



Keihanshin Building Co.,Ltd.

INTEGRATED
REPORT
2025

For the fiscal year ended March 31, 2025

Connect People, Communities, and the Future

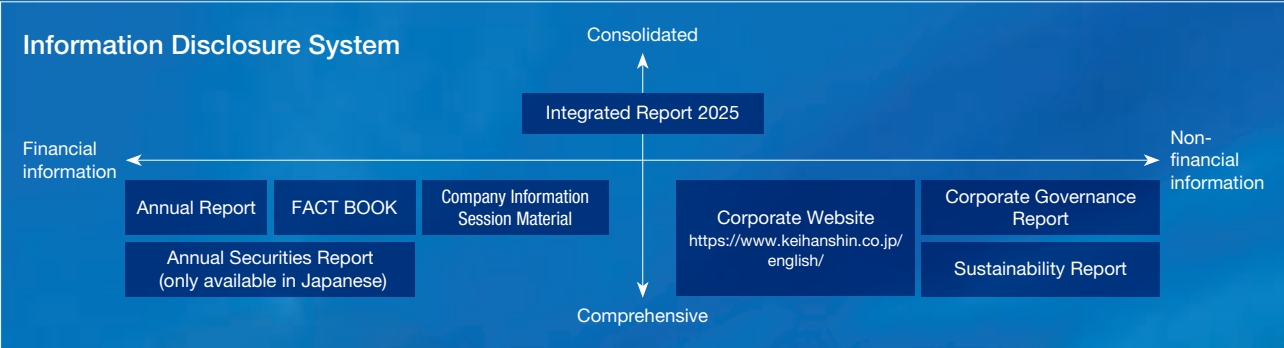
Corporate Philosophy

- 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



<https://www.keihanshin.co.jp/english/company/policy/>



■ IR Information
<https://www.keihanshin.co.jp/english/ir/archive/>



■ Sustainability Information
<https://www.keihanshin.co.jp/english/sustainability/>

Key Points of the Integrated Report 2025

- ▶ Introduction and Value Creation Story
- In addition to a message from the new Representative Director, the Integrated Report 2025's Value Creation in the Value Chain section includes information about our collaborative creation with stakeholders as well as the synergies between Keihanshin Building's existing and new businesses.
- ▶ Business Overview
- The results of new investments in the Long-Term Business Plan have been updated.
- ▶ Corporate Governance
- In line with the transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, information regarding the governance system has been updated, and this report also includes a roundtable discussion involving the new Outside Directors.

Editorial Policy



The Integrated Report 2025 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.

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, 2025 (April 1, 2024 to March 31, 2025). However, some parts may include past information or information on factors beyond April 1, 2025.

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.

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President
Tsuneo Wakabayashi

We will grow together
with our stakeholders
by both making our business profitable and
solving social issues.

Vision for Keihanshin Building

We have specialized in the real estate leasing business for many years, and have achieved steady growth by expanding our asset size. Keihanshin Building has also updated its portfolio according to the social needs of the times. Shortly after the end of World War II, the Company involved itself in off-track betting parlors (now WINS buildings) and built-for-sale houses with the aim of bringing back entertainment to the masses and resolving housing shortages. During Japan’s period of high economic growth, the Company provided office buildings, and when motorization took off, roadside commercial facilities. Then, with the dawn of the IT age, we began providing datacenter buildings. (P.11) Today, the Company develops office, datacenter, and WINS buildings, as well as commercial buildings, logistics warehouses, and other properties. Through our efforts to diversify asset types, we have created a portfolio that enables us to distribute risk, and for its various fields to compensate for each other even in the face of changes in the external environment.

On the other hand, the business environment has undergone changes at a dizzying pace in recent years. In addition to the contraction of the overall Japanese market due to the declining birthrate and aging population, soaring real estate prices and construction costs have made it difficult for the Company to develop real estate on its own and recoup its investments with long-term assets. Last year, the Bank of Japan made a policy shift away from negative interest rates, and it is expected that interest rates will continue to rise in the future. It is also necessary to pay close attention to such factors as the spread of remote work, changes in workstyles accompanying the development of generative AI, tariffs, and geopolitical risks. The future is expected to be even more uncertain, but, just as we have in the past, I believe that we will be able to seek out and find business opportunities by identifying changes in society and living environments, and resolving social challenges.

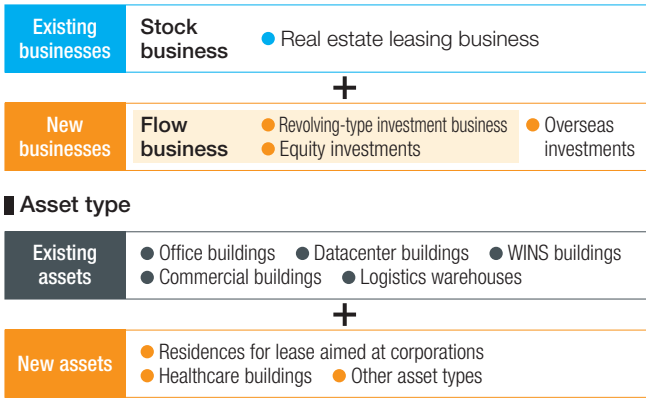
Under the Long-Term Business Plan

formulated in May 2023, the Company aims to improve capital efficiency while building a foundation that enables sustainable growth despite significant changes in the external environment. While continuing to position the real estate leasing business as its core business, the Company is working to shift to a revenue structure that is well-balanced between stock business and flow business by engaging in new businesses such as a revolving-type investment business, equity investments, and overseas investments. At the same time, the Company is working to further diversify its portfolio through investments in new asset types, such as residences for lease aimed at corporations and healthcare buildings, in order to reduce risks associated with economic fluctuations and expand its stable revenue base. With development costs increasing due to soaring real estate prices and construction costs as well as rising interest rates, we believe there are greater opportunities to secure profits than in the leasing business by increasing the value of existing properties and investing in equity that will generate gains on sales in a short timeframe. In addition, with Japan’s aging population, demand for healthcare buildings is expected to increase. The percentage of students enrolling in higher education institutions is also on an upward trend, even as the birthrate is declining. Therefore, we expect to see a certain level of demand for housing and student dormitories where students can live in safety and comfort. As stated in its Corporate Philosophy, the mission of Keihanshin Building is “To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers’ and our businesses.” We will continue to provide commercial space in line with the needs of society, and aim for sustainable growth together with tenants and partner companies while contributing to society.

Business environment in Japan

- Soaring real estate transaction prices
- Soaring construction costs
- Rising interest rates
- Declining birthrate and aging population
- Increasing higher education advancement rate
- Changing workstyles
- Digital transformation

Revenue structure



Take advantage of changes in the business environment and aim for growth

Message from the President

Business strategy: strengthen earning power and get on track

In the previous Integrated Report, issues raised in the second year of the Long-Term Business Plan included the establishment of an internal system for new businesses and the accumulation of know-how. Accordingly, we reviewed our Long-Term Business Plan in September 2024 and set out to quickly achieve the monetization of new businesses and improve capital efficiency by immediately tackling these issues. As a result, we were able to make more progress than expected over the past year. In fiscal 2024, the Company carried out a total of 10.8 billion yen in new investments and investments in renovations and repairs. In fiscal 2025 and beyond, we will continue to take a careful look at each opportunity and engage in proactive investments by leveraging the solid financial base we have developed in the real estate leasing business. While the Company places importance on the yield of each property, in order to grow the Company over the medium to long term, in addition to increasing profits in the present, it is essential to sow the seeds for future profits. Therefore, the Company will invest in a manner that balances them.

Going forward, we will strive to flexibly refine our management by identifying changes in the external environment while also heeding the opinions we receive in our communications with investors. Furthermore, in terms of financial discipline, the Company has set an equity ratio of 30% or more and a net interest-bearing debt/EBITDA ratio of around 10 times, and is also working to control risks.



Real estate leasing business

In April 2025, we created a ready-to-use office in the Azuchimachi Building. The property is characterized not only by its convenience, comfort, and excellent design, but also by the fact that it can control tenant expenses and shorten the period required from the time a tenant moves in to the start of business. In Japan, the office market is expected to shrink due to the declining birthrate and aging population. Amid changes in the way people work, we will maintain our competitive edge by continuing to keep a close eye on what kind of spaces are desired, and, while also being conscious of efficiency, combine new and inventive ideas from the perspectives of interior decoration and room layout and provide added value like ready-to-use offices. In addition, by continuing to specialize in medium-sized office buildings, the Company will target medium-sized companies while also taking into consideration the needs of growing startups looking to relocate to bigger spaces as well as those of downsizing companies seeking to move to smaller properties.

The Company has been involved in datacenter buildings, which currently account for more than half of its net sales, since 1988, when they were referred to as computer buildings, and these assets can be considered characteristic of the Company. Although demand for datacenters is expected to increase in the future, construction and material costs are rising, functions are becoming more sophisticated, and investment amounts are growing in accordance with increasing project scales. This makes it necessary, I believe, to consider new schemes such as the use of leased land and joint investment with datacenter operators and construction companies, in addition to the conventional method of purchasing land to build datacenters.

At the same time, in addition to the datacenter building business, the Company will endeavor to

diversify risk by expanding its asset portfolio. It will do this by improving the earnings from office buildings as well as the WINS buildings that are the Company's original businesses, while also promoting new investments in healthcare buildings and residences for lease aimed at corporations as well as logistics warehouses, for which there is expected to be continued demand in the future.

New businesses

In March 2025, we invested for the first time in a B to B apartment building for lease aimed at students in Itabashi-ku, Tokyo. Although the birthrate will continue to decline in the future, it is unlikely that the number of students will decrease rapidly due to factors such as an increase in the percentage of students going on to higher education and an increase in the number of overseas students studying in Japan. This investment is a pilot project for the Company to incorporate such needs, and we hope to both capture the need for apartment buildings for lease aimed at students and acquire the relevant expertise. In the same month, the Company also invested in a fund for healthcare buildings consisting of six facilities nationwide. With the population of Japan aging and demand for healthcare buildings expected to increase, through investment in this fund the Company will absorb expertise related to healthcare buildings and contribute to realizing a society in which citizens can live with peace of mind.

As for overseas investments, we are promoting development in the United States, where market growth is expected and legal risk is low. While speed is also important, acquiring the overseas investment expertise while building relationships of trust with local partner companies requires a reasonable period of time as well as a track record of successful transactions. Therefore, we believe that we need to engage in our overseas investments from a long-term perspective. We must also pay attention to risks, including tariffs, concerns over economic downturns, and unstable foreign exchange rates, and we have established standards such as certain ratios of those investments to total assets as well as monetary limits to individual investments.

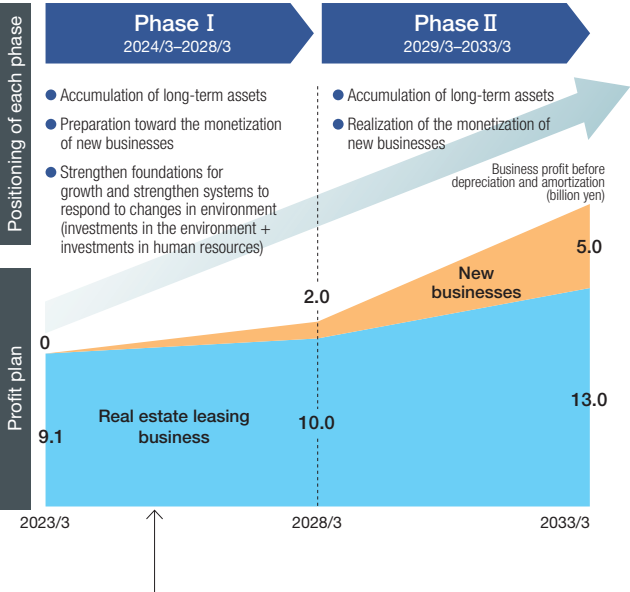
In Japan, as in our overseas investments, we are increasingly collaborating with other companies to promote real estate development and equity investments. For example, with respect to the asset management (AM) business, in order to secure the human resources and assets to launch and operate our own AM company in the future and realize the monetization of the business, the cooperation of a reliable partner company with expertise is essential. The Company will continue to engage in dialogue with business companies that are candidates for partner companies, confirm each other's aims, and deepen relationships of trust.

Up to this point, I have talked about collaboration with other companies, but at the

same time it is also important to utilize the expertise the Company has cultivated over many years to promote new businesses. Although the business models are different, the products that we handle in our revolving-type investment business, equity investments, and the real estate leasing business are all the same in terms of being real estate, and I believe that we can expect significant synergies between our existing and new businesses. I also believe that the expertise and experience the Company has developed through the real estate leasing business can be utilized in the kind of property development and value enhancement that are demanded by the market. For example, by applying the business continuity planning (BCP) expertise we have accumulated through the operation of datacenter buildings to office buildings, we have been able to realize office buildings that are resistant to disasters and differentiate ourselves from competitors. In addition, the expertise and experience we have cultivated by identifying and minutely meeting the needs of tenants, as well as the risk management system we have developed for ensuring the stable operation of BCP and the leasing business, can be utilized for leasing and property due diligence in the revolving-type investment business. Moreover, the networks that the Company has built over many years with stakeholders such as financial institutions, partner companies, and local communities will be a major strength in quickly obtaining information on development sites and existing properties for the revolving-type investment business. In order to maximize these synergies, I believe it will be important for the Investment Promotion Department, Business Department, and Property Management Department to closely cooperate, share information, and exchange and flexibly allocate human resources.

Development of internal systems

The number of employees on a consolidated basis was 64 as of the end of the fiscal year ended March 31, 2025. While maintaining an efficient structure with a small number of employees, the Company recruited six experienced, mid-career employees in fiscal 2024. By reallocating personnel in line with our business strategy and increasing the number of personnel in the Business Department, Investment Promotion Department, and Finance & Accounting Department, we are working to develop our systems, such as strengthening our sales capabilities in the Tokyo metropolitan area, accelerating the launch of new businesses, and upgrading overseas accounting processing. At the same time, we are working to raise the level of the entire organization through the integration of employees who were hired as new graduates and have worked for us their entire careers with experienced, mid-career hires. We also hired experienced asset management



Fiscal 2025 marks halfway point of Phase I

Message from the President

personnel essential for developing the revolving-type investment business, and in April 2025, we established the AM Business Preparation Group to take charge of building up the business of asset management operations, launching it with a three-person structure. In the AM Business Preparation Group, emphasis is placed on the formation of private placement funds, etc. which will serve as a vehicle for the resale of existing and newly acquired properties, and efforts will be made to develop professional human resources while

strengthening relationships toward alliances with other AM companies.

Fiscal 2025 is the third year of the Long-Term Business Plan as well as the turning point of Phase I (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2028), making it an important year for achieving the targets. It will be a year in which the true value of the internal systems we have worked to develop, as well as our ability to use them, will be tested, and we will be shifting to an even higher gear.

Company growth: the sum of each employee’s growth

Our corporate vision in 10 years’ time in our Long-Term Business Plan is “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 meets the needs of the times.” Human resources are the driving force behind our business, and we believe that “the growth of a company is nothing other than the sum of the growth of its individual employees.” Therefore, under the Long-Term Business Plan, we are intending to invest 3.0 billion yen in human resources over 10 years.

It is important to provide an environment in which each employee’s life is enriched through challenges and personal growth. We encourage new employees to grow by telling them, “you will spend more than one third of your life at work, so if you want to enrich your life, naturally you must value the time you spend at work.” As skills cannot be acquired unless a person wants to acquire them, we place importance on our employees’ own motivation, and provide as much support as possible to employees who seek to improve their skills, including through such means as the qualification support system and training. I expect that as examples of employees seeking and receiving support for skill improvement accumulate, more and more employees will naturally want to do the same. It is also important to create a corporate culture that

encourages employees to come up with their own motivation. In order to create an environment in which employees can readily convey their ideas to others, it is essential to encourage regular active communication. It is also important to remove organizational boundaries and vertical barriers. As the number of our employees is small, we will leverage an environment in which every employee is able to interact personally with every other employee and strive to create a workplace that engenders even better communication.

Through fiscal 2024, while striving to recruit personnel with abundant experience in our new businesses, we also created opportunities for young employees to be transferred to overseas divisions, etc. of other companies to gain experience and expertise in these new businesses. At the same time, we have increased the number of female Business Department staff and are working to create an environment in which female employees can flourish. An increasing number of tenants are listening to female staff when choosing office buildings, and I anticipate that there will be considerable space for female workers in the Business Department to utilize their unique perspective in leasing activities. In this way, by utilizing the diverse values and experience of employees with a variety of backgrounds, the Company will promote further growth of the real estate leasing business as well as the launch of new businesses.

Provision of advanced BCP functions and high environmental performance

We plan to make 7.0 billion yen of environmental investments over 10 years. There are many earthquakes in Japan, and wind and flood damage due to climate change is expected to become more severe. Therefore, there is an increasing need to enhance BCP measures that will enable tenants to continue to operate

their businesses in an emergency. We have cases of tenants choosing our properties after evaluating the Company’s BCP measures, and I can see that awareness of disaster prevention is increasing among companies year by year. In addition, against the backdrop of listed companies being strongly urged to reduce

greenhouse gas emissions, the Company is also responding to tenant demand by saving energy costs and introducing renewable energy at properties held by the Company as initiatives toward decarbonization. Furthermore, in order to objectively demonstrate the high levels of safety, comfort, and environmental performance of properties held by the Company, we are promoting the acquisition of green building

certification, and aim to raise the ratio of the area of properties with the Green Building certification to 50% or more by the fiscal year ending March 31, 2031. When meeting with prospective leasing tenants, we will thoroughly explain the importance of risk and environmental response, monetizing these initiatives while creating differentiation from the properties of other companies.

Further enhancement of corporate governance

The Company was quick to start working on strengthening corporate governance, and Outside Directors have long accounted for the majority of all Directors. Based on our target of increasing the ratio of female board members to 30% or more by the fiscal year ending March 31, 2031, the Company increased the number of female Directors from one to two in June 2025, and recently transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. Through Audit & Supervisory Committee Members who are in charge of auditing the execution of duties by Directors, join the Board of Directors as members, the supervisory function of the Board of Directors is strengthened, and corporate governance is further enhanced.

In addition, by further improving the operation of the Board of Directors, we hope to raise awareness of corporate governance to new levels. At present, the Board of Directors already engages in highly vigorous discussions. However, as investment related to new businesses has increased over the past year or two, I believe that we must further enhance functions related to providing briefings on each investment. We will make efforts to further raise the level of how



documents are prepared and how explanations are given so that even more substantive discussions can be held at meetings of the Board of Directors. Furthermore, if any points for improvement are found during the annual effectiveness evaluations of the Board of Directors, we will be sure to take any necessary measures or steps. (P.61) Going forward, the Company will continue to strengthen the function of the Board of Directors.

In conclusion

In the future, the Company will continue to identify changes in society and living environments, strengthen relationships of trust by creating valuable commercial spaces while thinking together with customers, and make its presence known in the real estate industry.

In the previous Integrated Report, I borrowed the words of Shoin Yoshida to talk about the importance of having dreams. Dreams can also be seen as goals. As each employee grows toward his or her goals, the Company grows, and as the Company grows, it can also contribute to the development of society. I believe that my role as the head of Keihanshin Building is to take the lead in the creation of a spiral in which the self-

realization of individuals leads to the generation of economic value in the form of corporate growth, which in turn creates social value. To that end, I will prioritize measures to promote the growth of our employees, the starting point of this spiral. Fortunately, we are making steady progress in establishing systems and accumulating expertise for developing new businesses. By thoroughly ensuring that they function properly, we will steadily improve capital efficiency and profit margin with the aim of achieving the targets of the Long-Term Business Plan. As we continue to work toward our goals, I would like to ask each of you for your continued understanding and support.

Message from the Officer responsible for Business Execution



Representative Director,
Senior Managing
Executive Officer
responsible for
Business Execution and
Investment Promotion
Department

Junichi Tada

As the Officer responsible for Business Execution

Following the personnel changes of officers in April 2025 and the General Meeting of Shareholders in June, the Company established the new post of Officer responsible for Business Execution—who is in charge of both the business and administrative divisions, as well as the Investment Promotion Department—adding it to the existing posts of Officer responsible for Business Promotion Division and Officer responsible for Administration, under the President. When I first joined the Company, there were just over 40 employees, and it specialized in real estate leasing business. At that time, the Toranomom Building, the Tokyo flagship building, and the OBP Building, the Company’s largest datacenter building, were still being developed. Compared to then, the number of employees increased by about 1.5 times to 64 as of the end of March 2025, and the completion of those two buildings greatly expanded the scope of our business and the scale of our assets. The business environment has further changed significantly after the COVID-19 pandemic. In order to increase capital efficiency and meet the expectations of investors, we have also embarked on new businesses. In order to respond to these changes inside and outside the Company, I have been appointed as Representative Director and Senior Managing Executive Officer in a position to oversee Officers responsible for Administration and Business Promotion Division, and to assist the President in the promotion of important new businesses. As the person responsible for business execution, while strengthening

relationships with internal and external stakeholders, I will put great effort into promoting the early achievement of each measure of the Long-Term Business Plan, aim to improve sustainable corporate value, and meet the expectations of shareholders.

The need to promote new investment and establish a multiple revenue structure

The key to the growth strategy in the Company’s Long-Term Business Plan is to acquire new high-quality assets that will form the foundation for the future while maintaining and developing a stable revenue base from existing leasing properties.

In Japan, the investment environment remains difficult due to such factors as high real estate prices, rising material and labor costs for construction work, and uncertain construction schedules caused by labor shortages. It is becoming increasingly difficult for us to grow solely on the basis of our business model (stock business) that has been the Company’s strength to date, in which we acquire new rental properties, develop new properties, and receive stable rental income from prime tenants.

Meanwhile, backed by the relative levels of foreign exchange rates and interest rates, investment in prime locations in Japan continues to be active, using domestic and overseas money based on excess funds with liquidity on a global level. There exist many business opportunities, such as property ownership changes, rebuilding, renovation, and redevelopment. It is urgent that the Company

strengthen its organizational capabilities to accurately gather information on such opportunities, incorporate them into its businesses, and link them to growth.

In light of this environment, under our Long-Term Business Plan, we have acquired our own rental properties, such as the logistics warehouse in Komaki-shi, Aichi, which we acquired in March 2025, and have made equity investments in an apartment building for lease aimed at students in Tokyo and in six healthcare buildings across Japan. We have also invested in residential properties in Miami and Seattle in the United States. We are strengthening our ability to handle business expansion by diversifying our asset types, investment methods, and regions in this way. Accordingly, while it is of course natural to consider whether yields can be secured with an investment, from the perspective of strengthening the Company’s capabilities, we also consider non-financial aspects such as building relationships with partner companies and what kind of expertise can be obtained through the investment, making a comprehensive decision on whether to make an investment.

In addition, expectations of investors in listed companies and the market are strongly pushing companies to steadily improve their corporate value through transparent and disciplined management systems, as evidenced by the Tokyo Stock Exchange’s request for “management that is conscious of cost of capital and stock price” and compliance with its Corporate Governance Code. Going forward, it will be essential to shift to a corporate structure that can withstand changes in the environment by further pursuing capital efficiency and expanding business profit through the realization of development profit and unrealized gains via the resale of existing and newly purchased properties (flow business) to create a multiple revenue structure. Accordingly, we are also planning to launch an asset management business to aid asset turnover. From the first fiscal year of the Long-Term Business Plan, the Company has been engaging in vigorous investment while firmly maintaining financial discipline with the equity ratio of 30% or more and the net interest-bearing debt/EBITDA ratio of around 10 times. However, even so, the number of properties the Company owns as of the end of March 2025 is still 29. In the future, if we sell these properties externally to realize unrealized gains, it will reduce revenue in the following fiscal years and result in the complete disposal of properties that could be used as future seed properties. Of course, we will continue to purchase properties for resale, but I believe that the presence of the asset management business will be extremely important not only in terms of its role as an outlet for properties but also in terms of retaining the Company’s involvement after the sale. In April of this year, we established the AM Business Preparation Group, and are currently working on the formation of a private placement fund to serve as a vehicle for resale of assets newly acquired or developed. During the current fiscal year, we intend to solidify its structure and system, and plan on getting the business on track in the fiscal year ending March 31, 2027.

