

Semiannual Report

Fifth Fiscal Period
From December 1, 2005 to May 31, 2006



PROFILE

United Urban Investment Corporation (“United Urban”) was incorporated on November 4, 2003, under the Law Concerning 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 secure steady earnings over the medium to long term, United Urban creates a comprehensive portfolio that is diversified in terms of the types of use and areas of location, and it manages its assets in a way that mitigates risks involved.

Diversification by type of property

United Urban invests principally in real estates used as retail properties, office buildings, hotels, and residential properties and others.

Diversification by region

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



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◆ 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.

We are delighted to present this report on our activities during our fifth fiscal period: the six-month period ended May 31, 2006.

Thanks to the sustained support of all our unitholders, United Urban was able to achieve operating revenues of ¥5,749 million, operating income of ¥2,904 million, and net income of ¥2,573 million. As a result, the distribution to unitholders was ¥16,100 per unit.

In collaboration with Japan REIT Advisors Co., Ltd. (“JRA”), to which the conduct of asset management is entrusted, we will continue to implement United Urban’s investment policies with the aim of securing steady earnings over the medium to long term. We hope to receive your ongoing support and goodwill for our endeavors.

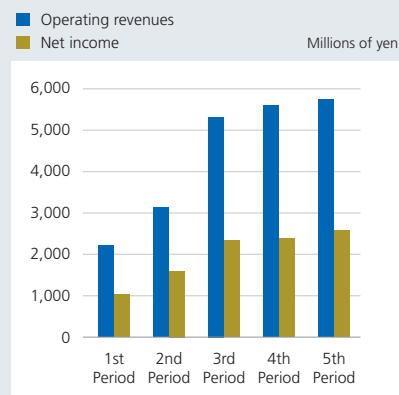
Financial Highlights

Millions of yen, except per unit information

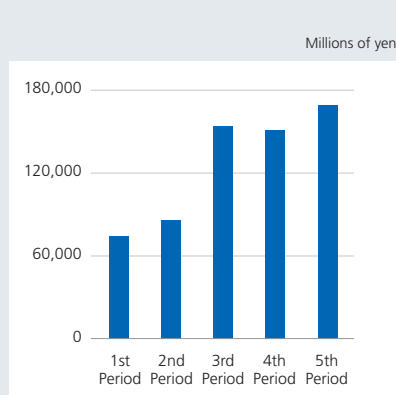
	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	3rd Fiscal Period (December 1, 2004- May 31, 2005)	2nd Fiscal Period (June 1, 2004- November 30, 2004)	1st Fiscal Period (November 4, 2003- May 31, 2004)
Operating revenues	¥ 5,749	¥ 5,605	¥ 5,320	¥ 3,136	¥ 2,205
Operating income	2,904	2,794	2,794	1,809	1,347
Income before income taxes	2,574	2,386	2,344	1,600	1,030
Net income	2,573	2,385	2,340	1,599	1,029
Cash distributions	2,573	2,385	2,340	1,599	1,029
Cash distribution per unit (Yen)	16,100	14,919	14,638	19,090	12,285
Dividend payout ratio (%)	100.0	100.0	99.9	99.9	99.9
Total assets	169,554	151,462	153,740	86,261	74,153
Total unitholders' equity	92,412	92,223	92,178	40,195	39,625
Unitholders' equity per unit (Yen)	578,143	576,962	576,681	480,007	473,202

Note: United Urban's 1st fiscal period was from November 4, 2003 to May 31, 2004, however, the effective operating period was for 162 days from December 22, 2003. The 2nd fiscal period was for 183 days from June 1, 2004 to November 30, 2004, the 3rd fiscal period was for 182 days from December 1, 2004 to May 31, 2005, the 4th fiscal period was for 183 days from June 1, 2005 to November 30, 2005 and the 5th fiscal period was for 182 days from December 1, 2005 to May 31, 2006.

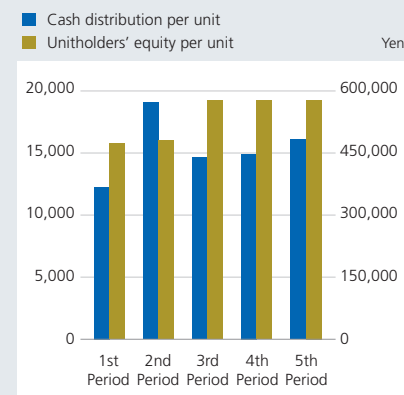
Operating revenues / Net income



Total assets



Cash distribution per unit / Unitholders' equity per unit



Stock Price Information

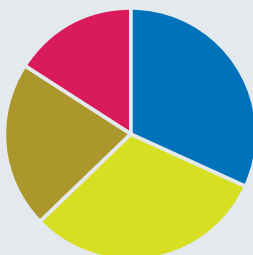


Portfolio Highlights

Portfolio Breakdown (As of May 31, 2006)

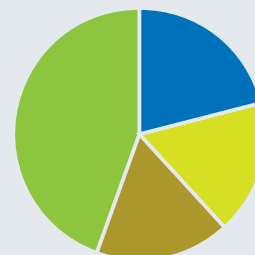
By Property Use

Retail	31.8%
Office	31.0%
Hotel	21.3%
Residential and others	15.9%



By Location

The Six Central Wards of Tokyo (Note 1)	21.0%
The 23 Wards of Tokyo (excluding the six central wards)	17.2%
Tokyo Metropolitan Area (Note 2) (excluding the 23 wards of Tokyo)	17.3%
Other Regions	44.5%



Notes: 1. The "six central wards of Tokyo" are Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa wards.

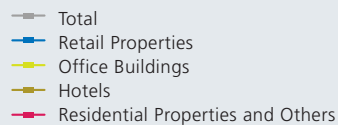
2. "Tokyo metropolitan area" refers to the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi and Yamanashi) excluding the 23 wards of Tokyo.

Occupancy Ratio

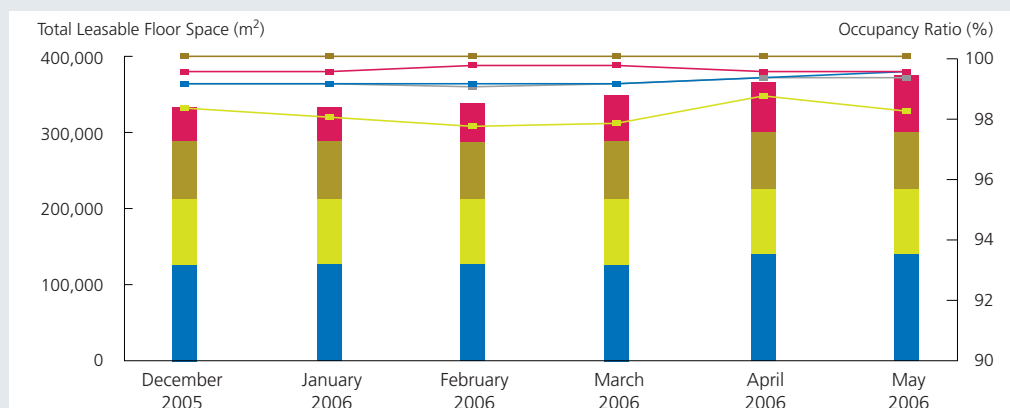
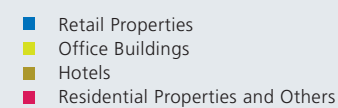
	2005	2006				
	December	January	February	March	April	May
Retail Properties	99.1%	99.1%	99.1%	99.1%	99.3%	99.5%
Office Buildings	98.3%	98.0%	97.7%	97.8%	98.7%	98.2%
Hotels	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Residential Properties and Others	99.5%	99.5%	99.7%	99.7%	99.5%	99.5%
Total	99.1%	99.1%	99.0%	99.1%	99.3%	99.3%

Trends in Total Leasable Floor Space and Occupancy Ratios

Occupancy Ratio



Total Leasable Floor Space



Portfolio Map

A Retail Properties



A1 Daiei Himonya



A2 Joy Park Izumigaoka



A3 Daimaru Peacock Ashiya-Kawanishi Ten



A4 Re-LAND Shopping Center



A5 Diamond City Value

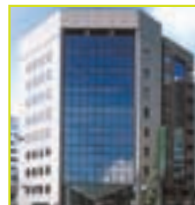


A6 TENJIN LUCE



A7 Yamada Denki Tecc Land Sakai Honten

B Office Buildings



B1 T&G Hamamatsu-Cho Building



B2 SK Nagoya Building



B3 Fukuoka Eartheon Building



B4 Marumasa Koujimachi Building



B5 Rokuban-Cho K Building



B6 Shin-Osaka Central Tower (Note)



B7 Kawasaki Toshiba Building

C Hotels



C1 Shinjuku Washington Hotel-Honkan



(B6) Shin-Osaka Central Tower (Note)



C2 Toyoko Inn Shinagawa-Eki Takanawaguchi

D Residential Properties and Others



D1 T&G Higashi-Ikebukuro Mansion



D2 T&G Yotsuya Mansion



D3 Excellia Magome



D4 Komazawa Court



D5 Ropponmatsu Court



D6 Sky Court Shiba-Daimon



D7 Maison Ukima



D8 Narashino Residence



D9 Aprile Shin-Ohgi Ichibankan



D10 UUR Court Sapporo Kitasanjo



D11 Soga Dormitory



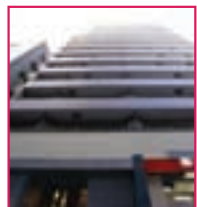
D12 Higashikurume Dormitory Shinkan



D13 Nanzan Court Ichigoukan



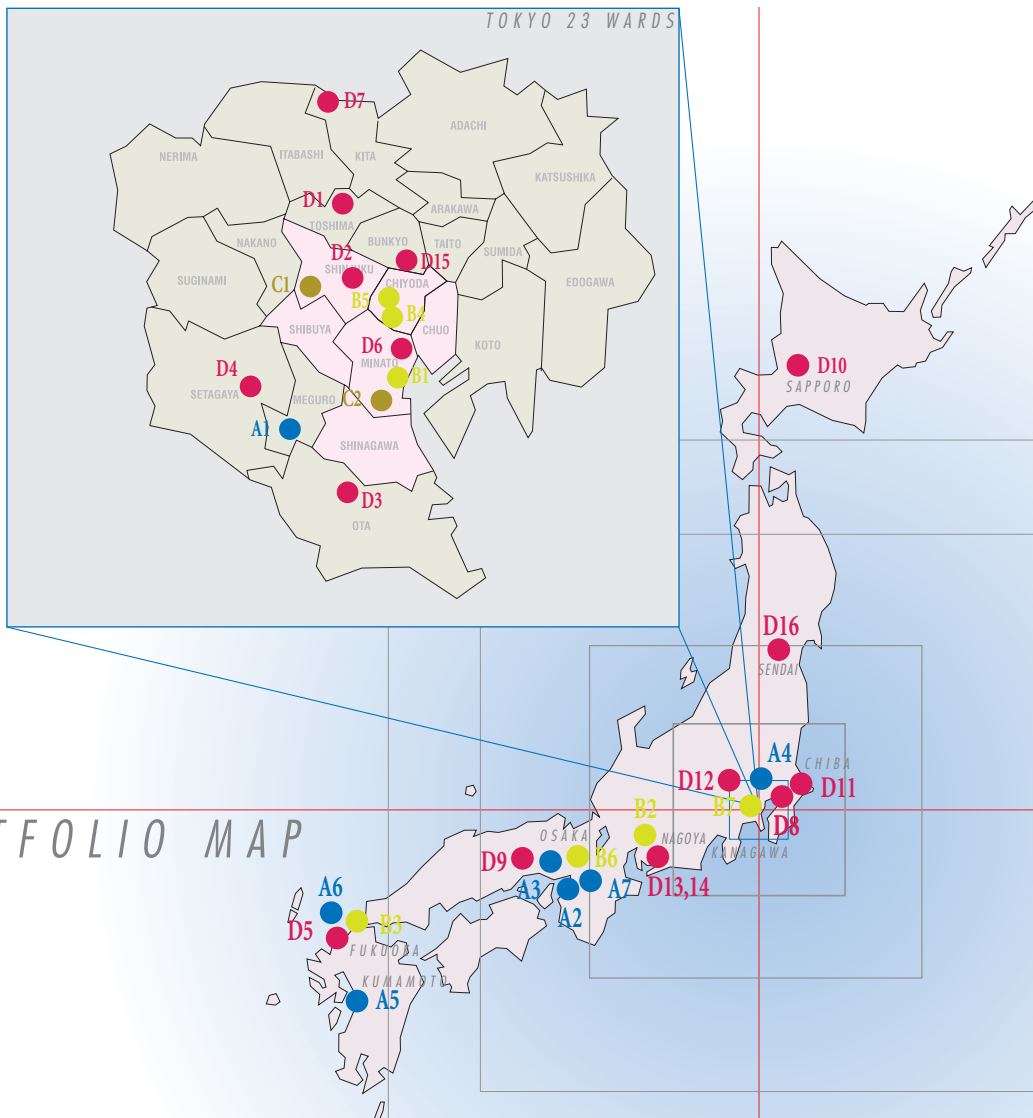
D14 Nanzan Court Nigoukan



D15 CLIO Bunkyo Koishikawa



D16 Lilycolor Tohoku Branch



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

Portfolio Roster

(As of May 31, 2006)

