

Semiannual Report

Thirteenth Fiscal Period

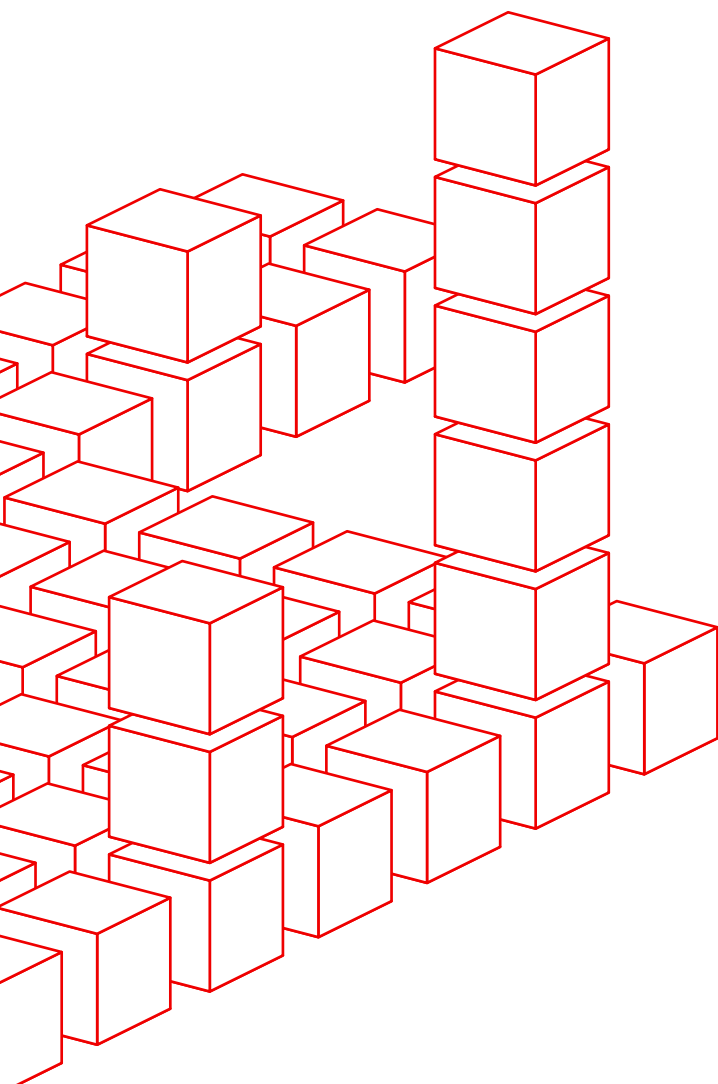
From December 1, 2009 to May 31, 2010



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Note: Unless otherwise indicated specifically, all figures in this report are shown being rounded to the units stated in principle.



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 (Securities Code: 8960) on the J-REIT section of the Tokyo Stock Exchange. In order to obtain steady earnings over the medium to long term, United Urban intends to form the 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.

Diversification by type of use

United Urban invests principally in a diverse range of properties including retail properties, office buildings, hotels, residential properties, and others.

Diversification by location

United Urban invests in real estate in principal cities throughout Japan, including the Tokyo Metropolitan Area and certain big cities as designated by the Government, and surrounding areas thereof.

- 1** A diversified portfolio both in types of use and location
- 2** An optimal investment portfolio in tune with market trends and fluctuations
- 3** The capability of an asset management company well versed in real estate and financial markets

Retail Properties



Daiei Himonya

Office Buildings



Kawasaki Toshiba Building

Hotels



Shinjuku Washington Hotel—Honkan

Residential Properties



MA Sendai Building

Others



Lilycolor Tohoku Branch



United Urban Investment Corporation



To Our Unitholders



Yasuhiro Tanaka

Executive Officer
United Urban Investment Corporation



Hisamitsu Abe

Chairman of the Board,
CEO and COO of Japan REIT Advisors Co., Ltd.

Toshio Kenmochi

Supervisory Officer
United Urban Investment Corporation

Masakazu Watase

Supervisory Officer
United Urban Investment Corporation

We are delighted to present this report on our activities during our thirteenth fiscal period: the six-month period ended May 31, 2010.

Thanks to the continuous support of all our unitholders, United Urban was able to achieve operating revenues of ¥8,384 million, operating income of ¥4,334 million, and net income of ¥3,481 million. As a result, the distribution to unitholders was ¥17,294 per unit.

In accordance with our established investment policies, United Urban, together with Japan REIT Advisors Co., Ltd. (“JRA”), to which the asset management is entrusted, would like to do our best to obtain steady earnings over the medium to long term. We ask for your continuous support and understanding.

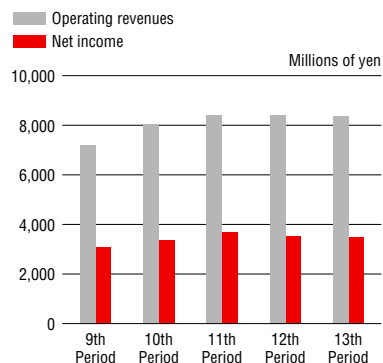
Financial Highlights

Millions of yen, except per unit information

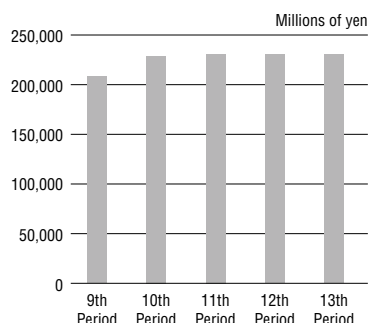
	13th Fiscal Period December 1, 2009- May 31, 2010	12th Fiscal Period June 1, 2009- November 30, 2009	11th Fiscal Period December 1, 2008- May 31, 2009	10th Fiscal Period June 1, 2008- November 30, 2008	9th Fiscal Period December 1, 2007- May 31, 2008
Operating revenues	¥ 8,384	¥ 8,427	¥ 8,394	¥ 8,029	¥ 7,184
Operating income	4,334	4,335	4,465	4,177	3,797
Income before income taxes	3,482	3,515	3,684	3,361	3,097
Net income	3,481	3,514	3,683	3,360	3,096
Cash distributions	3,481	3,514	3,683	3,360	3,096
Cash distribution per unit (Yen)	17,294	17,459	18,297	16,691	19,368
Dividend payout ratio	100.0%	100.0%	99.9%	100.0%	99.9%
Total assets	231,043	230,752	231,234	229,133	208,841
Total unitholders' equity	111,792	111,825	111,994	111,670	92,935
Unitholders' equity per unit (Yen)	555,349	555,514	556,352	554,746	581,411

Note: United Urban's 9th fiscal period was for 183 days from December 1, 2007 to May 31, 2008, the 10th fiscal period was for 183 days from June 1, 2008 to November 30, 2008, the 11th fiscal period was for 182 days from December 1, 2008 to May 31, 2009, the 12th fiscal period was for 183 days from June 1, 2009 to November 30, 2009 and the 13th fiscal period was for 182 days from December 1, 2009 to May 31, 2010.

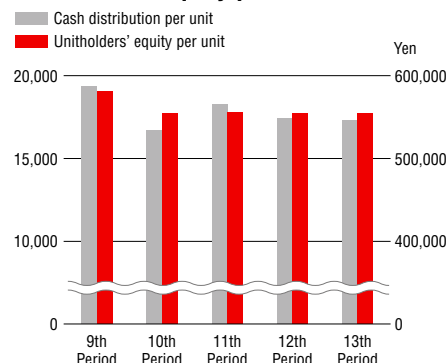
Operating revenues / Net income



Total assets



Cash distribution per unit / Unitholders' equity per unit

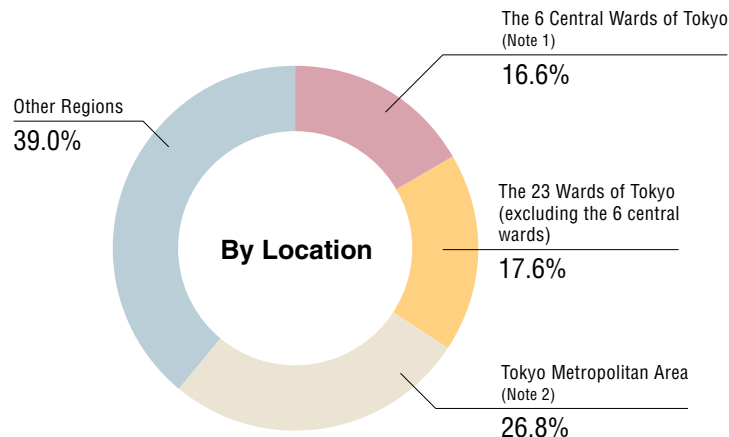
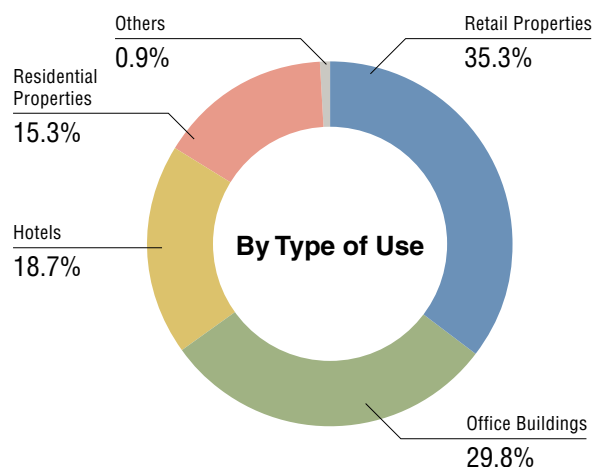


Stock Price Information



Portfolio Highlights

Portfolio Breakdown (As of May 31, 2010)



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, Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi) excluding the 23 wards of Tokyo.

Occupancy Ratio (Note)

	2009	2010				
	December	January	February	March	April	May
Retail Properties	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Office Buildings	95.6%	95.8%	95.5%	95.5%	95.6%	95.5%
Hotels	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Residential Properties	98.4%	98.6%	98.8%	99.0%	98.7%	98.6%
Others	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	98.2%	98.2%	98.2%	98.3%	98.2%	98.2%

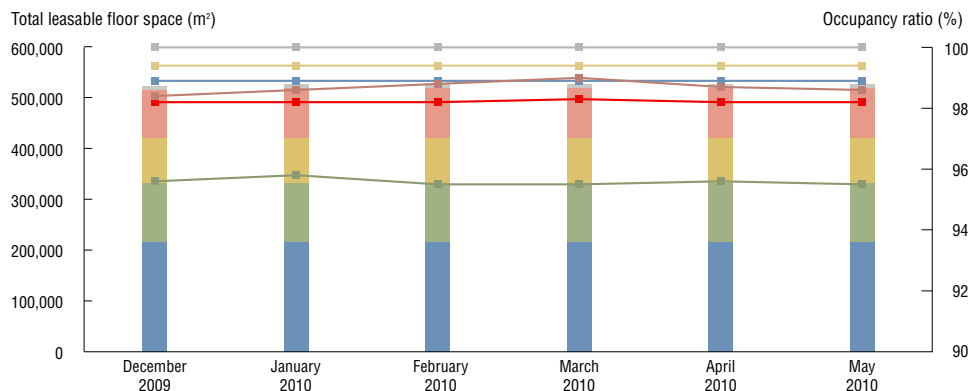
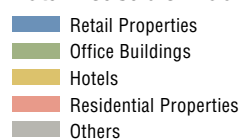
Note: "Occupancy Ratio" is rounded to the nearest one decimal place.

Trends in Total Leasable Floor Space and Occupancy Ratio

Occupancy Ratio



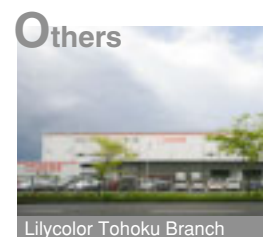
Total Leasable Floor Space



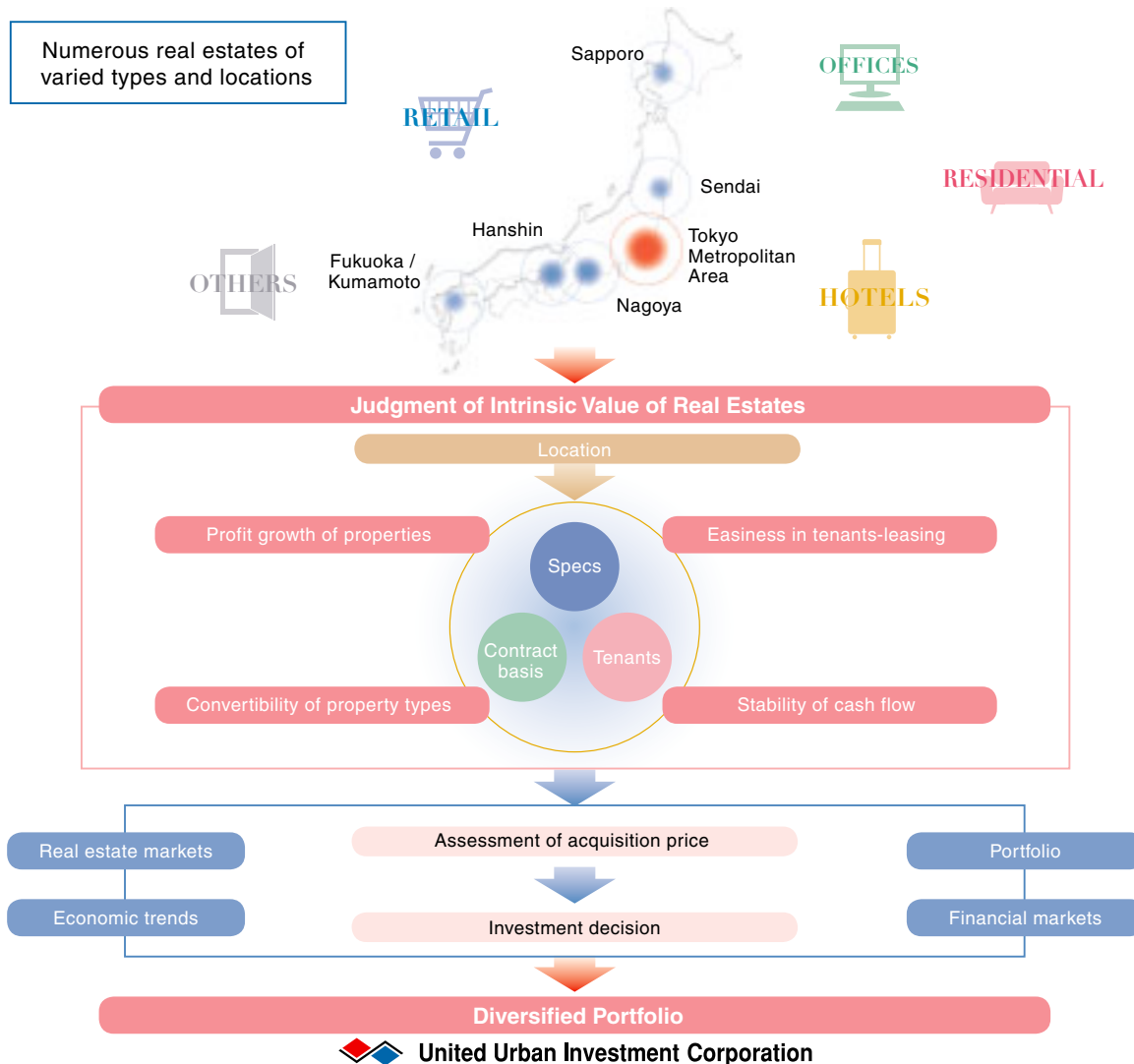
Overview of Investment Corporation

Comprehensive Portfolio Structured to Generate Steady Earnings Maximizing Unitholder Return

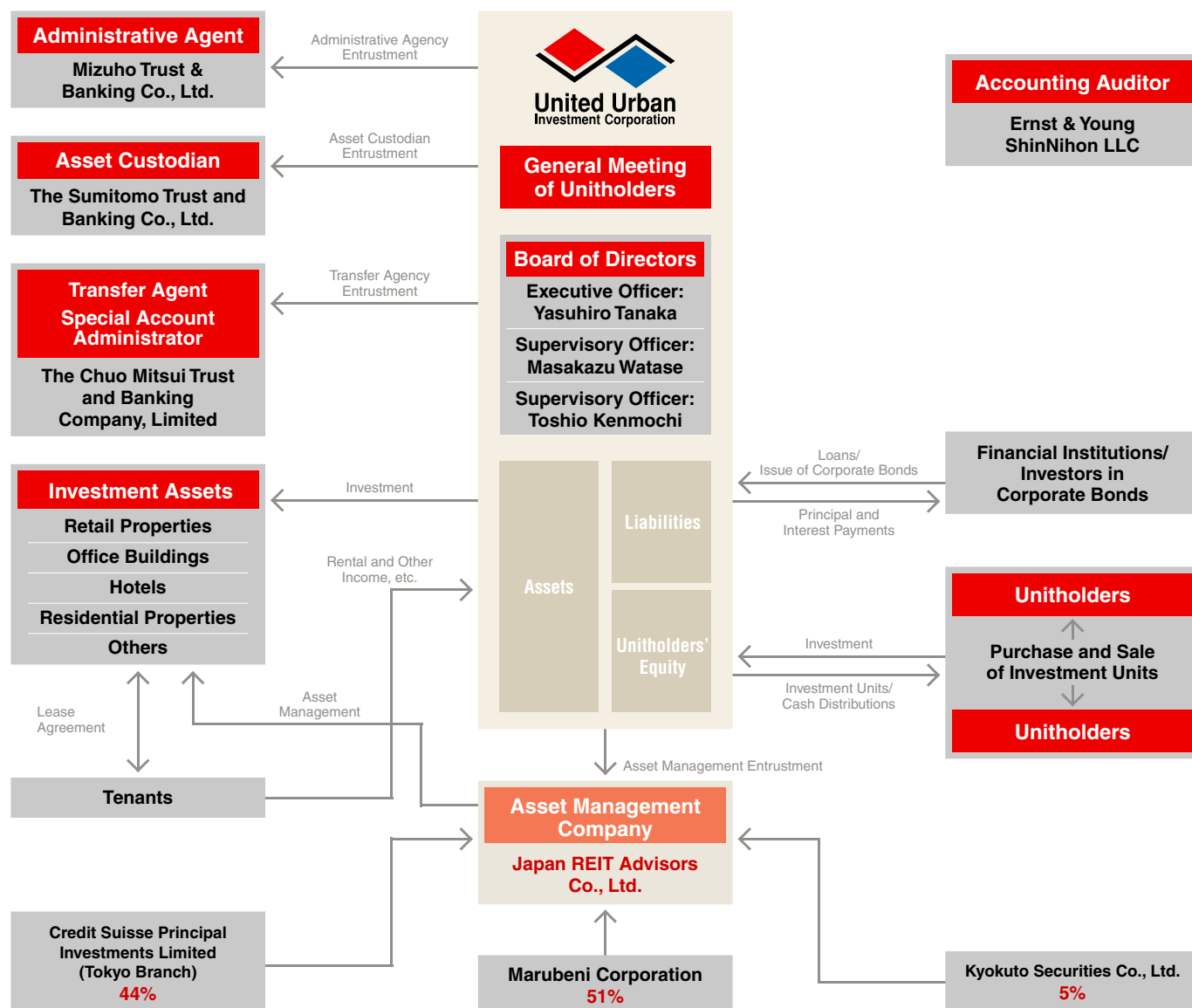
United Urban endeavors to secure steady earnings over the medium to long term. For this purpose, United Urban is going to establish and develop an optimal investment portfolio of real estate assets in terms of types of use (including retail properties, office buildings, hotels, residential properties, and others) and area of location (located in the Tokyo Metropolitan Area and major Japanese cities including government designated cities, and surrounding areas thereof) in tune with economic conditions and trends of the real estate market and other factors. In order to cope with changes in the general economy and real estate market trends, United Urban makes every effort to minimize risk.



Basic Investment Policy



Corporate Structure



Note: The "Asset Custodian" was changed from Mizuho Trust & Banking Co., Ltd. to The Sumitomo Trust and Banking Co., Ltd. on December 1, 2009.

