

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Acquisition of Property (Preferred Equity Securities of KICAM Musashimurayama TMK)

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, has decided today to acquire a property as set forth below.

1. Overview of the Acquisition

United Urban will acquire the following preferred equity securities (the “Asset to be Acquired”).

- | | |
|--------------------------------|--|
| 1. Asset to be Acquired | : Issued preferred equity securities of KICAM Musashimurayama <i>Tokutei Mokuteki Kaisha</i> (specific purpose company, the “TMK”) whose investment asset is a real estate prescribed in No.3 below (Note 1).
(5 units (United Urban owns 6.8 %)) |
| 2. Name of the Asset | : Preferred equity securities of KICAM Musashimurayama TMK |
| 3. Property Held in Trust | : Musashimurayama warehouse (the “Property”) (Note 2) |
| 4. Scheduled Acquisition Price | : ¥50 million |
| 5. Scheduled Agreement Date | : October 6, 2017
(offer for the preferred equity transfer agreement) |
| 6. Scheduled Acquisition Date | : October 12, 2017 |
| 7. Seller | : KICAM Musashimurayama |
| 8. Financing | : Cash on hand |
| 9. Scheduled Date of Payment | : October 10, 2017 |

(Notes)

- For details of the TMK, please refer to “(1) Outline of the TMK which is investment target” of “4. Detail of Asset to be Acquired” below.
- The Property’s owner is a domestic operating corporation. Sale and purchase agreement of real estate with scheduled transfer date as October 13, 2017 was concluded between the TMK and the domestic operating corporation. For details of the Property, please refer to “2. Property” of “2. Reason for the Acquisition” and “(2) Outline of the Property” of “4. Detail of Asset to be Acquired” below.

2. Reason for the Acquisition

In view of further expansion of its portfolio, United Urban has decide to acquire the Asset to be Acquired in order to get the preferential negotiation right (the “Preferential Negotiation Right”) for the purchase of the Property.

We consider that acquisition of the Preferential Negotiation Right leads to increase of probability to acquire excellent properties by United Urban and contribute to its external growth. For details of the Preferential Negotiation Right, please refer to “3. Grant of the Preferential Negotiation Right” mentioned below.

In making the decision to acquire the Asset to be Acquired, the following aspects were especially appreciated.

1. Location

The Property is located inside Route 16 and is close to the center of Tama area (western part of Tokyo). The location is suitable for distribution to Tokyo metropolitan area especially 23 wards of Tokyo and Southern Saitama prefecture, that are densely populated. While the property is close to the city area, it is located in the industrial zone, and around-the-clock operation is possible in this location.

There are relatively few medium-sized or larger (3,300 m²) logistics facilities in the surrounding area (the space in total is about 142,000 m² of which about 79,000 m² for rent) and the stable occupancy can be expected.

2. Property

The building on the Property is a logistics facility with 4 floors above the ground. The building has 2 elevators for luggage and a ceiling fixed crane that can lift up goods as heavy as 2.8t. The total floor space is almost 9,900 m², steady needs for leasing a whole building can be expected as a relay point of delivery from factories in Saitama prefecture or the western Tokyo area to Tokyo metropolitan area.

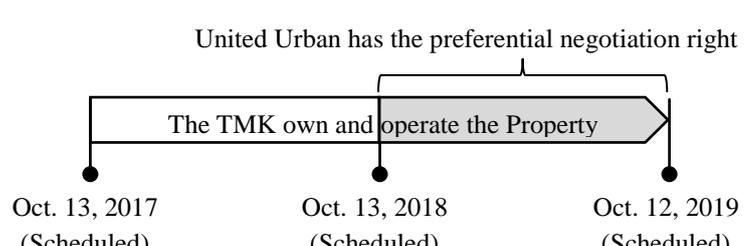
3. Tenants, etc.

SANRITSU CORPORATION has used the Property as a storage, handling and distribution center of baggage since its completion (October 2001). The lease agreement will be prolonged till October 2024 on condition that the Property is to be transferred to the TMK from the current owner, and stable occupancy is expected to continue in the future.

3. Grant of the Preferential Negotiation Right

The Preferential Negotiation Right to be granted to United Urban in connection with acquisition of the Asset to be Acquired, under a Preferential Negotiation Agreement for the Property with the TMK (hereinafter referred to as the “Preferential Negotiation Agreement”) is expected to bring the higher probability for United Urban to acquire this excellent property.

