We create harmony.

Overview of the First-half of the Fiscal Year
Ending March 31, 2009 (FY 2008)

NTT Urban Development Corporation **Nov. 4, 2008**

I. Overview of the First-half of the Fiscal Year Ending March 31, 2009

I-1. Financial Highlights of the First-half of the Fiscal Year Ending March 31, 2009

Overview of Performance and Income

- **In the first-half of the fiscal year under review, consolidated net sales and operating income rose from the year-ago level.**
- **Ordinary income and net income also increased from the year-ago level.**

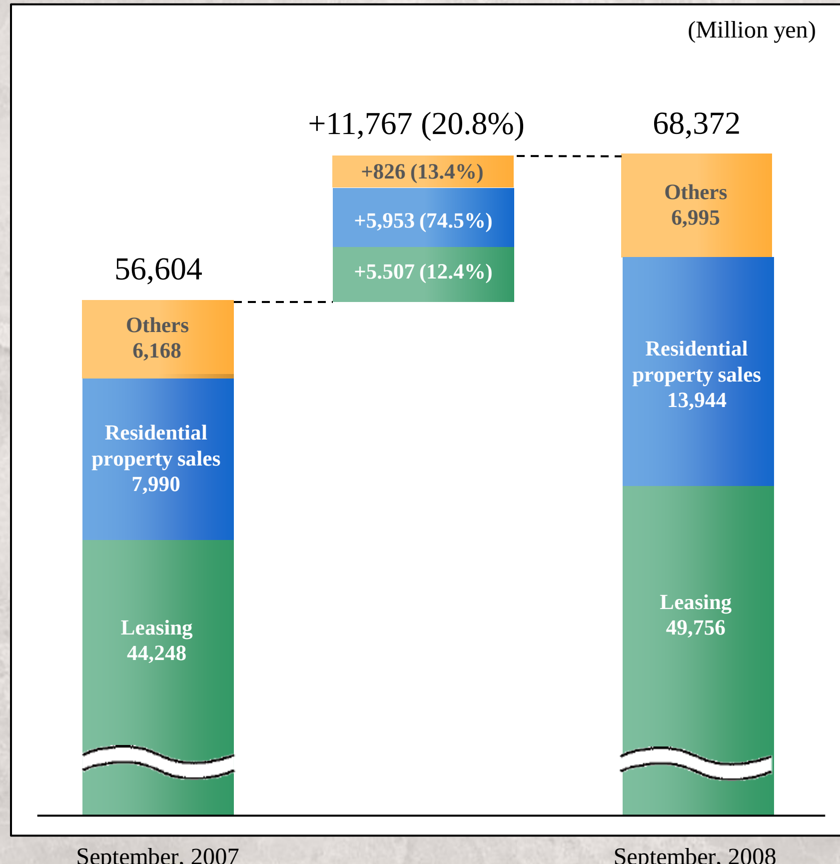
(Million yen)

Category	(i) First-half Ended in September 2008	(ii) First-half Ended in September 2007	(i) – (ii) Change	(i) – (ii) Change (%)
Net sales	**68,372**	**56,604**	**11,767**	**20.8%**
Operating expenses	50,226	45,548	4,677	10.3%
Operating income	**18,146**	**11,056**	**7,090**	**64.1%**
Non-operating income	1,236	1,268	(31)	(2.5%)
Non-operating expenses	3,998	2,353	1,644	69.9%
Ordinary income	**15,384**	**9,970**	**5,414**	**54.3%**
Extraordinary income	2,082	740	1,341	181.0%
Extraordinary losses	863	629	233	37.1%
Corporate taxes, etc.	6,890	4,095	2,794	68.2%
Net income	**9,713**	**5,985**	**3,727**	**62.3%**

I-2. Performance by Segment (Net Sales and Operating Income)

- In the leasing business segment, net sales and operating income rose ¥5.5 billion and ¥6.1 billion respectively, as a result of the Company making UDX Tokutei Mokuteki Kaisha (Special Purpose Company) its consolidated subsidiary, acquiring rents from new buildings and increasing the rents for existing buildings.
- In the residential property sales business segment, net sales and operating income grew ¥5.9 billion and ¥1.2 billion respectively, as a result of increased deliveries of condominiums with high income margins.

Net Sales

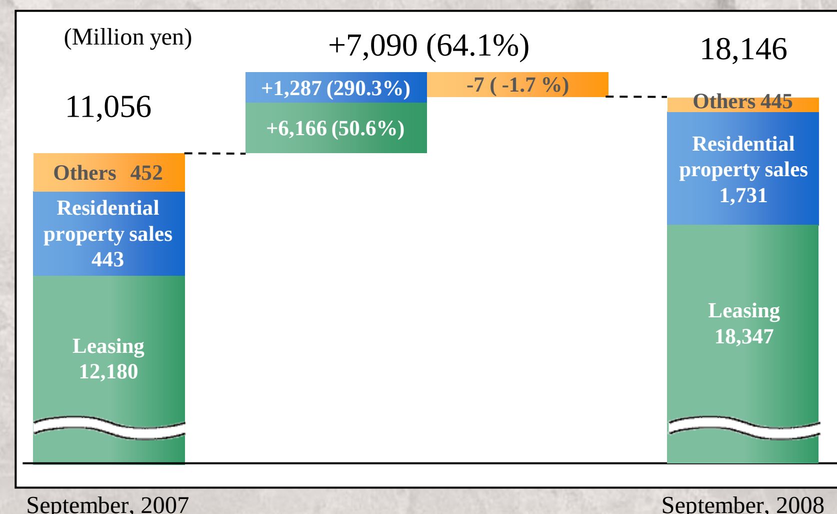


Note: Before the elimination of intra-segment transfers

Operating Income Margin

	September, 2007		September, 2008
Leasing	27.5%	+9.4	36.9%
Residential property sales	5.6%	+6.8	12.4%
Others	7.3%	-0.9	6.4%
Total	19.5%	+7.0	26.5%

