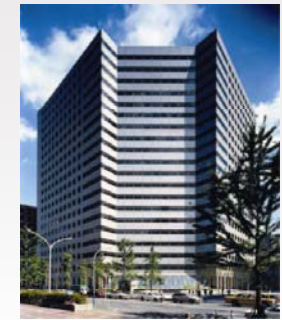


(English translation based on Japanese Original)



NTT都市開発  
NTT Urban Development Co.



## Overview of the First-half of the Fiscal Year Ending March 31, 2012

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November 7, 2011

# 1. Financial Highlights of the First-half of the Fiscal Year Ending March 31, 2012

## ■ Overview of Performance and Income

- Consolidated operating revenue in the first half under review fell year on year. Operating income, ordinary income, and net income declined year on year.
- Results were mostly on a par with the forecasts.

(Million yen)

Category	(i) First-half Ended in Sep. 2011	(ii) First-half Ended in Sep. 2010	(i) - (ii)		Forecast for the First- half of the Fiscal year ending March 31, 2012 (achievement)		Forecast for the Fiscal year ending March 31, 2012 (progress)	
			Change	Change (%)				
Operating revenue	63,856	72,048	(8,191)	(11.4%)	66,700	95.7%	144,000	44.3%
Operating expenses	50,631	57,662	(7,031)	(12.2%)	—	—	—	—
Operating income	13,224	14,385	(1,160)	(8.1%)	12,000	110.2%	24,500	54.0%
Non-operating income	1,214	1,344	(130)	(9.7%)	—	—	—	—
Non-operating expenses	4,062	4,169	(107)	(2.6%)	—	—	—	—
Ordinary income	10,376	11,560	(1,183)	(10.2%)	9,000	115.3%	18,700	55.5%
Extraordinary income	—	204	(204)	—	—	—	—	—
Extraordinary loss	940	1,406	(465)	(33.1%)	—	—	—	—
Income before income taxes and minority interests	9,435	10,359	(923)	(8.9%)	—	—	—	—
Income taxes, etc.	3,277	3,635	(358)	(9.9%)	—	—	—	—
Income before minority interests	6,158	6,723	(564)	(8.4%)	—	—	—	—
Minority interests in income	597	678	(80)	(11.9%)	—	—	—	—
Net income	5,561	6,045	(483)	(8.0%)	4,300	129.3%	9,500	58.5%
Comprehensive income	5,666	6,670	(1,003)	(15.0%)				

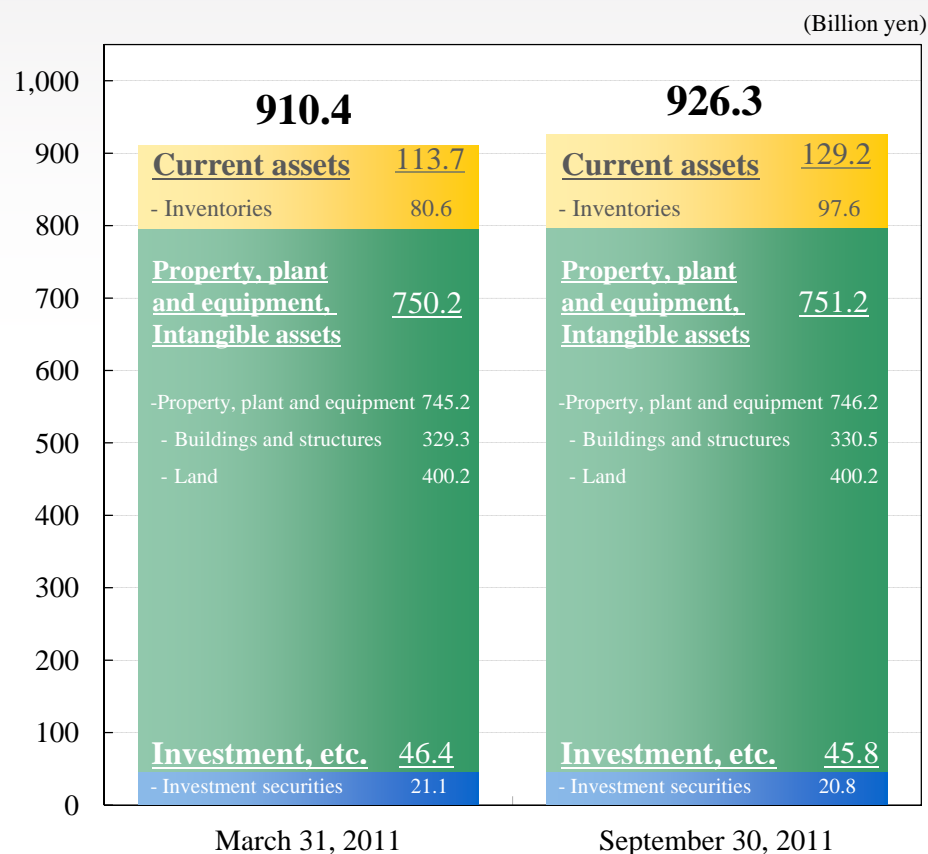
Note: Forecasts are based on figures projected on May 11, 2011 during the announcement of results for the fiscal year ended March 2011



