

English translation based on Japanese original

Quarterly report

(Second Quarter of 26th term)

From July 1, 2010 to September 30, 2010

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	November 9, 2010
Quarterly accounting period	Second quarter of 26th term (from July 1, 2010 to September 30, 2010)
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
Address of home office	4-14-1, Sotokanda, Chiyoda-ku, Tokyo
Telephone number	+81-3-6811-6300 (key number)
Contact person	Satoshi Shinoda, Senior Director, Senior Executive Manager, Accounting and Finance Department
Nearest contact point	4-14-1, Sotokanda, Chiyoda-ku, Tokyo
Telephone number	+81-3-6811-6424
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	25th term Consolidated first half	26th term Consolidated first half	25th term Consolidated second quarter	26th term Consolidated second quarter	25th term
Account period	(From April 1, 2009 to September 30, 2009)	(From April 1, 2010 to September 30, 2010)	(From July 1, 2009 to September 30, 2009)	(From July 1, 2010 to September 30, 2010)	(From April 1, 2009 to March 31, 2010)
Net Sales (million yen)	67,631	72,048	35,046	40,120	149,224
Ordinary income/loss (million yen)	761	11,560	(5,036)	5,815	10,215
Net income/loss (million yen)	(6,187)	6,045	(9,502)	3,283	6,116
Net assets (million yen)	–	–	175,309	189,727	185,537
Total assets (million yen)	–	–	922,219	907,594	916,725
Net assets per share (yen)	–	–	42,521.91	46,867.26	45,646.72
Net income/loss per share (yen)	(1,880.04)	1,836.72	(2,887.21)	997.71	1,858.48
Net income per share (fully diluted) (yen)	–	–	–	–	–
Ratio of shareholders' equity to assets (%)	–	–	15.2	17.0	16.4
Cash flows from operating activities (million yen)	23,790	32,867	–	–	35,168
Cash flows from investing activities (million yen)	(10,386)	(18,135)	–	–	6,695
Cash flows from financing activities (million yen)	(11,961)	(15,734)	–	–	(30,028)
Cash and cash equivalents at the end of the term (million yen)	–	–	10,134	19,500	20,508
Number of employees	–	–	671	722	673

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

2. Net sales do not include consumption tax.

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

2. Businesses

In the second quarter under review, there were no significant changes in the major operations managed by the NTT Urban Development Group (the Company and its affiliates). In addition, there was no significant change in major affiliates.

3. Situations of affiliates

No change in significant affiliates.

4. Employees

(1) Group employees

As of September 30, 2010

Number of employees	722 (252)
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(Note) The number of employees is the number of people employed by the consolidated companies (excluding workers on loan transferred out of the consolidated companies and including workers on loan transferred to the consolidated companies). The figure in parenthesis is the average number of temporary employees in the second quarter under review, which is not included in the number of employees.

(2) Employees of the submitting company

As of September 30, 2010

Number of employees	448 (18)
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(Note) The number of employees is the number of people employed by the Company (excluding workers on loan transferred from the Company and including workers on loan transferred to the Company). The figure in parenthesis is the average number of temporary employees in the second quarter under review, which is not included in the number of employees.

Section 2 Business situation

1. Net sales

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

(Million yen)

Business segment	Consolidated second quarter (From July 1, 2010 to September 30, 2010)	Year on year (%)
Leasing	23,522	94.1
Residential Property Sales	12,751	168.4
Total net sales in reported segments	36,273	111.4
Other	4,967	132.2
Eliminations	(1,120)	–
Total	40,120	114.5

(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.

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

(1) Leasing Business

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

Classification		Previous second quarter (From July 1, 2009 to September 30, 2009)	Second quarter under review (From July 1, 2010 to September 30, 2010)
Office/Retail	Sales (million yen)	23,201	21,805
	Rentable area	1,175,664 m ² (Of the above, sub-leases: 21,374 m ²)	1,139,997 m ² (Of the above, sub-leases: 16,326 m ²)
Residential/Other	Sales (million yen)	1,792	1,717
Total net sales (million yen)		24,994	23,522

(Notes) 1. “Rentable areas” figures are as of September 30.

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	September 2009	December 2009	March 2010	June 2010	September 2010
Central Tokyo (Tokyo 5 wards)	4.9%	5.5%	6.5%	4.9%	4.1%
Nationwide	5.0%	4.8%	6.4%	6.2%	6.0%

(Note) 1. Vacancy rates are as of the end of each month.

