

English translation based on Japanese original

Quarterly Report

(Third Quarter of 27th term)

From October 1, 2011 to December 31, 2011

NTT Urban Development Corporation

4-14-1, Sotokanda, Chiyoda-ku, Tokyo

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Document submitted	Quarterly report
Applicable law clause	Article 24-4-7, Paragraph 1 of Financial Instruments and Exchange Act
Destination	Director General of the Kanto Finance Bureau
Date of submission	February 6, 2012
Quarterly accounting period	Third quarter of 27th term (from October 1, 2011 to December 31, 2011)
Corporate name	NTT Toshi Kaihatsu Kabushiki Kaisha
Corporate name in English	NTT URBAN DEVELOPMENT CORPORATION
Name and title of representative	Masaki Mitsumura, President and Chief Executive Officer
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Contact person	Satoshi Shinoda, Senior Director, Senior Executive Manager, Accounting and Finance Department
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Chapter1 Corporate Information

Section 1 Overview of the Company's situation

1. Changes in major financial data

Term	26th term Cumulative period for consolidated third quarter	27th term Cumulative period for consolidated third quarter	26th term
Account period	(From April 1, 2010 to December 31, 2010)	(From April 1, 2011 to December 31, 2011)	(From April 1, 2010 to March 31, 2011)
Operating revenue (million yen)	104,520	95,572	145,693
Ordinary income (million yen)	16,921	15,732	18,554
Net income (million yen)	9,079	14,275	9,307
Comprehensive income (million yen)	10,282	16,109	10,658
Net assets (million yen)	190,781	202,008	190,783
Total assets (million yen)	900,865	925,869	910,492
Net income per share (yen)	2,758.82	4,337.57	2,827.98
Net income per share (fully diluted) (yen)	—	—	—
Ratio of shareholders' equity to assets (%)	17.3	17.7	17.1

Term	26th term Consolidated third quarter	27th term Consolidated third quarter
Account period	(From October 1, 2010 to December 31, 2010)	(From October 1, 2011 to December 31, 2011)
Net income per share (yen)	922.10	2,647.85

(Note) 1. Since the Company has prepared quarterly consolidated financial statements, changes in major financial data of the submitting company are omitted.

2. Operating revenue does not include consumption tax.

3. Since there was no potential dilution, net income per share (fully diluted) for the quarter is omitted.

4. For the calculation of comprehensive income for the first three quarters of the 26th term, the Company retroactively applied the Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan (ASBJ) Statement No.25 issued on June 30, 2010).

2. Businesses

In the first three quarters under review, there were no significant changes in the major operations managed by the NTT Urban Development Group (the Company and its affiliates). Changes in major affiliates are as follows.

In the consolidated third quarter under review, the following companies became affiliates of the Company submitting the Report.

Name	Address	Capitalization or investments	Main business	Voting rights ownership percentage	Relations
Consolidated Subsidiaries UD AUSTRALIA PTY LIMITED	Melbourne, Australia	AUD 17,000,000	Residential Property Sales	100.0	Investment in and management of real estate in Australia Concurrent officers: 3
Affiliates to which equity-method is not applied 335 GRICES ROAD PTY LTD	Melbourne, Australia	AUD 1	Residential Property Sales	50.0	Development and sales of residential land Concurrent officers: 3

(Note) 1. The Company invested in 335 GRICES ROAD PTY LTD in November 2011 but excluded it from the scope of equity-method affiliates, since it had been just established and its accounting term had not ended.

2. In main business, the names in segment information are written.

In the first three quarters under review, the following affiliates completed their liquidation:

Name	Address	Capitalization or investments (million yen)	Main business	Voting rights ownership percentage	Relations
Consolidated Subsidiaries Nagasaki Shintomachi New Town Development Tokutei Mokuteki Kaisha	Minato, Tokyo	200	Residential Property Sales	100.0	Development of Nagasaki Shintomachi New Town Concurrent officers: –
Equity-Method Affiliates Crossfield Management Corporation	Chiyoda, Tokyo	10	Others	38.0	Development and management of Akihabara Crossfield (IT Center of it) Concurrent officers: 1

(Note) 1. Nagasaki Shintomachi New Town Development Tokutei Mokuteki Kaisha resolved to dissolve on April 1, 2011 and completed its liquidation on August 30, 2011.

