

FACT BOOK

(for the 1st Quarter of FY 2017)

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NTT Urban Development

August 3, 2017

1. Consolidated Financial Results and Forecast

Consolidated Statements of Income

(Million yen)

	FY 2013	FY 2014	FY 2015	FY 2016				FY 2017	
				1Q Jun. 2016	2Q Sep. 2016	3Q Dec.2016	4Q Mar. 2017	1Q Jun. 2017	Results Forecast*
Operating revenue	189,186	152,052	183,016	33,255	68,545	118,239	188,633	40,776	163,000
Operating expenses	158,727	127,215	145,244	28,029	57,216	96,496	157,240	31,454	134,000
Operating income	30,458	24,836	37,771	5,225	11,329	21,743	31,393	9,321	29,000
Non-operating income	2,326	2,148	2,635	808	1,396	2,037	3,410	1,093	—
(Restated) Amortization of negative goodwill	1,853	1,780	1,926	481	963	1,444	1,926	481	—
(Restated) Equity in earnings of affiliates	71	45	251	99	177	281	1,072	386	—
Non-operating expenses	7,919	6,590	6,573	1,594	2,935	4,117	6,093	1,127	—
(Restated) Interest expenses	7,077	6,300	5,936	1,312	2,582	3,757	4,894	1,111	—
Ordinary income	24,865	20,395	33,832	4,439	9,790	19,663	28,710	9,287	27,000
Extraordinary income	8,576	1,850	3,298	—	—	—	25	—	—
Extraordinary loss	13,103	3,375	14,011	42	177	447	2,296	66	—
Income before income taxes and minority interests	20,338	18,869	23,120	4,396	9,612	19,216	26,440	9,221	—
Income taxes	7,534	(620)	4,127	1,019	2,331	4,981	7,899	2,534	—
Profit	12,803	19,490	18,993	3,377	7,280	14,234	18,540	6,687	—
Profit attributable to non-controlling interests	1,460	3,255	2,435	544	994	1,451	1,858	515	—
Profit attributable to owners of parent	11,343	16,235	16,557	2,832	6,286	12,783	16,682	6,172	17,500

Consolidated Statements of Comprehensive Income

Comprehensive income	16,274	23,671	16,399	638	1,143	7,443	14,422	5,904	—
Profit	12,803	19,490	18,993	3,377	7,280	14,234	18,540	6,687	—
Other comprehensive income	3,470	4,180	(2,593)	(2,739)	(6,137)	(6,790)	(4,118)	(783)	—

Consolidated Balance Sheets

Total assets	985,507	1,033,220	1,033,557	1,019,653	1,012,184	1,014,479	1,005,898	1,017,837	—
Current assets	125,351	128,512	178,110	170,437	168,747	167,340	137,816	146,188	—
Cash and deposits	18,313	17,891	14,846	16,281	15,553	18,916	16,945	27,005	—
Inventories	78,497	93,571	141,418	139,332	137,554	132,062	93,865	93,742	—
Other currents assets	28,539	17,049	21,845	14,823	15,638	16,361	27,004	25,440	—
(Restated) Short-term (less than 3 months) investments included in other	595	2,372	1,320	788	1,328	457	7,168	7,154	—
Non-current assets	860,155	904,708	855,447	849,215	843,437	847,139	868,081	871,649	—
Property, plant and equipment	811,035	834,792	781,895	777,829	773,075	773,901	797,557	797,589	—
Intangible assets	5,427	24,556	25,994	25,760	25,292	25,119	25,228	25,021	—
Investments and other assets	43,692	45,359	47,557	45,625	45,068	48,118	45,296	49,039	—
Total liabilities	756,915	787,579	781,651	770,501	763,084	762,485	747,341	756,816	—
Current liabilities	101,021	98,874	115,462	131,539	125,859	134,527	112,792	80,301	—
Interest-bearing debt (short-term)	57,886	53,200	63,305	82,108	74,976	82,575	53,974	45,156	—
Other current liabilities	43,135	45,674	52,156	49,430	50,882	51,951	58,817	35,145	—
Non-current liabilities	655,893	688,704	666,189	638,962	637,224	627,958	634,548	676,515	—
Interest-bearing debt (long-term)	449,367	493,989	482,715	469,322	467,195	461,153	468,108	510,419	—
Other non-current liabilities	206,525	194,715	183,474	169,640	170,028	166,804	166,440	166,095	—
Total net assets	228,591	245,641	251,905	249,151	249,100	251,994	258,556	261,020	—
(Restated) Total accumulated comprehensive income	5,596	9,776	7,187	4,448	1,050	396	3,067	2,283	—
(Restated) Non-controlling interests	42,975	44,730	45,871	45,985	45,879	45,891	45,884	45,922	—

