ESG initiatives

Environment

Sustainability Policy (Excerpt)
Environment Certification Coverage
Environment Certification Coverage (Details)
Number of Properties by Environment Certification

Sustainability Policy (Excerpt)

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

1. Addressing climate change

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

2. Reducing environmental footprint and realizing a recycling society

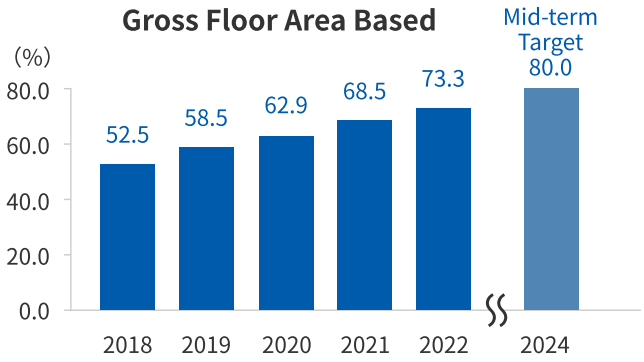
In order to preserve the natural environment and protect biodiversity, we will continuously review the impact of our business activities on the environment and strive to reduce environmental footprint as well as promote reduction (of waste generation and water use), reuse (of resources) and recycling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

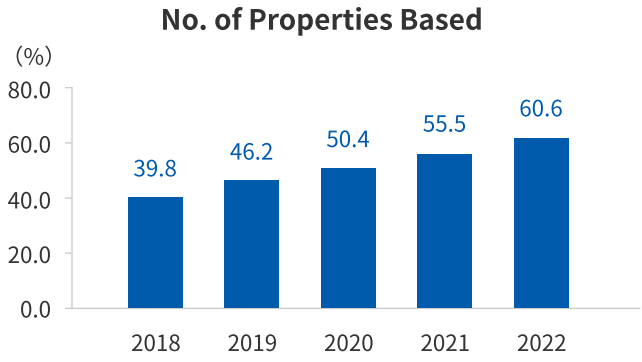
Enacted March 17, 2022

Environment Certification Coverage

United Urban has been promoting to expand environment certification coverage for all properties across all asset types. We achieved the 2022 annual target, i.e., 65% on gross floor area basis and 52% on the number of properties basis, respectively.

We set the mid-term target covering all properties (excluding land plot) and strive to increase the overall coverage to 80% by 2024 on gross floor basis.





Note: As of December 2022. Total of 132 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X・M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura・ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2"has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Environment Certification Coverage (Details)

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

	DBJ Green Building	CASBEE for Real Estate	BELS	Total
No. of properties (Note)	12	37	34	80
Certification coverage (gross floor area based)	23.9%	30.6%	20.3%	73.3%

Note: As of December 2022. Total of 132 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X・M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura・ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2"has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Number of Properties by Environment Certification

DBJ Green Building		12	CASBEE for Real Estate		37	BELS		34
DBJ Green Building 2021	★★★★☆	1	CASBEE	★★★★★	11	BELS	★★★★★	5
	★★★☆☆	8		★★★★☆	25		★★★★☆	5
	★★☆☆☆	3		★★★☆☆	1		★★★☆☆	14
							★★☆☆☆	10

Note: As of December 2022.

Sustainability Goal

Information Disclosure Based on TCFD Recommendations

Sustainability Goal

- United Urban established a sustainability goal and endeavor to lower annual energy consumption by more than 1% on a five-year average across its all properties, a target indicated by the Japanese Government, based on the standard unit of energy calculated by considering energy usage and total floor space, etc., of its properties.
- United Urban has been awarded the highest rating of “S” for seven consecutive years in the 2021 classification of business operators conducted and published by the Japanese Government. As of December 2022, there are only four J-REITs out of 61 that have held this rating for seven years in a row.

Sustainability Goal

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

Information Disclosure Based on TCFD Recommendations

Current Recognition of Climate Change

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

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

Policy Relating to Climate Change

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

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

Endorsement of TCFD Recommendations/Climate-Related Information Disclosure

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

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

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

Disclosure Items Recommended by the TCFD

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

(1) Governance

Internal System for Sustainability

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

Body	Overview
Board Meeting	Formulate and revise the Sustainability Policy and supervise sustainability activities
Chief Sustainability Officer	• Chief Executive Officer (CEO) • Responsibility and authority over all sustainability activities
Chief Sustainability Operation Officer	• Chief Investment Officer (CIO) • Responsibility over execution of sustainability activities
Sustainability Committee	• Permanent body devoted to sustainability activities • Chaired by the Chief Sustainability Operation Officer and comprised of members including the Chief Sustainability Officer and others • Meet more than four times a year • Share the challenges of sustainability activities and progress of targets (KPIs); plan various measures

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

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

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

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

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

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

(2) Strategy

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

Establishment of Scenario and Number of Years Considered

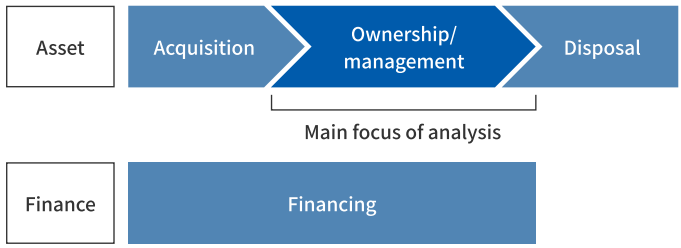
The TCFD's recommendations suggest consideration based on multiple warming scenarios. JRA assessed the impact of climate-related risks and opportunities for the current scenario (3-4°C scenario) and transition scenario (1.5°C scenario).

