Financial Results for FY 2015 and Forecast for FY 2016

NTT Urban Development

May 11, 2016

Summary

- Recorded strong set of results (operating revenue, operating income, and net income).
- Outperformed full-year forecast.

Leasing Business

- Operating revenue and income increased due to expansion in revenue from existing and new properties and sales of properties.
- The vacancy rate in the five central wards of Tokyo at the end of FY2015 was 6.3% (improved 2.9% from Dec. 31, 2015). The vacancy rate nationwide was 5.7% (improved 1.8% from Dec. 31, 2015).

Residential Business

- The number of delivered unit was 1,054. The price per unit was 41 million yen. The results were on the same level as the previous year's.
- Operating income increased due to deliveries of Central Tokyo condominiums with high profit margin.

Financial Highlights

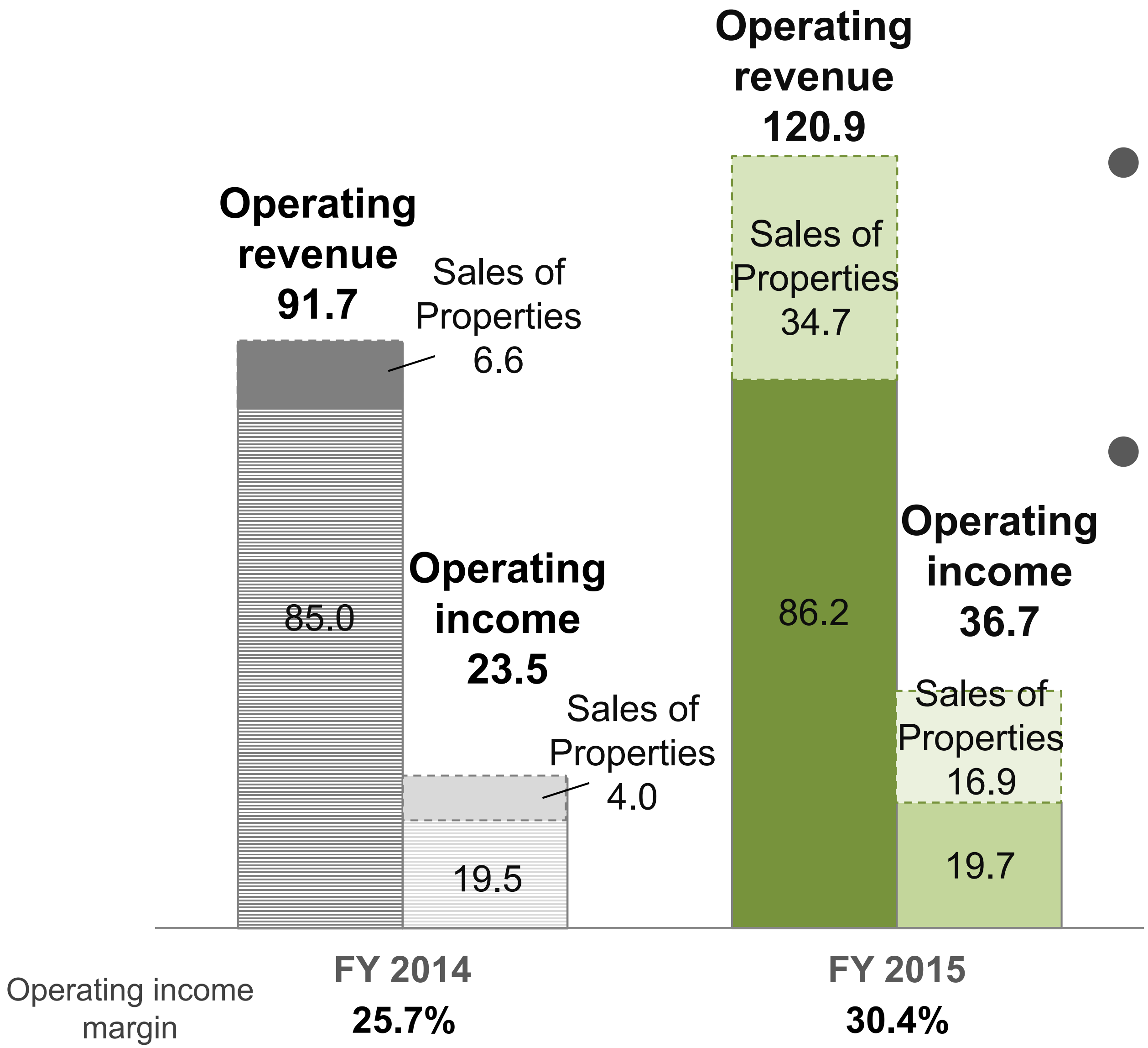
	FY 2015	Change year-on-year	Progress compared to Forecasts for FY 2015
Operating revenue	¥183.0B	+¥30.9B +20.4%	101.7%
Operating income	¥37.7B	+¥12.9B +52.1%	107.9%
Profit attributable to owners of parent*	¥16.5B	+¥0.3B +2.0%	110.4%

* Adopted "Revised Accounting Standard for Business Combination", etc. and changed "Net income" from FY 2015.

Leasing Business

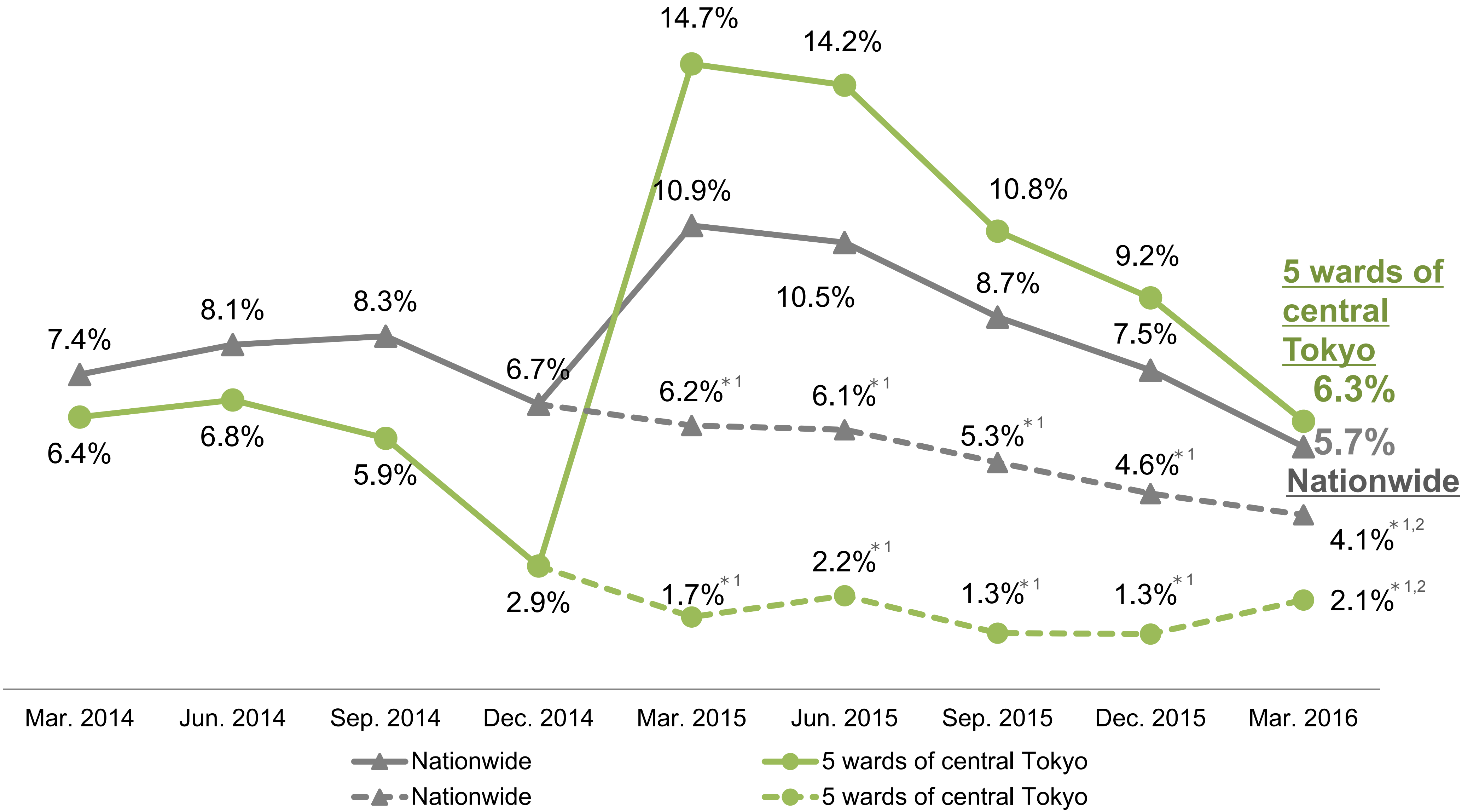
Leasing Business
Operating Revenue・Operating Income

(Billion yen)



- Operating revenue increased due to reduction of vacancies of existing buildings, progress in leasing of new buildings, and sales of properties.
- Initial costs of new building (depreciation cost, etc.) are being covered by the increase in operating income from existing buildings, etc.

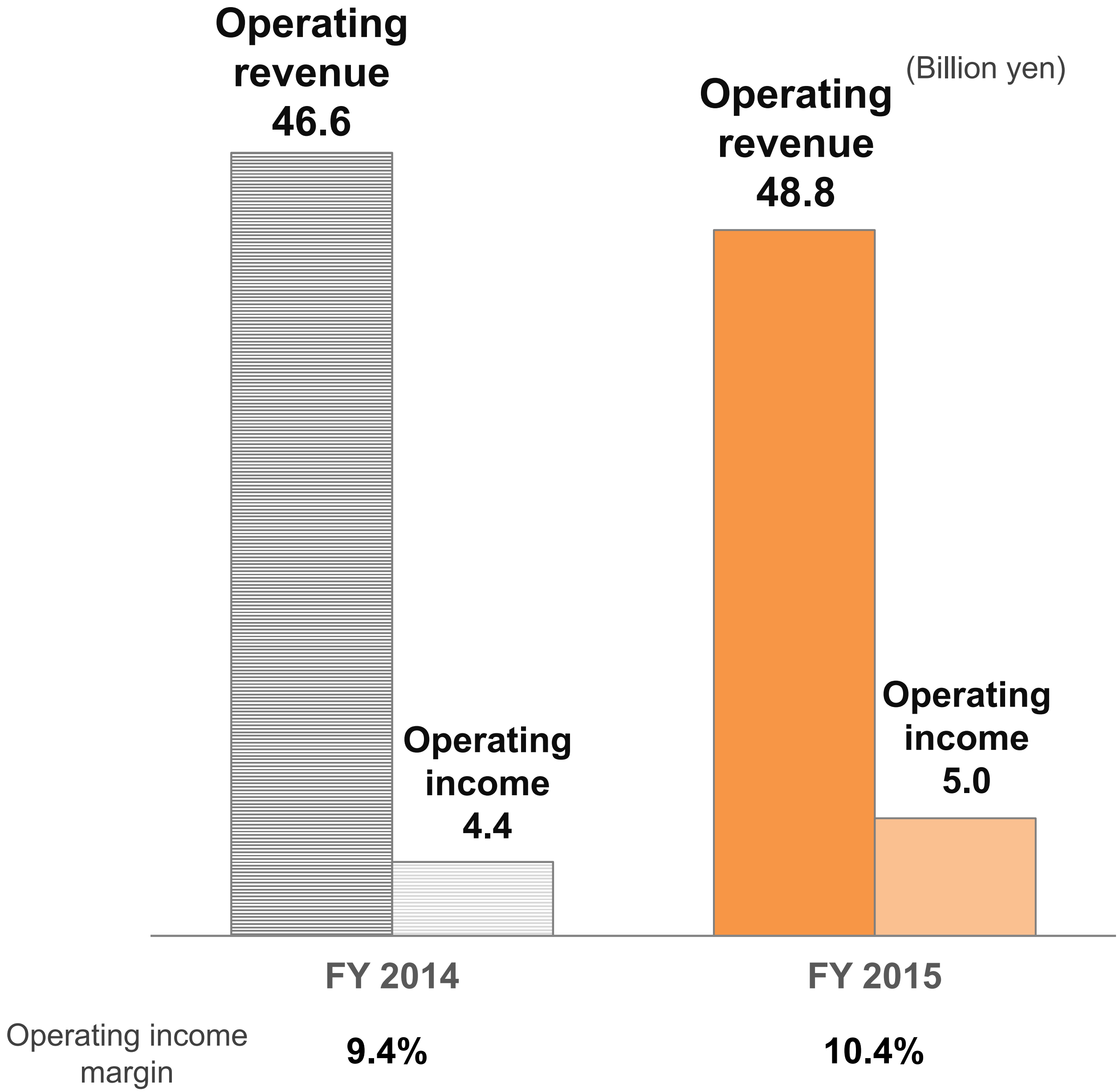
Vacancy Rate



*[1] Excluding Shinagawa Season Terrace *[2] For new buildings, the leased floors counted on contract base.

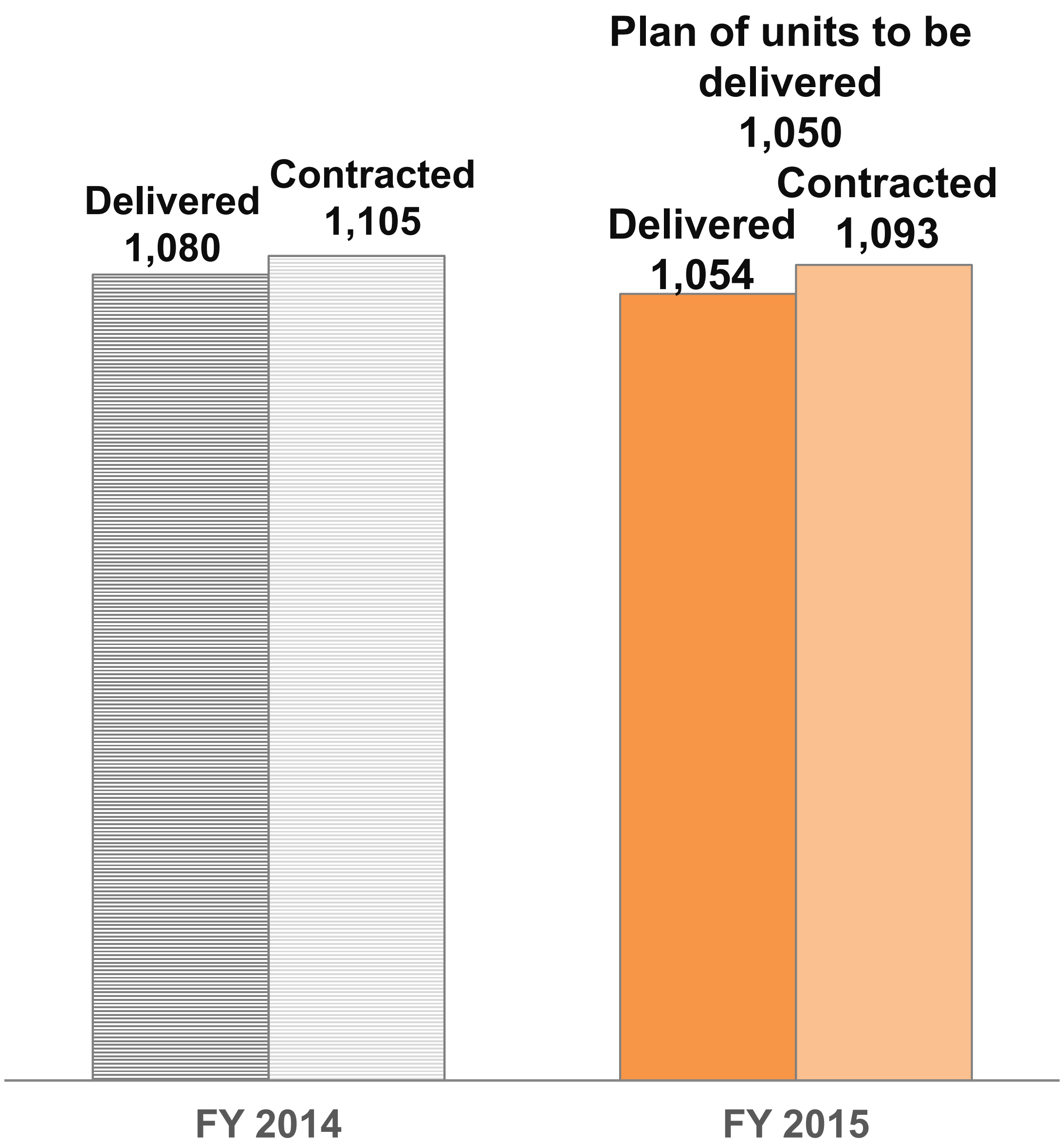
Residential Business

Residential business
Operating revenue・Operating income



- The number of units delivered and price per unit remained at the same level as last year.
- Operating income increased due to deliveries of Central Tokyo condominiums with high profit margin.
- Operating income margin also increased to 10.4%.

