

Announcement: Moody's continues UUR's Baa1 rating on review for possible downgrade

Global Credit Research - 02 Aug 2010

Tokyo, August 02, 2010 -- Moody's Investors Service has today announced that it is continuing to review for possible downgrade its Baa1 issuer rating of United Urban Investment Corporation ("UUR").

The reason for the ongoing review is the fact that UUR's merger with Nippon Commercial Investment Corporation ("NCI") was approved at a NCI unit holders' meeting. This increases the merger's possibility and Moody's accordingly must continue to monitor the possible effects on UUR's financials, especially leverage and liquidity.

By December 2010, when the merger is expected to become effective, UUR will have expanded its total asset size to about JPY 420 billion, thereby increasing its business and portfolio diversity.

At the same time, the merger with NCI, which has an inferior financial base, would become a management challenge for UUR. It would have to deal with increased leverage and the refinancing of NCI's debt.

Moody's does not see any concerns over subordination against senior unsecured debt as one of the conditions for the merger includes the de-collateralization of NCI's borrowings.

As for leverage, UUR has a ceiling of 50%, and it seeks to decrease LTV after the merger. It is likely to sell some properties and initiate public offerings, and which may mitigate concerns.

NCI will face JPY 96.6 billion in refinancing from September to November 2010. Moody's believes it is important to monitor this situation because it could weigh on UUR's liquidity. And it is important to monitor whether NCI can refinance with longer terms and diversified durations.

In its review, Moody's may keep the current ratings if countermeasures against deteriorations in leverage and liquidity became more apparent, and if it resolves their financial concerns.

Moody's previous rating action on UUR took place on April 22, 2010, when it placed its Baa1 issuer rating with stable outlook on review for possible downgrade.

The principal methodology used in rating real estate investment trusts is Moody's "Global Rating Methodology for REITs and Other Commercial Property Firms," published in July 2010, which can be found at www.moodys.com in the Research & Ratings directory, in the Ratings Methodologies subdirectory.

Other methodologies and factors that may have been considered in the process of rating this issue can also be found in the Ratings Methodologies subdirectory.

United Urban Investment Corporation ("UUR") is a J-REIT focusing on investments in and management of retail, office, hotel, residential and other properties. Its operating revenue for the fiscal half-year that ended in May 2010 was approximately JPY8.4 billion.

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