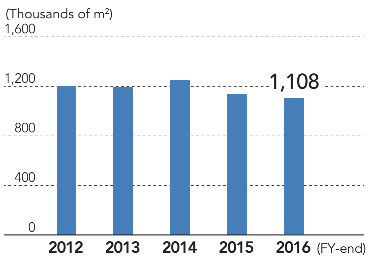
Building a solid earnings base by creating highly safe and comfortable spaces

Business Indicators of NTT Urban Development

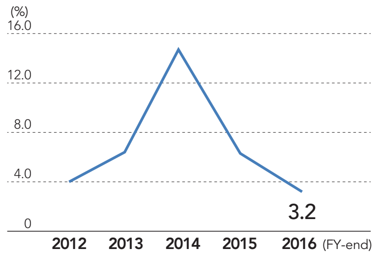
Total rentable floor space
1,108 thousand m^2

Vacancy rate (five wards of central Tokyo)*1
3.2%

Rentable floor space

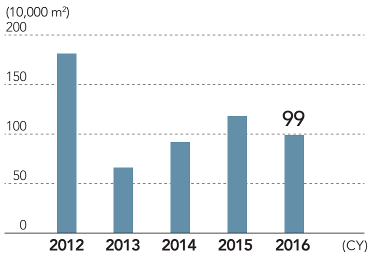


Vacancy rate in five wards of central Tokyo



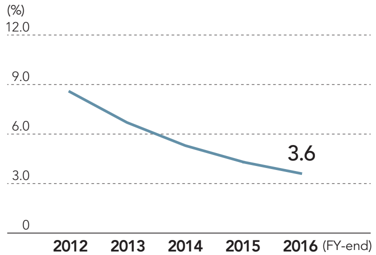
Key Market Data

Supply of large offices*2 in the 23 wards of Tokyo



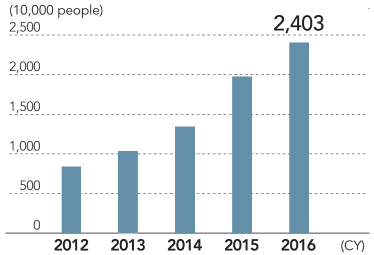
Source: Mori Trust Co., Ltd.

Vacancy rate (five wards of central Tokyo)*3



Source: Miki Shoji Co., Ltd.

Number of visitors to Japan



Source: Japan National Tourism Organization

*1 Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku.
*2 Building with office floor space of at least 10,000 m^2
*3 Surveyed buildings: Office buildings with standard floor space of at least 330 m^2

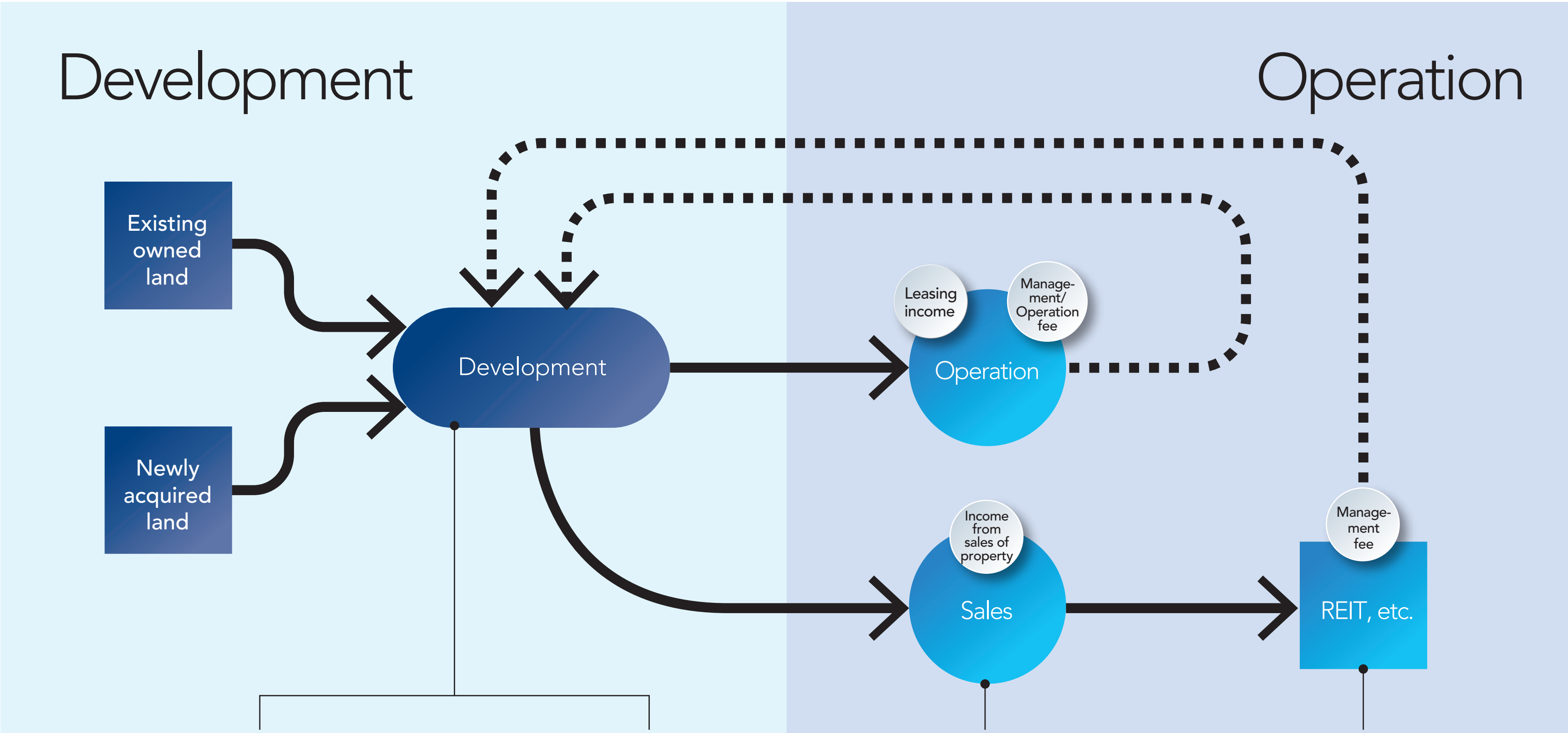
Business Environment and Strategy of the Offices/Retail Business