2. Crossfield Management Corporation resolved to dissolve on March 31, 2011 and completed its liquidation on September 26, 2011.

3. In main business, the names in segment information are written.

Section 2 Business situation

1. Operating risks

In the first three quarters under review, no new operating risks emerged.

In addition, there were no significant changes in the operating risks described in the annual securities report for the previous fiscal year.

2. Significant management contracts

There was no significant management contracts determined or concluded in consolidated third quarter under review.

3. Analysis of financial position, operating results, and cash flows

The forward-looking statements in the following text are based on the judgments of the Group as of the date of the submission of the quarterly report.

(1) Financial results

During the first three quarters under review, the Japanese economy showed some signs of a moderate turnaround from the effects of the Great East Japan Earthquake, but continued to face difficult conditions, with the flattening out of exports due to a weaker rebound in overseas economies and a fall in corporate earnings and other factors. Although the economy is expected to remain buoyed moderately, backed by policy effects and other factors, downside risks to the economy remain, including constraints on power supply, the effects of the nuclear disaster, the downturn of overseas economies against a backdrop of the government debt problem in Europe, and fluctuations in foreign exchange rates and share prices.

In the office leasing market, the vacancy rate was high, and market rents continued to be weak, although the fall in rents was becoming smaller. In the condominium sales market, the buying motivation of consumers continued to rebound, supported by tax benefits and low interest rates, although the impact of the economic uncertainty on sales was a concern.

As a result, the Company posted a decrease in sales in the leasing business and the residential property sales business during the first three quarters under review. Overall, operating revenue amounted to ¥95,572 million (down ¥8,947 million, or 8.6% year on year), operating income was ¥20,237 million (down ¥998 million, or 4.7%), and ordinary income was ¥15,732 million (down ¥1,188 million, or 7.0%). Net income was ¥14,275 million (up ¥5,195 million, or 57.2%), as income after subtracting minority interests increased ¥5,850 million as a result of posting minus ¥8,383 million as income taxes-deferred (credit side) by reversing a portion of deferred tax assets and deferred tax liabilities in light of the introduction of a law revising corporate tax rates on December 2, 2011.

Operating revenue by business segment in the first three quarters under review is as follows. Operating revenue in each segment in the text include inter-segment internal revenues and transfers.

(i) Leasing Business

In the leasing business, operating revenue and operating income decreased from the year-ago period, due primarily to income including rent income from new properties such as Urbannet Shijo-Karasuma Building (Kyoto-shi, Kyoto) and other properties completed in the previous fiscal year and a fall in rent income from pre-existing properties.

Given that the average vacancy rate in the market for office buildings remained elevated, the average vacancy rate for office buildings owned by the Group in the five wards of central Tokyo fell from 3.6% at the end of March 2011 to 2.0% at the end of December 2011. The average vacancy rate nationwide was 5.7%, the same as the rate at the end of March 2011.

In the new building development business, projects in progress include Umekita (Osaka Station North District) Phase 1 Development Area Project (Osaka-shi, Osaka), Otemachi 1-Chome No. 2 Urban Area Redevelopment Project Type 1 (Chiyoda-ku, Tokyo), Urbannet Kanda Building (Chiyoda-ku, Tokyo), and Upper-Level Section Redevelopment Project associated with the reconstruction of the Shibaura Water Reclamation Center (Minato-ku, Tokyo). In the first three quarters under

review, an office building Urbannet Uchihonmachi Building (Osaka-shi, Osaka), a commercial and office building Urbannet Tenjin Building (Fukuoka-shi, Fukuoka), and UD Nakasu Building (Fukuoka-shi, Fukuoka) operated by a hotel operator and other were completed.

