

Directors and Audit & Supervisory Board Members (As of July 1, 2015)



Directors

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|---|--|--|---|
| <p>1. Sadao Maki
President and
Chief Executive Officer</p> | <p>2. Yoshiharu Nishimura
Senior Executive Vice President</p> | <p>3. Satoshi Shinoda
Executive Vice President,
Corporate Strategy and Planning</p> | <p>4. Kazuhiro Hasegawa
Executive Vice President,
Office Building Business</p> |
| <p>9. Yoshihito Kichijo
Senior Vice President,
General Affairs,
Real Estate Investment</p> | <p>10. Hideyuki Yamasawa
Senior Vice President,
Global Business</p> | <p>11. Hirotoishi Shinohara
Senior Vice President,
Project Management,
Aoyama Development</p> | <p>12. Akira Komatsu*
Senior Vice President
(Outside, independent)</p> |

Audit & Supervisory Board Members

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| <p>15. Mitsuhiro Watanabe
Audit & Supervisory
Board Member
(Full-time, outside)</p> | <p>16. Shunichi Okazaki*
Audit & Supervisory
Board Member
(Full-time, outside, independent)</p> | <p>17. Hisako Kato*
Audit & Supervisory
Board Member
(Outside, independent)</p> | <p>18. Harunobu Takeda
Audit & Supervisory
Board Member
(Outside)</p> |
|--|--|--|--|



5. Masayuki Kusumoto

Executive Vice President,
Commercial Properties
Development, Global Business

6. Akiyoshi Kitamura

Senior Vice President,
Residential Development

7. Kanya Shiokawa

Senior Vice President, Kansai
Regional Business (General
Manager of Kansai Branch)

8. Shigehito Katsuki

Senior Vice President,
Accounting and Finance

13. Toshio Koujitani*

Senior Vice President
(Outside, independent)

14. Koichi Takami

Senior Vice President
(Outside)

* Appointed as independent officers pursuant to the rules of Tokyo Stock Exchange, Inc., and the appointment has been filed with Tokyo Stock Exchange, Inc.

Governance Structure

Basic Policy on Corporate Governance

NTT Urban Development aims to achieve sustainable growth by working in line with its corporate slogan of *With Integrity, through Innovation—connecting cities and people*. To this end, NTT Urban Development seeks to gain the firm confidence of stakeholders, including shareholders and other investors, as well as customers, business partners, and society as a whole, while developing its office, residential, and commercial properties businesses.

In the area of corporate governance, the basic policy of the Company is to strengthen its corporate value going forward by emphasizing the maintenance of management transparency, enhancing accountability, and thoroughly considering risk management, corporate ethics, and compliance.