The Office Business will strengthen its sales force and cost competitiveness in preparation for the large supply of office buildings in urban centers. In addition, it will fortify its revenue base by proposing Corporate Real Estate (CRE) to NTT Group, enhance the Business Continuity Plan (BCP) and promote strategic renovation in existing buildings.

In light of rising inbound consumption, the Retail Business is promoting hotel development in urban and resort areas such as Tokyo, Osaka, Kyoto, and Okinawa, as well as development of mixed-use facilities in prime areas, and collaborating with the most appropriate partners in each project.

In addition, we will strengthen management of retail facilities in office buildings and boost development of mixed-use facilities with office and retail. At the same time, it will actively participate in local redevelopment projects.

Revenue Model and Growth Strategy



Growth strategy (1)

Expand the range of development projects by collaborating with other companies

Full-scale development of assets currently in use for tentative purposes

Participate in area redevelopment projects

Mixed-use development projects for office, retail, and residential businesses in central Tokyo

Promotion of hotel projects

Growth strategy (2)

Strengthen CRE proposals to NTT Group companies

Growth strategy (3)

Restructuring of portfolio

Invest in new development utilizing proceeds from property sales

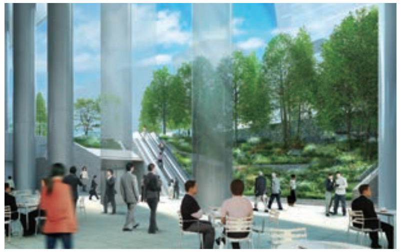
Growth strategy (4)

Expand management fee business through cooperation between listed REITs and private-placement REITs

Major projects

Promotion of Otemachi 2-chome Urban Redevelopment Project

The Otemachi 2-1 Project is a plan to redevelop two buildings at a site of approximately two hectares in the Otemachi 2-chome area. NTT Urban Development is promoting this project as a co-contractor of Building A (35 stories above ground and 3 below, approx. 202,000 m^2) and has acquired about 34,000 m^2 of office space. In addition to being entrusted with property management of all common areas, we plan to lease retail zones, international conference rooms, and retail stores, and property management. We will continue to enhance the attractiveness of the building, even after construction is completed.



Office/Hotel Mixed-Use Facility at the Shimbashi 1-chome Site

In August 2017, NTT Urban Development and Kyushu Railway Company (JR Kyushu) started construction of the Shimbashi 1-chome Project (27 stories above ground and 2 below, approx. 36,100 m^2), a mixed-use facility with offices and hotel.

In an area within convenient walking distance from Shimbashi Station, while providing offices and a hotel with excellent views by taking advantage of its spacious location, we will provide comfortable spaces for office workers, hotel guests, and visitors by creating office space that can accommodate diverse work styles and a public square with lush greenery.

Major projects

Hyatt Regency Seragaki Island Okinawa, a Luxury Resort in Onna Village, Okinawa

Scheduled to open in the summer of 2018, the Hyatt Regency Seragaki Island Okinawa* will be opening as a 340-room luxury resort hotel with pool, spa, restaurant, bar, banquet hall, chapel, and fitness center located on Seragaki Island and the adjacent Okinawa mainland.

