

Medium Term Business Management Plan

June 2019～May 2023

A Strong Start

Towards OHBA's Next Century

As comprehensive construction and civil engineering consultants, we have been offering total solutions for urban planning projects from initial conception and surveys through design and construction management. By also providing a wide range of consulting services in social infrastructure and the environmental sector, from such intangible elements as planning and analysis to design of such tangible elements as civil engineering and construction management, we have been consistently creating new social values. Utilizing the knowledge and experience we have acquired through offering these services, we plan to continue to contribute to the creation of urban contexts that are compact and sustainable as well as safe and environmentally friendly. At the same time, by the application of infrastructure suited for the social environment, we look to create social values and contribute to sustainable development goals (SDGs) through the design of “towns for long-term residency” by being resilient to the changes in social structure brought about by an increasingly low birthrate, slower population growth, a super-smart society, and an increasingly aging population as we approach an era of 100-year life spans.

<Ref. OHBA's engagement with SDGs>



Philosophy behind Management Plan

Sincerity

Sincerity is the core foundation of our social credit. We exist as we are today as the result of our continuous efforts in everything that we do, whether it be in management, engineering, sales or any other area, to seek our clients' satisfaction with a sincere and open attitude.

Positivity

We always adopt a positive approach. In responding to the continual change in today's social environment, we couple an outstanding spirit of creativity and responsibility with our proven ability to move plans into action. Our aim is always on striving for a first-class technical and managerial performance.

Harmony

Harmony is the most valued state of mind at OHBA. In making decisions, we respect each individual's abilities and opinions. Once it is time to act, everyone cooperates in moving toward the goal. It is that spirit of harmony that OHBA fosters.

Contribute to development of society by utilizing our top-of-the-line technical abilities and rich experience to provide high quality services while at the same time satisfying the expectations of the stakeholders.

Four years of engagement with various innovations that move us toward realization of our desired future image.

“Towards OHBA's Next Century”

Moving forward as company responding to the ongoing diversification of environmental and social challenges, and growing while contributing to the building of a more beautiful Japan.

Company
Policy

Management
Policy

New Medium Term
Management Plan

Desired Future
Image

Policies for the next Medium Term Business Management Plan

Four years of engagement with various innovations that move us toward realization of our desired future image.

Our previous medium term was a period of company reinforcement, during which we focused on solidifying management foundations through such means as enhancing our employees' technical skills and strengthening of our financial system. As a result, we have been able to greatly improve our equity ownership ratio with no debt. The New Medium Term Business Management Plan targets OHBA's 100th anniversary (year 2022, fiscal term ending in May, 2023) as its goal, envisioning the "Next Century" by setting the following three core policies in order to build an organization that is resilient to changes in the surrounding environment, to promote long-term sustainable growth, and to enhance OHBA's value.

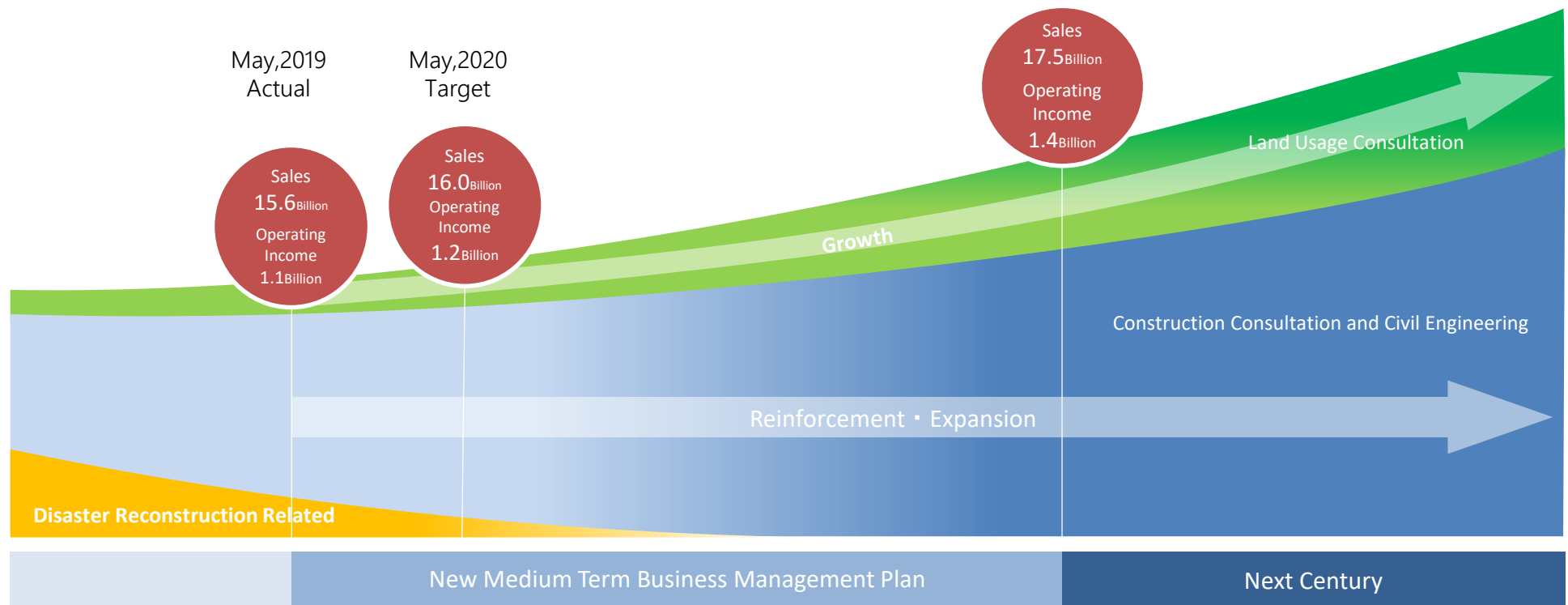
- Provide services of the highest quality through continuous development of our technical strength and abilities (Increasing the number of licensed qualified engineers and utilizing the latest technologies).
- Increase our engagement with project agencies and civil property management-related firms in order to enhance revenue.
- Resolutely carry out productivity reforms through business process re-engineering (BPR) and strategic investments in information technology (IT).

