

(Japanese Original and English Translation)

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To whom it may concern:

NTT URBAN DEVELOPMENT  
CORPORATION  
Rep: Masaki Mitsumura  
President and Chief Executive Officer  
(Tokyo Stock Exchange (First Section)  
Code No. 8933)  
Attn.: Masakazu Tsukamoto  
Senior Executive Manager,  
Accounting and Finance Department  
(Tel.: +813-6811-6424)

Notice of Posting of Loss on Revaluation of Inventories and  
Revisions to Forecast of Business Results, etc.

In accordance with the trends of recent business results, NTT Urban Development Corporation (the "Company") hereby revises its forecast of business results for the fiscal year ending March 31, 2010 (interim and annual), which was issued at the time of announcement of "Annual Report Release for the Fiscal Year Ended March 31, 2009" dated May 8, 2009 and "Summary of Quarterly Business Report for the First Quarter Ended June 30, 2009" dated August 4, 2009, as described below. In addition, the Company hereby gives notice as to certain matters concerning the posting of loss on revaluation of inventories.

1. Revisions to Forecast of Consolidated Business Results

(i) Revision to Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 through March 31, 2010)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecast (A)	¥151,000 million	¥28,500 million	¥21,500 million	¥12,000 million	¥3,646.09
Revised forecast (B)	¥150,000 million	¥14,500 million	¥8,000 million	¥5,000 million	¥1,519.20
Amount of increase/decrease (B)-(A)	-¥1,000 million	-¥14,000 million	-¥13,500 million	-¥7,000 million	-¥2,126.88
Percentage of increase/decrease (%)	-0.7	-49.1	-62.8	-58.3	-58.3
(Reference) Actual results for the year ended March 31, 2009	¥144,277 million	¥25,244 million	¥19,504 million	¥15,989 million	¥4,858.34

(ii) Differences between Forecast of Consolidated Business Results for the Six Months Ended September 30, 2009 and Actual Results (April 1, 2009 through September 30, 2009)

	Operating Revenues	Operating Income	Ordinary Income	Net Income (Three months)	Net Income per Share (Three months)
Forecast (A)	¥68,000 million	¥14,500 million	¥11,000 million	¥6,500 million	¥1,974.96
Actual results (B) (Note)	¥67,631 million	¥3,865 million	¥761 million	-¥6,187 million	-¥1,880.04
Amount of difference (B)-(A)	-¥368 million	-¥10,634 million	-¥10,238 million	-¥12,687 million	-¥3,855.00
Percentage of difference (%)	-0.5	-73.3	-93.1	-	-
(Reference) Actual results for the six months ended September 30, 2008	¥68,372 million	¥18,146 million	¥15,384 million	¥9,713 million	¥2,951.20

(Note) For details concerning Actual results (B), please refer to "Summary of Quarterly Business Report for the Second Quarter Ended September 30, 2009" dated November 5, 2009.

(iii) Reasons, etc. for Revision

The real estate market has slowed significantly due to the impact of the continuation of the global economic slowdown from the previous year, and has not yet attained full-scale recovery. In the office leasing market, an increase in vacancy rate and a decrease in rental rate have heightened uncertainty over the future. The condominium market, despite a decreasing inventory level due to price adjustments, continues to face difficult conditions. For these reasons, it is anticipated that the real estate market will continue to face difficult conditions for the time being.

In this business environment, due to factors such as delayed condominium market recovery and falling land prices, the Company has recognized difficulty in the prospect for returned profitability of inventories, consisting principally of land for condominium projects to be developed in future; and will record a revaluation loss of 10.8 billion yen under cost of sales in the second quarter of this fiscal year, in accordance with "Accounting Standard for the Measurement of Inventories"(ASBJ Statement No. 9).

In addition, the Company will expect that taxable income for the fiscal year ending March 31, 2010 decrease to the extent of being insufficient to cover the amount of future deductible temporary differences (Note 1) following a change in classification applied to the Company in respect of future deductible temporary differences reported as deferred tax assets pursuant to the guideline for determination thereof set forth in "Auditing Treatment Concerning Determination of Recoverability of Deferred Tax Assets" (The Japanese Institute of Certified Public Accountants, Audit Committee Report No. 66); and accordingly the Company will reverse deferred tax assets for non-schedulable (Note 2) future deductible temporary differences. The increase in income taxes due to such reversal in the second quarter of this fiscal year will be 5 billion yen on both a consolidated and a non-consolidated basis. Such reversal of deferred tax assets is transient and will be effected only for the second quarter and the fiscal year ending March 31, 2010. Major items of non-schedulable future deductible temporary differences include loss on land revaluation recorded in previous years and long-term prepaid expenses. As the Company has reported stable ordinary income in past results, schedulable future deductible temporary differences will continue to be recorded as deferred tax assets.

