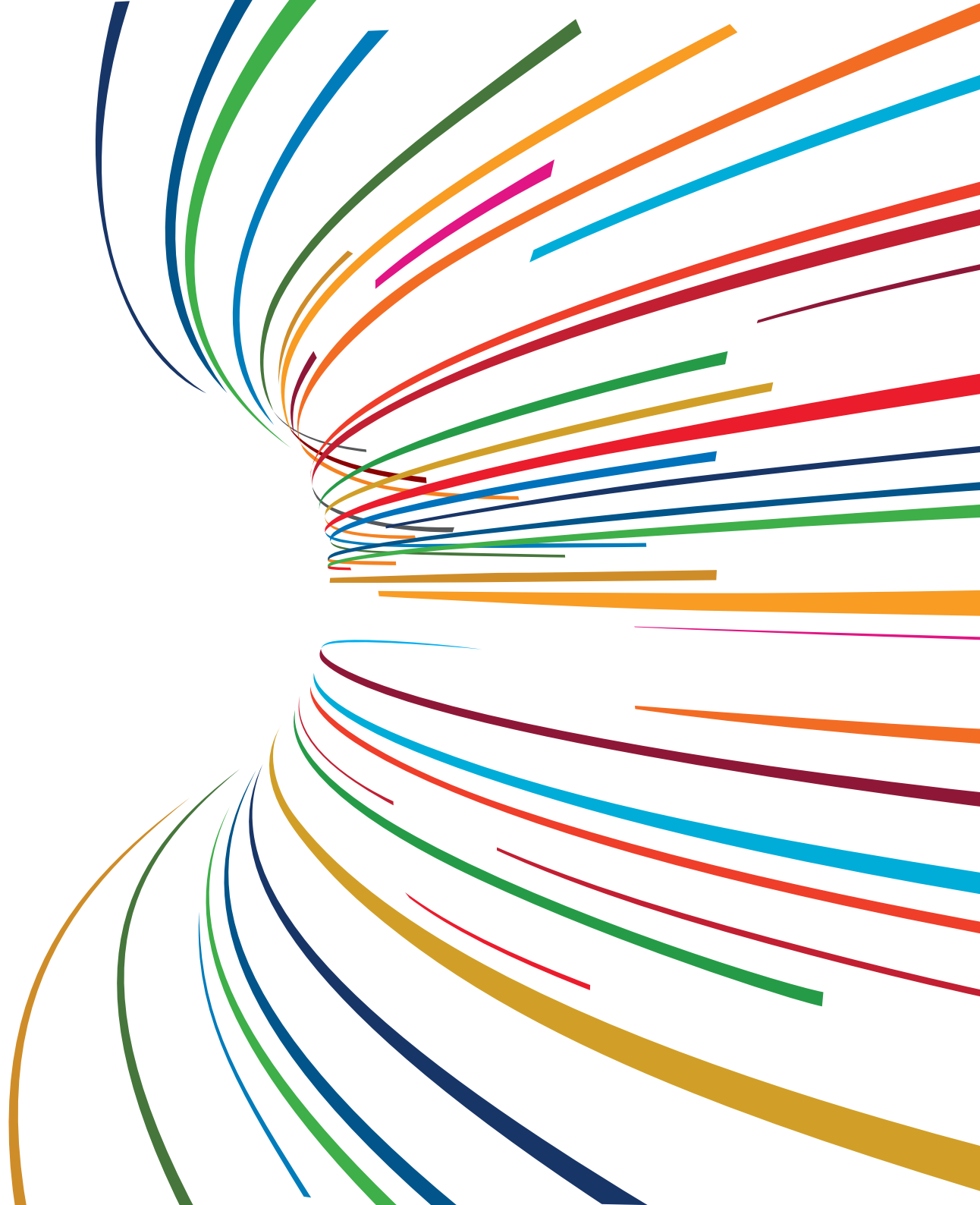




United Urban Investment Corporation

Marubeni
REIT Advisors

Sustainability Report 2023



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Top Message



Society with Appreciation of Sustainability, Diversity & Inclusion

We United Urban Investment Corporation (United Urban) and its asset management company, Marubeni REIT Advisors Co., Ltd. (MRA), 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
Kenmin Asatani

[Right]
Marubeni REIT Advisors, Co. Ltd.
President and Chief Executive Officer
Junichi Batai

United Urban and MRA 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, Marubeni 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.

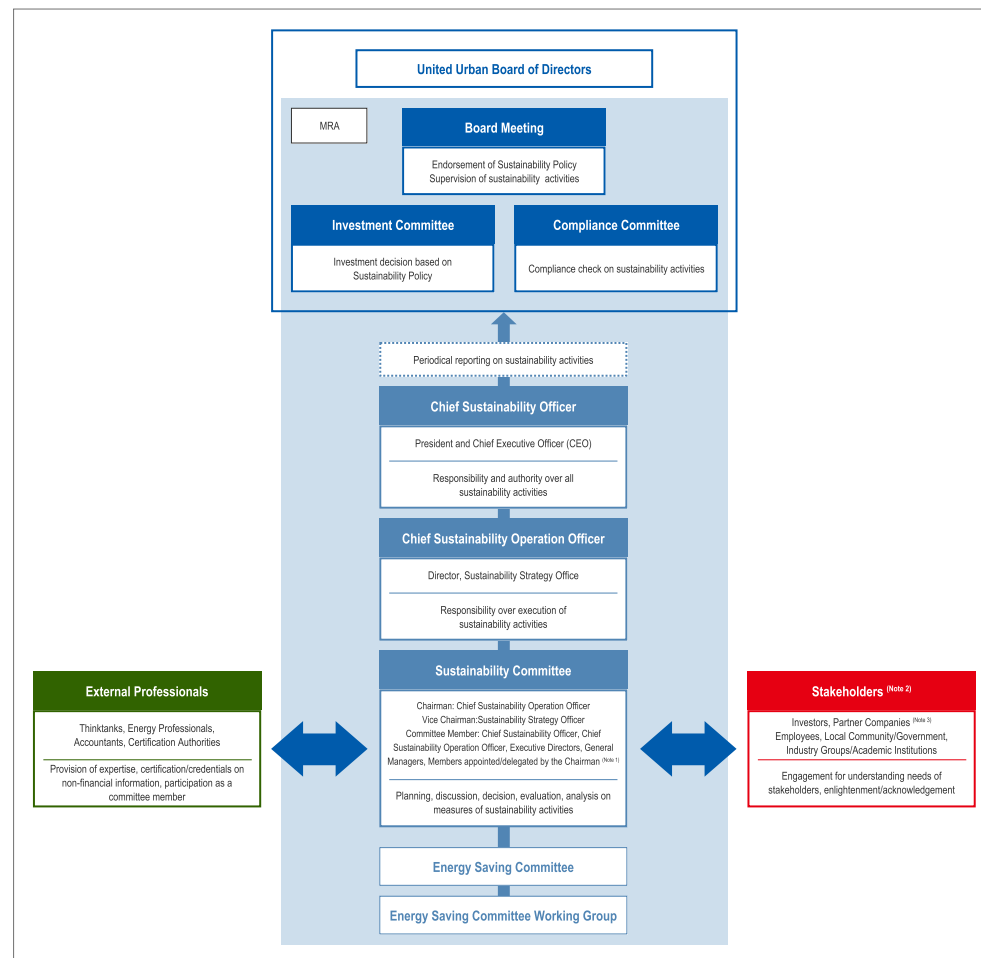
9. Disclosing information

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 MRA 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 MRA.

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 MRA'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

- MRA 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

- MRA 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 MRA'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 MRA

MRA specifies materiality that United Urban and MRA should prioritize and marks as "O".

		2018	2019	2020	2021	2022	2023	2024
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	○	○					
	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							

		2018	2019	2020	2021	2022	2023	2024
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 MRA are working on are as follows. Please also see the actions and achievement in the past.

Materiality (2024) & Related SDGs

Materiality	Related SDGs	Action Plan/Target
Environment	Energy management/use of renewable energy	  <ul style="list-style-type: none"> • Long-term target: <ol style="list-style-type: none"> ① Reduce entire portfolio's total GHG emission covering Scope 1 and Scope 2 by 42% by 2030 (compared to 2021) ② By 2050, Reduce total GHG emissions including value chain (Scope 3) to net zero. (intensity (gross floor area: GFA) based, compared to 2021)
	Green certified buildings	   <ul style="list-style-type: none"> • Acquire external environmental certification including CASBEE for Real Estate and BELS. • Maintain an environment-certified coverage ratio of 80% or more (GFA basis)
	Tenant and property manager engagement	   <ul style="list-style-type: none"> • Long-term target: Incorporate green lease clauses in 100% of contracts of office buildings by 2030. (exclusive of residential areas within office buildings)

Materiality	Related SDGs	Action Plan/Target
Society	Employee job satisfaction/wellness  	<ul style="list-style-type: none"> Further improve the working environment through better HR system design, workspace infrastructure or IT services. Improve employee engagement.
	Diversity and equality 	<ul style="list-style-type: none"> Promote a parental leave acquisition rate to 30% or higher among male employees. Conduct awareness-building training for female employees and all management positions to increase the number of female executives and candidates for managerial positions.
	Employee Performance and Career Development  	<ul style="list-style-type: none"> Improve each employee's qualifications and skills through such as grade-based training programs. Encourage employees to learn technical skills, knowledge and expertise and to obtain qualifications and take external training programs.
	Contribution to local community/local government   	<ul style="list-style-type: none"> Get more involved with disaster prevention measures and revitalization of local communities. Contribute more to make environment clean. Conduct resident-participation programs at retail properties with on-site property managers (5 properties as of December 1, 2023) at least once a year.
	Satisfaction, health, and comfort of building users  	<ul style="list-style-type: none"> Conduct a tenant satisfaction survey and improve assessment results.
Governance	Disclosure and assurance 	<ul style="list-style-type: none"> Strengthen management and operational systems by utilizing real estate asset management systems.
	Disclosure for investors 	<ul style="list-style-type: none"> Disclose non-financial information including ESG related initiatives in a more investor-friendly manner. (improve higher evaluation).

Basic Supply Chain Sustainability Policy

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

MRA 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 MRA.

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, Marubeni 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

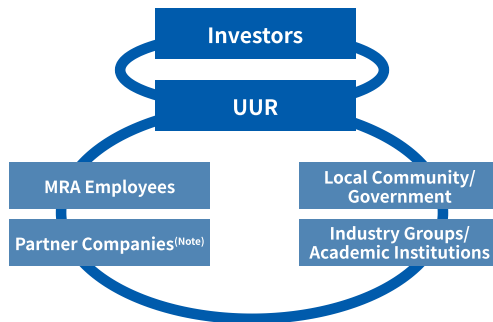
Cooperation with Partner Companies

Dialogue with Investors

Collaboration with Industries/Educational Institutions

We United Urban and MRA 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 MRA



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 MRA 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 MRA 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, MRA 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 Agreed at Office Buildings

52.2%

As of November 2023

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

Investment Value

Rent Income

JPN 8 Mn

Increase
JPN 1.8 Mn per year

Tenant Satisfaction Survey

UUR has been managing our properties with an aim to improve our tenants' satisfaction level. We commissioned an external survey company to conduct a tenant satisfaction survey for all assets.

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.



The photo shows the staff of XYMAX Corporation and MRA at the award ceremony.

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 sixth consecutive year in GRESB’s disclosure of evaluations in 2023, 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 2022.



Meetings with Investors

Institutional investors	Japan	Overseas
2019	144	67
2020	140	58
2021	121	70
2022	121	59
2023	133	58

IR Seminar Participation

Individual investors	No. of seminars United Urban joined
2019	11
2020	2
2021	4
2022	1
2023	1

Meetings with Representatives in Charge of Exercising Voting Rights

2021	8 companies + Proxy advisory firm
------	-----------------------------------

Collaboration with Industries/Educational Institutions

- MRA is a regular member of Investment Trusts Association (ITA) and Association for Real Estate Securitization (ARES). MRA 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 ▼
- Becoming a Signatory Member to UNGC ▼
- Supporting SDGs ▼
- Supporting TCFD Recommendations ▼
- Submitting TOKYO Workstyle Reform Declaration ▼

Becoming a Signatory Member to PRI

Signatory of:



MRA 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

MRA 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 MRA. 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



MRA'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, MRA 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, MRA strives to further enhance its corporate governance and put Ten Principles into practice.

Submitting TOKYO Workstyle Reform Declaration



MRA'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, MRA 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, MRA 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 MRA 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 MRA have specified and addressed the highly material issues.

United Urban and MRA 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



Fund Status by ESG Finance



Fund Status Report



External Evaluation




Positive Impact Finance



Aiming for sound management that can coexist with the environment and society, United Urban and Marubeni REIT Advisors Co., Ltd. ("MRA") have been engaged in real estate investment and management with consideration for ESG.

UUR has implemented various initiatives, such as being the first J-REIT to raise funds through a Green Trust Loan and issuing Sustainability Bonds. In order to further expand the investor base interested in sustainable investment, strengthen the foundation for additional fundraising, and implement agile sustainability finance, UUR formulated the Sustainability Finance Framework (hereinafter referred to as "the Framework") in June 2023.

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

Type of Sustainability Finance and Use of Funds

With assets that meet the eligibility criteria (described below) set in the Framework being underlined, United Urban may conduct financing (borrowing and issuance of investment corporation bonds; the same shall apply hereafter) as defined below. Each type of financing is collectively referred to as "Sustainability Finance, etc."

(i) Green Finance

- Funds to acquire assets that meet Green Eligibility Criteria A ("Eligible Green Assets")
- Refinancing funds for the assets above
- Funds to renovate assets that satisfy Green Eligibility Criteria B

(ii) Social Finance

- Funds to acquire assets that meet Social Eligibility Criteria ("Eligible Social Assets")
- Refinancing funds for the assets above

(iii) Sustainability Finance

- Combined financing of Green Finance and Social Finance

[Click here for the status of funding in Sustainability Finance](#)

Eligibility Criteria

The eligibility criteria set in the Framework are as follows.

Green Eligibility Criteria

A. Eligible Green Assets

Assets that have already acquired or are expected to acquire certifications below (collectively named as "Environmental Certification").

- a. DBJ Green Building Certification (Japan): 3 stars or more
- b. CASBEE Appraisal (Japan) - CASBEE for Buildings or CASBEE for Real Estate: B+ rank or higher
- c. BELS Certification (Japan):
 - FY2016 standard: 3 stars or more ^{*1}
 - FY2024 standard:
 - Non-residential: Level 4 or more ^{*2}
 - Residential with renewable energy equipment: Level 3 or more ^{*3}
 - Residential without renewable energy equipment: Level 3 or more ^{*3}

^{*1} Buildings must be eligible, i.e. in case of hospitals, restaurants, office buildings, hotels, department stores, retail shops and others, BEI must be 0.80 and under; in case of factories and others including logistics facilities and warehouses, BEI must be 0.75 and under.

^{*2} When acquiring new buildings built before 2016, they must be Level 3 or higher and are not ineligible, i.e. in case of hospitals, restaurants, office buildings, hotels, department stores, retail shops and others, BEI must be 0.80 and under; in case of factories and others including logistics facilities and warehouses, BEI must be 0.75 and under.

^{*3} When acquiring buildings built before 2016, they are deemed to be eligible at Level 2 or higher, regardless of renewable energy equipment.

- d. LEED Certification (the U.S.): Silver or higher (for LEED BD+C, version 4.0 or later)

B. Renovation Work

Construction works that meet the following criterion and have been completed within the past 3 years from the date of financing or are expected to be completed.

- a. Renovation works to acquire Environmental Certification as stipulated in “A. Eligible Green Assets” or to improve the existing certification level by 1 level or more
- b. Renovation works to reduce energy consumption, CO₂ and other greenhouse gases or water consumption by at least 30%
- c. Introduction or acquisition of equipment related to renewable energy

Social Eligibility Criteria

Assets offering the following benefits en bloc.

- a. Healthcare facilities, etc.: Facilities and housing that provide quality nursing care services and other welfare services to the elderly
 - e. , Private nursing home, serviced elderly housing, other elderly care facilities and houses
- b. Childcare facilities, etc.: Facilities that provide high-quality childcare services to children
 - e. , Nursery school, afterschool nursery facility
- c. Medical facilities, etc.: A facility that contributes to the health of local people by allowing them to receive high-quality and appropriate medical care as tenants.
 - e. , Hospitals, clinics, medical malls
- d. Public housing under lease, etc.: Facilities where a public (administrative) institution becomes a lessee and provides an affordable living environment to tenants (sublessees)
 - e. , Municipality-rented public housing

Management of Procured Funds

UUR shall manage the amount of procurement, such as sustainability financing, etc., so as not to exceed the limit amount. In case that the procurement amount exceeds the limit, the difference will be managed separately in cash or cash equivalents.

The maximum amounts for Green Finance and Social Finance shall be calculated by the following formula (all figures are as of the end of the latest fiscal period). The amount of procurement of Sustainability Finance, a combined financing of Green Finance and Social Finance, shall be proportionately included in the amount of procurement of each financing and shall be managed so as not to exceed each limit.

The fund proceeds will be used for the set projects within 6 months after procurement. Until then, the proceeds will be separately managed in cash or cash equivalents.

Green finance limit calculation formula

Green finance limit = Book value of Eligible Green Assets x Total asset LTV ^(Note) + Funds for renovation work that satisfies Eligible Green Criteria B

Social finance limit calculation formula

Social finance limit = Book value of Eligible Social Assets x Total asset LTV ^(Note)

(Note) Total assets LTV = Interest-bearing debt/Total assets

Fund Status by ESG Finance

Green loans

(As of May 31, 2024)

Classification	Lender	Balance (Millions of yen)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	The 77 Bank, Ltd.	1,500	JBA 3-month Japanese yen TIBOR+0.18%	Mar. 21, 2024	Mar. 21, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	The Hachijuni Bank, Ltd.	1,000	JBA 3-month Japanese yen TIBOR+0.20%	Feb. 1, 2024	Jun. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,000	JBA 3-month Japanese yen TIBOR+0.25%	Sep. 20, 2023	Sep. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Mizuho Trust & Banking Co., Ltd.	1,000	JBA 3-month Japanese yen TIBOR+0.22%	Mar. 21, 2024	Sep. 20, 2022	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	2,500	JBA 3-month Japanese yen TIBOR+0.23%	Mar. 29, 2024	Mar. 30, 2029	Unsecured Unguaranteed Floating interest rate (Note 1) Specified money trust type
Long-term	Resona Bank, Limited	2,000	0.95080% p.a.	Feb. 1, 2024	Dec. 20, 2029	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,500	0.99574% p.a.	Mar. 21, 2024	Sep. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Shinkin Central Bank	2,000	1.08124% p.a.	Feb. 21, 2024	Dec. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,000	1.13750% p.a.	Sep. 20, 2023	Sep. 22, 2031	Unsecured Unguaranteed Fixed interest rate (Note 1)

Classification	Lender	Balance (Millions of yen)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	5,000	1.29850% p.a. (Note 2)	Sep. 29, 2023	Sep. 30, 2032	Unsecured Unguaranteed Fixed interest rate (Note 2) (Note 1) Jointly Operated Designated Money Trust
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	5,000	1.38850% p.a. (Note 2)	Sep. 29, 2023	Sep. 30, 2033	Unsecured Unguaranteed Fixed interest rate (Note 2) (Note 1) Jointly Operated Designated Money Trust
Total		26,500				

Note 1: Borrowings under the sustainability finance framework.

Note 2: It is a borrowing with floating interest rate. However, the interest rate for this borrowing is, in effect, fixed due to the execution of an interest rate swap agreement. The adjusted interest rate in consideration of swap transactions is stated.

Green Trust

(As of May 31, 2024)

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)	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		2,000				

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 May 31, 2024)

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
Series 23 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds) (Green Bonds)	Oct. 17, 2023	7,000	0.460% p.a.	3 years	Oct. 16, 2026	Unsecured / Unguaranteed Rating: AA (JCR) Green Bonds ^(Note) For institutional investors
Total		17,000				

Note: Corporate bonds based on the sustainability finance framework.

Sustainability Bond

(As of May 31, 2024)

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

At least once a year, the total funds raised, the total unallocated funds, and the limits of green finance and social finance will be made public.

