ANNUAL REPORT 2017

for the fiscal year ended March 31, 2017

NTT UD

NTT UD

Our corporate symbol has been renewed in
commemoration of our 30th anniversary.
Based on our established principles of trust and performance,
we will keep moving forward, always seeking to create
high-value-added real estate services.

Blue Crystal

Crystal of Integrity and Innovation

Symbolizing trust, the blue color is a testament to
our attitude of integrity toward customers.
The translucent polyhedral form, full of clarity, represents shining
happiness and innovative urban development with an eye to the future.

Corporate Philosophy

UD Statement

Integrity and Innovation

connecting cities and people

We will contribute to sustainable urban development
through our real estate services.
What we value most is seeing the satisfaction of our customers
and members of the wider public, and bringing smiles to their faces.

For this, we will pay close attention to the changing needs of
our customers and society, and thoroughly understand
our customers' perspectives.

We make it a promise to continue our challenge of generating
innovative services, where all of our management and employees
will act with integrity and without fearing failure.

This challenge is fueled by a corporate culture conducive to all of our
management and employees freely and proactively voicing opinions,
where all of us may respect and value one another,
and go about our jobs with a smile.

Venture into businesses that contribute to urban development, a focus on creating values for the future based on deep insight

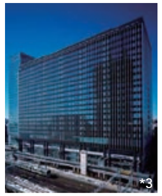
1990 Completed construction of Urbannet Otemachi Building

1997 Completed construction of Otemachi First Square

2000 Started the residential property sales business

2004 Stock listed on First Section of TSE

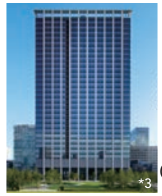
2005 Completed construction of Akihabara UDX



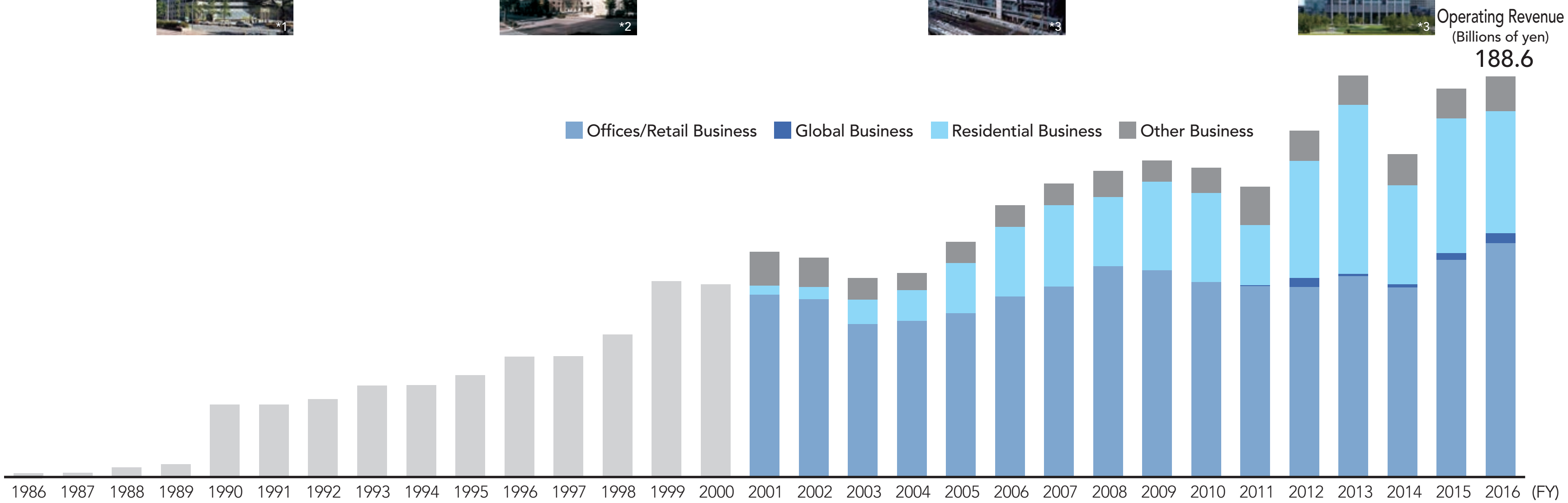
2009 Started the global business

2010 Started the J-REIT business

2014 Completed construction of Shinagawa Season Terrace



2015 Established the hotel and resort business department



*Prior to the fiscal year ended March 31, 2015, the actual value of the previous reporting segment categories of "Leasing Business," "Residential Property Sales Business" and "Other Business" was presented. However, the "Global Business" was separately presented (excluded from each category).

We will strive to achieve our "Medium-Term Vision 2018 - For Further Growth," and to raise corporate value over the medium- to long-term

On Assuming the Office of President

I am Hiroshi Nakagawa, the new President and Chief Executive Officer.

Thirty years have passed since NTT Urban Development was established in 1986 as a comprehensive urban development company of NTT Group. We have grown centered on office building development and the leasing business and have expanded our business domain into the retail, residential, and global businesses. In recent years, we have grown to where we address major themes such as urban development, in addition to the hotel business, residential businesses for the elderly and REITs.

I view my future role as that of ensuring that the seeds planted by my predecessors who built this company yield significant results, and there the importance of my position has a sobering effect on me. Based on the corporate slogan of "Integrity and Innovation," our approach to customers is to act with "integrity" and our approach to business is to create "innovation." I would like us to build a new 30 years as a company that society needs.

Progress of Medium-Term Management Plan

We have been promoting business based on "Medium-Term Vision 2018 –For Further Growth," it's medium-term management plan. In fiscal 2018 (the fiscal year ending March 31, 2019), the final fiscal year, the plan aims for operating revenue of ¥200.0 billion and operating income of ¥30.0 billion.

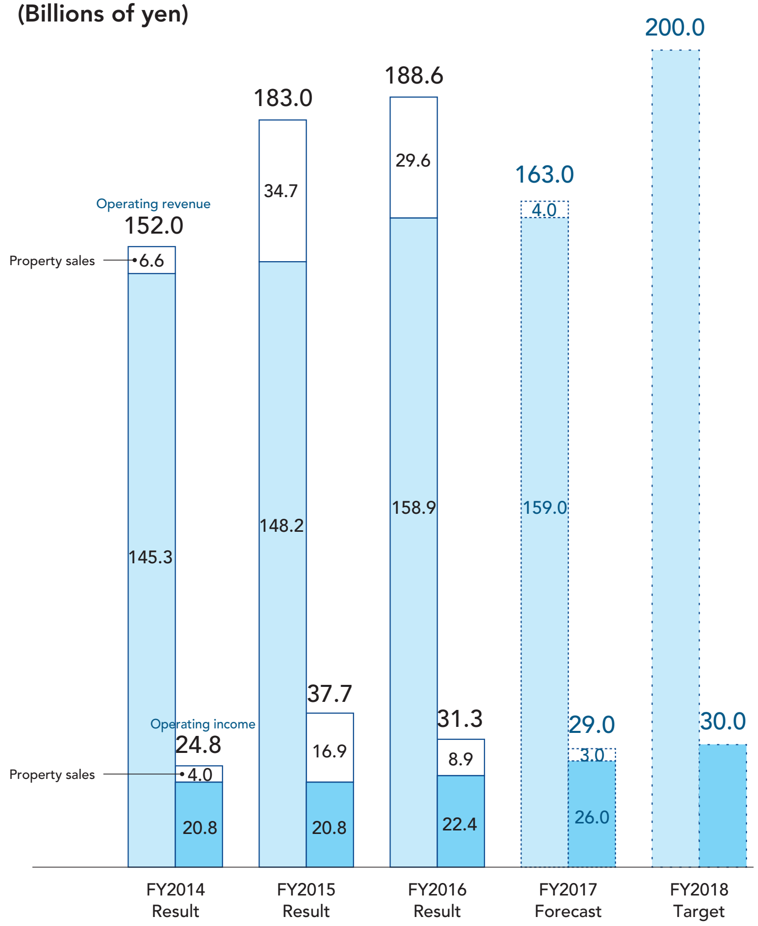
Hiroshi Nakagawa
President and
Chief Executive Officer

In fiscal 2016 (the fiscal year ended March 31, 2017), as in the previous fiscal year, we achieved our target with ¥31.3 billion in operating income. However, this figure includes temporary gains from property sales due to portfolio diversification, but if we exclude property sales, the amount comes to ¥22.4 billion. In fiscal 2017 (the fiscal year ending March 31, 2018), operating income is expected to increase to ¥26.0 billion and we anticipate a further increase in fiscal 2018 (the fiscal year ending March 31, 2019).

