

## Principal Adverse Impact Statement

*The following is the adverse sustainability impact statement of United Urban Investment Corporation (“United Urban”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). United Urban has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on Marubeni REIT Advisors Co., Ltd. <sup>(Note)</sup> (the “Asset Manager”), to manage and operate the properties in United Urban’s portfolio. United Urban and the Asset Manager are hereinafter referred to collectively as “we,” “us” or “our”, unless noted otherwise. References to “fiscal year” or “FY” are to (i) the 12-month periods beginning on April 1 of the year specified and ending on March 31 of the following year for the 12-month periods prior to (and including) the 12-month period that began on April 1, 2021 and ended on March 31, 2022, or FY2021, and (ii) the 12-month periods beginning on December 1 and ending on November 30 of the year specified for the 12-month periods after (and including) the 12-month period that began on December 1, 2021 and ended on November 30, 2022, or FY2022, unless noted otherwise.*

*Note: The company name was changed from Japan REIT Advisors Co., Ltd. to Marubeni REIT Advisors Co., Ltd. as of December 1, 2023.*

*Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.*

### 1. Summary

*Pursuant to Article 4 of the Delegated Regulation C(2022)1931 supplementing SFDR (the “SFDR Delegated Regulation”), United Urban is required to publish on its website the information referred to therein covering the period of one calendar year. United Urban is a Japanese real estate investment trust, commonly known as J-REIT, and has no employees, relying on the Asset Manager for the management and operation of its properties. The Asset Manager does not operate based on a calendar year. The Asset Manager operates based on fiscal year ending in March of every year and has collected and compiled the environmental data based on its fiscal year in the past. Starting in 2022, the Asset Manager collects and compiles the environmental data based on a 12-month period ending on November 30 of each given year, in order to better align the annual data collection period with the six-month operating periods of United Urban ending in May and November, and to improve accuracy and quality of the annual data. A recalculation and translation of the data into the reference period of one calendar year would most likely lead to inaccuracies and would therefore provide a potentially less accurate overview of the required information than using the approved and validated data for the period from December 1, 2021 to November 30, 2022. This reference period is sufficiently compatible with, and shows results that do not materially differ from, those that would be produced using the calendar year-based reference period noted in the SFDR Delegated Regulation.*

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement basically covers the reference period from December 1, 2021 to November 30, 2022, except for certain data and information as noted herein. The statement will be reviewed at least once during every year.

We believe that our sustainability initiatives are essential for our sustainable growth. We improve long-term returns of investors and contribute to the realization of sustainable society and urban development by implementing initiatives that address social issues. Under our sustainability policies and framework, we take actions on climate change, including energy conservation, use of renewable energy, and being resilient in times of disasters.

We use the definition of PAI as described in Recital 20 of SFDR being “those impacts of investment decisions and advice that result in negative effects on sustainability factors,” with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in Article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in our portfolio.

## 2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

**Table 1**  
**Description of the principal adverse impacts on sustainability factors**

*United Urban does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.*

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact in 2022	Impact in 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	United Urban does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of November 30, 2022, 26.9% of United Urban's properties were "Energy-inefficient Real Estate Assets" (as defined to the right) based on total gross floor area.	As of November 30, 2021, 31.5% of United Urban's properties were "Energy-inefficient Real Estate Assets" (as defined to the right) based on total gross floor area.	To track the environmental performance of United Urban's properties, we rely on environmental certifications issued by third-party organizations, such as the Green Building Certification of the Development Bank of Japan ("DBJ"), Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, Building-housing Energy-efficiency Labeling System ("BELS") certification, and other equivalent certifications.	We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications such as DBJ Green Building Certification, CASBEE for Real Estate Certification or BELS certification, and replacing with eco-friendly equipment such as LED lighting and energy-saving air conditioning systems. We plan to obtain environmental certifications for 80% of the properties in United

					We define United Urban's properties that have not received any of the foregoing environmental certifications as "Energy-inefficient Real Estate Assets."	Urban's portfolio by December 31, 2024 based on total gross floor area.
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**Table 2**  
**Additional climate and other environment-related indicators**

