NTT Urban Development Group
Medium-term Management Plan 2010

November 2007

NTT Urban Development Corporation

We create harmony.

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Basic Policy （FY2008 ～ FY2010）

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◆C&P07(Change & Proceed to 2007) positioned the three years from FY 2005 to FY2007, as a period to establish sustainable and stable fundamentals for growth, in order to increase corporate value in the long-term. Through vigorous works in building this foundation, we achieved the managerial financial targets of C&P07 in FY2006, a year earlier than planned.

◆Based on these conditions, we have formulated a new medium-term management plan covering FY2008 to FY2010, for the continuing growth and development of our core businesses, founded on our already established fundamentals for growth. During this period, we will also challenge to open up new growing business areas, to aim for further increase in corporate value.

* "FY" in this material represents one fiscal year which is the 12-month period beginning on April 1 of the year prior to the year indicated and ending on March 31 of the year indicated.

** " E" in this material represents that the figure is a plan or projection for operation.

Business Strategies（FY2008～FY2010）

1. Further development of Leasing and Residential Property Sales businesses as core businesses
   - 1.1 Strengthen development expertise
   - 1.2 Enhance profitability
   - 1.3 Collaborate with NTT Group companies

2. Exploit new growing businesses areas

3. Reinforce managerial platform for sustainable long-term growth

1.1.1 Strengthen Development Expertise

◆ Evolve development business into various dimensions for the sustainable growth of core businesses

Diversify Development Methods

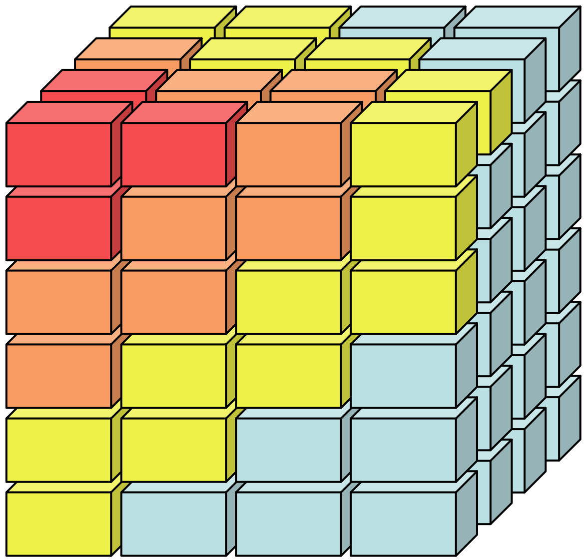
◆Development-type SPCs ・・・
◆Entrusted Developments
◆Joint-Ventures
◆Stand-Alone Developments

Expand Areal Development

◆Tokyo Metropolitan area ◆Kansai area ◆Core regional cities ◆Overseas・・・

Diversify Asset Classes

◆Offices
◆Commercial Facilities
◆Leasing Condominiums
◆Condominium Sales
◆Hotels
◆Data Centers・・・



Diversify Development Methods

◆Diversify development approaches by using such methods as self investment, development purpose SPCs, etc.

- Promote development in the scale of ¥ 150 billion during the three years from FY2008 to FY2010.
- Through our development abilities, contribute to the improvement of our customers' (including NTT Group companies) performances, and hence increase our business opportunities.

Expand Areal Development

◆Focus on selective areas for investment

- Purchase lands and properties for strategic investments and advanced developments

◆Areal expansion of commercial facilities

- Synergize with existing commercial facilities, based on our regional strategies

Diversify Asset Classes

◆Expand asset class variations with development expertise

- Expand development of commercial buildings, hotels, and data centers

◆Actively develop leasing condominiums

- Pursue development of leasing condominiums 1) in areas of high potential and 2) targeting elder people

1.1.2 Strengthen Development Expertise -Projects-

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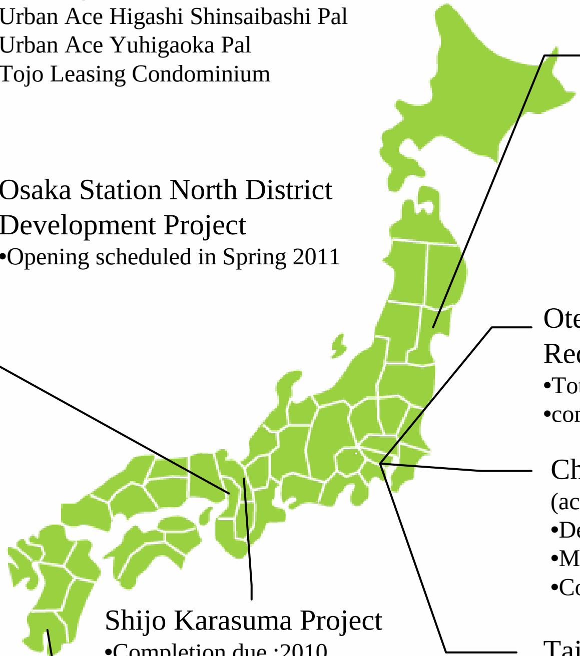
◆ Expand development volumes by diversifying methods and asset classes