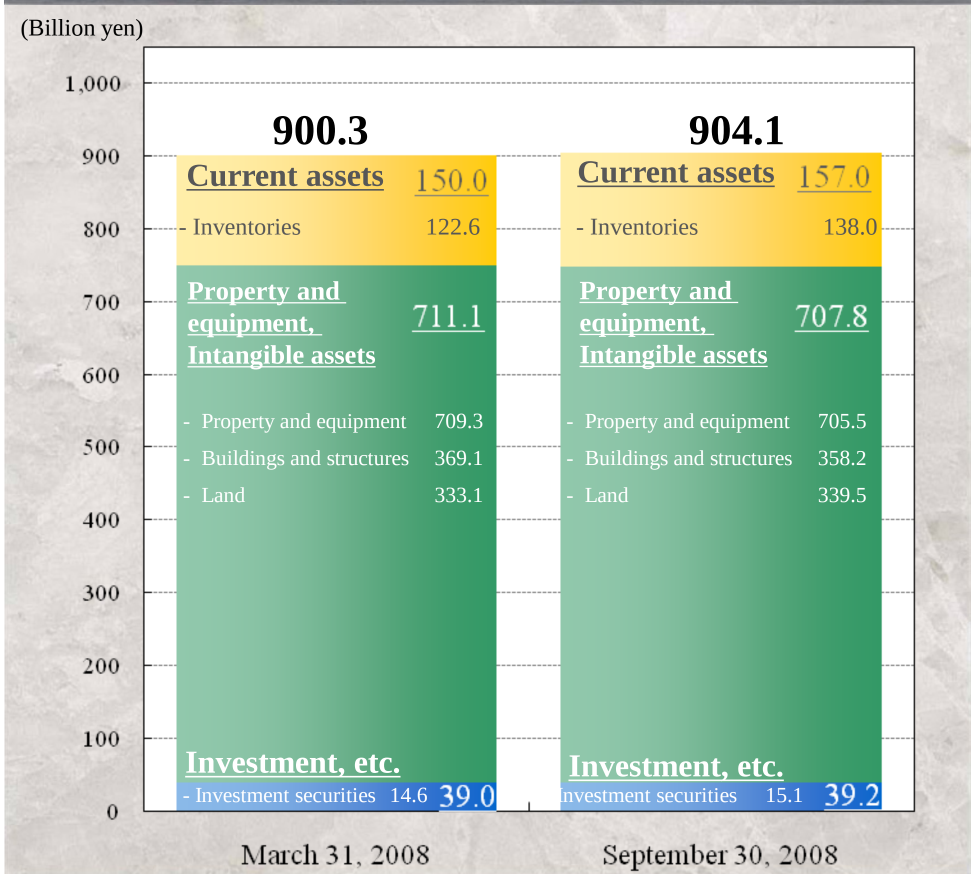
Operating Income



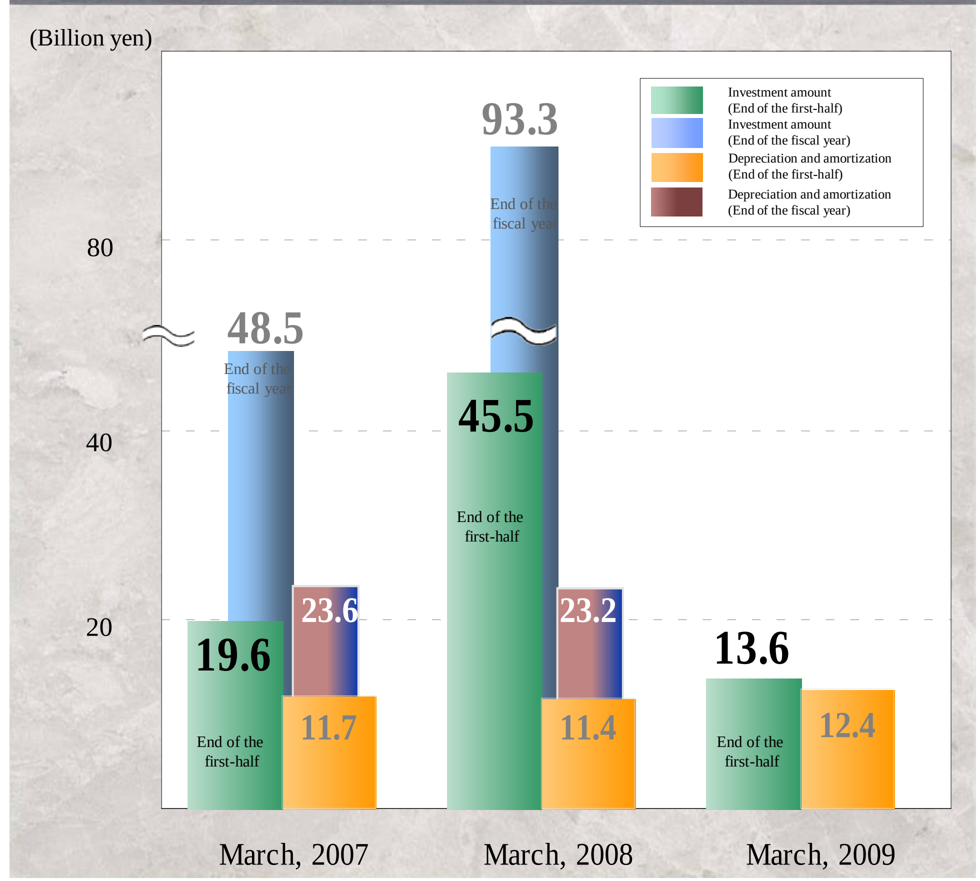
I-3. Balance Sheet (Total assets and investments)

