Overview of Operating Performance during the FY 2012 and Forecast for the FY 2013

NTT Urban Development

May 9, 2013

1. Highlights of Results and Results Forecast

■ **Results for the Fiscal Year Ended March 31, 2013: Operating revenue, operating income and ordinary income increased ¥26.3 billion, ¥2.0 billion year on year, and ¥2.7 billion, and net income fell ¥3.5 billion.**

■ **Forecast for the Fiscal year ending March 31, 2014: Operating revenue, operating income and ordinary income will increase ¥15.8 billion, ¥90 million, and ¥80 million year on year, and net income will drop ¥0.5 billion.**

(Million yen)

Category	Year Ended March 31, 2013	Change				Forecast for Year Ending March 31, 2014	Change	
		Year-on-year Year Ended March 31, 2012		Results against forecast *			Year-on-Year Year Ended March 31, 2013	
Operating revenue	163,168	26,325	19.2%	8,168	5.3%	179,000	15,831	9.7%
Operating expenses	135,767	24,289	21.8%	—	—	—	—	—
Operating income	27,401	2,036	8.0%	1,401	5.4%	27,500	98	0.4%
Non-operating income	2,500	179	7.7%	—	—	—	—	—
Non-operating expenses	7,885	(571)	(6.8%)	—	—	—	—	—
Ordinary income	22,016	2,787	14.5%	2,216	11.2%	22,100	83	0.4%
Extraordinary income	389	329	549.4%	—	—	—	—	—
Extraordinary loss	3,436	572	20.0%	—	—	—	—	—
Income before income taxes and minority interests	18,969	2,544	15.5%	—	—	—	—	—
Income taxes	5,544	8,495	—	—	—	—	—	—
Income before minority interests	13,425	(5,951)	(30.7%)	—	—	—	—	—
Minority interests in income	1,351	(2,438)	(64.3%)	—	—	—	—	—
Net income	12,073	(3,512)	(22.5%)	1,673	16.1%	11,500	(573)	(4.8%)
Comprehensive income	16,487	(1,722)	(9.5%)					

* Forecast for the year ended March 31, 2013 is announced on May 9, 2012.

2. Results and Results Forecast by Segment

- Results for the Fiscal year ended March 31, 2013: Leasing business and residential property sales business both increased in operating revenue and operating income year on year. Other business fell both in operating revenue and operating income.
- Forecast for the Fiscal year ending March 31, 2014: Leasing business will increase in operating revenue and fall in operating income year on year. Residential property sales business will increase in both operating revenue and operating income. Other business will fall in both operating revenue and operating income.

