

For Translation Purposes Only

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For Immediate Release

United Urban Investment Corporation
 Ikuo Yoshida
 Executive Officer
 (Securities Code: 8960)

Asset Management Company:
 Japan REIT Advisors Co., Ltd.
 Norimasa Gaun
 President and CEO

Inquiries:
 Takehide Sasaki
 Chief Financial Officer
 TEL: +81-3-5402-3680

Notice Concerning Acquisition of Property (UUR Court Ibaraki Higashi-Chujo)

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 a property as set forth below.

1. Acquisition of the Property

United Urban will acquire the trust beneficial interest in 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
D34	Residential Properties (apartment)	UUR Court Ibaraki Higashi-Chujo (Note 5)	Ibaraki, Osaka	¥1,665 million	4.6%	4.0%	December 1, 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.
- The property name will be changed to UUR Court Ibaraki Higashi-Chujo after the acquisition.

2. Details of Acquisition

(1) Reasons for Acquisition

United Urban will acquire the Asset to be Acquired to further enhance its portfolio in accordance with the basic asset management policy and its investment approach prescribed in its Articles of Incorporation. In making the decision to acquire the Asset to be Acquired (the “Property”), the following aspects were highly evaluated.

Location

The Property can be accessed with three train lines and is located 9 minutes’ walk from Ibaraki-shi Station on the Hankyu Railway Kyoto Main Line, 14 minutes’ walk from Ibaraki Station on the JR Kyoto Line and 16 minutes’ walk from Minami-Ibaraki Station on Osaka Monorail and Hankyu Railway Kyoto Main Line. The Property also sits in a convenient location from a wider perspective. From Ibaraki-shi Station, the Hankyu Railway Kyoto Main Line provides a direct access to Osaka Umeda Station and Kyoto Kawaramachi Station, which are the centers of Osaka and Kyoto.

In addition, the location of the Property is described as a quiet residential area with public parks and green open spaces nearby. Within walking distance, the area has public facilities such as hall, library, gymnasium, educational facilities including an elementary school, a junior high school, a high school and a university as well as multiple supermarkets. These facilities offer a comfortable living environment for family household.

Ibaraki City has been seen an upward trend in the population, and the average daily train passengers at Ibaraki-shi Station and Ibaraki Station has been collectively on the rise since 2014.

Building

The Property is completed in 2009 as a rental apartment for family and has 8 floors and 57 units. The unit size varies from 62 m² to 71 m². As for the unit type, with a focus on 2LDK type, there are 3LDK and 1DK+N types available.

The feature of the Property in terms of facility is all-electric with an IH cooking heater being installed as a standard, which is competitive in the neighborhood of the Property. The Property is also equipped with a multi-layered security system including an intercom with a TV monitor, self-locking doors and double-locking doors. In addition, there is a parking space for 57 cars, 114 bicycles and 2 motorcycles.

Tenants, etc.

More than half of the tenants of the Property have corporate contracts, and the main corporate tenants are from corporate companies in the Umeda, Ibaraki, and Kyoto areas. Due to the advantages of the location and the building characteristics, the average occupancy rate of the Property for the last two years has been about 97%, and the stable occupancy continues to be expected for years to come.

(2) Summary of Acquisition

- | | |
|--------------------------------|--|
| 1. Asset to be Acquired | : Trust beneficial interest in real estate (Note 1) |
| 2. Property Name | : UUR Court Ibaraki Higashi-Chujo |
| 3. Scheduled Acquisition Price | : ¥1,665 million |
| 4. Agreement Date | : September 30, 2020
(conclusion of the sale and purchase agreement of trust beneficial interest) |
| 5. Scheduled Acquisition Date | : December 1, 2020 (transfer of trust beneficial interest) |
| 6. Seller | : Nomura Real Estate Building Co., Ltd. |
| 7. Financing | : Borrowing (scheduled) (Note 2) |
| 8. Scheduled Date of Payment | : December 1, 2020 |

(Notes)

- As of today, the Property has not been entrusted. However, the seller will entrust the Property to Mitsubishi UFJ Trust and Banking Corporation as the trustee by the scheduled acquisition date and United Urban will acquire the Property in the form of trust beneficial interest in real estate.
- As of today, financing measure is scheduled for borrowing. It will be announced once it is determined.

