

Office and Commercial Properties Development Businesses

P.12 >

This refers to a business that leases office buildings and a business that leases commercial properties and facilities. They have well-balanced portfolios that are centered on the Tokyo metropolitan area and include properties in major cities across Japan.

Residential Development Business

P.20 >

As well as selling condominiums planned and developed in-house under the Wellith brand, this business sells residential land.

Global Business

P.23 >

Launched in 2009, the global business has operations in the United Kingdom, Australia, Southeast Asia, and the United States. We will exploit expertise acquired in Japan to advance this business steadily and establish it as a new growth driver.

Office and Commercial Properties Development Businesses



Photo by Forward Stroke

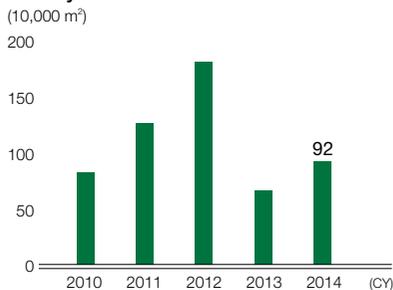
In the office leasing market, vacancy rates continued to improve. At the same time, market rents showed signs of bottoming out, with rents rising in some sectors.

At March 31, 2015, the average market vacancy rate*¹ in the five wards of central Tokyo was 5.30%, down 1.40 percentage points from the previous fiscal year-end. Furthermore, asking rents are rising in central Tokyo. The average market asking rent*¹ in the five wards of central Tokyo was ¥17,195 per 3.3 square meters, up 5.33% from the previous fiscal year-end.

*1. The average market vacancy rate in the five wards of central Tokyo and the average market asking rent are based on data from Miki Shoji Co., Ltd.

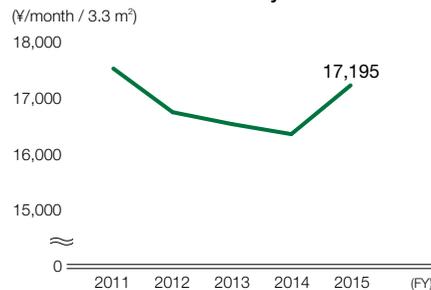
Key Market Data

Supply of large offices*² in the 23 wards of Tokyo



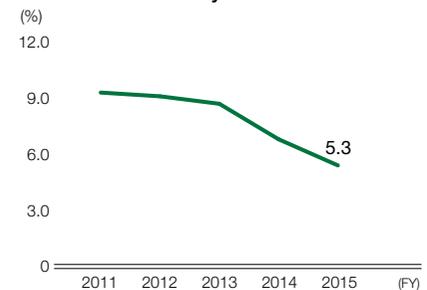
*2. Buildings with office floor space of at least 10,000 m²
Source: Mori Trust Co., Ltd.

Market asking rents of office buildings*³ in five wards of central Tokyo



*3. Surveyed buildings: Office buildings with standard floor space of at least 330 m²
Source: Miki Shoji Co., Ltd.

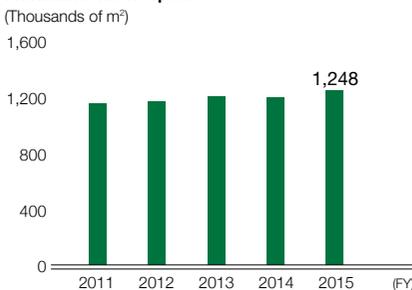
Vacancy rates of office buildings*³ in five wards of central Tokyo



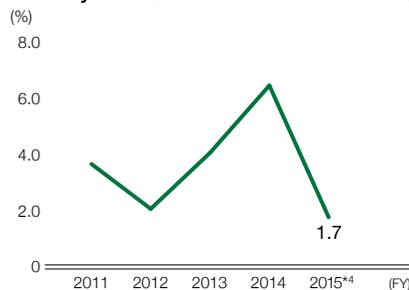
*3. Surveyed buildings: Office buildings with standard floor space of at least 330 m²
Source: Miki Shoji Co., Ltd.

KPI of NTT Urban Development

Rentable floor space

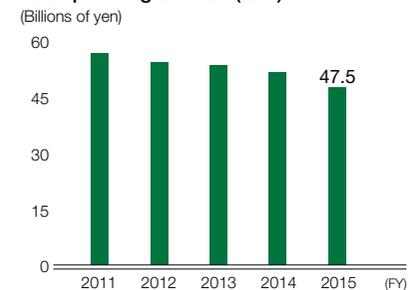


Vacancy rates in five wards of central Tokyo



*4. If Shinagawa Season Terrace, completed in February 2015, is reflected in the calculation, the figure is 14.7%.

