The figures for these Financial Statements are prepared in accordance with the accounting principles based on Japanese law. 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.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the First Three Quarters of the Fiscal Year Ending March 31, 2009

February 2, 2009

NTT URBAN DEVELOPMENT CORPORATION Stock Exchanges: Tokyo Stock Exchange
Code Number: 8933 URL: http://www.nttud.co.jp/
Representative: Masaki Mitsumura, President and Chief Executive Officer
Attn.: Masakazu Tsukamoto,
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Filing of Quarterly Report: February 3, 2009 (Scheduled)

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

1. Consolidated Business Results (April 1, 2008 through December 31, 2008)

(1) Consolidated results of operations (cumulative) (Figures in percentages denote the year-on-year change.)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December31, 2008	104,063	—	26,275	—	22,032	—	12,458	—
Nine months ended December31, 2007	85,988	0.9	18,055	4.2	16,082	3.8	9,279	5.6

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December31, 2008	3,785.36	—
Nine months ended December31, 2007	2,819.63	—

(2) Consolidated financial condition

	Total assets	Net assets	Ratio of shareholders' equity to assets	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2008	943,065	186,212	15.3	43,916.47
As of March 31, 2008	900,325	177,969	15.1	41,442.57

(Reference) Shareholders' equity: As of December 31, 2008: 144,537 million yen
As of March 31, 2008: 136,395 million yen

2. Dividends

	Dividends per share				
(Record Date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	—	500.00	—	700.00	1,200.00
Year ending March 31, 2009	—	600.00	—	—	—
(Forecast) Year ending March 31, 2009	—	—	—	600.00	1,200.00

(Note) Revision to forecast of dividends during this quarter: No

3. Forecast of Consolidated Business Results (April 1, 2008 through March 31, 2009)

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

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	146,000	5.6	31,000	7.9	25,000	-4.6	15,500	5.0	4,709.53

(Note) Revisions to forecast of consolidated business results during this quarter: No

4. Other

(1) Changes in significant subsidiaries during the year
(Changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable
New: —
Exception: —

(2) Adoption of simplified accounting method and accounting method specific to preparation of quarterly consolidated financial statements: Applicable
For details, see paragraph 4 “Other” of [Qualitative Information, Financial Statements, Etc.], on page 8

(3) Changes in accounting principles and procedures and representation method, etc. regarding preparation of quarterly consolidated financial statements (Changes presented as changes in important items, etc. that are used as basic materials for preparation of quarterly consolidated financial statements)
(i) Changes due to amendment of accounting standard, etc.: Applicable
(ii) Changes other than (i): Not applicable
For details, see paragraph 4 “Other” of [Qualitative Information, Financial Statements, Etc.], on page 8

(4) Number of issued shares (Common stock)
(i) Total number of issued shares (including treasury stock) as of the end of each period:
As of December 31, 2008: 3,291,200 shares
As of March 31, 2008: 3,291,200 shares
(ii) Total number of treasury stock as of the end of each period:
As of December 31, 2008: — shares
As of March 31, 2008: — shares
(iii) Average number of issued shares for each period (consolidated cumulative period):
Nine months ended December 31, 2008: 3,291,200 shares
Nine months ended December 31, 2007: 3,291,200 shares

(Notice for the proper use of the Forecast of Business Result, and other special notations)
1. The descriptions regarding the future, such as the forecast of business result hereof, are calculated based on the information which is available to the Company as of the date of this press release. Please note that the actual figures of the results may be different due to various subsequent factors such as changes in business environment. For more information regarding our business forecasts, see “3. Qualitative Information on Consolidated Earnings Forecast” of “Qualitative Information, Financial Statements, Etc.”, on page 7.
2. “Accounting Standard for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14) have been applied from the current consolidated fiscal year. Quarterly consolidated financial statements are prepared in accordance with the “Rules for Quarterly Consolidated Financial Statements”.

[Qualitative Information, Financial Statements, Etc.]

