We create harmony.

Overview of the First-half of the Fiscal Year
Ending March 31, 2010

NTT Urban Development Corporation **Nov 5, 2009**

I. Overview of the First-half of the Fiscal Year Ending March 31, 2010

I-1. Financial Highlights of the First-half of the Fiscal Year Ending March 31, 2010

Overview of Performance and Income

- Consolidated net sales declined 1.1% year on year. However, operating income and ordinary income plunged 78.7% and 95%, respectively, reflecting a loss on a revaluation of inventories (¥0.2 billion in the first quarter and ¥10.8 billion in the second quarter).
- A net loss (compared with net income a year ago) was posted, attributable to an increase in corporate taxes due to a reversal of deferred tax assets (¥5 billion) in addition to the situation described above.

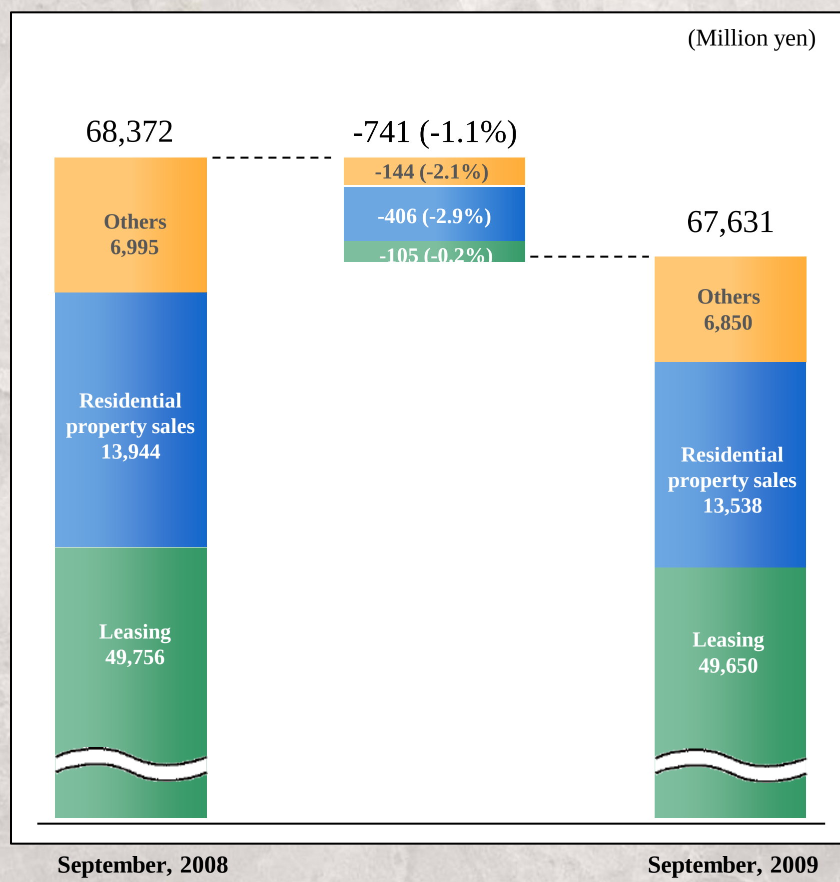
(Million yen)

Category	(i) First-half Ended in September 2009	(ii) First-half Ended in September 2008	(i) – (ii) Change	(i) – (ii) Change (%)
Net sales	**67,631**	**68,372**	**(741)**	**(1.1%)**
Operating expenses	63,766	50,226	13,539	27.0%
Operating income	**3,865**	**18,146**	**(14,281)**	**(78.7%)**
Non-operating income	1,184	1,236	(51)	(4.2%)
Non-operating expenses	4,288	3,998	290	7.3%
Ordinary income	**761**	**15,384**	**(14,623)**	**(95.0%)**
Extraordinary income	50	2,082	(2,031)	(97.6%)
Extraordinary losses	442	863	(421)	(48.8%)
Corporate taxes, etc.	6,557	6,890	(333)	(4.8%)
Net income (loss)	**(6,187)**	**9,713**	**(15,900)**	**—**

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

- In the leasing business, net sales were down ¥0.1 billion and operating income was down ¥1.5 billion from a year ago. Net sales declined with an increase in the number of new properties (up ¥1.5 billion) more than offset by a fall in revenue from the existing properties of ¥0.7 billion due to an increase in vacant space, a ¥0.8 billion decrease in revenue resulting from the sale of properties in the previous fiscal year, and a rise in operating expenses associated with the completion of new properties.
- In the residential property sales business, net sales were down ¥0.4 billion and operating income was down ¥12.4 billion year on year, primarily because of a lower average sales price of condominiums and losses on a revaluation of inventories (¥0.2 billion in the first quarter and ¥10.8 billion in the second quarter).