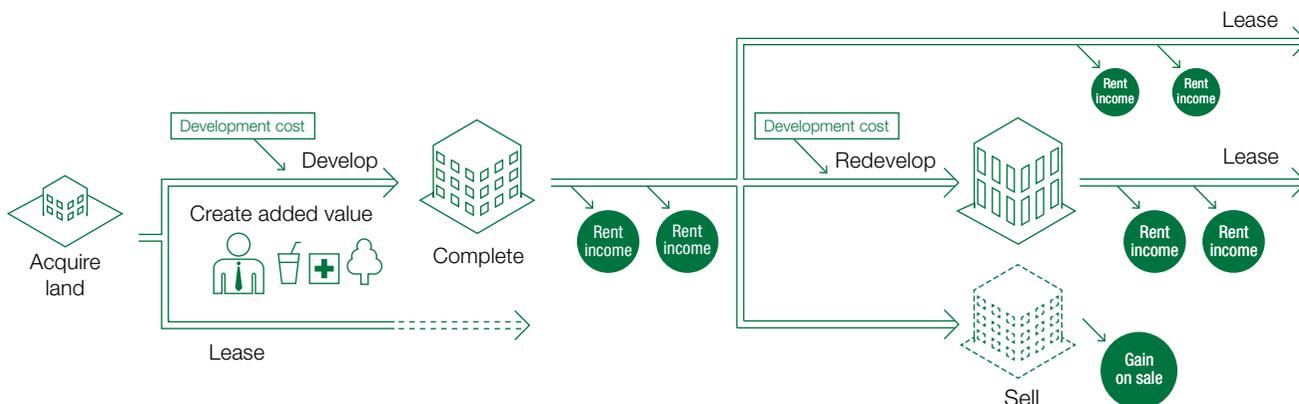
Net operating income (NOI)*⁵



*5. NOI = Property rent income - Property rental costs + Depreciation expenses (including long-term prepaid expenses) Excluding the effects of property sales, etc.

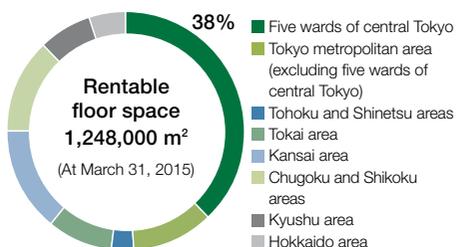
Operational Flow of Office and Commercial Properties Development Businesses

These businesses plan and develop properties, heighten their value, lease them to tenants, and receive rent income. Because the businesses own properties on a long-term basis, they maintain and redevelop them to increase their value, which affects rents. Sometimes, the businesses reinvest income from the sale of properties.

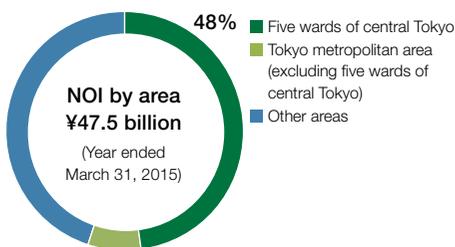


Strengths of the NTT Urban Development Group

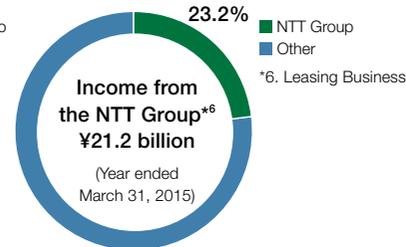
Location portfolio



Income portfolio



Synergies with the NTT Group



Capabilities to Sustain Growth

- Identifying favorable properties **Information-gathering capabilities**
- Adding value to property **Planning and development capabilities**
Favorable-tenant-attraction capabilities
- Maintaining and enhancing asset values constantly **Favorable-tenant-attraction capabilities**

P. 14 CASE STUDY



P. 17 CASE STUDY



Complex Building Meeting Japan's Strictest Environmental Standards

Shinagawa Season Terrace (Upper-Level Section Redevelopment Project for the Shibaura Water Reclamation Center)

One of Japan's largest complex buildings, Shinagawa Season Terrace is a six-minute walk from the Minato South Exit (east exit) of JR Shinagawa Station, which is fast becoming a focus of attention as Tokyo's new gateway. For this project, we used the land of the upper-level section of the Shibaura Water Reclamation Center. February 2015 saw the completion of our environment-friendly complex building, incorporating the latest systems for the efficient use of natural energy. Furthermore, the structure and facilities of the building enable it to withstand major natural disasters. It officially opened in May 2015.

