(Japanese Original and English Translation)

Overview of the Third Quarter of the Fiscal Year Ending March 31, 2010

NTT Urban Development Corporation **Feb 4, 2010**

1. Financial Highlights of the Third Quarter of the Fiscal Year Ending March 31, 2010

Overview of Performance and Income

- **Consolidated net sales stood at ¥104.1 billion, up ¥0.1 billion (0.1%) year on year. However, operating income declined ¥14.3 billion (54.6%), to ¥11.9 billion, and ordinary income fell ¥14.4 billion (65.7%), to ¥7.5 billion, reflecting a loss on a revaluation of inventories of ¥11.1 billion that was posted up to the second quarter, among other factors.**
- **A net loss of ¥2.2 billion (compared with net income of ¥12.4 billion a year ago) was posted, attributable to an increase in corporate taxes due to a reversal of deferred tax assets (¥5 billion) posted in the second quarter, in addition to the situation described above.**

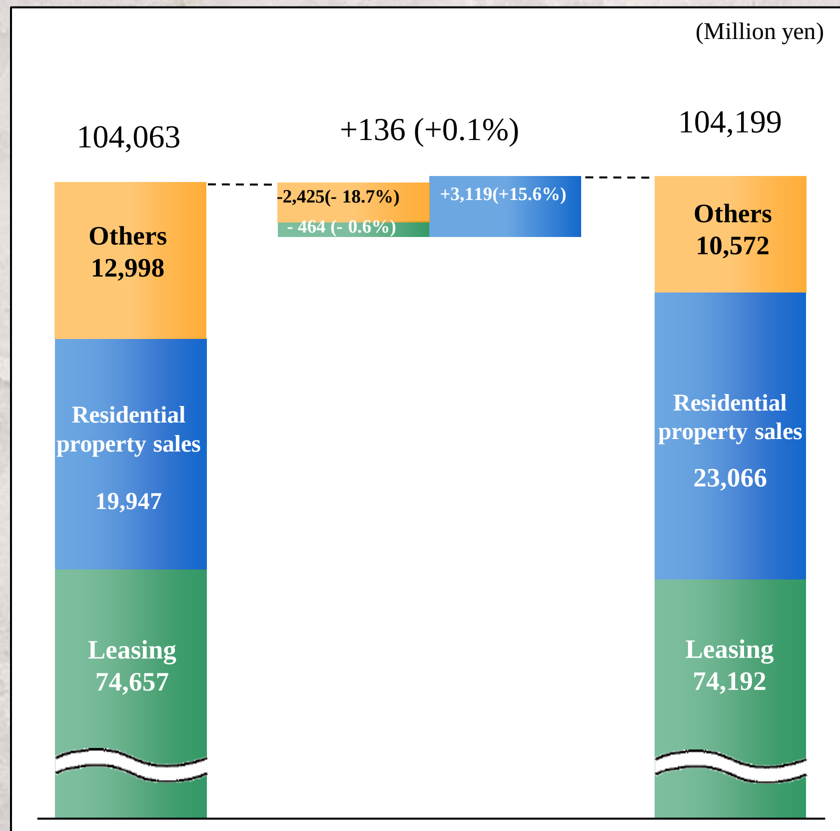
(Million yen)

Category	(i) Third Quarter Ended in December 2009	(ii) Third Quarter Ended in December 2008	(i) – (ii)	
			Change	Change (%)
Net sales	**104,199**	**104,063**	**136**	**0.1%**
Operating expenses	92,263	77,788	14,475	18.6%
Operating income	**11,936**	**26,275**	**(14,338)**	**(54.6%)**
Non-operating income	2,022	1,816	205	11.3%
Non-operating expenses	6,398	6,058	339	5.6%
Ordinary income	**7,559**	**22,032**	**(14,473)**	**(65.7%)**
Extraordinary income	226	2,082	(1,855)	(89.1%)
Extraordinary losses	798	2,883	(2,085)	(72.3%)
Corporate taxes, etc.	9,243	8,773	470	5.4%
Net income (loss)	**(2,256)**	**12,458**	**(14,714)**	**－**