Ongoing projects

Leasing Condominiums
Urban Ace Higashi Shinsaibashi Pal
Urban Ace Yuhigaoka Pal
Tojo Leasing Condominium

Osaka Station North District Development Project
•Opening scheduled in Spring 2011



Sendai Project
•Development-oriented securitization project utilizing SPC
•Mainly offices
•Total floor area: Approx. 6,400㎡
•Completion due : 2009

Otemachi 1-Chome Urban Area Redevelopment Project Type1
•Total floor area: Approx. 236,000㎡
•completion due : March 2009

Chiyoda-ward Project
(acquired in FY2006)
•Demolition work started
•Mainly office and condominium
•Completion due : 2009

Shijo Karasuma Project
•Completion due :2010

Kagoshima City Project
•Building to be sold wholly as a hotel
•Total floor area: 2,662㎡
•Completion due: March 2008

Taito-ward project
(acquired in FY2007)
•Targeted for investors
•Mainly hotel and offices
•Total floor area: Approx. 6,700㎡
•Completion due: 2009

Potentials for development

Osaka Midosuji Project
Acquire UD Midosuji Building and UD Midosuji Annex Building as a site for comprehensive development opportunity in the future

UD Midosuji Annex Building

UD Midosuji Building

Other candidates considered for future developments are already acquired old-built office buildings such as UD Hibiya Building, Nihonbashi Asahi-Life Building and eight undeveloped lands of approx. 50,000㎡ in the areas such as Aoyama, Harumi, Nakanoshima, Kobe Station and Nagoya Station South District

1.1.2 Strengthen Development Expertise -Projects-

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◆ Focus on projects mainly in the Tokyo Metropolitan area and other principal cities

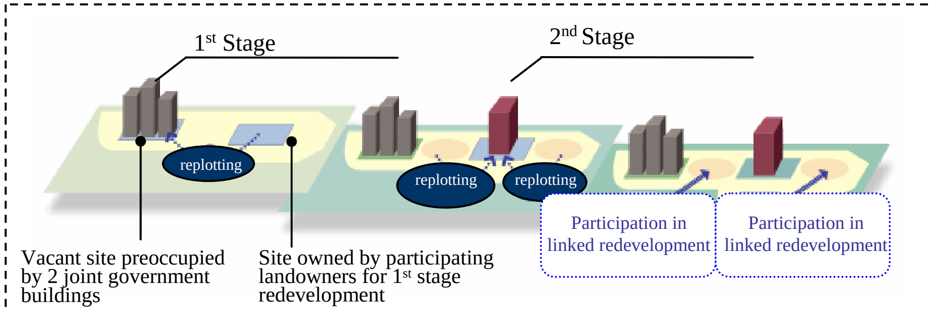
Otemachi 1-chome Urban Area Redevelopment Project Type 1

Otemachi 1-chome Urban Area Redevelopment Project is the primal project in a chain of redevelopment.

Overview of Building Plan

- Site area: Approx. 13,400㎡ Total floor area: Approx.236,000㎡
- Our ownership Total floor area (NTT UD owned): Approx. 26,400㎡
- Floors: Comparted-ownership buildings with 37 floors above the ground, 4 floors underground, penthouse on the 2nd floor and 3 multistory wings
- Commencement: April 1, 2007
- Completion due: End of March 2009 (Schedule)

Image of Otemachi Chain Redevelopment Project



Osaka Station North District Advance Development Project

Overview of Plan

- Site Area: Block A: 10,570㎡ Block B: 15,000㎡ Block C: 12,344㎡
- Opening scheduled in Spring 2011
- Lands handed over to business partners in Jun 2007

