

# Semiannual Report

Twenty-ninth Fiscal Period  
From December 1, 2017 to May 31, 2018

29<sup>th</sup>



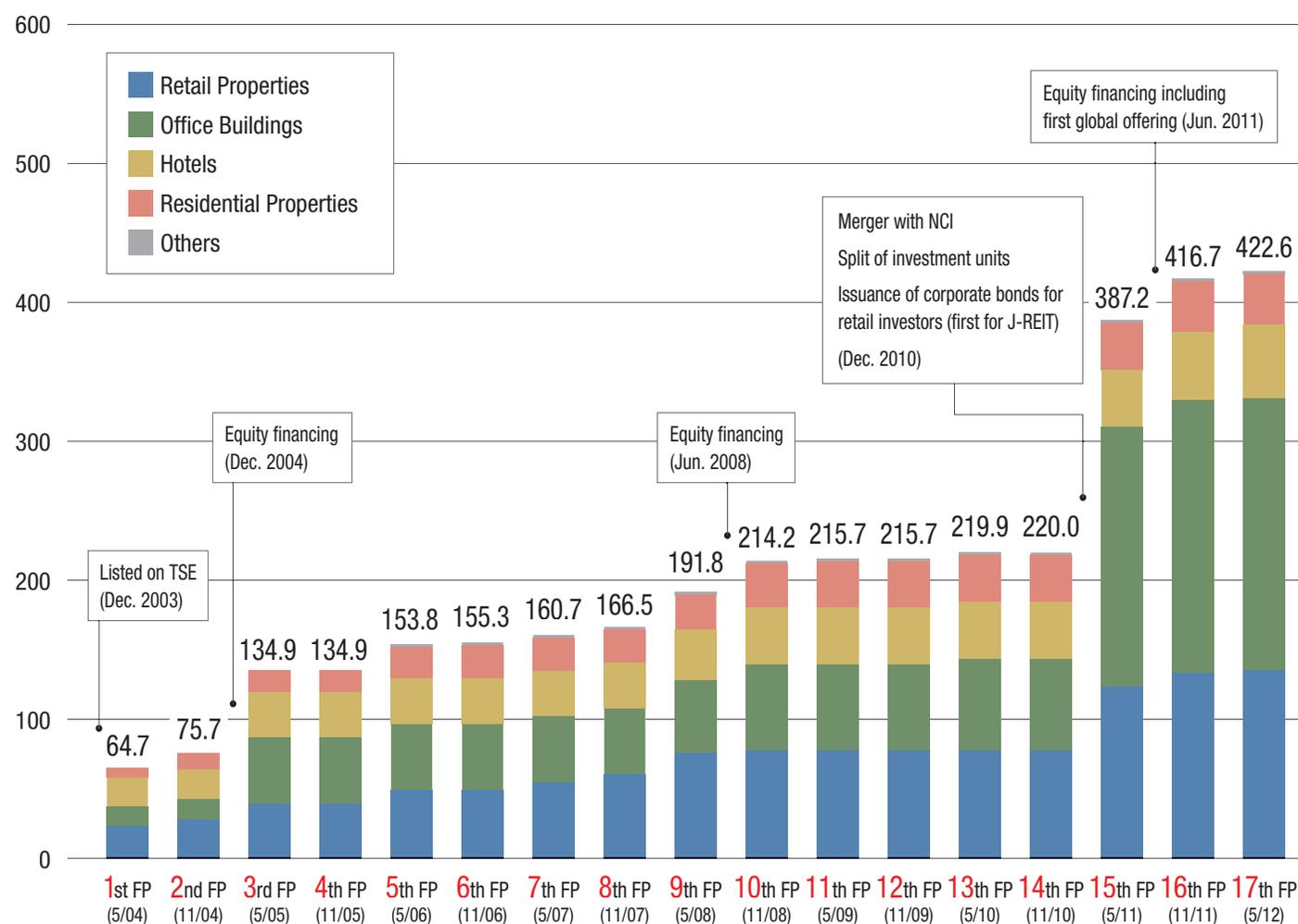
# Profile

United Urban Investment Corporation (“United Urban”) was incorporated on November 4, 2003, under the Act on Investment Trusts and Investment Corporations of Japan. On December 22, 2003, United Urban was listed on the real estate investment trust section (“J-REIT section”) of the Tokyo Stock Exchange (Securities Code: 8960), and United Urban has been growing steadily since its listing. In addition, through the merger with Nippon Commercial Investment Corporation (“NCI”) in December 2010, United Urban considerably expanded the size of its assets.

In order to obtain stable earnings over the medium to long term, United Urban intends to form an optimal portfolio that is diversified both in terms of the types of use and areas of location, which is thought to cope with economic and real estate market fluctuations and lead to the mitigation of risks involved.

## Growth of Assets <sup>(Note 1)</sup>

Billions of yen



No. of Properties	14	18	23	23	32	33	34	36	41	48	49	49	50	50	86	90	91
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Notes: 1. The total acquisition prices of properties owned by United Urban at the end of each fiscal period are shown above, and figures are rounded to the units stated.  
 2. Unless otherwise indicated, in principle, all figures in this report are rounded down to the nearest unit.



**United Urban**  
Investment Corporation

The shareholder of Japan REIT Advisors Co., Ltd. (“JRA”), the asset management company to which United Urban entrusts asset management services, is the general trading company Marubeni Corporation (“Marubeni”). United Urban aims to realize its further growth as a diversified J-REIT <sup>(Note)</sup> by taking full advantage of the network and support provided by Marubeni and its affiliate companies.

Note: In this document, J-REIT refers to a real-estate investment trust listed on a Japanese stock exchange.

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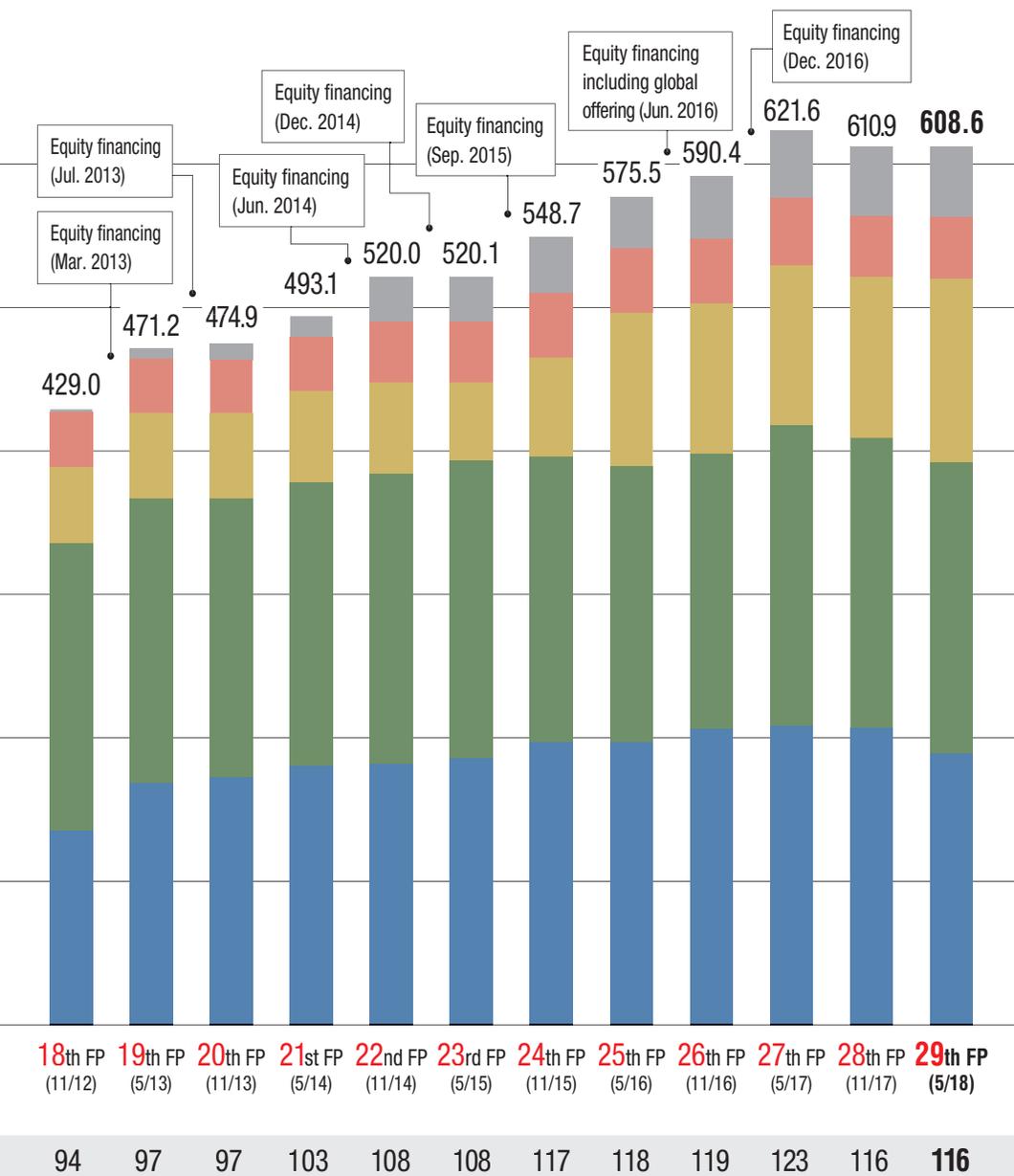
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Financial Section



# Key Figures (As of May 31, 2018)

## Cash Distribution per Unit for the 29th Fiscal Period

**¥3,530**

## Occupancy Ratio

**99.3%**

## Total Acquisition Price

**¥609 billion**

## Number of Properties

**116**

## Loan-to-Value Ratio (LTV) (Note)

**33.3%**

Note: LTV=Interest-bearing liabilities (including corporate bonds) / (Total assets + Appraisal values at the end of the period - Book value at the end of the period)

## Ratings (as of July 31, 2018)



Long-term issuer rating

**AA**

Rating Outlook: Stable



Long-term issuer rating

**A3**

Rating Outlook: Stable

# Financial Highlights

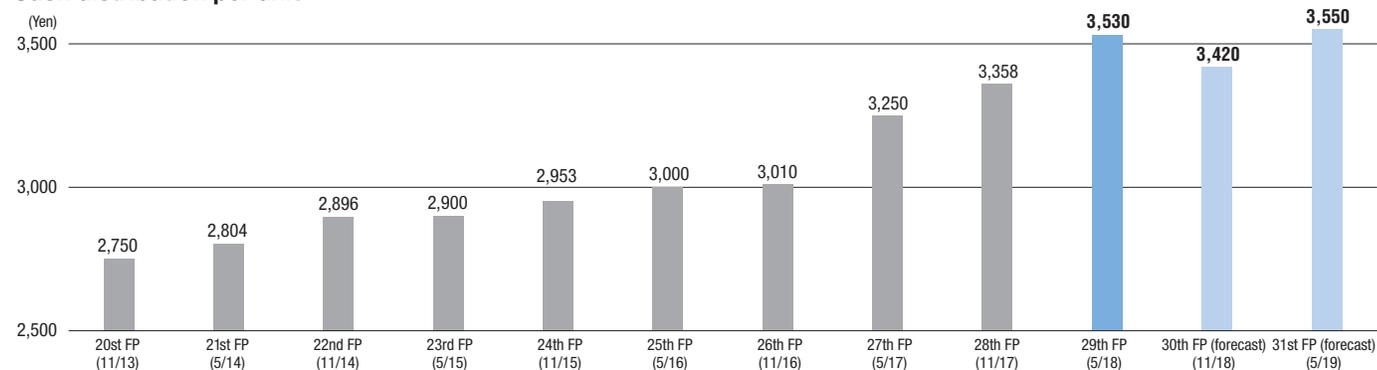
Millions of yen, except per unit information

	25th Fiscal Period	26th Fiscal Period	27th Fiscal Period	28th Fiscal Period	29th Fiscal Period
	December 1, 2015- May 31, 2016	June 1, 2016- November 30, 2016	December 1, 2016- May 31, 2017	June 1, 2017- November 30, 2017	December 1, 2017- May 31, 2018
Operating revenues	¥ 21,444	¥ 22,864	¥ 22,982	¥ 25,926	¥ 29,166
Operating income	10,591	11,057	11,497	12,482	13,089
Ordinary income	9,224	9,349	10,286	11,320	11,974
Net income	9,089 (Note 1)	9,348 (Note 1)	10,285 (Note 2)	11,319 (Note 2)	11,973 (Note 2)
Total cash distribution	8,254 (Note 1)	8,888 (Note 1)	9,929 (Note 2)	10,258 (Note 2)	10,784 (Note 2)
Cash distribution per unit (Yen)	3,000 (Note 1)	3,010 (Note 1)	3,250 (Note 2)	3,358 (Note 2)	3,530 (Note 2)
Total assets	629,262	648,105	675,885	663,531	648,503
Total net assets	298,009	333,592	351,801	353,258	355,017
Net assets per unit (Yen)	108,313	112,966	115,152	115,629	116,205

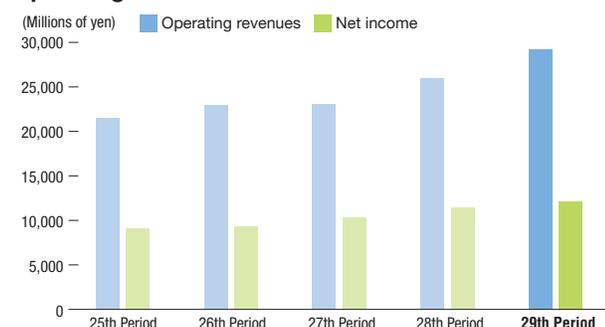
Notes: 1. A portion of unappropriated retained earnings (25th fiscal period: ¥834 million, 26th fiscal period: 459 million) was retained as reserve retained for distribution. Accordingly, the cash distribution per unit for the 25th fiscal period became ¥3,000 and the 26th fiscal period became ¥3,010.

2. A portion of unappropriated retained earnings (27th fiscal period: ¥431 million, 28th fiscal period: 1,136 million, 29th fiscal period: 1,264 million) was retained as reserve for reduction entry, etc., and a reversal of reserve for temporary difference adjustments (each fiscal period: ¥75 million) was added to cash distribution. Accordingly, the cash distribution per unit for the 27th fiscal period became ¥3,250, the 28th fiscal period became ¥3,358, and the 29th fiscal period became ¥3,530, respectively.

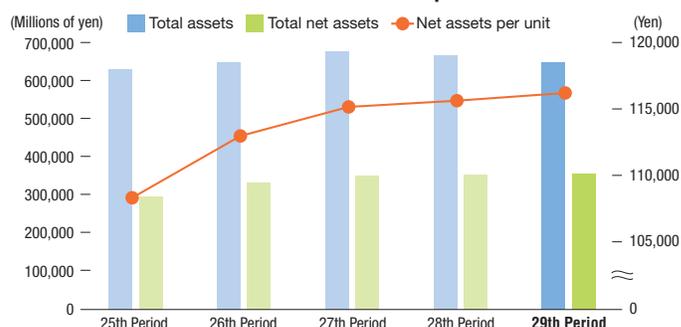
## Cash distribution per unit



## Operating revenues / Net income



## Total assets / Total net assets / Net assets per unit



# To Our Unitholders

It is a pleasure to present this report on the business activities of United Urban during the 29th fiscal period: the six-month period ended May 31, 2018.

United Urban was listed on the J-REIT section of the Tokyo Stock Exchange in December 2003 as a diversified J-REIT, investing in properties varied both in type of use and geographical location. Since its listing, United Urban has been making efforts to maintain or improve its revenues and reduce various risks for the purpose of obtaining stable earnings over the medium to long term. As of May 31, 2018 (the end of the 29th fiscal period), its asset size was ¥608.6 billion, and United Urban is one of the largest among all J-REITs in terms of asset size.

In the 29th fiscal period, United Urban acquired RIHGA Royal Hotel Kokura · ARUARU City, a large-scale complex comprising a hotel, retail facilities, etc. located in Kitakyushu City (acquisition price: ¥16.6 billion). On the other hand, taking into consideration the potentiality of existing properties, the real estate transaction market, etc., United Urban has decided to sell two retail properties (total sales price: ¥34.0 billion, total estimated gain on sale: ¥6.1 billion) to improve asset quality and rise its portfolio profitability through the replacement of properties. (One property will be sold in three installments over three fiscal periods including the 29th fiscal period.) Also, United Urban has continued to implement the strategic investments such as large-scale renovation particularly in hotel properties to increase the value of the properties from the medium- to long-term perspective.

The environment for the asset management of our existing properties has been good due to the robust business performance of Japanese corporations and the increased demand by the inbound tourists. The properties acquired in the 29th fiscal period and the gains on sale of properties have also contributed to this fiscal period's profit increase. As a result, in the 29th fiscal period, United Urban was able to achieve operating revenues of ¥29,166 million, operating income of ¥13,089 million and net income of ¥11,973 million. Succeeding the previous fiscal period, a part of net income from sales of properties (¥1,264 million) was retained in order to strengthen the capability to cope with the risk (the corporate tax was not imposed for this retention.) In addition, United Urban reversed approximately ¥75 million of the negative goodwill ("reserve for temporary difference adjustments") and added it to the cash distribution under the provisions of laws and regulations, etc. Consequently, the cash distribution per unit for the 29th fiscal period became ¥3,530 (increased by approximately 5% or ¥172 per unit from the previous period) breaking our highest distribution per unit record, and we could increase cash distribution per unit for nine consecutive fiscal periods since the 21st fiscal period.

In addition, United Urban used a portion of the proceeds from the property sales including that of previous fiscal period to repay interest bearing liabilities, and the amount of interest bearing liabilities at the end of the 29th fiscal period decreased to ¥255.8 billion from ¥271.6 billion as of the end of 28th fiscal period.

Moreover, during the 30th fiscal period ending November 30, 2018, United Urban has acquired Chatle Otemachi S · N, a rental apartment for families located in Kitakyushu City (acquisition price: ¥3.3 billion) on July 3, 2018. United Urban will continue to put energy into increasing profits through the reinvestment of proceeds from the property sales.



All of our officers and employees of United Urban and its asset manager, Japan REIT Advisors Co., Ltd., shall have firm awareness of Environment, Social and Governance (ESG) and make efforts to achieve the sustained growth of United Urban while coexisting with the society and environment. Your continuous support and kind attention are highly appreciated.

## **Ikuo Yoshida**

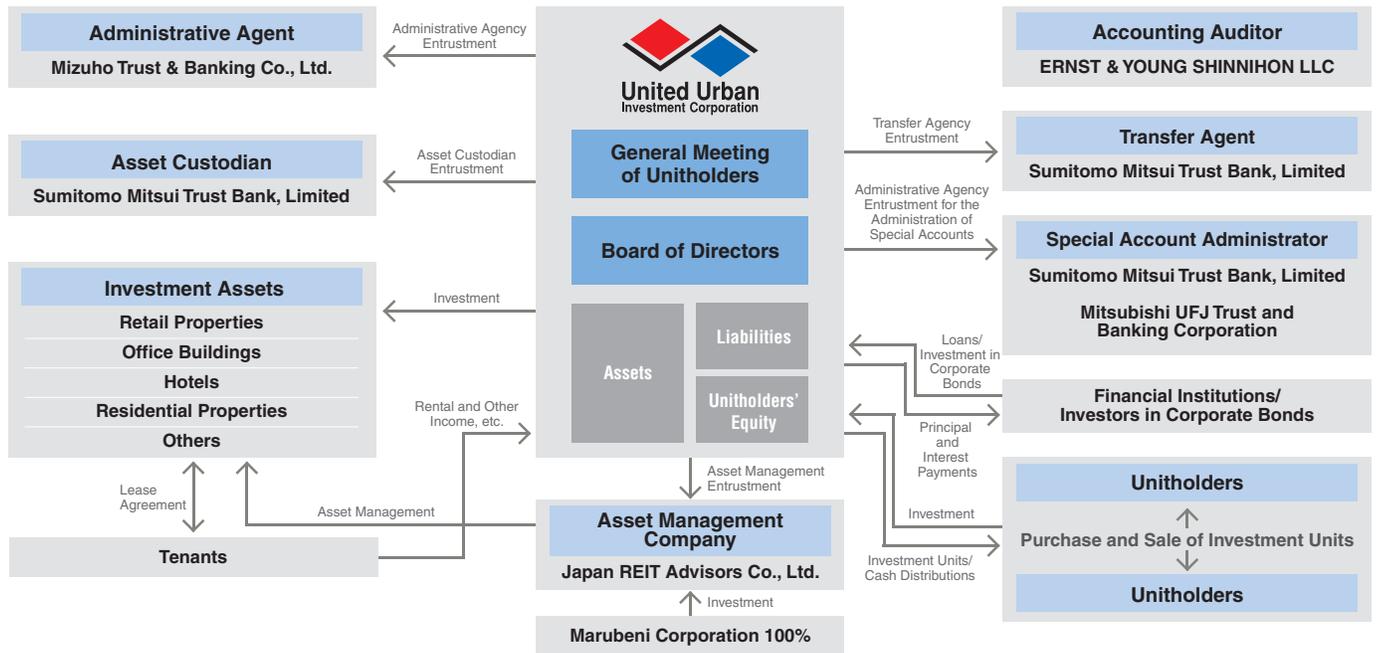
Executive Officer  
United Urban Investment Corporation

## **Norimasa Gaun**

President and CEO  
Japan REIT Advisors Co., Ltd.

# Structure of United Urban / Investment Unit Information

## Corporate Structure



## Unit Price and Trading Volume



Notes: 1. In connection with the six-for-one unit split which became effective as of December 1, 2010, United Urban's investment units have been traded at the unit price after the unit split from November 26, 2010. Accordingly, the unit prices on or before November 25, 2010, as indicated in the above chart, are divided by six and the trading volumes on or before November 25, 2010, as indicated in the above chart, are multiplied by six.  
2. TSE REIT Index is shown indexed based on the unit price as of December 22, 2003.

## Breakdown of Unitholders (As of May 31, 2018)

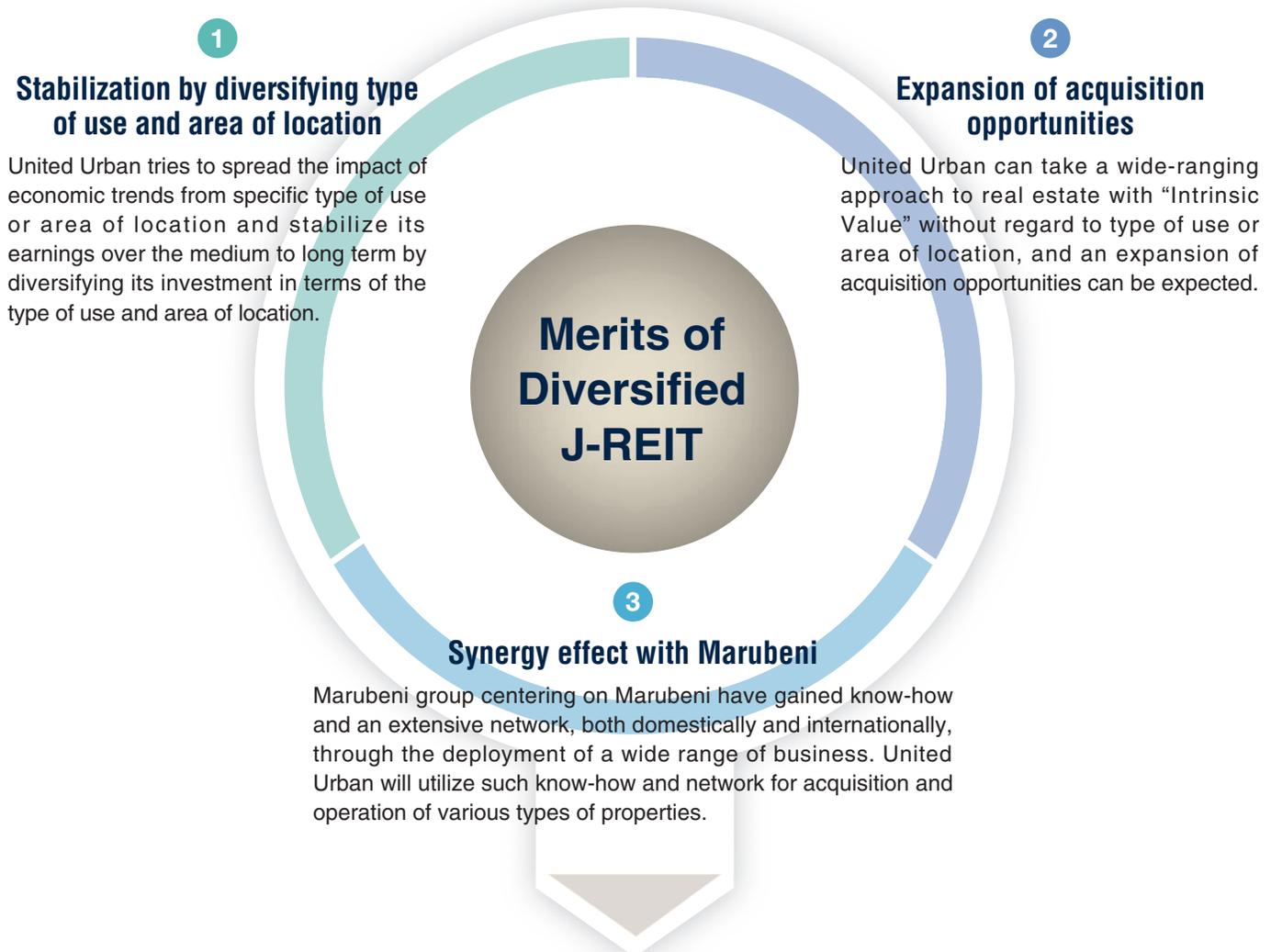


Note: Percentage figures are rounded to the nearest one decimal place. Therefore the sum of each figure does not always add up to the total.

# Management Strategy of United Urban

## Distinction of United Urban

United Urban aims to reduce several risks and secure stable earnings over the medium to long term by diversifying its investments in terms of the type of use and area of location as a diversified J-REIT. The sponsor of United Urban is Marubeni, a general trading company which has connections with a wide range of industries and companies. United Urban aims for continuous and stable portfolio management by taking advantage of the functions of the Marubeni Group centering on real estate-related business.



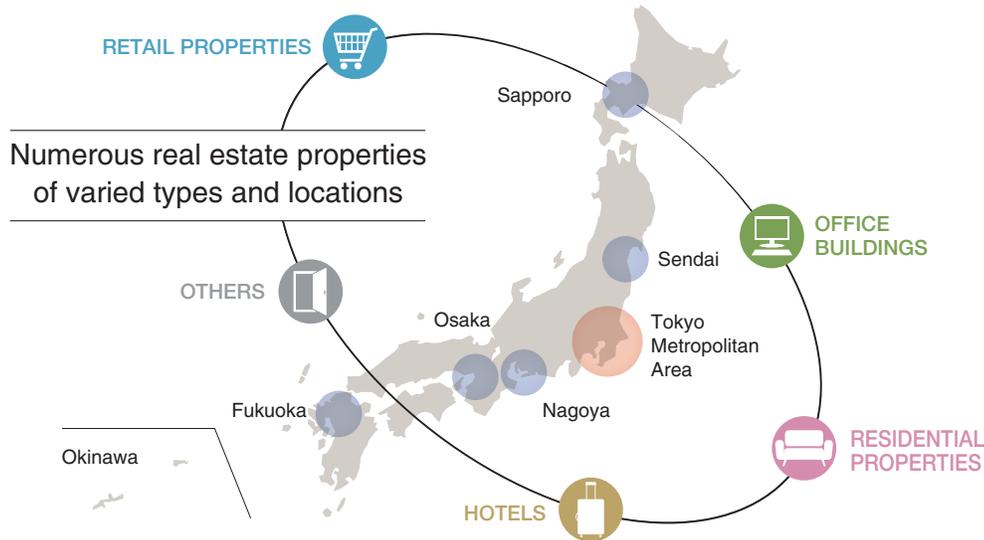
## Management Policy of United Urban

<b>External Growth</b>	<ul style="list-style-type: none"> <li>■ Property acquisition taking advantage of being a diversified J-REIT and multifaceted support of the sponsor</li> <li>■ Property-replacement in consideration of improvement of asset quality and portfolio profitability</li> </ul>
<b>Internal Growth</b>	<ul style="list-style-type: none"> <li>■ Property management from a medium- to long-term perspective considering the tenant-relations</li> <li>■ Strengthening property-competitiveness through strategic capital expenditure</li> </ul>
<b>Financial Strategy</b>	<ul style="list-style-type: none"> <li>■ Building up a robust financial standing that can cope with change in the financial market</li> <li>■ Diversification of funding source</li> </ul>

**To maximize unitholders' interest by securing a medium- to long-term stable income stream**

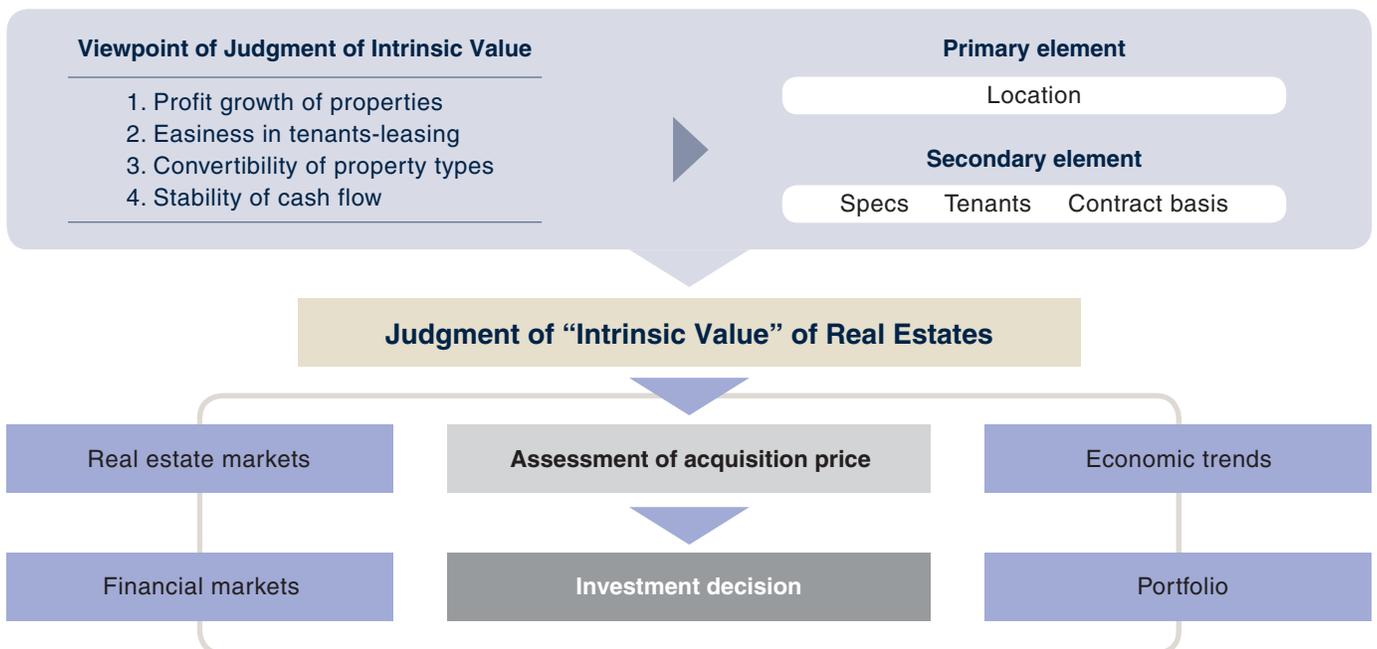
## Building an Investment Portfolio by Taking Advantage of the Strength of Diversified J-REIT

Revenues obtained from real estate investment and management concentrated on specific property types or regions may be significantly affected if the real estate market of specific property type stagnates or the specific regions is damaged by a natural disaster such as earthquakes or a trend of regions. United Urban aims to reduce risks inherent to real estate market conditions for specific types of use or specific regions by diversifying investment both in property types and regions, and secure stable earnings.



## Selected Investment Policy Focused on Real Estate with “Intrinsic Value”

United Urban defines the real estate that can secure stable profitability over the medium to long term as the real estate with “Intrinsic Value” and aims to implement carefully selected investment in real estate with “Intrinsic Value.” On that basis, through analysis of various factors such as the external environment including current economic trends and real estate market trends, United Urban makes its final investment decision.



# Acquisition and Sale of Properties

United Urban acquired a large-scale complex (a property used for hotel, retail facility, etc.) by utilizing the advantage of the diversified J-REIT. Also, United Urban sold two retail properties in favorable conditions by taking into consideration the potentiality of existing properties (stability of the property management, changes in population of the market area, limitations of reconstruction, etc.) and favorable real estate transaction market, etc. United Urban seeks to improve asset quality and raise its portfolio profitability by property replacement.

## New Acquisition during the 29th Fiscal Period

### C15 RIHGA Royal Hotel Kokura • ARUARU City

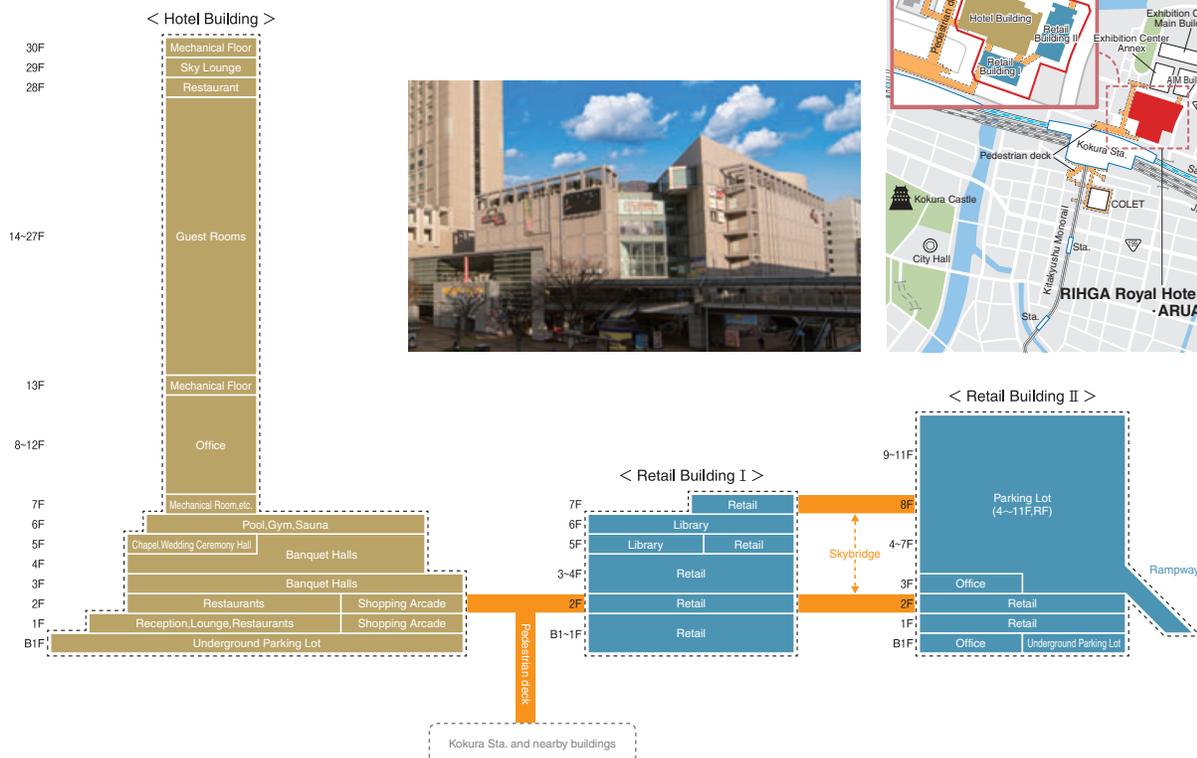
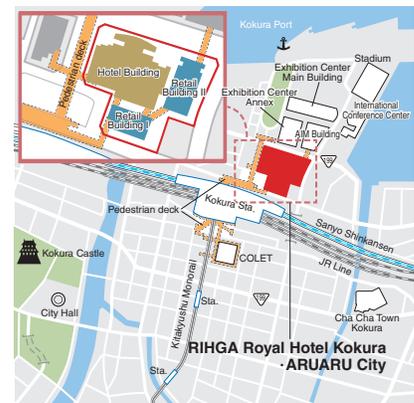
Hotels



■ Acquisition Date	January 26, 2018
■ Acquisition Price	¥16,600 million
■ Location	Kitakyushu, Fukuoka
■ Site Area	22,799.65 m <sup>2</sup>
■ Total Floor Space <sup>(Note)</sup>	Total: 114,117.54 m <sup>2</sup> (1) 64,707.51 m <sup>2</sup> (2) 16,762.79 m <sup>2</sup> (3) 32,647.24 m <sup>2</sup>
■ Construction <sup>(Note)</sup>	(1) SRC/RC/S (2) SRC (3) SRC/RC
■ Number of Floors <sup>(Note)</sup>	(1) B1/30F (2) B1/7F (3) B1/11F
■ Completed <sup>(Note)</sup>	(1) (2) March 1993 (3) August 1992
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

- A large-scale complex centering on a hotel and retail facilities located near Kokura Station, the central part of the Kanmon Urban Area
- The leading hotel in Kyushu with 295 guest rooms providing full-services operated by the prestigious RIHGA Royal Hotel Group
- Unique retail facilities specializing in pop culture, and differentiated from other retail facilities by spreading the relevant information in cooperation with the local government

Note: The property is composed of three buildings: a hotel building, a retail building I, and a retail building II, and some of the information are shown for the hotel building as (1), retail building I as (2), and retail building II as (3).