Net Sales



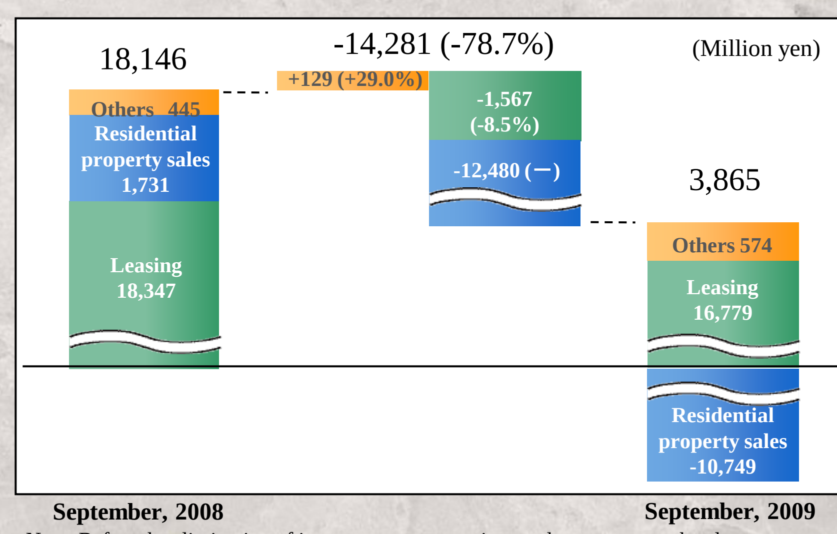
Note: Before the elimination of intra-segment transfers

Operating Income Margin

	September, 2008		September, 2009
Leasing	36.9%	→	33.8%
Residential property sales	12.4%	→	-79.4%
Others	6.4%	→	8.4%
Total	26.5%	→	5.7%