*United Urban does not invest in investee companies, but invests in real estate. As additional climate and other environment-related indicators 1-17 as contained in Table 2 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.*

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)					Metric	
<b>Indicators applicable to investments in real estate assets</b>							
Greenhouse gas emissions	18. GHG emissions					Scope 1 GHG emissions generated by real estate assets	
	We monitor and track GHG emissions of United Urban's properties by estimating GHG emissions based on the energy consumption (including gas, steam energy and electricity consumption) of United Urban's properties (excluding land only properties) and the adjusted emissions coefficients published by the Ministry of the Environment of Japan.					Scope 2 GHG emissions generated by real estate assets	
	Based on this method, Scope 1, Scope 2, Scope 3 and total GHG emissions of United Urban's portfolio generated by United Urban's office properties:						
		Unit	FY2022 <sup>1</sup>	FY2021 <sup>1</sup>	FY2020 <sup>1</sup>	FY2019 <sup>1</sup>	FY2018 <sup>1</sup>
	Number of properties monitored	Property	132	125	72	74	71
	Scope 1	(1,000 t-CO <sub>2</sub> )	3	3	6	8	9
	Scope 2	(1,000 t-CO <sub>2</sub> )	30	35	47	63	64
Scope 3 <sup>2</sup>	(1,000 t-CO <sub>2</sub> )	82	71	—	—	—	
Total <sup>2</sup>	(1,000 t-CO <sub>2</sub> )	115	109	53	71	73	
Notes:							
(1) As noted above, the indicated data for FY2022 represents the data for the 12-month period from December 1, 2021 to November 30, 2022. The indicated data for FY2021, FY2020, FY2019 and FY2018 represents the data for the 12-month period from April 1 of the indicated year to March 31 of the following year.							
(2) We started separately monitoring and tracking Scope 3 GHG emissions in FY2021.							
We aim to reduce the combined amount of Scope 1 and Scope 2 GHG emissions of United Urban's properties by 42% by FY2030 compared to the level in FY2021. In addition, as a long-term target, United Urban aims to achieve net zero GHG emissions for United Urban's properties by FY2050.							
					Scope 3 GHG emissions generated by real estate assets	Total GHG emissions generated by real estate assets	