In the Offices/Retail Business, because of the anticipated large supply of office buildings prior to the Tokyo Olympics, we will strengthen our relations with tenants, maintain stable business operations, and provide offices that accommodate new work styles such as shared offices. In the Residential Business, we carry out product planning from the customer's perspective based on lifestyles and demographics, and seek further growth through the expansion of residential businesses for the elderly, the renovation business, and residential rentals business. In the Global Business, we have properly assessed the business environment, especially in the United Kingdom and the United States, and have a record of accomplishment. We will continue to develop the global business while rigorously managing risk, incorporate the growth potential of overseas markets as revenue sources, and diversify our portfolio.

To sustain growth, we will invest in development including the Otemachi 2-1 Project, the Shimbashi 1-chome Project, the Kyoto's Shinpukan Redevelopment Project, and the Hyatt Regency Seragaki Island Okinawa.

Medium-Term Management Plan Results and Schedule (Billions of yen)



Cooperation with the Local Community

NTT Urban Development is a comprehensive urban development company within NTT Group that has grown together with local communities all over Japan. We have respected the history and culture of local communities and have studied together with the government and communities the building of attractive towns from a long-term perspective.

For example, in Kyoto, we are pursuing development projects that contribute to raising local appeal and community revitalization while harmonizing with the city's marked historical and cultural panorama. These include the Shinpukan Redevelopment Project, a hotel/retail mixed-use development that makes use of a historic telephone switching station building of the Taisho-era, and the Kiyomizu Elementary School Conversion Project to convert a historic building into a hotel. In the Harajuku Station Project in Tokyo, we will contribute to the area's development by raising the value of the area in front of Harajuku Station through redevelopment.

Seeking to Raise Corporate Value over the Medium- to Long-Term

One of our roles in NTT Group is to promote Corporate Real Estate (CRE). We seek to redevelop and reuse real estate owned by NTT Group including office buildings and residences and retail facilities, improve real estate convenience, raise its value, and ultimately increase the area's value.

As a comprehensive urban development company of NTT Group, we sincerely look to our stakeholders including customers, shareholders and investors, local communities, and partner companies, as we pursue domestic and overseas business expansion and service improvement, and raise corporate value over the medium- to long-term, and contribute to society, while engaging in urban and community development from a medium and long-term perspective.

We ask for your continued support.

Development Project	Total Floor Area	March 31, 2017	March 31, 2019	March 31, 2021~
Mixed-use development				
Otemachi 2-1 Project	Approx. 202,000 m^2 (entire building A)	Completion		
Shimbashi 1-chome Project	Approx. 36,100 m^2	Start of construction	Completion	
Harajuku Station Project	Approx. 26,800 m^2		Start of construction Opening	
Hotel/Resort Business				
UD Yumesaki Building (Former name: Universal City Station Project)	Approx. 20,600 m^2	Opening		
Hyatt Regency Seragaki Island Okinawa	Approx. 38,200 m^2	Start of construction	Opening	
Kiyomizu Elementary School Conversion Project	Approx. 6,900 m^2		Start of construction Opening	
Shinpukan Redevelopment Project	Approx. 25,700 m^2		Start of construction Opening	
Small Luxury Hotels (THE HIRAMATSU HOTELS & RESORTS)	—	Kashikojima Atami Sengokuhara *▽indicates a completed project		
Residential Business				
Senior Serviced Housing Business	—	Shibuya Honmachi Kugenuma Matsugaoka		
Renovation Business	—	IKSIKS Azabu-Juban Woodville Azabu *▽indicates a completed project		
Global Business (Value-add)				
1 King William Street (London)	Approx. 100,000 sqf	Completion		
125 West 25th Street (New York City)	Approx. 138,000 sqf	Completion Sold in December 2016		
1015 18th Street (Washington D.C.)	Approx. 106,000 sqf	Completion		Sale
799 Broadway (New York City)	Approx. 133,000 sqf		Completion	Sale

Development of new hotel and retail facilities in a cultural hub

UD Yumesaki Building (Universal City Station Project)

Developed a mixed-use facility with hotel and wedding hall favorably located in front of a station next to a popular theme park


*3

UD Yumesaki Building, completed in August 2017, is a hotel and wedding hall mixed-use development that is connected to the Universal City Station on the JR Yumesaki Line by a pedestrian deck.

The hotel is the Candeo Hotels' The Singulari Hotel & Skyspa at Universal Studios Japan™, and the wedding hall is BlessGate's Avancer Lien Osaka.

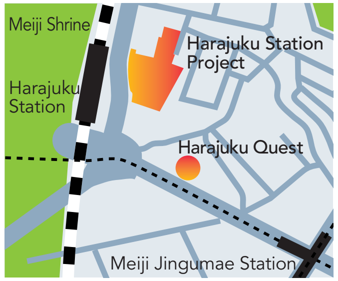
Location:	Osaka City, Osaka Prefecture
Main use:	Hotel, wedding hall
Floor space:	Approx. 20,600 m^2
Number of stories:	17 stories above ground and 1 below
Construction timeline:	October 2015 – August 2017

Harajuku Station Project

Development of mixed-use facility with retail and residential that will be landmarks and play a role in preserving history and disseminating culture in the Harajuku areas

The Harajuku Station Project is a development plan to integrally rebuild multiple sites including the Harajuku Apartments built in 1959. The project is located between Omotesando, developed as an approach to the Meiji Shrine, and Takeshita Dori, the birthplace of a unique youth culture. From its upper floors can be seen the green of Meiji Shrine and Yoyogi Park.

Location:	Shibuya-ku, Tokyo
Main use:	Retail, co-owned residential etc.
Floor space:	Approx. 26,800 m^2
Number of stories:	10 above ground and 3 below
Construction timeline:	Fall 2017 – Spring 2020 (scheduled)
Design:	Takenaka Corporation Toyo Ito & Associates, Architects



Development of hotels that inherit the history and culture of Kyoto

Shinpukan Redevelopment Project

Development of mixed-use hotel and retail facility utilizing a historic building of a designated and registered cultural asset of Kyoto City

Artist's rendering (Source: KENGO KUMA & ASSOCIATES)

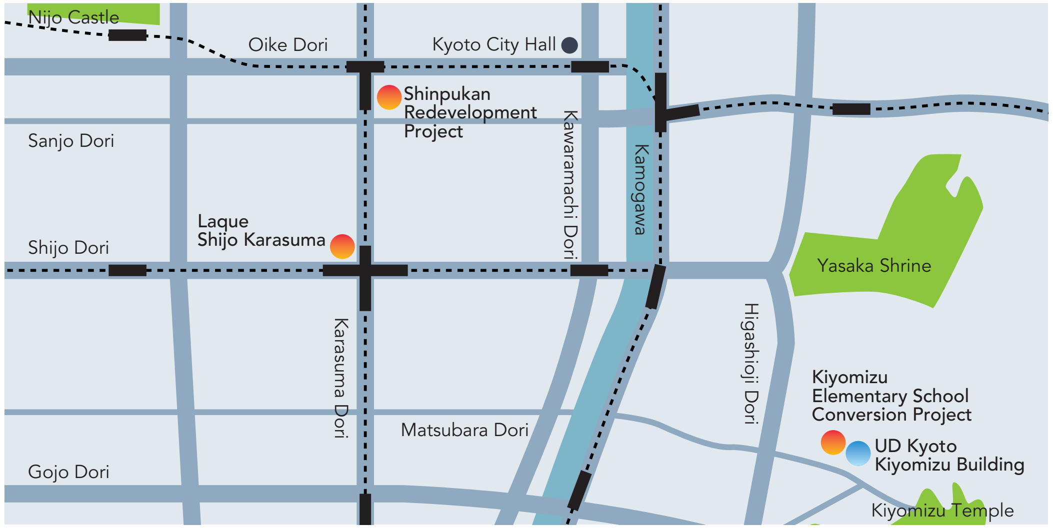
Kyoto's central telephone switching station, built in 1926, is the first designated and registered cultural asset of Kyoto City and is a historic building later known as "Shinpukan," a retail facility. Leveraging the exterior of this historic building that has shaped the cityscape of Kyoto, we will develop a mixed-use hotel and retail facility (approx. 25,700m^2, with 7 stories above ground, and 1 below).

Inheriting the Shinpukan's concept of "tradition and innovation," we seek to develop the face of Kyoto, as well as a city landmark that has an enchantment exclusive to Kyoto.

Kiyomizu Elementary School Conversion Project

Conversion of an elementary school built in the early Showa-era into a Kyoto-style hotel

Kyoto Municipal Kiyomizu Elementary School was opened in 1869 thanks to donations from local residents, and rebuilt in 1933. With the idea of connecting the history of this place to the future, we will leverage the design of the existing school building, which has historical value, and develop a high-quality hotel that is elegant and stately. Furthermore, the place inherits the function as a place that deepens the bonds with the people of the community, and will contribute to the revitalization of the local community. At the same time, the site will be opened as an emergency shelter to contribute to "safe and secure" urban development.

