

For Translation Purposes Only

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For Immediate Release

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Notice Concerning Acquisition of Property (Yoshikawa Logistics Center)

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. 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	Anticipated Acquisition Price (Note 2)	Estimated NOI Yield (Note 3)	Estimated NOI Yield After Depreciation (Note 4)	Anticipated Acquisition Date
E12	Others (warehouse)	Yoshikawa Logistics Center	Yoshikawa, Saitama	¥1,960 million	5.0%	3.8%	July 27, 2017

(Notes)

1. “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.
2. “Anticipated Acquisition Price” excludes acquisition costs, property taxes, city planning taxes and consumption taxes and other costs.
3. “Estimated NOI Yield” is calculated by dividing the “Annualized Estimated NOI” by the anticipated acquisition price is expressed as a percentage and 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.
4. “Estimated NOI Yield After Depreciation” is calculated by dividing (i) an amount deducting “Estimated Depreciation and Amortization” from “Annualized Estimated NOI” by (ii) the anticipated acquisition price is expressed as a percentage and 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.

2. Details of Acquisition

(1) Reason for Acquisition

In accordance with the basic asset-management policy and its investment approach prescribed in its Articles of Incorporation, United Urban will acquire the Asset to be Acquired for the purpose of further enhancing its portfolio. In making the decision to acquire the Asset to be Acquired, the following aspects were highly attractive.

1. Location

The property with regard to the Asset to be Acquired (the “Property”) is located in Higashi Saitama Technopolis, an industrial park with area of 358,000 m² where 33 companies stand (as of today). Higashi Saitama Technopolis is located within the circle of National Route 16, and also in approximately 11km from “Nagareyama interchange (IC)” of Joban Expressway and “Gaikan Misato-nishi IC” of Tokyo Gaikan Expressway. It is easy of access to multiple ICs, and many companies that appreciate its excellence as a logistic location close to central Tokyo use it as a delivery base of Tokyo metropolitan area. United Urban evaluates it is excellent as a logistics facility location close to the central Tokyo. Also, regular bus service from various train station such as Yoshikawa station and Minami-Koshigaya station of JR Musashino line, Shin-Koshigaya station, Kita-Koshigaya station and Sengendai station of Tobu Isesaki line has given an advantage in assurance of labor force.

Moreover, there are plans for extension of Higashi-Saitama Road and Higashi Saitama Technopolis, further accessibility to the main roads and transportation convenience in transportation. Thus the area around the Property has the potentiality grow as a logistics location in the future.

2. Building

The building on the Property is a logistics center with 5 floors above the ground (warehouse part: 4 layers). The building has such features as floor load of 1.5t/m², usable length under the beam more than 5.5 m (ceiling height: 1F 6.9m, 3~5F 6.6m) and 10~11m x 9m of interval between pillars and has versatility as a warehouse. In addition, the building has an air conditioning system and 2 elevators for baggage.

3. Tenants, etc.

The Property was developed and is currently owned and used as a logistic base for a domestic pharmaceutical company by SBS Logicom Co., Ltd. (“SBS Logicom”) a wholly-owned subsidiary of SBS Holdings, Inc. which is a logistics service company and whose shares are listed on the First Section of the Tokyo Stock Exchange. Between SBS Logicom and United Urban, it is the second transaction of “sale and leaseback” following Kawagoe Logistics Center. United Urban will conclude a master lease agreement with the trustee, and rent the Property from the trustee simultaneously with acquisition of the Anticipated Acquisition. Then, it will enter into a long term building lease agreement as a sublessor and lease the Property to SBS Logicom as a sublessee. SBS Logicom will continue to use the Property as a logistic base for a domestic pharmaceutical company.

(2) Summary of Acquisition

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|----------------------------------|--|
| 1. Asset to be Acquired | : Trust beneficial interest in real estate (Note) |
| 2. Property Name | : Yoshikawa Logistics Center |
| 3. Anticipated Acquisition Price | : ¥1,960 million |
| 4. Anticipated Agreement Date | : July 27, 2017 (conclusion of the sale and purchase agreement of the trust beneficial interest) |
| 5. Anticipated Acquisition Date | : July 27, 2017 (transfer of the trust beneficial interest) |
| 6. Seller | : SBS Logicom Co., Ltd. |
| 7. Financing | : Cash on hand |
| 8. Date of Payment | : July 27, 2017 (Anticipated) |

(Note) As of today, the Property has not been entrusted. However, the Seller will entrust the Property to Sumitomo Mitsui Trust Bank, Limited as the trustee by the anticipated acquisition date and United Urban will acquire the Property in the form of trust beneficial interest in real estate.

(3) Outline of the Property

Property Name	Yoshikawa Logistics Center	
Type of the Asset	Trust beneficial interest in real estate (Note 1)	
Trustee	Sumitomo Mitsui Trust Bank, Limited	
Period of Trust Agreement	From July 27, 2017 to July 31, 2027	
Location (Note 2)	Lot number	1-1 Asahi, Yoshikawa, Saitama
	Residential	1-1 Asahi, Yoshikawa, Saitama (Note 3)
Access	Approximately 11km from Nagareyama IC (Joban Expressway) Approximately 11km from Gaikan Misato-nishi IC (Tokyo-Gaikan Expressway)	
Type (Note 2)	Warehouse, Office (attached building: lavatory)	
Site Area (Note 2)	Land	5,705.63 m ²
	Building	10,806.37 m ² (attached building: 6.30 m ²)

