

FACT BOOK

(for the 3rd Quarter of FY 2015)

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NTT Urban Development

February 2, 2016

1. Consolidated Financial Results and Forecast

Consolidated Statements of Income

(Million yen)

	FY 2011	FY 2012	FY 2013	FY 2014				FY 2015			
				1Q Jun. 2014	2Q Sep. 2014	3Q Dec. 2014	4Q Mar. 2015	1Q Jun. 2015	2Q Sep. 2015	3Q Dec. 2015	Revised Forecast**1
Operating revenue	136,842	163,168	189,186	36,272	74,379	101,251	152,052	26,681	71,168	105,728	180,000
Operating expenses	111,477	135,767	158,727	30,026	61,108	83,920	127,215	22,762	58,880	87,824	145,000
Operating income	25,365	27,401	30,458	6,245	13,270	17,330	24,836	3,918	12,288	17,904	35,000
Non-operating income	2,321	2,500	2,326	565	1,091	1,624	2,148	723	1,279	1,915	—
(Restated) Amortization of negative goodwill	1,926	1,926	1,853	445	890	1,335	1,780	481	963	1,444	—
(Restated) Equity in earnings of affiliates	77	82	71	31	37	73	45	88	162	253	—
Non-operating expenses	8,457	7,885	7,919	1,593	3,219	4,982	6,590	1,529	3,045	4,521	—
(Restated) Interest expenses	7,938	7,665	7,077	1,560	3,149	4,751	6,300	1,521	3,016	4,481	—
Ordinary income	19,229	22,016	24,865	5,217	11,142	13,972	20,395	3,113	10,521	15,298	31,500
Extraordinary income	60	389	8,576	377	379	379	1,850	382	382	395	—
Extraordinary loss	2,863	3,436	13,103	43	491	632	3,375	54	2,023	3,507	—
Income before income taxes and minority interests	16,425	18,969	20,338	5,551	11,030	13,719	18,869	3,441	8,880	12,186	—
Income taxes	(2,951)	5,544	7,534	1,640	3,335	4,053	(620)	874	2,357	3,155	—
Profit**2	19,376	13,425	12,803	3,910	7,695	9,665	19,490	2,567	6,522	9,030	—
Profit attributable to non-controlling interests**2	3,790	1,351	1,460	397	735	1,043	3,255	368	766	1,145	—
Profit attributable to owners of parent**2	15,586	12,073	11,343	3,513	6,959	8,622	16,235	2,198	5,756	7,885	15,000

Consolidated Statements of Comprehensive Income

Comprehensive income	18,209	16,487	16,274	3,786	8,104	11,458	23,671	1,442	6,300	7,717	—
Profit**2	19,376	13,425	12,803	3,910	7,695	9,665	19,490	2,567	6,522	9,030	—
Other comprehensive income	(1,166)	3,062	3,470	(124)	409	1,792	4,180	(1,125)	(222)	(1,312)	—

