



United Urban Investment Corporation



Japan REIT Advisors Co.,Ltd.

Sustainability Report 2021



Contents

Top Message	1
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Sustainability Management

Sustainability Policy & Structure	4
Materiality.....	8
Basic Supply Chain Sustainability Policy.....	13
Stakeholder Engagement	15
Global Initiatives	20
ESG Finance	24

ESG initiatives

Environment

Policy & Management	33
Climate Change.....	37
Energy Efficiency.....	55
Water	61
Reductions of Environmental Footprint	65
Biodiversity.....	69

Social

HR Strategy	71
Diversity & Inclusion, Wellness	76
Safety & Hygiene	83
Community.....	84

Governance

Corporate Governance.....	93
Internal Control	102
Compliance / Corporate Ethics	105

Library

ESG Data Summary.....	116
Certification / Evaluation.....	123
SFDR	134
Editorial Policy	135

Index

GRI Standard	138
SASB Report	145

Top Message



Society with Appreciation of Sustainability, Diversity & Inclusion

We United Urban Investment Corporation (United Urban) and its asset management company, Japan REIT Advisors Co., Ltd. (JRA), support the Sustainable Development Goals (SDGs) which were formulated so that everyone in the human family can live stable lives on this planet. By solving the challenges in the environment, society and economy and through initiatives to create new value (sustainability activities), we aim for the realization of a society that is sustainable, diverse and inclusive.

As a corporation engaged in real estate investment and management, we have come to acknowledge the following matters once again as important long-term management challenges required for the realization of such a society and formulated the Sustainability Policy (Note) and Sustainability Regulations in March 2022 to focus on resolving these challenges.

- Address climate change
- Reduce environmental footprint and realize a recycling society
- Realize sustainable cities and contribute to local communities
- Respect human rights
- Create a good working environment
- Cooperate and collaborate with stakeholders
- Establish internal systems to promote sustainability activities and enhance productivity and wellness of executives and employees
- Comply with laws, regulations and fair business practices
- Disclose information



[Left]
United Urban Investment Corporation
Executive Officer
Toshiaki Emon

[Right]
Japan REIT Advisors, Co. Ltd.
President & CEO
Norimasa Gaun

The major sustainability activities that United Urban and JRA focused on in the fiscal 2021 are as follows. For more details, please see our sustainability website.

Environment	Society	Governance
<p>United Urban</p> <ul style="list-style-type: none"> • 25.1% reduction of GHG emissions in the office portfolio (intensity based, compared with 2014). • Increased environment certification coverage to 68.5%; Set mid-term target for the coverage at 80% by 2024. • Switched over to renewable energy. <p>JRA</p> <ul style="list-style-type: none"> • Support for the TCFD Recommendations 	<p>United Urban</p> <ul style="list-style-type: none"> • Received COVID-19 patients with mild symptoms as well as medical personal, etc. and provided venue for vaccination. • Participated in social experiments (riding experiments of electric kickboard on the public roads). <p>JRA</p> <ul style="list-style-type: none"> • Joined local cleanup activities. • Installed focus space. 	<p>United Urban</p> <ul style="list-style-type: none"> • Added total cash distributions linked fee to the remuneration system of JRA. <p>JRA</p> <ul style="list-style-type: none"> • Met with representatives in charge of exercising voting rights.

ESG
<p>United Urban</p> <ul style="list-style-type: none"> • Issued sustainability bonds (green bonds + social bonds) <p>JRA</p> <ul style="list-style-type: none"> • Strengthened engagement with property management companies • Renewed operation of the Sustainability Committee

United Urban and JRA continue to enhance and improve initiatives to address issues in the environment, society and economy for better performance of our various sustainability activities by centering those which have been strengthened as materiality. And we will endeavor to build relationships of trust with all of our stakeholders by making appropriate disclosures of business results, thereby pursuing the sustainable growth of United Urban, while also fulfilling our social responsibility towards realizing a sustainable, diverse and inclusive society.

Note: The environmental policies formulated in May 2012 were revamped.

Sustainability Management



Sustainability Policy & Structure

Sustainability Policy



Structure of Sustainability Activities



Sustainability Policy

United Urban Investment Corporation and its asst management company, Japan REIT Advisors Co., Ltd., support the Sustainable Development Goals (SDGs), which were formulated with the aim of ensuring that humanity can continue to live stably on this planet without leaving anyone behind, and we aim to realize a sustainable, diverse and inclusive society through our efforts to solve environmental, social and economic problems and create new value (hereinafter referred to as our sustainability activities).

We have established the following Sustainability Policy as a guideline for implementing our sustainability activities.

1. Addressing climate change

We will strive to reduce greenhouse gas emissions by actively promoting efficient use of natural resources and energy from the perspective of sustainability and resource efficiency as well as realize a decarbonized society by introducing environmentally friendly technologies and systems.

2. Reducing environmental footprint and realizing a recycling society

In order to preserve the natural environment and protect biodiversity, we will continuously review the impact of our business activities on the environment and strive to reduce environmental footprint as well as promote reduction (of waste generation and water use), reuse (of resources) and recycling (of waste and water resources) to realize a recycling society.

3. Realizing sustainable cities and contributing to local communities

Aspiring to realize inclusive, safe, resilient and sustainable cities, we will reduce the number of victims and amount of economic loss caused by earthquakes and water-related disasters and strive to make progress in urban development that prevents earthquake- and water-related disasters. In addition, as a member of the local community, we will engage in activities aimed at solving local community issues such as revitalization of local communities and contribution to local government.

4. Respecting human rights

We will support all international norms related to human rights, such as the International Bill of Human Rights (United Nations). We will respect human rights and not tolerate discrimination based on race, creed, religion, nationality, age, gender, origin, physical or mental disability, sexual orientation, gender identity or otherwise, nor will we allow inhumane treatment such as forced labor or child labor, instead respecting and recognizing each other's individuality and aiming to realize an organization in which people can participate to the fullest extent of their abilities. In the event that we discover that our business activities have a negative impact on human rights, we will take appropriate action to correct the situation and fulfill our responsibility to respect human rights.

5. Creating a good working environment

We will comply with applicable international laws and regulations on labor rights including The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and The Children's Rights and Business Principles by United Nations Global Compact, United Nations Children's Fund and Save the Children International, prohibit forced labor and child labor, respect the right of employees to organize and bargain collectively as a means of labor-management discussion, and pursue equal pay for equal work and elimination of employment discrimination. Also, we will adhere to applicable labor-related laws and regulations and comply with the minimum wage and pay at least a living wage, not reduce wages unreasonably, prohibit excessively long working hours and otherwise strive to ensure safety and health in the workplace and create a good working environment. In addition, we will not tolerate harassment of any kind and will work to prevent and resolve it.

6. Cooperating and collaborating with stakeholders

We will strive to understand the interests, needs and expectations of our stakeholders with respect to our sustainability promotion activities through dialogue, discussion and collaboration, and to realize a sustainable society by working together with our stakeholders on sustainability activities.

7. Establishing internal systems to promote sustainability activities and enhancing productivity and wellness of executives and employees

We will establish an appropriate internal system to promote activities based on this policy, implement sustainability activities in an organized and strategic manner and improve the quality and efficiency of our sustainability activities by increasing our executives' and employees' awareness and knowledge through educational and enlightenment activities. We will also strive to improve our business and operational productivity and job satisfaction through diversification, technological improvement and innovation.

8. Complying with laws, regulations and fair business practices

In implementing our sustainability activities, we will comply with social norms and applicable laws and regulations, keep a close watch on trends in laws and regulations and act appropriately with high ethical standards. In addition, we will not tolerate any form of corruption or bribery and will strive to prevent corruption by taking appropriate measures against money laundering, terrorism and other organized crime.

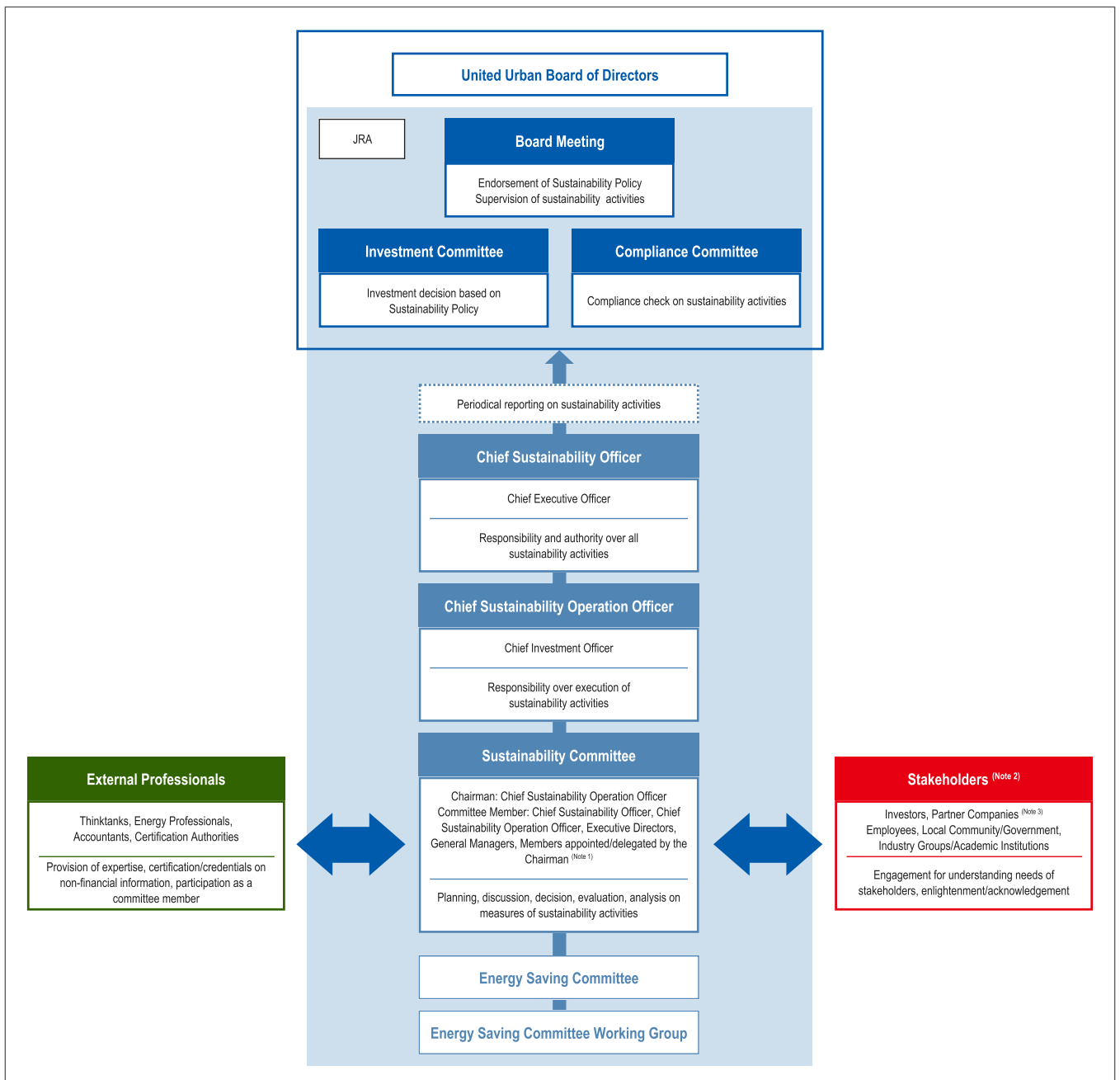
9. Disclosing information

We will strive to proactively disclose information, such as the details of our sustainability activities, to our investors and other stakeholders.

We will continue to review this policy and enhance or improve our sustainability activities in order to improve our performance in the above items.

Enacted March 17, 2022

Structure of Sustainability Activities



Note 1: General Managers of all departments at JRA are appointed as a committee member and join the Committee as of today.

Note 2: Institutions/groups/companies/individuals with direct conflict of interest or indirect mutual relations with United Urban or JRA.

Note 3: Tenants, service providers including management (PM/BM) companies, engineering companies, suppliers of goods and lenders.

| Sustainability Committee

- The Committee sets materiality and action plans/targets for each materiality.
- The Committee is held more than four times a year.
- The Chair of the Sustainability Committee reports progress of action plans/targets for materiality once or more a year to the Investment Committee, the Compliance Committee, the JRA's Board Meeting and the Board of Directors of United Urban. Also, the Chair communicates with the Investment Committee, the Compliance Committee and the Board Meeting on activities of the Sustainability Committee more than four times a year.

| Sustainability Strategy Office

- JRA established the Sustainability Strategy Office as an ESG dedicated team to carry out our sustainability activities in a more proactive, practical and strategic way.
- Members of the Sustainability Strategy Office develop strategies for sustainability activities and run the Sustainability Committee as an organizer.

| Energy Saving Committee

- JRA set the Energy Saving Committee to streamline the energy usage at properties of United Urban.
- Members and manners of operation are detailed in "Rules on Streamlining Energy Usage of United Urban Investment Corporation".



Materiality

Initiatives for Materiality ▼

Actions for Materiality ▼

Initiatives for Materiality

As one of the J-REITs, United Urban selects ESG issues to be addressed as follows. They are selected by the JRA's Sustainability Committee based on the advice of external professionals with consideration of asset characteristics and management policies of United Urban as well as external ESG evaluations and social trends.

Those ESG issues on which United Urban places a high priority are specified as materiality. The action plan and target for each materiality are set and monitored every year and reviewed accordingly.

Selected ESG Issues to be Addressed at United Urban and JRA

JRA specifies materiality that United Urban and JRA should prioritize and marks as "○".

		2018	2019	2020	2021	2022
Environment	Energy consumption/management	○	○	○	○	○
	Green certified buildings	○	○	○	○	○
	Tenant and property manager engagement	○	○	○	○	○
	Safety of buildings					
	Resilience					
	Biodiversity and habitat					
	Waste management					
	Water consumption/management					
	Climate risk management					
	Environmental attributes of building materials					
	GHG emissions/management	○	○	○	○	○
Society	Employee performance/career development				○	
	Supply chain management	○	○			

		2018	2019	2020	2021	2022
Society	Diversity and equal opportunity	○				
	Employee satisfaction, wellness		○	○	○	○
	Contribution to local community/local government			○	○	○
	Contribution to real estate industry			○		
	Satisfaction, health and comfort of building users					○
	Child labor/Forced or compulsory labor					
	Labor-management relationships/Worker rights					
	Asset level safety for tenants					
Governance	Information management and assurance		○	○	○	○
	Disclosure for investors	○		○	○	○
	Executive compensation/Employee remuneration		○		○	
	Bribery and corruption					
	Shareholder rights					
	Data protection and privacy					
	Political contributions					
	Whistleblower protection			○		
	Board skills/diversity		○			

Process for Materiality



Actions for Materiality









Selected materiality and action plans and targets that United Urban and JRA are working on are as follows. Please also see the actions and achievement in the past.

Materiality and Action Plan/Target for 2022

	Materiality	SDGs	Action Plan/Target
Environment	Energy management/use of renewable energy	 	<ul style="list-style-type: none"> • Long-term target: Cut the greenhouse gas (GHG) emission at office buildings by 40% by 2030. (Gross floor area (GFA) intensity based, compared to 2014)
	Green certified buildings	  	<ul style="list-style-type: none"> • Acquire external environmental certification including DBJ Green Building, CASBEE for Real Estate and BELS. • Medium-term target: Raise environment certification coverage to 80% (GFA based) by 2024.
	Tenant and property manager engagement	  	<ul style="list-style-type: none"> • Long-term target: Incorporate green lease clauses in 100% of contract of office buildings by 2030 (exclusive of residential area). <p>Contracted area where tenants agreed the United Urban's green lease clauses out of total contracted area of buildings categorized as office buildings by United Urban (exclusive of residential area).</p>
Society	Employee job satisfaction/wellness	 	<ul style="list-style-type: none"> • Enhance productivity and quality of outcome through IT investment. • Improve the assessment results of employee engagement surveys.
	Contribution to local community/local government	  	<ul style="list-style-type: none"> • Get more involved with disaster prevention measures and invigoration of local communities. • Contribute more to make environment clean.
	Satisfaction, health, and comfort of building users	 	<ul style="list-style-type: none"> • Conduct a tenant satisfaction survey.

Materiality		SDGs	Action Plan/Target
Governance	Information management and assurance		<ul style="list-style-type: none"> Improve work efficiency through the asset management system.
	Disclosure for investors	 	<ul style="list-style-type: none"> Proactive disclosure on non-financial information including ESG related initiatives (Receive higher rating).
	Bribery/corruption		<ul style="list-style-type: none"> Expand training program on compliance.

Materiality and Action Plan/Target for 2021

Materiality	SDGs	Action Plan/Target	Achievement	Result(Note)
Environment	 	<ul style="list-style-type: none"> Long-term target: Cut the greenhouse gas (GHG) emission at office buildings by 40% by 2030. (Gross floor area (GFA) intensity based, compared to 2014) 	25.1% reduction (Compared to 2014)	2
	  	<ul style="list-style-type: none"> Acquire external environmental certification including CASBEE and BELS. Raise environment certification coverage to 65% (GFA based) by 2021. 	68.5% (Achieved the annual target)	3
	  	<ul style="list-style-type: none"> Long-term target: Incorporate green lease clauses in 100% of contract of office buildings by 2030 (exclusive of residential area). <p>Contracted area where tenants agreed the United Urban's green lease clauses out of total contracted area of buildings categorized as office buildings by United Urban (exclusive of residential area).</p>	56.1% (As of November 2021)	2

Materiality	SDGs	Action Plan/Target	Achievement	Result(Notes)	
Society	Employee job satisfaction/wellness	 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Enhance productivity and quality of outcome through IT investment. Nurture more collaborative corporate culture where employees value in each other and give support. Encourage to take more paid leaves. 	<ul style="list-style-type: none"> Enhanced remote work environment. Improved productivity by new data analysis tools. Introduced vaccination leave. 	2
	Contribution to local community/local government	 11 SUSTAINABLE CITIES AND COMMUNITIES  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> As a responsible member of society, contribute to disaster prevention measures and revitalization for local communities. 	<ul style="list-style-type: none"> Offered space at United Urban's hotels for inoculation of the COVID-19 vaccination. Participated in social experiments (riding experiments of electric kickboard on the public roads). 	3
	Employee performance/career development	 8 DECENT WORK AND ECONOMIC GROWTH  17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> Encourage to acquire qualifications and to take job specific training programs. Provide job type trainings. 	Added new training menu for promotion, job group change and mental health.	3
Governance	Information management and assurance	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> Further strengthen the asset management capability with the system installed in 2019. 	Centralized information of construction and lease management work.	3
	Disclosure for investors	 17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> More investor-friendly disclosure on non-financial information including ESG related initiatives (Receive higher rating). 	<ul style="list-style-type: none"> GRESB Real estate assessment: 3 Star to 4 Star MSCI ESG Ratings: BBB to A 	3
	Executive compensation/Employee remuneration	 17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> Introduce a performance-based fee structure on an asset management services. 	Added total cash distributions-linked fee to the remuneration system.	3

Note: 3: Reached target, 2: Improving (though target has not been reached), 1: Continuing to tackle the issue



Basic Supply Chain Sustainability Policy

United Urban and JRA have the Basic Supply Chain Sustainability Policy for environment, social and government problems.

JRA has received a letter of agreement on adherence to the policy from property managers and building maintenance managers, all of which have been entrusted with the services of JRA.

To our other partner companies ^(Note) including tenants and service providers, the policy has been sent to raise their awareness of our ESG initiatives. We continue to make efforts to resolve ESG issues in partnership with our partner companies.

Note: Service providers (property management companies, building management companies, engineering companies, suppliers of goods, etc.) and tenants.

Basic Supply Chain Sustainability Policy

1. We United Urban Investment Corporation and its asset management company, Japan REIT Advisors Co., Ltd., not being satisfied with simply strengthening our own sustainability initiatives, support strengthening sustainability throughout our supply chain with the objective of building an environmentally friendly, healthy and sustainable society.
2. Having set out the Supply Chain Sustainability Guidelines below, we ask for the understanding and cooperation of our business partners in observing the Guidelines, to promote, together with our business partners, highly effective sustainability initiatives. Further, when calling on our business partners, we will communicate the Guidelines so that they are fully aware of the Guidelines and will assist our business partners' capacity building by making recommendations, requests or providing guidance as necessary and by sharing examples of good practices.
3. Supply Chain Sustainability Guidelines
 - 1) Observance of Laws:
 - Observe the laws of the countries where business is conducted and laws relating to business transactions.
 - 2) Respect for Human Rights:
 - Respect human rights without discrimination, harassment of any kind, abuse or other inhumane treatment.
 - No child labor or forced labor.

- Proper management of employees' work hours, breaks and holidays and prohibition of excessive overtime work.
- Payment of the legally mandated minimum wage and endeavoring to pay at least a living wage. No inappropriate wage abatement.
- Respect for employees' right to unionize for the purpose of labor-management negotiations and right to collective bargaining.

3) Conservation of the Environment:

- Recognize that climate change issues are important and respond appropriately.
- Protect the natural environment.
- Reduce environmental negative impact, prevent pollution.

4) Fair Transactions:

- Conduct fair transactions and do not inhibit free competition.
- Prevent corruption; offer no bribes or illegal contributions.

5) Safety and Health:

- Ensure safe and healthy workplaces and maintain a good working environment.

6) Quality Control:

- Maintain the quality and safety of products and services.

7) Information Disclosure:

- Timely and appropriate disclosure of information

4. As part of this Policy, We have set out the following procedures for dealing with our business partners that do not meet labor standards.

i) When it comes to light that a business partner has failed to meet labor standards relating to 1) Observance of Laws, 2) Respect for Human Rights or 5) Safety and Health, we will as necessary, ask the business partner to:

- Ascertain the facts, and
- If the facts are true, prepare a report on the background of the issue and improvement measures.

Depending on circumstances, we may also inspect the business partner.

ii) If we determine that improvement measures are insufficient, we will request that further measures be taken.

iii) If, despite implementing steps i) and ii) above, the situation does not improve, we will examine whether to continue our relationship with the business partner.

(Established November 24, 2017)

(Revised November 15, 2019)

(Revised March 17, 2022)

Stakeholder Engagement

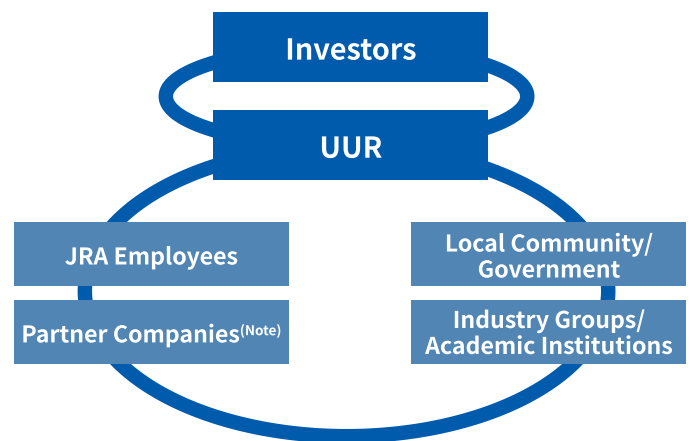
Cooperation with Partner Companies

Dialogue with Investors

Collaboration with Industries/Educational Institutions

We United Urban and JRA operate our real estate investment and asset management business with the support of multiple stakeholders. With setting our [Sustainability Policy](#) and [Basic Supply Chain Sustainability Policy](#) as a center, we aim to realize a sustainable, diverse and inclusive society through dialogue, consultation and cooperation with our stakeholders.

Stakeholders of United Urban and JRA



Note: Service providers (property management companies, building management companies, engineering companies, suppliers of goods, etc.) and tenants.

Cooperation with Partner Companies

Enlightening the Policy

For a society with sustainability, we United Urban and JRA understand that not only to accelerate our ESG initiatives but also to proceed them with our partner companies in our entire supply chain are important and formulated the [Basic Supply Chain Sustainability Policy](#).

United Urban and JRA post the policy on our website and notify it to our partner companies in writing. By informing them about our initiatives, we aim for a mutual understanding.

Moreover, JRA received a letter of agreement on adherence to the policy from our property managers of each property of United Urban.

Standardized Green Lease Articles

One of the materiality that United Urban works on is “Tenant and Property Manager Engagement”. For an action target to address the materiality, we strive to incorporate green lease clauses in 100% of contracts with tenants ^(Note) by 2030.

Note: Contracted area where tenants have agreed the United Urban’s green lease clauses out of total net leasable area of buildings categorized as office buildings by United Urban (exclusive of residential area within those office buildings).



Green Lease Articles (Excerpts)

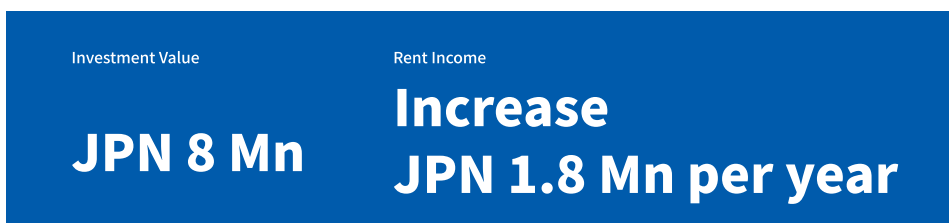
1. The landlord and tenant will cooperate in initiatives to keep and improve comfort and productivity of the property (sharing of data, legal compliance, etc.) with the view of energy conservation, environmental friendliness, etc.
2. The landlord and tenant can negotiate sharing of benefits when cost-saving from equipment renovation such as LED light installation in areas leased to the tenant is expected.



United Urban's Green Lease Articles were introduced as an example for green lease initiatives in the [Green Lease Guide](#) published by the Ministry of Land, Infrastructure, Transport and Tourism with the aim of popularizing green leases.

Corporation through Green Lease

United Urban covered the cost to change the lighting in an exclusive section of Pacific Marks Yokohama East and Pacific Marks Shin-Yokohama to LED lighting, which consumes 38% less electricity. The benefits of the reduction in electricity costs is being shared with tenants through increased contracted rents.



Pacific Marks Shin-Yokohama

Cooperation with Property Managers

United Urban intends to deepen engagement with property managers, important partner companies of United Urban, to accelerate practical initiatives on ESG issues.

Add ESG-related clauses to the standard contract with property managers

A contract including ESG-related clauses shall be deemed as the new standard contract. United Urban strives to have a dialogue with the existing property managers to switch contracts to those including ESG-related clauses upon the renewal of contracts.

Add ESG factors upon the evaluation and selection of property managers

ESG factors are added to the evaluation items in the annual evaluation process to all property managers (started in 2022) and United Urban promotes the resolution of ESG issues together with property managers.

Introduction of award system in accordance with performance

United Urban expresses gratitude for the contribution to daily management to property managers that demonstrate appropriate performance in the annual evaluation so that United Urban and property managers can tackle ESG issues by cooperating with each other over the medium- to long-term.

ESG Clauses (Overview)

- Property managers strive to execute business in accordance with each policy in the "Sustainability Policy" and the "Basic Supply Chain Sustainability Policy" stipulated by United Urban.
- Property managers cooperate energy saving, consider environment and respond to laws and regulations related to environmental Issues.
- Property managers proactively propose measures leading to the reduction of environmental burden.



Online award ceremony at JRA's office
The photo shows the property manager of UUR Court Sapporo Minami-Sanjo (HASEKO LIVENET, Inc. within the monitor) and the staff of JRA.