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

(2) Residential Property Sales Business

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

(Million yen /Units)

Classification		Previous second quarter (From July 1, 2009 to September 30, 2009)		Second quarter under review (From July 1, 2010 to September 30, 2010)	
		Units/Lots	Sales	Units/Lots	Sales
Condominiums					
Units delivered	Tokyo region	113	2,846	222	10,840
	Other regions	48	1,720	29	1,050
Completed in inventory		444	—	163	—
Building Lots					
Lots delivered	Tokyo region	—	3	8	355
	Other regions	82	3,001	10	171
Completed in inventory		56	—	30	—
Residential (Condominiums/Building lots)					
Units/Lots delivered	Tokyo region	113	2,850	230	11,196
	Other regions	130	4,721	39	1,222
Completed in inventory		500	—	193	—
Other					
Units/Lots delivered	Tokyo region	—	—	—	332
	Other regions	—	—	—	—
Completed in inventory		—	—	—	—
Grand total (Sales)		—	7,571	—	12,751

- (Notes)
- For joint projects, the number of units, corresponding to the Company's share in the project, is rounded down to the nearest unit.
 - "Completed in inventories" figures are as of the end of September of each fiscal year. The condominiums completed in inventories for the previous second quarter and the second quarter under review include 145 units and 33 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The building lots completed in inventories for the previous second quarter and the second quarter under review include 33 lots and 1 lot, respectively, for which a contract has been completed but ownership has not yet been transferred.
 - Of the building lots delivered in the previous second quarter, 36 lots (collectively worth ¥2,413 million) were delivered through sales of lands. Of the building lots delivered in the second quarter under review, 6 lots (collectively worth ¥50 million) were delivered through sales of lands.
 - The Tokyo region includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

2. Operating risks

In the second quarter 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.

3. Significant management contracts

There was no significant management contracts determined or concluded in the second quarter under review.

4. 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

The Japanese economy struggled during the second quarter under review, evidenced by moderate deflation, which caused prices to fall, and high unemployment rates. The employment situation will remain harsh, and there are risks that could depress the economy, including concerns about declines in overseas economies and fluctuations in exchange rates. However, the economy is expected to recover, with the support of government policy and other factors.

In the office leasing market, despite an improvement in the vacancy rate for large office buildings in the five wards of central Tokyo, the average vacancy rate remained high, in the 9% range, and market rents were weak. The condominium sales market is expected to stage a solid rebound with a recovery in sales, especially in central Tokyo, and with progress in inventory adjustments.

As a result, the Company registered a decrease in sales in the leasing business and an increase in sales in the residential property sales business during the second quarter under review. Overall, net sales amounted to ¥40,120 million (up ¥5,074 million, or 14.5% year on year), operating income was ¥7,403 million (operating loss of ¥3,406 million for the second quarter of the preceding fiscal year), and ordinary income was ¥5,815 million (ordinary loss of ¥5,036 million for the second quarter of the year-ago period). Net income stood at ¥3,283 million (net loss of ¥9,502 million for the year-ago period).

Net sales by business segment in the second quarter under review are as follows. Net sales in each segment in the text include inter-segment internal revenues and transfers.

(i) Leasing Business

In the leasing business, net sales and operating income declined from the year-ago period, reflecting a fall in rent income from existing properties and the effect of the sale of properties in the previous fiscal year, despite rent income from new properties acquired in the second quarter under review and new properties completed in the fiscal year ended March 31, 2010, including Otemachi 1-Chome Urban Area Redevelopment Project Type 1 (Chiyoda-ku, Tokyo).

With an improvement in the vacancy rate for large office buildings in the five wards of central Tokyo, the average vacancy rate for office buildings owned by the Group in the five wards of central Tokyo fell from 4.9% at the end of June 2010 to 4.1% at the end of September 2010. The average vacancy rate nationwide decreased from 6.2% at the end of June 2010 to 6.0% at the end of September 2010.

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

As a result of these activities, in the second quarter under review, net sales of ¥23,522 million (down ¥1,472 million, or 5.9%), operating expenses of ¥15,437 million (down ¥1,085 million, or 6.6%), and operating income of ¥8,084 million (down ¥386 million, or 4.6%) were recorded in the leasing business. The operating income margin ratio in the second quarter increased to 34.4%, from 33.9% for the year-ago period.

(ii) Residential Property Sales Business

With respect to the residential property sales business, a total of 251 condominiums were delivered in the second quarter under review, including Wellith Takanawa (Minato-ku, Tokyo), which was completed in the second quarter, and other properties completed in previous fiscal years. During this period, the Company began sales of Wellith Tezukayama (Osaka-shi, Osaka) and other condominiums. In terms of detached houses, Wellith Court Honfujisawa (Fujisawa-shi, Kanagawa) was sold. With respect to building lot sales, Common Stage Korigaoka (Osaka-shi, Osaka) was delivered.

With an increase in the number of units delivered and the sale of land, the Company posted net sales of ¥12,751 million (up ¥5,179 million, or 68.4% year on year) for the second quarter under review. It also recorded operating expenses of ¥12,195 million (down ¥6,102 million, or 33.4%) and operating income of ¥555 million (operating loss of ¥10,726 million for the second quarter of the preceding fiscal year).

(iii) Other

Net sales in other business in the second quarter under review, were ¥4,967 million (rose ¥1,210 million, or 32.2% year on year), and operating income was ¥315 million (up ¥95 million, or 43.4%).

(2) Qualitative Information on Consolidated Financial Position

1) Consolidated balance sheet

Assets, liabilities, and net assets at the end of the second quarter under review rose from the end of the previous term.