Consolidated Balance Sheets

Total assets	928,537	941,050	985,507	978,412	977,256	1,029,705	1,033,220	1,039,431	1,051,583	1,062,129	—
Current assets	129,941	131,843	125,351	118,855	115,676	121,702	128,512	136,965	154,221	157,538	—
(Restated) Cash and deposits	9,924	12,148	18,313	18,942	18,993	21,097	17,891	16,271	21,015	18,134	—
Inventories	94,206	87,684	78,497	81,827	79,889	86,817	93,571	107,308	111,768	123,289	—
Other current assets	25,810	32,009	28,539	18,085	16,793	13,787	17,049	13,384	21,437	16,115	—
(Restated) Short-term (less than 3 months) investments included in other current assets	2,845	2,470	595	573	436	563	2,372	676	823	464	—
Non-current assets	798,595	809,207	860,155	859,556	861,580	908,003	904,708	902,466	897,361	904,590	—
Property, plant and equipment	748,763	760,907	811,035	810,556	811,686	856,164	834,792	831,102	827,879	831,080	—
Intangible assets	4,562	5,756	5,427	5,184	5,303	5,555	24,556	24,826	24,953	25,430	—
Investments and other assets	45,269	42,544	43,692	43,815	44,590	46,283	45,359	46,538	44,528	48,079	—
Total liabilities	724,810	727,215	756,915	748,898	743,845	795,947	787,579	798,820	806,485	818,495	—
Current liabilities	88,727	177,439	101,021	105,266	117,821	135,533	98,874	99,935	126,967	153,218	—
Interest-bearing debt (short-term)	50,324	128,487	57,886	79,037	84,594	100,926	53,200	66,898	97,414	112,209	—
Other current liabilities	38,403	48,951	43,135	26,228	33,227	34,606	45,674	33,037	29,552	41,008	—
Non-current liabilities	636,082	549,775	655,893	643,631	626,023	660,414	688,704	698,885	679,518	665,277	—
Interest-bearing debt (long-term)	455,481	377,505	449,367	437,873	424,680	458,341	493,989	505,103	486,353	481,677	—
Other non-current liabilities	180,601	172,270	206,525	205,758	201,343	202,073	194,715	193,781	193,164	183,600	—
Total net assets	203,727	213,835	228,591	229,513	233,411	233,757	245,641	240,611	245,097	243,633	—
Total accumulated comprehensive income	(1,122)	1,948	5,596	5,472	6,005	7,389	9,776	8,650	9,553	8,463	—
(Restated) Non-controlling interests**2	37,714	37,614	42,975	42,996	42,915	42,847	44,730	44,840	44,866	44,996	—

Consolidated Statements of Cash Flows

Net cash provided by (used in) operating activities	3,704	48,089	51,870	—	19,787	—	36,988	—	(12,441)	—	—
Net cash provided by (used in) investing activities	(23,033)	(39,885)	(37,962)	—	(17,901)	—	(67,778)	—	(18,573)	—	—
Free cash flow	(19,329)	8,203	13,907	—	1,885	—	(30,789)	—	(31,014)	—	—
Net cash provided by (used in) financing activities	12,650	(6,660)	(8,656)	—	(1,312)	—	31,777	—	32,614	—	—
Cash and cash equivalents at end of period	10,960	12,809	18,798	—	19,319	—	20,153	—	21,779	—	—

*1 Announced on November 4, 2015

*2 Adopted "Revised Accounting Standard for Business Combination", etc. and changed some account titles from for the 1st quarter of FY 2015 accordingly

Major Financial Data

(Million yen)

	FY 2011	FY 2012	FY 2013	FY 2014				FY2015			
				1Q Jun. 2014	2Q Sep. 2014	3Q Dec. 2014	4Q Mar. 2015	1Q Jun. 2015	2Q Sep. 2015	3Q Dec. 2015	Revised Forecast** ¹
Data Related to Total Assets											
Total assets	928,537	941,050	985,507	978,412	977,256	1,029,705	1,033,220	1,039,431	1,051,583	1,062,129	—
Return on assets (ROA) %	3.0	3.1	3.4	—	—	—	2.6	—	—	—	—
Inventories	94,206	87,684	78,497	81,827	79,889	86,817	93,571	107,308	111,768	123,289	—
Inventories of residential property sales	85,222	72,278	56,560	52,851	51,201	57,205	58,997	73,278	76,485	88,671	—
Investments	28,807	46,856	62,778	7,560	14,340	64,268	79,979	7,748	16,742	33,243	60,000
(Restated) Capital expenditure	28,793	46,390	61,495	7,515	14,295	63,979	79,268	7,344	16,050	29,616	54,000

