

Overview of the Third Quarter of the Fiscal Year Ending March 31, 2014

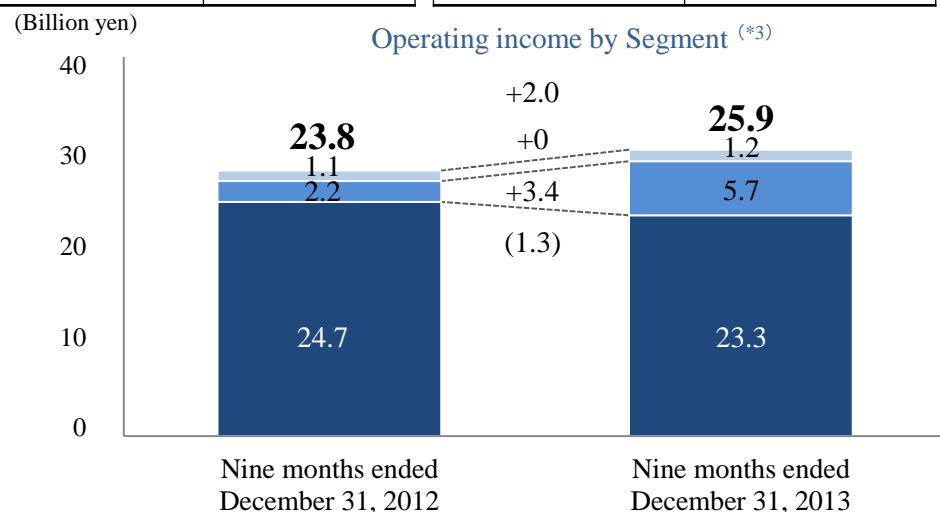
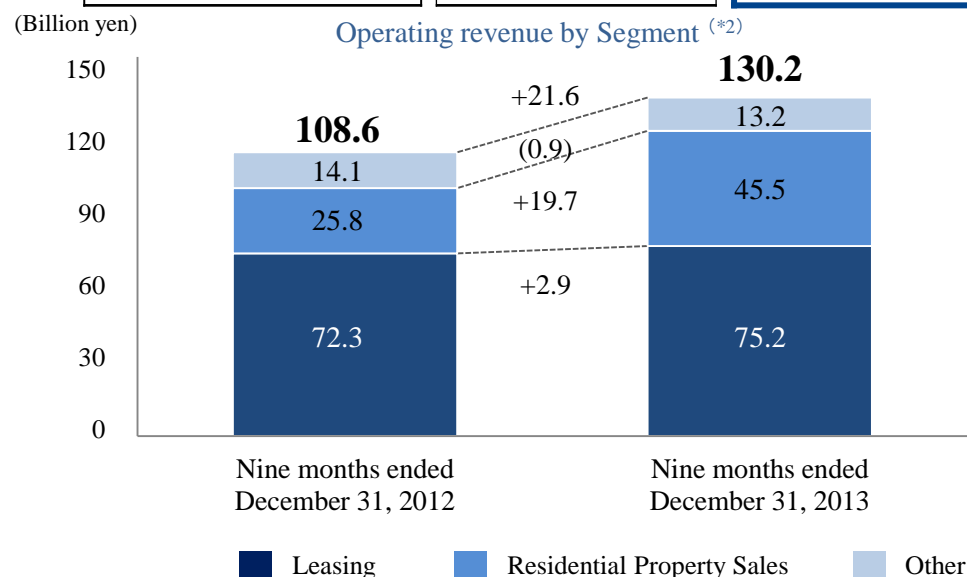
NTT Urban Development

February 5, 2014

1. Financial Highlights

- Operating revenue rose year on year, reflecting an increase in revenue in the leasing business and the residential property sales business.
- Operating income increased year on year, with a fall of the leasing business more than offset by an increase of the residential property sales business.
- Results were almost on the line with the earning forecast for the sale of office buildings and residential properties, and other factors.

