

For Translation Purposes Only

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For Immediate Release

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Notice on Building an Annex to the Property etc., (the b roppongi)

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 build an annex to “the b roppongi” (the “Annex”) and make the renovation works on the existing building of “the b roppongi” which United Urban has held (the “Property” including the Annex to be built).

1. Details of the works

(1) Reason for the works

The Property is a hotel located in the center of “Roppongi area”, known as one of the major busy quarters in Tokyo. Since the acquisition by United Urban, the Property has been continuing the favorable operation. However, the potentiality for improvement of the hotel’s efficiency is thought to be limited due to the small number of the guest rooms (76). Also the Property can not be seen and identified easily due to the short frontage to the main street (Roppngi-dori, the “Street”). In order to solve these disadvantages and use the potentiality of the Property effectively, United Urban has acquired the adjacent site to the Property (acquisition price: ¥460 million, the “Adjacent Site”) (Note), and has been studying on building the Annex on the Adjacent Site and the less utilized part of the land of the Property. As the study has been completed, United Urban decided to put it into execution.

By building the Annex, the number of the guest rooms will increase (114 rooms in total, increased by 38 rooms). Also the Property’s visibility from the Street is expected to be improved by re-location of the hotel’s front and lobby to the area facing the Street. At the same time, the renovation works to the existing building of the Property is planned, which include increase of the elevators and expansion of the breakfast space, through these works, United Urban intends to improve the whole Property’s convenience and competitiveness. The guest rooms of the Annex are mainly to consist of twin rooms (with space from 14m² to 19m²) in order to cope with the strong demand from the foreign tourists.

The increase of the guest rooms and enhancement of the Property’s competitiveness will lead to rise of the average room rate and the rent revenue from the Property according to the hotel’s general operating income is also expected to increase as a result of the works.

(Note) For the details of acquisition of the Adjacent Site, please refer to the press release “Notice Concerning Acquisition of Property (the b roppongi)” dated April 30, 2014 and “Notice Concerning Acquisition of Property (the adjacent site to the b roppongi)” dated November 16, 2016.

(2) Estimated effect

(I)	Estimated investment amount (Note 1)	: ¥1,272 million
(II)	Expected NOI increase (Note 2)	: ¥85 million per year
(III)	Expected investment return (II) / (I)	: 6.7%

(Notes)

1. Estimated investment amount is described total of construction cost of the Annex, renovation cost of the existing building, acquisition price of the Adjacent Site and incidental cost.
2. Expected NOI increase is described expected value in stable operation period after the works.

