties are located in downtown areas, functioning as advertising towers and used by many horse racing fans.

Furthermore, in addition to the uniqueness of specifications and usages of the buildings, which makes it difficult for our competitors to newly enter the market, the buildings are leased at fixed rent. These factors generate long-term stable revenue. Net sales from WINS buildings for the fiscal year ended March 31, 2026 were 3,351 million yen, a decrease of 7 million yen year-on-year.

We will strive to enhance the value of the buildings by making investments in renewals, renovations, and repairs of buildings that meet the needs of the tenant, in order for our properties to continue to be used.

Business Strategy and Initiatives

- **Make planned repair and renovation investments**
- **Develop facilities that are loved by local communities through active participation in local events and other means**
- **Reinforce relations with JRA and enhance the value of the facilities based on JRA's needs**
  Renovation of WINS Kyoto began in July 2026.


Image of the renovated WINS Kyoto

Real Estate Leasing Business

Commercial Buildings, Logistics Warehouses, and Other Properties


Fujisawa Shopping Facility

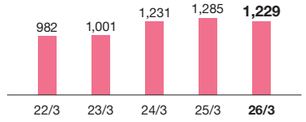

Kawagoe Distribution Center

Developing high value-added facilities that support life of local communities

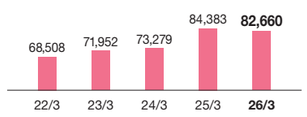
The Company has been developing the leasing business for commercial buildings and logistics warehouses since the 1970s. As of March 31, 2026, the Company owns and leases seven commercial buildings, logistics warehouses, and other properties in the country, particularly in the Kansai area and the Tokyo metropolitan area. We used to have road-side-type commercial facilities located across Japan, but these have been progressively sold in response to the changing needs of the times. We are currently aiming to expand assets by acquiring more conveniently located properties, including new types of assets such as residences for lease aimed at corporations and healthcare facilities in our investment targets.

PERFORMANCE

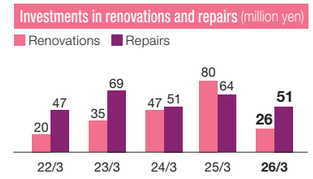
Net sales (million yen)



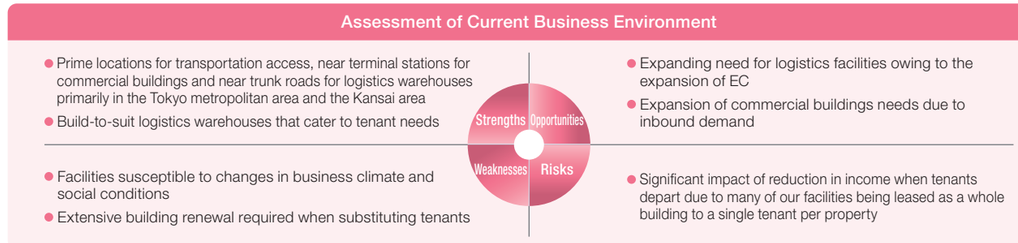
Rental floor space (m^2)



Investments in renovations and repairs (million yen)



Assessment of Current Business Environment



Assessment of Current Business Environment and Projection

With regard to commercial buildings, although it is necessary to closely monitor trends in personal consumption due to factors such as growing consumer thriftiness amid rising prices, demand remains solid among businesses that handle daily necessities and other essential goods. As for logistics warehouses, strong demand is expected to continue due to the expansion of electronic commerce (EC), despite operational concerns such as a shortage of drivers.

Net sales from commercial buildings, logistics warehouses, and other properties for the fiscal year ended March 31, 2026 were 1,229 million yen, a decrease of 55 million yen year-on-year, due to factors such as the decrease in rental income from Asakusa Ekimae Building sold in September 2025.

Following the acquisition of Komaki Logistics Center in March 2025, we acquired a logistics center in Urayasu-shi, Chiba, in June 2026. Going forward, location and specifications are expected to become increasingly important from the perspectives of delivery efficiency and securing personnel. Accordingly, we will continue to work to acquire highly convenient logistics warehouses. In addition, we will expand new asset types that are less susceptible to economic and social conditions, such as rental residences for corporations and healthcare facilities, in order to accelerate growth.

Business Strategy and Initiatives

- **Acquire urban-type commercial buildings located near the commercial centers or terminal stations in the Tokyo metropolitan area and regional core cities.**
- **Acquire convenient logistics sites as the scale of the EC market expands**
  Acquired Urayasu Chidori Logistics Center in June 2026
- **Rebuild or sell older properties appropriately**
  Sold Asakusa Ekimae Building in September 2025

List of Owned Properties

Office Buildings



1 Keihanshin Midosuji Building
Address: 3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka
Two minutes on foot from the Osaka Metro Midosuji Line Yodoyabashi Station
Structure: B1/14F
Total floor space: 19,872 m²
CASBEE Real Estate Certification: Rank S



2 Keihanshin Kawaramachi Building
Address: 4-2-14 Kawaramachi, Chuo-ku, Osaka-shi, Osaka
Two minutes on foot from the Osaka Metro Midosuji Line Honmachi Station
Structure: B3/9F
Total floor space: 16,520 m²
CASBEE Real Estate Certification: Rank A



3 Keihanshin Yodoyabashi Building
Address: 4-4-7 Imabashi, Chuo-ku, Osaka-shi, Osaka
Two minutes on foot from the Osaka Metro Midosuji Line Yodoyabashi Station
Structure: B1/11F
Total floor space: 12,136 m²
CASBEE Real Estate Certification: Rank S



4 Keihanshin Azuchimachi Building
Address: 3-4-10 Azuchimachi, Chuo-ku, Osaka-shi, Osaka
One minute on foot from the Osaka Metro Midosuji Line Honmachi Station
Structure: B1/7F
Total floor space: 3,505 m²



5 Keihanshin Toranomon Building
Address: 1-7-14 Nishi-Shinbashi, Minato-ku, Tokyo
Two minutes on foot from the Tokyo Metro Ginza Line Toranomon Station
Structure: B1/13F
Total floor space: 7,834 m²
CASBEE Real Estate Certification: Rank S



6 Keihanshin Onarimon Building
Address: 6-16-12 Shinbashi, Minato-ku, Tokyo
Two minutes on foot from the Toei Mita Line Onarimon Station
Structure: B1/9F
Total floor space: 3,885 m²
CASBEE Real Estate Certification: Rank S



7 Keihanshin Fuchu Building
Address: 5-22-5 Sumiyoshicho, Fuchushi, Tokyo
Six minutes on foot from the Keio Line Nakagawara Station
Structure: 6F
Total floor space: 36,200 m²
CASBEE Real Estate Certification: Rank S



8 Keihanshin Yoyogi-koen Building
Address: 1-12-10 Tomigaya, Shibuya-ku, Tokyo
Two minutes on foot from the Tokyo Metro Chiyoda Line Yoyogi-koen Station
Structure: B1/6F
Total floor space: 5,373 m²
CASBEE Real Estate Certification: Rank S

Datacenter Buildings



9 Keihanshin OBP Building
Address: Chuo-ku, Osaka-shi, Osaka
Structure: B1/16F
Total floor space: 42,671 m²
BELS Certification: Two stars



10 Keihanshin Nishishinsaibashi Building
Address: Nishi-ku, Osaka-shi, Osaka
Structure: B1/10F
Total floor space: 18,066 m²



11 Keihanshin Kitahorie Building
Address: Nishi-ku, Osaka-shi, Osaka
Structure: B1/7F
Total floor space: 14,456 m²



12 Keihanshin Shinmachi 1 Building
Address: Nishi-ku, Osaka-shi, Osaka
Structure: B1/9F
Total floor space: 16,164 m²



13 Keihanshin Shinmachi 2 Building
Address: Nishi-ku, Osaka-shi, Osaka
Structure: B1/7F
Total floor space: 14,646 m²



14 Keihanshin Shin-Esaka Building
Address: Suita-shi, Osaka
Structure: B1/7F
Total floor space: 11,762 m²



15 Keihanshin Toyosaki Building
Address: Kita-ku, Osaka-shi, Osaka
Structure: 6F
Total floor space: 3,365 m²



16 Keihanshin Nakatsu Building
Address: Kita-ku, Osaka-shi, Osaka
Structure: 8F
Total floor space: 4,010 m²

WINS Buildings



17 WINS Umeda A Building
Address: 2-1-16 Shibata, Kita-ku, Osaka-shi, Osaka
Total floor space: 5,037 m²



18 WINS Umeda B Building
Address: 2-2-33 Shibata, Kita-ku, Osaka-shi, Osaka
Total floor space: 8,425 m²
CASBEE Real Estate Certification: Rank S



19 WINS Kobe B and C Building
Address: 3-7-1 Motomachidori, Chuo-ku, Kobe-shi, Hyogo
Total floor space: 4,720 m²



20 WINS Kyoto Building
Address: 1 Komatsucho, Shijosagaru-yonchome, Yamatoojidori, Higashiyama-ku, Kyoto-shi, Kyoto
Total floor space: 2,517 m²



21 WINS Namba (in Namba Parks)
Address: 2-10-70 Nambanaka, Naniwaku, Osaka-shi, Osaka
Total floor space: 20,531 m²
(A joint enterprise with NANKAI Co., Ltd.)

Rentable floor space (As of June 30, 2026)

Kansai area	
Office Buildings	31,065 m²
Datacenter Buildings	83,485 m²
WINS Buildings	31,127 m²
Commercial Buildings, Logistics Warehouses, and Other Properties	18,284 m²
Subtotal	**163,962 m²**
Tokyo metropolitan area	
Office Buildings	49,647 m²
Commercial Buildings, Logistics Warehouses, and Other Properties	24,874 m²
Subtotal	**74,522 m²**
Other	
Commercial Buildings, Logistics Warehouses, and Other Properties	45,089 m²
Subtotal	**45,089 m²**
Total	**283,574 m²**

Commercial Buildings, Logistics Warehouses, and Other Properties



22 Nagano Shopping Facility
Address: 3-22-1 Wakasato, Nagano-shi, Nagano
Total floor space: 42,741 m²



23 Shijo-Kawaramachi Building
Address: 354 Shimo-osakacho, Kawaramachi-dori Shijoagaru, Nakagyo-ku, Kyoto-shi, Kyoto
Total floor space: 4,961 m²
Sold in July 2026



24 Fujisawa Shopping Facility
Address: 610-1 Fujisawa, Fujisawa-shi, Kanagawa
Total floor space: 7,739 m²
CASBEE Real Estate Certification: Rank S



25 Hirakata Warehouse
Address: 2-9-12 Kasuga-kitamachi, Hirakata-shi, Osaka
Total floor space: 11,212 m²



26 Kawagoe Distribution Center
Address: 1-10-12 Minamidai, Kawagoe-shi, Saitama
Total floor space: 11,446 m²



27 Komaki Logistics Center
Address: 580 Nishinoshima, Komaki-shi, Aichi
Total floor space: 10,703 m²*
CASBEE Real Estate Certification: Rank B+
*Total of the warehouse building and office building



28 Sekime Takadono Residence
Address: 4-22 Takadono, Asahi-ku, Osaka-shi, Osaka
Total floor space: 3,505 m²



29 Urayasu Chidori Logistics Center
Address: 15-19 Chidori, Urayasu-shi, Chiba
Total floor space: 5,587 m²
CASBEE Real Estate Certification: Rank A



New Businesses

To date, we have specialized in the real estate leasing business and focused our investments in office buildings, datacenter buildings, commercial buildings, and logistics warehouses and other properties in Japan based on long-term ownership. This has led to the solidness of our financial base and efficient business operations by a small number of people, but in the current business environment surrounding us, following this strategy alone will hardly bring growth to meet the expectations of shareholders and investors. Under these circumstances, with an aim to improve capital efficiency, we are working to widen the variety of types, regions, ownership periods, and forms of ownership of our assets. This includes pursuing the revolving-type investment business that resells properties in a relatively short period of time to generate capital gains; forming private funds as an exit strategy; making equity investments through alliances with other companies; and investing in real estate in the United States, where growth potential is high, as well as investing in properties such as healthcare facilities, residences for lease aimed at corporations, and hotels.

[Acquisition of profitable properties]

Long-term Ownership

We acquired a logistics warehouse in Urayasu-shi, Chiba, in June 2026. This property can serve both import logistics using the Port of Tokyo (the Oi terminal) and logistics for large consumer markets in the Tokyo metropolitan area, and offers extremely high convenience as a wide-area distribution base covering the entire Tokyo metropolitan area. In recent years, the rental logistics warehouse market has seen a trend toward consolidation into large-scale properties. At the same time, demand remains firm for urban, medium-sized logistics facilities such as this property, which offer a high degree of operational flexibility and versatility.

It remains difficult to acquire real estate for long-term ownership due to the decline in yields resulting from the recent surge in real estate prices. However, as a result of comprehensively considering the characteristics of the property as described above, we judged that it could be competitive in the future, and decided to acquire it with a view to both long-term ownership and the revolving-type investment business.

Despite the impact of driver shortages and other factors, demand for logistics facilities is expected to remain strong due to the expansion of EC. Accordingly, in order to capture this demand, we will consider investing in any suitable properties that become available.



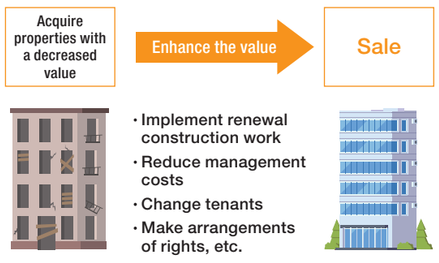
Urayasu Chidori Logistics Center

[Acquisition of profitable properties]

Revolving-type Investment Business

In the revolving-type investment business, we plan first to accumulate assets in Phase Ⅰ and to recover investments through selling assets in Phase Ⅱ of the Long-Term Business Plan, and to launch our asset management (AM) business. Projects to enhance the value of an existing property typically require at least two to three years, while development projects that start with land acquisition typically require three to five years. Project plans need to be based on these periods.

However, we also understand the expectations of investors for improved capital efficiency. We sold Asakusa Ekimae Building in September 2025 and achieved early investment recovery. Although real estate transaction prices are soaring, we will invest selectively in properties with strong potential for future appreciation. For some existing properties, we will also consider sales to third parties or inclusion in private funds currently under preparation. Given our asset size and staffing capacity, it would be difficult for us to form private funds on our own. Accordingly, we will consider working with reliable partners on asset management operations and contributing properties to such funds.



Risks and opportunities

Risks
- Rising property acquisition prices
- Prolonged investment recovery period due to delay in value-enhancing upgrades, leasing, etc.
- Property inventories swelling due to real estate market changes, etc.
- Delay in the launch of the AM business due to strengthened financial regulations, shortage of human resources etc.

Opportunities
- Capital gain on sale of properties
- Acquisition of asset management fees

Overseas Investments

The Company thus far has developed its business only in Japan, but there are concerns that the Japanese real estate market will shrink in the future due to the declining birthrate, and the aging and decline of the population. In view of this, the Company's Long-Term Business Plan states that it will invest overseas as a medium- to long-term growth strategy.

After internally studying various countries, regions, and forms of investment, we selected the United States as the first destination of our overseas investment, where economic growth is expected to continue and legal transparency in the real estate market is ensured.

Reasons for choosing the United States as an investment destination

- The political environment is relatively stable and legal transparency is ensured
- Steady population growth and economic growth are expected
- Because the real estate market is highly liquid and has many players, it is easy to formulate an exit strategy
- The market is mature and the investment risk is lower than in emerging countries

Assessment of Current Business Environment and Projection

- In 2025, economic growth expanded, driven by increasing AI-related investments, despite the impact of policy uncertainty and a high interest rate environment.
- There is a risk of a recession if corporate investment weakens due to surging resource prices caused by heightened tensions in the Middle East.
- Medium- to long-term demand for logistics facilities remains strong, supported by expanding e-commerce demand and the restructuring of supply chains.
- Demand for rental housing is expected to remain solid amid persistently high mortgage rates and housing prices. However, rent growth may slow due to factors such as increased supply.

Risks and opportunities

Risks
- Cost increase due to inflation and interest rates remaining high
- Changes in asset demand due to factors such as real estate market conditions and interest rates
- Changes in the flow of people leading to wider disparities among areas
- Foreign exchange risk

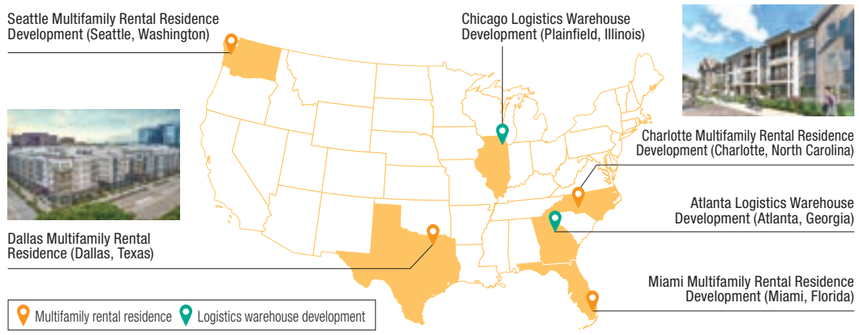
Opportunities
- Flexible investment in growth assets taking into account changes in the real estate market, etc.
- Increase in property value due to preference for the investment area

Business Strategy and Initiatives

Beginning with an investment in a U.S. real estate fund in October 2023, we established a U.S. subsidiary in the fiscal year ended March 31, 2025, and made a total of five overseas investments through the fiscal year ended March 31, 2026. In addition, in May 2026, we invested in a logistics warehouse development in Plainfield, a suburb of Chicago, Illinois, and are steadily expanding investment projects in major U.S. cities.

All of these investments are minority stake investments in SPCs through alliances with Japanese companies, in line with the priority measures set out in Phase Ⅰ of the Long-Term Business Plan. There are two main reasons for this. The first reason is to accumulate know-how and build relationships. Minority stake investments allow us to invest a relatively small amount of money while accumulating know-how regarding various regions and assets and expanding relationships with local companies. The second reason is risk hedging. While overseas investments can be expected to have higher yields than those in Japan, there are also considerable risks. Therefore, through minority stake investments, we aim to reduce risk by diversifying regions and assets while keeping the amount per investment down. These characteristics are advantageous for the Company, which has no experience in overseas investment and is relatively small in scale.

On the other hand, in the second half of Phase Ⅱ of the Long-Term Business Plan, we aim to develop a local system so that we can also consider investments in physical real estate. Accordingly, we will steadily build up a track record centered on minority stake investments, accumulate know-how regarding the U.S. real estate, and work to select reliable local partners. In addition, we will focus on recruiting human resources with work experience overseas, mainly in the U.S., and establish a system that enables full-fledged overseas expansion.