Category	(i) Nine months ended December 31, 2012	(ii) Nine months ended December 31, 2013	Year-on-year (ii) - (i)		(Billion yen) (Reference) (iii) Forecasts for Fiscal year ending March 31, 2014 ^{(*)1}	
			Change	Change (%)		Progress (ii) / (iii)
Operating revenue	108.6	130.2	21.6	19.9%	179.0	72.8%
Operating income	23.8	25.9	2.0	8.7%	27.5	94.3%
Ordinary income	19.7	21.5	1.7	9.1%	22.1	97.4%
Net income	11.6	17.7	6.0	51.6%	11.5	154.2%



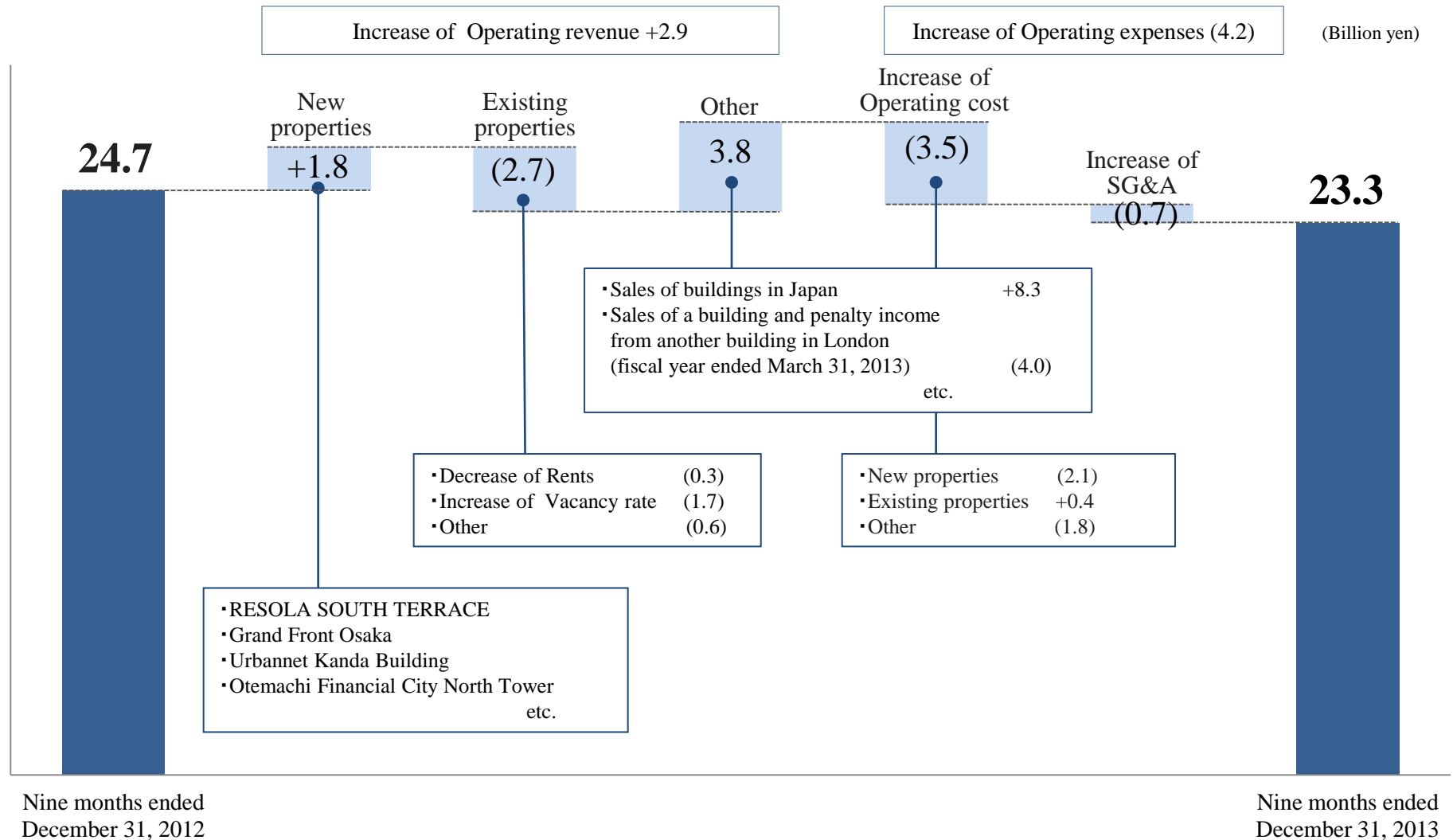
(*)1 Based on figures projected on May 9, 2013.