1. Qualitative Information on Consolidated Financial Results

In the nine months under review, the Japanese economy rapidly worsened. With this deterioration, corporate earnings declined significantly, and concern about the economic outlook increased. In association with falls in capital expenditure and exports, companies reduced production. Employment conditions deteriorated sharply. Personal spending became weaker. Since the worsening economic conditions are expected to continue, we need to pay attention to risks that could exert further downward pressure on the economy, including concern over further declines in the global economy and the effects of violent fluctuations in the stock and exchange markets.

In the office leasing market, the average vacancy rate for office buildings in the five wards of central Tokyo rose to the high 4% range, and the average rent fell modestly for four consecutive months from the end of September, reversing the upward trend in market rents. Average vacancy rates in local regions continued to rise or hover at high levels. In the condominium sales market, the selling process lengthened, reflecting the cooling of consumer sentiment triggered by worries about the future, including employment insecurity. The number of condominiums in stock on the market continued to rise, and the supply of new condominiums declined.

In spite of this environment, NTT Urban Development Corporation (the Company) achieved increases in both sales and profit in the nine months under review. Net sales amounted to ¥104,063 million (rising ¥18,075 million year on year), and operating income was ¥26,275 million (increasing ¥8,219 million), reflecting rises in sales and profit in the leasing segment and the residential property sales segment. Ordinary income was ¥22,032 million (up ¥5,950 million), and net income was ¥12,458 million (climbing ¥3,178 million) as a result of factors such as a fall in equity in affiliate earnings and an increase in revenue associated with an amortization of negative goodwill in non-operating income, and a rise in interest expense in non-operating expenses.

The table below shows net sales by business segment in the first nine months under review. Net sales in each segment in the text include inter-segment internal revenues and transfers.

(Million yen)

Business segment	Previous first nine months	First nine months under review
Leasing	67,300	74,657
Residential property sales	12,134	19,947
Other	9,316	12,998
Eliminations	(2,762)	(3,539)
Total	85,988	104,063

(Notes) 1. The numbers do not include consumption tax. Net sales of each segment include inter-segment internal revenues and transfers.
2. "Eliminations" refers to internal revenues and transfers duplicated in more than one segment.

(1) Leasing Business

In the leasing business, both sales and profits increased from the year-ago period, reflecting the effect of making UDX Tokutei Mokuteki Kaisha (Special Purpose Company) a consolidated subsidiary in March 2008, rent income from new properties acquired in the fiscal year ended March 2008 and during the nine months under review, and an increase in revenue due to revisions of rents for existing properties primarily in central Tokyo, including the Urbannet Otemachi Building (Chiyoda-ku, Tokyo) and Otemachi First Square (Chiyoda-ku, Tokyo).

The average vacancy rate for office buildings, etc. owned by the Company and its subsidiaries (the Group) remained low during the first three quarters ended December 2008. The average vacancy rate in the five wards of central Tokyo owned by the Group rose from 0.5% at the end of March 2008 to 1.1% at the end of June 2008. The average vacancy rate nationwide fell from 4.2% at the end of March to 2.3% at the end of June. The average vacancy rate in the five wards of central Tokyo increased from 1.1% at the end of June to 8.7% at the end of September, primarily because of a temporary rise in vacant rooms in association with the replacement of tenants in Granpark (Minato-ku, Tokyo). The national vacancy rate climbed from 2.3% at the end of June to 4.8% at the end of September. In the third quarter under review, the replacement of a large-lot tenant in Granpark (Minato-ku, Tokyo) was almost completed, and the vacancy rate fell with the completion, while vacancies increased in other buildings. As a result, the vacancy rate at the end of December 2008 was 3.1% in the five wards in central Tokyo and 3.2% nationwide.

In the new building development business, projects in progress include the first-phase development of the Otemachi 1-chome Urban Area Redevelopment Project Type 1 (first-phase), a development project in Shijo-Karasuma, Kyoto, and the Osaka Station North District Advance Development, among others. No buildings were completed in the nine months under review.