As a result of these activities, in the first three quarters under review, operating revenue of ¥68,364 million (down ¥1,303 million, or 1.9% year on year), operating expenses of ¥46,350 million (down ¥347 million, or 0.7%), and operating income of ¥22,014 million (down ¥955 million, or 4.2%) were recorded in the leasing business. The operating margin decreased to 32.2%, down from 33.0% for the year-ago period.

(ii) Residential Property Sales Business

With respect to the residential property sales business, a total of 246 condominiums completed in the first three quarters under review and previous fiscal years were delivered in the first three quarters under review. During this period, WELLITH Tokumaru (Itabashi-ku, Tokyo) and other condominiums were completed, and the Company commenced sales of WELLITH Bunkyo Honkomagome (Bunkyo-ku, Tokyo), Grand Front Osaka Owner's Tower (Osaka-shi, Osaka) and other condominiums. In terms of detached houses, WELLITH Park Minami-Nagasaki (Nagasaki-shi, Nagasaki), and with respect to building lot sales, Common Stage Korigaoka (Hirakata-shi, Osaka) and others were delivered.

In the residential property sales business, operating revenue and operating income declined from the year-ago period, mainly because of a decline in the number of condominiums delivered.

As a result, the Company posted operating revenue of ¥15,282 million (down ¥11,743 million, or 43.5% year on year), operating expenses of ¥14,430 million (down ¥10,519 million, or 42.2%), and operating income of ¥852 million (down ¥1,224 million, or 59.0%). The operating margin decreased to 5.6%, down from 7.7% for the year-ago period.

(iii) Other

Operating revenue in other business in the first three quarters under review were ¥15,685 million (up ¥4,215 million, or 36.8% year on year), and operating income was ¥2,155 million (up ¥1,328 million, or 160.4%), primarily reflecting the posting of sales from Otemachi 1-Chome No. 2 Urban Area Redevelopment Project Type 1, to which the percentage of completion method is applied.

(2) Operational and financial challenges to meet

In the first three quarters under review, there were no significant changes in challenges facing the Group.

(3) Research and development

Not applicable.

(4) Operating revenue

The table below shows operating revenue by business segment in the first three quarters under review. Operating revenue in each segment in the text include inter-segment internal revenues and transfers. (Million yen)

Business segment	Consolidated first three quarters (From April 1, 2011 to December 31, 2011)	Year on year (%)
Leasing Business	68,364	98.1
Residential Property Sales Business	15,282	56.5
Total operating revenue in reported segments	83,647	86.5
Other	15,685	136.8
Eliminations	(3,760)	—
Total	95,572	91.4

(Note) 1. The numbers do not include consumption tax. Operating revenue of each segment include inter-segment internal revenues and transfers.

2. "Eliminations" refers to internal revenues and transfers duplicated in more than one segment.

The following shows breakdowns of operating revenue in the leasing business and residential property sales business, major businesses of the Group:

Leasing Business

The table below shows operating revenue etc. by use of property in the leasing business. All figures are consolidated results.

(Million yen)

Classification		Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)	Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
Office/Commercial	Sales	64,696	63,700
	Rentable area	1,149,394 m ² (Of the above, sub-leases: 16,326 m ²)	1,172,915 m ² (Of the above, sub-leases: 16,326 m ²)
Residential/Other	Sales	4,971	4,663
Total operating revenue		69,667	68,364

(Note) 1. "Rentable area" figures are as of the end of December.

2. The rentable 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 2010	March 2011	June 2011	September 2011	December 2011
Central Tokyo (Tokyo 5 wards)	3.7%	3.6%	3.7%	2.7%	2.0%
Nationwide	6.4%	5.7%	6.0%	5.7%	5.7%

(Note) 1. The numbers above are vacancy rates as of the end of each month.

