The figures for these Financial Statements are prepared in accordance with accounting principles generally accepted in Japan. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts. This English text is a translation of the Japanese original. The original is authoritative.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the Fiscal Year Ended March 31, 2015

May 12, 2015

NTT URBAN DEVELOPMENT CORPORATION Stock Exchange: Tokyo Stock Exchange
Code Number: 8933 URL: http://www.nttud.co.jp/english/
Representative: Sadao Maki, President and Chief Executive Officer
Attn.: Shigehito Katsuki, Senior Vice President, Accounting and Finance
Tel: +81–3–6811–6424

Scheduled date of the ordinary general meeting of shareholders: June 23, 2015
Scheduled date for commencing payment of dividend: June 24, 2015
Scheduled date of submission of the annual securities report: June 24, 2015
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for institutional investors and analysts)

(Note that all amounts have been rounded down to the nearest million yen, unless otherwise specified.)

1. Consolidated Financial Results (April 1, 2014 through March 31, 2015)

(1) Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	152,052	(19.6)	24,836	(18.5)	20,395	(18.0)	16,235	43.1
Year ended March 31, 2014	189,186	15.9	30,458	11.2	24,865	12.9	11,343	(6.1)

(Note) Comprehensive income: Year ended March 31, 2015: 23,671 million yen 45.5%
Year ended March 31, 2014: 16,274 million yen (1.3%)

	Net income per share	Net income per share (fully diluted)	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended March 31, 2015	49.33	–	8.4	2.0	16.3
Year ended March 31, 2014	34.46	–	6.3	2.6	16.1

(Reference) Equity in earning of affiliates Year ended March 31, 2015: 45 million yen
Year ended March 31, 2014: 71 million yen

The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. Net income per share is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to assets	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	1,033,220	245,641	19.4	610.45
As of March 31, 2014	985,507	228,591	18.8	563.98

(Reference) Shareholders' equity: As of March 31, 2015: 200,910 million yen
As of March 31, 2014: 185,616 million yen

The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. Net asset per share is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2015	36,988	(67,778)	31,777	20,153
Year ended March 31, 2014	51,870	(37,962)	(8,656)	18,798

2. Dividends

	Dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on equity (consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2014	–	800.00	–	8.00	–	5,265	46.4	2.9
Year ended March 31, 2015	–	8.00	–	8.00	16.00	5,265	32.4	2.7
(Forecast) Year ending March 31, 2016	–	8.00	–	8.00	16.00		43.0	

The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. For dividends of the end of the second quarter of the fiscal year ended March 31, 2014, the amounts before the stock split are stated.

3. Forecast of Consolidated Financial Results (April 1, 2015 through March 31, 2016)

(Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	168,000	10.5	25,000	0.7	21,000	3.0	12,000	(26.1)	37.00

* Notes
(1) Important Changes in Subsidiaries during the Fiscal Year
(Changes in specified subsidiaries resulting in change in scope of consolidation): Applicable
New: NS Boston Holdings LLC
Exception: –

(2) Changes in accounting principles and changes or restatement of accounting estimates
(i) Changes in accounting principles due to amendment of accounting standards, etc.: Applicable
(ii) Changes in accounting principles other than (i): Not applicable
(iii) Changes in accounting estimates: Not applicable
(iv) Restatement: Not applicable
For more details, see "4. Consolidated Financial Statements, Notes to Consolidated Financial Statements (Changes in Accounting Principles)" on page 27.

(3) Number of Shares Outstanding (Common Stock)
(i) Total number of shares outstanding (including treasury stock) as of the end of each period:
As of March 31, 2015: 329,120,000 shares
As of March 31, 2014: 329,120,000 shares
(ii) Total number of treasury stock as of the end of each period:
As of March 31, 2015: – shares
As of March 31, 2014: – shares
(iii) Average number of issued shares for each period:
As of March 31, 2015: 329,120,000 shares
As of March 31, 2014: 329,120,000 shares
The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. Number of Shares Outstanding (Common Stock) is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(For reference) Outline of Non–consolidated Financial Results
1. Non-consolidated Financial Results (April 1, 2014 through March 31, 2015)
(1) Non-consolidated results of Operations (Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2015	132,013	(21.7)	21,832	(19.3)	16,208	(21.7)	10,668	5.7
Year ended March 31, 2014	168,596	19.7	27,060	24.4	20,697	31.3	10,093	27.8

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Year ended March 31, 2015	32.41	–
Year ended March 31, 2014	30.67	–

The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. Net income per share is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to assets	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	806,545	166,871	20.7	507.02
As of March 31, 2014	758,717	159,464	21.0	484.52

(Reference) Shareholders' equity: As of March 31, 2015: 166,871 million yen
As of March 31, 2014: 159,464 million yen
The Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date and adopted the unit share system that sets one share unit at 100 shares. Net asset per share is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(Status of auditing procedures)
This summary of financial statements is not subject to audit procedures under the Financial Instruments and Exchange Act. Audit procedures for consolidated financial statements are being performed at the time of disclosing this summary of financial statements.

(Cautionary note regarding use of the Forecast of Financial Results, and other special notations)
Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on information that is available to the Company as of the date hereof and that the Company considers reasonable, and the Company makes no warranty as to the achievement of the descriptions. Please note that actual results may differ materially from forecasts due to various factors. For assumptions underlying the forecasts and notes to the forecasts, refer to 1. Analysis of Operating Results and Financial Position, (1) Analysis of Operating Results on page 2.

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Operating results in the fiscal year ended March 31, 2015)

In the fiscal year under review, the Japanese economy continued to follow a moderate recovery trend, although there was weakness in consumer spending and in other areas. Looking ahead, the economy is expected to recover gradually, reflecting continued improvement in the employment and income environments thanks partly to government policies, though some weakness will remain for some time to come. However, lower consumer confidence and weaker-than-expected overseas economies might create a risk of the economy facing downward pressure.

In the office leasing market, the vacancy rate continued to improve, and it seems that market rents have bottomed out, with some rents rising. In the condominium sales market, the number of condominiums sold in 2014 was less than that of the previous year for the first time in five years, partly reflecting a reactionary decline to the consumption tax hike.

In addition, as of January 1, 2015, the decline in the national average for posted land prices for residential land moderated, and it also turned flat for commercial land. In the three major metropolitan areas, the posted land price continued to rise on average for both residential land and commercial land, suggesting that the trend in recovery was continuing.

In this environment, the Company and its subsidiaries (collectively, the Group) operated their business steadily, aiming for sustainable growth based on the Group's Medium-Term Vision 2018 in the fiscal year under review. In the leasing business, while acquired rents from new buildings increased, acquired rents from existing buildings and revenue from selling buildings declined. In the residential property sales business, the number of condominium units delivered decreased, and the average per-unit price was also declined.

As a consequence, operating revenue amounted to ¥152,052 million (down ¥37,134 million, or 19.6% year on year), operating income was ¥24,836 million (down ¥5,621 million, or 18.5%), and ordinary income was ¥20,395 million (down ¥4,470 million, or 18.0%). Net income was ¥16,235 million (up ¥4,892 million, or 43.1%). The main factor for the increase in net income was the effect of the reversal of some of the deferred tax liabilities, etc., due to the revision of corporate tax rates, etc. (the amount of the effect was ¥4,050 million after subtracting minority interests.)

Net income was ¥6,235 million more than the full-year forecast mainly due to higher-than-expected operating income thanks to efficient sales in condominiums, etc., the posting of extraordinary income due to the unscheduled sale of non-current assets, etc., and the reversal of deferred tax liabilities associated with the tax system revision in relation to the amendment of corporate tax rates, etc.

The table below shows operating revenue by business segment in the fiscal year ended March 31, 2015. Operating revenue in each segment in the text includes inter-segment internal revenues and transfers.

(Million yen)

Business segment	Year ended March 31, 2014	Year ended March 31, 2015
Leasing	96,595	91,739
Residential property sales	79,537	46,626
Total operating revenue in reported segments	176,132	138,366
Other	18,532	18,825
Eliminations	(5,478)	(5,140)
Total	189,186	152,052

(Notes 1) The numbers do not include consumption tax. Operating revenue of each segment include inter-segment internal revenues and transfers.

(Notes 2) "Eliminations" refers to internal revenues and transfers duplicated in more than one segment.

1) Leasing Business

In the leasing business, the Company acquired new properties for redevelopment in the future, in addition to the completion of Trad Mejiro (Toshima-ku, Tokyo) and Shinagawa Season Terrace (Minato-ku, Tokyo), etc. In existing properties, the vacancy rate improved from the end of the previous fiscal year as a result of strengthening the leasing sales capability. The Company also sold Urban Court Minami Karasuyama (Setagaya-ku, Tokyo) and other properties.

While operating revenue from new properties increased ¥714 million, operating revenue from existing properties declined ¥3,311 million, given that improved vacancy rates had yet to contribute to revenues in earnest and that the effect of declining rents remained. Operating revenue from selling properties also declined ¥1,640 million, to ¥6,680 million.

As a result of these activities, operating revenue in the leasing business declined ¥4,855 million, or 5.0% year on year, to ¥91,739 million, and operating income decreased ¥3,622 million, or 13.3%, to ¥23,566 million.

Development projects currently under way include Urbannet Nihonbashi 2-Chome Building (Chuo-ku, Tokyo), Urbannet Ginza 1-Chome Building (Chuo-ku, Tokyo) and Otemachi 2-Chome Area 1st class Urban Redevelopment Project Building A (Chiyoda-ku, Tokyo), etc.

The table below shows operating revenue etc. by use of properties in the leasing business. All figures are consolidated results.

(Million yen)

Classification		Year ended March 31, 2014	Year ended March 31, 2015
Office/Commercial	Operating revenue	90,833	80,083
	Rentable area	1,193,561 m^2 (Of the above, sub-leases: 26,980 m^2)	1,248,926 m^2 (Of the above, sub-leases: 65,967 m^2)
Residential/Other	Operating revenue	5,762	11,656
Total		96,595	91,739

(Notes 1) "Rentable area" figures are as of the end of March.

(Notes 2) The rentable area of sub-leases does not include the area of sub-leases that have been agreed upon between the Company and its consolidated subsidiaries.

The table below shows the vacancy rate of the Group by area.

Classification	March 2014	June 2014	September 2014	December 2014 (Note 3)	March 2015 (Note 4)
Five wards of central Tokyo	6.4%	6.8%	5.9%	2.9%	14.7% 1.7%
Nationwide	7.4%	8.1%	8.3%	6.7%	10.9% 6.2%

(Note1) The numbers above are vacancy rates as of the end of each month.

(Note2) Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, and Shinjuku-ku.

(Note3) Poperties of which leases were suspended for future redevelopment, etc. are excluded from the above calculation from December 31, 2014

(Note4) The rate written above shows the vacancy rate including Shinagawa Season Terrace, which was completed February 2015. The rate written bellow shows that of excluding Shinagawa Season Terrace.

The Group emphasizes net operating income, or NOI (see Note), as an indicator for judging the value of properties for the leasing business. The NOI (excluding the effects of property sales, etc.) for the fiscal year ended March 31, 2015 was ¥47,509 million (down ¥3,979 million, or 7.7% year on year). In the Tokyo metropolitan area, NOI decreased to ¥26,122 million (down ¥3,434 million, or 11.6% year on year) due to decline in revenue from existing buildings, despite increasing in revenue from the buildings acquired and completed in the fiscal year under review, such as Trad Mejiro (Toshima-ku, Tokyo),etc. In other regions, including overseas, NOI came to ¥21,387 million (down ¥545 million, or 2.5% year on year) due to decline in revenue from existing buildings, although increase in revenue through full year contribution of the properties acquired overseas in the previous fiscal year.

(Note) The formula for calculating NOI (net operating income) is as follows:

(NOI = Property rental income – Property rental costs + Depreciation expenses (including prepaid long-term expenses))

NOI by area and use is as follows

(Million yen)

<table>
<tr><th rowspan="2">Area</th><th colspan="3">Year ended March 31, 2014</th><th colspan="3">Year ended March 31, 2015</th></tr>
<tr><th>Total</th><th>Office/ Commercial</th><th>Residential/ Other</th><th>Total</th><th>Office/ Commercial</th><th>Residential/ Other</th></tr>
<tr><td>Five wards of central Tokyo</td><td rowspan="2">33,809</td><td>28,901</td><td rowspan="2">1,535</td><td rowspan="2">26,946</td><td>22,170</td><td rowspan="2">2,112</td></tr>
<tr><td>Tokyo metropolitan area (excluding five wards of central Tokyo)</td><td>3,372</td><td>2,663</td></tr>
<tr><td>Other regions</td><td>22,300</td><td>19,930</td><td>2,369</td><td>24,652</td><td>19,254</td><td>5,398</td></tr>
<tr><td>Total</td><td>56,109</td><td>52,204</td><td>3,905</td><td>51,599</td><td>44,088</td><td>7,511</td></tr>
</table>

(Note1) Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, and Shinjuku-ku.

(Note2) Tokyo metropolitan area (excluding Five wards of central Tokyo) are Tokyo excluding the Five central wards, and Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

NOI by area and use excluding the effects of property sales, etc. is as follows.

(Million yen)

<table>
<tr><th rowspan="2">Area</th><th colspan="3">Year ended March 31, 2014</th><th colspan="3">Year ended March 31, 2015</th></tr>
<tr><th>Total</th><th>Office/ Commercial</th><th>Residential/ Other</th><th>Total</th><th>Office/ Commercial</th><th>Residential/ Other</th></tr>
<tr><td>Five wards of central Tokyo</td><td rowspan="2">29,557</td><td>24,649</td><td rowspan="2">1,535</td><td rowspan="2">26,122</td><td>22,170</td><td rowspan="2">1,289</td></tr>
<tr><td>Tokyo metropolitan area (excluding five wards of central Tokyo)</td><td>3,372</td><td>2,663</td></tr>
<tr><td>Other regions</td><td>21,932</td><td>19,611</td><td>2,320</td><td>21,387</td><td>19,254</td><td>2,132</td></tr>
<tr><td>Total</td><td>51,489</td><td>47,633</td><td>3,856</td><td>47,509</td><td>44,088</td><td>3,421</td></tr>
</table>

(Note1) Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, and Shinjuku-ku.

(Note2) Tokyo metropolitan area (excluding Five wards of central Tokyo) are Tokyo excluding the Five central wards, and Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

2) Residential Property Sales Business

In the residential property sales business, the number of condominiums delivered declined 343 units from the previous fiscal year, to 1,080 units as newly completed condominiums were fewer than in the previous fiscal year, in addition to a reaction to the last-minute surge in demand in the previous fiscal year associated with the consumption tax hike. While there were many high-priced condominiums in central Tokyo in the previous fiscal year, the average per-unit price declined ¥11 million year on year, to ¥41 million, as many of the condominiums delivered in the fiscal year under review were suburban property. In the fiscal year under review, the number of visitors to model rooms showed signs of picking up toward the end of the period, following a recovery in consumer confidence.

As a result, operating revenue in the residential property sales business declined ¥32,910 million, or 41.4%, to ¥46,626 million, and operating income was down ¥3,816 million, or 46.4%, to ¥4,405 million.

In the fiscal year under review, the Company began sales of Wellith Tsudanuma (Funabashi-shi, Chiba), which are adjacent to serviced senior housing, and Wellith Suita Yamatecho (Suita-shi, Osaka) and among other condominiums. The Company also rebuilt its brand concept and redesigned its logo with the aim of improving its brand to be able to respond more deftly to diversifying customer values and lifestyles.

The table below shows operating revenue in the residential property sales business by operation type and area.

