

Sustainability Management





Sustainability Policy

Structure of Sustainability Activities

Sustainability Policy

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

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

1. Addressing climate change
- We will strive to reduce greenhouse gas emissions by actively promoting efficient use of natural resources and energy from the perspective of sustainability and resource efficiency as well as realize a decarbonized society by introducing environmentally friendly technologies and systems. In addition, we aim to achieve net-zero greenhouse gas emissions through our business activities and will continuously strengthen our efforts to reduce emissions. Furthermore, we will not make new investments in assets that contribute to the increased use of energy resources with high environmental impact, and we will promote initiatives that help reduce environmental impact.
2. Reducing environmental footprint and realizing a recycling society
- In order to preserve the natural environment and protect biodiversity, we will continuously review the impact of our business activities on the environment and strive to reduce environmental footprint as well as promote reduction (of waste generation and water use), reuse (of resources) and recycling (of waste and water resources) to realize a recycling society.

3. Realizing sustainable cities and contributing to local communities
- Aspiring to realize inclusive, safe, resilient and sustainable cities, we will reduce the number of victims and amount of economic loss caused by earthquakes and water-related disasters and strive to make progress in urban development that prevents earthquake- and water-related disasters. In addition, as a member of the local community, we will engage in activities aimed at solving local community issues such as revitalization of local communities and contribution to local government.
4. Respecting human rights
- We will support all international norms related to human rights, such as the International Bill of Human Rights (United Nations). We will respect human rights and not tolerate discrimination based on race, creed, religion, nationality, age, gender, origin, physical or mental disability, sexual orientation, gender identity or otherwise, nor will we allow inhumane treatment such as forced labor or child labor, instead respecting and recognizing each other's individuality and aiming to realize an organization in which people can participate to the fullest extent of their abilities. In the event that we discover that our business activities have a negative impact on human rights, we will take appropriate action to correct the situation and fulfill our responsibility to respect human rights.
5. Creating a good working environment
- We will comply with applicable international laws and regulations on labor rights including The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and The Children's Rights and Business Principles by United Nations Global Compact, United Nations Children's Fund and Save the Children International, prohibit forced labor and child labor, respect the right of employees to organize and bargain collectively as a means of labor-management discussion, and pursue equal pay for equal work and elimination of employment discrimination. Also, we will adhere to applicable labor-related laws and regulations and comply with the minimum wage and pay at least a living wage, not reduce wages unreasonably, prohibit excessively long working hours and otherwise strive to ensure safety and health in the workplace and create a good working environment. In addition, we will not tolerate harassment of any kind and will work to prevent and resolve it.
6. Cooperating and collaborating with stakeholders
- We will strive to understand the interests, needs and expectations of our stakeholders with respect to our sustainability promotion activities through dialogue, discussion and collaboration, and to realize a sustainable society by working together with our stakeholders on sustainability activities.
7. Establishing internal systems to promote sustainability activities and enhancing productivity and wellness of executives and employees
- We will establish an appropriate internal system to promote activities based on this policy, implement sustainability activities in an organized and strategic manner and improve the quality and efficiency of our sustainability activities by increasing our executives' and employees' awareness and knowledge through educational and enlightenment activities. We will also strive to improve our business and operational productivity and job satisfaction through diversification, technological improvement and innovation.

8. Complying with laws, regulations and fair business practices

In implementing our sustainability activities, we will comply with social norms and applicable laws and regulations, keep a close watch on trends in laws and regulations and act appropriately with high ethical standards. In addition, we will not tolerate any form of corruption or bribery and will strive to prevent corruption by taking appropriate measures against money laundering, terrorism and other organized crime. Furthermore, we are committed to ensuring that we do not provide funding for activities that oppose climate change measures or engage in lobbying against the strengthening of climate change regulations. We will promote responsible business activities focused on achieving a sustainable society.