2. Tokyo 5 wards are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku.

Residential Property Sales Business

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

Classification		Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)		Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)	
		Units/Lots	Sales (million yen)	Units/Lots	Sales (million yen)
Condominiums					
Units delivered	Tokyo region	307	14,687	190	9,016
	Other regions	121	3,721	55	3,229
Completed in inventory		117	—	78	—
Building Lots					
Lots delivered	Tokyo region	12	1,604	6	281
	Other regions	300	4,700	22	2,754
Completed in inventory		23	—	16	—
Residential (Condominiums/Building lots)					
Units/Lots delivered	Tokyo region	319	16,292	196	9,298
	Other regions	421	8,421	77	5,984
Completed in inventory		140	—	94	—
Other					
Units/Lots delivered	Tokyo region	—	—	—	—
	Other regions	1	2,312	—	—
Completed in inventory		—	—	—	—
Grand total (Sales)		—	27,026	—	15,282

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

2. "Completed in inventory" figures are as of the end of December of each fiscal year. The condominiums completed in inventories for the previous consolidated first three quarters and the consolidated first three quarters under review include 29 units and 13 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The building lots completed in inventories for the consolidated first three quarters under review include 5 lots, for which a contract has been completed but ownership has not yet been transferred.
3. Of the building lots delivered in the previous consolidated first three quarters, 111 lots (collectively worth ¥3,092 million) were delivered through sales of lands. Of the building lots delivered in the consolidated first three quarters under review, 5 lots (collectively worth ¥2,211 million) were delivered through sales of lands.
4. "Other" in the previous consolidated first three quarters includes the sale of a condominium (apartment building).
5. The Tokyo region includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

(5) Facilities

Major changes to the Group's main facilities during the consolidated first three quarters under review are as follows.

The following facility has been completed during the consolidated first three quarters under review.

Name (Location)	Business segment	Primary use	Structure	Area (m ²)		Acquisition prices (million yen)				Completed
				Building	Land	Building, etc.	Land	Other	Total	
Nakasu Project (tentative name) (UD Nakasu Building) (Hakata, Fukuoka)	Leasing Business	Commercial	Reinforced concrete structure; 14 floors above ground	9,515	1,738	2,217	138	105	2,461	September 2011

(6) Factors affecting financial results and situation of and outlook for management strategy

In the leasing business, operating revenue and operating income declined year on year in the first three quarters under review, due primarily to a fall in rent income. In the leasing market, the vacancy rate remains high and the pressure to cut rents continues, although moves to relocate to younger buildings and more affordable buildings were observed. The sense of uncertainty about the future of the Japanese economy continues, given risks such as the downturn of overseas economies and the appreciation of the yen. Nonetheless, we will strive to secure sales through measures such as maintaining and improving the occupancy rate by strengthening our sales force, reinforcement of relations with tenants, and implementing strategic renewal.

In the residential property sales business, operating revenue and operating income fell year on year in the first three quarters under review, mainly because of a decline in the number of condominiums delivered. Although the impact of the uncertain economy on sales is a concern in the overall condominium sales market, we believe that demand for condominiums for purchase and replacement is firm, underpinned by tax benefits and low interest rates. The Company will seek to create stable income through the acquisition of carefully selected sites for condominiums and other properties, and through the provision of high-quality housing in which high asset values can be maintained indefinitely.

(7) Analysis of financial resources for capital and liquidity of funds

The Company raised funds through borrowings from financial institutions and issuance of corporate bonds in the first three quarters under review in response to capital needs, including the repayment of borrowings, operating funds, and investments.

(8) Basic policy on the control of the Stock Company

Since the parent company holds more than 50% of the voting rights, the Company has not established any basic policy relating to the Stock Company and has not introduced any takeover defense.

