

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Issuance of Retail Green Bonds

United Urban Investment Corporation (“United Urban”) hereby announces its decision today to issue retail green bonds (the “Issuance”), as set forth below.

1. Summary of Retail Green Bonds

United Urban Investment Corporation Series 19 of Unsecured Corporate Bonds (with *pari passu* conditions among corporate bonds) (Green Bonds) (Nickname: *Green Yu Yu Sai*) (the “Green Bonds”)

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|---|---|
| (1) Total amount of corporate bonds to be issued | : ¥10 billion |
| (2) Form of bond certificate | : No bond certificates for the Green Bonds will be issued under the Act on Book-entry Transfer of Bonds, Shares, etc. |
| (3) Issue price | : ¥100 per ¥100 of the corporate bond |
| (4) Redemption price | : ¥100 per ¥100 of the corporate bond |
| (5) Interest rate | : 0.448% per annum |
| (6) Unit of each bond | : ¥1 million |
| (7) Offering method | : Public offering |
| (8) Subscription period | : From May 9, 2019 (Thursday) to May 22, 2019 (Wednesday) |
| (9) Closing date | : May 23, 2019 (Thursday) |
| (10) Collateral | : There is no collateral or guarantee on the Green Bonds. There are no assets reserved as security for the Green Bonds. |
| (11) Redemption method and date | : The total amount of the corporate bonds will be redeemed on May 22, 2026 (Friday).
* The Green Bonds may be repurchased and cancelled at any time from the date following the closing date unless otherwise specified by Japan Securities Depository Center, Incorporated, a depository trust company. |
| (12) Interest payment dates | : May 23 and November 23 of each year (or if such interest payment date falls on a day which is not a bank business day, the payment will be brought forward on the immediately preceding bank business day) |
| (13) Financial covenants | : “Negative Pledge Clause” and “Clause for transformation from unsecured to secured status” are applicable. |
| (14) Rating | : AA: Japan Credit Rating Agency, Ltd. |
| (15) Commissioned company for corporate bondholders | : MUFG Bank, Ltd. |
| (16) Issuing and paying agent | : MUFG Bank, Ltd. |
| (17) Underwriters | : SMBC Nikko Securities Inc. (Green Bond Structuring Agent) (Note 1) |

The Green Bonds are rated as “Green1”, the highest rating in “Green Bond Evaluation” (Note 2) by Japan Credit Rating Agency, Ltd. (JCR).

(Notes)

1. Green Bond Structuring Agent is a company who supports the issuance of green bonds through formulation of a Green Bond Framework and advices on acquiring second-party opinions, etc.
2. For details of JCR Green Bond Evaluation, please refer to the website of Japan Credit Rating Agency, Ltd. (<https://www.jcr.co.jp/en/>).

2. Reason for the Issuance

United Urban decided the Issuance of the Green Bonds for the first case among J-REITs on the back of growing ESG awareness among retail investors.

The Green Bonds are the corporate bonds which will be invested in acquisition of the existing and/or new “Eligible Green Assets” (Note), 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 Bonds 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

(Note)

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.

3. Total Amount and Use of Proceeds, and Scheduled Period of Expenditure

(1) Total amount of proceeds to be received (approximate net balance)
 ¥9,930 million

(2) Use of proceeds and scheduled period of expenditure
 United Urban intends to use the proceeds to replenish its cash balance, a part of which was allocated to acquisition cost of “Henn na Hotel Tokyo Hamamatsucho” (Note 1) scheduled on May 15, 2019 (scheduled acquisition price: ¥4,456 million) (¥1,000 million), the all acquisition cost of “Smile Hotel Premium Sapporo Susukino” (Note 1) scheduled on June 28, 2019 (scheduled acquisition price: ¥4,233 million) and a part of the repayment of the borrowing on June 20, 2019 (Note 2) (¥2,000 million) and September 20, 2019 (Note 2) (the remainder after the use for other purposes).

(Notes)

- For details of acquisition of the Property, please refer to the press release “Notice Concerning Acquisition of Property (Henn na Hotel Tokyo Hamamatsucho and Smile Hotel Premium Sapporo Susukino)” dated January 15, 2019.
- Overview of the existing borrowings is as the table below. Both are borrowings for the acquisition or management of the acquired eligible green assets described in “2. Reason for the Issuance”.

Title	Lenders	Amount of Borrowings (Millions of yen)	Drawdown Date	Repayment Date	Disclosed Date
Term Loan 52A	Sumitomo Mitsui Banking Corporation	4,500	June 20, 2012	June 20, 2019	June 15, 2012
Term Loan 63A	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Mizuho Bank, Ltd.	6,207	March 21, 2013	September 20, 2019	March 15, 2013

4. Balance of Borrowings and Other Interest-Bearing Liabilities after the Issuance of the Corporate Bonds (Note 1)

(Millions of yen)

	Before the Issuance	After the Issuance	Changes
Short-term borrowing (Note 2)	-	-	-
Long-term borrowing (Note 3)	255,884	255,884	-
Total	255,884	255,884	-
Corporate bonds	17,000	27,000	+10,000
Total of interest-bearing liabilities	272,884	282,884	+10,000

(Notes)

- The above table shows the expected balance of the borrowings and other interest-bearing liabilities as of May 23, 2019, which is after the issuance of corporate bonds. Amounts are rounded down to the nearest million yen. Accordingly, additions or subtractions of the entered interest-bearing liabilities amounts do not necessarily equal the total amount or the amounts of any increase or decrease.
- “Short-term borrowing” means a borrowing lasting within one year from the drawdown date to repayment date.
- “Long-term borrowing” (including debt financing by joint money trust (UR Green Trust)) means a borrowing lasting over one year from the drawdown date to the repayment date and includes long-term borrowings to be repaid within one year.

5. Other Matters Required for Investors to Understand and Evaluate the Above Information Appropriately

For the risks concerning the issuance and the redemption of the Corporate Bonds, there are no significant changes in “Risks concerning Borrowings and Corporate Bonds” of “Investment Risks” described in the thirtieth fiscal period securities report (filed on February 26, 2019).