



NTT Urban Development



Notice of Convocation of the 30th Ordinary General Meeting of Shareholders

Shareholders' Meeting Information

■ Date and Time

Tuesday, June 23, 2015

10:00 a.m.

■ Place

4-1, Shibaura 3-chome, Minato-ku, Tokyo
Granpark Plaza Bldg. 3F Conference Room

NTT Urban Development Corporation
(Cord: 8933, First Section of TSE)

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May, 2015

To Our Shareholders

Please let me take this opportunity to thank our shareholders for your continued generous support.

We are pleased to announce that the 30th Ordinary General Meeting of Shareholders will be held on June 23. This notice gives an overview of our operations in the 30th fiscal year (from April 1, 2014 to March 31, 2015) and the resolutions of the general meeting of shareholders.

In the real estate market, the rush to develop new Class A buildings continued, particularly in central Tokyo, and there have been changes in the market environment, including rises in building cost and increases in land and building prices particularly around the Tokyo metropolitan area. In response to these changes, in the fiscal year under review we revised our Medium-Term Vision 2018, which we announced in the fiscal year ended March 31, 2014, including our strategies in our main businesses, and are taking steps to achieve our plan.

In the fiscal year under review, in the office business, vacancy rates improved and rents were bottoming out for our properties, reflecting our sales capabilities' strengthening. In the residential business, the number of condominiums delivered declined, and the average per-unit price fell. However, the operating income margin was roughly on a par with the year-earlier level..

We will continue to work to make sure that both revenue and income will increase in the office business, chiefly by promoting the leasing of new properties and will focus on purchasing and developing high value-added properties in the residential business. We will promote the development of mixed-use properties consisting of offices, housing, and commercial facilities and the acquisition of profitable properties overseas. Meanwhile, we will develop serviced senior housing in cooperation with the NTT Group and will promote proposals of corporate real estate strategies. Through these initiatives, we aim to achieve steady growth.



Sadao Maki



President and Chief Executive Officer
May 29, 2015
To Shareholders

NTT Urban Development Corporation
(Code: 8933, First Section of TSE)
14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo
Sadao Maki
President and Chief Executive Officer

Notice of Convocation of the 30th Ordinary General Meeting of Shareholders

You are hereby notified that the 30th Ordinary General Meeting of Shareholders will be held as stated below.

Your attendance is respectfully requested.

In the event you are unable to attend the meeting, it is possible to exercise your voting rights using either of the methods outlined below. You are requested to study the attached Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Monday, June 22, 2015 (Japan Standard Time).

[Voting via mail]

Please indicate your approval or disapproval of the resolutions on the enclosed voting right exercise form and return it, so that it arrives before the deadline indicated above.

[Voting via the Internet, etc.]

Please access the designated website “Voting Exercise Website” (<http://www.it-soukai.com/>) using the voting exercise code and password printed on the enclosed voting right exercise form, and indicate your approval or disapproval of the resolutions by following the instructions on the screen by the deadline indicated above.

If you exercise your voting rights via the Internet, etc., please refer to “Exercising your voting rights via the Internet, etc.” on pages 4.

If you exercise your voting rights both via mail and via the Internet, only the vote placed via the Internet will be treated as valid. If you vote more than once via the Internet, only the last vote placed will be treated as valid.

NTT Urban Development Corporation (the “Company”) utilizes the electronic voting rights exercise platform operated by ICJ, Inc. for institutional investors.

Particulars

1. **Date and Time:** 10:00 a.m. on Tuesday, June 23, 2015
2. **Place:** 4-1, Shibaura 3-chome, Minato-ku, Tokyo
Granpark Plaza Bldg. 3F Conference Room
3. **Purpose of the Meeting:**

Matters to be reported

1. Report on the business report, consolidated financial statements and audit results of the consolidated financial statements by the independent auditors and the Board of Corporate Auditors for the 30th fiscal year (from April 1, 2014 to March 31, 2015)
2. Report on the non-consolidated financial statements for the 30th fiscal year (from April 1, 2014 to March 31, 2015)

Matters to be resolved

- | | |
|--------------------|--|
| First Item | Distribution of Surplus as Dividends |
| Second Item | Partial Amendment of the Articles of Incorporation |
| Third Item | Election of Four Directors |
| Fourth Item | Election of Four Corporate Auditors |

End

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1. When attending the meeting in person, you are kindly requested to submit the enclosed voting right exercise form to the receptionist at the place of the meeting.
 2. Since the Company has posted “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” on its website (<http://www.ntttd.co.jp/english/>) pursuant to the provisions of relevant laws and regulations and Article 15 of its Articles of Incorporation, it has not included these in the documents attached to the convocation notice for the 30th Ordinary Shareholders’ Meeting.

Consolidated financial statements and non-consolidated financial statements audited by the accounting auditor are the documents stated in those attached to the convocation notice for the 30th Ordinary Shareholders’ Meeting, as well as the “Notes to Consolidated Financial Statements” and the “Notes to Non-Consolidated Financial Statements” posted on the Company’s website.
 3. Any subsequent revisions to the Reference Materials for the Ordinary General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements will be posted on our website on the Internet.

(Reference) Exercising your voting rights via the Internet, etc.

1. Exercising your voting rights via the Internet

- (1) Instead of exercising your voting rights in writing, you can exercise your rights via the designated website, Voting Exercise Website, (see the URL below). If you prefer to exercise your voting rights via the website, you can log in, entering your voting exercise code and password, which are provided on the right side of the enclosed voting right exercise form, and enter the necessary information, following the instructions on the screen. For security reasons, you will need to change the password when you log in for the first time.

<http://www.it-soukai.com/>

- (2) The deadline for exercising your voting rights is 5:30 p.m., Monday, June 22, 2015, and you are requested to complete your entry by that time. We ask you to exercise your rights early.
- (3) If you exercise your voting rights both via mail and via the Internet, only the vote placed via the Internet will be treated as valid. If you exercise your voting rights more than once, only the last vote placed will be valid.
- (4) Your passwords (including the one with which you will replace the initial password) will only be valid for the upcoming general meeting of shareholders. A new password will be issued for the next general meeting of shareholders.
- (5) Internet connection costs are payable by the shareholder.

(Note)

- The password is provided as a means to confirm the identification of the voter. The Company will never ask you for your password.
- If you enter the wrong password more than a certain times, the screen will be locked. If the screen is locked, please follow the on-screen instructions.
- We have confirmed the operation capabilities of the Voting Exercise Website, using devices widely used to connect to the Internet. However, you may not be able to use the website depending on the device you use.

2. Inquiries

If you have any questions, please contact the Stock Transfer Agency Department of Mizuho Trust & Banking, the shareholder register administrator, at the telephone numbers below.

- (1) Inquiries about the operation of the Voting Exercise Website:
0120-768-524 (toll free; 9:00 a.m. to 9:00 p.m. on weekdays)
- (2) Inquiries about other administrative stock-related matters:
0120-288-324 (toll free; 9:00 a.m. to 5:00 p.m. on weekdays)

(For reference)

Institutional investors will be able to use the electronic voting rights exercise platform operated by ICJ, Inc.

End

Reference Materials for the Ordinary General Meeting of Shareholders

Resolutions and matters for reference

First Item Distribution of Surplus as Dividends

In addition to increasing corporate value over the medium- and long-term, the Company has identified the return of profits to shareholders as an important management goal. In determining the level of dividends, the company, while giving consideration to stability and sustainability, takes into account a full range of factors, including business performance, financial standing and dividend payout ratio.

Under the policy, the Company proposes to distribute year-end dividends as stated below.

1. Type of asset to be distributed: Cash
2. Matters relating to allotment of dividends and total amount of dividends to be distributed:
 - Per one share of common stock: 8 yen
 - Total amount of dividends: 2,632,960,000 yen
3. Date on which the dividend becomes effective: June 24, 2015

Second Item Partial Amendment of the Articles of Incorporation

1. Reasons of amendment

The Act for the Partial Amendment of the Companies Act (Law No. 90 of 2014) came into force on May 1, 2015, and the scope of officers with whom agreements for the limitation of liability may be entered into has changed. In association with the amendment, the Company would like to amend Article 25 (exemption of Directors from liabilities) and Article 32 (exemption of Corporate Auditors from liabilities) of the Articles of Incorporation to allow Directors who are not Executive Directors and Corporate Auditors who are not outside Corporate Auditors to properly fulfill the roles expected of them. The amendment to Article 25 (exemption of Directors from liabilities) has been agreed upon by the Corporate Auditors.