Quantitative Target

By the end of the New Medium Term (May 2023), which is when we expect the Great Eastern Japan Earthquake reconstruction-related work to end, we will be looking to increase sales and income through [growth in construction consultation and land-usage consultation services](#).

	May,2019	May,2020	May,2023
Consolidated Sales	15,594	16,000	17,500
Consolidated Operating Income	1,105	1,200	1,400

100th Anniversary
May,2023
Target



Specific Measures I

Management Policy

1 . Integral promotion of BPR (Business Process Re-engineering) and Work-Style Reform

- In order to achieve our quantitative target of the New Medium Term, we will revise and re-engineer our current workflow, organizational structure and internal rules, as well as carry forth rapid improvements in productivity and work efficiency through the appropriate incorporation of technologies such as robotic process automation (RPA) and artificial intelligence (AI).
- Because such radical company-wide reforms will be intimately tied to an increase in employee satisfaction and a change in consciousness toward working methods and productivity, we will promote the reformation of business processes and work methods in one integral package.

2 . Investment in IT and Human Resources

- Investment in IT and its efficient usage, always with the final goal of the reforms in mind, will lead to a more efficient workflow and accelerated management decisions.
- In order to achieve sustainable growth in the field of construction and civil engineering consulting, we will continue to hire new graduates each year and, additionally, to hire individuals of extensive experience, as well as to develop areas of activity for seniors and promote female employees to play a more active part, all to the purpose of becoming a more active and productive organization.

Specific Measures I (continued)

Management Policy (continued)

3. Adapting to the Changes in Working Style in an ICT Environment

- In response to the paradigm shift in the concept of the workplace from “office-centered” to “person-centered” brought about by the new highly information-oriented environment, we will establish physical workplaces (places suitable for intellectual creative activity unrestricted by time or place) as well as digital workplaces.
- Creation of a working environment that allows uninterrupted employment. Through the introduction of such commuting methods as working remotely from home, we will enable employees to continue to work despite having to care for small children or an elderly parent, and highly talented older employees will be enabled to contribute to the company on a long-term basis.

4. On M&A

- Horizontal M&A: Enlarge OBHA’s share of the pie through the acquisition of companies of like business but whose client base and/or geographic concentration differs from ours.
- Vertical M&A: Establish superiority vis-à-vis competitors by supplementing what OHBA lacks in our core business (e.g. architectural design) in order to extend our package of business offerings and enhance the value of the service we are able to offer to clients.

Specific Measures II

Policies on Technical capabilities

1. Diversifying and Upgrading the Technical Capabilities of our Licensed Engineers through Training and Alliances with Other Companies.

- Diverse, advanced training for our engineers and technicians according to each individual's field of specialty and years of experience in the career path he has chosen in which to seek to become licensed.
- Training for our engineers and technicians will focus on their acquiring technical know-how and licensing in the following areas: the future creation of towns and urban areas; the presently most active areas of the construction field as urban redevelopment and projects underwritten by private financing; the maintenance and management of infrastructure facilities; and enhancement of environmental and geospatial analysis.

