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For Immediate Release

REIT Issuer

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Notice Concerning Property Acquisition and Transfer

NTT UD REIT Investment Corporation (“NUD”) announces that NTT Urban Development Asset Management Corporation (“UDAM”), the asset management company of NUD, today decided on the acquisition of an office building and the transfer of an office building as described below (hereinafter referred to respectively as the “Acquisition” and the “Transfer” and collectively as the “Transactions”).

1. Overview of the Transactions

(1) Overview of the Acquisition

Property Name	Urbannet Nakano Building
Type of Asset for Acquisition	Beneficiary interest in a real estate trust (Note 1)
Acquisition price	6,400 million yen (Note 2)
Seller	NTT Urban Development Corporation
Intermediary	None
Acquisition Decision Date	February 24, 2023
Conclusion Date	February 24, 2023
Planned Delivery Date	March 14, 2023
Payment Method	Lump-sum payment upon delivery
Financing for Acquisition	Borrowings (Note 3) and cash on hand will be used for the acquisition.

(Note 1) For details of the property, please refer to “3. Details of the Property for Acquisition” below.

(Note 2) The acquisition price represents the transaction price before taxes, not including various expenses required for the acquisition of the property.

(Note 3) We will announce the details of the borrowing when it is decided.

(2) Overview of the Transfer

Property Name	Rokubancho Building
Type of Asset for Sale	Beneficiary interest in a real estate trust (Note 1)
Sale Price	10,500 million yen (Note 2) (Note 3) First: 5,250 million yen (equivalent to 50%) Second: 5,250 million yen (equivalent to 50%)
Book Value	7,533 million yen (as of October 31, 2022)
Gain on Sale (estimate)	2,946 million yen (Note 4)
Buyer	NTT Urban Development Corporation
Intermediary	None
Transfer Decision Date	February 24, 2023
Conclusion Date	February 24, 2023
Planned Delivery Date	First: April 7, 2023 Second: May 26, 2023
Payment Method	Lump-sum payment upon delivery
Use of Proceeds from Sale	For the first and the second, the proceeds will be used to repay a borrowing while the remainder will be cash reserves.

(Note 1) For details of the trust property, please refer to “4. Details of the Property for Sale” below.

(Note 2) The sale price represents the transaction price before taxes, not deducting various expenses required for the transfer of the property.

(Note 3) The transfer will take place over two installments, with the first installment of 50.0% quasi co-ownership interest on April 7, 2023, and the second installment of 50.0% quasi co-ownership on May 26, 2023.

(Note 4) Gain on sale (estimate) has been calculated by deducting 7,533 million yen (a combined amount of the assumed book value as of the planned delivery date of the abovementioned property, taking into account the book value as of October 31, 2022, and capital expenditure and depreciation (estimate) up to the planned delivery date with expenses related to the Transfer (estimate)) from the sale price of 10,500 million yen. The same applies hereinafter.

2. Reason for the Transactions

The property to be acquired, Urbannet Nakano Building, is located in the area around the north exit of Nakano Station. This area has been attracting attention as a new office area since the completion of Nakano Central Park, which was developed on the former site of Nakano Police Academy. Further development and business concentration can be expected around Nakano Station as several large-scale buildings are scheduled to be developed there. The property is located adjacent to the north side of the new Nakano Ward Office building, which is scheduled for completion in 2024. Although 34 years have passed since the property's completion, it is reasonably competitive in the area due to appropriate maintenance and facility renewal by the sponsor, NTT Urban Development Corporation. The decision to acquire the property was made based on the prospects of future development in the surrounding area and the expectation for stable earnings.

On the other hand, Rokubancho Building, the property to be transferred, is an office building completed in 1987. Upon receiving a notification of moving-out from the sole tenant, we comprehensively considered the earnings forecast in a scenario where the property is re-tenanted, the current real estate market conditions, and the composition of the entire portfolio from a medium- to long-term perspective. As a result, we have decided to sell the property in order to make unrealized gains visible and to replace the property with the asset to be acquired, which we believe will contribute to the improvement of unitholder value.