- Total assets rose ¥3.7 billion from the end of the previous fiscal year to ¥904.1 billion, primarily reflecting an increase in inventories of ¥15.4 billion and a fall in fixed assets, attributable to ¥12.4 billion recorded as depreciation and amortization.
- Major investments in the first-half under review included the "Otemachi 1-Chome Urban Area Redevelopment Project Type 1 (first-phase)" and the "Fukuoka City Imaizumi 1-Chome Project."

Total Assets



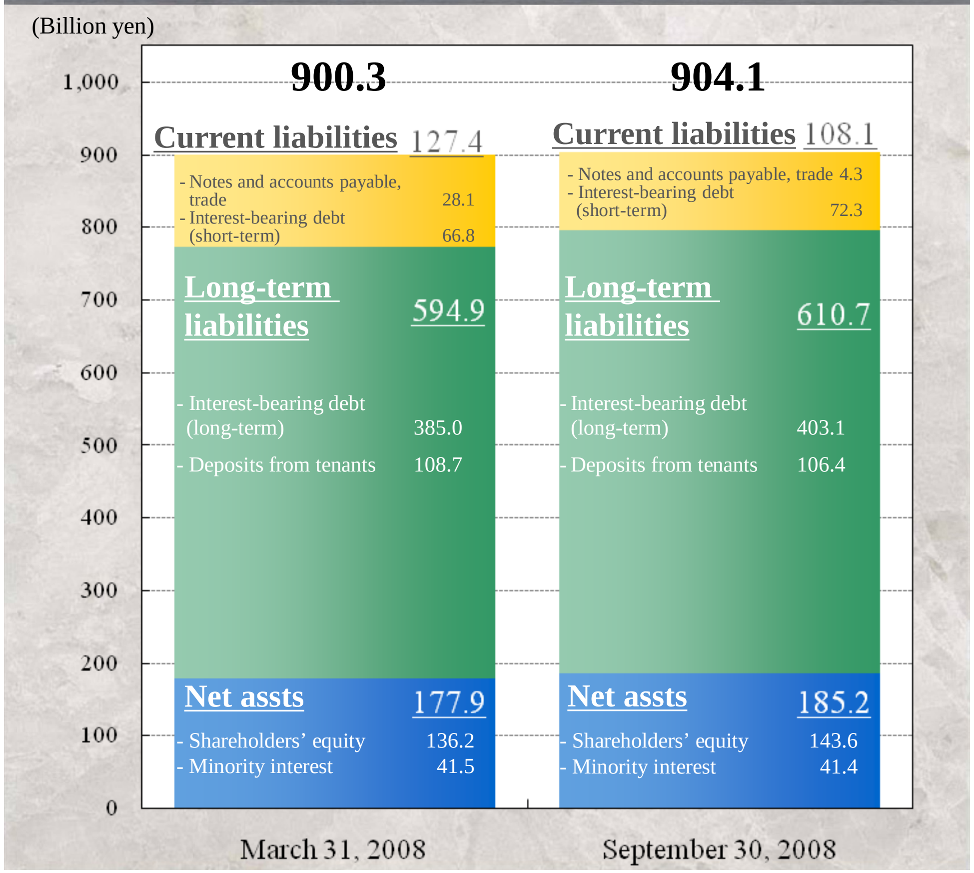
Investments



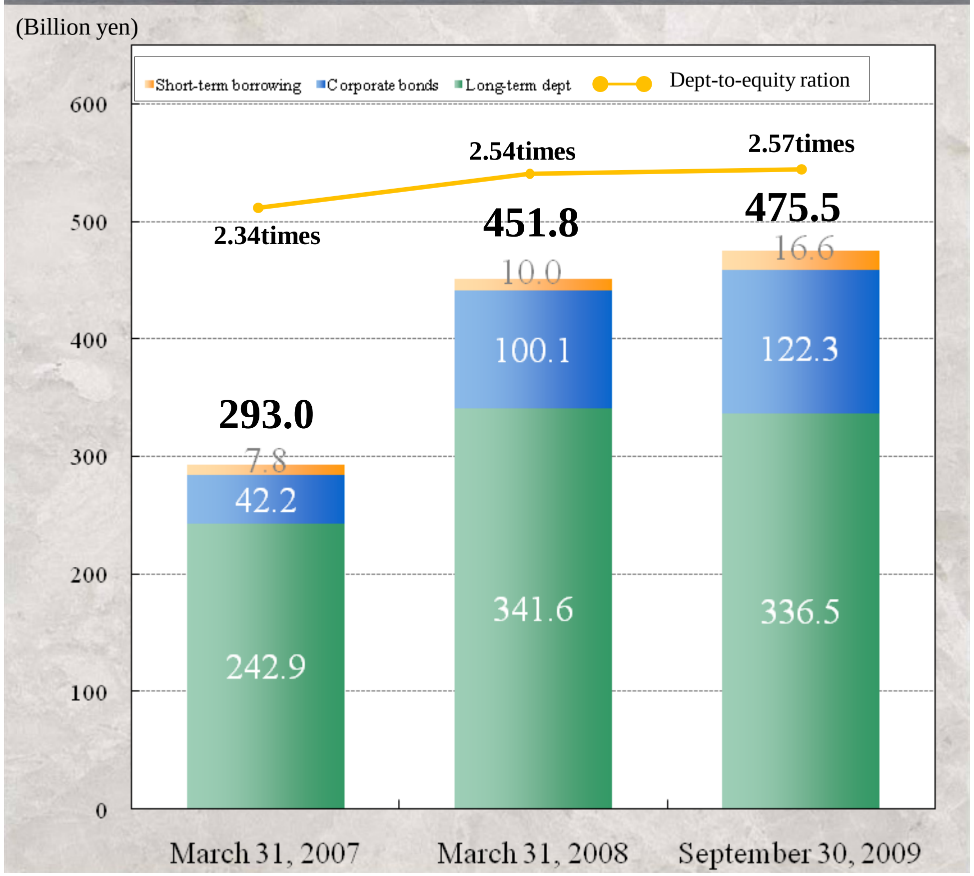
I-4. Balance Sheet
(Liabilities, net assets, and consolidated interest-bearing debt)