While flexibly allocating resources in a timely manner to the stock business and flow business, and fluidly changing its business structure, the Company will make concerted efforts to quickly realize our corporate vision

in 10 years’ time set out in the Long-Term Business Plan as “a company that will continue to contribute to a sustainable society with each and every employee providing valuable commercial space that meet the needs of the times.”

Development of human resources and internal systems

In order to promote a multiple revenue structure of stock business and flow business in this way, it is important that we quickly capture changes of the times to build a dynamic corporate culture that creates customer-oriented valuable commercial spaces, while placing importance on the credibility unique to Keihanshin Building that we have cultivated to date and maintaining the sound corporate culture that continues to provide safe, secure, and comfortable commercial spaces. In fact, since the launch of the Investment Promotion Department in 2023, the Company has increased the number of personnel, centering on experienced, mid-career personnel. The most important thing, however, is to focus on developing internal systems and an environment that support the growth of employees by bearing in mind that “the growth of a company is nothing other than the sum of the growth of its individual employees,” which is a principle that the President regularly and thoroughly applies to employees; and by “each and every employee growing through inventiveness and challenges.”

In order to do so, it is necessary that we maintain the Company’s strength that is its operations that emphasize efficiency by being run by a small number of employees, and that we support the improvement of the skills of each and every employee through various opportunities, including internal and external training and secondment to other companies. At the same time, it is necessary to expand and strengthen our human capital while promoting the diversification of the roles of individual employees and reinforcing expertise and knowledge required for new business domains by actively recruiting experienced personnel as well as through such means as collaboration with business partners. To date, the Company has seconded young employees hired as new graduates to the overseas business divisions, etc. of other companies, and expanded support for skill improvement of employees, such as a training system by duty and grade as well as a qualification support system. In addition, operations being run by a small number of employees also means that each person has a large role to play. Therefore, through job rotation and cross-departmental committee activities in addition to various recreational activities, the Company aims to stimulate internal communication, prevent tasks and duties from becoming dependent on lone individuals, and build a system that transcends departmental boundaries during busy periods.

“Hard-working, diligent, and considerate” is synonymous with our employees. While placing value on this, the Company will develop a system in which flexible human resources who are able to adapt to a changing environment and transform themselves can take pride in working in a place that gives them peace and happiness of mind with evaluations and treatment that is fair and understandable.

The History of Value Creation

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.

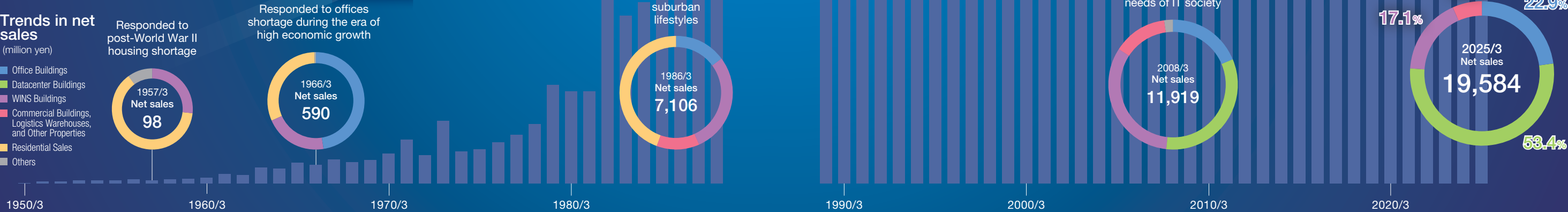
In order to continue providing "valuable commercial space" as promised in our corporate philosophy, we will continue to keep abreast of changes in the external environment surrounding the Company and social challenges, and strive to expand the assets to be carried over to the next generation.

Trends in business profit

- Operating profit
- Gain or loss on investments in investment partnerships, etc.

Trends in net sales

- 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 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

Entering the office building business

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

Entering the commercial buildings, logistics warehouses, and other properties business

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 entered 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

Entering the datacenter building business

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 size and improve capital efficiency by engaging in new businesses such as revolving-type investment business, 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.



Image of Development of Multifamily Residence in Miami (Scheduled to be completed in 2026)

Our Competitive Edge

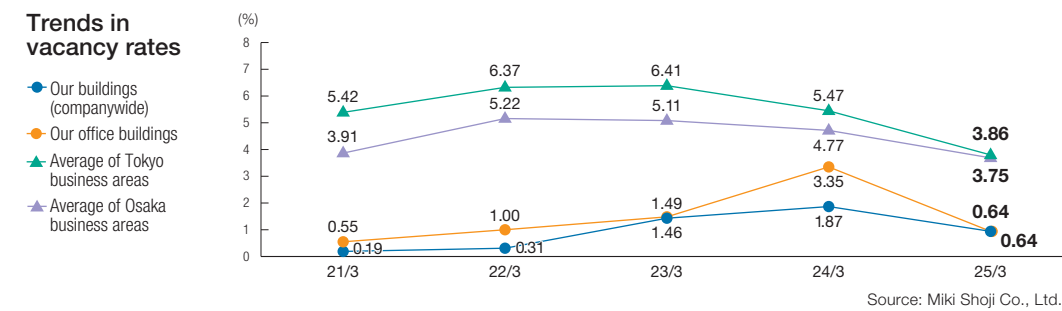
Stable profit from diversified business assets

By diversifying our property portfolio, we mitigate risks such as economic fluctuations and provide high-quality buildings that closely meet the needs of tenants, thus achieving high occupancy rates and stable profits

Strengthening measures (p. 41)

Investment in new asset types

Promotion of new businesses



Advanced BCP functions and high environmental performance

- Safe building development gained through datacenter building operation
- Ensuring tenant safety and comfort through close cooperation with partner companies
- Development of buildings with high environmental performance through the introduction of energy-saving equipment and countermeasures against wind and flood damage

Strengthening measures

Further promotion of environment-friendly building development

*BCP: business continuity plan

Efficient business operations by a small number of people

- Technical staff with a high level of expertise and extensive on-site experience cultivated at major general contractors, etc.
- Implementation of streamlined management systems, including partner companies, by being comprehensively involved throughout the process, from research upon property acquisition to operations and management as well as repairs following acquisition and development



Successful relationships with tenants and partner companies

- We conduct meticulous building management through collaboration among the Business Department, Property Management Department, and partner companies in an integrated manner, in which know-how is shared and information is deployed horizontally
- We foresee and capture the movement early when tenants depart, and maintain high occupancy rates by finding new tenants smoothly
- When developing datacenter buildings, installation work after tenants move in is taken into account from the design stage
- For commercial buildings, logistics warehouses, and WINS buildings being leased as a whole building to a single tenant per property, we design buildings tailored to the tenant demands

Value created

Improve life and durability of buildings, maintain and improve quality, and realize long-term operations and management

Develop buildings that allow long-term, stable business operations for tenants

Quick and meticulous response to tenant needs

Real Estate Leasing Business

Office Buildings

8 facilities

Operation mainly in the business areas of Tokyo and Osaka

Meticulous building management

High energy conservation and environmental performance

BCP functions gained through datacenter building business

Specialization in high-grade offices in medium-size buildings at prime locations

Keihanshin Toranomon Building

Average vacancy

Rates as of March 31, 2025

Tokyo business areas

Osaka business areas

3.86%

3.75%

Year-on-year -1.61 percentage points

Year-on-year -1.02 percentage points

Source: Miki Shoji Co., Ltd.

Datacenter Buildings

8 facilities

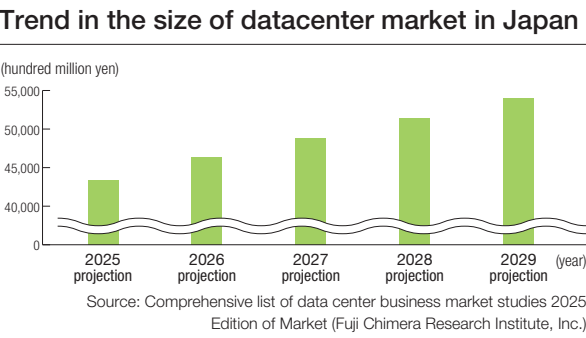
Urban-type datacenter buildings in which high-speed, high-capacity communication lines are easy to secure and which are easily accessible in an emergency

Advanced BCP functions such as seismic isolation structure

Stable revenue through high-quality building construction and maintenance

Provision of back-up functions for datacenters in the Tokyo metropolitan area through operation in the Kansai area

Keihanshin OBP Building



WINS Buildings

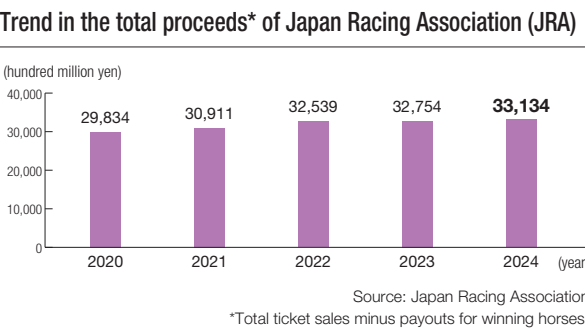
5 facilities

Over 70 years of business together with the tenant

Operation in the Keihanshin (Kyoto, Osaka, and Kobe) downtown areas

High-efficiency business with stable revenues

WINS Umeda A Building



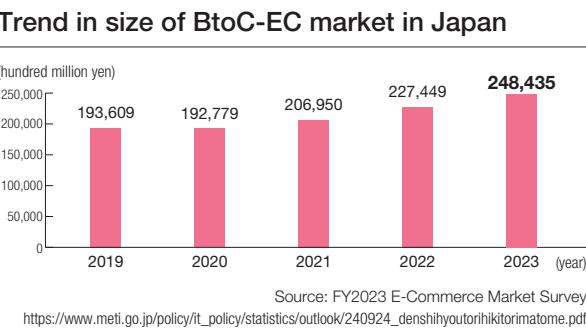
Commercial Buildings, Logistics Warehouses, and Other Properties

8 facilities

Development of excellent locations near terminal stations for commercial buildings and trunk roads for logistics warehouses

Strength in build-to-suit warehouses, and ensuring of a high degree of tenant operational freedom in medium-sized warehouses being leased as a whole building to a single tenant per property

Shijo-Kawaramachi Building



Value Creation in the Value Chain

In the course of engaging in the real estate leasing business, the Company has been able to provide high-quality properties and improve the efficiency of its management systems by being comprehensively involved throughout the process, from research and development upon property acquisition to operations and management as well as repairs. We aim to further create value and improve corporate value based on the know-how and experience we have cultivated over the years.



The Value Creation Process

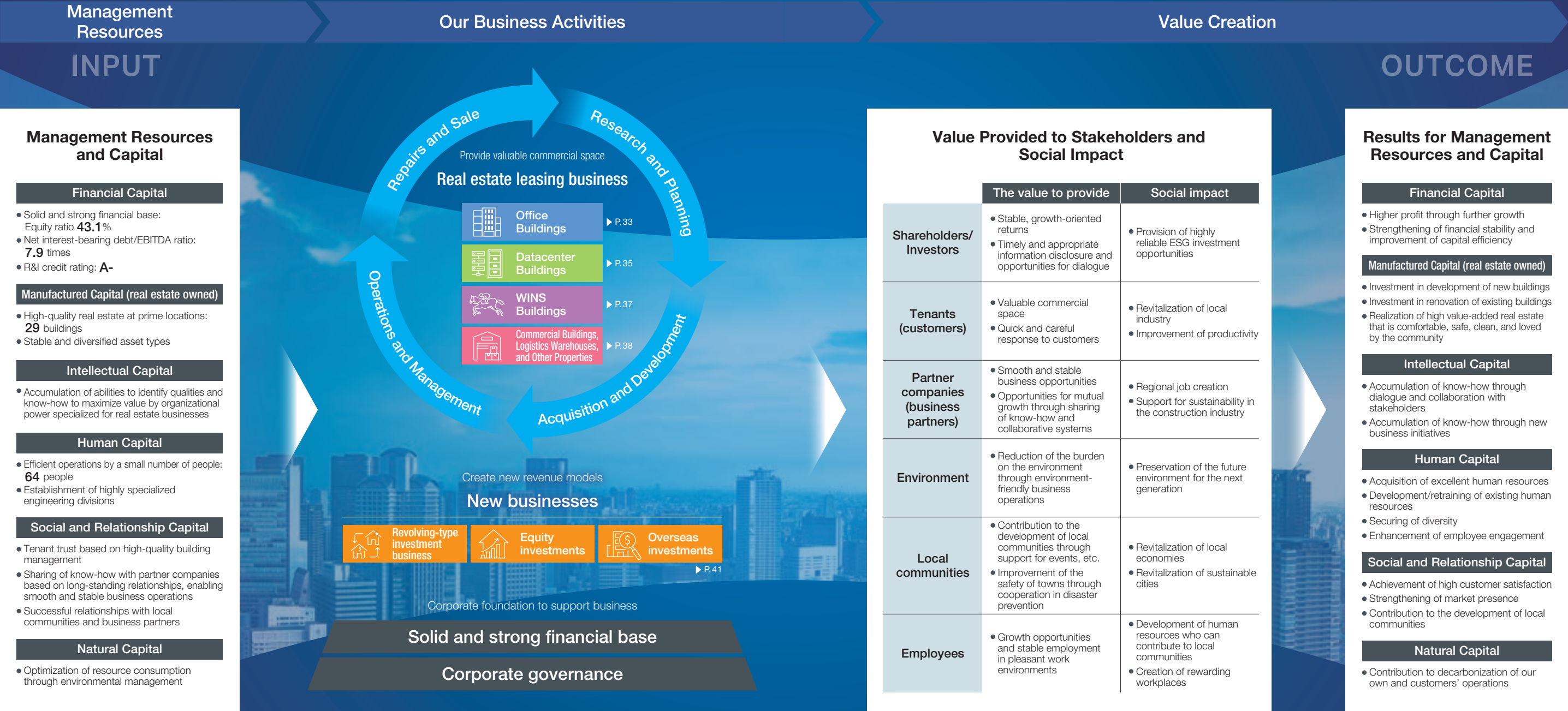
Based on the Company’s corporate philosophy, we are pursuing safe, comfortable and environment-friendly building development by leveraging our intangible assets such as the expertise we have accumulated over the years, and trusting relationships with our customers. We will continue to create valuable commercial space together with our stakeholders and achieve sustainable growth as a corporation to provide new values to society.

Corporate vision

“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”

Long-Term Business Plan
Final Year Targets

• Business profit	14.0 billion yen
• Business profit before depreciation and amortization	18.0 billion yen
• ROA	5.0 % or more
• ROE	8.0 % or more



Risks and Opportunities

The Company recognizes and evaluates the impact of various external environmental factors on its business in terms of both risks and opportunities. By implementing appropriate measures to address these factors, we will improve our corporate value and contribute to a sustainable society.



Awareness towards External Environment		Risks	Opportunities
Economy	- Real estate market remaining high - Continued concentration in Tokyo - Expansion of ESG investment - Soaring energy prices and commodity prices - Changes in the interest rate outlook	- Increase of vacancy rates due to oversupply of leasing properties - Concentration in Tokyo causing shrinking demand in other cities - Increase in funds procurement costs due to higher interest rates - Soaring construction costs and property management costs	- Vacancy rates and rent levels backed by solid real estate demand - Stronger business foundation through more opportunities for constructive dialogue with stakeholders - Improved corporate value brought by stronger governance - Diversification of funds procurement methods through ESG investments
Society	- Progression of population aging and low birthrate - Declining labor population - Workstyle reforms - Global political instability - Increase in information and communication volume (data traffic)	- Long-term shrinkage of real estate demand due to population decline - Intensified competition by shrinkage of real estate market - Changes in existing business needs - Impact of geopolitical risks on the domestic economy	- New real estate needs and market changes - Gaining of new growth opportunities through overseas investments that are expected to generate economic growth - Needs arising for new-style offices - Expanding demand for logistics warehouses due to the popularization of EC - Growing demand for datacenter buildings as elements of societal infrastructure
Environment	- Intensifying climate change - Frequently occurring natural disasters - Tougher environmental regulations	- Greater scale and frequency of building damage due to large-scale natural disasters occurring more often - Increase in capital expenditure in relation to tougher regulations - Higher tax burden due to introduction of carbon tax, etc.	- Greater awareness toward BCP and environmental performance - Growing demand for safe and secure buildings

Our Approach to Stakeholders		Risks	Opportunities
Shareholders/investors	Shareholders and investors are important providers of funds for improving the corporate value of the Company over the medium to long term, and they are the ones who form social trust in the soundness and growth potential of management. We believe that building a relationship of trust with them through highly transparent information disclosure and constructive dialogue will lead to a sustainable improvement in the Company's reputation in capital markets.	- Loss of investment opportunities due to inadequate information disclosure - Loss of investment opportunities due to lack of progress toward targets - Impact of changes in financial performance on stock price	- Improvement of corporate value by implementing sustainable growth strategies - Improvement of corporate value through timely and appropriate information disclosure
Tenants (customers)	The real estate and services that we provide ultimately support the secure and comfortable business activities of our customers. We believe that pursuing quality and convenience from our customers' perspective will enhance our brand reliability and serve as a foundation for gaining continued support.	- Customer defection due to failure to meet expectations for safety and convenience - Customer defection due to falling behind in price competition with competitors - Customer defection due to lack of differentiation from competitors	- Improvement of customer satisfaction through the pursuit of comfort and convenience - Improvement of customer acquisition opportunities by improving service quality and strengthening brand power - Development of new services through collaboration with tenants (customers) - Streamlining of various procedures with tenants (customers)
Partner companies	Our business operations are supported by the trust and cooperation of our various partner companies. In wide-ranging collaborations involving design, construction, maintenance, and service provision, it is extremely important to ensure quality, delivery time, and safety. We believe that building relationships with partner companies aimed at achieving sustainable growth together is a factor that affects the stability and competitiveness of our business.	- Transaction risks associated with supply chain disruptions and price fluctuations - Loss of trust and occurrence of damage due to compliance violations	- Stabilization of business by building long-term relationships of trust - Development of new services and improvement of efficiency through collaborative creation
Environment	The real estate business is closely related to the burden on the environment at each stage of development and operations. As the transition to a decarbonized society is now required, environmental consideration is an essential responsibility for business continuity. We believe that the development of highly energy-efficient facilities and the realization of sustainable urban spaces are sources of corporate reliability and social value.	- Loss of investment opportunities due to delay in response to climate change - Greater scale and frequency of building damage due to large-scale natural disasters occurring more often - Risk of regulatory compliance costs arising from inadequate energy conservation and waste management measures	- Strengthening competitiveness by improving environmental performance - Improvement of brand value through environmental consideration
Local communities	The Company's business cannot be established without coexisting with local communities. The development and operations of facilities have a direct impact on the lives and economic activities of local residents. We believe that gaining the understanding and trust of the community will contribute to the smooth promotion of business and the improved vitality of local communities as a whole.	- Delay in completion and cancellation of development of properties associated with the emergence of regional issues due to development projects - Damage to local communities due to inadequate response to disasters - Damage to local communities due to lack of understanding of foreign culture	- Earning of trust by contributing to the vitalization of local communities - Collaborative value creation through public-private partnerships
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 providing a safe, healthy, and rewarding work environment and 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.	Job turnover risk due to dissatisfaction with work environment, decline in job satisfaction, and lack of support for diversity	- Increased productivity through investment in human capital - Improvement of competitiveness in talent acquisition - Strengthening of organizational power by promoting diversity

Keihanshin Building's measures toward realizing the enhancement of corporate value and contributing to a sustainable society

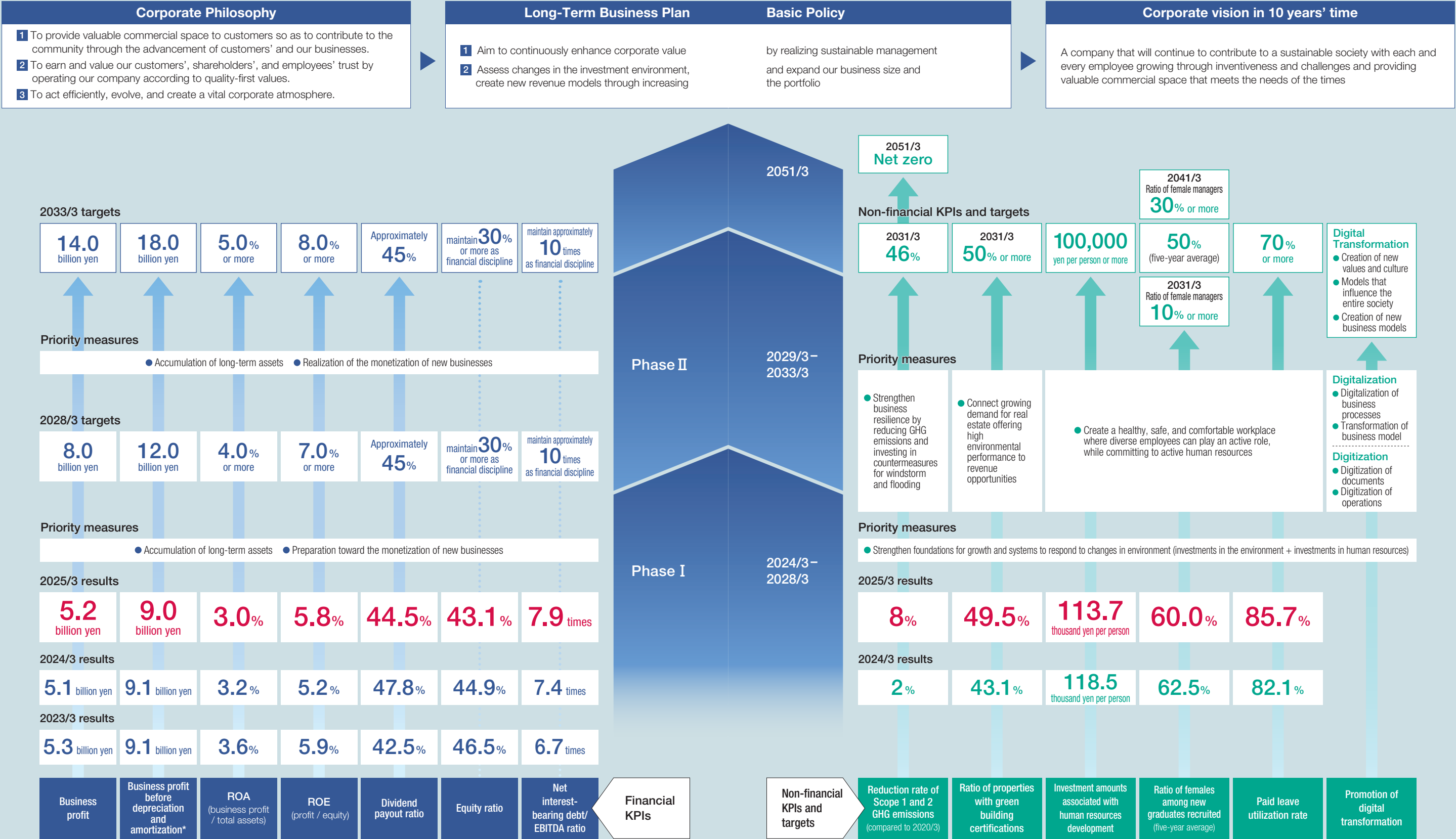
Business measures
Direction toward sustainable growth

- Expansion of investments in properties outside of the Kansai area, such as urban properties located at prime locations, in order to reduce the risk of properties being concentrated in Kansai
- Development of new datacenter buildings
- Rebuild or sell relatively old properties
- Improve operation rates and raise rents by creation of added value
- Further reinforce relations with tenants with a thorough customer-oriented approach
- Strengthen disaster-prevention functions and environmental performance
- Study the prospects of new leasing businesses that utilize strengths of existing businesses
- Implement strategic preventive maintenance in view of the intensification of natural disasters
- Advance initiatives for flow business (revolving-type investment business, equity investments) to boost ROA and ROE
- Advance investments in countries where population and economic growth are expected

Measures to strengthen value creation foundation and resources
Develop management foundations in line with the external environment

- Establish a solid corporate governance system and strengthen it further
- Management with consciousness of cost of capital
- Improved corporate value and shareholders returns through sustainable growth
- Contributing to the vitalization of local communities by supporting local events, etc.
- Workstyle reforms to promote employees' active participation
- Fair and proper business dealings for sustainable procurement
- Operation of buildings with an awareness of reducing the burden on the environment
- Continuous hiring of experienced personnel and new graduates
- Enhance information disclosure
- Secure stable funds procurement

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.