(*)2 Before the elimination of inter-segment internal revenues and transfers

(*)3 Before the elimination of inter-segment internal revenues and transfers and company-wide expenses

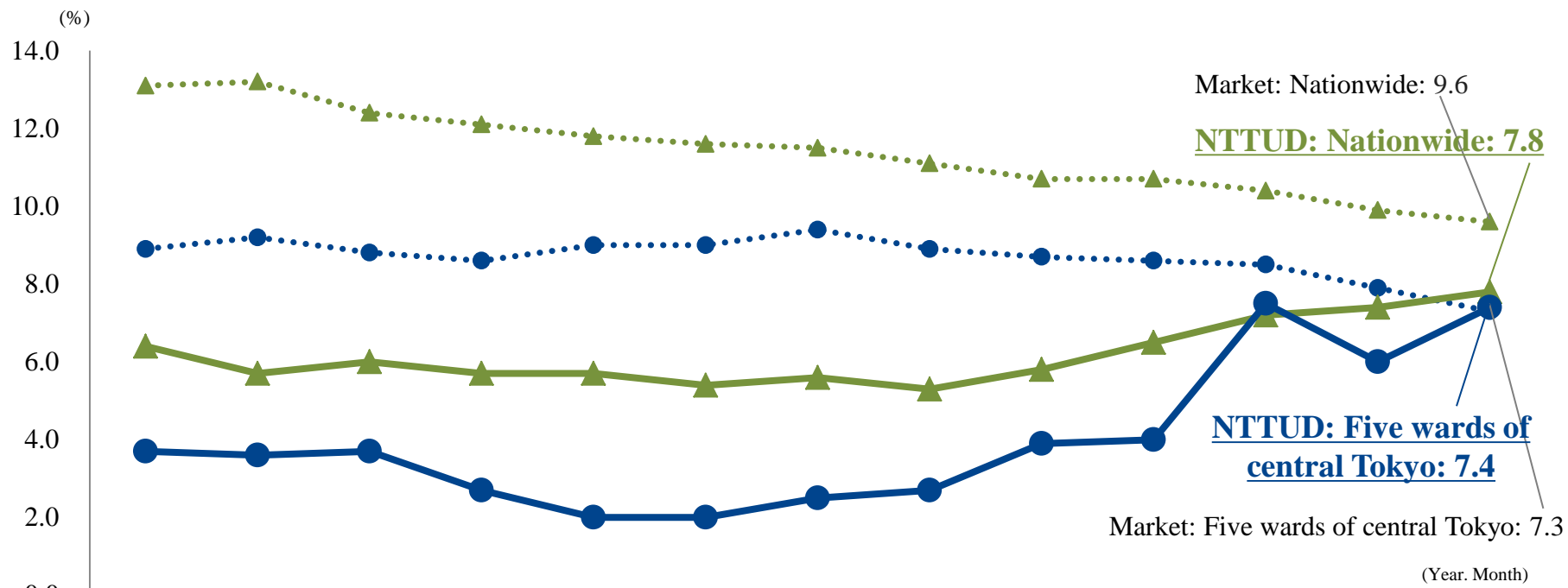
2. Leasing Business: Analysis of Operating income

- Operating revenue rose ¥2.9 billion year on year chiefly due to the running of new properties and the sale of domestic properties, which offset a decrease in revenue from existing properties, attributable mainly due to an increase in vacancies.
- Operating income declined ¥1.3 billion year on year, primarily reflecting an increase in costs associated with the sale of properties and properties newly completed and a rise in SG&A expenses.



3. Vacancy Rate

■ At the end of December 2013, the vacancy rate of the company in the five wards in central Tokyo and nationwide was 7.4% and 7.8%, respectively.



	10.12	11.3	11.6	11.9	11.12	12.3	12.6	12.9	12.12	13.3	13.6	13.9	13.12
●▲ Market: Nationwide	13.1	13.2	12.4	12.1	11.8	11.6	11.5	11.1	10.7	10.7	10.4	9.9	9.6
●● Market: Five wards of central Tokyo	8.9	9.2	8.8	8.6	9.0	9.0	9.4	8.9	8.7	8.6	8.5	7.9	7.3
▲ NTTUD: Nationwide	6.4	5.7	6.0	5.7	5.7	5.4	5.6	5.3	5.8	6.5	7.2	7.4	7.8
●● NTTUD: Five wards of central Tokyo	3.7	3.6	3.7	2.7	2.0	2.0	2.5	2.7	3.9	4.0	7.5	6.0	7.4

* NTTUD: NTT Urban Development.

