Keihanshin Building Co., Ltd.

2023 Information Disclosure Based on TCFD Recommendations

Reporting Period: Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

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1. Policy for Addressing Climate Change

Keihanshin Building aims to contribute to society through various corporate activities under the corporate philosophy "To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers' and our own businesses." The Company believes that its initiatives for solving social issues through corporate activities will contribute to the sustainable development of society and will have a significant impact on the medium- to long-term enhancement of its corporate value. Based on this belief, the Board of Directors has set forth the Company's "Sustainability Policy" as follows, as the basic policy for implementing sustainability initiatives through business activities.

Keihanshin Building's Sustainability Policy

We will actively address environmental issues and aim to balance between a rich environment and business activities in the future and business activities.

1. Responding to climate change

We will evaluate the impact of our business activities on climate change, a highly uncertain phenomenon that has been occurring over many years, while striving to build internal systems, improve efficiency of energy use, reduce greenhouse gas (GHG) 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.

2. Sustainable use of resources and contribution to recycle-oriented society

We will strive to make effective use of limited resources through extending the service life of buildings, reducing waste, conserving water or other methods, thereby contributing to the realization of a recycle-oriented society.

We will aim for the continuous development of society as a whole in collaboration with our stakeholders.

3. Contribution to customers

The Company aims to provide safe and comfortable commercial space that meet the needs of the times to support our customers' businesses and achieve mutual growth.

4. Dialogue with shareholders and investors

We aim to solve social issues and enhance corporate value by actively engaging in dialogue with shareholders and investors, and using the knowledge gained through such dialogue.

5. Collaboration with partner companies

We will strive to establish fair and good relations with partner companies that manage and operate buildings, and work together with them to promote sustainability.

6. Contribution to local communities

As a real estate company fully grounded in the local community, we will work to revitalize the local community through efforts such as participating in events and support for cultural and artistic activities, thereby growing together with the local community.

7. Initiatives for employees (Well-being initiatives)

We strive to create a healthy, safe, and comfortable workplace where diverse employees can play an active role. At the same time, we are committed to actively developing human resources.

We will continue to be highly transparent by maintaining compliance and disclosing information.

8. Supervision of initiatives for sustainable management

The Board of Directors views issues surrounding sustainability from the perspective of improving corporate value over the medium- to long-term and supervises the progress of initiatives to address such issues.

9. Maintaining compliance

We will thoroughly comply with laws and regulations, conduct fair transactions, manage information, and prevent corruption and conflict-of-interest transactions, with an aim to be a company that is even more trusted by society through fair business operations.

10. Disclosure and communication of ESG-related information

We will disclose information on ESG to our diverse stakeholders in a timely and appropriate manner, and respond sincerely to opinions and requests from them to promote initiatives to address sustainability issues.

As shown in the report by the Intergovernmental Panel on Climate Change (IPCC), the advance of climate change is an unequivocal scientific fact that has had an immense impact on Japan, such as the frequent and massive natural disasters occurring as a result of extreme weather conditions. Furthermore, there has been an increasing social demand on companies to address sustainability issues including decarbonization and climate change, as evidenced by the Japanese government's October 2020 announcement of its commitment to "achieve carbon neutrality by 2050," following the signing of the Paris Agreement in 2015.

In light of this situation, the Company recognizes responses to climate change as an important management issue, and has set out “Responding to climate change” as one of the items in its Sustainability Policy.

2. Keihanshin Building’s Materiality

The Company has identified issues to be addressed with high priority as materiality from among those of high importance, in order to continuously enhance its corporate value and realize a sustainable society.

Theme		Materiality
E (Environmental)	Balancing between a rich environment and business activities	Strengthening of resilience to climate change
		Sustainable use of resources by measures to reduce the burden on the environment
S (Social)	Provision of optimal space keeping abreast of changing external environment and times	Provision of safe, secure, and comfortable space
		Promotion of business in line with the changing environment and times
	Co-existence and co-prosperity with stakeholders	Conducting constructive dialogue with investors and shareholders in line with sustainable management
		Collaboration with partner companies with an awareness of ESG issues
		Co-existence and co-prosperity with local communities
	Establishment of an organization where diverse human resources achieve their potential	Respect for human rights, diversity, and inclusion
		Improvement of human capital
G (Governance)	Reinforcement of the management base that supports sustainable management	Financial strategy to adapt to the changing business environment
		Strengthening of organizational resilience
		Improvement of the effectiveness of the Board of Directors
		Implementation of compliance that supports sustainable management