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

	Current Scenario (3-4°C Scenario)	Transition Scenario (1.5°C Scenario)
Overview	Foresees a world in which reduction efforts of carbon emission do not exceed the current level and the average temperature rises by a maximum of 3°C to 4°C at the end of 21st century	Foresees a world in which decarbonization efforts advance in order to keep the rise in the average temperature at 1.5°C at the end of 21st century
Global outlook in scenario	• The introduction of measures and tightening of regulations does not go beyond what is currently foreseen • In some areas, greenhouse gas emissions increase due to economic growth • As the temperature rises, natural disasters including extreme heat waves and heavy rains become more severe	• Measures are introduced and regulations are tightened in order to mitigate climate change • Greenhouse gas emissions are reduced, and global net emissions reach zero by 2050 • The sea level goes up, and weather patterns change due to temperature rises, but the changes are limited compared with other scenarios
Main reference scenarios	• IEA Stated Polices Scenario (STEPS) • IPCC RCP8.5 (SSP5-8.5)	• IEA Sustainable Development Scenario (SDS) • IEA Net Zero Emission Scenario by 2050 case (NZE) • IPCC RCP 2.6 (SSP1-2.6)

Identifying the Scope of Business Covered by Analysis

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



Determining Risks

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

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

Risk Categories

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

Climate-Related Risks

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

Physical Risks

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

Transition Risks

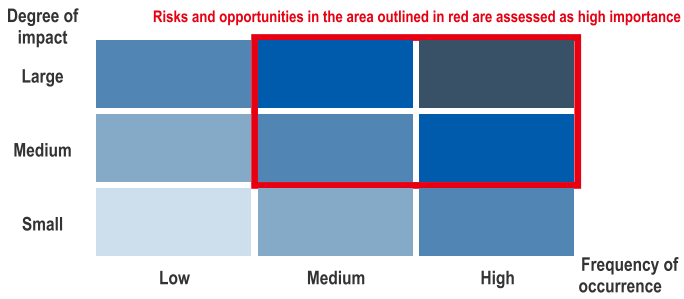
Policy and legal risks	Risks related to promoting measures to mitigate and adapt to the causes of climate change's adverse impacts
Technology risks	Risks associated with R&D and technology introduction for energy efficiency and low-carbon economy
Market risks	Risks derived from changing supply and demand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

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

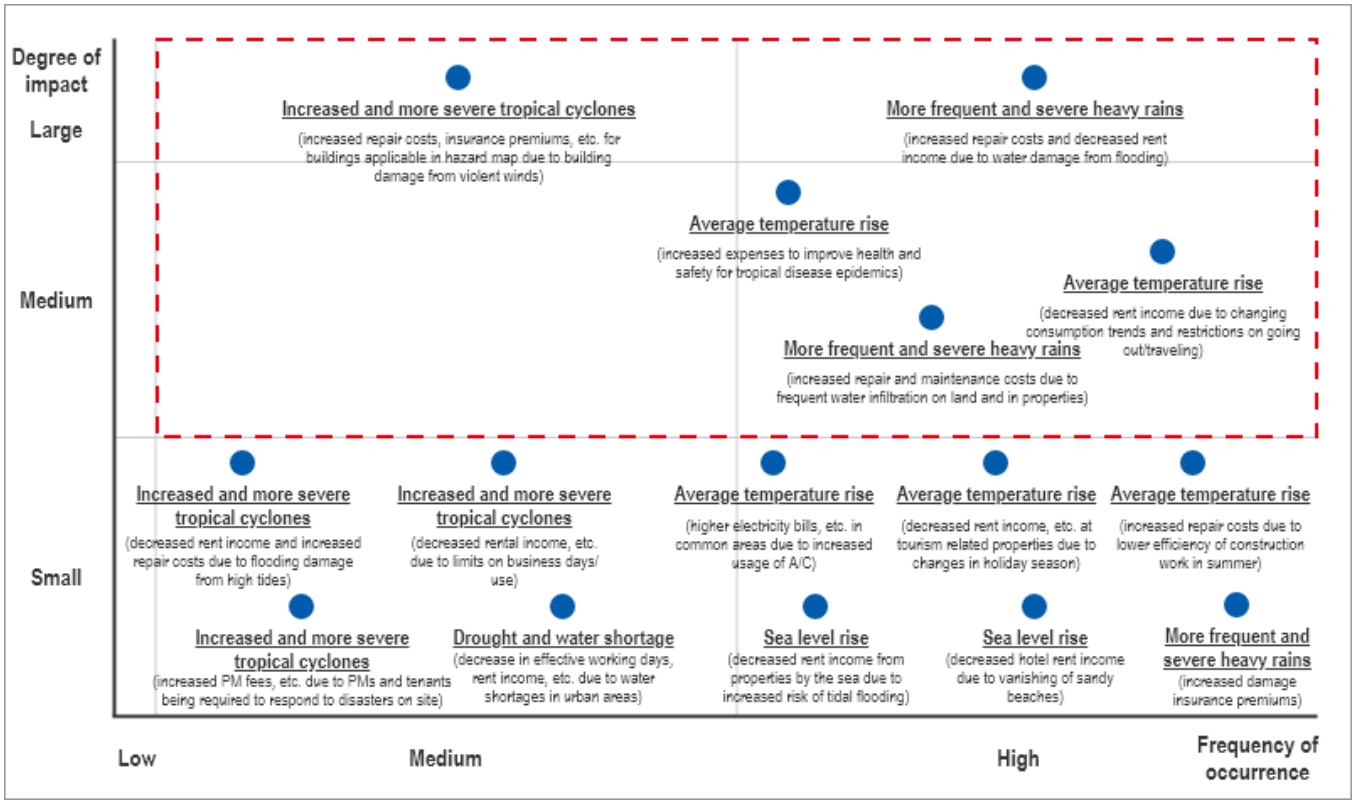
In the transition scenario (1.5°C scenario), it is assumed that greenhouse gas emission restrictions will be tightened, and real estate owners will be required to improve environmental performance beyond the current level. Other climate-related risk will include a relative decrease in demand for buildings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

