

ESG Fact Sheet

United Urban : United Urban Investment Corporation JRA: Japan REIT Advisors (the asset management company of United Urban)

E: Environment

United Urban and JRA will work for lowering the environmental burden and would like to contribute to sustainable development of the cities and the society.

Environment Certification

We set up the goal for acquisition of environment certifications to cover 50% or more in the total floor space held by United Urban by the year of 2020.

Acquisition of Environment Certification	DBJ	CASBEE For real estate	BELS	Total*
No. of the buildings (Ratio)	3 (2.7%)	24 (21.2%)	10 (8.8%)	36 (31.9%)
Ratio in the total floor space	4.9%	19.7%	9.2%	32.2%

Goal for Acquisition of Environment Certification

50% or more
by 2020

in the total floor space

*As of November 2018, totaling 113 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 excluded in Total.

Cooperation with Service Providers (Improvement of Environmental Performance)

- “Basic Supply Chain ESG Policy” and “Environmental Policies” were established and we have obtained the consent to follow both policies from 28 property managers, all of them have been entrusted with the services by JRA.
- Both policies were sent to 972 tenants and service providers of United Urban’s properties in December 2018 in order to make them be aware of our initiatives.

Green Lease (Improvement of Environmental Performance)

- JRA added the green lease clause to the lease agreements not only for the new tenants but also for the existing tenants upon their lease renewal.
- Green lease clauses will be reviewed accordingly with consideration for materiality on energy saving and environment.

Office	FP28 th Nov. 2017	FP29 th May 2018	FP30 th Nov. 2018	Total
No of agreements with green lease clause	16	15	15	46
Ratio of agreements with green lease clause in newly contracted ones	100%	100%	100%	100%

*Based on the date of contract signed.

Green Lease (excerpts)

1. The Landlord and tenant will cooperate in initiatives to keep and improve comfort and productivity of the property (data sharing, legal compliance, etc.) with the view of energy saving, environment, etc.
2. The Landlord and tenant can negotiate the benefit sharing when cost saving from equipment renovation such as LED light installation in area leased to the tenant is expected.

Targets on Sustainability

United Urban has successfully lowered annual energy consumption by more than 1% on a five-year average in its properties targeted under Act on the Rational Use of Energy initiated by the Ministry of Economy, Trade and Industry. United Urban has been ranked “S” for three consecutive years in classification of business operators.

Effective Use/Reuse of Water

United Urban has been conducting initiatives for effective use and reuse of water.

Shinjuku Washington Hotel Honkan

Recognizing importance of mitigation of environmental burdens such as electricity saving or waste reduction, various measures are being taken. As part of these initiatives, the water used in baths of guest rooms has been reused as flush of the toilets throughout the property.



The Exterior



The Filtration System

Investment in Complex Properties

United Urban has been acquiring properties with mixed use located close to major train stations that can offer functions convenient to local residents.

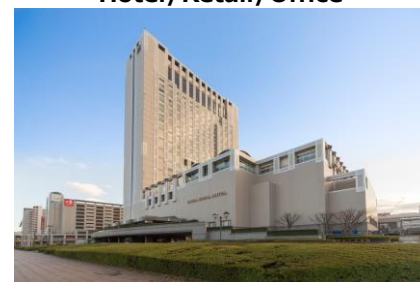
Shin-Osaka Central Tower Office/Hotel/Retail/Fitness



SS30 Office/Hotel/Fitness



RIHGA Royal Hotel Kokura ARUARU City Hotel/Retail/Office



Contribution to Urban Revitalization

United Urban contributes to the society through allowing the local residents to use the site of the property and agreement with local governments to enable their residents to use United Urban's building upon emergency.

Naha, Okinawa Loisir Hotel & Spa Tower Naha

Offer the space for bike-sharing service by Okinawa Convention & Visitors Bureau

Offered the hot spring for free to people suffering blackout by the typhoon in 2018



Kashiwa, Chiba Mollage Kashiwa

Soccer lessons/events are organized by local football club, etc. (Rooftop sports park)

The site has been used for radio-calisthenics during the summer holidays with collaboration with Kashiwa City and its social welfare association



Urban Brownfield Redevelopment (Environmental Pollution)

- In the process of property acquisition, United Urban confirms there's no issue on pollution on the subject site.
- In principle, United Urban does not invest in properties under development nor conduct any developments. United Urban has not made land-acquisition that may cause ecosystem destruction such as damage to forest, beach or riverbed.