Consolidated Statements of Cash Flows

Net cash provided by (used in) operating activities	51,870	36,988	17,430	—	17,114	—	71,910	—	—
Net cash provided by (used in) investing activities	(37,962)	(67,778)	(14,570)	—	(14,987)	—	(36,710)	—	—
Free cash flow	13,907	(30,789)	2,860	—	2,127	—	35,200	—	—
Net cash provided by (used in) financing activities	(8,656)	31,777	(6,781)	—	(1,236)	—	(27,345)	—	—
Cash and cash equivalents at end of period	18,798	20,153	16,106	—	16,722	—	23,954	—	—

* Announced on May 11, 2017.

Major Financial Data

(Million yen)

Data Related to Total Assets	FY 2013	FY 2014	FY 2014	FY 2016				FY 2017	
				1Q	2Q	3Q	4Q	1Q	Results
				Jun. 2016	Sep. 2016	Dec.2016	Mar. 2017	Jun. 2017	Forecast ¹
Total assets	985,507	1,033,220	1,033,557	1,019,653	1,012,184	1,014,479	1,005,898	1,017,837	—
Return on assets (ROA) %	3.4	2.6	3.9	—	—	—	3.4	—	—
Inventories	78,497	93,571	141,418	139,332	137,554	132,062	93,865	93,742	—
Inventories of residential property sales	56,560	58,997	101,076	100,213	99,843	89,371	82,816	81,892	—
Investments	62,778	79,979	54,563	6,352	10,066	27,781	38,695	22,039	70,000
(Restated) Capital expenditure	61,495	79,268	47,799	6,352	10,066	26,042	36,058	20,566	—
Fair value of rental properties	1,210,052	1,327,642	1,357,982	—	—	—	1,422,649	—	—
Book value of rental properties	805,911	845,486	795,870	—	—	—	813,646	—	—

Data Related to Shareholders' equity

Shareholders' equity	185,616	200,910	206,034	203,165	203,220	206,102	212,671	215,098	—
Shareholders' equity ratio %	18.8	19.4	19.9	19.9	20.1	20.3	21.1	21.1	—
Return on equity (ROE) %	6.3	8.4	8.2	—	—	—	8.0	—	—
Net income per share ² Yen	34.46	49.33	50.31	8.61	19.10	38.84	50.69	18.75	53.17
(Full-year) Dividend per share ² Yen	16.00	16.00	17.00	—	—	—	18.00	—	18.00
(Full-year) Dividend	5,265	5,265	5,595	—	—	—	5,924	—	5,924
Dividend payout ratio %	46.4	32.4	33.8	—	—	—	35.5	—	33.9
Dividend on equity (DOE) %	2.9	2.7	2.8	—	—	—	2.8	—	—

Data Related to Interest-bearing Debt

Interest-bearing debt	507,253	547,189	546,021	551,431	542,172	543,729	522,082	555,575	—
Net interest-bearing debt	488,345	526,925	529,854	534,361	525,289	524,354	497,968	521,416	—
EBITDA	55,025	48,311	61,686	—	—	—	50,264	—	—
Net interest-bearing debt / EBITDA X	8.9	10.9	8.6	—	—	—	9.9	—	—
Net D/E ratio X	2.14	2.15	2.10	2.15	2.11	2.08	1.93	2.00	—
Interest coverage ratio X	7.3	5.8	2.9	—	—	—	14.1	—	—
EBITDA interest coverage ratio X	7.8	7.7	10.4	7.5	8.0	9.5	10.3	12.6	—
Ordinary income interest coverage ratio X	3.5	3.2	5.7	3.4	3.8	5.2	5.9	8.4	—

· Return on assets (ROA) = (Operating income + Equity in earnings of affiliates + Amortization of negative goodwill) / Average Total Assets over period ×100

· Shareholders' equity = Net assets - Subscription rights to shares - Minority interests

· Shareholders' equity ratio = Shareholders' equity / Total assets at the end of the fiscal year under review ×100