Equity Investments

We have thus far invested in physical real estate based on sole ownership, but due to the soaring real estate market, making new growth investments using our conventional investment style is becoming increasingly difficult. Thus, to diversify our investment methods and promote investment for growth, we have listed equity investments as one of our new businesses in our Long-Term Business Plan.

Another benefit of this investment method is that it allows us to invest in projects that would have been too large in scale for us to undertake alone, as well as in assets in which we had relatively little know-how, by forming alliances with reliable companies to jointly invest in SPCs and other entities owning real estate. Against this background, from FYE March 2024, we made equity investments in office buildings, health care facilities, and rental apartment buildings for students. Furthermore, in FYE March 2026, we invested in a hotel in Osaka-shi as a new asset type, and are working to expand our portfolio. Each of these properties can not only bring in rental income, but will also be suitable for redevelopment or sale when we need an exit strategy. In equity investments, we have already used all the amount budgeted for Phase Ⅰ. We will continue to invest flexibly when we find promising projects regardless of the investment plan, focusing on yield.

Risks and opportunities

Risks
- Unsuccessful operation of the investment target may result in a loss
- In the case of joint investment, flexible operation as in the case of sole ownership is difficult

Opportunities
- The company can invest in projects that would be difficult for it to undertake alone
- Risks can be diversified through joint investments with other companies

Hotels

Assessment of Current Business Environment and Projection

- The number of foreign visitors to Japan has recovered rapidly from the COVID-19 pandemic, reaching a record high of approximately 43 million in 2025. Accommodation demand has expanded significantly.
- The government has set targets of 60 million foreign visitors to Japan and 15 trillion yen in travel spending by 2030, and is promoting growth in the tourism industry.
- Major cities such as Tokyo and Osaka continue to record high occupancy rates, with room supply remaining insufficient to meet strong demand for accommodation.
- Inbound demand may decline due to geopolitical tensions and exchange rate fluctuations.

Business Strategy and Initiatives

Under the Long-Term Business Plan, we aim to reduce economic fluctuation risks and expand our stable revenue base by diversifying our portfolio with investments in various asset types. Based on this business strategy, we are working to invest in hotels, where tourism demand is expected to expand.

As part of this initiative, in December 2025, we made an equity investment in a hotel development project—the first hotel development project in which we have invested. This project is a large-scale hotel development near Universal Studios Japan that will feature multiple hotel brands. It will also be the only foreign-affiliated hotel project among the park's official hotels.

The domestic accommodation market is expected to grow, driven by the recovery in foreign visitors to Japan and the expansion of tourism demand, and accommodation demand in urban areas and tourist destinations is likely to remain strong. Additionally, the Osaka Bay area, where this hotel is located, is one of Japan's leading tourist areas and is home to entertainment facilities such as theme parks and large-scale event facilities. The area is anticipated to develop further as a tourism hub.

We position this as a pilot project to accumulate knowledge of hotel development and operations in light of these market conditions and determine whether to expand our investments in hotels going forward.



Osaka Sakurajima Resort
(Konohana-ku, Osaka-shi, scheduled for completion in 2029)

Healthcare Facilities

Assessment of Current Business Environment and Projection

- The elderly population in Japan is expected to continue to increase, with the proportion of those aged 65 or over expected to exceed 35% of the total population by 2040.
- In light of the increase in the elderly population, the Japanese government has established a target of increasing the number of housing units for the elderly from 2.7% of the elderly population (970,000 units) in 2020 to 4% of the elderly population (1.49 million units) by 2030.
- Although demand for housing for the elderly is increasing, operators may experience disruptions in facility operations due to a shortage of nursing care personnel, affecting their ability to pay rent.

Business Strategy and Initiatives

The Long-Term Business Plan identifies investment in healthcare facilities as one of our strategic priorities, given the market's growth potential. In March 2024, we made an equity investment in a healthcare facility in Hyogo, followed in March 2025 by an equity investment in a fund comprising six healthcare facilities across Japan.

As Japan's population continues to age, there is a strong social need to develop and expand housing where elderly people can live with peace of mind, and demand for healthcare facilities is expected to remain strong. At the same time, growing numbers of people requiring nursing care and elderly people living alone are creating a need for high-quality healthcare facilities capable of meeting diverse needs.

Healthcare facilities are generally leased to operators under long-term, fixed-rent agreements, offering stable revenue that is relatively resilient to economic fluctuations. However, their operational stability depends heavily on the operators' capabilities, including their ability to secure nursing care personnel. Through these investments, we will build expertise in healthcare facilities, strengthen our industry network, and continue to explore opportunities to invest in and develop such facilities.

Investment in Healthcare Asset Management Co., Ltd.

As part of our exit strategy under the Long-Term Business Plan, we are working to promote the asset management business, with the aim of forming a private fund during the current fiscal year. Under this policy, in October 2025, we acquired 5% of the shares of Healthcare Asset Management Co., Ltd. ("HAM") and entered into a sponsor support agreement.

HAM has a wealth of experience in investment management in the healthcare field, as well as access to deal information and strong relationships with operators. We have already collaborated with HAM on equity investments in two healthcare facilities. By strengthening our relationship through this investment, we intend to further accelerate our initiatives in this field. We will also promote personnel interaction with HAM as part of our efforts to develop internal personnel who will support the asset management business.

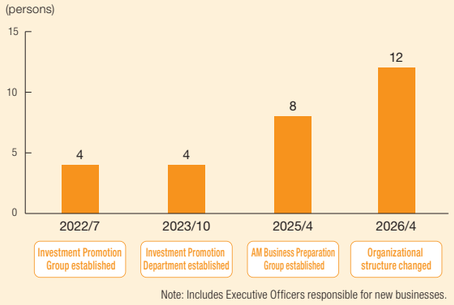
Organizational Structure Changes

We position Phase Ⅰ of the Long-Term Business Plan as a period for strengthening our growth foundation. During this phase, we are developing internal personnel and recruiting specialists with practical experience in overseas businesses and asset management.

Based on this expansion of our organizational foundation, in April 2026, we changed our organizational structure with the aim of strengthening our new investment promotion system and improving operational efficiency.

Specifically, we separated the former Investment Promotion Department into overseas investment operations and domestic investment and development operations, and newly established the International Business Department. We also renamed the AM Business Preparation Group to the Asset Management Department, shifting to a stronger structure for achieving the earnings targets of each business. This reorganization also included the integration of administrative departments to facilitate smoother coordination and further improve operational efficiency.

Trend in the Number of Employees Engaged in New Businesses following organizational changes



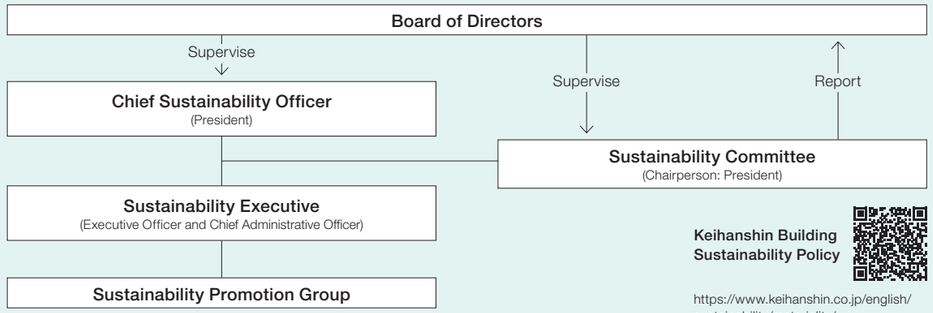
Note: Includes Executive Officers responsible for new businesses.

Sustainability Promotion System and Materiality

Sustainability Promotion System

Under the Sustainability Policy established by the Board of Directors and in accordance with our Sustainability Promotion Regulations, the Company has established a sustainability promotion system in which the President serves as Chief Sustainability Officer and the Executive Officer responsible for Administration serves as the Sustainability Executive, and work toward the realization of sustainable management. Sustainability-related risks and opportunities, including climate change, as well as specific initiative policies, targets, and measures, are deliberated and decided by the Sustainability Committee, which is chaired by the President and includes members such as the general managers of each department, who participate on a cross-departmental basis. The Sustainability Promotion Group works together with each department to disseminate the policies and targets that have been decided and promote the implementation of measures, while the Board of Directors supervises these activities based on reports from the Sustainability Committee. In addition, expert-led training on sustainability issues, including climate change, is held every year for Directors, not only to maintain and improve their knowledge but also to provide an opportunity for exchanging opinions.

Sustainability Promotion System Diagram



Keihanshin Building Sustainability Policy

https://www.keihanshin.co.jp/english/sustainability/materiality/

Process for identifying materiality

STEP 1

Extraction of social issues

To identify materiality, after taking into account management policies based on the Corporate Philosophy and Code of Conduct, we conducted a broad review covering various international frameworks led by the SDGs, issues emphasized by ESG rating agencies such as MSCI*1 and FTSE*2, and even the initiatives of other companies, and extracted the options for social issues that the Company should address.

*1 MSCI is a financial services company headquartered in New York, U.S. It provides a wide range of services, including the calculation of stock indexes and portfolio analysis.
*2 FTSE is a company established as a joint venture between the London Stock Exchange and the Financial Times, a British financial and economic newspaper. It specializes in the construction and calculation of indexes.

STEP 2

Gathering opinions on the extracted social issues and verifying their validity

For the extracted social issues, we gathered opinions from all levels within the Company (management, the Sustainability Committee, each department, and individual employees) and verified their validity.

* When materiality was identified in fiscal 2021, we conducted interviews with stakeholders and a questionnaire survey of outside experts regarding the extracted social issues, and reorganized the issues from an ESG perspective. In this review, we also referred to the identification process and social issues used at that time.

STEP 3

Verification of importance and comprehensiveness as issues the Company should address

For the social issues whose validity had been verified, all levels within the Company once again mapped them along two axes—their importance to the Company's long-term management and their importance to stakeholders (tenants (customers), shareholders and investors, business partners, local communities, and employees). After reviewing each item, we consolidated them into five materiality issues.

STEP 4

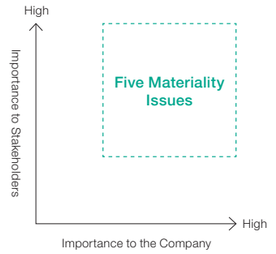
Identification of the Company's materiality

Following deliberations by the Management Meeting and the Board of Directors, we identified the Company's materiality.

Materiality

The Company has identified materiality with an aim of increasing the Company's corporate value over the medium to long term and achieving a sustainable society. An annual review is conducted to ascertain whether it is necessary to change materiality and KPIs in response to various environmental changes surrounding our businesses. Approval is obtained from the Board of Directors for any necessary changes before updates are made.

In fiscal 2025, taking into account recent changes in social conditions and the resulting societal expectations, we reviewed our materiality in order to deepen internal understanding and accelerate initiatives toward the realization of sustainable management. As part of the review, we mapped importance to the Company and importance to stakeholders along two axes and organized the priorities. Through this analysis, we redefined what had previously been treated as themes as materiality issues. From fiscal 2026, we will use the five materiality issues shown in the table below as our pillars, establish specific KPIs for each materiality issue, and manage progress, thereby promoting sustainable value creation through the practice of sustainable management.



Materiality	KPIs	Targets
Balancing a rich environment in the future and our business activities	GHG emissions	● Reduce GHG emissions (Scope 1 and 2) by 41% by FYE March 2029 (compared to the FYE March 2020) ● Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to the FYE March 2020) ● Achieve net-zero emissions (Scope 1, 2 and 3) by FYE March 2051
	Ratio of electricity derived from renewable energy sources	(Scope 2) 100% by FYE March 2051
	Ratio of properties with green building certifications	● (Total floor space) 50% or more ● All newly constructed properties acquired
Provision of optimal spaces keeping abreast of the changing external environment and times	—	Disclosure of results of initiatives*1
Co-existence and co-prosperity with stakeholders	Frequency of DD (due diligence) conducted on suppliers	At least once a year
	Customer satisfaction	80% or more
	Number of serious incidents*2	Zero
Establishment of the organization where diverse human resources achieve their potential	Investment amounts associated with human resources development	100 thousand yen or more per person
	10-year retention rate of next-generation core personnel*3	80% or more (overall and for women)
	Paid leave utilization rate	70% or more
	Health checkup uptake rate	100%
Reinforcement of the management base that supports sustainable management	Ratio of female officers*4	30% or more by FYE March 2031
	Ratio of Outside Directors (Board)	Maintain above 50%
	Number of serious compliance violations	Zero
	Number of serious information security incidents	Zero
	Equity ratio	Maintain at 30% or more
	Net interest-bearing debt/EBITDA ratio	Maintain a level of 10 times or so

*1 Promote in line with the Long-Term Business Plan
*2 A serious incident refers to a situation in which the business activities of a tenant are suspended for 24 hours or more due to a malfunction of the building or facility.
*3 The ratio obtained by dividing "the number of employees who were under 40 years of age when they joined the Company, belong to a specified cohort of entry years (10 fiscal years prior and the fiscal years immediately before and after it), and remain employed without having left the Company after 10 years" by "the number of eligible employees at the time they joined the Company."
*4 Ratio of women among Directors

Our Stakeholders

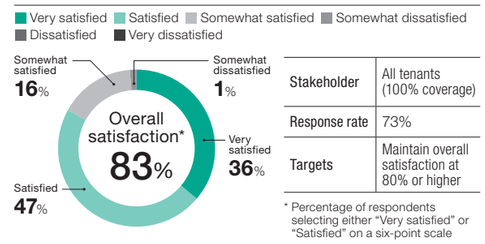
In identifying materiality, the Company considered customers, shareholders and investors, business partners, local communities, and employees to be its main stakeholders. Achieving sustainable management requires value co-creation and productivity improvements through constructive dialogue and appropriate collaboration with our stakeholders. We believe that appropriately returning the revenue and results generated as a result to our stakeholders will lead to sustainable social development.

The five materiality issues—"Balancing a prosperous future environment with business activities," "Provision of optimal spaces keeping abreast of the changing external environment and times," "Co-existence and co-prosperity with stakeholders," "Establishing an organization where diverse human resources achieve their potential," and "Strengthening of management foundations that support sustainable management"—are all important issues that are interconnected and act synergistically. The Company has set out its approach to communication and collaboration with stakeholders to address these issues as follows and is pursuing initiatives accordingly.

For details of our initiatives for stakeholders, please refer to the Sustainability Report 2026.
https://www.keihanshin.co.jp/sustainability/_assets/SustainabilityReport2026_EN.pdf

Stakeholder	Our Approach	Desired Relationship	Main Communication Methods	Outcomes through Value Co-Creation
Customers	By providing safe and comfortable commercial space and pursuing quality and convenience from our customers' perspective, we will enhance our brand reliability and build a foundation for continued support.	A relationship in which we support the sustainable growth of each other's businesses and develop together through valuable commercial space.	● Dialogue through day-to-day property management ● Interviews to understand requests and issues ● Conducting satisfaction surveys (questionnaires), etc.	Customer business growth and strong relationships achieved through the provision of safe and comfortable commercial space
Shareholders / Investors	Recognizing shareholders and investors as important partners supporting the enhancement of corporate value over the medium to long term, we aim to earn trust in capital markets and achieve sustained improvement in our valuation through highly transparent disclosure and constructive dialogue.	A relationship that enables frank dialogue aimed at enhancing corporate value.	● IR information on the Company website and the Integrated Report ● Holding the Annual General Meeting of Shareholders ● Briefings for individual investors and analysts ● IR meetings, etc.	Strengthening measures to enhance corporate value by refining management strategies based on dialogue with shareholders and investors **"IR Activities"** ▶ P.75
Business partners	We believe that, based on trust and collaboration with diverse business partners and through ensuring quality, delivery time, and safety, building relationships with partner companies aimed at achieving sustainable growth together is a factor that affects the stability and competitiveness of our business.	Partners working together under strong cooperative relationships.	● Sharing safety and quality policies through regular meetings and councils ● Partner Company Awards Program ● Day-to-day operational collaboration ● Conducting supplier surveys (using GCNJ's SAQ*), etc. * The "CSR/Sustainable Procurement Self-Assessment Questionnaire" developed by Global Compact Network Japan (GCNJ)	Maintaining quality and safety, improving management and operational efficiency, and providing sustainable business opportunities based on fair transactions
Local communities	We are keenly aware that the development and operations of facilities have a direct impact on the lives and economic activities of local communities. By gaining the understanding and trust of the community, we will strive for the smooth promotion of business and the improved vitality of local communities as a whole.	A relationship of coexistence in which we cooperate with local communities and develop together through businesses rooted in those communities.	● Participation in local communities and networks ● Participation in cleanup activities in surrounding areas ● Donations to and sponsorship of local events, etc.	Revitalization of local communities and maintenance and enhancement of area brands resulting from participation in community activities and involvement in social contribution activities
Employees	Employees are the source of our value creation, and maximizing the capabilities of diverse human resources is fundamental to corporate competitiveness. We believe that fostering an organizational culture in which each and every employee can achieve his/her potential will lead directly to medium- to long-term improvement in corporate value.	A relationship of trust that encourages employees to take on challenges and enables both employees and the Company to pursue growth.	● Organizational diagnosis surveys (employee satisfaction surveys) ● Career interview system ● Health Committee ● Improvement of workplace environment and health consultation contact points ● Dialogue between employee representatives and the Company, etc.	Employee physical and mental well-being and job satisfaction resulting from a workplace environment that supports employees in achieving their potential

Results of the FY2025 customer satisfaction survey



Stakeholder	All tenants (100% coverage)
Response rate	73%
Targets	Maintain overall satisfaction at 80% or higher

* Percentage of respondents selecting either "Very satisfied" or "Satisfied" on a six-point scale


Scene from the FY2025 Partner Company Awards


"Osaka Classic 2025"
(entrance lobby of the Keihanshin Midosuji Building)

10-year retention rate for next-generation core personnel*

(FYE March 2026)

Companywide	100%
Female	100%

* The ratio obtained by dividing "the number of employees who were under 40 years of age when they joined the Company, belong to a specified cohort of entry years (10 fiscal years prior and the fiscal years immediately before and after it), and remain employed without having left the Company after 10 years" by "the number of eligible employees at the time they joined the Company."

* This indicator is being calculated for the first time this fiscal year as part of efforts to develop and retain next-generation core personnel.