Classification			Year ended March 31, 2014		Year ended March 31, 2015	
			Units/Lots	Operating revenue (million yen)	Units/Lots	Operating revenue (million yen)
Condominiums						
	Units delivered	Tokyo metropolitan area	876	54,073	503	24,368
		Other regions	547	21,413	576	21,036
	Completed in inventories		207	–	219	–
Residential Lots, etc.						
	Units/Lots delivered	Tokyo metropolitan area	19	519	2	50
		Other regions	117	3,530	69	1,169
	Completed in inventories		33	–	19	–
Residential (Condominiums/ Residential lots, etc.)						
	Units/Lots delivered	Tokyo metropolitan area	895	54,593	505	24,419
		Other regions	664	24,943	646	22,206
	Completed in inventories		240	–	238	–
Other						
	Units/Lots delivered	Tokyo metropolitan area	–	–	–	–
		Other regions	–	–	–	–
	Completed in inventories		–	–	–	–
Operating revenue			–	79,537	–	46,626

(Note1) For joint projects, the number of units corresponded to the Company’s share in the projects is rounded down to the nearest unit.

(Note2) “Completed in inventories” figures are as of the end of each fiscal year. The condominiums completed in inventories for the fiscal year ended in March 2014 and the fiscal year ended in March 2015 include 76 units and 25 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The residential lots completed in inventories for the fiscal year ended in March 2014 and the fiscal year ended in March 2015 include 11 lots and 16 lots, respectively, for which a contract has been completed but ownership has not yet been transferred.

(Note3) 2 lots (worth ¥1,714 million) of residential lots delivered for the fiscal year ended March 2014 were delivered through a sale of land.

(Note4) Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

3) Other Business

Operating revenue in other business in the fiscal year under review increased ¥293 million, or 1.6% year on year, to ¥18,825 million, and operating income rose ¥755 million, or 43.7%, to ¥2,485 million, mainly reflecting increases in revenue from entrusted asset management related to private funds and revenue from entrusted consulting.

(Forecast for the fiscal year ending March 2016)
The Company expects to post operating revenue of ¥168.0 billion, operating income of ¥25.0 billion, ordinary income of ¥21.0 billion, and net income of ¥12.0 billion in the fiscal year ending March 31, 2016. Aiming to acquire new properties and developments, the Company plans to carry out capital expenditure of ¥52.0 billion and purchase investment securities, etc. of ¥3.0 billion, and the total amount of investment would be ¥55.0 billion.
The following is the outlook for each business segment in the fiscal year ending March 2016:

1) Leasing Business
In the office leasing market, the office building vacancy rate has been improving, and rent levels are also gradually showing signs of improvement.
The Company aims to find new customers for making good progress on leasing of newly developed buildings such as Shinagawa Season Terrace and boost the competitiveness of existing buildings by strengthening their response capabilities to the business continuity plan (BCP) of flagship buildings and improving the efficiency of building management operations. As shown in the revised version of the Medium-Term Vision 2018, the Company will strengthen its revenue base by developing a new business model mainly for mixed-use property development and regional redevelopment projects.

2) Residential Property Sales Business
In the condominium sales market, although the number of condominiums released in the Tokyo metropolitan area in 2014 declined about 20% from 2013 due to a reaction to the last-minute surge in demand in anticipation of the consumption tax hike, the average sales price slightly increased from 2013 and maintained a ¥50 million level for the first time since 1992. The number of condominiums sold in the Tokyo metropolitan area is expected to remain flat in 2015.
Based on its strategy of focusing on profits, the Company will work to strengthen and expand its business by increasing the weight of the development of high value-added properties including high-priced condominiums and mixed-use property development and continue with the provision of serviced senior housing, etc., in cooperation with the NTT Group.

3) Other
As a new exit for properties developed by the Company, the Group intends to implement a reclassification of assets by creating a private REIT in fiscal 2015 and, through these initiatives, strive to expand the fee business, such as in the property management (PM) business.

The consolidated financial results forecast for the fiscal year ending March 31, 2016 is as follows;

Consolidated Earnings Forecast for the fiscal year ending March 31, 2016 (Million yen)

Item	Year ended March 31, 2015	Year ending March 31, 2016	Change	Rate of change (%)
Operating revenue	152,052	168,000	15,947	10.5
Operating income	24,836	25,000	163	0.7
Ordinary income	20,395	21,000	604	3.0
Net income	16,235	12,000	(4,235)	(26.1)

Consolidated Segment Forecast for the fiscal year ending March 31, 2016 (Million yen)

Item	Year ended March 31, 2015	Year ending March 31, 2016	Change	Rate of change (%)
Operating revenue	152,052	168,000	15,947	10.5
Leasing	91,739	108,000	16,260	17.7
Residential property sales	46,626	47,000	373	0.8
Other	18,825	19,000	174	0.9
Eliminations	(5,140)	(6,000)	(859)	–
Operating income	24,836	25,000	163	0.7
Leasing	23,566	26,000	2,433	10.3
Residential property sales	4,405	4,000	(405)	(9.2)
Other	2,485	2,000	(485)	(19.5)
Eliminations/Corporate	(5,620)	(7,000)	(1,379)	–

(Note) Forward-looking statements in this section are based on judgments of the Group as of the date of the submission.

(2) Analysis of Financial Position

1) Consolidated Balance Sheets

(Assets)
Total assets at the end of the fiscal year ended March 2015 were ¥1,033,220 million, up ¥47,713 million from the end of the fiscal year ended March 2014.
Current assets stood at ¥128,512 million, rising ¥3,160 million from the end of the fiscal year ended March 2014. This result was attributable to a decline of ¥12,488 million in the outstanding balance of operating accounts receivable at the end of the term, reflecting the delivery of condominiums. Another factor is increase of 15,073 million in inventories, largely reflecting the purchases of properties for rent with consideration for potential redevelopment.
Non-current assets amounted to ¥904,708 million, rising ¥44,552 million from the end of the fiscal year ended March 2014. This increase reflected the acquisition of assets for ¥78,213 million as a result of the expansion of strategic investments and investments in new development properties, offsetting declines in assets chiefly due to depreciation (¥22,907 million) and the sales of properties (¥5,549 million) as a result of asset replacement.

(Liabilities)
Total liabilities at the end of the fiscal year ended March 2015 were ¥787,579 million, up ¥30,663 million from the end of the fiscal year ended March 2014. The main factors included an increase of ¥39,935 million in interest-bearing debt from the end of fiscal year ended March 2014 (an outstanding balance of 547,189 million at the end of the fiscal year ended March 2015) due to the expansion of investments, offsetting a decline of ¥4,286 million in deferred tax liabilities from the end of fiscal year ended March 2014 due to the effects of tax reform, which was related to the revision of corporate tax rates.
Net interest-bearing debt, interest-bearing debt less cash and cash equivalents, etc., were ¥526,925 million, rising ¥38,580 million from the end of the fiscal year ended March 2014.

(Net assets)
Net assets at the end of the fiscal year ended March 2015 were ¥245,641 million, up ¥17,049 million from the end of the fiscal year ended March 2014. This reflected increases in shareholders' equity (¥11,114 million), accumulated other comprehensive income (¥4,179 million) that was largely attributable to foreign currency translation adjustment and the valuation difference on available-for-sale securities, and minority interests (¥1,755 million).

(Million yen)

	As of March 31, 2014	As of March 31, 2015	Change
Assets	985,507	1,033,220	47,713
Liabilities	756,915	787,579	30,663
Net assets	228,591	245,641	17,049
(Restated) Minority interests	42,975	44,730	1,755

2) Consolidated Cash Flows
The following is an explanation on the situation and factors for each category of cash flow for the fiscal year ended March 2015.

(Net cash provided by (used in) operating activities)
Cash flow in operating activities was a cash-in of ¥36,988 million (down ¥14,881 million from the fiscal year ended March 2014). This mainly reflected a cash-in of ¥42,344 million (down ¥2,559 million from the fiscal year ended March 2014) attributable to income before income taxes and minority interests and depreciation and a cash-out of ¥5,802 million (down ¥9,357 million from the fiscal year ended March 2014) due to an increase in inventories in the leasing business.

(Net cash provided by (used in) investing activities)
Cash flow in investing activities was a cash-out of ¥67,778 million (up ¥29,815 million from the fiscal year ended March 2014). Investments amounted to ¥79,979 million, up ¥17,201 million from the fiscal year ended March 2014, but the outstanding balance of accounts payable-other came to ¥8,818 million at the end of the fiscal year ended March 2015, up ¥3,822 million from the fiscal year ended March 2014. Consequently, cash-out related to the acquisition of non-current assets was limited to ¥76,298 million (rising ¥7,922 million from the fiscal year ended March 2014).
Cash-in related to the sales of non-current assets stood at ¥7,459 million (shrinking ¥18,453 million from the fiscal year ended March 2014).

(Free cash flow)
Free cash flow was a cash-out of ¥30,789 million (down ¥44,697 million from the fiscal year ended March 2014).

*Free cash flow = (Net cash provided by (used in) operating activities) + (Net cash provided by (used in) investing activities)

(Net cash provided by (used in) financing activities)
Cash flow in financing activities was a cash-in of ¥31,777 million (up ¥40,433 million from the fiscal year ended March 2014). This was largely a reflection of financing in response to the cash-out related to the free cash flow described previously (a cash-out of ¥30,789 million), the repayment of long-term loans payable (¥57,425 million), and cash dividends paid (¥5,265 million).

As a result, cash and cash equivalents at the end of the fiscal year ended March 2015 was ¥20,153 million, increasing ¥1,354 million from the end of the fiscal year ended March 2014.

(Million yen)

Item	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Net cash provided by (used in) operating activities	40,417	3,704	48,089	51,870	36,988
Net cash provided by (used in) investing activities	(28,257)	(23,033)	(39,885)	(37,962)	(67,778)
Net cash provided by (used in) financing activities	(14,641)	12,650	(6,660)	(8,656)	31,777

3) Trends in cash flow-related data

Item	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio (%)	17.1	17.9	18.7	18.8	19.4
Value-based equity ratio (%)	25.2	23.9	38.9	32.5	38.3
Interest-bearing debt to cash flows (years)	12.1	136.5	10.5	9.8	14.8
Interest coverage ratio (times)	5.1	0.5	6.2	7.3	5.8

Equity ratio: Shareholders' equity / Total assets

Value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

* All of the above are consolidated financial data.

* Interest-bearing debt denotes liabilities bearing interest (excluding lease obligations) of the liabilities posted on the consolidated balance sheets.

* Cash flows and interest payments are net cash provided by (used in) operating activities and interest expenses paid posted on the Consolidated Statements of Cash Flows, respectively.

(3) Basic Dividend Policy and Dividends for Fiscal Years Ended March 2015 and Ending March 2016

In addition to increasing corporate value over the medium- and long-term, the Company has identified the return of profits to shareholders as an important management goal. In determining the level of dividends, the company, while giving consideration to stability and sustainability, takes into account a full range of factors, including business performance, financial standing and dividend payout ratio.

For the fiscal year ended March 31, 2015, the Company plans to pay an annual dividend of ¥16 per share. Since the Company paid an interim dividend of ¥8 per share, the year-end dividend will be ¥8 per share.

For the fiscal year ending March 31, 2016, at this moment, the Company plans to pay an annual dividend of ¥16 per share.

Consolidated payout ratio of the fiscal year ended March 31, 2015 and the fiscal year ending March 31, 2016 is 32.4% (plan) and about 43.0% (forecast), respectively.

While maintaining a good financial standing and considering capital efficiency, the Company intends to use internal funds for investments in new business opportunities, etc.

(4) Operating Risks

The following principal categories of business risks and other risks in Japan and overseas affecting the NTT Urban Development Group's businesses may have a material impact on investment decisions. Although the risks below are those currently recognized by the NTT Urban Development Group, it is not necessarily an exhaustive list of risks. These risk categories are presented in the interests of information disclosure to investors and should be given due importance in investment decisions or when construing the Company's business activities. The Group manages the operating risks under its risk management regulations. The forward-looking statements included in the following reflect judgments by the Group as of the date of submission of this document.

[General Risk]

i) Leasing Business Risk

In the fiscal year ended March 31, 2015, the leasing business accounted for 58.4% of consolidated operating revenue. The leasing business tends to be susceptible to changes in the operating environment, and the Company is considering action against falls in rents and an increase in vacancies, assuming business trends over the medium and long terms. However, a worsening supply-demand situation in the real estate market could cause vacancies to increase and the leasing rate to decline, which could substantially affect the operating performance of the NTT Urban Development Group. Moreover, changes in the financial status of the Group's major tenants, the departure of a major tenant, or changes in the conditions of property use could have repercussion for the overall occupancy rate of Group properties and consequently could significantly affect business real estate revenues.

ii) Residential Property Sales Business Risk

The deterioration of the condominium market because of intensifying competition among sellers, rising interest rates for housing loans, and a downturn in consumer sentiment caused by elevating sales prices accompanying soaring land prices and construction costs could cause decreases in sales in relation to a prolonged selling process in the residential property sales business and increases in inventories, which could affect the Group's business performance.

iii) Asset Devaluation Risk

In fiscal 2005, the Company adopted impairment loss accounting for business real estate based on the "Opinion Regarding Accounting Standard for Impairment of Fixed Assets" issued by the Corporate Accounting Standards Committee on August 9, 2002.

In fiscal 2008, the Company applied the "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9 on July 5, 2006). A substantial deterioration of the real estate market could necessitate the recording of impairment losses of the properties for the leasing business and the revaluation of the inventory assets maintained for the residential property sales business, and this in turn could impact the Group's business performance.

The Group holds investment securities and other non-current assets and depreciation in the value of these assets from changes in economic and financial conditions in Japan and overseas could produce a revaluation loss that might impact the Group's business performance.

iv) Effects of Interest-Bearing Debt

The Group raised funds in Japan and overseas, and the balance of the consolidated interest-bearing debt, which reached ¥547,189 million at the end of the fiscal year under review, is basically raised at a fixed interest rate. A significant rise in the market interest rates could, therefore, affect the business development of the Group.

In addition, the Group's capital procurement activities could be hampered by instability in capital markets, credit limits extended by financial institutions, business failures (including payoffs) of such institutions, or downgrades in the Company's debt ratings and other factors.

v) Risks Concerning Establishment of and Revisions to Real Estate-Related and Other Laws, ordinances, and other regulations

The Group is subject to real estate-related laws and regulations, the Act on the Protection of Personal Information, and other laws and regulations, and revisions to these laws and the establishment of new laws could impact the Group's business performance.

vi) Risks Concerning Selection and Credit of Business Partner

The Company makes every effort to verify the credit standing of its business partners before entering into business relations. However, if unforeseen events lower a business partner's credit and the Company is unable to collect debts owed to the Company, an economic loss could result that could impact the Group's business performance.

Depending on the selection of contractors for construction work, scandals, trouble, and financial difficulties, among other factors, in contractors performing their operations could cause economic losses for the Group or the erosion of the Group's credibility, which in turn could affect the Group's performance. To prevent and avoid the risks, the Company has set up an internal committee to choose contractors that investigates the creditworthiness of contractors and their ability to complete construction and has established termination criteria should contractors fail to meet standard quality or delivery periods or cause incidents or accidents.