Merger with Nippon Commercial Investment Corporation

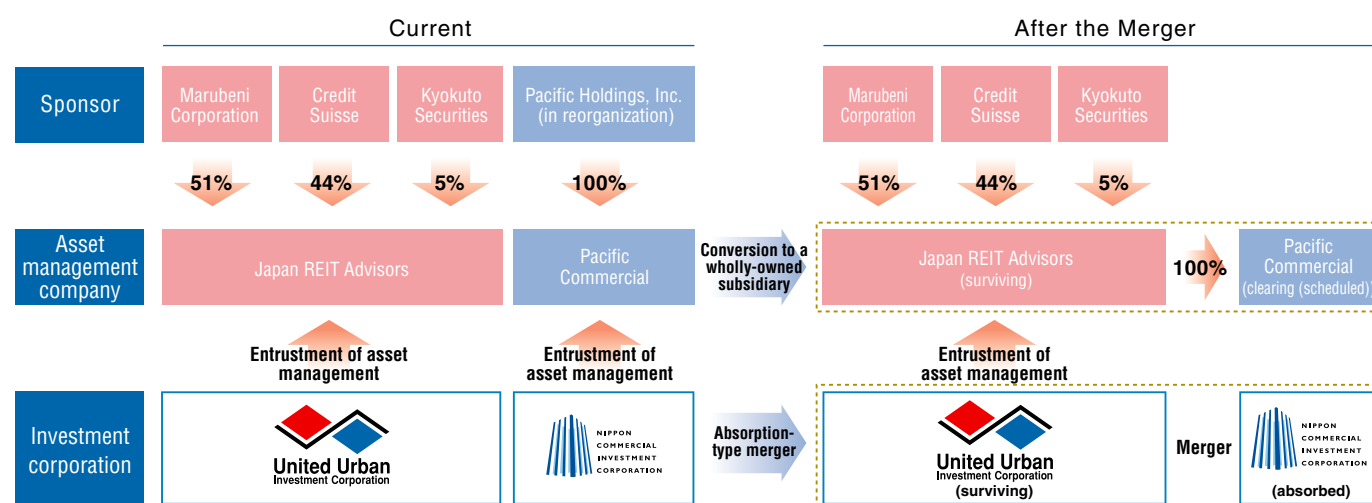
United Urban and Nippon Commercial Investment Corporation (“NCI”) entered into a memorandum of understanding concerning a merger between United Urban and NCI (the “Merger”) on April 22, 2010, and the merger agreement (the “Merger Agreement”) was executed on May 10, 2010. The Merger shall be conducted through an “absorption-type merger” method (*kyushu gappei houshiki*) under which United Urban will remain as the surviving company and NCI will be dissolved as the absorbed company. The effective date of the Merger will be December 1, 2010. In addition, the Merger Agreement requires following preconditions regarding the execution of the Merger.

The surviving company after the Merger, United Urban, as an integrated REIT corporation, will have one of the largest asset values on the J-REIT market. In addition to increased brand power and recognition, United Urban aims to establish itself as a leader in the J-REIT market.

In connection with the Merger, JRA, the asset management company of United Urban acquired all shares of Pacific Commercial Corporation (“PCC”), the asset management company of NCI and made PCC its subsidiary on June 30, 2010.

Major preconditions regarding the implementation of the Merger

- Consent from lenders of United Urban and lenders of NCI regarding the Merger
- Consent from lenders of NCI regarding release of collateral on NCI's loans
- Consent from lenders of United Urban regarding amendment of the basic agreement between United Urban and its lenders



Merger Ratio



On May 10, 2010, United Urban decided to divide one United Urban's unit into six units as of December 1, 2010 with the aim of issuing more than one United Urban's unit to every NCI unitholder after the Merger. Each United Urban's unit held by unitholders whose names are listed or recorded in the final unitholders register of United Urban as of the day before the effective date of the Merger will be divided into six units.

➤ Significance of the Merger

United Urban assumes that the implementation of the Merger would be likely to have sufficient synergy effects with respect to asset management including increased asset value, increased portfolio quality attendant with the increased asset value, and improved stability of revenue due to more diversity in properties/regions/tenants of the merged investment corporation. Furthermore, United Urban expects to ensure financial flexibility by improving the liquidity of investment units and by utilizing “negative goodwill.”

Big leap in asset value

- Increased market recognition of United Urban and brand power with the significant increase of assets
- Mitigation of risk and a stable revenue as a result of more diversity in properties, regions and tenants, etc.
- Pursuit of cost synergies including more efficient property management

Higher status in the J-REIT market

- United Urban will be ranked 4th in the industry in terms of asset value
- Outstanding asset value compared to other integrated REIT corporations
- With increase in market cap, the new United Urban is expected to be held furthermore by the institutional investors

“Negative Goodwill” and its utilization

- More strategic and flexible shuffling of portfolio properties from a long-term perspective
- Better ability to deal with impairment risk (aversion of unwilling sale of first-class properties)
- Maintain flexibility in distribution policy in case of equity offering

Improving liquidity of investment units

- Stability of unit price due to increase in the number of issued investment units and the number of trading volume in the market resulting from the division of units and allocation of the new investment units
- Increase of the investors' base due to the easiness of trading with the decline of price per unit

Our goal is to become a major player in the J-REIT market and real-estate market by realizing maximum synergies with respect to the various aspects of investment corporation management, and to maximize returns for unitholders by securing stable revenues over the medium to long term.

➤ Strategy of the New United Urban

After the Merger, United Urban will follow the existing management strategy without alteration and aim to obtain steady earnings over the medium to long term.

Strategic External Growth

Deliberate and integrated investment decision based on the “intrinsic value” of each property with consideration of economic conditions and market trends



Stable Internal Growth

Medium- to long-term stable internal growth through high occupancy ratio, tenant satisfaction enhancement and continuous cost reduction



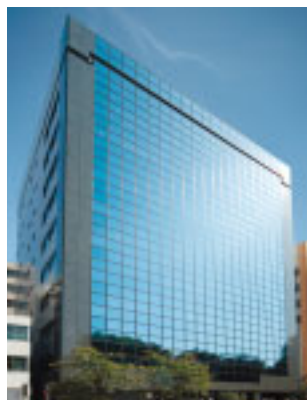
Conservative Financial Strategy

Forming robust financial standing to cope with drastic changes in the market, based on conservative financial strategy such as conservative LTV management and long-term fixed borrowings

Maximize unitholder return by securing steady earnings over the medium to long term

New Acquisition During the Thirteenth Fiscal Period

B9 FOUR SEASONS BLDG



■Address	2-4-3 Shinjuku, Shinjuku-ku, Tokyo
■Site Area	690.93 m ²
■Total Floor Space	6,318.81 m ²
■Construction	SRC
■Number of Floors	B1/10F
■Completed	October 1994
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

This property is an office building situated in a rare location. It has convenient access that is within about a three-minute walk from Shinjuku-gyoemmae Station and about a five-minute walk from Shinjuku-sanchome Station on the Tokyo Metro Marunouchi Line, and boasts a view of the greenery of Shinjuku Gyoen National Garden, which spreads out in front of the property. Despite being within walking distance of Shinjuku Station and having convenient access, its surrounding area has relatively low rent. For these reasons, office buildings and commercial buildings have accumulated in the area. In addition, this property has a calming atmosphere with the green landscape of the adjacent Shinjuku Gyoen National Garden and has superior views, and ongoing steady demand as an office building can be anticipated.

Debt Financing

United Urban procured debt financing for repayment of the existing debt on December 21, 2009.

Repayment of the existing debt

Title	Lender	Amount of Borrowing	Interest Rate	Drawdown Date	Repayment Date	Collateral Guarantee
TL6 (long term)	Saitama Resona Bank, Limited Shinsei Bank, Limited DAIDO LIFE INSURANCE COMPANY Mizuho Trust & Banking Co., Ltd. The Sumitomo Trust and Banking Co., Ltd.	¥5,000 million	1.39716%	Dec. 20, 2004	Dec. 21, 2009 (Note)	Unsecured Unguaranteed
TL12 (mid term)	Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥4,800 million	1.55035%	Dec. 20, 2006		
TL15 (mid term)	Aozora Bank, Ltd. Shinsei Bank, Limited Sumitomo Mitsui Banking Corporation	¥5,600 million	1.47730%	Feb. 19, 2007		

New debt

Title	Lender	Amount of Borrowing	Interest Rate	Drawdown Date	Repayment Date	Collateral Guarantee
TL27 (mid term)	Mitsubishi UFJ Trust and Banking Corporation	¥2,000 million	1.35914%	Dec. 21, 2009 (Note)	Dec. 20, 2011	Unsecured Unguaranteed
TL28 (mid term)	Aozora Bank, Ltd. The Shinkumi Federation Bank Sumitomo Mitsui Banking Corporation ORIX Trust and Banking Corporation Saitama Resona Bank, Limited The Bank of Fukuoka, Ltd. Mizuho Trust & Banking Co., Ltd.	¥9,150 million	1.64157%		Jun. 20, 2013	
TL29 (long term)	Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. The Sumitomo Trust and Banking Co., Ltd. Mizuho Trust & Banking Co., Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥4,250 million	1.97537%		Dec. 20, 2014	

Note: As December 20, 2009, the principal repayment date of "Term Loan 6," "Term Loan 12" and "Term Loan 15," was not a business day, the principal repayment date of each Term Loan became "December 21, 2009," the immediately following business day, pursuant to each loan agreement. Accordingly, each debt financing was carried out on December 21, 2009.

Issue of New Corporate Bonds and Debt Financing for Repayment of Existing Corporate Bonds

United Urban issued the Series 3 of Unsecured Corporate Bonds and procured debt financing for repayment of the Series 1 of Unsecured Corporate Bonds (term: 5 years, issued amount: ¥15,000 million), whose redemption date was set as July 12, 2010.

Repayment of existing corporate bonds

Name of Corporate Bonds	Issue Date	Issue Amount	Interest Rate	Term	Redemption Date	Remarks	Rating
Series 1 of Unsecured Corporate Bonds	Jul. 12, 2005	¥15,000 million	0.78% p.a. (fixed)	5 years	Jul. 12, 2010	Unsecured Unguaranteed	A+ (R&I)

Issue of new corporate bonds and new debt

Name of Corporate Bonds	Issue Date	Issue Amount	Interest Rate	Term	Redemption Date	Remarks	Rating
Series 3 of Unsecured Corporate Bonds	Jun. 17, 2010	¥10,000 million	1.55% p.a. (fixed)	3 years	Jun. 17, 2013	Unsecured Unguaranteed	A+ (R&I)

Title	Lender	Amount of Borrowing	Interest Rate	Drawdown Date	Repayment Date	Collateral Guarantee
TL30 (mid term)	The Sumitomo Trust and Banking Co., Ltd. Mizuho Corporate Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥3,000 million	1.61216%	Jul. 7, 2010	Jun. 20, 2013	Unsecured Unguaranteed
TL31 (long term)	Development Bank of Japan Inc.	¥2,000 million	2.14169%	Jul. 7, 2010	Jun. 20, 2017	Unsecured Unguaranteed

(Corporate bonds issued)

Name of Corporate Bonds	Issue Date	Issue Amount	Interest Rate	Term	Redemption Date	Remarks	Rating
Series 2 of Unsecured Corporate Bonds	Jul. 12, 2005	¥10,000 million	1.91% p.a. (fixed)	10 years	Jul. 10, 2015	Unsecured Unguaranteed	A+ (R&I)

Committed Line of Credit

United Urban concluded committed line of credit agreements on June 26, 2009 (maximum loan amount: ¥13,500 million) and on August 4, 2009 (maximum loan amount: ¥2,000 million) to procure expeditious and stable financing. Both committed line of credit agreements terminated on June 25, 2010 with the expiry of term, so United Urban concluded new committed line of credit agreements with (i) The Sumitomo Trust and Banking Co., Ltd., Mizuho Corporate Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. for a maximum loan amount of ¥13,500 million, and (ii) Development Bank of Japan Inc. for a maximum loan amount of ¥2,000 million, both on June 25, 2010.

United Urban believes that these agreements will further reduce refinancing risks and will lead to a strengthening of United Urban's financial standing in order to cope with rapid changes in the financial market.

Participating Financial Institutions	Maximum Loan Amount	Term of Agreement	Limitation of Use	Collateral Guarantee
The Sumitomo Trust and Banking Co., Ltd. Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥13,500 million	From Jun. 25, 2010 to Jun. 24, 2011	None	Unsecured Unguaranteed
Development Bank of Japan Inc.	¥2,000 million	From Jun. 25, 2010 to Jun. 24, 2011	Refinance	Unsecured Unguaranteed

Portfolio Properties

Portfolio Roster (As of May 31, 2010)

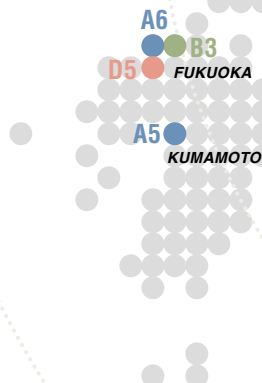
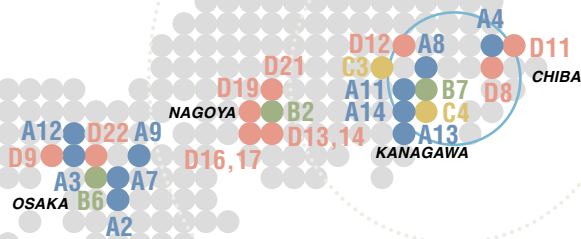
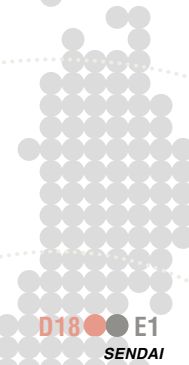
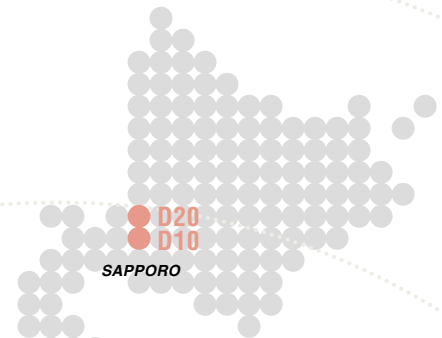
Shin-Osaka Hotel (As of May 1, 2016)								
No.	Name of Property	Address	Type of Asset	Completed	Acquisition Date	Acquisition Price (Millions of yen) (Note 1)	Share in Total Acquisition Price (%)	Share in Type (%)
Retail Properties								
A1	Daiei Himonya	4-1-1 Himonya, Meguro-ku, Tokyo	Trust beneficial interest in real estate	Mar. 1975	Dec. 25, 2003	15,300	7.0	35.3
A2	Joy Park Izumigaoka	1-3 Miharadai 1-cho, Minami-ku, Sakai-shi, Osaka	Trust beneficial interest in real estate	Nov. 2000	Dec. 22, 2003	6,770	3.1	
A3	Daimaru Peacock Ashiya-Kawanishi Ten	3-28 Kawanishicho, Ashiya-shi, Hyogo	Trust beneficial interest in real estate	Apr. 1997	Dec. 22, 2003	769	0.4	
A4	Re-LAND Shopping Center	7-2-2 Fujiwara, Funabashi-shi, Chiba	Trust beneficial interest in real estate	Mar. 1998	Sep. 17, 2004	5,200	2.4	
A5	AEON MALL Uki Value	1-1 Gohnoe, Ogawa-machi, Uki-shi, Kumamoto	Trust beneficial interest in real estate	Oct. 1997	Dec. 3, 2004	11,100	5.0	
A6	TENJIN LUCE	2-3-24 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest in real estate	Nov. 2005	Apr. 14, 2006	6,500	3.0	
A7	Yamada Denki Tecc Land Sakai Honten	5-1 Yashimocho 1-cho, Higashi-ku, Sakai-shi, Osaka	Real estate	May 2002	Apr. 28, 2006	3,210	1.5	
A8	Miyamae Shopping Center	3-9-12 Inukura, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest in real estate	Oct. 1993	Feb. 19, 2007	5,312	2.4	
A9	KONAMI SPORTS CLUB Korigaoka	3-3-1 Korigaoka, Hirakata-shi, Osaka	Trust beneficial interest in real estate	Dec. 2006	Jun. 29, 2007	2,040	0.9	
A10	ACTIOLE minami ikebukuro	2-26-10 Minami-Ikebukuro, Toshima-ku, Tokyo	Trust beneficial interest in real estate	Nov. 2006	Sep. 27, 2007	3,760	1.7	
A11	Tip's Machida Building	6-7-8 Haramachida, Machida-shi, Tokyo	Trust beneficial interest in real estate	Jun. 1992	Dec. 27, 2007	4,100	1.9	
A12	Daiei Takarazuka Nakayama	21-22 Mefuhigashino-cho, Takarazuka-shi, Hyogo	Trust beneficial interest in real estate	Nov. 1997	Jan. 30, 2008	4,284	1.9	
A13	maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) (retail portion) (Note 2)	1-1-1, etc., Isogo, Isogo-ku, Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	—	Feb. 18, 2008	6,883	3.1	
A14	ACTIOLE Kannai	3-31 Masago-cho, Naka-ku, Yokohama-shi, Kanagawa	Real estate	Sep. 2007	Jun. 30, 2008	2,410	1.1	
Office Buildings								
B1	T&G Hamamatsu-Cho Building	2-12-10 Shiba-Daimon, Minato-ku, Tokyo	Trust beneficial interest in real estate	Dec. 1988	Dec. 26, 2003	2,257	1.0	29.8
B2	SK Nagoya Building	1-3-7 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Feb. 1986	Dec. 26, 2003	5,400	2.5	
B3	Fukuoka Eartheon Building	3-6-3 Hakata-Eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest in real estate	Sep. 1998	Dec. 26, 2003	2,080	0.9	
B4	Marumasu Koujimachi Building	3-3-8 Koujimachi, Chiyoda-ku, Tokyo	Trust beneficial interest in real estate	Sep. 1989	Mar. 29, 2004	2,350	1.1	
B5	Rokuban-Cho K Building	2 Rokuban-cho, Chiyoda-ku, Tokyo	Trust beneficial interest in real estate	Dec. 1988	Mar. 30, 2004	2,150	1.0	
B6	Shin-Osaka Central Tower (office portion) (Note 3)	5-5-15 Nishi-Nakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest in real estate	Jun. 1989	Dec. 2, 2004	14,279	6.5	
B7	Kawasaki Toshiba Building	580-1 Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest in real estate	Apr. 1987	Dec. 20, 2004	19,200	8.7	
(A13)	maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) (office portion) (Note 2)	1-1-1, etc., Isogo, Isogo-ku, Yokohama-shi, Kanagawa	Trust beneficial interest in real estate	—	Feb. 18, 2008	5,021	2.3	
B8	Haseman Building Toyochi	2-4-18 Toyo, Koto-ku, Tokyo	Real estate	Nov. 1990	Jun. 30, 2008	8,500	3.9	
B9	FOUR SEASONS BLDG	2-4-3 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1994	Dec. 25, 2009	4,200	1.9	
Hotels								
C1	Shinjuku Washington Hotel—Honkan	3-2-9 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1983	Dec. 22, 2003	21,100	9.6	18.7
(B6)	Shin-Osaka Central Tower (hotel portion) (Note 3)	5-5-15 Nishi-Nakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest in real estate	Jun. 1989	Dec. 2, 2004	9,721	4.4	
C2	Toyoko Inn Shinagawa-Eki Takanawaguchi	4-23-2 Takanawa, Minato-ku, Tokyo	Real estate	Oct. 1999	Feb. 18, 2005	1,883	0.9	
C3	MZ BLD.	2-26-9 Myojin-cho, Hachioji-shi, Tokyo	Trust beneficial interest in real estate	Apr. 2007	Apr. 10, 2008	3,800	1.7	
C4	Hotel Route Inn Yokohama Bashamichi	4-53-1 Benten-dori, Naka-ku, Yokohama-shi, Kanagawa	Real estate	Jul. 2007	Jun. 30, 2008	4,720	2.1	

No.	Name of Property	Address	Type of Asset	Completed	Acquisition Date	Acquisition Price (Millions of yen) (Note 1)	Share in Total Acquisition Price (%)	Share in Type (%)
Residential Properties								
D1	T&G Higashi-Ikebukuro Mansion	3-8-8 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficial interest in real estate	Dec. 2001	Dec. 26, 2003	2,021	0.9	15.3
D2	T&G Yotsuya Mansion	10-7 Arakicho, Shinjuku-ku, Tokyo	Trust beneficial interest in real estate	May 2002	Dec. 26, 2003	1,355	0.6	
D3	Excellia Magome	5-20-2 Minami-Magome, Ota-ku, Tokyo	Trust beneficial interest in real estate	Feb. 2002	Dec. 26, 2003	697	0.3	
D4	Komazawa Court	2-37-1 Komazawa, Setagaya-ku, Tokyo	Trust beneficial interest in real estate	Oct. 1998	Dec. 26, 2003	1,680	0.8	
D5	Ropponmatsu Court	4-3-11 Ropponmatsu, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest in real estate	Mar. 1994	Dec. 26, 2003	757	0.3	
D6	Sky Court Shiba-Daimon	1-2-3 Shiba-Daimon, Minato-ku, Tokyo	Trust beneficial interest in real estate	Apr. 2003	Oct. 15, 2004	1,175	0.5	
D7	Maison Ukima	1-3-1 Ukima, Kita-ku, Tokyo	Trust beneficial interest in real estate	Mar. 1992	Oct. 26, 2004	3,530	1.6	
D8	Narashino Residence	4-83-10 Narashinodai, Funabashi-shi, Chiba	Trust beneficial interest in real estate	Feb. 1990	Oct. 26, 2004	1,140	0.5	
D9	Aprile Shin-Ohgi Ichibankan	2-10-6 Kita-Ohgi, Higashi Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest in real estate	Sep. 1997	Apr. 13, 2005	3,031	1.4	
D10	UUR Court Sapporo Kitasanjo	Kita 3-jo Higashi 3-1-28, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficial interest in real estate	Feb. 2006	Mar. 16, 2006	1,278	0.6	
D11	Soga Dormitory	2-3-5 Minami-cho, Chuo-ku, Chiba-shi, Chiba	Trust beneficial interest in real estate	Apr. 1993	Feb. 8, 2006	620	0.3	
D12	Higashikurume Dormitory Shinkan	1-8-4 Hikawadai, Higashikurume-shi, Tokyo	Trust beneficial interest in real estate	Mar. 1997	Feb. 8, 2006	480	0.2	
D13	Nanzan Court Ichigoukan	6-8 Komagatacho, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Mar. 1997	Mar. 30, 2006	1,070	0.5	
D14	Nanzan Court Nigoukan	5-20 Komagatacho, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Mar. 1999	Mar. 30, 2006	450	0.2	
D15	CLIO Bunkyo Koishikawa	1-13-9 Koishikawa, Bunkyo-ku, Tokyo	Trust beneficial interest in real estate	Feb. 2005	Apr. 28, 2006	3,170	1.4	
D16	GRAND-ROUGE Sakae	5-21-26 Sakae, Naka-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Mar. 2006	Nov. 30, 2006	1,570	0.7	
D17	GRAND-ROUGE Sakae II	5-21-37 Sakae, Naka-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Feb. 2007	Dec. 26, 2007	1,300	0.6	
D18	MA Sendai Building	1-3-7 Kimachi-dori, Aoba-ku, Sendai-shi, Miyagi	Trust beneficial interest in real estate	Feb. 2008	Sep. 24, 2008	3,440	1.6	
D19	UUR Court Nagoya Meieki	2-5-4 Meieki, Nishi-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Aug. 2008	Sep. 30, 2008	1,473	0.7	
D20	UUR Court Sapporo Shinoro Ichibankan	Shinoro 3-jo 6-4-32, Kita-ku, Sapporo-shi, Hokkaido	Real estate	Sep. 2008	Nov. 11, 2008	870	0.4	
D21	Park Site IZUMI	1-14-6 Izumi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficial interest in real estate	Sep. 2002	Nov. 21, 2008	900	0.4	
D22	UUR Court Osaka Jusohommachi	3-4-15 Jusohommachi, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest in real estate	Jan. 2009	Feb. 26, 2009	1,570	0.7	
Others								
E1	Lilycolor Tohoku Branch	3-10 Okadanishimachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficial interest in real estate	Apr. 1996	May 29, 2006	2,050	0.9	0.9
Total						219,926	100.0	100.0

Notes: 1. The acquisition prices above are amounts (the amounts stated in the sales contracts, excluding consumption taxes) that exclude the expenses (e.g. agency fees, public taxes and impositions) necessary for making the relevant acquisitions, and are rounded to the nearest million yen.