Structure and Scale (Note 2)	S 5F (attached building: S 1F)	
Type of Ownership	Land	Proprietary Ownership
	Building	Proprietary Ownership
Completion Date (Note 2)	April 1997	
Initial Building Owner	Tokyo Ttsūn Co., Ltd. (current: SBS Logicom Co., Ltd.)	
Constructor	Tokyu Construction Co., Ltd. Kanto branch	
Anticipated Acquisition Price	¥1,960 million	
Appraisal Value	¥1,970 million	
Date of Value Estimate	June 1, 2017	
Appraisal Agency (Appraisal Method)	Appraisal by Japan Real Estate Institute	
Probable Maximum Loss (PML)	8%	
Collateral	None	
Special Notations	None	
Details of Tenant (Note 4)		
Total Number of Tenants	1	
Security Deposit	Undisclosed (Note 5)	
Total Rental Revenues (yearly)	Undisclosed (Note 5)	
Total Leasable Floor Space	11,096.70 m ²	
Total Leased Floor Space	11,096.70 m ²	
Occupancy Ratio (Note 6)	100%	
Reference		
Estimated Annualized NOI (Note 7)	¥98 million	
Estimated NOI Yield (Note 7)	5.0%	

(Notes)

- As of today, the Property has not been entrusted. However, the Seller will entrust the Property to Sumitomo Mitsui Trust Bank, Limited as the trustee by the anticipated 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.
- “Location (Residential)” shows the location indicated on the real estate register for the building as the residential address has not been assigned.
- “Details of Tenant” is based on the new fixed-term lease agreement which will be concluded between United Urban and the tenant by the time of acquisition of the Asset to be Acquired.
- Not disclosed, due to unavoidable circumstances where the consent for the disclosure has not been obtained from the tenant.
- “Occupancy Ratio” means the percentage obtained by dividing “Total Leased Floor Space” by “Total Leasable Floor Space”.
- 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 100%.

(4) The Seller’s Profile

Company Name	SBS Logicom Co., Ltd.
Head Office Address	4-1-3 Taihei, Sumida-ku, Tokyo
Representative	Masahiko Kamata, Representative Director
Principal Business	1. Transportation business 2. Warehousing business 3. Rental, management of real estate
Capital	¥2,846 million (Note)
Date of Foundation	January 26, 1940
Net Assets	¥31,001 million (Note)
Total Assets	¥54,164 million (Note)
Major Shareholder	SBS Holdings, Inc. (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	SBS Logicom Co., Ltd. is a seller and a tenant of Kawagoe Logistics Center, the property United Urban acquired in twenty-sixth fiscal period (period ending November 30, 2016).
Standing to Related Party	SBS Logicom 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.

(Note) “Capital”, “Net Assets” and “Total Assets” are described as of December 31, 2016

(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) Outline of Intermediary

1. Outline of Broker

The broker is a domestic operating corporation. 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 Brokerage

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).

(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 a lump-sum payment upon the delivery of the Property, using cash on hand.

(2) Acquisition Schedule

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

Decision of acquisition	July 26, 2017
Conclusion of sale and purchase agreement of trust beneficial interest (Anticipated)	July 27, 2017
Transfer of trust beneficial interest (Anticipated)	
Payment (Anticipated)	

4. 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 not significant.

5. Summaries of Appraisal Report

Appraisal Value	¥1,970,000 thousand
Appraisal Agency	Japan Real Estate Institute
Date of Value Estimate	June 1, 2017

Item	Details (thousands of yen, unless otherwise indicated)	Grounds
Income approach price	1,970,000	—
Price by Direct Capitalization Method	2,000,000	—
(1) Total profit	Undisclosed (Note)	—
(2) Total expenses	Undisclosed (Note)	—
(3) Net operating income (NOI: (1)-(2))	102,274	—
(4) Operating profit of lump-sum money	Undisclosed (Note)	—
(5) Capital expenditures	Undisclosed (Note)	—
(6) Net cash flow (NCF: (3)+(4)-(5))	95,858	—
(7) Cap rate	4.8%	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	1,940,000	—
Discount rate	4.5%	—
Terminal cap rate	4.9%	—
Cost approach price	1,420,000	Land ratio: 58.9%, Building ratio: 41.1%
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
Portfolio Summary

As of July 27, 2017 (Anticipated)

[Distribution by Type of Use]

Type of Use	Number of Properties (Note 1)	(Anticipated) Acquisition Price (Note 2)	
		Amount (millions of yen)	Ratio
Retail Properties	37	207,672	33.3%
Office Buildings	38	209,835	33.7%
Hotels	15	111,327	17.9%
Residential Properties	25	46,278	7.4%
Others	12	48,408	7.8%
Total	124	623,519	100.0%

[Distribution by Geographical Investment Location]

Location (Note 3)	Number of Properties	(Anticipated) Acquisition Price (Note 2)	
		Amount (millions of yen)	Ratio
6 Central Wards of Tokyo	26	129,977	20.8%
23 Wards of Tokyo	13	60,211	9.7%
Tokyo Metropolitan Area	34	199,542	32.0%
Other Regions	51	233,790	37.5%
Total	124	623,519	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.
- "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".

- Property to be acquired contained in the above charts is as follows:

Type of Use	Type	Location	Property Name	Anticipated Acquisition Date	Anticipated Acquisition Price	
					Amount (millions of yen)	Ratio
Others	Warehouse	Tokyo Metropolitan Area	Yoshikawa Logistics Center	July 27, 2017	1,960	0.3%

- 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 "Summary of Portfolio".
- In addition to the properties in the above chart, United Urban has an asset as follows:

Type of the Asset and Asset Name etc.	Outline of the Asset	Acquisition Date	Acquisition Price (millions of 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

Photo and Map

[Photo]



[Map]