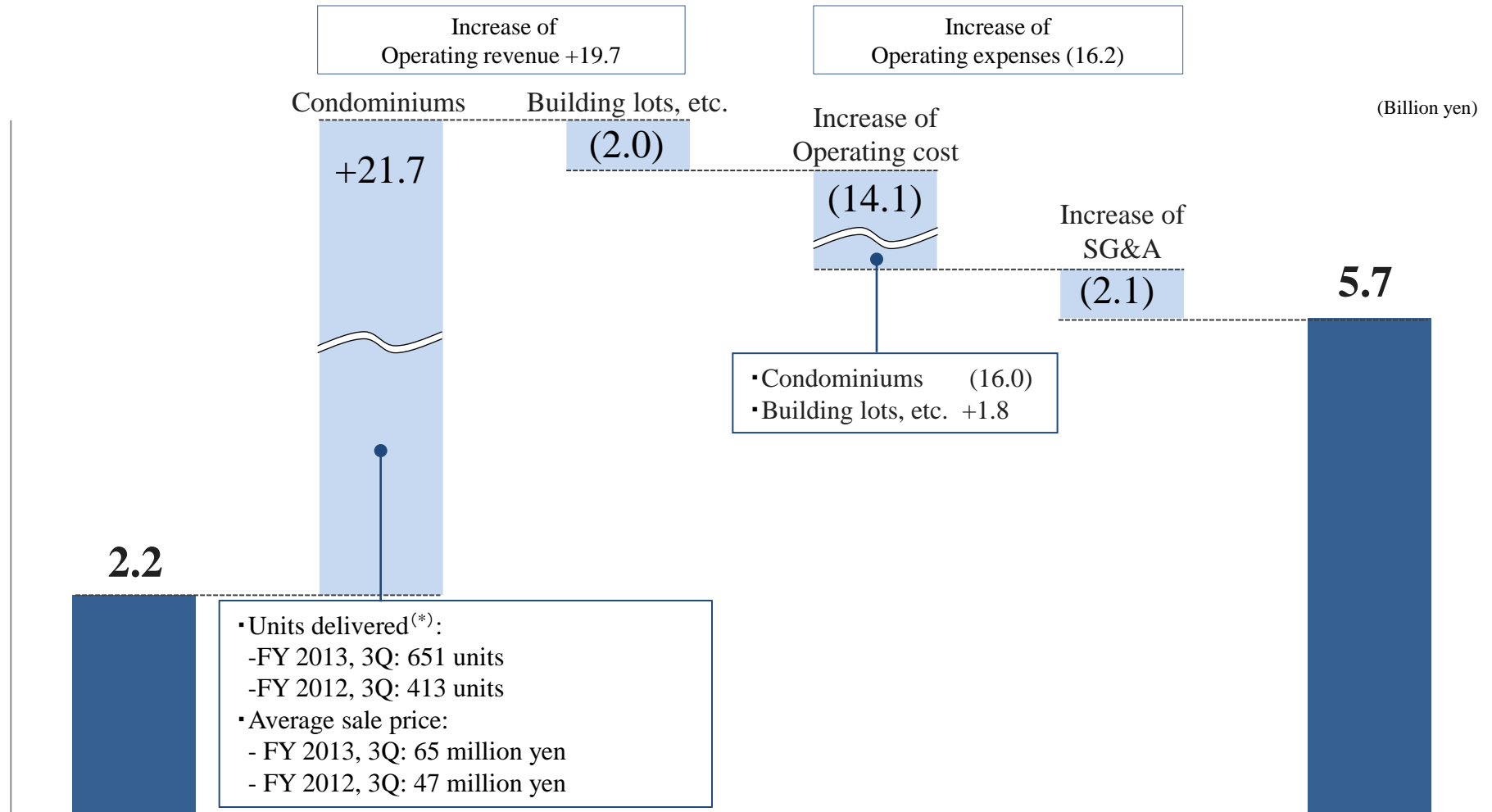
* Market data in Five wards of central Tokyo was announced by Miki Shoji.

Vacancy for the market nationwide is a simple average of vacancy rates (calculated by NTTUD) for Tokyo, Osaka, Nagoya, Sapporo, Sendai, Yokohama and Fukuoka announce by Miki Shoji.

Vacancy rate in Sendai area as of March 31, 2011 was calculated by using the data as of February 28, 2011.

4. Residential Business: Analysis of Operating income

■ Operating revenue increased ¥19.7 billion year on year and operating income increased ¥3.4 billion, mainly reflecting an increase in the number of condominiums delivered, a rise in the average sales price, and other factors.