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

3. "Shin-Osaka Central Tower" includes the office portion and the hotel portion.



Portfolio Map

Overview

A1 Daiei Himonya

■Address	Meguro-ku, Tokyo
■Site Area	5,249.86 m ²
■Total Floor Space	27,032.50 m ²
■Construction	SRC
■Number of Floors	B1/7F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A2 Joy Park Izumigaoka

■Address	Sakai-shi, Osaka
■Site Area	10,368.45 m ²
■Total Floor Space	29,250.71 m ²
■Construction	RC/S
■Number of Floors	5F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A3 Daimaru Peacock Ashiya-Kawanishi Ten

■Address	Ashiya-shi, Hyogo
■Site Area	3,455.30 m ²
■Total Floor Space	1,488.28 m ²
■Construction	S
■Number of Floors	1F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A4 Re-LAND Shopping Center

■Address	Funabashi-shi, Chiba
■Site Area	5,198.20 m ²
■Total Floor Space	12,944.65 m ²
■Construction	SRC
■Number of Floors	B2/5F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A5 AEON MALL Uki Value

■Address	Uki-shi, Kumamoto
■Site Area	173,498.31 m ²
■Total Floor Space	63,058.78 m ²
■Construction	S (Note)
■Number of Floors	2F (Note)
■Type of Ownership	Land: Proprietary Ownership and Term Leasehold Interest Building: Proprietary Ownership

Note: Data applicable to the main building



A6 TENJIN LUCE

■Address	Fukuoka-shi, Fukuoka
■Site Area	1,138.66 m ²
■Total Floor Space	5,369.70 m ²
■Construction	RC
■Number of Floors	B1/7F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A7 Yamada Denki Tecc Land Sakai Honten

■Address	Sakai-shi, Osaka
■Site Area	10,702.86 m ²
■Total Floor Space	8,637.63 m ²
■Construction	S
■Number of Floors	3F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A8 Miyamae Shopping Center

■ Address	Kawasaki-shi, Kanagawa
■ Site Area	6,937.54 m ²
■ Total Floor Space	17,338.54 m ²
■ Construction	RC
■ Number of Floors	4F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A9 KONAMI SPORTS CLUB Korigaoka

■ Address	Hirakata-shi, Osaka
■ Site Area	4,120.00 m ²
■ Total Floor Space	6,381.40 m ²
■ Construction	S
■ Number of Floors	4F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A10 ACTIOLE minami ikebukuro

■ Address	Toshima-ku, Tokyo
■ Site Area	320.39 m ²
■ Total Floor Space	2,265.15 m ²
■ Construction	RC
■ Number of Floors	B1/8F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A11 Tip's Machida Building

■ Address	Machida-shi, Tokyo
■ Site Area	1,596.82 m ²
■ Total Floor Space	8,075.04 m ²
■ Construction	SRC
■ Number of Floors	B1/7F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A12 Daiei Takarazuka Nakayama

■ Address	Takarazuka-shi, Hyogo
■ Site Area	16,330.14 m ²
■ Total Floor Space	16,729.60 m ²
■ Construction	S
■ Number of Floors	B1/3F
■ Type of Ownership	Land: Proprietary Ownership and Leasehold Right Building: Proprietary Ownership



A13 maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site) (Note)

■ Address	Yokohama-shi, Kanagawa
■ Site Area	53,363.57 m ² (whole)
■ Total Floor Space	—
■ Construction	—
■ Number of Floors	—
■ Type of Ownership	Land: Proprietary Ownership (co-ownership) Building: —



Note: The underlying asset of the trust beneficial interest which United Urban acquired is primarily the site, and buildings and structures situated in this site are not included in the underlying asset. "maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)" includes the retail portion and the office portion.

A14 ACTIOLE Kannai

■ Address	Yokohama-shi, Kanagawa
■ Site Area	375.17 m ²
■ Total Floor Space	2,238.82 m ²
■ Construction	SRC
■ Number of Floors	B1/9F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



B1 T&G Hamamatsu-Cho Building

■ Address	Minato-ku, Tokyo
■ Site Area	453.81 m ²
■ Total Floor Space	3,296.58 m ²
■ Construction	SRC
■ Number of Floors	B1/9F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



B2 SK Nagoya Building

■Address	Nagoya-shi, Aichi
■Site Area	1,361.96 m ²
■Total Floor Space	11,795.38 m ²
■Construction	SRC
■Number of Floors	B1/9F
■Type of Ownership	Land: Proprietary Ownership Building: Compartmentalized Proprietary Ownership (percentage of ownership: 100%)

**B3 Fukuoka Eartheon Building**

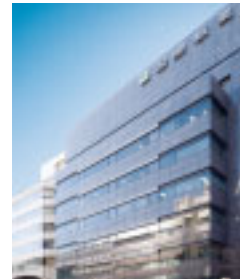
■Address	Fukuoka-shi, Fukuoka
■Site Area	1,358.91 m ²
■Total Floor Space	6,079.35 m ²
■Construction	SRC
■Number of Floors	7F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**B4 Marumasu Koujimachi Building**

■Address	Chiyoda-ku, Tokyo
■Site Area	703.24 m ² (whole)
■Total Floor Space	5,218.55 m ² (whole)
■Construction	SRC/RC
■Number of Floors	B1/9F
■Type of Ownership	Land: Proprietary Ownership (co-ownership) Building: Compartmentalized Proprietary Ownership

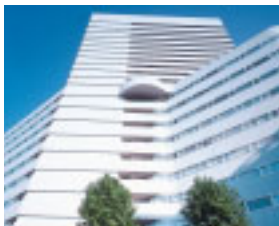
**B5 Rokuban-Cho K Building**

■Address	Chiyoda-ku, Tokyo
■Site Area	689.70 m ²
■Total Floor Space	4,031.14 m ²
■Construction	SRC
■Number of Floors	B1/7F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

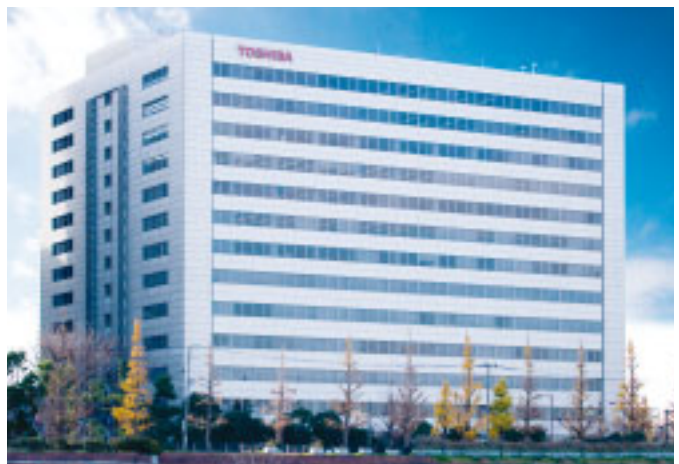
**B6 Shin-Osaka Central Tower** (Note)

■Address	Osaka-shi, Osaka
■Site Area	7,265.79 m ²
■Total Floor Space	58,882.64 m ²
■Construction	SRC
■Number of Floors	B1/23F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

Note: "Shin-Osaka Central Tower" includes the office portion and the hotel portion.

**B7 Kawasaki Toshiba Building**

■Address	Kawasaki-shi, Kanagawa
■Site Area	8,615.20 m ²
■Total Floor Space	51,254.06 m ²
■Construction	S/RC/SRC
■Number of Floors	B2/14F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



B8 Haseman Building Toyochi

■ Address	Koto-ku, Tokyo
■ Site Area	3,262.50 m ²
■ Total Floor Space	10,768.11 m ²
■ Construction	SRC
■ Number of Floors	B1/6F
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



C2 Toyoko Inn Shinagawa-Eki Takanawaguchi

■ Address	Minato-ku, Tokyo
■ Site Area	482.10 m ²
■ Total Floor Space	2,928.94 m ²
■ Construction	SRC
■ Number of Floors	14F
■ Number of Rooms	180 rooms
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



C3 MZ BLD.

■ Address	Hachioji-shi, Tokyo
■ Site Area	1,304.44 m ²
■ Total Floor Space	7,708.88 m ²
■ Construction	S
■ Number of Floors	13F
■ Number of Rooms	257 rooms
■ Type of Ownership	Land: Proprietary Ownership, Leasehold Right Building: Proprietary Ownership



D1 T&G Higashi-Ikebukuro Mansion

■ Address	Toshima-ku, Tokyo
■ Site Area	398.82 m ²
■ Total Floor Space	3,300.18 m ²
■ Construction	SRC
■ Number of Floors	B1/14F
■ Number of Units Available for Lease	129 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



C1 Shinjuku Washington Hotel—Honkan

■ Address	Shinjuku-ku, Tokyo
■ Site Area	6,215.31 m ² (whole)
■ Total Floor Space	59,985.37 m ² (whole)
■ Construction	S/SRC
■ Number of Floors	B4/25F
■ Number of Rooms	1,296 rooms
■ Type of Ownership	Land: Proprietary Ownership (part co-ownership) Building: Compartmentalized Proprietary Ownership (part co-ownership)



C4 Hotel Route Inn Yokohama Bashamichi

■ Address	Yokohama-shi, Kanagawa
■ Site Area	970.83 m ²
■ Total Floor Space	6,610.51 m ²
■ Construction	SRC
■ Number of Floors	11F
■ Number of Rooms	272 rooms
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D2 T&G Yotsuya Mansion

■ Address	Shinjuku-ku, Tokyo
■ Site Area	777.40 m ²
■ Total Floor Space	2,081.19 m ²
■ Construction	RC
■ Number of Floors	B1/8F
■ Number of Units Available for Lease	78 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D3 Excellia Magome

■Address	Ota-ku, Tokyo
■Site Area	371.29 m ²
■Total Floor Space	1,110.97 m ²
■Construction	RC
■Number of Floors	7F
■Number of Units Available for Lease	44 units
■Type of Ownership	Land: Proprietary Ownership (site rights) Building: Compartmentalized Proprietary Ownership (percentage of ownership: 100%)

**D4 Komazawa Court**

■Address	Setagaya-ku, Tokyo
■Site Area	2,943.33 m ²
■Total Floor Space	3,580.44 m ²
■Construction	RC
■Number of Floors	3F
■Number of Units Available for Lease	95 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D5 Ropponmatsu Court**

■Address	Fukuoka-shi, Fukuoka
■Site Area	1,738.67 m ²
■Total Floor Space	3,294.36 m ²
■Construction	RC
■Number of Floors	6F
■Number of Units Available for Lease	100 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D6 Sky Court Shiba-Daimon**

■Address	Minato-ku, Tokyo
■Site Area	233.66 m ²
■Total Floor Space	1,486.38 m ²
■Construction	SRC
■Number of Floors	12F
■Number of Units Available for Lease	54 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D7 Maison Ukima**

■Address	Kita-ku, Tokyo
■Site Area	6,456.64 m ²
■Total Floor Space	12,691.43 m ²
■Construction	SRC
■Number of Floors	12F
■Number of Units Available for Lease	147 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D8 Narashino Residence**

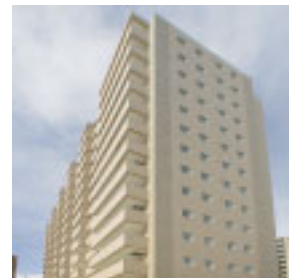
■Address	Funabashi-shi, Chiba
■Site Area	3,948.67 m ²
■Total Floor Space	6,840.86 m ²
■Construction	SRC
■Number of Floors	B1/8F
■Number of Units Available for Lease	87 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D9 Aprile Shin-Ohgi Ichibankan**

■Address	Kobe-shi, Hyogo
■Site Area	3,329.45 m ²
■Total Floor Space	12,700.44 m ²
■Construction	SRC
■Number of Floors	14F
■Number of Units Available for Lease	161 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D10 UUR Court Sapporo Kitananjo**

■Address	Sapporo-shi, Hokkaido
■Site Area	1,249.45 m ²
■Total Floor Space	6,588.72 m ²
■Construction	RC
■Number of Floors	B1/14F
■Number of Units Available for Lease	130 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D11 Soga Dormitory

■ Address	Chiba-shi, Chiba
■ Site Area	1,990.13 m ²
■ Total Floor Space	2,931.14 m ²
■ Construction	RC
■ Number of Floors	6F
■ Number of Units Available for Lease	72 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D12 Higashikurume Dormitory Shinkan

■ Address	Higashikurume-shi, Tokyo
■ Site Area	2,635.52 m ²
■ Total Floor Space	1,397.61 m ²
■ Construction	RC
■ Number of Floors	B1/3F
■ Number of Units Available for Lease	52 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D13 Nanzan Court Ichigoukan

■ Address	Nagoya-shi, Aichi
■ Site Area	2,423.12 m ²
■ Total Floor Space	3,551.60 m ²
■ Construction	RC
■ Number of Floors	5F
■ Number of Units Available for Lease	98 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D14 Nanzan Court Nigoukan

■ Address	Nagoya-shi, Aichi
■ Site Area	1,137.18 m ²
■ Total Floor Space	1,762.40 m ²
■ Construction	RC
■ Number of Floors	5F
■ Number of Units Available for Lease	38 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



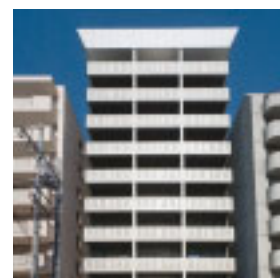
D15 CLIO Bunkyo Koishikawa

■ Address	Bunkyo-ku, Tokyo
■ Site Area	814.54 m ² (whole)
■ Total Floor Space	5,871.77 m ² (whole)
■ Construction	SRC
■ Number of Floors	B1/15F
■ Number of Units Available for Lease	98 units
■ Type of Ownership	Land: Proprietary Ownership (site rights) Building: Compartmentalized Proprietary Ownership (percentage of ownership: 92.28%)



D16 GRAND-ROUGE Sakae

■ Address	Nagoya-shi, Aichi
■ Site Area	1,009.16 m ²
■ Total Floor Space	3,912.49 m ²
■ Construction	RC
■ Number of Floors	10F
■ Number of Units Available for Lease	96 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D17 GRAND-ROUGE Sakae II

■ Address	Nagoya-shi, Aichi
■ Site Area	674.34 m ²
■ Total Floor Space	3,172.34 m ²
■ Construction	RC
■ Number of Floors	11F
■ Number of Units Available for Lease	91 units
■ Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D18 MA Sendai Building

■ Address	Sendai-shi, Miyagi
■ Site Area	3,656.44 m ²
■ Total Floor Space	12,642.98 m ²
■ Construction	SRC/RC
■ Number of Floors	B1/14F
■ Number of Units Available for Lease	152 units
■ Type of Ownership	Land: Leasehold Right Building: Proprietary Ownership



D19 UUR Court Nagoya Meieki

■Address	Nagoya-shi, Aichi
■Site Area	639.17 m ²
■Total Floor Space	3,207.39 m ²
■Construction	RC
■Number of Floors	15F
■Number of Units Available for Lease	121 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D20 UUR Court Sapporo Shinoro Ichibankan**

■Address	Sapporo-shi, Hokkaido
■Site Area	3,340.48 m ²
■Total Floor Space	6,255.74 m ²
■Construction	RC
■Number of Floors	10F
■Number of Units Available for Lease	72 units (excluding a retail compartment)
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D21 Park Site IZUMI**

■Address	Nagoya-shi, Aichi
■Site Area	336.55 m ²
■Total Floor Space	2,196.97 m ²
■Construction	S
■Number of Floors	12F
■Number of Units Available for Lease	38 units (excluding 3 retail compartments)
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**D22 UUR Court Osaka Jusohommachi**

■Address	Osaka-shi, Osaka
■Site Area	1,266.32 m ²
■Total Floor Space	4,166.73 m ²
■Construction	RC
■Number of Floors	11F
■Number of Units Available for Lease	140 units
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

**E1 Lilycolor Tohoku Branch**

■Address	Sendai-shi, Miyagi
■Site Area	5,457.02 m ²
■Total Floor Space	8,693.79 m ²
■Construction	RC/S
■Number of Floors	4F
■Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



Profile of Asset Management Company

Overview

Corporate Name : Japan REIT Advisors Co., Ltd. ("JRA")
 Capital : ¥425 million (As of June 30, 2010)
 Registration / License : Registered for a financial instruments business
 (Director-General of the Kanto Local Finance Bureau (Kinsho) No. 336)
 Description of Business: Investment management business under Article 28, Paragraph 4 of the Financial Instruments and Exchange Act
 Date of Foundation : December 4, 2001
 Subsidiary Company : Pacific Commercial Corporation ("PCC") (Note)
 Note: JRA acquired all shares of PCC and made its subsidiary as of June 30, 2010.

Shareholders

(As of June 30, 2010)

Name	Number of Shares Owned	Ownership (%)
Marubeni Corporation	4,335	51.0
Credit Suisse Principal Investments Limited, Tokyo Branch	3,740	44.0
Kyokuto Securities Co., Ltd.	425	5.0
Total	8,500	100.0

Management Policy, Investment Philosophy and Basic Policy

1. Investment Philosophy

JRA aims to build a real estate portfolio that is able to provide investors with steady earnings and maximize investor value over the medium to long term.

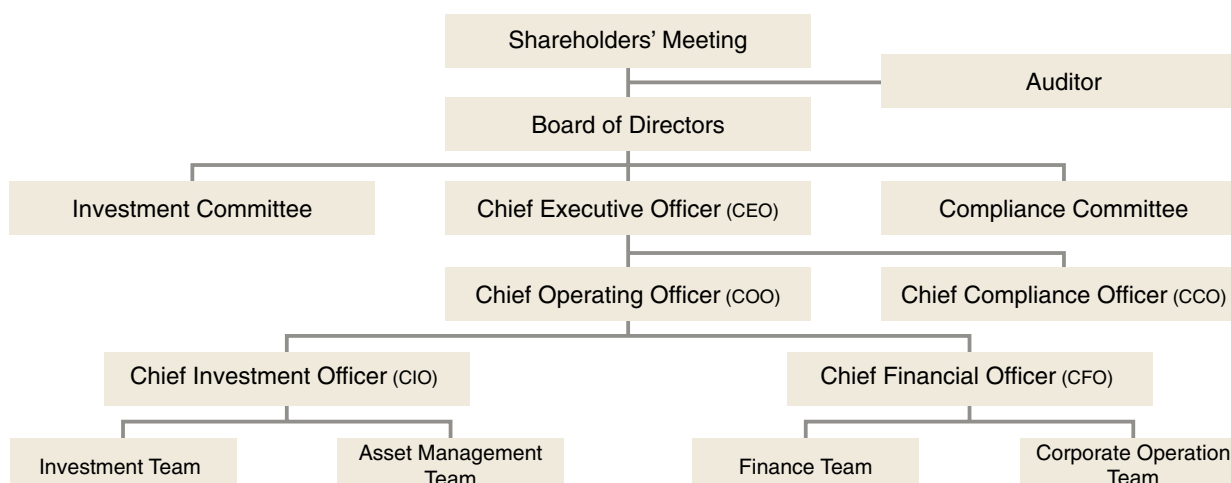
2. Management Stance

- JRA will fulfill its fiduciary duty to United Urban which entrusts asset management to JRA.
- In the acquisition of real estate, JRA will conduct full due diligence and invest in competitive real estate that are deemed high-quality assets.
- JRA will endeavor to maintain and enhance the value of the real estate held by United Urban.
- JRA will actively disclose information from the perspective of the investor and enhance the transparency of management.

