

————— Green Bond Evaluation by Japan Credit Rating Agency, Ltd. —————

Japan Credit Rating Agency, Ltd. (JCR) announces the following preliminary Green Bond Evaluation Results.

JCR assigned preliminary Evaluation of Green1 to Series 19 of Unsecured Corporate Bonds Issued by United Urban Investment Corporation

S u b j e c t	: United Urban Investment Corporation Series 19 of Unsecured Corporate Bonds (with pari passu conditions among corporate bonds)
T y p e	: Investment Corporation Bonds (Retail Bonds)
Issue amount	: JPY 10 billion
Interest rate	: To be determined
Date of issuance	: May 23, 2019
Redemption date	: May 22, 2026
M e t h o d o f r e p a y m e n t	: Bullet
Use of proceeds	: Refinancing and new investments to acquire "green eligible assets"

<Green Bond Preliminary Evaluation Results>

Overall evaluation	Green 1
Evaluation of Greenness (use of proceeds)	g1
Evaluation on Management, Operation and Transparency	m1

Chapter 1: Evaluation Overview

United Urban Investment Corporation (UUR) was established in November 2003 under the Investment Trust Law and listed on the Tokyo Stock Exchange Real Estate Investment Trust Market (J-REIT Market) in December 2003. The asset management business is conducted by Japan REIT Advisors Co., Ltd. (JRA).

UUR defines real estate that can secure stable profitability over the medium to long term as real estate that has "intrinsic value," and aims to become a comprehensive portfolio with diversified uses and investment areas (comprehensive J-REIT), and is working to secure stable earnings over the medium to long term by investing in

carefully selected properties from a wide range of investment targets, identifying the "intrinsic value" of individual properties.

UUR also merged with Nippon Commercial Investment Corporation in 2010. Even after the merger, the company continued to acquire assets by raising funds through loans and public offerings. As a result, it was one of the largest assets in the J-REIT market.

UUR is strengthening its ESG efforts to achieve "sustainable growth", and has already achieved its target of raising the coverage ratio of various types of environmental certifications for properties owned to 50% by 2020. In addition, JRA has strengthened its environmental and other ESG initiatives, such as signing the Principles for Responsible Investment (PRI) and acquiring ISO 14001, an international certification for environmental management.

JCR evaluates investment corporation bonds issued by UUR. The proceeds from the issuance of the Bonds will be allocated to refinance loans to acquire seven office buildings and a commercial facility and to newly invest in the acquisition of two new hotels. JRA, which is an asset management company of UUR, defines "green eligible assets" as newly or existing properties that have acquired or are expected to acquire any of three stars or more of DBJ Green Building certification, CASBEE Real Estate Evaluation Certification A or higher, or two or more stars of BELS. JCR evaluates that the definition of green eligible assets established by JRA covers buildings with environmental improvement effects.

JCR has confirmed that all seven existing offices and commercial facility refinanced by the Bonds have obtained and maintained environmental certification as set forth in JRA's asset management guidelines. In addition, it has been confirmed that the two newly acquiring hotels fall under the definition of "green eligible assets" of the JRA.

Based on the documents on "green eligible assets" and the interview with JRA, JCR confirmed that there is no possibility that this target asset will have a serious negative impact on the environment that exceeds the environmental improvement effect. From the above, JCR evaluates that the use of proceeds subject to this evaluation has a high environmental improvement effect, such as reduction of CO₂ emissions and reduction of water use.

In addition, with UUR and JRA internal approval processes and a management of proceeds system in place, JCR confirmed the strong management and operation system and high transparency of UUR's Green Bonds.

As a result, JCR assigns "g1" for "Greenness Evaluation (Use of Proceeds)" and "m1" for "Management, Operation and Transparency Evaluation". Consequently, JCR assigns "Green1" as an overall preliminary evaluation result to the bonds. The detailed evaluation results are described in the next chapter. The Bonds are considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.¹²

¹ ICMA(International Capital Market Association) Green Bond Principles 2018

² Ministry of the Environment Green Bond Guidelines 2017

Chapter 2: Current Status of the project on each evaluation factor and JCR's evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1", the highest grade, to "Evaluation Phase 1: Greenness Evaluation."

Rationale: 100% use of proceeds of the bond will be allocated to a green project, considering the factors described below.