· Return on equity (ROE) = Profit attributable to owners of parent/ Average shareholders' equity over period×100

· Net income per share = Profit attributable to owners of parent/ Number of issued and outstanding shares

· Dividend payout ratio = (Full-year) Dividend per share / Net income per share

· Dividend on equity (DOE) = (Full-year) Dividend /Average shareholders' equity over period ×100

· Net interest-bearing debt = Interest-bearing debt - (Cash and deposits + Short-term (less than 3 months) investments included in other current assets)

· EBITDA = Operating income + Depreciation and amortization

· Net D/E ratio = Net interest-bearing debt / Net assets

· Interest coverage ratio = Net cash provided by (used in) operating activities / Interest expenses paid (on the basis of net cash provided by (used in) operating activities)

· EBITDA interest coverage ratio = EBITDA / Interest expenses

· Ordinary income interest coverage ratio= Ordinary income / Interest expenses

¹ Announced on May 11, 2017

² Net income per share and (Full-year) Dividend per share take into account the effect of the 100-for-one stock split implemented with October 1, 2013 as the effect date (Full-year) Dividend per share is total amount of interim dividend per share and year-end dividend per share.

2. Segment Information

Outline

(Million yen)

	Former Segment			New Segment						
	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016				FY 2017	
					1Q Jun. 2016	2Q Sep. 2016	3Q Dec.2016	4Q Mar.2017	1Q Jun. 2017	Results Forecast*
Operating revenue	189,186	152,052	183,016	183,016	33,255	68,545	118,239	188,633	40,776	163,000
Leasing	96,595	91,739	120,966	105,370	20,593	41,615	67,501	113,613	23,422	90,000
Residential property sales	79,537	46,626	48,865	64,461	8,769	19,215	39,203	59,607	14,236	58,000
Other	18,532	18,825	19,600	19,600	5,114	10,565	15,779	21,534	4,354	20,000
Eliminations	(5,478)	(5,140)	(6,416)	(6,416)	(1,221)	(2,851)	(4,244)	(6,122)	(1,237)	(5,000)
Operating income	30,458	24,836	37,771	37,771	5,225	11,329	21,743	31,393	9,321	29,000
Leasing	27,189	23,566	36,722	29,988	5,828	12,323	22,631	33,801	9,616	30,000
Residential property sales	8,222	4,405	5,074	11,808	338	1,258	2,571	3,068	1,020	5,000
Other	1,729	2,485	2,199	2,199	395	861	1,258	1,816	268	1,500
Eliminations / Corporate	(6,682)	(5,620)	(6,225)	(6,225)	(1,336)	(3,113)	(4,717)	(7,293)	(1,585)	(7,500)
Operating income margin %	16.1	16.3	20.6	20.6	15.7	16.5	18.4	16.6	22.9	17.8
Leasing %	28.1	25.7	30.4	28.5	28.3	29.6	33.5	29.8	41.1	33.3
Residential property sales %	10.3	9.4	10.4	18.3	3.9	6.5	6.6	5.1	7.2	8.6
Other %	9.3	13.2	11.2	11.2	7.7	8.2	8.0	8.4	6.2	7.5
Assets	985,507	1,033,220	1,033,557	1,033,557	—	—	—	1,005,898	—	—
Leasing	898,408	954,681	898,143	888,975	—	—	—	869,444	—	—
Residential property sales	74,258	64,530	110,280	125,039	—	—	—	113,300	—	—
Other	12,079	12,519	14,223	14,272	—	—	—	15,474	—	—
Eliminations / Corporate	761	1,489	10,909	5,296	—	—	—	7,679	—	—
Depreciation and amortization	24,566	23,474	23,914	23,914	—	—	—	18,871	—	—
Leasing	23,560	22,695	23,237	22,655	—	—	—	17,933	—	—
Residential property sales	5	7	9	592	—	—	—	414	—	—
Other	61	68	69	69	—	—	—	63	—	—
Eliminations / Corporate	938	702	598	598	—	—	—	460	—	—
Capex	61,495	77,583	42,735	42,735	—	—	—	22,260	—	—
Leasing	61,255	76,589	40,964	38,767	—	—	—	19,112	—	—
Residential property sales	13	31	12	2,209	—	—	—	2,313	—	—
Other	85	76	195	195	—	—	—	107	—	—
Eliminations / Corporate	140	885	1,562	1,562	—	—	—	727	—	—

* Announced on May 11, 2017.