[Business Risk]

i) Risks Concerning Development Project Investment Decisions

The Company invests in quality properties for future development with the objective of further raising corporate value. Every effort is made to ensure the decisions to invest in new development projects which do not produce an economic loss or compromise society's trust in the Company. Relevant laws, rights, site conditions, market studies, and other subjects are thoroughly researched and verified. Construction plans and business revenue and expenditure plans are drawn up, and internal meetings are held to determine business viability. The final decisions to invest are made by the Board of Directors and other relevant groups. Despite careful preparation and consideration, fluctuations in demand arising from changes in the business climate or in the real estate market can reduce the profitability of investments and could impact the Group's business performance.

ii) Risks Concerning Sales Transactions, Construction Contracts, and Design and Construction

Inadequate contract documents, flawed contract stipulations or other deficiencies in sales transactions and construction contracts, as well as the lack of management in the design phase or the building construction, could produce an economic loss or liability for damages or compromise society's trust in the Company in a way that could impact the Company's business performance in the future. The Group seeks to prevent and avoid risks by checking contracts in advance, using contract check sheets.

iii) Risks Concerning Damage to and Deterioration of Buildings in Building Management Operations

The Group regularly inspects and maintains the buildings that it holds for leasing. However, damage to or deterioration in the buildings, or accidents resulting from the deterioration or failures of the buildings could lead to increases in the financial burden in association with complaints and accidents caused by them, liability for damage, the erosion of society's trust in the Group, renovations, and rebuilding and could impact the Group's business performance.

iv) Risks Concerning the Handling of Large-Scale Disasters in Building Management Operations

Risks including major earthquakes, floods or other natural disasters, or infectious diseases, fires, accidents or terrorist attacks could cause damage to, the loss of, or the deterioration of buildings the Group holds for leasing, or could interrupt the business operations of the Group, which in turn could affect the Group's performance. The Group has developed a business continuity plan (BCP) designed to protect against the spread of damage from possible large-scale disasters such as the above and to minimize any economic loss from them, identifying types of disasters and considering the effects of the disasters on tenants and the management of buildings, emergency communication systems, and emergency action in accordance with each type of disaster.

[Relationships with Parent Company and its Group Companies]

i) Positioning of the Company in the corporate group centering on NTT Corporation (the NTT Group), etc.
NTT Urban Development is the only comprehensive real estate company in the NTT Group and manages its businesses independently, taking responsibility for the management. The Company consults its parent company Nippon Telegraph and Telephone Corporation (hereinafter "NTT") about important issues and reports to NTT. However, NTT does not prevent the Company from making its own decisions or does not bind the Company's decision making.
NTT owns 67.3% of the stock of the Company as of March 31, 2015 and holds rights as the majority shareholder of the Company under the Corporate Law.

ii) Business Relations with NTT Group
The Company and NTT have concluded an agreement relating to the management of the NTT Group to respect each other's independence and autonomy and to maximize the profits of each NTT Group company by maximizing the profits of the overall NTT Group. Based on this agreement, the Company pays the Group operating and managing expenses. In exchange for this payment, NTT provides the Company with comprehensive services and benefits, including advice on a range of issues, the use of the NTT brand, and Group publicity. We believe it enhances the creditworthiness and reliability of the Company and gives the Company advantages in the execution of operations.
The Company has concluded a building lease agreement with the NTT Group and receives rent income from the Group. The Company determines rental prices for the NTT Group through mutual consultation, based on essentially the same conditions as those for general customers, considering market prices and prices for neighboring properties.
The table below shows the status of transactions between the Company and the NTT Group in the Leasing Business.

(Transactions with the NTT Group in the Leasing Business (Consolidated))

Item	Year ended March 31, 2014	Year ended March 31, 2015
Operating revenue in Leasing Business (Million yen)	96,595	91,739
Operating revenue from NTT Group (Million yen)	25,721	21,289
Operating revenue from NTT Group / Operating revenue in Leasing Business (%)	26.6	23.2

iii) Personnel Relationship with NTT Group
The Company accepts employees from other NTT Group companies not as employees on loan but as employees who have been transferred. The Company had an outside director and an outside corporate auditor from NTT as of the date of the submission of this summary. They have taken up their appointments at the request of the Company, and the Company makes management judgments independently.

(Concurrent officers)

<table>
<tr><th>Title</th><th>Name</th><th>Title in parent company or its group companies</th><th>Reason for appointment</th></tr>
<tr><td>Director</td><td>Ko Ikeda</td><td>Senior Manager, General Affairs Department of Nippon Telegraph and Telephone Corporation</td><td rowspan="3">The Company appointed Mr. Ikeda and Mr. Kume to gain access to broad management perspectives.</td></tr>
<tr><td rowspan="2">Corporate auditor</td><td rowspan="2">Shinji Kume</td><td>Senior Manager, Corporate Strategy Planning Department of Nippon Telegraph and Telephone Corporation</td></tr>
<tr><td>Outside Director, NIPPON CAR SOLUTIONS CO., LTD.</td></tr>
</table>

(Note) Of the 13 directors and four corporate auditors, only the two above hold a concurrent position at the parent company.

iv) Independence from the Parent Company and its Group Companies
As a company engaging in a nationwide real estate business as part of the NTT Group, the Company manages its businesses independently, taking responsibility for management. As stated in i), ii) and iii), we believe that the Company has a considerable degree of independence from the parent company.

2. Situation of the Corporate Group

The NTT Urban Development Group (NTT Urban Development and its affiliates) consists of 19 consolidated subsidiaries and nine equity-method affiliates. The main businesses of the Group are the Leasing Business and the Residential Property Sales Business. The Group also engages in other businesses, including the management of office buildings, which are categorized as the Other Business. NTT Urban Development is a company that engages in the real estate business nationwide in a corporate group whose parent company is Nippon Telegraph and Telephone Corporation which primarily engages in regional, long–distance, and international communications, mobile communications, and data communications.
The following is outlines of each business segment of the Group and the positions of NTT Urban Development and its major affiliates in each segment:

(1) Leasing Business
The Group leases properties, including office buildings, commercial facilities, rental housing and others, that it has developed and owns. Main business fields are as follows:
a. Office buildings
Leases office buildings that it owns in metropolitan areas including Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka, and Sapporo
b. Commercial facilities
Leases commercial facilities that it owns in metropolitan areas including Tokyo, Nagoya, Osaka, Hiroshima, and Fukuoka
c. Rental housing
Leases rental condominiums, company housing and other rental housing that it owns in metropolitan areas including Tokyo, Nagoya, Osaka, Fukuoka, and Sapporo

UDX Tokutei Mokuteki Kaisha leases parts of Akihabara UDX Building, which it has developed and owns.

UD EUROPE LIMITED invests in and manages real estate in the United Kingdom.
UD USA Inc. invests in and manages real estate in the United States.

(2) Residential Property Sales Business
The Group sells residential properties, especially condominiums.
In the sale of condominiums, the Company sells primarily condominiums under the brand name of Wellith. The Company also sells residential lots and other residential properties in accordance with the locational conditions of the land lots that it acquires.

UD AUSTRALIA PTY LIMITED invests in and manages real estate in Australia.

(3) Other
In relation to the Leasing Business, the Group manages design of building and other, construction and supervision of construction, office building maintenance and provides air-conditioning services and operates restaurant facilities as incidental facilities of office buildings.
NTT Urban Development Builservice Co. remodels all rental buildings at the request of tenants in the Tokyo metropolitan area. It also carries out property management operations including the management and operation of buildings.
NTT Urban Development West BS Co. remodels rental buildings at the request of tenants in western Japan. It also engages in property management operations including the management and operation of buildings.
NTT Urban Development Hokkaido Co. remodels rental buildings, manages and operates buildings, and manages parking lots in Hokkaido.
Otemachi First Square Inc. manages the Otemachi First Square Building and its land that the Company owns.
Shinagawa Season Terrace Building Management Corporation manages Shinagawa Season Terrace and its land.
Motomachi Parking Access Co., Ltd. maintains underground passages in Hiroshima's Motomachi area.
Premier REIT Advisors Co., Ltd. engages in the investment management business under the Financial Instruments and Exchange Act.
NTT Urban Development Asset Management Corporation plans to operate the investment management business under the Financial Instruments and Exchange Act.
DAY・NITE Co., Ltd. and Knox Twenty–One Co., Ltd. manage food and beverage facilities.

[Group Organization Chart]
The chart below is an organization chart of the Group showing the businesses of Group companies stated above.

NTT Urban Development Group

◎ NTT Urban Development Builservice Co.
Design, construction, remodeling, property management operations including the management and operation of buildings owned by NTT Urban Development in the Tokyo metropolitan area

◎ NTT Urban Development West BS Co.
Design, construction, remodeling, property management operations including the management and operation of buildings owned by NTT Urban Development in western Japan area

◎ NTT Urban Development Hokkaido Co.
Remodeling, property management operations including the management and operation of buildings owned by NTT Urban Development in Hokkaido area and management of parking lots

◎ Otemachi First Square Inc.
Management of Otemachi First Square

◎ Motomachi Parking Access Co., Ltd.
Maintenance of underground passages in Hiroshima's Motomachi area

◎ Shinagawa Season Terrace Building Management Corporation
Management of Shinagawa Season Terrace and its land

□ Tokyo Opera City Building Co., Ltd.
Management of Tokyo Opera City Building

◎ DAY・NITE Co., Ltd.
Operation of restaurants, halls and conferences, etc.

◎ Knox Twenty-One Co., Ltd.
Operation of NTT Group's convention facilities

□ DHC Tokyo Co., Ltd.
District heating and cooling services for Granpark Tower

□ Tokyo Opera City District Heating & Cooling Co., Ltd.
District heating and cooling services for Tokyo Opera City and other buildings

NTT Urban Development

◎ UDX TokuteiMokuteki Kaisha
Owning Akihabara UDX

◎ Harumi 4-chome City Planning Design Co.
Investigation and planning relating to the development of the Harumi 4-chome area
Some concurrent officers

◎ UD EUROPE LIMITED
Investment in and management of real estate in the UK

◎ UD AUSTRALIA PTY LIMITED
Investment in and management of real estate in Australia

◎ UD USA Inc.
Investment in and management of real estate in the USA

◎ Premier REIT Advisors Co., Ltd.
Investment management business under the Financial Instruments and Exchange Act

◎ NTT Urban Development Asset Management Corporation
Investment management business under the Financial Instruments and Exchange Act (Schedule)

◎ : Consolidated subsidiaries
□ : Equity-method affiliates

* Other Group companies
Five consolidated subsidiaries
Five equity-method affiliate

Situation of Affiliates

Parent Company (As of March 31, 2015)

Name	Address	Capitalization (million yen)	Main business	Voting rights ownership percentage	Relations
Nippon Telegraph and Telephone Corporation	Chiyoda, Tokyo	937,950	Basic research and development, the management of the Group	(Owned) 67.3	Transactions relating to the management of the Group and the rental of properties NTT Urban Development owns

Consolidated Subsidiaries

Name	Address	Capitalization (million yen)	Main business	Voting rights ownership percentage	Relations
NTT Urban Development Builservice Co.	Chiyoda, Tokyo	300	Others	(Owning) 100.0	Design, construction, remodeling, property management operations including the management and operation of buildings owned by NTT Urban Development in the greater Tokyo metropolitan area Some concurrent officers
NTT Urban Development West BS Co.	Nishi, Osaka-shi	100	Others	100.0	Design, construction, remodeling, property management operations including the management and operation of buildings owned by NTT Urban Development in Western Japan area Some concurrent officers
NTT Urban Development Hokkaido Co. (Note 2)	Chuo, Sapporo-shi	50	Leasing Others	100.0	Maintenance and management of buildings and condominiums and management of parking lots in Hokkaido area
Otemachi First Square Inc.	Chiyoda, Tokyo	50	Others	56.5	Management of Otemachi First Square and its land
DAY･NITE Co., Ltd.	Chiyoda, Tokyo	40	Others	100.0	Operation of restaurants, halls and conferences, etc.
Knox Twenty-One Co., Ltd.	Minato, Tokyo	24	Others	100.0	Operation of NTT Group's convention facilities
Motomachi Parking Access Co., Ltd.	Naka, Hiroshima-shi	60	Others	58.3	Maintenance of underground passages in Hiroshima's Motomachi area
UDX Tokutei Mokuteki Kaisha (Note 3)	Chuo, Tokyo	14,100	Leasing	61.0 (Note 4)	Owning Akihabara UDX
Premier REIT Advisors Co., Ltd.	Minato, Tokyo	300	Others	53.1	Investment management business under the Financial Instruments and Exchange Act
Shinagawa Season Terrace Building Management Corporation	Minato, Tokyo	10	Others	60.0	Management of Shinagawa Season Terrace and its land Some concurrent officers
NTT Urban Development Asset Management Corporation	Chiyoda, Tokyo	100	Others	100.0	Investment management business under the Financial Instruments and Exchange Act (Schedule)

UD EUROPE LIMITED	London,UK	(Sterling pounds) 200	Leasing	100.0	Investment in and management of real estate in the UK
Name	Address	Capitalization (million yen)	Main business	Voting rights ownership percentage	Relations
UD AUSTRALIA PTY LIMITED	Melbourne, Australia	(Australian Dollar) 17,000,000	Residential Property Sales	100.0	Investment in and management of real estate in Australia
UD USA Inc.	Delaware, U.S.A.	(Dollar) 100	Leasing	100.0	Investment in and management of real estate in the U.S.A.
Downtown Properties Owner, LLC (Note 3)	Delaware, U.S.A.	(Dollar) 47,184,047	Leasing	100.0 (Note 4)	Investment in and management of real estate in the U.S.A.
NS Boston Holdings LLC (Note 3)	Delaware, U.S.A.	(Dollar) 47,800,000	Leasing	98.0 (Note 4)	Investment in and management of real estate in the U.S.A.
Three consolidated subsidiaries under UD USA Inc.	Delaware, U.S.A.	—	Leasing	—	—

Equity-Method Affiliates

Name	Address	Capitalization (million yen)	Main business	Voting rights ownership percentage	Relations
Tokyo Opera City Building Co., Ltd.	Shinjuku, Tokyo	20	Others	(Owning) 23.7	Management of Tokyo Opera City
DHC Tokyo Co., Ltd.	Minato, Tokyo	200	Others	50.0	District heating and cooling services for Granpark Tower
Tokyo Opera City District Heating & Cooling Co., Ltd.	Shinjuku, Tokyo	980	Others	36.2	District heating and cooling services for Tokyo Opera City
Harumi 4-chome City Planning Design Co.	Chuo, Tokyo	50	Others	36.0	Investigation and planning relating to the development of the Harumi 4-chome area
335 GRICES ROAD PTY LTD	Melbourne, Australia	(Australian Dollar) 1	Residential Property Sales	50.0	Development and sales of residential land
Four equity method affiliates under UD USA Inc.	Delaware, U.S.A.	—	Leasing	—	—

(Note 1) In the main business column for the consolidated subsidiaries and equity-method affiliates, the names of business segments are provided.
(Note 2) On October 1, 2014, NTT Urban Development Hokkaido BS Co. changed its corporate name to NTT Urban Development Hokkaido Co.
(Note 3) UDX Tokutei Mokuteki Kaisha, Downtown Properties Owner, LLC and NS Boston Holdings LLC are specified subsidiaries.
(Note 4) Shareholding ratios are provided in lieu of voting rights ownership percentage.

3. Management Policy

(1) Basic Policy on Corporate Management and Management Strategy for medium- and long- term

In the Group's office business, the vacancy rate has started to improve and market rents appeared to have bottomed out, with some rents rising. the residential business faces an operating environment where construction costs are rising while competition over the purchase of land for sale has intensified; under these circumstances efforts for future growth are necessary.

The Group has been working to strengthen its revenue base, expand business domains, thoroughly carry out financial control and establish a management foundation by fully enforcing a customer and market-centered orientation and pursuing innovation based on the "Medium-Term Vision 2018 – For Further Growth."

Bearing this in mind, in order to respond to changes in the environment surrounding the Group, the Group has formulated a corporate slogan "With Integrity, through Innovation," corporate philosophy, and action guidelines for a new mission statement to clarify the direction of future management and revised the Medium-Term Vision 2018 in the fiscal year under review and developed new business strategies, etc. to achieve the medium-term targets.

i) Strengthening the revenue base in the leasing business

In the office business, the Group will continuously work to strengthen the leasing sales capability and cost competitiveness. The Group will also strive to enhance its revenue base by implementing a strategic renewal to match the tenants' needs to response the business continuity plan (BCP) in flagship buildings and propose corporate real estate (CRE) strategies to the NTT Group, etc. In addition, the Group will also work on the expansion of development projects through participation in regional redevelopment projects in collaboration with other companies.

ii) Expanding the business scale for the future growth

In the residential business, the Group will seek to expand the business domain by selling condominiums stably under the Wellith brand, including the continuous provision of serviced senior housing in cooperation with the NTT Group.