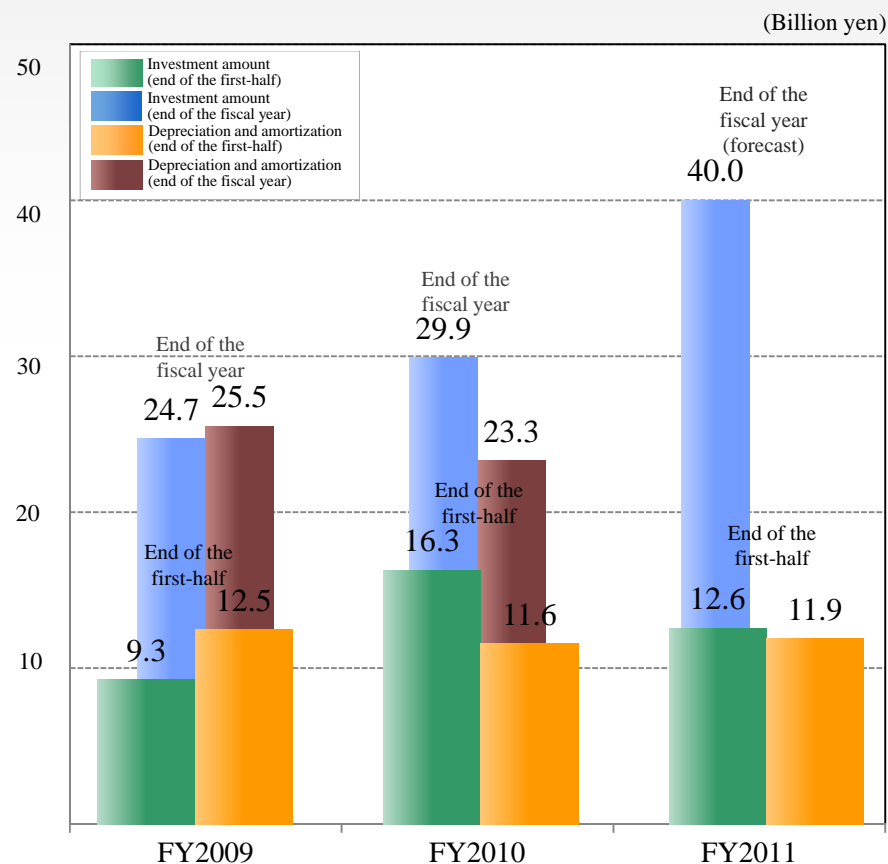
### 3. Balance Sheet (Total Assets and Investments)

- Total assets were up ¥15.8 billion from the end of the previous fiscal year, to ¥926.3 billion, reflecting an increase of ¥17 billion in inventories including the acquisition of second property in London, U.K. “1 King William Street” (¥8.9 billion)
- The amount of investments was ¥12.6 billion, the investments include ¥2.6 billion in the Urbannet Tenjin Building, ¥2.4 billion in the Umekita (Osaka Station North District) Phase 1 Development Area Project, ¥1.9 billion in UD Nakasu Building and ¥1.3 billion in Urbannet Uchihonmachi Building.