3. Fund Concept

- Select superior properties located within Japan for the purpose of securing steady earnings over the medium to long term.
- Invest in diverse types of properties including retail properties, office buildings, hotels, residential properties, and others.
- Invest in real estate in the Tokyo Metropolitan Area and other major cities in Japan, including government-designated cities, and their surrounding areas.

Organization



Compliance Attitude —To assure fulfillment of fiduciary duty and duty of care—

■ **United Urban Investment Corporation’s executive officer has been the company’s full-time executive officer throughout its history.**

■ **Chief Compliance Officer leads the efforts to build the compliance structure.**

■ **Establishment of Compliance Committee and its role**

The Compliance Committee does not itself pass resolutions or take decisions, but was established for the purpose of submitting certain reports to the Board of Directors, not only on compliance but also broader matters such as professional standards and internal auditing.

It deliberates on the following matters, when necessary submitting reports to or advising the Board of Directors.

- Deliberation on investment decisions from the perspective of compliance
- Response to acts that are, or may prove to be, problematic from the standpoint of the law, professional standards, etc.
- Formulation of internal audit plans and reports on internal audit results
- Institution and revision of internal rule
- Deliberation of other important compliance-related matters

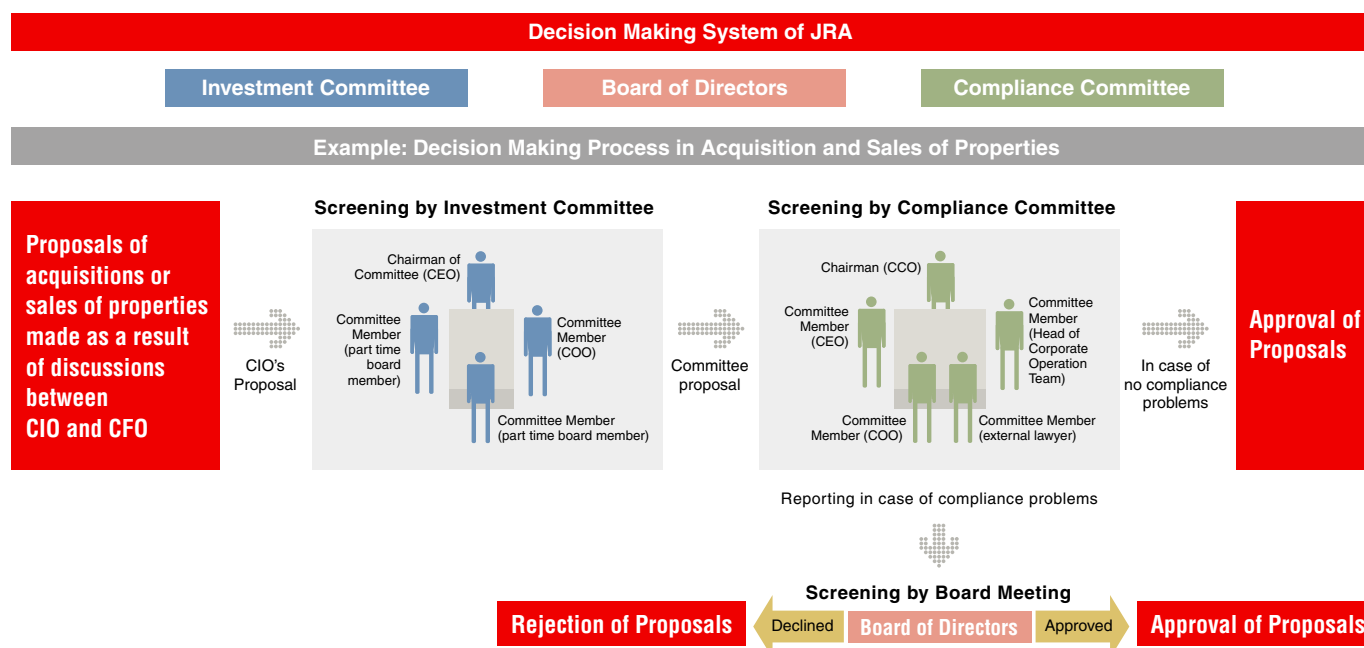
■ **Faithful execution of compliance decision process**

The structure that has been established requires that, in specific transactions such as property acquisitions, approval by the Investment Committee must be obtained, the transactions must then be scrutinized by the Compliance Committee, and if that scrutiny leads to a judgment that there are compliance-related problems or that such problems may arise, a decision by the Board of Directors must be made.

In regard to transactions with “Sponsor/Stakeholder” category including related parties, steps are taken to ensure that restraints are imposed. These take the form of strict processes to counter conflicts of interest, including the obligation for the chief compliance officer to attend meetings of the Investment Committee and for the approval of all committee members to be obtained.

■ **Creation of the company structure through the formulation of compliance regulations and a compliance manual**

Corporate Governance



Optimal investment portfolio and steady earnings



PERFORMANCE REPORT

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Trading Activities during the Period 46

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Investment Policies

Distribution Policies

Financial Highlights

1. Track Records on Operations

			Millions of yen, unless otherwise indicated		
			13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)	11th Fiscal Period (December 1, 2008 - May 31, 2009)
Operating revenues			8,384	8,427	8,394
(Rental revenues)			(8,384)	(8,427)	(8,394)
Operating expenses			4,051	4,092	3,929
(Property-related expenses)			(3,184)	(3,150)	(3,003)
Operating income			4,334	4,335	4,465
Income before income taxes			3,482	3,515	3,684
Net income	(a)		3,481	3,514	3,683
Total assets	(b)		231,043	230,752	231,234
Total unitholders' equity (Net assets)	(c)		111,792	111,825	111,994
Unitholders' capital			108,311	108,311	108,311
Total no. of investment units issued and outstanding	(d)	(Unit)	201,300	201,300	201,300
Net assets per unit	(c)/(d)	(Yen)	555,349	555,514	556,352
Total cash distribution	(e)		3,481	3,514	3,683
Net income per unit	(Note 3)	(Yen)	17,294	17,458	18,297
Distribution per unit	(e)/(d)	(Yen)	17,294	17,459	18,297
(Distribution of earnings per unit)		(Yen)	(17,294)	(17,459)	(18,297)
(Distribution in excess of earnings per unit)		(Yen)	(-)	(-)	(-)
Return on assets	(Note 4,5)	(%)	1.5	1.5	1.6
(Annualized)	(Note 4,5)	(%)	(3.0)	(3.0)	(3.2)
Return on equity	(Note 4,5)	(%)	3.1	3.1	3.3
(Annualized)	(Note 4,5)	(%)	(6.2)	(6.3)	(6.6)
Equity ratio	(c)/(b) (Note 5)	(%)	48.4	48.5	48.4
Payout ratio	(Note 6)	(%)	100.0	100.0	99.9
Supplementary information					
No. of investment properties at the end of the period		(Units)	50	49	49
Total leasable floor space at the end of the period		(m ²)	532,869.54	527,871.08	527,871.08
Total no. of tenants at the end of the period		(Units)	172	167	171
Occupancy ratio at the end of the period		(%)	98.2	98.2	98.7
Depreciation and amortization			1,526	1,499	1,489
Capital expenditures			822	398	582
NOI (Net Operating Income) from leasing	(Note 4)		6,726	6,776	6,880
FFO (Funds From Operations) per unit	(Note 4)	(Yen)	24,872	24,906	25,694
FFO ratio	(Note 4,5)	(Times)	10.7	9.0	8.1
Debt service coverage ratio	(Note 4,5)	(Times)	6.9	7.1	7.6
Net income before interest, depreciation and amortization			5,855	5,832	5,954
Interest expense and interest expenses on corporate bonds			848	819	781
Interest-bearing liabilities			101,800	101,800	100,800
Ratio of interest-bearing liabilities to total assets at the end of the period		(%)	44.1	44.1	44.0
No. of operating days		(Days)	182	183	182

Notes: 1. Unless otherwise indicated specifically, all figures above have been rounded to the units stated.

2. Operating revenues, etc., do not include consumption taxes.

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

Average no. of investment units 11th fiscal period: 201,300units

12th fiscal period: 201,300units

13th fiscal period: 201,300units

4. The indicators stated above are computed by the methods set out below. The figures in parentheses are the annualized figures, and actual days of each fiscal period are 182, 183 and 182, respectively.

Return on assets.....Income before income taxes / Ave. total assets

Ave. total assets= (Total assets at the beginning of the period + Total assets at the end of the period) / 2

Return on equity.....Net income / Ave. net assets

Ave. net assets= (Net assets at the beginning of the period + Net assets at the end of the period) / 2

NOI (Net operating income) from leasing

.....Income from property leasing in the period (Rental revenues - Rental expenses) + Depreciation and Amortization

FFO (Funds from operations) per unit
(Net income + Depreciation + Amortization of deferred assets) / No. of investment units at the end of the period
 FFO ratioInvestment unit price at the end of the period / Annualized FFO per unit
 Debt service coverage ratio
Net income before interest, depreciation and amortization / Interest expense and Interest expense on corporate bonds

5. Fractions are rounded to the nearest one decimal place.
6. Payout ratios are computed by the method set out below, and are rounded down to one decimal place.
 11th fiscal period.....Total cash distribution / Net income
 12th and 13th fiscal period.....Cash distribution per unit / Net income per unit

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 (the "Investment Trust Act"). On December 22, 2003, United Urban was listed (Securities Code: 8960) on the J-REIT section of the Tokyo Stock Exchange.

After the additional issue of investment units through the second public offering since the IPO and the additional issue of investment units through third-party allotment during the tenth fiscal period, the total number of investment units issued and outstanding at the end of the thirteenth fiscal period ended May 31, 2010 is 201,300 units.

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 steady earnings over the medium to long term by investing in selected properties in consideration of "Intrinsic Value" as a comprehensive real estate investment trust (REIT), diversifying its investments in terms of the types of use (retail properties, office buildings, hotels, residential properties, and others) and area of location (located in the Tokyo Metropolitan Area and major Japanese cities including government designated cities, and surrounding areas thereof). As a result of strategy, a distribution has been made in each of twelve fiscal periods to date, beginning with the first fiscal period ended on May 31, 2004, and United Urban has declared a cash distribution per unit of ¥17,294 for the thirteenth fiscal period.

In addition, United Urban decided to merge with NCI, and entered into a memorandum of understanding concerning the Merger on April 22, 2010 and a Merger Agreement on May 10, 2010. Subject to the fulfillment of preconditions under the Merger Agreement, the Merger shall be conducted through an absorption-type of Merger method under which United Urban will remain as the surviving company and NCI will be dissolved as the absorbed company as of December 1, 2010, the effective date of the Merger.

During the period under review, United Urban focused on more effective management of the existing properties in its portfolio, and relatively-stable occupancy ratios were achieved despite the severe economic environment. In addition, United Urban acquired one property contributing to the improvement of our portfolio (one office building with an acquisition price of ¥4,200 million) under its investment policy, Selective Investment Policy, with the active acquisition activity of Japan REIT Advisors Co., Ltd. ("JRA") to which United Urban entrusts the asset management services. In consequence, as of May 31, 2010, United Urban's assets totaled 50 properties, comprising 13 retail properties, 8 office buildings, 1 retail and office complex, 4 hotels, 1 office and hotel complex, 22 residential properties and 1 others, with the aggregate acquisition price totaled ¥219,926 million. In addition, the total leasable floor space was increased from 527,871.08 sq. m. to 532,869.54 sq. m. and the number of tenants rose from 167 to 172.

In addition, United Urban has ensured stable occupancy ratios by devoting its attention to the improvement in the quality of assets with a focus on the management and operation of existing properties during this period. The occupancy ratio for the entire portfolio at the end of each month during the period fluctuated between 98.2% and 98.3%, and stood at 98.2% on May 31, 2010.

United Urban will make continuous efforts to maintain policies of conservative external growth considering economic trends and market conditions, the stable internal growth over the medium to long term, and strengthening of conservative financial strategy and financial standing.

During this period, United Urban procured debt financing of ¥15.4 billion to repay existing debt upon maturity. As a result, the balance of outstanding borrowings at May 31, 2010, totaled ¥76.8 billion (unchanged from the end of the previous period), comprising no short-term borrowings (unchanged from the end of the previous period), ¥12.4 billion of long-term borrowings due for repayment within one year (down by ¥3.0 billion from the end of the previous period), ¥64.4 billion of long-term borrowings (up by ¥3.0 billion from the end of the previous period), and the ¥25.0 billion of corporate bonds (unchanged from the end of the previous period) including the ¥15.0 billion of current portion of corporate bonds (unchanged from the end of the previous period).

In addition, the details of issuer ratings as of May 31, 2010 are as follows. However, in relation to the execution of a memorandum of understanding concerning the Merger between United Urban and NCI as of April 22, 2010, Moody's Investors Service and Rating and Investment Information, Inc. announced press releases to the effect that the rating of United Urban will be reviewed for downgrading as of April 22, 2010 and April 23, 2010, respectively.

Rating Agency	Details
Rating and Investment Information, Inc. (R&I)	Issuer Rating: A+
Moody's Investors Service	Issuer Rating: Baa1

Under above operations, United Urban achieved operating revenues of ¥8,384 million (down by 0.5% from the previous period), profit from rental activities of ¥5,200 million (down by 1.4% from the previous period), operating income after expenses such as asset management fees, asset custodian fees and other commissions of ¥4,334 million (down by 0.0% from the previous period), income before income taxes reflecting other factors such as interest expenses for borrowings and corporate bonds of ¥3,482 million (down by 0.9% from the previous period), and net income of ¥3,481 million (down by 0.9% from the previous period). As a result, the cash distribution per unit was ¥17,294.

Merger with Nippon Commercial Investment Corporation

1. Background and Purpose of the Merger

United Urban and NCI have, through mutual detailed evaluation and analysis of the potential of the other's respective portfolios, growth strategies and financial strategies, among others, diligently evaluated strategies to improve the unitholder value of both investment corporations. As a result, we reached the conclusion that the implementation of the Merger would likely have sufficient synergy effects with respect to asset management including increased asset value, increased portfolio quality attendant with the increased asset value, and improved stability of revenue due to more diversity in properties/regions/tenants of the merged investment corporation, among others. We entered into the memorandum of understanding concerning the Merger on April 22, 2010, and after then, the Merger Agreement was entered into on May 10, 2010. United Urban will merge with NCI as of December 1, 2010 subject to fulfillment of preconditions for the Merger under the Merger Agreement.

United Urban expects the Merger to have maximum synergy effect in all aspects of asset management, including increased asset value and increased portfolio quality attendant with the improved stability of revenue due to more diversity in properties/regions/tenants. Thereby United Urban aims to be a major player in the J-REIT and real-estate market, and it maximizes unitholders' profit by securing steady earnings over the medium to long term.

2. Method of the Merger

The Merger shall be conducted through an "absorption-type merger" method under which United Urban will remain as the surviving company, and NCI will be dissolved as the absorbed company.

3. Effective Date of the Merger

December 1, 2010 (scheduled)

4. Ratio of Allocation of Investment Units

One United Urban unit will be allocated to NCI unitholders as consideration per one NCI unit.

Please note that United Urban plans to divide each United Urban unit into six units on the effective date of the Merger in order to prevent fractional units being allocated to NCI unitholders upon the Merger. The number of new units to be allocated in accordance with the Merger will be based on the assumption that the division of units will be effective.

5. Major Preconditions regarding the Implementation of the Merger

If the following preconditions from a) through d), among others, have not been fulfilled by the date prior to the effective date, United Urban and NCI may terminate the Merger Agreement.

- Consent from the financial institutions, and other institutions, from which United Urban and NCI have loans for the Merger and the release of the collaterals which have been put in place in relation to the loans to NCI.
- With respect to borrowings payable by NCI, implementation of the refinancing of such borrowings with respect to whose terms United Urban is reasonably satisfied with prior to the repayment date.
- It is reasonably confirmed that filing of a registration statement on Form F-4 is not required under the U.S. securities law.
- Completion of approval of each of the general meeting of unitholders of United Urban and NCI, and acquisition of permission and authorization in accordance with other applicable laws, regulations and internal rules, among others.

6. Status of Asset Management for the Most Recent Three Operating Periods of NCI

(Millions of yen, unless otherwise indicated)

	Fiscal Period ended February 28, 2009	Fiscal Period ended August 31, 2009	Fiscal Period ended February 28, 2010
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Operating revenues	8,611	8,453	7,817
Operating income	3,840	4,600	2,694
Ordinary income	2,338	2,279	484
Net income	2,341	2,273	483
Net income per unit	9,097	8,830	1,875
Cash distribution per unit	9,097	8,830	1,876
Net asset per unit	461,860	461,819	455,008
Net assets	118,883	118,872	117,119
Total assets	284,354	277,614	268,188

7. Division of Units

The board of directors of United Urban, held on May 10, 2010, ratified to divide investment units on December 1, 2010, which is the effective date of the Merger, to prevent fractional units being allocated to NCI unitholders with the Merger.

Each United Urban unit held by unitholders whose names are listed or recorded in the final unitholders register of United Urban on November 30, 2010, which is the day before the effective date of the Merger, will be divided into six units. In addition, the division of units will become effective subject to the following conditions:

- a) the Merger Agreement regarding the Merger will not be terminated or expired by the day before the effective date of the Merger; and
- b) it is reasonably expected that all preconditions regarding the implementation of the Merger, such as "5. Major Preconditions regarding the Implementation of the Merger" above are to be fulfilled.

8. Share Acquisition of Pacific Commercial Corporation by the Asset Management Company

JRA acquired all shares of Pacific Commercial Corporation ("PCC") to which NCI entrusts asset management services, from Pacific Holding, Inc., which is a corporation under the Reorganization and Rehabilitation Act, and made PCC its subsidiary as of June 30, 2010.

JRA determined that making PCC its subsidiary prior to the Merger would enable JRA to facilitate efficient preparations for the Merger and would serve to protect the interest of unitholders for both United Urban and NCI. In addition, JRA will continuously be entrusted with the asset management of United Urban after Merger.

3. Issuance of New Investment Units

The changes in unitholders' capital and total number of investment units issued and outstanding since its incorporation are shown below.

Date	Remarks	Number of Investment Units Issued and Outstanding (Units)		Unitholders' Capital (Millions of yen)		Notes
		Increase	Balance	Increase	Balance	
November 4, 2003	Date of incorporation	250	250	125	125	(Note 1)
December 20, 2003	Additional issue of new investment units through initial public offering	79,500	79,750	36,634	36,759	(Note 2)
January 21, 2004	Additional issue of new investment units through third-party allotment	3,988	83,738	1,838	38,597	(Note 3)
December 1, 2004	Additional issue of new investment units through public offering	75,800	159,538	51,037	89,634	(Note 4)
December 22, 2004	Additional issue of new investment units through third-party allotment	305	159,843	205	89,839	(Note 5)
June 24, 2008	Additional issue of new investment units through public offering	40,000	199,843	17,823	107,662	(Note 6)
July 24, 2008	Additional issue of new investment units through third-party allotment	1,457	201,300	649	108,311	(Note 7)

Notes: 1. United Urban was incorporated with an issue of 250 investment units at ¥500,000 per unit.

2. New investment units were issued through public offering at the issue price of ¥480,000 per unit (underwriter price ¥460,800), for the purpose of procuring funds for property acquisitions, etc.

3. New investment units were issued through third-party allotment at the issue price of ¥460,800 per unit for the purpose of procuring funds for property acquisitions, etc.

4. New investment units were issued through public offering at the issue price of ¥698,250 per unit (underwriter price ¥673,312), for the purpose of procuring funds for property acquisitions, etc.
5. New investment units were issued through third-party allotment at the issue price of ¥673,312 per unit for the purpose of procuring funds for property acquisitions, etc.
6. New investment units were issued through public offering at the issue price of ¥461,580 per unit (underwriter price ¥445,566), for the purpose of procuring funds for property acquisitions.
7. New investment units were issued through third-party allotment at the issue price of ¥445,566 per unit for the purpose of procuring funds for property acquisitions.

Changes in Closing Prices

The highest and lowest closing prices in the J-REIT Section of the Tokyo Stock Exchange are as follows:

	Yen		
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)	11th Fiscal Period (December 1, 2008 - May 31, 2009)
Highest	618,000	546,000	461,000
Lowest	437,000	388,000	292,000

4. Distribution Information

With regard to the distribution in the period under review, in view of the special manner in which taxation is applied pursuant to Article 67-15 of the Act on Special Measures Concerning Taxation, in order to ensure that the maximum amount of distribution of earnings would be deductible, it was decided that the entire amount of unappropriated profit at the end of the period would be distributed, excluding cases in which the distributions per investment unit were fractions of one yen. In consequence, the distribution per investment unit was fixed at ¥17,294 for the thirteenth fiscal period.

		13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)	11th Fiscal Period (December 1, 2008 - May 31, 2009)
Unappropriated retained earnings at the end of period	Thousands of yen	3,481,339	3,514,533	3,683,252
Cash distribution	Thousands of yen	3,481,282	3,514,497	3,683,186
Distribution per unit	Yen	17,294	17,459	18,297
Unappropriated retained earnings carried forward to the next period	Thousands of yen	57	36	66

5. Future Policies

A. Acquisition of new properties (External growth)

United Urban strongly recognizes the importance of external growth and has been dedicating to making acquisitions since the first fiscal period in order to build a portfolio where stable earnings are secured over the medium term to long term. In the future, United Urban will work to realize external growth to build an optimum portfolio by utilizing its wide-ranging networks, including harnessing the property pipeline and property information of JRA's Sponsor Companies, such as shareholders and shareholders' affiliate companies of JRA, under a policy of carefully selecting blue-chip properties by (i) giving due consideration to any adverse impact that the acquisition will have on its existing portfolio and (ii) accurately grasping market trends. However, given the present market situation where market trends are rapidly changing, we believe we should follow a policy of taking a particularly prudent and careful attitude when considering possible external growth.

