We create harmony.

Overview of Operating Performance
during the Fiscal Year Ended March 31, 2009

NTT Urban Development Corporation **May 8, 2009**

I. Overview of the Fiscal Year Ended March 31, 2009

I-1. Financial Highlights of the Fiscal Year Ended March 31, 2009

Overview of Performance and Income

- **Net sales rose year on year, but operating income and ordinary income fell year on year.**
- **Net income rose year on year, as a result of actions such as posting of gain on sales of fixed assets as extraordinary income.**

(Million yen)

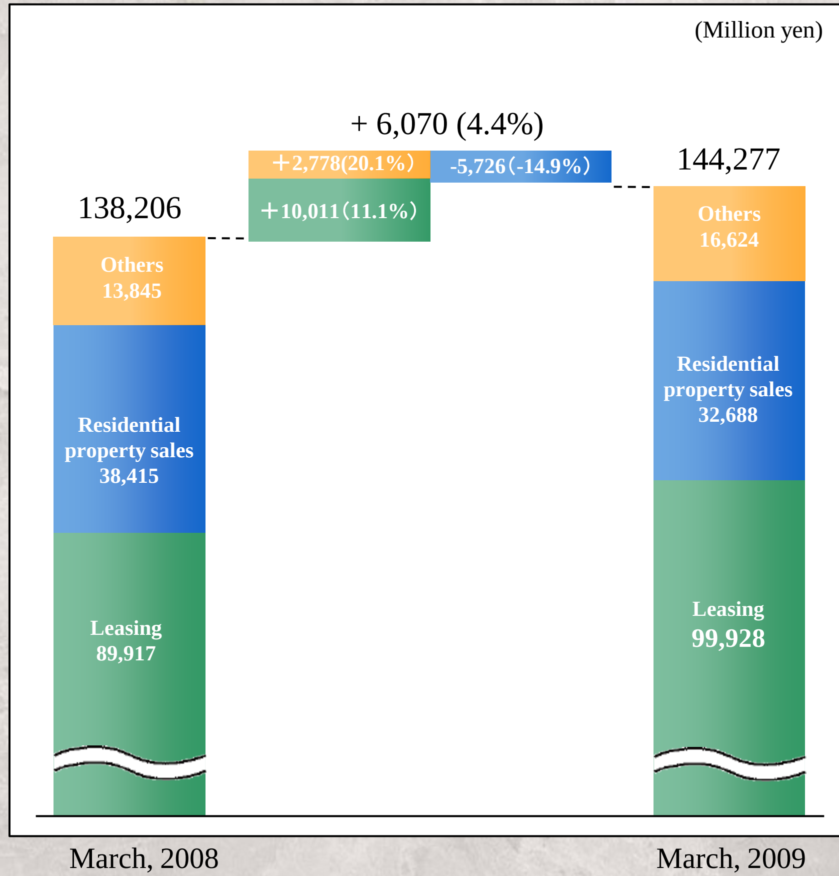
Category	(i) Year Ended March 31, 2009	(ii) Year Ended March 31, 2008	Year-on-year (i) - (ii)		(iii) Forecast for Year Ended March 31, 2009	Results against forecast	
			Change	Change (%)		Change (i) - (iii)	% to forecast
Net sales	144,277	138,206	6,070	4.4%	146,000	(1,722)	98.8%
Operating expenses	119,032	109,488	9,544	8.7%	―	―	―
Operating income	25,244	28,718	(3,474)	(12.1%)	31,000	(5,755)	81.4%
Non-Operating income	2,373	2,801	(428)	(15.3%)	―	―	―
Non-Operating expenses	8,113	5,323	2,789	52.4%	―	―	―
Ordinary Income	19,504	26,196	(6,692)	(25.5%)	25,000	(5,495)	78.0%
Extraordinary income	12,037	743	11,294	―	―	―	―
Extraordinary losses	4,147	1,929	2,218	115.0%	―	―	―
Corporate taxes, etc.	11,404	10,252	1,151	11.2%	―	―	―
Net income	15,989	14,758	1,231	8.3%	15,500	489	103.2%

Note: Forecasts are based on figures projected on November 4, 2008 for the announcement of results for the first six months of the fiscal year ended March 31, 2009.

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

- In the leasing business, net sales were up ¥10 billion and operating income was up ¥9.5 billion from the previous fiscal year. Net sales increased due to the factors including making UDX Tokutei Mokuteki Kaisha (Special Purpose Company) its consolidated subsidiary (up ¥6 billion), an increase in the number of new properties (up ¥2.9 billion), and rent increases for existing properties (up ¥1.1 billion).
- In the residential property sales business, net sales were down ¥5.7 billion and operating income was down ¥12.6 billion year on year, primarily due to a decline in the number of condominium units delivered from the previous fiscal year (625 → 563 units) and the posting of ¥7.9 billion of loss on revaluation of inventories.