Nine months ended
December 31, 2012

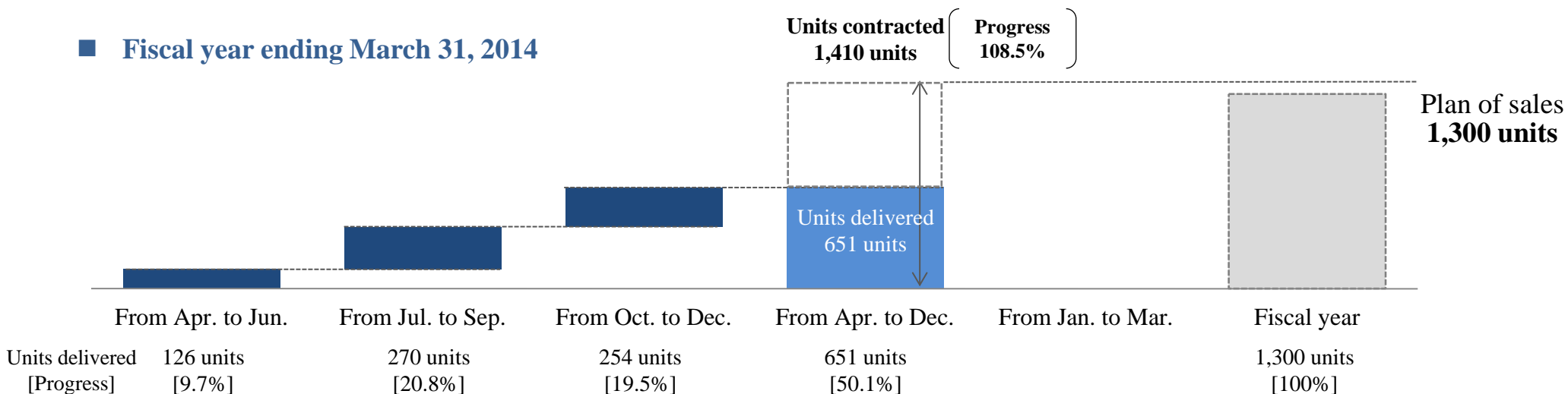
Nine months ended
December 31, 2013

* For joint projects, the number of units, corresponding to the Company's share in the project, is rounded down to the nearest units.

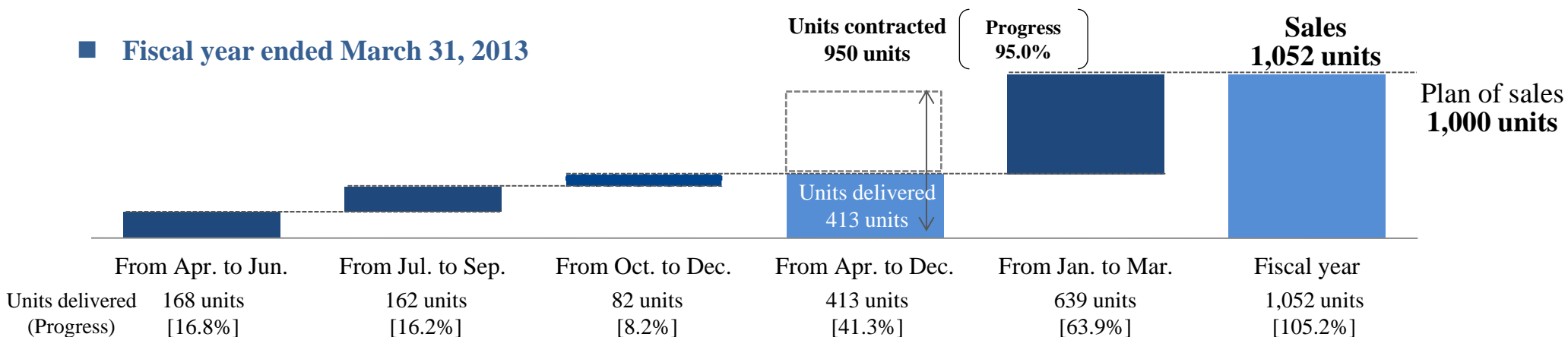
5. Sales of Condominiums

- The number of unit delivered^(*1) stood at 651, an increase from 413 for the same period in the previous fiscal year.
- The number of unit contracted is 1,410, or 108.5%^(*2) of the plan for the current fiscal year (1,300 condominiums).