For information on how to manage funds when the total funds raised exceed the established limit, please refer to "[Managing Funds Raised](#)."

- Green Finance

(As of May 31, 2024)

Total amount of funds raised ^(Note)	JPN 48,500 million
Total amount of unallocated funds	-
Maximum amount	JPN 184,027 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 May 31, 2024)

Total amount of funds raised ^(Note)	JPN 500 million
Total amount of unallocated funds	-
Maximum amount	JPN 726 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 environmental and social improvement effects, United Urban will disclose the following effects at least once a year as practicable as possible until the balance of Sustainability Financing, etc. becomes zero. In case approvals of operators, etc. cannot be obtained, the effects may not be disclosed.

① Reporting on Environmental Improvement Effects

- Number of properties and acquisition price of Eligible Green Assets
- Quantitative indicators on Eligible Green Assets, i.e., energy consumption, CO₂ emissions and water consumption
- When applied for renovation work, one of the indicators of energy consumption, CO₂ emissions or water consumption before and after renovation work

Period Ended November 30, 2023 (December 2022 - November 2023)

Number of Eligible Green Assets	Acquisition Price (Millions of yen)	Electricity Consumption (GJ) ^(Note)	Water Consumptions (thousand m ³) ^(Note)	CO ₂ Emissions (thousand t-CO ₂) ^(Note)		
				Scope 1	Scope 2	Scope 3
72	452,652	569,412	3,869	2	12	66

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

② Reporting of Social Improvement Effects

<Output Indicators>*

Property names and the property usages subject to social financing

<Outcome Indicators>*

Capacity of each property subject to social financing

<Impact (qualitative targets)>

Realization of sustainable cities and contribution to local communities


* Regarding Output indicators and outcome indicators, we will only announce information on properties for which use of funds social finance.

<Output KPI and Outcome KPI>

Output KPI			Outcome KPI
Property No.	Property Name	Property Usage	Capacity ^(Note)
E20	Granda Miyanomori	Healthcare facility (Private elderly housing)	71

Note: Data and information are provided by the facility operator.

External Evaluation

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

Positive Impact Finance

UUR has implemented the borrowing which UUR utilizes the positive impact finance scheme provided by Sumitomo Mitsui Trust Bank, Limited ("SMTB"). The borrowing is loan by SMTB based on the Principles for Positive Impact Finance ^(Note 1) advocated by the United Nations Environment Program Finance Initiative ("UNEP FI") ^(Note 2) and tis model framework (an investment and loan framework for business companies with no restrictions on the use of funds and a framework for real estate investment).

For the borrowing, UUR has received qualitative and quantitative evaluations from SMTB regarding the themes which UUR will make contributions to achievement of the SDGs as per the following table.

In addition, SMTB has obtained a third-party opinion ^(Note 3) from Japan Credit Rating Agency, Ltd. on compliance of the evaluation's procedures with the Principles for Positive Impact Finance and rationality of the assessment metrics used.

What is Positive Impact Finance (PIF)?

PIF is a finance initiative where a financial institution comprehensively analyzes and evaluates the impacts (both positive and negative) of a company's activities on the economy, society and the environment.


In PIF, targets are set by the company to alleviate negative impacts and maximize positive ones. And the financial institution focuses on successive engagement with the company in order to ensure the realization of these targets by the company. Specifically, the financial institution uses degree of the company's contribution to the SDGs achievement as assessment metrics and conducts monitoring based on their publicly disclosed information.

(As of May 31, 2024)

Total amount of funds raised	JPN 10,000 million
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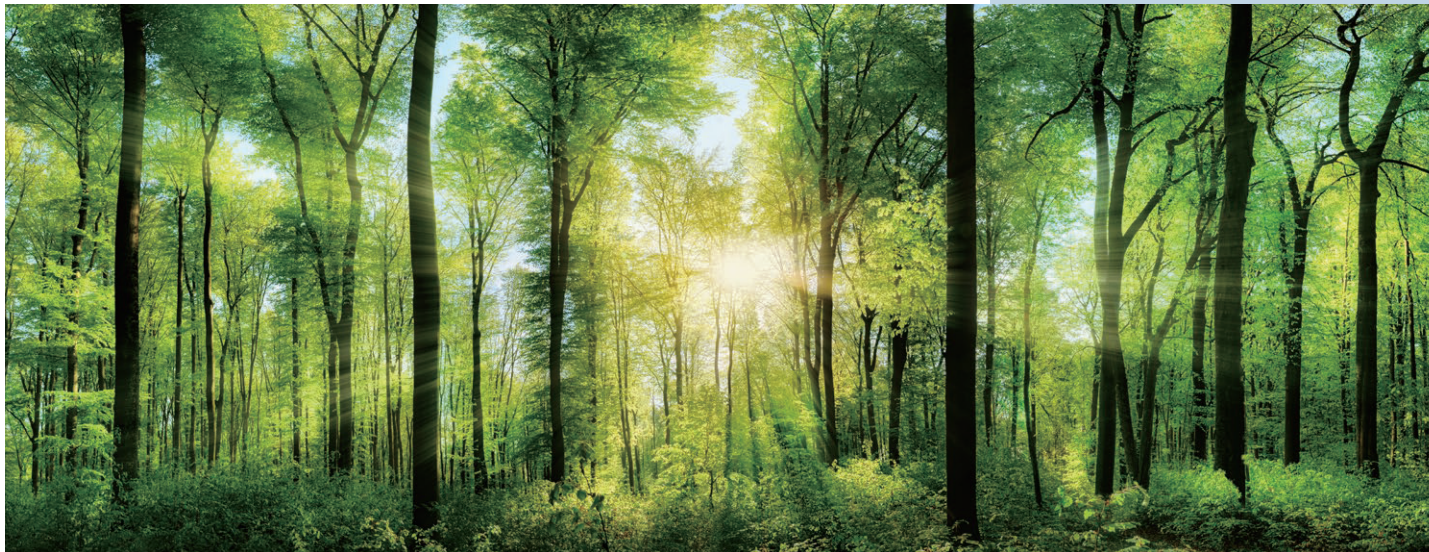
(Note 1) Positive Impact Finance Principles: A financial framework for achieving the SDGs (Sustainable Development Goals) formulated by United Nations Environment Program Finance Initiative (UNEP FI) in January 2017. Companies disclose their contribution to the achievement of the SDGs as KPIs, and banks assess the positive impact and provide funding, leading to efforts to increase the positive impact or reduce the negative impact of the companies receiving the funds. As responsible financial institutions, lending banks ensure that impact continues by monitoring metrics.

(Note 2) United Nations Environment Program Finance Initiative (UNEP FI): The United Nations Environment Program (UNEP) is a subsidiary agency of the United Nations established in 1972 as the implementing agency of the "Declaration on the Human Environment" and the "International Program of Action on the Environment. UNEP FI is a broad and close partnership between UNEP and over 200 global financial institutions. Since its establishment in 1992, UNEP FI has worked with financial institutions, policymakers, and regulators to transform the financial system into one that integrates economic development and ESG (environmental, social and governance) considerations.

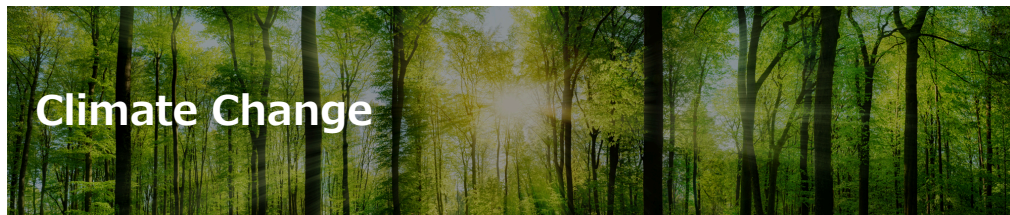
(Note 3) For the third-party opinion on compliance with the Principles for Positive Impact Finance and the rationality of the evaluation indicators used, please see [the website of Japan Credit Rating Agency, Ltd.](#) .

(Note 4) For a summary of the positive impact assessment and the results of the monitoring, please refer to [the SMTB website](#) .

ESG initiatives



Environment



Emission Reduction Goal ▼

Information Disclosure Based on TCFD Recommendations ▼

Emission Reduction Goal

Action Plans and Goals Toward Addressing Materiality

- United Urban identified "Energy consumption" and "Utilization of management, renewable energy" as materiality and established the following action goals.
 1. Reduce entire portfolio's total GHG emissions covering Scope 1+2 by 42% by 2030 (compared to 2021).
 2. Reduce total GHG emissions throughout the value chain (including Scope 3) to net zero by 2050.

SBTi (Note) Certification

Among the goals, the target to "Reduce entire portfolio's total GHG emissions covering Scope 1+ 2 by 42% by 2030 (compared to 2021)" has received SBTi certification. This is based on scientific evidence aimed at aligning with the Paris Agreement, which aims to hold the increase in the global average temperature well below 2°C above pre-industrial levels and strives to limit the temperature increase to 1.5°C above pre-industrial levels.

(Note) Science Based Targets initiative. It is an international climate-change initiative established in 2015 by CDP (Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute), and WWF. To obtain a certification from SBTi, it is necessary to develop GHG emission reduction targets that are consistent with the levels required by the Paris Agreement, i.e., to control the global average temperature increases due to climate change below 2°C at most compared to the pre-industrial levels).

Transition Risk Analysis with CRREM (Note 1)

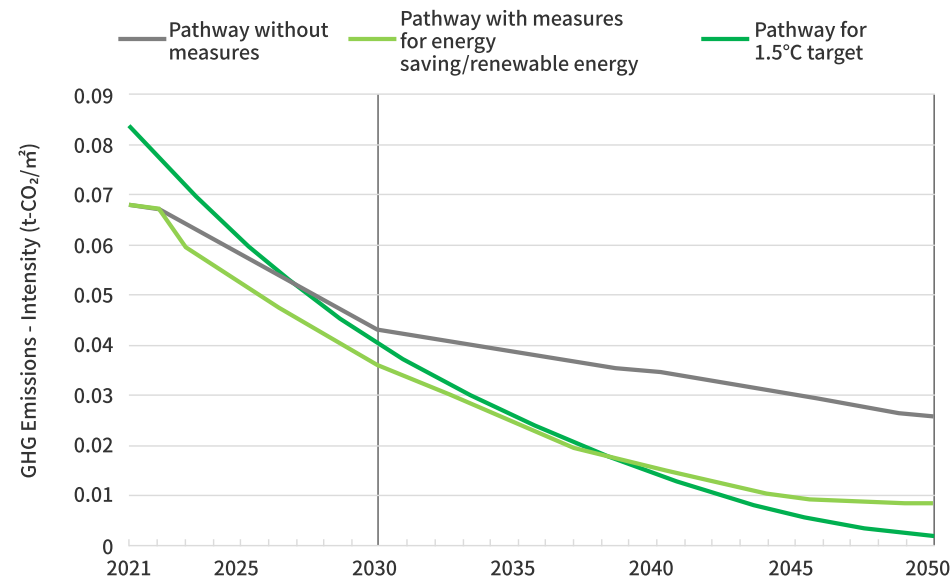
In the process to set our new targets, i.e., "Reduce total GHG emissions covering our value chain (including Scope 3) to net zero by 2050", United Urban conducted a scenario analysis by using CRREM, a tool for assessing and monitoring the transition risks.

The pathway results show our efforts for energy saving (investment in highly efficient equipment and improvement in operation) and renewable energy introduction will be on the line of 1.5°C scenario by the late 2030s. However, from the late 2030s and onward, we recognize the risks of exceeding the 1.5°C pathway.

United Urban steadily promotes measures for energy saving and renewable energy for the time being and examines measure to further reduce GHG emissions with an eye on social, economic, and technological trends.

CRREM 1.5°C Pathway (Japan)

Scope 1 + Scope 2 + Scope 3 (Note 2)



(Note 1) Carbon Risk Real Estate Monitor. A tool for assessing and monitoring the transition risks of climate change related to commercial real estate developed by research institutions in Europe. CRREM estimates and discloses pathways of GHG emissions by 2050 which are consistent with 2°C and 1.5°C targets in the Paris Agreement.

(Note 2) Analysis has been done along the line with CRREM's methodologies for each asset class including retail facilities, office buildings, hotels, residential properties, logistics facilities, and others, all of which consist of United Urban's portfolio.



■ A Non-binding Target Based on the Energy Conservation Law

- Apart from the targets set in the above materiality, 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 eight consecutive years in the 2022 classification of business operators conducted and published by the Japanese Government. As of December 2023, there are only four J-REITs out of 58 that have held this rating for eight 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.

MRA 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, MRA 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, MRA announced our endorsement of the TCFD’s recommendations in January 2022.

Moreover, MRA 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.

MRA’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, MRA 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"> President and 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
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 MRA’s management team (President and 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 MRA and work to streamline energy use.

With the intention to enhance ESG awareness at MRA and accelerate more practical efforts to address ESG issues at United Urban, the heads of all departments at MRA 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, MRA 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

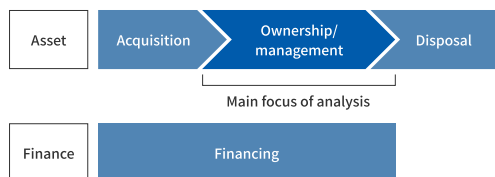
The TCFD’s recommendations suggest consideration based on multiple warming scenarios. MRA assessed the impact of climate-related risks and opportunities for the current scenario (3-4°C scenario) and transition scenario (1.5°C scenario).

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 MRA 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
Transactions 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

Climate Change Energy Efficiency Water Reductions of Environmental Footprint Biodiversity Waste

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.

Climate Change Energy Efficiency Water Reductions of Environmental Footprint Biodiversity Waste

Results of Scenario Analysis

We extracted the risks and opportunities regarded as highly important for each scenario and specified the items that have a significant impact on UUR's portfolio. Then we assessed the financial impact on operating income in the short-term, mid-term (FY2030) and long-term (FY2050). In this scenario analysis, we have set certain assumptions regarding changes in the socioeconomic environment, including business scope and policy trends, as well as assumed natural disasters. We have not considered the likelihood of all identified risks and opportunities materializing. Therefore, MRA will continue to closely monitor future changes in the external environment, regularly review risks and opportunities, and strive to refine the numbers as much as possible.

Unit: Million yen/year

Category	Climate-Related Event	Main Risks and Opportunities	Response Measures	Division		Risk/Opportunity Impact Amount				Response Measures Impact Amount						
				Risk	Opportunity	Transition Scenario		Current Scenario		Transition Scenario		Current Scenario				
						2030	2050	2030	2050	2030	2050	2030	2050			
Transition Risks & Opportunities	Policy & Regulations	Strengthening GHG Emission Regulations	1	Increase in operating costs due to international requirements on emission reduction	Update to energy-efficient equipment and introduce energy-saving technologies	■		▲132	▲724	▲437	▲1,325	8	26	-	-	
			2	Increase in financial burden due to carbon tax, etc.	Introduce internal carbon pricing systems, implement emission reduction projects, and utilize carbon offsets	■		▲874	▲7,510	▲672	▲4,806	649	7,509	499	4,806	
			3	Decline in asset value due to stringent measures on rental properties with low-environmental-performance	Improving environmental performance through appropriate investment and maintenance, considering asset replacement	■		Not-calculated								
	Technology	Transition to low-carbon technologies in construction	4	Increase in installation costs due to the mandatory introduction of high-energy-performance equipment in existing buildings	Promote the introduction of high-energy-performance equipment using green leases, reducing cost burdens	■		▲1,201	▲3,642	-	-	12	139	4	137	
			5	Decrease in rental income due to reduced demand for low-environmental-performance buildings and decreased competitiveness	Increasing the number of environmentally certified properties	■		▲498	▲1,511	-	-	498	1,511	-	-	
	Market & Reputation	Increasing environmental awareness among people	6	Higher rents and asset value lead by an increase in occupancy rates of environmentally certified buildings reduced linen costs due to changes in service standards, and increased hotel revenue, expansion of green finance	-		■		3,110	9,424	-	-	-	-	-	-
			7	Changes in capital inflows based on ESG investment criteria	Develop business strategies in line with ESG standards	■		Not-calculated								
			8	Decreased stakeholder trust due to negative environmental impacts	Enhance transparency and reliability through proactive communication with stakeholders	■		Not-calculated								

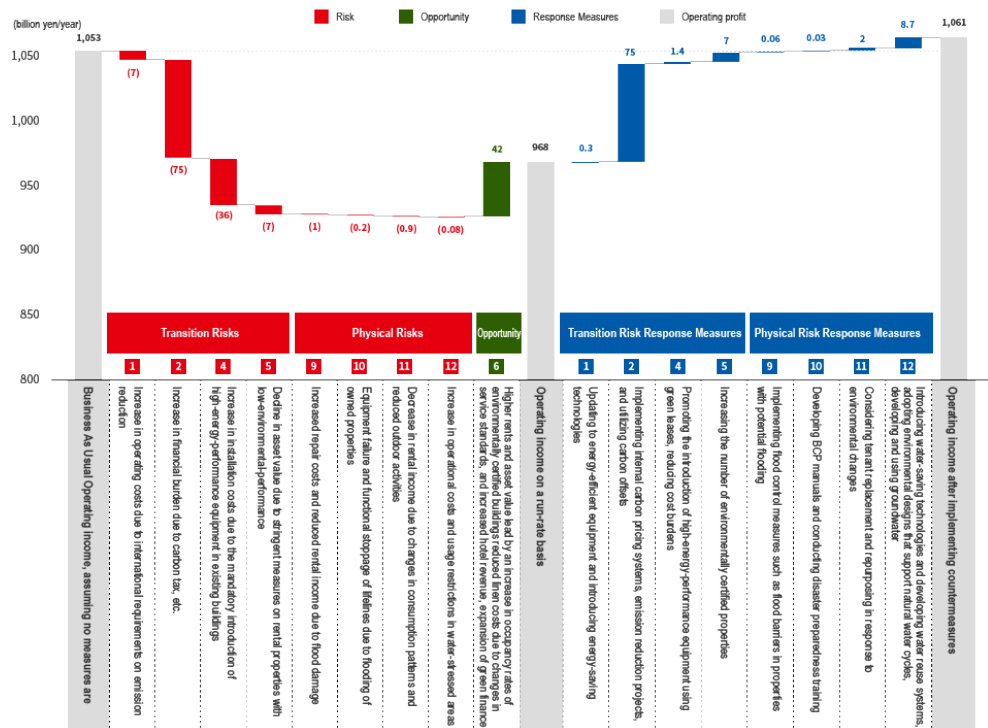
Climate Change Energy Efficiency Water Reductions of Environmental Footprint Biodiversity Waste

Category		Climate-Related Event	Main Risks and Opportunities		Response Measures	Division		Risk/Opportunity Impact Amount				Response Measures Impact Amount			
						Risk	Opportunity	Transition Scenario		Current Scenario		Transition Scenario		Current Scenario	
								2030	2050	2030	2050	2030	2050	2030	2050
Physical Risks & Opportunities	Acute	Frequent and severe heavy rain	9	Increased repair costs and reduced rental income due to flood damage	Implementing flood control measures such as flood barriers in properties with potential flooding	■		▲33	▲110	▲40	▲222	1	5	2	11
			10	Equipment failure and functional stoppage of lifelines due to flooding of owned properties	Develop BCP manuals and conducting disaster preparedness training	■		▲1	▲17	▲7	▲102	0	3	1	20
	Chronic	Rising average temperature	11	Decrease in rental income due to changes in consumption patterns and reduced outdoor activities	Consider tenant replacement and repurposing in response to environmental changes	■		▲59	▲195	▲71	▲395	59	195	71	395
			12	Increase in operational costs and usage restrictions in water-stressed areas	Introduce water-saving technologies and developing water reuse systems, adopt environmental designs that support natural water cycles, developing and using groundwater	■		▲2	▲7	▲11	▲34	79	869	82	904

The financial impact figures are hypothetical estimates concerning "future risks and opportunities" and "countermeasures," calculated by MRA based on UUR's actual performance and various references. MRA and UUR do not guarantee the accuracy of these figures, nor indicate any intention or decision to implement them in the future.