Methodology of Assessing Degree of Importance

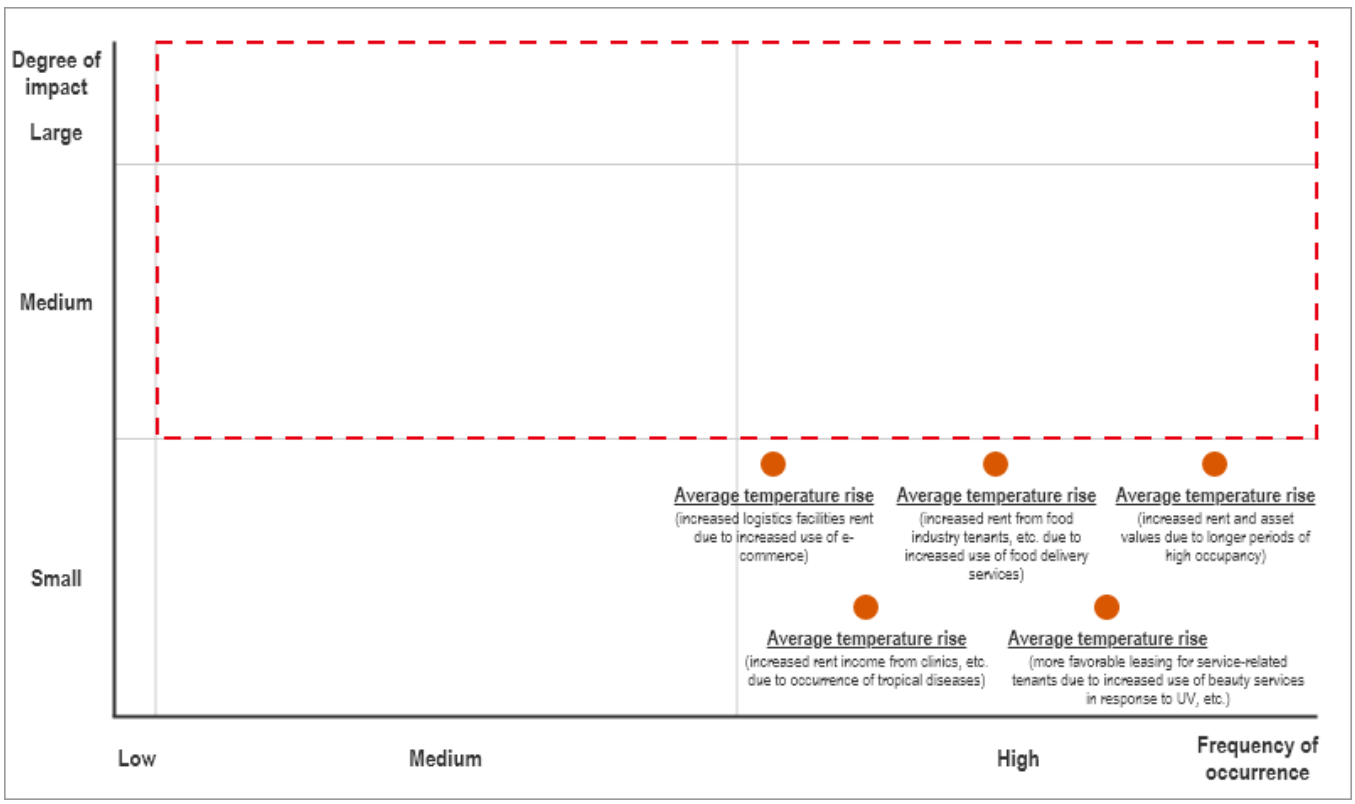
For each scenario, the financial impact of climate-related risks and opportunities on our business were identified, and for each risk and opportunity, the degree of importance were assessed based on the frequency of occurrence of the phenomena that could develop risks and opportunities and the degree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