B. Management and administration (Internal growth)

In its management and administration, United Urban will proactively carry out the maintenance works and repairs which lead to the tenants' satisfaction and improvement of its management and service in order to build the better relationship with the tenants considering the facts that the lease contracts of its portfolio are with the relatively longer term. Engaged in the leasing activities based on the study and analysis of the real-estate rental market, United Urban will make continuous efforts to maintain the high occupancy ratio, increase the rental income and reduce the costs for the purpose of the improvement of profitability of its existing portfolio.

C. Financial strategy

Though United Urban may set the upper limit of LTV (Note) at 60%, in practice, it tries to maintain conservative management practices by targeting the upper limit of LTV at 50%. Moreover, United Urban aims to create robust and stable financial standing by raising funds, in principle with long-term and fixed-interest-rate loans, and by ensuring enough liquidity through decentralization of debt maturity and the establishment of committed lines of credit.

In addition, United Urban, as a continuing corporation, will make continuous efforts to build a proper relationship with each financial institution and will aim to conduct fundraising with more favorable terms, mitigating the refinancing risk in an attempt to try to improve unitholders' interests.

Note: $LTV = (\text{Interest bearing liabilities (including corporate bonds)} / (\text{Total assets} + \text{Appraisal value at the end of the period} - \text{Book value at the end of the period})) \times 100$

6. Subsequent Events

Issuance of Corporate Bonds

United Urban issued new corporate bonds on June 17, 2010 for the repayment of Series 1 of Unsecured Corporate Bonds issued on July 12, 2005 (redemption date: July 12, 2010) according to the "comprehensive approval concerning corporate bonds" by the board of directors of United Urban, held on June 7, 2010, and completed the payment of ¥ 10.0 billion. Details on the issuance of corporate bonds are as follows:

Series 3 of Unsecured Corporate Bonds

Name	: United Urban Investment Corporation Series 3 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds)
Total amount issued	: ¥ 10 billion
Issue price	: ¥100 per ¥100 of the corporate bond
Redemption price	: ¥100 per ¥100 of the corporate bond
Interest rate	: 1.55% per annum
Collateral	: There is no secured mortgage or guarantee on the corporate bonds. There are no assets reserved as security on the corporate bonds.
Payment date	: June 17, 2010
Redemption method and date	: The total amount of the corporate bonds will be redeemed on June 17, 2013. * The corporate bonds may be repurchased and cancelled at any time from the date following the payment date unless otherwise specified by the transfer agreement.
Interest payment dates	: June 17 and December 17 of each year
Use of proceeds	: The proceeds were used as part of the repayment of Series 1 of Unsecured Corporate Bonds (¥15 billion)

7. Reference Information

A. Debt financing for the repayment of corporate bonds and the redemption of existing corporate bonds

United Urban procured debt financing for repayment of Series 1 of Unsecured Corporate Bonds (Note) on July 7, 2010, as set forth below.

Term Loan 30

Lender	: The Sumitomo Trust and Banking Co., Ltd., Mizuho Corporate Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation
Amount of borrowing	: ¥3,000 million
Interest rate	: 1.61216%
Drawdown date	: July 7, 2010
Repayment method	: Bullet payment at maturity
Repayment date	: June 20, 2013
Remarks	: Unsecured, unguaranteed, fixed interest rate

Term Loan 31

Lender	: Development Bank of Japan Inc.
Amount of borrowing	: ¥2,000 million
Interest rate	: 2.14169%
Drawdown date	: July 7, 2010
Repayment method	: Installment repayment (¥ 50 million will be repaid every six months and ¥ 1,350 million will be repaid on the final repayment date.)
Repayment date	: June 20, 2017
Remarks	: Unsecured, unguaranteed, fixed interest rate

Note: The following existing corporate bonds were repaid on July 12, 2010 upon their expiration.

Name	: United Urban Investment Corporation Series 1 of Unsecured Corporate Bonds (with pari passu conditions among corporate bonds and restricted to qualified institutional investors)
Issue date	: July 12, 2005
Total amount issued	: ¥ 15 billion
Interest rate	: 0.78%
Redemption date	: July 12, 2010
Remarks	: Unsecured, unguaranteed, fixed interest rate

B. Committed line of credit

United Urban concluded two committed lines of credit on June 25, 2010, as set forth below.

<Committed line of credit 1>

Participating financial institutions	: The Sumitomo Trust and Banking Co., Ltd. Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Maximum loan amount	: ¥13,500 million
Date of agreement	: June 25, 2010
Term of agreement	: From June 25, 2010 to June 24, 2011
Collateral	: Unsecured, unguaranteed

<Committed line of credit 2>

Participating financial institutions	: Development Bank of Japan Inc.
Maximum loan amount	: ¥2,000 million (Note)
Date of agreement	: June 25, 2010
Term of agreement	: From June 25, 2010 to June 24, 2011
Collateral	: Unsecured, unguaranteed

Note: The amount to be borrowed under the "Committed line of credit 2" (the "Borrowing") is an amount, the accumulation of which does not exceed the maximum loan amount on the execution date. The accumulated amount means the aggregate amount of the Borrowing. Consequently, the accumulated amount will not be reduced in case of a repayment of the Borrowing.

C. Each general meeting of unitholders of United Urban and NCI

The general meeting of unitholders of NCI, held on June 25, 2010, approved the execution of Merger Agreement. Moreover, the general meeting of unitholders of United Urban, held on June 29, 2010, approved proposals concerning amendments of the Articles of Incorporation and other proposals (Note) in relation to the Merger.

Note: The amendments of the Articles of Incorporation include additional provision to the effect that United Urban pays a certain commission for a merger when United Urban merges with other investment corporations. In addition, the additional provision will be in effect subject to the merger between United Urban and NCI.

D. Acquisition of all shares of PCC by JRA

United Urban executed the transfer agreement of shares regarding the share acquisition of PCC on May 10, 2010 to acquire all shares of PCC, to which NCI entrusts asset management services, from Pacific Holdings, Inc, which is a corporation under the Reorganization and Rehabilitation Act (the "Share Transfer Agreement"). The share acquisition has been completed as of June 30, 2010 under the Share Transfer Agreement.

Overall Condition of Investment Corporation

1. Summary of Unitholders' Contribution

	13th Fiscal Period (As of May 31, 2010)	12th Fiscal Period (As of November 30, 2009)	11th Fiscal Period (As of May 31, 2009)
Number of investment units authorized (Units)	2,000,000	2,000,000	2,000,000
Number of investment units issued and outstanding (Units)	201,300	201,300	201,300
Unitholders' capital (Millions of yen)	108,311	108,311	108,311
Number of unitholders	8,957	9,025	9,561

2. Major Unitholders

(As of May 31, 2010)		
Unitholder Name	Investment Units Held (Units)	Percentage of Investment Units Held
Japan Trustee Services Bank, Ltd. (trust account)	22,253	11.05 %
Trust & Custody Services Bank, Ltd. (securities investment trust account)	18,346	9.11 %
NCT Trust and Banking Corporation (investment trust account)	15,144	7.52 %
The Master Trust Bank of Japan, Ltd. (trust account)	10,560	5.25 %
The Nomura Trust and Banking Co., Ltd. (investment trust account)	9,017	4.48 %
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	5,666	2.81 %
North Pacific Bank, Ltd.	4,626	2.30 %
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	3,923	1.95 %
The Senshu Ikeda Bank, Ltd.	3,067	1.52 %
The Hiroshima Bank, Ltd.	2,859	1.42 %
Total	95,461	47.42 %

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

3. Categories of Unitholders

(As of May 31, 2010)				
	Number of Unitholders by Category		Number of Units by Holder Category	
Individuals and others	8,524	95.2 %	25,446 units	12.6 %
Financial institutions (including securities companies)	106	1.2 %	117,362 units	58.3 %
Other domestic corporations	148	1.6 %	8,844 units	4.4 %
Foreign corporations and individuals	179	2.0 %	49,648 units	24.7 %
Total	8,957	100.0 %	201,300 units	100.0 %

4. Directors and Auditor

A. Board of Directors, etc. of United Urban as of May 31, 2010 were as follows:

Title	Name	Other Title	Total Amount of Compensation for Directors, etc. (thousands of yen)
Executive Officer	Yasuhiro Tanaka	—	6,000
Supervisory Officer	Masakazu Watase	Lawyer, Watase Law Office	2,100
Supervisory Officer	Toshio Kenmochi	Representative Partner, Kasumigaseki Audit Corporation Representative Director and President, RECS Management Institute Representative Director and President, RECS Technologies Inc. Managing Partner, Baker Tilly Japan	2,100
Accounting Auditor	Ernst & Young ShinNihon LLC	—	12,000
Total			22,200

Notes: 1. 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.
2. 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.
3. At the general meeting of unitholders of United Urban held on June 29, 2010, Hisamitsu Abe, the Chairman of the Board of JRA, was appointed as the Substitute Executive Officer of 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.

5. Advisors and Agents

(As of May 31, 2010)

Role	Name
Asset Management Company	Japan REIT Advisors Co., Ltd.
Asset Custodian (Note 1)	The Sumitomo Trust and Banking Co., Ltd.
Transfer Agent and Special Account Administrator	The Chuo Mitsui Trust and Banking Company, Limited
Administrative Agent (Accounting, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative Agent (related to Corporate Bonds)	The Sumitomo Trust and Banking Co., Ltd. (Note 2), Mizuho Securities Co., Ltd., Citigroup Global Markets Japan Inc., and Kyokuto Securities Co., Ltd.

Notes: 1. The "Asset Custodian" was changed from Mizuho Trust & Banking Co., Ltd. to The Sumitomo Trust and Banking Co., Ltd. on December 1, 2009 (from the beginning of the thirteenth fiscal period).
2. United Urban issued Series 3 of Unsecured Corporate Bonds as of June 17, 2010. In accordance with the issuance, United Urban appointed The Sumitomo Trust and Banking Co., Ltd. as a fiscal agent concerning the Series 3 of Unsecured Corporate Bonds, and concluded a fiscal, issuing and paying agency agreement with The Sumitomo Trust and Banking Co., Ltd. as of June 11, 2010.

Portfolio Profiles

1. Composition of Portfolio

Categories of Assets	Type of Use	Areas		13th Fiscal Period (As of May 31, 2010)	
				Total Amounts Held (Thousands of yen) (Note1)	Percentage of 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 areas (Note 5)	2,473,338	1.1
		Other regions			3,158,128
	Office Buildings	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	8,755,767	3.8
			Tokyo metropolitan areas	-	-
		Other regions			-
	Hotels	Capital Region	The 6 central wards of Tokyo	1,833,484	0.8
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	4,784,518	2.1
		Other regions			-
	Residential Properties	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			888,124
	Others	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			-
	Subtotal				21,893,359
Real Estate in Trust	Retail Properties	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	18,768,258	8.1
			Tokyo metropolitan areas	21,464,244	9.3
		Other regions			29,489,567
	Office Buildings	Capital Region	The 6 central wards of Tokyo	11,155,440	4.8
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	24,196,204	10.5
		Other regions			21,585,330
	Hotels	Capital Region	The 6 central wards of Tokyo	20,912,031	9.1
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	3,809,321	1.6
		Other regions			9,895,866
	Residential Properties	Capital Region	The 6 central wards of Tokyo	2,358,940	1.0
			The 23 wards of Tokyo	10,655,961	4.6
			Tokyo metropolitan areas	2,191,788	0.9
		Other regions			16,166,837
	Others	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			1,867,966
	Subtotal				194,517,753
Bank Deposits and Other Assets				14,632,323	6.3
Total Assets				231,043,435	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 amount of the trust beneficial interest which mainly has 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 wards of Tokyo."

2. Selected Data by Property

(As of May 31, 2010)

Property Name	Book Value (Millions of yen) (Note 1)	Appraisal Value (Millions of yen) (Note 2)	Leasable Floor Space (m ²) (Note 3)	Leased Floor Space (m ²) (Note 3)	Occupancy Ratio (%) (Note 3)	Type of Property	Granting of Security
Daiei Himonya	14,920	13,900	26,655.66	26,655.66	100.0	Retail Properties	N/A
Joy Park Izumigaoka	5,833	3,620	13,306.45	12,472.46	93.7	Retail Properties	N/A
Daimaru Peacock Ashiya-Kawanishi Ten	756	1,050	1,558.80	1,558.80	100.0	Retail Properties	N/A
Re-LAND Shopping Center	4,743	5,470	12,968.85	12,695.30	97.9	Retail Properties	Applicable (Note 6)
AEON MALL Uki Value	10,584	10,000	72,073.39	72,073.39	100.0	Retail Properties	N/A
TENJIN LUCE	6,613	4,540	4,194.57	3,547.74 (Note 4)	84.6	Retail Properties	N/A
Yamada Denki Tecc Land Sakai Honten	3,158	3,010	8,637.63	8,637.63	100.0	Retail Properties	N/A
Miyamae Shopping Center	5,329	4,210	10,487.92	10,487.92	100.0	Retail Properties	N/A
KONAMI SPORTS CLUB Korigaoka	1,982	1,650	8,627.58	8,627.58	100.0	Retail Properties	N/A
ACTIOLE minami ikebukuro	3,848	3,250	2,081.50	1,838.46 (Note 4)	88.3	Retail Properties	N/A
Tip's Machida Building	4,194	4,310	6,715.75	6,715.75 (Note 4)	100.0	Retail Properties	N/A
Daiei Takarazuka Nakayama	3,722 (Note 5)	3,710	16,729.60	16,729.60	100.0	Retail Properties	N/A
maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)	12,451	11,000	52,668.38	52,668.38	100.0	Retail / Office	N/A
ACTIOLE Kannai	2,473	1,980	1,938.56	1,505.92 (Note 4)	77.7	Retail Properties	N/A
T&G Hamamatsu-Cho Building	2,151	2,790	2,420.85	2,135.08 (Note 4)	88.2	Office Buildings	N/A
SK Nagoya Building	5,265	5,310	8,708.52	7,212.77	82.8	Office Buildings	N/A
Fukuoka Eartheon Building	1,784	2,130	4,934.39	4,934.39	100.0	Office Buildings	N/A
Marumasu Koujimachi Building	2,404	2,880	2,612.42	2,293.24	87.8	Office Buildings	N/A
Rokuban-Cho K Building	2,239	3,210	4,031.14	4,031.14	100.0	Office Buildings	N/A
Shin-Osaka Central Tower	24,432	24,000	45,984.60	42,681.81	92.8	Office / Hotels	N/A
Kawasaki Toshiba Building	18,945	30,100	36,118.31	36,118.31	100.0	Office Buildings	N/A
Haseman Building Toyochō	8,756	7,750	7,540.30	7,540.30 (Note 4)	100.0	Office Buildings	N/A
FOUR SEASONS BLDG	4,361	4,550	5,000.54	5,000.54	100.0	Office Buildings	N/A
Shinjuku Washington Hotel—Honkan	20,912	22,200	53,317.45	53,317.45	100.0	Hotels	N/A
Toyoko Inn Shinagawa-Eki Takanawaguchi	1,833	2,040	3,088.85	3,088.85	100.0	Hotels	N/A
MZ BLD.	3,809	3,320	6,670.21	6,329.18 (Note 4)	94.9	Hotels	N/A
Hotel Route Inn Yokohama Bashamichi	4,785	4,060	7,139.44	6,969.35	97.6	Hotels	N/A
T&G Higashi-Ikebukuro Mansion	1,787	1,970	2,603.22	2,441.78 (Note 4)	93.8	Residential Properties	N/A
T&G Yotsuya Mansion	1,214	1,260	1,679.10	1,571.85 (Note 4)	93.6	Residential Properties	N/A

Excellia Magome	625	606	914.98	813.35 (Note 4)	88.9	Residential Properties	N/A
Komazawa Court	1,584	1,930	3,741.17	3,741.17	100.0	Residential Properties	N/A
Ropponmatsu Court	702	657	3,294.36	3,294.36	100.0	Residential Properties	N/A
Sky Court Shiba-Daimon	1,145	1,090	1,486.38	1,486.38	100.0	Residential Properties	N/A
Maison Ukima	3,504	3,600	12,691.43	12,691.43	100.0	Residential Properties	N/A
Narashino Residence	1,103	1,080	6,840.86	6,840.86	100.0	Residential Properties	N/A
Aprile Shin-Ohgi Ichibankan	2,893	2,960	12,700.44	12,700.44	100.0	Residential Properties	N/A
UUR Court Sapporo Kitasanjo	1,252	1,240	4,790.50	4,790.50	100.0	Residential Properties	N/A
Soga Dormitory	600	557	2,931.14	2,931.14	100.0	Residential Properties	N/A
Higashikurume Dormitory Shinkan	488	449	1,397.61	1,397.61	100.0	Residential Properties	N/A
Nanzan Court Ichigoukan	1,034	948	3,576.74	3,576.74	100.0	Residential Properties	N/A
Nanzan Court Nigoukan	437	437	1,890.51	1,890.51	100.0	Residential Properties	N/A
CLIO Bunkyo Koishikawa	3,156	2,990	4,097.51	3,675.09 (Note 4)	89.7	Residential Properties	N/A
GRAND-ROUGE Sakae	1,516	1,150	3,697.38	3,697.38	100.0	Residential Properties	N/A
GRAND-ROUGE Sakae II	1,287	1,040	2,579.89	2,579.89	100.0	Residential Properties	N/A
MA Sendai Building	3,004	3,230	11,525.36	11,260.06 (Note 4)	97.7	Residential Properties	N/A
UUR Court Nagoya Meieki	1,496	1,260	2,958.45	2,958.45	100.0	Residential Properties	N/A
UUR Court Sapporo Shinoro Ichibankan	888	739	6,271.74	6,271.74 (Note 4)	100.0	Residential Properties	N/A
Park Site IZUMI	931	703	2,067.95	1,748.75 (Note 4)	84.6	Residential Properties	N/A
UUR Court Osaka Jusohommachi	1,615	1,460	3,650.00	3,650.00	100.0	Residential Properties	N/A
Lilycolor Tohoku Branch	1,868	1,840	9,271.16	9,271.16	100.0	Others	N/A
Total	216,411	219,236	532,869.54	523,147.64	98.2		

- Notes: 1. "Book Value" is stated after being rounded to the units stated.
2. "Appraisal Value" is the prices resulting from price surveys conducted by the same methods as appraisals conducted by real estate appraisers.
3. "Leasable Floor Space," "Leased Floor Space," and "Occupancy Ratio" are based on data as of May 31, 2010. "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 followings are the same as above.) "Occupancy Ratio" is the percentage obtained from dividing "Leased Floor Space" by "Leasable Floor Space." With regard to the portion of maricom-ISOGO/SYSTEM PLAZA YOKOHAMA (Site) and Shinjuku Washington Hotel—Honkan held in co-ownership with other entities, leasable floor space and leased floor space are computed by using this portion's entire floor area.
4. With regard to these real estate assets, master lease agreements with no rental guarantees have been concluded for the entire or partial leasable floor space. Accordingly, United Urban is able to receive rental revenues from the master-leased floor spaces only if they are actually subleased. In view of this, the master-leased floor spaces of these real estate assets are stated not as the area rented to the lessees, but as figures calculated as the "Leased Floor Space" by treating the area subleased by the lessees as of May 31, 2010.
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, the research organization says that there is no likelihood of this elution directly causing to the spread of ill health. As a precaution, in case 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"), as a condition of the sale and purchase agreement of trust beneficial interest. The Book Value at the end of the period of this trust beneficial interest is described as ¥3,722 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 asset custodian.

6. The right to demand restitution of a security deposit against tenants of this property is set as a secured claim and a mortgage has been placed on the real estate in trust.

