

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Sale of Property (Ashiya Kawanishi Shopping Mart)

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 on the sale of property today as set forth below.

1. Overview of the Sale

United Urban sold the trust beneficial interests in the property shown below (the “Asset to be Sold”).

(million yen (rounded down to unit stated))

Property Number	Type of Use (Note 1)	Property Name	Location	Book Value (as of July 31, 2017)	Anticipated Sale Price (Note 2)	Difference between Book Value and Anticipated Sale Price (Note 3)	Date of Sale (Anticipated)
A3	Retail Property	Ashiya Kawanishi Shopping Mart	Ashiya, Hyogo	738	2,912	2,173	Sep. 1, 2017

(Notes)

1. Type of Use is shown as per United Urban’s determination.
2. Anticipated Sale Price is shown without miscellaneous expenses for the sale, consumption tax, etc. The word is used with the same definition in this release.
3. “Difference between Book Value and Anticipated Sale Price” shows an indicative amount calculated by using the book value as of July 31, 2017. Therefore, such amount is different from the actual gains or losses. The amount is rounded down to the nearest million yen. The word is used with the same definition in this release.

2. Reason of the Sale

United Urban has eagerly worked to improve the quality and profitability of its portfolio through replacement of the properties, taking into account stability of each property’s cash flow and other factors in addition to the portfolio composition, profitability, etc.

After receipt of the tenant’s notice for leave effective on May 31, 2017 (Note), United Urban has been engaged in the leasing activities together with study for possibility of the property sale or conversion of the property etc. based on the current market. As a result, United Urban has received numerous offers for purchase or move-in. After intensive study, we have decided to sell the Asset to be Sold because the sale of the Asset to be Sold (the “Sale”) is thought to be in interest to United Urban in the mid- to long term perspective.

United urban will use the proceeds from the Sale to acquire the properties or to repay the interest bearing debt considering increase of the unitholders’ interest.

(Note) For details, please refer to the press release “Notice Concerning Tenant Change at the Property (Ashiya Kawanishi Shopping Mart)” dated November 4, 2016.

3. Details of the Sale

(1) Summary of the Sale

1. Name of Asset	: Ashiya Kawanishi Shopping Mart
2. Type of Asset	: Trust beneficial interest in real estate
3. Anticipated Sale Price	: ¥ 2,912 million
4. Book Value	: ¥ 738 million (as of July 31, 2017)
5. Difference between Book Value and Anticipated Sale price	: ¥ 2,173 million
6. Appraisal Value	: ¥ 1,160 million (Note)
7. Anticipated Date of Agreement	: September 1, 2017 (conclusion of the sale and purchase agreement)
8. Anticipated Date of Sale	: September 1, 2017 (transfer of the trust beneficial interest)
9. Buyer	: MITSUBISHI JISHO RESIDENCE CO., LTD.

(Note)

The amount describes the appraisal value as of May 31, 2017 calculated by a real estate appraiser. The appraisal agency is Japan Real Estate Institute. Please refer to “9. Summaries of Appraisal Report” for details.

(2) Outline of Asset to be Sold

Property Name		Ashiya Kawanishi Shopping Mart	
Type of the Property		Trust beneficial interest in real estate	
Trustee		Mizuho Trust & Banking Co., Ltd.	
Trust Agreement term		From December 22, 2003 to December 31, 2023	
Location (Note 1)		Lot number	17-1 Kawanishicho, Ashiya, Hyogo
		Displayed Address	3-28 Kawanishicho, Ashiya, Hyogo
Use of property (Note 1)		Store	
Area (Note 1)		Land	3,455.30m ²
		Building	1,488.28m ²
Structure and Scale (Note 1)		S1F	
Completion Date (Note 1)		April 1997	
Type of Ownership		Land	Proprietary Ownership
		Building	Proprietary Ownership
Details of Tenant (Note 2)	Total Number of Tenants	0	
	Total Rental Revenues (yearly)	-	
	Security Deposit	-	
	Total Leasable Floor Space	1,558.80 m ²	
	Total Leased Floor Space	0.00 m ²	
	Occupancy Ratio	0.0%	
Other Special Notation		-	

(Notes)

- Each piece of information in the “Location (Lot number),” “Use of property,” “Area,” “Structure and Scale” and “Completion Date” is described as it appears on the real estate register. The words are used with the same definition in this release.
- As of today, there are no tenants.