Impact assessment results on operating income in 2050 (Transition Scenario)

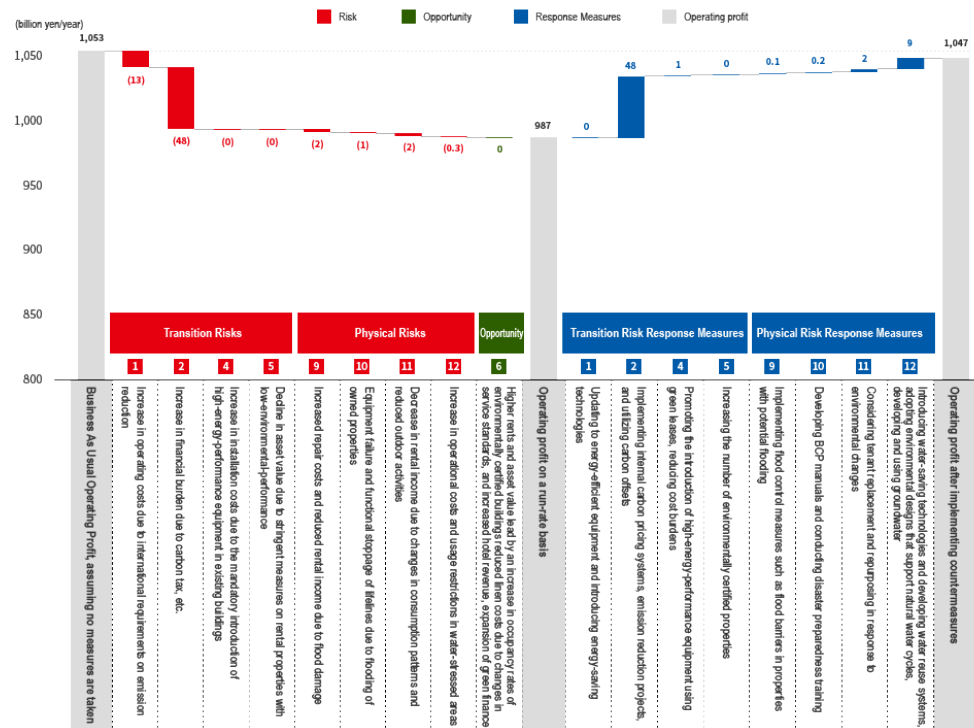
Understanding the Financial Impact of Business-As-Usual Financial Items (2050)



(Note 1) The initial operating profit amount is calculated based on the assumed total asset value as of 2050.
 (Note 2) The figures 5, 6, and 11 represent the amounts calculated by multiplying the impact amount (rent reduction/increase) of the estimated risks and opportunities by the operating profit margin.

Impact assessment results on operating profit in 2050 (Current Scenario)

Understanding the Financial Impact of Business-As-Usual Financial Items (2050)



(Note 1) The initial operating profit amount is calculated based on the assumed total asset value as of 2050.
 (Note 2) The figures 5, 6, and 11 represent the amounts calculated by multiplying the impact amount (rent reduction/increase) of the estimated risks and opportunities by the operating profit margin.

(3) Risk Management

How MRA Manages Risks

In our internal risk management regulations, which stipulate holistic risk management policy of the asset management company, MRA 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

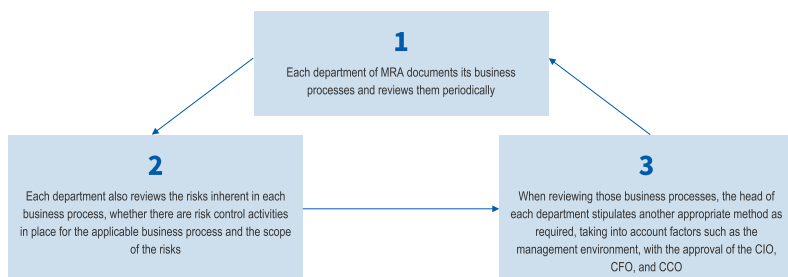
How we shall manage risks is stipulated in accordance with the detailed risk management rules. Its suitability and effectiveness are reviewed periodically and reported to MRA's President and CEO, and the board members.

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

1. Each department of MRA 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 CCO

Management Process for Climate-Related Risks and Opportunities

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



(4) Metrics and Targets

GHG Emissions

■ GHG Emission Reduction Target

- Reduce total portfolio Scope 1 and Scope 2 GHG emissions by 42% by 2030 (compared to 2021)
- By 2050, Reduce total GHG emissions including value chain (Scope 3) to net zero

■ Energy Consumption Reduction Target

- We have established sustainability targets and are striving to achieve the "five-year average reduction of 1% or more per unit" of energy consumption per unit, which is an effort target required by the government under the Energy Conservation Act (Act on the Rational Use of Energy)

■ Specific Measures

- Consult with energy experts on energy saving
- Increase efficiency through upgrades to air-conditioning systems
- Replace with LED lighting
- Incorporate a green lease clause to a lease contract with tenants
- Replace with renewable energy

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.

As of the end of May 2024, this figure was 83.9%, achieving the medium-term target of 80% on GFA basis in 2024. We manage to maintain 80% or more going forward.

Climate Change Energy Efficiency Water Reductions of Environmental Footprint Biodiversity Waste

Acquisition Coverage by Environmental Certifications

	Number of properties		Total floor area	Percentage of total floor area
DBJ Green Building	★★★★★	2	26,999.50m ²	
	★★★★☆	10	269,222.11m ²	
	★★★☆☆	3	115,050.49m ²	
	Subtotal	15	411,272.10m²	24.7%
CASBEE for Real Estate	★★★★★	19	256,219.69m ²	
	★★★★☆	21	260,811.82m ²	
	★★★☆☆	1	10,224.31m ²	
	Subtotal	41	527,255.82m²	31.6%
BELS	★★★★★	10	85,016.05m ²	
	★★★★☆	5	30,593.49m ²	
	★★★☆☆	15	120,471.98m ²	
	★★☆☆☆	16	260,016.18m ²	
	Subtotal	46	496,097.70m²	29.7%
LEED	GOLD	1	2,977.93m ²	
	Subtotal	1	2,977.93m²	0.2%
Environmental certifications	Total	95	1,399,816.01m²	83.9%

Note: As of the end of May 2024. The target is 132 properties excluding properties with leasehold interest.
 • The total is calculated by adjusting the number of properties and floor space that have acquired the above certification twice or more.

Future Actions

MRA 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.

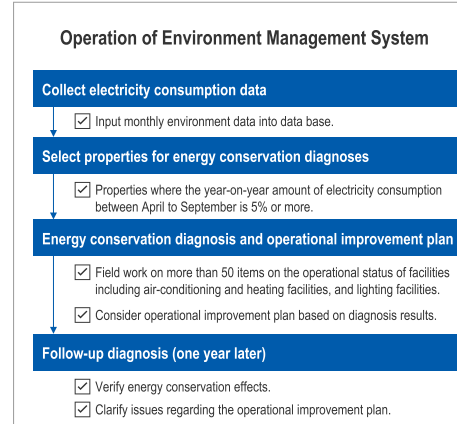


Energy Efficiency

Environment Management System (EMS) ▼	Switch to Renewable Energy ▼
Green House Gas (GHG) Emission ▼	Received the Yokohama Climate Change Countermeasures Award ▼

Environment Management System (EMS)

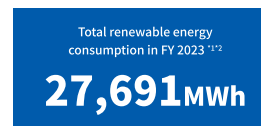
- United Urban endeavors to collect environment data at its properties through smart meters installed and from partner companies every month. Those data include energy consumption, water consumption and waste. The collected data is analyzed by external energy experts and the PDCA cycle is followed to decrease environmental footprint at properties of United Urban. Furthermore, with the goal of promoting environmental management for sustainable growth of both United Urban and society, we have got a certification (stepwise certification) and a registration for the portfolio's 31 properties as of November 2023 under the Japan specific's EMS called Eco-Action 21, a nationally formulated environmental management system by the Ministry of the Environment.
- Based on the measured results of electricity consumption, MRA's Sustainability Strategy Office and energy experts conduct annual energy conservation diagnoses with a focus on retail properties and hotels that consume relatively a large amount of electricity.
- The Sustainability Strategy Office hashes out an operational improvement plan for electricity consumption and works with the Asset Management Departments and 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.



Energy consumption diagnosis at SS30

Switch to Renewable Energy

- In UUR, "Energy consumption and management, utilization of renewable energy" has been identified as materiality issues, and medium- to long-term action goals have been set as follows: "(1) Reduce total portfolio Scope 1 and Scope 2 GHG emissions by 42% by 2030 (compared to 2021)(ii) By 2050, Reduce total GHG emissions including value chain (Scope 3) to net zero."
- In order to achieve the target, we have been procuring FIT non-fossil certificates through auctions on the renewable energy value exchange since 2020, in addition to switching the electricity menu. We are working to reduce the total amount of electricity-derived GHG emissions (Scope 2). In FY2023, we made approximately 24% of the total electricity used by the properties for which UUR is authorized to manage renewable energy.



*1 Total renewable energy use from December 2022 to November 2023.

*2 All electricity supplied is derived from substantial renewable energy sources, utilizing FIT non-fossil certificates and non-FIT non-fossil certificates with renewable energy designations.

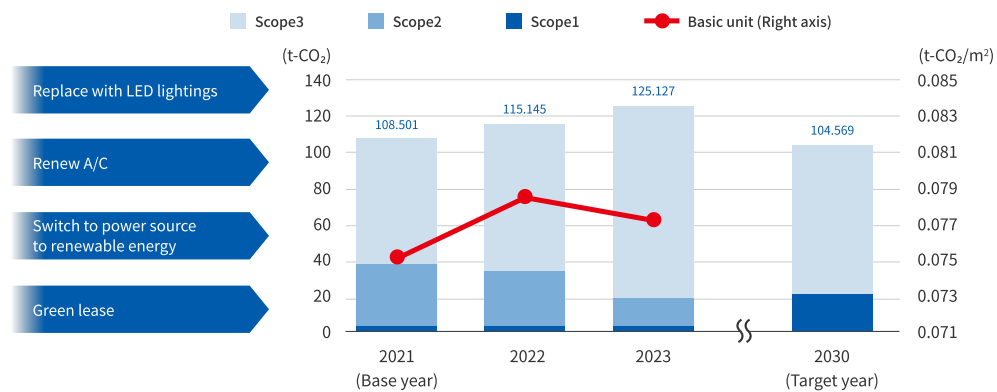
Installation of Solar Power Generation System

Photovoltaic panels have been installed on the rooftops of logistics facilities owned by the entity to generate renewable energy.

	No. of properties monitored	Power Generation in FY2023
Property with Photovoltaic Equipment	3 properties	1,921,459KWh

* As for the amount of electricity generated, the total amount of electricity generated from December 2022 to November 2023 for properties with photovoltaic power generation facilities that were able to be aggregated.

Green House Gas (GHG) Emission



Note: From December of each year to November of the following year. The data for 2021 is from April to march of the following year

Received the Yokohama Climate Change Countermeasures Award

The City of Yokohama awards the "Yokohama Climate Change Countermeasures Award" every year to businesses that have made significant reductions in greenhouse gas emissions and other outstanding achievements under the Yokohama City Action Plan for Global Warming Countermeasures System ^(Note). For fiscal year 2022, six projects, including UUR, were selected for awards from among the 310 projects that submitted reports in fiscal year 2021 (announced in June 2022). Since fiscal year 2012, UUR has continued to upgrade facilities that contribute to energy conservation, such as replacing air conditioning equipment with high-efficiency equipment and promoting the switch to LED lighting at the five properties that are eligible for the award. In the future, we plan to update the elevator control and switch to LED lighting in the lots, mainly in the common areas.



Pacific Marks Yokohama East



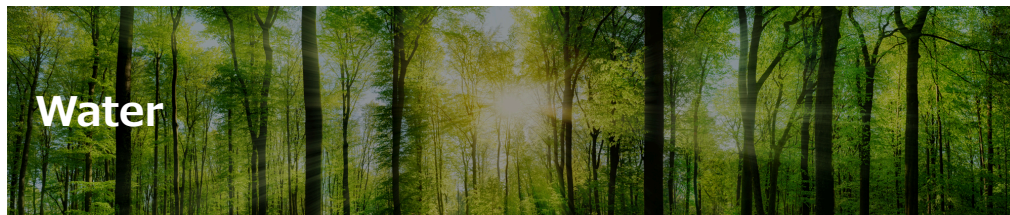
Pacific Marks Shin-Yokohama



Yokohama Climate Change Countermeasures Award Certificate

Note: In Yokohama City, businesses that emit greenhouse gases above a certain size are required to submit a greenhouse gas reduction plan and an annual performance report in order to reduce greenhouse gas emissions in Yokohama City, based on the Yokohama City Ordinance on Living Environment Conservation.

Climate Change Energy Efficiency **Water** Reductions of Environmental Footprint Biodiversity Waste



Target & KPI ▼

Effective Use/Reuse of Water ▼

Sea Water Filtration System ▼

Conservation of water resources and improvement of water quality ▼

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.

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	11 (Note 1) Fiscal 2023 108,302m ³ Water charges in Tokyo's 23 wards: JPN 404/m ³ (Note 2)
Water conservation equipment	77



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 December 2022 and November 2023.

Note 2: As of May 2024. 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.



Loisir Hotel & Spa Tower Naha

Conservation of water resources and improvement of water quality

VACAN AirKnock Ads

Donation scheme contributing to improving water and sanitation conditions

Small digital signage (VACAN AirKnock Ads) are installed in private restrooms at UUR's properties and we donate a portion of our signage advertising revenue linked to toilet usage to the international NGO WaterAid, which is committed to improving water and sanitation conditions in pursuit of a world where everyone has access to safe water and toilets.

We are contributing to the achievement of SDG 6 "Safe Water and Toilets Around the World".

Digital signage installed - Over 190 stalls at 8 properties (As of May 2024)

- Retail properties ● Office buildings ● Others
- Luz Funabashi ● TENJIN LUCE ● Mallage Kashiwa ● Luz Jiyugaoka
- Luz Shonan Tsujido ● LEVEN Otakanomori
- Shiba 520 Building ● Teubokawa Square Building

United Urban Investment Corporation

Donation Amount Results (December 2023 to May 2024) **¥602,217**

In support of WaterAid

* The advertising revenue is also donated to "WWF Japan," a public interest incorporated foundation striving to recover rich biodiversity, and "Japan Kodomo Shokudo Support Center Musubie," a certified NPO supporting eateries for children.



WaterAid advertisement at Luz Jiyugaoka

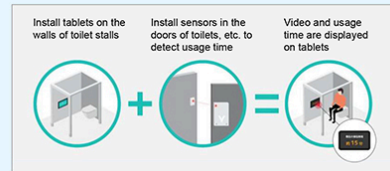
Image of toilet usage status notification

Structure of digital signage advertisement VACAN AirKnock Ads

Install small digital signage in toilet stalls. Control congestion and reduce crowds by notifying users of real-time congestion information and usage time of toilet stalls measured with sensors.

Aim for monetization by delivering announcements and promotion videos, etc. made by facilities and tenants through digital signage.

The improvement of the satisfaction of office tenants and visitors of retail properties as well as the increase in migration of visitors inside retail properties are also expected.

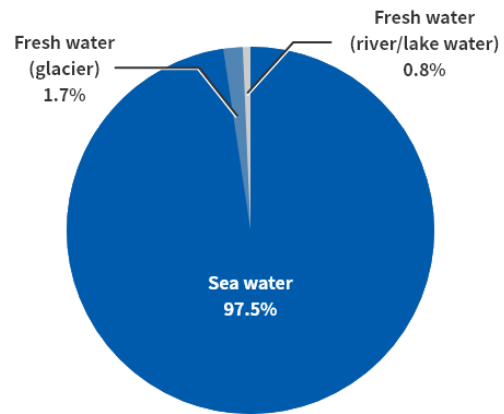


Column: Planet of Water - How much water would be available for us?

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



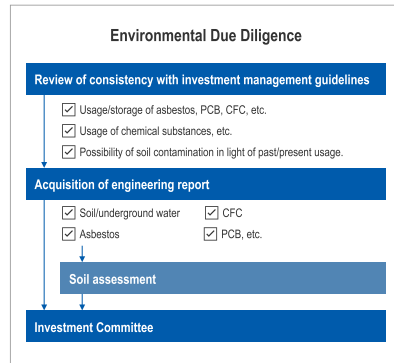
Reductions of Environmental Footprint

- Investigation of Toxic Substances ▼
- Brownfield Redevelopment ▼
- Urban Revitalization ▼

- Greenfield Development ▼
- Acquisition/Asset Management of Mixed Properties ▼

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 MRA.



Real estate development

Greenfield development

To date, UUR has not made any investment in green field development projects, such as developments on green space and arable land, which form a natural environment. In case UUR invests in such all development projects, we will comply with environment-related laws and regulations and consider acquiring environmental certification for the projects.

Comfort Inn Fukuoka Tenjin Development



BELS
★★★

Luz Shonan Tsujido Sponsor support



DBJ Green Building
★★★

GRAND-SQUARE Meieki-minami Sponsor support



CASBEE
★★★★★

Granda Miyanomori (Development project)



BELS
★★


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.

40 mixed properties
comprised of three or more use types
8 properties

Note: As of December 2023.

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

OSAKA BAY TOWER



Office/Hotel/Retail/residence

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 believes that this environment-friendly renovation work further nurtures bustle in the area.



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



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



Reuse of Food Waste - Royal Pines Hotel Urawa ▼

Reuse of Food Waste - Royal Pines Hotel Urawa

Since 2018, we have been working to "reuse food waste" by having recycling companies convert food waste from the hotel into compost. This compost can be sold to vegetable and flower farmers in Saitama Prefecture and used in school vegetable gardens in the prefecture. Recyclers collect food waste at no charge, thereby reducing disposal costs.



Royal Pines Hotel Urawa
(Saitama City, Saitama Prefecture)



Note: An environmental industry and R&D center established to build a resource-recycling society. It consists of private recycling facilities, PFI thermal recycling facilities, prefectural final disposal facilities, and prefectural and private research facilities, of which this recycling business is one.

ESG initiatives



Social



Approach to Human Capital	Qualifications
MRA's Training Programs	Participation Records of Training Program
Performance Appraisals	Internship

Approach to Human Capital

MRA, 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.



MRA 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.

In addition, MRA seeks to improve profitability of properties in UUR’s portfolio by welcoming personnel from the Marubeni Group with broad experience and expertise in real estate investment, asset management, and finance.

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, MRA 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 MRA.
- 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 MRA 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 MRA by rotating employees between the group companies and MRA.

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 Building Cost Engineer • Building Environment/Sanitation Engineer • Certified Building Administrator • Director of Business Management for Condominium • CASBEE Appraiser for Real Estate • Licensed Strata Management Consultant 	<ul style="list-style-type: none"> • Attorney at Law • ARES (Association for Real Estate Securitization) Certified Master

Note: As of March 2024.

Ratio of Employees with Major Qualifications

- Real Estate Notary: 40.0%
- Association for Real Estate Securitization Certified Master: 16.5%

Note: As of March 2024. Based on the full-time officers and employees.

MRA's Training Programs

As shown in the table below, MRA provides all of our employees including contract workers with various training programs which they are required to take in a holistic manner depending on their job category and responsibilities.

In addition, MRA's all employees including contract workers are eligible to take professional training programs to improve their skills, such as an intelligent training program on real estate business and a practical training program on real estate research and real estate transactions, all of which are facilitated by external professionals. As to training programs on compliance, all of our employees including contract workers take an annual intensive course provided by external experts on legal compliance and appreciation for social norms to be thorough and conflicts of interest to avoid.