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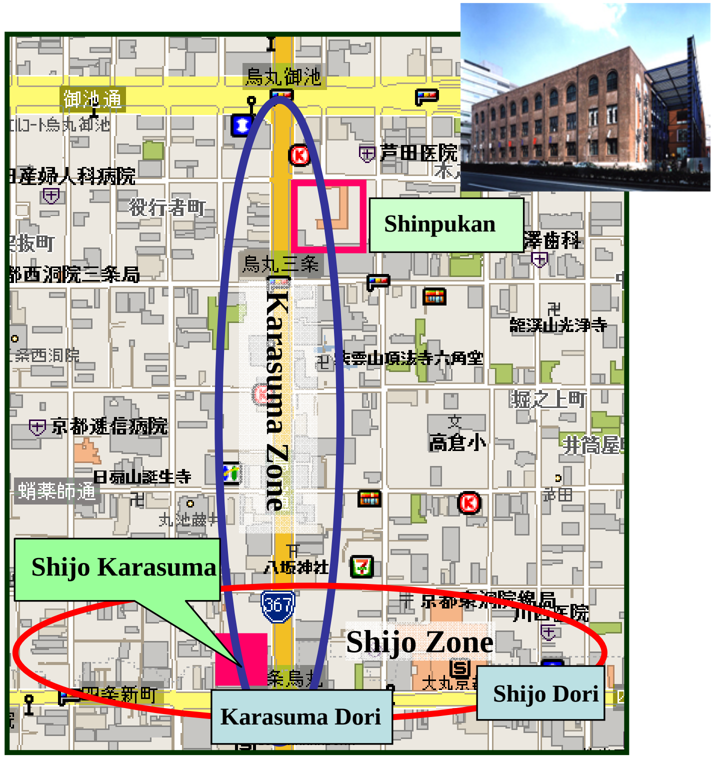
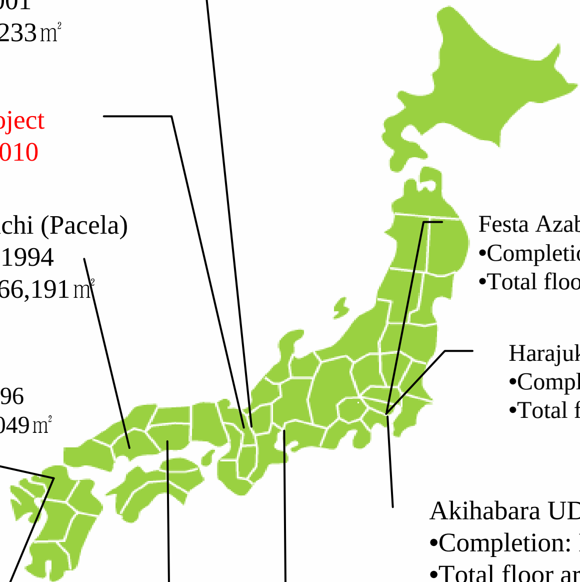
◆ Develop commercial zones through coexistence with existing facilities, based on our regional strategies.

Kyoto Shijo Karasuma Project



Site Area: Approx.2,500㎡
・Complex of commercial and office spaces
・Plan to construct attractive commercial complex targeting “fine and sophisticated adults”
・Promote regional strategy in combination with Shinpukan

Commercial Facilities across Japan



Shinpukan
•Completion: Jan.2001
•Total floor area: 8,233㎡

Shijo Karasuma Project
•Completion due: 2010

NTT Cred Motomachi (Pacela)
•Completion: Mar. 1994
•Total floor area: 166,191㎡

NTT-T Building
•Completion: Sep. 1996
•Total floor area: 64,049㎡

N-Pasar
•Completion: Mar. 1999
•Total floor area: 3,632㎡

Festa Azabu
•Completion: May 1990
•Total floor area: 3,661㎡

Harajuku Quest
•Completion: Mar. 1988
•Total floor area: 5,798㎡

Akihabara UDX(Akiba ichi)
•Completion: Mar. 2006
•Total floor area: 161,676㎡

Urbannet Nagoya Building (Blossa)
•Completion: Sep. 2005
•Total floor area: 76,466㎡

