

FACT BOOK

(for the First Six Months of the Fiscal Year Ending March 2015)

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NTT Urban Development

November 6, 2014

1. Consolidated Financial Results and Forecast

Consolidated Statements of Income

(Million yen)

	FY 2010	FY 2011	FY 2012	FY 2013				FY 2014		
				1Q Jun. 2013	2Q Sep. 2013	3Q Dec. 2013	4Q Mar. 2014	1Q Jun. 2014	2Q Sep. 2014	Revised Forecast*
Operating revenue	145,693	136,842	163,168	40,350	82,011	130,289	189,186	36,272	74,379	153,000
Operating expenses	121,369	111,477	135,767	29,866	64,190	104,353	158,727	30,026	61,108	130,000
Operating income	24,324	25,365	27,401	10,483	17,820	25,935	30,458	6,245	13,270	23,000
Non-operating income	2,512	2,321	2,500	721	1,303	1,839	2,326	565	1,091	—
(Restated) Amortization of negative goodwill	1,926	1,926	1,926	481	963	1,408	1,853	445	890	—
(Restated) Equity in earnings of affiliates	110	77	82	50	61	118	71	31	37	—
Non-operating expenses	8,282	8,457	7,885	1,962	4,486	6,254	7,919	1,593	3,219	—
(Restated) Interest expenses	7,928	7,938	7,665	1,898	3,813	5,472	7,077	1,560	3,149	—
Ordinary income	18,554	19,229	22,016	9,243	14,637	21,521	24,865	5,217	11,142	18,500
Extraordinary income	220	60	389	—	—	8,576	8,576	377	379	—
Extraordinary loss	2,652	2,863	3,436	43	255	1,015	13,103	43	491	—
Income before income taxes and minority interests	16,122	16,425	18,969	9,199	14,382	29,081	20,338	5,551	11,030	—
Income taxes	5,431	(2,951)	5,544	3,178	4,883	10,219	7,534	1,640	3,335	—
Income before minority interests	10,691	19,376	13,425	6,020	9,499	18,861	12,803	3,910	7,695	—
Minority interests in income	1,384	3,790	1,351	361	660	1,123	1,460	397	735	—
Net income	9,307	15,586	12,073	5,658	8,838	17,737	11,343	3,513	6,959	10,000
(Restated) Depreciation and amortization	23,388	24,765	23,766	6,182	12,330	18,393	24,566	5,826	11,592	—

Consolidated Statements of Comprehensive Income

Income before minority interests	10,691	19,376	13,425	6,020	9,499	18,861	12,803	3,910	7,695	—
Other comprehensive income	(33)	(1,166)	3,062	(224)	944	1,592	3,470	(124)	409	—
Comprehensive income	10,658	18,209	16,487	5,796	10,444	20,454	16,274	3,786	8,104	—

Consolidated Balance Sheets

Total assets	910,492	928,537	941,050	943,202	932,457	955,355	985,507	978,412	977,256	—
Current assets	113,762	129,941	131,843	133,639	114,487	119,679	125,351	118,855	115,676	—
(Restated) Cash and deposits	10,270	9,924	12,148	11,889	15,704	18,675	18,313	18,942	18,993	—
(Restated) Short-term (less than 3 months) investments included in other current assets	9,517	2,845	2,470	16,474	3,283	5,415	595	573	436	—
Non-current assets	796,729	798,595	809,207	809,563	817,970	835,675	860,155	859,556	861,580	—
Total liabilities	719,709	724,810	727,215	726,880	711,871	722,281	756,915	748,898	743,845	—
Current liabilities	104,822	88,727	177,439	163,578	89,117	92,702	101,021	105,266	117,821	—
Non-current liabilities	614,886	636,082	549,775	563,301	622,754	629,579	655,893	643,631	626,023	—
Total net assets	190,783	203,727	213,835	216,322	220,586	233,073	228,591	229,513	233,411	—
(Restated) Subscription rights to shares	—	—	—	—	—	—	—	—	—	—
(Restated) Minority interests	35,248	37,714	37,614	37,626	37,539	43,112	42,975	42,996	42,915	—