Classification	Business skills								Leadership management				Selective programs		Career support		Knowledge to be shared								
	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	High	High							High						High			High	High		High	High	High	High	High
General Manager	High	High							High	Low	High				High			High	High		High	High	High	High	High
Assistant General Manager	High	High							High	Low	High				High			High	High		High	High	High	High	High
Middle Management			High						High						High			High	High		High	High	High	High	High
Pre Management/ Professional Position			High	High		High			High						High			High	High		High	High	High	High	High
Administrative Position			High	High		High			High						High			High	High		High	High	High	High	High
New Employees			High	High		High			High						High			High	High		High	High	High	High	High

Participation Records of Training Program

	2016	2017	2018	2019	2020	2021	2022	2023
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	12.5	12.8	16.4
Ratio of officers and employees participated in professional training programs (January to December of every year)	88.8%	100%	100%	100%	100%	100%	100%	100%
Ratio of officers and employees participated in training programs focused on sustainability (January to December of every year)	32.5%	40.8%	100%	100%	100%	100%	100%	100%

Performance Appraisals

MRA, 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, MRA 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 MRA 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. MRA 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

MRA 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, MRA 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



- Human Rights & Better Work Environment ▼
- Engagement Survey ▼
- Bonus ▼
- Benefit Package for Employees ▼

- Employees at MRA ▼
- Support for Flexible Workstyle ▼
- Employee Stock Purchase Plan ▼

Human Rights & Better Work Environment

Policy

MRA 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, MRA understands that communication with our employees is indispensable. MRA 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. MRA 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, MRA aims to foster diversity and inclusion, equality of opportunities and achieve the elimination of discrimination within our employees. Specifically, MRA treats employees fairly and equitably at every opportunity, including recruitment, hiring, promotion/demotion, leave privileges, vacation time, etc.

MRA 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, MRA 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, MRA 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, MRA 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 MRA

		2018	2019	2020	2021	2022	2023
Full-time Officers & Employees (Note 1)	Male	43	43	46	47	48	48
	Fixed-term employees	0	1	3	2	3	2
	Female	30	32	34	38	38	37
	Fixed-term employees	0	1	0	1	0	0
	Female ratio	41.1%	42.7%	42.5%	44.7%	44.2%	43.5%
	All	73	75	80	85	86	85
Fixed-term employees	0	2	3	3	3	2	
Employees who took maternity/childcare leaves (Note 2)		3	1	3	2	2	2
Employees who opted for shorter work hours (Note 2)		3	7	5	3	4	4
Turnover (Note 3)		9	3	3	3	7	8
Turnover ratio (Note 4)		12.3%	4.0%	3.8%	3.5%	8.1%	9.4%
Managers (Note 5)	Male	33	27	26	28	24	25
	Female	8	8	9	10	7	7
	All	41	35	35	38	31	32
New employees (Note 6)	Male	6	9	7	2	2	6
	Female	2	2	4	4	4	2
	All	8	11	11	6	6	8
Average years of service	Male	5.2	4.6	5.2	6.1	6.7	6.1
	Female	6.6	7.1	9.0	8.0	8.4	8.8
	All	5.8	5.7	6.8	6.9	7.5	7.3
Usage of paid leaves per year per employee	(No. of days)	12.1	12.7	9.8	12.8	12.9	14.8
	(Ratio)	65.6%	70.2%	53.7%	69.4%	72.4%	74.5%
Distribution of age group (Note 7)	Under 30	2.7%	1.4%	5.4%	10.0%	8.3%	9.3%
	Aged 30 to under 50	79.5%	80.8%	75.7%	72.5%	72.7%	66.3%
	Over 50	17.8%	17.8%	18.9%	17.5%	19.0%	24.4%

		2018	2019	2020	2021	2022	2023
Foreign employees (Note 7)	Male	0	0	0	0	0	0
	Female	1	1	1	1	1	1
	All	1	1	1	1	1	1
Directors, exclusive of auditors, inclusive of non-executives (Note 7)	Male	5	5	5	5	5	5
	Female	0	0	0	0	0	0
	All	5	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	2022	2023
Survey period	November 2018	November 2019	January 2021	September 2021	September 2022	September 2023
Survey group (All employees including contract workers, etc., excluding those who take temporary leaves, etc.)	58	63	79	81	77	80
Effective response rate	94.8%	96.8%	100%	98.7%	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	3.3/3.2	3.4/3.1
Employees who had a performance feedback and a career consultation with their superiors	100%	100%	100%	100%	100%	100%

Note: Survey company was changed.

Support for Flexible Workstyle

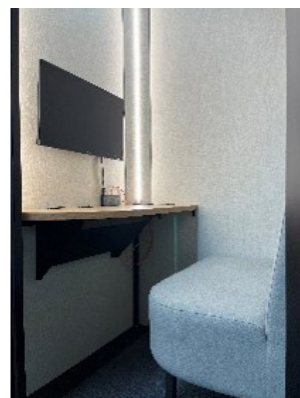
Based on the results of employee satisfaction surveys and other factors, we have implemented the following improvement measures.

- 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.
- Increase the open space and booth for chats and meetings

Focus Space

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

Open Space and Booth for Chats and Meetings

To foster more constructive communication and collaboration, MRA has offered more meeting space options to our employees by setting up open relaxing meeting spaces, instead of traditional ones divided by partitions.



Booth (Left) and Standing tables space (right)

Subsidy Program for Communication Activities

All MRA employees including contract workers are eligible for the subsidy program aimed at facilitating communication among employees to foster connections, promote wellness, appreciate culture, and enhance work-life balance.



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 health screening)	○	○
System for employees to acquire investment units from their monthly salary	○	○
Support program for acquiring/maintaining credentials	○	○
Retirement package	○	x

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.



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.



Contributions to Local Communities

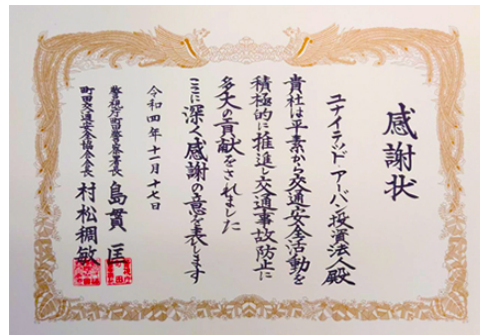
- Community Revitalization Initiatives
- Facilities for Local Medical Care and Childcare
- Disaster Countermeasures / BCP Support

- Community-oriented Initiatives
- Attract Municipalities and Public Organization

Community Revitalization Initiatives

Traffic Safety Campaign - Tip's Machida Building

UUR received a letter of appreciation from the Machida Police Department for its cooperation in conducting a traffic safety campaign sponsored by the department.



Ethical Marche - Luz Jiyugaoka

A marche (open-air market) has been held with seven external stores that are conscious of ethical initiatives (ideas and actions that consider people, the global environment, society, and the community) and sustainability.



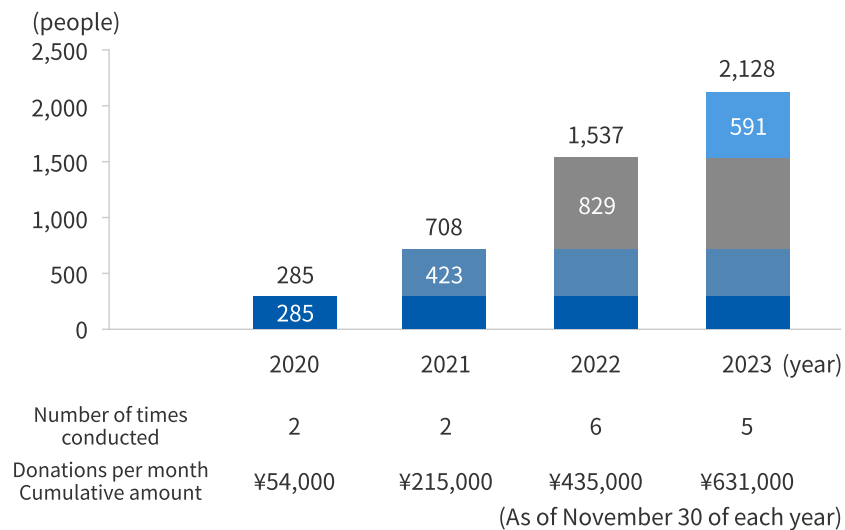
Support for the Activities of UNHCR

- Since 2020, United Urban has been supporting fundraising activities for the United Nations UNHCR Association.
- The United Nations Association for UNHCR is Japan's official support window for the activities of UNHCR (United Nations High Commissioner for Refugees), the UN's refugee assistance agency.
- As a member of society, we will continue this initiative in 2024.

Properties managed by the Fund where fundraising activities were conducted (as of the end of November 2023)

- Luz Funabashi
- Luz Fukuoka Tenjin
- Shinjuku Washington Hotel Honkan
- Mallage Kashiwa
- Kururu
- Luz Shonan Tsujido
- LEVEN Otakanomori

Total number of visitors who stopped by the fund-raising booth



UNHCR Association member explaining fundraising activities
Shinjuku Washington Hotel Honkan (July 2023)



Events at Luz Shonan Tsujido

TSUJIFES

We hold TSUJIFES in cooperation with local companies and local professional sports teams. In addition, through collaboration with neighboring universities, we continue to implement industry-academia collaboration-based regional development, such as collaborating on events for the further development of local communities.



Fujisawa City Children's Election

We provide a voting space for the Fujisawa City Children's Election to encourage children to become interested in the mechanism of democracy through mock voting.



Star Festival Event

In cooperation with local nursery schools, UUR Urban hold a Tanabata (star festival) event where children write their wishes on strips of paper and attach them to bamboo leaves.



Children tie strips of paper with their wishes onto bamboo leaves

Various Initiatives at Mallage Kashiwa

Partnership Agreement with the Municipality

- The agreement was concluded with Kashiwa City, Chiba Prefecture and Sojitz Commerce Development Corporation as of January 2023.
- Aim to further revitalize the city and improve the citizen services through mutual cooperation by utilizing each resource.
- Based on the matters to collaborate and work together, United Urban strives to build a stronger relationship with the local community and grow together by contributing to solve social issues.

<Overview of the agreed matters to collaborate>

- Thing about dispatch of municipal administration information
- Promotion of education, culture and sports
- Matters related to health promotion, dietary education, and food safety
- Child-rearing support and healthy upbringing of young people
- Matters related to environmental conservation and greening maintenance
- Matters related to welfare for the elderly and persons with disabilities
- Disaster support, disaster prevention, and crime prevention
- Matters related to regional development



Left: Hiroki Kashiwagi, President, Sojitz Commerce Development Corporation
Center: Kazumi Ota, Mayor of Kashiwa City
Right: Yoshihiro Itani, Director and CIO, MRA
(All is as of the date of conclusion of the agreement.)

fuubo

UUR is working to reduce food loss and CO₂ emissions by installing “fuubo,” unmanned vending machines at which tenant employees can buy products nearing their expiration date that were originally scheduled to be discarded.



Initiatives to Promote Sports

The sports park on the roof of the property contributes to the promotion of local sports and health through soccer and basketball as a place for interaction among people of all ages.



Sports Carnival

We co-host sports events with Kashiwa City. Small children and seniors spend meaningful time together, transcending generational barriers, through the experience of soccer, basketball, and various sports.



Tsunagu Marche - mallage Kashiwa Style -

In addition to Kashiwa City and other municipalities in Chiba Prefecture, municipalities in Saitama Prefecture joined for the first time. The facility periodically holds a resident oriented marche for the purpose of industry and tourism promotion and relationship building among residents in each municipality.



Kids SDGs Workshop

We have been holding monthly workshops since June 2022 with the expectation of fostering SDGs awareness among children.

The participants experienced making seashell wind chimes and glass lights.



Blood donation site

We are offering a space on the premises for a blood donation venue.



Hospital Experience Event Natogaya Hospital x Kashiwa City

We also contribute to the health awareness of visitors by cooperating in the implementation of ambulance test rides and simple health consultations.



Planting Exhibit

We collaborated with local companies to reuse waste materials and created a botanical garden exhibit that embodies a rich, circular society with greenery in our daily lives while considering the environmental impact.



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"

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 Calisthenics

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.

Mallage Hall and Mallage Room Rentals

"Mallage Hall," which can accommodate 100 persons and "Mallage 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

Local Clean-up Activities

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

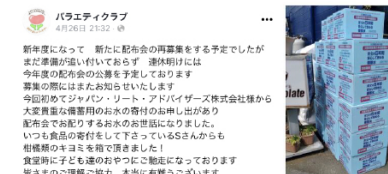


[Left] Participants preparing for "Shiba District Clean Campaign: A Town with Zero Smoking on the Street!" (December 2021).

[Center & Right] MRA's employees participating in the clean-up activity.

Donation of Disaster Prevention Stockpiles to the Children's Cafeteria

MRA donated the Disaster Prevention Stockpiles prepared for its employees to the "Kodomo Shokudo" (Children's Cafeteria) of the Variety Club, which is based in Hachioji City, under the theme of "Community Support and Urban Development."



出典：パラエティクラブ様より使用許諾に基づき本資産運用会社作成。

Community-oriented Initiatives

Demand Responses - Rihga Royal Hotel Kokura, Aru Aru City

United Urban's Rihga Royal Hotel Kokura-ARUARU City participates in a power-saving program (demand response) provided by Enel X Japan K.K., a leading European power company.

Scheduled to be fully operated from April 2024 after the effectiveness test (implemented in December 2022).

Expected to contribute to stable energy supply in the region and enhancement of the awareness on energy saving of the demand side as well as to prevent global warming by controlling excessive power generation.



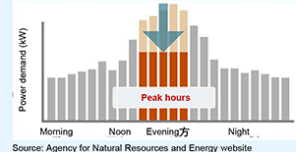
Demand Response

A program to eliminate power shortages by controlling power consumption of the demand side (tenants and owners) instead of making the supply side operate the peak power source* when power demand is at the peak.

* A power plant using 10% of the entire annual cost for maintenance and management, while its annual operation rate is less than 1%. It is also believed to cause environmental issues as it is an aging thermal power plant.

Source: Enel X Japan K.K.

Control power demand through demand response

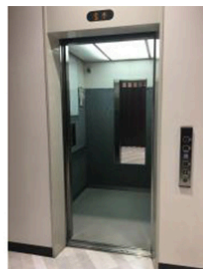
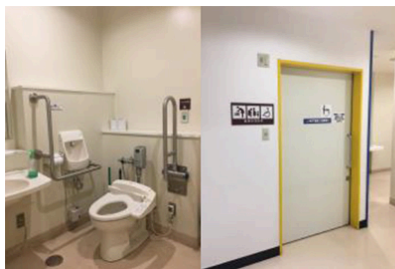


Source: Agency for Natural Resources and Energy website

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.

Example: Luz Musashikosugi



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.

Introduction of sharing services

We are providing convenience for our tenants, facility users, and the local community by providing some of the land within the premises of UUR-owned properties for the installation of shared bicycles and electric kickboard ports.



Toranomon PF Building



Shinjuku Washington Hotel - Main Building

What is an electric kickboard?

The electric kickboard is attracting attention as a one-mile means of transportation in an aging society with a very low birthrate, or as a measure to revitalize the tourism industry. Electric kickboard sharing is expected to be a service that contributes to alleviating local traffic congestion and reducing exhaust gas and environmental pollution.

Facilities for Local Medical Care and Childcare

Attract Medical Institutions, Daycare Centers, etc.

Medical floor within facilities



Luz Shonan Tsujido

Medical Institutions/Clinics

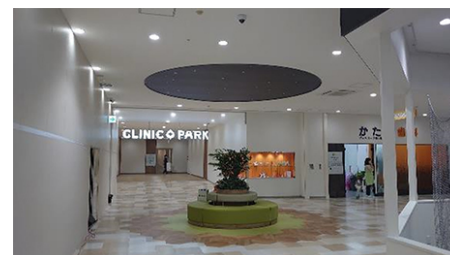


Note: As of November 2023.

Day-care Centers/Nurseries



Note: As of November 2023.



Joy Park Izumigaoka

Attract Municipalities and Public Organization

In UUR-owned properties, some have municipalities and public organizations as tenants, serving as bases for providing various public services. United Urban recognizes that "real estate plays a crucial role in social infrastructure," and collaborates with partner companies in managing these properties.

Main Properties/Tenants

Mallage Kashiwa	Kitakashiwa No.2 Community Comprehensive Center
Pacific Marks Kawasaki	Houterasu Kawasaki
Pacific Marks Higobashi	Edobori Public Notary Office
RIHGA Royal Hotel Kokura/Arura City	Kitakyushu Manga Museum



Note: As of the end of November 2023.

Disaster Countermeasures / BCP Support

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.



ESG initiatives



Governance



Basic Philosophy	▼	Governance of Investment Corporation	▼
Status of Officers	▼	Commitment for Gender Diversity	▼
Compensation of Accounting Auditor	▼	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

I 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), MRA and MRA'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 MRA 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, MRA'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 MRA on the status of management of assets and the right to view, copy and survey all MRA's documents regarding business commissioned to external parties. By exercising these rights, United Urban maintain the system in which we can monitor MRA'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 MRA. Also, we manage and supervise MRA 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 (39th FP & 40th FP)	No. of investment units owned
					Corporate management/ management strategy	Real estate investment/ management	Finance & Accounting	Auditing & Risk management	Legal affairs & Compliance				
Executive officer	Kenmin Asatani	Male	○	-	○	○	○	○		-	JPN 12,000 thousand	100% (5 times / 5 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% (17 times / 17 times)	0 units
	Kumiko Sekine	Female		○				○	○	Lawyer	JPN 4,200 thousand	100% (17 times / 17 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](#).^{PDF}

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, MRA, 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, MRA, 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: As of August 31, 2023, Emon Toshiaki resigned from his role as Executive Officer, and his attendance record for the last two terms (the 39th and 40th fiscal periods) is 100% with 12 out of 12. Additionally, Kenmin Asatani was appointed as an Executive Officer as of September 1, 2023.

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


As of September 1, 2023, a new executive officer has been appointed and the management structure of United Urban remains diversified in terms of age, gender, and background. 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 officer Kenichiro Okamura
[Center] Executive officer Asatani Kenmin
[Right] Supervisory officer Kumiko Sekine


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](#)  .

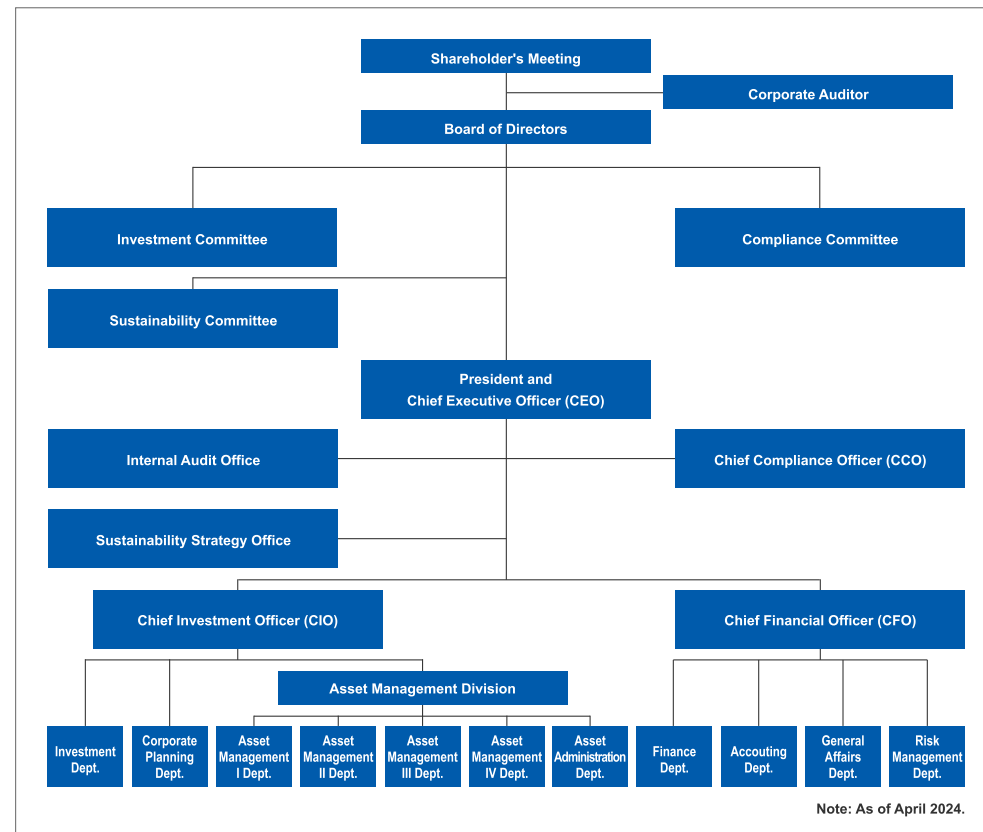
Latest Annual Remuneration

Period	Accounting Auditor	Compensation Amount
39th fiscal period (December 2022 - May 2023)	Ernst & Young ShinNihon LLC	18 million yen Breakdown: Auditing compensation - 18 million yen Non-auditing compensation - N/A
40th fiscal period (June 2023 - November 2023)	Ernst & Young ShinNihon LLC	21.3 million yen Breakdown: Auditing compensation - 18 million yen Non-auditing compensation - 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 MRA pursuant to the Investment Trust Act. The operating structure of MRA is as follows.