Data Related to Shareholders' equity

Shareholders' equity	166,012	176,221	185,616	186,517	190,496	190,910	200,910	195,770	200,231	198,636	—
Shareholders' equity ratio %	17.9	18.7	18.8	19.1	19.5	18.5	19.4	18.8	19.0	18.7	—
Return on equity (ROE) %	9.7	7.1	6.3	—	—	—	8.4	—	—	—	—
Net income per share* ² Yen	47.36	36.68	34.46	10.67	21.15	26.20	49.33	6.68	17.49	23.96	45.58
(Full-year) Dividend per share* ² Yen	14.00	16.00	16.00	—	—	—	16.00	—	—	—	16.00
(Full-year) Dividend	4,607	5,265	5,265	—	—	—	5,265	—	—	—	5,265
Dividend payout ratio %	29.6	43.6	46.4	—	—	—	32.4	—	—	—	35.1
Dividend on equity (DOE) %	2.9	3.1	2.9	—	—	—	2.7	—	—	—	—

Data Related to Interest-bearing Debt

Interest-bearing debt	505,805	505,993	507,253	516,911	509,274	559,268	547,189	572,002	583,768	593,886	—
Net interest-bearing debt	493,034	491,373	488,345	497,395	489,844	537,607	526,925	555,054	561,929	575,287	—
Net interest-bearing debt / EBITDA X	9.8	9.6	8.9	—	—	—	10.9	—	—	—	—
Net D/E ratio X	2.42	2.30	2.14	2.17	2.10	2.30	2.15	2.31	2.29	2.36	—
Interest coverage ratio X	0.5	6.2	7.3	—	6.3	—	5.8	—	—	—	—
EBITDA interest coverage ratio X	6.3	6.7	7.8	7.7	7.9	7.3	7.7	6.5	8.0	8.0	—
Ordinary income interest coverage ratio X	2.4	2.9	3.5	3.3	3.5	2.9	3.2	2.0	3.5	3.4	—

• Return on assets (ROA) = (Operating income + Equity in earnings of affiliates + Amortization of negative goodwill) / Average Total Assets over period × 100

• Shareholders' equity = Net assets - Subscription rights to shares - Minority interests³

• Shareholders' equity ratio = Shareholders' equity / Total assets at the end of the fiscal year under review × 100

• Return on equity (ROE) = Profit attributable to owners of parent*³ / Average shareholders' equity over period × 100

• Net income per share = Profit attributable to owners of parent*³ / Number of issued and outstanding shares

• Dividend payout ratio = (Full-year) Dividend per share / Net income per share

• Dividend on equity (DOE) = (Full-year) Dividend / Average shareholders' equity over period × 100

• Net interest-bearing debt = Interest-bearing debt - Cash and deposits - Short-term (less than 3 months) investments included in other current assets

• EBITDA = Operating income + Depreciation and amortization

• Net D/E ratio = Net interest-bearing debt / Net assets

• Interest coverage ratio = Net cash provided by (used in) operating activities / Interest expenses paid (on the basis of net cash provided by (used in) operating activities)

• EBITDA interest coverage ratio = EBITDA / Interest expenses

• Ordinary income interest coverage ratio = Ordinary income / Interest expenses

*¹ Announced on November 4, 2015

*² Net income per share and (Full-year) Dividend per share take into account the effect of the 100-for-one stock split implemented with October 1, 2013 as the effect date
(Full-year) Dividend per share is total amount of interim dividend per share and year-end dividend per share.

*³ Adopted "Revised Accounting Standard for Business Combination", etc. and changed some account titles from the 1st quarter of FY 2015 accordingly.

2. Segment Information

Outline

(Million yen)