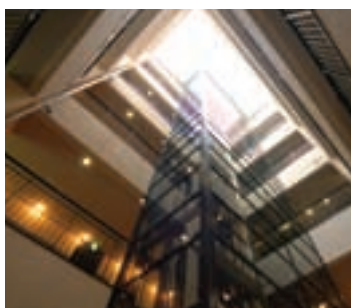
No.	Type	Name of Property <small>(Note 1)</small>	Acquisition Price <small>(Millions of yen) (Note 2)</small>	Share in Total Acquisition Price <small>(%)</small>	Share in Type <small>(%)</small>
A1	Retail Properties	Daiei Himonya	15,300	9.9%	31.8%
A2		Joy Park Izumigaoka	6,770	4.4%	
A3		Daimaru Peacock Ashiya-Kawanishi Ten	769	0.5%	
A4		Re-LAND Shopping Center	5,200	3.4%	
A5		Diamond City Value	11,100	7.2%	
A6		TENJIN LUCE	6,500	4.2%	
A7		Yamada Denki Tecc Land Sakai Honten	3,210	2.1%	
B1	Office Buildings	T&G Hamamatsu-Cho Building	2,257	1.5%	31.0%
B2		SK Nagoya Building	5,400	3.5%	
B3		Fukuoka Eartheon Building	2,080	1.4%	
B4		Marumasu Koujimachi Building	2,350	1.5%	
B5		Rokuban-Cho K Building	2,150	1.4%	
B6		Shin-Osaka Central Tower (office portion)	14,279	9.3%	
B7		Kawasaki Toshiba Building	19,200	12.5%	
C1	Hotels	Shinjuku Washington Hotel-Honkan	21,100	13.7%	21.3%
(B6)		Shin-Osaka Central Tower (hotel portion)	9,721	6.3%	
C2		Toyoko Inn Shinagawa-Eki Takanawaguchi	1,884	1.2%	
D1	Residential Properties and Others	T&G Higashi-Ikebukuro Mansion	2,021	1.3%	15.9%
D2		T&G Yotsuya Mansion	1,355	0.9%	
D3		Excellia Magome	697	0.5%	
D4		Komazawa Court	1,680	1.1%	
D5		Ropponmatsu Court	757	0.5%	
D6		Sky Court Shiba-Daimon	1,175	0.8%	
D7		Maison Ukima	3,530	2.3%	
D8		Narashino Residence	1,140	0.7%	
D9		Aprile Shin-Ohgi Ichibankan	3,031	2.0%	
D10		UUR Court Sapporo Kitasanjo	1,278	0.8%	
D11		Soga Dormitory	620	0.4%	
D12		Higashikurume Dormitory Shinkan	480	0.3%	
D13		Nanzan Court Ichigoukan	1,070	0.7%	
D14		Nanzan Court Nigoukan	450	0.3%	
D15		CLIO Bunkyo Koishikawa	3,170	2.1%	
D16		Lilycolor Tohoku Branch	2,050	1.3%	
Total			153,774	100%	100%

Notes: 1. Among the above properties, United Urban acquired "Toyoko-Inn Shinagawa-Eki Takanawaguchi" and "Yamada Denki Tecc Land Sakai Honten" in the form of real estate, and all others in the form of trust beneficiary rights.

2. 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 one million yen.

New Acquisitions during Fifth Fiscal Period

A6 TENJIN LUCE



Address	2-3-24 Tenjin, Chuo-ku, 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
Completed	November 2005
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

This property is a retail property facing one of the main streets in the Tenjin area, in the heart of Fukuoka City. It is located in a commercial area where mid-rise buildings for restaurants, boutiques, etc. are concentrated. Because the center of activity in the Tenjin area has been moving slowly southward since the opening of Tenjin-Minami Station on the Nanakuma Line of the Fukuoka City Subway in 2005, stable rental demand is expected for this property, being a commercial building in a commercial area.

On the first floor, Apple Japan, Inc. opened a company store, its fifth outlet in Japan and the first in Kyushu. This property received the "Fukuoka Urban Beautification Award" in August 2006.

A7 Yamada Denki Tecc Land Sakai Honten

Address	5-1 Yashimocho 1-cho, Higashi-ku, Sakai-shi, Osaka
Site Area	10,702.86 m ²
Total Floor Space	8,637.63 m ²
Construction	S
Number of Floors	3F
Completed	May 2002
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property borders the Osaka Central Loop Road, and it is a roadside retail property with excellent visibility. Because there is a large-scale parking lot, it has an excellent access by automobile. The property has a location that can be expected to draw customers from a broad area thanks to the trade area which forms with nearby roadside retail properties including those of both the same and different industries.

This property has a long-term lease agreement with Yamada Denki Co., Ltd, which is listed on the First Section of the Tokyo Stock Exchange. The company is expected to continue using them, and thus occupancy ratio is projected to be stable.

D10 UUR Court Sapporo Kitasanjo

Address	3-1-28 Kitasanjo Higashi, Chuo-ku, 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
Completed	February 2006
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property has apartments for single people, and is about a six-minute walk from Sapporo Station on the Toho Subway Line. In recent years, high-rise apartment buildings have been built in the surrounding area, and so the area is evolving with both offices and residential premises, and future development is expected. The property is popular, as shown by the fact that 130 of its apartments were leased within approximately three months of its completion and opening to leasing by tenants.

Master lease agreement with rental guarantee is concluded with Sapporo Mitsui Real Estate Sales Co., Ltd., and a steady income is expected.

D11 Soga Dormitory

Address	2-3-5 Minami-cho, Chuo-ku, 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	72 units
Available for Lease	
Completed	April 1993
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property is a five-minute walk from Soga Station on the JR Keiyo Line, etc. and all room layouts are one-room type. This property has been used for a long period by a company which is listed on the First Section of the Tokyo Stock Exchange, as company residences for single employees. The company is expected to continue using them, and thus occupancy ratio is projected to be stable.

The surrounding area of Soga Station had been developed as a corporate “castle town”. However, the redevelopment works for the Tokyo Bay coastal area on the west side of the station that began in 2003 have brought about a reduction in the factories and also an increase in commercial installations such as large-scale shopping malls, parks and other facilities. Simultaneously, in recent years there has been an increasing supply of family-type condominiums being constructed in the station area. This area is predicted to become increasingly convenient as a residential area, and stable rental demand is expected.

D12 Higashikurume Dormitory Shinkan

Address	1-8-4 Hikawadai, 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	52 units
Available for Lease	
Completed	March 1997
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property is a seven-minute walk from Higashikurume Station on the Seibu Ikebukuro Line. All room layouts are one-room type. This property has been used for a long period by a company which is listed on the First Section of the Tokyo Stock Exchange as company residences for single employees. This company is expected to continue using them, and thus occupancy ratio is projected to be stable.

The area is a residential area with educational facilities and a natural environment that includes parks, rivers and farmland. Along the route between the property and Higashikurume Station there are shopping areas where food, daily necessities and other goods can be purchased. In addition, Tokyo city-center hubs such as Ikebukuro and Yurakucho are accessible from the Higashikurume Station. Factors stated above indicate ongoing stable rental demand from the people seeking a favorable living environment but at the same time a high degree of convenience.

D13 Nanzan Court Ichigoukan

Address	6-8 Komagatacho, Showa-ku, 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	98 units
Available for Lease	
Completed	March 1997
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property is a residential property with one-room apartments, and is a four-minute walk from Irinaka Station on the Tsurumai Line of the Nagoya City Subway. There are such community amenities and educational facilities as grocery stores, a post office, hospitals, a park, and an elementary school in the neighborhood, all within a ten-minute walk. It takes less than 30 minutes from the nearest station (Irinaka Station) to Nagoya Station, including transfers. This residential area has conveniences as well as easy access to the central area of Nagoya City. This property has been leased in its entirety to the property management company and a steady income is expected.

D14 Nanzan Court Nigoukan

Address	5-20 Komagatacho, Showa-ku, 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	38 units
Available for Lease	
Completed	March 1999
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property is a residential property with one-room apartments, and is a four-minute walk from Irinaka Station on the Tsurumai Line of the Nagoya City Subway. There are such community amenities and educational facilities as grocery stores, a post office, hospitals, a park, and an elementary school in the neighborhood, all within a ten-minute walk. It takes less than 30 minutes from the nearest station (Irinaka Station) to Nagoya Station, including transfers. This residential area has conveniences as well as easy access to the central area of Nagoya City. This property has been leased in its entirety to the property management company and a steady income is expected.

D15 CLIO Bunkyo Koishikawa

Address	1-13-9 Koishikawa, Bunkyo-ku, Tokyo
Site Area	814,54 m ²
Total Floor Space	5,871.77 m ²
Construction	SRC
Number of Floors	B1 / 15F
Number of Units Available for Lease	98 units
Completed	February 2005
Type of Ownership	Land: Proprietary Ownership (Site rights) Building: Compartmentalized Proprietary Ownership (Percentage of ownership: 92.28%)



This property has excellent transportation access, being within a five-minute walk from Kasuga Station on the Toei Mita Line, etc., and from Korakuen Station on the Tokyo Metro Namboku Line, etc. It is highly convenient for commuting to work and to schools. The room layouts range from 1DK to 3LDK, and broad rental demand from singles to families is expected.

Master lease agreement with no rental guarantee has been concluded with a property management company.

D16 Lilycolor Tohoku Branch

Address	3-10 Okadanishimachi, Miyagino-ku, Sendai-shi, Miyagi
Site Area	5,457.02 m ²
Total Floor Space	8,693.79 m ²
Construction	RC
Number of Floors	4F
Completed	April 1996
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



This property is situated in the southeast in a distribution wholesale park that centers on the Nigateke interchange where Route 4 and Route 45 cross. It also faces Route 6 and is close to the Sendai-higashi interchange (about 1.1km). Therefore this property is within easy access of Sendai city, Sendai port and other cities of Tohoku Area.

This property is leased in its entirety under a long-term lease agreement to Lilycolor Co., Ltd. which is a market leader of interior wholesaler, as a center of Tohoku Area of this company. Accordingly a steady income is expected.

Overview

A1 Daiei Himonya

Address	4-1-1 Himonya, 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
Completed	March 1975
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A2 Joy Park Izumigaoka

Address	1-3 Miharadai 1-cho, Minami-ku, 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
Completed	November 2000
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A3 Daimaru Peacock Ashiya-Kawanishi Ten

Address	3-28 Kawanishicho, Ashiya-shi, Hyogo
Site Area	3,455.30 m ²
Total Floor Space	1,488.28 m ²
Construction	S
Number of Floors	1F
Completed	April 1997
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A4 Re-LAND Shopping Center

Address	7-2-2 Fujiwara, 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
Completed	March 1998
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



A5 Diamond City Value

Address	1-1 Gohnoe, Ogawa-machi, 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)
Completed	October 1997 (Note)
Type of Ownership	Land: Proprietary Ownership and Term Leasehold Interest Building: Proprietary Ownership Note: Data applicable to the main building



B1 T&G Hamamatsu-Cho Building

Address	2-12-10 Shiba-Daimon, Minato-ku, Tokyo
Site Area	453.81 m ²
Total Floor Space	3,296.58 m ²
Construction	SRC
Number of Floors	B1 / 9F
Completed	December 1988
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



B2 SK Nagoya Building

Address	1-3-7 Nishiki, Naka-ku, 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
Completed	February 1986
Type of Ownership	Land: Proprietary Ownership Building: Compartmentalized Proprietary Ownership (Percentage of ownership: 100%)



B3 Fukuoka Eartheon Building

Address	3-6-3 Hakata-Eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka
Site Area	1,358.91 m ²
Total Floor Space	6,079.35 m ²
Construction	SRC
Number of Floors	7F
Completed	September 1998
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



B4 Marumasu Koujimachi Building

Address	3-3-8 Koujimachi, Chiyoda-ku, Tokyo
Site Area	703.24 m ²
Total Floor Space	5,218.55 m ²
Construction	SRC / RC
Number of Floors	B1 / 9F
Completed	September 1989
Type of Ownership	Land: Proprietary Ownership (Common ownership) Building: Compartmentalized Proprietary Ownership



B5 Rokuban-Cho K Building

Address	2 Rokuban-cho, Chiyoda-ku, Tokyo
Site Area	689.70 m ²
Total Floor Space	4,031.14 m ²
Construction	SRC
Number of Floors	B1 / 7F
Completed	December 1988
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