Consolidated Statements of Cash Flows

Net cash provided by (used in) operating activities	40,417	3,704	48,089	—	32,880	—	51,870	—	19,787	—
(Restated) Interest expenses paid	7,996	8,028	7,804	—	3,777	—	7,073	—	(3,147)	—
Net cash provided by (used in) investing activities	(28,257)	(23,033)	(39,885)	—	(24,580)	—	(37,962)	—	(17,901)	—
Free cash flow	12,159	(19,329)	8,203	—	8,300	—	13,907	—	1,885	—
Net cash provided by (used in) financing activities	(14,641)	12,650	(6,660)	—	(2,441)	—	(8,656)	—	(1,312)	—
Cash and cash equivalents at end of period	18,015	10,960	12,809	—	18,877	—	18,798	—	19,319	—

* Forecasts are based on figures projected on November 6, 2014.

Major Financial Data

(Million yen)

Data Related to Total Assets	FY 2010	FY 2011	FY 2012	FY 2013				FY 2014	
				1Q	2Q	3Q	4Q	1Q	2Q
				Jun. 2013	Sep. 2013	Dec. 2013	Mar. 2014	Jun. 2014	Sep. 2014
Total assets	910,492	928,537	941,050	943,202	932,457	955,355	985,507	978,412	977,256
Return on assets (ROA) %	2.9	3.0	3.1	—	—	—	3.4	—	—
Inventories	80,613	94,206	87,684	84,407	79,852	79,382	78,497	81,827	79,889
Inventories of residential property sales	77,913	85,222	72,278	72,008	65,651	65,787	56,560	52,851	51,201
Investment	29,925	28,807	46,856	6,748	20,135	50,865	62,778	7,560	14,340

Data Related to Shareholders' equity

Shareholders' equity	155,534	166,012	176,221	178,695	183,047	189,961	185,616	186,517	190,496
Shareholders' equity ratio %	17.1	17.9	18.7	18.9	19.6	19.9	18.8	19.1	19.5
Return on equity (ROE) %	6.1	9.7	7.1	—	—	—	6.3	—	—
Net income per share* Yen	28.28	47.36	36.68	17.19	26.85	53.89	34.46	10.67	21.15
(Full-year) Dividend per share* Yen	12.00	14.00	—	—	—	—	16.00	—	—
(Full-year) Dividend	3,949	4,607	5,265	—	—	—	5,265	—	—
Dividend payout ratio %	42.4	29.6	43.6	—	—	—	46.4	—	—
Dividend on equity (DOE) %	2.6	2.9	3.1	—	—	—	2.9	—	—

Data Related to Interest-bearing Debt

Interest-bearing debt	487,780	505,805	505,993	520,928	507,819	518,367	507,253	516,911	509,274
Net interest-bearing debt	467,992	493,034	491,373	492,564	488,831	494,277	488,345	497,395	489,844
Net interest-bearing debt / EBITDA X	9.8	9.8	9.6	—	—	—	8.9	—	—
Net D/E ratio X	2.45	2.42	2.30	2.28	2.22	2.12	2.14	2.17	2.10
Interest coverage ratio X	5.1	0.5	6.2	—	8.7	—	7.3	—	6.3
EBITDA interest coverage ratio X	6.0	6.3	6.7	8.8	7.9	8.1	7.8	7.7	7.9
Ordinary income interest coverage ratio X	2.3	2.4	2.9	4.9	3.8	3.9	3.5	3.3	3.5

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

* Shareholders' equity = Net assets - Subscription rights to shares - Minority interests

* Shareholders' equity ratio = Shareholders' equity / Total assets at the end of the fiscal year under review × 100

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

* Net income per share = Net income / Number of issued and outstanding shares

* Dividend payout ratio = (Full-year) Dividend per share / Net income per share

* Dividend on equity (DOE) = (Full-year) Dividend / {(Shareholders' equity at the end of the previous fiscal year + Shareholders' equity at the end of the fiscal year under review) / 2} × 100

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

* EBITDA = Operating income + Depreciation and amortization

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

* Interest coverage ratio = Net cash provided by (used in) operating activities / Interest expenses paid (on the basis of net cash provided by (used in) operating activities)

* EBITDA interest coverage ratio = EBITDA / Interest expenses

* Ordinary income interest coverage ratio = Ordinary income / Interest expenses

* Net income per share and (Full-year) Dividend per share take into account the effect of the 100-for-one stock split implemented with October 1, 2013 as the effect date.