Environment

Addressing Climate Change

Through initiatives to mitigate and adapt to climate change, the Company will reduce future risks such as tighter environmental regulations, including carbon taxes, and an increase in windstorm and flood damage, while maintaining financial soundness. At the same time, by enhancing the environmental performance and resilience of our owned properties, we will seek to improve market competitiveness and expand future earnings.

Please refer to the TCFD Report 2026 for details.
https://www.keihanshin.co.jp/english/sustainability/TCFDreport2026_EN.pdf

In November 2021, the Company announced its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and has disclosed climate-related information in line with its framework since June 2022.

Governance

For details, please refer to “Sustainability Promotion System and Materiality” ▶ P.43.

Strategy

At least once a year, we conduct scenario analysis to identify risks and opportunities, assess them along two axes—financial impact and likelihood of occurrence (each rated high, medium, or low)—over the “medium term (2030)” and “long term (2050)” time horizons, and identify risks and opportunities that should be addressed as priorities. In this identification process, we also examine cumulative financial impacts.

Please refer to the TCFD Report 2026 for details on risks and opportunities.
https://www.keihanshin.co.jp/english/sustainability/TCFDreport2026_EN.pdf

Target Scope	All of the Company’s business activities, including the real estate leasing business and ancillary building management business
1.5°C Scenario	A scenario in which progress is made in addressing climate change due to stricter government regulations, etc.*1
4°C Scenario	A scenario in which insufficient progress is made in addressing climate change, global warming worsens, and natural disasters intensify and increase.*2

*1 Based primarily on the IEA (International Energy Agency) World Energy Outlook 2024 and its Net Zero Emissions by 2050 (NZE) Scenario (transition risk), and the IPCC (Intergovernmental Panel on Climate Change) RCP1.9 (physical risk).
*2 Based primarily on the IEA World Energy Outlook 2024 and its Stated Policies Scenario (transition risk), and the IPCC RCP8.5 (physical risk).

Risk Management

For more information, please see “Risk Management” ▶ P.67.

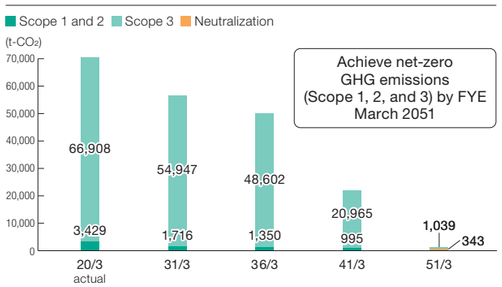
Metrics and Targets

To reduce the costs of responding to tighter energy conservation regulations assumed under the 1.5°C scenario and enhance resilience, we have set the GHG emissions reduction targets of “reducing Scope 1 and 2 GHG emissions by 46% by FYE March 2031 compared with FYE March 2020 (SBT (science-based targets) certification obtained in December 2022)” and “achieving net-zero GHG emissions (Scope 1, 2, and 3) by FYE March 2051.” Toward these targets, we have formulated a GHG emissions reduction plan and are promoting measures such as upgrading to energy-efficient equipment and introducing electricity derived from renewable energy sources. In FYE March 2026, the ratio of electricity derived from renewable energy sources (Scope 2) was 42.3%.

For Scope 3 as well, we have established a system under which tenants can use electricity derived from renewable energy sources (renewable electricity plans) in their leased premises upon request. At the Keihanshin Fuchu Building, we are also working with tenants to reduce GHG emissions by installing solar panels on the rooftop.

Under the 1.5°C scenario, growing demand for occupancy in buildings with high environmental performance was also identified as an opportunity. Accordingly, we are working toward the target of “achieving a 50% or higher ratio, by floor area, of owned properties with green building certifications by FYE March 2031,” and the certification ratio by floor area was 49.8% in FYE March 2025 **(List of Owned Properties ▶ P.37-38)**.For newly constructed properties going forward, our target is to obtain green building certification for all such properties.

GHG Emissions (Scope 1, 2, and 3) Reduction Plan

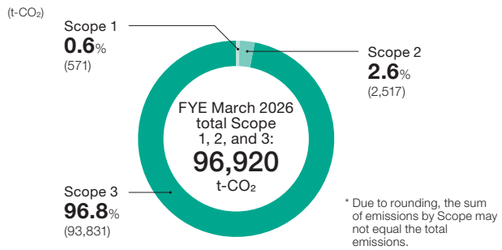


GHG emissions reduction measures

- Shift to LED lightings
- Introduction of energy-efficient equipment
- Purchase of electricity derived from renewable energy sources and increase in the ratio
- Fuel conversion of heat-source equipment from city gas to electricity
- Neutralization of residual emissions

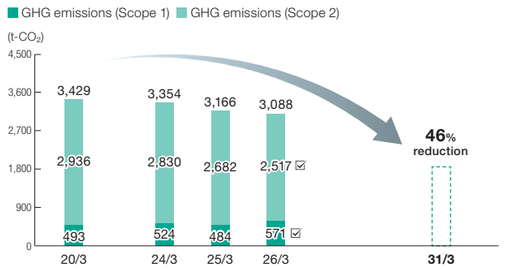
Regarding the increase in damage and response costs associated with the intensification of windstorm and flood damage assumed under the 4°C scenario, we are installing flood barriers at our owned properties and relocating power receiving and distribution equipment to upper floors to reduce flood risk. We are also systematically carrying out various waterproofing works to prepare for torrential rain disasters **(Environmental Investment ▶ P.21)**. Furthermore, together with partner companies responsible for building management and operations, we conduct joint disaster readiness training in which we actually install flood barriers in anticipation of flooding and supply power from emergency generators in preparation for interruptions to external power supply, thereby enhancing the effectiveness of these measures. In this way, we view our efforts to strengthen the resilience of our owned buildings through both physical and operational measures and provide tenants with reliable commercial space as an opportunity to meet growing demand under the 4°C scenario for buildings resilient to disasters and to enhance the Company’s brand value.

Total GHG emissions and breakdown by Scope in FYE March 2026



* Due to rounding, the sum of emissions by Scope may not equal the total emissions.

Trends in GHG emissions (Scope 1 and 2)



Figures with check marks (☑) have been assured by a third-party organization.
Scope of aggregation: Keihanshin Building Co., Ltd., and its Consolidated Subsidiaries
Calculation method: In accordance with the GHG Protocol.
* Scope 1 and Scope 2 are calculated using emission factors and other methods in line with the Act on Promotion of Global Warming Countermeasures, based on the amount of energy consumption (whether actual figures or estimates) in the relevant fiscal year.

Initiatives for Biodiversity

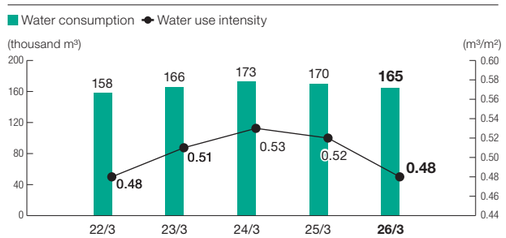
People’s lives and the Company’s business activities depend on the various benefits provided by the natural environment (ecosystem services), which are supported by the balance of biodiversity. Greening buildings plays an important role in conserving urban biodiversity. The Company’s Keihanshin Onarimon Building received the “Minato City Green Community Development Award (FY2010)” in recognition of its environmentally conscious building initiatives through rooftop and wall greening. In fiscal 2026, we plan to begin a pilot wall-greening initiative at the Keihanshin Nishishinsaibashi Building. Approximately 83% of our owned properties (24 of 29 properties) have greenery.

Initiatives for Water Resources

Conserving and efficiently using water resources is essential both to reducing environmental impact and adapting to water stress (drought risk), and is also an important issue that helps reduce property operating costs. We are progressively upgrading plumbing fixtures such as toilets and working to reduce water consumption at our owned properties while also improving comfort. None of the Company’s properties are located in regions where water risk or water stress is rated “high*.”

* Evaluated using Aqueduct, a water risk evaluation tool provided by WRI (World Resources Institute).

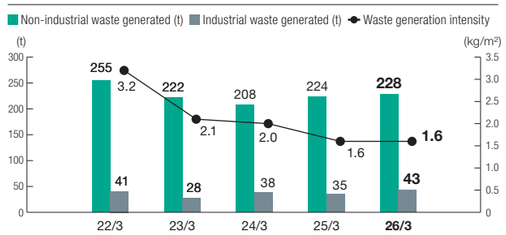
Trends in water use and water use intensity (m³/m²)



Initiatives for a Circular Economy

The Company strives to use long-life, highly durable materials and, based on the concept of “preventive maintenance,” properly manages and systematically repairs buildings to extend their service lives, thereby working to reduce waste generated through building demolition. In addition to initiatives at our own offices, we place importance on working collaboratively on the 3Rs (Reduce, Reuse, Recycle), including asking our customers (tenants) to cooperate by installing waste sorting boxes, as part of our efforts to realize a circular economy.

Waste generation and waste generation intensity (kg/m²)



Pollution Prevention Initiatives

Hazardous waste such as asbestos, PCBs, and fluorocarbons is regularly inspected and properly disposed of in accordance with relevant laws and regulations. Where asbestos may be present, all such waste is treated strictly as asbestos-containing waste.

Respect for Human Rights and Supply Chain Management

Basic Concept and Promotion Structure

The Company recognizes “respect for human rights” as one of its important issues and respects the dignity and fundamental human rights of all people involved in its business, including employees. We support and respect international norms, including the “International Bill of Human Rights,” the “ILO Declaration on Fundamental Principles and Rights at Work,” the “Ten Principles of the UN Global Compact,” and the “Children’s Rights and Business Principles,” and conduct our business activities under our Sustainability Policy and Human Rights Policy. These initiatives are managed in an integrated manner by the Sustainability Committee and Risk Management Committee, with ongoing oversight by the Board of Directors. Furthermore, should a human rights violation, misconduct, or other incident occur, we have established a system under which the Compliance Committee takes the lead in promptly investigating the facts, implementing corrective measures, and taking robust measures to prevent recurrence.

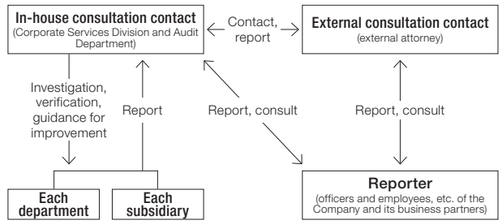
Initiatives for Human Rights Due Diligence

Based on the UN “Guiding Principles on Business and Human Rights,” we assess adverse impacts on human rights along two axes—severity and likelihood of occurrence—identify the five issues shown at right as priority issues, and work to prevent or mitigate them.

1. Discrimination and harassment
2. Working environment
3. Right of access to remedy
4. Rights of local residents in development and operational management
5. Protection of human rights in the supply chain

Effective remedy system (In-House Reporting System)

To facilitate early detection of risks of human rights violations and prompt corrective action, we are working to establish an effective remedy system (right of access to remedy). For internal reports and consultations concerning human rights violations and other matters, we use the “In-House Reporting System,” which accepts reports and consultations on compliance violations and other conduct. In fiscal 2025, we established a new “External Reporting Contact Point” that can also be used directly by officers and employees of business partners. Anonymous reports and consultations can also be made through an external attorney, and the system is operated strictly to ensure that reporters are not subject to any disadvantageous treatment.



Mechanism for responding when conduct covered by the In-House Reporting System occurs

If officers or employees discover conduct covered by the In-House Reporting System, the matter is handled as follows.

1. Reports and consultations are received either by the General Manager of the Corporate Services Division, who serves as the secretariat for the in-house consultation contact (or by the Head of the Audit Department if it would be inappropriate for the General Manager of the Corporate Services Division to serve as secretariat; the same applies below), or by an external attorney serving as the external consultation contact. If an external attorney serving as the external consultation contact receives a report or consultation, the attorney promptly notifies the General Manager of the Corporate Services Division that it was received and provides an outline.
2. Unless there is a legitimate reason not to do so, the General Manager of the Corporate Services Division immediately investigates the facts concerning the report or consultation. If deemed necessary, the General Manager of the Corporate Services Division may also designate personnel responsible for handling the matter.
3. The General Manager of the Corporate Services Division determines the response and corrective measures for matters raised in reports or consultations, working with relevant departments as appropriate and, for important matters, obtaining the approval of the officer responsible for corporate management and the President.
4. If the investigation reveals misconduct, the Company promptly requires the relevant departments and individuals to take corrective measures and measures to prevent recurrence and, as necessary, reports the matter to or files a complaint with the relevant administrative authorities.

Respect for Human Rights through Collaboration with Business Partners

To put into practice the priority issue of “protection of human rights in the supply chain,” the Company has established a “Sustainable Procurement Policy.” In particular, our partner companies directly responsible for building management, operations, and construction, as well as the on-site staff working on the front lines, are indispensable to realizing our corporate philosophy of “providing valuable commercial space.” Rather than simply excluding business partners that do not meet our standards, we promote respect for human rights with an approach grounded in the realities of the workplace, based on collaborative improvement through ongoing dialogue.

1. Human Rights Due Diligence for Suppliers

We conduct an annual Self-Assessment Questionnaire (SAQ) developed by GCNJ for our primary business partners, covering human rights and labor standards to identify and prevent risks. Through this initiative, we strive to respect freedom of association and the right to collective bargaining, while requiring the prevention of severe human rights violations such as child labor and forced labor.

FY2025 Results

Coverage rate	85%	Responses received from all target companies selected as major business partners based on transaction value
Assessment results	All companies rated Class B or higher	Confirmed that they generally meet the Company’s selection criteria

[Reference] The Company’s assessment of and response to survey results

Class A	Business partners that meet the selection standards. Companies capable of independently addressing areas requiring improvement. Provide feedback on the results and ask the companies to continue maintaining their current level.
Class B	Business partners that generally meet the selection standards. Conduct more detailed interviews on areas of weakness and request improvement activities aimed at achieving Class A.
Class C	Considered high-risk business partners. Provide feedback on the results and request improvement initiatives through written communications, interviews, and other means. Provide support for improvement as necessary. If the company cannot move to a higher class within a few years, internally discuss its suitability as a business partner.

2. Dialogue to Ensure Human Rights and an Appropriate Working Environment

To build relationships of trust that go beyond a simple relationship of “placing and receiving orders,” we continuously engage in two-way dialogue with partner companies directly responsible for building management, operations, and construction.

Two councils to protect the working environment (track record: held at least four times a year)

Building Management Council	We work closely with building management companies and discuss topics such as “examples of initiatives to improve the quality of facility management and cleaning operations” and “strengthening measures to prevent heatstroke in the workplace.”
Construction Safety Council	We hold regular meetings with architectural and construction companies and share information on topics such as “thorough occupational safety and health at construction sites” and “responding to tighter overtime regulations in the construction industry.”

3. Partner Company Awards Program

Once a year, through the “Partner Company Awards Program,” which recognizes outstanding partner companies and individuals, and by featuring them in our internal newsletter, we demonstrate our respect for on-site staff working on the front lines.

Building strong relationships of trust with partner companies and on-site staff through this ongoing dialogue ultimately leads to improvements in the maintenance and management quality of the buildings we own (maintaining asset value and providing tenants with safe, secure, and comfortable spaces), thereby enhancing corporate value in our core business.

Human Capital Management

Message from the General Manager responsible for Corporate Services Division



Senior Executive Officer and General Manager responsible for Corporate Services Division

Yoshikatsu Okada

While the Group views the intensification of competition resulting from the decline in the working population and contraction of the real estate market as an important risk, it positions responding to diversifying social needs as an opportunity for growth and focuses on securing a competitive advantage in its core real estate leasing business and promoting new businesses. We believe that continuous investment in human capital, our most important management resource, is essential in order to continue providing valuable commercial space that meets the needs of the times and to maintain and further develop our strength of "efficient management by a small number of elite personnel."

In the previous fiscal year, we strengthened our governance system by transitioning to a Company with an Audit & Supervisory Committee, and discussions on human capital strategy by the Board of Directors have also deepened further. Creating an organization in which employees have a strong sense of fulfillment and can maximize their abilities, together with mechanisms for improving productivity, is essential to sustainably increasing the Company's corporate value and ROE. The Board of Directors has repeatedly discussed the active participation of diverse human resources and improvement of engagement based on strong relationships of trust, and shares a common understanding of these issues. Based on these considerations, the Company is strongly promoting strategic recruitment and reskilling, and investment in human resources development per person in the previous fiscal year was 148 thousand yen (target: 100 thousand yen or more). In addition, through the use of the flextime system and other measures, the paid leave utilization rate has remained at 80% or more for three consecutive fiscal years (target: 70% or more), demonstrating progress in creating an environment that enables flexible work styles. Going forward, toward realizing the "corporate vision in 10 years' time" set forth in the Long-Term Business Plan, we will focus on developing specialist human resources appropriate to each phase and acquiring and retaining outstanding human resources based on a fair and transparent remuneration system.

We will continue striving to build an organization that is rewarding to work for, in which all employees respect each other's individuality and values and can perform to their full potential with peace of mind, thereby enhancing the Company's corporate value and achieving sustainable growth.

The Company is committed to improving its human capital based on the belief that "the growth of a company is nothing other than the sum of the growth of its individual employees." We establish the ideal types of human resources and requirements for ideal human resources based on our corporate philosophy and business strategy, and promote a human resources strategy linked to the Long-Term Business Plan, including the recruitment and development of personnel in line with our business strategy.

Human capital management model

Define the ideal types of human resources the Company seeks based on the corporate philosophy

Identify dependencies and impacts related to human capital and establish requirements for ideal human resources based on business strategy

Measures to achieve an optimal employee composition in line with the corporate philosophy and business strategy

1. Promote human resources development
2. Address initiatives for diversification of human resources
3. Create systems to improve business efficiency and productivity
4. Create a pleasant work environment

Materiality: Establishment of the organization where diverse human resources achieve their potential

5. Enhance employee engagement and retention
   Fostering a corporate atmosphere that encourages employees to take on challenges; building a relationship of trust between the Company and employees

A remuneration system that rewards contribution and growth, etc.

Achievement of the "corporate vision in 10 years' time" in the Long-Term Business Plan
A company that will continue to contribute to a sustainable society by providing valuable commercial space that meets the needs of the times, as it expands its business while maintaining efficient management by a small number of people and each and every employee grows through inventiveness and challenges

Achievement of the corporate philosophy (continuing to be a company needed by society)

Ideal types of human resources the Company seeks based on the corporate philosophy

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.

