

<https://nud-reit.co.jp/en/>



Renai Shinjuku-Gyoen Tower / Tokyo Opera City Building

46th
Fiscal Period

Semiannual Report

Ended October 31, 2025



1-5-1 Otemachi, Chiyoda Ward, Tokyo
<https://nud-reit.co.jp/en/>
Securities Code: 8956



1 Comprehensive Support from **NTT Urban Development**, the Sole Comprehensive Real Estate Company in the NTT Group

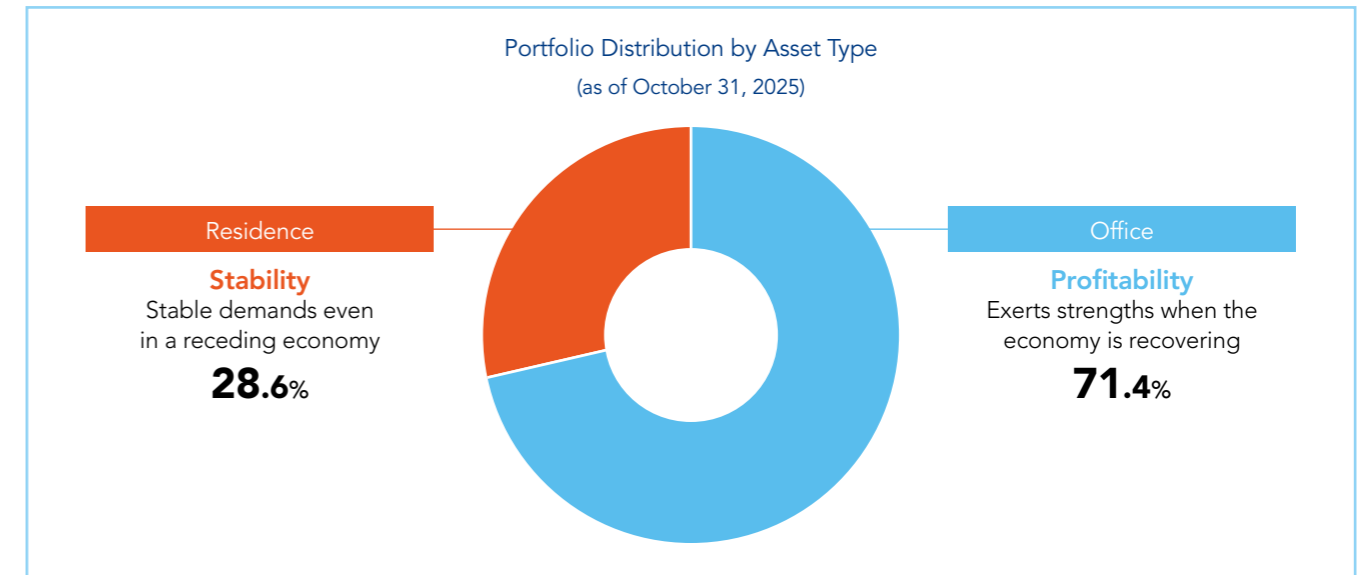
Since May 2010, when NTT Urban Development (NTT UD) participated as its sponsor, NTT UD REIT Investment Corporation (NUD) has received a broad range of support from NTT UD, including such pipeline support services as supply and information provision of new properties, as well as support for leasing activities and provision of property management operations.



- Abundant track record of development and pipelines for office buildings
- Operating capability in real estate rental business
- Credit backed by the comprehensive capabilities of the NTT Group

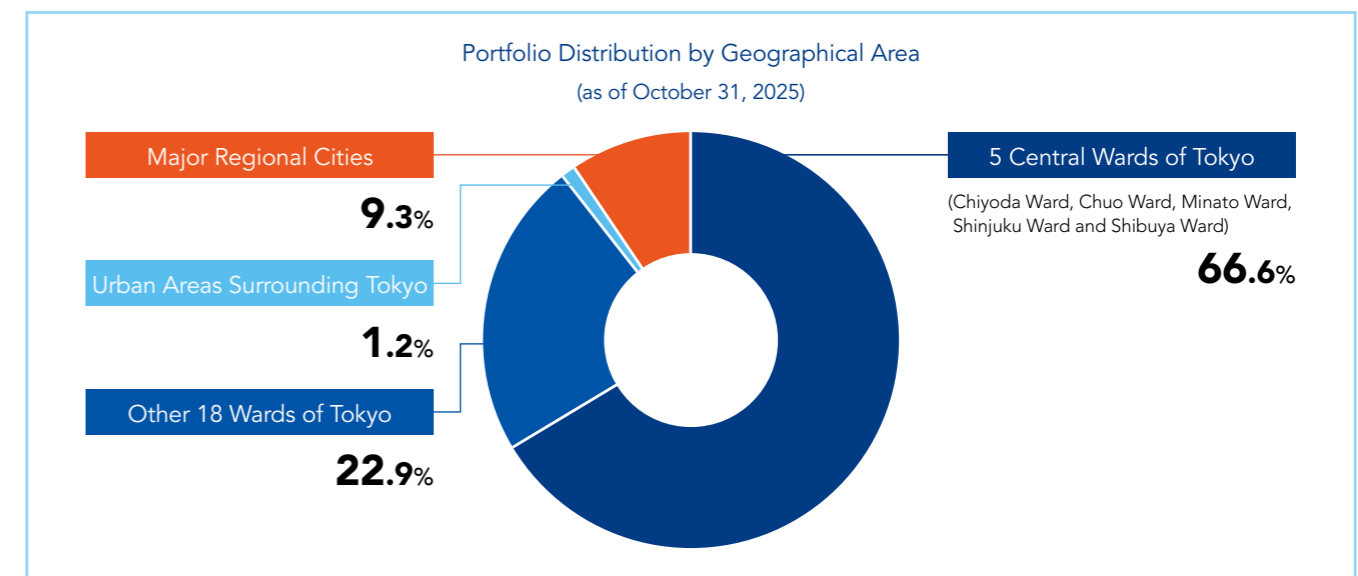
2 **Compound Portfolio** with Office Buildings and Residential Properties as Main Investment Targets

- Mitigates the impact of economic fluctuations by combining asset types that have low correlation to each other in terms of market rent fluctuations
- Diversifies the tenant base into different types such as corporations and individuals

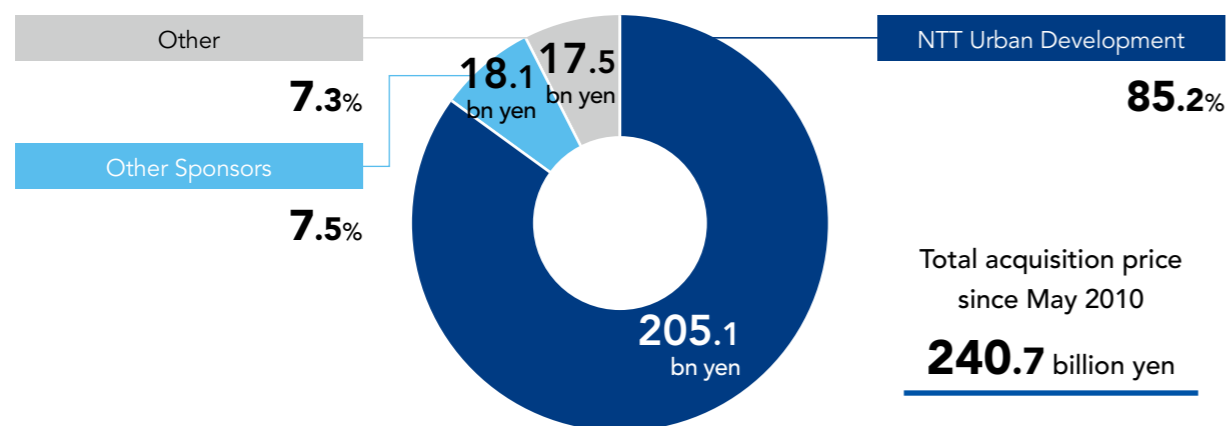


3 Portfolio Focused in the **Tokyo Economic Bloc**

- Focuses investments in the Tokyo Economic Bloc, which enjoys an established economic base due to a high concentration of population and industry
- Diversify risks by combining investments in Major Regional Cities



Results of Property Acquisitions through NTT UD's Pipelines
(as of October 31, 2025)



On behalf of NUD, we would like to express our sincere gratitude for the loyal patronage of our unitholders.

We are pleased to report on the performance results and management status of NUD for the 46th fiscal period (May 1, 2025 – October 31, 2025). We greatly appreciate your continued support and cooperation.

In the 46th fiscal period ended October 2025, NUD steadily implemented the transfer of “The Kanagawa Science Park R&D Building” to an external buyer and “Landic Shimbashi 2 Building” (second installment) utilizing sponsor support. As of October 31, 2025, NUD has a portfolio of 62 properties consisting of 27 office buildings and 35 residential properties amounting to 296.4 billion yen in total. NUD posted operating revenues of 13,217 million yen and net income of 3,883 million yen in the 46th fiscal period. Distribution per unit came to 3,140 yen, which is the same amount as the forecast of 3,140 yen for the period announced as of June 16, 2025.

Both office and residential properties maintained high occupancy rates against the backdrop of the strong real estate rental market environment. With approximately 90% of the portfolio properties located in the 23 wards of Tokyo, NUD is also strengthening initiatives to increase rents by taking advantage of locations and realized substantial rent increases through renovation work for added-value enhancements of the residential units at “Roppongi Green Terrace,” a residential property located in Minato Ward, Tokyo, as a specific example.

In the subsequent 47th fiscal period ending April 2026, NUD plans to acquire the relatively new residential property “La Douceur Miyakojima Takakuracho” to improve portfolio quality.

Looking ahead, we at NUD will continue our utmost efforts to meet the expectations of our unitholders by realizing steady growth of assets and stable management over the medium to long term in collaboration with the NTT Group’s urban development business together with NTT Urban Development Asset Management Corporation, the asset manager of NUD. We appreciate and request your continued support and encouragement.



Kazuhiro Kimura

Executive Director
NTT UD REIT Investment Corporation (NUD)

Table of Contents	Features of NTT UD REIT Investment Corporation 1	<FINANCIAL SECTION>
	Message to Our Unitholders 3	Balance Sheets 27
	46th Fiscal Period Performance Highlights 4	Profit and Loss Statements 29
	Initiatives on Internal Growth 6	Statements of Changes in Unitholders’ Equity 30
	Initiatives on External Growth 7	Cash Flow Statements 32
	Collaboration with the NTT Group 8	Notes to Financial Statements 33
	Initiatives on ESG Awareness 9	Other Information (Unaudited) 52
	Management Status in the 46th Fiscal Period 11	Strategic Policies 55
	Financial Status in the 46th Fiscal Period 13	Independent Auditor’s Report 63
	Property Portfolio 15	
	Overview of Properties Owned 17	
	Organization of NUD 25	
Information for Unitholders 26		

Financial Results Highlights

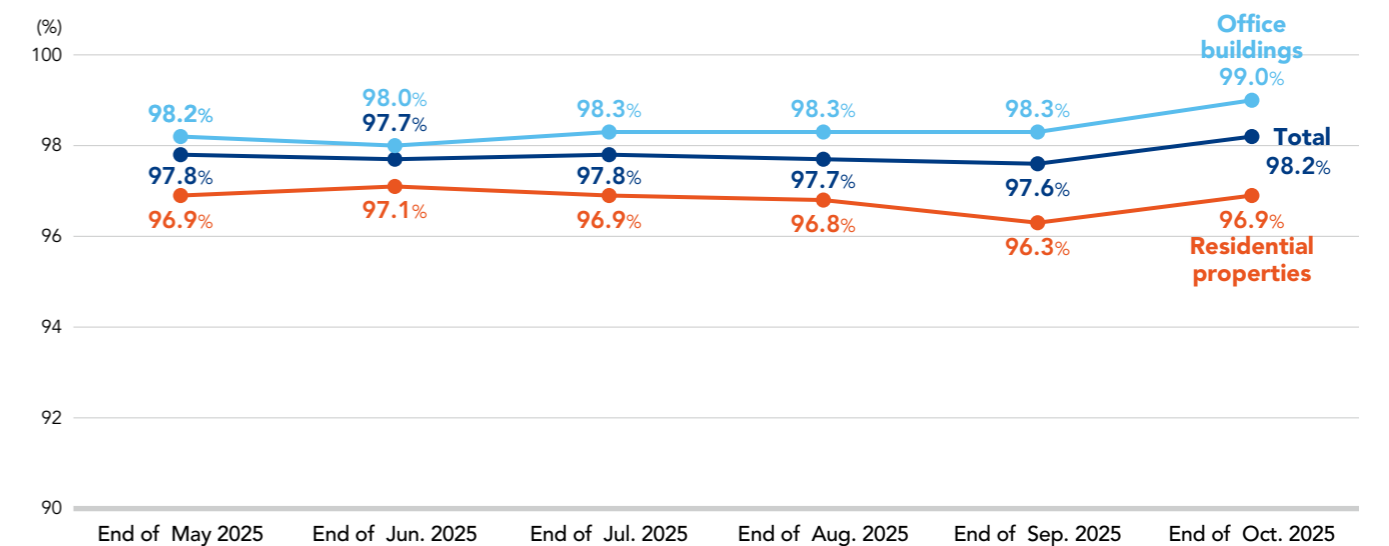
	Distribution per Unit <small>(Note 1)</small>
45th Fiscal Period (ended April 2025)	¥ 3,104
46th Fiscal Period (ended October 2025)	¥ 3,140
47th Fiscal Period (ending April 2026) <small>(Note 2)</small>	¥ 3,140 (forecast)

(Note 1) Number of outstanding investment units at end of period:
45th Fiscal Period: 1,468,235 units
46th Fiscal Period: 1,468,235 units
47th Fiscal Period: 1,468,235 units (forecast)
(Note 2) The figure is based on what was announced in the Financial Report for the 46th Fiscal Period Ended October 31, 2025 (May 1, 2025 – October 31, 2025) dated December 17, 2025.

	45th Fiscal Period <small>(as of April 30, 2025)</small>	46th Fiscal Period <small>(as of October 31, 2025)</small>
Operating Revenues	13,313 million yen	13,217 million yen
Operating Income	5,203 million yen	4,562 million yen
Ordinary Income	4,556 million yen	3,886 million yen
Net Income	4,555 million yen	3,883 million yen
Total Assets	310,028 million yen	307,478 million yen
Net Assets	147,166 million yen	146,492 million yen
Net Assets Ratio	47.5%	47.6%
Net Assets per Unit	100,233 yen	99,774 yen
LTV <small>(Note)</small>	Total assets basis	48.0%
	Market value basis	38.9%
		47.9%
		38.4%

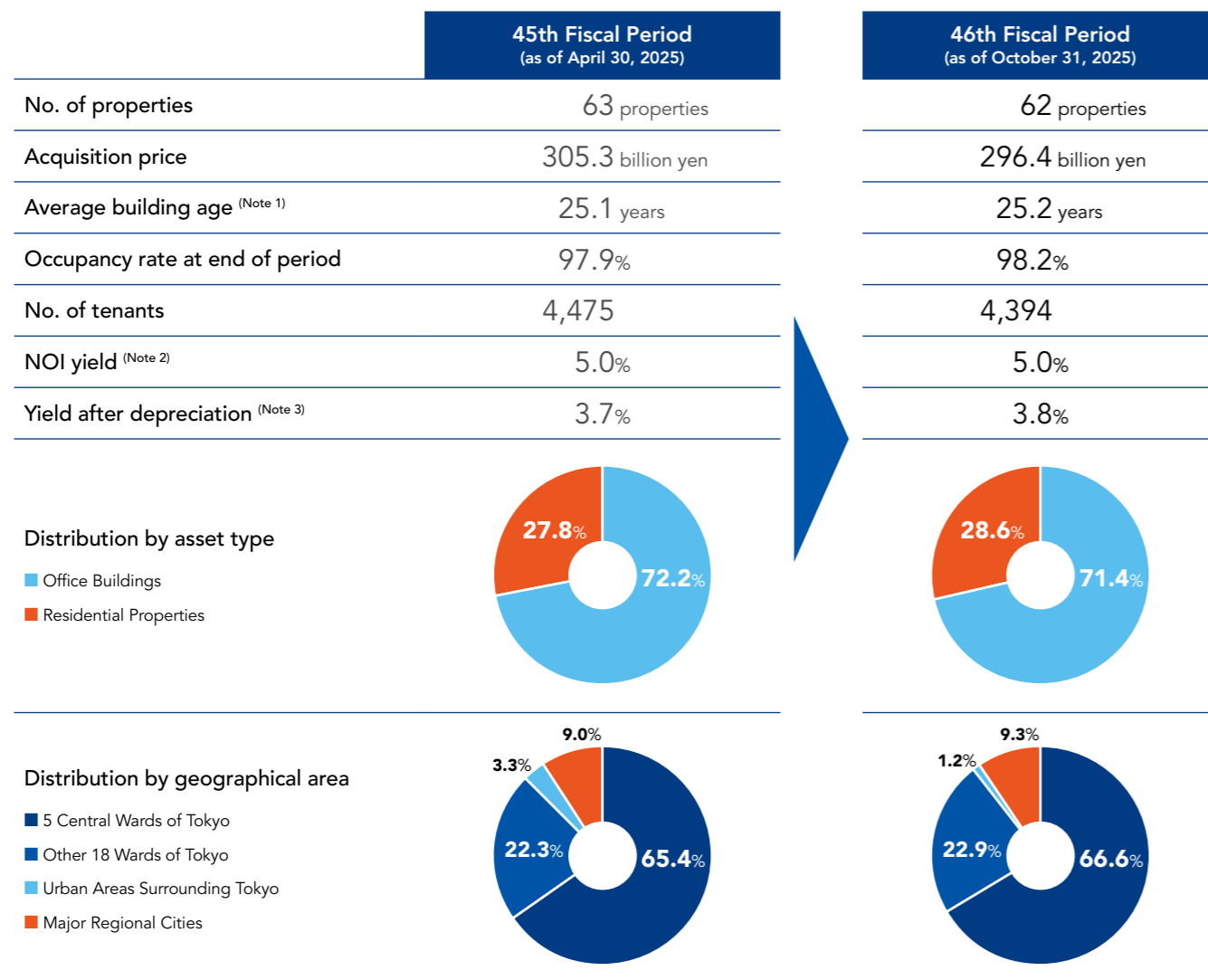
(Note) LTV (Total assets basis) = interest-bearing liabilities / total assets × 100
LTV (Market value basis) = interest-bearing liabilities / (total assets ± unrealized gains or losses of owned properties and trust beneficiary interests in real estate) × 100

Monthly Occupancy Rate for the 46th Fiscal Period



(Note) The value related to the property backing the preferred securities of an SPC is not included in the calculation of the occupancy rate.

Portfolio Status



(Note 1) Average building age is calculated by adding the building age of Akihabara UDX (that backs the preferred securities in which NUD holds 19.0% ownership).

(Note 2) NOI yield is calculated by using the following formulas.

NOI yield = annualized rental NOI* / investment value**

* Annualized rental NOI = sum total of [(real estate rental income + depreciation + dividend income from preferred securities) x 2] of owned assets (including preferred securities) for each fiscal period

** Investment value = sum total of book value as of the end of each fiscal period of owned assets (including preferred securities) for each fiscal period

(Note 3) Yield after depreciation is calculated by using the following formulas.

Yield after depreciation = annualized real estate rental income* / investment value**

* Annualized real estate rental income = sum total of [(real estate rental income + dividend income from preferred securities) x 2] of owned assets (including preferred securities) for each fiscal period

** Investment value = sum total of book value as of the end of each fiscal period of owned assets (including preferred securities) for each fiscal period

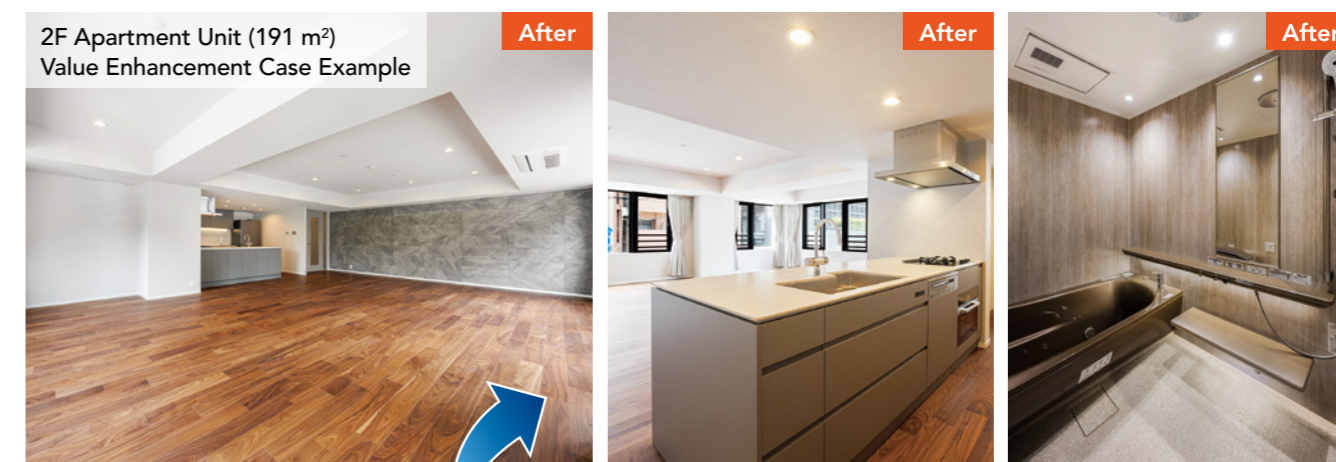
Renovation Work on Private Areas to Enhance Added Value of Residential Properties

Against the backdrop of strong rental demand for family-type units, we carried out renovation work at Roppongi Green Terrace, where all the units are wide-type.

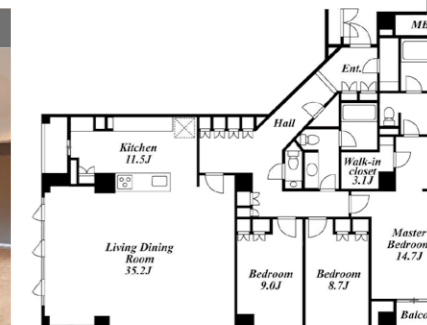


Roppongi Green Terrace	
Location	3 Roppongi, Minato Ward, Tokyo
Access	5-min. walk from Tokyo Metro Roppongi-itchome Station
Total floor space	8,332.22 m ²
Size	7 aboveground floors, 1 basement level
Floor plan	2LDK - 4LDK
Total apartment units	33
Completion date	October 2002

Status of Value Enhancement Implemented in the 44th to 46th Fiscal Period



Construction costs (6 units)	78 million yen
Rate of change in rent ^(Note 1)	+44.5%
ROI ^(Note 2)	28.8%



(Note 1) "Rate of change in rent" is calculated by dividing the amount of increase in monthly rent by the monthly rent before the implementation of work for the number of contracted apartment units.

(Note 2) "ROI" is calculated by dividing the amount of increase in rent (annual) after the implementation of work by the construction costs for the number of contracted apartment units. "Construction costs" is the total amount of capital expenditures and maintenance and repairs.

Overview of Property Replacement

Until 46th fiscal period, we focused on the transfer of problem properties. From 47th fiscal period onward, we will use the proceeds from transferred assets to improve the quality of investment properties by promoting the acquisition of carefully selected, high-quality assets.