S: Society

JRA ensures its employees' diversity in gender and nationality and has encouraged their competency and career development. United Urban and JRA have been making efforts to contribute for realization of the sustainable society with collaboration with the local communities and academic institutions.

Human Resource Development/Retention of Professionals

- All requisite expenses to acquire, register and update qualifications held by all employees are covered by JRA.
- Various career opportunities are provided to all employees including internal transfer between teams and job rotation between Marubeni's group companies and JRA. They are encouraged to develop their own career plan and to be equipped with the skill valid externally.
- Based on the workload derived from United Urban's portfolio growth, the recruitment plan has been properly reviewed and developed.
- Marubeni Corporation and its group companies provide JRA with support for replenishment of human resources with abundant experience in real estate investment/leasing transaction as well as financial management.
- Professionals have been retained in Marubeni's group companies for needs of additional staff for JRA by rotating employees between the group companies and JRA.

Employee Satisfaction Survey

JRA conducts the employee satisfaction surveys annually. The survey results are shared with all employees and will be utilized by JRA for better HR strategy planning and corporate management.

Incentives for Employees

- Annual amount of bonus for all employees of JRA (excluding assigned employees from Marubeni Corporation and the group companies) are fully linked to EPS of United Urban.
- Preparation the scheme for the employees to acquire United Urbans units from their monthly salary is in progress.

Compensation Package/Benefit for Employees and Work-Life Balance

- JRA provides all employees with a variety of welfare services (arranged by the contracted vendor) where they can select and use depending on their individual lifestyle and needs. Also, the defined contribution plan for employees fully born by the company has been prepared as a retirement package.
 - As a "TOKYO Workstyle Reform Declaration Company", JRA has declared that it will be engaged in the company-level workstyle reform by becoming the better workplace for its employees and pushing its employees to take leaves in order to refresh.
 - In particular, JRA intends to encourage its employees to work more productively by introducing no overtime day (on the 10th of each month) and to take more than 10 paid holidays per year (recommendation of 5-consecutive-day-leave, etc.)
- * Average days of annual paid leaves used: 13.3 days/person; Average rate of annual paid leaves used: 70.4%/person (As of Mar. 2018)
- JRA has been supporting its employees not to end their career with pregnancy or childcare/elderly care. All employees who had taken maternity/childcare leave in the last four years returned to work and all have continued their career.
 - JRA also has a support system for employees to reduce their working hours due to childcare or elderly care.

	Male	Female	Total	No. of employees on maternity/childcare leave	No. of employees who opted for shorter work hours
2015	44	22	66	3	2
2016	47	22	69	2	3
2017	48	26	74	2	3
2018	47	29	76	2	4

*Figures at the end of each fiscal year in March.

Training Programs

- JRA offers its employees “specialist training programs” where all employees can select and attend via online as necessary for their knowledge and skill development.
- Also, JRA encourages its employees’ attendance to external professional seminars including those about ESG issues.
- All attendees of such seminars are obliged to submit summary reports for knowledge sharing and skill improvement among each employee at JRA.

Leadership Programs

- All employees in charge of team management at JRA are required to take annual training programs on performance evaluation, harassments, leadership, coaching, etc.
- Team leaders and leader-candidates of each team are sent to various management programs on leadership, numerical management organized by Marubeni’s group companies as well as next-generation leadership programs for real estate/financial industry offered by external parties.

Employees’ Participation in Training Programs

Avg. training hours per officer/employee (April 2017-March 2018) (*1)	11.7 hours
% of officers/employees participated in training programs in 2017	100.0%
% of officers/employees participated in training programs on sustainability (*2) in 2017	40.8%

*1 Full-time officers and employees at JRA as of March, 2018.