Commercial zone summary (Shinagawa Station)

- Average number of passengers per day: 342,475 (year ended March 31, 2015; source: East Japan Railway Company)
- Takes approx. 7 minutes to travel to Tokyo Station (using JR Tokaido Line)
- Takes approx. 20 minutes to travel to Haneda Airport (using the Keikyu Line)
- Takes approx. 2 hours 20 minutes to travel to Shin-Osaka Station (using Tokaido Shinkansen Line)



Photo by Forward Stroke

Project Overview

Location: Minato-ku, Tokyo
Footprint: 49,547 m² (total)
Floor space: 202,716 m² (total)
Size: 32 floors aboveground,
1 belowground
Primary use: Offices and commercial

Project History

July 2008: Tokyo Metropolitan Government's Bureau of Sewerage began the public invitation for applications from prospective users of the upper-level section, which was to become available following redevelopment of the Shibaura Water Reclamation Center.
March 2009: The group that the NTT Urban Development Group represented was selected as the operator.
February 2012: Began construction
February 2015: Completed construction
May 2015: Opened building officially

Future International Business Hub, Attracting Attention as a New Gateway

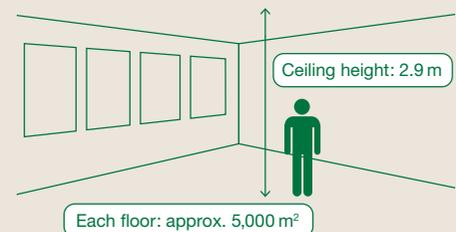
Shinagawa is an appealing area that promises to grow and develop as Tokyo's new gateway and as an international business hub. In addition to accumulating office buildings, the area is experiencing an influx of global companies, partly because it boasts one of Tokyo's main concentrations of major hotels.

Other attributes making the area a favorable location include Tokaido Shinkansen Line services that begin and end at Shinagawa Station and link eastern and western Japan and proximity to Haneda Airport, which is served by many international routes. Also, the area promises to become even more convenient. Plans call for the establishment of a new railway station on the Yamanote Line nearby, and services of the Linear Chuo Shinkansen will originate from Shinagawa Station.

Shinagawa Season Terrace is in the Shinagawa area, which is increasingly viewed as a location that will prosper going forward. We developed the complex building by making effective use of the upper-level section of the Shibaura Water Reclamation Center, which is under the management of the Tokyo Metropolitan Government's Bureau of Sewerage. The building meets Japan's strictest environmental standards.

With 32 floors aboveground, the first to third floors include a commercial zone, a conference hall, and a clinic. The fifth to 31st floors are offices. In addition, the building has an adjoining 3.5 hectare green space. Each office floor is approximately 5,000 square meters and has a 2.9 meter-high ceiling, thus these are some of the most spacious offices in Tokyo. Consequently, the office floors are ideal for companies looking to consolidate operations or improve the efficiency of their office layout. Further, each office floor can be subdivided into up to 10 areas. In this way, the building can cater to a wide range of office requirements. The commercial zone accommodates 22 establishments, most of which are restaurants. We hope office workers and local residents will use these floors. In the green space, we have laid paths suitable for jogging so that office workers can exercise in their free time. On weekends, residents from the many condominiums in the surrounding area visit the green space. Also, with a view to attracting more visitors, we have invited a company to establish a restaurant that offer wedding-related services.

Aiming to realize urban planning that sustainably integrates human activities with light, wind, water, and greenery, this project enables office workers and other users to experience workstyles and lifestyles that offer a glimpse into the near future.