Property transferred in 46th Fiscal Period	Property transferred in 45th to 47th Fiscal Period	Property to be acquired in 47th Fiscal Period
The Kanagawa Science Park R&D Building	Landic Shimbashi 2 Building	La Douceur Miyakojima Takakuracho

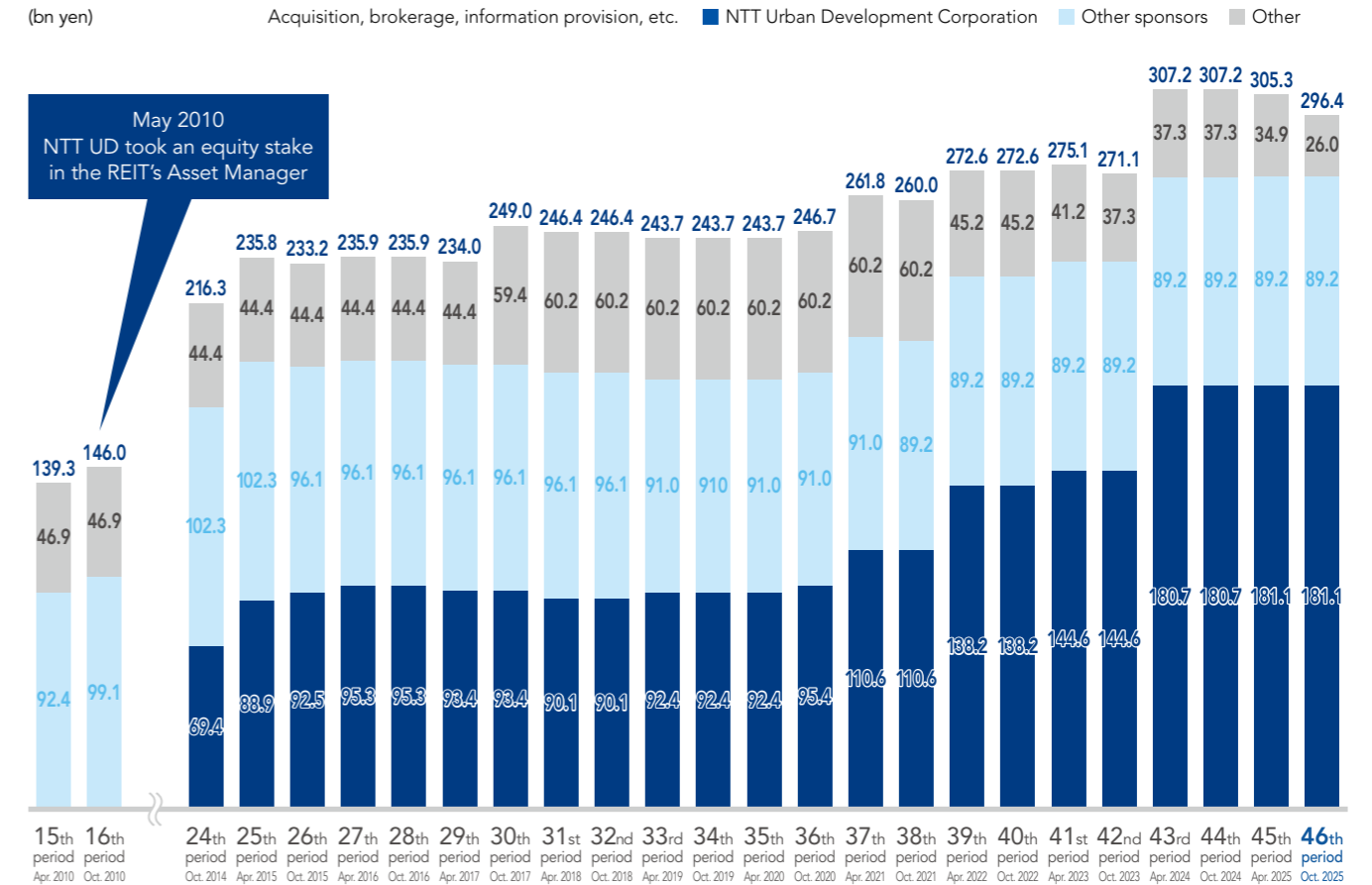


Location	Kawasaki City, Kanagawa	Minato Ward, Tokyo	Osaka City, Osaka
Use	Offices and research center	Office	Residences
Building age ^(Note 1)	35.9 years	46.0 years	6.9 years
Buyer/seller	Domestic corporation	NTT Urban Development	Domestic corporation
Transfer price/Acquisition price	5,214 million yen	10,000 million yen	1,140 million yen
Appraisal value	5,070 million yen	9,540 million yen	1,220 million yen
Gain or loss on sale ^(Note 2)	-1,141 million yen	3,667 million yen	—
NOI yield ^(Note 3) / Appraisal NOI yield ^(Note 4)	6.3%	3.1%	4.2%
Yield after depreciation ^(Note 3)	1.7%	2.5%	—

(Note 1) "Building age" is calculated by using the date that the transaction agreement was concluded for each property as the reference date.
 (Note 2) "Gain or loss on sale" indicates the actual amount for properties whose transfer has been completed and the estimated amount for those whose transfer has not been completed yet.
 (Note 3) For transfer properties, "NOI yield" and "yield after depreciation" are calculated as the yield relative to the transfer price, based on the actual results for the two fiscal periods immediately preceding the fiscal period including the date that the transaction agreement was concluded. However, for Landic Shimbashi 2 Building, one-time income (income from expenses for restoration) recorded in the 44th fiscal period has been deducted.
 (Note 4) For acquisition properties, "appraisal NOI yield" is calculated by dividing the appraisal NOI (annual) by the acquisition price.

Changes in Asset Size

NUD has steadily expanded its asset size since NTT UD became its sponsor.



Top 10 Tenants Occupying NUD's Office Buildings (as of October 31, 2025)

Rank	Tenant name	Leased floor space (change from previous fiscal period)	Ratio ^(Note 1)	Property
1	DOCOMO CS, Inc.	11,227 m ² (- m ²)	5.8%	Urbannet Ikebukuro Building, etc.
2	NTT Facilities, Inc.	9,798 m ² (- m ²)	5.0%	Urban Ace Higobashi Building, etc.
3	NTT Business Associe East Co., Ltd.	7,488 m ² (- m ²)	3.8%	Urbannet Omori Building
4	Tokyo Legal Mind K.K.	7,139 m ² (- m ²)	3.7%	Urbannet Nakano Building
5	NTT Finance Corporation	6,679 m ² (- m ²)	3.4%	Urbannet Ikebukuro Building, etc.
6	NTT DOCOMO BUSINESS, Inc. ^(Note 2)	6,423 m ² (- m ²)	3.3%	Granpark
7	MIRAIT ONE Corporation	5,325 m ² (- m ²)	2.7%	Urbannet Gotanda NN Building, etc.
8	NTT EAST, Inc. ^(Note 2)	5,159 m ² (- m ²)	2.6%	Tokyo Opera City Building
9	NTT ExC Partner Corporation	4,801 m ² (- m ²)	2.5%	Urbannet Azabu Building
10	NTT DATA Corporation	4,745 m ² (+164 m ²)	2.4%	Urbannet Mita Building, etc.

(Note 1) The ratio represents the percentage of the leased floor space of office properties to the portfolio of NUD.
 (Note 2) As of July 1, 2025, NTT Communications Corporation changed its name to NTT DOCOMO BUSINESS, Inc. and Nippon Telegraph and Telephone East Corporation changed its name to NTT EAST, Inc.

Materiality

Identifying materiality (key issues) for the realization of a sustainable society

	Materiality	Relationship with SDGs
Environment E	Adaption to climate change	
	Policies and Objectives	Management and reduction of energy consumption and greenhouse gas (CO ₂) emissions • Aiming for net zero greenhouse gas (CO ₂) emissions by FY2050 • Aiming for reduction of greenhouse gas (CO ₂) emissions (intensity) by 42% (vs. FY2020) by FY2030
	KPI	Portfolio's energy consumption per floor space and greenhouse gas (CO ₂) emissions (intensity)
	Conservation of water resources	
	Policies and Objectives	Management, reduction, and reuse of water consumption • Reduction of intensity in the portfolio to below the previous year's level each year
	KPI	Portfolio's water consumption per floor space (intensity)
	Promotion of resource-saving and recycling	
	Policies and Objectives	Management, reduction and reuse of waste
	KPI	Percentage of waste recycled in the portfolio
	Promotion of green portfolio	
Policies and Objectives	Increase in the number of properties with environmental certifications • Increase in the number of properties in the entire portfolio that acquire environmental certifications each year over the previous year (excluding properties transferred) • Maintaining and improvement of GRESB Real Estate Assessment	
KPI	Number of properties in the portfolio with environmental certifications GRESB Real Estate Assessment	
Tenant engagement		
Policies and Objectives	Promotion of energy conservation in collaboration with tenants (including distribution of tenant renovation guide)	
Social S	Tenant engagement	
	Policies and Objectives	Improvement of tenants' health, safety, and comfort
	KPI	Feedback of results on operational policies through tenant satisfaction surveys
	Employee engagement (Asset Management Company)	
	Policies and Objectives	Development of an employee-friendly work environment that takes into consideration respect for human rights, health, safety, and comfort Promotion of human resource development by offering qualification incentive programs Promotion of diversity • As the NTT Group, aiming to achieve a percentage of women in senior management of 15% or more by FY2025
KPI	Feedback of results on management policy through employee satisfaction surveys and stress checks Number of persons who have acquired major professional qualifications Percentage of female managers /Percentage of female employees /Percentage of employees aged 60 and older	
Governance G	Rigorous compliance	
	Policies and Objectives	Efforts to ensure compliance with laws and regulations and prevent misconduct based on strengthened compliance system (including promotion of appropriate transactions with interested parties)
	KPI	Number of compliance training sessions/year
	Enhanced management of operational risks	
	Policies and Objectives	Protection of personal, business, and other information through enhanced cybersecurity
	KPI	Number of safety drills/year
Stakeholder engagement		
Policies and Objectives	Promotion of accurate and prompt information disclosure and dialogue that respects the rights of stakeholders • Maintaining and improvement of the level of GRESB Public Disclosure rating	
KPI	GRESB Public Disclosure	

Environment

Setting Greenhouse Gas Emissions Targets

Net zero greenhouse gas emissions by FY2050 (Scope 1, 2 and 3/Total)	Reduce greenhouse gas emissions by 42% by FY2030 (Scope 1 and 2/intensity) (vs. FY2020)
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2025 GRESB Real Estate Assessment and GRESB Public Disclosure

- Obtained "4 Stars" for the second consecutive year and "Green Star" for the ninth consecutive year in GRESB Rating
- Acquired "A" assessment (highest rank) in the GRESB Public Disclosure for the sixth consecutive year



Status of Acquisition of Environmental Certifications (as of October 31, 2025)

	Number of properties acquiring certifications	Acquisition ratio (by number of properties)	Floor space of properties acquiring certifications (Note 1)	Acquisition ratio (by total floor space) (Note 1)
Certification for CASBEE	22	35.5%	249,830 m ²	52.2%
DBJ Green Building Certification	23	37.1%	90,013 m ²	18.8%
BELS	3	4.8%	30,520 m ²	6.4%
Low-Carbon Model Building	7	11.3%	59,922 m ²	12.5%
Properties with environmental certifications Total (Note 2)	46	74.2%	349,289 m²	73.0%

(Note 1) Calculated by taking into account NUD's substantial co-ownership interests in the buildings of respective properties.

(Note 2) A count of the properties that are certified with any of the following: CASBEE for Real Estate, DBJ Green Building Certification, BELS, or Low-Carbon Model Building.



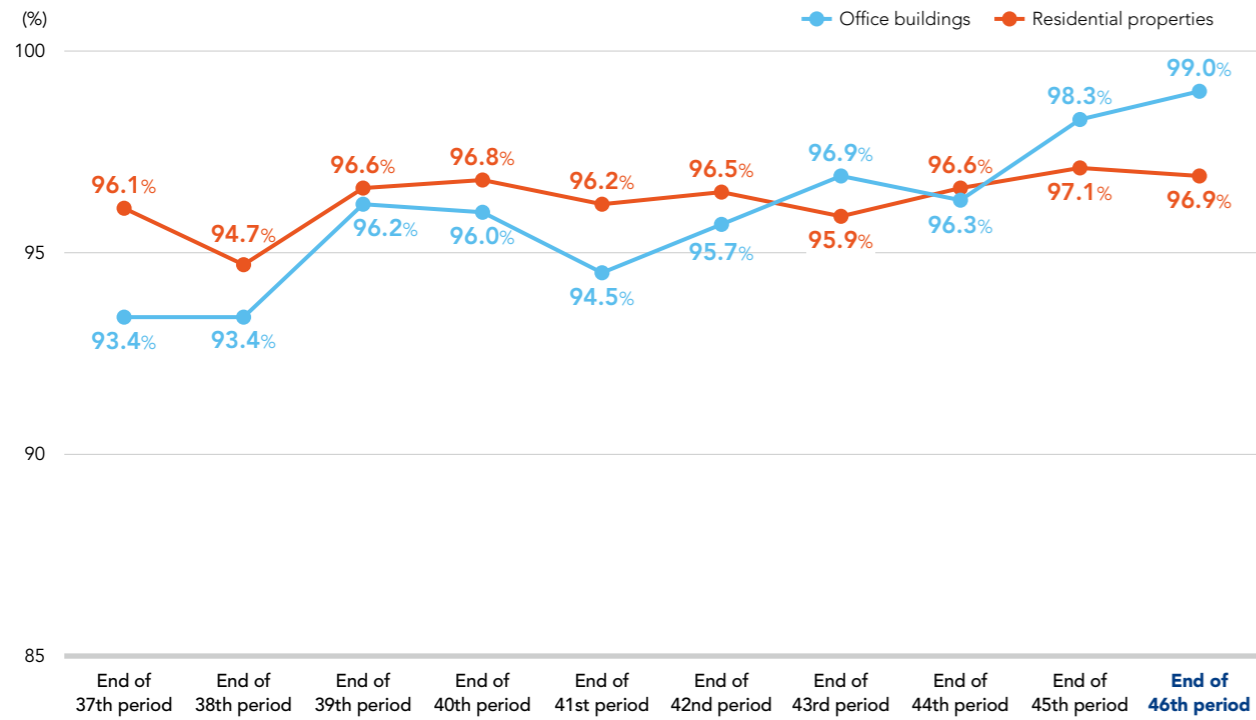
Society

Improving Tenant Satisfaction

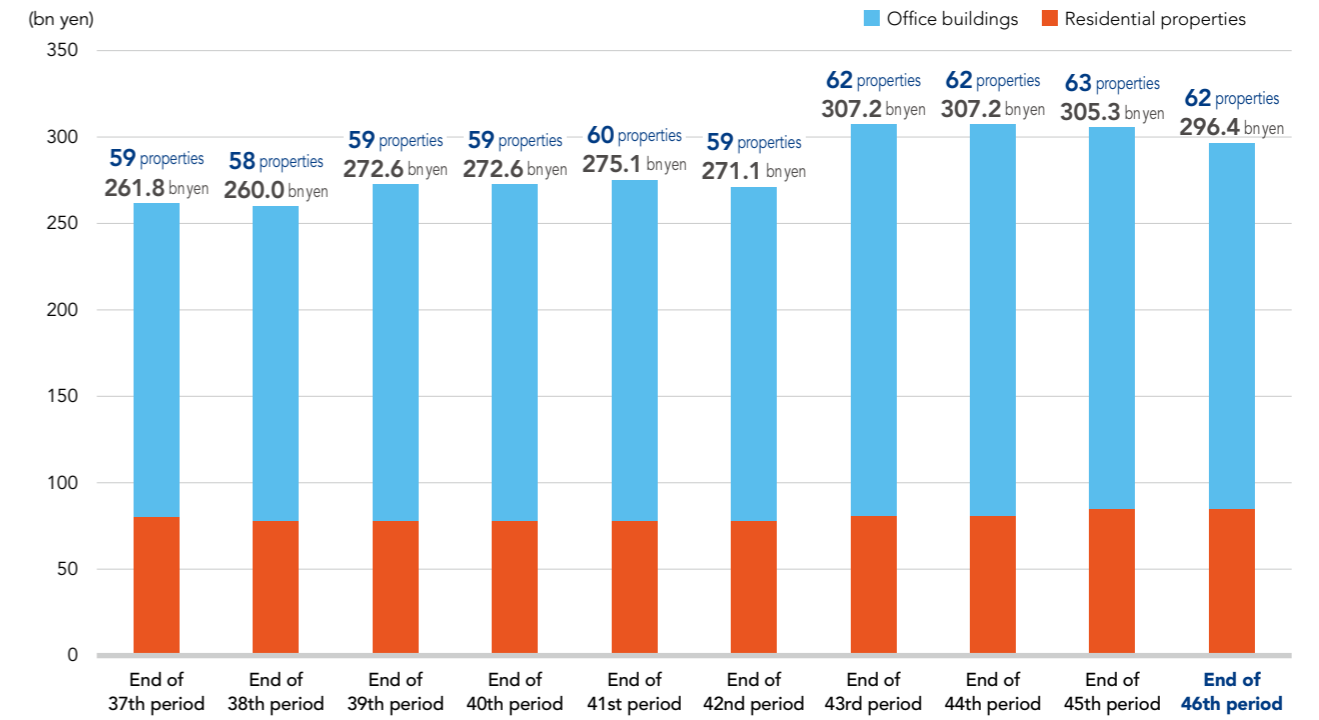
- Opened "Soraniwa," an exclusive cafe lounge for tenants, at Tokyo Opera City



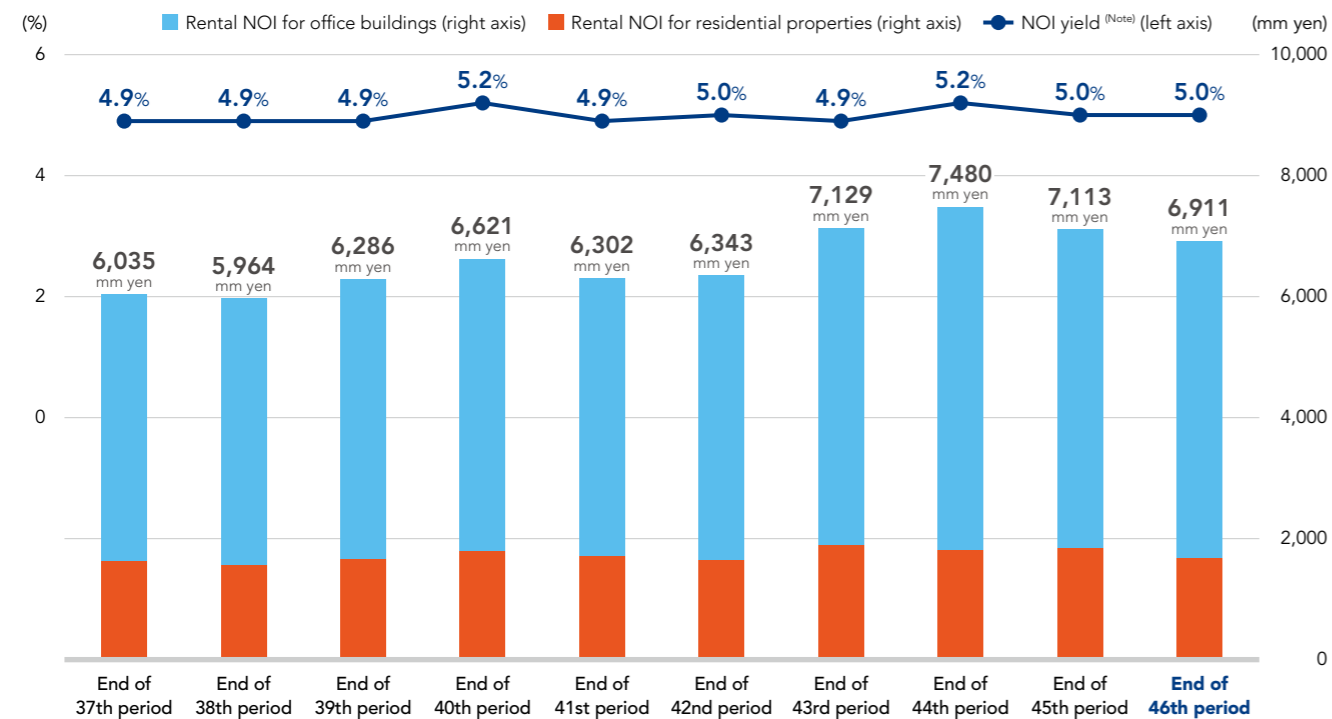
Changes in Occupancy Rates



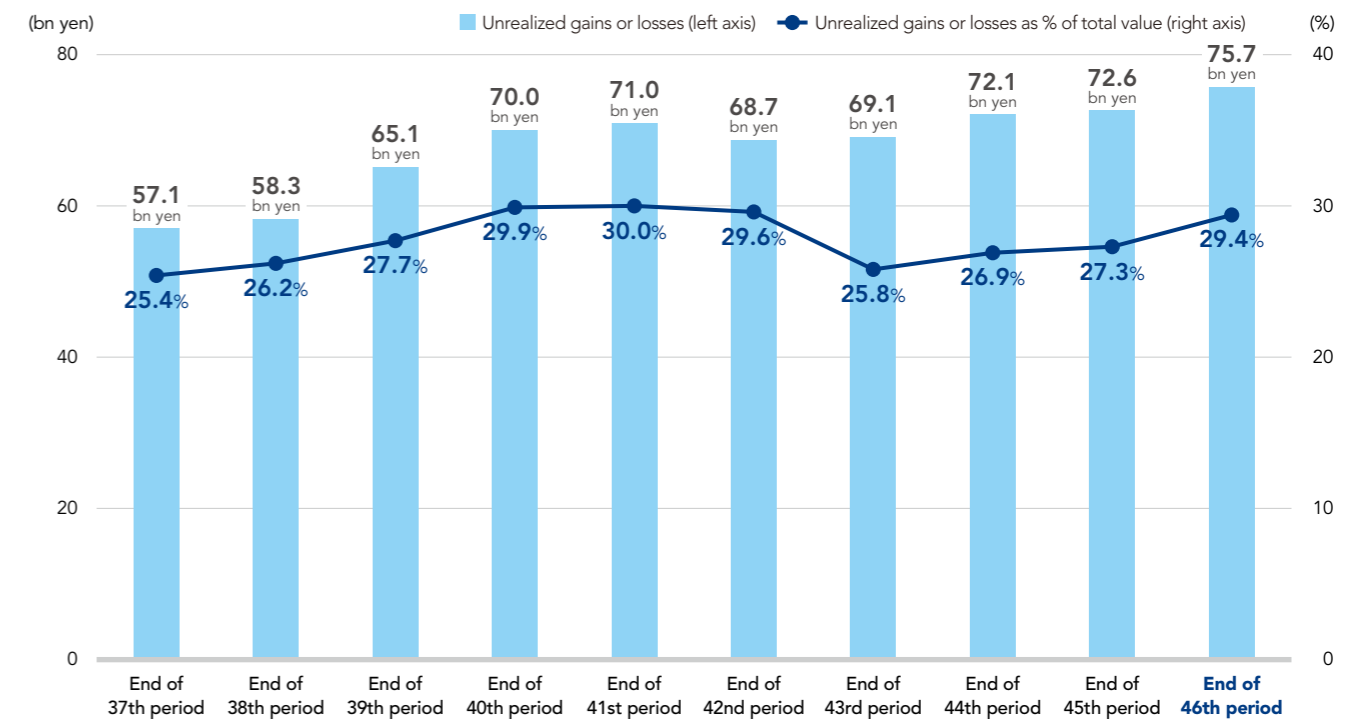
Changes in Asset Size



Changes in NOI and NOI Yields



Changes in Unrealized Gains or Losses



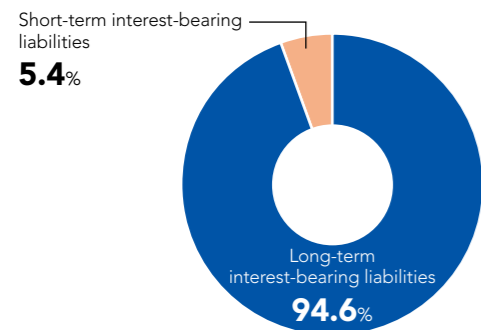
(Note) NOI yield = annualized rental NOI* / investment value**

* Annualized rental NOI = sum total of [(real estate rental income + depreciation + dividend income from preferred securities) x 2] of owned assets (including preferred securities) for each fiscal period

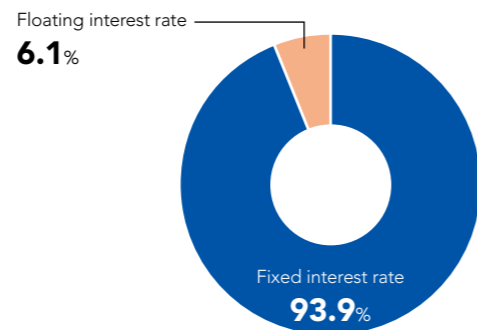
** Investment value = sum total of book value as of the end of each fiscal period of owned assets (including preferred securities) for each fiscal period

Status of Interest-Bearing Liabilities (as of October 31, 2025)

Ratios of Long-Term and Short-Term Borrowings (Note)

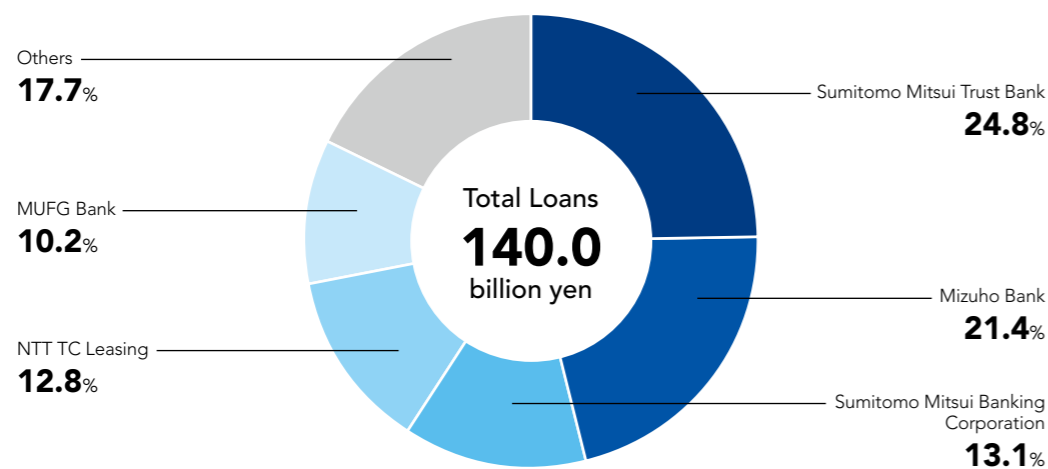


Ratios of Fixed and Floating Interest Rate Borrowings



(Note) Classification is made by using the periods from the drawdown dates for loans and from the issue dates for corporate bonds.