Outline of the Preferential Negotiation Agreement and Right is as follows.

<p>Outline of the Preferential Negotiation Agreement</p>	<ul style="list-style-type: none"> • During one year from one day after one year passes computed from the date the TMK acquires the Property (scheduled for October 13, 2017), United Urban has the preferential negotiation right to conclude the sale and purchase agreement for the Property. <div style="text-align: center;"> <p>United Urban has the preferential negotiation right</p>  <p>Oct. 13, 2017 (Scheduled) Oct. 13, 2018 (Scheduled) Oct. 12, 2019 (Scheduled)</p> </div> <ul style="list-style-type: none"> • The purchase price for the Property under the sale and purchase agreement shall be not less than ¥1,800 million (excluding consumption tax).
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Please note that the Preferential Negotiation Right owned by United Urban is just as a right and it does not cause an obligation for United Urban to acquire the Property in the future. In exercising the Preferential Negotiation Right, United Urban is going to study the acquisition of the Property by paying attention to the appraisal report to be obtained, and the operating conditions of the Property as well as possible impact of the acquisition to the entire portfolio composition and profitability, etc. while also taking into consideration business environment surrounding United Urban including the stock and financial market as well as the real estate market conditions.

4. Detail of Asset to be Acquired

(1) Outline of the TMK which is investment target

Name	KICAM Musashimurayama TMK				
Overview	<p>I. Asset to be Acquired is part of the preferred equity securities issued by the TMK, which was established for the purpose of engaging in (i) business relating to acquisition, management, and disposition of specified assets based on Asset Securitization Plan (hereinafter referred to as the “Asset Securitization Plan”) under Act on Securitization of Assets (Act No. 105 of 1998, as amended. Hereinafter referred to as “Asset Securitization Act”), and (ii) all businesses incidental to (i).</p> <p>II. Outline of the TMK is as follows.</p> <table border="1" data-bbox="571 562 1460 752"> <thead> <tr> <th colspan="2" data-bbox="571 562 1460 607">KICAM Musashimurayama TMK (Note 1)</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 607 1018 752"> The Property etc. (Note 2) ¥1,887 million </td> <td data-bbox="1018 607 1460 752"> Specific corporate bonds : ¥1,087 million Other liabilities : ¥60 million Preferred equities : ¥740 million (Note 3) Specific investments : ¥10 thousand </td> </tr> </tbody> </table> <p>(Notes)</p> <ol style="list-style-type: none"> The amount is an estimated value as of October 13, 2017, and figures have been rounded down to the nearest unit. There is the possibility the aggregated figures shown is not the same at the actual figures. “The Property etc” means land and building. The number of units of outstanding preferred equity securities is 74, United Urban plans to acquire 5 units (¥50 million). KIC Asset Management Co., Ltd. is the asset manager for the TMK. KIC Asset Management Co., Ltd. does not fall under a “related party, etc.” (hereinafter referred to as the “Related party”) as defined in the Act on Investment Trusts and Investment Corporations nor a “Sponsor/Stakeholder” (hereinafter referred to as the “Sponsor/Stakeholder”) as defined in the self-imposed rule of JRA (rules for conflicts of interests). <p>III. The fiscal year of the TMK is a one-year period commencing on May 1 of each year and ending on April 30 of the following year. Profits and residual property shall be distributed as follows:</p> <p>(Distribution of profits)</p> <ol style="list-style-type: none"> With regard to distribution of profits, preferred equity members have a right to receive an amount to be determined by a general meeting of members not exceeding the distributable profit for each accounting period calculated in accordance with Asset Securitization Act, prior to specified equity members. The specified equity members have waived the right to receive distribution of profits under the Asset Securitization Plan in advance. Distribution of profits to preferred equity members shall be equally made for the total distributable amount in proportion to the number of units of preferred equity. <p>(Distribution of residual property)</p> <p>The specified equity member have abandoned the right to receive distribution from residual value of the TMK under the Asset Securitization Plan, and no distribution from residual value of the TMK shall be made to the specified equity member, therefore the distribution from the residual value of the TMK shall be made only to the preferred equity members.</p> <p>The residual value of the TMK shall be distributed in the manner as specified in the provision of Article 502 of the Companies Act as applied in Asset Securitization Act (Act No. 86 of 2005, as amended) and the preferred equity members have the right to receive the distribution in proportion to the number of units for any residual distributable value after repayment of the liability, etc. of the TMK or reserve of the funds necessary for such repayment.</p> <p>IV. Under the letter of agreement among equity members to be concluded on October 6, 2017. Equity members may not sell the preferred equity or transfer all the rights, obligations and statuses without prior approval of all the other equity members (the “Other Equity Members”) in writing (the Other Equity Members should not refuse, postpone and delay the approval irrationally).</p>	KICAM Musashimurayama TMK (Note 1)		The Property etc. (Note 2) ¥1,887 million	Specific corporate bonds : ¥1,087 million Other liabilities : ¥60 million Preferred equities : ¥740 million (Note 3) Specific investments : ¥10 thousand
KICAM Musashimurayama TMK (Note 1)					
The Property etc. (Note 2) ¥1,887 million	Specific corporate bonds : ¥1,087 million Other liabilities : ¥60 million Preferred equities : ¥740 million (Note 3) Specific investments : ¥10 thousand				