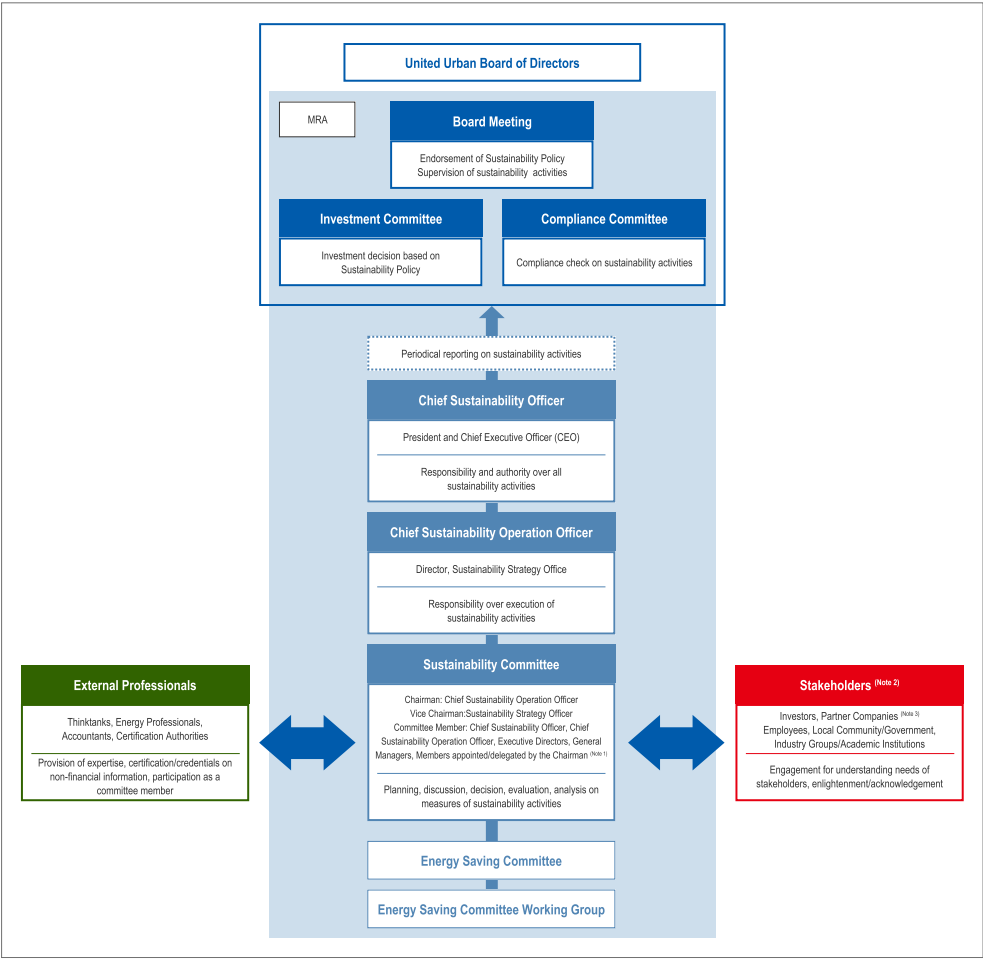
9. Disclosing information

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

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

Enacted March 17, 2022
Enacted April 16, 2025

Structure of Sustainability Activities



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

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

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

Sustainability Committee

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

Sustainability Strategy Office

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

Energy Saving Committee

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



Initiatives for Materiality

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Actions for Materiality

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Initiatives for Materiality

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

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

Selected ESG Issues to be Addressed at United Urban and MRA

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

		2018	2019	2020	2021	2022	2023	2024	2025
Environment	Energy consumption/management	○	○	○	○	○	○	○	○
	Green certified buildings	○	○	○	○	○	○	○	○
	Tenant and property manager engagement	○	○	○	○	○	○	○	○
	Safety of buildings								
	Resilience								
	Biodiversity and habitat								
	Waste management								
	Water consumption/management								
	Climate risk management								
	Environmental attributes of building materials								
Society	GHG emissions/management	○	○	○	○	○	○	○	○
	Employee performance/career development				○		○	○	○
	Supply chain management	○	○						
	Diversity and equal opportunity	○						○	
	Employee satisfaction, wellness		○	○	○	○	○	○	○
	Contribution to local community/local government			○	○	○	○	○	○
	Contribution to real estate industry			○					
	Satisfaction, health and comfort of building users					○	○	○	○
	Child labor/Forced or compulsory labor								
	Labor-management relationships/Worker rights								
	Asset level safety for tenants								