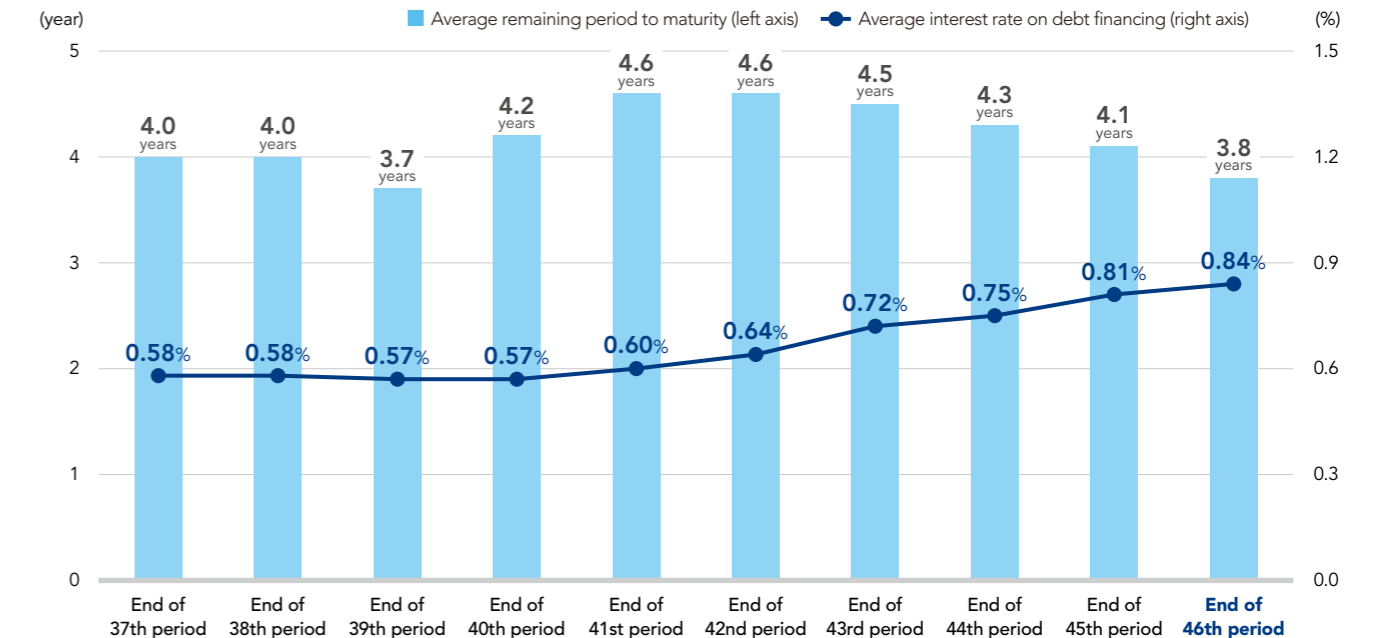
Breakdown of Lenders



Lenders	Long-term	Short-term	Total
Sumitomo Mitsui Trust Bank, Limited	33,090	1,700	34,790
Mizuho Bank, Ltd.	23,740	6,300	30,040
Sumitomo Mitsui Banking Corporation	18,350	-	18,350
NTT TC Leasing Co., Ltd.	17,900	-	17,900
MUFG Bank, Ltd.	14,270	-	14,270
Resona Bank, Limited	6,450	-	6,450
Aozora Bank, Ltd.	5,750	-	5,750
Development Bank of Japan Inc.	5,000	-	5,000
The Norinchukin Bank	2,500	-	2,500
The Bank of Fukuoka, Ltd.	2,000	-	2,000
The 77 Bank, Ltd.	1,000	-	1,000
The Bank of Kyoto, Ltd.	1,000	-	1,000
The Hachijuni Bank, Ltd. (Note)	1,000	-	1,000
Total	132,050	8,000	140,050

(Note) The trade name of The Hachijuni Bank, Ltd. was changed to Hachijuni Nagano Bank, Ltd. upon the absorption-type merger with THE NAGANO BANK, LTD. on January 1, 2026.

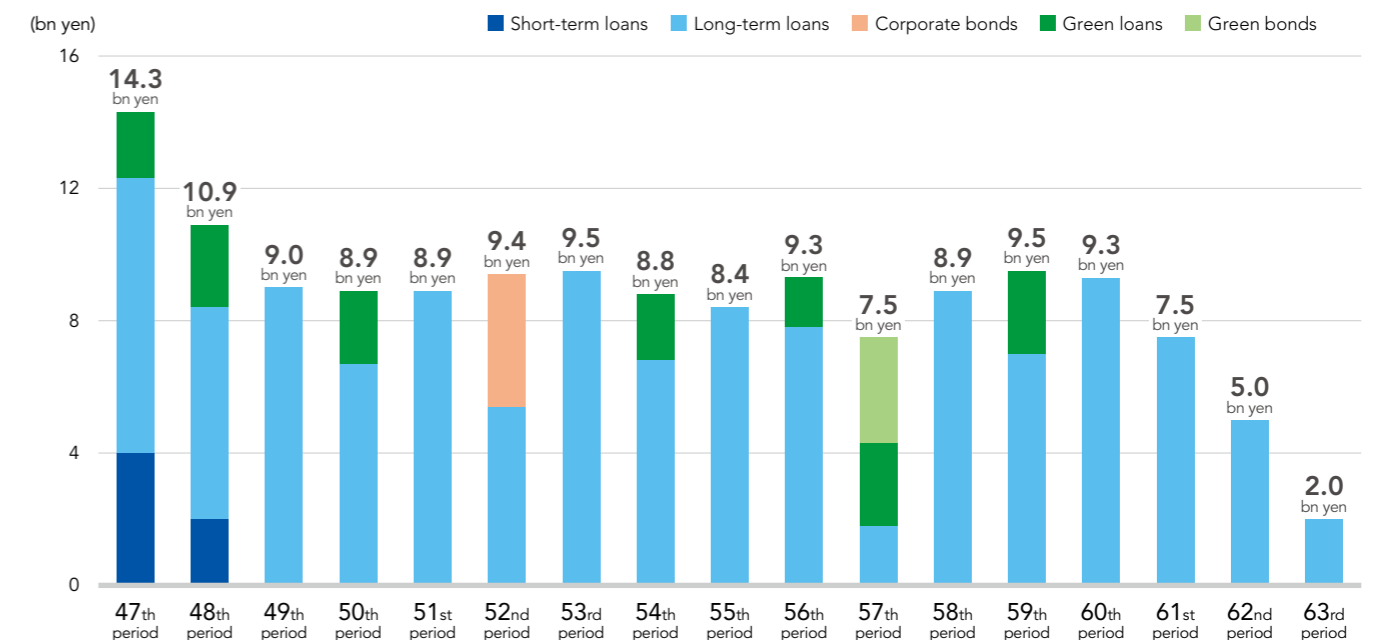
Changes in the Average Interest Rate and Average Remaining Period to Maturity



(Note) Average interest rate is an average weighted by balances outstanding as of the end of the period for each nominal interest rate

Repayment Schedule of Interest-Bearing Liabilities (as of October 31, 2025)

NUD works to reduce the refinancing risk by diversifying repayment dates of interest-bearing liabilities.



Credit Rating Status (as of October 31, 2025)

NUD has been granted an issuer rating of AA by Japan Credit Rating Agency, Ltd. (JCR).

Japan Credit Rating Agency, Ltd. (JCR)

AA Stable

No	Area	Property Name (Note 1)	Acquisition Price (mm yen) (Note 2)	Share (%) (Note 3)	Period End Occupancy Rate (%)	Real Estate Rental Income			PML Value (%) (Note 4)	
						Revenues (mm yen)	Expenses (mm yen)	Income (mm yen)		
Office Buildings										
A01	5 Central Wards of Tokyo	Landic Shimbashi Building	6,341	2.1	100.0	195	99	95	10.6	
A02		Landic Shimbashi 2 Building	2,348	0.8	38.4	66	56	10	12.9	
A03		Premier Dogenzaka Building	1,727	0.6	100.0	93	37	55	5.5	
A04		KN Shibuya No.3	5,348	1.8	100.0	299	141	157	10.6	
A05		Takadanobaba Center Building	5,118	1.7	100.0	254	172	82	2.0	
A10		Urbannet Mita Building	10,300	3.5	100.0	332	158	173	7.2	
A11		Urbannet Azabu Building	5,000	1.7	100.0	(Note 5)	(Note 5)	63	10.5	
A15		Granpark	26,340	8.9	98.2	1,117	543	573	12.0	
A17		Otemachi Financial City Grand Cube	4,680	1.6	100.0	(Note 5)	(Note 5)	66	8.6	
A18		Shinagawa Season Terrace	18,687	6.3	99.9	(Note 5)	(Note 5)	249	4.7	
A19	Tokyo Opera City Building	22,000	7.4	100.0	(Note 5)	(Note 5)	376	9.0		
A20	Urbannet Uchisaiwaicho Building	5,640	1.9	100.0	(Note 5)	(Note 5)	73	8.5		
B02	Other 18 Wards of Tokyo	Premier Toyochō Building	4,310	1.5	100.0	100	59	41	16.2	
B03		Ueno TH Building	4,380	1.5	100.0	134	66	67	12.8	
B04		Gotanda NT Building	4,100	1.4	100.0	108	44	63	14.3	
B05		Ueno Tosei Building	5,900	2.0	100.0	217	75	142	10.7	
B06		Urbannet Ikebukuro Building	13,600	4.6	100.0	778	381	397	13.0	
B07		Urbannet Omori Building	4,800	1.6	100.0	253	133	119	6.8	
B09		Urbannet Gotanda NN Building	5,250	1.8	100.0	212	141	71	9.7	
B10		Urbannet Nakano Building	6,400	2.2	100.0	(Note 5)	(Note 5)	145	10.1	
C01		Urban Areas Surrounding Tokyo	Premier Yokohama Nishiguchi Building	3,558	1.2	100.0	161	86	74	10.2
G03	Major Regional Cities	Urbannet Shizuoka Ote-machi Building	1,628	0.5	98.2	105	51	53	9.0	
G04		Urbannet Shizuoka Building	1,119	0.4	97.5	76	38	37	9.0	
G05		Urban Ace Higobashi Building	4,600	1.6	100.0	249	203	46	6.3	
G06		Urbannet Shijo Karasuma Building	9,700	3.3	99.7	479	284	195	2.5	
G07		Urbannet Fushimi Building	8,750	3.0	100.0	322	161	160	12.9	
Subtotal			26 properties	191,624	64.6	99.0	8,338	4,745	3,593	-
Residential Properties										
D01	5 Central Wards of Tokyo	Park Axis Yotsuya Stage	5,208	1.8	94.3	168	69	98	7.4	
D02		Park Axis Meiji-Jingumae	2,604	0.9	100.0	59	20	39	9.9	
D04		Cabin Arena Akasaka	1,330	0.4	94.8	42	53	-10	10.1	
D05		Cabin Arena Minami-Aoyama	1,070	0.4	94.3	38	42	-4	11.2	
D08		Roppongi Green Terrace	4,678	1.6	97.1	153	105	48	10.3	
D09		Premier Stage Shibakoen II	2,181	0.7	100.0	61	23	37	11.5	
D11		Langue Tower Kyobashi	927	0.3	94.8	38	17	20	12.5	
D12		Premier Stage MitaKeidaimae	1,580	0.5	100.0	53	18	34	14.3	
D13		Premier Rosso	1,662	0.6	98.7	60	27	33	14.0	
D14		Premier Blanc Yoyogikouen	2,330	0.8	95.4	75	36	38	13.1	
D15		Premier Stage Uchikanda	1,723	0.6	98.1	61	24	37	13.8	

(continued on next page)

(cont.)

No	Area	Property Name (Note 1)	Acquisition Price (mm yen) (Note 2)	Share (%) (Note 3)	Period End Occupancy Rate (%)	Real Estate Rental Income			PML Value (%) (Note 4)	
						Revenues (mm yen)	Expenses (mm yen)	Income (mm yen)		
D16	5 Central Wards of Tokyo	Premier Stage Ichigayakawadacho	1,460	0.5	94.9	50	65	-14	13.1	
D17		Walk Akasaka	2,043	0.7	86.0	56	22	33	13.9	
D18		Premier Stage Shibakoen	1,585	0.5	97.9	48	18	30	16.1	
D19		MEW	1,556	0.5	96.5	41	17	23	13.9	
D20		Shibaura Island Air Tower	7,590	2.6	96.2	387	413	-25	11.2	
D21		Storia Akasaka	3,930	1.3	93.6	101	107	-5	11.7	
D22		Renai Shinjuku-Gyoen Tower	6,500	2.2	96.9	200	149	50	7.2	
D23		Shibaura Island Bloom Tower	5,500	1.9	97.5	310	214	95	10.0	
D24		Questcourt Harajuku	4,500	1.5	95.1	165	59	105	12.7	
D25		Urbancourt Ichigaya	1,385	0.5	100.0	67	32	35	12.0	
D26		Premier Stage Azabu-Juban	1,420	0.5	100.0	41	14	26	14.6	
D27	Premier Stage Sasazuka	1,080	0.4	94.6	33	12	20	10.5		
E01	Other 18 Wards of Tokyo	Premier Stage Osaki	1,072	0.4	98.4	38	17	21	12.1	
E02		Premier Garden Hongo	975	0.3	92.6	36	10	26	12.1	
E03		Premier Grande Magome	1,560	0.5	97.0	45	24	21	15.7	
E04		Premier Nozze Yutenji	1,525	0.5	93.1	47	16	30	13.6	
E05		Premier Stage Yushima	1,803	0.6	100.0	54	31	22	17.2	
E06		Premier Stage Komagome	1,830	0.6	100.0	58	27	30	18.0	
E07		Premier Stage Otsuka	1,310	0.4	96.9	45	21	23	22.5	
E08		Premier Stage Honjo-Azumabashi	2,640	0.9	98.1	87	35	51	14.7	
E09		Premier Stage Ryogoku	1,496	0.5	100.0	50	19	31	12.8	
E10		Garden Itabashi Hikawacho	2,820	1.0	100.0	84	36	48	7.5	
E11		Wellith IVY Hatanodai	2,235	0.8	100.0	59	20	38	12.6	
H01	Major Regional Cities	Wellith IVY Mondoyakujin	1,800	0.6	98.7	74	40	34	5.4	
Subtotal			35 properties	84,909	28.6	96.9	2,999	1,870	1,129	-
Preferred Securities (Office Building)										
Z01	5 Central Wards of Tokyo	UDX Special Purpose Company Preferred Securities (Akihabara UDX) (Note 6)	19,940	6.7	-	-	-	-	-	
Subtotal			1 property	19,940	6.7	-	-	-	-	-
Total			62 properties	296,474	100.0	98.2	11,338	6,615	4,722	8.8

(Note 1) NUD owns properties in the form of real estate, beneficiary interests in real estate or preferred securities.

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

(Note 3) The indicated shares represent the ratio of the acquisition price of respective properties to the total acquisition price of all properties.

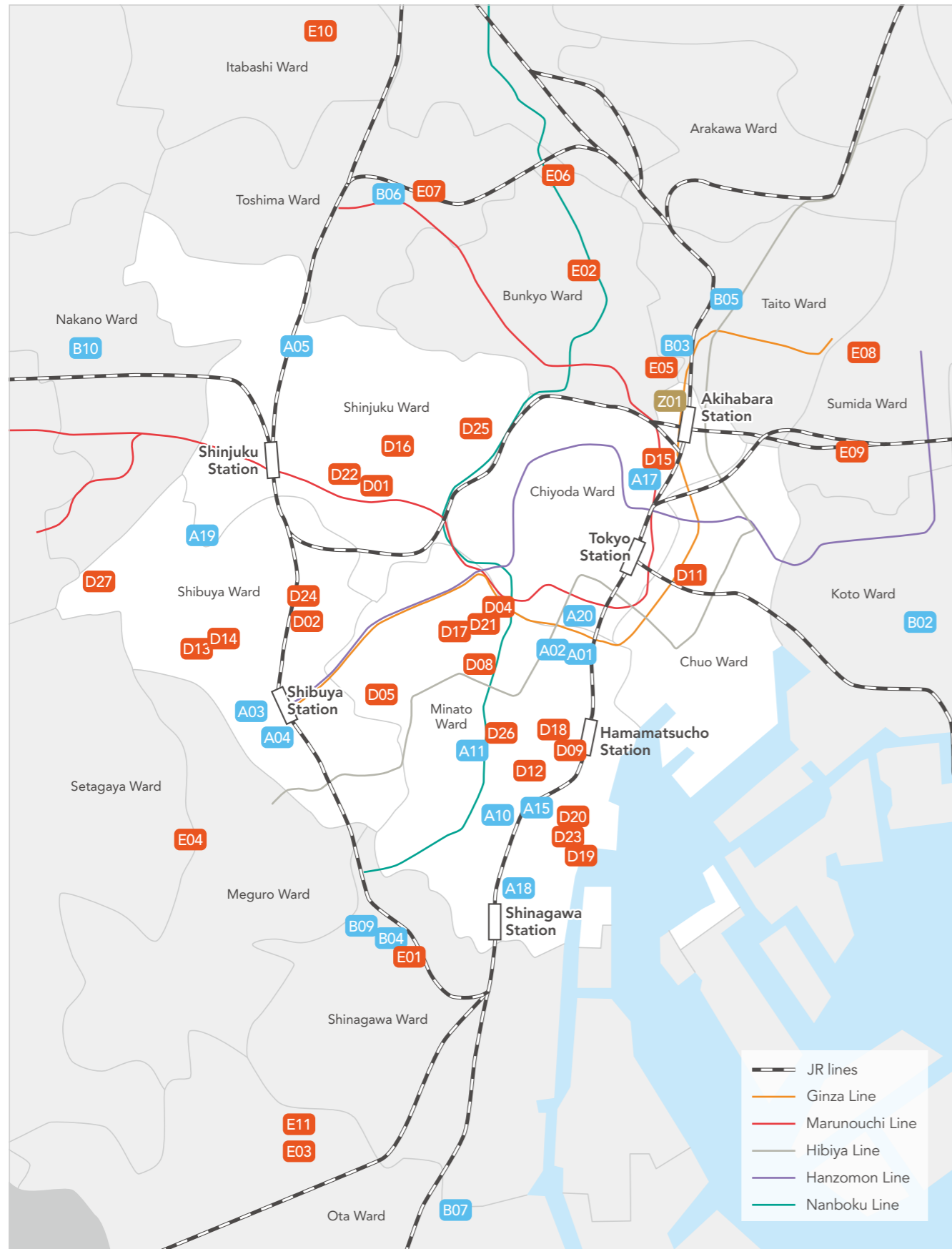
(Note 4) NUD acquired earthquake risk reports for real estate and real estate in trust in which NUD invests from Takenaka Corporation. However, the earthquake risk reports are only the expression of opinions, and do not guarantee the correctness of the statements. The Probable Maximum Loss (PML) values of individual properties are defined as the loss rate from earthquake damage for individual properties, evaluated based on the strength of a probable earthquake of maximum magnitude that could cause the greatest damage to buildings and is assumed to happen once every 475 years. However, the PML values do not consider damage to equipment, furniture or inventories, damage by water or fire, compensation to victims, or losses due to work closures.

In assessing the PML of the portfolio, the correlation of damages to multiple properties is considered. As such, the loss rates as a whole (total damage/price to reacquire all buildings) are obtained from the sum of the damage generated simultaneously among buildings that comprise the portfolio when an earthquake that happens once every 475 years occurs at a certain epicenter, and the maximum figure of the values has been set as the PML value of the portfolio.

(Note 5) Detailed information on revenues and expenses is not indicated for the property as no consent to disclosure has been obtained from major tenants or co-ownership holders, etc.

(Note 6) The property owned by UDX Special Purpose Company, the issuer of the preferred securities, comprises an entire office building and its site, and the property name is Akihabara UDX.

Distribution of Portfolio Properties



5 Central Wards of Tokyo

- | | | |
|--|-------------------------------------|--|
| A01 Landic Shimbashi Building | D01 Park Axis Yotsuya Stage | D18 Premier Stage Shibakoen |
| A02 Landic Shimbashi 2 Building | D02 Park Axis Meiji-Jingumae | D19 MEW |
| A03 Premier Dogenzaka Building | D04 Cabin Arena Akasaka | D20 Shibaura Island Air Tower |
| A04 KN Shibuya No.3 | D05 Cabin Arena Minami-Aoyama | D21 Storia Akasaka |
| A05 Takadanobaba Center Building | D08 Roppongi Green Terrace | D22 Renai Shinjuku-Gyoen Tower |
| A10 Urbannet Mita Building | D09 Premier Stage Shibakoen II | D23 Shibaura Island Bloom Tower |
| A11 Urbannet Azabu Building | D11 Langue Tower Kyobashi | D24 Questcourt Harajuku |
| A15 Granpark | D12 Premier Stage MitaKeidaimae | D25 Urbancourt Ichigaya |
| A17 Otemachi Financial City Grand Cube | D13 Premier Rosso | D26 Premier Stage Azabu-Juban |
| A18 Shinagawa Season Terrace | D14 Premier Blanc Yoyogikouen | D27 Premier Stage Sasazuka |
| A19 Tokyo Opera City Building | D15 Premier Stage Uchikanda | Z01 UDX Special Purpose Company Preferred Securities (Akihabara UDX) |
| A20 Urbannet Uchisaiwaicho Building | D16 Premier Stage Ichigayakawadacho | |
| | D17 Walk Akasaka | |

Other 18 Wards of Tokyo

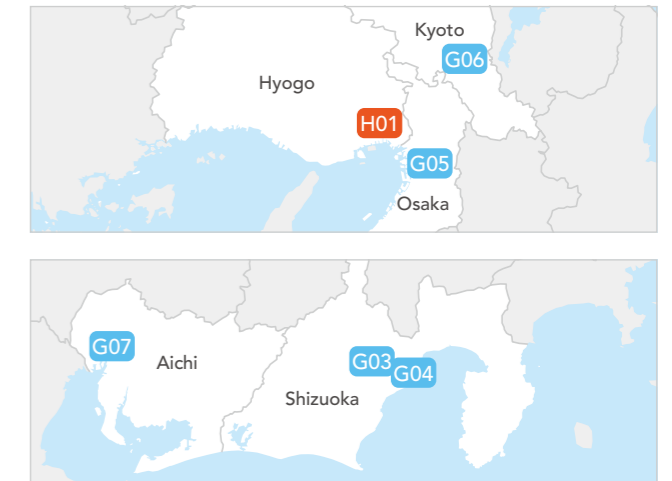
- | | | |
|----------------------------------|------------------------------|------------------------------------|
| B02 Premier Toyochi Building | B10 Urbannet Nakano Building | E07 Premier Stage Otsuka |
| B03 Ueno TH Building | E01 Premier Stage Osaki | E08 Premier Stage Honjo-Azumabashi |
| B04 Gotanda NT Building | E02 Premier Garden Hongo | E09 Premier Stage Ryogoku |
| B05 Ueno Tosei Building | E03 Premier Grande Magome | E10 Garden Itabashi Hikawacho |
| B06 Urbannet Ikebukuro Building | E04 Premier Nozze Yutenji | E11 Wellith IVY Hatanodai |
| B07 Urbannet Omori Building | E05 Premier Stage Yushima | |
| B09 Urbannet Gotanda NN Building | E06 Premier Stage Komagome | |

Urban Areas Surrounding Tokyo







- C01 Premier Yokohama Nishiguchi Building

Major Regional Cities



- G03 Urbannet Shizuoka Ote-machi Building
- G04 Urbannet Shizuoka Building
- G05 Urban Ace Higobashi Building
- G06 Urbannet Shijo Karasuma Building
- G07 Urbannet Fushimi Building
- H01 Wellith IVY Mondoyakujin

Office Buildings 5 Central Wards of Tokyo

			
<p>A01 Landic Shimbashi Building (Minato Ward, Tokyo)</p>	<p>A02 Landic Shimbashi 2 Building (Minato Ward, Tokyo)</p>	<p>A03 Premier Dogenzaka Building (Shibuya Ward, Tokyo)</p>	<p>A04 KN Shibuya No.3 (Shibuya Ward, Tokyo)</p>