The Company acquired Tradepia Yodoyabashi (Chuo-ku, Osaka) in the third quarter.

As a result of these activities, net sales of ¥74,657 million (rising ¥7,356 million year on year), operating expenses of ¥47,561 million (falling ¥52 million), and operating income of ¥27,095 million (increasing ¥7,408 million) were recorded in the leasing business. The operating margin ratio increased from 29.3% for the year-ago period to 36.3%.

The table below shows sales etc. by use of property in the leasing business. All figures are consolidated results. (Million yen)

Classification		Previous first nine months	First nine months under review
Office/Retail	Sales	61,592	68,608
	Leasable area	1,071,210m^2 (Of the above, sub-leases: 60,051 m^2)	1,170,351 m^2 (Of the above, sub-leases: 21,159 m^2)
Residential/Other	Sales	5,707	6,048
Total net sales		67,300	74,657

(Notes) 1. Leasable areas are as of December 31.
2. The leasable 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 by area.

Classification	December 2007	March 2008	June 2008	September 2008	December 2008
Central Tokyo (Tokyo 5 wards)	0.8%	0.5%	1.1%	8.7%	3.1%
Nationwide	4.1%	4.2%	2.3%	4.8%	3.2%

(Note) 1. The numbers above are vacancy rates as of the end of each month.
2. The vacancy rate rise in September 2008 followed the evacuation of a large-lot tenant from Granpark (Minato-ku,Tokyo). The Group's vacancy rate in the five wards of central Tokyo was 1.6% against its nationwide vacancy rate of 2.3%, taking into consideration any areas in vacated sites that were already under contract. The vacancy rate declined in December 2008 as a new tenant moved in to the building that had been vacated by a major tenant.

(2) Residential Property Sales Business

With regard to the residential property sales business, a total of 318 condominiums were delivered in the first nine months under review, including Wellith City Omori Tower (Ota-ku, Tokyo) and Wellith Minami Funabashi (Funabashi, Chiba). The Company launched sales of Wellith Takanawa (Minato-ku, Tokyo) and other buildings in the third quarter under review. In terms of detached houses, The Seasons Takatsuki (Takatsuki, Osaka) was sold. With regard to building lot sales, Wellith Park Shingu Morinomiya (Kasuya-gun, Fukuoka) was sold.

As a result, the Company posted net sales of ¥19,947 million (up ¥7,813 million year on year), operating expenses of ¥18,390 million (rising ¥7,013 million), and operating income of ¥1,556 million (increasing ¥799 million). The operating margin ratio improved from 6.2% for the year-ago period to 7.8%.

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

(Million yen/unit)

Classification			First nine months under review	
			Units/Lots	Sales
Condominiums				
	Units delivered	Tokyo region	216	10,464
		Other regions	102	5,129
	Completed in inventory		169	—
Building Lots				
	Lots delivered	Tokyo region	—	0
		Other regions	237	4,353
	Completed in inventory		16	—
Residential (Condominiums/Building lots)				
	Units/Lots delivered	Tokyo region	216	10,464
		Other regions	339	9,482
	Completed in inventory		185	—
Other				
	Units/Lots delivered	Tokyo region	—	—
		Other regions	—	—
	Completed in inventory		—	—
Grand total (Sales)			—	19,947

(Notes)
1. For joint projects, the number of units, rounded down to the nearest unit represents the Company’s sales corresponding to the Company’s share in the project.
2. Completed in inventory is as of December 31. The condominiums completed in inventory include 23 units for which a contract has been completed but ownership has not yet been transferred.
3. Of the building lots delivered, 21 lots (collectively worth ¥1,289 million) were delivered through a block sale of land.
4. The “Tokyo region” includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

(3) Other Business

Net sales in other business in the first three quarters under review were ¥12,998 million (rising ¥3,681 million year on year), operating expenses were ¥11,846 million (increasing ¥3,203 million), and operating income was ¥1,152 million (up ¥478 million).