Ideal types of human resources Keihanshin Building seeks

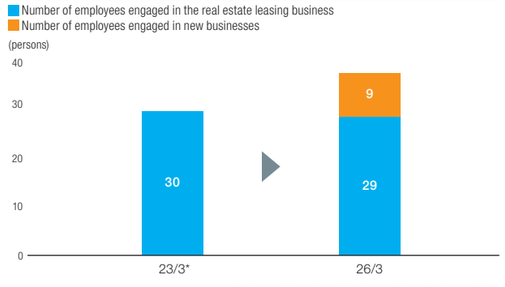
A person trusted by others	● A person with a sense of responsibility able to build a relationship of trust with stakeholders from a long-term perspective; a person who has strong business execution capabilities Implementation Methods ・Develop employees' business execution capabilities, expertise, and communication skills through daily work and projects ・Cultivate employees' sense of ownership and mindset of participation in management through participation in various projects and an employee stock ownership plan
A person capable of driving innovation and efficiency	● A person capable of bringing about changes in business models and operations in response to changing environment ● A person who can act with motivation to grow and take on challenges Implementation Methods ・Secure human resources who will lead new businesses and efficiency improvement by supporting employees' independent career development and hiring experienced personnel ・Foster an atmosphere that encourages employees to take on challenges by holding training programs and inviting applications for various projects
A person with a high level of expertise	● A person with specialized skills related to their duties and real estate who can increase the Company's corporate value Implementation Methods ・Hire expert ・Develop expertise through training system by duty and grade and the qualification support system

Requirements for ideal human resources based on business strategy

Requirements for ideal human resources (industry experience and skills)

	Existing businesses	New businesses		
	Real estate leasing business	Revolving-type investment business	Overseas investments	Equity investments
Human resources strategy	Allocate personnel with appropriate skills and aptitudes			
Recruitment	A person with a wealth of experience and knowledge in the real estate business			
	A person with a wealth of experience and knowledge in building and facility management	A person with business experiences overseas, mainly in the United States		A person with a wealth of experience and knowledge in the investment management business
Development	● Development through training system by duty and grade, and OJT ● Support for obtaining qualifications (The Official Business Skill Test in Bookkeeping, Real Estate Transaction Specialist, Certified Building Administrator, ARES Certified Master, TOEIC, Building Sanitation Engineer, etc.) ● Secondment to other companies with expertise in the revolving-type investment business, equity investment, and overseas investment			

Changes in human resources portfolio (number of consolidated employees)



* Before publication of the Long-Term Business Plan

Major risks and opportunities

Risks	● Decline in competitiveness due to lower productivity and a shortage of personnel with industry experience and skills aligned with the business strategy ● Decline in engagement, recruitment difficulties, and talent outflow due to inadequate development of the working environment and appropriate remuneration systems
Opportunities	● Improvement in competitiveness due to securing personnel with industry experience and skills aligned with the business strategy and improving productivity ● Enhancement of employee engagement and retention, and creation of innovation through the establishment of an organization where diverse human resources can achieve their potential

Metrics and Targets

★ : KPI (key performance indicator)

Measures linked to human resources strategy	Indicators	KPIs	Targets	Results 22/3	23/3	24/3	25/3	26/3
1. Promote human resources development	Investment amounts associated with human resources development	★	**100** thousand yen or more per person	**56** thousand yen	**56** thousand yen	**118** thousand yen	**113** thousand yen	**148** thousand yen
2. Address initiatives for diversification of human resources	Ratio of female managers*1	–	Achieve **10**% or more by FYE March 2031 Achieve **30**% or more by FYE March 2041	**7.4**%	**6.7**%	**8.3**%	**11.8**%	**11.8**%
3. Create systems to improve business efficiency and productivity	Average monthly working hours per person	–	–	**158** hours	**155** hours	**155** hours	**156** hours	**167** hours
4. Creating a pleasant work environment	Paid leave utilization rate	★	**70**% or more	**69.2**%	**76.6**%	**82.1**%	**85.7**%	**82.8**%
	Health checkup uptake rate	★	**100**%	**100**%	**100**%	**100**%	**100**%	**100**%
5. Enhance employee engagement and retention	10-year retention rate of next-generation core personnel*2	★	**80**% or more (overall)	–	–	–	–	**100**%
			80% or more (women)					**100**%

*1: The Long-Term Business Plan previously set the "average male-to-female ratio among new recruits of 50% (five-year average)" as a KPI for measuring progress in initiatives to secure diverse human resources. However, as recruitment of new graduates has progressed and we recognize that securing female managers is the next issue to address, from FY2026 we have set only a target for the ratio of female managers.
*2: The ratio calculated by dividing the number of employees who joined the Company in specified fiscal years (10 fiscal years earlier and the fiscal years immediately before and after), were under 40 years of age when hired, and "remain employed without having resigned 10 years later," by the number of eligible employees at the time of hiring.

1. Promote recruitment and development of human resources

In addition to the existing real estate leasing business, the Company has announced in its Long-Term Business Plan to engage in new businesses including revolving-type investment business. Based on the human resources requirements established in accordance with the business strategy in the Long-Term Business Plan (▶ P.52), we are working to recruit, develop, and allocate specialized personnel. By continuing to develop multi-skilled personnel and ensuring organizational flexibility, we will respond to changes in the business environment while maintaining our strength of efficient management by a small number of people, with the aim of enhancing corporate value.

Training system by duty and grade, and training for managers and candidates for managerial positions

We have created training programs according to job duties and positions to develop future candidates for executive positions. In addition, we offer open training programs with the aim of developing managers. Training participants who are managers or candidates for managerial positions deepen their understanding of the actions required of managers, human resource management, business strategy, and other matters through assignments issued by outside experts. Through these training programs, they strive to improve their management skills and heighten their expertise.

Qualification support system

The qualifications recommended by each section are clearly disclosed within the Company with the aim of developing human resources with high expertise to lead the Company's businesses. A bonus is paid according to the difficulty of the qualifications.

2. Address initiatives for diversification of human resources

In order to monetize new businesses and respond to diversifying needs resulting from changes in the business environment, we hire diverse human resources, whether they are new graduates or experienced hires, regardless of their gender, age or nationality, and place the right people in the right positions with a view to establishing an organization where diverse human resources achieve their potential, one of the Material Issues.

Diversification of industry experiences and skills, and active participation of senior personnel

The Company has established requirements for ideal human resources in line with its business strategy (▶ P.52) and strives to recruit and develop personnel with diverse industry experience and skills. We share and pass on through on-the-job training the extensive skills that highly specialized personnel, including senior personnel, have cultivated in the real estate and construction industries, and conduct human resources development through internal programs and secondments to other companies.

Increase in the ratio of female managers

We aim to create an environment in which employees can build their careers while balancing work and childcare. We have introduced a consultation system that allows employees to discuss their work style before and after taking long-term leave, and provide training for female managerial candidates and various human resource development support measures.

3. Create systems to improve business efficiency and productivity

Improving business efficiency and productivity is necessary in order to maintain management by a small number of people while simultaneously expanding existing businesses, monetizing new businesses, and enabling diverse employees to maintain a good work-life balance. In the Long-Term Business Plan, we are working toward the targets of improving business efficiency through the use of digital technologies and promoting digital transformation.

Securement of flexibility in work location and hours

We are striving to improve productivity by creating a workplace environment in which each employee can maximize their abilities, through the introduction of a flextime system and the establishment of an environment that enables remote work, thereby realizing diverse work styles tailored to the duties and life stages of our employees.

Improvement of business efficiency by leveraging digital technology and provision of new services

We are promoting the digitalization of our operations, reviewing our business processes, and working to improve operational efficiency through outsourcing, while also considering the use of data to provide new services.

4. Creating a pleasant work environment

The Company strives to create a safe and pleasant work environment that helps every employee to achieve their full potential. By helping employees to balance their work and personal lives, we will increase our competitiveness in the recruitment market, while maintaining efficient management by a small number of people.

Support for employees to balance work and personal lives

In order to support employees in balancing work with childcare and nursing care, we have introduced a consultation system for discussing work styles as well as a flextime system that enables flexible work styles. We have also introduced a volunteer leave system as part of employees' self-development.

Improvement of workplace environment

In preparation for future business expansion, we expanded the Head Office and changed the office layout of the Tokyo Branch Office with the aim of accommodating an increase in personnel and improving productivity.

5. Enhance employee engagement and retention

The Company, based on a relationship of trust between the company and its employees, will foster a corporate culture in which employees have a mindset of participation in management and are motivated to take on challenges on their own, thereby contributing to business growth and increasing corporate value.

Independent career development

To encourage employees to take the initiative in shaping their own careers, we conduct career interviews once a year, have established an environment that allows employees to engage in secondary jobs and concurrent employment, and have introduced consultation and interview systems aimed at supporting employees in balancing work with childcare, nursing care, and other responsibilities.

Cross-departmental efforts

We are working to build our business foundation and create growth opportunities for our employees by engaging in cross-departmental projects such as work style reform projects and new business launches. We are also working to promote the accumulation of knowledge and experience and improve job satisfaction by having employees serve concurrently in other departments or committees.

Improvement employees' mindset of participation in management

We aim to improve employees' mindset of participation in management by sharing management policies with employees from the top down, sharing knowledge about our businesses through internal communications, and supporting employee asset-building through an employee stock ownership plan and a defined contribution pension plan. Furthermore, by granting Company shares to managerial employees who meet certain requirements, we aim to create corporate value over the medium to long term, enhance employee engagement, and secure outstanding human resources.

Policy on Determining Employee Salaries and Remuneration

As a foundation supporting the execution of its human resources strategy, the Company has established a remuneration system that appropriately evaluates and rewards employees' contributions and growth. Our policy regarding such determinations is as follows:

1. Basic philosophy for determining salaries and remuneration	Our basic policy is to determine employee salaries and remuneration based on job duties, level of responsibility, and demonstrated abilities and achievements. Through this approach, we ensure fair and highly transparent treatment and encourage employees to increase their motivation to work and achieve sustainable growth.
2. Process for determining salary levels	Base salaries are determined once a year based on personnel evaluations, taking into consideration each individual's job performance capabilities, work experience, changes in responsibilities, and other factors. Bonuses are determined by evaluating at the end of the fiscal year the degree to which individual targets established at the beginning of the fiscal year have been achieved.
3. Securement of the appropriateness of salary levels	In determining salary levels, we comprehensively consider wage survey data from external organizations, trends at peer companies, labor market supply and demand conditions, and other factors, and strive to maintain objectively appropriate levels that contribute to the acquisition and retention of outstanding human resources.

Organizational diagnosis surveys and dialogue with employees

The Company will work to strengthen its human capital management by measuring employee engagement through organizational diagnosis surveys* and dialogue with employees. Going forward, we will continue to work to promote new businesses and sustainable management through a process of trial, error, and trial again, and strive to foster a corporate atmosphere that enables each and every employee to grow through inventiveness and challenges, in keeping with our corporate vision in 10 years' time in the Long-Term Business Plan.

1 Formulate policies and implement initiatives → 2 Identify issues (conduct an organizational diagnosis survey) → 3 Respond to the issues → 4 Implement monitoring and STEPs 2 - 4 on regular basis

* Surveys on all the experiences gained by employees through their involvement with the company, conducted once every six months.

Directors (including Audit & Supervisory Committee Members) and Executive Officers



Director
Executive Officer
Yoshikazu Asakusa

Director
(Audit & Supervisory Committee Member)
(Standing)
Shigeru Nishida

Outside Director
(Audit & Supervisory Committee Member)
Hideharu Nagasawa

Outside Director
(Audit & Supervisory Committee Member)
Chiharu Odagiri

Outside Director
Chiho Takeda

Outside Director
Atsushi Miyanoya

President
Chief Executive Officer
Tsuneo Wakabayashi

Representative Director
Senior Managing Executive Officer
Junichi Tada

Outside Director
Masao Nomura

Outside Director
Hideyuki Kamijo

Directors

Tsuneo Wakabayashi — President

Born April 29, 1959
April 1983 Joined Hankyu Corporation
June 2011 Director, Hankyu Hanshin Holdings, Inc.
April 2013 Senior Managing Director, Hankyu Corporation
April 2018 President and Representative Director, Hankyu Hanshin Properties Corp.
April 2020 Counselor, Hankyu Hanshin Properties Corp
April 2021 Director, Hankyu Hanshin Hotels Co., Ltd.
June 2021 Director, Keihanshin Building
June 2022 President and Chief Executive Officer (current), Keihanshin Building

Junichi Tada — Representative Director

Born November 13, 1963
April 1986 Joined The Sumitomo Bank, Limited
April 2016 Board member, Deputy General Manager, Corporate Advisory Headquarters, Sumitomo Mitsui Banking Corporation
April 2018 Advisor, Keihanshin Building
June 2018 Director, Executive Officer, Director responsible for Administration and General Manager of Corporate Planning Department, Keihanshin Building
June 2020 Managing Executive Officer responsible for Administration and General Manager of General Affairs Department, Keihanshin Building
June 2021 Managing Executive Officer responsible for Administration, Keihanshin Building
April 2025 Senior Managing Executive Officer responsible for Business Execution and Investment Promotion Department, Keihanshin Building
June 2025 Representative Director, Senior Managing Executive Officer responsible for Business Execution and Investment Promotion Department, Keihanshin Building
April 2026 Representative Director, Senior Managing Executive Officer responsible for Business Execution and International Business Department (current), Keihanshin Building

Yoshikazu Asakusa — Director (In charge of Property Management)

Born December 17, 1961
April 1987 Joined KAJIMA CORPORATION
April 2018 Group Manager, CS Renewal Group, Building Construction Department, Kansai Branch, KAJIMA CORPORATION
April 2020 General Manager, Building Construction Works Department, Kansai Branch, KAJIMA CORPORATION
April 2023 Board member, Sub-manager of Property Management Department, Keihanshin Building
April 2024 Executive Officer, General Manager of Property Management Department, Keihanshin Building
June 2024 Director and Executive Officer, General Manager of Property Management Department (current), Keihanshin Building

Masao Nomura — Director/ Independent Officer — Outside

Born August 2, 1949
March 1972 Joined Iwatani Corporation
June 2007 Member of the Board, Director and Executive Officer, Iwatani Corporation
April 2009 Managing Member of the Board and Executive Officer, Iwatani Corporation
April 2010 Senior Managing Member of the Board and Executive Officer, Iwatani Corporation
June 2012 President, Iwatani Corporation
April 2017 Member of the Board, Counselor and Executive Officer, Iwatani Corporation
June 2017 Counselor, Iwatani Corporation
June 2019 Director (current), Keihanshin Building

Significant concurrent position
Member of the Board of Directors, Outside Director, ONO PHARMACEUTICAL CO., LTD.

Chiho Takeda — Director/ Independent Officer — Outside

Born February 9, 1973
October 2001 Registered lawyer in the OSAKA Bar Association
Joined Miyake Joint Partnership Law Office (currently Miyake & Partners)
May 2016 Partner (current), Miyake & Partners
June 2019 Audit & Supervisory Board Member, Keihanshin Building
June 2022 Director (current), Keihanshin Building

Significant concurrent positions
Outside Director (Audit & Supervisory Committee Member), NICHIDAI CORPORATION
Outside Director (Audit & Supervisory Committee Member), DAIHATSU INFINEARTH MFG.CO.,LTD.
Outside Audit & Supervisory Board Member, Eidai Co., Ltd.

Atsushi Miyanoya — Director/ Independent Officer — Outside

Born April 3, 1959
April 1982 Joined Bank of Japan
May 2014 Executive Director, General Manager of Osaka Branch, Bank of Japan
March 2017 Executive Director, Financial System and Bank Examination Department, Currency Issue Department, Public Relations Department, Bank of Japan
June 2018 Chairperson, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, INC.
June 2024 Director (current), Keihanshin Building

Significant concurrent position
Outside Director, The Bank of Iwate, Ltd.

Hideyuki Kamijo — Director/ Independent Officer — Outside

Born March 15, 1955
April 1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd.
August 1987 Joined Sekisui House, Ltd.
April 2014 Executive Officer and General Manager, Accounting and Finance Department, Sekisui House, Ltd.
December 2015 Auditor, Konoike Construction Co., Ltd.
April 2018 Managing Officer and General Manager, Accounting and Finance Department, Sekisui House, Ltd.
April 2019 Managing Officer, Sekisui House, Ltd.
September 2020 Registered as a Certified Tax Accountant
April 2021 Managing Partner (current), Hideyuki Kamijo Tax Accountant Office
June 2022 Audit & Supervisory Board Member, Keihanshin Building
June 2025 Director (current), Keihanshin Building

Shigeru Nishida — Director (Audit & Supervisory Committee Member)

Born October 8, 1960
April 1984 Joined The Sumitomo Bank, Limited
April 2013 Manager, Corporate Credit Department, Sumitomo Mitsui Banking Corporation
April 2015 Advisor, Keihanshin Building
June 2015 Director, General Manager of General Affairs Department, Keihanshin Building
April 2018 Director and Executive Officer, General Manager of General Affairs Department, Keihanshin Building
June 2019 Audit & Supervisory Board Member, Keihanshin Building
June 2025 Director (Audit & Supervisory Committee Member) (current), Keihanshin Building

Hideharu Nagasawa — Director (Audit & Supervisory Committee Member)/ Independent Auditor — Outside

Born September 23, 1960
April 1984 Joined SANYO Electric Co., Ltd.
April 2008 Executive Officer and General Manager, Corporate Planning Division, SANYO Electric Co., Ltd.
April 2011 Managing Executive Officer and General Manager, Corporate Planning Division, SANYO Electric Co., Ltd.
January 2012 Director, Managing Executive Officer and General Manager, Corporate Planning Division, SANYO Electric Co., Ltd.
April 2015 Planning and Administration Manager, Assistant to the Executive Officer in charge of Technology, Panasonic Corporation
January 2018 Adviser, DAIHATSU DIESEL MFG. CO., LTD.
June 2021 Audit & Supervisory Board Member, Keihanshin Building
March 2022 Executive Officer, DAIHATSU DIESEL MFG. CO., LTD. (currently DAIHATSU INFINEARTH MFG.CO.,LTD.)
June 2025 Director (Audit & Supervisory Committee Member) (current), Keihanshin Building
June 2026 Adviser DAIHATSU INFINEARTH MFG. CO., LTD.

Chiharu Odagiri — Director (Audit & Supervisory Committee Member)/ Independent Auditor — Outside

Born April 28, 1972
October 2000 Joined Asahi Audit Corporation (currently KPMG AZSA LLC)
July 2004 Registered as a Certified Public Accountant
August 2019 Audit & Supervisory Board Member, TANGOYA Co., Ltd. (currently Global Style Co., Ltd.)
July 2022 Audit & Supervisory Board Member, BABY JOB Co., Ltd.
May 2024 Director (Audit & Supervisory Committee Member) (current), BABY JOB Co., Ltd.
June 2025 Director (Audit & Supervisory Committee Member) (current), Keihanshin Building
May 2026 Audit & Supervisory Board Member PAL GROUP Holdings Co., LTD.