- Liabilities fell ¥3.4 billion to ¥718.8 billion, mainly reflecting a decline of ¥23.7 billion in accounts payable, and corporate bond issuance of ¥20 billion.
- Net assets rose ¥7.2 billion. Major factors behind the increase were net quarterly income of ¥9.7 billion and dividends payments of ¥2.3 billion.
- Consolidated interest-bearing debt increased ¥23.6 billion to ¥475.5 billion, resulting in a debt-to-equity ratio of 2.57.

Liabilities and Net Assets

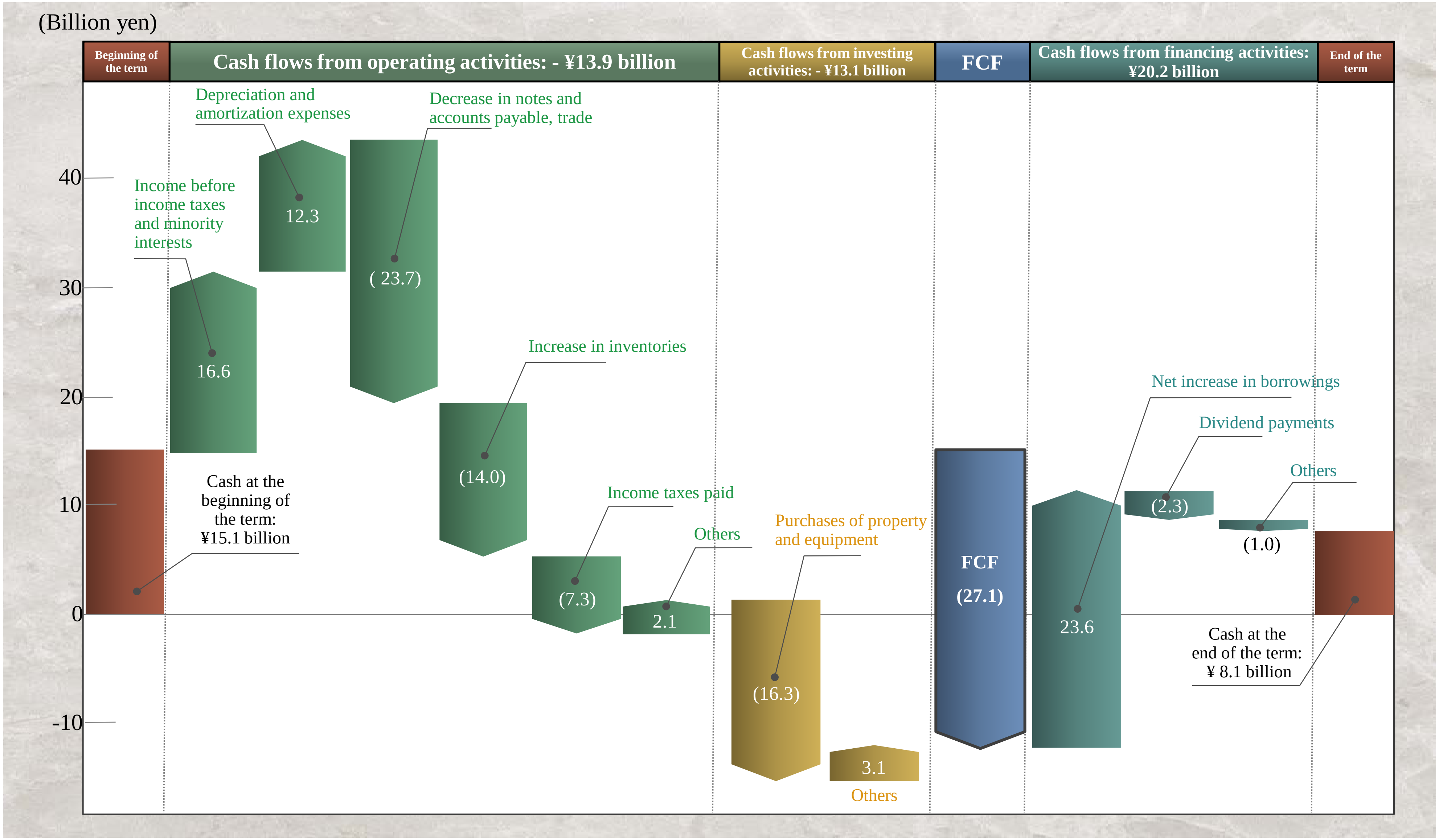


Consolidated Interest-bearing Debt

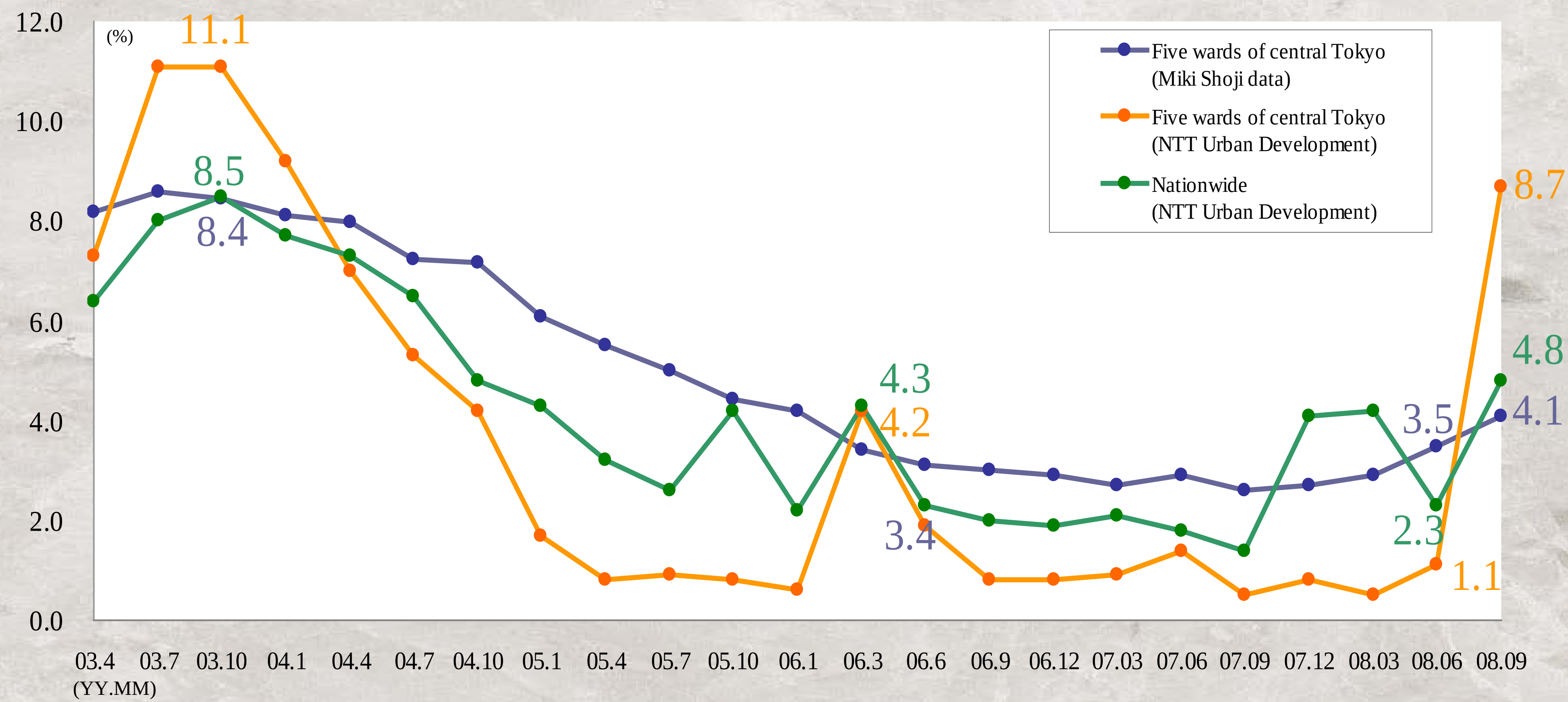


Note 1: Short-term borrowings include commercial paper. Note 2: Corporate bonds include "corporate bonds scheduled for redemption within one year."

I-5. Cash Flows



I-6. Vacancy Rates



*1: Vacancy rates that historically were calculated on the first day of the following month are now calculated on the final day of the current month, as of June 2006.
*2: Figures have been changed and presented on a consolidated basis from March 2007.
*3: The vacancy rate rise in September 2008 came on the back of the evacuation of a large-lot tenant from Granpark Tower (Minato-ku, Tokyo). The Company's vacancy rate in the five wards of central Tokyo was 1.6% against its nationwide vacancy rate of 2.3%, taking into consideration any areas in vacated sites that were already under contract.

II. Revisions to the Forecast for the Fiscal Year Ending March 31, 2009 (FY 2008) and the Progress of Various Measures

II-1. Consolidated Forecast for the Fiscal Year Ending March 31, 2009

- The forecasts for net sales, operating income and ordinary income have been revised downward from their initial forecasts in light of declining real estate market conditions, particularly the difficult conditions in the condominium market.
- The forecast net income has been revised upward from the initial plan, incorporating extraordinary income from asset reshuffle.
- The forecast for investments has been increased to ¥80 billion to achieve sustainable growth.