2033/3 targets

14.0

billion yen

18.0

billion yen

5.0 %

or more

8.0 %

or more

Approximately 45%

maintain 30% or more as financial discipline

maintain approximately 10 times as financial discipline

Priority measures

● Accumulation of long-term assets ● Realization of the monetization of new businesses

2028/3 targets

8.0

billion yen

12.0

billion yen

4.0 %

or more

7.0 %

or more

Approximately 45%

maintain 30% or more as financial discipline

maintain approximately 10 times as financial discipline

Priority measures

● Accumulation of long-term assets ● Preparation toward the monetization of new businesses

2025/3 results

5.2

billion yen

9.0

billion yen

3.0 %

5.8 %

44.5 %

43.1 %

7.9

times

2024/3 results

5.1

billion yen

9.1

billion yen

3.2 %

5.2 %

47.8 %

44.9 %

7.4

times

2023/3 results

5.3

billion yen

9.1

billion yen

3.6 %

5.9 %

42.5 %

46.5 %

6.7

times

Business profit

Business profit before depreciation and amortization*

ROA (business profit / total assets)

ROE (profit / equity)

Dividend payout ratio

Equity ratio

Net interest-bearing debt/ EBITDA ratio

Financial KPIs

2051/3

2029/3 – 2033/3

2024/3 – 2028/3

Phase II

Phase I

2051/3 Net zero

Non-financial KPIs and targets

2031/3 46%

2031/3 50% or more

100,000 yen per person or more

2041/3 Ratio of female managers 30% or more

50% (five-year average)

70% or more

Digital Transformation

● Creation of new values and culture

● Models that influence the entire society

● Creation of new business models

Priority measures

● Strengthen business resilience by reducing GHG emissions and investing in countermeasures for windstorm and flooding

● Connect growing demand for real estate offering high environmental performance to revenue opportunities

● Create a healthy, safe, and comfortable workplace where diverse employees can play an active role, while committing to active human resources

Digitalization

● Digitalization of business processes

● Transformation of business model

Digitization

● Digitization of documents

● Digitization of operations

Priority measures

● Strengthen foundations for growth and systems to respond to changes in environment (investments in the environment + investments in human resources)

2025/3 results

8 %

49.5 %

113.7 thousand yen per person

60.0 %

85.7 %

2024/3 results

2 %

43.1 %

118.5 thousand yen per person

62.5 %

82.1 %

Non-financial KPIs and targets

Reduction rate of Scope 1 and 2 GHG emissions (compared to 2020/3)

Ratio of properties with green building certifications

Investment amounts associated with human resources development

Ratio of females among new graduates recruited (five-year average)

Paid leave utilization rate

Promotion of digital transformation

* Business profit before depreciation and amortization = Business profit (Operating profit + Investment profit (loss) from investment partnerships, etc.) + Depreciation

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Long-Term Business Plan

Business Strategy

Promoting growth by leveraging our strengths

The Company's strengths

Diversified asset types

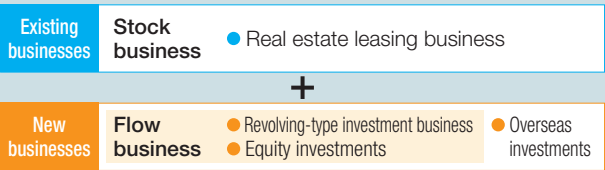
Sound financial balance

Meticulous building management

Highly efficient existing businesses

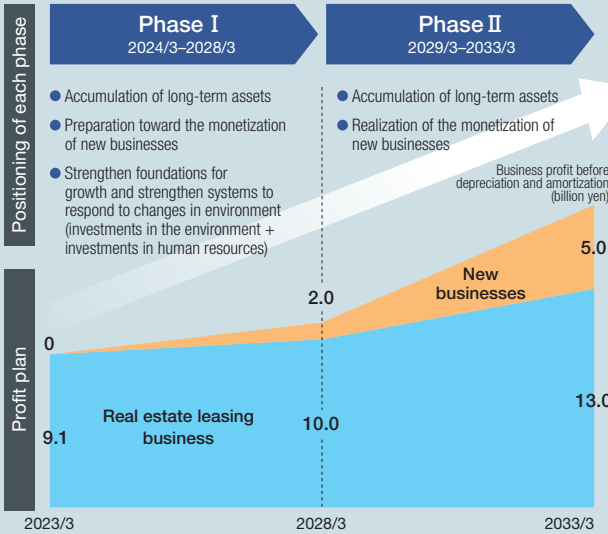
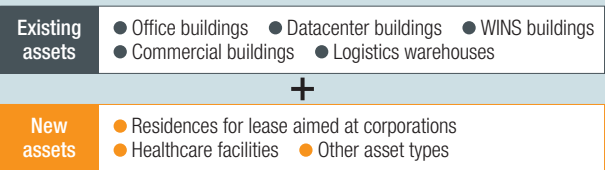
Transition to a revenue structure that maintains balance between stock businesses and flow businesses

Revenue structure



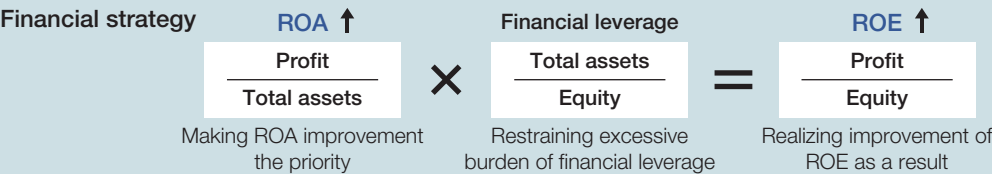
Expand a stable revenue base by decreasing economic change risks through diversified asset types

Asset type



Financial Capital Strategies (Financial Capital Strategies P.27)

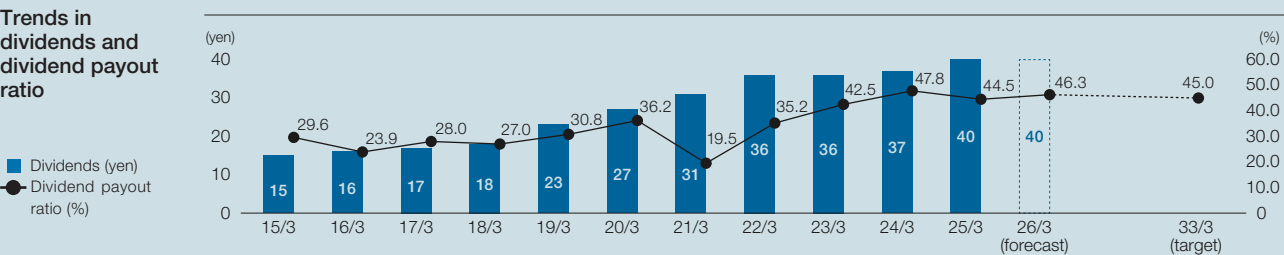
Aim for enhanced ROA through initiatives for flow business, thereby realizing improvement of ROE as a result



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

Shareholder returns	2025/3	Long-Term Business Plan target
	Dividend payout ratio	Approximately 45%

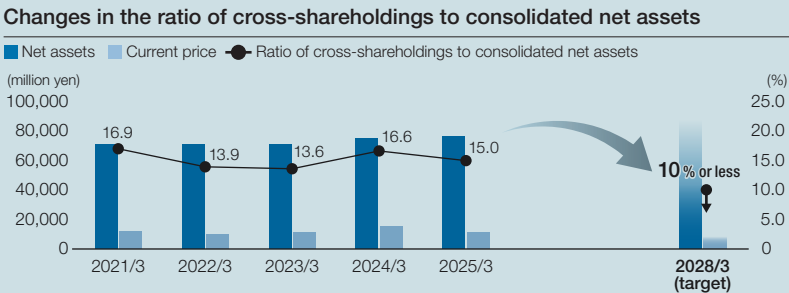
- Put in a place progressive dividend system that is focused on earnings per share
- Raise the previous dividend payout ratio of 35% to 40% in the previous Medium-Term Business Plan to approximately 45%
- Consider shareholder returns with an awareness of capital efficiency of share repurchase, etc., comprehensively taking into account the economic situation and the Company's stock price



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 (FY2028/3)



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 examine 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.

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 the 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 2025, we held cross-shareholdings in 24 listed stocks. We have divested all shares of eight 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 13.3 billion yen.

Real estate leasing business

(Business Overview P.33)

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.41)

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

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 stake
- In Phase II, the Company will achieve its targeted investment scale by accumulation of its equity stake through 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

Overseas investments

(Business Overview P.41)

Objectives

- As there is a concern over the contraction of the domestic market in 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 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

Long-Term Business Plan

Business Strategy					
Investment plans		FYE Mar. 31, 2024— FYE Mar. 31, 2025 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	9.1 billion yen	8.0 billion yen	8.0 billion yen	16.0 billion yen
	Overseas investments	1.7 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
Investments in renovations and repairs	Large-scale repairs of owned properties	4.5 billion yen	10.0 billion yen	10.0 billion yen	20.0 billion yen
Total		23.9 billion yen	77.0 billion yen	173.0 billion yen	250.0 billion yen
Investment recovery	Sale of profitable properties	—	—	80.0 billion yen	80.0 billion yen
Net investment amount		23.9 billion yen	77.0 billion yen	93.0 billion yen	170.0 billion yen

* The 250 billion yen budgeted for investments will be utilized flexibly according to the business environment.

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, 2025 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	1.3 billion yen	3.0 billion yen	4.0 billion yen	7.0 billion yen
Investment in human resources	Improvement in workplace environment Investment in personnel training Recruitment of experienced, professional personnel	0.3 billion yen	1.0 billion yen	2.0 billion yen	3.0 billion yen
Total		1.7 billion yen	4.0 billion yen	6.0 billion yen	10.0 billion yen

Investment Results			
Property name		Area	Date of acquisition
Profitable properties	Asakusa Ekimae Building	Taito-ku, Tokyo	June 2023
	Komaki Logistics Center	Komaki-shi, Aichi	March 2025
Project name		Area	Date of investment
Equity investments	Office Building in Central Tokyo	Minato-ku, Tokyo	October 2023
	Healthcare Facility in Hyogo	Nishinomiya-shi, Hyogo	March 2024
	Six Healthcare Facilities	Hokkaido, Tokyo, Aichi, Osaka, Hyogo, and Fukuoka	March 2025
	Apartment Building for Lease Aimed at Students in Tokyo	Itabashi-ku, Tokyo	March 2025
Project name		Area	Date of investment
Overseas investments	Development of Multifamily Residence in Miami	Florida, USA	August 2024
	Development of Multifamily Residence in Seattle	Washington, USA	February 2025
	Development of Logistics Warehouse in Atlanta	Georgia, USA	May 2025

Investment Results	
Environmental investments	
Used renewable energy at seven office buildings and some datacenter buildings Since the announcement of the Long-Term Business Plan, newly acquired green building certifications for three owned buildings, and acquired one building with green building certification	
	Fujisawa Shopping Facility Rank S ★★★★★
	WINS Umeda B Building Rank S ★★★★★
	Keihanshin Kawaramachi Building Rank A ★★★★
	Komaki Logistics Center Rank B+ ★★★★
Investment in human resources	
Expanded office space in Osaka Head Office to improve the environment in preparation for future increase in personnel and improve productivity Identified human resources requirements for new businesses and increased Investment Promotion Department personnel Established AM Business Preparation Group to commercialize asset management business As part of efforts to diversify human resources, set targets for the ratio of female managers (10% or more by FYE March 31, 2031, 30% or more by FYE March 31, 2041)	
Operational streamlining	
Promote electronic meetings and documents Outsourced a part of our operations based on the operation content and costs Reviewed business processes with replacement of accounting systems	
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. (P.51)	



Senior Executive Officer responsible for Administration
Takao Hori

Profit attributable to owners of parent amounted to 4,388 million yen, an increase of 594 million yen (15.7%) year-on-year, chiefly due to an increase in extraordinary income from the sale of investment securities.

2 Our awareness of cost of shareholders' equity

We calculate the cost of shareholders' equity based on historical trends based on CAPM (the capital asset pricing model), as well as the opinions of experts, investors, etc. Our current level is expected to remain between about 5% and 7%.

To date, the Company's business has centered on real estate leasing, with a focus on holding high-quality stock for long periods and generating stable cash flows. As a result of this highly stable and low-risk business, the Company believes that its current cost of shareholders' equity is at a level considerably lower than that of general operating companies, and recognizes that its ROE and cost of shareholders' equity are at the same level at present. In addition, the Company believes that it is necessary to continuously monitor the possibility of a further rise in interest rates and various social circumstances that have an impact on the stock market in the future, and we understand that the cost of shareholders' equity required by investors will change accordingly.

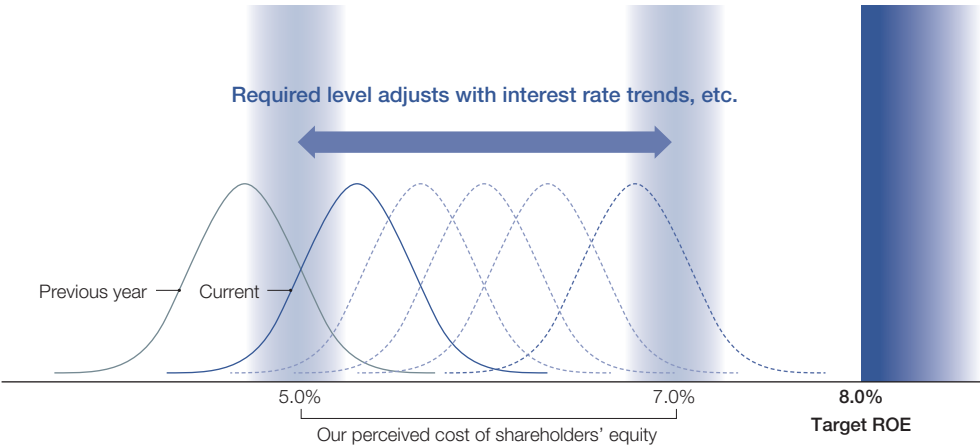
In this environment, the Company's Long-Term Business Plan targets ROE of 7.0% or more by the fiscal year ending March 31, 2028 in Phase I, and ROE of 8.0% or more, as early as possible by the fiscal year ending March 31, 2033 in Phase II. The Company recognizes that it can continue to secure appropriate equity spread by achieving these targets, and thus the Company will continue to aim to improve ROE so that it continuously exceeds the cost of shareholders' equity.

1 Overview of operating results for the fiscal year ended March 31, 2025

Consolidated net sales for the fiscal year ended March 31, 2025 increased by 274 million yen (1.4%) year-on-year to 19,584 million yen due mainly to the contribution from new investment properties and an increase in rental income with some tenants of datacenter buildings that shifted to formal contracts. Meanwhile, operating profit decreased by 99 million yen (2.0%) year-on-year to 4,983 million yen due mainly to recording repair costs ahead of schedule. However, ordinary profit decreased by only 12 million yen (0.3%) to 4,829 million yen due to an increase in gain on investments in investment partnerships through equity investments.

Our perceived cost of shareholders' equity

Illustration of change in cost of shareholders' equity



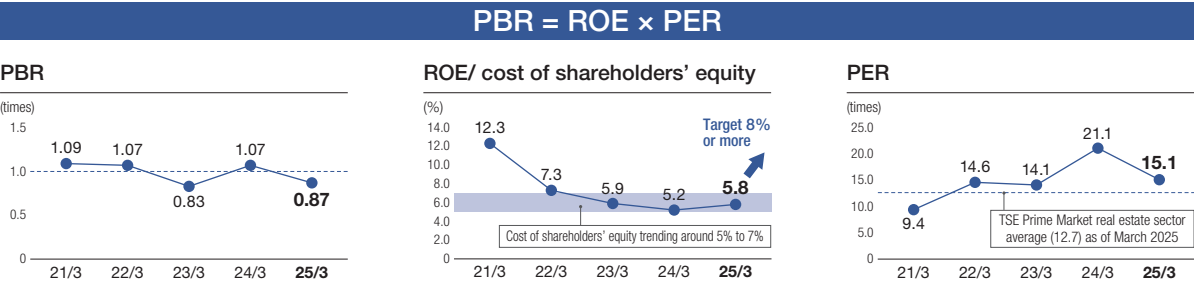
3 Situation analysis

In a continuation from the previous fiscal year, we analyzed PBR and PER, which are indicators of our assessment in the market, and ROE, which is a capital profitability indicator, based on the formula of $PBR = ROE \times PER$.

We believe it is important to maintain the current PER level.

Therefore, in order to realize management that is conscious of capital cost and stock price as requested by the Tokyo Stock Exchange in order to improve corporate value, we will firstly maintain a stable management condition in which PBR consistently exceeds 1x. After that, we will aim to further improve the PBR level, and we recognize that improving ROE is particularly important for that purpose.

Trends in our PBR, PER, and ROE



4 Challenges and initiatives for improving ROE

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

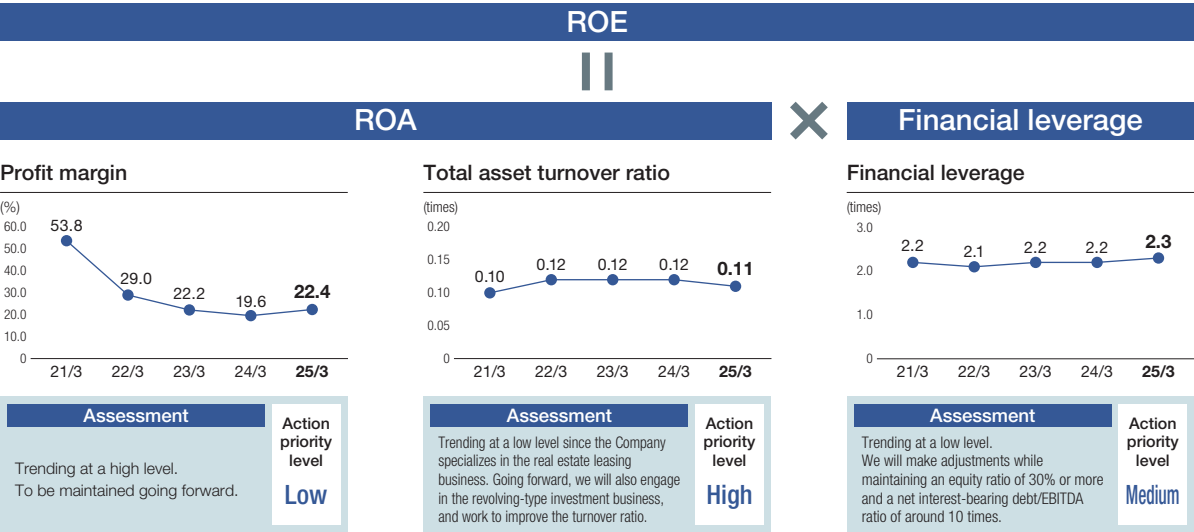
Profit margin, which is the first factor, continues to be at a reasonably high level. Therefore, the Company believes that it is necessary to maintain this high level to the extent possible by continuing our traditional stable real estate leasing business.

Total asset turnover ratio, which is the second factor, remains at a low level. However, in line with the progress of the Long-Term Business Plan, we are gradually seeing

results in new businesses such as the revolving-type investment business, in addition to the existing real estate leasing business. Going forward, in accordance with the Long-Term Business Plan, we will aim to achieve a higher turnover ratio in Phase II, when we expect the monetization of new businesses.

The Company's financial leverage, the third factor, has also trended at a low level. We will continue the financial discipline in 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. However, we also recognize the need to apply a somewhat greater degree of leverage while maintaining management stability.

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



Financial Capital Strategies

In light of these challenges, the Company will steadily implement the measures (business strategy and sustainability strategy) set forth in the Long-Term Business Plan, and engage in various businesses in order to achieve our ROE target. The Long-Term Business Plan has been formulated in rational steps, broadly divided into Phase I, which is a period for the accumulation of long-term assets and the preparation toward the monetization of new businesses, and Phase II, which is a period for the realization of the monetization of new businesses in addition to the accumulation of long-term assets.

To date, the Company has specialized in real estate leasing business, and has been able to achieve stable and high profit margins every year, even with a small number of employees. On the other hand, in order for the Company to execute businesses such as the revolving-type investment business set forth in the Long-Term Business Plan, from property acquisition to sale with value enhancement, we must first enhance our system by expanding human resources with specialized expertise. In addition, considering the lead time required to realize the monetization of this business, it will take two to three years to enhance the value of existing properties, and three to five years for development projects. In consideration of the establishment of our current personnel structure and this business span, in May 2023, the Company formulated the Long-Term Business Plan of 10 years, believing this to be a realistic period required for the transformation of our business structure where we specialize in real estate leasing business.

In Phase I, which is a preparatory period for new businesses, we expect a temporary contraction in asset turnover ratio and profit margins, partly due to the asset accumulation and investments to strengthen our systems. However, we believe it is important to certainly seize new investment opportunities and steadily establish a foundation

for future growth in order to achieve a higher asset turnover in Phase II.

During the previous fiscal year, the Company steadily promoted its Long-Term Business Plan by increasing the number of personnel in the Investment Promotion Department, establishing a U.S. subsidiary, and preparing for the establishment of the AM Business Preparation Group (established as of April 1, 2025), which is responsible for commercializing the asset management business. Since the previous fiscal year, the Company has also invested in one profitable property, and made two domestic equity investments and three overseas equity investments.

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 revolving-type investment business. In particular, overseas equity investments involve leveraged investments in the United States, which have growth potential, and therefore generate greater returns than conventional domestic direct investments but also possess greater risks. Therefore, we limit the total amount of overseas equity investments to 20% of our net assets and the investment amount per project to a range of 1.0 billion yen to 3.0 billion yen to mitigate risk. In addition, with respect to the target properties of our investments, we aim to diversify risk by investing in a variety of assets and regions, including development projects for multifamily residences and logistics facilities. The investment results to date have progressed generally as planned. Currently, equity investments are slightly ahead of schedule, but for future investments, we will not be overly constrained by the investment budget for each type of real estate investment set out in the business strategy, but will flexibly respond within a total budget of 250.0 billion yen over 10 years, while monitoring the investment yields for individual projects, market trends, etc.

5 Optimal capital structure and shareholder returns

For many years, our stable management policy has been well received by credit rating companies, and we have received favorable ratings. Most general real estate companies operate with an equity ratio of approximately 20% to 30%. However, the Company aims to create an optimal capital structure that will lead to improved corporate value, taking into consideration the scale of assets held and the fact that the Company's main business will continue to be the leasing business. The equity ratio for the fiscal year ending March 31, 2033, the final year of the Long-Term Business Plan, is expected to be around 33%. However, when making new investments, we will strive for financing at low interest rates while maintaining the financial discipline set forth in the Long-Term Business Plan, and intend to improve our corporate value by making proactive investments while curbing our cost of capital.

We have also set 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. Proceeds from the sale of shares are expected

to contribute to improving capital efficiency to a certain extent by utilizing them for investments for sustainable growth and shareholder returns.

In terms of shareholder returns, we are targeting a dividend payout ratio of about 45% in the Long-Term Business Plan, and our policy is to pay progressive dividends, including stable dividends and dividend increases, through growth in earnings per share. We will also explore appropriate shareholder return methods with share repurchases among our options while comprehensively taking into consideration economic conditions and the status of the Company's stock price.

(Please refer to pages 69 and 70 for changes in net interest-bearing debt/EBITDA ratio and annual dividends per share/dividend payout ratio.)

We understand that our stakeholders have expectations for the further improvement of our corporate value and the early achievement of our targets. The Company will work to promote our overall business in order to achieve our ROE target at the earliest opportunity.

(Please refer to pages 21-26 for specific details and investment results regarding the Long-Term Business Plan.)