2. Details of the amendment

(Underlined part indicates amendment)

Before Amendment	After Amendment
<p>(EXEMPTION OF DIRECTORS FROM LIABILITIES) Article 25. (Provisions omitted)</p> <p>2. The Company may enter into agreements with <u>outside Directors</u> which limit the amount of liability for damages of such Director arising from default of obligation pursuant to the provision of Paragraph 1 of Article 427 of the Companies Act of Japan; provided, however, that the maximum amount of liability under such agreement shall be the amount provided for by the laws or regulations.</p>	<p>(EXEMPTION OF DIRECTORS FROM LIABILITIES) Article 25. (Same as the current Articles of Incorporation)</p> <p>2. The Company may enter into agreements with <u>Directors (excluding Executive Directors, etc.)</u> which limit the amount of liability for damages of such Director arising from default of obligation pursuant to the provision of Paragraph 1 of Article 427 of the Companies Act of Japan; provided, however, that the maximum amount of liability under such agreement shall be the amount provided for by the laws or regulations.</p>
<p>(EXEMPTION OF CORPORATE AUDITORS FROM LIABILITIES) Article 32. (Provisions omitted)</p> <p>2. The Company may enter into agreements with <u>outside Corporate Auditors</u> which limit the amount of liability for damages of such Corporate Auditors arising from default of obligation pursuant to the provision of Paragraph 1 of Article 427 of the Companies Act of Japan; provided, however, that the maximum amount of liability under such agreement shall be the amount provided for by the laws or regulations.</p>	<p>(EXEMPTION OF CORPORATE AUDITORS FROM LIABILITIES) Article 32. (Same as the current Articles of Incorporation)</p> <p>2. The Company may enter into agreements with <u>Corporate Auditors</u> which limit the amount of liability for damages of such Corporate Auditors arising from default of obligation pursuant to the provision of Paragraph 1 of Article 427 of the Companies Act of Japan; provided, however, that the maximum amount of liability under such agreement shall be the amount provided for by the laws or regulations.</p>

Third Item Election of Four Directors

Three Directors, Mr. Shiro Nakahara, Mr. Masaki Mitsumura and Mr. Kou Ikeda will resign at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company is seeking approval for the election of three Directors to fill the vacancy. In addition, the Company is seeking approval for the election of another Director, a total of four Directors, for reinforcing our corporate governance and achieving "Medium-Term Vision 2018".

The candidates for Directors are as follows:

Candi-date No.	Name (Date of birth)	Resume and major concurrent posts	Number of shares held
1	Hideyuki Yamasawa (April 17, 1960)  <Newly appointed>	Apr. 1983 Joined Nippon Telegraph and Telephone Public Corporation Oct. 2000 Senior Manager, Global Division, NTT Communications Corporation (second to NTT Europe Ltd.) Deputy Managing Director, NTT Europe Ltd. Jul. 2004 Vice President, Public Relations Office, NTT Communications Corporation Jul. 2007 Senior Vice president, General Affairs, NTT Communications Corporation Jul. 2010 Senior Manager, Global Business, NTT Communications Corporation (second to NTT America, Inc.) Senior Executive Director, NTT America, Inc. Apr. 2015 Senior Manager, Global Business, NTT Urban Development Corporation (present post)	0
(Reason for the Selection of Director Candidates) The Company has made him a new candidate for Director, expecting him to utilize for the management of the Company his extensive knowledge and experience, primarily in global business, which he has developed through his experience at the Company and NTT Group companies over many years.			
2	Hirotoishi Shinohara (December 30, 1960)  <Newly appointed>	Apr. 1987 Joined Nippon Telegraph and Telephone Public Corporation Apr. 2008 Senior Manager, Real Estate Planning Office, Accounts and Finance Department, Nippon Telegraph and Telephone West Corporation Jul. 2010 General Manager, Chugoku Branch, NTT FACILITIES, INC. Jul. 2013 Senior Vice President, Office Building Business Headquarters and Disaster Risk Management Office, NTT Urban Development Corporation Jun. 2014 Senior Vice President, Office Building Business Headquarters, Disaster Risk Management Office and Project Management, NTT Urban Development Corporation May. 2015 Senior Vice President, Office Building Business Headquarters and Project Management, NTT Urban Development Corporation (present post) (Major concurrent posts) Representative Director, Harumi 4-chome City Planning Design Co.	0
(Reason for the Selection of Director Candidates) The Company has made him a new candidate for Director, expecting him to utilize for the management of the Company his extensive knowledge and experience in the real estate business, which he has developed through his experience at the Company and NTT Group companies.			

Candi- date No.	Name (Date of birth)	Resume and major concurrent posts	Number of shares held
3	<p>Toshio Koujitani (March 7, 1944)</p>  <p><Newly appointed> <Outside Director> <Independent Officer></p>	<p>Jun. 1982 Joined JGC CORPORATION Feb. 1994 Deputy General Manager, Construction Project, No.2 Business Division, JGC CORPORATION Jul. 1999 Chief Engineer, No.2 Business Division, JGC CORPORATION Jul. 2002 Chief Engineer, Industrial Project Management Division, JGC CORPORATION Jul. 2007 Principal Architect, No.2 Business Division, JGC CORPORATION Jun. 2011 Principal Architect, Project Division, JGC CORPORATION Jul. 2014 Principal Architect, Business Development Department, No.3 Business Division, JGC CORPORATION (present post) (Major concurrent posts) Principal Architect, Business Development Department, No.3 Business Division, JGC CORPORATION</p>	0
<p>(Reason for the Selection of Outside Director Candidates) He has participated in a number of projects both in Japan and overseas mainly as principal architect at JGC CORPORATION and has profound knowledge of software and hardware in the field of architecture, and extensive expertise and experience in planning and designing in the field of architecture. The Company has made him a new candidate for Outside Director, expecting him to utilize for the management of the Company his profound and broad knowledge and extensive experience and to help strengthen the supervising function of business execution from an independent standpoint. Although he has not been directly engaged in company management except as an outside officer, the Company has determined that he will be able to successfully perform the duties of Outside Director for the reasons indicated above.</p>			
4	<p>Koichi Takami (August 19, 1964)</p>  <p><Newly appointed> <Outside Director></p>	<p>Apr. 1988 Joined Nippon Telegraph and Telephone Corporation Jun. 2007 Senior Manager, Corporate Management Strategy Division, Nippon Telegraph and Telephone Corporation Jun. 2008 Senior Manager, Corporate Strategy Planning Department, Nippon Telegraph and Telephone Corporation Jul. 2011 Senior Manager, General Affairs and Personnel Department, Nippon Telegraph and Telephone East Corporation (second to NTT Solco Corporation) Jun. 2012 Senior Vice President, Executive Manager, Corporate Strategy Planning Department, NTT Solco Corporation Jul. 2014 Vice President of Business Planning, Nippon Telegraph and Telephone Corporation (present post) (Major concurrent posts) Vice President of Business Planning, Nippon Telegraph and Telephone Corporation (present post)</p>	0
<p>(Reason for the Selection of Outside Director Candidates) The Company has made him a new candidate for Outside Director, expecting him to utilize for the management of the Company the extensive experience and insight he has developed through his experience at NTT Group companies.</p>			



- (Note 1) Nippon Telegraph and Telephone Corporation is the parent company of the Company, and NTT Communication Corporation, NTT America, Inc., Nippon Telegraph and Telephone West Corporation, NTT FACILITIES, INC., Nippon Telegraph and Telephone East Corporation and NTT Solco Corporation are subsidiaries of Nippon Telegraph and Telephone Corporation.
- (Note 2) The Company does not have any special interests with the candidates.
- (Note 3) The Company will notify Tokyo Stock Exchange, Inc. of Mr. Toshio Koujitani as an Independent Officer set out in the provision of Tokyo Stock Exchange, Inc. There is no trade between the Company and JGC CORPORATION. Mr. Toshio Koujitani has not have any kind of relationship with the Company that may present a conflict of interest risk with shareholders, including personal relationship, capital relationship, business relationship or any other interests.
- (Note 4) Mr. Koichi Takami will receive salary and other remuneration from Nippon Telegraph and Telephone Corporation, a specified related company of the Company, as an employee of the said company. He has received salary and other remuneration from Nippon Telegraph and Telephone Corporation and NTT Solco Corporation, which are specified related companies of the Company, for the past two years as indicated in the resume above.
- (Note 5) After the election of Mr. Toshio Koujitani and Mr. Koichi Takami, the Company will conclude a liability limitation contracts with them within the limits prescribed by law under the provision of Article 427, Paragraph 1 of the Companies Act. An outline of the contract is as follows:
If the Outside Director is without knowledge and is not grossly negligent in performing his duties, he will be liable for up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act in relation to the liability specified in Article 423, Paragraph 1 of the Companies Act.