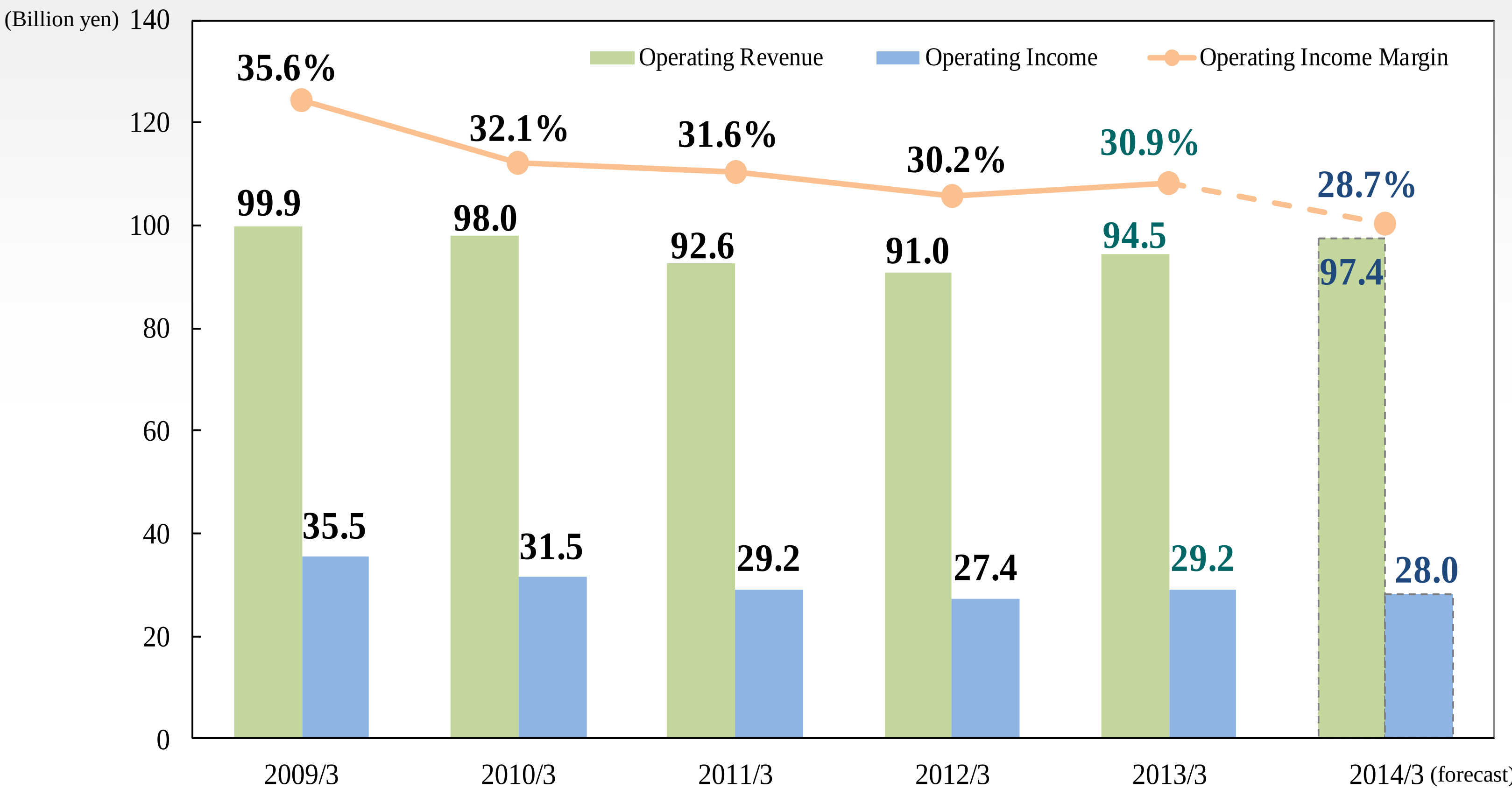
(Million yen)

Category	Year Ended March 31, 2013	Change				Forecast for Year Ending March 31, 2014	Change	
		Year-on-year Year Ended March 31, 2012		Results against Forecast *1			Year-on-Year Year Ended March 31, 2013	
Operating revenue *2	163,168	26,325	19.2%	8,168	5.3%	179,000	15,831	9.7%
Leasing	94,509	3,439	3.8%	1,309	1.4%	97,400	2,890	3.1%
Residential Property Sales	54,939	26,454	92.9%	5,639	11.4%	70,800	15,860	28.9%
Other	18,930	(4,293)	(18.5%)	1,130	6.3%	15,900	(3,030)	(16.0%)
Operating income *3	27,401	2,036	8.0%	1,401	5.4%	27,500	98	0.4%
Leasing	29,216	1,733	6.3%	1,616	5.9%	28,000	(1,216)	(4.2%)
Residential Property Sales	2,914	1,539	112.0%	(385)	(11.7%)	4,300	1,385	47.5%
Other	1,580	(1,510)	(48.9%)	(219)	(12.2%)	1,200	(380)	(24.1%)
Operating income margin	16.8%	(1.7)	–	0.0	–	15.4%	(1.4)	–
Leasing	30.9%	0.7	–	1.3	–	28.7%	(2.2)	–
Residential Property Sales	5.3%	0.5	–	(1.4)	–	6.1%	0.8	–
Other	8.3%	(5.0)	–	(1.8)	–	7.5%	(0.8)	–

*1 Forecast for the year ended March 31, 2013 is announced on May 9, 2012.
*2 Figures for segments in operating revenue are before the elimination of intersegment transactions.
*3 Figures for segments in operating income are before the elimination of intersegment transactions and corporate overhead.