The property to be transferred is to be transferred in two installments, and a portion of the gain on sale of the property will be retained as a reserve for reduction entry and used to stabilize the future distribution level.

3. Details of the Property for Acquisition

Property Name		Urbannet Nakano Building				
Type of Specified Asset		Beneficiary interest in a real estate trust				
Name of Trustee		Sumitomo Mitsui Trust Bank, Limited				
Agreement Term		From March 14, 2023 to March 31, 2033				
Location (Note 1)	Land	4-643-8 Nakano, Nakano Ward, Tokyo				
	Building	4-643-8 Nakano, Nakano Ward, Tokyo <Residential indication> 4-11-10 Nakano, Nakano Ward, Tokyo				
Property Characteristics	Location, etc.	A mixed-use development is underway in the surrounding area of the property. This area is located close to central Tokyo and is also home to an urban planning park of approximately 21,000 m ² , making it a location that combines cutting-edge facilities with lush greenery and nature. In 2024, a new Nakano Ward Office building will be constructed adjacent to the property, and further development can be expected in the future due to the improved convenience of the property's location.				
	Access	About a 7-minute walk from Nakano Station on the JR Chuo Line About a 7-minute walk from Nakano Station on the Tokyo Metro Tozai Line				
Area (Note 1)	Land	2,812.61 m ²				
	Building	9,268.73 m ²				
Type of Ownership	Land	Fee simple ownership				
	Building	Fee simple ownership				
Use of Building (Note 1)		Office				
Structure of Building (Note 1)		Reinforced concrete structure with flat roof, 6 stories				
Construction Completion (Note 1)		October 1988				
Acquisition price		6,400 million yen				
Appraisal						
Appraiser		Japan Real Estate Institute				
Appraisal Value		6,520 million yen				
Survey Date		January 31, 2023				
Property Manager		NTT Urban Value Support, Inc.				
Collateral		None				
Tenant Details (Note 2)						
Total Number of Tenants		1				
Monthly Rent		Not disclosed				
Tenant Security Deposits		Not disclosed				
Total Leasable Space		7,139.84 m ²				
Total Leased Space		7,139.84 m ²				
Change in Occupancy Rate		December 2018	December 2019	December 2020	December 2021	December 2022

	100.0%	100.0%	100.0%	100.0%	100.0%
PML (Note 3)	10.1% <Preparer of evaluation report> Takenaka Corporation				

- (Note1) Each piece of information in "Location" (excluding residential indication), "Area," "Use of Building," "Structure of Building" and "Construction Completion" is described based on the information indicated in the certificate of registered matters.
- (Note2) "Tenant Details" indicate the figure as of December 31, 2022. As for "Monthly Rent" and "Tenant Security Deposits," the figures are not disclosed as no consent for disclosure has been obtained from the relevant tenant.
- (Note3) The PML, or probable maximum loss, refers to the probability of the maximum loss expected to result from an earthquake. Although there is no single precise definition of PML, PML herein is based on the event of the maximum earthquake that can be expected to occur in the region where the subject building is located (probable maximum earthquake = PME: an earthquake of a size that has a 10% probability of occurring within 50 years = occurs once every 475 years) occurring and is represented by expressing the construction costs required to restore the post-PME building to its pre-PME state as a percentage of the total construction costs required to reconstruct the building (= replacement cost). The figure does not take into account the impact of the collapse of neighboring buildings or fire, water, and other damages. The PML value of the entire building is indicated.