Fourth Item Election of Four Corporate Auditors

We propose that four corporate auditors be elected, as the term of office of Corporate Auditor Mr. Mitsuhiro Watanabe, Ms. Hisako Kato and Mr. Shinji Kume will expire at the conclusion of this general meeting of shareholders, and Corporate Auditor Hiroshi Ikegawa will resign from office at the conclusion of this general meeting of shareholders.

We have obtained consent on this agenda item from the Board of Corporate Auditors.

The candidates for Corporate Auditors are as follows:

Candidate No.	Name (Date of birth)	Resume and major concurrent posts	Number of shares held
1	Mitsuhiro Watanabe (March 20, 1954)  <Reappointed> <Outside Corporate Auditor>	Apr. 1976 Joined Nippon Telegraph and Telephone Public Corporation Jun. 2004 Executive Manager, Personnel Department, Nippon Telegraph and Telephone East Corporation Jun. 2006 Director, Regional Broadcasting Division, Information and communication Policy Bureau, the Ministry of Internal Affairs and Communication (MIC) Apr. 2006 Director, Cabinet Secretariat (Postal Service Privatization Promotion Office) / Director, Secretariat of Postal Service Privatization Committee Jun. 2008 Executive Director, Compliance Promotion, Nippon COMSYS Corporation Jun. 2009 Executive Director, General Affairs, Nippon COMSYS Corporation, Director, General Affairs Department, COMSYS Holdings Corporation Jun. 2011 Senior Executive Vice President, Corporate Strategy, CSR Promotion, Chuo Branch, NTT FACILITIES, INC. Jun. 2014 Corporate Auditor (full-time), NTT Urban Development Corporation (present post)	998
(Reason for the Selection of Outside Corporate Auditor Candidates) He is an Outside Corporate Auditor of the Company and has provided advice and recommendations to ensure the adequacy and appropriateness of the decision making of the Board of Directors. At meetings of the Board of Corporate Auditors, he has made remarks as needed about the establishment and operation of a good corporate governance system that makes the Company's healthy and sustainable growth possible. The Company expects him to make even greater use of his extensive experience and knowledge for the Company's auditing system. He will have been the Company's Outside Corporate Auditor for a year at the end of the general meeting of shareholders.			
2	Shunichi Okazaki (June 17, 1958)  <Newly appointed> <Outside Corporate Auditor> <Independent Officer>	Apr. 1981 Joined to the Ministry of Posts and Telecommunications Jul. 2001 Counsellor, Cabinet Legislation Bureau (the 3rd Department) Aug. 2005 Director, Regional Broadcasting Division, Information and communication Policy Bureau, the Ministry of Internal Affairs and Communication (MIC) Apr. 2006 Director, Cabinet Secretariat(Postal Service Privatization Promotion Office)/Director, Secretariat of Postal Service Privatization Committee Jul. 2009 Senior Legal Advisor, Global ICT Strategy Bureau, MIC Apr. 2010 Visiting Professor, Graduate School of Public Policy, the University of Tokyo Jul. 2011 Deputy Director-General for Policy Evaluation, Minister's Secretariat, MIC Jun. 2013 Director-General, Kanto Regional Bureau of Telecommunications, MIC	100
(Reason for the Selection of Outside Corporate Auditor Candidates) The Company has made him a new candidate for Outside Corporate Auditor, expecting him to carry out audits from a perspective based on his extensive experience and knowledge, which he has developed mainly through his experience in government administration for many years. Although he has not been directly engaged in company management except as an outside officer, the Company has determined that he will be able to successfully perform the duties of Outside Corporate Auditor for the reasons indicated above.			

Candidate No.	Name (Date of birth)	Resume and major concurrent posts	Number of shares held
3	<p>Hisako Kato (October 18, 1948)</p>  <p><Reappointed> <Outside Corporate Auditor> <Independent Officer></p>	<p>Oct. 1972 Joined Tokai Daiichi Audit Co. Feb. 1983 Joined Deloitte Haskins & Sells (Deloitte LLP) Feb. 1985 Joined Ernst & Whinney International Tax (Ernst & Young Tax Co.) May 1994 Senior Partner, Ernst & Young Tax Co. (until Oct. 2008) Dec. 2008 Representative, Kato Accounting Office (present post) Jun. 2014 Corporate Auditor, JSR Corporation (present post) Jun. 2014 Corporate Auditor (full-time), NTT Urban Development Corporation (present post) (Major concurrent posts) Representative, Kato Accounting Office Corporate Auditor, JSR Corporation</p>	0
<p>(Reason for the Selection of Outside Corporate Auditor Candidates)</p> <p>She is an Outside Corporate Auditor of the Company and has provided advice and recommendations to ensure the adequacy and appropriateness of the decision making of the Board of Directors, expressing opinions mainly from a professional perspective as a certified public accountant and certified tax accountant. At meetings of the Board of Corporate Auditors, she has made remarks as needed about the establishment and operation of a good corporate governance system that makes the Company's healthy and sustainable growth possible. The Company expects her to make even greater use of her extensive experience and knowledge for the Company's auditing system. She will have been the Company's Outside Corporate Auditor for a year at the end of the general meeting of shareholders.</p>			
4	<p>Harunobu Takeda (December 6, 1966)</p>  <p><Newly appointed> <Outside Corporate Auditor></p>	<p>Apr. 1989 Joined Nippon Telegraph and Telephone Corporation Oct. 2004 Senior Manager, Department IV, Nippon Telegraph and Telephone Corporation Jul. 2005 General Manager, Strategy Planning, Aomori Branch, Nippon Telegraph and Telephone East Corporation Jul. 2007 Senior Manager, General Affairs and Personnel Department, Nippon Telegraph and Telephone East Corporation (seconded to NTT BUSINESS ASSOCIE Corporation) Jul. 2010 Senior Manager, Accounting Department, NTT FINANCE CORPORATION, Jul. 2014 Senior Manager, Finance and Accounting Department, Nippon Telegraph and Telephone Corporation (present post) (Major concurrent posts) Senior Manager, Finance and Accounting Department, Nippon Telegraph and Telephone Corporation</p>	0
<p>(Reason for the Selection of Outside Corporate Auditor Candidates)</p> <p>The Company has made him a new candidate for Outside Corporate Auditor, expecting him to carry out audits from a perspective based on his extensive experience and knowledge, which he has developed through his experience at NTT Group companies.</p>			

- (Note 1) Nippon Telegraph and Telephone Corporation is the parent company of the Company, and NTT FACILITIES, INC., Nippon Telegraph and Telephone East Corporation, and NTT FINANCE CORPORATION are subsidiaries of Nippon Telegraph and Telephone Corporation.
- (Note 2) The Company does not have any special interests with the candidates.
- (Note 3) As indicated in the resume above, Mr. Mitsuhiro Watanabe has received a salary and other remuneration from NTT FACILITIES, INC., a specified related company of the Company, as a director of the company for the past two years.
- (Note 4) The Company will notify Tokyo Stock Exchange, Inc. Mr. Shunichi Okazaki as an Independent Officer set out in the provision of Tokyo Stock Exchange, Inc. Also the Company filed notice with Tokyo Stock Exchange, Inc. Ms. Hisako Kato as an independent officer set out in the provision of Tokyo Stock Exchange, Inc. and will notify Tokyo Stock Exchange, if she is reelected as an independent officer. Mr. Shunichi Okazaki and Ms. Hisako Kato have not have any kind of relationship with the Company that may present a conflict of interest risk with shareholders, including personal relationship, capital relationship, business relationship or any other interests.
- (Note 5) Mr. Harunobu Takeda will receive salary and other remuneration from Nippon Telegraph and Telephone Corporation, a specified related company of the Company, as an employee of the said company. He has received salary and other remuneration from Nippon Telegraph and Telephone Corporation, and NTT FINANCE CORPORATION, a specified related company of the Company, for the past two years as

indicated in the resume above.