(1) JCR's key consideration in this factor

In this section, JCR first assesses whether the proceeds will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current status of evaluation targets and JCR evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

- i. **100% of the proceeds will be allocated to the refinance or new investment to acquire existing or new "green eligible assets," which has highly environmental improvement effect.**

JRA Asset Management Guidelines (excerpt)

(2) Specific Investment Criteria 2. Other Attributes of the Target Investment Property (b) Green Eligible Assets

New and existing management assets that have acquired or are expected to obtain DBJ Green Building certification (three stars or more), CASBEE real estate certification (A rank or higher), and BELS evaluation (two stars or more) (collectively referred to as "environmental certification") shall be defined as "green eligible assets," and efforts shall be made to acquire environmental certification through initiatives such as improving the environmental performance of those management assets that have not acquired environmental certification.

The use of proceeds of the bond will be allocated to the existing or new "green eligible assets" set forth in the guidelines. "Green eligible assets" are properties that have obtained and maintain or expected to obtain environmental certification as described in the above asset management guidelines.

The proceeds of the Bonds will be allocated to finance five office buildings, two commercial facilities and two hotels that are "green eligible assets" as shown on the next and subsequent pages. Allocation of the proceeds will be implemented as refinance or newly investment from May to September 2019, with a ratio of refinance and newly investment approximately 1:1. JCR confirmed that five office buildings' energy efficiency through CASBEE assessment sheets. JCR confirmed energy efficiency of two commercial facilities through certification assessment documents, as one acquires three stars for DBJ Green Building certification and the other has CASBEE S rank certification. Regarding the refinancing properties, UUR plans to maintain the valid status of the certification by renewing them when the environmental certification expires.

Two hotels are scheduled to acquire BELS certification, and as a result of measuring the BEI, JCR confirmed that these two hotels score good figures in energy efficiency and that it is expected to have a positive impact

on environmental improvements. Therefore, 100% of the proceeds will be allocated to properties with environmental improvement effects.³

(Subject property)

[Refinancing]

1. Pacific Marks Yokohama East

Location	3-4 Sakae-cho, Kanagawa-ku, Yokohama, Kanagawa
Principal uses	Office
Site area	2,525.41m ²
Total floor area	15,387.49 m ²
Number of stories	basement floor and 12 floors above ground
Completion	October 1992
Acquisition value*	JPY 7,110 million
Environmental certification	CASBEE for Real Estate A
Features and environmental performance	A large office building located 10 minutes' walk from Yokohama Station on the JR Line. Energy efficiency efforts are being made to reduce environmental impact, such as the adoption of LED lighting and the renewal of air conditioning equipment.

2. Pacific Marks Shin-Yokohama

Location	3-18-20 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa
Principal uses	Office
Site area	475.00 m ²
Total floor area	4,141.89 m ²
Number of stories	Basement floor and 10 floors above the ground
Completion	October 1991
Acquisition value*	JPY 1,700 million
Environmental certification	CASBEE for Real Estate A
Features and environmental performance	An office building located four minutes' walk from Shin-Yokohama Station on the JR Line. Energy efficiency efforts are being made to reduce environmental impact, such as the adoption of LED lighting and the renewal of air conditioning equipment.

³ BEI is Abbreviation of “Building Energy Index”. The ratio of the design primary energy consumption of the property to the standard primary energy consumption is shown. The smaller the value, the higher the energy efficiency effect.

3. Pacific Marks Sapporo Kita-Ichijo

Location	7-4-4 Kita Ichi-jo Nishi, Chuo-ku, Sapporo, Hokkaido
Principal uses	Office
Site area	987.04 m ²
Total floor area	6,048.97 m ²
Number of stories	Basement floor and 8 floors above ground
Completion	February 1993
Acquisition value*	JPY 2,250 million
Environmental certification	CASBEE for Real Estate A
Features and environmental performance	An office building located 8 minutes' walk from Odori Station, Sapporo Municipal Subway Line Energy efficiency efforts are being made to reduce environmental impact, such as the adoption of LED lighting and the renewal of air conditioning equipment.

4. Mallage Kashiwa

Location	2-3-1 Oyamadai, Kashiwa, Chiba
Principal uses	Commercial facility
Site area	79,484.47 m ²
Total floor area	54,689.28 m ²
Number of stories	4 floors
Completion	June, 2004
Acquisition value*	JPY 17,310 million
Environmental certification	CASBEE for Real Estate S
Features and environmental performance	A shopping center located about 12 minutes by bus from Kashiwa Station on the JR Line. Efforts are being made to reduce environmental impacts through energy efficiency and resource conservation, such as using LED lighting, reducing waste, and waste for fertilizer.

