

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

United Urban Investment Corporation (“United Urban”) hereby announces that the board of directors’ meeting of United Urban, held on June 4, 2019, resolved the issuance of new investment units and sale of the outstanding investment units (secondary offering), as set forth below.

1. Issuance of New Investment Units by Way of Public Offering (Public Offering)

- (1) Number of investment units to be offered : 55,000 units
- (2) Amount to be paid in (issue value) : To be determined
(The amount to be paid in shall be determined at the board of directors’ meeting to be held on one of the dates between June 12, 2019 (Wednesday) and June 17, 2019 (Monday) (the “Determination Date”). Moreover, the amount to be paid in (issue value) refers to the amount United Urban shall receive for one investment unit.
- (3) Total amount to be paid in (total issue value) : To be determined
- (4) Issue price (offer price) : To be determined
- (5) Offering method : All investment units shall be offered through a public offering and shall be underwritten and purchased by underwriters. Moreover, the offer price for the Public Offering shall be determined on the Determination Date, based on the provisional pricing range which is obtained by multiplying the closing price of the investment units of United Urban at the Tokyo Stock Exchange, Inc. (“TSE”) on the Determination Date (or, if no closing price is quoted on such date, the closing price on the immediately preceding date) by 0.90-1.00 (any fraction less than one Japanese yen shall be rounded down), considering the demand for new investment units and other conditions.
- (6) Underwriting agreements : The underwriters shall pay to United Urban the total amount to be paid in (total issue value) on the payment date indicated in (9) below. The difference between the total issue price (offer price) and the total amount to be paid in (total issue value) arising in the Public Offering will be the proceeds of the underwriters. United Urban will not pay underwriting fees to the underwriters.
- (7) Unit for application : One unit or more in increments of one unit

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- (8) Application period : From the business day immediately following the Determination Date to the second business day immediately following the Determination Date.
- (9) Payment date : One of the dates between June 19, 2019 (Wednesday) and June 24, 2019 (Monday). This date shall be the fifth business day after the Determination Date.
- (10) Delivery and settlement date : The business day immediately following the payment date.
- (11) The issue price (offer price), the amount to be paid in (issue value), and other necessary matters regarding the issuance of new investment units will be determined at the board of directors' meeting to be held hereafter.
- (12) Each of the aforementioned items will be subject to the effectiveness of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act of Japan.

2. Secondary Offering of Investment Units (Secondary Offering through Over-Allotment)

(Please refer to “[Reference] 1. Secondary Offering through Over-Allotment and Other Matters”.)

- (1) Seller : One of the underwriters of the Public Offering
- (2) Number of investment units to be sold : 8,250 units
 The number of investment units to be sold as set forth above is the number of investment units to be sold in the Secondary Offering through Over-Allotment to be conducted by one of the underwriters of the Public Offering after considering the demand and other conditions in connection with the Public Offering. The number of investment units to be sold as set forth above represents the maximum number of investment units to be sold in the Secondary Offering through Over-Allotment. The number of investment units to be sold in the Secondary Offering through Over-Allotment may be reduced, or the Secondary Offering through Over-Allotment itself may be canceled entirely, depending on the demand for the Public Offering and other conditions. The number of investment units to be sold shall be determined at the board of directors' meeting to be held on the Determination Date, given the demand for the Public Offering.
- (3) Selling price : To be determined
 (The selling price will be determined at the board of directors' meeting to be held on the Determination Date. The selling price shall be the same as the issue price (offer price) for the Public Offering.)
- (4) Total selling price : To be determined
- (5) Method of the secondary offering : Given the demand and other conditions of the Public Offering, one of the underwriters of the Public Offering, conducts a secondary offering of up to 8,250 investment units of United Urban (the “Borrowed Investment Units”) that will be borrowed by one of the underwriters of the Public Offering from Marubeni Corporation and Japan REIT Advisors Co., Ltd. (“JRA”), the unitholders of United Urban.
- (6) Unit for application : One unit or more in increments of one unit
- (7) Application period : Same as the application period for the Public Offering.
- (8) Delivery and settlement date : Same as the delivery and settlement date for the Public Offering.
- (9) The selling price and other necessary matters regarding the Secondary Offering through Over-Allotment will be determined at the board of directors' meeting to be held hereafter.
- (10) Each of the aforementioned items will be subject to the effectiveness of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act of Japan.

