

Unilmmo: Global reopens after revaluation of Japan portfolio

- **Unit price calculation, redemption and issue possible again from 16 June 2011**
- **Three fund properties in Tokyo revalued to reflect changed market conditions**
- **Standard distribution of EUR 1.40 per unit**
- **Fund management sees good prospects as market recovers**

Buying and selling of Unilmmo: Global fund units is now possible again, without restrictions. Following a three-month closure, Union Investment Real Estate GmbH has resumed the redemption and issue of units in its international open-ended real estate fund with effect from 16 June 2011. Given the uncertainty surrounding both the impact on Tokyo of the nuclear accident at Fukushima and the consequences for the city's property market, the external experts commissioned to reevaluate Unilmmo: Global's Tokyo properties in March 2011 were unable to do so. "Expert opinion is that the situation in Fukushima has now stabilised to the extent that Tokyo is extremely unlikely to experience radioactive contamination. The valuation committee has endorsed this assessment," says Dr. Reinhard Kutscher, Chairman of the Management Board of Union Investment Real Estate GmbH. The experts also conducted their own on-site assessment of the situation in the Tokyo property market, with the result that the requested revaluation was able to take place as at 15

June 2011. This enabled proper calculation of the unit price. Revaluation of the seven Tokyo properties held by the Unilmmo: Global fund resulted in a downward adjustment of EUR 26.5 million. Taking into account an upward correction for a fund property in Singapore, the net valuation adjustment was EUR 20.2 million, resulting in a unit price of EUR 51,60. The current 12-month performance for Unilmmo: Global is -2.59 %, compared to -2.16% when the fund price was last calculated on 16 March 2011. The current valuation adjustment in Japan was largely offset by income growth and write-ups during the three-month closure period. The distribution for the 2010/2011 accounting year, which will take place on 28 June 2011, is EUR 1.40 Euro per unit and thus the same as in the prior year.

Varying fortunes in the post-earthquake Tokyo property market

The external experts assessed the situation on the ground from 29 May to 1 June 2011, revaluing all seven buildings held in Tokyo by Unilmmo: Global. Union Investment's revaluation of its Japanese assets, originally requested shortly after the earthquake of 11 March 2011 and now finally carried out, shows that the various sectors of the Japanese property market have reacted in different ways to the environmental and nuclear disaster. The experts identified the need to make significant writedowns for three properties in the Unilmmo: Global fund.

In the Unilmmo: Global fund, the value of the Shiomi Koyama office building, which remains unlet, was corrected downwards by EUR 9.5 million (7.3%). The SoLaDo retail property saw its value fall by EUR 13.9 million (14.0%), and one of the fund's smaller residential

properties, which provides apartments for non-nationals living in Tokyo, lost EUR 3.1 million in value (26.5%). The properties have been affected by the caution that is clearly apparent among potential tenants, or indirectly hit by weakening consumer demand. The values of the Tokyo properties held by Unilmmo: Global were routinely assessed and adjusted by external experts on 25 February 2011, two weeks before the earthquake.

“The revaluation highlights the varying impact of the environmental and nuclear disaster on the Tokyo property market. Demand for earthquake-proof buildings in the five central districts of Shinjuku, Shibuya, Minato, Chiyoda and Chuo has increased following the accident, with rents bucking the trend and remaining stable. In contrast, rents in the outskirts and in retail properties and luxury apartments have come under additional pressure,” says Kutscher.

For Unilmmo: Global investors, the revaluation represents welcome clarity because the valuation adjustment takes full account of the impact of the exceptional situation in Japan as currently evident. “The quality of our Japan portfolio will allow us to gain maximum traction when the rental market in Tokyo recovers,” continues Kutscher. “Unilmmo: Global is an integral part of our product range for private investors. Now that the fund has reopened, there is every chance of repeating the success of previous years.” The fund’s high-quality portfolio of properties is likely to benefit from value appreciation as the economy recovers, with an upturn already apparent in many of its global investment regions. Union Investment sees opportunities for increased income in Mexico, Canada, Chile, Turkey and Singapore over the next few years. In addition, the fund’s strong liquidity should

provide stability. “Unilmmo: Global’s cash position will be sufficient to fully meet investor demand for redemptions after the fund reopens,” says Kutscher.

Responsible closure to protect investors

“Japan has shown that extreme events can occur even in core markets, and that the last-resort response in the interests of investor protection must be a temporary closure,” explains Dr. Reinhard Kutscher. “We only take such a step after very careful consideration and in order to protect our investors. The same applies to the decision to reopen the fund and the timing of its reopening.”

Union Investment’s suspension of the redemption and issue of units in Unilmmo: Global on 17 March 2011 was not taken for liquidity reasons; the aim was to allow revaluation of the fund’s properties in Japan. Following calculation of the unit price on 16 June 2011 based on the new valuations, the “exceptional circumstances” as defined in section 37 [2] of the German Investment Act which led to the temporary fund closure no longer apply.

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