*Aim at increasing our total number of nationally qualified engineers and first class architects from the current 350 to 500.

- Carry out a multifaceted expansion and rounding out of our technical capabilities by strengthening cooperative relationships and tie-ups with companies in both the same and differing fields of business.

2. Providing Advanced Engineering Services Incorporating the Latest Technologies

- Strengthening our capabilities in such new technologies as BIM/CIM, and three dimensional surveying using UAV and MMS.
- Creating a newer and stronger business model by upgrading such OHBA specialties as GIS technology and methods of land-rights adjustment among multiple owners in redevelopment projects.

※Glossary

BIM/CIM : Building Information Modeling/Construction Information Modeling Engages the use of three dimensional data for all construction related productive process.

GIS: Geographic Information System

UAV : Unmanned aerial vehicle commonly know as Drones.

MMS : Mobile Mapping System. Utilizes three dimensional laser survey machine and digital camera to obtain three dimensional coordinate and continuous images along the road and surroundings.

Specific Measures II (continued)

Policies on Technical capabilities (continued)

3. Accumulation of PPP/PFI Related Experience and Establishment of the One-Stop Solution

- Ensure, through the activity of our senior staff, that younger personnel succeed to OHBA's expertise in such areas as land readjustment and support for private development, as well as the PM/CM total-operation management skills obtained through disaster recovery work.
- Promote accumulation of the techniques and know-how involved in such PPP and PFI projects as constructing, managing, and operating facilities of a public nature while utilizing private capital.
- Utilize OHBA's multifaceted strengths from across the company to establish a one-stop solution that will fulfill the total needs of the client from planning and design to implementation and construction.

※Glossary

PM/CM: Project Management, Construction Management

Specific Measures III

Business Policies

1. Urban planning

- A multifaceted expansion of our urban planning business in response to such societal needs as urban redevelopment and renewal of urban space, regional revitalization and reactivation, and the formation of safe and peaceful regional societies where forethought is given to the health and welfare of the inhabitants.
- Strengthen our efficiency at selecting the optimum town or urban (re)development plan and then at initiating the project to be undertaken. Strengthen our efficiency at responding to requests from government agencies for technical support and collaboration with private companies.
- Strengthen our capacity for PM/CM-based support in domestic private development projects as well as domestic development work underwritten by foreign investors.

2. Maintenance of the social infrastructure

- Utilize the technical skills acquired during our experience in disaster recovery work to expand social infrastructure maintenance work to encompass disaster prevention and reduction, and land resilience.
- Strengthen our approach to social infrastructure maintenance through increased emphasis on inspection, diagnosis, longevity planning, and stock management.
- Strengthen such PPP, PFI and concession-based business as construction, maintenance, and operation of public facilities by utilizing the networks and know-how we have built up during our privately commissioned business thus far, including the most suitable partners and alliances.
- Strengthen our ability to accommodate requests for installation of the new base stations that will be required during the transition to the high speed, high volume transmission of the 5G (Fifth Generation) communication standard.

Specific Measures III (continued)

Business Policies (continued)

3. Land Usage Consultation and Civil Asset Management

- Provide overall project solutions and diversify earnings by expanding our business beyond consultation to include serving as agents for land readjustment and development.
- Utilize our land readjustment and development techniques to provide guidance for an orderly transition that will answer the needs of farmland owners, who, with the expiration of the 30-year Productive Green Land Act in 2022, will suddenly be able to sell unwanted farmland, and developers, who will be able to purchase the land for development purposes, which together will potentially bring about a huge negative impact on the land and housing market. Furnishing these two groups guidance in the form of one-stop solutions that extend from consulting to performing agent services will help solve these problems efficiently while providing us with new earnings opportunities.
- Expand our property management business model, which currently applies only to nationally owned government properties and properties of several universities, to encompass corporate real estate (CRE) and all public real estate (PRE).