Energy consumption	<p>19. Energy consumption intensity</p> <p>We monitor and track energy consumption (including gas, steam energy and electricity consumption) of United Urban's properties (excluding land only properties). We also monitor and track energy consumption intensity based on gross floor area of such properties in United Urban's portfolio.</p> <table border="1" data-bbox="376 389 1286 645"> <thead> <tr> <th></th> <th>Unit</th> <th>FY2022<sup>1</sup></th> <th>FY2021<sup>1</sup></th> <th>FY2020<sup>1</sup></th> <th>FY2019<sup>1</sup></th> <th>FY2018<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td>Number of properties monitored</td> <td>Property</td> <td>132</td> <td>125</td> <td>72</td> <td>74</td> <td>71</td> </tr> <tr> <td>Total energy consumption<sup>2</sup></td> <td>(GJ)</td> <td>2,565,988</td> <td>2,457,715</td> <td>1,246,568</td> <td>1,496,177</td> <td>1,507,593</td> </tr> <tr> <td>Energy consumption intensity<sup>2</sup></td> <td>(kWh/m<sup>2</sup>)</td> <td>215.81</td> <td>204.74</td> <td>177.16</td> <td>197.07</td> <td>202.90</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) As noted above, the indicated data for FY2022 represents the data for the 12-month period from December 1, 2021 to November 30, 2022. The indicated data for FY2021, FY2020, FY2019 and FY2018 represents the data for the 12-month period from April 1 of the indicated year to March 31 of the following year.</p> <p>(2) We started monitoring and tracking energy consumption data for all of United Urban's properties (excluding land only properties) from FY2021.</p> <p>We aim to reduce energy consumption intensity at United Urban's properties (excluding land only properties) by at least 1% annually for the next five years.</p>		Unit	FY2022 <sup>1</sup>	FY2021 <sup>1</sup>	FY2020 <sup>1</sup>	FY2019 <sup>1</sup>	FY2018 <sup>1</sup>	Number of properties monitored	Property	132	125	72	74	71	Total energy consumption <sup>2</sup>	(GJ)	2,565,988	2,457,715	1,246,568	1,496,177	1,507,593	Energy consumption intensity <sup>2</sup>	(kWh/m <sup>2</sup> )	215.81	204.74	177.16	197.07	202.90	Energy consumption in kWh of owned real estate assets per square meter
	Unit	FY2022 <sup>1</sup>	FY2021 <sup>1</sup>	FY2020 <sup>1</sup>	FY2019 <sup>1</sup>	FY2018 <sup>1</sup>																								
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Waste	<p>20. Waste production in operations</p> <p>We monitor and track total amount of waste generated and recycling ratio of such waste of United Urban's properties (excluding land only properties). We calculate the recycling ratio by taking the percentage of the amount of the waste generated that is recycled out of the total waste generated.</p> <table border="1" data-bbox="376 1144 1286 1406"> <thead> <tr> <th></th> <th>Unit</th> <th>FY2022<sup>1</sup></th> <th>FY2021<sup>1</sup></th> <th>FY2020<sup>1</sup></th> <th>FY2019<sup>1</sup></th> <th>FY2018<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td>Number of properties monitored</td> <td>Property</td> <td>75</td> <td>82</td> <td>77</td> <td>77</td> <td>70</td> </tr> <tr> <td>Total amount of waste generated<sup>2</sup></td> <td>(tons)</td> <td>6,187</td> <td>7,918</td> <td>6,602</td> <td>9,473</td> <td>9,203</td> </tr> <tr> <td>Recycling ratio<sup>2</sup></td> <td>(%)</td> <td>26.5</td> <td>40.9</td> <td>51.2</td> <td>45.4</td> <td>48.0</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) As noted above, the indicated data for FY2022 represents the data for the 12-month period from December 1, 2021 to November 30, 2022. The indicated data for FY2021, FY2020, FY2019 and FY2018 represents the data for the 12-month period from April 1 of the indicated year to March 31 of the following year.</p> <p>(2) We started monitoring and tracking waste data for all of United Urban's properties (excluding land only properties) from FY2021.</p>		Unit	FY2022 <sup>1</sup>	FY2021 <sup>1</sup>	FY2020 <sup>1</sup>	FY2019 <sup>1</sup>	FY2018 <sup>1</sup>	Number of properties monitored	Property	75	82	77	77	70	Total amount of waste generated <sup>2</sup>	(tons)	6,187	7,918	6,602	9,473	9,203	Recycling ratio <sup>2</sup>	(%)	26.5	40.9	51.2	45.4	48.0	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
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**Table 3**  
**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

*United Urban has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Manager to manage and operate the properties in United Urban's portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Manager and the tenants of the properties in United Urban's portfolio, to the extent available.*