#### ■ Total Assets



#### ■ Investments

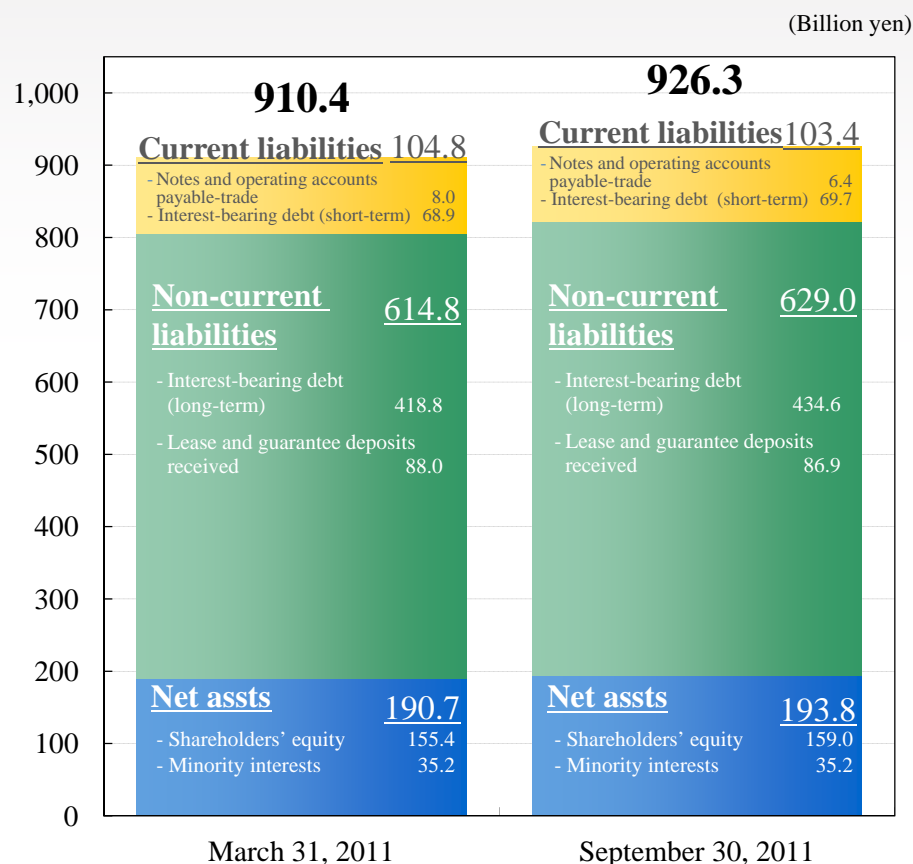


## 4. Balance Sheet

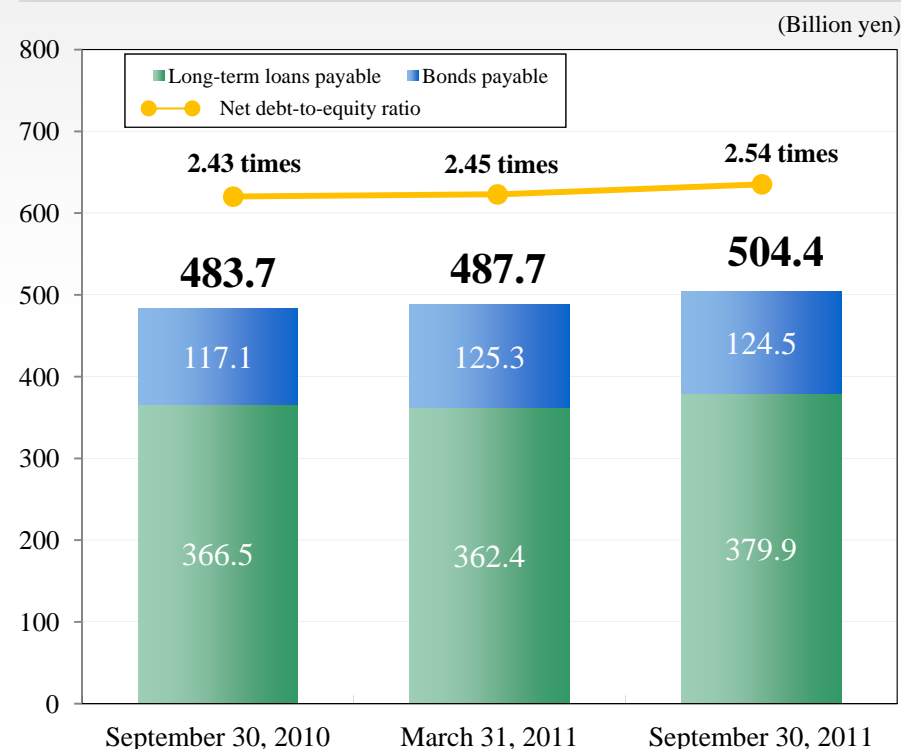
### (Liabilities, Net Assets, and Consolidated Interest-bearing Debt)

- Liabilities rose ¥12.7 billion from the end of the previous fiscal year, to ¥732.4 billion, mainly reflecting an increase of ¥16.6 billion in interest-bearing debt.
- Net assets rose ¥3 billion, primarily attributable to net income of ¥5.5 billion and dividends paid of ¥1.9 billion.
- Interest-bearing debt stood at ¥504.4 billion and net debt-to-equity ratio was 2.54.