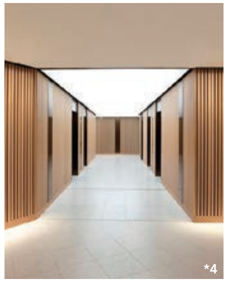


Historic building renovation in a global economic hub

1 King William Street (London)

Office Needs Met and Historical Value Preserved through Renovation


*4


*4

By remodeling the interior of 1 King William Street in London and restoring it with the latest equipment, we have renovated it into a new office building that now meets the needs of tenants. In May 2017, the building received the RIBA (Royal British Architects Association) London Award and has been highly acclaimed locally.

Location:	London, UK
Main use:	Office
Floor space:	Approx. 100,000 sqf (approx. 9,300 m^2)
Number of stories:	8 stories above ground and 1 below
Construction timeline:	August 2014 – November 2016

125 West 25th Street (New York City)

Creating and providing creative workspaces by utilizing the existing brick-built exterior that brings to mind days of old

Location:	New York City, USA
Main use:	Office
Floor space:	Approx. 138,000 sqf (approx. 12,800 m^2)
Number of stories:	11 floors above ground and 1 below
Construction timeline:	July 2014 – December 2016 (sales completed)

In 2013, we participated in the renovation project "125 West 25th Street," which is in the south part of midtown Manhattan, New York City.

The brick style of this long-established building, which was once used as a sewing factory, has been maintained and we raised the property's value by adding a penthouse and renovating the entrance and exterior walls.

The renovation business seeks to create residences that can be passed on through generations

IKSIKS Azabu-Juban

Our first renovation project to restore and sell condominiums in a good-quality pre-existing building

IKSIKS Azabu-Juban is located an eight-minute walk from Azabu-Juban Station in an area where traditional observances are carried out to this day, while also having an international atmosphere with foreign embassies.

We upgraded the interior and facilities of a 27-year-old rental condominium complex with the aim of enhancing its marketability and asset value through renovation. The exclusive part of the complex, which comprises 13 units with an average private floor space of over 121 m^2, allows for free design enabling the buyer to not only select the layout and color coordination of their unit, but even the details of its design.

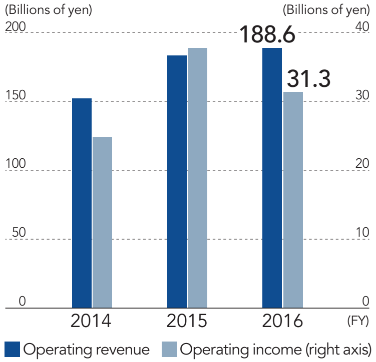
Woodville Azabu

Our second renovation project was of a luxury condominium building

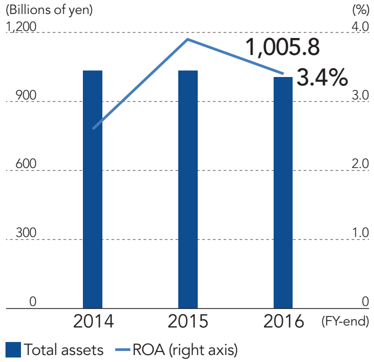
Woodville Azabu is a residence with a total of 28 units located in the tranquil Minami Azabu 4-chome area, and an average private floor space of more than 200 m^2.

We are passing on the built-in value of luxury rental condominiums and designing residences that can be treasured for many years to come and have a unique and irreplaceable value. Our aim is not only a home with higher insulation and sound insulation performance, which increases the home's comfort, but also a home that properly takes care of maintenance and inspection.

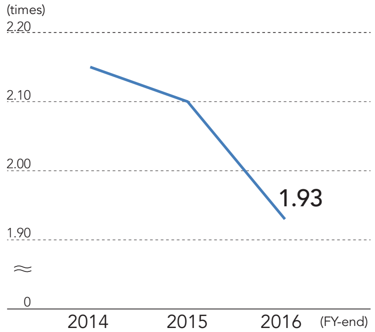
Operating revenue / Operating income



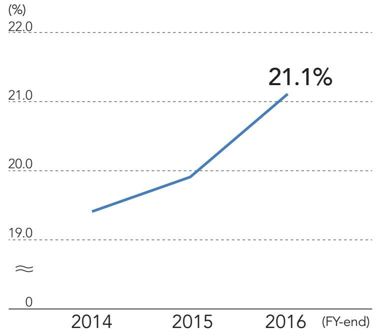
Total assets / ROA



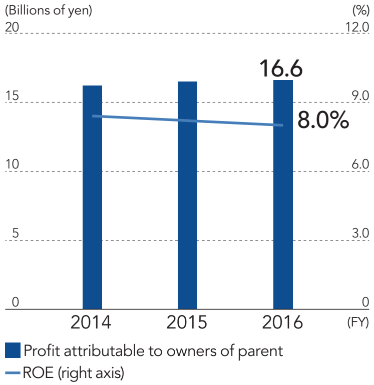
Net D/E ratio



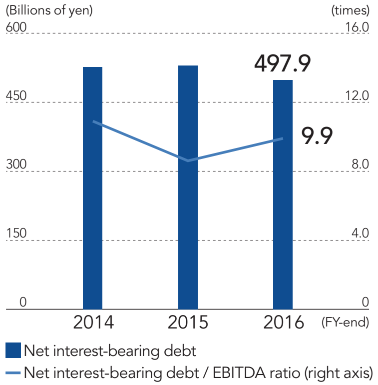
Equity ratio



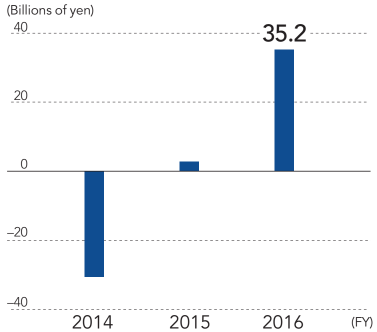
Profit attributable to owners of parent / ROE



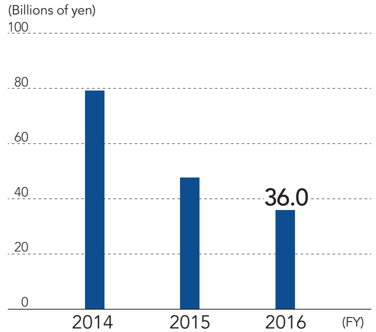
Net interest-bearing debt
Net interest-bearing debt / EBITDA ratio



Free cash flow



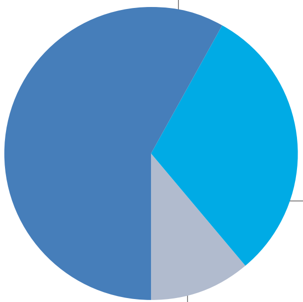
Capital expenditure



(Notes) ROA = (Operating income + Equity in earnings of affiliates + Gain on amortization of negative goodwill) / Average total assets at the beginning and end of the period x 100
Net D/E ratio = Net interest-bearing debt / Net assets
Shareholders' equity = Net assets – Stock acquisition rights – Non-controlling interests in consolidated subsidiaries
Equity ratio = Shareholders' equity / Total assets at the end of current period × 100
ROE = Profit attributable to owners of parent / Average shareholders' equity at the beginning and end of the period x 100
Net interest-bearing debt = Interest-bearing debt – (Cash and deposits + Short-term investments of less than three months included in other current assets)
EBITDA = Operating income + Depreciation and amortization
Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

Operating revenue composition

(Fiscal year ended March 31, 2017)



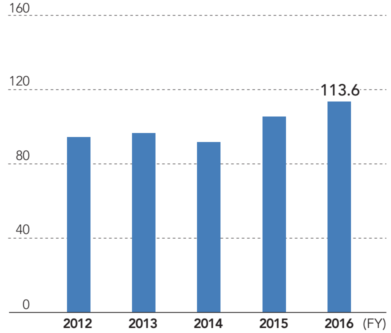
Offices/Retail Business

58.3%

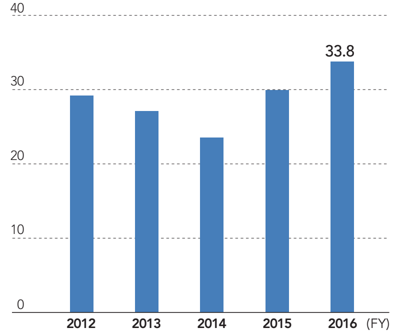
Performance for the fiscal year ended March 31, 2017

In the Offices/Retail Business, operating revenue increased by 7.8% year on year and operating income increased 12.7% due to the improvement of vacancy rates of newly constructed and acquired properties including Shinagawa Season Terrace, Two Oliver Street, Urbannet Nihonbashi 2-chome Building and Urbannet Ginza 1-chome Building. Another factor was increased rental revenue following the expiration of free rent, and property sales.

