

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Acquisition of Property (Park Axis Akatsuka)

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 properties as set forth below.

1. Acquisition of the Property

United Urban will acquire 45% co-ownership of 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
D31	Residential Properties (apartment)	Park Axis Akatsuka	Itabashi-ku, Tokyo	¥1,980 million	4.3%	3.8%	March 30, 2020

(Notes)

- “Type of Use” determined by United Urban is shown. 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.

2. Details of Acquisition

(1) Reasons for Acquisition

In the real estate investment market, investment opportunities for quality residential properties in good location are limited. The price of residential properties in 23 wards of Tokyo, where the stable leasing demand is expected, has been particularly kept high, and the acquisition environments remain highly competitive.

Under such circumstances, Marubeni Corporation, a sponsor of United Urban, and Mitsui Fudosan Residential Co., Ltd. have been jointly engaged in a development of the real estate (hereinafter referred to as the “Property”), followed by its lease operation for about one and a half years. United Urban has recognized its stable operation at high occupancy rate and agreed with Marubeni Corporation to acquire 45% co-ownership

of the Property owned by Marubeni Corporation.

55% co-ownership owned by Mitsui Fudosan Residential Co., Ltd. is planned to be acquired by Nippon Accommodations Fund Inc. (hereinafter referred to as “Co-owner”) on the date that is the same scheduled acquisition date of United Urban. After acquisition, United Urban will jointly operate the Property with the Co-owner.

Furthermore, the followings were evaluated.

Location

The Property is located 1 minutes’ walk from Shimo-akatsuka Station on the Tobu Tojo Line and 3 minutes’ walk from Chikatetsu-akatsuka Station on Tokyo Metro Yurakucho Line and Fukutoshin Line. From the nearest station to terminal stations in 23 wards of Tokyo, such as Ikebukuro Station, Shibuya Station and Otemachi Station, it only takes about 13 minutes, 30 minutes, and about 35 minutes respectively.

The Property sits at the end of a shopping street with supermarkets and restaurants. And the first floor of the Property houses a drug store, a laundry shop, etc. It can be said that the Property is in an area with excellent living convenience.

Building

The Property is completed in 2018 as a luxury monotone designed rental apartment for single household and has 13 floors, 156 houses and 3 stores. The unit size varies from 25 to 30 m², which is considered to be large enough for single living. As for the unit type, with a focus on Studio type, there are 1K and 1DK types available.

The level of amenities is more than the recent standards, including a shoe closet, a walk-in closet (for partial units), a bathroom ventilation dryer, an intercom with a TV monitor. The Property is also equipped with resident-friendly securities such as non-contact keyed elevators and surveillance cameras in common area. In addition, the Property provides residents with living convenience, including a 24-hour garbage storage and a delivery box.

The vicinity of the Property is a residential area with detached houses and low-rise apartment buildings. The Property stands out in the area as there are few mid- to high-rise apartments around, and offers a comfort living with excellent views, hours of sunshine and ventilations.

Tenants, etc.

Tenants on the 1st floor are a drug store, a laundry shop and a restaurant (take-out sushi) and the 2nd floor or higher are let by residents. About 40% of the residential contracts are based on the corporate contracts with companies which are mainly located along the Tokyo Metro Yurakucho Line. Advantage of the Property is closeness to two stations, and the rent level is reasonable for the grade of the Property. Therefore, stable operation with solid demand is expected going forward.

(2) Summary of Acquisition

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|--------------------------------|--|
| 1. Asset to be Acquired | : Real estate (45% co-ownership) |
| 2. Property Name | : Park Axis Akatsuka |
| 3. Scheduled Acquisition Price | : ¥1,980 million |
| 4. Agreement Date | : March 23, 2020
(conclusion of the purchase and sales agreement of real estate co-ownership) |
| 5. Scheduled Acquisition Date | : March 30, 2020 (transfer of ownership) |
| 6. Seller | : Marubeni Corporation |
| 7. Financing | : Cash on hand (scheduled) |
| 8. Scheduled Date of Payment | : March 30, 2020 |