3. Selected Financial Data by Property

Name of Property	13th Fiscal Period (December 1, 2009 to May 31, 2010)			
	Total Number of Tenants at the End of Period (Note 1)	Occupancy Ratio at the End of Period (%) (Note 2)	Rental Revenue (During the Period) (Millions of yen) (Note 3)	Share of Total Rental Revenue (%)
Daiei Himonya	1	100.0	494	5.9
Joy Park Izumigaoka	16	93.7	229	2.7
Daimaru Peacock Ashiya-Kawanishi Ten	1	100.0	30	0.4
Re-LAND Shopping Center	15	97.9	268	3.2
AEON MALL Uki Value	1	100.0	456	5.4
TENJIN LUCE	2	84.6	169	2.0
Yamada Denki Tecc Land Sakai Honten	1	100.0	(Note 4)	(Note 4)
Miyamae Shopping Center	3	100.0	138	1.6
KONAMI SPORTS CLUB Korigaoka	1	100.0	(Note 4)	(Note 4)
ACTIOLE minami ikebukuro	1	88.3	91	1.1
Tip's Machida Building	2	100.0	225	2.7
Daiei Takarazuka Nakayama	1	100.0	152	1.8
maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)	4	100.0	299	3.6
ACTIOLE Kannai	1	77.7	60	0.7
T&G Hamamatsu-Cho Building	1	88.2	103	1.2
SK Nagoya Building	7	82.8	228	2.7
Fukuoka Eartheon Building	3	100.0	112	1.3
Marumasu Koujimachi Building	11	87.8	110	1.3
Rokuban-Cho K Building	1	100.0	117	1.4
Shin-Osaka Central Tower	56	92.8	1,098	13.1
Kawasaki Toshiba Building	1	100.0	969	11.6
Haseman Building Toyochō	1	100.0	276	3.3
FOUR SEASONS BLDG	2	100.0	171	2.0
Shinjuku Washington Hotel—Honkan	8	100.0	825	9.8
Toyoko Inn Shinagawa-Eki Takanawaguchi	1	100.0	57	0.7
MZ BLD.	2	94.9	133	1.6
Hotel Route Inn Yokohama Bashamichi	3	97.6	149	1.8
T&G Higashi-Ikebukuro Mansion	1	93.8	69	0.8

T&G Yotsuya Mansion	1	93.6	44	0.5
Excellia Magome	1	88.9	23	0.3
Komazawa Court	1	100.0	57	0.7
Ropponmatsu Court	1	100.0	23	0.3
Sky Court Shiba-Daimon	1	100.0	32	0.4
Maison Ukima	1	100.0	124	1.5
Narashino Residence	1	100.0	51	0.6
Aprile Shin-Ohgi Ichibankan	1	100.0	(Note 4)	(Note 4)
UUR Court Sapporo Kitasanjo	1	100.0	52	0.6
Soga Dormitory	1	100.0	26	0.3
Higashikurume Dormitory Shinkan	1	100.0	17	0.2
Nanzan Court Ichigoukan	1	100.0	40	0.5
Nanzan Court Nigoukan	1	100.0	17	0.2
CLIO Bunkyo Koishikawa	1	89.7	98	1.2
GRAND-ROUGE Sakae	1	100.0	45	0.5
GRAND-ROUGE Sakae II	1	100.0	40	0.5
MA Sendai Building	2	97.7	158	1.9
UUR Court Nagoya Meieki	1	100.0	45	0.5
UUR Court Sapporo Shinoro Ichibankan	2	100.0	33	0.4
Park Site IZUMI	1	84.6	25	0.3
UUR Court Osaka Jusohommachi	1	100.0	56	0.7
Lilycolor Tohoku Branch	1	100.0	(Note 4)	(Note 4)
Total	172	98.2	8,384	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. In the event that one tenant is renting more than one room, the aggregate number of tenants is stated by treating each such tenant as a single tenant within the same property, and as more than one tenant if the rentals include more than one property. In addition, "Total Number of Tenants" figures are stated by counting lessees that has a lease agreement concluded directly with United Urban or the respective asset custodian as one tenant for each property. Also, in the event of a property subleased by a lessee (master lessee), such lessee (master lessee) has been counted as one tenant. Please note that up until the previous period (twelfth fiscal period), the number of tenants of properties subleased by one lessee (master lessee) was counted as one, along with the total number of subleasing tenants or the total number of rental units being subleased stated in parentheses. From the thirteenth fiscal period, such total numbers will be no longer stated.
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." With regard to the portion of "maricom-ISOGO / SYSTEM PLAZA YOKOHAMA (Site)" and "Shinjuku Washington Hotel—Honkan" held in co-ownership with other entities, leasable floor space and leased floor space are computed by using this portion's entire floor area.
3. "Rental Revenue" is stated after being rounded to the units stated.
4. In 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.

Capital Expenditures

1. Plan of Capital Expenditures

The table below sets out the principal capital expenditures for repair and other works for properties scheduled as of May 31, 2010. These scheduled amounts include both portions to be capitalized and expensed.

Name of Properties	Description of Works	Scheduled Period	Amount Projected (Millions of yen)		
			Total amount	Amount payable in the 13th fiscal period	Amount already paid
Daiei Himonya	Renewal of elevating machine facilities (elevator) (for riding- and load-type: No.7)	From October 2010 to November 2010	46	-	-
Daiei Himonya	Repair of elevating machine facilities (escalator)	From October 2010 to November 2010	44	-	-
Daiei Himonya	Repair of air-conditioning machines	From June 2010 to November 2010	80	-	-
Daiei Himonya	Renewal of elevating machine facilities (elevator) (for customer: No.3)	From March 2011 to May 2011	40	-	-
Daiei Himonya	Repair of elevating machine facilities (escalator)	From March 2011 to May 2011	37	-	-
Daiei Himonya	Improvement of electricity receiving and transforming facilities	From December 2010 to May 2011	60	-	-
Daiei Himonya	Repair of exterior walls	From December 2010 to February 2011	90	-	-
Re-LAND Shopping Center	Countermeasure work for electromagnetic interference of terrestrial digital broadcasting	From August 2010 to September 2010	13	-	-
Re-LAND Shopping Center	Renewal work	From November 2010 to May 2011	15	-	-
AEON MALL Uki Value	Renewal of air-conditioner (movie theater building)	From September 2010 to November 2010	50	-	-
AEON MALL Uki Value	Renewal of air-conditioner (JUSCO wing)	From January 2011 to March 2011	40	-	-
TENJIN LUCE	Installation work of air-conditioning facilities, etc.	From October 2010 to November 2010	25	-	-
Miyamae Shopping Center	Coating of exterior walls	From April 2011 to April 2011	14	-	-
Tip's Machida Building	Renewal work (exterior walls, signs, etc.)	From March 2011 to May 2011	100	-	-
ACTIOLE Kannai	New advertising display construction	From July 2010 to November 2010	10	-	-
SK Nagoya Building	Renewal of central supervisory equipments	From August 2010 to September 2010	15	-	-
SK Nagoya Building	Renewal of common areas	From August 2010 to September 2010	10	-	-
SK Nagoya Building	Repair of exterior walls	From February 2011 to March 2011	48	-	-
Marumasa Koujimachi Building	Renewal of air-conditioning machines	From February 2011 to May 2011	100	-	-
Rokuban-Cho K Building	Repair of window sash of exterior walls	From June 2010 to July 2010	10	-	-

Shin-Osaka Central Tower	Renewal of dimmer controls	From October 2010 to November 2010	20	-	-
Shin-Osaka Central Tower	Maintenance of control boards of parking lot, etc.	From July 2010 to November 2010	12	-	-
Shin-Osaka Central Tower	Renewal of overall supervisory board for disaster prevention	From March 2011 to May 2011	145	-	-
Shin-Osaka Central Tower	Individual air-conditioning work	From June 2010 to November 2010	173	-	-
Shin-Osaka Central Tower	Soundproofing work of fitness club	From August 2010 to November 2010	35	-	-
Shin-Osaka Central Tower	Installation work for safe guards of rolling fire door	From January 2011 to March 2011	20	-	-
Shin-Osaka Central Tower	Repair of external tiles	From December 2010 to May 2011	90	-	-
Shin-Osaka Central Tower	Equipment work of digital broadcast	From July 2010 to May 2011	371	-	-
Kawasaki Toshiba Building	Replacements and inspections of container valves and components for halon gas	From August 2010 to August 2010	13	-	-
Kawasaki Toshiba Building	Repair of elevator (1st period)	From July 2010 to October 2010	97	-	-
Kawasaki Toshiba Building	Renewal of electric lock control board	From October 2010 to November 2010	12	-	-
Kawasaki Toshiba Building	Renewal of extra-high electricity receiving and transforming facilities (1st period)	From September 2010 to December 2010	17	-	-
Kawasaki Toshiba Building	Repair of air-conditioning machines (1st period)	From December 2010 to January 2011	11	-	-
Kawasaki Toshiba Building	Repair of elevator (2st period)	From November 2010 to February 2011	131	-	-
Kawasaki Toshiba Building	Renewal of wind exhauster (1st period)	From November 2010 to February 2011	15	-	-
Kawasaki Toshiba Building	Repair of luminaries	From September 2010 to March 2011	60	-	-
Kawasaki Toshiba Building	Repair of luminaries of every floor and emergency broadcasting system (1st period)	From September 2010 to March 2011	60	-	-
Kawasaki Toshiba Building	Repair of electrically-controlled hydrothermal regulator	From February 2011 to May 2011	16	-	-
Kawasaki Toshiba Building	Renewal of rooftop and outdoor distribution board	From April 2011 to May 2011	12	-	-
Kawasaki Toshiba Building	Renewal of high-pressure trunks of every floor's electrical room	From April 2011 to May 2011	12	-	-
Kawasaki Toshiba Building	Installation of air-conditioning facilities	From February 2011 to May 2011	105	-	-
Kawasaki Toshiba Building	Repair of air-conditioning machines (2nd period)	From April 2011 to May 2011	11	-	-
Haseman Building Toyochō	Overhaul of air-conditioning machines	From July 2010 to July 2010	12	-	-
Haseman Building Toyochō	Renewal of air-conditioning facilities	From May 2011 to May 2011	144	-	-
FOUR SEASONS BLDG	Repair of mechanical parking facilities	From September 2010 to October 2010	10	-	-
MZ BLD.	Repair of external common sign	From June 2010 to June 2010	10	-	-

MZ BLD.	Installation work of air-conditioning machines	From September 2010 to November 2010	13	-	-
Hotel Route Inn Yokohama Bashamichi	Construction on vacant compartments (construction, electricity, equipment, and disaster prevention)	From November 2010 to January 2011	14	-	-
Komazawa Court	Repair of exterior walls, etc.	From September 2010 to September 2010	30	-	-
Narashino Residence	Major renovation work (coating and waterproofing)	From July 2010 to October 2010	12	-	-

2. Capital Expenditures Made during the Period

The table below sets out the amounts of United Urban's capital expenditures for its real estate and other assets during the thirteenth fiscal period, which totaled ¥822 million. Together with ¥98 million of repair and maintenance costs recorded as expenses in the statement of income in the period, expenditure on engineering works totaled ¥920 million.

Name of Properties	Description of Works	Period Implemented	Expenditure Amount (Millions of yen)
Daiei Himonya	Maintenance of elevating machines	From March 2010 to March 2010	15
Daiei Himonya	Repair of elevator (No. 6)	From March 2010 to April 2010	43
Daiei Himonya	Demolition of existing asphalt, overlay, and drain work in the first basement parking lots	From May 2010 to May 2010	23
Re-LAND Shopping Center	Repair of exterior wall tiles	From April 2010 to May 2010	16
TENJIN LUCE	Renewal of entrance	From May 2010 to May 2010	50
Miyamae Shopping Center	Leakage control work	From March 2010 to May 2010	56
Rokuban-Cho K Building	Examination of exterior walls and other construction work	From March 2010 to May 2010	21
Shin-Osaka Central Tower	Renewal of central supervisory board	From July 2009 to March 2010	61
Shin-Osaka Central Tower	Renewal of cooling tower (hotel)	From December 2009 to April 2010	26
Shin-Osaka Central Tower	Individual air-conditioning work (2nd period)	From December 2009 to May 2010	159
Kawasaki Toshiba Building	Renewal of automatic fire alarm system	From December 2009 to March 2010	117
Maison Ukima	Repair of external walls, etc.	From October 2009 to January 2010	75
Maison Ukima	Waterproofing work of common corridors and outside stairs	From February 2010 to March 2010	26
Other capital expenditures			134
Total			822

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		
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)	11th Fiscal Period (December 1, 2008 - May 31, 2009)
Reserve balance at the beginning of period	2,446	2,204	1,961
Addition	248	242	243
Deduction	461	-	-
Reserve balance at the end of period	2,233	2,446	2,204

Note: When United Urban takes over all or part of the reserve which was accumulated within the trust assets by the previous owners 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		
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)	11th Fiscal Period (December 1, 2008 - May 31, 2009)
Asset management fees	656,629	647,179	643,989
Asset custodian fees	9,923	30,707	30,330
Administrative agent fees	37,112	79,660	78,875
Directors' fees	10,200	10,200	10,200
Other expenses	152,821	173,758	162,897
Total	866,685	941,504	926,291

Note: In addition to the amounts stated above, there were asset management fees of ¥12,560 thousand for the eleventh fiscal period and ¥33,600 thousand for the thirteenth fiscal period related to acquisition of properties, which was capitalized and included in acquisition cost of each property.

2. Borrowings

Borrowings from financial institutions as of May 31, 2010 were as follows:

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

Lender	Balance (Millions of yen)	Average Interest Rate (Note)	Drawdown Date	Repayment Date	Remarks
The Sumitomo Trust and Banking Co., Ltd.	4,000	1.20861%	Feb. 18, 2008	Dec. 20, 2010	Unsecured Unguaranteed Fixed interest rate
Mizuho Corporate Bank, Ltd.	4,400	1.20861%	Feb. 18, 2008	Dec. 20, 2010	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000	1.20861%	Feb. 18, 2008	Dec. 20, 2010	
Total	12,400				

(Long-term debt)

Lender	Balance (Millions of yen)	Average Interest Rate (Note)	Drawdown Date	Repayment Date	Remarks
The Sumitomo Trust and Banking Co., Ltd.	850	1.67585%	Feb. 26, 2009	Jun. 20, 2011	Unsecured Unguaranteed Fixed interest rate
	2,700	1.67119%	Dec. 20, 2007	Dec. 20, 2012	
	800	1.97537%	Dec. 21, 2009	Dec. 20, 2014	
	3,000	1.01464%	Dec. 22, 2008	Jun. 20, 2011	Unsecured Unguaranteed Variable interest rate
	3,000	1.06464%	Dec. 22, 2008	Jun. 20, 2012	
	3,400	1.16464%	Dec. 22, 2008	Dec. 20, 2013	
Saitama Resona Bank, Limited	1,000	1.67119%	Dec. 20, 2007	Dec. 20, 2012	Unsecured Unguaranteed Fixed interest rate
	1,000	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
Shinsei Bank, Limited	2,500	1.67119%	Dec. 20, 2007	Dec. 20, 2012	
Mizuho Corporate Bank, Ltd.	2,000	1.33256%	Apr. 10, 2008	Jun. 20, 2011	
	850	1.67585%	Feb. 26, 2009	Jun. 20, 2011	
	2,000	1.86167%	Dec. 20, 2006	Dec. 20, 2011	
	1,000	1.97537%	Dec. 21, 2009	Dec. 20, 2014	
Aozora Bank, Ltd.	500	1.86167%	Dec. 20, 2006	Dec. 20, 2011	
	2,000	1.67119%	Dec. 20, 2007	Dec. 20, 2012	
	2,000	1.64157%	Dec. 21, 2009	Jun. 20, 2013	

The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	1.33256%	Apr. 10, 2008	Jun. 20, 2011	Unsecured Unguaranteed Fixed interest rate
	4,400	1.44618%	Dec. 27, 2007	Jun. 20, 2012	
	4,000	1.66432%	Sep. 27, 2007	Dec. 20, 2012	
	300	1.97537%	Dec. 21, 2009	Dec. 20, 2014	
Sumitomo Mitsui Banking Corporation	4,500	1.48031%	Jan. 30, 2008	Jun. 20, 2012	
	1,650	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
	1,650	1.97537%	Dec. 21, 2009	Dec. 20, 2014	
Mizuho Trust & Banking Co., Ltd.	500	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
	500	1.97537%	Dec. 21, 2009	Dec. 20, 2014	
National Mutual Insurance Federation of Agricultural Cooperatives	3,400	1.89500%	Apr. 28, 2006	Dec. 20, 2011	
Mitsubishi UFJ Trust and Banking Corporation	2,000	1.35914%	Dec. 21, 2009	Dec. 20, 2011	
Development Bank of Japan Inc.	900	1.63568%	Nov. 11, 2008	Jun. 20, 2012	
The Dai-ichi Life Insurance Company, Limited	1,000	1.67119%	Dec. 20, 2007	Dec. 20, 2012	
Mitsui Sumitomo Insurance Company, Limited	1,000	1.67119%	Dec. 20, 2007	Dec. 20, 2012	
ORIX Trust and Banking Corporation	1,500	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
The Shinkumi Federation Bank	2,000	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
The Bank of Fukuoka Ltd.	500	1.64157%	Dec. 21, 2009	Jun. 20, 2013	
The Norinchukin Bank	4,000	0.91464%	Dec. 20, 2006	Dec. 20, 2011	Unsecured Unguaranteed Variable interest rate
Total	64,400				

Borrowings Total	76,800	
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Note: 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 five decimal places. The figures do not include fees related to these borrowings that have been paid to the lenders listed in the table.

3. Corporate Bonds

Corporate Bonds as of May 31, 2010 were as follows:

Name	Balance (Millions of yen)	Interest Rate	Issue Date	Redemption Date	Redemption Method
Series 1 of Unsecured Corporate Bonds	15,000	0.78%	Jul. 12, 2005	Jul. 12, 2010	Bullet payment
Series 2 of Unsecured Corporate Bonds	10,000	1.91%	Jul. 12, 2005	Jul. 10, 2015	Bullet payment
Total	25,000				

Note: United Urban issued Series 3 of Unsecured Corporate Bonds as of June 17, 2010. In addition, United Urban repaid Series 1 of Unsecured Corporate Bonds as of July 12, 2010 upon its maturity.

Trading Activities during the Period

1. Trading of Real Estate and Real Estate-Backed Securities

(Millions of yen)

Asset Type	Name of Properties	Acquisition		Transfer			
		Date	Price (Note)	Date	Price	Book value	Gain on sale
Beneficiary rights of entrusted real estate assets	FOUR SEASONS BLDG	December 25, 2009	4,200	-	-	-	-
	Total		4,200	-	-	-	-

Note: The acquisition price is purchase price stated in the sales and purchase agreement of the asset, excluding consumption taxes and expenses necessary for making the relevant acquisition (e.g. agency fees, taxes and impositions), and is rounded to the nearest million yen.

2. Trading with Related Parties and Major Shareholders

(1) Status of transactions

There were no sales and purchase transactions concerning the specified assets with related parties and major shareholders.

(2) Amount of commissions paid to related parties and major shareholders

The amounts of commissions paid to related parties and major shareholders in the thirteenth fiscal period are set out below.

Category	Total Commissions Paid (A) (Thousands of yen)	Description of Transactions with Related Parties and Major Shareholders		(B)/(A) (%)
		Payee	Amount paid (B) (Thousands of yen)	
Property Management Fees	414,403	Marubeni Community Co., Ltd.	68,485	16.5
		Marubeni Real Estate Co., Ltd.	41,355	10.0
		The Daiei, Inc.	1,200	0.3
Casualty Insurance Premium	9,433	Marubeni Safenet Co., Ltd.	9,174	97.3
Construction Management Fees	16,225	Marubeni Community Co., Ltd.	2,417	14.9
		Marubeni Real Estate Co., Ltd.	7,748	47.8
Other Rental Expenses	32,383	Marubeni Community Co., Ltd.	5,592	17.3
		Marubeni Real Estate Co., Ltd.	6,310	19.5

Notes: 1. Among the related parties of the asset management company, 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, that United Urban has concluded asset management agreement with ("Related Parties"), and major shareholders of the asset management company as defined in Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Act, the table above indicates Marubeni Community Co., Ltd., Marubeni Real Estate Co., Ltd., Marubeni Safenet Co., Ltd. and The Daiei, Inc. as parties that have conducted business up to the end of the thirteenth fiscal period and have received payment of commissions.

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 Community Co., Ltd. ¥323 thousand

Others

Notifications

1. United Urban Board of Directors

The conclusions and modifications of major agreements approved by the Board of Directors of United Urban during the thirteenth fiscal period were as follows:

Execution of the Merger Agreement	As for the Merger with NCI, United Urban entered into the memorandum of understanding concerning the Merger as of April 22, 2010, and entered into the Merger Agreement as of May 10, 2010, respectively. United Urban and NCI will merge as of December 1, 2010 subject to fulfillment of preconditions regarding the implementation of the Merger under the Merger Agreement.
Partial amendments of the asset management agreement	United Urban decided to enter into an agreement on amendments of the asset management agreement with JRA (the "Agreement") in order to enable United Urban to pay appropriate fees for services such as examination and appraisal for the assets owned by other investment corporations and other related affairs for a merger provided by JRA when United Urban merges with other investment corporation, and in order to modify and confirm wording and expressions. In addition, the Agreement was entered into on June 29, 2010. The Agreement will become effective on the effective date of the Merger subject to the execution of the Merger between United Urban and NCI.

Appendix

Investment Policies

Investment Policies

The Investment Corporation sets forth in its Articles of Incorporation that it shall invest in investment assets with the aim of securing stable revenues over the medium to long term. The Asset Management Company appointed by the Investment Corporation, establishes Asset Management Guidelines as their internal rules and determines the management policies that apply to the Investment Corporation's investment, in accordance with the Articles of Incorporation of the Investment Corporation and the Asset Management Agreement between the Asset Management Company and the Investment Corporation and in consideration of the basic policies provided in the Articles of Incorporation of the Investment Corporation. The Asset Management Company takes due consideration of various factors including the current status and trends in real estate, capital and financial markets, as well as general economic conditions, market trends of real estate-related products and the financial condition of the Investment Corporation, when establishing the Asset Management Guidelines. Furthermore, in order to ensure that the Asset Management Guidelines remain relevant and in tune with changes in market and operating conditions, the Asset Management Guidelines shall be amended promptly and actively in consideration of the Articles of Incorporation of the Investment Corporation and the Asset Management Agreement.