Condominiums Units Sales

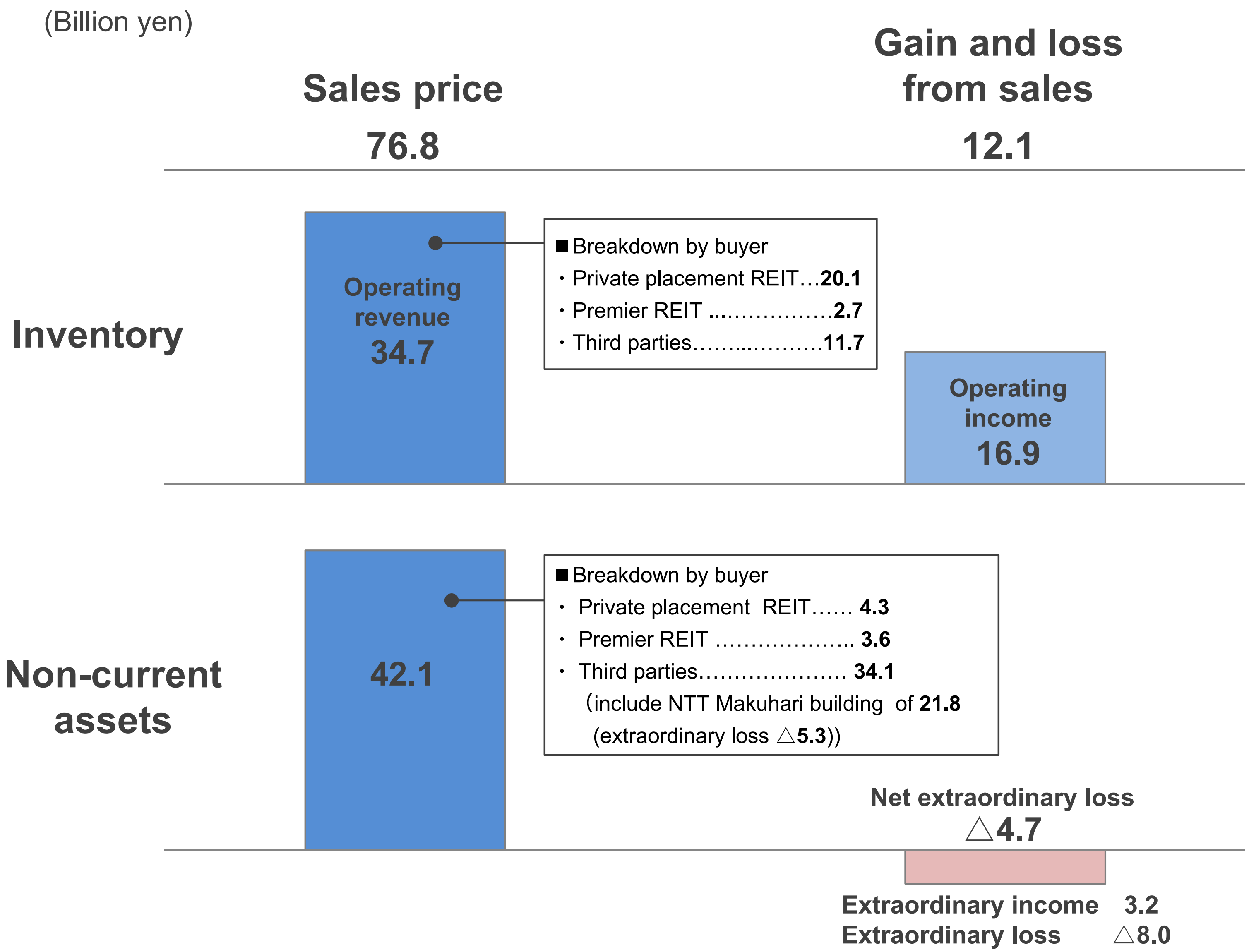


Average Sales Price	41 million yen	41 million yen

- The number of units delivered was roughly according to plan.
- The price per unit was 41 million yen.

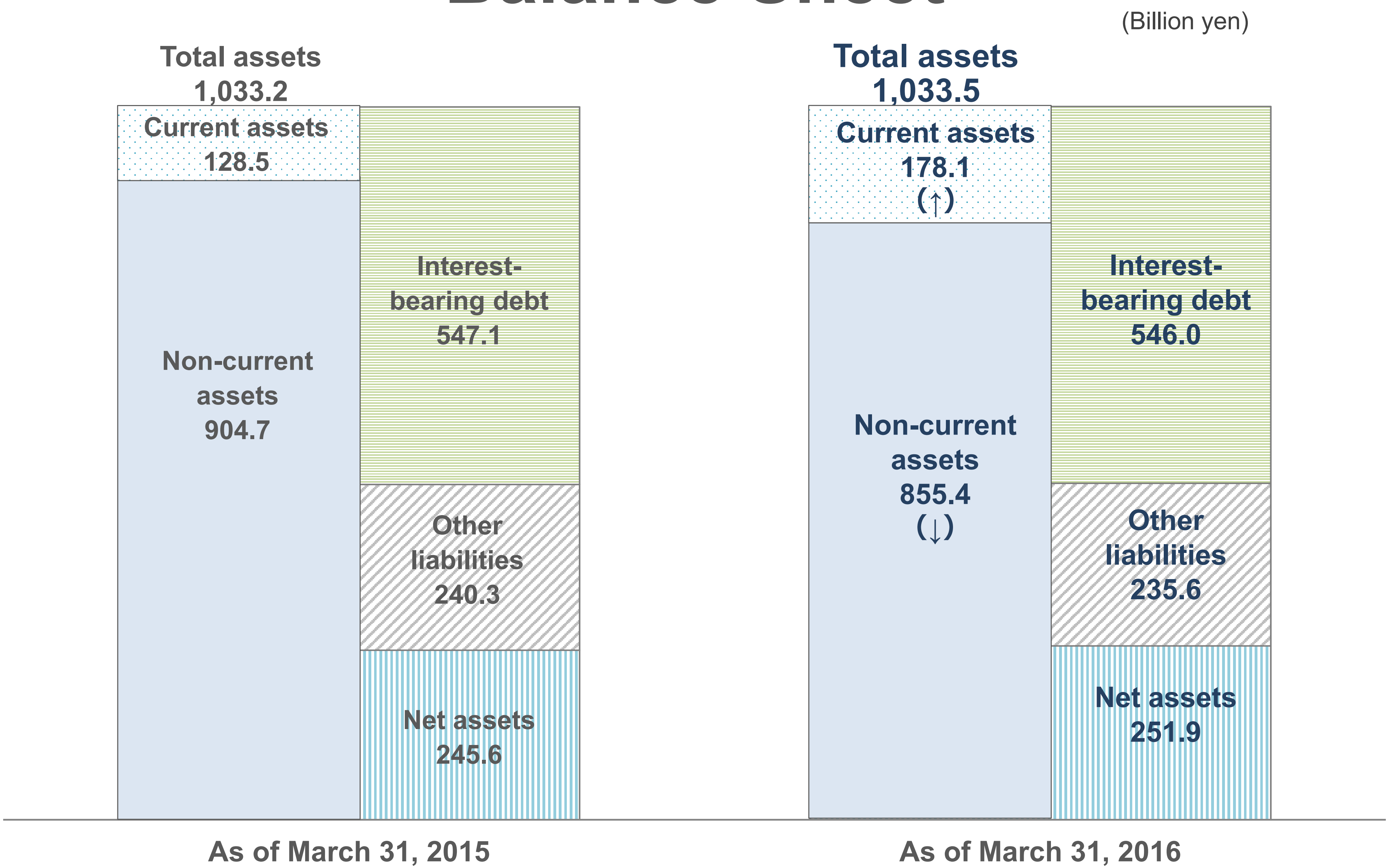
Financial Conditions, etc.

Sales of property

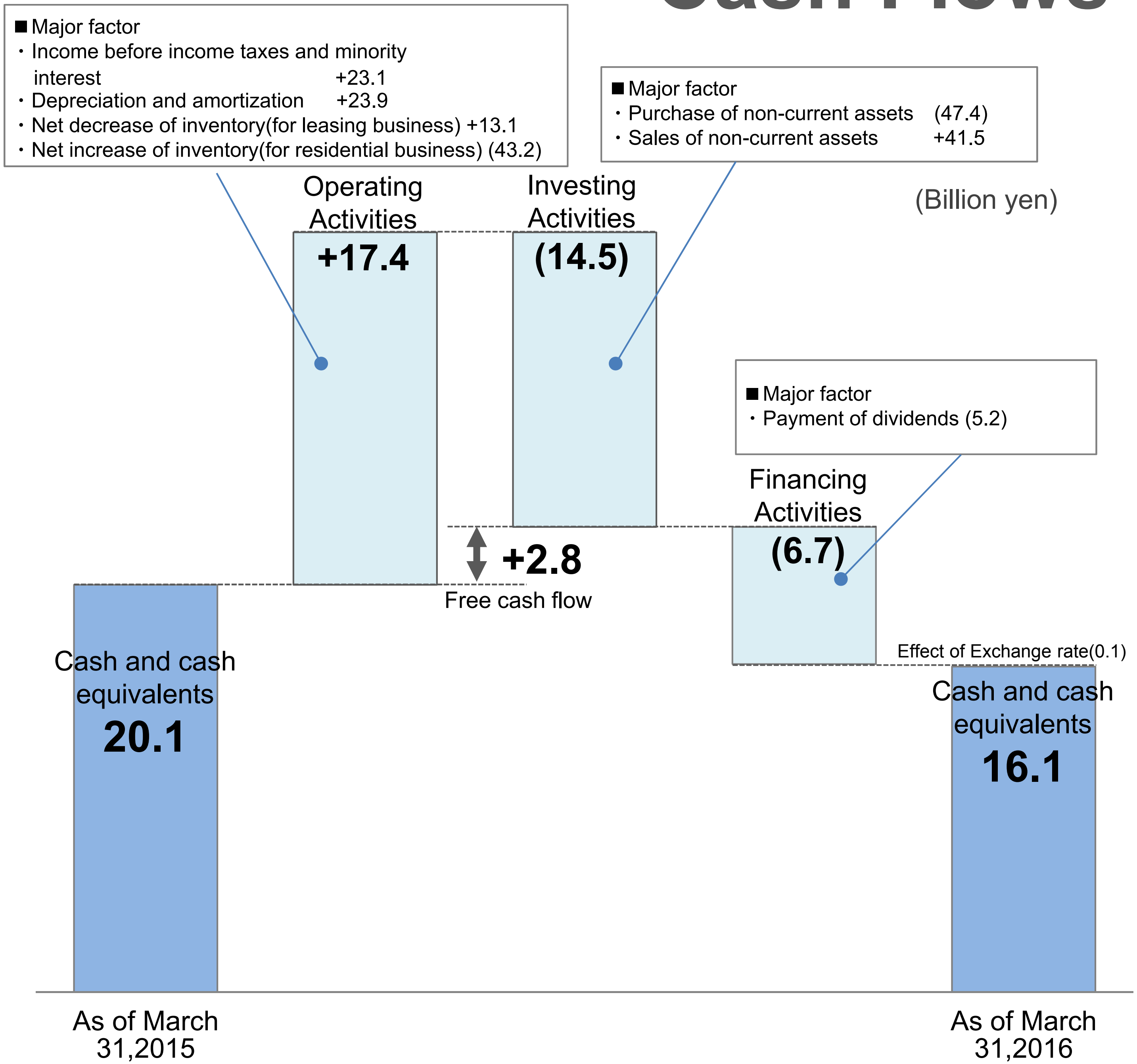


- Sold mainly offices and condominiums in rural area
- A total of 16 properties (12 inventory properties, 4 non-current assets) were sold to private-placement REIT