4. Overview of The Buyer.

Company Name	MITSUBISHI JISHO RESIDENCE CO., LTD.
Head Office Address	1-6-1 Otemachi, Chiyoda-ku, Tokyo
Representative	Hidemi Waki, Representative Director
Principal Business	Development, sale and lease of real estate
Capital	¥15,000 million (Note)
Date of Foundation	June, 1957
Net Assets	¥72,700 million (Note)
Total Assets	¥562,209 million (Note)
Major Shareholder(s)	MITSUBISHI ESTATE CO., LTD. (shareholding ratio: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	MITSUBISHI JISHO RESIDENCE CO., LTD. falls under neither the category of “related parties, etc.” (the “Related 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.
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(Note) “Capital”, “Net Assets” and “Total Assets” are described as of March 31, 2017

5. Outline of Brokerage

(1) Outline of Broker

The broker is a domestic company. However, the broker’s details are not disclosed because the broker has not given its consent for the disclosure of its profile, etc. As of today, the broker falls under neither the category of the Related Party nor the category of Sponsor/Stakeholder. In addition, United Urban and JRA have no significant capital ties, personal relationships and transactions with the broker, and the broker is not a related party of United Urban and JRA. However, the broker falls under the asset custodian, the transfer agent and the special account administrator of United Urban, and the trustee of many property of United Urban. In addition, United Urban has borrowed from the broker.

(2) Amount and Details of 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 anticipated acquisition price plus 60,000 yen (excluding consumption taxes) stipulated in the Building Lots and Buildings Transaction Business Act).

6. Transactions with Interested Party and Sponsor/Shareholder

Not applicable.

7. Method of Payment and Transfer Schedule

(1) Method of Payment

The payment to the buyer will be a lump-sum payment upon the delivery of Asset to be Sold.

(2) Transfer Schedule

August 31, 2017	Date of decision of transfer
September 1, 2017 (Anticipated)	Conclusion of sale and purchase agreement of trust beneficial interest, transfer of trust beneficial interest and payment.

8. Outlook of Operation

Due to the Sale, quite a lot of gains on the property sale will arise in the twenty-eighth fiscal period (period ending November 30, 2017). Besides the Sale, United Urban is considering further sales and it is expected to be announced soon. At the time, United Urban will make the necessary changes to the forecasts of financial results released in July 14, 2017.

9. Summaries of Appraisal Report

Appraisal Value	¥1,160,000 thousand
Appraisal Agency	Japan Real Estate Institute
Date of Value Estimate	May 31, 2017

(thousand yen, unless otherwise indicated)