Note: Before the elimination of intersegment transactions and corporate overhead

Operating Income

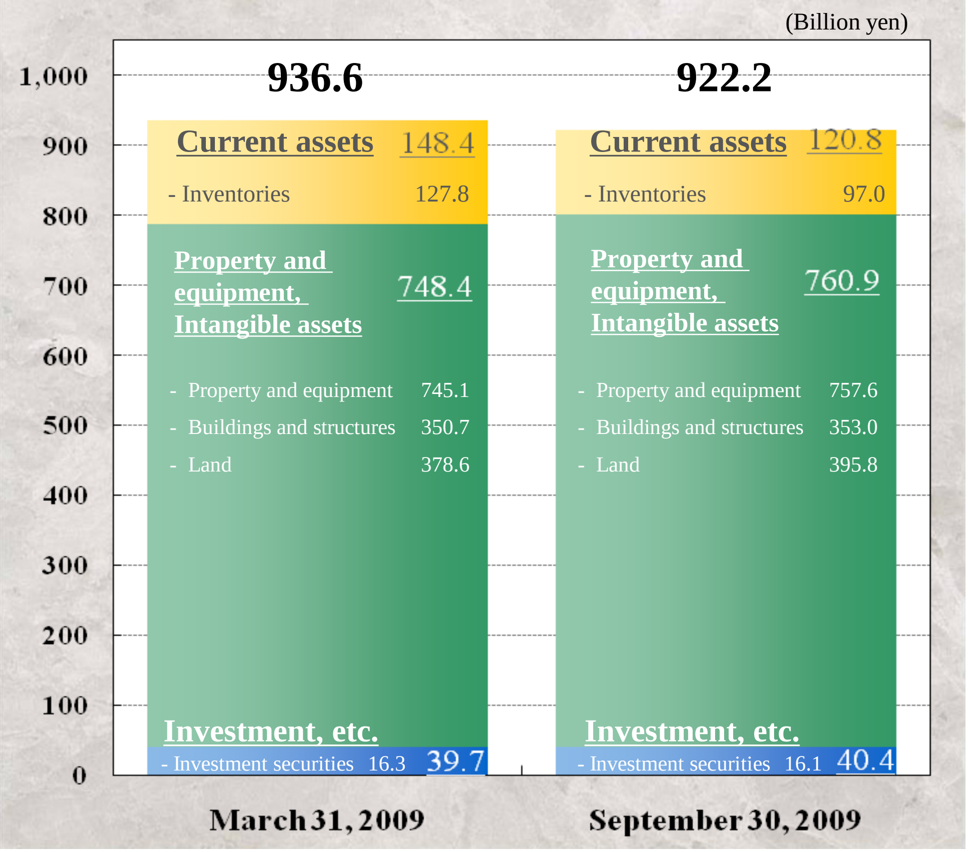


Note: Before the elimination of intersegment transactions and corporate overhead

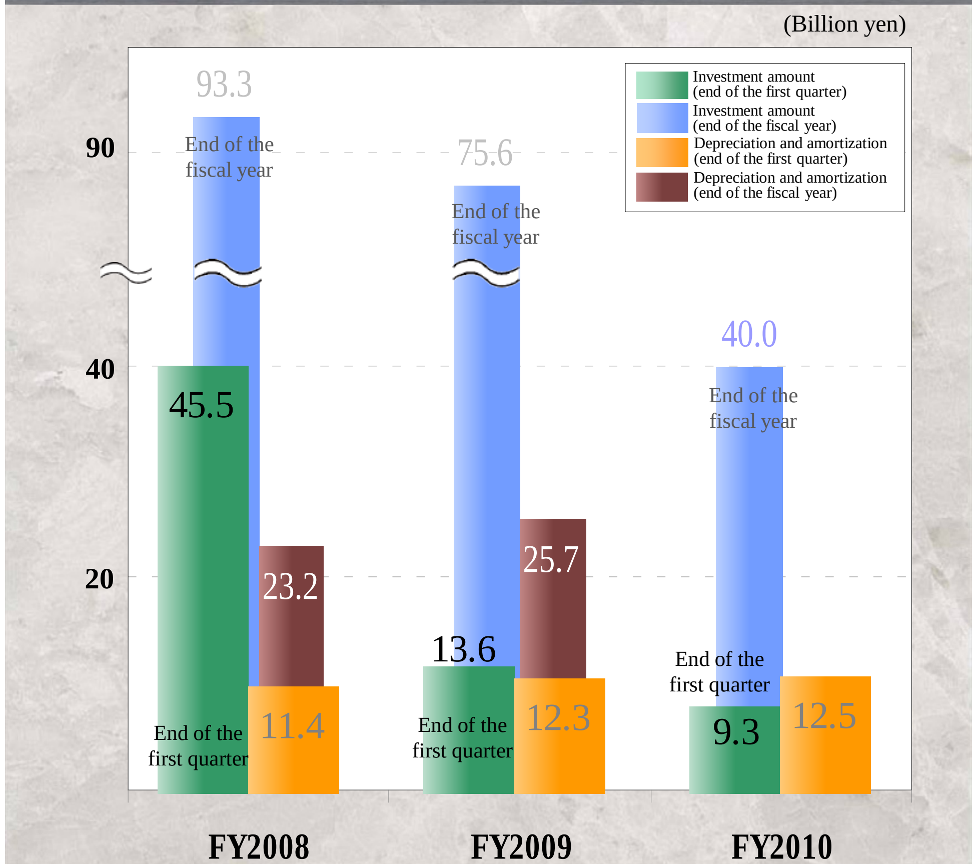
I-3. Balance Sheet (Total assets and investments)

- Total assets were down ¥14.4 billion from the end of the previous fiscal year, to ¥922.2 billion, primarily because of the effect of reductions in book values associated with a loss on a revaluation of inventories.
- The amount of investments was ¥9.3 billion. The investments included ¥2.4 billion for Urban Ace Kitahama Annex, ¥1.4 billion for Urbannet Kotodai.