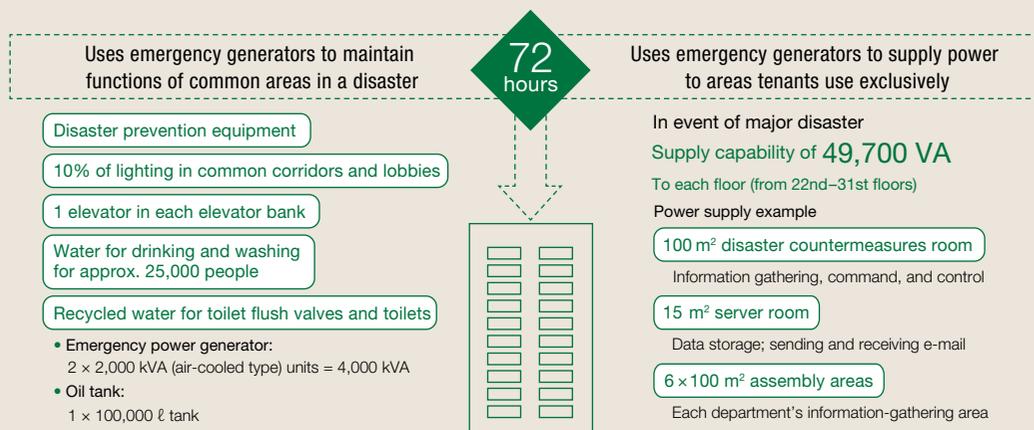
Safety and Peace of Mind: Building Functions Able to Last for 72 Hours in an Emergency

The period after the Great East Japan Earthquake brought to light a range of problems for large buildings in central Tokyo. In response to the growing focus on office buildings' disaster countermeasures, we ensured that Shinagawa Season Terrace incorporates numerous functions that will help tenants continue their businesses in the event of a disaster.

One of the largest seismically isolated structures in Japan, the building mitigates the impact of earthquakes and can withstand long periods of ground motion. This not only ensures the safety of people but also protects functions within the building. In light of a flood hazard map of Minato ward, we set a highly safe anti-flooding level of Tokyo Peil (TP)* + 4.30 meters. Consequently, the highest tsunami that the Tokyo Metropolitan Government's Disaster Prevention Council envisions for Minato ward would not reach the building.

Also, in preparation for widespread stoppages of power or water supplies during emergencies, the building has an emergency power generator capable of operating for 72 hours and water storage tanks that hold 630,000 liters of domestic water, including drinking water and general service water. Furthermore, the building can supply power to areas of the building that tenants use exclusively.

* Denotes the Japanese system of measuring elevation based on the mean sea level in Tokyo Bay.

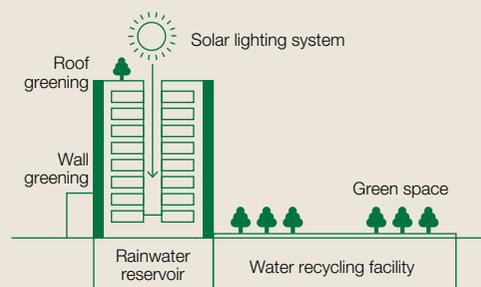


Anticipating that tenants and other users of the building may be unable to return home in the event of a disaster, we have included a waiting area for them and a storeroom with stockpiles of drinking water, food, and blankets.

Efficient Use of Valuable Light, Wind, Water, and Other Types of Natural Energy

Shinagawa Season Terrace is an environment-friendly building that achieves some of the best environmental performance in Japan by taking advantage of new technology. As well as using sewage heat to provide air-conditioning, the building uses large-air-volume outdoor air-cooling to reduce the energy burden of air-conditioning. Also, recycled water is used for flushing toilets. Moreover, to help tenants manage energy, we have established a building energy management system that monitors and controls the energy usage volumes of the whole building.