Basic Investment Policy

The Investment Corporation aims to secure stable earnings over the medium to long term when investing in real estate assets. To this end, the Investment Corporation aims to establish and develop an optimal investment portfolio in terms of type of use and area of location in tune with changes in the general economy and real estate market trends and operates asset management with the intention to minimize risks. The Investment Corporation aims to establish and develop a comprehensive investment portfolio by investing in real estate assets in various types of use in various areas of locations.

(a)Type of Use of Real Estate Assets

The Investment Corporation shall invest primarily in real estates (including Real Estate etc. other than real estate and Real Estate-Backed Securities (each as defined below)) such as retail properties (including facilities which are applied to retail, wholesale and restaurant business and services, etc.), office buildings, hotels, residential properties, and others.

(b)Area of Location

The Investment Corporation shall invest in real estates (including Real Estate etc. other than real estate and Real Estate-Backed Securities (each as defined below)) located in the Tokyo Metropolitan Area and other major cities in Japan including government designated cities, and surrounding areas thereof.

Investment Stance

- (a)In accordance with its asset management policy, the Investment Corporation shall invest in specified assets of which more than 75% are comprised of investments in Specified Real Estate Assets. Specified Real Estate Assets as used herein shall mean real estate, real estate leases or superficieses, and beneficiary rights of trust in which ownership of real estate, land leases or superficieses are entrusted. In addition, the Investment Corporation shall maintain the percentage of value of real estate, etc., as stipulated in Article 22-19 of the Ordinance for Enforcement for the Act on Special Measures Concerning Taxation, of more than 70% in total amount of assets held by the Investment Corporation.
- (b)The Investment Corporation shall invest primarily in real estates (including Real Estate etc. other than real estate and Real Estate-Backed Securities (each as defined below)) such as retail properties (including facilities which are applied to retail, wholesale and restaurant business and services, etc.), office buildings, hotels, residential properties, and others. The Asset Management Guidelines of the Asset Management Company stipulate that "others" includes logistics facilities, parking lots, medical and nursing facilities and training facilities.
- (c)The area of location of investment shall be in the Tokyo Metropolitan Area and other major cities in Japan including government designated cities, and surrounding areas thereof.
- (d)The Investment Corporation shall conduct necessary due diligence prior to the investment in real estate etc. An investment decision shall be made when the investment value is considered in line with the existing investment environment and other relevant considerations.
- (e)For its asset management, the Investment Corporation shall invest primarily in real estate and trust beneficial interests in real estate, but shall also invest in other Real Estate etc. (excluding real estate and trust beneficial interests in real estate among real estate assets) and Real Estate-Backed Securities, depending on the investment environment and asset size.
- (f)The Investment Corporation may reinvest proceeds from sales of investment assets, redemption amount of marketable securities, interest etc., dividends from ownership interests in an undisclosed ownership, income from real estate lease and other proceeds.

Management Policy

The Investment Corporation defines real estate that will be able to secure stable income over the medium to long term as real estate that has “Intrinsic Value.” The Investment Corporation will implement the Selective Investment Policy, which seeks to acquire real estate that has “Intrinsic Value” from various candidates under the investment policy that the Investment Corporation aims to establish, and to develop a comprehensive portfolio diversified in terms of type of use and area of location.

Based on the aforementioned basic investment policy and investment stance and the management policy above, the Asset Management Company undertakes management of the Investment Corporation’s investment assets in accordance with the following asset management criteria:

(a) Portfolio Management Criteria

1. Investment Term

In principle, investment assets shall be acquired for the medium- to long-term holding and shall not be acquired for the purpose of short-term sale.

2. Acquisition Criteria

The acquisition of investment assets shall be subject to comprehensive due diligence. Due diligence shall include an assessment of current relevant conditions, the potential for future profitability, risks, location, the status and maintenance of buildings and facilities, historical data relating to repairs and renovations, measures to prevent deterioration and obsolescence, earthquake protection, ownership rights, tenant status, details of building lease agreements, environmental and geological conditions and real estate appraisal (including price surveys by licensed real estate appraisers with the same method of appraisal). In addition, an investment decisions shall be made in line with considerations relating to investment yield in the context of future economic conditions, trends in real estate markets, the property’s potential to attract tenants, significant factors and expenses that may impact on future profits, the contribution of the acquisition to the future growth of the investment portfolio as a whole and the level to which the acquisition would enhance investment portfolio value from a medium- to long-term perspective. Furthermore, the Asset Management Company constantly surveys and analyzes type of use, market trends according to location, and medium- to long-term perspective, respectively, and the investment portfolio shall be subject to constant review and adjustment to ensure an optimal composition of investment assets of varied use and location.

(i) Type of Use of Real Estate Assets

The composition of the investment portfolio by asset type of use shall be determined on an ongoing basis subject to changes in general economic conditions and real estate market trends. The Investment Corporation shall limit investment in real estate categorized in any one particular asset type of use to a maximum of 60% of the total investment portfolio based on the most current real estate appraisal value (including research values by licensed real estate appraisers, and appraisal values calculated reasonably and objectively by the other methods; same in the following (ii)). In an effort to secure stable earnings, however, the Investment Corporation may temporarily maintain an investment portfolio comprised of real estate categorized in one asset type of use in excess of 60% of the total investment portfolio.

(ii) Area of Location

Pursuant to the Asset Management Guidelines, the Investment Corporation shall maintain the investment in real estate assets located in the Tokyo Metropolitan Area, the hub of economic activity in Japan, of 50% or more of its total investment portfolio based on the most current real estate appraisal value. In addition, the Investment Corporation shall invest in major metropolitan areas in Japan other than the Tokyo Metropolitan Area subject to the economic environment and markets trends of each region. As a rule, the Investment Corporation shall contain real estate investment in any one major metropolitan area other than the Tokyo Metropolitan Area to a maximum of one-third of the total investment portfolio based on the most current real estate appraisal value. In an effort to secure stable earnings, however, the Investment Corporation may temporarily maintain an investment portfolio comprised of real estate located in one metropolitan area other than the Tokyo Metropolitan Area exceeding one-third of the total investment portfolio.

(b) Leasing Policy

When the Asset Management Company undertakes real estate leasing activities in connection with the Investment Corporation’s real estate assets that were acquired in accordance with the Asset Management Guidelines, the Asset Management Company aims to secure stable medium- and long-term revenues the following leasing policies:

1. Selection of High-Quality Tenants

The Asset Management Company shall conclude real estate leasing agreements based on comprehensive credit analyses of the financial condition and business performance of each prospective corporate and individual tenant, as well as conducting thorough checks of the industry in which the prospective tenant operates.

2. Execution and Renewal of Long-Term Real Estate Leasing Agreements (including Fixed Real Estate Lease Agreements)

Whenever possible, the Asset Management Company shall conclude medium- to long-term real estate leasing agreements with new tenants. In addition, the Asset Management Company shall endeavor to increase existing tenant satisfaction through quality real estate management, maintenance and improvement with the aim of continuous extension of real estate leasing

agreements for a medium- and long-term period.

Investment Criteria

Types of Investment Assets

The Investment Corporation shall invest primarily in Real Estate etc. and Real Estate-Backed Securities each as defined below.

(a) Real Estate etc. refers to the following:

1. Real estate
2. Real estate leases
3. Superficies
4. Beneficiary interests of trust in which real estate, real estate leases or superficies are entrusted (including comprehensive trusts in which cash associated with real estate is also entrusted)
5. Beneficiary interests of trust of money for the purpose of investment in real estate, real estate leases and superficies
6. Equity investment based on an agreement under which one party to the agreement makes contributions for investment in assets set forth in 1. through 5. above, and the other party invests these contributions primarily in acquisition and management of such assets, with the profits from the investment distributed

(b) Real Estate-Backed Securities refers to the following securities having a purpose of investment in Real Estate etc. in an amount exceeding one-half of the assets. In addition, if securities which represent rights have not been issued, rights to be represented by securities shall be included:

1. Preferred contribution securities as defined in the Asset Liquidation Act
2. Beneficiary securities as defined in the Investment Trust Act
3. Investment securities as defined in the Investment Trust Act
4. Beneficiary securities of special purpose trusts as defined in the Asset Liquidation Act (excluding investments in assets mentioned above (a)-4. and -5.)

(c) The Investment Corporation may invest in the following Specified Assets in an effort to efficiently utilize surplus funds:

1. Deposits
2. Call loans
3. Marketable Securities (excluding securities as defined in above (a) and (b))
4. Monetary claims (with the meaning defined in the Enforcement Order of the Investment Trust Act)
5. Rights relating to financial derivative transactions (with the meaning defined in the Investment Trust Act)

(d) Other than the assets set forth in (a) through (c) above, the Investment Corporation may invest in the following assets, when it is deemed necessary or useful under the basic policy of asset management or its organizational operation (including cases investing in trademarks concerning the trade name of the Investment Corporation.)

1. Trademarks and trademark equivalents under Trademark Act (Trademark rights etc. refers to trademarks, and exclusive or standard trademark use rights.)
2. Right to use the source of hot springs as defined in the Hot Springs Act and facilities attached to the said hot springs
3. Copyrights as defined in the Copyright Act
4. Movables as defined in the Civil Code
5. Easements as defined in the Civil Code
6. Specified capital contribution as defined in the Asset Liquidation Act
7. Carbon dioxide equivalent quota stipulated in the Act on Promotion of Global Warming Countermeasures and other similar amount of emission or emission rights (including emission rights for greenhouse gas)
8. Trust beneficial interest in the assets set forth in 1. through 7. above.
9. Other than the assets set forth in 1. through 8. above, other rights whose acquisition shall be necessary or useful when investing in Real Estate etc. or Real Estate-Backed Securities.

Distribution Policies

The Investment Corporation shall make cash distributions to unitholders and registered investment unit pledgees whose names are listed or recorded as such on the registry of unitholders as of the last day of each fiscal period in accordance with the following distribution policies:

Distribution of the Investment Corporation's Profit

- (a) Of the total amount of the cash distributions payable to unitholders, the amount of profits shall refer to the amount of total assets less total liabilities (net assets) for the fiscal period, less net unitholders' capital and capital surplus (unitholders' capital, etc.), less total valuation and translation adjustment. The amount of profits shall be calculated in accordance with generally accepted accounting principles in Japan.
- (b) The Investment Corporation shall, in principle, distribute the amount that exceeds 90% of the Investment Corporation's distributable profit as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation.

Distributions in Excess of Profits

In the case where the Investment Corporation deems appropriate in consideration of the circumstances and trends in the real estate market and other factors, the Investment Corporation may distribute an amount in excess of its distributable profits, provided that such amount does not exceed the amount of depreciation for the relevant business term, to the extent stipulated by law. Even in this case, if the amount of cash distribution does not satisfy the requirements of special tax treatments for Investment Corporations, the Investment Corporation may distribute the amount that the Investment Corporation decides to distribute in order to satisfy such requirements.

While the Investment Corporation shall make every effort to ensure stable cash distributions, it shall not make any distribution exceeding the profits as long as the applicable tax law requires unitholders to individually calculate capital gains and losses each time they receive cash distributions exceeding the profits. However, when the Board of Directors of the Investment Corporation decides that distributions exceeding the profits are required in order to satisfy the requirements for special tax treatment or other requisite conditions, cash distributions in excess of the profits are allowed according to the aforementioned cash distribution policies.

Method of Cash Distribution

Distributions shall be paid in cash and, in principle, within three months from the last day of each fiscal period to unitholders and registered investment unit pledgees whose names are listed or recorded as such on the registry of unitholders as of the last day of each fiscal period in proportion to the number of investment units held or the number of investment units for registered investment unit pledge.

Extinctive Prescription for Cash Distributions

The Investment Corporation shall be discharged from the obligation to pay the distributions to unitholders or registered investment unit pledgees after the elapse of not less than three years from the date of commencement of payment of any such distribution. The unpaid cash distributions shall not bear interest.

Rules of the Investment Trusts Association of Japan

In addition to the distribution policies set out above, the Investment Corporation shall comply with the relevant rules of the Investment Trusts Association of Japan.

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BALANCE SHEETS

(As of May 31, 2010 and November 30, 2009)

	Thousands of yen	
	End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
ASSETS		
CURRENT ASSETS:		
Cash and bank deposits	¥ 13,370,238	¥ 17,518,000
Rent receivables	117,429	135,572
Consumption taxes refundable	5,533	-
Other current assets	241,996	64,079
Total current assets	13,735,196	17,717,651
PROPERTY AND EQUIPMENT, AT COST:		
Land	132,938,525	130,052,733
Buildings and structures	97,241,929	94,945,678
Machinery and equipment	517,457	500,283
Tools, furniture and fixtures	79,871	75,724
Construction in progress	425,062	25,344
Subtotal	231,202,844	225,599,762
Less accumulated depreciation	(14,791,732)	(13,268,663)
Net property and equipment	216,411,112	212,331,099
INVESTMENTS AND OTHER ASSETS:		
Software	4,170	4,738
Leasehold in trust	437,175	437,175
Intangible assets	1,874	1,918
Security deposits paid	30,651	30,513
Long-term prepaid expenses	423,257	228,662
TOTAL ASSETS	¥231,043,435	¥230,751,756

			Thousands of yen
		End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
LIABILITIES and UNITHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥	784,731	¥ 348,990
Current portion of corporate bonds		15,000,000	15,000,000
Long-term debt due for repayment within one year		12,400,000	15,400,000
Accrued expenses		379,668	411,197
Income taxes payable		974	933
Rent received in advance		1,228,427	1,202,205
Other current liabilities		48,133	174,392
Total current liabilities		29,841,933	32,537,717
LONG-TERM LIABILITIES:			
Corporate bonds		10,000,000	10,000,000
Long-term debt		64,400,000	61,400,000
Leasehold and security deposits received		15,009,653	14,988,996
Total long-term liabilities		89,409,653	86,388,996
Total liabilities		119,251,586	118,926,713
UNITHOLDERS' EQUITY			
Unitholders' capital:			
Units authorized: 2,000,000 units as of May 31, 2010 and November 30, 2009			
Units issued and outstanding: 201,300 units as of May 31, 2010 and November 30, 2009			
		108,310,510	108,310,510
Retained earnings		3,481,339	3,514,533
Total unitholders' equity		111,791,849	111,825,043
TOTAL LIABILITIES and UNITHOLDERS' EQUITY		¥231,043,435	¥230,751,756

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

STATEMENTS OF INCOME

(For the six months ended May 31, 2010 and November 30, 2009)

	Thousands of yen	
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)
OPERATING REVENUES		
Rental revenues	¥7,998,274	¥7,955,016
Other rental revenues	385,885	472,250
	8,384,159	8,427,266
OPERATING EXPENSES		
Property-related expenses	3,183,836	3,150,469
Asset management fees	656,629	647,179
Administrative service fees	47,035	110,367
Other operating expenses	163,020	183,958
	4,050,520	4,091,973
OPERATING INCOME	4,333,639	4,335,293
NON-OPERATING REVENUES		
Interest income	190	234
Insurance income	2,861	-
Compensation received	2,720	-
Other non-operating revenues	746	970
	6,517	1,204
NON-OPERATING EXPENSES		
Interest expense	694,556	664,319
Interest expense on corporate bonds	153,578	154,422
Other non-operating expenses	9,709	2,309
	857,843	821,050
INCOME BEFORE INCOME TAXES	3,482,313	3,515,447
INCOME TAXES		
Current	1,012	979
Deferred	(2)	1
	1,010	980
NET INCOME	¥3,481,303	¥3,514,467

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

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(For the six months ended May 31, 2010 and November 30, 2009)

			Thousands of yen	
	Number of Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity
BALANCE AS OF MAY 31, 2009	201,300	¥ 108,310,510	¥ 3,683,252	¥111,993,762
Cash distributions disbursed	—	—	(3,683,186)	(3,683,186)
Net income	—	—	3,514,467	3,514,467
BALANCE AS OF NOVEMBER 30, 2009	201,300	108,310,510	3,514,533	111,825,043
Cash distributions disbursed	—	—	(3,514,497)	(3,514,497)
Net income	—	—	3,481,303	3,481,303
BALANCE AS OF MAY 31, 2010	201,300	¥ 108,310,510	¥ 3,481,339	¥ 111,791,849

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

STATEMENTS OF CASH FLOWS

(For the six months ended May 31, 2010 and November 30, 2009)

	Thousands of yen	
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	¥ 3,482,313	¥ 3,515,447
Depreciation and amortization	1,525,516	1,499,287
Interest income	(190)	(234)
Interest expense and interest expense on corporate bonds	848,134	818,741
Decrease in rent receivables	18,144	952
Increase in consumption taxes refundable	(5,533)	-
(Increase) decrease in prepaid expenses	(196,870)	181,980
(Increase) decrease in long-term prepaid expenses	(41,166)	15,214
Increase (decrease) in trade accounts payable	63,089	(79,461)
(Decrease) increase in accrued expenses	(41,566)	12,874
Decrease in consumption taxes payable	(123,008)	(76,106)
Increase (decrease) in rent received in advance	26,222	(11,930)
Other, net	(49,226)	(52,825)
Subtotal	5,505,859	5,823,939
Interest received	108	109
Interest paid	(972,584)	(788,705)
Income taxes paid	(970)	(950)
Net cash provided by operating activities	4,532,413	5,034,393
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,240,361)	(415,534)
Payments for leasehold and security deposits paid	(138)	-
Proceeds from leasehold and security deposits received	525,409	45,979
Payments for leasehold and security deposits received	(450,875)	(134,167)
Net cash used in investing activities	(5,165,965)	(503,722)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	15,400,000	-
Repayment of long-term debt	(15,400,000)	-
Distributions to unitholders	(3,514,291)	(3,683,241)
Net cash used in financing activities	(3,514,291)	(3,683,241)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(4,147,843)	847,430
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,311,091	16,463,661
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥13,163,248	¥17,311,091

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

NOTES TO FINANCIAL STATEMENTS

(May 31, 2010 and November 30, 2009)

1. ORGANIZATION AND BASIS OF PRESENTATION

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 51% by Marubeni Corporation ("Marubeni"), 44% by Credit Suisse Principal Investments Limited, Tokyo Branch ("CSPI"), and 5% by Kyokuto Securities Co., Ltd. ("Kyokuto").

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, CSPI, Kyokuto, 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 December 1, 2004, United Urban raised ¥51,037 million through the public offering of investment units. In addition, United Urban raised ¥18,471 million through the issue of additional investment units by the second public offering since the IPO on June 24, 2008 and the third-party allotment on July 24, 2008.

As of May 31, 2010, the end of its thirteenth fiscal period, United Urban had ownership of, or beneficial interests in, 13 retail properties, 8 office buildings, 4 hotels, 22 residential properties, 1 other property, 1 property which consisted of retail properties and an office building, and 1 property which consisted of an office building and a hotel.

Basis of Presentation of Financial Statements

The accompanying financial statements of United Urban are prepared on the basis of accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the financial statements prepared by United Urban as required by the Financial Instruments and Exchange Act and the Investment Trust Act of Japan.

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 in the filed financial statements originally prepared in Japanese, which were rounded down to the nearest thousand yen, have been rounded off to the nearest thousand in the accompanying financial statements.

United Urban's semiannual accounting periods end either at the end of May or November. United Urban's thirteenth fiscal period began on December 1, 2009 and ended on May 31, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
Buildings and structures	2 - 55 years	2 - 55 years
Machinery and equipment	3 - 17 years	3 - 17 years
Tools, furniture and fixtures	5 - 15 years	5 - 15 years

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

Intangible Assets

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust, deposits with banks, deposits with banks held in trust and short-term, highly liquid 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 dates 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 no capitalized property taxes and city planning taxes for the six-month period ended November 30, 2009, and ¥423 thousand of such property taxes and city planning taxes were capitalized for the six-month period ended May 31, 2010.

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 reporting and the tax bases 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 statements of income. 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 six-month period ended May 31, 2010.

3. CHANGE IN METHOD OF PRESENTATION

In the statements of income, "Insurance income," which had been included in "Other non-operating revenues" up until the twelfth fiscal period, is recorded as a separate income statement account because it exceeds 10% of the total amount of non-operating revenues. "Insurance income" during the twelfth fiscal period was ¥12 thousand.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2010 and November 30, 2009 were as follows:

	Thousands of yen	
	End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
Cash and bank deposits	¥ 13,370,238	¥ 17,518,000
Restricted deposits with a bank	(206,990)	(206,908)
Cash and cash equivalents	¥ 13,163,248	¥ 17,311,092

5. PLEDGED ASSETS AND SECURED DEBT

At May 31, 2010 and November 30, 2009, the following assets were pledged as collateral for the following debt:

Pledged Assets

	Thousands of yen	
	End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
Cash and bank deposits	¥ 206,990	¥ 206,908
Land	2,114,743	2,114,743
Buildings and structures	2,625,762	2,663,423
Tools, furniture and fixtures	2,112	2,300
Total	¥ 4,949,607	¥ 4,987,374

Debt Secured by Pledged Assets

	Thousands of yen	
	End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
Leasehold and security deposits received	¥ 1,568,843	¥ 1,676,111
Total	¥ 1,568,843	¥ 1,676,111

6. COMMITTED LINE-OF-CREDIT AGREEMENT

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

	Thousands of yen	
	End of 13th Fiscal Period (As of May 31, 2010)	End of 12th Fiscal Period (As of November 30, 2009)
Total amount of commitment	¥15,500,000	¥15,500,000
Outstanding borrowings at end of the period	—	—
Amount unutilized at end of the period	¥15,500,000	¥15,500,000

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 million as minimum net assets.