Directors of the Board Meeting at MRA

Position	Name	Participation in Board Meetings
President and CEO	Junichi Batai	100% (15 times / 15 times)
Executive Director and CFO	Shuichi Kamizono	100% (16 times / 16 times)
Executive Director and CFO	Hiroshi Tanikake	100% (15 times / 15 times)
Non-executive Director	Tsuyoshi Takagi	100% (16 times / 16 times)
Non-executive Director	Jun Watanabe	100% (9 times / 9 times)
Non-executive Auditor	Hiromu Shiota	100% (16 times / 16 times)

Note 1: Junichi Batai, President and CEO, and Hiroshi Tanikake, Director and Executive Officer, CIO, assumed office as of April 1, 2023. For details, please see "Notice Concerning the Change of Director and Important Employee at the Asset Management Company" dated February 28, 2023.

Note 2: Takehide Sasaki, a non-executive director, resigned as of August 31, 2023, and Jun Watanabe, a non-executive director, assumed office as of September 1, 2023.
For details, please see "[Notice Concerning the Change of Director at the Asset Management Company](#)"  dated July 19, 2023.

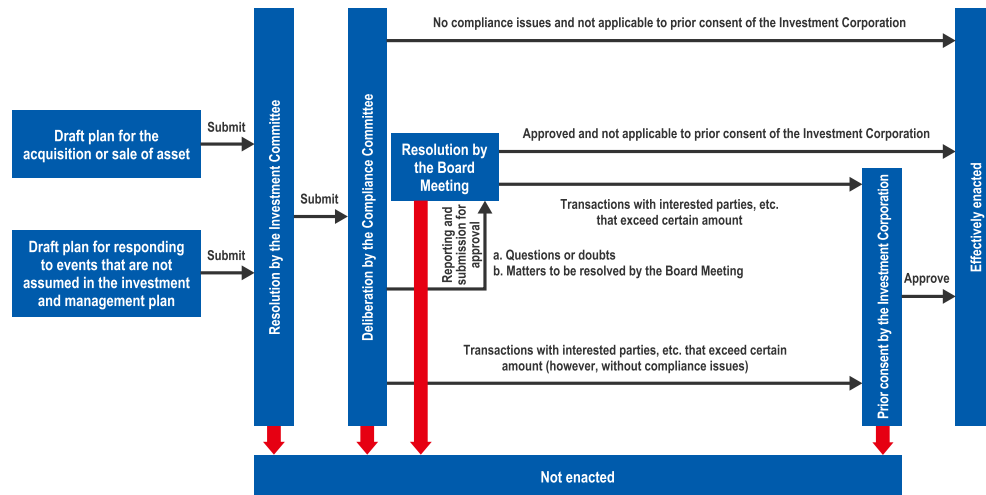
Note 3: Hideki kadota, an auditor, retired on September 30, 2023.
For details, please see "[Notice Concerning the Change of Organization, Auditor and Important Employee at the Asset Management Company](#)"  dated August 23, 2023.



Internal Control for Investment and Management	Investment Committee
Compliance Committee	Approach to Prevention of Money Laundering, Etc.

Internal Control for Investment and Management

United Urban entrusts its asset management of its properties to MRA 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, MRA 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, MRA 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, MRA Committee member (3): President & CEO, MRA, 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.

MRA, 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. MRA 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

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

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

MRA 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
- Addition of the anti-money laundering clause to the fixed form of lease contract.



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

Marubeni REIT Advisers Co., Ltd. (MRA), 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 MRA. And the executive officer is required to report on the performance of duties of MRA, 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.

MRA's Compliance System

MRA understands that incomplete compliance results in loss of trust of investors in the financial market and impair the management base of United Urban and MRA. Therefore, MRA 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, MRA 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.

MRA 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. MRA understands that incomplete compliance impairs our management base and thus sets thorough compliance as our basic principle of management.
2. MRA aims to attain high valuation and trust in the real estate investment trust market by promoting our compliance system.
3. MRA 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 MRA 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 MRA'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 MRA'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

MRA, the asset management company of United Urban, established the Internal Audit Regulations. Under a system which places Head of the Internal Audit Office 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 Head of the Internal Audit Office deems necessary or by special order of the President and CEO of MRA.

Regular audits review the entire operations of MRA 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.

Head of the Internal Audit Office 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 Head of the Internal Audit Office compiles the audit results and reports to MRA's President and CEO as well as the MRA's Board Meeting after the deliberation by the MRA's Compliance Committee.

Number of Departments Targeted by Regular Audits

Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Audited departments: 8	Audited departments: 6	Audited departments: 4	Audited departments: 5	Audited departments: 0	Audited departments: 4
Total departments: 13	Total departments: 13	Total departments: 13	Total departments: 13	Total departments: 13	Total departments: 13

Against Conflicts of Interest

MRA 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, MRA 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, MRA, 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, MRA 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, MRA 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, MRA 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, MRA 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, MRA 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 MRA'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 MRA'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 MRA 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, MRA 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 MRA 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, MRA's President and CEO.

Political Donation Policy

MRA 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

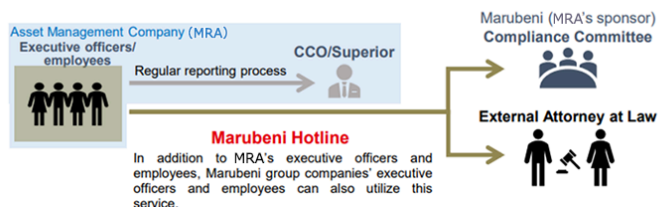
MRA has not made any political contributions.

Whistleblowing

Point of contact for whistleblowers

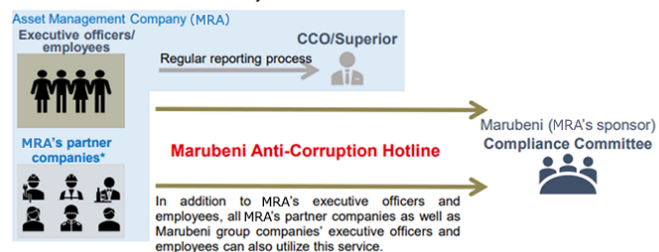
MRA has multiple points of contact which are available for all of our employees and our partner companies. Those include 1) the internal consultation system, 2) the consultation system managed by an external company, 3) Marubeni Hotline and 4) Marubeni Anti-Corruption Hotline managed by Marubeni Corporation. 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 inquires, 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.

● **Marubeni Hotline** A service that enables people to directly consult a wide range of compliance issues under the Whistleblower Protection Act



* Please refer to P.38 of Marubeni's "Compliance Manual PDF" for more details.

● **Marubeni Anti-Corruption Hotline** A compliance service where people can make direct consultations regarding serious crimes such as bribery.



*Service providers (management (PMBM) companies/engineering companies/suppliers of goods, etc./tenants).

* Please refer to the Marubeni website for more details.

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 MRA 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.

MRA 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, MRA 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

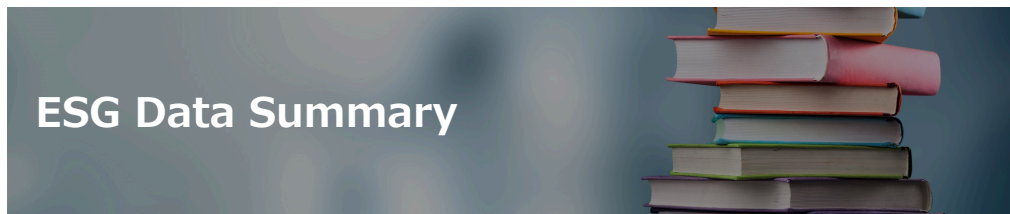
As a preventive measure for problems raised using whistleblowing systems, MRA management-level employees are appointed as Compliance Officers who oversee the inspection, coordination, and thorough implementation of compliance items relating to matters under the jurisdiction of each department. In addition 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.

MRA 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, MRA 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 MRA'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 MRA's officers and employees may consult them at any time.

Library





Environment

Environment Certification Coverage

Energy Consumption & CO₂Emissions

Water Usage

Waste

Society

Employees at MRA

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 MRA

No. of Departments Targeted by Regular Audits

Environment

Environment Certification Coverage

	Period	Unit	2018	2019	2020	2021	2022	2023
Gross floor area based	as of Dec.	%	52.5	58.5	62.9	68.5	73.3	80.1
No. of properties based	as of Dec.	%	39.8	46.2	50.4	55.5	60.6	68.2

Energy Consumption & CO₂ Emissions

	Period	Unit	2014	2015	2016	2017	2018	2019	2020	2021
No. of properties monitored	from Apr. to Mar.	Property	69	74	71	72	71	74	72	125
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	2,139,553
Gas usage	from Apr. to Mar.	GJ	136,440	122,683	154,803	165,330	170,936	165,093	125,882	280,216
Steam usage	from Apr. to Mar.	GJ	-	-	-	-	-	-	-	37,946
CO ₂ emission - Scope 1	from Apr. to Mar.	1,000t-CO ₂	7	6	8	8	9	8	6	3
CO ₂ emission - Scope 2	from Apr. to Mar.	1,000t-CO ₂	60	62	66	61	64	63	47	35
CO ₂ emission - Scope 3	from Apr. to Mar.	1,000t-CO ₂	-	-	-	-	-	-	-	71

	Period	Unit	2022	2023
No. of properties monitored	from Dec. to Nov.	Property	132	133
Electricity usage	from Dec. to Nov.	GJ	2,223,466	2,403,915
Gas usage	from Dec. to Nov.	GJ	299,916	270,845
Steam usage	from Dec. to Nov.	GJ	42,606	57,125
CO ₂ emission - Scope 1	from Dec. to Nov.	1,000t-CO ₂	3	3
CO ₂ emission - Scope 2	from Dec. to Nov.	1,000t-CO ₂	30	15
CO ₂ emission - Scope 3	from Dec. to Nov.	1,000t-CO ₂	82	107

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

Note: Aggregated data of all properties (excluding land) from FY2021 (April 2021-March 2022).

Note: Obtained [the Independent Assurance Statement \(based on a limited assurance of data\)](#) by a third party, Sustainability Accounting Co., Ltd.

Water Usage

	Period	Unit	2014	2015	2016	2017	2018	2019	2020	2021
No. of properties monitored	from Apr. to Mar.	Property	60	63	95	105	109	118	116	121
Water usage	from Apr. to Mar.	1,000m ²	613	623	1,394	1,518	1,598	1,699	1,209	1,886
	Period	Unit	2022	2023						
No. of properties monitored	from Dec. to Nov.	Property	126	128						
Water usage	from Dec. to Nov.	1,000m ²	2,320	2,825						

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


Note: Aggregated data of all properties (excluding land) from FY2021 (April 2021-March 2022).

Note: Obtained [the Independent Assurance Statement \(based on a limited assurance of data\)](#)  by a third party, Sustainability Accounting Co., Ltd.

Waste

	Period	Unit	2016	2017	2018	2019	2020	2021
No. of properties monitored	from Apr. to Mar.	Property	68	70	70	77	77	82
Non-hazardous waste	from Apr. to Mar.	t	8,177	8,798	9,203	9,473	6,602	7,863
Hazardous waste	from Apr. to Mar.	t	0	0	0	0	0	55
Recycling ratio	from Apr. to Mar.	%	51.3	48.6	48	45.4	51.2	40.9
Incineration ratio	from Apr. to Mar.	%	45	45.2	49.1	49.1	44.3	33
Landfill ratio	from Apr. to Mar.	%	3.7	6.1	2.9	5.4	4.5	2
Others (handling method unaccounted)	from Apr. to Mar.	%	-	-	-	-	-	24
	Period	Unit	2022	2023				
No. of properties monitored	from Dec. to Nov.	Property	75	80				
Non-hazardous waste	from Dec. to Nov.	t	6,079	5,099				
Hazardous waste	from Dec. to Nov.	t	108	108				
Recycling ratio	from Dec. to Nov.	%	26.5	31.2				
Incineration ratio	from Dec. to Nov.	%	33.4	46.4				
Landfill ratio	from Dec. to Nov.	%	5.3	9.2				
Others (handling method unaccounted)	from Dec. to Nov.	%	32.7	11.3				

Note: Aggregated data of all properties (excluding land) from FY2021 (April 2021-March 2022).

Note: Obtained [the Independent Assurance Statement \(based on a limited assurance of data\)](#)  by a third party, Sustainability Accounting Co., Ltd.

Society

Employees at MRA

		2018	2019	2020	2021	2022	2023
Full-time Officers & Employees (Note 1)	Male	43	43	46	47	48	48
	Fixed-term employees	0	1	3	2	3	2
	Female	30	32	34	38	38	37
	Fixed-term employees	0	1	0	1	0	0
	Female ratio	41.1%	42.7%	42.5%	44.7%	44.2%	43.5%
	All	73	75	80	85	86	85
Fixed-term employees	0	2	3	3	3	2	
Employees who took maternity/childcare leaves (Note 2)		3	1	3	2	2	2
Employees who opted for shorter work hours (Note 2)		3	7	5	3	4	4
Turnover (Note 3)		9	3	3	3	7	8
Turnover ratio (Note 4)		12.3%	4.0%	3.8%	3.5%	8.1%	9.4%
Managers (Note 5)	Male	33	27	26	28	24	25
	Female	8	8	9	10	7	7
	All	41	35	35	38	31	32
New employees (Note 6)	Male	6	9	7	2	2	6
	Female	2	2	4	4	4	2
	All	8	11	11	6	6	8
Average years of service	Male	5.2	4.6	5.2	6.1	6.7	6.1
	Female	6.6	7.1	9.0	8.0	8.4	8.8
	All	5.8	5.7	6.8	6.9	7.5	7.3
Usage of paid leaves per year per employee	(No. of days)	12.1	12.7	9.8	12.8	12.9	14.8
	(Ratio)	65.6%	70.2%	53.7%	69.4%	72.4%	74.5%

		2018	2019	2020	2021	2022	2023
Distribution of age group (Note 7)	Under 30	2.7%	1.4%	5.4%	10.0%	8.3%	9.3%
	Aged 30 to under 50	79.5%	80.8%	75.7%	72.5%	72.7%	66.3%
	Over 50	17.8%	17.8%	18.9%	17.5%	19.0%	24.4%
Foreign employees (Note 7)	Male	0	0	0	0	0	0
	Female	1	1	1	1	1	1
	All	1	1	1	1	1	1
Directors, exclusive of auditors, inclusive of non-executives (Note 7)	Male	5	5	5	5	5	5
	Female	0	0	0	0	0	0
	All	5	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	2021	2022	2023
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	12.5	12.8	16.4
Ratio of officers and employees participated in professional training programs (January to December of every year)	88.8%	100%	100%	100%	100%	100%	100%	100%
Ratio of officers and employees participated in training programs focused on sustainability (January to December of every year)	32.5%	40.8%	100%	100%	100%	100%	100%	100%

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	2022	2023
Survey period	November 2018	November 2019	January 2020	September 2021	September 2022	September 2023
Survey group (All employees including contract workers, etc., excluding those who take temporary leaves, etc.)	58	63	79	81	77	80
Effective response rate	94.8%	96.8%	100%	98.7%	100%	100%
Job satisfaction/Company satisfaction (marks out of 5)	3.1	3.3/3.2	3.4/3.3	3.4/3.4	3.3/3.2	3.4/3.1
Employees who had a performance feedback and a career consultation with their superiors	100%	100%	100%	100%	100%	100%

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 (39th FP & 40th FP)	No. of investment units owned
					Corporate management/management strategy	Real estate investment/management	Finance & Accounting	Auditing & Risk management	Legal affairs & Compliance				
Executive officer	Kenmin Asatani	Male	○	-	○	○	○	○	○	-	12,000	100% (5 times / 5 times) ^(Note 3)	0 units
Supervisory officers	Kenichiro Okamura	Male		○	○			○		Certified public accountant Certified tax accountant US certified public accountant	4,200	100% (17 times / 17 times)	0 units
	Kumiko Sekine	Female		○				○	○	Lawyer	4,200	100% (17 times / 17 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: As of August 31, 2023, Emon Toshiaki resigned from his role as Executive Officer, and his attendance record for the last two terms (the 39th and 40th fiscal periods) is 100% with 12 out of 12. Additionally, Kenmin Asatani was appointed as an Executive Officer as of September 1, 2023.

Compensation for Accounting Auditor of United Urban

	Unit	39th FP (May 2023)	40th FP (Nov. 2023)
Auditing compensation	JPN thousand	18,000	18,000
Non-auditing compensation	JPN thousand	0	3,300
Total	JPN thousand	18,000	21,300

Directors of the Board Meeting at MRA

Position	Name	Participation in Board Meetings
President and CEO	Junichi Batai	100% (15 times / 15 times)
Executive Director and CFO	Shuichi Kamizono	100% (16 times / 16 times)
Executive Director and CFO	Hiroshi Tanikake	100% (15 times / 15 times)
Non-executive Director	Tsuyoshi Takagi	100% (16 times / 16 times)
Non-executive Director	Jun Watanabe	100% (9 times / 9 times)
Non-executive Auditor	Hiromu Shiota	100% (16 times / 16 times)

Note 1: Junichi Batai, President and CEO, and Hiroshi Tanikake, Director and Executive Officer, CIO, assumed office as of April 1, 2023. For details, please see "Notice Concerning the Change of Director and Important Employee at the Asset Management Company" dated February 28, 2023.

Note 2: Takehide Sasaki, a non-executive director, resigned as of August 31, 2023, and Jun Watanabe, a non-executive director, assumed office as of September 1, 2023.

For details, please see "[Notice Concerning the Change of Director at the Asset Management Company](#)" dated July 19, 2023.

Note 3: Hideki Kadota, an auditor, retired on September 30, 2023.

For details, please see "[Notice Concerning the Change of Organization, Auditor and Important Employee at the Asset Management Company](#)" dated August 23, 2023.

No. of Departments Targeted by Regular Audits

	2018	2019	2020	2021	2022	2023
Audited departments	8	6	4	5	0	4
Total departments	13	13	13	13	13	13

Note: From April to March.



Certification / Evaluation

- Environment Certification Coverage (Details) ▼
- GRESB Survey ▼
- CASBEE for Real Estate ▼
- SBTi (Science-Based Targets initiative) Certification ▼
- Inclusion in the MSCI Japan ESG Select Leaders Index ▼

- List of properties with environmental certifications ▼
- DBJ Green Building Certification ▼
- BELS and ZEB Certification ▼
- Eco-Action 21 ▼
- CDP Participation in climate change programs ▼

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. UUR has set a new medium-term target of maintaining an environmental certification coverage ratio of at least 80% (based on total floor space).

	Number of properties	Total floor area	Percentage of total floor area	
DBJ Green Building	★★★★★	2	26,999.50m ²	
	★★★★☆	10	269,222.11m ²	
	★★★☆☆	3	115,050.49m ²	
	Subtotal	15	411,272.10m²	24.7%
CASBEE for Real Estate	★★★★★	19	256,219.69m ²	
	★★★★☆	21	260,811.82m ²	
	★★★☆☆	1	10,224.31m ²	
	Subtotal	41	527,255.82m²	31.6%
BELS	★★★★★	10	85,016.05m ²	
	★★★★☆	5	30,593.49m ²	
	★★★☆☆	15	120,471.98m ²	
	★★☆☆☆	16	260,016.18m ²	
	Subtotal	46	496,097.70m²	29.7%
LEED	GOLD	1	2,977.93m ²	
	Subtotal	1	2,977.93m²	0.2%
Environmental certifications	Total	95	1,399,816.01m²	83.9%

Note: As of the end of May 2024. The target is 132 properties excluding properties with leasehold interest.
 • The total is calculated by adjusting the number of properties and floor space that have acquired the above certification twice.