The Company recognizes that responding to climate change mitigates the risk of damage to future cash flow through the early implementation of mitigation measures against risks that may materialize in the future, such as the tightening of energy-saving regulations and increase in the cost of measures against natural disasters. From the viewpoint of revenue growth opportunities, the Company also recognizes that it is possible to enhance market competitiveness and increase future cash flow through efforts such as providing real estate with high environmental performance.
Based on this recognition, the Company has established “strengthening resilience to climate change” as a materiality goal related to climate change, and is moving forward with initiatives to contribute to resolving social issues relating to climate change through its business.

3. Information Disclosure Based on the TCFD Framework

In November 2021, the Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD). Taking this opportunity, the Company is assessing the impact of climate change on its business, and from June 2022, has been disclosing climate change-related information in line with the framework recommended by the TCFD.

In view of the need to enhance information disclosure on the financial impact that climate change and other sustainability issues have on a company, which enables investors to make appropriate investment decisions, the Company recognizes anew that initiatives to address climate change and other sustainability issues will contribute to the medium- to long-term enhancement of its corporate value.

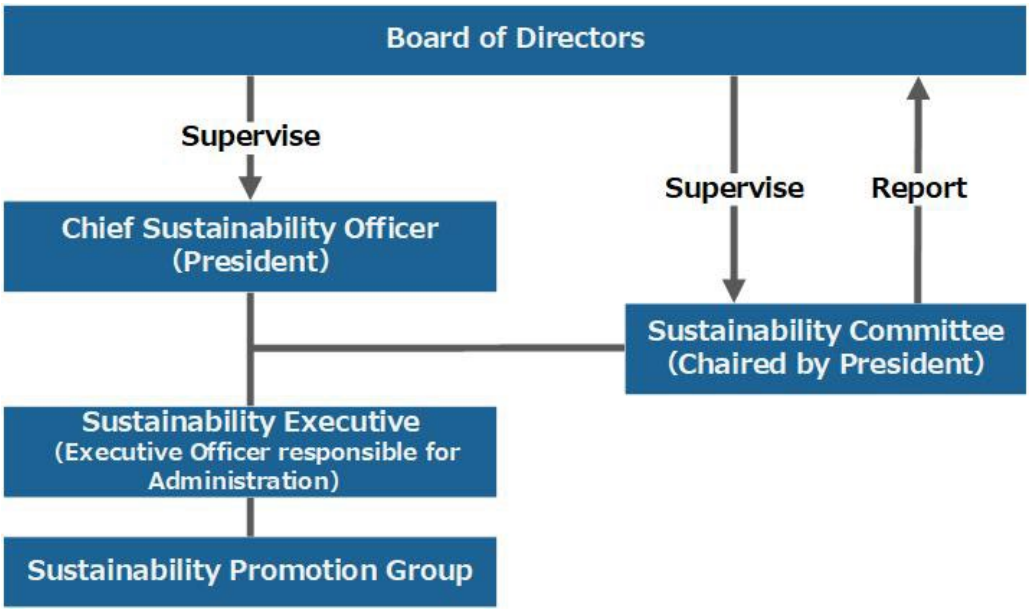
(1) Governance

The Company has established the Rules on Promoting Sustainability based on the Sustainability Policy set forth by the Board of Directors, and is developing a system for implementing sustainability initiatives, including addressing climate change, in accordance with these Rules.

The President serves as the Chief Sustainability Officer in charge of the execution of business activities based on the policy set forth by the Board of Directors, and the Executive Officer responsible for Administration serves as the Sustainability Executive in charge of the execution of individual measures.

As organs for promoting sustainability initiatives, the Company has established the Sustainability Committee to study and formulate various policies, targets, and measures, and the Sustainability Promotion Group to develop the system and execute various measures. The Sustainability Committee is chaired by the President and comprises members of the Sustainability Promotion Group and members appointed by each department.

Sustainability Promotion System



The Committee meets at least once every three months in principle and cooperates with each department cross-sectionally to work mainly on the following matters.

(1) Consider policies for addressing sustainability
(2) Identify, assess, and manage risks and opportunities related to sustainability
(3) Manage the progress of initiatives in order to mitigate risks and expand opportunities related to sustainability
(4) Set metrics and targets for managing the progress of sustainability initiatives

The President, as the Chief Sustainability Officer, makes decisions on sustainability initiatives, including the responses to climate change, while considering the deliberations and studies of each agenda by the participants of the Sustainability Committee.