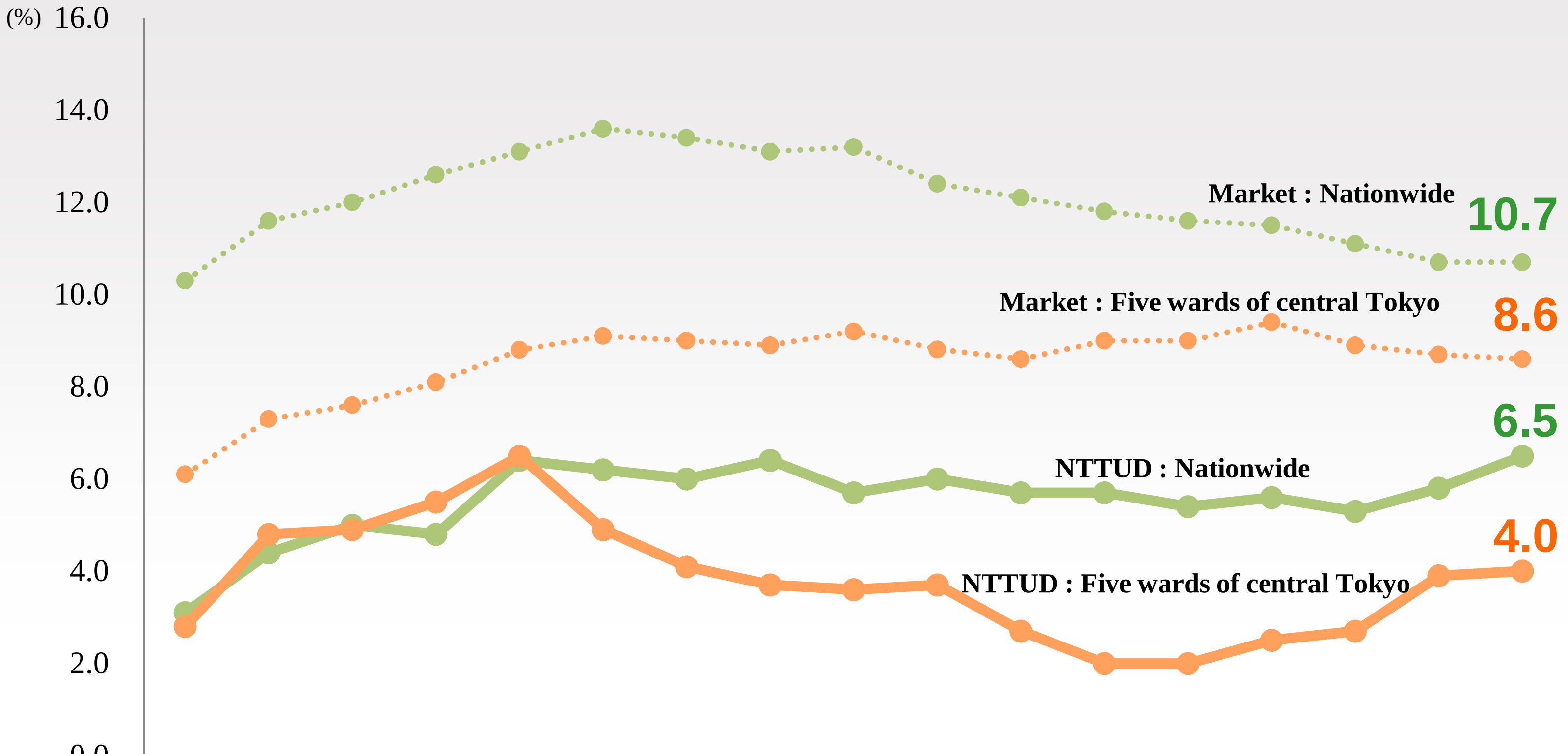
3. Leasing Business: Operating Revenue and Operating Income

- **Results for the Fiscal year ended March 31, 2013: Increased in both operating revenue (up ¥3.4 billion, year on year) and operating income (up ¥1.7 billion).**
- **Forecast for the Fiscal year ending March 31, 2014: Increase in operating revenue (up ¥2.8 billion) and fall in operating income (down ¥1.2 billion)**



