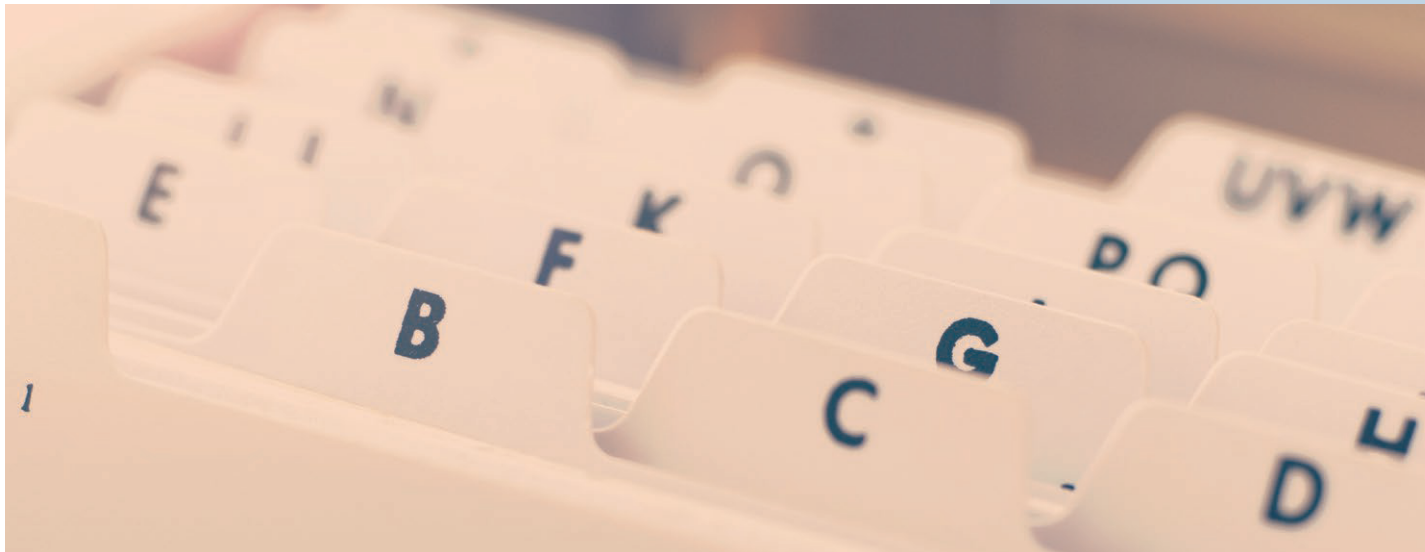


# Index



GRI Standard SASB Report



Universal Standard	▼	Topic Standards (Environmental)	▼
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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	<b>1. The organization and its reporting practices</b>	
	2-1 Organizational details	UUR " <a href="#">Overview of United Urban</a>
	2-2 Entities included in the organization's sustainability reporting	UUR " <a href="#">Overview of United Urban</a>
	2-3 Reporting period, frequency and contact point	<a href="#">Editorial Policy</a>
	2-4 Restatements of information	<a href="#">Editorial Policy</a>
	2-5 External assurance	Not Applicable
	<b>2. Activities and workers</b>	
	2-6 Activities, value chain and other business relationships	UUR " <a href="#">Overview of United Urban</a>
	2-7 Employees	MRA " <a href="#">Company Profile</a>
	2-8 Workers who are not employees	MRA " <a href="#">Company Profile</a>