These activities by the Sustainability Committee are reported at least once a year by the Executive Officer responsible for Administration, who is the Sustainability Executive, to the Management Meeting and the Board of Directors. Based on these reports, the Board of Directors supervises the sustainability initiatives including the responses to climate change. As a part of efforts to ensure that the Board of Directors can continue fulfilling its supervisory function appropriately, climate change and other sustainability issues are incorporated into the themes of training conducted for Directors and Auditors every year. In addition, the Company strives to maintain and enhance the appropriate knowledge.

Main Agenda of Meetings of the Board of Directors Concerning Sustainability Initiatives for the Fiscal Year Ended March 2023

Month of meeting	Contents
April 2022	Report on the status of the Company's responses to sustainability-related provisions in Japan's Corporate Governance Code issued by the Tokyo Stock Exchange
May 2022	Report on the status of studies about KPIs to address materiality, and the progress status for the formulation of the TCFD Report for the previous fiscal year
June 2022	Resolutions on matters such as the setting of KPIs to address materiality and the publication of the TCFD Report
November 2022	Periodic verification of the Corporate Governance Guidelines
February 2023	Resolution on the Human Resources Development Policy and Internal Environment Improvement Policy
March 2023	Discussions on the results of the Board of Directors Effectiveness Evaluation Questionnaire

(2) Strategy

The Company conducts a scenario analysis at least once a year in line with the framework recommended by the TCFD to assess the financial impact of climate change and incorporate it into the Company's medium- to long-term business strategies.

(1) Scope of the scenario analysis

The analysis covers the overall business activities of the Company, i.e. the leasing of office buildings, datacenter buildings, WINS Buildings (off-track betting parlors), commercial buildings, logistics warehouses, etc., and the accompanying building maintenance business.

(2) Main reference scenarios

The TCFD recommends explaining the resilience of the organization's strategy based on multiple scenarios including a 2°C or lower scenario. The main scenarios referred to by the Company are as follows:

Item	Issuer	1.5°C scenario	4°C scenario
Transition risk	International Energy Agency (IEA)	IEA World Energy Outlook 2022 - Net Zero Emissions (NZE) by 2050	IEA World Energy Outlook 2022 - Stated Policies Scenario (STEPS)
Physical risk	Intergovernmental Panel on Climate Change (IPCC)	IPCC RCP2.6	IPCC RCP8.5

(3) Method of assessing financial impact

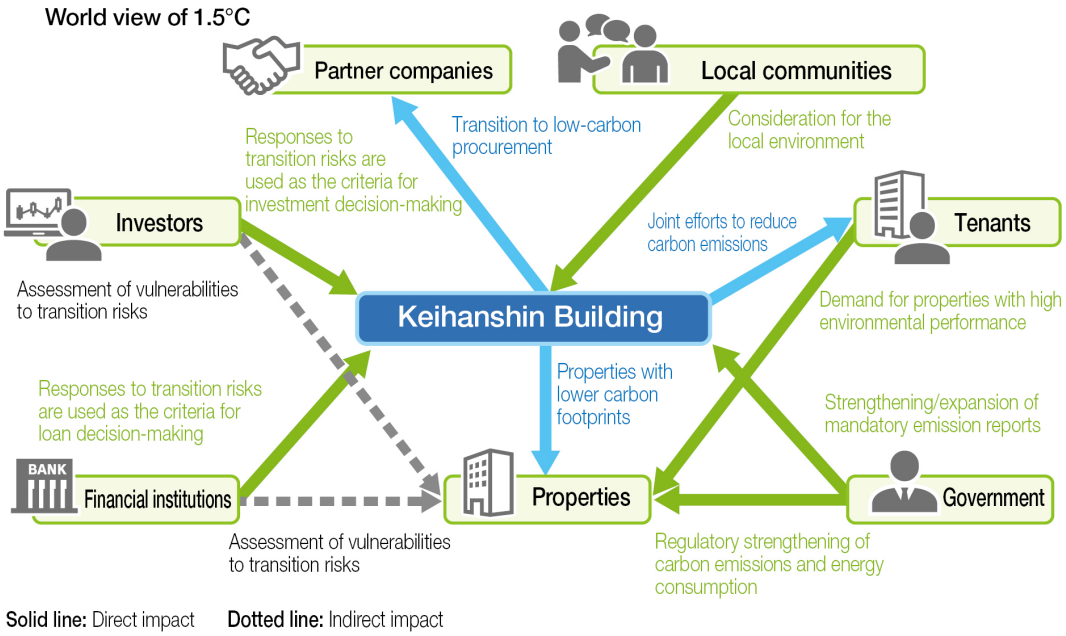
Defining the period until 2030 as the medium-term and the period until 2050 as the long-term, the financial impact in each time frame (impact on single-year profit and loss) was assessed on a four-point scale of minimal, small, medium, and large, while the likelihood for the occurrence of the respective risks and opportunities identified through the scenario analysis was rated on a three-point scale of low, medium, and high. Preparations are currently underway for plans to disclose information related to financial impacts by analyzing the specific values of assessments in the future.