(Full-year) Dividend per share is total amount of interim dividend per share and year-end dividend per share.

2. Segment Information

Segment Information

(Million yen)

	FY 2010	FY 2011	FY 2012	FY 2013				FY 2014		
				1Q	2Q	3Q	4Q	1Q	2Q	Revised Forecast*
				Jun. 2013	Sep. 2013	Dec. 2013	Mar. 2014	Jun. 2014	Sep. 2014	
Operating revenue	145,693	136,842	163,168	40,350	82,011	130,289	189,186	36,272	74,379	153,000
Leasing	92,608	91,069	94,509	30,617	53,339	75,275	96,595	21,151	43,613	90,300
Residential property sales	41,725	28,484	54,939	7,380	22,476	45,542	79,537	12,883	25,074	50,500
Other	16,383	23,223	18,930	3,531	8,679	13,201	18,532	3,340	8,031	16,800
Eliminations	(5,022)	(5,934)	(5,209)	(1,179)	(2,484)	(3,729)	(5,478)	(1,103)	(2,340)	(4,600)
Operating income	24,324	25,365	27,401	10,483	17,820	25,935	30,458	6,245	13,270	23,000
Leasing	29,226	27,482	29,216	10,945	17,157	23,375	27,189	5,883	12,028	23,100
Residential property sales	533	1,374	2,914	816	2,808	5,797	8,222	1,520	3,160	4,200
Other	1,212	3,090	1,580	203	772	1,203	1,729	186	634	1,700
Eliminations / Corporate	(6,647)	(6,583)	(6,310)	(1,482)	(2,918)	(4,440)	(6,682)	(1,344)	(2,551)	(6,000)
Operating income margin %	16.7	18.5	16.8	26.0	21.7	19.9	16.1	17.2	17.8	15.0
Leasing %	31.6	30.2	30.9	35.7	32.2	31.1	28.1	27.8	27.6	25.6
Residential property sales %	1.3	4.8	5.3	11.1	12.5	12.7	10.3	11.8	12.6	8.3
Other %	7.4	13.3	8.3	5.8	8.9	9.1	9.3	5.6	7.9	10.1
Assets	910,492	928,537	941,050	—	—	—	985,507	—	—	—
Leasing	805,609	816,254	841,527	—	—	—	898,408	—	—	—
Residential property sales	85,726	90,959	88,306	—	—	—	74,258	—	—	—
Other	9,814	21,251	11,099	—	—	—	12,079	—	—	—
Eliminations / Corporate	9,342	71	116	—	—	—	761	—	—	—
Depreciation and amortization	23,388	24,765	23,766	—	—	—	24,566	—	—	—
Leasing	22,725	23,664	22,751	—	—	—	23,560	—	—	—
Residential property sales	4	6	5	—	—	—	5	—	—	—
Other	67	78	52	—	—	—	61	—	—	—
Eliminations / Corporate	590	1,015	957	—	—	—	938	—	—	—
Capex	25,682	28,793	46,390	—	—	—	61,495	—	—	—
Leasing	23,520	28,325	46,136	—	—	—	61,255	—	—	—
Residential property sales	0	5	3	—	—	—	13	—	—	—
Other	38	40	160	—	—	—	85	—	—	—
Eliminations / Corporate	2,122	421	90	—	—	—	140	—	—	—

* Forecasts are based on figures projected on November 6, 2014.