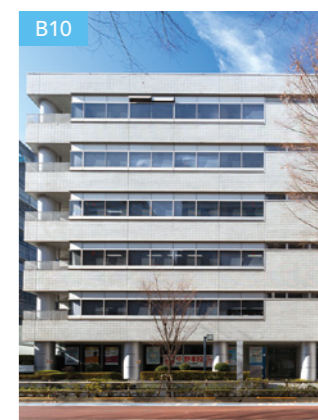
Office Buildings Other 18 Wards of Tokyo

			
<p>B02 Premier Toyochi Building (Koto Ward, Tokyo)</p>	<p>B03 Ueno TH Building (Bunkyo Ward, Tokyo)</p>	<p>B04 Gotanda NT Building (Shinagawa Ward, Tokyo)</p>	<p>B05 Ueno Tosei Building (Taito Ward, Tokyo)</p>

5 Central Wards of Tokyo

			
<p>A05 Takadanobaba Center Building (Shinjuku Ward, Tokyo)</p>	<p>A10 Urbannet Mita Building (Minato Ward, Tokyo)</p>	<p>A11 Urbannet Azabu Building (Minato Ward, Tokyo)</p>	<p>A15 Granpark (Minato Ward, Tokyo)</p>

Other 18 Wards of Tokyo

			
<p>B06 Urbannet Ikebukuro Building (Toshima Ward, Tokyo)</p>	<p>B07 Urbannet Omori Building (Ota Ward, Tokyo)</p>	<p>B09 Urbannet Gotanda NN Building (Shinagawa Ward, Tokyo)</p>	<p>B10 Urbannet Nakano Building (Nakano Ward, Tokyo)</p>

5 Central Wards of Tokyo

			
<p>A17 Otemachi Financial City Grand Cube (Chiyoda Ward, Tokyo)</p>	<p>A18 Shinagawa Season Terrace (Minato Ward, Tokyo)</p>	<p>A19 Tokyo Opera City Building (Shinjuku Ward, Tokyo)</p>	<p>A20 Urbannet Uchisaiwaicho Building (Minato Ward, Tokyo)</p>

Office Buildings Urban Areas Surrounding Tokyo


<p>C01 Premier Yokohama Nishiguchi Building (Yokohama City, Kanagawa)</p>

Office Buildings Major Regional Cities

			
<p>G03 Urbannet Shizuoka Ote-machi Building (Shizuoka City, Shizuoka)</p>	<p>G04 Urbannet Shizuoka Building (Shizuoka City, Shizuoka)</p>	<p>G05 Urban Ace Higobashi Building (Osaka City, Osaka)</p>	<p>G06 Urbannet Shijo Karasuma Building (Kyoto City, Kyoto) <small>Photo: Forward Stroke Inc.</small></p>

Major Regional Cities







G07
Urbannet Fushimi Building
(Nagoya City, Aichi)

5 Central Wards of Tokyo

			
<p>D08 Roppongi Green Terrace (Minato Ward, Tokyo)</p>	<p>D09 Premier Stage Shibakoen II (Minato Ward, Tokyo)</p>	<p>D11 Langue Tower Kyobashi (Chuo Ward, Tokyo)</p>	<p>D12 Premier Stage MitaKeidaimae (Minato Ward, Tokyo)</p>

5 Central Wards of Tokyo

			
<p>D13 Premier Rosso (Shibuya Ward, Tokyo)</p>	<p>D14 Premier Blanc Yoyogikouen (Shibuya Ward, Tokyo)</p>	<p>D15 Premier Stage Uchikanda (Chiyoda Ward, Tokyo)</p>	<p>D16 Premier Stage Ichigayakawadacho (Shinjuku Ward, Tokyo)</p>

Residential Properties 5 Central Wards of Tokyo

			
<p>D01 Park Axis Yotsuya Stage (Shinjuku Ward, Tokyo)</p>	<p>D02 Park Axis Meiji-Jingumae (Shibuya Ward, Tokyo)</p>	<p>D04 Cabin Arena Akasaka (Minato Ward, Tokyo)</p>	<p>D05 Cabin Arena Minami-Aoyama (Minato Ward, Tokyo)</p>

5 Central Wards of Tokyo

			
<p>D17 Walk Akasaka (Minato Ward, Tokyo)</p>	<p>D18 Premier Stage Shibakoen (Minato Ward, Tokyo)</p>	<p>D19 MEW (Minato Ward, Tokyo)</p>	<p>D20 Shibaura Island Air Tower (Minato Ward, Tokyo)</p>

Residential Properties 5 Central Wards of Tokyo

 <p>D21</p>	 <p>D22</p>	 <p>D23</p>	 <p>D24</p>
<p>Storia Akasaka (Minato Ward, Tokyo)</p>	<p>Renai Shinjuku-Gyoen Tower (Shinjuku Ward, Tokyo)</p>	<p>Shibaura Island Bloom Tower (Minato Ward, Tokyo)</p>	<p>Questcourt Harajuku (Shibuya Ward, Tokyo)</p>

Other 18 Wards of Tokyo

 <p>E05</p>	 <p>E06</p>	 <p>E07</p>	 <p>E08</p>
<p>Premier Stage Yushima (Bunkyo Ward, Tokyo)</p>	<p>Premier Stage Komagome (Toshima Ward, Tokyo)</p>	<p>Premier Stage Otsuka (Toshima Ward, Tokyo)</p>	<p>Premier Stage Honjo-Azumabashi (Sumida Ward, Tokyo)</p>





5 Central Wards of Tokyo

 <p>D25</p>	 <p>D26</p>	 <p>D27</p>
<p>Urbancourt Ichigaya (Shinjuku Ward, Tokyo)</p>	<p>Premier Stage Azabu-Juban (Minato Ward, Tokyo)</p>	<p>Premier Stage Sasazuka (Shibuya Ward, Tokyo)</p>

Other 18 Wards of Tokyo

 <p>E09</p>	 <p>E10</p>	 <p>E11</p>
<p>Premier Stage Ryogoku (Sumida Ward, Tokyo)</p>	<p>Garden Itabashi Hikawacho (Itabashi Ward, Tokyo)</p>	<p>Wellith IVY Hatanodai (Ota Ward, Tokyo)</p>

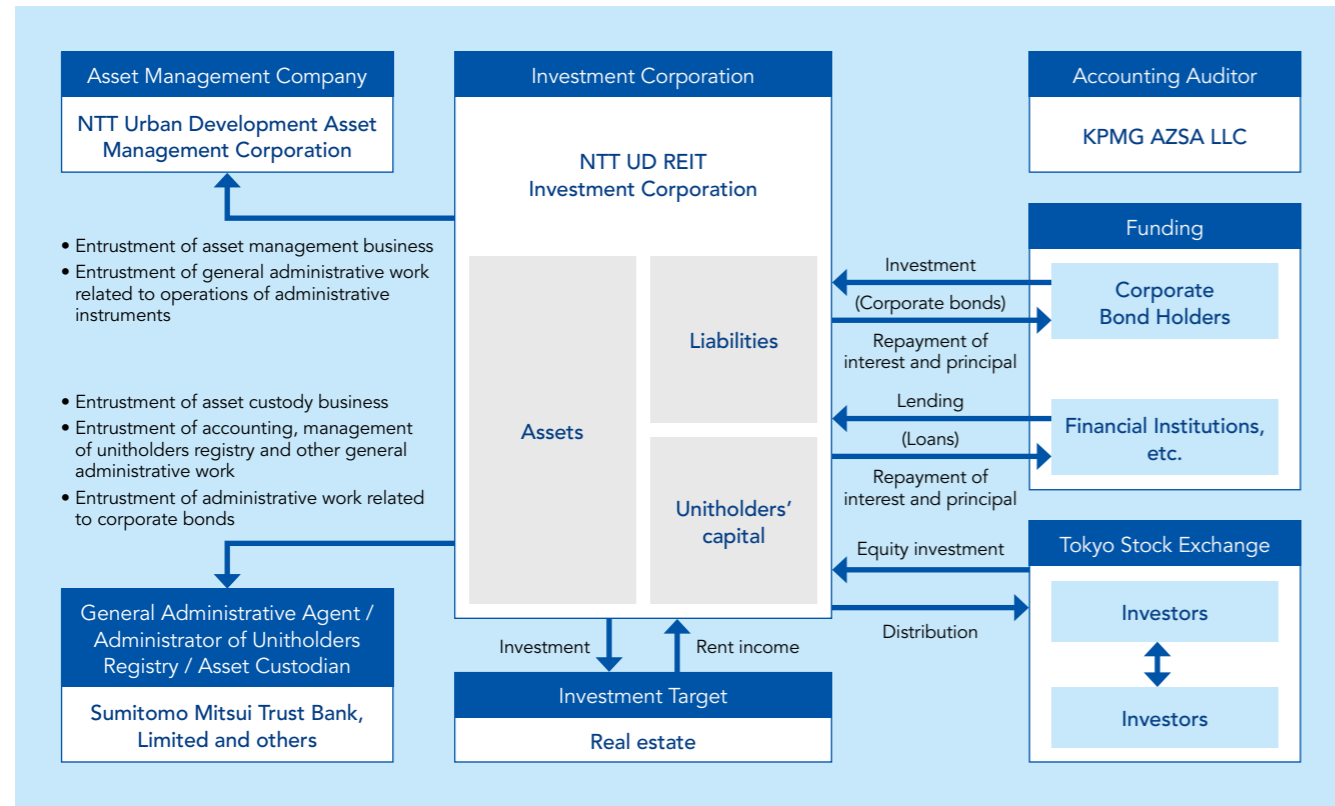
Residential Properties Other 18 Wards of Tokyo

 <p>E01</p>	 <p>E02</p>	 <p>E03</p>	 <p>E04</p>
<p>Premier Stage Osaki (Shinagawa Ward, Tokyo)</p>	<p>Premier Garden Hongo (Bunkyo Ward, Tokyo)</p>	<p>Premier Grande Magome (Ota Ward, Tokyo)</p>	<p>Premier Nozze Yutenji (Setagaya Ward, Tokyo)</p>

Residential Properties Major Regional Cities Preferred Securities (Office Building) 5 Central Wards of Tokyo

 <p>H01</p>	 <p>Z01</p>
<p>Wellith IVY Mondoyakujin (Nishinomiya City, Hyogo)</p>	<p>UDX Special Purpose Company Preferred Securities (Akihabara UDX) ^(Note) (Chiyoda Ward, Tokyo) ^(Note) The property owned by UDX Special Purpose Company, the issuer of the preferred securities, comprises an entire office building and its site, and the property name is Akihabara UDX.</p>

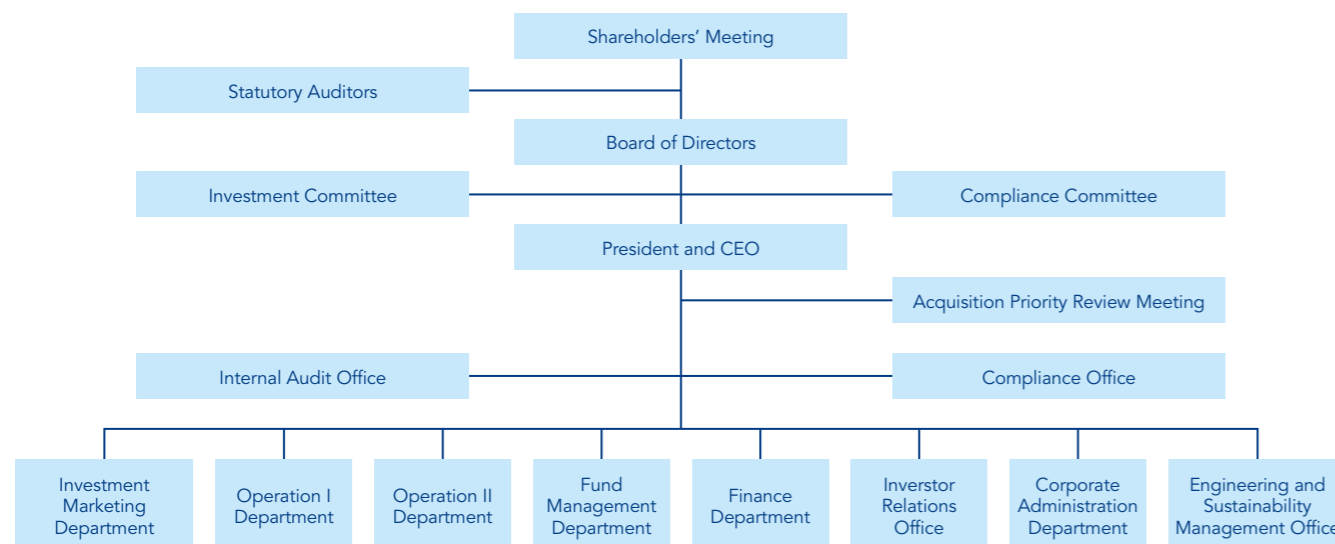
Structure of NUD



(Note) The above chart shows the major part of NUD's structure.

Overview of Asset Manager

Trade name	NTT Urban Development Asset Management Corporation
Paid-in capital	100 million yen
Line of business	Investment management business in accordance with the Financial Instruments and Exchange Act
Shareholder composition	NTT Urban Development Corporation (100.0%)



Change in Administrative Agent for Acquisition of Own Investment Units

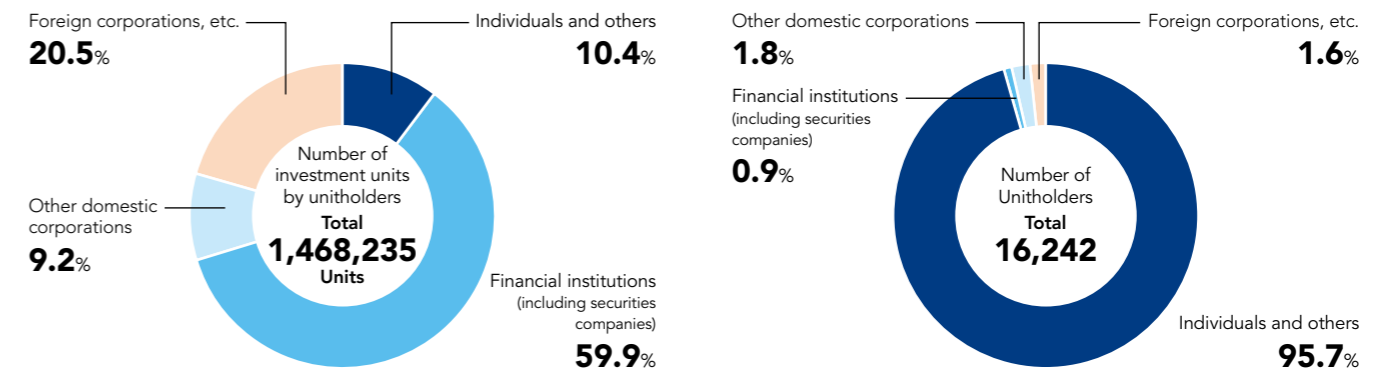
On December 17, 2025, NUD outsourced administrative processes related to the acquisition of own investment units to the administrative agent indicated below. Accordingly, based on the provisions of Article 169, Paragraph 3, of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations, we are providing notification of the change indicated below. Furthermore, the investment unit purchase outsourcing agreement will conclude at the moment when all payments related to purchases during the purchasing period for the present acquisition of own investment units (December 18, 2025, to April 22, 2026) have been settled (or, if the upper limit for either the total amount of purchases or total number of purchases is reached during the purchasing period, the moment that all payments related to the purchases realized until that time have been settled). After that, SMBC Nikko Securities Inc. will no longer be considered the administrative agent.

There is no need for unitholders to complete any procedures or take any other actions with regard to this matter.

Administrative Agent for Acquisition of Own Investment Units

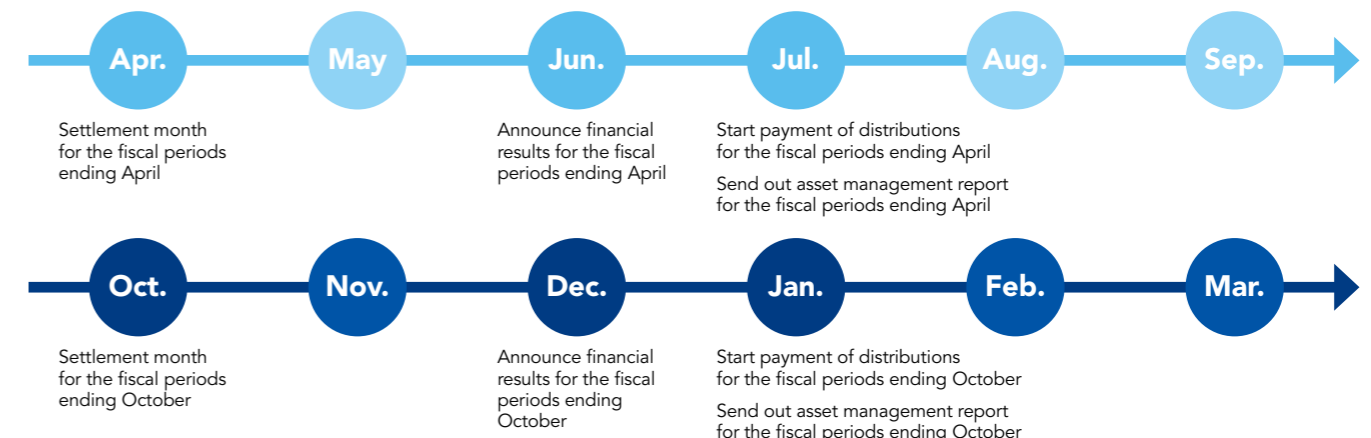
Name	SMBC Nikko Securities Inc.
Address	3-3-1 Marunouchi, Chiyoda-ku, Tokyo
Details of administrative processes	Administrative processes related to acquisition of own investment units (administrative processes stipulated in Article 169, Paragraph 2, Subsection 5-3, of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations)

Number of Investment Units by Unitholders and Number of Unitholders (as of October 31, 2025)



(Note) The investment unit ratio has been rounded off to the first decimal place.

Annual Schedule



BALANCE SHEETS

as of April 30, 2025 and October 31, 2025

	Thousands of yen	
	April 30, 2025	October 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and deposits	¥ 7,144,657	¥ 13,774,572
Cash and deposits held in trust	13,896,153	13,128,364
Tenant receivables	914,763	1,198,774
Prepaid expenses	301,999	167,932
Income taxes refund receivables	102,081	106,800
Other current assets	179	3,831
TOTAL CURRENT ASSETS	22,359,835	28,380,276
LONG-TERM ASSETS		
Property and equipment		
Buildings (Note-7)	8,645,246	8,879,048
Structures (Note-7)	55,586	55,586
Machinery and equipment (Note-7)	15,544	15,544
Tools, furniture and fixtures (Note-7)	5,443	32,141
Land (Note-7)	18,187,956	18,187,956
Construction in progress (Note-7)	67,594	65,291
Buildings held in trust (Note-7)	102,330,449	95,812,056
Structures held in trust (Note-7)	2,567,597	2,501,674
Tools, furniture and fixtures held in trust (Note-7)	986,092	1,010,253
Land held in trust (Note-7)	161,614,534	157,255,449
Construction in progress held in trust (Note-7)	233,701	17,960
Less accumulated depreciation (Note-7)	(43,473,874)	(41,113,983)
Total property and equipment, net	251,235,874	242,718,980
Intangible fixed assets		
Leasehold held in trust (Note-7)	14,998,573	14,998,573
Other intangible fixed assets held in trust (Note-7)	6,446	307
Other intangible fixed assets (Note-7)	4,807	9,915
Total intangible fixed assets	15,009,827	15,008,796
Investments and other assets		
Investment securities (Note-17) (Note-18)	20,035,175	20,035,175
Deferred tax assets (Note-13)	5,729	3,057
Other deposits	17,252	17,252
Other deposits held in trust	854,893	854,893
Long-term prepaid expenses	482,921	438,014
Total investment and other assets	21,395,972	21,348,392
TOTAL LONG-TERM ASSETS	287,641,674	279,076,170
DEFERRED ASSETS		
New investment unit issuance costs	8,582	5,721
Corporate bond issuance costs	18,007	15,973
TOTAL DEFERRED ASSETS	26,590	21,694
TOTAL ASSETS	¥ 310,028,100	¥ 307,478,141

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

	Thousands of yen	
	April 30, 2025	October 31, 2025
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	¥ 3,062,011	¥ 3,463,813
Short-term loans payable	9,700,000	8,000,000
Long-term loans payable due within one year (Note-10) (Note-17)	11,600,000	17,200,000
Accrued expenses	184,992	200,665
Distributions payable	13,215	12,445
Income taxes payable	1,507	605
Consumption taxes payable	239,213	183,254
Business office taxes payable	17,649	9,454
Rents received in advance	989,059	916,584
Deposits received	55,561	65,517
TOTAL CURRENT LIABILITIES	25,863,209	30,052,340
LONG-TERM LIABILITIES		
Long-term loans payable (Note-10) (Note-17)	120,450,000	114,850,000
Corporate bonds (Note-9) (Note-17)	7,200,000	7,200,000
Tenant security deposits	1,499,624	1,511,649
Tenant security deposits held in trust	7,840,521	7,363,616
Long-term accounts payable-other	8,045	7,630
TOTAL LONG-TERM LIABILITIES	136,998,192	130,932,896
TOTAL LIABILITIES	162,861,401	160,985,236
NET ASSETS		
UNITHOLDERS' EQUITY (Note-8)		
Unitholders' capital	142,154,069	142,154,069
Deduction from unitholders' capital	(1,656,228)	(1,656,228)
Unitholders' capital, net	140,497,841	140,497,841
Units authorized – 10,000,000 units as of April 30, 2025 – 10,000,000 units as of October 31, 2025		
Units issued and outstanding – 1,468,235 units as of April 30, 2025 – 1,468,235 units as of October 31, 2025		
Surplus		
Reserve for reduction entry	2,111,384	2,111,384
Unappropriated retained earnings	4,557,472	3,883,679
TOTAL UNITHOLDERS' EQUITY	147,166,698	146,492,904
TOTAL NET ASSETS	147,166,698	146,492,904
TOTAL LIABILITIES AND NET ASSETS	¥ 310,028,100	¥ 307,478,141

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

PROFIT AND LOSS STATEMENTS

For the six months ended April 30, 2025 and October 31, 2025

	Thousands of yen	
	April 30, 2025	October 31, 2025
OPERATING REVENUES AND EXPENSES		
Operating revenues		
Rental revenues (Note-11)	¥ 10,321,738	¥ 10,163,024
Other rental revenues (Note-11)	1,288,891	1,316,848
Gains on sale of properties (Note-12)	1,201,551	1,228,990
Dividend income	501,007	508,886
Operating expenses		
Property operating expenses (Note-11)	6,761,344	6,744,995
Losses on sale of properties (Note-12)	565,267	1,141,836
Asset management fees	485,786	452,516
Directors' compensation	4,200	4,200
Custodian fees	14,362	14,071
Administration fees	97,743	93,838
Audit fees	11,600	11,950
Other expenses	169,361	191,421
Operating income	5,203,523	4,562,919
NON-OPERATING REVENUES AND EXPENSES		
Non-operating revenues		
Interest income	9,450	19,053
Return of unclaimed distribution	1,093	1,634
Miscellaneous income	32	-
Interest on tax refund	-	70
Other non-operating income	-	23
Non-operating expenses		
Interest expenses	628,452	669,890
Interest expenses on corporate bonds	19,465	19,733
Amortization of corporate bond issuance costs	2,034	2,034
Amortization of new investment unit issuance costs	2,860	2,860
Other non-operating expenses	4,895	2,297
Ordinary income	4,556,391	3,886,884
Extraordinary income		
Subsidy income	-	3,780
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	-	3,780
Income before income taxes	4,556,391	3,886,884
Income taxes (Note-13)		
Current	3,149	604
Deferred	(2,751)	2,671
Net income	4,555,993	3,883,607
Income carried forward	1,479	71
UNAPPROPRIATED RETAINED EARNINGS	¥ 4,557,472	¥ 3,883,679

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

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

For the six months ended April 30, 2025 and October 31, 2025



	Thousands of yen						
	Unitholders' Equity						
	Unitholders' Capital (Note-1)	Deduction from unitholders' capital	Unitholders' capital, net	Surplus			Total Surplus
Reserve for Reduction Entry				Total Voluntary Retained Earnings	Unappropriated Retained Earnings		
BALANCE AT NOVEMBER 1, 2024	¥ 142,154,069	¥ -	¥ 142,154,069	¥ 2,111,384	¥ 2,111,384	¥ 4,357,180	¥ 6,468,564
Changes during the period							
Cash distributions paid						(4,355,700)	(4,355,700)
Net income						4,555,993	4,555,993
Acquisition of treasury investment units							
Cancellation of treasury investment units		(1,656,228)	(1,656,228)				
Total changes during the period		(1,656,228)	(1,656,228)	-	-	200,292	200,292
BALANCE AT APRIL 30, 2025	¥ 142,154,069	¥ (1,656,228)	¥ 140,497,841	¥ 2,111,384	¥ 2,111,384	¥ 4,557,472	¥ 6,668,857

	Thousands of yen		
	Unitholders' Equity		
	Treasury Investment Units	Total Unitholders' Equity	Total Net Assets
BALANCE AT NOVEMBER 1, 2024	¥ -	¥ 148,622,634	¥ 148,622,634
Changes during the period			
Cash distributions paid		(4,355,700)	(4,355,700)
Net income		4,555,993	4,555,993
Acquisition of treasury investment units	(1,656,228)	(1,656,228)	(1,656,228)
Cancellation of treasury investment units	1,656,228	-	-
Total changes during the period	-	(1,455,935)	(1,455,935)
BALANCE AT APRIL 30, 2025	¥ -	¥ 147,166,698	¥ 147,166,698

(Statements of Changes in Unitholders' Equity cont.)