5. Pacific Marks Tsukishima

Location	1-15-7 Tsukishima, Chuo-ku, Tokyo
Principal uses	Office
Site area	3,302.07 m ²
Total floor area	14,507.92 m ²
Number of stories	basement floor and 13 above ground floors
Completion	March 1990
Acquisition value*	JPY 8,080 million
Environmental certification	CASBEE for Real Estate A
Features and environmental performance	The office building is located in four minutes' walk from Tokyo Metro's Tsukishima Station. Ecosystems are being considered by adopting LED lighting to save energy and ensuring a high greening rate (20.2%).

6. Pacific Marks Akasaka-mitsuke

Location	3-20-6 Akasaka, Minato-ku, Tokyo
Principal uses	Office
Site area	390.86 m ²
Total floor area	1,895.87 m ²
Number of stories	basement floor and 7 floors above the ground
Completion	March 1994
Acquisition value*	JPY 2,450 million
Environmental certification	CASBEE for Real Estate A
Features and environmental performance	The office building is located in three minutes' walk from Tokyo Metro's Akasaka-mitsuke Station. Energy-saving measures are being taken to reduce environmental impact, such as the use of LED lighting and large openings (active natural lighting).

7. Ito-Yokado Owariasahi

Location	116-4 Ishihara, Minami-Harayama-cho, Owariasahi, Aichi
Principal uses	Commercial facility
Site area	34,612.39 m ²
Total floor area	56,371.77 m ²
Number of stories	6 floors
Completion	October 1998
Acquisition value*	JPY 7,850 million
Environmental certification	DBJ Green Building 3 stars
Features and environmental performance	Property located 4 minutes' walk from Sango Station on Meitetsu Seto Line. We are working to reduce the environmental impact through energy and resource conservation, such as using LED lighting and recycled materials.

*Acquisition Value states the price when Nippon Commercial Investment Corporation, merged UUR in 2010 bought these assets.

[New investment]

8. Henn na Hotel Tokyo Hamamatsucho

Location	1-24-11, Hamamatsucho, Minato-ku, Tokyo
Principal uses	Hotel
Site area	365.81 m ²
Total floor area	2,293.64 m ²
Number of stories	14 floors
Completion	April 2018
Acquisition value	JPY 4,456 million (planned)
Environmental certification	Two or more stars of BELS certification (planned)
Features and environmental performance	Sixth Robotic Hotel Chain, located three minutes' walk from Hamamatsucho Station. The hotel equipped with the latest air conditioning equipment and using the LEDs which reduces power consumption by lighting.

9. Smile Hotel Premium Sapporo Susukino

Location	1-13-1 Minami4jonishi, Chuo-ku, Sapporo, Hokkaido
Principal uses	Hotel
Site area	958.37 m ²
Total floor area	7,762.50 m ²
Number of stories	13 floors
Completion	Dec. 2017
Acquisition value	JPY 4,233 million (planned)
Environmental certification	Two or more stars of BELS certification (planned)
Features and environmental performance	A hotel operated by the Smile Hotel Chain, located one minute walk from Hosui-susukino Station, Sapporo Municipal Subway It was built in December 2017 and uses LED lighting and air conditioners with superior energy-saving performance.

ii. Among the green projects defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines, the use of proceeds falls under the category of "Green Building with Regional, National or International Recognized Standards and Certification" and "Energy efficiency."

b. Negative impact on the environment

JRA checks and evaluates green eligible assets using checklists, etc. at due diligence meetings. At present, the negative impact on the environment of the nine properties for which the proceeds of the bond is expected to be allocated has not been identified. JCR confirms that if there is a negative impact on the environment, it is necessary to take corrective measures by the seller as a precondition to avoid or mitigate the negative impact.

c. Consistency with SDGs goals and Targets

This project is classified into "energy efficiency" and "Green buildings with regional, national or internationally recognised standards and certifications". JCR evaluated the project to contribute to the following SDGs targets and targets, referring to ICMA's SDGs mapping.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

Target 7.3. By 2030, double the global rate of improvement in energy efficiency.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, With all countries taking action in accordance with their respective capabilities



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

(Reference) Certification System for each Green Building

① CASBEE

CASBEE is an acronym for the English name of Comprehensive Assessment System for Built Environment Efficiency.