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

- **In the leasing business, net sales were down ¥0.4 billion and operating income was down ¥2.0 billion from a year ago. Net sales declined as the increase in the number of new properties (up ¥2.4 billion) were more than offset by a fall in revenue from existing properties of ¥1.6 billion due to an increase in vacancies, a ¥1.3 billion decrease in revenue resulting from the sale of properties in the previous fiscal year, and a rise in operating expenses associated with the completion of new properties.**
- **In the residential property sales business, net sales were up ¥3.1 billion and operating income was down ¥11.3 billion year on year, primarily because of a rise in sales associated with an increase in the number of condominiums delivered to 495, from 318, and losses on a revaluation of inventories (¥0.2 billion in the first quarter and ¥10.8 billion in the second quarter).**

Net Sales



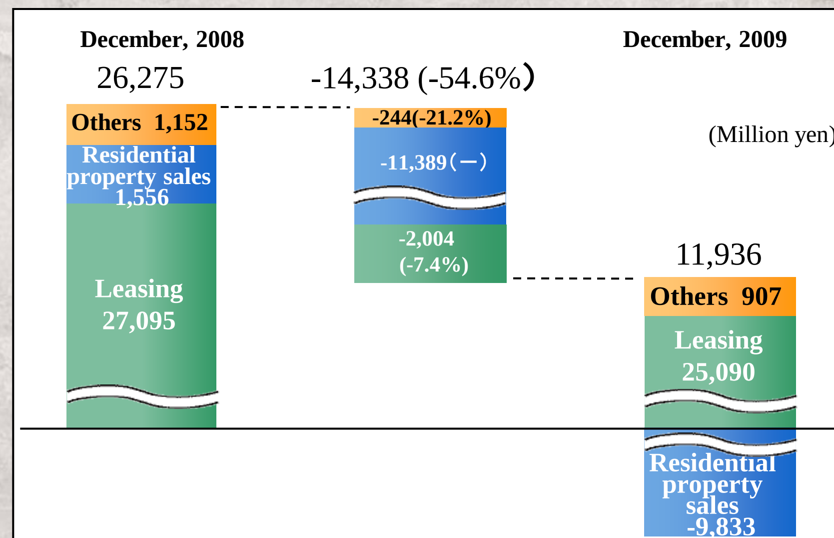
Note: Before the elimination of intra-segment transfers

Operating Income Margin

	December, 2008	December, 2009
Leasing	36.3%	33.8%
Residential property sales	7.8%	-42.6%
Others	8.9%	8.6%
Total	25.2%	11.5%