NTT Cred Okayama
•Completion: Feb. 1999
•Total floor area: 38,247㎡

1.2.1 Enhance Profitability -Leasing Business-

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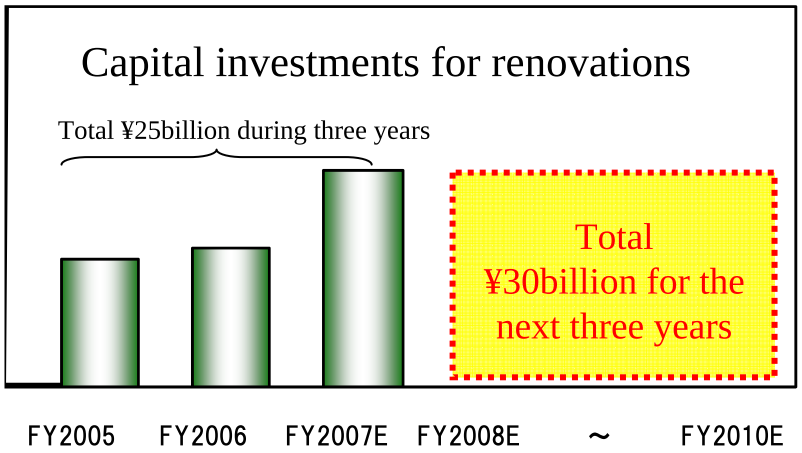
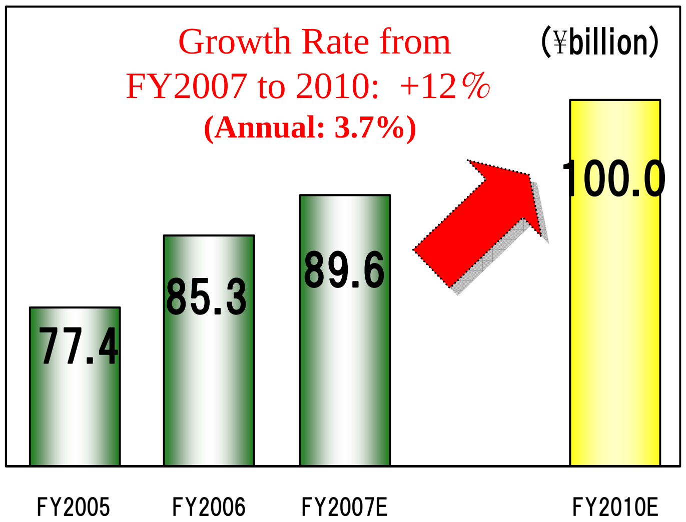
- Promote capital investments for renovations on existing buildings aged over 15 years
- Boost leasing business revenues through strategic negotiation for rent increases and improvement of marketing towards tenants.

Value-up through renovations

Strategic capital investments for renovations contributing to revenue growth and cost reduction of existing buildings through consideration of the building's characteristics and NTT-UD's style.



Target Revenue for the Leasing Business



Leasing NOI	47.2bn	50.3bn	51.7bn	62.0bn

1.2.2 Enhance Profitability -Residential Property Sales-

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- Promote high-quality “Wellith” condominiums through values added features such as the installation of advanced info-communication technologies through the NTT Group
- Selectively purchase properties while considering market conditions for stable growth
- Strengthen sales targeted for investors, as a source of residential property sales revenues