This is a method for evaluating and rating the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for buildings was established as a joint project with industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Since then, the committee has been continuously conducting development and maintenance. In addition to CASBEE for Buildings and CASBEE for Urban Development, assessment tools include CASBEE for Real Estate developed to provide easy-to-understand environmental performance to the real estate market.

The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B (Slightly Poor), and Rank C (Poor) (CASBEE for real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)).

② DBJ Green Building

A certification system provided by DBJ (Development Bank of Japan) that evaluates properties with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "Buildings with consideration for the environment and society." Each is represented by five stars (the best class in Japan), four stars (exceptionally high), three stars (excellent), two stars (high), and one star (satisfactory). Although it is not an environmental performance-specific evaluation, it is highly recognized in Japan and has a certain evaluation item regarding environmental performance. Therefore, JCR has evaluated this certification as equivalent to "Green buildings with regional, national or internationally recognized standards and certifications" in the category of green projects as defined in Green Bond Principle. However, since the certification is not limited to environmental performance, JCR believes that it is desirable to confirm the evaluation of environmental performance individually.

③ BELS

"BELS" is an acronym for the English name of Building-housing Energy-efficiency Labeling System. In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism formulated the "Guidelines for Labeling Energy Conservation Performance for Non-Residential Buildings (2013)."

Based on these guidelines, a third-party organization was established with the purpose of properly evaluating and labeling the energy-saving performance of non-residential buildings. Subsequently, in July 2015, the Act on Improvement of Building Energy Consumption Performance (Building Energy Conservation Act) was promulgated, and Article 7 of the Act stipulates that business owner of housing business and other businesses selling or leasing buildings must make efforts to indicate the energy consumption performance of buildings. Along with the enforcement of the Act on the Rational Use of Energy in Buildings, BELS is positioned as a third-party certification system for the guideline for energy conservation performance labeling based on Article 7 of the Act. From April 2016, housing was added to the scope of evaluation and currently all new and existing buildings are subject to evaluation.

The evaluation results are expressed in stars by the achievement values of the energy efficiency standards.

They are represented by five stars, four stars, three stars (guidance criteria), two stars (energy efficiency criteria), and one star (existing energy efficiency criteria).

Evaluation Phase 2: Evaluation on Management, Operation and Transparency

JCR assigns "m1", the highest rating on "Evaluation Phase 2: Evaluation on Management, Operation and Transparency."

Rationale: These projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's key consideration in this factor

In this section, JCR confirms that the objectives to be achieved through the green bond, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current status of evaluation targets and JCR evaluation

a. Goal

In the "Sustainability Targets" announced on UUR's website, 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.). Specifically, UUR states that it intends to adopt high-efficiency equipment for upgrading air conditioning, lighting, etc. according to the conditions of the facilities, and as part of this, the refinancing and new acquisition of "green eligible assets."

In addition, UUR has been strengthening its initiatives for ESG with the aim of achieving "sustainable growth," and has set a target of raising the coverage ratio of various environmental certifications (on a gross floor area basis) for properties owned to 50% by 2020. JCR confirmed that the target was achieved ahead of schedule.

JCR believes that these set of targets are specific, with numerical targets.

b. Selection standard

JRA's Sustainability Committee, which has specialized knowledge, evaluates green assets.

The Sustainability Committee evaluates based on the criteria set out in the JRA Asset Management Guidelines. The Sustainability Committee also plays a principal role in selecting "green eligible assets" to be eligible for refinancing and new acquisition. In addition, when the acquisition of "green eligible assets" is considered to have a negative impact on the environment, the company has adopted a limited impact measure, such as requiring the seller to take corrective measures for the purpose of complying with laws and regulations as a precondition for avoiding or mitigating the negative impact.

JRA's criteria for selecting "green eligible assets" are new and existing operating assets that have acquired or are expected to acquire either DBJ Green Building certification (three stars or more), CASBEE for real estate certification (A rank or higher), or BELS assessment (two stars or more), as described above on page 3 of this evaluation report. JCR appreciates this selection criterion in that they are limited to having an environmental improvement impact.

c. Processes

JRA's Sustainability Committee evaluates the green quality of its "green eligible assets," and the Finance Team proposes to allocate the funds to new acquisition or refinancing of "green eligible assets," which is approved and resolved by both JRA's board of Directors and UUR's committee.