Note: Before the elimination of intersegment transactions and corporate overhead

Operating Income

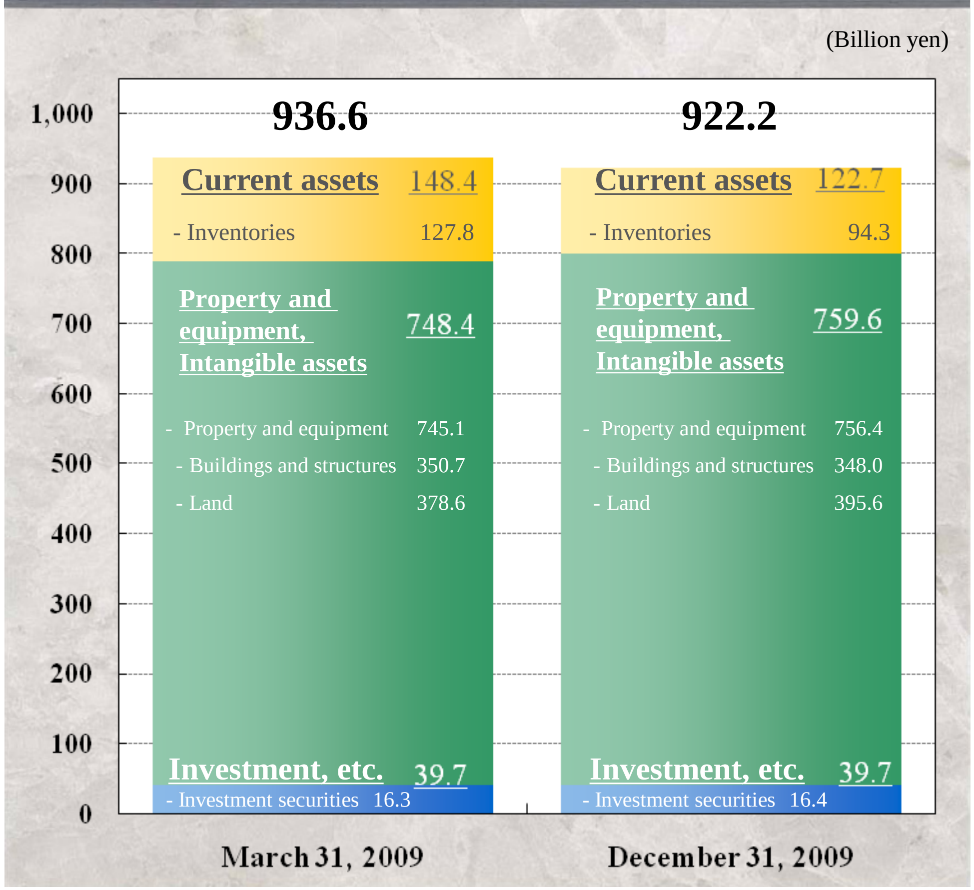


Note: Before the elimination of intersegment transactions and corporate overhead

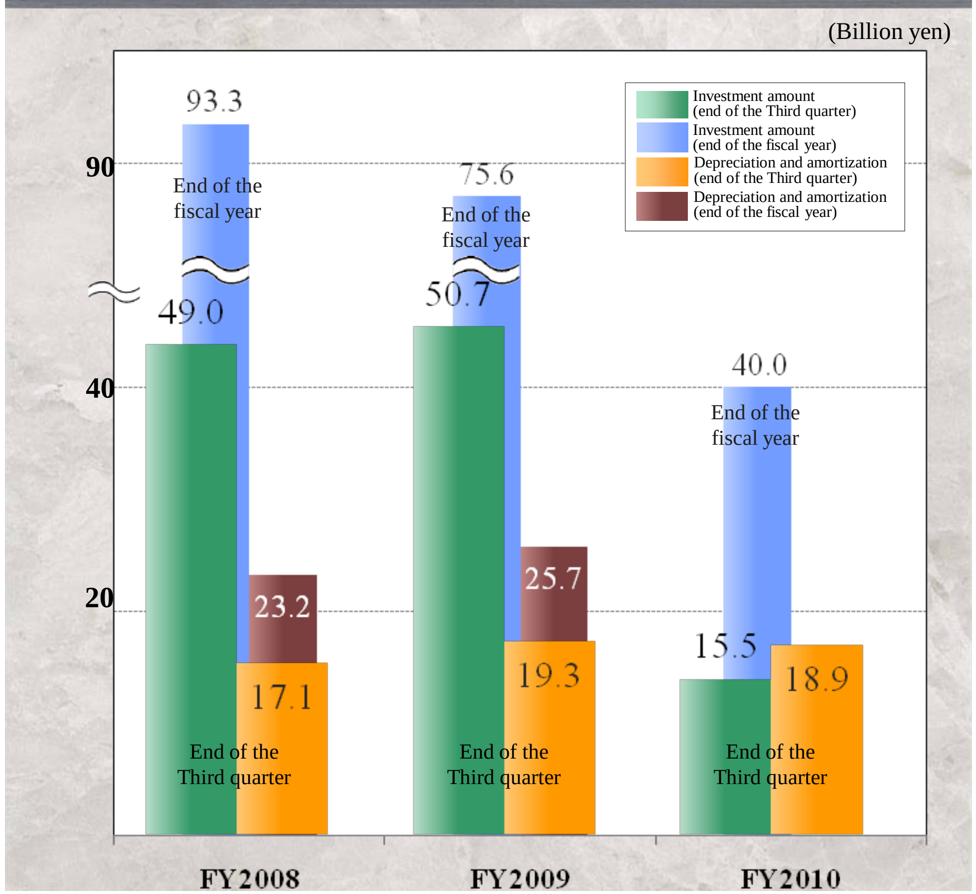
3. Balance Sheet (Total assets and investments)

