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Governance Structure

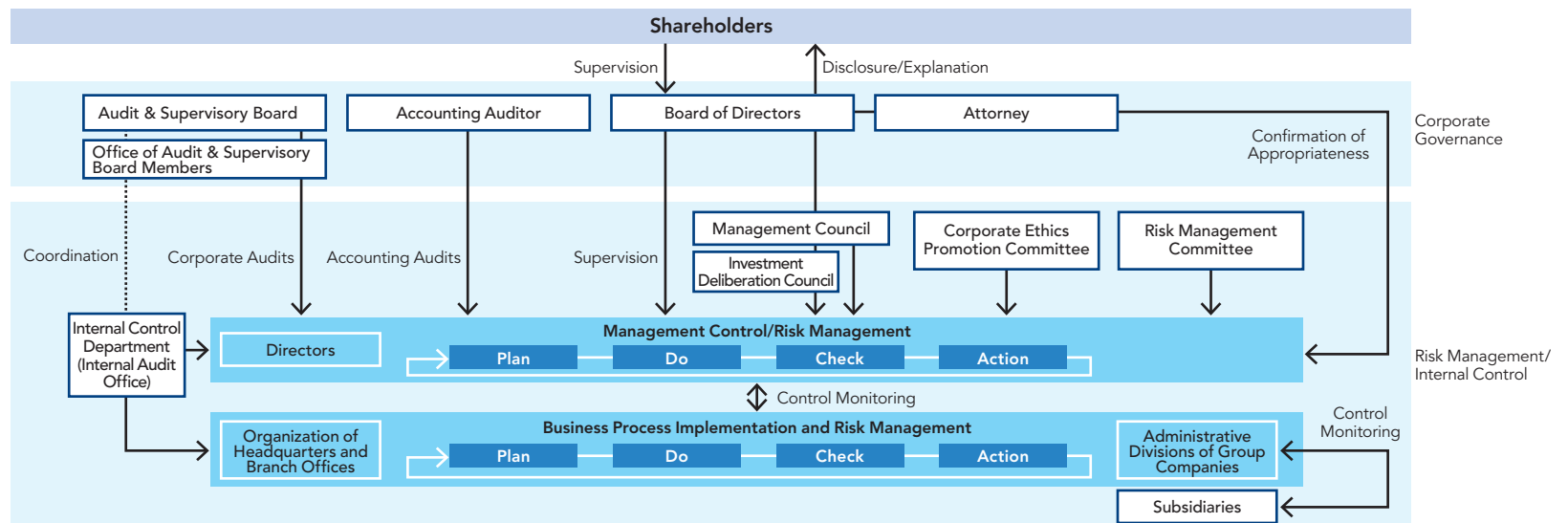
Basic Policy on Corporate Governance

NTT Urban Development aims for sustainable growth under its corporate slogan of *Integrity and 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 retail properties businesses.

In the area of corporate governance, the basic policy of the Company is to enhance accountability through timely information disclosure and constructive dialogue with shareholders and investors, and to raise its corporate value while fully taking into account corporate ethics and compliance.

The Company has several independent officers—both outside independent members of the board and 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.

To enhance accountability, the Company discloses information, including management, financial and non-financial information such as environmental and CSR-related information in a timely and appropriate manner. With the aim of continuously raising its corporate value, the Company also engages in constructive dialogue with investors through its IR and SR activities.



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Corporate Governance Features

NTT Urban Development has implemented each of its corporate governance principles. For details, please refer to the Company's IR site (<https://www.nttud.co.jp/english/ir/index.html>).

The Company employs a system with Audit & Supervisory Board members and, as stipulated in Japan's Companies Act, has established a General 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 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 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 within the Company, to identify

potential investment risks and implement appropriate risk management.

As of March 31, 2017, the Board of Directors comprised 14 directors (of which two were outside members; 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 and endeavors to make decisions swiftly by holding additional meetings as necessary. During the fiscal year ended March 31, 2017, the Board of Directors convened on 16 occasions.

The Audit & Supervisory Board comprised four members (of which three were outside 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, 2017, the Audit & Supervisory Board convened on 19 occasions. Each 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.

To increase the effectiveness of the Board of Directors with the goal of raising corporate value, we conduct surveys with the assistance of outside consultants of all directors and Audit & Supervisory Board members on the effectiveness of the Board including its makeup, status of directors' activities, and its operational status. The survey's responses are evaluated, analyzed and discussed at the Board of Directors' meeting. Based on the survey results, the Board of Directors' effectiveness has been rated sufficient.

Attendance of Outside Officers at the Board of Directors and Audit & Supervisory Board Meetings

Position	Name	Board of Directors		Audit & Supervisory Board	
		Meetings attended	Attendance rate	Meetings attended	Attendance rate
Outside Independent Member of the Board	Akira Komatsu	16/16	100.0%	–	–
Outside Independent Member of the Board	Toshio Koujitani	16/16	100.0%	–	–
Outside Audit & Supervisory Board Member (full-time)	Mitsuhiro Watanabe	16/16	100.0%	19/19	100.0%
Outside Independent Audit & Supervisory Board Member (full-time)	Shunichi Okazaki	16/16	100.0%	19/19	100.0%
Outside Independent Audit & Supervisory Board Member	Hisako Kato	15/16	93.8%	18/19	94.7%

For our internal control initiatives, please see "Basic policy and the status of the development of internal control systems" posted on our IR website (<https://www.nttud.co.jp/ir/index.html>)