(Billion yen)

Category	Year ended in March 2008	Initial forecast for the year ending March 2009 (announced on May 8)	Revised forecast for the year ending March 2009	Compared to the initial forecast		Compared to the previous year	
				Change	Change (%)	Change	Change (%)
Net sales	138.2	147.0	**146.0**	(1.0)	(0.7%)	+ 7.7	+ 5.6%
Operating income	28.7	34.5	**31.0**	(3.5)	(10.1%)	+ 2.2	+ 7.9%
Ordinary income	26.1	28.5	**25.0**	(3.5)	(12.3%)	(1.1)	(4.6%)
Net income	14.7	15.0	**15.5**	+ 0.5	+ 3.3%	+ 0.7	+ 5.0%
Investments	93.3	40.0	**80.0**	+ 40.0	–	(13.3)	–

II-2. Consolidated Forecast for the Fiscal Year Ending March 31, 2009 (by Segment)

- **In the leasing segment, the forecast for net sales has been kept at the initial forecast of ¥100 billion. The forecast for operating income has been revised downward from the initial forecast by ¥1.2 billion.**
- **In the residential property sales segment, the forecasts for net sales and operating income have been revised downward from their initial forecasts by ¥2.0 billion and ¥2.4 billion respectively, in anticipation of the increased sales period for condominiums and a rise in sales promotion expenses due to stagnant real estate market conditions.**
- **In the Others segment, the forecasts for net sales and operating income have been revised upward from their initial forecasts, in anticipation of an increase in construction work ordered by the tenant.**

(Billion yen)

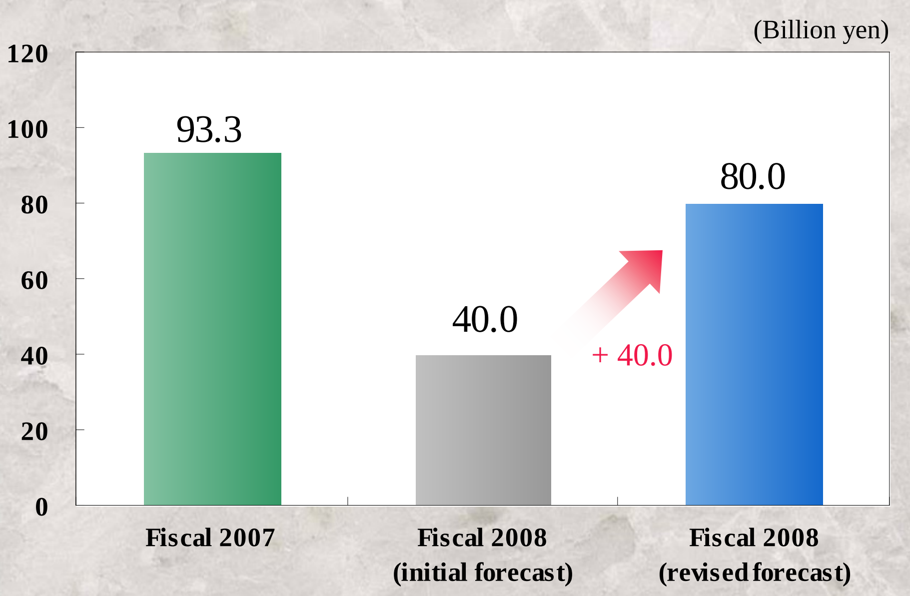
Category	Year ended in March 2008	Initial forecast for the year ending March 2009 (announced on May 8)	Revised forecast for the year ending March 2009	Compared to the initial forecast		Compared to the previous year	
				Change	Change (%)	Change	Change (%)
Net sales	138.2	147.0	**146.0**	(1.0)	(0.7%)	+ 7.7	+ 5.6%
Leasing	89.9	100.0	**100.0**	0.0	0.0%	+ 10.0	+ 11.2%
Residential property sales	38.4	36.7	**34.7**	(2.0)	(5.4%)	(3.7)	(9.7%)
Others	13.8	14.3	**16.1**	+ 1.8	+ 12.6%	+ 2.2	+ 16.3%
Operating income	28.7	34.5	**31.0**	(3.5)	(10.1%)	+ 2.2	+ 7.9%
Leasing	26.0	35.1	**33.9**	(1.2)	(3.4%)	+ 7.8	+ 30.3%
Residential property sales	6.5	3.8	**1.4**	(2.4)	(63.2%)	(5.1)	(78.8%)
Others	0.9	0.8	**1.0**	+ 0.2	+ 25.0%	0.0	+ 2.8%

(Note) Figures for segments are those prior to elimination.

II-3. Development Projects

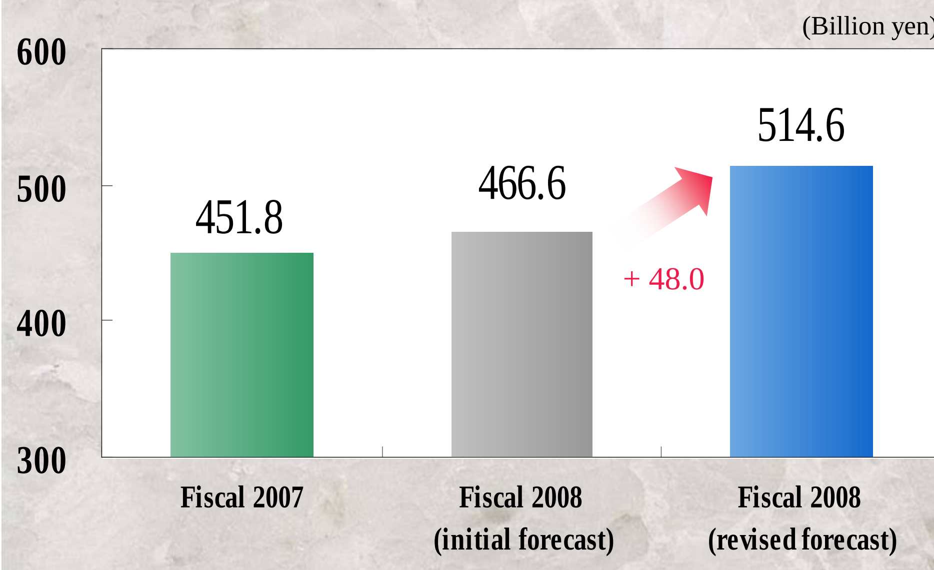
- **The forecast for investments has been increased to ¥80 billion to achieve sustainable growth.**
- **Assets have been rebalanced to maintain financial strength and improve the asset portfolio, and the debt-to-equity ratio is controlled.**