- (Note 6) After the election of Mr. Shunichi Okazaki and Mr. Harunobu Takeda, the Company will conclude a liability limitation contracts with them within the limits prescribed by law under the provision of Article 427, Paragraph 1 of the Companies Act. The Company has concluded a contract for limitation of liability pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with Mr. Mitsuhiro Watanabe and Ms. Hisako Kato, and if their reelections are approved, plans to continue the such contract for limitation of liability. An outline of the contract is as follows:

If the Corporate Auditor is without knowledge and is not grossly negligent in performing his duties, he will be liable for up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act in relation to the liability specified in Article 423, Paragraph 1 of the Companies Act.

(Attached Materials)

Business Report (from April 1, 2014 to March 31, 2015)

1. Matters concerning the current state of the NTT Urban Development Group (the “Group”)

(1) Business development and results

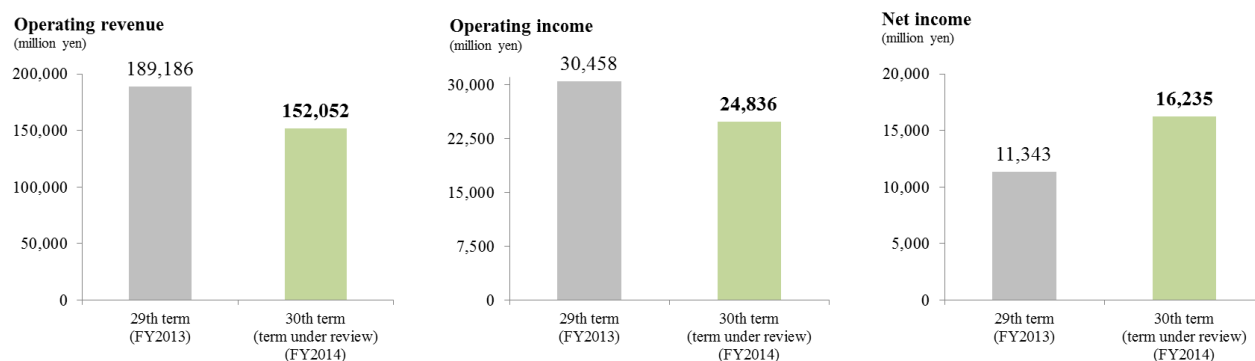
In the fiscal year under review, the Japanese economy continued to follow a moderate recovery trend, although there was weakness in consumer spending and in other areas. Looking ahead, the economy is expected to recover gradually, reflecting continued improvement in the employment and income environments thanks partly to government policies, though some weakness will remain for some time to come. However, lower consumer confidence and weaker-than-expected overseas economies might create a risk of the economy facing downward pressure.

In the office leasing market, the vacancy rate continued to improve, and it seems that market rents have bottomed out, with some rents rising. In the condominium sales market, the number of condominiums sold in 2014 was less than that of the previous year for the first time in five years, partly reflecting a reactionary decline to the consumption tax hike.

In addition, as of January 1, 2015, the decline in the national average for posted land prices for residential land moderated, and it also turned flat for commercial land. In the three major metropolitan areas, the posted land price continued to rise on average for both residential land and commercial land, suggesting that the trend in recovery was continuing.

In this environment, the Company and its subsidiaries (collectively, the Group) operated their business steadily, aiming for sustainable growth based on the Group’s Medium-Term Vision 2018 in the fiscal year under review. In the leasing business, while acquired rents from new buildings increased, acquired rents from existing buildings and revenue from selling buildings declined. In the residential property sales business, the number of condominium units delivered decreased, and the average per-unit price was also declined.

As a consequence, operating revenue amounted to ¥152,052 million (down ¥37,134 million, or 19.6% year on year), operating income was ¥24,836 million (down ¥5,621 million, or 18.5%), and ordinary income was ¥20,395 million (down ¥4,470 million, or 18.0%). Net income was ¥16,235 million (up ¥4,892 million, or 43.1%). The main factor for the increase in net income was the effect of the reversal of some of the deferred tax liabilities, etc., due to the revision of corporate tax rates, etc. (the amount of the effect was ¥4,050 million after subtracting minority interests.)



(2) Status of each segment

Operating revenue by business

Business segment	Amount	Year-on-year	Percentage of operating revenue
Leasing	91,739 million yen	Down 4,855 million yen, or 5.0%	58.4%
Residential property sales	46,626 million yen	Down 32,910 million yen, or 41.4%	29.7%
Other	18,825 million yen	Up 293 million yen, or 1.6%	12.0%
Eliminations	(5,140 million yen)	—	—
Total	152,052 million yen	Down 37,134 million yen, or 19.6%	—

(Note) “Eliminations” refers to intra-group revenues and transfers of funds duplicated in more than one segment.

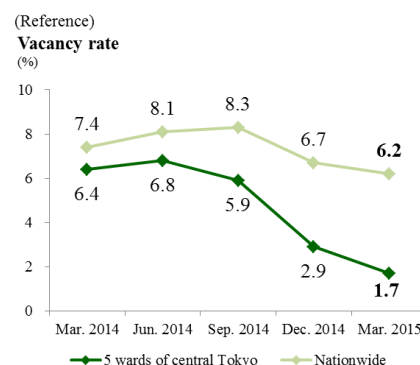
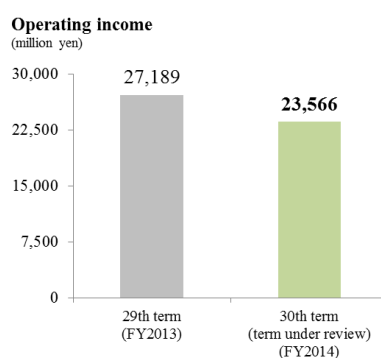
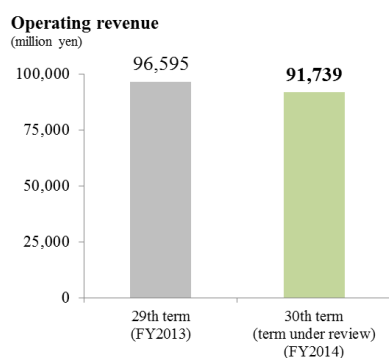
Leasing Business

In the leasing business, the Company acquired new properties for redevelopment in the future, in addition to the completion of Trad Mejiro (Toshima-ku, Tokyo) and Shinagawa Season Terrace (Minato-ku, Tokyo), etc. In existing properties, the vacancy rate improved from the end of the previous fiscal year as a result of strengthening the leasing sales capability. The Company also sold Urban Court Minami Karasuyama (Setagaya-ku, Tokyo) and other properties.

While operating revenue from new properties increased ¥714 million, operating revenue from existing properties declined ¥3,311 million, given that improved vacancy rates had yet to contribute to revenues in earnest and that the effect of declining rents remained. Operating revenue from selling properties also declined ¥1,640 million, to ¥6,680 million.

As a result of these activities, operating revenue in the leasing business declined ¥4,855 million, or 5.0% year on year, to ¥91,739 million, and operating income decreased ¥3,622 million, or 13.3%, to ¥23,566 million.

Development projects currently under way include Urbannet Nihonbashi 2-Chome Building (Chuo-ku, Tokyo), Urbannet Ginza 1-Chome Building (Chuo-ku, Tokyo) and Otemachi 2-Chome Area 1st class Urban Redevelopment Project Building A (Chiyoda-ku, Tokyo), etc.