List of properties with environmental certifications

Property No.	Property Name	DBJ Green Building Certification	CASBEE for Real Estate	BELS	LEED
A2	Joy Park Izumiqaoka		★★★★★		
A4	Luz Funabashi		★★★★★		
A6	TENJIN LUCE	★★★			
A7	Tecc LAND Sakai Honten			★★★	
A8	Miyamae Shopping Center		★★★★		
A10	ACTIOLE Minami-ikebukuro		★★★★		
A11	Tip's Machida Building		★★★★★		
A12	Daiel Takarazuka Nakayama	★★			
A14	ACTIOLE Kannai		★★★★		
A15	Shinsaibashi OPA Honkan	★★★			
A20	Albore Sendai		★★★★★		
A21	Mallage Kashiwa		★★★★★		
A23	Ito-Yokado Owariasahi	★★			
A24	Yokohama Kariba Shopping Center			★★★★	
A26	ACTIOLE Ichikawa		★★★★★		
A29	Yodobashi Camera Multimedia Kichijoji	★★★			
A30	Kaden Sumairu-kan YAMADA Matsudo Honten			★★★	
A31	Luz Fukuoka Tenjin	★★★			
A36	Granbell Ginza Building		★★★★		
A38	Luz Shonan Tsujido	★★★			
A40	KURURU	★★★★			
A41	K's Denki Nagoya-kita			★★★★★	
A42	Luz Musashikosugi		★★★★★		
B1	T&G Hamamatsucho Building		★★★★★		
B3	Fukuoka Eartheon Building		★★★★		
B4	Kojimachi Center Place		★★★★★		
B6	Shin-Osaka Central Tower		★★★★		
B7	Kawasaki Toshiba Building		★★★★		

Property No.	Property Name	DBJ Green Building Certification	CASBEE for Real Estate	BELS	LEED
B8	UUR Toyochō Building		★★★★★		
B9	FOUR SEASONS BLDG			★★★★	
B11	Pacific Marks Shinjuku Parkside		★★★★★		
B13	Pacific Marks Tsukishima		★★★★		
B14	Pacific Marks Yokohama East		★★★★★		
B17	Akasaka Hikawa Building		★★★★★		
B20	Pacific Marks Akasaka-mitsuke		★★★★		
B22	Pacific Marks Shin-Yokohama		★★★★		
B25	Pacific Marks Kawasaki			★★★	
B26	Hamamatsucho 262 Building		★★★★		
B27	Lila Hijirizaka		★★★★★		
B31	Pacific Marks Nishi-Umeda		★★★★		
B32	Pacific Marks Higobashi		★★★★★		
B35	Pacific Marks Sapporo Kita-Ichijo		★★★★		
B36	Shin-Sapporo Center Building		★★★★		
B37	ARENA TOWER	★★★		★★	
B38	Yushima First Building		★★★★		
B40	GRAND-SQUARE Shin-Sakae			★★★	
B41	GRAND-SQUARE Meieki-minami		★★★★★		
B42	Shiba 520 Building		★★★★		
B43	Hirose-dori SE Building		★★★★	★★	
B44	SS30	★★★			
B45	LOOP-X		★★★★		
B45	LOOP-M			★★★	
B46	Toranomon Hills Mori Tower		★★★★★		
B47	Toranomon PF Building		★★★★		
B48	UUR Kyobashi East Building			★★★	
B50	OSAKA BAY TOWER (office sections)	★★★			
B50	OSAKA BAY TOWER (retail sections)	★★★★			
B51	Toranomon Hills Business Tower			★★★★★	GOLD

Property No.	Property Name	DBJ Green Building Certification	CASBEE for Real Estate	BELS	LEED
C1	Shinjuku Washington Hotel Honkan			★★	
C2	Toyoko Inn Shinagawa-eki Takanawa-guchi			★★	
C3	MZ BLD.			★★	
C4	HOTEL ROUTE-INN Yokohama Bashamichi			★★★	
C5	Hotel JAL City Naha			★★	
C7	Yotsuya 213 Building			★★★★★	
C9	Comfort Inn Tokyo Roppongi			★★★	
C10	Toyoko Inn Kawasaki Ekimae Shiyakusho-dori			★★★★	
C12	Toyoko Inn Naha Kokusai-dori Miebashi-eki			★★★	
C13	Loisir Hotel & Spa Tower Naha			★★★★★	
C14	Royal Pines Hotel Urawa			★★	
C15	RIHGA Royal Hotel Kokura - ARUARU City (Office, Parking)			★★	
C15	RIHGA Royal Hotel Kokura - ARUARU City (Retail)		★★★★★		
C15	RIHGA Royal Hotel Kokura - ARUARU City (Parking)		★★★★★		
C16	Comfort Inn Fukuoka Tenjin			★★★	
C17	Henn na Hotel Tokyo Hamamatsucho			★★★★	
C18	Hotel Hewitt Koshien			★★★★	
C19	Smile Hotel Premium Sapporo Susukino			★★★★★	
C20	the square hotel KANAZAWA			★★★	
C10	UUR Court Sapporo Kita-Sanjo			★★	
C18	MA Sendai Building		★★★★		
C23	UUR Court Kinshicho			★★	
C24	UUR Court Sapporo Minami-Sanjo Premier Tower		★★★		
C26	Glenpark Umeda-kita	★★★			
D29	Chatle Otemachi Building S			★★	
D29	Chatle Otemachi Building N			★★	
D30	GRAN FONTE		★★★★		

Property No.	Property Name	DBJ Green Building Certification	CASBEE for Real Estate	BELS	LEED
E1	Lilycolor Tohoku Branch			★★★	
E3	Tsubogawa Square Building	★★★			
E5	Logistics Higashi-Ohgishima	★★			
E6	MT Ariake Center Building I&II			★★	
E8	Shin-Narashino Logistics Center			★★★	
E9	Kawagoe Logistics Center			★★	
E11	Shin-Narashino Logistics Center II			★★	
E12	Yoshikawa Logistics Center			★★★★★ (ZEB Ready)	
E13	Musashimurayama Logistics Center			★★★	
E15	Hirakata Nagao Logistics Center			★★★★★	
E16	Kobe Toyahama Logistics Center			★★★★★ (ZEB Ready)	
E17	REDWOOD Narita Distribution Centre			★★★	
E18	Kazo Logistics Center I - II			★★★★★	
E20	Granda Mivanomori			★★	
E22	Sapporo Yonesato Logistics Center			★★★★★ (ZEB Ready)	

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 2023 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 ninth 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 sixth 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 \(October 2, 2023\)](#)

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.

[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.

BELS and ZEB 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 evaluation results are indicated by the number of stars (0-4) for houses without renewable energy facilities, and by the number of stars (0-6) for houses with renewable energy facilities and non-residential facilities.

ZEB (Net Zero Energy Building) refers to a building designed to achieve a balance of zero annual primary energy consumption while maintaining a comfortable indoor environment. Depending on the achievement status of zero energy in the BELS evaluation system, the ZEB series are defined into four stages: ZEB (Zero Energy Building), Nearly ZEB, ZEB Ready, and ZEB Oriented.



SBTi (Science-Based Targets initiative) Certification

The Science-Based Targets initiative (SBTi) is an international organization that empowers companies and financial institutions to establish ambitious emission reduction targets aligned with the latest advancements in climate science.

United Urban has established GHG emission reduction targets by 2030. These targets, based on scientific evidence aiming to align with the Paris Agreement, which aims to hold the increase in the global average temperature well below 2°C above pre-industrial levels and strives to limit the temperature increase to 1.5°C above pre-industrial levels," have received certification from SBTi.



Eco-Action 21

Eco-Action 21 is a Japanese environmental management system (EMS) formulated by the Ministry of the Environment, a framework designed to enhance the effectiveness of environmental initiatives and improve corporate value. It establishes methods so called PDCA cycle for organizations and businesses to voluntarily engage in continuous improvement of environmental performance. United Urban has obtained Eco-Action 21 certification (stepwise certification) for the 31 properties in the portfolio as of November 2023.



Inclusion in the MSCI Japan ESG Select Leaders Index

Outline of the MSCI Japan ESG Select Leaders Index (hereinafter referred to as the "Index")

The Index is composed of companies with high ESG performance selected from the constituent companies in the MSCI Japan IMI Index. The Index is reviewed in May and November every year based on ESG ratings by MSCI Inc. (MSCI), market capitalization and others.

Background to the Addition to the Constituents and Impact on United Urban

Upon the recent review in May this year, United Urban has been newly selected as a constituent of the Index under the real estate sector.

We believe that the addition to the constituents of the Index will contribute to further broadening the investor base of United Urban and improving the liquidity of investment units.

**2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

The Inclusion of United Urban Investment Corporation in any MSCI Index, and The use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement or promotion of United Urban Investment Corporation by MSCI or any of its affiliates.

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MSCI ESG Ratings

The Company has been awarded "AA," which is the selection criterion for this index.

MSCI ESG RATINGS

CCC	B	BB	BBB	A	AA	AAA
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RATING ACTION DATE: July 07, 2023

LAST REPORT UPDATE: February 27, 2024

CDP Participation in climate change programs

CDP Climate change assessment

CDP is a non-governmental organization (NGO) managed by a UK charity which operates a global disclosure system for investors, companies, countries, regions and cities to manage their own environmental impacts. In 2023, more than 24,000 organizations around the world, including more than 23,000 companies, or two-thirds of global market capitalization, and more than 1100 municipalities, disclose environmental data through the CDP disclosure system.

CDP assessment is broken down to nine levels: leadership-level (A, A-), management-level (B, B-), awareness-level (C, C-), disclosure-level (D, D-), and non-response (F). UUR has been participating in the CDP assessment program since 2023 and has received a "B" rating.





SFDR

SUSTAINABILITY-RELATED DISCLOSURE ▼

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE) ▼

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF UNITED URBAN (SFDR ARTICLE 6 DISCLOSURE) ▼

[▶ SFDR Principal Adverse Impact Statement](#) PDF

SUSTAINABILITY-RELATED DISCLOSURE

Product Name: United Urban Investment Corporation

Legal Entity Identifier: 35800GYZWB7BDCN841

United Urban Investment Corporation (“United Urban”) promotes environmental and social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 (“SFDR”). United Urban has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on Marubeni REIT Advisors Co., Ltd. (the “Asset Manager”) to manage and operate the properties in United Urban’s portfolio. United Urban and the Asset Manager are hereinafter referred to collectively as “we,” “us” or “our”, unless noted otherwise. References to “fiscal year” or “FY” are to (i) the 12-month periods beginning on April 1 of the year specified and ending on March 31 of the following year for the 12-month periods prior to (and including) the 12-month period that began on April 1, 2021 and ended on March 31, 2022, or FY2021, and (ii) the 12-month periods beginning on December 1 and ending on November 30 of the year specified for the 12-month periods after (and including) the 12-month period that began on December 1, 2021 and ended on November 30, 2022, or FY2022, unless noted otherwise.

Summary

No sustainable investment objective	The financial products offered by United Urban promote environmental or social characteristics, but do not have as its objective sustainable investment.
Environmental or social characteristics of the financial product	United Urban invests in and manages real estate for the benefit of its large range of stakeholders. United Urban believes that an investment corporation should conduct itself to achieve sustainable society from a long-term perspective by making contributions to people, local communities, and the natural environment. Toward this goal, United Urban and the Asset Manager focus on promoting environmental, social and governance, or ESG, characteristics in managing United Urban’s assets. Accordingly, we implement various environmental or social initiatives, as further described below.
Investment strategy	<p>United Urban invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, due diligence review (including the assessment of good governance practices) in relation to investee companies is not applicable, and we have opted to provide information on the governance policies adopted by United Urban and the Asset Manager. The investment policies as described below are related to real estate and real estate-related assets.</p> <p>United Urban taken into account sustainability factors throughout the investment process, from the investment policy to due diligence and selection of properties, as further described below.</p> <p>In addition, United Urban has established a sustainability finance framework (which includes a green finance and a social finance) to provide investors with investment opportunities of environmental and/or social significance. Funds raised through bonds or loans under the sustainability finance framework will be used to acquire properties that meet certain green or social eligibility criteria, renovate the existing properties to satisfy certain green eligibility criteria or to refinance the funds used on such properties, as further described below.</p>
Proportion of investments	<p>United Urban offers financial products which promote environmental or social characteristics, but does not have sustainable investments as its objective. United Urban primarily invests in retail properties, office buildings, hotels, residential properties, logistics facilities and others located in major cities throughout Japan.</p> <p>As of May 31, 2023, 75.1% of the properties in United Urban’s portfolio received at least one of the DBJ Green Building certification, the CASBEE for Real Estate certification and the BELS certification (each as defined below), and 24.9% did not receive any environmental certification, in each case based on gross floor area.</p>
Monitoring of environmental or social characteristics	In order to measure progress made on the environmental or social characteristics promoted by United Urban, United Urban and the Asset Manager use the initiatives and indicators such as (i) GRESB (as defined below) Real Estate Assessment, (ii) property-level environmental certifications, (iii) JCR (as defined below) Green Bond and Loan Evaluation, and Sustainability Bond Evaluation, (iv) participation in global/local ESG initiative, (v) environmental targets and initiatives, (vi) social initiatives - social responsibility and local community, and (vii) sustainable procurement initiatives, each as further described below.
Methodologies	To address ESG issues and promote the environmental or social characteristics it promotes, United Urban prioritizes such environmental or social initiatives and indicators based on their materiality. Each material ESG target and action are monitored and reviewed annually, primarily by the Asset Manager’s Sustainability Committee, which is chaired by the Chief Investment Officer. The details of the methodologies used for each initiative and indicator are further described below.

Data sources and processing	As described in further detail below, the Asset Manager primarily relies on tenants and partner property management companies to collect property-level raw data. The Asset Manager compiles portfolio-level data internally. The Asset Manager seeks to ensure data quality and accuracy by obtaining an assurance report regarding the accuracy and quality of certain parts of the compiled annual data at the portfolio level from an independent third-party accounting firm.
Limitations to methodologies and data	<p>As further described below, the primary limitation to methodologies and data is the necessity of reliance on tenants and property management companies for raw data at the property level. While the Asset Manager verifies certain ESG data compiled by the property management companies against the source documents such as invoices and bills for electricity, gas, water and waste, and is able to directly monitor electricity consumption at certain properties in United Urban's portfolio, independent verification of accuracy of such raw data provided by the tenants and property management companies presents challenges. In addition, while the property management companies provide data at the property level on a monthly basis, the data provided by the property management companies are generally verified by the Asset Manager once a year. To ensure the accuracy of compiled data at the portfolio level, we have engaged an independent third-party accounting firm which has provided an assurance report regarding the accuracy and quality of certain parts of the compiled annual data at the portfolio level, but the assurance report does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenants for raw data at the property level remain.</p> <p>Limitations to the methodologies and data are not expected to affect the attainment of the environmental or social characteristics promoted by United Urban in any material way.</p>
Due diligence	United Urban uses third parties for environmental assessment when acquiring properties and evaluating environmental risks before investment decisions. When toxic substances are found, only properties deemed to have sufficient measures to counteract toxic substances will be acquired, in line with the asset management guidelines. In particular, United Urban (i) inspects the usage or storage of asbestos, polychlorinated biphenyl (PCB) and chlorofluorocarbon (CFC), the usage of chemical substances and the possibility of soil contamination in light of past/present usage to review the consistency with asset management guidelines, (ii) acquires engineering reports regarding soil/underground water, CFC, asbestos and PCB, (iii) conducts soil assessment and (iv) reports the result to the Asset Manager's Investment Committee.
Engagement policies	As further described below, United Urban invests only in properties that have been subjected to ESG-related due diligence review. When investing in properties using proceeds from financing under our sustainability finance framework, United Urban does not consider properties that do not meet the criteria under our sustainability finance framework.
Designated reference benchmark	United Urban has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by United Urban.

■ No sustainable investment objective

The financial products offered by United Urban promote environmental or social characteristics, but do not have as its objective sustainable investment.

■ Environmental or social characteristics of the financial product

United Urban invests in and manages real estate for the benefit of its large range of stakeholders. United Urban believes that an investment corporation should conduct itself to achieve sustainable society from a long-term perspective by making contributions to people, local communities, and the natural environment. Toward this goal, United Urban and the Asset Manager focus on promoting environmental, social and governance, or ESG, characteristics in managing United Urban's assets. United Urban has implemented a number of environmental initiatives, including resource and energy-saving measures, as described in more detail below. In addition, United Urban aims to coexist with local communities surrounding its properties, and supports work environment that encourages diverse work styles and personnel development, while contributing to efforts to solve social issues.

- **Sustainability Policy.** In March 2022, we established the Sustainability Policy, revising and expanding the Environmental Policy that had been established in May 2012. Under the Sustainability Policy, we support the United Nations' 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). As a guideline for implementing our sustainability activities, the Sustainability Policy specifies the following nine goals: (i) addressing climate change; (ii) reducing environmental footprint and realizing a recycling society; (iii) realizing sustainable cities and contributing to local communities; (iv) respecting human rights; (v) creating a good working environment; (vi) cooperating and collaborating with stakeholders; (vii) establishing internal systems to promote sustainability activities and enhancing productivity and wellness of executives and employees; (viii) complying with laws, regulations and fair business practices; (ix) disclosing information.
- **Property-level Environmental Certifications.** United Urban uses various environmental certifications issued by third party organizations to monitor and track the environmental performance at each building in our properties as further describe below. We plan to obtain environmental certifications for 80% of the properties in United Urban's portfolio based on gross floor area by the end of November 2024.
- **Green Lease Clauses.** "Green Lease" is an initiative to mitigate United Urban's environmental burden by including in lease agreements and memoranda of understanding with tenants certain clauses with respect to energy efficiency and improving office working environment. This initiative creates win-win relationships between the property owner and tenants such as through reduction of utility costs. In general, United Urban includes Green Lease clauses in lease agreements with its office tenants, and intends to extend this initiative to retail properties, hotels and residential properties. We plan to include Green Lease clauses in all lease contracts with our office tenants by the end of November 2030.
- **Engagement with Partner Companies.** All property managers are required to comply with United Urban's Basic Supply Chain Sustainability Policy and Sustainability Policy. Both policies are also shared with tenants and other service providers to raise their awareness of United Urban's ESG initiatives. United Urban also tackles environmental issues in partnership with tenants and service providers. If we revise these policies, we obtain new consents from tenants and service providers to ensure their continued compliance.

- **ESG Data Coverage.** We monitor and track electricity usage, greenhouse gas (“GHG”) emissions, water usage and waste generation of the properties in United Urban’s portfolio. We plan to further increase the data coverage ratio for each of these metrics.
- **Basic Supply Chain Sustainability Policy.** United Urban established its Basic Supply Chain Sustainability Policy in March 2022 and aims to strengthen sustainability efforts throughout its supply chain with the objective of building an environmentally friendly, healthy and sustainable society. The Supply Chain Sustainability Guidelines (discussed below in further detail) have been adopted under the Basic Supply Chain Sustainability Policy, to promote, together with our business partners, effective sustainability initiatives.
- **Supporting TCFD.** In December 2015, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures (“TCFD”) to develop recommendations for more effective climate-related disclosures. In January 2022, the Asset Manager expressed support for the TCFD recommendations in order to clarify the policy and system on initiatives to address climate-related issues and to promote expansion of the disclosure of the content of such initiatives, and also joined the TCFD Consortium, a group of companies in Japan that support TCFD recommendations. In addition, starting in May 2022, we have disclosed the climate change-related disclosures recommended by TCFD on our website after identifying and analyzing climate change-related risks and opportunities in alignment with the TCFD’s recommendations.

Investment strategy

United Urban invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, due diligence review (including the assessment of good governance practices) in relation to investee companies is not applicable, and we have opted to provide information on the governance policies adopted by United Urban and the Asset Manager. The investment policies as described below are related to real estate and real estate-related assets.

United Urban takes into account sustainability in its investment process as follows.