Total Assets



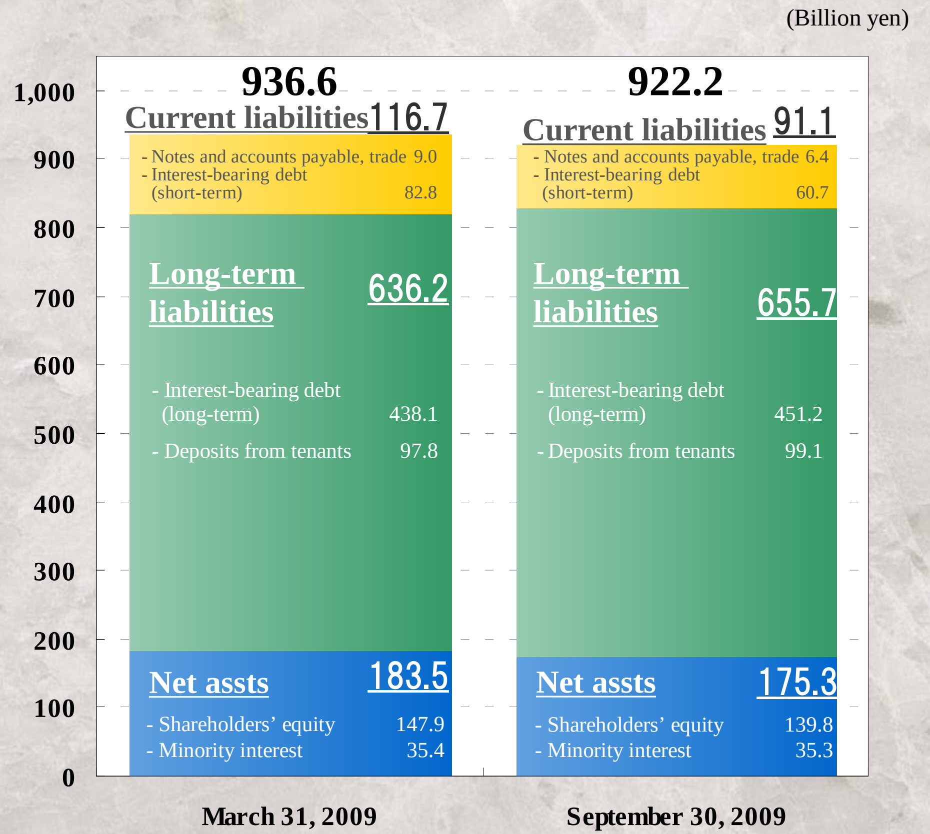
Investments



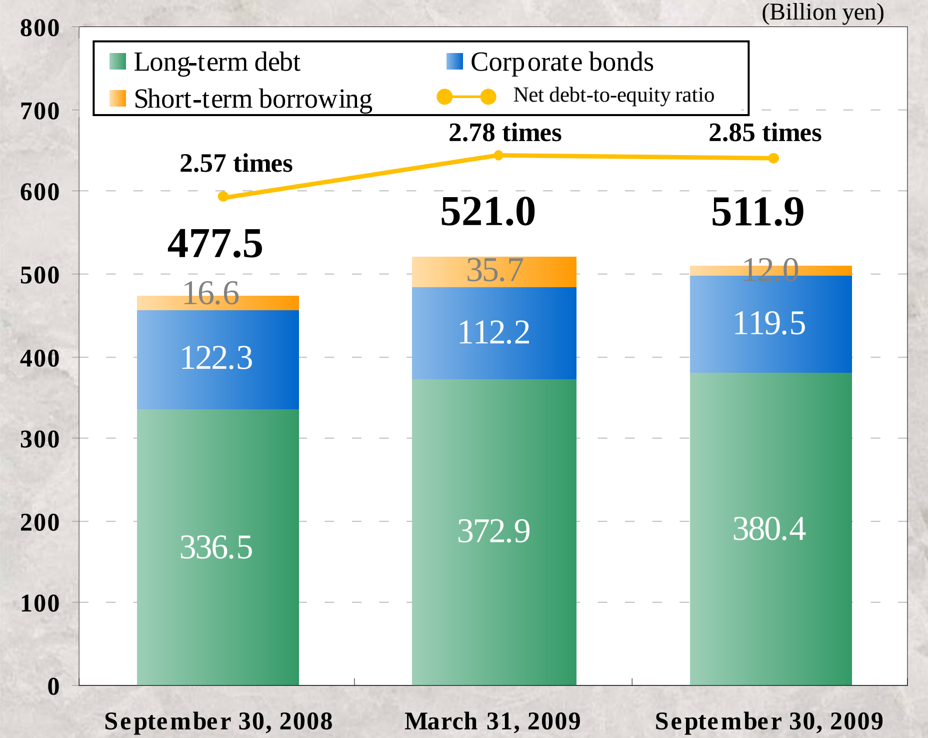
I-4. Balance Sheet (Liabilities, net assets, and consolidated interest-bearing debt)

- Liabilities were down ¥6.1 billion from the end of the previous fiscal year, to ¥746.9 billion, mainly attributable to a fall of ¥9.0 billion in interest-bearing debt.
- Net assets were down ¥8.2 billion from the end of the previous fiscal year, mainly because of a net loss of ¥6.1 billion and dividend payments of ¥1.9 billion.
- Consolidated interest-bearing debt were down to ¥511.9 billion, giving a net debt-to-equity ratio of 2.85.

Liabilities and Net Assets



Consolidated Interest-bearing Debt



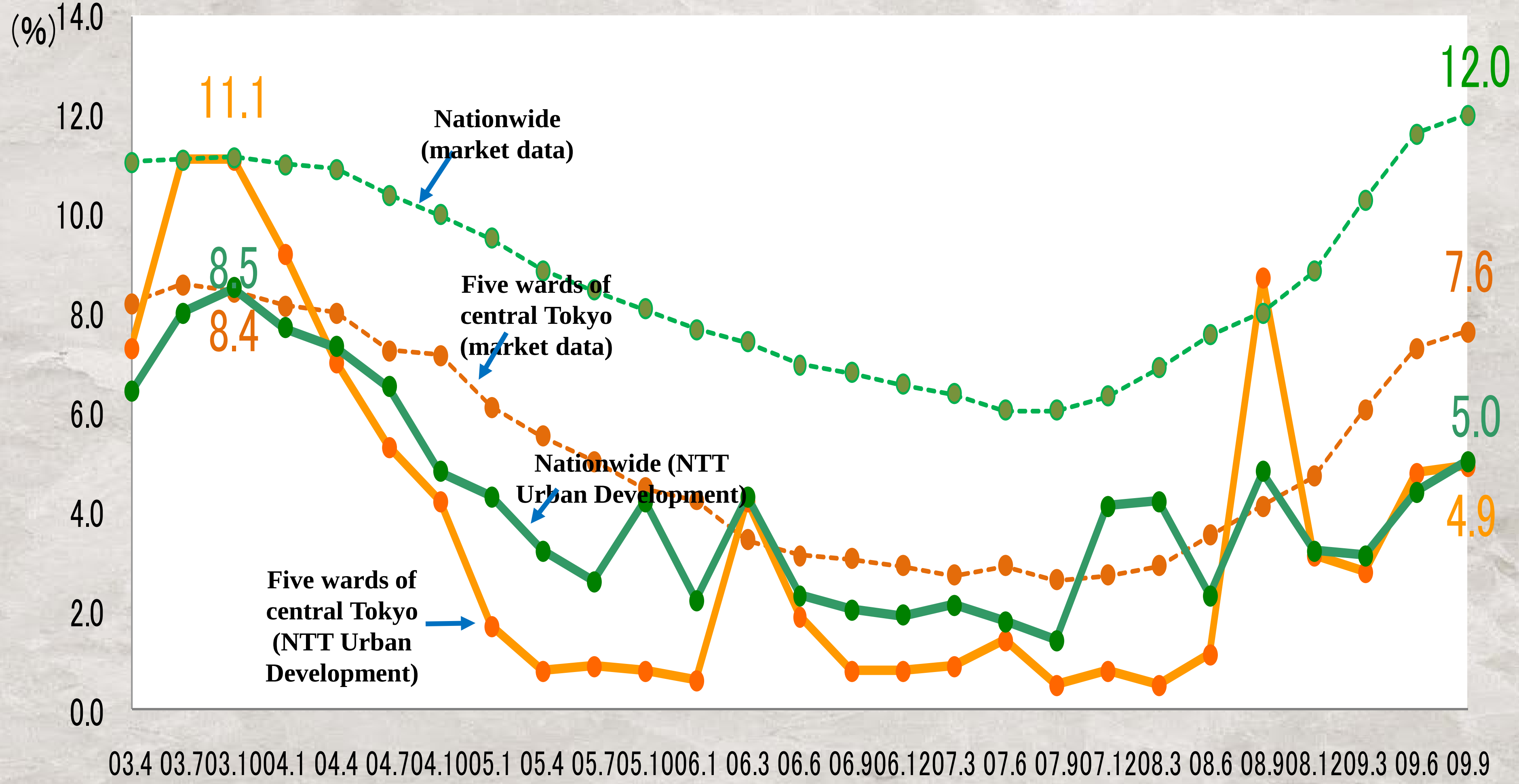
Note 1: Short-term borrowings include commercial paper.
Note 2: Corporate bonds include "Corporate bonds (must redeem within one year)".
Note 3: Long-term debt include "Current portion of long-term debt (payment within one year)" .
Note 4: Net debt-to-equity ratio = (interest-bearing debt – cash and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