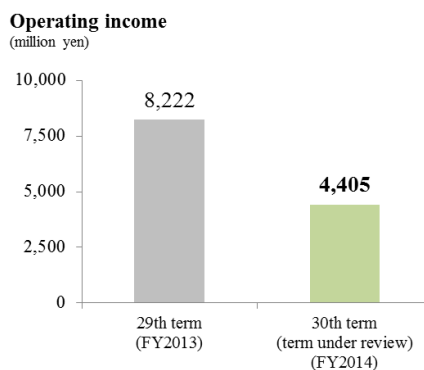
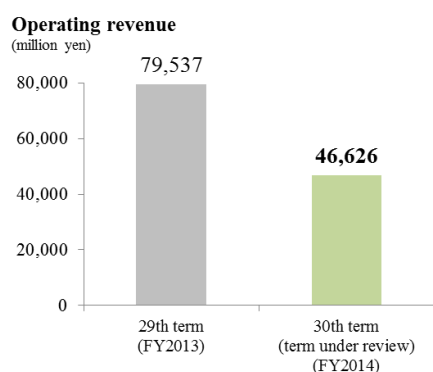
* The rate of March 2015 shows the vacancy rate excluding Shinagawa Season Terrace, which was completed in February 2015

Residential Property Sales Business

In the residential property sales business, the number of condominiums delivered declined 343 units from the previous fiscal year, to 1,080 units as newly completed condominiums were fewer than in the previous fiscal year, in addition to a reaction to the last-minute surge in demand in the previous fiscal year associated with the consumption tax hike. While there were many high-priced condominiums in central Tokyo in the previous fiscal year, the average per-unit price declined ¥11 million year on year, to ¥41 million, as many of the condominiums delivered in the fiscal year under review were suburban property. In the fiscal year under review, the number of visitors to model rooms showed signs of picking up toward the end of the period, following a recovery in consumer confidence.

As a result, operating revenue in the residential property sales business declined ¥32,910 million, or 41.4%, to ¥46,626 million, and operating income was down ¥3,816 million, or 46.4%, to ¥4,405 million.

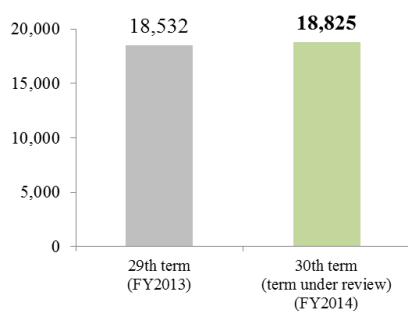
In the fiscal year under review, the Company began sales of Wellith Tsudanuma (Funabashi-shi, Chiba), which are adjacent to serviced senior housing, and Wellith Suita Yamatecho (Suita-shi, Osaka) and among other condominiums. The Company also rebuilt its brand concept and redesigned its logo with the aim of improving its brand to be able to respond more deftly to diversifying customer values and lifestyles.



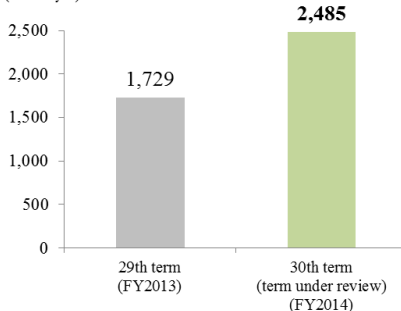
Other Business

Operating revenue in other business in the fiscal year under review increased ¥293 million, or 1.6% year on year, to ¥18,825 million, and operating income rose ¥755 million, or 43.7%, to ¥2,485 million, mainly reflecting increases in revenue from entrusted asset management related to private funds and revenue from entrusted consulting.

Operating revenue
(million yen)



Operating income
(million yen)



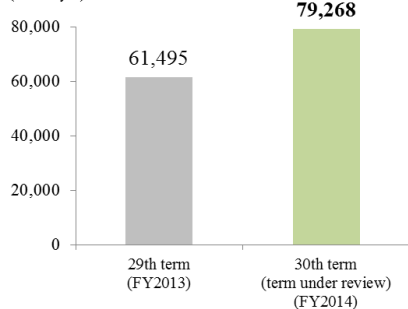
(3) Status of capital investments

Capital investment was ¥79,268 million for the fiscal year under review.

The main investments were ¥40,007 million for Harajuku Dai-Ichi Mansions etc., ¥25,301 million for Shinagawa Season Terrace, and ¥6,045 million for building renovations.

The amount of investments including investment securities, etc. was ¥79,979 million.

Capital investment
(million yen)



(4) Status of financing

The Company raised long-term funds of ¥96.5 billion for the redemption of bonds, the repayment of loans, and capital investment.

The table below shows a breakdown of the long-term funds raised.

Section	Amount	Remarks
Bonds payable	29.9 billion yen	NTT Urban Development Corporation
		16th unsecured bonds 9.9 billion yen
		17th unsecured bonds 15.0 billion yen
		18th unsecured bonds 5.0 billion yen
Long-term loans payable	66.5 billion yen	
Total	96.5 billion yen	

(5) Issues Facing the Group

In the Group's office business, the vacancy rate has started to improve and market rents appeared to have bottomed out, with some rents rising. The residential business faces an operating environment where construction costs are rising while competition over The purchase of land for sale has intensified; under these circumstances efforts for future growth are necessary.

The Group has been working to strengthen its revenue base, expand business domains, thoroughly carry out financial control and establish a management foundation by fully enforcing a customer and market-centered orientation and pursuing innovation based on the "Medium-Term Vision 2018 – For Further Growth."

Bearing this in mind, in order to respond to changes in the environment surrounding the Group, the Group has formulated a corporate slogan "With Integrity, through Innovation," corporate philosophy, and action guidelines for a new mission statement to clarify the direction of future management and revised the Medium-Term Vision 2018 in the fiscal year under review and developed new business strategies, etc. to achieve the medium-term targets.

(i) Strengthening the revenue base in the office business

In the office business, the Group will continuously work to strengthen the leasing sales capability and cost competitiveness. The Group will also strive to enhance its revenue base by implementing a strategic renewal to match the tenants' needs to response the business continuity plan (BCP) in flagship buildings and propose corporate real estate (CRE) strategies to the NTT Group, etc. In addition, the Group will also work on the expansion of development projects through participation in regional redevelopment projects and collaboration with other companies.

(ii) Expanding the business scale for the future growth

In the residential business, the Group will seek to expand the business domain by selling

condominiums stably under the Wellith brand, including the continuous provision of serviced senior housing in cooperation with the NTT Group.

In the retail business, the Group will work on new businesses such as mixed-use property development and the development of hotels targeting foreign tourists in local cities such as Osaka and Kyoto, in addition to central Tokyo.

In the global business, the Group will strive to achieve a revenue base through the acquisition of office buildings in the United States, in addition to London in the United Kingdom, which was previously the focus of its activities. The Group will also promote its efforts to create business opportunities in growth markets, mainly in Southeast Asia.

(iii) Enforcing thorough financial control

The Group intends to carefully select investments for future growth, giving due consideration to market trends. The Group will also implement asset replacement in accordance with its asset portfolio strategy, including the sale of assets to a private placement REIT the Group will newly organize to secure funds for future development, and will strengthen its financial base by controlling interest-bearing debt.

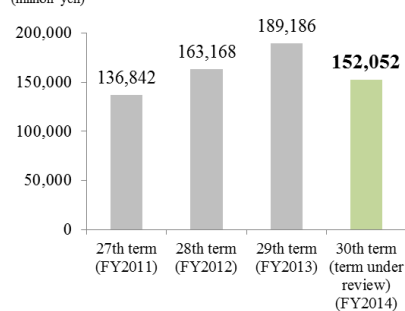
(iv) Enhancing the management platform

The Group will act to enhance its management resources to establish a management infrastructure that is able to keep pace with business expansion. The Group will also continue to enforce corporate governance. At the same time, the Group will place management emphasis on shareholder, as it has done in the past.