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3. Issuance of New Investment Units by Way of Third-Party Allotment

- (1) Number of units to be offered : 8,250 units
- (2) Amount to be paid in (issue value) : To be determined
(The amount to be paid in will be determined at the board of directors' meeting to be held on the Determination Date. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the Public Offering.)
- (3) Total issue value : To be determined
- (4) Allottee and number of units : One of the underwriters of the Public Offering
8,250 units
- (5) Unit for application : One unit or more in increments of one unit
- (6) Application period (application date) : July 10, 2019 (Wednesday)
- (7) Payment date : July 11, 2019 (Thursday)
- (8) Any investment units which have not been applied by the application period (application date) set forth in (6) above shall be cancelled.
- (9) The amount to be paid in (issue value) and other necessary matters regarding this third-party allotment (the "Third-Party Allotment") will be determined at the board of directors' meeting to be held hereafter.
- (10) In case that the issuance of new investment units by way of the Public Offering is cancelled, the issuance of new investment units by way of the Third-Party Allotment shall also be cancelled.
- (11) Each of the aforementioned items will be subject to the effectiveness of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act of Japan.

[Reference]

1. Secondary Offering through Over-Allotment and Other Matters

- (i) Given the demand and other conditions of the Public Offering set forth in "1. Issuance of New Investment Units by Way of Public Offering" above, one of the underwriters of the Public Offering may conduct the Secondary Offering through Over-Allotment of up to 8,250 units, that will be borrowed by one of the underwriters of the Public Offering from Marubeni Corporation and JRA, unitholders of United Urban. The number of investment units to be sold represents the maximum number, and this number may be reduced or the Secondary Offering through Over-Allotment itself may be cancelled entirely, depending on the demand and other conditions.

In order for one of the underwriters of the Public Offering to obtain the number of units necessary to return the Borrowed Investment Units in connection with the Secondary Offering through Over-Allotment, United Urban resolved, by its board of directors' meeting held on June 4, 2019 (Tuesday), the issuance of 8,250 new investment units by way of Third-Party Allotment to one of underwriters of the Public Offering with the payment date set to be July 11, 2019 (Thursday).

In addition, for the purpose of returning the Borrowed Investment Units, one of the underwriters of the Public Offering may purchase investment units on TSE, up to the number offered in the Secondary Offering through Over-Allotment (the "Syndicate Covering Transactions") during the period beginning on the day immediately following the last day of the application period for the Public Offering and Secondary Offering through Over-Allotment and ending on July 8, 2019 (Monday) (the "Syndicate Covering Transaction Period").

All investment units purchased by one of the underwriters of the Public Offering through the Syndicate Covering Transaction shall be appropriated to the return of the Borrowed Investment Units. Even during the Syndicate Covering Transaction Period, one of the underwriters of the Public Offering may, at its discretion, not conduct the Syndicate Covering Transactions at all or end the Syndicate Covering Transactions, even if the number of purchased units is less than the number of units sold in the Secondary Offering through Over-Allotment.

One of the underwriters of the Public Offering may conduct stabilizing transactions relating to the Public Offering and Secondary Offering through Over-Allotment, and appropriate all or part of the units of United Urban that are purchased through such stabilizing transactions to return the Borrowed Investment Units.