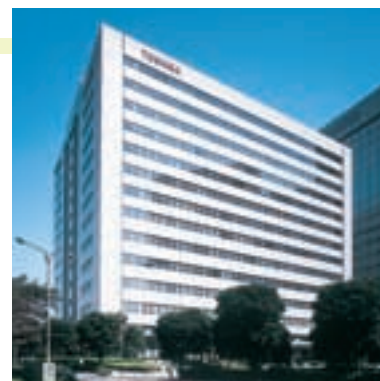
B6 Shin-Osaka Central Tower



Address	5-5-15 Nishi-Nakashima, Yodogawa-ku, 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
Completed	June 1989
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership

B7 Kawasaki Toshiba Building

Address	580-1 Horikawa-cho, Saiwai-ku, 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
Completed	April 1987
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



C1 Shinjuku Washington Hotel-Honkan



Address	3-2-9 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Site Area	6,215.31 m ²
Total Floor Space	59,985.37 m ²
Construction	S / SRC
Number of Floors	B4 / 25F
Number of Rooms	1,296 Rooms
Completed	October 1983
Type of Ownership	Land: Proprietary Ownership (Part common ownership) Building: Compartmentalized Proprietary Ownership (Part common ownership)

C2 Toyoko Inn Shinagawa-Eki Takanawaguchi

Address	4-23-2 Takanawa, 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	181 Rooms
Completed	October 1999
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D1 T&G Higashi-Ikebukuro Mansion

Address	3-8-8 Higashi-Ikebukuro, 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
Completed	December 2001
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D2 T&G Yotsuya Mansion

Address	10-7 Arakicho, 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
Completed	May 2002
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D3 Excellia Magome

Address	5-20-2 Minami-Magome, 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
Completed	February 2002
Type of Ownership	Land: Proprietary Ownership (Site rights) Building: Compartmentalized Proprietary Ownership (Percentage of ownership: 100%)



D4 Komazawa Court

Address	2-37-1 Komazawa, 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
Completed	October 1998
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



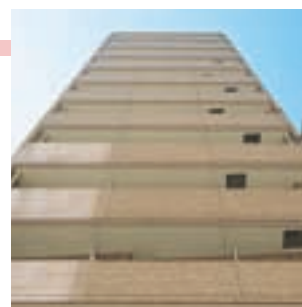
D5 Ropponmatsu Court

Address	4-3-11 Ropponmatsu, Chuo-ku, 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
Completed	March 1994
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D6 Sky Court Shiba-Daimon

Address	1-2-3 Shiba-Daimon, 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
Completed	April 2003
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D7 Maison Ukima

Address	1-3-1 Ukima, 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
Completed	March 1992
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



D8 Narashino Residence

Address	4-83-10 Narashinodai, 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
Completed	February 1990
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



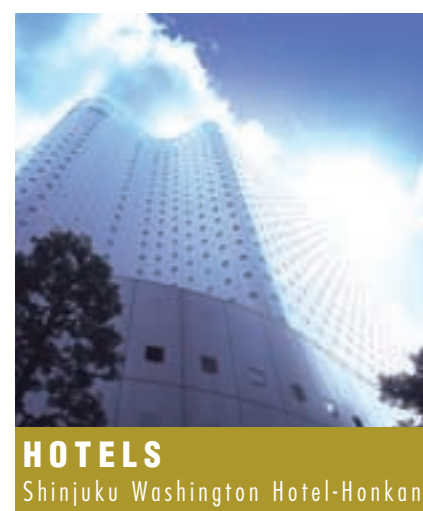
D9 Aprile Shin-Ohgi Ichibankan

Address	2-10-6 Kita-Ohgi, Higashi Nada-ku, 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
Completed	September 1997
Type of Ownership	Land: Proprietary Ownership Building: Proprietary Ownership



Comprehensive Portfolio Structured to Generate Steady Earnings Maximizing Unitholder Return

United Urban endeavors to secure steady earnings over the medium to long term. To this end, United Urban aims to establish and develop an optimal investment portfolio of real estate assets in terms of types of use (including retail properties, office buildings, hotels and 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 concert with changes in the general economy and real estate market trends, United Urban makes every effort to minimize risk.



1. A diversified portfolio with investments in various types of use located in various areas
2. An optimal investment portfolio in tune with market trends
3. The support of an asset management company well versed in real estate and financial markets

Merits of a comprehensive investment policy

United Urban believes that its comprehensive investment policy offers advantages such as the following.

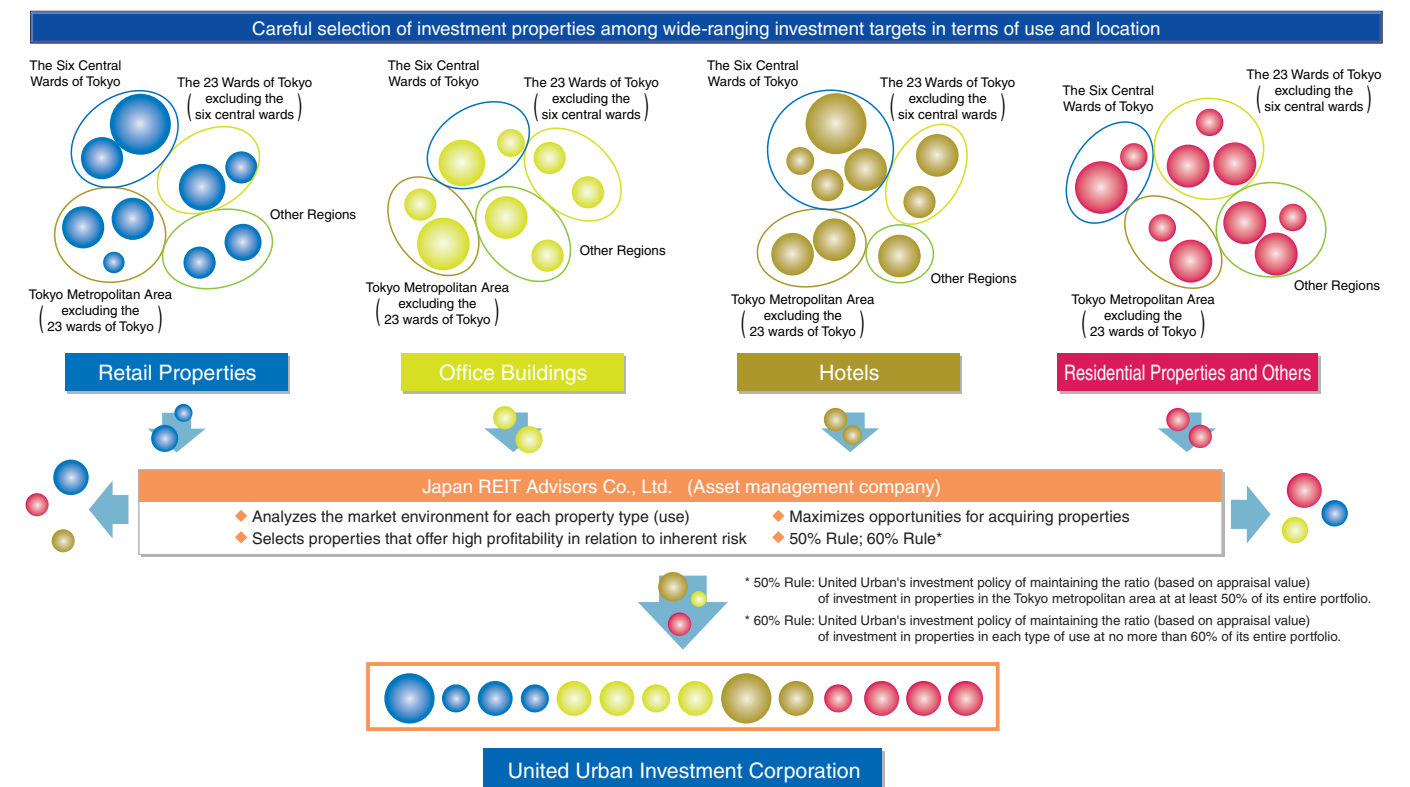
- **Stability of earnings**
Spreads the impact of changes such as those in the market environment for specific property types or regions
Reduces the risk of loss from natural disasters and other such events
- **External growth potential**
Opportunities for external growth are enhanced by the absence of limits on property types acquired for investment and by vigorous regional diversification

Capabilities of an asset management company able to build an optimal investment portfolio

The management personnel and staff of JRA, which United Urban has entrusted to conduct its asset management, comprise the following.

- Personnel from the Marubeni Group with extensive expertise in the field of real estate, including its development, purchase, management and sale
- Personnel with comprehensive investment experience gained in financial institutions

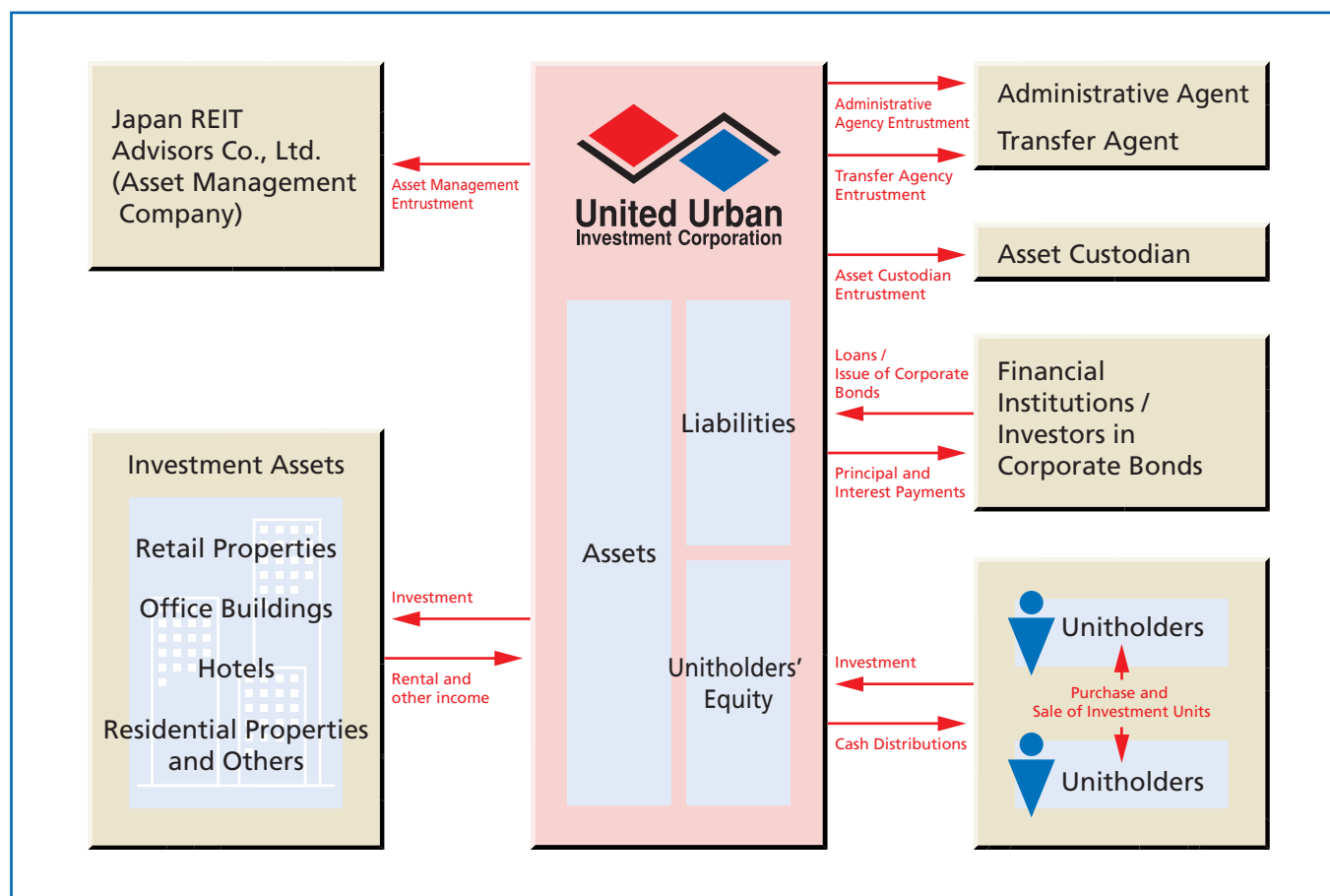
United Urban is confident that, with these experts forming its core personnel for the conduct of its asset management activities, it is able to build an optimal investment portfolio.



United Urban and JRA shall, by securing stable investment earnings, do their utmost to ensure the maximization of returns to unitholders.

◆ Corporate Structure of Investment Corporation ◆

Corporate Structure



Member of Board of Directors of United Urban (As of May 31, 2006)

Titles	Name	Other Titles
Executive Officer	Yasuhiro Tanaka	—
Supervisory Officer	Masakazu Watase	Lawyer, Watase Law Office
Supervisory Officer	Toshio Kenmochi	Representative Partner, Kasumigaseki Audit Representative Director and President, RECS Management Institute Representative Director and President, RECS Technologies Inc.

