

Long-Term Business Plan

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

May 12, 2023



Keihanshin Building Co.,Ltd.



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Impacted by stagnation in the economy and changes, etc., in workstyles and lifestyles due to impacts caused by a surge in the real estate market and COVID-19, the Company built foundations for existing businesses with occupancy rates as planned in the newly built Toranomom Building and OBP Building amid significant changes in the business environment surrounding the Company

■ Results of the Previous Business Plan

Results	
Business operations	<ul style="list-style-type: none"> Completed the Toranomom Building and OBP Building as planned, and achieved full occupancy at an early stage Maintained a high occupancy rate with a thorough customer-oriented approach Established Investment Promotion Department in July 2022 to further promote new investments, and acquired two new properties Acquired a residence for lease aimed at corporations as a new asset Performed advance studies on real estate fund business and overseas real estate investments
Management base	<ul style="list-style-type: none"> Enhanced the independence and diversity of the Board of Directors (Increased the number of Independent Outside Directors to constitute a majority of the Board of Directors and appointed a female director) Reduced cross-shareholdings (a total of approximately 10.0 billion yen was reduced) Built sustainability internal systems and strengthened initiatives
Shareholder returns	<ul style="list-style-type: none"> Increased annual dividends per share 9 yen, from 27 yen to 36 yen

■ Progress of Targeted Results

	2020/3	2021/3	2022/3	2023/3	2023/3 (Result)	2023/3 Target ratio	2026/3 Targeted results
Net sales (billion yen)	15.3	15.3	17.8	18.8	18.6	101%	22.0
Operating profit (billion yen)	5.4	5.2	5.1	5.3	5.5	96%	8.0
Ordinary profit (billion yen)	5.2	5.0	4.8	5.0	5.1	98%	7.5
Ordinary profit after tax before depreciation (billion yen)	5.8	5.7	7.1	7.3	7.1	103%	10.0
Total assets (billion yen)	136.6	154.0	149.9	152.3	166.6	91%	195.0
Net interest-bearing debt (billion yen)	45.1	45.0	54.9	61.8	75.2	82%	92.0
Net interest-bearing debt/EBITDA ratio (times)	5.9	6.0	6.2	6.7	8.2	-	7.3
Shareholder's equity (billion yen)	64.2	70.4	70.3	70.7	73.7	96%	82.0
Equity ratio (%)	47.0	45.7	46.9	46.5	44.2	+2.3pt	42.0

■ Progress of Investment Plans

	2020/3	2021/3	2022/3	2023/3	Cumulative	2026/3 Target ratio	2026/3 Targeted results
Investments in real estate (billion yen)	8.9	10.9	13.4	10.9	44.1	48%	92.0
Investments in renovations and repairs (billion yen)	2.4	1.2	1.6	2.4	7.6	95%	8.0
Total (billion yen)	11.3	12.1	15.0	13.3	51.7	52%	100.0

Awareness Towards External Environment

Economy

- Real estate prices remaining high
- Continued concentration in Tokyo
- EXPO 2025 OSAKA, KANSAI
- Attracting integrated resorts (IR) investments
- Expansion of ESG investment
- Changes in future interest rates outlook
- Soaring energy prices and commodity prices
- Destabilization of worldwide political affairs

Society

- Progression of population aging and low birthrate
- Workstyle reforms
- Lifestyle changes
- Responding to life with COVID-19
- Increasingly complex international situation
- Pressure for a rise in wages in response to inflation
- More awareness towards sustainability

Environment

- Intensifying climate change
- Frequently occurring natural disasters
- Tougher environmental regulations

Technology

- Progress in technological innovation
- Spread of AI and IoT, and promotion of DX

Formulate a new business plan aiming for further development of foundations and systems to respond to changes in the external environment surrounding the Company together with the belief that radical reforms are necessary for establishing a foundation for growth focusing on the 100th anniversary of the Company's founding under the new system and sustainable management promotion

Corporate Philosophy

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

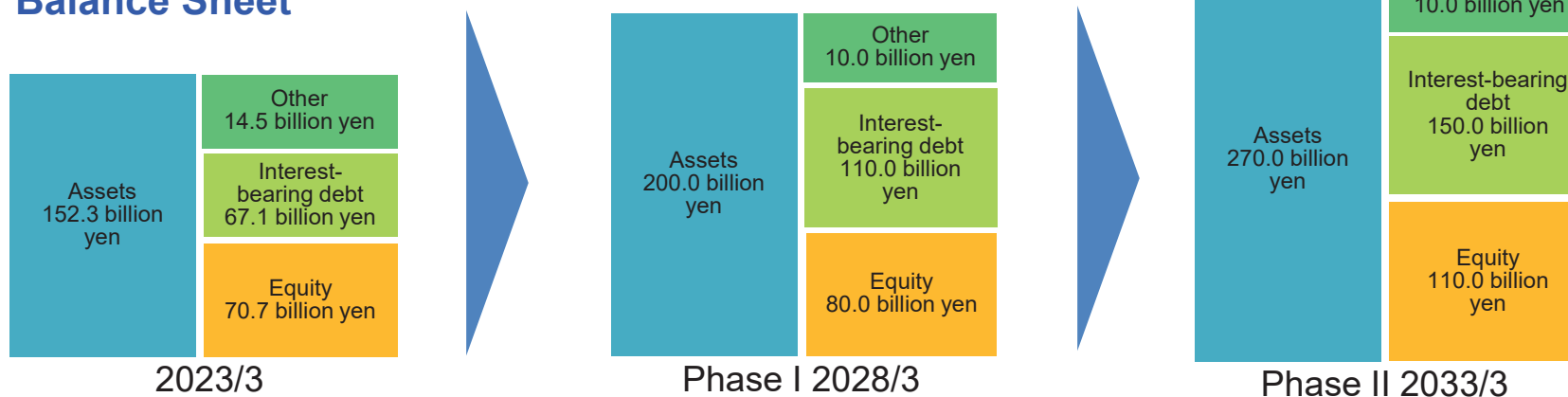
Target period	10 years from FY2024/3 to FY2033/3
Basic policy	<ol style="list-style-type: none">1. Aim to continuously enhance corporate value by realizing sustainable management2. Assess changes in the investment environment and expand our business size and create new profit models through increasing the portfolio
Corporate vision in 10 years' time	A company that will continue to contribute to a sustainable society with each and every employee growing through inventiveness and challenges and providing valuable commercial space that meet the needs of the times