		2018	2019	2020	2021	2022	2023	2024	2025
Governance	Information management and assurance		○	○	○	○	○	○	○
	Disclosure for investors	○		○	○	○	○	○	○
	Executive compensation/Employee remuneration		○		○				
	Bribery and corruption					○			
	Shareholder rights								
	Data protection and privacy						○		
	Political contributions								
	Whistleblower protection			○					
	Board skills/diversity		○						

Process for Materiality



Actions for Materiality

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

Materiality (2024) & Related SDGs

Materiality	Related SDGs	Action Plan/Target
Environment	Energy management/use of renewable energy <div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> </div>	<ul style="list-style-type: none"> Long-term target: <ul style="list-style-type: none"> ① Reduce entire portfolio's total GHG emission covering Scope 1 and Scope 2 by 42% by 2030 (compared to 2021) ② By 2050, reduce total GHG emissions including value chain (Scope 3) to net zero.
	Green certified buildings <div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> </div>	<ul style="list-style-type: none"> Acquire external environmental certification including CASBEE for Real Estate and BELS. Maintain an environment-certified coverage ratio of 80% or more (on a GFA basis) by 2027 GFA: gloss floor area
	Tenant and property manager engagement <div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> </div>	<ul style="list-style-type: none"> Long-term target: <ul style="list-style-type: none"> Incorporate green lease clauses in 100% of contracts of office buildings by 2030. (exclusive of residential areas within office buildings)

Materiality		Related SDGs	Action Plan/Target
Society	Employee job satisfaction/wellness	 	<ul style="list-style-type: none"> Further improve the working environment through better HR system design, workspace infrastructure or IT services. Improve employee engagement.
	Diversity and equality		<ul style="list-style-type: none"> Promote a parental leave acquisition rate to 30% or higher among male employees.
	Employee Performance and Career Development	 	<ul style="list-style-type: none"> Improve each employee's qualifications and skills through such as grade-based training programs. Encourage employees to learn technical skills, knowledge and expertise and to obtain qualifications and take external training programs.
	Contribution to local community/local government	  	<ul style="list-style-type: none"> Get more involved with disaster prevention measures and revitalization of local communities. Contribute more to make environment clean. Conduct resident-participation programs at retail properties with on-site property managers (5 properties as of December 1, 2024) at least once a year.
	Satisfaction, health, and comfort of building users	 	<ul style="list-style-type: none"> Conduct a tenant satisfaction survey and improve assessment results.
Governance	Disclosure and assurance		<ul style="list-style-type: none"> Strengthen management and operational systems by utilizing real estate asset management systems.
	Disclosure for investors		<ul style="list-style-type: none"> Disclose non-financial information including ESG related initiatives in a more investor-friendly manner. (improve higher evaluation).



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

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

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

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

Basic Supply Chain Sustainability Policy

1. We United Urban Investment Corporation and its asset management company, Marubeni REIT Advisors Co., Ltd., not being satisfied with simply strengthening our own sustainability initiatives, support strengthening sustainability throughout our supply chain with the objective of building an environmentally friendly, healthy and sustainable society.
2. Having set out the Supply Chain Sustainability Guidelines below, we ask for the understanding and cooperation of our business partners in observing the Guidelines, to promote, together with our business partners, highly effective sustainability initiatives. Further, when calling on our business partners, we will communicate the Guidelines so that they are fully aware of the Guidelines and will assist our business partners' capacity building by making recommendations, requests or providing guidance as necessary and by sharing examples of good practices.
3. Supply Chain Sustainability Guidelines
 - 1) Observance of Laws:
 - Observe the laws of the countries where business is conducted and laws relating to business transactions.

