We create harmony.

Overview of the First Quarter of the Fiscal Year
Ending March 31, 2010

NTT Urban Development Corporation **Aug 4, 2009**

1. Financial Highlights of the First Quarter of the Fiscal Year Ending March 31, 2010

Overview of Performance and Income

- Consolidated net sales in the first quarter under review rose year on year.
- Operating income, ordinary income, and net income fell year on year.
- Results were favorable overall, compared with the forecasts.

(Million yen)

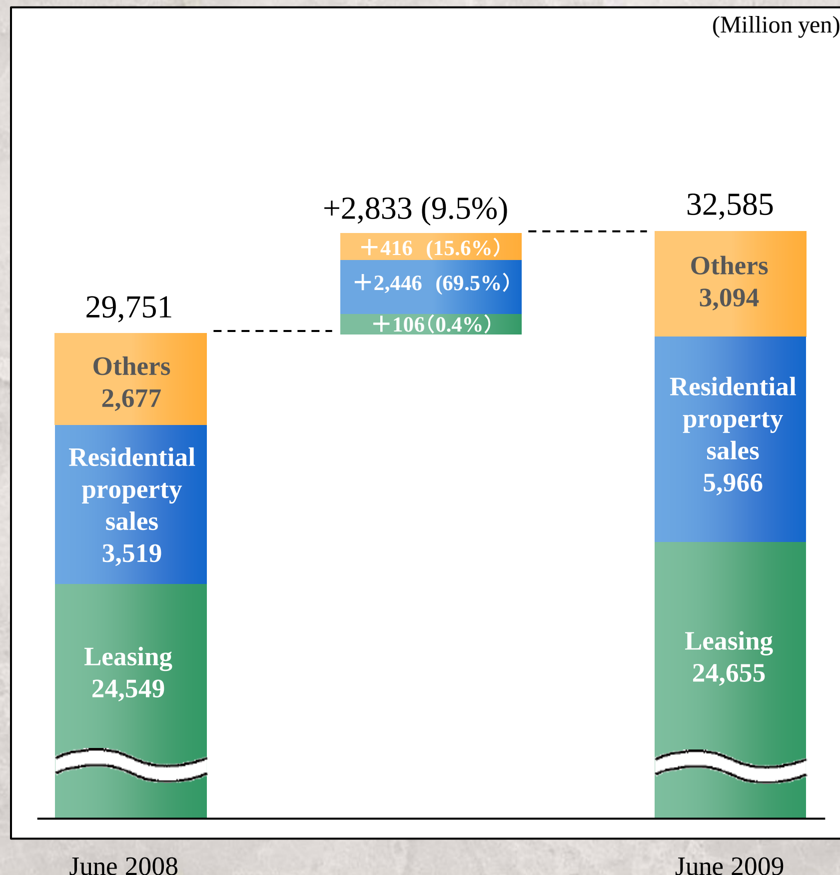
Category	(i) First Quarter Ended in June 2009	(ii) First Quarter Ended in June 2008	(i) - (ii) Change	(i) - (ii) Change (%)	Forecast for the First-half of the Fiscal year ending March 31, 2010 (progress)		Forecast for the Fiscal year ending March 31, 2010 (progress)	
Net sales	32,585	29,751	2,833	9.5%	68,000	47.9%	151,000	21.6%
Operating expenses	25,313	20,876	4,436	21.3%	–	–	–	–
Operating income	7,272	8,874	(1,602)	(18.1%)	14,500	50.2%	28,500	25.5%
Non-Operating income	629	706	(77)	(10.9%)	–	–	–	–
Non-Operating expenses	2,103	1,952	151	7.7%	–	–	–	–
Ordinary income	5,798	7,629	(1,831)	(24.0%)	11,000	52.7%	21,500	27.0%
Extraordinary income	–	195	(195)	–	–	–	–	–
Extraordinary losses	238	319	(80)	(25.2%)	–	–	–	–
Corporate taxes, etc.	2,244	3,122	(877)	(28.1%)	–	–	–	–
Net income	3,314	4,382	(1,068)	(24.4%)	6,500	51.0%	12,000	27.6%

Note: Forecasts are based on figures projected on May 8, 2009 during the announcement of results for the fiscal year ended March 2009

2. Performance by Segment (Net Sales and Operating Income)

- In the leasing business, net sales were up ¥100 million and operating income was down ¥900 million year on year. While rents from new buildings and newly acquired properties were posted, operating income was affected by expenses posted in association with the completion of new properties in addition to the sale of properties in the previous fiscal year.
- In the residential property sales business, net sales were up ¥2.4 billion and operating income was down ¥500 million. While revenues were posted from the sale of land and condominiums, the number of highly profitable properties declined from a year earlier.