Net Sales



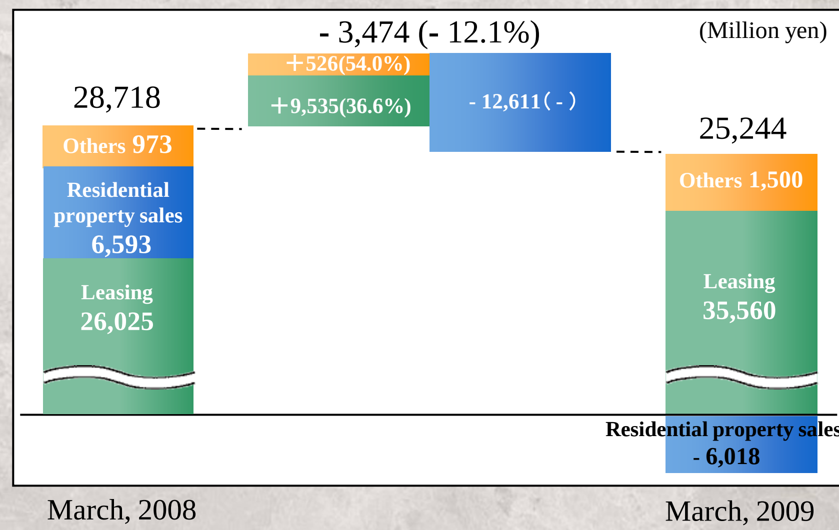
Note: Before the elimination of intra-segment transfers

Operating Margin Ratio

	March, 2008	Change	March, 2009
Leasing	28.9%	+6.7	35.6%
Residential property sales	17.2%	- 35.6	- 18.4%
Others	7.0%	+2.0	9.0%
Total	20.8%	- 3.3	17.5%

