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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

- | | |
|---|--|
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| GRESB Survey ▼ | DBJ Green Building Certification ▼ |
| CASBEE for Real Estate ▼ | BELS and ZEB Certification ▼ |
| SBTi (Science-Based Targets initiative) Certification ▼ | Eco-Action 21 ▼ |
| Inclusion in the MSCI Japan ESG Select Leaders Index ▼ | 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

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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.





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

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Next issue

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