

May 23, 2018

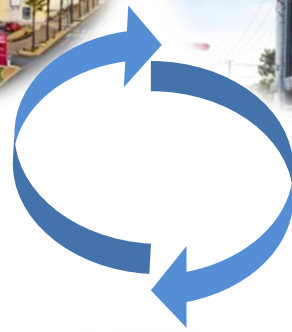
Property-Replacement



AEON MALL Uki



Himonya Shopping Center



the b roppongi (Annex)



Musashimurayama warehouse



the b fukuoka tenjin

Securities Code : 8960

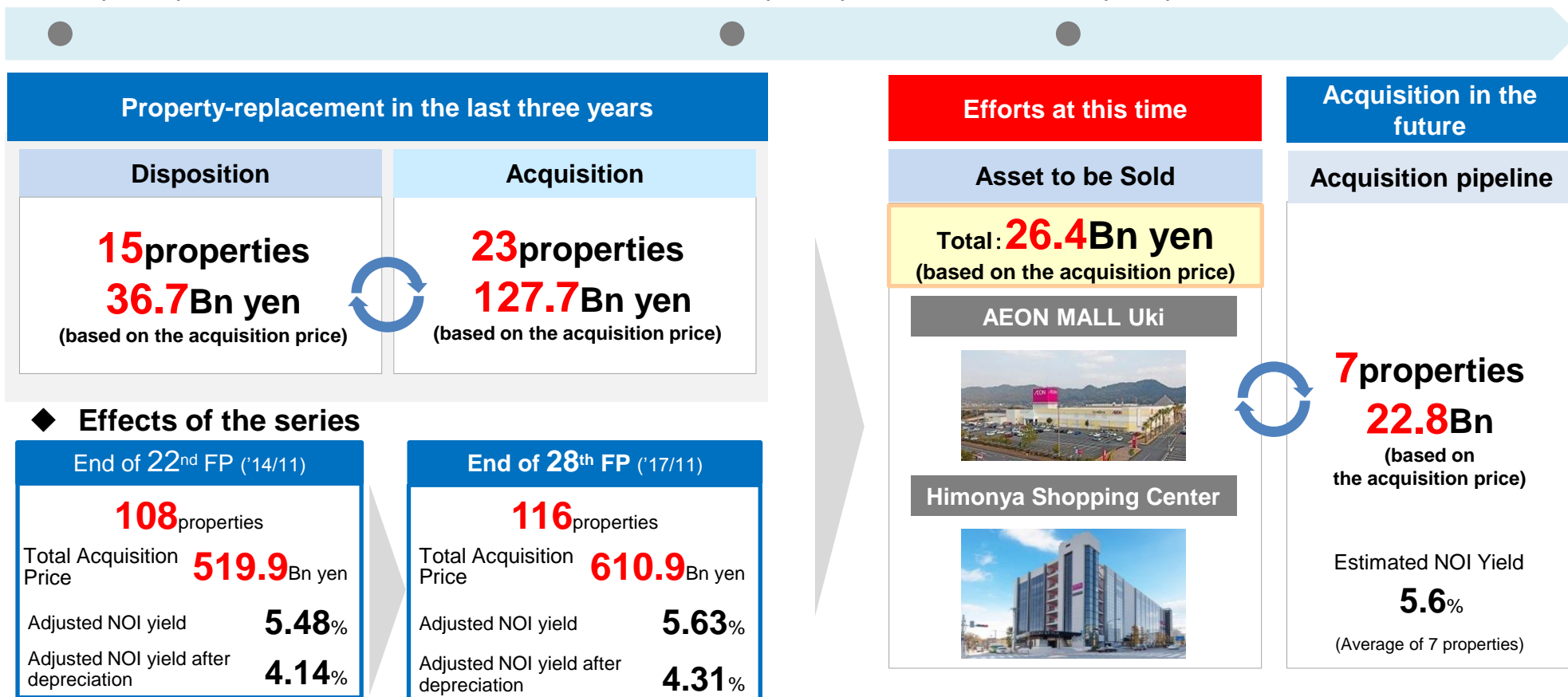
Improvement of the asset quality and portfolio profitability through strategic property-replacement