Dialogue with Investors

- United Urban puts priority on fair disclosure to all investors and conducts timely disclosure regardless of the holding status of our unit. In practice, we conduct stipulated disclosure, simultaneous Japanese/English press releases and improvement of our website with viewer friendliness in mind.
- An “A” rating, the highest rating, was granted to United Urban for the fourth consecutive year in GRESB’s disclosure of evaluations in 2021, as our information disclosure of ESG initiatives were particularly commended.
- In addition, United Urban pursues direct communication with various investors. While seminars for investors were canceled and travelling were restricted due to the COVID-19 pandemic, United Urban had dialogues with investors through conference calls and web meetings in 2021 as well.



Meetings with Investors

Institutional investors	Japan	Overseas
2019	144	67
2020	140	58
2021	121	70

IR Seminar Participation

Individual investors	No. of seminars United Urban joined
2019	11
2020	2
2021	4

Meetings with Representatives in Charge of Exercising Voting Rights

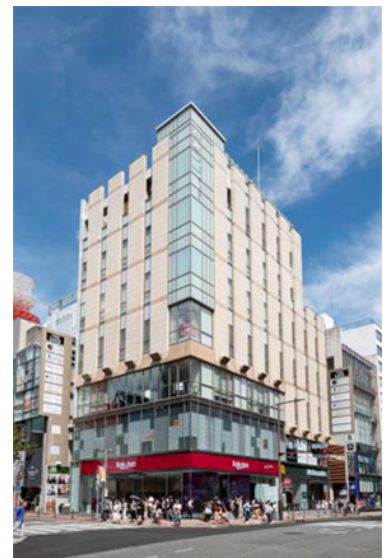
2021	8 companies + Proxy advisory firm
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Collaboration with Industries/Educational Institutions

- JRA is a regular member of Investment Trusts Association (ITA) and Association for Real Estate Securitization (ARES). JRA employees have been the member of several committees set in ARES for our better operation and management as well as our roll to develop financial literacy for individual investors.
- With collaborative asset management in mind, United Urban has been taking initiatives for vibrant local economy and community by liaising with educational institutions.

Example: Tenjin Luce

United Urban decided to roll out a wall decoration at Tenjin Luce, through a collaboration with a local university in Fukuoka. While this initiative created a new motivation to stop by the property, the university students have a unique opportunity to present their achievements of research (the wall designs are to be renewed periodically). This initiative not only contributes to the property's performance, but also takes part in a service to society and a creation of the life of the community.



Global Initiatives

Becoming a Signatory Member to PRI



Supporting TCFD Recommendations



Becoming a Signatory Member to UNGC



Acquiring ISO 14001 Certification



Submitting TOKYO Workstyle Reform Declaration



Supporting SDGs



Becoming a Signatory Member to PRI

Signatory of:



JRA agreed with the basic concept of PRI (Principles for Responsible Investment) and was attested as a PRI signatory by PRI Association in November 2018. PRI signatories pursue improvement of investment performance from the long-term perspective for their beneficiaries and fulfilling their fiduciary duty by incorporating ESG issues into its decision-making processes.

PRI: A set of principles established for the financial industry in 2006 under the leadership of the United Nations Secretary-General of the time, Kofi Annan. It comprises six principles that require PRI signatories to fulfill their responsibilities of ESG issues through investment activities.

The Six Principles

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

Supporting TCFD Recommendations

JRA expressed our support for the TCFD Recommendations in January 2022 and joined the TCFD Consortium constitutive of supporter companies in Japan.

Addressing environment, social and governance related issues and further taking action to realize a sustainable society are considered as important management challenge to United Urban and JRA. As a real estate investment manager, we believe that all are our responsibilities we need to take in our society.

We pursue portfolio management with the consideration to climate change and other environment issues and promote disclosures in accordance with the TCFD Recommendations.



TCFD: It refers to the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB) (Note) at the request of G20 in December 2015, to examine how climate-related information should be disclosed and how financial institutions should respond. TCFD published its final report in June 2017 and recommends companies and financial institutions to understand and disclose the governance, strategy, risk management, metrics and targets related to climate change-related risks and opportunities.

For details of the TCFD Recommendations, please see the following website:

<https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf> 

Note: An international body comprised by finance ministries and central banks, which monitors the global financial system

TCFD Consortium: The TCFD Consortium was established in May 2019 with an aim to encourage the TCFD supporters and financial institutions to work together and to further discuss effective corporate disclosure of climate-related information and its use for investment decision.

For details of the TCFD Consortium, please see the following website:

<https://tcfd-consortium.jp/en> 

Becoming a Signatory Member to UNGC

WE SUPPORT



JRA's sponsor Marubeni Corporation has declared its support for the Global Compact proposed by the United Nations (UNGC) in December 2012 and become a signatory organization.

The UNGC was proposed in 1999 by the United Nations Secretary-General at the time, Kofi Annan, and formally launched the following year. Participating companies are asked to support and implement Ten Principles covering four areas: human rights, labor, the environment, and anti-corruption.

As a member of the Marubeni Group, JRA also became a co-signatory in March 2022 and joined the local network of the UNGC, Global Compact Network Japan (GCNJ).

In keeping with the vision of the UNGC, JRA strives to further enhance its corporate governance and put Ten Principles into practice.

Acquiring ISO 14001 Certification



JRA, the asset management company of United Urban, conducts our business operations with considerations to ESG issues. In February 2019, it was acknowledged that our environmental management system satisfied the requirements based on the environmental management system standard, "Requirements" in ISO14001, and we were certified for ISO14001. The office certified is our head office and the ratio of offices that have been certified is 100%

Overview of ISO14001

Standard: ISO14001: 2015, JIS Q 14001: 2015

Classification: Investment management business under the financial instruments and exchange act

Certification Body: Bureau Veritas Japan Co., Ltd.

Certification Number: 4315684

ISO14001: The international standard established by the International Organization of Standardization, which is a non-governmental international organization in Geneva, Switzerland. Certification bodies in various countries examine the environmental management systems of each company based on the standard (so called the "requirements") in ISO14001, and they grant certifications to them if confirmed that their environmental management systems satisfy the requirements.

Submitting TOKYO Workstyle Reform Declaration



JRA's TOKYO Workstyle Reform Declaration (Japanese only)

Declaring that we will engage in the company-level work-style reform by providing a better workplace with our employees and pushing our employees to take leaves in order to refresh, JRA was recognized as TOKYO Workstyle Reform Declaration Company by the Governor of Tokyo.


Through work-style reform including frequent catch-ups on how work hours can be shortened and the recommendation of taking a week-long paid vacation per year, JRA encourages our employees to improve productivity and take more than 10 paid holidays once a year.

Supporting SDGs

Aiming for sound management that can coexist with society and the environment, United Urban and JRA have been making efforts for improvement in sustainability with consideration for ESG factors. Based on the expectations and concerns from our stakeholders and impacts of our business on the environment and society, United Urban and JRA have specified and addressed the highly material issues.

United Urban and JRA have been supporting the Sustainable Development Goals (SDGs)^(Note) and continue efforts to achieve SDGs through challenges to mid-to-long-term social issues including disclosure of action plans for ESG factors linked to SDGs.




Note: [SDGs](#)  are the shared goals of the international community, with the aim of achieving sustainable development socially, economically and environmentally. In 2015, the UN adopted an agenda of 17 goals and 169 targets to be achieved by 2030.



Use of Funds from ESG Finance	▼	Eligible Criteria	▼
Management of Proceeds	▼	Fund Status by ESG Finance	▼
Fund Status Report	▼	External Evaluation	▼

United Urban and JRA have been taking a holistic approach to asset management of United Urban’s portfolio in consideration of ESG and pursue solid and resilient management that coexists with environment and society.

In financial management, United Urban aims to tap into and expand the ESG investors base as well as to further diversify financing methods and enhance the initiatives of ESG financing.

For the status of all interest-bearing debt of United Urban, please refer to [“Financial Information” of the United Urban’s website](#)  .

Use of Funds from ESG Finance

ESG The funds raised by the ESG financing are allocated to:

- Acquisition funds for assets that meet the following eligibility criteria (“Eligible Green Assets” or “Eligible Social Assets”).
- Funds for refinancing the borrowings to acquire Eligible Green Assets or Eligible Social Assets.
- Funds for redemption of investment corporation bonds issued to acquire Eligible Green Assets or Eligible Social Assets.
- Funds for property renovation aimed at beneficial improvements for environment.

➤ [For the status of ESG financing, please see “Fund Status by ESG Finance”.](#)

Eligible Criteria

Assets to which the following criteria are applicable are named as “Eligible Green Asset” and “Eligible Social Assets” respectively.

Eligible Criteria of Green Assets

Buildings that have or will have one of the following valid environmental certifications as of the due date for payment of green finances or sustainability finances.

- DBJ Green Building Certification (Japan): five stars, four stars or three stars
- CASBEE Appraisal (Japan): S or A
- BELS Certification (Japan): five stars, four stars, three stars or two stars

Eligible Criteria of Social Assets

Primarily an entire building should be a facility that provides the benefits of social projects stipulated in the Social Bond Principles issued by the International Capital Market Association (ICMA).

<Social Project Classification>

- a. Affordable basic infrastructure equipment
- b. Access to essential services
- c. Affordable housing
- d. Programs to create jobs including funding SMEs and leveraging the potential benefits of microfinance and to prevent or mitigate unemployment due to social crises
- e. Food safety
- f. Socio-economic improvement and empowerment

Management of Proceeds

The total amount of green finance or social finance is controlled so that each amount does not exceed the respective limit. In the event that the balance of green finance or social finance exceeds the limit, the difference will be managed separately in cash or cash equivalents.

The maximum amount of green finance and social finance shall be calculated by the following formula (all figures are as of the end of the latest fiscal period).

- Green finance limit = Book value of Eligible Green Assets x (Borrowing and investment corporation bond issuance balance ÷ Amounts of total assets)
- Social finance limit = Book value of Eligible Social Assets x (Borrowing and investment corporation bond issuance balance ÷ Amounts of total assets)

[For the maximum amount, please refer to "Fund Status Report".](#)

Fund Status by ESG Finance

Green Trust

(As of May 31, 2021)

Classification (Note 1)	Lender	Balance (Millions of yen)(Note 2)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	10,000	0.25000% p.a.	Sep. 28, 2018	Sep. 29, 2023	Unsecured Unguaranteed Fixed interest rate Green Loan Evaluation: Green1 (JCR) Jointly Operated Designated Money Trust
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	2,500	0.29000% p.a.	Mar. 29, 2019	Mar. 29, 2024	Unsecured Unguaranteed Fixed interest rate Green Loan Evaluation: Green1 (JCR) Jointly Operated Designated Money Trust
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	2,000	0.39000% p.a.	Mar. 29, 2019	Mar. 31, 2026	Unsecured Unguaranteed Fixed interest rate Green Loan Evaluation: Green1 (JCR) Jointly Operated Designated Money Trust
Total		14,500				

Note 1: Borrowings are classified by term. In principle, short-term borrowings are borrowings with a repayment date of less than one year from the drawdown date, medium-term borrowings are those with a repayment date of between one and five years from the drawdown date, and long-term borrowings are those with a repayment date in excess of five years.

Note 2: Balances are rounded down to the nearest million yen.

Note 3: Green Trust is the Joint Money Trust of loan which will be invested in acquisition of the existing and/or new "Eligible Green Assets", or repayment of the existing debts that have already been used for acquisition of the Eligible Green Assets. Green Trust complies with the international lines of the "Green Bond Principles" and "Green Loan Principles".

Green Bond

(As of October 28, 2021)

Name	Issue Date	Issue Amount (Millions of yen)	Interest Rate	Term	Redemption Date	Remarks
Series 19 of Unsecured Corporate Bonds (with pari passu conditions among corporate bonds) (Green Bonds)	May 23, 2019	10,000	0.448% p.a.	7 years	May 22, 2026	Unsecured / Unguaranteed Rating: AA (JCR) Green Bond Evaluation: Green1 (JCR) For retail investors
Total		10,000				

Sustainability Bond

(As of October 28, 2021)

Name	Issue Date	Issue Amount (Millions of yen)	Interest Rate	Term	Redemption Date	Remarks
Series 22 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds) (Sustainability Bonds)	Oct. 28, 2021	3,500	0.400% p.a.	10 years	Oct. 28, 2031	Unsecured Unguaranteed Rating: AA (JCR) Sustainability Bond Evaluation: SU 1 (JCR) For institutional investors
Total		3,500				

Note: The series of 22 Unsecured Corporate Bonds consists of refinancing funds for eligible green assets (3 billion yen) and acquisition and development funds for eligible social assets (0.5 billion yen).

Fund Status Report

If green finance or social finance remains a balance, United Urban is to announce the following KPIs on United Urban's website.

1. Report on fund status

The status of fund allocation will be reported at least once a year. United Urban announces that the total amount of funds raised, the total amount of unallocated funds and the total amount of funds raised by green financing and social financing have not exceeded the limits of amounts for green finance and social finance respectively.

- Green Finance

(As of November 30, 2021)

Total amount of funds raised ^(Note)	JPN 27,500 million
Total amount of unallocated funds	-
Maximum amount	JPN 161,282 million

Note: Of the funds (JPN 3.5 billion) raised through the series 22 of Unsecured Corporate Bonds (Sustainability Bonds), the amount raised to allocate for refinancing eligible green assets (JPN 3 billion) is included.

- Social Finance

(As of November 30, 2021)

Total amount of funds raised ^(Note)	JPN 500 million
Total amount of unallocated funds	JPN 155 million
Maximum amount	JPN 964 million

Note: Of the funds (JPN 3.5 billion) raised through the series 22 of Unsecured Corporate Bonds (Sustainability Bonds), the amount raised to allocate for the acquisition and development of eligible social assets (JPN 0.5 billion) is included.

2. Report on environmental and social improvement effects

Regarding the environmental and social improvement effects, the following KPIs will be announced once a year as much as practically possible.

a. Reporting of environmental improvement effects

- Types and ranks of valid environmental certifications (Please see "[Eligible Criteria of Green Assets](#)".)
- Electricity usage
- CO₂ emissions
- Water usage

As of March 31, 2021

Number of Eligible Green Assets	Acquisition Price (Millions of yen)	Electricity Consumption (GJ)(Note 1)	Water Consumptions (thousand m ³) (Note 1)	CO ₂ Emissions (thousand t-CO ₂) (Note 1)	
				Scope 1 (Note 1)	Scope 2 (Note 2)
59	351,033	435,923	686	2.03	56.20

Note 1: Limited to those United Urban has energy management authority.

Note 2: Scope1 indicates direct greenhouse gas (GHG) emissions using gas or oil, and Scope2 indicates indirect GHG emissions including electricity consumption.

b. Reporting of social improvement effects

<Output KPIs>

- Building and rent overview
- Resident status / outline of facilities (number of rooms, capacity, number of residents, occupancy rate, etc.)
- Profit and loss status of real estate owned (details of real estate leasing business profit and loss, NOI)
- Operator's overview
- Real estate appraisal value as of the end of the period

<Outcome KPIs>

- When the target asset is a nursing home: number of nursing home and setting staff
- When the target asset is a medical facility: number of medical facilities and beds
- When the target asset is a childcare facility: number of childcare facilities, capacity, number of children, and capacity sufficiency rate
- When the target asset does not correspond to the above: indicators that are considered important in view of the characteristics of the target asset

Regarding output KPIs and outcome KPIs, we will only announce information on properties for which use of funds social finance.

<Output KPIs>

Property name		Miyanomori Nijo Development Site
Building overview		-
Rent overview		-
Operator's overview		-
Resident status / outline of facilities	Number of rooms	-
	Capacity	-
	Number of residents	-
	Occupancy rate	-
Profit and loss status of the end of the most recent fiscal period		_(Note)
Real estate appraisal value as of the end of the most recent fiscal period		JPN 370 million

Note: United Urban acquired this property as a development site for the development project of an elderly housing on September 30, 2021. The construction of building for rent is scheduled to be completed in May 2023. Since the property is not in operation as of the end of the most recent fiscal period, there are no applicable information for reporting.


<Outcome KPIs>

	Number of facilities		Capacity (Person)	
	2020	2019	2020	2019
Nursing home for a long stay	8,306	8,234	576,442	569,410
Nursing home for short stay, rehabilitation, etc.	4,304	4,337	373,342	374,767
Clinic for the elderly at low nursing care level	536	245	33,750	15,909
Hospital for the elderly at high nursing care level(Note)	556	833	19,338	34,039

Source: Survey of Institutions and Establishments for Nursing Home 2020, Ministry of Health, Labor and Welfare.

Note: The capacity of hospital for high nursing care level is the number of designated beds for long-term care.

External Evaluation

Each ESG finance has received a third-party evaluation from Japan Credit Rating Agency (JCR). Please see the [JCR's website](#)  for the details of this evaluation.

ESG initiatives



Environment



Policy & Management

- Sustainability Policy (Excerpt) ▼
- Income of Properties with Environment Certifications ▼
- Number of Properties by Environment Certification ▼

- Environment Certification Coverage ▼
- Environment Certification Coverage (Details) ▼

Sustainability Policy (Excerpt)

We United Urban and JRA have been striving to resolve environment issues based on environment policies set in the Sustainability Policy.

1. Addressing climate change

We will strive to reduce greenhouse gas emissions by actively promoting efficient use of natural resources and energy from the perspective of sustainability and resource efficiency as well as realize a decarbonized society by introducing environmentally friendly technologies and systems.

2. Reducing environmental footprint and realizing a recycling society

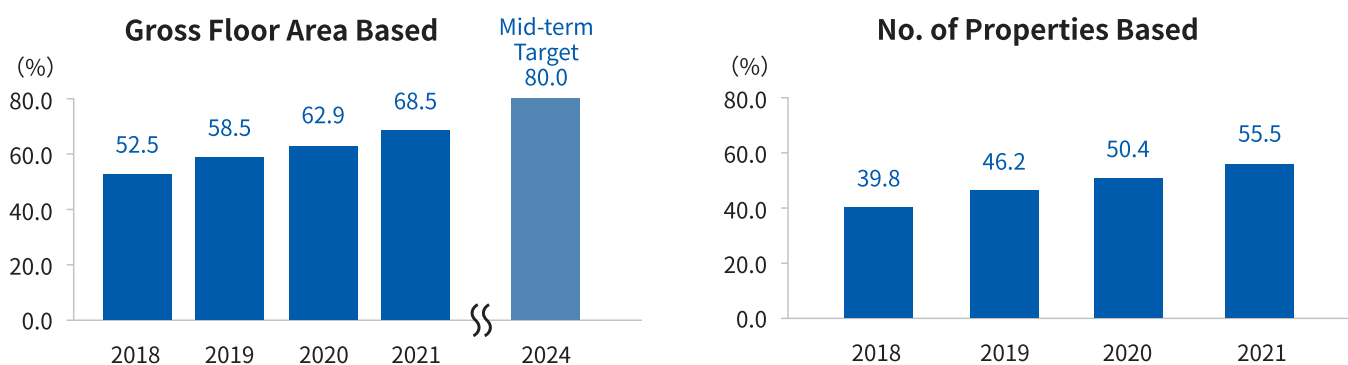
In order to preserve the natural environment and protect biodiversity, we will continuously review the impact of our business activities on the environment and strive to reduce environmental footprint as well as promote reduction (of waste generation and water use), reuse (of resources) and recycling (of waste and water resources) to realize a recycling society.

Enacted March 17, 2022

Environment Certification Coverage

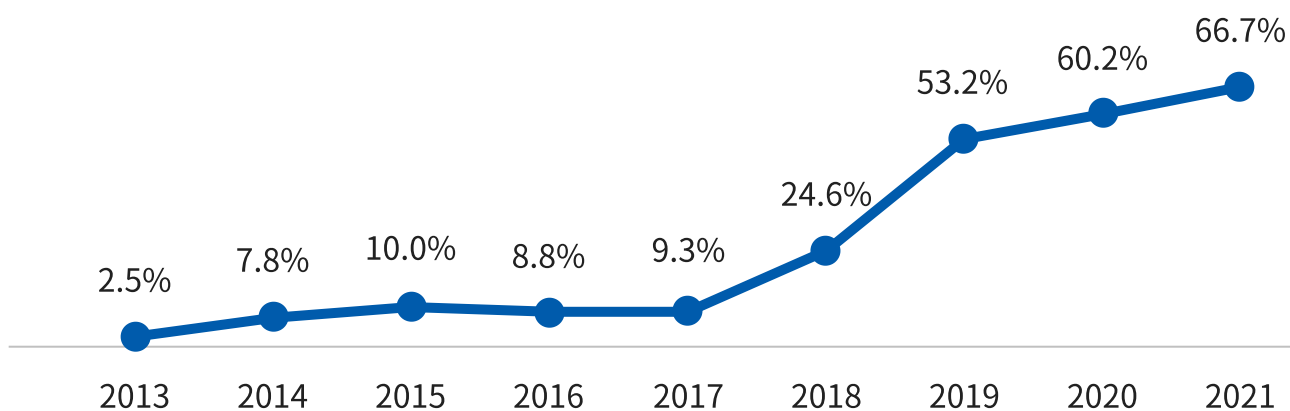
United Urban has been promoting to expand environment certification coverage for all properties across all asset types. We achieved the 2021 annual target, i.e., 65% on a gross floor area based and 52% on the number of properties based, respectively.

We set the mid-term target and strive to increase the coverage to 80% by 2024 on a gross floor based.



Note: As of December 2021. Total of 128 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X · M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura · ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2" has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Income of Properties with Environment Certifications



	Total Portfolio (JPN Mn)	Total Properties with Certifications (JPN Mn)	Income Share of Properties with Certifications
2013	33,236	836	2.5%
2014	36,535	2,860	7.8%
2015	39,595	3,962	10.0%
2016	42,343	3,742	8.8%
2017	46,890	4,361	9.3%
2018	48,133	11,817	24.6%
2019	49,155	26,135	53.2%
2020	45,445	27,344	60.2%
2021	44,827	29,907	66.7%

Environment Certification Coverage (Details)

In order to enhance the objectivity and credibility of the status of environmental and social considerations of properties owned by United Urban, the initiatives to acquire external certification and ratings assigned by third parties are underway. The following is the coverage ratio of the properties of United Urban that acquired external certification. We promote to raise the coverage ratio of environment certification.

	DBJ Green Building	CASBEE for Real Estate	BELS	Total
No. of properties (Note)	12	32	30	71
Certification coverage (gross floor area based)	24.1%	28.2%	17.6%	68.5%

Note: As of February 2022. Total of 128 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X・M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura・ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2" has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Number of Properties by Environment Certification

DBJ Green Building		12	CASBEE for Real Estate		32	BELS		30
	★★★★★	1		★★★★★	10		★★★★★	5
	★★★★☆	9		★★★★☆	22		★★★★☆	4
	★★★☆☆	2					★★★☆☆	12
							★★★☆☆	9

Note: As of February 2022.



Climate Change

Sustainability Goal



Information Disclosure Based on TCFD Recommendations



Sustainability Goal

- United Urban established a sustainability goal and endeavor to lower annual energy consumption by more than 1% on a five-year average across its all properties, a target indicated by the Japanese Government, based on the standard unit of energy calculated by considering energy usage and total floor space, etc., of its properties.
- United Urban has been awarded the highest rating of “S” for six consecutive years in the 2020 classification of business operators conducted and published by the Japanese Government. As of December 2021, there are only four J-REITs out of 61 that have held this rating for six years in a row.

Sustainability Goal

As an owner of large-scale business facilities whose greenhouse effect gas emissions are assumed to be high, United Urban sets a target to reduce the “specific energy consumption rate” by 1% per annum on average for 5 years (“Specific energy consumption rate” is calculated by the factors like energy consumption, floor space, etc.). United Urban makes efforts to accomplish the target by such means as introducing highly-efficient equipment suitable to each facility on replacement of air-conditioners or lighting equipment.

Information Disclosure Based on TCFD Recommendations

Current Recognition of Climate Change

In recent years, environmental issues, including climate change, have been growing more severe globally. In Japan, large-scale natural disasters have been occurring more frequently due to extreme weather, which has had a major impact on economic and social activity. The Paris Agreement was adopted at the 2015 United Nations Climate Change Conference (COP) to address climate change at the global level through the coordinated efforts of international society. Under the framework of the Paris Agreement, there is an increased expectation and need for the private sector to play a role in reducing GHG emissions.

JRA believes that addressing climate change is critical in the management of United Urban's portfolio. We fully recognize the risks and opportunities associated with climate change and continue to pursue initiatives to solve the issue through real estate investment and management in order to realize a sustainable society for all stakeholders.

Policy Relating to Climate Change

Based on our current recognition of climate change, JRA and United Urban have revamped the Environmental Policy established in 2012 and formulated the Sustainability Policy in 2022. Created as guidelines for implementing initiatives to resolve environmental, social, and economic issues and create new value, the Sustainability Policy incorporates approaches to tackling climate change, reducing our environmental footprint, realizing a recycling-based society and sustainable cities, contributing to local communities, and respecting human rights, as well as cooperation and collaboration with stakeholders and enhancement of productivity and job satisfaction of executives and employees.

To address climate change, it is stated in the policy that we will strive to reduce greenhouse gas emissions by actively promoting efficient use of natural resources and energy from the perspective of sustainability and resource efficiency as well as realize a decarbonized society by introducing environmentally friendly technologies and systems.

Endorsement of TCFD Recommendations/Climate-Related Information Disclosure

Recognizing the importance of climate-related financial information disclosure, JRA announced our endorsement of the TCFD’s recommendations in January 2022.

Moreover, JRA formed a cross-organizational team of members representing various departments, which conducted a scenario analysis of climate risks and opportunities for United Urban’s portfolio in accordance with the TCFD’s recommendations.

JRA’s climate-related information disclosure, based on the TCFD’s framework, is shown below.

Disclosure Items Recommended by the TCFD

Item	Summary
Governance	The organization’s governance around climate-related risks and opportunities
Strategy	The footprint and potential impacts of climate-related risks and opportunities on the organization’s business, strategy and financial planning (scenario analysis)
Risk management	Processes for identifying, assessing and managing climate-related risks
Metrics and targets	Metrics and targets for assessing and managing climate-related risks and opportunities

(1) Governance

Internal System for Sustainability

For the purpose of carrying out sustainability activities, including measures to tackle climate change, JRA has formulated the Sustainability Regulations. Through the system based on these regulations, we implement sustainability activities in a strategic and organized manner.

Body	Overview
Board Meeting	Formulate and revise the Sustainability Policy and supervise sustainability activities
Chief Sustainability Officer	<ul style="list-style-type: none"> • Chief Executive Officer (CEO) • Responsibility and authority over all sustainability activities
Chief Sustainability Operation Officer	<ul style="list-style-type: none"> • Chief Investment Officer (CIO) • Responsibility over execution of sustainability activities

Body	Overview
Sustainability Committee	<ul style="list-style-type: none"> • Permanent body devoted to sustainability activities • Chaired by the Chief Sustainability Operation Officer and comprised of members including the Chief Sustainability Officer and others • Meet more than four times a year • Share the challenges of sustainability activities and progress of targets (KPIs); plan various measures

In accordance with the Sustainability Regulations, the Board Meeting also receives reports from the Chief Sustainability Operation Officer on materiality at least once a year and performance of sustainability activities more than four times a year and conducts a continued monitoring based on those reporting.

The Sustainability Committee was established in 2013 with the aim of resolving ESG issues through a cross-organizational approach. Since a responsive decision-making is a priority, the committee members include JRA's management team (CEO, CIO, CFO).