2. Qualitative Information on Consolidated Financial Position

(1) Consolidated balance sheet

Assets, net assets and liabilities at the end of the third quarter under review rose from the end of the previous fiscal year.

(Assets)

Total assets were ¥943,065 million (rising ¥42,739 million from the end of the previous fiscal year).

Current assets were ¥166,108 million (increasing ¥16,070 million). Negative factors including a fall of ¥1,696 million in notes and accounts receivable, trade were more than offset by positive factors including an increase of ¥19,072 million in inventories.

Fixed assets were ¥776,956 million (rising ¥26,668 million). The main factors included a fall of ¥12,533 million in buildings and structures associated with an increase in accumulated depreciation, and an increase of ¥26,417 million in property and equipment associated with a rise of ¥38,071 million in land.

(Liabilities)

Total liabilities were ¥756,853 million (rising ¥34,496 million).

Current liabilities were ¥123,079 million (dropping ¥4,327 million). Major factors included a rise of ¥41,620 million in short-term borrowings, an increase of ¥11,952 million in commercial paper, a fall of ¥21,946 million in accounts payable, trade, a decline of ¥18,711 million in the current portion of long-term debt, and a decrease of ¥7,050 million in corporate bonds due within one year.

Long-term liabilities were ¥633,773 million (rising ¥38,824 million). The main factors included a rise of ¥25,980 million in long-term debt and an increase of ¥18,774 million in corporate bonds.

Interest-bearing debt at the end of the third quarter was ¥524,415 million (increasing ¥72,566 million).

(Net assets)

Net assets were ¥186,212 million (climbing ¥8,242 million from the end of the previous fiscal year), reflecting a rise of ¥8,179 million in retained earnings.

(2) Consolidated cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the third quarter under review fell ¥3,421 million from the end of the previous fiscal year, to ¥11,680 million. Free cash flows in the first-three quarters decreased ¥11,758 million from the year-ago level, to minus ¥70,344 million.

(Note) The calculating formula of the free cash flow is as follows:
Free cash flow = Cash flow from operating activities + Cash flow from investing activities

The following is the situation for each category of cash flow and factors in the situation for the first nine months of the fiscal year:

(Cash flows from operating activities)

Cash used in operating activities was ¥16,972 million (rising ¥819 million year on year). Increase in cash, including income before income taxes and minority interests of ¥21,231 million and depreciation and amortization of ¥19,347 million were more than offset by decreases in cash, including a decrease in notes and accounts payable, trade of ¥21,946 million, an increase in inventories of ¥18,154 million, and income taxes paid of ¥13,167 million.

(Cash flows from investing activities)

Cash used in investing activities was ¥53,371 million (increasing ¥12,578 million year on year). Increases in cash, including proceeds from sales of property and equipment of ¥3,825 million were more than offset by decreases in cash, including purchases of property and equipment of ¥56,347 million.

(Cash flows from financing activities)

Cash provided by financing activities was ¥66,922 million (climbing ¥6,810 year on year). Decreases in cash, including repayments of long-term borrowings of ¥33,230 million, payments of other redemptions of bonds of ¥11,208 million, and cash dividends paid of ¥4,281 million, were more than offset by increases in cash, including a net increase in short-term borrowings of ¥41,620 million in response to capital needs, including operating funds and investments, proceeds from long-term borrowings of ¥40,500 million, proceeds from the issuing of bonds of ¥22,897 million for the redemption of bonds and repayment of borrowings, and an increase in commercial paper of ¥11,952 million.

3. Qualitative Information on Consolidated Earnings Forecast

The earnings forecast announced on November 4, 2008 has not been changed.

