

The figures for these Financial Statements are prepared in accordance with accounting principles generally accepted in Japan. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts. This English text is a translation of the Japanese original. The original is authoritative.

## SUMMARY OF FINANCIAL STATEMENTS (Consolidated) (Japanese Accounting Standards) For the First Quarter of the Year Ending March 31, 2011

August 4, 2010

**NTT URBAN DEVELOPMENT CORPORATION**

Stock Exchange: Tokyo Stock Exchange

Code Number: 8933

URL: <http://www.nttud.co.jp/>

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Filing of quarterly report: August 5, 2010

Scheduled date for commencing payment of dividend: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Note that all amounts have been rounded down to the nearest million yen, unless otherwise specified.)

### 1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2011 (April 1, 2010 through June 30, 2010)

#### (1) Consolidated Results of Operations (cumulative) (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2010	31,927	(2.0)	6,981	(4.0)	5,745	(0.9)	2,761	(16.7)
Three months ended June 30, 2009	32,585	9.5	7,272	(18.1)	5,798	(24.0)	3,314	(24.4)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2010	839.01	–
Three months ended June 30, 2009	1,007.17	–

#### (2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to assets	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2010	901,759	186,299	16.7	45,820.10
As of March 31, 2010	916,725	185,537	16.4	45,646.72

(Reference) Shareholders' equity: As of June 30, 2010: 150,803 million yen  
As of March 31, 2010: 150,232 million yen

### 2. Dividends

	Dividends per share				
	End of the 1st quarter	Interim period end	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	–	600.00	–	600.00	1,200.00
Year ending March 31, 2011	–	–	–	–	–
(Forecast)	–	600.00	–	600.00	1,200.00
Year ending March 31, 2011	–	600.00	–	600.00	1,200.00

(Note) Revision to forecast of dividends during this quarter: No

### 3. Forecast of Consolidated Financial Results (April 1, 2010 through March 31, 2011)

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative)	70,000	3.5	12,800	231.1	9,800	–	5,500	–	1,671.12
Annual	141,000	(5.5)	24,000	48.8	18,000	76.2	9,000	47.1	2,734.56

(Note) Revisions to forecast of consolidated business results during this quarter: No

4. Other (For details, please refer to “Other Information” on page 6 of the accompanying materials.)

(1) Important changes in subsidiaries during this quarter: Not applicable

New: –

Exception: –

(Note) Any changes in specific subsidiaries accompanied by a change in the scope of consolidation during the quarter under review

(2) Application of simplified accounting method and specific accounting treatment: Applicable

(Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles and procedures and representation method, etc.

(i) Changes due to amendment of accounting standards, etc.: Applicable

(ii) Changes other than (i): Not applicable

(Note) Any changes in accounting principles, procedures, or representation method of the accounting methods for the preparation of quarterly consolidated financial statements included in “Changes in Important Items, Etc. That Are Used as Basic Materials for Preparation of Quarterly Consolidated Financial Statements”

(4) Number of shares outstanding (common stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:

As of June 30, 2010: 3,291,200 shares

As of March 31, 2010: 3,291,200 shares

(ii) Total number of treasury stock as of the end of each period:

As of June 30, 2010: – shares

As of March 31, 2010: – shares

(iii) Average number of issued shares for each period (cumulative period):

As of June 30, 2010: 3,291,200 shares

As of June 30, 2009: 3,291,200 shares

\* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been reviewed at the time of the announcement of this financial summary.

\* Cautionary note regarding use of the Forecast of Financial Results, and other special notations

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the forecasts, refer to “(3) Qualitative information on consolidated earnings forecast” of “Qualitative Information on Consolidated Operating Results, etc. for the First Quarter” on page 5 of the accompanying materials.