Net Sales



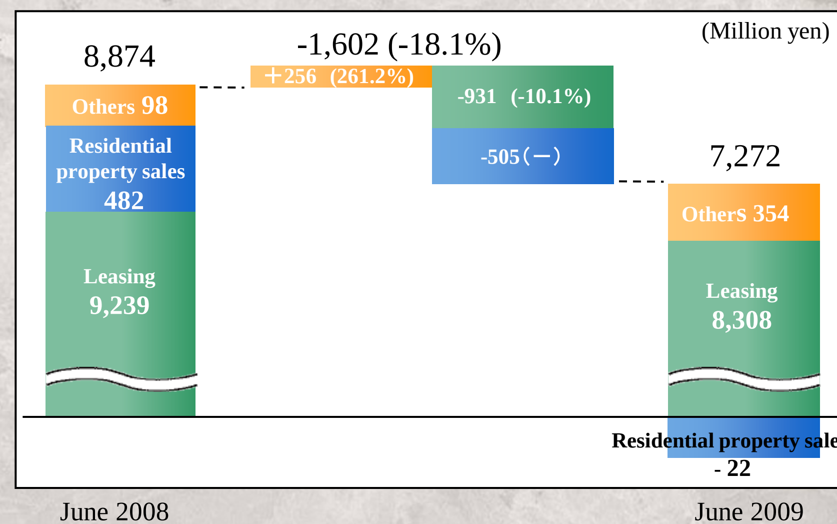
Note: Before the elimination of intersegment transactions

Operating Income Margin

	June 2008	Change	June 2009
Leasing	37.6%	-3.9	33.7%
Residential property sales	13.7%	-14.1	-0.4%
Other	3.7%	+7.8	11.5%
Total	29.8%	-7.5	22.3%