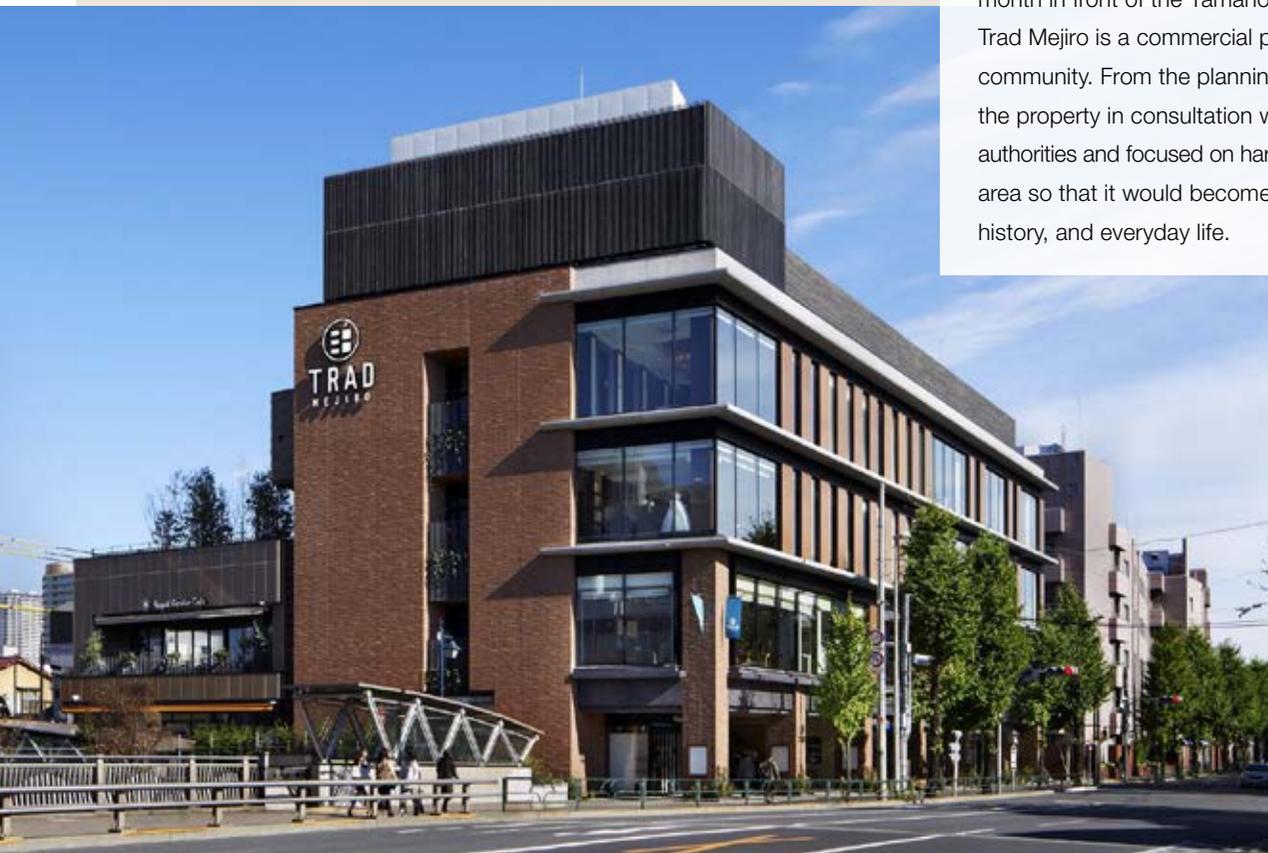
By introducing systems that efficiently use light, wind, water, and other types of natural energy, we are contributing to the establishment of an environment-friendly society.



Commercial Property Rooted in the Local Community

Trad Mejiro

Completed in October 2014 and opened in the following month in front of the Yamanote Line's Mejiro Station, Trad Mejiro is a commercial property rooted in the local community. From the planning stage, we developed the property in consultation with local residents and authorities and focused on harmony with the surrounding area so that it would become part of the area's culture, history, and everyday life.



Project Overview

Location: Toshima-ku, Tokyo

Footprint: 1,676 m²

Floor space: 7,575 m²

Size: 4 floors aboveground,
2 belowground

Primary use: Commercial

New Landmark for Mejiro Celebrates the Area's Culture

Located in front of Mejiro Station, Trad Mejiro is a commercial property that symbolizes the area. In designing the building's business format, we strategically combined stores and restaurants befitting Mejiro with properties for cultural functions and life events, such as a ballet academy and a wedding venue. As a result, the building was fully occupied when it opened in November 2014.

Since then, the building has catered to the needs of local residents and visitors. The event space on the second floor has become a hub of the local community for workshops, concerts, and exhibitions held in collaboration with, for example, JR East and other local organizations such as schools.

We will enhance our brand value by taking advantage of our expertise in commercial property management to create a new landmark for Mejiro that is a much loved part of the local community.

Principal Portfolio Properties (Five wards of central Tokyo)

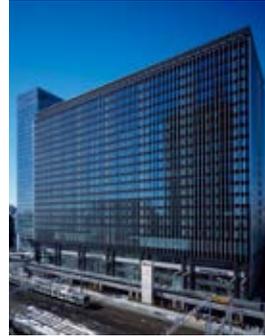




1. Urbannet Otemachi Building

Location: Chiyoda-ku, Tokyo
Footprint: 9,361 m²
Floor space: 117,618 m²
Size: 22 floors aboveground,
5 belowground
Completed: June 1990

Photo by Kokyu Miwa Architectural
Photography



5. Akihabara UDX

Location: Chiyoda-ku, Tokyo
Footprint: 11,548 m²
Floor space: 155,629 m²
Size: 22 floors aboveground,
3 belowground
Completed: January 2006
Note: Akihabara UDX is owned by UDX Tokutei
Mokuteki Kaisha, a special-purpose
company (SPC) that is a consolidated
subsidiary of NTT Urban Development.