*2 Content of training programs: environmental pollution, energy, natural disaster, regulations and standards, wastage, etc.

Annual Performance Review/Career Development

- JRA conducts a review on the annual performance of each employee.
- Various career opportunities are provided to all employees including internal transfer between teams and job rotation between Marubeni's group companies and JRA. They are encouraged to develop their own career plan and to be equipped with the skill set also valid externally.

Hotline for Harassment/Claim/Anti-Corruption

“Marubeni Hotline” and “Marubeni Anti-Corruption Hotline” are open to all JRA employees. They can contact direct to the external lawyers (male and female each) about any issues at workplace regarding compliance, harassment, work environment, etc. Also, JRA has designated the male and female representative of the employees who offer consultancy on troubles claimed by any employees.

Stable Employment (M&A/Restructuring)

- JRA has not executed a layoff since its establishment in April, 2001.
- When United Urban merged Nippon Commercial Investment Corporation (NCI) in December, 2010, JRA acquired NCI’s asset management company, Pacific Commercial Co., Ltd. (PCC). All applicants of PPC employees were accepted by JRA at same or better employment conditions.

Internship

- JRA is eager to offer opportunities for students to obtain working experience in J-REIT industry and helping them assess their aptitude for their career.
- In 2018, JRA accepted a student majoring business administration and offered opportunities to learn the property management as well as property inspection to acquire the environment certification in retail, office and hotel properties owned by United Urban.
- Marubeni has been accepting overseas students under its internship program. During FY2017, a total of 24 students from abroad, including youths from Changchun City Youth Federation of China, All-China Youth Federation, National Mineral Resources University of Russia, Sabanci University of Turkey, and École Nationale d'Administration (ENA) of France came to Marubeni as interns.
- Also, Marubeni has accepted students as interns regularly from Qatar University that the company has held the endowed chair.



A38 Luz Shonan Tsujido
Intern on the right-hand side

Contribution to Society through Educational Activities

- Collaboration with academic institutions
 - One of the employees of JRA was appointed to one of the lecturers for a two-day MBA program on tourist business strategy in Graduate School of Management, Kyoto University and presented the hotel investment/management strategy of United Urban.
 - A director of JRA joined as an advising lecturer for the open seminar competition held at the business administration department of Bunkyo Gakuin University and provided advice and guidance to the survey presented.
- Development of financial literacy
 - JRA has sent its staff to "Investment Trust Forum" organized by ITA since 2016 and been contributing to knowledge development of individual investors regarding investment trust and J-REIT.
 - In addition, JRA has been contributing for improvement in recognition of J-REIT by attending various explanatory meetings for individual investors.
- Other
 - JRA has been joining the Real Estate Investment Survey by Graduate School of Finance of Waseda University since 2010 and giving support for their research on the real estate investment market.



JRA employee at Graduate School of Management, Kyoto University

Major Events JRA Joined (2018)

Event Sponsor	Event	Participants	Role
ARES	J-REIT IR Caravan 2018 (Hiroshima)	Individual	Speaker
ARES	J-REIT IR Caravan 2018 (Osaka)	Individual	Speaker
ARES	J-REIT IR Caravan 2018 (Sapporo)	Individual	Speaker
ARES	J-REIT Fair 2018 (Tokyo)	Individual	Speaker
Tokyo Stock Exchange	J-REIT Fan (Osaka)	Individual	Speaker
ITA	Investment Trust Forum 2018 (Sendai)	Individual	Panelist

*ARES: Association for Real Estate Securitization ITA: Investment Trusts Association

G: Governance

United Urban has been making efforts to maximize its unitholders' interest for the long term while controlling various risks adequately and paying attention to conflicts of interest.