## Sale of Properties during the 29th Fiscal Period

(Billions of yen)

Property Name (Type of Use)	Location	Completed	Acquisition Price	Book Value (Note 1)	Appraisal Value (Note 2)	Sale Price	Reason for Sale
AEON MALL Uki (Retail Properties) 	Uki, Kumamoto	October 1997	11.1	9.3	6.1	6.5	· Concern about the property's profitability and liquidity in the future due to its location. · United Urban has agreed with the tenant to enter into a long fixed-term lease agreement from August 2019 with large rent reduction. The rent revenues will decrease in exchange for avoidance of tenant leave risk. (Estimated NOI (yearly) : before rent reduction ¥749 million → after rent reduction ¥504 million) · Receipt of the favorable purchase offer (higher price than appraisal value.) · Implementation of the large scale renovation work in 2016. · Receipt of the favorable purchase offer based on the new increased rent with new tenant (Gains on the sale will be shown over 3 fiscal periods in installments.) · Concern of total floor space decrease in case of rebuilding. The building's floor-area ratio: about 480% Legal floor-area ratio: (at the time of construction) 500% → (present) about 240% · Concern about stability of property management due to dependence on off-site parking lots leased to the tenant by the landlords.
Himonya Shopping Center (Retail Properties) 	Meguro-ku, Tokyo	March 1975	15.3	17.3	22.6	27.5	

Two properties will be sold with estimated NOI yield of 4.9% (based on sale price) (Note 3)

(Billions of yen)

Total/ By Fiscal Period	Properties	Date of Sale	Acquisition Price	Book Value (Note 1)	Appraisal Value (Note 2)	Sale Price	Gain on Sale of Properties	Use of Sales Profit
Total			26.4	26.7	28.7	34.0	6.1	· Gains on the sale will be retained to the extent not to be imposed corporate income tax. · Mitigating the impact on decrease of operating income from leasing business due to the sale of properties by the gains on the sale shown over 3 fiscal periods in installments.
29th FP	AEON MALL Uki Himonya Shopping Center (51%)	May 24, 2018	18.9	18.2	17.6	20.5	1.3	
30th FP	Himonya Shopping Center (19%)	November 1, 2018	2.9	3.3	4.2	5.2	1.8 (Note 4)	
31st FP	Himonya Shopping Center (30%)	March 1, 2019	4.5	5.1	6.7	8.2	2.9 (Note 4)	

- Notes: 1. "Book Value" as of May 24, 2018.  
 2. "Appraisal Value" as of May 1, 2018.  
 3. Based on the estimated NOI (after rent reduction in the case of AEON MALL Uki) on the day of sale decision.  
 4. "Gains on sale of properties" at 30th FP and 31st FP are estimated values, and they could differ from actual gains.

## New Acquisition during the 30th Fiscal Period

### D29 Chatle Otemachi S・N

Residential Properties



- Acquisition Date July 3, 2018
- Acquisition Price ¥3,398 million
- Location Kitakyushu, Fukuoka
- Site Area 3,516.04 m<sup>2</sup>
- Total Floor Space (Note) Total: 12,599.91 m<sup>2</sup>  
(1) 6,836.47 m<sup>2</sup> (2) 5,763.44 m<sup>2</sup>
- Construction (Note) (1) SRC (2) SRC
- Number of Floors (Note) (1) 15F (2) 15F
- Completed (Note) (1) (2) August 2008
- Type of Ownership Land: Proprietary Ownership  
Building: Proprietary Ownership

Note: The property is composed of two buildings: S Building and N Building, and some of the information are shown for S Building as (1) and N Building as (2).

- Located in Otemachi area, easy to access to government offices, department stores, supermarkets, general hospitals, etc.
- All 154 residences are family-type, with excellent specifications comparable to apartments for sale.
- Stable operation can be expected because approximately 80% of units are leased to corporations such as large local companies or medical institutions.



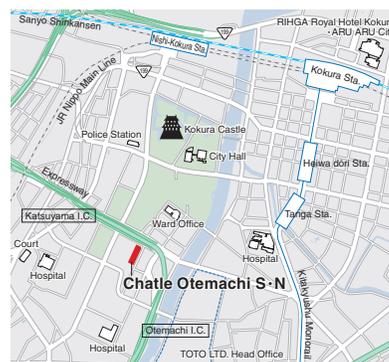
Entrance



Walk-in closets

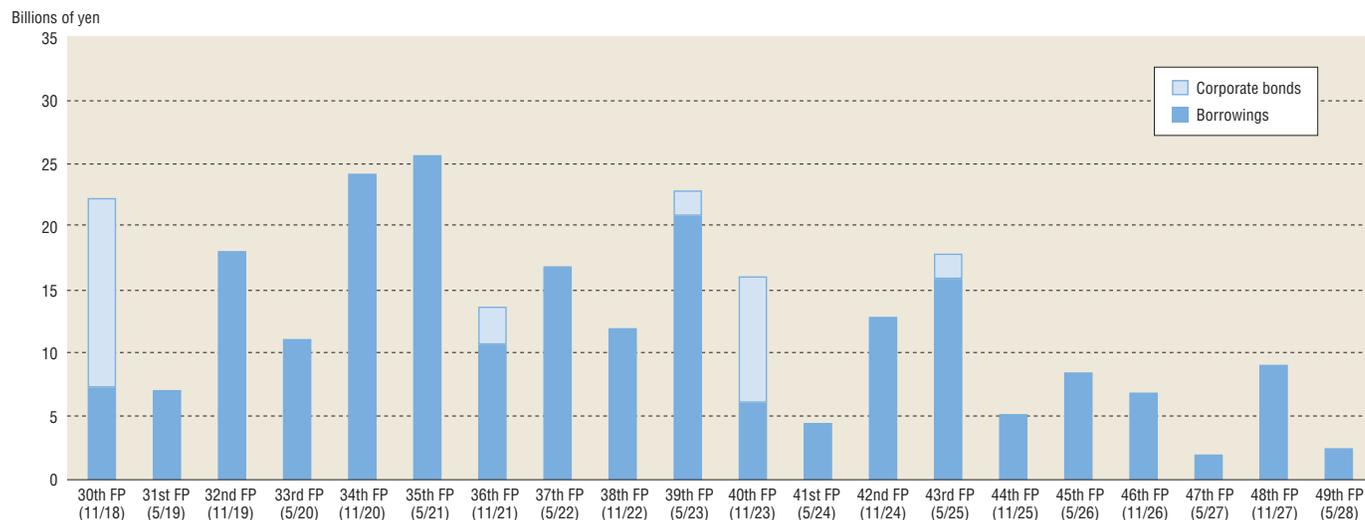


Open kitchen

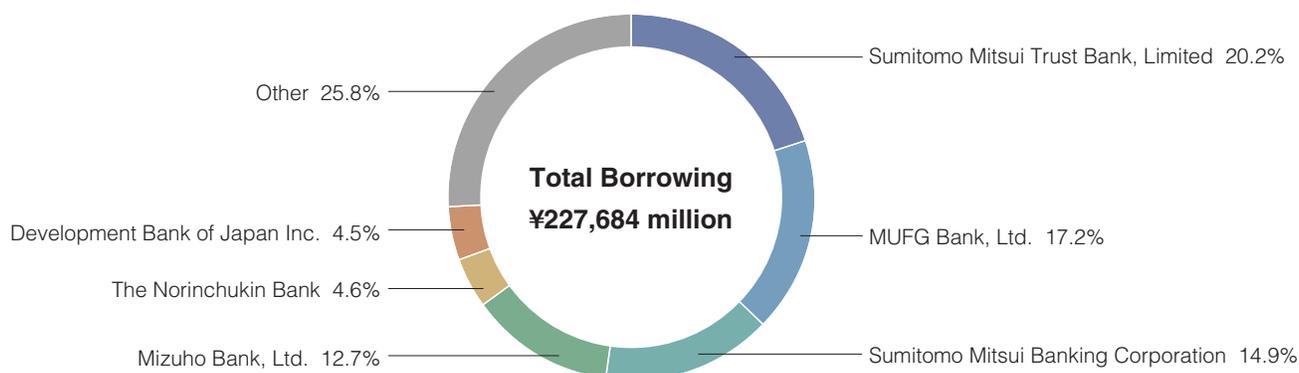


# Financial Status

## Diversification of Maturity Date (As of July 13, 2018)



## Lenders and Borrowing Amount (As of July 13, 2018)



Lenders	Balance (Millions of yen)	Share (%) <sup>(Note)</sup>
Sumitomo Mitsui Trust Bank, Limited	45,983	20.2
MUFG Bank, Ltd.	39,196	17.2
Sumitomo Mitsui Banking Corporation	33,959	14.9
Mizuho Bank, Ltd.	28,937	12.7
The Norinchukin Bank	10,500	4.6
Development Bank of Japan Inc.	10,300	4.5
Shinsei Bank, Limited	7,000	3.1
Aozora Bank, Ltd.	6,770	3.0
Resona Bank, Limited	5,339	2.3
Mizuho Trust & Banking Co., Ltd.	4,800	2.1
Shinkin Central Bank	3,000	1.3
The Bank of Fukuoka, Ltd.	2,900	1.3
The Ashikaga Bank, Ltd.	2,000	0.9
Saitama Resona Bank, Limited	2,000	0.9
The 77 Bank, Ltd.	2,000	0.9
The Daishi Bank, Ltd.	2,000	0.9
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	0.9

Lenders	Balance (Millions of yen)	Share (%) <sup>(Note)</sup>
The Nishi-Nippon City Bank, Ltd.	2,000	0.9
Nippon Life Insurance Company	2,000	0.9
The Nomura Trust and Banking Co., Ltd.	2,000	0.9
Meiji Yasuda Life Insurance Company	2,000	0.9
The Gunma Bank, Ltd.	1,500	0.7
The Hiroshima Bank, Ltd.	1,500	0.7
The Iyo Bank, Ltd.	1,000	0.4
ORIX Bank Corporation	1,000	0.4
THE KAGAWA BANK, LTD.	1,000	0.4
The Bank of Kyoto, Ltd.	1,000	0.4
Sompo Japan Nipponkoa Insurance Inc.	1,000	0.4
Taiyo Life Insurance Company	1,000	0.4
The Yamaguchi Bank, Ltd.	1,000	0.4
Kiraboshi Bank, Ltd.	500	0.2
The Bank of Yokohama, Ltd.	500	0.2
<b>Total</b>	<b>227,684</b>	<b>100.0</b>

Note: "Share" is rounded to the nearest one decimal place. Accordingly, "Share" may not add up to the "Total."

## Committed Line of Credit Agreement (As of July 13, 2018)

Participating Financial Institutions	Maximum Loan Amount	Term of Agreement	Limitation of Use	Remarks
Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited	¥12.0 billion	From Dec. 26, 2017 to Dec. 25, 2018	None	Unsecured Unguaranteed
Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd.	¥24.0 billion	From Jun. 26, 2018 to Jun. 26, 2019	None	Unsecured Unguaranteed
Total	¥36.0 billion			

## Strategic Utilization of Retained Earnings

(negative goodwill, reserve retained for distribution, and reserve for reduction entry)

United Urban aims to maximize unitholders' interest over medium to long term through the utilization of retained earnings, considering the stability of distribution per unit ("DPU").

### Utilize policy of retained earnings

- Promotion of external growth with the flexible equity-raise**  
 United Urban will use its retained earnings to mitigate the influence in such cases as the dilution of DPU arises by the issuance of new investment units. Flexibility of equity-finance corresponding to the economic and financial markets and promotion of external growth can be expected through these initiatives.
- Portfolio management from long-term perspective**  
 United Urban will use its retained earnings to mitigate the influence on DPU level in such cases as losses on the sale of property or temporary decrease in revenues (major tenants' leave etc.). This will enable us to build the optimum portfolio and asset management in the long-term perspective.
- Coping with difference between accounting and taxation**  
 United Urban will be able to mitigate the risk of large amount of corporate tax due to difference between accounting and taxation such as impairment loss by using our retained earnings.

### ► Standing of retained earnings <sup>(Note)</sup>

(Millions of yen)

	As of end of 28th FP ( '17/ 11 )	As of end of 29th FP ( '18/ 5 )		
		Reserved in 29th FP	Reversed in 29th FP	
Negative goodwill (Reserve for temporary difference adjustments)	7,395	+66	-75	7,386
Reserve retained for distribution	2,984	+77	-	3,061
Reserve for reduction entry	-	+1,120	-	1,120
<b>Total retained earnings</b>	<b>10,380</b>	<b>+1,264</b>	<b>-75</b>	<b>11,569</b>

Note: Each end of fiscal period amount shows amount after increasing or decreasing of negative goodwill (reserve for temporary difference adjustments), reserve retained for distribution, and reserve for reduction entry based on "Statements of Cash Distribution" in the relevant fiscal period.

### [Utilization policy of negative goodwill]

Reversal of the same amount for 50 years (100 fiscal periods)					
Reverse at least 1% of the balance in each fiscal period, to the extent its balance remains					
Resource of distribution	<table border="1"> <tr> <td>Balance as of end of 26th FP ( '16/11 )</td> <td>Reserved in 29th FP ( '18/5 )</td> </tr> <tr> <td>¥7,546 million</td> <td>¥66 million</td> </tr> </table>	Balance as of end of 26th FP ( '16/11 )	Reserved in 29th FP ( '18/5 )	¥7,546 million	¥66 million
Balance as of end of 26th FP ( '16/11 )	Reserved in 29th FP ( '18/5 )				
¥7,546 million	¥66 million				
Appropriated amount (lower limit)	<table border="1"> <tr> <td>Starting from 27th FP ( '17/5 )</td> <td>Starting from 30th FP ( '18/11 )</td> </tr> <tr> <td>¥75.4 million /FP</td> <td>¥0.6 million /FP</td> </tr> </table> <p style="text-align: center;">Starting from 30th FP ( '18/11 ) ¥76.1 million /FP</p>	Starting from 27th FP ( '17/5 )	Starting from 30th FP ( '18/11 )	¥75.4 million /FP	¥0.6 million /FP
Starting from 27th FP ( '17/5 )	Starting from 30th FP ( '18/11 )				
¥75.4 million /FP	¥0.6 million /FP				

# Financial Status

## [Retained earnings through utilizing reserve for reduction entry]

	Amount of reserve for reduction entry	Applicable system	Subject asset of reduction, etc.
29th FP ('18/5)	¥1,120 million	Replacement of the asset held for a long time	Disposition asset: Himonya Shopping Center (Land: 51% quasi co-ownership of the trust beneficial interest) Subject asset of reduction: RIHGA Royal Hotel Kokura · ARUARU City (Land)

## Reserve for Reduction Entry (Reduction Entry System)

Reserve for reduction entry is the reserve based on "Reduction Entry System." Reduction entry is deferment of tax payment on the profits related to the government subsidy on newly acquired property or the gains on real estate sale, etc. by the reduced book entry that meets certain requirement in taxation.

## Outline of "Reduction Entry System"<sup>(Note)</sup>

	Replacement of the asset held for a long time	Preceding land acquisition, etc.
Applicable conditions	In the case that the new land or building is to be acquired during the fiscal period or within one year after the fiscal period ends that the land or building held over 10 years is sold. (Asset(s) acquired within one year before the subject year of disposition starts can be applicable to the system if the acquisition(s) are filed to the district director of the tax office.)	i) The tax payer has the land acquired in 2009 or 2010. (Filing to the tax office on acquisition of land is required by the final due date of tax return for the business year when the land is acquired.) AND ii) In the case that gains on land sale arises within 10 years after the relevant fiscal period ends (the fiscal period when the land is acquired).
Subject asset of reduction	Acquired asset (land & building or land or building)	Land mentioned in i) above
Limit of reduction, reduction rate, etc.	Acquisition price for reduction entry <sup>(1)</sup> x Profit ratio <sup>(2)</sup> x Ratio of Reduction (80% in principle) *1 Lower amount between "sale price" and "acquisition price" *2 "gains on sale" / "sale price" Notes: 1. Aggregation of profit and loss on the property sale is not necessary even if these are multiple sales. 2. Selection of the subject gains is possible. The tax payer can chose from gains on "land and building," "land" only or "building" only. 3. These are certain requirements on the acquired assets.	Capital gain of land x Reduction ratio <sup>(1)</sup> (No larger than total amount of i) above) * 80% is applicable to land(s) acquired in 2009 (mentioned in i) above); 60% in 2010. However, 80% is applicable if lands acquired in both 2009 and 2010 are to be included in the same fiscal year. Notes: 1. If capital gain is recorded for individual sale of land, such gains is applicable to this system, even in case that total disposition brings capital loss. 2. Aggregation of profit and loss is to be required in case that there is multiple sale of land.
Allowable retained earnings	Whichever amount is the lower of A or B, can be retained and no corporate tax is levied in the relevant fiscal period.	
	A: Limit of reduction calculated based on the above system	B: Amount compliant with conduit requirement (≒Profit available for dividend x 10% or less)

Note: The simplified outline of each accounting system as of July 13, 2018 is stated. Accordingly, the application of the system mentioned above may differ due to the status of United Urban as well as interpretations and handling of tax laws and others.

# ESG Initiatives (Sustainability Management)

## Sustainability Approach

Considering Environment, Social, and Governance (ESG), United Urban and JRA make efforts for improvement in sustainability to conduct a sound management that can coexist with society and environment. Based on our stakeholders' expectations and concerns, and United Urban's influence on the environment and society, United Urban and JRA have specified and addressed the high material issues for United Urban.

## Management Structure

JRA has established the Sustainability Committee (chaired by the Chief Investment Officer) to promote continuous and systematic ESG initiatives. Information concerning ESG is shared throughout the company including its board members at least once a year in pursuit of further improvement. Policies drawn up by the Sustainability Committee are resolved by JRA's Board of Directors and then reported to United Urban's Board of Directors.

In addition, the Energy Conservation Promotion Committee and the Energy Conservation Promotion Subcommittee have been established as a management system to streamline the energy use. Also United Urban has been taking various measures to promote efficient use of energy obtaining the advice from external energy experts.

Action Plan for Materiality	Environment	Social	Governance
United Urban selects issues to be considered in sustainability initiatives, and put into its energy to those thought to be materiality.	United Urban has established the "Environmental Policies" and "Sustainability Objectives" for decrease of environmental burden of its properties. In addition, United Urban has obtained various environmental assessments from third parties for reference in formulating its management policies.	United Urban has been implementing various social initiatives in compliance with its stakeholders' expectation and interest, and United Urban's influence in society.	JRA will make "Everything for the Investors' Best Interest" our motto, and ensure timely and transparent disclosure. Moreover, JRA will place the greatest emphasis on compliance matters, and perform the asset management services for United Urban sincerely and faithfully.

## Case Examples for Environmental Action

### ▶ United Urban's acquisition of certification on environment (As of May 31, 2018)

Environment certification	Number of properties certified		
CASBEE for Market Promotion	16 properties (10 properties were newly certified during the 29th FP)	★★★★★ : 2	★★★★ : 14
DBJ Green Building Certification	3 properties <sup>(Note)</sup>	★★★ : 3	
BELS Certification	5 properties (4 properties were newly certified during the 29th FP) <sup>(Note)</sup>	★★★ : 1	★★ : 4
<b>Total</b>	<b>23 properties <sup>(Note)</sup> ⇒ Environment certification coverage: 27.7% (total floor space basis)</b>		

Target Certification Coverage by 2020  
**50.0%**  
(total floor space basis)

Note: ARENA TOWER has received recognition under both DBJ Green Building Certification and BELS Certification, but the overlap is deducted in the total.

### ▶ Reduction of power usage in the 29th fiscal period

#### Mallage Kashiwa

Introduction of fuel-efficient air-conditioning facilities  
Receipt of national subsidies

Upgraded gas-heat-pump (GHP) compressor units were introduced in December 2017. 40% of energy-saving is expected compared with the previous units.

United Urban received national subsidies that are approximately 20% of the construction cost of ¥81 million.

#### FOUR SEASONS BLDG

Green lease

LED lights were installed in the entire building to reduce power usage by United Urban. The relevant cost would be covered by the increased rental income agreed with the tenant occupying the whole space of the property. It was a meaningful deal advantageous to both United Urban and the tenant.

### ▶ S ranking in classification and evaluation system of business based on Act on the Rational Use of Energy

United Urban has been ranked S for three consecutive year in the classification and evaluation system of business based on Act on the Rational Use of Energy (the Energy Conservation Act), implemented by the Ministry of Economy, Trade and Industry. Business operators who achieved the reduction of energy consumption by more than 1% on a five-year average, which is the goal of the Energy Conservation Act, are entitled to receive S rank.

**Among J-REITs, there are eight investment corporations including United Urban that have been ranked S for three consecutive years.**

# Portfolio Properties

## Portfolio Roster (As of May 31, 2018)

No.	Property Name	Location	Type of Asset	Completion Date (Note 1) (Note 4)	Acquisition Date (Note 2)
<b>Retail Properties</b>					
A1	Himonya Shopping Center <sup>(Note 7)</sup>	Meguro-ku, Tokyo	Trust beneficial interest in real estate	Mar. 1975	Dec. 25, 2003
A2	Joy Park Izumigaoka	Sakai, Osaka	Trust beneficial interest in real estate	Nov. 2000	Dec. 22, 2003
A4	Re-LAND Shopping Center	Funabashi, Chiba	Trust beneficial interest in real estate	Mar. 1998	Sep. 17, 2004
A6	TENJIN LUCE	Fukuoka, Fukuoka	Trust beneficial interest in real estate	Nov. 2005	Apr. 14, 2006
A7	Yamada Denki Tecc Land Sakai Honten	Sakai, Osaka	Real estate	May 2002	Apr. 28, 2006
A8	Miyamae Shopping Center	Kawasaki, Kanagawa	Trust beneficial interest in real estate	Oct. 1993	Feb. 19, 2007
A9	KONAMI SPORTS CLUB Korigaoka	Hirakata, Osaka	Trust beneficial interest in real estate	Dec. 2006	Jun. 29, 2007
A10	ACTIOLE Minami-ikebukuro	Toshima-ku, Tokyo	Trust beneficial interest in real estate	Nov. 2006	Sep. 27, 2007
A11	Tip's Machida Building	Machida, Tokyo	Trust beneficial interest in real estate	Jun. 1992	Dec. 27, 2007
A12	Daiei Takarazuka Nakayama	Takarazuka, Hyogo	Trust beneficial interest in real estate	Nov. 1997	Jan. 30, 2008
A13	maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) (retail portion) <sup>(Note 8)</sup>	Yokohama, Kanagawa	Trust beneficial interest in real estate	—	Feb. 18, 2008
A14	ACTIOLE Kannai	Yokohama, Kanagawa	Real estate	Sep. 2007	Jun. 30, 2008
A15	Shinsaibashi OPA Honkan	Osaka, Osaka	Trust beneficial interest in real estate	Nov. 1994	Dec. 1, 2010
A19	Albore Jingumae	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Feb. 2006	Dec. 1, 2010
A20	Albore Sendai	Sendai, Miyagi	Trust beneficial interest in real estate	Mar. 1997	Dec. 1, 2010
A21	Mallage Kashiwa	Kashiwa, Chiba	Trust beneficial interest in real estate	Jun. 2004	Dec. 1, 2010
A23	Ito-Yokado Owariasahi	Owariasahi, Aichi	Real estate	Oct. 1998	Dec. 1, 2010
A24	Yokohama Kariba Shopping Center	Yokohama, Kanagawa	Trust beneficial interest in real estate	Sep. 2007	Dec. 1, 2010
A25	Luz Jiyugaoka	Meguro-ku, Tokyo	Trust beneficial interest in real estate	May 2009	Jun. 15, 2011
A26	ACTIOLE Ichikawa	Ichikawa, Chiba	Trust beneficial interest in real estate	Apr. 2010	Jun. 15, 2011
A27	Yokohama Aoba Shopping Center (Site) <sup>(Note 15)</sup>	Yokohama, Kanagawa	Real estate	—	Oct. 31, 2011
A28	Yamada Denki Tecc Land Aoba (Site)	Yokohama, Kanagawa	Real estate	—	May. 18, 2012
A29	Yodobashi Camera Multimedia Kichijoji	Musashino, Tokyo	Trust beneficial interest in real estate	May 1974	Mar. 18, 2013
A30	Yamada Denki Tecc Land New Matsudo Honten	Matsudo, Chiba	Trust beneficial interest in real estate	Aug. 2009	Mar. 18, 2013
A31	Tenjin Loft Building	Fukuoka, Fukuoka	Trust beneficial interest in real estate	Mar. 1989	Nov. 29, 2013
A32	Narumi Shopping Center (Site)	Nagoya, Aichi	Real estate	—	Apr. 8, 2014
A33	Plussing Wave Enoshima	Fujisawa, Kanagawa	Trust beneficial interest in real estate	Dec. 2007	Aug. 29, 2014
A34	LIFE Nishikujo (Site)	Osaka, Osaka	Trust beneficial interest in real estate	—	Mar. 2, 2015
A35	LIFE Tamatsukuri (Site)	Osaka, Osaka	Trust beneficial interest in real estate	—	Mar. 2, 2015
A36	Granbell Ginza Building	Chuo-ku, Tokyo	Trust beneficial interest in real estate	Oct. 2006	Jun. 30, 2015
A37	UUR Tenjin Nishi-dori Building	Fukuoka, Fukuoka	Trust beneficial interest in real estate	Mar. 2010	Jul. 15, 2015
A38	Luz Shonan Tsujido	Fujisawa, Kanagawa	Trust beneficial interest in real estate	Aug. 2010	Sep. 30, 2015
A39	ACTIOLE Ueno	Taito-ku, Tokyo	Trust beneficial interest in real estate	Sep. 1984	Dec. 4, 2015
A40	KURURU	Fuchu, Tokyo	Trust beneficial interest in real estate	Feb. 2005	Sep. 1, 2016
A41	K's Denki Nagoya-kita	Nishikasugai-gun, Aichi	Trust beneficial interest in real estate	Jun. 2000	Dec. 1, 2016
<b>Office Buildings</b>					
B1	T&G Hamamatsucho Building	Minato-ku, Tokyo	Trust beneficial interest in real estate	Dec. 1988	Dec. 26, 2003
B3	Fukuoka Eartheon Building	Fukuoka, Fukuoka	Trust beneficial interest in real estate	Sep. 1998	Dec. 26, 2003
B4	Marumasa Kojimachi Building	Chiyoda-ku, Tokyo	Trust beneficial interest in real estate	Sep. 1989	Mar. 29, 2004
B5	Rokubancho K Building	Chiyoda-ku, Tokyo	Trust beneficial interest in real estate	Dec. 1988	Mar. 30, 2004
B6	Shin-Osaka Central Tower (office portion) <sup>(Note 6)</sup>	Osaka, Osaka	Trust beneficial interest in real estate	Jun. 1989	Dec. 2, 2004
B7	Kawasaki Toshiba Building	Kawasaki, Kanagawa	Trust beneficial interest in real estate	Apr. 1987	Dec. 20, 2004
(A13)	maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) (office portion) <sup>(Note 8)</sup>	Yokohama, Kanagawa	Trust beneficial interest in real estate	—	Feb. 18, 2008
B8	UUR Toyochō Building	Koto-ku, Tokyo	Real estate	Nov. 1990	Jun. 30, 2008
B9	FOUR SEASONS BLDG	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1994	Dec. 25, 2009
B10	Hitachi High-Tech Building	Minato-ku, Tokyo	Trust beneficial interest in real estate	Feb. 1986	Dec. 1, 2010
B11	Pacific Marks Shinjuku Parkside	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Mar. 1989	Dec. 1, 2010
B13	Pacific Marks Tsukishima	Chuo-ku, Tokyo	Real estate	Mar. 1990	Dec. 1, 2010
B14	Pacific Marks Yokohama East	Yokohama, Kanagawa	Trust beneficial interest in real estate	Oct. 1992	Dec. 1, 2010
B17	Akasaka Hikawa Building	Minato-ku, Tokyo	Trust beneficial interest in real estate	Apr. 1984	Dec. 1, 2010
B18	Pacific Marks Shibuya Koen-dori	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Aug. 1996	Dec. 1, 2010
B20	Pacific Marks Akasaka-mitsuke	Minato-ku, Tokyo	Real estate	Mar. 1994	Dec. 1, 2010
B22	Pacific Marks Shin-Yokohama	Yokohama, Kanagawa	Trust beneficial interest in real estate	Oct. 1991	Dec. 1, 2010
B25	Pacific Marks Kawasaki	Kawasaki, Kanagawa	Real estate	Aug. 2004	Dec. 1, 2010
B26	Hamamatsucho 262 Building <sup>(Note 6)</sup>	Minato-ku, Tokyo	Trust beneficial interest in real estate	Feb. 1993	Dec. 1, 2010
B27	Lila Hijirizaka	Minato-ku, Tokyo	Real estate	Nov. 1991	Dec. 1, 2010
B29	Otsuka HT Building	Toshima-ku, Tokyo	Real estate	Mar. 1990	Dec. 1, 2010
B30	Pacific Marks Shinjuku South-gate	Shinjuku-ku, Tokyo	Real estate	Aug. 1985	Dec. 1, 2010
B31	Pacific Marks Nishi-Umeda	Osaka, Osaka	Trust beneficial interest in real estate	Mar. 1997	Dec. 1, 2010
B32	Pacific Marks Higobashi	Osaka, Osaka	Trust beneficial interest in real estate	Oct. 1983	Dec. 1, 2010
B34	Pacific Marks Esaka	Suita, Osaka	Trust beneficial interest in real estate	Mar. 1975	Dec. 1, 2010
B35	Pacific Marks Sapporo Kita-Ichijo	Sapporo, Hokkaido	Trust beneficial interest in real estate	Feb. 1993	Dec. 1, 2010
B36	Shin-Sapporo Center Building	Sapporo, Hokkaido	Trust beneficial interest in real estate	Sep. 1991	Dec. 1, 2010
B37	ARENA TOWER	Yokohama, Kanagawa	Trust beneficial interest in real estate	May 2008	Jun. 16, 2011
B38	Yushima First Building	Bunkyo-ku, Tokyo	Trust beneficial interest in real estate	Feb. 1989	Aug. 29, 2012
B39	Dogenzaka Square	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Oct. 2004	Nov. 22, 2012
B40	GRAND-SQUARE Shin-Sakae	Nagoya, Aichi	Trust beneficial interest in real estate	May 2009	Feb. 28, 2014
B41	GRAND-SQUARE Meieki-minami	Nagoya, Aichi	Trust beneficial interest in real estate	Feb. 2009	Feb. 28, 2014
B42	Shiba 520 Building	Minato-ku, Tokyo	Trust beneficial interest in real estate	Jul. 1994	Mar. 28, 2014
B43	Hirose-dori SE Building	Sendai, Miyagi	Trust beneficial interest in real estate	Nov. 2007	Jun. 13, 2014
B44	SS30 (office portion) <sup>(Note 6, 9)</sup>	Sendai, Miyagi	Trust beneficial interest in real estate	Mar. 1989	Mar. 30, 2017
B45	LOOP-X·M <sup>(Note 10)</sup>	Minato-ku, Tokyo	Trust beneficial interest in real estate	Nov. 1991	Apr. 26, 2017

	Acquisition Price (Millions of yen) (Note 3)	Share in Total Acquisition Price	Site Area (m <sup>2</sup> ) (Note 1)	Total Floor Space (m <sup>2</sup> ) (Note 1)	Construction (Note 1) (Note 4)	Number of Floors (Note 1) (Note 4)	Type of Ownership	
							Land	Building
	7,497	1.2%	5,249.86	27,032.50	SRC	B1/7F	Proprietary Ownership	Proprietary Ownership
	6,770	1.1%	10,368.45	29,250.71	RC/S	5F	Proprietary Ownership	Proprietary Ownership
	5,200	0.9%	5,198.20	12,944.65	SRC	B2/5F	Proprietary Ownership	Proprietary Ownership
	6,500	1.1%	1,138.66	5,393.09	RC	B1/7F	Proprietary Ownership	Proprietary Ownership
	3,210	0.5%	10,702.86	8,637.63	S	3F	Proprietary Ownership	Proprietary Ownership
	5,312	0.9%	6,937.54	17,338.54	RC	4F	Proprietary Ownership	Proprietary Ownership
	2,040	0.3%	4,120.00	6,381.40	S	4F	Proprietary Ownership	Proprietary Ownership
	3,760	0.6%	320.39	2,265.15	RC	B1/8F	Proprietary Ownership	Proprietary Ownership
	4,100	0.7%	1,596.82	8,075.04	SRC	B1/7F	Proprietary Ownership	Proprietary Ownership
	4,284	0.7%	16,330.14	16,729.60	S	B1/3F	Proprietary Ownership and Leasehold Rights	Proprietary Ownership
	6,883	1.1%	53,363.57	—	—	—	Proprietary Ownership (Co-ownership)	—
	2,410	0.4%	375.17	2,238.82	S/RC	B1/9F	Proprietary Ownership	Proprietary Ownership
	22,800	3.7%	2,430.23	25,865.61	S/RC	B3/12F	Proprietary Ownership	Proprietary Ownership
	1,580	0.3%	308.02	816.60	S/RC	B1/4F	Proprietary Ownership	Proprietary Ownership
	2,590	0.4%	736.01	4,082.94	S/SRC	B1/7F	Proprietary Ownership	Proprietary Ownership
	7,040	1.2%	79,484.47	54,689.28	S	2F	Proprietary Ownership and Leasehold Rights	Proprietary Ownership
	4,840	0.8%	34,612.39	56,371.77	S	6F	Proprietary Ownership and Leasehold Rights	Proprietary Ownership
	2,500	0.4%	7,093.66	10,628.44	S	5F	Proprietary Ownership	Proprietary Ownership
	5,090	0.8%	828.70	2,771.59	S/SRC	B1/8F	Proprietary Ownership	Proprietary Ownership
	3,350	0.6%	749.42	4,452.39	S/RC	B1/7F	Proprietary Ownership	Proprietary Ownership
	2,600	0.4%	9,193.00	—	—	—	Proprietary Ownership	—
	2,150	0.4%	7,594.00	—	—	—	Proprietary Ownership	—
	28,000	4.6%	3,582.39	37,932.95	S/SRC	B4/9F	Proprietary Ownership	Proprietary Ownership
	5,150	0.8%	7,311.98	17,461.22	S/SRC	4F	Proprietary Ownership	Proprietary Ownership
	4,350	0.7%	1,947.80	10,594.19	SRC	B1/9F	Proprietary Ownership	Proprietary Ownership
	6,460	1.1%	60,747.02	—	—	—	Proprietary Ownership	—
	1,800	0.3%	2,449.00	3,471.69	S	4F	Proprietary Ownership	Proprietary Ownership
	1,760	0.3%	3,252.76	—	—	—	Proprietary Ownership	—
	1,880	0.3%	2,391.44	—	—	—	Proprietary Ownership	—
	2,621	0.4%	231.00	1,646.50	RC	B1/9F	Leasehold Rights	Proprietary Ownership
	5,500	0.9%	466.76	1,486.52	S	B1/4F	Proprietary Ownership	Proprietary Ownership
	3,938	0.6%	3,658.25	17,889.43	S/RC	B2/6F	Proprietary Ownership	Proprietary Ownership
	3,000	0.5%	159.59	1,234.99	SRC	10F	Surface Right	Proprietary Ownership
	9,285	1.5%	7,266.41	59,361.08	SRC/RC/S	B3/28F	Right of Site (Co-ownership)	Compartmentalized Ownership
	1,750	0.3%	7,461.97	4,733.74	S	2F	Proprietary Ownership	Proprietary Ownership
	2,257	0.4%	453.81	3,296.58	SRC	B1/9F	Proprietary Ownership	Proprietary Ownership
	2,080	0.3%	1,358.91	6,079.35	SRC	7F	Proprietary Ownership	Proprietary Ownership
	2,350	0.4%	703.24	5,218.55	SRC/RC	B1/9F	Proprietary Ownership (Co-ownership)	Compartmentalized Ownership
	2,150	0.4%	689.70	4,031.14	SRC	B1/7F	Proprietary Ownership	Proprietary Ownership
	14,279	2.3%	7,265.79	58,882.64	SRC	B1/23F	Proprietary Ownership	Proprietary Ownership
	19,200	3.2%	8,615.20	51,254.06	S/RC/SRC	B2/14F	Proprietary Ownership	Proprietary Ownership
	5,021	0.8%	(53,363.57)	(—)	—	—	Proprietary Ownership (Co-ownership)	—
	8,500	1.4%	3,262.50	10,768.11	SRC	B1/6F	Proprietary Ownership	Proprietary Ownership
	4,200	0.7%	690.93	6,318.81	S/RC	B1/10F	Proprietary Ownership	Proprietary Ownership
	14,800	2.4%	3,464.39	22,952.71	SRC/RC	B2/12F	Proprietary Ownership (Co-ownership)	Proprietary Ownership (Co-ownership)
	12,100	2.0%	3,201.80	19,802.22	SRC/RC	B2/7F	Proprietary Ownership	Proprietary Ownership
	6,080	1.0%	3,302.07	14,507.92	SRC	B2/13F	Proprietary Ownership	Proprietary Ownership
	7,050	1.2%	2,525.41	15,387.49	SRC	B1/12F	Proprietary Ownership	Proprietary Ownership
	3,290	0.5%	1,328.93	4,795.06	RC	B1/6F	Proprietary Ownership	Proprietary Ownership
	2,570	0.4%	428.62	1,972.43	S	7F	Proprietary Ownership	Proprietary Ownership
	2,210	0.4%	390.86	1,895.87	SRC	B1/7F	Proprietary Ownership	Proprietary Ownership
	1,710	0.3%	475.00	4,141.89	SRC	B1/10F	Proprietary Ownership	Proprietary Ownership
	9,890	1.6%	1,183.52	10,694.91	S/SRC	B1/13F	Proprietary Ownership (Co-ownership)	Compartmentalized Ownership
	6,840	1.1%	1,401.61	8,331.90	S/RC	B2/8F	Right of Site (Co-ownership)	Compartmentalized Ownership
	2,750	0.5%	1,474.05	6,598.52	SRC	B1/7F	Right of Site (Co-ownership)	Compartmentalized Ownership
	1,160	0.2%	455.94	2,317.67	SRC	7F	Leasehold Rights	Proprietary Ownership
	2,460	0.4%	257.87	2,038.70	SRC	10F	Proprietary Ownership	Proprietary Ownership
	6,860	1.1%	2,053.30	16,142.54	S/SRC	B1/18F	Proprietary Ownership	Proprietary Ownership
	4,570	0.8%	1,284.23	9,596.62	SRC	B1/9F	Proprietary Ownership	Proprietary Ownership
	9,590	1.6%	3,929.31	33,316.53	SRC	B2/20F	Proprietary Ownership	Proprietary Ownership
	1,790	0.3%	987.04	6,048.97	SRC	B1/8F	Proprietary Ownership	Proprietary Ownership
	987	0.2%	1,940.08	3,725.13	SRC	B1/6F	Proprietary Ownership	Proprietary Ownership
	9,500	1.6%	2,733.00	24,412.67	S/SRC	B1/15F	Proprietary Ownership	Proprietary Ownership
	2,100	0.3%	1,120.85	6,165.88	SRC	B1/8F	Proprietary Ownership	Proprietary Ownership
	2,300	0.4%	488.93	3,227.62	SRC	B1/9F	Right of Site (Co-ownership)	Compartmentalized Ownership
	1,480	0.2%	1,294.88	5,333.51	S	7F	Proprietary Ownership	Proprietary Ownership
	1,220	0.2%	1,012.06	5,017.30	S	8F	Proprietary Ownership	Proprietary Ownership
	2,100	0.3%	727.86	3,781.22	SRC/S	7F	Proprietary Ownership	Proprietary Ownership
	3,600	0.6%	2,146.31	10,396.94	S	9F	Proprietary Ownership	Proprietary Ownership
	11,521	1.9%	15,542.84	110,955.68	(1)SRC/S (2)RC (3)SRC	(1)B3/31F (2)B1/2F (3)B2/12F	Proprietary Ownership	Compartmentalized Ownership, Proprietary Ownership
	11,200	1.8%	5,491.44	31,583.38	(1)S/SRC (2)SRC/RC	(1)B1/17F (2)B1/18F	Proprietary Ownership	Proprietary Ownership