(3) Overview of the Asset to be Acquired

Property Name	UUR Court Ibaraki Higashi-Chujo	
Type of the Asset	Trust beneficial interest in real estate (scheduled) (Note 1)	
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Note 1)	
Period of Trust Agreement	Undecided (Note 1)	
Location	Lot number (Note 2)	910-10 Higashi-Chujo-cho, Ibaraki, Osaka
	Displayed Address	12-11 Higashi-Chujo-cho, Ibaraki, Osaka
Access	9-minute walk from Ibaraki-shi Station (Hankyu Railway Kyoto Main Line) 14-minute walk from Ibaraki Station (JR Kyoto Line) 16-minute walk from Minami-Ibaraki Station (Osaka Monorail and Hankyu Railway Kyoto Main Line)	
Type (Note 2)	Apartment	
Site Area (Note 2)	Land	2,064.56 m ²
	Building	4,137.00 m ²
Structure and Scale (Note 2)	RC 8F	
Type of Ownership	Land	Proprietary Ownership
	Building	Proprietary Ownership
Completion Date (Note 2)	February 2009	
Initial Building Owner	Nomura Real Estate Building Co., Ltd.	
Constructor	KONOIKE CONSTRUCTION CO.,LTD. Osaka head office	
Scheduled Acquisition Price	¥1,665 million	
Appraisal Value	¥1,720 million	
Date of Value Estimate	September 15, 2020	
Appraisal Method	Appraisal by The Tanizawa Sōgō Appraisal Co., Ltd.	
Probable Maximum Loss (PML)	10%	
Collateral	None	
Special Notations	(Boundary) • A boundary confirmation has not been concluded with Ibaraki City for the land adjacent to the east side of the Property, but it is scheduled to be executed promptly after the sale and purchase agreement of trust beneficial interest is concluded on the seller's responsibility and at the seller's expense.	
	(Others) • A part of the north site of the Property is granted to Ibaraki City as a sidewalk, and it is under the supervision of Ibaraki City. However, there are no restrictions during redevelopment.	
Details of Tenant (Note 3)		
Total Number of Tenants (Note 4)	57	
Security Deposit	¥10 million	
Total Rental Revenues (yearly)	¥94 million	
Total Leasable Floor Space	3,783.25m ²	
Total Leased Floor Space	3,783.25m ²	
Occupancy Ratio	100%	
Reference		
Estimated Annualized NOI (Note 5)	¥76 million	
Estimated NOI Yield (Note 5)	4.6%	

(Notes)

- As of today, the Property has not been entrusted. However, the seller will entrust the Property to Mitsubishi UFJ Trust and Banking Corporation as the trustee by the scheduled acquisition date and United Urban will acquire the Property in the form of trust beneficial interest in real estate.
- 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.
- "Details of Tenant" is described as of September 18, 2020.
- 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.
- 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 96%.

(4) The Seller's Profile

Company Name	Nomura Real Estate Building Co., Ltd.	
Address	Hamamatsucho Building 1-1-1 Shibaura, Minato-ku, Tokyo	
Representative	Hiroyasu Yoshida, President & CEO	
Principal Business	Construction, rental and management of office buildings, stores, warehouses, apartments, etc. by real estate development	
Capital (Fund)	¥14,372 million (As of March 31, 2020)	
Date of Foundation	June 1972	
Net Assets	¥129,175 million (As of March 31, 2020)	
Total Assets	¥224,797 million (As of March 31, 2020)	
Major Shareholder(s)	As of March 31, 2020	
	Shareholder	Rate
	Nomura Real Estate Holdings, Inc.	100%
Relationship with United Urban or JRA		
Capital Ties	There are no capital ties.	
Personal Relationship	There are no personal relationships.	
Business Relationship	There are no business relationships.	
Standing to Related Party	Nomura Real Estate Building Co., Ltd. falls under neither the category of "interested parties, etc." (the "Interested Party") under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended) nor the category of the sponsor/stakeholder ("Sponsor/Stakeholder") under the self-imposed rules (rules for conflicts of interest) of JRA.	

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

The Asset to be Acquired will not be acquired from special related parties of United Urban or JRA.

(6) Overview of Intermediary

1. Broker

Company Name	Nomura Real Estate Development Co., Ltd.	
Address	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	
Representative	Seiichi Miyajima, President & CEO	
Principal Business	Apartment sales business, detached house sales business, corporate brokerage business, etc.	
Capital	¥2 billion (as of April 1, 2020)	
Date of Foundation	April 1957	
Relationship with United Urban or JRA		
Capital Ties	There are no significant capital ties.	
Personal Relationship	There are no significant personal relationships.	
Business Relationship	There are no significant business relationships.	
Standing to Related Party	Nomura Real Estate Development Co., Ltd. falls under neither the category of the Related Party nor the category of Sponsor/Stakeholder.	