(Assets)

Total assets were ¥907,594 million (up ¥5,835 million from the end of the previous term).

Current assets were ¥111,917 million (up ¥5,584 million), primarily reflecting an increase in notes and accounts receivable, trade of ¥3,494 million.

Fixed assets were ¥795,677 million (up ¥250 million).

(Liabilities)

Total liabilities were ¥717,867 million (up ¥2,407 million).

Current liabilities were ¥90,015 million (up ¥2,979 million). Major factors included an increase of ¥5,712 million in accounts payable, trade, and a decrease of ¥3,999 million in commercial paper.

Long-term liabilities were ¥627,851 million (down ¥571 million).

Interest-bearing debt at the end of the second quarter under review was ¥483,709 million (down ¥2,361 million).

(Net assets)

Net assets were ¥189,727 million (up ¥3,427 million), reflecting a rise of ¥3,283 million in retained earnings.

2) Consolidated cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the second quarter under review rose ¥7,521 million from the end of the previous term, to ¥19,500 million. Free cash flows in the second quarter under review rose ¥1 million from the year-ago level, to ¥10,268 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 second quarter of the fiscal year:

(Cash flows from operating activities)

Cash provided by operating activities was ¥16,588 million, up ¥3,926 million year on year. An increase primarily in notes and accounts receivable of ¥3,494 million and interest expense of ¥2,180 million were more than offset by income before income taxes and minority interests of ¥5,689 million, depreciation and amortization of ¥5,675 million, and an increase in notes and accounts payable, trade of ¥5,712 million and other factors.

(Cash flows from investing activities)

Cash used in investing activities was ¥6,319 million, with outflow increasing ¥3,925 million year on year, reflecting decreases in cash including purchases of property, plant and equipment of ¥5,382 million.

(Cash flows from financing activities)

Cash used in financial activities was ¥2,744 million, with outflow decreasing ¥11,598 million year on year. This is primarily because proceeds from long-term borrowings of ¥3,000 million were outweighed by a decrease in commercial paper of ¥3,999 million and repayments of long-term borrowings of ¥959 million.

(3) Operational and financial challenges to meet

In the second quarter under review, there were no significant changes in challenges facing the Company.

(4) Research and development

Not applicable.

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

Although the vacancy rate ceased to rise in the second quarter under review, net sales and operating income declined year on year in the leasing business, reflecting falls in rents and the effect of the sale of properties in the previous fiscal year. With rents falling, some tenants started to show a willingness to move or expand their leased spaces. However, the average vacancy rate in the market remains high. The Company will continue to pay attention to the risk of falling sales associated with pressure to cut prices and rises in the vacancy rate.

In the residential property sales business, net sales and operating income rose year on year in the second quarter under review, reflecting a rise in the number of condominiums delivered and the sale of land. Although consumers are showing growing willingness to purchase condominiums and sales are strong, especially in urban areas, the overall condominium sales market has been unable to stage a full recovery. The Company will continue to take steps to reduce inventories by selling properties for sale early and developing business using land it owns. In purchasing new land and properties, the Company will seek to improve profitability by carefully assessing areas and target customers.

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

The Company raised funds through borrowings from financial institutions in the second quarter under review in response to capital needs, including the repayment of borrowings, operating funds, and investments.

(7) 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 Facilities

(1) Situation of significant facilities

There were no changes in significant facilities in the second quarter under review.

(2) Plans to build and remove facilities

In the second quarter under review, there were no significant changes made in plans to build and remove important facilities from the end of the first quarter of this fiscal year. There were no plans adopted in the quarter to build, expand, renovate, remove, or sell important facilities.

Section 4 Situation of submitting company

1. Shares of the company

(1) Total number of shares and other information

(i) Total number of shares

Type	Number of shares issuable
Common stocks	10,500,000
Total	10,500,000

(ii) Shares issued

Type	Number of shares issued at end of second quarter (September 30, 2010)	Number of shares issued on the date of submission (November 9, 2010)	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 issued and outstanding shares 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 July 1, 2010 to September 30, 2010	—	3,291,200	—	48,760	—	34,109