- **Total assets were down ¥14.4 billion from the end of the previous fiscal year, to ¥922.2 billion, primarily because of the effect of reductions in book values associated with a loss on a revaluation of inventories posted up until the second quarter.**
- **The amount of investments was ¥15.5 billion. The investments included ¥2.4 billion for Urban Ace Kitahama Annex, ¥2.3 billion for Otemachi 1-Chome Urban Area Redevelopment Project (second-phase), and ¥1.4 billion for Urbannet Kotodai.**

Total Assets



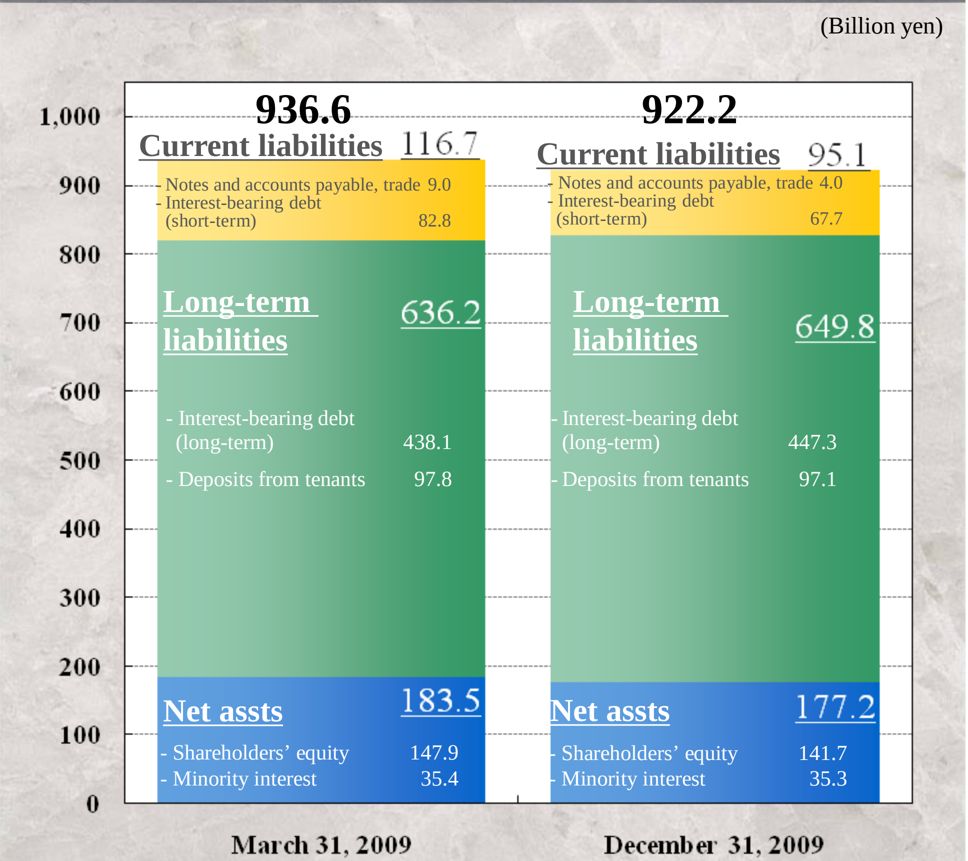
Investments