The Sustainability Committee includes the Chief Executive Officer (CEO), the Chief Investment Officer (CIO), the Chief Financial Officer (CFO), and the Chief Compliance Officer (CCO) of JRA. JCR evaluates the green quality of "green eligible assets" as well as that management is appropriately involved in the selection process and that the decision-making process is clear.

JCR believes that goal, selection criteria, and process are outlined in this evaluation report and that transparency for investors is ensured.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's key consideration in this factor

The management method of the procured funds is usually assumed to be diverse by the issuer. JCR assesses whether the proceeds firmly allocated to the green project, the project have internal systems to easily track the allocation of the proceeds and the money funded by the bond will be allocated to the green project at once.

JCR also considers the evaluation of asset management of unallocated money. It also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the funds procured from the bond will be allocated to the green projects at an early stage.

(2) Current status of evaluation targets and JCR evaluation

- a. The use of proceeds of the bond will be fully allocated to the refinancing and new acquisitions of nine "green eligible assets" described in this Report.
- b. With regard to account management, JCR confirmed that JRA's department in charge (finance team, etc.) confirms that the use of proceeds, dates, and balances are managed via electronic media, such as Excel files, for each procurement fund. The proceeds of the bond will be allocated to refinancing and new acquisitions of nine "green eligible assets" from May to September 2019. JCR confirms that tracking of proceeds is done on a fund-by-fund basis.
- c. As stipulated in the asset management guidelines, JRA is required to confirm the status of its portfolio at least once a year and obtain CFO approval when publishing it on the website. Therefore, the internal control system is in place.
- d. The bond will be used for refinancing and new acquisitions of "green eligible assets" by September. Until all proceeds are allocated, the unallocated proceeds will be managed in cash or cash equivalents. JCR confirmed that if there is an event that unallocated proceeds are generated by the sale of "green eligible assets" before redemption of this bonds, JRA will endeavor to reallocate the balance to green projects such as the acquisition funds and refinancing funds of other green eligible assets at the earliest possible stage after recognizing and management the balance.

JCR has confirmed that proceeds are securely allocated to "green eligible assets" that management of proceeds is appropriate within JRA and that internal management systems are in place, and that "green eligible assets" are appropriately selected and that proceeds are appropriately substituted even if unallocated funds are generated. JCR has evaluated that funds management is highly appropriate and transparent. From the above, JCR evaluates the appropriateness and transparency of the fund management of UUR as high.

3. Reporting

(1) JCR's key consideration in this factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the issuance of green bonds is planned in a detailed and effective manner at the time of the issuance of green bonds

(2) Current status of evaluation targets and JCR evaluation

a. Reporting on the proceeds allocation

JCR confirmed that allocation plan and annual reporting of unallocated proceeds will be disclosed on UUR's website after obtaining approval from management such as CEO, CFO, CIO, and CCO.

b. Reporting on environmental improvement effects

A list and outline of "green eligible assets" are presented in the press release materials issued by UUR. UUR plans to disclose the number of properties that obtained external certification and its acquisition value, electric power consumption, gas consumption, CO₂ emissions, and water usage on its website once a year.

UUR will also consider receiving a third-party review of the accuracy of the reporting status once a year by JCR until the redemption of the bond.

JCR evaluates that the above reporting is planned to be disclosed appropriately to investors regarding both the allocation of the proceeds and the effects of environmental improvements.

4. Organization's environmental activities

(1) JCR's key consideration in this factor

This section evaluates whether the management of the issuer considers environmental issues to be a high priority issue for management, whether the green bond issuance policy, process, and green project selection criteria are clearly positioned through the establishment of a department specializing in environmental issues or cooperation with external organizations, etc.

(2) Current status of evaluation targets and JCR evaluation

UUR formulated its Environmental Policy in May 2012, and declared that UUR will contribute to the development of a sustainable society by taking environmental considerations and reducing environmental impact.

The Environmental Policy states following,

“1. Energy saving and measures for global warming: United Urban Investment Corporation will proactively promote efficient use of resources and energy and contribute toward realization of a low-carbon society through introducing such technologies and systems as being friendly to the environment.”