(6) Major shareholders

As of September 30, 2010

Name	Address	Number of shares held	Ratio of holdings to the number of shares issued (%)
Nippon Telegraph and Telephone Corporation	2-3-1, Otemachi, Chiyoda-ku, Tokyo	2,214,815	67.30
CBNY ORBIS SICAV (Standing agency: Citibank Japan Ltd.)	31, Z. A. Bourmicht, L-8070 Bertranger Luxembourg (2-3-14, Higashi Shinagawa, Shinagawa-ku, Tokyo)	96,744	2.94
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	73,231	2.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	66,754	2.03
THE BANK OF NEW YORK – JASDEC TREATY ACCOUNT (Standing agency: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	Avenue Des Arts, 35 Kunstlaan, 1040 Brussels, Belgium (4-16-13, Tsukishima, Chuo-ku, Tokyo)	56,794	1.73
JP MORGAN CHASE BANK 380055 (Standing agency: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	270, Park Avenue, New York, NY 10017, United States of America (4-16-13, Tsukishima, Chuo-ku, Tokyo)	25,243	0.77
JP MORGAN CHASE BANK 380084 (Standing agency: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	125, London Wall, London, EC2Y 5AJ, United Kingdom (4-16-13, Tsukishima Chuo-ku, Tokyo)	24,995	0.76
BNY FOR TAX TREATY JASDEC OMNIBUS NO. 2 (Standing agency: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	The Bank of New York Brussels Br. 35 Avenue Des Arts B-1040 Brussels, Belgium (Transaction Services Division, 2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	22,291	0.68
STATE STREET BANK AND TRUST COMPANY 505225 (Standing agency: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	P.O.BOX 351, Boston, Massachusetts 02101, U.S.A. (4-16-13, Tsukishima Chuo-ku, Tokyo)	19,007	0.58
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT (Standing agency: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	Woolgate House, Coleman Street London EC2P 2HD, England (4-16-13, Tsukishima Chuo-ku, Tokyo)	17,146	0.52
Total	—	2,617,020	79.52

(Note) 1. All shares held by Japan Trustee Services Bank, Ltd. (Trust account) and The Master Trust Bank of Japan, Ltd. (Trust account) are those held under their trust operations (including securities investment trusts). They include 52,177 shares under the management of investment trusts, 50,887 shares under the management of pension trusts, and 36,921 shares under the management of other trusts.

2. The following institutions manage custody operations of shares mainly owned by Western institutional investors, as well as act as owners of shares on behalf of the relevant institutional investors; they are CBNY ORBIS SICAV, THE BANK OF NEW YORK - JASDEC TREATY ACCOUNT, JP MORGAN CHASE BANK 380055, JP MORGAN CHASE BANK 380084, BNY FOR TAX TREATY JASDEC OMNIBUS NO. 2, STATE STREET BANK AND TRUST COMPANY 505225, THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUN.

(7) Voting rights

(i) Shares issued

As of September 30, 2010

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 September 30, 2010

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. Trends in stock price

Highest and lowest stock prices of each month in the first half under review

Month	April 2010	May	June	July	August	September
Highest (yen)	92,000	92,300	80,000	74,300	72,100	71,400
Lowest (yen)	71,200	73,100	69,500	66,700	65,200	61,700

(Note) The highest and lowest stock prices above are those on the First Section of the Tokyo Stock Exchange.

3. 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 officers

New titles	New job titles	Former title	Former job titles	Name	Date of change
Senior Director	Deputy Senior Executive Manager, Solution Business Headquarters Senior Executive Manager, Solution Business Department 1 and 2 In charge of Commercial Properties Development Promotion Department and Tokai Branch, Chugoku Branch, Kyushu Branch, Hokkaido Branch Office	Senior Director	In charge of Commercial Properties Development Promotion Department and Tokai Branch, Chugoku Branch, Kyushu Branch, Hokkaido Branch Office	Hideki Tokunaga	July 1, 2010
Senior Director	Senior Executive Manager, Corporate Planning Department	Senior Director	Senior Executive Manager, Corporate Planning Department In charge of Accounting and Finance Department	Takahiro Okuda	July 1, 2010
Senior Director	Senior Executive Manager, Accounting and Finance Department	Senior Director	Deputy Senior Executive Manager, Solution Business Headquarters Senior Executive Manager, Solution Business Department 1 and 2	Satoshi Shinoda	July 1, 2010

Section 5 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; hereinafter “Regulations for Quarterly Consolidated Financial Statements”).

Consolidated financial statements for the second quarter for the previous year (from July 1, 2009 to September 30, 2009) and for the first half for the previous year (from April 1, 2009 to September 30, 2009) were prepared based on the Regulations for Quarterly Consolidated Financial Statements before the revision. Consolidated financial statements for the second quarter under review (from July 1, 2010 to September 30, 2010) and for the first half under review (from April 1, 2010 to September 30, 2010) were prepared based on the revised Regulations for Quarterly Consolidated Financial Statements.

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 second quarter for the previous year (from July 1, 2009 to September 30, 2009) and for the first half for the previous year (from April 1, 2009 to September 30, 2009) have received a quarterly review by KPMG AZSA & Co. The quarterly consolidated financial statements of the Company for the second quarter under review (from July 1, 2010 to September 30, 2010) and for the first half under review (from April 1, 2010 to September 30, 2010) have received a quarterly review by KPMG AZSA LLC.

KPMG AZSA & Co. became KMPG AZSA LLC, a limited liability audit corporation, on July 1, 2010.