- 2) Respect for Human Rights:
 - Respect human rights without discrimination, harassment of any kind, abuse or other inhumane treatment.
 - No child labor or forced labor.
 - Proper management of employees' work hours, breaks and holidays and prohibition of excessive overtime work.
 - Payment of the legally mandated minimum wage and endeavoring to pay at least a living wage. No inappropriate wage abatement.
 - Respect for employees' right to unionize for the purpose of labor-management negotiations and right to collective bargaining.
 - 3) Conservation of the Environment:
 - Recognize that climate change issues are important and respond appropriately.
 - Protect the natural environment.
 - Reduce environmental negative impact, prevent pollution.
 - 4) Fair Transactions:
 - Conduct fair transactions and do not inhibit free competition.
 - Prevent corruption; offer no bribes or illegal contributions.
 - 5) Safety and Health:
 - Ensure safe and healthy workplaces and maintain a good working environment.
 - 6) Quality Control:
 - Maintain the quality and safety of products and services.
 - 7) Information Disclosure:
 - Timely and appropriate disclosure of information
4. As part of this Policy, We have set out the following procedures for dealing with our business partners that do not meet labor standards.
- i) When it comes to light that a business partner has failed to meet labor standards relating to 1) Observance of Laws, 2) Respect for Human Rights or 5) Safety and Health, we will as necessary, ask the business partner to:
 - Ascertain the facts, and
 - If the facts are true, prepare a report on the background of the issue and improvement measures.
 Depending on circumstances, we may also inspect the business partner.
 - ii) If we determine that improvement measures are insufficient, we will request that further measures be taken.
 - iii) If, despite implementing steps i) and ii) above, the situation does not improve, we will examine whether to continue our relationship with the business partner.

(Established November 24, 2017)
 (Revised November 15, 2019)
 (Revised March 17, 2022)

Stakeholder Engagement

Cooperation with Partner Companies

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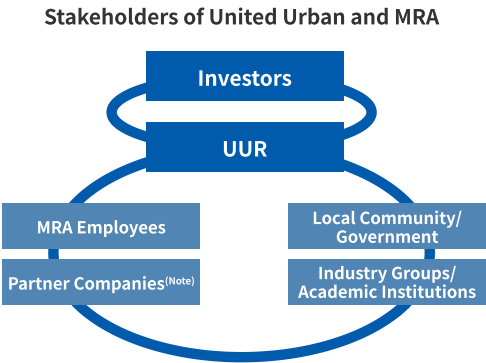
Dialogue with Investors

▼

Collaboration with Industries/Educational Institutions

▼

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



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

Cooperation with Partner Companies

Enlightening the Policy

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

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

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

Standardized Green Lease Articles

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

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

Green Lease Agreed at Office Buildings

51.8%

As of November 2024

Green Lease Articles (Excerpts)

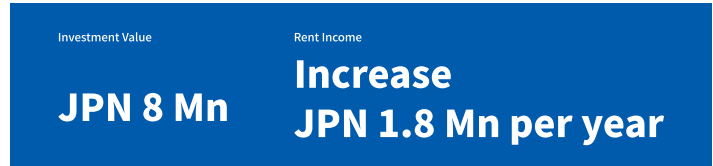
- The landlord and tenant will cooperate in initiatives to keep and improve comfort and productivity of the property (sharing of data, legal compliance, etc.) with the view of energy conservation, environmental friendliness, etc.
- The landlord and tenant can negotiate sharing of benefits when cost-saving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



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

Corporation through Green Lease

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



Pacific Marks Shin-Yokohama

Tenant Satisfaction Survey

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

Improving work environment for hotel employees

RIHGA Royal Hotel Kokura

United Urban renovated a rest room, which also serves as a cafeteria for the employee of RHIGA Royal Hotel (tenant), to create a comfortable work environment. As we discussed interior fixtures, layout, specifications, etc. with the tenantl, the renovation was well received by the employees. Also, the tenant highly values it as they beleives it will promote stability of their human capital going forward.



Before



After

Cooperation with Property Managers

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

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

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

Add ESG factors upon the evaluation and selection of property managers

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

Sustainability training for property managers

At MRA, employees from the Sustainability Strategy Office attended internal sustainability training programs organized by Marubeni Group property management company and gave lectures on "Sustainability Responses Required for Property Management Companies."

At UUR, they believe that by having AM (Asset Management) companies and PM (Property Management) companies work together cohesively in the sustainability field, they can consistently achieve energy efficiency and stabilize revenue through improved tenant satisfaction from acquisition to daily operations and improvements. This is considered essential for meeting investor expectations and maximizing the long-term value of owned assets.