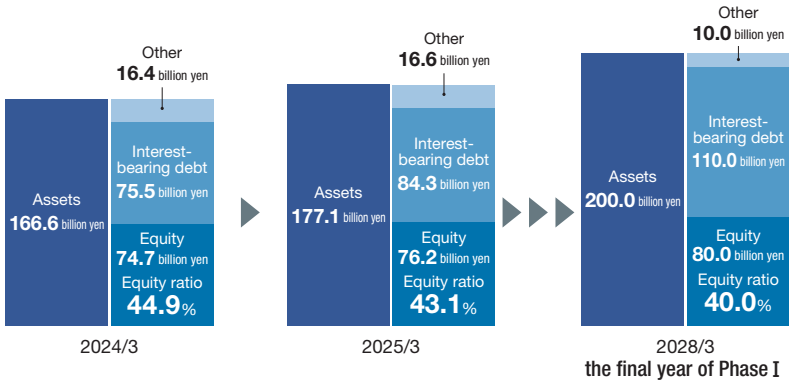
Investment decisions regarding overseas equity investments

- Total investment amount: Up to 20% of net assets
- Investment amount per project: Range of 1.0 billion yen to 3.0 billion yen
- Asset type: Invest in various asset types such as development projects for multifamily residences and logistics facilities
- Region: Diversify investment areas

Financial discipline of the Company in the Long-Term Business Plan

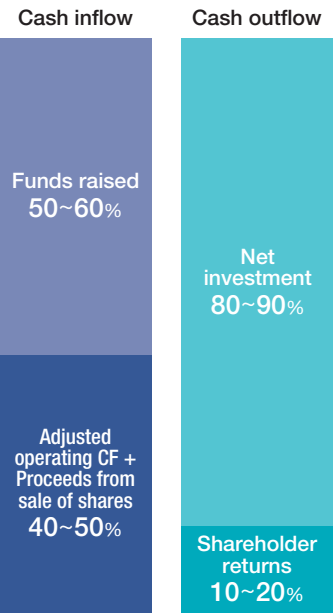
Financial discipline of the Company 2024/3 - 2033/3		2024/3 (Results)	2025/3 (Results)
Equity ratio	30% or more	44.9%	43.1%
Net interest-bearing debt/ EBITDA ratio	About 10 times	7.4 times	7.9 times

Balance sheet image



Cash allocation image

Total amount: Approximately 60.0 billion yen



Remaining three years of Phase I
2026/3 - 2028/3

The cash allocation image for the remaining three 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 real estate 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 the 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 real estate 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 ● Progressive dividends focused on earnings per share ● Dividend payout ratio of around 45% ● 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

Keihanshin Building’s progress and future growth

The current business environment surrounding the Company is extremely harsh, including the huge supply of offices and commercial buildings due to large-scale redevelopment projects in the business districts of Tokyo and Osaka, as well as persistently high real estate prices and soaring labor and construction materials costs. In light of this environment, the Long-Term Business Plan that was formulated in 2023 calls for the promotion not only of our long-term real estate leasing business but also of new business strategies, including short-term property sale-based revolving-type investment businesses and equity investments in Japan and overseas. However, the revolving-type investment businesses and overseas development projects that we invested in the previous fiscal year will take a considerable amount of time to generate profits. Until they do, it is necessary that we secure sufficient profits in the real estate leasing business that is our base. Accordingly, with our existing buildings, we need to maintain high occupancy rates by increasing added value through



Keihanshin Onarimon Building

improvement in maintenance and management. Meanwhile, with our new investments, we need to respond to expanding demand for datacenter buildings due to the rapid evolution of generative AI by addressing the development of datacenter buildings using new business schemes. I believe that this is one of the major missions of the Business Department and Property Management Department.

When I joined the Company in 1994, Japan was in the middle of a recession following the collapse of the bubble economy, and the business environment for real estate companies was extremely harsh. The Company was also impacted by this environment in no small measure, and withdrew from the residential sales business in 1997. However, even in the midst of this difficult period, I watched as my senior colleagues boldly took on the challenge of developing new datacenter buildings and office buildings, and I myself also worked on developing new businesses, including our advance into the Tokyo metropolitan area. And I believe that these challenges and these efforts made the Company what it is today. Having been bestowed the Company as it is today by the generations of employees that came before me, I will be making every effort to realize the Long-Term Business Plan and pass the Company on to the next generation in an even better state.

Continuing to provide commercial spaces that meet the needs of the times

In order to continue to provide buildings our customers will choose, we must realize high-value-added building operations and management in terms of both tangible and intangible aspects. One of our slogans is that “A good building grows even after it has been built,” and the Company is committed to building management that customers will appreciate.

One of our efforts to add value is to create buildings that are resilient in the face of natural disasters. The Company leverages the nearly 40 years of expertise it has gained through the operation of datacenter buildings and applies it to other types of buildings. The Company also takes all possible measures to prepare for natural disasters expected, including the installation of flood-control panels to guard against the flooding of rivers and inland waters, tsunamis, and storm surges; vibration isolation and seismic control construction methods to protect against large earthquakes; and the provision of electricity during power outages via emergency generators installed on upper floors. In fact, when a regional power failure occurred in Minato-ku, Tokyo in November 2024, our Onarimon Building was able to continue operating without affecting the businesses of tenants thanks to power supplied by the building’s emergency generators.

In addition, based on the concept of preventive maintenance, the Company systematically promotes the renovation, repair, inspection, etc. of buildings and facilities in accordance with defined internal standards to implement building operations that avoid the risk of causing inconvenience or burden to tenants as much as possible. This has led to an increase in the cost performance of the Company’s capital investments and gained the deep trust of tenants.

Further, the Company has established a “twin system” in which Business Department staff in charge of each building work together as a team with veteran Property Management Department engineers who have gained a wealth of on-site experience working in the past at major general contractors and subcontractors. By promptly responding to requests from tenants, the Company has built a relationship of trust with them as a building owner with a personal touch. Through these relationships of trust, we are able, for example, to quickly identify tenant needs for increasing floor space, as well as signs that a tenant will be departing, enabling us to engage in leasing more smoothly. In addition, from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2025, we were able to obtain the understanding of our tenants regarding rent increases in response to rising building management expenses resulting from rising labor costs and inflation. Costs such as building management expenses and repair costs are expected to continue rising. In the previous fiscal year, we accelerated strategic renovation and repair work, but we will continue to closely

monitor trends in areas such as administrative expenses and repair costs and firmly control costs. Meanwhile, just this spring, we converted a vacant space in the Azuchimachi Building into a ready-to-use office, and contracted a new tenant for this space. I believe that it is necessary that we engage in inventive measures such as this while responding to the needs of society and create high-value-added rental buildings.

Enhancing and strengthening human capital toward the realization of the Long-Term Business Plan

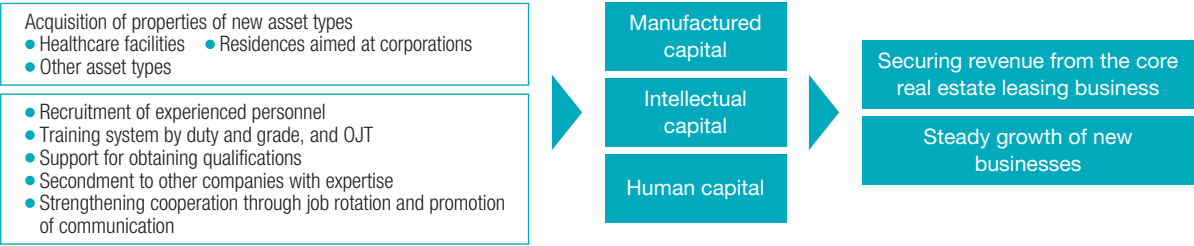
As I stated at the beginning, as Officer responsible for Business Promotion Division, I believe that in order to realize the Long-Term Business Plan, strengthening the revenue base of our traditional real estate leasing business is the most important issue. I also believe that it is important to continue to build a system that can contribute to improving profitability by increasing the asset value of properties through collaboration between the Business Department and Property Management Department.

On the other hand, as a company with a small number of employees, cooperation with the Investment Promotion Department will become important in the promotion of new businesses. To date, the Business Department has been involved in new investments mainly from the perspective of leasing, while the Property Management Department has been involved in new investments mainly from the perspective of asset assessment. Going forward, I would like to see these departments continue to support the development of new businesses from various angles.

For this reason, we have increased the number of personnel in the Business Department through the hiring of experienced, mid-career personnel and reassignments from other departments. As for the structure of the Business Department, we have expanded the number of new personnel through means such as the hiring of experienced, mid-career personnel over the past two to three years. In terms of assets, we have increased properties of asset types and areas in which the Company has not invested in before, such as company housing in Osaka-shi and a logistics warehouse in Aichi. I can see that we are steadily accumulating new knowledge and experience in the Company through the interactions of different human resources as well as the operations of different properties. Meanwhile, in order to share the expertise and relationships of the Business Department and strengthen cooperation through increased communication, at the end of last year, experienced personnel in the Business Department were transferred to the Investment Promotion Department.

In addition, the Company is continuing to work on improving the efficiency of administrative operations related to the Business Department and Property Management Department, including reviewing the content of operations and utilizing outsourcing, so that employees can concentrate on operations with higher added value and increase productivity.

Enhancing and strengthening various capitals toward the achievement of the Long-Term Business Plan



Promotion of sustainable business operations

Since its founding, the Company has operated the real estate leasing business with a small number of employees, so cooperation with stakeholders is essential to smooth business operations. For this reason, an awareness that business activities are long-term and continuous is still rooted in our internal culture, and it is an entrenched belief for us that it is not enough to build a high-quality building, but rather that we must develop it together between the Company as building owner; the partner companies commissioned with operations such as facility management, security, and cleaning; local communities; and tenants.

As I have mentioned before, it goes without saying that the Company builds good buildings, but because real estate is rooted in the local community and will be used for a long time, in order to maintain the value that is created over the long term, it is necessary to maintain the value of the area in cooperation with the local community, and to maintain the value of the building through regular maintenance together with partner companies.

In order to promote ESG initiatives throughout the Company’s value chain, including our partner companies, we formulated the Sustainable Procurement Policy in the fiscal year ended March 31, 2024, and regularly conduct interviews with major partner companies. Needless to say, the status of initiatives varies depending on the partner company’s business category and the type of operations commissioned. As the presence of partner companies is essential to the Company’s business operations, we are taking it step by step while giving consideration to the worksite situations and partner circumstances.

With regard to local communities, the Company has identified “Co-existence and co-prosperity with local communities” as a material issue. From the perspective of disaster risk, etc., the Company has set forth the diversification of its regional portfolio in its Long-Term Business Plan, and is proactively making investments outside the Kansai area. At present, however, the Company earns most of its revenue from properties in Osaka-shi. Therefore, if the potential of the Osaka area decreases, many of the Company’s properties will be adversely affected to a greater or lesser extent. Accordingly, the Company cooperates with a variety of organizations, ranging from local neighborhood associations and councils to building owners’ organizations and government agencies, to address local community revitalization through a variety of activities. These range from grass-roots activities such as neighborhood litter clean-up activities, to activities designed to create excitement across a wide area such as the Midosuji Illumination.

Up to this point, I have talked about collaboration with partner companies and local communities. Through these initiatives, we have been able to provide not only the tangible aspect that is buildings, but also the intangible aspects of valuable commercial spaces, including services and the surrounding environment, and this has enabled us to attract high-quality tenants. And I believe that building relationships of trust with tenants is what has enabled us to provide high-quality buildings, maintain and improve profitability and asset value, and ultimately increase corporate value.

Office Buildings

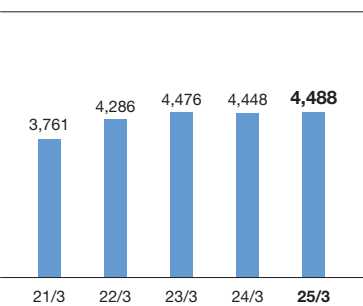
Providing commercial spaces focused on “safety,” “comfort,” and “environmentally-friendly,” with a long-term perspective for our building management

The Company owns and leases a total of eight office buildings, mainly in 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 cultivated through datacenter building operations. We are specialized in medium-sized office buildings.

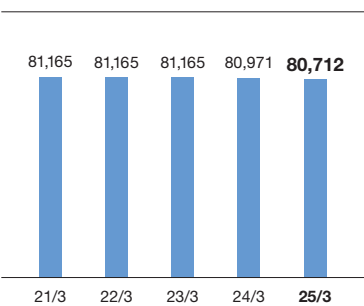


Performance

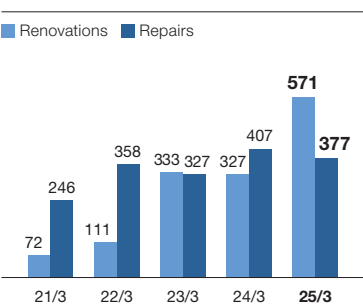
Net sales (million yen)



Rental floor space (m²)



Investments in renovations and repairs (million yen)



Assessment of Current Business Environment

● Properties owned in prime locations near stations, such as Midousuji, Osaka’s main road, and Toranomom 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

● 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

● 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 performance

● 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

Strengths

Weaknesses

Opportunities

Risks

Assessment of Current Business Environment and Projection

In the office market, the vacancy rate has been relatively stable in recent months, supported by companies getting their employees back to offices, the normalization of hybrid work, and improvements in corporate earnings.

The vacancy rate of our office buildings as of the end of March 2025 was 0.64% due to the replacement of tenants. As a result, net sales from the office building business for the fiscal year ended March 31, 2025 amounted to 4,488 million yen, an increase of 39 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.

Period	Our office buildings	Tokyo business areas	Osaka business areas
21/3	0.55	5.42	3.91
22/3	1.00	6.37	5.22
23/3	1.49	6.41	5.11
24/3	3.35	5.47	4.77
25/3	0.64	3.86	3.75

New office supply forecast

Year	23 wards of Tokyo	Osaka-shi
2023	260,500	6,900
2024	130,200	88,700
2025	244,400	31,700
2026	180,400	9,500

* 1 tsubo = about 3.3m²

Ratio of teleworkers by company size

Period	10,000 employees or more	1,000 to 9,999 employees	100 to 999 employees	10 to 99 employees
20/4	43.0	38.7	25.5	16.6
20/5	42.5	36.3	25.3	15.5
20/11	45.0	34.2	22.5	13.1
21/7	45.5	37.5	25.4	15.2
22/2	46.9	39.9	26.1	15.4
22/7	41.2	35.4	24.1	14.2
23/7	35.4	31.3	20.4	12.5
24/7	38.2	30.2	20.1	13.2

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 address various tenant needs
Developed our first ever ready-to-use office
- Provide medium-sized office buildings at prime locations with high environmental performance and BCP performance

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 going forward.
BCP performance	All owned properties meet the new quake-resistance standards. Installation of emergency generators and flood-control panels for tenants.

Ready-to-use office in Keihanshin Azuchimachi Building

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Datacenter Buildings

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.

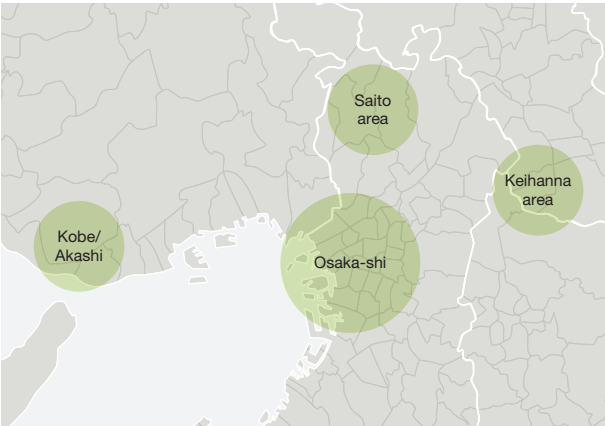


Assessment of Current Business Environment and Projection

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.

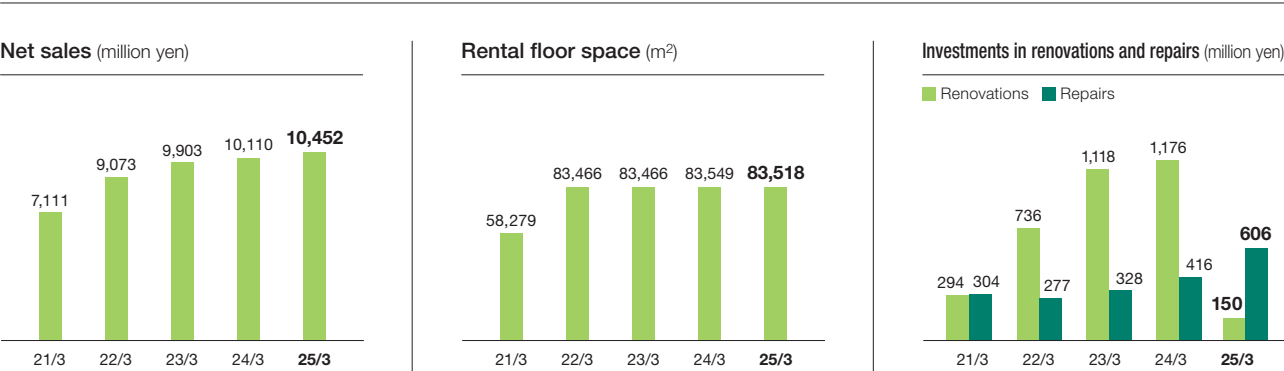
Under these circumstances, net sales from datacenter buildings for the fiscal year ended March 31, 2025 were 10,452 million yen, an increase of 342 million yen year-on-year, mainly due to the higher occupancy of the OBP Building.

Since the start of our datacenter building business, we have concentrated our investments mainly in Osaka-shi. By having experienced technical and sales teams in the city including at the local properties and at the Head Office, we have responded to the trust of customers while achieving efficient management and operation of the datacenter buildings. Datacenters in Japan are concentrated in the Tokyo metropolitan area and a few parts of the Kansai region. In the Kansai region, they are concentrated in the areas such as Saito and Keihanna areas in addition to Osaka-shi, but we will continue to seek to develop datacenter buildings in urban locations to leverage the strengths we have built up.

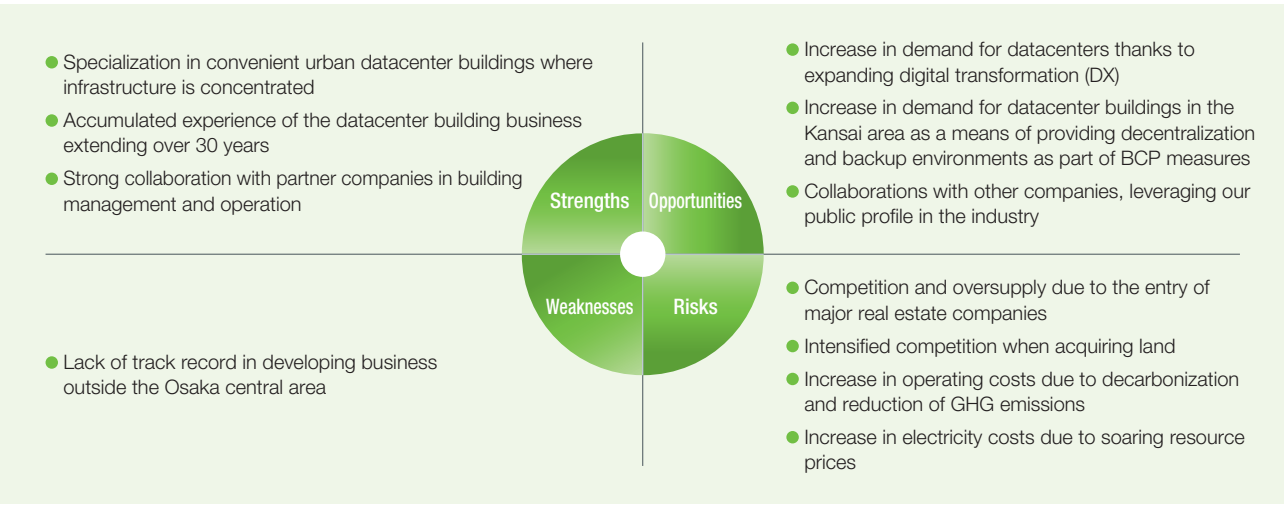


Datacenter concentrations in the Kansai region

Performance



Assessment of Current Business Environment



Business Strategy and Initiatives

We entered the datacenter building business in the 1980s in anticipation of the advent of 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 hurdles for the acquisition of lands for urban-type datacenter buildings which have been our strength, and datacenter buildings getting increasingly sophisticated and larger in scale require 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.



WINS Buildings

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 in tandem with the JRA.

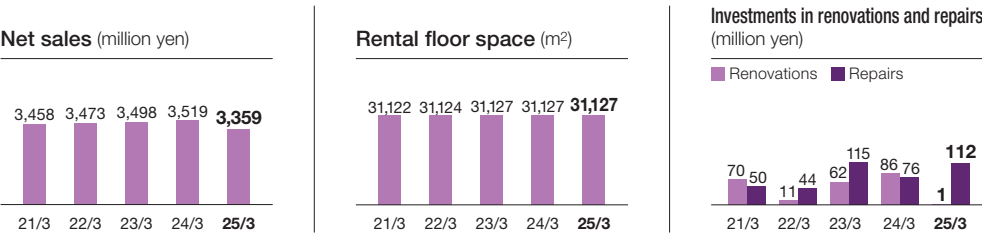
Commercial Buildings, Logistics Warehouses, and Other Properties

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

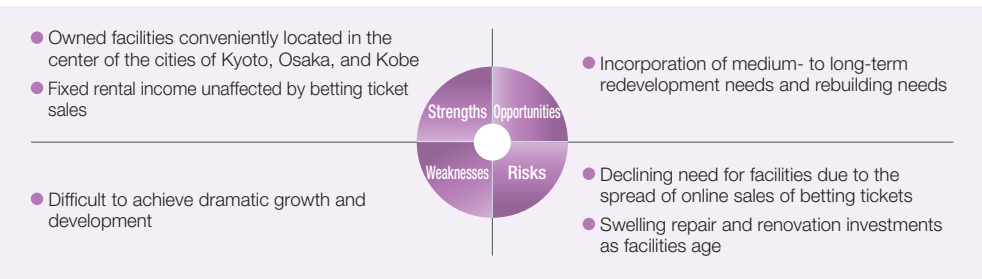


The Company has been developing the leasing business for commercial buildings and logistics warehouses since the 1970s. As of March 31, 2025, the Company owns and leases eight commercial buildings, logistics warehouses, and other properties in the country, particularly in the Kansai area and the Tokyo metropolitan area. We used to have road-side-type commercial facilities located across Japan, but these have been progressively sold in response to changing needs of the times and we currently aim at asset expansion 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



Assessment of Current Business Environment



Assessment of Current Business Environment and Projection

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

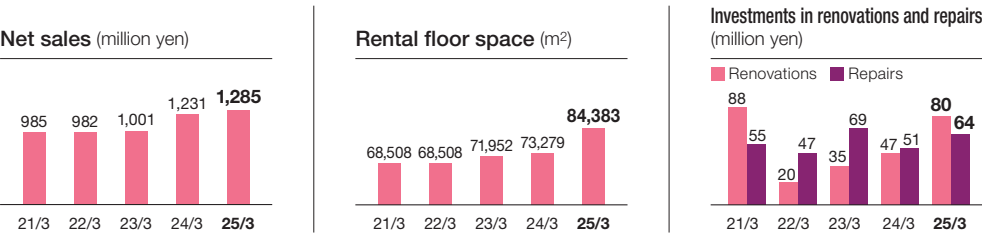
Furthermore, in addition to the uniqueness of specifications and usages of the buildings, which makes it difficult for our competitors to newly enter the market, the buildings are leased at fixed rent. These factors generate long-term stable revenue. Net sales from WINS buildings for the fiscal year ended March 31, 2025 were 3,359 million yen, a decrease of 160 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.

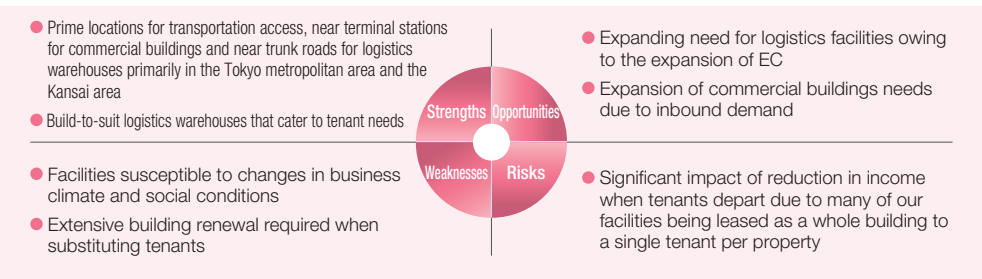
Business Strategy and Initiatives

- Make planned repair and renovation investments
- Develop facilities that are loved by the 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

Performance



Assessment of Current Business Environment



Assessment of Current Business Environment and Projection

With regard to commercial buildings, although personal consumption has been sluggish due to a growing trend toward thriftiness driven by soaring commodity prices, there is a difference in economic sentiment depending on goods and services sold, the capture of demand for domestic goods and services by foreign tourists to Japan, and other factors. As for logistics warehouses, strong demand is expected to continue due to the expansion of electric 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, 2025 were 1,285 million yen, an increase of 53 million yen year-on-year, due to factors such as the contribution of the Asakusa Ekimae Building acquired in June 2023.