Operating revenue



Operating income



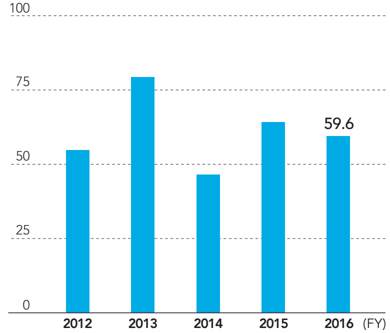
Residential Business

30.6%

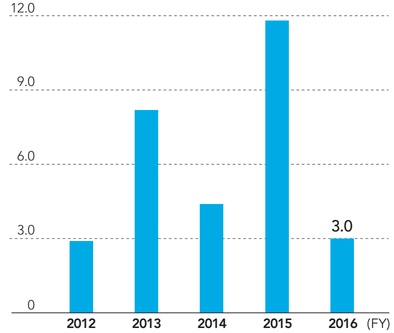
Performance for the fiscal year ended March 31, 2017

In the Residential Business, operating revenue declined 7.5% year on year and operating income declined 74.0% due to protracted sales in certain suburban properties and a decrease in units/lots delivered and average sales price per unit.

Operating revenue



Operating income



Other Business

11.1%

Performance for the fiscal year ended March 31, 2017

In Other Business (consigned interior construction work for corporate tenants, building management, etc.), operating revenue increased 9.9% year on year, but operating income decreased 17.4% due to a decline in temporary asset management fees.

Note: Segment Changes
From the fiscal year ended March 31, 2017, we revised the form of management accounting in line with business operations and changed from the previous reporting segment categories of "Leasing Business" and "Residential Property Sales Business" to "Offices/Retail Business" and "Residential Business." Results for the fiscal year ended March 31, 2016 have been reclassified into new segments that were changed from the fiscal year ended March 31, 2017.

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

Business Indicators of NTT Urban Development

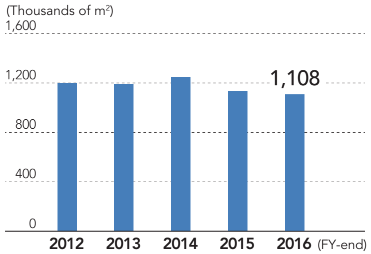
Total rentable floor space

1,108 thousand m^2

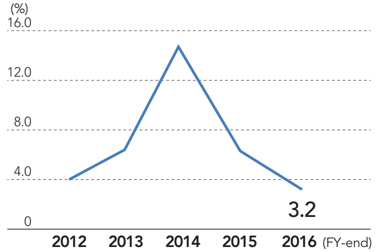
Vacancy rate (five wards of central Tokyo)*1

3.2%

Rentable floor space

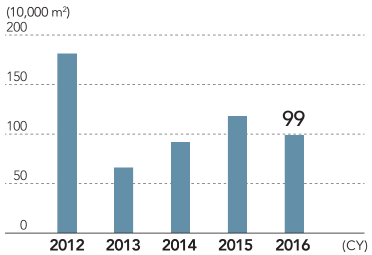


Vacancy rate in five wards of central Tokyo



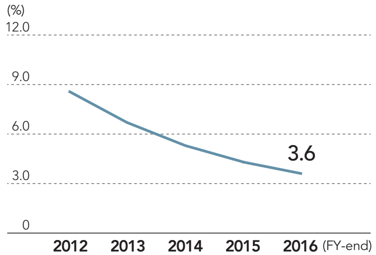
Key Market Data

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



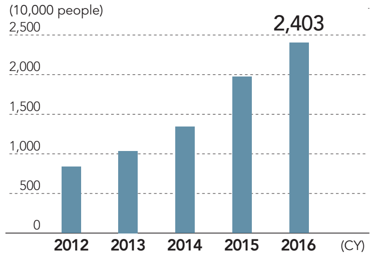
Source: Mori Trust Co., Ltd.

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

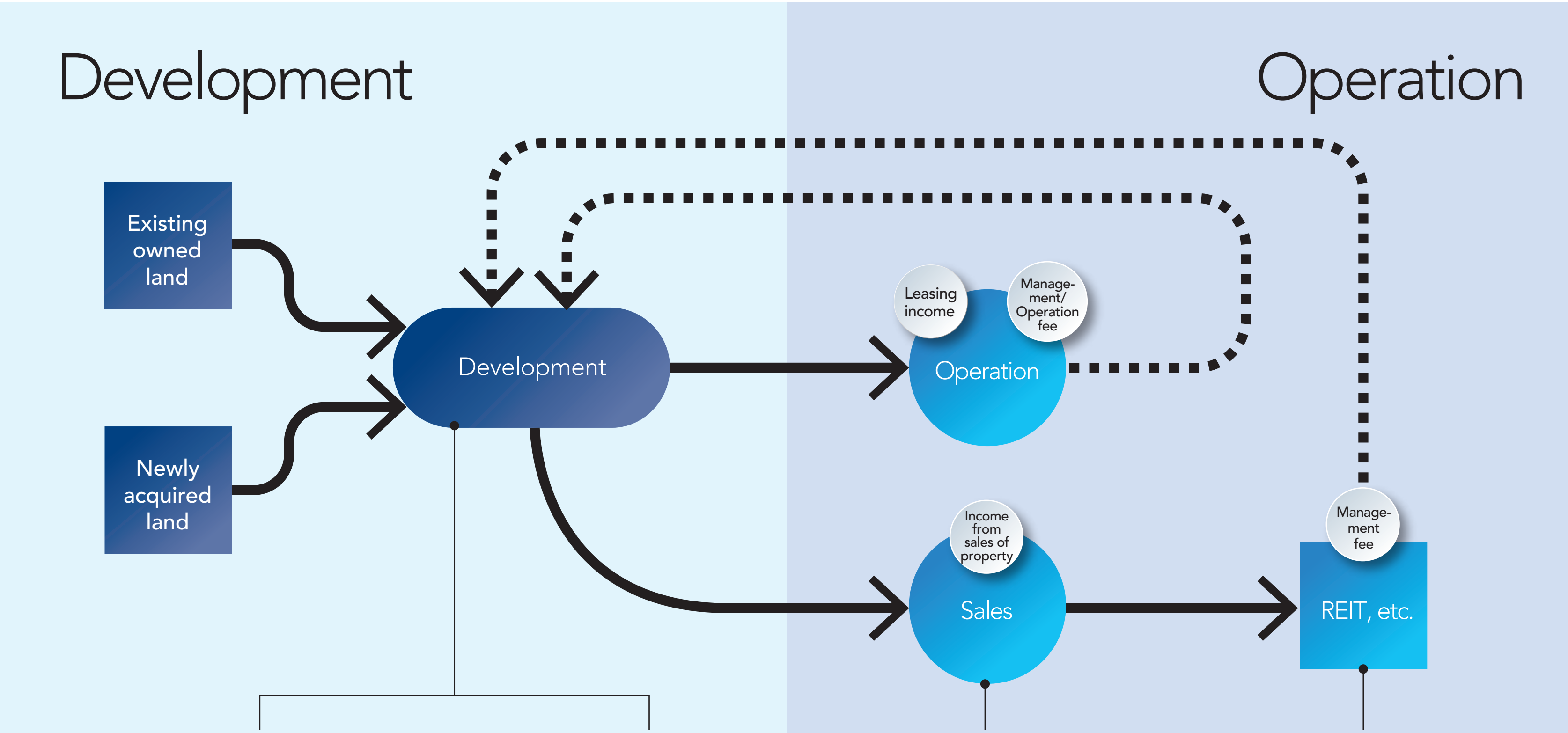
Business Environment and Strategy of the Offices/Retail Business

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

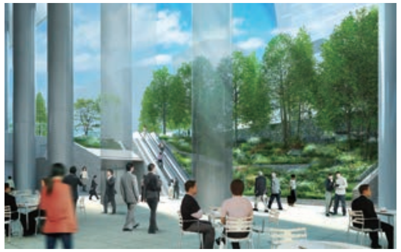
Growth strategy (4)

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.