NOI	64.2	61.4	56.7	54.3	56.3	56.5

4. Leasing Business: Vacancy Rates

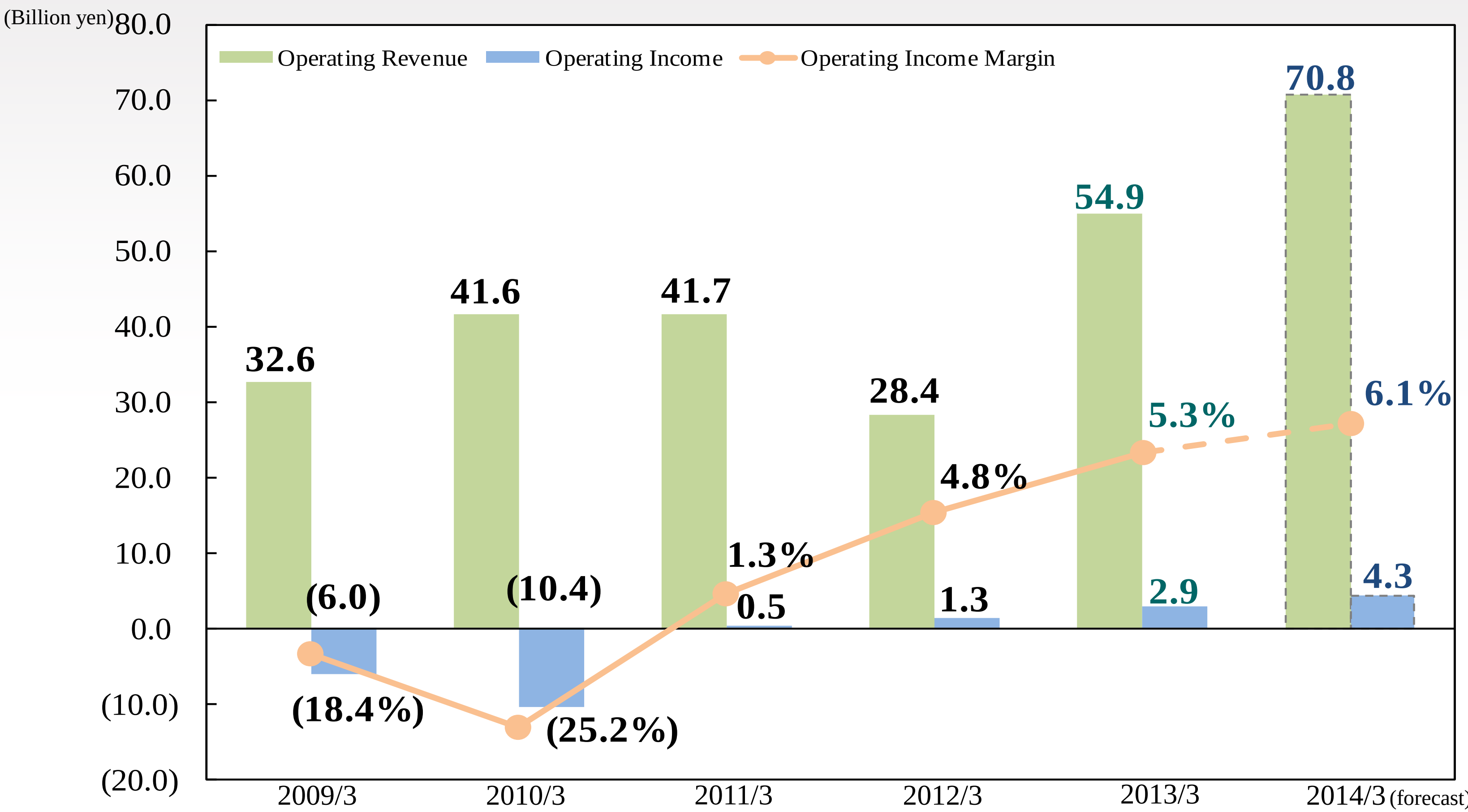


	09.3	09.6	09.9	09.12	10.3	10.6	10.9	10.12	11.3	11.6	11.9	11.12	12.3	12.6	12.9	12.12	13.3 (Year.Month)
Market : Nationwide	10.3	11.6	12.0	12.6	13.1	13.6	13.4	13.1	13.2	12.4	12.1	11.8	11.6	11.5	11.1	10.7	10.7
Market : Five wards of central Tokyo	6.1	7.3	7.6	8.1	8.8	9.1	9.0	8.9	9.2	8.8	8.6	9.0	9.0	9.4	8.9	8.7	8.6
NTTUD : Nationwide	3.1	4.4	5.0	4.8	6.4	6.2	6.0	6.4	5.7	6.0	5.7	5.7	5.4	5.6	5.3	5.8	6.5
NTTUD : Five wards of central Tokyo	2.8	4.8	4.9	5.5	6.5	4.9	4.1	3.7	3.6	3.7	2.7	2.0	2.0	2.5	2.7	3.9	4.0