In March 2025, we acquired the Komaki Logistics Center, our first property in the Chukyo area. Going forward, we will accelerate our growth by expanding new assets such as residences for lease aimed at corporations and healthcare facilities that are less likely to be affected by the economic and social conditions while acquiring convenient properties.

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.
Acquired Asakusa Ekimae Building in June 2023
- Acquire convenient logistics sites as the scale of the EC market expands
Acquired Komaki Logistics Center in March 2025
- Rebuild or sell older properties appropriately

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, Fuchu-shi, 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

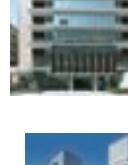
Address: Kita-ku, Osaka-shi, Osaka
Structure: 8F
Total floor space: 4,010 m²

WINS Buildings



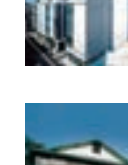
17 WINS Umeda A Building

Address: 2-1-16 Shibata, Kita-ku, Osaka-shi, Osaka
Total floor space: 5,037 m²



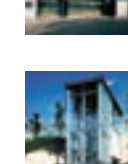
18 WINS Umeda B Building

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, Yamato-odori, Higashiyama-ku, Kyoto-shi, Kyoto
Total floor space: 2,517 m²



21 WINS Namba (in Namba Parks)

Address: 2-10-70 Nambanaka, Naniwa-ku, Osaka-shi, Osaka
Total floor space: 20,531 m²
(A joint enterprise with the Nankai Electric Railway)

Rentable floor space (As of March 31, 2025)	
Kansai area	
Office Buildings	31,065m ²
Datacenter Buildings	83,518m ²
WINS Buildings	31,127m ²
Commercial Buildings, Logistics Warehouses, and Other Properties	18,284m ²
Subtotal	163,996m ²
Tokyo metropolitan area	
Office Buildings	49,647m ²
Commercial Buildings, Logistics Warehouses, and Other Properties	20,613m ²
Subtotal	70,261m ²
Other	
Commercial Buildings, Logistics Warehouses, and Other Properties	45,485m ²
Subtotal	45,485m ²
Total	279,743m ²

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



24 Fujisawa Shopping Facility

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



25 Asakusa Ekimae Building

Address: 1-1-2 Asakusa, Taito-ku, Tokyo
Total floor space: 1,788 m²



26 Hirakata Warehouse

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



27 Kawagoe Distribution Center

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



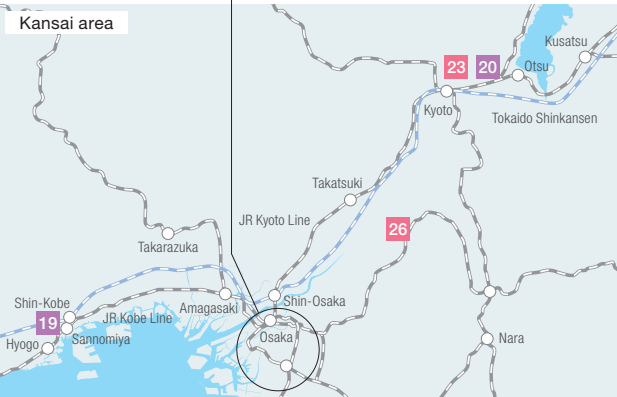
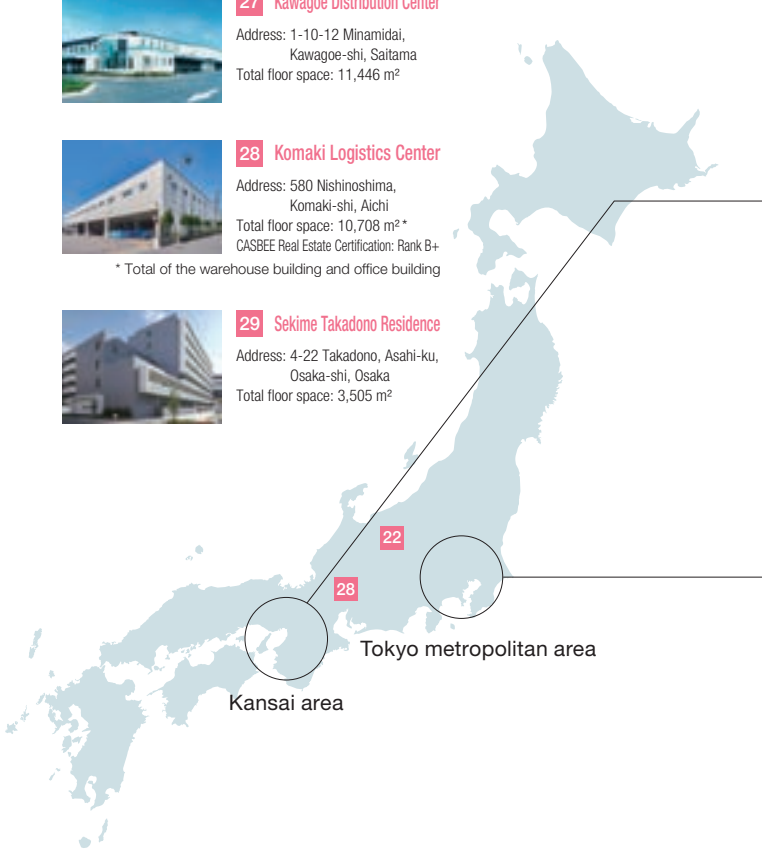
28 Komaki Logistics Center

Address: 580 Nishinoshima, Komaki-shi, Aichi
Total floor space: 10,708 m² *
CASBEE Real Estate Certification: Rank B+



29 Sekime Takadono Residence

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



New Businesses

The Company thus far has specialized in the real estate leasing business and focused its investments in office buildings, datacenter buildings, commercial buildings, and logistics warehouses in Japan based on long-term ownership. This has led to the solidness of the Company's financial base and efficient business operations by a small number of people, but in the current business environment surrounding the Company, 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 will work to widen the variety of types, regions, ownership periods, and forms of ownership of our assets. This will include pursuing the revolving-type investment business that resell properties in a relatively short period of time to generate capital gains, making equity investments through alliances with other companies, and investing in real estate in the United States, as well as investing in properties such as healthcare facilities and residences for lease aimed at corporations.

[Acquisition of profitable properties]

Long-term Ownership

In March 2025, the Company acquired a logistics warehouse in Komaki-shi, Aichi. The property is 1 km from multiple highway interchanges, a highly convenient location for a logistics warehouse. In addition, despite the trend toward consolidation into large properties that has been seen in the rental logistics warehouse market in recent years, there is also a strong demand for medium-sized warehouses being leased as a whole building to a single tenant per property such as this one due to the high degree of operational freedom.

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 into 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, the Company will consider investing in any suitable properties that become available.



Komaki Logistics Center

[Acquisition of profitable properties]

Revolving-type Investment Business

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

However, as we also understand the expectations of investors for improved capital efficiency, we are moving ahead as much as possible with the revolving-type investment business, including launching the AM Business Preparation Group (P.44) and considering the transfer of some of our existing properties to revolving-type properties in conjunction with the acquisition of new properties.



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 aging of population as well as declining 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

- There is a possibility that economic growth will slow down as uncertain trade policies lead to a cooling of personal consumption and investment.
- There are concerns that the Trump administration's anti-immigrant policies could add to existing inflation, driving up costs in the understaffed construction industry.
- The policy interest rate has remained at a high level, and interest rates on mortgages have remained high.
- While there are differences among regions, demand for leasing of multifamily residence is strong due to soaring mortgage interest rates and housing prices.
- While there was an adjustment due to oversupply of logistics facilities in 2024, demand for EC itself continues to expand.

Risks and opportunities

- Risks

 - Cost increase due to inflation and steadily high interest rates
 - Changes in asset demand due to factors such as the 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 of changes in the real estate market, etc.
 - Increase in property value due to preference for the investment area

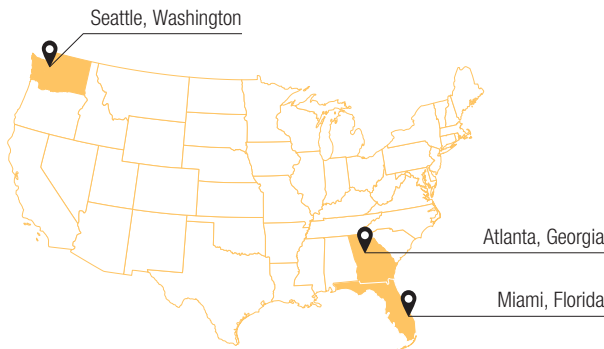
Business Strategy and Initiatives

Beginning with an investment in a U.S. real estate fund in October 2023, the Company established a U.S. subsidiary in the fiscal year ended March 31, 2025, and made equity investments in multifamily residence development projects in Miami, Florida and Seattle, Washington. Most recently, the Company invested in a development project for a logistics warehouse near Atlanta, Georgia.

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.



Expected completion of a logistics warehouse under development near Atlanta, Georgia

Equity Investments

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

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. In fact, following investments in an office building in central Tokyo and a healthcare facility in Hyogo in the fiscal year ended March 31, 2024, we invested in a fund consisting of six healthcare facilities throughout Japan and an apartment building for lease aimed at students in Itabashi-ku, Tokyo in the current fiscal year. As with the investments we made in the fiscal year ended March 31,

2024, these properties not only can bring rental income, but also will be suitable for redevelopment or sale when we need an exit strategy.

In equity investments, we have used all the amount budgeted for Phase I by the second year. 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 a 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

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 (0.97 million 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

Following our equity investment in a healthcare facility in Hyogo in March 2024, we made an equity investment in a fund consisting of six healthcare facilities throughout Japan in March 2025. As you know, the elderly population in Japan is expected to continue to increase going forward, and there is a great social demand for the development and expansion of residences where elderly people can live with peace of mind.

In light of this external environment, demand for healthcare facilities is expected to remain strong. In addition, healthcare facilities generally have long-term, fixed-rent lease agreements with operators, enabling owners to earn stable revenue. Furthermore, compared to our core assets (datacenter buildings, office buildings, WINS buildings, etc.), healthcare facilities can be built for less money and in shorter construction periods. On the other hand, whether or not a healthcare facility can be operated

stably, including recruitment of residents and securing of nursing care personnel, largely depends on the capability of its operator. Accordingly, it is essential to carefully assess the capabilities of operators and build relationships with reliable operators.

There are two aspects to the investment in healthcare facilities, which is the focus of our Long-Term Business Plan. One is to broaden the scope of our investment and promote new investment, and the other is to diversify asset types. However, in order to make investments on our own, know-how such as the aforementioned relationships with operators and assessment of their capabilities is essential. Accordingly, through equity investment initiatives such as this one, we will work to absorb know-how regarding healthcare facilities and build relationships with the healthcare industry as we continue to consider investment in healthcare facilities.

Apartment Buildings for Lease Aimed at Students

Assessment of Current Business Environment and Projection

- Although Japan's birthrate has been declining for more than 30 years, the number of university students reached a record high in fiscal 2024 due to an increase in the percentage of students going on to higher education and an increase in the number of foreign students studying in Japan.
- While the impact of the declining birthrate is inevitable in the long term, the number of students is expected to decrease gradually, partly due to an increase in the number of foreign students studying in Japan.
- In fiscal 2024, approximately 60% of private universities in Japan failed to meet their enrollment quotas, and there are expected to be even more mergers and closures of universities going forward.
- It is difficult for aging student dormitories and general apartments to meet the varied needs of students today, and it is expected that, even with the declining birthrate, there is a fair amount of demand for high-quality apartment buildings for lease aimed at students.

Business Strategy and Initiatives

Our Long-Term Business Plan calls for investment in residences for lease aimed at corporations in order to build a stable revenue base through diverse asset types. Based on this business strategy, we made our first equity investment in the apartment building for lease aimed at students in March 2025. The property is located in Itabashi-ku, Tokyo, and has good access to central Tokyo via two train stations and three railway lines. It is in a prime location with an easy commute to universities and vocational schools in the downtown area. In addition, there are some special features incorporated into the operation of the facility to promote communication among the students living there, such as shared lounges and kitchens as well as event holding.

Recently, the number of university students has been increasing due to an increase in the percentage of students going on to higher education and the acceptance of foreign students. However, this is expected to gradually decrease in the long term due to the impact of the declining birthrate. Furthermore, considering that more than half of private universities are unable to meet their enrollment quotas, more mergers and closures of universities are expected going forward. Accordingly, it will be extremely important to decide which schools' students to target when developing and operating apartment buildings for lease aimed at students, based on the schools' presence and management strategies.

In light of this market environment, this project will be a pilot project for us to absorb know-how regarding apartment buildings for lease aimed at students and determine whether it is an asset on which we should focus going forward.



Apartment building for lease aimed at students in Itabashi-ku, Tokyo

Development of New Business Promotion System

In terms of human resources, members of the cross-departmental project team that had been making preparations for the revolving-type investment business since last year have been transferred to the Investment Promotion Department. In addition to the Investment Promotion Department, we are also recruiting human resources related to new businesses, such as accounting personnel who are familiar with overseas accounting.

On the other hand, with regard to employee education, we have seconded young employees hired as new graduates to overseas business divisions of other companies for a period of one year to acquire knowledge of overseas businesses. We also support the acquisition of various qualifications and implement training according to duties and positions. In addition to the aforementioned reassignment, we will promote communication between experienced personnel and existing employees, as well as between the Investment Promotion Department and other departments, through various forms of recreation, in an effort to accumulate skills and know-how as a company.

In addition, in April 2025, we newly established the AM Business Preparation Group with the aim of launching an asset management business and establishing a fund business as an exit strategy for the revolving-type investment business, drawing on human resources

secured through the hiring of experienced personnel, etc.

However, it is difficult for us to launch and monetize the AM business on our own with our current asset size and personnel structure. Accordingly, we are considering launching a private placement fund jointly with a reliable partner, and we aim to finalize the scheme during the current fiscal year and establish the fund in the next fiscal year.

Trends in the number of experienced personnel and new graduates hired

Number of experienced personnel hired Number of new graduates hired (persons)

Fiscal Year	Number of experienced personnel hired	Number of new graduates hired
2021/3	2	0
2022/3	3	3
2023/3	5	0
2024/3	6	3
2025/3	7	2

Initiatives and KPIs Linked to Materiality

The Company has identified materiality as a comprehensive approach to capturing risks and opportunities in our business activities, 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 any of the aspects of materiality, targets, and KPIs in response to various environmental changes surrounding our businesses. Approval is obtained from the Board of Directors for any necessary changes.

ESG	Key issues (Materiality)	Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
 E Environmental	Strengthening of resilience to climate change	Reduce GHG emissions	★	GHG emissions	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	Reduced by 8% (Scope 1 and 2) (compared to the FYE March 2020)
		Use renewable energy	★	Ratio of electricity derived from renewable energy sources	Achieve 100% by FYE March 2051	35.9%
		Promote energy conservation	★	Energy use intensity	Reduce by 10% by FYE March 2031 (compared to the FYE March 2020)	Reduced by 12.6% (compared to the FYE March 2020)
		Promote the acquisition of green building certifications	★	Ratio of properties with green building certifications	Acquire certifications for 50% or more of the total floor space of all properties by FYE March 2031	49.5%
	Sustainable use of resources by measures to reduce the burden on the environment	Develop and operate environmentally friendly buildings	—	Water use intensity	Year-on-year reduction	0.52 m³/m² (-0.01 point)
			—	Waste generation intensity	Year-on-year reduction	1.6 kg /m² (-0.4 point)
 S Social	Provision of safe, secure, and comfortable space	Carry out preventive maintenance works to prevent problems in buildings and facilities	★	Number of incidents related to buildings and facilities	Zero serious incidents*1	No incidents
		Provide properties and services with high customer satisfaction	—	Number of customer satisfaction surveys	At least once a year	Conducted
	Promotion of the business keeping abreast of the changing environment and times	Diversify regional portfolio	—	Composition ratio of sales by area	Increase the ratio of sales outside the Kansai area to 30% or more by FYE March 2033	15.9% (Tokyo metropolitan area 14.9%, Others 1.0%)
		Launch new businesses				
	Co-existence and co-prosperity with local communities	Improve relationships with local communities; Engage in contribution activities for local communities	—	Number of social contribution activities	At least 10 times a year	Conducted social contribution activities at least 10 times a year
	Collaboration with partner companies while being aware of ESG issues	Collaborate with partner companies on environmental and social issues	—	Number of regular meetings with partner companies	At least four times a year	Held regular meetings at least four times a year
		Promote respect for human rights and safety and health at partner companies	—	Number of surveys on human rights	At least once a year	Conducted
	Conducting constructive dialogue with investors and shareholders in line with sustainable management	Promote fair, timely, and appropriate information disclosure and constructive dialogue	—	Number of briefing sessions for shareholders/investors	At least four times a year	Held eight briefings (two briefings for analysts and six briefings for individual investors)
	Respect of human rights, diversity and inclusion	Diversify human resources	★	Ratio of females among new graduates recruited (five-year average)	50% (five-year average)	60%
			—	Ratio of female managers	Achieve 10% or more by FYE March 2031 Achieve 30% or more by FYE March 2041	11.8%
			—	Number of workshops on human rights	At least once a year	Conducted
			Improvement of human capital	Develop a work environment with a good work-life balance	★	Paid leave utilization rate
	Improve business efficiency and productivity (Promote digital transformation)	—		Average monthly working hours per person	Year-on-year reduction	156 hours/month (+1 hour from the previous year)
	Promote human resources development	★		Investment amounts associated with human resources development (per person)	100 thousand yen per person	113.7 thousand yen
	Promote health and productivity management	★		Health checkup uptake rate	Maintain 100%	Recognized as a Certified Health & Productivity Management Outstanding Organization with a 100% health checkup uptake rate
 G Governance	Improvement of the effectiveness of the Board of Directors	Ensure the diversity of the Board of Directors	★	Number of female Directors	At least one female Director	One female Director
		Maintain the ratio of Outside Directors constituting a majority of the Nomination and Remuneration Committee	—	Ratio of female officers	Achieve 30% or more by FYE March 2031*2	10% (one out of 10)
			★	Ratio of Outside Directors (Board)	Maintain above 50%	57% (four out of seven)
			★	Ratio of Outside Directors (Nomination and Remuneration Committee)	Maintain above 50%	67% (four out of six)
			—	Number of training sessions for Directors	At least once a year	Conducted
	Financial strategy to adapt to a changing business environment	Maintain a solid financial base	—	Credit rating (R&I credit rating)	Maintain “A-” or higher	Credit rating of A- (R&I credit rating)
		Achieve low-cost financing based on creditworthiness	★	Equity ratio	maintain 30% or more	43.1%
			★	Net interest-bearing debt/EBITDA ratio	Maintain a level of 10 times or so	7.9 times
	Strengthening of organizational resilience	Conduct BCP drills	—	Number of BCP drills	At least once a year	Conducted
		Formulate measures for each risk and implement progress management by the Risk Management Committee	★	Number of information security incidents	Zero incidents	Zero incidents
	Implementation of compliance that supports sustainable management	Provide compliance education and training to all employees	—	Number of compliance education and training sessions provided to all employees	At least once a year	Conducted
		Assess and investigate the implementation status of compliance measures by the Compliance Committee	★	Number of serious compliance violations	No violations	No violations

*1 A serious incident refers to a situation in which the operation of a tenant is suspended due to a malfunction of the building or facility.
*2 Ratio of women among Directors

Climate Change

Addressing Climate Change

We will evaluate the impact of our business activities on climate change, a highly uncertain phenomenon that occurs over many years, while striving to build internal systems, improve efficiency of energy use, reduce greenhouse gas emissions, and take other actions so that we can appropriately respond to medium- to long-term changes, including the transition to a decarbonized society as well as the physical impacts from climate change, sea level rise, and other causes.

Initiatives	KPIs and Targets, Results	
Reduce GHG emissions Use electricity derived from renewable energy sources	KPIs/Targets - 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	Results for FYE March 2025 Reduced by 8% (Scope 1 and 2) (compared to the FYE March 2020) (GHG emissions, P.46)
Utilize renewable energy Use solar power generation	KPIs/Targets Achieve 100% by FYE March 2051	Results for FYE March 2025 35.9% (Ratio of electricity derived from renewable energy sources, P.46)
Promote energy conservation - Shift to LED lightings - Repair air conditioning heat source equipment	KPIs/Targets Reduce by 10% by FYE March 2031 (compared to the FYE March 2020)	Results for FYE March 2025 Reduced by 20% (compared to the FYE March 2020) (Energy use intensity, P.46)
Promote the acquisition of green building certifications	KPIs/Targets Acquire certifications for 50% or more of the total floor space of all properties by FYE March 2031	Results for FYE March 2025 49.5% (Ratio of properties with green building certifications, P.46)

Major risks and opportunities related to climate change

The Company has identified risks and opportunities based on analysis of the 1.5 ~ 2°C Scenario and 4°C Scenario, in accordance with the framework recommended by the TCFD to refer to multiple scenarios including 2°C or less.

The major risks and opportunities are as follows. Please refer to the TCFD Report 2025 for details on other risks and opportunities.

2025 Information Disclosure Based on TCFD Recommendations
https://www.keihanshin.co.jp/english/sustainability/TCFDRpt2025_EN.pdf

Risks		Description
Transition risk	Stricter energy conservation regulations	Increase in costs of facility renovations and building demolition as a measure to respond to cases if it becomes illegal to lease or sell properties with poor environmental performance
	Progress and spread of renewable energy and energy saving	Increase in capital investment and management costs for existing buildings due to the introduction of renewable energy and energy-saving technologies
	Increase in procurement price	- Hike in material purchase prices due to environmentally friendly procurement - Increase in construction, renovation, and repair costs due to decline in productivity as a result of extreme heat - Increase in construction and maintenance costs due to more stringent energy-saving regulations
Physical risk	Intensification of natural disasters such as typhoons and floods	- Increase in costs of countermeasures against wind and flooding damage due to larger typhoons and increased heavier rainfall, as well as increase in insurance and repair costs - Payment of damages to tenants and moving out due to inadequate disaster preparedness
	Rising sea level due to higher average temperature	Increase in costs of countermeasures against submersion due to storm surge, etc., occurrence of damages and moving out

Opportunities	Description
Improving brand power by strengthening business resilience	- Increase in opportunities for gaining tenants and rental income due to improved brand image through strengthening environmental and BCP response, and suppression of falling rental values - Decrease in capital costs due to timely and appropriate information disclosure
Increase in needs for moving into disaster-resistant buildings	- Differentiation from other properties and increase and maintenance of property values through high BCP performance - Increase in opportunities to attract tenants and rental income, curbing rental income declines
Increase in needs for moving into buildings with high environmental performance	- Differentiation from other properties and increase and maintenance of property values through high environmental performance - Increase in opportunities to attract tenants and rental income, curbing rental income declines
Increase in demand for datacenters thanks to the progress of digital transformation and green transformation	Capturing of demand for datacenters with the acceleration of digital transformation and green transformation and demand for disaster-resistant datacenters, and increase in rental income

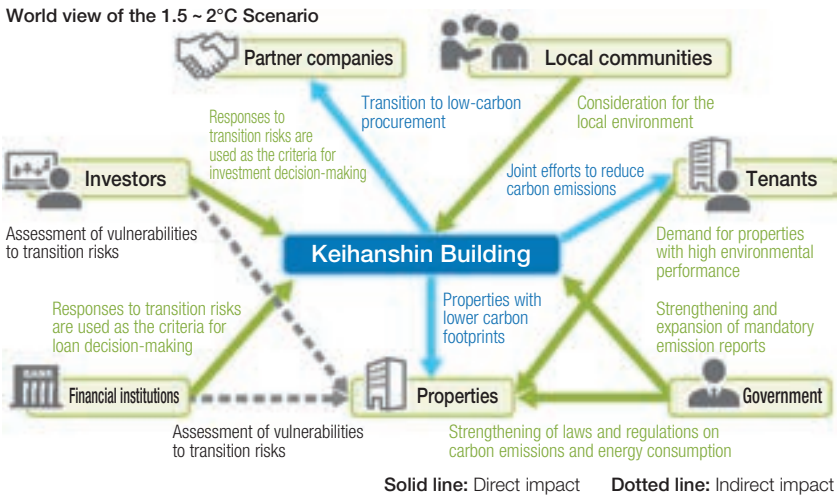
Initiatives based on risks and opportunities

1.5~2°C Scenario

A scenario in which progress is made in addressing climate change due to stricter government regulations, etc.