Item	Details	Grounds
Income approach price	1,160,000	—
Price by Direct Capitalization Method	1,180,000	—
(1) Total profit (Effective total profit: 1+2+3+4-5-6)	60,000	—
1. Potential total profit (rental revenues, common area charges)	60,000	Recorded the rental revenue etc based on the latest lease agreement by taking into account the condition of the assumed lease agreement, or the payable rent level for the assumed lessees.
2. Utility revenues	0	Judged that no utility revenues, considering the assumed lease agreement.
3. Parking revenues	0	Judged that rental revenues including parking revenues, considering the assumed lease agreement.
4. Other revenues	0	Judged that no other revenues, considering the assumed lease agreement.
5. Losses from vacancies	0	Judged that no losses from vacancies in view of the circumstances, competitiveness as a commercial facility and the assumed lease agreement etc. of assumed successor lessees.
6. Bad debt losses	0	Judged that no bad debt losses need to be recorded in view of the circumstances, etc. of assumed lessees.
(2) Total expenses (7+8+9+10+11+12+13+14)	7,641	—
7. Administrative and maintenance fees	30	Recorded miscellaneous expenses related to banking fee etc. Whole the building is leased to a tenant as a store, and daily management and operation is to be done by the tenant. Therefore no administrative and maintenance fees are recorded.
8. Utilities	0	Judged that no utilities, considering the assumed lease agreement.
9. Repairs	342	Recorded expenses for repairs by taking into account future management plans, the level of expenses of similar real estates and the annual average amounts, etc. of repairs in the engineering report in reference to prior actual performance.
10. Property and other tax	6,639	Recorded in accordance with documents related to taxes and other public charges.
11. Property Management Fee	600	This is a consignment fee payable to the outsource responsible for overall control of the tenant management service and building management service, etc. In order to assess property management fee, recorded such fee by taking into account the fee rates for similar real estates and the individualities, etc. of the Asset to be Sold.
12. Advertising expenses for tenants, etc.	0	Whole the building is leased to a tenant as a store for long time. Therefore we do not record the brokerage, publicity and other expenses, etc. required in advertising for new tenants.
13. Casualty insurance	30	Recorded casualty insurance fee by taking into account insurance costs indicated on the insurance policy to be purchased and the rate, etc. of insurance costs of buildings similar to the subject building.
14. Other expenses	0	No other expenses to be recorded under other expenses.
(3) Net operating income (NOI: (1)-(2))	52,359	—
(4) Operating profit of lump-sum money	600	For the security deposit, which is lump-sum money having a nature of deposit, an operating profit of lump-sum money is assessed by multiplying the amount based on the assumed lease agreement by an investment yield. Moreover, we assessed 1.0% as being the appropriate investment yield from the perspective of fund management during the period of deposit, by taking into account the level of interest rate, etc. of both sides of investment and procurement.
(5) Capital expenditures (including routine repairs)	821	The renovation fee to maintain the building actually occurs irregularly. Here, assumed to accumulate expected expenses on average every fiscal period, and assessed capital expenditures, taking into account the level of capital

			expenditure and the age for similar real estates, and the annual average amount of renewal costs in the relevant engineering report.
	(6) Net cash flow (NCF: (3)+(4)-(5))	52,138	—
	(7) Cap rate	4.4%	Assessed based on a real-estate investment yield of the lowest investment risk by adjusting it with the spreads arising from store competitiveness of location requirements and standing of the building, the lease agreement and other conditions for the Asset to be Sold and by taking into account any future uncertainties, yields from similar real estate deals and results of hearings to each investor, etc.
	Price by Discounted Cash Flow method	1,130,000	—
	Discount rate	5.1%	Assessed by comprehensively taking into account the individuality of the subject property, in reference to investment yields from similar real estate deals, etc.
	Terminal cap rate	5.5%	Assessed by comprehensively taking into account the future trend of investment yield, risk of the subject property as investment objective, general forecasts on economic growth, and trends in real estate price and rent etc., in reference to investment yields from similar real estate deals, etc.
	Cost approach price	1,320,000	Land ratio: 96.6%, Building ratio: 3.4%

Other specific matters the appraisal agency has paid attention in appraising the property	None
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【Attached Materials】
 Portfolio Summary

Reference Material
Portfolio Summary

As of September 1, 2017 (Anticipated)

[Distribution by Type of Use]

Type of Use	Number of Properties (Note 1)	(Anticipated) Acquisition Price (Note 2)	
		Amount (million yen)	Ratio
Retail Property	36	206,903	33.2%
Office Building	38	209,835	33.7%
Hotel	15	111,327	17.9%
Residence	25	46,278	7.4%
Others	12	48,408	7.8%
Total	123	622,750	100.0%

[Distribution by Geographical Location]

Location (Note 3)	Number of Properties	(Anticipated) Acquisition Price (Note 2)	
		Amount (million yen)	Ratio
6 Central Wards of Tokyo	26	129,977	20.9%
23 Wards of Tokyo	13	60,211	9.7%
Tokyo Metropolitan Area	34	199,542	32.0%
Other Regions	50	233,021	37.4%
Total	123	622,750	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 that of 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 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	

- 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