The Sustainability Committee mainly discusses and reports on the following items:

- Formulating action plans for ESG materiality
- Verifying the status of items to be implemented, reporting on performance, and considering improvement measures
- Monitoring climate change-related risks and opportunities
- Sharing disclosure details relating to ESG
- Verifying the status of collaboration with stakeholders and reporting on performance

Moreover, the system enables committees and sub-committees relating to sustainability activities to be formed based on the decision of the Chief Sustainability Operation Officer. These committees can discuss and report on necessary matters and plan and implement measures. With the aim of reducing energy consumption at properties owned by United Urban, the Energy-Saving Committee and Energy-Saving Sub-Committee have been set up as task forces within JRA and work to streamline energy use.

With the intention to enhance ESG awareness at JRA and accelerate more practical efforts to address ESG issues at United Urban, the heads of all departments at JRA serve as members of the Sustainability Committee. Also, we formed a cross-departmental ESG team consisting of each member from the four asset management departments assigned as ESG officers, and strengthen the internal system at the working level.

(2) Strategy

With regard to the impact of future climate change on the company's real estate asset management business, looking ahead to 2050, JRA conducted a scenario analysis in accordance with the TCFD's recommendations. In the scenario analysis, we discussed how we should respond to changes in the external environment as well as business risks and opportunities in 2030.

Establishment of Scenario and Number of Years Considered

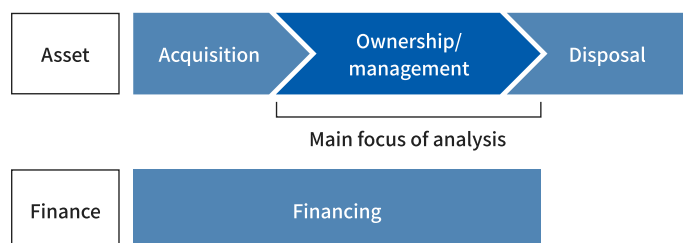
The TCFD's recommendations suggest consideration based on multiple warming scenarios. JRA assessed the impact of climate-related risks and opportunities for the current scenario (3-4°C scenario) and transition scenario (1.5°C scenario).

An overview of the respective scenarios, including the global outlook in each case, is shown below.

	Current Scenario (3-4°C Scenario)	Transition Scenario (1.5°C Scenario)
Overview	Foresees a world in which reduction efforts of carbon emission do not exceed the current level and the average temperature rises by a maximum of 3°C to 4°C at the end of 21st century	Foresees a world in which decarbonization efforts advance in order to keep the rise in the average temperature at 1.5°C at the end of 21st century
Global outlook in scenario	<ul style="list-style-type: none"> The introduction of measures and tightening of regulations does not go beyond what is currently foreseen In some areas, greenhouse gas emissions increase due to economic growth As the temperature rises, natural disasters including extreme heat waves and heavy rains become more severe 	<ul style="list-style-type: none"> Measures are introduced and regulations are tightened in order to mitigate climate change Greenhouse gas emissions are reduced, and global net emissions reach zero by 2050 The sea level goes up, and weather patterns change due to temperature rises, but the changes are limited compared with other scenarios
Main reference scenarios	<ul style="list-style-type: none"> IEA Stated Policies Scenario (STEPS) IPCC RCP8.5 (SSP5-8.5) 	<ul style="list-style-type: none"> IEA Sustainable Development Scenario (SDS) IEA Net Zero Emission Scenario by 2050 case (NZE) IPCC RCP 2.6 (SSP1-2.6)

Identifying the Scope of Business Covered by Analysis

The scenario analysis mainly covers ownership and management of assets that United Urban entrusts to JRA for management. We conducted the scenario analysis while also bearing in mind the impact during property acquisition/disposal and on financing.



Determining Risks

The TCFD’s recommendations divide climate-related risks into two categories: physical risks and transition risks. In the scenario analysis, we identified physical risks in the current scenario and transition risks in the transition scenario, then specified the key risks that are presumed to have a strong correlation with our business.

In information disclosure recommended by the TCFD framework, climate-related risks are typically organized as shown below.

Risk Categories

Climate-related risks	Physical risks	Acute risks
		Chronic risks
	Transition risks	Policy/legal risks
		Technology risks
		Market risks
		Reputation risks

Climate-Related Risks

Physical risks	Risks associated with global warming and climate change
Transition risks	Legal, technological and market risks pertain to low-carbon economy

Physical Risks

Acute risks	Direct and indirect risks due to growing severity of extreme weather and natural disasters
Chronic risks	Risks due to long-term changes such as increased average temperature, rising sea level, and changing weather and rainfall patterns

Transition Risks

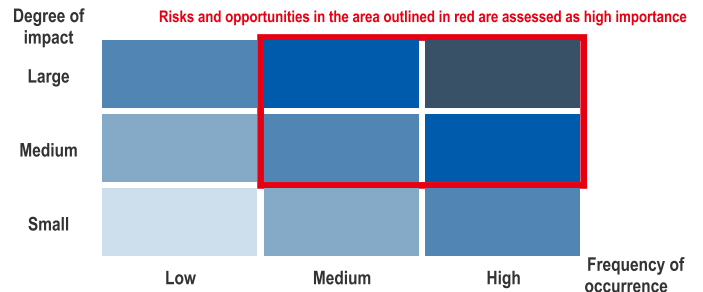
Policy and legal risks	Risks related to promoting measures to mitigate and adapt to the causes of climate change's adverse impacts
Technology risks	Risks associated with R&D and technology introduction for energy efficiency and low-carbon economy
Market risks	Risks derived from changing supply and demand for products and services
Reputation risks	Risks regarding reputation of the transition to a low-carbon economy

Assumed that greenhouse gas emission reduction measures, legal restrictions, and so forth will be kept as the present level, the current scenario (4°C scenario) proposes that increased frequency and severity of natural disasters and rising average temperatures will be the major climate-related risks.

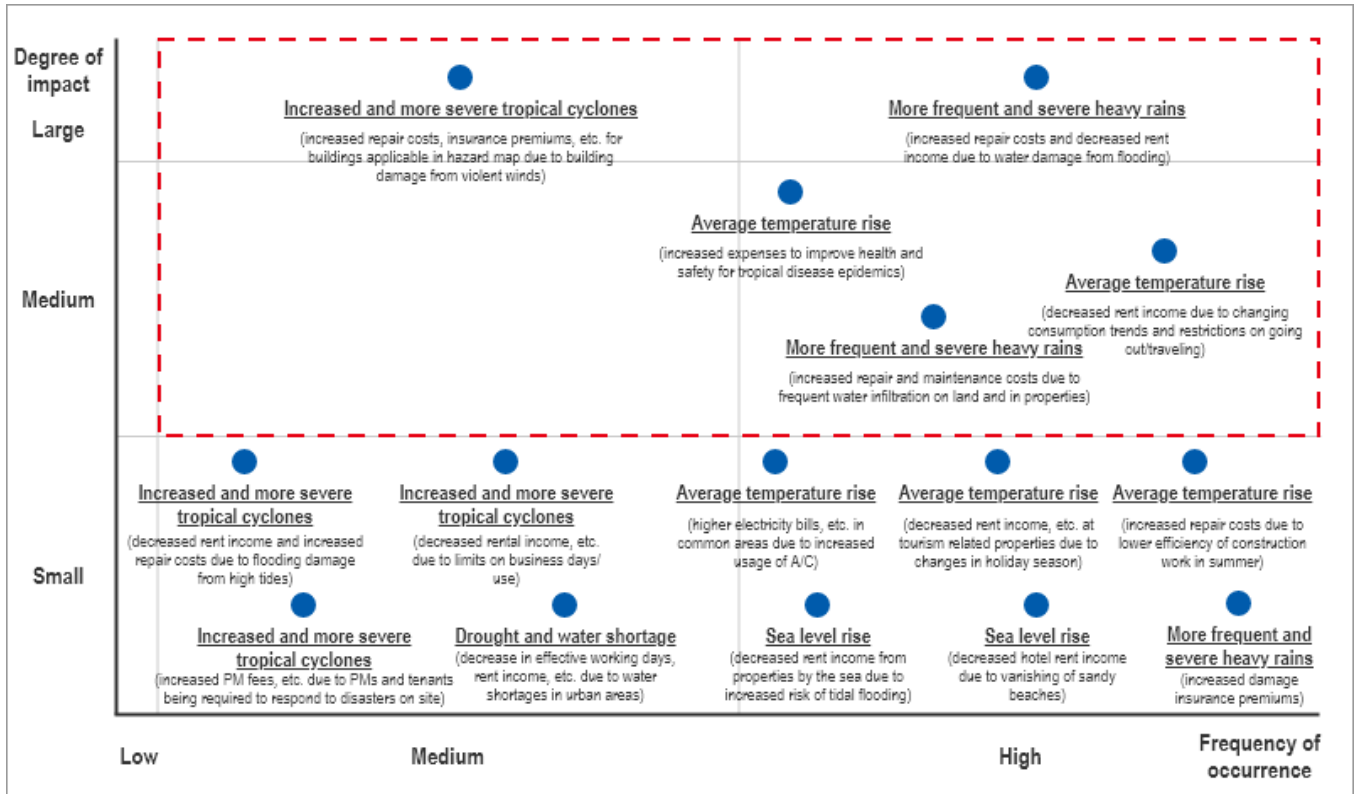
In the transition scenario (1.5°C scenario), it is assumed that greenhouse gas emission restrictions will be tightened, and real estate owners will be required to improve environmental performance beyond the current level. Other climate-related risk will include a relative decrease in demand for buildings with poor environmental performance as people's behavior becomes more environmentally conscious.

Methodology of Assessing Degree of Importance

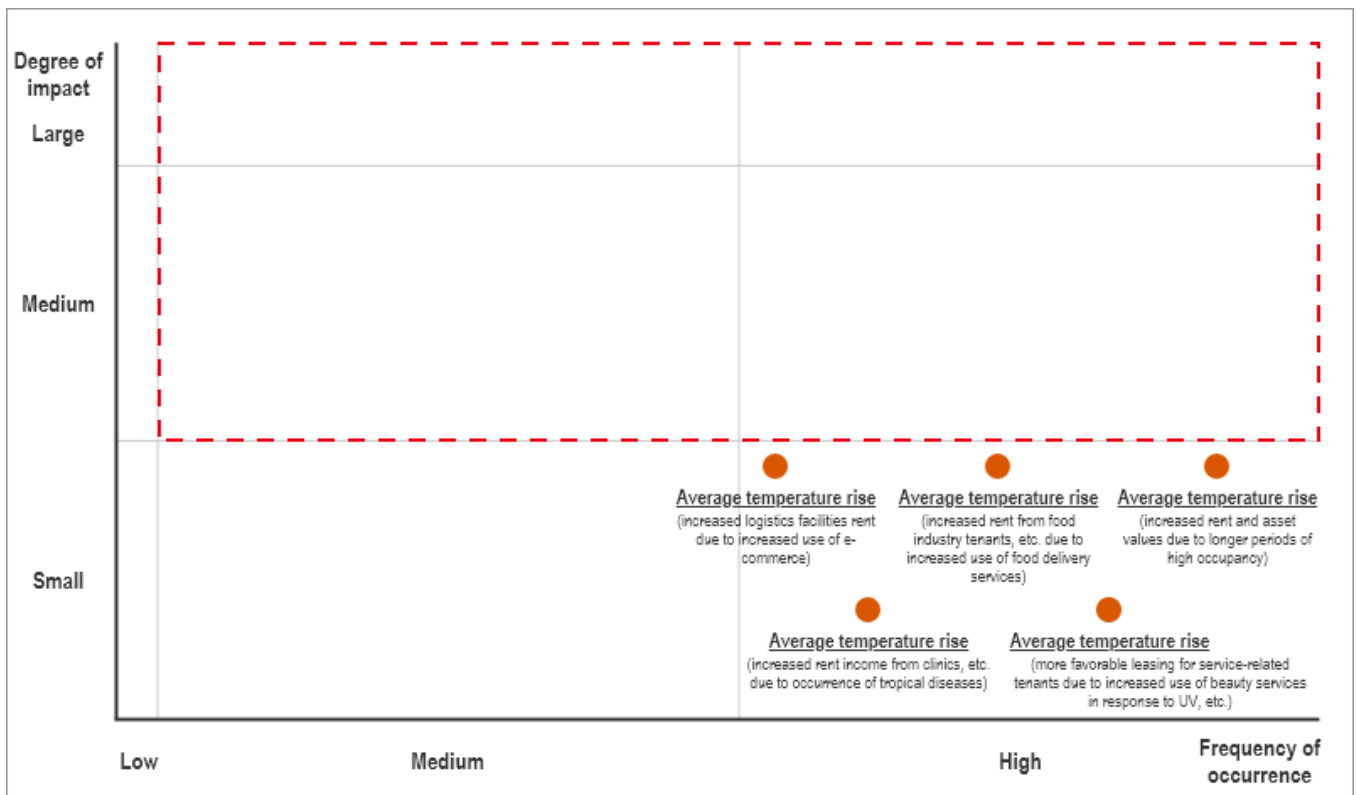
For each scenario, the financial impact of climate-related risks and opportunities on our business were identified, and for each risk and opportunity, the degree of importance were assessed based on the frequency of occurrence of the phenomena that could develop risks and opportunities and the degree of impact on the presumed costs to our business.



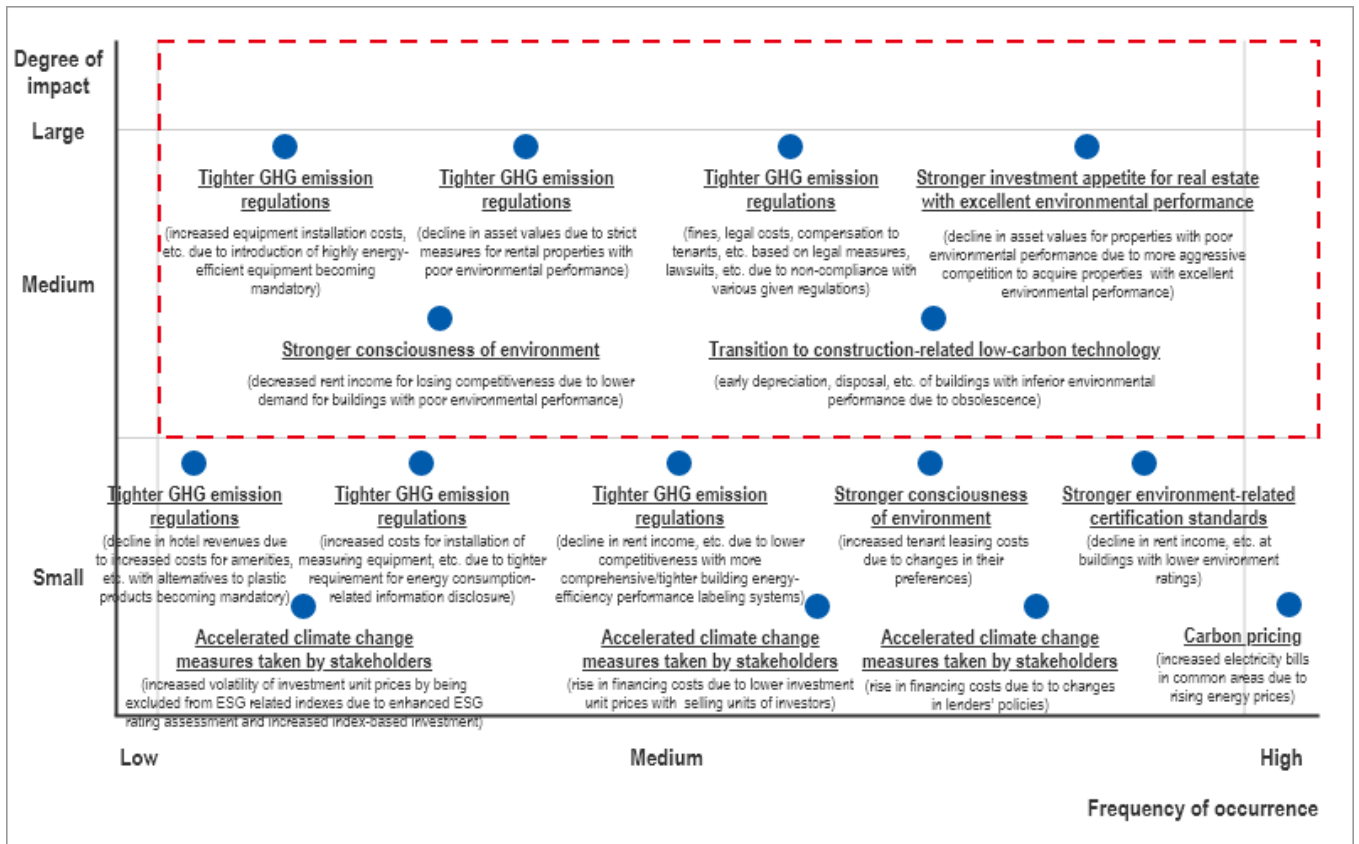
Current Scenario: Risks



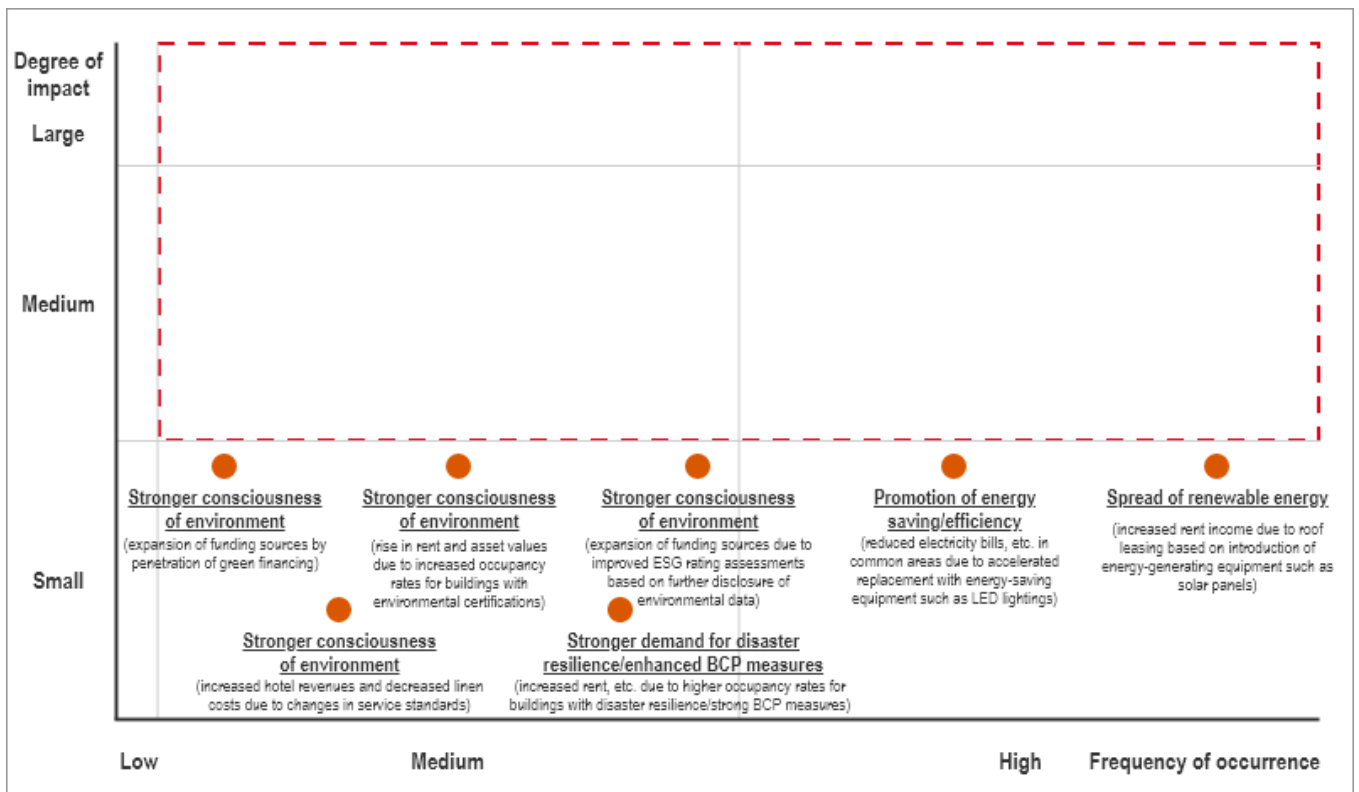
Current Scenario: Opportunities



Transition Scenario: Risks



Transition Scenario: Opportunities



Results of Scenario Analysis

Based on the importance assessment results, the risks and opportunities regarded as highly important for each scenario were extracted and the items that have a significant impact on our business were determined.

Current Scenario

Risks / Opportunities	Type	Climate-Related Phenomena	Time Horizon	Impact on Business	Main Financial Impacts	Importance
Risk	Chronic	Rise in average temperature	Medium to long term	Changes in consumption trends and restrictions on going out/traveling	<ul style="list-style-type: none"> Decline in rent income due to lower occupancy rates and contraction of tenant sales Decreased office demand due to spread of remote working Contraction of sales-linked rent income and lower asset values due to decreased tourist demand in the summer holiday season when hotel demand is high 	Medium
				Tropical disease epidemics	<ul style="list-style-type: none"> Increased costs relating to health and safety improvement Lower occupancy rates and decreased rent income due to sluggish tourism demand/promotion of remote working 	Medium
	Acute	More frequent and severe heavy rains	Short to long term	Building damage from flooding	<ul style="list-style-type: none"> Increased repair costs and decreased rent income due to building damage Decline in rent income and asset values due to increased flooding risks Increased relocation/installation costs for electrical equipment 	High
				More frequent water infiltration on land and in properties	<ul style="list-style-type: none"> Increased repair and maintenance costs due to water infiltration 	Medium
			Short to long term	Building damage from violent winds	<ul style="list-style-type: none"> Increased repair costs when buildings are damaged Increased insurance premiums 	High

Summary

- Chronic risks

It is presumed that tenant sales will drop and occupancy rates and rent income will decline, if consumption trends change, going out/traveling is restricted, or tropical disease epidemics occur due to increased average temperature.

However, the assets owned by United Urban are diversified across multiple usage types, so if, for example, a given usage type is negatively affected, such as decreased tenant sales and rents for offices, the impact will unlikely extend to other usage types. It is therefore expected that the impact on the overall revenues of United Urban will be limited.

- Acute risks

It is presumed that our business will be harmed by increased repair costs and decreased rent income, especially for properties in coastal areas, if damage occurs due to flooding and violent winds because of more frequent and more severe heavy rains and increased and more critical tropical cyclones.

The buildings presumed to be at risk of such damage have already been identified by means of government hazard maps, etc., and the necessary measures have been already implemented including installation of tide prevention panels.

As shown in the table below, JRA recognizes that approximately 18% of the portfolio (based on total floor area) is exposed to flooding risks as of the end of November 2021. Since these properties represent only a part of all owned assets of United Urban and their locations are diversified across the entire country, it is presumed that the impact of damage in a specific region to the overall revenues of United Urban will be limited. However, it is also possible that the area in which there are flooding risks will increase in the future.

	Entire portfolio	Office buildings	Retail facilities (small- to med-scale)	Retail facilities (large-scale)	Hotels	Others	Unit
Area of properties located in 100-year flood zones	347,237	192,016	11,425	12,224	46,431	85,142	m ²

Note: As of November 2021. Retail facilities (small- to med-scale): Gross floor area is less than 10,000m². Retail facilities (large-scale): Gross floor area is 10,000m² or more. Others: Logistics facilities, medical facilities, etc. Among the total floor area of the portfolio, floor area indicated in the hazard maps prepared by the local governments as facing potential flooding with heavy rain of which occurrence is "once in 1,000 years."

- Opportunities

While possibilities such as increased rent for logistics facilities accompanying growing demand of e-commerce due to rising average temperature were discussed, but we did not find any phenomena that would have a significant impact on the revenues of United Urban.

Transition Scenario

Risks / Opportunities	Type	Climate-Related Phenomena	Time Horizon	Impact on Business	Main Financial Impacts	Importance
Risks	Policy	Tighter GHG emission regulations (energy-saving measures and environmental policies for building owners)	Medium to long term	Installation of highly energy-efficient equipment becoming mandatory	<ul style="list-style-type: none"> Losses on disposal of existing equipment and increased installation costs for highly energy-efficient equipment Increase in compliance costs to respond to regulatory measures 	Medium
				Strict measures for rental properties with poor environmental performance including leasing prohibition	<ul style="list-style-type: none"> Impairment losses due to reduced asset values 	Medium
				Legal measures, lawsuits, etc. due to non-compliance with various regulations	<ul style="list-style-type: none"> Fines, legal costs, compensation to tenants, etc. due to non-compliance with regulations 	Medium
	Technology	Transition to low-carbon technology in construction work	Medium to long term	Obsolescence of buildings with inferior environmental performance	<ul style="list-style-type: none"> Early depreciation/disposal of existing equipment Increased costs due to transition to low-carbon technology 	Medium
	Market / reputation	Stronger consciousness of environment	Medium to long term	Lower demand for buildings with poor environmental performance	<ul style="list-style-type: none"> Decreased rent income due to lower competitiveness for longer downtime, deterioration of leasing conditions 	Medium
				Increased investment appetite for real estate with excellent environmental performance	Medium to long term	Fiercer competition to acquire properties with excellent environmental performance

Summary

- Policy risks

Assumed risks include increased costs for equipment replacement and response to regulatory compliance due to tighter greenhouse gas (GHG) emission regulations such as energy-saving adaptations and environmental policies for real estate owners.

- Technology risks

It is presumed that there will be cases involving advanced depreciation or disposal of existing equipment with poor environmental performance due to the transition to low-carbon technology in construction work.

- Market/Reputation risks

Decline of rent income and loss upon property disposal due to lowering competitiveness of buildings with poor environmental performance will likely, as people's behavior becomes more environmentally conscious and investment appetite for real estate with excellent environmental performance become stronger.

However, since it is likely that these risks will arise gradually over the medium to long term as decarbonization initiatives are put into practice step-by-step at the global level, significant immediate decline of asset value is not assumed in the short term.

Furthermore, in case that a policy or restriction is introduced in advance or a situation of market or reputation changes in a given usage type, the impact on the overall revenues of United Urban is presumed to be limited, because United Urban's properties that have acquired environmental certification are diversified across multiple usage types (refer to (4) Metrics and Targets).

- Opportunities

We also discussed possibilities of rent increase at United Urban's properties with environmental certification driven by people's growing awareness toward environment and rent income by leasing rooftops with solar panels, which are aimed at higher penetration of sustainable energy. However, it is thought to be negligible that those opportunities would have a significant impact on the revenues of United Urban at present. That said, with an eye on policy and technology trends, we continue to assess and execute strategies which are likely to bring about opportunities.

Countermeasures for Highly Important Risks

Based on the scenario analysis, the countermeasures to reduce risks we assessed to be highly important to our business at present are as follows.