1. Quarterly financial statements

(1) Quarterly consolidated balance sheet

(Million yen)

	At the end of second quarter (September 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and bank deposits	9,950	9,601
Notes and accounts receivable, trade	5,731	14,403
Property for sale	9,978	11,767
Property for sale in progress	68,320	69,622
Uncompleted construction expenditure	328	150
Raw materials and supplies	52	52
Leased investment assets	1,790	1,799
Deposits paid	10,722	12,029
Deferred tax assets	1,298	1,507
Other current assets	3,750	4,272
Less allowance for doubtful receivables	(6)	(6)
Total current assets	111,917	125,200
Fixed assets		
Property, plant and equipment		
Buildings and structures	677,283	672,971
Accumulated depreciation	(346,138)	(335,910)
Buildings and structures (net)	331,144	337,061
Machinery, equipment and vehicles	13,482	13,480
Accumulated depreciation	(11,270)	(11,062)
Machinery, equipment and vehicles (net)	2,212	2,418
Land	399,435	395,698
Leased assets	659	683
Accumulated depreciation	(470)	(523)
Leased assets (net)	188	160
Construction in progress	10,222	6,624
Other property, plant and equipment	14,139	13,997
Accumulated depreciation	(10,572)	(10,090)
Other property, plant and equipment (net)	3,567	3,907
Total property, plant and equipment	746,771	745,870
Intangible assets	3,808	3,416
Investments and other assets		
Investment securities	20,398	17,535
Long-term prepaid expenses	18,347	18,410
Deferred tax assets	357	332
Other	5,993	5,961
Less allowance for doubtful receivables	(0)	(0)
Total investments and other assets	45,096	42,238
Total fixed assets	795,677	791,525
Total assets	907,594	916,725

(Million yen)

	At the end of second quarter (September 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	7,795	6,287
Lease liabilities	114	130
Current portion of long-term debt (payment within one year)	54,981	44,339
Corporate bonds (must redeem within one year)	2,611	2,861
Commercial paper	–	4,999
Accrued income taxes	4,817	607
Provision for loss on warranty	–	553
Other current liabilities	19,695	25,194
Total current liabilities	90,015	84,973
Long-term liabilities		
Corporate bonds	114,514	115,318
Long-term debt	311,602	329,163
Financial lease obligations	186	157
Deposits from tenants	92,277	92,434
Negative goodwill	* ¹ 31,079	* ¹ 32,234
Deferred tax liabilities	69,258	70,854
Accrued employees' retirement benefits	5,935	5,734
Accrued directors' and corporate auditors' retirement benefits	102	88
Provision for loss on warranty	60	60
Other long-term liabilities	2,834	166
Total long-term liabilities	627,851	646,213
Total liabilities	717,867	731,187
Net assets		
Shareholders' equity		
Common stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	71,341	67,270
Total shareholders' equity	154,210	150,140
Accumulated gains from revaluation and translation adjustments		
Unrealized gains on available-for-sale securities, net of taxes	193	113
Foreign currency translation adjustment	(155)	(21)
Total valuation and translation adjustments	38	91
Minority interests	35,477	35,305
Total net assets	189,727	185,537
Total liabilities and net assets	907,594	916,725

(2) Quarterly consolidated statements of income
(Consolidated first half)

(Million yen)

	Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Net sales	67,631	72,048
Cost of sales	55,906	49,342
Gross profit	11,725	22,705
Selling, general and administrative expenses	* ¹ 7,859	* ¹ 8,319
Operating income	3,865	14,385
Non-operating income		
Interest income	32	32
Dividend income	17	26
Contributions	2	109
Amortization of negative goodwill	963	963
Equity in earnings of affiliates	71	81
Other	96	131
Total non-operating income	1,184	1,344
Non-operating expense		
Interest expense	4,121	3,979
Other	167	189
Total non-operating expenses	4,288	4,169
Ordinary income	761	11,560
Extraordinary income		
Gain on sales of fixed assets	50	204
Total extraordinary income	50	204
Extraordinary losses		
Loss on sales of fixed assets	57	8
Loss on disposals of fixed assets	384	396
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,001
Total extraordinary losses	442	1,406
Income before income taxes and minority interests	369	10,359
Corporate income taxes	* ² 5,882	* ² 3,635
Income before minority interests	–	6,723
Minority interests	675	678
Net income/loss	(6,187)	6,045

(Consolidated second quarter)

(Million yen)

	Previous consolidated second quarter (From July 1, 2009 to September 30, 2009)	Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
Net sales	35,046	40,120
Cost of sales	34,260	28,467
Gross profit	785	11,653
Selling, general and administrative expenses	*1 4,191	*1 4,250
Operating income/loss	(3,406)	7,403
Non-operating income		
Interest income	17	16
Contributions	–	32
Amortization of negative goodwill	481	481
Equity in earnings of affiliates	22	20
Other	33	20
Total non-operating income	555	571
Non-operating expense		
Interest expense	2,094	1,996
Other	90	163
Total non-operating expenses	2,185	2,159
Ordinary income/loss	(5,036)	5,815
Extraordinary income		
Gain on sales of fixed assets	50	0
Total extraordinary income	50	0
Extraordinary losses		
Loss on sales of fixed assets	57	–
Loss on disposals of fixed assets	145	126
Total extraordinary losses	203	126
Income/loss before income taxes and minority interests	(5,189)	5,689
Corporate income taxes	*2 3,976	*2 2,070
Income before minority interests	–	3,618
Minority interests	336	335
Net income/loss	(9,502)	3,283