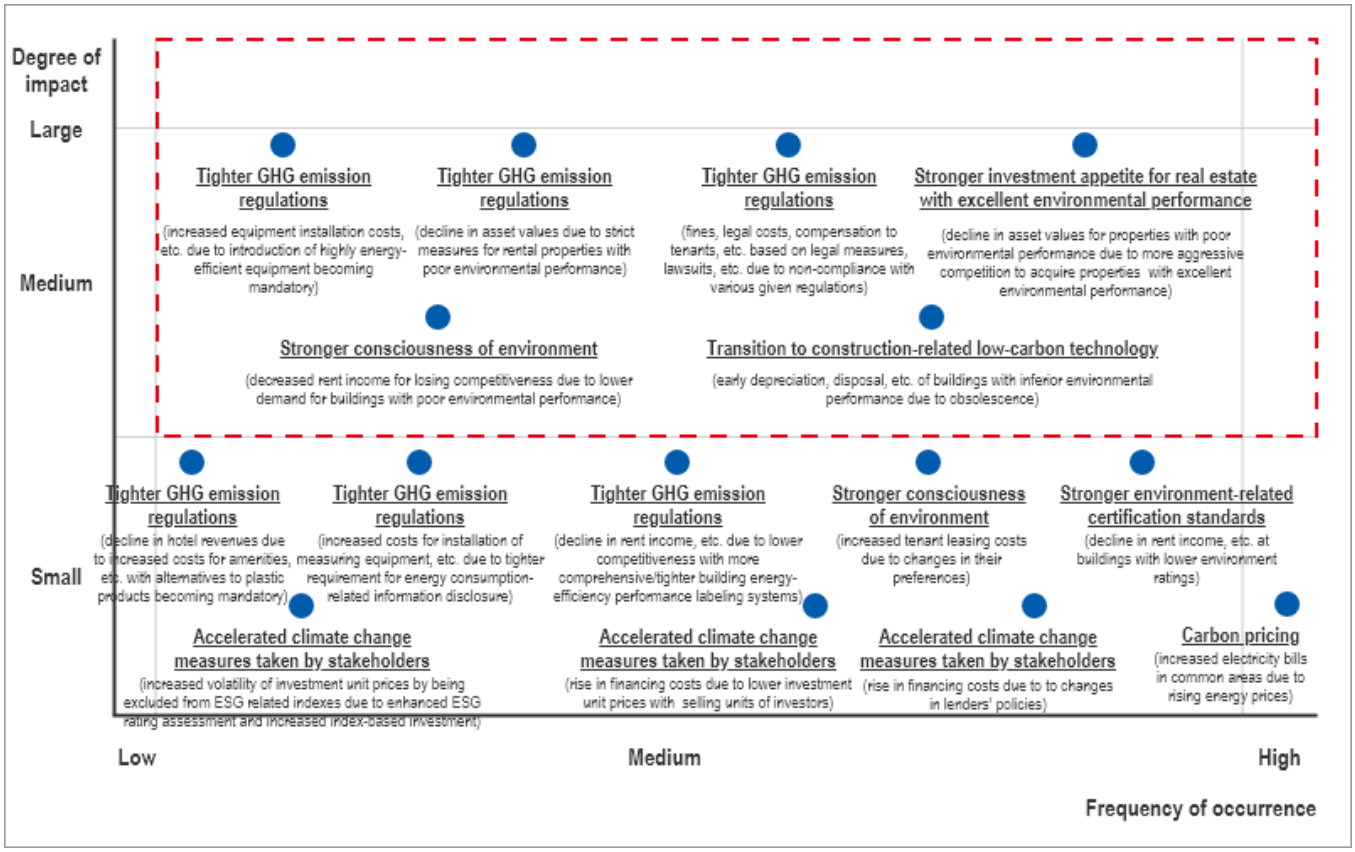
Current Scenario: Risks



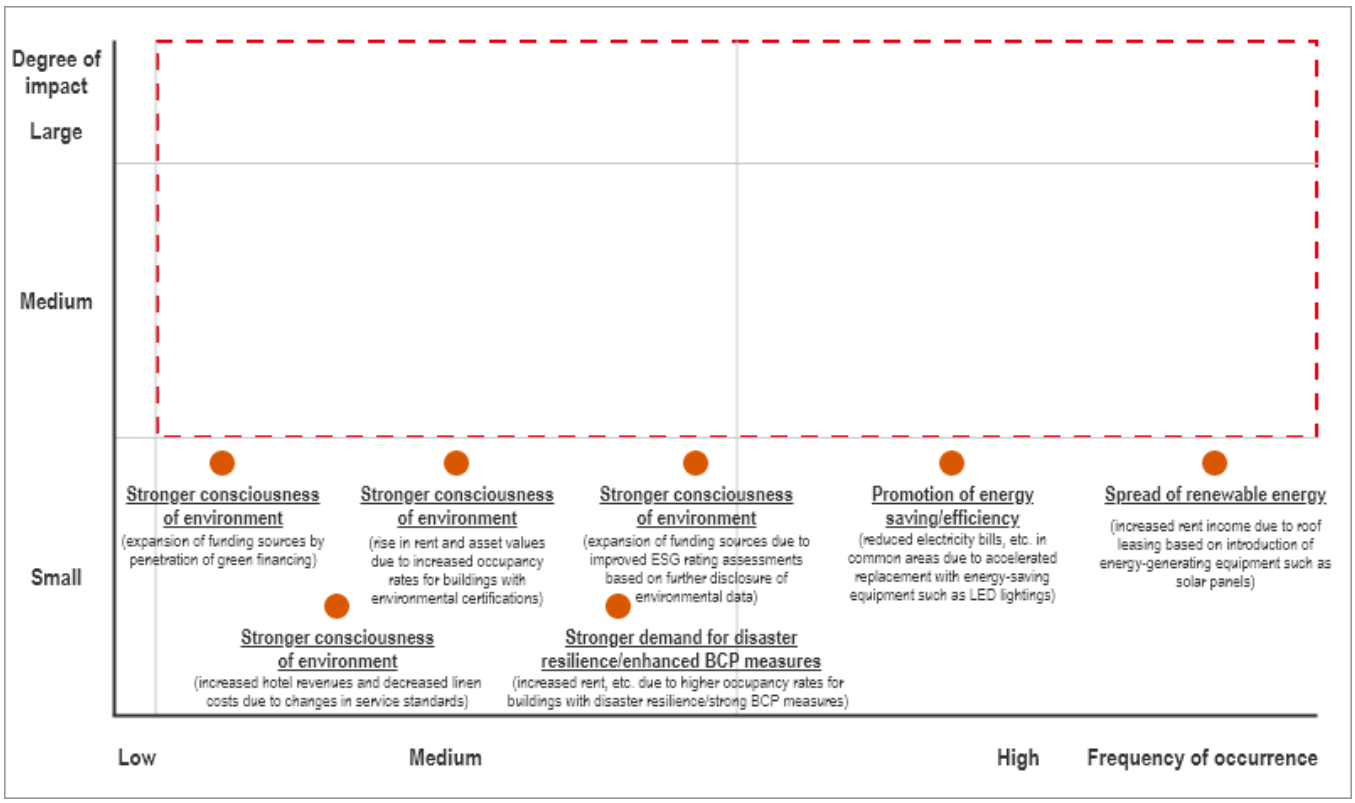
Current Scenario: Opportunities



Transition Scenario: Risks



Transition Scenario: Opportunities



Results of Scenario Analysis

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

Current Scenario

Risks / Opportunities	Type	Climate-Related Phenomena	Time Horizon	Impact on Business	Main Financial Impacts	Importance
Risk	Chronic	Rise in average temperature	Medium to long term	Changes in consumption trends and restrictions on going out/traveling	• Decline in rent income due to lower occupancy rates and contraction of tenant sales • Decreased office demand due to spread of remote working • Contraction of sales-linked rent income and lower asset values due to decreased tourist demand in the summer holiday season when hotel demand is high	Medium
				Tropical disease epidemics	• Increased costs relating to health and safety improvement • Lower occupancy rates and decreased rent income due to sluggish tourism demand/promotion of remote working	Medium
	Acute	More frequent and severe heavy rains	Short to long term	Building damage from flooding	• Increased repair costs and decreased rent income due to building damage • Decline in rent income and asset values due to increased flooding risks • Increased relocation/installation costs for electrical equipment	High
				More frequent water infiltration on land and in properties	• Increased repair and maintenance costs due to water infiltration	Medium
		Increased and more severe tropical cyclones	Short to long term	Building damage from violent winds	• Increased repair costs when buildings are damaged • Increased insurance premiums	High

Summary

- Chronic risks

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

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

- Acute risks

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

  The buildings presumed to be at risk of such damage have already been identified by means of government hazard maps, etc., and the necessary measures have been already implemented including installation of tide prevention panels.
  As shown in the table below, JRA recognizes that approximately 21% of the portfolio (based on total floor area) is exposed to flooding risks as of the end of November 2022. Since these properties represent only a part of all owned assets of United Urban and their locations are diversified across the entire country, it is presumed that the impact of damage in a specific region to the overall revenues of United Urban will be limited. However, it is also possible that the area in which there are flooding risks will increase in the future.

- Opportunities

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

Transition Scenario

Risks / Opportunities	Type	Climate-Related Phenomena	Time Horizon	Impact on Business	Main Financial Impacts	Importance
Risks	Policy	Tighter GHG emission regulations (energy-saving measures and environmental policies for building owners)	Medium to long term	Installation of highly energy-efficient equipment becoming mandatory	• Losses on disposal of existing equipment and increased installation costs for highly energy-efficient equipment • Increase in compliance costs to respond to regulatory measures	Medium