(4) Analysis based on the 1.5°C scenario

(i) Main risks and opportunities identified in the 1.5°C scenario

The 1.5°C scenario assumes that the Company will be strongly required to decarbonize its business toward achieving carbon neutrality by 2050. The following are the main risks and opportunities identified in the 1.5°C scenario with a likelihood of occurrence of "medium" or higher.

Item			Main financial impact	Medium-term (~2030)		Long-term (~2050)	
				Degree of financial impact	Likelihood of occurrence	Degree of financial impact	Likelihood of occurrence
Transition risk	Policies and legislation	Introduction of carbon tax	・Increased tax burden due to the introduction of carbon tax on GHG emissions	Minimal	High	Minimal	High
		Strengthening of energy-saving regulations	・Increased costs for upgrading facilities/demolishing buildings in response to the illegality of leasing/trading properties with low environmental performance	Medium	High	Large	High
	Technology	Progress and spread of renewable energy and energy saving	・Increased capital investment and management costs due to the introduction of renewable energy and energy-saving technologies	Medium	High	Large	High
	Market	Increased procurement prices	・Hike in material procurement prices due to environmentally friendly procurement ・Increased construction, renovation, and repair costs due to a decline in productivity as a result of extreme heat ・Increased construction and maintenance costs due to ZEB/ZEH compliance and more stringent energy-saving regulations	Medium	Medium	Large	High
		Deterioration of financing conditions	・Deterioration of financing conditions due to curtailing of investments as a result of delays in climate change response	Small	Medium	Medium	High
		Changes in tenant needs	・Decreased rental income due to devaluation of rents and rise in vacancy rates, associated with the decline in demand due to delays in climate change response	Small	Medium	Medium	High
	Reputation	Criticism from stakeholders	・Departure of tenants and growing difficulty of acquiring new tenants due to delays in climate change response ・Increased capital costs in the event of inadequate information disclosure	Small	Medium	Medium	High
Opportunities	Efficiency of resources	Use of renewable energy	・Reduced tax burden due to reduction in GHG emissions	Minimal	High	Minimal	High
		Energy-saving and manpower-saving building management, remote control	・Reduced building management costs	Small	Medium	Medium	High
	Products and services	Increased demand for occupancy of buildings with high environmental performance	・Differentiation from other properties through high environmental performance and acquisition of certification ・Increased opportunities for gaining tenants and rental income, suppression of falling rental values	Medium	Medium	Medium	High
			・Increased, and sustainer increase of, property prices through high environmental performance and acquisition of certification				
		Increased demand for datacenters in conjunction with advances in DX and GX	・Capturing datacenter demand associated with advances in DX and GX, toward improved energy efficiency for society as a whole, and increased rental income	Medium	Medium	Large	High
	Market	Cultivating a new investor base	・Reduced financing costs through the diversification of funding sources, by appealing to investors that place importance on environmental response	Small	Medium	Medium	High
	Reputation	Improving brand power by strengthening business resilience	・Increased opportunities for gaining tenants and rental income due to improved brand image through strengthened environmental response, and suppression of falling rental values ・Decreased capital costs due to timely and appropriate information disclosure	Medium	Medium	Large	High



(ii) The Company's initiatives based on these risks and opportunities

(a) Upgrading to energy-saving equipment

With one of the objectives set as "reducing the costs of complying with more stringent energy-saving regulations," which is assumed in the 1.5°C scenario, the Company will gradually make the change to energy-saving equipment for lighting and air-conditioning, in line with the timings for upgrading facilities and the changeover of tenants. To date, the Company has made progress in switching to LED lighting mainly in office buildings, as well as successively upgraded to energy-saving equipment for voltage transformer facilities and air-conditioning facilities in datacenter buildings.