Current Scenario

Climate-Related Phenomena and Presumed Risks		Countermeasures Considered at Present Time (Proposed)
More frequent and severe heavy rains	<ul style="list-style-type: none"> Increased repair costs and decreased rent income due to building damage by flooding 	<ul style="list-style-type: none"> After identifying properties with high water infiltration risks, changing insurance coverage (already implemented) Implementing water damage countermeasures such as setting up flood proof panels at properties Installing or relocating electrical equipment, mechanical rooms, etc. to floors that are above the level where flooding is anticipated Formulating a BCP manual and implementing thorough disaster drill, etc. In future, carefully considering acquisition/disposal of properties in areas with high risk of flooding
	<ul style="list-style-type: none"> Equipment damage and failure of essential utilities, etc. due to flooding at properties 	
Rise in average temperature	<ul style="list-style-type: none"> Decline in rent income due to changes in consumption trends and restrictions on going out/traveling 	<ul style="list-style-type: none"> Considering replacement of tenants and changing the usage of properties in accordance with environmental changes Capital investment in health measures for retail, office, and hotel properties including anti-bacterial measures and improved ventilation capabilities Complying with infection prevention guidelines
	<ul style="list-style-type: none"> Increased costs associated with improving health and safety due to tropical disease epidemics 	
Increased and more severe tropical cyclones	<ul style="list-style-type: none"> Increased repair costs, insurance premiums, etc. at buildings applicable in hazard map due to damage caused by violent storms 	<ul style="list-style-type: none"> Changing insurance coverage (already implemented) Quality improvement of flooding countermeasures for wall and rooftop Formulating a BCP manual and implementing thorough disaster drill, etc.

In the current scenario, it is assumed that climate disasters cause physical damage to assets and as a result an increase in maintenance and repair costs and damage insurance premiums is likely. And such climate disaster risks will also give an impact to tenants' preferences. When disasters occur, it is possible that tenants will become highly conscious of such physical risks and avoid potential areas and buildings which will be affected. On the other hand, properties that are adequately prepared against climatic disaster risks will be viewed favorably by tenants and may be expected to have stable occupancy in the long term. Based on these ideas, JRA implements comprehensive disaster countermeasures at United Urban's properties to reduce physical risks and enables opportunities for more stable revenues.

Transition Scenario

Climate-Related Phenomena and Presumed Risks		Countermeasures Considered at Present Time (Proposed)
Tighter GHG emission regulations	<ul style="list-style-type: none"> Increased equipment installation costs, etc. due to introduction of highly energy-efficient equipment becoming mandatory 	<ul style="list-style-type: none"> Reducing cost burden by promoting energy-efficient equipment via green leases
	<ul style="list-style-type: none"> Lower asset values due to strict measures for rental properties with poor environmental performance 	<ul style="list-style-type: none"> Improving environmental performance of properties through appropriate investment and maintenance Considering replacement of assets
	<ul style="list-style-type: none"> Fines, legal costs, compensation to tenants, etc. based on legal measures, lawsuits, etc. to respond to various regulations 	<ul style="list-style-type: none"> Implementing thorough legal and regulatory compliance Formulating a long-term improvement plan and proactive disclosure of initiatives
Transition to construction-related low-carbon technology	<ul style="list-style-type: none"> Early depreciation, disposal, etc. of existing equipment due to obsolescence of buildings 	<ul style="list-style-type: none"> Improving environmental performance of properties through appropriate equipment investment and maintenance Considering replacement of assets
People's behavior becoming more environmentally conscious	<ul style="list-style-type: none"> Decline in rent income caused by lower competitiveness of buildings with poor environmental performance 	<ul style="list-style-type: none"> Improving environmental performance of properties through appropriate investment and maintenance
Stronger investment appetite for real estate with excellent environmental performance	<ul style="list-style-type: none"> Decreased asset values for properties with poor environmental performance due to enhanced competition to acquire environmentally outstanding properties 	<ul style="list-style-type: none"> Increasing the number of properties with environmental certification Considering replacement of assets Proactive disclosure of initiatives

While the Japanese government sets legal restrictions relating to energy efficiency and carbon emissions of buildings, no notable regulatory compliance costs have been incurred at properties of United Urban as of today. However, in case that the government introduces carbon taxes and tightens the regulations with the aim of achieving the Paris Agreement's targets, it is possible that energy costs will increase and the cost burden of installing equipment to comply with regulations will increase going forward.

Furthermore, as the transition to a low-carbon/carbon-neutral society moves forward, greater consideration will be given to the environmental performance of assets of United Urban by tenants, investors and society. And it is possible that the profitability of our properties and financing conditions will be impacted as a result. At the present time, there are third parties' survey findings showing that a rent premium exists for properties with environmental certification, and financing methods such as green bonds and green loans are becoming more widespread. Besides this green premium, there is also a risk that brown discount may occur for real estate with inferior environmental performance.

JRA implements initiatives aimed at managing the environmental footprint (energy consumption, etc.) and increasing efficiency at the United Urban's portfolio as well as making the portfolio greener by obtaining environmental certifications in order to reduce the financial impact due to regulatory changes and meet the perception of tenants and investors who are very conscious of ESG. In particular, we recognize that reducing the environmental footprint is one of the business opportunities that will bring direct financial benefits, such as lowering building management costs.

(3) Risk Management

How JRA Manages Risks

In our internal risk management regulations, which stipulate holistic risk management policy of the asset management company, JRA sets our basic risk management approach, which specifies risk management as a key management issue. From the perspective of performing asset management tasks, the risks to be managed are categorized as follows:

1. Real estate investment risks
2. Administrative risks
3. System risks
4. Other risks

Risk Definition and Management Process

Specific risks are defined by further categorizing the risks above in accordance with the detailed risk management rules. In addition, these rules stipulate the periodical review of risks inherent in business processes in order to monitor and recognize risks and risk control activities.

Monitoring and recognizing risks and risk control activities are performed by using a risk control matrix as follows:

1. Each department of JRA documents its business processes and reviews them periodically
2. Each department also reviews the risks inherent in each business process, whether there are risk control activities in place for the applicable business process and the scope of the risks
3. When reviewing those business processes, the head of each department stipulates another appropriate method as required, taking into account factors such as the management environment, with the approval of the CIO, CFO, and Chief Compliance Officer

Verification Based on Internal Auditing

The internal auditing department is obliged to verify the appropriateness and effectiveness of risk management on a regular basis in accordance with the risk management regulations and report to the President of JRA and the Board Meeting.

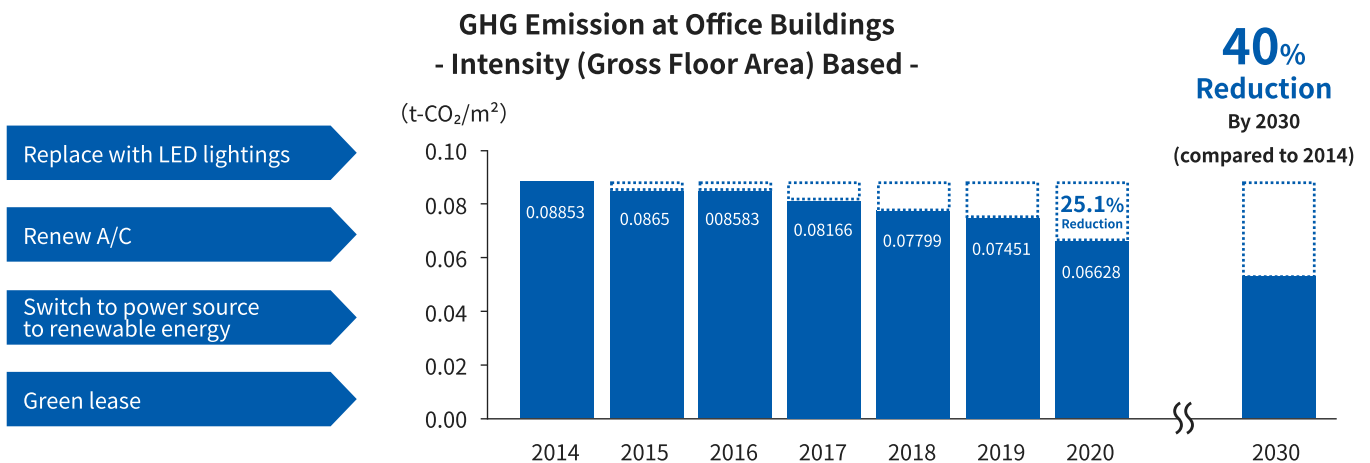
(4) Metrics and Targets

GHG Emissions

JRA and United Urban have set "Energy Management/Use of Renewable Energy" as materiality. As a medium- to long-term goal, based on the Paris Agreement, we set a target of a 40% reduction in green house gas (GHG) emission on an intensity (gross floor area) based in United Urban's office portfolio by 2030 compared with the 2014 level.

Moreover, we formulated sustainability targets and strive to achieve the non-binding target of reducing average energy consumption requested by the Japanese government in the Act on the Rational Use of Energy, i.e. reducing energy consumption calculated in light of energy consumption and gross floor area by at least 1% per year over five years at United Urban's properties.

In order to reduce greenhouse gases in a practical manner, we continue to incorporate a green lease clause to a lease contract with tenants and replace with renewable energy based on the characteristics of given properties. Also, we implement appropriate measures based on circumstances of each property including consulting with energy experts on energy saving, increasing efficiency through upgrades to air-conditioning systems and converting to LED lighting.



Environmental Performance at United Urban's Properties

One of the metrics to manage climate-related risks and opportunities is the environment certification coverage rate for the portfolio of United Urban. We set a medium-term target of an 80% rate (based on gross floor area) by 2024. As a result of acquiring new environmental certifications and continued efforts to re-acquire them for properties for which they would expire, we had reached 68.5% as of November 2021.

Environment Certification Coverage

	DBJ Green Building	CASBEE for Real Estate	BELS	Total
No. of properties (Note)	12	32	30	71
Certification coverage (gross floor area based)	24.1%	28.2%	17.6%	68.5%

Note: As of February 2022. Total of 128 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X・M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura・ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2" has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Number of Properties by Environment Certification

DBJ Green Building		12	CASBEE for Real Estate		32	BELS		30
	★★★★★	1		★★★★★	10		★★★★★	5
	★★★★☆	9		★★★★☆	22		★★★★☆	4
	★★★☆☆	2					★★★☆☆	12
							★★★☆☆	9

Note: As of February 2022.

Going forward, JRA intend to reflect climate-related risks and opportunities in our business strategy by using these metrics and targets.

For historical data of energy consumption, CO₂ emissions and water consumption data at United Urban's properties, [click here](#).


Future Actions


JRA will incorporate the measures for reducing climate-related risks recognized based on the scenario analysis in accordance with the TCFD's recommendations into asset management of United Urban and link them to specific actions.


Moreover, we will promote constructive dialogue with stakeholders through information disclosure aligned with the TCFD's framework and play a role in formulating and implementing climate change-related strategies of United Urban.




Energy Efficiency

Environment Management System (EMS) 

Green House Gas (GHG) Emission 

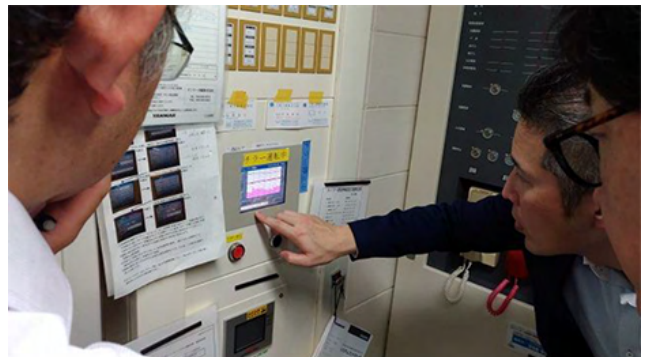
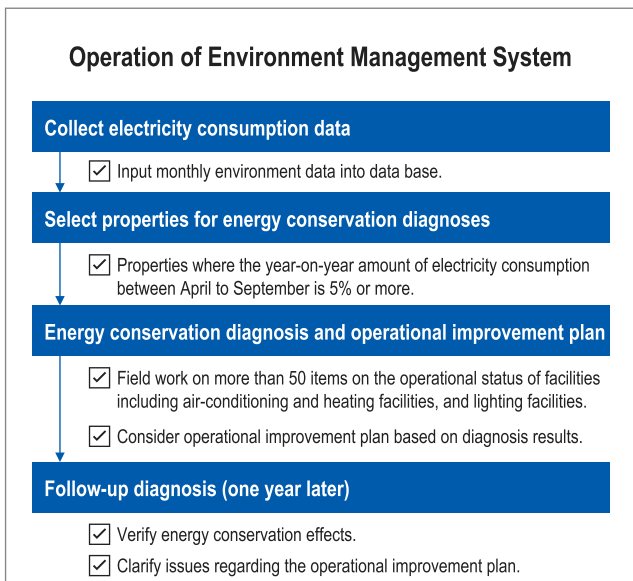
Switch to Renewable Energy 

Energy Management 

Environment Management System (EMS)

- United Urban endeavors to collect environment data at its properties through smart meters (Note) installed and from partner companies every month. Those data include energy consumption, water consumption and waste. The collected data is analyzed by external energy experts and the PDCA cycle is followed to decrease environmental footprint at properties of United Urban.
- Based on the measured results of electricity consumption, JRA's Asset Administration Department and energy experts conduct annual energy conservation diagnoses with a focus on retail facilities and hotels that consume relatively a large amount of electricity.
- The Asset Administration Department hashes out an operational improvement plan for electricity consumption and works with our partner companies to execute the improvement plan.
- A year after the initial diagnosis, a follow-up diagnosis takes place. In addition to reviewing the energy conservation measures, it clarifies issues of execution in the improvement plan with partner companies.
- Furthermore, the management criteria (manual) stipulated in the Energy Saving Act (Act Concerning the Rational Use of Energy) is regularly reviewed for each property, and efforts are made towards continuous energy saving.
- JRA, an asset management company of United Urban, acquired the ISO14001 certification as an entire company.

Note: Properties with smart meters: 18 of 29 retail properties and 15 of 33 office buildings (as of December 2021). Electricity consumption data can be accessed in real time on the electric company's website.

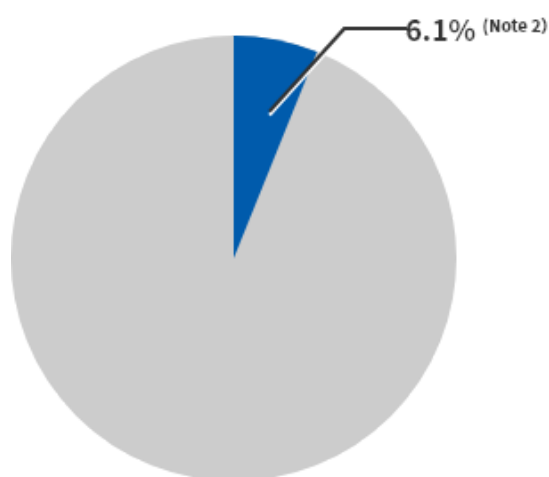


Energy consumption diagnosis at SS30

Switch to Renewable Energy

- United Urban specifies “Energy Management/Use of Renewable Energy” as materiality and has been working on the long-term goal of “Cut GHG emission of the office portfolio by 40% by 2030 compared to 2014.
- Since 2020, we have been replacing with better electricity menu to achieve the target.

Renewable Energy Usage of Portfolio (Note 1)



Energy source

- Water
- Geothermal
- Biomass

Energy company

- ENERES
- Kyushu Electric Power
- Tohoku Electric Power
- Marubeni Power Retail Corporation

Note 1: Total electricity consumption for the properties where electricity menu has been switched to renewable energy (actual results for 2020)/total electricity consumption for 98 properties where electricity consumption data is collected by United Urban (actual results for 2020).

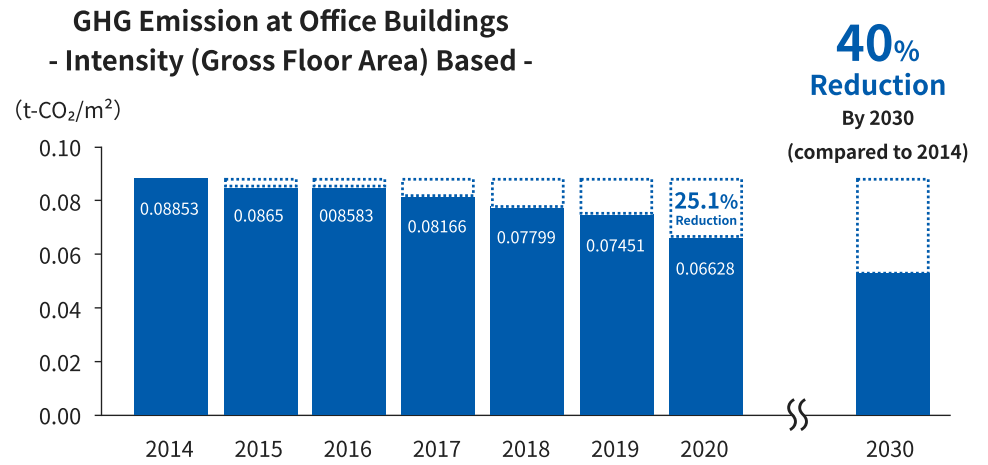
Note 2: The percentage of electricity consumption in fiscal 2020 for a total of 12 properties.

Properties Using Renewable Energy

- | | | |
|------------------------|-------------------------------|--|
| • Joy Park Izumigaoka | • UUR Toyoko Building | • Shiba 520 Building |
| • TENJIN LUCE | • Akasaka Hikawa Building | • MA Sendai Building |
| • Albore Jingumae | • Pacific Marks Shin-Yokohama | • UUR Court Sapporo Minami-Sanjo Premier Tower |
| • Tenjin Loft Building | • Yushima First Building | • Glenpark Umeda-kita |

Green House Gas (GHG) Emission

- Replace with LED lightings
- Renew A/C
- Switch to power source to renewable energy
- Green lease



Energy Management

SASB disclosure code	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med-scale)	Retail properties (large-scale)	Hotels	Others	Unit
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area (Note 1)	92.0%	96.6%	81.1%	100.0%	100.0%	73.3%	% of floor area
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	235,736	81,750	11,433	57,991	64,075	20,487	MWh
	Percentage grid electricity	91.1%	92.3%	96.7%	91.3%	61.6%	99.4%	%
Reference:	Renewable energy generated on-site (Note 2)	1,558	0	0	0	0	1,558	kWh
IF-RE-130a.3	Like-for-like percentage change in energy consumption (Note 3)	-7.8%	-3.0%	-13.4%	-3.7%	-19.3%	18.0%	%
	Coverage for Like-for-like comparison	84.0%	84.4%	81.1%	100.0%	100.0%	54.6%	% of floor area
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating (Note 4)	17.6%	14.7%	21.0%	5.1%	24.6%	25.3%	% of floor area
Reference:	Percentage of eligible portfolio that has a green building certification (Note 5)	52.3%	82.5%	35.8%	91.8%	14.0%	18.0%	% of floor area

Note 1: Floor area for which United Urban possesses data of energy consumed in the area as a percentage of the total floor area of the portfolio.

Note 2: Although renewable energy is generated on-site, at present, all the energy is sold without self-consumption.

Note 3: Comparison is made only for properties held over 24 months spanning the current year and the previous year. Properties sold/acquired or which have undergone major renovations during the period are excluded from the comparison. No normalizations are made to the reported figures to account for change in vacancy rate, etc.

Note 4: Properties certified with "BELS (Building-Housing Energy-efficiency Labeling System)" by a third party are reported.

Note 5: Properties certified with "DBJ Green Building Certification" and "CASBEE for Real Estate" evaluation certification by a third party are reported. No self-assessed properties or properties with certifications expired are included.

IF-RE-130a.5

Description of how building energy management considerations are integrated into property investment analysis and operational strategy

United Urban sets the energy management of properties as one of the ESG Materiality issues because the impact on the environment as well as on the property management costs should be significant.

Concerning GHG emissions based on energy consumption, we aim for 40% reduction compared to 2014 in accordance with the reduction targets for "the commercial and other sectors" set by the Japanese government.

United Urban works on energy management related to property management in accordance with the Environmental Policies established in May 2012 (revised to the Sustainability Policy in March 2022). United Urban endeavors to "lower energy consumption intensity by more than 1% on a five-year average" at our properties, in line with a target set forth by the Japanese government. The intensity figure is calculated from energy usage and total floor space, etc., of the properties. Having the Energy Saving Committee and the Energy Saving Working Group established internally for promoting energy management, United Urban works on reducing energy consumption with advice from external experts.

United Urban's real estate investment and management process incorporates energy management as described below.

JRA, the asset manager of United Urban, is continuously and systematically implement initiatives for environmental performance improvement through the environmental management system based on ISO14001. United Urban periodically discloses energy data of our properties and has been awarded the highest rank of "S" for six consecutive years in the Classification of Business Operators by the Ministry of Economy, Trade and Industry as an entity that has met targets set by the Japanese government.

For the management and monitoring of energy consumption of our portfolio, United Urban understands and manages consumption by a dedicated IT system and efficiently collects accurate and timely data.

For due diligence upon property acquisition, United Urban conducts qualitative evaluation such as the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment as prerequisite confirmation items. These factors are taken into consideration when making investment decisions.

As part of the operation and management of standing investments, the Energy Saving Committee and the Energy Saving Working Group monitor the energy consumption trends and consider and implement operational improvement measures as well as upgrading of facilities in order to achieve rational energy use. For example, electricity usage is checked at properties during summer months (April to September) when usage peaks, and for the properties where usage has increased by more than 5% from the previous year, factors are analyzed and operational improvement measures are considered.

Medium-term to long-term repair plans for the next five years are prepared for each property. Among the construction work scheduled, those expected to generate energy conservation effects will have such effects verified by energy experts.

In promoting rational energy usage in operation and management of properties, United Urban requests all property managers who operate and manage properties to comply with the Sustainability Policy and the Basic Supply Chain ESG Policy (revised to the Basic Supply Chain Sustainability Policy in March 2022) and has obtained their consent.

In some properties, understanding energy consumption trends is difficult, where tenants manage energy consumption on their own and United Urban does not have the authority to manage it.

Some properties generate renewable energy by installing solar panels on the roofs. The generated renewable energy is sold to external parties or consumed locally, bringing economic benefits to United Urban. Considering the characteristics of our properties, United Urban has a policy to consider the use of renewable energy as long as economic efficiency can be ensured. Since the Marubeni Group, a sponsor of United Urban, is engaged in power generation and energy conservation as businesses, utilization of batteries as well as switching to green power (purchase of renewable energy generated off-site) is also being considered for the future.


For the purpose of increasing objectivity and credibility of the results of the above-mentioned initiatives and the status of environmental and social friendliness of the owned properties, United Urban has acquired external environmental certifications and evaluations from third parties. United Urban utilizes DBJ Green Building certification, CASBEE for Real Estate certification and BELS evaluation for building-level certification, and participates in GRESB annually as a fund-level ESG benchmark.

While actively conveying these results to investors, lenders, tenants, etc. who value ESG, United Urban positions certified properties as eligible green assets and utilizes them in green finance, which leads to achieving diversification in sources of financing. Since 2018, United Urban has conducted ESG financing five times and raised a total of ¥28.0 billion.




Target & KPI 

Water Management 

Effective Use/Reuse of Water 

Sea Water Filtration System 

Column: Planet of Water – How much water would be available for us? 

Target & KPI

Mid-term target by 2025:

Reduce water consumption of United Urban's portfolio by 5% compared to 2020 on an intensity (gross floor area) based.

Water Management

SASB disclosure metrics	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med scale)	Retail properties (large-scale)	Hotels	Others	Unit
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area (Note 1)	88.3%	96.6%	81.1%	100.0%	97.9%	60.2%	% of floor area
	Data coverage in regions with High Baseline Water Stress	Currently, there are no properties located in regions with High or Extremely High Baseline Water Stress (Note 3)						
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	1,128	267	93	292	401	74	1000m ²
	Percentage water withdrawn in regions with High Baseline Water Stress	Currently, there are no properties located in regions with High or Extremely High Baseline Water Stress (Note 3)						
IF-RE-140a.3	Like-for-like percentage change in water withdrawn (Note 2)	-36.1%	-34.5%	-31.5%	-16.2%	-46.8%	-36.5%	%
	Coverage for Like-for-like comparison	85.9%	95.0%	81.1%	100.0%	97.9%	52.0%	% of floor area

Note 1: Floor area for which United Urban possesses data for clean water consumed in the area as a percentage of the total floor area of the portfolio. Nearly the full amount of water withdrawn is purchased from public water utilities.

Note 2: Comparison is made only for properties held over 24 months spanning the current year and the previous year. Properties sold/acquired or which have undergone major renovations during the period are excluded from the comparison. No normalizations are made to the reported figures to account for change in vacancy rate, etc.

Note 3: Water stressed regions where the WRI Aqueduct Baseline Water Stress map identifies as "Extremely High Risk" or "High Risk".

IF-RE-140a.4

Description of water management risks and discussion on strategies and practices to mitigate those risks

Regarding the management of water consumption, United Urban owns only properties in major cities and their surrounding areas in Japan, and at present there are no properties located in areas with high water stress in terms of "Extremely High Risk" or "High Risk" based on the definition of WRI Aqueduct Baseline Water Stress map. However, in cases when a local and temporary shortage of water occurs due to weather, etc. and leads to limited water supply, property operation may be affected. As clean water purchased from the local public water utility is used in almost all properties, change in the amount of water purchased may affect the profitability of the properties. For these reasons, United Urban is promoting the efficient use of water in the operation and management of properties, and the reduction of the amount of clean water consumed by using wastewater (reclaimed water).

Regarding the wastewater used at our properties, United Urban checks the status of drainage facilities at properties and whether there is a risk of violating environmental laws in the due diligence process upon property acquisition as well as monitoring after acquisition. At present, our understanding is that the risk of violation of environmental laws and regulations regarding wastewater and water treatment is low.

Effective Use/Reuse of Water

In addition to proactive implementation of water conservation equipment, United Urban has installed equipment that reuses water at properties for reduction of water consumption and effective use of water.

	Number of properties applicable/introduced
Reuse of wastewater	9(Note 1) Fiscal 2020 71,468m ² Water charges in Tokyo's 23 wards: JPN 404/m ² (Note 2)
Water conservation equipment	64



Example of reuse of wastewater: Water filtration system at Shinjuku Washington Hotel Honkan



Example of water conservation equipment: Water sprinkler equipment at Luz Jiyugaoka

Note 1: Number of properties where reuse of wastewater could be measured between April 2020 and March 2021.

Note 2: As of December 2021. Standard charge for general meters with a diameter of 100 mm or more.

Sea Water Filtration System

Loisir Hotel & Spa Tower Naha installed a system that filters ocean water that has permeated through the ground and has reduced its water charges and environmental footprint by cutting waterworks usage.

While the occupancy remained low almost all through the year in 2020 due to the COVID-19 pandemic, the year-on-year change was as follows.



Loisir Hotel & Spa Tower Naha

Reduction Effect



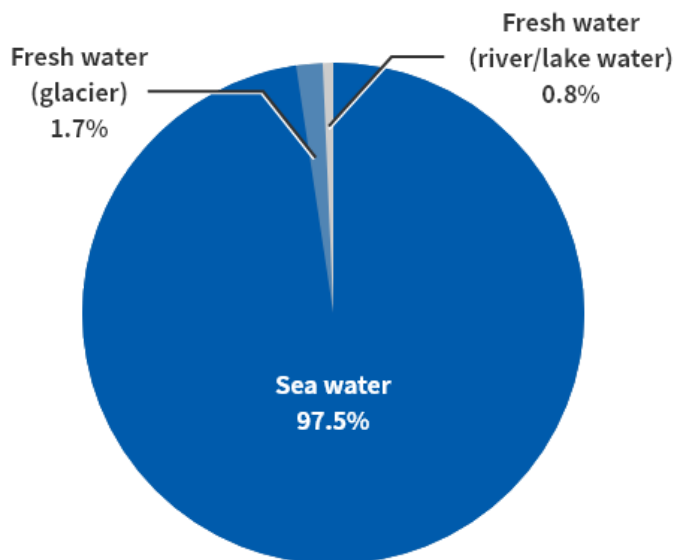
Column: Planet of Water - How much water would be available for us?