In developing the hotel, we have worked to create value for the area in collaboration with Onna Village and the local community by building a village road that connects Seragaki Island with the Okinawa mainland. We will continue to create comfortable facilities for tourists who visit the area.

*This is the Hyatt brand's first beach resort in Japan. Hyatt is one of the world's leading hospitality companies and operates and manages 698 hotels in 56 countries and 10 hotels and resorts in Japan. In addition to the Hyatt Regency, Hyatt operates 12 brands around the world including Park Hyatt, Grand Hyatt, and Hyatt Centric (as of December 31, 2016).

Topics

Acquired BOMA 360 Performance Program Qualification

Akihabara UDX acquired the Building Owners and Managers Association International's BOMA 360 Performance Program qualification for excellent buildings. The qualification is an assessment of building management from the standpoint of, (1) building operations and management, (2) life safety/security/risk management, (3) training and education, (4) energy, (5) environment/sustainability, and (6) tenant relations/community involvement. This marks the first time that a building with a floor space of 600,000 sqf (55,742 m^2) or more has acquired this qualification in Japan.

Utilizing our expertise in this building, we still take steps to improve the quality of our property management operations, create value from a long-term perspective, and contribute to urban development that enables everyone to spend their time in comfort.


*3

BOMA 360 PERFORMANCE PROGRAM®

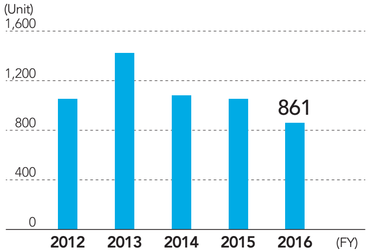
Perceiving the diversification of needs and lifestyles, we will undertake new fields and aim for sustainable growth

Business Indicators of NTT Urban Development

Condominium units/ lots delivered in Japan:

861

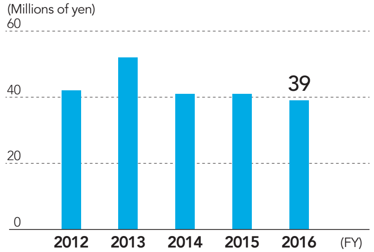
Condominium units/ lots delivered in Japan



Average sales price per unit:

¥ 39 million

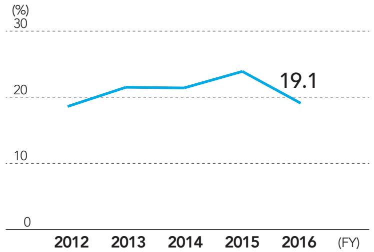
Average sales price per unit nation-wide*1



Gross profit margin

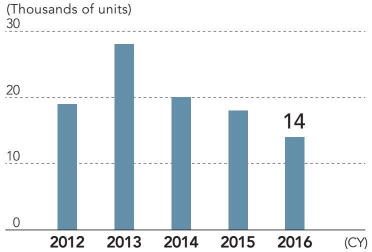
19.1 %

Gross profit margin



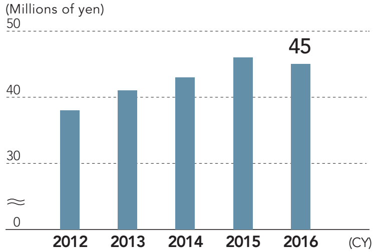
Key Market Data

Supply of condominiums in the 23 wards in Tokyo



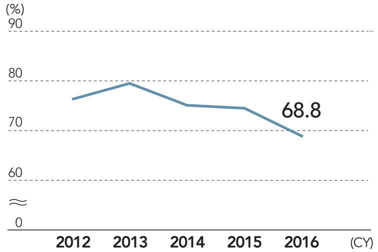
Source: Real Estate Economic Institute Co., Ltd.

Average sales price per unit nation-wide*2



Source: Real Estate Economic Institute Co., Ltd.

Contract ratio in the Tokyo metropolitan area



Source: Real Estate Economic Institute Co., Ltd.

*1: Based on actual sales price.
*2: Based on list price, which differs from actual sales price.

Business Environment and Strategy of the Residential Business

Based on the diversification of societal needs caused by the declining birthrate, aging population, and rising awareness of disaster risk management, as well as the increasing desire to work near one's home due to lifestyle changes, we have developed the residential brand "Wellith" and pursued initiatives in new fields including serviced senior housing in collaboration with NTT Group, and the renovation business.

We are taking steps to differentiate our products from competitors via the *Tsunagu* TOWN Project to simultaneously develop condominiums and senior serviced housing.