Significant concurrent position
Director (Audit & Supervisory Committee Member), BABY JOB Co., Ltd.
Outside Director, PAL GROUP Holdings Co., LTD.

Executive Officers

Tsuneo Wakabayashi
Chief Executive Officer

Junichi Tada
Senior Managing Executive Officer responsible for Business Execution and International Business Department

Takao Matsumoto
Senior Executive Officer responsible for Business Promotion Division

Takao Hori
Senior Executive Officer and Chief Administrative Officer responsible for Asset Management Department

Yoshikatsu Okada
Senior Executive Officer, Assistant to the Chief Administrative Officer, and General Manager responsible for Corporate Services Division

Kazuma Ohashi
Executive Officer and General Manager of International Business Department

Yoshikazu Asakusa
Executive Officer and General Manager of Property Management Department

Matashi Takemoto
Executive Officer and General Manager of Corporate Management Division

Tsutomu Kamiya
Executive Officer and Head of Tokyo Branch Office; responsible for Business Development Group of Business Department and secondarily responsible for Asset Management Department

Corporate Governance

Basic Concept

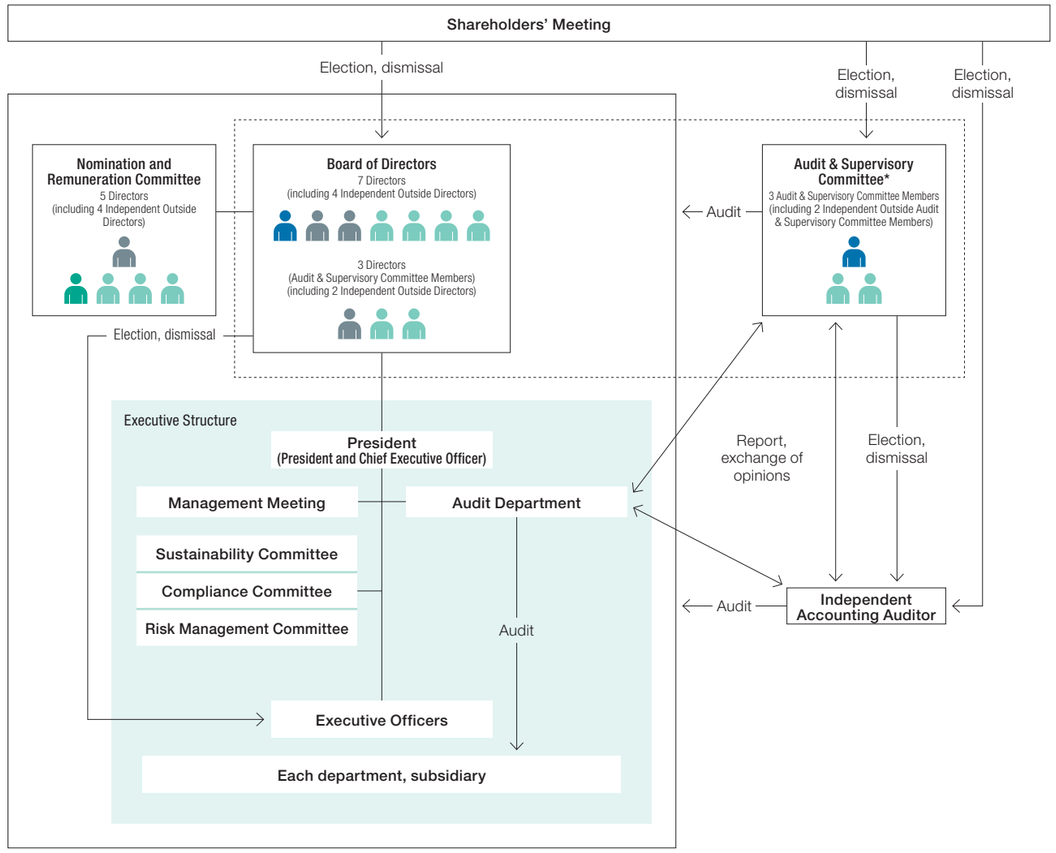
We believe in the importance of improving management efficiency and integrity through establishing a transparent and fair management organization, speeding up the decision-making for important matters on the management, and strengthening the supervisory function of business execution, all of which contribute to improving corporate value.

We are well aware that it is the duty of the Company's directors and employees to put these ideas into practice, as well as complying with all laws and regulations and maintaining discipline, with consideration towards environmental and social issues to conduct a fair, transparent and appropriate business in an atmosphere of free competition. In this way, we show all stakeholders, including our shareholders, customers, business partners, employees, and local communities, that we value the trust that they place in us.

We operate our business with a small number of employees, allowing for uncomplicated information gathering and operations management when compared to a large-scale corporation with many staff members. Our corporate organization reflects this feature. We also appropriately arrange our human resources and strive to maintain a sense of balance between each department and committee to fully exert the functions of our organization.

Corporate Governance Structure

(Since June 20, 2025)



* Composed of Directors who are Audit & Supervisory Committee Members

Summary of Boards, Meetings, and Committees

Name	Chairperson	Summary	Number of meetings held 2026/3
Board of Directors	President and Chief Executive Officer	As a general rule, the board holds a meeting once a month to determine important matters on the management and supervise the status of execution of duties.	11 times
Audit & Supervisory Committee	Audit & Supervisory Committee Member (Standing)	The committee audits the Directors' execution of duties and the Company's internal control system, and receives reports from the Independent Accounting Auditor on matters including the quarterly financial results and the year-end audit report.	12 times
Management Meeting	President and Chief Executive Officer	The standing officers and general managers in charge of each department attend this meeting to report and review the status and plans of such operation under the basic policy determined by the Board of Directors.	11 times
Nomination and Remuneration Committee	Outside Directors	The committee deliberates on personnel matters, including the election and dismissal of the management team. Matters such as compensation for the management team are also deliberated. The chairperson and the majority of the committee members are Independent Outside Directors.	4 times
Sustainability Committee	President and Chief Executive Officer	The committee, which is chaired by the President, consists of members of the Sustainability Promotion Group of the Corporate Services Division and members appointed by each department. It convenes regularly and reports on its activities to the Management Meeting and the Board of Directors if necessary.	5 times
Compliance Committee	Executive Officer in Charge	The committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	4 times
Risk Management Committee	Executive Officer in Charge	The committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	5 times

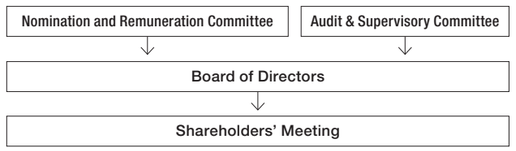
* The number of meetings of the Audit & Supervisory Committee is listed together with the number of meetings of the Audit & Supervisory Board before the transition.
* In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there were two written resolutions.

Appointment Process for Directors

The President prepares a list of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), and the Board of Directors deliberates and makes decisions in light of reports on the results of deliberations in the Nomination and Remuneration Committee.

The President prepares a list of candidates for Directors who are Audit & Supervisory Committee Members and gains the consent of the Audit & Supervisory Committee in accordance with the provisions of the Companies Act, after which the Board of Directors deliberates and makes decisions.

Appointment or dismissal of the Chairperson of the Board and the President will be deliberated and decided at the Board of Directors based on the deliberations in the Nomination and Remuneration Committee. With regard to the dismissal of the Chairperson of the Board or the President, if deemed necessary by the Nomination and Remuneration Committee, the Nomination and Remuneration Committee may exclude Internal Directors from its composition and report to the Board of Directors after seeking opinions of Outside Directors.



Succession Planning

The Nomination and Remuneration Committee believes that members of the top management of the Company need to possess the six qualities presented below in order to execute the Long-Term Business Plan and enhance corporate value, in addition to the basic qualities of "A person trusted by others," "A person capable of seeking innovation and efficiency," and "A person with a high level of expertise," which are derived from the Company's corporate philosophy.

Succession planning of top management is an important management issue. At a time of great change in the environment surrounding the Company when it is transforming its structure away from that of a company specializing in the leasing industry, the importance of the Company's top management and its succession plan is increasing. With regard to candidates for Directors, a long list is prepared based on introductions from Directors and staffing agencies, and the Nomination and Remuneration Committee deliberates based on said list.

Qualities required of top management	Comprehensive experience and capabilities related to overall management	Leadership
	Knowledge of the real estate industry	Empathy with employees
	Ability to respond to changes in the market environment, determination, and courage	Human networks in the business community

Members of the Boards (skill matrix and meeting attendance)

Candidates for Directors of the Company are selected through comprehensive evaluations of their character, knowledge, capabilities, experience, and potential to contribute to the Company. In particular, the Company focuses on the perspective of enhancement of the supervisory function by utilizing licensed lawyers and accountants with highly specialized expertise as well as persons with experience in corporate management, as outside officers. Furthermore, from the perspective of ensuring diversity, the Company has set a KPI and goal related to materiality of achieving a proportion of female officers of 30% or more by FYE March 2031, and will continue to secure human resources toward achieving this goal.

Name			Audit & Supervisory Committee	Nomination and Remuneration Committee	Gender	Attendance at the Board of Directors' Meetings in FYE March 2026	Term of Office	Expertise (◎ A field particularly expected for Outside Officers)						
								Corporate Management	Finance & Accounting	Legal Affairs & Risk Management	Industrial Expertise	Overseas Expertise	Sustainability	Area of Expertise
Tsuneo Wakabayashi	Standing			●	Male	11/11	5 years	●	●	●	●	●	●	General
Junichi Tada	Standing				Male	9/9	1 year	●	●	●	●		●	General
Yoshikazu Asakusa	Standing				Male	11/11	2 years			●	●		●	Energy, Life cycle management
Masao Nomura	Outside	Independent		●	Male	11/11	7 years	◎	●	●		●	●	Energy, Human capital
Chiho Takeda	Outside	Independent		●	Female	11/11	4 years			◎			●	D&I, Human rights
Atsushi Miyanoya	Outside	Independent		●	Male	11/11	2 years		●	●	◎		●	Social contribution, Local economies
Hideyuki Kamijo	Outside	Independent		●	Male	11/11	1 year	●	◎	●	◎	●	●	Governance
Shigeru Nishida	Standing		●		Male	11/11	1 year		●	●		●	●	Governance
Hideharu Nagasawa	Outside	Independent	●		Male	11/11	1 year	◎	●	●		●	●	Governance, Human capital
Chiharu Odagiri	Outside	Independent	●		Female	9/9	1 year		◎	●			●	D&I, Compliance

* The above table does not present a complete list of the expertise and experience possessed by each Officer.
* Mr. Tsuneo Wakabayashi served as Outside Director of the Company for one year, followed by four years as President of the Company.
* Mr. Junichi Tada previously served as Director of the Company for two years.
* Ms. Chiho Takeda served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
* Mr. Hideyuki Kamijo served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
* Mr. Shigeru Nishida served as Audit & Supervisory Board Member of the Company for six years and as Director of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.
* Mr. Hideharu Nagasawa served as Outside Audit & Supervisory Board Member of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.

Overview and Activity Status of Nomination and Remuneration Committee

With an aim to ensure objectivity and transparency in matters related to the personnel and remuneration of the management team, we have established a Nomination and Remuneration Committee. The majority of the committee members, including the chairperson, are Independent Outside Directors. The Nomination and Remuneration Committee deliberates on the following matters in advance of the Board of Directors, and reports the results of these deliberations to the Board of Directors.

The Board of Directors makes final decisions on matters deliberated by the Nomination and Remuneration Committee, but we believe that independence and authority of the committee are fully secured because the majority members of the Board of Directors are Independent Outside Directors concurrently serving as the Nomination and Remuneration Committee members.

Personnel matters for management executives	Proposals for the Shareholders' Meeting regarding the appointment of candidate Directors (excluding Directors who are Audit & Supervisory Committee Members) and dismissal of Directors
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the appointment of Directors (excluding Directors who are Audit & Supervisory Committee Members)
	Appointment and dismissal of the President and the Chairperson of the Board
	Succession of the President and Chief Executive Officer
	Appointment and dismissal of Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee
Matters concerning remuneration of management executives	Details of remuneration of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee

Name of the committee	Total committee members	Internal Directors	Outside Directors	Chairperson	Number of meetings held For FYE March 2026
Nomination and Remuneration Committee	5 persons	1 person	4 persons	Outside Directors	4 times

* In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there were two written resolutions.

Officer Remuneration

Remuneration paid to officers in FYE March 2026

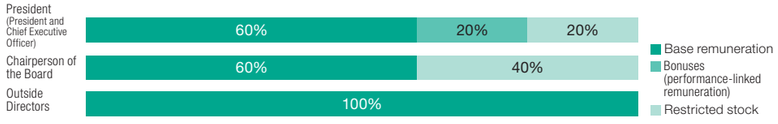
Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Excluding Audit & Supervisory Committee Members)	9 persons	111 million yen	23 million yen	29 million yen	163 million yen
(Outside Directors)	(5 persons)	(35 million yen)			(35 million yen)
Directors (Audit & Supervisory Committee Members)	3 persons	33 million yen			33 million yen
(Outside Directors)	(2 persons)	(13 million yen)			(13 million yen)
Audit & Supervisory Board Members	3 persons	(10 million yen)			(10 million yen)
(Outside Audit & Supervisory Board Members)	(2 persons)	(3 million yen)			(3 million yen)

* The total amount of remuneration includes the amount paid to two Directors and three Audit & Supervisory Board Members who retired at the conclusion of the 102nd Annual General Meeting of Shareholders held on June 20, 2025. Of these three Audit & Supervisory Board Members, after retiring at the conclusion of the Annual General Meeting of Shareholders, one was newly appointed as a Director (excluding Directors who are Audit & Supervisory Committee Members) and two were newly appointed as Directors who are Audit & Supervisory Committee Members. Accordingly, the total amount of remuneration, etc. and the number of persons are included in the respective categories according to the period served: under Audit & Supervisory Board Members for the period served as Audit & Supervisory Board Members, under Directors (excluding Audit & Supervisory Committee Members) for the period served as Directors (excluding Directors who are Audit & Supervisory Committee Members), and under Directors (Audit & Supervisory Committee Members) for the period served as Directors who are Audit & Supervisory Committee Members.
* In addition to the above, employee salaries of 16 million yen were paid to Directors who concurrently serve as employees.

Policy for determining Directors' remuneration (FYE March 2026)

We determine remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) in line with the shareholders' interests so that it will serve as an appropriate incentive program leading to a sustainable increase in the shareholder value. As a basic policy, we aim to secure appropriate levels of remuneration for Director, corresponding to the degree of their responsibilities.

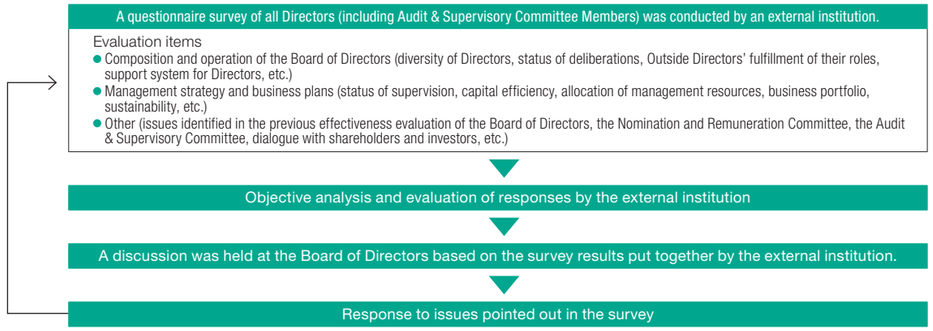
The policy for determining the remuneration and the amount of individual remuneration will be resolved by the Board of Directors through the deliberations in the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors.

Remuneration system	Executive Directors	The remuneration consists of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration in line with the shareholders' interest. The Nomination and Remuneration Committee will decide on the ratio of individual remuneration, where the performance-linked remuneration is set higher for the upper ranking positions reflecting the expected roles for achieving the goals of the Long-Term Business Plan.
	Chairperson of the Board	The remuneration consists of the base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairperson will perform the expected role for increasing the shareholder value in the medium to long term, despite being not directly involved in business operations. * The Chairperson of the Board retired at the 102nd Annual General Meeting of Shareholders held on June 20, 2025, and a new Chairperson has not been appointed.
	Outside Directors	The Company will pay only the base remuneration to Outside Directors in consideration of their duties.
	Remuneration composition * In the case of the performance indicators achieved at 100%	
Remuneration amount	Base remuneration	It is provided as fixed remuneration monthly. The amount is determined based on the Company's performance, individual's duties, abilities, and the degree of contribution to the Company's sustainable growth in a comprehensive manner.
	Bonuses (Performance-linked remuneration) Short-term incentive	It is provided as cash remuneration reflecting the performance indicators, and is provided at a certain time each year. As part of our efforts to realize management that is conscious of capital cost and stock price, beginning in FYE March 2026, we use the degree of achievement of each of "business profit," "initiatives on sustainability," and "ROE" as an indicator for calculating performance-linked remuneration. These indicators are comprehensively taken into consideration in the calculation to measure progress toward the sustainable enhancement of the Company's corporate value, expansion of the Company's scale through portfolio expansion, and creation of a new profit model. (Reference) Actual business profit and the target for the final fiscal year of the Long-Term Business Plan (million yen) 2024/3: 5,152 / 2025/3: 5,208 / 2026/3: 6,421 / 2033/3 (target): 14,000
	Restricted stock Medium- to long-term incentive	It is granted in the form of stock compensation linked to the shareholder value. The number of shares given at a certain time each year will be calculated based on the duties and abilities of the Chairperson of the Board and Executive Directors, along with their contributions to the Company's sustainable growth in a comprehensive manner.
Details of Resolutions at the Shareholders' Meeting		At the 102nd Annual General Meeting of Shareholders held on June 20, 2025, it was resolved that the amount of monetary remuneration for Executive Directors shall be no more than 220 million yen per year (of which no more than 50 million yen per year shall be for Outside Directors) (excluding employee salaries for Directors who concurrently serve as employees), the amount of monetary remuneration for Directors who are Audit & Supervisory Committee Members shall be no more than 50 million yen per year, and the amount of restricted stock compensation shall be no more than 50 million yen per year (Outside Directors and Directors who are Audit & Supervisory Committee Members are not eligible).
Method for Determining Individual Remuneration Amounts		The President prepares the remuneration plan, and the Board of Directors reviews and resolves the amount, respecting the results of deliberations in the Nomination and Remuneration Committee. In addition, the Board of Directors will also determine the number of restricted shares allotted to individual Directors, based on the results of deliberations in the Nomination and Remuneration Committee.

