



May 29, 2023

IINO Kaiun Kaisha, Ltd.

**Transcript of the briefing and Q&A session on the presentation  
of financial results for FY2022 and the new mid-term management plan**

IINO Kaiun Kaisha, Ltd. (the Company) today announced that it has distributed transcript and Q&A session on the presentation of the financial results for FY2022 and new mid-term management plan held on 10 May, 2023.

1. Transcript

[https://www.iino.co.jp/kaiun/english/ir/pdf/transcript\\_fy2022.pdf](https://www.iino.co.jp/kaiun/english/ir/pdf/transcript_fy2022.pdf)

2. Q&A

Q) Regarding the real estate business, I would like to ask about the factors behind the increase in profit during the mid-term management plan period. Although the results for FY2022 were negatively impacted by factors such as the rise in electricity prices, is there a negative impact on the occupancy rate of the buildings we own in the Tokyo office market as the vacancy rate is rising? Also, I believe that the profit growth in the real estate business during the mid-term management plan period is basically the effect of various investment projects being launched, but could you please explain the reasons for the fluctuation in profits?

A) Regarding the results for FY 2022, expenses increased significantly due to utility costs, etc., and this was an unexpected increase in expenses, causing real estate business income to fall below the original target. The office buildings owned by the Company are close to full occupancy, and the vacancy rate is not expected to change significantly during the period of the medium-term management plan. However, as in FY2022, utility costs are expected to increase and, as many of the Company's buildings are more than 10 years old, repair and maintenance costs are also expected to increase. Future profit growth will take the investment projects we plan to pursue in Japan and overseas into account.

Q) Regarding the real estate business, some companies take advantage of the global network of the shipping business. Some of your investment projects are overseas, such as in the US, what can you tell us about your know-how and strengths? It is also said that vacancy rates are rising due to financial instability in the US and restructuring by IT companies, etc. Please tell us about the risks involved in US investment projects.

A) We have selected the US and London, UK as candidate locations for overseas property investment, where geopolitical risks are minimal. The management of office buildings in London is outsourced to a local company, but the Group's property management company is also partially involved in the management of these buildings, and we could take advantage in the overseas development by using our know-how cultivated in the domestic market. The company is aware of the risk of rising office vacancy rates due to, among other things, the spread of remote working, financial instability and the restructuring of IT companies in the US. Financial instability may also make it more difficult to lend to the property sector. We will be monitoring these issues closely.

Q) Regarding chemical tankers, the market seems to be quite stable. The reason for the decline in profit in this year's results is probably due to the decline in the volume of sea cargo movement, as the supply of vessel capacity is low and has little negative impact, but please tell us about the outlook for FY2023.

A) In our chemical tanker business, COA, Contract of Affreightment, accounts for approximately 70%, with the remaining 30% being spot contracts. In FY2022, revenues from the chemical tanker business increased significantly as spot market prices reached an all-time high. For FY2023 forecast, the ratio of COA to spot contracts is not expected to change significantly from the previous year, but spot freight rates are expected to decline from the previous year. Although the spot portion accounts for only about 30% of the approximately 10,000 operating days, the impact on profit is significant. The current market level remains stable with the limited supply of new deliveries, and if spot freight rates remain higher than forecast, our earnings may also increase. We will do our utmost to take advantage of these strong market conditions and increase our profits.

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