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# 1. Qualitative Information on Consolidated Operating Results, etc. for the First Quarter

## (1) Qualitative Information on consolidated financial results

The Japanese economy continued to face challenging circumstances in the first quarter under review (cumulative period), evidenced by moderate deflation, which caused prices to fall, and high unemployment rates. However, the foundations of a self-sustaining recovery, including an improvement in corporate earnings and a recovery in personal spending, were being laid. The employment situation will remain harsh, but the economy is expected to experience a self-sustaining recovery as corporate earnings continue to improve, backed by improvements in overseas economies.

The office leasing market continued to face difficult circumstances as the average vacancy rate for office buildings in the five wards of central Tokyo rose to the 9% range, and market rents were weak. The condominium sales market is expected to pick up with a recovery in sales in the Tokyo metropolitan area and the progress of inventory adjustments.

In this environment, NTT Urban Development Corporation (the Company) and its subsidiaries (the Group) proceeded steadily with operations, with the goal of achieving sustainable growth while striving to bolster profitability. To create new growth areas, the Group acquired more than half of the issued shares in Premier REIT Advisors Co., Ltd., the asset management company for Premier Investment Corporation, and underwrote a capital increase through private placement by Premier Investment Corporation.

As a result, the Company posted an increase in sales in the residential property sales business and a decrease in sales in the leasing business during the first quarter under review (cumulative period). Overall, net sales amounted to ¥31,927 million (down ¥658 million, or 2.0% year on year), operating income was ¥6,981 million (down ¥290 million, or 4.0%), and ordinary income was ¥5,745 million (down ¥53 million, or 0.9%). Net income stood at ¥2,761 million (down ¥553 million, or 16.7%), reflecting the posting of asset retirement obligations for previous years in extraordinary losses.

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

Business segment	(Million yen)	
	First three months under review (From April 1, 2010 to June 30, 2010)	Year on year (%)
Leasing	23,016	(6.6)
Residential property sales	7,142	19.7
Total net sales in reported segments	30,159	(1.5)
Other	3,090	(0.1)
Eliminations	(1,322)	-
Total	31,927	(2.0)

(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.

### 1) Leasing Business

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

Although the average vacancy rate in the market for office buildings was trending upward, the average vacancy rate for office buildings owned by the Group in the five wards of central Tokyo fell from 6.5% at the end of March 2010 to 4.9% at the end of June 2010. The average vacancy rate nationwide decreased from 6.4% at the end of March 2010 to 6.2% at the end of June 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), and the Upper-Level Section Redevelopment Project associated with the reconstruction of the Shibaura Water Reclamation Center (Minato-ku, Tokyo). The Sumitomo Corporation Nagoya Building (Nagoya-shi, Aichi) was acquired in the first quarter under review (cumulative period).

As a result of these activities, in the first quarter under review (cumulative period), net sales of ¥23,016 million (down ¥1,639 million, or 6.6%), operating expenses of ¥15,604 million (down ¥742 million, or 4.5%), and operating income of ¥7,412 million (down ¥896

million, or 10.8%) were recorded in the leasing business. The operating income margin ratio declined to 32.2%, from 33.7% for the year-ago period.

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

Classification		Previous first three months (From April 1, 2009 to June 30, 2009)	First three months under review (From April 1, 2010 to June 30, 2010)
Office/Retail	Sales	22,923	21,567
	Rentable area	1,176,617 m <sup>2</sup> (Of the above, sub-leases: 21,374 m <sup>2</sup> )	1,140,147 m <sup>2</sup> (Of the above, sub-leases: 16,326 m <sup>2</sup> )
Residential/Other	Sales	1,732	1,449
Total net sales		24,655	23,016

(Notes) 1. "Rentable area" figures are as of June 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	June 2009	September 2009	December 2009	March 2010	June 2010
Central Tokyo (Tokyo 5 wards)	4.8%	4.9%	5.5%	6.5%	4.9%
Nationwide	4.4%	5.0%	4.8%	6.4%	6.2%

(Notes) 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.