Balance Sheet

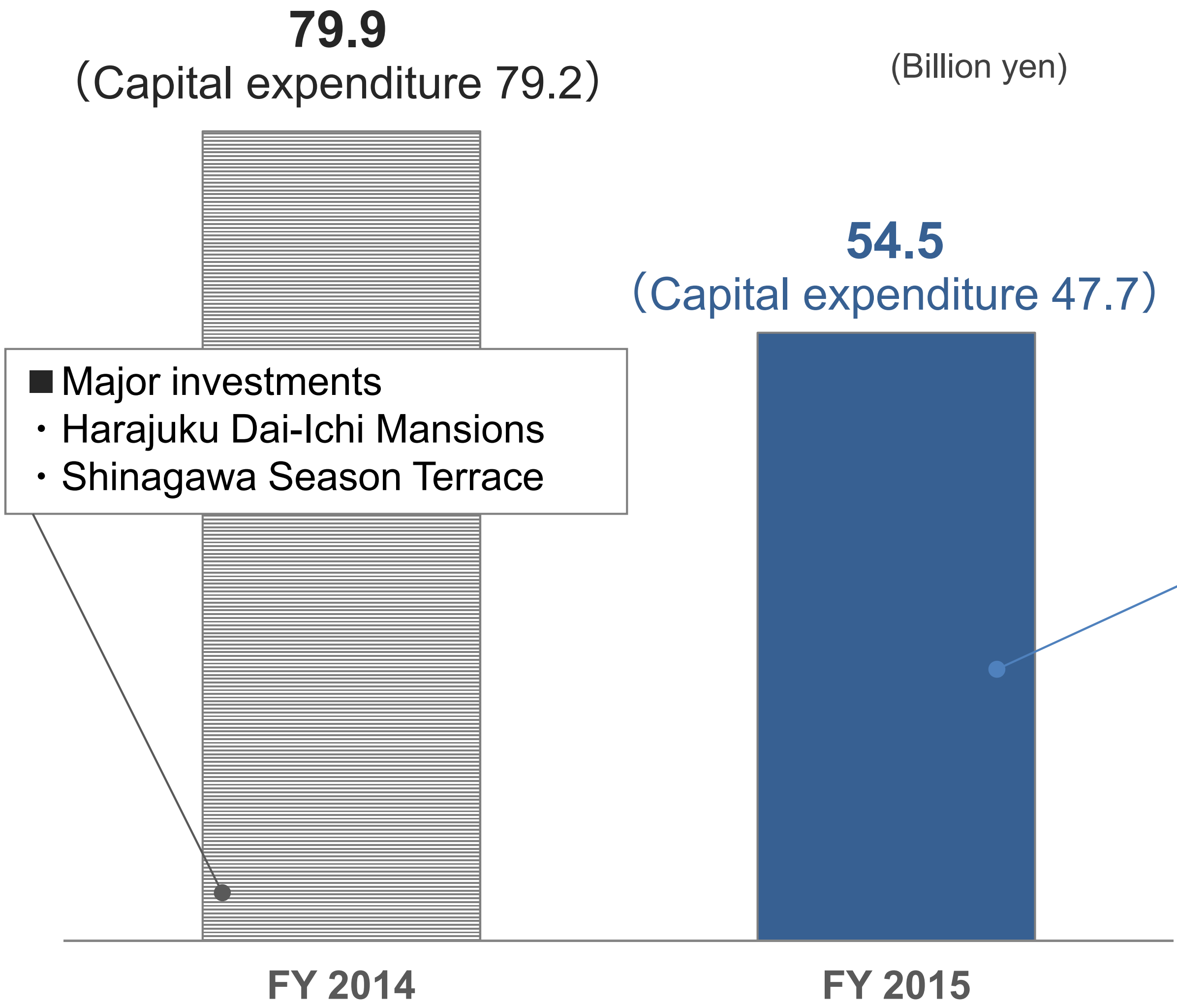


Cash Flows



- Operating cash flow remained at 17.4 billion yen cash inflow after increase in inventory for residential business (43.2 billion yen).
- Investment cash flow was cash outflow of 14.5 billion yen, after cash outflow with acquisition of non-current assets and investments (54.1 billion yen) and cash inflow from property sales (41.5 billion yen).
- As a result of the above, free cash flow was 2.8 billion yen.

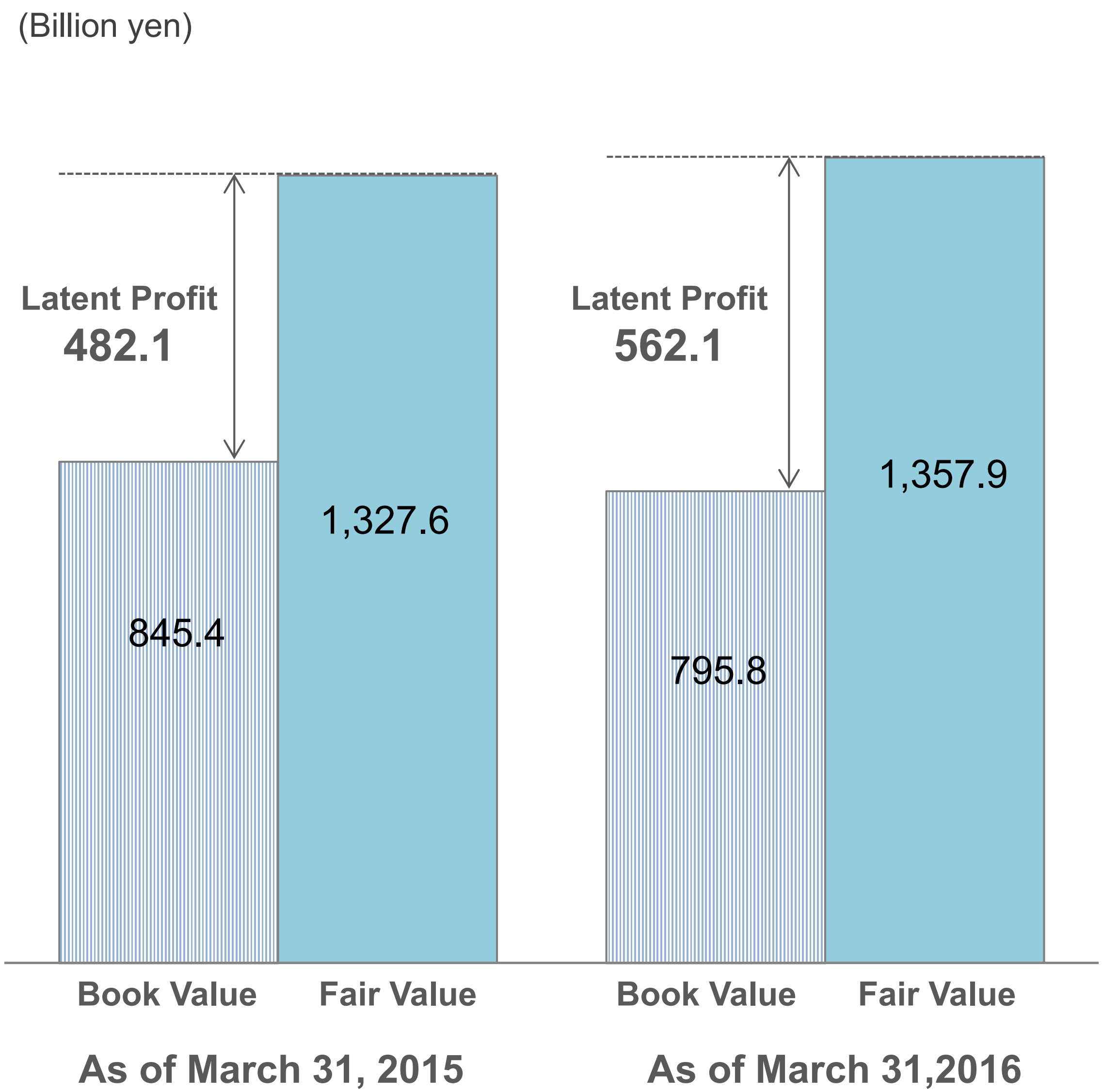
Investments



- Major investments in Urbannet Nihonbashi 2-Chome Building, Urbannet Ginza 1-Chome Building, and properties in Boston

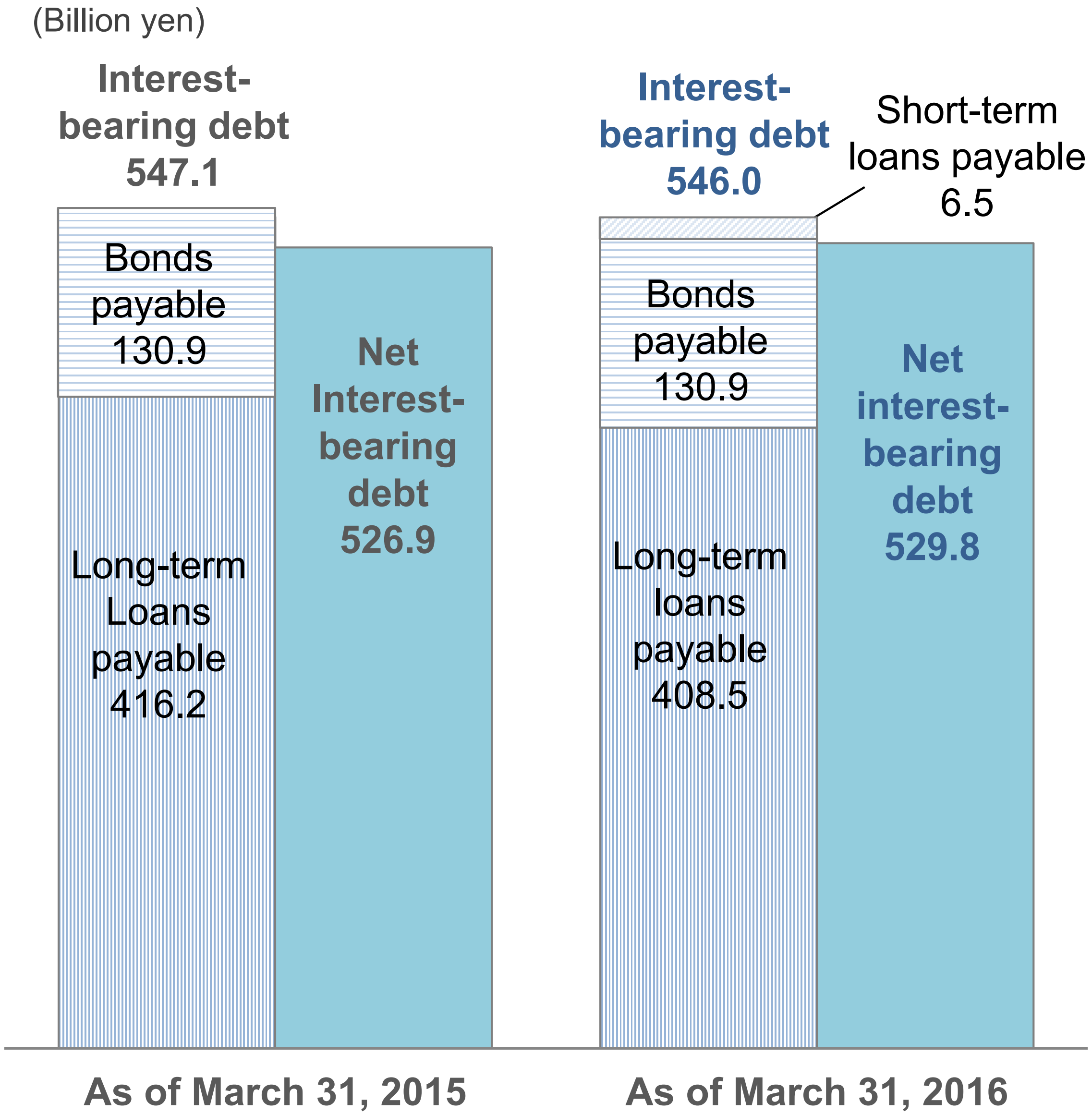
* Otemachi 2-Chome Area 1st Class Urban Redevelopment Project Building A

Fair Value of Rental Properties



- Latent profit expanded to 562.1 billion yen (increase 79.9 billion yen year on year) due primarily to a decrease in the cap rate

Interest-bearing Debt



- Same level as end of FY2014 due to securing of funds with sales of properties, etc.

*Net Interest-bearing Debt＝Interest-bearing Debt－(Cash and Deposits ＋ Short-term Investments of 3 months of less included in Other Current Assets)

Average Interest Rate and Duration

	As of March 31, 2015	As of March 31, 2016	Change
■ Average interest rate	1.12%	1.03%	(0.09)
■ Weighted average tenor*	5.37 years	5.07years	(0.3)

* Interest-bearing debt excluding short-term loans payable

Financial Indicators

Category	FY 2013	FY 2014	FY 2015
ROA （Return on assets）[*1]	3.4%	2.6%	3.9%
ROE（Return on equity）[*2]	6.3%	8.4%	8.2%
Net interest-bearing Debt[*3]／EBITDA[*4]	8.9X	10.9X	8.6X
Net D/E ratio[*5]	2.14X	2.15X	2.10X
Divident payout ratio[*6]	46.4%	32.4%	33.8% （Scheduled）

[*1] ROA (Return on assets) ＝ (Operating income + Equity in earnings of affiliates + Amortization of negative goodwill) / { (Total assets at the beginning of the fiscal year under review + Total assets at the end of the fiscal year under review) / 2 } ×100

[*2] ROE (Return on equity) ＝ Net income / { (Shareholders' equity at the beginning of the fiscal year under review ＋ Shareholders' equity at the end of the fiscal year under review) / 2 } ×100

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

[*4] EBITDA ＝ Operating income ＋ Depreciation and amortization

[*5] Net D/E ratio ＝ Net interest-bearing debt / Net assets

[*6] Dividend payout ratio ＝ (Full-year) Dividend per share / Net income per share For FY2013 and FY2014 annual dividend is 16 yen, for FY2015 will be increased to 17 yen.

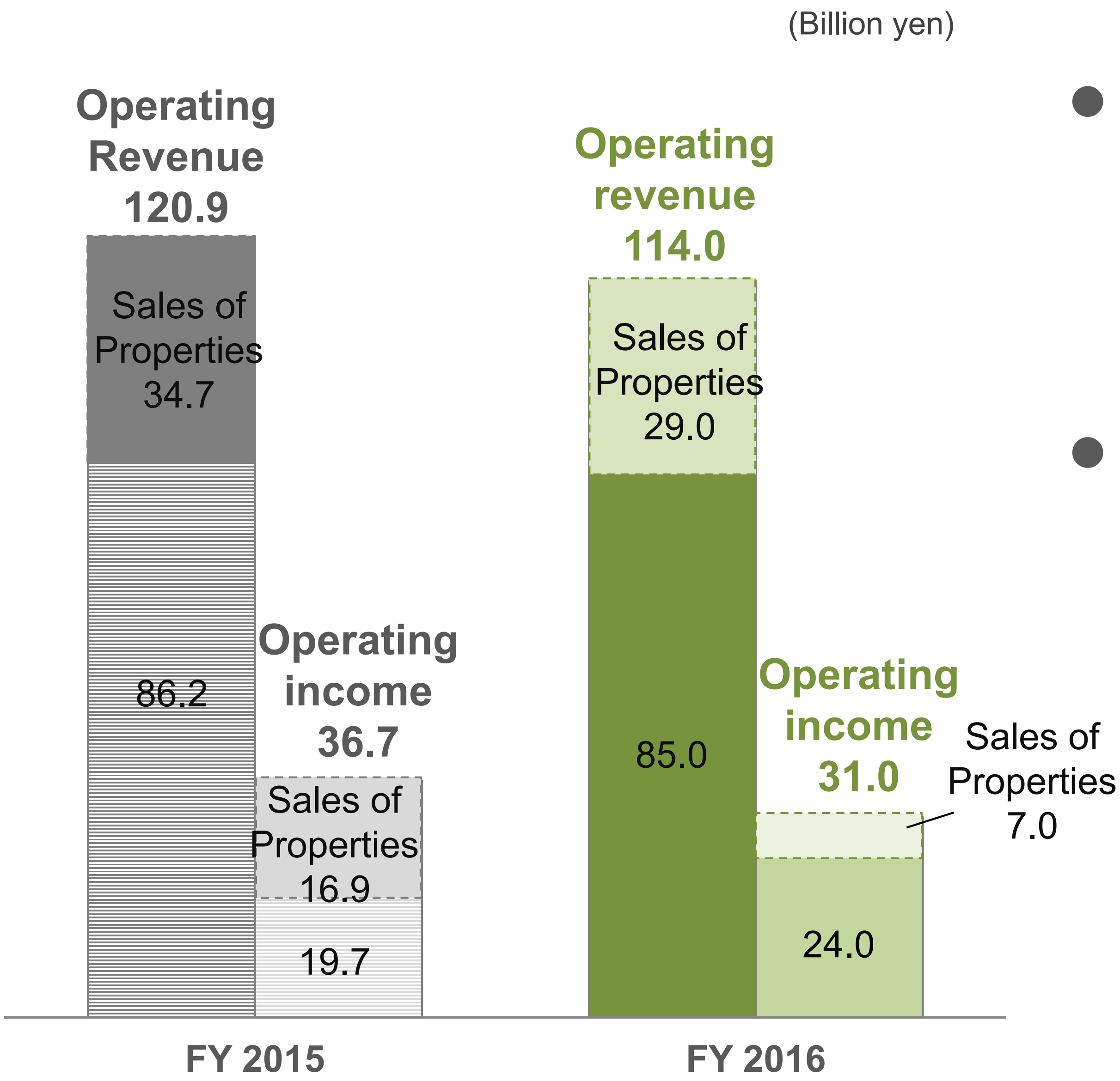
Forecast for FY 2016

Forecast for FY 2016

- Operating revenue is expected to grow due primarily to increase in operating revenue of new buildings and increase in number of condominium units delivered.
- From 1Q FY2016, all methods of depreciation and amortization for property, plant and equipment will change to the straight-line method.
- Although improvement in revenue from new and existing buildings can be seen, operating income is expected to decrease due to a reduction in property sales.
- Profit is expected to increase because loss on sales, accounted in FY2015, is not expected.