4. Details of the Property for Sale

Property Name		Rokubancho Building				
Type of Specified Asset		Beneficiary interest in a real estate trust				
Name of Trustee		Sumitomo Mitsui Trust Bank, Limited				
Agreement Term		From March 26, 2004 to March 31, 2024				
Location (Note 1)	Land	6-28 Rokubancho, Chiyoda Ward, Tokyo, and 1 other parcel				
	Building	6-28 Rokubancho, Chiyoda Ward, Tokyo <Residential indication> 6-28 Rokubancho, Chiyoda Ward, Tokyo				
Area (Note 1)	Land	2,036.66 m ²				
	Building	9,339.42 m ²				
Type of Ownership	Land	Fee simple ownership				
	Building	Fee simple ownership				
Use of Building (Note 1)		Office				
Structure of Building (Note 1)		Steel-framed and steel-framed reinforced concrete structure with flat roof, 7 stories and 1 basement floor				
Construction Completion (Note 1)		April 1987				
Sale Price		10,500 million yen				
Book Value		7,533 million yen (as of October 31, 2022)				
Gain on Sale (estimate)		2,946 million yen				
Appraisal						
Appraiser		Japan Real Estate Institute				
Appraisal Value		10,500 million yen				
Survey Date		February 1, 2023				
Tenant Details (Note 2)						
Total Number of Tenants		1				
Monthly Rent		Not disclosed				
Tenant Security Deposits		Not disclosed				
Total Leasable Space		6,872.77 m ²				
Total Leased Space		6,872.77 m ²				
Change in Occupancy Rate (Note 3)		December 2018	December 2019	December 2020	December 2021	December 2022
		100.0%	100.0%	100.0%	100.0%	100.0%

- (Note1) Each piece of information in "Location" (excluding residential indication), "Area," "Use of Building," "Structure of Building" and "Construction Completion" is described based on the information indicated in the certificate of registered matters.
- (Note2) "Tenant Details" indicate the figure as of December 31, 2022. As for "Monthly Rent" and "Tenant Security Deposits," the figures are not disclosed as no consent for disclosure has been obtained from the relevant tenant.
- (Note3) The property's tenant moved out on January 31, 2023, and the occupancy rate is 0% as of February 24, 2023.

5. Seller and Buyer Profile

(As of February 24, 2023)

Company Name	NTT Urban Development Corporation (NTT UD)
Head Office Address	4-14-1 Sotokanda, Chiyoda Ward, Tokyo
Representative	Hiroshi Tsujigami, President and CEO
Paid-in Capital	48,760 million yen (as of March 31, 2022)
Net Assets	207,327 million yen (as of March 31, 2022)
Total Assets	1,054,676 million yen (as of March 31, 2022)
Major Shareholder and Shareholding Ratio	NTT Urban Solutions, Inc. (Shareholding ratio: 100%)
Established Date	January 21, 1986
Principal Business	(1) Acquisition, development, sales and management of real estate (2) Real estate leasing, brokerage (3) Building design, construction, construction supervising and their commissioning (4) Sale and lease of office equipment, communications equipment, fixtures and fittings, and interior furnishings for office buildings and residences (5) Construction and sale of residences (6) Information gathering and management, research and consulting related to civil engineering, construction and real estate (7) Fee-based homes for the elderly business, and home care service business and preventive long-term care service business pursuant to the Long-Term Care Insurance Act
Relationship between NTT UD and NUD/UDAM	
Capital Relationship	NTT UD holds 4.0% (56,100 units) of the total number of investment units issued and outstanding of NUD. NTT UD is UDAM's parent company, holding 100.0% (4,000 shares) of its total shares outstanding, and falls under the category of interested party, etc. as stipulated in the Investment Trust Act.
Personnel Relationship	NTT UD is one of the companies from which officers and employees of UDAM have been dispatched.
Business Relationship	NTT UD falls under the category of lessee of properties owned by NUD. In addition, UDAM has executed an Agreement on Information Provision with NTT UD.
Related Parties	NTT UD does not fall under the category of related parties of NUD. As stated above, NTT UD is the parent company of UDAM and falls under the category of related parties of UDAM.

6. Status of Previous Owner

The former owner of Urbannet Nakano Building, the property to be acquired, falls under the category of an interested party, etc. of NUD as defined in the Investment Trust Act. Therefore, the status of the previous owners, etc. is herein stated.

	Previous owner, etc.	Former owner before the previous owner, etc.
Company name	NTT Urban Development Corporation	Other than special interested parties
Relationship with special interested parties	Please refer to "5. Seller and Buyer Profile" above.	—
Background, reason, etc. of the transaction	Acquisition through absorption-type merger	—
Acquisition price (including other expenses)	— (Note)	—
Timing of acquisition	March 15, 1995	—

(Note) This information is omitted because the previous owner held the property for more than one year.