(3) Outline of the Property (Note 1)

Property Name	Park Axis Akatsuka		
Type of the Asset	Real estate (45% co-ownership)		
Location	Lot number (Note 1)	2-800-10 Akatsuka, Itabashi-ku, Tokyo	
	Displayed Address	2-2-18 Akatsuka, Itabashi-ku, Tokyo	
Access	1-minute walk from Shimo-akatsuka Station (Tobu Tojo Line), 3-minute walk from Chikatetsu-akatsuka Station (Tokyo Metro Yurakucho Line and Fukutoshin Line)		
Type (Note 2)	Apartment, Store		
Site Area	Land	Total Site Area (Note 2)	1,137.49 m ²
		(45% co-ownership)	511.87 m ²
	Building	Total Floor Area (Note 2)	5,433.60 m ²
		(45% co-ownership)	2,445.12 m ²
Structure and Scale (Note 2)	RC・S 13F		
Type of Ownership	Land	Ownership of right of site (co-ownership)	
	Building	Compartmentalized ownership (co-ownership)	
Completion Date (Note 2)	September 2018		
Initial Building Owner	Mitsui Fudosan Residential Co., Ltd. and Marubeni Corporation		
Constructor	SATO KOGYO CO., LTD.		
Scheduled Acquisition Price	¥1,980 million (45% co-ownership)		
Appraisal Value	¥2,070 million (45% co-ownership)		
Date of Value Estimate	January 31, 2020		
Appraisal Method	Appraisal by The Tanizawa Sōgō Appraisal Co., Ltd.		
Probable Maximum Loss (PML)	12%		
Collateral	None		
Special Notations	(Arrangement with the Co-owner) The Arrangement, an agreement sharing co-ownership between United Urban and the Co-owner, will be concluded on the same date as the Agreement date.		
	<u>Main items of the Arrangement</u> <ul style="list-style-type: none"> • Items related to the maintenance, management and operation of the Property shall be conducted in accordance with the will of a co-owner who holds a majority of the co-ownership interest. For specific matters (reconstruction, etc.), the agreement of all co-owners shall be required. • When transferring the co-ownership interest to a third party, United Urban and the Co-owner must transfer the co-ownership interest to one transferee in a lump manner. • In case that United Urban or the Co-owner seeks to sell its co-ownership interest to a third party, it shall be required to inform the other party in writing, and if the other party wants to purchase, it shall grant a preferential purchase negotiation right for a transfer of the relevant co-ownership interest to the other party. • United Urban and the Co-owner shall not demand a division of the relevant co-ownership interest for five years from the Arrangement date. 		
Details of Tenant (Note 3)			
Total Number of Tenants (Note 4)	154		
Security Deposit	¥49 million		
Total Rental Revenues (yearly)	¥224 million		
Total Leasable Floor Space	4,370.31m ²		
Total Leased Floor Space	4,234.77m ²		
Occupancy Ratio	97%		
Reference			
Estimated Annualized NOI (Note 5)	¥85 million (45% co-ownership)		
Estimated NOI Yield (Note 5)	4.3% (45% co-ownership)		

(Notes)

1. The contents of each item in the above table are for the entire property, unless otherwise specified.
2. 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.
3. “Details of Tenant” is described as of February 29, 2020.
4. A pass-through-type master lease agreement will be concluded between the trustee and the master lessee with regard to the Property. Therefore, the “Total Number of Tenants” figure is stated by aggregating the number of end tenants subleased to by the master lessee.
5. For the definition of “NOI (Net Operating Income)” and “Estimated Annualized NOI”, please refer to Note 3 of “1. Acquisition of the Property” above. The estimated occupancy ratio is 97%.