By 2030, the Company plans to invest approximately 2.2 billion yen into repairing to energy-saving facilities for the properties that it owns as of March 31, 2023.

(b) Acquiring environmental certification

In anticipation of even greater demand for occupancy of buildings with high environmental performance, and in order to objectively capture the condition of buildings owned by the Company through external evaluations while using the evaluations as reference for further improvements and enhancements, the Company is promoting the acquisition of Green Building Certification, such as the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) certification and Building-Housing Energy-efficiency Labeling System (BELS) certification.

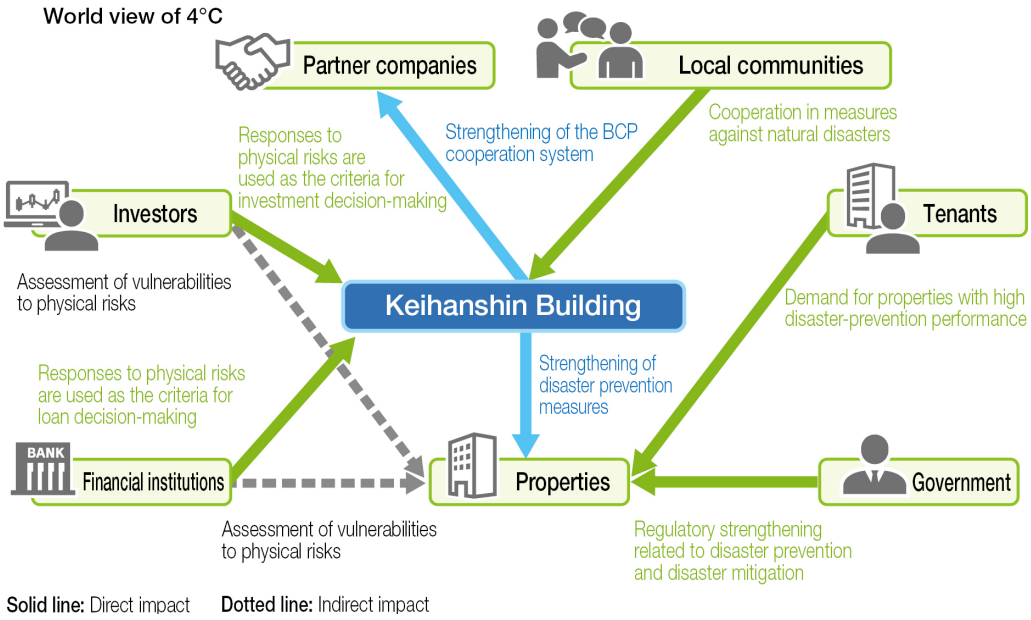
Please refer to "(4) Metrics and Targets" for the Green Building Certification acquired by the Company as of March 31, 2023.

(5) Analysis based on the 4°C scenario

(i) Main risks and opportunities identified in the 4°C scenario

The 4°C scenario assumes that, while not as strong as the demand for decarbonization to curb rising temperatures in the 1.5°C scenario, the social demand for disaster prevention and mitigation will become stronger as natural disasters intensify. The following are the main risks and opportunities identified in the 4°C scenario with a likelihood of occurrence being "medium" or higher.

Item			Main financial impact	Medium-term (~2030)		Long-term (~2050)	
				Degree of financial impact	Likelihood of occurrence	Degree of financial impact	Likelihood of occurrence
Physical risk	Acute	Typhoons, floods, etc.	・Increased costs for measures against disasters, insurance costs, and repair costs due to the increased scale of typhoons and increased frequency of heavy rains	Medium	Medium	Large	High
			・Compensation payments to tenants and tenants leaving due to inadequate disaster measures				
	Chronic	Rising sea levels	・Compensation payments, tenants leaving, and increased costs for measures against flooding due to high tides	Small	Medium	Medium	High
		Rising average temperatures	・Longer construction time due to declines in productivity at construction sites as a result of extreme heat, and increased construction costs associated therein ・Increased maintenance and management, and upgrading and repair costs, due to increased frequency of air-conditioning use	Small	Medium	Medium	High
Opportunities	Products and services	Increased demand for datacenters in conjunction with advances in DX and GX	・Capturing demand for disaster-resistant datacenters, and increased rental income	Medium	Medium	Large	High
		Increased demand for occupancy of disaster-resistant buildings	・Differentiation from other properties through high BCP performance ・Increased opportunities for gaining tenants and rental income, and suppression of falling rental values	Medium	High	Large	High
			・Increased, and sustained increase of, property prices through high BCP performance				
	Reputation	Improving brand power by strengthening business resilience	・Increased opportunities for gaining tenants and rental income due to improved brand image through strengthened BCP response, and suppression of falling rental values ・Decreased capital costs due to timely and appropriate information disclosure	Medium	High	Large	High