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
<b>Indicators applicable to investments to the Asset Manager or tenants</b>		
Social and employee matters	<p>4. Lack of a supplier code of conduct</p> <p>While all property managers are required to comply with United Urban’s Basic Supply Chain Sustainability Policy and Sustainability Policy, both policies are also shared with tenants and other service providers to raise their awareness of United Urban’s ESG initiatives. We also tackle environmental issues in partnership with tenants and service providers. If we revise these policies, we obtain new consents from tenants and service providers to ensure their continued compliance.</p> <p>In addition to the engagement above, we tackle (i) the compliance of laws and regulations, (ii) respect for persons including in the prevention of child labor and forced labor, and (iii) provision safety and health for employees with tenants and service providers. If we find that a tenant or a service provider does not meet certain criteria from (i) to (iii), we communicate with and request an improvement plan to the tenant or the service provider to the extent necessary. If we judge that such improvement plan is not adequate, we request further improvement. In case where we find that enough improvements are not taken for a while, we consider if it is appropriate to have a relationship with such tenant or service provider as a next step.</p>	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)
	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p><u>Employee engagement survey</u></p> <p>The Asset Manager believes that it is important to reflect the views of employees in organizational management and utilize them in various measures, etc., in order to build a better workplace environment, and conducts employee engagement surveys (including contract workers) on a regular basis and utilizes the survey results to improve the internal environment.</p> <p>In 2018, 2019, 2020, 2021 and 2022, the response rate for the employee engagement survey was 94.8%, 96.8%, 100.0%, 98.7% and 100%, respectively, and all of the Asset Manager’s employees received annual performance feedback and career consultation with their superiors.</p>	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	<p>6. Insufficient whistleblower protection</p> <p>When officers and employees of the Asset Manager become aware of any conduct that is (or that is suspected of being) contrary to its compliance system, they are able to report that through their reporting lines. In case where the reporting line does not work for any reason, they are able to report through “Marubeni Hotline”, which was established by the Asset Manager’s sponsor (the “Sponsor”) and is connected with the Sponsor’s compliance committee or outside counsel. Officers and employees may use this system to consult on a wide range of compliance issues under the Whistleblower Protection Act of Japan, and the confidential information of the one making the report is strictly protected. Officers and employees may also use “Marubeni Anti-Corruption Hotline”, which was established by the Sponsor and is connected to the Sponsor’s compliance committee under anonymity. Under this system, officers and employees may directly consult with the compliance committee on serious crimes such as bribery.</p>	Share of investments in entities without policies on the protection of whistleblowers

	All of the Asset Manager’s officers and employees are provided whistleblower protection.	
Human Rights	<p>9. Lack of a human rights policy</p> <p>The Asset Manager declares in its Sustainability Policy that all officers and employees shall respect human rights, shall not tolerate inhumane treatment including discrimination, forced labor and child labor, and shall respect and mutually accept each person’s individuality.</p> <p>To ensure the employees are fully aware of policies relating to human rights, labor standards and working environment, the Asset Manager understands that communication with its employees is indispensable. The Asset Manager therefore organizes a variety of settings of communication on a regular basis. Moreover, when new employees join, they receive materials and explanations relating to the rules of employment, personnel evaluation system, and benefits program. The Asset Manager also provides such information on its intranet, making it available for viewing at any time.</p>	Share of investments in entities without a human rights policy
Anti-corruption and anti-bribery	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>The Asset Manager has established a compliance system where the compliance committee appoints the Chief Compliance Officer as a person in charge of compliance affairs to make officers and employees comply with laws, regulations and internal rules, including anti-corruption and anti-bribery policies. In addition, the Asset Manager has established Compliance Regulations and a Compliance Manual and also applies the Sponsor’s Compliance Manual and Anti-Corruption Policy to all officers and employees. To enhance the effectiveness of these policies, the Asset Manager holds compliance training once a year at least.</p> <p>All of the Asset Manager’s officers and employees are required to follow the compliance-related policies including the Anti-Corruption Policy.</p>	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

For descriptions of actions which United Urban and the Asset Manager take and will take with respect to the PAI indicators, please refer to our Sustainability website with respect to United Urban and the Asset Manager: <https://uur-sustainability.com/en/sustainability/>

### 3. Description of policies to identify and prioritize principal adverse sustainability impacts

Subject to data availability, we monitor the selected PAI indicators for the existing properties in our portfolio.

Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision.

United Urban has established a sustainability finance framework (which includes a green finance and a social finance) to provide investors with investment opportunities of environmental and/or social significance. Funds raised through bonds or loans under the sustainability finance framework will be used to acquire properties that meet Green Eligibility Criteria A (as defined below) (such properties, “Eligible Green Assets”), refinance the funds already used to acquire Eligible Green Assets or renovate the existing properties to satisfy the Green Eligibility Criteria B (as defined below). Under the framework, United Urban may conduct financing that will be used to acquired properties that meet the Social Eligibility Criteria (such properties, “Eligible Social Assets”) or refinance the funds already used to acquire Eligible Social Assets.