# Portfolio Properties

## Portfolio Roster (As of May 31, 2018)

No.	Property Name	Location	Type of Asset	Completion Date (Note 1) (Note 4)	Acquisition Date (Note 2)
<b>Hotels</b>					
C1	Shinjuku Washington Hotel Honkan <sup>(Note 8)</sup>	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1983	Dec. 22, 2003
(B6)	Shin-Osaka Central Tower (hotel portion) <sup>(Note 6)</sup>	Osaka, Osaka	Trust beneficial interest in real estate	Jun. 1989	Dec. 2, 2004
C2	Toyoko Inn Shinagawa-eki Takanawa-guchi	Minato-ku, Tokyo	Real estate	Oct. 1999	Feb. 18, 2005
C3	MZ BLD.	Hachioji, Tokyo	Trust beneficial interest in real estate	Apr. 2007	Apr. 10, 2008
C4	HOTEL ROUTE-INN Yokohama Bashamichi	Yokohama, Kanagawa	Real estate	Jul. 2007	Jun. 30, 2008
C5	Hotel JAL City Naha	Naha, Okinawa	Trust beneficial interest in real estate	May 2006	Oct. 25, 2011
C6	UUR Yotsuya Sanchoe Building	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Jan. 1997	Dec. 26, 2011
C7	Yotsuya 213 Building	Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Apr. 2001	Mar. 18, 2013
C9	the b roppongi	Minato-ku, Tokyo	Trust beneficial interest in real estate	Jan. 2001	May. 1, 2014
C10	Toyoko Inn Kawasaki Ekimae Shiyakusho-dori	Kawasaki, Kanagawa	Trust beneficial interest in real estate	Sep. 2005	Aug. 31, 2015
C11	Toyoko Inn Hiroshima Heiwa-odori	Hiroshima, Hiroshima	Trust beneficial interest in real estate	Mar. 2004	Aug. 31, 2015
C12	Toyoko Inn Naha Kokusai-dori Miehashi-eki	Naha, Okinawa	Trust beneficial interest in real estate	Apr. 2002	Aug. 31, 2015
C13	Loisir Hotel & Spa Tower Naha <sup>(Note 11)</sup>	Naha, Okinawa	Trust beneficial interest in real estate	(1)Oct. 1992 (2)Jun. 2009	Feb. 5, 2016
C14	Urawa Royal Pines Hotel	Saitama, Saitama	Trust beneficial interest in real estate	Aug. 1999	Apr. 1, 2016
(B44)	SS30 (hotel portion) <sup>(Note 6, 9)</sup>	Sendai, Miyagi	Trust beneficial interest in real estate	Mar. 1989	Mar. 30, 2017
C15	RIHGA Royal Hotel Kokura·ARUARU City <sup>(Note 12)</sup>	Kitakyushu, Fukuoka	Trust beneficial interest in real estate	(1)Mar. 1993 (2)Mar. 1993 (3)Aug. 1992	Jan. 26, 2018
<b>Residential Properties</b>					
D1	T&G Higashi-ikebukuro Mansion	Toshima-ku, Tokyo	Trust beneficial interest in real estate	Dec. 2001	Dec. 26, 2003
D4	Komazawa Court	Setagaya-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1998	Dec. 26, 2003
D6	Sky Court Shiba-Daimon	Minato-ku, Tokyo	Trust beneficial interest in real estate	Apr. 2003	Oct. 15, 2004
D7	Maison Ukima	Kita-ku, Tokyo	Trust beneficial interest in real estate	Mar. 1992	Oct. 26, 2004
D9	Aprile Shin-Ohgi Ichibankan	Kobe, Hyogo	Trust beneficial interest in real estate	Sep. 1997	Apr. 13, 2005
D10	UUR Court Sapporo Kita-Sanjo	Sapporo, Hokkaido	Trust beneficial interest in real estate	Feb. 2006	Mar. 16, 2006
D15	CLIO Bunkyo Koishikawa	Bunkyo-ku, Tokyo	Trust beneficial interest in real estate	Feb. 2005	Apr. 28, 2006
D16	GRAND-ROUGE Sakae	Nagoya, Aichi	Trust beneficial interest in real estate	Mar. 2006	Nov. 30, 2006
D17	GRAND-ROUGE Sakae II	Nagoya, Aichi	Trust beneficial interest in real estate	Feb. 2007	Dec. 26, 2007
D18	MA Sendai Building	Sendai, Miyagi	Trust beneficial interest in real estate	Feb. 2008	Sep. 24, 2008
D19	UUR Court Nagoya Meieki	Nagoya, Aichi	Trust beneficial interest in real estate	Aug. 2008	Sep. 30, 2008
D20	UUR Court Sapporo Shinoro Ichibankan	Sapporo, Hokkaido	Real estate	Sep. 2008	Nov. 11, 2008
D21	Park Site IZUMI	Nagoya, Aichi	Trust beneficial interest in real estate	Sep. 2002	Nov. 21, 2008
D22	UUR Court Osaka Juso-honmachi	Osaka, Osaka	Trust beneficial interest in real estate	Jan. 2009	Feb. 26, 2009
D23	UUR Court Kinshicho	Koto-ku, Tokyo	Real estate	Feb. 1998	Jun. 15, 2011
D24	UUR Court Sapporo Minami-Sanjo Premier Tower	Sapporo, Hokkaido	Trust beneficial interest in real estate	Sep. 2006	Jun. 28, 2012
D25	GRAND-ROUGE Nakanoshima-minami	Osaka, Osaka	Trust beneficial interest in real estate	Aug. 2009	Jun. 25, 2013
D26	Glenpark Umeda-kita	Osaka, Osaka	Trust beneficial interest in real estate	Aug. 2007	Aug. 29, 2014
D27	UUR Court Shiki	Shiki, Saitama	Trust beneficial interest in real estate	Mar. 1999	Sep. 18, 2015
D28	GRAND-ROUGE Tanimachi Rokuchoe <sup>(Note 16)</sup>	Osaka, Osaka	Trust beneficial interest in real estate	Jul. 2010	Dec. 1, 2016
<b>Others</b>					
E1	Lilycolor Tohoku Branch	Sendai, Miyagi	Trust beneficial interest in real estate	Apr. 1996	May. 29, 2006
E2	KDDI Fuchu Building	Fuchu, Tokyo	Trust beneficial interest in real estate	Dec. 1999	May. 16, 2013
E3	Tsubogawa Square Building	Naha, Okinawa	Trust beneficial interest in real estate	Jun. 2009	Nov. 1, 2013
E4	THE PLACE of TOKYO	Minato-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1964	May. 1, 2014
E5	Logistics Higashi-Ohgishima <sup>(Note 13)</sup>	Kawasaki, Kanagawa	Trust beneficial interest in real estate	May 2008	Oct. 2, 2014
E6	MT Ariake Center Building I&II <sup>(Note 14)</sup>	Koto-ku, Tokyo	Trust beneficial interest in real estate	(1)Apr. 1989 (2)Jun. 1992	Nov. 25, 2014
E7	Quartz Tower	Shibuya-ku, Tokyo	Trust beneficial interest in real estate	Aug. 2015	Nov. 13, 2015
E8	Shin-Narashino Logistics Center	Narashino, Chiba	Trust beneficial interest in real estate	Jun. 1991	Aug. 7, 2015
E9	Kawagoe Logistics Center	Kawagoe, Saitama	Trust beneficial interest in real estate	Aug. 2007	Jun. 17, 2016
E10	Asuto Nagamachi Dental Clinic	Sendai, Miyagi	Trust beneficial interest in real estate	Oct. 2014	Aug. 29, 2016
E11	Shin-Narashino Logistics Center II	Narashino, Chiba	Trust beneficial interest in real estate	Jan. 1990	Jan. 31, 2017
E12	Yoshikawa Logistics Center	Yoshikawa, Saitama	Trust beneficial interest in real estate	Apr. 1997	Jul. 27, 2017
<b>Total</b>					

Notes: 1. Each piece of information in the "Completion Date," "Site Area," "Total Floor Space," "Construction," and "Number of Floors" is described as it appears on the real estate register unless otherwise stated in this footnote or other footnotes. Some information may differ from the current situations. In regard to the "Site Area" for properties where a part of the site space is for leasehold land, total site area including the site space for leasehold is described. In regard to the "Site Area" and "Total Floor Space" of properties held in co-ownership with other entities, total figures are described.

2. The "Acquisition Date" of properties owned by NCI (the "Former NCI Properties") is described as of December 1, 2010, the effective date of the merger.

3. The "Acquisition Price" is an amount (the amount stated in each purchase and sale agreement, excluding consumption taxes) that does not include the expenses (e.g. agency fees, public taxes and impositions) necessary for making the relevant acquisitions and is rounded to the nearest million yen. The "Acquisition Price" of the Former NCI Properties is the acceptance price at the time of the merger.

4. For properties consisting of several buildings, some information in the "Completion Date," "Construction," and "Number of Floors" applies to the main building, unless otherwise indicated.

5. maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) includes the retail portion and the office portion.

6. Shin-Osaka Central Tower and SS30 include the office portion and the hotel portion.

7. United Urban sold its 51% quasi co-ownership of Himonya Shopping Center and continues to hold the remaining 49% quasi co-ownership. The acquisition price is calculated as 49% of the initial acquisition price (¥15,300 million).

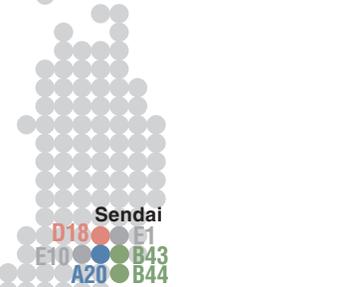
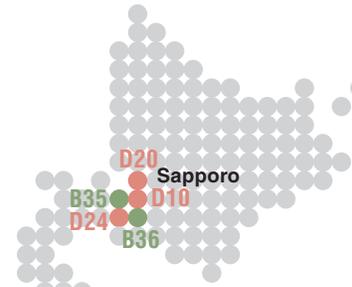
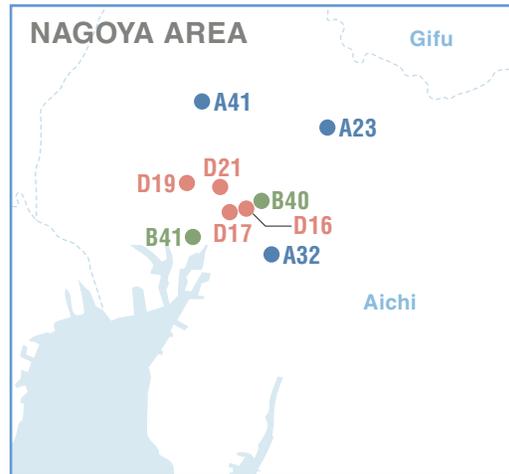
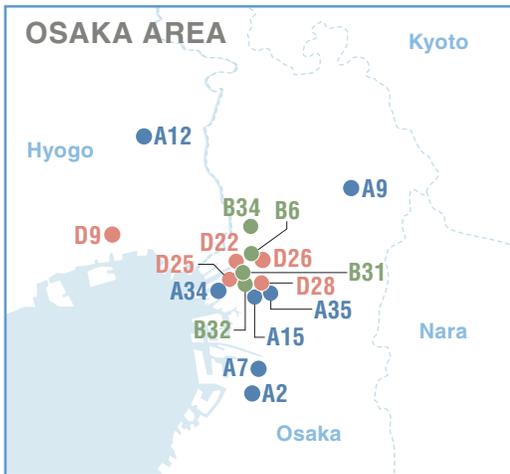
8. For the Hamamatsucho 262 Building, the additional acquisitions were executed on October 31, 2011 and January 23, 2013, respectively. In addition, for the Shinjuku Washington Hotel Honkan, the additional acquisition was executed on September 29, 2010. The acquisition prices in the above table are the total amount of the existing possession and the additional acquisition. Furthermore, the "Acquisition Date" above is the initial acquisition date by United Urban.

	Acquisition Price (Millions of yen) (Note 3)	Share in Total Acquisition Price	Site Area (m <sup>2</sup> ) (Note 1)	Total Floor Space (m <sup>2</sup> ) (Note 1)	Construction (Note 1) (Note 4)	Number of Floors (Note 1) (Note 4)	Type of Ownership	
							Land	Building
	21,140	3.5%	6,215.31	59,985.37	S/SRC	B4/25F	Proprietary Ownership (partly Co-ownership)	Compartmentalized Ownership (partly, Co-ownership)
	9,721	1.6%	(7,265.79)	(58,882.64)	SRC	B1/23F	Proprietary Ownership	Proprietary Ownership
	1,884	0.3%	482.10	2,928.94	SRC	14F	Proprietary Ownership	Proprietary Ownership
	3,800	0.6%	1,304.44	7,708.88	S	13F	Proprietary Ownership and Leasehold Rights	Proprietary Ownership
	4,720	0.8%	970.83	6,610.51	SRC	11F	Proprietary Ownership	Proprietary Ownership
	7,650	1.3%	3,573.31	13,655.23	SRC/RC	B1/14F	Proprietary Ownership and Leasehold Rights	Proprietary Ownership
	4,200	0.7%	1,053.16	7,682.82	SRC/RC	B1/13F	Proprietary Ownership	Proprietary Ownership
	5,020	0.8%	1,264.94	7,884.53	SRC	14F	Proprietary Ownership	Compartmentalized Ownership
	3,500	0.6%	482.37	3,138.82	SRC	B2/9F	Proprietary Ownership	Proprietary Ownership
	2,655	0.4%	639.19	4,785.93	SRC	B1/14F	Proprietary Ownership	Proprietary Ownership
	2,113	0.3%	660.40	4,345.24	SRC	14F	Proprietary Ownership	Proprietary Ownership
	745	0.1%	384.93	1,566.12	S/RC	9F	Proprietary Ownership	Proprietary Ownership
	20,000	3.3%	11,850.24	45,731.16	(1)SRC/RC (2)SRC	(1)B1/12F (2)13F	Right of Site (Co-ownership), Proprietary Ownership	Compartmentalized Ownership (partly Co-ownership), Proprietary Ownership
	17,500	2.9%	7,418.83	51,071.32	SRC/S	B3/20F	Proprietary Ownership, Right of Site	Compartmentalized Ownership
	6,679	1.1%	(15,542.84)	(110,955.68)	(1)SRC/S (2)RC (3)SRC	(1)B3/31F (2)B1/2F (3)B2/12F	Proprietary Ownership	Compartmentalized Ownership, Proprietary Ownership
	16,600	2.7%	22,799.65	114,117.54	(1)SRC/RC/S (2)SRC (3)SRC/RC	(1)B1/30F (2)B1/7F (3)B1/11F	Proprietary Ownership	Proprietary Ownership
	2,021	0.3%	398.82	3,300.18	SRC	B1/14F	Proprietary Ownership	Proprietary Ownership
	1,680	0.3%	2,943.33	3,580.44	RC	3F	Proprietary Ownership	Proprietary Ownership
	1,175	0.2%	233.66	1,486.38	SRC	12F	Proprietary Ownership	Proprietary Ownership
	3,530	0.6%	6,456.64	12,691.43	SRC	12F	Proprietary Ownership	Proprietary Ownership
	3,031	0.5%	3,329.45	12,700.44	SRC	14F	Proprietary Ownership	Proprietary Ownership
	1,278	0.2%	1,249.45	6,588.72	RC	B1/14F	Proprietary Ownership	Proprietary Ownership
	3,170	0.5%	814.54	5,871.77	SRC	B1/15F	Right of Site	Compartmentalized Ownership
	1,570	0.3%	1,009.16	3,912.49	RC	10F	Proprietary Ownership	Proprietary Ownership
	1,300	0.2%	674.34	3,172.34	RC	11F	Proprietary Ownership	Proprietary Ownership
	3,440	0.6%	3,656.44	12,642.98	SRC/RC	B1/14F	Leasehold Rights	Proprietary Ownership
	1,473	0.2%	639.17	3,207.39	RC	15F	Proprietary Ownership	Proprietary Ownership
	870	0.1%	3,340.48	6,255.74	RC	10F	Proprietary Ownership	Proprietary Ownership
	900	0.1%	336.55	2,196.97	S	12F	Proprietary Ownership	Proprietary Ownership
	1,570	0.3%	1,266.32	4,166.73	RC	11F	Proprietary Ownership	Proprietary Ownership
	2,900	0.5%	924.27	6,890.13	SRC	B1/14F	Proprietary Ownership	Proprietary Ownership
	2,050	0.3%	1,078.42	10,224.31	RC	B1/17F	Proprietary Ownership	Proprietary Ownership
	1,380	0.2%	405.74	3,741.79	RC	15F	Proprietary Ownership	Proprietary Ownership
	5,150	0.8%	2,156.35	14,340.44	RC	B1/15F	Proprietary Ownership	Proprietary Ownership
	2,730	0.4%	6,132.03	9,885.83	SRC/RC	13F	Proprietary Ownership	Proprietary Ownership
	1,300	0.2%	817.52	3,607.14	RC	13F	Proprietary Ownership	Proprietary Ownership
	2,050	0.3%	5,457.02	8,693.79	RC/S	4F	Proprietary Ownership	Proprietary Ownership
	4,920	0.8%	5,479.15	14,165.71	S	6F	Right of Site (Co-ownership)	Compartmentalized Ownership (Co-ownership)
	4,150	0.7%	5,294.63	14,742.80	S	11F	Proprietary Ownership	Proprietary Ownership
	3,500	0.6%	645.87	3,105.31	SRC	B3/7F	Surface Right	Proprietary Ownership
	4,233	0.7%	28,351.30	41,949.12	S	4F	Proprietary Ownership	Proprietary Ownership
	8,000	1.3%	8,307.00	22,917.94	(1)S/SRC (2)S	(1)5F (2)5F	Proprietary Ownership	Proprietary Ownership
	5,700	0.9%	354.27	2,720.38	S/SRC	B1/12F	Proprietary Ownership	Proprietary Ownership
	2,555	0.4%	6,968.26	13,268.65	S	6F	Proprietary Ownership	Proprietary Ownership
	7,550	1.2%	32,665.82	47,284.22	RC/S	4F	Proprietary Ownership	Proprietary Ownership
	1,200	0.2%	2,009.14	1,554.09	S	B1/2F	Proprietary Ownership	Proprietary Ownership
	2,590	0.4%	7,870.01	12,578.45	S	4F	Proprietary Ownership	Proprietary Ownership
	1,960	0.3%	5,705.63	10,806.37	S	5F	Proprietary Ownership	Proprietary Ownership
	608,617	100.0%	649,410.69	1,638,231.46				

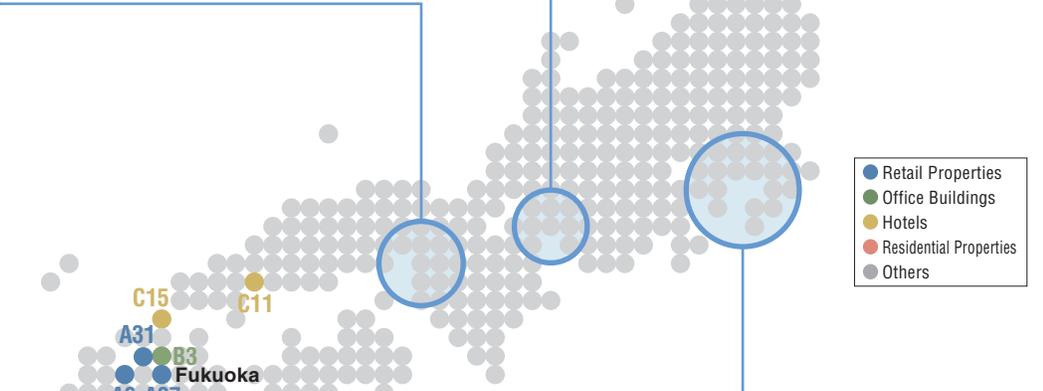
- Notes: 9. The property comprises three buildings: an office building, a fitness club building, and a hotel building, and some of the information are shown for the office building as (1), fitness club building as (2), and hotel building as (3). In addition, because the completion date of the office building and hotel building disappears on the real estate register, the completion date of the fitness club building is described.
10. The property comprises two buildings: LOOP-X (office building) and LOOP-M (residential building), and some of the information are shown for LOOP-X as (1) and LOOP-M as (2).
11. The property comprises two buildings: Main Building and the Annex, and some of the information are shown for the Main Building as (1) and the Annex as (2).
12. The property comprises three buildings: a hotel building, a retail building I, and a retail building II, and some of the information are shown for the hotel building as (1), retail building I as (2), and retail building II as (3).
13. United Urban sold its 49% quasi co-ownership of the property and continues to hold the remaining 51% quasi co-ownership. The acquisition price is calculated as 51% of the initial acquisition price (¥8,300 million).
14. The property comprises two buildings: MT Ariake Center Building I (the "Building I") and MT Ariake Center Building II (the "Building II"), and some of the information are shown for the Building I as (1) and the Building II as (2). And "Site Area" of the property is described as it appears on the notification for provisional replotting.
15. The property name was changed from VIVA HOME Yokohama Aoba (Site) to Yokohama Aoba Shopping Center (Site) on June 15, 2018.
16. The property name was changed from Scent Hills to GRAND-ROUGE Tanimachi Rokuchohime on June 1, 2018.

# Portfolio Properties

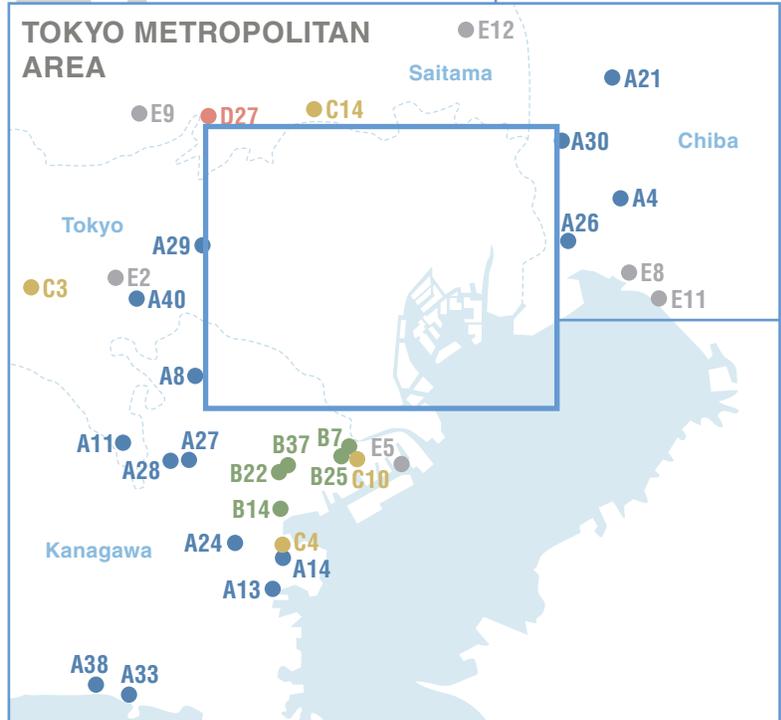
## Portfolio Map



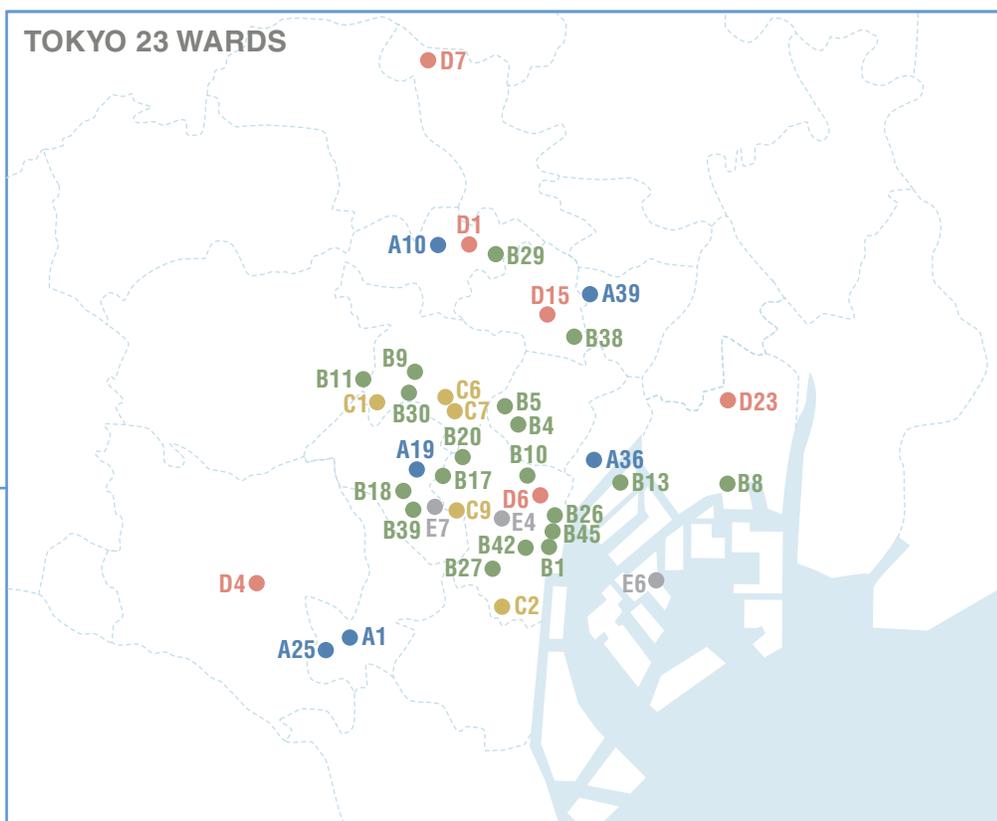
- A1 Himonya Shopping Center
- A2 Joy Park Izumigaoka
- A4 Re-LAND Shopping Center
- A6 TENJIN LUCE
- A7 Yamada Denki Tecc Land Sakai Honten
- A8 Miyamae Shopping Center
- A9 KONAMI SPORTS CLUB Korigaoka
- A10 ACTIOLE Minami-ikebukuro
- A11 Tip's Machida Building
- A12 Daiei Takarazuka Nakayama
- A13 maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)<sup>(Note 1)</sup>
- A14 ACTIOLE Kannai
- A15 Shinsaibashi OPA Honkan
- A19 Albore Jingumae
- A20 Albore Sendai
- A21 Mallage Kashiwa
- A23 Ito-Yokado Owariasahi
- A24 Yokohama Kariba Shopping Center
- A25 Luz Jiyugaoka
- A26 ACTIOLE Ichikawa
- A27 Yokohama Aoba Shopping Center (Site)
- A28 Yamada Denki Tecc Land Aoba (Site)
- A29 Yodobashi Camera Multimedia Kichijoji
- A30 Yamada Denki Tecc Land New Matsudo Honten
- A31 Tenjin Loft Building
- A32 Narumi Shopping Center (Site)
- A33 Plussing Wave Enoshima
- A34 LIFE Nishikujo (Site)
- A35 LIFE Tamatsukuri (Site)
- A36 Granbell Ginza Building
- A37 UUR Tenjin Nishi-dori Building
- A38 Luz Shonan Tsujido
- A39 ACTIOLE Ueno
- A40 KURURU
- A41 K's Denki Nagoya-kita
- B1 T&G Hamamatsucho Building
- B3 Fukuoka Eartheon Building
- B4 Marumasa Kojimachi Building



- Retail Properties
- Office Buildings
- Hotels
- Residential Properties
- Others



- B5 Rokubancho K Building
- B6 Shin-Osaka Central Tower <sup>(Note 2)</sup>
- B7 Kawasaki Toshiba Building
- B8 UUR Toyoko Building
- B9 FOUR SEASONS BLDG
- B10 Hitachi High-Tech Building
- B11 Pacific Marks Shinjuku Parkside
- B13 Pacific Marks Tsukishima
- B14 Pacific Marks Yokohama East
- B17 Akasaka Hikawa Building
- B18 Pacific Marks Shibuya Koen-dori
- B20 Pacific Marks Akasaka-mitsuke
- B22 Pacific Marks Shin-Yokohama
- B25 Pacific Marks Kawasaki
- B26 Hamamatsucho 262 Building
- B27 Lila Hijirizaka
- B29 Otsuka HT Building
- B30 Pacific Marks Shinjuku South-gate
- B31 Pacific Marks Nishi-Umeda
- B32 Pacific Marks Higobashi
- B34 Pacific Marks Esaka
- B35 Pacific Marks Sapporo Kita-Ichijo
- B36 Shin-Sapporo Center Building
- B37 ARENA TOWER
- B38 Yushima First Building
- B39 Dogenzaka Square
- B40 GRAND-SQUARE Shin-Sakae
- B41 GRAND-SQUARE Meieki-minami
- B42 Shiba 520 Building
- B43 Hirose-dori SE Building
- B44 SS30 <sup>(Note 2)</sup>
- B45 LOOP-X-M
- C1 Shinjuku Washington Hotel Honkan
- C2 Toyoko Inn Shinagawa-eki Takanawa-guchi
- C3 MZ BLD.
- C4 HOTEL ROUTE-INN Yokohama Bashamichi
- C5 Hotel JAL City Naha
- C6 UUR Yotsuya Sanchome Building
- C7 Yotsuya 213 Building
- C9 the b roppongi
- C10 Toyoko Inn Kawasaki Ekimae Shiyakusho-dori
- C11 Toyoko Inn Hiroshima Heiwa-odori
- C12 Toyoko Inn Naha Kokusai-dori Miebash-eki
- C13 Loisir Hotel & Spa Tower Naha
- C14 Urawa Royal Pines Hotel
- C15 RIHGA Royal Hotel Kokura -ARUARU City
- D1 T&G Higashi-ikebukuro Mansion
- D4 Komazawa Court
- D6 Sky Court Shiba-Daimon
- D7 Maison Ukima
- D9 Aprile Shin-Ohgi Ichibankan
- D10 UUR Court Sapporo Kita-Sanjo
- D15 CLIO Bunkyo Koishikawa
- D16 GRAND-ROUGE Sakae
- D17 GRAND-ROUGE Sakae II
- D18 MA Sendai Building
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- E9 Kawagoe Logistics Center
- E10 Asuto Nagamachi Dental Clinic
- E11 Shin-Narashino Logistics Center II
- E12 Yoshikawa Logistics Center

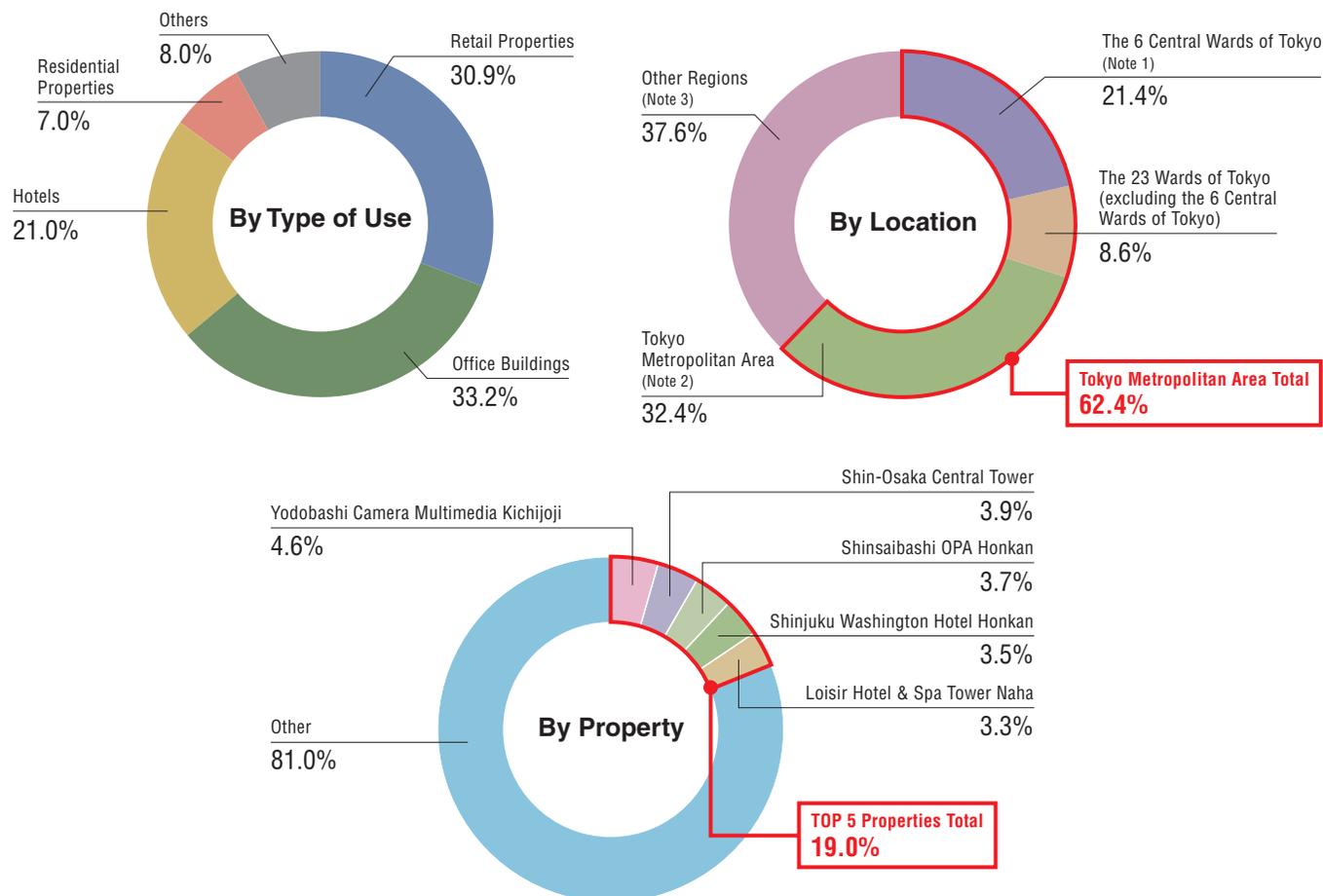


Notes: 1. maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) includes the retail portion and the office portion.  
 2. Shin-Osaka Central Tower and SS30 include the office portion and the hotel portion.

# Portfolio Properties

## Portfolio Data

Portfolio Breakdown (Based on acquisition prices) (As of May 31, 2018)



Notes: 1. The "6 Central Wards of Tokyo" are Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa wards.

2. "Tokyo Metropolitan Area" refers to the Tokyo Metropolitan Area (Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture, Saitama Prefecture, Ibaraki Prefecture, Gunma Prefecture, Tochigi Prefecture, and Yamanashi Prefecture) excluding the 23 Wards of Tokyo.

3. "Other Regions" refers to other major cities in Japan including government designated cities (excluding cities located in Tokyo Metropolitan Area) and surrounding areas thereof. In addition, "Other Regions" includes "Osaka Area: Osaka Prefecture, Kyoto Prefecture, and Hyogo Prefecture", "Nagoya Area: Aichi Prefecture, Mie Prefecture, and Gifu Prefecture", and "Other Area: general term for areas excluding Tokyo Metropolitan Area, Osaka Area or Nagoya Area".

## Occupancy Ratio

	2017			2018		
	End of December	End of January	End of February	End of March	End of April	End of May
Retail Properties	99.6%	99.6%	99.6%	99.6%	99.6%	99.4%
Office Buildings	99.3%	98.7%	98.8%	99.2%	98.9%	99.2%
Hotels	99.9%	99.8%	99.8%	99.8%	99.8%	99.8%
Residential Properties	97.4%	97.2%	97.5%	98.1%	97.2%	96.9%
Others	92.7%	92.7%	92.7%	100.0%	100.0%	100.0%
<b>Total</b>	<b>98.5%</b>	<b>98.4%</b>	<b>98.4%</b>	<b>99.5%</b>	<b>99.4%</b>	<b>99.3%</b>

## Major Properties

Office Buildings/Hotels

**B6** Shin-Osaka Central Tower



Hotels

**C14** Urawa Royal Pines Hotel



Hotels

**C13** Loisir Hotel & Spa Tower Naha



Retail Properties

**A29** Yodobashi Camera Multimedia Kichijoji



Others

**E9** Kawagoe Logistics Center



# Portfolio Properties

Hotels

**C1** Shinjuku Washington Hotel Honkan



Residential Properties

**D26** Glenpark Umeda-kita



Office Buildings

**B37** ARENA TOWER



Office Buildings

**B10** Hitachi High-Tech Building



Office Buildings/Hotels

**B44** SS30



Retail Properties

**A25** Luz Jiyugaoka



Others

**E3** Tsubogawa Square Building



Others

**E7** Quartz Tower



Retail Properties

**A6** TENJIN LUCE



Others

**E4** THE PLACE of TOKYO



Retail Properties

**A15** Shinsaibashi OPA Honkan



# Profile of Asset Management Company

## Overview (As of May 31, 2018)

<b>Corporate Name</b>	Japan REIT Advisors Co., Ltd. (“JRA”)
<b>Address</b>	Shiroyama Trust Tower 18F, 4-3-1 Toranomom, Minato-ku, Tokyo
<b>Date of Foundation</b>	December 4, 2001
<b>Capital</b>	¥425 million
<b>Shareholder</b>	Marubeni Corporation 100%
<b>Representative</b>	President and CEO Norimasa Gaun
<b>Description of Business</b>	Investment management business under Article 28, Paragraph 4 of the Financial Instruments and Exchange Act

## Organization (As of May 31, 2018)



### Investment Committee

The Investment Committee deliberates and resolves important management plans and policies regarding the investment corporation in a multilayered way by cooperating with the Board of Directors. The chairman of the committee and its members are appointed by the Board of Directors. As of May 31, 2018, the chairman of the committee is the President and CEO of JRA, and the committee members are one non-executive director and one external intellectual (external lawyer).