The consolidated earnings forecast for the fiscal year ending March 2009 is as follows:

Consolidated Earnings Forecast for Fiscal Year Ending March 2009 (million yen)

Item	Annual
Net sales	146,000
Operating income	31,000
Ordinary income	25,000
Net income	15,500

Consolidated Segment Forecast for Fiscal Year Ending March 2009 (million yen)

Item	Annual
Net sales	146,000
Leasing	100,000
Residential property sales	34,700
Other	16,100
Eliminations	(4,800)
Operating income	31,000
Leasing	33,900
Residential property sales	1,400
Other	1,000
Eliminations/Corporate	(5,300)

The results of the leasing business were favorable for the first nine months of the fiscal year. The Company will need to pay attention to existing risks that worsening corporate earnings adversely affecting demand for offices will lead to both rise in average vacancy rates and decline in new asking rents.
The results of residential property sales increased year on year both in sales and profit. However, However, the effects of a prolonged selling process and an increase in inventories of completed properties associated with the sluggish condominium market are continuing. Moreover, consumer confidence may deteriorate further because of the worsening economy. The Company will continue to stimulate potential demand from second-generation baby boomers, the generation following them, and senior citizens willing to replace their residences. The Company will strive to deliver completed condominiums early. Attention will need to be paid to downside risks in operating income, given rising operating expenses relating to sales promotion and inventory write-downs.
Interest-bearing debt is increasing in association with new investments. The Company will consider raising funds through an asset reshuffle to bolster its financial soundness.

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

4. Other

(1) Important changes of subsidiaries during the term
(change of specified subsidiaries that led to a change in the scope of consolidation):

Not applicable

(2) Application of simplified accounting method and accounting treatment specific to the production of quarterly consolidated financial statements:

Application of simplified accounting treatment

(i) Inventory valuation method
A net sale value is estimated only for inventory assets whose profitability obviously fell, and the book value is reduced accordingly at the end of the quarter.

(ii) Basis for calculating income taxes, deferred tax assets, and deferred tax liabilities
In the calculation of the amount of income taxes to be paid, taxable additions and subtractions and tax deduction items are limited to important ones.
The collectability of deferred tax assets is measured based on the earnings forecast and tax planning used at the end of the previous fiscal year if there is considered to be no significant change in the business environment and occurrence of temporary differences.

(3) Changes in accounting principles, procedures, presentation methods, in relation to the preparation of quarterly consolidated financial statements

(i) Application of accounting standards for quarterly financial reporting
Beginning the current fiscal year, the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

(ii) Change in valuation standards and valuation method for important assets
Inventories
Formerly, the Company primarily applied the cost method based on the specific identification method to inventories held for regular sale. In association with the application of the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, issued on July 5, 2006) from the first quarter under review, inventories are calculated primarily by the cost method based on the specific identification method (with regard to balance sheet value, the book value is reduced in accordance with the reduction of profitability).
In association with the change, operating income, ordinary income, and income before income taxes each declined ¥963 million in the first three quarters.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	At the end of third quarter (December 31, 2008)	Condensed consolidated balance sheets at the end of previous fiscal year (March 31, 2008)
(Assets)		
Current assets		
Cash and bank deposits	12,240	9,577
Notes and accounts receivable, trade	4,313	6,009
Property for sale	4,728	4,001
Property for sale in progress	136,808	118,514
Uncompleted construction expenditure	127	79
Stores	39	37
Merchandise	0	0
Raw materials	28	27
Deferred tax assets	1,730	1,172
Other current assets	6,090	10,617
Less allowance for doubtful receivables	(1)	(0)
Total current assets	166,108	150,037
Fixed assets		
Property and equipment		
Buildings and structures	688,436	690,561
Accumulated depreciation	(331,817)	(321,408)
Buildings and structures (net)	356,618	369,152
Machinery and vehicles	13,820	13,798
Accumulated depreciation	(11,129)	(10,726)
Machinery and vehicles (net)	2,691	3,072
Land	371,254	333,183
Leased assets	857	870
Accumulated depreciation	(582)	(540)
Leased assets (net)	275	330
Construction in progress	1,595	246
Other fixed assets	13,750	13,702
Accumulated depreciation	(10,397)	(10,317)
Other fixed assets (net)	3,353	3,384
Total property and equipment	735,788	709,370
Intangible assets	2,264	1,817
Investments and other assets		
Investment securities	15,408	14,637
Long-term prepaid expenses	19,068	19,630
Other assets	4,371	4,739
Less allowance for doubtful receivables	(3)	(5)
Deferred tax assets	59	97
Total investments and other assets	38,904	39,099
Total fixed assets	776,956	750,287
Total assets	943,065	900,325