Volume of daily fresh water that is available for human being

0.01%
(100,000km³)

Area occupied by the water	2/3
Water volume in the globe	1.4 billion km ³

Source: World Water Resources at the Beginning of the 21st Century, UNESCO 2003



Reductions of Environmental Footprint

Investigation of Toxic Substances



Greenfield Development



Brownfield Redevelopment



Acquisition/Asset Management of Mixed Properties

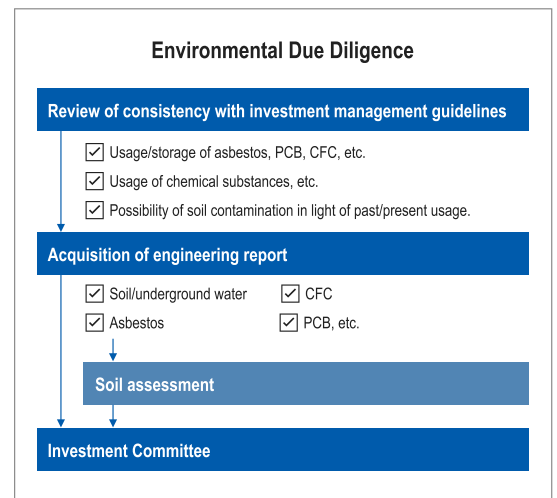


Urban Revitalization



Investigation of Toxic Substances

- United Urban uses third parties for environment assessment when acquiring and evaluating environmental risks before investment decisions.
- When toxic substances are found, only properties deemed to have sufficient measures to outflow or disperse toxic substances will be acquired, in line with the "Asset Management Guidelines" stipulated by JRA.



Greenfield Development

There are cases when United Urban gets involved in development projects led by Marubeni, a sponsor of JRA, and its group companies as well other developers from the planning stage under the premise that the building will be reconstructed, renovated, or that United Urban will acquire preferential negotiation rights upon completion of the projects. In these cases, United Urban keeps the focus on profitability and quality that will enable the completed properties to obtain high environmental evaluations.

Major development projects that United Urban joined from the planning stage, then acquired after completion are as follows.

■ Comfort Inn Fukuoka Tenjin Development



BELS
★★★

■ Luz Shonan Tsujiido Sponsor support



DBJ Green Building
★★★

■ GRAND-SQUARE Meieki-minami Sponsor support



CASBEE
★★★★

Brownfield Redevelopment

In cases where soil contamination is found at properties of United Urban, removal or containment of the contamination is taken in an appropriate manner. Also, for properties redeveloped on the site of factories, we strive to lower the impact in the neighborhood of the given properties by the continued monitoring of underwater purification.

Example: Narumi Shopping Center (Site)

Narumi Shopping Center was developed on the site of pottery manufacturing factory and consists of a large shopping center, a fitness club and a housing showroom. In accordance with the prevention plan for contaminated underwater set out by Nagoya City, United Urban monitors quality of purified water from the wells equipped with water pumping system.


Acquisition/Asset Management of Mixed Properties

With an operational policy of [diversified investment](#) , United Urban invests in mixed properties in CBD of regional cities. Mixed facilities in locations with high traffic convenience are able to fulfill multiple needs of users. As such, they not only provide convenience to the users but also decrease GHG emissions by curbing car exhaust and promoting compact cities.

39 mixed properties
comprised of three or more use types
7 properties

Note: As of December 2021.

Major mixed properties with three or more use types are as follows.

 **Shin-Osaka
Central Tower**




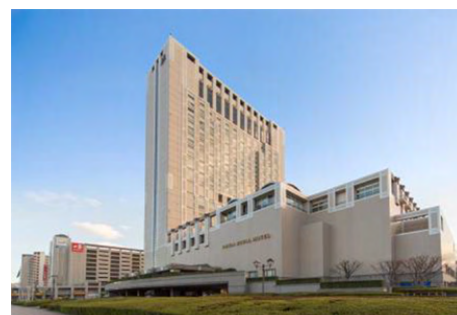
Office/Hotel/Retail/Fitness

 **SS30**



Office/Hotel/Retail/Fitness

 **RIHGA Royal Hotel
Kokura · ARUARU City**




Hotel/Retail/Office/Parking lot

Urban Revitalization

As a long-term landlord, United Urban has been using CAPEX and managing its assets with a consideration of environment. In case of a large renovation work at Shinsaibashi OPA Honkan in Osaka City, recyclable construction materials were used and a construction method to reduce industrial waste was applied. Also, the property was accepted for the “2021 Display Industry Award”, a commendation system that praises excellent display work contributing the improvement of living culture and the development of landscapes. We believe that this environment-friendly renovation work further nurtures bustle in the area.



For details, please see [“Notice on Winning 2021 Display Industry Award \(Shinsaibashi OPA Honkan\)”](#).  ”.

Biodiversity

United Urban abides by relevant laws and regulations on environment including the Forest Act and the Parks Act. In view of conservation of biodiversity, properties of United Urban do not accept any alien plants with strong fecundity and have harmful effects to the ecosystem.

In addition, our Sustainability Policy stipulates the preservation of the natural environment and protection of biodiversity. United Urban has been seeking to mitigate or prevent the impact on biodiversity through our business such as well-suited plants management at our properties. We believe that these activities promote a creation of society which is in harmony with nature.



Hotel Hewitt Koshien



UUR Kyobashi East Building

ESG initiatives



Social

HR Strategy

Approach to Human Capital ▼

JRA's Training Programs ▼

Performance Appraisals ▼

Qualifications ▼

Participation Records of Training Program ▼

Internship ▼

Approach to Human Capital

JRA, the asset management company of United Urban, supports the Group HR Strategy of the Marubeni Group, a sponsor, which is formulated based on the idea that human resources are treasures, and aims to create the "HR Ecosystem" in which each employee is encouraged to generate new values.

The key terms here are "Human Capital with High Social Value," "Diversity & Inclusion," and "Culture of Individual Development and Productivity." We aim to build the "HR Ecosystem" as a place where "Human Capital with High Social Value" creates new value, "Diversity & Inclusion" increases value creation, and "Culture of Active Participation and Connectivity" provides open innovation in order to bring together internal and external ideas.

JRA provides training programs for our employees which are designed to strengthen their capacities and abilities so that each employee can work with a high level of professional expertise.

Please follow the link below for the details of the Marubeni Group's HR ecosystem.

[▶ HR Management of the Marubeni Group](#) 



Qualifications

The management of a J-REIT requires a combined expertise developed in finance and real estate business. In order to achieve better performance, JRA has secured talents with advanced knowledge and distinguished experience in each field. Examples of the measures are as follows:

- All requisite expenses to acquire, register and update qualifications held by all employees including contract workers are covered by JRA.
- Based on an increased workload derived from United Urban's portfolio growth, the recruitment plan has been properly reviewed and developed.
- Marubeni Corporation and its group companies provide JRA with support for replenishment of human resources with abundant experience in real estate investment/leasing transaction as well as financial management.
- Professionals have been retained in the Marubeni's group companies for needs of additional staff for JRA by rotating employees between the group companies and JRA.

Examples of Employees' Qualifications

Real Estate / Architecture	Accounting / Finance / Others
<ul style="list-style-type: none"> • Real Estate Notary • Real Estate Appraiser • First-class Qualified Architect • Second-class Qualified Architect • Qualified Lifecycle Manager of Buildings/Facilities • Qualified Building Cost Engineer • Building Environment/Sanitation Engineer • Certified Facility Manager • Certified Building Administrator • Director of Business Management for Condominium • CASBEE Appraiser for Real Estate 	<ul style="list-style-type: none"> • Attorney at Law • ARES (Association for Real Estate Securitization) Certified Master • Certified Internal Auditor

Note: As of January 2022.

Ratio of Employees with Major Qualifications

- Real Estate Notary: 47.1%
- Association for Real Estate Securitization Certified Master: 20.0%

Note: As of March 2022. Based on the full-time officers and employees.

JRA's Training Programs

Classification	Business skills									Leadership management				Selective programs			Career support		Knowledge to be shared						
Program	Management strategy	Lateral thinking	Critical thinking	Logical thinking	Presentation	Time management	Negotiation	Coordination	Problem solving	Language	New managers	Promoted employees	Job rotation	Playing manager	Leadership	Mental health management	Real estate business	Basic knowledge of real estate securitization	IT skills	Career design	New employees	Compliance	All employees	Information security	Mental health
Top Management	Full	Full								Full					Full			Full	Full		Full	Full	Full	Full	Full
General Manager	Full	Full								Full	Partial	Full			Full			Full	Full		Full	Full	Full	Full	Full
Assistant General Manager	Full	Full								Full	Partial	Full			Full			Full	Full		Full	Full	Full	Full	Full
Middle Management			Partial					Partial						Partial		Full		Full	Full	Partial		Full	Full	Full	Full
Pre Management/ Professional Position			Partial	Partial			Partial	Partial					Partial	Partial		Full		Full	Full	Partial		Full	Full	Full	Full
Administrative Position			Partial	Partial	Partial		Partial	Partial					Partial	Partial		Full		Full	Full	Partial		Full	Full	Full	Full
New Employees			Partial	Partial	Partial	Partial	Partial	Partial		Full			Partial	Partial		Full	Partial	Full	Full	Partial	Partial	Full	Full	Full	Full

Participation Records of Training Program

	2016	2017	2018	2019	2020
Average hours participated in training programs per officer or employee (April to March of every year)	7.8	11.7	13.3	13.1	6.0
Ratio of officers and employees participated in professional training programs (January to December of every year)	88.8%	100.0%	100.0%	100.0%	100.0%
Ratio of officers and employees participated in training programs focused on sustainability (January to December of every year)	32.5%	40.8%	100.0%	100.0%	100.0%

Performance Appraisals

JRA, the asset management company of United Urban, conducts performance appraisals and reviews for all of our employees (including contract employees, etc.).

With groundbreaking talent being sought after, JRA revamped the performance appraisal system in 2020 with the aim to further value employees who are willing to take on new challenges and to nurture such culture in addition to assess accomplishment of employees.

Once a year, each employee at JRA sets goals based on goals of the company or the relevant departments they belong to and discusses with their superiors on targets and challenges to be addressed and finalizes their goals to work on. The employees review the progress of their goals and make corrections, if necessary, through interim meetings of the subject fiscal period. At the feedback meetings in the end of the fiscal period, the employees conduct self-assessment and reporting of their annual accomplishment and receive feedback from their superiors. Also, they verify their upcoming tasks and future career path.

With meeting between superiors and employees throughout the year, the system ensures that both parties increase their level of content. JRA utilizes the system and nurtures human resource by raising awareness through self-reflection and mutual understanding.

The performance appraisal system consists of evaluation based on outcome and behavior. In the outcome evaluation, the level of achievement of set goals and its achievement processes are considered. In the behavior evaluation, actions required according to a set of responsibilities of each title are reviewed, whether the actions had been demonstrated or not. Objectivity and fairness of each evaluation are ensured by having multiple parties conduct evaluations before the evaluations are finalized.

The appraisal results determined through the set procedures are reflected in the employee's compensation. Each employee is encouraged to have their own career plan and to acquire skills that will be useful even outside the company by providing them with opportunities for various experiences including job changes within the company and transfers to the Marubeni group's companies.

Internship

JRA has been arranging opportunities for students to obtain working experience in J-REIT industry and helping them assess their aptitude and make their career plan.


In 2018, JRA accepted a student majoring business administration and offered opportunities to learn the property management as well as property inspection to acquire an external certification in retail, office, and hotel properties owned by United Urban.



Luz Shonan Tsujido
Intern on the right-hand
side




Diversity & Inclusion, Wellness

Human Rights & Better Work Environment 

Engagement Survey 


Bonus 

Benefit Package for Employees 

PCR Testing Cost at the Company's Expense 

Employees at JRA 

Support for Flexible Workstyle 

Employee Stock Purchase Plan 

Vaccination Leave 

Human Rights & Better Work Environment

Policy

JRA declares in our Sustainability Policy that we respect human rights, do not tolerate inhumane treatment including discrimination, forced labor and child labor, respect and mutually accept each person's individuality, and aim to establish an organization in which each individual participates and realizes his or her full potential. Also, we state that we value workers' rights and constantly strive to ensure a safe, healthy workplace and create a favorable working environment.

For more details, please refer to the [Sustainability Policy](#).

Raising Awareness of Human Rights, Labor Standards and Working Environment

To ensure our employees are fully aware of policies relating to human rights, labor standards and working environment, JRA understands that communication with our employees is indispensable. JRA therefore organizes a variety of settings of communication on a regular basis. Moreover, when new employees join the company, they always receive material and explanations relating to the rules of employment, personnel evaluation system, and benefits program. JRA also provides an environment that enables this information to be viewed at any time by posting it on our intranet.

Actions for Diversity and Inclusion, Equality of Opportunities and Eliminating Discrimination

Respecting human rights, complying with labor standards, proactively creating a favorable working environment and fulfilling our social responsibilities, JRA aims to foster diversity and inclusion, equality of opportunities and achieve the elimination of discrimination within our employees. Specifically, JRA treats employees fairly and equitably at every opportunity, including recruitment, hiring, promotion/demotion, leave privileges, vacation time, etc.

JRA is working on a work-style reform and striving to create a favorable working environment in order to prevent our employees working long hours, improve their work-life balance and encourage flexible work-style upon various personal life events.

Specifically, JRA has already introduced various systems that may be used by male and female employees alike, including a flexible working hours system, remote work system, parental leave before and after childbirth, childcare leave, nursing-care leave, family-care leave, a shortened working hours program for employees raising children or nursing family members and an annual paid vacation program that may be taken in units of hours or half-days.

To ensure the viability of these initiatives, JRA declared in February 2019 that “in order to improve our employees’ work-life balance, the company as a whole works on a work-style reform, so that it would become an employee-friendly company where it is easy to take time off,” and it was recognized by the Governor of Tokyo as a Tokyo Work-Style Reform Declaration Company.

Furthermore, JRA has a committee pursuing our employees’ health and safety as well as a comfortable working environment and holds meetings once a month. Both the employees and the employers serve as members of the committee and strive to improve the working environment through periodical discussion on a wide range of related matters, including prevention of health problems, implementation of health education and restricting long working hours.

Employees at JRA

			2017	2018	2019	2020	2021
Full-time Officers & Employees (Note 1)	Male		47	43	43	46	47
		Fixed-term employees	1	0	1	1	2
	Female		29	30	32	34	37
		Fixed-term employees	1	0	1	1	1
	Female Ratio		38.2%	41.1%	42.7%	42.5%	44.0%
	All		76	73	75	80	84
		Fixed-term employees	2	0	2	2	3
Employees who took maternity/childcare leaves (Note 2)			2	3	1	3	2
Employees who opted for shorter work hours (Note 2)			4	3	7	5	3
Turnover (Note 3)			2	9	3	3	2
Turnover ratio (Note 4)			2.6%	12.3%	4.0%	3.8%	2.4%
Managers (Note 5)	Male		38	33	27	26	28
	Female		6	8	8	9	9
	All		44	41	35	35	37
New employees (Note 6)	Male		3	6	9	7	1
	Female		3	2	2	4	3
	All		6	8	11	11	4
Average years of service	Male		5.3	5.2	4.6	5.2	6.0
	Female		6.2	6.6	7.1	9.0	8.0
	All		5.6	5.8	5.7	6.8	6.9
Usage of paid leaves per year per employee	(no. of days)		12.7	12.1	12.7	9.8	9.9
	(ratio)		70.7%	65.6%	70.2%	53.7%	53.4%
Employees at age 60 or over (Note 7)	Male		0	0	1	1	2
	Female		0	0	0	0	0
	All		0	0	1	1	2
Foreign employees (Note 7)	Male		0	0	0	0	0
	Female		1	1	1	1	1

		2017	2018	2019	2020	2021
Foreign employees (Note 7)	All	1	1	1	1	1
Directors, exclusive of auditors, inclusive of non-executives (Note 7)	Male	5	5	5	5	5
	Female	0	0	0	0	0
	All	5	5	5	5	5

Note 1: Full-time officers and employees. As of the end of March every year. Aggregate method of the fixed-term employees was changed in 2021.

Note 2: Number of employees who are taking as of the end of March every year.

Note 3: Total numbers from April to March every year; exclusive of leaves due to retirement age or end of transfer assignment.

Note 4: Turnover rate = Total # of turnover for a subject fiscal period ÷ # of all full-time officers and employees as of the end of March every year.

Note 5: Chief Manager and above.

Note 6: From April to March every year.

Note 7: As of the end of March every year.

Engagement Survey

Conduct every year since 2018 covering all employees including contract workers to monitor employee satisfaction.

	2018	2019	2020 (Note)	2021
Survey period	November 2018	November 2019	January 2021	September 2021
Survey group (All employees including contract workers, etc., excluding those who take temporary leaves, etc.)	58	63	79	79
Effective response rate	94.8%	96.8%	100%	100%
Job satisfaction/Company satisfaction (marks out of 5)	3.1 Total satisfaction was only scored.	3.3/3.2	3.3/3.2	3.4/3.4
Employees who had a performance feedback and a career consultation with their superiors	100%	100%	100%	100%

Note: Survey company was changed.

Support for Flexible Workstyle

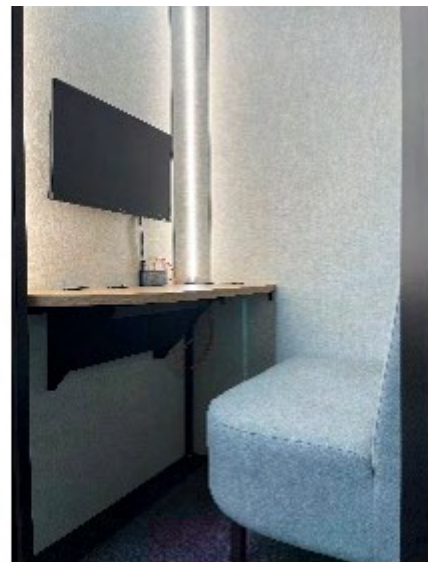
Based on the results of the engagement survey and others, JRA takes the following measures for a better work environment by offering our employees a choice of flexible working.

- Arrange infrastructure for remote working.
- Introduce the systems for flexible working, short-hour working and taking annual paid holidays by hour.
- Promote work-life balance, career continuity for all employees as well as business continuity.
- Install the focus space.

Focus Space

Open booths and closed booths were installed to further improve efficiency and quality of work by JRA's employees.

This has allowed employees to choose a place to work according to the assigned task, bringing about changes to their mindset.



Open booths (left) and closed booths (right)

Closed booths are used when JRA's employees working at the office have a remote meeting with clients or co-workers working from home. By bringing in their own laptop, the employees can work with two monitors in the closed booths.

Bonus

It is fully linked to the EPU of United Urban (Exclusive of employees from Marubeni and its group companies).

Employee Stock Purchase Plan

Since 2019, all employees including contract workers are eligible to acquire a fixed amount of United Urban's units through a cumulative stock investment program provided by a brokerage company in a constant manner. As a part of welfare services, we aim to provide support on mid- to long-term asset-building and increase awareness of United Urban's growth.

Benefit Package for Employees

	All employees	
	Full-time employees	Contract workers
Social insurances (nursing care insurance, employees pension insurance, employment insurance, worker's compensation insurance)	○	○
Benefit program (Benefit Station)	○	○
Maternity leave	○	○
Childcare leave (until a child turns 1 year old)	○	○
Leave for nursing care	○	○
Medical checkup	○	○
Wellness program (grants for heal screening)	○	○
System for employees to acquire investment units from their monthly salary	○	○
Support program for acquiring/maintaining credentials	○	○
Retirement package	○	×

Vaccination Leave

When JRA employees (including contract workers) are vaccinated during working hours, they will be regarded as working during working hours. If the employees themselves have difficulty working due to the occurrence of side effects after vaccination, they may be allowed by their supervisors to take special paid leave from the date of vaccination or the next day. In addition, employees will be regarded as working during working hours even when accompanying their family members who live in the same house to vaccination sites and may be allowed by their supervisors to take special paid leave from the date of vaccination or the next day if their family members who live in the same house need nursing care due to the occurrence of side effects. Such rules will be applied for the second and subsequent times.

PCR Testing Cost at the Company's Expense

Full costs of PCR tests will be incurred by JRA when employees (including contract workers) fall under the following cases and cannot receive public financial support.

- When testing positive.
- When becoming a close contact.
- When employees request companies to bear the cost in the case of engaging in face-to-face contact with a person who has tested positive within a certain period

Safety & Hygiene

- As part of due diligence when acquiring properties, United Urban conducts various inspections concerning external and internal environments of a subject property.
- After acquisition, regular examinations and inspections are conducted for the main facilities to secure safety and hygiene for tenants and facility users. When issues are found, cost will be paid to prevent or resolve the issues at an early stage.



LOOP-X · M

Due Diligence for Safety before Acquisition

- Seismic resistance (Does it secure features required by the new earthquake proofing standards ^(Note 2) or better)
- Status of compliance with Fire Service Act, City Planning Act, etc., and related laws and regulations
- Usage and management status of toxic substances including asbestos, CFC, PCB, etc.
- Land use history, status of soil, etc.

Portfolio PML ^(Note 1)

6.11%

As of November 2021

Main Regular Inspections after Acquisition

- Elevator
- Firefighting equipment
- Special building
- Air quality
- Drinking water
- Pests and rats


Note 1: Probable Maximum Loss. Potential damage (percentage of the building's replacement cost) during a 475-year earthquake (probable maximum earthquake).

Note 2: Earthquake-proofing standards for buildings, etc., based on the Building Standards Act amended in 1981.

Community

- Investment in Facilities for Public Interest ▼
- Investment in Public Housing ▼
- Countermeasures/Support for Disaster ▼
- Participation in Social Experiments ▼
- Local Clean-up Activities ▼
- Attracting Municipalities and Public Organizations ▼
- Installation of Universal Design ▼
- Initiatives to Prevent the Spread of COVID-19 ▼
- Support for the UNHCR Fund Raising Campaign ▼
- Multiple Sustainability Activities at Mallage Kashiwa ▼

Investment in Facilities for Public Interest

With an operational policy of [diversified investment](#)  , United Urban invests in medical facilities with high public interest. Also, by drawing medical institutions, clinics and day-care facilities into our properties, United Urban provides convenience and security to residents and visitors.

Medical Facilities



Plussing Wave Enoshima

Medical Institutions/Clinics

30 properties
55 corporations

Note: As of December 2021.

Day-care Centers/Nurseries

4 properties
5 corporations

Note: As of December 2021.

Attracting Municipalities and Public Organizations

Some properties have municipalities and public organizations as tenants, and their spaces serve as a base to provide various public services. With the understanding that “real estate acts as a part of social infrastructure,” United Urban operates our properties for public interest in cooperation with our partner companies.

Main Properties/Tenants

Mallage Kashiwa	Kita-Kashiwa 2 Community Support Center
Pacific Marks Kawasaki	Japan Legal Support Center Kawasaki
Pacific Marks Higobashi	Edobori Notary Office
RIHGA Royal Hotel Kokura / ARUARU City	Kitakyushu Manga Museum

11 properties
13 tenants

Note: Excluding publicly managed residences.

Note: As of December 2021.

Investment in Public Housing

UUR Court Sapporo Shinoro Ichibankan is a residence operated by Sapporo City. With appropriate management and repairs of this property, United Urban contributes to an affordable housing program which supports the comfort and convenience for the citizens in Sapporo City.

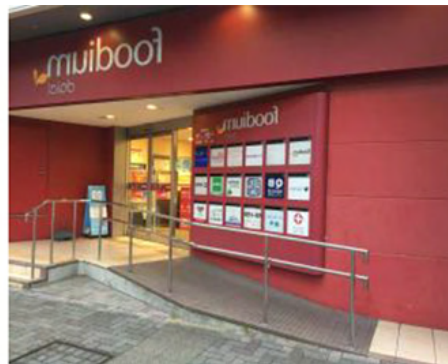
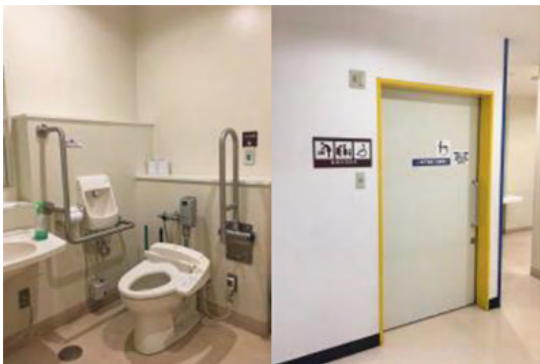


UUR Court Sapporo Shinoro Ichibankan

Installation of Universal Design

Anticipating that various people will use a property given its characteristics, United Urban seeks to install multipurpose toilets, corridors with sufficient width, slopes and handrails, elevators compatible with wheelchairs, parking space for physically disabled persons, etc., at its properties. As of December 2021, 97 out of 128 properties (excluding properties consisting of only land) owned by United Urban are partially or fully equipped with universal designs.

Example: Luz Musashikosugi

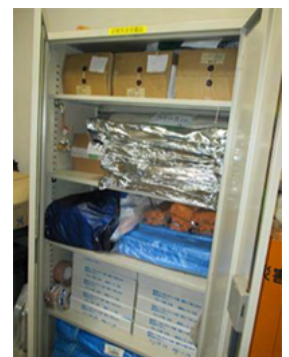


Countermeasures/Support for Disaster

At each of United Urban's properties, emergency power generators have been installed and emergency provisions have been stored in stages. Emergency drill is also conducted annually. As the landlord of real estate, which is believed to be a part of an infrastructure in the local community, United Urban has agreed with some municipalities to open meeting rooms at some properties in case of emergencies.

Example: SS30

Based on written agreements concerning the support for people who are unable to return home after disasters, SS30 in Sendai City provides space as a shelter. Cooperating with Sendai City, emergency food will be supplied and will become a hub for emergency communication between local citizens.



Initiatives to Prevent the Spread of COVID-19

Receiving Patients and Medical Personnel

In response to requests from local governments to help prevent the collapse of the medical care system caused by the spread of COVID-19, hotels of Urban have been used as a lodging facility for medical treatment for the COVID-19 patients with mild or no symptoms who need medical treatment as well as medical personnel.

Offering Space for Inoculation of the COVID-19 Vaccination

COVID-19 vaccination (workplace vaccination and large-scale vaccination at local municipalities) has been sequentially implemented from June 2021 at multiple hotels of United Urban.



Participation in Social Experiments

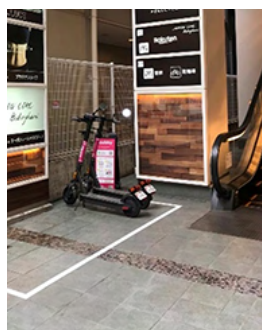
- United Urban cooperated in the “improvement of efficiency of intraregional movements using shared electric kickboards and resolution of last one-mile issues ^(Note1),” an experimental project hosted by mobby ride Inc. certified as a full support business of demonstration by Fukuoka City ^(Note 2).
- The driving data obtained through the experiments was submitted to the government by mobby and used to consider to formulate traffic rules for various traffic settings including electric kickboards and to realize a society where electric kickboards and people can coexist.
- United Urban offered parts of the sites of our properties to the project for free, and such sites are used as exclusive parking spaces for electric kickboards during the experiment.