- **Investment Policy.** United Urban invests primarily in real estate properties such as retail properties, office buildings, hotels, residential properties and other properties throughout Japan. The Asset Manager closely studies impacts caused by environmental factors such as asbestos and soil contaminations, factors on tenants such as antisocial forces and the work environment and social factors such as relationships with community and traffic congestion. Such factors are considered for every investment decision, along with the profitability of the property.

- **Due Diligence.** United Urban uses third parties for environmental assessment when acquiring properties and evaluating environmental risks before investment decisions. When toxic substances are found, only properties deemed to have sufficient measures to counteract toxic substances will be acquired, in line with the asset management guidelines. In particular, United Urban (i) inspects the usage or storage of asbestos, polychlorinated biphenyl (PCB) and chlorofluorocarbon (CFC), the usage of chemical substances and the possibility of soil contamination in light of past/present usage to review the consistency with asset management guidelines, (ii) acquires engineering reports regarding soil/underground water, CFC, asbestos and PCB, (iii) conducts soil assessment and (iv) reports the result to the Asset Manager’s Investment Committee.
- **Selection of Properties.** In addition to the review of environmental factors, United Urban takes into account environmental certifications, including whether the property can obtain certification in the future, and energy efficiency assessment before making an investment decision. As a rule, United Urban does not acquire properties that are not appropriately treated for soil contamination and other environmental contamination in accordance with the Soil Contamination Countermeasure Act of Japan and other environmental laws and ordinances.
- **Sustainability Finance Framework.** United Urban has established a sustainability finance framework to further expand its investors base that have interests in ESG investment and financing, further strengthen our funding foundation for fund arrangements and implement flexible sustainable financing. The Japan Credit Rating Agency (“JCR”) has evaluated the sustainability finance framework and has assigned it JCR’s highest rating, “SU1(F)” in June 2023. The key elements of the sustainability finance framework are as follows:
 - **Type and purpose of financing.** United Urban’s sustainability finance framework consists of green finance and social finance. Under the sustainability finance framework, United Urban may conduct financing that will be used to acquire properties that meet the Green Eligibility Criteria A (as defined below) (such properties, “Eligible Green Assets”), refinance the funds already used to acquire Eligible Green Assets or renovate the existing properties to satisfy the Green Eligibility Criteria B (as defined below). Under the framework, United Urban may conduct financing that will be used to acquire properties that meet the Social Eligibility Criteria (such properties, “Eligible Social Assets”) or refinance the funds already used to acquire Eligible Social Assets.

- Eligibility Criteria. The eligibility criteria set in the sustainability finance framework are as follows:
 - Green Eligibility Criteria. Under the sustainability finance framework, the properties that have acquired or are expected to acquire one of (i) the Development Bank of Japan's ("DBJ") Green Building certification (three stars or better), (ii) the Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") for Real Estate certification (B+ rank or better), (iii) the Building Energy-efficiency Labeling System ("BELS") certification (three stars or better) or (iv) Leadership in Energy and Environmental Design ("LEED") certification (silver rank or better), are considered eligible for acquisition financing and refinancing ("Green Eligibility Criteria A"). In addition, under the sustainability finance framework, renovation works that have been completed with the past 3 years from the date of financing or are expected to be completed, and lead to (i) acquisition of a certification under Green Eligibility Criteria A or improvement of 1 level or more in an existing certification under Green Eligibility Criteria A, (ii) reduction of energy consumption, CO₂ and other GHG emissions or water consumption by at least 30%, or (iii) introduction or acquisition of equipment related to renewable energy generation, are eligible for renovation financing ("Green Eligibility Criteria B").
 - Social Eligibility Criteria. Under the sustainability finance framework, (i) health care facilities that provide equality nursing care and other welfare services to the elderly, (ii) childcare facilities, (iii) medical facilities and (iv) public housing facilities that provide affordable living are eligible for acquisition financing and refinancing ("Social Eligibility Criteria").
- Project evaluation and selection process. The Asset Manager's Sustainability Committee first evaluates target properties and projects based on the relevant eligibility criteria under the sustainability finance framework. After the initial evaluation by the Sustainability Committee, the Finance Department prepares a proposal for allocation of the funds to the purposes described above, and submits the proposal to the Investment Committee or the Board of Directors of the Asset Managers, and the Board of Directors of United Urban for approval.
- Management of procured funds. United Urban will manage the amounts procured under the sustainability finance framework so as not to exceed the relevant upper limit. The upper limit of the green finance is set at an amount equal to the sum of (i) an amount calculated by multiplying book value of Eligible Green Assets in United Urban's portfolio by the ratio of interest-bearing debt to total assets, and (ii) an amount used for project that meet Green Eligibility Criteria B. The upper limit of the social finance is set at an amount calculated by multiplying book value of Eligible Social Assets in United Urban's portfolio by the ratio of interest-bearing debt to total assets.
- Reporting. The following items will be disclosed and updated at least once a year so long as there is any remaining balance under the sustainability finance framework:
 - Allocation status of funds; and
 - Green finance: (i) number of properties and acquisition price of Eligible Green Assets; (ii) quantitative indicators of Eligible Green Assets (i.e., energy consumption, CO₂ emissions and water consumption); and (iii) In case of renovation works, one of the quantitative indicators (i.e., energy consumption, CO₂ emissions and water consumption) before and after the renovation work; or
 - Social finance: (i) property names and usage; and (ii) capacity of properties.

Proportion of investments

United Urban offers financial products which promote environmental or social characteristics, but does not have sustainable investments as its objective. United Urban primarily invests in retail properties, office buildings, hotels, residential properties, logistics facilities and others located in major cities throughout Japan. As of May 31, 2023, 75.1% of the properties in United Urban's portfolio received at least one of the DBJ Green Building certification, the CASBEE for Real Estate certification and the BELS certification (each as defined below), and 24.9% did not receive any environmental certification, in each case based on gross floor area. We plan to obtain environmental certifications for 80% of the properties in United Urban's portfolio by December 31, 2024 based on total gross floor area.

Monitoring of environmental or social characteristics

United Urban and the Asset Manager use the following indicators to measure progress made on the environmental or social characteristics promoted by United Urban:

- Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment. United Urban and the Asset Manager have participated in the GRESB Real Estate Assessment since 2012. GRESB, the Global Real Estate Sustainability Benchmark, is an annual assessment benchmarking assessment to measure the level of ESG integration achieved by real estate companies and funds. It was founded in 2009 by a group of European institutional investors that played leading roles in launching Principles for Responsible Investment ("PRI") advocated by the United Nations. United Urban has been evaluated by the GRESB every year since 2012 and obtained the "Green Star" rating for eight years in a row in 2022.
- Property-level Environmental Certifications. To track the environmental performance of individual properties in United Urban's portfolio, we rely on environmental certifications issued by third-party organizations such as the DBJ Green Building certification, the CASBEE for Real Estate certification, the BELS certification and other equivalent certifications. We also utilize such environmental certifications as eligibility criteria in our sustainability finance framework describe above. United Urban has set a mid-term target of increasing the percentage of the properties with such environmental certification in its portfolio to 80% by the end of November 2024 based on gross floor area.
 - The DBJ Green Building certification was established by the Development Bank of Japan in April 2011 for the purpose of supporting properties which give proper care to the environment and society. The program evaluates, certifies and supports properties that are essential for society and the economy. It conducts comprehensive assessment of the property based on various factors ranging from the property's environmental features to communications with stakeholders, such as disaster prevention and proper care for surrounding communities.

- The CASBEE certification is a system for assessing and rating the environmental performance of buildings and their environment, developed under the leadership of Japan’s Ministry of Land, Infrastructure, Transport and Tourism. CASBEE for Real Estate was developed to be used among real estate market participants. The assessment consists of five categories, energy/GHG, water, materials/safe, biodiversity/sustainable site, and indoor environment, which cover 21 items, which reflect international standards advocated by UNEP SBCI (The United Nations Environment Programme - Sustainable Building and Climate Initiative).
- The BELS certification is a third-party certification system for rating residential and non-residential buildings. BELS is the result of efforts to promote energy efficiency under the Act on the Improvement of Energy Consumption Performance of Buildings of Japan. The assessment is based on the Building Energy Index (BEI) value derived from primary energy consumption using energy efficiency standards established by the Japanese government.
- JCR Green Bond and Loan Evaluation, and Sustainability Bond Evaluation. In addition to United Urban’s sustainability finance framework described above, we utilize green and/or sustainability evaluations by JCR for individual bonds and loans. The JCR Green Bond and Loan Evaluation is the evaluation of United Urban’s green bonds or green loans conducted by JCR based on the Green Bond Principles of the International Capital Market Association (“ICMA”) and the Green Bond Guidelines of the Ministry of the Environment of Japan (“MOE”) for green bonds, or the Green Loan Principles of the Loan Market Association and the Green Bond Guidelines of MOE for green loans. JCR evaluates whether any given green bond or loan of United Urban (including our management/operations and transparency of use of the proceeds thereof) may be deemed to be a qualifying green bond or loan based on the principles and guidelines mentioned above. United Urban has received “Green1”, the highest grade under JCR’s evaluation, for all of its green bonds issued in May 2019 and green loans procured in September 2018 and March 2019. Similarly, the JCR Sustainability Bond Evaluation is the evaluation of United Urban’s sustainability bond conducted by JCR based on the Sustainability Bond Guidelines of ICMA. JCR evaluates whether any given sustainability bond of United Urban (including our management/operations and transparency of use of the proceeds thereof) may be deemed to be a qualifying sustainability bond based on the Sustainability Bond Guidelines of ICMA. United Urban has received “SU1”, the highest grade under JCR’s evaluation, for its sustainability bonds issued in October 2021.
- Participation in Global/Local ESG Initiative. The Asset Manager observes the basic concept of the PRI. The Asset Manager became a PRI signatory in November 2018, and is required to fulfill its ESG responsibilities through its investment activities.

- Environmental Targets and Initiatives. In addition to monitoring and tracking the environmental data of the properties in United Urban’s portfolio described above, the Asset Manager has established the following environmental initiatives and targets for United Urban’s portfolio with the objective of mitigating climate-related risks and taking advantage of climate-related opportunities.
 - Energy Saving Initiatives. The Asset Manager monitors and tracks energy consumption (including gas, steam energy and electricity consumption) of United Urban’s properties (excluding land only properties). United Urban aims to reduce energy consumption intensity every fiscal year by 1% compared to the average energy consumption intensity over the previous five fiscal years for the properties in United Urban’s portfolio. We collect energy consumption data at United Urban’s properties through smart meters installed at the properties and information provided by partner property management companies, and conduct annual energy conservation diagnosis. Based on the results of the diagnosis, the Asset Manager designs and executes operational improvement plan to reduce energy consumption by coordinating with partner property management companies, and a follow-up diagnosis is conducted a year after the initial diagnosis to ensure proper and effective implementation of the operational improvement plan, and identify execution issues in the improvement plan with partner property management companies. Furthermore, the management criteria (manual) stipulated in the Act Concerning the Rational Use of Energy of Japan is regularly reviewed for each property, and efforts are made towards continuous energy saving.
 - Reduction of GHG Emissions Initiatives. The Asset Manager tracks and monitors GHG emissions of United Urban’s properties, including Scope 3 GHG emissions which it started tracking and monitoring starting in FY2021, by estimating GHG emissions based on the energy consumption (including gas, steam energy and electricity consumption) of United Urban’s properties (excluding land only properties) and the adjusted emissions coefficients published by the Ministry of the Environment of Japan. United Urban aims to reduce the combined amount of Scope 1 and Scope 2 GHG emissions of United Urban’s properties by 42% by FY2030 compared to the level in FY2021. In addition, as a long-term target, United Urban aims to achieve net zero GHG emissions for United Urban’s properties by FY2050. Based on the current emissions level and the established target, the Asset Manager formulates a five-year facility improvement plan for each property, which includes installation of energy efficient air conditioning equipment and LED light equipment, and allocates appropriate budget for implementation of the plan. In addition, the Asset Manager considers purchases of non-fossil fuel energy certificates to achieve net GHG emissions reduction in United Urban’s properties.
 - Water-saving and Efficient Usage Initiatives. The Asset Manager tracks and monitors the amount of water consumption at United Urban’s properties (excluding land only properties). United Urban has set a mid-term target of reducing water consumption intensity of its portfolio by 5% by FY2025 compared to the level in FY2020. We have installed equipment that recycles water at certain properties for reduction of water consumption and effective use of water, in addition to proactive implementation of water conservation equipment.
 - Waste Management Initiatives. The Asset Manager tracks and monitors waste generated by tenants at United Urban’s properties (excluding land only properties) to reduce waste and promote efficient use of resources, reuse and recycling. The Asset Manager also discloses relevant data on the website.

- **Social Initiatives - Social Responsibility and Local Community.** United Urban has invested in one medical facility, Plusing Wave Enoshima, and proactively reaches out to medical institutions, health clinics and day-care centers to become tenants at the properties in United Urban’s portfolio to enhance tenants’ convenience. There are numerous medical institutions/clinics and day-care centers/nurseries in United Urban’s properties. In addition, United Urban has adopted at most of its properties universal design, intended to enable easy use and access by everyone irrespective of age, sex or ability, including multi-purpose toilets, wide corridors and handrails, to help disabled and elderly people in particular. United Urban also offers certain properties in United Urban’s portfolio as disaster prevention or evacuation centers for local communities. Furthermore, United Urban has implemented initiatives to support the local economy and communities, including through collaboration with educational institutions.
- **Sustainable Procurement Initiatives.** United Urban supports strengthening ESG initiatives throughout its supply chain to contribute to environmentally friendly, healthy and sustainable society. Based on its Supply Chain Sustainability Guidelines, United Urban seeks the understanding and cooperation of its business partners to collaborate with United Urban on its ESG initiatives. United Urban also assists its business partner’s capacity building efforts by making recommendations, providing guidance and sharing good practices. The key elements of the Supply Chain Sustainability Guidelines are (i) legal compliance; (ii) respect for human rights; (iii) conservation of the environment; (iv) fair transactions; (v) safety and health; (vi) quality control; and (vii) information disclosure.

Methodologies

To address ESG issues, United Urban prioritizes ESG initiatives based on their materiality. Each material ESG target and action are monitored and reviewed annually. To identify a material ESG target or action, (i) the Asset Manager’s Sustainability Committee, which is chaired by the Chief Investment Officer, makes selections upon consideration of third party opinions, asset characteristics and United Urban’s management policies as well as third party ESG evaluations and societal trends, (ii) the Sustainability Committee investigates the issues of concern to each of the Asset Manager’s departments, while the Asset Manager’s management team identifies the issues likely to impact United Urban’s performance, (iii) the Asset Manager establishes long-term and one-year targets and specific action plans in response to each material ESG target for each department to tackle, and (iv) the management team reviews progress and achievement for each material ESG target and discusses goals for the following year and thereafter.

- **GRESB Real Estate Assessment.** To better assess United Urban’s attainment of environmental and/or social characteristics, we participate in the GRESB Real Estate Assessment, which generally covers a broader scope of sustainability and ESG-related items than those evaluated for our due diligence prior to acquisition of a property. Based on the benchmark report, the public disclosure report and other reports regarding GRESB Real Estate Assessment issued by the GRESB secretariat, the Asset Manager analyzes the details of scores, evaluates any room for future upgrade and other data with the assistance of an external consulting firm and prepares an action plan for progressing sustainability and ESG goals. The results of these analyses and evaluations are reported once a year to the Sustainability Committee where issues are shared and measures are taken to improve the evaluation in the following fiscal year and beyond.

- **Property-level Environmental Certifications.** At the property level, we use environmental certifications, which are issued by third-party organizations and generally cover a broader scope of sustainability and ESG-related items than those evaluated for our due diligence prior to acquisition of a property. For a property that has not acquired any environmental certification, the Asset Manager considers potential measures to meet the standards for obtaining applicable environmental certification for the property while taking into account the portfolio-level mid-term target of increasing the percentage of the properties with such environmental certification in United Urban’s portfolio to 80% by the end of November 2024 based on gross floor area. The progress of achieving this mid-term target is reported to the Sustainability Committee and disclosed on our website and financial results-related documents.
- **JCR Green Bond and Loan Evaluation, and Sustainability Bond Evaluation.** JCR’s evaluation of our sustainability finance framework generally cover a broader scope of environmental and/or social items than those evaluated for our due diligence prior to acquisition of a property. We utilize JCR’s evaluation to assess each acquisition or renovation opportunity under applicable sustainability finance framework in light of such opportunity’s potential contribution to promotion of relevant environmental and/or social characteristics. In addition, JCR’s evaluation provides assessment of management/operations and transparency of use of the proceeds of such green bond or loan, or sustainable bond. We use JCR’s assessment of management/operations and transparency of use of the proceeds to evaluate and improve our performance.
- **Participation in Global/Local ESG Initiative.** The Asset Manager observes the basic concept of the PRI. The Asset Manager is a signatory to the PRI, and fulfills the PRI’s reporting obligations by preparing and submitting an annual report on our ESG activities. The Finance Department of the Asset Manager is responsible for preparing the annual report required under the PRI.
- **Environmental Targets and Initiatives.** As described above, the Asset Manager has established various portfolio-level environmental targets in order to mitigate climate-related risks and to take advantage of climate-related opportunities. The progress for each relevant environmental target and related initiatives is tracked by monitoring the relevant environmental data. The implementation progress and results of environmental initiatives are reported at least once a year to the responsible Departments, which in turn resolve related issues challenges and implement measure to improve such environmental initiatives.
- **Social Initiatives - Social Responsibility and Local Community.** As described above, we aim to fulfill our social responsibility and maintain healthy relations with local residents, governments and other community members by proactively leasing the properties in United Urban’s portfolio to medical institutions, health clinics and day-care centers. The Asset Manager tracks and monitors the number and status of leases to medical institutions, health clinics and day-care centers in United Urban’s portfolio, and engages with local communities in order to revitalize the local communities in accordance with the characteristics of each property. In addition, United Urban has adopted universal design, intended to enable easy use and access for the disabled and elderly people in particular, at its properties, equips its properties with emergency power generators and emergency provisions and offers its properties as disaster prevention or evacuation centers for local communities. The Asset Manager also tracks and monitors the number of properties in United Urban’s portfolio that has adopted universal design and that have emergency power generators installed and emergency provisions stored.

- Sustainable Procurement Initiatives. The Asset Manager monitors compliance with its Supply Chain Sustainability Guidelines by its business partners, and facilitates sustainable procurement by its business partners by actively making recommendations, providing guidance and sharing good practices. For United Urban’s tenants, the Asset Managers promotes inclusion of Green Lease provisions and other sustainable procurement-related provisions in the lease agreement to encourage United Urban’s tenants to engage in sustainable procurement.

■ Data sources and processing

We use the following data sources:

- GRESB Real Estate Assessment. The Sustainability Strategy Office is the responsible unit within the Asset Manager for GRESB Real Estate Assessment and related data processing. The Sustainability Strategy Office coordinates with various Departments within the Asset Manager to collect and compile required raw data, and prepares appropriate responses to the survey of the GRESB Real Estate Assessment. The Sustainability Strategy Office also analyzes the details of the GRESB Real Estate Assessment scores and evaluates any room for future improvement with the assistance of an external consulting firm, and prepares an action plan for progressing sustainability and ESG goals in accordance with the GRESB Real Estate Assessment’s framework. The results of these analyses and evaluations are reported once a year to the Sustainability Committee where issues are shared and measures are taken to improve the evaluation in the following fiscal year and beyond.
- Property-level Environmental Certifications. The Sustainability Strategy Office is in charge of the acquisition process for an environmental certification of a property. The Sustainability Strategy Office coordinates with the relevant partner property management company to collect property-level raw data required by the third-party organization that issues the applicable environmental certification. With the assistance of an external consulting firm, the Sustainability Strategy Office compiles relevant data collected, and prepares and submits the required data and supporting materials to the third-party issuing organization by internally reviewing the accuracy of the compiled data and the appropriateness of the responses. The progress at the portfolio level is reported to the biweekly management meetings of the Asset Manager.
- JCR Green Bond and Loan Evaluation, and Sustainability Bond Evaluation. The Sustainability Committee reviews and determines eligibility of each acquisition or renovation opportunity under the sustainability finance framework based on the property-level raw data regarding relevant eligibility criteria collected and compiled by the Sustainability Strategy Office. The Finance Department is in charge of monitoring and disclosing the status of use of proceeds of financings procured under the sustainability finance framework.
- Participation in Global/Local ESG Initiative. The Finance Department is in charge of preparing and submitting the annual report to the PRI based on the data and responses collected and compiled by the Sustainability Strategy Office.