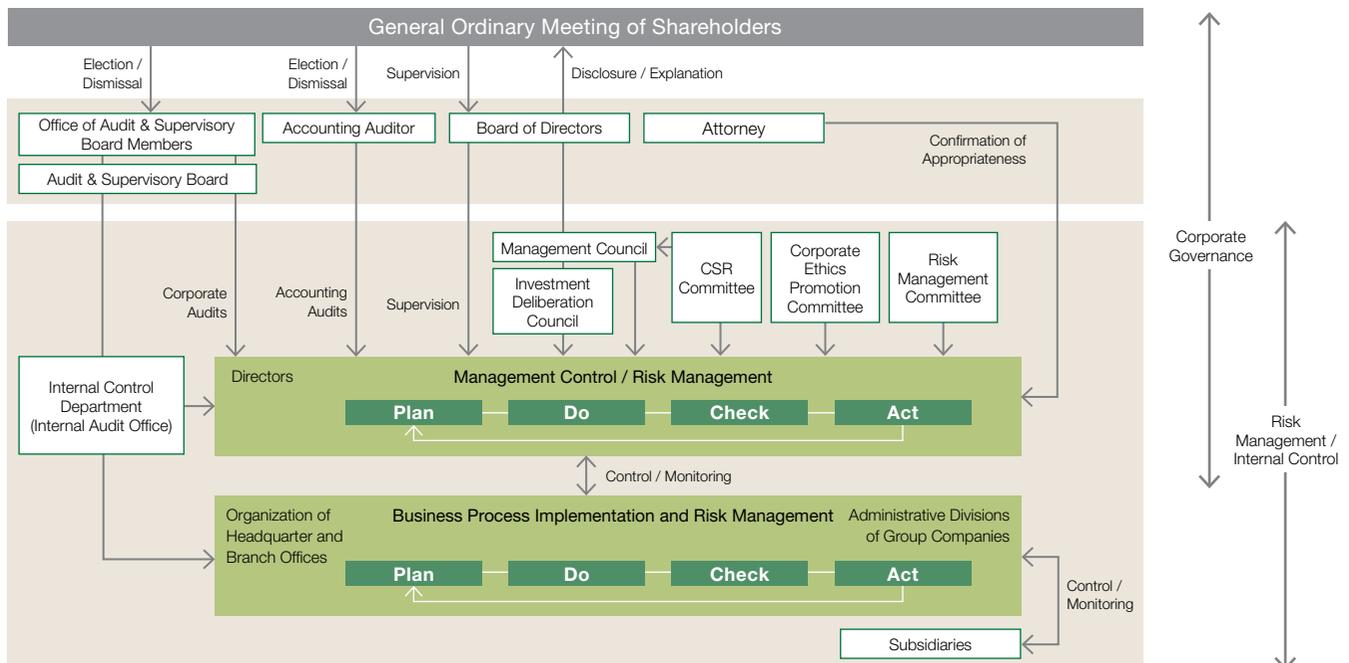
As a concrete example of these initiatives, the Company has several independent officers—both independent outside directors and independent outside Audit & Supervisory Board members. These officers supervise and audit the Board of Directors and the Audit & Supervisory Board to ensure management transparency. At the same time, the Company provides opportunities for management and independent officers to exchange opinions and, by receiving appropriate advice, maintains a sense of urgency in its business operations and management decisions. Moreover, the Company aims to enhance accountability by striving to disclose Company information, including non-financial information, in accordance with the disclosure policy in a timely and appropriate manner. Furthermore, the Company aims to further enhance its IR activities and improve sustainable corporate value and, going forward, strengthen dialogue and communication with investors.

NTT Urban Development employs a system with Audit & Supervisory Board members and, as stipulated in Japan's Companies Act, has established a General Ordinary Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and an independent accounting auditor. The Company has determined that audit by Audit & Supervisory Board members including outside Audit & Supervisory Board members is effective for monitoring management and has adopted the structure of a company with an Audit & Supervisory Board.

The Company has also established the Management Council, which consists of full-time directors, branch managers, operating department managers, and heads of staff departments, and advises the president on matters within his decision-making capacity. The Management Council is committed to speeding up decision making in the execution of business. Full-time Audit & Supervisory Board members attend Management Council meetings in an effort to further enhance transparency in the decision-making process. Moreover, prior to discussions at Management Council meetings, investment projects are carefully examined by the Investment Deliberation Council, which consists of cross-functional members from within the Company, to identify potential investment risks and implement appropriate risk management.

As of the end of the fiscal year under review, the Board of Directors comprised 13 directors (two members were outside directors; all members were male). The Board sets basic policies regarding management and business execution, makes decisions on important matters, and supervises the execution of duties by directors. In principle, the Board of Directors convenes once a month

Corporate Governance / CSR Management System



and endeavors to make decisions swiftly by holding additional meetings as necessary. During the fiscal year ended March 31, 2015, the Board of Directors convened on 17 occasions.

The Audit & Supervisory Board comprised four members (all members were outside Audit & Supervisory Board members; three members were male and one was female). In principle, the Audit & Supervisory Board convenes regularly on a monthly basis and holds additional meetings as necessary. During the fiscal year ended March 31, 2015, the Audit & Supervisory Board convened on 20 occasions. Each Audit & Supervisory Board member

attends important meetings of the Board of Directors and other meetings, audits and supervises the execution of duties by directors, and examines the Company's operational and financial standing in accordance with the audit plan established by the Audit & Supervisory Board.

As of June 24, 2015, the Board of Directors consisted of 14 directors (three members were outside directors; all members were male), and the Audit & Supervisory Board consisted of four members (all members are outside Audit & Supervisory Board Members; three members were male and one was female).

Internal Control System

Revision of the Internal Control System

At NTT Urban Development, the president has created and established an internal control system and executes duties under the supervision of the Board of Directors and auditing by the Audit & Supervisory Board. In accordance with the Companies Act, which came into effect on May 1, 2006, the Board of Directors passed a resolution on May 11, 2006, in favor of establishing the internal control system basic policy. Since then, the Company has improved the basic policy by flexibly responding to changing societal circumstances through revisions to enhance the scope and content, including clarification of the Company's policy on antisocial forces, compliance with the Financial Instruments and Exchange Law, appropriate measures to deal with natural disasters, and proper risk management. In March 2013, the Company established the Risk Management Committee to further clarify the risk identification and evaluation processes and draw up a basic policy on risk management.