I-5. Cash Flows

(Billion yen)

Items	First-half Ended in September, 2009	First-half Ended in September, 2008	Year-on-Year Change
Cash flows from operating activities	**23.7**	**(13.9)**	**37.7**
(Restated) Income before income taxes and minority interests	0.3	16.6	(16.2)
(Restated) Depreciation and amortization expenses	12.5	12.3	0.2
(Restated) Decrease (Increase) in inventories	14.1	(14.0)	28.1
(Restated) (Decrease) in notes and accounts payable, trade	(2.6)	(23.7)	21.0
(Restated) Income taxes paid	(0.8)	(7.3)	6.4
Cash flows from investing activities	**(10.3)**	**(13.1)**	**2.7**
(Restated) Purchases of property and equipment	(10.8)	(16.3)	5.4
(Restated) Proceeds from sales of property and equipment	0.8	3.8	(2.9)
Free cash flow	**13.4**	**(27.1)**	**40.5**
Cash flows from financing activities	**(11.9)**	**20.2**	**(32.2)**
(Restated) Net (Decrease) increase in borrowings	(9.1)	23.6	(32.7)
(Restated) Dividend payments	(1.9)	(2.3)	0.3
Cash and cash equivalents at the end of the term	**10.1**	**8.1**	**1.9**

I-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.

II. Revisions to the Forecast for the Fiscal Year Ending March 31, 2010 (FY 2009) and the Progress of Various Measures

II-1. Consolidated Forecast for the Fiscal Year Ending March 31, 2010

- The forecasts for net sales, operating income, and ordinary income were revised downwards, reflecting the posting of a loss on revaluation of inventories attributable to the difficult situation in the real estate market.
- The initial net income forecast was also revised down, attributable to negative factors including a reversal of deferred tax assets, although an extraordinary gain resulting from an asset reshuffle is expected.

(Billion yen)

Category	Year ended in March 2009	Initial forecast for the year ending March 2010 (announced on May 8)	Revised forecast for the year ending March 2010	Compared to the initial forecast		Compared to the previous year	
				Change	Change (%)	Change	Change (%)
Net sales	144.2	151.0	**150.0**	(1.0)	(0.7%)	+ 5.7	+ 4.0%
Operating income	25.2	28.5	**14.5**	(14.0)	(49.1%)	(10.7)	(42.6%)
Ordinary income	19.5	21.5	**8.0**	(13.5)	(62.8%)	(11.5)	(59.0%)
Net income	15.9	12.0	**5.0**	(7.0)	(58.3%)	(10.9)	(68.7%)
Investments	75.6	40.0	**40.0**	–	–	(35.6)	–

II-2. Consolidated Forecast for the Fiscal Year Ending March 31, 2010 (by Segment)

- The initial forecast of net sales was revised down in the leasing business, reflecting an increase in vacancies and falling rents. The initial operating income forecast was also revised down because of an increase in selling, general and administrative expenses, among other factors.
- The initial forecast of net sales for the residential property sales business was revised upwards, attributable to an increase in the number of units delivered, among other factors. In contrast, the initial operating income forecast was revised down because of a loss on the revaluation of inventories implemented in the first half.
- Results in the others segment are largely in line with the initial forecast.

(Billion yen)

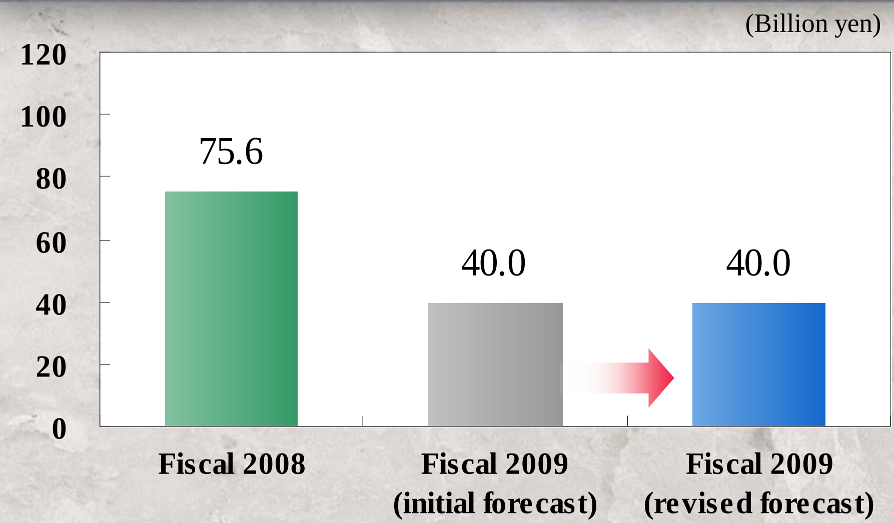
Category	Year ended in March 2009	Initial forecast for the year ending March 2010 (announced on May 8)	Revised forecast for the year ending March 2009	Compared to the initial forecast		Compared to the previous year	
				Change	Change (%)	Change	Change (%)
Net sales	144.2	151.0	**150.0**	(1.0)	(0.7%)	+ 5.7	+ 4.0%
Leasing	99.9	100.7	**98.7**	(2.0)	(2.0%)	(1.2)	(1.2%)
Residential property sales	32.6	41.1	**41.8**	+ 0.7	+ 1.7%	+ 9.1	+ 27.9%
Others	16.6	14.4	**14.4**	—	—	(2.2)	(13.4%)
Operating income	25.2	28.5	**14.5**	(14.0)	(49.1%)	(10.7)	(42.6%)
Leasing	35.5	33.4	**30.2**	(3.2)	(9.6%)	(5.3)	(15.1%)
Residential property sales	(6.0)	0.7	**(9.8)**	(10.5)	—	(3.7)	—
Others	1.5	1.0	**0.8**	(0.2)	(20.0%)	(0.7)	(46.7%)

