

For Translation Purposes Only

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For Immediate Release

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**Notice Concerning Acquisition of Property  
 (Musashimurayama warehouse (Musashimurayama Logistics Center))**

United Urban Investment Corporation (United Urban) hereby announces that Japan REIT Advisors Co., Ltd. (JRA), the asset management company to which United Urban entrusts asset management services, decided today to acquire the property as set forth below.

**1. Acquisition of the Property**

United Urban will acquire the trust beneficial interest in the following real estate (the “Asset to be Acquired”).

Property Number	Type of Use (Note 1)	Property Name	Location	Scheduled Acquisition Price (Note 2)	Estimated NOI Yield (Note 3)	Estimated NOI Yield After Depreciation (Note 4)	Scheduled Acquisition Date
E13	Other (warehouse)	Musashimurayama warehouse (Musashimurayama Logistics Center) (Note 5)	Musashimurayama, Tokyo	¥1,800 million	5.4%	4.7%	October 30, 2018

(Notes)

- “Type of Use” determined by United Urban is shown. For the details, please refer to “(1) Reason for Acquisition” of “2. Details of Acquisition” below. As for words shown in parentheses, of the types indicated on the real estate register, the primary type is shown.
- “Scheduled Acquisition Price” excludes acquisition costs, property taxes, city planning taxes and consumption taxes and other costs.
- “Estimated NOI Yield” is calculated by (the “Annualized Estimated NOI” / the acquisition price) and expressed as a percentage rounded to first decimal place. “NOI (Net Operating Income)” means the figure equal to an amount subtracting rental expenses (excluding depreciation and amortization) from rental revenues. “Annualized Estimated NOI” means the estimated NOI for 1 year from the acquisition by United Urban, which is calculated based on the terms and conditions of leasing after the acquisition by United Urban.
- “Estimated NOI Yield After Depreciation” is calculated by ((i) an amount deducting “Estimated Depreciation and Amortization” from “Annualized Estimated NOI” / (ii) the acquisition price) and is described as a percentage rounded to first decimal place. “Estimated Depreciation and Amortization” means the estimated depreciation and amortization for 1 year after the acquisition by United Urban, which is calculated under the straight-line method by applying the depreciation ratio to be derived for each depreciable asset of the Asset to be Acquired in accordance with the useful life thereof, based on the accounting policy of United Urban.
- The name of the property as of today is “Musashimurayama warehouse”, but United Urban will change it to “Musashimurayama Logistics Center” at the Scheduled Acquisition Date.

**2. Details of Acquisition**

(1) Reasons for Acquisition

In accordance with the basic asset management policy and its investment approach prescribed in its Articles of Incorporation, United Urban will acquire the Asset to be Acquired for the purpose of further enhancing its portfolio. In making the decision to acquire the Asset to be Acquired, the following aspects (from 1. to 3.) were highly attractive.

## 1. Location

The Asset to be Acquired is on the inner side circled by Route 16 and is close to the center of Tama area (the western part of Tokyo Metropolis). The location is suitable for regional distribution center to the densely populated western part of Tokyo Metropolis and southern part of Saitama prefecture. And consignors of machineries, electronic components, foods, beverages and miscellaneous goods etc. and 3PL providers handling such goods are located there. The Asset to be Acquired is close to city areas, easy to secure workers, and the Asset to be Acquired can be operated 24hours a day. It has an advantage as a relay point of delivery from factories in Saitama prefecture and the western part of Tokyo Metropolis to Tokyo 23 Wards. Also, the location is thought to be the right place for a regional headquarters considering accessibility to the Ken-Ō Expressway and the Chuo Expressway.

## 2. Building

The building of the Asset to be Acquired (the “Property”) is a logistics facility with 4 floors above the ground and total floor space of about 9,200 m<sup>2</sup>. The Property has 2 elevators for luggage and a ceiling fixed crane that can lift up goods as heavy as 2.8t. The Property is also equipped with low-floor truck berths on both sides of the first floor and has an adequate space for loading/unloading, just convenient for tenants in front.

## 3. Tenants, etc.

SANRITSU CORPORATION has been using the Property as a center for storage, handling and distribution of goods since its completion (October, 2001). The lease agreement will expire in October, 2024, and the occupancy is expected to remain stable for years to come.

## 4. Exercise of preferential negotiation right

United Urban acquires the Property by executing its preferential negotiation right (the “Preferential Negotiation Right”) in connection with the investment in preferred equity securities of KICAM Musashimurayama *Tokutei Mokuteki Kaisha* (specific purpose company) (hereinafter, “KICAM Musashimurayama TMK”) (Note).