Note 1: Implementation period: From April 27, 2021, to October 31, 2021. Sharing services enabling free travel among exclusive parking spaces designated by Fukuoka City was provided using the entire area of Chuo-ku and part of Minami-ku in Fukuoka City as the service area.

Note 2: Fukuoka City solicits demonstration experiment projects that lead to the resolution of social issues and the enhancement of quality of life using cutting-edge technologies including AI and IoT from all over Japan as needed, and fully supports demonstration experiments of excellent projects in the city.

Electric Kickboard

It attracts attention as a one-mile transportation method in a super-aging society with a low birthrate or as a measure to revitalize tourism. Because an electric kickboard is treated as a “motorized bicycle” in Japan, drivers are required to carry their license and wear helmets while riding and lights, side mirrors and number plates must be equipped. Various considerations are being made by the government and experts towards the enhancement of convenience when driving on public roads by eyeing legal amendments.



[Left] Electric kickboards of mobby ride Inc. parked at an exclusive parking space designated by Fukuoka City during the demonstration experiment (TENJIN LUCE). [Right] Driving experiment without helmets on public roads.

Support for the UNHCR Fund Raising Campaign

On behalf of UNHCR (United Nations High Commissioner for Refugees), Japan for UNHCR conducted fund raising campaigns at Luz Shonan Tsujido and Luz Funabashi. Japan for UNHCR is an official representative point of contact of UNHCR. As a member of society, United Urban also plans to offer space for the campaign in 2022.



Staff of Japan for UNHCR explaining about the campaign to a visitor.



Certificate of Appreciation from UNHCR

Local Clean-up Activities

As part of environmental activities at JRA, JRA's employees participate in clean-up activities in Minato-ku, location of JRA's office every month, which are organized by the local administration.



[Left] Participants preparing for "Shiba District Clean Campaign: A Town with Zero Smoking on the Street!" (December 2021).
 [Center & Right] JRA's employees participating in the clean-up activity.

Multiple Sustainability Activities at Mallage Kashiwa

Location: Kashiwa, Chiba

Nearest Station: 12-minute by bus from Kashiwa Station, JR Joban Line

Total floor space: 54,689.28m²

The property is a suburban shopping center near National Route 16. A grocery store, a home center and other shops selling daily necessities as well as a large sporting goods store and many other specialty stores are located in this property. The wide variety of shops and stores is thought to attract customers from a widespread area. United Urban has pursued contribution toward the resident in the neighborhood through the following initiatives in this property.

Example 1: Childcare Support

Efforts have been made in this property to support children’s healthy growth and child-raising mothers by working together with Kashiwa City, civic groups, etc. Seminars on eurhythmics, or massage for babies, a flea market for children’s goods, and other events for children have been held on a regular basis in this property. Such seminars or events provide communication opportunities for the child-raising generation.

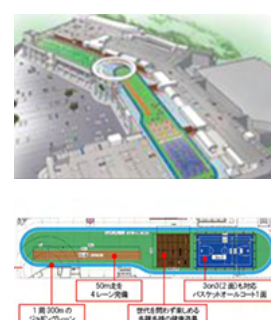


Supporters of Mama-life
“Mallage mama”

Example 2: Initiatives for Promotion of Sports

Soccer lessons by professional soccer players serving as technical advisers are held at the sports park, a place for futsal, basketball and athletics located on the rooftop of the property. Headed by Kashiwa Reysol, a Japanese professional football club, there are many alliance academies and alliance clubs in Kashiwa City, and Kashiwa City is an area having strong regional ties with soccer as its core. The property is of help for formulating such ties. In addition, tournaments for 3×3 basketball, an official item of 2020 Tokyo Olympic Games, are regularly held with XEBIO Co., Ltd. The teams for the tournaments are varied from teams consisting of elementary school children to those of adults. Thus, the property is contributing also as a place for people of various age groups.

Other facilities for sports and health promotion of this facility include a jogging track with round of 300 meters, a running lane with a length of 50 meters, and health equipment. These facilities are available free of charge.



Sports Park

Example 3: Radio Calisthenics

The events for calisthenics known as "radio taiso" (literally, radio exercise) are held in July and August every year (15-day period) with Kashiwa City and Kashiwa City Social Welfare Council, etc. 3,442 persons in total participated in the events in 2018.



Radio Exercises

Example 4: Working Together with Fire Department of Kashiwa City

A traditional New Year parade by firefighters known as "dezomeshiki" (held in January) and a general disaster drill (held in November) organized by Fire Department of Kashiwa City are held at a remote parking lot, helping to raise local disaster prevention awareness.

Example 5: Mamage Hall and Mamage Room Rentals

"Mamage Hall," which can accommodate 100 persons and "Mamage Room," which can accommodate 30 persons, are located within the property and are made available for lease. These are made soundproof specifications and can be utilized for concerts, recitals, etc.

In March 2021, United Urban leased a part of the inside of the property to Chiba Prefecture as an early voting station for the Chiba gubernatorial election for free. More than 6,000 residents of Chiba Prefecture came and voted over 6 days. United Urban owns large retail facilities used by local people and considers the continuous implementation of such initiative as a member shaping the community.



Voting venue



Cue of voters/visitors of the facility

ESG initiatives



Governance



Corporate Governance

- Basic Philosophy ▼
- Status of Officers ▼
- Compensation of Accounting Auditor ▼

- Governance of Investment Corporation ▼
- Commitment for Gender Diversity ▼
- Operating Structure ▼

Basic Philosophy

United Urban has a management strategy of identifying properties with intrinsic value and pursuing sustainable growth of the investment corporation. And we aim to maximize unitholder value, establish relationships of mutual trust with stakeholders and coexist with the environment and society.

United Urban understands establishment and reinforcement of our compliance and risk management system as an important challenge in realizing the above. United Urban makes efforts to conduct corporate activities in a fair and sound manner through such actions for our compliance and risk management system.

Governance of Investment Corporation

| Institution of the Investment Corporation

The institution of United Urban consists of the General Meeting of Unitholders comprised of all unitholders, one executive officer, two supervisory officers, the Board of Directors consisting of the executive officer and the supervisory officers and finally the accounting auditor.

The General Meeting of Unitholders is the United Urban's highest organ of decision-making which decides on amendments to the United Urban's Articles of Incorporation or certain matters stipulated by the Investment Trust Act or the Articles of Incorporation. The Articles of Incorporation lays out stipulations for our investment targets and policies. And resolutions must be passed by the General Meeting of Unitholders before making changes to the Articles of Incorporation including for the asset management targets and policies.

The executive officer operates the Investment Corporation and has the right to conduct all judicial and nonjudicial acts concerning the operation of United Urban as a representative of the Investment Corporation. However, the approval of the Board of Directors is required to perform certain duties which are stipulated in the Investment Trust Act including convocation of the General Meeting of Unitholders.

The Board of Directors has the right to convene the General Meeting of Unitholders and approve certain duties stipulated in the Investment Trust Act. Also, the Board has the authorities stipulated by the Investment Trust Act and the Articles of Incorporation and the right to supervise the duties of the executive officer.

Each supervisory officer oversees the execution of duties by the executive officer based on the reports on the status of management of assets, compliance and risk management from the executive officer at the Board of Directors' meetings.

The accounting auditor is selected by resolution of the General Meeting of Unitholders and audits financial documents of United Urban. In case that they discover wrongful acts in the performance of duties by the executive officer or of significant matters in violation of the law or the Article of Incorporation, they report to the supervisory officers and conduct other operations stipulated by the law.

Regulation of Transactions Involving Conflicts of Interest

The Investment Trust Act stipulates that transactions are prohibited, including the acquisition and disposition of real estate, lease transaction, etc. (excluding transactions which are deemed not to disturb protection for unitholders) between United Urban and our officers, relatives of officers (limited to their spouse and blood relatives and in-laws in the second degree), JRA and JRA's officers and employees. Also, the Investment Trust Act sets out that officers with special interests are unable to participate in the resolutions of the Board of Directors. The management of United Urban's assets and the operation of the Board of Directors are thus based on these regulations.

Moreover, the supervisory officers of United Urban are not in conflict with the Investment Trust Act's standards on independence from the executive officer, the Asset Management Company, etc.

Please refer to the decision-making structure, [Internal Control for Investment and Management](#), for transactions between JRA and its sponsor companies, etc. and other transactions that may involve conflicts of interest.

Internal Management of the Investment Corporation and Supervision by the Supervisory Officers

United Urban holds the Board of Directors' meeting once a month and approves matters stipulated by the law. In the meeting, the executive officer provides detailed reporting on United Urban's management, JRA's status of execution or operations, etc. Supervisory officers with qualification of lawyers or certified public accountants oversee the executive officer's status of execution of operations from their own specialized viewpoints.

Also, United Urban has the right to receive reports from JRA on the status of management of assets and the right to view, copy and survey all JRA's documents regarding business commissioned to external parties. By exercising these rights, United Urban maintain the system in which we can monitor JRA's status of execution of operations including transactions involving conflicts of interest.

Cooperation between Supervisory Officers and Accounting Auditor

Each supervisory officer also receives reports on the asset management status, compliance and risk management from the executive officer at the Board of Directors' meetings of United Urban.

Also, the accounting auditor collaborates with the supervisory officers by auditing United Urban's financial documents and reporting the audit results to the executive officer and supervisory officers.

Furthermore, in case that the accounting auditor discovers wrongful acts in the performance of duties by the executive officer or of significant matters in violation of the law or the Article of Incorporation, they report to the supervisory officers and conduct other operations stipulated by the law.


Management System for Affiliated Companies

United Urban holds the Board of Directors' meetings once a month and receives reports on the status of management of assets from JRA. Also, we manage and supervise JRA through the executive officer's interview on the management status as well as inspection and survey of relevant documents. Moreover, United Urban maintains the management system by receiving reports on the status of execution of operations, etc. from the administrative agent and asset custodian.

Status of Officers

Each director of United Urban is expected to not maximize distributions in the short term but to promote medium- to long-term growth by a balanced approach with elements of Environment (E), Society (S) and Governance (G) in mind.

Position	Name	Gender	Chairperson	Independent officer (Note 1)	Experience and expertise (Note 2)					Qualification	Annual compensation	Attendance in Board of Directors meeting (35th FP & 36th FP)	No. of investment units owned
					Corporate management/ management strategy	Real estate investment/ management	Finance & Accounting	Auditing & Risk management	Legal affairs & Compliance				
Executive officer	Toshiaki Emon	Male	○	-	○	○	○	○		-	JPN 12,000 thousand	100% (3 times / 3 times) ^(Note 3)	0 units
Supervisory officer	Kenichiro Okamura	Male		○	○		○	○		Certified public accountant US certified public accountant Certified tax accountant	JPN 4,200 thousand	100% (15 times / 15 times)	0 units
	Kumiko Sekine	Female		○				○	○	Lawyer	JPN 4,200 thousand	100% (15 times / 15 times)	0 units

For career summaries of each officer, please refer to [2. Management structure and system of the Investment Corporation and the Asset Management Company in Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties.](#) 

Note 1: "Independent officer" refers to supervisory officers who are not in conflict with the Investment Trust Act's standards on independence from the executive officer, JRA, etc. Since United Urban does not fall under the category of a listed domestic company as stipulated by the Tokyo Stock Exchange's rules on the listing of securities, it is not required to secure an independent officer as stipulated in said rules and so the stipulated Independent Directors/Auditors Notification has not been submitted. Nonetheless, as indicated in the table, persons who are not in conflict with the Investment Trust Act's standards on independence from the executive officer, JRA, etc. are selected as United Urban's supervisory officers.

Note 2: "Experience and expertise" in the table indicates the relatively notable experience and expertise of each officer and does not show all of the experiences and abilities of the officers.

Note 3: Assumed office on September 1, 2021.

Commitment for Gender Diversity

It is United Urban's conviction that organizations which reflect diverse values in corporate management and tolerate themselves to variety of values promote innovation and enhance corporate competitiveness and social evaluation, and consequently raise corporate value. In selecting our officers, United Urban aims to have member composition which represents a mixture of different ages, genders and backgrounds.

Moreover, under the policy of emphasizing gender diversity in the Board, women directors are actively selected and United Urban targets a ratio of 30% or more for women directors.


■ Diversified Management Structure


Two supervisory officers were newly appointed dated September 1, 2019 and the management structure of United Urban becomes diversified in terms of age, gender and backgrounds. With experience and knowledge based on the expertise of each officer, United Urban manages various risks in a proper manner and remain mindful of conflict of interest to maximize our investors' interests.



[Left] Supervisory officers Kumiko Sekine
[Center] Executive officer Toshiaki Emon
[Right] Supervisory officer Kenichiro Okamura


Compensation of Accounting Auditor

The accounting auditor will be paid an amount determined by the Board of Directors as a compensation, up to a maximum of 30 million yen per business period (Article 38 of [United Urban's Articles of Incorporation](#) ).

For records of compensation in each business period, please refer to Overall Condition of Investment Corporation, 3. Directors and Auditor of [the semiannual report](#)  .

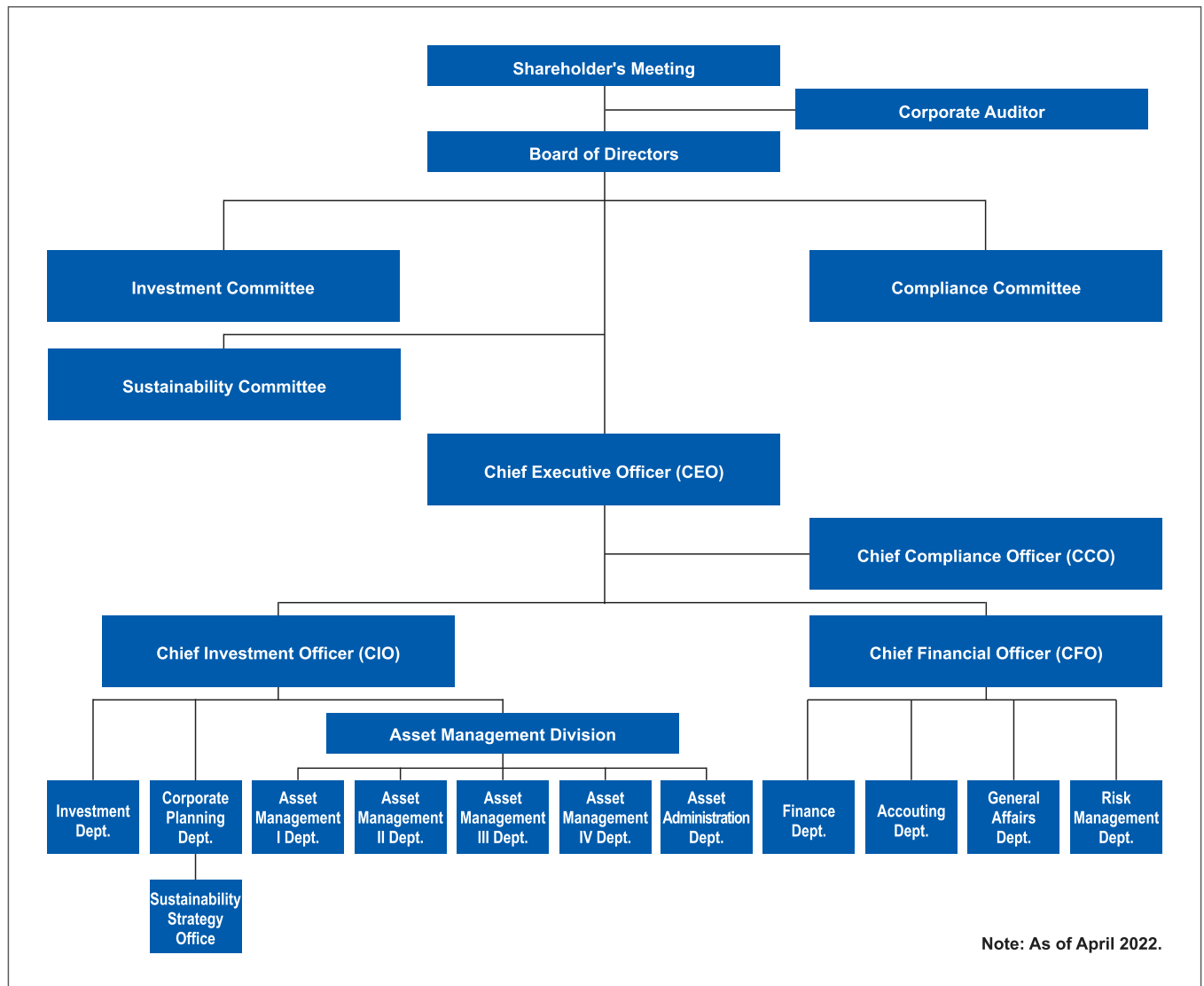
Latest Annual Remuneration

Period	Accounting Auditor	Compensation Amount
35th fiscal period (December 2020 - May 2021)	Ernst & Young ShinNihon LLC	20.3 million yen Breakdown: Auditing compensation - 17 million yen Non-auditing compensation (for comfort letter preparation work) - 3.3 million yen
36th fiscal period (June 2021 - November 2021)	Ernst & Young ShinNihon LLC	21.3 million yen Breakdown: Auditing compensation - 18 million yen Non-auditing compensation (for comfort letter preparation work) 3.3 million yen

In accordance with the provisions of the Act on Investment Trusts and Investment Corporations, United Urban may exempt the accounting auditor from liability to the extent provided by the laws and regulations, by means of a resolution of the Board of Directors, in the event that it has acted in good faith and without gross negligence in the conduct of its duties and the exemption is considered particularly necessary in light of the facts giving rise to the liability, the status of the accounting auditor's execution of its duties, and other circumstances (Article 39 of [United Urban's Articles of Incorporation](#) ).

Operating Structure

United Urban entrusts the asset management of its properties to JRA pursuant to the Investment Trust Act. The operating structure of JRA is as follows.



Directors of the Board Meeting at JRA

Position	Name	Participation in Board Meetings
President and CEO	Norimasa Gaun	100% (13 times / 13 times)
Executive Director and CFO	Takehide Sasaki	100% (13 times / 13 times)
Executive Director and CIO	Yoshihiro Itani	100% (13 times / 13 times)
Non-executive Director	Eiji Kaneko	100% (13 times / 13 times)
Non-executive Director	Hiroshi Tanikake	100% (13 times / 13 times)
Auditor	Hideki Kadota	100% (13 times / 13 times)
Non-executive Auditor	Mutsuhiko Koike	100% (13 times / 13 times)

Note: Fiscal 2021, from April in 2021 to May 2022. As of April 1, 2022, Eiji Kaneko, Director (non-executive) and Mutsuhiko Koike, Director (non-executive) resigned and Shuichi Kamizono, Director, Tsuyoshi Takagi, Director (non-executive) and Hirohiko Nishide, Director (non-executive) assumed office. For details, please see "[Notice Concerning the Change of Director, Auditor and Important Employee at the Asset Management Company \(scheduled\)](#) PDF" dated March 28, 2022.



Internal Control for Investment and Management ▼

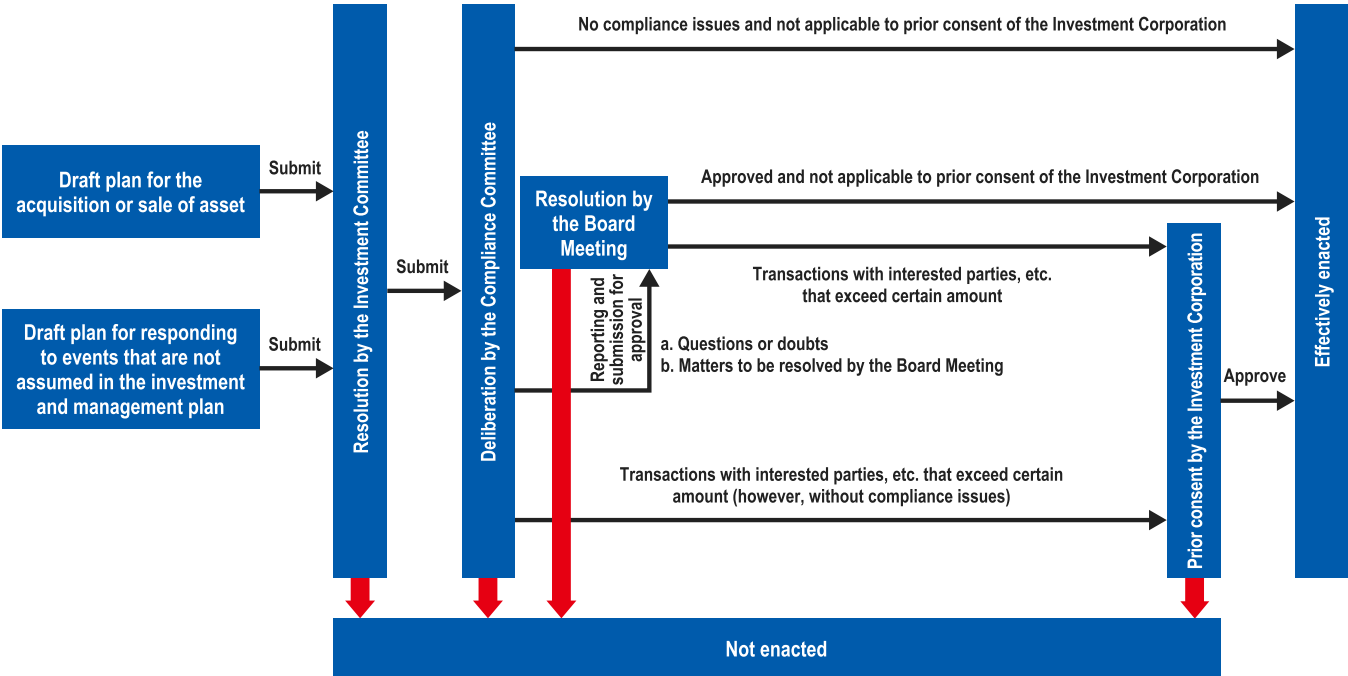
Compliance Committee ▼

Investment Committee ▼

Approach to Prevention of Money Laundering, Etc. ▼

Internal Control for Investment and Management

United Urban entrusts its asset management of its properties to JRA in accordance with the Investment Trust Act. As shown in the below structure, by ensuring double and triple checks in decision-making for acquisition and disposal as well as management of assets, JRA pays full attention to transactions with its sponsor companies, etc. and other transactions that involve concerns regarding conflicts of interest.



Investment Committee

Member	Chairman (1): President & CEO, JRA Committee member (2): Non-executive Director, External expert (Attorney at Law)
Responsibility	Resolve important asset management plans and policies empowered by the Board Meeting; Deliberate matters to be resolved by the Board Meeting.
Agenda	Acquire and dispose specified properties (lands and buildings) for United Urban; Decide asset management plans for United Urban's properties
Requirements for the meeting/resolution	Attendance of the external experts and more than half of members is required. The unanimous consent of the attendees is necessary for resolution. Interest related parties on relevant subjects are to be excluded on resolution.

Compliance Committee

Member	Chairman (1): CCO, JRA Committee member (3): President & CEO, JRA, General Manager of General Affairs Department, External expert (Attorney at Law)
Responsibility	Deliberate on subjects not only on compliance but also broader matters such as professional standards and internal auditing and submit report to the board of directors in case suspicion or doubt is found
Agenda	Deliberate investment decisions from the perspective of compliance; Response to acts that are, or may prove to be, problematic from the standpoint of the law, professional standards, etc.
Requirements for the meeting/deliberation	Attendance of more than half of the members is required (Chairman or external expert must be present). In case that the external expert is absent, a separate meeting should be held in advance for comments and report for the external expert.

Approach to Prevention of Money Laundering, Etc.

JRA, the asset management company of United Urban, recognizes the importance of preventing money laundering and funding contributing to terrorism and proliferation of weapons for mass destruction (hereinafter referred to as "money laundering, etc."), and we have stipulated regulations relating to compliance with the Act on Prevention of Transfer of Criminal Proceeds.

We contribute to the sound maintenance and development of the financial system by preventing ourselves and our customers, employees, etc. from being involved in or drawn into money laundering, etc.

Development of Internal Control System

With regard to developing an internal control system for the purpose of preventing money laundering, etc. JRA adheres to all related laws and regulations applicable to our business and performs the following actions properly for a diligent internal control:

- Developing organization/rules for preventing money laundering, etc.
- Comprehensively informing officers and employees about the importance of prevention of money laundering, etc. and the role of each individual through guidance, training, etc.
- Conducting inspections of the status of compliance with laws and regulations associated with our business, and pursuing continuous system improvement based on the inspection results

Implemented Actions

JRA complies with all applicable laws, regulations, etc. concerning the prevention of money laundering, etc.

JRA eliminates customers and transactions related to money laundering, etc.

JRA develops an appropriate system concerning the prevention of money laundering, etc. and carries out the following:

- Specification and assessment of risks in a timely and proper manner and organization adjustment based on the assessment results.
- Customer management measures such as filtering before transactions, reviews upon transactions and monitoring after transactions.
- Notification of suspicious transactions

Compliance / Corporate Ethics

United Urban's Compliance System	▼	JRA's Compliance System	▼
Roles of the Compliance Committee	▼	Against Conflicts of Interest	▼
Corruption Prevention	▼	Corporate Ethics	▼
Political Donation Policy	▼	Whistleblowing	▼

Japan REIT Advisors Co., Ltd. (JRA), an asset manager of United Urban, positions thorough compliance as a basic principle of management and sorts out the following compliance system.

United Urban's Compliance System

United Urban is committed to legal compliance and appreciation for social norms as one of the basic principles and operates a compliance system with an emphasis of preventing conflicts of interest. Also, an outside attorney and a certified public accountant are appointed as supervisory officers of United Urban to supervise the performance of duties of the executive officer.

United Urban operates an internal management system through the Board of Directors. In the Rules of the Board of Directors of United Urban, it is stated that the Board of Directors shall convene at least once every three months. The executive officer and supervisory officers must attend the Board of Directors meeting, with the participation of JRA. And the executive officer is required to report on the performance of duties of JRA, the administrative agent and the asset custodian.

Furthermore, while the Rules of the Board of Directors states that reports on the performance of duties shall be presented at least once every three months, in practice the reports are presented monthly.

JRA's Compliance System

JRA understands that incomplete compliance results in loss of trust of investors in the financial market and impair the management base of United Urban and JRA. Therefore, JRA sets thorough compliance as a basic principle of management. With the Board Meeting at the top, President and CEO, the Compliance Committee and Chief Compliance Officer (CCO) make various decisions regarding compliance as well as manage compliance with their rights and responsibilities.

Placing compliance as a matter of utmost importance, JRA established the Compliance Regulations that stipulate basic matters on the compliance system and management, the Compliance Manual, a handbook for employees including contract workers for implementing compliance activities, and the Compliance Program, a specific execution plan for each fiscal year. Each of these are reviewed by the Compliance Committee and resolved by the Board Meeting.

JRA understands compliance as the adherence by our officers and employees to laws, regulations and the internal rules ("laws, etc.") and the implementation of sincere and fair corporate activities in a way that does not violate social norms.

The followings are specified as our basic policies in the Compliance Regulations.

1. JRA understands that incomplete compliance impairs our management base and thus sets thorough compliance as our basic principle of management.
2. JRA aims to attain high valuation and trust in the real estate investment trust market by promoting our compliance system.
3. JRA establishes a system for observance of laws, etc. in our asset management operations and fulfillment of responsibilities entrusted by United Urban through the Compliance Committee's multi-layered superintendent system.