Advisors and Agents (As of May 31, 2006)

Role	Name
Asset Management Company	Japan REIT Advisors Co., Ltd.
Asset Custodian	Mizuho Trust & Banking Co., Ltd.
Transfer Agent	The Chuo Mitsui Trust and Banking Company, Limited
Administrative Agent	Mizuho Trust & Banking Co., Ltd.
Administrative Agents (related to Corporate Bonds)	The Sumitomo Trust & Banking Co., Ltd., Mizuho Securities Co. Ltd., Nikko Citigroup Limited and Kyokuto Securities Co., Ltd.

◆ Profile of Asset Management Company ◆

Overview

Name: Japan REIT Advisors Co., Ltd.

Capital: ¥425 million (As of May 31, 2006)

Shareholders (As of June 9, 2006)

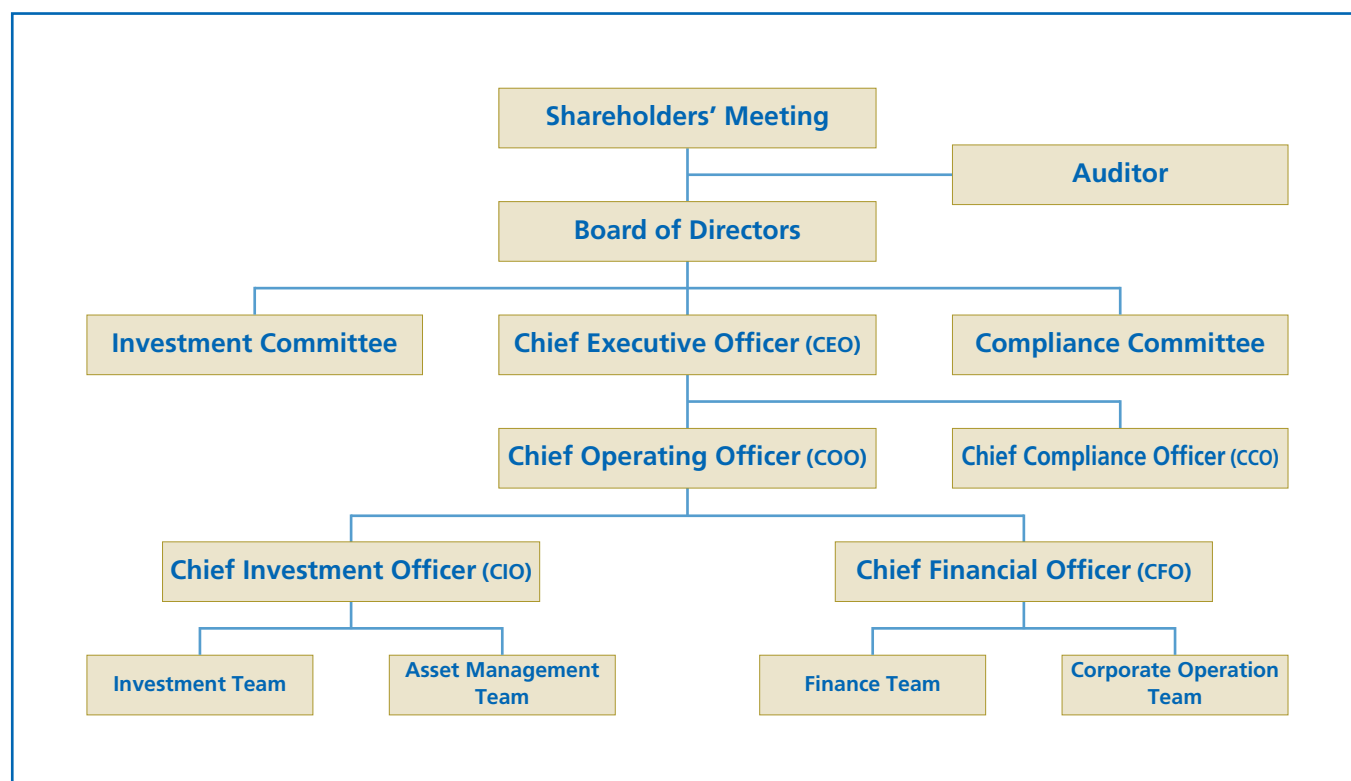
Name	Address	Number of Shares Owned	Ownership (%)
Marubeni Corporation	4-2, Ohtemachi 1-chome Chiyoda-ku, Tokyo	4,335	51.0
Credit Suisse First Boston Principal Investments Ltd., Tokyo Branch	6-1, Roppongi 1-chome, Minato-ku, Tokyo	3,740	44.0
Kyokuto Securities Co., Ltd.	4-7, NihonbashiKayaba-cho 1-chome, Chuo-ku, Tokyo	425	5.0
Total		8,500	100.0

Note: Credit Suisse First Boston Principal Investments Ltd., Tokyo Branch transferred the 850 shares of Japan REIT Advisors Co. Ltd. to Marubeni Corporation on June 9, 2006.

Shareholders (As of May 31, 2006)

Name	Number of Shares Owned	Ownership (%)
Credit Suisse First Boston Principal Investments Ltd., Tokyo Branch	4,590	54.0
Marubeni Corporation	3,485	41.0
Kyokuto Securities Co., Ltd.	420	5.0
Total	8,495	100.0

Organization





Optimal investment portfolio and stable earnings

PERFORMANCE REPORT

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Financial Highlights

1. Track Records on Operations

		Millions of yen, unless otherwise indicated		
		5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	3rd Fiscal Period (December 1, 2004- May 31, 2005)
Operating revenues		5,749	5,605	5,320
(Rental revenues)		(5,749)	(5,605)	(5,320)
Operating expenses		2,845	2,811	2,526
(Property-related expenses)		(2,218)	(2,190)	(2,013)
Operating income		2,904	2,794	2,794
Income before income taxes		2,574	2,386	2,344
Net income	(a)	2,573	2,385	2,340
Total assets	(b)	169,554	151,462	153,740
Total unitholders' equity (Net assets)	(c)	92,412	92,223	92,178
Unitholders' capital		89,839	89,839	89,839
Total no. of investment units issued and outstanding (d)	(Unit)	159,843	159,843	159,843
Net assets per unit (c)/(d)	(Yen)	578,143	576,962	576,681
Total cash distribution (e)		2,573	2,385	2,340
Net income per unit (Note 3)	(Yen)	16,099	14,918	14,641
Distribution per unit (e)/(d)	(Yen)	16,100	14,919	14,638
(Distribution of earnings per unit)	(Yen)	(16,100)	(14,919)	(14,638)
(Distribution in excess of earnings per unit)	(Yen)	(-)	(-)	(-)
Return on assets (Notes 4, 5)	(%)	1.6	1.6	2.0
(Annualized) (Notes 4, 5)	(%)	(3.2)	(3.1)	(3.9)
Return on equity (Notes 4, 5)	(%)	2.8	2.6	3.5
(Annualized) (Notes 4, 5)	(%)	(5.6)	(5.2)	(7.1)
Equity ratio (c)/(b) (Note 5)	(%)	54.5	60.9	60.0
Payout ratio (e)/(a)	(%)	100.0	100.0	99.9
Supplementary information				
No. of investment properties at the end of the period	(Units)	32	23	23
Total leasable floor space at the end of the period	(m ²)	374,566.78	333,649.50	334,243.61
Total no. of tenants at the end of the period	(Units)	138	127	128
Occupancy ratio at the end of the period	(%)	99.3	99.0	97.6
Depreciation and amortization		1,083	1,034	971
Capital expenditures		411	169	121
NOI (Net Operating Income) from leasing (Note 4)		4,615	4,449	4,278
FFO (Funds from Operations) per unit (Note 4)	(Yen)	23,039	21,551	20,744
FFO ratio (Notes 4, 5)	(Times)	14.9	15.9	16.7
Debt service coverage ratio (Notes 4, 5)	(Times)	13.3	9.9	11.6
Net income before interest, depreciation and amortization		3,982	3,831	3,628
Interest expense and interest expenses on corporate bonds		299	385	312
Interest-bearing liabilities		63,000	47,000	49,700
Ratio of interest-bearing liabilities to total assets at the end of the period	(%)	37.1	31.0	32.3
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 3rd fiscal period: 159,807units (Weighted average during the period)

4th fiscal period: 159,843units

5th fiscal period: 159,843units

Net income per unit computed for the 3rd fiscal period, based on the number of investment units issued and outstanding at the end of period (159,843units), was ¥14,637.

4. The indicators stated above are computed in accordance with the methods set out below. The figures in parentheses are the annualized figures for the 182, 183 and 182 days respectively in those fiscal periods.
- Return on assets..... $\text{Ordinary income} / \text{Ave. total assets}$
 $\text{Ave. total assets} = (\text{Total assets at the beginning of the period} + \text{Total assets at the end of the period}) / 2$
- Return on equity..... $\text{Net income} / \text{Ave. net assets}$
 $\text{Ave. net assets} = (\text{Net assets at the beginning of the period} + \text{Net assets at the end of the period}) / 2$
- NOI (Net operating income) from leasing
..... $\text{Income from property leasing in the period (Rental revenues - Rental expenses)} + \text{Depreciation and amortization}$
- FFO (Funds from operations) per unit
..... $(\text{Net income} + \text{Depreciation} + \text{Amortization of deferred assets}) / \text{No. of investment units issued and outstanding at the end of the period}$
- FFO ratio $\text{Investment unit price at the end of the period} / \text{Annualized FFO per unit}$
- Debt service coverage ratio..... $\text{Net income before interest, depreciation and amortization} / \text{Interest expense and Interest expense on corporate bonds}$
5. Fractions are rounded to the nearest one decimal place.

2. Performance Review for the Current Period

United Urban Investment Corporation (“United Urban”) was incorporated on November 4, 2003, under the Law Concerning Investment Trusts and Investment Corporations of Japan (the “Investment Trust Law”). On December 22, 2003, United Urban was listed (Securities Code: 8960) on the J-REIT section of the Tokyo Stock Exchange.

In December 2004, at the beginning of its third fiscal period, United Urban made a new issue of investment units by public offering and another issue of investment units by means of a third-party allotment. As a result, the total number of investment units issued and outstanding is 159,843 units, as of May 31, 2006.

United Urban aims to secure steady earnings over the medium-term as an integrated real estate investment trust (REIT), diversifying its investments geographically and in terms of the types of properties in which it invests (retail properties, office buildings, hotels, residential properties and others). A distribution has been made in each of four fiscal periods to date, beginning with the first fiscal period ended in May 2004.

During the period under review, United Urban devoted its attention to the management of its existing properties in its portfolio, in order to ensure stable occupancy ratios. With regard to the acquisition of properties, it considered the real estate market to be overheated, and thus took care to avoid making unwarrantable acquisitions that may have an adverse impact on its existing portfolio. Nevertheless, with the support of a sponsor company that is a shareholder of our asset management company, we acquired nine properties (two retail properties, six residential properties and one distribution facility, for a total acquisition price of ¥18,828 million).

In consequence, as of May 31, 2006, United Urban's assets totaled 32 properties, comprising seven retail properties, six office buildings, two hotels, one office and hotel complex, and 16 residential properties and others (including one distribution facility); this represented an increase of nine from the beginning of the period. The aggregate acquisition price totaled ¥153,773 million, an increase of ¥18,828 million, the total leasable floor space increased from 333,649.50 sq. m. to 374,589.28 sq. m., and the number of tenants rose from 127 to 138.

The occupancy ratio for the entire portfolio at the end of each month during the period fluctuated between 99.0% and 99.3%, and stood at 99.3% on May 31, 2006.

During the period under review, United Urban raised ¥19.5 billion through one refinancing (¥3.5 billion) of a borrowing that reached maturity and five borrowings (totaling ¥16.0 billion) for the acquisition of properties.

Fund-raising is conducted in line with our basic policy of procuring long-term funds at fixed interest rates. Based on this, to make it possible to benefit from low levels of interest rates and conduct flexible debt restructuring in the future, we also raise a certain proportion of funds at floating rates.

As a result, the balance of outstanding borrowings at May 31, 2006, totaled ¥38.0 billion (up by ¥16.0 billion from the end of the previous period), comprising ¥4.5 billion of short-term borrowings (up by ¥1.0 billion), ¥5.5 billion of long-term borrowings due for repayment within one year (up by ¥5.5 billion), ¥28.0 billion of long-term borrowings (up by ¥9.5 billion), and the ¥25.0 billion of corporate bonds (unchanged from the end of the previous period).

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)

(Notes)

1. United Urban was incorporated with an issue of 250 investment units at ¥500,000 per unit.
2. New investment units were issued by 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 by 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 by 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 by third-party allotment at the issue price of ¥673,312 per unit for the purpose of procuring funds for property acquisitions, etc.

Changes in Closing Prices

The highest and lowest closing prices in the Tokyo Stock Exchange are as follows;

	Yen		
	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	3rd Fiscal Period (December 1, 2004- May 31, 2005)
Highest	729,000	730,000	710,000
Lowest	636,000	682,000	646,000

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 Special Taxation Measures Law, 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 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 ¥16,100 for the 5th fiscal period.