8. LONG-TERM DEBT

Long-term debt at May 31, 2010 and November 30, 2009 consisted of the following:

	End of 13th Fiscal Period (As of May 31, 2010)		End of 12th Fiscal Period (As of November 30, 2009)	
	Amount (Thousands of yen)	Weighted-average interest rate	Amount (Thousands of yen)	Weighted-average interest rate
Unsecured loans from banks, trust banks, and an insurance company at fixed interest rates, due December 20, 2009	—	—	¥ 5,000,000	1.397%
Unsecured loans from banks at fixed interest rates, due December 20, 2009	—	—	4,800,000	1.550%
Unsecured loans from banks at fixed interest rates, due December 20, 2009	—	—	5,600,000	1.477%
Unsecured loans from banks and a trust bank at fixed interest rates, due December 20, 2010	¥ 12,400,000	1.209%	12,400,000	1.209%
Unsecured loans from banks at fixed interest rates, due June 20, 2011	4,000,000	1.333%	4,000,000	1.333%
Unsecured loan from a trust bank at a variable interest rate, due June 20, 2011	3,000,000	1.015%	3,000,000	1.121%
Unsecured loans from a bank and a trust bank at fixed interest rates, due June 20, 2011	1,700,000	1.676%	1,700,000	1.676%
Unsecured loan from a federation at a fixed interest rate, due December 20, 2011	3,400,000	1.895%	3,400,000	1.895%
Unsecured loans from banks at fixed interest rates, due December 20, 2011	2,500,000	1.862%	2,500,000	1.862%
Unsecured loan from a bank at a variable interest rate, due December 20, 2011	4,000,000	0.915%	4,000,000	1.021%
Unsecured loan from a trust bank at a fixed interest rate, due December 20, 2011	2,000,000	1.359%	—	—

Unsecured loan from a bank at a fixed interest rate, due June 20, 2012	4,400,000	1.446%	4,400,000	1.446%
Unsecured loan from a bank at a fixed interest rate, due June 20, 2012	4,500,000	1.480%	4,500,000	1.480%
Unsecured loan from a bank at a fixed interest rate, due June 20, 2012	900,000	1.636%	900,000	1.636%
Unsecured loan from a trust bank at a variable interest rate, due June 20, 2012	3,000,000	1.065%	3,000,000	1.171%
Unsecured loan from a bank at a fixed interest rate, due December 20, 2012	4,000,000	1.664%	4,000,000	1.664%
Unsecured loans from banks, a trust bank, and insurance companies at fixed interest rates, due December 20, 2012	10,200,000	1.671%	10,200,000	1.671%
Unsecured loans from banks, trust banks, and a federation at fixed interest rates, due June 20, 2013	9,150,000	1.642%	—	—
Unsecured loan from a trust bank at a variable interest rate, due December 20, 2013	3,400,000	1.165%	3,400,000	1.271%
Unsecured loan from banks and trust banks at a fixed interest rates, due December 20, 2014	4,250,000	1.975%	—	—
Total	¥ 76,800,000		¥ 76,800,000	

9. CORPORATE BONDS

Corporate bonds at May 31, 2010 and November 30, 2009 consisted of the following:

	End of 13th Fiscal Period (As of May 31, 2010)		End of 12th Fiscal Period (As of November 30, 2009)	
	Amount (Thousands of yen)	Weighted- average interest rate	Amount (Thousands of yen)	Weighted- average interest rate
Series 1 unsecured bonds, due July 12, 2010	¥ 15,000,000	0.78%	¥ 15,000,000	0.78%
Series 2 unsecured bonds, due July 10, 2015	10,000,000	1.91%	10,000,000	1.91%
Total	¥ 25,000,000		¥ 25,000,000	

10. OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for the six-month periods ended May 31, 2010 and November 30, 2009 were as follows:

	Thousands of yen	
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)
Operating Revenues	¥ 8,384,159	¥ 8,427,266
Rental Revenues	7,998,274	7,955,016
Rental revenues	7,322,503	7,301,523
Common area charges	465,294	448,240
Parking revenues	181,594	175,819
Other	28,883	29,434
Other Rental Revenues	385,885	472,250
Incidental revenues	346,485	389,957
Temporary revenues (including cancellation charges)	24,275	66,992
Other miscellaneous revenues	15,125	15,301
Property-Related Expenses	3,183,836	3,150,469
Property and other taxes	679,057	679,907
Property management fees	414,403	409,272
Utilities	338,197	381,044

Casualty insurance	9,433	14,951
Repairs and maintenance	123,128	88,722
Depreciation and amortization	1,525,516	1,499,287
Other rental expenses	94,102	77,286
Profit from rental activities	¥ 5,200,323	¥ 5,276,797

11. INCOME TAXES

A reconciliation of the differences between the adjusted statutory tax rate and the effective tax rate for the six-month periods ended May 31, 2010 and November 30, 2009 is summarized as follows:

	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)
Statutory tax rate	39.33%	39.33%
Distributions of tax-deductible dividends	(39.32)	(39.32)
Other	0.02	0.02
Effective tax rate	0.03%	0.03%

United Urban is subject to income taxes in Japan. United Urban's policy is to make dividend distributions in excess of 90% of taxable 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. Based on this policy, United Urban made dividend distributions of approximately 100% of its retained earnings in aggregate amounts of ¥3,481,282 thousand and ¥3,514,497 thousand at May 31, 2010 and November 30, 2009, respectively, and treated these distributions as tax deductions. United Urban does not distribute cash dividends in excess of its retained earnings in accordance with its Articles of Incorporation.

12. THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Matters Concerning Financial Instruments

1. Approach to financial instruments

United Urban procures funds, mainly for the acquisition, repair or maintenance of assets and for the repayment of interest-bearing liabilities, primarily by borrowing from financial institutions, issuing corporate bonds or issuing new investment units. In the procurement of funds for interest-bearing liabilities, based on the 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, such as aiming to secure financial stability and liquidity through such measures as spreading out the repayment deadlines and utilizing committed lines of credit. In addition, United Urban may at times engage in the investment management of various types of deposits for the purpose of an efficient investment management of surplus funds. Furthermore, United Urban may possibly use derivative transactions in the future for such purposes as hedging interest rate fluctuation risks, but United Urban adopts the policy of not engaging in speculative transactions. No derivative transactions were undertaken in the thirteenth fiscal period.

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

Funds are procured in the form of short-term debt, long-term debt and corporate bonds, mainly for the purpose of the acquisition of real estate properties, real estate backed securities, etc. and the repayment 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 the capacity to procure funds from the capital market through increase of capital by keeping the LTV within the range thought to be appropriate, by ensuring liquidity at hand by concluding committed line-of-credit agreements with several leading financial institutions of Japan (no outstanding balance of debt at the end of the thirteenth fiscal period) and by taking other measures. Moreover, debt with floating interest rates is exposed to risks of fluctuation in the interest payable, but 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, according to the financial environment, etc. and by taking other measures.

Concerning deposits that are surplus funds of United Urban invested as large time deposits, etc., these are exposed to risks of failure of

the financial institutions holding the deposits and 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 and leasehold and security deposits received in trust are deposits from tenants and are exposed to liquidity risks arising from the tenants' vacating their properties upon the expiration of agreements. United Urban manages the concerned risks by putting aside an amount within the scope enough to enable deposits to be returned without interruption and by ensuring liquidity at hand by entering into committed line-of-credit agreements.

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

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

Matters Concerning the Fair Value of Financial Instruments

The carrying amounts on the balance sheet, the fair value, and their differences as of May 31, 2010, are as follows. However, the following table does not include the financial instruments, whose fair value is extremely difficult to measure. (Note 2)

(Thousands of yen)			
	Carrying amounts on the Balance Sheet	Fair value (Note 1)	Differences
(1) Cash and bank deposits	¥ 2,952,415	¥ 2,952,415	-
(2) Cash and bank deposits in trust	10,417,823	10,417,823	-
Total assets	¥ 13,370,238	¥ 13,370,238	-
(3) Current portion of corporate bonds	15,000,000	14,998,500	¥ (1,500)
(4) Long-term debt due for repayment within one year	12,400,000	12,426,063	26,063
(5) Corporate bonds	10,000,000	9,765,000	(235,000)
(6) Long-term debt	64,400,000	63,682,714	(717,286)
(7) Leasehold and security deposits received in trust	858,139	819,806	(38,333)
Total Liabilities	¥ 102,658,139	¥ 101,692,083	¥ (966,056)

Notes: 1 Calculation method for the fair value of financial instruments

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

As these are settled within a short period of time, the fair value approximates the book value.

(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 of these is based on the method of calculating 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.

(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.

2 Financial instruments whose fair value is extremely difficult to measure

Concerning leasehold and security deposits received (carrying amount: ¥858,235 thousand) and leasehold and security deposits received in trust (carrying amount: ¥12,591,175 thousand) that are deposited by lessees, future cash flows cannot be estimated since there is no market price and since it is difficult to assume when such deposits will be returned due to such factors as there being the possibility of early termination or renewal/re-contracting of the agreement even if the term of the lease agreement has been set and trends cannot be derived even if past departures by tenants from the portfolio assets of United Urban were to be analyzed due to the specific nature of each deposit repayment. Accordingly, discerning the fair value is recognized to be extremely difficult and, thus, these are not subject to the disclosure of the fair value.

3 Amount of monetary claims to be repaid after the closing date

(Thousands of yen)	
	With in one year
Cash and bank deposits	¥ 2,952,415
Cash and bank deposits in trust	¥ 10,417,823

4 Amount of borrowings and corporate bonds to be repaid after the closing date

(Thousands of yen)			
	Within one year	Over 1 year, less than 2 years	Over 2 year, less than 3 years
Long-term debt	¥ 12,400,000	¥ 20,600,000	¥ 27,000,000
Corporate bonds	15,000,000	-	-
Total	¥ 27,400,000	¥ 20,600,000	¥ 27,000,000

	Over 3 year, less than 4 years	Over 4 year, less than 5 years	Over 5 years
Long-term debt	¥ 12,550,000	¥ 4,250,000	-
Corporate bonds	-	-	¥ 10,000,000
Total	¥ 12,550,000	¥ 4,250,000	¥ 10,000,000

(Additional information)

United Urban adopts the "Accounting Standard for Financial Instruments" (Statement No.10 issued by the Accounting Standards Board of Japan on January 22, 1999 and revised on March 10, 2008) and the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (the Financial Accounting Standard Implementation Guidance No.19 issued by the Accounting Standards Board of Japan on March 10, 2008) from the thirteenth fiscal period.

13. 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 amount on the balance sheet, the amount of changes during this period and the fair value as of May 31, 2010, are as follows:

(Thousands of yen)				
	Carrying amount on the Balance Sheet (Note 1)			Fair value at the end of the 13th fiscal period (Note 3) (As of May 31, 2010)
	Balance at the end of the 12th fiscal period (As of November 30, 2009)	Changes during the 13th fiscal period (Note 2)	Balance at the end of the 13th fiscal period (As of May 31, 2010)	
Retail properties	¥ 75,657,665	¥ (304,130)	¥ 75,353,535	¥ 71,700,000
Office buildings	61,081,161	4,611,579	65,692,740	82,720,000
Hotels	41,175,936	59,284	41,235,220	31,620,000
Residential properties	32,512,947	(251,296)	32,261,651	31,356,000
Others	1,903,390	(35,424)	1,867,966	1,840,000
Total	¥ 212,331,099	¥ 4,080,013	¥ 216,411,112	¥ 219,236,000

Notes: 1 The carrying amount on the Balance Sheet is the amount of acquisition value (including the expenses incidental to the acquisition) less accumulated depreciation.

2 Of the "Changes during the 13th fiscal period," the amount of the increase is primarily attributable to the acquisition of FOUR SEASONS BLDG (¥4,390,853 thousand) and the amount of the decrease is primarily attributable to depreciation and amortization (¥1,525,472 thousand).

3 The fair value at the end of the 13th fiscal 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 of Japan.

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

(Additional information)

United Urban adopts the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Statement No.20 issued by the Accounting Standards Board of Japan on November 28, 2008) and the "Implementation Guidance for Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (the Financial Accounting Standard Implementation Guidance No.23 issued by the Accounting Standards Board of Japan on November 28, 2008) from the thirteenth fiscal period.

14. PER UNIT INFORMATION

The calculation of net assets per unit is based on the number of units outstanding at the period end, and the calculation of net income per unit is based on the weighted-average number of units outstanding during the period. Net assets per unit and net income per unit at May 31, 2010 and November 30, 2009 for the six-month periods then ended are summarized as follows:

	Yen	
	13th Fiscal Period (December 1, 2009 - May 31, 2010)	12th Fiscal Period (June 1, 2009 - November 30, 2009)
Net assets per unit at the period end	¥ 555,349	¥ 555,514
Net income per unit	¥ 17,294	¥ 17,458
Weighted-average number of units (units)	201,300	201,300

15. TRANSACTIONS WITH RELATED PARTIES

(Thirteenth Fiscal Period: December 1, 2009 – May 31, 2010)

1. Asset Management Companies and Related Parties

Thousands of yen							
Company Name	Section	Share of Voting Rights (%)	Concurrently Serving Directors	Description of Transactions	Amount of Transactions (Note 1, 2)	Account	Balance at the End of the Period (Note 1, 2)
Marubeni Community Co., Ltd.	Real estate management	—	None	Property leasing	¥ 116,435	Rent receivables	¥ 3,700
						Security deposits received	30,655
				Other rental revenues	1,133	—	—
				Property management fees	68,485	Trade accounts payable	10,983
				Construction management fees	2,417	Trade accounts payable	244
				Utilities	1,301	Trade accounts payable	414
				Construction costs	323	—	—
Marubeni Real Estate Co., Ltd.	Real estate	—	None	Other rental expenses	8,373	Trade accounts payable	3,004
				Property management fees	41,355	Trade accounts payable	6,297
				Construction management fees	7,748	Trade accounts payable	5,199
Marubeni Corporation	Wholesale industry	0.6	None	Property leasing	19,800	Trade accounts payable	3,723
						Security deposits received	19,800
The Daiei, Inc.	Supermarket	—	None	Property leasing	645,680	Rent received in advance	9,900
						Security deposits received	765,600
				Property management fees	1,200	Rent received in advance	106,988
The Maruetsu, Inc.	Supermarket	—	None	Property leasing	72,275	—	—
						Security deposits received	739,000
						Rent received in advance	12,648

TIPNESS LIMITED	Fitness club operator	–	None	Property leasing	24,327	Security deposits received	48,653
						Rent received in advance	4,257
				Other rental revenues	23,914	Rent receivables	4,061

2. Asset Custodian

Thousands of yen						
Company Name	Section	Share of Voting Rights (%)	Description of Transactions	Amount of Transactions (Note 1, 2)	Account	Balance at the End of the Period (Note 1, 2)
The Sumitomo Trust and Banking Co., Ltd	Trust bank	–	New long-term debt	800,000	Long-term debt	13,750,000
			Repayment of long-term debt due for repayment within one year	2,000,000	Long-term debt due for repayment within one year	4,000,000
			Interest expenses	113,101	Accrued expenses	42,899
			Loan expenses	51,023	Long-term prepaid expenses	139,493
					Prepaid expenses	2,796
					Accrued expenses	4,543
			Commissions related to corporate bonds	1,995	Prepaid expenses	462
			Custodian fees	7,263	–	–

Notes: 1. "Amount of Transactions" is stated exclusive of consumption taxes; however, "Balance at the End of the Period" is stated inclusive of consumption taxes.

2. Figures above have been rounded to the units stated.

3. Decisions relating to the terms and conditions of these related party transactions are based on actual market conditions.

(Twelfth Fiscal Period: June 1, 2009 – November 30, 2009)

1. Asset Management Companies and Related Parties

Thousands of yen							
Company Name	Section	Share of Voting Rights (%)	Concurrently Serving Directors	Description of Transactions	Amount of Transactions (Note 1, 2)	Account	Balance at the End of the Period (Note 1, 2)
Marubeni Community Co., Ltd.	Real estate management	–	None	Property leasing	¥ 143,518	Rent receivables	¥ 12,867
						Security deposits received	47,587
				Property management fees	68,840	Trade accounts payable	10,867
				Construction management fees	629	Trade accounts payable	216
				Utilities	1,522	Trade accounts payable	494
				Other rental expenses	3,821	Trade accounts payable	155
Marubeni Real Estate Co., Ltd.	Real estate	–	None	Property management fees	41,608	Trade accounts payable	5,720
				Construction management fees	4,425	Trade accounts payable	2,088
				Other rental expenses (including communication expenses)	1,979	Trade accounts payable	49
Marubeni Safenet Co., Ltd.	Insurance agency	–	None	Casualty insurance	14,665	Long-term prepaid expenses	1,667
						Prepaid expenses	15
The Daiei, Inc.	Supermarket	–	None	Property leasing	680,000	Security deposits received	880,000
						Rent received in advance	119,000
				Property management fees	1,200	–	–

The Maruetsu, Inc.	Supermarket	—	None	Property leasing	72,275	Security deposits received	739,000
						Rent received in advance	12,648
TIPNESS LIMITED	Fitness club operator	—	None	Property leasing	24,327	Security deposits received	48,653
						Rent received in advance	4,257
				Other rental revenues	24,183	Rent receivables	4,159
Telemarketing Japan, Inc.	Marketing	—	None	Property leasing	9,065	—	—
				Other rental revenues	1,085	—	—
TSUNAGU NETWORK COMMUNICATIONS INC.	Communication service	—	None	Other rental expenses	821	Trade accounts payable	144

2. Asset Custodian

Thousands of yen							
Company Name	Section	Share of Voting Rights (%)	Concurrently Serving Directors	Description of Transactions	Amount of Transactions (Note 1, 2)	Account	Balance at the End of the Period (Note 1,2)
Mizuho Trust & Banking Co., Ltd.	Trust bank	—	None	Administrative service fee	¥ 68,935	Accrued expenses	¥ 35,993
				Custodian fee	48,398	—	—

- Notes: 1. "Amount of Transactions" is stated exclusive of consumption taxes; however, "Balance at the End of the Period" is stated inclusive of consumption taxes.
2. Figures above have been rounded to the units stated.
3. Decisions relating to the terms and conditions of these related party transactions are based on actual market conditions.

16. SUBSEQUENT EVENTS

Cash Distribution

On July 15, 2010, the Board of Directors of United Urban approved a resolution for the payment of a cash distribution of ¥17,294 per unit, amounting to ¥3,481,282 thousand in the aggregate, to unitholders of record as of May 31, 2010.

Issuance of Corporate Bonds

United Urban issued new corporate bonds on June 17, 2010 for the repayment of Series 1 of Unsecured Corporate Bonds issued on July 12, 2005 (redemption date: July 12, 2010) according to the "comprehensive approval concerning corporate bonds" by the Board of Directors of United Urban, held on June 7, 2010, and completed the payment of ¥ 10.0 billion. Details on the issuance of corporate bonds are as follows:

Series 3 of Unsecured Corporate Bonds

Name	: United Urban Investment Corporation Series 3 of Unsecured Corporate Bonds (with pari passu conditions among specified corporate bonds)
Total amount issued	: ¥10 billion
Issue price	: ¥100 per ¥100 of the corporate bond
Redemption price	: ¥100 per ¥100 of the corporate bond
Interest rate	: 1.55% per annum
Collateral	: There is no secured mortgage or guarantee on the corporate bonds. There are no assets reserved as security on the corporate bonds.
Payment date	: June 17, 2010
Redemption method and date	: The total amount of the corporate bonds will be redeemed on June 17, 2013. * The corporate bonds may be repurchased and cancelled at any time from the date following the payment date unless otherwise specified by the transfer agreement.
Interest payment dates	: June 17 and December 17 of each year
Use of proceeds	: The proceeds were used as part of the repayment of Series 1 of Unsecured Corporate Bonds (¥15 billion)

Report of Independent Auditors

The Board of Directors and Unitholders of
United Urban Investment Corporation

We have audited the accompanying balance sheets of United Urban Investment Corporation as of May 31, 2010 and November 30, 2009, and the related statements of income, changes in unitholders' equity, and cash flows for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Urban Investment Corporation at May 31, 2010 and November 30, 2009, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 16, Subsequent Events, the Company issued corporate bonds.

Ernst & Young ShinNihon LLC

July 15, 2010

Corporate Data

Set out below is certain corporate data of United Urban Investment Corporation ("United Urban") as of May 31, 2010:

Corporate Name:	United Urban Investment Corporation
Corporate Office:	Shiroyama Trust Tower 18F, 4-3-1 Toranomom, Minato-ku, Tokyo 105-6018, Japan Tel: +81-3-5402-3189
Date of Incorporation:	November 4, 2003
Paid-in Capital:	¥108,310,509,822
Number of Unitholders:	8,957
Transfer Agent:	The Chuo Mitsui Trust and Banking Company, Limited 3-33-1 Shiba, Minato-ku, Tokyo 105-8754, Japan
Business Office of the Transfer Agent:	Stock Transfer Agency Department of The Chuo Mitsui Trust and Banking Company, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
Independent Auditors:	Ernst & Young ShinNihon LLC Hibiya Kokusai Bldg., 2-2-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan
Stock Listing:	Tokyo Stock Exchange (Securities Code: 8960)
Fiscal Period:	Fiscal period is 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: +81-3-5402-3189

About Our Website

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

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 the 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. 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 to 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 English translation contained herein, the Japanese documents will always govern the meaning and interpretation.

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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

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