Major impacts

- Laws and regulations on carbon emissions and energy consumption may be strengthened.
- While demand for properties with high environmental performance may increase, the competitiveness for properties with low environmental performance may decline. However, it is expected that the promotion of initiatives to reduce the burden on the environment, such as the introduction of electricity derived from renewable energy sources and GHG emissions reduction initiatives in cooperation with tenants (customers), will help improve and maintain property competitiveness.



Examples of initiatives

Shifting to energy-saving equipment

We are progressively switching to energy-saving lighting and air conditioning equipment at the timing of facility renewals or tenant replacement. One of the objectives of this is to reduce costs in response to stricter energy conservation regulations assumed in the 1.5°C Scenario. We have introduced LED lightings mainly at office buildings, while progressively upgrading power substations and shifting to energy-saving air-conditioning facilities at datacenter buildings.

We plan to invest a total of approximately 2.3 billion yen in shifting to energy-saving equipment for properties owned as of FYE March 2025, through FYE March 2031.

Acquisition of green building certifications

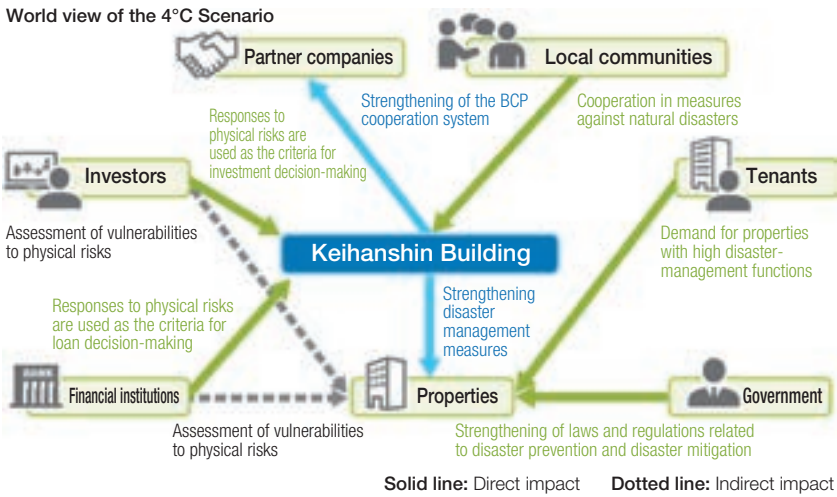
We promote the acquisition of green building certifications, such as CASBEE Real Estate Certification and BELS Certification, in order to objectively assess the condition of our buildings through external evaluations, and at the same time, to use them as a reference for further improvement and enhancement, in anticipation of further expansion of occupancy needs for buildings with high environmental performance.

4°C Scenario

A scenario in which insufficient progress is made in addressing climate change, global warming worsens, and natural disasters intensify and increase.

Major impacts

- While costs may increase to strengthen disaster prevention measures, as we have already put various measures in place under the concept of "preventive maintenance," no serious damage is expected to occur.



Examples of initiatives

Investment in countermeasures against wind and flooding damage

For mitigating damage and costs in response to intensified wind and flooding assumed in the 4°C Scenario, we have been taking measures to reduce the risk of inundation in our owned properties. These include, based on the idea of preventive maintenance, relocating extra high-voltage power substations to upper floors, which receive power from outside and supply it to the inside of the buildings, and roof waterproofing, in addition to installing flood-control panels.

We plan to invest a total of approximately 2.4 billion yen in countermeasures against wind and flooding damage for properties owned as of FYE March 2025, through FYE March 2031.

Collaborative drills with partner companies

We regularly conduct drills in cooperation with partner companies responsible for building management and operations to strengthen resilience in terms of software, for reducing damage and costs in response to intensified wind and flooding damage assumed in the 4°C Scenario and expanding revenue opportunities due to occupancy needs for buildings with high BCP performance as part of our objectives. In the drills, we actually perform a series of flows including installation of flood-control panels assuming flooding and operating emergency-use generators in preparation for the interruption of electricity supply from outside. By strengthening resilience in terms of both hardware and software, we strive to provide highly reliable commercial spaces for our tenant companies.

Our Stakeholders

In corporate management, it is important to engage in collaborative value creation not only with our shareholders and investors, but with all of our stakeholders including tenants (customers), partner companies (business partners), local communities, and employees. In light of this, the Company will work to appropriately collaborate with stakeholders. On that basis, we believe that appropriately distributing the revenue and results generated by collaborative value creation and improved productivity to our stakeholders will lead to sustainable economic development.

We believe that achieving and maintaining “efficient business operations by a small number of people” and “successful relationships with tenants and partner companies,” which we view as our competitive advantage, are also particularly important in order to provide valuable commercial space that highly satisfies tenants (customers), and we believe that promoting human capital management is essential in improving sustainable corporate value of the Company.

(For more information on our human capital management, please see page 51 onwards.)

For more information on initiatives with our stakeholders, please see Sustainability Report 2025.
https://www.keihanshin.co.jp/sustainability/_assets/SustainabilityReport2025_EN.pdf



Shareholders / Investors

We aim to improve corporate value through appropriate information disclosure and active dialogue.

- Fair, timely, and appropriate information disclosure
- Promotion of constructive and open dialogue



Briefing sessions for shareholders / investors	2023/3	2024/3	2025/3
	Five times	Seven times	Eight times

Target: At least four times a year

- Stable shareholder returns

ROE	2023/3	2024/3	2025/3
	5.9%	5.2%	5.8%

Target: Achieve 7.0% or more by FYE March 2028

Annual dividend per share/ dividend payout ratio	2023/3	2024/3	2025/3
	36yen / 42.5%	37yen / 47.8%	40 yen / 44.5%

Target: Implement progressive dividend payments with a target of approximately 45%

Tenants (customers)



We will provide valuable commercial space to customers so as to advance customers' and our businesses.

- Provision of safe, secure, and comfortable commercial space
- Investment in renovations and repairs for energy-saving equipment and BCP measures

Investment in renovations and repairs	2023/3	2024/3	2025/3
	2.3 billion yen	2.5 billion yen	1.9 billion yen

Partner companies (business partners)



We will strive to build strong cooperative relationships as partners working together.

- Smooth business operations through collaboration with partner companies
- Holding of regular meetings to share information and strengthen cooperation

Regular meetings with partner companies	2023/3	2024/3	2025/3
	At least four times a year	At least four times a year	At least four times a year

Target: At least four times a year

Environment

We will contribute to energy conservation measures and the creation of towns full of greenery in harmony with the townscape.



- Promotion of energy conservation
- Reduction of water usage and the volume of waste
- Promotion of the acquisition of green building certifications
- Reduction of GHG emissions

The Long-Term Business Plan (FY2024/3 to FY2033/3) targets an environmental investment of 7 billion yen.

GHG emissions (Scope 1 and 2) / reduction rate	2023/3	2024/3	2025/3
	3,740 tons / -9%	3,354 tons / 2%	3,166 tons / 8%

Target: Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to the FYE March 2020)

Local communities



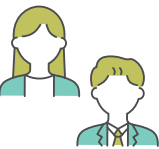
We will cooperate with local communities to develop businesses rooted in those communities.

- Promotion of the revitalization of local communities in cooperation with administrative authorities and economic organizations
- Implementation of contribution activities for local communities

Social contribution activities	2023/3	2024/3	2025/3
	At least 10 times a year	At least 10 times a year	At least 10 times a year

Target: At least 10 times a year

Employees



We work to create a comfortable work environment where all of our employees can play an active role.

- Promotion of human capital management

Investment in human resource development (per person)	2023/3	2024/3	2025/3
	56 thousand yen	118 thousand yen	113 thousand yen

Target: Investment of 100 thousand yen per person in human resources development

- Development of a work environment with a good work-life balance
- Diversification of human resources

Ratio of females among new graduates recruited (five-year average)	2023/3	2024/3	2025/3
	66.7%	62.5%	60.0%

Target: 50% (five-year average)

MESSAGE | Comment from General Manager of Personnel & General Affairs Department



Executive Officer and General Manager of Personnel & General Affairs Department
Yoshikatsu Okada

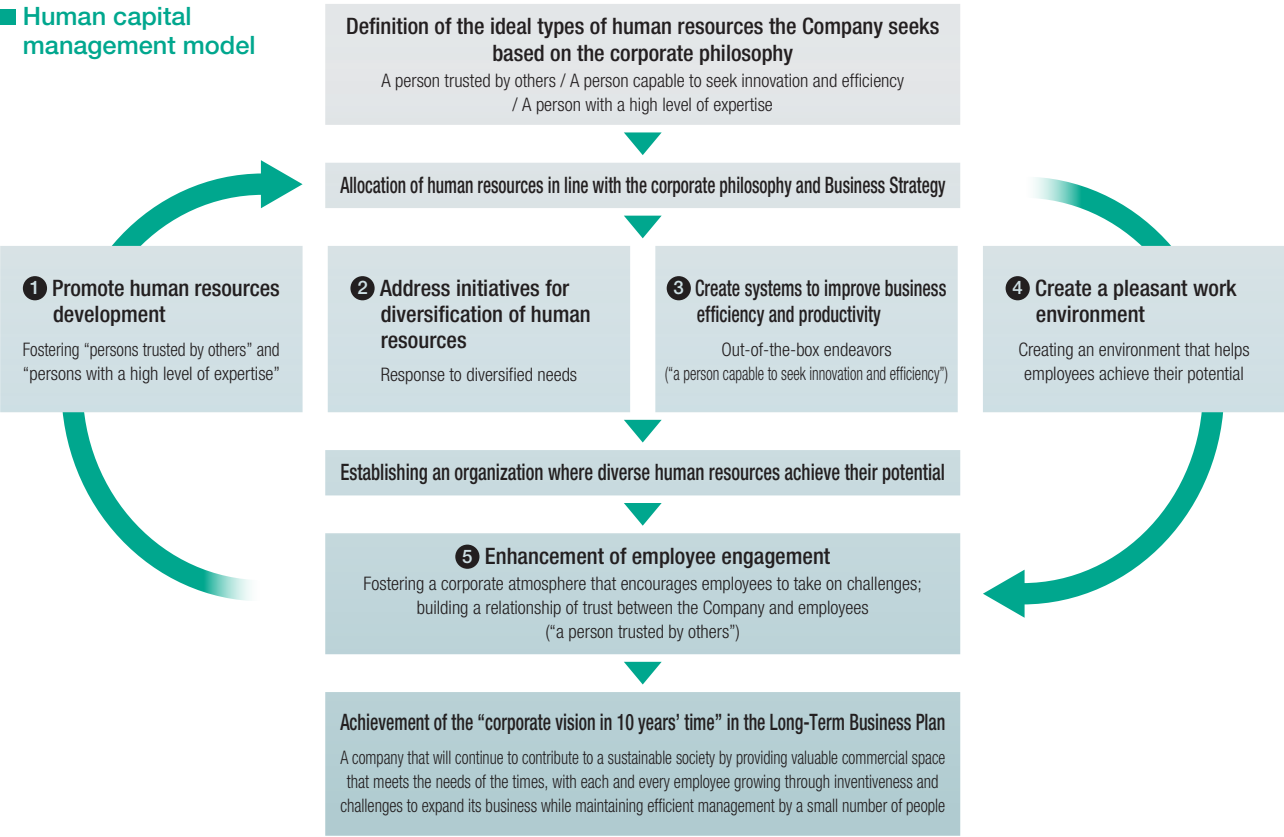
In Japan, competition is expected to intensify due to declining office demand and a shrinking real estate market brought on by the decline in the working population and diversification of work styles. Under these conditions, in order to understand the increasingly complex and diverse needs of the environment and society and provide a valuable commercial space in response to them, we believe that it is essential to respect the diverse values of employees and create an environment where each employee can grow through creativity and challenges and maximize their abilities. Furthermore, we believe that continuous investment in human capital is important in order to maintain our strength of "efficient management by a small number of elite personnel."

This point has become a common understanding among all officers and employees at the Company, with even outside officers actively expressing their opinions and asking questions during the Board of Directors meetings, etc. regarding the importance of "strengthening the foundation for growth and strengthening systems to respond to environmental changes" and "creating an organization where diverse human resources can demonstrate their abilities," as well as specific measures to achieve these.

In order to steadily advance our Long-Term Business Plan, we are focusing on hiring experienced professionals who can take on new businesses, as well as developing and re-educating existing personnel through training and external secondments. In addition, we are promoting health management with the introduction of a new health program that allows each employee to perform to the best of their ability with peace of mind. We have also introduced a corporate defined contribution (DC) pension plan to improve employee engagement, and are working to improve the internal environment through the digitization of documents and the introduction of various systems. Furthermore, the target outlined in the Long-Term Business Plan to invest a total of 3.0 billion yen in the improvement of workplace environment and personnel training during the plan period is progressing ahead of schedule.

Going forward, in addition to actively working to secure diverse human resources and develop each employee according to their personality, individuality, and values, we will strive to create a workplace environment where all employees can play an active role according to their abilities, with the aim of enhancing our corporate value and achieving sustainable growth.

Human capital management model



The Company is committed to improving its human capital based on the belief that the company growth is nothing other than the sum of each employee's growth. We have defined the ideal types of human resources we seek based on our corporate philosophy, and are pursuing a human resources strategy linked to our Long-Term Business Plan.

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

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 To develop/recruit such human resources • 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 to seek innovation and efficiency	● A person capable of bringing about changes in business models and business operations in response to changes in the business environment ● A person who can act with motivation to grow and take on challenges To develop/recruit such human resources • 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 his/her duties and real estate who can increase the Company's corporate value To develop/recruit such human resources • Hire expert human resources • Develop expertise through job- and rank-specific training programs and the qualification support system

In order to promote human capital management based on this model, we have implemented the following processes. We use tools such as organizational diagnosis surveys* to identify issues and monitor progress.



1 | Promoting human resources development

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. As the achievement of the Long-Term Business Plan involves a challenge of having human resources who will lead new businesses, we will strive to recruit, train and allocate specialist human resources in line with the business strategy, to improve the Company's corporate value while maintaining efficient management by a small number of people.

Human resources development and recruitment in line with business strategies

Requirements for ideal human resources for new businesses (industry experience and skills)					
		Real estate leasing business	Revolving-type investment business	Equity investments	Overseas 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 a wealth of experience and knowledge in the investment management business	A person with business experiences overseas, mainly in the United States
	Development				
		- Development through training system by duty and grade, and OJT - Support for obtaining qualifications (Nissho Bookkeeping, Real Estate Notary, Certified Building Administrator, ARES Certified Master, TOEIC, etc.) - Secondment to other companies with expertise in the revolving-type investment business, equity investment, and overseas investment			

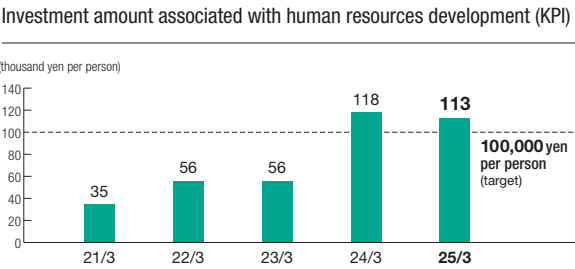
Human Capital Management

■ Training 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 department 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.

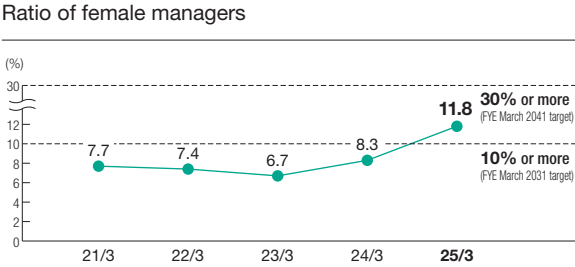


2 | Initiatives for diversification of human resources

We believe that incorporating diverse values in the Company will lead to its development in a society that is becoming increasingly diverse and complex. We recruit 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 achieving “diversity and inclusion,” one of the Company’s aspects of materiality.

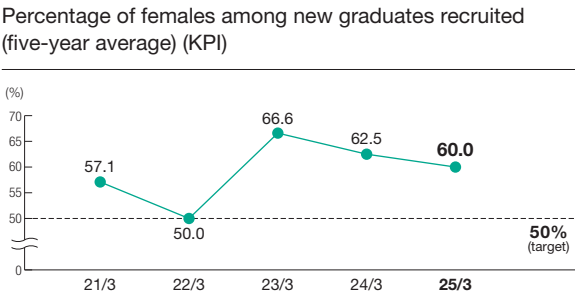
■ Increasing diversity in skills and industry experiences; senior age employees playing more active roles

We hire highly specialized personnel with a wealth of knowledge and experience cultivated in the real estate and construction industries, including senior personnel, and encourage their active participation. In addition, we share and pass on the skills and industry experience of such personnel through on-the-job training, and secure a diverse range of personnel to drive our business forward by developing human resources through internal programs and secondments to other companies.



■ Increasing the ratio of female managers

We are working to support career development through training for female candidates for managerial positions and various measures to support human resources development. In addition, in order to support employees in 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. Furthermore, in order to continuously produce female managers, we have set a target of 50% (five-year average) for the percentage of females among new graduates recruited, from which female managers will be chosen.

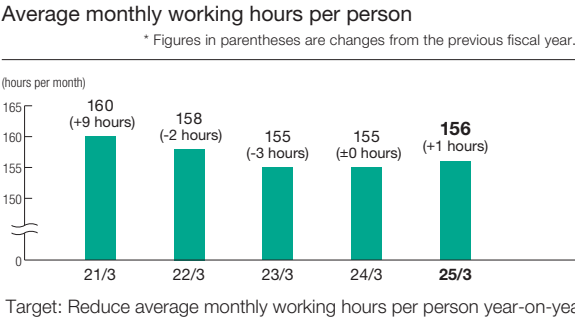


3 | Creating systems to improve operational efficiency and productivity

Business efficiency and productivity improvements are necessary in order to promote business and achieve work-life balance for diverse employees. In addition to implementing initiatives linked to the creation of a comfortable working environment, we are also working to promote digital transformation as a target in the Long-Term Business Plan.

■ Ensuring 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.



■ Leveraging digital technology to improve operational efficiency and provide new services

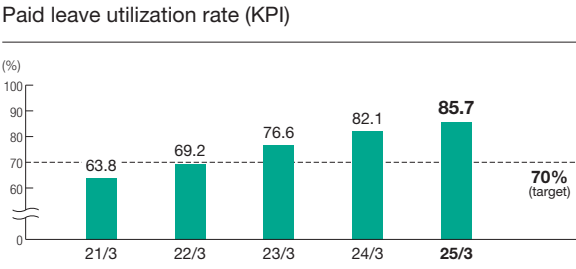
We are promoting the digitalization of our operations, reviewing our business processes, and working to improve operational efficiency through outsourcing, while also considering the use of data to provide new services.

4 | Creating a pleasant work environment

The Company strives to create a safe and comfortable 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.

■ Helping employees to balance work and personal lives

We have cultivated a corporate atmosphere that makes it easy to take childcare and nursing care leave. We have introduced a consultation system for discussing work styles as well as a flextime system that enables flexible work styles. In addition, employees utilize systems such as a consecutive leave system to achieve a well-balanced work style.



■ Improvement of workplace environment and establishment of health consultation contact points

We have established a form through which opinions, questions, and requests for advice regarding the workplace environment can be sent anonymously at any time through corporate internal portals. Opinions, etc. sent in are shared and discussed at meetings of the Health Committee and used to improve the workplace environment.

5 | Enhancement of employee engagement



In this way, through ❶ promoting human resources development, ❷ addressing initiatives for diversification of human resources, ❸ creating systems to improve business efficiency and productivity, and ❹ creating a pleasant work environment, the Company is working to build an organization where diverse human resources can find fulfillment and demonstrate their abilities, and striving to ❺ improve employee engagement (empathy, attachment, and willingness to contribute to the Company). Based on a relationship of trust between the company and its employees, we 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

We conduct career interviews once a year to encourage employees to take the initiative in shaping their own careers. We have also introduced a consultation and interview system aimed at supporting employees in balancing work with childcare, nursing care, etc.

■ Cross-departmental efforts

We are working to build our business foundation and create growth opportunities for our employees by their 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 of our employees and improve their job satisfaction by having them serve concurrently in other departments or committees.

■ Improving 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 technology through internal communications, and supporting employee asset-building through an employee stock ownership plan and a defined contribution pension plan.

■ 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. 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 creativity and challenges, in keeping with our corporate vision in 10 years’ time in the Long-Term Business Plan.

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

■ Health and productivity management

The Company is committed to health management based on the understanding of the importance of the health and safety of employees who are the foundation of its business. The Company was recognized as a 2025 Certified Health & Productivity Management Outstanding Organization (SME Category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, an organization that operates the recognition program.

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	Junichi Tada Representative Director
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	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, Director responsible for Business Execution and Investment Promotion Department (current), Keihanshin Building

Yoshikazu Asakusa Director (In charge of Property Management)	Masao Nomura Director/ Independent Officer Outside	Chiho Takeda Director/ Independent Officer Outside
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	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.	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 (Member of the Board), NICHIDAI CORPORATION Outside Director, DAIHATSU INFINEARTH MFG.CO.,LTD.

Atsushi Miyanoya Director/ Independent Officer Outside	Hideyuki Kamijo 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 Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, INC. June 2024 Director (current), Keihanshin Building Significant concurrent position Outside Director, The Bank of Iwate, Ltd.	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)	Hideharu Nagasawa Director (Audit & Supervisory Committee Member)/ Independent Auditor Outside	Chiharu Odagiri Director (Audit & Supervisory Committee Member)/ Independent Auditor Outside
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	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 (current), DAIHATSU DIESEL MFG. CO., LTD. (currently DAIHATSU INFINEARTH MFG.CO.,LTD.) June 2025 Director (Audit & Supervisory Committee Member) (current), Keihanshin Building	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 Significant concurrent position Director (Audit & Supervisory Committee Member), BABY JOB Co., Ltd.

Executive Officers

Tsuneo Wakabayashi Chief Executive Officer	Junichi Tada Senior Managing Executive Officer responsible for Business Execution and Investment Promotion Department	Takao Matsumoto Senior Executive Officer responsible for Business Promotion Division and General Manager of Business Department	Takao Hori Senior Executive Officer responsible for Administration and General Manager of Corporate Planning Department
Toshiki Tabuchi Senior Executive Officer and Assistant Director responsible for Administration	Yoshikatsu Okada Executive Officer and General Manager of Personnel & General Affairs Department	Kazuma Ohashi Executive Officer and General Manager of Investment Promotion Department	Yoshikazu Asakusa Executive Officer and General Manager of Property Management Department
Matashi Takemoto Executive Officer and General Manager of Finance & Accounting Department			

Introduction

Value Creation Story

Keihanshin Building Co., Ltd. Integrated Report 2025

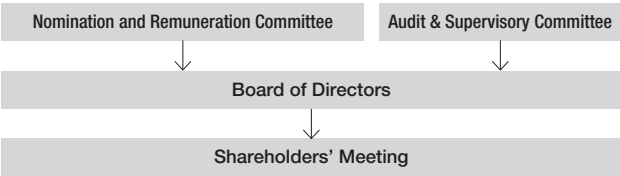
Keihanshin Building Co., Ltd. Integrated Report 2025

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 Chairman 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 Chairman 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.



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.

Name of the committee	Total committee members	Subtotal by type of remuneration		Chairperson	Number of meetings held (FYE March 2025)
		Base remuneration	Performance-linked remuneration		
Nomination and Remuneration Committee	5 persons (6 persons)	1 person (2 persons)	4 persons (4 persons)	Outside Director	4 times

*The figures in parentheses indicate the composition (number of members) of the Nomination and Remuneration Committee up through the 102nd Annual General Meeting of Shareholders held on June 20, 2025.
*In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there was one written resolution.

