

With integrity and innovation, we will continue to create value
that customers and society seek in every business field

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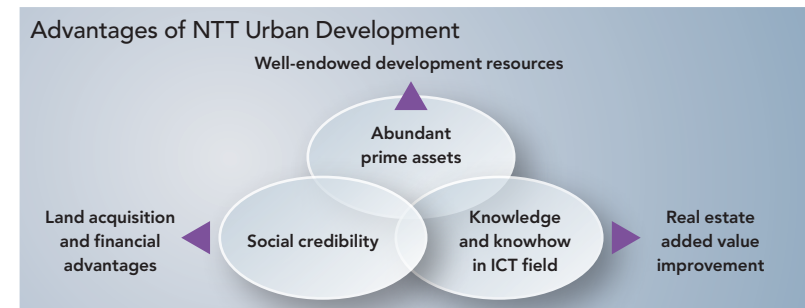
Sadao Maki
President & Chief
Executive Officer
NTT Urban
Development
Corporation

Q What are NTT Urban Development's strengths in the real estate industry?

A As a member of the NTT Group, our strengths are multifaceted.

NTT Urban Development was established in 1986 as a comprehensive urban development company and marked its 30th anniversary in January 2016. NTT Urban Development Corporation, a mid-sized company and a relatively late comer in the real estate industry, had a major advantage in creditworthiness in buying land and ability to raise capital because of the tremendous public confidence it enjoys as a member of the high-profile NTT Group. Needless to say, this helps it to operate business in this highly competitive industry.

The Company has expanded its business by developing office buildings and other real estate in prime locations centered on Otemachi and leasing them. Ownership of these prime assets and our ability to offer more secure and comfortable offices and homes that incorporate new technologies based on information and communication technology (ICT) are advantages that we have over all other competitors, and contributes in a major way to increasing the added value of development projects.



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Q What is your future growth strategy?

A We will continue to show our presence in the intensely competitive real estate market by pursuing value creation that includes both material and abstract aspects.

As we face a depopulating society caused by a dwindling birth rate and an aging population, the aimless maintaining of the status quo fosters a sense of a crisis for survival in Japan's increasingly harsh real estate environment.

At times in our past, when goods could not be had, we were happy just to make them, but today, as goods are super abundant, such behavior can no longer be tolerated. The days of continued focus on only material aspects is over, we are now at a time where a more multifaceted value creation that embraces both the material and abstract, along with content, is called for. Based on this realization, we must create what customers and society demand. To do so, we need "integrity," which helps us discern customer needs, and "innovation," which boldly challenges urban development's uncharted horizons by breaking free of all precedents.

In June 2014, we came up with the new corporate slogan of "Integrity and Innovation," which perhaps expresses that sense of crisis. Under this slogan, we have promoted drastic change in all business areas, but in order to re-express this intention both inside and outside the Company, we have announced a new corporate logo.

Each and every employee is aware of the all the thought that has gone into the slogan and logo, and will continue to focus on a unique style of urban development that they alone are qualified to perform, and that rejects imitation. By taking this resolute stance, and with a totally unique and unparalleled presence not found in other large, small and diverse real estate companies, we will maintain stable growth without getting sidetracked by competition for scale and price.



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Q What progress have you made on the medium-term business plan and what targets are you working to achieve?

A We will achieve stable growth through portfolio diversification while focusing knowhow gained on mixed-use development projects.

The Company is now promoting Medium-Term Vision 2018, its medium-term management plan for fiscal 2018. Under a basic strategy of "fully enforcing a customer and market-centered orientation" and "pursuing innovation," this plan aims for operating revenue of ¥200.0 billion and operating income of ¥30.0 billion by promoting various reforms in each business.