(2) Outline of the Property

Property Name	Musashimurayama warehouse	
Type of the Property	Real estate	
Location (Note 1)	Lot number	2-93-1・2-94-1・2-94-2 Inadaira, Musashimurayama, Tokyo
	Residential	2-93 Inadaira, Musashimurayama, Tokyo
Access	Approximately 2.2km from Musashi-Sunagawa Station (Seibu Railway Haijima Line) Approximately 4.4km from Akishima Station (JR Ōme Line) Approximately 11km from Hinode Interchange (Ken-Ō Expressway)	
Type (Note 1)	Warehouse・Office	
Site Area (Note 1)	Land	5,788.52 m ²
	Building	9,207.73 m ²
Structure and Scale (Note 1)	S 4F	
Type of Ownership	Land	Proprietary Ownership
	Building	Proprietary Ownership
Completion Date (Note 1)	October 2001	
Initial Building Owner	Kurosaki Nainenki Kogyo Co., Ltd.	
Constructor	Nissho Iwai Structural Steel Co., Ltd.	
Appraisal Value	¥1,830 million	
Date of Value Estimate	September 1, 2017	
Appraisal Agency (Appraisal Method)	Appraisal by Japan Real Estate Institute	
Probable Maximum Loss (PML)	14%	
Collateral	Collateral will be set up with the TMK's specified creditor as collateral.	
Special Notations	None	
Details of Tenant (Note 2)		
Total Number of Tenants	1	
Security Deposit	Undisclosed (Note 3)	
Total Rental Revenues (yearly)	Undisclosed (Note 3)	
Total Leasable Floor Space	9,237.87 m ²	
Total Leased Floor Space	9,237.87 m ²	
Occupancy Ratio	100%	

(Notes)

- Each 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 based on the lease agreement as of October 13, 2017 which is schedule acquisition date of the property by the TMK.
- Not disclosed, due to unavoidable circumstances where the consent for the disclosure has not been obtained from the tenant.

(3) Outline of the TMK

Company Name	KICAM Musashimurayama TMK	
Address	2F Mitomi New Bldg. 1-20-18 Ebisu, Shibuya-ku, Tokyo	
Representative	Takeshi Nakajima, Director	
Principal Business	1. Acquisition, management and disposition of specified assets based on Asset Securitization Plan under the Asset Securitization Act 2. Other businesses relating to the aforementioned item	
Specified Capital amount	¥10 thousand (As of October 6, 2017)	
Preferred Equity amount	¥740 million (As of October 12, 2017) (scheduled)	
Date of Foundation	August 2017	
Specific Investor	As of October 6, 2017	
	Name of specific investor	Rate
	KICAM	100%
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	TMK falls under neither the category of Related Party nor the category of Sponsor/Stakeholder.	

(4) Seller Profile

The seller of the Asset to be Acquired is the TMK described in “(3) Outline of the TMK” above.

(5) Standing of the Property Owners and Others

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

(6) Outline of Brokerage

Not applicable.

(7) Transactions with Related Party and Sponsor/Stakeholder

Not applicable.

5. Method of Payment and Acquisition Schedule

(1) Method of Payment

The payment for the Asset to be Acquired will be a lump-sum payment upon the delivery using cash on hand.