NTT Urban Development's Internal Audit Office is independent of other business units and objectively examines and evaluates the business performance of each organization at the head office, branches, and Group companies. To verify the effectiveness of internal control and make improvements on an ongoing basis, the results of internal audits are submitted to the Management Council twice a year, and reports on the internal control system are presented to the Management Council and the Board of Directors once a year.

Status of the Development of a Risk Management System

Risk management is an essential part of NTT Urban Development's internal control system. Through its risk management initiatives, the Company aims to promote and increase corporate value by understanding the various internal and external risks borne in its operations, so that pertinent countermeasures may be implemented and appropriate and bold management decisions are ensured.

By establishing the Risk Management Committee and applying the risk management rules and regulations appropriately, the Company strives to address and manage a wide variety of risks and to secure business continuity and stable expansion.

For comprehensive risk management, when the Company makes investment decisions for development projects, it endeavors to identify a wide range of possible risks, including those

involving declines in rent, delays in construction, issues within the neighborhood, and environmental concerns, including soil contamination, as well as risks in conducting business overseas, taking into account changes in the environment surrounding the Company and its initiatives in new businesses.

The Company has a business continuity plan (BCP) in preparation for disasters such as a large-scale earthquake. The Group established the Disaster Risk Management Promotion Office in 2008 and executes such measures as upgrading organizational systems, creating guidelines and manuals, implementing anti-earthquake and anti-flooding measures for buildings, and conducting disaster drills.

The internal control system basic policy clearly describes efforts to eradicate antisocial forces and describes the status of the development of these policies. NTT Urban Development carries out measures across the Company to respond to unreasonable demands from antisocial forces. The General Affairs Department is designated as the department that oversees the implementation of the above measures.

In addition, NTT Urban Development cooperates with relevant authorities, including the police, to ensure a smooth exchange of information under normal circumstances and an urgent response in emergencies.

These basic policies and the Company's internal structure to deal with business issues are set out in the Corporate Ethics and Compliance Regulations, the Risk Management rules and regulations, and the *Crisis Management Manual*. In this way, NTT Urban Development ensures that these basic policies and the internal structure are enforced across the Company.

Corporate Ethics and Compliance

Corporate ethics and compliance policies are addressed by the Company's Corporate Ethics Promotion Committee. At the same time, we are engaged in the implementation of corporate ethics and compliance training, and the Company continues to implement initiatives aimed at the further establishment of corporate ethics and compliance. These efforts include the operation of the Corporate Ethics and Compliance Helpline, which we have implemented to raise awareness across the Company.

Matters concerning Outside Officers

Through its three outside directors and four outside Audit & Supervisory Board members, the Company aims to gain a wide range of management perspectives. The Company has appointed two executives from Nippon Telegraph and Telephone Corporation (NTT), one as an outside director and the other as an outside Audit & Supervisory Board member. NTT maintains a shareholding ratio of 67.3% in the Company; however, the Company requested these appointments and conducts its management decisions independently. Moreover, the Company uses independent officer guidelines that are based on the rules of Tokyo Stock Exchange, Inc., under which an independent officer cannot be a former employee of the parent company or related companies, a major stockholder, or a former employee of a major customer. These are among the criteria the Company draws on to ensure that its independent officers do not have any conflict of interest with shareholders in light of criteria for judging independence adopted by Tokyo Stock Exchange, Inc.

Outside directors attend meetings of the Board of Directors and dispense advice at their discretion from a perspective that is independent of business execution, demonstrating their supervisory function through these discussions.

Outside Audit & Supervisory Board members attend meetings of the Audit & Supervisory Board, which makes decisions on the policies, plans, and methods of audits and other important matters relating to audits. At the meetings, outside Audit & Supervisory Board members report on the status of audits as required. Outside Audit & Supervisory Board members carry out their duties according to the audit plan established by the Audit &

Supervisory Board and attend meetings of the Board of Directors and other important meetings, audit the execution of duties of directors, and examine the status of operations and assets. All outside Audit & Supervisory Board members carry out audits independently from business execution implemented by management.