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

## Topic Standards (Environmental)

GRI Standard	Indicator	Contents
<b>GRI 302: Energy 2016</b>	3-1 Process to determine material topics	<a href="#">Actions for Materiality</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Energy Efficiency</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Energy Efficiency</a> <a href="#">Certification / Evaluation</a>
	302-1 Energy consumption within the organization	<a href="#">ESG Data Summary</a> <a href="#">SASB Report</a>
	302-3 Energy intensity	<a href="#">ESG Data Summary</a> <a href="#">SASB Report</a>
	302-5 Reductions in energy requirements of products and services	<a href="#">Energy Efficiency</a> <a href="#">ESG Data Summary</a>
	<b>GRI 303: Water and Effluents 2018</b>	3-1 Process to determine material topics
3-2 List of material topics		<a href="#">Water</a>
3-3 Management of material topics		<a href="#">Water</a>
303-1 Interactions with water as a shared resource		<a href="#">Water</a>
303-2 Management of water discharge-related impacts		<a href="#">Water</a>
303-3 Water withdrawal		<a href="#">Water</a>
303-4 Water discharge		<a href="#">Water</a>
<b>GRI 305: Emissions 2016</b>	3-1 Process to determine material topics	<a href="#">Actions for Materiality</a>
	3-2 List of material topics	<a href="#">Climate Change</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a>
	305-1 Direct (Scope 1) GHG emissions	<a href="#">ESG Data Summary</a>
	305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">ESG Data Summary</a>
	305-4 GHG emissions intensity	<a href="#">Energy Efficiency</a> <a href="#">ESG Data Summary</a>
	305-5 Reduction of GHG emissions	<a href="#">Energy Efficiency</a> <a href="#">ESG Data Summary</a>

GRI Standard	Indicator	Contents
<b>GRI 306: Waste 2020</b>	3-1 Process to determine material topics	<a href="#">Materiality</a>
	3-2 List of material topics	<a href="#">Waste</a>
	3-3 Management of material topics	<a href="#">Waste</a> <a href="#">ESG Data Summary</a>
	306-1 Waste generation and significant waste-related impacts	<a href="#">Materiality</a>
	306-2 Management of significant waste-related impacts	<a href="#">Materiality</a>
	306-3 Waste generated	<a href="#">ESG Data Summary</a>
	306-4 Waste diverted from disposal	<a href="#">ESG Data Summary</a>
<b>GRI 308: Supplier Environmental Assessment 2016</b>	306-5 Waste directed to disposal	<a href="#">ESG Data Summary</a>
	3-1 Process to determine material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	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
<b>GRI 401: Employment 2016</b>	3-1 Process to determin material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Diversity &amp; Inclusion, Wellness</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Diversity &amp; Inclusion, Wellness</a>
	401-1 New employee hires and employee turnover	<a href="#">Diversity &amp; Inclusion, Wellness</a> <a href="#">ESG Data Summary</a>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Diversity &amp; Inclusion, Wellness</a>
	401-3 Parental leave	<a href="#">Diversity &amp; Inclusion, Wellness</a>
<b>GRI 404: Training and Education 2016</b>	3-1 Process to determin material topics	<a href="#">Actions for Materiality</a> <a href="#">HR Strategy</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">HR Strategy</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">HR Strategy</a> <a href="#">Stakeholder Engagement</a>
	404-1 Average hours of training per year per employee	<a href="#">HR Strategy</a>
	404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">HR Strategy</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">HR Strategy</a>
<b>GRI 413: Local Communities 2016</b>	3-1 Process to determin material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a> <a href="#">Contributions to Local Communities</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Contributions to Local Communities</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Contributions to Local Communities</a> <a href="#">Stakeholder Engagement</a>
	413-1 Operations with local community engagement, impact assessments, and development programs	<a href="#">Contributions to Local Communities</a>
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Applicable in this reporting period

GRI Standard	Indicator	Contents
<b>GRI 414: Supplier Social Assessment 2016</b>	3-1 Process to determin material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	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
<b>GRI 416: Customer Health and Safety 2016</b>	3-1 Process to determin material topics	<a href="#">Actions for Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-2 List of material topics	<a href="#">Actions for Materiality</a> <a href="#">Safety &amp; Hygiene</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a> <a href="#">Safety &amp; Hygiene</a>
	416-1 Assessment of the health and safety impacts of product and service categories	<a href="#">Safety &amp; Hygiene</a>
	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
<b>Aspects: Product and Service Labeling</b>	3-1 Process to determin material topics	<a href="#">Materiality</a>
	3-2 List of material topics	<a href="#">Sustainability Policy &amp; Structure</a> <a href="#">Materiality</a> <a href="#">Stakeholder Engagement</a>
	3-3 Management of material topics	<a href="#">Actions for Materiality</a>
	G4-CRE8: Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	<a href="#">Certification / Evaluation</a>



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 10,000m<sup>2</sup> (Large) GFA 10,000m<sup>2</sup> 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 <sup>2</sup>
	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 <sup>2</sup>
(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 <sup>2</sup>

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.