(3) Outline of the Property

		Present (Note 1)	After the works (Note 1) (scheduled)
Property Name		the b roppongi	Same as left
Type of the Asset		Trust beneficial interest in real estate	Same as left (Note 4)
Trustee		Mizuho Trust & Banking Co., Ltd.	Same as left (Note 4)
Period of Trust Agreement		From March 23, 2004 to February 28, 2023	Same as left (Note 4)
Location (Note 2)	Lot number	3-212-1 · 19 · 23 Roppongi, Minato-ku, Tokyo	3-212-1 · 18 · 19 · 23 Roppongi, Minato-ku, Tokyo
	Residential	3-9-8 Roppongi, Minato-ku, Tokyo	3-9-8 · 10 Roppongi, Minato-ku, Tokyo
Access		1-minute walk from Roppongi Station (Tokyo Metro Hibiya Line and Toei Subway Oedo Line)	Same as left
Type (Note 2)		Hotel (76 rooms) (Attached building: the garbage collection point) (Note 5)	Hotel (114 rooms)
Site Area (Note 3)	Land	482.37 m ²	551.39 m ²
	Building	3,138.82 m ² (Attached building: 21.12 m ²) (Note 5)	3,859.19 m ²
Structure and Scale (Note 2)		SRC B2F/9F (Attached building: RC) (Note 5)	(1) the existing building: SRC B2F/9F (2) the Annex: S · SRC B1F/9F
Type of Ownership	Land	Proprietary Ownership	Same as left
	Building	Proprietary Ownership	Same as left
Completion Date (Note 2)		January 2001	(1) the existing building: January 2001 (2) the Annex: December 2018
Architect and Structural Strength Calculator		GKK Architects & Engineers <i>Japan Community K.K.</i> (when extended in 2004: M&O Architect Design Consultant)	(1) the existing building: GKK Architects & Engineers <i>Japan Community K.K.</i> (when extended in 2004: M&O Architect Design Consultant) (2) the Annex: Magara Construction Co., Ltd. Tokyo Division Senior Registered Architect Office
Constructor		Shimizu Corporation (when extended in 2004: <i>K.K. Ono Kogeisha</i>)	(1) the existing building: Shimizu Corporation (when extended in 2004: <i>K.K. Ono Kogeisha</i>) (2) the Annex: Magara Construction Co., Ltd.
Acquisition Price		¥3,500 million	¥4,595 million (Note 6)
Appraisal Value		¥4,180 million	(Note 7)
Date of Value Estimate		May 31, 2017	(Note 7)
Appraisal Agency (Appraisal Method)		Appraisal by Japan Real Estate Institute	(Note 7)
Probable Maximum Loss (PML)		12%	(Note 7)
Collateral		None	Same as left
Special Notations		(Rights, etc.) • An easement of access has been created on a portion of the Land for the use of the warehouse put on land adjacent to the east side of the Property, and other purposes.	Same as left

(Notes)

1. "Present" does not include the Adjacent Site which United Urban has already acquired. "After the works" includes the Adjacent Site.
2. About each information in the "Location (Lot number)," "Type," "Structure and Scale" and "Completion Date", contents of "Present"

- is described as it appears on the real estate register. Contents of “After the works” is described as it appears on the extension plan (before applying building confirmation).
3. About information in the “Site Area”, contents of “Present” is described as it appears on the real estate register. Out of the content “After the works”, “Land” is described as it appears on the real estate register and “Building” is described as it appears on the extension plan (before applying building confirmation).
 4. As of today, the Annex and the Adjacent Site have not been entrusted. As soon as the Annex is completed, United Urban will entrust the Annex and the Adjacent Site.
 5. “Attached building” was already dismantled on September 6, 2017.
 6. By the works, acquisition price of “the b roppongi” will be changed. Prices are the assumed ones as of today.
 7. “Appraisal value”, “Date of Value Estimate” and “Probable Maximum Loss” are unknown as of today. “Appraisal Agency” is assumed to be Japan Real Estate Institute.

(4) Transactions with Interested Party and Sponsor/Shareholder

Project Management Company (Note 1)	: Marubeni Real Estate Management Co., Ltd. Marubeni Real Estate Management Co., Ltd. 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. (Note 2)
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(Notes)

1. Marubeni Real Estate Management Co., Ltd. is appointed as a project management company.
2. 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 can exercise the voting rights (a member of the Investment Committee who has a special interest in the resolution may not participate in the relevant 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.

2. Method of Settlement and Schedule

(1) Method of Settlement

The payment will be executed by cash on hands, but its detail has not been determined.

(2) Schedule

The schedule for the works is as follows.

Start to build the Annex (scheduled)	Mid November 2017
Completion of the Annex (scheduled)	End of December, 2018
Completion of renovation works on the existing building (scheduled)	End of March 2019

3. Outlook of Operating Condition

United Urban does not make any changes to the forecasts of financial results for the twenty-eighth fiscal period (period ending November 30, 2017) and the twenty-ninth fiscal period (period ending May 31, 2018) as the effect of the works is not significant.

4. Summaries of Appraisal Report

United Urban will get appraisal report at completion of the Annex, so United Urban doesn’t have appraisal report etc. as of today.

【Attached Materials】
 Image and Map

Reference Material

Image and Map

[Image]

(Note) This image is created based on drawings. Then, the actual building to be completed may be different from this image.



[Map]