	Thousands of yen						
	Unitholders' Equity						
	Unitholders' Capital (Note-1)	Deduction from unitholders' capital	Unitholders' capital, net	Surplus			
				Voluntary Retained Earnings		Unappropriated Retained Earnings	Total Surplus
Reserve for Reduction Entry	Total Voluntary Retained Earnings						
BALANCE AT MAY 1, 2025	¥ 142,154,069	¥ (1,656,228)	¥140,497,841	¥ 2,111,384	¥ 2,111,384	¥ 4,557,472	¥ 6,668,857
Changes during the period							
Cash distributions paid						(4,557,401)	(4,557,401)
Net income						3,883,607	3,883,607
Total changes during the period	-	-	-	-	-	(673,793)	(673,793)
BALANCE AT OCTOBER 31, 2025	¥ 142,154,069	¥ (1,656,228)	¥140,497,841	¥ 2,111,384	¥ 2,111,384	¥ 3,883,679	¥ 5,995,603

	Thousands of yen	
	Unitholders' Equity	Total Net Assets
BALANCE AT MAY 1, 2025	¥ 147,166,698	¥147,166,698
Changes during the period		
Cash distributions paid	(4,557,401)	(4,557,401)
Net income	3,883,607	3,883,607
Total changes during the period	(673,793)	(673,793)
BALANCE AT OCTOBER 31, 2025	¥ 146,492,904	¥146,492,904

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

CASH FLOW STATEMENTS



For the six months ended April 30, 2025 and October 31, 2025

	Thousands of yen	
	April 30, 2025	October 31, 2025
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income taxes	¥ 4,556,391	¥ 3,886,884
Depreciation	1,763,963	1,668,934
Amortization of corporate bond issuance costs	2,034	2,034
Amortization of new investment unit issuance costs	2,860	2,860
Interest income	(9,450)	(19,053)
Return of unclaimed distribution	(1,093)	(1,634)
Interest expenses	647,917	689,624
Decrease (increase) in tenant receivables	223,833	(239,859)
Increase (decrease) in accounts payable	281,421	25,278
Increase (decrease) in consumption taxes payable	(199,758)	(55,959)
Increase (decrease) in rents received in advance	(13,493)	(72,475)
Increase (decrease) in deposits received	(71,507)	9,956
Loss on disposal of property and equipment held in trust	4,204	11,253
Decrease in property and equipment held in trust due to sale	5,996,002	8,263,054
Decrease in intangible fixed assets held in trust due to sale	-	6,035
Other	(196,978)	908
SUBTOTAL	12,986,349	14,177,843
Interest received	9,450	19,053
Interest paid	(614,277)	(628,538)
Income taxes (paid) refund	(9,123)	(6,226)
Net cash provided by (used in) operating activities	12,372,398	13,562,130
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchases of property and equipment	(344,287)	(60,349)
Payments for purchases of property and equipment held in trust	(5,315,564)	(873,786)
Payments for purchases of intangible fixed assets held in trust	(479)	(247)
Payments for purchases of intangible fixed assets	(528)	(136)
Proceeds from tenant security deposits	62,944	14,011
Payments of tenant security deposits	(49,862)	(1,986)
Proceeds from tenant security deposits held in trust	284,377	162,056
Payments of tenant security deposits held in trust	(543,455)	(683,029)
Net cash provided by (used in) investing activities	(5,906,856)	(1,443,468)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term loans payable	9,700,000	2,000,000
Repayments of short-term loans payable	(9,700,000)	(3,700,000)
Proceeds from long-term loans payable	6,000,000	3,300,000
Repayments of long-term loans payable	(6,000,000)	(3,300,000)
Payments for purchases of treasury investment units	(1,656,228)	-
Payments of distributions	(4,354,238)	(4,556,536)
Net cash provided by (used in) financing activities	(6,010,467)	(6,256,536)
NET CHANGE IN CASH AND CASH EQUIVALENTS	455,075	5,862,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,585,735	21,040,810
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 21,040,810	¥ 26,902,937

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

For the six months ended April 30, 2025 and October 31, 2025

Note-1. Organization and basis of presentation

(a) **Organization** - NTT UD REIT Investment Corporation (hereinafter, "NUD") is an investment corporation established in May 2002 under the Act on Investment Trusts and Investment Corporations (hereinafter, "Investment Trusts Act") with an initial capital of 200,000 thousand yen (400 units), and it is listed on the Tokyo Stock Exchange. NTT Urban Development Asset Management Corporation (hereinafter, "UDAM") is the asset manager of NUD.

There was no change in the total number of investment units issued and outstanding or unitholders' capital for the six months ended October 31, 2025. Furthermore, equity financing NUD made in the past five years through the end of the 46th fiscal period (October 31, 2025) is summarized below.

Date	Description	Total Number of Investment Units Issued and Outstanding (units)		Unitholders' Capital, Net (millions of yen)	
		Increase (Decrease)	Balance	Increase (Decrease)	Balance
November 1, 2021	Public offering	80,600	1,397,595	11,701	132,051
November 29, 2021	Third-party allotment	4,040	1,401,635	586	132,637
November 1, 2023	Public offering	76,600	1,478,235	9,066	141,704
November 28, 2023	Third-party allotment	3,800	1,482,035	449	142,154
April 30, 2025	Cancellation	(13,800)	1,468,235	(1,656)	140,497

As of October 31, 2025, NUD had unitholders' capital, net of 140,497,841 thousand yen with 1,468,235 units outstanding.

As of October 31, 2025, NUD owned a portfolio of 26 office buildings, 35 residential properties and preferred securities of an SPC (62 properties in total).

Total acquisition costs of those properties were 296,474 million yen, with the investment ratio by asset type standing at 64.6% for office buildings, 28.6% for residential properties and 6.7% for others (preferred securities).

(b) **Basis of presentation** - The financial statements of NUD have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act and other related regulations of Japan and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by NUD and were filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain items presented in the financial statements have been reclassified for the convenience of readers outside Japan. NUD does not prepare consolidated financial statements as NUD has no subsidiaries.

NUD's fiscal period is six months, which respectively ends in April and October of each year.

Amounts less than 1 thousand yen have been omitted. As a result, the total shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

Note-2. Summary of significant accounting policies

(a) **Cash and cash equivalents** - Cash and cash equivalents consist of cash, demand deposits, cash and deposits held in trust, and short-term investments. Short-term investments are highly liquid, readily convertible to cash, have an insignificant risk of change in value, and an original maturity of three months or less.

(b) **Valuation standard and method for securities** -

Available-for-sale investment securities - Stocks and other securities with no market prices are stated at cost being determined by the moving average method.

(c) **Depreciation and amortization** -

Property and equipment (including those held in trust) - Property and equipment are carried at cost, less accumulated depreciation. Depreciation of property and equipment, except for land, is computed by using the straight-line method at rates based on estimated useful lives.

The ranges of useful lives used in the computation of depreciation are generally as follows:

Buildings	3-68 years
Structures	3-58 years
Machinery and equipment	11 years
Tools, furniture and fixtures	2-15 years

In accordance with the amended Japanese tax law, properties and equipment acquired on or after April 1, 2007 are depreciated with the residual value of 1 yen recognized at the end of the useful lives.

Properties and equipment acquired before March 31, 2007 are depreciated with the residual value of 5% of acquisition costs over useful lives based on the tax law at that time. However, in accordance with the amended Japanese tax law, such properties and equipment are depreciated with the residual value of 1 yen over five years from the following fiscal years after they are depreciated to the residual value of 5% of acquisition costs.

Long-term prepaid expenses - Prepaid expenses are amortized using the straight-line method.

New investment unit issuance costs - New investment unit issuance costs are amortized using the straight-line method over three years.

Corporate bond issuance costs - Corporate bond issuance costs are amortized using the straight-line method over the period through the redemption of the bonds.

(d) **Income taxes** - Income taxes are accounted for financial reporting purposes. The tax effect of temporary differences for the carrying amount of assets and liabilities between accounting basis and tax basis is recognized as deferred taxes.

(e) **Revenue recognition** -

Sale of properties - NUD recognizes revenues from sale of properties when the purchaser who is a customer obtains control of the relevant property following the seller fulfilling its delivery obligations stipulated in the transaction agreement of the property. On the profit and loss statements, the amount obtained by deducting cost of properties, which is the book value of sold properties, and other expenses for sale, which are expenses directly related to the sale, from revenues from sale of properties, which are the proceeds from the sale of the properties, is indicated as gains (losses) on sale of properties.

Lease of properties - NUD owns and operates office buildings and residential properties that are rented to tenants. Revenues from leasing the office and residential spaces are recognized on an accrual basis based on the lease agreements. Rental revenues include fixed rental revenues, recoveries of utility charges, and other income.

(f) **Property-related taxes** - Property-related taxes (i.e., property tax, city planning tax and depreciable property tax) are imposed on properties on a calendar year basis. The amount of taxes paid in the period is charged to income as property operating expenses. In accordance with Japanese business practice, at the time of disposal, the seller of the property is generally liable for property-related taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser of the property for the accrued property-related tax liabilities, and the amount of the settlement reflects this adjustment. NUD is allocated the portion of the property-related taxes for the period from the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of those properties. Capitalized property-related taxes totaled 20,782 thousand yen for the six months ended April 30, 2025, and there were no capitalized property-related taxes for the six months ended October 31, 2025.

(g) **Method of hedge accounting** - Special accounting is applied for interest rate swap transactions that satisfy the requirements for special accounting.

Hedging instruments and hedged items - Hedging instruments: interest rate swap transactions, Hedged items: interest expenses on loans payable.

Hedging policy - NUD conducts derivative transactions to hedge interest rate fluctuation risks for loans payable with floating interest rates based on the "Asset Management Target and Policy" provided in its Articles of Incorporation and the risk management regulations on derivative transactions.

Method for assessing the effectiveness of hedging - Assessment of the effectiveness of hedging is omitted as requirements are satisfied for special accounting for interest rate swap transactions.

(h) **Accounting treatment of beneficiary interest in trust accounts, including real estate** - For beneficiary interests in real estate trust, which are commonly utilized in the ownership of commercial properties in Japan and through which NUD holds all of its properties, all accounts of assets and liabilities held in trust, as well as all income generated and expenses incurred from assets in trust, are recognized in the relevant balance sheet and profit and loss statement.

Furthermore, the following material accounts are separately stated on the balance sheet for assets in trust recognized in relevant accounts.

- (1) Cash and deposits held in trust
- (2) Buildings held in trust, structures held in trust, tools, furniture and fixtures held in trust, land held in trust, and construction in progress held in trust
- (3) Leasehold held in trust
- (4) Other intangible fixed assets held in trust
- (5) Other deposits held in trust
- (6) Tenant security deposits held in trust

(i) **Accounting for consumption taxes** - Non-deductible consumption taxes on property acquisitions are capitalized with the acquisition costs of the individual properties.

Note-3. Significant accounting estimates

Impairment of long-term assets

(1) Amounts recorded on the financial statements

	Thousands of yen	
	April 30, 2025	October 31, 2025
Property and equipment	¥ 250,934,577	¥ 242,635,728
Intangible fixed assets	15,006,008	15,000,949
Impairment losses	–	–

(2) Information on the details of the significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, NUD has adopted the accounting treatment to reduce the book value of long-term assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to lowered profitability.

In adopting the accounting treatment, the respective properties owned by NUD are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to continuous operating losses, a significant drop in the market value and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount based on the real estate appraisal values by external appraisers, and the reduced amount is recorded as impairment losses.

In calculating the future cash flow, the underlying rent, occupancy rate and real estate rental expenses, etc. are determined by comprehensively taking into account the market trends and transaction cases of similar properties, etc.

The performance and the market value of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, when changes arise to the assumptions of the estimate, they may affect the financial position and results of operation of NUD in the following fiscal period.

Note-4. Accounting standards not yet applied

- Accounting Standard for Leases (ASBJ Statement No. 34 issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 issued on September 13, 2024), etc.

1. Overview

As an initiative to make the Japanese standards internationally consistent, consideration based on the international accounting standards was made at the Accounting Standards Board of Japan towards the development of the Accounting Standard for Leases that recognizes assets and liabilities for all lease transactions of the lessee, and although a single accounting model of IFRS No.16 is used as the basis as a basic policy, a simple and highly convenient lease accounting standard, etc. aiming to basically make reconciliation or restatement unnecessary even when using the provisions of IFRS No.16 in individual financial statements by adopting not all provisions but only major provisions of IFRS No.16 was announced.

As the accounting of the lessee, with regard to the allocation method of lease expenses of the lessee, a single accounting model that records the depreciation for right-of-use-assets and the amount equivalent to interests for lease liabilities will be applied to all lease transactions, regardless of finance lease or operating lease, like IFRS No.16.

2. Scheduled date of adoption

NUD will adopt the Accounting Standard, etc. from the beginning of the six months ending October 2027.

3. Impact of the adoption of the Accounting Standard, etc.

The amount of impact on the financial statements by the adoption of the Accounting Standard, etc. is being assessed at the time of the preparation of such statements.

Note-5. Revenue recognition

Six months ended April 30, 2025 [November 1, 2024 - April 30, 2025]

1. Breakdown information on revenues from contracts with customers:

For the breakdown information on revenues from contracts with customers, refer to Note-11 and Note-12.

Note that Note-11 includes revenues in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13).

Moreover, revenues generated from contracts with major customers comprise of gains on sale of properties and utilities income.

Six months ended October 31, 2025 [May 1, 2025 - October 31, 2025]

1. Breakdown information on revenues from contracts with customers:

For the breakdown information on revenues from contracts with customers, refer to Note-11 and Note-12.

Note that Note-11 includes revenues in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13).

Moreover, revenues generated from contracts with major customers comprise of gains on sale of properties and utilities income.

Note-6. Cash and cash equivalents

Cash and cash equivalents as of April 30, 2025 and October 31, 2025 consisted of the following:

	Thousands of yen	
	April 30, 2025	October 31, 2025
Cash and deposits	¥ 7,144,657	¥ 13,774,572
Cash and deposits held in trust	13,896,153	13,128,364
CASH AND CASH EQUIVALENTS	¥ 21,040,810	¥ 26,902,937

Note-7. Schedule of property and equipment and intangible fixed assets

Property and equipment and intangible fixed assets as of April 30, 2025 and October 31, 2025 consisted of the following:

	Thousands of yen					
	April 30, 2025			October 31, 2025		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Property and equipment						
Buildings and structures						
Buildings	¥ 8,645,246	¥ 868,594	¥ 7,776,651	¥ 8,879,048	¥ 1,028,456	¥ 7,850,592
Structures	55,586	3,927	51,659	55,586	5,015	50,571
Machinery and equipment	15,544	2,601	12,943	15,544	3,316	12,228
Tools, furniture and fixtures	5,443	2,172	3,271	32,141	2,948	29,193
Land	18,187,956	–	18,187,956	18,187,956	–	18,187,956
Construction in progress	67,594	–	67,594	65,291	–	65,291
Property and equipment held in trust						
Buildings and structures						
Buildings	¥ 102,330,449	¥ 40,321,319	¥ 62,009,130	¥ 95,812,056	¥ 37,795,531	¥ 58,016,525
Structures	2,567,597	1,519,294	1,048,302	2,501,674	1,491,935	1,009,739
Tools, furniture and fixtures	986,092	755,964	230,128	1,010,253	786,782	223,471
Land	161,614,534	–	161,614,534	157,255,449	–	157,255,449
Construction in progress	233,701	–	233,701	17,960	–	17,960
SUBTOTAL	294,709,749	43,473,874	251,235,874	283,832,964	41,113,983	242,718,980
Intangible fixed assets held in trust						
Leasehold	14,998,573	–	14,998,573	14,998,573	–	14,998,573
Other intangible fixed assets	13,036	6,590	6,446	5,794	5,486	307
Other	47,634	42,826	4,807	53,611	43,695	9,915
SUBTOTAL	15,059,244	49,416	15,009,827	15,057,978	49,182	15,008,796
TOTAL	¥ 309,768,994	¥ 43,523,291	¥ 266,245,702	¥ 298,890,943	¥ 41,163,166	¥ 257,727,777

In the fiscal period ended April 2025, a government subsidy of 19,834 thousand yen, granted for the capital expenditures at The Kanagawa Science Park R&D Building in 2006, has been deducted from the acquisition cost of the building held in trust.

In the fiscal period ended October 2025, a subsidy of 3,780 thousand yen, granted for the installation of an elevator safety device at Cabin Arena Minami-Aoyama in 2025, has been deducted from the equipment cost of the building held in trust.

Note-8. Unitholders' equity

1. NUD issues investment units in accordance with the Investment Trusts Act. All the proceeds from the issuance of new units are designated as stated capital. NUD maintains minimum net assets of at least 50,000 thousand yen as required by the Investment Trusts Act.
2. Cancellation of own investment units as of April 30, 2025 and October 31, 2025 were as follows:

	April 30, 2025	October 31, 2025
Total number of units cancelled (units)	13,800	13,800
Total amount of cancellation (thousands of yen)	¥ 1,656,228	¥ 1,656,228

Note-9. Corporate bonds

Corporate bonds for the six months ended April 30, 2025 and October 31, 2025 were as follows:

	Thousands of yen		Interest rate (%)
	April 30, 2025 (Amount)	October 31, 2025 (Amount)	
Unsecured bond No.8 (issued on July 24, 2018 and due on July 24, 2028) (with pari passu conditions among specified investment corporation bonds)	¥ 4,000,000	¥ 4,000,000	0.58
Unsecured bond No.10 (issued on April 27, 2021 and due on April 25, 2031) (with pari passu conditions among specified investment corporation bonds) (green bond)	3,200,000	3,200,000	0.50
TOTAL	¥ 7,200,000	¥ 7,200,000	–

* The anticipated maturities of corporate bonds for the following five years beginning November 1, starting in 2025 are as follows:

	One year or less	More than one year and two years or less	More than two years and three years or less	More than three years and four years or less	More than four years and five years or less
¥	–	–	4,000,000	–	–

Note-10. Short-term and long-term loans

Short-term and long-term loans as of October 31, 2025 consisted of the following:

Lender	Thousands of yen			October 31, 2025 (Amount)	Average interest rate *1 (%)	Repayment	Use of funds	Remarks
	May 1, 2025 (Amount)	Increase	Decrease					
SHORT-TERM LOANS								
Mizuho Bank, Ltd.	2,000,000	–	2,000,000	–	0.75213	Jun. 30, 2025		Unsecured and non-guaranteed Floating rate
Mizuho Bank, Ltd.	2,000,000	–	–	2,000,000	0.72409	Feb. 27, 2026		Unsecured and non-guaranteed Floating rate
Mizuho Bank, Ltd.	1,700,000	–	–	1,700,000	0.73409	Mar. 31, 2026		Unsecured and non-guaranteed Floating rate
Sumitomo Mitsui Trust Bank, Limited	1,100,000	–	–	1,100,000				Unsecured and non-guaranteed Floating rate
MUFG Bank, Ltd.	300,000	–	300,000	–	0.75213	Mar. 31, 2026	*2	Unsecured and non-guaranteed Floating rate
Sumitomo Mitsui Banking Corporation	300,000	–	300,000	–	0.77213	Mar. 31, 2026		Unsecured and non-guaranteed Floating rate
NTT TC Leasing Co., Ltd.	300,000	–	300,000	–				Unsecured and non-guaranteed Floating rate
Sumitomo Mitsui Trust Bank, Limited	1,000,000	–	400,000	600,000	0.73409	Apr. 30, 2026		Unsecured and non-guaranteed Floating rate
Mizuho Bank, Ltd.	1,000,000	–	400,000	600,000				Unsecured and non-guaranteed Floating rate
Mizuho Bank, Ltd.	–	2,000,000	–	2,000,000	0.74013	Jun. 30, 2026		Unsecured and non-guaranteed Floating rate
SUBTOTAL	9,700,000	2,000,000	3,700,000	8,000,000				

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Lender	Thousands of yen				Average interest rate *1 (%)	Repayment	Use of funds	Remarks
	May 1, 2025 (Amount)	Increase	Decrease	October 31, 2025 (Amount)				
LONG-TERM LOANS *3 *4								
Mizuho Bank, Ltd.	2,040,000	-	-	2,040,000	0.62380	Oct. 30, 2026	*2	Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	1,140,000	-	-	1,140,000				Unsecured and non-guaranteed Fixed rate
MUFG Bank, Ltd.	1,220,000	-	-	1,220,000	0.62380	Oct. 30, 2026		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	4,000,000	-	-	4,000,000				Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.73500	Nov. 30, 2026		Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000				Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	3,300,000	-	3,300,000	-	0.59880	May 30, 2025		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	2,600,000	-	-	2,600,000	0.61125	Mar. 27, 2026		Unsecured and non-guaranteed Fixed rate
Resona Bank, Limited	1,200,000	-	-	1,200,000				Unsecured and non-guaranteed Fixed rate
MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.61125	Mar. 27, 2026		Unsecured and non-guaranteed Fixed rate
Development Bank of Japan Inc.	3,000,000	-	-	3,000,000	0.66649	Apr. 30, 2026		Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000	0.76755	Jul. 24, 2028		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				Unsecured and non-guaranteed Fixed rate
MUFG Bank, Ltd.	1,250,000	-	-	1,250,000	0.76880	Aug. 31, 2027		Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.76880	Aug. 31, 2027		Unsecured and non-guaranteed Fixed rate
Resona Bank, Limited	1,500,000	-	-	1,500,000				Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	750,000	-	-	750,000	0.65125	Mar. 30, 2029		Unsecured and non-guaranteed Fixed rate
Resona Bank, Limited	750,000	-	-	750,000				Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.37880	Sep. 30, 2026		Unsecured and non-guaranteed Fixed rate
NTT TC Leasing Co., Ltd.	1,200,000	-	-	1,200,000	0.45065	Mar. 31, 2028		Unsecured and non-guaranteed Fixed rate
Development Bank of Japan Inc.	2,000,000	-	-	2,000,000	0.45065	Mar. 31, 2028	Unsecured and non-guaranteed Fixed rate	
MUFG Bank, Ltd.	2,000,000	-	-	2,000,000			Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.46500	Nov. 30, 2028	Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	3,000,000	-	-	3,000,000	0.49755	Nov. 30, 2029	Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	2,000,000	-	-	2,000,000	0.51755	Nov. 30, 2029	Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	2,500,000	-	-	2,500,000	0.61304	Aug. 31, 2029	Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	1,300,000	-	-	1,300,000	0.55943	Sep. 28, 2029	Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	700,000	-	-	700,000	0.61005	Mar. 29, 2030	Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Banking Corporation	3,200,000	-	-	3,200,000	0.41505	May 31, 2028	Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	1,800,000	-	-	1,800,000	0.52375	May 31, 2030	Unsecured and non-guaranteed Fixed rate	

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Lender	Thousands of yen				Average interest rate *1 (%)	Repayment	Use of funds	Remarks
	May 1, 2025 (Amount)	Increase	Decrease	October 31, 2025 (Amount)				
Mizuho Bank, Ltd.	2,400,000	-	-	2,400,000	0.57250	Sep. 30, 2031	*2	Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	1,950,000	-	-	1,950,000	0.78500	Apr. 30, 2030		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Banking Corporation	1,950,000	-	-	1,950,000	0.71625	Apr. 27, 2029		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.54204	Jan. 31, 2028		Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	3,500,000	-	-	3,500,000	0.75625	Jul. 31, 2030		Unsecured and non-guaranteed Fixed rate
The Norinchukin Bank	2,500,000	-	-	2,500,000	0.73000	Aug. 31, 2029		Unsecured and non-guaranteed Fixed rate
MUFG Bank, Ltd.	1,800,000	-	-	1,800,000	0.77969	May 31, 2030		Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	2,500,000	-	-	2,500,000	0.86250	Aug. 29, 2031		Unsecured and non-guaranteed Fixed rate
MUFG Bank, Ltd.	3,000,000	-	-	3,000,000	0.92875	Aug. 31, 2032		Unsecured and non-guaranteed Fixed rate
Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				Unsecured and non-guaranteed Fixed rate
NTT TC Leasing Co., Ltd.	1,500,000	-	-	1,500,000	1.03500	Nov. 28, 2031		Unsecured and non-guaranteed Fixed rate
Resona Bank, Limited	1,500,000	-	-	1,500,000				Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	1.01500	Nov. 28, 2031		Unsecured and non-guaranteed Fixed rate
Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				Unsecured and non-guaranteed Fixed rate
NTT TC Leasing Co., Ltd.	1,500,000	-	-	1,500,000	1.11125	Nov. 30, 2032		Unsecured and non-guaranteed Fixed rate
Resona Bank, Limited	1,500,000	-	-	1,500,000				Unsecured and non-guaranteed Fixed rate
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				Unsecured and non-guaranteed Fixed rate
Mizuho Bank, Ltd.	500,000	-	-	500,000	1.10125	Nov. 30, 2032		Unsecured and non-guaranteed Fixed rate
The Bank of Fukuoka, Ltd.	2,000,000	-	-	2,000,000				Unsecured and non-guaranteed Fixed rate
The 77 Bank, Ltd.	1,000,000	-	-	1,000,000	1.22625	Aug. 31, 2033		Unsecured and non-guaranteed Fixed rate
The Bank of Kyoto, Ltd.	1,000,000	-	-	1,000,000			Unsecured and non-guaranteed Fixed rate	
The Hachijuni Bank, Ltd. *5	1,000,000	-	-	1,000,000			Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	2,000,000	-	-	2,000,000			Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.96750	Nov. 8, 2028	Unsecured and non-guaranteed Fixed rate	
Aozora Bank, Ltd.	300,000	-	-	300,000			Unsecured and non-guaranteed Fixed rate	
Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	1.23000	Nov. 8, 2030	Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	350,000	-	-	350,000			Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.40333	May 7, 2032	Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000	1.54750	Nov. 8, 2033	Unsecured and non-guaranteed Fixed rate	
Aozora Bank, Ltd.	750,000	-	-	750,000	0.96375	Feb. 28, 2030	Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	2,500,000	-	-	2,500,000	0.56750	Aug. 31, 2026	Unsecured and non-guaranteed Fixed rate	

(continued on next page)

(cont.)