Note: Before the elimination of intra-segment transfers and corporate overhead

Operating Income

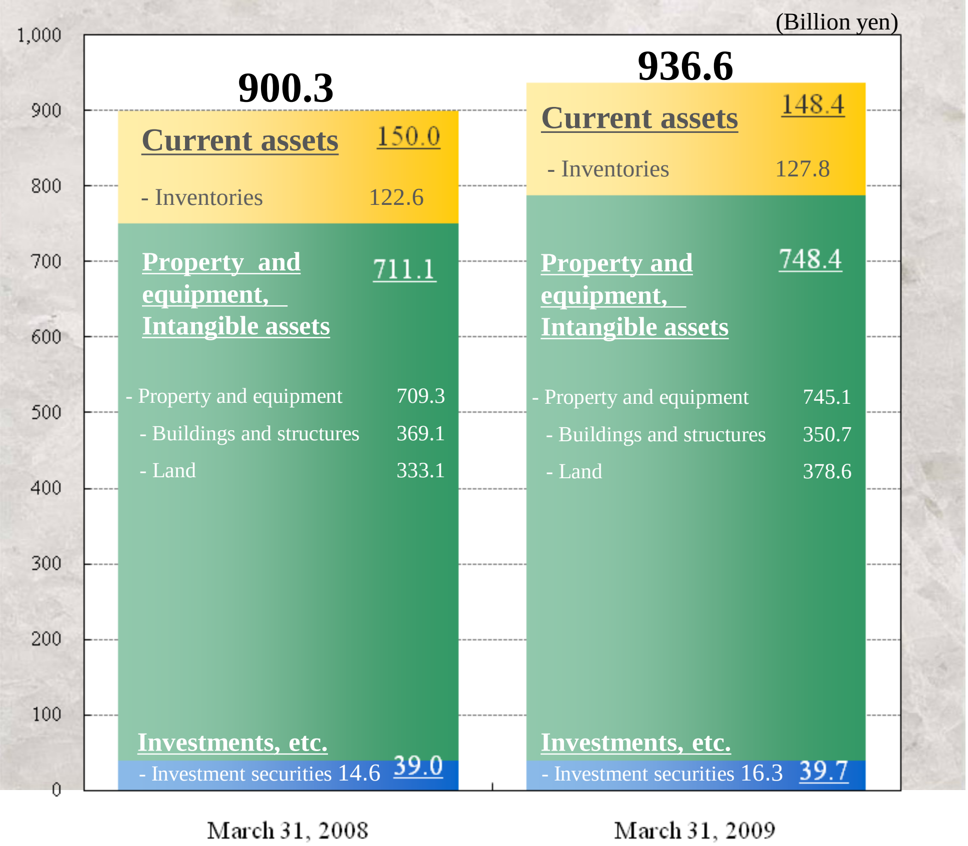


Note: Before the elimination of intra-segment transfers and corporate overhead

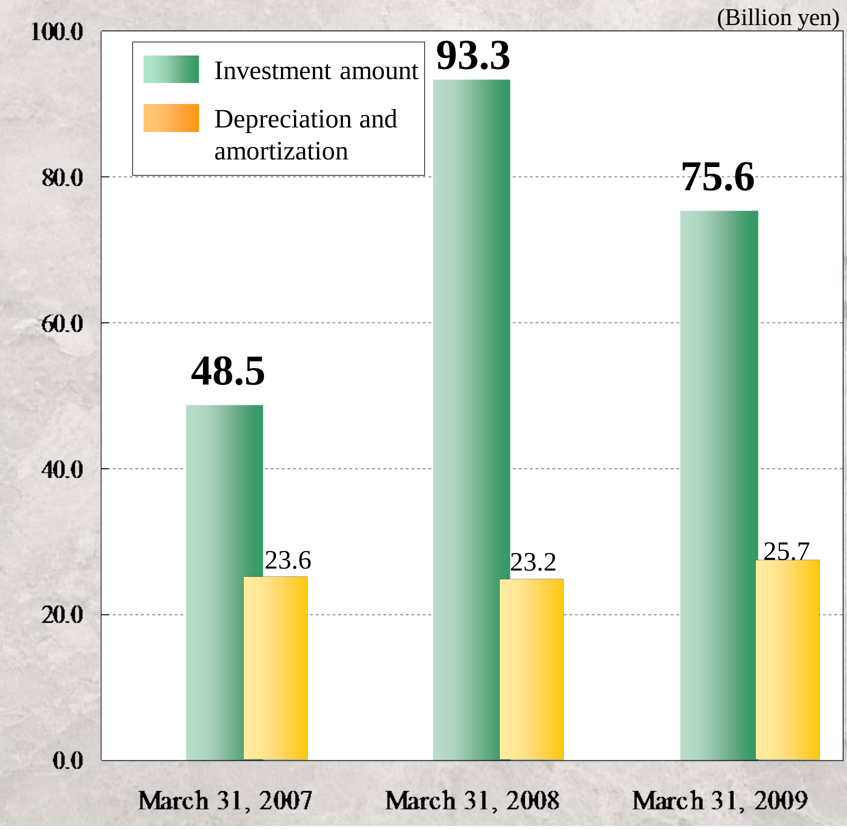
I-3. Balance Sheet (Total assets and investments)

- **Total assets were up ¥36.3 billion from the end of the previous fiscal year, to ¥936.6 billion, primarily due to an increase in land for future developments (up ¥45.4 billion), an increase in inventories (up ¥5.1 billion) and depreciation and amortization (¥25.7 billion).**
- **The amount of investments was ¥75.6 billion, down ¥17.7 billion from the previous fiscal year. The investments included ¥19.2 billion for Tradepia Yodoyabashi,. ¥16 billion for acquiring land in Uchikanda, Chiyoda-ku, ¥8.7 billion for additionally acquiring the preferred equity issues of UDX Tokutei Mokuteki Kaisha, and ¥8.3 billion in the Otemachi 1-chome Urban Area Redevelopment Project Type 1.**

