

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Debt Financing by Joint Money Trust (UUR Green Trust)

United Urban Investment Corporation (United Urban) hereby announces its decision on its debt financing as set forth below.

1. Details of Debt Financing

Green Trust Loan 1 (GT01)

Amount of Borrowing	:	¥ 10,000 million
Lender	:	Sumitomo Mitsui Trust Bank, Ltd. (Trust Account) (Note)
Borrowing Period	:	September 28, 2018 ~ September 29, 2023
Interest Rate	:	0.250% (fixed interest rate)
Interest Payment Date	:	The last day of every March and September thereafter (if the interest payment date is not a business day, preceding business day will be applied.) until March 29, 2019 as the first interest payment date.
Principal Repayment Method	:	Lump-sum repayment of unpaid principal on the Principal Repayment Date
Collateral	:	Unsecured

(Note) Loan agreement with the lender is to be concluded on September 26, 2018 based on the jointly operated designated money trust (UUR Green Trust) arranged by Sumitomo Mitsui Trust Bank, Ltd. For details of the scheme and others about UUR Green Trust Loan, please refer to 3. UUR Green Trust on page 2.

2. Use of Proceeds

United Urban intends to use all the proceeds of this debt financing (total: ¥10,000 million) to replenish its cash balance, a part of which was allocated to the repayment of the borrowing (total: ¥7,300 million) on September 20, 2018 (Note 1) and is to be used for the acquisition of “the b fukuoka tenjin (the Property)” scheduled on September 27, 2018 (scheduled acquisition price: ¥3,000 million) (Note 2).

(Notes)

1. Overview of the existing borrowings is as the table below.

2. For details of acquisition of the Property, please refer to the press release “Notice Concerning Acquisition of Property (the b fukuoka tenjin)” dated July 31, 2018.

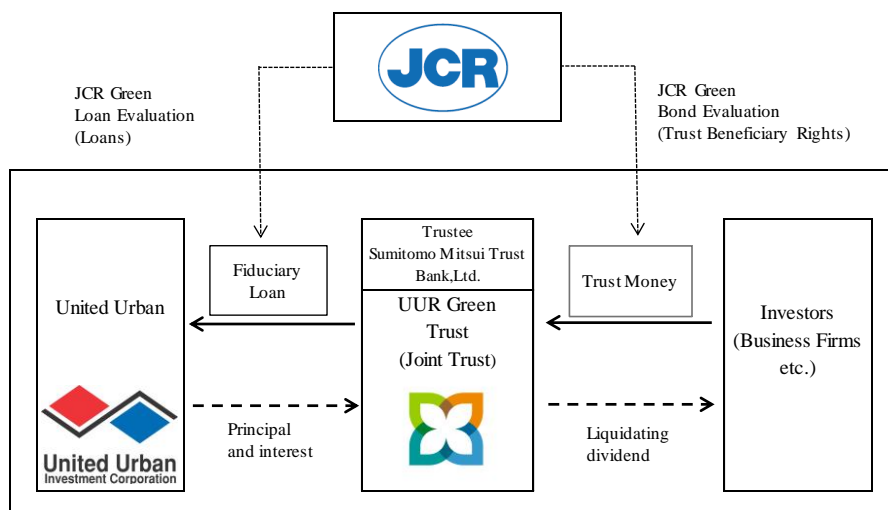
Title	Lenders	Amount of Borrowings (Millions of yen)	Drawdown Date	Repayment Date	Disclosed Date
Term Loan 35A	Development Bank of Japan Inc.	2,800	September 27, 2011	September 20, 2018	September 21, 2011
Term Loan 72A	THE NISHI-NIPPON CITY BANK, LTD. The Nomura Trust and Banking Co., Ltd. The Kagawa Bank, Ltd.	2,500	September 20, 2013		September 18, 2013
Term Loan 73A	The Ashikaga Bank, Ltd.	1,000	September 20, 2013		
Term Loan 75A	Shinkin Central Bank	1,000	November 1, 2013		October 29, 2013
Total		7,300	-	-	-

3. UUR Green Trust

UUR Green Trust is the Joint Money Trust of loan which will be invested in acquisition of the existing and/or new “Eligible Green Assets” (Note 1), or repayment of the existing debts that have already been used for acquisition of the Eligible Green Assets. UUR Green Trust complies with the international lines of the “Green Bond Principles” (Note 2) and “Green Loan Principles” (Note 3).