#### ■ Liabilities and Net Assets



#### ■ Consolidated Interest-bearing Debt



Note 1: Bonds payable include "Current portion of bonds".

Note 2: Long-term loans payable include "Current portion of long-term loans payable".

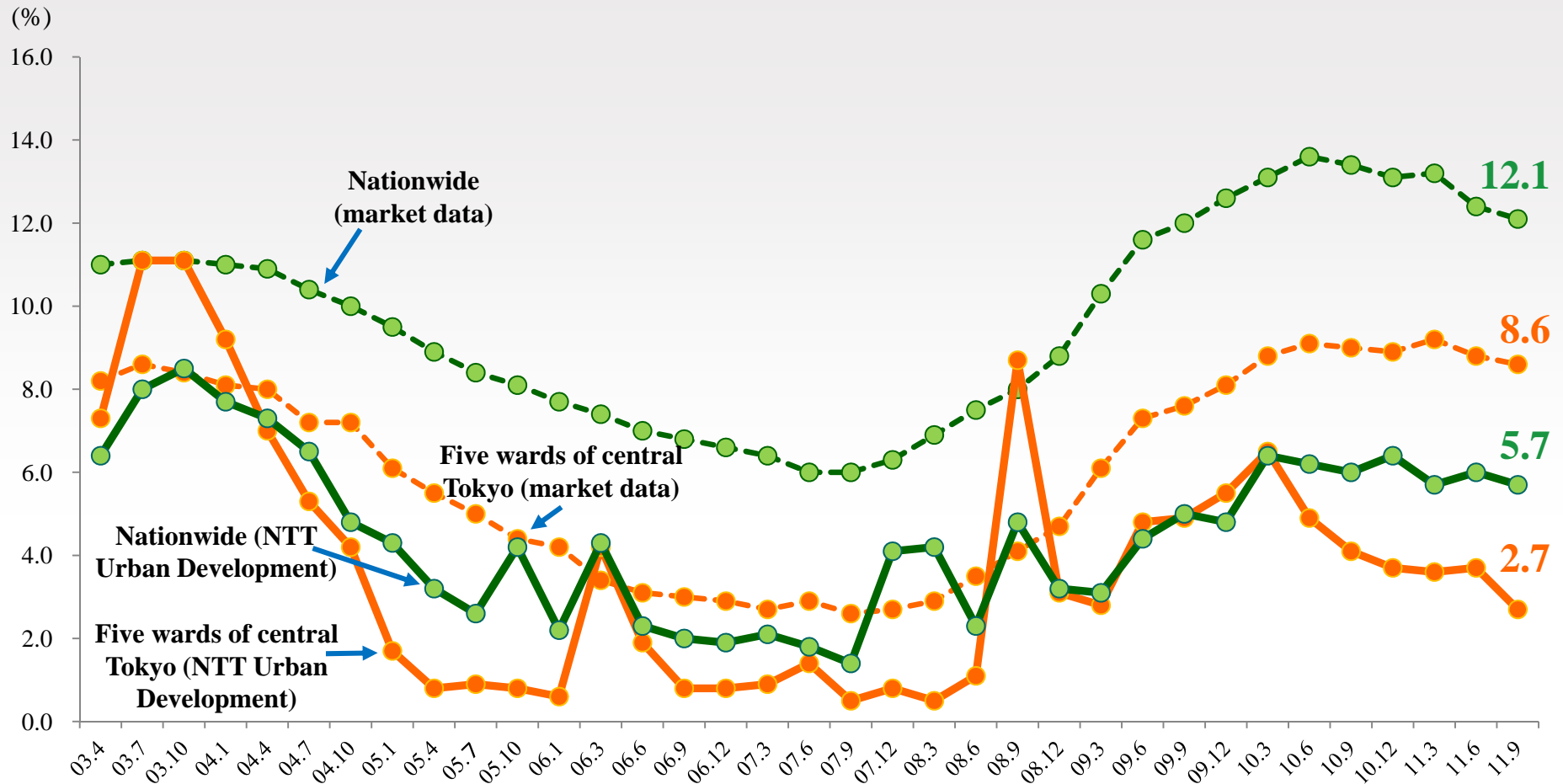
Note 3: Net debt-to-equity ratio = (interest-bearing debt – cash and cash equivalents – time deposits whose deposit terms exceed three months) / Net assets