Total Assets



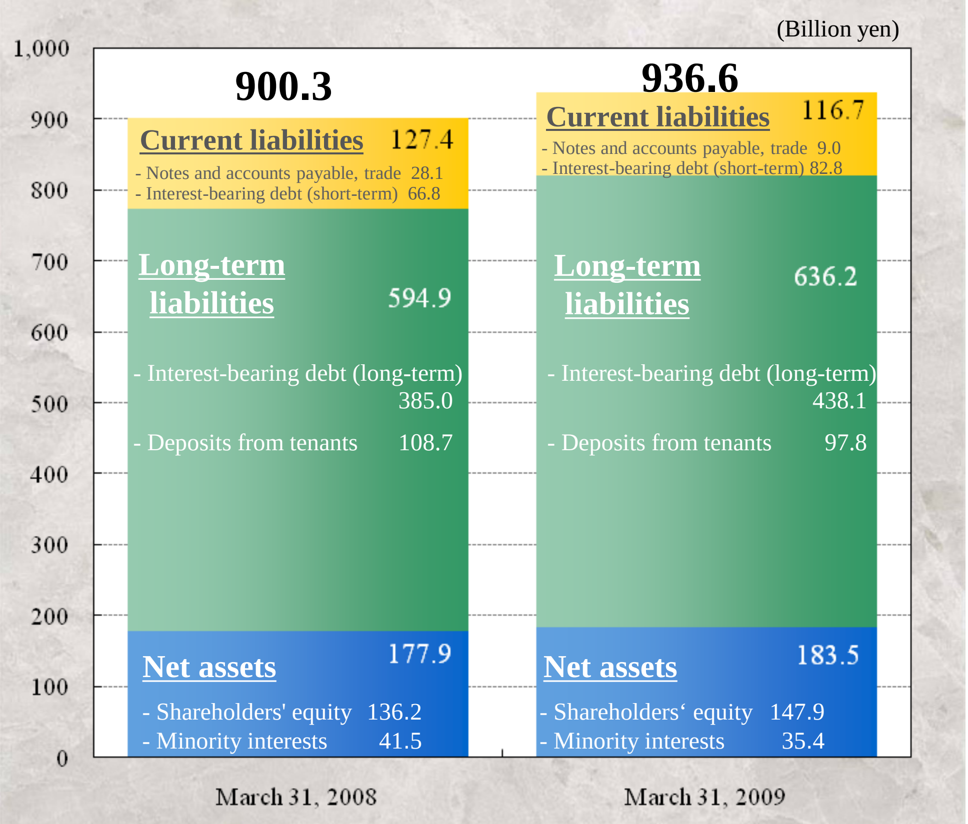
Investments



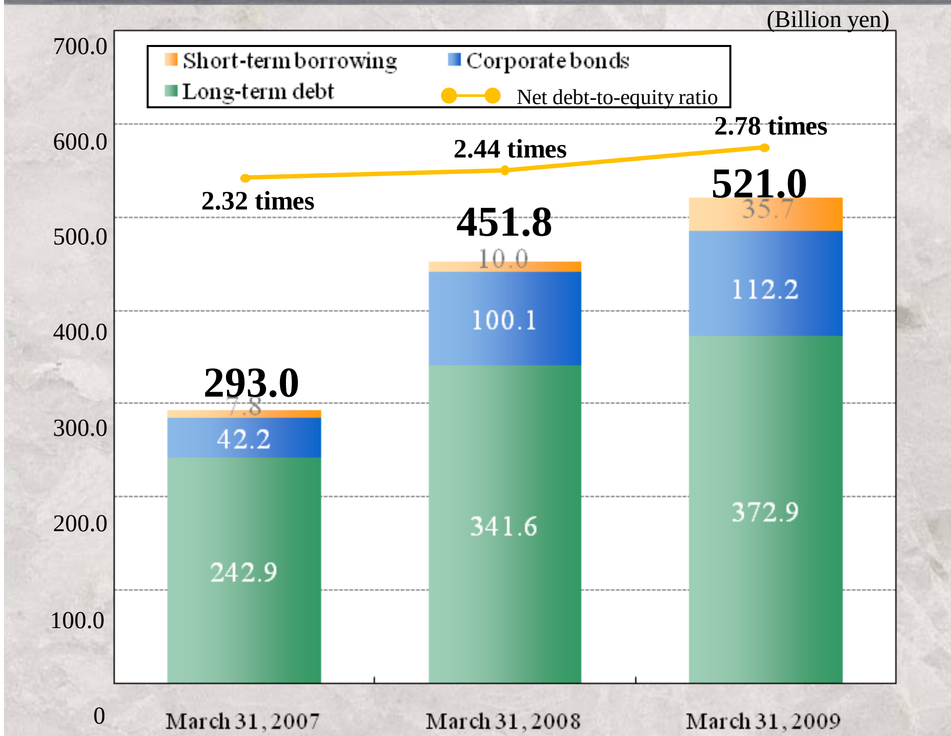
I-4. Balance Sheet
(Liabilities, net assets, and consolidated interest-bearing debt)

- Liabilities rose ¥30.7 billion from the end of the previous fiscal year, to ¥753.0 billion, mainly reflecting a rise of ¥69.2 billion in interest-bearing debt, and a fall of ¥19.0 billion in notes and account payable, trade.
- Net assets rose ¥5.6 billion year on year, mainly reflecting net income of ¥15.9 billion, dividend payments of ¥4.2 billion, and a decrease of ¥6.1 billion in minority interests.
- Consolidated interest-bearing debt rose ¥69.2 billion, to ¥521 billion, making the net debt-to-equity ratio of 2.78 times.