Section 3 Situation of submitting company

1. Shares of the Company

(1) Total number of shares and other information

(i) Total number of shares

Type	Total number of shares authorized to be issued by the Company
Common stocks	10,500,000
Total	10,500,000

(ii) Shares issued

Type	Number of shares issued at end of the third quarter (December 31, 2011)	Number of shares issued on the date of submission (February 6, 2012)	Stock exchange or registered financial instruments dealers association	Remarks
Common stocks	3,291,200	3,291,200	The First Section of the Tokyo Stock Exchange	The Company does not employ a share unit system.
Total	3,291,200	3,291,200	—	—

(Note) The number of shares issued includes 306,300 shares of an investment in kind (with buildings, etc. of ¥927 million and land (89,492 m²) of ¥2,144 million yen).

(2) Stock acquisition rights

Not applicable.

(3) Exercise of bonds with subscription rights to shares with amendments to exercise prices

Not applicable.

(4) Features of rights plan

Not applicable.

(5) Changes in number of shares outstanding and capital

Date	Change in number of shares outstanding (shares)	Number of shares outstanding (shares) at end of period	Change in capital (million yen)	Capital at end of period (million yen)	Change in capital reserves (million yen)	Capital reserves at end of period (million yen)
From October 1, 2011 to December 31, 2011	—	3,291,200	—	48,760	—	34,109

(6) Major shareholders

There are no items to state as the quarter under review is the third quarter.

(7) Voting rights

Since the Company cannot confirm the contents of the shareholder register as of the end of the third quarter under review, it cannot describe voting rights as of that date. The Company describes voting rights based on the shareholder register as of the latest base date (September 30, 2011) instead.

(i) Shares issued

As of December 31, 2011

Classification	Number of shares	Number of voting rights	Remarks
Nonvoting shares	—	—	—
Shares with limited voting rights (treasury stock)	—	—	—
Shares with limited voting rights (other shares)	—	—	—
Shares with complete voting rights (treasury stock)	—	—	—
Shares with complete voting rights (other shares)	Common stocks 3,291,200	3,291,200	—
Fractional shares	—	—	—
Total number of shares issued	3,291,200	—	—
Number of voting rights of all shareholders	—	3,291,200	—

(Note) Shares with complete voting rights (other shares) include 8 shares under the name of the Japan Securities Depository Center. The number of voting rights includes 8 shares with complete voting rights under the name of the Japan Securities Depository Center.

(ii) Treasury stock

As of December 31, 2011

Owner	Address of owner	Number of shares held under the owner's own name (shares)	Number of shares held under the name of any other person (shares)	Total number of shares held (shares)	Ratio of holdings to the number of shares issued (%)
—	—	—	—	—	—
Total	—	—	—	—	—

2. Officers

Change in the officers after the submission of the Annual Securities Report for the previous fiscal year up to the submission of this quarterly report is as follows:

Changes in titles

New titles	New job titles	Former titles	Former job titles	Name	Date of change
Senior Executive Director	Senior Executive Manager of the Building Service Headquarters	Senior Executive Director	Senior Executive Manager of the Building Service Headquarters and Senior Executive Manager of the Solution Business Headquarters	Hideo Osawa	July 1, 2011
Senior Director	Senior Executive Manager of the Assets Solution Promotion Department, and in charge of the Tokai Branch Office, the Chugoku Branch Office, the Kyushu Branch Office, and the Hokkaido Branch Office	Senior Director	Deputy Senior Executive Manager of the Solution Business Headquarters, and the Senior Executive Manager of the Solution Business Department 1 and 2 of the Solution Business Headquarters, and in charge of the Tokai Branch Office, the Chugoku Branch Office, the Kyushu Branch Office, and the Hokkaido Branch Office	Akiyoshi Kitamura	July 1, 2011

Section 4 Financial status

1. Methods of preparing quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared under the Regulations Concerning the Terminology, Forms, and Preparation Methods of the Quarterly Consolidated Financial Statements (Cabinet Ordinance No. 64 of 2007).