Changes in investments



◎ **Major investment plans for fiscal 2008**
- **Otemachi 1-chome Urban Area Redevelopment Project Type 1 (first phase)**
- **Kyoto Shijo Karasuma Project**
- **Chiyoda-ku Uchikanda 3-Chome Project and Fukuoka City Imaizumi 1-Chome Project**
- **Acquisition of a Sales-Generating Building in Chuo-ku, Osaka**

Changes in interest-bearing debt



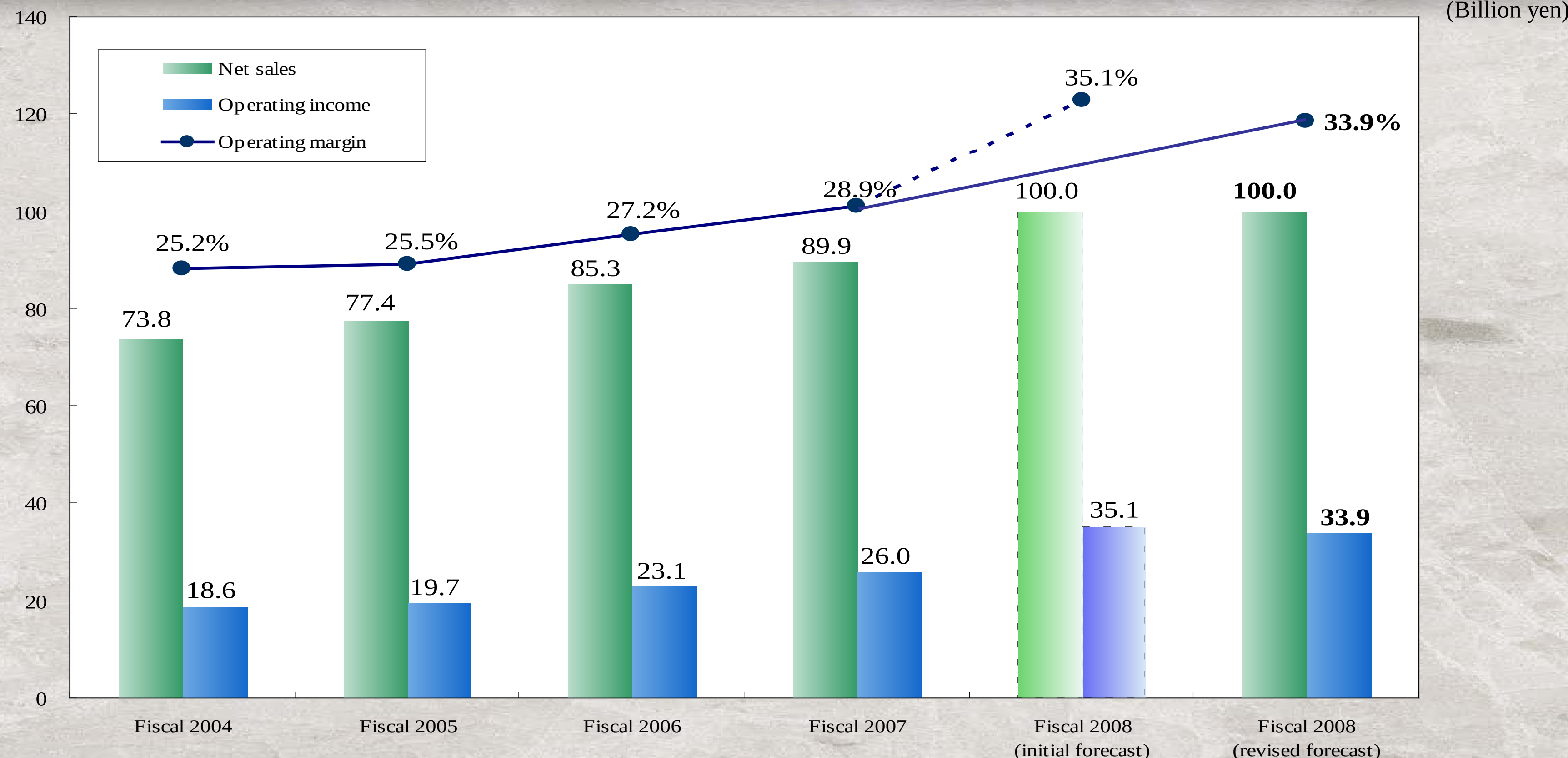
Debt-to-equity ratio	2.54 times	2.44 times	2.69 times

A debt-to-equity ratio of 2.3 times is targeted in the medium term

II-4. Leasing

■ **The forecast for net sales has been kept at the initial forecast (¥100 billion). The forecast for operating income has been revised downward in anticipation of cost increases owing to new investments.**