BOMA 360 PERFORMANCE PROGRAM®

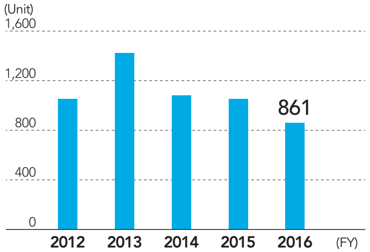
Perceiving the diversification of needs and lifestyles, we will undertake new fields and aim for sustainable growth

Business Indicators of NTT Urban Development

Condominium units/ lots delivered in Japan:

861

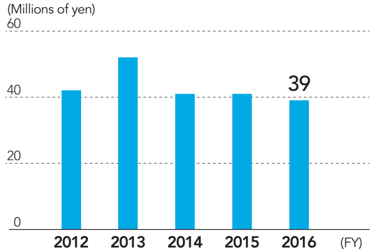
Condominium units/ lots delivered in Japan



Average sales price per unit:

¥ 39 million

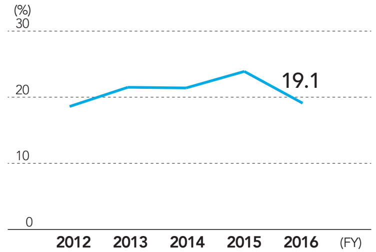
Average sales price per unit nation-wide*1



Gross profit margin

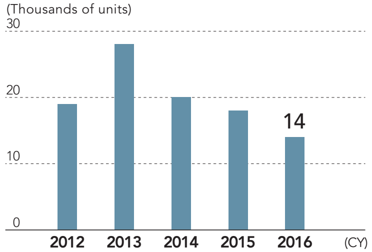
19.1 %

Gross profit margin



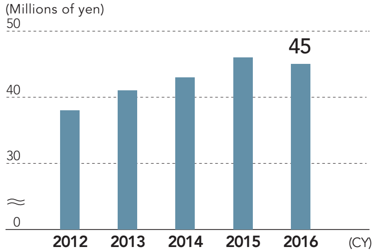
Key Market Data

Supply of condominiums in the 23 wards in Tokyo



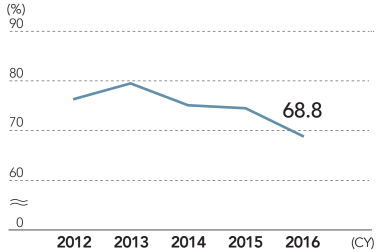
Source: Real Estate Economic Institute Co., Ltd.

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

Governance Structure

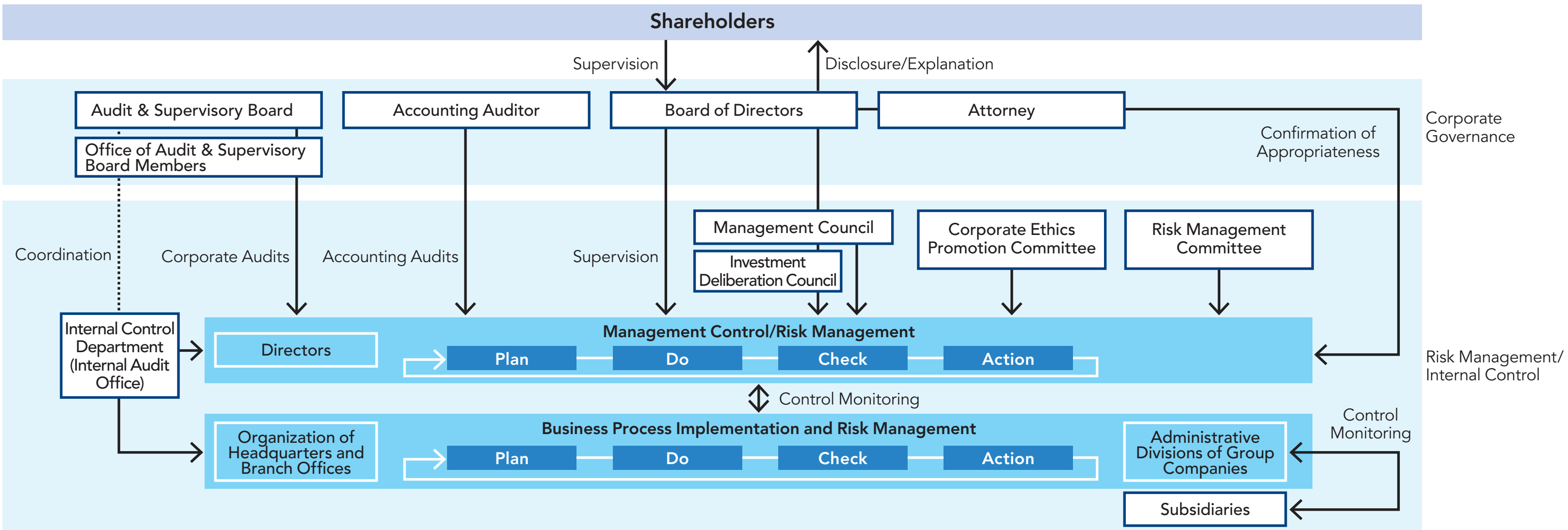
Basic Policy on Corporate Governance

NTT Urban Development aims for sustainable growth under its corporate slogan of *Integrity and Innovation — connecting cities and people.* To this end, NTT Urban Development seeks to gain the firm confidence of stakeholders, including shareholders and other investors, as well as customers, business partners, and society as a whole, while developing its office, residential, and retail properties businesses.

In the area of corporate governance, the basic policy of the Company is to enhance accountability through timely information disclosure and constructive dialogue with shareholders and investors, and to raise its corporate value while fully taking into account corporate ethics and compliance.

The Company has several independent officers—both outside independent members of the board and Audit & Supervisory Board members. These officers supervise and audit the Board of Directors and the Audit & Supervisory Board to ensure management transparency. At the same time, the Company provides opportunities for management and independent officers to exchange opinions and, by receiving appropriate advice, maintains a sense of urgency in its business operations and management decisions.

To enhance accountability, the Company discloses information, including management, financial and non-financial information such as environmental and CSR-related information in a timely and appropriate manner. With the aim of continuously raising its corporate value, the Company also engages in constructive dialogue with investors through its IR and SR activities.



Corporate Governance Features

NTT Urban Development has implemented each of its corporate governance principles. For details, please refer to the Company's IR site (https://www.nttud.co.jp/english/ir/index.html).

The Company employs a system with Audit & Supervisory Board members and, as stipulated in Japan's Companies Act, has established a General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and an independent accounting auditor. The Company has determined that audit by Audit & Supervisory Board members including outside members is effective for monitoring management and has adopted the structure of a company with an Audit & Supervisory Board.

The Company has also established the Management Council which consists of full-time directors, branch managers, operating department managers, and heads of staff departments, and advises the president on matters within his decision-making capacity. The Management Council is committed to speeding up decision making in the execution of business. Full-time Audit & Supervisory Board members attend Management Council meetings to further enhance transparency in the decision-making process. Moreover, prior to discussions at Management Council meetings, investment projects are carefully examined by the Investment Deliberation Council, which consists of cross-functional members within the Company, to identify potential investment risks and implement appropriate risk management.

As of March 31, 2017, the Board of Directors comprised 14 directors (of which two were outside members; all members were male). The Board sets basic policies regarding management and business execution, makes decisions on important matters, and supervises the execution of duties by directors. In principle, the Board of Directors convenes once a month and endeavors to make decisions swiftly by holding additional meetings as necessary. During the fiscal year ended March 31, 2017, the Board of Directors convened on 16 occasions.

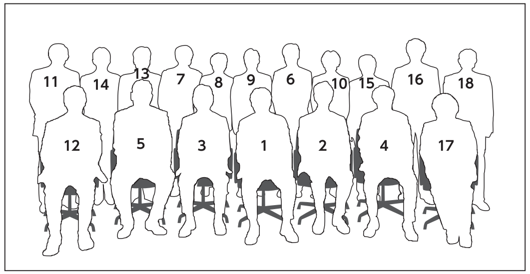
The Audit & Supervisory Board comprised four members (of which three were outside members; three members were male and one was female). In principle, the Audit & Supervisory Board convenes regularly on a monthly basis and holds additional meetings as necessary. During the fiscal year ended March 31, 2017, the Audit & Supervisory Board convened on 19 occasions. Each member attends important meetings of the Board of Directors and other meetings, audits and supervises the execution of duties by directors, and examines the Company's operational and financial standing in accordance with the audit plan established by the Audit & Supervisory Board.

To increase the effectiveness of the Board of Directors with the goal of raising corporate value, we conduct surveys with the assistance of outside consultants of all directors and Audit & Supervisory Board members on the effectiveness of the Board including its makeup, status of directors' activities, and its operational status. The survey's responses are evaluated, analyzed and discussed at the Board of Directors' meeting. Based on the survey results, the Board of Directors' effectiveness has been rated sufficient.