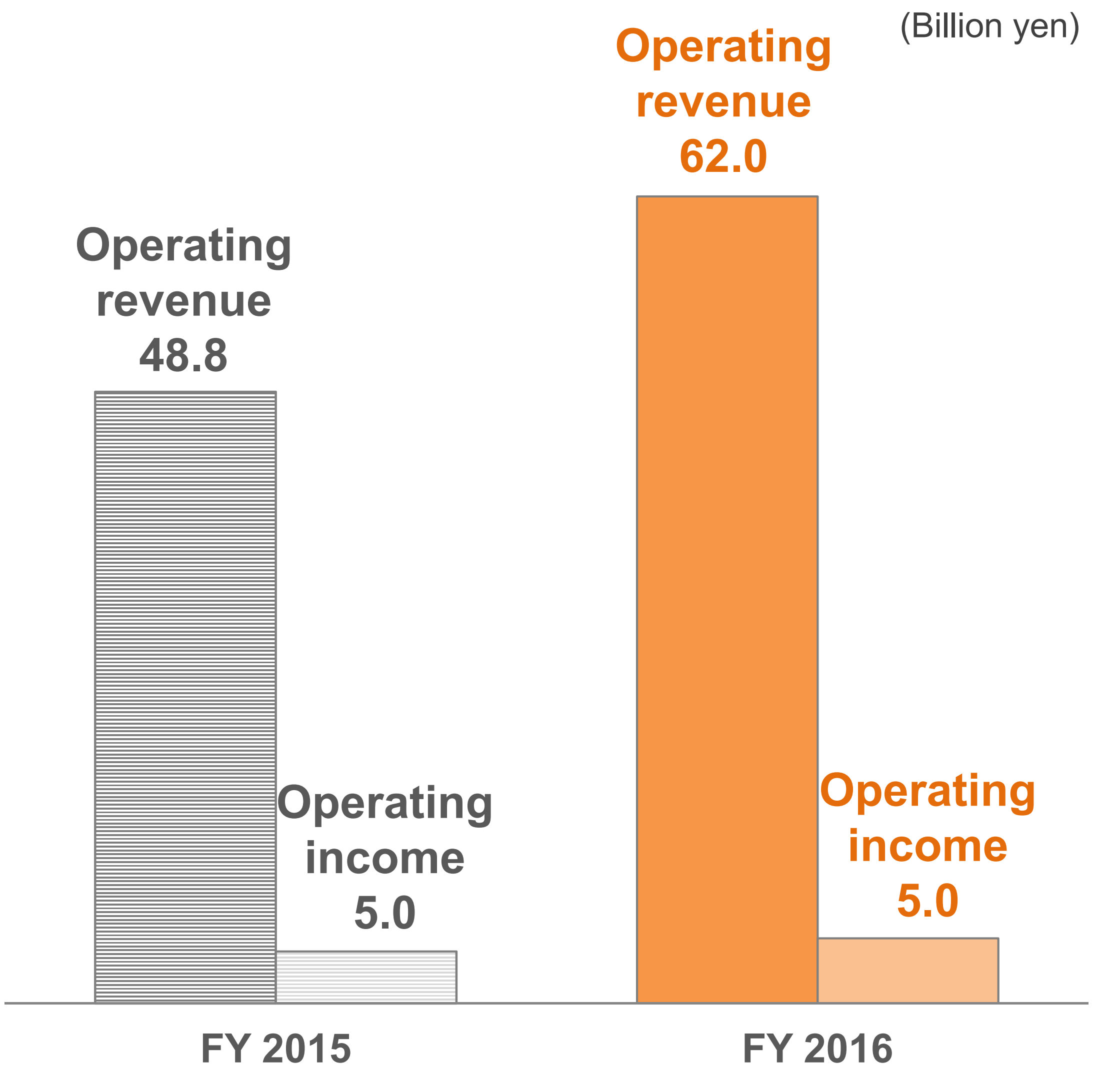
	FY 2015	FY 2016	Change
Operating revenue	¥183.0B	¥190.0B	+¥6.9B
Operating income	¥37.7B	¥31.0B	(¥6.7B)
Profit attributable to owners of parent	¥16.5B	¥17.0B	+¥0.4B
Investments	¥54.5B	¥60.0B	+¥5.4B

Leasing business
the full-year results forecasts



- Operating revenue will fall due to the decrease in proceeds from property sales and loss of rent resulting from previous property sales.
- While operating income will decrease as a result of the reduction in sales of properties, base rent income will improve.

Residential business the full-year results forecasts



	FY 2015	FY 2016
Units deliverd	1,054 units	1,250 units
Average Sales Price	41 million yen	40 million yen

- Operating revenue will increase due to an increase in the number of units delivered (+200 units)
- Price per unit will fall because of a decrease in delivered units of high margin condominiums in Central Tokyo and increase in sales of suburban condominiums. As a result, operating income is expected to remain flat from FY2015.

Latest Achievements

Office Business/Retail Business

Shinagawa Season Terrace	• Contract rate (including prospective tenants) at end of FY2015 was about 80%.
Properties completed in FY2015	• For all floors of Urbannet Nihonbashi 2-Chome, contracts have been signed. • Contract for one-building lease of Urbannet Ginza 1-Chome Building has been signed.
Shimbashi Sta. West Exit Project	• Together with Nomura Real Estate Development Co.,Ltd., selected as the project partners by the Shimbashi Sta. west gate redevelopment preparation committee.

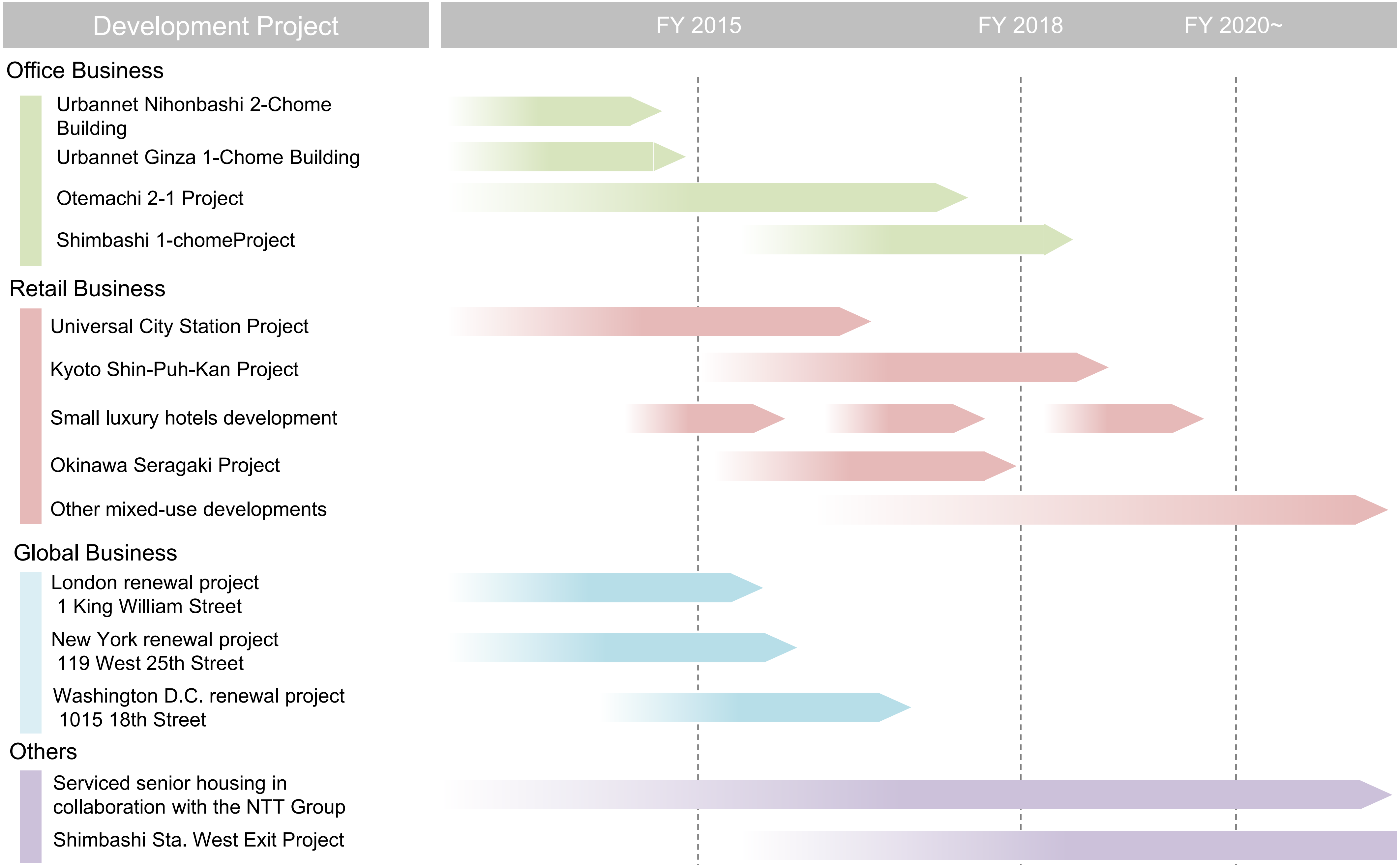
Office Business/Retail Business

Kyoto Shin-Puh-Kan	• Closed for mixed use redevelopment of hotel and retail. Demolition work has started.
Development of Small Luxury Hotels	• Development in Kashikojima and Atami and Hakone in progress in partnership with Hiramatsu Inc. - Kashikojima: Opening scheduled for July 15, 2016
Okinawa Seragaki Project	• Basic agreement has been concluded with Tokyu Land Corporation and MILIAL RESORT HOTELS Co., Ltd.. Hotel project underway (opening scheduled in 2018).

Residential Business/Global Business/ Others

Serviced Senior Housing	• Wellith Olive Tsudanuma has opened. • Construction has begun in Kamakura Iwase(Kanagawa Pref.), Kugenumamatsugaoka (Kanagawa Pref.), and Shibuya Honmachi(Tokyo).
Renovation Business	• For Condominium Renovation Business, renovation of the first property, in Azabu Juban(Minato-ku, Tokyo), is currently underway. • Sales of the first property is scheduled to begin in summer 2016.
Global Business	• Operating revenue (consolidated) in FY2015 was 3.0 billion yen. Operating income was 0.3 billion yen. • “1015 18th Street” (Washington, D.C.) was acquired in December 2015. • Renovation of “1 King William Street” (in London) is to be completed by the end of June 2016. Renovation of “119 West 25th Street” (in New York) is to be completed in August 2016. • Six properties in the U.S. and three properties in the U.K. for total asset size of about 59.0 billion yen
Private placement REIT	• Management of assets began in February 2016. • Portfolio consists of 21 properties for about 30.0 billion yen

Pipeline

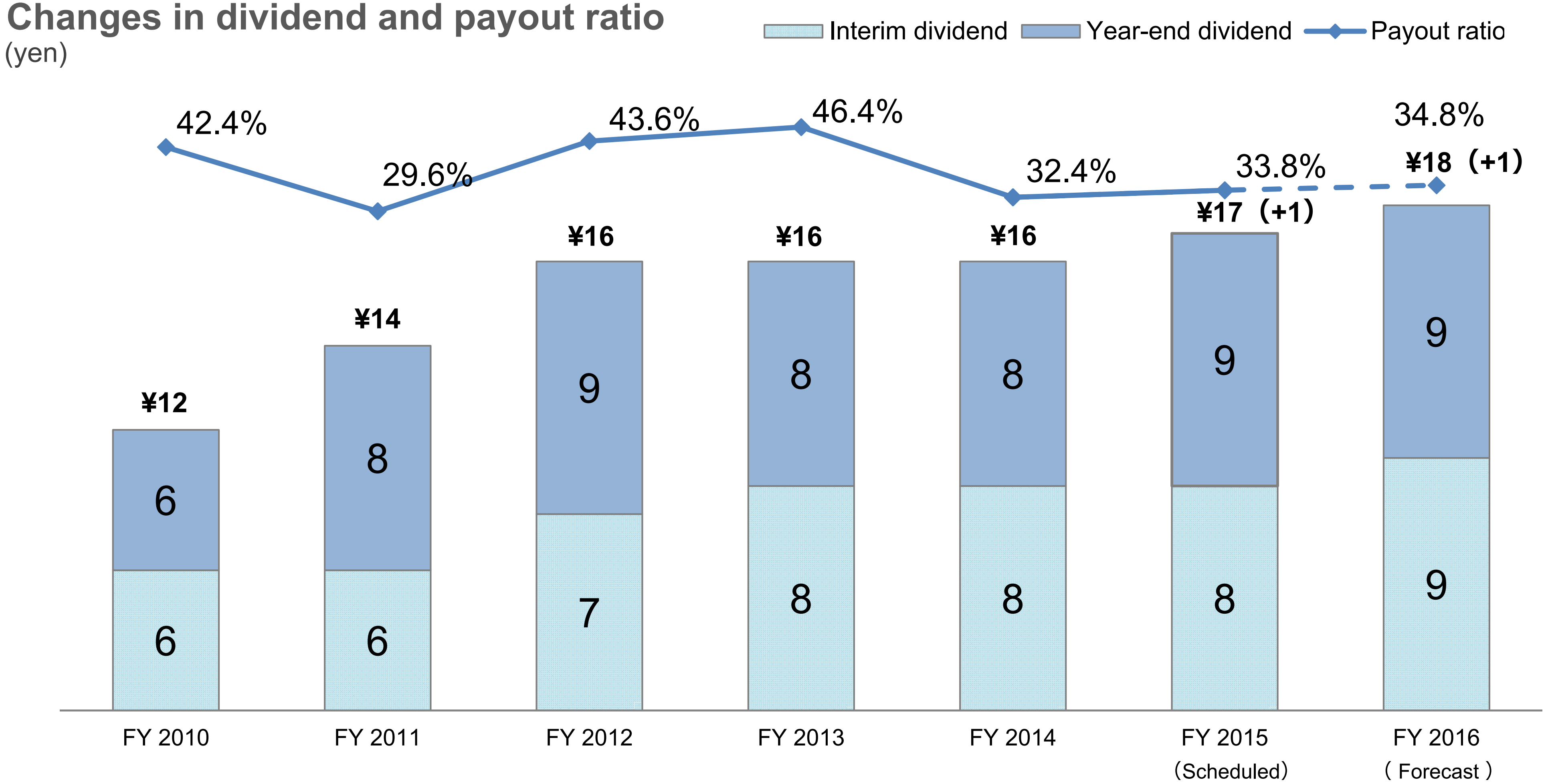

Development Project
FY 2015
FY 2018
FY 2020~
Office Business
Urbannet Nihonbashi 2-Chome Building
Urbannet Ginza 1-Chome Building
Otemachi 2-1 Project
Shimbashi 1-chomeProject
Retail Business
Universal City Station Project
Kyoto Shin-Puh-Kan Project
Small luxury hotels development
Okinawa Seragaki Project
Other mixed-use developments
Global Business
London renewal project
1 King William Street
New York renewal project
119 West 25th Street
Washington D.C. renewal project
1015 18th Street
Others
Serviced senior housing in collaboration with the NTT Group
Shimbashi Sta. West Exit Project