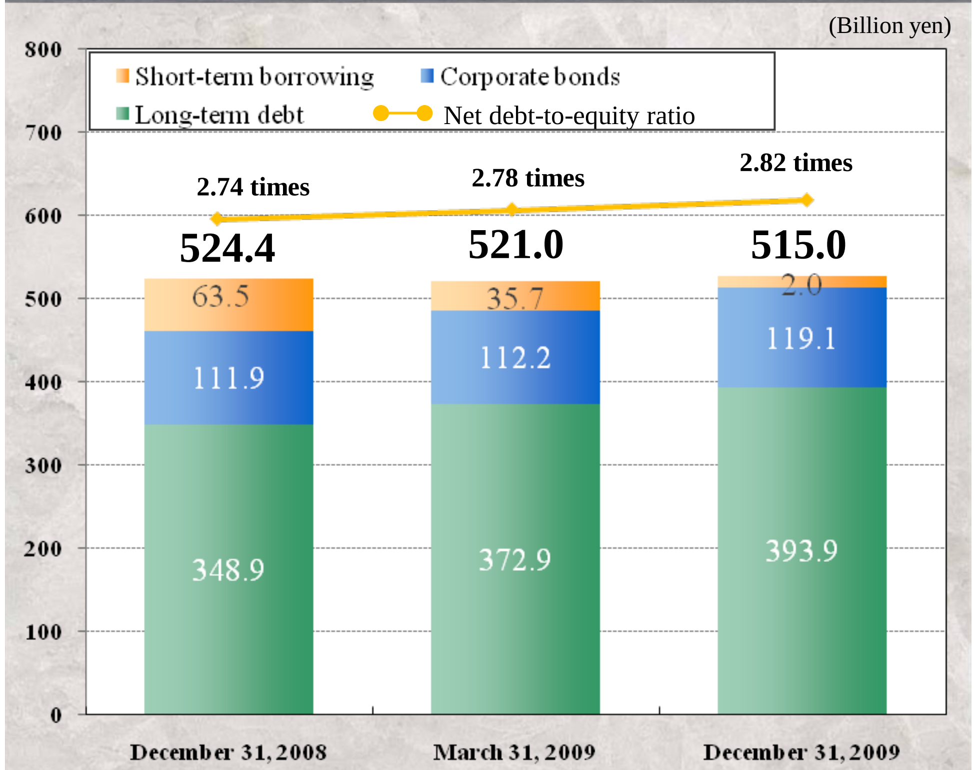
4. Balance Sheet (Liabilities, net assets, and consolidated interest-bearing debt)

- **Liabilities were down ¥8.0 billion from the end of the previous fiscal year, to ¥745.0 billion, mainly attributable to a fall of ¥5.9 billion in interest-bearing debt.**
- **Net assets were down ¥6.3 billion from the end of the previous fiscal year, principally because of a net loss of ¥2.2 billion and dividend payments of ¥3.9 billion.**
- **Consolidated interest-bearing debt were ¥515.0 billion, giving a net debt-to-equity ratio of 2.82.**

