

For Translation Purposes Only

February 20, 2024

For Immediate Release

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Notice Concerning Sale of Trust Beneficiary Interest of Domestic Real Estate Property (Plussing Wave Enoshima)

United Urban Investment Corporation (“United Urban”) hereby announces that Marubeni REIT Advisors Co., Ltd. (“MRA”), the asset management company to which United Urban entrusts asset management services, decided to sell a property today as set forth below.

1. Overview of the Disposition

United Urban is going to sell the trust beneficial interest of the following real estate (the “Asset to be Sold”).

Property Number	Type of Use (Note 1)	Property Name	Location	Book Value (as of March 31, 2023)	Scheduled Sale Price (Note 2)	Difference between Book Value and Scheduled Sale Price (Note 3)	Date of Sale (Scheduled)
A33	Retail Properties (shops/clinics)	Plussing Wave Enoshima	Fujisawa, Kanagawa	¥1,871 million	¥2,150 million	+¥278 million	March 29, 2024
				Building: 491	Building: 511	Building: +19	
				Land: 1,380	Land: 1,638	Land: +258	

(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 Sale Price” is exclusive of disposition costs, property taxes, city planning taxes and consumption taxes and other costs (Figures are rounded down to the nearest unit. The same applies hereinafter). There are two buyers; one for the building and the other for the land; both of them are domestic companies.
- “Difference between Book Value and Scheduled Sale Price” shows an indicative amount calculated by using the book value as of December 31, 2023 and it is different from the actual gains or losses. For details of the gains or losses, please refer to “9. Outlook of Operation” below.

2. Reason for the Sale

United Urban has been working to improve the quality and profitability of its portfolio through property replacement by considering cash flow stability and future prospects of each property.

The Asset to be Sold is a retail property completed in 2007 in Fujisawa City, Kanagawa Prefecture. United Urban acquired the Asset to be Sold in 2014 and has managed it as a clinic mall since then. In recent years, improvements in occupancy rate and profitability have been a challenge for the Asset to be Sold. MRA has been making efforts to lease up and considering possibilities of conversion, disposition, and others, given the investment market conditions.

United Urban received favorable intensions to purchase the Asset to be Sold from the buyers at a level exceeding the appraisal value and the book value. With a holistic examination of the United Urban's mid- to long-term performance considering prospective capital expenditure to incur and future leasing market conditions and others, we came to conclusion that selling the Asset to be Sold will best suffice the mid- to long-term interest of United Urban.

The proceeds from this transfer will be allocated to the fund for the acquisition of OSAKA BAY TOWER (Note).

(Note) For details, please refer to "Notice Concerning Acquisition of Trust Beneficiary Interest of Domestic Property (OSAKA BAY TOWER: Additional Acquisition)" dated today.

3. Details of the Sale

(1) Summary of the Sale

1. Name of Asset : Plussing Wave Enoshima
2. Type of Asset : Trust beneficial interest in real estate
3. Scheduled Sale Price : ¥2,150 million
 - Building : 511 million
 - Land : 1,638 million
4. Book Value : ¥1,871 million (as of December 31, 2023)
 - Building : 491 million
 - Land : 1,380 million
5. Difference between Book Value and Scheduled Sale Price : +¥278 million
 - Building : +19 million
 - Land : +258 million
6. Appraisal Value : ¥1,600 million (Note 1)
7. Date of Agreement : February 20, 2024
(Conclusion of the sale and purchase agreement of trust beneficial interest)
8. Scheduled Date of Sale : March 29, 2024
9. Buyer : Building: Undisclosed (Note 2)
Land : Undisclosed (Note 2)
10. Intermediary : Yes

(Notes)

1. As of November 30, 2023. The appraisal agency is the Japan Real Estate Institute. For details, please refer to "10. Summaries of Appraisal Report".
2. The buyers of building and land are different domestic companies. Their names are not disclosed, due to unavoidable circumstances where their consents for the disclosure have not been obtained.