Personnel matters for management executives	Proposals for the Shareholders' Meeting regarding the appointment of candidate Directors and dismissal of Directors
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the appointment of Directors
	Appointment and dismissal of the President and the Chairman 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 and Executive Officers
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the remuneration of Directors and Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee

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 to seek 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

Remuneration to Officers

Remuneration paid to officers in FYE March 2025 (thousand yen)

Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors	9 persons	114,900	14,280	36,315	165,495
Outside Directors	5 persons	33,600			33,600
Audit & Supervisory Board Members	3 persons	40,800			40,800
Outside Audit & Supervisory Board Members	2 persons	15,600			15,600

*The total amount of remuneration includes the amount paid to two Directors who retired due to expiration of the term of office at the conclusion of the 101st Annual General Meeting of Shareholders held on June 21, 2024.
*In addition to the above, employee salaries of 21,238 thousand yen were paid to Directors who concurrently serve as employees.
*Officer remuneration shown for the FYE March 2025 is the remuneration for Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members in a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

Policy for determining Directors’ remuneration (FYE March 2025)

We determine remuneration for Directors 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.

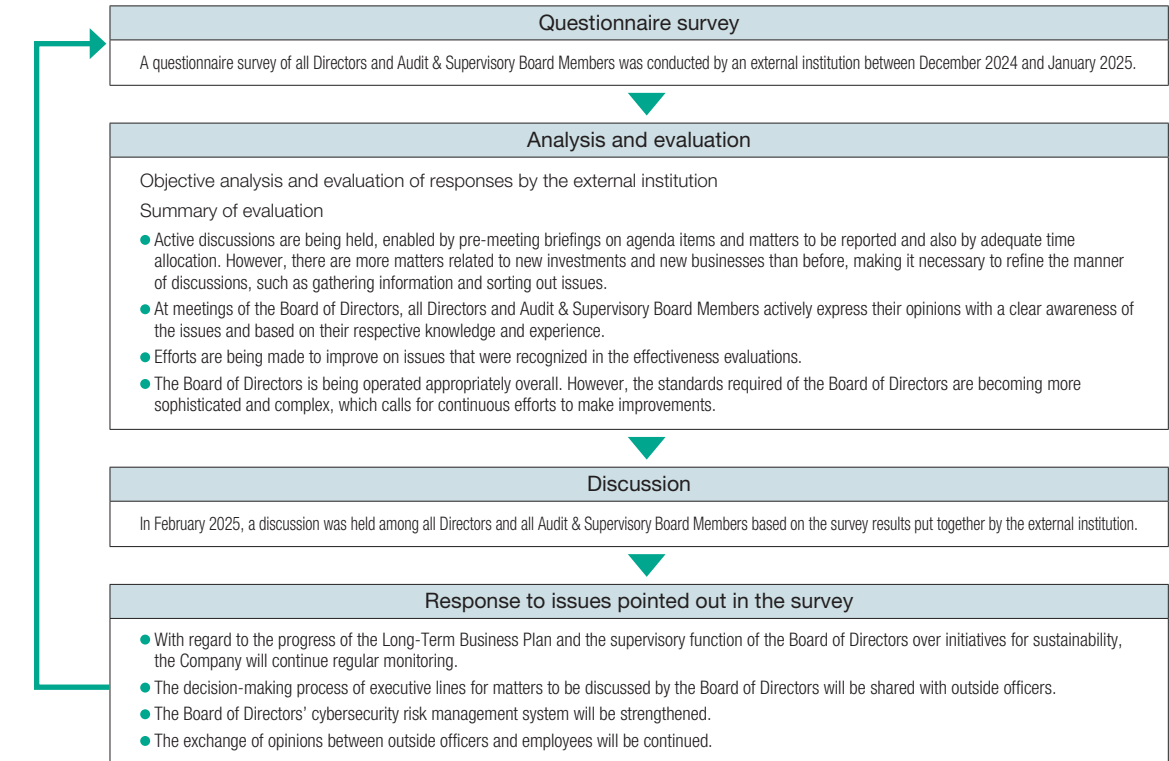
Remuneration system	Executive Directors	The remuneration consists of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration in line with the shareholders' interest. The Nomination and Remuneration Committee will decide on 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.				
	Chairman of the Board	The remuneration consists of the base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairman 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 Chairman of the Board retired at the 102nd Annual General Meeting of Shareholders held on June 20, 2025, and a new Chairman 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%	President (President and Chief Executive Officer)	60 %	20 %	20 %	■ Base remuneration ■ Bonuses (performance-linked remuneration) ■ Restricted stock
	Chairman of the Board	60 %	40 %			
	Outside Directors	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)	It is provided as cash remuneration reflecting the performance indicators, and is provided at a certain time each year. The indicators used to calculate performance-linked remuneration are the degree of achievement of "business profit before depreciation and amortization" and "initiatives on sustainability," as set forth as targets in the Long-Term Business Plan, and also achievement of "ROE," which has been included beginning in the fiscal year ended March 2025, and these are comprehensively taken into consideration in the calculation, in order to realize sustainable enhancement of corporate value and to expand the scale of the Company and create new profit model through portfolio expansion.				
	Short-term incentive	(Reference) Actual business profit before depreciation and amortization and the target for the final fiscal year of the Long-Term Business Plan (million yen)				
		2023/3	2024/3	2025/3	2033/3 (target)	
		9,194	9,128	9,099	18,000	
	Restricted stock	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 Chairman of the Board and Executive Directors, along with their contributions to the Company's sustainable growth in a comprehensive manner.				
	Medium- to long-term incentive					
Determining method	For determining the amount of individual remuneration, the President prepares the remuneration plan, and the Board of Directors reviews and determines the amount, based on 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.					

Analysis and Evaluation of the Effectiveness of the Board of Directors

With the purpose of ensuring effectiveness in the Board of Directors and enhancing the corporate value, self-assessments have been carried out by the Board of Directors since 2017. In 2025, the Company followed the process shown below to analyze and evaluate the effectiveness of the board, and confirmed that the Board of Directors was being operated appropriately overall.

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.

Analysis and Evaluation Process



*The term "Audit & Supervisory Board" is used in the analysis and evaluation of the board's effectiveness for the FYE March 2025 because it was conducted under the system of a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

Response to issues pointed out in the 2024 survey

Sufficient discussions on the progress of the Long-Term Business Plan, management with consciousness of capital costs, 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 capital costs 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 officers

Main agenda items of the Board of Directors (FYE March 2025)

Matters resolved	Matters reported
● Review of Long-Term Business Plan ● New investments ● Important personnel matters (directors, executive officers, and members of the Nomination and Remuneration Committee) and officer remuneration	● Evaluation of the effectiveness of the Board of Directors ● Progress with the Long-Term Business Plan ● Reports on business execution by various departments
● Examination of validity of cross-shareholdings ● Examination of business portfolio ● Settlement of accounts ● Formulation of long-term reduction target for GHG emissions (net zero by FYE March 2051) ● Review of KPIs linked to materiality	● Reports on activities of various committees (Sustainability, Risk Management, Compliance) ● Reports on the implementation of internal audits ● Disclosure of capital costs

Audit & Supervisory Committee

As a general rule, meetings of the Audit & Supervisory Committee are held once a month. In FYE March 2025, a total of 12 meetings were held under the system of the Audit & Supervisory Board before the transition to the Audit & Supervisory Committee, with an attendance rate of 100%.

In the Audit & Supervisory Committee, a Standing Audit & Supervisory Committee Member plays a central role by providing detailed reports to Outside Audit & Supervisory Committee Members on such matters as the Management Meeting proceedings, 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 an 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 (off-track 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.

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 2025, we held four training sessions on the theme of capital costs and the sustainability disclosure standard.



At a training session for officers

Outside Directors' Discussion



Outside Director
Chiho Takeda

Outside Director
Atsushi Miyanoya

Outside Director
Masao Nomura

Outside Director
Hideyuki Kamijo

Accelerating the early establishment of new businesses by securing human resources and accumulating know-how

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

Progress of the Long-Term Business Plan

Nomura In fiscal 2024, we made steady progress in investing in new businesses, including the revolving-type investment business, equity investments, and overseas investments. Recruitment of experienced personnel to take charge of new businesses is proceeding as expected, and this April we also established the AM Business Preparation Group, which is responsible for the commercialization of asset management operations, thereby steadily developing our framework. Going forward, we must improve earnings with a greater sense of urgency.

Takeda ROE was 5.2% in the previous fiscal year and 5.8% in the current fiscal year, so it is making a steady improvement toward the Phase I target of 7.0% or more, and I feel that the

seeds we have planted are beginning to grow. In addition to hiring experienced personnel with specialized knowledge, the recruitment and development of human resources is proceeding as planned, including having existing employees gain experience in the overseas divisions of other companies. However, we believe that it is necessary to reassess our investment plans in light of changes in various conditions, including rising interest rates.

Miyanoya The ratio of new businesses to the total has been gradually increasing, and I feel that their launches are proceeding smoothly. In September 2024, investors pointed out that the ROE target of 6.0% or more for the final year of Phase I was too low and too late. Therefore, after carefully listening for the returns expected by investors and taking into account the progress of the Long-Term Business Plan, we revised the ROE target for the final year of Phase I

from the previous 6.0% or more to 7.0% or more. Taking into account rising prices and higher construction costs, I feel that we should also consider revising rents for the existing leasing business.

Kamijo I have recently been appointed as Outside Director from my previous position as Audit & Supervisory Board Member. My past positions include serving as General Manager of Real Estate Investment Management Department and General Manager of Accounting and Finance Department at a major housing manufacturer, after being in charge of real estate planning and sales. I am also a certified tax accountant. I have mainly been involved in the revolving-type real estate investment business, and I hope to utilize that knowledge at the Company. Although we had the option of accelerating the acquisition of new properties in order to achieve the increased ROE target, we instead chose to improve the profitability of existing rental properties and to sell our cross-shareholdings at an early stage. From a risk perspective, I feel that this was a wise move. As the number of employees is still small at 64, I feel that it is necessary to expand cooperation with partners working together on investment projects, while quickly developing human resources.

Decision-making for new businesses

Miyanoya With regard to new investments, each project is explained in detail, including the risks involved, and decisions are made after careful consideration at multiple meetings of the Board of Directors. When expressing my opinions, I personally focus on whether the analysis of risks and returns is appropriate in light of changes in interest rates and economic conditions.

Takeda We also had an opportunity to hear about the issues raised at our last year's discussion, such as where the information for the proposals submitted to the Board of Directors originated, and at what kind of meetings and what kind of discussions took place regarding those proposals before they reached the Board. This has allowed us to accumulate information, and I feel that it is gradually creating a conducive environment to more effective discussions. When making investment decisions, we consider not only profitability but also non-financial aspects such as whether investing in the property will lead to future investments, know-how and relationships with partners.

Kamijo For properties in which the Company has invested, we also receive regular reports on how the risks considered initially have changed due to subsequent changes in the environment. Since we invest in many properties in collaboration with partner companies, I hope to fully absorb the business know-how from these projects and further expand the scope of our operations.

Nomura The projects in which we have invested as new businesses have yet to be fully established as a business, and the real work of commercialization is yet to come. To that end, it is important to build a track record and accumulate know-how. For example, in the case of equity investment projects, depending on the extent to which we are involved on site, we will be able to obtain information on risks and added value of the project. We are carefully monitoring these points as well.

Changes since the transition to a company with an Audit & Supervisory Committee

Takeda Even when we were a company with an Audit & Supervisory Board, Audit & Supervisory Board Members provided us with their opinions from a stance no different from that of Directors. However, since the supervisory function over business execution has been strengthened, I believe that we have created an even more favorable system.

Miyanoya The newly appointed Director serving as an Audit & Supervisory Committee Member has expressed her opinions frankly and without reservation, and I hope that this will lead to even more lively discussions.

Kamijo I myself was appointed as Outside Director from my previous position as Outside Audit & Supervisory Board Member, and I have been able to express my opinions frankly as in the past.



Initiatives to promote understanding of the Company's business

Miyanoya The tablets provided to us are frequently updated with information on proposals to be submitted to the Board of Directors, as well as a variety of other information to aid our understanding. In addition, each Director receives a detailed explanation prior to meetings of the Board of Directors, ensuring that we have sufficient information for the meeting.

Nomura The Company holds tours of its commercial real estate every year, having come full circle in fiscal 2024. However, as a number of years have passed since the start of operations of the Keihanshin OBP Building, which represents a particularly large amount of investment, we requested the Company to arrange a new tour, considering how the situation has changed since the feasibility study that was conducted at that time, and the tour was actually held. Having up-to-date information constantly provided to us helps in our decision-making. We receive regular business reports from Executive Officers of each division, but since these reports are provided at the end of meetings of the Board of Directors, they tend to be run through quickly due to time constraints. I feel it would be beneficial to have the opportunity for in-depth interviews in order to fully understand the issues.

Outside Directors’ Discussion

Takeda Last year, we were given an opportunity to receive a training session on management that is conscious of capital cost and stock price as requested by the Tokyo Stock Exchange. Going forward, I would appreciate it if the Company could continue to provide training opportunities that will help us understand the agenda items.



Issues for enhancing the effectiveness of the Board of Directors

Kamijo We conduct an effectiveness evaluation survey every year, and the Company responds promptly to our requests. If anything, I think it would be helpful to have the opportunities to speak with on-site employees at the General Manager level. I think that it is necessary to know what the General Managers are thinking and feeling on the front line in order to share the Company’s issues and direction.

Nomura Looking at the results of the effectiveness evaluation survey, we were able to surpass our industry peers in many areas, which I think is a testament to our high level of effectiveness. In particular, the score for management that is conscious of capital cost and stock price improved, which is evidence that our discussions on the issue have deepened. On the other hand, the areas where the Company received a low evaluation were the review of its Long-Term Business Plan and cybersecurity, and I feel that these are areas that need to be thoroughly discussed going forward. In order to further enhance effectiveness, I think it would be a good idea to set up a forum where Outside Directors and Internal Directors, including Directors serving as Audit & Supervisory Committee Members, can exchange opinions from different perspectives and share issues.

Takeda While a training session on cybersecurity was provided, I feel that, building on that, we must also discuss how the executive team perceives the Company’s cyber risks and how the Board of Directors should oversee them.

Sustainability assessment and issues

Takeda With regard to sustainability initiatives, we have established indicators and targets for initiatives linked to materiality. We have largely achieved our single-year targets for fiscal 2024, and are making steady progress toward our medium-

to long-term targets. In addition, we are seeing improved evaluations by third-party evaluation agencies for our ESG initiatives, and I feel that we are making steady progress. On the other hand, compared with our industry peers, there is still a gap in evaluations we receive from third-party evaluation agencies, so I believe there is room for improvement.

Kamijo While it is true that evaluations we receive from third-party evaluation agencies are lower than those of our industry peers, I think it is good that these evaluations have all improved compared with the previous fiscal year. It is important to aim for higher evaluations in all areas, but one approach may be to further deepen the ESG initiatives that are unique to the Company, such as working with tenants to reduce greenhouse gas emissions in the buildings owned by the Company.

Miyanoya Our efforts to reduce CO₂ emissions are making steady progress, but I think we should aim even higher and take on the challenge of achieving ZEB (Net Zero Energy Building), which realizes reducing the annual primary energy consumption of a building to virtually zero.



Nomura With regard to sustainability, the Company has identified two materiality issues in the environmental theme, seven in the social theme, and four in the governance theme. For example, on the environmental front, we have set a target of achieving a ratio of 50% or more of the total floor space of properties with green building certifications to the total floor space of all our owned buildings by the fiscal year ending March 31, 2031. As of fiscal 2024, this ratio has already reached 49.5%. I believe that targets may need to be revised according to the status of achievement and changes in social conditions. In addition, I feel that it is necessary to devise ways to increase employees’ awareness of participation, such as by having each employee set his/her own goals in line with the 13 items of materiality, and incorporating their achievement into personnel evaluations.

Human capital investment initiatives

Miyanoya Although there is a shortage of human resources for new businesses, the Company is steadily putting the necessary systems in place, including hiring experienced mid-career employees and establishing the AM Business Preparation Group.

Going forward, in addition to promoting initiatives to share and integrate the know-how of experienced individuals with existing employees, I would like to see the Company promote initiatives to help existing employees gain more experience through secondment to companies with such know-how. The Company must also promote digital transformation investment to support the work done by a small number of elite employees.

Kamijo Although the Company claims to be an elite team with a small number of employees, the number of 64 employees is too small to realize the business scale set forth in the Long-Term Business Plan. We need to take a more proactive approach to recruiting, and ensure that the people we hire are directly involved in actual properties so that they can absorb real-world experience and knowledge. I also feel that it is important to pursue initiatives such as constructing ZEBs, as Outside Director Miyanoya mentioned earlier, so that employees can have aspirations and find increased motivation in their work.

Nomura In order to increase recruitment, it is necessary to actively work on new recruitment methods, such as job-based employment, where people are assigned to specific jobs. In addition, in line with the diversification of employment types, we must also diversify our personnel treatment system to create a system that enables us to recruit more talented human resources. We aim to have 100 employees by fiscal 2033, the final year of the Long-Term Business Plan. The number of employees has increased from around 50 a few years ago to 64 at present, and we plan to increase this by a further 40. I can imagine that the corporate structure with 100 employees will be quite different from when it was 50 employees. I hope that the strengths unique to the current small, elite team will be preserved going forward.

Feedback to opinions from investors

Nomura The Company is actively working on this. The materials for the briefing sessions for analysts and records of questions and answers at those briefings are prepared very carefully. The Company also receives sufficient information regarding meetings with investors, including detailed exchanges. In the course of receiving various opinions, the Company has responded sincerely to the issues that it needs to address, and I feel we have been able to communicate with the market in an extremely good manner.

Kamijo The suggestions from investors are certainly worth listening to; however, candidly speaking, there is inevitably a difference in how the Company and its investors perceive speed. I feel that it is also necessary to provide careful explanations to investors so that they can understand the sense of urgency that the Company recognizes.

Toward enhancing the Company’s corporate value

Nomura In recent years, whenever a corporate scandal occurs, Outside Directors are inevitably criticized for what they were doing at the time. I feel that the responsibilities of Outside Directors have been increasing year by year. It has been six years since I was appointed as Outside Director, and I am determined not to become complacent. I aim to leverage my own experience in corporate management to fulfill as many roles as possible in my capacity as an Outside Director. I would like to provide advice from various perspectives while considering what the Company should do now to enhance corporate value from a medium- to long-term perspective.



Takeda As an attorney by profession, I naturally tend to think about risks first. At a time when we are focusing on new businesses, this tendency sometimes makes me want to apply the brakes a little when considering risks. However, I would like to gather as much information as possible so that I can determine what risks are acceptable in order to judge when it is appropriate to step on the accelerator.

Miyanoya I originally worked for a financial institution where I specialized in analyzing economic and financial statistics and creating indicators, which I used as a basis for assessing risk. Meanwhile, in my previous position, I worked for a consulting company for seven years, where I provided advice on how to increase returns. In the Company making investment decisions, I will actively express my opinions on whether the balance between risks and returns is appropriate, thereby contributing to the implementation of the Long-Term Business Plan.

Kamijo In the revolving-type investment business, risk is unavoidable due to the time lag between investment and recovery. I believe that one way to avoid risk is to have as many properties on hand as possible that can be quickly converted to cash. Given that the number of properties currently held by the Company is still small, it is necessary to increase this number. I aim to leverage my knowledge gained through my years of involvement in the real estate business in order to play a role in enhancing corporate value of the Company while focusing on both risk and return.

Risk Management

Basic Concept

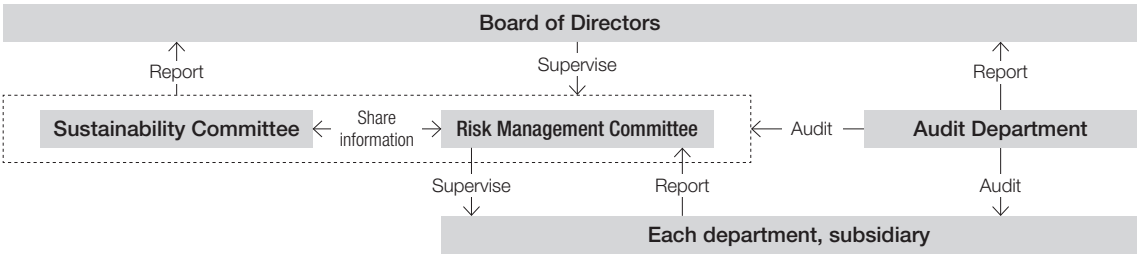
For risk management, the Company is committed to realizing business policies and taking measures to eliminate as much as possible every risk that may occur in the course of its corporate activities. It aims to ensure the safety and benefit of all stakeholders and aims for a swift response and recovery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



Compliance Structure

We laid down the Code of Conduct and Compliance Regulations, and then established a company-wide Compliance Committee under the direct control of the President 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.

The committee takes charge of formulating the Behavioral Standards to ensure compliance, assessing the implementation status of compliance measures, and devising recurrence prevention measures against compliance violations, and provides compliance education and training to all officers and employees. In addition, in order to evaluate the effectiveness of the Behavioral Standards, the committee convenes regularly and reports on these activities to the President, as well as the Management Meeting and the Board of Directors if necessary, and the Board of Directors oversees the effectiveness on an ongoing basis.

Going forward, the committee will continue to regularly evaluate and verify the effectiveness of the Code of Conduct and Behavioral Standards and various compliance measures, and improve them as needed.

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 and Consultation System to receive reports from employees and provide consultations on human rights violation cases such as workplace bullying and harassment, as well as all forms of compliance violation including bribery and corruption. In addition to the in-house contact point, external attorneys have been designated as a contact point, and 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, and to take careful steps to protect their privacy. For example, those who report or consult on violations may request to remain anonymous when making their report or consulting through an external attorney. Moreover, the Compliance Committee takes measures to prevent recurrence, and the Board of Directors oversees the status of operation of the system through regular reports by the executive officer in charge to the Board of Directors.

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

We evaluate each risk from the perspective of the level of impact and probability, identify material risks and take measures against them.

Classification		Description of the risk	Status of risk response
	Natural disasters and man-made disasters	● 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
	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
	Regional concentration	● 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)	● More investments outside the Kansai area, mainly in the Tokyo metropolitan area, to reduce the regional concentration risk
	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
	Fluctuation in resource prices	● Possibility of increase in development costs due to higher prices of building materials	● Advancing the schedule of renovations and repairs in anticipation of a surge in material prices
	Transition risk	● Possibility of increase in costs and tax burden in response to stricter energy conservation regulations and the introduction of a carbon tax	● Strengthening efforts to promote energy savings ● Introduction of renewable energy
	Physical risk	● Possibility that our customers, buildings and facilities may be damaged and the business results and financial condition may also be affected due to intensification of windstorm or flooding	● Reducing the risk of submersion by relocating critical facilities to upper floors and installing flood-control panels ● Strengthening resilience through preventive maintenance, developing BCP, and holding drills
	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 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
	Dependency on interest-bearing debt	● Possibility that rising interest rates on interest-bearing debts may affect the Company's business results	● Implementing financial controls by aiming to maintain and improve external ratings ● Maintaining the financial discipline as outlined in the Long-Term Business Plan and maintaining a sound financial position ● Leveraging the 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 business results ● Possibility that changes in tax and accounting systems may affect the Company's business results and financial condition	● Gathering appropriate information on related laws, regulations, tax systems, and accounting systems, and disclosing the impact
	Violation of laws, regulations, etc.	● 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 security	● Possibility of 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

Initiatives for BCP

Among the risks surrounding our business, we recognize natural disasters and man-made disasters in particular as material risks that could have a significant impact on our business continuity and financial position. We are taking various measures aimed at protecting the lives and property of our stakeholders through business continuity or early recovery in the event of a disaster.