### Compliance Committee

The Compliance Committee aims at executing compliance as an asset management company which deals with the asset management of the investment corporation by cooperating with the Board of Directors and Corporate Auditor. As of May 31, 2018, the chairman of the committee is the CCO of JRA, and committee members are the President and CEO, the head of the Corporate Operation Team and one external intellectual (external lawyer).

◆ PERFORMANCE REPORT

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## Financial Highlights

### 1. Track Records on Operations

Fiscal Period (Calculation Period)		25th Fiscal Period (December 1, 2015- May 31, 2016)	26th Fiscal Period (June 1, 2016- November 30, 2016)	27th Fiscal Period (December 1, 2016- May 31, 2017)	28th Fiscal Period (June 1, 2017- November 30, 2017)	29th Fiscal Period (December 1, 2017- May 31, 2018)
Operating revenues	(Note 1) (Millions of yen)	21,444	22,864	22,982	25,926	29,166
(Rental revenues)	(Millions of yen)	(20,597)	(21,501)	(22,919)	(23,764)	(24,219)
Operating expenses	(Millions of yen)	10,853	11,807	11,484	13,443	16,077
(Property-related expenses)	(Millions of yen)	(8,873)	(9,706)	(9,382)	(10,360)	(10,328)
Operating income	(Millions of yen)	10,591	11,057	11,497	12,482	13,089
Ordinary income	(Millions of yen)	9,224	9,349	10,286	11,320	11,974
Net income	(a) (Millions of yen)	9,089	9,348	10,285	11,319	11,973
Total assets (compared to the previous period)	(b) (Millions of yen)	629,262 (+5.2%)	648,105 (+3.0%)	675,885 (+4.3%)	663,531 (△1.8%)	648,503 (△2.3%)
Total unitholders' equity (Net assets) (compared to the previous period)	(c) (Millions of yen)	298,009 (+0.2%)	333,592 (+11.9%)	351,801 (+5.5%)	353,258 (+0.4%)	355,017 (+0.5%)
Unitholders' capital (compared to the previous period)	(Millions of yen)	258,160 (-)	292,411 (+13.3%)	309,205 (+5.7%)	309,205 (-)	309,205 (-)
Total no. of investment units issued and outstanding	(d) (Units)	2,751,376	2,953,022	3,055,087	3,055,087	3,055,087
Net assets per unit	(c)/(d) (Yen)	108,313	112,966	115,152	115,629	116,205
Total cash distribution	(e) (Millions of yen)	8,254	8,888	9,929	10,258	10,784
Net income per unit	(Note 2) (Yen)	3,303	3,183	3,376	3,705	3,919
Cash distribution per unit	(e)/(d) (Yen)	3,000	3,010	3,250	3,358	3,530
(Distribution of earnings per unit)	(Yen)	(3,000)	(3,010)	(3,250)	(3,358)	(3,530)
(Distribution in excess of earnings per unit)	(Yen)	(-)	(-)	(-)	(-)	(-)
Return on assets (Annualized)	(Note 3) (%)	1.5 (3.0)	1.5 (2.9)	1.6 (3.1)	1.7 (3.4)	1.8 (3.7)
Return on equity (Annualized)	(Note 3) (%)	3.1 (6.1)	3.0 (5.9)	3.0 (6.0)	3.2 (6.4)	3.4 (6.8)
Equity ratio (compared to the previous period)	(c)/(b) (%)	47.4 (△2.4%)	51.5 (+4.1%)	52.1 (+0.6%)	53.2 (+1.2%)	54.7 (+1.5%)
Payout ratio	(Note 3) (%)	90.8	94.5	96.2	90.6	90.0
<b>Supplementary information</b>						
No. of investment properties at end of period	(Properties)	118	119	123	116	116
Total leasable floor space at end of period	(m <sup>2</sup> )	1,296,365.99	1,342,847.93	1,443,510.75	1,422,050.82	1,431,177.86
Total no. of tenants at end of period	(Tenants)	2,037	2,066	2,319	2,259	2,278
Occupancy ratio at end of period	(%)	98.8	98.9	99.2	98.4	99.3
Depreciation and amortization	(Millions of yen)	3,697	3,884	3,991	4,109	4,160
Capital expenditures	(Millions of yen)	2,970	5,762	1,584	1,575	1,903
NOI (Net Operating Income) from leasing	(Note 3) (Millions of yen)	15,420	15,679	17,528	17,514	18,051
FFO (Funds From Operations) per unit	(Note 3) (Yen)	4,339	4,019	4,652	4,629	4,835
FFO ratio	(Note 3) (Times)	20.2	21.8	17.5	17.3	17.2
Debt service coverage ratio	(Note 3) (Times)	11.1	11.6	13.2	14.5	15.8
Net income before interest, depreciation and amortization	(Note 3) (Millions of yen)	14,048	14,477	15,447	16,573	17,222
Interest expense and interest expenses on corporate bonds	(Millions of yen)	1,262	1,243	1,170	1,144	1,088
Interest-bearing liabilities	(Note 3) (Millions of yen)	293,157	277,407	285,857	271,607	255,884
Ratio of interest-bearing liabilities to total assets at end of period	(Note 3) (%)	46.5	42.8	42.2	40.9	39.4
No. of operating days	(Days)	183	183	182	183	182

Notes: 1. Operating revenues, etc., do not include consumption taxes.

2. Net income per unit is computed on the basis of the average numbers of investment units during the period set out below.

	25th FP	26th FP	27th FP	28th FP	29th FP
Average no. of investment units during the period	2,751,376 units	2,936,915 units	3,045,874 units	3,055,087 units	3,055,087 units

3. The indicators stated above are computed by the methods set out below. The figures in parentheses are the annualized figures by actual days of each fiscal period, respectively.

Return on assets	$\text{Ordinary income} / ((\text{Total assets at beginning of period} + \text{Total assets at end of period}) / 2) \times 100$
Return on equity	$\text{Net income} / ((\text{Net assets at beginning of period} + \text{Net assets at end of period}) / 2) \times 100$
Payout ratio	$\text{Cash distribution per unit} / \text{Net income per unit} \times 100$ (Payout ratios are rounded down to one decimal place.)
NOI (Net Operating Income) from leasing	$\text{Income or loss from property leasing in the period (Rental revenues - Property-related expenses)} + \text{Depreciation and Amortization}$
FFO (Funds From Operations) per unit	$\text{FFO (Net income + Depreciation and amortization + Amortization of deferred assets - Gain or loss on sales of real estate properties)} / \text{Total no. of investment units issued and outstanding}$
FFO ratio	$\text{Investment unit price at end of period} / \text{Annualized FFO per unit}$
Debt service coverage ratio	$\text{Net income before interest, depreciation and amortization} / \text{Interest expense and interest expenses on corporate bonds}$
Net income before interest, depreciation and amortization	$\text{Net income} + \text{Depreciation and amortization} + \text{Amortization of deferred assets} + \text{Interest expense and interest expenses on corporate bonds}$
Interest-bearing liabilities	$\text{Short-term borrowings} + \text{Current portion of corporate bonds} + \text{Long-term borrowings due for repayment within one year} + \text{Corporate bonds} + \text{Long-term borrowings}$
Ratio of interest-bearing liabilities to total assets at end of period	$\text{Interest-bearing liabilities at end of period} / \text{total assets at end of period} \times 100$ (Fractions are rounded down to the nearest one decimal place.)

4. Unless otherwise indicated specifically, amounts above have been rounded down and percentage figures are rounded to the unit stated.

## 2. Performance Review for the Current Period

United Urban Investment Corporation (“United Urban”) was incorporated on November 4, 2003, under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended, the “Investment Trust Act”). On December 22, 2003, United Urban was listed (Securities Code: 8960) on the real estate investment trust section (J-REIT section) of the Tokyo Stock Exchange.

United Urban defines real estate which can secure stable profitability over the medium to long term, as real estate with “Intrinsic Value” and aims to secure stable earnings over the medium to long term by investing in selected properties in consideration of “Intrinsic Value” as a diversified real estate investment trust (REIT), diversifying its investments in terms of the “types of use” and “area of location” (Note).

United Urban merged with Nippon Commercial Investment Corporation (“NCI”) on December 1, 2010 (the “Merger”). As a result of continuous property acquisitions using fund procurement through borrowings and public offering after the Merger, its asset size (on an acquisition price basis) increased to more than ¥600 billion (as of May 31, 2018).

As a result of performance, a distribution has been made in each of 28 fiscal periods from the 1st fiscal period (fiscal year ended May 31, 2004) to the 28th fiscal period (fiscal period ended November 30, 2017). For the current period (29th fiscal period: fiscal period ended May 31, 2018), United Urban decided to make cash distribution of ¥3,530 per unit.

Note: “Type of use” : Retail properties, office buildings, hotels, residential properties, and others

“Area of location” : Mainly, Tokyo metropolitan area and major Japanese cities including government designated cities and surrounding areas thereof

### a. Investment Environment and Operation

#### (i) Investment Environment

Japanese economy during this period remains steady due to the good condition of corporate performance. And also, while there are concerns over the rise of interest rates in the United States, the trend of new Italian government, and the trade issues between United States and major trading partners, financing environment has been favorable in Japan due to the low interest rate.

In the real estate sales market, transaction prices are still increasing against a background of active investment demand from domestic and foreign investors in the continuation of favorable financing environment. With regard to the real estate rental market, as for retail properties, the sales of suburban type properties has been struggling, but that of urban type properties has been stable, and the rental market for retail properties remains steady. As for office buildings, although a lot of new supplies would be expected in Tokyo area, extended demands for corporates’ business expansion are strong and there is favorable progress in contracts with tenants for the new large-scale buildings which will be completed in 2018. The vacancy ratio hit a record low in Sapporo, Osaka, Nagoya, Fukuoka, etc. and has kept low in the Tokyo metropolitan area and major cities throughout Japan, and asking rents have continued to rise. As for hotels, number of inbound tourists was 28.69 million in 2017, increased by 19% compared with the previous year, and it keeps on increasing in 2018. On the other hand, United Urban observes the impact of new supplies in some areas such as Tokyo or Osaka. As for residential properties, while the supply of new properties is increasingly limited, rental properties have a steady demand, and both the occupancy ratio and rent levels remains stable.

(ii) New Acquisition and Sale of Properties

During the period, United Urban acquired RIHGA Royal Hotel Kokura·ARUARU City.

Property No.	Property Name	Type (Note 1)	Location	Acquisition Price (Millions of yen) (Note 2)	Acquisition Date
C15	RIHGA Royal Hotel Kokura·ARUARU City	Hotel Store	Kitakyushu, Fukuoka	16,600	January 26, 2018

On the other hand, United Urban decided to sell the following two properties to improve the quality and profitability of its portfolio and sold a part of assets on May 24, 2018.

Property No.	Property Name	Type (Note 1)	Location	Sale Price (Millions of yen) (Note 2)	Date of Sale
A1	Himonya Shopping Center (Note 3)	Store	Meguro-ku, Tokyo	14,025 (Note 3)	May 24, 2018 (Note 3)
A5	AEON MALL Uki	Store	Uki, Kumamoto	6,500	May 24, 2018
Total				20,525	

- Notes: 1. Of the types of use indicated in the real estate register, the primary type is stated. The same shall apply hereinafter.
2. The acquisition price and the sale price are stated based on the prices stated in the purchase and sale agreements, etc. concerning the acquisition or sale of each property. In addition, the amount of the each price does not include expenses related to the acquisition or sales and consumption tax, etc. The same shall apply hereinafter.
3. As for Himonya Shopping Center, the sale and purchase agreement of the trust beneficial interest (referred to as the "Sale and Purchase Agreement" hereinafter, the same shall apply in this note) was concluded on May 24, 2018 and United Urban sold its 51% quasi co-ownership as of the same date. Out of the remaining 49% quasi co-ownership, United Urban will sell 19% quasi co-ownership on November 1, 2018 and 30% quasi co-ownership on March 1, 2019, respectively.
- In addition, because the payment and transfer of the 49% quasi co-ownership shall be made at least one month after the conclusion of the Sale and Purchase Agreement, it falls into forward commitment, etc. defined in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by Financial Services Agency. The Sale and Purchase Agreement provides that either party may terminate the agreement if the other party materially breaches a provision thereof, in which case the party may request the other party in breach of the agreement to pay an amount equivalent to 20% of the acquisition price as penalty charges.

Overview of the Transfer	(Scheduled) Sale Price (Millions of yen)	(Scheduled) Date of Sale
(1st) Transfer of trust beneficial interest (51% quasi co-ownership)	14,025	May 24, 2018
(2nd) Transfer of trust beneficial interest (19% quasi co-ownership)	5,225	November 1, 2018
(3rd) Transfer of trust beneficial interest (30% quasi co-ownership)	8,250	March 1, 2019
Total	27,500	

(iii) Portfolio Overview

As a result of the acquisition and sales of properties mentioned above (ii), United Urban held a total of 116 properties, comprising 34 retail properties, 33 office buildings, 1 retail-office complex, 14 hotels, 2 office-hotel complexes, 20 residential properties and 12 others, with an aggregate acquisition price of ¥608,617 million at the end of the 29th fiscal period (as of May 31, 2018). In addition, the total leasable floor space was 1,431,177.86 sq. m. and the total numbers of tenants were 2,278.

United Urban has continued to focus on improving occupancy ratios during the period. As a result, the occupancy ratio for the entire portfolio at the end of each month during the period fluctuated between 98.4% and 99.5%, and stood at 99.3% at the end of the 29th fiscal period (as of May 31, 2018).

b. Financing Overview

During this period, United Urban repaid interest-bearing liabilities with proceeds from sales of properties conducted in the previous fiscal period. While there was an issuance of new corporate bonds (¥12 billion), the total amount of interest-bearing liabilities was ¥255,884 million, a decrease of ¥15,723 million compared to the end of the previous fiscal period.

The status of interest-bearing liabilities at the end of the previous period and the end of the 29th fiscal period are as follows.

(Millions of yen)

	Balance at End of 28th Fiscal Period (As of November 30, 2017)	Balance at End of 29th Fiscal Period (As of May 31, 2018)	Changes
Short-term borrowings	-	-	-
Long-term borrowings	237,607	223,884	(13,723)
Total of borrowings	237,607	223,884	(13,723)
Corporate bonds	34,000	32,000	(2,000)
Total of interest-bearing liabilities	271,607	255,884	(15,723)

In addition, as of the end of the 29th fiscal period, the amount of borrowings due for repayment within one year was ¥22,400 million, and the amount of the current portion of corporate bonds that is to become due for maturity within one year was ¥15,000 million.

Moreover, the details of credit ratings of United Urban as of July 31, 2018 are as follows.

Rating Agency	Details	
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Issuer Rating: AA	Rating Outlook: Stable
Moody's Japan K.K. (Moody's)	Long-Term Issuer Rating: A3	Rating Outlook: Stable

### c. Overview of Financial Results and Distribution

As for financial result of the fiscal period, United Urban achieved operating revenues of ¥29,166 million (up by 12.5% from the previous period), profit from rental activities of ¥13,890 million (up by 3.6% from the previous period), operating income of ¥13,089 million (up by 4.9% from the previous period), ordinary income of ¥11,974 million (up by 5.8% from the previous period), and a net income of ¥11,973 million (up by 5.8% from the previous period).

During the period under the review, ¥1,264 million, which accounts for the bulk of the gain on sale of properties in the net income, was reserved as a reserve for reduction entry, etc. to enhance the risk tolerance for unexpected market conditions. On the other hand, in accordance with "Ordinance on Accountings of Investment Corporations" and "Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations" stipulated by the Investment Trusts Association, Japan, United Urban reversed ¥75 million of the reserve for temporary difference adjustments and added the reversal amount to cash distributions. As a result, United Urban decided to distribute ¥10,784 million, and cash distribution per unit was ¥3,530. In addition, the applicable condition of the Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; the same shall apply hereinafter) is satisfied during the fiscal period, and the corporate tax is not imposed.

## 3. Issuance of New Investment Units

During this period, no capital increase was carried out and there were no changes in number of investment units issued and outstanding and unitholders' capital. The changes in unitholders' capital and total number of investment units issued and outstanding in the past five years are shown below.

Date	Remarks	Total Number of Investment Units Issued and Outstanding (Units)		Unitholders' Capital (Millions of yen)		Notes
		Increase	Balance	Increase	Balance	
June 10, 2014	Additional issue of new investment units through public offering	120,000	2,500,181	18,661	217,892	(Note 1)
July 9, 2014	Additional issue of new investment units through third-party allotment	12,065	2,512,246	1,876	219,768	(Note 2)
December 9, 2014	Additional issue of new investment units through public offering	120,000	2,632,246	21,899	241,667	(Note 3)
January 7, 2015	Additional issue of new investment units through third-party allotment	12,065	2,644,311	2,201	243,869	(Note 4)
September 16, 2015	Additional issue of new investment units through public offering	95,000	2,739,311	12,680	256,549	(Note 5)
October 15, 2015	Additional issue of new investment units through third-party allotment	12,065	2,751,376	1,610	258,160	(Note 6)
June 14, 2016	Additional issue of new investment units through public offering	190,000	2,941,376	32,273	290,433	(Note 7)

Date	Remarks	Total Number of Investment Units Issued and Outstanding (Units)		Unitholders' Capital (Millions of yen)		Notes
		Increase	Balance	Increase	Balance	
July 12, 2016	Additional issue of new investment units through third-party allotment	11,646	2,953,022	1,978	292,411	(Note 8)
December 14, 2016	Additional issue of new investment units through public offering	90,000	3,043,022	14,808	307,220	(Note 9)
January 12, 2017	Additional issue of new investment units through third-party allotment	12,065	3,055,087	1,985	309,205	(Note 10)

- Notes:
1. New investment units were issued through public offering at the offer price of ¥160,426 per unit (issue price (underwriter price) ¥155,515), for the purpose of replenishing cash reserves, which was reduced by the acquisition of properties and procuring funds for property acquisitions and repayments of interest-bearing liabilities.
  2. New investment units were issued through third-party allotment at the issue price of ¥155,515 per unit for the purpose of procuring funds to support a portion of the repayment of interest-bearing liabilities and a portion of the payment for acquiring properties.
  3. New investment units were issued through public offering at the offer price of ¥188,258 per unit (issue price (underwriter price) ¥182,495) for the purpose of procuring funds to support the repayment of interest-bearing liabilities.
  4. New investment units were issued through third-party allotment at the issue price of ¥182,495 per unit for the purpose of procuring funds to support a portion of the repayment of interest-bearing liabilities and a portion of the payment for acquiring properties.
  5. New investment units were issued through public offering at the offer price of ¥137,690 per unit (issue price (underwriter price) ¥133,475), for the purpose of procuring funds for property acquisitions and replenishing cash reserves, which was reduced by the acquisition of properties.
  6. New investment units were issued through third-party allotment at the issue price of ¥133,475 per unit for the purpose of procuring funds for property acquisitions and replenishing cash reserves, which was reduced by the acquisition of properties.
  7. New investment units were issued through public offering at the offer price of ¥175,224 per unit (issue price (underwriter price) ¥169,860) for the purpose of procuring funds to support a portion of the payment for acquiring properties and a portion of the repayment of interest-bearing liabilities.
  8. New investment units were issued through third-party allotment at the issue price of ¥169,860 per unit for the purpose of procuring funds to support a portion of the repayment of interest-bearing liabilities and a portion of the payment for acquiring properties.
  9. New investment units were issued through public offering at the offer price of ¥169,736 per unit (issue price (underwriter price) ¥164,540), for the purpose of replenishing cash reserves, which was reduced by the acquisition of properties and procuring funds to support a portion of the repayment of interest-bearing liabilities.
  10. New investment units were issued through third-party allotment at the issue price of ¥164,540 per unit for the purpose of procuring funds to support a portion of the payment for acquiring properties and a portion of the repayment of interest-bearing liabilities.

#### Changes in Investment Unit Prices

The highest and lowest closing prices of United Urban's investment units in the J-REIT Section of the Tokyo Stock Exchange are as follows:

	Yen				
	25th Fiscal Period (December 1, 2015 - May 31, 2016)	26th Fiscal Period (June 1, 2016 - November 30, 2016)	27th Fiscal Period (December 1, 2016 - May 31, 2017)	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
Highest	193,800	191,700	182,400	167,800	173,900
Lowest	149,800	167,700	161,800	151,700	159,400

#### 4. Distribution Information

With regard to the cash distribution in the period, ¥1,264 million, which accounts for the bulk of the gain on sale of properties in the net income, was reserved as a reserve for reduction entry, etc. to enhance the risk tolerance for unexpected market conditions. On the other hand, in accordance with "Ordinance on Accountings of Investment Corporations" and "Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations" stipulated by the Investment Trusts Association, Japan, United Urban reversed ¥75 million of the reserve for temporary difference adjustments and added the reversal amount to cash distributions. As a result, United Urban decided to distribute ¥10,784 million, and cash distribution per unit was ¥3,530. In addition, the applicable condition of the Article 67-15 of the Act on Special Measures Concerning Taxation is satisfied during the fiscal period, and the corporate tax is not imposed.

		25th Fiscal Period (December 1, 2015 - May 31, 2016)	26th Fiscal Period (June 1, 2016 - November 30, 2016)	27th Fiscal Period (December 1, 2016 - May 31, 2017)	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
Unappropriated retained earnings at end of period	Thousands of yen	9,089,092	9,348,568	10,285,440	11,319,585	11,973,610
Retained earnings (Note)	Thousands of yen	8,503,250	8,963,223	9,319,631	10,380,234	11,569,387
Total cash distribution	Thousands of yen	8,254,128	8,888,596	9,929,032	10,258,982	10,784,457
(Cash distribution per unit)	(Yen)	(3,000)	(3,010)	(3,250)	(3,358)	(3,530)
Total profit distribution	Thousands of yen	8,254,128	8,888,596	9,929,032	10,258,982	10,784,457
(Profit distribution per unit)	(Yen)	(3,000)	(3,010)	(3,250)	(3,358)	(3,530)
Total refund of capital	Thousands of yen	-	-	-	-	-
(Refund of capital per unit)	(Yen)	(-)	(-)	(-)	(-)	(-)
Of total refund of capital, the total cash distribution from provision for temporary difference adjustment	Thousands of yen	-	-	-	-	-
(Of refund of capital per unit, cash distribution per unit from provision for temporary difference adjustment)	(Yen)	(-)	(-)	(-)	(-)	(-)
Of total refund of capital, the total cash distribution from the distribution associated with investment decrease for tax purpose	Thousands of yen	-	-	-	-	-
(Of refund of capital per unit, cash distribution per unit from the distribution associated with investment decrease for tax purpose)	(Yen)	(-)	(-)	(-)	(-)	(-)

Note: "Retained earnings" shows total amount of the balance of voluntary retained earnings such as reserve for temporary difference adjustments, reserve retained for distribution, and reserve for reduction entry, and unappropriated retained earnings carried forward.

## 5. Future Policies and Challenges

As for the real estate rental market in Japan, the stable rental revenue is expected due to the continuous high occupancy ratio of office buildings, etc. On the other hand, as for the real estate sales market, there is a sense of caution against the market overheating, but severe competition in property acquisitions is also expected, and real estate prices would be kept increasing.

Under these circumstances, United Urban will take advantage of the knowledge and network of the sponsor group, cooperate with tenants, and work on several acquisition schemes in addition to its information channel for property acquisition of Japan REIT Advisors Co., Ltd. ("JRA"), the asset management company to which United Urban entrusts asset management services, and make efforts for profitability and quality-conscious property acquisition by utilizing the characteristics of a diversified J-REIT. In addition, United Urban pursues the improvement of quality and profitability of its portfolio through a strategic property-replacement in view of present real estate sales market. With regard to internal growth, United Urban makes efforts to increase rents and revise the contract conditions of tenants whose contracts come up for renewal for office buildings and hotels, and to maintain and improve asset value by the implementation of repair works.

With regard to the financial management, United Urban will make continuous efforts to create a robust and stable financial standing by reducing financial costs, extending and diversifying the maturities for interest-bearing liabilities, and ensuring enough liquidity.

## 6. Material Facts Arising after the End of the 29th Fiscal Period and Other Material Events

There are no material facts arising after the end of the fiscal period (May 31, 2018). In addition, the reference information is as follows:

### a. New Committed Line of Credit Agreement

United Urban concluded a new committed line of credit agreement on June 26, 2018, as set forth below.

Outline of the new committed line of credit agreement

Participating financial institutions	: Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd.
Maximum loan amount	: ¥24,000 million
Date of agreement	: June 26, 2018
Term of agreement	: From June 26, 2018 to June 26, 2019
Remarks	: Unsecured, unguaranteed

b. New Borrowing for Repayment

United Urban procured debt financing of a total of ¥8,000 million on June 20, 2018 for the repayment of the existing borrowings (¥8,000 million) upon their maturity on June 20, 2018, as set forth below.

Title	Lenders	Amount of Borrowing (Millions of yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
Term Loan 71B	Mizuho Bank, Ltd.	3,000	0.4738%	June 20, 2018	June 22, 2026	Unsecured Unguaranteed
Term Loan 72B	MUFG Bank, Ltd.	2,800	0.4650%		June 21, 2027	
Term Loan 73B	The Norinchukin Bank	2,200	0.4225%		June 20, 2025	
Total		8,000				

c. Acquisition of Property and Debt Financing

1) United Urban acquired “Chatle Otemachi S·N” on July 3, 2018. Moreover, United Urban has decided to acquire the b fukuoka tenjin on July 31, 2018

Property No.	Property Name	Type	Location	(Scheduled) Acquisition Price (Millions of yen)	(Scheduled) Acquisition Date
D29	Chatle Otemachi S·N	Apartment	Kitakyushu, Fukuoka	3,398	July 3, 2018
C16	the b fukuoka tenjin	Hotel	Fukuoka, Fukuoka	3,000	September 27, 2018 (Note)

Note: Because the payment and transfer shall be made at least one month after the conclusion of the sale and purchase agreement of the trust beneficial interest for the b fukuoka tenjin (referred to as the “Sale and Purchase Agreement” hereinafter, the same shall apply in this note), which was concluded on August 1, 2018, it falls into forward commitment, etc. defined in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” established by Financial Services Agency. The Sale and Purchase Agreement provides that either party may terminate the agreement if the other party materially breaches a provision thereof, in which case the party may request the other party in breach of the agreement to pay an amount equivalent to 20% of the acquisition price as penalty charges. However, the Sale and Purchase Agreement provides that United Urban’s fund procurement for the acquisition of the trust beneficial interest shall be a condition precedent for the payment of the sale price under the Sale and Purchase Agreement. Therefore, if United Urban cannot complete fund procurement on the scheduled acquisition date, the Sale and Purchase Agreement shall be automatically terminated. The Sale and Purchase Agreement provides that if United Urban cannot complete fund procurement on the scheduled acquisition date caused by reasons attributable to United Urban, the duty of penalty is the range of reasonable causation about damage, loss, and cost (including reasonable legal fee) the seller suffered.

In view of the current situation of the financial market and financial standings of United Urban, United Urban considers that material adverse effect on United Urban’s financial standing and the payment of cash distributions and other conditions are not likely to be caused in connection with the acquisition of the trust beneficial interest.

2) United Urban procured debt financing to support for acquiring “Chatle Otemachi S·N” mentioned above 1) as set forth below.

Title	Lender	Amount of Borrowing (Millions of yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
Term Loan 74B	MUFG Bank, Ltd.	3,800	0.4650%	July 3, 2018	September 21, 2027	Unsecured Unguaranteed

## Overall Condition of Investment Corporation

### 1. Summary of Unitholders' Contribution

		25th Fiscal Period (As of May 31, 2016)	26th Fiscal Period (As of November 30, 2016)	27th Fiscal Period (As of May 31, 2017)	28th Fiscal Period (As of November 30, 2017)	29th Fiscal Period (As of May 31, 2018)
Total number of investment units authorized	(Units)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of investment units issued and outstanding	(Units)	2,751,376	2,953,022	3,055,087	3,055,087	3,055,087
Total unitholders' capital	(Millions of yen)	258,160	292,411	309,205	309,205	309,205
Number of unitholders		22,704	22,809	23,034	22,182	21,303

### 2. Major Unitholders

TOP 10 unitholders based on the number of investment units held at the end of the 29th fiscal period were as follows:

Unitholder Name	Investment Units Held (Units)	Percentage of Investment Units Held (%) (Note)
Japan Trustee Services Bank, Ltd. (trust account)	658,927	21.57
The Master Trust Bank of Japan, Ltd. (trust account)	503,183	16.47
The Nomura Trust and Banking Co., Ltd. (investment trust account)	127,111	4.16
Trust & Custody Services Bank, Ltd. (securities investment trust account)	101,918	3.34
STATE STREET BANK WEST CLIENT-TREATY 505234	91,161	2.98
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT 505233	62,767	2.05
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	39,011	1.28
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	38,320	1.25
SIX SIS FOR SWISS NATIONAL BANK	31,750	1.04
The Chugoku Bank, Limited	28,728	0.94
Total	1,682,876	55.08

Note: The percentages of investment units held are rounded to two decimal places.

### 3. Directors and Auditor

a. Board of Directors, etc. of United Urban were as follows:

Title	Name	Other Title	Total Amount of Compensation for Directors, etc. (Thousands of yen)
Executive Officer	Ikuo Yoshida	President and CEO, Japan REIT Advisors Co., Ltd. (Note 1)	- (Note 2)
Supervisory Officer	Masaaki Akiyama	Corporate Auditor, JOYFUL HONDA Co., Ltd. Member of Compliance Committee, Tokyo Capital Management Corporate Auditor, KYOCERA Corporation	2,100
Supervisory Officer	Tetsuo Ozawa	Corporate Auditor, Lawson, Inc. Corporate Auditor, Sekisui Chemical Co., Ltd.	2,100
Accounting Auditor	ERNST & YOUNG SHINNIHON LLC (Note 3)	-	20,300
Total			24,500

- Notes: 1. Ikuo Yoshida, the Executive Officer of United Urban, was concurrently serving as the President and CEO of JRA at the end of the 29th fiscal period. However, Ikuo Yoshida resigned as the President and CEO of JRA on June 18, 2018, and is not concurrently serving as any other duties after that date.
2. There was no record of payment of compensation for Ikuo Yoshida in the 29th fiscal period.
3. Ernst & Young ShinNihon LLC changed its corporate name to ERNST & YOUNG SHINNIHON LLC on July 1, 2018.
4. The Executive Officer and the Supervisory Officers do not have investment units of United Urban either under their own name or other people's names.
5. The Supervisory Officers may be directors of other companies other than those indicated above. However, each company, including the companies listed above, has no interest with United Urban.

b. Determination policy for dismissal or non-reappointment of Accounting Auditor

The dismissal of Accounting Auditor shall be considered at the board of directors of United Urban, subject to the Investment Trust Act. In addition, non-reappointment shall also be considered at the board of directors of United Urban by comprehensively taking into account the quality of audit, audit fee and other various factors.

#### 4. Advisors and Agents

Asset Management Company, Asset Custodian, and Administrative Agents at the end of the 29th fiscal period were as follows:

Role	Name
Asset Management Company	Japan REIT Advisors Co., Ltd.
Asset Custodian	Sumitomo Mitsui Trust Bank, Limited
Administrative Agent (Transfer Agent (unitholder registry))	Sumitomo Mitsui Trust Bank, Limited
Administrative Agent (Special Account Administrator)	Sumitomo Mitsui Trust Bank, Limited Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (accounting, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative Agent (related to corporate bonds)	Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. (Note)

Note: MUFG Bank, Ltd. (the corporate name was changed from The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of April 1, 2018) assumed the position of an administrative agent for corporate bonds of United Urban from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018 as a result of the absorption-type company split.

## Portfolio Profiles

### 1. Composition of Portfolio

Categories of Assets	Type of Use	Areas		28h Fiscal Period (As of November 30, 2017)		29h Fiscal Period (As of May 31, 2018)	
				Total Amounts Held (Thousands of yen) (Note1)	Percentage to Total Assets (%)	Total Amounts Held (Thousands of yen) (Note1)	Percentage to Total Assets (%)
Real Estate	Retail Properties	Capital region (Note 2)	The 6 central wards of Tokyo (Note 3)	-	-	-	-
			The 23 wards of Tokyo (Note 4)	-	-	-	-
		Tokyo metropolitan area (Note 5)	7,289,025	1.1	7,275,297	1.1	
		Other regions	13,776,706	2.1	13,718,920	2.1	
	Office Buildings	Capital region	The 6 central wards of Tokyo	13,126,878	2.0	13,074,718	2.0
			The 23 wards of Tokyo	9,581,321	1.4	9,542,133	1.5
		Tokyo metropolitan area	9,133,097	1.4	9,074,945	1.4	
		Other regions	-	-	-	-	
	Hotels	Capital region	The 6 central wards of Tokyo	2,163,944	0.3	2,314,029	0.4
			The 23 wards of Tokyo	-	-	-	-
		Tokyo metropolitan area	4,106,281	0.6	4,060,881	0.6	
		Other regions	-	-	-	-	
	Residential Properties	Capital region	The 6 central wards of Tokyo	-	-	-	-
			The 23 wards of Tokyo	2,895,356	0.4	2,872,682	0.4
		Tokyo metropolitan area	-	-	-	-	
		Other regions	733,366	0.1	722,112	0.1	
	Others	Capital region	The 6 central wards of Tokyo	-	-	-	-
			The 23 wards of Tokyo	-	-	-	-
		Tokyo metropolitan area	-	-	-	-	
		Other regions	-	-	-	-	
Subtotal				62,805,978	9.5	62,655,722	9.7
Real Estate in Trust	Retail Properties	Capital region	The 6 central wards of Tokyo	4,280,765	0.6	4,272,063	0.7
			The 23 wards of Tokyo	29,353,716	4.4	20,275,365	3.1
		Tokyo metropolitan area	80,739,470	12.2	80,538,926	12.4	
		Other regions	66,027,871	10.0	56,404,523	8.7	
	Office Buildings	Capital region	The 6 central wards of Tokyo	65,925,383	9.9	65,753,587	10.1
			The 23 wards of Tokyo	2,066,849	0.3	2,055,048	0.3
		Tokyo metropolitan area	41,674,396	6.3	41,522,548	6.4	
		Other regions	56,820,393	8.6	56,760,322	8.8	
	Hotels	Capital region	The 6 central wards of Tokyo	35,291,944	5.3	35,225,107	5.4
			The 23 wards of Tokyo	-	-	-	-
		Tokyo metropolitan area	23,456,315	3.5	23,369,647	3.6	
		Other regions	47,422,377	7.1	64,814,390	10.0	
	Residential Properties	Capital region	The 6 central wards of Tokyo	1,016,330	0.2	1,005,226	0.2
			The 23 wards of Tokyo	8,818,854	1.3	8,746,010	1.3
		Tokyo metropolitan area	2,881,190	0.4	2,865,718	0.4	
		Other regions	21,684,950	3.3	21,444,237	3.3	
	Others	Capital region	The 6 central wards of Tokyo	9,329,532	1.4	9,286,869	1.4
			The 23 wards of Tokyo	7,999,331	1.2	7,983,016	1.2
		Tokyo metropolitan area	24,082,992	3.6	24,000,387	3.7	
		Other regions	6,704,768	1.0	6,625,511	1.0	
Subtotal				535,577,435	80.7	532,948,510	82.2
Preferred Equity Securities (Note 6)				144,337	0.0	144,337	0.0
Bank Deposits and Other Assets				65,004,037	9.8	52,754,726	8.1
Total Assets				663,531,788	100.0	648,503,297	100.0

Notes: 1. "Total Amounts Held" is net book value of assets at the end of the period ("Real Estate" and "Real Estate in Trust" being stated at book value net of depreciation). The trust beneficial interest which trust asset mainly consists of real estate does not include an amount of deposit in the trust asset.

2. The "Capital region" refers to eight prefectures: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures.
3. The "6 central wards of Tokyo" are Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa wards.
4. The "23 wards of Tokyo" are the 23 Tokyo wards excluding the "6 central wards of Tokyo."
5. "Tokyo metropolitan area" refers to the Capital region excluding the 23 Tokyo wards.
6. Preferred equity securities of Tenjin 123 Project TMK and KICAM Musashimurayama TMK

## 2. Major Properties

Major properties (top 10 properties based on book value) owned by United Urban as of May 31, 2018 were as follows:

Property Name	Book Value (Millions of yen)	Leasable Floor Space (m <sup>2</sup> ) (Note 1)	Leased Floor Space (m <sup>2</sup> ) (Note 1)(Note 2)	Occupancy Ratio (%) (Note 1)	Monthly Rent Ratio at End of Period (%) (Note 3)	Type of Use	Granting of Security
Yodobashi Camera Multimedia Kichijoji	27,523	37,932.95	37,932.95	100.0	(Note 4)	Retail Properties	N/A
Shin-Osaka Central Tower	23,748	45,978.59	45,817.33	99.6	4.7	Office / Hotels	N/A
Shinjuku Washington Hotel Honkan	22,401	53,331.46	53,322.10	99.98	3.8	Hotels	N/A
Shinsaibashi OPA Honkan	21,922	27,025.42	27,025.42	100.0	3.3	Retail Properties	N/A
Loisir Hotel & Spa Tower Naha	20,630	45,731.16	45,731.16	100.0	1.8	Hotels	N/A
Kawasaki Toshiba Building	19,601	36,118.31	36,118.31	100.0	4.1	Office Buildings	N/A
SS30	18,954	67,681.83	67,146.76	99.2	4.3	Office / Hotels	N/A
Urawa Royal Pines Hotel	17,549	31,129.86	31,129.86	100.0	2.6	Hotels	N/A
RIHGA Royal Hotel Kokura · ARUARU City	17,364	81,308.50	81,062.63	99.7	3.0	Hotels	N/A
Hitachi High-Tech Building	14,445	15,781.64	15,781.64	100.0	1.9	Office Buildings	N/A
Total	204,142	442,019.72	441,068.16	99.8	(Note 4)		

- Notes: 1. "Leasable Floor Space," "Leased Floor Space," and "Occupancy Ratio" are based on data as of May 31, 2018. "Leasable Floor Space" means the aggregate leasable floor space of the portions owned by United Urban of individual real estate and real estate in trust. "Leased Floor Space" means the aggregate of the areas within the total leasable floor space that has been actually leased under lease agreements. (In principle, numerical values in "Leasable Floor Space" and "Leased Floor Space" are the numerical values stated in each lease agreement and in the management reports or the monthly reports prepared by the property management companies. The numerical values stated in each lease agreement are based on the figures equivalent to the total floor area of a building (*nobe yuka menseki*), the figures equivalent to the floor area stated in the land register (*tokibo kisai no yuka menseki*), the figures equivalent to the area exclusively occupied (*senyu menseki*), the figures equivalent to the total floor area plus other partially enclosed usable space (*seko yuka menseki*), or the figures equivalent to the floor area stated in the management reports or monthly reports prepared by the property management companies. The same shall apply hereinafter.) With regard to the portion of properties held in co-ownership with other entities, leasable floor space and leased floor space are computed by using this portion's entire floor area. In addition, "Occupancy Ratio" is the percentage obtained from dividing "Leased Floor Space" by "Leasable Floor Space" and "Occupancy Ratio" of Shinjuku Washington Hotel Honkan is rounded to two decimal places.
2. As a general rule, "Leased Floor Space" indicates the floor space that has been leased to end-tenants under lease agreements. However, for master lease agreements with rental guarantee, the floor spaces in the master lease agreements are indicated.
3. "Monthly Rent Ratio at End of Period" is calculated based on monthly rent(s) (total of room rent and common area charges) under the lease agreement in effect as of May 31, 2018.
4. With regard to these properties, the tenants with whom a lease agreement has been concluded have not given their consent for the disclosure of rental revenue. Therefore, there has been no choice but to omit disclosure of this figure here.