Shareholder Return Policy

Shareholder Return Policy

Continuing Our Present Shareholder Return Policy while Aiming Total Return at Around 50%

We consider one of the most important tasks of management to be that of maintaining a balance between increasing medium-term corporate value and the value returned to our stockholders. In that light, our aim has been to hold the rate of return to shareholders in the area of 30%. However, during the board of directors meeting of August 7th, 2018, it was decided to update our policy on shareholder dividends as follows:

- **Our basic policy has always been to provide our stockholders with a stable rate of return, always with an eye on the possibility of increasing it. At the August 7, 2018, board meeting, the decision was made to re-set our target to +/- 50%, the precise rate of return for each period to be determined following a comprehensive review of such factors as the nation's economy, our current financial situation, and our corporate performance outlook**
- **Additionally, we set the limit of company-held shares at around 10% of the total number of shares issued. As a general rule, any shares exceeding that number during any accounting period will be cancelled**

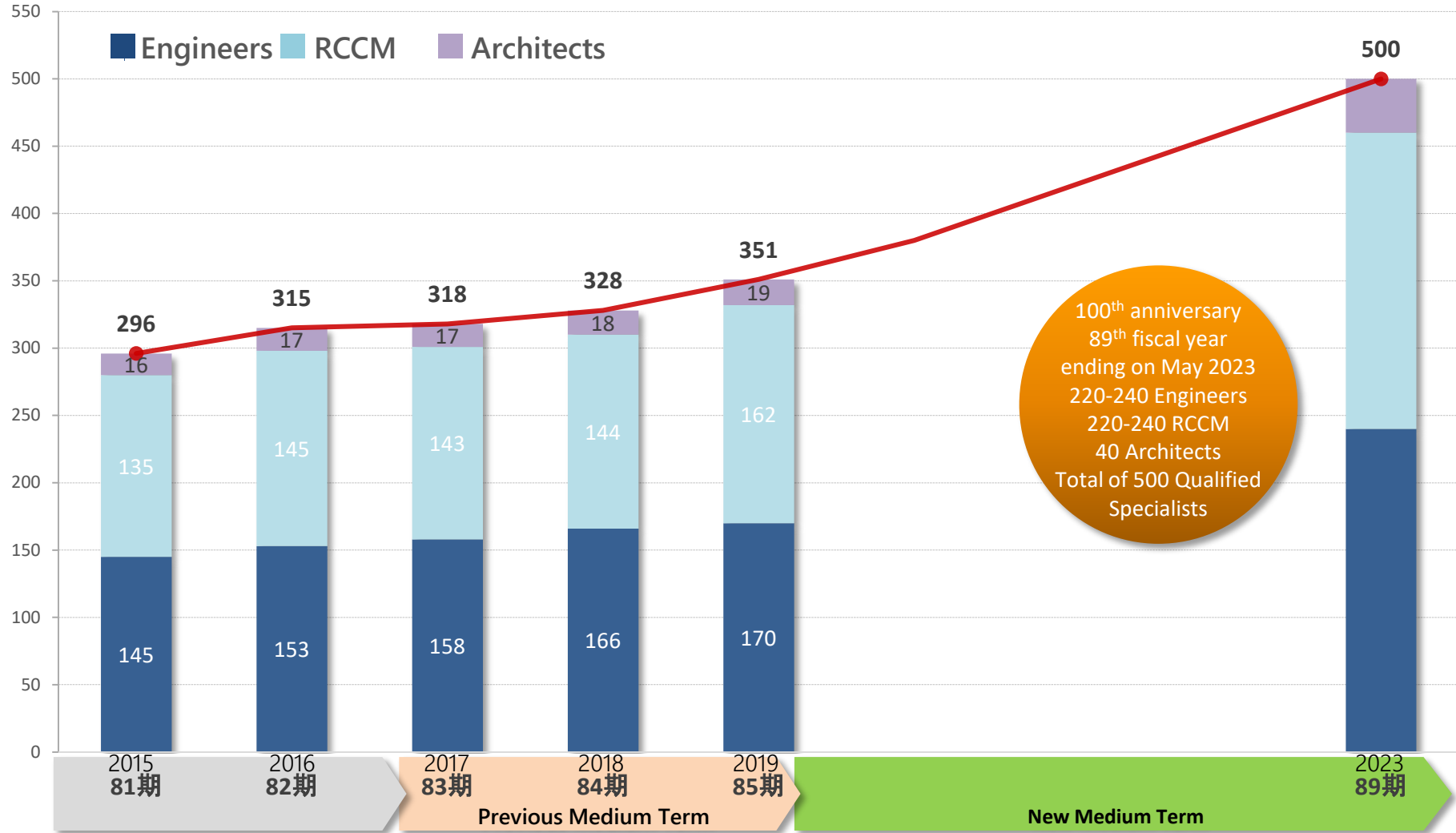
Our basic stance is to provide a stable return to our stockholders by constantly reinforcing the foundations of our business. By giving equal emphasis both to enhancing shareholder returns and investing in the company's future growth, our main focus naturally goes to striving for continuous increases in both corporate value and shareholder profits.