Photo by Forward Stroke



2. Otemachi First Square

Location: Chiyoda-ku, Tokyo
Footprint: 6,236 m² (portion owned by
NTT Urban Development)
Floor space: 54,284 m² (portion owned
by NTT Urban Development)
Size: West Tower, 23 floors aboveground,
5 belowground; East Tower, 23 floors
aboveground, 4 belowground
Completed: West Tower, February 1992;
East Tower, May 1997

Photo by Nacasa & Partners



6. Seavans N Building

Location: Minato-ku, Tokyo
Footprint: 13,144 m²
Floor space: 78,488 m²
Size: 24 floors aboveground,
2 belowground
Completed: January 1991

Photo by Kaneaki Monma



3. JA Building, Keidanren Kaikan

Location: Chiyoda-ku, Tokyo
Footprint: 1,506 m² (portion owned by
NTT Urban Development; total of
JA Building and Keidanren Kaikan)
Floor space: 26,517 m² (portion owned
by NTT Urban Development; total of
JA Building and Keidanren Kaikan)
Size: JA Building, 37 floors aboveground,
3 belowground; Keidanren Kaikan,
23 floors aboveground, 4 belowground
Completed: April 2009



7. Granpark Tower

Location: Minato-ku, Tokyo
Footprint: 12,092 m² (portion owned by
NTT Urban Development; tower and
residences in total)
Floor space: 117,659 m² (portion owned
by NTT Urban Development; tower and
residences in total)
Size: 34 floors aboveground,
4 belowground
Completed: October 1996

Photo by Kokyu Miwa
Architectural Photography



4. Otemachi Financial City North Tower

Location: Chiyoda-ku, Tokyo
Footprint: North Tower and South Tower
in total, about 14,100 m²
Floor space: North Tower,
approx. 110,000 m²
Size: 31 floors aboveground,
4 belowground
Completed: October 2012



8. Shinagawa Season Terrace

Location: Minato-ku, Tokyo
Footprint: 49,547 m² (total)
Floor space: 202,716 m² (total)
Size: 32 floors aboveground,
1 belowground
Completed: February 2015

Photo by Forward Stroke

Residential Development Business



Photo by Kawasumi Kobayashi Kenji Photograph Office

In 2014, the condominium sales market saw a year-on-year decline in condominiums sold for the first time in five years, partly reflecting the effect of a consumption tax increase.

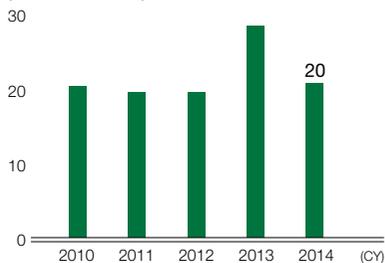
In the Tokyo metropolitan area, the supply of new condominiums*¹ declined 20.5% year on year, to 44,913 in 2014. Further, at March 31, 2015, the aggregate month-of-sale contract ratio*¹ was 87.6%, down 4.1 percentage points. Meanwhile, inventory for sale*¹ amounted to 6,042 units, comprising 474 units from the previous year and inventory of 5,568 units from 2014.

*1. The supply of new condominiums in the Tokyo metropolitan area, the aggregate month-of-sale contract ratio, and condominiums sold are based on data from Real Estate Economic Institute Co., Ltd.

Key Market Data

Supply of condominiums in the 23 wards of Tokyo

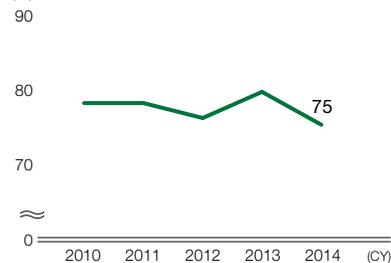
(Thousands of units)



Source: Real Estate Economic Institute Co., Ltd.