				Strict measures for rental properties with poor environmental performance including leasing prohibition	• Impairment losses due to reduced asset values	Medium
				Legal measures, lawsuits, etc. due to non-compliance with various regulations	• Fines, legal costs, compensation to tenants, etc. due to non-compliance with regulations	Medium
	Technology	Transition to low-carbon technology in construction work	Medium to long term	Obsolescence of buildings with inferior environmental performance	• Early depreciation/disposal of existing equipment • Increased costs due to transition to low-carbon technology	Medium
	Market / reputation	Stronger consciousness of environment	Medium to long term	Lower demand for buildings with poor environmental performance	• Decreased rent income due to lower competitiveness for longer downtime, deterioration of leasing conditions	Medium
		Increased investment appetite for real estate with excellent environmental performance	Medium to long term	Fiercer competition to acquire properties with excellent environmental performance	• Decreased asset values and losses on property disposals with poor environmental performance	Medium

Summary

- Policy risks
  Assumed risks include increased costs for equipment replacement and response to regulatory compliance due to tighter greenhouse gas (GHG) emission regulations such as energy-saving adaptations and environmental policies for real estate owners.
- Technology risks
  It is presumed that there will be cases involving advanced depreciation or disposal of existing equipment with poor environmental performance due to the transition to low-carbon technology in construction work.
- Market/Reputation risks
  Decline of rent income and loss upon property disposal due to lowering competitiveness of buildings with poor environmental performance will likely, as people's behavior becomes more environmentally conscious and investment appetite for real estate with excellent environmental performance become stronger.

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

  Furthermore, in case that a policy or restriction is introduced in advance or a situation of market or reputation changes in a given usage type, the impact on the overall revenues of United Urban is presumed to be limited, because United Urban's properties that have acquired environmental certification are diversified across multiple usage types (refer to (4) Metrics and Targets).
- Opportunities
  We also discussed possibilities of rent increase at United Urban's properties with environmental certification driven by people's growing awareness toward environment and rent income by leasing rooftops with solar panels, which are aimed at higher penetration of sustainable energy. However, it is thought to be negligible that those opportunities would have a significant impact on the revenues of United Urban at present. That said, with an eye on policy and technology trends, we continue to assess and execute strategies which are likely to bring about opportunities.