Liabilities and Net Assets



Consolidated Interest-Bearing Debt



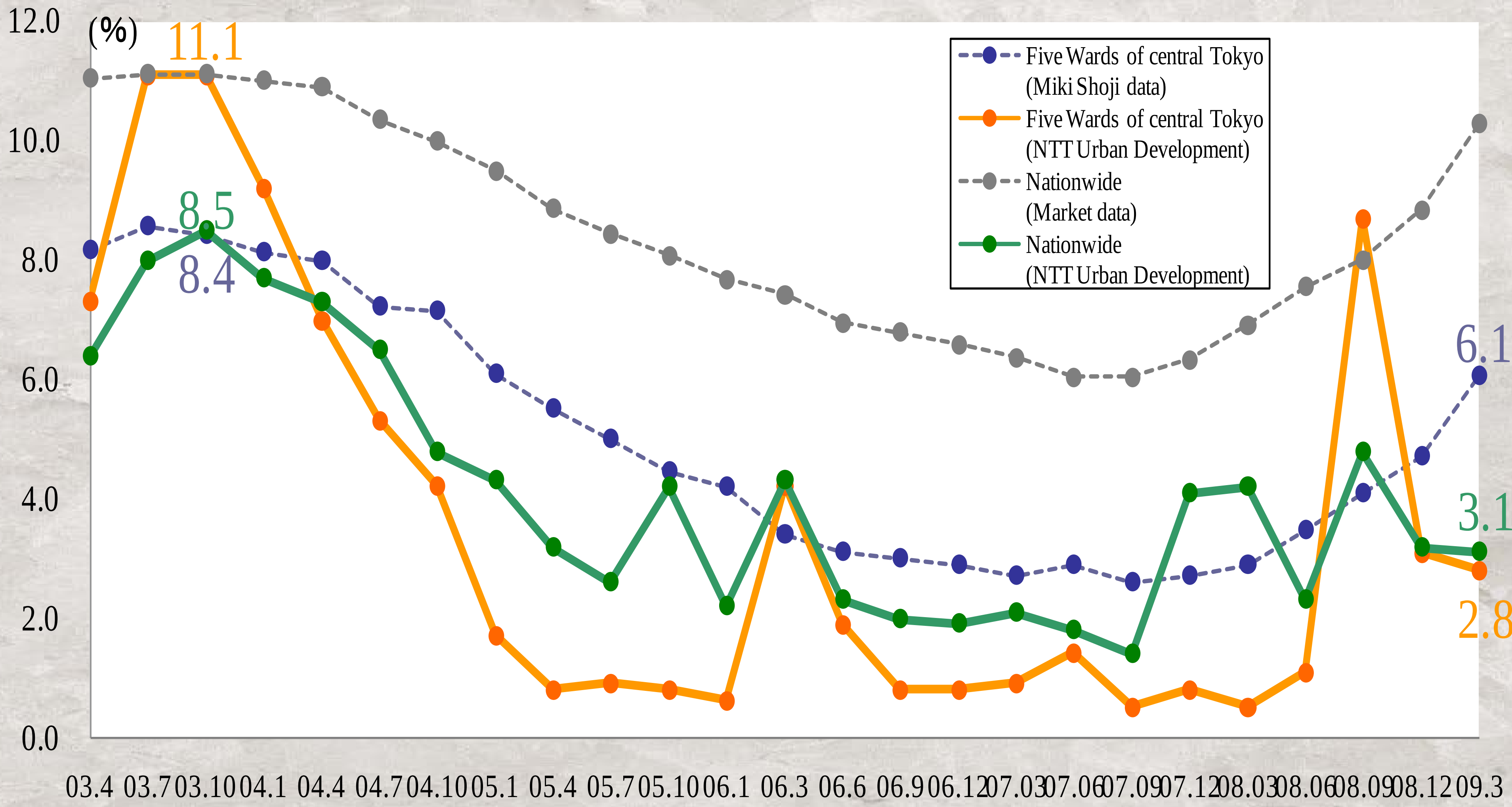
Note 1: Short-term borrowings include commercial paper. Note 2: Corporate bonds include “Corporate bonds (must redeem within one year)”.
Note 3: Long-term debt include “Current portion of long-term debt (payment within one year)” .
Note 4: Net debt-to-equity ratio = (interest-bearing debt – cash and cash equivalents – time deposits whose deposit terms exceed three months) / net assets

I-5. Cash Flows

(Billion yen)

Items	Year Ended March 31, 2009	Year Ended March 31,2008	Year-on-Year Change
Cash flows from operating activities	**(12.0)**	**5.7**	**(17.7)**
(Restated) Income before income taxes and minority interests	27.3	25.0	2.3
(Restated) Depreciation and amortization expenses	25.7	23.2	2.5
(Restated) Gain on sale of fixed assets	(12.0)	(0.0)	(11.9)
(Restated) (Increase) in inventories	(12.8)	(39.9)	27.1
(Restated) (Decrease) in notes and accounts payable, trade	(19.0)	6.4	(25.5)
(Restated) Income taxes paid	(13.3)	(8.2)	(5.1)
Cash flows from investing activities	**(57.3)**	**(77.8)**	**20.4**
(Restated) Purchases of property and equipment	(66.2)	(74.8)	8.6
(Restated)Proceeds from sales of property and equipment	19.6	5.7	13.8
Free cash flow	**(69.4)**	**(72.1)**	**2.7**
Cash flows from financing activities	**63.0**	**85.0**	**(21.9)**
(Restated) Net increase in borrowings	69.1	88.5	(19.4)
(Restated) Dividend payments	(4.2)	(3.2)	(0.9)
Cash and cash equivalents at the end of year	**8.6**	**15.1**	**(6.4)**

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 March 2006.
*2 Figures have been changed and presented on a consolidated basis from March 2007.
*3 Vacancy rate for the entire market nationwide is a simple average of vacancy rates (calculated by NTT Urban Development) for Tokyo, Yokohama, Osaka, Nagoya, Fukuoka, Sendai and Sapporo announced by Miki Shoji.

I-7. Major Management Indicators

Indicator	Year Ended March 31, 2009	Year Ended March 31, 2008
NOI	¥64.2 billion	¥52.7 billion
Return on equity ratio (ROE)	11.2%	11.3%
Payout ratio	24.7%	26.8%
Dividend on equity ratio (DOE)	2.8%	3.0%
Net worth ratio	15.8%	15.1%
Net debt-to-equity ratio	2.78 times	2.44 times

Notes 1: All of the above management indicators are on a consolidated basis.