Contract ratio of newly supplied condominiums in the Tokyo metropolitan area*²

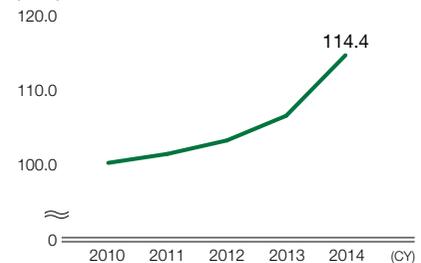
(%)



*2. Surveyed areas: Tokyo, Chiba Prefecture, Saitama Prefecture, Kanagawa Prefecture, and southern Ibaraki Prefecture
Source: Real Estate Economic Institute Co., Ltd.

Construction costs of large*³ housing complexes

(Index)



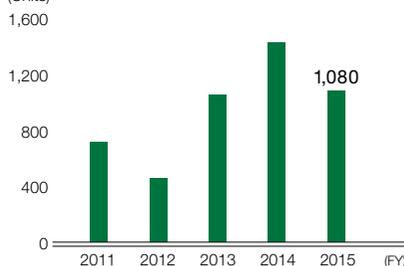
Note: The value for 2010 is 100.

*3. Housing complexes with floor space of at least 10,000 m²
Source: Prepared based on data from the Construction Research Institute

KPI of NTT Urban Development

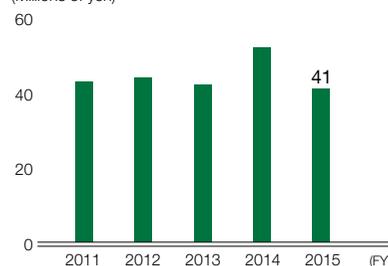
Number of condominium units delivered in Japan

(Units)



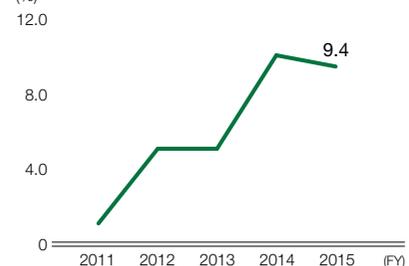
Average sales price per unit

(Millions of yen)



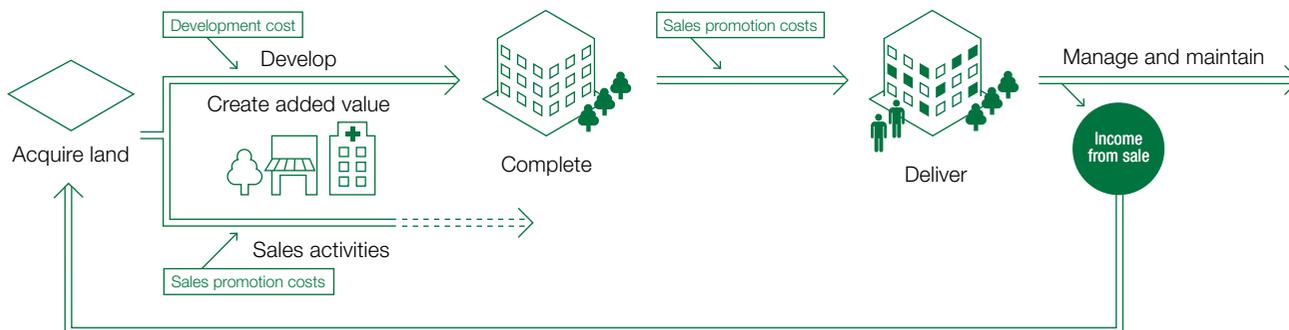
Operating margin (Residential Property Sales Business)

(%)



Operational Flow of Residential Development Business

This business acquires land, on which it develops high-value-added properties that are sold to generate income. In recent years, changing lifestyles and diversifying residential needs have led to demand for a broad range of different products and services.



Strengths of the NTT Urban Development Group

Main Good Design Awards received



- 2003 Grand WELLITH Tetsugakudo Koen
- 2007 Akihabara UDX, Grand WELLITH Seta
- 2008 UD Hibiya Bldg., WELLITH Azabu Mamiana
- 2014 WELLITH Tower Atago Toranomon

Wellith brand

今も、未来も、心地いい



ウェリス

We renewed the brand's logo and concept in January 2015. We will continue offering customers homes that provide comfort now and in the future.