## 2) Residential Property Sales Business

With respect to the residential property sales business, a total of 68 condominiums completed in previous fiscal years were delivered in the first quarter under review (cumulative period).

Net sales and operating income rose year on year, reflecting the posting of sales of land and sales of a condominium building using securitization schemes for development through special purpose companies.

As a result, in the first quarter under review (cumulative period), the Company posted net sales of ¥7,142 million (up ¥1,176 million, or 19.7% year on year), operating expenses of ¥6,158 million (up ¥170 million, or 2.8%), and operating income of ¥983 million (operating loss of ¥22 million for the first quarter of the preceding fiscal year).

The table below shows net sales in the residential property sales business by operation type and area. (Million yen / units)

Classification		Previous first three months (From April 1, 2009 to June 30, 2009)		First three months under review (From April 1, 2010 to June 30, 2010)	
		Units/Lots	Sales	Units/Lots	Sales
Condominiums					
Units delivered	Tokyo region	31	987	40	1,684
	Other regions	50	1,738	27	966
Completed in inventories		287	–	198	–
Building Lots					
Lots delivered	Tokyo region	1	2,000	3	1,222
	Other regions	77	1,240	111	1,657
Completed in inventories		17	–	48	–
Residential (Condominiums/Building lots)					
Units/Lots delivered	Tokyo region	32	2,987	43	2,906
	Other regions	127	2,978	138	2,623
Completed in inventories		304	–	246	–
Other					
Units/Lots delivered	Tokyo region	–	–	–	–
	Other regions	–	–	1	1,612
Completed in inventories		–	–	–	–
Grand total (Sales)		–	5,966	–	7,142

(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 inventories" figures are as of the end of June of each fiscal year. The condominiums completed in inventories for the previous first three months and the first three months under review include 34 units and 40 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The building lots completed in inventories for the first three months under review include 12 lots, for which a contract has been completed but ownership has not yet been transferred.

3. Of the building lots delivered in the previous first three months, four lots (collectively worth ¥2,308 million) were delivered through sales of lands. Of the building lots delivered in the first three months under review, 104 lots (collectively worth ¥2,580 million) were delivered through sales of lands.

4. "Other" in the first three months under review is the sale of a condominium (apartment building).

5. The Tokyo region includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

### 3) Other

Net sales in other business in the first quarter under review (cumulative period), were ¥3,090 million (down ¥3 million, or 0.1% year on year), and operating income was ¥182 million (down ¥171 million, or 48.5%).

## (2) Qualitative Information on consolidated financial position

### 1) Consolidated balance sheet

Assets and liabilities at the end of the first quarter under review declined from the end of the previous fiscal year, and net assets rose.

#### (Assets)

Total assets were ¥901,759 million (down ¥14,965 million from the end of the previous fiscal year).

Current assets were ¥106,332 million (down ¥18,867 million), primarily reflecting a decrease in notes and accounts receivable, trade of ¥12,166 million.

Fixed assets were ¥795,426 million (up ¥3,901 million).

#### (Liabilities)

Total liabilities were ¥715,459 million (down ¥15,727 million).

Current liabilities were ¥87,036 million (up ¥2,062 million). Major factors included an increase of ¥10,700 million in the current portion of long-term debt and a decrease of ¥4,204 million in accounts payable, trade.

Long-term liabilities were ¥628,423 million (down ¥17,790 million). The main factors included a decrease of ¥19,660 million in long-term debt.

Interest-bearing debt at the end of the fiscal quarter was ¥486,071 million (down ¥10,611 million).

#### (Net assets)

Net assets were ¥186,299 million (up ¥761 million), reflecting a rise of ¥786 million in retained earnings.