(4) The Seller's Profile

Company Name	Marubeni Corporation	
Address	Tokyo Nihombashi Tower 2-7-1 Nihonbashi, Chuo-ku, Tokyo	
Representative	Masumi Kakinoki, President & CEO	
Principal Business	General trading company business	
Capital (Fund)	¥262,686 million (As of March 31, 2019)	
Date of Foundation	December 1949	
Net Assets	¥677,638 million (As of March 31, 2019)	
Total Assets	¥3,392,806 million (As of March 31, 2019)	
Major Shareholder(s)	As of March 31, 2019	
	Shareholder	Rate
	The Master Trust Bank of Japan, Ltd. (Trust account)	6.79%
	Japan Trustee Services Bank, Ltd. (Trust account)	5.61%
Relationship with United Urban or JRA		
Capital Ties	Marubeni Corporation is the parent company of JRA.	
Personal Relationship	Nine employees seconded from Marubeni Corporation are at JRA.	
Business Relationship	There are no business relationships.	
Standing to Related Party	Marubeni Corporation falls under the category of the Related Party and the category of the Sponsor/Stakeholder. Therefore, in acquiring the Property, JRA is abiding by the predetermined limitations and procedures of JRA. (Note)	

(Note)

In view of avoiding the conflicts of interest, JRA has established the restrictions and procedures for transactions, etc. between United Urban and Sponsor/Stakeholder in its internal rules on transactions (including a brokerage of a sale of an asset to be sold) with Sponsor/Stakeholder, which are called the "Investment Committee Rules on Transactions with Sponsor/Stakeholder."

The specific rules include the following: (i) When acquiring assets from Sponsor/Stakeholder, the acquisition price shall be the same as or less than the appraisal value; (ii) When selling assets to Sponsor/Stakeholder, the sale price shall be the same as or more than the appraisal value; and (iii) When Sponsor/Stakeholder is involved in the brokerage, etc. of acquisition or sale of assets with good reason, the commission for the acquisition or sale of assets shall be not more than 3% of the acquisition or sale price.

In addition, specific procedures set forth are that, when United Urban and Sponsor/Stakeholder engage in a transaction, etc., the deliberation and resolution of the Investment Committee (the JRA's autonomous body that enters into deliberations and makes decisions on asset management and performs asset management evaluations, etc.), which includes a chairman and an outside expert, shall be required, and that the resolution must be passed by the unanimous agreement of the members of Investment Committee who have voting rights (a member of the Investment Committee who has a special interest in the resolution may not participate in the vote). The agenda of the Investment Committee are to be deliberated at the Compliance Committee, the chairman of which is Chief Compliance Officer who is in charge of compliance duties, and which includes an outside expert, from the view point of the compliance with laws and regulations, guidelines, internal rules, etc. The same shall apply hereinafter.

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

Property name	Park Axis Akatsuka		
Standing of the property owners	Current owner or beneficiary of the trust	Previous owner or beneficiary of the trust	Preceding owner or beneficiary of the trust
Company name / Name	Marubeni Corporation	A party who does not have particular interest with United Urban or JRA	-
Relationship with special related parties	Interested Party and Sponsor/Stakeholder	-	-
Process of acquisition and reasons	Rental housing development	-	-
Acquisition price	Omitted because the current owner has owned for more than one year	-	-
Date of acquisition	May 2016 (Land)	-	-

(6) Outline of Intermediary Not applicable.

(7) Transactions with Interested Party and Sponsor/Shareholder

Seller	Marubeni Corporation	Marubeni Corporation falls under the categories of both the Related Party and the Sponsor/Stakeholder, and therefore, JRA is abiding by the predetermined limitations and procedures of JRA. Concerning the acquisition of the Property, United Urban will pay Marubeni Corporation ¥1,980 million (excluding acquisition costs, property tax, city planning tax and consumption tax) as an acquisition price.
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3. Method of Settlement and Acquisition Schedule

(1) Method of Settlement

The payment to the seller will be paid in a lump-sum upon the delivery of the Property, using cash on hand.

(2) Acquisition Schedule

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

March 23, 2020	Decision of acquisition and conclusion of sale and purchase agreement of real estate co- ownership
March 30, 2020	transfer of ownership and payment (scheduled)

4. Outlook of Operating Condition

United Urban does not make any changes to the business forecasts for the thirty-third fiscal period (period ending May 31, 2020) and the thirty-fourth fiscal period (period ending November 30, 2020) as the effect of the acquisition of the Asset to be Acquired is not significant.