Targeted Results

Targeted Results

	2023/3	Phase I 2024/3 to 2028/3	Phase II 2029/3 to 2033/3
Business profit (billion yen) *Operating profit + Share of profit (loss) of entities accounted for using equity method	5.3	7.0	14.0
Business profit before depreciation (billion yen) *Business profit + Depreciation and Amortization	9.1	11.0	18.0
Equity ratio	46.5%	30% or more	
Net interest-bearing debt/EBITDA ratio	6.7 times	Approximately 10 times	
ROA *Business profit / Total assets	3.6%	4.0% or more	5.0% or more
ROE *Profit / Equity	5.9%	6.0% or more	8.0% or more

Balance Sheet



Targeted Results

Investment Plans

Unit: billions of yen

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

Targeted Results

Sustainability KPIs

KPIs

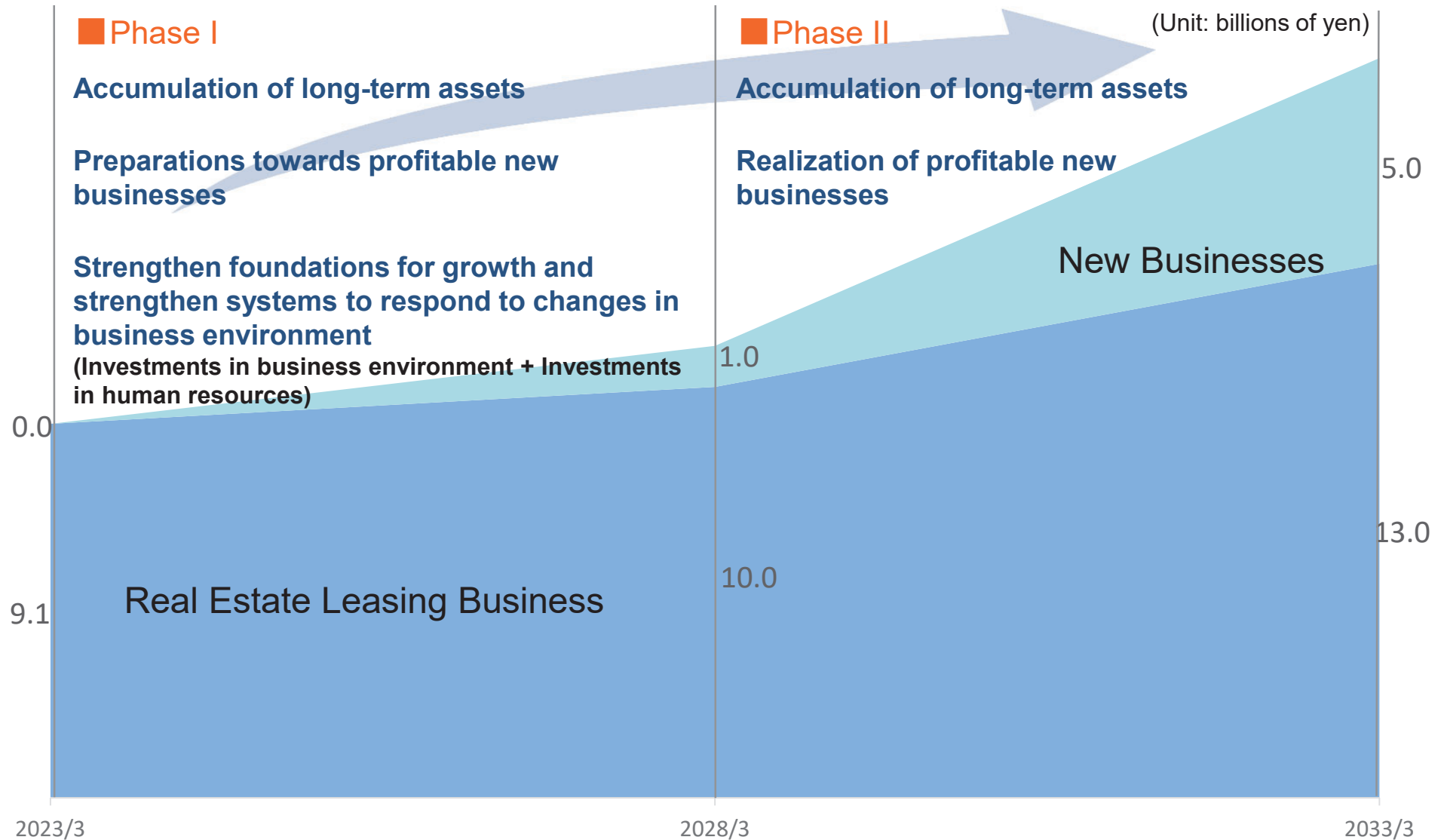
1. Reduce GHG emissions of Scope 1 and 2 portions by 46% by FY2031/3 compared to FY2020/3 including 10% reduction through energy conservation efforts
2. Use renewable energy
3. Raise the ratio of certified green buildings to all the owned properties by floor space to 50% or more by FY2031/3 and acquire green building certifications for all newly constructed properties in the future
4. Achieve five-year average male-to-female ratio of 50% among new recruits

