

## Raising corporate brand value through our unique and unparalleled urban development

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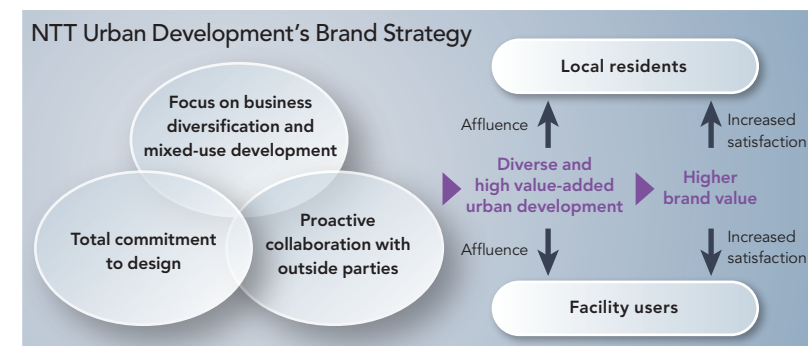
**Masayuki Kusumoto**

Executive Vice President  
Commercial Business Headquarters  
Chief Design Officer (CDO)

### Mixed-use development, collaboration, and design Three keys to raising corporate brand value

When I think about the future of real estate developers in Japan, where the market is shrinking due to population decline, I am certain that the competitive environment will become even more intense. To maintain our presence in this environment, we must raise our brand value so that customers and society will appreciate our company.

The direction that NTT Urban Development—a medium-sized company and late-comer to this industry—must move toward is the “pursuit of quality, not quantity,” and we emphasize three keys to achieve this. One is to accumulate business knowhow in many fields, in addition to office leasing, such as residential and commercial facilities, and focus on mixed-use development projects that combine these. The second is to compensate for knowledge and knowhow that cannot be obtained in-house by collaborating with various external partners and create synergies. The third is to raise the added value of buildings and the town as a whole through a total commitment to design.



## 1st Key – Mixed-use development

### Raise real estate value by combining various sought-after functions

The features that are sought after in buildings are growing increasingly complex as people's lifestyles diversify. To increase customer satisfaction, not only must we provide single functions such as offices and residences, we must combine diverse functions sought by users, including offices combined with hotels and residences with commercial facilities.

In addition to office leasing, our traditional core business, with mounting business diversification including residential and commercial facilities, hotels and resorts, we have accumulated knowhow to develop and operate a variety of facilities. We should be able to create high value-added facilities consistent with the diverse values of a wide range of customers through the well-balanced integration of these varied functions into one development project. We are working on distinctive mixed-use developments in central Tokyo as well as core regional cities such as Osaka, Nagoya, Kyoto and Fukuoka based on this idea.



Akihabara UDX



Trad Mejiro

## 2nd Key – Collaboration

### Create definite synergies through collaborative partnerships

Urban development is not something that is achieved by the real estate developer alone. In the development stage, it is essential that we cooperate not only with project partners and design offices, but with tenants in commercial facilities, and cooperation with the local community is important as well. Collaboration with operating companies with specialized expertise in hotels and facilities for the elderly is also required.

The Company will continue to build ongoing relationships of trust with various partners including with Hiramatsu Inc. on the development of small luxury hotels, and collaborate to provide a variety of knowledge and knowhow while respecting each other's ideas and identity.

Building these relationships of trust is the pursuit of "Integrity and Innovation," our corporate slogan. We also hope that they lead to the establishment of our own unique brand.



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### 3rd Key – Design

## Total commitment to design, including intangible aspects such as design services and operation

The design that I am referring to here is not simply the external shape of a building or its color, but a broader concept that includes abstract and intangible aspects such as harmony with the urban landscape, as well as facility functions, services and operation. We are totally committed to “design in its broadest sense” and seek to raise the value of buildings and communities by creating unique “one-of-a-kind” facilities that can never be imitated and performing urban development while differentiating ourselves from competitors.

To carry out this approach Companywide, from the project's initial stage to the operational stage, in 2015, we established the new “Design Strategy Office” that exhaustively discusses and reviews all project designs from a branding perspective and is fully committed to product planning and urban development that thrills customers.