Main Projects following 2008

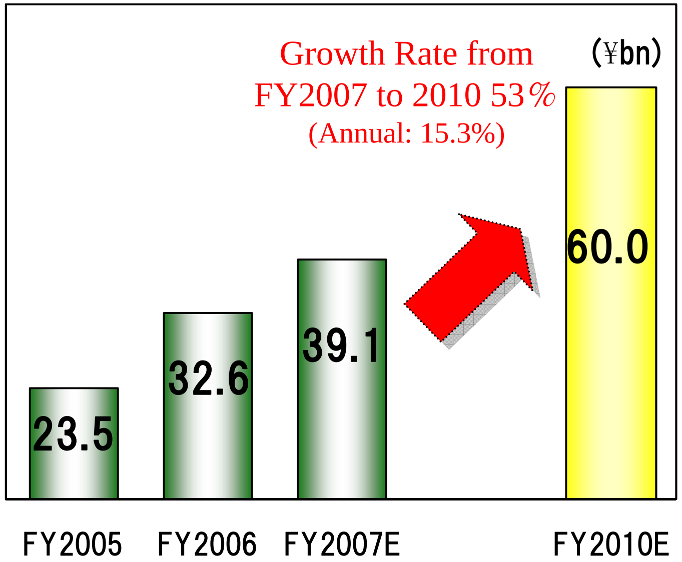
Wellith Komagome Residence

Wellith City Omori Tower

Wellith Minami Funabashi

*Lands for residential property sales in FY2010 have virtually been secured

Target Revenue for the Residential Property Sales



	FY2005	FY2006	FY2007E	FY2010E
Units of handed over	566	670	750	1,000

*Revenue includes both sale of lands and sales for investors

1.2.2 Enhance Profitability -Residential Property Sales-

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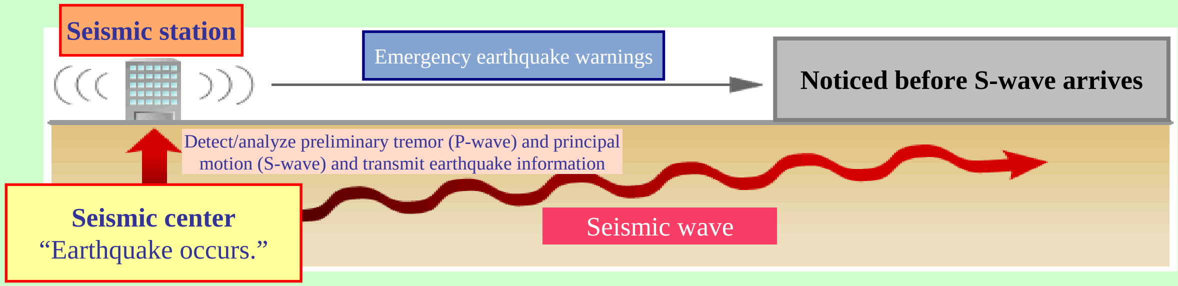
◆ Incorporate various approaches in order to increase the value of our "Wellith" brand

Addition of various features which meet customer needs

◆Installation of advanced info-communication technologies through synergy with the NTT Group
Addition of condominiums utilizing mobile and fiber technologies, and security/home automation services

◆Provide residents which meet the customers needs to acquire permanent dwellings
anti-crime security technologies, anti-earthquake measures (seismic isolation structures and earthquake information services), energy saving/environmental measures, and use of third-party inspection agencies, etc.



Strengthen after care services, in consideration of the customers viewpoint

◆Improve customer satisfaction through the newly established Housing CS Promotion Office (tentative name)

1.3 Collaborate with NTT Group

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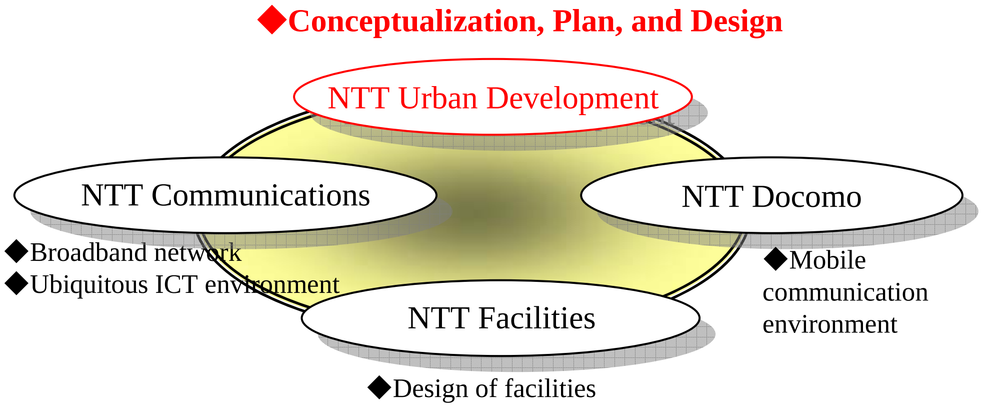
◆ Acquire development projects by utilizing the NTT Group network

Case 1: Akihabara UDX Project in building Akihabara IT Center

◆ The consortium constituting of NTT Urban Development, NTT Communications, and NTT Docomo won the competition for the sales of metropolitan-owned land, by appealing cutting-edge info-communication technologies

◆ NTT Facilities contributed to the high specification design and construction of the building

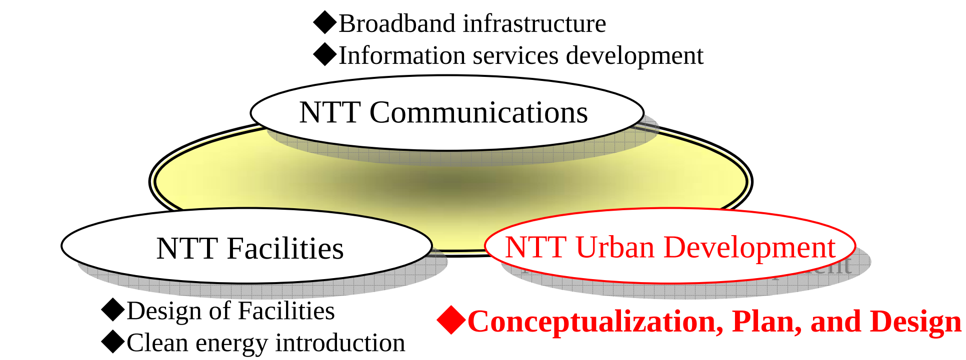
- Formation of high-speed and high-capacity network accommodating multicarriers
- Comfortable mobile communication environment
- Ubiquitous ICT environment
- IT controlled parking
- IP-v6 correspondence for energy consumption savings



Case 2: Collaborative Development of Next-Generation Service Area ~Ubiquitous Highways

West Nippon Expressway Service Holdings Company, NTT Communications, NTT Urban Development and NTT Facilities agreed to jointly develop information systems for "next generation roadside services and parking areas", which are managed by West Nippon Expressway.