The outside Audit & Supervisory Board members audit and supervise the internal control system and internal control departments in cooperation with the departments relevant to the systems stipulated in the internal control system basic policy, receiving reports and explanations from the relevant departments from time to time. The outside directors monitor the internal control departments' performance of their duties, receiving reports on the development and management of the internal control system at meetings of the Board of Directors that they attend.

Remuneration for Directors

The matters concerning remuneration for directors are decided at the meeting of the Board of Directors.

Remuneration for directors, excluding outside directors, consists of monthly compensation and bonuses. The monthly compensation is provided based on the extent of roles and the scope of responsibilities for each position. The bonuses are provided by taking into account the Company's performance and other matters during the fiscal year under review. In addition, from the perspective of reflecting the medium-to-long-term performance of the Company, directors purchase Company shares through the directors' stock accumulation plan by contributing an amount that exceeds a predetermined figure from their monthly compensation, and they hold all shares purchased throughout their term in office.

Message from an Outside Director

As economic globalization advances, companies face increasingly fierce competition. Against this backdrop, the total assets of NTT Urban Development have surpassed ¥1 trillion, and the number of its overseas properties is rising gradually. This enlargement has led to commensurate growth of the Company's presence in and responsibilities to society. Meanwhile, for most businesses or organizations such an expansion is generally accompanied with the risk of becoming like a dinosaur. Although dinosaurs evolved bigger bodies, their brains did not follow suit. Consequently, they were unable to cope with environmental changes after the Earth was assailed by a catastrophe.

The current international environment's heightened volatility and uncertainty demands higher-quality corporate management. "Quality" corporate management emphasizes social contribution and fundamental earning power as a business. Nothing is stronger than a company that garners society's support consistently. Society is the aggregate of a company's stakeholders. For NTT Urban Development, this means shareholders, creditors, condominium purchasers, office tenants, suppliers and business clients, local communities, and employees. I intend to discharge my duties as an outside director to help the Company benefit society, and retain its support, by conducting businesses *with integrity and through innovation*.



Akira Komatsu

Professor Emeritus,
Hitotsubashi University
Professor, Department of Business
Administration, Faculty of Economics,
Musashino University
Professor, Graduate School of Political
Science and Economics,
Musashino University

Remuneration for outside directors is, from the perspective of ensuring a high level of autonomy, provided solely by monthly compensation and is not influenced by the Company's performance.

Remuneration for Audit & Supervisory Board members is

decided upon discussion by the Audit & Supervisory Board members and, from the perspective of ensuring a high level of autonomy, is provided solely by monthly compensation and is not influenced by the Company's performance.

Attendance at Meetings of the Board of Directors and the Audit & Supervisory Board in the Year Ended March 31, 2015

Name	Meetings of the Board of Directors		Meetings of the Audit & Supervisory Board	
	Meetings attended	Attendance rate	Meetings attended	Attendance rate
Akira Komatsu	17/17	100.0%	—	—
Kou Ikeda*	12/13	92.3%	—	—
Mitsuhiro Watanabe	13/13	100.0%	13/13	100.0%
Hiroshi Ikegawa*	17/17	100.0%	20/20	100.0%
Hisako Kato	13/13	100.0%	13/13	100.0%
Shinji Kume*	12/13	92.3%	12/13	92.3%

* Senior Vice President Kou Ikeda, Corporate Auditor (full-time) Hiroshi Ikegawa, and Corporate Auditor (full-time) Shinji Kume resigned on June 23, 2015.

Remuneration of Directors and Audit & Supervisory Board Members in the Year Ended March 31, 2015

Title	Total amount of remuneration (Millions of yen)	Remuneration by type (Millions of yen)		Number of officers receiving remuneration
		Basic remuneration	Bonus	
Directors (excluding outside directors)	290	255	35	14
Audit & Supervisory Board members (excluding outside auditors)	—	—	—	—
Outside directors and outside auditors	56	56	—	6

Notes:

- The General Ordinary Meeting of Shareholders for the 22nd term held on June 21, 2007, resolved that annual remuneration for directors shall not exceed ¥480 million, and annual remuneration for Audit & Supervisory Board members shall not exceed ¥80 million.
- The number of officers includes three directors and two auditors who retired as at the conclusion of the General Ordinary Meeting of Shareholders for the 29th term held on June 24, 2014.
- Apart from the above, bonuses of ¥16 million were paid to five people who work as employees and directors.