## Undertake urban development that is loved by local residents

The three keys that I have discussed thus far have each been factored into our projects, but from now on we will undertake urban development that not only meets customer expectations, but exceeds them through more strategic initiatives as a comprehensive real estate developer.

In doing so, I think we should emphasize respect for the identity of those communities and take advantage of it as the city's appeal. While the people living there want to further revitalize the community in response to changes in the environment, they are strongly committed to their culture, which has developed in a

historical context. If we neglect to understand or take notice of these people, we cannot gain the community's trust.

Furthermore, the Company pursues urban development leveraging the real estate of the NTT Group nationwide, but that real estate is proof that the Group has been involved as a long-time member of the community. While carrying forward a relationship of trust with the local community, it is our responsibility to continue building attractive towns, including their surrounding areas, from a long-term perspective.

A typical case in the metropolitan area is the Otemachi 2-chome Area 1st Class Urban Redevelopment Project, which is currently underway. Otemachi is known as Japan's largest business district, but because the project's location was in a peripheral area, it was generally seen as having a relatively low real estate value. However, when viewed from a broader perspective, the location has unique features such as its being adjacent to an area with contrasting character, like Kanda and Nihonbashi.

## Topics

### Urbannet Nihonbashi 2-chome Building wins Good Design Award 2016



The Urbannet Nihonbashi 2-chome Building has a design theme that is based on the “tradition and style of Nihonbashi.” Employing one of Japan's largest light ducts, the building has been praised for the changes in beautiful light that office workers can feel and see, and it won the Good Design Award 2016.

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Because we have taken full advantage of the land's potential, we will continue to be involved in making the entire area appealing by planning and developing mixed-use facilities that combine offices, an international conference center, and commercial and other facilities while striving for a synergistic effect with the various features and elements of the surrounding area. We will continue to be involved in making the entire area attractive by taking charge of operation after completion.

In Kyoto, we are involved in redevelopment projects as a "member of the city" including the "Shinpuken Project," a hotel and commercial mixed-use development that makes use of a Taisho-era

telephone switching station, and the "Kiyomizu Elementary School Conversion" to convert a historic building into a hotel. We will continue to contribute to making the community more attractive so that more people visit from Japan and abroad.

When I think of Japan in the world, the word "design," an increasingly important keyword that is rooted in a unique history and culture, comes to mind. We must focus on design, or we will only get lost in commoditization and ruined. Initiatives directed at the kind of design I am talking about will lead to a stronger competitive edge and to achieving an urban development that is loved by all people including residents, workers, and visitors. It will also lead to raising our brand value.

## Topics

### Promotion of the Otemachi 2-chome Area 1st Class Urban Redevelopment Project

This is an urban redevelopment project at a site of approximately two hectares that includes the Teishin Building. NTT Urban Development, a co-contractor, and the Urban Renaissance Agency, the lead contractor, seek to strengthen the international business center's functions through the development of a communications environment of Japan's very highest standard, improve the business continuity capability of the Otemachi district and create a pleasant and hospitable urban infrastructure.

|                          |                                                                                                                       |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>Location</b>          | Otemachi 2-chome 1-17 to 34, Chiyoda-ku, Tokyo                                                                        |
| <b>Use</b>               | Office, commercial, conference rooms, local air conditioning and heating facilities for local district, parking, etc. |
| <b>Site area</b>         | Approx. 19,900 m <sup>2</sup>                                                                                         |
| <b>Floor space</b>       | Approx. 354,000 m <sup>2</sup>                                                                                        |
|                          | Building A: Approx. 202,000 m <sup>2</sup> Building B: Approx. 152,000 m <sup>2</sup>                                 |
| <b>Structure</b>         | Steel structure, partially steel-reinforced concrete structure, concrete-filled steel tube                            |
| <b>Number of stories</b> | Building A: 35 stories above ground and 3 below ground<br>Building B: 32 stories above ground and 3 below ground      |
| <b>Height</b>            | Building A: Approx. 178 m<br>Building B: Approx. 163 m                                                                |
| <b>Completion</b>        | July, 2018 (scheduled)                                                                                                |

\*NTT Urban Development is responsible for construction of Building A (Otemachi 2-1 Project)



# Maintaining and developing quality social assets based on a trusted brand

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## I. Kyoto Area Development

### Urban planning that combines tradition with innovation

Kyoto is a historical and cultural city visited by tourists from Japan and abroad. NTT Urban Development wants to help raise real estate value while improving the attractiveness of the entire area from an urban development perspective through the redevelopment of real estate owned by the NTT Group.