The eligibility criteria set in the sustainability finance framework are as follows:

- **Green Eligibility Criteria.** Under the sustainability finance framework, the properties that have acquired or are expected to acquire one of (i) DBJ Green Building certification (three stars or better), (ii) CASBEE for Real Estate certification (B+ rank or better), (iii) BELS certification (three stars or better) or (iv) Leadership in Energy and Environmental Design (“LEED”) certification (silver rank or better), are considered eligible for acquisition financing and refinancing (“Green Eligibility Criteria A”). In addition, under the sustainability finance framework, renovation works that have been completed with the past 3 years from the date of financing or are expected to be completed, and lead to (i) acquisition of a certification under Green Eligibility Criteria A or improvement of 1 level or more in an existing certification under Green Eligibility Criteria A, (ii) reduction of energy consumption, CO<sub>2</sub> and other greenhouse gas emissions or water consumption by at least 30%, or (iii) introduction or acquisition of equipment related to renewable energy generation, are eligible for renovation financing (“Green Eligibility Criteria B”).
- **Social Eligibility Criteria.** Under the sustainability finance framework, (i) health care facilities that provide equality nursing care and other welfare services to the elderly, (ii) childcare facilities, (iii) medical facilities and (iv) public housing facilities that provide affordable living are eligible for acquisition financing and refinancing (“Social Eligibility Criteria”).

For further information, please refer to our Sustainability website: <https://uur-sustainability.com/en/sustainability/>

#### **4. Engagement policies**

##### ***Due diligence and screening***

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

We monitor and track electricity usage, greenhouse gas emissions and water usage of the properties in United Urban’s portfolio. For the twelve-month period ended November 30, 2022, we monitored and tracked electricity usage, greenhouse gas emissions and water usage data covering 92.9%, 92.9% and 91.1%, respectively, of the total gross floor area of the properties in United Urban’s portfolio. We plan to further increase the data coverage ratio for each of these metrics.

##### ***Engagement***

“Green Lease” is an initiative to mitigate United Urban’s environmental burden by including in lease agreements and memoranda of understanding with tenants certain clauses with respect to energy efficiency and improving office working environment. This initiative creates win-win relationships between the property owner and tenants such as through reduction of utility costs. In general, United Urban includes Green Lease clauses in lease agreements with its office tenants, and intends to extend this initiative to retail properties, hotels and residential properties. As of November 30, 2022, 57.0% of the total leasable area for the office buildings (exclusive of residential areas within office buildings) in United Urban’s portfolio was subject to lease agreements with Green Lease clauses, and we plan to include Green Lease clauses in all lease contracts with the office tenants by the end of 2030.

All property managers are required to comply with United Urban’s Basic Supply Chain Sustainability Policy and Sustainability Policy. Both policies are also shared with tenants and other service providers to raise their awareness of United Urban’s ESG initiatives. United Urban also tackles environmental issues in partnership

with tenants and service providers. If we revise these policies, we obtain new consents from tenants and service providers to ensure their continued compliance.

## **5. References to international standards**

The Asset Manager observes the basic concept of the Principles for Responsible Investment (“PRI”), which was established in 2006 for the financial industry under the leadership of the then United Nations Secretary-General, Kofi Annan. The Asset Manager became a PRI signatory in November 2018, and is required to fulfill its ESG responsibilities through its investment activities.

In January 2022, the Asset Manager expressed support for the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations in order to clarify the policy and system on initiatives to address climate-related issues and to promote expansion of the disclosure of the content of such initiatives, and also joined the TCFD Consortium, a group of companies in Japan that support TCFD recommendations. In addition, starting in May 2022, we have disclosed the climate change-related disclosures recommended by TCFD on our website after identifying and analyzing climate change-related risks and opportunities in alignment with the TCFD’s recommendations.

## **6. Historical comparison**

See Table 1, Table 2 and Table 3 above.