## 3. Details of Properties in the Portfolio

Details of properties owned by United Urban as of May 31, 2018 were as follows:

Property Name	Location (Residential) (Note 1)	Type of Asset (Note 2)	Leasable Floor Space (m <sup>2</sup> )	Appraisal Value at End of Period (Millions of yen) (Note 3)	Book Value (Millions of yen)
Himonya Shopping Center (Note 4)	4-1-1 Himonya, Meguro-ku, Tokyo	Trust beneficial interest	26,655.66	11,074	8,540
Joy Park Izumigaoka	1-3 Miharadai 1-cho, Minami-ku, Sakai, Osaka	Trust beneficial interest	13,611.24	4,750	5,123
Re-LAND Shopping Center	7-2-2 Fujiwara, Funabashi, Chiba	Trust beneficial interest	12,952.88	5,820	4,273

Property Name	Location (Residential) (Note 1)	Type of Asset (Note 2)	Leasable Floor Space (m <sup>2</sup> )	Appraisal Value at End of Period (Millions of yen) (Note 3)	Book Value (Millions of yen)
TENJIN LUCE	2-3-24 Tenjin, Chuo-ku, Fukuoka, Fukuoka	Trust beneficial interest	4,194.68	6,520	6,277
Yamada Denki Tecc Land Sakai Honten	5-1 Yashimocho 1-cho, Higashi-ku, Sakai, Osaka	Real estate	8,637.63	3,700	2,752
Miyamae Shopping Center	3-9-12 Inukura, Miyamae-ku, Kawasaki, Kanagawa	Trust beneficial interest	10,487.92	5,140	5,056
KONAMI SPORTS CLUB Korigaoka	3-3-1 Korigaoka, Hirakata, Osaka	Trust beneficial interest	8,627.58	1,930	1,566
ACTIOLE Minami-ikebukuro	2-26-10 Minami-ikebukuro, Toshima-ku, Tokyo	Trust beneficial interest	2,081.50	3,350	3,654
Tip's Machida Building	6-7-8 Haramachida, Machida, Tokyo	Trust beneficial interest	6,710.19	4,960	4,204
Daiei Takarazuka Nakayama	21-22 Mefuhigashino-cho, Takarazuka, Hyogo	Trust beneficial interest	16,729.60	3,930	3,197 (Note 5)
maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)	1-1-1 Isogo, Isogo-ku, Yokohama, Kanagawa, etc.	Trust beneficial interest	52,668.38	11,400	12,450
ACTIOLE Kannai	3-31 Masago-cho, Naka-ku, Yokohama, Kanagawa	Real estate	1,938.56	2,110	2,264
Shinsaibashi OPA Honkan	1-4-3 Nishi-Shinsaibashi, Chuo-ku, Osaka, Osaka	Trust beneficial interest	27,025.42	26,100	21,922
Albore Jingumae	5-27-7 Jingumae, Shibuya-ku, Tokyo	Trust beneficial interest	931.14	2,220	1,560
Albore Sendai	2-4-5 Chuo, Aoba-ku, Sendai, Miyagi	Trust beneficial interest	3,147.29	3,570	2,373
Mallage Kashiwa	2-3-1 Oyamadai, Kashiwa, Chiba, etc.	Trust beneficial interest	41,757.92	8,710	6,716
Ito-Yokado Owariasahi	116-4 Ishihara, Minami-Harayama-cho, Owariasahi, Aichi, etc.	Real estate	54,606.34	4,840	4,115
Yokohama Kariba Shopping Center	164-1 Kariba-cho Hodogaya-ku, Yokohama, Kanagawa, etc.	Trust beneficial interest	11,345.09	2,050	2,193
Luz Jiyugaoka	2-9-6 Jiyugaoka, Meguro-ku, Tokyo	Trust beneficial interest	2,283.47	6,090	4,909
ACTIOLE Ichikawa	1-4-17 Ichikawa, Ichikawa, Chiba	Trust beneficial interest	3,927.49	4,060	3,010
Yokohama Aoba Shopping Center (Site) (Note 7)	1-2 Moegino, Aoba-ku, Yokohama, Kanagawa, etc.	Real estate	9,193.00	3,240	2,740
Yamada Denki Tecc Land Aoba (Site)	2-3 Moegino, Aoba-ku, Yokohama, Kanagawa, etc.	Real estate	7,650.63	2,530	2,270
Yodobashi Camera Multimedia Kichijoji	1-19-1 Kichijoji-honcho, Musashino, Tokyo	Trust beneficial interest	37,932.95	35,300	27,523
Yamada Denki Tecc Land New Matsudo Honten	2289-3 Matsudo Aza Iwase-sakai, Matsudo, Chiba, etc.	Trust beneficial interest	17,561.23	6,580	4,886
Tenjin Loft Building	4-9-25 Watanabe-dori, Chuo-ku, Fukuoka, Fukuoka	Trust beneficial interest	7,730.09	5,950	4,598
Narumi Shopping Center (Site)	3-2 Narumicho-aza Denjiyama, Midori-ku, Nagoya, Aichi, etc.	Real estate	60,419.26	7,280	6,850
Plussing Wave Enoshima	1-3-16 Kugenuma-Kaigan, Fujisawa, Kanagawa	Trust beneficial interest	3,154.42	2,120	1,909
Life Nishikujo (Site)	6-41-6 Nishikujo, Konohana-ku, Osaka, Osaka	Trust beneficial interest	3,252.76	2,060	1,842
Life Tamatsukuri (Site)	3-12-1 Nakamichi, Higashinari-ku, Osaka, Osaka	Trust beneficial interest	2,391.44	2,150	1,967
Granbell Ginza Building	2-8-18 Ginza, Chuo-ku, Tokyo	Trust beneficial interest	1,352.35	2,990	2,711
UUR Tenjin Nishi-dori Building	2-5-21 Tenjin, Chuo-ku, Fukuoka, Fukuoka	Trust beneficial interest	1,564.70	6,160	5,687
Luz Shonan Tsujido	1-2-12 Tsujido-Kandai, Fujisawa, Kanagawa	Trust beneficial interest	10,454.22	4,600	3,972
ACTIOLE Ueno	4-5-5 Ueno, Taito-ku, Tokyo	Trust beneficial interest	1,167.63	3,190	3,171
KURURU	1-50 Miyamachi, Fuchu, Tokyo	Trust beneficial interest	13,292.30	10,700	9,591
K's Denki Nagoya-kita	3-1 Nagaregawa, Aza-Toyoba, Oaza-Toyoyamacho, Nishikasugai-gun, Aichi	Trust beneficial interest	4,733.74	1,900	1,846
T&G Hamamatsucho Building	2-12-10 Shiba-Daimon, Minato-ku, Tokyo	Trust beneficial interest	2,420.85	3,160	2,114
Fukuoka Eartheon Building	3-6-3 Hakata-Eki Higashi, Hakata-ku, Fukuoka, Fukuoka	Trust beneficial interest	4,934.40	2,740	1,616
Marumasu Kojimachi Building	3-3-8 Kojimachi, Chiyoda-ku, Tokyo	Trust beneficial interest	2,578.84	2,570	2,421
Rokubancho K Building	2-19 Rokuban-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	4,031.14	3,710	2,269
Shin-Osaka Central Tower	5-5-15 Nishi-Nakashima, Yodogawa-ku, Osaka, Osaka	Trust beneficial interest	45,978.59	28,600	23,748

Property Name	Location (Residential) (Note 1)	Type of Asset (Note 2)	Leasable Floor Space (m <sup>2</sup> )	Appraisal Value at End of Period (Millions of yen) (Note 3)	Book Value (Millions of yen)
Kawasaki Toshiba Building	580-1 Horikawa-cho, Saiwai-ku, Kawasaki, Kanagawa, etc.	Trust beneficial interest	36,118.31	32,300	19,601
UUR Toyochō Building	2-4-18 Toyo, Koto-ku, Tokyo	Real estate	7,540.30	8,640	8,456
FOUR SEASONS BLDG	2-4-3 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficial interest	5,000.54	6,180	4,160
Hitachi High-Tech Building	1-24-14 Nishi-Shinbashi, Minato-ku, Tokyo	Trust beneficial interest	15,781.64	16,500	14,445
Pacific Marks Shinjuku Parkside	4-15-7 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficial interest	10,947.34	12,000	11,905
Pacific Marks Tsukishima	1-15-7 Tsukishima, Chuo-ku, Tokyo	Real estate	9,335.19	6,500	5,810
Pacific Marks Yokohama East	3-4 Sakae-cho, Kanagawa-ku, Yokohama, Kanagawa, etc.	Trust beneficial interest	10,744.60	7,580	6,749
Akasaka Hikawa Building	6-18-3 Akasaka, Minato-ku, Tokyo	Trust beneficial interest	3,438.20	4,050	3,231
Pacific Marks Shibuya Koen-dori	1-6-3 Jinnan, Shibuya-ku, Tokyo	Trust beneficial interest	1,972.43	3,160	2,475
Pacific Marks Akasaka-mitsuke	3-20-6 Akasaka, Minato-ku, Tokyo	Real estate	1,675.13	2,350	2,145
Pacific Marks Shin-Yokohama	3-18-20 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa, etc.	Trust beneficial interest	3,110.72	1,710	1,582
Pacific Marks Kawasaki	11-1 Ekimae-honcho, Kawasaki-ku, Kawasaki, Kanagawa, etc.	Real estate	7,382.62	11,300	9,074
Hamamatsucho 262 Building	2-6-2 Hamamatsucho, Minato-ku, Tokyo	Trust beneficial interest	6,162.85	7,440	6,532
Lila Hijirizaka	3-4-9 Mita, Minato-ku, Tokyo, etc.	Real estate	4,255.02	3,090	2,618
Otsuka HT Building	3-43-1 Minami-otsuka, Toshima-ku, Tokyo	Real estate	1,774.56	1,180	1,085
Pacific Marks Shinjuku South-gate	4-2-16 Shinjuku, Shinjuku-ku, Tokyo	Real estate	1,723.03	3,350	2,500
Pacific Marks Nishi-Umeda	2-6-20 Umeda, Kita-ku, Osaka, Osaka	Trust beneficial interest	11,039.51	7,340	6,374
Pacific Marks Higobashi	1-10-8 Edobori, Nishi-ku, Osaka, Osaka	Trust beneficial interest	7,623.57	4,730	4,467
Pacific Marks Esaka	9-1 Toyotsu-cho, Suita, Osaka	Trust beneficial interest	19,985.02	9,710	9,703
Pacific Marks Sapporo Kita-Ichijo	7-4-4 Kita Ichi-jo Nishi, Chuo-ku, Sapporo, Hokkaido, etc.	Trust beneficial interest	4,727.65	2,100	1,750
Shin-Sapporo Center Building	6-2-15 Atsubetsu Chuo Ichi-jo, Atsubetsu-ku, Sapporo, Hokkaido	Trust beneficial interest	2,797.03	1,090	868
ARENA TOWER	3-1-9 Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa, etc.	Trust beneficial interest	17,967.46	12,800	8,338
Yushima First Building	3-19-11 Yushima, Bunkyo-ku, Tokyo	Trust beneficial interest	4,558.77	2,880	2,055
Dogenzaka Square	5-18 Maruyamacho, Shibuya-ku, Tokyo	Trust beneficial interest	2,233.57	2,950	2,281
GRAND-SQUARE Shin-Sakae	2-19-6 Shin-Sakae, Naka-ku, Nagoya, Aichi, etc.	Trust beneficial interest	4,578.93	2,030	1,364
GRAND-SQUARE Meieki-minami	1-12-9 Meieki-minami, Nakamura-ku, Nagoya, Aichi	Trust beneficial interest	4,003.05	2,250	1,147
Shiba 520 Building	5-20-6 Shiba, Minato-ku, Tokyo	Trust beneficial interest	2,831.94	3,010	2,169
Hirose-dori SE Building	205-1 Nagake-cho, Miyagino-ku, Sendai, Miyagi	Trust beneficial interest	8,235.87	5,140	3,333
SS 30	4-6-1 Chuo, Aoba-ku, Sendai, Miyagi	Trust beneficial interest	67,681.83	18,600	18,954
LOOP-X・M	3-9-15 Kaigan, Minato-ku, Tokyo, etc.	Trust beneficial interest	21,591.56	11,600	11,745
Shinjuku Washington Hotel Honkan	3-2-9 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficial interest	53,331.46	26,900	22,401
Toyoko Inn Shinagawa-eki Takanawa-guchi	4-23-2 Takanawa, Minato-ku, Tokyo	Real estate	3,088.85	2,600	1,624
MZ BLD.	2-26-9 Myojin-cho, Hachioji, Tokyo	Trust beneficial interest	6,660.20	3,770	3,132
HOTEL ROUTE-INN Yokohama Bashamichi	4-53-1 Benten Dori, Naka-ku, Yokohama, Kanagawa	Real estate	7,139.44	5,140	4,060
Hotel JAL City Naha	1-3-70 Makishi, Naha, Okinawa	Trust beneficial interest	13,701.80	12,000	7,388
UUR Yotsuya Sanchome Building	3-14-1 Yotsuya, Shinjuku-ku, Tokyo, etc.	Trust beneficial interest	7,854.86	6,420	4,269
Yotsuya 213 Building	2-1-3 Yotsuya, Shinjuku-ku, Tokyo	Trust beneficial interest	7,550.16	6,700	4,951
the b roppongi (Note 6)	3-9-8 Roppongi, Mitato-ku, Tokyo	Trust beneficial interest	2,710.90	4,810	4,292
Toyoko Inn Kawasaki Ekimae Shiyakusho-dori	2-11-14 Isago, Kawasaki-ku, Kawasaki, Kanagawa, etc.	Trust beneficial interest	4,874.28	3,130	2,686

Property Name	Location (Residential) (Note 1)	Type of Asset (Note 2)	Leasable Floor Space (m <sup>2</sup> )	Appraisal Value at End of Period (Millions of yen) (Note 3)	Book Value (Millions of yen)
Toyoko Inn Hiroshima Heiwa-odori	5-15 Tanakamachi, Naka-ku, Hiroshima, Hiroshima	Trust beneficial interest	4,357.75	2,520	2,117
Toyoko Inn Naha Kokusai-dori Miebashi-eki	1-20-1 Makishi, Naha, Okinawa	Trust beneficial interest	1,529.47	827	746
Loisir Hotel & Spa Tower Naha	3-2-1 Nishi, Naha, Okinawa	Trust beneficial interest	45,731.16	22,700	20,630
Urawa Royal Pines Hotel	2-5-1 Nakachou, Urawa-ku, Saitama, Saitama	Trust beneficial interest	31,129.86	18,100	17,549
RIHGA Royal Hotel Kokura · ARUARU City	2-14-2 Asano, Kokurakita-ku, Kitakyushu, Fukuoka, etc.	Trust beneficial interest	81,308.50	16,800	17,364
T&G Higashi-ikebukuro Mansion	3-8-8 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficial interest	2,603.22	2,370	1,440
Komazawa Court	2-37-1 Komazawa, Setagaya-ku, Tokyo	Trust beneficial interest	3,741.17	2,370	1,499
Sky Court Shiba-Daimon	1-2-3 Shiba-Daimon, Minato-ku, Tokyo	Trust beneficial interest	1,486.38	1,410	1,005
Maison Ukima	1-3-1 Ukima, Kita-ku, Tokyo	Trust beneficial interest	12,691.43	4,500	3,114
Aprile Shin-Ohgi Ichibankan	2-10-6 Kita-Ohgi, Higashi Nada-ku, Kobe, Hyogo	Trust beneficial interest	12,700.44	3,590	2,483
UUR Court Sapporo Kita-Sanjo	3-1-28 Kitasanjo Higashi, Chuo-ku, Sapporo, Hokkaido	Trust beneficial interest	4,790.50	1,550	976
CLIO Bunkyo Koishikawa	1-13-9 Koishikawa, Bunkyo-ku, Tokyo	Trust beneficial interest	4,097.51	3,450	2,691
GRAND-ROUGE Sakae	5-21-26 Sakae, Naka-ku, Nagoya, Aichi	Trust beneficial interest	3,697.38	1,310	1,221
GRAND-ROUGE Sakae II	5-21-37 Sakae, Naka-ku, Nagoya, Aichi	Trust beneficial interest	2,579.89	1,310	1,027
MA Sendai Building	1-3-7 Kimachidori, Aoba-ku, Sendai, Miyagi	Trust beneficial interest	11,525.36	4,230	2,717
UUR Court Nagoya Meieki	2-5-4 Meieki, Nishi-ku, Nagoya, Aichi	Trust beneficial interest	2,958.45	1,470	1,203
UUR Court Sapporo Shinoro Ichibankan	Shinoro 3-jo 6-4-32, Kita-ku, Sapporo, Hokkaido	Real estate	6,271.74	904	722
Park Site IZUMI	1-14-6 Izumi, Higashi-ku, Nagoya, Aichi	Trust beneficial interest	2,067.95	755	828
UUR Court Osaka Juso-honmachi	3-4-15 Jusohommachi, Yodogawa-ku, Osaka, Osaka	Trust beneficial interest	3,650.00	1,740	1,314
UUR Court Kinshicho	1-7-5 Kameido, Koto-ku, Tokyo	Real estate	5,460.39	3,720	2,872
UUR Court Sapporo Minami-Sanjo Premier Tower	2-3 Minamisanjo Nishi 1-chome, Chuo-ku, Sapporo, Hokkaido, etc.	Trust beneficial interest	7,763.23	3,000	1,837
GRAND-ROUGE Nakanoshima-minami	1-25-27 Edohori, Nishi-ku, Osaka, Osaka	Trust beneficial interest	3,090.36	1,650	1,315
Glenpark Umeda-kita	3-4-22 Nakazaki, Kita-ku, Osaka, Osaka	Trust beneficial interest	12,730.60	6,280	5,134
UUR Court Shiki	1-6-5 Saiwaicho, Shiki, Saitama	Trust beneficial interest	9,885.83	3,100	2,865
GRAND-ROUGE Tanimachi Rokuchome (Note 8)	3-22 Junikencho, Chuo-ku, Osaka, Osaka	Trust beneficial interest	2,792.81	1,460	1,385
Lilycolor Tohoku Branch	3-10 Okadanishimachi, Miyagino-ku, Sendai, Miyagi	Trust beneficial interest	9,271.16	2,190	1,457
KDDI Fuchu Building	1-43 Nikkocho, Fuchu, Tokyo	Trust beneficial interest	14,490.92	5,480	4,816
Tsubogawa Square Building	3-3-5 Tsubogawa, Naha, Okinawa	Trust beneficial interest	10,570.98	6,070	3,930
THE PLACE of TOKYO	3-5-4 Shibakoen, Mitato-ku, Tokyo	Trust beneficial interest	3,212.21	4,420	3,429
Logistics Higashi-Ohgishima	6-4 Higashi-Ohgishima, Kawasaki-ku, Kawasaki, Kanagawa, etc.	Trust beneficial interest	42,113.83	4,957	4,138
MT Ariake Center Building I&II	1-2-41 Ariake, Koto-ku, Tokyo, etc.	Trust beneficial interest	23,872.51	11,000	7,983
Quartz Tower	2-10-10 Shibuya, Shibuya-ku, Tokyo	Trust beneficial interest	2,940.22	6,090	5,857
Shin-Narashino Logistics Center	2-3-6 Akanehama, Narashino, Chiba	Trust beneficial interest	12,909.90	2,680	2,633
Kawagoe Logistics Center	1822-1 Aza-Obakeue, Oaza- Shimoakasaka, Kawagoe, Saitama	Trust beneficial interest	40,060.76	9,450	7,733
Asuto Nagamachi Dental Clinic	1-6-37 Asutonagamachi, Taihaku-ku, Sendai, Miyagi	Trust beneficial interest	1,554.09	1,320	1,237
Shin-Narashino Logistics Center II	2-5-2 Shibazono, Narashino, Chiba	Trust beneficial interest	12,598.46	2,610	2,684
Yoshikawa Logistics Center	1-1 Asahi, Yoshikawa, Saitama	Trust beneficial interest	11,096.70	1,970	1,993
Total			1,431,177.86	714,237	595,604

- Notes: 1. "Location" shows residential indication of each property, in principle. However, as for properties which have no residential indication, location stated in the land register of its building is stated. As for properties that United Urban owns only land, the location of land (lot number) is stated.
2. "Trust beneficial interest" means trust beneficial interests in trust assets comprised mainly of real estate, and "Real estate" means actual real estate.
3. "Appraisal Value at End of Period" shows the real estate appraisal values or the prices resulting from price surveys conducted by the same methods as appraisals conducted by real estate appraisers as of May 31, 2018, based on the Articles of Incorporation of United Urban and the "Ordinance on Accountings of Investment Corporations" (Cabinet Office Ordinance No. 47 of 2006).
4. As for Himonya Shopping Center, United Urban sold its 51% quasi co-ownership of the trust beneficial interest on May 24, 2018.
5. According to the soil environmental survey report on the land of this property, prepared by a designated research organization as of January 2007, elution of lead, arsenic, and fluorine with concentrations exceeding the specified safe limit were detected in almost all locations on the land of Daiei Takarazuka Nakayama. However, such report says that there is no likelihood of direct health damages on the land. As a precaution, in the case where the need for soil improvement arises, United Urban has taken over the additional amount of ¥630 million that the previous owner entrusted as the necessary cost of future soil improvement ("Reserve for Soil Improvement"), when United Urban acquired this property. The Book Value of this trust beneficial interest at the end of the period is described as ¥3,197 million reflecting the additional amount of trust.
- However, the need for soil improvement is considered to be considerably low for now. Accordingly, in consideration of the improvement of fund efficiency, United Urban has received the Reserve for Soil Improvement from the trustee.
6. United Urban acquired the adjacent site to the b roppongi (acquisition price: ¥460 million, the "Adjacent Site") in order to construct an extension of the b roppongi (the "Hotel") and has been conducting the extension work on the Hotel since November 2017. Therefore, "Appraisal Value at End of Period" of this fiscal period shows the value estimate by the "Income Capitalization Approach (Development Method)".
- According to the method, the value estimate is calculated by deducting "the present value of the expenses for the development necessary to accomplish the extension work" from "the present value of the value estimate of the building and land after the extension work". In addition to above, the value estimate of this property has been assessed in consideration with "the present value of the net operating income related to the existing building during the development period." Also, "Book Value" is the amount including the Adjacent Site.
7. The property name was changed from "VIVAHOME Yokohama Aoba (Site)" to "Yokohama Aoba Shopping Center (Site)" on June 15, 2018. The same shall apply hereinafter.
8. The property name was changed from "Scent Hills" to "GRAND-ROUGE Tanimachi Rokucho" on June 1, 2018. The same shall apply hereinafter.

The status of rental business related to real estate properties owned by United Urban is as follows:

Name of Property	28th Fiscal Period (June 1, 2017 to November 30, 2017)				29th Fiscal Period (December 1, 2017 to May 31, 2018)			
	Total Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (%) (Note 2)	Rental Revenue (During the Period) (Millions of yen) (Note 3)	Share to Total Rental Revenue (%) (Note 3)	Total Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (%) (Note 2)	Rental Revenue (During the Period) (Millions of yen) (Note 3)	Share to Total Rental Revenue (%) (Note 3)
Himonya Shopping Center (Note 4)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Joy Park Izumigaoka	22	100.0	269	1.1	22	100.0	263	1.1
Ashiya Kawanishi Shopping Mart (Note 5)	-	-	-	-				
Re-LAND Shopping Center	16	98.7	255	1.1	18	100.0	250	1.0
AEON MALL Uki (Note 6)	1	100.0	419	1.8	-	-	401	1.7
TENJIN LUCE	11	100.0	222	0.9	11	100.0	219	0.9
Yamada Denki Tecc Land Sakai Honten	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Miyamae Shopping Center	3	100.0	189	0.8	3	100.0	186	0.8
KONAMI SPORTS CLUB Korigaoka	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
ACTIOLE Minami-ikebukuro	10	100.0	81	0.3	10	100.0	85	0.4
Tip's Machida Building	10	100.0	210	0.9	10	100.0	205	0.8
Daiei Takarazuka Nakayama	1	100.0	151	0.6	1	100.0	151	0.6
maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)	4	100.0	299	1.3	4	100.0	299	1.2
ACTIOLE Kannai	9	100.0	55	0.2	9	100.0	59	0.2
Shinsaibashi OPA Honkan	1	100.0	684	2.9	1	100.0	683	2.8
Albore Jingumae	4	100.0	49	0.2	4	100.0	49	0.2
Albore Sendai	5	100.0	115	0.5	5	100.0	117	0.5
Mallage Kashiwa	93	96.3	677	2.9	93	96.6	669	2.8
Ito-Yokado Owariasahi	1	100.0	224	0.9	1	100.0	224	0.9

Name of Property	28th Fiscal Period (June 1, 2017 to November 30, 2017)				29th Fiscal Period (December 1, 2017 to May 31, 2018)			
	Total Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (%) (Note 2)	Rental Revenue (During the Period) (Millions of yen)	Share to Total Rental Revenue (%)	Total Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (%) (Note 2)	Rental Revenue (During the Period) (Millions of yen)	Share to Total Rental Revenue (%)
Yokohama Kariba Shopping Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Luz Jiyugaoka	18	88.0	156	0.7	19	94.8	172	0.7
ACTIOLE Ichikawa	13	100.0	151	0.6	13	100.0	155	0.6
Yokohama Aoba Shopping Center (Site)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Yamada Denki Tecc Land Aoba (Site)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Yodobashi Camera Multimedia Kichijoji	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Yamada Denki Tecc Land New Matsudo Honten	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Tenjin Loft Building	6	100.0	257	1.1	6	100.0	293	1.2
Narumi Shopping Center (Site)	3	100.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
Plusing Wave Enoshima	7	96.8	77	0.3	6	61.6	315	1.3
Life Nishikujo (Site)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Life Tamatsukuri (Site)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Granbell Ginza Building	11	100.0	70	0.3	10	89.0	67	0.3
UUR Tenjin Nishi-dori Building	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Luz Shonan Tsujido	31	95.8	317	1.3	32	98.6	291	1.2
ACTIOLE Ueno	8	100.0	76	0.3	8	100.0	78	0.3
KURURU	27	100.0	396	1.7	27	100.0	486	2.0
K's Denki Nagoya-kita	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
T&G Hamamatsucho Building	6	100.0	93	0.4	6	100.0	92	0.4
SK Nagoya Building (Note 7)	-	-	142	0.6				
Fukuoka Eartheon Building	8	100.0	117	0.5	8	100.0	116	0.5
Marumasu Kojimachi Building	16	100.0	90	0.4	16	100.0	89	0.4
Rokubancho K Building	1	100.0	108	0.5	1	100.0	108	0.4
Shin-Osaka Central Tower	61	99.9	1,137	4.8	59	99.6	1,101	4.5
Kawasaki Toshiba Building	1	100.0	836	3.5	1	100.0	836	3.5
UUR Toyochō Building	1	100.0	277	1.2	1	100.0	274	1.1
FOUR SEASONS BLDG	1	100.0	177	0.7	1	100.0	176	0.7
Hitachi High-Tech Building	2	100.0	405	1.7	2	100.0	408	1.7
Pacific Marks Shinjuku Parkside	22	100.0	361	1.5	22	100.0	365	1.5
Pacific Marks Tsukishima	46	90.1	273	1.2	46	99.4	237	1.0
Pacific Marks Yokohama East	28	100.0	249	1.0	28	97.8	258	1.1
Akasaka Hikawa Building	1	100.0	118	0.5	1	100.0	118	0.5
Pacific Marks Shibuya Koen-dori	1	100.0	84	0.4	1	100.0	84	0.3
Pacific Marks Akasaka-mitsuke	8	100.0	67	0.3	8	100.0	68	0.3
Pacific Marks Shin-Yokohama	10	100.0	64	0.3	10	100.0	65	0.3
Pacific Marks Kawasaki	41	97.0	313	1.3	42	100.0	338	1.4
Hamamatsucho 262 Building	17	100.0	225	0.9	17	100.0	224	0.9
Lila Hijirizaka	15	98.8	102	0.4	15	98.8	113	0.5
Otsuka HT Building	6	93.7	62	0.3	7	110.0	55	0.2
Pacific Marks Shinjuku South-gate	10	100.0	96	0.4	10	100.0	93	0.4
Pacific Marks Nishi-Umeda	30	96.3	279	1.2	29	96.0	266	1.1

Name of Property	28th Fiscal Period (June 1, 2017 to November 30, 2017)				29th Fiscal Period (December 1, 2017 to May 31, 2018)			
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Pacific Marks Higobashi	23	98.0	164	0.7	23	93.1	156	0.6
Nagoya Nishiki City Building (Note 7)	-	-	80	0.3				
Pacific Marks Esaka	42	96.5	433	1.8	43	99.5	427	1.8
Pacific Marks Sapporo Kita-Ichijo	11	100.0	95	0.4	11	100.0	98	0.4
Shin-Sapporo Center Building	19	90.5	54	0.2	20	96.2	58	0.2
ARENA TOWER	13	100.0	459	1.9	13	100.0	452	1.9
Yushima First Building	7	100.0	117	0.5	7	100.0	116	0.5
Dogenzaka Square	31	100.0	94	0.4	28	98.2	97	0.4
GRAND-SQUARE Shin-Sakae	7	100.0	91	0.4	7	100.0	94	0.4
GRAND-SQUARE Meieki-minami	13	100.0	85	0.4	13	100.0	84	0.3
Shiba 520 Building	5	100.0	95	0.4	5	100.0	105	0.4
Hirose-dori SE Building	10	100.0	213	0.9	10	100.0	215	0.9
SS30	86	99.2	1,068	4.5	85	99.2	1,075	4.4
LOOP-X・M	119	99.2	477	2.0	116	98.0	457	1.9
Shinjuku Washington Hotel Honkan	9	99.98	785	3.3	9	99.98	888	3.7
Toyoko Inn Shinagawa-eki Takanawa-guchi	1	100.0	57	0.2	1	100.0	57	0.2
MZ BLD.	10	96.2	128	0.5	10	96.2	131	0.5
HOTEL ROUTE-INN Yokohama Bashamichi	4	100.0	154	0.6	4	100.0	156	0.6
Hotel JAL City Naha	2	100.0	319	1.3	2	100.0	256	1.1
UUR Yotsuya Sancho Building	3	100.0	184	0.8	3	100.0	180	0.7
Yotsuya 213 Building	4	100.0	180	0.8	4	100.0	186	0.8
the b roppongi	3	100.0	94	0.4	2	92.3	83	0.3
Toyoko Inn Kawasaki Ekimae Shiyakusho-dori	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Toyoko Inn Hiroshima Heiwa-odori	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Toyoko Inn Naha Kokusai-dori Miehashi-eki	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Loisir Hotel & Spa Tower Naha	1	100.0	842	3.5	1	100.0	698	2.9
Urawa Royal Pines Hotel	10	100.0	568	2.4	10	100.0	640	2.6
RIHGA Royal Hotel Kokura・ARUARU City					30	99.7	639	2.6
T&G Higashi-ikebukuro Mansion	124	96.1	68	0.3	129	100.0	70	0.3
Komazawa Court	1	100.0	60	0.3	1	100.0	60	0.3
Sky Court Shiba-Daimon	1	100.0	32	0.1	1	100.0	32	0.1
Maison Ukima	1	100.0	124	0.5	1	100.0	124	0.5
Narashino Residence (Note 7)	-	-	37	0.2				
Aprile Shin-Ohgi Ichibankan	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
UUR Court Sapporo Kita-Sanjo	1	100.0	52	0.2	1	100.0	52	0.2
UUR Court Chiba Soga (Note 7)	-	-	(Note 3)	(Note 3)				
Higashi-kurume Dormitory Shinkan (Note 7)	-	-	12	0.1				
Nanzan Court Ichigokan (Note 7)	-	-	(Note 3)	(Note 3)				
Nanzan Court Nigokan (Note 7)	-	-	(Note 3)	(Note 3)				
CLIO Bunkyo Koishikawa	91	100.0	101	0.4	89	98.1	100	0.4

Name of Property	28th Fiscal Period (June 1, 2017 to November 30, 2017)				29th Fiscal Period (December 1, 2017 to May 31, 2018)			
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GRAND-ROUGE Sakae	82	83.7	44	0.2	75	77.6	42	0.2
GRAND-ROUGE Sakae II	1	100.0	37	0.2	1	100.0	37	0.2
MA Sendai Building	147	97.7	168	0.7	141	95.2	168	0.7
UUR Court Nagoya Meieki	1	100.0	45	0.2	1	100.0	45	0.2
UUR Court Sapporo Shinoro Ichibankan	3	100.0	32	0.1	3	100.0	33	0.1
Park Site IZUMI	39	97.8	27	0.1	34	86.8	27	0.1
UUR Court Osaka Juso-honmachi	1	100.0	52	0.2	1	100.0	52	0.2
UUR Court Kinshicho	189	93.7	118	0.5	195	96.6	120	0.5
UUR Court Sapporo Minami-Sanjo Premier Tower	129	89.6	108	0.5	134	93.0	111	0.5
GRAND-ROUGE Nakanoshima-minami	106	90.5	53	0.2	109	92.9	52	0.2
Glenpark Umeda-kita	180	97.7	188	0.8	175	94.1	185	0.8
UUR Court Shiki	1	100.0	93	0.4	1	100.0	93	0.4
GRAND-ROUGE Tanimachi Rokuhome	47	91.8	43	0.2	47	92.6	41	0.2
Lilycolor Tohoku Branch	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
KDDI Fuchu Building	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Tsubogawa Square Building	5	100.0	305	1.3	5	100.0	287	1.2
THE PLACE of TOKYO	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Logistics Higashi-Ohgishima	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
MT Ariake Center Building I&II	2	44.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
Quartz Tower	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Shin-Narashino Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Kawagoe Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Ausuto Nagamachi Dental Clinic	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Shin-Narashino Logistics Center II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Yoshikawa Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
Total	2,259	98.4	23,764	100.0	2,278	99.3	24,219	100.0

- Notes: 1. "Total Number of Tenants" figures are stated on the basis of the data as of the end of the fiscal period. "Total Number of Tenants" figures are stated by calculating lessees that have a lease agreement concluded directly with the owner, United Urban or the respective trustee, as one tenant for each property. However, in the case of a sublease property in which the lessee is subleasing the property to end tenants and if the lease agreement between the owner, United Urban or the trustee, and the lessee is a pass-through-type agreement without rental guarantee, the number of end-tenants is counted. Furthermore, in the event that one tenant is renting more than one room, it is calculated by treating each tenant as a single tenant if within the same property, and as more than one tenant if the rentals include more than one property. For pass-through-type residential properties, however, the number of rental units is indicated.
2. "Occupancy Ratio" figures are stated on the basis of the data as of the end of the fiscal period. "Occupancy Ratio" is the percentage obtained from dividing "leased floor space" by "leasable floor space." In addition, "Occupancy Ratio" of Shinjuku Washington Hotel Honkan is rounded to two decimal places. With regard to the properties held in co-ownership with other entities, leasable floor space and leased floor space are computed by using the entire floor area.
3. With regard to these properties, the tenants with whom a lease agreement has been concluded have not given their consent for the disclosure of rental revenue. Therefore, there has been no choice but to omit disclosure of this figure here.
4. United Urban sold its 51% quasi co-ownership of the trust beneficial interest for Himonya Shopping Center on May 24, 2018. In addition, United Urban has held its 49% quasi co-ownership at the end of the 29th fiscal period.
5. United Urban sold Ashiya Kawanishi Shopping Mart on September 1, 2017.
6. United Urban sold AEON MALL Uki on May 24, 2018.
7. United Urban sold SK Nagoya Building, Nagoya Nishiki City Building, Narashino Residence, UUR Court Chiba Soga, Higashi-kurume Dormitory Shinkan, Nanzan Court Ichigokan, and Nanzan Court Nigokan on October 11, 2017.

#### 4. Details of Investment Securities

Overview of investment securities owned by United Urban as of May 31, 2018 was as follows:

Name of Asset	Type of Asset	Quantity (Unit)	Book Value (Thousands of yen)		Appraisal Value (Thousands of yen)		Valuation Gain or Loss (Thousands of yen)	Remarks
			Unit price	Amount	Unit price	Amount (Note 2)		
Preferred equity securities of Tenjin 123 Project TMK (Note 1)	Preferred equity securities	1,497	-	93,905	-	93,905	-	
Preferred equity securities of KICAM Musashimurayama TMK (Note 1)	Preferred equity securities	5	-	50,432	-	50,432	-	
Total			-	144,337	-	144,337	-	

Notes: 1. Tenjin 123 Project TMK (the "Tenjin 123 TMK") owns the b fukuoka tenjin (the "Hotel Property"), and KICAM Musashimurayama TMK (the "KICAM-TMK") owns the Musashimurayama warehouse (the "Warehouse Property"). United Urban has acquired the preferential negotiation rights for the acquisitions of the Hotel Property and the Warehouse Property in connection with United Urban's acquisition of the preferred equity securities of the Tenjin 123 TMK and the KICAM-TMK.