Roles of the Compliance Committee

The Compliance Committee aims to promote thorough compliance of JRA in collaboration with the Board Meeting and the auditors.

The Compliance Committee avoids transactions involving conflicts of interest by reviewing transactions between United Urban and related interested parties, etc. from the perspective of abiding by laws, etc. and various procedures as well as securing compliance.

The Compliance Committee is currently comprised of four members, namely CCO (chairperson), President and CEO, the head of the General Affairs Department and one external attorney. The committee meets once a month in principle to deliberate whether or not there are any acts in JRA's management of United Urban's assets and other operations which are problematic from the perspective of compliance and how they are handled, mainly pertaining to A through C below. It is reported to the Board Meeting when necessary.

■ Involvement in investment decisions

The Compliance Committee examines all of the reviews conducted by the Investment Committee on investment and asset management that United Urban involves from the perspective of compliance. If the examination shows that there is a compliance problem, the Compliance Committee promptly reports the examination results to the Board Meeting.

■ Response to violations of laws

The Compliance Committee convenes once a month in principle and deliberates whether or not there are any controversial acts in JRA's management of United Urban's assets and other operations from the perspective of compliance and also considers measures if there is a problem. In case that there is an act which is or may be problematic in light of laws, etc., the Compliance Committee reports to the Board Meeting.

Internal audits

JRA, the asset management company of United Urban, established the Internal Audit Regulations. Under a system which places Chief Compliance Officer (CCO) as the head of internal audit, three types of audits are conducted; 1) regular audits in which overall internal management of subject departments is examined and evaluated; 2) follow-up audits which review the improvement status based on the results of the regular audits; 3) special audits which are implemented for specific matters that CCO deems necessary or by special order of the President and CEO of JRA.

Regular audits review the entire operations of JRA and examine items common to all departments and items specific to individual departments. For items specific to individual departments, the compliance, effectiveness, efficiency, conformity, etc. of operations and internal control are inspected. Then, departments to be audited are selected based on the status of risks in light of the “control points table,” “risk management status list,” etc. The regular audits are implemented along a formulated audit plan for individual items are implemented after passing deliberation by the Compliance Committee and obtaining approval of the Board Meeting.

CCO exchanges views with the audited departments on the findings of internal audits, points of concern, advice, suggestions for improvement and measures to be taken, etc. Then CCO compiles the audit results and reports to JRA’s President and CEO as well as the JRA’s Board Meeting after the deliberation by the JRA’s Compliance Committee.

Number of Departments Targeted by Regular Audits

Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Audited departments: 8 Total departments: 13	Audited departments: 8 Total departments: 13	Audited departments: 6 Total departments: 13	Audited departments: 4 Total departments: 13	Audited departments: 5 Total departments: 13

Against Conflicts of Interest

JRA abides by a set of regulations stipulated by the Investment Trust Act and sets internal rules on transactions between United Urban and the sponsor group and other conflicts of interest and operates a system of investigation across organization.

For the purpose of preventing damage to United Urban's interests in transactions between United Urban and the sponsor group, JRA formulates the Investment Committee Rules on Transactions with the sponsor group as internal rules for avoiding conflicts of interest. The Investment Committee Rules on Transactions with the sponsor group prohibits unnecessary transactions with the sponsor group that harm the interest of United Urban. Also, in the case of transactions with the sponsor group including acquisition or disposal of real estate, etc., approval from the Investment Committee and examination by the Compliance Committee are required. And if it is deemed that there is or may be a compliance problem, the approval of the Board Meeting is required to proceed. In the process of approval, strict measures to prevent transactions with a conflict of interest are set. More specifically, external professionals are to participate in the Investment Committee and the Compliance Committee, and committee members who have a conflict of interest are to be excluded from the process.

Corruption Prevention

Anti-Corruption Policy

As a part of the Marubeni Group, JRA, the asset management company of United Urban, prioritizes compliance above all else and recognizes that any business which cannot be undertaken without engaging in improper conduct is unnecessary and contrary to the company's interests.

As an international corporation, the Marubeni Group prohibits bribery and related conduct, has stipulated standards of behavior to be followed, and works diligently to prevent bribery. For the purpose of consistent implementation of anti-corruption practices by all officers and employees of the Marubeni Group worldwide, Marubeni has formulated the Anti-Corruption Handbook to be followed by all of their officers and employees. Furthermore, to ensure thorough bribery risk management, JRA distributes the Marubeni Group Anti-Corruption Policy to our business partners and relies on their collaboration in performing anti-corruption due diligence.

➤ [Marubeni Group Anti-Corruption Policy](#) 

➤ [Marubeni Group Anti-Corruption Due Diligence \(DD\) Framework](#) 

Corruption Prevention Management System

The Marubeni Group Anti-Corruption Policy stipulates the following measures to ensure the implementation of the policy, and as a member of the Marubeni Group, JRA also applies these.

1. Stating a clear policy that prohibits corruption
2. Establishing corruption risk assessment criteria and managing corruption risks based on the assessment results of each transaction
3. Performing due diligence from a corruption prevention perspective when starting new business partnerships
4. Signing contracts with business partners that include anti-corruption clauses
5. Stringent management of hospitality, gifts, appointments, donations, etc.
6. Monitoring of corruption prevention practices
7. Establishing a corruption-related whistle-blowing contact point for business partners
8. Conducting periodical training with regard to corruption prevention

Moreover, JRA has formulated an internal audit plan based on the Internal Audit Regulations and strives to rapidly identify risks, etc. that are inherent to our business as an investment manager, including risks of legal violations and improper transactions, and actively prevent violations of the law, etc. through spot audits and risk-based audits of individual items. The status of the internal audit plan's formulation and the results of internal audits are reported without delay to our Board Meeting and improvement plans and other measures are implemented in response to risks relating to improper transactions.

Corporate Ethics

As a member of the Marubeni Group, JRA follows the group's compliance system. The Marubeni Group stipulated the Marubeni Corporate Principles, Compliance Manual as well as a code of conduct for the entire group so that the officers and employees will conduct corporate activities in a compliant manner.

Compliance for the Marubeni Group is the observance of laws, regulations and internal corporate rules in line with the spirit of "Fairness, Innovation and Harmony" expressed in the Company Creed, the Marubeni Corporate Principles and the management philosophy, as well as the observance of a corporate ethical code and the conducting of corporate activities with a high moral perspective.

"Fairness" in the Company Creed of Marubeni Group means being fair and decent. "When you are faced with a choice between integrity and profit, choose integrity without hesitation." Guided by the wisdom in this aphorism, the Marubeni Group sets the Compliance Manual which includes a standard of conduct that all officers and employees of the group must comply with in executing their daily operations.

Marubeni Group's Company Creed

Fairness To be fair and decent.

Innovation To be active and innovative.

Harmony To respect each other and cooperate.

➤ [Marubeni Group Compliance Manual](#) 

Training on Corporate Ethics and Expertise Needed by the Asset Management Company

As a member of the Marubeni Group, JRA has all of our employees (including contract employees) take the Marubeni Group's compliance training to foster their understanding of the Marubeni Group's corporate ethics and anti-bribery policy at least once a year under the command of JRA's President and CEO who is referred to by the chairman of Marubeni's Compliance Committee.

After the training, all employees (including contract employees) take an oath to JRA's President and CEO, stating that they observe the Marubeni Group's Compliance Manual and Anti-Bribery Policy.

Furthermore, all employees (including contract workers) of JRA join trainings by external institutions and lectures with expertise every year in the areas of comprehensive supervisory guidelines for financial instruments business operators, prevention of transactions involving conflicts of interest, customer-oriented operational management, prevention of insider trading, etc.

Corporate Ethics, Responsibility and Incidence Response of the Management Team

For a sound management of operations, JRA sets the Rules for Handling Misconduct, Clerical Errors, etc. It stipulates a uniform standard for processing misconduct by officers and employees, acts which violate or may violate laws, etc. (including the rules of the Investment Trusts Association, Japan, rules of the financial instruments exchange on which United Urban's investment units are listed, the Articles of Incorporation of United Urban, the internal rules, etc.), clerical errors, complaints and other matters that may lead to management risks and reputational risks for JRA and United Urban.

CCO reports misconduct, clerical errors, etc. to the Compliance Committee and the Board Meeting when necessary. CCO compiles incidents of misconduct, clerical errors, etc. to present periodic reports to the Compliance Committee at least once a year. Also, CCO manages the process from reception of an incident report to its resolution, periodically monitors the implementation of preventative measures and reports the status to the Compliance Committee and, when necessary, JRA's President and the auditors.

Political Donation Policy

JRA complies with the Board Meeting's stipulation on corporate activities that donations and contributions relating to political activities must not be made to political parties or political fundraising organizations.

Amount of Political Contributions/Recipients of Contributions

JRA has not made any political contributions.

Whistleblowing

Point of contact for whistleblowers

JRA has multiple points of contact which are available for all of our employees and our partner companies. Those include 1) the internal consultation system, 2) the consultation system managed by an external company, 3) Marubeni Hotline and 4) Marubeni Anti-Corruption Hotline managed by Marubeni Corporation. Each system provides comprehensive whistleblowing/consultation to prevent corruption and bribery as well as organized crime including money laundering and terrorism, etc., and to impede violations of the law or internal regulations. They also handle work- or workplace-related troubles or inquiries, including power harassment and sexual harassment. The contact information for each consultation system is widely circulated by publishing it on the company intranet and posting it in the office.

The consultation systems may be used 24 hours a day for purposes of whistleblowing or consultation by officers, employees, and temporary workers (including individuals who left the company within the past year) of JRA or our business partners via the method of their choice, including phone, email, online form, mail, in person, etc. Based on their specific characteristics, some systems may limit the consultation methods or the individuals who may use them. These systems may be used anonymously if so desired.

The representatives contacted via a consulting system will ask detailed questions about the case brought to their attention, and the person responsible for investigating will investigate the situation unless there is a valid reason not to do so, such as cases where the matter has already been resolved. Based on the investigation results, corrective actions will be implemented if required, and steps will be taken to verify that the corrective actions work appropriately. Moreover, based on the investigation's results, if conduct that violates the law or the like is discovered, appropriate measures will be taken to remedy the situation and prevent recurrence, such as stipulating disciplinary sanctions in the internal regulations based on the rules of employment.

JRA also implements comprehensive protection of whistleblowers' privacy and does not tolerate any detrimental treatment of whistleblowers. The internal regulations stipulate rules that strictly control access to information about consultation matters, including the whistleblower's name, and state that officers or employees who treat whistleblowers or individuals who cooperated in an investigation ("whistleblowers, etc.") unfavorably, as well as officers or employees who perform actions intended to identify whistleblowers, etc., will be subject to strict measures, including disciplinary sanctions.

Furthermore, it is also possible to use the consultation systems for inquiries relating to the mechanisms for handling whistleblowing and protecting whistleblowers, etc. and inquiries relating to detrimental treatment experienced following a consultation.

To increase officers' and employees' expectation that actions violating the law, etc. can be remedied through whistleblowing and consulting, JRA discloses the results of handling matters reported such as the number of consultations using a whistleblowing system to all officers and employees while taking sufficient care to protect personal information, etc.

Preventive measures for problems raised from the whistleblowing systems

As a preventive measure for problems raised using whistleblowing systems, JRA management-level employees are appointed as Compliance Officers who oversee the inspection, coordination, and thorough implementation of compliance items relating to matters under the jurisdiction of each department. In addition to promoting compliance in each department, the Compliance Officers share information about examples of legal violations or paperwork-related errors that occur in each department.

JRA has also formulated the Compliance Manual comprising the basic details of the laws to be followed and the compliance activities to be taken. To promote understanding of the Compliance Manual, JRA creates a compliance program once per fiscal year as a rule, which serves as a specific implementation plan for achieving compliance and will be revised if necessary. In addition, education activities for officers and employees are conducted about JRA's business environment, the laws to be observed, preventive measures and actions taken if a violation of the law occurs.

Internal regulations set out what behavior corresponds to power harassment or sexual harassment, the company's stance that power harassment and sexual harassment are issues that should be eradicated and how cases are handled if harassment does occur (e.g. consideration of privacy). They are posted on the company's intranet so that JRA's officers and employees may consult them at any time.

Library



ESG Data Summary



Environment

Environment Certification Coverage	Income of Properties with Environment Certifications
Green House Gas (GHG) Emission: Office Buildings	Energy Consumption & CO ₂ Emissions
Water Usage	Waste

Society

Employees at JRA	Participation Records of Training Programs
Engagement Survey	

Governance

Board of Directors of United Urban	Compensation for Accounting Auditor of United Urban
Directors of the Board Meeting at JRA	No. of Departments Targeted by Regular Audits

Environment

Environment Certification Coverage

	Period	Unit	2018	2019	2020	2021
Gross floor area based	as of Dec.	%	52.5	58.5	62.9	68.5
No. of properties based	as of Dec.	%	39.8	46.2	50.4	55.5

Income of Properties with Environment Certifications

	Period	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total income - Portfolio	from Jan. to Dec.	JPN Mn	33,236	36,535	39,595	42,343	46,890	48,133	49,155	45,445	44,827
Total income - Properties with environment certifications	from Jan. to Dec.	JPN Mn	836	2,860	3,962	3,742	4,361	11,817	26,135	27,344	29,907
Income share of properties with certifications	from Jan. to Dec.	%	2.5	7.8	10	8.8	9.3	24.6	53.2	60.2	66.7

Green House Gas (GHG) Emission: Office Buildings

Period	Unit	2014	2015	2016	2017	2018	2019	2020
from Jan. to Dec.	t-CO ₂ /m ²	0.08853	0.08650	0.08583	0.08166	0.07799	0.07451	0.06628

Note: Intensity (gross floor area) based.

Energy Consumption & CO₂ Emissions

	Period	Unit	2014	2015	2016	2017	2018	2019	2020
No. of properties monitored	from Apr. to Mar.	Property	69	74	71	72	71	74	72
Electricity usage	from Apr. to Mar.	GJ	1,133,104	1,168,739	1,239,085	1,254,262	1,336,657	1,331,084	1,120,686
Gas usage	from Apr. to Mar.	GJ	136,440	122,683	154,803	165,330	170,936	165,093	125,882
CO₂ emission - Scope 1	from Apr. to Mar.	1,000t-CO ₂	7	6	8	8	9	8	6
CO₂ emission - Scope 2	from Apr. to Mar.	1,000t-CO ₂	60	62	66	61	64	63	47

Note: Data coverage refers to the [SASB Report](#).

Water Usage

	Period	Unit	2014	2015	2016	2017	2018	2019	2020
No. of properties monitored	from Apr. to Mar.	Property	60	63	95	105	109	118	116
Water usage	from Apr. to Mar.	1,000m ²	613	623	1,394	1,518	1,598	1,699	1,209

Note: Data coverage refers to the [SASB Report](#).

Waste

	Period	Unit	2016	2017	2018	2019	2020
No. of properties monitored	from Apr. to Mar.	Property	68	70	70	77	77
Non-hazardous waste	from Apr. to Mar.	t	8,177	8,798	9,203	9,473	6,602
Hazardous waste	from Apr. to Mar.	t	0	0	0	0	0
Recycling ratio	from Apr. to Mar.	%	51.3	48.6	48	45.4	51.2
Incineration ratio	from Apr. to Mar.	%	45	45.2	49.1	49.1	44.3
Landfill ratio	from Apr. to Mar.	%	3.7	6.1	2.9	5.4	4.5

Society

Employees at JRA

		2017	2018	2019	2020	2021
Full-time Officers & Employees (Note 1)	Male	47	43	43	46	47
	Fixed-term employees	1	0	1	1	2
	Female	29	30	32	34	37
	Fixed-term employees	1	0	1	1	1
	Female ratio	38.2%	41.1%	42.7%	42.5%	44.0%
	All	76	73	75	80	84
	Fixed-term employees	2	0	2	2	3
Employees who took maternity/childcare leaves (Note 2)		2	3	1	3	2
Employees who opted for shorter work hours (Note 2)		4	3	7	5	3
Turnover (Note 3)		2	9	3	3	2
Turnover ratio (Note 4)		2.6%	12.3%	4.0%	3.8%	2.4%
Managers (Note 5)	Male	38	33	27	26	28
	Female	6	8	8	9	9
	All	44	41	35	35	37
New employees (Note 6)	Male	3	6	9	7	1
	Female	3	2	2	4	3
	All	6	8	11	11	4
Average years of service	Male	5.3	5.2	4.6	5.2	6.0
	Female	6.2	6.6	7.1	9.0	8.0
	All	5.6	5.8	5.7	6.8	6.9
Usage of paid leaves per year per employee	(No. of days)	12.7	12.1	12.7	9.8	9.9
	(Ratio)	70.7%	65.6%	70.2%	53.7%	53.4%
Employees at age 60 or over (Note 7)	Male	0	0	1	1	2
	Female	0	0	0	0	0
	All	0	0	1	1	2

		2017	2018	2019	2020	2021
Foreign employees (Note 7)	Male	0	0	0	0	0
	Female	1	1	1	1	1
	All	1	1	1	1	1
Directors, exclusive of auditors, inclusive of non-executives (Note 7)	Male	5	5	5	5	5
	Female	0	0	0	0	0
	All	5	5	5	5	5

Note 1: Full-time officers and employees. As of the end of March every year. Aggregate method of the fixed-term employees was changed in 2021.

Note 2: Number of employees who are taking as of the end of March every year.

Note 3: Total numbers from April to March every year; exclusive of leaves due to retirement age or end of transfer assignment.

Note 4: Turnover rate = Total # of turnover for a subject fiscal period ÷ # of all full-time officers and employees as of the end of March every year.

Note 5: Chief Manager and above.

Note 6: From April to March every year.

Note 7: As of the end of March every year.

Participation Records of Training Programs

	2016	2017	2018	2019	2020
Average hours participated in training programs per employee	7.8	11.7	13.3	13.1	6.0
Ratio of employees participated in professional training programs	88.8%	100.0%	100.0%	100.0%	100.0%
Ratio of employees participated in training programs focused on sustainability	32.5%	40.8%	100.0%	100.0%	100.0%

Note: From January to December every year, except average hours participated in training programs per employee (April to March every year).

Engagement Survey

	2018	2019	2020(Note)	2021
Survey period	November 2018	November 2019	January 2020	September 2021
Survey group (All employees including contract workers, etc., excluding those who take temporary leaves, etc.)	58	63	79	79
Effective response rate	94.8%	96.8%	100.0%	100.0%
Job satisfaction/Company satisfaction (marks out of 5)	3.1	3.3/3.2	3.4/3.3	3.4/3.4
Employees who had a performance feedback and a career consultation with their superiors	100.0%	100.0%	100.0%	100.0%

Note: Survey company was changed.

Governance

Board of Directors of United Urban

Position	Name	Gender	Chairperson	Independent officer (Note 1)	Experience & Expertise (Note 2)					Qualification	Annual compensation (JPN thousand)	Attendance in Board of Directors meeting (35th FP & 36th FP)	No. of investment units owned
					Corporate management/management strategy	Real estate investment/management	Finance & Accounting	Auditing & Risk management	Legal affairs & Compliance				
Executive officer	Toshiaki Emon	Male	○	-	○	○	○	○	○	-	12,000	100% (3 times / 3 times) (Note 3)	0 units
Supervisory officers	Kenichiro Okamura	Male		○	○			○	○	Certified public accountant Certified tax accountant US certified public accountant	4,200	100% (15 times / 15 times)	0 units
	Kumiko Sekine	Female		○				○	○	Lawyer	4,200	100% (15 times / 15 times)	0 units

Please follow the link below for career summaries of each officer.

[Career summary of officers of United Urban](#)

Note 1: In the above table, "Independent officer" refers to supervisory officers who are not in conflict with the Investment Trust Act's standards on independence from the executive officer, the Asset Management Company, etc. Furthermore, since United Urban does not fall under the category of a "Listed domestic company" as stipulated by the Tokyo Stock Exchange's rules on the listing of securities, it is not required to secure an "Independent Officer" as stipulated in said rules and so an "Independent directors/Auditors notification" as stipulated in the rules has not been submitted. Nonetheless, as indicated in the table, persons who are not in conflict with the Investment Trust Act's standards on independence from the executive officer, the Asset Management Company, etc. are selected for United Urban's supervisory officers.

Note 2: "Experience & Expertise" in the table indicates the relatively notable experience and expertise of each officer and does not show all of the experiences and abilities of the officers.


Note 3: Assumed office on September 1, 2021.

Compensation for Accounting Auditor of United Urban

	Unit	35th FP (May 2021)	36th FP (Nov. 2021)
Auditing compensation	JPN thousand	17,000	18,000
Non-auditing compensation	JPN thousand	3,300	3,300
Total	JPN thousand	20,300	21,300

Directors of the Board Meeting at JRA

Position	Name	Participation in Board Meetings
President and CEO	Norimasa Gaun	100% (13 times / 13 times)
Director	Takehide Sasaki	100% (13 times / 13 times)
Director	Yoshihiro Itani	100% (13 times / 13 times)
Director (non-executive)	Eiji Kaneko	100% (13 times / 13 times)
Director (non-executive)	Hiroshi Tanikake	100% (13 times / 13 times)
Auditor	Hideki Kadota	100% (13 times / 13 times)
Auditor (non-executive)	Mutsuhiko Koike	100% (13 times / 13 times)

Note: Fiscal 2021, from April in 2021 to May 2022. As of April 1, 2022, Eiji Kaneko, Director (non-executive) and Mutsuhiko Koike, Director (non-executive) resigned and Shuichi Kamizono, Director, Tsuyoshi Takagi, Director (non-executive) and Hirohiko Nishide, Director (non-executive) assumed office. For details, please see "[Notice Concerning the Change of Director, Auditor and Important Employee at the Asset Management Company \(scheduled\)](#)"  " dated March 28, 2022.

No. of Departments Targeted by Regular Audits

	2017	2018	2019	2020	2021
Audited departments	8	8	6	4	5
Total departments	13	13	13	13	13

Note: From April to March.

Certification / Evaluation



Environment Certification Coverage (Details) ▼

GRESB Survey ▼

DBJ Green Building Certification ▼

CASBEE for Real Estate ▼

BELS Certification ▼

Environment Certification Coverage (Details)

In order to enhance the objectivity and credibility of the status of environmental and social considerations of properties owned by United Urban, the initiatives to acquire external certification and ratings assigned by third parties are underway. The following is the coverage ratio of the properties of United Urban that acquired external certification. We promote to raise the coverage ratio of environment certification.

	DBJ Green Building	CASBEE for Real Estate	BELS	Total
No. of properties (Note)	12	32	30	71
Certification coverage (gross floor area based)	24.1%	28.2%	17.6%	68.5%

Note: As of February 2022. Total of 128 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X · M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura · ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2" has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

GRESB Survey

Overview of the GRESB

GRESB, the Global Real Estate Sustainability Benchmark, is an annual benchmarking assessment to measure ESG integration of real estate companies and funds. It was founded in 2009 by a group of European institutional investors who played leading roles in launching Principles for Responsible Investment (PRI) advocated by the United Nations as the core group and is utilized in their investment decision-making processes.

GRESB Real Estate Assessment

In the 2021 GRESB Real Estate Assessment, United Urban received a “4 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants.

United Urban also won a “Green Star” designation for the 7th consecutive year by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.



GRESB Public Disclosure Level Assessment

The highest “A” level was granted to United Urban for the fourth consecutive year. Its accomplished disclosure of information regarding ESG initiatives were evaluated.

United Urban continues to implement its initiatives for the environmental, social, governance issues going forward.



➤ [Press Release: Notice Concerning GRESB Assessment Results \(October 15, 2021\)](#) 

DBJ Green Building Certification

DBJ Green Building Certification Program was established by Development Bank of Japan Inc. in April, 2011 for the purpose of supporting the properties which give proper care to environment and society (“Green Building”). The program evaluates, certifies and supports properties which are required by society and economy. It makes comprehensive assessment of properties, while evaluating various factors which range from properties’ environmental features to their communication with stakeholders, such as disaster prevention and proper care for surrounding communities.

| Year 2021



[A40 KURURU](#)



[A15 Shinsaibashi OPA Honkan](#)



[A29 Yodobashi Camera Multimedia Kichijoji](#)



[A31 Tenjin Loft Building](#)



[A38 Luz Shonan Tsujido](#)



[B37 ARENA TOWER](#)



[B44 SS30](#)



[E3 Tsubokawa Square Building](#)



[A12 Daiei Takarazuka Nakayama](#)



[A23 Ito-Yokado Owariasahi](#)

Year 2019



[D26 Glenpark Umeda-kita](#)

Year 2018



[E5 Logistics Higashi - Ohgishima](#)

➤ [For more details, please refer to the website of DBJ Certification.](#) 

CASBEE for Real Estate

“CASBEE (Comprehensive Assessment System for Built Environment Efficiency)” is a system for assessing and rating the environmental performance of buildings and built environment, which is being developed and penetrated in Japan, under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism.

CASBEE for Real Estate was developed with an intention to be widely used among property market participants, and its assessment criteria are designed to use by person engaged in real-estate development and transaction. The assessment items consist of five categories, namely “energy/GHG,” “water,” “materials/safe,” “biodiversity/sustainable site,” and “indoor environment” with 21 assessment items. Taking into account international common items advocated by UNEP SBCI (The United Nations Environment Programme - Sustainable Building and Climate Initiative), the same items as environmental performance items, which have received attention from domestic and foreign companies, are considered. The following properties owned by United Urban have received the certification.

Year 2021

Rank S
★★★★★



[C15 RIHGA Royal Hotel
Kokura · ARUARU City
\(ARUARU City\).](#)



[C15 RIHGA Royal Hotel
Kokura · ARUARU City
\(ARUARU City Building
No.2\).](#)

Rank A ★★★★★



[B7 Kawasaki Toshiba
Building](#)



[B31 Pacific Marks Nishi-
Umeda](#)



[B38 Yushima First
Building](#)

Year 2020

Rank S
★★★★★



[A11 Tip's Machida Building](#)



[A42 Luz Musashikosugi Building](#)

Rank A ★★★★★



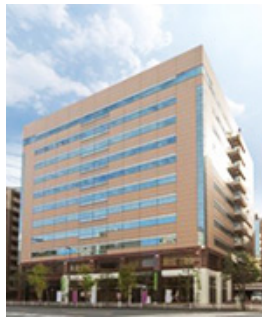
[B45 LOOP-X](#)

Year 2019

Rank S
★★★★★



[B11 Pacific Marks Shinjuku Parkside](#)



[B14 Pacific Marks Yokohama East](#)



[B17 Akasaka Hikawa Building](#)

Rank A ★★★★★



[B20 Pacific Marks Akasaka-mitsuke](#)



[B22 Pacific Marks Shin-Yokohama](#)

Year 2018

Rank S
★★★★★

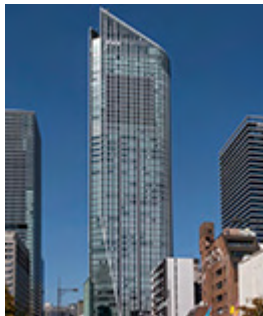


[A21 Mallage Kashiwa](#)



[B3 Fukuoka Eartheon Building](#)

Rank S
★★★★★



[B46 Toranomon Hills Mori Tower](#)

Rank A ★★★★★



[A2 Joy Park Izumigaoka](#)



[A4 Luz Funabashi](#)



[A8 Miyamae Shopping Center](#)



[A10 ACTIOLE Minami-ikebukuro](#)



[A14 ACTIOLE Kannai](#)



[A20 Albore Sendai](#)



[A26 ACTIOLE Ichikawa](#)



[A36 Granbell Ginza Building](#)



[B6 Shin-Osaka Central Tower](#)



[B8 UUR Toyochō Building](#)



[B13 Pacific Marks Tsukishima](#)



[B32 Pacific Marks Higobashi](#)



[B35 Pacific Marks Sapporo Kita-Ichijo](#)



[B41 GRAND-SQUARE Meieki-minami](#)



[B42 Shiba 520 Building](#)

BELS Certification

“Building-housing Energy-efficiency Labeling System (BELS)” is a third-party certification system for rating residential and non-residential buildings fulfilling the obligation to make efforts for labeling of energy efficiency under the Building Energy Efficiency Act (official name: Act on the Improvement of Energy Consumption Performance of Buildings). The assessment is on the basis of the Building Energy Index (BEI) value derived from primary energy consumption based on the building energy efficiency standards provided by the Japanese government.