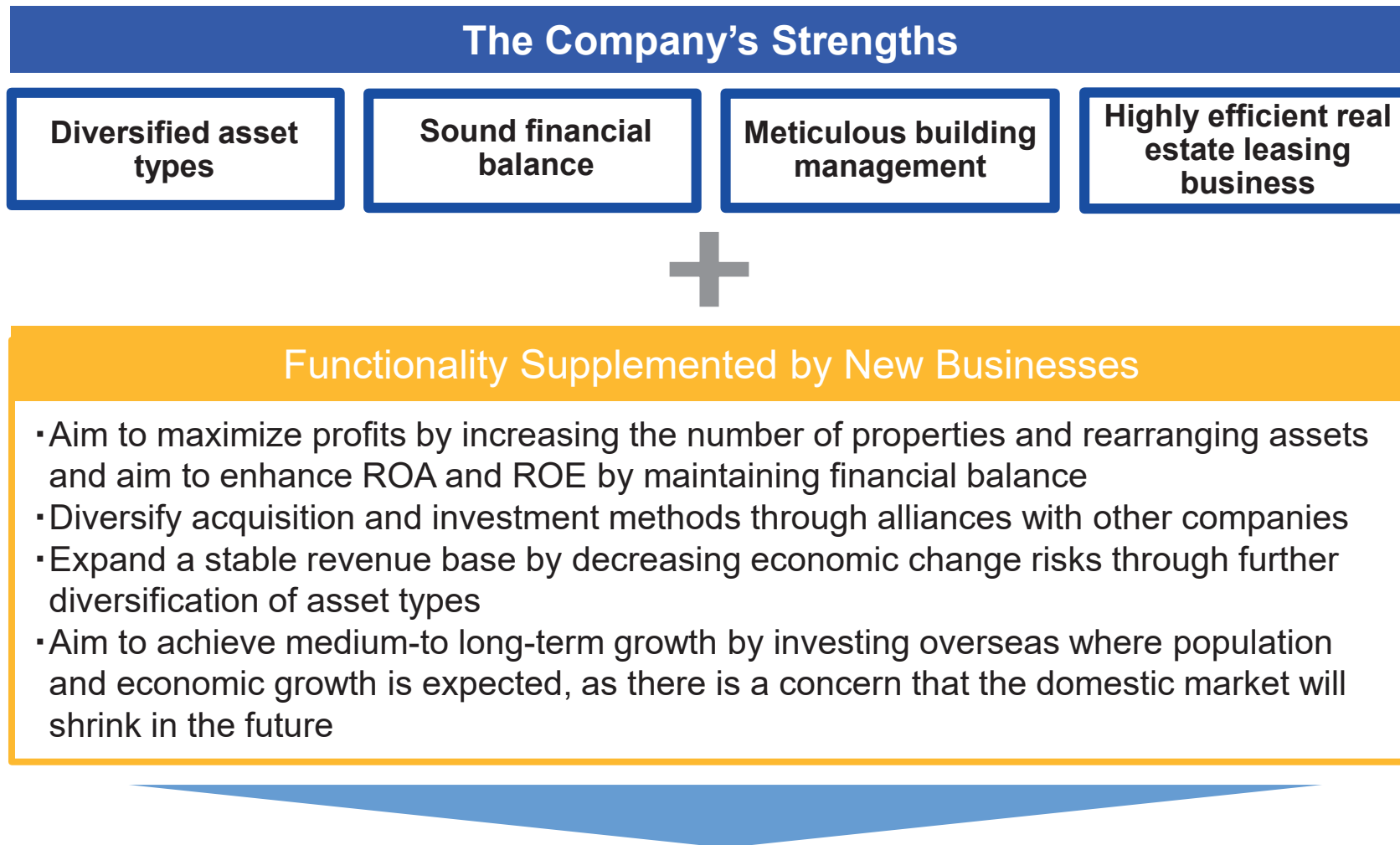
Sustainability Investment Plans

Unit: billions of yen

		Phase I 2024/3 to 2028/3	Phase II 2029/3 to 2033/3	Total
Investments in the environment	<ul style="list-style-type: none"> ▪ Investments in renovations and repairs for energy-saving equipment and BCP measures ▪ Use of renewable energy ▪ Acquisition of green building certifications 	3.0	4.0	7.0
Investments in human resources	<ul style="list-style-type: none"> ▪ Development of work environments ▪ Investment in human resources training ▪ Hiring specialized human resources who have experience 	1.0	2.0	3.0
Total		4.0	6.0	10.0