Outline of the Hotel Property and the Warehouse Property are as follows.

Property Name	Location	Type*	Site Area*	Structure / Scale*
the b fukuoka tenjin	Fukuoka, Fukuoka	Hotel (125 rooms) Retail	Land: 496.79 m <sup>2</sup> Building: 3,567.22 m <sup>2</sup>	S/10F
Musashimurayama warehouse	Musashimurayama, Tokyo	Warehouse Office	Land: 5,788.52 m <sup>2</sup> Building: 9,207.73 m <sup>2</sup>	S/4F

\* "Type," "Site Area" and "Structure/Scale" in the above table are described as it appears on the real estate register.

2. As for the preferred equity securities of the Tenjin 123 TMK and KICAM-TMK, book values are stated because there are no market values and values calculated using the reasonable methods.

#### 5. Amount of Contract and Fair Value of Specified Transactions

Overview of amount of contract and fair values of specified transactions as of May 31, 2018 was as follows:

Classification	Type	Amount of Contract (Thousands of yen) (Note 1)		Fair Value (Thousands of yen) (Note 2) (Note 3)
			over one year	
Transaction other than market transactions	Interest rate swaps (fixed rate payable and floating rate receivable)	82,157,000	68,057,000	(517,855)
Total		82,157,000	68,057,000	(517,855)

- Notes: 1. The "Amount of Contract" of the interest-rate swaps is based on the notional principal.  
 2. The "Fair Value" is evaluated at the prices calculated by the other party of the transaction based on the prevailing market rates, etc.  
 3. Among the fair value amount, the interest rate swaps for which United Urban applied the special treatment under the "Accounting Standard for Financial Instruments" (Statement No.10 issued by Accounting Standards Board of Japan on March 10, 2008), are not measured at fair value in the balance sheets.

#### 6. Status of Other Assets

As of May 31, 2018, trust beneficial interests in real estate, etc. owned by United Urban are stated in "3. Details of Properties in the Portfolio" above and there were no other specified assets.

#### 7. Status of Holding Assets by Country and Region

United Urban does not own assets in country or region outside of Japan.

## Capital Expenditures

### 1. Plan of Capital Expenditures

The table below sets out the principal capital expenditures for repair, etc., of properties and properties which are the trust assets of trust beneficial interests in real estate managed by United Urban (collectively the "Investment Real Estate") scheduled as of May 31, 2018. These scheduled amounts include both portions to be capitalized and expensed.

Name of Properties	Location	Purpose	Scheduled Period	Amount Projected (Millions of yen)		
				Total amount	Amount payable in the 29th fiscal period	Amount already paid
Mallage Kashiwa	Kashiwa, Chiba	Renewal of air-conditioning facilities	From November 2018 to December 2018	102	-	-
Kawasaki Toshiba Building	Kawasaki, Kanagawa	Renewal of hot and cool water pipes of air conditioning (in some floors)	From July 2017 to August 2018	110	-	-
Pacific Marks Shibuya Koen-dori	Shibuya-ku, Tokyo	Renewal of the fittings of each floor	From August 2018 to January 2019	106	-	-
SS30	Sendai, Miyagi	Repair of exterior wall of office building	From March 2017 to January 2019	229	-	-
Hotel JAL City Naha	Naha, Okinawa	Repair of guest rooms and banquet hall, etc. (3rd period)	From May 2018 to June 2018	265	-	-
UUR Yotsuya Sanhome Building	Shinjuku-ku, Tokyo	Renewal of air-conditioning facilities of guest rooms	From May 2018 to November 2018	131	-	-
the b roppongi	Minato-ku, Tokyo	Extension and repair works	From November 2017 to March 2019	634	-	-
Urawa Royal Pines Hotel	Saitama, Saitama	Large-scale repair work	From April 2018 to February 2019	202	-	-

### 2. Capital Expenditures Made during the Period

The table below sets out the amounts of United Urban's capital expenditures for the Investment Real Estate during the 29th fiscal period, which totaled ¥1,903 million. Together with ¥833 million of repair and maintenance costs recorded as expenses in the statement of income in the period, expenditure on engineering works totaled ¥2,736 million.

Name of Properties	Location	Purpose	Period Implemented	Expenditure Amount (Millions of yen)
Re-LAND Shopping Center	Funabashi, Chiba	Compartment formation of 3rd floor Repair of 4th floor office	From March 2018 to April 2018	19
Re-LAND Shopping Center	Funabashi, Chiba	Renewal of exterior, etc. (1st period)	From April 2018 to May 2018	134
Miyamae Shopping Center	Kawasaki, Kanagawa	New construction of ventilating facilities for parking area (3F, 4F)	From November 2017 to December 2017	17
Albore Sendai	Sendai, Miyagi	Repair of a rooftop receiving and transforming facility	From May 2018 to May 2018	15
Mallage Kashiwa	Kashiwa, Chiba	Renewal of air-conditioning facilities (1st period)	From October 2017 to December 2017	72
Tenjin Loft Building	Fukuoka, Fukuoka	Parts replacement of escalator	From October 2017 to December 2017	10
Tenjin Loft Building	Fukuoka, Fukuoka	Parts replacement of tower-type mechanical parking facility	From December 2017 to December 2017	23
Plussing Wave Enoshima	Fujisawa, Kanagawa	New construction and repair of smoke control equipment Work for correcting smoke elimination area (in some floors)	From December 2017 to May 2018	33
K's Denki Nagoya-kita	Nishikasugai-gun, Aichi	Renewal of rooftop waterproofing	From February 2018 to May 2018	34
T&G Hamamatsucho Building	Minato-ku, Tokyo	Repair of exterior wall and sealing	From March 2018 to April 2018	21
Fukuoka Eartheon Building	Fukuoka, Fukuoka	Replacement of rooftop receiving and transforming facility equipment	From March 2018 to March 2018	16

Name of Properties	Location	Purpose	Period Implemented	Expenditure Amount (Millions of yen)
Shin-Osaka Central Tower	Osaka, Osaka	Renewal of air-conditioning facilities of machine room (North Building B1) (2nd period)	From February 2018 to April 2018	29
Shin-Osaka Central Tower	Osaka, Osaka	Overhaul of absorption type cold and hot water generator of heat source machine room (South Building B1)	From January 2018 to March 2018	13
Shin-Osaka Central Tower	Osaka, Osaka	Repair of outdoor facility (1st period)	From February 2018 to May 2018	49
Kawasaki Toshiba Building	Kawasaki, Kanagawa	Renewal of panelboard breaker on each floor (1st period)	From April 2018 to May 2018	59
Kawasaki Toshiba Building	Kawasaki, Kanagawa	Renewal of air conditioners (in some floors)	From June 2017 to February 2018	113
Hitachi High-Tech Building	Minato-ku, Tokyo	Renewal of receiving and transforming facility of electric room in the 2nd basement	From March 2018 to March 2018	10
Pacific Marks Yokohama East	Yokohama, Kanagawa	Renewal of automatic fire alarm facilities	From May 2018 to May 2018	11
Pacific Marks Shibuya Koen-dori	Shibuya-ku, Tokyo	Renewal of air conditioners (in some floors)	From January 2018 to February 2018	24
Pacific Marks Shin-Yokohama	Yokohama, Kanagawa	Parts replacement of hydraulic car lift in the 1st basement	From December 2017 to December 2017	10
Pacific Marks Shin-Yokohama	Yokohama, Kanagawa	Repair of exterior wall	From December 2017 to December 2017	19
Pacific Marks Nishi-Umeda	Osaka, Osaka	Renewal of perimeter air conditioners (1st period)	From April 2018 to May 2018	32
Pacific Marks Higobashi	Osaka, Osaka	Renewal of air conditioners (2nd period)	From November 2017 to January 2018	71
Pacific Marks Esaka	Suita, Osaka	Renewal of outdoor facility and new construction of signboard (2nd period)	From December 2017 to May 2018	98
Pacific Marks Esaka	Suita, Osaka	Film pasting on northern windows	From April 2018 to April 2018	16
Pacific Marks Esaka	Suita, Osaka	Improvement work of total heat exchangers (in some floor)	From April 2018 to May 2018	11
SS30	Sendai, Miyagi	Repair of rooftop floor of the Hotel Building	From October 2017 to December 2017	12
SS30	Sendai, Miyagi	Replacement of transformer breaker of machine room in the 3rd basement Overhaul of motor breaker	From April 2018 to May 2018	17
LOOP-X・M	Minato-ku, Tokyo	Renewal of the first floor entrance of the Office Building	From May 2018 to May 2018	31
Shinjuku Washington Hotel Honkan	Shinjuku-ku, Tokyo	Renewal of escalator control panel, etc.	From February 2018 to March 2018	62
Hotel JAL City Naha	Naha, Okinawa	Renewal of guest room key system of the entire hotel	From January 2018 to April 2018	12
Hotel JAL City Naha	Naha, Okinawa	Repair of guest rooms and signboard	From December 2017 to May 2018	305
UUR Yotsuya Sanhome Building	Shinjuku-ku, Tokyo	Renewal of guest room air conditioners of hotel (in some floors) (1st period)	From May 2018 to May 2018	11
Loisir Hotel & Spa Tower Naha	Naha, Okinawa	Extension work of guest rooms Renovation of banquet hall, etc.	From December 2017 to December 2017	45
Loisir Hotel & Spa Tower Naha	Naha, Okinawa	Renewal of see-through elevator of the Main Building and waterproof seal	From April 2018 to May 2018	10
Urawa Royal Pines Hotel	Saitama, Saitama	Renewal of central supervisory board for disaster control center (1st period)	From November 2017 to March 2018	35
Urawa Royal Pines Hotel	Saitama, Saitama	Overhaul of emergency generator (1st period)	From May 2018 to May 2018	10
Park Site IZUMI	Nagoya, Aichi	Large-scale exterior wall repair work (2nd period)	From February 2018 to May 2018	19
Shin-Narashino Logistics Center II	Narashino, Chiba	Repair of iron parts of exterior walls and balcony eaves	From May 2018 to May 2018	27
Other capital expenditures				328
Total				1,903

### 3. Cash Reserved for Long-Term Repair and Maintenance Plan (Repair and Maintenance Reserve)

Based on the long-term repair and maintenance plan formulated for each of its properties, United Urban sets aside a repair and maintenance reserve out of cash flow during each fiscal period, as outlined below, for the purpose of large-scale repairs and maintenance for the medium to long term.

	Millions of yen				
	25th Fiscal Period (December 1, 2015 - May 31, 2016)	26th Fiscal Period (June 1, 2016 - November 30, 2016)	27th Fiscal Period (December 1, 2016 - May 31, 2017)	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
Reserve balance at beginning of period	792	971	998	1,343	1,308
Addition to the reserve during the period (Note)	188	36	379	28	165
Reduction of reserve during the period	9	9	34	63	56
Reserve balance to be carried over to the next period	971	998	1,343	1,308	1,417

Note: When United Urban assumes all or part of the reserve accumulated within the trust assets by the previous owners in connection with the sale and purchase of trust beneficial interests, the amount of the portion so assumed is stated as part of the addition to the reserve in the relevant period.

## Expenses and Debt

### 1. Asset Management Expenses

	Thousands of yen	
	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
Asset management fees (Note)	1,867,225	1,863,620
Asset custodian fees	18,967	17,720
Administrative agent fees	70,340	67,088
Directors' fees	7,200	4,200
Other expenses	243,520	211,114
<b>Total</b>	<b>2,207,253</b>	<b>2,163,744</b>

Note: In addition to the asset management fees stated above, there were asset management fees related to acquisition of properties, which was capitalized and included in acquisition cost of each property (28th fiscal period: ¥16,080 thousand, 29th fiscal period: ¥132,800 thousand) and asset management fees related to sale of properties which was deducted from gain or loss from sale of the Investment Real Estate (28th fiscal period: ¥108,576 thousand, 29th fiscal period: ¥164,200 thousand).

### 2. Borrowings

Borrowings from financial institutions as of May 31, 2018 were as follows:

	Lenders	Drawdown Date	Balance at Beginning of 29th FP (Millions of yen) (Note 1)	Balance at End of 29th FP (Millions of yen) (Note 1)	Average Interest Rate (%) (Note 2)	Maturity Date	Repayment Method	Use	Remarks
Long-term debt due for repayment within one year	MUFG Bank, Ltd. (Note 7)	Apr. 12, 2012	3,000	-	0.611 (Note 6)	Mar. 20, 2018	Bullet Payment	(Note 5)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	Aug. 29, 2012	2,200	-	0.511 (Note 6)	Mar. 20, 2018		(Note 3)	
	Mizuho Bank, Ltd.	Mar. 21, 2013	3,000	-	0.461 (Note 6)	Mar. 20, 2018		(Note 3)	
	Aozora Bank, Ltd.	Mar. 21, 2013	1,570	-	0.461 (Note 6)	Mar. 20, 2018		(Note 4)	
	The Norinchukin Bank		2,253	-					
	Aozora Bank, Ltd.	Mar. 20, 2014	1,700	-	0.559	Mar. 20, 2018		(Note 4)	
	MUFG Bank, Ltd. (Note 8)	May 16, 2013	2,000	2,000	0.778 (Note 6)	Jun. 20, 2018		(Note 3)	
	The Shinkumi Federation Bank	Jun. 20, 2013	2,000	2,000	0.449 (Note 6)	Jun. 20, 2018		(Note 4)	
	The Bank of Fukuoka, Ltd.		500	500					
	Saitama Resona Bank, Limited		1,000	1,000					
	MUFG Bank, Ltd. (Note 8)	Jun. 20, 2013	1,000	1,000	0.735 (Note 6)	Jun. 20, 2018		(Note 4)	
	ORIX Bank Corporation	Jun. 20, 2013	1,500	1,500	0.830	Jun. 20, 2018		(Note 4)	
	Development Bank of Japan Inc.	Sep. 27, 2011	2,800	2,800	1.464	Sep. 20, 2018		(Note 4)	
	THE NISHI-NIPPON CITY BANK, LTD.	Sep. 20, 2013	1,000	1,000	0.453 (Note 6)	Sep. 20, 2018		(Note 4)	
	The Nomura Trust and Banking Co., Ltd.		1,000	1,000					
	THE KAGAWA BANK, LTD.		500	500					
	The Ashikaga Bank, Ltd.	Sep. 20, 2013	1,000	1,000	0.781	Sep. 20, 2018		(Note 4)	
	Shinkin Central Bank	Nov. 1, 2013	1,000	1,000	0.688	Sep. 20, 2018		(Note 3)	
Sumitomo Mitsui Banking Corporation	Mar. 15, 2013	-	3,500	0.524 (Note 6)	Mar. 20, 2019	(Note 3)			
ORIX Bank Corporation	Nov. 1, 2013	-	1,000	0.753	Mar. 20, 2019	(Note 3)			

	Lenders	Drawdown Date	Balance at Beginning of 29th FP (Millions of yen) (Note 1)	Balance at End of 29th FP (Millions of yen) (Note 1)	Average Interest Rate (%) (Note 2)	Maturity Date	Repayment Method	Use	Remarks
	The Norinchukin Bank	Feb. 28, 2014	-	1,600	0.620 (Note 6)	Mar. 20, 2019	Bullet Payment	(Note 3)	Unsecured Unguaranteed
	Resona Bank, Limited	Apr. 8, 2014	-	1,000	0.708	Mar. 20, 2019		(Note 3)	
	Subtotal		29,023	22,400					
Long-term debt	Sumitomo Mitsui Banking Corporation	Mar. 15, 2013	3,500	-	0.524 (Note 6)	Mar. 20, 2019	Bullet Payment	(Note 3)	Unsecured Unguaranteed
	ORIX Bank Corporation	Nov. 1, 2013	1,000	-	0.753	Mar. 20, 2019		(Note 3)	
	The Norinchukin Bank	Feb. 28, 2014	1,600	-	0.620 (Note 6)	Mar. 20, 2019		(Note 3)	
	Resona Bank, Limited	Apr. 8, 2014	1,000	-	0.708	Mar. 20, 2019		(Note 3)	
	Sumitomo Mitsui Banking Corporation	Jun. 20, 2012	4,500	4,500	0.693 (Note 6)	Jun. 20, 2019		(Note 4)	
	MUFG Bank, Ltd. (Note 7)	Jun. 28, 2012	2,200	2,200	0.960	Jun. 20, 2019		(Note 3)	
	Aozora Bank, Ltd.	May 16, 2013	2,000	2,000	0.523 (Note 6)	Jun. 20, 2019		(Note 3)	
	Shinsei Bank, Limited	May 16, 2013	1,000	1,000	1.056	Jun. 20, 2019		(Note 3)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Oct. 2, 2014	1,000	1,000	0.511	Sep. 20, 2019		(Note 3)	
	Sumitomo Mitsui Banking Corporation	Mar. 21, 2013	4,000	4,000	0.555 (Note 6)	Sep. 20, 2019		(Note 4)	
	Mizuho Bank, Ltd.		637	637					
	Aozora Bank, Ltd.		1,570	1,570					
	Aozora Bank, Ltd.	Aug. 29, 2014	1,200	1,200	0.593	Sep. 20, 2019		(Note 3)	
	Mizuho Trust & Banking Co., Ltd.	Apr. 1, 2016	1,000	1,000	0.200	Mar. 23, 2020		(Note 3)	
	MUFG Bank, Ltd. (Note 7)	Mar. 15, 2013	4,000	4,000	0.800	Mar. 23, 2020		(Note 3)	
	MUFG Bank, Ltd. (Note 7)	Mar. 21, 2013	2,427	2,427	0.780	Mar. 23, 2020		(Note 4)	
	Sumitomo Mitsui Banking Corporation	Mar. 21, 2013	1,209	1,209	0.617 (Note 6)	Mar. 23, 2020		(Note 4)	
	MUFG Bank, Ltd. (Note 8)		869	869					
	Resona Bank, Limited		339	339					
	MUFG Bank, Ltd. (Note 8)	Mar. 20, 2014	1,300	1,300	0.640 (Note 6)	Mar. 23, 2020		(Note 4)	
	Development Bank of Japan Inc.	Jun. 20, 2012	900	900	1.370	Jun. 20, 2020		(Note 4)	
	Sumitomo Mitsui Trust Bank, Limited	Jun. 20, 2013	1,000	1,000	0.631 (Note 6)	Jun. 20, 2020		(Note 4)	
	Sumitomo Mitsui Banking Corporation		1,650	1,650					
	Mizuho Bank, Ltd.		1,000	1,000					
	Aozora Bank, Ltd.		2,000	2,000					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	The Daishi Bank, Ltd.	Jul. 8, 2015	1,000	1,000	0.550 (Note 6)	Jun. 22, 2020		(Note 5)	
	The 77 Bank, Ltd.	Jul. 8, 2015	500	500	0.527 (Note 6)	Sep. 23, 2020		(Note 5)	
	The Bank of Yokohama, Ltd.		500	500					
	Kiraboshi Bank, Ltd. (Note 9)		500	500					
THE KAGAWA BANK LTD.	500		500						
The Bank of Fukuoka, Ltd.	Aug. 7, 2015	500	500	0.428 (Note 6)	Sep. 23, 2020	(Note 3)			
Sumitomo Mitsui Trust Bank, Limited	Mar. 15, 2013	4,500	4,500	0.668 (Note 6)	Sep. 23, 2020	(Note 3)			
Sumitomo Mitsui Trust Bank, Limited	Mar. 21, 2013	3,283	3,283	0.668 (Note 6)	Sep. 23, 2020	(Note 4)			
Nippon Life Insurance Company	Sep. 20, 2013	1,000	1,000	1.000	Sep. 23, 2020	(Note 4)			

	Lenders	Drawdown Date	Balance at Beginning of 29th FP (Millions of yen) (Note 1)	Balance at End of 29th FP (Millions of yen) (Note 1)	Average Interest Rate (%) (Note 2)	Maturity Date	Repayment Method	Use	Remarks
	Long-term debt	Development Bank of Japan Inc.	Nov. 1, 2013	2,400	2,400	0.826	Sep. 23, 2020	Bullet Payment	(Note 3)
Shinsei Bank, Limited		Nov. 29, 2013	2,500	2,500	0.888	Sep. 23, 2020	(Note 3)		
The Norinchukin Bank		Jul. 8, 2015	1,000	1,000	0.509 (Note 6)	Dec. 21, 2020	(Note 5)		
Tokio Marine & Nichido Fire Insurance Co., Ltd.		Feb. 5, 2016	1,000	1,000	0.230 (Note 6)	Dec. 21, 2020	(Note 3)		
Mizuho Trust & Banking Co., Ltd.		Feb. 28, 2014	1,300	1,300	0.858	Dec. 21, 2020	(Note 3)		
Sumitomo Mitsui Banking Corporation		Feb. 5, 2016	1,000	1,000	0.217 (Note 6)	Mar. 22, 2021	(Note 3)		
The Iyo Bank, Ltd.		Feb. 5, 2016	1,000	1,000	0.337	Mar. 22, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Mar. 20, 2014	5,800	5,800	0.850 (Note 6)	Mar. 22, 2021	(Note 4)		
MUFG Bank, Ltd. (Note 7)		Mar. 20, 2014	1,400	1,400	0.830	Mar. 22, 2021	(Note 4)		
Mizuho Bank, Ltd.		Mar. 20, 2014	1,400	1,400	0.841	Mar. 22, 2021	(Note 4)		
MUFG Bank, Ltd. (Note 7)		Mar. 28, 2014	2,200	2,200	0.850	Mar. 22, 2021	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Apr. 8, 2014	5,700	5,700	0.883	Mar. 22, 2021	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Aug. 29, 2014	1,900	1,900	0.690	Mar. 22, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Oct. 2, 2014	2,000	2,000	0.619 (Note 6)	Mar. 22, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Mar. 22, 2016	1,000	1,000	0.302	Jun. 21, 2021	(Note 4)		
Sumitomo Mitsui Banking Corporation		Apr. 1, 2016	2,000	2,000	0.302	Jun. 21, 2021	(Note 3)		
The Nomura Trust and Banking Co., Ltd.		Apr. 1, 2016	1,000	1,000	0.350	Jun. 21, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Jul. 4, 2017	1,000	1,000	0.252	Jun. 21, 2021	(Note 5)		
Mizuho Bank, Ltd.		May 1, 2014	1,700	1,700	0.737 (Note 6)	Jun. 21, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		May 1, 2014	1,000	1,000	0.872 (Note 6)	Jun. 21, 2021	(Note 3)		
MUFG Bank, Ltd. (Note 8)		May 1, 2014	1,000	1,000	0.770 (Note 6)	Jun. 21, 2021	(Note 3)		
The Gunma Bank, Ltd.		Jul. 8, 2015	500	500	0.559 (Note 6)	Sep. 21, 2021	(Note 5)		
The Norinchukin Bank		Apr. 1, 2016	1,500	1,500	0.302	Sep. 21, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Jun. 30, 2015	2,900	2,900	0.612 (Note 6)	Dec. 20, 2021	(Note 3)		
MUFG Bank, Ltd. (Note 8)		Aug. 29, 2014	3,000	3,000	0.670 (Note 6)	Dec. 20, 2021	(Note 3)		
Sumitomo Mitsui Banking Corporation		Mar. 21, 2017	2,400	2,400	0.302	Mar. 22, 2022	(Note 4)		
Sompo Japan Nipponkoa Insurance Inc.		Mar. 21, 2017	1,000	1,000	0.455	Mar. 22, 2022	(Note 4)		
The Daishi Bank, Ltd.		Mar. 30, 2017	1,000	1,000	0.448	Mar. 22, 2022	(Note 3)		
The Gunma Bank, Ltd.		Apr. 26, 2017	1,000	1,000	0.342	Mar. 22, 2022	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Mar. 20, 2014	2,600	2,600	1.030	Mar. 22, 2022	(Note 4)		
Mizuho Bank, Ltd.		Oct. 2, 2014	3,000	3,000	0.661 (Note 6)	Mar. 22, 2022	(Note 3)		
Mizuho Bank, Ltd.		Nov. 25, 2014	2,000	2,000	0.672 (Note 6)	Jun. 20, 2022	(Note 3)		
Shinkin Central Bank	Jul. 8, 2015	1,000	1,000	0.728	Jun. 20, 2022	(Note 5)			
Development Bank of Japan Inc.	Aug. 7, 2015	1,200	1,200	0.710	Jun. 20, 2022	(Note 3)			
Sumitomo Mitsui Trust Bank, Limited	Jul. 4, 2017	1,000	1,000	0.252	Jun. 20, 2022	(Note 5)			
The Hiroshima Bank, Ltd.	Jul. 8, 2015	500	500	0.685 (Note 6)	Sep. 20, 2022	(Note 5)			

	Lenders	Drawdown Date	Balance at Beginning of 29th FP (Millions of yen) (Note 1)	Balance at End of 29th FP (Millions of yen) (Note 1)	Average Interest Rate (%) (Note 2)	Maturity Date	Repayment Method	Use	Remarks
	Long-term debt	The Yamaguchi Bank, Ltd.	Jul. 8, 2015	1,000	1,000	0.885 (Note 6)	Sep. 20, 2022	Bullet Payment	(Note 5)
Nippon Life Insurance Company		Jul. 8, 2015	1,000	1,000	0.861	Sep. 20, 2022	(Note 5)		
Shinsei Bank, Limited		Jul. 15, 2015	1,500	1,500	0.773	Sep. 20, 2022	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Oct. 2, 2014	2,800	2,800	0.814	Sep. 20, 2022	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Dec. 20, 2013	3,400	3,400	1.239	Dec. 20, 2022	(Note 4)		
Sumitomo Mitsui Trust Bank, Limited		Nov. 25, 2014	6,500	6,500	0.842	Mar. 20, 2023	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		May 29, 2015	3,500	3,500	0.775	Mar. 20, 2023	(Note 4)		
Resona Bank, Limited		Feb. 5, 2016	1,500	1,500	0.370 (Note 6)	Mar. 20, 2023	(Note 3)		
Mizuho Bank, Ltd.		Mar. 22, 2016	2,000	2,000	0.452	Mar. 20, 2023	(Note 4)		
Resona Bank, Limited		Mar. 22, 2016	1,000	1,000	0.352	Mar. 20, 2023	(Note 4)		
Saitama Resona Bank, Limited		Apr. 1, 2016	2,000	2,000	0.490 (Note 6)	Mar. 20, 2023	(Note 3)		
The Ashikaga Bank, Ltd.		Apr. 1, 2016	1,000	1,000	0.441	Mar. 20, 2023	(Note 3)		
Mizuho Trust & Banking Co., Ltd.		Aug. 7, 2015	1,000	1,000	0.798	Jun. 20, 2023	(Note 3)		
Development Bank of Japan Inc.		Apr. 1, 2016	1,500	1,500	0.372	Jun. 20, 2023	(Note 3)		
THE NISHI-NIPPON CITY BANK, LTD.		Apr. 1, 2016	1,000	1,000	0.402	Jun. 20, 2023	(Note 3)		
Mizuho Bank, Ltd.		Jul. 15, 2015	1,300	1,300	0.749 (Note 6)	Sep. 20, 2023	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Jul. 15, 2015	1,300	1,300	0.780	Sep. 20, 2023	(Note 3)		
MUFG Bank, Ltd. (Note 8)		Dec. 4, 2015	1,000	1,000	0.625 (Note 6)	Mar. 21, 2024	(Note 3)		
Mizuho Trust & Banking Co., Ltd.		Mar. 22, 2016	1,000	1,000	0.332	Mar. 21, 2024	(Note 4)		
The Hiroshima Bank, Ltd.		Mar. 21, 2017	1,000	1,000	0.565	Mar. 21, 2024	(Note 4)		
The 77 Bank, Ltd.		Mar. 30, 2017	1,500	1,500	0.402	Mar. 21, 2024	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Jul. 15, 2015	1,700	1,700	0.924	Jun. 20, 2024	(Note 3)		
Mizuho Bank, Ltd.		Apr. 1, 2016	2,000	2,000	0.523	Jun. 20, 2024	(Note 3)		
The Norinchukin Bank		Jan. 31, 2017	2,700	2,700	0.402	Jun. 20, 2024	(Note 3)		
Resona Bank, Limited		Apr. 26, 2017	1,500	1,500	0.282	Jun. 20, 2024	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Dec. 4, 2015	1,000	1,000	0.680	Sep. 20, 2024	(Note 3)		
Mizuho Bank, Ltd.		Dec. 4, 2015	1,000	1,000	0.633 (Note 6)	Sep. 20, 2024	(Note 3)		
The Norinchukin Bank		Mar. 30, 2017	1,500	1,500	0.402	Sep. 20, 2024	(Note 3)		
Development Bank of Japan Inc.		Apr. 26, 2017	1,500	1,500	0.428	Sep. 20, 2024	(Note 3)		
The Bank of Fukuoka, Ltd.		Dec. 1, 2016	1,400	1,400	0.352	Dec. 20, 2024	(Note 3)		
Mizuho Bank, Ltd.		Jul. 4, 2017	3,000	3,000	0.430	Dec. 20, 2024	(Note 5)		
Meiji Yasuda Life Insurance Company		Feb. 5, 2016	1,000	1,000	0.687	Mar. 21, 2025	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Apr. 1, 2016	2,000	2,000	0.430	Mar. 21, 2025	(Note 3)		
MUFG Bank, Ltd. (Note 8)		Mar. 21, 2017	3,500	3,500	0.489	Mar. 21, 2025	(Note 4)		
Shinsei Bank, Limited	Mar. 21, 2017	2,000	2,000	0.639	Mar. 21, 2025	(Note 4)			
The Bank of Fukuoka, Ltd.	Mar. 21, 2017	1,000	1,000	0.489	Mar. 21, 2025	(Note 4)			
Shinkin Central Bank	Mar. 30, 2017	1,000	1,000	0.624	Mar. 21, 2025	(Note 3)			
The Bank of Kyoto, Ltd.	Mar. 30, 2017	1,000	1,000	0.524	Mar. 21, 2025	(Note 3)			

	Lenders	Drawdown Date	Balance at Beginning of 29th FP (Millions of yen) (Note 1)	Balance at End of 29th FP (Millions of yen) (Note 1)	Average Interest Rate (%) (Note 2)	Maturity Date	Repayment Method	Use	Remarks
	Long-term debt	Sumitomo Mitsui Trust Bank, Limited	Apr. 1, 2016	3,000	3,000	0.392	Sep. 22, 2025	Bullet Payment	(Note 3)
Sumitomo Mitsui Trust Bank, Limited		Feb. 5, 2016	2,000	2,000	0.627	Dec. 22, 2025	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Mar. 30, 2017	2,000	2,000	0.460	Mar. 23, 2026	(Note 3)		
Mizuho Bank, Ltd.		Mar. 30, 2017	4,500	4,500	0.569	Mar. 23, 2026	(Note 3)		
Mizuho Bank, Ltd.		Apr. 26, 2017	2,400	2,400	0.544	Jun. 22, 2026	(Note 3)		
MUFG Bank, Ltd. (Note 7)		Jul. 4, 2017	1,500	1,500	0.440	Sep. 24, 2026	(Note 5)		
Meiji Yasuda Life Insurance Company		Mar. 30, 2017	1,000	1,000	0.756	Mar. 23, 2027	(Note 3)		
Taiyo Life Insurance Company		Mar. 30, 2017	1,000	1,000	0.656	Mar. 23, 2027	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Mar. 30, 2017	2,500	2,500	0.362	Jun. 21, 2027	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited		Apr. 26, 2017	2,500	2,500	0.392	Dec. 20, 2027	(Note 3)		
Subtotal			208,584	201,484					
Total			237,607	223,884					

- Notes: 1. Amounts in balance at the beginning and end of the fiscal period are stated after being rounded down to the units stated. Therefore, the sum may not equal to the total due to rounding.
2. The average interest rate represents the weighted average during the period based on the number of days and the outstanding balance of a borrowing, and is rounded to the nearest third decimal places. The figures do not include fees related to these borrowings that have been paid to the lenders listed in the table.
3. The funds are used for acquisition of real estate or trust beneficial interest in real estate and expenses related to the acquisition.
4. The funds are used for repayment of borrowings.
5. The funds are used for redemption of corporate bonds.
6. It is a borrowing with floating interest rate applying the Japanese Bankers Association (JBA) one month JPY TIBOR, three months JPY TIBOR or the one month Euroyen LIBOR as a basic interest rate. However, the interest rate for this borrowing is, in effect, fixed due to the execution of an interest rate swap agreement. The adjusted interest rate in consideration of swap transactions is stated.
7. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its corporate name to "MUFG Bank, Ltd." as of April 1, 2018
8. The corporate loan-related businesses of Mitsubishi UFJ Trust and Banking Corporation have been transferred to MUFG Bank, Ltd. as of April 16, 2018.
9. The Tokyo Tomin Bank, Co., Ltd. merged with The Yachiyo Bank, Ltd. and ShinGinko Tokyo, Inc. as of May 1, 2018, and has changed its corporate name to "Kiraboshi Bank, Ltd."

### 3. Corporate Bonds

Corporate Bonds as of May 31, 2018 were as follows:

Name	Issue Date	Balance at Beginning of 29th FP (Millions of yen)	Balance at End of 29th FP (Millions of yen)	Interest Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Series 10 of Unsecured Corporate Bonds	Dec. 12, 2012	4,000	-	0.690	Dec. 12, 2017	Bullet payment	(Note 1)	Unsecured (Note 4)
Series 11 of Unsecured Corporate Bonds	May 30, 2013	8,000	-	0.690	May 30, 2018	Bullet payment	(Note 2)	Unsecured (Note 4)
Series 12 of Unsecured Corporate Bonds	May 30, 2013	2,000	-	0.690	May 30, 2018	Bullet payment	(Note 2)	Unsecured (Note 4)
Series 13 of Unsecured Corporate Bonds	Nov. 20, 2013	13,000	13,000	0.470	Nov. 20, 2018	Bullet payment	(Note 2)	Unsecured (Note 4)
Series 14 of Unsecured Corporate Bonds	Nov. 20, 2013	2,000	2,000	0.470	Nov. 20, 2018	Bullet payment	(Note 2)	Unsecured (Note 4)
Series 15 of Unsecured Corporate Bonds	Oct. 30, 2014	3,000	3,000	0.525	Oct. 29, 2021	Bullet payment	(Note 1)	Unsecured (Note 4)
Series 16 of Unsecured Corporate Bonds	May 29, 2015	2,000	2,000	0.804	May 29, 2025	Bullet payment	(Note 2)	Unsecured (Note 4)

Name	Issue Date	Balance at Beginning of 29th FP (Millions of yen)	Balance at End of 29th FP (Millions of yen)	Interest Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Series 17 of Unsecured Corporate Bonds	May 22, 2018	-	10,000	0.240	Nov. 22, 2023	Bullet payment	(Note 3)	Unsecured (Note 4)
Series 18 of Unsecured Corporate Bonds	May 22, 2018	-	2,000	0.230	May 22, 2023	Bullet payment	(Note 3)	Unsecured (Note 4)
Total		34,000	32,000					

- Notes: 1. The funds are used for the repayment of the existing borrowings.  
2. The funds are used for the redemption of the corporate bonds.  
3. The funds are used for the redemption of the corporate bonds and the working capital  
4. Ranking pari passu among corporate bonds

#### 4. Short-term Corporate Bonds

Not Applicable

#### 5. Subscription Rights of New Investment Units

Not Applicable

### Trading Activities during the Period

#### 1. Trading of Real Estate and Real Estate-Backed Securities, and Infrastructure Assets and Infrastructure Related Assets

Type of Asset	Name of Properties	Acquisition		Transfer			
		Acquisition date	Acquisition price (Millions of yen) (Note 1)	Date of transfer	Sale price (Millions of yen) (Note 1)	Book value (Millions of yen)	Gain or loss on sale (Millions of yen)
Trust beneficial interest in real estate	RIHGA Royal Hotel Kokura · ARUARU City	Jan. 26, 2018	16,600	-	-	-	-
Trust beneficial interest in real estate	Himonya Shopping Center (Note 2)	-	-	May 24, 2018	14,025 (Note 2)	8,888 (Note 2)	4,944
Trust beneficial interest in real estate	AEON MALL Uki	-	-	May 24, 2018	6,500	9,378	(3,584)
Total		-	16,600	-	20,525	18,266	1,360

- Notes: 1. The "Acquisition price" and "Sale price" does not include consumption taxes and expenses necessary for making the relevant acquisition and transfer.  
2. United Urban sold its 51% quasi co-ownership of the trust beneficial interest for Himonya Shopping Center on May 24, 2018. In addition, United Urban has held its 49% quasi co-ownership at the end of the 29th fiscal period. The same shall apply hereinafter.

#### 2. Trading of Other Assets

Major assets other than the transactions stated in "1. Trading of Real Estate and Real Estate-Backed Securities, and Infrastructure Assets and Infrastructure Related Assets" are generally bank deposits and bank deposits in trust.

### 3. Research for Specified Assets

#### a. Real Estates (Note 1)

Acquisition or Sale	Type of Asset	Name of Properties	Transaction Date	Acquisition Price or Sale Price (Millions of yen) (Note 2)	Appraisal Value (Millions of yen)	Date of Valuation	Real Estate Appraisal Organization
Acquisition	Trust beneficial interest in real estate	RIHGA Royal Hotel Kokura·ARUARU City	Jan. 26, 2018	16,600	16,800	Sep. 30, 2017	The Tanizawa Sōgō Appraisal Co., Ltd.
Sale	Trust beneficial interest in real estate	Himonya Shopping Center	May 24, 2018	14,025	11,526	May 1, 2018	Japan Real Estate Institute
Sale	Trust beneficial interest in real estate	AEON MALL Uki	May 24, 2018	6,500	6,170	May 1, 2018	Japan Real Estate Institute

- Notes: 1. As for transactions that require appraisal values of real estate, etc, regarding specified assets pursuant to Article 201, Paragraph 1 of the Investment Trust Act, the appraisal was conducted by real estate appraisal organizations based on the Japanese Real Estate Appraisal Standard Section 3, "Appraisal concerning prices of real estate for securitization", and United Urban has received the results.
2. The "Acquisition Price or Sale Price" does not include consumption taxes and expenses necessary for making the relevant acquisition or sale.