In the commercial property business, the Group will work on new businesses such as mixed-use property development and the development of hotels targeting foreign tourists in local cities such as Osaka and Kyoto, in addition to central Tokyo.

In the global business, the Group will strive to achieve a revenue base through the acquisition of office buildings in the United States, in addition to London in the United Kingdom, which was previously the focus of its activities. The Group will also promote its efforts to create business opportunities in growth markets, mainly in Southeast Asia.

iii) Enforcing thorough financial control

The Group intends to carefully select investments for future growth, giving due consideration to market trends. The Group will also implement asset replacement in accordance with its asset portfolio strategy, including the sale of assets to a private REIT the Group will newly organize to secure funds for future development, and will strengthen its financial base by controlling interest-bearing debt.

vi) Enhancing the management platform

The Group will act to enhance its management resources to establish a management infrastructure that is able to keep pace with business expansion. The Group will also continue to place management emphasis on shareholder value, as it has done in the past, by fully enforcing corporate governance.

(2) Target indicators

To increase its enterprise value in the medium to long terms, the Company will control its businesses from multiple perspectives, using multiple indicators.

Specifically, the Company will work to improve the efficiency of assets and capital, paying attention to ROA and ROE, and will seek to secure creditworthiness and a sound financial standing, paying attention to the net interest-bearing debt to EBITDA ratio and the net debt/equity ratio.

* Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on information that is available to the Company as of the date hereof and the Company considers reasonable, and the Company does not warrant the achievement of the descriptions. Please note that actual results may differ materially from forecasts due to various factors.

4. Basic Policy in the selection of accounting principles

The Group, as a member of the NTT Group, is considering adopting the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2019. The primary aim for adopting these standards is to improve the international comparability of financial information in the capital market and streamline financial reports.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	*2 18,313	*2 17,891
Notes and operating accounts receivable	18,058	5,569
Real estate for sale	31,558	33,361
Real estate for sale in progress	46,559	*2 59,987
Costs on uncompleted construction contracts	300	169
Raw materials and supplies	80	52
Lease investment assets	3,689	3,837
Deposits paid	1,695	2,412
Deferred tax assets	933	1,075
Other	*2 4,163	*2 4,189
Allowance for doubtful accounts	(1)	(35)
Total current assets	125,351	128,512
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 703,758	*2 714,920
Accumulated depreciation	(383,671)	(392,856)
Buildings and structures (net)	320,087	322,063
Machinery, equipment and vehicles	13,630	13,593
Accumulated depreciation	(11,799)	(11,777)
Machinery, equipment and vehicles (net)	1,831	1,815
Land	*2 472,133	*2 505,999
Lease assets	332	347
Accumulated depreciation	(185)	(219)
Lease assets (net)	147	128
Construction in progress	14,099	2,212
Other property, plant and equipment	*2 15,458	*2 15,486
Accumulated depreciation	(12,722)	(12,913)
Other property, plant and equipment (net)	2,736	2,573
Total property, plant and equipment	811,035	834,792
Intangible assets	*2 5,427	*2 24,556
Investments and other assets		
Investment securities	*1 19,986	*1 22,841
Long-term prepaid expenses	*2 16,176	*2 15,635
Net defined benefit asset	-	396
Deferred tax assets	394	354
Other	*2 7,136	*2 6,131
Total investments and other assets	43,692	45,359
Total non-current assets	860,155	904,708
Total assets	985,507	1,033,220

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and operating accounts payable–trade	11,850	8,473
Short-term loans payable	473	-
Lease obligations	48	48
Current portion of long-term loans payable	*2 57,412	*2 53,200
Income taxes payable	1,657	2,684
Deferred tax liabilities	377	405
Other	29,201	34,062
Total current liabilities	101,021	98,874
Non-current liabilities		
Bonds payable	*2 100,967	*2 130,968
Long-term loans payable	*2 348,400	*2 363,020
Lease obligations	143	123
Lease and guarantee deposits received	69,694	68,715
Negative goodwill	*3 22,935	*3 21,286
Deferred tax liabilities	63,841	59,555
Provision for directors' retirement benefits	67	23
Net defined benefit liability	6,404	6,335
Asset retirement obligations	3,180	3,267
Other	40,258	35,407
Total non-current liabilities	655,893	688,704
Total liabilities	756,915	787,579
Net assets		
Shareholders' equity		
Capital stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	97,150	108,264
Total shareholders' equity	180,020	191,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	976	2,837
Foreign currency translation adjustment	4,447	6,429
Remeasurements of defined benefit plans	171	509
Total accumulated other comprehensive income	5,596	9,776
Minority interests	42,975	44,730
Total net assets	228,591	245,641
Total liabilities and net assets	985,507	1,033,220

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Operating revenue	189,186	152,052
Operating cost	*6 136,519	*6 109,333
Operating gross profit	52,666	42,718
Selling, general and administrative expenses	*1 22,207	*1 17,881
Operating income	30,458	24,836
Non-operating income		
Interest income	44	22
Dividends income	76	73
Contributions	138	93
Gain on donation of non-current assets	60	17
Amortization of negative goodwill	1,853	1,780
Equity in earnings of affiliates	71	45
Other	82	115
Total non-operating income	2,326	2,148
Non-operating expenses		
Interest expenses	7,077	6,300
Other	842	289
Total non-operating expenses	7,919	6,590
Ordinary income	24,865	20,395
Extraordinary income		
Gain on sales of non-current assets	*2 6,434	*2 1,850
Gain on reversal of provision for loss on warranty	2,142	-
Total extraordinary income	8,576	1,850
Extraordinary loss		
Loss on sales of non-current assets	*3 8,779	*3 699
Loss on retirement of non-current assets	*4 1,476	*4 1,220
Impairment loss	*5 2,848	*5 1,455
Total extraordinary losses	13,103	3,375
Income before income taxes and minority interests	20,338	18,869
Income taxes-current	4,593	4,806
Income taxes-deferred	2,940	(5,426)
Total income taxes	7,534	(620)
Income before minority interests	12,803	19,490
Minority interests in income	1,460	3,255
Net income	11,343	16,235

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Income before minority interests	12,803	19,490
Other comprehensive income		
Valuation difference on available-for-sale securities	(158)	1,860
Foreign currency translation adjustment	3,629	1,982
Remeasurements of defined benefit plans	-	338
Total other comprehensive income	* 3,470	* 4,180
Comprehensive income	16,274	23,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,818	20,415
Comprehensive income attributable to minority interests	1,455	3,256

(3) Consolidated Statements of Changes in Net Assets
Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the year	48,760	34,109	91,402	174,272
Cumulative effects of changes in accounting policies				
Restated balance	48,760	34,109	91,402	174,272
Total changes of items during the year				
Dividends from surplus			(2,962)	(2,962)
Interim dividends			(2,632)	(2,632)
Net income			11,343	11,343
Net changes of items other than shareholders' equity				
Total changes of items during the year	―	―	5,747	5,747
Balance at the end of the year	48,760	34,109	97,150	180,020

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	1,131	817	―	1,948	37,614	213,835
Cumulative effects of changes in accounting policies						
Restated balance	1,131	817	―	1,948	37,614	213,835
Total changes of items during the year						
Dividends from surplus						(2,962)
Interim dividends						(2,632)
Net income						11,343
Net changes of items other than shareholders' equity	(154)	3,629	171	3,647	5,360	9,007
Total changes of items during the year	(154)	3,629	171	3,647	5,360	14,755
Balance at the end of the year	976	4,447	171	5,596	42,975	228,591

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the year	48,760	34,109	97,150	180,020
Cumulative effects of changes in accounting policies			144	144
Restated balance	48,760	34,109	97,294	180,164
Total changes of items during the year				
Dividends from surplus			(2,632)	(2,632)
Interim dividends			(2,632)	(2,632)
Net income			16,235	16,235
Net changes of items other than shareholders' equity				
Total changes of items during the year	－	－	10,969	10,969
Balance at the end of the year	48,760	34,109	108,264	191,134

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	976	4,447	171	5,596	42,975	228,591
Cumulative effects of changes in accounting policies						144
Restated balance	976	4,447	171	5,596	42,975	228,735
Total changes of items during the year						
Dividends from surplus						(2,632)
Interim dividends						(2,632)
Net income						16,235
Net changes of items other than shareholders' equity	1,860	1,982	337	4,179	1,755	5,935
Total changes of items during the year	1,860	1,982	337	4,179	1,755	16,905
Balance at the end of the year	2,837	6,429	509	9,776	44,730	245,641

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal yea (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal yea (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	20,338	18,869
Depreciation and amortization	24,566	23,474
Amortization of negative goodwill	(1,853)	(1,780)
Impairment loss	2,848	1,455
Amortization of goodwill	136	131
Increase (decrease) in allowance for doubtful accounts	0	34
Increase (decrease) in provision for retirement benefits	(6,388)	—
Increase (decrease) in net defined benefit liability	6,404	644
Interest and dividends income	(120)	(95)
Interest expenses	7,077	6,300
Equity in (earnings) losses of affiliates	(71)	(45)
Gain on sales of non-current assets	(6,434)	(1,850)
Loss on retirement of non-current assets	1,476	1,220
Loss on sales of non-current assets	8,779	699
Gain on sales of securities of subsidiaries and affiliates	(2,142)	—
Decrease (increase) in lease investment assets	(72)	(80)
Decrease (increase) in notes and accounts receivable-trade	(4,270)	12,489
Decrease (increase) in inventories	18,724	(8,006)
Increase (decrease) in notes and accounts payable–trade	1,104	(3,407)
Increase (decrease) in lease and guarantee deposits received	(9,362)	(2,206)
Other, net	4,344	(855)
Subtotal	65,084	46,993
Interest and dividends income received	146	120
Interest expenses paid	(7,073)	(6,340)
Income taxes paid	(6,287)	(3,785)
Net cash provided by (used in) operating activities	51,870	36,988
Net cash provided by (used in) investing activities		
Proceeds from repayment of securities	3,900	—
Purchase of property, plant and equipment	(66,911)	(74,635)
Proceeds from sales of property, plant and equipment	20,271	6,604
Purchase of investment securities	(1,282)	(711)
Proceeds from investment securities	—	855
Proceeds from sales of securities of subsidiaries and affiliates	5,639	—
Other, net	420	108
Net cash provided by (used in) investing activities	(37,962)	(67,778)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(9,848)	(473)
Proceeds from long-term loans payable	119,222	66,500
Repayments of long-term loans payable	(64,689)	(57,425)
Proceeds from issuance of bonds	15,990	29,996
Redemption of bonds	(62,123)	—
Proceeds from share issuance to minority shareholders	—	14
Cash dividends paid	(5,594)	(5,265)
Cash dividends paid to minority shareholders	(1,559)	(1,515)
Other, net	(53)	(53)
Net cash provided by (used in) financing activities	(8,656)	31,777
Effect of exchange rate change on cash and cash equivalents	737	367
Net increase (decrease) in cash and cash equivalents	5,989	1,354
Cash and cash equivalents at beginning of period	12,809	18,798
Cash and cash equivalents at end of period	* 18,798	* 20,153

(5) Notes to Consolidated Financial Statements

(Phenomena or situations raising significant questions about the premise of a going concern)

Not applicable.

(Important items used as basic materials for preparation of consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 19

All subsidiaries are consolidated.

Consolidated subsidiaries:

NTT Urban Development Builservice Co.
NTT Urban Development West BS Co.
NTT Urban Development Hokkaido Co.
Otemachi First Square Inc.
DAY･NITE Co., Ltd.
Knox Twenty–One Co., Ltd.
Motomachi Parking Access Co., Ltd.
UDX Tokutei Mokuteki Kaisha
Premier REIT Advisors Co., Ltd.
Shinagawa Season Terrace Building Management Corporation
NTT Urban Development Asset Management Corporation
UD EUROPE LIMITED
UD AUSTRALIA PTY LIMITED
UD USA Inc. Five other consolidated subsidiaries

In the fiscal year under review, the Company established Shinagawa Season Terrace Building Management Corporation , NTT Urban Development Asset Management Corporation and three consolidated subsidiaries affiliated with UD USA Inc. and made them consolidated subsidiaries of the Company.

In addition, On October 1, 2014, NTT Urban Development Hokkaido BS Co., changed its corporate name to NTT Urban Development Hokkaido Co.

2. Application of equity method

Number of equity method affiliates: 9

Equity method affiliates

Tokyo Opera City Building Co., Ltd.
DHC Tokyo Co., Ltd.
Tokyo Opera City District Heating & Cooling Co., Ltd.
Harumi 4-chome City Planning Design Co.
335 GRICES ROAD PTY LTD Four other equity method affiliates

3. Fiscal years of consolidated subsidiaries

The end of the fiscal years of UD EUROPE LIMITED, UD AUSTRALIA PTY LIMITED, UD USA Inc. and five consolidated subsidiaries affiliated with UD USA Inc. are December 31. In the preparation of the consolidated financial statements, the Company used the financial statements as of December 31 and made the adjustments required for consolidation in relation to significant transactions occurring after the date and before the consolidated closing date.

The end of the fiscal years of other consolidated subsidiaries is the same as the consolidated closing date.

4. Accounting practices

(1) Standards and methods for the valuation of important assets

(i) Securities

Other securities

Securities having fair values:

Fair value method based on the fair value on the consolidated closing date is applied. (The valuation difference is recorded as a component of net assets. The cost of products sold is calculated by the moving average method.)

Securities not having fair values:

Cost determined by the moving average method is applied.

With respect to investments in investment business limited partnerships and associations of a similar nature (investments deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the net amount equivalent to equity based on the latest financial statements available is recorded.

(ii) Derivatives

In principle, the fair value method is applied.

(iii) Inventories

The cost method based on the specific cost method (reduction of the carrying value— balance sheet value—based on a decline in profitability) is applied to properties for sale, properties for sale in progress.

The cost method based on the specific cost method is applied to costs on uncompleted construction contracts.

The last purchase price method is applied to raw materials and stored goods.

(2) Depreciation method for important depreciable assets

(i) Property, plant and equipment (except leased assets)

The declining-balance method is primarily applied.

However, the straight-line method is applied to NTT Makuhari Building, Granpark Tower, NTT Cred Motomachi Building, and buildings (except attached facilities) acquired on and after April 1, 1998.

Major useful lives are as follows:

Buildings and structures: 15 to 50 years

Machinery, equipment and vehicles: 5 to 17 years

(ii) Intangible assets (except leased assets)

The straight-line method is applied.

Software for internal use is amortized over its estimated useful life (five years).

(iii) Long-term prepaid expenses

The straight-line method is applied.

(iv) Lease assets

Lease assets relating to finance lease transactions without the transfer of ownership

The same depreciation methods as applied to the non-current assets owned by the Company and its subsidiaries are applied.

(3) Basis for calculating important allowances

Allowance for doubtful accounts

In preparation for doubtful notes and operating accounts receivable and loans receivable, the Company and its consolidated subsidiaries post estimated uncollectible amounts, which are estimated from loan loss ratios for general reserves and from collectability for each of specific receivables including those with low collectability.

(4) Accounting method for retirement benefits

(i) Accounting method of attributing expected benefit to periods

As a method of attributing expected benefit to periods before the fiscal year under review, benefit formula basis is used to calculate retirement benefit obligations.

(ii) Accounting method for actuarial gains and losses and past service costs

Past service costs are amortized using the straight-line method over the average remaining working lives (from 10 years to 13 years) of the employees at the time of occurrence.

Actuarial gains and losses are amortized using the straight-line method over the average remaining working lives (from 8 years to 13 years) of the employees at the time of occurrence in each fiscal year from the following fiscal year.