- Environmental Targets and Initiatives. In general, different Asset Management Departments collect and compile relevant property-level raw data from different properties and partner property management companies depending on the type of the properties. The operational and facility improvement plans are formulated by the Asset Administration Department and relevant Asset Management Departments. Data related to waste generation is collected and compiled annually by the Sustainability Strategy Office. In addition, the Asset Manager obtains an assurance report regarding the annually compiled portfolio-level data on energy consumption, GHG emissions, water consumption and waste generation from an independent third-party accounting firm to ensure data quality and accuracy.
- Social Initiatives - Social Responsibility and Local Community. In general, the Asset Management Departments coordinate with tenants, partner property management companies and other stakeholders at relevant properties to study and implement social initiatives based on the characteristics of each property. The status of the implementation is reported at monthly meetings of each relevant Asset Management Department, and the effectiveness of the initiatives is measured, verified and used as a reference when considering improvement and future initiatives.
- Sustainable Procurement Initiatives. The Sustainability Strategy Office collects and compiles property-level data on use of sustainable materials in the building of the subject property at the time of acquisition of an environmental certification. In addition, the Asset Management Departments coordinate with partner property management companies and other stakeholders at relevant properties to promote inclusion of Green Lease provisions and other sustainable procurement provisions in lease agreements with tenants.

Limitations to methodologies and data

The primary limitation to methodologies and data is the necessity of reliance on tenants and property management companies for raw data at the property level. Like many other real estate investment corporations and asset managers, we rely on raw data provided by the tenants and property management companies. While the Asset Manager verifies certain ESG data compiled by the property management companies against the source documents such as invoices and bills for electricity, gas, water and waste, and is able to directly monitor electricity consumption at certain properties in United Urban's portfolio, independent verification of accuracy of such raw data provided by the tenants and property management companies presents challenges. In addition, while the property management companies provide data at the property level on a monthly basis, the data provided by the property management companies are generally verified by the Asset Manager once a year.

Data at the portfolio level is compiled internally at the Asset Manager. To ensure the accuracy of compiled data at the portfolio level, we have engaged an independent third-party accounting firm which has provided an assurance report regarding the accuracy and quality of certain parts of the compiled annual data at the portfolio level in accordance with our own criteria and methodologies. However, the assurance report does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenants for raw data at the property level remain.

Limitations to the methodologies and data are not expected to affect the attainment of the environmental or social characteristics promoted by United Urban in any material way.

Due diligence

United Urban uses third parties for environmental assessment when acquiring properties and evaluating environmental risks before investment decisions. When toxic substances are found, only properties deemed to have sufficient measures to counteract toxic substances will be acquired, in line with the asset management guidelines. In particular, United Urban (i) inspects the usage or storage of asbestos, polychlorinated biphenyl (PCB) and chlorofluorocarbon (CFC), the usage of chemical substances and the possibility of soil contamination in light of past/present usage to review the consistency with asset management guidelines, (ii) acquires engineering reports regarding soil/underground water, CFC, asbestos and PCB, (iii) conducts soil assessment and (iv) reports the result to the Asset Manager's Investment Committee.

Engagement policies

As discussed in detail above, United Urban invests only in properties that have been subjected to ESG-related due diligence review. For instance, United Urban uses third parties for environmental assessment when acquiring properties and evaluating environmental risks before investment decisions. When toxic substances are found, only properties deemed to have sufficient measures to counteract toxic substances will be acquired, in line with the asset management guidelines. In addition to the due diligence review of environmental factors, United Urban takes into account environmental certifications, including whether the property can obtain certification in the future, and energy efficiency assessment before making an investment decision. As a rule, United Urban does not acquire properties that are not appropriately treated for soil contamination and other environmental contamination in accordance with the Soil Contamination Countermeasure Act of Japan and other environmental laws and ordinances.

When investing in properties using proceeds from financing under our sustainability finance framework, United Urban does not consider properties that do not meet the criteria under our sustainability finance framework and do not qualify as Eligible Green Assets or Eligible Social Assets for investment.

In general, United Urban includes Green Lease clauses in lease agreements with its office tenants, and intends to extend inclusion of Green Lease clauses to lease agreements with its tenants at retail properties, hotels and residential properties. We plan to include Green Lease clauses in all lease contracts with our office tenants by the end of November 2030.

Designated reference benchmark

United Urban has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by United Urban.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Manager has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks as follows.

- The remuneration for the employees of the Asset Manager is determined pursuant to the remuneration rules taking into consideration various factors such as degree of difficulties and responsibilities and the contribution to sustainability targets, as well as annual personal evaluation based on each employee's performance and exercise of capability.
- Remuneration consists of monthly base salary and position allowance based on job rank, overtime allowance, holiday work allowance, midnight work allowance, commuting allowance, as well as bonus.
- Bonus for Employees is determined pursuant to the remuneration rules in consideration of annual personal evaluation, including the contribution and conduct to sustainability efforts and compliance requirements, and a formula linked with the performance of United Urban.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF UNITED URBAN (SFDR ARTICLE 6 DISCLOSURE)

United Urban and the Asset Manager address sustainability risks, and environmental, social and governance, or ESG, factors are integrated in our investment decision process.

The Asset Manager's investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that United Urban's sustainable investment strategy is implemented on a continuous basis. With each acquisition opportunity, United Urban and the Asset Manager review ESG-related due diligence findings and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment. These findings and factors are required to be considered by the Asset Manager's Investment Committee and Board of Directors before a final decision is made on the investment.

As part of due diligence review prior to investment, United Urban uses third parties for environmental assessment and evaluating environmental risks in accordance with our asset management guidelines and sustainability check list. As a rule, United Urban does not acquire properties that are not appropriately treated for soil contamination and other environmental contamination in accordance with the Soil Contamination Countermeasure Act of Japan and other environmental laws and ordinances.

Furthermore, the Asset Manager tracks the sustainability measures including energy saving initiatives, reduction of greenhouse gas emissions initiatives, water-saving initiatives and waste management initiatives.

As a result of the growing interest in ESG factors among our investors and other stakeholders, we believe that insufficient engagement in ESG-related issues could materially adversely impact our business activities, financial performance, and our unit price. We therefore take ESG factors into serious consideration when investing in new properties and managing our portfolio as we believe that in the long term our ongoing engagement to address ESG-related issues will enhance our growth and raise unitholders' value while minimizing financial risk exposure associated with such ESG-related issues. Moreover, we believe that our ESG engagement leads to mitigating the financial impact of Japan's overall economy including at the local and regional levels and consequently ensure that returns on investment in United Urban growth sustainably.

The following table presents the key climate-related risks that we consider to be highly important and may have a financial impact on United Urban's real estate investment management business and the initiatives that we have taken to address those risks, based on the recommendations of the Task Force on Climate-related Financial Disclosures.

Risk Category		Presumed Risks	Proposed Countermeasures Currently Considered
Current Scenario	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 Equipment damage and failure of essential utilities and other services due to flooding at properties 	<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 through disaster drill, etc. In future, carefully considering acquisition/disposal of properties in areas with high risk of flooding
	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 Increased costs associated with improving health and safety due to tropical disease epidemics 	<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 antibacterial measures and improved ventilation capabilities Complying with infection prevention guidelines
	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 through disaster drill, etc.

Risk Category		Presumed Risks	Proposed Countermeasures Currently Considered
Transition Scenario	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



Editorial Policy

Policy	Reporting Structure
Reporting Organization	Reporting Period
Reference for Disclosure	Publication date
Next issue	Inquiries

Policy

United Urban and MRA 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 MRA’s Sustainability Committee and are reported to and approved by the Board Meeting of MRA.

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
Marubeni REIT Advisors Co., Ltd.

Reporting Period

The report covers the fiscal year of 2023 (from April 1, 2023 to March 31, 2024), but also includes information of other periods.

Reference for Disclosure

GRI Standards
SASB (Real Estate Industry) Framework

Publication date

July 2024

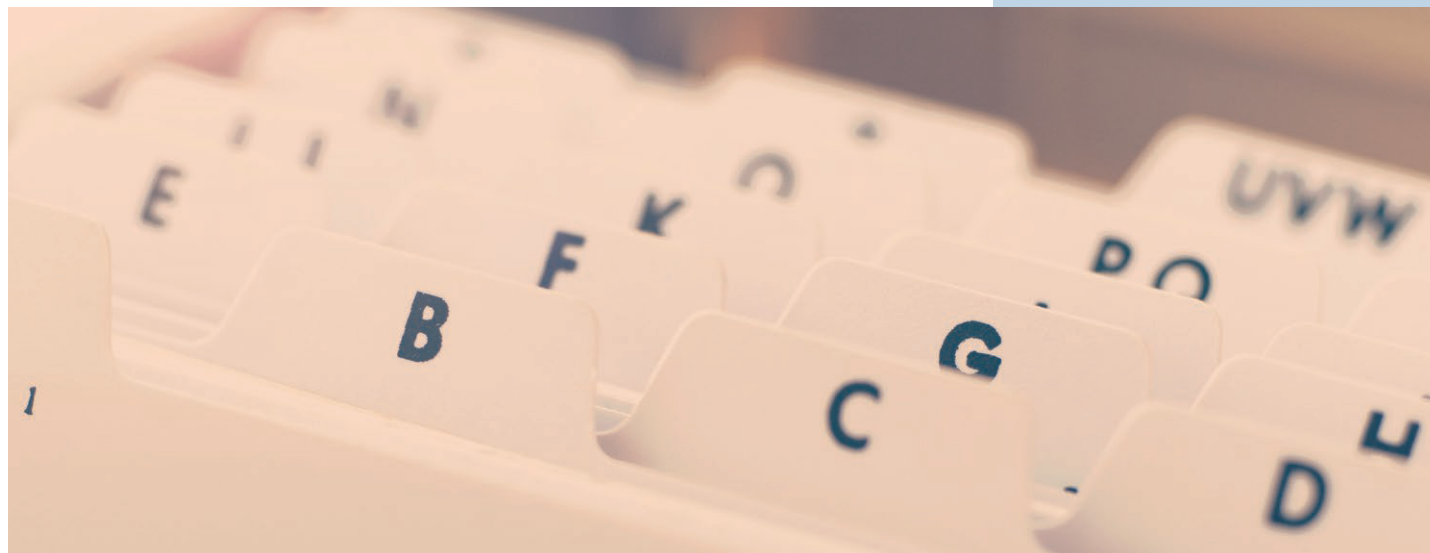
Next issue

July 2025 (Scheduled)

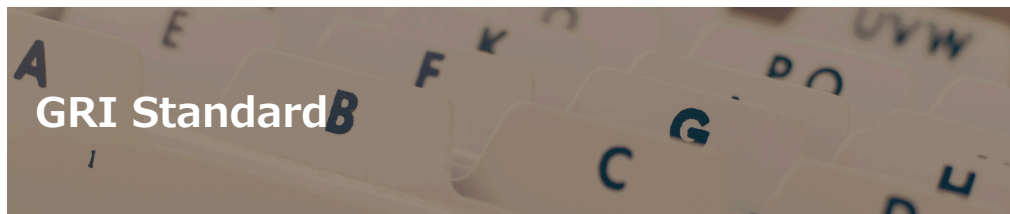
Inquiries

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GRI Standard SASB Report



Universal Standard	▼	Topic Standards (Environmental)	▼
Topic Standards (Social)	▼	GRI G4: Sector Disclosures for Construction and Real Estate	▼

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

UUR: Website of United Urban

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

Universal Standard

GRI Standard	Indicator	Contents
GRI 2: General Disclosures 2021	1. The organization and its reporting practices	
	2-1 Organizational details	UUR " Overview of United Urban
	2-2 Entities included in the organization's sustainability reporting	UUR " Overview of United Urban
	2-3 Reporting period, frequency and contact point	Editorial Policy
	2-4 Restatements of information	Editorial Policy
	2-5 External assurance	Not Applicable
	2. Activities and workers	
	2-6 Activities, value chain and other business relationships	UUR " Overview of United Urban
	2-7 Employees	MRA " Company Profile
	2-8 Workers who are not employees	MRA " Company Profile

GRI Standard	Indicator	Contents
GRI 2: General Disclosures 2021	3. Governance	
	2-9 Governance structure and composition	Governance
	2-10 Nomination and selection of the highest governance body	UUR " IR Library
	2-11 Chair of the highest governance body	Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Policy & Structure
	2-13 Delegation of responsibility for managing impacts	Sustainability Policy & Structure
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Policy & Structure
	2-15 Conflicts of interest	Corporate Governance
	2-16 Communication of critical concerns	Not Applicable
	2-17 Collective knowledge of the highest governance body	Governance
	2-18 Evaluation of the performance of the highest governance body	Governance
	2-19 Remuneration policies	Corporate Governance
	2-20 Process to determine remuneration	Corporate Governance
	2-21 Annual total compensation ratio	Corporate Governance
	4. Strategy, policies and practices	
	2-22 Statement on sustainable development strategy	Top Message
	2-23 Policy commitments	Top Message Sustainability Policy & Structure
	2-24 Embedding policy commitments	Sustainability Policy & Structure
	2-25 Processes to remediate negative impacts	Not Applicable
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Policy & Structure
	2-27 Compliance with laws and regulations	Compliance / Corporate Ethics
2-28 Membership associations	Global Initiatives	
5. Stakeholder engagement		
2-29 Approach to stakeholder engagement	Stakeholder Engagement	
2-30 Collective bargaining agreements	Sustainability Policy & Structure	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality
	3-2 List of material topics	Materiality
	3-3 Management of material topics	Materiality

Topic Standards (Environmental)

GRI Standard	Indicator	Contents
GRI 302: Energy 2016	3-1 Process to determine material topics	Actions for Materiality
	3-2 List of material topics	Actions for Materiality Energy Efficiency
	3-3 Management of material topics	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
	GRI 303: Water and Effluents 2018	3-1 Process to determine material topics
3-2 List of material topics		Water
3-3 Management of material topics		Water
303-1 Interactions with water as a shared resource		Water
303-2 Management of water discharge-related impacts		Water
303-3 Water withdrawal		Water
303-4 Water discharge		Water
GRI 305: Emissions 2016	3-1 Process to determine material topics	Actions for Materiality
	3-2 List of material topics	Climate Change
	3-3 Management of material topics	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

GRI Standard	Indicator	Contents
GRI 306: Waste 2020	3-1 Process to determine material topics	Materiality
	3-2 List of material topics	Waste
	3-3 Management of material topics	Waste ESG Data Summary
	306-1 Waste generation and significant waste-related impacts	Materiality
	306-2 Management of significant waste-related impacts	Materiality
	306-3 Waste generated	ESG Data Summary
	306-4 Waste diverted from disposal	ESG Data Summary
GRI 308: Supplier Environmental Assessment 2016	306-5 Waste directed to disposal	ESG Data Summary
	3-1 Process to determine material topics	Actions for Materiality Stakeholder Engagement
	3-2 List of material topics	Actions for Materiality Stakeholder Engagement
	3-3 Management of material topics	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.	

Topic Standards (Social)

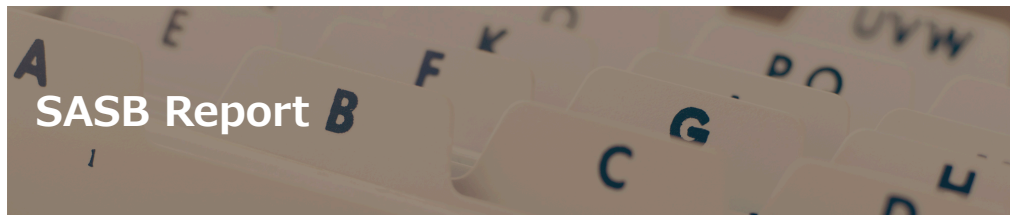
GRI Standard	Indicator	Contents
GRI 401: Employment 2016	3-1 Process to determin material topics	Actions for Materiality Stakeholder Engagement
	3-2 List of material topics	Actions for Materiality Diversity & Inclusion, Wellness
	3-3 Management of material topics	Actions for Materiality Diversity & Inclusion, 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
GRI 404: Training and Education 2016	3-1 Process to determin material topics	Actions for Materiality HR Strategy Stakeholder Engagement
	3-2 List of material topics	Actions for Materiality HR Strategy Stakeholder Engagement
	3-3 Management of material topics	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
GRI 413: Local Communities 2016	3-1 Process to determin material topics	Actions for Materiality Stakeholder Engagement Contributions to Local Communities
	3-2 List of material topics	Actions for Materiality Contributions to Local Communities Stakeholder Engagement
	3-3 Management of material topics	Actions for Materiality Contributions to Local Communities Stakeholder Engagement
	413-1 Operations with local community engagement, impact assessments, and development programs	Contributions to Local Communities
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Applicable in this reporting period

GRI Standard	Indicator	Contents
GRI 414: Supplier Social Assessment 2016	3-1 Process to determin material topics	Actions for Materiality Stakeholder Engagement
	3-2 List of material topics	Actions for Materiality Stakeholder Engagement
	3-3 Management of material topics	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
GRI 416: Customer Health and Safety 2016	3-1 Process to determin material topics	Actions for Materiality Stakeholder Engagement
	3-2 List of material topics	Actions for Materiality Safety & Hygiene Stakeholder Engagement
	3-3 Management of material topics	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

GRI Standard	Indicator	Contents
Aspects: Product and Service Labeling	3-1 Process to determin material topics	Materiality
	3-2 List of material topics	Sustainability Policy & Structure Materiality Stakeholder Engagement
	3-3 Management of material topics	Actions for Materiality
	G4-CRE8: Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Certification / Evaluation

GRI Standard **SASB Report**



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 2023, 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)	94.0%	97.9%	92.6%	100.0%	100.0%	78.0%	% of floor area

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.2	Total energy consumed by portfolio area with data coverage	314,768	89,682	17,904	68,276	95,494	43,392	MWh
	Percentage grid electricity	70.7%	76.1%	72.3%	79.3%	46.5%	98.5%	%
Reference:	Renewable energy generated on-site (Note 2)	1,921,459	0	0	0	0	1,921,459	kWh
IF-RE-130a.3	Like-for-like percentage change in energy consumption (Note 3)	+6.5%	+6.1%	+3.4%	+5.0%	+15.7%	▲3.7%	%
	Coverage for Like-for-like comparison	94.2%	98.9%	100%	100%	100%	80.4%	% of floor area
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating (Note 4)	24.0%	14.5%	19.5%	8.2%	27.8%	46.2%	% of floor area
Reference:	Percentage of eligible portfolio that has a green building certification (Note 5)	54.5%	85.4%	33.2%	91.8%	14.0%	24.7%	% 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.

MRA, the asset manager of United Urban, is continuously and systematically implement initiatives for environmental performance improvement through the environmental management system. United Urban periodically discloses energy data of our properties and has been awarded the highest rank of “S” for eight 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.

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)	92.5%	97.6%	92.6%	100.0%	97.9%	73.1%	% 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	2,319	452	115	308	1,373	71	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)	+15.9%	▲4.8%	+10.8%	▲1.9%	+61.6%	▲1.5%	%
	Coverage for Like-for-like comparison	89.7%	96.7%	90.5%	100%	96.6%	70.9%	% 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)	49.9%	100.0%	29.1%	75.7%	100%	0.0%	% of floor area
	Associated newly leased floor area	69,670	7,306	1,056	59,942	1,366	0	m ²
(Option)	全Green lease contracted area as a percentage of total contracted floor area (Note 2)	21.1%	52.2%	1.5%	29.4%	1.2%	0.0%	% of floor area
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption (Note 3)	90.6%	97.7%	100.0%	100.0%	100.0%	69.2%	% of floor area
	Percentage of tenants that are separately metered or submetered for water withdrawals (Note 3)	90.6%	97.7%	100.0%	100.0%	100.0%	69.2%	% 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 2021 to November 2022) 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 2022.

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)	346,326	196,343	11,425	12,224	46,431	79,904	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.