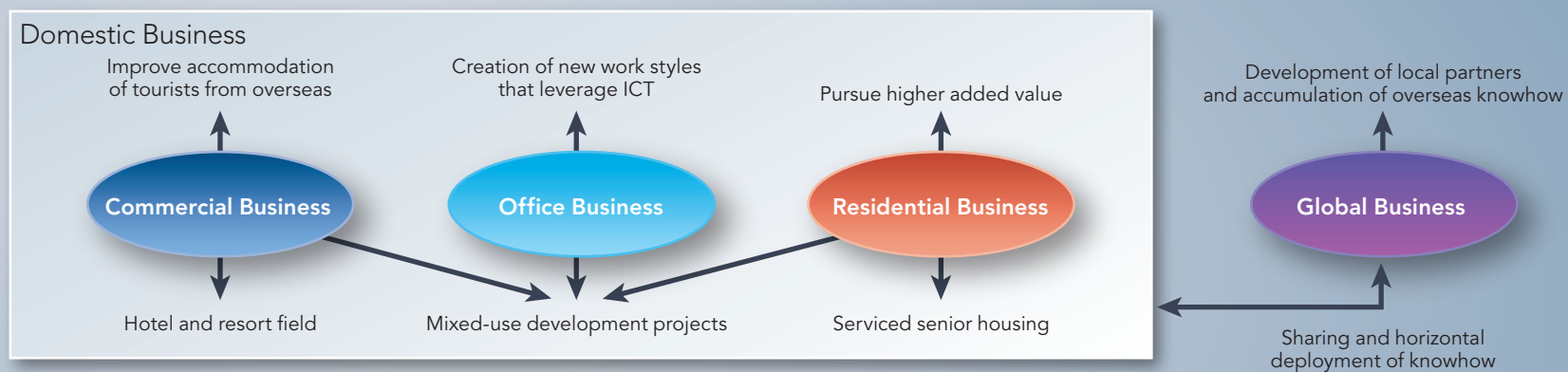
NTT Urban Development steadily promoted this plan in fiscal 2015 and achieved its operating income target ahead of schedule. However, this includes gains from property sales, but the goal of the medium-term management plan is to be a company that regularly generates ¥30.0

billion in operating income without depending on such temporary profit.

Therefore, it is essential that we secure new revenue sources and diversify our portfolio. In addition to office buildings, our traditional mainstay, the expansion of commercial facilities such as hotels, and our focus on asset acquisition in major overseas cities have been a part of this effort. The Company will continue to promote this diversification, and in combination with the knowhow gained in the development and management of a wide range of facilities, we will aggressively take on mixed-use development projects comprising office buildings combined with hotels and residential with commercial facilities, as well as new fields such as office to residential conversion.

Furthermore, assets held in Japan have been inventoried and classified as core, semi-core, and non-core assets. Based on this classification, not only will we hold and utilize these assets internally, we will optimize the balance sheet by promoting a diverse portfolio management that includes sales to J-REITs and private-placement REITs.

Portfolio Diversification and the Direction of Each Business



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Development Pipeline

Development Project	Total Floor Area		FY2017	FY2018	FY2019	FY2020	FY2021 –
Office Business							
Otemachi 2-1 Project*	Approx. 202,000 m ² (entire building A)	Completion					
Shimbashi 1-chome Project	Approx. 35,900 m ²	Start of construction		Completion			
Commercial Business/Hotel and Resort Business							
Universal City Station Project	Approx. 20,808 m ²	Opening					
Small Luxury Hotel Development	—	Hakone opening					
Okinawa Seragaki Project	Approx. 40,000 m ²	Start of construction		Opening			
Kiyomizu Elementary School Conversion	—	Opening					
Shinpuhan Redevelopment Project	—	Start of construction		Opening			
Harajuku Station Project	—	Start of construction				Opening	
Residential Business							
Serviced senior housing in collaboration with the NTT Group	—						
Condominium Renovation Business	—						
Global Business (renewal project)							
1 King William Street (London)	Approx. 100,000 sqf	Completion					
125 West 25th Street (New York)	Approx. 138,000 sqf	Completion					
1015 18th Street (Washington D.C.)	Approx. 106,000 sqf	Completion					
Redevelopment Projects and Others							
NTT Group CRE	—						
Minami-Aoyama Project	—						
Shimbashi Station West Exit Project	—						
Kanda Station West Exit Project	—						

*The abbreviated name for Otemachi 2-chome Area 1st Class Urban Redevelopment Project Building A

*Each project is in the planning stage and could change.

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Q As a member of the NTT Group, what are your future policies?

A While fulfilling our responsibility as a member of the Group's CRE strategy, we will continue to pursue optimum urban development for the Group as well as for the people in the surrounding region.