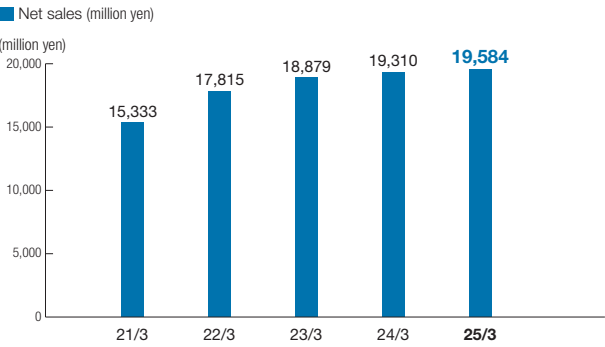
Countermeasures

Buildings	● Construction of disaster-resistant buildings
Initiatives for employees	● Developing BCP ● BCP training, communication training ● BCP education
Initiatives for customers	● Joint disaster readiness training with partner companies ● Establishment of communication system with tenants
Collaboration with partner companies	● Developing BCP ● Securing of multiple means of communication ● Joint preparation of emergency response manuals for each building

Financial and Non-financial Highlights

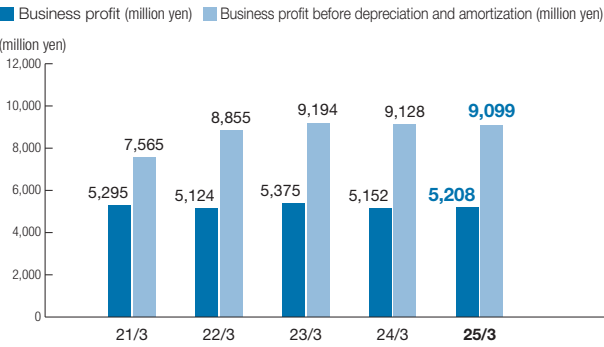
Financial Data

Net sales



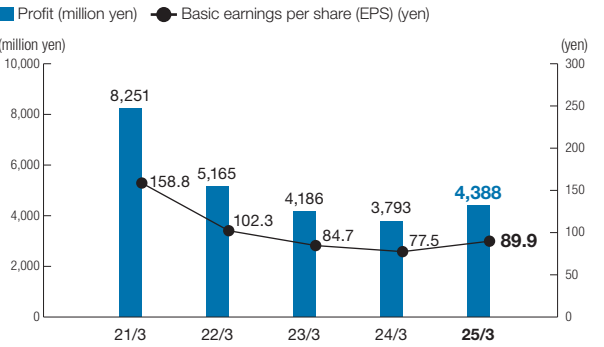
Net sales for the fiscal year ended March 31, 2025 increased year-on-year mainly due to the contribution from new investment properties and an increase in rental income with some tenants of datacenter buildings that shifted to formal contracts. In the fiscal year ending March 31, 2026, net sales are expected to increase due to factors such as higher operation rates of equipment rooms in the datacenter buildings, occupancy of tenants in office buildings, rent revisions, and full-year contribution of the Komaki Logistics Center.

Business profit/
Business profit before depreciation and amortization



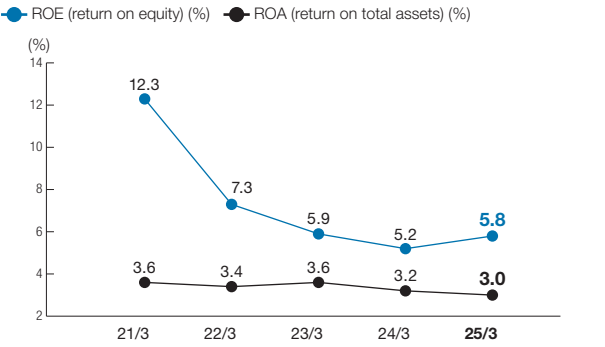
While business profit for the fiscal year ended March 31, 2025 increased due to the recording of gain on investments through equity investments, business profit before depreciation and amortization decreased because the recorded amount of depreciation decreased from the previous fiscal year. The Company has listed business profit before depreciation and amortization a key performance indicator.

Profit/basic earnings per share (EPS)



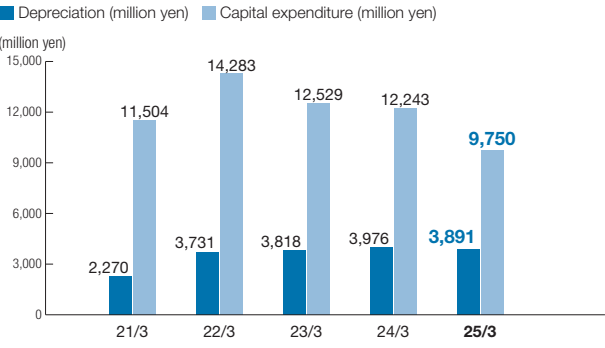
Profit for the fiscal year ended March 31, 2025 rose year-on-year mainly due to an increase in extraordinary income from sale of investment securities. Although profit fluctuates due to one-off factors, we strive to increase shareholder value through steady growth in earnings per share.

ROE/ROA



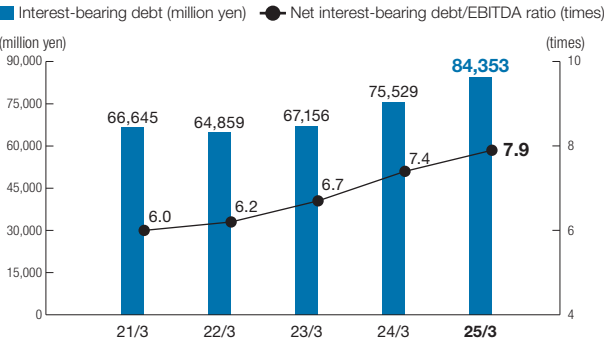
ROE for the fiscal year ended March 31, 2025 increased from the previous fiscal year due to an increase in profit. Under the ongoing long-term business plan, we aim to increase ROA and improve ROE by newly engaging in revolving-type investment business in addition to the existing real estate leasing business. (P.27)

Depreciation and amortization/capital expenditure



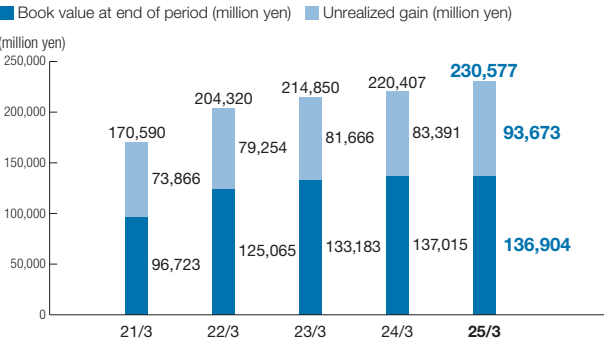
We are striving to further expand cash flow by investing in new projects and existing properties for enhancing their value, using the cash flow generated by our businesses as a source of funds. In the fiscal year ended March 31, 2025, the main capital investments were the acquisition of a logistics warehouse in Komaki-shi, Aichi and equity investments in SPCs.

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



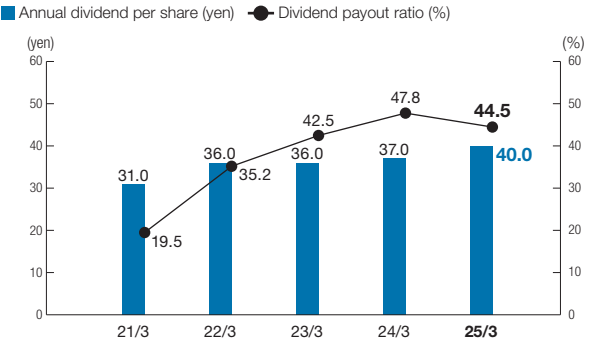
As our financial discipline, we firmly maintain the net interest-bearing debt/EBITDA ratio of about 10 times, even when the ratio temporarily rises due to financing for new investments. We will seek new investments while maintaining the soundness of the financial balance.

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, 2025, the appraisal value of the properties held increased by approximately 10.1 billion yen year-on-year, mainly due to the acquisition of new properties, increased rental income resulting from a higher occupancy rate, and soaring real estate prices.

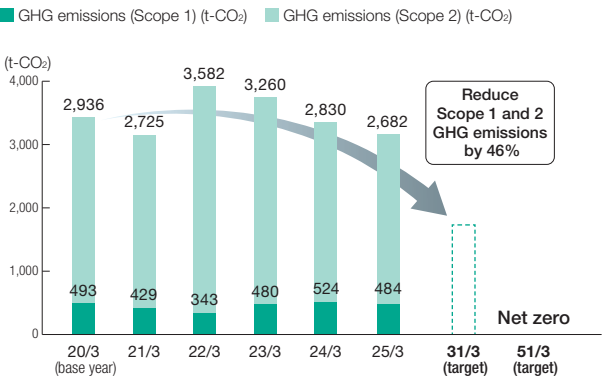
Annual dividend per share/dividend payout ratio



Our shareholder returns policy is to pay progressive dividends focusing on earnings per share, with a target dividend payout ratio set at about 45%. We will continue to strive to improve shareholder return over the long term through the growth of earnings per share and stable dividend payouts, comprehensively taking into consideration our operating results, current investment environment, and future business developments.

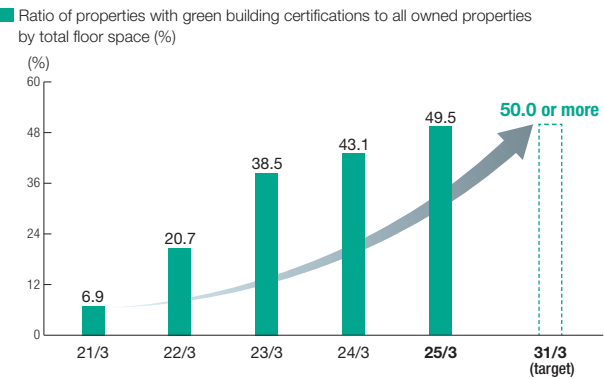
Sustainability-related Data

Actual GHG emissions



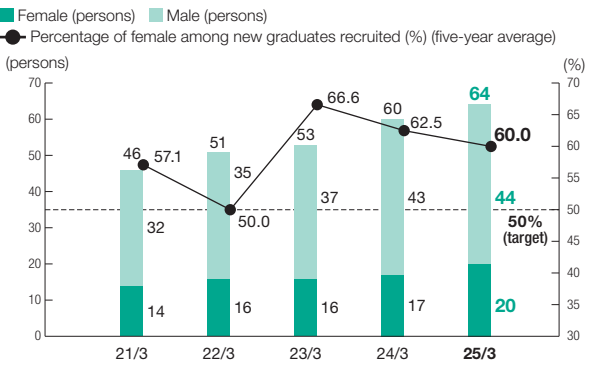
In the fiscal year ended March 31, 2025, following on from the previous fiscal year, we could reduce Scope 1 and 2 GHG emissions through the promotion of energy-saving initiatives and a switch to electricity derived from renewable energy sources. We will continue our efforts to address GHG emissions reduction.

Ratio of properties with green building certifications



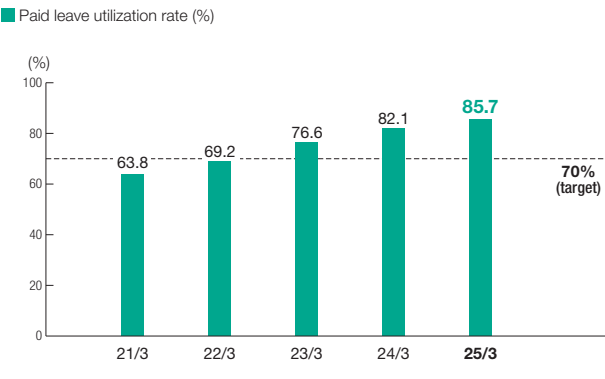
We promote the acquisition of green building certifications, in order to objectively assess the environmental performance of our properties held through external evaluations, and at the same time, to use the results as a reference for further improvement and enhancement. In the fiscal year ended March 31, 2025, we newly received the certifications at two properties.

Number of employees and percentage of female among
new graduates recruited



Based on the belief that internalizing diverse values will lead to the Company's development in an increasingly diverse and complex society, we are working to create an environment in which all employees can play their roles evenly according to their abilities. First, we will work to diversify human resources throughout the organization, using the realization of gender diversity in new graduate recruitment as a stepping stone.

Paid leave utilization rate



In order to achieve efficient management with a small number of employees, we strive to improve productivity and operational efficiency, as well as to create a safe and comfortable work environment, taking into consideration the work-life balance of our employees.

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	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
											Unit: million yen
Profit or loss (fiscal year)											
Net sales	14,852	14,930	14,380	14,799	14,995	15,319	15,333	17,815	18,879	19,310	19,584
Operating profit	4,966	5,118	4,969	5,298	5,451	5,414	5,295	5,124	5,375	5,083	4,983
Business profit* ¹	4,966	5,118	4,969	5,298	5,451	5,414	5,295	5,124	5,375	5,152	5,208
Business profit before depreciation and amortization* ²	7,705	7,754	7,507	7,731	7,661	7,598	7,565	8,855	9,194	9,128	9,099
Ordinary profit	4,457	4,782	4,740	5,044	5,214	5,214	5,081	4,879	5,040	4,842	4,829
Profit attributable to owners of parent	2,732	3,610	3,272	3,585	3,998	3,919	8,251	5,165	4,186	3,793	4,388
* ¹ Business profit = Operating profit + Loss (gain) on investments in investment partnerships, etc. * ² Business profit before depreciation and amortization = Business profit + Depreciation											
Financial condition (end of fiscal year)											
Total assets	115,243	111,418	113,204	122,964	132,780	136,605	154,043	149,994	152,321	166,616	177,104
Interest-bearing debt	51,286	45,317	43,085	48,294	55,709	58,401	66,645	64,859	67,156	75,529	84,353
Net assets	51,850	54,556	58,862	62,227	64,228	64,377	70,539	70,510	70,870	74,874	76,323
											Unit: %
Main indicators											
Rate of return on equity (ROE)	5.5	6.8	5.8	5.9	6.3	6.1	12.3	7.3	5.9	5.2	5.8
Rate of business profit on total assets (ROA)	4.3	4.5	4.4	4.5	4.3	4.0	3.6	3.4	3.6	3.2	3.0
Equity ratio	45.0	49.0	52.0	50.5	48.3	47.0	45.7	46.9	46.5	44.9	43.1
											Unit: million yen / times
Net interest-bearing debt	47,709	28,765	35,883	41,243	39,791	45,196	45,094	54,983	61,843	66,861	70,292
Net interest-bearing debt/EBITDA ratio	6.2	3.7	4.8	5.3	5.2	5.9	6.0	6.2	6.7	7.4	7.9
Depreciation and amortization	2,738	2,636	2,538	2,433	2,210	2,183	2,270	3,731	3,818	3,976	3,891
Capital expenditure	9,572	9,510	10,840	11,236	3,734	10,639	11,504	14,283	12,529	12,243	9,750
											Unit: yen
Per share information											
Profit (EPS)	50.6	66.9	60.7	66.6	74.6	74.6	158.8	102.3	84.7	77.5	89.9
Net assets (BPS)	960.6	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
Dividends	15.0	16.0	17.0	18.0	23.0	27.0	31.0	36.0	36.0	37.0	40.0
											Unit: million yen
Cash flows (fiscal year)											
Cash flows from operating activities	7,086	4,919	4,717	6,884	5,259	6,693	7,693	2,736	8,917	8,221	7,294
Cash flows from investing activities	(9,644)	14,818	(10,939)	(11,249)	(1,619)	(9,705)	(5,566)	(8,652)	(12,104)	(11,273)	(8,219)
Free cash flow	(2,558)	19,738	(6,222)	(4,364)	3,639	(3,012)	2,126	(5,916)	(3,187)	(3,051)	(924)
Cash flows from financing activities	(6,148)	(6,762)	(3,127)	4,213	5,227	298	6,219	(5,757)	(1,376)	6,407	6,258
Net increase (decrease) in cash and cash equivalents	(8,706)	12,976	(9,350)	(150)	8,867	(2,713)	8,345	(11,674)	(4,563)	3,355	5,391
Cash and cash equivalents at end of period	3,576	16,552	7,202	7,051	15,918	13,205	21,550	9,876	5,312	8,668	14,060

Main Consolidated Financial Data and Non-financial Data

Non-financial Data

Environmental Indicators	2021/3	2022/3	2023/3	2024/3	2025/3
GHG emissions (t-CO ₂)					
Scope1 direct emissions	429	343	480	524	484
Scope2 indirect emissions (market basis)	2,725	3,582	3,260	2,830	2,682
Subtotal: Scope1 + 2	3,154	3,925	3,740	3,354	3,166
Scope3 and other emissions	74,833	181,055	68,646	89,761	88,928
Total: Scope1 + 2 + 3	77,988	184,981	72,387	93,116	92,095

Boundary: Consolidated (Keihanshin Building Co., Ltd. and subsidiaries) Keihanshin Building America Co., Ltd. has been 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-CO₂)

1 Purchased goods and services	19,164	115,821	9,130	10,031	7,588
2 Capital goods	—	—	—	—	—
3 Fuel and energy activities not included in Scope1 or 2	881	989	1,013	995	760
4 Transportation and delivery (upstream)	2	3	2	2	2
5 Waste generated in operations	19	19	19	20	20
6 Business travel	13	10	24	24	51
7 Employee commuting	14	17	16	18	21
8 Leased assets (upstream)	—	—	—	—	—
9 Transportation and delivery (downstream)	—	—	—	—	—
10 Processing of sold products	—	—	—	—	—
11 Use of sold products	—	—	—	—	—
12 End-of-life treatment of sold products	78	—	—	—	—
13 Leased assets (downstream)	54,659	64,194	58,439	78,667	80,484
14 Franchises	—	—	—	—	—
15 Investments	—	—	—	—	—

(Note) Categories 2,8,9,10,11,14 and 15 are not included in the calculations because there are no emission sources.

Energy consumption

Energy consumption (MWh)	10,105	11,513	12,065	11,933	11,907
Number of target properties (buildings)	11	12	12	12	12
Total target floor area (m ²)	121,647	146,191	154,977	149,814	164,861
Energy use intensity (kWh/m ²)	83.06	78.75	77.85	79.65	72.22
Reduction rate compared to FYE March 2020 (%)	9.2	13.9	14.9	13.0	21.0

Boundary: Consolidated (Keihanshin Building Co., Ltd. and subsidiaries) Keihanshin Building America Co., Ltd. has been added in FY2024.
(Note) Figures are totals for Scope1 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)	8,331	10,007	10,273	10,129	9,988
Consumption of electricity from renewable energy (MWh)	0	0	0	3,604	3,586
Ratio of electricity from renewable energy (%)	0	0	0	35.6	35.9

Boundary: Consolidated (Keihanshin Building Co., Ltd. and subsidiaries) Keihanshin Building America Co., Ltd. has been added in FY2024.
(Note) Applies only to electricity consumption for Scope 2.

Water consumption

Water consumption (thousand m ³)	145	158	166	173	170
Water use intensity (m ³ /m ²)	0.52	0.48	0.51	0.53	0.52

Waste generated

Non-industrial waste generated (t)	219	255	222	208	224
Industrial waste generated (t)	19	41	28	38	35
Recycled waste generated (t)	185	215	186	183	165
Recycling rate (%)	77.5%	72.5%	74.2%	74.2%	63.5%
Waste generation intensity (kg/m ²)	2.7	3.2	2.1	2.0	1.6

Social Indicators		2021/3	2022/3	2023/3	2024/3	2025/3
Number of employees (persons) (consolidated)		46	51	53	60	64
Average annual salary (10 thousand yen)		934	992	1,070	1,116	1,084
Percentage of female among new graduates recruited (%) (five-year average)		57.1	50.0	66.6	62.5	60.0
Number of senior employees (aged 60 or older) (persons)		14	14	14	19	16
Number of mid-career recruits (persons)		0	3	5	6	7
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)		160	158	155	155	156
Difference in wages between male and female workers (%)	All workers	64.8	59.3	57.6	59.5	63.0
	Regular workers	66.5	59.7	53.7	55.9	58.7
	Fixed-term workers	—	—	97.4	95.0	97.5
Percentage of female board members (%) ^{*1}		10.0	10.0	10.0	10.0	10.0
Percentage of females in managerial positions (%)		7.7	7.4	6.7	8.3	11.8
Career interview implementation rate (%)		—	—	100	100	100
Health checkup and medical checkup uptake rate (%)		100	100	100	100	100
Paid leave utilization rate (%)		63.8	69.2	76.6	82.1	85.7
Number of individuals who took maternity/childcare leave (persons)		2	1	1	1	1
Number of male employees who took childcare leave (persons)		0	0	1	0	0
Number of female employees who took childcare leave (persons)		2	1	0	1	1
Number of individuals who returned to work after maternity/childcare leave (persons)		0	1	2	1	0
Human rights-related training ^{*2}	Number of participants (persons)	—	25	54	52	66
	Participation rate (%)	—	92.6	91.5	81.3	98.5
Number of customer satisfaction surveys conducted		1	1	1	1	1

^{*1} Ratio of women among the Board of Directors (including Audit & Supervisory Committee members).
^{*2} In the fiscal year ended March 31, 2022, the training was provided only for the Sustainability Committee members (population parameter: 27).

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 have established briefing sessions with the presence of the President or Executive Officers responsible for administration and individual meetings, and issue an integrated report and other IR materials and disclose information on the corporate website as well to help our shareholders and investors to 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 2025)	Measures implemented
Improvement of stock price and capital efficiency	Promotion of revolving-type investment business, new investments using interest-bearing debt, and sale of cross-shareholdings
Timeline of the Long-Term Business Plan	Revised the ROE target to attain 7% or more by the final fiscal year of Phase I and 8% or more in the early stage of Phase II
Promotion of new businesses	Conducted five new investments, and recruited personnel for new businesses
Recognition of capital costs	Disclosed capital costs
Reduction of cross-shareholdings	Set reduction targets for cross-shareholdings and sell shares

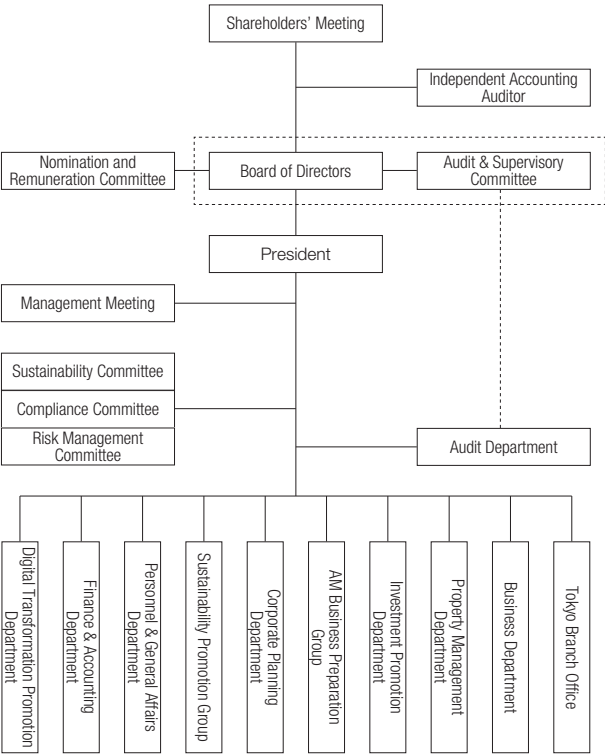
Timely and appropriate information disclosure

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, are disclosed in Japanese and English simultaneously. Disclosure of annual securities report 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	To be considered in the future on the basis of administrative guidance and other companies' trends.
Sustainability Report	The English version is disclosed after the Japanese version.

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	64 (consolidated)		
Subsidiary	Keihanshin Building Maintenance Co., Ltd. Keihanshin Building America Co., Ltd.		

Organization Chart (As of June 20, 2025)



Stock Information (As of March 31, 2025)

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	5,669

Major Shareholders

Name	Number of shares owned (thousand)	Shareholding ratio (%)
GINSEN Co., Ltd.	6,440	13.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,332	8.9
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,913	6.0
Sumitomo Mitsui Banking Corporation	2,133	4.4
KINDEN CORPORATION	1,393	2.9
KAJIMA CORPORATION	1,376	2.8
San ju San Bank, Ltd.	1,287	2.6
Custody Bank of Japan, Ltd. (Trust Account)	1,272	2.6
The Hyakujushi Bank, Ltd.	891	1.8
STATE STREET BANK AND TRUST COMPANY 505001	883	1.8

*Shares less than one thousand are rounded down to the nearest thousand.
*The Company holds 241,708 treasury shares, however, the shareholding ratio is calculated by subtracting treasury shares.

Breakdown of Shareholders (As of March 31, 2025)