1. Decision making with consideration of each property's potentiality and the market
2. Enhancing our ability to cope with various risks by partial retention of gains on the property sale
3. Keeping adequate Return on Investment (4% in NOI yield after depreciation) through various devised approaches

22nd FP ('14/11)



28th FP ('17/11)

29th FP ('18/5)



Sale of 2 properties in consideration of their future prospects and the current real estate market

(Bn yen)

Property Name (Type of use)	Location	Completed	Acquisition Price	Book Value (Note 1)	Appraisal Value (Note 2)	Anticipated Sale Price (Note 3)	Reason of the Sale
AEON MALL Uki (Retail Properties) 	Uki, Kumamoto	October 1997	11.1	9.4	6.1	6.5	<ul style="list-style-type: none"> • UUR has agreed with the tenant to enter into a long fixed-term lease agreement from August 2019 with large rent reduction. UUR's rent revenues will decrease in exchange of avoidance of tenant leave risk. (Estimated NOI (yearly) : before rent reduction 749Mn yen → after rent reduction 504Mn yen) • Receipt of the favorable purchase offer (Higher price than Appraisal Value) • Concern for the property's profitability and liquidity in the future due to its location.
Himonya Shopping Center (Retail Properties) 	Meguroku, Tokyo	March 1975	15.3	17.4	22.6	27.5	

2 properties will be sold with Estimated NOI yield of 4.9% (based on contracted sale price)

Total/By fiscal period	Date of Sale	Acquisition Price	Book Value (Note 1)	Appraisal Value (Note 2)	Anticipated Sale Price (Note 3)	Estimated Gain on sale of properties (Note 4)	The use of sales profit
Total		26.4	26.8	28.7	34.0	6.0	<ul style="list-style-type: none"> • Gains on the sale will be retained as "Reserve retained as distribution" to the extent not to be imposed corporate income tax. • Mitigating the impact on decrease of NOI by the gains on the sale shown in 3 installments.
29FP (2018/5)	May 24, 2018	18.9	18.3	17.6	20.5	1.3	
30FP (2018/11)	November 1, 2018	2.9	3.3	4.2	5.2	1.8	
31FP (2019/5)	March 1, 2019	4.5	5.2	6.7	8.2	2.9	

(Note1) Book Value as of March 31, 2018.

(Note2) Appraisal value as of May 1, 2018.

(Note3) Anticipated Sale Price is shown without miscellaneous expenses for the sale, consumption tax, etc. The word is used with the same definition in this release.

(Note4) Estimated Gain on sale of properties is different from the actual gains.

Increase of opportunities for property-acquisition through varied approaches

Investment Candidates under consideration as of May 23, 2018 (Note)

Acquisition Method	Type of use	Property name	Location	Completed	Estimated Acquisition price
Utilization of the Adjacent Site and the less utilized part of the land of the Property	Hotel	the b roppongi building an Annex	Tokyo	2019 (scheduled)	<p>About 22.8 Bn yen</p> <p>Estimated NOI Yield 5.6% (Average of 7 properties)</p>
Utilization of Bridge Fund Scheme	Others	Musashimurayama warehouse	Tokyo	2001	
Acquisition of properties under development (sponsors groups)	Hotel	non-disclosure (limited service hotel)	Hokkaido	2018	
		non-disclosure (limited service hotel)	Ishikawa	2018 (scheduled)	
Acquisition of properties under development	Hotel	the b fukuoka tenjin (limited service hotel)	Fukuoka	2017	
		non-disclosure (limited service hotel)	Tokyo	2018	
Information network of the asset management company	Residential Properties	non-disclosure	Fukuoka	2008	

(Note) The properties shown above are those have been under negotiation with each owners of the properties and Japan REIT Advisors Co., Ltd. as of May 23, 2018. Therefore, there is no guarantee United Urban Investment Corporation can acquire these investment candidates.