Improvement of the effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors and enhance corporate value, the Board has conducted a self-assessment annually since 2017. We will continue to engage in enhancing the function of the Board of Directors by implementing periodic analysis and evaluation of the board's effectiveness.

Evaluation and Improvement Process



Results of response to issues pointed out in the FY2024 (previous) survey

Issues	Response policy
Sufficient discussions on the progress of the Long-Term Business Plan, management with consciousness of cost of capital, and the validity of cross-shareholdings	● Made regular reports on the progress of the Long-Term Business Plan and held multiple discussions on reviewing the Long-Term Business Plan at meetings of the Board of Directors ● Held training sessions on the theme of capital costs, and held multiple discussions on disclosure of cost of capital at meetings of the Board of Directors ● Examined the validity of cross-shareholdings and held multiple discussions on formulating a plan to reduce cross-shareholdings in conjunction with reviewing the Long-Term Business Plan at meetings of the Board of Directors
Exchange of opinions between outside officers and employees	● Conducted interviews with Executive Officers outside of the Board of Directors Meetings
Strengthening the supervisory function of the Board concerning initiatives for sustainability	● Held sustainability training sessions for directors and officers

Summary of FY2025 evaluation

Overall, feedback on the effectiveness of the Company's Board of Directors was positive, indicating that active discussions are being held and that the Board is operating appropriately overall. Progress has also been made in addressing the issues identified in the previous effectiveness evaluation.

Response policy for issues pointed out in the FY2025 (recent) survey

Issues	Response policy
Deepening discussions by the Board of Directors	● Deepen discussions on important topics directly linked to management strategy by, for example, sharing the executive decision-making process.
Strengthening the supervisory function of the Board concerning initiatives for cybersecurity risk	● Share information transparently on IT systems and approaches to addressing potential risks.

Main agenda items of the Board of Directors (FYE March 2026)

Matters resolved	Matters reported
● New investments	● Effectiveness Evaluation of the Board of Directors
● Important personnel matters (directors, executive officers, and members of the Nomination and Remuneration Committee) and officer remuneration	● Progress with the Long-Term Business Plan
● Examination of validity of cross-shareholdings	● Reports on business execution by various departments
● Examination of business portfolio	● Reports on activities of various committees (Sustainability, Risk Management, Compliance)
● Settlement of accounts	● Reports on the implementation of internal audits
● Partial revision of the employee salary system	
● Revision of the Sustainability Policy	

Training for Directors

In order to optimize our business strategies through timely and appropriate decision-making by the Board of Directors, the Company provides Directors with opportunities for training related to themes according to the business environment and inspections of the Company's properties. Especially for newly appointed Directors, the Company provides trainings on issues such as their legal authority and obligations, also utilizing outside institutions. Whether these opportunities are being appropriately provided is also verified during the annual evaluation of the effectiveness of the Board of Directors.

In FYE March 2026, we held two training sessions on the themes of sustainability initiatives in the real estate industry and information security.

Audit & Supervisory Committee

As a general rule, meetings of the Audit & Supervisory Committee are held once a month. In FYE March 2026, a total of 12 meetings were held, with two meetings of the Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee and 10 meetings of the Audit & Supervisory Committee after the transition, with an attendance rate of 100%.

In the Audit & Supervisory Committee, the Standing Audit & Supervisory Committee Member plays a central role by providing detailed reports to Outside Audit & Supervisory Committee Members on such matters as the status of deliberations at the Management Meeting, the content of meeting proposals of the Board of Directors, the content of audits conducted by the Independent Accounting Auditor and the Audit Department, and the status of improvements, in an effort to form opinions as the Audit & Supervisory Committee. In addition, the Standing Audit & Supervisory Committee Member expresses the opinions of Outside Audit & Supervisory Committee Members at various meetings as appropriate to ensure that they are reflected within the Company.

Status of Coordination between the Audit & Supervisory Committee, Independent Accounting Auditor, and Internal Auditing Division

The Audit & Supervisory Committee regularly receives audit reports from the Independent Accounting Auditor. In addition, the Audit & Supervisory Committee shares information with the Independent Accounting Auditor on changes in accounting standards and policies and other matters that may have a significant impact on the Company's business results by holding meetings as necessary.

The Standing Audit & Supervisory Committee Member shares information with the Audit Department by holding liaison meetings monthly. In addition, the Audit & Supervisory Committee receives quarterly internal audit reports directly from the Head of the Audit Department.

In this manner, we strive to improve the effectiveness of audits through close coordination between the Audit & Supervisory Committee, the Independent Accounting Auditor, and the internal auditing division.

Policy and Status of Review Regarding Business Portfolio

Based on our distinct leasing business, encompassing diverse facilities including office buildings, datacenter buildings, WINS buildings (offtrack betting parlors), commercial buildings, logistics warehouses, and other properties, we aim for sustainable growth from a medium- to long-term perspective. New investments are made with a focus on regional diversification and location in an effort to minimize the risk of loss in the event of economic fluctuations and disasters. Furthermore, we work to prevent profitability decline such as by reshuffling assets and investing to increase their value.

Under our current business strategies, we place a high priority on maximizing cash flows generated by our business in our efforts to enhance corporate value. We also recognize the importance of achieving returns that exceed capital costs on a profit basis, and the Board of Directors annually examines our business portfolio. Specifically, policies for continuous property ownership, rebuilding, and sales are individually examined at the Board of Directors' meeting from both a quantitative point of view, such as comparison of capital cost and profitability and investment recovery period, and a qualitative point of view, such as compatibility with investment policy in the business plan and growth potential of the area where the property is located.

Based also on the result of the portfolio examination, we recognize that maximizing profit through revolving assets and improving capital efficiency are necessary to continue to achieve returns that exceed capital costs over the medium-to long-term. In the newly formulated Long-Term Business Plan, we aim to improve capital efficiency through the engagement in revolving-type investment business in addition to the real estate leasing business.



Outside Director
Chiho Takeda

Outside Director
Atsushi Miyanoya

Outside Director
Masao Nomura

Outside Director
Hideyuki Kamijo

Balanced investment in both the leasing business and new businesses

Our four outside directors discussed the growth strategies and challenges for Keihanshin Building, which has completed the third year of Phase Ⅰ of the Long-Term Business Plan.

What discussions took place regarding investment in new businesses?

Nomura With regard to overseas investments among our equity investments in new businesses, we had made five investments in U.S. projects through the fiscal year ended March 2026, the third year of Phase Ⅰ Taking risk into account, management has established rules for making investments, including setting the investment amount per project at approximately 1.0 billion to 3.0 billion yen and diversifying asset types. I specifically raised questions about the creditworthiness and track record of the local partners with whom we co-invest, and I was able to confirm that they were trustworthy partners. My candid impression at this point is that things have gotten off to a smooth start. ▶ P.40

Kamijo We spent more time discussing the U.S. business at Board of Directors meetings than any other topic. Because equity investments employ leverage, if the sale price falls at the exit, losses can be greater than those from direct investment in physical real estate, so caution is required. Management has run several scenarios in which rents are discounted to reflect risks such as construction delays and rising interest rates, and we have received reports that the projects remain profitable even under the assumed risk scenarios.

Miyanoya When considering the investment in Healthcare Asset Management Co., Ltd., we also revisited the question of whether healthcare facilities are an asset type in which the Company should invest. We ultimately supported the investment, taking into account the company's extensive experience in investment and management of healthcare facilities and the fact that we can acquire a range of expertise as we focus more on healthcare development going forward.

Takeda In discussing the U.S. business, I asked management to provide information on how many projects had been considered and how they had been narrowed down before proposals reached the Board of Directors. As a result, projects that had not been selected were also shared with us, and we were able to confirm that proposals were submitted to the Board of Directors only after going through a necessary process, from reviews by the person in charge and the responsible executive officer, to meetings and other forums involving relevant departments. With regard to the investment in Healthcare Asset Management Co., Ltd., I also raised the question of whether the investment amount was truly appropriate relative to the benefits of the investment. I was ultimately satisfied after also taking into account the non-financial aspects, including the fact that the investment is a strategic step toward strengthening the healthcare field through future personnel exchanges with the company and other initiatives.

The discussion process at the Board of Directors

Nomura The Company has always had active participation by Outside Directors at Board of Directors meetings, with discussions often running beyond the allotted time as each draws on their respective expertise. In particular, since the Company transitioned last year to a company with an Audit & Supervisory Committee, the number of Outside Directors, including Audit & Supervisory Committee Members, has increased to six, making discussions even more active.

Kamijo The Company was originally a specialist in the leasing business, but over the past several years it has entered the revolving-type investment business and has also begun making overseas investments. We have also made progress in recruiting personnel for new businesses, and, combined with factors such as expanded employee education and training, I feel the Company has steadily built up its capabilities. As such experience is built, I feel that discussions about new businesses have become considerably more sophisticated.

Risks of concern, including surging real estate prices and rising interest rates

Miyanoya It is of course important to secure earnings from new businesses, but the leasing business that the Company has long operated still forms the base of our earnings. Therefore, how we increase earnings there is also an important theme. Interest rates are currently rising, while prices and wages are also increasing, so I have repeatedly said at Board of Directors meetings that we need to negotiate rent increases with tenants in line with these changes. In the past, rent revisions were generally possible only when tenants changed, so initially there seemed to be some resistance. However, partly because of market conditions over the past several years, we have been able to engage more proactively in rent negotiations. We now set targets for rent revisions and monitor progress toward them, and I can see that attitudes toward rent revisions have changed. ▶ P.29

Kamijo As Mr. Miyanoya mentioned, we need to take proactive steps in the leasing business in light of surging real estate prices. At the same time, real estate prices have risen sharply in recent years, and because making investments would lower ROE—in other words, reduce profitability—we had no choice but to hold off on making large domestic investments. Instead, over the past several years we have actively pursued equity investments with an emphasis on profitability. However, because it will still take time for those investments to produce results, an improvement in ROE is not yet assured. Given that inflation is likely to continue, we need to increase our assets, and I believe the time has come to seriously consider making domestic investments that we have held off on over the past several years.



Nomura However, looking at the recent surge in real estate prices, concerns are also emerging that a new bubble may be forming. I experienced the previous bubble while I was in the workforce, and my impression is that it seemed to arrive suddenly one day. In conducting business, both taking on challenges and carefully assessing the situation at hand are important, and I believe discussions at the Board of Directors also need to take both into account.

Reviewing the target of "ROE of 8% or more"

Nomura We initially started with the idea of setting the Phase Ⅰ target at "6% or more," but after investors pointed out that the timeline was too slow, we revised the plan to 7% for Phase Ⅰ and to "8% or more" at an early stage of Phase Ⅱ. From my own management experience, raising a numerical target by one percentage point is a major undertaking. The

decision to raise the target boldly is nothing less than an expression of our serious intention to expand the revolving-type investment business and increase equity investments and overseas investments. And this is also, in itself, an effort to fundamentally transform the Company. I feel that this challenge is providing positive impetus within the Company and is beginning to take shape.

Miyanoya As Mr. Kamijo mentioned earlier, I am concerned that investment is still insufficient to raise ROE to "8% or more." I believe the key to achieving the target will be how much we can accelerate the pace of investment by securing the necessary personnel and funds going forward. At the same time, to achieve the ROE target, we also need to consider measures addressing the denominator. I believe the policy of progressive dividend increases announced in May as a measure to strengthen shareholder returns is precisely the kind of initiative that can achieve this.

Nomura The latest measures to strengthen shareholder returns were also discussed and decided by the Board of Directors while taking into account the opinions and requests of investors. Investors provide feedback from their perspective as investors, with a focus on what would make the Company more attractive. I therefore believe we should carefully select and decide which measures the Company can take to enhance corporate value over the medium to long term.



Takeda What concerns me about the target of ROE of 8% or more is that there is little point in achieving the target for only a single fiscal year if ROE then declines afterward. What truly matters is the sustainable improvement of ROE.

Because earnings from the revolving-type investment business are realized only at the exit, if we become overly focused on achieving the target in the target fiscal year, we risk prioritizing sales timed to that year and thereby missing investment opportunities that could generate larger profits over the medium to long term. That would defeat the purpose, so I believe we need to clarify in advance how this target should be viewed and what should determine its achievement.

Initiatives to enhance effectiveness

Takeda Previously, once each quarter, we were given an opportunity at a business execution reporting session to hear directly from personnel responsible for business execution. However, because time was limited, it was difficult to have in-depth discussions in that setting. In light of this, I asked for an opportunity to hear candid views from personnel on the front lines in a more informal atmosphere. As a result, a new forum was created after Board of Directors meetings where we have lunch with members of management and hear from the personnel in charge about matters such as issues and concerns on the front lines and the discussion process before matters are brought to the Board of Directors. As a result, these meetings have fully supplemented what was lacking in the business execution reports.

Nomura These meetings are useful for us as well, and I also hope that members of management can take away some useful insights from their dialogue with us. ▶ P.61

Takeda I also asked to be informed about the discussions held at the Management Meeting. I felt that having information on what kinds of internal discussions took place before a matter was placed on the agenda of the Board of Directors would make it easier for us to make decisions.

Miyanoya As Ms. Takeda mentioned earlier, when considering investments in the U.S. business, information is now shared on how many projects had been considered and how they were narrowed down. For overseas investments, we are also provided with a list showing the profitability of each investment in light of subsequent changes in circumstances. For existing leased properties as well, we receive reports evaluating profitability in terms of the returns generated relative to capital cost, and the information has become more detailed each year.

Human capital investment initiatives

Nomura When I became an Outside Director, the Company had a little over 50 employees. As a result of actively recruiting personnel for new businesses, that number has now increased to 66. I have consistently said that a dedicated organization should be established as early as possible to promote new businesses. This is because without separately managing budgets and actual results, there can be no accountability for the numbers. In that respect, I view positively the establishment of the International Business Department, the domestic Business Development Group of the Business Department, and the Asset Management Department. ▶ P.42

There is one thing I am concerned about. I have said that the Company has historically operated with a lean team of highly capable personnel, and although it may indeed be a small company in terms of employee numbers, the average annual salary per employee in the previous fiscal year was relatively high at approximately 11.0 million yen. That is a very good thing. However, when compensation and treatment improve, there is always a risk of becoming complacent, avoiding risk, and no longer taking on new challenges—the so-called "big-company mentality" can creep in before anyone realizes it. When I was a corporate executive, I also constantly warned people to be on guard against this kind of big-company mentality. Once that mindset takes hold, it is too late, so I believe it is important to have mechanisms that encourage people to take on new challenges. For example, I believe we need to continually review personnel systems, including compensation and evaluation systems that provide appropriate differentiation, and create mechanisms and systems that foster healthy internal competition.



Miyanoya For new businesses, we are at the stage of recruiting people with experience in overseas business and the domestic revolving-type investment business, appointing them as leaders, and gradually expanding their teams. To increase investments, I believe we should continue recruiting specialists and further strengthen our human resources.

Developing the next generation of management

Nomura We discuss the development of the next generation of management in the Nomination and Remuneration Committee, which I chair. I believe it is important to identify the people who will form the next generation of management and recommend them as candidates. ▶ P.59

Takeda The people who participate in the meetings with personnel responsible for business execution that I mentioned earlier are also candidates to become Executive Officers and Directors in the future. Therefore, these meetings also provide a valuable opportunity to learn about their personalities and how they think about the business.

Nomura I believe each of the four Outside Directors has their own view of the leadership qualities required. Our role, however, is to find people to whom we can entrust the future of the Company and who can move forward together with employees.

What role do you hope to play as an Outside Director?

Nomura When discussing the Long-Term Business Plan, I always keep in mind the need to have the courage to review the plan flexibly as circumstances change, rather than adhering too rigidly to the current plan. When I was serving as a corporate executive, I prepared two three-year plans, and I revised one of them midway through. When the market environment changes significantly, there will be times when we need to calmly reassess the assumptions underlying the plan and decide to revise it as necessary. We need to formulate a plan that meets the expectations of stakeholders, particularly shareholders and investors, and work toward achieving it. This will lead to employee growth and the enhancement of corporate value. We intend to provide close support to ensure that the Company can do this.

Miyanoya For matters brought before the Board of Directors, I intend to evaluate both risks and returns, while also discussing how the overall portfolio should evolve going forward, including existing properties as well as investments in new businesses. I also intend to assess objectively how realistic the targets in the Long-Term Business Plan are and, if they are not realistic, what issues need to be addressed. As a listed company, it is only natural that we pursue management that is conscious of capital cost and stock price, and I hope to contribute in this area by drawing on my experience to date.

Takeda With regard to the decision-making process for matters brought before the Board of Directors, I intend to monitor it carefully in light of the business judgment rule and the principle of reliability. When assessing risk, I will also fulfill my responsibilities by carefully examining whether the underlying information is sufficient.



Kamijo One of the roles of an Outside Director is to enhance corporate value over the medium to long term. To do so, it is important to steadily raise ROE. The Company is still relatively small, so I believe we need to increase the denominator—assets—while simultaneously raising the numerator—profitability—and achieve sustained growth. To do so, we have no choice but to grow while maintaining a balance between investment and asset sales. In particular, with regard to real estate investments and the sale of owned properties in the revolving-type investment business, I intend to work to enhance corporate value by considering the medium- to long-term effects and risks, not merely the circumstances at the time of each transaction.

Risk Management

Basic Concept

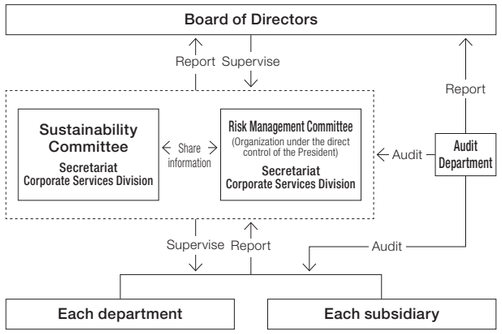
For risk management, the Company is committed to realizing business policies and taking measures to eliminate as much as possible every risk that may occur in the course of its corporate activities. It aims to ensure the safety and benefit of all stakeholders and aims for a swift response and recovery at times of emergency.

Promotional Framework of Risk Management

The Company established its fundamental policies on risk management measures and responses towards risks surrounding its business in the Risk Management Regulations. Also, the Risk Management Committee was established as a company-wide organization under the direct control of the President to conduct risk management on a company-wide basis, based on these regulations. The committee takes charge of matters including integrated risk management, compilation of response policies, and maintenance and updating of the BCP. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary. The Board of Directors continuously monitors the effectiveness of the risk management process.