The assessment and labeling based on BELS is implemented by assessment association members, which are those “registered housing quality evaluation agencies,” “designated confirmation and inspection bodies” or “registered building investigation bodies” that have submitted notification as an organization implementing BELS operations. The assessment outcome is represented by a number of stars (five-star scale from one star to five stars).

Among United Urbans portfolio, the following properties have received the BELS certification.

Rank
★★★★★



[A41 K's Denki Nagoya-kita](#)



[C7 Yotsuya 213 Building](#)



[C13 Loisir Hotel & Spa Tower Naha \(Annex\)](#)



[C19 Smile Hotel Premium Sapporo Susukino](#)



[E15 Hirakata Nagao Logistics Center](#)

Rank
★★★★



[B9 FOUR SEASONS BLDG](#)



[C10 Toyoko Inn Kawasaki Ekimae Shiyakusho-dori](#)



[C17 Henn na Hotel Tokyo Hamamatsucho](#)



[C18 Hotel Hewitt Koshien \(New building\)](#)

Rank
★★★



[A7 Kaden Sumairu-kan YAMADA Sakai Honten](#)



[A30 Kaden Sumairu-kan YAMADA Matsudo Honten](#)



[B25 Pacific Marks Kawasaki](#)



[B40 GRAND-SQUARE Shin-Sakae](#)



[B45 LOOP-M](#)



[B48 UUR Kyobashi East Building](#)



[C4 HOTEL ROUTE-INN
Yokohama Bashamichi](#)



[C9 Comfort Inn Tokyo
Roppongi](#)



[C12 Toyoko Inn Naha
Kokusai-dori Miebashi-eki](#)



[C16 Comfort Inn
Fukuoka Tenjin](#)



[C20 the square hotel
KANAZAWA](#)



[E1 Lilycolor Tohoku
Branch](#)

Rank
★★



[B37 ARENA TOWER](#)



[B43 Hirose-dori SE
Building](#)



[C2 Toyoko Inn
Shinagawa-eki
Takanawa-guchi](#)



[C3 MZ BLD.](#)



[C5 Hotel JAL City Naha](#)



[D10 UUR Court Sapporo
Kita-Sanjo](#)



[D23 UUR Court Kinshicho](#)



[E6 MT Ariake Center
Building I](#)



[E9 Kawagoe Logistics
Center](#)

SFDR



➤ [Summary of SFDR Pre-Contractual Disclosure 2021](#) 

➤ [SFDR Principal Adverse Impact Statement 2021](#) 

Editorial Policy



Policy 

Reporting Structure 

Reporting Organization 

Reporting Period 

Reference for Disclosure 

Publication date 

Next issue 

Inquiries 

Policy

United Urban and JRA have dialogue with our stakeholders and publish the Sustainability Website and the Sustainability Report as a means of informing our stakeholders of our efforts to realize a sustainable society.

The website and report cover our sustainability policies and sustainability activities and are compiled based on themes of environment (E), society (S) and governance (G). Historical data regarding these activities is shown in the ESG data section.

Our view on sustainability and the related policies and activities are discussed in the JRA’s Sustainability Committee and are reported to and approved by the Board Meeting of JRA.

Reporting Structure

The Sustainability Website is designed to provide not only our policies but also a full range of data and information regarding our sustainability activities. We aim for a timely disclosure and make efforts to keep the website the most updated

The Sustainability Report is published in PDF format, covering disclosed information in the Sustainability Site.

Reporting Organization

United Urban Investment Corporation
Japan REIT Advisors Co., Ltd.

Reporting Period

The report covers the fiscal year of 2021 (from April 1, 2021 to March 31, 2022), but also includes information of other periods.

Reference for Disclosure

GRI Standards
SASB (Real Estate Industry) Framework

Publication date

June 2022

Next issue

March 2023 (scheduled)

Inquiries

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Index



GRI Standard

- GRI 100: Universal Standard
- GRI 400: Social Standard

- GRI 300: Environmental Standard
- GRI G4: Sector Disclosures for Construction and Real Estate





This Sustainability Website of United Urban and JRA refers to GRI Standard.

UUR: Website of United Urban

JRA: Website of the United Urban's asset management company (Japan REIT Advisors Co., Ltd.)

GRI 100: Universal Standard

Indicator	Contents
102 : General Disclosures 2016	Organizational profile
102-1 Name of the organization	UUR " "Overview of United Urban"
102-2 Activities, brands, products, and services	
102-3 Location of headquarters	
102-4 Location of operations	
102-5 Ownership and legal form	
102-6 Markets served	
102-7 Scale of the organization	
102-8 Information on employees and other worker	
102-9 Supply chain	UUR " "Structure of United Urban"
102-10 Significant changes to the organization and its supply chain	No applicable changes
102-11 Precautionary Principle or approach	"Sustainability Policy & Structure" "Basic Supply Chain Sustainability Policy"
102-13 Membership of associations	JRA " "Company Profile"

Indicator	Contents
102 : General Disclosures 2016	Strategy
	102-14 Statement from senior decision-maker Top Message
	102-15 Key impacts, risks, and opportunities Materiality
	Ethics and Integrity
	102-16 Values, principles, standards, and norms of behavior JRA " Corporate Objectives 
	102-17 Mechanisms for advice and concerns about ethics JRA " Company Profile 
	Governance
	102-18 Governance structure Governance
	102-20 Executive-level responsibility for economic, environmental, and social topics Corporate Governance
	102-22 Composition of the highest governance body and its committees UUR " Structure of United Urban 
	102-23 Chair of the highest governance body Corporate Governance
	102-24 Nominating and selecting the highest governance body UUR " IR Library (Articles of Incorporation) 
	102-25 Conflicts of interest Corporate Governance
	102-26 Role of highest governance body in setting purpose, values, and strategy Sustainability Policy & Structure
	102-31 Review of economic, environmental, and social topics Sustainability Policy & Structure
	102-32 Highest governance body's role in sustainability reporting Sustainability Policy & Structure
	102-35 Remuneration policies Corporate Governance
	Stakeholder Engagement
	102-40 List of stakeholder groups Actions for Materiality Stakeholder Engagement
	102-41 Collective bargaining agreements Sustainability Policy & Structure
	102-42 Identifying and selecting stakeholders Stakeholder Engagement
	102-43 Approach to stakeholder engagement Stakeholder Engagement
	102-44 Key topics and concerns raised Not Applicable
	Report Profile
	102-45 Entities included in the consolidated financial statements Not Applicable
	102-46 Defining report content and topic Boundaries Sustainability Report Editorial Policy
	102-47 List of material topics Materiality
	102-48 Restatements of information Not Applicable

	Indicator	Contents
102 : General Disclosures 2016	102-49 Changes in reporting	Not Applicable
	102-50 Reporting period	Editorial Policy
	102-51 Date of most recent report	Sustainability Report
	102-52 Reporting cycle	Editorial Policy
	102-53 Contact point for questions regarding the report	UUR " Contact Us 
	102-54 Claims of reporting in accordance with the GRI Standards	Editorial Policy
	102-55 GRI content index	This chart
	102-56 External assurance	Not Applicable at this time
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality
	103-2 The management approach and its components	Materiality
	103-3 Evaluation of the management approach	Materiality

GRI 300: Environmental Standard

	Indicator	Contents
302: Energy 2016	103-1 Explanation of the material topic and its Boundary	Actions for Materiality
	103-2 The management approach and its components	Actions for Materiality Energy Efficiency
	103-3 Evaluation of the management approach	Actions for Materiality Energy Efficiency Certification / Evaluation
	302-1 Energy consumption within the organization	ESG Data Summary SASB Report
	302-3 Energy intensity	ESG Data Summary SASB Report
	302-5 Reductions in energy requirements of products and services	Energy Efficiency ESG Data Summary
	303: Water 2016	103-1 Explanation of the material topic and its Boundary
103-2 The management approach and its components		Water
103-3 Evaluation of the management approach		Water

Indicator	Contents
303: Water 2016	303-1 Water withdrawal by source Water ESG Data Summary
	303-3 Water recycled and reused Water
305: Emissions 2016	103-1 Explanation of the material topic and its Boundary Actions for Materiality
	103-2 The management approach and its components Climate Change
	103-3 Evaluation of the management approach Actions for Materiality
	305-1 Direct (Scope 1) GHG emissions ESG Data Summary
	305-2 Energy indirect (Scope 2) GHG emissions ESG Data Summary
	305-4 GHG emissions intensity Energy Efficiency ESG Data Summary
	305-5 Reduction of GHG emissions Energy Efficiency ESG Data Summary
306: Effluents and Waste 2016	103-1 Explanation of the material topic and its Boundary Materiality
	103-2 The management approach and its components Water
	103-3 Evaluation of the management approach Water ESG Data Summary
	306-2 Waste by type and disposal method ESG Data Summary
308: Supplier Environmental Assessment 2016	103-1 Explanation of the material topic and its Boundary Actions for Materiality Stakeholder Engagement
	103-2 The management approach and its components Actions for Materiality Stakeholder Engagement
	103-3 Evaluation of the management approach Actions for Materiality Stakeholder Engagement
	308-1 New suppliers that were screened using environmental criteria Not applicable in this reporting period.
	308-2 Negative environmental impacts in the supply chain and actions taken Not applicable in this reporting period.

GRI 400: Social Standard

	Indicator	Contents
401: Employment 2016	103-1 Explanation of the material topic and its Boundary	Actions for Materiality Stakeholder Engagement
	103-2 The management approach and its components	Actions for Materiality Diversity & Inclusion, Wellness
	103-3 Evaluation of the management approach	Actions for Materiality Diversity & Inclusion, Wellness
	401-1 New employee hires and employee turnover	Diversity & Inclusion, Wellness ESG Data Summary
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity & Inclusion, Wellness
	401-3 Parental leave	Diversity & Inclusion, Wellness
404: Training and Education 2016	103-1 Explanation of the material topic and its Boundary	Actions for Materiality HR Strategy Stakeholder Engagement
	103-2 The management approach and its components	Actions for Materiality HR Strategy Stakeholder Engagement
	103-3 Evaluation of the management approach	Actions for Materiality HR Strategy Stakeholder Engagement
	404-1 Average hours of training per year per employee	HR Strategy
	404-2 Programs for upgrading employee skills and transition assistance programs	HR Strategy
	404-3 Percentage of employees receiving regular performance and career development reviews	HR Strategy
413: Local Communities 2016	103-1 Explanation of the material topic and its Boundary	Actions for Materiality Stakeholder Engagement Community
	103-2 The management approach and its components	Actions for Materiality Community Stakeholder Engagement
	103-3 Evaluation of the management approach	Actions for Materiality Community Stakeholder Engagement

Indicator	Contents
413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs Community
	413-2 Operations with significant actual and potential negative impacts on local communities Not Applicable in this reporting period
414: Supplier Social Assessment 2016	103-1 Explanation of the material topic and its Boundary Actions for Materiality Stakeholder Engagement
	103-2 The management approach and its components Actions for Materiality Stakeholder Engagement
	103-3 Evaluation of the management approach Actions for Materiality Stakeholder Engagement
	414-1 New suppliers that were screened using social criteria There are no applicable agreements with new suppliers during the reporting period.
	414-2 Negative social impacts in the supply chain and actions taken Not Applicable
416: Customer Health and Safety 2016	103-1 Explanation of the material topic and its Boundary Actions for Materiality Stakeholder Engagement
	103-2 The management approach and its components Actions for Materiality Safety & Hygiene Stakeholder Engagement
	103-3 Evaluation of the management approach Actions for Materiality Safety & Hygiene
	416-1 Assessment of the health and safety impacts of product and service categories Safety & Hygiene
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services There are no applicable cases during the reporting period.

GRI G4: Sector Disclosures for Construction and Real Estate

Indicator	Contents
Aspects: Product and Service Labeling	103-1 Explanation of the material topic and its Boundary Materiality
	103-2 The management approach and its components Sustainability Policy & Structure Materiality Stakeholder Engagement
	103-3 Evaluation of the management approach Actions for Materiality
	G4-CRE8: Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment Certification / Evaluation



Energy Management

Water Management

Management of Tenant Sustainability Impacts

Climate Change Adaptation

While United Urban has been proactively engaged in efficient and most relevant disclosure on non-financial information including our ESG initiatives and actions, we include a broad range of data and information and how they are disclosed highly depends on industry which companies belong to and services which companies provide with. Therefore, United Urban prepares a summary of our all ESG initiatives and actions in accordance with a real estate standard in Sustainability Accounting Standard Board (SASB). We hope this summary helps to improve quality of disclosure and helps all investors have better understanding of what and how United Urban has been working on for ESG issues.

The summary is based on the data as of November 2021, the latest fiscal period of United Urban. The definitions of property type are as follows.

Retail facilities: (Mid/Small) Less than GFA 10,000m² (Large) GFA 10,000m² or more

Others: Logistics facilities, medical facilities, etc.

Energy Management

SASB disclosure code #	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med-scale)	Retail properties (large-scale)	Hotels	Others	Unit
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area (Note 1)	92.0%	96.6%	81.1%	100.0%	100.0%	73.3%	% of floor area
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	235,736	81,750	11,433	57,991	64,075	20,487	MWh
	Percentage grid electricity	91.1%	92.3%	96.7%	91.3%	61.6%	99.4%	%
Reference:	Renewable energy generated on-site (Note 2)	1,558	0	0	0	0	1,558	kWh
IF-RE-130a.3	Like-for-like percentage change in energy consumption (Note 3)	-7.8%	-3.0%	-13.4%	-3.7%	-19.3%	18.0%	%
	Coverage for Like-for-like comparison	84.0%	84.4%	81.1%	100.0%	100.0%	54.6%	% of floor area
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating (Note 4)	17.6%	14.7%	21.0%	5.1%	24.6%	25.3%	% of floor area
Reference:	Percentage of eligible portfolio that has a green building certification (Note 5)	52.3%	82.5%	35.8%	91.8%	14.0%	18.0%	% of floor area

Note 1: Floor area for which United Urban possesses data of energy consumed in the area as a percentage of the total floor area of the portfolio.

Note 2: Although renewable energy is generated on-site, at present, all the energy is sold without self-consumption.

Note 3: Comparison is made only for properties held over 24 months spanning the current year and the previous year. Properties sold/acquired or which have undergone major renovations during the period are excluded from the comparison. No normalizations are made to the reported figures to account for change in vacancy rate, etc.

Note 4: Properties certified with "BELS (Building-Housing Energy-efficiency Labeling System)" by a third party are reported.

Note 5: Properties certified with "DBJ Green Building Certification" and "CASBEE for Real Estate" evaluation certification by a third party are reported. No self-assessed properties or properties with certifications expired are included.

IF-RE-130a.5

Description of how building energy management considerations are integrated into property investment analysis and operational strategy

United Urban sets the energy management of properties as one of the ESG Materiality issues because the impact on the environment as well as on the property management costs should be significant.

Concerning GHG emissions based on energy consumption, we aim for 40% reduction compared to 2014 in accordance with the reduction targets for “the commercial and other sectors” set by the Japanese government.

United Urban works on energy management related to property management in accordance with the Environmental Policies established in May 2012 (revised to the Sustainability Policy in March 2022). United Urban endeavors to “lower energy consumption intensity by more than 1% on a five-year average” at our properties, in line with a target set forth by the Japanese government. The intensity figure is calculated from energy usage and total floor space, etc., of the properties. Having the Energy Saving Committee and the Energy Saving Working Group established internally for promoting energy management, United Urban works on reducing energy consumption with advice from external experts.

United Urban's real estate investment and management process incorporates energy management as described below.

JRA, the asset manager of United Urban, is continuously and systematically implement initiatives for environmental performance improvement through the environmental management system based on ISO14001. United Urban periodically discloses energy data of our properties and has been awarded the highest rank of “S” for six consecutive years in the Classification of Business Operators by the Ministry of Economy, Trade and Industry as an entity that has met targets set by the Japanese government.

For the management and monitoring of energy consumption of our portfolio, United Urban understands and manages consumption by a dedicated IT system and efficiently collects accurate and timely data.

For due diligence upon property acquisition, United Urban conducts qualitative evaluation such as the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment as prerequisite confirmation items. These factors are taken into consideration when making investment decisions.

As part of the operation and management of standing investments, the Energy Saving Committee and the Energy Saving Working Group monitor the energy consumption trends and consider and implement operational improvement measures as well as upgrading of facilities in order to achieve rational energy use. For example, electricity usage is checked at properties during summer months (April to September) when usage peaks, and for the properties where usage has increased by more than 5% from the previous year, factors are analyzed and operational improvement measures are considered.

Medium-term to long-term repair plans for the next five years are prepared for each property. Among the construction work scheduled, those expected to generate energy conservation effects will have such effects verified by energy experts.

In promoting rational energy usage in operation and management of properties, United Urban requests all property managers who operate and manage properties to comply with the Sustainability Policy and the Basic Supply Chain ESG Policy (revised to the Basic Supply Chain Sustainability Policy in March 2022) and has obtained their consent.

In some properties, understanding energy consumption trends is difficult, where tenants manage energy consumption on their own and United Urban does not have the authority to manage it.

Some properties generate renewable energy by installing solar panels on the roofs. The generated renewable energy is sold to external parties or consumed locally, bringing economic benefits to United Urban. Considering the characteristics of our properties, United Urban has a policy to consider the use of renewable energy as long as economic efficiency can be ensured. Since the Marubeni Group, a sponsor of United Urban, is engaged in power generation and energy conservation as businesses, utilization of batteries as well as switching to green power (purchase of renewable energy generated off-site) is also being considered for the future.

For the purpose of increasing objectivity and credibility of the results of the above-mentioned initiatives and the status of environmental and social friendliness of the owned properties, United Urban has acquired external environmental certifications and evaluations from third parties. United Urban utilizes DBJ Green Building certification, CASBEE for Real Estate certification and BELS evaluation for building-level certification, and participates in GRESB annually as a fund-level ESG benchmark.

While actively conveying these results to investors, lenders, tenants, etc. who value ESG, United Urban positions certified properties as eligible green assets and utilizes them in green finance, which leads to achieving diversification in sources of financing. Since 2019, United Urban has conducted ESG financing five times and raised a total of ¥28.0 billion.

Water Management

SASB disclosure metrics #	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med scale)	Retail properties (large-scale)	Hotels	Others	Others
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area (Note 1)	88.3%	96.6%	81.1%	100.0%	97.9%	60.2%	% of floor area
	Data coverage in regions with High Baseline Water Stress	Currently, there are no properties located in regions with High or Extremely High Baseline Water Stress (Note 3)						
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	1,128	267	93	292	401	74	1000m ²
	Percentage water withdrawn in regions with High Baseline Water Stress	Currently, there are no properties located in regions with High or Extremely High Baseline Water Stress (Note 3)						
IF-RE-140a.3	Like-for-like percentage change in water withdrawn (Note 2)	-36.1%	-34.5%	-31.5%	-16.2%	-46.8%	-36.5%	%
	Coverage for Like-for-like comparison	85.9%	95.0%	81.1%	100.0%	97.9%	52.0%	% of floor area

Note 1: Floor area for which United Urban possesses data for clean water consumed in the area as a percentage of the total floor area of the portfolio. Nearly the full amount of water withdrawn is purchased from public water utilities.

Note 2: Comparison is made only for properties held over 24 months spanning the current year and the previous year. Properties sold/acquired or which have undergone major renovations during the period are excluded from the comparison. No normalizations are made to the reported figures to account for change in vacancy rate, etc.

Note 3: Water stressed regions where the WRI Aqueduct Baseline Water Stress map identifies as "Extremely High Risk" or "High Risk".

IF-RE-140a.4

Description of water management risks and discussion on strategies and practices to mitigate those risks

Regarding the management of water consumption, United Urban owns only properties in major cities and their surrounding areas in Japan, and at present there are no properties located in areas with high water stress in terms of "Extremely High Risk" or "High Risk" based on the definition of WRI Aqueduct Baseline Water Stress map. However, in cases when a local and temporary shortage of water occurs due to weather, etc. and leads to limited water supply, property operation may be affected. As clean water purchased from the local public water utility is used in almost all properties, change in the amount of water purchased may affect the profitability of the properties. For these reasons, United Urban is promoting the efficient use of water in the operation and management of properties, and the reduction of the amount of clean water consumed by using wastewater (reclaimed water).

Regarding the wastewater used at our properties, United Urban checks the status of drainage facilities at properties and whether there is a risk of violating environmental laws in the due diligence process upon property acquisition as well as monitoring after acquisition. At present, our understanding is that the risk of violation of environmental laws and regulations regarding wastewater and water treatment is low.

Management of Tenant Sustainability Impacts

SASB disclosure metrics #	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med scale)	Retail properties (large-scale)	Hotels	Others	Unit
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements (green lease) (Note 1)	67.9%	100.0%	0.0%	49.3%	11.7%	0.0%	% of floor area
	Associated newly leased floor area	25,830	21,268	0	3,719	843	0	m ²
(Option)	全Green lease contracted area as a percentage of total contracted floor area (Note 2)	13.5%	56.1%	0.4%	7.2%	0.5%	0.0%	% of floor area
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption (Note 3)	90.3%	96.1%	100.0%	100.0%	100.0%	66.6%	% of floor area
	Percentage of tenants that are separately metered or submetered for water withdrawals (Note 3)	90.3%	96.1%	100.0%	100.0%	100.0%	66.6%	% of floor area

Note 1: Percentage calculated by using the figure of all lease agreements renewed or newly concluded in the past year (from December 2020 to November 2021) as the denominator.

Note 2: Calculated based on leased floor area for which green lease agreements have been concluded as of the end of November 2021.

Note 3: Percentage calculated by using the total contracted floor area as the denominator.

IF-RE-410a.3

Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants

As part of monitoring and managing the environmental impact of properties, United Urban introduces green lease agreements and memorandums that stipulate that energy and water consumption data be shared between the owner and tenants, at the time of concluding or renewing lease agreements.

At many properties, the electricity/water consumption in the tenant-occupied areas is measured by smart meters and individual meters, and the measured amount is fed back to the tenant individually. As the figures are used as the base for calculating utilities costs charged to the tenants, in other words, United Urban adopts a lease agreement format that leads to tenants' voluntary energy/water conservation efforts for their own economic incentive. Under such a lease scheme, the fact that United Urban is engaged in efforts to reduce the environmental impact of buildings will lead to a mitigation in the monetary burden on tenants related to utilities costs, and a positive effect on maintaining and improving the occupancy rates can be expected.

In addition, all tenants are provided with written notice on United Urban's Sustainability Policy as well as Basic Supply Chain Sustainability Policy. United Urban thus has opportunities to communicate our understanding and call for cooperation on sustainability considerations to tenants. Some properties have undergone work to install LED lights in tenant-occupied areas with the cooperation of tenants, and the achieved benefit of reduction in utilities costs were shared between the tenants and United Urban.

Climate Change Adaptation

SASB disclosure metrics #	Disclosure metrics	Entire portfolio	Office buildings	Retail properties (small- to med scale)	Retail properties (large-scale)	Hotels	Others	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones (Note 1)	347,237	192,016	11,425	12,224	46,431	85,142	m ²

Note 1: Among the total floor area of the portfolio, floor area indicated in the hazard maps prepared by the local governments as facing potential flooding with heavy rain of which occurrence is “once in 1,000 years.”

IF-RE-450a.2

Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

United Urban analyzes the business risks and opportunities associated with climate change and acknowledges the following as the major risks and opportunities:

Physical Risks

In many cases, properties in major urban areas are located in areas with rather low altitude or along the coast, and such areas face risk of flooding disasters. At present, approximately 18% of the portfolio (based on floor area) is exposed to flood risk, as reported in the above indicator IF-RE-450a.1.

If climate change progresses significantly (e.g., IPCC RCP8.5 scenario), flood risk will increase due to increased torrential rain damage and rising sea levels and increasing costs for flood preparedness and rising insurance premiums etc. may have negative financial impact. There is also the potential for increased exposure to flood risk as areas with risk exposure will increase.

Similarly, if climate change causes an increase in average temperature or the number of intense hot days, it will lead to additional costs for stronger air-conditioning functions of buildings as well as increase in utilities costs, which raise concerns over negative financial impact.

Among the physical risks, the risk of sudden climatic disasters (acute climatic disasters) such as typhoons and torrential rain may already be emerging. Within the United Urban portfolio, there are some

properties that were damaged by extreme weather in fiscal 2019. According to the RCP8.5 scenario, the frequency and severity of these climate-related disasters might increase between now and 2100.

United Urban understands that climatic disaster risks can affect tenants' preferences in selecting properties, in addition to the negative financial impacts such as physical damage to assets, increase in maintenance and renovation costs and higher insurance premiums. In the event of a disaster, such risks might draw even stronger attention from tenants, and buildings in such areas as well as building having similar uses and shapes might be avoided by tenants. On the other hand, if a property gains reputation from tenants as being sufficiently prepared for climate disaster risks, the property can be expected to enjoy a stable occupancy over a long term. Based on these understandings, United Urban is working to adapt to climate change by improving the disaster prevention measures of our properties with an aim to reduce physical risks and realize opportunities to stabilize profits.

Transition Risks

In Japan, laws and regulations on energy efficiency and carbon emissions of buildings are already stipulated by the government, etc., but at present there are no significant regulatory costs for United Urban's properties. However, if the government introduces a policy to raise the level of regulations in order to achieve the target set for the Paris Agreement or imposes a tax on carbon emissions in the future, energy costs may increase and the burden of capital investment in facilities might grow in order to conform to the regulations. The number of national and local governments announcing their aim to achieve carbon neutrality by 2050 is increasing, including in European countries such as France, U.K. and Germany as well as in cities like New York City and Tokyo. Accordingly, in the case such policies start to take shape, we believe that the risk of tightening regulations will become apparent in the next 30 years.

In addition, in the case the transition to a low-carbon and decarbonized society progresses, the green characteristics of United Urban's portfolio might receive greater consideration in terms of tenant preferences, investor preferences, social reputations, etc., which may impact the profitability of the properties, United Urban's fund raising, etc. Even at present, there are survey results that show there is a rent premium for properties with green building certifications, and methods to raise funds through green bonds/green loans are growing in popularity. In the future, not only such "green premiums" but even the risk of "brown discounts" might occur for properties with poor green characteristics.

Based on such understandings, United Urban is making efforts to manage the environmental impact including energy consumption status and improve energy efficiency at the portfolio operation stage while promoting greening of our portfolio by acquiring environmental certifications. Through such efforts, it aims to reduce negative financial impacts due to regulation risks and to improve reputation among tenants, investors, etc. who are caring for ESG. In particular, we understand that mitigating environmental impact is a business opportunity that brings the direct financial benefit of reducing building operation costs.



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