5. Summaries of Appraisal Report

Appraisal Value	¥2,070,000 thousand (45% co-ownership)
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.
Date of Value Estimate	January 31, 2020

* The outline of the appraisal report for 100% co-ownership interest is shown below.

(thousands of yen, unless otherwise indicated)

Item	Details	Grounds
Income approach price	4,610,000	—
Price by Direct Capitalization Method	4,650,000	—
(1) Total profit (Effective total profit: 1+2+3+4-5-6)	234,995	—
1. Potential total profit (rental revenues, common area charges)	234,722	Assessed based on the competitiveness of the subject property, the current status of occupancy, the scheduled move-in and move-out of tenants, the market environment, etc.
2. Utility revenues	313	Assessed based on the past performance, etc.
3. Parking revenues	5,280	Assessed based on the past performance, etc.
4. Other revenues	9,071	Assessed based on the competitiveness of the subject property, the market environment, the past performance, etc.
5. Losses from vacancies	14,391	Assessed based on the competitiveness of the subject property, the past performance, market environment, etc.
6. Bad debt losses	0	Judged that no bad debt losses need to be recorded because secured by security deposits, etc.
(2) Total expenses (7+8+9+10+11+12+13+14)	42,272	—
7. Administrative and maintenance fees	5,139	The fees are estimated based on the contents of the services to be entrusted and the trend of the past performance, etc.
8. Utilities	3,251	The revenues are assessed based on the past performance.
9. Repairs	3,718	Assessed by the status of building management, grade of the building, the building ages, etc.
10. Property and other tax	12,831	Recorded in reference to the document about taxation and considering the burden adjustment measures etc.
11. Property Management Fee	6,771	Assessed by the content of outsourcing contract based on the proposal of rental management operation business.
12. Advertising expenses for tenants, etc.	6,293	Assessed based on the content of outsourcing contract.
13. Casualty insurance	508	Based on insurance amount and contract details.
14. Other expenses	3,759	Assessed based on the past performance and contract details.
(3) Net operating income (NOI: (1)-(2))	192,722	—
(4) Operating profit of lump-sum money	489	Assessed the amount of deposit etc. at the time of new contract from the competitiveness of the property, market environment etc., the investment yield is assessed as 1% based on the recent rate of return on financial assets and future economic forecasts.
(5) Capital expenditures (including routine repairs)	2,500	Assessed by the status of building management, grade of the building, the building ages, and dedicated part grade etc.
(6) Net cash flow (NCF: (3)+(4)-(5))	190,712	—
(7) Cap rate	4.1%	Assessed through comparison of transaction yields of properties in the neighborhood or in the similar area, etc. within the same demand-supply zone.
Price by Discounted Cash Flow method	4,590,000	—
Discount rate	4.2%	—
Terminal cap rate	4.3%	—
Cost approach price	4,650,000	Land ratio: 75.3%, Building ratio: 24.7%
Other specific matters the appraisal agency has paid attention in appraising the property	None	

Attached Materials

1. Portfolio Summary
2. Photo and Map

Reference Material 1
Portfolio Summary

As of March 30, 2020 (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	192,654	29.1 %
Office Buildings	36	201,764	30.5 %
Hotels	21	158,926	24.0 %
Residential Properties	22	47,066	7.1 %
Others	14	62,100	9.4 %
Total	125	662,510	100.0%

[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	27	135,421	20.4 %
23 Wards of Tokyo	13	46,061	7.0 %
Tokyo Metropolitan Area	34	223,145	33.7 %
Other Regions	51	257,883	38.9 %
Total	125	662,510	100.0%

(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
Residential Properties	Apartment	23 Wards of Tokyo	Park Axis Akatsuka (45% co-ownership)	March 30, 2020	1,980	0.3%

- The latest information about United Urban’s portfolio is disclosed on United Urban’s website.
<https://www.united-reit.co.jp/en/portfolio/index.html>

Reference Material 2

Photo and Map

[Photo]



[Map]