Lender	Thousands of yen				Average interest rate *1 (%)	Repayment	Use of funds	Remarks	
	May 1, 2025 (Amount)	Increase	Decrease	October 31, 2025 (Amount)					
Sumitomo Mitsui Trust Bank, Limited	2,200,000	-	-	2,200,000	0.67205	Aug. 31, 2027	*2	Unsecured and non-guaranteed Fixed rate	
MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	0.89468	Aug. 31, 2029		Unsecured and non-guaranteed Fixed rate	
MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	1.01485	Aug. 30, 2030		Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	2,500,000	-	-	2,500,000	1.08250	Feb. 28, 2031		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.20250	Feb. 27, 2032		Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	2,500,000	-	-	2,500,000	0.70500	Feb. 29, 2028		Unsecured and non-guaranteed Fixed rate	
Mizuho Bank, Ltd.	450,000	-	-	450,000	1.05250	Feb. 28, 2031		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	2,500,000	-	-	2,500,000	0.69875	Sep. 30, 2027		Unsecured and non-guaranteed Fixed rate	
NTT TC Leasing Co., Ltd.	4,000,000	-	-	4,000,000	1.28125	May 30, 2031		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	550,000	-	-	550,000	0.90625	Aug. 31, 2029		Unsecured and non-guaranteed Fixed rate	
Aozora Bank, Ltd.	700,000	-	-	700,000	1.01875	Aug. 30, 2030		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.15000	Aug. 31, 2032		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.74409	Nov. 30, 2028		Unsecured and non-guaranteed Floating rate	
Sumitomo Mitsui Trust Bank, Limited	2,000,000	-	-	2,000,000	1.30375	Nov. 28, 2031		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	1.82125	Mar. 31, 2033		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	750,000	-	-	750,000	1.44313	Sep. 29, 2028		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	750,000	-	-	750,000	1.47875	Mar. 30, 2029		Unsecured and non-guaranteed Fixed rate	
Sumitomo Mitsui Trust Bank, Limited	-	3,300,000	-	3,300,000	1.62625	May 31, 2032		Unsecured and non-guaranteed Fixed rate	
SUBTOTAL	132,050,000	3,300,000	3,300,000	132,050,000					
TOTAL	¥ 141,750,000	¥ 5,300,000	¥ 7,000,000	¥ 140,050,000					

*1 Floating interest rates in the table above represent the weighted average interest rates for the period. For loans for which NUD conducted interest rate swap transactions in order to reduce the interest rate fluctuation risk, the fixed rate interests obtained by taking into account the effect of the interest rate swaps are indicated.

*2 All the loans are used for such purposes as purchasing beneficiary interests in real estate trust, repaying existing borrowings and redeeming corporate bonds

*3 Long-term loans payable due within one year on the balance sheets are included in long-term loans in the table above for the purpose of indicating the loans in accordance with respective loan agreements.

*4 The anticipated maturities of long-term loans for the following five years beginning November 1, starting in 2025 are as follows:

	One year or less	More than one year and two years or less	More than two years and three years or less	More than three years and four years or less	More than four years and five years or less
¥	17,200,000	17,950,000	14,350,000	18,350,000	17,700,000

*5 The trade name of The Hachijuni Bank, Ltd. was changed to Hachijuni Nagano Bank, Ltd. upon the absorption-type merger with THE NAGANO BANK, LTD. on January 1, 2026.

*6 NUD maintains commitment line agreement with financial institutions. The amounts of unused commitments on loans were as follows:

	Thousands of yen	
	April 30, 2025	October 31, 2025
Total amount of commitment line agreement	¥ 5,000,000	¥ 5,000,000
Balance of executed loans	-	-
Balance of unexecuted loans	¥ 5,000,000	¥ 5,000,000

Note-11. Rental revenues and expenses

Rental revenues and expenses for the six months ended April 30, 2025 and October 31, 2025 were as follows:

	Thousands of yen	
	April 30, 2025	October 31, 2025
REAL ESTATE RENTAL REVENUES		
Rental revenues		
Rents	¥ 8,937,740	¥ 8,895,131
Common area charges	1,383,998	1,267,893
Subtotal	10,321,738	10,163,024
Other rental revenues		
Utilities income	607,891	716,152
Parking fees	273,213	259,207
Facility fees	160,938	145,525
Other incidental revenues	71,594	63,398
Miscellaneous income	175,253	132,563
Subtotal	1,288,891	1,316,848
TOTAL REAL ESTATE RENTAL REVENUES	11,610,630	11,479,872
REAL ESTATE RENTAL EXPENSES		
Property operating expenses		
Property management fees	1,508,019	1,417,294
Utilities	914,780	923,192
Real estate taxes	820,377	874,275
Insurance	20,576	18,726
Maintenance and repairs	998,425	1,108,512
Trust fees	30,359	28,463
Depreciation	1,762,827	1,667,745
Rent expenses	517,774	520,206
Miscellaneous expenses	188,203	186,577
TOTAL REAL ESTATE RENTAL EXPENSES	6,761,344	6,744,995
REAL ESTATE RENTAL INCOME	¥ 4,849,286	¥ 4,734,877

Note-12. Gains and losses on sale of properties

Gains and losses on sale of properties for the six months ended April 30, 2025 were as follows:

	Thousands of yen	
	April 30, 2025	
	Landic Shimbashi 2 Building (33.34% quasi co-ownership interest)	
Revenues from sale of properties	¥	3,334,000
Cost of sale of properties		2,108,859
Other expenses for sale		23,589
GAINS ON SALE OF PROPERTIES	¥	1,201,551

	Thousands of yen	
	April 30, 2025	
	NTT CRED Okayama Building	
Revenues from sale of properties	¥	3,360,000
Cost of sale of properties		3,887,143
Other expenses for sale		38,124
LOSSES ON SALE OF PROPERTIES	¥	565,267

Gains and losses on sale of properties for the six months ended October 31, 2025 were as follows:

	Thousands of yen	
	October 31, 2025	
	Landic Shimbashi 2 Building (33.33% quasi co-ownership interest)	
Revenues from sale of properties	¥	3,333,000
Cost of sale of properties		2,094,368
Other expenses for sale		9,640
GAINS ON SALE OF PROPERTIES	¥	1,228,990

	Thousands of yen	
	October 31, 2025	
	The Kanagawa Science Park R&D Building	
Revenues from sale of properties	¥	5,214,000
Cost of sale of properties		6,207,059
Other expenses for sale		148,777
LOSSES ON SALE OF PROPERTIES	¥	1,141,836

Note-13. Income taxes

Income taxes in Japan applicable to NUD consist of corporate income tax, enterprise tax, and inhabitant tax. The following is reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended April 30, 2025 and October 31, 2025:

	April 30, 2025	October 31, 2025
Statutory tax rate	31.46%	31.46%
Adjustments		
Deductible cash distributions	(31.47)	(37.27)
Reversal of reserve for reduction entry	-	5.88
Other	0.02	0.01
EFFECTIVE TAX RATE	0.01%	0.08%

Under NUD's distribution policy, cash distributions are made in excess of 90% of distributable income as defined in the Special Taxation Measures Law of Japan for the fiscal period to qualify for conditions as set forth in the Special Taxation Measures Law to achieve a deduction of cash distributions for income tax purposes. Based on such policy, NUD treated the cash distributions as tax deductions allowed in the Special Taxation Measures Law.

The tax effects of significant temporary differences that resulted in net deferred tax assets or liabilities as of April 30, 2025 and October 31, 2025 were as follows:

	Thousands of yen	
	April 30, 2025	October 31, 2025
Deferred tax assets		
Enterprise taxes	¥ 5,729	¥ 3,057
Total of deferred tax assets	5,729	3,057
NET DEFERRED TAX ASSETS	¥ 5,729	¥ 3,057

Note-14. Per unit information

The following table summarizes the net assets per unit as of April 30, 2025 and October 31, 2025 and the net income per unit for the six months ended April 30, 2025 and October 31, 2025:

	April 30, 2025	October 31, 2025
Net assets per unit	¥ 100,233	¥ 99,774
Net income per unit	3,090	2,645

*1 The net income per unit is calculated by dividing the net income by the weighted-average number of units outstanding for the respective six-month period. Diluted net income per unit is not presented since no warrants and convertible bonds were outstanding during the six months ended April 30, 2025 and October 31, 2025.

*2 The basis for calculating net income per unit was as follows:

	Thousands of yen	
	April 30, 2025	October 31, 2025
Net income	¥ 4,555,993	¥ 3,883,607
Amount not attributable to ordinary unitholders	-	-
Net income related to ordinary unit	4,555,993	3,883,607
Average number of units during the period	1,474,079 units	1,468,235 units

Note-15. Leases

NUD leases some properties to tenants under non-cancellable operating leases. As of April 30, 2025 and October 31, 2025, the future lease expenses and revenues under the non-cancellable operating leases were as follows:

Operating leases (as lessee)

	Thousands of yen	
	April 30, 2025	October 31, 2025
Due within one year	¥ 616,464	¥ 616,464
Due after one year	11,610,090	11,301,857
TOTAL	¥ 12,226,555	¥ 11,918,322

Operating leases (as lessor)

	Thousands of yen	
	April 30, 2025	October 31, 2025
Due within one year	¥ 2,969,467	¥ 2,793,134
Due after one year	6,421,530	5,872,130
TOTAL	¥ 9,390,998	¥ 8,665,264

Note-16. Distribution information

Pursuant to the distribution policy set forth in Article 13, Paragraph 1 of NUD's Article of Incorporation, the maximum distribution amount cannot exceed the unappropriated retained earnings, and this amount must exceed 90% of the "distributable income" which is defined in Article 67-15 of the Special Taxation Measures Law of Japan. No cash distributions exceeding the unappropriated retained earnings as set forth in Article 13, Paragraph 2 of the NUD's Article of Incorporation were made.

[April 30, 2025]

In accordance with this policy, NUD declared a total distribution of 4,557,401,440 yen as distribution of income for the 45th fiscal period (payment to start on July 15, 2025), which was the maximum value arrived at when the number of units outstanding (1,468,235 units) was multiplied by an integer, within the limit of the unappropriated retained earnings for the 45th fiscal period.

[October 31, 2025]

In accordance with this policy, NUD declared a total distribution of 4,610,257,900 yen as distribution of income for the 46th fiscal period (payment to start on January 23, 2026), which was the maximum value of unappropriated retained earnings after adding reversal of existing reserve for reduction entry, arrived at when the number of units outstanding (1,468,235 units) was multiplied by an integer.

Income carried forward after the distributions for the six months ended April 30, 2025 and October 31, 2025 were as follows:

	April 30, 2025	October 31, 2025
Unappropriated retained earnings	¥ 4,557,472,979	¥ 3,883,679,317
Reversal of reserve for reduction entry	–	726,578,583
Cash distributions declared	4,557,401,440	4,610,257,900
(Cash distribution declared per unit)	(3,104)	(3,140)
INCOME CARRIED FORWARD	¥ 71,539	¥ –

Note-17. Financial instruments

(a) Items concerning the current status of financial instruments

Policies on financial instruments - NUD procures funds for acquiring properties, conducting maintenance and repairs, repaying interest-bearing liabilities and for other purposes primarily through borrowings from financial institutions, issuing corporate bonds or issuing new investment units.

With regard to temporary surplus funds, tenant security deposits held in trust, etc., NUD manages them as bank deposits in consideration of such factors as safety and liquidity.

Moreover, NUD owns investment securities (preferred securities backed by the cash flow gained from real estate) as part of its real estate investment.

As for derivative transactions, NUD may use them only to hedge against interest rate fluctuation risks arising from liabilities.

Description of financial instruments, their respective risks and risk management structure - Short-term loans, long-term loans and corporate bonds are means of fund procurement primarily for acquiring trust beneficiary interests and repaying interest-bearing liabilities. Although loans and corporate bonds are exposed to liquidity risk upon the arrival of repayment dates, NUD manages the risk by such measures as working to maintain and enhance its ability to procure funds from the capital market through issuing investment units, by controlling the ratio of interest-bearing liabilities to total assets within a range considered appropriate, creating fund procurement plans as early as possible by regularly checking liquidity on hand through making monthly cash payment schedules, etc., and preparing necessary funds based on such plans.

In addition, although loans with floating interest rates are exposed to interest rate fluctuation risk, NUD manages the risk by adjusting the ratio of the balance of loans with floating interest rates to the entire loans in accordance with the financing environment, as well as utilizing derivative transactions (interest rate swap transactions) as hedging instruments.

The investment securities (preferred securities backed by the cash flow gained from real estate) are exposed to liquidity risk, credit risk of the issuer, etc., in addition to investment risks specific to real estate. However, NUD will manage such risks by maintaining the ratio of the investment securities to its total assets at a certain level, and by employing such measures as assessing the financial status on a regular basis.

Supplemental explanation on items concerning fair value of financial instruments - Since calculation of the fair value of financial instruments uses certain assumptions and conditions, the calculated prices may differ if different assumptions and conditions are used. As for the contract amount and other conditions of derivative transactions indicated in "(b) Items concerning fair value of financial instruments" below, the contract amount is not an indicator of the market risks related to such derivative transactions.

(b) **Items concerning fair value of financial instruments** - The book values recorded on the balance sheets, fair values and their difference as of April 30, 2025 and October 31, 2025 were as follows. Furthermore, notes on "Cash and deposits," "Cash and deposits held in trust" and "Short-term loans payable" are omitted as these are settled with cash and within a short period of time and thus the fair value approximates the book value.

	Thousands of yen					
	April 30, 2025			October 31, 2025		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Long-term loans payable due within one year	¥ 11,600,000	¥ 11,587,379	¥ (12,620)	¥ 17,200,000	¥ 17,165,985	¥ (34,014)
(2) Long-term loans payable	120,450,000	117,940,606	(2,509,393)	114,850,000	110,930,258	(3,919,741)
(3) Corporate bonds	7,200,000	6,921,560	(278,440)	7,200,000	6,898,520	(301,480)
(4) Derivative Transactions	–	–	–	–	–	–

*1 The following methods are used to estimate the fair value of financial instruments:

(1) **Long-term loans payable due within one year and (2) long-term loans payable** - For long-term loans payable with floating interest rates, book values are used to determine their fair values as the fair values are considered to approximate the book values because these instruments reflect market interest rates over the short term. However, fair values of certain long-term loans payable with floating interest rates that qualify for the special accounting of interest rate swaps (refer to Note-19. Derivative Transactions below) are based on the method of calculating by discounting the sum of their principal and interest payments net of any cash flows from the interest-rate swap by estimated rates assumed in the event that NUD borrows new loans corresponding to the remaining periods. Moreover, fair values of long-term loans payable with fixed interest rates are based on the method of calculating by discounting the sum of their principal and interest by the rates assumed in the event that NUD borrows new loans corresponding to the remaining periods.

(3) **Corporate bonds** - Fair values of these instruments are calculated based on their market prices.

(4) **Derivative Transactions** - Refer to Note-19. Derivative Transactions below.

*2 Stocks and other securities with no market prices:

Investment securities - The preferred securities (recorded on the balance sheets at 20,035,175 thousand yen as of April 30, 2025 and October 31, 2025, respectively) are excluded from the disclosure of fair value of financial instruments in accordance with Paragraph 5 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 (revised 2020) issued on March 31, 2020).

*3 Planned repayment and redemption amounts of loans and corporate bonds as of April 30, 2025 and October 31, 2025 are as follows:

Thousands of yen						
April 30, 2025						
	Within one year	More than one year and two years or less	More than two years and three years or less	More than three years and four years or less	More than four years and five years or less	More than five years
Long-term loans payable	¥ 11,600,000	¥ 17,900,000	¥ 17,850,000	¥ 14,950,000	¥ 17,250,000	¥ 52,500,000
Corporate bonds	-	-	-	4,000,000	-	3,200,000
TOTAL	¥ 11,600,000	¥ 17,900,000	¥ 17,850,000	¥ 18,950,000	¥ 17,250,000	¥ 55,700,000

Thousands of yen						
October 31, 2025						
	Within one year	More than one year and two years or less	More than two years and three years or less	More than three years and four years or less	More than four years and five years or less	More than five years
Long-term loans payable	¥ 17,200,000	¥ 17,950,000	¥ 14,350,000	¥ 18,350,000	¥ 17,700,000	¥ 46,500,000
Corporate bonds	-	-	4,000,000	-	-	3,200,000
TOTAL	¥ 17,200,000	¥ 17,950,000	¥ 18,350,000	¥ 18,350,000	¥ 17,700,000	¥ 49,700,000

Note-18. Investment securities

Investment securities represent the preferred securities issued by UDX Special Purpose Company, which are backed by cash flows from Real Estate Property managed by UDX Special Purpose Company. NUD owns 53,580 units (19.0% equity) of the preferred securities (282,000 units in total) as of April 30, 2025 and October 31, 2025, respectively.

These securities are excluded from the disclosure of fair value in accordance with Paragraph 5 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 (revised 2020) issued on March 31, 2020).

Note-19. Derivative transactions

(a) Derivatives to which hedge accounting is not applied - Not applicable for the six months ended April 30, 2025 and October 31, 2025.

(b) Derivatives to which hedge accounting is applied - For the six months ended April 30, 2025 and October 31, 2025, the following table shows the contract amount or amount equivalent to the principal provided in the contract as of the closing date for each method of hedge accounting.

Thousands of yen						
April 30, 2025						
Type of hedge accounting	Type of derivative transactions, etc.	Major hedged item	Contract amount, etc.	Of which, exceeding one year	Fair value	Calculation method for the fair value

Thousands of yen						
October 31, 2025						
Type of hedge accounting	Type of derivative transactions, etc.	Major hedged item	Contract amount, etc.	Of which, exceeding one year	Fair value	Calculation method for the fair value

* Transactions for which special accounting for interest rate swaps is applied are combined with long-term loans payable for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable.

Note-20. Rental property

NUD owns office buildings and residential properties for rental purposes mainly in the 23 wards of Tokyo. The book values of these rental properties recorded on the balance sheets as of April 30, 2025 and October 31, 2025, the changes during the fiscal period and their fair values are as follows:

Thousands of yen								
	April 30, 2025				October 31, 2025			
	Book value at November 1, 2024	Increase and Decrease during the period	Book value at April 30, 2025	Fair value at April 30, 2025	Book value at May 1, 2025	Increase and Decrease during the period	Book value at October 31, 2025	Fair value at October 31, 2025
Office buildings	¥ 201,308,028	¥ (6,070,327)	¥ 195,237,700	¥ 234,262,000	¥ 195,237,700	¥ (8,243,566)	¥ 186,994,134	¥ 227,619,000
Residential properties	66,610,688	4,092,196	70,702,885	104,650,000	70,702,885	(60,342)	70,642,543	105,890,000
TOTAL	¥ 267,918,716	¥ (1,978,130)	¥ 265,940,585	¥ 338,912,000	¥ 265,940,585	¥ (8,303,908)	¥ 257,636,677	¥ 333,509,000

*1 The book values recorded on the balance sheets represent the amounts obtained by deducting the accumulated depreciation from the acquisition prices (including incidental expenses accompanying the acquisitions). Note that construction in progress and construction in progress held in trust are not included.

*2 Of the increases and decreases in rental properties during the period, major increases in the six months ended April 30, 2025 are due to the acquisition of Wellith IVY Hatanodai and Wellith IVY Mondoyakujin (4,286,739 thousand yen) and the capital expenditures (1,498,164 thousand yen) for owned properties, and major decreases are due to the partial sale of Landic Shimbashi 2 Building and sale of NTT CRED Okayama Building (5,996,002 thousand yen) and the depreciation (1,762,827 thousand yen). Major increases in the six months ended October 31, 2025 are due to the capital expenditures (1,456,004 thousand yen) for owned properties, and major decreases are due to the sale of The Kanagawa Science Park R&D Building and partial sale of Landic Shimbashi 2 Building (8,301,428 thousand yen) and the depreciation (1,667,745 thousand yen).

*3 The fair values at the end of the fiscal periods in the above table are appraisal values based on external real estate appraisers.

*4 With regard to Landic Shimbashi 2 Building, which NUD is planning to sell on October 30, 2025 and April 28, 2026, the sale price indicated in the transaction agreement for the trust beneficiary interest is used for the fair value at April 30, 2025. In addition, with regard to Landic Shimbashi 2 Building, which NUD is planning to sell on April 28, 2026, the sale price indicated in the transaction agreement for the trust beneficiary interest is used for the fair value at October 31, 2025.

In addition, the operating revenues and expenses of the rental properties for the six months ended April 30, 2025 and October 31, 2025 are as follows:

Thousands of yen						
	April 30, 2025			October 31, 2025		
	Real estate rental revenues	Real estate rental expenses	Real estate rental income	Real estate rental revenues	Real estate rental expenses	Real estate rental income
Office buildings	¥ 8,725,746	¥ 5,193,030	¥ 3,532,715	¥ 8,480,225	¥ 4,874,772	¥ 3,605,453
Residential properties	2,884,884	1,568,313	1,316,571	2,999,646	1,870,222	1,129,423
TOTAL	¥ 11,610,630	¥ 6,761,344	¥ 4,849,286	¥ 11,479,872	¥ 6,744,995	¥ 4,734,877

* The real estate rental revenues and real estate rental expenses are rental revenues and corresponding expenses (depreciation, property management fees, utilities, etc.), and are recorded in "Operating revenues" and "Operating expense," respectively.

Note-21. Segment information

(a) Segment information - Description has been omitted because the real estate business constitutes NUD's sole business segment.

(b) Related information -

Six months ended April 30, 2025 [November 1, 2024 – April 30, 2025]

(i) Information by product/service category - Description has been omitted because operating revenues from external customers in a single product/service category account for over 90% of the operating revenues on the profit and loss statements.

(ii) Information on geographical area -

Operating revenues - Description has been omitted because operating revenues from external customers in Japan account for over 90% of the operating revenues on the profit and loss statements.

Property and equipment - Description has been omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property and equipment on the balance sheets.

(iii) Information by major customer - Description has been omitted because the operating revenues from a single external customer accounts for less than 10% of the operating revenues on the profit and loss statements.

Six months ended October 31, 2025 [May 1, 2025 - October 31, 2025]

(i) Information by product/service category - Description has been omitted because operating revenues from external customers in a single product/service category account for over 90% of the operating revenues on the profit and loss statements.

(ii) Information on geographical area -

Operating revenues - Description has been omitted because operating revenues from external customers in Japan account for over 90% of the operating revenues on the profit and loss statements.

Property and equipment - Description has been omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property and equipment on the balance sheets.

(iii) Information by major customer - Description has been omitted because the operating revenues from a single external customer accounts for less than 10% of the operating revenues on the profit and loss statements.