Capabilities to Sustain Growth

- Identifying favorable properties **Information-gathering capabilities**
- Adding value to property **Planning and development capabilities**
- Reflecting local characteristics **Project advancement capabilities**

P. 22 CASE STUDY



Creation of Permanent Residences for Multiple Generations

Tsunagu (Connecting) Town Project Phase 1
—Parallel Development of Wellith Tsudanuma
and Wellith Olive Tsudanuma

We have created a new system that gives people peace of mind in their daily lives by catering to the needs of an aging society. Specifically, we are developing a condominium building while developing serviced housing for seniors on an adjacent lot. Moreover, residents of both buildings will have access to common care services. We have been able to realize the *Tsunagu* Town Project thanks to collaboration with the NTT Group and our early involvement in serviced housing for seniors.



Residences Catering to Changes in Families and Allowing Them to Always Be Together Comfortably

The *Tsunagu* Town Project allows residents to adjust their way of living in step with any future lifestyle or health changes, thereby enabling residents to stay long term in a familiar area. As the first phase of this project, we developed a condominium building, Wellith Tsudanuma, and serviced housing for seniors, Wellith Olive Tsudanuma.

Wellith Tsudanuma has layouts that can accommodate residents in their 30s to 50s who are bringing up children or a wide range of living styles suited to seniors. The condominiums include equipment for seniors, such as emergency call buttons and IH cooking heaters.

Wellith Olive Tsudanuma has a day-care facility for seniors and a restaurant that not only residents but also those living in Wellith Tsudanuma can use. Furthermore, by submitting an application, Wellith Tsudanuma residents can use services that provide daily monitoring of the condominium's residents and rapid responses in an emergency. Also, because Wellith Tsudanuma condominium buyers and their families have priority residence rights for Wellith Olive Tsudanuma, they can invite their parents to live there or relocate there themselves.

We sold all of the condominium units of Wellith Tsudanuma within six months of the December 2014 launch, testifying to its unique location, living environment, and quality. Wellith Olive Tsudanuma is scheduled to open in March 2016.

Project summary

Location: Funabashi, Chiba Prefecture
(former site of NTT dormitory)

Wellith Tsudanuma

Footprint: 2,472 m²

Floor space: 5,086 m²

Size: 6 floors aboveground, 58 units

Primary use: Condominium

Wellith Olive Tsudanuma

Footprint: 1,997 m²

Floor space: 3,822 m² (scheduled)

Size: 6 floors aboveground, 74 units
(scheduled)

Primary use: Serviced housing for seniors (includes day-care facility, home-visit nursing-care service provider, and in-home nursing-care support service provider)

Global Business

As part of an investment diversification strategy, the NTT Urban Development Group is developing its global businesses. We intend to advance this business steadily. In North America and Europe, we will exploit expertise garnered in Japan to build stable earnings foundations. As for Asia, efforts will focus on such growing markets as Southeast Asia, where we will take on new initiatives and create business opportunities.

United Kingdom

Acquiring a property in the United Kingdom in 2009 launched our global business. Subsequently, we acquired an additional three properties in the country. Currently, we own three properties in London. In the year ended March 31, 2015, we began renovating our property at 1 King William Street, in London's financial district, and we plan to complete the renovation in August 2016. This is the Group's first renovation of an office building overseas. We intend to install the latest facilities in the interior of the building, which is in a district where historic buildings are protected.

Location	Rentable floor space	Size	Primary use
1 1 King William Street (London)	Approx. 9,222 m ² * (Approx. 99,265 sqft)	8 floors aboveground, 1 belowground*	Offices
2 20 Finsbury Circus (London)	Approx. 8,029 m ² (86,427 sqft)	7 floors aboveground, 1 belowground	Offices
3 265 Strand (London)	Approx. 7,049 m ² (75,883 sqft)	8 floors aboveground, 1 belowground	Offices

* After renovation



United States



In the United States, we acquired two properties in Boston in January 2015. Both buildings are located in historically and culturally appealing areas that promise growth. Meanwhile, in New York we are participating in the redevelopment of an office and commercial complex in Manhattan's Midtown South area—next to an area that is growing markedly due to a rising number of technology companies. The renovation is due for completion in April 2016.

Location	Rentable floor space	Size	Primary use
1 119 West 25th Street (New York)	Approx. 12,700 m ² * (Approx. 137,000 sqft)	11 floors aboveground, 1 belowground	Offices and commercial
2 141 Tremont Street (Boston)	Approx. 6,377 m ² (68,645 sqft)	13 floors aboveground	Offices
3 27 School Street (Boston)	Approx. 5,799 m ² (62,427 sqft)	6 floors aboveground, 1 belowground	Offices and commercial

* After renovation

Outlook

The Group will continue developing the global business to diversify investment, meet global standards, and accumulate a range of expertise in relation to properties and return on investment.