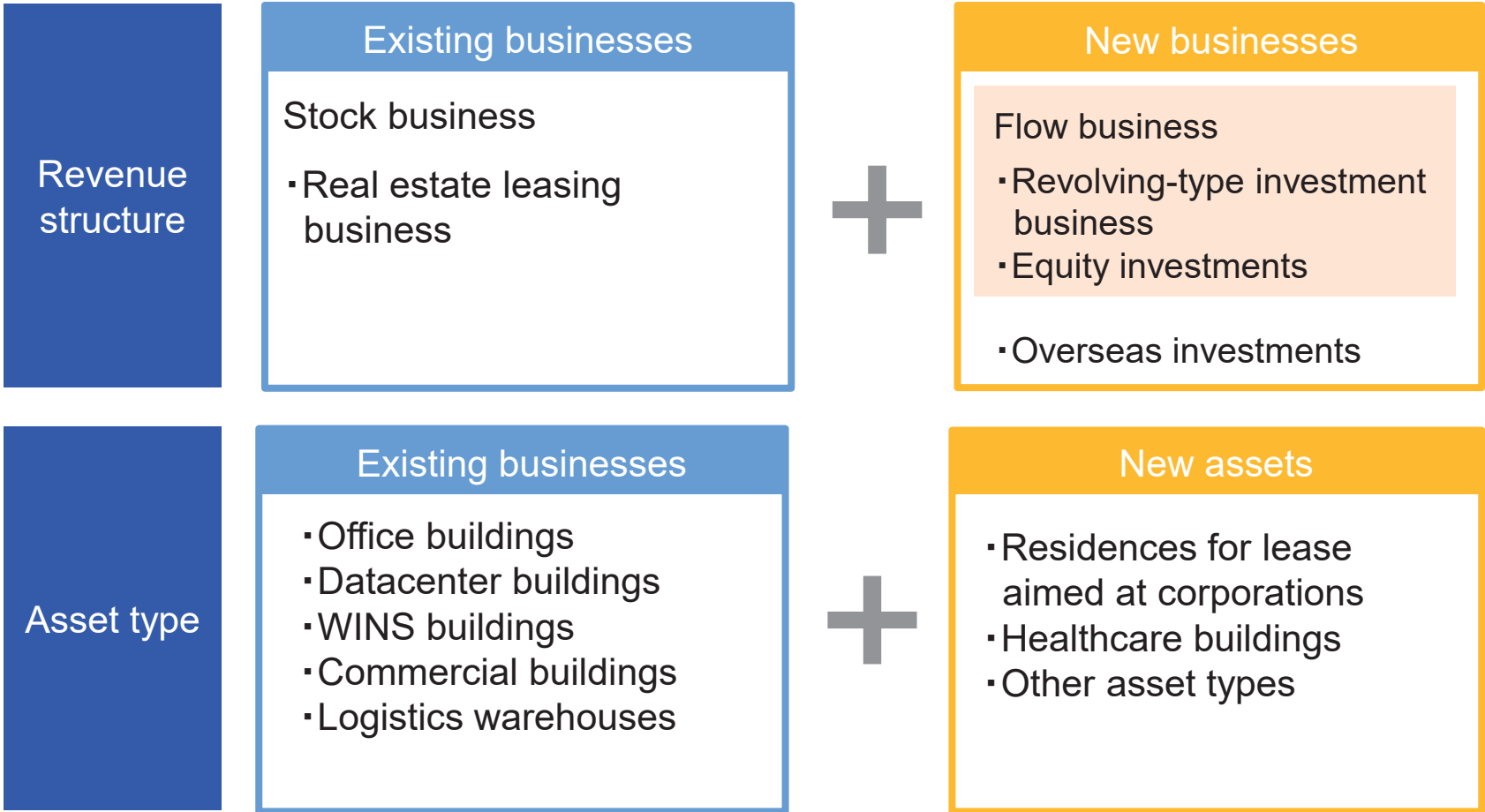
Trends in Profit





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

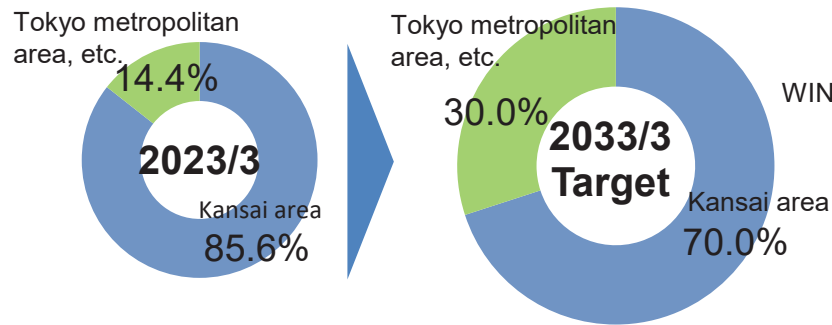
- Transition to a revenue structure that maintains balance between stock businesses and flow businesses
- Expand a stable revenue base by decreasing economic change risks through diverse asset types



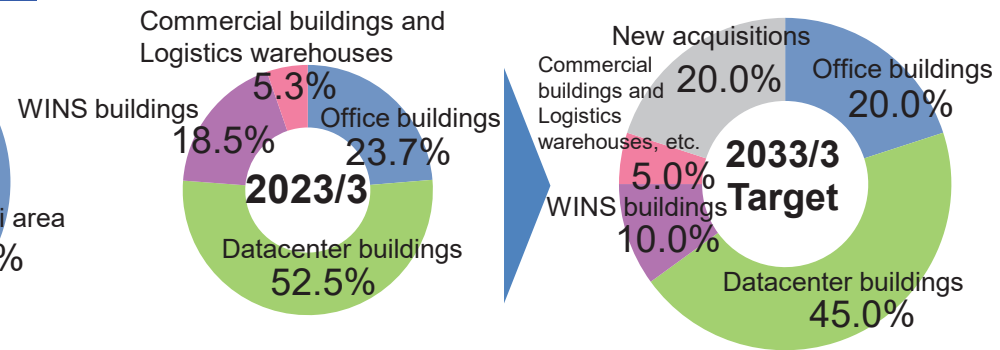
Real Estate Leasing Business

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

Regional Portfolio Net Sales



Asset Portfolio Net Sales



Investment scale (Cumulative 10 years)

180.0 billion yen









Strategy by Asset

Office Buildings

[Priority measures]

- ✓ Promote investment in the central Tokyo area from the perspective of diversifying the portfolio
- ✓ Based on diverse workstyles, provide offices of choice by developing buildings incorporating BCP measures with advanced features cultivated through developing new offices and the datacenter building business
- ✓ Achieve enhanced customer satisfaction through improving soft services
- ✓ Appropriately take measures such as selling unprofitable or older properties
- ✓ Pursue profitability of existing properties

Existing Properties

								
Property	Midosuji Building	Kawaramachi Building	Yodoyabashi Building	Azuchimachi Building	Toranomon Building	Onarimon Building	Fuchu Building	Yoyogi-koen Building
Address	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Chuo-ku, Osaka-shi	Minato-ku, Tokyo	Minato-ku, Tokyo	Fuchu-shi, Tokyo	Shibuya-ku, Tokyo
Site area	2,033 m ²	1,818 m ²	1,790 m ²	590 m ²	899 m ²	551 m ²	18,460 m ²	1,318 m ²
Total floor area	19,872 m ²	16,520 m ²	12,136 m ²	3,505 m ²	7,263 m ²	3,885 m ²	35,907 m ²	5,079 m ²
Structure	B1/14F	B3/9F	B1/11F	B1/7F	B1/13F	B1/9F	6F	B1/6F
Completion	April 2007	April 1962 (Renewed in December 1999)	March 2001	March 1964 (Renewed in December 1999)	Completed in November 2020	April 2009	Purchased in May 2014	Purchased in April 2015

Strategy by Asset

Datacenter Buildings

Changes in the Business

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



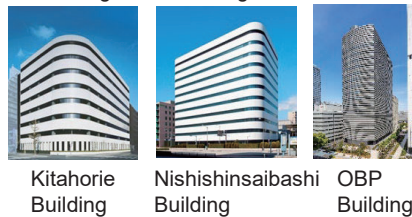
[Priority measures]
 ✓ Establish business strategy for older datacenter buildings (convert to office buildings, etc., attract tenants related to datacenters, etc.)