(iii) Accounting method for unrecognized actuarial gains and losses and unrecognized past service costs

Unrecognized actuarial gains and losses and unrecognized past service costs are recorded in the remeasurements of defined benefit plans in accumulated other comprehensive income under net assets after making an adjustment for tax effect.

(5) Basis for posting important revenues and expenses

(i) Basis for posting revenues relating to finance lease transactions

Sales and cost of sales are posted when lease fees are received.

(ii) Standard for recording amount of completed work and cost of completed work

a. Contracts whose outcome at the end of the fiscal year under review is deemed certain

Percentage-of-completion method (construction-cost-percentage method for estimating the progress of construction)

b. Other construction contracts

Completed-contract method

(6) Significant hedge accounting method

(i) Hedge accounting method

In principle, deferred hedge accounting is applied.

A preferential procedure is employed for interest rate swaps that meet the criteria for the preferential procedure.

(ii) Hedging item and hedged item

Hedging item: Interest rate swap contracts

Hedged item: Borrowings

(iii) Hedging policy

Under the Company’s internal rules on derivative transactions, interest rate risks relating to the hedged item are hedged against within a certain range.

(iv) Method of assessment of hedge effectiveness

Since the swaps are interest swaps to which special matching criteria are applied, the periodic assessment of hedge effectiveness is not performed.

(7) Amortization method and amortization period of goodwill and negative goodwill

Goodwill and negative goodwill that was generated on or before March 31, 2010 are amortized in 20 years by the straight-line method.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash in hand, bank deposits that can be withdrawn at any time, and short-term investments with an original maturity of three months or less that can be readily converted into cash and that are subject to only an insignificant risk of change in value.

(9) Other important matters that constitute the basis for preparation of consolidated financial statements

Accounting treatment of consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(Changes in accounting principles)

From the beginning of the fiscal year under review, the provisions set forth in the text of Paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 on May 17, 2012. Hereinafter the “Accounting Standard for Retirement Benefits”) and of Paragraph 67 of the Guideline on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 on March 26, 2015. Hereinafter the “Guideline on Accounting Standard for Retirement Benefits”) have been applied, and the method for calculating retirement benefit obligations and service costs has been changed. The method of allocating expected retirement benefits to periods has been changed from the fixed-amount method to the benefit formula basis. The discount rate has been changed from a discount rate based on the average period until estimated dates of benefit payments to a single weighted average discount rate reflecting the estimated timing of benefit payments and amounts for each timing (a discount rate in consideration of duration).

As the application of the Accounting Standard for Retirement Benefits, etc. follows the transitional treatment as provided for in Paragraph 37 of the Accounting Standard for Retirement Benefits, we have made an adjustment for the amount affected by the change in the method for calculating retirement benefit obligations and service costs to retained earnings at the beginning of the fiscal year under review.

As a result, net defined benefit liability declined ¥224 million, and retained earnings increased ¥144 million at the beginning of the fiscal year under review. The effect on operating income, ordinary income, and income before income taxes and minority interests in the fiscal year under review is minor.

Net assets per share increased ¥0.44.

(Accounting standards yet to be applied, etc.)
(Accounting Standard for Business Combinations, etc.)
・The Accounting Standard for Business Combinations (ASBJ Statement No. 21 on September 13, 2013)
・The Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on September 13, 2013)
・The Accounting Standard for Business Divestitures (ASBJ Statement No. 7 on September 13, 2013)
・The Accounting Standard for Earnings Per Share (ASBJ Statement No. 2 on September 13, 2013)
・The Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guideline No. 10 on September 13, 2013)
・The Guidance on Accounting Standard for Earnings Per Share (ASBJ Guideline No. 4 on September 13, 2013)

(1) Overview

In the additional acquisition of shares in the subsidiary, the treatment of changes in equity of a parent company in its subsidiary when the control over the subsidiary continues, the treatment of expenses related to the acquisition, the presentation of net income and the change from minority interests to non-controlling interests, and the handling of provisional accounting treatments was revised.

(2) Planned date of application

We plan to apply these accounting standards from the beginning of the fiscal year ending March 31, 2016. The handling of provisional accounting treatments is applied to business combinations conducted after the beginning of the fiscal year ending March 31, 2016.

(3) Impact of applying these accounting standards

The amount of the impact the revision of the Accounting Standard for Business Combinations, etc., will have on consolidated financial statements is currently under evaluation.

(Notes to consolidated balance sheets)

*1. Investment securities relating to affiliates are as follows. (Million yen)

	Current consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Investment securities (shares)	3,031	3,643

*2. Assets pledged as collateral and secured debt

Mortgaged assets and the corresponding debt regarding debt with limited recourse

(i) Assets pledged as collateral and their amounts (Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Cash and deposits (within three months)	5,299	5,399
Real estate for sale in progress	-	1,383
Other current assets	142	160
Buildings and structures	44,960	42,842
Land	171,402	171,402
Other property, plant and equipment	163	122
Intangible assets	0	0
Long-term prepaid expenses	308	285
Other in investments and other asset	0	0
Total	222,277	221,596

(ii) Corresponding debt secured by the above collateral (Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Current portion of long-term loans payable	1,200	1,200
Bonds payable	1,000	1,000
Long-term loans payable	57,200	56,017
Total	59,400	58,217

*3. Goodwill and negative goodwill (Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Goodwill	1,992	1,860
Negative goodwill	24,927	23,147
Net amount	22,935	21,286

(Notes to consolidated statements of income)

*1. Major items in selling, general and administrative expenses and their amounts are as follows. (Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Advertising expenses	5,138	3,037
Salaries, allowances and bonuses	5,227	5,053
Retirement benefit expenses	385	343
Provision for directors' retirement benefits	11	13
Provision of allowance for doubtful accounts	0	34
Business consignment expenses	4,565	3,402
Taxes and dues	1,929	1,899

*2. Breakdown of gain on sales of non-current assets (Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	(1,715)	(102)
Land	8,149	1,952
Total	6,434	1,850

On the sale of a building and structures with land, the Company recognized a loss on the building and structures component, while a gain was recognized on the land component. A net gain resulted from this transaction and was recorded as a gain on sales of non-current assets.

*3. Breakdown of loss on sales of non-current assets (Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	9	-
Land	8,770	697
Other	-	1
Total	8,779	699

*4. Breakdown of loss on retirement of non-current assets (Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Buildings and structures	698	521
Machinery, equipment and vehicles	11	3
Removal cost	743	676
Other	23	19
Total	1,476	1,220

*5. Impairment loss

The Company recorded an impairment loss for the following asset group.

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

Primary use	Type	Location	Impairment loss
Three commercial / office buildings in total	Land, Buildings and structures	Kumamoto-shi, Kumamoto, etc.	2,848 million yen

As a general rule, the Group examined an impairment loss for individual property.

As a result, we reduced the book value of the above three commercial and office buildings to the recoverable value as a sharp decline in profitability with the worsening of market condition, and recorded the reduction as an impairment loss under extraordinary losses. The breakdown of the assets is ¥1,994 million of land and ¥853million of building and structures.

The recoverable value of the assets above is measured by net sales value, and an appraisal value by a real estate appraiser is used for the net sales value.

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

Primary use	Type	Location	Impairment loss
Two office buildings in total	Land, Buildings and structures	Sendai-shi, Miyagi, etc.	1,455 million yen

As a general rule, the Group examined an impairment loss for individual property.

As a result, we reduced the book value of the above two office buildings to the recoverable value as a sharp decline in profitability with the worsening of market condition, and recorded the reduction as an impairment loss under extraordinary losses. The breakdown of the assets is ¥862 million of building and structures and ¥593million of land.

The recoverable value of the assets above is measured by net sales value, and an appraisal value by a real estate appraiser is used for the net sales value.

*6. Inventories at the end of the fiscal year are an amount after reductions in carrying values associated with declines in profitability.

The following loss on valuation of inventory is included in the operating cost. (Million yen)

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
688	1,188

(Notes to consolidated statements of comprehensive income)

*Recycling and tax effect relating to other comprehensive income (Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year	(248)	2,670
Recycling	–	–
Before tax effect adjustment	(248)	2,670
Tax effect	89	(810)
Valuation difference on available-for-sale securities	(158)	1,860
Foreign currency translation adjustment:		
Amount arising during fiscal year	3,629	1,982
Remeasurements of defined benefit plans, before tax		
Amount arising during fiscal year	–	546
Recycling	–	(57)
Before tax effect adjustment	–	488
Tax effect	–	(150)
Remeasurements of defined benefit plans, net of tax	–	338
Total other comprehensive income	3,470	4,180

(Notes to consolidated statements of changes in net assets)

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares at the beginning of fiscal year under review	Number of shares added during fiscal year under review	Number of shares subtracted during fiscal year under review	Number of shares at end of fiscal year under review
Common shares (Note)	3,291,200	325,828,800	–	329,120,000
Total	3,291,200	325,828,800	–	329,120,000

(Note) As the Company implemented the 100-for-one stock split for its common shares with October 1, 2013 as the effective date, number of shares added during fiscal year under review was 325,828,800.

2. Type and number of treasury stock

Not applicable.

3. Dividends

(1) Dividends

(Resolution)	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 18, 2013	Common shares	2,962	900	March 31, 2013	June 19, 2013
Board of Directors meeting held on November 6, 2013	Common shares	2,632	800	September 30, 2013	December 2, 2013

(2) Of dividends with a record date falling in the consolidated fiscal year under review, those with an effective date falling in the following consolidated fiscal year

(Resolution)	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 24, 2014	Common shares	2,632	Retained earnings	8	March 31, 2014	June 25, 2014

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares at the beginning of fiscal year under review	Number of shares added during fiscal year under review	Number of shares subtracted during fiscal year under review	Number of shares at end of fiscal year under review
Common shares	329,120,000	–	–	329,120,000
Total	329,120,000	–	–	329,120,000

2. Type and number of treasury stock

Not applicable.

3. Dividends

(1) Dividends

(Resolution)	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 24, 2014	Common shares	2,632	8	March 31, 2014	June 25, 2014
Board of Directors meeting held on November 6, 2014	Common shares	2,632	8	September 30, 2014	December 1, 2014

(2) Of dividends with a record date falling in the consolidated fiscal year under review, those with an effective date falling in the following consolidated fiscal year

Following resolution is planned to be made.

(Resolution)	Type of shares	Total dividends (million yen)	Money to pay dividends	Dividend per share (yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 23, 2015	Common shares	2,632	Retained earnings	8	March 31, 2015	June 24, 2015

(Notes to consolidated statements of cash flows)

* Relationship between cash and cash equivalents at the end period and the accounts on the consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Cash and deposits	18,313	17,891
Time deposits with a deposit period of over three months	(110)	(110)
Short-term (less than three months) investments included in "Deposits paid" in current assets	595	2,372
Cash and cash equivalents	18,798	20,153

(Notes to financial instruments)

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

1. Financial instruments

The Group raises fund (primarily through bank loans and bond issuance) necessary to meet financing needs mainly for investments and working capital to carry out the leasing business and the residential property sales business. If there are temporary idle funds on hand, they are invested only in short-term deposits or such.

In accordance with internal accounting rules, trade receivables are tracked for each business partner throughout their lifecycle and protection measures are taken to reduce risk in case they are not paid. As to securities and investment securities, fair values, market conditions, and financial standing of issuers (mainly business partners) are periodically assessed.

Derivatives transactions are interest rate swap transactions to hedge the volatility risk of interests paid on borrowings, and the Company carries out derivatives transactions in accordance with the risk management guidelines for financial instruments, as long as actual demand exists.

2. Fair value of financial instruments

The table below shows the book value and fair value of financial instruments and the difference between them at the end of the fiscal year.

Financial instruments whose fair value is very difficult to determine (please refer to (Note 2)) and financial instruments that are not significant are not included in the table.

(Million yen)

	Book value	Fair value	Difference
(1) Cash and deposits	18,313	18,313	–
(2) Notes and operating accounts receivable	18,058	18,057	(1)
(3) Short-term and long term investment securities			
Other securities	7,401	7,586	184
Total assets	43,774	43,957	183
(1) Notes and operating accounts payable–trade	11,850	11,850	–
(2) Short-term loans payable	473	473	–
(3) Income taxes payable	1,657	1,657	–
(4) Bonds payable	100,967	105,225	4,257
(5) Long-term loans payable (*)	405,813	413,318	7,504
(6) Lease and guarantee deposits received	9,899	9,610	(288)
Total liabilities	530,661	542,136	11,474

(*) The current portion of long-term loans payable is included.

(Note 1) Methods used to calculate the fair value of financial instruments and matters relating to securities and derivatives trading

Assets

(1) Cash and deposits

As cash and deposits are short-term accounts, fair values are close to book values. Thus, they are recorded at book value.

(2) Notes and operating accounts receivable

As notes and accounts receivable are settled in the short term, fair values are close to book values. Thus, they are recorded at book value. When an allowance for doubtful receivables is created for an account receivable, the fair value is determined by subtracting the estimated uncollectible amount (the amount of the allowance) from the said receivable.

(3) Short-term and long term investment securities

Fair values of stocks and bonds having market prices refer to prices set by exchange markets.

Liabilities

(1) Notes and operating accounts payable–trade, (2) Short-term loans payable and (3) Income taxes payable

As these accounts are settled in the short term, fair values are close to book values. Thus, they are recorded at book value.

(4) Bonds payable

Fair values of bonds payable refer to market prices if market prices are available. If market prices are not available, fair values are determined at present values, calculated by discounting the combined total of principal and interest at a rate with the remaining period of the bond and credit risk taken into account.

(5) Long-term loans payable

Fair values of long-term loans payable are determined at present values, calculated by discounting the combined total of principal and interest at a rate with the remaining period of the long-term loans payable and credit risk taken into account.

(6) Lease and guarantee deposits received

Fair values of lease and guarantee deposits received are determined at present values, calculated by discounting deposits at a rate with the remaining periods of the security deposits (those with confirmed refund timing) and guarantee deposits and credit risk taken into account.

Derivatives trading

Disclosing derivatives trading in the summary of financial statements is not considered to be important, and therefore the disclosure is omitted.

(Note 2) Financial instruments whose fair value is very difficult to determine

(Million yen)

Classification	Book value
Unlisted stocks (*1)	500
Stocks of subsidiaries and affiliates (*1)	3,031
Investments in limited partnerships (*1)	9,189
Other investments in capital (*1)	53
Deposits received (excluding those whose time of return is determined) (*2)	63,544

(*1) Unlisted stocks, stocks of subsidiaries and affiliates, investments in limited partnerships, and other investments in capital are not included in “Assets (3) Short-term and long term investment securities,” since they do not have market prices, and it is very difficult to determine their fair value.

(*2) Deposits received (excluding those whose time of return is determined) are not included in “Liabilities (6) Lease and guarantee deposits received,” because their remaining period cannot be determined, and it is very difficult to determine their fair value.

(Note 3) Scheduled amounts of redemption of pecuniary claims and securities having maturity dates after the consolidated closing date

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	18,313	–	–	–
Notes and operating accounts receivable	18,058	–	–	–
Short-term and long term investment securities				
Other securities having maturity dates	–	–	–	191
Total	36,372	–	–	191

(Note 4) Scheduled amounts of repayment of bonds payable and long-term loans payable after the consolidated closing date

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Bonds payable	–	41,000	50,000	10,000
Long-term loans payable	57,412	189,600	138,800	20,000
Total	57,412	230,600	188,800	30,000

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Financial instruments

The Group raises fund (primarily through bank loans and bond issuance) necessary to meet financing needs mainly for investments and working capital to carry out the leasing business and the residential property sales business. If there are temporary idle funds on hand, they are invested only in short-term deposits or such.