Countermeasures for Highly Important Risks

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

Current Scenario

Climate-Related Phenomena and Presumed Risks		Countermeasures Considered at Present Time (Proposed)
More frequent and severe heavy rains	• Increased repair costs and decreased rent income due to building damage by flooding	• After identifying properties with high water infiltration risks, changing insurance coverage (already implemented) • Implementing water damage countermeasures such as setting up flood proof panels at properties • Installing or relocating electrical equipment, mechanical rooms, etc. to floors that are above the level where flooding is anticipated • Formulating a BCP manual and implementing thorough disaster drill, etc. • In future, carefully considering acquisition/disposal of properties in areas with high risk of flooding
	• Equipment damage and failure of essential utilities, etc. due to flooding at properties	
Rise in average temperature	• Decline in rent income due to changes in consumption trends and restrictions on going out/traveling	• Considering replacement of tenants and changing the usage of properties in accordance with environmental changes
	• Increased costs associated with improving health and safety due to tropical disease epidemics	• Capital investment in health measures for retail, office, and hotel properties including anti-bacterial measures and improved ventilation capabilities • Complying with infection prevention guidelines
Increased and more severe tropical cyclones	• Increased repair costs, insurance premiums, etc. at buildings applicable in hazard map due to damage caused by violent storms	• Changing insurance coverage (already implemented) • Quality improvement of flooding countermeasures for wall and rooftop • Formulating a BCP manual and implementing thorough disaster drill, etc.

In the current scenario, it is assumed that climate disasters cause physical damage to assets and as a result an increase in maintenance and repair costs and damage insurance premiums is likely. And such climate disaster risks will also give an impact to tenants' preferences. When disasters occur, it is possible that tenants will become highly conscious of such physical risks and avoid potential areas and buildings which will be affected. On the other hand, properties that are adequately prepared against climatic disaster risks will be viewed favorably by tenants and may be expected to have stable occupancy in the

long term. Based on these ideas, JRA implements comprehensive disaster countermeasures at United Urban's properties to reduce physical risks and enables opportunities for more stable revenues.

Transition Scenario

Climate-Related Phenomena and Presumed Risks		Countermeasures Considered at Present Time (Proposed)
Tighter GHG emission regulations	• Increased equipment installation costs, etc. due to introduction of highly energy-efficient equipment becoming mandatory	• Reducing cost burden by promoting energy-efficient equipment via green leases
	• Lower asset values due to strict measures for rental properties with poor environmental performance	• Improving environmental performance of properties through appropriate investment and maintenance • Considering replacement of assets
	• Fines, legal costs, compensation to tenants, etc. based on legal measures, lawsuits, etc. to respond to various regulations	• Implementing thorough legal and regulatory compliance • Formulating a long-term improvement plan and proactive disclosure of initiatives
Transition to construction-related low-carbon technology	• Early depreciation, disposal, etc. of existing equipment due to obsolescence of buildings	• Improving environmental performance of properties through appropriate equipment investment and maintenance • Considering replacement of assets
People's behavior becoming more environmentally conscious	• Decline in rent income caused by lower competitiveness of buildings with poor environmental performance	• Improving environmental performance of properties through appropriate investment and maintenance • Increasing the number of properties with environmental certification • Considering replacement of assets • Proactive disclosure of initiatives
Stronger investment appetite for real estate with excellent environmental performance	• Decreased asset values for properties with poor environmental performance due to enhanced competition to acquire environmentally outstanding properties	

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

Furthermore, as the transition to a low-carbon/carbon-neutral society moves forward, greater consideration will be given to the environmental performance of assets of United Urban by tenants, investors and society. And it is possible that the profitability of our properties and financing conditions will

be impacted as a result. At the present time, there are third parties' survey findings showing that a rent premium exists for properties with environmental certification, and financing methods such as green bonds and green loans are becoming more widespread. Besides this green premium, there is also a risk that brown discount may occur for real estate with inferior environmental performance.

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

(3) Risk Management

How JRA Manages Risks

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

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

Risk Definition and Management Process

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

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

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

Verification Based on Internal Auditing

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

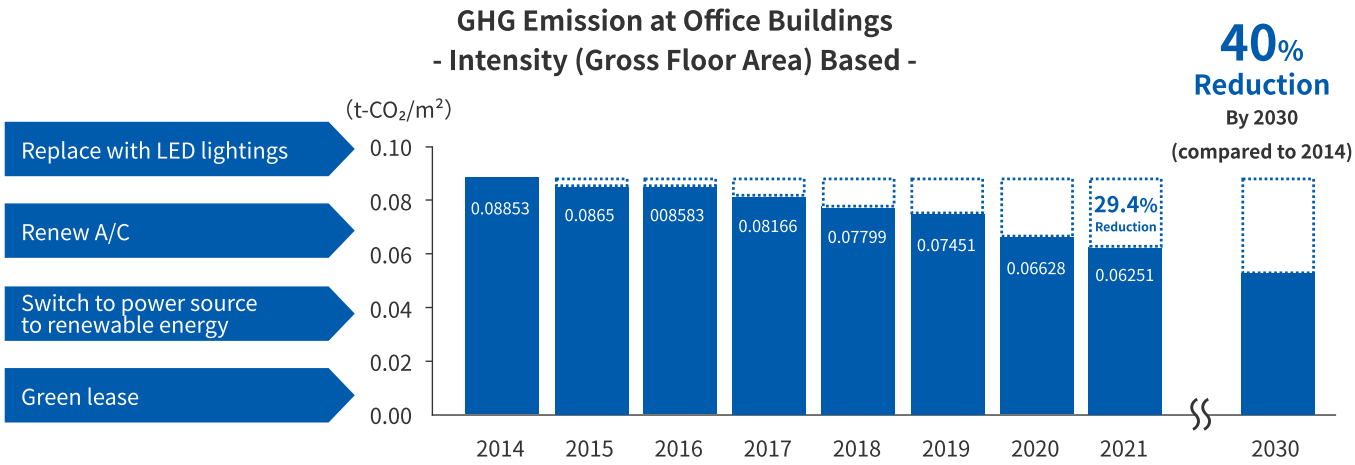
(4) Metrics and Targets

GHG Emissions

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

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

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



Environmental Performance at United Urban's Properties

One of the metrics to manage climate-related risks and opportunities is the environment certification coverage rate for the portfolio of United Urban. We set a medium-term target of an 80% rate (based on gross floor area) by 2024. As a result of acquiring new environmental certifications and continued efforts to re-acquire them for properties for which they would expire, we had reached 73.3% as of December 2022.