Net sales and operating income



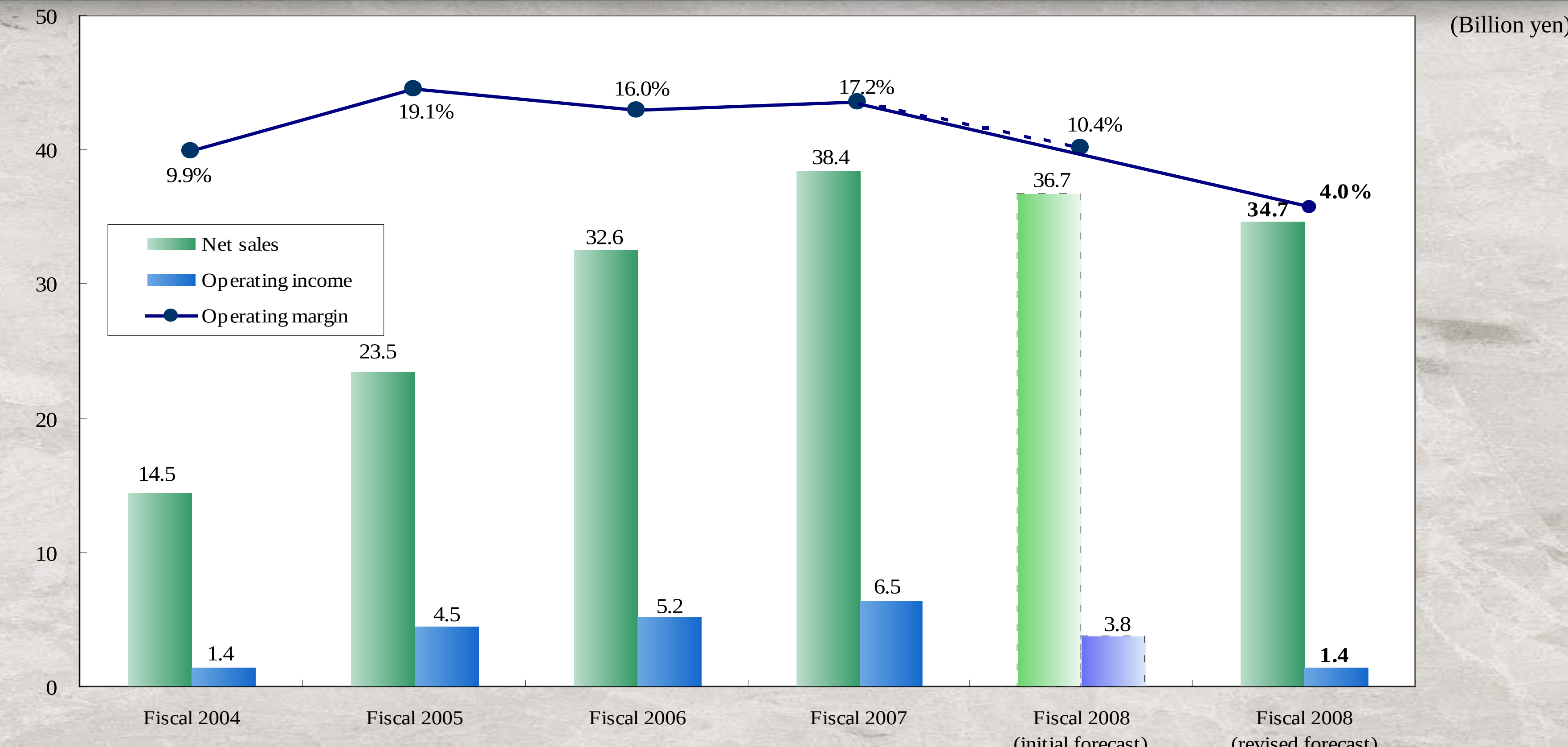
NOI from leasing (Billion yen)	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008 (initial forecast)	Fiscal 2008 (revised forecast)
	45.8	47.2	50.5	52.7	63.8	63.8

* Figures are presented on a consolidated basis, starting in fiscal 2006.

II-5. Residential property sales

- **The forecast number of condominiums delivered has been revised downward to 570 in anticipation of the increased sales period for condominiums and delays in completion date. Operating margin is predicted to be 4% as a result of an increase in sales promotion expenses.**

Net sales and operating income



Number of condominiums delivered (# of unit)	317	566	670	625	700	570

II-6. Initiatives in the Fiscal Year for Achieving Targets Set in the 2010 Medium-Term Management Plan

■Further develop and expand the core leasing and residential property sales businesses

◎Strengthening development capabilities

- Anticipated investments of ¥80 billion in fiscal 2008 with the acquisition of land with high development potential.
- Engage in a new commercial development project in cooperation with existing commercial facilities (Kyoto Shijo Karasuma Project).
- Work on diversification for developments, including rental condominiums. (Promote the sale of a whole building leasing business for operators of rental housing for the elderly and pay nursing homes.)

◎Strengthening profitability

- Increase rent strategically and strengthen leasing in the Otemachi 1-Chome Urban Area Redevelopment Project Type 1 (first-phase).
- Select properties prudently for purchase while improving merchandise planning for the Wellith condominium series.

◎Collaboration with the NTT Group

- Plan to develop the NTT Tenjin Building site on a term leasehold, and construct a commercial lease building on the site.
- Acquire metropolitan plots suitable for condominiums from the NTT Group.

■Cultivate new growth fields

- Grow the fund business and asset solutions (expand the fund scale continuously and develop exit strategies for existing funds).
- Carry out investigations into international business operations and the expansion of new businesses.

■Strengthening management foundations to support steady, long-term growth

- Establish internal control (J-SOX) for strengthening business foundations, and establish a firm base for CSR management.
- Reshuffle assets to maintain financial strength and improve the asset portfolio.
- Cultivate shareholder-oriented management (annual dividends were increased to ¥1,200 in fiscal 2007).