2: Calculation formulas of the management indicators are as follows:

NOI = Real estate leasing income - Real estate leasing cost + Real estate depreciation and amortization (including long-term prepaid expenses)

Return on equity ratio = Net income / ((Net worth at the end of the previous fiscal year + Net worth at the end of the fiscal year under review) / 2)

Payout ratio = (Annual) dividends paid per share / Net income per share

Dividend on equity ratio = (Annual) dividends paid / ((Net worth at the end of the previous fiscal year + Net worth at the end of the fiscal year under review) / 2)

Net worth ratio = Net worth / Total assets

Net debt-to-equity ratio ＝(Interest-bearing debt - cash and cash equivalents – time deposits whose deposit terms exceed three months) / Net assets

Net worth = Net assets - Share options - Minority interests

II. Forecast for the Year Ending March 31, 2010

II-1. Consolidated Results Forecast for the Year Ending March 31, 2010

■ **Aim to increase sales and income for the fiscal year ending March 2010 mainly by increasing the number of new buildings and improving income and expenditure in residential property sales business.**

(Billion yen)

Items	Year Ended in March 2009 (Fiscal 2008)	Forecast for the Year Ending in March 2010 (Fiscal 2009)	Change	Change (%)
Net sales	144.2	**151.0**	+6.7	+4.7%
Operating income	25.2	**28.5**	+3.2	+12.9%
Ordinary income	19.5	**21.5**	+1.9	+10.2%
Net income	15.9	**12.0**	(3.9)	(25.0%)
Investment amount	75.6	**40.0**	(35.6)	―

II-2. Consolidated Results Forecast, by Segment, for the Year Ending March 31, 2010

- The leasing business is expected to generate higher net sales, thanks primarily to the operational launch of new buildings, but income for the business is set to decline due to factors such as repair expenses that will be disbursed to increase the competitive strength of existing buildings.
- Income fell for the residential property sales business in fiscal 2008 as a result of loss on revaluation of inventories. Higher net sales and income are sought for the business in fiscal 2009 with a rise in the number of units delivered, among other steps.

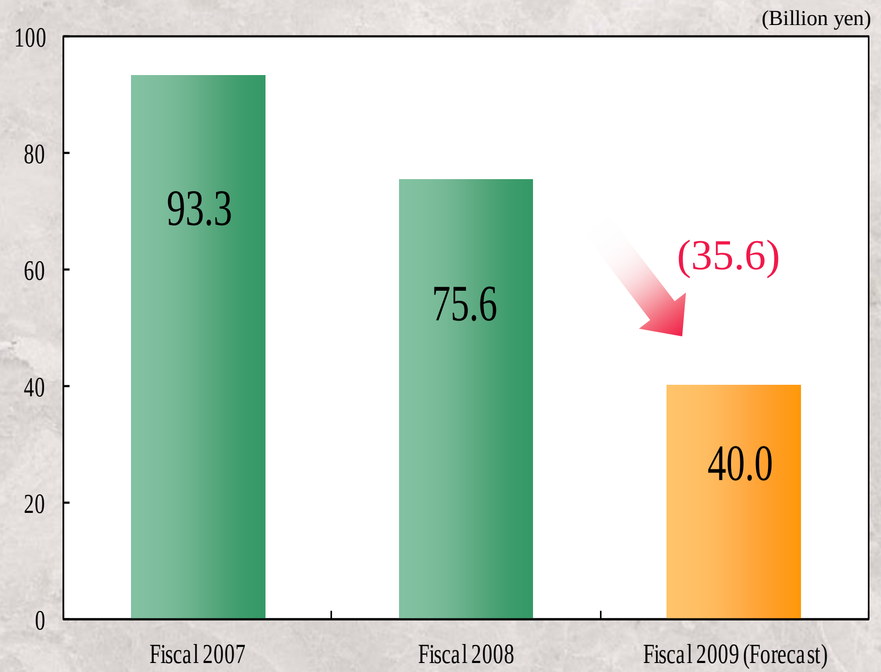
(Billion yen)

Items	Year Ended in March 2009 (Fiscal 2008)	Forecast for the Year Ending in March 2010 (Fiscal 2009)	Change	Change (%)
Net sales	144.2	**151.0**	+6.7	+ 4.7%
Leasing business	99.9	**100.7**	+ 0.7	+ 0.8%
Residential property sales business	32.6	**41.1**	+ 8.4	+ 25.7%
Others	16.6	**14.4**	(2.2)	(13.4%)
Operating income	25.2	**28.5**	+ 3.2	+ 12.9%
Leasing business	35.5	**33.4**	(2.1)	(6.1%)
Residential property sales business	(6.0)	**0.7**	+ 6.7	—
Others	1.5	**1.0**	(0.5)	(33.3%)

II-3. Development Business

- In light of the balance of financing, investments of ¥40 billion are expected to be executed in the fiscal year ending March 31, 2010 to achieve sustainable growth.
- For reducing interest-bearing debt, efforts will be made to maintain financial soundness with initiatives, including stricter selection of purchasing land and asset reshuffle.

Investments



	Fiscal 2007	Fiscal 2008	Fiscal 2009 (Forecast)
Balance of interest-bearing debt	451.8 billion	521.0 billion	516.0 billion
Net debt-to-equity ratio	2.44 times	2.78 times	2.61 times

Major investments executed in fiscal 2008

- Otemachi 1-chome urban area redevelopment project type 1 first -phase (¥8.3 billion)
- Chiyoda-ku Uchikanda project (¥16.0 billion)
- Tradepia Yodoyabashi (¥19.2 billion)
- Acquisitions of the additional preferred equity issues of UDX Tokutei Mokuteki Kaisha (¥8.7 billion) , etc.