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



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

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



The present onward
 Develop new datacenter buildings

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






Strategy by Asset

Commercial Buildings and Logistics Warehouses, etc.

[Priority Measures]

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

Existing Properties

					
Property	Nagano Shopping Facility	Shinjo-Kawaramachi Building	Fujisawa Shopping Facility	Hirakata Warehouse	Kawagoe Distribution Center
Address	Nagano-shi, Nagano	Nakagyo-ku, Kyoto-shi	Fujisawa-shi, Kanagawa	Hirakata-shi, Osaka	Kawagoe-shi, Saitama
Site area	12,198 m ²	751 m ²	3,493 m ²	8,604 m ²	15,729 m ²
Total floor area	34,381 m ²	4,968 m ²	7,354 m ²	11,123 m ²	11,201 m ²
Completion/Acquisition	Purchased in October 1998	Purchased in April 1996 (Renewed in October 2014)	Purchased in October 2016	Completed in March 1983	Purchased in December 2015

Recent investment “Sekime-Takadono Apartment Building”



Purpose	Residence for lease aimed at corporations
Address	4-22 Takadono, Asahi-ku, Osaka-shi
Site area	1,360 m ²
Total floor area	3,496 m ²
Structure	4F
Acquisition	Purchased in January 2023

■ Strategy by Asset

Acquisition of Sites for Development

[Priority Measures]

- ✓ Acquire sites for development expected to increase in real estate value in the future from the various perspectives of not only transportation convenience, but potential value, future prospects, suitability of the location, and terrain
- ✓ Consider participating in redevelopment and diversifying and expanding business through alliances, etc., with other companies

Recent investment towards the future, “Site in Minamiaoyama”



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

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

Revolving-Type Investment Business

[Purpose]

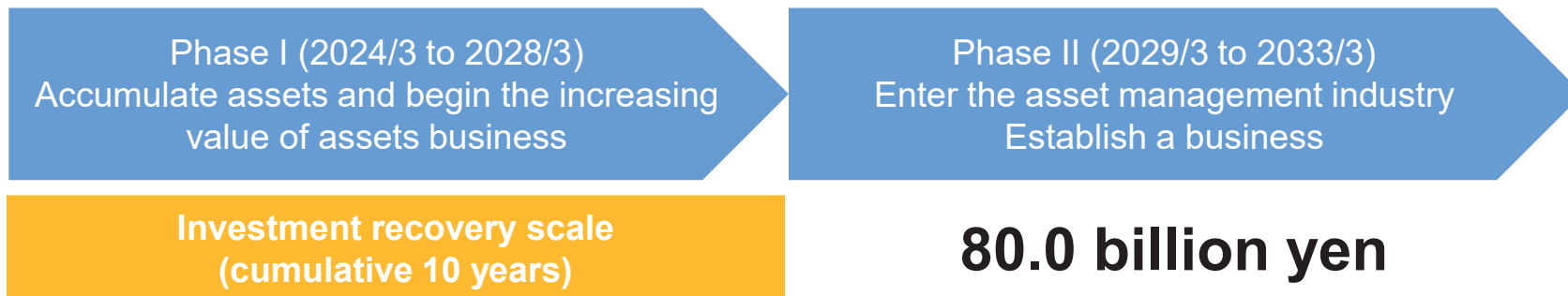
Aim to enhance ROA and ROE by aiming for the maximization of profits through selling assets and reinvesting acquired funds in areas of growth

Aim to maximize profits by maintaining financial balance along with rearranging assets

[Priority Measures]

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

Road Map



Equity Investments

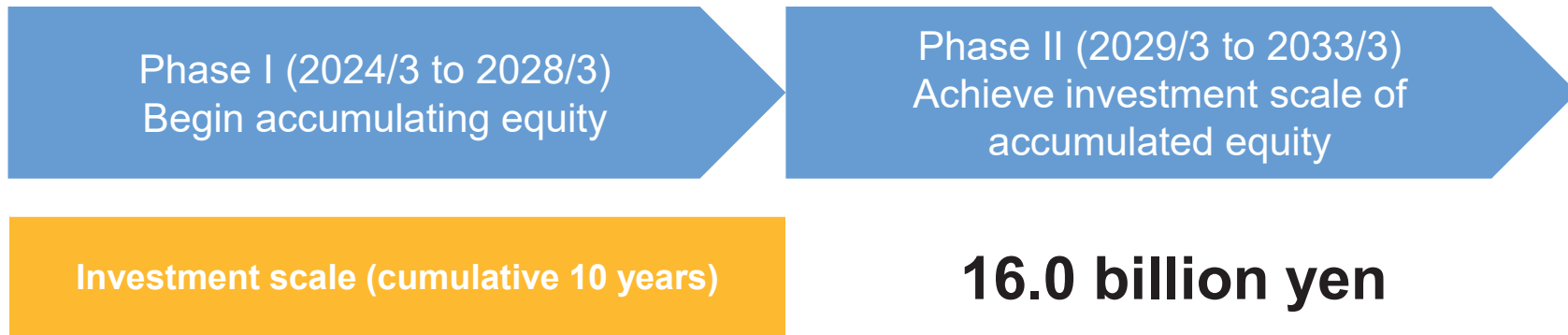
[Purpose]