	FY 2011	FY 2012	FY 2013	FY 2014				FY2015			
				1Q Jun. 2014	2Q Sep. 2014	3Q Dec. 2014	4Q Mar. 2015	1Q Jun. 2015	2Q Sep. 2015	3Q Dec. 2015	Revised Forecast*
Operating revenue	136,842	163,168	189,186	36,272	74,379	101,251	152,052	26,681	71,168	105,728	180,000
Leasing	91,069	94,509	96,595	21,151	43,613	64,676	91,739	21,079	44,962	68,330	120,000
Residential property sales	28,484	54,939	79,537	12,883	25,074	27,813	46,626	3,097	20,625	28,985	47,000
Other	23,223	18,930	18,532	3,340	8,031	12,361	18,825	3,710	8,520	12,830	19,000
Eliminations	(5,934)	(5,209)	(5,478)	(1,103)	(2,340)	(3,600)	(5,140)	(1,205)	(2,939)	(4,417)	(6,000)
Operating income	25,365	27,401	30,458	6,245	13,270	17,330	24,836	3,918	12,288	17,904	35,000
Leasing	27,482	29,216	27,189	5,883	12,028	17,022	23,566	4,906	11,103	17,250	35,000
Residential property sales	1,374	2,914	8,222	1,520	3,160	3,083	4,405	121	3,399	3,922	5,000
Other	3,090	1,580	1,729	186	634	1,006	2,485	195	614	984	1,500
Eliminations / Corporate	(6,583)	(6,310)	(6,682)	(1,344)	(2,551)	(3,781)	(5,620)	(1,303)	(2,829)	(4,252)	(6,500)
Operating income margin %	18.5	16.8	16.1	17.2	17.8	17.1	16.3	14.7	17.3	16.9	19.4
Leasing %	30.2	30.9	28.1	27.8	27.6	26.3	25.7	23.3	24.7	25.2	29.2
Residential property sales %	4.8	5.3	10.3	11.8	12.6	11.1	9.4	3.9	16.5	13.5	10.6
Other %	13.3	8.3	9.3	5.6	7.9	8.1	13.2	5.3	7.2	7.7	7.9
Assets	928,537	941,050	985,507	—	—	—	1,033,220	—	—	—	—
Leasing	816,254	841,527	898,408	—	—	—	954,681	—	—	—	—
Residential property sales	90,959	88,306	74,258	—	—	—	64,530	—	—	—	—
Other	21,251	11,099	12,079	—	—	—	12,519	—	—	—	—
Eliminations / Corporate	71	116	761	—	—	—	1,489	—	—	—	—
Depreciation and amortization	24,765	23,766	24,566	—	—	—	23,474	—	—	—	—
Leasing	23,664	22,751	23,560	—	—	—	22,695	—	—	—	—
Residential property sales	6	5	5	—	—	—	7	—	—	—	—
Other	78	52	61	—	—	—	68	—	—	—	—
Eliminations / Corporate	1,015	957	938	—	—	—	702	—	—	—	—
Capex	28,793	46,390	61,495	—	—	—	77,583	—	—	—	—
Leasing	28,325	46,136	61,255	—	—	—	76,589	—	—	—	—
Residential property sales	5	3	13	—	—	—	31	—	—	—	—
Other	40	160	85	—	—	—	76	—	—	—	—
Eliminations / Corporate	421	90	140	—	—	—	885	—	—	—	—

* Announced on November 4, 2015.

Leasing

(Million yen)

	FY 2011	FY 2012	FY 2013	FY 2014				FY2015			
				1Q Jun. 2014	2Q Sep. 2014	3Q Dec. 2014	4Q Mar. 2015	1Q Jun. 2015	2Q Sep. 2015	3Q Dec. 2015	Revised Forecast** ¹
Operating revenue	91,069	94,509	96,595	21,151	43,613	64,676	91,739	21,079	44,962	68,330	120,000
Office / Commercial	84,713	88,621	90,833	20,022	40,208	60,144	80,083	19,873	42,367	64,516	—
Residential / Other	6,356	5,887	5,762	1,129	3,405	4,532	11,656	1,205	2,595	3,814	—
Rentable area (Office / Commercial) m ²	1,168,526	1,199,215	1,193,561	1,201,001	1,203,491	1,179,597	1,248,926	1,235,590	1,214,213	1,211,517	—
Nationwide vacancy rate %	5.4	6.5	7.4	8.1	8.3	6.7	10.9	10.5	8.7	7.5	—
							* ² [6.2]	* ² [6.1]	* ² [5.3]	* ² [4.6]	—
Five wards of central Tokyo %	2.0	4.0	6.4	6.8	5.9	2.9	14.7	14.2	10.8	9.2	—
							* ² [1.7]	* ² [2.2]	* ² [1.3]	* ² [1.3]	—
NOI (excluding the effects of property sales, etc.)	54,318	53,499	51,489	—	—	—	47,509	—	—	—	48,000
Five wards of central Tokyo	29,907	29,121	25,617	—	—	—	22,829	—	—	—	—
Tokyo metropolitan area (except five wards of central Tokyo)	4,153	4,059	3,940	—	—	—	3,292	—	—	—	—
Other regions	20,257	20,318	21,932	—	—	—	21,387	—	—	—	—
Fair value of rental properties	1,155,467	1,159,902	1,210,052	—	—	—	1,327,642	—	—	—	—
Book value of rental properties	743,939	758,300	805,911	—	—	—	845,486	—	—	—	—