(Million yen)

	At the end of third quarter (December 31, 2008)	Condensed consolidated balance sheets at the end of previous fiscal year (March 31, 2008)
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	6,192	28,139
Short-term borrowings	41,620	—
Lease liabilities	190	195
Current portion of long-term debt (payment within one year)	26,479	45,190
Corporate bonds (must return within one year)	4,561	11,611
Commercial paper	21,952	10,000
Accrued income taxes	1,314	7,439
Other current liabilities	20,768	24,830
Total current liabilities	123,079	127,406
Long-term liabilities		
Corporate bonds	107,338	88,563
Long-term debt	322,463	296,482
Finance lease obligations	287	364
Deferred tax liabilities	57,845	56,973
Accrued employees' retirement benefits	5,415	4,984
Accrued directors' and corporate auditors' retirement benefits	64	45
Deposits from tenants	103,135	108,792
Negative goodwill	37,085	38,530
Other long-term liabilities	138	212
Total long-term liabilities	633,773	594,949
Total liabilities	756,853	722,356
(Net assets)		
Shareholders' equity		
Common stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	61,572	53,392
Total shareholders' equity	144,442	136,262
Valuation and translation adjustments		
Unrealized gain on securities	95	133
Total valuation and translation adjustments	95	133
Minority interests in consolidated subsidiaries	41,674	41,573
Total net assets	186,212	177,969
Total liabilities and net assets	943,065	900,325

(2) Quarterly Consolidated Statements of Income
(Cumulative period for consolidated third quarter)

(Million yen)

	Cumulative period for consolidated third quarter (from April 1, 2008 to December 31, 2008)
Net sales	104,063
Cost of sales	68,396
Gross profit	35,666
Selling, general and administrative expenses	9,391
Operating income	26,275
Non-operating income	
Interest income	60
Dividend income	46
Contributions	85
Amortization of negative goodwill	1,444
Equity in earnings of affiliates	100
Other	79
Total non-operating income	1,816
Non-operating expense	
Interest expense	5,764
Other	294
Total non-operating expense	6,058
Ordinary income	22,032
Extraordinary income	
Gain on sales of fixed assets	2,081
Other	0
Total extraordinary income	2,082
Extraordinary losses	
Loss on sales of fixed assets	1,081
Loss on disposals of fixed assets	1,284
Other	517
Total extraordinary losses	2,883
Income before income taxes	21,231
Taxes	7,529
Minority interests	1,243
Net income	12,458

(Consolidated Third Quarter of the Fiscal Year)

(Million yen)

	Consolidated third quarter (from October 1, 2008 to December 31, 2008)
Net sales	35,690
Cost of sales	24,429
Gross profit	11,261
Selling, general and administrative expenses	3,133
Operating income	8,128
Non-operating income	
Interest income	18
Dividend income	10
Amortization of negative goodwill	481
Equity in earnings of affiliates	47
Other	22
Total non-operating income	579
Non-operating expense	
Interest expense	2,002
Other	58
Total non-operating expense	2,060
Ordinary income	6,647
Extraordinary losses	
Loss on sales of fixed assets	1,081
Loss on disposals of fixed assets	420
Other	517
Total extraordinary losses	2,019
Income before income taxes	4,628
Taxes	1,483
Minority interests	399
Net income	2,745