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

[Priority Measures]

- ✓ In Phase I, begin equity investments and expand equity investments
- ✓ In Phase II, realize achievements of investment scale through accumulated equity investments

Road Map



Business Strategy

New Businesses

Overseas Investments

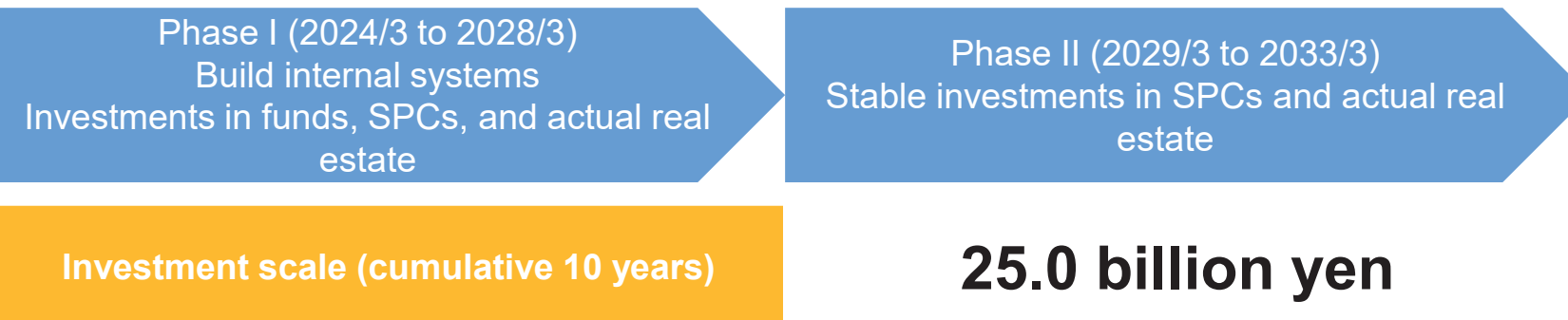
[Purpose]

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

[Priority Measures]

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

Road Map



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

2033/3 Targeted Results

Equity ratio

30% or more

Net interest-bearing debt/EBITDA ratio

Approximately 10 times

FY2033/3 ROA (Business profit / Total assets)

5.0% or more at the end

FY2033/3 ROE (Profit / Total assets)

8.0% or more at the end

Policy for Improvement of Management Efficiency

$$\begin{array}{c} \text{ROA} \uparrow \end{array} \quad \text{Financial leverage} \quad \begin{array}{c} \text{ROE} \uparrow \end{array}$$

$$\left(\frac{\text{Profit}}{\text{Total assets}} \right) \times \frac{\text{Total assets}}{\text{Equity}} = \frac{\text{Profit}}{\text{Equity}}$$

Making ROA improvement the top priority

Restraining excessive burden of financial leverage

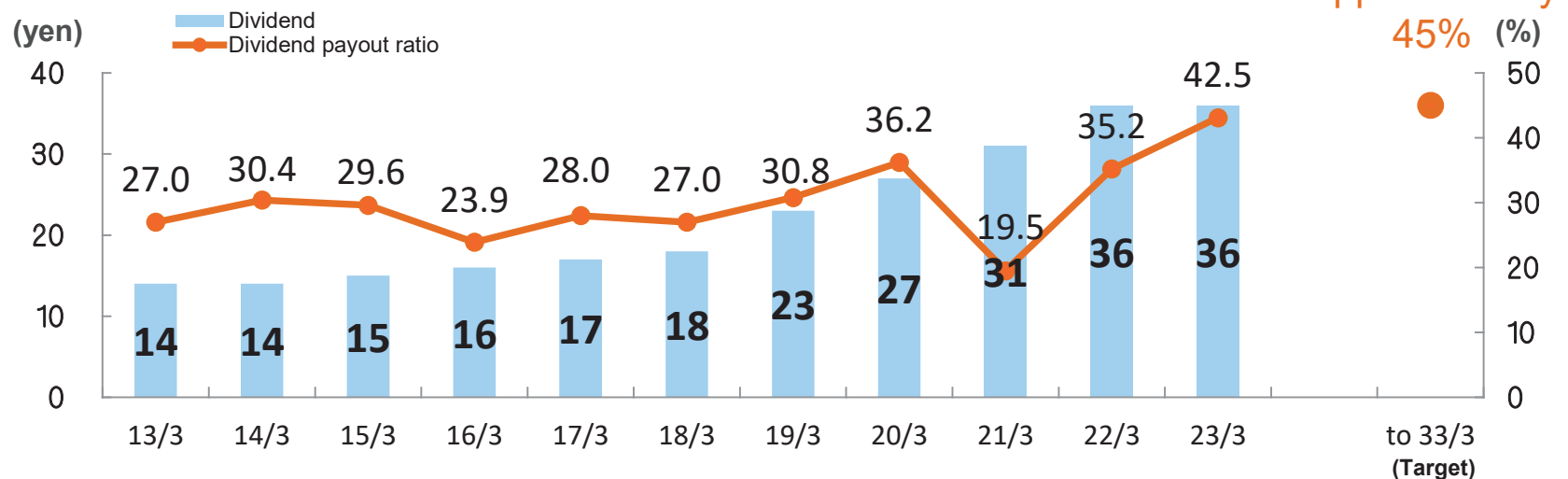
Realizing improvement of ROE as a result

Shareholder Returns

- Continue stable dividends and increased dividends with an emphasis on profit per share
- Raise the current dividend payout ratio of 35% to 40% to **approximately 45%**
- Consider shareholder returns with an awareness of capital efficiency of shareholder repurchases, etc., comprehensively taking into account the economic situation and the Company's stock price

2023/3	➤	Long-Term Business Plan Target
Dividend payout ratio		Approximately 45%

Trends in annual dividend per share and dividend payout ratio



■ The Company's Materiality (Key Sustainability Issues)