7. Transactions with Interested Party, Etc.

The following transactions with interested parties, etc. related to the Transaction have been resolved by the Compliance Committee, which includes outside experts, in accordance with "Policy on Transactions with Interest Parties" of the internal rules of UDAM.

- (1) Acquisition of Urbannet Nakano Building from NTT Urban Development Corporation
- (2) Transfer of Rokubancho Building to NTT Urban Development Corporation
- (3) Consignment of property management services to NTT Urban Value Support, Inc. at the property to be acquired

8. Matters Concerning Forward Commitment, Etc.

The Transfer falls under the category of “forward commitments, etc. by investment corporations” (Note) as stipulated in the “Comprehensive Supervisory Guidelines for Financial Instruments Business Operators, etc.” established by the Financial Services Agency.

There are provisions regarding penalties such that if NUD or the Buyer violates a serious contractual obligation with respect to the contracts for the first transfer and the second transfer concluded for the transfer of the assets, other party may terminate each sale contract and claim 150 million yen each as a penalty.

(Note) The term “forward commitments, etc.” refers to future-dated sales contracts, where the settlement and delivery of the property will take place more than one month after the contract is concluded, and other similar contracts.

9. Future Outlook

To reflect the impact of the Transactions on the performance, performance forecasts for the fiscal period ending April 30, 2023 (FP 41) and the fiscal period ending October 31, 2023 (FP 42) published in "Financial Report for the Fiscal Period Ended October 31, 2022" dated December 15, 2022 has been revised.

For further details, please refer to “Notice Concerning Revision of Performance Forecast for the Fiscal Periods Ending April 2023 (the 41st Fiscal Period) and Ending October 2023 (the 42nd Fiscal Period)” separately announced today.

10. Overview of Appraisal Report

(1) property to be acquired

Property Name	Urbannet Nakano Building
Appraisal Value	6,520 million yen
Appraiser	Japan Real Estate Institute
Survey Date	January 31, 2023

Appraisal Item	Appraisal Value (million yen)	Remarks, Etc.
The value estimated by income approach	6,520	Estimated by associating the value estimated by direct capitalization method and the value estimated by DCF method
Value estimated by direct capitalization method [[5]÷[6]]	6,520	
Operating Revenues	Not disclosed (Note)	
(a) Rental revenue		
(b) Common service charges		
(c) Rental revenue including common service charges [(a)+(b)]		
(d) Utilities		
(e) Parking and bicycle parking fees		
(f) Other income		
[1] Latent Gross Revenues [(c)+(d)+(e)+(f)]		
(g) Losses due to vacancies, etc.		
(h) Bad debt loss		
[2] Operating Revenues [[1]-(g)-(h)]		
Operating Expenses		
(i) Maintenance		
(j) Utilities		
(k) Repair costs		
(l) Property management fee		
(m) Advertisement for leasing, etc.		
(n) Tax and public dues		
(o) Insurance		
(p) Other expenses		
[3] Operating Expenses [(i)+(j)+(k)+(l)+(m)+(n)+(o)+(p)]		
[4] Net Operating Income [[2]-[3]]	298	
(q) Profit through management of temporary deposits, etc.	2	Assessed the number of months of stable security deposits over the medium to long term based on the current lease conditions and the number of months of security deposits at the time of new contracts, and assessed the profit through management of temporary deposit, etc., by multiplying said number by the occupancy rate and the investment yield.
(r) Capital expenditures	34	Based on the assumption that expenditures expected to be incurred in the future should be accumulated on an average basis every fiscal period, we made an assessment while taking into account the level of capital expenditures in similar properties, the age of the building and the annual average amount of repair and renewal costs in the engineering report.
[5] Net Cash Flow [[4]+(q)-(r)]	267	
[6] Capitalization Rate	4.1%	Estimated based on the standard yield for each district set by Japan Real Estate Institute, taking into account the spread attributable to the location conditions, building conditions, etc. of the target property, and the future uncertainties and transaction yields related to similar real estate.
Value estimated by discounted cash flow (DCF) method	6,510	
Discount rate	4.0%	
Terminal capitalization rate	4.3%	
Value estimated by cost approach	6,160	
Land ratio	89.6%	
Building ratio	10.4%	

Other matters noted by the appraiser in conducting appraisal

None

(Note) The property is a single office building for lease. This information is not disclosed because the consent from the tenant has not been obtained for the disclosure of operating revenue, etc., and the actual values are referred to for information in the appraisal and because UDAM judges that the disclosure of these figures may have an adverse effect on competition and may eventually harm unitholder interests.