(ii) The Company's initiatives based on these risks and opportunities

(a) Investing in measures against natural disasters

With one of the objectives set as "reducing the costs of damage and responding to intensifying natural disasters," which is assumed in the 4°C scenario, the Company is gradually installing tide protection plates at its properties, as well as carrying out upgrading and relocation works to move extra-high voltage transformer facilities from underground floors to upper floors. An extra-high voltage transformer facility supplies electricity drawn from external sources to a building, and relocating these to upper floors can mitigate the flood risks associated with the intensification of natural disasters.

By 2030, the Company plans to invest approximately 1.4 billion yen into measures against natural disasters for the properties that it owns as of March 31, 2023.

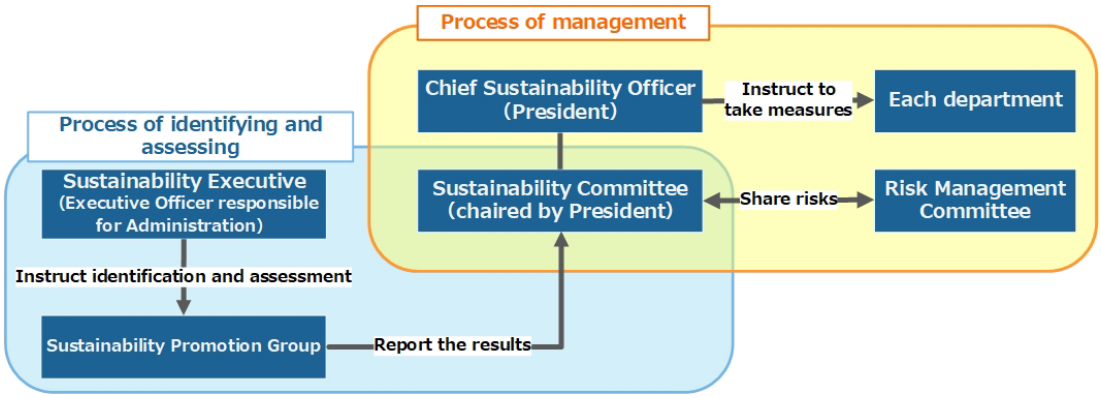
(b) Collaborative training with partner companies

With the objectives of "reducing the costs of damage and responding to intensifying natural disasters" and "expanding earnings opportunities from demand for occupancy of buildings with high BCP performance," which are assumed in the 4°C scenario, regular training is conducted in collaboration with partner companies that are responsible for building management and operation, as a part of efforts to strengthen resilience in the intangible aspect.

The actual flow of actions involved in the installation of tide protection plates in preparation for flooding and the operation of emergency power generators in preparation for power outages are carried out in training sessions. By strengthening resilience from both the tangible and intangible aspects, the Company strives to provide a highly reliable business space for tenant companies.

(3) Risk Management

Risk Management System



(1) Process of identifying and assessing risks and opportunities

The Executive Officer responsible for Administration, who is the Sustainability Executive, instructs the Sustainability Promotion Group to conduct identification and assessment of sustainability-related risks, including response to climate change, at least once a year.

The Sustainability Promotion Group conducts verification of factors such as the financial impact, likelihood of occurrence, and return on investment for the respective risks and opportunities, and reports on the progress and results of their assessments to the Sustainability Committee.

The Sustainability Committee prioritizes the risks and opportunities that should be addressed first based on the results of the assessments regarding the financial impact and likelihood of occurrence of the risks and opportunities identified by the Sustainability Promotion Group.