Leasing

(Million yen)

	FY 2010	FY 2011	FY 2012	FY 2013				FY 2014		
				1Q Jun. 2013	2Q Sep. 2013	3Q Dec. 2013	4Q Mar. 2014	1Q Jun. 2014	2Q Sep. 2014	Revised Forecast*
Operating revenue	92,608	91,069	94,509	30,617	53,339	75,275	96,595	21,151	43,613	90,300
Office / Commercial	85,807	84,713	88,621	28,990	50,173	70,744	90,833	20,022	40,208	—
Residential / Other	6,800	6,356	5,887	1,627	3,166	4,531	5,762	1,129	3,405	—
Rentable area (Office / Commercial) m ²	1,149,628	1,168,526	1,199,215	1,206,439	1,209,397	1,195,219	1,193,561	1,201,001	1,203,491	—
Nationwide vacancy rate %	5.7	5.4	6.5	7.2	7.4	7.8	7.4	8.1	8.3	—
Five wards of central Tokyo %	3.6	2.0	4.0	7.5	6.0	7.4	6.4	6.8	5.9	—
NOI	56,722	54,318	56,397	—	—	—	56,109	—	—	52,000
Five wards of central Tokyo	31,305	29,907	29,121	—	—	—	29,869	—	—	—
Tokyo metropolitan area (except five wards of central Tokyo)	4,289	4,153	4,059	—	—	—	3,940	—	—	—
Other regions	21,128	20,257	23,216	—	—	—	22,300	—	—	—
NOI (excluding the effects of property sales, etc.)	56,722	54,318	53,499	—	—	—	51,489	—	—	49,000
Five wards of central Tokyo	31,305	29,907	29,121	—	—	—	25,617	—	—	—
Tokyo metropolitan area (except five wards of central Tokyo)	4,289	4,153	4,059	—	—	—	3,940	—	—	—
Other regions	21,128	20,257	20,318	—	—	—	21,932	—	—	—
Fair value of rental properties	1,180,817	1,155,467	1,159,902	—	—	—	1,210,052	—	—	—
Book value of rental properties	737,113	743,939	758,300	—	—	—	805,911	—	—	—

· NOI = operating revenues from leasing business - operating cost for leasing business + depreciation and amortization expense for the leasing business (including long-term prepaid expenses)

· Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku.

· Tokyo metropolitan area (except five wards of central Tokyo) is Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

* Forecasts are based on figures projected on November 6, 2014.

Residential Property Sales

(Million yen)

	FY 2010	FY 2011	FY 2012	FY 2013				FY 2014		
				1Q Jun. 2013	2Q Sep. 2013	3Q Dec. 2013	4Q Mar. 2014	1Q Jun. 2014	2Q Sep. 2014	Revised Forecast*
Operating revenue	41,725	28,484	54,939	7,380	22,476	45,542	79,537	12,883	25,074	50,500
Condominiums										
Operating revenue	31,627	22,392	47,372	5,512	20,444	42,871	75,486	12,785	24,558	—
Tokyo metropolitan area	22,948	16,330	27,979	4,330	14,804	33,152	54,073	7,788	17,241	—
Other regions	8,678	6,062	19,392	1,181	5,640	9,719	21,413	4,997	7,316	—
Units delivered	717	458	1,052	126	396	651	1,423	220	528	1,200
Tokyo metropolitan area	463	351	564	98	300	444	876	80	328	—
Other regions	253	107	488	28	95	206	547	140	199	—
Completed in inventories	91	99	207	146	72	68	207	121	187	—
Residential Lots, etc.										
Operating revenue	7,785	4,099	6,618	1,868	2,031	2,671	4,050	97	515	—
Units / Lots delivered	326	48	63	10	15	51	136	5	31	—
Completed in inventories	27	14	37	87	88	66	33	42	33	—
Other										
Operating revenue	2,312	1,993	948	—	—	—	—	—	—	—
Units / Lots delivered	1	1	1	—	—	—	—	—	—	—

· Tokyo metropolitan area is Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

· For joint projects, units / lots delivered and completed in inventories are corresponding to the Company's share in the project. It is rounded down to the nearest unit / lot.