■ Fiscal year ending March 31, 2014



■ Fiscal year ended March 31, 2013



(*1) For joint projects, the number of units, corresponding to the Company's share in the project, is rounded down to the nearest units.

(*2) Progress of units contracted = units contracted / plan of sales

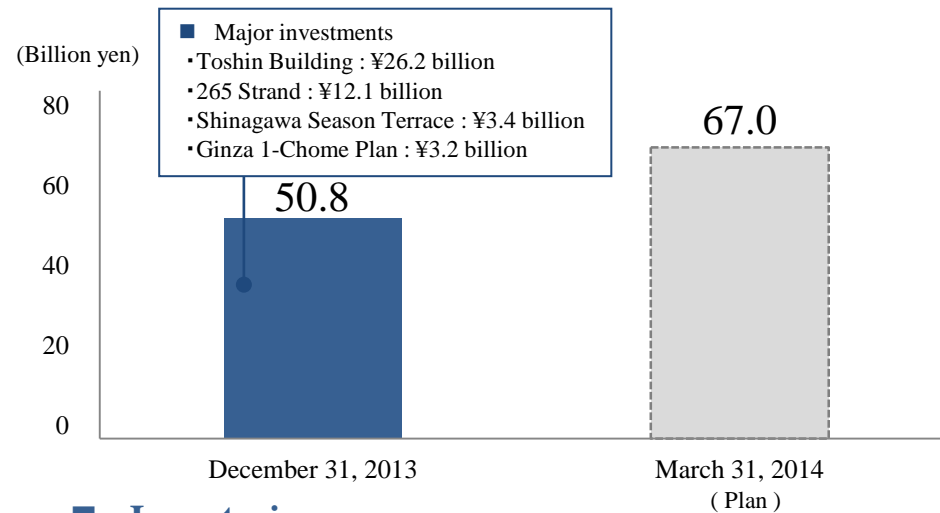
6. Total Assets / Investments

- Total assets increased ¥14.3 billion from the end of the previous fiscal year, to ¥955.3 billion, mainly due to the sale of properties (three months ended June 30, 2013), a decrease in inventories associated with sales of condominiums, a decrease in operating accounts receivable mainly due to the receipt of payments for condominiums delivered, and an increase in property, plant and equipment associated with new investments.
- Investments in the Nine months ended December 31, 2013 stood at ¥50.8 billion, including investments in Toshin Building and 265 Strand.

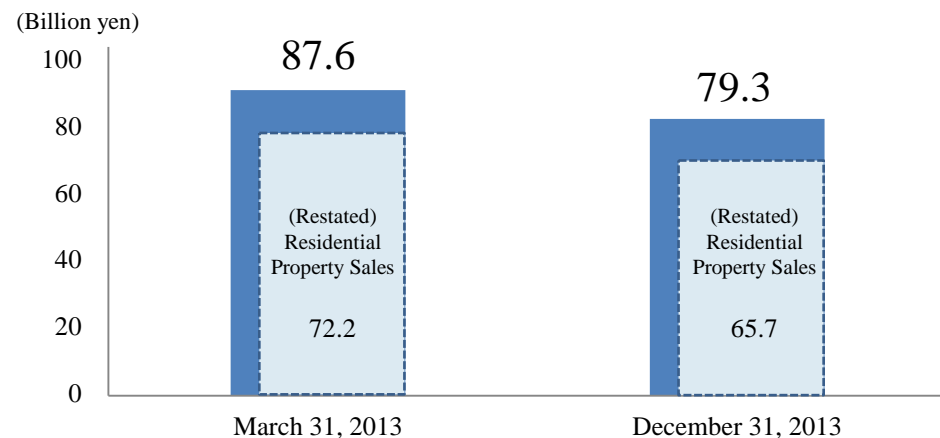
Total Assets

Category	As of December 31, 2013	Change	
		As of March 31, 2013	
Total assets	955.3	14.3	1.5%
Current assets	119.6	(12.1)	(9.2%)
Cash and deposits	18.6	6.5	53.7%
Inventories	79.3	(8.3)	(9.5%)
Other current assets	21.6	(10.3)	(32.5%)
(Restated) Operating accounts receivable	4.7	(8.9)	(65.2%)
Non-current assets	835.6	26.4	3.3%
Property, plant and equipment	787.8	26.9	3.5%
Intangible assets	5.3	(0.3)	(6.5%)
Investments and other assets	42.4	(0.1)	(0.3%)

Investments



Inventories



7. Liabilities and Net Assets / Interest-bearing debt

- Liabilities fell ¥4.9 billion from the end of the previous fiscal year, to ¥722.2 billion, due to an increase in interest-bearing debt and payments of condominium construction costs, among other factors.