*1 NTTUD: NTT Urban Development.
*2 Market data in Five wards of central Tokyo was announced by Miki Shoji.
Vacancy for the market nationwide is a simple average of vacancy rates (calculated by NTTUD) for Tokyo, Yokohama, Osaka, Nagoya, Fukuoka, Sendai and Sapporo announce by Miki Shoji.
Vacancy rate in Sendai area as of March 31, 2011 was calculated by using the data as of February 28, 2011.

5. Residential Property Sales Business: Operating Revenue and Operating Income

- **Results for the Fiscal year ended March 31, 2013: Increased in both operating revenue (up ¥26.4 billion, year on year) and operating income (up ¥1.5 billion).**
- **Forecast for the Fiscal year ending March 31, 2014: Increase in both operating revenue (up ¥15.8 billion) and operating income (up ¥1.3 billion).**



Number of condominiums delivered (# of units)	563	843	717	458	1,052	1,300

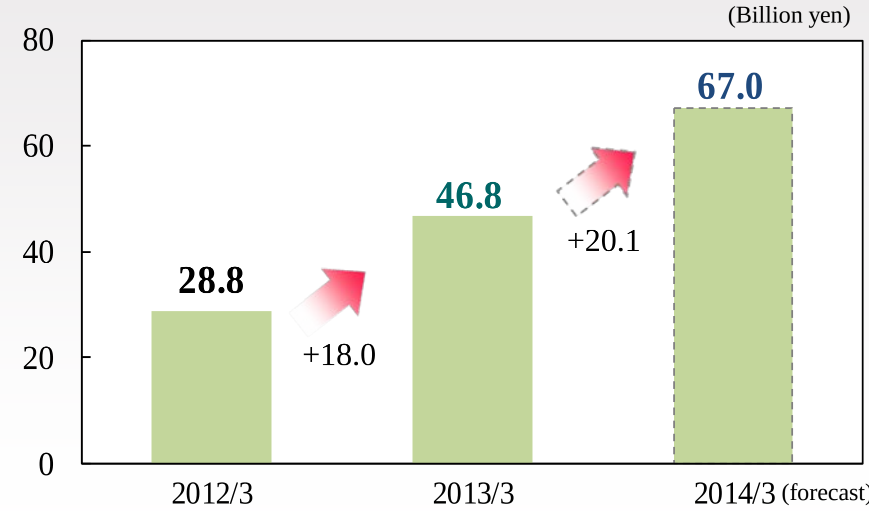
6. Total Assets, Changes in Investments

Total Assets

(Billion yen)

Category	As of March 31, 2013	Change Year-on-year As of March 31, 2012	
Total assets	**941.0**	**12.5**	**1.3%**
Current assets	**131.8**	**1.9**	**1.5%**
Inventories	**87.6**	**(6.5)**	**(6.9%)**
Other current assets	**44.1**	**8.4**	**23.6%**
Non-current assets	**809.2**	**10.6**	**1.3%**
Property, plant and equipment	**760.9**	**12.1**	**1.6%**
Intangible assets	**5.7**	**1.1**	**26.2%**
Investments and other assets	**42.5**	**(2.7)**	**(6.0%)**

Changes in Investments



- Major investments in the fiscal year ended March 31, 2013
  - Otemachi Financial City North Tower (¥10.6 billion)
  - Grand Front Osaka (¥7.8 billion)
  - 20 Finsbury Circus (¥5.7 billion)
- Major investments in the fiscal year ending March 31, 2014
  - Shibaura Water Reclamation Center Upper-Level Section Redevelopment Project
  - Shinbashi 1 Chome project
  - Ginza 1 Chome project
  - 265 Strand