Shareholder return

Shareholder return

・Along with the medium and long term to enhance the corporate value, while due consideration to the stability and continuity, make the return to shareholders.
・For FY2015, planed to increase year-end dividend by 1 yen to 9 yen per share.(annual dividend will be 17 yen) (Subject to approval of the 31st Ordinary General Meeting of Shareholders on 21 July, 2016)

Changes in dividend and payout ratio



＊ After impact consideration was carried out a stock split at a ratio of 100 shares per share

Appendices

Statements of Income

(Million yen)

Category	(i) FY 2014	(ii) FY 2015	(ii) – (i) Change	(iii) FY 2015 Forecast (Announced in November 4, 2015)	(ii)/(iii) Progress
Operating revenue	152,052	183,016	+30,964	180,000	101.7%
Operating expenses	127,215	145,244	+18,029		
Operating income	24,836	37,771	+12,934	35,000	107.9%
Non-operating income	2,148	2,635	+486		
Non-operating expenses	6,590	6,573	(16)		
Ordinary income	20,395	33,832	+13,437	31,500	107.4%
Extraordinary income	1,850	3,298	+1,448		
Extraordinary loss	3,375	14,011	+10,635		
Income before income taxes and minority interests	18,869	23,120	+4,250		
Income taxes	△ 620	4,127	+4,748		
Profit	19,490	18,993	(497)		
Profit attributable to non-controlling interests	3,255	2,435	(819)		
Profit attributable to owners of parent*	16,235	16,557	+322	15,000	110.4%
Comprehensive income	23,671	16,399	(7,272)		

Key Factors

■Operating revenue +30,964
・For leasing business, increased operating revenue due to sales of properties +29,226
・For residential business, increased operating revenue due to delivery of properties with high unit prices +2,239

■Operating income +12,934
・For leasing business, increased operating income due to income from sales of properties +13,155
・For residential business, increased operating income due to delivery of high-margin Central Tokyo properties +669

■Non-operating income +486
・Amortization of negative goodwill +145
・Equity in earnings of affiliates +205
■Non-operating expenses (16)
・Interest expenses (364)
・Fees for prepayment +548
■Extraordinary income +1,448
・Gain on sales of non-current assets +1,435 [1,850→3,285]
・Gain on sales of investment securities +13
■Extraordinary loss +10,635
・Loss on sales of non-current assets +7,321 [699→8,020]
・Impairment loss +3,462 [1,455→4,917]
・Loss on retirement of non-current assets (147) [1,220→1,073]

■Income taxes +4,748
・Increase of income +1,515
Lowing of the corporate tax rate +2,916 [(5,972)→(3,056)]
■Comprehensive income (7,272)
・Profit (497) [19,490→18,993]
・Foreign currency translation adjustment (3,150) [1,982→(1,168)]
・Valuation difference on available-for-sale securities (1,694) [1,860→165]
・Remeasurements of defined benefit plans (1,920) [338→(1,581)]

* Adopted “Revised Accounting Standard for Business Combination”, etc. and changed “Net income” from FY2015.

Statements of Income by Segment

(Million yen)

Category		(i) FY 2014	(ii) FY 2015	(ii)－(i) Change	Key Factors	(iii) FY 2015 Forecast (Announced in November 4, 2015)	(ii)/(iii) Progress
Leasing Business	Operating revenue	91,739	120,966	+29,226	■Operating revenue +29,226 ・Sales of properties +28,062, Existing properties +804, New properties +2,514, Others (2,154) ■Operating income +13,155 ・Sales of properties +12,886 ・excluding sales of properties +269 Gross margin +73 : Existing properties +1,733, New properties (1,837), Others +176 ・Decreased SG&A +195	120,000	100.8%
	Operating income	23,566	36,722	+13,155		35,000	104.9%
	Operating income margin	25.7%	30.4%	+4.7pt		29.2%	―
Residential Business	Operating revenue	46,626	48,865	+2,239	■Operating revenue +2,239 ・Condominiums units delivered [1,080 units→ 1,054 units], Average sales price [￥41 million → ￥41 million) ・Condominiums +1,511, Residential lots, etc. +728 ■Operating income +669 ・Gross margin +1,111 Condominiums +918, Residential lots, etc. +193 ・Decreased SG&A (442)	47,000	104.0%
	Operating income	4,405	5,074	+669		5,000	101.5%
	Operating income margin	9.4%	10.4%	+0.9pt		10.6%	―
Others	Operating revenue	18,825	19,600	+774	■Operating revenue +774 ・Building menegement fee +499 ・Others +423	19,000	103.2%
	Operating income	2,485	2,199	(285)		1,500	146.6%
	Operating income margin	13.2%	11.2%	(2.0)pt		7.9%	―

Effects of the Sale of Properties

(Million yen)

Category	(i) FY 2014		(ii) FY 2015		(ii) - (i) Change
Operating revenue	Sales of inventories * (Rental apartments in regional area etc.) *For a new private fund: “NU-9”	**6,680**	Sales of inventories* (Rental apartments and Office buildings in regional area etc.) *For a Launch of Private-Placement REIT: NTT Urban Development Private Investment Corporation	**34,473**	**+28,062**
Operating income		**4,038**		**16,924**	**+12,886**
Extraordinary income	Sales of non-current assets (Rental apartments in Tokyo metropolitan area, Office buildings in regional area etc.) 〔Supplementary information〕 Sales price of all: 5.0 billion yen	**1,850**	Sales of non-current assets (Office buildings in Tokyo metropolitan area, and in regional area etc.) 〔Supplementary information〕 Sales price of all: 14.1 billion yen	**3,285**	**+1,435**
Extraordinary loss	Loss on sales of non-current assets 〔Supplementary information〕 Sales price of all: 1.8 billion yen	**699**	Loss on sales of non-current assets (NTT Makuhari building 5.3 etc.) 〔Supplementary information〕 Sales price of all: 27.9 billion yen (NTT Makuhari building 21.8 etc.)	**8,020**	**+7,321**

〔Supplementary information〕

Extraordinary loss (Except effects of sales of properties)	Impairment loss	**1,455**	Impairment loss	**4,917**	**+3,462**
	Loss on retirement of non-current assets	**1,220**	Loss on retirement of non-current assets	**1,073**	**(147)**

Balance Sheets

(Million yen)

Category	(i) March 31, 2015	(ii) March 31, 2016	(ii) – (i) Change
Total assets	1,033,220	1,033,557	+336
Current assets	128,512	178,110	+49,598
Cash and deposits	17,891	14,846	(3,044)
Inventories	93,571	141,418	+47,846
Other currents assets	17,049	21,845	+4,796
(Restated) Operating accounts receivable	5,569	9,170	+3,600
Non-current assets	904,708	855,447	(49,261)
Property, plant and equipment	834,792	781,895	(52,896)
Intangible assets	24,556	25,994	+1,437
Investments and other assets	45,359	47,557	+2,197
Total liabilities	787,579	781,651	(5,927)
Current liabilities	98,874	115,462	+16,587
Interest-bearing debt (short-term)	53,200	63,305	+10,105
Other current liabilities	45,674	52,156	+6,481
Non-current liabilities	688,704	666,189	(22,514)
Interest-bearing debt (long-term)	493,989	482,715	(11,273)
Other non-current liabilities	194,715	183,474	(11,241)
Total net assets	245,641	251,905	+6,264
Shareholders' equity	191,134	198,846	+7,711
Accumulated other comprehensive income	9,776	7,187	(2,588)
Non-controlling interests	44,730	45,871	+1,140
Total liabilities and net assets	1,033,220	1,033,557	+336

Key Factors

■ Inventories +47,846

・Residential business +42,078 [Mar. 2015; 58,997→Mar. 2016; 101,076]
Net increase[by cash basis] +43,028 [Purchase +80,041, Sales (36,833)], Loss on valuation (828), Currency exchange (254)

・Leasing business +5,682 [Mar. 2015; 34,352→Mar. 2016; 40,034]
Net decrease[by cash basis] (13,164) [Purchase +3,904, Sales (17,069)] Transfer from property, plant and equipment,etc. +20,104, Sales (17,069), Amortization (515), Currency exchange (741)

■ Property, plant and equipment (52,896)

・Acquisition +40,127, Amortization (21,834), Sale (44,860), Impairment loss (4,917), Currency exchange (958), Transfer to Inventories (20,102)

■ Interest-bearing debt (1,167) [Mar. 2015; 547,189→Mar. 2016; 546,021]
Net interest-bearing debt +2,928 [Mar. 2015; 526,925→Mar. 2016; 529,854]

■ Other current liabilities +6,481

・Decrease of operating accounts payable-trade due to payment of construction cost (7,487)

・Transfer from long-term accounts payable-trade [Otemachi 2-1 Project] +13,968

■ Other non-current liabilities (11,241)

・Long-term accounts payable-trade [Otemachi 2-1 Project] (13,968)
[Transfer to current liabilities]

・Negative goodwill +1,665
[Adopted "Revised Accounting Standard for Business Combination" +3,579]

■ Shareholders' equity +7,711

・Profit attributable to owners of parent +16,557

・Dividend (5,265)

・Adopted "Revised Accounting Standard for Business Combination" (3,579)

■ Accumulated other comprehensive income (2,588)

・Foreign currency translation adjustment (1,168) [Mar. 2015; 6,429→Mar. 2016; 5,260]

・Valuation difference on available-for-sale securities +165 [Mar. 2015 ;2,837→Mar. 2016; 3,003]

・Remeasurements of defined benefit plans (1,575) [Mar. 2015; 509→Mar. 2016 (1,066)]

Statements of Cash Flows

(Million yen)

Category	(i) FY 2014	(ii) FY 2015	(ii)−(i) Change
Net cash provided by (used in) operating activities (A)	36,988	17,430	(19,557)
Income before income taxes and minority interests	18,869	23,120	+4,250
Depreciation and amortization	23,474	23,914	+439
Other operating activities	(5,356)	(29,604)	(24,247)
Decrease (increase) in notes and accounts receivable-trade	12,489	(3,600)	(16,089)
Decrease (increase) in inventories	(8,006)	(29,294)	(21,288)
Increase (decrease) in notes and accounts payable-trade	(3,407)	731	+4,139
Increase (decrease) in lease and guarantee deposits	(2,206)	307	+2,513
Income taxes paid	(3,785)	(7,824)	(4,039)
Other extraordinary loss (income)	(440)	10,076	+10,516
Net cash provided by (used in) investing activities (B)	(67,778)	(14,570)	+53,208
Purchases of property, plant and equipment	(74,635)	(47,400)	+27,234
Proceeds from sales of property, plant and equipment	6,604	41,519	+34,915
Purchase of investment securities	(711)	(6,764)	(6,052)
Other investing activities	964	(1,925)	(2,889)
Free cash flow (A) + (B)	(30,789)	2,860	+33,650
Net cash provided by (used in) financing activities	31,777	(6,781)	(38,558)
Increase (decrease) in interest-bearing debt	38,597	(180)	(38,778)
Cash dividends paid	(5,265)	(5,266)	(0)
Other financing activities	(1,555)	(1,334)	+220
Effect of exchange rate change on cash and cash equivalents	367	(125)	(492)
Cash and cash equivalents at beginning of period	18,798	20,153	+1,354
Cash and cash equivalents at end of period	20,153	16,106	(4,046)

Key Factors

■Net cash provided by (used in) operating activities 17,430 [compared to previous term: (19,557)]

・Cash inflow from income before taxes and minority interests, and amortization 47,034

・Cash outflow due to increase in purchases for inventories (29,294)
Net increase of inventory(for residential business) (43,208)
[Purchase (80,041), Sales +36,833]
Net decrease of inventory(for leasing business) +13,164
[Purchase (3,904), Sales +17,069]

・Others 10,076 [Gain and loss on sales of non-current assets 4,734, Impairment loss 4,917]

■Net cash provided by (used in) investing activities (14,570) [compared to previous term: +53,208]

・Cash outflow due to acquisition of property, plant, and equipment (47,400)
Major capital investments: Urbannet Nihonbashi 2-Chome Building, Urbannet Ginza 1-Chome Building, Otemachi 2-1 Project, Three properties in Boston, etc.