(2) property to be transferred

Property Name	Rokubancho Building
Appraisal Value	10,500 million yen
Appraiser	Japan Real Estate Institute
Survey Date	February 1, 2023

Appraisal Item	Appraisal Value (million yen)	Remarks, Etc.
Value as vacant land	11,000	
Value by development method (land)	11,100	Assuming construction and sale of a high-rise apartment
Comparable value vs. past transactions (land)	10,900	

Other matters noted by the appraiser in conducting appraisal	Because the subject property is located in an area maturing as a residential district, and because the subject building is functionally obsolete, it was determined that the most effective use of the subject property (building and site) is to develop a high-rise apartment. It is appropriate to appraise the subject property's value relatively, given considerations that the building will be demolished and the land will be cleared. The appraisal value was therefore determined by multiplying the value as vacant land by 95%, the amount after adjusting for demolition and removal costs.
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[Attachment]

[Reference Material 1] Outside View of the Property to be Acquired and Location Map

[Reference Material 2] Table of Portfolio Following the Transactions

* NUD's website is <http://www.nud-reit.co.jp/en/>

** Neither NUD nor UDAM makes any assurance or warranty with respect to the completeness or accuracy of this English translation. For more complete and accurate information, please refer to the original announcement in Japanese.

[Reference Material 1] Outside View of the Property to be Acquired and Location Map
Urbannet Nakano Building