(3) Quarterly consolidated statement of cash flows

	(Million yen)	
	Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	369	10,359
Depreciation and amortization	12,597	11,601
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,001
Amortization of negative goodwill	(963)	(963)
Amortization of goodwill	64	70
Decrease in allowance for doubtful receivables	(1)	(0)
Interest and dividends income	(50)	(58)
Interest expense	4,121	3,979
Equity in earnings of affiliates	(71)	(81)
Loss (gain) on sales of fixed assets	7	(196)
Loss on disposal of fixed assets	384	396
Decrease in notes and accounts receivable, trade	374	8,850
Decrease in inventories	14,134	2,903
Increase (decrease) in notes and accounts payable, trade	(2,698)	1,507
Increase (decrease) in deposits from tenants	1,898	(1,030)
Other	(1,573)	(650)
Sub-total	28,592	37,689
Interest and dividends received	78	95
Interest paid	(4,021)	(4,046)
Income taxes paid	(859)	(869)
Net cash provided by operating activities	23,790	32,867
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,875)	(15,006)
Proceeds from sales of property, plant and equipment	864	1,275
Purchases of investment securities	-	(3,127)
Proceeds from sales of investment securities	514	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(294)
Other	(888)	(982)
Net cash used in investing activities	(10,386)	(18,135)
Cash flows from financing activities		
Net decrease in short-term borrowings	(13,798)	-
Decrease in commercial paper	(9,994)	(4,999)
Proceeds from long-term borrowings	20,000	10,000
Repayments of long-term borrowings	(12,539)	(16,919)
Proceeds from issuance of corporate bonds	10,966	-
Payment of redemption of bonds	(3,755)	(1,055)
Cash dividends paid	(1,974)	(1,974)
Cash dividends paid to minority shareholders	(757)	(718)
Other	(107)	(67)
Net cash used in financing activities	(11,961)	(15,734)
Valuation and translation adjustment on cash and cash equivalents	-	(6)
Net increase (decrease) in cash and cash equivalents	1,442	(1,088)
Cash and cash equivalents at the beginning of the term	8,691	20,508
Cash and cash equivalents at the end of the term	* ¹ 10,134	* ¹ 19,500

Change in the basis for preparing quarterly consolidated financial statements

	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
1. Change in the scope of consolidation	<p>(1) Change in the scope of consolidation The Company acquired shares in Premier REIT Advisors Co., Ltd. and made it a consolidated subsidiary in the first quarter.</p> <p>(2) Number of consolidated subsidiaries after the change 12</p>
2. Change in accounting methods	<p>(1) Application of the Accounting Standards for Asset Retirement Obligations The Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) were applied from the first quarter of this fiscal year. As a result of the applications, operating income and ordinary income of the first half under review decreased ¥77 million, and income before income taxes and minority interests declined ¥1,079 million. The amount of change in asset retirement obligations due to the application of these accounting standards was ¥2,428 million.</p> <p>(2) Application of the Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method The Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24 on March 10, 2008) were applied from the first quarter of this fiscal year. The applications do not affect ordinary income or income before income taxes and minority interests.</p> <p>(3) Application of the Accounting Standard for Business Combinations and other standards The Accounting Standard for Business Combinations (ASBJ Statement No. 21 on December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23 on December 26, 2008), Accounting Standard for Business Divestitures (ASBJ Statement No. 7 on December 26, 2008), Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on December 26, 2008), and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 on December 26, 2008) were applied from the first quarter of this fiscal year.</p>

Changes in presentation

Consolidated first half under review (From April 1, 2010 to September 30, 2010)
<p>(Quarterly consolidated statements of income) Under the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), the Company has applied the Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5 on March 24, 2009). As a result, “income before minority interests” is included in the consolidated statements of income for the first half under review.</p>
Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
<p>(Quarterly consolidated statements of income) Under the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), the Company has applied the Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5 on March 24, 2009). As a result, “income before minority interests” is included in the consolidated statements of income for the second quarter under review.</p>

Application of simplified accounting treatment

	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
1. 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.
2. 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.

Notes

(Quarterly consolidated balance sheet)

At the end of second quarter (September 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
*1. Negative goodwill is presented as an amount of negative goodwill offset by goodwill. Before the offsetting, goodwill and negative goodwill are ¥2,634 million and ¥33,713 million, respectively.	*1. Negative goodwill is presented as an amount of negative goodwill offset by goodwill. Before the offsetting, goodwill and negative goodwill are ¥2,442 million and ¥34,677 million, respectively.