Change in Asset Composition

1. Decrease of the ratio of "Retail Properties" by the effect of the Sale.
2. Expected increase of "Hotel" by acquisition of the candidates (new hotels with good location and high NOI yield)
3. Decreased ratio of the major corporate groups in rent revenues



Improved quality and profitability of the portfolio in the long-term perspective

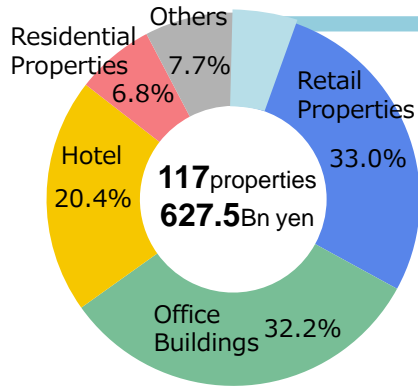
Before the Sale (as of May 23, 2018)

After the Sale and acquisition of the candidates (estimation)

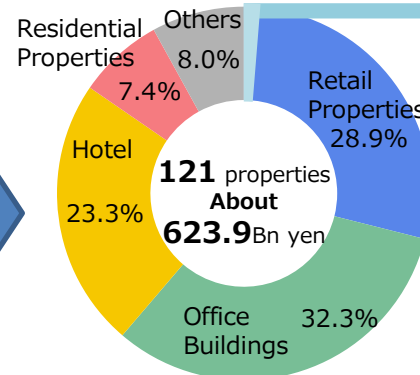
Type

Ratio of GMS (based on the acquisition price)

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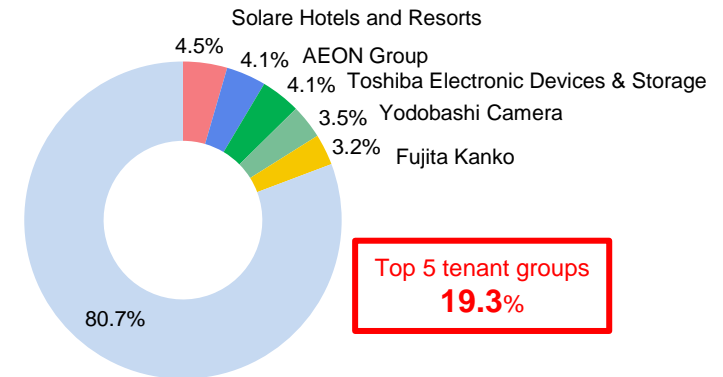
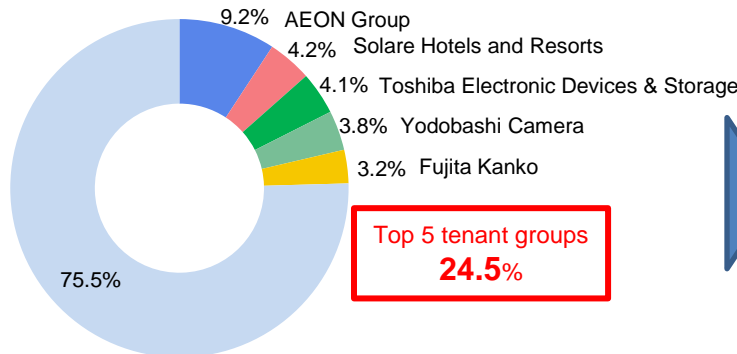


Property name	Ratio	Acquisition Price (Bn yen)
Himonya Shopping Center	2.4%	15.3
AEON MALL Uki	1.8%	11.1
Daiei Takarazuka Nakayama	0.7%	4.2
Ito-Yokado Owariasahi	0.8%	4.8
GMS properties in total	5.6%	35.5
The whole portfolio	100.0%	627.5