• NOI = operating revenues from leasing business - operating cost for leasing business + depreciation and amortization expense for the leasing business (including long-term prepaid expenses)

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

• Tokyo metropolitan area (except five wards of central Tokyo) is Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

• Properties of which leases were suspended for future redevelopment, etc. are excluded from the calculation of vacancy rates since the rate of December 2014.

*¹ Announced on November 4, 2015

*² The rates written in parentheses show the vacancy rate excluding Shinagawa Season Terrace, which was completed February 2015.

Residential Property Sales

(Million yen)

	FY 2011	FY 2012	FY 2013	FY 2014				FY2015			
				1Q Jun. 2014	2Q Sep. 2014	3Q Dec. 2014	4Q Mar. 2015	1Q Jun. 2015	2Q Sep. 2015	3Q Dec. 2015	Revised Forecast*
Operating revenue	28,484	54,939	79,537	12,883	25,074	27,813	46,626	3,097	20,625	28,985	47,000
Condominiums											
Operating revenue	22,392	47,372	75,486	12,785	24,558	27,023	45,405	2,519	19,862	28,137	—
Tokyo metropolitan area	16,330	27,979	54,073	7,788	17,241	18,741	24,368	1,650	15,707	20,520	—
Other regions	6,062	19,392	21,413	4,997	7,316	8,281	21,036	869	4,154	7,616	—
Units delivered Units	458	1,052	1,423	220	528	586	1,080	66	433	648	1,050
Tokyo metropolitan area Units	351	564	876	80	328	363	503	44	352	479	—
Other regions Units	107	488	547	140	199	223	576	21	80	168	—
Completed in inventories Units	99	207	207	121	187	161	219	153	271	368	—
Residential Lots, etc.											
Operating revenue	4,099	6,618	4,050	97	515	790	1,220	577	763	848	—
Units / Lots delivered Units / Lots	48	63	136	5	31	45	71	36	31	36	—
Completed in inventories Units / Lots	14	37	33	42	33	40	19	42	51	62	—
Other											
Operating revenue	1,993	948	—	—	—	—	—	—	—	—	—
Units / Lots delivered Units / Lots	1	1	—	—	—	—	—	—	—	—	—

• Tokyo metropolitan area is Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

• For joint projects, units / lots delivered and completed in inventories are corresponding to the Company's share in the project. It is rounded down to the nearest unit / lot.

• "Other" are the sale of a condominium (apartment building) and others.

* Announced on November 4, 2015.

<Reference>

Development Projects

Name	Urbannet Ginza 1-Chome Building	Otemachi 2-Chome Area 1st Class Urban Redevelopment Project Building A	Universal City Station Project
Location	1-26-1 Ginza Chuo-ku, Tokyo	Otemachi 2-Chome, Chiyoda-ku, Tokyo	6-417 Shimaya Konohana-ku, Osaka-shi, Osaka (lot number)
Stake	100%	Co-owned (The company participates in the joint project as a joint developer. Stake: Non-disclosure)	100%
Site area	1,737m ²	Approx. 19,900m ² (Building A and B in total)	2,639m ²
Commencement	November 2014	May 2015	October 2015
Completion	February 2016 (schedule)	July 2018 (schedule)	June 2017 (schedule)
Total floor space	11,720m ²	Approx. 202,000m ² (Building A in total) [Approx. 35,000m ² (owned by the Company) *1]	20,808m ²
Structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure
Building scale	8 stories above ground and 1 below	35 stories above ground and 3 below (Building A)	17 stories above ground and 1 below
Main use	Office	Office and commercial	Commercial
Company's investment amount	Non-disclosure	57,485million yen (schedule)	11,066 million yen (schedule)