Introduction of award system in accordance with performance

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

ESG Clauses (Overview)

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



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

Dialogue with Investors

- United Urban puts priority on fair disclosure to all investors and conducts timely disclosure regardless of the holding status of our unit. In practice, we conduct stipulated disclosure, simultaneous Japanese/English press releases and improvement of our website with viewer friendliness in mind.
- An "A" rating, the highest rating, was granted to United Urban for the seventh consecutive year in GRESB's disclosure of evaluations in 2024, as our information disclosure of ESG initiatives were particularly commended.
- In addition, United Urban pursues direct communication with various investors. While seminars for investors were canceled and travelling were restricted due to the COVID-19 pandemic, United Urban had dialogues with investors through conference calls and web meetings in 2022.



Meetings with Investors

Institutional investors	Japan	Overseas
2019	144	67
2020	140	58
2021	121	70
2022	121	59
2023	133	58
2024	126	65

IR Seminar Participation

Individual investors	No. of seminars United Urban joined
2019	11
2020	2
2021	4
2022	1
2023	1
2024	1

Meetings with Representatives in Charge of Exercising Voting Rights

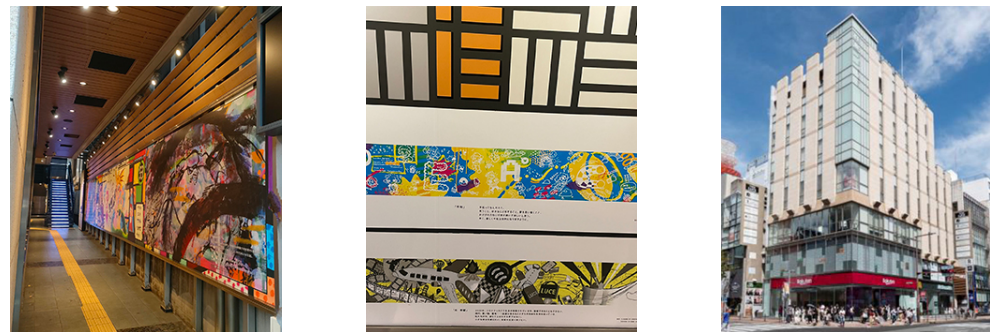
2021	8 companies + Proxy advisory firm
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Collaboration with Industries/Educational Institutions

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

Example: Tenjin Luce

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






- Becoming a Signatory Member to PRI

Supporting TCFD Recommendations
- Becoming a Signatory Member to UNGC

Submitting TOKYO Workstyle Reform Declaration
- Supporting SDGs

Becoming a Signatory Member to PRI

Signatory of:



Principles for Responsible Investment

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

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

The Six Principles

- Principle 1:

We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2:

We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3:

We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4:

We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5:

We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6:

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

Supporting TCFD Recommendations


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

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

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




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

For details of the TCFD Recommendations, please see the following website:
<https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf>


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

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

For details of the TCFD Consortium, please see the following website:
<https://tcfd-consortium.jp/en>


Becoming a Signatory Member to UNGC

WE SUPPORT



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

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

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

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

Submitting TOKYO Workstyle Reform Declaration



MRA's TOKYO Workstyle Reform Declaration (Japanese only)

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


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

Supporting SDGs

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

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




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



Use of Funds from ESG Finance	▼	Eligible Criteria	▼
Fund Status by ESG Finance	▼	Fund Status Report	▼
External Evaluation	▼	Positive Impact Finance	▼

Aiming for sound management that can coexist with the environment and society, United Urban and Marubeni REIT Advisors Co., Ltd. (“MRA”) have been engaged in real estate investment and management with consideration for ESG. UUR has implemented various initiatives, such as being the first J-REIT to raise funds through a Green Trust Loan and issuing Sustainability Bonds. In order to further expand the investor base interested in sustainable investment, strengthen the foundation for additional fundraising, and implement agile sustainability finance, UUR formulated the Sustainability Finance Framework (hereinafter referred to as “the Framework”) in June 2023.