Message from an Outside Audit & Supervisory Board Member

The basic auditing policy of NTT Urban Development's Audit & Supervisory Board, as an independent body entrusted by shareholders, is to audit directors' execution of duties while establishing sound corporate governance that befits society's trust, contributes to sound development of the Company, and enhances corporate value.

Given Japan's enforcement of the amended Companies Act on May 1, 2015, and the adoption of the Corporate Governance Code on June 1, 2015, stronger corporate governance is required. Of course, as previously, Audit & Supervisory Board members and the Audit & Supervisory Board are expected to fulfill such roles and responsibilities as the auditing of operations and accounts. However, in addition to these "defensive functions," I think Audit & Supervisory Board members must exercise the authority of their positions more dynamically and actively and provide opinions to senior management teams in a timely, appropriate manner.

As an outside Audit & Supervisory Board member, I will meet my responsibilities by providing opinions from an independent position that reflects the interests of shareholders even more closely while intensifying communication with the independent auditor in light of my specialist perspective as a certified public accountant and certified tax accountant.



Hisako Kato

Representative,
Kato Accounting Office
Outside Audit & Supervisory
Board Member, JSR Corporation

Corporate Social Responsibility (CSR) Initiatives

Through urban development that satisfies the needs of customers and members of the wider public and brings smiles to their faces, we will help create a sustainable society that offers comfortable lifestyles.

The NTT Urban Development Group's CSR

The Group has set out a basic approach to and policy for CSR. We have established five CSR themes, which we always keep in mind when providing real estate services. Our ambition is to help create a sustainable society that offers comfortable lifestyles.

Another important theme is inculcating CSR among all employees and advancing CSR initiatives through employee education. Accordingly, our employee training encompasses customer satisfaction activities, disaster countermeasures, environmental activities, and corporate ethics.

We examine our approach to CSR initiatives at regular meetings of the CSR Committee, chaired by the officer responsible for CSR (the senior executive vice president). Further, at the head office the CSR Office works closely with divisions, branch offices, and Group companies to advance a range of CSR initiatives. Moreover, the CSR Office promotes Groupwide initiatives.

The NTT Urban Development Group's Basic CSR Policy (Revised September 2014)

CSR Message

As a member of the NTT Group, we will help create a sustainable society that offers comfortable lifestyles. We will achieve this by providing quality real estate services that realize urban planning that satisfies the needs of customers and members of the wider public and brings smiles to their faces.

CSR Themes

Communication with stakeholders

We view customers, members of the wider public, and every person and company involved in urban planning as important partners. By communicating with these partners sincerely, we will realize better urban planning.

Creation of comfortable and lively living spaces

By creating living spaces that are safe and comfortable for everyone and business spaces that are functional and convenient, we will develop appealing, lively urban areas.

Promotion of environmentally friendly development

We will reduce the environmental burden associated with urban planning. Furthermore, we will innovate to develop comfortable urban areas that incorporate nature.

Creation of workplaces where diversity is respected

We will respect employees' individuality and emphasize diversity to create vibrant workplaces.

Sound business activities

Maintaining a strong sense of gratitude, ethics, and human rights, we will conduct business activities responsibly to enrich society.

Communication with Stakeholders

The NTT Urban Development Group will realize better urban planning by communicating sincerely with a broad range of urban planning stakeholders.

At the development stage, our plans focus on harmony with landscapes and catering to the needs of members of the wider public. Upon completion, we manage properties in ways that are useful to members of the wider public.

We cultivate customer loyalty by responding to feedback from leasing properties' tenants and users in a manner that satisfies and impresses them. For condominiums, we have established a Customer Satisfaction Office, which collects customer feedback and provides carefully prepared solutions.

Creation of Comfortable and Lively Living Spaces

In the optimal locations of Japan's major cities, the Group develops and manages office buildings that offer outstanding quality and reliability. We provide convenient, comfortable, and safe environments that help customers enhance their operational productivity.

Condominiums are the mainstay of the residential development business. Under the Wellith brand, the business builds residences that maintain their asset value for long periods. Also, the business provides meticulous support to help protect and enhance residences as important assets.

Further, we work with local residents, customers, and tenants to develop appealing, vibrant commercial properties that make a lasting impression on visitors. This approach is based on our

commercial properties development business vision, which calls for Creating New Properties for Life—Personal and Unique.