Environment Certification Coverage

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No. of properties (Note)	12	37	34	80
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Note: As of December 2022. Total of 132 properties, excluding the properties consisting of only land. ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS, but the overlap is deducted in the total. As for LOOP-X・M, which consists of two buildings: Loop-X (office building) and Loop-M (residence), Loop-X has received CASBEE and Loop-M has received BELS, respectively. Therefore, the overlap is deducted in the total. In addition, as for RIHGA Royal Hotel Kokura・ARUARU City, the Retail Building I "ARUARU City" and the Retail Building II "ARUARU City Building No.2" has received CASBEE, respectively. Therefore, the overlap is deducted in the total.

Number of Properties by Environment Certification

DBJ Green Building		12	CASBEE for Real Estate		37	BELS		34
DBJ Green Building 2021	★★★★☆	1	CASBEE	★★★★★	11	BELS	★★★★★	5
	★★★☆☆	8		★★★★☆	25		★★★★☆	5
	★★☆☆☆	3		★★★☆☆	1		★★★☆☆	14
							★★☆☆☆	10

Note: As of December 2022.

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

For historical data of energy consumption, CO_2 emissions and water consumption data at United Urban's properties, click here.

Future Actions

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

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

Energy Efficiency

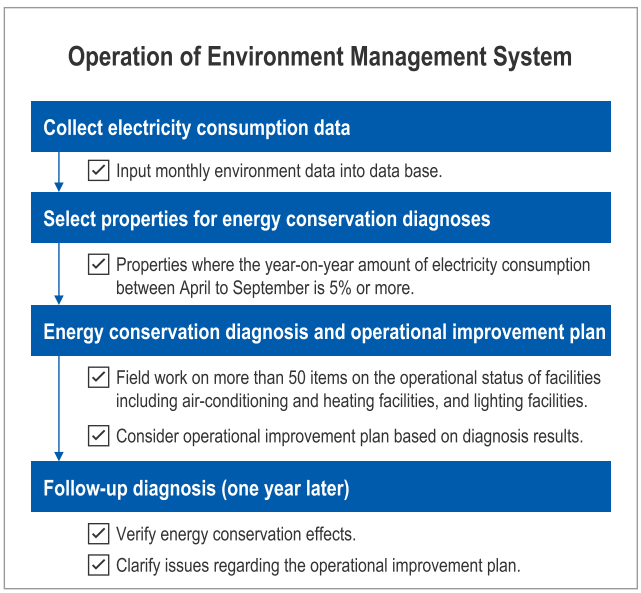
Environment Management System (EMS)

Switch to Renewable Energy

Green House Gas (GHG) Emission

Environment Management System (EMS)

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



Energy consumption diagnosis at SS30

Switch to Renewable Energy

- UUR has identified "energy consumption and management and the use of renewable energy" as a materiality issue and has set a medium- to long-term action goal of "reducing greenhouse gas (GHG) emissions in the office portfolio by 40% by 2030 (calculated as a basic unit (based on total floor space) as compared with 2014)".
- Since 2020, we have been replacing with better electricity menu to achieve the target.

Total renewable energy consumption in FY 2021 *1*2

9,980MWh

*1 Total renewable energy use from April 2021 to March 2022

*2 All of the electricity supplied is essentially 100% renewable energy utilizing FIT non-fossil certificates and non-FIT non-fossil certificates with renewable energy designations.

Properties Using Renewable Energy

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

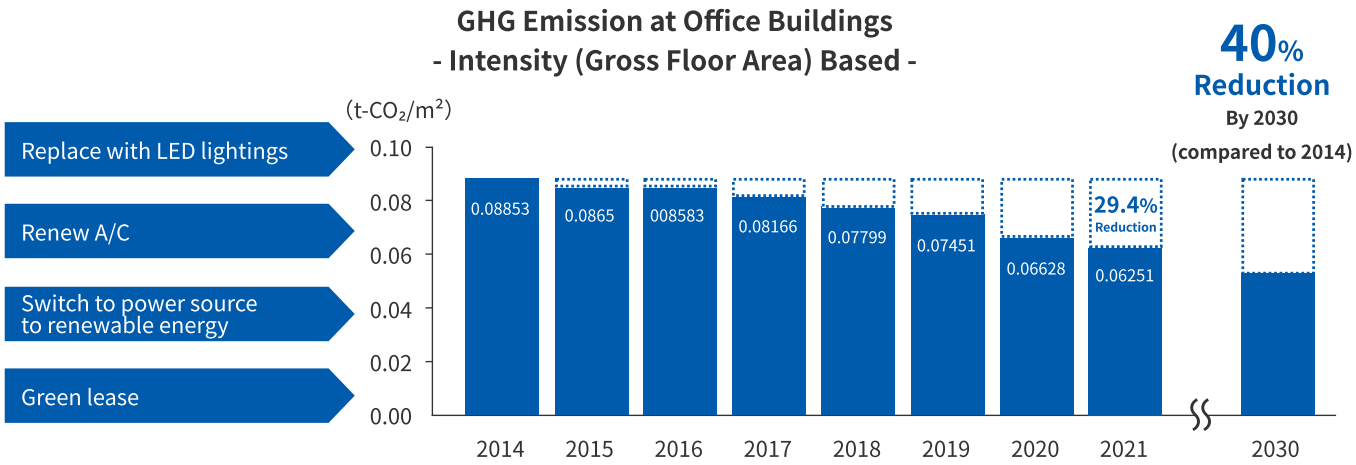
Installation of Solar Power Generation System

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

	No. of properties monitored	Power Generation in FY2021
Property with Photovoltaic Equipment	4 properties	1,818,219kwh

* The amount of electricity generated is calculated as the total generated by the properties that have solar power generation systems installed and for which we were able to measure the amount of electricity generated.