・Cash inflow from sales of property, plant, and equipment 41,519 [sales of office buildings and rental condominiums]

■Free cash flow

・Free cash flow from sales of properties, etc.: cash inflow of +2,860 [compared to previous term: +33,650]

■Net cash provided by (used in) financing activities (6,781) [compared to previous term: (38,558)]

・Cash outflow due to decrease in interest-bearing debt (180)

・Cash outflow due to cash dividends paid (5,266)

Forecasts for FY 2016

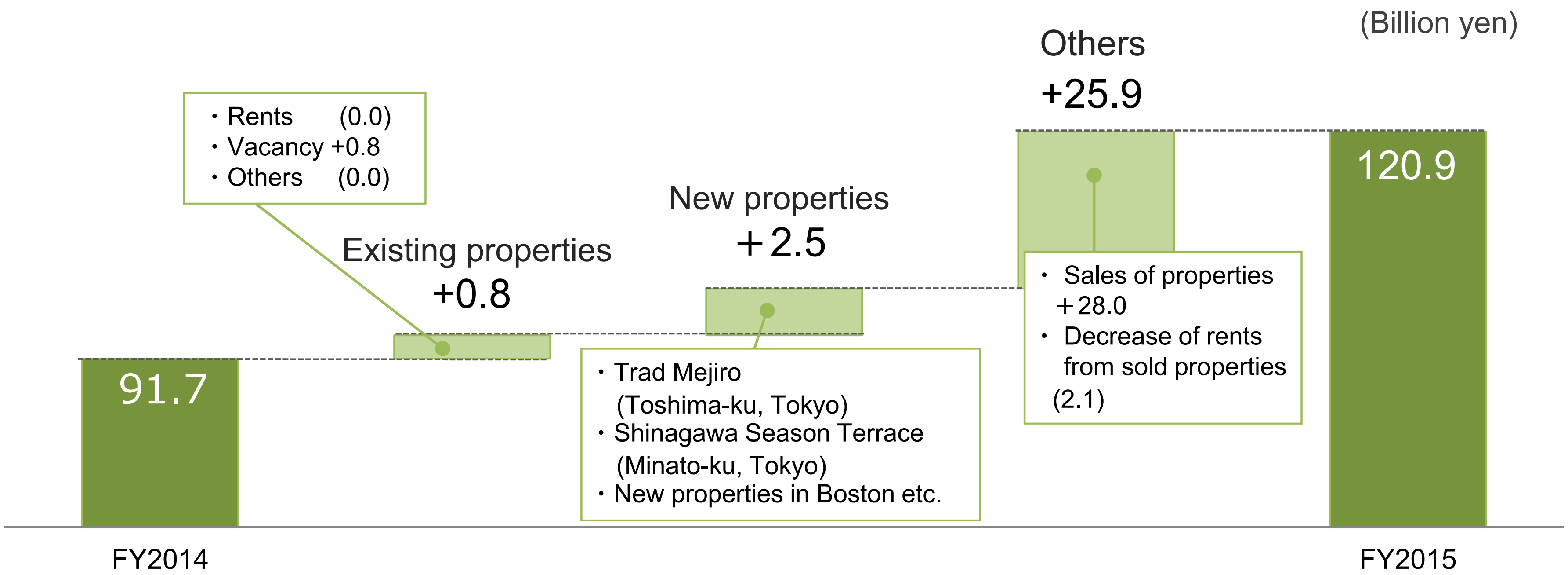
(Million yen)

Category		(i) FY 2015	(ii) FY 2016*2	(ii) - (i) Change
Operating revenue		183,016	190,000	＋6,983
Operating income		37,771	31,000	(6,771)
Ordinary income		33,832	28,000	(5,832)
Profit attributable to owners of parent*1		16,557	17,000	+443
Leasing business	Operating revenue	120,966	114,000	(6,966)
	Operating income	36,722	31,000	(5,722)
	Operating income margin	30.4%	27.2%	(3.2pt)
Residential business	Operating revenue	48,865	62,000	+13,134
	Operating income	5,074	5,000	(74)
	Operating income margin	10.4%	8.1%	(2.3pt)
Others	Operating revenue	19,600	18,000	(1,600)
	Operating income	2,199	1,500	(699)
	Operating income margin	11.2%	8.3%	(2.9pt)

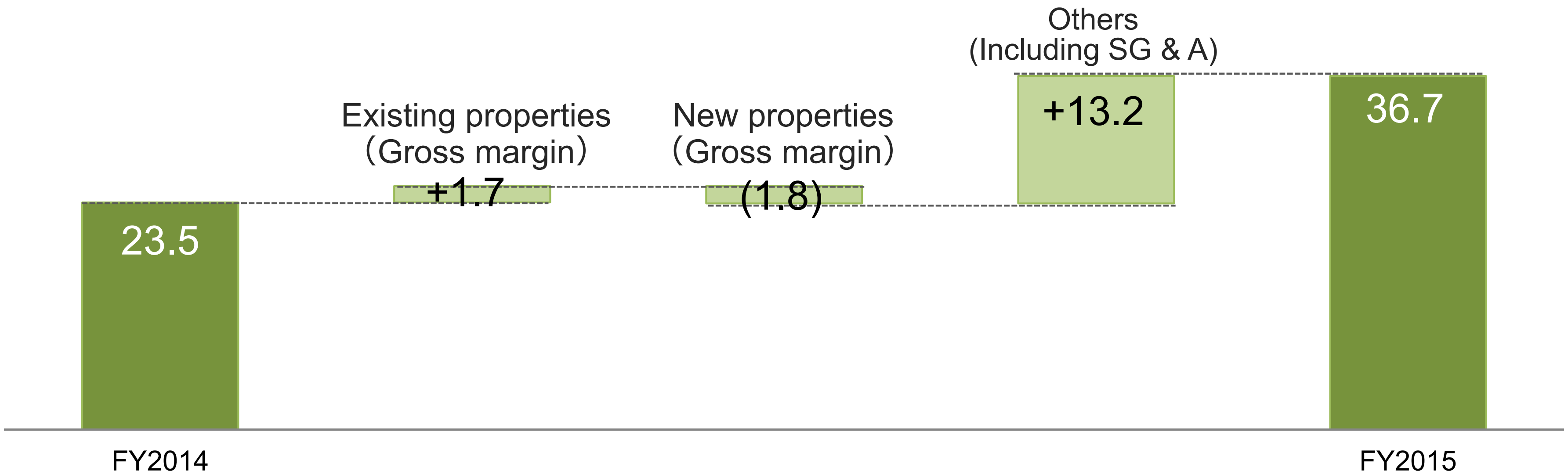
＊1 Adopted "Revised Accounting Standard for Business Combination", etc. and changed "Net income" from FY 2015.
＊2 Announced in May 11, 2016

Leasing Business

Operating revenue
YoY +29.2



Operating income
YoY +13.1

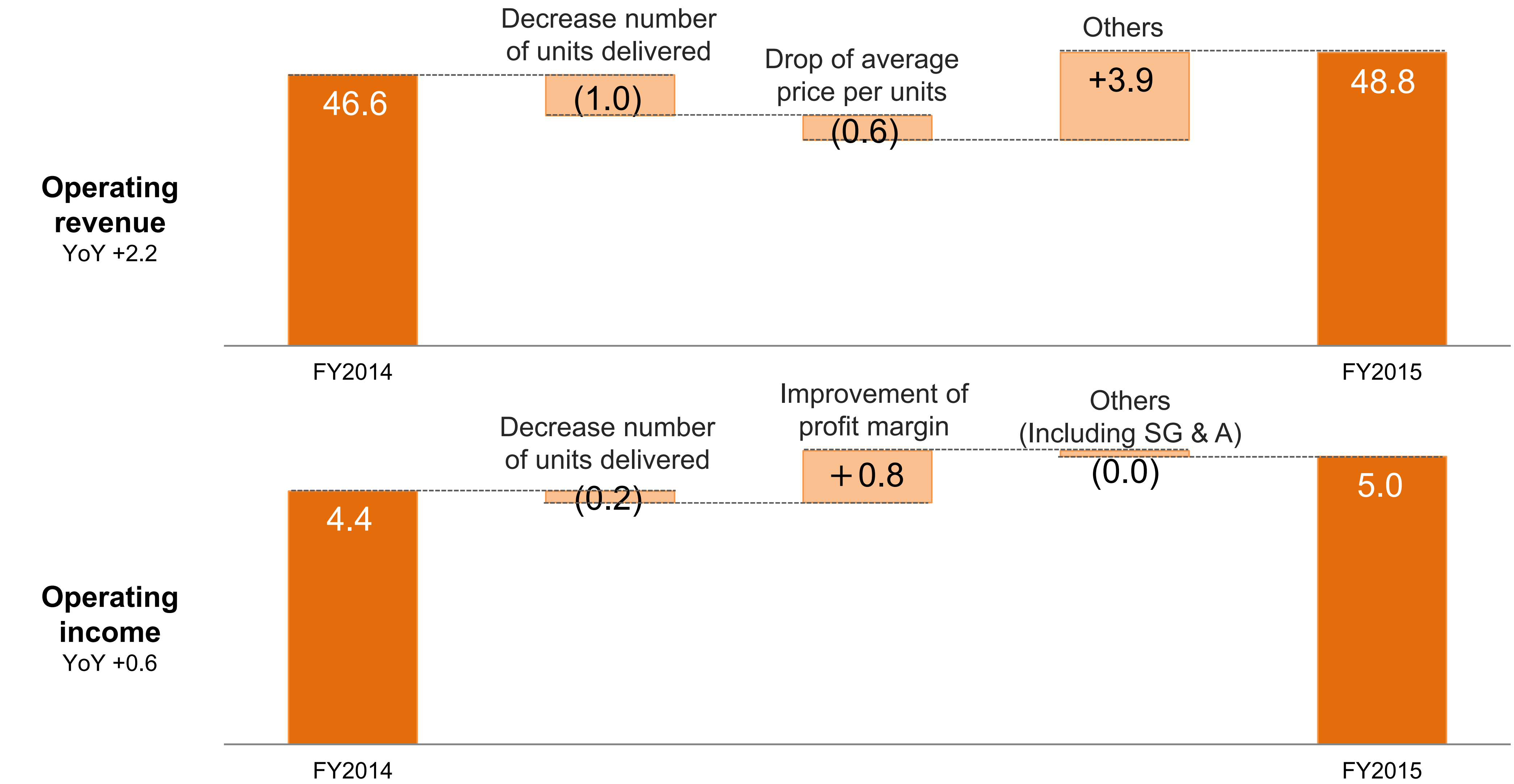


Operating income margin
YoY +4.7pt

	FY2014	FY2015
Operating income margin	25.7%	30.4%

Residential Business

(Billion yen)



Operating income margin
YoY +1.0pt

	FY2014	FY2015
Operating income margin	9.4%	10.4%

Effects of the lowing of corporate tax rates

(Billion yen)

Category		(i)FY2014	(ii)FY2015	Change (ii) – (i)
Income taxes (a)		(0.6)	4.1	+4.7
	Effects of the lowing of corporate tax rates (b) *	(5.9)	(3.0)	+2.9
	Except effects of the lowing of corporate tax rates (a)-(b)	5.3	7.1	+1.8
Profits (a)		19.4	18.9	(0.4)
	Effects of the lowing of corporate tax rates (b)*	5.9	3.0	(2.9)
	Except effects of the lowing of corporate tax rates (a)-(b)	13.5	15.9	+2.4
Profit attributable to non-controlling interests (a)		3.2	2.4	(0.8)
	Effects of the lowing of corporate tax rates (b)	1.9	0.9	(1.0)
	Except effects of the lowing of corporate tax rates(a)-(b)	1.3	1.5	+0.2
Profit attributable to owners of parent (a)		16.2	16.5	+0.3
	Effects of the lowing of corporate tax rates (b)	4.0	2.1	(1.9)
	Except effects of the lowing of corporate tax rates(a)-(b)	12.1	14.4	+2.3

- Decreasing corporate taxes etc. of reversal of deferred tax liabilities, etc. as a result of the lowering of the corporate tax rate.
- For FY2014, take into account the effect of the statutory effective tax rate reduced from the previous 35.6% to 33.0% for FY2015, to 32.2% for FY2016 and later.
- For FY2015, take into account the effect of the statutory effective tax rate reduced from the previous 32.2% to 30.8% for FY2016 and FY2017, to 30.6% for FY2018 and later.

Changes in Segment Divisions

- Scheduled to be applied in FY2016

Current

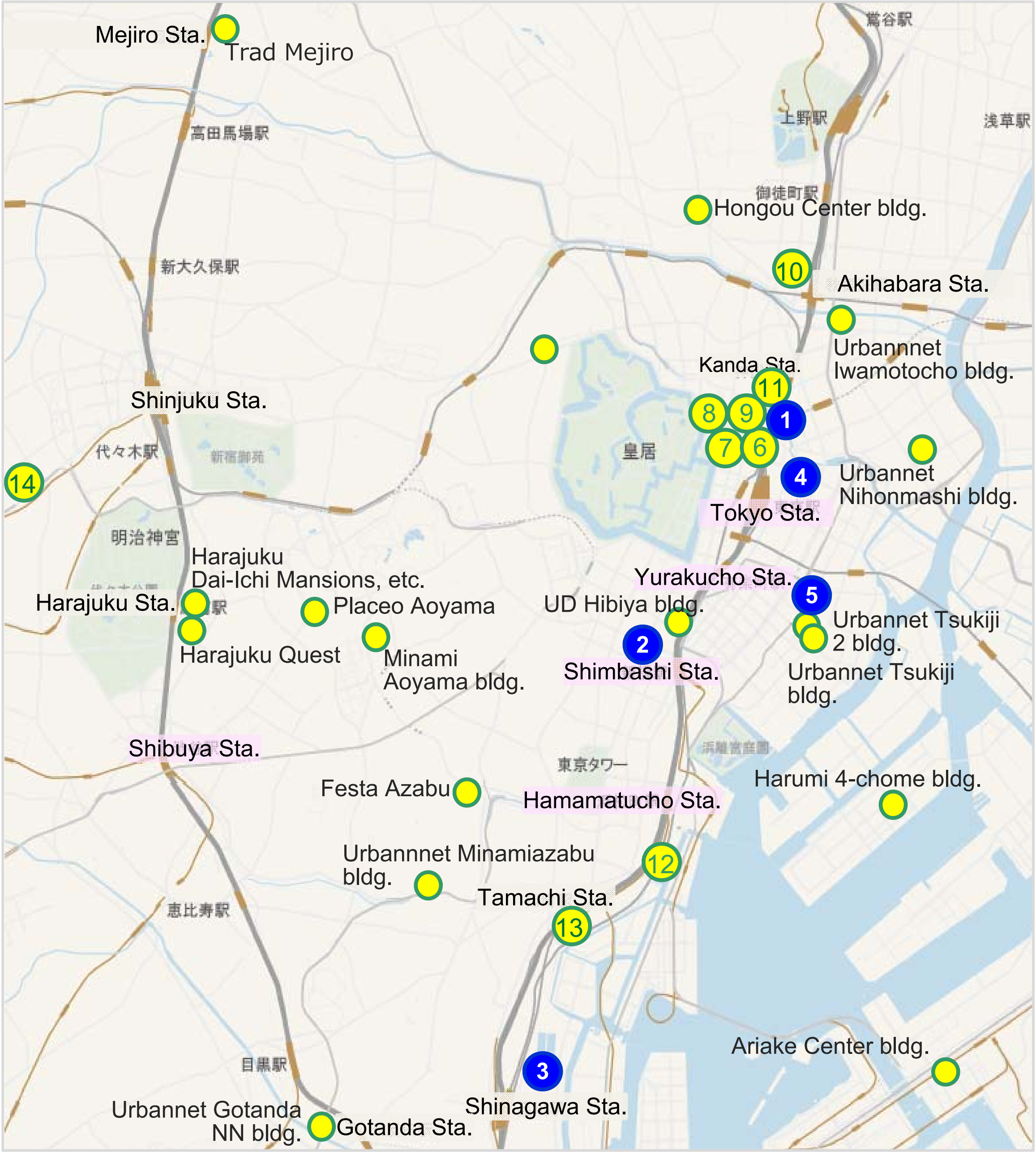
Leasing Business	Offices/Retail
	Residential/ Others
Residential Business	Condominiums
	Residential lots, etc.
	Others
Others	–

After changes

Offices/Retail Leasing	Offices/ Retail Business
Sales of revenue-generating real estate	
Others	
Residential property sales	Residential Business
Residential rentals	
Others	
–	Others

Major Properties

Projects Map (Tokyo Central Area)