In accordance with internal accounting rules, trade receivables are tracked for each business partner throughout their lifecycle and protection measures are taken to reduce risk in case they are not paid. As to securities and investment securities, fair values, market conditions, and financial standing of issuers (mainly business partners) are periodically assessed.

Derivatives transactions are interest rate swap transactions to hedge the volatility risk of interests paid on borrowings, and the Company carries out derivatives transactions in accordance with the risk management guidelines for financial instruments, as long as actual demand exists.

2. Fair value of financial instruments

The table below shows the book value and fair value of financial instruments and the difference between them at the end of the fiscal year.

Financial instruments whose fair value is very difficult to determine (please refer to (Note 2)) and financial instruments that are not significant are not included in the table.

(Million yen)

	Book value	Fair value	Difference
(1) Cash and deposits	17,891	17,891	–
(2) Notes and operating accounts receivable	5,569	5,534	(35)
(3) Short-term and long term investment securities			
Other securities	9,272	9,344	71
Total assets	32,734	32,770	36
(1) Notes and operating accounts payable–trade	8,473	8,473	–
(2) Income taxes payable	2,684	2,684	–
(3) Bonds payable	130,968	135,781	4,812
(4) Long-term loans payable (*)	416,220	427,095	10,875
(5) Lease and guarantee deposits received	10,315	10,061	(254)
Total liabilities	568,663	584,096	15,433

(*) The current portion of long-term loans payable is included.

(Note 1) Methods used to calculate the fair value of financial instruments and matters relating to securities and derivatives trading

Assets

(1) Cash and deposits

As cash and deposits are short-term accounts, fair values are close to book values. Thus, they are recorded at book value.

(2) Notes and operating accounts receivable

As notes and operating accounts receivable are settled in the short term, fair values are close to book values. Thus, they are recorded at book value. When an allowance for doubtful receivables is created for an account receivable, the fair value is determined by subtracting the estimated uncollectible amount (the amount of the allowance) from the said receivable.

(3) Short-term and long term investment securities

Fair values of stocks and bonds having market prices refer to prices set by exchange markets.

Liabilities

(1) Notes and operating accounts payable–trade, and (2)Income taxes payable

As these accounts are settled in the short term, fair values are close to book values. Thus, they are recorded at book value.

(3) Bonds payable

Fair values of bonds payable refer to market prices if market prices are available. If market prices are not available, fair values are determined at present values, calculated by discounting the combined total of principal and interest at a rate with the remaining period of the bond and credit risk taken into account.

(4) Long-term loans payable

Fair values of long-term loans payable are determined at present values, calculated by discounting the combined total of principal and interest at a rate with the remaining period of the long-term loans payable and credit risk taken into account.

(5) Lease and guarantee deposits received

Fair values of lease and guarantee deposits received are determined at present values, calculated by discounting deposits at a rate with the remaining periods of the security deposits (those with confirmed refund timing) and guarantee deposits and credit risk taken into account.

Derivatives trading

Disclosing derivatives trading in the summary of financial statements is not considered to be important, and therefore the disclosure is omitted.

(Note 2) Financial instruments whose fair value is very difficult to determine

(Million yen)

Classification	Book value
Unlisted stocks (*1)	778
Stocks of subsidiaries and affiliates (*1)	3,643
Investments in limited partnerships (*1)	9,298
Other investments in capital (*1)	50
Deposits received (excluding those whose time of return is determined) (*2)	60,922

(*1) Unlisted stocks, stocks of subsidiaries and affiliates, investments in limited partnerships, and other investments in capital are not included in "Assets (3)Short-term and long term investment securities," since they do not have market prices, and it is very difficult to determine their fair value.

(*2) Deposits received (excluding those whose time of return is determined) are not included in "Liabilities (5) Lease and guarantee deposits received," because their remaining period cannot be determined, and it is very difficult to determine their fair value.

(Note 3) Scheduled amounts of redemption of pecuniary claims and securities having maturity dates after the consolidated closing date

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	17,891	–	–	–
Notes and operating accounts receivable	5,569	–	–	–
Short-term and long term investment securities				
Other securities having maturity dates	–	–	–	201
Total	23,461	–	–	201

(Note 4) Scheduled amounts of repayment of bonds payable and long-term loans payable after the consolidated closing date

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Bonds payable	–	61,000	55,000	15,000
Long-term loans payable	53,200	169,720	157,300	36,000
Total	53,200	230,720	212,300	51,000

(Notes to securities)

Previous consolidated fiscal year (as of March 31, 2014)

1. Other securities

(Million yen)

	Type	Book value	Acquisition cost	Difference
Book value is more than acquisition cost or amortized cost	(1) Shares	2,062	936	1,126
	(2) Bonds			
	(i) Government bonds and local bonds	191	168	22
	(ii) Bonds payable	–	–	–
	(iii) Other bonds	–	–	–
	(3) Other securities	3,484	3,116	368
	Subtotal	5,738	4,220	1,517
Book value is equal to or less than acquisition cost or amortized cost	(1) Shares	–	–	–
	(2) Bonds			
	(i) Government bonds and local bonds	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other bonds	–	–	–
	(3) Other securities	1,663	1,909	(246)
	Subtotal	1,663	1,909	(246)
Total		7,401	6,130	1,271

(Note) Unlisted stocks (¥500 million posted on the consolidated balance sheets), shares in subsidiaries and affiliates (¥3,031 million on the consolidated balance sheets), investments in limited partnerships (¥9,189 million posted on the consolidated balance sheets), and other investments (¥53 million on the consolidated balance sheets) do not have market prices, and it is very difficult to determine their fair value. They are not therefore included in “Other securities.” No other securities were sold during the consolidated fiscal year under review.

2. No impairment losses were recorded in securities in the fiscal year under review.

Current consolidated fiscal year (as of March 31, 2015)

1. Other securities

(Million yen)

	Type	Book value	Acquisition cost	Difference
Book value is more than acquisition cost or amortized cost	(1) Shares	2,197	936	1,261
	(2) Bonds			
	(i) Government bonds and local bonds	201	170	30
	(ii) Bonds payable	–	–	–
	(iii) Other bonds	–	–	–
	(3) Other securities	6,011	3,116	2,895
	Subtotal	8,411	4,223	4,187
Book value is equal to or less than acquisition cost or amortized cost	(1) Shares	–	–	–
	(2) Bonds			
	(i) Government bonds and local bonds	–	–	–
	(ii) Bonds payable	–	–	–
	(iii) Other bonds	–	–	–
	(3) Other securities	861	985	(124)
	Subtotal	861	985	(124)
Total		9,272	5,209	4,063

(Note) Unlisted stocks (¥778 million posted on the consolidated balance sheets), shares in subsidiaries and affiliates (¥3,643 million on the consolidated balance sheets), investments in limited partnerships (¥9,298 million posted on the consolidated balance sheets), and other investments (¥50 million on the consolidated balance sheets) do not have market prices, and it is very difficult to determine their fair value. They are not therefore included in “Other securities.” No other securities were sold during the consolidated fiscal year under review.

2. No impairment losses were recorded in securities in the fiscal year under review.

(Notes to retirement benefits)

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

1. Outline of retirement benefit plans

The company submitting the consolidated financial statements and its consolidated subsidiaries have a corporate pension fund, a contract-type corporate pension, and lump-sum payment plans as defined benefit plans.
Four consolidated subsidiaries of the company submitting the consolidated financial statements joined the NTT Corporate Defined Benefit Pension Plan in the fiscal year under review.
The company submitting the consolidated financial statements has shifted its contract-type corporate pension plan to a defined contribution pension plan since April 2014.

2. Retirement benefit plans

(1) Reconciliation statement for the beginning balance and the end balance of retirement benefit obligations

	(Million yen)
Retirement benefit obligations at the beginning of the period	(13,138)
Service costs	(509)
Interest costs	(191)
Amount of actuarial gains and losses accrued during the period	58
Amount of retirement benefits paid	598
Amount of past service costs accrued during the period	383
Acceptance of employees transferred, etc.	(470)
Retirement benefit obligations at the end of the period	(13,270)

(2) Reconciliation statement for the beginning balance and the end balance of plan assets

	(Million yen)
Plan assets at the beginning of the period	6,069
Expected return on plan assets	139
Amount of actuarial gains and losses accrued during the period	496
Amount of contributions from the employer	174
Amount of retirement benefits paid	(187)
Acceptance of employees transferred, etc.	171
Plan assets at the end of the period	6,865

(3) Reconciliation statement for the end balance of retirement benefit obligations and plan assets and net defined benefit liability recorded in the consolidated financial statements

	(Million yen)
Retirement benefit obligations of the NTT Corporate Defined Benefit Pension Plan	(5,746)
Plan assets	3,966
	(1,780)
Other retirement benefit obligations (of an unfunded pension plan, etc.)	(7,523)
Plan assets	2,898
	(4,624)
Net amount of liabilities and assets recorded in the balance sheet	(6,404)
Net defined benefit liability	(6,404)
Net amount of liabilities and assets recorded in the balance sheet	(6,404)

(4) Profits and losses related to retirement benefits

	(Million yen)
Service costs	509
Interest costs	191
Expected return on plan assets	(139)
Amortization of actuarial gains and losses during the period	36
Amortization of prior service costs during the period	(13)
Retirement benefit expenses for the defined contribution plan	585

(5) Breakdown of items recorded in accumulated other comprehensive income

The breakdown of items (before the tax effect) recorded in remeasurements of defined benefit plans are as follows:

	(Million yen)
Unrecognized prior service costs	366
Unrecognized actuarial gains and losses	(97)
Total	268

(6) Matters related to the actuarial assumption

Major actuarial assumptions at the end of the period

Discount rate	1.5%
Long-term rate of return on plan assets	
NTT Corporate Defined Benefit Pension Plan	2.5%
Contract-type corporate pension	2.0%

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

1. Outline of retirement benefit plans

The company submitting the consolidated financial statements and its consolidated subsidiaries have a corporate pension fund, a contract-type corporate pension, and lump-sum payment plans as defined benefit plans.
Four consolidated subsidiaries of the company submitting the consolidated financial statements joined the NTT Corporate Defined Benefit Pension Plan in the fiscal year under review.
The company submitting the consolidated financial statements also has a defined contribution plan.
The company submitting the consolidated financial statements has shifted the accumulated funds (for the future) of a contract-type corporate pension on or after April 1, 2014 to the defined contribution plan. The accumulated funds before March 31, 2014 will be maintained as the current contract-type corporate pension.

2. Retirement benefit plans

(1) Reconciliation statement for the beginning balance and the end balance of retirement benefit obligations

	(Million yen)
Retirement benefit obligations at the beginning of the period	(13,270)
Cumulative effects of changes in accounting policies	224
Restated balance	(13,045)
Service costs	(435)
Interest costs	(191)
Amount of actuarial gains and losses accrued during the period	124
Amount of retirement benefits paid	378
Acceptance of employees transferred, etc.	(211)
Retirement benefit obligations at the end of the period	(13,381)

(2) Reconciliation statement for the beginning balance and the end balance of plan assets

	(Million yen)
Plan assets at the beginning of the period	6,865
Expected return on plan assets	156
Amount of actuarial gains and losses accrued during the period	427
Amount of contributions from the employer	103
Amount of retirement benefits paid	(188)
Acceptance of employees transferred, etc.	78
Plan assets at the end of the period	7,442

(3) Reconciliation statement for the end balance of retirement benefit obligations and plan assets and net defined benefit liability recorded in the consolidated financial statements

	(Million yen)
Retirement benefit obligations in the funded system	(8,453)
Plan assets	7,442
	(1,010)
Retirement benefit obligations in the non-funded system	(4,928)
Net amount of liabilities and assets recorded in the balance sheet	(5,938)
Net defined benefit liability	(6,335)
Net defined benefit asset	396
Net amount of liabilities and assets recorded in the balance sheet	(5,938)

(4) Profits and losses related to retirement benefits

	(Million yen)
Service costs	435
Interest costs	191
Expected return on plan assets	(156)
Amortization of actuarial gains and losses during the period	(24)
Amortization of prior service costs during the period	(37)
Retirement benefit expenses for the defined contribution plan	408

(5) Remeasurements of defined benefit plans
The breakdown of items (before the tax effect) recorded in remeasurements of defined benefit plans are as follows:

	(Million yen)
Previous Service costs	(35)
Actuarial gains and losses	524
Total	488

(6) Breakdown of items recorded in accumulated other comprehensive income
The breakdown of items (before the tax effect) recorded in remeasurements of defined benefit plans are as follows:

	(Million yen)
Unrecognized prior service costs	330
Unrecognized actuarial gains and losses	426
Total	757

(7) Matters related to the actuarial assumption
Major actuarial assumptions at the end of the period

Discount rate	1.5%
Long-term rate of return on plan assets	
NTT Corporate Defined Benefit Pension Plan	2.5%
Contract-type corporate pension	2.0%

3. Defined contribution plan
The amount the company submitting the consolidated financial statements is required to contribute to the defined contribution plan is ¥63 million.

(Notes to deferred tax accounting)

1.Breakdown of deferred tax assets and deferred tax liabilities by major cause (Million yen)

	Previous consolidated fiscal year (As of March 31, 2014)	Current consolidated fiscal year (As of March 31, 2015)
Deferred tax (current) assets		
Accrued bonuses in excess of the limit for income tax deduction	181	169
Accrued enterprise taxes	164	222
Accrued real estate acquisition tax	220	169
Denial of loss on valuation of inventory	23	9
Other	610	775
Sub Total	1,198	1,345
Valuation reserve	(0)	(11)
Total	1,198	1,334
Deferred tax (current) liabilities		
Other	(641)	(664)
Total	(641)	(664)
Net deferred tax (current) assets	556	670
Deferred tax assets (non-current)		
Denial of evaluation loss on land	3,684	2,962
Denial of depreciation of unused building volume	2,046	1,962
Net defined benefit liability	2,280	1,988
Denial of impairment loss	1,462	1,668
Other	1,859	2,169
Total	11,332	10,751
Valuation reserve	(6,820)	(6,108)
Total	4,511	4,643
Deferred tax liabilities (non-current)		
Reserve for advanced depreciation of non-current assets	(14,079)	(14,245)
Non-current assets valuation difference	(52,513)	(47,375)
Other	(1,367)	(2,223)
Total	(67,959)	(63,843)
Net deferred tax liabilities (non-current)	(63,447)	(59,200)

2. Breakdown of difference between the effective tax rate and the actual effective tax rate after applying tax effect accounting by major cause if there is a significant difference between them

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Effective tax rate	Since the difference between the effective tax rate and the actual effective tax rate after applying tax effect accounting is equal to or less than 5% of the effective tax rate, notes are omitted.	35.6%
(Adjustment)		
Correction of the amount of deferred tax assets and deferred tax liabilities due to the change of corporate tax rates		(31.6%)
Amortization of negative goodwill		(3.4%)
Earnings of subsidiaries (tokutei mokuteki kaisha) attributable to minority interests		(2.6%)
Valuation reserve		(0.8%)
Other		(0.5%)
Actual effective tax rate after the application of tax effect accounting		(3.3%)

3. Correction of the amount of deferred tax assets and deferred tax liabilities due to the change of corporate tax rates, etc.

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) and and the Act for Partial Revision of the Local Taxation Act, etc. was promulgated on March 31, 2015, and it has been decided that corporate tax rates will be reduced in the consolidated fiscal year beginning on or after April 1, 2015. Associated with this, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities will be reduced from the previous 35.6% to 33.0% for temporary differences that are expected to be eliminated in a consolidated fiscal year beginning on April 1, 2015 and to 32.2% for temporary differences that are expected to be eliminated in or after the consolidated fiscal year beginning on April 1, 2016.

Because of these changes in tax rates, the net amount of deferred tax liabilities (the amount subtracting the amount of deferred tax assets) and income taxes-deferred have declined ¥6,138 million and ¥5,972 million, respectively, while valuation difference on available-for-sale securities and remeasurements of defined benefit plans have increased ¥141 million and ¥24 million, respectively.