Attendance of Outside Officers at the Board of Directors and Audit & Supervisory Board Meetings

Position	Name	Board of Directors		Audit & Supervisory Board	
		Meetings attended	Attendance rate	Meetings attended	Attendance rate
Outside Independent Member of the Board	Akira Komatsu	16/16	100.0%	–	–
Outside Independent Member of the Board	Toshio Koujitani	16/16	100.0%	–	–
Outside Audit & Supervisory Board Member (full-time)	Mitsuhiro Watanabe	16/16	100.0%	19/19	100.0%
Outside Independent Audit & Supervisory Board Member (full-time)	Shunichi Okazaki	16/16	100.0%	19/19	100.0%
Outside Independent Audit & Supervisory Board Member	Hisako Kato	15/16	93.8%	18/19	94.7%

For our internal control initiatives, please see "Basic policy and the status of the development of internal control systems" posted on our IR website (https://www.nttud.co.jp/ir/index.html)



Directors

1 Hiroshi Nakagawa
President and Chief Executive Officer

2 Masayuki Kusumoto
Senior Executive Vice President
Commercial Business Headquarters
Chief Design Officer (CDO)

3 Shigehito Katsuki
Executive Vice President
Corporate Strategy Department
IT Innovation Department
Accounting and Finance Department

4 Yoshihito Kichijo
Executive Vice President
General Affairs Department

5 Hideyuki Yamasawa
Executive Vice President
Global Business Department

6 Hirotoshi Shinohara
Senior Vice President
Project Management Department
Aoyama Development Department

7 Nobuyuki Fukui
Senior Vice President
Office Building Business Headquarters

8 Tomoyuki Sakaue
Senior Vice President
Residential Business Headquarters Managing Director
Design Management Office

9 Takeshi Ogiwara
Senior Vice President
Development Management Headquarters

10 Yoshiyuki Sayama
Senior Vice President
Kansai Regional Headquarters

11 Sadao Maki
Senior Vice President
Corporate Adviser

12 Akira Komatsu
Outside Independent Member of the Board

13 Shirou Tanikawa
Outside Independent Member of the Board

14 Takashi Taniyama
Member of the Board

Audit & Supervisory Board Members

15 Mitsuhiro Watanabe
Outside Audit & Supervisory Board Member (full-time)

16 Shunichi Okazaki
Outside Independent Audit & Supervisory Board Member (full-time)

17 Hisako Kato
Outside Independent Audit & Supervisory Board Member

18 Harunobu Takeda
Audit & Supervisory Board Member

Emphasizing an approach of active social contribution while focusing on society's future.

Akira Komatsu Outside Independent Member of the Board

Born in 1948, Mr. Komatsu has been a professor at Saitama University and Hitotsubashi University and currently serves as professor in the Faculty of Economics, Department of Business Administration at Musashino University. As an outside independent member of the board at the Company since June 2013, he supervises the execution of business by leveraging his extensive knowledge.

There is an adage that says, "There is no royal road to leaning," and I think the same basically applies to corporate management. It goes without saying that strategy is all-important, but in the long term, under the right principles, I think that accumulating a track record through social contribution is the best path for management. The Company's slogan "Integrity and Innovation" may indeed be the proper expression of the ideal corporate management approach. Over the last few years, the Company has actively worked on building senior serviced housing in the residential sector and large buildings in the office sector. Moreover, the Company is well underway in developing the Hotel and Resort Business and the Global Business, and the business portfolio has dramatically improved. Beyond the milestone of the 30th anniversary of our founding, it feels like the company has shifted to a new stage. What's required at this new stage, in addition to scale, is a management that raises quality to a higher level. Therefore, it is important to get a well-developed business portfolio on track. Not only is the real estate industry increasing in uncertainty, but also the environment surrounding Japan. However, to continue being a conscientious company that contributes to and is trusted by society, I will do my best and fulfill my responsibility as an outside independent member of the board.

We will contribute to the further entrenchment of corporate governance in response to the expansion of business fields.

Shunichi Okazaki Outside Independent Audit & Supervisory Board Member (full-time)

Born in 1958, Mr. Okazaki entered the Ministry of Posts and Telecommunications (now the Ministry of Internal Affairs and Communications) and later gained a wealth of administrative experience in the Cabinet Legislation Bureau, the Cabinet Secretariat, and other positions. Further, he has developed extensive insight through teaching at Chiba University, the University of Tokyo, and other schools. He was appointed an outside Audit & Supervisory Board member of the Company in June 2015.

Today, when the strengthening of corporate governance has become an issue, we not only monitor whether the business execution department complies with laws and regulations and its articles of incorporation, we are now required to take on the role of making proposals to management from an objective point of view for the standpoint of the sound development of business and raising corporate value.

Based on Medium-Term Vision 2018, we have greatly expanded the range of our activities in various fields, from the business of developing and renting office buildings and selling condominiums, to the senior serviced housing, hotel and resort, global, and area redevelopment and mixed-use development businesses. Accordingly, the importance of compliance and risk management in management decisions is increasing.

In light of this, to understand actual conditions, we are proactively visiting sales and development sites so that we can help establish a high-quality corporate governance system that lives up to society's trust from a position that is closer to the shareholders' point of view. At the same time, I hope to further increase the effectiveness of audits by exchanging views with management and greater cooperation with outside independent members of the board.

Policy and System

The Group has summed up its basic CSR approach and policy as "The NTT Urban Development Group's Basic CSR Policy" and has disclosed it within and outside the Company. We have established five CSR themes, which we always keep in mind when providing real estate services. Our ambition is to help create a sustainable society that offers comfortable lifestyles.

Under this policy, we have educated all Group employees through training in order to promote CSR activities including customer satisfaction activities, disaster countermeasures, environmental activities, corporate ethics and social contribution activities.

We examine our approach to CSR initiatives at regular meetings of the CSR Committee, chaired by the senior executive vice president responsible for CSR. Further, at the head office the CSR Office works closely with divisions, branch offices, and Group companies to advance a range of CSR initiatives. Moreover, the CSR Office promotes Groupwide initiatives.

Inclusion in SRI Index

In recognition of our environmental and social initiatives, since 2008 we have been included in the FTSE4Good Index, a flagship index for socially responsible investment that comprises listed companies from around the world.

FTSE4Good

The NTT Urban Development Group's Basic CSR Policy (Revised September 2014)

CSR Message

As a member of the NTT Group, we will help create a sustainable society that offers comfortable lifestyles. We will achieve this by providing quality real estate services that realize urban planning that satisfies the needs of customers and members of the wider public and brings smiles to their faces.

CSR Themes

Communication with stakeholders

We view customers, members of the wider public, and every person and company involved in urban planning as important partners. By communicating with these partners sincerely, we will realize better urban planning.

Creation of comfortable and lively living spaces

By creating living spaces that are safe and comfortable for everyone and business spaces that are functional and convenient, we will develop appealing, lively urban areas.

Promotion of environmentally friendly development

We will reduce the environmental burden associated with urban planning. Furthermore, we will innovate to develop comfortable urban areas that incorporate nature.

Creation of workplaces where diversity is respected

We will respect employees' individuality and emphasize diversity to create vibrant workplaces.

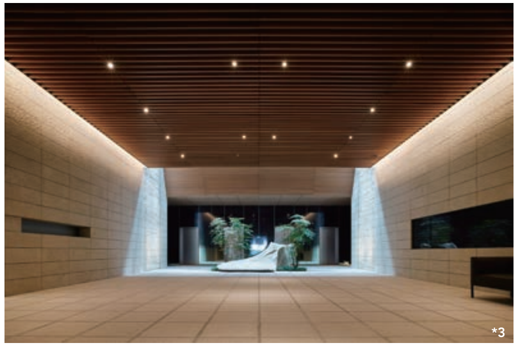
Sound business activities

Maintaining a strong sense of gratitude, ethics, and human rights, we will conduct business activities responsibly to enrich society.

Topics

Incorporating the Latest in Environmental Performance and BCP Measures, Urbannet Nihonbashi 2-chome Building Received the Good Design Award 2016

The Urbannet Nihonbashi 2-chome Building, completed in December 2015, is an office building that incorporates the latest environmental performance and BCP measures. It was designed with a tranquil and a large eaved entrance area under the theme of the "tradition and style of Nihonbashi." The office floors are provided with the necessary brightness for office work while lighting energy is reduced by employing one of Japan's largest light ducts covering about 10 meters in width and absorbing natural light from north, south, east and west. The building has been highly praised for its comfort and environmental performance and won the Good Design Award 2016.