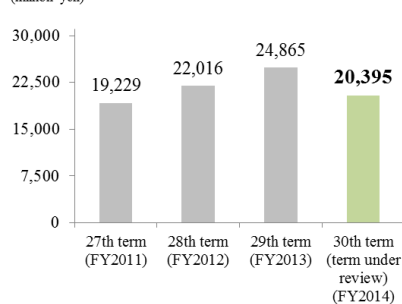
(6) Financial position and results of operations in recent years

Section	27th term (FY2011)	28th term (FY2012)	29th term (FY2013)	30th term (term under review) (FY2014)
Operating revenue (million yen)	136,842	163,168	189,186	152,052
Ordinary income (million yen)	19,229	22,016	24,865	20,395
Net income (million yen)	15,586	12,073	11,343	16,235
Net income per share (yen)	47.36	36.68	34.46	49.33
Total assets (million yen)	928,537	941,050	985,507	1,033,220
Net assets (million yen)	203,727	213,835	228,591	245,641
Net assets per share (yen)	504.41	535.43	563.98	610.45

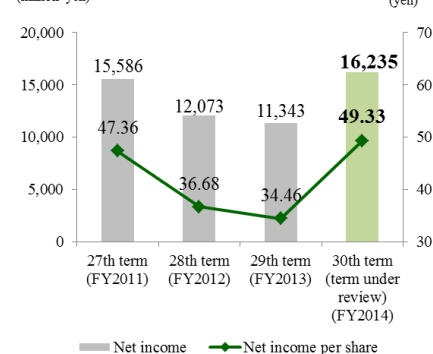
Operating revenue
(million yen)



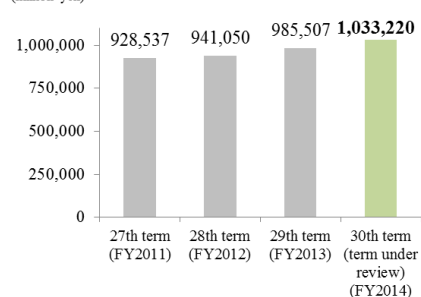
Ordinary income
(million yen)



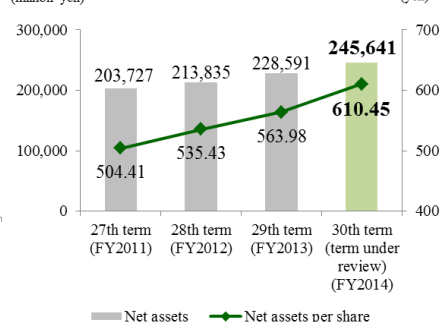
Net income / Net income per share
(million yen)



Total assets
(million yen)



Net assets / Net assets per share
(million yen)



(Note) The Company implemented the 100-for-one stock split for its common shares with October 1, 2013. Net income per share and Net assets per share are calculated as if the stock split had been implemented at the beginning of the 27th term (FY2011).

(7) Status of material parent company and subsidiaries

(i) Relationship with the parent company

The Company's parent company is Nippon Telegraph and Telephone Corporation ("NTT"), which holds 221,481,500 shares in the Company (representing an ownership interest of 67.3%).

The Company has business relationships including building lease agreements with NTT.

(ii) Relationship with material subsidiaries

Company name	Capital	Ownership percentage	Principal business
UDX Tokutei Mokuteki Kaisha	14,100 million yen	61.0%	Owing Akihabara UDX

(iii) Other

The Company has 19 consolidated subsidiaries and nine equity method affiliates.

In the fiscal year under review, the Company newly established Shinagawa Season Terrace Building Management Corporation, NTT Urban Development Asset Management Corporation, and three subsidiaries affiliated with UD USA Inc. and made them consolidated subsidiaries of the Company. As a result, five consolidated subsidiaries increased from the previous fiscal year.

(8) Principal businesses

The table below shows the principal businesses of the Group

Classification		Principal businesses
The Company		(1) Acquisition, disposal and management of real estate (2) Leasing, brokerage and appraisal of real estate (3) Building design, construction and supervision of construction, and contracted business (4) Sale and leasing of office equipment, communication equipment, and other furniture and fixtures, and interior equipment for buildings and houses (5) Construction and sale of residential properties
Subsidiaries	NTT Urban Development Builservice Co.	(1) Building and building equipment design, construction and supervision of construction (2) Consulting relating to the management of buildings and building equipment
	NTT Urban Development West BS Co.	(1) Building and building equipment design, construction and supervision of construction (2) Consulting relating to the management of buildings and building equipment
	NTT Urban Development Hokkaido Co.	(1) Building and building equipment design, construction and supervision of construction (2) Consulting relating to the management of buildings and building equipment
	Otemachi First Square Inc.	Management of the Otemachi First Square building and its site
	DAY・NITE Co., Ltd.	Operation of restaurants, halls and conferences, etc.
	Knox Twenty-One Co., Ltd.	Operation of the NTT Group's convention facilities
	Motomachi Parking Access Co., Ltd.	Maintenance of underground passages in the Motomachi area of Hiroshima-shi
	Premier REIT Advisors Co., Ltd.	Investment management business under the Financial Instruments and Exchange Act
	Shinagawa Season Terrace Building Management Corporation	Management of Shinagawa Season Terrace and its land
	UD EUROPE LIMITED	Investment in and management of real estate in the UK
	UD AUSTRALIA PTY LIMITED	Investment in and management of real estate in Australia
	UD USA Inc.	Investment in and management of real estate in the USA

(Note) On October 1, 2014, NTT Urban Development Hokkaido BS Co. changed its corporate name to NTT Urban Development Hokkaido Co.

(9) Principal offices

The Company	Head Office	Chiyoda-ku, Tokyo
	Kansai Branch	Osaka-shi, Osaka
	Tokai Branch	Nagoya-shi, Aichi
	Kyoto Branch	Kyoto-shi, Kyoto
	Chugoku Branch	Hiroshima-shi, Hiroshima
	Kyushu Branch	Fukuoka-shi, Fukuoka
Subsidiaries	NTT Urban Development Builservice Co.	Chiyoda-ku, Tokyo
	NTT Urban Development West BS Co.	Osaka-shi, Osaka
	NTT Urban Development Hokkaido Co.	Sapporo-shi, Hokkaido
	Otemachi First Square Inc.	Chiyoda-ku, Tokyo
	DAY・NITE Co., Ltd.	Chiyoda-ku, Tokyo
	Knox Twenty-One Co., Ltd.	Minato-ku, Tokyo
	Motomachi Parking Access Co., Ltd.	Hiroshima-shi, Hiroshima
	Premier REIT Advisors Co., Ltd.	Minato-ku, Tokyo
	Shinagawa Season Terrace Building Management Corporation	Minato-ku, Tokyo
	UD EUROPE LIMITED	London, UK
	UD USA Inc.	New York City, USA

(10) Status of employees**(i) Group Employees**

Number of employees	Change from end of previous consolidated fiscal year
785 (268)	Up 9 (Down 15)

(Note) The number of employees is the number of people employed by the Group. The number of temporary employees is shown in parentheses.

(ii) Company Employees

Number of employees	Change from end of previous fiscal year	Average age	Average length of service
407 (13)	Down 36 (Down 7)	43.1 years old	17.7 years

(Note 1) The number of employees is the number of people employed by the Group. The number of temporary employees is shown in parentheses.

(Note 2) Workers seconded from other companies to the Company (14 workers) are included in the number of employees, while workers seconded from the Company (174 workers) are excluded.

(Note 3) Length of service at NTT or any other company in the NTT Group is added to the length of service of the employees who worked for these companies when calculating the average length of service. Workers seconded from other companies (14 workers) are excluded from the calculation.

(11) Principal lenders

Lenders	Amount borrowed
NTT FINANCE CORPORATION	67,362 million yen
Syndicated loan	66,300 million yen
Sumitomo Mitsui Trust Bank, Limited	42,800 million yen
NIPPON LIFE INSURANCE COMPANY	32,000 million yen
Mizuho Bank, Ltd.	28,740 million yen
Meiji Yasuda Life Insurance Company	19,000 million yen
Development Bank of Japan Inc.	15,000 million yen
THE NISHI-NIPPON CITY BANK, LTD.	15,000 million yen
Mitsubishi UFJ Trust and Banking Corporation	15,000 million yen
The Dai-ichi Life Insurance Company, Limited	13,000 million yen
SUMITOMO LIFE INSURANCE COMPANY	12,000 million yen
Osaka Prefectural Credit Federation of Agricultural Co-operatives	11,000 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000 million yen

(Note) The syndicated loan is a loan syndication led by Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation.

2. Matters concerning shares of the Company

(1) Total number of shares authorized to be issued by the Company: **1,050,000,000**

(2) Number of issued and outstanding shares: **329,120,000**

(3) Number of shareholders: **14,336**
(Of the above, less than one unit shareholders **71**)

(4) Status of top ten shareholders

Shareholder	Number of shares held	Shareholding ratio (%)
Nippon Telegraph and Telephone Corporation	221,481,500	67.30
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,347,900	1.93
Japan Trustee Services Bank, Ltd. (Trust Account)	5,526,900	1.68
GOLDMAN, SACHS & CO. REG	3,397,552	1.03
THE BANK OF NEW YORK MELON SA/NV 10	3,136,800	0.95
STATE STREET BANK AND TRUST COMPANY 505223	2,785,550	0.85
THE BANK OF NEW YORK 133522	2,764,700	0.84
MORGAN STANLEY & CO. LLC	2,662,226	0.81
RBC IST-OMNIBUS 15.315 NON LENDING - CLIENT ACCOUNT	2,599,000	0.79
THE BANK OF NEW YORK – JASDECTREATY ACCOUNT	2,495,200	0.76

(5) Other material matters concerning shares

Not applicable.