【Development Projects】

1 Otemachi 2-1 Project
2 Shimbashi 1-chome Project

【Completed Projects】

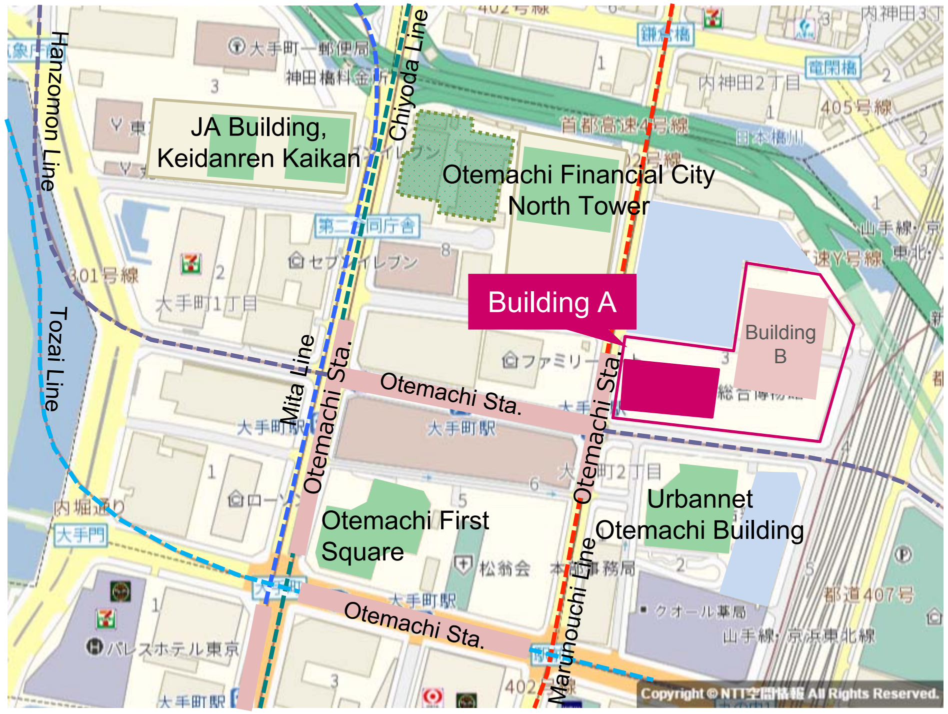
3 Shinagawa Season Terrace
4 Urbannet Nihonbashi 2-Chome Building
5 Urbannet Ginza 1-Chome building

【Core Buildings】

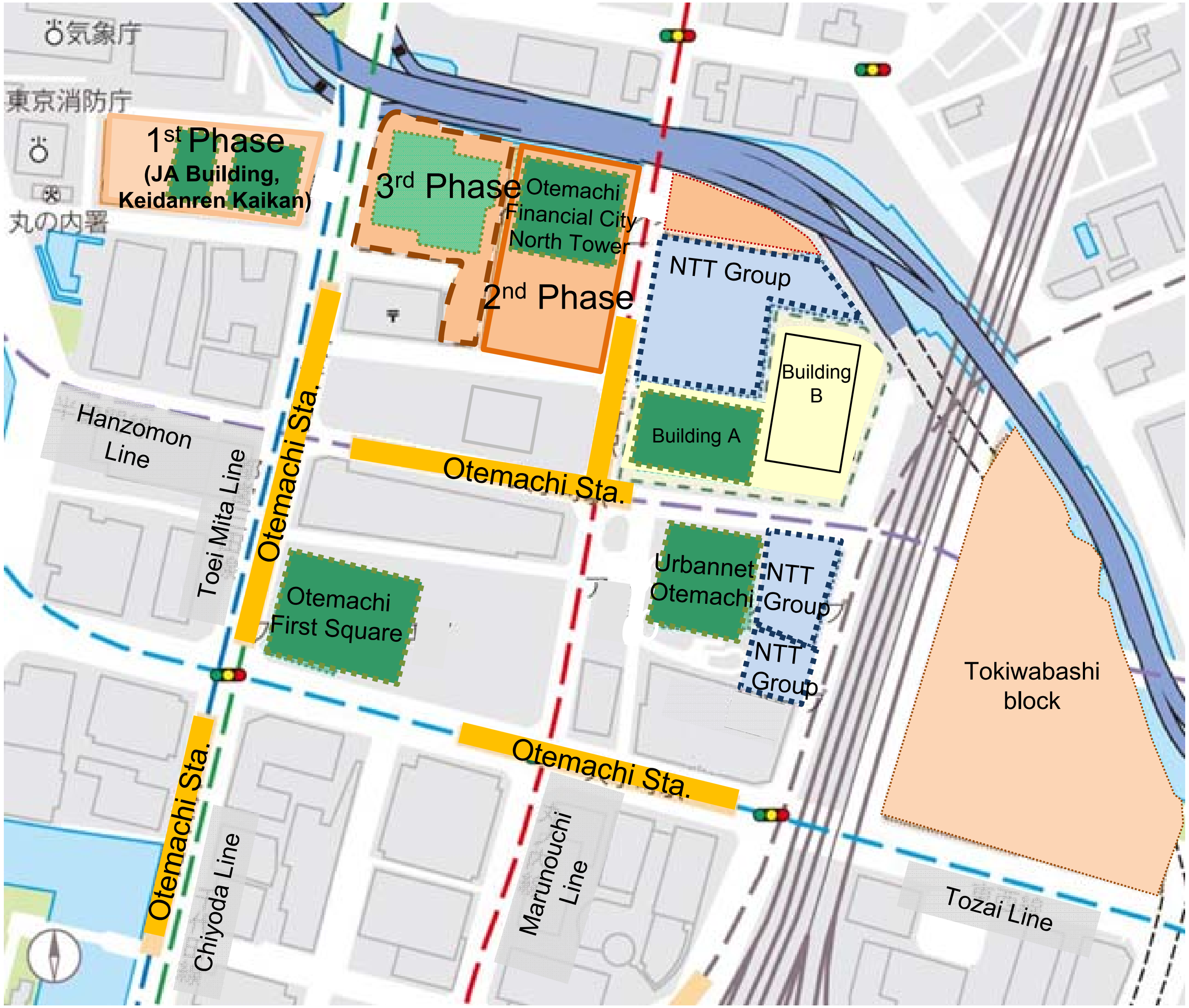
⑥ Urbannet Otemachi Building
⑦ Otemachi First Square
⑧ JA Building, Keidanren Kaikan
⑨ Otemachi Financial City North Tower
⑩ Akihabara UDX
⑪ Urbannet Kanda Building
⑫ Seavans N Building
⑬ Granpark Tower
⑭ Tokyo Opera City

① Otemachi 2-Chome Area 1st Class Urban Redevelopment Project Building A

Location	Chiyoda-ku, Tokyo
Main use	Office, Retail
Land scale	Approx. 19,900㎡（Building A & B total）
Gross floor space	Approx. 202,000㎡（Building A） 〔Approx. 35,000㎡（our stake）〕
Building scale	35 stories above ground and 3 below (Building A)
Stake	Co-owned
Schedule	Construction started May 2015 Completed July 2018（Schedule）



Otemachi Area Map



■ Development Project

・Otemachi “Chain” Redevelopment

“Chain” Redevelopment started with the government complex

1st Phase (Completed)

2nd Phase(Completed)

3rd Phase

Potential sites of Otemachi “Chain” Redevelopment

Otemachi 2-1 Project

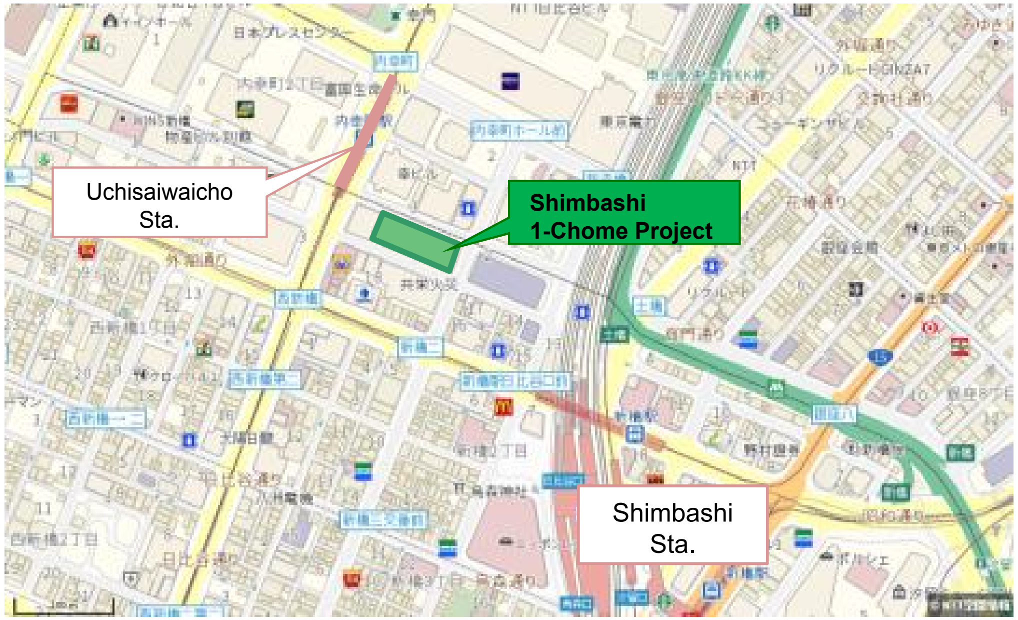
Properties held by NTTUD (including strata ownership)

Properties held by NTT Group (including strata ownership)

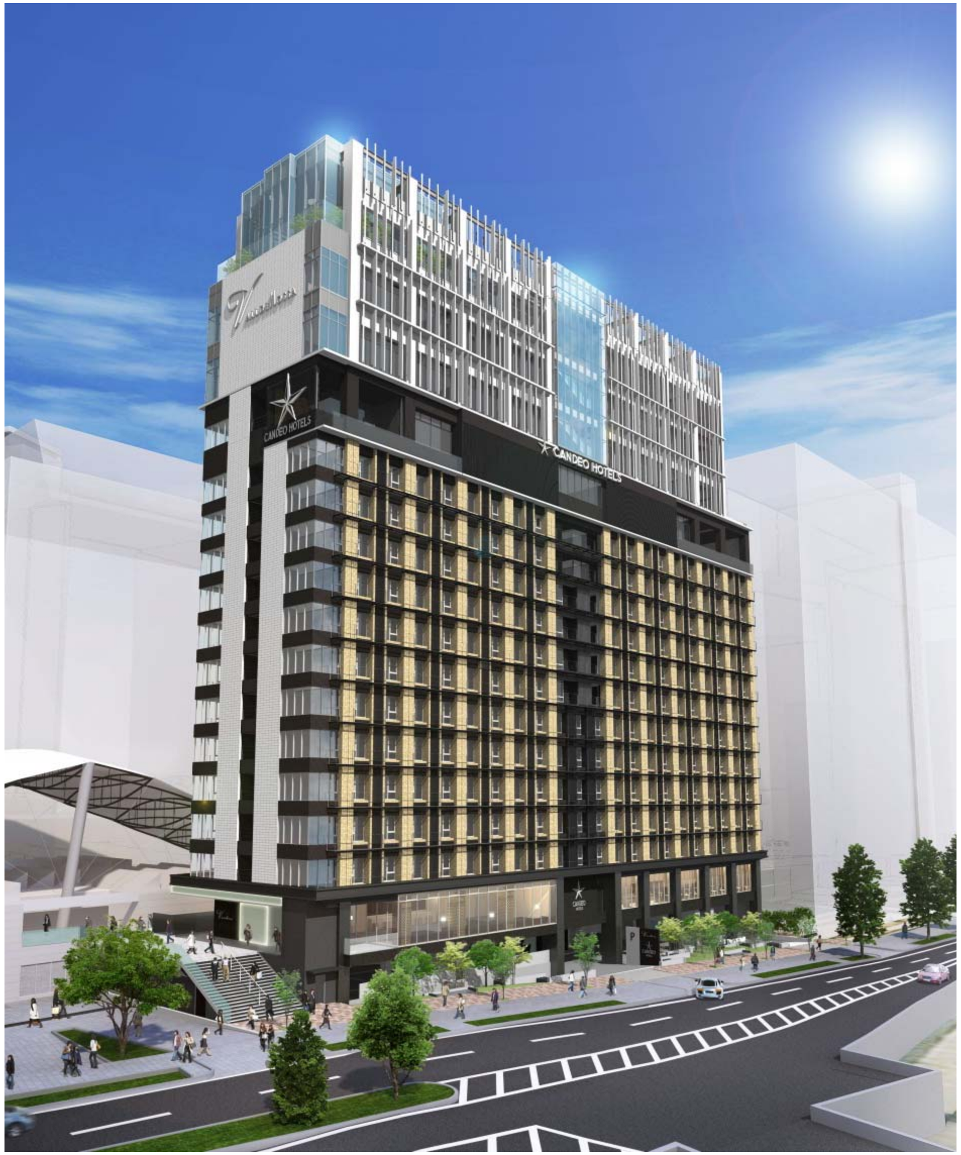
②Shimbashi 1-chome Project

※The actual finished construction may differ due to planning going forward

Location	Minato-ku, Tokyo
Main use	Office, Hotel
Land scale	3,071.04㎡
Gross floor space	Approx. 35,800㎡（plan）
Building scale	27 stories above ground and 2 below
Total rooms	267 rooms (plan）
Completion	2019（schedule）



Universal City Station Project



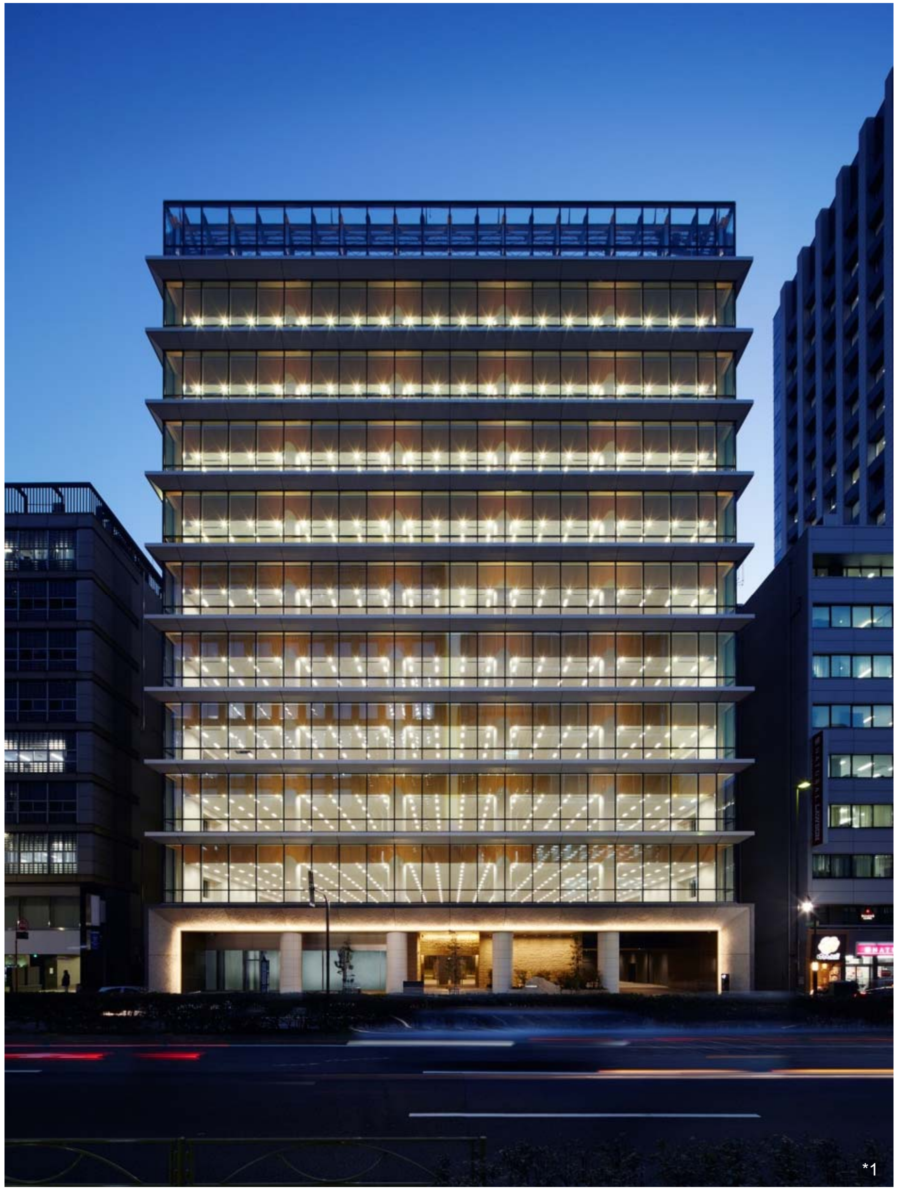
Location	Osaka-shi, Osaka
Main use	Retail (Hotel and bridal)
Land scale	2,639㎡
Gross floor space	20,808㎡
Building scale	17 stories above ground and 1 below
Total rooms	390 rooms
Stake	100%
Schedule	Construction started October 2015
	Completed June 2017 (Schedule)