(News released 20th Feb 2007)



1.3 Collaborate with NTT Group

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◆ Develop real estates owned by NTT Group companies

Prospective Measures

- Actively participate in the development of NTT Group owned real estates as the Group's sole comprehensive development company.
- In addition to the acquisition and development of the Group's non-active real estates, we will provide our development expertise in effectively utilizing active real estates owned by NTT Group companies, to contribute in increasing (reducing) the Group companies' profits (costs).

◆Attend working groups constituted by NTT Group companies, in reviewing the current use of active real estates owned by NTT Group companies, to discuss if the real estates are utilized up to their maximum potentials.

◆Strengthen capabilities to provide NTT Group companies with the most appropriate solutions, principally by the Solution Business Headquarters newly founded in July 1st, 2007.

2. Creating New Growing Business Areas

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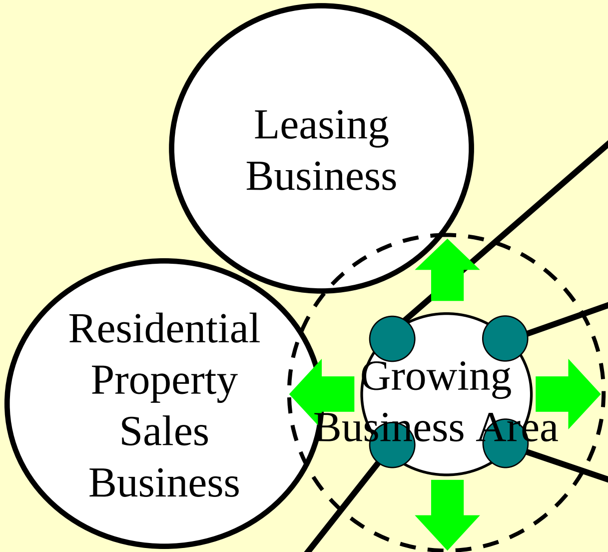
◆ Open new growing business areas and aim to achieve net sales of ¥25billion



Promote the use of funds and asset solutions

Expanding Other Existing Businesses

◆Building Service Companies
Further expansion measures along with core business expansion

◆Dining Group Companies
Expand the business domain as well as office support services

Expanding New Businesses

◆Actively expand business domain around the leasing business

◆In the process of expansion, consider the use of M&A and alliances in the process of business expansion in addition to the following points.

1. Entrance into areas where future growth is expected
2. Secure new know-hows

Promoting International Businesses

◆Expand core businesses towards the Asian and other international markets, through cooperation with other NTT Group companies, in vision of the real estate market’s globalization and the enrichment/expansion of our asset portfolio.

2. Creating New Growing Business Areas

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◆ Promote the use of funds and asset solutions

New organization:
"Solution Business Headquarters" founded in July 2007
to promote real estate solutions including fund businesses

Aim to reach net sales of ¥10bn in FY2010 through property sales to funds and enhancement of fee-based businesses

Proactive utilization of funds (securitization)

◆Enlarge the size of assets managed by funds

- External growth: Continuous acquisition of assets through the NU Fund (AUM: Approx.¥50bn)

⇒ Increase in revenues from fee-based businesses and procurement of lands for future business use.

◆Promote development-type securitization

- Liquidation of development processes – from the acquisition of lands to their sale to funds

⇒ Meet diverse needs such as the maintenance of a balanced financial portfolio

◆Diversification of business line-up

- In addition to the current office/residential funds, structure new funds for commercial facilities such as hotels and shopping centers

⇒ Challenge new business areas and strengthen the combination among current resources

Synergies

Establish asset solution businesses

◆Capture and correspond to the needs of NTT Group companies

- Offer plans to best utilize the group-owned assets

⇒ Maximize asset value regardless of current utilization

◆Provide clients with asset solutions and expand alliance businesses

- Collaborate with other asset solution companies in order to lever business schemes for the utilization of assets

⇒ Expand line-up for asset utilization with business partners even in areas including regional cities

*Structure a business formation capable of flexibly complying with the new "Financial Instruments and Exchange Law" as well as changes in market environments.