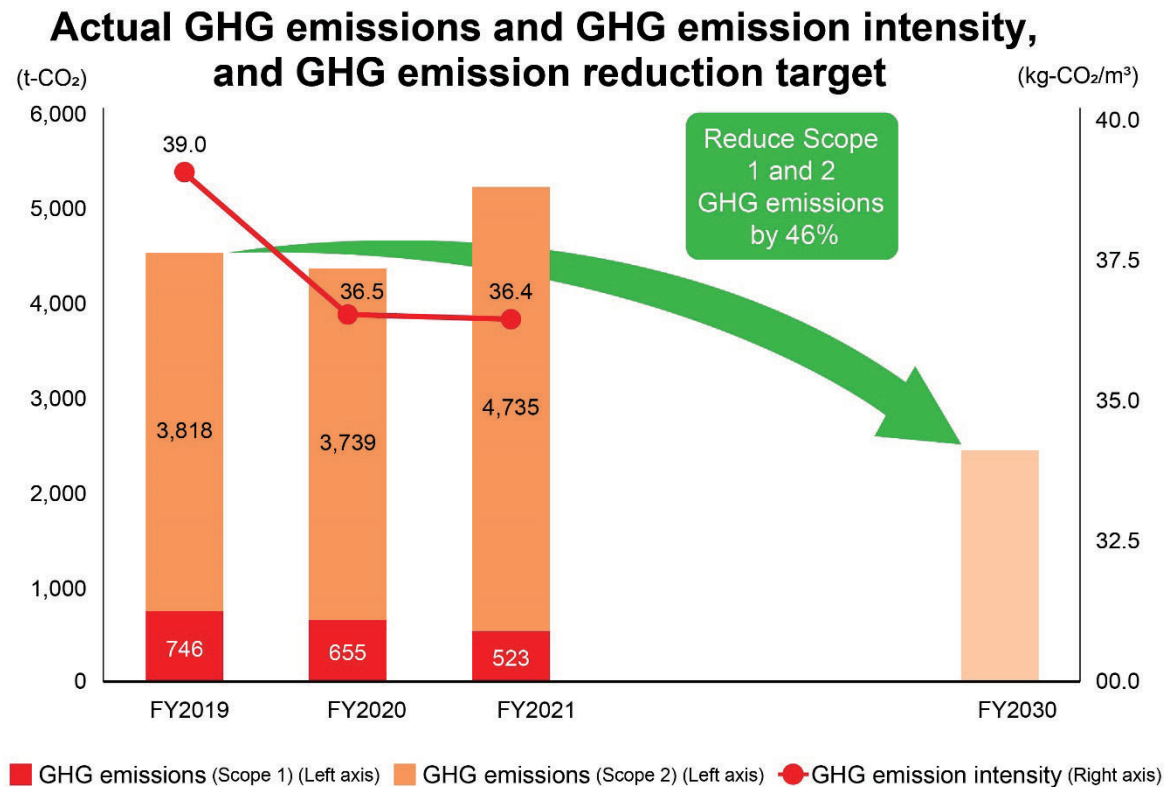
ESG	Theme	Materiality
E (Environmental)	Balancing between a rich environment in the future and business activities	<ul style="list-style-type: none"> ■ Strengthening of resilience to climate change ■ Sustainable use of resources by measures to reduce the burden on the environment
S (Social)	Provision of optimal space keeping abreast of changing external environment and times	<ul style="list-style-type: none"> ■ Provision of safe, secure, and comfortable space ■ Promotion of the business keeping abreast of changing environment and times
	Co-existence and co-prosperity with stakeholders	<ul style="list-style-type: none"> ■ Conduct of constructive dialogue with investors and shareholders in line with the sustainable management ■ Collaboration with partner companies with an emphasis on ESG issues ■ Co-existence and co-prosperity with local communities
	Establishment of the organization where diverse human resources achieve their potential	<ul style="list-style-type: none"> ■ Respect of human rights, diversity and inclusion ■ Improvement of human capital
G (Governance)	Reinforcement of the management base that supports the sustainable management	<ul style="list-style-type: none"> ■ Financial strategy to adapt to a changing business environment ■ Strengthening of organizational resilience ■ Improvement of the effectiveness of the Board of Directors ■ Implementation of compliance that supports the sustainable management

GHG Emission Reduction Target

Aim to reduce Scope 1 and 2 emissions **46%** compared to FY2020/3 by FY2031/3

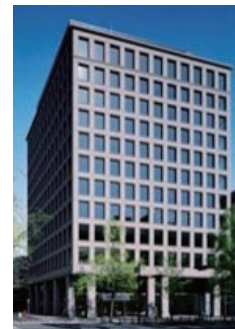
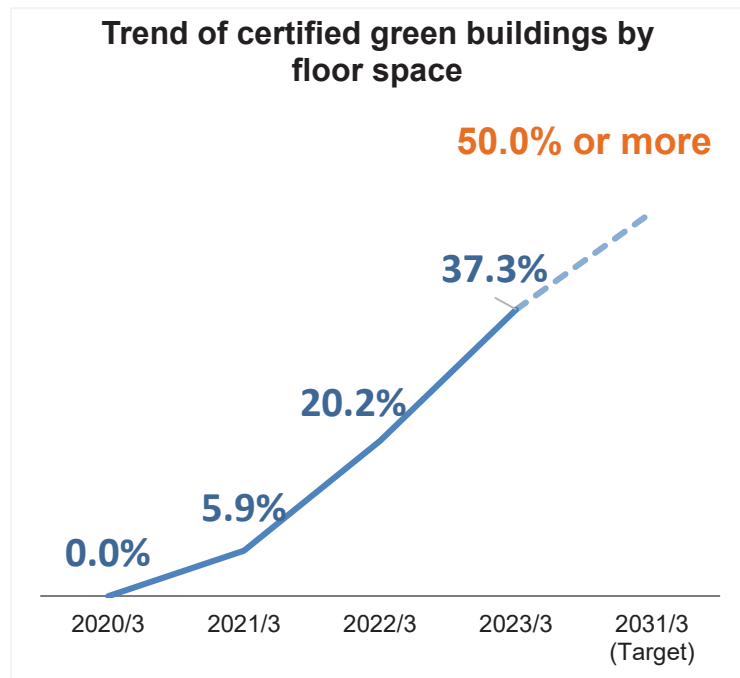
*Scope 1: Green-house gas emissions that are direct emissions by using fuel at the Company