Major projects

Wellith Inokashira-Koen (Condominiums)

Wellith Inokashira-Koen is a low-rise condominium residence launched in a quiet and peaceful Category 1 Low-Rise Exclusive Residential District that is a two-minute walk from Inokashira Park.

The residence is accessible from either Kichijoji Station or Mitaka Station on the JR Chuo Line, making it both highly convenient and a peaceful living environment.

Location Shimorenjaku, Mitaka City, Tokyo
Total units 37
Structure/Number of stories Steel-reinforced concrete structure, 3 stories above ground
Completion November 2016

Wellith Olive Kugenumamatsugaoka (Senior Serviced Housing)

Wellith Olive Kugenumamatsugaoka, opened in March 2017, is senor serviced housing with full-time nurses. The residence cooperates with partnering medical institutions and nursing care centers operated by NTT Group and provides safe and secure living for residents.

*Nurses are on duty during daytime hours (9:00 am – 6:00 pm)

Location Kugenumamatsugaoka, Fujisawa City, Kanagawa Prefecture
Total units 63
Structure/Number of stories Reinforced concrete structure, 3 stories above ground
Completion December 2016
On-site facilities Day service, home-visit care facility, in-home nursing care support office

Aiming for the continuous growth of NTT UD Group through strategic investment in overseas real estate

Global Business Overview

In 2009, NTT Urban Development expanded its global business with the aim of sustainable growth and portfolio diversification. We currently own office buildings in London, UK, and Boston, New York City, Washington D.C., and other locations.

Maintaining a constant focus on trends in overseas markets and foreign exchange markets, we will continue to diversify our portfolio and increase profitability. In addition to Europe and the United States, we will work to expand business opportunities, especially in areas with future growth potential in Australia and Southeast Asia.

Major Properties

Name	Location	Primary use	Rentable floor space	Number of stories
1 King William Street	London, UK	Office	Approx. 9,300 m^2 (about 100,000 sqf)	8 stories above ground, 1 below
20 Finsbury Circus	London, UK	Office, retail	Approx. 8,000 m^2 (about 86,000 sqf)	7 stories above ground, 1 below
265 Strand	London, UK	Office	Approx. 7,000 m^2 (about 75,000 sqf)	8 stories above ground, 1 below
141 Tremont Street	Boston, USA	Office	Approx. 6,300 m^2 (about 68,000 sqf)	13 stories above ground
27 School Street	Boston, USA	Office, retail	Approx. 5,800 m^2 (about 62,000 sqf)	6 stories above ground, 1 below
Two Oliver Street	Boston, USA	Office, retail	Approx. 20,700 m^2 (about 223,000 sqf)	11 stories above ground, 1 below
185 Dartmouth Street	Boston, USA	Office, retail	Approx. 15,200 m^2 (about 164,000 sqf)	11 stories above ground, 2 below
575 Lexington Avenue	New York City, USA	Office, retail	Approx. 69,200 m^2 (about 745,000 sqf)	35 stories above ground, 2 below
799 Broadway	New York City, USA	Office, retail	Approx. 12,300 m^2 (about 133,000 sqf)	6 stories above ground, 1 below
1015 18th Street	Washington D.C., USA	Office, retail	Approx. 9,800 m^2 (about 106,000 sqf)	11 stories above ground, 3 below


20 Finsbury Circus


575 Lexington Avenue


185 Dartmouth Street

Major projects

Acquired 799 Broadway Office Building in New York City

NTT Urban Development acquired the 799 Broadway office building in New York City through its US subsidiary UD USA Inc. This property is located south of Midtown where technology companies are rapidly increasing. It is an attractive location for office workers that is close to subway stations and is surrounded by verdant parks and popular restaurants.

We will continue to enhance value by renovating existing buildings and providing workspaces that meet diverse tenant needs.

Location New York City, USA
Use Office, retail
Leasable space 133,000 sqf (approx. 12,300 m^2)
Number of stories 6 stories above ground, 1 below

Topics

Strengthened Business by Acquiring Equity Interest in a US Real Estate Investment Management Company

On April 1, 2017, we acquired 15% equity interest in Normandy Real Estate Management, LLC (hereafter, "Normandy").

Since 2013, Normandy has jointly invested in five properties on the East Coast of the United States with the aim of expanding its revenue base. This acquisition will allow us to increase our expertise in asset management services. At the same time, we seek to expand our US business and diversify our portfolio through further joint investments.

Overview of Normandy

Corporate name	Normandy Real Estate Management, LLC
Headquarters	New Jersey, USA
Representatives	Finn Wentworth (Founder and Partner) David Welsh (Founder and Partner) Jeff Gronning (Founder and Partner)
Established	2002
Employees	Approx. 120
Business description	Real estate development, operation and management