2. Audit certification

Under the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements of the Company for the third quarter under review (from October 1, 2011 to December 31, 2011) and for the first three quarters under review (from April 1, 2011 to December 31, 2011) have received a quarterly review by KPMG AZSA LLC.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (March 31, 2011)	Consolidated first three quarters (December 31, 2011)
Assets		
Current assets		
Cash and deposits	10,270	12,477
Notes and operating accounts receivable	6,458	9,437
Real estate for sale	7,630	14,131
Real estate for sale in process	72,648	84,105
Costs on uncompleted construction contracts	269	387
Raw materials and supplies	63	47
Lease investment assets	2,394	3,195
Deposits paid	8,417	538
Deferred tax assets	1,723	1,233
Other	3,887	5,911
Allowance for doubtful accounts	(2)	(2)
Total current assets	113,762	131,463
Non-current assets		
Property, plant and equipment		
Buildings and structures	683,708	693,032
Accumulated depreciation	(354,323)	(367,089)
Buildings and structures (net)	329,385	325,942
Machinery, equipment and vehicles	13,500	13,739
Accumulated depreciation	(11,368)	(11,737)
Machinery, equipment and vehicles (net)	2,132	2,002
Land	400,206	401,644
Lease assets	651	532
Accumulated depreciation	(448)	(367)
Lease assets (net)	203	165
Construction in progress	9,718	12,020
Other property, plant and equipment	14,823	15,260
Accumulated depreciation	(11,205)	(11,893)
Other property, plant and equipment (net)	3,618	3,367
Total property, plant and equipment	745,265	745,143
Intangible assets	4,969	4,761
Investments and other assets		
Investment securities	21,150	20,551
Long-term prepaid expenses	17,982	17,503
Deferred tax assets	373	351
Other	6,990	6,095
Allowance for doubtful accounts	(0)	—
Total investments and other assets	46,495	44,501
Total non-current assets	796,729	794,406
Total assets	910,492	925,869

(Million yen)

	Previous consolidated fiscal year (March 31, 2011)	Consolidated first three quarters (December 31, 2011)
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	8,083	6,944
Short-term loans payable	—	7,046
Lease obligations	101	76
Current portion of long-term loans payable	67,360	71,872
Current portion of bonds	1,611	1,611
Income taxes payable	5,662	873
Provision for loss on disaster	574	535
Other	21,428	19,966
Total current liabilities	104,822	108,927
Non-current liabilities		
Bonds payable	123,704	137,492
Long-term loans payable	295,102	293,117
Lease obligations	196	156
Lease and guarantee deposits received	88,081	86,054
Negative goodwill	30,186	28,848
Deferred tax liabilities	68,644	59,927
Provision for retirement benefits	5,889	6,075
Provision for directors' retirement benefits	121	98
Provision for loss on warranty	60	—
Asset retirement obligations	2,737	3,027
Other	159	133
Total non-current liabilities	614,886	614,933
Total liabilities	719,709	723,861
Net assets		
Shareholders' equity		
Capital stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	72,628	82,955
Total shareholders' equity	155,498	165,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257	(437)
Foreign currency translation adjustment	(221)	(1,198)
Total accumulated other comprehensive income	36	(1,635)
Minority interests	35,248	37,818
Total net assets	190,783	202,008
Total liabilities and net assets	910,492	925,869

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

Consolidated first three quarters	(Million yen)	
	Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)	Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
Operating revenue	104,520	95,572
Operating cost	71,248	65,087
Operating gross profit	33,271	30,485
Selling, general and administrative expenses	12,035	10,247
Operating income	21,236	20,237
Non-operating income		
Interest income	47	46
Dividends income	36	63
Amortization of negative goodwill	1,444	1,444
Equity in earnings of affiliates	136	98
Other	254	132
Total non-operating income	1,920	1,785
Non-operating expenses		
Interest expenses	5,982	5,954
Other	252	336
Total non-operating expenses	6,235	6,290
Ordinary income	16,921	15,732
Extraordinary income		
Gain on sales of non-current assets	204	—
Gain on reversal of provision for loss on warranty	—	60
Total extraordinary income	204	60
Extraordinary loss		
Loss on sales of non-current assets	8	—
Loss on retirement of non-current assets	560	1,216
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,001	—
Loss on disaster	—	276
Total extraordinary losses	1,570	1,493
Income before income taxes and minority interests	15,555	14,299
Income taxes	5,370	(3,488)
Income before minority interests	10,185	17,787
Minority interests in income	1,105	3,511
Net income	9,079	14,275