		5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	3rd Fiscal Period (December 1, 2004- May 31, 2005)
Unappropriated retained earnings at the end of period	Thousands of yen	2,573,483	2,384,719	2,339,803
Cash distribution	Thousands of yen	2,573,472	2,384,698	2,339,781
Distribution per unit	Yen	16,100	14,919	14,638
Unappropriated retained earnings carried forward to the next period	Thousands of yen	10	21	21

5. Summary of Unitholders' Contribution

	5th Fiscal Period (As of May 31, 2006)	4th Fiscal Period (As of November 30, 2005)	3rd Fiscal Period (As of May 31, 2005)
Number of investment units authorized (Unit)	2,000,000	2,000,000	2,000,000
Number of investment units issued and outstanding (Unit)	159,843	159,843	159,843
Unitholders' capital (Millions of yen)	89,839	89,839	89,839
Number of unitholders	10,056	11,363	14,019

6. Major Unitholders

(As of May 31, 2006)		
Unitholder Name	Investment Units Held (Units)	Percentage of Investment Unit Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	11,399	7.13%
NikkoCiti Trust and Banking Corporation (investment account)	10,037	6.28 %
The Bank of Ikeda, Ltd.	7,030	4.40 %
The Master Trust Bank of Japan, Ltd. (trust account)	6,465	4.04 %
Luxembourg Offshore Jasadq Lending Account	5,363	3.36 %
The Gibraltar Life Insurance Co., Ltd. (general other account)	3,895	2.44 %
Trust & Custody Services Bank, Ltd. (investment trust account)	3,794	2.37 %
The Nomura Trust and Banking Co., Ltd. (investment trust)	3,043	1.90 %
Clariden Bank	3,033	1.90 %
The Fuji Fire And Marine Insurance Co., Ltd.	2,787	1.74 %
Total	56,846	35.56 %

(Note)

The percentages of share of investment unit are rounded to two decimal places.

7. Categories of Unitholders

(As of May 31, 2006)				
	Number of Unitholders by Category		Number of Units by Holder Category	
Individuals and others	9,632	95.8 %	26,822 units	16.8 %
Financial institution (including securities companies)	152	1.5 %	100,171 units	62.7 %
Other domestic corporations	177	1.8 %	6,704 units	4.2 %
Foreign corporations and individuals	95	0.9 %	26,146 units	16.3 %
Total	10,056	100.0 %	159,843 units	100.0 %

8. Future Policies

A. Acquisition of new properties (External growth)

In order to build a portfolio able to secure stable earnings over the medium to long term, United Urban has been making acquisitions continuously during its first four fiscal periods. It will continue to pursue external growth in order to build an optimum portfolio, while monitoring market trends closely and taking care to avoid, when the real estate market appears overheated, making unwarrantable acquisitions that may have an adverse impact on its existing portfolio.

B. Management and administration (Internal growth)

In its management and administration, United Urban will take into consideration the fact that most of the properties in its portfolio are occupied on long-term leases comparatively, and by implementing maintenance works and repairs proactively in order to enhance tenant satisfaction, it will build relationships of trust with its tenants.

In addition, by engaging in leasing activity based on the study and analysis of trends in the rental market, United Urban will endeavor to ensure that any vacancies are filled rapidly.

Portfolio Profiles

1. Composition of Portfolio

Categories of Assets	Type of Use	Areas		5th Fiscal Period (As of May 31, 2006)	
				Total Amounts Held (Thousands of yen) (Note 1)	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)	-	-
		Other regions		3,364,765	2.0
	Office Buildings	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			-
	Hotels	Capital Region	The 6 central wards of Tokyo	1,949,650	1.1
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			-
	Residential Properties and Others	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions			-
Subtotal			5,314,415	3.1	
Real Estate in Trust	Retail Properties	Capital Region	The 6 central wards of Tokyo	-	-
			The 23 wards of Tokyo	15,172,188	9.0
			Tokyo metropolitan areas	5,207,270	3.1
		Other regions		25,182,892	14.9
	Office Buildings	Capital Region	The 6 central wards of Tokyo	6,883,028	4.1
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	19,541,573	11.5
		Other regions		21,841,175	12.9
	Hotels	Capital Region	The 6 central wards of Tokyo	21,051,817	12.4
			The 23 wards of Tokyo	-	-
			Tokyo metropolitan areas	-	-
		Other regions		9,868,683	5.8
	Residential Properties and Others	Capital Region	The 6 central wards of Tokyo	2,562,435	1.5
			The 23 wards of Tokyo	11,402,305	6.7
			Tokyo metropolitan areas	2,360,003	1.4
		Other regions		9,054,966	5.3
Subtotal			150,128,335	88.6	
Bank Deposits and Other Assets			14,111,454	8.3	
Total Assets			169,554,204	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).
2. The "Capital Region" refers to eight prefectures: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures.
3. The "six 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 "six central wards of Tokyo."
5. "Tokyo metropolitan area" refers to the Tokyo metropolitan area excluding the "23 wards of Tokyo."

2. Selected Data by Property

(As of May 31, 2006)

Type of Property	Property Name	Book Value (Millions of yen) (Note 1)	Appraisal Value (Millions of yen) (Note 2)	Leasable Floor Space (㎡) (Note 3)	Leased Floor Space (㎡) (Note 3)	Occupancy Ratio (%) (Note 3)
Retail Properties	Daiei Himonya	15,172	16,400	26,655.66	26,655.66	100.0%
	Joy Park Izumigaoka	6,476	4,280	13,240.46	12,959.65	97.9%
	Daimaru Peacock Ashiya-Kawanishi Ten	772	958	1,558.80	1,558.80	100.0%
	Re-LAND Shopping Center	5,207	5,610	12,968.85	12,695.30	97.9%
	Diamond City Value	11,174	11,200	72,073.39	72,073.39	100.0%
	TENJIN LUCE	6,760	6,530	4,194.57	4,103.57 (Note 4)	97.8%
	Yamada Denki Tecc Land Sakai Honten	3,365	3,230	8,637.63	8,637.63	100.0%
Office Buildings	T&G Hamamatsu-Cho Building	2,208	2,567	2,422.93	2,422.93 (Note 4)	100.0%
	SK Nagoya Building	5,373	6,015	8,708.52	8,708.52	100.0%
	Fukuoka Eartheon Building	1,972	2,500	4,934.39	4,934.39	100.0%
	Marumasu Koujimachi Building	2,434	3,130	2,612.42	2,612.42	100.0%
	Rokuban-Cho K Building	2,241	2,940	4,031.14	4,031.14	100.0%
	Shin-Osaka Central Tower	24,365	26,200	46,024.83	44,493.62	96.7%
	Kawasaki Toshiba Building	19,542	21,580	36,212.28	36,212.28	100.0%
Hotels	Shinjyuku Washington Hotel-Honkan	21,052	23,400	53,317.45	53,317.45	100.0%
	Toyoko Inn Shinagawa-Eki Takanawaguchi	1,950	2,130	3,088.85	3,088.85	100.0%
Residential Properties and Others	T&G Higashi-Ikebukuro Mansion	1,989	2,085	2,603.22	2,502.32 (Note 4)	96.1%
	T&G Yotsuya Mansion	1,337	1,410	1,679.10	1,614.75 (Note 4)	96.2%
	Excellia Magome	690	675	914.98	914.98 (Note 4)	100.0%
	Komazawa Court	1,677	1,690	3,741.17	3,741.17	100.0%
	Ropponmatsu Court	748	805	3,294.36	3,294.36	100.0%
	Sky Court Shiba-Daimon	1,225	1,196	1,486.38	1,486.38	100.0%
	Maison Ukima	3,657	3,950	12,691.43	12,691.43	100.0%
	Narashino Residence	1,184	1,190	6,840.86	6,840.86	100.0%
	Aprile Shin-Ohgi Ichibankan	3,193	3,080	12,700.44	12,700.44	100.0%
	UUR Court Sapporo Kitanjo	1,386	1,284	4,790.50	4,790.50	100.0%
	Soga Dormitory	665	627	2,931.14	2,931.14	100.0%
	Higashikurume Dormitory Shinkan	511	490	1,397.61	1,397.61	100.0%
	Nanzan Court Ichigoukan	1,112	1,100	3,576.74	3,576.74	100.0%

Residential Properties and Others	Nanzan Court Nigoukan	470	506	1,890.51	1,890.51	100.0%
	CLIO Bunkyo Koishikawa	3,390	3,230	4,097.51	3,905.76 (Note 4)	95.3%
	Lilycolor Tohoku Branch	2,146	2,050	9,271.16	9,271.16	100.0%
	Total	155,443	164,038	374,589.28	372,055.71	99.3%

(Notes)

1. "Book value" is stated after being rounded to the units stated.
2. "Appraisal value" is the real estate appraisal value or 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 stated on the basis of data as of May 31, 2006. "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 (In principle these are the numerical values stated in lease agreements. However, the figures for T&G Hamamatsu-Cho Building, T&G Higashi-Ikebukuro Mansion and CLIO Bunkyo Koishikawa are those stated, respectively, in a management report prepared by Heisei Building Co., Ltd. (T&G Hamamatsu-Cho Building) and a monthly report prepared by Mitsui Fudosan Housing Lease Co., Ltd. (T&G Higashi-Ikebukuro Mansion and CLIO Bunkyo Koishikawa). It should also be noted that the values that underlie the numerical values stated in agreements differ from agreement to agreement. Therefore, the figures stated are either 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 a monthly report prepared by the property management companies); and "leased floor space" means the aggregate of the areas (the areas stated in lease agreements, the details being the same as those stated with regard to leasable floor space above) within total leasable floor space that is leased after actual lease agreements are concluded. "Occupancy ratio" is the percentage obtained from dividing "leased floor space" by "leasable floor space." With regard to the portion of the main building of Shinjuku Washington Hotel 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. Master lease agreements with no rental guarantees have been concluded with regard to TENJIN LUCE, T&G Hamamatsu-Cho Building, T&G Higashi-Ikebukuro Mansion, T&G Yotsuya Mansion, Excellia Magome, and CLIO Bunkyo Koishikawa. Accordingly, United Urban is able to receive rental revenues only if these holdings of real estate in trust are subleased. In view of this, the "leased floor space" of these properties is stated not as the area rented to the lessees, but as the area subleased by the lessees as of May 31, 2006.

3. Selected Financial Data by Property

Name of Property	5th Fiscal Period (December 1, 2005 to May 31, 2006)			
	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	528	9.2
Joy Park Izumigaoka	11	97.9	214	3.7
Daimaru Peacock Ashiya-Kawanishi Ten	1	100.0	30	0.5
Re-LAND Shopping Center	14	97.9	277	4.8
Diamond City Value	1	100.0	458	8.0
TENJIN LUCE	2	97.8	57	1.0
Yamada Denki Tecc Land Sakai Honten	1	100.0	(Note 4)	(Note 4)
T&G Hamamatsu-Cho Building	1	100.0	99	1.7
SK Nagoya Building	9	100.0	274	4.8
Fukuoka Eartheon Building	3	100.0	121	2.1
Marumasu Koujimachi Building	13	100.0	110	1.9
Rokuban-Cho K Building	1	100.0	98	1.7
Shin-Osaka Central Tower	54	96.7	1,154	20.1
Kawasaki Toshiba Building	1	100.0	796	13.8
Shinjyuku Washington Hotel-Honkan	8	100.0	825	14.3

Toyoko Inn Shinagawa-Eki Takanawaguchi	1	100.0	58	1.0
T&G Higashi-Ikebukuro Mansion	1	96.1	75	1.3
T&G Yotsuya Mansion	1	96.2	47	0.8
Excellia Magome	1	100.0	26	0.4
Komazawa Court	1	100.0	53	0.9
Ropponmatsu Court	1	100.0	35	0.6
Sky Court Shiba-Daimon	1	100.0	32	0.6
Maison Ukima	1	100.0	124	2.2
Narashino Residence	1	100.0	51	0.9
Aprile Shin-Ohgi Ichibankan	1	100.0	(Note 4)	(Note 4)
UUR Court Sapporo Kitananjo	1	100.0	15	0.3
Soga Dormitory	1	100.0	16	0.3
Higashikurume Dormitory Shinkan	1	100.0	11	0.2
Nanzan Court Ichigoukan	1	100.0	14	0.2
Nanzan Court Nigoukan	1	100.0	6	0.1
CLIO Bunkyo Koishikawa	1	95.3	17	0.3
Lilycolor Tohoku Branch	1	100.0	(Note 4)	(Note 4)
Total	138	99.3	5,749	100.0

(Notes)

