



March 28, 2022
IINO Kaiun Kaisha, Ltd.

Conducting a scenario analysis in the real estate business

IINO Kaiun Kaisha, Ltd. (IINO) has conducted a climate change scenario analysis for the real estate business to identify and itemize the significant risks and opportunities posed by climate change based on the "TCFD Recommendations" (please refer to the attached sheet).

In identifying risks and opportunities, as in the climate change scenario analysis we conducted last year for the shipping business, IINO extensively examined the "2°C scenario" and the "4°C scenario" based on their respective future world views.

As a transition to the decarbonized society, office buildings will also need to take environmental measures, including energy conservation. We have already begun purchasing electricity with non-fossil certificates for some buildings we own, switching to LED lighting, installing solar panels, and other measures to reduce greenhouse gas emissions.

Based on the results of this scenario analysis, IINO will consider further energy conservation in office buildings to realize the world view envisioned by the "2°C Scenario."

We will continue to strengthen our risk management based on the anticipated impact of climate change on our business, and to integrate the countermeasures with our business strategies.

(Remarks) TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board at the request of G20 finance ministers and central bank governors. The task force has published recommendations to encourage companies to ascertain and disclose information about the business risks and opportunities presented by climate change.

Contact:

Real Estate Environment Countermeasure Office, Office Leasing & Operation Department
PHONE +81-3-6273-3580

Inquiry Form <https://www.iino.co.jp/kaiun/english/contact/form.php>

End

<Attached material>

Two scenarios (the 2°C Scenario and 4°C Scenario) worldview and the main risks and opportunities for IINO's real estate business

	2°C Scenario	4°C Scenario
	Scenario in which societal changes caused by transition to carbon-free society impacts business	Scenario in which climate change mitigation measures prove unsuccessful, and continued global warming impacts business
Scenarios developed by external bodies	IEA, World Energy Outlook 2021, -Sustainable Development Scenario (SDS) -Net-Zero Emissions by 2050. Scenario (NZE), etc.	IEA, World Energy Outlook 2021, -Stated Policies Scenario(STEPS), etc.
Assumed global scenarios	<p>Promotion of ambitious policies and environment-related technological innovations to realize sustainable development while holding rise in average temperatures to less than 2°C until the end of this century.</p> <p>【Policies/Regulations】</p> <ul style="list-style-type: none"> Strengthening regulations on building energy performance Expansion of disclosure requirements for companies Global carbon pricing and increase in carbon prices <p>【Economies/Markets】</p> <ul style="list-style-type: none"> Preference for environmentally certified buildings by companies that value the environment, health, and comfort Decrease in emission factor of grid-connected power and electricity cost due to change in power source composition (shift to renewable energy electricity) <p>【Technologies】</p> <ul style="list-style-type: none"> Progress in environmental technologies related to energy conservation in buildings 	<p>Countries implement policies aimed at achieving their targets in accordance with the Paris Agreement, but insufficient cooperation, inadequate environmental technology development and energy conversion, etc., result in Earth's average temperature rising about 3°C~4°C by the end of this century.</p> <p>【Policies/Regulations】</p> <ul style="list-style-type: none"> Formalized regulations on building energy performance <p>【Economies/Markets】</p> <ul style="list-style-type: none"> Dependence on fossil fuels and rising fossil fuel prices <p>【Technologies】</p> <ul style="list-style-type: none"> Stagnant growth in R&D investment in environmental technologies <p>【Environments】</p> <ul style="list-style-type: none"> Increase in severity of weather-related disasters, weather extremes Acceleration of chronic changes in air and water temperature rise, etc.
Key risks arising in 2°C & 4°C worlds	<ul style="list-style-type: none"> Increase in construction and renovation costs related to energy conservation in buildings Decline in rents, occupancy rates, and asset prices if the environmental performance etc. of owned buildings is inferior to adjacent buildings environmental performance in the area where they are located 	<ul style="list-style-type: none"> Increased capital investment and operating costs and decreased earnings due to severity of weather-related disaster
Main opportunities arising in 2°C & 4°C worlds	<ul style="list-style-type: none"> Increase in rental income from buildings with environmental certifications Decrease in utility costs through energy conservation and energy creation in owned buildings Decrease in construction costs for energy conservation and energy creation due to advances in environmental technology 	<ul style="list-style-type: none"> Improving resilience through systematic building repair and reinforcement Increase in rental income due to increased demand for disaster-resistant properties

End