· "Other" are the sale of a condominium (apartment building) and others.

* Forecasts are based on figures projected on November 6, 2014.

<Reference >

Development Projects

Name	Resola South Terrace	Trad Mejiro	Shibaura Water Reclamation Center Upper-Level Section Redevelopment Project [Shinagawa Season Terrace]	Nihonbashi 2-Chome Plan (tentative name) [Urbannet Nihonbashi 2-Chome Building]	Ginza 1-Chome Plan (tentative name) [Urbannet Ginza 1-Chome Building]	Otemachi 2-Chome Area 1st Class Urban Redevelopment Project Building A
Location	1-22-17 Imaizumi Chuo-ku, Fukuoka-shi, Fukuoka	2-39-1 Mejiro Toshima-ku, Tokyo	1-2-6 Konan Minato-ku, Tokyo (lot number)	2-1-7 Nihonbashi Chuo-ku, Tokyo (lot number)	1-219-2 Ginza Chuo-ku, Tokyo (lot number)	Otemachi 2-Chome, Chiyoda-ku, Tokyo
Company's share	100%	100%	Non-disclosure (Tokyo Metropolitan Government and four private companies participate in the joint project.)	100%	100%	Non-disclosure (The company participates in the joint project as a joint developer.)
Site area	1,064㎡	1,676㎡	Approx. 49,547㎡ (in total)	1,687㎡	1,737㎡	Approx. 20,000㎡ (Building A and B in total)
Commencement	April 2012	April 2013	February 2012	February 2013	June 2013	June 2015 (schedule)
Completion	Main part: April 2013 Entire building: August 2013	October 2014	February 2015 (schedule)	November 2015 (schedule)	February 2016 (schedule)	May 2018 (schedule)
Total floor space	6,184㎡	7,570㎡	Approx. 205,785㎡ (in total)	14,795㎡	11,720㎡	Approx. 199,000㎡ (Building A in total) [Approx. 34,000㎡ (owned by the Company)*1]
Structure	Steel structure	Above: Steel structure Below: Steel-reinforced concrete structure; Partially steel structure	Steel structure; Partially reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure
Building scale	9 floors above ground	4 floors above ground and 2 below	32 floors above ground and 1 below	10 floors above ground and 1 below	8 floors above ground and 1 below	35 floors above ground and 3 below (Building A)
Main use	Commercial	Commercial	Office and commercial	Office	Office	Office and commercial
Company's investment amount	Non-disclosure	Non-disclosure	40,600 million yen (schedule)	19,705 million yen (schedule)	Non-disclosure	57,384 million yen (schedule)

*1 Including co-owned part

Overseas Properties (Redevelopment Project)

Name	1 King William Street	119 West 25th Street
Location	1 King William Street, London EC4, U.K.	119 West 25th Street, New York, NY, USA
Company's share	100%	Non-disclosure
Date of acquisition	June 2011	December 2013
Leased floor space	Approx. 99,265sqf (approx. 9,222㎡) *2	Approx. 137,000sqf (approx. 12,700㎡) *2
Building scale	8 floors above ground and 1 below*2	11 floors above ground and 1 below
Main use	Office	Office and commercial
Acquisition cost	GBP 67 million (approx. 8,900 million yen) *Converted at the exchange rate of 132 yen per GBP (at the time of acquisition)	Non-disclosure
Commencement of redevelopment	August 2014	July 2014
Completion due of redevelopment	2Q FY 2016 (schedule)	Around the end of the year 2015 (schedule)

*2 The number above is after redevelopment.

Overseas Properties (Acquisition)

Name	265 Strand
Location	265 Strand, London WC2R 1BH, U.K.
Company's share	100%
Date of acquisition	April 2013
Leased floor space	75,883sqf (approx. 7,049㎡)
Building scale	8 floors above ground and 1 below
Main use	Office
Acquisition cost	GBP 77 million (approx. 11,550 million yen) *Converted at the exchange rate of 150 yen per GBP (at the time of acquisition)