### 2) Consolidated cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the first quarter under review declined ¥8,529 million from the end of the previous fiscal year, to ¥11,979 million. Free cash flows in the first quarter under review (cumulative period) rose ¥1,326 million from the year-ago level, to ¥4,463 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 first quarter of the fiscal year (cumulative period):

#### (Cash flows from operating activities)

Cash provided by operating activities was ¥16,278 million, up ¥5,149 million year on year. Decreases in cash, including a decrease in notes and accounts payable, trade of ¥4,204 million and an increase in inventories of ¥1,342 million, were more than offset by increases in cash including a decrease in notes and accounts receivable, trade of ¥12,344 million, depreciation and amortization of ¥5,925 million, and income before income taxes and minority interests of ¥4,670 million.

#### (Cash flows from investing activities)

Cash used in investing activities was ¥11,815 million, with outflow increasing ¥3,823 million year on year, reflecting decreases in cash including purchases of property, plant and equipment of ¥9,623 million.

#### (Cash flows from financing activities)

Cash used in financial activities was ¥12,990 million, with outflow increasing ¥15,371 million year on year from a cash inflow in the

previous fiscal year. Increases in cash, including proceeds from long-term borrowings of ¥7,000 million for investments, were more than offset by decreases in cash, including repayments of long-term borrowings of ¥15,960 million, cash dividends paid of ¥1,975 million, and a net decrease in commercial paper of ¥999 million.

### (3) Qualitative Information on consolidated earnings forecast

Results in the first quarter under review (cumulative period) were almost in line with the earnings forecast, and so the consolidated earnings forecast announced on May 12, 2010 has not been changed.

The consolidated earnings forecast for the fiscal year ending March 2011 is as follows:

#### Consolidated Earnings Forecast for Fiscal Year Ending March 2011 (million yen)

Item	First half (cumulative period)	Annual
Net sales	70,000	141,000
Operating income	12,800	24,000
Ordinary income	9,800	18,000
Net income	5,500	9,000

#### Consolidated Segment Forecast for Fiscal Year Ending March 2011 (million yen)

Item	Annual
Net sales	141,000
Leasing	92,700
Residential property sales	38,700
Other	15,000
Eliminations	(5,400)
Operating income	24,000
Leasing	29,100
Residential property sales	500
Other	1,100
Eliminations/Corporate	(6,700)

Although the vacancy rate ceased to rise in the first quarter under review (cumulative period), 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, and the Company will pay attention to the risk of falling sales associated with pressure to cut prices and other factors.

In the residential property sales business, net sales and operating income rose year on year in the first quarter under review (cumulative period), attributable to the sales of land and a condominium building. Despite the progress in inventory adjustments, the condominium sales market was unable to stage a full recovery due to concerns about the worsening of the employment situation. 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.

(Note) Forward-looking statements in this section are based on judgments of the Group as of the date of the announcement of this summary.

## 2. Other Information

### (1) Important changes in subsidiaries

Not applicable

### (2) Application of simplified accounting method and specific accounting treatment

#### 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.

### (3) Changes in Accounting Principles and Procedures and the Representation Method

#### 1) Changes in accounting practices

##### (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 under review (cumulative period).

As a result of the applications, operating income and ordinary income decreased ¥28 million, and income before income taxes and minority interests declined ¥1,030 million. The amount of change in asset retirement obligations due to the application of these accounting standards was ¥2,428 million.

##### (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 under review (cumulative period).

The applications do not affect ordinary income or income before income taxes and minority interests.

##### (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 under review (cumulative period).

### 2) Changes in the method of presentation

#### (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 quarter under review (cumulative period).

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Million yen)