3. Matters concerning stock acquisition rights of the Company

Not applicable.

4. Matters concerning officers of the Company

(1) Directors and Corporate Auditors

Title	Name	Responsibility	Major concurrent posts
President and Chief Executive Officer	Sadao Maki		
Senior Executive Vice President	Yoshiharu Nishimura	Project Management CSR	Representative Director, Otemachi Town Planning Co., Ltd. (assumed office on June 30, 2014)
Executive Vice President	Satoshi Shinoda	Corporate Strategy and Planning, IT Innovation	
Executive Vice President	Kazuhiro Hasegawa	Office Building Business	President and Chief Executive Officer, NTT Urban Development Builservice Co.
Senior Vice President	Shiro Nakahara	Shinagawa Project	President and Chief Executive Officer, Shinagawa Season Terrace Building Management Corporation (assumed office on October 1, 2014)
Senior Vice President	Masayuki Kusumoto	Commercial Properties Development, Global Business	
Senior Vice President	Akiyoshi Kitamura	Residential Development	
Senior Vice President	Kanya Shiokawa	Kansai Regional Business (General Manager of Kansai Branch)	President and Chief Executive Officer, NTT Urban Development West BS Co.
Senior Vice President	Shigehito Katsuki	Accounting and Finance	
Senior Vice President	Yoshihito Kichijo	General Affairs, Real Estate Investment	
Corporate Adviser	Masaki Mitsumura		
Senior Vice President	Akira Komatsu		Professor Emeritus, Hitotsubashi University Professor, Department of Business Administration, Faculty of Economics, Musashino University Professor, Graduate School of Political Science and Economics, Musashino University
Senior Vice President	Kou Ikeda		Senior Manager, General Affairs, Nippon Telegraph and Telephone Corporation

Title	Name	Responsibility	Major concurrent posts
Corporate Auditor (full-time)	Mitsuhiro Watanabe		
Corporate Auditor (full-time)	Hiroshi Ikegawa		
Corporate Auditor	Hisako Kato		Representative , Kato Accounting Office Corporate Auditor, JSR Corporation
Corporate Auditor	Shinji Kume		Senior Manager, Corporate Strategy Planning Department, Nippon Telegraph and Telephone Corporation Director, NIPPON CAR SOLUTIONS CO., LTD. Corporate Auditor, NTT BUSINESS ASSOCIE Corporation (resigned from office on July 31, 2014) Corporate Auditor, NTT Resonant Inc. (resigned from office on August 1, 2014)

- (Note 1) Mr. Shigehito Katsuki, Mr. Yoshihito Kichijo and Mr. Kou Ikeda were newly elected as Directors at the Ordinary General Meeting of Shareholders for the 29th term held on June 24, 2014, and assumed office.
- (Note 2) Mr. Mitsuhiro Watanabe, Ms. Hisako Kato and Mr. Shinji Kume were newly elected as Corporate Auditors at the Ordinary General Meeting of Shareholders for the 29th term held on June 24, 2014, and assumed office.
- (Note 3) Of the Directors, Mr. Akira Komatsu and Mr. Kou Ikeda are Outside Directors.
- (Note 4) Of the Corporate Auditors, Mr. Mitsuhiro Watanabe, Mr. Hiroshi Ikegawa, Ms. Hisako Kato and Mr. Shinji Kume are Outside Auditors.
- (Note 5) Corporate Auditor (full-time) Mr. Mitsuhiro Watanabe worked for the accounting division of Nippon Telegraph and Telephone Corporation, and has substantial knowledge about finance and accounting.
- (Note 6) Corporate Auditor Ms. Hisako Kato has worked as a certified public accountant and a certified tax accountant, and has considerable knowledge about finance and accounting.
- (Note 7) The Company notify Tokyo Stock Exchange, Inc. of Mr. Akira Komatsu, Senior Vice President, Mr. Hiroshi Ikegawa and Ms. Hisako Kato, Outside Corporate Auditor, as Independent Officers set out in the provision of Tokyo Stock Exchange, Inc. The Company does not have any personal, capital, or business relationships, or other interests with the three persons that could cause any conflict of interest with general stockholders.

(Note 8) The table below shows changes in titles and the roles of Directors during the fiscal year under review.

Name	After change	Before change	Date of change
Yoshiharu Nishimura	Senior Executive Vice President Project Management CSR	Senior Executive Vice President Office Building Business CSR	June 24, 2014
Satoshi Shinoda	Executive Vice President Corporate Strategy and Planning IT Innovation	Executive Vice President Corporate Strategy and Planning Accounting and Finance IT Innovation	June 24, 2014
Kazuhiro Hasegawa	Executive Vice President Office Building Business Regional Businesses (Tokai and Hokkaido)	Executive Vice President Office Building Business	June 24, 2014
	Executive Vice President Office Building Business	Executive Vice President Office Building Business Regional Businesses (Tokai and Hokkaido)	October 1, 2014
Shiro Nakahara	Senior Vice President Corporate Strategy and Planning, Procurement Office	Senior Vice President General Affairs	June 24, 2014
	Senior Vice President Shinagawa Project	Senior Vice President Corporate Strategy and Planning, Procurement Office	October 1, 2014
Masayuki Kusumoto	Senior Vice President Commercial Properties Development Global Business Office Regional Businesses (Chugoku and Kyushu)	Senior Vice President Commercial Properties Development Project Management, Global Business Regional Businesses (Chugoku and Kyushu)	June 24, 2014
	Senior Vice President Commercial Properties Development Global Business Regional Businesses (Chugoku and Kyushu)	Senior Vice President Commercial Properties Development Global Business Office Regional Businesses (Chugoku and Kyushu)	July 1, 2014
	Senior Vice President Commercial Properties Development Global Business	Senior Vice President Commercial Properties Development Global Business Regional Businesses (Chugoku and Kyushu)	October 1, 2014
Yoshihito Kichijo	Senior Vice President General Affairs Real Estate Investment	Senior Vice President General Affairs Real Estate Investment Department	October 1, 2014

(Note 9) The table below shows Directors and a Corporate Auditor who retired during the fiscal year under review.

Title at the time of resignation	Name	Date of retirement
Senior Vice President	Masaru Yanagida	June 24, 2014 (term of office expired)
Senior Vice President	Takanori Ito	June 24, 2014 (term of office expired)
Senior Vice President	Ryuichi Tsushima	June 24, 2014 (term of office expired)
Senior Vice President	Toyosei Sugimura	June 24, 2014 (term of office expired)
Corporate Auditor (full-time)	Akira Sakashita	June 24, 2014 (resigned from office)
Corporate Auditor (full-time)	Akio Enomoto	June 24, 2014 (resigned from office)
Corporate Auditor	Takashi Hiroi	June 24, 2014 (resigned from office)

(2) Policies concerning remuneration of Directors and Corporate Auditors, and the amount

(i) Policies

The matters concerning remuneration for Directors are decided at the meeting of the Board of Directors.

The remuneration for Directors (except Outside Directors) consists of monthly compensation and bonuses. The monthly compensation is provided based on the extent of roles and the scope of responsibilities for each position. The bonuses are provided by taking into account the Company's performance and other matters during the fiscal year under review. In addition, from the perspective of reflecting the medium-to long-term performance of the Company, Directors purchase the Company shares through the Directors' stock accumulation plan by contributing over the certain amount of the monthly compensation, and hold all of the purchased shares during the term of office. For Outside Directors, from the perspective of ensuring a high independency, only the monthly compensation is provided without gearing the amount to the Company's performance.

The remuneration for Corporate Auditors is decided upon discussion by the Corporate Auditors, and from the perspective of ensuring a high independency, only the monthly compensation is provided without gearing the amount for the Company's performance.