③ Shinagawa Season Terrace

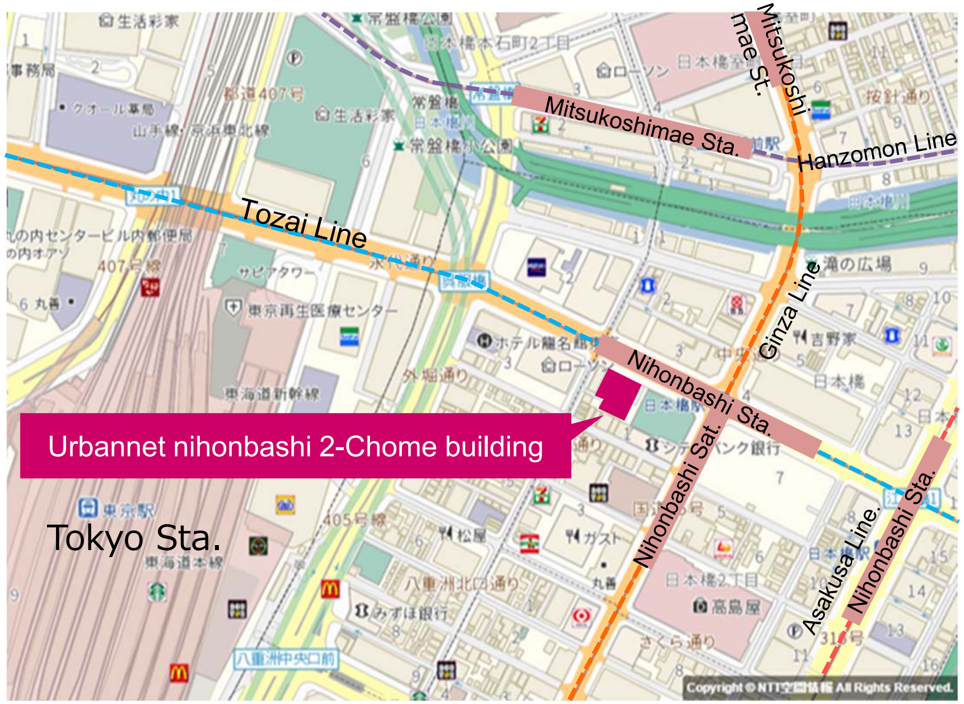
SHINAGAWA SEASON TERRACE

Location	Minato-ku, Tokyo
Main use	Office, Retail
Land scale	49,547㎡（in total）
Gross floor space	202,716㎡（in total）
Building scale	32 stories above ground and 1 below
Stake	Co-owned
Schedule	Construction started February 2012
	Completed February 2015

④ Urbannet Nihonbashi 2-Chome Building



Location	Chuo-ku, Tokyo
Main use	Office
Land scale	1,687㎡
Gross floor space	14,795㎡
Building scale	10 stories above ground and 1 below
Stake	100%
Schedule	Construction started June 2014
	Completed January 2016



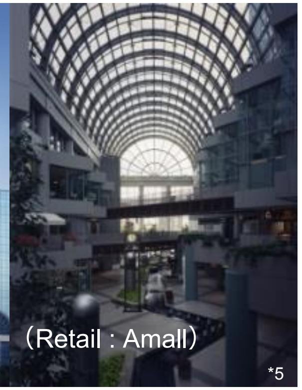
⑤ Urbannet Ginza 1-Chome Building

Location	Chuo-ku, Tokyo
Main use	Office
Land scale	1,737㎡
Gross floor space	11,720㎡
Building scale	8 stories above ground and 1 below
Stake	100%
Schedule	Construction started November 2014
	Completed February 2016

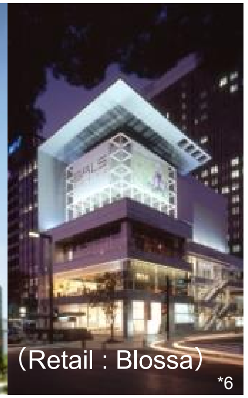
Office Properties

	Five wards central Tokyo			
	⑥ 	⑦ 	⑧ 	⑨ 
Name	**Urbannet Otemachi Building**	**Otemachi First Square**	**JA Building, Keidanren Kaikan**	**Otemachi Financial City North Tower**
Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
Main use	Office	Office	Office	Office
Typical floor rentable space	3,251㎡	1,632㎡ (West) 1,626㎡ (East)	1,680㎡（JA Building） 1,711㎡（Keidanren Kaikan)	2,369㎡
Gross floor space	117,618㎡	54,284㎡ （Our stake）	26,517㎡（Our stake, JA Building and Keidanren Kaikan in total）	8,949㎡ （Our stake）
Building scale	22 stories above ground and 5 below	23 stories above ground and 5 below (West) 23 stories above ground and 4 below (East)	37 stories above ground and 3 below (JA Building) 23 stories above ground and 4 below (Keidanren Kaikan)	31 stories above ground and 4 below
Completion	June 1990	February 1992 (West) May 1997 (East)	April 2009	October 2012

Office Properties

	Five wards central Tokyo		
	⑩  	⑪ 	⑫  
Name	**Akihabara UDX**	**Urbannet Kanda Building**	**Seavans N Building**
Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Minato-ku, Tokyo
Main use	Office, Retail	Office	Office, Retail
Typical floor rentable space	4,804㎡	546㎡	1,967㎡
Gross floor space	155,629㎡	14,266㎡	78,488㎡
Building scale	22 stories above ground and 3 below	19 stories above ground and 1 below	24 stories above ground and 2 below
Completion	January 2006	July 2012	January 1991

Office Properties

	Five wards central Tokyo		Other Major Cities	
	⑬ 	⑭ 		 
Name	**Granpark Tower**	**Tokyo Opera City**	**Urbannet Sapporo Building**	**Urbannet Nagoya Building**
Location	Minato-ku, Tokyo	Shinjyuku-ku, Tokyo	Sapporp-shi, Hokkaido	Nagoya-shi, Aichi
Main use	Office	Office	Office	Office, Retail
Typical floor rentable space	2,059㎡	2,011㎡	2,441㎡	1,959㎡
Gross floor space	117,659㎡ (Our stake, Tower and Heights in total)	33,086㎡ (Our stake)	31,255㎡	75,047㎡
Building scale	34 stories above ground and 4 below	54 stories above ground and 4 below	10 stories above ground and 1 below	22 stories above ground and 3 below
Completion	August 1996	July 1996	October 2004	September 2005

Office Properties

	Other Major Cities	
		
Name	**Urbannet Shijyo Karasuma Building**	**Grand Front Osaka**
Location	Kyoto-shi, Kyoto	Osaka-shi, Osaka
Main use	Office, Retail	Office, Retail
Typical floor rentable space	1,584㎡	2,679㎡（Tower A）, 2,603㎡（Tower B） 1,707㎡（Tower C）
Gross floor space	16,088㎡	481,628㎡（in total）
Building scale	7 stories above ground and 1 below	38 stories above ground and 3 below（Tower A, B） 33 stories above ground and 3 below（Tower C）
Completion	October 2010	March 2013

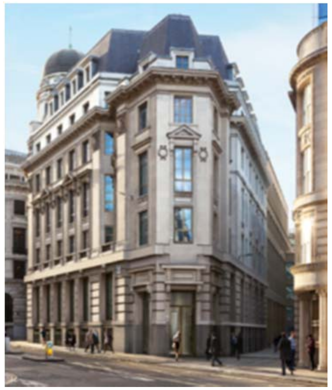
Retail Properties

	Five wards central Tokyo			Tokyo Metropolitan area
				
Name	**Harajuku Quest**	**Festa Azabu**	**Placeo Aoyamaya**	**Machida NT building**
Location	Shbuya-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Machida-shi, Tokyo
Main use	Retail	Retail	Retail	Retail
Gross floor space	5,367㎡	3,214㎡	18,674㎡	7,592㎡ (Our stake)
Building scale	4 stories above ground and 2 below	6 stories above ground and 2 below	11 stories above ground and 3 below	7 stories above ground and 2 below
Completion	March 1988	May 1990	April 1992	October 1992

Retail Properties

	Other Major Cities			
				
Name	**NTT Credo Motomachi Building （Pacera）**	**NTT-T building**	**Urbannet Tenjin building （Resola Tenjin）**	**Resola South Terrace**
Location	Hiroshima-shi, Hiroshima	Fukuoka-shi, Fukuoka	Fukuoka-shi, Fukuoka	Fukuoka-shi, Fukuoka
Main use	Retail	Retail	Retail, Office	Retail
Gross floor space	160,418㎡	61,506㎡	14,796㎡	6,184㎡
Building scale	35 stories above ground and 2 below	7 stories above ground and 3 below	9 stories above ground and 1 below	9 stories above ground
Completion	March 1994	September 1996	August 2011	April 2013 (Main part) August 2013 (Entire building)

Properties in the U.K.

	U.K.		
	 Image after renewal		
Name	**1 King William Street**	**20 Finsbury Circus**	**265 Strand**
Location	London, U.K.	London, U.K.	London, U.K.
Main use	Office	Office	Office, Retail
Stake	100%	100%	100%
Rentable floor space	Approx. 99,000sqf* (Approx. 9,200㎡*)	Approx. 86,000sqf (Approx. 8,000㎡)	Approx. 75,000sqf (Approx. 7,000㎡)
Building scale	8 stories above ground* and 1 below	7 stories above ground and 1 below	8 stories above ground and 1 below
Acquisition	June 2011 Under renewal construction until June 2016(Schedule)	September 2012	April 2013

*After renewal

Properties in the U.S.

	U.S.		
	 Image after renewal		
Name	**119 West 25th Street**	**141 Tremont Street**	**27 School Street**
Location	New York, U.S.	Boston, U.S.	Boston, U.S.
Main use	Office, Retail	Office	Office, Retail
Stake	Co-owned	Co-owned	Co-owned
Rentable floor space	Approx. 137,000sqf* (Approx. 12,700㎡*)	Approx. 68,000sqf (Approx. 6,300㎡)	Approx. 62,000sqf (Approx. 5,800㎡)
Building scale	11 stories above ground and 1 below	13 stories above ground	6 stories above ground and 1 below
Acquisition	December 2013 Under renewal construction until August 2016 (Schedule)	January 2015	January 2015

*After renewal

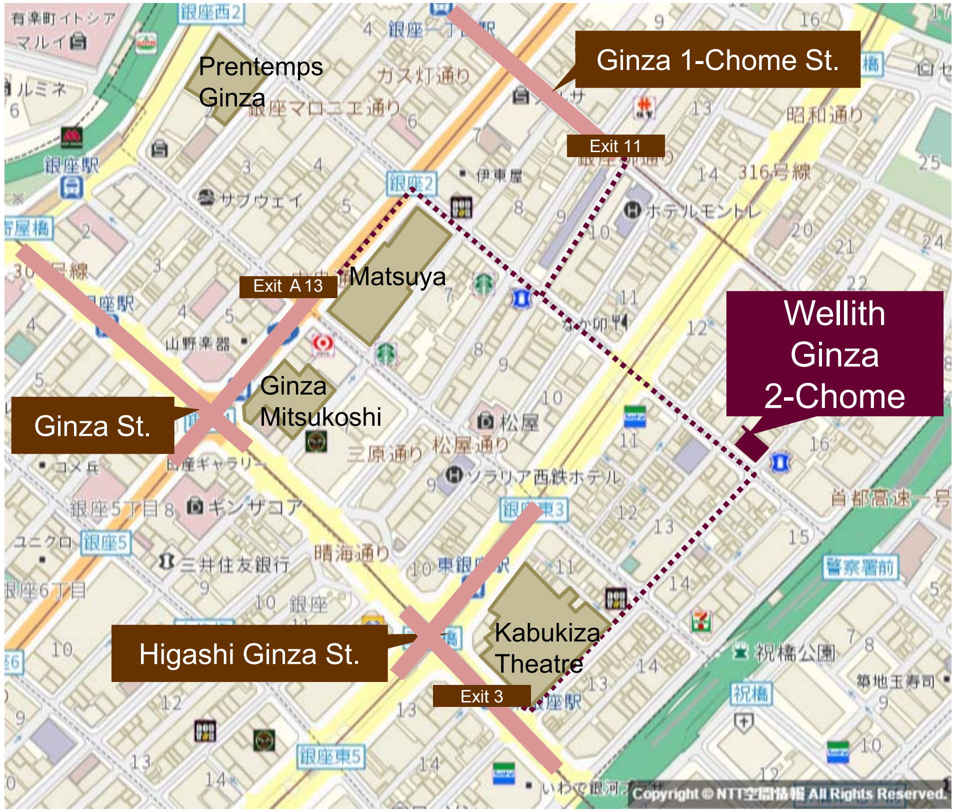
Properties in the U.S.

	U.S.		
			
Name	**Two Oliver Street**	**575 Lexington Avenue**	**1015 18th Street**
Location	Boston, U.S.	New York, U.S.	Washington D.C., U.S.
Main use	Office, Retail	Office, Retail	Office, Retail
Stake	Co-owned	Co-owned	Co-owned
Rentable floor space	Approx. 223,000sqf (Approx. 20,700㎡)	Approx.745,000sqf (Approx. 69,200㎡)	Approx.106,000sqf (Approx. 9,800㎡)
Building scale	11 stories above ground and 1 below	35 stories above ground and 2 below	11 stories above ground and 3 below
Acquisition	July 2015	August 2015	December 2015

Condominiums delivered in FY 2015

Wellith

Wellith Ginza 2-Chome	
Location	Chuo-ku, Tokyo
Total units	54 units
To be delivered	August 2015
Delivery sold out	December 2015



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Unless otherwise noted, this document is prepared in conformity with Japan generally accepted accounting principles.

[Photo]
*1 Forward Stroke : P47, P50, P51, P52, P54
*2 SS Tokyo : P48, P53
*3 Kokyu Miwa Architectural Photography : P49, P51, P53
*4 Nacasa & Partners : P49
*5 Kaneaki Monma : P50
*6 Kurumata Photography Office : P51
*7 Kawasumi Architectural Office : P53, P54
*8 Hiroshi Ito : P54