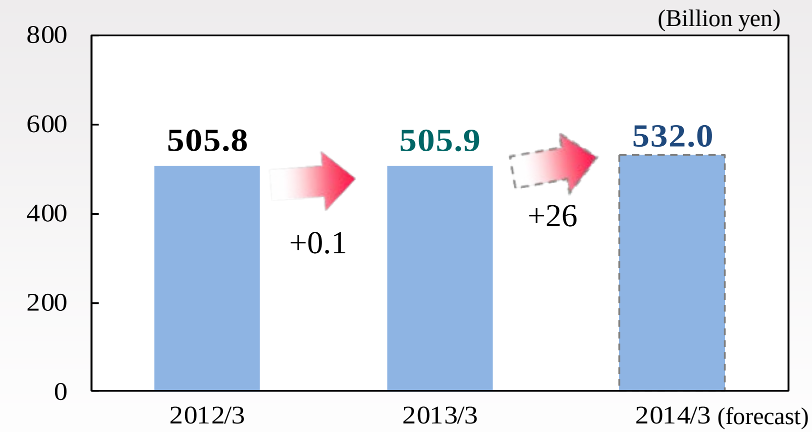
7. Liabilities and Net Assets, Changes in Interest-bearing debt

Liabilities and Net Assets

(Billion yen)

Category	As of March 31, 2013	Change Year-on-year As of March 31, 2012	
Total liabilities	727.2	2.4	0.3%
Current liabilities	177.4	88.7	100.0%
Interest-bearing debt (short-term)	128.4	78.1	155.3%
Other current liabilities	48.9	10.5	27.5%
Non-current liabilities	549.7	(86.3)	(13.6%)
Interest-bearing debt (long-term)	377.5	(77.9)	(17.1%)
Other non-current liabilities	172.2	(8.3)	(4.6%)
Net Assets	213.8	10.1	5.0%
Shareholders' equity	174.2	7.1	4.3%
Minority interests	37.6	(0.1)	(0.3%)
Other net assets	1.9	3.0	—

Changes in Interest-bearing debt



	2012/3	2013/3	2014/3 (forecast)
Net debt-to-equity ratio *1	2.42 times	2.30 times	2.35 times
EBITDA ratio *2	9.8 times	9.6 times	10.0 times

*1 Net debt-to-equity ratio = (Interest-bearing debt - cash and cash equivalents - time deposits whose deposit terms exceed three months) / Net assets

*2 EBITDA ratio = (Interest-bearing debt - cash and cash equivalents - time deposits whose deposit term exceeds three months) / EBITDA (Operating income + Deprecation and amortization)

	As of March 31, 2013
Fair value of rental properties	¥1,159.9 billion (Book value: ¥758.3 billion; unrealized gains: ¥401.6 billion)
Net debt-to-equity ratio based on the fair value *3	1.04times

*3 In calculating the net debt-to-equity ratio based on the fair value, unrealized gains (after tax) are included in net assets.

8. Cash flows

(Billion yen)

Category	Year Ended March 31, 2013	Year Ended March 31, 2012	Year-on-Year Change
Net cash provided by (used in) operating activities	**48.0**	**3.7**	**44.3**
(Restated) Income before income taxes and minority interests	18.9	16.4	2.5
(Restated) Depreciation and amortization	23.7	24.7	(0.9)
(Restated) Loss on retirement of non-current assets	2.1	2.3	(0.1)
(Restated) Decrease (increase) in inventories	13.2	(14.3)	27.5
(Restated) Decrease (increase) in notes and accounts receivable-trade	1.7	(9.0)	10.7
(Restated) Income taxes paid	(2.7)	(9.2)	6.4
Net cash provided by (used in) investing activities	**(39.8)**	**(23.0)**	**(16.8)**
(Restated) Purchases of property, plant and equipment	(40.6)	(24.3)	(16.3)
(Restated) Proceeds from sales of property, plant and equipment	3.2	0.6	2.5
(Restated) Proceeds from repayment of investment securities	—	1.0	(1.0)
Free cash flow	**8.2**	**(19.3)**	**27.5**
Net cash provided by (used in) financing activities	**(6.6)**	**12.6**	**(19.3)**
(Restated) Net increase (decrease) in loans payable	(0.2)	18.0	(18.2)
(Restated) Cash dividends paid	(4.9)	(3.9)	(0.9)
Cash and cash equivalents at beginning of period	**10.9**	**18.0**	**(7.0)**
Cash and cash equivalents at end of period	**12.8**	**10.9**	**1.8**

Disclaimer

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Unless otherwise noted, this document is prepared in compliance with accounting policies generally accepted in Japan.