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Cumulative period for consolidated third quarter (from April 1, 2008 to December 31, 2008)
Cash flows from operating activities:	
Income before income taxes and minority interests	21,231
Depreciation and amortization	19,347
Amortization of negative goodwill	(1,444)
Increase (decrease) in allowance for doubtful receivables	(0)
Interest and dividends income	(107)
Interest expense	5,764
Investment loss (profit) on equity method	(100)
Loss (gain) on sale of fixed assets	(1,000)
Loss on disposal of fixed assets	1,284
Decrease (increase) in notes and accounts receivable, trade	1,696
Decrease (increase) in inventories	(18,154)
Increase (decrease) in notes and accounts payable, trade	(21,946)
Increase (decrease) in deposits from tenants	(4,889)
Other	(60)
Sub-total	1,619
Interest and dividends received	143
Interest paid	(5,567)
Income taxes paid	(13,167)
Net cash used in operating activities	(16,972)
Cash flows from investing activities:	
Purchases of property and equipment	(56,347)
Proceeds from sales of property and equipment	3,825
Purchases of investment securities	(254)
Other	(595)
Net cash used in investing activities	(53,371)
Cash flows from financing activities:	
Net increase (decrease) in short-term borrowings	41,620
Increase (decrease) in commercial paper	11,952
Proceeds from long-term borrowings	40,500
Repayments of long-term borrowings	(33,230)
Proceeds from issuance of bonds	22,897
Payments of other redemption of bonds	(11,208)
Payments of other long-term accounts payable	(21)
Cash dividends paid	(4,281)
Cash dividends paid to minority shareholders	(1,371)
Proceeds from payments from minority shareholders	229
Other	(161)
Net cash provided by financing activities	66,922
Net increase (decrease) in cash and cash equivalents	(3,421)
Cash and cash equivalents at the beginning of the term	15,101
Cash and cash equivalents at the end of the term	11,680

"Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14) have been applied from the current consolidated fiscal year. Quarterly consolidated financial statements are prepared in accordance with the "Rules for Quarterly Consolidated Financial Statements".

(4) Notes regarding the premise of a going concern
Not applicable

(5) Segment information
Segment information by business
Consolidated third quarter under review (from October 1, 2008 to December 31, 2008)

(Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	24,732	6,002	4,956	35,690	—	35,690
(2) Inter-segment internal revenues and transfers	168	—	1,046	1,215	(1,215)	—
Total	24,900	6,002	6,003	36,906	(1,215)	35,690
Operating income/loss	8,748	-174	706	9,280	(1,151)	8,128

Cumulative period for consolidated third quarter (from April 1, 2008 to December 31, 2008)

(Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	74,150	19,947	9,965	104,063	—	104,063
(2) Inter-segment internal revenues and transfers	506	—	3,032	3,539	(3,539)	—
Total	74,657	19,947	12,998	107,602	(3,539)	104,063
Operating income/loss	27,095	1,556	1,152	29,804	(3,529)	26,275

(Notes) 1. Operating segments:
Operating segmentation is determined based on operations in each segment.
2. Major products in each segment:
Leasing: Leasing of land and buildings
Residential property sales: Sale of residential land and buildings (condominiums and detached houses)
Other: Contract construction and contracted operation and management of real estate
3. Change in accounting method
(Accounting standard for measurement of inventories)
As stated in "Changes in basic matters for the preparation of quarterly consolidated financial statements," the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006) is applied, beginning the first quarter. In association with the change, operating income in the residential property sales business fell ¥963 million.