Major investment targets in fiscal 2009

- Shijo Karasuma project in Kyoto
  Completion due: FY2010 (Scheduled), Floor space: 17,471m^2
- Osaka Station North District Advance Development project
  Completion due: Second half of FY2012 (Scheduled)
- Shibaura Water Reclamation Center Redevelopment project
  Scheduled for completion in 2014, etc.

(Reference) Shibaura Water Reclamation Center Redevelopment project

■ Project Overview

Using the joint construction method, business and commercial buildings will be constructed as ecological model buildings that form the nucleus of an ecological model city in the upper-level section of a sewerage system, which the Tokyo Metropolitan Bureau of Sewerage will establish below ground. This project is aimed at developing a sustainable city in the 21st century.

■ Construction Overview

Location:

On the premises of the Shibaura Water Reclamation Center at 1-2-1 Konan, Minato-ku, Tokyo

Footprint : approx. 50,000 m^2

(Rented area: approx. 11,000 m^2)

Area subject to the plot ratio: approx. 180,000 m^2

Height: approx. 150 m

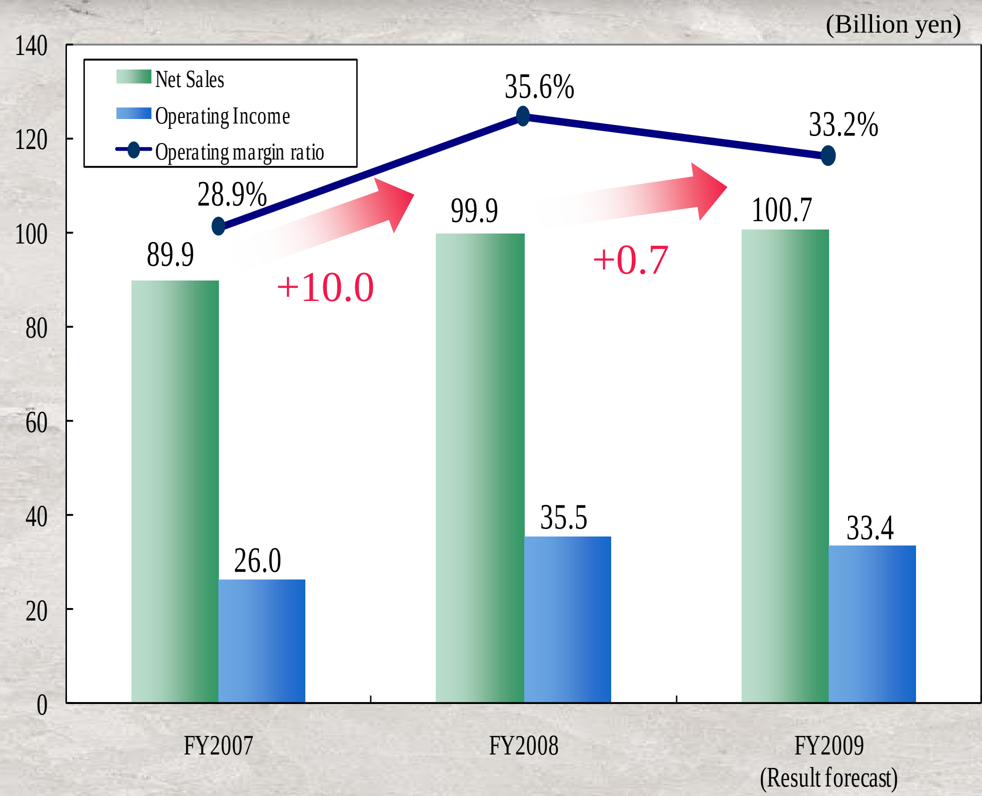
Building scale: two below and 32 floors above ground

Schedule: completion in 2014 (plan)

II-4. Leasing Business

■ **Aim to increase net sales in a challenging environment marked by a rising average vacancy rate, with the operational launch of new buildings in Otemachi 1-Chome Urban Area Redevelopment and other projects, overcoming a decline in operating margins attributable to factors such as repair expenses disbursed to bolster the competitiveness of existing buildings.**