Natural light pours in through the light duct, creating a peaceful entrance hall

Building a Community in the Konan Area Starting with Shinagawa Season Terrace

Since its opening in May 2015, Shinagawa Season Terrace, utilizing the expansive green space on its premises, has hosted 100 popular events annually including open theaters, water terraces, and yoga classes. Above all, NTT Urban Development values the sense of community with the area and closely communicates with everyone living locally, as well as with people in companies, the merchant's association, resident's association, and promotional organizations.

Given these circumstances, the "Shinagawa Halloween" event of October 2016 was planned by the local community, the Company provided the site and acoustics, and the event was favorably received by the community. In anticipation of the opening of a new Yamanote Line station (tentative opening: 2020), we will continue to raise Konan area value through information exchanges with local residents.


Open theater where multiple generations gather


Group photo of "Shinagawa Halloween" participants

Kumamoto Earthquake Volunteer Activities and Reconstruction Support

NTT Urban Development has established a volunteer support system* and recommends that employees volunteer. For the Kumamoto earthquake of April 2016, we began fund-raising activities at our retail facilities, and from May through June, employees in the Kyushu area conducted volunteer activities and provided support.

We will continue to support volunteer activities through our "Matching Gift Program," wherein we match employees' donations, and our "Volunteer Gift Program," in which we donate goods and equipment to volunteer activities that employees participate in.

* The Company will support employees who engage in volunteer activities in large-scale disaster areas and will cover certain transportation and accommodation expenses when they engage in activities outside of office hours.

Selected financial data

(Millions of yen)

	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3
For the year:							
Operating revenue	138,206	144,277	149,224	145,693	136,842	163,168	189,186
Operating income	28,718	25,244	16,129	24,324	25,365	27,401	30,458
Profit attributable to owners of parent	14,758	15,989	6,116	9,307	15,586	12,073	11,343
Net cash provided by (used in) operating activities	5,700	(12,091)	35,168	40,417	3,704	48,089	51,870
Net cash provided by (used in) investing activities	(77,893)	(57,397)	6,695	(28,257)	(23,033)	(39,885)	(37,962)
Net cash provided by (used in) financing activities	85,038	63,079	(30,028)	(14,641)	12,650	(6,660)	(8,656)
Free cash flow	(72,192)	(69,488)	41,863	12,159	(19,329)	8,203	13,907
Investment	93,367	75,638	24,714	29,925	28,807	46,856	62,778
Depreciation and amortization	23,246	25,762	25,520	23,388	24,765	23,766	24,566
EBITDA*1	51,964	51,006	41,649	47,713	50,130	51,168	55,025
At year-end:							
Total assets	900,325	936,650	916,725	910,492	928,537	941,050	985,507
Net assets	177,969	183,593	185,537	190,783	203,727	213,835	228,591
Shareholder's equity*2	136,395	148,150	150,232	155,534	166,012	176,221	185,616
Interest-bearing debt	451,849	521,070	496,682	487,780	505,805	505,993	507,253
Net interest-bearing debt*3	434,524	510,155	473,951	467,992	493,034	491,373	488,345
Financial indicators:							
Net operating income (NOI)*4	52,748	64,277	61,480	56,722	54,318	53,499	51,489
Return on assets (ROA)(%)*5	4.2	3.0	2.0	2.9	3.0	3.1	3.4
Return on equity (ROE)(%)*6	11.3	11.2	4.1	6.1	9.7	7.1	6.3
Equity ratio (%)	15.1	15.8	16.4	17.1	17.9	18.7	18.8
Dividend on equity (DOE) (%)*7	3.0	2.8	2.6	2.6	2.9	3.1	2.9
Dividend payout ratio (%)*8	26.8	24.7	64.6	42.4	29.6	43.6	46.4
Net debt to equity (D/E) ratio (times)*9	2.44	2.78	2.55	2.45	2.42	2.30	2.14
Interest coverage ratio (times)*10	1.2	—	4.3	5.1	0.5	6.2	7.3
Net interest-bearing debt/EBITDA ratio (times)	8.4	10.0	11.4	9.8	9.8	9.6	8.9

(Yen)

	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3
Per share data:							
Net assets*11	414.43	450.14	456.47	472.58	504.41	535.43	563.98
Net income*12	44.84	48.58	18.58	28.28	47.36	36.68	34.46
Dividends	12.00	12.00	12.00	12.00	14.00	16.00	16.00

(Millions of yen)

	2015/3	2016/3	**2017/3**
For the year:			
Operating revenue	152,052	183,016	**188,633**
Operating income	24,836	37,771	**31,393**
Profit attributable to owners of parent	16,235	16,557	**16,682**
Net cash provided by (used in) operating activities	36,988	17,430	**71,910**
Net cash provided by (used in) investing activities	(67,778)	(14,570)	**(36,710)**
Net cash provided by (used in) financing activities	31,777	(6,781)	**(27,345)**
Free cash flow	(30,789)	2,860	**35,200**
Investment	79,979	54,563	**38,695**
Depreciation and amortization	23,474	23,914	**18,871**
EBITDA*1	48,311	61,686	**50,264**
At year-end:			
Total assets	1,033,220	1,033,557	**1,005,898**
Net assets	245,641	251,905	**258,556**
Shareholder's equity*2	200,910	206,034	**212,671**
Interest-bearing debt	547,189	546,021	**522,082**
Net interest-bearing debt*3	526,925	529,854	**497,968**
Financial indicators:			
Net operating income (NOI)*4	47,509	48,170	**47,322**
Return on assets (ROA)(%)*5	2.6	3.9	**3.4**
Return on equity (ROE)(%)*6	8.4	8.2	**8.0**
Equity ratio (%)	19.4	19.9	**21.1**
Dividend on equity (DOE) (%)*7	2.7	2.8	**2.8**
Dividend payout ratio (%)*8	32.4	33.8	**35.5**
Net debt to equity (D/E) ratio (times)*9	2.15	2.10	**1.93**
Interest coverage ratio (times)*10	5.8	2.9	**14.1**
Net interest-bearing debt/EBITDA ratio (times)	10.9	8.6	**9.9**

(Yen)

	2015/3	2016/3	**2017/3**
Per share data:			
Net assets*11	610.45	626.02	**646.18**
Net income*12	49.33	50.31	**50.69**
Dividends	16.00	17.00	**18.00**

Notes:
1. The Company has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" since the year ended March 31, 2007.
2. NOI is shown on a consolidated basis since the year ended March 31, 2007.
3. In calculating investment for the years ended March 31, 2008 and 2009, purchases of investment securities include the amount necessary for the purchase of additional preferred equity securities of UDX Tokutei Mokuteki Kaisha.
4. Per share data is calculated based on the number of issued and outstanding shares after a five-for-one stock split executed on January 1, 2007, and a 100-for-one stock split executed on October 1, 2013, which raised the total number of outstanding shares to 329,120,000 shares, and has been prepared based on figures adjusted to reflect the stock split.
5. From the first quarter of the fiscal year ended March 31, 2016, the Company began applying "Accounting Standard for Business Combinations" and changed the items presented in the consolidated financial statements.

Calculation of financial indicators:
*1. EBITDA = Operating income + Depreciation and amortization
*2. Shareholder's equity = Net assets − Stock acquisition rights − Non-controlling interests in consolidated subsidiaries
*3. Net interest-bearing debt = Interest-bearing debt – (Cash and deposits + Short-term investments of less than three months included in other current assets)
*4. Net operating income (NOI) = Operating revenues from leasing business – operating cost for leasing business + depreciation and amortization expense for the leasing business (including long-term prepaid expenses)
*5. Return on assets (ROA) = (Operating income + Equity in earnings of affiliates + Gain on amortization of negative goodwill) / Average total assets at the beginning and end of the period x 100
*6. Return on equity (ROE) = Profit attributable to owners of parent / Average shareholder's equity at the beginning and end of the period x 100
*7. Dividend on equity (DOE) = Dividends (annual) / Average shareholder's equity at the beginning and end of the period x 100
*8. Dividend payout ratio = Annual dividend per share / Net income per share
*9. Net D/E ratio = Net interest-bearing debt / Net assets
*10. Interest coverage ratio = Net cash provided by (used in) operating activities / Interest expense (based on cash flow from operating activities)
*11. Net assets per share = Net assets / Number of shares outstanding
*12. Net income per share = Profit attributable to owners of parent / Number of shares outstanding

Segment information

(Millions of yen)

	Former Segment 2015/3	Former Segment 2016/3		New Segment 2016/3	New Segment 2017/3
Operating revenue	152,052	183,016	Operating revenue	183,016	**188,633**
Leasing Business	91,739	120,966	Offices/Retail Business	105,370	**113,613**
Residential Sales Business	46,626	48,865	Residential Business	64,461	**59,607**
Other	18,825	19,600	Other	19,600	**21,534**
Eliminations	–5,140	–6,416	Eliminations	–6,416	**–6,122**
Operating income	24,836	37,771	Operating income	37,771	**31,393**
Leasing Business	23,566	36,722	Offices/Retail Business	29,988	**33,801**
Residential Sales Business	4,405	5,074	Residential Business	11,808	**3,068**
Other	2,485	2,199	Other	2,199	**1,816**
Eliminations/Corporate	–5,620	–6,225	Eliminations/Corporate	–6,225	**–7,293**