Quarterly consolidated statements of comprehensive income

Consolidated first three quarters

(Million yen)

	Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)	Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
Income before minority interests	10,185	17,787
Other comprehensive income		
Valuation difference on available-for-sale securities	234	(700)
Foreign currency translation adjustment	(137)	(977)
Total other comprehensive income	97	(1,677)
Comprehensive income	10,282	16,109
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,177	12,604
Comprehensive income attributable to minority interests	1,105	3,505

Changes in the scope of consolidation or the scope of application of the equity method

	Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
1. Significant changes in the scope of consolidation	<p>(1) As Nagasaki Shintomachi New Town Development Tokutei Mokuteki Kaisha resolved to dissolve on April 1, 2011 and completed its liquidation on August 30, 2011, it was eliminated from the scope of consolidation in the consolidated second quarter.</p> <p>(2) As UD AUSTRALIA PTY LIMITED was newly established, it is included in the scope of consolidation in the consolidated third quarter under review.</p>
2. Significant changes in the scope of application of the equity method	<p>(1) As Crossfield Management Corporation resolved to dissolve on March 31, 2011 and completed its liquidation on September 26, 2011, it was eliminated from the scope of application of the equity method in the consolidated second quarter.</p> <p>(2) Although the Company invested in 335 GRICES ROAD PTY LTD in the third quarter under review, it is not included in the scope of application of the equity method since it had been just established and its accounting term had not ended.</p>

Additional information

Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
<p>(Application of the Accounting Standard for Accounting Changes and Error Corrections, etc.)</p> <p>The Company applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24 issued on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 issued on December 4, 2009) to reflect accounting changes made after the beginning of the first quarter of this fiscal year and the correction of past errors.</p> <p>(Effect of Changes in Corporate Tax Rates, etc.)</p> <p>Following the introduction on December 2, 2011 of the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures (Act No. 114 of 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011), corporate tax rates will be reduced and the special reconstruction corporate tax will be imposed for the fiscal years beginning on or after April 1, 2012. In line with these changes, the effective corporate tax rate used to measure deferred tax assets and liabilities will be changed from 40.69% to 38.01% for temporary differences expected to be eliminated from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014. The rate will be changed to 35.64% for temporary differences expected to be eliminated in or after the fiscal year beginning on April 1, 2015. As a result of this change, the amount of deferred tax liabilities (the amount after subtracting the amount of deferred tax assets) will decrease ¥8,347 million, and ¥8,383 million of income taxes-deferred (credit side) is recorded.</p> <p>Income taxes-deferred is stated as income taxes together with income taxes-current.</p>

Notes

(Quarterly consolidated statements of cash flows)

The consolidated statement of cash flows for the first three quarters under review has not been prepared. Depreciation and amortization (including the depreciation and amortization of intangible assets other than goodwill) and the amortization of goodwill and negative goodwill for the first three quarters are as follows:

(Million yen)

Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)		Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)	
Depreciation and amortization	17,324	Depreciation and amortization	18,337
Amortization of goodwill	106	Amortization of goodwill	106
Amortization of negative goodwill	1,444	Amortization of negative goodwill	1,444

(Shareholders' equity)

I. Previous consolidated first three quarters (from April 1, 2010 to December 31, 2010)

Dividends paid

(Resolution)	Type of shares	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 18, 2010	Common stocks	1,974	Retained earnings	600	March 31, 2010	June 21, 2010
Board of Directors meeting on November 8, 2010	Common stocks	1,974	Retained earnings	600	September 30, 2010	December 3, 2010

II. Consolidated first three quarters under review (from April 1, 2011 to December 31, 2011)

Dividends paid

(Resolution)	Type of shares	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 21, 2011	Common stocks	1,974	Retained earnings	600	March 31, 2011	June 22, 2011
Board of Directors meeting on November 7, 2011	Common stocks	1,974	Retained earnings	600	September 30, 2011	December 5, 2011

(Segment information, etc.)