(2) Outline of the Asset to be Sold

Property Name	Plussing Wave Enoshima
Type of the Property	Trust beneficial interest in real estate
Trustee	Mizuho Trust & Banking Co., Ltd.
Trust Agreement Term	August 29, 2014 to August 31, 2024

Location	Lot number (Note 1)	1-5218-182 ・ 185 ・ 186, Kugenuma Kaigan, Fujisawa, Kanagawa
	Residential	1-3-16, Kugenuma Kaigan, Fujisawa, Kanagawa
Use of Property (Note 1)	Shops/Clinics	
Area (Note 1)	Land	2,450.62 m ²
	Building	3,471.69 m ²
Structure and Scale (Note 1)	S4F	
Type of Ownership (Note 1)	Land: Ownership	Building: Ownership
Completion Date (Note 1)	December 2007	
Details of Tenants (Note 2)		
Total Number of Tenants	7	
Security Deposit	¥47,429 thousand	
Total rental Revenues (Annual)	¥59,920 thousand	
Total Leasable Area	2,885.94 m ²	
Total Leased Area	1,792.31 m ²	
Occupancy Ratio	62.1%	
Other Special Notation	None	

(Notes)

1. Each piece of information in the “Location (Lot number)”, “Use of property”, “Area”, “Structure and Scale”, “Type of Ownership” and “Completion Date” is described as it appears on the real estate register.
2. “Details of Tenant” represents the figures as of January 31, 2024.

4. Overview of the Buyer

There are two domestic buyers who involve in the disposition of the Asset to be Sold. Details of each buyer are not disclosed as the consent for disclosure has not been obtained from each of them. As of today, both buyers fall under neither the category of the “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 MRA. In addition, United Urban and MRA have no significant capital ties, personal relationships and transactions with both buyers, and the buyers do not fall under a related party of United Urban and MRA.

5. Outline of Intermediary

(1) Broker’s Profile

Company Name	Marubeni Real Estate Management Co., Ltd.					
Address	3・4F Shiba 520 Building, 5-20-6 Shiba, Minato-ku, Tokyo					
Representative	Ryutaro Yoshida, Representative Director					
Principal Business	1. Leasing, management, operation, and administration of real estate (office building, retail property, dormitory, car parking, restaurant, warehouse, etc. and the trust beneficial interest thereof). 2. Purchase and sale, exchange, brokerage, and mediation of real estate land and building) etc., and agency and consultation of these. 3. Designing, management, and contract work for construction work.					
Capital	¥100 million (As of April 30, 2023)					
Date of Foundation	August 1960					
Major Shareholder	<div>(As of April 2023)</div> <table><tr><td>Shareholder Name</td><td>Controlling Share</td></tr><tr><td>Marubeni Corporation</td><td>100%</td></tr></table>		Shareholder Name	Controlling Share	Marubeni Corporation	100%
Shareholder Name	Controlling Share					
Marubeni Corporation	100%					
Relationship with United Urban or MRA						
Capital Ties	There are no significant capital ties.					
Personal Relationship	There are no significant personal relationships.					

	Business Relationship	Marubeni Real Estate Management Co., Ltd. has been entrusted the property management of the multiple properties held by United Urban. In addition, Marubeni Real Estate Management Co., Ltd. is one of the tenants of Shiba 520 Building, a property held by United Urban.
	Standing to Related Party	Marubeni Real Estate Management Co., Ltd. falls under the categories of both the Related Parties and the Sponsor/Stakeholder, and therefore, MRA is abiding by the predetermined limitations and procedures (Note) of MRA.

(Note)

In view of avoiding the conflicts of interest, MRA 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 MRA’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 have voting rights (a member of the Investment Committee who has a special interest in the resolution may not participate in the 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 viewpoint of the compliance with laws and regulations, guidelines, internal rules, etc. The same shall apply hereinafter.

(2) Amount and Details of Brokerage

¥64,500 thousand (excluding consumption taxes, etc.)

6. Transactions with Interested Party and Sponsor/Shareholder

Relevant Transaction	Business Partner	Procedure of United Urban and MRA
Brokerage	Marubeni Real Estate Management Co., Ltd.	Marubeni Real Estate Management falls under the categories of both the Related Party and the Sponsor/Stakeholder, and therefore, MRA is abiding by the predetermined limitations and procedures of MRA.