3. Reinforce Managerial Platform for Long-term Growth

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Solidify business foundation

Strengthen Accountability, Internal Control (J-SOX), Risk Management, and BCP

Ensure managerial transparency and Strengthen internal control

Set up CSR structure

Competitive human resources

Promote environmental conservation activities
Penetrate CSR Managerial Action Plan

Adjust human resources corresponding to business environment
Enhance skills of employees

Financial strategies beneficial to corporate value

◆ Maintain Financial Soundness

⇒Maintain D/E ratio as the level of 2.3 in mid-term

⇒Utilize diverse finance schemes such as fund and asset swap

◆ Esteem Shareholders' interests

⇒Achieve 20% of Operating profit ratio in FY2010

⇒Contribute to shareholders by stable dividend distributions in long term

Financial Targets for FY2010

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(Billions of yen)

Item	FY2006	FY2007E	FY2010 Target
Net Sales	128.2	138.0	180.0 (9.3%)
Operating income	25.0	28.0	36.0 (8.7%)
Recurring Income	22.9	24.5	30.5 (7.6%)
Operating Income ratio (%)	19.6%	20.3%	20.0%

Percentages in parenthesis show compound annual growth rates from FY2007 to FY2010

Appendix

Review of the Medium-term Management Plan C&P 2007

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◆ Constantly carried out attractive projects for continuous growth as a comprehensive developer

Completion of Akihabara UDX and Urbannet Nagoya Building

Akihabara UDX, one of the large scale projects, was completed in March 2006, developed through securitization scheme.
(Received "2007 Good Design Award")

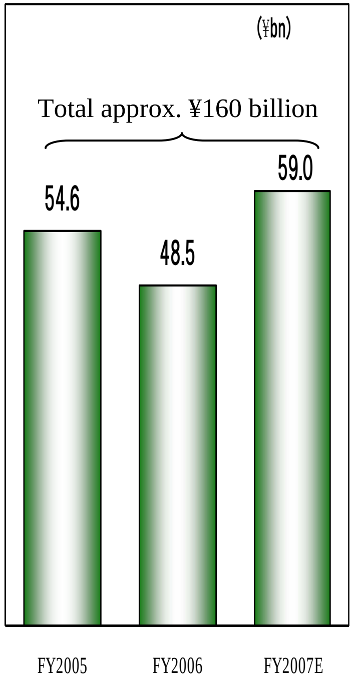
Urbannet Nagoya Building located in Central Nagoya was completed in September 2005.
(Received "2006 Good Design Award")

Akihabara UDX

Urbannet Nagoya Building

Aggressive developments for future growth

Amount of Investments *



◆Large Projects
- ・Otemachi 1-chome Urban Area Redevelopment Project
- ・Osaka Station North District Advance Development Project
- ・Kyoto Shijo Karasuma Project

◆ Other major investments

Office Buildings
- ・UD Midosuji Building
- ・UD Midosuji Annex Building

Leasing condominiums
- ・Urban Citio Atago

Acquisition of proprietary interest
- ・Granpark Tower
- ・Urbannet Nagoya Building

*The amount includes investment for renovations

Review of C&P07 2/3

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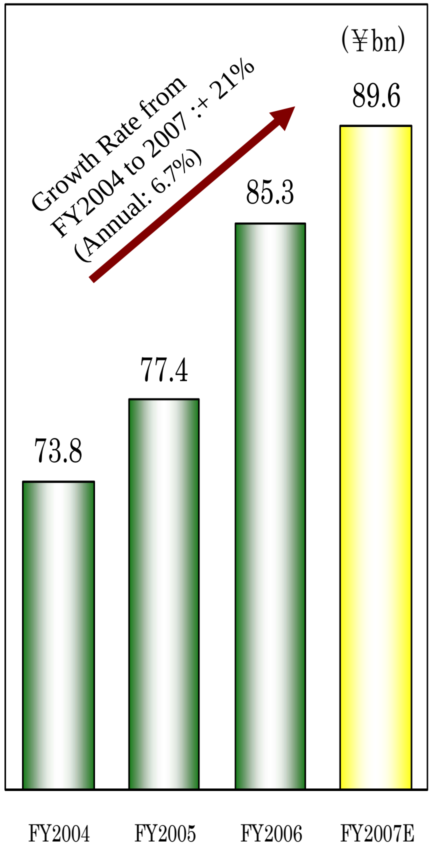
◆ Expanded the core businesses - Leasing and Residential property sales