(6) Note if there is a considerable change to shareholders' equity
Not applicable

[Reference Materials]

Financial Statements for Nine Months of the Previous Term

(1) (Condensed) Quarterly Consolidated Statements of Income

Nine months in the previous term (from April 1, 2007 to December 31, 2007) (Million yen)

Classification	Year-ago period (from April 1, 2007 to December 31, 2007) Amount	Percent (%)
I. Net sales	85,988	100.0
II. Cost of sales	59,997	69.8
Gross profit	25,990	30.2
III. Selling, general and administrative expenses	7,935	9.2
Operating income	18,055	21.0
IV. Non-operating income		
1. Interest income	7	
2. Dividend income	31	
3. Contributions	68	
4. Gains on donated fixed assets	14	
5. Equity in earnings of affiliates	1,719	
6. Other	110	
Total non-operating income	1,951	2.3
V. Non-operating expense		
1. Interest expense	3,660	
2. Other	263	
Total non-operating expense	3,923	4.6
Ordinary income	16,082	18.7
VI. Extraordinary income		
1. Gain on sales of fixed assets	76	
2. Profit from ceasing surrogate business for employees' pension funds	664	
Total extraordinary income	740	0.9
VII. Extraordinary losses		
1. Loss on disposals of fixed assets	1,019	
2. Loss on sales of fixed assets	5	
3. Other	–	
Total extraordinary losses	1,024	1.2
Income before income taxes	15,799	18.4
Taxes	6,469	7.5
Adjustments for taxes	45	0.1
Minority interests	5	0.0
Net income	9,279	10.8

(2) (Condensed) Quarterly Consolidated Statements of Cash Flows

Nine months in the previous term (from April 1, 200 to December 31, 2007) (Million yen)

Classification	Year-ago period (from April 1, 2007 to December 31, 2007) Amount
I. Cash flows from operating activities:	
Income before income taxes and minority interest	15,799
Depreciation and amortization	17,189
Increase (decrease) in allowance for doubtful receivables	1
Increase (decrease) in accrued employees' retirement benefits	(32)
Interest and dividends income	(38)
Interest expense	3,660
Equity in earnings of affiliates	(1,719)
Gain on sales of fixed assets	(76)
Loss on sales of fixed assets	5
Loss on disposal of fixed assets	1,019
Decrease (increase) in notes and accounts receivable, trade	3,682
Amortization of bonds issuance costs	—
Decrease (increase) in inventories	(31,109)
Increase (decrease) in notes and accounts payable, trade	(17,700)
Increase (decrease) in deposits from tenants	1,288
Bonuses to directors and corporate auditors	—
Other	(57)
Sub-total	(8,088)
Interest and dividends received	1,653
Interest paid	(3,697)
Income taxes paid	(7,659)
Net cash used in operating activities	(17,791)
II. Cash flows from investing activities:	
Purchases of property and equipment	(46,786)
Proceeds from sales of property and equipment	4,200
Purchases of investment securities	(214)
Proceeds from sales of investment securities	2,335
Proceeds from refunds of investment securities	—
Other	(329)
Net cash used in investing activities	(40,793)
III. Cash flows from financing activities:	
Net increase (decrease) in short-term borrowings	(3,995)
Net increase (decrease) in commercial paper	20,000
Proceeds from issuance of bonds	65,000
Repayments of long-term borrowings	(5,301)
Proceeds from corporate bonds	—
Payments of redemption of bonds	(12,300)
Cash dividends paid	(3,291)
Cash dividends paid to minority shareholders	—
Net cash provided by financing activities	60,111
IV. Net increase (decrease) in cash and cash equivalents	1,526
V. Cash and cash equivalents at the beginning of the term	2,255
VI. Cash and cash equivalents at the end of the term	3,781

(3) Segment information
Segment information by business
Year-ago period (from April 1, 2007 to December 31, 2007)

(Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
I. Sales and operating loss/income						
Sales						
(1) Sales to third parties	67,146	12,134	6,707	85,988	—	85,988
(2) Inter-segment internal revenues and transfers	153	—	2,609	2,762	(2,762)	—
Total	67,300	12,134	9,316	88,750	(2,762)	85,988
Operating Expense	47,613	11,377	8,642	67,633	298	67,932
Operating Income/Loss	19,686	756	673	21,166	(3,061)	18,055

6. Other information
Not applicable