Net assets rose ¥19.2 billion from the end of the previous fiscal year, to ¥233.0 billion, primarily reflecting an increase in net income and payments of dividends.

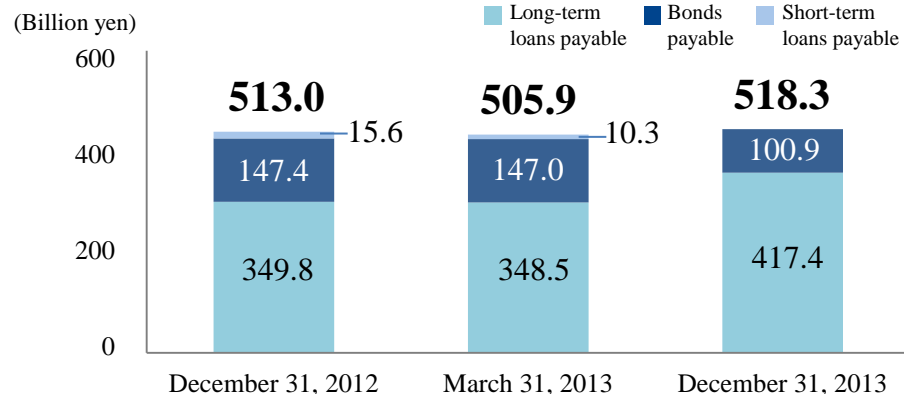
- Interest-bearing debt and net interest-bearing debt rose from the end of the previous fiscal year, chiefly due to refunding.

Liabilities and Net Assets

Category	As of December 31, 2013	Change	
		As of March 31, 2013	
Total liabilities	722.2	(4.9)	(0.7%)
Current liabilities	92.7	(84.7)	(47.8%)
Interest-bearing debt (short-term)	57.9	(70.5)	(54.9%)
Other current liabilities	34.7	(14.2)	(29.0%)
Non-current liabilities	629.5	79.8	14.5%
Interest-bearing debt (long-term)	460.4	82.9	22.0%
Other non-current liabilities	169.1	(3.1)	(1.8%)
Net Assets	233.0	19.2	9.0%
Shareholders' equity	186.4	12.1	7.0%
Minority interests	43.1	5.4	14.6%
Other net assets	3.5	1.5	82.0%

(Billion yen)

Interest-bearing debt



Net interest-bearing debt ^(*)	498.6	491.3	494.2
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(Restated) Non-Consolidated 446.5 439.5 440.2

(Restated) UDX 53.8 53.5 49.2

(Restated) UD Europe 1.2 1.5 14.3

^(*) Interest-bearing debt – [Cash and deposit + Short-term (less than 3 months) investments included in other current liabilities] (cf. Page 11)

Reference	As of March 31, 2013	As of December 31, 2013
Average interest rate	1.48%	1.27%
Maturities of debt	4.08 years	4.94 years

Appendices

Overview

(Million yen)

Category	(i) Nine months ended December 31, 2012	(ii) Nine months ended December 31, 2013	Year-on-year (ii) - (i)		(Reference) (iii) Forecasts for Fiscal year ending March 31, 2014 ^(*)	
			Change	Change (%)	Progress (ii) / (iii)	
Operating revenue	108,677	130,289	21,612	19.9%	179,000	72.8%
Operating expenses	84,809	104,353	19,544	23.0%	151,500	68.9%
Operating income	23,867	25,935	2,068	8.7%	27,500	94.3%
Non-operating income	1,844	1,839	(4)	(0.2%)		
Non-operating expenses	5,978	6,254	275	4.6%		
Ordinary income	19,733	21,521	1,788	9.1%	22,100	97.4%
Extraordinary income	—	8,576	8,576	—		
Extraordinary loss	1,262	1,015	(246)	(19.6%)		
Income before income taxes and minority interests	18,470	29,081	10,611	57.4%		
Income taxes	5,725	10,219	4,494	78.5%		
Income before minority interests	12,744	18,861	6,116	48.0%		
Minority interests in income	1,044	1,123	78	7.5%		
Net income	11,699	17,737	6,037	51.6%	11,500	154.2%
Comprehensive income	13,274	20,454	7,179	54.1%		

(*) Based on figures projected on May 9, 2013.