(Quarterly consolidated statements of income)

Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
*1 Major expenses included in selling, general and administrative expenses are as follows: Advertising expenses ¥1,031 million Salaries, allowances and bonuses ¥2,320 million Employees' retirement benefits ¥166 million Directors' and corporate auditors' retirement benefits ¥14 million Outsourcing ¥1,313 million Dues and taxes ¥890 million Transfer to allowance for bad debt ¥1 million	*1 Major expenses included in selling, general and administrative expenses are as follows: Advertising expenses ¥980 million Salaries, allowances and bonuses ¥2,420 million Employees' retirement benefits ¥166 million Directors' and corporate auditors' retirement benefits ¥18 million Outsourcing ¥1,600 million Dues and taxes ¥689 million Transfer to allowance for bad debt ¥2 million
*2 Taxes consist of corporate, inhabitant and enterprise taxes, and income tax adjustments.	*2 Taxes consist of corporate, inhabitant and enterprise taxes, and income tax adjustments.

Previous consolidated second quarter (From July 1, 2009 to September 30, 2009)	Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
*1 Major expenses included in selling, general and administrative expenses are as follows: Advertising expenses ¥723 million Salaries, allowances and bonuses ¥1,151 million Employees' retirement benefits ¥81 million Directors' and corporate auditors' retirement benefits ¥7 million Outsourcing ¥772 million Dues and taxes ¥416 million	*1 Major expenses included in selling, general and administrative expenses are as follows: Advertising expenses ¥751 million Salaries, allowances and bonuses ¥1,201 million Employees' retirement benefits ¥81 million Directors' and corporate auditors' retirement benefits ¥9 million Outsourcing ¥764 million Dues and taxes ¥336 million Transfer to allowance for bad debt ¥2 million
*2 Taxes consist of corporate, inhabitant and enterprise taxes, and income tax adjustments.	*2 Taxes consist of corporate, inhabitant and enterprise taxes, and income tax adjustments.

(Quarterly consolidated statement of cash flows)

Previous consolidated first half (From April 1, 2009 to September 30, 2009)		Consolidated first half under review (From April 1, 2010 to September 30, 2010)	
*1	Relationship between cash and cash equivalents at the end of the term and amounts in accounts included in quarterly consolidated balance sheets (as of September 30, 2009) Cash and bank deposits ¥10,309 million Time deposits deposited for more than three months (¥2,223 million) Short-term investments for less than three months included <u>in other current assets</u> ¥2,048 million Cash and cash equivalents ¥10,134 million	*1	Relationship between cash and cash equivalents at the end of the term and amounts in accounts included in quarterly consolidated balance sheets (as of September 30, 2010) Cash and bank deposits ¥9,950 million Time deposits deposited for more than three months (¥2,273 million) Short-term investment for less than three months included in “Deposits paid” in current assets 10,722 million Short-term investments for less than three months included <u>in other current assets</u> ¥1,100 million Cash and cash equivalents ¥19,500 million

(Shareholders' equity)

End of consolidated second quarter under review (September 30, 2010) and consolidated first half under review (from April 1, 2010 to September 30, 2010)

1. Type and number of issued shares

Common stocks 3,291,200 shares

2. Dividends

(1) 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

(2) Of dividends with a record date falling in the first half under review, those with an effective date falling after the end of the first half under review

(Resolution)	Type of shares	Total dividends (Million yen)	Money to pay dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on November 8, 2010	Common shares	1,974	Retained earnings	600	September 30, 2010	December 3, 2010

(Segment information)

Segment information by business

Previous consolidated second quarter (from July 1, 2009 to September 30, 2009) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to third parties	24,801	7,571	2,672	35,046	—	35,046
(2) Inter-segment internal revenues and transfers	192	—	1,084	1,277	(1,277)	—
Total	24,994	7,571	3,756	36,323	(1,277)	35,046
Operating income/loss	8,471	(10,726)	220	(2,034)	(1,371)	(3,406)

Previous consolidated first half (from April 1, 2009 to September 30, 2009) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to third parties	49,273	13,538	4,819	67,631	—	67,631
(2) Inter-segment internal revenues and transfers	376	—	2,031	2,407	(2,407)	—
Total	49,650	13,538	6,850	70,039	(2,407)	67,631
Operating income/loss	16,779	(10,749)	574	6,605	(2,739)	3,865

(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

Previous consolidated first half

(Change in standard for recording amount of completed work and cost of completed work)

The Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007) are applied beginning the first quarter. With the change, operating income rose ¥2 million in the other business.

Information by geographical segment

Previous consolidated second quarter (from July 1, 2009 to September 30, 2009) and previous consolidated first half (from April 1, 2009 to September 30, 2009)

Not applicable because there were no consolidated subsidiaries or important branches outside Japan.

Overseas sales

Previous consolidated second quarter (from July 1, 2009 to September 30, 2009) and previous consolidated first half (from April 1, 2009 to September 30, 2009)

Not applicable because there were no overseas sales.

Segment information

1. Overview of reported segments

Consolidated first half under review (from April 1, 2010 to September 30, 2010) and consolidated second quarter under review (from July 1, 2010 to September 30, 2010)

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has two reported segments: the leasing segment and the residential property sales segment.