Liabilities and Net Assets



Consolidated Interest-bearing Debt



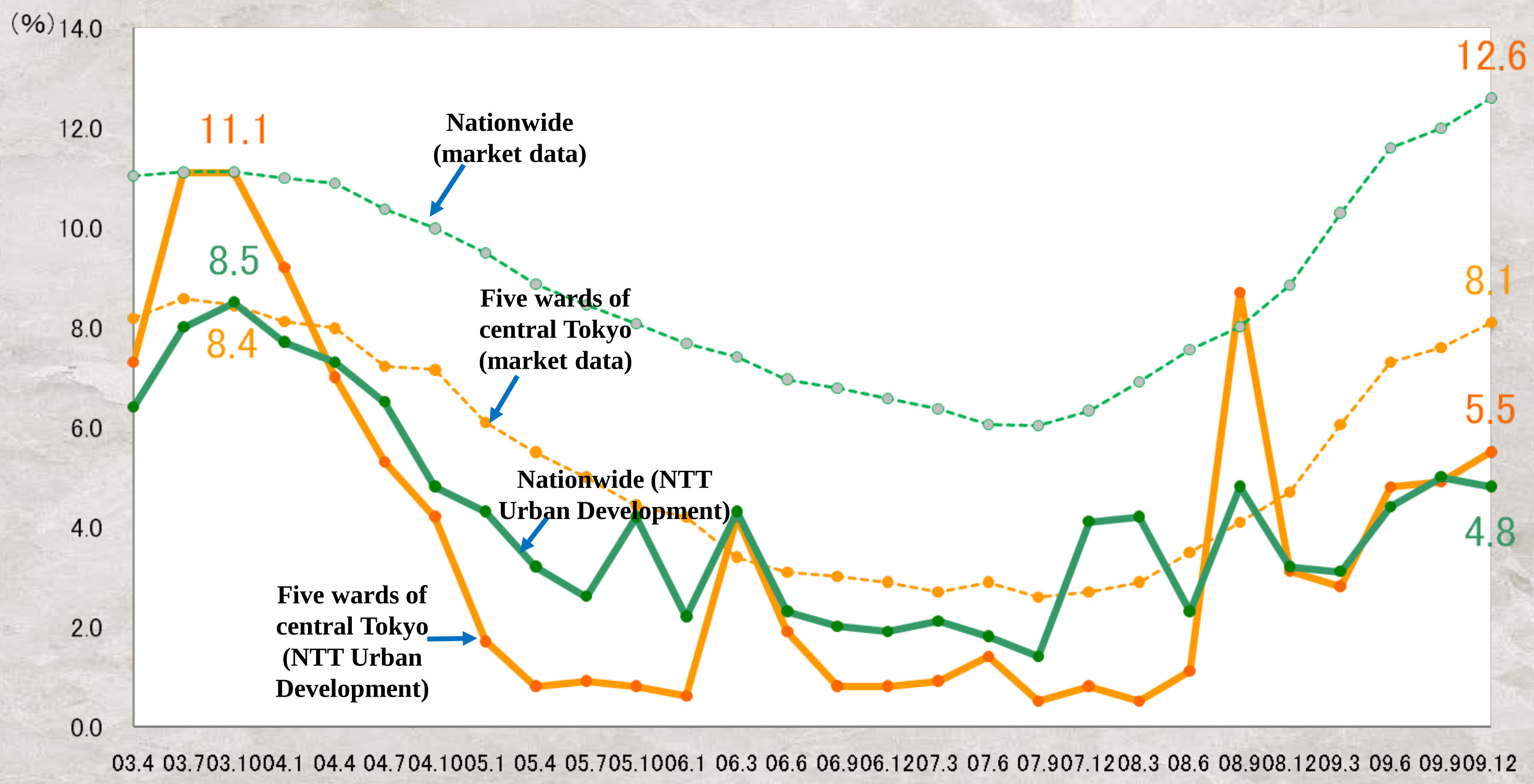
Note 1: Short-term borrowings include commercial paper.
Note 2: Corporate bonds include "Corporate bonds (must redeem within one year)".
Note 3: Long-term debt include "Current portion of long-term debt (payment within one year)" .
Note 4: Net debt-to-equity ratio = (interest-bearing debt – cash and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

5. Cash Flows

(Billion yen)

Items	Third Quarter Ended in December, 2009	Third Quarter Ended in December, 2008	Year-on-Year Change
Cash flows from operating activities	**30.8**	**(16.9)**	**47.8**
(Restated) Income before income taxes and minority interests	6.9	21.2	(14.2)
(Restated) Depreciation and amortization expenses	18.9	19.3	(0.4)
(Restated) Decrease (Increase) in inventories	16.7	(18.1)	34.9
(Restated) (Decrease) in notes and accounts payable, trade	(4.9)	(21.9)	16.9
(Restated) Income taxes paid	(4.0)	(13.1)	9.0
Cash flows from investing activities	**(14.7)**	**(53.3)**	**38.6**
(Restated) Purchases of property and equipment	(15.6)	(56.3)	40.6
(Restated) Proceeds from sales of property and equipment	1.5	3.8	(2.3)
Free cash flow	**16.1**	**(70.3)**	**86.4**
Cash flows from financing activities	**(11.2)**	**66.9**	**(78.1)**
(Restated) Net (Decrease) increase in borrowings	(6.0)	72.5	(78.5)
(Restated) Dividend payments	(3.9)	(4.2)	0.3
Cash and cash equivalents at the end of the term	**13.6**	**11.6**	**1.9**

6. Leasing Business: 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.

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