*Scope 2: Green-house gas emissions that are indirect emissions by using electricity, heat, and steam provided by other companies



Acquisition of Green Building Certifications

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



Midosuji Building



Yodoyabashi Building



Fuchu Building



Yoyogi-koen Building



Onarimon Building



Toranomom Building

Human Resources Development

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

Details of Key Initiatives

Securing Diverse Human Resources

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

Improving Skills of Employees

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

Composition of Personnel Supporting the Long-Term Business Plan

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

Development of Work Environment

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

Details of Key Initiatives

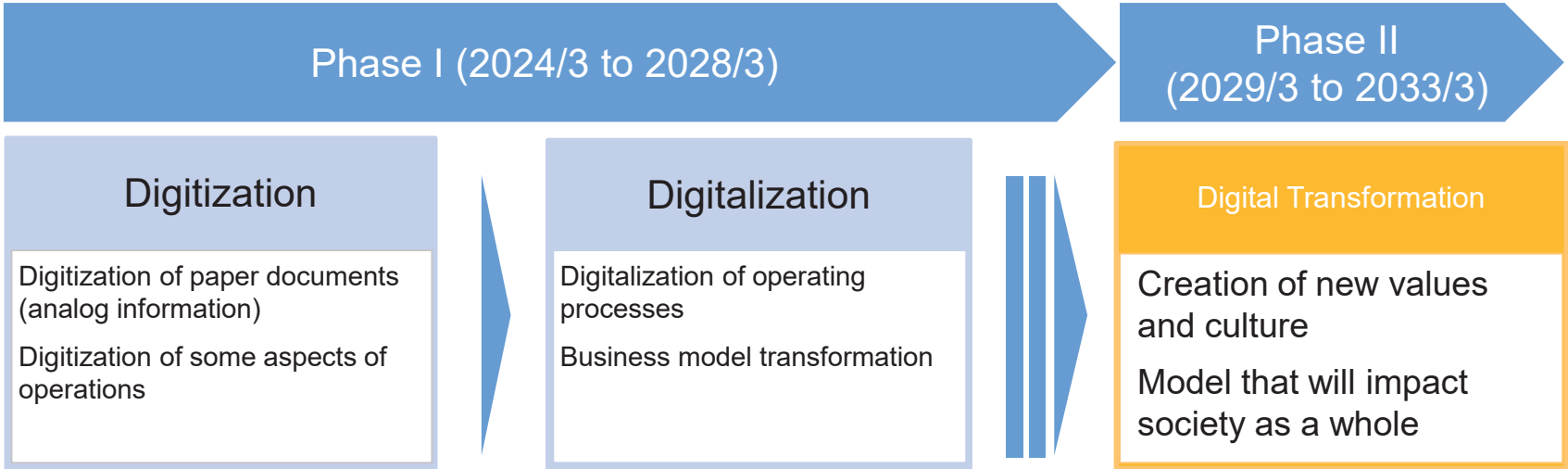
Maintain a Sound Work Environment Without Discrimination

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

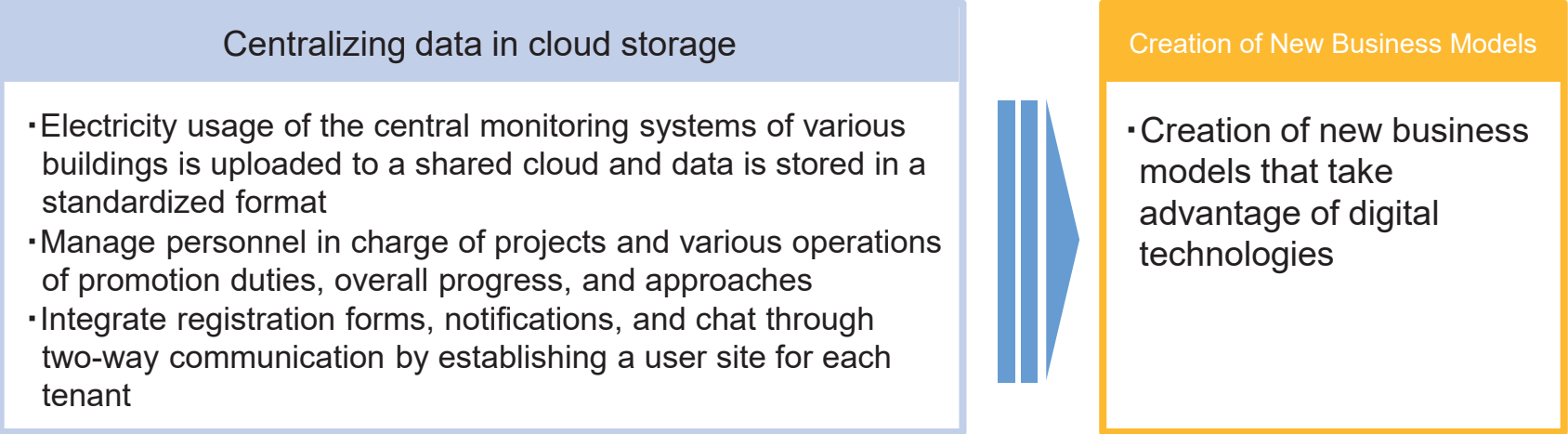
Develop a System Where Diverse Workstyles are Made Possible

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

DX Promotion



Details of Key Initiatives



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