[Reference Material 2] Table of Portfolio Following the Transactions

Use	Area	No.	Property Name	Acquisition Date	Acquisition Price (million yen) (Note)	Share
Office Buildings	5 Central Wards of Tokyo	A01	Landic Shimbashi Building	Sep 11, 2002	6,341	2.3%
		A02	Landic Shimbashi 2 Building	Sep 11, 2002	7,045	2.6%
		A03	Premier Dogenzaka Building	Sep 10, 2002	1,727	0.6%
		A04	KN Shibuya No.3	Sep 11, 2002	5,348	2.0%
		A05	Takadanobaba Center Building	Sep 11, 2002	5,118	1.9%
		A10	Urbannet Mita Building	Nov 18, 2011	10,300	3.8%
		A11	Urbannet Azabu Building	Nov 18, 2011	5,000	1.8%
		A15	Granpark	Nov 08, 2013	11,490	4.2%
		A17	Otemachi Financial City Grand Cube	Jun 12, 2020	4,680	1.7%
		A18	Shinagawa Season Terrace	Dec 21, 2020	18,687	6.9%
				Mar 30, 2021		
		A19	Tokyo Opera City Building	Nov 02, 2021	22,000	8.1%
		A20	Urbannet Uchisaiwaicho Building	Mar 28, 2022	5,640	2.1%
	Other 18 Wards of Tokyo	B02	Premier Toyochi Building	May 18, 2007	4,310	1.6%
		B03	Ueno TH Building	Mar 27, 2008	4,380	1.6%
		B04	Gotanda NT Building	Mar 27, 2008	4,100	1.5%
		B05	Ueno Tosei Building	Nov 18, 2011	5,900	2.2%
		B06	Urbannet Ikebukuro Building	Jan 22, 2015	13,600	5.0%
		B07	Urbannet Omori Building	Jan 22, 2015	4,800	1.8%
		B09	Urbannet Gotanda NN Building	Apr 05, 2019	5,250	1.9%
		B10	Urbannet Nakano Building	Mar 14, 2023 (scheduled)	6,400	2.4%
	Urban Areas Surrounding Tokyo	C01	Premier Yokohama Nishiguchi Building	Sep 11, 2002	3,558	1.3%
		C02	The Kanagawa Science Park R&D Building	Sep 11, 2002	6,556	2.4%
	Major Regional Cities	G02	NTT CRED Okayama Building	May 15, 2015	3,600	1.3%
		G03	Urbannet Shizuoka Ote-machi Building	Feb 19, 2016	1,628	0.6%
		G04	Urbannet Shizuoka Building	Feb 19, 2016	1,119	0.4%
		G05	Urban Ace Higobashi Building	Dec 20, 2016	4,600	1.7%
	Subtotal		26 properties		173,177	63.9%
Residential Properties	5 Central Wards of Tokyo	D01	Park Axis Yotsuya Stage	Sep 11, 2002	5,208	1.9%
		D02	Park Axis Meiji-Jingumae	Sep 11, 2002	2,604	1.0%
		D04	Cabin Arena Akasaka	Apr 04, 2003	1,330	0.5%
		D05	Cabin Arena Minami-Aoyama	Sep 01, 2003	1,070	0.4%
		D08	Roppongi Green Terrace	Nov 18, 2003	4,678	1.7%
		D09	Premier Stage Shibakoen II	Nov 18, 2003	2,181	0.8%
		D11	Langue Tower Kyobashi	Dec 22, 2003	927	0.3%
		D12	Premier Stage MitaKeidaimae	Nov 30, 2004	1,580	0.6%
		D13	Premier Rosso	Jan 14, 2005	1,662	0.6%
		D14	Premier Blanc Yoyogikouen	Jul 15, 2005	2,330	0.9%
		D15	Premier Stage Uchikanda	Sep 20, 2005	1,723	0.6%
		D16	Premier Stage Ichigayakawadacho	Jul 21, 2005	1,460	0.5%
		D17	Walk Akasaka	Jun 01, 2005	2,043	0.8%
		D18	Premier Stage Shibakoen	Oct 13, 2006	1,585	0.6%
		D19	MEW	Jul 31, 2006	1,556	0.6%
		D20	Shibaura Island Air Tower	Dec 03, 2007	7,590	2.8%
		D21	Storia Akasaka	May 22, 2008	3,930	1.4%
		D22	Renai Shinjuku-Gyoen Tower	May 22, 2008	6,500	2.4%
		D23	Shibaura Island Bloom Tower	Dec 09, 2010	5,500	2.0%
		D24	Questcourt Harajuku	Nov 18, 2011	4,500	1.7%
		D25	Urban Court Ichigaya	Nov 08, 2013	1,385	0.5%
		D26	Premier Stage Azabu-Juban	Mar 01, 2018	1,420	0.5%
		D27	Premier Stage Sasazuka	Mar 01, 2018	1,080	0.4%

Use	Area	No.	Property Name	Acquisition Date	Acquisition Price (million yen) (Note)	Share
Residential Properties	Other 18 Wards of Tokyo	E01	Premier Stage Osaki	Nov 18, 2003	1,072	0.4%
		E02	Premier Garden Hongo	Apr 01, 2004	975	0.4%
		E03	Premier Grande Magome	Jun 01, 2005	1,560	0.6%
		E04	Premier Nozze Yutenji	Mar 28, 2006	1,525	0.6%
		E05	Premier Stage Yushima	Sep 01, 2006	1,803	0.7%
		E06	Premier Stage Komagome	Feb 09, 2007	1,830	0.7%
		E07	Premier Stage Otsuka	Jun 18, 2007	1,310	0.5%
		E08	Premier Stage Honjo-Azumabashi	Nov 30, 2007	2,640	1.0%
		E09	Premier Stage Ryogoku	Jun 30, 2008	1,496	0.6%
	Subtotal		32 properties		78,054	28.8%
Others	<div></div>	Z01	UDX Special Purpose Company Preferred Securities (Akihabara UDX)	Dec 08, 2010	19,940	7.4%
				Nov 08, 2013		
	Subtotal		1 properties		19,940	7.4%
Total		59 properties		271,172	100.0%	

(Note) "Acquisition Price" represents the transaction price before taxes, not including various expenses required for the acquisition of the relevant properties.