Note-22. Subsequent events

1. Acquisition of Property - Pursuant to the basic investment policy and other policies, NUD concluded an acquisition agreement as follows:

La Douceur Miyakojima Takakuracho	
OVERVIEW OF ACQUISITION OF PROPERTY	
Type of property	Beneficiary interest in a real estate trust
Acquisition price *1	1,140 million yen
Appraisal value	1,220 million yen (as of November 30, 2025) [Appraiser] Aoyama Realty Advisors, Inc.
Seller	Domestic corporation *2
Contract date	December 17, 2025
Planned delivery date	February 25, 2026
OVERVIEW OF THE REAL ESTATE PROPERTY	
Location (residential indication)	3-14-24 Takakuracho, Miyakojima Ward, Osaka City, Osaka
Use of building	Residence
Area *3	569.68 m ²
Total floor space *3	1,908.19 m ²
Structure of building *3	Reinforced concrete structure with a flat-topped roof; 9 floors
Construction completion *3	January 2019
Total leasable space	1,662.78 m ²

*1 The acquisition price represents the transaction price before consumption taxes, not including various expenses (such as real estate taxes) required for the acquisition of the property.

*2 The name of the domestic corporation is not disclosed as consent to disclosure has not been obtained from the said corporation.

*3 The descriptions for "Area" of the land, "Total floor space" of the building, "Structure of building" and "Construction completion" are based on the information indicated in the certificate of registered matters. "Total floor space" of the building refers to the total floor space of the entire building.

*4 The acquisition falls under the category of forward commitment by investment corporations as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." of the Financial Services Agency. In the transaction agreement for the acquisition, it is stipulated that in the case of a material breach of obligations in the transaction agreement by NUD or the seller, the other party may cancel the transaction agreement and claim payment of a penalty. The amount of the penalty is equivalent to 20% of the transaction price of the property. As of December 17, 2025, NUD has secured money exceeding the transaction price as deposits. Therefore, it believes it is unlikely that forward commitment will not be fulfilled.

2. Acquisition of Own Investment Units

At the Board of Directors meeting held on December 17, 2025, NUD decided to acquire its own investment units pursuant to Article 80-2 of the Act on Investment Trusts and Investment Corporations, as applied by reading it in accordance with the provisions of Article 80-5, Paragraph 2 of the same Act, and to cancel all of the investment units acquired pursuant to the provisions of Article 80, Paragraphs 2 and 4 of the same Act. All acquired investment units are scheduled to be cancelled in the fiscal period ending April 2026.

[Reason for the Acquisition of Own Investment Units]

NUD is committed to maximizing unitholder value through various measures, including enhancing portfolio quality by increasing rents on held properties and replacing properties, as well as improving capital efficiency through the acquisition of its own investment units. As part of this effort, it has determined that, under current circumstances, utilizing available cash to acquire and cancel its own investment units will improve capital efficiency and enhance unitholder returns, thereby contributing to the medium- to long-term growth of unitholder value.

[Details of Matters Related to the Acquisition]

Total number of investment units that can be acquired:	21,000 units (upper limit)
	Share to total number of investment units issued and outstanding (excluding own investment units): 1.43%
Total acquisition amount of investment units:	2,000 million yen (upper limit)
Acquisition method:	Market purchase on the Tokyo Stock Exchange pursuant to a discretionary trading contract with a securities company for the acquisition of own investment units
Acquisition period:	December 18, 2025 to April 22, 2026

(Additional Information)

Sale of Property - Pursuant to the basic investment policy and other policies, NUD concluded transaction agreements for its assets as follows:

As of the date of this document, the first and second sales have already been implemented.

Landic Shimbashi 2 Building	
OVERVIEW OF SALE OF PROPERTY	
Type of property	Beneficiary interest in a real estate trust
Sale price ^{*1}	10,000 million yen ^{*2} First: 3,334 million yen (equivalent to 33.34% quasi co-ownership interest) transfer completed Second: 3,333 million yen (equivalent to 33.33% quasi co-ownership interest) transfer completed Third: 3,333 million yen (equivalent to 33.33% quasi co-ownership interest)
Book value	2,094 million yen (as of October 31, 2025)
Impact on income	Gain on sale of properties of 1,201 million yen was recorded in the fiscal period ended April 2025 and 1,228 million yen in the fiscal period ended October 2025, and 1,237 million yen is scheduled to be recorded in the fiscal period ending April 2026 as operating revenues.
Appraisal value ^{*3}	3,179 million yen (as of October 31, 2025) [Appraiser] Japan Real Estate Institute
Buyer	NTT Urban Development Corporation
Contract date	December 16, 2024
Planned delivery date	First: February 28, 2025 transfer completed Second: October 30, 2025 transfer completed Third: April 28, 2026
OVERVIEW OF THE REAL ESTATE PROPERTY	
Location (residential indication)	3-7-1 Nishi-Shinbashi, Minato Ward, Tokyo
Use of building ^{*4}	Office
Area ^{*4}	1,400.74 m ²
Total floor space ^{*4}	8,332.65 m ²
Structure of building ^{*4}	Steel-framed reinforced concrete structure with a flat-topped roof; 11 floors ^{*5}
Construction completion ^{*4}	December 1978
Total leasable space	6,948.72 m ²

^{*1} The sale price represents the transaction price before consumption taxes, not subtracting various expenses (such as real estate taxes) required for the transfer of the property.

^{*2} The transfer of Landic Shimbashi 2 Building will take place over three installments, with the first installment of 33.34% quasi co-ownership interest on February 28, 2025, the second installment of 33.33% quasi co-ownership interest on October 30, 2025, and the third installment of 33.33% quasi co-ownership interest on April 28, 2026.

^{*3} Quasi co-ownership interest (33.34%) was transferred on February 28, 2025 and quasi co-ownership interest (33.33%) on October 30, 2025, and "Appraisal Value" indicates the price obtained by multiplying the appraisal value of the entire property by the quasi co-ownership interest (33.33%) of the trust beneficiary interest owned by NUD.

^{*4} The descriptions for "Use of building," "Area" of the land, "Total floor space" of the building, "Structure of building" and "Construction completion" are based on the information indicated in the certificate of registered matters.

^{*5} According to the certificate of registered matters, it is an 11-story building, but the 11th floor is currently a penthouse, and rental rooms are from the first to tenth floors.

^{*6} The transaction falls under the category of forward commitment by investment corporations as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." of the Financial Services Agency. It is stipulated that in the case of a material breach of obligations in the transaction agreement by a counterparty to the transaction, the other party may cancel the transaction agreement and claim payment of a penalty. The amount of the penalty is equivalent to 10% of the transaction price of the property.

For the six months ended April 30, 2025 and October 31, 2025

CAPITAL EXPENDITURES

1. Capital Expenditures

NUD plans to incur capital expenditures for scheduled renovations, etc. of the portfolio it owns, including the following material expenditures. Please note that the planned construction expenditures shown below may include portions that will be recorded as expenses for accounting purposes.

Name	Address	Purpose	Scheduled Period	Planned Construction Expenditures (thousands of yen)		
				Total	Amount Paid during the 46th Fiscal Period	Amount Paid before the 46th Fiscal Period
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renovation of air-conditioning systems	January 2025 – March 2026	113,545	–	–
Granpark	Minato Ward, Tokyo	Renovation of air-conditioning systems	March 2024 – December 2025	77,292	–	–
Premier Garden Hongo	Bunkyo Ward, Tokyo	Repair work of exterior walls, etc.	July 2025 – December 2025	70,072	–	–
Urbannet Gotanda NN Building	Shinagawa Ward, Tokyo	Renovation of sanitary facilities, etc.	November 2025 – April 2026	55,755	–	–
Takadanobaba Center Building	Shinjuku Ward, Tokyo	Renovation of plumbing and sanitary facilities	July 2025 – April 2026	52,989	–	–
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renovation of elevator equipment	October 2025 – February 2026	38,926	–	–
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renovation of fire extinguishing equipment	September 2025 – March 2026	36,136	–	–
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renovation of sanitary facilities	December 2025 – March 2026	26,987	–	–
Urbannet Ikebukuro Building	Toshima Ward, Tokyo	Renovation of mechanical parking system	November 2025 – April 2026	22,295	–	–
Garden Itabashi Hikawacho	Itabashi Ward, Tokyo	Renovation of disaster prevention equipment	March 2026 – April 2026	21,384	–	–
Urbannet Shijo Karasuma Building	Shimogyo Ward, Kyoto City, Kyoto	Renovation of electric equipment	October 2025 – April 2026	20,750	–	–

2. Capital Expenditures during the 46th Fiscal Period

The following is an overview of major construction classified as capital expenditures during the 46th fiscal period (May 1, 2025 – October 31, 2025) for the portfolio owned by NUD. Capital expenditures during the period totaled 1,456,004 thousand yen. This amount, combined with maintenance and repair expenditures of 1,108,512 thousand yen classified as operating expenses for the period, results in a total of 2,564,517 thousand yen representing renovation expenditures.

Name	Address	Purpose	Period	Amount Paid (thousands of yen)
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renewal work of cafeteria	January 2025 – October 2025	112,793
Ueno TH Building	Bunkyo Ward, Tokyo	Renovation of air-conditioning systems	July 2025 – October 2025	92,180
Renai Shinjuku-Gyoen Tower	Shinjuku Ward, Tokyo	Renovation of firefighting equipment, etc.	April 2025 – September 2025	75,400
Urbannet Gotanda NN Building	Shinagawa Ward, Tokyo	Renovation of air-conditioning systems	July 2025 – October 2025	55,915
Urbannet Gotanda NN Building	Shinagawa Ward, Tokyo	Renovation of air-conditioning systems	July 2025 – October 2025	55,823
Urbannet Gotanda NN Building	Shinagawa Ward, Tokyo	Renovation of sanitary facilities, etc.	August 2025 – October 2025	53,516
Urbannet Gotanda NN Building	Shinagawa Ward, Tokyo	Renovation of air-conditioning systems	July 2025 – October 2025	48,083
Urbannet Nakano Building	Nakano Ward, Tokyo	Renovation of elevator equipment	December 2024 – October 2025	39,149
Tokyo Opera City Building	Shinjuku Ward, Tokyo	Renovation of elevator equipment	April 2025 – September 2025	34,781
Urbannet Ikebukuro Building	Toshima Ward, Tokyo	Renovation of electric equipment	December 2024 – October 2025	33,896
Roppongi Green Terrace	Minato Ward, Tokyo	Renovation work of exclusive area	March 2025 – May 2025	33,033
Takadanobaba Center Building	Shinjuku Ward, Tokyo	Renovation of electric equipment	January 2025 – October 2025	30,020
Urban Ace Higobashi Building	Nishi Ward, Osaka City, Osaka	Renovation of air-conditioning systems	January 2025 – June 2025	28,784
Roppongi Green Terrace	Minato Ward, Tokyo	Renovation work of exclusive area	July 2025 – September 2025	23,510
Shibaura Island Bloom Tower	Minato Ward, Tokyo	Renovation of exterior walls	December 2024 – August 2025	22,175
Premier Yokohama Nishiguchi Building	Nishi Ward, Yokohama City, Kanagawa	Renovation of air-conditioning systems	July 2025 – October 2025	22,067
Storia Akasaka	Minato Ward, Tokyo	Renovation of air-conditioning systems	July 2025 – October 2025	21,352
Shinagawa Season Terrace	Minato Ward, Tokyo	Renovation of security equipment	August 2024 – July 2025	20,096
Other construction				653,423
TOTAL				1,456,004

3. Amounts Reserved for Long-Term Maintenance and Repair Plans

Item	Fiscal Period	Thousands of yen	
		45th Fiscal Period (November 1, 2024 – April 30, 2025)	46th Fiscal Period (May 1, 2025 – October 31, 2025)
Deposits at beginning of the period		662,439	646,784
Deposits made during the period		18,332	23,822
Amounts used from deposits during the period		33,987	68,066
Deposits carried forward to the next period		646,784	602,540

OVERVIEW OF FUND PROCUREMENT

1. Borrowing of Funds, etc.

NUD borrowed 5,300 million yen to fund repayment of loan of 5,300 million yen due for maturity in the 46th fiscal period.

In addition, NUD prepaid 1,700 million yen of borrowings by using part of the proceeds from the sale of an office building (Kanagawa Science Park R&D Building), which was sold on June 30, 2025.

As a result, NUD's interest-bearing liabilities totaled 147,250 million yen as of October 31, 2025. The breakdown is as follows: 8,000 million yen in short-term loans, 132,050 million yen in long-term loans (including long-term loans due within one year) and 7,200 million yen in corporate bonds. Of the total interest-bearing liabilities, the ratio of long-term interest-bearing liabilities* was 94.6%.

* Ratio of long-term interest-bearing liabilities = total long-term interest-bearing liabilities/total interest-bearing liabilities x 100%

2. Credit Ratings

NUD has been granted the following issuer and bond credit ratings.

Rating Agency	Rating	
	Issuer rating (Rating outlook)	Bond rating
Japan Credit Rating Agency, Ltd. (JCR)	AA (Stable)	AA *

* The bond rating has been granted to the 8th Unsecured Corporate Bonds (with pari passu conditions among specified investment corporation bonds) and the 10th Unsecured Corporate Bonds (with pari passu conditions among specified investment corporation bonds) (green bonds).

I. INVESTMENT POLICY

1. Basic Policy

NTT UD REIT Investment Corporation (NUD) shall invest in real estate located primarily in the Tokyo metropolitan area, comprising buildings and land which are primarily for office and residential uses, as well as in securities and other assets that are backed by such real estate. NUD shall conduct management with an aim to ensure solid growth of its assets and to secure stable earnings from medium- to long-term perspectives.

NTT Urban Development Asset Management (UDAM), the asset manager of NUD, has established Asset Management Guidelines as its internal rules for conducting asset management of NUD.

UDAM has established such Asset Management Guidelines based on the belief that they should be most suited to the basic policy for managing the assets of NUD in light of the existing market environment and economic conditions. The following is a summary of the Guidelines:

2. Portfolio Management Standards Based on Basic Policy

1. Holding Period

In principle, all investment assets are held for the medium to long term. No assets will be acquired solely for the purpose of divestiture after a short period of time.

2. Acquisition Standards

A) Acquisition Standards

In acquiring investment assets in which NUD invests, UDAM shall comprehensively investigate the real estate market situation over the medium to long term, the investment returns assumed from the acquisition prices of and the expected income from relevant investment assets, fluctuations in asset values and their forecasted fluctuations, prospects and stability of areas where the properties are located, building size, building and facility specifications, earthquake resistance performance, status of rights, tenants, property management conditions, environment and soil quality, current responses to deterioration or obsolescence of real estate, projected future capital expenditures thereof,

status of insurance and other factors, and select investments after considering the importance of these assets in the portfolio structure. In doing so, steps shall be taken to construct a portfolio that clearly classifies the strategic position of these investment assets.

B) Use [see table on page 56](#)

a. NUD shall invest in real estate, its leasehold interest or surface rights (chijo-ken), real estate in trust underlying its beneficial interests, its leasehold interest or surface rights, and real estate underlying equity investments in real estate backed securities or anonymous partnerships (hereinafter, "Real Estate Backed Securities, etc."), its leasehold interests or surface rights (collectively referred to as "Investment Real Estate"), all of which shall be primarily for office and residential uses. However, such properties may in some cases be used partially for retail or other purposes. Consequently, the office buildings and residential properties acquired by NUD may include properties that are partially used for retail or other purposes.

b. In consideration of the characteristics of each real estate use indicated in the table on page 56, NUD works to ensure diversification of property uses by investing primarily in both office buildings and residential properties while assigning a relatively high importance to office buildings, aiming to minimize the effects of changes in economic and social conditions on NUD's earnings and ensure creation of stable cash flow over the medium to long term.

C) Areas [see table on page 57](#)

a. As noted earlier, NUD's investments are focused primarily in the Tokyo Economic Bloc, which is characterized by high concentrations of people and industries and an established economic foundation, and in Major Regional Cities.

b. Specifically, by dividing the investment target areas into the categories of the 5 Central Wards of Tokyo, the Other 18 Wards of Tokyo, the Urban Areas Surrounding Tokyo and the Major Regional Cities, and by considering the

balance between those categories while concentrating on the 5 Central Wards of Tokyo, NUD seeks to achieve a portfolio diversified by asset type comprising office buildings and residential properties. NUD diversifies its investment targeting to achieve a geographical split as indicated in the table on page 57 for both office buildings and residential properties (each of which is set at 100% in the table).

D) Asset Size per Property

[see table on page 57](#)

a. Office buildings

In principle, office buildings with leasable floor space of approximately 2,000 m² (approximately 700 tsubos) or more, and standard floor sizes of approximately 300 m² (approximately 90 tsubos) or more, are the investment targets.

b. Residential properties

In principle, residential properties of the sizes indicated in the table on page 57 are the investment targets (in accordance with the classifications by unit type).

For both office buildings and residential properties, NUD will determine the appropriate size of each property based on the standards above and by considering the regional characteristics of the location and the compatibility of asset size with the location.

E) Due Diligence [see table on page 58](#)

NUD decides on whether or not it will acquire investment assets in a comprehensive manner after conducting economic, physical and legal inspections of the assets. The table on page 58 lists the items that are, in principle, investigated in conducting such economic, physical and legal inspections. However, since the importance of each item listed in the table in deciding on the acquisition of investment assets may differ depending on the use of the Investment Real Estate or the type and nature of the investment assets, NUD will not necessarily examine all of the said items before acquiring the investment assets. In addition, the investment assets acquired by NUD may not in the end satisfy all of the standards of such items, which are intended for the inspections and investigations for deciding on the acquisition of the investment assets.

Use

Use	Key Investment Points ^(Note 1)
Office Buildings	a. In the real estate market of Japan, office buildings are relatively less individualized and are available in a greater stock compared to real estate provided for other uses, and therefore may be considered relatively superior with respect to market scale and liquidity. For these reasons, NUD has positioned office buildings as its primary investment target.
	b. Demand from tenants (lessees) for office buildings may fluctuate, due to business cycles and other economic trends. Consequently, this might adversely affect NUD's profitability with regard to its office buildings. However, compared to real estate for other uses, office buildings are generally expected to generate relatively higher levels of profitability.
	c. NUD will consider acquisition of large-scale office buildings with great care, after thoroughly investigating future supply and demand trends and location characteristics.
Residential Properties	a. NUD invests in Japanese rental residential properties commanding relatively high quality in terms of designs of exteriors, entrances and other areas, specifications of story height, exterior walls and other items, total floor space, floor plans and other aspects.
	b. Rental residential properties are relatively resistant to adverse changes in economic and social conditions compared to real estate for other uses, and thus are expected to yield relatively stable earnings. Due to such characteristics, NUD has positioned rental residential properties as part of the main investment target for the purpose of stabilizing cash flow and diversifying investment assets.
	c. As of the date of this document, UDAM expects that the market for rental residential properties in the Tokyo Economic Bloc will expand and diversify over the medium to long term due to the effects of the recent demand for returning to city centers and lifestyle changes. However, if UDAM determines that the aforementioned characteristics have been damaged due to changes in the market or other reasons, different investment decisions may be made.
	d. Since tenants of rental residential properties are particularly selective about geographical areas, and different markets are formed for different types of residential properties, NUD invests in said properties based on the following analyses and understandings of the future supply and demand trends and other factors in accordance with the characteristics of respective property types.
(Classification by type of residential properties)	a. This type refers to residential properties specially planned and designed for expatriates (i.e., persons dispatched or set off from abroad to offices established in the Tokyo Economic Bloc by Western and multinational companies) under limited location conditions in accordance with their lifestyles.
	b. Recently, the tenant demand for these properties has increased among wealthy Japanese families as well. Like those described in a. above, these tenants have higher creditworthiness than those of other types of residences, and the risk of delinquent rent and similar problems with regard to such tenants appears to be low.
Wide	c. Because the properties with this type of units are in shorter supply than office buildings, residential properties intended for Japanese residents and real estate for other uses, stable income is expected due to its scarcity and other features. Also, depending on the quality of management performance, differences in profitability may arise regarding investments in these properties.
Family	a. This type refers to residential properties intended for mean-income Japanese families (especially families with three or more members, including children), and are designed to meet their lifestyles.
	b. Generally, these families tend to place emphasis on neighborhood scenes and living environments; thus, they tend to prefer locations away from the center of Tokyo. These properties are expected to yield relatively high levels of profitability.
DINKs	a. This type refers to residential properties intended for young households (without children) where both partners work, and are designed to meet their lifestyles. (DINK is the acronym for "Double Income, No Kids.")
	b. Demand of these tenants tends to focus on areas with convenient commuter access to the center of Tokyo. Since those properties appear to be in short supply in such areas and said households of DINKs earn high levels of income, these properties have a scarcity value, and are expected to yield relatively high profitability.
Single	a. This type refers to residential properties intended for persons living alone, and are designed to meet their lifestyles.
	b. Together with diversifying lifestyles, the market for more spacious and higher-quality residential properties targeting singles is growing steadily, and such properties are expected to continue yielding stable profitability going forward.
	c. Since the 5 Central Wards of Tokyo (Note 2), especially Minato, Shinjuku and Shibuya Wards, enjoy higher average rents and more stable demand with respect to these properties compared to other areas, investments in properties located in these wards may increase cash flow.

(Note 1) The "Key Investment Points" in the table above reflect the current views of UDAM as of the date of this document. These points may change due to future economic and real estate market trends. Moreover, they provide no guarantee of future trends regarding the degree of importance of properties for different uses, future earnings yield thereon or other considerations.

(Note 2) The 5 Central Wards of Tokyo in this Semiannual Report refer to Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards (hereinafter the same).

F) Standards for Tenant Selection

■ see table below

- a. Credit, as well as other information, is checked regarding prospective tenants in line with the attribute classifications indicated in the table below. With respect to checks of corporate tenants, when their credit status cannot be determined from the materials obtained or when otherwise deemed necessary, databases of outside research agencies and other materials will be used. When examination results of credit checks and other matters are recognized to be satisfactory, judgment will be made on the appropriateness of executing a lease agreement after comprehensively considering rent level, term of lease, amount of deposit, type of tenant business, balance with other tenants in the subject property, size and configuration of desired space, and other matters.
- b. Concerning current tenants and new tenants with whom lease agreements have been concluded, NUD as a rule intends to maintain long-term relationships to the

fullest extent possible. However, in Japan, the term of a lease agreement for both office buildings and residential properties is usually two years. Moreover, many agreements include provisions that allow tenants to cancel the agreement by providing notice in advance for a certain period of time. Such provisions are also included in many of the lease agreements for the investment assets of NUD.

G) Amount of Investment

- a. From the standpoint of increasing the efficiency of asset and real estate management, the smallest amount of investment in each investment asset will be one billion yen (¥1,000,000,000) (which only covers the purchase price and excludes taxes, acquisition expenses, etc.) as a rule.
- b. On the other hand, the maximum ratio of the investment amount of a single investment asset will, in principle, be 25% of the total amount invested in the investment assets after investing in that single asset, and an investment decision shall

be made after considering the overall portfolio structure and effects of diversification investments.

3. Sales Policy

A) The basic policy is to hold the investment assets acquired by NUD over the medium to long term. In principle, NUD does not plan to sell the acquired investment assets over the short term.

B) Considered in the medium to long term, however, NUD may investigate sales of its investment assets after the portfolio structure is strategically classified, comprehensively taking into consideration such factors as real estate market conditions, projected future earnings, current fluctuations and forecasted fluctuations in asset values, future prospects and stability of areas where the properties are located, and projected capital expenditures, etc. arising from the deterioration or obsolescence of the real estate. Moreover, while the sales policy for each investment asset will basically be determined in the annual asset management plan, this plan may be revised, as necessary.

Areas

Area	5 Central Wards of Tokyo	Other 18 Wards of Tokyo	Urban Areas Surrounding Tokyo (Note 1)	Major Regional Cities (Note 2)
Office buildings	50% or more	0% - 20%	0% - 40%	0% - 20%
Residential properties	50% or more	0% - 40%	0% - 20%	0% - 20%

(Note 1) The Urban Areas Surrounding Tokyo refers to Tokyo Prefecture excluding the 23 wards of Tokyo, Kanagawa Prefecture (Yokohama City, Kawasaki City and other cities), Saitama Prefecture (Saitama City and other cities) and Chiba Prefecture (Chiba City and other cities) (hereinafter the same).

(Note 2) The Major Regional Cities refers to such cities as Sapporo, Sendai, Shizuoka, Nagoya, Osaka, Kyoto, Kobe, Hiroshima, Okayama and Fukuoka, etc. (hereinafter the same).

(Note 3) Diversification ratios by area show the respective ratios of office buildings and residential properties. Since the figures in the table represent ranges, the total of such figures is not necessarily 100%. Although NUD makes investments by aiming to achieve the ratios above, the actual ratios may differ in the course of acquiring the investment assets.

Standards for Tenant Selection

Classification	Check Items (Details)
Corporations	<ol style="list-style-type: none"> Business types, business history, financial details (i.e., financial soundness), etc. Purpose of lease (e.g., purpose of use, period) Existence or non-existence of joint and several guarantors and attributes of such guarantors
Individuals	<ol style="list-style-type: none"> Office and details of employment, service years, etc. Annual income (and the proportion of the total amount of rent to annual income, etc.) Purpose of lease (e.g., purpose of use, period and number of residents) Existence or non-existence of joint and several guarantors and attributes of such guarantors (e.g., relationship with such individuals) Age, gender, family structure, etc.