In addition, the process for identifying, evaluating, and managing risks related to sustainability issues is shared with the Sustainability Committee to integrate the risk management system on a company-wide basis.

Risk Management Structure Diagram

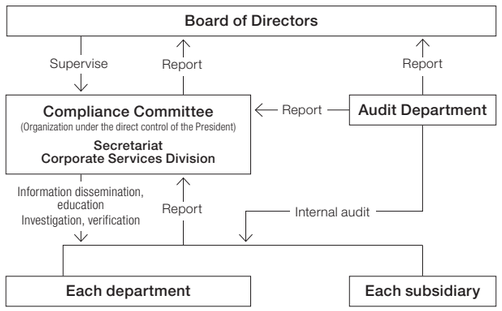


Compliance Structure

We have listed “Implementation of compliance” as one of the items in the Code of Conduct, which serves as the code of conduct for all officers and employees. To comply with laws, regulations, and other social norms, as well as in-house standards, such as our internal rules and to maintain and enhance a sound corporate culture, have established Compliance Regulations to build a compliance structure and promote various measures. We have also established a company-wide Compliance Committee under the direct control of the President, and the committee takes charge of formulating the Behavioral Standards linked to the Code of Conduct and the Anti-Corruption Policy, assessing the implementation status of compliance measures, and devising recurrence prevention measures against compliance violations. It also provides compliance education and training to all officers and employees. The committee convenes regularly and reports on these activities to the President and the Board of Directors, which supervises such activities. The Board of Directors also approves the establishment and revision of the Code of Conduct and Behavioral Standards and Compliance Regulations, and monitors compliance with them.

Going forward, under the supervision of the Board of Directors, the committee will continue to regularly evaluate and verify the status of operation of these guidelines and policies and the effectiveness of various compliance measures, and improve them as needed.

Compliance Structure Diagram



Compliance with Laws, Regulations, etc., Thorough Practice of Fair Trade and Competition, Prevention of Corruption, and Elimination of Dealings with Antisocial Forces

The Company has established the Code of Conduct and Behavioral Standards and the Anti-Corruption Policy in order to prevent corruption that abuses one's own or a third party's official authority or position, including misconduct in business operation, bribery, embezzlement, coercion to provide benefits, and bid rigging. In addition, to ensure that these policies are properly implemented in all business activities, we regularly provide officers and employees with corruption prevention education and training on topics such as prohibition of bribery and promotion of the whistleblower system.

Excerpts from the Code of Conduct and Behavioral Standards

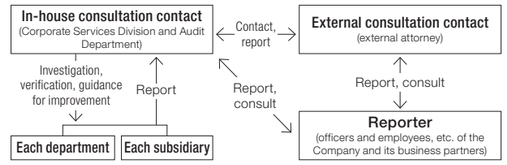
1. We will always adhere strictly to all laws, ordinances and regulations including those relevant to our business as well as our internal regulations, and act with good common sense as a member of society in our daily lives.
2. In all transactions, we will conduct business in a fair and impartial manner based on economic rationality and free competition, and without taking advantage of our superior positions. We will also maintain moderation in the relationships with our business partners.
3. We will maintain healthy and normal relationships with political and administrative persons and organizations, and will not bribe, make illegal political contributions, or offer illegal benefit.
4. We will take a firm stand against anti-social forces and organizations and never offer them any benefit.

Other Initiatives: Protection of personal information, environmental protection, prohibition of insider trading, respect for human rights, and appropriate handling of information

In-House Reporting System

The Company has established an In-House Reporting System to receive reports and consultations from officers and employees, etc. of the Company and its business partners on human rights violation cases such as workplace bullying and harassment, as well as all forms of misconduct and violations of laws and regulations (compliance violations), including all forms of corruption such as bribery and corruption. The Company has established in-house consultation contacts operated by the Corporate Services Division and Audit Department, as well as external consultation contacts operated by external attorneys independent of the Company. To improve accessibility for business partners, we operate a dedicated external reporting contact and provide information on our website on how to access it. (https://www.keihanshin.co.jp/inquiry/compliance/)

In operating the system, appropriate measures are taken to prohibit any disadvantageous treatment of individuals who report or consult on violations, to ensure that their work environment does not deteriorate as a result, to take careful steps to protect their privacy, and to treat information received as confidential. For example, those who report or consult on violations may request to remain anonymous when making a report or consultation through an external consultation contact, and the Company prohibits dismissing or otherwise subjecting them to disadvantageous treatment because they made such a report or consultation. Moreover, the Compliance Committee takes measures to prevent recurrence, and the Board of Directors supervises the status of operation of the system through regular reports by the executive officer in charge.



Compliance Training

Aiming to increase the compliance awareness of all officers and employees, the Company holds compliance training sessions on a regular basis on such topics as human rights, harassment, insider trading, and information security.

Measures for Major Risks

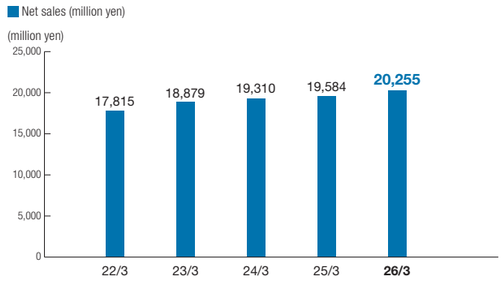
The principal risks that management recognizes as potentially having a material impact on the financial condition, business results, and cash flows of the consolidated companies are as follows.

Classification		Description of the risk	Status of risk response
Disaster risk	Natural disasters and man-made disasters, etc.	● Possibility that our customers, buildings and facilities may be damaged and the business results and financial condition may also be affected (in the event of a large-scale natural disaster, such as an earthquake, windstorm or flooding, or a man-made disaster, such as fire or a terrorist attack)	● Renewing our buildings to become compatible with business continuity measures ● Strengthening resilience through developing BCP and holding drills
	Spread of infectious disease	● Possibility that the spread of life-threatening infectious diseases may affect the Company’s business results and business activities	● Maintaining the health and safety of employees by revising work regulations including on remote work and a flextime system, and implementation of infection control measures
Operating risk	Land and building rental business	● Possibility that lower rents and higher vacancy rates may affect the Company’s business results due to the impact of economic trends, performance of tenant companies, and fluctuations in building supply and demand ● Possibility that the business results may fluctuate significantly due to a large amount of real estate acquisition tax or registration license tax at the time of real estate acquisition being recorded as an expense	● Minimizing the impact of market fluctuations by developing business with diversified asset types
	Business development in the Osaka area	● Possibility that the business results may be significantly affected by a large-scale disaster and fluctuations in the supply and demand trends for real estate leasing in the Osaka area due to the concentration of properties in the Kansai area (particularly in Osaka-shi)	● Promoting more investments outside the Kansai area, mainly in the Tokyo metropolitan area, to reduce the regional concentration risk
	Degree of dependence on specific clients	● Possibility that the Company’s business results may be impacted by the performance of three clients that provide over 10% of all net sales	● Diversifying our tenants through development and acquisition of properties ● Offering appropriate services and building stronger relationships with tenants in order to reduce risks of tenants moving out and to maintain and improve our fee levels
Climate change risk	Transition risk Physical risk	● Possibility that rapid changes in the business environment beyond expectations, stricter energy conservation regulations, and rising construction costs and material prices may affect the Company’s business results **Climate change risk** ▶ P.47	● Addressing climate change risks by having the Sustainability Committee consider and formulate various policies, targets, and measures, while the Sustainability Promotion Group of the Corporate Services Division develops systems and implements various measures **Status of measures to address climate change risk** ▶ P.47
Financial risk	Fluctuation in asset values	● Possibility that impairment losses may be recognized in the event of a fall in market prices of our assets (such as land, buildings, and investment securities) or a decline in profitability	● Preventing profitability decline by diversifying locations of owned property, investing in and reshuffling properties with prime locations, increasing property value, etc. ● Examining investment securities individually on an annual basis at the Board of Directors’ Meeting as well as selling securities that are deemed to have little significance
	Degree of dependence on interest-bearing debt	● Possibility that rising interest rates on interest-bearing debt incurred for refinancing, new investments, and business expansion may affect the Company’s business results	● Implementing financial controls by aiming to maintain and improve external ratings ● Maintaining financial discipline as outlined in the Long-Term Business Plan and maintaining a sound financial position ● Leveraging previous years’ low interest environment to fix interest rates and prolonging the average repayment period
	Amendments to laws, regulations, and tax systems	● Possibility that any changes to the laws and regulations related to real estate and construction may restrict the execution of operations in the building lease business and building management business and affect the Company’s business results	● Gathering appropriate information on related laws, regulations, and tax systems, and disclosing the impact
Compliance risk	Compliance violations	● Possibility that penalties, compensation, etc. may arise from violation of laws, regulations, etc. ● Possibility that a loss of social credibility may result in significant restriction on business activities and significant impact on the Company’s business performance and financial conditions	● Selecting the Compliance Committee members from various departments and regularly verifying the status of initiatives in the departments ● Using the Compliance Committee to disseminate information on compliance with laws, regulations, etc. through training sessions and other means
Information risk	Information security	● Possibility of impact on business activities, loss of social credibility, tenants moving out, and claims for damages, due to leakage of important information caused by virus infections, cyberattacks, etc. or damages caused by unauthorized access	● Establishing regulations and management systems, educating employees, and implementing security measures to prevent virus infections and unauthorized access

Financial and Non-financial Highlights

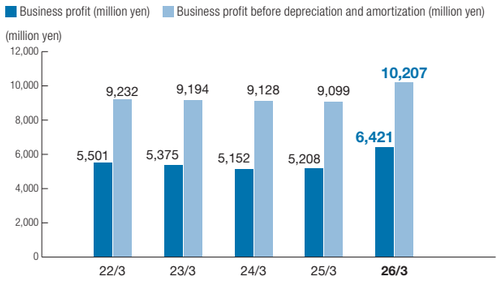
Financial Data

Net sales



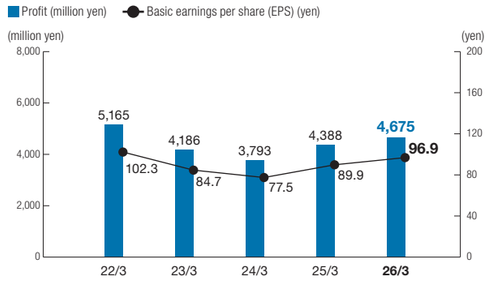
Net sales for the fiscal year ended March 31, 2026 increased year-on-year mainly due to the contribution from new investment properties and an increase in rental income from some tenants of datacenter buildings that shifted to formal contracts. In the fiscal year ending March 31, 2027, although the suspension of operations due to renovation work at WINS Kyoto Building will exert downward pressure on rental income, net sales are expected to increase due to factors such as higher operation rates of equipment rooms in the datacenter buildings, occupancy of tenants in office buildings, and rent revisions.

Business profit/ Business profit before depreciation and amortization



Business profit for the fiscal year ended March 31, 2026 increased due to an increase in operating profit resulting from the contribution of new investment properties and an increase in rental income, an increase in investment gains from investment partnerships through equity investments, and the recording of gain on sale of non-current assets from the sale of Asakusa Ekimae Building. The Company has listed business profit before depreciation and amortization as a key performance indicator.

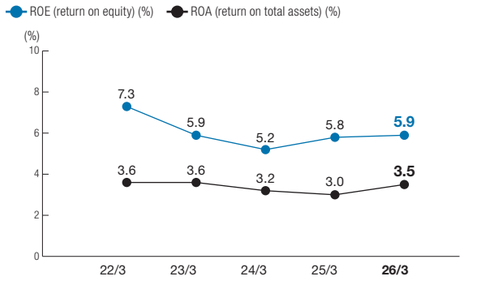
Profit/basic earnings per share (EPS)



Profit for the fiscal year ended March 31, 2026 increased mainly due to the recording of gain on sale of non-current assets from the sale of Asakusa Ekimae Building, despite a decrease in income from the sale of investment securities. Although profit fluctuates due to one-off factors, we strive to increase shareholder value through steady growth in earnings per share.

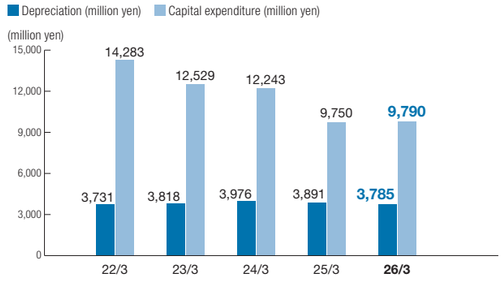
(Note) Based on the number of shares before the stock split, excluding the effect of the stock split (1:2) effective July 1, 2026.

ROE/ROA



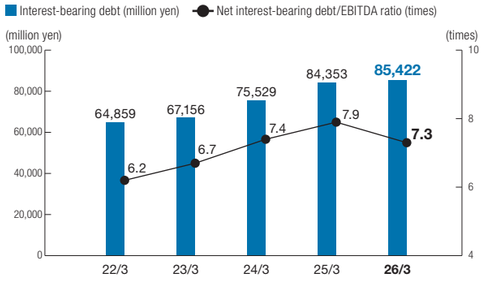
ROE for the fiscal year ended March 31, 2026 was at the same level as the previous fiscal year, as net assets increased mainly due to an increase in valuation difference on available-for-sale securities, while profit increased. Under the ongoing long-term business plan, we aim to increase ROA and improve ROE by newly engaging in the revolving-type investment business in addition to the existing real estate leasing business. **Financial Capital Strategies** ▶ P.23

Depreciation and amortization/capital expenditure



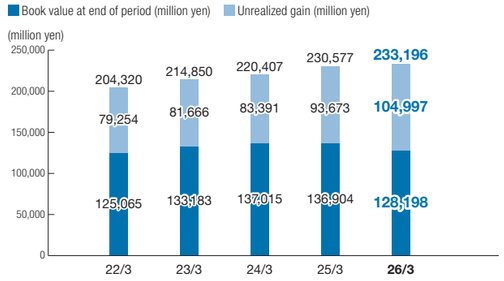
We are striving to further expand cash flow by investing in new projects and existing properties for enhancing their value, using the cash flow generated by our businesses as a source of funds. In the fiscal year ended March 31, 2026, the main capital investments were five equity investments in Japan and overseas, as well as an investment in Healthcare Asset Management Co.,Ltd.

Interest-bearing debt and net interest-bearing debt/ EBITDA ratio



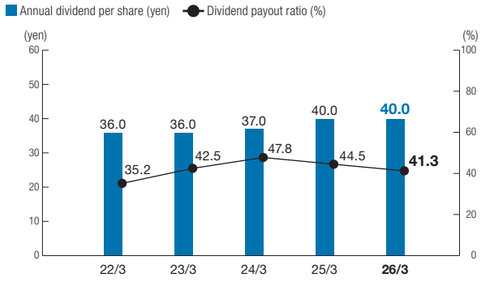
For financial discipline, we firmly maintain the net interest-bearing debt/EBITDA ratio at about 10 times, even when the ratio temporarily rises due to financing for new investments. We will seek new investments while maintaining soundness in financial balance.

Appraised value of investment and rental properties



The market value of properties held is greatly influenced by the economic conditions at different times, including interest rates. As of the end of the fiscal year ended March 31, 2026, the appraisal value of the properties held increased by approximately 11.3 billion yen year-on-year, due to increased rental income resulting from a higher occupancy rate and soaring real estate prices.

Annual dividend per share/dividend payout ratio

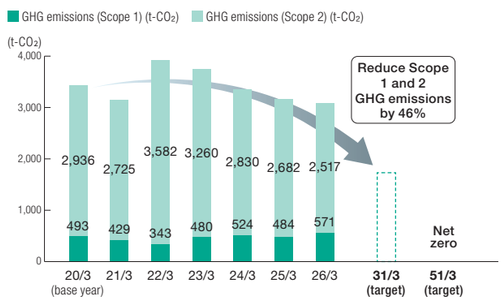


Our shareholder returns policy is to pay progressive dividends focusing on earnings per share, with a target dividend payout ratio set at about 45%. Based on the fact that the Company now expects to achieve the performance indicators for the final year of the Long-Term Business Plan's Phase I, we have announced a policy of progressive dividend increases from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029. We will continue to strive to improve shareholder returns over the long term through the growth of earnings per share and stable dividend payouts.

(Note) Based on the number of shares before the stock split, excluding the effect of the stock split (1:2) effective July 1, 2026.

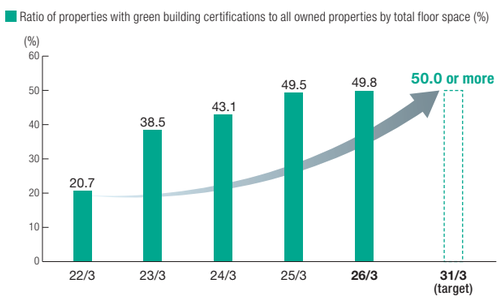
Sustainability-related Data

Actual GHG emissions



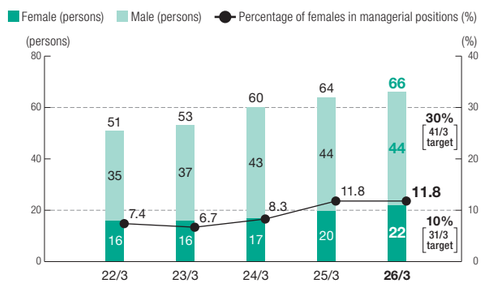
We were able to continue to reduce Scope 1 and 2 GHG emissions in the fiscal year ended March 31, 2026, through a switch to electricity derived from renewable energy sources and energy-saving initiatives. However, Scope 1 increased from the previous year due to leakage of fluorocarbons from Class I Specified Products. We will pay more attention to the management of Class I Specified Products and continue our efforts to reduce GHG emissions.

Ratio of properties with green building certifications



We promote the acquisition of green building certifications in order to objectively assess the environmental performance of our properties held through external evaluations. Furthermore, we appropriately maintain and update the certifications to achieve further improvement and enhancement. In the fiscal year ended March 31, 2026, none of our buildings newly obtained green building certifications, but the area ratio of properties with the certifications was 49.8% due to a change in floor space resulting from the sale of buildings.