2. Commission

The amount of commission is not disclosed due to unavoidable circumstances where the consent for the disclosure has not been obtained from the broker. The amount of commission for the broker is an amount less than the upper limit (3% of the acquisition price plus 60,000 yen (excluding consumption taxes) stipulated in the Building Lots and Buildings Transaction Business Act).

(7) Transactions with Interested Party and Sponsor/Shareholder

Not applicable.

3. Method of Settlement and Acquisition Schedule

(1) Method of Settlement

The payment to the seller will be settled in a lump-sum borrowing upon the delivery of the Property.

(2) Acquisition Schedule

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

September 30, 2020	Decision of acquisition and conclusion of the sale and purchase agreement of trust beneficial interest
December 1, 2020	transfer of trust beneficial interest and payment (scheduled)

4. Matters on Forward Commitment

(1) Asset to be Acquired under Forward Commitment (Note)

Acquisition of the Asset to be Acquired falls into a forward commitment.

(Note)

In the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” of Financial Services Agency, “forward commitment” is defined as “a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto”.

(2) Impact on United Urban’s Financial Standing if Forward Commitment is not executed

In order to secure the acquisition of the Asset to be Acquired, United Urban has concluded the purchase and sale agreement of the trust beneficial interest in real estate (the “PSA”) with the seller as of September 30, 2020.

The PSA provides that either party may terminate the PSA if the other party materially breaches a provision thereof, in which case the party may request the party in breach to pay an amount equivalent to 20% of the acquisition price as penalty charges.

However, the PSA is to be effective given the United Urban’s completion of fund procurement for acquisition of the Property. Therefore, if United Urban cannot procure the fund on the scheduled acquisition date, United Urban can cancel the PSA without paying any penalty charges to the seller.

In view of the current financial market and the financial standings of United Urban, United Urban considers that material adverse effects on the financial standing, the payment of cash distributions and other conditions are not likely to be caused in connection with the acquisition of the Asset to be Acquired.

5. Outlook of Operating Condition

United Urban does not make any changes to the business forecasts for the thirty-fourth fiscal period (period ending November 30, 2020) and the thirty-fifth fiscal period (period ending May 31, 2021) as the effect of the acquisition of the Asset to be Acquired is not significant.

6. Summaries of Appraisal Report

Appraisal Value	¥1,720,000 thousand
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.
Date of Value Estimate	September 15, 2020

(thousands of yen, unless otherwise indicated)

Item	Details	Grounds
Income approach price	1,720,000	—
Price by Direct Capitalization Method	1,760,000	—
(1) Total profit (Effective total profit: 1+2+3+4-5-6)	103,763	—
1. Potential total profit (rental revenues, common area maintenance fees)	101,063	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	0	Assessed based on the past performance, etc.
3. Parking revenues	7,128	Assessed based on the past performance, etc.
4. Other revenues	2,406	Assessed based on the competitiveness of the subject property, the market environment, the past performance, etc.
5. Losses from vacancies	6,835	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)	21,156	—
7. Administrative and maintenance fees	4,358	The fees are estimated based on the contents of the services to be entrusted and the trend of the past performance, etc.
8. Utilities	907	The revenues are assessed based on the past performance.
9. Repairs	3,668	Assessed by the status of building management, grade of the building, the building ages, etc.
10. Property and other tax	7,671	Recorded in reference to the document about taxation and considering the burden adjustment measures etc.
11. Property Management Fee	2,027	Assessed by the content of outsourcing contract based on the proposal of rental management operation business.
12. Advertising expenses for tenants, etc.	1,585	Assessed based on the content of outsourcing contract.
13. Casualty insurance	107	Based on insurance amount and contract details.
14. Other expenses	830	Assessed based on the past performance and contract details.
(3) Net operating income (NOI: (1)-(2))	82,606	—
(4) Operating profit of lump-sum money	81	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)	3,680	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))	79,008	—
(7) Cap rate	4.5%	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	1,700,000	—
Discount rate	4.6%	—
Terminal cap rate	4.7%	—
Cost approach price	1,810,000	Land ratio: 75.0%, Building ratio: 25.0%
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 December 1, 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	28.9 %
Office Buildings	35	192,174	28.9 %
Hotels	22	160,936	24.2 %
Residential Properties	25	51,443	7.7 %
Others	17	68,295	10.3 %
Total	131	665,502	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	28	136,691	20.5 %
23 Wards of Tokyo	14	47,503	7.1 %
Tokyo Metropolitan Area	35	225,490	33.9 %
Other Regions	54	255,818	38.4 %
Total	131	665,502	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	Other Regions	UUR Court Ibaraki Higashi-Chujo	December 1, 2020	1,665	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]