Note: Before the elimination of intersegment transactions and corporate overhead

Operating Income

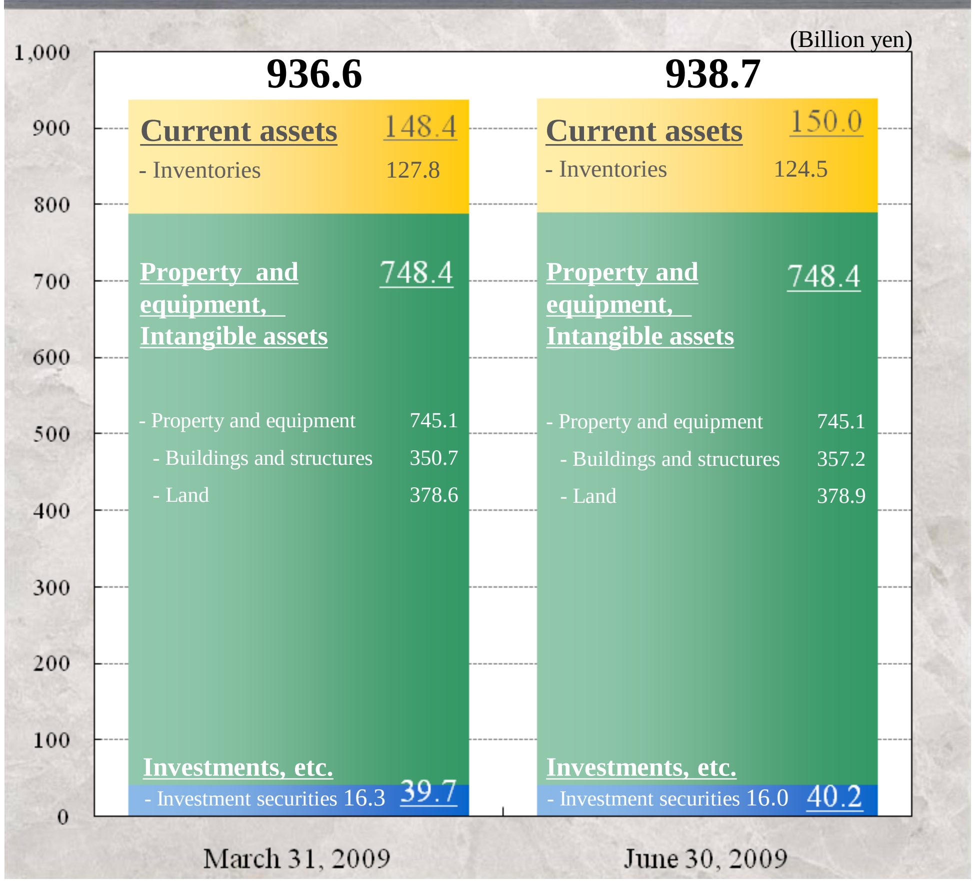


Note: Before the elimination of intersegment transactions and corporate overhead

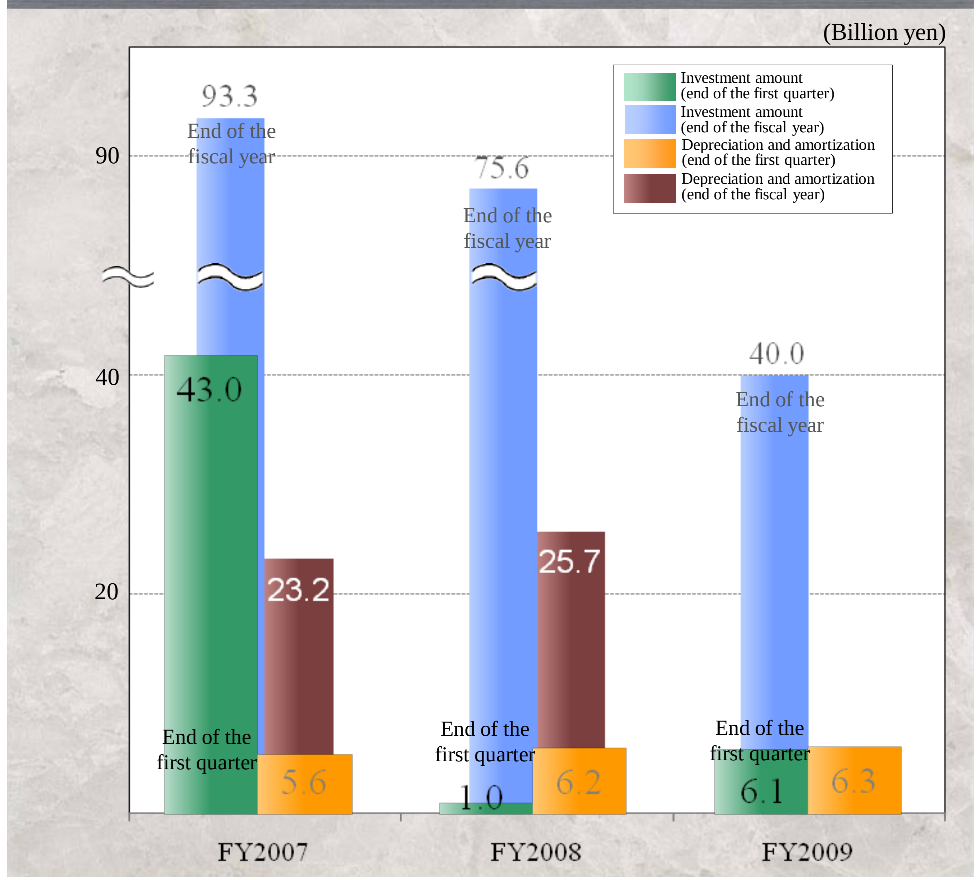
3. Balance Sheet (Total assets and investments)

- Total assets were up ¥2.0 billion from the end of the previous fiscal year, to ¥938.7 billion. Major factors include a ¥6.5 billion increase in buildings and structures, and a ¥3.2 billion decline in inventories.
- The amount of investments was ¥6.1 billion, up ¥5.1 billion year on year. The investments include ¥2.4 billion for Urban Ace Kitahama Annex, ¥1.4 billion for Urbannet Kotodai, and ¥0.7 billion for Otemachi 1-Chome Urban Area Redevelopment Project Type 1 (first-phase).