(Notes to rental properties)

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

The Company and certain consolidated subsidiaries own rental office buildings, rental commercial facilities and residential rental housing in Tokyo and other areas. In the fiscal year under review, the results of operation of those rental properties were ¥21,791 million (leasing revenue is accounted for in operating revenue and rental expenses in operating cost and in selling, general and administrative expenses), with gains on the sales of non-current assets of ¥6,386 million (in extraordinary gain), losses on the sale of non-current assets of ¥8,739 million (in extraordinary loss), losses on the retirement of non-current assets of ¥1,317 million (in extraordinary loss) and impairment losses of ¥2,838 million (in extraordinary loss).

Amounts recognized in the consolidated balance sheet, the change in the fiscal year under review and the fair value as of the end of the year for rental properties are as follows.

(Million yen)

Consolidated balance sheet amount			Fair value at the end of fiscal year under review
Amount at the beginning of fiscal year under review	Change during fiscal year under review	Amount at the end of fiscal year under review	
758,300	47,611	805,911	1,210,052

(Note 1) The consolidated balance sheet amount is the acquisition cost less the accumulated depreciation and the accumulated impairment loss.

(Note 2) Of the change during the fiscal year under review, major items included the acquisition of real estate (providing an increase of ¥83,412 million) as well as the transfer of real estate for sale, the sale of real estate, and impairment losses (providing decreases of ¥5,078 million, ¥22,559 million and ¥2,838 million, respectively).

(Note 3) The fair value of major properties at the end of the fiscal year under review is based on appraised values determined by outside real estate appraisers. The fair value of other properties was calculated by the Company, which used indicators that it considered reflected market prices appropriately.

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

The Company and certain consolidated subsidiaries own rental office buildings, rental commercial facilities and residential rental housing in Tokyo and other areas. In the fiscal year under review, the results of operation of those rental properties were ¥19,206 million (leasing revenue is accounted for in operating revenue and rental expenses in operating cost and in selling, general and administrative expenses), with gains on the sales of non-current assets of ¥1,848 million (in extraordinary gain), losses on the sale of non-current assets of ¥697 million (in extraordinary loss), losses on the retirement of non-current assets of ¥1,080 million (in extraordinary loss) and impairment losses of ¥1,429 million (in extraordinary loss).

Amounts recognized in the consolidated balance sheet, the change in the fiscal year under review and the fair value as of the end of the year for rental properties are as follows.

(Million yen)

Consolidated balance sheet amount			Fair value at the end of fiscal year under review
Amount at the beginning of fiscal year under review	Change during fiscal year under review	Amount at the end of fiscal year under review	
805,911	39,574	845,486	1,327,642

(Note 1) The consolidated balance sheet amount is the acquisition cost less the accumulated depreciation and the accumulated impairment loss.

(Note 2) Of the change during the fiscal year under review, major items included the acquisition of real estate (providing an increase of ¥66,259 million) as well as the transfer of real estate for sale, the sale of real estate, and impairment losses (providing decreases of ¥6,438 million, ¥5,542 million and ¥1,429 million, respectively).

(Note 3) The fair value of major properties at the end of the fiscal year under review is based on appraised values determined by outside real estate appraisers. The fair value of other properties was calculated by the Company, which used indicators that it considered reflected market prices appropriately.

(Segment information)

a. Segment information by business

I. Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

1. Overview of reported segments

The reported segments of the Company are constituent units of the Company for which separate financial information is available. The Board of Directors conducts a regular review to decide the allocation of management resources and evaluate business performance.

The reported segments of the Company are the leasing business and the residential property sales business.

In the leasing business, the Company leases properties, including office buildings, commercial facilities and rental housing, that it has developed and owns. In the residential property sales business, the Company sells residential properties, especially condominiums.

2. Methods used to calculate the amounts of operating revenue, profits or losses, assets, liabilities and other items in reported segments

The accounting methods of the reported business segments are generally the same as those stated in the Important Items Used as Basic Materials for Preparation of Consolidated Financial Statements.

Profits in the reported segments are values based on operating income. Inter-segment internal sales or transfers are based on current fair values.

3. Information on the amounts of sales, profits or losses, assets, liabilities and other items in reported segments

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustments (Note 2, 3)	Amount stated in consolidated financial statement (Note 5)
	Leasing	Residential property sales	Total				
Sales							
(1) Sales to third parties	95,709	79,527	175,237	13,949	189,186	–	189,186
(2) Inter-segment internal revenues and transfers	855	10	895	4,583	5,478	(5,478)	–
Total	96,595	79,537	176,132	18,532	194,665	(5,478)	189,186
Segment profits	27,189	8,222	35,411	1,729	37,140	(6,682)	30,458
Segment assets	898,408	74,258	972,666	12,079	984,745	761	958,507
Other items (Note 4)							
Depreciation	23,560	5	23,565	61	23,627	938	24,566
Increases in property, plant and equipment and intangible assets (investment amount)	103,146	13	103,160	85	103,245	140	103,385

(Note 1) Other is the business segment that is not included in the reported segments and other business activities that generate revenue. It includes design of building and other, construction and supervision of construction, office building maintenance and air-conditioning services associated with the leasing segment, and management of restaurant facilities as incidental facilities of office buildings.

(Note 2) Adjustment in segment profits of - ¥6,682 million includes the elimination of inter-segment transactions of ¥5 million and company-wide expenses of - ¥6,687 million that are not attributable to reported segments. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

(Note 3) Adjustment in segment assets of ¥761 million includes the elimination of inter-segment transactions of - ¥50,048 million and company-wide assets of ¥50,810 million that are not attributable to reported segments. Company-wide assets are mainly idle funds managed by the Company (cash and deposits), investment securities and assets relating to the administrative division.

(Note 4) Depreciation and increases in property, plant and equipment and intangible assets (investment amount) include long-term prepaid expenses and the amortization thereof.

(Note 5) Segment profits are adjusted to operating income in consolidated financial statements.

II. Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Overview of reported segments

The reported segments of the Company are constituent units of the Company for which separate financial information is available. The Board of Directors conducts a regular review to decide the allocation of management resources and evaluate business performance.

The reported segments of the Company are the leasing business and the residential property sales business.

In the leasing business, the Company leases properties, including office buildings, commercial facilities and rental housing, that it has developed and owns. In the residential property sales business, the Company sells residential properties, especially condominiums.

2. Methods used to calculate the amounts of operating revenue, profits or losses, assets, liabilities and other items in reported segments

The accounting methods of the reported business segments are generally the same as those stated in the Important Items Used as Basic Materials for Preparation of Consolidated Financial Statements.

Profits in the reported segments are values based on operating income. Inter-segment internal sales or transfers are based on current fair values.

3. Information on the amounts of sales, profits or losses, assets, liabilities and other items in reported segments

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustments (Note 2, 3)	Amount stated in consolidated financial statement (Note 5)
	Leasing	Residential property sales	Total				
Sales							
(1) Sales to third parties	90,819	46,620	137,439	14,612	152,052	—	152,052
(2) Inter-segment internal revenues and transfers	920	5	926	4,213	5,140	(5,140)	—
Total	91,739	46,626	138,366	18,825	157,192	(5,140)	152,052
Segment profits	23,566	4,405	27,972	2,485	30,457	(5,620)	24,836
Segment assets	954,681	64,530	1,019,211	12,519	1,031,731	1,489	1,033,220
Other items (Note 4)							
Depreciation	22,695	7	22,703	68	22,771	702	23,474
Increases in property, plant and equipment and intangible assets (investment amount)	76,589	31	76,621	76	76,698	885	77,583

(Note 1) Other is the business segment that is not included in the reported segments and other business activities that generate revenue. It includes design of building and other, construction and supervision of construction, office building maintenance and air-conditioning services associated with the leasing segment, and management of restaurant facilities as incidental facilities of office buildings.

(Note 2) Adjustment in segment profits of - ¥5,620 million includes the elimination of inter-segment transactions of ¥17 million and company-wide expenses of - ¥5,637 million that are not attributable to reported segments. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

(Note 3) Adjustment in segment assets of ¥1,489 million includes the elimination of inter-segment transactions of - ¥51,393 million and company-wide assets of ¥52,882 million that are not attributable to reported segments. Company-wide assets are mainly idle funds managed by the Company (cash and deposits), investment securities and assets relating to the administrative division.

(Note 4) Depreciation and increases in property, plant and equipment and intangible assets (investment amount) include long-term prepaid expenses and the amortization thereof.

(Note 5) Segment profits are adjusted to operating income in consolidated financial statements.

b. Related information

I. Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

1. Information by product and service

Similar information is disclosed in the Segment Information, and therefore the statement is omitted.

2. Information by region

(1) Operating revenue

Operating revenue to external customers in Japan account for more than 90% of operating revenue in consolidated statements of income, and therefore the statement is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in consolidated balance sheet, and therefore the statement is omitted.

3. Information by main customer

Of sales to external customers, sales to a specific customer account for less than 10% of operating revenue in consolidated statements of income, and therefore the statement is omitted.

II. Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Information by product and service

Similar information is disclosed in the Segment Information, and therefore the statement is omitted.

2. Information by region

(1) Operating revenue

Operating revenue to external customers in Japan account for more than 90% of operating revenue in consolidated statements of income, and therefore the statement is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in consolidated balance sheet, and therefore the statement is omitted.

3. Information by main customer

Of sales to external customers, sales to a specific customer account for less than 10% of operating revenue in consolidated statements of income, and therefore the statement is omitted.

c. Information on impairment loss of non-current assets in reported segments

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Impairment loss	2,848	–	–	–	2,848

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Impairment loss	1,455	—	—	—	1,455

d. Information on the amortized amount and unamortized balance of goodwill in reported segments

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Amortized amount	123	–	13	–	136
Year-end balance	1,781	–	210	–	1,992

The amortized amount and unamortized balance of negative goodwill generated on or before March 31, 2010 are as shown below.

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Amortized amount	1,853	–	–	–	1,853
Year-end balance	24,927	–	–	–	24,927

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Amortized amount	118	—	13	—	131
Year-end balance	1,663	—	197	—	1,860

The amortized amount and unamortized balance of negative goodwill generated on or before March 31, 2010 are as shown below.

(Million yen)

	Leasing	Residential property sales	Other	Corporate / Eliminations	Total
Amortized amount	1,780	—	—	—	1,780
Year-end balance	23,147	—	—	—	23,147

e. Information on gains on negative goodwill in reported segments

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

Not applicable.

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

Not applicable.

(Related party transactions)

Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)

1. Related party transactions

(1) Related party transactions

Companies whose parent company is the same as the parent company of the company submitting the consolidated financial statements

Type	Company name	Location	Capital stock (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of year (million yen)
Company having the same parent company	NTT Finance Corporation	Minato-ku, Tokyo	16,770	Comprehensive leasing business	(Owned by the company) Direct: 1.0	Deposits	Deposits paid	–	Deposits paid	1,695
						Borrowing	Short-term loans payable	–	Short-term loans payable	473
							Long-term loans payable	33,900	Current portion of long-term loans payable	5,400
									Long-term loans payable	66,300

(Note) Deposits paid and borrowings are based on deposit agreements and loan agreements. The Company and NTT Finance Corporation determined interest rates, considering market money rates.

2. Notes to the parent company, and important subsidiaries and affiliates

(1) Parent company

Nippon Telegraph and Telephone Corporation (listed on the Tokyo Stock Exchange and others)

(2) Important subsidiaries and affiliates

Not applicable.

Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Companies whose parent company is the same as the parent company of the company submitting the consolidated financial statements

Type	Company name	Location	Capital stock (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of year (million yen)
Company having the same parent company	NTT Finance Corporation	Minato-ku, Tokyo	16,770	Comprehen-sive leasing business	(Owned by the company) Direct: 1.0	Deposits	Deposits paid	–	Deposits paid	1,282
						Borrowing	Long-term loans payable	–	Current portion of long-term loans payable	24,000
									Long-term loans payable	9,000

(Note) Deposits paid and borrowings are based on deposit agreements and loan agreements. The Company and NTT Finance Corporation determined interest rates, considering market money rates.

(2) Transactions between the company submitting the consolidated financial statements' consolidated subsidiaries and related parties

Companies whose parent company is the same as the parent company of the company submitting the consolidated financial statements

Type	Company name	Location	Capital stock (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of year (million yen)
Company having the same parent company	NTT Finance Corporation	Minato-ku, Tokyo	16,770	Comprehen-sive leasing business	–	Deposits	Deposits paid	–	Deposits paid	1,130
						Borrowing	Long-term loans payable	–	Current portion of long-term loans payable	400
									Long-term loans payable	33,962

(Note) Deposits paid and borrowings are based on deposit agreements and loan agreements. The Company and NTT Finance Corporation determined interest rates, considering market money rates.

2. Notes to the parent company, and important subsidiaries and affiliates

(1) Parent company

Nippon Telegraph and Telephone Corporation (listed on the Tokyo Stock Exchange and others)

(2) Important subsidiaries and affiliates

Not applicable.

(Per-share information)

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)		Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)	
Net assets per share	563.98 yen	Net assets per share	610.45 yen
Net income per share	34.46 yen	Net income per share	49.33 yen

(Note1) Diluted net income per share is not disclosed because the Company does not hold any dilutive securities.

(Note2) The basis for the calculation of net income per share is shown in the table below.

	Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)
Net income (million yen)	11,343	16,235
Amounts not attributable to shareholders of common stock (million yen)	–	–
Net income attributable to common stock (million yen)	11,343	16,235
Average number of common shares outstanding during the fiscal year	329,120,000	329,120,000

(Significant subsequent events)

Not applicable.