(Note) Figures for segments are those prior to elimination.

II-3. Development Projects

- Investments of ¥40 billion are expected to be executed to achieve sustainable growth.
- Efforts will be made to reduce interest-bearing debt and to maintain financial soundness with initiatives that include a stricter selection of land for acquisition and an asset reshuffle.

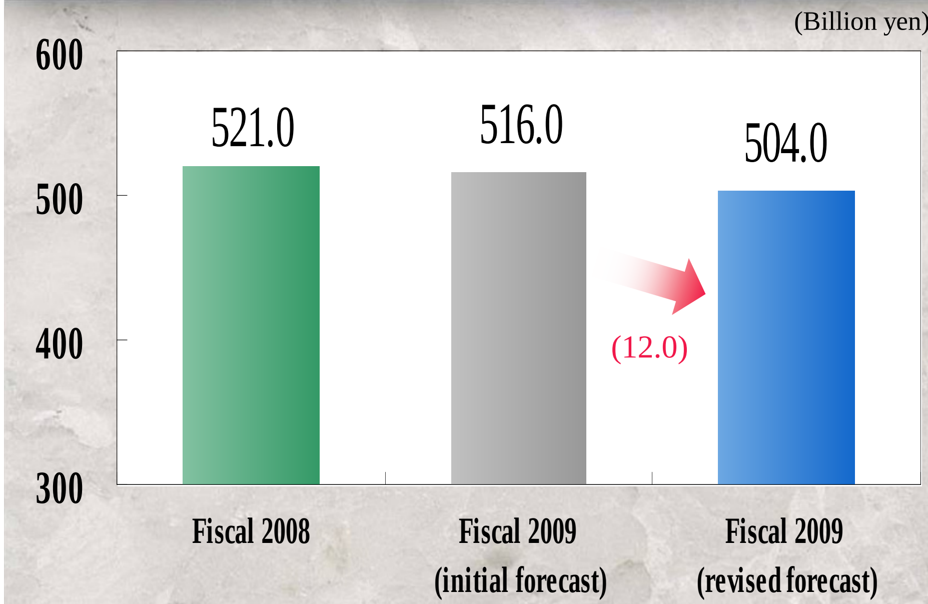
Changes in investments



◎Major investment projects in fiscal 2009

- Otemachi 1-chome Urban Area Redevelopment Project Type 1 (second-phase)
- Osaka Station North District Advance Development Project
- Shijo Karasuma Project in Kyoto
- Shibaura Water Reclamation Center Upper-Level Section Redevelopment Project
- Acquisition of an office building in London, U.K.