Offices/Retail Business

	Former Segment			New Segment							
	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016				FY 2017		
					1Q Jun. 2016	2Q Sep. 2016	3Q Dec.2016	4Q Mar.2017	1Q Jun. 2017	Results Forecast ¹	
Leasing Business Operating revenue	96,595	91,739	120,966	105,370	20,593	41,615	67,501	113,613	23,422	90,000	
Offices / Retail	90,833	80,083	98,047	83,033	20,566	41,387	62,522	83,360	20,757	—	
Residential / Other	5,762	11,656	22,918	21,983	—	—	4,601	29,669	—	—	
Rentable floor space	m ² 1,193,561	1,248,926	1,134,869	353	27	228	377	583	2,665	—	
Nationwide vacancy rate	% 7.4	10.9	5.7	m ² 1,134,869	1,137,132	1,136,792	1,129,014	1,108,644	1,104,272	—	
Five wards of central Tokyo	% 6.4	14.7	6.3	% 5.7	4.8	4.5	4.1	4.1	3.6	—	
NOI (excluding the effects of property sales, etc.) ²	51,489	47,509	48,170	% 6.3	4.2	3.9	2.9	3.2	2.1	—	
Five wards of central Tokyo	25,617	22,829	24,427	NOI (excluding the effects of property sales, etc.)	46,182	—	—	—	47,322	—	51,000
Tokyo metropolitan area (except five wards of central Tokyo)	3,940	3,292	3,127	Five wards of central Tokyo	24,187	—	—	—	27,264	—	—
Other regions	21,932	21,387	20,615	Tokyo metropolitan area (except five wards of central Tokyo)	2,870	—	—	—	1,358	—	—
Fair value of rental properties	1,210,052	1,327,642	1,357,982	Other regions	19,124	—	—	—	18,699	—	—
Book value of rental properties	805,911	845,486	795,870	Fair value of rental properties	1,357,982	—	—	—	1,422,649	—	—
				Book value of rental properties	795,870	—	—	—	813,646	—	—

· NOI = operating revenues from leasing business - operating cost for leasing business + depreciation and amortization expense for the leasing business (including long-term prepaid expenses)

· Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku.

· Tokyo metropolitan area (except five wards of central Tokyo) is Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

¹ Announced on May 11, 2017.

² Including residential rental

Residential Business

	Former Segment			New Segment						
	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016				FY 2017	
					1Q Jun. 2016	2Q Sep. 2016	3Q Dec.2016	4Q Mar.2017	1Q Jun. 2017	Results Forecast*
Residential Business Operating revenue	79,537	46,626	48,865	64,461	8,769	19,215	39,203	59,607	14,236	58,000
Residential property sales				48,865	8,329	18,325	37,867	57,803	13,732	—
Residential rentals				2,835	439	889	1,336	1,803	503	—
Other				12,760	—	—	—	—	—	—
Condominiums										
Operating revenue	75,486	45,405	46,916	46,916	7,489	16,359	34,705	52,814	11,698	—
Tokyo metropolitan area	54,073	24,368	28,664	28,664	4,749	11,845	14,893	27,227	10,392	—
Other regions	21,413	21,036	18,252	18,252	2,740	4,514	19,812	25,587	1,306	—
Units delivered	Units 1,423	Units 1,080	Units 1,054	Units 1,054	Units 87	Units 296	Units 415	Units 861	Units 292	Units 1,100
Tokyo metropolitan area	Units 876	Units 503	Units 621	Units 621	Units 65	Units 232	Units 310	Units 620	Units 260	Units —
Other regions	Units 547	Units 576	Units 433	Units 433	Units 21	Units 64	Units 104	Units 241	Units 31	Units —
Completed in inventories	Units 207	Units 219	Units 470	Units 470	Units 382	Units 506	Units 388	Units 498	Units 627	Units —
Residential Lots, etc.										
Operating revenue	4,050	1,220	1,949	1,949	840	1,966	3,161	4,988	1,284	—
Units / Lots delivered	Units / Lots 136	Units / Lots 71	Units / Lots 85	Units / Lots 85	Units / Lots 35	Units / Lots 77	Units / Lots 155	Units / Lots 242	Units / Lots 69	Units / Lots —
Completed in inventories	Units / Lots 33	Units / Lots 19	Units / Lots 47	Units / Lots 47	Units / Lots 35	Units / Lots 70	Units / Lots 331	Units / Lots 304	Units / Lots 304	Units / Lots —
Other										
Operating revenue	—	—	—	—	—	—	—	—	750	—
Units / Lots delivered	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots —	Units / Lots 1	Units / Lots —

· Tokyo metropolitan area is Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

· For joint projects, units / lots delivered and completed in inventories are corresponding to the Company's share in the project. It is rounded down to the nearest unit / lot.

