

For Translation Purposes Only

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For Immediate Release

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Notice Concerning a Plan of Retail Green Bonds Issuance

United Urban Investment Corporation (“United Urban”) plans to issue corporate bonds based on a comprehensive resolution at its meeting of the board of directors and based on a shelf registration statement dated September 25, 2017. United Urban hereby announces that it has filed today an amendment to shelf registration statement with the Director-General of the Kanto Local Finance Bureau as set forth below.

In addition, corporate bonds to be issued (the “Issuance”) will be retail green bonds (Note) (nickname: *Green Yu Yu Sai*) as the first effort in J-REIT as described below.

(Note) Retail Green Bonds are green bonds targeted at retail investors.

Green Bonds are 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.

1. Purpose and Background of the Issuance

United Urban and Japan REIT Advisors Co., Ltd. (“JRA”) will make efforts for improvement in sustainability in consideration of ESG (Environment, Social, and Governance). JRA was attested a signatory of “Principles for Responsible Investment (PRI)” and acquired “ISO14001” certification, the international standard of the environmental system. United Urban raised debt through Joint Money Trust scheme (UUR Green Trust) etc. As part of initiatives on ESG, United Urban filed an amendment to shelf registration statement with the Director-General of the Kanto Local Finance Bureau today, aiming to issue corporate bonds using retail green bonds (the “Green Bond”).

United Urban issued the Series 4 of Unsecured Corporate Bonds, the first corporate bonds targeted at retail investors among J-REITs, on December 17, 2010, for the purpose of diversifying funding methods with the nickname of “*Yu Yu Sai*”. From that time on, United Urban has been issuing corporate bonds targeted at retail investors. United Urban plans the Issuance as the first case among J-REITs considering rise of ESG awareness among retail investors.

2. Summary of Corporate Bonds Planned to be Issued

- (1) Name of corporate bonds : United Urban Investment Corporation Series 19 of Unsecured Corporate Bonds (with *pari passu* conditions among corporate bonds) (Green Bond) (scheduled) (nickname: *Green Yu Yu Sai*)
- (2) Total amount of corporate bonds to be issued : ¥ 10 billion (scheduled)
- (3) Unit of each bond : ¥ 1 million (scheduled)
- (4) Interest rate : To be determined
- (5) Price determination date : May 8, 2019 (Wednesday) (scheduled)
- (6) Subscription period : From May 9, 2019 (Thursday) to May 22, 2019 (Wednesday) (scheduled)
- (7) Closing date : May 23, 2019 (Thursday) (scheduled)
- (8) Redemption date : May 22, 2026 (Friday) (scheduled)
- (9) Commissioned company for corporate bondholders : MUFG Bank, Ltd. (scheduled)
- (10) Underwriters : SMBC Nikko Securities Inc. (scheduled)
- (11) Other : Financial covenants “Negative Pledge Clause” and “Clause for transformation from unsecured to secured status” are planned to be applicable.

3. Green Bond

United Urban and JRA formulated the Green Finance Framework to implement green financing including the Green Bond in accordance with “Green Bond Principles, 2018” (Note 1), “Green Bond Guidelines, 2017” (Note 2) and “Green Loan Principles” (Note 3).

The Green Bond is the corporate bond which will be invested in acquisition of the existing and/or new “Eligible Green Assets” (Note 4), or repayment of the existing debts that have already been used for acquisition of the Eligible Green Assets. United Urban intends to use all the proceeds of the Green Bond to be used for the acquisition cost, replenish its cash balance, a part of which was allocated to the acquisition cost and the repayment of the existing debts that have already been used for acquisition of the Eligible Green Assets as set forth below.

Name of Eligible Green Assets	Environmental Certification	Acquisition Date
Henn na Hotel Tokyo Hamamatsucho	BELS Certification (two stars or better)	Scheduled for acquisition within 2019
Smile Hotel Premium Sapporo Susukino	BELS Certification (two stars or better)	Scheduled for acquisition within 2019
Mallage Kashiwa	CASBEE for Real Estate (S rank)	May 21, 2018
Ito-Yokado Owariasahi	DBJ Green Building Certification (three stars)	December 20, 2018
Pacific Marks Tsukishima	CASBEE for Real Estate (A rank)	April 12, 2018
Pacific Marks Yokohama East	CASBEE for Real Estate (A rank)	June 27, 2014 (plan to reacquire)
Pacific Marks Akasaka-mitsuke	CASBEE for Real Estate (A rank)	June 27, 2014 (plan to reacquire)
Pacific Marks Shin-Yokohama	CASBEE for Real Estate (A rank)	June 27, 2014 (plan to reacquire)
Pacific Marks Sapporo Kita-Ichijo	CASBEE for Real Estate (A rank)	May 21, 2018

The Green Bond is rated as “Green1”, the highest rating in “Green Bond Evaluation” (Note 5) by Japan Credit Rating Agency, Ltd. (JCR)

In case that, United Urban raises funds by “Green Finance” (Note 6) including this financing, the total amount of “Green Finance” should be within the “Limit of Green Finance” (Note 7) which is defined on “Asset Management Guideline of JRA”. 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.Green Bond Principles 2018 is the guidelines for green bonds issuance formulated by the Green Bond Principles Executive Committee, a nongovernment organization whose secretariat is the International Capital Market Association (ICMA) and is hereinafter referred to as the “Green Bond Principles.”
- 2.Green Bond Guidelines, 2017 is the guidelines drafted and announced in March 2017 by the Ministry of the Environment aimed at further promoting green bonds in Japan by presenting examples of actual measures and indicating interpretation in conformity with Japan’s characteristics while paying attention to conformity with the Green Bond Principles so that they can be referred to by those who are responsible for practical work at the market participants when considering concrete responses regarding green bonds.
- 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.
- 4.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.
- 5.For details of JCR Green Bond Evaluation, please refer to the website of Japan Credit Rating Agency, Ltd. (<https://www.jcr.co.jp/en/>).
- 6.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).
- 7.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. 72.9 billion yen as of November 30, 2018).

4. Others

The details, including the terms of issuance, will be announced later, once they are determined.