The people of Kyoto are proud and deeply committed to their time-honored history and traditions and, in order to faithfully carry that on into the future, the landscape and other aspects of the city are strictly regulated, even new building construction. Real estate developed by the Company has been long and carefully maintained and managed by it as a "member of the city" ever since the time NTT was known as Nippon Telegraph and Telephone Public Corporation. Relationships of trust in the area that were developed within this historical context are a major asset that no other real estate developer shares.

As a member of the NTT Group, the Company has securely inherited those relationships of trust with the local community and it will continue to focus on real estate development befitting Kyoto while respecting the values and identity of its people. We seek to revitalize the area by creating high value-added facilities that blend ancient traditions with advanced technology to make the area more attractive so that more people will visit.



## Case Study Feature

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### Shinpukan Redevelopment Project leverages historic building's charm

Kyoto's central telephone switching station, built in Karasuma Oike in 1926, is a historic building that was selected as the first designated and registered cultural asset of Kyoto City. The Company developed the Shinpukan in 2001 as a commercial facility that leverages this historic building's design. Along with operating the Laque Shijo Karasuma, opened in 2010, we have sought to revitalize the Karasuma area and build an attractive city. In March 2016, the Shinpukan was closed and we began to redevelop it as a commercial complex with hotel. We will develop a facility that takes advantage of this ancient city's charm with the aim of a 2019 opening.



Shinpukan (closed in March 2016)

### Kiyomizu Elementary School Conversion Project – Meiji-era elementary school transformed into Kyoto-style hotel

Kyoto Municipal Kiyomizu Elementary School was opened in 1869 as a "program elementary school" in Japan's first school district system. Respecting its historical background, the Company leveraged the design and structure of the existing school building to develop high-quality accommodations that convey the spirit of Japan to the world. At the same time, leveraging advanced information communications technology, the Company proposed using a site to create a community space to deepen community bonds, and further increased the strength of the Kiyomizu area brand. As a result of deliberation via public proposal, we were chosen as a contracted eligible operator in May 2016 and signed a basic agreement with the city of Kyoto in July.



Old Kiyomizu Elementary School (today)

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## II. *Tsunagu* (Connecting) Town Project

### Urban development that families can live with into the future with peace of mind

The Company has simultaneously developed condominiums and serviced housing for seniors on adjoining land and developed the *Tsunagu* Town Project, a new initiative that provides collaborative services.

The concept is that of a “multi-generational future subdivision” that entire families can live in much more comfortably generation after generation. Anticipating the family structure and lifestyles, which change over time, we came up with a scheme that enables us to respond in advance to changes in future needs. We have set our sights on residences and urban development that enables people to continue living in the way that they want, even if the stage of their life has changed.

\**Tsunagu* Town is a trademark of NTT Urban Development in Japan.

#### Wellith Olive Tsudanuma

The first *Tsunagu* Town Project has achieved secure living and multigenerational exchanges including a relocation priority service from the concurrently developed Wellith Tsudanuma condominium, and opened a *Tsunagu* Café locally.



Wellith Olive Tsudanuma



*Tsunagu* Café



Community event at *Tsunagu* Café

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### III. Renovation Business

#### Urban development that people can continue living in for generations to come

In maintaining and developing good quality social assets, renovation that upgrades pre-existing buildings and confers new value that meets the needs of the times is what attracts interest.

The Company is working on a renovation business as a brand new business. After a third party examines and diagnoses good-quality pre-existing buildings, this business then repairs

common areas, and renovates and sells the buildings as condominiums with flexible designs in which the floor plans and designs can be changed to suit the customers' needs.

The business seeks to maintain and increase the asset value of the buildings and build homes that people can continue living in for generations to come.



#### IKSIKS Azabu Juban

Renovation work of the ISIKS Azabu Juban, which the renovation business is promoting jointly with NTT Urban Development and ReBITA Inc., was completed in July 2016.