

## Q&A Session

### Financial Results for the 43<sup>rd</sup> Fiscal Period Ended May 31, 2025 (Web meeting)

#### Speakers:

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\*Page numbers refer to the presentation material for the 43<sup>rd</sup> fiscal period ended May 31, 2025.

#### Q1: (Page 7)

You explained that United Urban is forecasted to achieve its target distribution per unit (DPU) of over 8,000 yen per annum in the 43<sup>rd</sup> and 44<sup>th</sup> fiscal periods (from December 2024 through November 2025), but this DPU includes one-time profit from the sale of properties. Going forward, do you intend to achieve the target of annual DPU over 8,000 yen without relying on gains on sale, but rather through rent increases and property replacements?

#### A1:

As you understand, we forecast an annual DPU of 8,110 yen in the 43<sup>rd</sup> and 44<sup>th</sup> fiscal periods due to gains on property sales. Achieving DPU of over 8,000 yen without gains on sale is difficult at this moment, but rent profit is steadily increasing. We will continue to pursue internal growth to achieve our DPU target even without gains on sale.



Q2: (Page 18)

You are considering disposition or exchange for “Shinsaibashi OPA Honkan”. However, I understand that the market environment for urban retail properties in Shinsaibashi, Osaka, and other areas is currently strong. Is there any possibility of continuing the rental business by increasing rent through tenant renewals?

Could you please explain the grounds for considering disposition or exchange?

A2:

We understand that the market environment of the Shinsaibashi area of Osaka is very favorable due to the impact of inbound tourism, and rent is high for retail properties in the area. Taking this environment into consideration, we considered the future policy for “Shinsaibashi OPA Honkan” and sounded out matters related to not only disposition or exchange but also the possibility of tenant replacements.

As a result, we believe that disposition or exchange would be more advantageous for United Urban.

Q3: (Page 18)

Regarding “Shinsaibashi OPA Honkan”, have potential buyers offered prices significantly higher than the appraisal value? When comparing it with retail properties in the vicinity owned by other REITs, I think the current appraisal value of “Shinsaibashi OPA Honkan” is too low.

Are you going to distribute all of the gains on sale even if they are substantial? Are there any plans to defer gains on sale or use them as funds to acquire alternative properties?

A3:

The appraisal value of “Shinsaibashi OPA Honkan” was calculated based on the assumption that the existing tenants will continue their leases. Therefore, as rents of existing tenants in the vicinity of “Shinsaibashi OPA Honkan” were lower than market levels or those at surrounding properties, we do feel that the appraisal value is somewhat low.

We will refrain from stating the sale prices being proposed by potential buyers as negotiations are currently ongoing.

Regarding gains on sale, we plan to distribute the entire amount to unitholders in principle. However, depending on the amount of the gains, we may consider deferring gains or dividing the sale.

In addition, there is a possibility that funds from the sale may be used for acquisition in cases such as acquiring an alternative property or if an exchange of the property is proposed.



Q4: (Pages 14 and 15)

Page 14 shows that RevPAR for all variable rent hotels for the 45<sup>th</sup> fiscal period (ending May 31, 2026) is forecasted to remain flat year-on-year, but on page 15, rent revenues from variable rent hotels for the 45<sup>th</sup> fiscal period are forecasted to increase year-on-year. Please explain the reason for this increase.

In addition, while rent levels are also rising in the leasing markets for office buildings and retail properties, does United Urban consider hotels to be the main source of revenue?

A4:

The primary factor for the forecasted increase in rent revenues from variable rent hotels for the 45<sup>th</sup> fiscal period is the full-year contribution of "The b Ochanomizu" and "Smile Hotel Premium Osaka Honmachi," which were acquired in the 44<sup>th</sup> period.

Both office buildings and retail properties owned by United Urban have successfully implemented rent increases, and some retail properties are also collecting variable rent. However, we anticipate that hotels will remain the primary revenue source for the foreseeable future.

Q5: (Pages 4 and 8)

In relation to the change in the sponsor structure mentioned on page 8, it is stated that the acquisition pipeline will be enhanced. How will the acquisition pipeline be enhanced?

Does the current acquisition pipeline of 80 billion yen listed on page 4 include hotels and retail properties in which Marubeni is involved, and will properties such as office buildings owned by Dai-ichi Life Holdings be added to the pipeline?

A5:

There is a possibility that properties owned by Dai-ichi Life Holdings may be added to the pipeline.

The total investment amount of approximately 80 billion yen for the acquisition pipeline shown on Page 4 does not include properties owned by either the Marubeni Group or Dai-ichi Life Holdings. Therefore, it is expected that the pipeline will be enhanced in the future through the addition of new acquisition pipelines from new sponsors.

Note that the properties owned by Dai-ichi Life Holdings include not only revenue-generating properties but also older properties with potential for future redevelopment.

Q6: (Page 18)

Regarding “Shinsaibashi OPA Honkan”, you explained that you sounded out matters related to potential disposition and other options. Could you please provide information to the extent possible regarding the post-acquisition plans of potential buyers?

The existing building is over 30 years old, and continued use would be possible, but are there many candidates considering reconstruction after acquisition?

A6:

We have received proposals from multiple potential buyers. Considering the age of the property, many candidates are considering reconstruction for mixed-use purposes.

Q7: (Page 4)

It appears that the portfolio of United Urban has been undergoing asset replacement, resulting in a decrease in older properties. What types of properties will be replaced moving forward?

A7:

There is no change to our policy to conduct replacement of assets worth between 60 billion and 90 billion yen in total during the period from 2025 to 2027, and we intend to prioritize the sale of older properties highly likely to experience declining revenue in the future.

Q8: (Page 4)

Please explain your future policy for property acquisition. Will the focus be on hotels, or will you consider office buildings, retail properties, or other types of properties?

A8:

Given the rising transaction prices for hotels, we are not focused on specific assets. We will target properties with the highest value at the time of acquisition and aim to maintain a well-balanced portfolio.