United Urban has closely studied the Asset to be Acquired paying attention to the effect on the portfolio composition and profitability together with the business environment of United Urban, such as the financial markets and real estate market conditions, etc. United Urban has reached the conclusion that the Asset to be Acquired would contribute to its portfolio’s further growth as well as improvement of quality. When KICAM Musashimurayama TMK is dissolved, United Urban expects to receive liquidation dividend from its equity interest which had been invested in.

(Note)

For an overview of investment in preferred equity securities of KICAM Musashimurayama TMK and the Preferential Negotiation Right, please refer to “Notice Concerning Acquisition of Property (Preferred Equity Securities of KICAM Musashimurayama TMK)” dated October 6, 2017.

## (2) Summary of Acquisition

- |                                |  |
|--------------------------------|--|
| 1. Asset to be Acquired        | : Trust beneficial interest in real estate (Note)  |
| 2. Property Name               | : Musashimurayama warehouse<br>(Musashimurayama Logistics Center)                                      |
| 3. Scheduled Acquisition Price | : ¥1,800 million   |
| 4. Scheduled Agreement Date    | : October 30, 2018<br>(conclusion of the sale and purchase agreement of the trust beneficial interest) |
| 5. Scheduled Acquisition Date  | : October 30, 2018 (transfer of the trust beneficial interest)   |
| 6. Seller                      | : KICAM Musashimurayama TMK  |
| 7. Financing                   | : Cash on hand   |
| 8. Scheduled Date of Payment   | : October 30, 2018   |

(Note) As of today, the Property has not been entrusted. However, the Seller will entrust the Property to Mitsubishi UFJ Trust and Banking Corporation as the trustee by the anticipated acquisition date and United Urban will acquire the Property in the form of trust beneficial interest in real estate.

### (3) Outline of the Property

Property Name	Musashimurayama warehouse (Musashimurayama Logistics Center)	
Type of the Asset	Trust beneficial interest in real estate (Note 1)	
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Note 1)	
Period of Trust Agreement	From October 30, 2018 to October 31, 2028 (Note 1)	
Location	Lot number (Note 2)	2-93-1 · 2-94-1 · 2-94-2 Inadaira, Musashimurayama, Tokyo
	Residential	2-93 Inadaira, Musashimurayama, Tokyo
Access	Approximately 2.2km from Musashi-Sunagawa Station (Seibu Railway Haijima Line) Approximately 4.4km from Akishima Station (JR Ōme Line) Approximately 11km from Hinode Interchange (Ken-Ō Expressway)	
Type (Note 2)	Warehouse · Office	
Site Area (Note 2)	Land	5,788.52 m <sup>2</sup>
	Building	9,207.73 m <sup>2</sup>
Structure and Scale (Note 2)	S 4F	
Type of Ownership	Land	Proprietary Ownership
	Building	Proprietary Ownership
Completion Date (Note 2)	October 2001	
Initial Building Owner	Kurosaki Nainenki Kogyo Co., Ltd.	
Constructor	Nissho Iwai Structural Steel Co., Ltd.	
Scheduled Acquisition Price	¥1,800 million	
Appraisal Value	¥1,870 million	
Date of Value Estimate	October 1, 2018	
Appraisal Agency (Appraisal Method)	Appraisal by Japan Real Estate Institute	
Probable Maximum Loss (PML)	14%	
Collateral	None	
Special Notations	None	
Details of Tenant (Note 3)		
Total Number of Tenants	1	
Security Deposit	Undisclosed (Note 4)	
Total Rental Revenues (yearly)	Undisclosed (Note 4)	
Total Leasable Floor Space	9,237.87 m <sup>2</sup>	
Total Leased Floor Space	9,237.87 m <sup>2</sup>	
Occupancy Ratio	100.0%	
Reference		
Estimated Annualized NOI (Note 5)	¥96 million	
Estimated NOI Yield (Note 5)	5.4%	

(Notes)

- As of today, the Property has not been entrusted. However, the Seller will entrust the Property to Mitsubishi UFJ Trust and Banking Corporation as the trustee by the anticipated acquisition date and United Urban will acquire the Property in the form of trust beneficial interest in real estate.
- Each piece of information in the “Location (Lot number),” “Type,” “Site Area,” “Structure and Scale” and “Completion Date” is described as it appears on the real estate register.
- “Details of Tenant” is based on the schedule as of acquisition the Asset to be Acquired.
- Not disclosed, due to unavoidable circumstances where the consent for the disclosure has not been obtained from the tenant.
- For the definition of “NOI (Net Operating Income)” and “Estimated Annualized NOI”, please refer to Note 4 of “1. Acquisition of the Property” above. The estimated occupancy ratio is 100.0%.