## 5.Cash Flows

(Billion yen)

Items	First-half Ended in Sep. 2011	First-half Ended in Sep. 2010	Year-on-Year Change
<b>Net cash used in operating activities</b>	<b>(7.3)</b>	<b>32.8</b>	<b>(40.1)</b>
(Restated) Income before income taxes and minority interests	9.4	10.3	(0.9)
(Restated) Depreciation and amortization	11.9	11.6	0.3
(Restated) (Increase) decrease in notes and accounts receivable-trade	(3.8)	8.8	(12.6)
(Restated) (Increase) decrease in inventories	(17.1)	2.9	(20.0)
(Restated) Increase (decrease) in notes and accounts payable-trade	(1.6)	1.5	(3.1)
(Restated) Interest expenses paid	(3.9)	(4.0)	0.0
(Restated) Income taxes paid	(5.4)	(0.8)	(4.5)
<b>Net cash used in investing activities</b>	<b>(13.6)</b>	<b>(18.1)</b>	<b>4.4</b>
(Restated) Purchase of property, plant and equipment	(13.1)	(15.0)	1.8
<b>Free cash flow</b>	<b>(20.9)</b>	<b>14.7</b>	<b>(35.7)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>14.0</b>	<b>(15.7)</b>	<b>29.7</b>
(Restated) Net increase (decrease) in borrowings	16.6	(12.9)	29.6
(Restated) Cash dividends paid	(1.9)	(1.9)	(0.0)
<b>Cash and cash equivalents at beginning of period</b>	<b>18.0</b>	<b>20.5</b>	<b>(2.4)</b>
<b>Cash and cash equivalents at end of period</b>	<b>11.0</b>	<b>19.5</b>	<b>(8.4)</b>

## 6. Vacancy Rates in Leasing Business



\*1 Vacancy rates that historically were calculated on the first day of the following month are calculated on the final day of the current month, from March 2006. (Year.Month)

\*2 Figures have been changed and presented on a consolidated basis from March 2007.

\*3 Market data in Five wards of central Tokyo was announced by Miki Shoji. 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. Vacancy rate in Sendai area as of March 31, 2011 was calculated by using the data as of February 28, 2011.

## 7. Efforts to Achieve the Medium-Term Management Plan 2012

### ■ Restructuring the business base

#### ◎ Bolstering development capability

- New construction in the second-phase of the Otemachi Redevelopment Project (Otemachi 1-Chome No. 2 Urban Area Redevelopment Project Type 1) (to be completed in September 2012)
- New construction of Urbannet Kanda Building, in a location highly convenient for offices in front of the west exit of Kanda Station (to be completed in July 2012)
- New construction in Umekita (Osaka Station North District) Phase 1 Development Area Project (facility name “Grand Front Osaka”) (to be completed in March 2013)
- Completion of Urbannet Uchihonmachi Building, a highly convenient and environmentally friendly office building in the office district in Chuo-ku, Osaka (in June 2011)
- Commencement of the whole building lease of HOTEL RESOL HAKATA in Hakata-ku, Fukuoka (in October 2011)

#### ◎ Enhancing profitability

- Improvement of the vacancy rate for office buildings in the five wards of central Tokyo by strengthening leasing activities for new and existing buildings in the leasing business
- Acquisition of carefully selected sites for condominiums, especially in large urban areas, notably Tokyo and Osaka
- Steady progress in operating income and improvement in the operating margin in the residential property sales business

#### ◎ Cooperating with the NTT Group

- Completion of Urbannet Tenjin Building, a commercial and office complex leasing the site of NTT Tenjin Building for a fixed period, in Chuo-ku, Fukuoka (in August 2011), and the opening of the commercial zone RESOLA TENJIN (in September 2011)