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

Type of Sustainability Finance and Use of Funds

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

(i) Green Finance

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

(ii) Social Finance

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

(iii) Sustainability Finance

- Combined financing of Green Finance and Social Finance

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

Eligibility Criteria

The eligibility criteria set in the Framework are as follows.

Green Eligibility Criteria

A. Eligible Green Assets

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

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

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

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

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

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

B. Renovation Work

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

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

Social Eligibility Criteria

Assets offering the following benefits en bloc.

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

Management of Procured Funds

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

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

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

Green finance limit calculation formula

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

Social finance limit calculation formula

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

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

Fund Status by ESG Finance

Green loans

(As of November 30, 2024)

Classification	Lender	Balance (Millions of yen)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	The 77 Bank, Ltd.	1,500	JBA 3-month Japanese yen TIBOR+0.18%	Mar. 21, 2024	Mar. 21, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	The Hachijuni Bank, Ltd.	1,000	JBA 3-month Japanese yen TIBOR+0.20%	Feb. 1, 2024	Jun. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,000	JBA 3-month Japanese yen TIBOR+0.25%	Sep. 20, 2023	Sep. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Mizuho Trust & Banking Co., Ltd.	1,000	JBA 3-month Japanese yen TIBOR+0.22%	Mar. 21, 2024	Sep. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Daishi Hokuetsu Bank, Ltd.	900	JBA 3-month Japanese yen TIBOR+0.20%	Sep. 2, 2024	Sep. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	The Norinchukin Bank	1,500	JBA 3-month Japanese yen TIBOR+0.20%	Sep. 20, 2024	Sep. 20, 2028	Unsecured Unguaranteed Floating interest rate (Note 1)
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	2,500	JBA 3-month Japanese yen TIBOR+0.23%	Mar. 29, 2024	Mar. 30, 2029	Unsecured Unguaranteed Floating interest rate (Note 1) Specified money trust type
Long-term	Sumitomo Mitsui Banking Corporation	1,650	0.93625% p.a.	Jun. 20, 2024	Jun. 20, 2029	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Resona Bank, Limited	2,000	0.95080% p.a.	Feb. 1, 2024	Dec. 20, 2029	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Resona Bank, Limited	1,500	1.05250% p.a.	Jun. 20, 2024	Jun. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)

Classification	Lender	Balance (Millions of yen)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	Aozora Bank, Ltd.	1,000	1.03309% p.a.	Jun. 20, 2024	Jun. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,500	0.99574% p.a.	Mar. 21, 2024	Sep. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Shinkin Central Bank	2,000	1.08124% p.a.	Feb. 21, 2024	Dec. 20, 2030	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Sumitomo Mitsui Banking Corporation	2,000	1.13750% p.a.	Sep. 20, 2023	Sep. 22, 2031	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	The Joyo Bank, Ltd.	1,000	1.11468% p.a.	Sep. 2, 2024	Sep. 22, 2031	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Development Bank of Japan Inc.	1,500	1.11559% p.a.	Sep. 20, 2024	Sep. 22, 2031	Unsecured Unguaranteed Fixed interest rate (Note 1)
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	5,000	1.29850% p.a. (Note 2)	Sep. 29, 2023	Sep. 30, 2032	Unsecured Unguaranteed Fixed interest rate (Note 2) (Note 1) Jointly Operated Designated Money Trust
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	5,000	1.38850% p.a. (Note 2)	Sep. 29, 2023	Sep. 30, 2033	Unsecured Unguaranteed Fixed interest rate (Note 2) (Note 1) Jointly Operated Designated Money Trust
Total		35,550				

Note 1: Borrowings under the sustainability finance framework.

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

Note 3: JBA 1-month JPY TIBOR will be applied as the basic interest rate for the first interest period.