Asset Size per Property

	Dedicated Use Area per Rental Unit	Number of Rental Units
Wide	80 m ² or more	10 or more
Family	60 m ² or more	20 or more
DINKs	40-80 m ²	20 or more
Single	25-40 m ²	30 or more

Due Diligence

Item	Details
Tenant inspection	<ol style="list-style-type: none"> Financial credibility, status of rent collection, etc. of tenants Tenants' business types, number of tenants, purposes of use, etc. (including household conditions for residential properties) Past occupancy rates, rent trends and future expectations Proportion occupied by each tenant, diversification of tenants, etc.
Economic Inspection	<p>Market research</p> <ol style="list-style-type: none"> Market rents, occupancy rates, trends in competing properties and tenant demand, etc. <p>Income-related</p> <ol style="list-style-type: none"> Inspection of competitive strength, including ability to attract tenants and resale potential Lease agreement levels, lease agreement structures, and possibility of renewal of such agreements Expense levels, structures of agreements related to expenses, and possibility of renewal of such agreements Inspection of appropriate levels of rents and expenses, and possibility of projected future expense burdens Comparison of maintenance and repair plans with actual funds accumulated
Location	<ol style="list-style-type: none"> Condition of roadways, access to primary means of transport (e.g., passenger trains), numbers of users of primary means of transport Location and accessibility of convenience facilities, commercial facilities, public offices, and recreational facilities, status of usage of neighboring and nearby land, and future indicators (all of which are specific to residential properties) Status of sunlight, vistas, views, noise, etc. (all of which are specific to residential properties) Area's name value, reputation, scale, etc.
Construction, facilities and specifications	<ol style="list-style-type: none"> For both office buildings and residential properties: Design, primary structure, building age, construction companies, etc. Conditions of interior and exterior components <ul style="list-style-type: none"> Office buildings: Configuration of rental floors, free-access floors (e.g., OA floors), subdivision measures, ceiling heights, electrical capacity, air-conditioning system, floor load, illuminance, security measures, water supply and drainage facilities, elevator facilities, parking, other common facilities, etc. Residential properties: Configuration of rental rooms, floor plans, ceiling heights, security measures, broadcast reception equipment, water supply and drainage facilities, elevator facilities, parking for cars and bicycles, assembly rooms, other common facilities, etc.
Physical Inspection	<p>Earthquake resistance</p> <ol style="list-style-type: none"> Achievement of performance in line with new earthquake-resistant construction standards (the earthquake-resistant construction standards based on the Building Standards Act revised in 1981) or equivalent or higher standards In principle, the probable maximum loss (PML (Note)) value caused by an earthquake should be less than 20%. Reinforcement work for earthquake resistance or other similar measures must be taken for a property with a PML of 20% or more for acquiring the property. <p>Property management</p> <ol style="list-style-type: none"> Compliance with applicable laws and regulations (specifically, the Fire Service Act, City Planning Act and other building-related laws and regulations), etc. Estimates of future maintenance and repair expenses (for the next ten years or so) based on building condition reports Quality of property management, existence or non-existence of and terms of management bylaws, and the quality and financial credibility of a property management company <p>Environment, ground characteristics, etc.</p> <ol style="list-style-type: none"> Status of use and management of hazardous materials such as asbestos, chlorofluorocarbons, and PCBs Soil quality, land use history, status of soil contamination, etc.
Legal Inspection	<p>Title, etc.</p> <p>Matters relating to rights in a property, including the following items, will be carefully investigated, considering the reliability of titles of former owners and other parties. Particularly careful investigations are required with regard to properties with complex title arrangements such as those for which NUD does not hold any ownership or not hold ownership independently (e.g., properties for which NUD holds co-ownership or compartmentalized ownership or leased land).</p> <ol style="list-style-type: none"> Completion or incompleteness of the perfection of a leasehold interest and review of other interests or rights superseding the leasehold interest Existence or non-existence of registration of rights for a site where the building is located, existence or non-existence of (i) restrictions on separate disposition of a building and the right for a site where a property is located and (ii) registrations thereof, and (iii) proportions of ownership shares Measures for securing the repayment of deposit money, and policies and measures concerning reserve funds accumulated for long-term maintenance and repair plans Existence or non-existence of (i) special agreements prohibiting separation of co-ownership interest and (ii) registration thereof, appropriate measures concerning such matters as requests for separation of co-ownership interest and sales of said co-ownership interests, and obligations and rights between such owners Compartmentability of compartmentalized ownership Status of collateral established before acquisition of the property by NUD, terms of such collateral agreement, and whether any such collateral agreement is to be succeeded Terms of agreements, special agreements, etc. which are executed with lessors of leasehold interests, compartmentalized owners, co-owners and other related parties (particularly, existence or non-existence of first refusal right, and details of such right) Attributes of lessors of leasehold interests, compartmentalized owners, co-owners and other related parties (including whether they are corporations or individuals) Terms of trust agreements in the case of trust beneficial interests of real estate in trust <p>Property line inspection</p> <ol style="list-style-type: none"> Status of confirmation of boundaries, existence or non-existence of any assets extending beyond boundaries, and related circumstances <p>Tenant attributes</p> <ol style="list-style-type: none"> Purpose of use by tenants, and formats of agreements with tenants Existence or non-existence of any disputes with tenants

(Note) Probable Maximum Loss (PML) refers to the maximum estimated rate of loss resulting from an earthquake. Although there is no single precise definition of PML, as used here, PML refers to the ratio (in terms of percentage) of projected construction costs to restore the damaged building to the state before suffering damage to total reconstruction work costs (replacement price) for the said building when there occurs the strongest earthquake (Probable Maximum Earthquake (PME): a major earthquake occurring once every 475 years with a 10% probability of occurrence during every fifty-year period) expected to occur in the area where the building is located. Furthermore, the PML value does not consider the impact of destruction of neighboring buildings or damages by water, fire or other causes.

a. Strategic classifications

Classification	Strategic Significance
Core Assets	Assets with respect to which the basic policy is to carry over in the long term for the purpose of ensuring medium- to long-term stability of earnings.
Active Assets	The investment assets with higher liquidity, from which earnings based mainly on medium- to long-term rent income (income gains) are obtained, provided that the total returns (income gains plus capital gains) including earnings from sale (capital gains) based on the increased asset values (value enhancement) from the increase in the income gains after acquisition, are also intentionally and proactively sought.

The upper limit on active assets as a proportion of the portfolio shall be 20% as a rule.

b. Specific cases where sale will be considered

1) When a strategic sale would contribute to earnings of NUD:

[Example] When the property value increases through improved profitability resulting from measures such as lower vacancy rates, higher rent income, or reduced expenses.

2) When an investor offers an attractive purchase price:

[Example] When the prospective purchaser indicates a strong intent to purchase, for instance, by making an attractive bid that exceeds appraisal value by 10% or more or otherwise exceeds the estimated value in the surrounding area due to such prospective purchaser's special circumstances.

3) When the property has lost strategic importance:

[Example 1] When the age of the property reduces its profitability, and it is determined that the targeted earnings will not be achieved even with additional allocation of capital.

[Example 2] When another investment asset with higher profitability has been acquired in the same area, or the fact that the marketability in the surrounding area has remarkably declined or other circumstances are judged to have led the asset to lose importance in the portfolio structure.

4) When the property is sold from a financial viewpoint:

[Example] When a reduction in the interest-bearing liabilities ratio is intended.

C) The Investment Real Estate related to the investment assets to be sold will be sold through measures such as the acceptance of competitive bids over a limited period and use of competitive real estate brokers and specialized agents, so that sales at high prices can be realized.

4. Policy for Investment in Development Projects

NUD shall, in principle, acquire investment assets that provide or promise stable rental income or similar earnings. NUD does not intend to acquire undeveloped land and construct buildings thereon. However, with regard to an investment property being constructed by a third party, NUD may decide on investing in it even before completion if, for example, it is determined that such property under construction is capable enough to securely attract tenants after completion and risks regarding completion and delivery have been minimized. In this case, the investment determination shall be made by comparing the benefits of acquiring such an investment asset with the negative impact of not earning rental income over the period until the asset begins to generate such income, as well as other risks possibly borne by NUD in connection with acquiring the investment asset.

5. Investment Policy for Real Estate Backed Securities, etc.

When NUD invests in the Real Estate Backed Securities, etc., the investment decision shall be made after additionally investigating the following items.

A) The Investment Real Estate underlying the Real Estate Backed Securities, etc. shall be assets compliant with the Targets and Policies of Asset Management stipulated in the Attachment to the Articles of Incorporation of NUD.

B) In principle, NUD shall be given an opportunity to acquire the underlying Investment Real Estate when it is being sold.

C) The same policy as indicated in the above subparagraph 4 shall be followed when NUD invests in the Real Estate Backed Securities, etc. of which the underlying Investment Real Estate is development properties.

6. Policy on Forward Commitment

When entering into a forward commitment (refers to an agreement to make settlements and deliver properties after a month or more from the date of conclusion of the transaction agreement as well as other similar agreements), NUD shall make careful decisions after thoroughly investigating the impact of penalties for the breach of agreements on the income and expenditure for the entire portfolio and the level of distribution, etc. (including the delisting criteria stipulated by the Tokyo Stock Exchange). In addition, the period from the conclusion of the transaction agreement to the delivery of properties shall be up to the period that is reasonable compared to the initiatives with development projects, etc. for each property, and NUD shall make careful decisions after thoroughly recognizing the fluctuation risks of the financial environment, real estate market, etc. during the said period.

Upon property acquisitions, with regard to the procurement method of settlement funds, NUD will examine the procurement method of acquisition funds at the time of settlement in accordance with the acquisition amount, such as the use of commitment lines and other credit lines, and its feasibility. NUD also strives to disclose the cancellation conditions and the results of ongoing appraisals, etc. (results of price surveys if the property is uncompleted and an appraisal cannot be received).

Upon property sales, when making settlements, NUD shall strive to require a payment of deposit in consideration of the credit of the buyer and the period, as well as examine the feasibility of such efforts.

7. Insurance Policy

Determination as to whether or not the investment assets should be insured against earthquake damage will be made by comparing the effects of such a disaster with the cost of casualty insurance premiums, using the PML value of the entire portfolio as a basis. If any individual property has a high PML value, taking out an earthquake insurance policy on such individual property will be considered.

8. Investment Policy for Healthcare Facilities

A) Investment Policy for Healthcare Facilities
When NUD invests in "serviced apartments for the elderly" as defined in the Act on

Securement of Stable Supply of Elderly Persons' Housing (Act No. 26 of 2001, as amended) and "fee-based homes for the elderly" and "group homes for the elderly with dementia" as defined in the Act on Social Welfare for the Elderly (Act No. 133 of 1963, as amended) (hereinafter, collectively referred to as "healthcare facilities"), it shall refer to the "Guideline related to the utilization of healthcare REITs targeting housing for the elderly, etc." announced by the Ministry of Land, Infrastructure, Transport and Tourism on June 27, 2014; receive advice from outside experts who, based on their experience in investment, financing, due diligence, real estate appraisal and operations of healthcare facilities, fully understand the business characteristics of healthcare facilities where living services and nursing services are provided (hereinafter, the "outside experts"); and pay attention to the following points.

a. Due diligence in consideration of the business characteristics

When acquiring relevant healthcare facilities, business due diligence (including investigations on the operational ability of the operators for the facilities and the stability of their business management, tours to the facilities conducted as needed, and hearing from the facility heads) shall be implemented to analyze the durability and stability of their business in consideration of the business characteristics of healthcare facilities, either by receiving advice from the outside experts or consign the relevant operations to the outside experts.

b. Publicity of the healthcare REIT scheme

NUD shall encourage the operators to let the facility users fully understand the scheme of the investment corporation system and performance results and initiatives by investment corporations, etc. When necessary, UDAM shall also work to make the users familiar with these matters.

c. Confirmation of appropriate operations of healthcare facilities

In order to ensure that facility users feel secure, confirmation shall be made as to legal compliance and responses to notifications, etc. from local governments regarding such matters as the conditions and use fees of the facilities and contract details. For fee-based homes for the

elderly (excluding those registered as serviced apartments for the elderly), in particular, it shall be noted that local governments have prepared guidelines for guiding principles that suit the local situations, in reference to the Standard Guidelines for the Establishment and Operation of Fee-Based Homes for the Elderly (Rouhatsu 0718003, Notice by the Director of Health and Welfare Bureau for the Elderly dated July 18, 2002), and conduct administrative guidance based on the principles.

d. Securing appropriate operations of healthcare facilities

In order to ensure that facility users feel secure, NUD shall request the operators to express in the lease contracts or alternative agreements and memorandums between NUD and the operators that, with regard to the use fees and contract details, they will comply with relevant laws and regulations that are applicable to the healthcare facilities that may be managed by NUD and that they will operate such facilities in response to the administrative guidance.

e. Other

With regard to a through d above, regulations on real estate investment trusts and real estate investment corporations designated by The Investment Trusts Association, Japan ("Investment Trusts Association"), etc. shall be abided by so that the users do not feel uneasy.

9. Financial Policy

A) Loans and Corporate Bonds

a. In order to achieve the steady growth of investment assets and efficient and stable operation of investments, NUD may borrow funds or issue corporate bonds to raise funds to acquire or repair assets, pay distributions, fund NUD's operation, or repay debts (including repayment of deposit money, loans and obligations of its corporate bonds (including short-term corporate bonds; hereinafter referred to as "Corporate Bonds")). However, the respective maximum limit of the loans and bond issuances shall be one trillion yen (¥1,000,000,000,000) and the combined amount shall not exceed one trillion yen (¥1,000,000,000,000) (Articles 14-1 and 14-3 of the Articles of Incorporation).

b. In the case of borrowing funds in accordance with above a., NUD shall select effective means of funding from the perspective of the term of the loan and the fixed or floating interest rate structures, and aim to raise funds at low costs after comprehensively considering the capital market and the financial environment, and after making projections concerning future changes in economic and social climates. Moreover, in order to flexibly respond to the capital needs for the acquisition of new investment assets, repayment of security deposits or other monies in custody for tenants, or other events, NUD may enter into agreements (e.g., commitment line agreements) by which a credit line will be established in advance or agreements on the reservation of loans at any time it requires.

c. When borrowing funds in accordance with above a., the said funds shall only be borrowed from qualified institutional investors designated by the Financial Instruments and Exchange Act (hereinafter referred to as "FIEA") (on the condition, however, that they are the institutional investors designated in the "Special Tax Measures for an Investment Corporation" under the Act on Special Measures Concerning Taxation).

d. NUD may offer its investment assets as collateral for borrowed funds or the issuance of corporate bonds.

e. NUD shall aim to maintain the ratio of the balance of loans and issued corporate bonds to total assets (Note) (hereinafter referred to as "loan-to-value ratio") at 60% or less. However, in connection with the acquisition of new investment assets and other circumstances, this ratio may tentatively exceed 60% for a short period of time.

(Note) Total assets shall be the amount obtained by adding the book value of the preferred securities as of the end of the most recent fiscal period to the value of the real estate and beneficial interests calculated on the basis of the appraisals by real estate appraisers as of the end of the said fiscal period.

B) Issuance of Investment Units for Subscription

a. To raise funds, NUD may, upon approval of the Board of Directors, issue investment units for subscription.

b. Issuance of investment units for subscription shall be determined by considering

NUD's financial situation, including the loan-to-value ratio, and the dilution of the investment units.

C) Acquisition and Cancellation of Own Investment Units

NUD considers the acquisition and cancellation of own investment units as part of financial and capital policies as necessary after taking into account such factors as the level of investment unit price, status of cash on hand, financial market trends and the financial status from the perspective of the improvement of unitholder value over the medium to long term. In addition, when implementing such acquisition or cancellation, NUD shall give due consideration to the scale and the impact on the market conditions.

3. Property Management Policy

A) In managing real estate, NUD intends to maintain and enhance the value and competitiveness of its assets through continuous capital expenditures made from a medium

to long-term perspective, and aims to achieve steady growth in investment returns through higher earnings (e.g., increases in rents, decreases in vacancy rates, and prolonging and fixing the terms of agreements) and reduced expenses (e.g., reduction in outsourcing fees, utility expenses and other fees and expenses).

B) UDAM shall select an appropriate party to contract with for the provision of property management services for each acquired investment property by considering the details of the items listed below (see table below). If such a party falls under the category of interested parties as stipulated in the Regulations on Transactions with Interested Parties, UDAM shall consign the property management services to the party only when the standards and procedures stipulated in the said Regulations are satisfied, on top of the following requirements.

In renewing the property management agreement, NUD shall consider the details of the following items, in addition to (1) through (7) listed below, to make

comprehensive judgment. Furthermore, UDAM will periodically check the quality of the services provided by the consigned property management companies, not limited to the time of renewing the contract.

A. No material breach of the property management agreement is made by the consigned party during the consigned period.

B. No inappropriate fact must occur during the consigned period as to reporting of important matters and settlement of monies.

C. The party must be recognized to have the structure and capability to appropriately implement the services.

C) NUD may accumulate a long-term maintenance and repair reserve, a reserve for payments, a reserve for distributions and other similar reserves and allowances as deemed necessary to maintain the investment assets or enhance their value.

D) NUD will endeavor to take measures such as maintaining appropriate allocation rates

of investments and taking out insurance against losses (e.g., fire and general liability insurance) in order to avoid major declines and fluctuations in earnings caused by disasters, move-outs of tenants and other factors.

E) To secure stable earnings over the medium to long term, NUD shall, in principle, lease all of its Investment Real Estate (including facilities such as parking lots and signage). At the time of leasing, NUD may collect deposits and guarantees and other similar monies. The said monies shall be invested pursuant to the provisions of the Targets and Policies of Asset Management stipulated in the Attachment to the Articles of Incorporation of NUD.

F) The occurrence of unforeseen events, such as drastic changes in funding conditions, general market conditions, and real estate market conditions, may prevent the operations described above.

4. Disclosure Policy

A) NUD shall make efforts to provide appropriate information for making investment decisions at all times by disclosing, to the greatest extent possible, information that is considered useful for unitholders/investors to understand NUD.

B) NUD shall make efforts to establish a system which enables prompt transmission of accurate and unbiased information to unitholders/investors.

C) NUD shall disclose information in accordance with the contents and the formats required by the Act on Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange, the Investment Trusts Association, etc.

II. CASH DISTRIBUTION POLICY

1. Distribution of Profits

In principle, NUD shall make distributions based on the following policies (Article 13-1 of the Articles of Incorporation):

1) Of the total cash amount to be distributed to unitholders, profits (the amount obtained by subtracting the sum total of unitholders' capital, etc. from the net assets amount in cases where the net assets amount appearing on the balance sheets of NUD exceeds the sum total of unitholders' capital, etc. and other amounts recorded as accounting items set forth by Cabinet Order (hereinafter the "sum total of unitholders' capital, etc."); hereinafter the same in this II. Cash Distribution Policy) shall be calculated based on the Investment Trusts Act, corporate accounting standards generally accepted in Japan and other corporate accounting practices.

2) Where it is approved by tax-related laws and regulations in Japan to include the cash distributions to unitholders of NUD in deductible expenses under certain conditions, NUD must make cash distributions to its unitholders in a way that meets the requirements provided by the tax-related laws and regulations in Japan for approving the inclusion in deductible expenses.

2. Distributions in Excess of Earnings

When it is possible to reduce imposition of corporate tax and other taxes for NUD or is otherwise determined by the Board of

Directors as appropriate, NUD shall be able to make cash distributions in excess of earnings based on the Statements of Cash Distributions approved by the Board of Directors, pursuant to the provisions of the Investment Trusts Act, on the condition that, however, the distribution amount shall not exceed the amount designated by the rules of the Investment Trusts Association, etc. (Article 13-2 of the Articles of Incorporation).

3. Distribution Method

Distributions provided in 1. and 2. above shall be paid in cash and, in principle, distributed within three months from the settlement date to the unitholders or registered investment unit pledgees who are listed or registered or recorded in the latest unitholders registry as of the settlement date, in accordance with the number of investment units held by the unitholders or the number of investment units subject to the registered pledges of investment units (Article 13-3 of the Articles of Incorporation).

4. Limitation on Cash Distributions

If the distributions specified in 1. and 2. above are unclaimed for a period of three full years after the date on which such distributions first became payable, NUD shall be discharged from its payment obligation thereof. Furthermore, any distributions remaining unpaid shall bear no interest (Article 13-4 of the Articles of Incorporation).

Standards for Selection of Property Manager

Item	Details
(1) Business history	1. Deemed to be capable of appropriately implementing operations due to such reasons as having been engaged in property management services for at least three years or having been in charge of property management services for the relevant individual properties or facilities and residences for the elderly so as to have a thorough knowledge of the situation and characteristics of such properties.
(2) Financial standing	1. Not generating net loss continuously for the most recent three fiscal periods 2. Not in a state of insolvency in any of the most recent three fiscal periods
(3) Organizational structure	1. Preparation of internal regulations 2. Number of employees 3. Establishment of compliance structure and business audit system 4. Track record related to the subject investment assets, feasibility of implementing operations in accordance with management plans, and continuity of management operations 5. Establishment of a system to avoid conflicts of interests
(4) Level of knowledge and experience regarding the relevant properties and relationship with the tenants (or operators of the facilities and residences for the elderly)	1. Consigned period for the relevant properties 2. Any trouble with the tenants or operators
(5) Ability to report on the relevant properties	1. Capable of preparing management plans and monthly reports
(6) Level of compensation and fees	1. Level of compensation to be in the scope of market levels
(7) Social attributes	1. No fact of conducting material breach of laws and regulations or causing misconduct, etc. in the most recent three years, and no problem found in the legal compliance structure 2. Not belonging to or having a relationship with any anti-social forces

MEMO



Independent auditor's report

To the Board of Directors of NTT UD REIT Investment Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NTT UD REIT Investment Corporation ("the Investment Corporation"), which comprise the balance sheet as at October 31, 2025, the profit and loss statement, statement of changes in unitholders' equity and cash flow statement for the six months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Investment Corporation as at October 31, 2025, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Investment Corporation in accordance with the ethical requirements in Japan (including those that are relevant to audits of the financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note-22 to the financial statements, which states that the Investment Corporation entered into the agreement to acquire property, and decided to acquire own investment units subsequent to October 31, 2025. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Semiannual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The supervisory directors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Investment Corporation's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the Investment Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Investment Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Investment Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Investment Corporation to cease to continue as a going concern.

DISCLAIMER

- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Investment Corporation for the six months period from May 1, 2025 to October 31, 2025 are 13 million yen and 1 million yen, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Investment Corporation which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/Seiki Miyata

Designated Engagement Partner

Certified Public Accountant

/S/Hironori Hashizume

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

January 28, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Investment Corporation and KPMG AZSA LLC.

This English document contains selected information including a partial translation of certain documents originally prepared in accordance with the Financial Instruments and Exchange Act of Japan or the Law Concerning Investment Trusts and Investments Corporation of Japan. This document was prepared solely for the convenience of readers outside Japan, and the content of this document does not constitute an offer to sell, or a solicitation of an offer to buy or sell, any securities of NUD or otherwise, nor is it advice or the recommendation of NUD to enter into any transaction.

Unless otherwise specified, the information contained herein does not constitute disclosure documents or management reports stipulated by the Financial Instruments and Exchange Act or Law Concerning Investment Trusts and Investments Corporation, or requested by the listing regulations of the Tokyo Stock Exchange or other related rules and regulations. When purchasing investment units of NUD, investors are kindly requested to make investment decisions based on their own judgment and responsibility.

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, 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. Neither NUD, UDAM nor any of their respective directors, officers, employees, partners, shareholders, agents, affiliates or their advisors will be responsible or liable for the completeness, appropriateness or accuracy of English translations contained herein. No person has been authorized to give any information or make any representations, other than those contained in this document, in relation to the matters set out in this document, and if such information is given or representations are made, such information or representations must not be relied upon as having been authorized by NUD, UDAM or any of their respective directors, officers, employees, partners, shareholders, agents, affiliates or their advisors.

The financial statements of NUD have been prepared in accordance with generally accepted accounting principles in Japan (Japanese

GAAP), which may differ materially, in certain respects, from generally accepted accounting principles in other jurisdictions.

This document contains forward-looking statements. In some cases, readers of this document can identify forward-looking statements by terms such as "may," "will," "should," "would," "expect," "plan," "anticipate," "believe," "estimate," "potential," or the negative of these terms or other similar terminology. These statements discuss expectations, indicate our intent or belief, identify strategies, contain projections of results of operations or of NUD's financial condition, or state other forward-looking information. 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. Accordingly, readers of this document should not interpret the forward-looking statements included herein as predictions or representations of future events or circumstances. NUD and UDAM do not intend and disclaim any duty or obligation to update or revise any forward-looking statements contained in this document to reflect new information, future events or otherwise.

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