As a result of the recent rapid evolution of ICT, the Group has reached a major turning point. For example, with communication facilities for traditional landline phones no longer needed, the question of how to effectively utilize those facilities and land has become a key management challenge. For example, leveraging the NTT Group's residential sites, we are carrying out the *Tsunagu TOWN* Project to simultaneously develop condominiums and senior

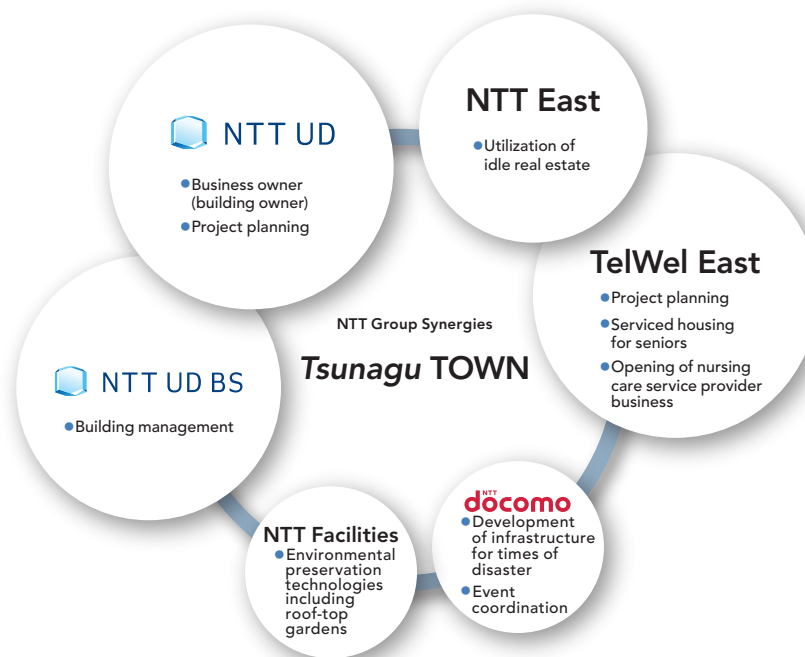
Tsunagu TOWN Project Wellith Musashino Sekimachi

Leveraging the NTT Group's synergies, we are working on the *Tsunagu TOWN* Project to simultaneously develop condominiums and senior serviced housing on adjacent sites. Please see the feature on page 19 for details.



serviced housing on adjacent sites.

In the redevelopment of this real estate, we place great importance on our relationship of trust with the local community that has been built up over a long period of time, and having a perspective on "urban development" that helps to increase value for the region as a whole is essential. As a member of the town, we want to evolve together with it by respecting its unique local history and culture and proposing optimal solutions from the point of view of residents and visitors.



"Tsunagu TOWN"
NTT Group Formation

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Q What kind of organization are you building to achieve the strategy we have discussed?

A We are training our employees in diversity and taking steps to reform how we work.

In order to create the value demanded by customers and society, we must raise the creativity of each and every employee, who are the source of that value. To that end, we are aggressively streamlining work that can be systematized, thereby creating an environment where employees can focus on more creative work.

Furthermore, our emphasis is on diversification of human resources. When speaking of diversity in Japan, gender differences tend to be the subject of focus, but we respect diversity in a broader sense that includes nationality, language, and expertise, and it is the fusion of

these that leads to the creation of new and unprecedented values.

To achieve this, we provide employees with opportunities to experience diversity, such as by researching new urban planning based on People Flow Analysis in collaboration with the University of Tokyo, sending them to graduate schools and research institutes in Japan and abroad, and aggressively recruiting young employees for overseas projects. We expect personnel who have broad experience to act as catalysts who actively promote exchanges that transcend our divisional boundaries.

Topics

Work Reform Project

In fiscal 2015, we started the Work Reform Project with the Diversity and Inclusion Office as the Secretariat and reexamined how in-house trial teams work. We will continue this effort in fiscal 2016.

Joined IkuBoss Alliance

In January 2015, NTT Urban Development became a member of the IkuBoss Alliance. IkuBoss is a supervisor who performs by achieving results while being mindful of the work-life balance of team members, and is able to enjoy his or her own work and private life.