Green House Gas (GHG) Emission



Water

Target & KPI

Mid-term target by 2025:
Reduce water consumption of United Urban's portfolio by 5% compared to 2020 on an intensity (gross floor area) based.

Effective Use/Reuse of Water

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

	Number of properties applicable/introduced
Reuse of wastewater	10(Note 1) Fiscal 2021 76,985.1m^3 Water charges in Tokyo's 23 wards: JPN 404/m^3 (Note 2)
Water conservation equipment	69

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

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

Note 1: Number of properties where reuse of wastewater could be measured between April 2021 and March 2022.

Note 2: As of December 2022. Standard charge for general meters with a diameter of 100 mm or more.

Sea Water Filtration System

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

Loisir Hotel & Spa Tower Naha

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

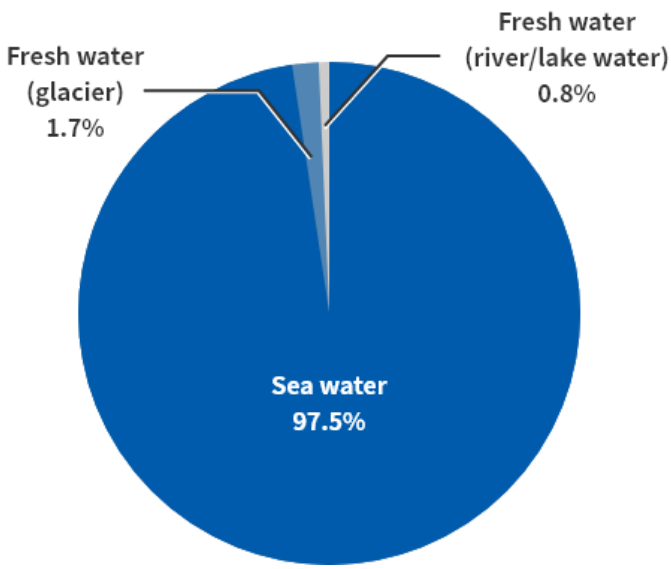
Volume of daily fresh water that is available for human being

0.01%

(100,000km³)

Area occupied by the water	2/3
Water volume in the globe	1.4 billion km³

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



Reductions of Environmental Footprint

Investigation of Toxic Substances

Greenfield Development

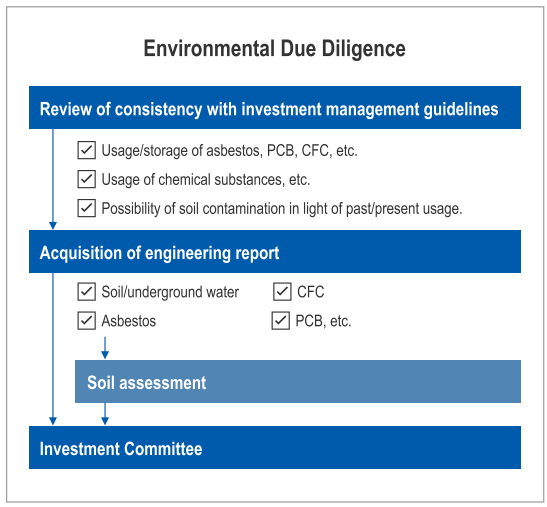
Brownfield Redevelopment

Acquisition/Asset Management of Mixed Properties

Urban Revitalization

Investigation of Toxic Substances

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



Greenfield Development

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

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

Comfort Inn Fukuoka Tenjin Development

BELS
★★★

Luz Shonan Tsujido Sponsor support

DBJ Green Building
★★★

GRAND-SQUARE Meieki-minami Sponsor support

CASBEE
★★★★

Brownfield Redevelopment

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

Example: Narumi Shopping Center (Site)

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

Acquisition/Asset Management of Mixed Properties

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

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

Note: As of December 2022.

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

Shin-Osaka Central Tower

Office/Hotel/Retail/Fitness

SS30

Office/Hotel/Retail/Fitness

RIHGA Royal Hotel Kokura・ARUARU City

Hotel/Retail/Office/Parking lot

Urban Revitalization

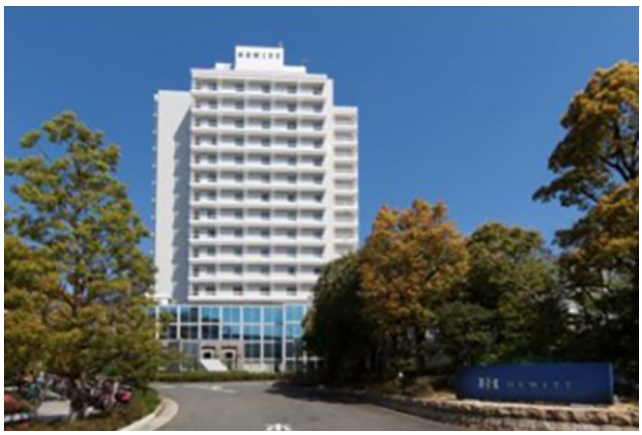
As a long-term landlord, United Urban has been using CAPEX and managing its assets with a consideration of environment. In case of a large renovation work at Shinsaibashi OPA Honkan in Osaka City, recyclable construction materials were used and a construction method to reduce industrial waste was applied.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

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

Biodiversity

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

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



Hotel Hewitt Koshien

UUR Kyobashi East Building