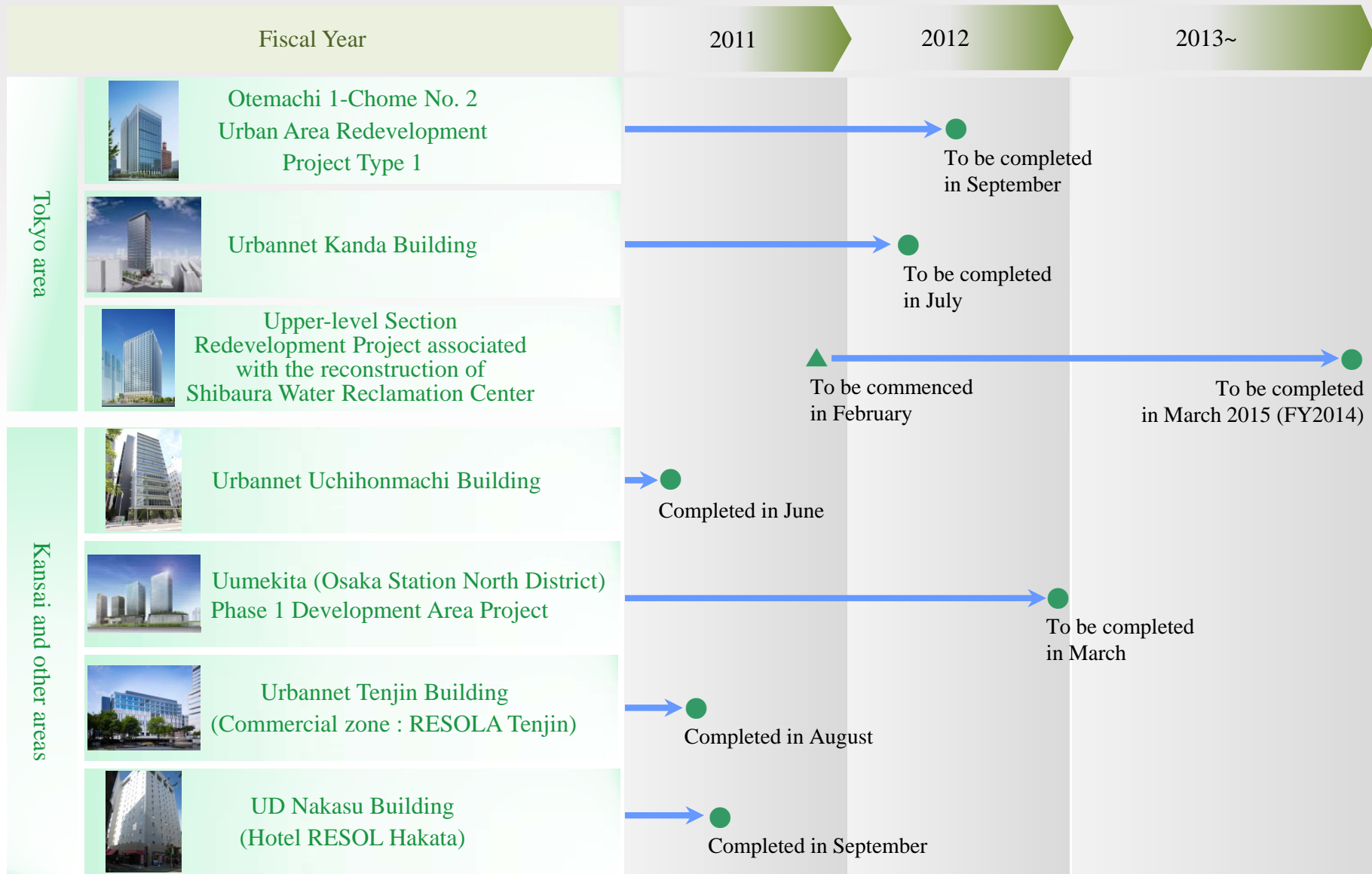
### ■ Pursuing growth in consideration of financial soundness

- Sale of the entire NU-5 Fund (created in 2009) to Premier Investment Corporation (in November 2011)
- Acquisition of 1 King William Street, an office building in the City of London, home to many UK banks and the stock exchange (in June 2011)

### ■ Establishing managerial platform for growth

- Comprehensive management of the total investment amount and improvement of the net debt-to-equity ratio
- First issue of 20-year bonds (¥5.0 billion) (in October 2011)
- Bolstering of business foundations by enhancing management transparency and internal control and establishing the CSR management base (efforts to reduce the burden on the environment)

# (Reference) Development Projects Schedule



# Disclaimer

**Plans, strategies, opinions and other statements by and for the Company presented in this document, excluding historical facts, are forward-looking statements about its operating performance in the future. As such, they contain risks and uncertainties. The contents stated above are based on the assumptions and opinions of the Company using information available at the time of writing. Changes in the environment and other factors may cause actual results to differ substantially from these forecasts.**

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