Net sales and operating income



NOI	52.7	64.2	62.6

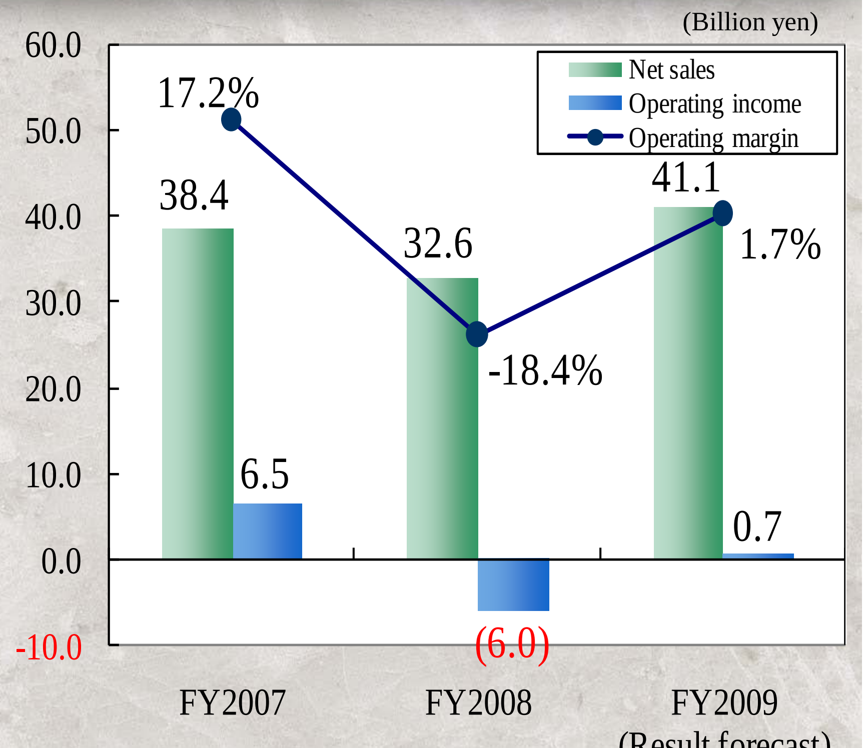
◆**Aim to increase net sales with the operational launch of buildings in Otemachi 1-Chome Urban Area Redevelopment and other projects and full-year operation of the Yodoyabashi Building, despite the effects of a net sales loss as a result of asset reshuffle (sale of assets) carried out in fiscal 2008.**

◆**Leasing NOI will decline because of factors such as the risk of an increase in the vacancy rate, reflecting severe office rent market conditions, the effects of asset reshuffle, and an increase repair expenses disbursed to bolster the competitiveness of building facilities.**

II-5. Residential Property Sales Business

- Operating loss resulted in fiscal 2008 due to factors such as the posting of a loss on revaluation of inventories. Aim to improve the bottom line in fiscal 2009 by continuing to bolster sales under difficult conditions. Work also on reducing inventories.

Net sales and operating income



Condominium units delivered	625	563	780

Major Projects

Projects completed in FY2008

Project	Location	Units Completed	Percentage of Total
Wellith City Omori Tower	Ota, Tokyo	172	60%
Wellith Komagome Residence	Toshima, Tokyo	52	55%
Wellith Minamifunabashi	Funabashi, Chiba Prefecture	107	100%
Wellith Park Chayagasaka	Nagoya, Aichi Prefecture	101	50%
Wellith Takatsuki Park Square	Takatsuki, Osaka	192	30%

Projects to be completed in FY2009

Wellith Meguro Ookayama	Meguro, Tokyo	29	100%
Musashino Towers	Mitaka, Tokyo	570	20%
Wellith Narashino Okubo	Narashino, Chiba Prefecture	65	100%
Capacity	Nagoya, Aichi Prefecture	232	60%
Wellith Yao Honmachi	Yao, Osaka	34	100%
Welltih Kami Koshien	Nishinomiya, Hyogo Prefecture	93	60%

II-6. Initiatives designated to Achieve the Medium-Term Management Plan 2010

Further development of leasing and residential property sales business

◎ Strengthen development expertise

- Acquire sites in Uchikanda, Chiyoda-ku, and Imaizumi 1-Chome, Fukuoka, and the Tradepia Yodoyabashi Building for future development.
- Urbannet Kotodai, Sendai Jozenji and other projects are scheduled for completion, in addition to the completion of Otemachi 1-Chome Urban Area Redevelopment Project (in April 2009).
- A group for which the Company serves as the representative was chosen as the undertaker of the Shibaura Water Reclamation Center Redevelopment Project.
- Aim to diversify development to include planning rental housing and compact condominiums for the elderly.
- Aggressively expand building site development and the detached housing business.

◎ Enhance profitability

- Establish the "Commercial Properties Development Promotion Department," and aggressively pursue initiatives in commercial operations.
- Strengthen the leasing system for large buildings to fill vacancies early in an environment of declining demand for office space.
- Establish the logo for Wellith condominiums to bolster sales. Select properties for purchase using stricter criteria, in consideration of market changes.

WELLITH

◎ Cooperation with NTT Group Companies

- Support the real estate strategies of the NTT Group by proposing real estate solutions.

Exploit of new growing businesses areas

- Develop fund businesses and asset solutions

  (Start operating the "NU-5 Fund" (total asset amount: ¥29 billion) and increase the scale of assets held in funds.)
- Continue to develop international operations and expand new businesses to enlarge the sphere of operations.

Reinforce managerial platform for sustainable long-term growth

- Reshuffle assets to maintain financial soundness and improve the asset portfolio.

  (Fiscal 2008: Assets worth approx. ¥20 billion were reshuffled. ⇒ fiscal 2009: Assets reshuffle worth approx. ¥10 billion is planned.)
- Strengthen the business foundation by increasing management transparency and internal control, establishing a CSR management base (with steps including the continued promotion of environmental conservation activities) and taking other actions.

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