1. "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. With regard to a property subleased by a lessee, the number of tenants is treated as being one; as of May 31, 2006, the number of tenants subleasing from lessees and the number of rental units were as follows.
 "Joy Park Izumigaoka" 5 tenants; "Diamond City Value" 90 tenants; "TENJIN LUCE" 7 tenants; "T&G Hamamatsu-Cho Building" 7 tenants; "Fukuoka Eartheon Building" 2 tenants; "Rokuban-Cho K Building" 1 tenant; "Shin-Osaka Central Tower" 3 tenants; "Kawasaki Toshiba Building" 11 tenants; "T&G Higashi-Ikebukuro Mansion" 124 units; "T&G Yotsuya Mansion" 75 units; "Excellia Magome" 44 units; "Komazawa Court" 89 units; "Ropponmatsu Court" 95 units; "Sky Court Shiba-Daimon" 1 tenant; "Narashino Residence" 1 unit; "UUR Court Sapporo Kitananjo" 119 tenants; "Soga Dormitory" 2 units; "Nanzan Court Ichigoukan" 85 tenants; "Nanzan Court Nigoukan" 31 tenants; "CLIO Bunkyo Koishikawa" 87 tenants.
2. "Occupancy ratio" figures are stated on the basis of the data as of the end of each fiscal period. "Occupancy ratio" is the percentage obtained from dividing "leased floor space" by "leasable floor space." With regard to the portion of the main building of Shinjuku Washington Hotel 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, 2006. 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 5th fiscal period	Amount already paid
Daiei Himonya	Repair of sanitation facilities drainage pipes	From July 2006 to September 2006	10	-	-
Daiei Himonya	Repair of electrical power receiving facilities	From February 2007 to May 2007	350	-	-
Daiei Himonya	Repair of building facilities	From April 2007 to May 2007	20	-	-
Joy Park Izumigaoka	Modification of internal signs	From March 2007 to April 2007	10	-	-
Diamond City Value	Repair of parking lot paving	From August 2006 to September 2006	27	-	-
Diamond City Value	Repair of parking lot paving	From January 2007 to February 2007	55	-	-
Kawasaki Toshiba Building	Repair of cooling tower packing, etc.	From June 2006 to June 2006	12	-	-
Kawasaki Toshiba Building	Renewal of hot-water and steam pipes (4th phase of works to last four periods)	From September 2006 to September 2006	30	-	-
Kawasaki Toshiba Building	Repair of electrical power receiving facilities	From February 2007 to February 2007	10	-	-
Kawasaki Toshiba Building	Repair of electrical power receiving facilities	From April 2007 to April 2007	15	-	-
Kawasaki Toshiba Building	Renewal of circulation pump	From April 2007 to April 2007	25	-	-
Shin-Osaka Central Tower	Repair of south wing sanitation facilities	From September 2006 to November 2006	42	-	-
Shin-Osaka Central Tower	Repair of north wing sanitation facilities	From October 2006 to December 2006	37	-	-
Shin-Osaka Central Tower	Repair of hotel sanitation facilities	From October 2006 to December 2006	19	-	-
Shin-Osaka Central Tower	Repair of hotel guestrooms	From September 2006 to March 2007	97	-	-
Shinjuku Washington Hotel -Honkan	Removal and replacement of exterior wall seal	From September 2006 to March 2007	111	-	-

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 fifth fiscal period, which totaled ¥411 million. Together with ¥48 million of repair and maintenance costs recorded as expenses in the statement of income in the period, expenditure on engineering works totaled ¥459 million.

Name of Properties	Description of Works	Period Implemented	Expenditure Amount (Millions of yen)
Daiei Himonya	Replacement of cooling tower and others	From January 2006 to May 2006	25
Joy Park Izumigaoka	Renewal of first floor	From March 2006 to April 2006	21
Kawasaki Toshiba Building	Renewal of hot-water and steam pipes (3rd phase of works to last four periods)	From February 2006 to May 2006	20
Kawasaki Toshiba Building	Maintenance of exterior wall seal joints	From April 2006 to May 2006	10
Shin-Osaka Central Tower	Replacement of air-conditioning heat source	From December 2005 to December 2005	19
Shin-Osaka Central Tower	Works for osmotic filtration of ground water	From January 2006 to February 2006	141
Shin-Osaka Central Tower	Repair of exterior walls; waterproofing of low-rise roofing	From December 2005 to May 2006	88
Other capital expenditures			87
Total			411

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.

	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	Millions of yen 3rd Fiscal Period (December 1, 2004- May 31, 2005)
Reserve balance at the beginning of period	665	508	268
Addition	203	202	301
Deduction	-	45	61
Reserve balance at the end of period	868	665	508

(Note)

When part of the reserve accumulated within the trust assets by the previous owners is assumed as a result of the sale 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		
	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)	3rd Fiscal Period (December 1, 2004- May 31, 2005)
Asset management fees	411,529	404,627	343,980
Asset custodian fees	21,374	21,777	12,904
Administrative agent fees	63,874	67,122	54,741
Directors' fees	10,200	10,200	10,200
Other expenses	120,055	117,154	91,242
Total	627,032	620,880	513,067

(Note)

In addition to the amounts stated above, there was asset management fees of ¥473,714 thousand for the 3rd fiscal period and ¥150,624 thousand for the 5th fiscal period related to acquisition of properties, which was capitalized and included in acquisition cost of each properties. No such capitalized amount for the 4th fiscal period.

2. Borrowings

Borrowings from financial institutions as of May 31, 2006 were as follows;

(Short-term debt)

Lender	Balance (Millions of yen)	Average Interest Rate (Note 1)	Drawdown Date	Repayment Date	Remarks
Aozora Bank, Ltd.	626	0.40669%	Dec. 20, 2005	Dec. 20, 2006	Unsecured / Unguaranteed / Floating rate of interest
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	420	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Yamaguchi Bank, Ltd.	420	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Bank of Fukuoka, Ltd.	420	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Yamanashi Chuo Bank, Ltd.	210	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Shonai Bank, Ltd.	210	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Hokuriku Bank, Ltd.	210	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Saikyo Bank, Ltd.	210	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
The Hokkoku Bank, Ltd.	127	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
North Pacific Bank, Ltd.	127	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
Tokushima Bank, Ltd.	100	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
Mizuho Corporate Bank, Ltd.	420	0.40669%	Dec. 20, 2005	Dec. 20, 2006	
	1,000	0.48393%	Feb. 8, 2006	Dec. 20, 2006	
Total	4,500				

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

Lender	Balance (Millions of yen)	Average Interest Rate (Note)	Drawdown Date	Repayment Date	Remarks
Shinsei Bank, Limited	370	0.68205%	Dec. 20, 2004	Dec. 20, 2006	Unsecured / Unguaranteed / Fixed rate of interest
The Norinchukin Bank.	3,670				
Mizuho Trust & Banking Co., Ltd.	1,100				
The Sumitomo Trust & Banking Co., Ltd.	360				
Total	5,500				

(Long-term debt)

(Long term debt)

Lender	Balance (Millions of yen)	Average Interest Rate (Note)	Drawdown Date	Repayment Date	Remarks
The Sumitomo Trust & Banking Co., Ltd.	2,230	0.91837%	Dec. 20, 2004	Dec. 20, 2007	Unsecured / Unguaranteed / Fixed rate of interest
	2,000	1.39716%	Dec. 20, 2004	Dec. 20, 2009	
	6,850	0.51200%	Apr. 14, 2006	Dec. 20, 2008	Unsecured / Unguaranteed / Floating rate of interest
	2,550	0.50073%	Apr. 28, 2006	Dec. 20, 2008	
Mizuho Trust & Banking Co., Ltd.	1,110	0.91837%	Dec. 20, 2004	Dec. 20, 2007	Unsecured / Unguaranteed / Fixed rate of interest
	330	1.39716%	Dec. 20, 2004	Dec. 20, 2009	
Saitama Resona Bank, Limited	670	1.39716%	Dec. 20, 2004	Dec. 20, 2009	
Shinsei Bank, Limited	2,220	0.91837%	Dec. 20, 2004	Dec. 20, 2007	
	1,330	1.39716%	Dec. 20, 2004	Dec. 20, 2009	
	2,200	1.08792%	May 29, 2006	Dec. 20, 2007	
The Hyakugo Bank, Ltd.	740	0.91837%	Dec. 20, 2004	Dec. 20, 2007	
The Hiroshima Bank, Ltd.	740	0.91837%	Dec. 20, 2004	Dec. 20, 2007	
Mitsui Sumitomo Insurance Co., Ltd.	740	0.91837%	Dec. 20, 2004	Dec. 20, 2007	
Daido Life Insurance Company	670	1.39716%	Dec. 20, 2004	Dec. 20, 2009	
The Kagawa Bank, Ltd.	220	0.91837%	Dec. 20, 2004	Dec. 20, 2007	
The National Mutual Insurance Federation of Agricultural Cooperatives	3,400	1.89500%	Apr. 28, 2006	Dec. 20, 2011	
Total	28,000				
Borrowings Total	38,000				

(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, 2006 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				

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 trusted real estate assets	Soga Dormitory	February 8, 2006	620	-	-	-	-
Beneficiary rights of trusted real estate assets	Higashikurume Dormitory Shinkan	February 8, 2006	480	-	-	-	-
Beneficiary rights of trusted real estate assets	UUR Court Sapporo Kitasanjo	March 16, 2006	1,278	-	-	-	-
Beneficiary rights of trusted real estate assets	Nanzan Court Ichigoukan	March 30, 2006	1,070	-	-	-	-
Beneficiary rights of trusted real estate assets	Nanzan Court Nigoukan	March 30, 2006	450	-	-	-	-
Beneficiary rights of trusted real estate assets	TENJIN LUCE	April 14, 2006	6,500	-	-	-	-
Real estate	Yamada Denki Tecc Land Sakai Honten	April 28, 2006	3,210	-	-	-	-
Beneficiary rights of trusted real estate assets	CLIO Bunkyo Koishikawa	April 28, 2006	3,170	-	-	-	-
Beneficiary rights of trusted real estate assets	Lilycolor Tohoku Branch	May 29, 2006	2,050	-	-	-	-
	Total		18,828	-	-	-	-

(Note)

The acquisition costs are purchase prices stated in the sales and purchase agreement of each asset, excluding consumption taxes and expenses necessary for making the relevant acquisitions(e.g. agency fees, taxes and impositions), and are rounded to the nearest one million yen.

2. Trading with Related Parties and Major Shareholders

(1) Status of transactions

Sale and purchase transactions concerning the specified assets with Related Parties and Major Shareholders were set out below:

(Millions of yen)

Category	Amount of Purchase and Sell Price etc.	
	Purchasing Price etc.	Selling Price etc.
Total Amount	18,828 (100.0%)	-
	Purchasing prices from related parties	Selling prices from related parties
	1,520 (8.1%)	-
Breakdown of Status of Transactions with Related Parties		
Marubeni Corporation	Nanzan Court Ichigoukan 1,070 (5.7%)	-
Marubeni Corporation	Nanzan Court Nigoukan 450 (2.4%)	-

(2) Amount of commissions paid to related parties

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

Category	Total commission paid (A) (Thousands of yen)	Description of transactions with related parties		(B)/(A) (%)
		Payee	Amount paid (B) (Thousands of yen)	
Brokerage Commissions	519,240	Marubeni Corporation	389,990	75.1
Property Management Fees	323,325	Benny Estate Service Co., Ltd.	11,155	3.5
		Marubeni Real Estate Co., Ltd.	8,134	2.5
		Marubeni Properties Co., Ltd.	94,065	29.1
Casualty Insurance Premium	10,688	Marubeni Safenet Co., Ltd.	10,688	100.0
Construction Management Fees	9,158	Benny Estate Service Co., Ltd.	284	3.1
		Marubeni Real Estate Co., Ltd.	1,316	14.4
		Marubeni Properties Co., Ltd.	4,483	48.9
Other Rental Expenses	26,543	Benny Estate Service Co., Ltd.	14	0.1
		Marubeni Real Estate Co., Ltd.	306	1.2
		Marubeni Properties Co., Ltd.	2,150	8.1

(Notes)

- Among the related parties of the asset management company, as stipulated in Article 20 of the Investment Trust Law Enforcement Order, that have concluded asset management agreement with United Urban, and major shareholders of the asset management company as defined in Article 9, Paragraph 3, of the Law Concerning Investment Trusts and Investments Corporations, the table above indicates Benny Estate Service Co., Ltd., Marubeni Real Estate Co., Ltd., Marubeni Properties Co., Ltd., Marubeni Safenet Co., Ltd., and Marubeni Corporation as parties that have conducted business up to the end of the fifth fiscal period and have received payment of commissions.
- In addition to the commissions stated above, a portion of the commissions paid by United Urban to third parties (administrative agents for corporate bonds) for the handling of payments of principal and interest for United Urban's first and second series corporate bonds was paid by the administrative agents to Mizuho Securities Co., Ltd. and Nikko Citigroup Limited.
- In addition to the transactions above, the amount of repair expenses paid to related parties during the period under review were as set out below. However, with respect to Marubeni Setzbi Corporation, the ratio of the shareholding of Marubeni Corporation, a shareholder of the asset management company, fell below 50% on December 5, 2005, and that company ceased to be categorized as a related party as of that date; accordingly, the details below refer to transactions conducted at the time the company was a related party.