(2) Process of risk management

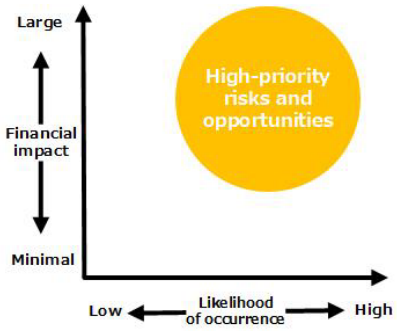
The President, as the Chief Sustainability Officer, designates departments or persons in charge of responses to high-priority risks and opportunities based on the results of the deliberations by the Sustainability Committee, and instructs departments or individuals to formulate and propose measures to address them.

The proposed measures formulated by these designated departments or persons will, depending on their content, be integrated with company-wide business and financial plans, then implemented, after deliberations by the Sustainability Committee, the Risk Management Committee, the Management Meeting, the Board of Directors, or an appropriate internal committee or other meeting body.

Risks related to sustainability issues, including response to climate change, are also shared with the Risk Management Committee with a view to integrating the identification, assessment, and management process for sustainability risks with the overall risk identification, assessment, and management processes of the Company.

Prioritizing responses to risks and opportunities

In assessing risks and opportunities, the high-priority risks and opportunities that should be addressed first are identified by mapping the financial impact and likelihood of occurrence by each risk and opportunity item.



As a result of this mapping process, the Company has determined that priority should be given to reducing physical risk, and is advancing efforts toward addressing the related items. Regarding the financial impact of physical risks in the medium-term (~ 2030), the Company has already achieved a certain level of risk reduction by investing in countermeasures against natural disasters.

(4) Metrics and Targets

The Company defines key performance indicators (KPIs), conducts monitoring, and sets targets to reduce risks and realize opportunities in relation to addressing climate change. For the main purposes of reducing transition risk and expanding earning opportunities, and with regard to the status of GHG emissions and emission basic units from the properties it owns, the Company monitors the emissions for each Scope and, for emissions under Scope 1 and 2, has set reduction targets and KPIs as shown below. For Scope 3, the Company will cooperate with tenants and partner companies to continuously reduce emissions.

Target: Reduce Scope 1 and 2 GHG emissions by 46% (compared to FY2019) by FY2030.

The Company's GHG emissions reduction targets have been certified as Science Based Targets (SBT) in compliance with the standards required by the Paris Agreement.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

KPI

1. Reduce per-unit energy consumption by 10% (compared to FY2019) by FY2030 through energy-saving efforts.

   (Note) Although the Company used GHG emissions as a target for reduction under this KPI, since GHG emissions fluctuate according to changes in emission factors, we have been using energy consumption per unit floor area as a target since FY2023 as an indicator to more clearly indicate the energy efficiency of properties.

2. Use renewable energy.

3. Raise the ratio of the area of properties with the Green Building Certification to 50% or more by FY2030 and acquire the Green Building Certification for all newly constructed properties in the future.

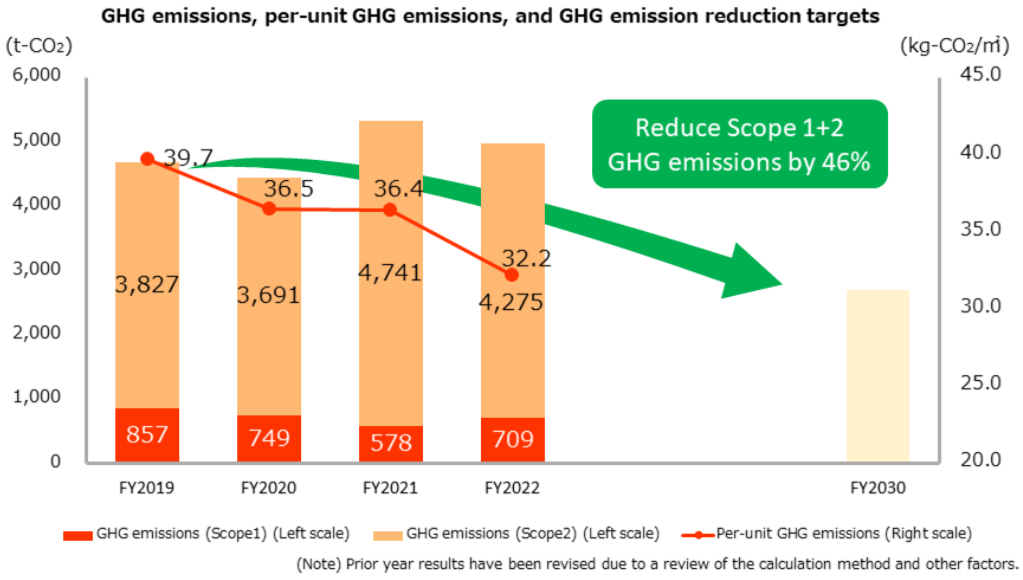
The progress of each initiative and KPI results are summarized by the Sustainability Executive at least once a year, shared with the Sustainability Committee, and reported to the Board of Directors.