*1 Including co-owned part

Completed Projects

Name	Shinagawa Season Terrace	Urbannet Nihonbashi 2-Chome Building	Trad Mejiro
Location	1-2-70 Konan Minato-ku, Tokyo	2-1-3 Nihonbashi Chuo-ku, Tokyo	2-39-1 Mejiro Toshima-ku, Tokyo
Stake	Co-owned (Tokyo Metropolitan Government and four private companies participate in the joint project. Stake: Non-disclosure)	100%	100%
Site area	49,547m ² (in total)	1,687m ²	1,676m ²
Commencement	February 2012	June 2014	April 2013
Completion	February 2015	January 2016	October 2014
Total floor space	202,716m ² (in total)	14,795m ²	7,575m ²
Structure	Steel structure; Partially reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure	Above: Steel structure Below: Steel-reinforced concrete structure; Partially steel structure
Building scale	32 stories above ground and 1 below	10 stories above ground and 1 below	4 stories above ground and 2 below
Main use	Office and commercial	Office	Commercial
Company's investment amount	38,189 million yen	19,785 million yen (schedule)	Non-disclosure

Overseas Properties (Redevelopment Project)

Name	1 King William Street	119 West 25th Street
Location	1 King William Street, London EC4, U.K.	119 West 25th Street, New York, NY, USA
Stake	100%	Co-owned (Stake: Non-disclosure)
Date of acquisition	June 2011	December 2013
Leased floor space	Approx. 99,265sqf (approx. 9,222m ²) ^{*2}	Approx. 137,000sqf (approx. 12,700m ²) ^{*2}
Building scale	8 stories above ground and 1 below ^{*2}	11 stories above ground and 1 below
Main use	Office	Office and commercial
Acquisition cost	GBP 67 million (approx. 8,900 million yen) *Converted at the exchange rate of 132 yen per GBP (at the time of acquisition)	Non-disclosure
Commencement of redevelopment	August 2014	July 2014
Completion due of redevelopment	August 2016 (schedule)	June 2016 (schedule)

^{*2} The number above is after redevelopment.

Overseas Properties (Acquisition)

Name	141 Tremont Street	27 School Street	Two Oliver Street	575 Lexington Avenue	1015 18th Street
Location	141 Tremont Street, Boston, MA, USA	27 School Street, Boston, MA, USA	Two Oliver Street, Boston, MA, USA	575 Lexington Avenue, New York, NY, USA	1015 18th St NW, Washington, D.C., USA
Stake	Co-owned (98%)	Co-owned (98%)	Co-owned (98%)	Co-owned (Stake: Non-disclosure)	Co-owned (Stake: Non-disclosure)
Date of acquisition	January 2015	January 2015	July 2015	August 2015	December 2015 ^{*3}
Leased floor space	68,645sqf (approx. 6,377m ²) (in total)	62,427sqf (approx. 5,799m ²) (in total)	223,372sqf (approx. 20,773m ²) (in total)	745,336sqf (approx. 69,243m ²) (in total)	106,000sqf (approx. 9,847m ²) (in total)
Building scale	13 stories above ground	6 stories above ground and 1 below	11 stories above ground and 1 below	35 stories above ground and 2 below	11 stories above ground and 3 below
Main use	Office	Office and commercial	Office and commercial	Office and commercial	Office and commercial
Acquisition cost	USD 47 million (approx. 5,500 million yen) *Converted at the exchange rate of 117 yen per USD (at the time of acquisition)		USD 77 million (approx. 9,500 million yen) *Converted at the exchange rate of 123 yen per USD (at the time of acquisition)	Non-disclosure	Non-disclosure

^{*3} Consolidated in 4Q FY 2015