### (4) The Seller’s Profile

Company Name	KICAM Musashimurayama TMK
Address	2-6-1 Nishi-shinjuku, Shinjuku-ku, Tokyo
Representative	Takeshi Nakajima, Director
Principal Business	1. Acquisition, management and disposition of specified assets based on Asset Securitization Plan under the Asset Securitization Act 2. Other businesses relating to the aforementioned item
Specified Capital Amount	¥10 thousand (As of October 1, 2018)
Preferred Equity Amount	¥740 million (As of October 1, 2018)
Date of Foundation	August 2017

Specific Investor	As of October 1, 2018	
	Name of specific investor	Rate
	KICAM	100%

  

Relationship with United Urban or JRA	
Capital Ties	United Urban holds preferred equity securities of KICAM Musashimurayama TMK (5units, ownership ratio 6.8 %). Other than the above, there are no significant capital ties.
Personal Relationship	There are no significant personal relationships.
Business Relationship	There are no significant business relationships.
Standing to Related Party	KICAM Musashimurayama TMK falls under neither the category of “related parties, etc.” (the “Related Party”) under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended) nor the category of the sponsor/stakeholder (“Sponsor/Stakeholder”) under the self-imposed rules (rules for conflicts of interest) of JRA.

(5) Aspects of the Owners of the Property and Others

The Asset to be Acquired will not be acquired from special related parties of United Urban or JRA.

(6) Outline of Intermediary

1. Outline of Broker

The broker is a domestic operating corporation. However, the broker’s details are not disclosed because the broker has not given its consent for the disclosure of its profile, etc. As of today, the broker falls under neither the category of the Related Party nor the category of Sponsor/Stakeholder. In addition, United Urban and JRA have no significant capital ties, personal relationships and transactions with the broker, and the broker is not a related party of United Urban and JRA.

2. Details and Amount of Brokerage

The amount of commission is not disclosed, due to unavoidable circumstances where the consent for the disclosure has not been obtained from the broker. The amount of commission for the broker is an amount less than the upper limit (3% of the acquisition price plus 60,000 yen (excluding consumption taxes) stipulated in the Building Lots and Buildings Transaction Business Act).

(7) Transactions with Interested Party and Sponsor/Shareholder

Not applicable.

### 3. Method of Settlement and Acquisition Schedule

(1) Method of Settlement

As of today, the payment to the Seller will be a lump-sum payment upon the delivery of the Property.

(2) Acquisition Schedule

The schedule for acquisition of the Asset to be Acquired is as follows.

Decision of acquisition	October 29, 2018
Conclusion of sale and purchase agreement of trust beneficial interest (scheduled)	October 30, 2018
Transfer of trust beneficial interest (scheduled)	
Payment (scheduled)	

### 4. Outlook of Operating Condition

United Urban does not make any changes to the forecasts of financial results for the thirtieth fiscal period (period ending November 30, 2018) and the thirty-first fiscal period (period ending May 31, 2019) as the effect of the acquisition of the Asset to be Acquired is immaterial.

## 5. Summaries of Appraisal Report

Appraisal Value	¥1,870,000 thousand
Appraisal Agency	Japan Real Estate Institute
Date of Value Estimate	October 1, 2018

(thousands of yen, unless otherwise indicated)

Item	Details	Grounds
Income approach price	1,870,000	—
Price by Direct Capitalization Method	1,900,000	—
(1) Total profit	(Note)	—
(2) Total expenses	(Note)	—
(3) Net operating income (NOI: (1)-(2) )	96,881	—
(4) Operating profit of lump-sum money	(Note)	—
(5) Capital expenditures (including routine repairs)	(Note)	—
(6) Net cash flow (NCF: (3)+(4)-(5))	93,126	—
(7) Cap rate	4.9%	Assessed based on a real-estate investment yield set for each area, by adjusting it with the spreads arising from location requirements, standing of the building and other conditions for the subject property and by taking into account any future uncertainties and yields from similar real estate deals, etc.
Price by discounted cash flow method	1,830,000	—
Discount rate	4.7%	—
Terminal cap rate	5.2%	—
Cost approach price	1,610,000	Land ratio: 74.7%, Building ratio: 25.3%

Other specific matters the appraisal agency has paid attention in appraising the property	None
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(Note) JRA has deemed that disclosing this information would have an adverse effect on United Urban's competitive position and may harm the interests of the unitholders. Therefore, this information will not be disclosed.