· "Other" are the sale of a condominium (apartment building) and others.

* Announced on May 11, 2017.

<Reference>

Development Projects

Name	Otemachi 2-Chome Area 1st Class Urban Redevelopment Project Building A	Shimbashi 1-Chome Project	Shinpukan redevelopment Project
Location	Otemachi 2-Chome, Chiyoda-ku, Tokyo	1-101 Shimbashi Minato-ku, Tokyo (lot number)	586-2 Banocho Sagaru Aneyakoji Karasumadori Nakagyo-ku, Kyoto-shi, Kyoto and others
Stake	Co-owned (The company participates in the joint project as a joint developer.)	Co-owned	100%
Site area	Approx. 19,900m ² (Building A and B in total)	3,072m ²	6,385m ²
Commencement	May 2015	August 2017 (scheduled)	August 2017 (scheduled)
Completion	July 2018 (scheduled)	July 2019 (scheduled)	Second half of 2019 (scheduled)
Total floor space	Approx. 202,000m ² (Building A in total) [Approx. 35,000m ² (owned by the Company) *1]	Approx. 36,100m ²	Approx. 25,000m ² (scheduled)
Structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure	Steel structure; Partially steel-reinforced concrete structure
Building scale	35 stories above ground and 3 below (Building A)	27 stories above ground and 2 below	7 stories above ground and 1 below (scheduled)
Main use	Office, Retail	Office, Hotel and Retail	Hotel, Retail
Company's investment amount	57,485 million yen (scheduled)	44,210 million yen (scheduled)	Non-disclosure

*1 Including co-owned part

Name	Universal City Station Project	Kiyomizu Elementary School development Project	Hyatt Regency Seragaki Island, Okinawa
Location	6-417 Shimaya Konohana-ku, Osaka-shi, Osaka (lot number)	2-204-2 Kiyomizu Higashiyama-ku, Kyoto-shi, Kyoto and others	1108, Makodabaru, Seragaki, Aza, Onna-son, Kunigami-gun, Okinawa
Stake	100%	100%	Co-owned
Site area	2,639m ²	7,296m ²	Approx. 40,000m ²
Commencement	October 2015	Spring 2018 (scheduled)	October 2016
Completion	August 2017 (scheduled to open)	Summer 2019 (scheduled to open)	Summer 2018 (scheduled to open)
Total floor space	Approx. 20,800m ²	Approx. 7,000m ²	Approx. 38,200m ²
Structure	Steel structure; Partially steel-reinforced concrete structure	Steel-reinforced concrete structure	Steel-reinforced concrete structure
Building scale	17 stories above ground and 1 below	4 stories above ground and 1 below	7 stories above ground and 3 stories above ground
Main use	Hotel, Retail	Hotel, Retail	Hotel
Company's investment amount	11,066 million yen (scheduled)	Non-disclosure	Non-disclosure

Overseas Properties (Acquisition)

Name	799 Broadway	175 Pearl Street	185 Dartmouth Street
Location	799 Broadway, New York, NY	175 Pearl Street, New York, NY	185 Dartmouth Street, Boston, MA
Stake	Co-owned (Stake: Non-disclosure)	Co-owned (Stake: Non-disclosure)	Co-owned (Stake: 98%)
Date of acquisition	July 2016	March 2017	May 2017
Leased floor space	132,627sqf (approx. 12,321 m ²) (in total)	203,888sqf (approx. 18,941 m ²) (in total)	164,671sqf (approx. 15,298 m ²) (in total)
Building scale	6 stories above ground and 1 below	8 stories above ground and 1 below	11 stories above ground and 2 below
Main use	Office, Retail	Office, Retail	Office, Retail
Acquisition cost	Non-disclosure	Non-disclosure	Non-disclosure