A Solutions Provider in Urban Planning and Implementation

  URBAN DEVELOPMENT &
CIVIL ENGINEERING, CONSULTANTS

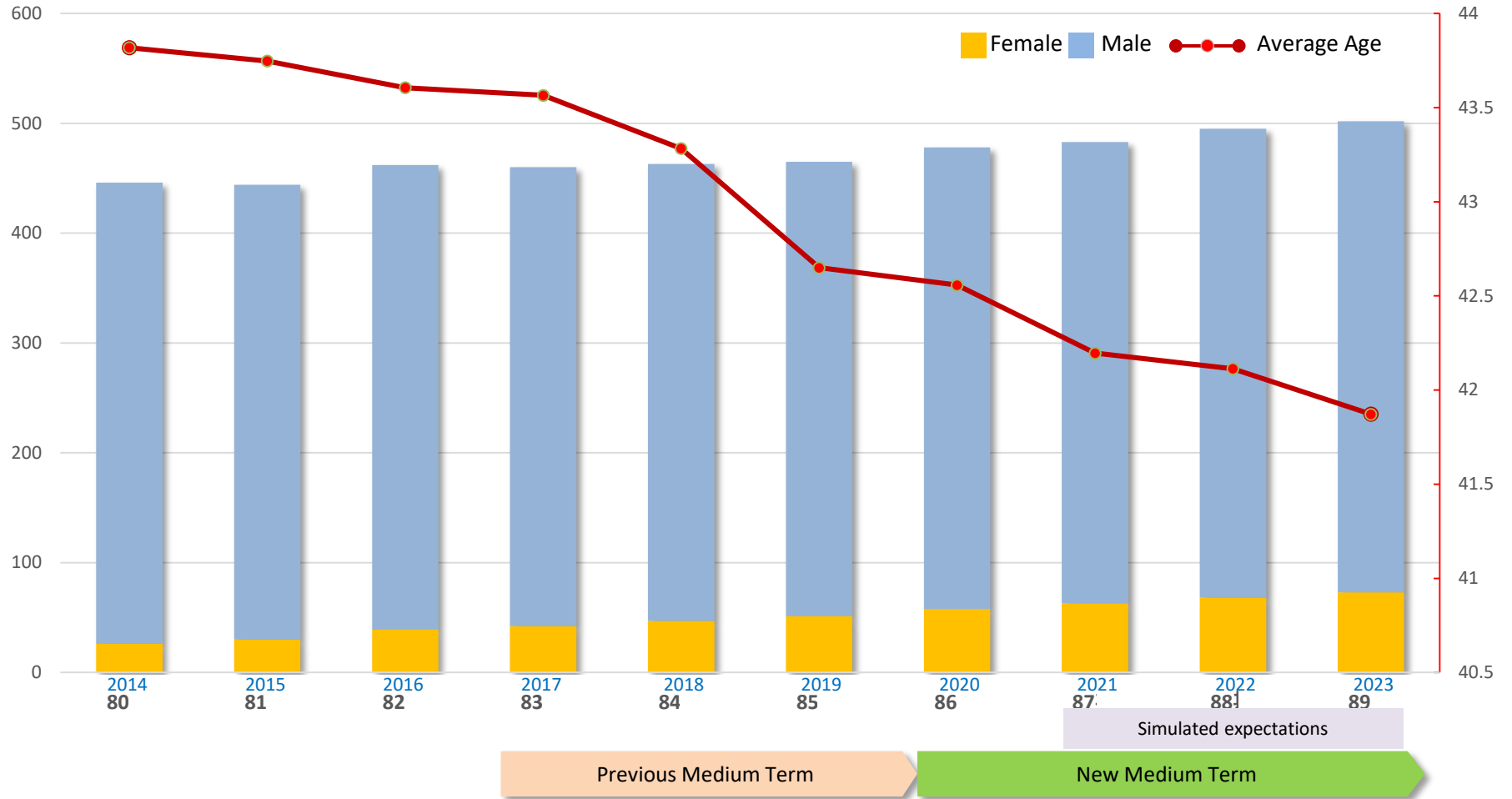
  O H B A & C O.

Transition of Nationally Qualified Engineers and Architects



Engineers: Nationally Qualified Professional Engineers
RCCM: Registered Civil engineering Consulting Manager
Architect: Nationally Certified First Class Architect

Transition of Male-Female number of Employees (80th ~89th Fiscal Term)



Simulation conditions

- Hire of new graduates (15 Males, 5 Females, All 23 years old)
- Excludes career employment
- All employees to retire when turning 60 years old