Total Assets



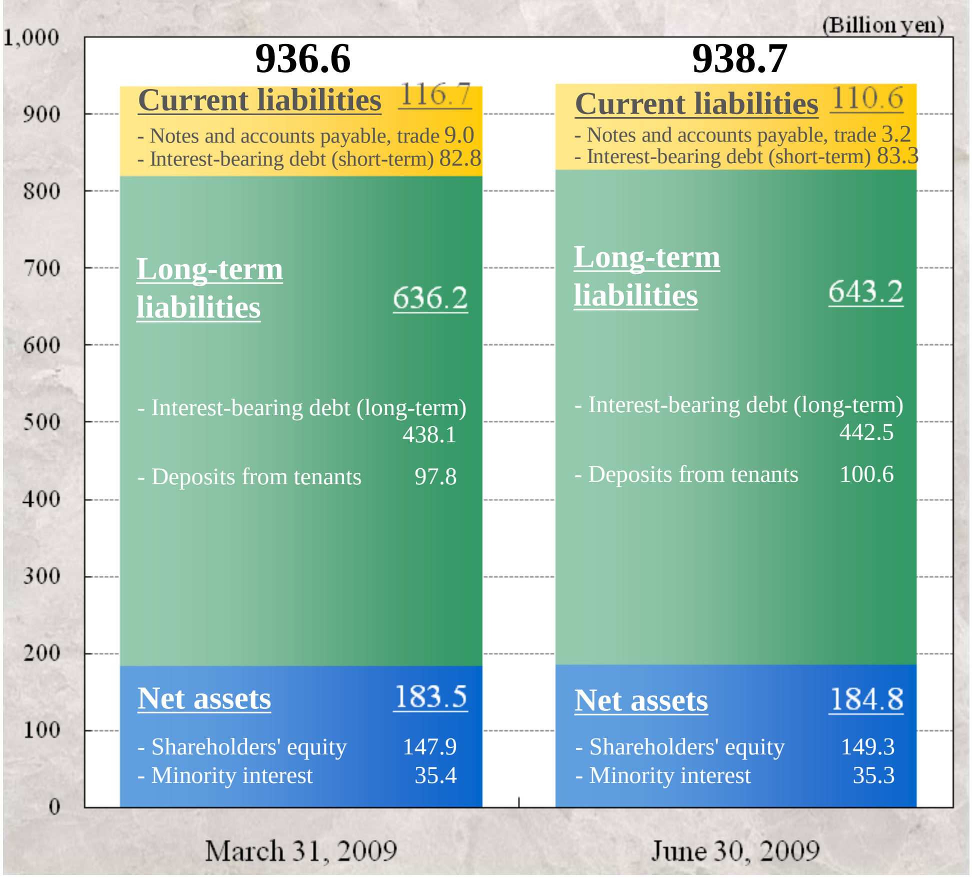
Investments



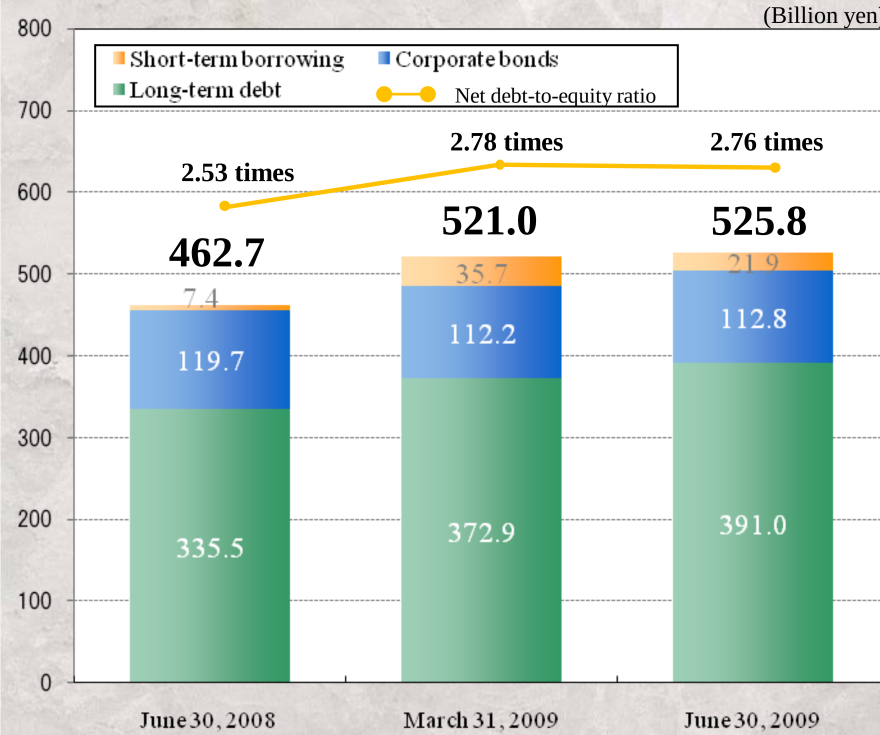
4. Balance Sheet (Liabilities, net assets, and consolidated interest-bearing debt)

- Liabilities rose ¥0.7 billion from the end of previous fiscal year, to ¥753.8 billion, mainly reflecting a rise of ¥4.8 billion in interest-bearing debt, an increase of ¥2.7 billion in deposits from tenants, and a decline of ¥5.8 in notes and accounts payable, trade.
- Net assets rose ¥1.2 billion from the end of the previous fiscal year, mainly reflecting net income of 3.3 billion yen, and dividend payments of ¥1.9 billion.
- Consolidated interest-bearing debt rose ¥4.8 billion from the end of previous fiscal year, to ¥525.8 billion, making the net debt-to-equity ratio of 2.76 times.