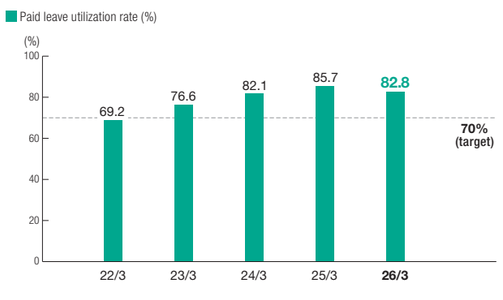
Number of employees and percentage of females in managerial positions



Based on the belief that the adoption and utilization of diverse values will lead to the Company's development, we have been promoting flexible working styles that enable employees to balance life events and careers. As a result, gender diversity has increased, and the percentage of females in managerial positions has exceeded 10%. We will continue to promote the creation of an organization that makes use of diverse human resources.

(Note) Target percentage of females in managerial positions: 10% or more for the fiscal year ending March 31, 2031; 30% or more for the fiscal year ending March 31, 2041

Paid leave utilization rate



In order to achieve efficient management and high productivity, we strive to create a safe and comfortable work environment where each and every employee can make the most of his or her abilities and improve work-life balance. As progress has also been made in creating a corporate atmosphere that makes it easier for employees to take paid leave, the paid leave utilization rate has consistently exceeded 80% since fiscal 2023.

Main Consolidated Financial Data and Non-financial Data

Main Consolidated Financial Data

Keihanshin Building Co., Ltd., and its Consolidated Subsidiaries For the fiscal years ended March 31	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
											Unit: million yen
Profit or loss (fiscal year)											
Net sales	14,930	14,380	14,799	14,995	15,319	15,333	17,815	18,879	19,310	19,584	**20,255**
Operating profit	5,118	4,969	5,298	5,451	5,414	5,295	5,124	5,375	5,083	4,983	**5,646**
Business profit*1	6,323	4,970	5,298	5,975	5,416	6,099	5,501	5,375	5,152	5,208	**6,421**
Business profit before depreciation and amortization*2	8,959	7,509	7,731	8,185	7,599	8,369	9,232	9,194	9,128	9,099	**10,207**
Ordinary profit	4,782	4,740	5,044	5,214	5,214	5,081	4,879	5,040	4,842	4,829	**5,603**
Profit attributable to owners of parent	3,610	3,272	3,585	3,998	3,919	8,251	5,165	4,186	3,793	4,388	**4,675**
Financial condition (end of fiscal year)											
Total assets	111,418	113,204	122,964	132,780	136,605	154,043	149,994	152,321	166,616	177,104	**185,602**
Interest-bearing debt	45,317	43,085	48,294	55,709	58,401	66,645	64,859	67,156	75,529	84,353	**85,422**
Net assets	54,556	58,862	62,227	64,228	64,377	70,539	70,510	70,870	74,874	76,323	**81,397**
											Unit: %
Main indicators											
Rate of return on equity (ROE)	6.8	5.8	5.9	6.3	6.1	12.3	7.3	5.9	5.2	5.8	**5.9**
Rate of business profit on total assets (ROA)	5.6	4.4	4.5	4.7	4.0	4.2	3.6	3.6	3.2	3.0	**3.5**
Equity ratio	49.0	52.0	50.5	48.3	47.0	45.7	46.9	46.5	44.9	43.1	**43.8**
											Unit: million yen / times
Net interest-bearing debt	28,765	35,883	41,243	39,791	45,196	45,094	54,983	61,843	66,861	70,292	**68,511**
Net interest-bearing debt/EBITDA ratio	3.7	4.8	5.3	5.2	5.9	6.0	6.2	6.7	7.4	7.9	**7.3**
Depreciation and amortization	2,636	2,538	2,433	2,210	2,183	2,270	3,731	3,818	3,976	3,891	**3,785**
Capital expenditure	9,510	10,840	11,236	3,734	10,639	11,504	14,283	12,529	12,243	9,750	**9,790**
											Unit: yen
Per share information											
Profit (EPS)	66.9	60.7	66.6	74.6	74.6	158.8	102.3	84.7	77.5	89.9	**96.9**
Net assets (BPS)	1,010.8	1,091.7	1,154.8	1,217.3	1,236.5	1,362.0	1,403.7	1,445.5	1,528.7	1,569.8	**1,706.0**
Dividends	16.0	17.0	18.0	23.0	27.0	31.0	36.0	36.0	37.0	40.0	**40.0**
											Unit: million yen
Cash flows (fiscal year)											
Cash flows from operating activities	4,919	4,717	6,884	5,259	6,693	7,693	2,736	8,917	8,221	7,294	**7,692**
Cash flows from investing activities	14,818	(10,939)	(11,249)	(1,619)	(9,705)	(5,566)	(8,652)	(12,104)	(11,273)	(8,219)	**(2,054)**
Free cash flow	19,738	(6,222)	(4,364)	3,639	(3,012)	2,126	(5,916)	(3,187)	(3,051)	(924)	**5,638**
Cash flows from financing activities	(6,762)	(3,127)	4,213	5,227	298	6,219	(5,757)	(1,376)	6,407	6,258	**(2,679)**
Net increase (decrease) in cash and cash equivalents	12,976	(9,350)	(150)	8,867	(2,713)	8,345	(11,674)	(4,563)	3,355	5,391	**2,850**
Cash and cash equivalents at end of period	16,552	7,202	7,051	15,918	13,205	21,550	9,876	5,312	8,668	14,060	**16,911**

*1 Business profit = Operating profit + Loss (gain) on investments in investment partnerships, etc. + Loss (gain) on sale of fixed assets
*2 Business profit before depreciation and amortization = Business profit + Depreciation

(Note) Based on the number of shares before the stock split, excluding the effect of the stock split (1:2) effective July 1, 2026.

Main Consolidated Financial Data and Non-financial Data

Non-financial Data

Environmental Indicators	2022/3	2023/3	2024/3	2025/3	2026/3	
GHG emissions (t-CO_2)						
Scope 1 direct emissions	343	480	524	484	**571**	☑
Scope 2 indirect emissions (market basis)	3,582	3,260	2,830	2,682	**2,517**	☑
Subtotal: Scope 1 + 2	3,925	3,740	3,354	3,166	**3,088**	
Scope 3 and other emissions	181,055	68,646	89,761	88,928	**93,831**	
Total: Scope 1 + 2 + 3	184,981	72,387	93,116	92,095	**96,920**	

Coverage: Keihanshin Building Co., Ltd. and consolidated subsidiaries (Keihanshin Building America Co., Ltd. was added in FY2024)
(Note) Figures with check marks have been assured by a third-party organization. (Note) Calculations were made according to GHG protocol standards.
(Note) Scope 1 and Scope 2 are calculated using emission factors and other methods in line with the Act on Promotion of Global Warming Countermeasures, based on the amount of energy consumption (whether actual figures or estimates) in the relevant fiscal year.

Reference: Scope 3 emissions (t-CO_2)

1 Purchased goods and services	115,821	9,130	10,031	7,588	**8,295**
2 Capital goods	—	—	—	—	**948**
3 Fuel and energy activities not included in Scope 1 or 2	989	1,013	995	760	**793**
4 Transportation and delivery (upstream)	3	2	2	2	**3**
5 Waste generated in operations	19	19	20	20	**20**
6 Business travel	10	24	24	51	**9**
7 Employee commuting	17	16	18	21	**22**
8 Leased assets (upstream)	—	—	—	—	**—**
9 Transportation and delivery (downstream)	—	—	—	—	**—**
10 Processing of sold products	—	—	—	—	**—**
11 Use of sold products	0	0	0	0	**0**
12 End-of-life treatment of sold products	0	78	0	0	**30**
13 Leased assets (downstream)	64,194	58,439	78,667	80,484	**83,712**
14 Franchises	—	—	—	—	**—**
15 Investments	—	—	—	—	**—**

(Note) Categories 8, 9, 10, 11, 14 and 15 are not included in the calculations because there are no emission sources.
(Note) Category 2 has been calculated (separately) since FY2025. (Prior to FY2025, it was included in Category 1.)

Energy consumption

Energy consumption (MWh)	11,513	12,065	11,933	11,907	**12,419**
Number of target properties (buildings)	12	12	12	12	**12**
Total target floor area (m^2)	146,191	154,977	162,626	164,861	**168,073**
Energy use intensity (kWh/m^2)	78.75	77.85	73.38	72.22	**73.89**
Reduction rate compared to FYE March 2020 (%)	13.9	14.9	19.8	21.0	**19.2**

Coverage: Keihanshin Building Co., Ltd. and consolidated subsidiaries (Keihanshin Building America Co., Ltd. was added in FY2024)
(Note) Figures are totals for Scope 1 and 2, and do not include properties being leased as a whole building to a single tenant.
Total target floor area is calculated based on the occupancy rate.

Electricity Consumption

Electricity Consumption (MWh)	10,007	10,273	10,129	9,988	**10,514**
Consumption of electricity from renewable energy (MWh)	0	0	3,604	3,586	**4,449**
Ratio of electricity from renewable energy (%)	0	0	35.6	35.9	**42.3**

Coverage: Keihanshin Building Co., Ltd. and consolidated subsidiaries (Keihanshin Building America Co., Ltd. was added in FY2024)
(Note) Applies only to electricity consumption for Scope 2.

Water consumption

Water consumption (thousand m^3)	158	166	173	170	**165**
Water use intensity (m^3/m^2)	0.48	0.51	0.53	0.52	**0.48**

Waste generated

Non-industrial waste generated (t)	255	222	208	224	**228**
Industrial waste generated (t)	41	28	38	35	**43**
Recycled waste generated (t)	215	186	183	165	**173**
Recycling rate (%)	72.5%	74.2%	74.2%	63.5%	**63.6%**
Waste generation intensity (kg/m^2)	3.2	2.1	2.0	1.6	**1.6**

Social Indicators		2022/3	2023/3	2024/3	2025/3	2026/3
Number of employees (persons) (consolidated)		51	53	60	64	**66**
Average annual salary (10 thousand yen)		992	1,070	1,116	1,084	**1,107**
Percentage of female among new graduates recruited (%) (five-year average)		50.0	66.7	62.5	60.0	**60.0**
Number of senior employees (aged 60 or older) (persons)		14	14	19	16	**17**
Number of mid-career recruits (persons)		3	5	6	7	**5**
Number of new graduates recruited (persons)		3	0	3	2	**2**
Number of non-Japanese employees (persons)		0	0	0	0	**0**
Number of employees with disabilities (persons)		0	0	0	0	**0**
Total working hours per month (hours/month)		158	155	155	156	**167**
Difference in wages between male and female workers (%)	All workers	59.3	57.6	59.5	63.0	**66.5**
	Regular workers	59.7	53.7	55.9	58.7	**63.8**
	Fixed-term workers*1	—	97.4	95.0	97.5	**96.8**
Percentage of female board members (%)*2		10.0	10.0	10.0	10.0	**20.0**
Percentage of females in managerial positions (%)		7.4	6.7	8.3	11.8	**11.8**
Career interview implementation rate (%)		—	100	100	100	**100**
Health checkup and comprehensive medical checkup uptake rate (%)		100	100	100	100	**100**
Paid leave utilization rate (%)		69.2	76.6	82.1	85.7	**82.8**
Number of individuals who took maternity/childcare leave (persons)		1	1	1	1	**0**
Number of male employees who took childcare leave (persons)		0	1	0	0	**0**
Percentage of male employees who took childcare leave (%)*1		—	50	—	—	**0**
Number of female employees who took childcare leave (persons)		1	0	1	1	**0**
Percentage of female employees who took childcare leave (%)*1		100	—	100	100	**—**
Number of individuals who returned to work after maternity/childcare leave (persons)		1	2	1	0	**1**
Human rights-related training*3	Number of participants (persons)	25	54	52	66	**69**
	Participation rate (%)	92.6	91.5	81.3	98.5	**97.2**
Number of customer satisfaction surveys conducted		1	1	1	1	**1**

*1 A hyphen(-) indicates no eligible employees.
*2 Ratio of women among the Board of Directors (including Audit & Supervisory Committee members).
*3 In the fiscal year ended March 31, 2022, the training was provided only for the Sustainability Committee members (population parameter: 27).

IR Activities

Policy on Constructive Dialogue with Shareholders and Investors

Executive Officers responsible for administration are in charge of dialogue between the Company and shareholders/investors. Each department within the Company coordinates with the officers accordingly in providing necessary information to promote constructive engagement between them.

In terms of providing opportunities for dialogue, we hold briefing sessions in which the President or Executive Officers responsible for administration makes presentations, as well as individual meetings. Furthermore, we issue an integrated report and other IR materials and disclose information on the corporate website to help our shareholders and investors understand our management strategy and business environment better.

The opinions and requests received from shareholders and investors through dialogue are reported to the Board of Directors on a quarterly basis, and dialogue records are always shared among Directors including Audit & Supervisory Committee Members. These opinions and requests are valued to further strengthen our dialogue, and relayed to the management and related departments to use for active review of our business strategies.

During the silent period before announcing our financial results, we restrict dialogue with our shareholders and keep the insider information strictly confidential. Information deemed to be a material fact is managed centrally by the Executive Officers responsible for administration to prevent any leaks. We disclose immediately if the information is determined to correspond to information requiring disclosure as well.

Main topics and concerns of the dialogue, and status of response to them

Topics and concerns (FYE March 2026)	Measures implemented
Improvement of stock price and capital efficiency	Sale of the Asakusa Ekimae Building, new investments utilizing interest-bearing debt, and enhancement of shareholder returns
Timeline of the Long-Term Business Plan	Continuation of initiatives to achieve ROE of 8% in the early stages of Phase II
Promotion of new businesses	Implementation of five new investments in Japan and overseas, recruitment of human resources related to new businesses
Improvement of the profitability of existing businesses	Securement of new tenants through proactive leasing and rent increases for office buildings
Reduction of cross-shareholdings	Sale of one cross-held stock
Realization of unrealized gains on real estate	Sale of the Asakusa Ekimae Building and acceleration of preparations to establish the AM business
Skills and supervisory functions of Outside Directors	Update of the skill matrix, provide training for officers
Diversity	Appointment of one additional female Outside Director, increasing the ratio of female officers to 20%

Timely and appropriate information disclosure

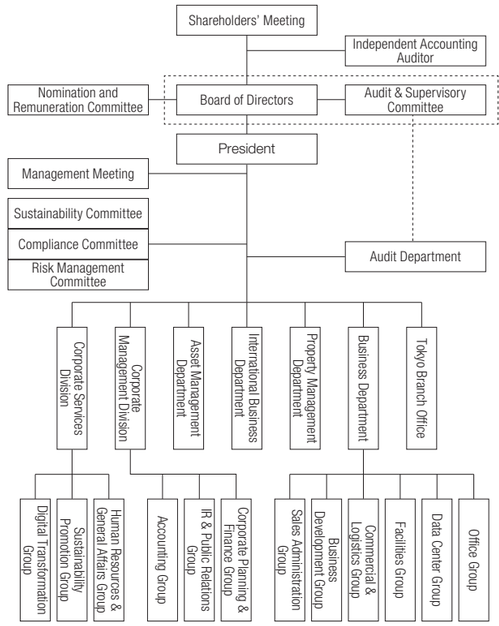
In order to eliminate the information gap between domestic investors and overseas investors, we have made it a policy to basically disclose information in English as well. Certain information, such as consolidated financial results and briefing session materials for analysts, is disclosed in Japanese and English simultaneously. Disclosure of annual securities reports in English is an issue to be considered in the future.

Name of documents	Status of Response
Consolidated financial results	The English version is disclosed simultaneously.
Briefing session materials for analysts	
Corporate Governance Report	
Timely disclosure materials to TSE	
Other disclosure materials	Disclosure of the English version is determined individually based on the policy of disclosing them in English.
Notice of General Meeting of Shareholders	Part of the information is disclosed in English.
Audited financial statements in English (Annual Report)	The English version is prepared and disclosed.
Annual Securities Report	Consideration will be given going forward based on government guidance and other companies' trends.
Sustainability Report	The English version is disclosed after the Japanese version.

Company Overview (As of March 31, 2026)

Company Name	**Keihanshin Building Co., Ltd.**
Address	Head Office: 2-14 Kawaramachi 4-chome, Chuo-ku, Osaka-shi, Osaka 541-0048, Japan Tokyo Branch Office: Kyodo Building 8F, 2 Kanda-Jinbocho 2-chome, Chiyoda-ku, Tokyo 101-0051, Japan
Corporate Website	https://www.keihanshin.co.jp/english/
Founded	December 24, 1948
Business Lines	Lease of office buildings, datacenter buildings, commercial buildings, logistics warehouses and off-track betting parlors (WINS), and building maintenance
Share capital	9,827.61 million yen
Stock Listing	Prime Market of the Tokyo Stock Exchange
Number of employees	66 (consolidated)
Subsidiaries	Keihanshin Building Maintenance Co., Ltd. Keihanshin Building America Co., Ltd.

Organization Chart (As of April 1, 2026)



Stock Information (As of March 31, 2026)

Stock Data

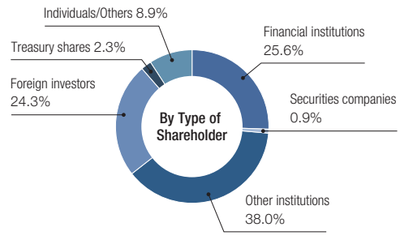
Number of shares of common stock authorized to issue	80,000,000 shares
Number of shares of common stock issued	48,811,498 shares
Number of shareholders	5,363

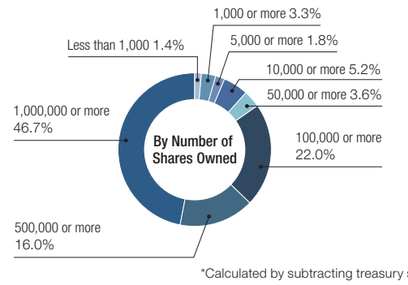
Major Shareholders (As of March 31, 2026)

Name	Number of shares owned (thousand)	Shareholding ratio (%)
GINSEN Co., Ltd.	6,440	13.5
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	4,926	10.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,692	7.7
Sumitomo Mitsui Banking Corporation	2,133	4.5
KINDEN CORPORATION	1,393	2.9
KAJIMA CORPORATION	1,376	2.9
San ju San Bank, Ltd.	1,287	2.7
Custody Bank of Japan, Ltd. (Trust Account)	1,006	2.1
The Hyakujushi Bank, Ltd.	891	1.9
Sansei Technologies, Inc.	865	1.8

*Shares less than one thousand are rounded down to the nearest thousand.
*The Company holds 1,109,167 treasury shares, however, the shareholding ratio is calculated by subtracting treasury shares.

Breakdown of Shareholders (As of March 31, 2026)





*Calculated by subtracting treasury shares.



Keihanshin Building Co.,Ltd.

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