(2) Acquisition Schedule

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

Decision of acquisition and application for the preferred equity	October 6, 2017
Payment (scheduled)	October 10, 2017
Acquisition of the Asset to be Acquired (Registration of the preferred equity) (scheduled)	October 12, 2017

(Reference) The schedule for the TMK

Conclusion of sale and purchase agreement of the Property	September 25, 2017
Registration of the preferred equity (scheduled)	October 12, 2017
Issuance of specified bonds and acquisition of the Property (scheduled)	October 13, 2017

6. 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 acquisition of the Asset to be Acquired is immaterial.

7. Summaries of Appraisal Report in connection with the Property

Appraisal Value	¥1,830,000 thousand
Appraisal Agency	Japan Real Estate Institute
Date of Value Estimate	September 1, 2017

Item	Details (thousands of yen, unless otherwise indicated)	Grounds
Income approach price	1,830,000	—
Price by Direct Capitalization Method	1,860,000	—
(1) Total profit	(Note)	—
(2) Total expenses	(Note)	—
(3) Net operating income (NOI: (1)-(2))	96,964	—
(4) Operating profit of lump-sum money	(Note)	—
(5) Capital expenditures	(Note)	—
(6) Net cash flow (NCF: (3)+(4)-(5))	93,161	—
(7) Cap rate	5.0%	Assessed based on a real-estate investment yield set for each area, by adjusting it with the spreads arising from location requirements, standing of the building and other conditions for the subject property and by taking into account any future uncertainties and yields from similar real estate deals, etc.
Price by Discounted Cash Flow method	1,800,000	—
Discount rate	4.8%	—
Terminal cap rate	5.3%	—
Cost approach price	1,620,000	Land ratio: 71.8%, Building ratio: 28.2%
Other specific matters the appraisal agency has paid attention in appraising the property	None	

(Note) JRA has deemed that disclosing this information would have an adverse effect on United Urban's competitive position and may harm the interests of the unitholders. Therefore, this information will not be disclosed.

【Attached Materials】

1. Portfolio Summary
2. Photo and Map

Reference Material 1
Summary of Portfolio

As of October 12, 2017 (Scheduled)

[Distribution by Type of Use]

Type of Use	Number of Properties (Note 1)	Acquisition Price (Note 2)	
		Amount (Millions of yen)	Ratio
Retail Property	36	206,903	33.9%
Office Building	36	201,765	33.0%
Hotel	15	111,327	18.2%
Residence	20	42,518	7.0%
Others	12	48,408	7.9%
Total	116	610,920	100.0%

[Distribution by Geographical Location]

Location (Note 3)	Number of Properties	Acquisition Price (Note 2)	
		Amount (Millions of yen)	Ratio
6 Central Wards of Tokyo	26	129,977	21.3%
23 Wards of Tokyo	13	60,211	9.9%
Tokyo Metropolitan Area	31	197,302	32.3%
Other Regions	46	223,431	36.6%
Total	116	610,920	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 has been counted as per each of types of use, while counted as one property in the total column. Therefore, the aggregate number of properties of each type is not equal to the total column.
- Figures have been rounded to the nearest unit. There is the possibility the aggregated figures shown is not the same at 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)
6 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 6 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.
 - "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 or Nagoya Area".
- United Urban acquired "the adjacent site to the b roppongi" for constructing an extension of "the b roppongi" (the building with leasehold was acquired as of November 18, 2016, and the land was acquired as of January 13, 2017.). Then "the adjacent site to the b roppongi" is recognized as a property associated with "the b roppongi". Therefore, acquisition of "the adjacent site to the b roppongi" is not reflected on above "Portfolio Summary".
 - In addition to the properties in the above chart, United Urban has an asset as below;

Type of the Asset and Asset Name etc.	Outline of the Asset	Acquisition Date	Acquisition Price (million yen)	
Preferred equity securities of Tenjin 123 Project TMK	1,130 units	Apr. 21, 2016	74	Total: 93
	367 units	Oct. 3, 2016	18	

- In addition to the properties in the above chart, United Urban has an asset as below;

Type of the Asset and Asset Name etc.	Outline of the Asset	Scheduled Acquisition Date	Scheduled Acquisition Price (million yen)
Preferred equity securities of KICAM Musashimurayama TMK	5 units	Oct. 12, 2017	50

- Seven properties whose sales were announced by the press release "Notice Concerning Sale of Property (SK Nagoya Building and 6 other properties)" dated September 15, 2017 are not included in the above chart.
- The latest information about United Urban's portfolio is disclosed on United Urban's website.
http://www.united-reit.co.jp/eng_cms/portfolio/port_list.html

Reference Material 2

Photo and Map

[Photo]



[Map]

