

GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

Section 1. Basic Information

Issuer name:	NTT UD REIT Investment Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Finance Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	April 1, 2021
Publication date of review publication:	April 1, 2021

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

NTT UD REIT Investment Corporation (the "Investment Corporation") is a J-REIT established in May 2002 as Premier Investment Corporation and was listed on the Tokyo Stock Exchange (Real Estate Investment Trust Securities Market) in September 2002. It mainly invests in office buildings and residential properties located in the Tokyo metropolitan area, and aims to steadily grow assets under management over the medium to long term and secure stable incomes. Premier REIT Advisors Co., Ltd., which was the asset management company of the Investment Corporation, merged with NTT Urban Development Asset Management Corporation (the "Asset Management Company") on April 1, 2021, and the asset management business of the Investment Corporation has been transferred to the Asset Management Company. The Asset Management Company sponsors NTT Urban Development Corporation (100% owned) ("NTT UD").

The Investment Corporation changed its name on April 1, 2021 to clarify that NTT UD is its sole sponsor, as the Asset Management Company became a wholly owned subsidiary of NTT UD.

NTT UD is the only comprehensive real estate company in the NTT Group established in 1986 following the establishment of Nippon Telegraph and Telephone Corporation through the privatization of Nippon Telegraph and Telephone Public Corporation. It has strengths in development of office buildings, and its main development projects include Otemachi First Square, Akihabara UDX, Shinagawa Season Terrace, and Otemachi Place.

In July 2019, the NTT Group established NTT Urban Solutions Co., Ltd., which has NTT UD and NTT Facilities Co., Ltd. under the umbrella with an aim to promote new urban development by combining the Group's real estate-relating business to use the comprehensive strengths. The Investment Corporation enjoys a variety of support from NTT UD and other NTT Group companies in terms of external and internal growth, finance and others.

The Investment Corporation aims to realize CSR through its business itself on the basis of the CSR vision established by NTT Urban Solutions. In addition, from the viewpoint of placing the highest priority to investors' interests over medium to long term, the Investment Corporation recognizes significance of giving consideration for ESG, and in order to incorporate its consideration for ESG in overall real estate investment management operations, it has established a sustainability policy and are promoting specific initiatives to give consideration to the environment and society.

The scope of this evaluation is the Green Finance Framework (the "Framework"), which is designed to limit the funds procured by the Investment Corporation through Green Bonds and Green Loans ("green finance") to use the proceeds with environmental improvement effects. JCR assesses whether the Framework conforms to the Green Bond Principles (2018 edition), the Green Loan Principles (2020 edition), the Green Bond Guidelines (2020 edition) and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines (2020 edition).

The Investment Corporation has determined that the proceeds to be used for two types of properties as green buildings which are awarded a certification level higher than a certain level or properties, which are recognized a certain or higher energy conservation level under the Framework: The Eligibility Criteria for green buildings are green buildings, which have obtained or are scheduled to obtain any of 3 stars or more in DBJ Green Building Certification, B+ ranks or higher in CASBEE buildings (new, existing or refurbished) or CASBEE Property Evaluation, 3 stars or more in BELS Certification, or Silver rank or better in LEED Certification. As for Eligibility Criteria relating to energy conservation covers the properties with an ERR of 30% or more. JCR assesses that the Eligibility Criteria established by the Investment Corporation cover projects with environmental improvement effects.

The Investment Corporation intends to procure funds through green finance based on the policy relating to sustainability including environment. The system for addressing environmental issues has been properly established, and a mechanism has been secured in which departments with specialized knowledge of environment are also involved in selection of projects for which proceeds to be used and the process. Since the management of funds procured through green finance is conducted appropriately by the department in charge, and the selection and disclosure of indicators of environmental improvement effects are planned together with disclosure of fund allocation status for reporting, JCR confirmed that the Investment Corporation has a high management and operation system with high transparency.

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigned "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation."

The Framework meets the standards for the items required in the Green Bond Principles, the Ministry of the Environment's Green Bond Guidelines, and the Green Loan Principles.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. The use of proceeds is to fund the acquisition of buildings (green buildings) that have been or are scheduled to be certified in the top 3 categories of regional, national or internationally recognized certification levels, or to make new investments or the refinance of facilities and other renovations aimed at beneficial improvements in the environment, and a high level of environmental improvement effects can be expected.
- ii. Projects eligible for use of proceeds fall under the category of "projects related to green building" and "projects related to energy conservation" among the uses of funds exemplified in the Green Bond Principles, Green Loan Principles, "Green building standards and certification green building" and "energy conservation" in regional, national or internationally recognized standards and the Ministry of the Environment's Green Bond Guidelines and the Green Loan and Sustainability Link Loan Guidelines.

b. Negative impact on Environment

The Asset Management Company conducts due diligence, including physical inspections of properties, at the time of acquisition of properties, and confirms that there are no defects in properties, such as soil contamination and asbestos. If a property may possibly have a negative impact on the environment, the Investment Corporation decides not to acquire the property or acquires the property after eliminate the concerned risk appropriately by conducting additional construction, etc.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Investment Corporation has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify) : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

Funds procured through green finance are scheduled to be used for the purpose as soon as possible after the procurement. The details of the green finance tracking are scheduled to be reported by the Finance Division to the board of directors of the Investment Corporation. In addition, this tracking management is subject to internal audits and financial audits; therefore, an appropriate control is in place.

Under the Framework, funds raised through green finance are fully linked to individual projects. On the other hand, management of balances and unused funds are under portfolio management until green finance is redeemed or repaid.

Funds procured through green finance will be promptly used for the purpose of funds. Portfolio management is also adopted for the remaining term of green finance. As a result, there will be no unappropriated funds under this framework.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The use of proceeds procured through green finance will be published on the Investment Corporation's website. In addition, if a property subject to the use of proceeds is not subject to the use of proceeds due to a sale or other reasons, it is assumed that this will also be promptly disclosed in the press release of the Investment Corporation.

b. Impact reporting for environmental benefits

The Investment Corporation plans to publish information on environmental certification of acquisition assets and energy consumption, CO2 emissions, and water consumption of Green Qualified Assets on the Investment Corporation's website as a report of the effects of environmental improvement.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

GHG Emissions / Savings

Energy Savings

Decrease in water use

Other ESG indicators (please specify):
Energy-consumption

Means of Disclosure

Information published in financial report

Information published in sustainability report

Information published in ad hoc documents

Other (please specify):
Show on the website

Reporting reviewed

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Website on ESG of NTT UD REIT Investment Corporation	http://nud-reit.co.jp/en/esg/index.html
JCR's website about green finance evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Second Party Opinion

Certification

Verification

Scoring/Rating

Other (please specify):

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: April 1, 2021

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- 1. Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
- 2. Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3. Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4. Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.