As a result, operating income and ordinary income are expected to fall below previous forecast levels due to loss on revaluation of inventories and net income is expected to fall below previous forecast levels due to loss on revaluation of inventories and the reversal of deferred tax assets.

(Note 1) "Future deductible temporary differences" means a temporary difference arising between the amount of assets or liabilities calculated on an accounting basis and the amount of assets or liabilities calculated on tax basis.

(Note 2) "Non-schedulable" means that the timing of tax write-off is unspecified.

*Matters herein regarding the future business results are based on assumptions and opinions of the Company made on the basis of information which is available to the Company as of the date of this press release. Please note that actual results may differ significantly due to changes in the business environment and other reasons.*

(Reference Material 1)

Forecast of Consolidated Business Results by Segment for the Fiscal Year Ending March 31, 2010 (Annual)

Items	Forecast (millions of yen)	Revised Forecast (millions of yen)	Amount of increase /decrease (millions of yen)	Percentage of increase /decrease (%)	(Reference) Actual results for the year ended March 31, 2009 (millions of yen)
Operating Revenues	151,000	150,000	-1,000	-0.7	144,277
Leasing Business	100,700	98,700	-2,000	-2.0	99,928
Residential Property Sales Business	41,100	41,800	700	1.7	32,688
Other Business	14,400	14,400	–	–	16,624
Eliminations	-5,200	-4,900	300	–	-4,963
Operating Income	28,500	14,500	-14,000	-49.1	25,244
Leasing Business	33,400	30,200	-3,200	-9.6	35,560
Residential Property Sales Business	700	-9,800	-10,500	–	-6,018
Other Business	1,000	800	-200	-20.0	1,500
Eliminations or Company-wide	-6,600	-6,700	-100	–	-5,798

(Reference Material 2)

Audit Committee Report No. 66-5 "Guideline for Determination of Recoverability of Deferred Tax Assets in Estimated Taxable Income for Future Years"

No. 66-5(1)(i) Companies, etc. recording taxable income sufficiently in excess of future deductible temporary differences at year-end for each period

Companies, etc. recording taxable income sufficiently in excess of future deductible temporary differences (Note 1) at year-end for each period (the current year and over the past three years or more), in the absence of any material change in their business environment, are deemed to be able to recover deferred tax assets, including those for non-schedulable (Note 2) future deductible temporary differences.

No. 66-5(1)(ii) Companies, etc. with stable performance but with taxable income not sufficiently in excess of future deductible temporary differences at year-end

Companies, etc. with stable performance but with taxable income not sufficiently in excess of future deductible temporary differences at year-end are, based on the results of scheduling of future deductible temporary differences, deemed to be able to recover deferred tax assets for schedulable future deductible temporary differences but unable to recover deferred tax assets for non-schedulable future deductible temporary differences.

No. 66-5(1)(iii) Companies, etc. with unstable performance and with taxable income not sufficiently in excess of future deductible temporary differences at year-end

Companies, etc. whose ordinary profit and loss in previous years have significantly increased or decreased are deemed to be able to recover only deferred tax assets for schedulable future deductible temporary differences, up to the estimated amount of taxable income for a reasonable period of estimation thereafter (generally five years).

No. 66-5(1)(iv) Companies, etc. with significant tax loss carry-forwards

Companies with significant tax loss carry-forwards at year-end, companies whose significant tax loss expired in the past (generally within three years) or companies whose carry-forwards of significant tax loss are expected to expire at the end of the current year are deemed to be able to recover deferred tax assets for schedulable future deductible temporary differences, only under certain circumstances, such as expectation that taxable income will definitely accrue in the following period.

No. 66-5(1)(v) Companies, etc. that have recorded consecutive significant tax loss carry-forwards in the past

Companies that have recorded consecutive significant tax loss carry-forwards in the past (generally for three years or more), provided that such significant tax loss carry-forwards are expected for the current year, are deemed to be unable to recover any deferred tax assets for future deductible temporary differences.

(Note 1) "Future deductible temporary differences" means a temporary difference arising between the amount of assets or liabilities calculated on an accounting basis and the amount of assets or liabilities calculated on a tax basis.

(Note 2) "Non-schedulable" means that the timing of tax write-off is unspecified.

The Company has previously determined its recoverability of deferred tax assets as a company qualifying under No. 66-5(1)(i); but commencing with the fiscal year ending March 31, 2010, the Company will determine its recoverability of deferred tax assets as a company qualifying under No. 66-5(1)(ii) and will reverse its deferred tax assets for non-schedulable future deductible temporary differences.

Reversal of Deferred Tax Assets