In the “Green Finance Evaluation” by Japan Credit Rating Agency, Ltd. (JCR) (Note 4), the loans to United Urban is rated as “Green1”, the highest rating in JCR’s “Green Loan Evaluation” and the trust beneficiary rights is also rated as “Green1”, the highest in JCR’s “Green Bond Evaluation”.

Scheme Diagram



In case that, United Urban raises funds by “Green Finance” (Note 5) including this financing, the total amount of “Green Finance” should be within the “Limit of Green Finance” (Note 6) which is defined on “Asset Management Guideline of Japan REIT Advisors Co., Ltd. (JRA)”, the asset management company to which United Urban entrusts asset management services. As long as outstanding balance of the Green Finance exists, United Urban will disclose the total amount of all the Eligible Green Assets, the acquisition prices, and quantitative environmental performance indicators of the Eligible Green Assets (electricity usage, fuel and water consumptions and CO² emissions, however, limited to those United Urban has energy management authority) on its website more than once a year.

(Notes)

1. In the Asset Management Guideline of JRA, the new and existing properties that have or are expected to obtain DBJ Green Building certification (three stars or better), CASBEE real estate certification (A rank or higher), or BELS evaluation (two stars or better) (collectively

- referred to as the “environmental certification”) are defined as “Green Eligible Assets” and JRA will take actions positively to receive the environmental certification. The efforts are also to be made to acquire the environmental certification through initiatives including improvement of the environmental performance of the properties that have not acquired the environmental certification.
2. Green Bond Principles was established by International Capital Market Association as an international guideline on issuance of green bonds. “Green Bond” is a type of bond instrument issued by investment corporations, limited companies, and municipalities to be used for “green projects” which bring about clearly beneficial results for global environment.
 3. Green Loan Principles was established by Loan Market Association and Asia Pacific Loan Market Association as an international guideline of loans used only for environmental fields and comprises four main items (1. Use of Proceeds, 2. Process for Project Evaluation, 3. Management of Proceeds, 4. Reporting).
 4. For details of JCR Green Finance Evaluation, please refer to the website of Japan Credit Rating Agency, Ltd. (<https://www.jcr.co.jp/en/>).
 5. In the Asset Management Guideline of JRA, the Green Finance is defined as loans and bonds that will be used for acquisition of the existing/new Eligible Green Assets or refinancing of the existing debts that have already been allocated to the Eligible Green Assets. If the funds are unallocated to the Green Eligible Assets, the funds are to be used for the appropriate purpose as soon as possible (about within 6 months from the financing).
 6. It is calculated by multiplying the total book value of Eligible Green Assets by United Urban’s LTV ratio as of the end of the latest fiscal period (approx. 54 billion yen as of May 31, 2018).

4. Purpose of Debt Financing

Considering ESG (Environment, Social, and Governance), United Urban and JRA will make efforts for improvement in sustainability. United Urban has established the “Environmental Policies” and “Sustainability Objectives” for decrease of environmental burden on its properties. In addition, various environmental assessments from third parties have been obtained for reference.

United Urban decided to enter into UUR Green Trust using the Joint Money Trust arranged by Sumitomo Mitsui Trust Bank, Ltd. This financing is expected to attract investors that have deep interest in ESG, diversify funding methods of United Urban and raise United Urban’s presence in the Green Finance market.

Furthermore, this is the first case of finance using trust scheme among J-REITs.

5. Balance of Interest-Bearing Liabilities after the Financing (Note 1)

(Millions of yen)			
	Before Borrowings	After Borrowings	Change
Short-term borrowing (Note 2)	-	-	-
Long-term borrowing (Note 3)	220,384	230,384	+10,000
Total	220,384	230,384	+10,000
Corporate bonds	32,000	32,000	-
Total interest-bearing liabilities	252,384	262,384	+10,000

(Notes)

1. Amounts are rounded down to the nearest million yen. Accordingly, addition or subtraction of the above interest-bearing liabilities amounts does not always equal to the total amount or the amount of increase or decrease.
2. Borrowing lasting within one year from the drawdown date to the repayment date.
3. Borrowing lasting over one year from the drawdown date to the repayment date and includes long-term borrowings to be repaid within one year and this matter (Green Trust Loan 1).

6. Other

For the risks concerning repayment of the borrowings, there are no significant changes from “Risks concerning Borrowings and Investment Corporate Bonds” of “Investment Risks” described in Information under AIFMD Article 23 (for UK and Dutch investors) dated September 20, 2018.