	Consolidated first quarter (June 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and bank deposits	10,053	9,601
Notes and accounts receivable, trade	2,236	14,403
Property for sale	10,831	11,767
Property for sale in progress	71,639	69,622
Uncompleted construction expenditure	404	150
Raw materials and supplies	55	52
Lease investment assets	1,794	1,799
Deposits paid	3,048	12,029
Deferred tax assets	1,567	1,507
Other current assets	4,707	4,272
Less allowance for doubtful receivables	(6)	(6)
Total current assets	106,332	125,200
Fixed assets		
Property, plant and equipment		
Buildings and structures	675,904	672,971
Accumulated depreciation	(341,424)	(335,910)
Buildings and structures (net)	334,480	337,061
Machinery, equipment and vehicles	13,479	13,480
Accumulated depreciation	(11,190)	(11,062)
Machinery, equipment and vehicles (net)	2,289	2,418
Land	397,319	395,698
Leased assets	726	683
Accumulated depreciation	(512)	(523)
Leased assets (net)	214	160
Construction in progress	8,807	6,624
Other property, plant and equipment	14,047	13,997
Accumulated depreciation	(10,339)	(10,090)
Other property, plant and equipment (net)	3,707	3,907
Total property, plant and equipment	746,817	745,870
Intangible assets	3,472	3,416
Investments and other assets		
Investment securities	20,618	17,535
Long-term prepaid expenses	18,214	18,410
Deferred tax assets	357	332
Other	5,946	5,961
Less allowance for doubtful receivables	(0)	(0)
Total investments and other assets	45,135	42,238
Total fixed assets	795,426	791,525
Total assets	901,759	916,725

(Million yen)

	Consolidated first quarter (June 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	2,082	6,287
Lease liabilities	123	130
Current portion of long-term debt (payment within one year)	55,039	44,339
Corporate bonds (must redeem within one year)	2,611	2,861
Commercial paper	3,999	4,999
Accrued income taxes	1,561	607
Provision for loss on warranty	480	553
Other current liabilities	21,137	25,194
Total current liabilities	87,036	84,973
Long-term liabilities		
Corporate bonds	114,916	115,318
Long-term debt	309,503	329,163
Financial lease obligations	204	157
Deposits from tenants	93,022	92,434
Negative goodwill	31,525	32,234
Deferred tax liabilities	70,760	70,854
Accrued employees' retirement benefits	5,753	5,734
Accrued directors' and corporate auditors' retirement benefits	97	88
Provision for loss on warranty	60	60
Other long-term liabilities	2,579	166
Total long-term liabilities	628,423	646,213
Total liabilities	715,459	731,187
Net assets		
Shareholders' equity		
Common stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	68,057	67,270
Total shareholders' equity	150,927	150,140
Accumulated gains from revaluation and translation adjustments		
Unrealized gains on available-for-sale securities, net of taxes	(41)	113
Foreign currency translation adjustment	(82)	(21)
Total valuation and translation adjustments	(124)	91
Minority interests	35,496	35,305
Total net assets	186,299	185,537
Total liabilities and net assets	901,759	916,725

(2) Consolidated Statements of Income  
(Cumulative period for consolidated first quarter)

(Million yen)

	Cumulative period for previous consolidated first quarter (From April 1, 2009 to June 30, 2009)	Cumulative period for Consolidated first quarter under review (From April 1, 2010 to June 30, 2010)
Net sales	32,585	31,927
Cost of sales	21,645	20,875
Gross profit	10,940	11,051
Selling, general and administrative expenses	3,668	4,069
Operating income	7,272	6,981
Non-operating income		
Interest income	15	15
Dividend income	17	26
Contributions	2	77
Amortization of negative goodwill	481	481
Equity in earnings of affiliates	48	60
Other	63	111
Total non-operating income	629	772
Non-operating expense		
Interest expense	2,026	1,983
Other	76	26
Total non-operating expenses	2,103	2,009
Ordinary income	5,798	5,745
Extraordinary income		
Gain on sales of fixed assets	–	204
Total extraordinary income	–	204
Extraordinary losses		
Loss on sales of fixed assets	–	8
Loss on disposals of fixed assets	238	269
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,001
Total extraordinary losses	238	1,279
Income before income taxes and minority interests	5,559	4,670
Corporate income taxes	1,906	1,565
Income before minority interests	–	3,104
Minority interests	338	343
Net income	3,314	2,761

## (3) Consolidated Statements of Cash Flows

(Million yen)