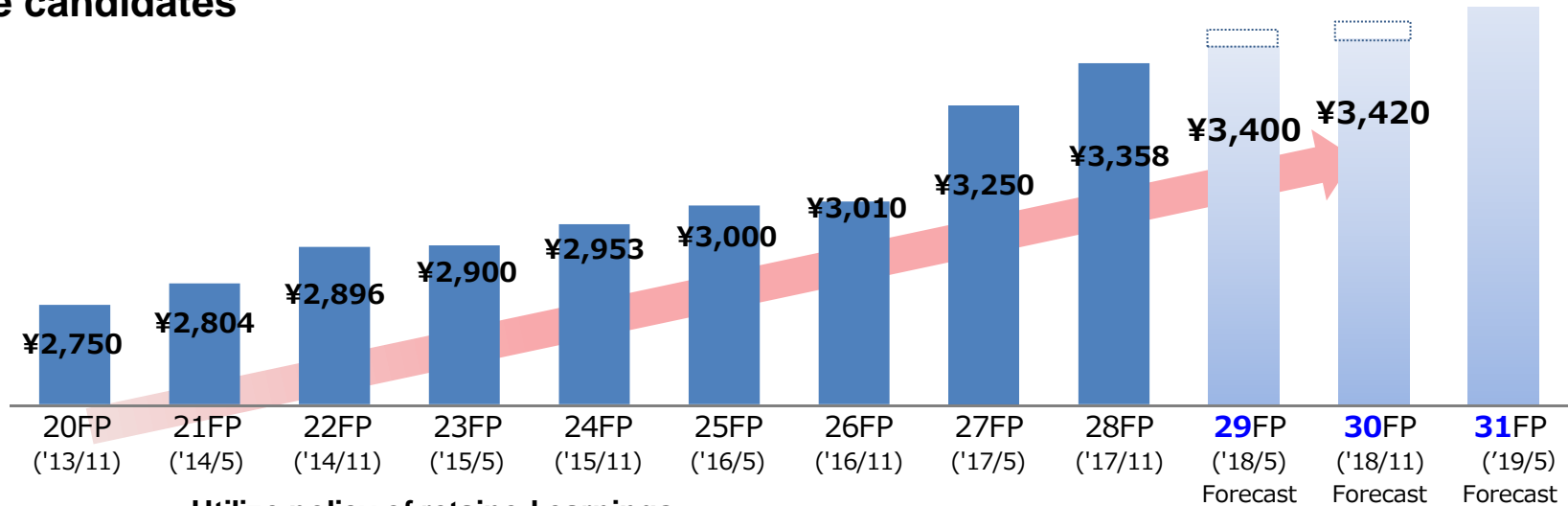
Property name	Ratio	Acquisition Price (Bn yen)
Daiei Takarazuka Nakayama	0.7%	4.2
Ito-Yokado Owariasahi	0.8%	4.8
GMS properties in total	1.4%	9.0
The whole portfolio	100.0%	623.9

Rent revenue from corporate groups (fixed income)



1. Gains on the sales will be shown over 3 fiscal periods in installments
2. Enhancing our ability to cope with various risks by partial retention of the gains on the sale
3. Recovery and increase of NOI through internal growth and acquisition of the candidates

Continuous DPU Growth



• Utilize policy of retained earnings

1. Promotion of external growth with the flexible equity-raise

We use our retained earnings to mitigate the influence in such case as the dilution of DPU arises by the issuance of new units and stabilize DPU level. Flexibility of equity-finance corresponding to the economic and financial markets and promotion of external growth can be expected through these initiatives.

2. Portfolio management from long-term perspective

We use our retained earnings to maintain DPU level in such cases as losses on the disposition of property, sudden decreases in revenues (major tenants' leave etc.). This will enable us to build the optimum portfolio and asset management in the long perspective.

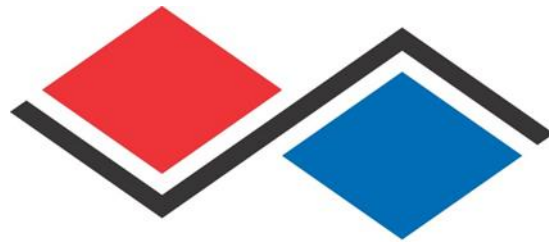
3. Coping with difference between accounting and taxation

We can 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.

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