7. Matters on Forward Commitment

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

Disposition of the Asset to be Sold 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 disposition of the Asset to be Sold, United Urban has concluded the purchase and sale agreements of trust beneficial interests with buyers for the building and the land respectively (the “PSA”) as of February 20, 2024.

Each PSA provides that one party may terminate the PSA with a prior notification to fulfill obligations pertaining to the PSA to the other party in breach by setting a sufficient period and in case the other party in breach delays the fulfillment of obligations, and one party may request the other party in breach to pay a 20% amount of the Scheduled Sale Price at maximum as penalty charges.

8. Method of Payment and Transfer Schedule

(1) Methods of Payment

The payment from the buyers will be paid in a lump-sum upon the delivery of the Asset to be Sold. The proceeds from the disposition is scheduled to be used for a recovery fund for the cash on hand, a part of which is to be allocated to the acquisition costs for OSAKA BAY TOWER (Note) that United Urban plans to acquire dated March 28, 2024.

(Note) For details, please refer to “Notice Concerning Acquisition of Trust Beneficiary Interest of Domestic Property (OSAKA BAY TOWER: Additional Acquisition)” dated today.

(2) Transfer Schedule

Decision of the sale	February 20, 2024
Conclusion of the sale and purchase agreement of trust beneficial interest	
Transfer of the trust beneficial interest and payment	March 29, 2024 (scheduled)

9. Outlook of Operation

Gain on the disposal is assumed to be ¥187 million and prospected to be booked in the forty-first fiscal period ending May 31, 2024. In addition to this disposal, there are two property acquisitions to be counted in the forty-first fiscal period ending May 31, 2024; one is OSAKA BAY TOWER as per “Notice Concerning Acquisition of Trust Beneficiary Interest of Domestic Property (OSAKA BAY TOWER: Additional Acquisition)” announced today and the other is Toranomon Hill Business Tower as per “Notice Concerning Acquisition of Trust Beneficiary Interest of Domestic Real Estate Property (Toranomon Hills Business Tower)” announced on January 30, 2024.

The impact of these initiatives on the latest business forecasts is minor. Therefore, United Urban does not make any changes to the business forecasts for the forty-first fiscal period ending May 31, 2024 and for the forty-second fiscal period ending November 30, 2024, which were released on January 19, 2024.

5. Summaries of Appraisal Report

Appraisal Value	¥1,600,000 thousand
Appraisal Agency	Japan Real Estate Institute
Date of Value Estimate	November 30, 2023

(thousands of yen, unless otherwise indicated)

Item	Details	Grounds
Income approach price	1,600,000	-
Price by Direct Capitalization Method	1,620,000	-
(1) Total income (Total effective profit: 1+2+3+4-5-6)	105,713	-
1. Potential total profit (rental revenues, common area maintenance fees)	104,763	Assessed based on the rents, etc. stipulated in the current lease contracts, the assumed rent level upon new lessees for the property, the profiles of current lessees, and the terms of current lease contracts.
2. Utility revenues	0	No utility revenues from lessees.
3. Parking revenues	2,760	Recorded the revenues from the car parks based on the current leasing contract where the current owner has collectively concluded the leasing contract for a temporary use of lands of the property as car parks.
4. Other revenues	360	Recorded the vending machine installation fees, the land usage fees for electric poles buried in the land of the property.
5. Losses from vacancies	2,070	Assessed based on the occupancy rates and demand of competitive and similar real estates located in the same market area and the actual results and forecasts of the property's operation. As for the shops on the 1 st floor, losses from vacancies were not recorded, considering their lease terms including lease periods, penalty charges, and others. Losses from vacancies for the other income were not recorded as it was assessed based on the assumed medium- to long-term amounts.
6. Bad debt losses	0	Judged that no bad debt losses need to be recorded in view of the circumstances, etc. of lessees.
(2) Total expenses (7+8+9+10+11+12+13+14)	105,813	-
7. Administrative and maintenance fees	9,884	Recorded in reference to the actual results, those of similar real estates and the individuality of the property.
8. Utility costs	0	No recorded as the electricity costs for lighting and other equipment, A/C in the exclusive areas are deemed to be incurred by the lessees.
9. Repairs	996	Recorded based on the actual results, future management and operation plans, cost levels of similar real estate and annual average of renewal costs in engineering reports, etc.
10. Property and other tax	8,288	Recorded based on taxes and public dues materials.
11. Property management fees	1,786	Recorded based on the remuneration rates of the contract terms and those of similar real estates as well as the individuality of the property.
12. Advertising expenses for tenants, etc.	450	Recorded annual average amounts based on leasing costs and advertisement costs upon for new leases as well as assumed turnover rates.
13. Casualty insurance expenses	76	Recorded based on the insurance rates of the insurance contract and those of similar real estates.
14. Other expenses	0	No specific costs to be recorded.
(3) Net operating income (NOI: (1)-(2))	84,333	-
(4) Operating profit of lump-sum money	728	Assessed by assuming stable period of months for lease deposits for the medium- to long-term based on the current lease contracts and the number of months for new lease deposits and multiplying the assessed number of months for lease deposits by occupancy rates, then multiplying by investment yields. Assessed 1.0% as an appropriate investment yield based on the interest rates, etc., during the fund management and procurement.
(5) Capital expenditures (including routine repairs)	2,391	Although the renewal costs required to maintain the functionality of buildings are to be incurred irregularly in practice, here assumed to save expected expenses on average every fiscal period, and assessed based on the level of capital expenditures, the building ages for similar real estates as well as the annual average