Changes in interest-bearing debt

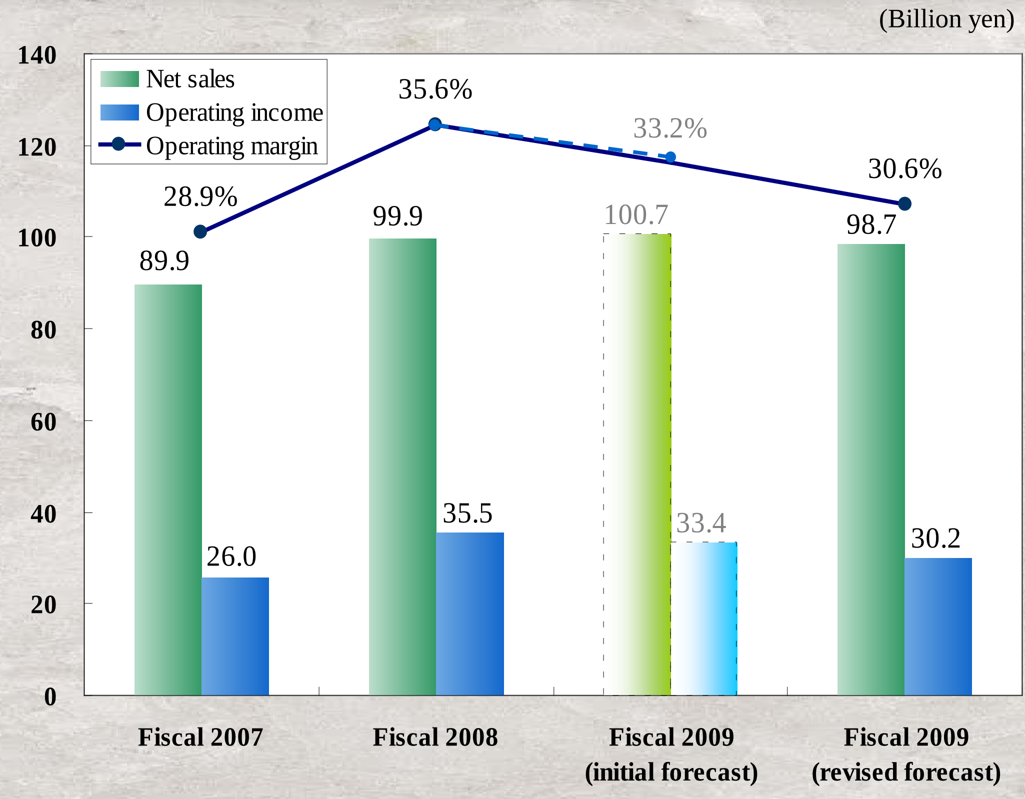


	Fiscal 2008	Fiscal 2009 (initial forecast)	Fiscal 2009 (revised forecast)
Net Debt-to-equity ratio	2.78 times	2.61 times	2.65 times

Net debt-to-equity ratio of 2.3 times is targeted in the medium term

- Operating margins declined from the level of the previous fiscal year and from the initial forecast in the leasing business, reflecting a reduction in the rentable floor area, a rise in vacancies due to tenants leaving, and falls in rents.
- Leasing NOI fell from the level of the previous fiscal year and from the initial forecast, due to a drop in the earnings capabilities of the existing buildings.

Net sales and operating income



NOI from leasing	52.7	64.2	62.6	61.2

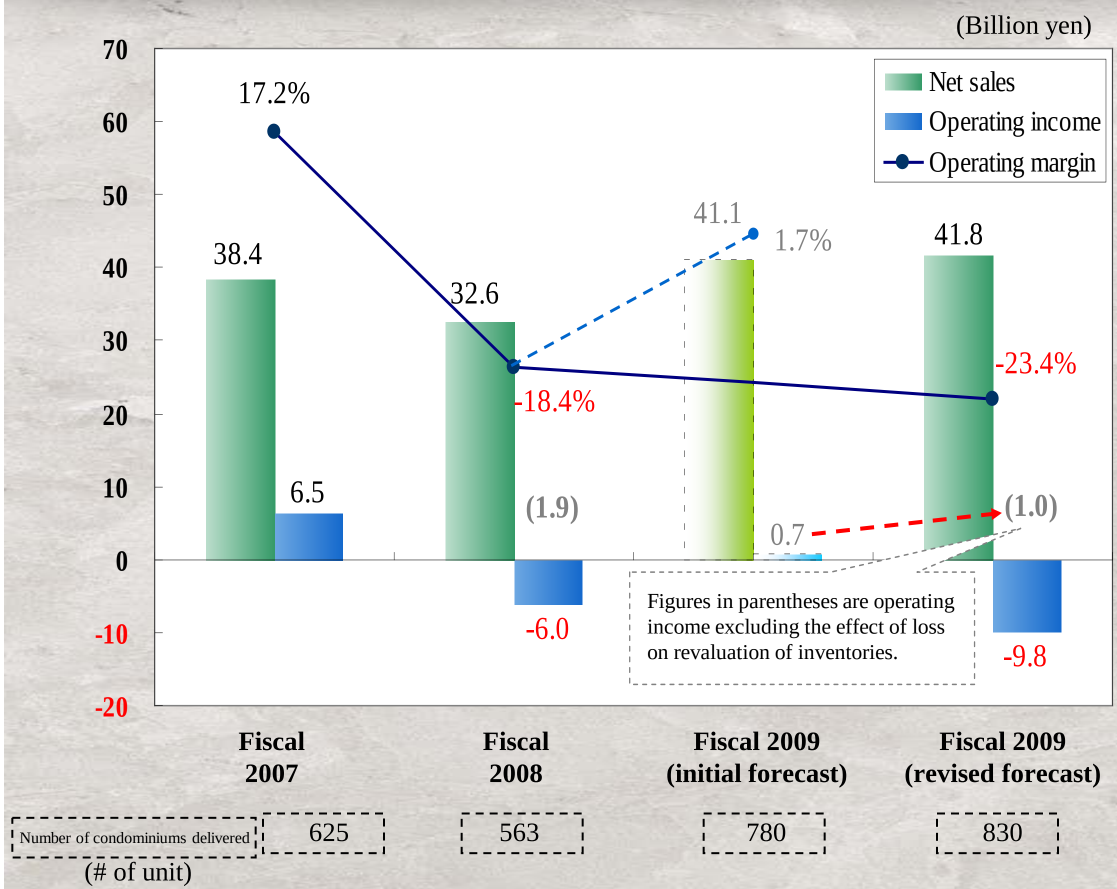
Increasing efforts to improve the earnings capabilities of the existing buildings

- Develop sales activities, properly determining the needs of tenants, to maintain current rent levels.
- Enhance the system to bolster sales strength.
- Bolster activities for customer satisfaction.
- Improve profitability by using vacant spaces, based on the status of individual buildings, and through further cost cutting.