Marubeni Setzbi Corporation	¥ 18,500 thousand
Marubeni Protechs Corporation	¥139,300 thousand
Benny Estate Service Co., Ltd.	¥ 16 thousand

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 establishes Asset Management Guidelines as their internal rules and determine 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 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, office buildings, hotels, and 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, superficies and beneficiary rights of trust in which real estate, land leases or superficies are entrusted.

(b) In accordance with its asset management policy, the Investment Corporation shall manage the assets so that at least 75% in value, as determined in accordance with the Ministerial Ordinance of the Ministry of Finance, of its total assets is invested in real estate, etc. provided for in Article 67-15, Paragraph 9 of the Special Taxation Measures Law.

(c) 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, office buildings, hotels and residential properties and others.

(d) 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.

- (e) The Investment Corporation shall conduct necessary due diligence prior to investment in real estate etc. An investment decision shall be made when the investment amount is considered in line with the existing investment environment and other relevant considerations.

Management Policy

Based on the aforementioned basic investment policy and investment stance, Japan REIT Advisors Co., Ltd., the Asset Management Company appointed by the Investment Corporation, undertakes management of the Investment Corporation's investment assets in accordance with the following asset management policies:

(a) Portfolio Management Criteria

1. Investment Term

In principle, investment assets shall be acquired for the medium to long term 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 independent appraisal. In addition, 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, investment asset acquisitions shall be subject to an assessment of the type, use and location of each property in line with surveys and analyses of medium- and long-term market trends. 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. As of the date hereof, 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 independent asset appraisal. 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, 50% or more of its total investment portfolio based on the most current independent appraisal. 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 independent appraisal. 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

The Asset Management Company shall undertake real estate leasing activities in connection with the Investment Corporation's investment portfolio with the aim of securing stable medium- and long-term revenues under the following leasing policies in accordance with the Asset Management Guidelines:

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, land leases or superficies are entrusted, including comprehensive trusts in which cash associated with real estate is also entrusted, but excluding the securities ("Marketable Securities") defined in Article 3, Item 1 of the Enforcement Order of the Investment Trust and Investment Corporation Law (Cabinet Order No. 480 of 2000, as amended).
5. Beneficiary interests of trust of money for the purpose of investment in real estate, real estate leases and superficies (excluding Marketable Securities)
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 asset:

1. Preferred contribution securities as defined under Article 2, Paragraph 9 of the Asset Liquidation Law (Law No. 105 of 1998)
2. Beneficiary securities as defined under Article 2, Paragraph 12 of the Investment Trust Law
3. Investment securities as defined under Article 2, Paragraph 22 of the Investment Trust Law
4. Beneficiary securities of specified-purpose trusts as defined in Article 2 Paragraph 15 of the Asset Liquidation Law

(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. Government bonds
4. Local government bonds
5. Bonds issued by corporations under special law
6. Stock certificates (only when it is deemed essential or of benefit to the Investment Corporation in accordance with its Articles of Incorporation)
7. Corporate bonds or debentures (excluding convertible bonds, bonds with stock subscription rights and bonds with stock acquisition rights)
8. Specified bonds issued by special-purpose companies as defined under Article 2, Paragraph 1, Item 3-2 of the Securities and Exchange Law
9. Commercial paper

10. Securities or instruments issued by a foreign country or a foreign corporation which are of the same nature as the securities or instruments enumerated in 3. through 9. above
 11. Beneficiary securities
 12. Investment securities
 13. Investment corporation bonds
 14. Foreign investment securities
 15. Beneficiary interests in overseas loan trusts
 16. Securities or instruments representing options
 17. Depositary receipts
 18. Transferable certificates of deposits denominated in Japanese yen issued by a foreign corporation
 19. Beneficiary interests in loan trusts
 20. Rights against a foreign corporation having the same nature as the rights enumerated in 19. above
 21. Monetary claims
 22. Rights relating to financial derivative transactions
- (d) The Investment Corporation may invest in trademark and other rights (trademark rights together with their exclusive and non-exclusive licenses) under the Trademark Law (Law No. 127 of 1959, as amended), the right to use sources of hot spring under the Hot Springs Law (Law No. 125 of 1948, as amended), and equipments relating to the said hot springs and other assets that do not, in accordance with the listing regulations of any stock exchange on which the Investment Corporation is listed, affect a listing if acquired by an investment corporation. However, investment may be made in cases in which it is deemed necessary or of benefit to the Investment Corporation's basic asset management policy or is deemed necessary or of benefit to the Investment Corporation's operations (including investment in trademark and other rights relating to the Investment Corporation's trade name).

Investment Restrictions

Restrictions under the Articles of Incorporation of the Investment Corporation

The Investment Corporation may not invest in real estates (including Real Estate etc. other than real estate and Real Estate-Backed Securities), which are not located in Japan.

Distribution Policies

The Investment Corporation shall make cash distributions in accordance with the following distribution policies:

Profit Distribution

- (a) As part of the total amount of the cash distributions payable to unitholders, the amount of profits provided for in Article 136, Paragraph 1 of the Investment Trust Law shall be calculated in accordance with generally accepted accounting principles in Japan.
- (b) The Investment Corporation shall, in principle, pay cash distributions in an amount that exceeds 90% of the Investment Corporation's distributable income as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Law.

Distributions in Excess of Profits

In the event the distributable amount is less than 90% of distributable income, or when the Investment Corporation deems appropriate based on trends in the real estate market and other factors, the Investment Corporation may distribute an amount in excess of profits, provided that such amount does not exceed the amount of depreciation relating to fixed assets for the relevant business term. In such a case, however, if the cash distribution does not meet the conditions of special tax treatments for Investment Corporations, the amount decided by the Investment Corporation for the purpose of meeting the conditions may be distributed in cash. While the Investment Corporation shall make every effort to ensure stable cash distributions, it shall not make any distribution exceeding profits as long as tax law requires unitholders to individually calculate capital gains and losses each time they receive cash distributions exceeding profits. However, when the Board of Directors of the Investment Corporation decides that distributions exceeding profits is required in order to satisfy the requirements for special tax treatment or otherwise, cash distributions in excess of profits are allowed to be paid subject 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 business term to unitholders and pledgees of record (as of the last day of each business term) in proportion to the number of investment units held.

Extinctive Prescription for Cash Distributions

The Investment Corporation shall be discharged from the obligation to pay cash distributions of profits to unitholders and pledgees of record three calendar years from the date of commencement of payment. Interest shall not accrue on unpaid cash distributions.

Regulations of the Investment Trusts Association of Japan

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

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BALANCE SHEETS

(As of May 31, 2006 and November 30, 2005)

	Thousands of yen	
	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
ASSETS		
CURRENT ASSETS:		
Cash and bank deposits	¥ 13,413,614	¥ 14,834,674
Rent receivables	121,389	109,315
Consumption taxes refundable	202,844	–
Other current assets	162,685	12,939
Total current assets	13,900,532	14,956,928
PROPERTY AND EQUIPMENT, AT COST:		
Land	89,864,427	78,775,653
Buildings and structures	69,221,905	60,111,127
Machinery and equipment	152,009	117,215
Tools, furniture and fixtures	24,882	8,752
Subtotal	159,263,223	139,012,747
Less accumulated depreciation	(3,820,473)	(2,737,846)
Net property and equipment	155,442,750	136,274,901
INVESTMENTS AND OTHER ASSETS:		
Intangible assets	314	296
Security deposits paid	10,013	10,013
Long-term prepaid expenses	96,505	89,563
Organization costs	22,321	27,901
Corporate bond issuance expenses	81,769	102,211
TOTAL ASSETS	¥ 169,554,204	¥ 151,461,813

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

		Thousands of yen	
		End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
LIABILITIES and UNITHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥	370,251	¥ 278,208
Short-term debt		4,500,000	3,500,000
Long-term debt due for repayment within one year		5,500,000	–
Accrued expenses		219,137	207,641
Income taxes payable		1,006	610
Consumption taxes payable		29,261	175,565
Rent received in advance		906,773	835,385
Other current liabilities		19,441	15,158
Total current liabilities		11,545,869	5,012,567
LONG-TERM LIABILITIES:			
Corporate bonds		25,000,000	25,000,000
Long-term debt		28,000,000	18,500,000
Leasehold and security deposits received		12,596,172	10,725,847
Total long-term liabilities		65,596,172	54,225,847
Total Liabilities		77,142,041	59,238,414
UNITHOLDERS' EQUITY			
Unitholders' capital:			
Units authorized: 2,000,000 units as of May 31, 2006 and November 30, 2005			
Units issued and outstanding: 159,843 units as of May 31, 2006 and November 30, 2005			
		89,838,680	89,838,680
Retained earnings		2,573,483	2,384,719
Total unitholders' equity		92,412,163	92,223,399
TOTAL LIABILITIES and UNITHOLDERS' EQUITY	¥	169,554,204	¥ 151,461,813

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

STATEMENTS OF INCOME

(For the six months ended May 31, 2006 and November 30, 2005)

	Thousands of yen	
	5th Fiscal Period (December 1, 2005 - May 31, 2006)	4th Fiscal Period (June 1, 2005 - November 30, 2005)
OPERATING REVENUES		
Rental revenues	¥ 5,469,967	¥ 5,296,772
Other rental revenues	279,475	308,298
	5,749,442	5,605,070
OPERATING EXPENSES		
Property-related expenses	2,217,974	2,190,016
Asset management fees	411,529	404,627
Administrative service fees	85,248	88,899
Other operating expenses	130,255	127,354
	2,845,006	2,810,896
OPERATING INCOME	2,904,436	2,794,174
NON-OPERATING REVENUES		
Interest income	21	27
Other non-operating revenues	1,466	4,599
	1,487	4,626
NON-OPERATING EXPENSES		
Interest expense	144,728	267,328
Interest expense on corporate bonds	154,254	118,011
Amortization of corporate bond issuance expenses	20,442	20,442
Amortization of organization costs	5,580	5,580
Other non-operating expenses	6,467	1,889
	331,471	413,250
INCOME BEFORE INCOME TAXES	2,574,452	2,385,550
PROVISION FOR INCOME TAXES		
Current	1,010	615
Deferred	(20)	238
	990	853
NET INCOME	¥ 2,573,462	¥ 2,384,697

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, 2006 and November 30, 2005)

				Thousands of yen
	Number of Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity
BALANCE AS OF MAY 31, 2005	159,843	¥ 89,838,680	¥ 2,339,803	¥ 92,178,483
Cash distributions disbursed	–	–	(2,339,781)	(2,339,781)
Net income	–	–	2,384,697	2,384,697
BALANCE AS OF NOVEMBER 30, 2005	159,843	¥ 89,838,680	¥ 2,384,719	¥ 92,223,399
Cash distributions disbursed	–	–	(2,384,698)	(2,384,698)
Net income	–	–	2,573,462	2,573,462
BALANCE AS OF MAY 31, 2006	159,843	¥ 89,838,680	¥ 2,573,483	¥ 92,412,163

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

STATEMENTS OF CASH FLOWS

(For the six months ended May 31, 2006 and November 30, 2005)

	Thousands of yen	
	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	¥ 2,574,452	¥ 2,385,550
Depreciation and amortization	1,083,220	1,034,008
Interest income	(21)	(27)
Interest expense	298,983	385,339
Amortization of organization costs	5,580	5,580
Amortization of corporate bond issuance expenses	20,442	20,442
Increase in rent receivables	(12,074)	(19,602)
(Increase) decrease in consumption taxes refundable	(202,844)	1,318,537
(Increase) decrease in prepaid expenses	(140,938)	11,800
(Decrease) increase in trade accounts payable	(44,011)	62,013
(Decrease) increase in accrued expenses	(2,222)	20,324
(Decrease) increase in consumption taxes payable	(146,304)	175,565
Increase in rent received in advance	71,388	261
Other, net	255	(8,495)
Subtotal	3,505,906	5,391,295
Interest received	21	27
Interest paid	(296,110)	(184,957)
Income taxes paid	(614)	(4,911)
Net cash provided by operating activities	3,209,203	5,201,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,119,167)	(156,874)
Purchases of intangible assets	(18)	-
Proceeds from security deposits paid	-	450
Proceeds from leasehold and security deposits received	1,936,481	130,498
Payments for leasehold and security deposits received	(66,156)	(89,577)
Net cash used in investing activities	(18,248,860)	(115,503)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term debt	4,500,000	-
Repayment of short-term debt	(3,500,000)	(10,200,000)
Proceeds from long-term debt	15,000,000	-
Repayment of long-term debt	-	(17,500,000)
Proceeds from issuance of corporate bonds	-	24,877,346
Distributions to unitholders	(2,381,403)	(2,334,271)
Net cash provided by (used in) financing activities	13,618,597	(5,156,925)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,421,060)	(70,974)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,629,144	14,700,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 13,208,084	¥ 14,629,144

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

NOTES TO FINANCIAL STATEMENTS

(May 31, 2006 and November 30, 2005)

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, and residential and other properties in Japan. United Urban is externally managed by a licensed asset management company, Japan REIT Advisors Co., Ltd. (“JRA”). JRA is currently (as of June 9, 2006) owned 51% by Marubeni Corporation (“Marubeni”), 44% by Credit Suisse First Boston Principal Investments Ltd., Tokyo Branch (“CSFBPI”), 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 Law Concerning Investment Trusts and Investment Corporations of Japan (“Investment Trust Law”). United Urban was initially established by Trinity Investment Trust L. L. C., Marubeni, CSFBPI, Kyokuto, Yamato Life Insurance Co., and JRA.