#### b. Others

Not Applicable

### 4. Trading with Related Parties

#### a. Status of Transactions

There were no purchase and sale transactions concerning the specified assets with Related Parties.

#### b. Amount of Commissions

Category	Total Commissions Paid (A) (Thousands of yen)	Description of Transactions with Related Parties		(B) / (A) (%)
		Payee	Amount paid (B) (Thousands of yen)	
Brokerage Commission	600,625	Marubeni Real Estate Management Co., Ltd.	102,625	17.1
Property Management Fees	1,689,861	Marubeni Real Estate Management Co., Ltd.	564,579	33.4
Casualty Insurance	31,885	Marubeni Safenet Co., Ltd.	31,331	98.3
Construction Management Fees	32,154	Marubeni Real Estate Management Co., Ltd.	15,766	49.0

- Notes: 1. "Related Parties" means the related parties of the asset management company that United Urban has concluded asset management agreement with, as stipulated in Article 201, Paragraph 1 of the Investment Trust Act and Article 26, Item 27 of the Regulation for Asset Management Reports Concerning Investment Trusts and Investment Corporation by The Investment Trusts Association, Japan. Among Related Parties, the companies have conducted business or have received payment of commissions during the 29th fiscal period are stated above.

2. In addition to the transactions above, the amount of repair expense paid to Related Parties during the period under review was as set for below.

Marubeni Real Estate Management Co., Ltd.: ¥19,806 thousand

### 5. Status of Transactions with the Asset Management Company regarding Concurrent Business Conducted by the Asset Management Company

The Asset Management Company of United Urban does not concurrently conduct any other business, and there are no relevant transactions.

## Accounting Status

### 1. Status of Assets, Liabilities, Principal, and Profit and Loss

Please refer to the accompanying financial statements.

### 2. Changes in Calculation Method of Depreciation

Not Applicable

### 3. Changes in Evaluation Method of Real Estate, etc. and Infrastructure Assets

Not Applicable

### 4. Status of Investment Trust Beneficiary Certificates Established by United Urban

The status of investment units of United Urban held by JRA were as follows:

#### a. Status of Acquisitions

Acquisition Date	Number of Investment Units of Acquisition (Unit)	Number of Investment Units of Disposition (Unit)	Number of Investment Units Held (Unit)	Remarks
November 4, 2003	13	-	13	(Note 1)
December 20, 2003	187	-	200	(Note 2)
June 24, 2008	200	-	400	(Note 3)
December 1, 2010	2,000	-	2,400	(Note 4)
December 1, 2010	1	-	2,401	(Note 5)
June 8, 2011	2,500	-	4,901	(Note 6)
Accumulated Total	4,901	-	4,901	

- Notes: 1. JRA acquired investment units at the price of ¥500,000 per unit when United Urban was founded.  
 2. JRA acquired investment units at the price of ¥480,000 per unit when United Urban issued new investment units through the public offering.  
 3. JRA acquired investment units at the price of ¥461,580 per unit when United Urban issued new investment units through the public offering.  
 4. One investment unit was split into six units.  
 5. Due to the absorption-type merger with NCI, one United Urban unit after the split of unit was allocated per one NCI units owned by JRA.  
 6. JRA acquired investment units at the price of ¥91,162 per unit when United Urban issued new investment units through the public offering.

#### b. Status of Investment Units Held (fiscal periods in recent five years including the end of the 29th fiscal period)

	Number of Investment Units at End of Period (Unit)	Total Value of Investment Units Held at End of Period (Thousands of Yen) (Note)	(Reference) Investment Unit Price at End of Period (Yen)	Ratio of Number of Investment Units Held to Investment Units Issued and Outstanding (%)	(Reference) Total Number of Investment Units Issued and Outstanding at End of Period (Unit)
20th Fiscal Period (From Jun. 1, 2013 to Nov. 30, 2013)	4,901	719,956	146,900	0.21	2,380,181
21st Fiscal Period (From Dec. 1, 2013 to May 31, 2014)	4,901	798,372	162,900	0.21	2,380,181
22nd Fiscal Period (From Jun. 1, 2014 to Nov. 30, 2014)	4,901	934,620	190,700	0.20	2,512,246
23rd Fiscal Period (From Dec. 1, 2014 to May 31, 2015)	4,901	912,076	186,100	0.19	2,644,311

	Number of Investment Units at End of Period (Unit)	Total Value of Investment Units Held at End of Period (Thousands of Yen) (Note)	(Reference) Investment Unit Price at End of Period (Yen)	Ratio of Number of Investment Units Held to Investment Units Issued and Outstanding (%)	(Reference) Total Number of Investment Units Issued and Outstanding at End of Period (Unit)
24th Fiscal Period (From Jun. 1, 2015 to Nov. 30, 2015)	4,901	803,764	164,000	0.18	2,751,376
25th Fiscal Period (From Dec. 1, 2015 to May 31, 2016)	4,901	857,675	175,000	0.18	2,751,376
26th Fiscal Period (From Jun. 1, 2016 to Nov. 30, 2016)	4,901	854,734	174,400	0.17	2,953,022
27th Fiscal Period (From Dec. 1, 2016 to May 31, 2017)	4,901	798,863	163,000	0.16	3,055,087
28th Fiscal Period (From Jun. 1, 2017 to Nov. 30, 2017)	4,901	780,729	159,300	0.16	3,055,087
29th Fiscal Period (From Dec. 1, 2017 to May 31, 2018)	4,901	817,486	166,800	0.16	3,055,087

Note: It is calculated by multiplying number of investment units at the end of the period by investment unit price at the end of the period.

## Others

### 1. Notifications

#### United Urban Board of Directors

There were no conclusions and modifications of major agreements approved by the Board of Directors of United Urban during the 29th fiscal period.

### 2. Disclosure Relating to Companies Owning Overseas Real Estate

Not Applicable

### 3. Disclosure Relating to Real Estate Owned by Companies Owning Overseas Real Estate

Not Applicable

◆ FINANCIAL SECTION

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## BALANCE SHEET

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and bank deposits	¥ 62,327,039	¥ 49,665,335
Rent receivables	501,888	618,211
Other current assets	204,882	733,584
<b>Total current assets</b>	<b>63,033,810</b>	<b>51,017,131</b>
<b>PROPERTY AND EQUIPMENT, AT COST:</b>		
Land	388,022,570	387,141,710
Buildings and structures	256,015,652	253,395,926
Machinery and equipment	2,557,244	2,638,219
Tools, furniture and fixtures	871,064	982,563
Construction in progress	105,589	377,271
Subtotal	647,572,121	644,535,691
Less accumulated depreciation	(58,509,415)	(58,252,166)
<b>Net property and equipment</b>	<b>589,062,705</b>	<b>586,283,525</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Software	34,917	27,551
Leasehold	9,320,707	9,320,707
Other intangible assets	178,965	172,300
Investment securities	144,337	144,337
Security deposits paid	90,222	90,222
Long-term prepaid expenses	1,666,122	1,447,520
<b>Total investments and other assets</b>	<b>11,435,272</b>	<b>11,202,640</b>
<b>TOTAL ASSETS</b>	<b>¥ 663,531,788</b>	<b>¥ 648,503,297</b>

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Trade accounts payable	¥ 2,198,082	¥ 2,025,760
Current portion of corporate bonds	29,000,000	15,000,000
Long-term debt due for repayment within one year	29,023,000	22,400,000
Accrued expenses	297,332	295,428
Consumption taxes payable	1,047,212	74,633
Rent received in advance	3,544,851	3,573,689
Derivatives liabilities	9,091	4,339
Other current liabilities	83,117	240,332
<b>Total current liabilities</b>	<b>65,202,686</b>	<b>43,614,183</b>
<b>LONG-TERM LIABILITIES:</b>		
Corporate bonds	5,000,000	17,000,000
Long-term debt	208,584,000	201,484,000
Leasehold and security deposits received	31,361,065	31,301,696
Derivatives liabilities	125,653	85,508
<b>Total long-term liabilities</b>	<b>245,070,718</b>	<b>249,871,205</b>
<b>Total liabilities</b>	<b>310,273,404</b>	<b>293,485,388</b>
<b>NET ASSETS</b>		
<b>UNITHOLDERS' EQUITY:</b>		
Unitholders' Capital	309,205,625	309,205,625
Units authorized: 10,000,000 units as of November 30, 2017 and May 31, 2018		
Units issued and outstanding: 3,055,087 units as of November 30, 2017 and May 31, 2018		
Capital surplus	23,548,287	23,548,287
Reserve for temporary difference adjustments	7,470,924	7,395,460
Reserve retained for distribution	1,848,706	2,984,773
Unappropriated retained earnings	11,319,585	11,973,610
<b>VALUATION AND TRANSLATION ADJUSTMENTS:</b>		
Deferred gains or losses on hedges	(134,744)	(89,847)
<b>Total net assets</b>	<b>353,258,384</b>	<b>355,017,909</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥ 663,531,788</b>	<b>¥ 648,503,297</b>

The accompanying notes to financial statements are an integral part of these statements.

## STATEMENT OF INCOME AND RETAINED EARNINGS

	Thousands of yen	
	28h Fiscal Period (June 1, 2017 - November 30, 2017)	29h Fiscal Period (December 1, 2017 - May 31, 2018)
<b>OPERATING REVENUES</b>		
Rental revenues	¥ 22,148,308	¥ 22,378,409
Other rental revenues	1,616,654	1,841,006
Gain on sales of real estate properties	2,161,263	4,944,705
Dividend income	-	1,961
	25,926,225	29,166,082
<b>OPERATING EXPENSES</b>		
Property-related expenses	10,360,009	10,328,885
Loss on sales of real estate properties	876,449	3,584,422
Asset management fees	1,867,225	1,863,620
Administrative service fees	89,307	84,809
Other operating expenses	250,720	215,314
	13,443,712	16,077,052
<b>OPERATING INCOME</b>	12,482,513	13,089,029
<b>NON-OPERATING REVENUES</b>		
Interest income	250	360
Reversal of cash distributions payable	1,909	1,268
Insurance income	3,629	3,223
Subsidy income	-	71,482
Other non-operating revenues	8,601	2,838
	14,390	79,173
<b>NON-OPERATING EXPENSES</b>		
Interest expense	1,039,473	1,000,911
Interest expense on corporate bonds	105,057	87,464
Corporate bond issuance expenses	-	79,895
Loss on disposal of real estate	19,504	19,643
Other non-operating expenses	12,678	6,071
	1,176,713	1,193,987
<b>ORDINARY INCOME</b>	11,320,190	11,974,215
<b>INCOME BEFORE INCOME TAXES</b>	11,320,190	11,974,215
<b>INCOME TAXES</b>		
Current	605	605
	605	605
<b>NET INCOME</b>	11,319,585	11,973,610
<b>RETAINED EARNINGS BROUGHT FORWARD</b>	-	-
<b>UNAPPROPRIATED RETAINED EARNINGS AT END OF PERIOD</b>	¥ 11,319,585	¥ 11,973,610

The accompanying notes to financial statements are an integral part of these statements.

## STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

	Thousands of yen						
	Unitholders' Equity						
	Number of Units	Unitholders' Capital	Capital Surplus	Surplus			
				Reserve for Distribution	Voluntary Retained Earnings		
			Reserve for Temporary Difference Adjustments		Reserve Retained for Distribution	Total Voluntary Retained Earnings	
<b>BALANCE AS OF MAY 31, 2017</b>	3,055,087	¥309,205,625	¥ 23,548,287	-	¥ 7,546,388	¥ 1,416,835	¥8,963,223
Reversal of reserve for temporary difference adjustments					(75,463)		(75,463)
Provision of reserve retained for distribution						431,871	431,871
Cash distributions disbursed							-
Net income							-
Net changes of items other than unitholders' equity							-
<b>BALANCE AS OF NOVEMBER 30, 2017</b>	3,055,087	¥309,205,625	¥ 23,548,287	-	¥ 7,470,924	¥ 1,848,706	¥9,319,631
Reversal of reserve for temporary difference adjustments					(75,463)		(75,463)
Provision of reserve retained for distribution						1,136,066	1,136,066
Cash distributions disbursed							-
Net income							-
Net changes of items other than unitholders' equity							-
<b>BALANCE AS OF MAY 31, 2018</b>	3,055,087	¥309,205,625	¥ 23,548,287	-	¥ 7,395,460	¥ 2,984,773	¥10,380,234

	Thousands of yen					
	Unitholders' Equity			Valuation and Translation Adjustments		
	Surplus		Total Unitholders' Equity	Deferred Gains or Losses on Hedges	Total Valuation and Translation Adjustments	Net Assets
	Unappropriated Retained Earnings	Total Surplus				
<b>BALANCE AS OF MAY 31, 2017</b>	¥10,285,440	¥42,796,951	¥352,002,576	¥(201,353)	¥(201,353)	¥351,801,223
Reversal of reserve for temporary difference adjustments	75,463	-	-	-	-	-
Provision of reserve retained for distribution	(431,871)	-	-	-	-	-
Cash distributions disbursed	(9,929,032)	(9,929,032)	(9,929,032)	-	-	(9,929,032)
Net income	11,319,585	11,319,585	11,319,585	-	-	11,319,585
Net changes of items other than unitholders' equity	-	-	-	66,608	66,608	66,608
<b>BALANCE AS OF NOVEMBER 30, 2017</b>	¥11,319,585	¥44,187,503	¥353,393,128	¥(134,744)	¥(134,744)	¥353,258,384
Reversal of reserve for temporary difference adjustments	75,463	-	-	-	-	-
Provision of reserve retained for distribution	(1,136,066)	-	-	-	-	-
Cash distributions disbursed	(10,258,982)	(10,258,982)	(10,258,982)	-	-	(10,258,982)
Net income	11,973,610	11,973,610	11,973,610	-	-	11,973,610
Net changes of items other than unitholders' equity	-	-	-	44,896	44,896	44,896
<b>BALANCE AS OF MAY 31, 2018</b>	¥11,973,610	¥45,902,131	¥355,107,757	¥(89,847)	¥(89,847)	¥355,017,909

The accompanying notes to financial statements are an integral part of these statements.

## STATEMENT OF CASH FLOWS

	Thousands of yen	
	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income taxes	¥ 11,320,190	¥ 11,974,215
Depreciation and amortization	4,109,517	4,160,564
Gain on sales of real estate properties	(2,161,263)	(4,944,705)
Loss on sales of real estate properties	876,449	3,584,422
Interest income and interest on securities	(250)	(360)
Interest expense and interest expense on corporate bonds	1,144,531	1,088,376
Corporate bond issuance expenses	-	79,895
Loss on disposal of real estate	19,504	19,643
Decrease (increase) in rent receivables	73,668	(116,322)
Decrease (increase) in prepaid expenses	504,019	(537,771)
Decrease in long-term prepaid expenses	31,277	3,109
Increase (decrease) in trade accounts payable	195,909	(230,460)
Increase in accrued expenses	6,203	5,742
Increase (decrease) in consumption taxes payable	847,278	(970,223)
(Decrease) increase in rent received in advance	(128,368)	28,838
Other, net	(158,953)	29,472
Subtotal	16,679,715	14,174,437
Interest received	250	360
Interest paid	(1,018,900)	(878,284)
Income taxes paid	(549)	(1,022)
Net cash provided by operating activities	15,660,515	13,295,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property and equipment	12,687,550	18,280,554
Purchase of property and equipment	(3,355,067)	(19,823,321)
Purchase of investment securities	(50,432)	-
Proceeds from leasehold and security deposits received	444,076	3,399,996
Payments for leasehold and security deposits received	(375,382)	(1,760,114)
Net cash provided by investing activities	9,350,746	97,115
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	6,500,000	-
Repayment of long-term debt	(14,250,000)	(13,723,000)
Proceeds from issuance of corporate bonds	-	11,925,726
Repayment of corporate bonds	(6,500,000)	(14,000,000)
Distributions to unitholders	(9,927,729)	(10,257,037)
Net cash used in financing activities	(24,177,729)	(26,054,310)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	833,532	(12,661,703)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	61,493,507	62,327,039
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	¥ 62,327,039	¥ 49,665,335

The accompanying notes to financial statements are an integral part of these statements.

# NOTES TO FINANCIAL STATEMENTS

## 1. ORGANIZATION AND BASIS OF PRESENTATION

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### **Organization**

United Urban Investment Corporation ("United Urban") is a real estate investment corporation formed to own and invest in retail properties, office buildings, hotels, residential properties, and other properties in Japan. United Urban is externally managed by a registered asset management company, Japan REIT Advisors Co., Ltd. ("JRA"). JRA is currently owned 100% by Marubeni Corporation ("Marubeni").

United Urban was founded on November 4, 2003, with an initial capitalization of ¥125 million, under the Act on Investment Trusts and Investment Corporations of Japan (the "Investment Trust Act"). Trinity Investment Trust L.L.C., Marubeni, Credit Suisse Principal Investment Limited, Tokyo Branch, Kyokuto Securities Co., Ltd., Yamato Life Insurance Co., and JRA initially established United Urban. On December 20, 2003, United Urban raised ¥36,633 million through an initial public offering of investment units, and on December 22, 2003, United Urban was listed on the J-REIT section of the Tokyo Stock Exchange.

On May 10, 2010, United Urban entered into a merger agreement ("Merger Agreement") with Nippon Commercial Investment Corporation ("NCI"). The Merger was effective December 1, 2010, and United Urban became one of the largest J-REITs in terms of asset size.

As of May 31, 2018, the end of its 29th fiscal period, United Urban had ownership of, or beneficial interests in, 34 retail properties, 33 office buildings, 14 hotels, 20 residential properties, 1 property which consisted of retail properties and an office building, 2 properties which consisted of an office building and a hotel, and 12 other properties. United Urban invests primarily in real estate and trust beneficial interest in real estate. All assets and liabilities within trust are recorded in the relevant balance sheet and income statement account.

### **Basis of Presentation of Financial Statements**

The accompanying financial statements of United Urban are prepared on the basis of generally accepted accounting principles in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are translations of the audited financial statements of United Urban, prepared in accordance with Japanese GAAP and presented in the Securities Report of United Urban filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information. The amounts have been rounded down to the nearest thousand yen in the accompanying financial statements and the notes thereto. As a result, the totals shown in the accompanying financial statements and the notes thereto do not necessarily agree with the sums of the individual amounts.

United Urban's six-month fiscal periods end either at the end of May or November. United Urban's 29th fiscal period began on December 1, 2017 and ended on May 31, 2018.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### **Securities**

Other securities without market value are stated using the moving average cost method.

### **Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. The cost of land, buildings and structures includes the purchase prices of property, legal fees and other acquisition costs. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets which are summarized as follows:

	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Buildings and structures	2 - 70 years	2 - 70 years
Machinery and equipment	2 - 24 years	2 - 24 years
Tools, furniture and fixtures	3 - 20 years	3 - 20 years

Expenditures for repairs and maintenance are charged to operating expenses as incurred. Significant renewals and betterments are capitalized.

### ***Intangible Assets***

Amortization of intangible assets is calculated on a straight-line basis. In addition, amortization of the software for internal use is calculated using an estimated useful life of 5 years.

### ***Long-term Prepaid Expenses***

Amortization of long-term prepaid expenses is calculated on a straight-line basis.

### ***Corporate Bond Issuance Expenses***

Corporate bond issuance expenses are expensed at once at the time of payment.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand, cash held in trust, deposits and deposits in trust which can be withdrawn at any time, and short-term investments which are readily convertible to cash with only an insignificant risk of any price fluctuation and with original maturities of three months or less.

### ***Revenue Recognition***

United Urban operates retail properties, office buildings, hotels, residential properties, and other properties which are rented to tenants. Revenues from these leases are recognized on an accrual basis over the life of each lease. Rental revenues include rent received, the recovery of utility charges and certain other income.

### ***Taxes on Property and Equipment***

United Urban allocated the respective portion of property taxes and city planning taxes to the current period and charged this to property-related expenses.

In general, registered owners of properties in Japan as of January 1 are responsible for paying property taxes and city planning taxes for the calendar year based on assessments made by local governments. Consequently, registered owners who sold their properties to United Urban were liable for the property taxes and city planning taxes for the calendar year, including the period from the date of purchase by United Urban through the end of the year. United Urban paid an amount equivalent to the property taxes and city planning taxes applicable to the period commencing from the date of purchase of the respective properties by United Urban through the end of the year, and included this as a capitalized cost in the purchase price of each property. There were ¥2,569 thousand and ¥191,890 thousand of such property taxes and city planning taxes capitalized for the fiscal periods ended November 30, 2017 and May 31, 2018, respectively.

### ***Hedge Accounting***

United Urban conducts a derivative transaction in order to hedge risks defined in the Articles of Incorporation based on its financial policy. Derivative transactions (interest rate cap transactions and interest rate swap transactions) are utilized as hedging instrument for the purpose of avoiding interest-rate risks relating to debts. In addition, the effectiveness of hedging is evaluated by comparing the cumulative changes in the market rates or cumulative changes in the cash flows of the hedged items with the cumulative changes in the

market rates or cumulative changes in the cash flows of hedging instruments, and examining the ratio of the amount of change in both. However, the evaluation of the hedge effectiveness is omitted when the interest rate swap transactions meet the specific criteria for special accounting treatment.

### **Accounting Treatment for Beneficial Interests in Entrusted Assets Including Real Estate**

For trust beneficial interests in real estate, all assets and liabilities concerning assets held in trust as well as all income generated from, and expenses incurred on, assets held in trust are recorded in the relevant balance sheet and income statement accounts.

### **Income Taxes**

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial and tax reporting of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

### **Consumption Taxes**

Consumption taxes withheld and paid are not included in the accompanying statement of income and retained earnings. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over the amounts withheld is included in current assets as "Consumption taxes refundable" and the excess of the amounts withheld over the amounts paid is included in current liabilities as "Consumption taxes payable."

Certain consumption tax payments relating to purchases of property and equipment are not deductible from consumption taxes withheld. Such consumption tax payments are capitalized and included in the respective acquisition costs of the property and equipment.

### **Reclassifications**

Certain reclassifications have been made to the prior period's financial statements to conform these to the presentation used for the fiscal period ended May 31, 2018.

## **3. PLEDGED ASSETS AND SECURED DEBT**

At November 30, 2017 and May 31, 2018, the following assets were pledged as collateral for the following debt:

#### *Pledged Assets*

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Land	¥ 4,204,726	¥ 2,089,982
Buildings and structures	3,640,968	1,557,929
Tools, furniture and fixtures	2,524	-
<b>Total</b>	<b>¥ 7,848,219</b>	<b>¥ 3,647,911</b>

#### *Debt Secured by Pledged Assets*

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Leasehold and security deposits received	¥ 1,020,613	¥ 408,171
<b>Total</b>	<b>¥ 1,020,613</b>	<b>¥ 408,171</b>

#### 4. LINE-OF-CREDIT AGREEMENT

United Urban concluded the following line-of-credit agreement with a financial institution:

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Total amount of commitment	¥ 36,000,000	¥ 36,000,000
Outstanding borrowings at end of fiscal period	-	-
Amount unutilized at end of fiscal period	¥ 36,000,000	¥ 36,000,000

#### 5. REDUCTION ENTRY OF PROPERTY AND EQUIPMENT ACQUIRED THROUGH STATE SUBSIDY

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Buildings in trust	¥ 124,062	¥ 80,237

#### 6. MATTERS RELATED TO PROVISION AND REVERSAL OF RESERVE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

(End of 28th Fiscal Period: As of November 30, 2017)

	(Thousands of yen)					
	Initial amount	Balance at beginning of period	Addition to the reserve during the period	Reversal during the period	Balance at end of period	Reasons for provision and reversal
Gains on negative goodwill (Note)	7,546,388	7,546,388	-	75,463	7,470,924	Appropriation for cash distribution

Note: It is the balance of amount subdivided into the gains on negative goodwill which were allocated in the past fiscal periods. United Urban will reverse an amount equivalent to more than 1% of the reserve balance (equivalent to the averaged amount for 50 years) in each fiscal period, starting with the fiscal period ended May 31, 2017.

(End of 29th Fiscal Period: As of May 31, 2018)

	(Thousands of yen)					
	Initial amount	Balance at beginning of period	Addition to the reserve during the period	Reversal during the period	Balance at end of period	Reasons for provision and reversal
Gains on negative goodwill (Note)	7,546,388	7,470,924	-	75,463	7,395,460	Appropriation for cash distribution

Note: It is the balance of amount subdivided into the gains on negative goodwill which were allocated in the past fiscal periods. United Urban will reverse an amount equivalent to more than 1% of the reserve balance (equivalent to the averaged amount for 50 years) in each fiscal period, starting with the fiscal period ended May 31, 2017.

#### 7. UNITHOLDERS' EQUITY

United Urban issues only units with no par value in accordance with the Investment Trust Act, under which United Urban is required to maintain at least ¥50,000 thousand as minimum net assets.

## 8. LONG-TERM DEBT

Long-term debt at November 30, 2017 and May 31, 2018 consisted of the following:

	End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)
Unsecured loan from a bank at floating interest rate, due March 20, 2018	¥ 3,000,000	0.611% (Note 2)	-	-
Unsecured loan from a bank at floating interest rate, due March 20, 2018	2,200,000	0.511% (Note 2)	-	-
Unsecured loan from a bank at floating interest rate, due March 20, 2018	3,000,000	0.461% (Note 2)	-	-
Unsecured loan from banks at floating interest rate, due March 20, 2018	3,823,000	0.461% (Note 2)	-	-
Unsecured loan from a bank at fixed interest rate, due March 20, 2018	1,700,000	0.559%	-	-
Unsecured loan from a bank at floating interest rate, due June 20, 2018	2,000,000	0.778% (Note 2)	¥ 2,000,000	0.778% (Note 2)
Unsecured loan from banks and a federation at floating interest rate, due June 20, 2018	3,500,000	0.449% (Note 2)	3,500,000	0.449% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 20, 2018	1,000,000	0.735% (Note 2)	1,000,000	0.735% (Note 2)
Unsecured loan from a bank at fixed interest rate, due June 20, 2018	1,500,000	0.830%	1,500,000	0.830%
Unsecured loan from a bank at fixed interest rate, due September 20, 2018	2,800,000	1.464%	2,800,000	1.464%
Unsecured loan from banks and a trust bank at floating interest rate, due September 20, 2018	2,500,000	0.453% (Note 2)	2,500,000	0.453% (Note 2)
Unsecured loan from a bank at fixed interest rate, due September 20, 2018	1,000,000	0.781%	1,000,000	0.781%
Unsecured loan from a bank at fixed interest rate, due September 20, 2018	1,000,000	0.688%	1,000,000	0.688%
Unsecured loan from a bank at floating interest rate, due March 20, 2019	3,500,000	0.524% (Note 2)	3,500,000	0.524% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 20, 2019	1,000,000	0.753%	1,000,000	0.753%
Unsecured loan from a bank at floating interest rate, due March 20, 2019	1,600,000	0.620% (Note 2)	1,600,000	0.620% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 20, 2019	1,000,000	0.708%	1,000,000	0.708%
Unsecured loan from a bank at floating interest rate, due June 20, 2019	4,500,000	0.693% (Note 2)	4,500,000	0.693% (Note 2)
Unsecured loan from a bank at fixed interest rate, due June 20, 2019	2,200,000	0.960%	2,200,000	0.960%
Unsecured loan from a bank at floating interest rate, due June 20, 2019	2,000,000	0.523% (Note 2)	2,000,000	0.523% (Note 2)
Unsecured loan from a bank at fixed interest rate, due June 20, 2019	1,000,000	1.056%	1,000,000	1.056%
Unsecured loan from an insurance company at fixed interest rate, due September 20, 2019	1,000,000	0.511%	1,000,000	0.511%
Unsecured loan from banks at floating interest rate, due September 20, 2019	6,207,000	0.555% (Note 2)	6,207,000	0.555% (Note 2)
Unsecured loan from a bank at fixed interest rate, due September 20, 2019	1,200,000	0.593%	1,200,000	0.593%
Unsecured loan from a trust bank at fixed interest rate, due March 23, 2020	1,000,000	0.200%	1,000,000	0.200%
Unsecured loan from a bank at fixed interest rate, due March 23, 2020	4,000,000	0.800%	4,000,000	0.800%
Unsecured loan from a bank at fixed interest rate, due March 23, 2020	2,427,000	0.780%	2,427,000	0.780%
Unsecured loan from banks at floating interest rate, due March 23, 2020	2,417,000	0.617% (Note 2)	2,417,000	0.617% (Note 2)
Unsecured loan from a bank at floating interest rate, due March 23, 2020	1,300,000	0.640% (Note 2)	1,300,000	0.640% (Note 2)
Unsecured loan from a bank at fixed interest rate, due June 20, 2020	900,000	1.370%	900,000	1.370%
Unsecured loan from banks and trust banks at floating interest rate, due June 20, 2020	6,150,000	0.631% (Note 2)	6,150,000	0.631% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 22, 2020	1,000,000	0.550% (Note 2)	1,000,000	0.550% (Note 2)

	End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)
Unsecured loan from banks at floating interest rate, due September 23, 2020	2,000,000	0.527% (Note 2)	2,000,000	0.527% (Note 2)
Unsecured loan from a bank at floating interest rate, due September 23, 2020	500,000	0.428% (Note 2)	500,000	0.428% (Note 2)
Unsecured loan from a trust bank at floating interest rate, due September 23, 2020	4,500,000	0.668% (Note 2)	4,500,000	0.668% (Note 2)
Unsecured loan from a trust bank at floating interest rate, due September 23, 2020	3,283,000	0.668% (Note 2)	3,283,000	0.668% (Note 2)
Unsecured loan from an insurance company at fixed interest rate, due September 23, 2020	1,000,000	1.000%	1,000,000	1.000%
Unsecured loan from a bank at fixed interest rate, due September 23, 2020	2,400,000	0.826%	2,400,000	0.826%
Unsecured loan from a bank at fixed interest rate, due September 23, 2020	2,500,000	0.888%	2,500,000	0.888%
Unsecured loan from a bank at floating interest rate, due December 21, 2020	1,000,000	0.509% (Note 2)	1,000,000	0.509% (Note 2)
Unsecured loan from an insurance company at floating interest rate, due December 21, 2020	1,000,000	0.230% (Note 2)	1,000,000	0.230% (Note 2)
Unsecured loan from a trust bank at fixed interest rate, due December 21, 2020	1,300,000	0.858%	1,300,000	0.858%
Unsecured loan from a bank at floating interest rate, due March 22, 2021	1,000,000	0.217% (Note 2)	1,000,000	0.217% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 22, 2021	1,000,000	0.337%	1,000,000	0.337%
Unsecured loan from a bank at floating interest rate, due March 22, 2021	5,800,000	0.850% (Note 2)	5,800,000	0.850% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 22, 2021	1,400,000	0.830%	1,400,000	0.830%
Unsecured loan from a bank at fixed interest rate, due March 22, 2021	1,400,000	0.841%	1,400,000	0.841%
Unsecured loan from a bank at fixed interest rate, due March 22, 2021	2,200,000	0.850%	2,200,000	0.850%
Unsecured loan from a trust bank at fixed interest rate, due March 22, 2021	5,700,000	0.883%	5,700,000	0.883%
Unsecured loan from a bank at fixed interest rate, due March 22, 2021	1,900,000	0.690%	1,900,000	0.690%
Unsecured loan from a bank at floating interest rate, due March 22, 2021	2,000,000	0.619% (Note 2)	2,000,000	0.619% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 21, 2021	1,000,000	0.283%	1,000,000	0.302%
Unsecured loan from a bank at floating interest rate, due June 21, 2021	2,000,000	0.283%	2,000,000	0.302%
Unsecured loan from a trust bank at fixed interest rate, due June 21, 2021	1,000,000	0.350%	1,000,000	0.350%
Unsecured loan from a bank at floating interest rate, due June 21, 2021	1,000,000	0.234%	1,000,000	0.252%
Unsecured loan from a bank at floating interest rate, due June 21, 2021	1,700,000	0.737% (Note 2)	1,700,000	0.737% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 21, 2021	1,000,000	0.872% (Note 2)	1,000,000	0.872% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 21, 2021	1,000,000	0.770% (Note 2)	1,000,000	0.770% (Note 2)
Unsecured loan from a bank at floating interest rate, due September 21, 2021	500,000	0.559% (Note 2)	500,000	0.559% (Note 2)
Unsecured loan from a bank at floating interest rate, due September 21, 2021	1,500,000	0.283%	1,500,000	0.302%
Unsecured loan from a bank at floating interest rate, due December 20, 2021	2,900,000	0.612% (Note 2)	2,900,000	0.612% (Note 2)
Unsecured loan from a bank at floating interest rate, due December 20, 2021	3,000,000	0.670% (Note 2)	3,000,000	0.670% (Note 2)
Unsecured loan from a bank at floating interest rate, due March 22, 2022	2,400,000	0.283%	2,400,000	0.302%
Unsecured loan from an insurance company at fixed interest rate, due March 22, 2022	1,000,000	0.455%	1,000,000	0.455%
Unsecured loan from a bank at fixed interest rate, due March 22, 2022	1,000,000	0.448%	1,000,000	0.448%
Unsecured loan from a bank at fixed interest rate, due March 22, 2022	1,000,000	0.342%	1,000,000	0.342%

	End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)
Unsecured loan from a trust bank at fixed interest rate, due March 22, 2022	2,600,000	1.030%	2,600,000	1.030%
Unsecured loan from a bank at floating interest rate, due March 22, 2022	3,000,000	0.661% (Note 2)	3,000,000	0.661% (Note 2)
Unsecured loan from a bank at floating interest rate, due June 20, 2022	2,000,000	0.672% (Note 2)	2,000,000	0.672% (Note 2)
Unsecured loan from a bank at fixed interest rate, due June 20, 2022	1,000,000	0.728%	1,000,000	0.728%
Unsecured loan from a bank at fixed interest rate, due June 20, 2022	1,200,000	0.710%	1,200,000	0.710%
Unsecured loan from a trust bank at floating interest rate, due June 20, 2022	1,000,000	0.234%	1,000,000	0.252%
Unsecured loan from a bank at floating interest rate, due September 20, 2022	500,000	0.685% (Note 2)	500,000	0.685% (Note 2)
Unsecured loan from a bank at floating interest rate, due September 20, 2022	1,000,000	0.885% (Note 2)	1,000,000	0.885% (Note 2)
Unsecured loan from an insurance company at fixed interest rate, due September 20, 2022	1,000,000	0.861%	1,000,000	0.861%
Unsecured loan from a bank at fixed interest rate, due September 20, 2022	1,500,000	0.773%	1,500,000	0.773%
Unsecured loan from a trust bank at fixed interest rate, due September 20, 2022	2,800,000	0.814%	2,800,000	0.814%
Unsecured loan from a trust bank at fixed interest rate, due December 20, 2022	3,400,000	1.239%	3,400,000	1.239%
Unsecured loan from a trust bank at fixed interest rate, due March 20, 2023	6,500,000	0.842%	6,500,000	0.842%
Unsecured loan from a trust bank at fixed interest rate, due March 20, 2023	3,500,000	0.775%	3,500,000	0.775%
Unsecured loan from a bank at floating interest rate, due March 20, 2023	1,500,000	0.370% (Note 2)	1,500,000	0.370% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 20, 2023	2,000,000	0.452%	2,000,000	0.452%
Unsecured loan from a bank at floating interest rate, due March 20, 2023	1,000,000	0.333%	1,000,000	0.352%
Unsecured loan from a bank at floating interest rate, due March 20, 2023	2,000,000	0.490% (Note 2)	2,000,000	0.490% (Note 2)
Unsecured loan from a bank at fixed interest rate, due March 20, 2023	1,000,000	0.441%	1,000,000	0.441%
Unsecured loan from a trust bank at fixed interest rate, due June 20, 2023	1,000,000	0.798%	1,000,000	0.798%
Unsecured loan from a bank at fixed interest rate, due June 20, 2023	1,500,000	0.372%	1,500,000	0.372%
Unsecured loan from a bank at floating interest rate, due June 20, 2023	1,000,000	0.383%	1,000,000	0.402%
Unsecured loan from a bank at floating interest rate, due September 20, 2023	1,300,000	0.749% (Note 2)	1,300,000	0.749% (Note 2)
Unsecured loan from a bank at fixed interest rate, due September 20, 2023	1,300,000	0.780%	1,300,000	0.780%
Unsecured loan from a bank at floating interest rate, due March 21, 2024	1,000,000	0.625% (Note 2)	1,000,000	0.625% (Note 2)
Unsecured loan from a trust bank at floating interest rate, due March 21, 2024	1,000,000	0.313%	1,000,000	0.332%
Unsecured loan from a bank at fixed interest rate, due March 21, 2024	1,000,000	0.565%	1,000,000	0.565%
Unsecured loan from a bank at floating interest rate, due March 21, 2024	1,500,000	0.383%	1,500,000	0.402%
Unsecured loan from a trust bank at fixed interest rate, due June 20, 2024	1,700,000	0.924%	1,700,000	0.924%
Unsecured loan from a bank at fixed interest rate, due June 20, 2024	2,000,000	0.523%	2,000,000	0.523%
Unsecured loan from a bank at floating interest rate, due June 20, 2024	2,700,000	0.383%	2,700,000	0.402%
Unsecured loan from a bank at floating interest rate, due June 20, 2024	1,500,000	0.263%	1,500,000	0.282%
Unsecured loan from a bank at fixed interest rate, due September 20, 2024	1,000,000	0.680%	1,000,000	0.680%
Unsecured loan from a bank at floating interest rate, due September 20, 2024	1,000,000	0.633% (Note 2)	1,000,000	0.633% (Note 2)

	End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of yen)	Weighted-average interest rate (Note 1)
Unsecured loan from a bank at floating interest rate, due September 20, 2024	1,500,000	0.383%	1,500,000	0.402%
Unsecured loan from a bank at fixed interest rate, due September 20, 2024	1,500,000	0.428%	1,500,000	0.428%
Unsecured loan from a bank at floating interest rate, due December 20, 2024	1,400,000	0.333%	1,400,000	0.352%
Unsecured loan from a bank at fixed interest rate, due December 20, 2024	3,000,000	0.430%	3,000,000	0.430%
Unsecured loan from an insurance company at fixed interest rate, due March 21, 2025	1,000,000	0.687%	1,000,000	0.687%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	2,000,000	0.430%	2,000,000	0.430%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	3,500,000	0.489%	3,500,000	0.489%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	2,000,000	0.639%	2,000,000	0.639%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	1,000,000	0.489%	1,000,000	0.489%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	1,000,000	0.624%	1,000,000	0.624%
Unsecured loan from a bank at fixed interest rate, due March 21, 2025	1,000,000	0.524%	1,000,000	0.524%
Unsecured loan from a trust bank at floating interest rate, due September 22, 2025	3,000,000	0.373%	3,000,000	0.392%
Unsecured loan from a trust bank at fixed interest rate, due December 22, 2025	2,000,000	0.627%	2,000,000	0.627%
Unsecured loan from a bank at fixed interest rate, due March 23, 2026	2,000,000	0.460%	2,000,000	0.460%
Unsecured loan from a bank at fixed interest rate, due March 23, 2026	4,500,000	0.569%	4,500,000	0.569%
Unsecured loan from a bank at fixed interest rate, due June 22, 2026	2,400,000	0.544%	2,400,000	0.544%
Unsecured loan from a bank at fixed interest rate, due September 24, 2026	1,500,000	0.440%	1,500,000	0.440%
Unsecured loan from an insurance company at fixed interest rate, due March 23, 2027	1,000,000	0.756%	1,000,000	0.756%
Unsecured loan from an insurance company at fixed interest rate, due March 23, 2027	1,000,000	0.656%	1,000,000	0.656%
Unsecured loan from a trust bank at floating interest rate, due June 21, 2027	2,500,000	0.343%	2,500,000	0.362%
Unsecured loan from a trust bank at floating interest rate, due December 20, 2027	2,500,000	0.373%	2,500,000	0.392%
<b>Total</b>	<b>¥ 237,607,000</b>		<b>¥ 223,884,000</b>	

Notes: 1. The average interest rate represents the weighted average during the period based on the number of days and the outstanding balance of the borrowing, and is rounded to the nearest third decimal place.