Liabilities and Net Assets



Consolidated Interest-bearing Debt



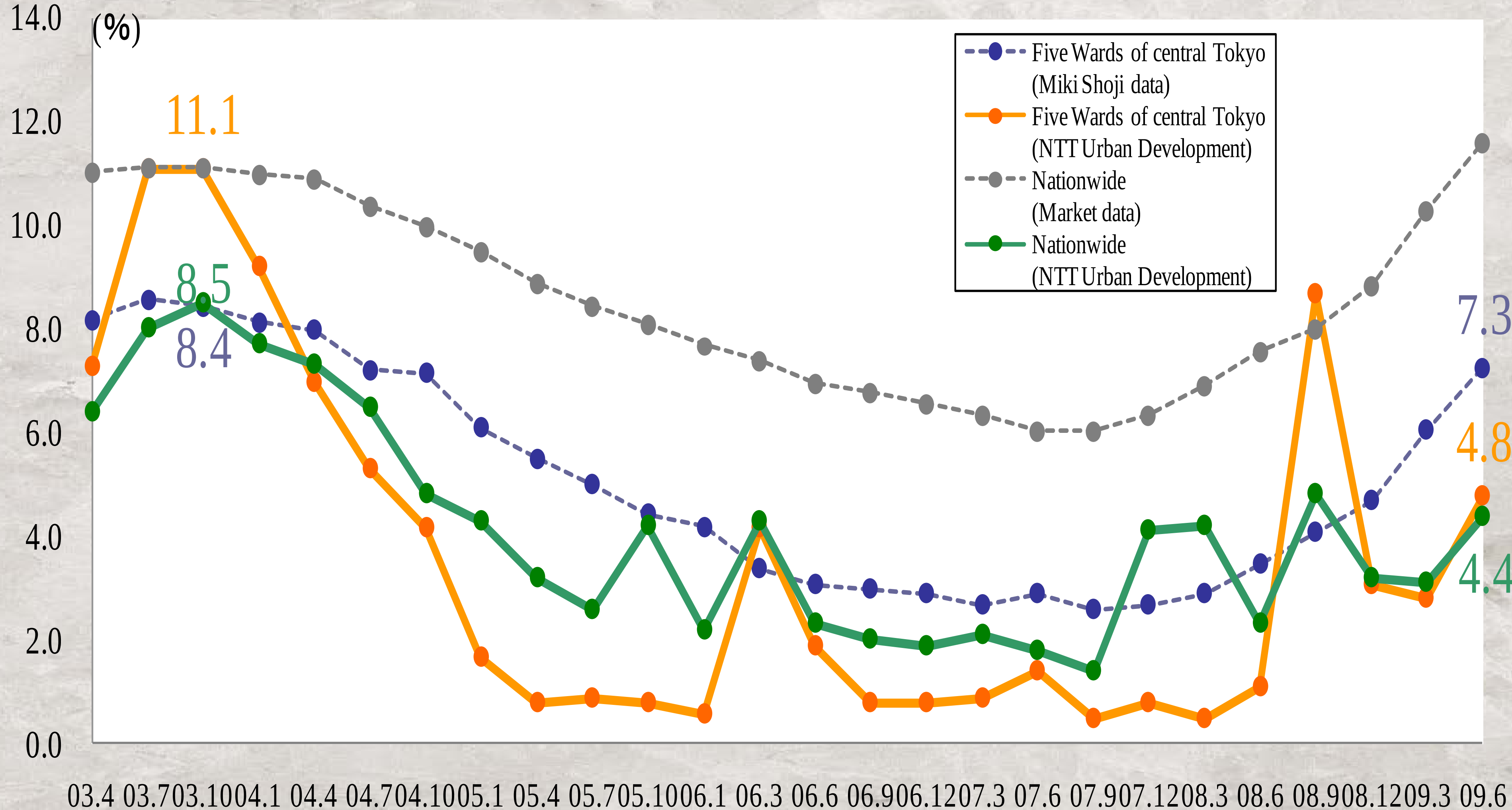
Note 1: Short-term borrowings include commercial paper. Note 2: Corporate bonds include "Corporate bonds (must redeem within one year)".
Note 3: Long-term debt include "Current portion of long-term debt (payment within one year)".
Note 4: Net debt-to-equity ratio = (interest-bearing debt – cash and cash equivalents – time deposits whose deposit terms exceed three months) / net assets

5. Cash Flows

(Billion yen)

Items	First Quarter Ended in June 2009	First Quarter Ended in June 2008	Year-on-Year Change
Cash flows from operating activities	**11.1**	**(13.5)**	**24.6**
(Restated) Income before income taxes and minority interests	5.5	7.5	(1.9)
(Restated) Depreciation and amortization expenses	6.3	6.1	0.1
(Restated) (Increase) in inventories	2.9	3.4	(0.4)
(Restated) (Decrease) in notes and accounts payable, trade	(5.8)	(24.3)	18.5
(Restated) Income taxes paid	(0.7)	(7.3)	6.5
Cash flows from investing activities	**(7.9)**	**(3.7)**	**(4.2)**
(Restated) Purchases of property and equipment	(7.6)	(4.1)	(3.5)
(Restated)Proceeds from sales of property and equipment	—	0.5	(0.5)
Free cash flow	**3.1**	**(17.2)**	**20.4**
Cash flows from financing activities	**2.3**	**8.0**	**(5.6)**
(Restated) Net increase in borrowings	4.8	10.8	(6.0)
(Restated) Dividend payments	(1.9)	(2.3)	0.3
Cash and cash equivalents at the end of the term	**14.2**	**5.8**	**8.3**

6. Vacancy Rates



*1 Vacancy rates that historically were calculated on the first day of the following month are now calculated on the final day of the current month, as of March 2006.
*2 Figures have been changed and presented on a consolidated basis from March 2007.
*3 Vacancy rate for the entire market nationwide is a simple average of vacancy rates (calculated by NTT Urban Development) for Tokyo, Yokohama, Osaka, Nagoya, Fukuoka, Sendai and Sapporo announced by Miki Shoji.

Disclaimer

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