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 a second public offering of investment units.

As of May 31, 2006, the end of its fifth fiscal period, United Urban held ownership of, or beneficial interests in, 7 retail properties, 6 office buildings, 2 hotels, 16 residences and others, 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 Securities and Exchange Law and the Investment Trust Law of Japan.

The accompanying financial statements are a translation 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 at the end of May and November. United Urban’s fifth fiscal period began on December 1, 2005 and ended on May 31, 2006.

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 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
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	5-10 years

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

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 and residential and other properties which are rented to tenants. Revenue from these leases is 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

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. Until May 31, 2005, United Urban expensed such taxes when paid. Effective the fiscal period ended November 30, 2005, United Urban allocated the respective portion of such taxes to the current period and charged this to property-related expenses. This change was made in order to reflect the increase in the amounts of property taxes and city planning taxes relating to the acquisition of new properties and to achieve appropriate accounting for such taxes from an accrual accounting standpoint. As a result of this change in accounting policy, United Urban's operating expenses for the period ended November 30, 2005 increased by ¥66,744 thousand and operating income and income before income taxes decreased by the same amount compared with the amounts which would have been recorded under the previous accounting method.

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. For the period ended May 31, 2006, ¥47,626 thousand of such property taxes and city planning taxes were capitalized. No such property or city planning taxes were included in the cost of properties for the period ended November 30, 2005.

Corporate Bond Issuance Expenses

Corporate bond issuance expenses are amortized over a period of approximately three years, in equal amounts for each semiannual period.

Organization Costs

Organization costs are amortized over a period of approximately five years (comprising ten semiannual periods), in equal amounts for each semiannual period.

Accounting Treatment of Beneficial Interests in Entrusted Assets including Real Estate

For entrusted beneficial interests in real estate, all assets and liabilities within the 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 difference 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.

Accounting Standard for the Impairment of Fixed Assets

Effective the period ended November 30, 2005, United Urban adopted a new accounting standard for the impairment of fixed assets which requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. United urban is required to recognize an impairment loss in its statements of income if certain indicators of asset impairment exist and if the book value of an asset exceeds the undiscounted sum of its future cash flows. The standard states that an impairment loss is to be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs, or (2) the present value of future cash flows arising from ongoing utilization of the asset and from its disposal after use. The standard covers land, buildings, equipment and other forms of property as well as intangible assets. Fixed assets are to be grouped at the lowest level for which there are identifiable cash flows which are independent of the cash flows from other groups of assets. The adoption of this new standard had no effect on United Urban's financial position or results of operations.

Reclassifications

Certain reclassifications have been made to the prior period's financial statements to conform these to the presentation used for the period ended May 31, 2006.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2006 and November 30, 2005 were as follows:

	Thousands of yen	
	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
Cash and bank deposits	¥ 13,413,614	¥ 14,834,674
Restricted deposits with a bank	(205,530)	(205,530)
Cash and cash equivalents	¥ 13,208,084	¥ 14,629,144

4. SECURED ASSETS

At May 31, 2006 and November 30, 2005, the following assets were pledged as collateral for the following debts:

Pledged Assets	Thousands of yen	
	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
Cash and bank deposits	¥ 205,612	¥ 205,596
Land	2,114,744	2,114,743
Buildings and structures	3,092,526	3,153,839
Total	¥ 5,412,882	¥ 5,474,178

Debt Secured by Pledged Assets	Thousands of yen	
	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
Leasehold and security deposits received	¥ 1,783,378	¥ 1,783,378
Total	¥ 1,783,378	¥ 1,783,378

5. LINE-OF-CREDIT AGREEMENT

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

	Thousands of yen	
	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
Total amount of commitment	¥ 2,000,000	¥ 2,000,000
Outstanding borrowings at end of the period	—	—
Amount unutilized at end of the period	¥ 2,000,000	¥ 2,000,000

6. UNITHOLDERS' EQUITY

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

7. SHORT-TERM DEBT

Short-term debt at May 31, 2006 and November 30, 2005 consisted of the following:

	End of 5th Fiscal Period (As of May 31, 2006)		End of 4th Fiscal Period (As of November 30, 2005)	
	Amount (Thousands of yen)	Weighted- average interest rate	Amount (Thousands of yen)	Weighted- average interest rate
Unsecured loans from banks and a trust bank at variable interest rates, due December 20, 2005	¥ –	–	¥ 3,500,000	0.436%
Unsecured loans from banks at variable interest rates, due December 20, 2006	3,500,000	0.407%	–	–
Unsecured loan from a bank at a variable interest rate, due December 20, 2006	1,000,000	0.484%	–	–
Total	¥ 4,500,000		¥ 3,500,000	

8. LONG-TERM DEBT

Long-term debt at May 31, 2006 and November 30, 2005 consisted of the following:

	End of 5th Fiscal Period (As of May 31, 2006)		End of 4th Fiscal Period (As of November 30, 2005)	
	Amount (Thousands of yen)	Weighted- average interest rate	Amount (Thousands of yen)	Weighted- average interest rate
Unsecured loans from banks and trust banks at fixed interest rates, due December 20, 2006	¥ 5,500,000	0.682%	¥ 5,500,000	0.682%
Unsecured loans from banks, trust banks, and an insurance company at fixed interest rates, due December 20, 2007	8,000,000	0.918%	8,000,000	0.918%
Unsecured loans from banks, trust banks, and an insurance company at fixed interest rates, due December 20, 2009	5,000,000	1.397%	5,000,000	1.397%
Unsecured loan from a bank at a fixed interest rate, due December 20, 2007	2,200,000	1.088%	–	–
Unsecured loan from a trust bank at a variable interest rate, due December 20, 2008	6,850,000	0.512%	–	–
Unsecured loan from a trust bank at a variable interest rate, due December 20, 2008	2,550,000	0.501%	–	–
Unsecured loan from a federation at a fixed interest rate, due December 20, 2011	3,400,000	1.895%	–	–
Total	¥ 33,500,000		¥ 18,500,000	

9. CORPORATE BONDS

Corporate bonds at May 31, 2006 and November 30, 2005 consisted of the following:

	End of 5th Fiscal Period (As of May 31, 2006)		End of 4th Fiscal Period (As of November 30, 2005)	
	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 periods ended May 31, 2006 and November 30, 2005 were as follows:

	Thousands of yen	
	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)
Operating Revenues	¥ 5,749,442	¥ 5,605,070
Rental Revenues	5,469,967	5,296,772
Rental revenues	4,954,062	4,784,646
Common area charges	404,802	402,192
Parking revenues	99,533	98,864
Other	11,570	11,070
Other Rental Revenues	279,475	308,298
Incidental revenues	243,295	277,267
Temporary revenues (including cancellation charges)	25,892	20,733
Other miscellaneous revenues	10,288	10,298
Property-Related Expenses	2,217,974	2,190,016
Property and other taxes	404,508	403,039
Property management fees	323,325	334,733
Utilities	261,229	312,650
Casualty insurance	10,688	12,237
Repairs and maintenance	71,188	53,838
Depreciation and amortization	1,083,220	1,034,008
Other rental expenses	63,816	39,511
Profit	¥ 3,531,468	¥ 3,415,054

11. INCOME TAXES

A reconciliation of the differences between the adjusted statutory tax rate and the effective tax rate for the periods ended May 31, 2006 and November 30, 2005 are summarized as follows:

	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)
Statutory tax rate	39.39%	39.39%
Distributions of tax-deductible dividends	(39.38)%	(39.38)%
Other	0.03%	0.03%
Effective tax rate	0.04%	0.04%

United Urban is subject to income taxes in Japan. United Urban's policy is to make dividend distributions in excess of 90% of taxable income for each fiscal period in order to meet the conditions set forth in the Special Taxation Measures Law of Japan 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 ¥2,573,472 thousand and ¥2,384,698 thousand at May 31, 2006 and November 30, 2005, 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. PER UNIT INFORMATION

The calculation of net assets per unit and 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, 2006 and November 30, 2005, respectively, and for the respective six-month periods then ended are summarized as follows:

	5th Fiscal Period (December 1, 2005- May 31, 2006)	4th Fiscal Period (June 1, 2005- November 30, 2005)
Net assets per unit at the period end	¥ 578,143	¥ 576,962
Net income per unit	¥ 16,099	¥ 14,918
Weighted-average number of units	159,843	159,843

13. LEASES

United Urban leases properties on which rental revenue is earned. At May 31, 2006 and November 30, 2005, future lease revenues under non-cancelable operating leases are summarized as follows:

	End of 5th Fiscal Period (As of May 31, 2006)	End of 4th Fiscal Period (As of November 30, 2005)
Due within one year	¥ 5,292,930	¥ 4,512,687
Due after one year	32,601,408	29,760,241
Total	¥ 37,894,338	¥ 34,272,928

14. TRANSACTIONS WITH RELATED PARTIES

(Fifth Fiscal Period: December 1, 2005 – May 31, 2006)

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	Account	Balance at the End of the Period
Benny Estate Service Co., Ltd.	Real Estate Management	–	None	Property Leasing	¥ 107,459	Rent receivables	¥ 14,454
						Security deposits received	47,587
				Property Management Fees	11,155	Trade accounts payable	2,988
				Construction Management Fees	284	Trade accounts payable	9
				Other Rental Expenses	14	–	–
Marubeni Real Estate Co., Ltd.	Real Estate	–	None	Repairs	16	–	–
				Property Management Fees	8,134	–	–
				Construction Management Fees	1,316	Trade accounts payable	18
				Other Rental Expenses	306	–	–
Marubeni Safe-net Co., Ltd.	Insurance Agency	–	None	Other Rental Expenses (Communications)	55	Trade accounts payable	4
				Casualty Insurance	10,688	Prepaid expenses	11,042
Marubeni Properties Co., Ltd.	Real Estate Management	–	None	Repairs	139,300	–	–
				Property Management Fees	94,065	Trade accounts payable	16,452
				Construction Management Fees	4,483	Trade accounts payable	268
Marubeni Protechs Corporation	Wholesale	–	None	Other Rental Expenses	2,150	Trade accounts payable	386
				Repairs	18,500	–	–
Marubeni Setzubi Corporation	Construction	–	None	Repairs	18,500	–	–

2. Asset Custodian

Thousands of yen							
Company Name	Section	Share of Voting Rights (%)	Concurrently Serving Directors	Description of Transactions	Amount of Transactions	Account	Balance at the End of the Period
Mizuho Trust & Banking Co., Ltd.	Trust Bank	–	None	Administrative Service Fee	¥ 49,060	Accrued expenses	¥ 26,017
				Custodian Fee	47,458	–	–
				Brokerage Commission	33,000	–	–

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. Decisions relating to the terms and conditions are based on the actual conditions in the markets.

15. SUBSEQUENT EVENT

Cash Distribution

On July 21, 2006, the Board of Directors of United Urban approved a resolution for the payment of a cash distribution of ¥16,100 per unit, amounting to ¥2,573,472 thousand in the aggregate, to unitholders of record as of May 31, 2006.

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, 2006 and November 30, 2005, 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, 2006 and November 30, 2005, 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.

As discussed in Note 2, effective June 1, 2005, the Company changed its method of accounting for taxes on property and equipment from a cash basis to an accrual basis.

Ernst & Young ShinNihon

August, 28, 2006

Corporate Data

Set out below is certain corporate data of United Urban Investment Corporation (“United Urban”) as of May 31, 2006:

Corporate Name:	United Urban Investment Corporation
Corporate Office:	Shiroyama Trust Tower 4-3-1, Toranomon, Minato-ku, Tokyo 105-6018, Japan Tel: +81-3-5402-3189 http://www.united-reit.co.jp
Date of Incorporation:	November 4, 2003
Paid-in Capital	¥89,838,680,160
Number of Unitholders	10,056
Transfer Agent	The Chuo Mitsui Trust and Banking Company, Limited 3-33-1, Shiba, Minato-ku, Tokyo 105-8574, 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 Hibiya Kokusai Bldg. 2-2-3, Uchisaiwaicho, 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 4-3-1, Toranomon, Minato-ku, Tokyo 105-6018, Japan Tel: +81-3-5402-3189

Disclaimer

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



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