One of the underwriters of the Public Offering intends to accept the Third-Party Allotment and to purchase the number of units calculated by deducting (a) the number of investment units purchased through the Syndicate

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Covering Transactions and stabilizing transactions and the number of investment units appropriated to the return of the Borrowed Investment Units from (b) the number of units sold in the Secondary Offering through Over-Allotment. For this reason, in the case that the investment units to be issued through the Third-Party Allotment are not subscribed for, in whole or in part, the final number of the investment units with respect to the Third-Party Allotment may be reduced by the number of units not subscribed for, or the issuance itself may be cancelled entirely.

Whether or not the Secondary Offering through Over-Allotment will be conducted, and the number of units to be sold if the Secondary Offering through Over-Allotment is conducted, will be determined on the Determination Date. In the case that the Secondary Offering through Over-Allotment is not conducted, the above-mentioned borrowing of investment units of United Urban by one of the underwriters of the Public Offering from the unitholders of United Urban will not be conducted. Therefore, one of the underwriters of the Public Offering will not accept and will not subscribe for the Third-Party Allotment, and the issuance of investment units through the Third-Party Allotment itself will be cancelled entirely. Also, the Syndicate Covering Transactions on TSE will not be conducted.

2. Changes in the Number of Investment Units Outstanding after the Issuance of New Investment Units

Number of investment units currently issued and outstanding	:	3,055,087 units
Increase in the number of investment units through the issuance of investment units by the Public Offering	:	55,000 units
Number of investment units issued and outstanding after the issuance of new investment units by the Public Offering	:	3,110,087 units
Increase in the number of investment units through the issuance of investment units by the Third-Party Allotment	:	8,250 units (Note)
Number of investment units issued and outstanding after the issuance of new investment units by the Third-Party Allotment	:	3,118,337 units (Note)

(Note) The numbers are based on the assumption that all the investment units through the Third-Party Allotment are subscribed by one of the underwriters of the Public Offering and issued accordingly.

3. The Purpose of the Offering

United Urban decided to raise capital through the issuance of new investment units in order to (i) expand its portfolio and enhance its stability and to increase its net income through the acquisition of newly specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan. The same shall apply hereinafter.), and to (ii) secure an opportunity for further external growth through improvement of its debt financing capacity by increasing its unitholders' equity to reduce its LTV ratio. At the decision of the abovementioned capital-raising, United Urban took into account its current LTV ratio, the real estate and financial market trends and the level of distributions, as well as the conditions of overall Japanese economy and other relevant factors.

4. Net Proceeds, Use of Proceeds and Scheduled Timing of Expenditures

(1) Net proceeds (approximate net balance)

¥10,873 million (Maximum)

(Note) The above figure represents the total of ¥9,455 million (the amount of net proceeds from the Public Offering) and ¥1,418 million (the maximum amount of net proceeds from the Third-Party Allotment). The above figures are estimated amounts calculated based on the closing price of ordinary trading of the investment units of United Urban quoted at TSE on May 20, 2019 (Monday). The same shall apply hereafter.

(2) Specific use of proceeds and scheduled timing of expenditures

The net proceeds from the Public Offering (¥9,455 million) will be appropriated to a fund to acquire a specified asset, "Hotel Hewitt Koshien" (scheduled acquisition price: ¥13,520 million). The maximum amount of net proceeds from the Third-Party Allotment (¥1,418 million) to be resolved on the same date as the Public Offering will be appropriated to a reduction of the cash on hand by the acquisition of "Hotel Hewitt Koshien".

(Notes)

- For details of "Hotel Hewitt Koshien", please refer to "Notice Concerning Acquisition of Property (Hotel Hewitt Koshien and one other property)" dated today.
- The net proceeds will be on a bank deposit until its usage.

5. Sales to Designated Purchaser

Not applicable.

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6. Operating Forecasts

Please refer to the press release “Notice Concerning Revision to Forecasts of Financial Results for the Thirty-First Fiscal Period Ended May 31, 2019 and for the Thirty-Second Fiscal Period Ending November 30, 2019, and Announcement of Forecasts of Financial Results for the Thirty-Third Fiscal Period Ending May 31, 2020” disclosed today.