(Millions of yen)

	Former Segment 2015/3	Former Segment 2016/3		New Segment 2016/3	New Segment 2017/3
Operating income margin (%)	16.3	20.6	Operating income margin (%)	20.6	**16.6**
Leasing Business (%)	25.7	30.4	Offices/Retail Business (%)	28.5	**29.8**
Residential Sales Business (%)	9.4	10.4	Residential Business (%)	18.3	**5.1**
Other (%)	13.2	11.2	Other (%)	11.2	**8.4**

Offices/Retail Business

(Millions of yen)

	Former Segment 2015/3	Former Segment 2016/3		New Segment 2016/3	New Segment 2017/3
Leasing Business Operating revenue	91,739	120,966	Operating revenue	105,370	**113,613**
Offices/Retail	80,083	98,047	Offices/Retail leasing	83,033	**83,360**
			Sales of income-generating properties	21,983	**29,669**
Residential/Other	11,656	22,918	Other	353	**583**
Rentable floor space (m²)	1,248,926	1,134,869	Rentable floor space (m²)	1,134,869	**1,108,644**
Nationwide vacancy rate (%)	10.9	5.7	Nationwide vacancy rate (%)	5.7	**4.1**
Five wards of central Tokyo (%)	14.7	6.3	Five wards of central Tokyo (%)	6.3	**3.2**
Nationwide NOI (excluding income from sales of property)*	47,509	48,170	Nationwide NOI (excluding income from sales of property)	46,182	**47,322**
Five wards of central Tokyo	22,829	24,427	Five wards of central Tokyo	24,187	**27,264**
Tokyo metropolitan area (excluding five wards of central Tokyo)	3,292	3,127	Tokyo metropolitan area (excluding five wards of central Tokyo)	2,870	**1,358**
Other regions	21,387	20,615	Other regions	19,124	**18,699**
Fair value of leasing properties	1,327,642	1,357,982	Fair value of leasing properties	1,357,982	**1,422,649**
Book value of leasing properties	845,486	795,870	Book value of leasing properties	795,870	**813,646**

Notes:
- NOI = Operating revenue from leasing business – operating cost for leasing business + depreciation and amortization expenses for the leasing business (including long-term prepaid expenses).
- The five wards of central Tokyo refer to Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, and Shinjuku-ku.
- The Tokyo metropolitan area (except the five wards of central Tokyo) refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma, and Tochigi prefectures.

* Includes residential rental

Residential Business

(Millions of yen)

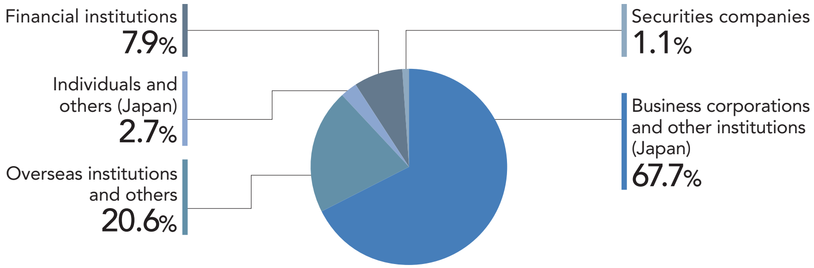
	Former Segment 2015/3	Former Segment 2016/3		New Segment 2016/3	New Segment 2017/3
Residential Sales Business Operating revenue	46,626	48,865	Operating revenue	64,461	**59,607**
			Residential property sales	48,865	**57,803**
			Residential rentals	2,835	**1,803**
			Other	12,760	**—**
Condominiums			Condominiums		
Operating revenue	45,405	46,916	Operating revenue	46,916	**52,814**
Tokyo metropolitan area	24,368	28,664	Tokyo metropolitan area	28,664	**27,227**
Other regions	21,036	18,252	Other regions	18,252	**25,587**
Units delivered (units)	1,080	1,054	Units delivered (units)	1,054	**861**
Tokyo metropolitan area (units)	503	621	Tokyo metropolitan area (units)	621	**620**
Other regions (units)	576	433	Other regions (units)	433	**241**
Completed in inventories (units)	219	470	Completed in inventories (units)	470	**498**
Residential lots, etc.			Residential lots, etc.		
Operating revenue	1,220	1,949	Operating revenue	1,949	**4,988**
Units/Lots delivered (units/lots)	71	85	Units/Lots delivered (units/lots)	85	**242**
Completed in inventories (units/lots)	19	47	Completed in inventories (units/lots)	47	**304**
Other			Residential property sales Others		
Operating revenue	—	—	Operating revenue	—	**—**
Units/Lots delivered (units/lots)	—	—	Units/Lots delivered (units/lots)	—	**—**

Notes:
- The Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma, and Tochigi prefectures.
- For joint projects, the units/lots delivered and completed inventories correspond to the Company's share in the project. It is rounded down to the nearest unit/lot.
- "Other" includes the sales of condominiums (apartment buildings) and others.

Corporate information and stock information (as of March 31, 2017)

Company name	NTT Urban Development Corporation
Head office	Akihabara UDX, 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-0021, Japan
Date of establishment	January 21, 1986
Paid-in capital	¥48,760 million
Number of employees	818 (consolidated basis)
Total number of shares authorized to be issued by the company	1,050,000,000 shares
Total number of shares issued	329,120,000 shares
Number of shareholders	12,143 (Number of shareholders with less than one unit: 99)

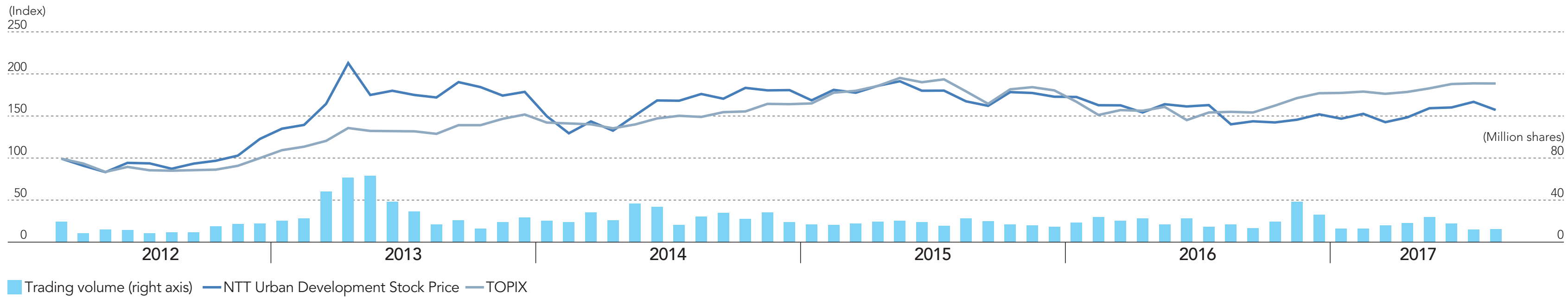
Distribution of shareholders (Percentage of investment)



Major shareholders (Top 10)

Shareholder	Number of Shares Held	Ratio of shareholding
Nippon Telegraph and Telephone Corporation (NTT)	221,481,500	67.30%
Japan Trustee Services Bank, Ltd. (Trust Account)	8,781,700	2.67%
GOLDMAN, SACHS & CO. REG	5,871,974	1.78%
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,036,200	1.23%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,600,300	1.09%
STATE STREET BANK AND TRUST COMPANY 505001	3,145,962	0.96%
GOLDMAN SACHS INTERNATIONAL	2,980,515	0.91%
THE BANK OF NEW YORK MELLON 140044	2,547,500	0.77%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,252,300	0.68%
THE BANK OF NEW YORK 133522	1,971,709	0.60%

Chart of Share Price and TOPIX (Most recent index value as of April 1, 2012 = 100)



Note: The Company implemented a 100-for-one stock split of its common shares with October 1, 2013 as the effective date. The stock price has been retroactively adjusted to reflect the stock split.

NTT Urban Development Corporation

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(Photos)

★1	Nacasa & Partners	: P2
★2	Kokyu Miwa Architectural Photography	: P2
★3	Forward Stroke	: P2, P7, P16, P26
★4	Timothy Soar	: P9

*The computer rendered image is of the current planning stage and could change based on future discussions.

*The information presented is as of October 2017.