6. Financial Statements (Non-Consolidated)

(1) Balance Sheets

(Million yen)

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	97	1,043
Operating accounts receivable	15,321	3,544
Real estate for sale	19,469	20,402
Real estate for sale in progress	44,839	56,822
Costs on uncompleted construction contracts	276	117
Raw materials and supplies	49	25
Prepaid expenses	671	605
Lease investment assets	3,689	3,837
Deposits paid	-	1,282
Deferred tax assets	1,060	1,138
Other	4,002	3,916
Allowance for doubtful accounts	(1)	(35)
Total current assets	89,476	92,700
Non-current assets		
Property, plant and equipment		
Buildings	261,060	264,355
Structures	3,870	4,077
Machinery and equipment	1,830	1,811
Tools, furniture and fixtures	2,518	2,404
Land	291,790	324,964
Lease assets	66	59
Construction in progress	14,099	1,633
Total property, plant and equipment	575,237	599,306
Intangible assets		
Leasehold right	1,410	20,119
Software	1,409	905
Software in progress	-	727
Lease assets	1	0
Other	98	119
Total intangible assets	2,920	21,873
Investments and other assets		
Investment securities	16,937	19,181
Stocks of subsidiaries and affiliates	17,103	17,309
Investments in other securities of subsidiaries and affiliates	29,829	29,829
Investments in capital	0	0
Long-term prepaid expenses	15,822	15,337
Prepaid pension cost	—	210
Lease and guarantee deposits paid	9,494	8,639
Other	1,896	2,157
Total investments and other assets	91,084	92,665
Total non-current assets	669,241	713,845
Total assets	758,717	806,545

(Million yen)

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	10,179	6,681
Short-term loans payable	473	-
Lease obligations	31	29
Current portion of long-term loans payable	51,000	52,000
Accounts payable-other	12,089	18,548
Accrued expenses	1,427	1,351
Income taxes payable	1,272	2,267
Advances received	7,712	6,656
Deposits received	3,852	6,134
Other	3,750	2,536
Total current liabilities	91,788	96,206
Non-current liabilities		
Bonds payable	99,967	129,968
Long-term loans payable	277,300	288,300
Lease obligations	68	60
Long-term accounts payable-other	40,138	35,313
Lease and guarantee deposits received	69,392	68,126
Deferred tax liabilities	11,483	12,311
Provision for retirement benefits	5,895	6,069
Asset retirement obligations	3,175	3,267
Other	43	49
Total non-current liabilities	507,464	543,467
Total liabilities	599,253	639,673
Net assets		
Shareholders’ equity		
Capital stock	48,760	48,760
Capital surplus		
Legal capital surplus	34,109	34,109
Total capital surplus	34,109	34,109
Retained earnings		
Legal retained earnings	3,437	3,437
Other retained earnings	72,180	77,727
Voluntary retained earnings	30,838	35,606
Retained earnings brought forward	41,342	42,121
Total retained earnings	75,617	81,164
Total retained earnings	158,487	164,034
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	976	2,837
Total valuation and translation adjustments	976	2,837
Total net assets	159,464	166,871
Total liabilities and net assets	758,717	806,545

(2) Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Operating revenue		
Operating revenues from leasing business	87,730	83,348
Operating revenues from residential property sales business	79,537	46,601
Operating revenues from other businesses	1,328	2,063
Total operating revenue	168,596	132,013
Operating cost		
Operating cost for leasing business	57,407	56,259
Operating cost for residential property sales business	62,282	36,558
Operating cost for other businesses	691	752
Total operating cost	120,381	93,570
Operating gross profit	48,215	38,443
Selling, general and administrative expenses	*2 21,154	*2 16,610
Operating income	27,060	21,832
Non-operating income		
Interest income	4	4
Dividends income	150	*1 147
Contributions	138	92
Gain on donation of non-current assets	60	17
Other	72	104
Total non-operating income	426	367
Non-operating expense		
Interest expenses	4,745	*1 4,217
Interest on bonds	1,400	1,550
Other	643	222
Total non-operating expenses	6,789	5,990
Ordinary income	20,697	16,208
Extraordinary income		
Gain on sales of non-current assets	*3 6,434	*3 1,850
Gain on sales of securities of subsidiaries and affiliates	3,194	-
Total extraordinary income	9,628	1,850
Extraordinary loss		
Loss on sales of non-current assets	*4 8,779	*4 697
Loss on retirement of non-current assets	*5 1,359	*5 1,214
Impairment loss	2,848	1,455
Total extraordinary losses	12,986	3,368
Income before income taxes	17,339	14,690
Income taxes-current	3,968	4,162
Income taxes-deferred	3,278	(139)
Total income taxes	7,246	4,022
Net income	10,093	10,668

Schedules of Cost

Schedule of operating cost for leasing business (Million yen)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Classification	Note number	Amount	Breakdown (%)	Amount	Breakdown (%)
I. Personal expenses		461	0.8	371	0.7
II. Depreciation and amortization		20,205	35.2	19,358	34.4
III. Taxes and dues		8,034	14.0	8,129	14.4
IV. Business consignment expenses		10,447	18.2	10,347	18.4
V. Other		18,257	31.8	18,052	32.1
Total		57,407	100.0	56,259	100.0

Schedule of operating cost for residential property sales business (Million yen)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Classification	Note number	Amount	Breakdown (%)	Amount	Breakdown (%)
I. Land cost		26,670	42.8	13,951	38.2
II. Personal expenses		4	0.0	0	0.0
III. Sundry expenses		35,606	57.2	22,606	61.8
Total		62,282	100.0	36,558	100.0

(Note) The job order cost system is applied for calculating costs.

Schedule for operating cost for other businesses (Million yen)

		Previous fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Classification	Note number	Amount	Breakdown (%)	Amount	Breakdown (%)
I. Personal expenses		132	19.2	245	32.6
II. Sundry expenses		558	80.8	507	67.4
Total		691	100.0	752	100.0

(3) Statements of Changes in Net Assets
Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity						Valuation and translation adjustments	
		Capital surplus	Retained earnings					
				Other retained earnings				
	Capital stock	Legal capital surplus	Legal retained earnings	Voluntary retained earnings	Retained earnings brought forward	Total shareholders' equity	Valuation difference on available-for-sale securities	Total net assets
Balance at the beginning of the year	48,760	34,109	3,437	25,044	42,636	153,988	1,121	155,110
Cumulative effects of changes in accounting policies								
Restated balance	48,760	34,109	3,437	25,044	42,636	153,988	1,121	155,110
Total changes of items during the year								
Dividends from surplus					(2,962)	(2,962)		(2,962)
Interim dividends					(2,632)	(2,632)		(2,632)
Provision of reserve for advanced depreciation of non-current assets				5,789	(5,789)	－		－
Reversal of reserve for advanced depreciation of non-current assets				(380)	380	－		－
Provision of reserve for special depreciation				389	(389)	－		－
Reversal of reserve for special depreciation				(4)	4	－		－
Net income					10,093	10,093		10,093
Net changes of items other than shareholders' equity							(144)	(144)
Total changes of items during the year	－	－	－	5,793	(1,294)	4,498	(144)	4,353
Balance at the end of the year	48,760	34,109	3,437	30,838	41,342	158,487	976	159,464

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity						Valuation and translation adjustments	
		Capital surplus	Retained earnings					
				Other retained earnings				
	Capital stock	Legal capital surplus	Legal retained earnings	Voluntary retained earnings	Retained earnings brought forward	Total shareholders' equity	Valuation difference on available-for-sale securities	Total net assets
Balance at the beginning of the year	48,760	34,109	3,437	30,838	41,342	158,487	976	159,464
Cumulative effects of changes in accounting policies					144	144		144
Restated balance	48,760	34,109	3,437	30,838	41,486	158,632	976	159,609
Total changes of items during the year								
Dividends from surplus					(2,632)	(2,632)		(2,632)
Interim dividends					(2,632)	(2,632)		(2,632)
Provision of reserve for advanced depreciation of non-current assets				4,619	(4,619)	―		―
Reversal of reserve for advanced depreciation of non-current assets				(139)	139	―		―
Provision of reserve for special depreciation				352	(352)	―		―
Reversal of reserve for special depreciation				(64)	64	―		―
Net income					10,668	10,668		10,668
Net changes of items other than shareholders' equity							1,860	1,860
Total changes of items during the year	―	―	―	4,767	634	5,402	1,860	7,262
Balance at the end of the year	48,760	34,109	3,437	35,606	42,121	164,034	2,837	166,871

(4) Notes to Financial Statements

(Phenomena or situations raising significant questions about the premise of a going concern)

Not applicable.

(Significant accounting policies)

1. Standards and methods for the valuation of securities

(1) Shares in subsidiaries and affiliates

Cost determined by the moving average method is applied.

(2) Other securities

(i) Securities having fair values:

Fair value method based on the fair value on the closing date is applied. (The valuation difference is recorded as a component of net assets. The cost of products sold is calculated by the moving average method.)

(ii) Securities not having fair values:

Cost determined by the moving average method is applied.

With respect to investments in investment business limited partnerships and associations of a similar nature (investments deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the net amount equivalent to equity based on the latest financial statements available is recorded.

2. Standards and methods for the valuation of derivatives

In principle, the fair value method is applied.

3. Standards and methods for the valuation of inventories

The cost method based on the specific cost method (reduction of the carrying value—balance sheet value—based on a decline in profitability) is applied to properties for sale, properties in progress.

The cost method based on the specific cost method is applied to uncompleted construction expenditure.

The last cost method is applied to raw materials and supplies.

4. Depreciation method for non-current assets

(1) Property, plant and equipment (except leased assets)

The declining-balance method is primarily applied.

However, the straight-line method is applied to NTT Makuhari Building, Granpark Tower, NTT Cred Motomachi Building, and buildings (except attached facilities) acquired on and after April 1, 1998.

Major useful lives are as follows:

Buildings: 15 to 50 years

Structures: 15 to 50 years

Machinery and equipment: 5 to 17 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible assets (except lease assets)

The straight-line method is applied.

Software for internal use is amortized over its estimated useful life (five years).

(3) Long-term prepaid expenses

The straight-line method is applied.

(4) Lease assets

Lease assets relating to finance lease transactions without the transfer of ownership

The same depreciation methods as applied to the non-current assets owned by the Company and its subsidiaries are applied.

5. Basis for calculating allowances

(1) Allowance for doubtful accounts

In preparation for doubtful notes and operating accounts receivable and loans receivable, the Company posts estimated uncollectible amounts, which are estimated from loan loss ratios for general reserves and from collectability for each of specific receivables including those with low collectability.

(2) Provision for retirement benefits

In preparation for employees retirement benefit, provision for retirement benefits are posted based on the retirement benefit obligation and estimated plan assets at the end of the fiscal year.

As a method of attributing expected benefit to the end of the fiscal year ending March 31, 2016, benefit formula basis is used to calculate retirement benefit obligations.

The past service cost is amortized using the straight-line method over the average remaining working lives (from 10 years to 13 years) of the employees at the time of occurrence.

Actuarial gains and losses are amortized using the straight-line method over the average remaining working lives (from 8 years to 10 years) of the employees at the time of occurrence in each fiscal year from the following fiscal year.

6. Basis for posting revenues and expenses

(1) Basis for posting revenues and expenses

Basis for posting revenues relating to finance lease transactions

Sales and cost of sales are posted when lease fees are received.

(2) Standard for recording amount of completed work and cost of completed work

a. Contracts whose outcome at the end of the fiscal year under review is deemed certain

Percentage-of-completion method (construction-cost-percentage method for estimating the progress of construction)

b. Other construction contracts

Completed-contract method

7. Significant hedge accounting method

(1) Hedge accounting method

In principle, deferred hedge accounting is applied.

A preferential procedure is employed for interest rate swaps that meet the criteria for the preferential procedure.

(2) Hedging item and hedged item

Hedging item: Interest rate swap contracts

Hedged item: Borrowings

(3) Hedging policy

Under the Company's internal rules on derivative transactions, interest rate risks relating to the hedged item are hedged against within a certain range.

(4) Method of assessment of hedge effectiveness

Since the swaps are interest swaps to which special matching criteria are applied, the periodic assessment of hedge effectiveness is not performed.

8. Other important matters that constitute the basis for preparation of financial statements

(1) Accounting method for retirement benefits

The method used to record unrecognized actuarial gains and losses and unrecognized past service costs is different from the method used to record them in the consolidated financial statements.

(2) Accounting treatment of consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(Changes in accounting principles)

From the beginning of the fiscal year under review, the provisions set forth in the text of Paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 on May 17, 2012. Hereinafter the “Accounting Standard for Retirement Benefits”) and of Paragraph 67 of the Guideline on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 on March 26, 2015. Hereinafter the “Guideline on Accounting Standard for Retirement Benefits”) have been applied, and the method for calculating retirement benefit obligations and service costs has been changed. The method of allocating expected retirement benefits to periods has been changed from the fixed-amount method to the benefit formula basis. The discount rate has been changed from a discount rate based on the average period until estimated dates of benefit payments to a single weighted average discount rate reflecting the estimated timing of benefit payments and amounts for each timing (a discount rate in consideration of duration).

As the application of the Accounting Standard for Retirement Benefits, etc. follows the transitional treatment as provided for in Paragraph 37 of the Accounting Standard for Retirement Benefits, we have made an adjustment for the amount affected by the change in the method for calculating retirement benefit obligations and service costs to retained earnings at the beginning of the fiscal year under review.

As a result, net defined benefit liability declined ¥224 million, and retained earnings increased ¥144 million at the beginning of the fiscal year under review. The effect on operating income, ordinary income, and income before income taxes and minority interests in the fiscal year under review is minor.

Net assets per share increased ¥0.44.

(Notes to statements of income)

*1. Volume of transactions with affiliates (Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Non-operating transactions	–	77

*2. The approximate percentage of expenses that belong to selling expense is 38.6% in the previous fiscal year and 29.2% in the fiscal year under review, and the approximate percentage of expenses that belong to general, selling and administrative expenses is 61.4% in the previous fiscal year and 70.8% in the fiscal year under review.

Major expense items and their amounts are as follows. (Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Advertising expenses	5,131	3,022
Salaries, allowances and bonuses	4,159	4,003
Business consignment expenses	4,907	3,586
Taxes and dues	1,897	1,865
Depreciation and amortization	1,043	793

*3. Breakdown of gain on sales of non-current assets (Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	(1,715)	(102)
Land	8,149	1,952
Total	6,434	1,850

On the sale of a building with land, the Company recognized a loss on the building component, while a gain was recognized on the land component. A net gain resulted from this transaction and was recorded as a gain on sales of non-current assets.

*4. Breakdown of loss on sales of non-current assets (Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	9	–
Land	8,770	697
Total	8,779	697

*5. Breakdown of loss on retirement of non-current assets (Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	633	514
Structures	7	6
Machinery and equipment	11	3
Removal cost	688	673
Tools, furniture and fixtures	18	17
Total	1,359	1,214

(Notes to securities)

The shares of subsidiaries and affiliates (¥16,831 million and ¥478 million, respectively, on the balance sheets for the fiscal year under review and ¥16,625 million and ¥478 million, respectively, on the balance sheets for the previous fiscal year) have no market prices, and it is very difficult to determine their fair fair values. Their fair values are therefore omitted.

(Notes to deferred tax accounting)

1.Breakdown of deferred tax assets and deferred tax liabilities by major cause (Million yen)

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Deferred tax (current) assets		
Accrued bonuses in excess of the limit for income tax deduction	137	125
Accrued enterprise taxes	142	199
Denial of loss on valuation of inventory	23	9
Other	816	903
Sub Total	1,118	1,236
Valuation reserve	(0)	(11)
Total	1,118	1,225
Deferred tax (current) liabilities		
Other	(58)	(87)
Total	(58)	(87)
Net deferred tax (current) liabilities	1,060	1,138
Deferred tax assets (non-current)		
Denial of impairment loss	1,462	1,668
Denial of evaluation loss on land	3,684	2,962
Denial of depreciation of unused building volume	2,046	1,962
Provision for retirement benefits	2,101	1,960
Other	1,487	1,640
Sub Total	10,781	10,194
Valuation reserve	(6,863)	(6,055)
Total	3,917	4,138
Deferred tax liabilities (non-current)		
Reserve for advanced depreciation of non-current assets	(14,079)	(14,245)
Other	(1,321)	(2,205)
Total	(15,401)	(16,450)
Net deferred tax liabilities (non-current)	(11,483)	(12,311)

2. Breakdown of difference between the effective tax rate and the actual effective tax rate after applying tax effect accounting by major cause if there is a significant difference between them

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
Effective tax rate	38.0%	35.6%
(Adjustment)		
Reduction of deferred tax liabilities at the term end due to the change in tax rates	—	(7.2)
Change in year-end deferred tax liabilities due to tax rate change	4.5	(1.1)
Other	(0.7)	(0.0)
Actual effective tax rate after the application of tax effect accounting	41.8	27.3

3. Correction of the amount of deferred tax assets and deferred tax liabilities due to the change of corporate tax rates, etc.

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) and and the Act for Partial Revision of the Local Taxation Act, etc. was promulgated on March 31, 2015, and it has been decided that corporate tax rates will be reduced in the consolidated fiscal year beginning on or after April 1, 2015. Associated with this, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities will be reduced from the previous 35.6% to 33.0% for temporary differences that are expected to be eliminated in a consolidated fiscal year beginning on April 1, 2015 and to 32.2% for temporary differences that are expected to be eliminated in or after the consolidated fiscal year beginning on April 1, 2016.

Because of these changes in tax rates, the net amount of deferred tax liabilities (the amount subtracting the amount of deferred tax assets) and income taxes-deferred have declined ¥1,202 million and ¥1,061 million, respectively, while valuation difference on available-for-sale securities and remeasurements of defined benefit plans have increased ¥141 million.

(Significant subsequent events)

Not applicable.

7. Other

(1) Changes in Officers

Changes in officers will be disclosed when they are determined.