“2. Reduction of environmental burdens: United Urban Investment Corporation will make efforts for reduction of environmental burdens and realization of a recycling society through such measures as saving water, reducing (curb of the waste), re-using and recycling together with reduction of carbon emission.”

UUR also revised its Environmental Policy in November 2018, stating that UUR will continue to enhance its environmental management system, and is continuing its ongoing efforts to improve its environmental performance.

In addition, UUR has independently established key sustainability issues (materiality), linking each materiality with each objective of the Sustainable Development Goals (SDGs), and evaluating and publishing each fiscal year on the website.

In particular, with regard to the environment, UUR has announced the "Sustainability Targets" on the following website.

"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.). United Urban will accomplish the above mentioned target by such means as introducing highly-efficient equipments suitable to each facility on replacement of air-conditioners or lighting equipments."

Every fiscal year, the amount of electricity used, gas used, CO₂ emissions, and water consumption for properties owned by the UUR is disclosed. As for reducing waste, in addition to the amount of non-hazardous and hazardous waste, the recycling rate, incineration rate, landfill rate, etc. are also disclosed every fiscal year. In this way, information on environmental performance is actively disclosed to the public.

In November 2018, UUR's asset management company, JRA, also signed the "Principles for Responsible Investment" (PRI), which advocates incorporating ESG issues into investment decisions. JRA also participates in the PRI real estate working group and regularly exchanges opinions with other companies. In February 2019, JRA has obtained ISO14001, an international certification for environmental management, and JRA is further strengthening its environmental and other ESG initiatives.

As of March 2019, JRA has CASBEE Real Estate Assessors. JRA is continually working to improve the expertise of its employees.

JCR also believes that JRA's Sustainability Committee, which has expert knowledge and includes management as a member, is involved in determining the investment policy for "green eligible assets," and that JRA has clearly positioned the funding policy, process, and green project selection criteria as an organization.

JCR considers environmental issues to be a high priority for the management of these organizations, and that departments with expert knowledge are clearly involved as organizations in the selection of green bond procurement policies and processes and green projects.

■ Evaluation result

Based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for "Greenness Evaluation (Use of Proceeds) " and "m1" for "Management, Operation and Transparency Evaluation". Consequently, JCR assigns "Green1" as an overall preliminary evaluation result to the bonds. The bond is considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.

[JCR Green Bond Evaluation matrix]

		Management, Operation and Transparency				
		m1	m2	m3	m4	m5
Greenness	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Subject

Issuer: United Urban Investment Corporation (Securities Code: 8960)

[Assignment]

Target	Issue amount	Date of issuance	Redemption date	Interest rate	Preliminary evaluation
Series 19 of unsecured investment corporation bonds (with pari passu conditions among specified corporate bonds)	JPY 10 billion	May 23, 2019	May 22, 2026	To be determined	JCR Green Bond Evaluation: Green 1 Evaluation of Greenness :g1 Management, Operation and Transparency :m1

Sustainable Finance Analysts: Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is assigned and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the proceeds of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. This does not perfectly disclose all the efforts taken by the issuer/borrower to ensure the use of proceeds, administration, management of the proceeds and the transparency.

JCR Green Bond Evaluation is to evaluate the plan or status of the proceeds to green projects at the time of issuing green bonds or planning to issue, and does not guarantee the future actual allocation of the proceeds. JCR does not guarantee the positive environmental effects of green bonds nor is liable for their expected impacts. JCR confirms that the environmental impacts, which will be realized by the allocated proceeds, are calculated quantitatively and qualitatively by the issuer or by a third party requested by the issuer, but in principle JCR does not calculate them by itself.

2. Methodologies used in the conduct of this evaluation

The methodology used in this evaluation are listed on JCR website (Sustainable Finance & ESG in <https://www.jcr.co.jp/en>) as JCR Green Finance Evaluation Methodology.

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. JCR Green Bond Evaluation does not express any opinion on the various risks (credit risk, price fluctuation risk, market liquidity risk, etc.) associated with the green bond, which is the subject to the evaluation. JCR Green Bond Evaluation is a comprehensive statement of opinion at the present time of JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. JCR Green Bond Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from JCR Green Bond Evaluation, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from JCR Green Bond Evaluation, without the permission of JCR is prohibited.

■Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Bond are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■Status of registration as an external reviewer of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)

■Status of registration as a credit rating agency. etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO(Nationally Recognized Statistical Rating Organization. (1)Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

■ For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.