Progress and track record of target and KPI

The following figures may be revised due to a review of the calculation method, etc.

(1) GHG emissions

Target: Reduce Scope 1 and 2 GHG emissions by 46% (compared to FY2019) by FY2030.



Reference: Scope 3 emissions

Unit: t-CO_2

Item	FY2019	FY2020	FY2021	FY2022
Scope 3-1. Purchased goods and services	9,392	19,165	115,822	9,130
Scope 3-2. Capital goods	-	-	-	-
Scope 3-3. Fuel- and energy-related activities not included in Scope 1 and 2	917	881	989	1,013
Scope 3-4. Upstream transportation and distribution	3	3	3	3
Scope 3-5. Waste generated in operations	20	20	20	20
Scope 3-6. Business travel	27	13	11	24
Scope 3-7. Employee commuting	15	15	17	17
Scope 3-8. Upstream leased assets	-	-	-	-
Scope 3-9. Downstream transportation and distribution	-	-	-	-
Scope 3-10. Processing of sold products	-	-	-	-
Scope 3-11. Use of sold products	-	-	-	-
Scope 3-12. End-of-life treatment of sold products	-	78	-	-
Scope 3-13. Downstream leased assets	55,277	53,371	62,798	57,212
Scope 3-14. Franchises	-	-	-	-
Scope 3-15. Investments	-	-	-	-
Total	65,651	73,546	179,660	67,419

(Note) Scope3-2/8/9/10/11/14/15 are not included in the calculation because there are no emission source.

(2) Energy consumption

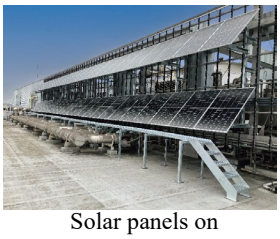
KPI: Reduce per-unit energy consumption by 10% (compared to FY2019) by FY2030 through energy-saving efforts.

Item	FY2019	FY2020	FY2021	FY2022
Energy consumption (MWh)	15,088	14,373	15,653	16,102
Number of target properties (buildings)	10	11	12	12
Total target floor area (m^2)	117,858	121,647	146,191	154,977
Energy consumption per unit (kWh/m^2)	**128.02**	**118.15**	**107.07**	**103.90**

(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.

(3) Introduction of solar power generation

KPI: Use renewable energy



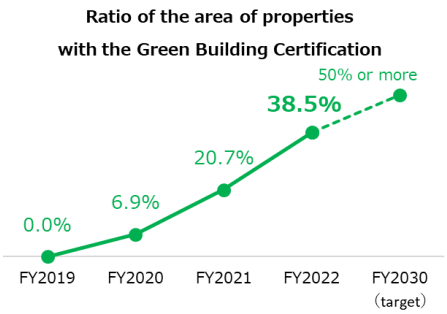
Solar panels on the Keihanshin Fuchu Building

To reduce GHG emissions associated with energy consumption, in addition to promoting energy-saving measures, the Company is also working to introduce power from renewable energy sources.

Since FY2023, the Company has been switching to using renewable energy sources for the electricity used in some properties. In addition to purchasing electricity from external sources, the Company installed rooftop solar panels on the Keihanshin Fuchu Building. The introduction of these renewable energy sources is expected to contribute to reducing GHG emissions generated through the Company's business activities from FY2023 onward.

(4) Ratio of the area of properties with the Green Building Certification

KPI: Raise the ratio of the area of properties with the Green Building Certification to 50% or more by FY2030 and acquire the Green Building Certification for all newly constructed properties in the future.



CASBEE certification
(in order of acquisition)

- Keihanshin Midosuji Building: S rank
- Keihanshin Fuchu Building: S rank
- Keihanshin Yodoyabashi Building: S rank
- Keihanshin Toranomon Building: S rank
- Keihanshin Onarimon Building: S rank
- Keihanshin Yoyogi-koen Building: S rank

BELS certification

- Keihanshin OBP Building: 2 stars