II-5. Residential property sales

■ Revised the initial net sales forecast for the residential property sales business upwards, since sales of condominiums were stronger than planned. Revised down initial operating income with the posting of a loss on revaluation of inventories. The result was an operating loss for the second consecutive fiscal year.

Net sales and operating income



Stepping up efforts to achieve an early recovery in the residential property sales business

- Assess areas and target customers and focus on profitable projects instead of pursuing quantity when buying new properties.
- Continue to bolster sales activities to sell all completed properties as soon as possible, and aim for the early commercialization of undeveloped land.
- Enhance the management system.
  - Integrate purchases of land and product planning.
  - Consider and examine purchases and development from more diversified perspectives.

II-6. Initiatives in the Fiscal Year for Achieving Targets Set in the 2010 Medium-Term Management Plan

Continued development and growth of core businesses

◎Strengthen development expertise

- A group including the Company was unofficially chosen as the special architect in Otemachi 1-chome Urban Area Redevelopment Project (second-phase) after the completion of the Otemachi 1-chome Urban Area Redevelopment Project.
- A group for which the Company serves as representative was chosen as the undertaker of the project to redevelop the upper-level section of the Shibaura Water Reclamation Center.

◎Enhance profitability

- Establish a Commercial Properties Development Promotion Department, and aggressively pursue initiatives in commercial operations.
- Strengthen the leasing system for large buildings to fill vacancies early, in an environment of declining demand for office space.
- Bolster earnings capabilities, instead of seeking to expand operations, in the residential property sales business.

◎Cooperation with NTT Group companies

- Support the real estate strategies of the NTT Group by proposing real estate solutions.
- Lease the site of the NTT Tenjin Building for a fixed period and develop a commercial and office complex in Fukuoka Tenjin area.

Exploitation of new growth areas

- Establish an overseas affiliate and acquire an office building in London, U.K. as an initial international project.
- Develop fund businesses and asset solutions
  (Start operating the "NU-5 Fund" (total asset amount: ¥29 billion) and increase the scale of assets held in funds.)

Strengthening of the management platform for sustainable long-term growth

- Reshuffle assets to maintain financial soundness and improve the asset portfolio.
  (Assets reshuffle worth approx. ¥20 billion is planned in fiscal 2009, as in fiscal 2008.)
- Strengthen the business foundation by increasing management transparency and internal control, establishing a CSR management base (with steps including the continued promotion of environmental conservation activities) and take other actions.

(Reference) Fukuoka Tenjin Project

■ Overview

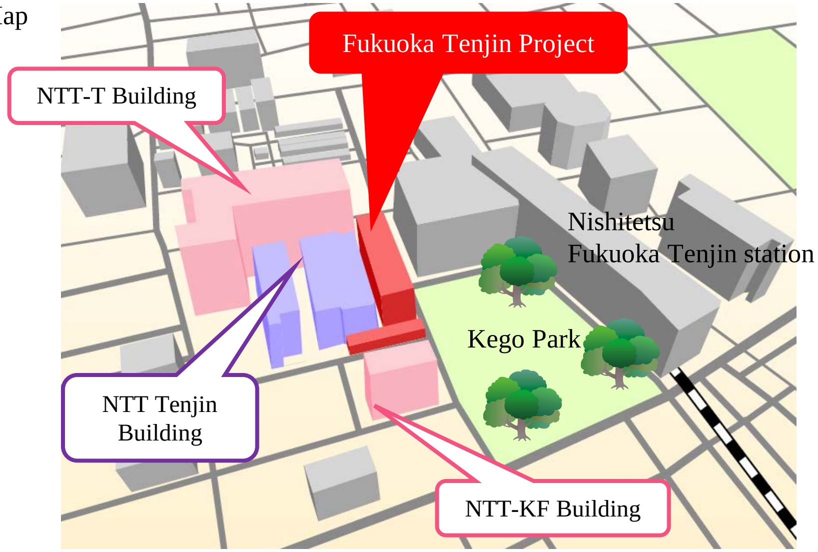
A commercial and office complex with nine stories above ground and one basement floor will be constructed in a area that is lined with large commercial facilities and designer shops and that attracts very large numbers of people, located in the Tenjin district, which is the center of Fukuoka, Kyushu. The building will create a comfortable space that will attract more people to the district.

A rendering of the building

■ Property overview

Location:	2-76-1 Tenjin, Chuo-ku, Fukuoka, Fukuoka prefecture
Use:	commercial facilities and offices
Footprint:	2,358 m^2 (leased from NTT for a fixed term)
Total floor area:	14,769 m^2
Building scale:	Nine floors above ground and one basement floor
Structure:	SRC underground and steel construction above the ground
Number of parking spaces:	42
Schedule:	(commencement) March 2010 (completion) August 2011

Map



(Reference) 103 Mount Street, London W1

■ Overview

The property, which the Company acquired as a first step in its international operations, is located in Mayfair, a quiet area close to Hyde Park and Buckingham Palace in the West End of London, U.K.

Mayfair has an impressive status as a location for high-end offices and is supported by many businesses.

■ Property overview

Location:	London, U.K. (103 Mount Street, London W1)
Investment amount:	approx. 1.5 billion yen (stock acquired: 30%)
Income from leasing:	approx. 100 million yen (per year)
Use:	offices
Rental floor area:	31,320sqf (about 2,910 m^2)
Building scale:	Seven above ground floors and one basement level

￡1 = 150 yen

A rendering of the building

Map

Disclaimer

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