7. Performance and Equity Finance in the Past Three Fiscal Periods

(1) Performance in the past three fiscal periods

	Fiscal Period ended November 30, 2017	Fiscal Period ended May 31, 2018	Fiscal Period ended November 30, 2018
Net income per unit	¥3,705	¥3,919	¥3,858
Distribution per unit	¥3,358 (Note 2)	¥3,530 (Note 3)	¥3,473 (Note 4)
Payout ratio (Note 1)	90.6%	90.0%	90.0%
Net assets per unit	¥115,629	¥116,205	¥116,536

(Notes)

- The above numbers are rounded down to the nearest tenths.
- United Urban retained a part of ¥11,319 million of the unappropriated retained earnings for the reserve retained for distribution (¥1,136 million) and added ¥75 million of the reserve for temporary difference. As a result, the distribution per unit was ¥3,358 (total amount of cash distribution: ¥10,258 million).
- United Urban retained a part of ¥11,973 million of the unappropriated retained earnings for the reserve retained for distribution (¥77 million), for the reserve for temporary difference (¥66 million) and the reserve for reduction entry (¥1,120 million), and added ¥75 million of the reversal of reserve for temporary difference. As a result, the distribution per unit was ¥3,530 (total amount of cash distribution: ¥10,784 million).
- United Urban retained a part of ¥11,788 million of the unappropriated retained earnings for the reserve retained for distribution (¥70 million), for the reserve for temporary difference (¥76 million) and the reserve for reduction entry (¥1,107 million), and added ¥76 million of the reversal of reserve for temporary difference. As a result, the distribution per unit was ¥3,473 (total amount of cash distribution: ¥10,610 million).

(2) Recent trends of unit price

(i) Trends of unit price in the past three fiscal periods

	Fiscal Period ended May 31, 2018	Fiscal Period ended November 30, 2018	Fiscal Period ended May 31, 2019
Opening price	¥161,100	¥167,600	¥181,400
High	¥175,300	¥183,400	¥185,600
Low	¥159,300	¥165,900	¥162,900
Closing price	¥166,800	¥180,700	¥181,900

(ii) Trends of unit prices in the past six months

	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019 (Note)
Opening price	¥167,900	¥175,000	¥172,500	¥177,500	¥178,200	¥178,900
High	¥174,400	¥176,300	¥179,800	¥180,000	¥185,600	¥179,300
Low	¥165,100	¥169,400	¥169,100	¥173,800	¥176,000	¥177,400
Closing price	¥173,700	¥172,600	¥174,900	¥177,800	¥181,900	¥178,400

(Note) Unit prices for June 2019 have been provided based on the information available as of June 3, 2019 (Monday).

(iii) Unit prices on the business day immediately prior to the resolution date of the issuance

	June 3, 2019
Opening price	¥178,900
High	¥179,300
Low	¥177,400
Closing price	¥178,400

(3) Equity financing in the past three fiscal periods

Not applicable.

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8. Others

Lock-up

- (i) Marubeni Corporation and JRA are both unitholders of United Urban as of today, holding 7,164 units and 4,901 units respectively. In connection with the Public Offering, Marubeni Corporation and JRA have agreed with the Co-lead Manager not to sell the investment units which they hold as of today in the period from the Determination Date to 180 days after the delivery and settlement date without obtaining the prior written consent of the Co-lead Manager.
- (ii) In connection with the Public Offering, United Urban has agreed with the Co-lead Manager not to conduct further issuances of investment units (excluding the Third-Party Allotment) for a period from the Determination Date to 90 days after the delivery and settlement date of the Public Offering without obtaining the prior written consent of the Co-lead Manager.
- (iii) In case of (i) and (ii) above, the Co-lead Manager has the right to cancel all or part of the above restrictions or shorten the restriction periods at its discretion.

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