In the leasing segment, the Company leases properties, including office buildings, commercial facilities, and rental housing, that it has developed and owns. In the residential property sales segment, the Company sells residential properties, especially condominiums.

2. Information on sales and profits or losses by reported segment

Consolidated first half under review (from April 1, 2010 to September 30, 2010) (Million yen)

	Reported segments			Other (Note)	Total
	Leasing	Residential property sales	Total		
Sales					
(1) Sales to third parties	46,156	19,893	66,050	5,997	72,048
(2) Inter-segment internal revenues and transfers	382	–	382	2,059	2,442
Total	46,539	19,893	66,433	8,057	74,490
Segment profits	15,496	1,539	17,036	498	17,534

Consolidated second quarter under review (from July 1, 2010 to September 30, 2010)

(Million yen)

	Reported segments			Other (Note)	Total
	Leasing	Residential property sales	Total		
Sales					
(1) Sales to third parties	23,331	12,751	36,083	4,037	40,120
(2) Inter-segment internal revenues and transfers	190	–	190	929	1,120
Total	23,522	12,751	36,273	4,967	41,241
Segment profits	8,084	555	8,640	315	8,956

(Note) 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.

3. Total profits or losses in reported segments, difference from the amount posted in the consolidated statement of income and important details in the difference (Difference adjustment)

Consolidated first half under review (from April 1, 2010 to September 30, 2010) (Million yen)

Profit	Amount
Total profit in reported segments	17,036
Profit in Other Business	498
Elimination of inter-segment transactions	(2,442)
Company-wide expenses (Note)	(706)
Operating income in the consolidated statement of income	14,385

Consolidated second quarter under review (from July 1, 2010 to September 30, 2010) (Million yen)

Profit	Amount
Total profit in reported segments	8,640
Profit in Other Business	315
Elimination of inter-segment transactions	(1,120)
Company-wide expenses (Note)	(432)
Operating income in the consolidated statement of income	7,403

(Note) Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

4. Impairment losses in fixed assets or goodwill by reported segment

Not applicable

(Additional information)

The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) were applied from the first quarter of the fiscal year under review.

(Financial instruments)

Not applicable because there was no significant change.

(Information on securities)

End of the consolidated second quarter under review (as of September 30, 2010)

Other securities having fair values have become important in running the businesses of the Group and have changed materially from the end of the previous fiscal year.

(Million yen)

Type	Acquisition cost	Book value	Difference
(1) Shares	936	1,045	109
(2) Bonds			
(i) Government bonds and local bonds	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other bonds	—	—	—
(3) Other securities	5,040	5,181	140
Total	5,976	6,227	250

(Rental properties)

Not applicable because there was no significant change.

(Per-share information)

1. Net assets per share

At the end of second quarter (September 30, 2010)	At the end of previous fiscal year (March 31, 2010)
Net assets per share ¥46,867.26	Net assets per share ¥45,646.72

2. Net income per share

Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Net loss per share (¥1,880.04) Since a net loss was posted and the Company does not hold any dilutive securities, diluted net income per share is not disclosed.	Net income per share ¥1,836.72 Since there is no potential dilution, diluted net income per share is omitted.

(Note) The table below shows the basis for computing net income (loss) per share

	Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Net income (loss) (Million yen)	(6,187)	6,045
Amount not attributable to common stockholders (Million yen)	—	—
Net income (loss) relating to common stock (Million yen)	(6,187)	6,045
Number of shares during the period	3,291,200	3,291,200

Previous consolidated second quarter (From July 1, 2009 to September 30, 2009)	Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
Net loss per share (¥2,887.21) Since a net loss was posted and the Company does not hold any dilutive securities, diluted net income per share is not disclosed.	Net income per share ¥997.71 Since there is no potential dilution, diluted net income per share is omitted.

(Note) The table below shows the basis for computing net income (loss) per share

	Previous consolidated second quarter (From July 1, 2009 to September 30, 2009)	Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
Net income (loss) (Million yen)	(9,502)	3,283
Amount not attributable to common stockholders (Million yen)	—	—
Net income (loss) relating to common stock (Million yen)	(9,502)	3,283
Number of shares during the period	3,291,200	3,291,200

(Significant subsequent events)

The Company issued the following domestic bond under a resolution approved at a Board of Directors meeting held on September 27, 2010.

Classification	NTT Urban Development Corporation 10th Unsecured Domestic Bond
Issue date	October 29, 2010
Total amount issued	¥10 billion
Issue price	¥99.94 per face value of ¥100
Interest rate	1.03%
Maturity date	September 18, 2020
Use	Repayments of borrowings

2. Other

A Board of Directors meeting held on November 8, 2010 passed a resolution about interim dividends for the current fiscal year.

Details are as follows:

(i) Total amount of interim dividends: ¥1,974 million

(ii) Dividend per share: ¥600.00

(iii) Effective date of payment requests and start pay date: December 3, 2010

(Note) Dividends will be paid to shareholders listed on the shareholder register as of September 30, 2010.

Chapter 2 Information on the Guarantee Company of the Submitting Company

Not applicable.