Promotion of Environmentally Friendly Development

We advance Groupwide initiatives to ensure environmental preservation, which we view as an important management task. We have established an environmental policy that emphasizes the reduction of resource consumption, environmental burden, and waste; coexistence with the natural environment; and consideration for health and comfort. At our properties and in-house offices, we implement a wide range of environmental preservation activities, including global warming and waste countermeasures.



Photo by Forward Stroke

Green Building Accreditation for Two Buildings

In recognition of their advanced environmental and social features, two properties in downtown Tokyo have received DBJ Green Building certificates from Development Bank of Japan Inc. Urbannet Nihonbashi 2-chome Building and Urbannet Ginza 1-chome Building are situated in Tokyo's Chuo-ku and are scheduled for completion in October 2015 and February 2016, respectively.

Creation of Workplaces where Diversity Is Respected

As a member of the NTT Group, we are creating systems that enable diverse personnel to contribute to our operations regardless of gender, age, race, nationality, or disability.

Employing diverse personnel is one of our management strategies. Therefore, we have systems in place that help employees realize a work-life balance, work flexibly, cope with major life events, and rejoin us after retirement. In October 2014, we established the Diversity and Inclusion Office, which is tasked with heightening employees' awareness of the importance of diversity.

To ensure the physical and mental health of employees, we have systems that help employees realize a work-life balance and manage their health and systems for occupational health and safety.

Further, we help employees who want to improve their skills. As well as systems supporting the acquisition of business-related qualifications, we provide correspondence and online courses for languages, related laws, and finance. Also, with a view to encouraging personal growth, we enable employees to participate in social contribution activities linked to the development and enrichment of urban areas.

Designation as a Nadeshiko Brand

In March 2015, we became the first company in Japan's real estate industry to be designated as a Nadeshiko Brand. This brand is part of efforts that enable women to contribute more to the workforce and assume positions of greater responsibility—a key facet of the government's growth strategy. A government ministry and Tokyo Stock Exchange, Inc., designate Nadeshiko Brand companies jointly by selecting listed companies that make outstanding efforts to empower women and that are, as a consequence, attractive to investors who emphasize medium-to-long-term corporate value enhancement.



Sound Business Activities

Based on a strong sense of ethics and human rights, we conduct business activities responsibly to enrich society.

Through the Corporate Ethics Promotion Committee, initiatives for corporate ethics and compliance are determined. In addition, we conduct training annually to heighten employees' awareness of these issues. Other efforts include giving employees regular reminders about the Corporate Ethics and Compliance Helpline.

Also, we ensure officers and employees have an appropriate attitude toward and full understanding of human rights. At the same time, we have established a corporate stance that respects

human rights and does not tolerate discrimination in any form. In each head office organization and branch office, we appoint personnel responsible for promoting human rights awareness. Moreover, the Group conducts human rights training for employees, including those of Group companies. Another initiative is the inclusion of case studies related to human rights in our monthly e-mail magazine. During Human Rights Week in December, our president posts a message on the in-house website. Further, we organize a slogan and poster competition among employees and their families and award prizes for the best entries.

Communication with Shareholders

We aim to maintain and develop the relationships of trust that we have with a broad range of stakeholders. To this end, we undertake appropriate disclosure, encourage dialogue, and use

websites, corporate brochures, annual reports, and other communication tools to disseminate information.

Communication with Investors

Disclosure Policy

With a view to fair disclosure that contributes to appropriate decisions by investors and other stakeholders, the Group has established a disclosure policy clearly stating its stance on the public announcement of corporate information.

Posting of Investor Relations Information on Our Website

In addition to reports on the settlement of accounts, securities reports, and other documents requiring timely disclosure, our website includes briefing materials and videos and a calendar of investor relations events. Also, we promptly issue these documents and news releases of interest to investors in English.

Regular Briefings for Analysts and Investors

To explain the settlement of accounts to analysts and investors, we hold interim and year-end briefings as well as first-quarter and third-quarter telephone conferences. At the briefings and telephone conferences, the management team explains results directly to analysts and institutional investors. Further, we promote dialogue with investors by taking part in conferences.

Briefings for Individual Investors

To increase dialogue with individual investors, we participate in briefings about the Group for individual investors in Tokyo and Osaka and online.



Long-Term Inclusion in a Socially Responsible Investment Index

In recognition of our environmental and social initiatives, since 2008 we have been included in the FTSE4Good Index, a flagship index for socially responsible investment that comprises listed companies from around the world.