Green Trust

(As of November 30, 2024)						
Classification (Note 1)	Lender	Balance (Millions of yen)(Note 2)	Interest Rate	Drawdown Date	Maturity Date	Remarks
Long-term	Sumitomo Mitsui Trust Bank, Limited (Trust Account)	2,000	0.39000% p.a.	Mar. 29, 2019	Mar. 31, 2026	Unsecured Unguaranteed Fixed interest rate Green Loan Evaluation: Green1 (JCR) Jointly Operated Designated Money Trust
Total		2,000				

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

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

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

Green Bond

(As of November 30, 2024)						
Name	Issue Date	Issue Amount (Millions of yen)	Interest Rate	Term	Redemption Date	Remarks
Series 19 of Unsecured Corporate Bonds (with pari passu conditions among corporate bonds) (Green Bonds)	May 23, 2019	10,000	0.448% p.a.	7 years	May 22, 2026	Unsecured / Unguaranteed Rating: AA (JCR) Green Bond Evaluation: Green1 (JCR) For retail investors
Series 23 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds) (Green Bonds)	Oct. 17, 2023	7,000	0.460% p.a.	3 years	Oct. 16, 2026	Unsecured / Unguaranteed Rating: AA (JCR) Green Bonds (Note) For institutional investors
Total		17,000				

Note: Corporate bonds based on the sustainability finance framework.

Sustainability Bond

(As of November 30, 2024)						
Name	Issue Date	Issue Amount (Millions of yen)	Interest Rate	Term	Redemption Date	Remarks
Series 22 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds) (Sustainability Bonds)	Oct. 28, 2021	3,500	0.400% p.a.	10 years	Oct. 28, 2031	Unsecured Unguaranteed Rating: AA (JCR) Sustainability Bond Evaluation: SU 1 (JCR) For institutional investors
Total		3,500				

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

Fund Status Report

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

1. Report on fund status

At least once a year, the total funds raised, the total unallocated funds, and the limits of green finance and social finance will be made public.
For information on how to manage funds when the total funds raised exceed the established limit, please refer to “[Managing Funds Raised.](#)”

- Green Finance

(As of November 30, 2024)

Total amount of funds raised ^(Note)	JPN 57,750 million
Total amount of unallocated funds	-
Maximum amount	JPN 225,558 million

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

- Social Finance

(As of November 30, 2024)

Total amount of funds raised ^(Note)	JPN 500 million
Total amount of unallocated funds	-
Maximum amount	JPN 726 million

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

2. Report on environmental and social improvement effects

Regarding environmental and social improvement effects, United Urban will disclose the following effects at least once a year as practicable as possible until the balance of Sustainability Financing, etc. becomes zero. In case approvals of operators, etc. cannot be obtained, the effects may not be disclosed.

① Reporting on Environmental Improvement Effects

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

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

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

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

② Reporting of Social Improvement Effects

<Output Indicators>^{*}
Property names and the property usages subject to social financing

<Outcome Indicators>^{*}
Capacity of each property subject to social financing

<Impact (qualitative targets)>
Realization of sustainable cities and contribution to local communities


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

<Output KPI and Outcome KPI>

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

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

External Evaluation

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

Positive Impact Finance

UUR has implemented the borrowing which UUR utilizes the positive impact finance scheme provided by Sumitomo Mitsui Trust Bank, Limited ("SMTB"). The borrowing is loan by SMTB based on the Principles for Positive Impact Finance ^(Note 1) advocated by the United Nations Environment Program Finance Initiative ("UNEP FI") ^(Note 2) and tis model framework (an investment and loan framework for business companies with no restrictions on the use of funds and a framework for real estate investment). For the borrowing, UUR has received qualitative and quantitative evaluations from SMTB regarding the themes which UUR will make contributions to achievement of the SDGs as per the following table. In addition, SMTB has obtained a third-party opinion ^(Note 3) from Japan Credit Rating Agency, Ltd. on compliance of the evaluation's procedures with the Principles for Positive Impact Finance and rationality of the assessment metrics used.

What is Positive Impact Finance (PIF)?


PIF is a finance initiative where a financial institution comprehensively analyzes and evaluates the impacts (both positive and negative) of a company's activities on the economy, society and the environment. In PIF, targets are set by the company to alleviate negative impacts and maximize positive ones. And the financial institution focuses on successive engagement with the company in order to ensure the realization of these targets by the company. Specifically, the financial institution uses degree of the company's contribution to the SDGs achievement as assessment metrics and conducts monitoring based on their publicly disclosed information.

(As of November 30, 2024)

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

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

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

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