### **Attached Materials**

1. Portfolio Summary
2. Photo and Map

**Reference Material 1**
**Portfolio Summary**

As of October 30, 2018 (Scheduled)

[Distribution by Type of Use]

Type of Use	Number of Properties (Note 1)	(Scheduled) Acquisition Price (Note 2)	
		Amount (millions of yen)	Ratio
Retail Properties	35	188,000	30.5%
Office Buildings	36	201,764	32.7%
Hotels	17	130,927	21.2%
Residential Properties	21	45,916	7.4%
Others	13	50,208	8.1%
<b>Total</b>	<b>119</b>	<b>616,815</b>	<b>100.0%</b>

[Distribution by Geographical Location]

Location (Note 3)	Number of Properties	(Scheduled) Acquisition Price (Note 2)	
		Amount (millions of yen)	Ratio
6 Central Wards of Tokyo	26	129,977	21.1%
23 Wards of Tokyo	13	52,408	8.5%
Tokyo Metropolitan Area	32	199,102	32.3%
Other Regions	48	235,328	38.2%
<b>Total</b>	<b>119</b>	<b>616,815</b>	<b>100.0%</b>

(Notes)

- Each of “maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site),” a retail property/office building complex and “Shin-Osaka Central Tower” and “SS30”, an office building/hotel complex have been counted as one property for each type of use, while counted as one property in the total row, respectively. Therefore, the number of properties of each type does not add up to the total.
- Figures have been rounded to the nearest unit. There is the possibility the aggregated figures shown are not the same as the actual figures. The percentage is shown by rounding down to the nearest digit and there is the possibility that the aggregated figures are not the same as the actual total figures.
- The definition of geographical investment location is as set forth below.

Tokyo Metropolitan Area (Note a)			Other Regions (Note b)
Six Central wards of Tokyo	23 wards of Tokyo	Tokyo metropolitan area	Major Japanese cities including government designated cities (excluding those in Tokyo Metropolitan Area) and the surrounding areas thereof
Chiyoda-ku, Minato-ku, Chuo-ku, Shinjuku-ku, Shibuya-ku, and Shinagawa-ku	23 wards of Tokyo except for six central wards of Tokyo	Tokyo metropolitan area excluding 23 wards of Tokyo	

(Notes)

- Tokyo Metropolitan Area refers to Tokyo as well as Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures.
- Other Regions includes Osaka Area (Osaka Prefecture, Kyoto Prefecture and Hyogo Prefecture), Nagoya Area (Aichi Prefecture, Mie Prefecture and Gifu Prefecture) and Other cities (excluding Tokyo Metropolitan Area, Osaka Area and Nagoya Area).

- Property to be acquired contained in the above charts is as follows:

Type of Use	Type	Location	Property Name	Scheduled Acquisition Date	Scheduled Acquisition Price	
					Amount (millions of yen)	Ratio
Other	Warehouse	Tokyo metropolitan area	Musashimurayama warehouse (Musashimurayama Logistics Center)	Oct. 30, 2018	1,800	0.3%

- United Urban acquired “the adjacent site to the b roppongi” for constructing an extension of “the b roppongi” (the building with leasehold was acquired as of November 18, 2016, and the land was acquired as of January 13, 2017.). Then “the adjacent site to the b roppongi” is recognized as a property associated with “the b roppongi”. Therefore, acquisition of “the adjacent site to the b roppongi” is not reflected on above “Summary of Portfolio”.
- “Himonya Shopping Center”’s acquisition price as of October 30, 2018 is ¥7,497 million, which corresponds to 49% of its initial acquisition price (¥15,300 million).
- In addition to the properties in the above chart, United Urban has an asset as follows;

Type of the Asset and Asset Name etc.	Outline of the Asset	Acquisition Date	Scheduled Acquisition Price (millions of yen)	
Preferred equity securities of Tenjin 123 Project TMK (the b fukuoka tenjin)	1,130 units	Apr. 21, 2016	74	Total: 93
	367 units	Oct. 3, 2016	18	
Preferred equity securities of KICAM Musashimurayama TMK (Musashimurayama warehouse)	5 units	Oct. 12, 2017	50	

When each of TMK is dissolved, United Urban expects to receive each liquidation dividend from its equity interest which had been invested in.

- The latest information about United Urban’s portfolio is disclosed on United Urban’s website.  
[http://www.united-reit.co.jp/eng/cms/portfolio/port\\_list.html](http://www.united-reit.co.jp/eng/cms/portfolio/port_list.html)

Photo and Map

[Photo]



[Map]