Segment information

I. Previous consolidated first three quarters (from April 1, 2010 to December 31, 2010)

1. Information on operating revenue and profits or losses by reported segment

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statement of income (Note 3)
	Leasing	Residential property sales	Total				
Operating revenue							
Operating revenue from third parties	69,093	27,026	96,120	8,399	104,520	—	104,520
Inter-segment internal revenues and transfers	573	—	573	3,070	3,644	(3,644)	—
Total	69,667	27,026	96,694	11,470	108,164	(3,644)	104,520
Total Segment profits	22,970	2,076	25,046	827	25,874	(4,638)	21,236

(Note) 1. Other is the business segment that is not included in the reported segments. It includes office building maintenance and air-conditioning services associated with the leasing segment, construction for leasing buildings upon requests from tenants for office renovation, and management of restaurant facilities as incidental facilities of office buildings.

2. Adjustment of ¥4,638 million in segment profits includes elimination of inter-segment transactions of ¥44 million and company-wide expenses of ¥4,593 million which is not allotted to the reported segments. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

3. Segment profits are adjustment of operating income reported on consolidated statement of income.

2. Information on impairment loss of non-current assets, goodwill and other information in reported segments

Not applicable

II. Consolidated first three quarters under review (from April 1, 2011 to December 31, 2011)

1. Information on operating revenue and profits or losses by reported segment

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statement of income (Note 3)
	Leasing	Residential property sales	Total				
Operating revenue							
Operating revenue from third parties	67,803	15,282	83,086	12,486	95,572	—	95,572
Inter-segment internal revenues and transfers	561	—	561	3,199	3,760	(3,760)	—
Total	68,364	15,282	83,647	15,685	99,333	(3,760)	95,572
Total Segment profits	22,014	852	22,866	2,155	25,022	(4,784)	20,237

(Note) 1. Other is the business segment that is not included in the reported segments. It includes office building maintenance and air-conditioning services associated with the leasing segment, construction for leasing buildings upon requests from tenants for office renovation, and management of restaurant facilities as incidental facilities of office buildings.

2. Adjustment of ¥4,784 million in segment profits includes elimination of inter-segment transactions of ¥70 million and company-wide expenses of ¥4,714 million which is not allotted to the reported segments. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

3. Segment profits are adjustment of operating income reported on consolidated statement of income.

2. Information on impairment loss of non-current assets, goodwill and other information in reported segments

Not applicable

(Per-share information)

The amount of net income per share and the basis for calculation are as follows:

	Previous consolidated first three quarters (From April 1, 2010 to December 31, 2010)	Consolidated first three quarters under review (From April 1, 2011 to December 31, 2011)
Net income per share	¥2,758.82	¥4,337.57
(Basis for calculation)		
Net income (million yen)	9,079	14,275
Amount not attributable to common stockholders (million yen)	—	—
Net income relating to common stock (million yen)	9,079	14,275
Average number of shares during the period	3,291,200	3,291,200

(Note) Since there is no potential dilution, diluted net income per share is omitted.

(Significant subsequent events)

Not applicable.

2. Other

The Company decided on interim dividends for the current fiscal year at a meeting of the Board of Directors held on November 7, 2011 as follows:

(a) Total amount of interim dividends: 1,974 million yen

(b) Amount per share: ¥600.00

(c) Effective date of payment requests and first payment date: December 5, 2011

(Note) Dividends were paid to shareholders listed or recorded on the shareholder register as of September 30, 2011.

Chapter 2 Information on the Guarantee Company of the Submitting Company

Not applicable.