			amount of renewal costs in the relevant engineering report.
	(6) Net cash flow (NCF: (3)+(4)-(5))	82,670	-
	(7) Cap rate	5.1%	Based on the standard yields of the related areas of the property, added/contracted spreads to the yields considering the property's location, building features and other factors, and assessed given prospective uncertainties and the actual transaction yields of similar real estates, and others.
	Price by discounted cash flow method	1,580,000	-
	Discount rate	4.8%	-
	Terminal cap rate	5.3%	-
	Cost approach price	1,620,000	Land ratio: 78.7%, Building ratio: 21.3%
Other specific matters the appraisal agency has paid attention in appraising the property		None	

【Attached Material】
Portfolio Summary

Reference Material

Portfolio Summary

As of March 29, 2024 (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	38	200,554	28.7%
Office Buildings	39	213,399	30.6%
Hotels	23	163,252	23.4%
Residential Properties	25	52,328	7.5%
Others	19	68,707	9.8%
Total	140	698,240	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	30	149,141	21.4%
23 Wards of Tokyo	14	47,503	6.8%
Tokyo Metropolitan Area	39	235,549	33.7%
Other Regions	57	266,046	38.1%
Total	140	698,240	100.0%

(Notes)

1. Each of “maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)” and “OSAKA BAY TOWER”, 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.

United Urban plans an additional acquisition of OSAKA BAY TOWER, a mixed-use complex including retail facility (¥2,637 million) on March 28, 2024, and the total acquisition price for the property is to total ¥5,274 million in addition to the existing holding (¥2,637 million; categorized as office buildings). Based on the MRA’s bylaw on type of use classification in case of additional acquisitions (<Note>), the above table shows the figures after dividing into an office buildings’ portion and a retail properties’ portion.

<Note>Bylaws on Type of Use Classification in Case of Additional Acquisitions

In case that the acquisition price of an investment property which United Urban has already owned and managed exceeds ¥5 billion after additional acquisitions, the total acquisition price is to be divided into respective type of use based on the leased floor area ratios of the respective type of use. If a type of use, of which leased floor area ratio is less than 35%, the subject type of use is to be included to a type of use which has the largest share of the lease floor area.

2. 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.

3. 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 excluding 6 central wards of Tokyo	Tokyo Metropolitan Area excluding 23 wards of Tokyo	

(Notes)

a. Tokyo Metropolitan Area refers to Tokyo as well as Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi, and Yamanashi prefectures.

b. 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).

4. 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
Office Buildings, Retail Properties	Office, Store	Other Regions	OSAKA BAY TOWER (Additional Acquisition)	March 28, 2024	2,637	Office Buildings 0.2% Retail Properties 0.2%

5. 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>