	Cumulative period for previous consolidated first quarter (From April 1, 2009 to June 30, 2009)	Cumulative period for Consolidated first quarter under review (From April 1, 2010 to June 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	5,559	4,670
Depreciation and amortization	6,344	5,925
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,001
Amortization of negative goodwill	(481)	(481)
Amortization of goodwill	32	35
Increase (decrease) in allowance for doubtful receivables	0	(0)
Interest and dividends income	(33)	(42)
Interest expense	2,026	1,983
Equity in earnings of affiliates	(48)	(60)
Loss (gain) on sales of property and equipment	–	(196)
Loss on disposal of property and equipment	238	269
Decrease in notes and accounts receivable, trade	2,242	12,344
Decrease (increase) in inventories	2,969	(1,342)
Decrease in notes and accounts payable, trade	(5,828)	(4,204)
Increase (decrease) in deposits from tenants	2,969	(688)
Other	(2,420)	(588)
Sub-total	13,570	18,625
Interest and dividends received	61	78
Interest paid	(1,770)	(1,866)
Income taxes paid	(733)	(559)
Net cash provided/used by operating activities	11,128	16,278
Cash flows from investing activities		
Purchases of property, plant and equipment	(7,695)	(9,623)
Proceeds from sales of property, plant and equipment	–	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	(810)	(45)
Net cash used in investing activities	(7,992)	(11,815)
Cash flows from financing activities		
Net Decrease in short-term borrowings	(13,798)	–
Net increase (decrease) in commercial paper	5	(999)
Proceeds from long-term borrowings	20,000	7,000
Repayments of long-term borrowings	(1,980)	(15,960)
Proceeds from issuance of corporate bonds	983	–
Payment of redemption of bonds	(402)	(652)
Cash dividends paid	(1,974)	(1,975)
Cash dividends paid to minority shareholders	(389)	(364)
Other	(61)	(37)
Net cash provided/used by financing activities	2,380	(12,990)
Valuation and translation adjustment on cash and cash equivalents	–	(2)
Net increase (decrease) in cash and cash equivalents	5,517	(8,529)
Cash and cash equivalents at the beginning of the term	8,691	20,508
Cash and cash equivalents at the end of the term	14,209	11,979

(4) Notes regarding the premise of a going concern

Not applicable

(5) Segment information

Segment information by business

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

(Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to third parties	24,471	5,966	2,147	32,585	–	32,585
(2) Inter-segment internal revenues and transfers	183	–	946	1,130	(1,130)	–
Total	24,655	5,966	3,094	33,716	(1,130)	32,585
Operating income/loss	8,308	(22)	354	8,640	(1,368)	7,272

(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: Contracted construction and contracted operation and management of real estate

3. Change in accounting method

Cumulative period for previous consolidated first quarter

(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 previous first quarter (cumulative period). The effect of the change on the other business was minor.

Geographical segment information

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

The Company has not disclosed geographical segment information, since none of the Company's consolidated subsidiaries or important branches are located outside Japan.

Overseas sales

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

There were no overseas sales.

## Segment information

### 1. Overview of reported segments

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

Cumulative period for consolidated first quarter under review (from April 1, 2010 to June 30, 2010) (Million yen)

	Reported segments			Other (Note)	Total
	Leasing	Residential property sales	Total		
Sales					
(1) Sales to third parties	22,824	7,142	29,967	1,960	31,927
(2) Inter-segment internal revenues and transfers	192	–	192	1,130	1,322
Total	23,016	7,142	30,159	3,090	33,249
Segment profits	7,412	983	8,395	182	8,578

(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 first-quarter consolidated statement of income and important details in the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	8,395
Profit in Other Business	182
Elimination of inter-segment transactions	(1,322)
Company-wide expenses (Note)	(274)
Operating income in the first-quarter consolidated statement of income	6,981

(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 under review (cumulative period).

### (6) Note if there is a considerable change to shareholders' equity

Not applicable