Performance by Segment

(Million yen)

Category	(i) Nine months ended December 31, 2012	(ii) Nine months ended December 31, 2013	Year-on-year (ii) - (i)		(Reference) (iii) Forecasts for Fiscal year ending March 31, 2014 ^(*1)	
			Change	Change (%)		Progress (ii) / (iii)
Operating revenue ^(*2)	108,677	130,289	21,612	19.9%	179,000	72.8%
Leasing	72,306	75,275	2,968	4.1%	97,400	77.3%
Residential Property Sales	25,803	45,542	19,739	76.5%	70,800	64.3%
Other	14,125	13,201	(924)	(6.5%)	15,900	83.0%
Operating income ^(*3)	23,867	25,935	2,068	8.7%	27,500	94.3%
Leasing	24,706	23,375	(1,330)	(5.4%)	28,000	83.5%
Residential Property Sales	2,299	5,797	3,498	152.2%	4,300	134.8%
Other	1,152	1,203	51	4.4%	1,200	100.3%
Operating income margin	22.0%	19.9%	(2.1)	—	15.4%	—
Leasing	34.2%	31.1%	(3.1)	—	28.7%	—
Residential Property Sales	8.9%	12.7%	3.8	—	6.1%	—
Other	8.2%	9.1%	0.9	—	7.5%	—

(*1) Based on figures projected on May 9, 2013.

(*2) Before the elimination of inter-segment internal revenues and transfers

(*3) Before the elimination of inter-segment internal revenues and transfers and company-wide expenses

Balance Sheets

(Million yen)

Category	(i) As of March 31, 2013	(ii) As of December 31, 2013	(ii) - (i)	
			Change	Change (%)
Total current assets	941,050	955,355	14,304	1.5%
Current assets	131,843	119,679	(12,163)	(9.2%)
Cash and deposits	12,148	18,675	6,526	53.7%
(Restated) Time deposits whose deposit terms exceed 3 months	1,810	110	(1,700)	(93.9%)
Inventories	87,684	79,382	(8,302)	(9.5%)
Other currents assets	32,009	21,622	(10,387)	(32.5%)
(Restated) Operating accounts receivable	13,786	4,799	(8,986)	(65.2%)
(Restated) Short-term (less than 3 months) investments included in other current liabilities	2,470	5,415	2,944	119.2%
Non - current assets	809,207	835,675	26,467	3.3%
Property, plant and equipment	760,907	787,881	26,973	3.5%
Intangible assets	5,756	5,384	(372)	(6.5%)
Investments and other assets	42,544	42,410	(134)	(0.3%)
Total liabilities	727,215	722,281	(4,933)	(0.7%)
Currents liabilities	177,439	92,702	(84,736)	(47.8%)
Interest-bearing debt (short-term)	128,487	57,954	(70,532)	(54.9%)
Other current liabilities	48,951	34,747	(14,203)	(29.0%)
Non-current liabilities	549,775	629,579	79,803	14.5%
Interest-bearing debt (long-term)	377,505	460,412	82,907	22.0%
Other non-current liabilities	172,270	169,166	(3,103)	(1.8%)
Net Assets	213,835	233,073	19,238	9.0%
Shareholders' equity	174,272	186,414	12,142	7.0%
Total accumulated comprehensive income	1,948	3,546	1,597	82.0%
Minority interests	37,614	43,112	5,497	14.6%
Total liabilities and net assets	941,050	955,355	14,304	1.5%

• Net interest-bearing debt = Interest-bearing debt - [Cash and deposit + Short-term (less than 3 months) investments included in other current liabilities]

Residential Business: Major Delivered Projects in FY 2013



**WELLITH Daikanyama
Sarugakucho**

Location : Shibuya-ku, Tokyo

Number of units : 44 (including one unit for a business partner)

Starting date of delivery : FY 2013, 3Q



WELLITH Arisugawa

Location : Minato-ku, Tokyo

Number of units : 57

Starting date of delivery : FY 2013, 3Q



WELLITH Yotsuya

Location : Shinjuku-ku, Tokyo

Number of units : 49

Starting date of delivery : FY 2013, 3Q

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