Number of the Board Meetings

United Urban: 14 JRA:14 *Dec. 2017 – Nov. 2018

United Urban Board of Directors

Title	Name (Gender)	Age *	Assigned Since	Profile - Title/Expertise	Compensation	Shares Held
Executive Officer	Ikuo Yoshida (M)	63	Sep. 2017	Apr. 1979 – Mar. 2009 Marubeni Corporation, engaged in real estate development business in Japan and overseas Apr. 2009 – Mar. 2011 Executive Officer, Marubeni Corporation; Chief Operating Officer, Development & Construction Division Apr. 2014 – Jun. 2018 President & CEO, JRA Expertise: Real estate	¥12,000 (thousand) **	0
Supervisory Officer	Masaaki Akiyama (M)	73	Aug. 2011	Chartered Accountant/Corporate Auditor, JOYFUL HONDA Co., Ltd./ Member of Compliance Committee, Tokyo Capital Management/ Corporate Auditor, KYOCERA Corporation Expertise: Finance/Real estate	¥4,200 (thousand)	0
Supervisory Officer	Tetsuo Ozawa (M)	71	Sep. 2015	Attorney at Law/Corporate Auditor, Lawson., Inc./ Corporate Auditor, Sekisui Chemical Co., Ltd. Expertise: Risk management	¥4,200 (thousand)	0

*As of November 2018. **No record of compensation payment from United Urban between Sep. 2017 and Jun. 2018 due to concurrent serving as the President and CEO of JRA.

Remuneration to the Board Members

United Urban pays compensation as follows in accordance with Article 24 of Terms of the Investment Corporation.

Executive officer: ¥1.0 million per month per person

Supervisory officer: ¥0.35 million per month per person

Audit Oversight

The below mentioned committees including the external experts have been set up at JRA for the asset management that can lead to the unit-holders' interest, paying attention to conflict of interest.

■ Investment Committee

Member	Chairman (1): President & CEO, JRA Committee member (2): Non-executive Director, External expert (Attorney at Law)
Responsibility	Deliberates and resolves important asset management plans and policies of ng United Urban.
Agenda	Acquire and dispose properties (lands and buildings) of United Urban; Decide asset management plans of United Urban's properties
Requirements for the meeting/resolution	Attendance of the external experts and more than half of embers is required. The unanimous consent of the attendees is necessary for resolution .The interest related party on the subject is to be excluded on resolution.

■ Compliance Committee

Member	Chairman (1): CCO, JRA Committee member (3): President & CEO, JRA, General Manager of Corporate Operation Team, External expert (Attorney at Law)
Responsibility	Deliberate on subjects not only on compliance but also broader matters such as professional standards and internal auditing and submit report to the board of directors in case suspicion or doubt is found.
Agenda	Deliberate investment decisions from the perspective of compliance; Response to acts that are, or may prove to be, problematic from the standpoint of the law, professional standards, etc.
Requirements for the meeting/deliberation	Attendance of more than half of the members is required (Chairman or President & CEO should be present.) In case that the external expert is absent, another meeting should be held instantly for the report to the external expert.

Equity

Shares outstanding: 3,055,087 (± 0 year-on-year) *As of November 2018.

Election of the Board Members

Investment Trust Act prescribes that the term of board members is limited to two years. The general unit-holders' meetings are held every two years and Executive Officers and Supervisory Officers are elected on that occasion. Also diversification of the board members is under consideration.

External Auditors

	FP 28 th Jun. 2017 – Nov. 2017	FP 29 th Dec. 2017 – May 2018
Accounting auditor	EY Japan Co., Ltd.	
Comments from auditor	No significant findings on the disclosed audit reports	
Compensation	¥17,000,000	¥20,300,000
Controversy cases	None	None

Initiatives for Sharing Interest with United Urban's Unitholders

- Annual amount of bonus for all employees of JRA (excluding seconded employees from Marubeni Corporation and its group companies) is fully linked to United Urban's EPU (earnings per unit).
- Preparation of the scheme for JRA employees to acquire investment units of United Urban from their monthly salary is in progress.

Introduction of New AM System and Enhancement of Information Security

- Introduction of new AM System is in progress in order to improve efficiency and accuracy in asset management and collection of financial data.
- Planning to introduce M-IGS (Marubeni IT Governance and Service) is in progress with collaboration with Marubeni group for enhancement of information security.

Adequate Information Disclosure to Investors

Number of Press Release	32
Number of the meeting with institutional investors	262
Number of the explanatory meeting for the individual investors	13

*April 2017~March 2018.