2. These are borrowings with floating interest rates applying the Japanese Bankers Association (JBA) one month JPY TIBOR, three months JPY TIBOR or the one month Euroyen LIBOR as a basic interest rate. However, the interest rates for these borrowings are, in effect, fixed due to the execution of interest rate swap agreements. The adjusted interest rates in consideration of the swap transactions are stated.

## 9. CORPORATE BONDS

Corporate bonds at November 30, 2017 and May 31, 2018 consisted of the following:

	End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
	Amount (Thousands of yen)	Interest rate	Amount (Thousands of yen)	Interest rate
Series 10 unsecured bonds, due December 12, 2017	¥ 4,000,000	0.690%	-	-
Series 11 unsecured bonds, due May 30, 2018	8,000,000	0.690%	-	-
Series 12 unsecured bonds, due May 30, 2018	2,000,000	0.690%	-	-
Series 13 unsecured bonds, due November 20, 2018	13,000,000	0.470%	¥ 13,000,000	0.470%
Series 14 unsecured bonds, due November 20, 2018	2,000,000	0.470%	2,000,000	0.470%
Series 15 unsecured bonds, due October 29, 2021	3,000,000	0.525%	3,000,000	0.525%
Series 16 unsecured bonds, due May 29, 2025	2,000,000	0.804%	2,000,000	0.804%
Series 17 unsecured bonds, due November 22, 2023	-	-	10,000,000	0.240%
Series 18 unsecured bonds, due May 22, 2023	-	-	2,000,000	0.230%
<b>Total</b>	<b>¥ 34,000,000</b>		<b>¥ 32,000,000</b>	

## 10. OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for the fiscal periods ended November 30, 2017 and May 31, 2018 were as follows:

	Thousands of yen	
	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
<b>Operating Revenues</b>	¥ 23,764,962	¥ 24,219,415
<b>Rental Revenues</b>	22,148,308	22,378,409
Rental revenues	19,692,020	19,890,766
Common area charges	1,657,549	1,631,073
Parking revenues	646,599	702,239
Other	152,138	154,329
<b>Other Rental Revenues</b>	1,616,654	1,841,006
Incidental revenues	1,418,935	1,381,473
Temporary revenues (including cancellation charges)	102,131	362,583
Other miscellaneous revenues	95,587	96,948
<b>Property-Related Expenses</b>	10,360,009	10,328,885
Property and other taxes	1,816,055	1,782,243
Property management fees	1,677,393	1,685,861
Utilities	1,442,007	1,385,596
Casualty insurance	30,104	31,885
Repairs and maintenance	863,617	833,190
Depreciation and amortization	4,109,517	4,160,564
Other rental expenses	421,313	449,543
<b>Profit from rental activities</b>	<b>¥ 13,404,953</b>	<b>¥ 13,890,530</b>

## 11. GAIN ON SALES OF REAL ESTATE PROPERTIES

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Gain on sales of real estate properties for the fiscal periods ended November 30, 2017 and May 31, 2018 were as follows:

(28th Fiscal Period: June 1, 2017 - November 30, 2017)

<u>Ashiya Kawanishi Shopping Mart</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 2,912,000
Cost of sales of real estate properties	738,262
Other sales expenses	112,438
Gain on sales of real estate properties	¥ 2,061,299

<u>Nagoya Nishiki City Building</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 2,480,000
Cost of sales of real estate properties	2,381,973
Other sales expenses	59,228
Gain on sales of real estate properties	¥ 38,797

<u>UUR Court Chiba Soga</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 600,000
Cost of sales of real estate properties	574,546
Other sales expenses	15,655
Gain on sales of real estate properties	¥ 9,797

<u>Nanzan Court Ichigokan</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 950,000
Cost of sales of real estate properties	916,132
Other sales expenses	25,067
Gain on sales of real estate properties	¥ 8,800

<u>Nanzan Court Nigokan</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 430,000
Cost of sales of real estate properties	376,320
Other sales expenses	11,111
Gain on sales of real estate properties	¥ 42,568

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

<u>Himonya Shopping Center (Note)</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 14,025,000
Cost of sales of real estate properties	8,888,688
Other sales expenses	191,606
Gain on sales of real estate properties	¥ 4,944,705

Note: As for Himonya Shopping Center, United Urban sold its 51% quasi co-ownership of the trust beneficial interest.

## 12. LOSS ON SALES OF REAL ESTATE PROPERTIES

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Loss on sales of real estate properties for the fiscal period ended November 30, 2017 and May 31, 2018 were as follows:

(28th Fiscal Period: June 1, 2017 - November 30, 2017)

<u>SK Nagoya Building</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 4,970,000
Cost of sales of real estate properties	5,478,520
Other sales expenses	116,773
Loss on sales of real estate properties	¥ 625,293

<u>Narashino Residence</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 840,000
Cost of sales of real estate properties	988,770
Other sales expenses	23,501
Loss on sales of real estate properties	¥ 172,271

<u>Higashi-kurume Dormitory Shinkan</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 390,000
Cost of sales of real estate properties	456,838
Other sales expenses	12,045
Loss on sales of real estate properties	¥ 78,884

(29th Fiscal Period: December 1, 2017 - May 31, 2018)

<u>AEON MALL Uki</u>	Thousands of yen
Revenue from sales of real estate properties	¥ 6,500,000
Cost of sales of real estate properties	9,378,038
Other sales expenses	706,384
Loss on sales of real estate properties	¥ 3,584,422

### 13. INCOME TAXES

The significant components of deferred tax assets and deferred tax liabilities at November 30, 2017 and May 31, 2018 were summarized as follows:

		(Thousands of yen)	
End of 28th Fiscal Period (As of November 30, 2017)		End of 29th Fiscal Period (As of May 31, 2018)	
Deferred tax assets – current		Deferred tax assets – current	
Difference in revenue recognition for tax purposes	¥ 11,063	Difference in revenue recognition for tax purposes	¥ 10,983
Subtotal	11,063	Subtotal	10,983
Valuation allowance	(11,063)	Valuation allowance	(10,983)
Total	-	Total	-
Deferred tax assets – non current		Deferred tax assets – non current	
Valuation difference on assets acquired by merger	¥18,934,948	Valuation difference on assets acquired by merger	¥18,913,507
Other	-	Other	338
Subtotal	18,934,948	Subtotal	18,913,846
Valuation allowance	(18,934,948)	Valuation allowance	(18,913,846)
Total	-	Total	-
Net deferred tax assets	-	Net deferred tax assets	-

A reconciliation of the differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting for the fiscal periods ended November 30, 2017 and May 31, 2018 were summarized as follows:

	28th Fiscal Period (As of November 30, 2017)	29th Fiscal Period (As of May 31, 2018)
Statutory tax rate	31.74%	31.74%
(Adjustment)		
Distributions of tax-deductible dividends	(23.70)%	(28.58)%
Changes in valuation allowance	(8.04)%	(0.19)%
Provision of reserve for reduction entry	-	(2.97)%
Other	0.00%	0.00%
Effective tax rate after the application of tax effect accounting	0.01%	0.01%

United Urban is subject to income taxes in Japan. United Urban's policy is to make dividend distributions in excess of 90% of distributable profit for each fiscal period in order to meet the conditions stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation of Japan (including all subsequent amendments) concerning the deductibility of cash dividends paid for income tax purposes within the limit of the amount of earnings. Based on this policy, for the 28th fiscal period, United Urban added reversal of reserve for temporary difference adjustments of ¥75,463 thousand to the unappropriated retained earnings of ¥11,319,585 thousand, and

reserved ¥1,136,066 thousand as reserve retained for distribution. Then, United Urban decided to distribute the remaining ¥10,258,982 thousand for the 28th fiscal period. For the 29th fiscal period, United Urban added reversal of reserve for temporary difference adjustments of ¥75,463 thousand to the unappropriated retained earnings of ¥11,973,610 thousand, and reserved ¥77,144 thousand as reserve retained for distribution, ¥66,949 thousand as reserve for temporary difference adjustments, and ¥1,120,523 thousand as reserve for reduction entry under Article 65-7 of the Act on Special Measures Concerning Taxation of Japan. Then, United Urban decided to distribute the remaining ¥10,784,457 thousand for the 29th fiscal period. United Urban does not distribute cash dividends in excess of its earnings as stipulated in Article 35, Paragraph 2 of its Articles of Incorporation.

## 14. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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### ***Matters Concerning Financial Instruments***

#### 1. Approach to financial instruments

United Urban procures funds, mainly for the acquisition, repair and maintenance of real estate properties and for the repayment of interest-bearing liabilities, primarily by borrowing from financial institutions, issuing corporate bonds and issuing new investment units. With respect to procurement of funds for interest-bearing liabilities, based on its policy of building a robust financial standing, United Urban procures, in principle, funds with long terms and fixed interest rates, and adopts a conservative financial strategy as its basic policy, which includes aiming to secure financial stability and liquidity through such measures as spreading out the repayment deadlines and utilizing lines of credit. In addition, United Urban may at times engage in investment management of various types of deposits for the purpose of efficiently managing tentative surplus funds. Furthermore, United Urban may conduct derivative transactions only for the purpose of hedging interest rate fluctuation risks in debt, etc.

#### 2. Details of financial instruments and their risks and risk management structure

Funds are procured in the form of debt and corporate bonds, mainly for the purpose of the acquiring real estate properties, real estate backed securities, etc. and the repaying of interest-bearing liabilities. Debt and corporate bonds are exposed to liquidity risks on repayment/redemption deadlines, but United Urban manages the concerned risks by striving to maintain and strengthen its capacity to procure funds from the capital markets through increases in capital by keeping the LTV within a range deemed to be appropriate, by ensuring liquidity at hand, such as through line-of-credit agreements with several leading financial institutions of Japan and by taking other measures.

Moreover, debt with floating interest rates is exposed to risks of fluctuation in the interest payable, however United Urban manages the concerned risks by adjusting the ratio of the debt with floating interest rates to the balance of the total outstanding debt in response to the financial environment, by utilizing or considering derivative transactions (interest rate cap transactions and interest rate swap transactions) as hedging instruments in order to fix interest expenses and by taking other measures. Furthermore, the risks associated with derivative transactions are controlled in accordance with the operational management procedures of JRA.

Surplus funds of United Urban invested as large time deposits, etc., are exposed to risks of failure of the financial institutions holding the deposits and to other credit risks, but United Urban manages the concerned risks by diversifying the financial institutions holding the deposits and by taking other measures.

Leasehold and security deposits received including deposits in trust, are deposits from tenants and are exposed to liquidity risks arising from the tenants' vacating their properties before the expiration of lease agreements. United Urban manages the concerned risks by putting aside an amount sufficient to enable deposits to be returned without interruption and by ensuring liquidity at hand, such as through line-of-credit agreements.

#### 3. Supplemental explanation for matters concerning the fair value, etc. of financial instruments

The fair value of a financial instrument, in addition to values based on market prices, includes values based on reasonable calculations when there is no market price. Certain assumptions, etc. are adopted in the calculations of the said values and there may be cases where these values will vary when different assumptions, etc. are adopted.

### ***Matters Concerning the Fair Value, etc. of Financial Instruments***

The carrying amounts on the balance sheet, the fair values, and their differences as of November 30, 2017 and May 31, 2018 are as follows. However, the following table does not include the financial instruments whose fair values are deemed extremely difficult to measure. (Please refer to (Note 2).)

(End of 28th Fiscal Period: As of November 30, 2017)

(Thousands of yen)

	Carrying amounts on the balance sheet	Fair value (Note 1)	Differences
(1) Cash and bank deposits	¥ 32,095,676	¥ 32,095,676	-
(2) Cash and bank deposits in trust	30,231,362	30,231,362	-
Total assets	¥ 62,327,039	¥ 62,327,039	-
(3) Current portion of corporate bonds	¥ 29,000,000	¥ 29,063,100	¥ 63,100
(4) Long-term debt due for repayment within one year	29,023,000	29,096,489	73,489
(5) Corporate bonds	5,000,000	5,066,600	66,600
(6) Long-term debt	208,584,000	211,175,416	2,591,416
(7) Leasehold and security deposits received in trust	107,267	109,369	2,101
Total liabilities	¥ 271,714,267	¥ 274,510,975	¥ 2,796,707
(8) Derivative transactions (*)	¥ (134,744)	¥ (134,744)	-
Total derivative transactions	¥ (134,744)	¥ (134,744)	-

(\*) The assets/liabilities arising from derivative transactions are shown in the net amount with liabilities on a net basis shown in parentheses.

(End of 29th Fiscal Period: As of May 31, 2018)

(Thousands of yen)

	Carrying amounts on the balance sheet	Fair value (Note 1)	Differences
(1) Cash and bank deposits	¥ 20,427,825	¥ 20,427,825	-
(2) Cash and bank deposits in trust	29,237,510	29,237,510	-
Total assets	¥ 49,665,335	¥ 49,665,335	-
(3) Current portion of corporate bonds	¥ 15,000,000	¥ 15,021,200	¥ 21,200
(4) Long-term debt due for repayment within one year	22,400,000	22,451,228	51,228
(5) Corporate bonds	17,000,000	17,055,400	55,400
(6) Long-term debt	201,484,000	203,931,833	2,447,833
Total liabilities	¥ 255,884,000	¥ 258,459,662	¥ 2,575,662
(8) Derivative transactions (*)	¥ (89,847)	¥ (89,847)	-
Total derivative transactions	¥ (89,847)	¥ (89,847)	-

(\*) The assets/liabilities arising from derivative transactions are shown in the net amount with liabilities on a net basis shown in parentheses.

Notes: 1. Calculation method for the fair values of financial instruments

(1) Cash and bank deposits / (2) Cash and bank deposits in trust

As these items are settled within a short period of time and the fair value approximates the book value, the fair value stated above is the book value thereof.

(3) Current portion of corporate bonds / (5) Corporate bonds

The fair value of these is calculated based on referenced indicative prices of sale/purchase transactions by financial institutions, etc.

(4) Long-term debt due for repayment within one year / (6) Long-term debt

The fair value is calculated by discounting the total amount of principal and interest by the rate assumed as being applicable in the event of a new borrowings corresponding to the remaining loan term. As for long-term debt with floating interest rate that qualifies for the special treatment of interest rate swaps (please refer to "22. DERIVATIVE TRANSACTIONS"), the fair value is calculated by discounting the total amount of principal and interest, which are accounted for as one transaction with the interest swap, by the rate assumed as being applicable in the event of the same type of new borrowings corresponding to the remaining loan term.

(7) Leasehold and security deposits received in trust

The fair value of these is based on the method of calculating by discounting the future cash flows of such by the rate that takes into account the credit risks and the remaining term until the repayment deadline.

(8) Derivative transactions

Please refer to "22. DERIVATIVE TRANSACTIONS".

2. Financial instruments whose fair values are deemed extremely difficult to measure

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Investment securities (*1)	¥ 144,337	¥ 144,337
Leasehold and security deposits received (*2)	2,965,689	3,122,492
Leasehold and security deposits received in trust (*2)	27,918,552	27,871,128

(\*1) Concerning investment securities (preferred equity securities), there is no market price and future cash flows cannot be reasonably estimated. Therefore, discerning the fair value is concluded to be extremely difficult, and fair value disclosure is not required.

(\*2) Concerning leasehold and security deposits received and leasehold and security deposits received in trust that are deposited by lessees, future cash flows cannot be estimated since there is no market price, since it is difficult to assume when such deposits will be returned due to such factors as possibility of early termination or renewal/re-contracting of the agreement even if the term of the lease agreement has been set and since trends cannot be derived based on analyses of past departures by tenants from the portfolio assets of United Urban due to the unique circumstances of each departure. Accordingly, discerning the fair value is concluded to be extremely difficult and, thus, fair value disclosure of these items is not required.

### 3. Amount of monetary claims to be repaid subsequent to the end of the fiscal period

(End of 28th Fiscal Period: As of November 30, 2017)

	(Thousands of yen)					
	Within one year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years, less than 4 years	Over 4 years, less than 5 years	Over 5 years
Cash and bank deposits	¥ 32,095,676	-	-	-	-	-
Cash and bank deposits in trust	30,231,362	-	-	-	-	-
Total	¥ 62,327,039	-	-	-	-	-

(End of 29th Fiscal Period: As of May 31, 2018)

	(Thousands of yen)					
	Within one year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years, less than 4 years	Over 4 years, less than 5 years	Over 5 years
Cash and bank deposits	¥ 20,427,825	-	-	-	-	-
Cash and bank deposits in trust	29,237,510	-	-	-	-	-
Total	¥ 49,665,335	-	-	-	-	-

### 4. Amount of borrowings and corporate bonds to be repaid subsequent to the end of the fiscal period

(End of 28th Fiscal Period: As of November 30, 2017)

	(Thousands of yen)					
	Within one year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years, less than 4 years	Over 4 years, less than 5 years	Over 5 years
Corporate bonds	¥ 29,000,000	-	-	¥ 3,000,000	-	¥ 2,000,000
Long-term debt	29,023,000	¥ 25,207,000	¥ 35,377,000	36,400,000	¥ 28,900,000	82,700,000
Total	¥ 58,023,000	¥ 25,207,000	¥ 35,377,000	¥ 39,400,000	¥ 28,900,000	¥ 84,700,000

(End of 29th Fiscal Period: As of May 31, 2018)

	(Thousands of yen)					
	Within one year	Over 1 year, less than 2 years	Over 2 years, less than 3 years	Over 3 years, less than 4 years	Over 4 years, less than 5 years	Over 5 years
Corporate bonds	¥ 15,000,000	-	-	¥ 3,000,000	¥ 2,000,000	¥ 12,000,000
Long-term debt	22,400,000	¥ 29,251,000	¥ 49,933,000	27,600,000	¥ 32,900,000	61,800,000
Total	¥ 37,400,000	¥ 29,251,000	¥ 49,933,000	¥ 30,600,000	¥ 34,900,000	¥ 73,800,000

## 15. THE FAIR VALUE OF INVESTMENT AND RENTAL PROPERTIES

United Urban owns real estate assets for rent (retail properties, office buildings, hotels, residential properties and other properties (including land)) in the Tokyo Metropolitan Area, major Japanese cities including government designated cities, and surrounding areas thereof. The carrying amounts on the balance sheet, the amount of changes during the period and the fair values as of November 30, 2017 and May 31, 2018 are as follows:

		(Thousands of yen)	
Type of Use		28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
Retail properties	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 203,018,498	¥ 201,467,556
	Change during period (Note 2)	(1,550,942)	(18,982,458)
	Balance at end of period	¥ 201,467,556	¥ 182,485,097
	Fair value at end of period (Note 3)	¥ 231,354,000	¥ 214,266,000
Office buildings	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 207,247,205	¥ 198,328,320
	Change during period (Note 2)	(8,918,885)	(545,015)
	Balance at end of period	¥ 198,328,320	¥ 197,783,304
	Fair value at end of period (Note 3)	¥ 237,290,000	¥ 240,745,000
Hotels	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 112,473,760	¥ 112,440,862
	Change during period (Note 2)	(32,897)	17,343,194
	Balance at end of period	¥ 112,440,862	¥ 129,784,056
	Fair value at end of period (Note 3)	¥ 132,723,000	¥ 150,820,000
Residential properties	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 41,759,715	¥ 38,030,049
	Change during period (Note 2)	(3,729,666)	(374,060)
	Balance at end of period	¥ 38,030,049	¥ 37,655,988
	Fair value at end of period (Note 3)	¥ 49,938,000	¥ 50,169,000
Others	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 46,313,373	¥ 48,116,624
	Change during period (Note 2)	1,803,250	(220,839)
	Balance at end of period	¥ 48,116,624	¥ 47,895,785
	Fair value at end of period (Note 3)	¥ 55,607,200	¥ 58,237,200
Total	Carrying amount on the balance sheet (Note 1)		
	Balance at beginning of period	¥ 610,812,554	¥ 598,383,413
	Change during period (Note 2)	(12,429,140)	(2,779,180)
	Balance at end of period	¥ 598,383,413	¥ 595,604,232
	Fair value at end of period (Note 3)	¥ 706,912,200	¥ 714,237,200

- Notes: 1. The carrying amount on the balance sheet is the acquisition cost (including the expenses incidental to the acquisition) less accumulated depreciation.
2. Of the "Change during the period" for the 28th fiscal period, the amount of the increase is primarily attributable to acquisition of one property (¥2,015 million) and capital expenditures (¥1,575 million). And the amount of the decrease is primarily attributable to the sale of eight properties (total: ¥11,911 million) and the depreciation and amortization (¥4,102 million).  
Of the "Change during period" for the 29th fiscal period, the amount of the increase is primarily attributable to acquisition of one property (¥17,485 million) and capital expenditures (¥1,903 million). And the amount of the decrease is primarily attributable to the sale of two properties (for one of two properties, part of the ownership) (total: ¥18,266 million) and the depreciation and amortization (¥4,153 million).
3. The "Fair value at end of period" stated above is the appraisal value or price resulting from a price survey by licensed real estate appraisers based on the asset valuation methods and standards set forth in United Urban's Articles of Incorporation and the rules of the Investment Trusts Association, Japan.

For the revenues and expenses concerning investment and rental properties, please refer to the aforementioned "10. OPERATING REVENUES AND EXPENSES."

## 16. TRANSACTIONS WITH RELATED PARTIES

### 1. Parent Company and Major Corporate Unitholders

(28th Fiscal Period: June 1, 2017 – November 30, 2017)

None

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

None

### 2. Subsidiaries and Affiliates

(28th Fiscal Period: June 1, 2017 – November 30, 2017)

None

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

None

### 3. Fellow Subsidiaries

(28th Fiscal Period: June 1, 2017 – November 30, 2017)

None

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

None

### 4. Directors and Major Individual Unitholders

(28th Fiscal Period: June 1, 2017 – November 30, 2017)

Attribute	Name	Description of Business or Occupation	Share of Voting Rights	Description of Transaction	Amount of Transaction (Thousands of yen) (Note 1)	Account	Balance at End of Period (Thousands of yen)
Director and its close relatives	Ikuo Yoshida	Executive Officer of United Urban and President and CEO of Japan REIT Advisors Co., Ltd.	-	Payment of asset management fees to Japan REIT Advisors Co., Ltd. (Note 2)	¥ 1,041,562 (Note 3)	-	-

Notes: 1. "Amount of Transaction" is exclusive of consumption tax.

2. The transaction was conducted by Ikuo Yoshida as representative of a third party (Japan REIT Advisors Co., Ltd.), and the fees are based on the conditions stipulated in the Articles of Incorporation of United Urban.

In addition, the term of office of Executive Officer, Hitoshi Murakami was expired as of August 31, 2017, and Ikuo Yoshida assumed the office as the Executive Officer on September 1, 2017. The asset management fees represent the amount of transaction from September 1, 2017, when Ikuo Yoshida assumed the office as the Executive Officer, to the end of the fiscal period (November 30, 2017).

3. The asset management fees include the asset management fees related to acquisition of properties, which was capitalized and included in acquisition cost of each property (¥400 thousand) and the asset management fees related to sale of properties which was deducted from gain or loss from sale of the Investment Real Estate (¥108,576 thousand).

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

Attribute	Name	Description of Business or Occupation	Share of Voting Rights	Description of Transaction	Amount of Transaction (Thousands of yen) (Note 1)	Account	Balance at End of Period (Thousands of yen)
Director and its close relatives	Ikuo Yoshida	Executive Officer of United Urban and President and CEO of Japan REIT Advisors Co., Ltd.	-	Payment of asset management fees to Japan REIT Advisors Co., Ltd. (Note 2)	¥ 2,160,620 (Note 3)	Account payable	177,336

Notes: 1. "Amount of Transaction" is exclusive of consumption tax; however, "Balance at End of Period" is inclusive of consumption tax.

2. The transaction was conducted by Ikuo Yoshida as representative of a third party (Japan REIT Advisors Co., Ltd.), and the fees are based on the conditions stipulated in the Articles of Incorporation of United Urban.

3. The asset management fees include the asset management fees related to acquisition of properties, which was capitalized and included in acquisition cost of each property (¥132,800 thousand) and the asset management fees related to sale of properties which was deducted from gain or loss from sale of the Investment Real Estate (¥164,200 thousand).

## 17. PER UNIT INFORMATION

The calculation of net assets per unit is based on the total number of investment units issued and outstanding at the period end, and the calculation of net income per unit is based on the average number of investment units during the period. Net assets per unit and net income per unit at November 30, 2017 and May 31, 2018 for the fiscal periods then ended are summarized as follows:

	28th Fiscal Period (June 1, 2017 - November 30, 2017)	29th Fiscal Period (December 1, 2017 - May 31, 2018)
		Yen
Net assets per unit	¥ 115,629	¥ 116,205
Net income per unit	¥ 3,705	¥ 3,919
Average number of investment units during the period (units)	3,055,087	3,055,087

## 18. RESERVE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

(End of 28th Fiscal Period: As of November 30, 2017)

United Urban applied transitional measures stipulated in the paragraph 3 of supplementary provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), and transferred the reserve for distribution of ¥7,546,388,071, which was the balance of amount subdivided into the gain on negative goodwill allocated in the previous periods, to reserve for temporary difference adjustments in the "statement of cash distribution" of the fiscal period ended November 30, 2016. From the fiscal period ended May 31, 2017, subsequent to the fiscal period in which the reserve was allocated, United Urban is required to reverse more than 1% of the reserve balance at the time of provision (more than ¥75,463,881: amount equivalent to the averaged amount for 50 years) in each fiscal period, to the extent the balance of reserve for temporary difference adjustments remains and use for cash distribution. United Urban reversed ¥75,463,881 for the fiscal period ended November 30, 2017.

(End of 29th Fiscal Period: As of May 31, 2018)

Reasons for provision and reversal	Amount of provision and reversal	Specific method for reversal
United Urban transferred the reserve for distribution, which was the balance of amount subdivided into the gain on negative goodwill allocated in the previous periods, to reserve for temporary difference adjustments in the "statement of cash distribution" of the fiscal period ended November 30, 2016, and reversed the required amount in this system.	(Initial amount: ¥7,546,388,071) Reversal amount: ¥75,463,881	From the fiscal period ended May 31, 2017, subsequent to the fiscal period in which the reserve was allocated, United Urban will reverse more than 1% of the reserve balance at the time of provision (more than ¥75,463,881: amount equivalent to the averaged amount for 50 years) in each fiscal period to the extent the balance of reserve for temporary difference adjustments remains and use for cash distribution.
United Urban transferred a portion of profits arising from the differences between taxable profits and accounting profit due to depreciation and amortization, etc. to reserve for temporary difference adjustments in the "statement of cash distribution" of the fiscal period ended May 31, 2018.	Provision amount: ¥66,949,209	From the fiscal period ending November 30, 2018, subsequent to the fiscal period in which the reserve was allocated, United Urban will reverse more than 1% of the reserve balance at the time of provision (more than ¥669,493: amount equivalent to the averaged amount for 50 years) in each fiscal period to the extent the balance of reserve for temporary difference adjustments remains and use for cash distribution.

## 19. SUPPLEMENTAL CASH FLOW INFORMATION

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Cash and cash equivalents at November 30, 2017 and May 31, 2018 were as follows:

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Cash and bank deposits	¥ 62,327,039	¥ 49,665,335
Cash and cash equivalents	¥ 62,327,039	¥ 49,665,335

## 20. LEASES

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United Urban leases properties on which rental revenue is earned. At November 30, 2017 and May 31, 2018, future lease revenues under non-cancelable operating leases are summarized as follows:

	Thousands of yen	
	End of 28th Fiscal Period (As of November 30, 2017)	End of 29th Fiscal Period (As of May 31, 2018)
Due within one year	¥ 14,839,308	¥ 13,449,561
Due over one year	77,750,226	71,522,786
Total	¥ 92,589,534	¥ 84,972,347

## 21. SECURITIES

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(End of 28th Fiscal Period: As of November 30, 2017)

Concerning the preferred equity securities (Balance sheet amount: ¥144,337 thousand), measuring the fair value is concluded to be extremely difficult since there is no market price and future cash flows cannot be reasonably estimated. Therefore, fair value disclosure is not required.

(End of 29th Fiscal Period: As of May 31, 2018)

Concerning the preferred equity securities (Balance sheet amount: ¥144,337 thousand), measuring the fair value is concluded to be extremely difficult since there is no market price and future cash flows cannot be reasonably estimated. Therefore, fair value disclosure is not required.

## 22. DERIVATIVE TRANSACTIONS

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### 1. Derivative transactions not subject to hedge accounting

Fiscal period ended November 30, 2017: None

Fiscal period ended May 31, 2018: None

## 2. Derivative transactions subject to hedge accounting

(End of 28th Fiscal Period: As of November 30, 2017)

Hedge Accounting Method	Type	Main Hedged Item	Amount of Contract (Thousands of yen)		Fair Value (Thousands of yen)	Calculation Method of Fair Value
				over one year		
Principal method	Interest-rate swaps (fixed rate payable and floating rate receivable)	Long-term debt	¥ 50,580,000	¥ 32,557,000	¥ (134,744)	(Note 2)
Special treatment of interest-rate swaps	Interest-rate swaps (fixed rate payable and floating rate receivable)	Long-term debt	43,600,000	40,600,000	(Note 1)	-
Total			¥ 94,180,000	¥ 73,157,000	¥ (134,744)	

(End of 29th Fiscal Period: As of May 31, 2018)

Hedge Accounting Method	Type	Main Hedged Item	Amount of Contract (Thousands of yen)		Fair Value (Thousands of yen)	Calculation Method of Fair Value
				over one year		
Principal method	Interest-rate swaps (fixed rate payable and floating rate receivable)	Long-term debt	¥ 38,557,000	¥ 29,057,000	¥ (89,847)	(Note 2)
Special treatment of interest-rate swaps	Interest-rate swaps (fixed rate payable and floating rate receivable)	Long-term debt	43,600,000	39,000,000	(Note 1)	-
Total			¥ 82,157,000	¥ 68,057,000	¥ (89,847)	

Notes: 1. Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction with the hedged item (long-term debt), the fair value is included in that of the relevant long-term debt.

2. The fair value is measured using values which are calculated based on market interest rates by the counterparty to the transaction.

## 23. SEGMENT INFORMATION

[Segment Information]

Disclosure is omitted because the business of United Urban is comprised of a single segment engaged in the real estate leasing business.

[Related Information]

(28th Fiscal Period: June 1, 2017 – November 30, 2017)

### 1. Information by product and service

Disclosure is omitted because the operating revenues for external customers in a single product/service category are excess of 90% of the operating revenues on Statement of Income and Retained Earnings.

### 2. Information by region

#### (1) Operating revenues

Disclosure is omitted because the operating revenues for external customers in Japan are in excess of 90% of the operating revenues on Statement of Income and Retained Earnings.

#### (2) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan are in excess of 90% of property and equipment on Balance Sheet.

### 3. Information by major customers

Disclosure is omitted because the operating revenues for a single external customer are less than 10% of the operating revenues on Statement of Income and Retained Earnings.

(29th Fiscal Period: December 1, 2017 – May 31, 2018)

### 1. Information by product and service

Disclosure is omitted because the operating revenues for external customers in a single product/service category are excess of 90% of the operating revenues on Statement of Income and Retained Earnings.

## 2. Information by region

### (1) Operating revenues

Disclosure is omitted because the operating revenues for external customers in Japan are in excess of 90% of the operating revenues on Statement of Income and Retained Earnings.

### (2) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan are in excess of 90% of property and equipment on Balance Sheet.

## 3. Information by major customers

(Thousands of yen)

Name of customer	Operating revenues	Related segment
Undisclosed (Note)	5,561,261	Real estate leasing business

Note: The customer is a domestic corporation, but it is not disclosed as the customer's consent for disclosure of its name, etc. has not been obtained. The customer does not fall under the related parties.

## 24. UNAPPLIED ACCOUNTING STANDARD, etc.

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- "Accounting Standard for Revenue Recognition" (Corporate Accounting Standards No. 29 issued by Accounting Standards Board of Japan ("ASBJ") on March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (Implementation Guidance of Corporate Accounting Standards No. 30 issued by ASBJ on March 30, 2018)

### (1) Overview

The International Accounting Standard Board ("IASB") and the Financial Accounting Standards Board ("FASB") have jointly developed the comprehensive accounting standard for revenue recognition, and have published "Revenue from Contracts with Customers" (IFRS 15 issued by IASB and Topic 606 issued by FASB) in May 2014. As IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and Topic 606 is effective for annual periods beginning after December 15, 2017, ASBJ has developed and published the comprehensive accounting standard and implementation guidance for revenue recognition accordingly.

As the basic policy of ASBJ for the development of accounting standard for revenue recognition, the accounting standard in Japan have been established while adopting the basic principal of IFRS 15 from the point of view of the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP as a benefit for the consistency with IFRS 15. In addition, in the case that there is an item that the actual practice conducted in Japan is considered, the alternate treatments are added within the scope not to fail the comparability.

### (2) Scheduled date of the application

United Urban will adopt the accounting standard, etc. from the beginning of the period ending November 30, 2021.

### (3) Impact of the application of the respective accounting standard, etc.

United Urban is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Revenue Recognition", etc.

## 25. SUBSEQUENT EVENTS

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None

## Independent Auditor's Report

The Board of Directors  
United Urban Investment Corporation

We have audited the accompanying financial statements of United Urban Investment Corporation, which comprise the balance sheet as at May 31, 2018, and the statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Urban Investment Corporation as at May 31, 2018, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

August 30, 2018



## Corporate Data

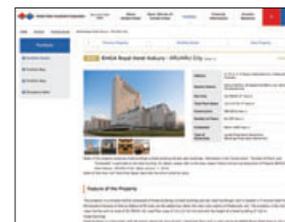
Set out below is certain corporate data of United Urban Investment Corporation (“United Urban”), as of May 31, 2018:

Corporate Name:	United Urban Investment Corporation
Corporate Office:	Shiroyama Trust Tower 18F, 4-3-1 Toranomom, Minato-ku, Tokyo 105-6018, Japan
Date of Incorporation:	November 4, 2003
Paid-in Capital:	¥309,205,625,251
Number of Unitholders:	21,303
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Business Office of the Transfer Agent:	Stock Transfer Agency Department of Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
Independent Auditor:	ERNST & YOUNG SHINNIHON LLC Tokyo Midtown Hibiya, Hibiya Mitsui Tower, 1-1-2 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006, Japan
Stock Listing:	Tokyo Stock Exchange (Securities Code: 8960)
Fiscal Period:	Fiscal periods are the six months ending on May 31 and November 30
Investor Relations:	For further information, please contact our Asset Management Company: Japan REIT Advisors Co., Ltd. Chief Financial Officer Shiroyama Trust Tower 18F, 4-3-1 Toranomom, Minato-ku, Tokyo 105-6018, Japan Tel: +81-3-5402-3680

## About Our Website

<http://www.united-reit.co.jp/en/>

United Urban’s website offers various contents such as investment policies, basic structure, portfolio information, financial information and press releases, etc. We intend to enhance our website to provide useful information to our unitholders.



## Disclaimer

This semiannual report includes translation of certain documents originally filed and made available in Japan in accordance with Financial Instruments and Exchange Act of Japan and the Act on Investment Trusts and Investment Corporations of Japan. This English language semiannual report was prepared solely for the convenience of readers outside Japan and is not intended to constitute a statutory document for an offer to sell, or seeking an offer to buy, any securities of United Urban.

English terms for Japanese legal, accounting, tax, and business concepts used herein may not be precisely identical to the concept of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and the English translation contained herein, the Japanese documents will always govern the meaning and interpretation.

United Urban, JRA, and any of their respective directors, officers, employees, partners, shareholders, agents, affiliates or their advisors are not responsible or liable for the completeness, appropriateness, or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by United Urban, JRA or any of their respective directors, officers, employees, partners, shareholders, agents, affiliates or their advisors.

The financial statements of United Urban have been prepared in accordance with generally accepted accounting principles in Japan “Japanese GAAP,” which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

This semiannual report contains forward-looking statements. These statements appear in a number of places in this semiannual report and include statements regarding the intent, belief, or current and future expectations of United Urban or JRA with respect to its business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating revenues, operating income, net income or profitability from portfolio are particularly subject to a variety of assumptions, some or all of which may not be realized. Accordingly, readers of this document should not interpret the forward-looking statements included herein as predictions or representations of future events or circumstances.

Potential risks and uncertainties also include those identified and discussed in this document. Given these risks and uncertainties, readers of this document are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of information produced herein. We disclaim any obligation to update or, except in the limited circumstances required by the Tokyo Stock Exchange, announce publicly any revisions to any of the forward-looking statements contained in this document.



**United Urban Investment Corporation**

4-3-1 Toranomom, Minato-ku, Tokyo  
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