Leasing business

Revenues from Leasing Business

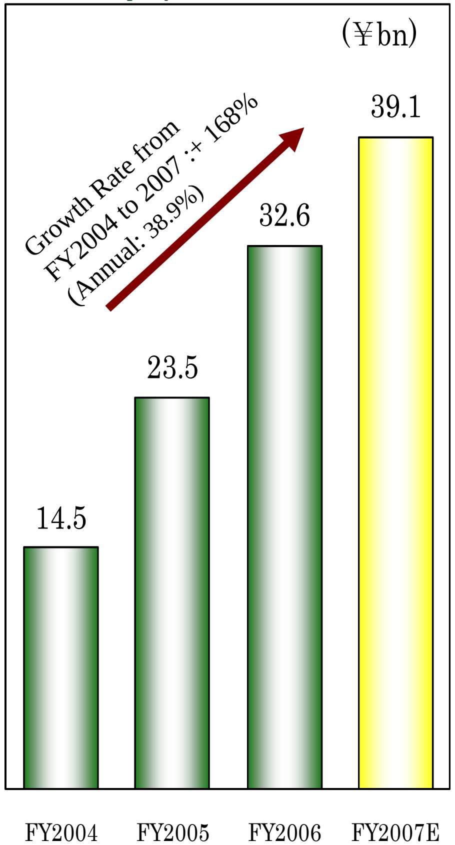


FY2007 Target ¥78 billion → FY2007 Forecast ¥89.6 billion (Achievement ratio 115%)

- ◆ Revenues from leasing business showed substantial increase through aggressive marketing activities
  - ・Vacancy rate of own buildings (Nationwide) : 3.2% (Mar.2005) ⇒1.4%(Sep.2007)
  - ・Positive rent revision in line with market trends
- ◆ Enlarged rentable area by utilizing subleasing
  - ・Area for subleasing: 58,992㎡ (Sep. 2007)
- ◆ Executed further cost reduction measures:
  - ・Expenses for outsourcing maintenance : -5.1% (FY2004⇒FY2007 forecast)

Residential property sales business

Revenues from Residential Property Sales Business



FY2007 Target ¥24 billion → FY2007 Forecast ¥39.1 billion (Achievement ratio 163%)

- ◆ Increase the number of condominiums sold
  - ・Units handed over 318 (FY2004)⇒750 (FY2007 forecast)
- ◆ Strengthened land procurement and diversified business method
  - ・Promoted acquisitions of land procurement from within and without the NTT Group
  - ・Participated in joint-venture projects
- ◆ Developed customer-oriented products
  - ・Provided residential properties which meet customers' needs to acquire permanent dwellings
- ◆ Expanded businesses nationwide
  - ・Areal composition: Tokyo Metropolitan area 61%, Other 39% (FY2005 to FY2007 forecast)

Review of C&P07 3/3

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Other businesses

◆ Created business opportunities by utilizing fund schemes
・Structured NU-1 Fund in Mar.2006, and then NU-2,3,and 4 by acquisitions of corporate housing sites from NTT Western corporation
⇒AUM of NU Fund is expected to amount to ¥50 billion in FY2007

◆ Set up NTT Urban Development West BS Co. in December 2006
・Contributed to the expansion of property management businesses expanded in Western Japan area

◆ Stock Split (a five -for -one split) January 2007
・Increased liquidity of shares and broadened investors' base

◆ Started new recruitments in April 2007
・Secured human resources according to upsizing scale of operations

◆Strengthened real estate solutions for the NTT Group
・Aggressively promoted consulting sales aimed for maximizing NTT Group's asset utilization

Achievement of Financial Targets

(Billions of Yen)

Item	FY2004	FY2007 Initial Target	FY2007E
Net Sales	96.1	110.0 (+4.6%)	138.0 +(12.8%)
Operating Income	17.3	22.0 (+8.3%)	28.0 (+17.3%)
Recurring Income	13.5	18.5 (+11.1%)	24.5 (+21.8%)
Operating Income Margin (%)	18.0%	20.0%	20.3%

Percentages in parenthesis show compound annual growth rates from FY2004 to FY2007

Figures and descriptions contained in this document relating to future predictions were estimated according to information available at this point in time, and may change in response to trends in the Japanese economy and real estate market, etc. The NTT Urban Development Group therefore does not guarantee the reliability of the figures and descriptions relating to future predictions in question.