(ii) Remuneration of Directors and Corporate Auditors

Title	Number of people receiving remuneration	Amount of remuneration
Director	15	297 million yen
Corporate Auditors	5	49 million yen
Total	20	346 million yen

(Note 1) The Ordinary General Meeting of Shareholders for the 22nd term held on June 21, 2007 resolved that annual remuneration for Directors shall not exceed ¥480 million and annual remuneration for Corporate Auditors shall not exceed ¥80 million.

(Note 2) The numbers for Directors and Corporate Auditors include three Directors and two Corporate Auditors who retired as at the conclusion of the Ordinary General Meeting of Shareholders for the 29th term held on June 24, 2014.

(Note 3) The amount of Directors' remuneration includes bonuses of ¥35 million for the fiscal year under review.

(Note 4) Other than the above, executive bonuses in the amount of ¥16 million were paid to Directors who also hold executive management positions.

(3) Matters concerning outside officers

(i) Major partner companies for concurrent posts and their relationship with the Company

Title	Name	Partner company	Concurrent post	Relationship with the Company
Senior Vice President	Akira Komatsu	Hitotsubashi University	Professor Emeritus	There is no special relationship with the Company
		Musashino University	Professor, Department of Business Administration, Faculty of Economics Professor, Graduate School of Political Science and Economics	There is no special relationship with the Company
Senior Vice President	Kou Ikeda	Nippon Telegraph and Telephone Corporation	Employee	Parent company
Corporate Auditor	Hisako Kato	Kato Accounting Office	Representative	There is no special relationship with the Company
		JSR Corporation	Outside Corporate Auditor	There is no special relationship with the Company
Corporate Auditor	Shinji Kume	Nippon Telegraph and Telephone Corporation	Employee	Parent company
		NIPPON CAR SOLUTIONS CO., LTD.	Outside Director	Major shareholder is parent company
		NTT BUSINESS ASSOCIE Corporation	Outside Corporate Auditor (resigned from office on July 31, 2014)	Subsidiary of parent company
		NTT Resonant Inc.	Outside Corporate Auditor (resigned from office on August 1, 2014)	Subsidiary of parent company

(ii) Main activities in the fiscal year under review

a. Attendance at meetings of the Board of Directors and Board of Corporate Auditors

Title	Name	Board of Directors		Board of Corporate Auditors	
		Meetings attended	Attendance rate	Meetings attended	Attendance rate
Senior Vice President	Akira Komatsu	17/17	100.0%	—	—
Senior Vice President	Kou Ikeda	12/13	92.3%	—	—
Corporate Auditor (full-time)	Mitsuhiro Watanabe	13/13	100.0%	13/13	100.0%
Corporate Auditor (full-time)	Hiroshi Ikegawa	17/17	100.0%	20/20	100.0%
Corporate Auditor	Hisako Kato	13/13	100.0%	13/13	100.0%
Corporate Auditor	Shinji Kume	12/13	92.3%	12/13	92.3%

(Note 1) Mr. Kou Ikeda was appointed Director on June 24, 2014. The denominators in the “Meetings attended” columns is the numbers of meetings of the Board of Directors that were held after his appointment.

(Note 2) Mr. Mitsuhiro Watanabe, Ms. Hisako Kato and Mr. Shinji Kume were appointed Corporate Auditor on June 24, 2014. The denominators in the “Meetings attended” columns is the numbers of meetings of the Board of Directors and Board of Corporate Auditors that were held after his appointment.

b. Statements at Board of Directors and Board of Corporate Auditors meetings

- (a) Director, Mr. Akira Komatsu made suggestions and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors, and expressed opinions about agenda items and the deliberations relating thereto, from the objective viewpoint of an Independent Officer, which is independent of management, making the most of his extensive knowledge and experience as a university professor of business administration.
- (b) Director, Mr. Kou Ikeda stated his opinions primarily from the perspective of an Independent Officer, making the most of the broad insight that he developed mainly through his extensive experience in government administration and made suggestions and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors, and expressed opinions about agenda items and the deliberations relating thereto from an objective viewpoint independent of management.
- (c) Corporate Auditor (full-time), Mr. Mitsuhiro Watanabe stated his opinions primarily from the perspective of an experienced business manager and made suggestions and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors. In meetings of the Board of Corporate Auditors, he also made statements as necessary regarding the establishment and operation of a high quality corporate governance system that will enable the sound and sustainable growth of the Company.
- (d) Corporate Auditor (full-time), Mr. Hiroshi Ikegawa stated his opinions primarily from the perspective of an Independent Officer, making the most of the broad insight that he developed mainly through his extensive experience in government administration and made suggestions

and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors. In meetings of the Board of Corporate Auditors, he also made statements as necessary regarding the establishment and operation of a high quality corporate governance system that will enable the sound and sustainable growth of the Company.

- (e) Corporate Auditor, Ms. Hisako Kato stated her opinions primarily from the perspective of an Independent Officer, with viewpoints of a certified public accountant and a certified tax accountant, and made suggestions and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors. In meetings of the Board of Corporate Auditors, she also made statements as necessary regarding the establishment and operation of a high quality corporate governance system that will enable the sound and sustainable growth of the Company.
- (f) Corporate Auditor, Mr. Shinji Kume stated his opinions based on his considerable experience at Nippon Telegraph and Telephone Corporation and offered advice and proposals to ensure the adequacy and fairness of decisions made by the Board of Directors. In meetings of the Board of Corporate Auditors, he also made statements as necessary regarding the establishment and operation of a high quality corporate governance system that will enable the sound and sustainable growth of the Company.

(iii) Outline of agreements for the limitation of liability

The Company has concluded agreements with its Outside Directors and Outside Corporate Auditors pursuant to Article 427, Paragraph 1 of the Companies Act for the limitation of liability as stipulated in Article 423, Paragraph 1 of the Companies Act. For both Outside Directors and Outside Corporate Auditors, liability for damages under the agreements is limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(iv) Remuneration of outside officers

	Number of people receiving remuneration	Amount of remuneration
Remuneration of outside officers	6	56 million yen

(Note) The amount of remuneration of outside officers is included in “Remuneration of Directors and Corporate Auditors” on page 28.

5. Status of accounting auditors

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) Remuneration payable to accounting auditor in the fiscal year under review

¥84 million

(Note) The audit contract between the accounting auditor and the Company does not distinguish between remuneration for audits under the Companies Act and remuneration for audits under the Financial Instruments and Exchange Act, as it is not practically possible to distinguish between the two types of remuneration. The amount above therefore is the sum of the amounts of the two types of remuneration.

(3) Total amount of cash and other income payable by the Company and subsidiaries

¥101 million

(4) Content of non-audit services

The Company compensates the accounting auditor for the preparation of comfort letters relating to the issuing of corporate bonds and the advisory service related to the International Financial Reporting Standards (IFRS) in addition to the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(5) Policy concerning decisions to dismiss or change the accounting auditor

If it is determined that any of the conditions set out in items of Article 340, Paragraph 1 of the Companies Act applies to the accounting auditor, the Board of Corporate Auditors shall dismiss the accounting auditor upon unanimous consent of its members.

In other cases when it is deemed that the accounting auditor is no longer able to perform its duties in a fair manner, the Board of Corporate Auditors shall determine a proposal to dismiss or change the accounting auditor to be submitted to the general meeting of shareholders.

6. Systems and policies of the Company

(1) Mechanisms to ensure appropriate business operations

The following is an outline of the Company's Internal Control Systems Basic Policy, which sets out systems and procedures to ensure that the Directors' performance of their duties will comply with laws and regulations and the Articles of Incorporation, and other systems to ensure appropriate operations of the Group:

- (i) A system to ensure that Directors and employees adhere to laws and regulations and the Company's Articles of Association in the execution of their duties. This system requires that:
 - a. Employees carry out their respective duties in a diligent and conscientious manner in accordance with laws, regulations and instructions in an effort to ensure appropriate and efficient business operations as stipulated in the Company's Rules of Employment and related documents;
 - b. All Directors and employees of NTT Urban Development Group companies engage in activities that promote the highest standards in corporate ethics and compliance in accordance with the NTT Group's Code of Corporate Ethics;
 - c. The Corporate Ethics Promotion Committee is established and preventive measures initiated with regard to illegalities and misconduct in accordance with compliance related regulations;
 - d. The Company establishes a corporate ethics and compliance helpline to provide the necessary support infrastructure for all Directors and employees of the Group to report corporate ethics and compliance matters, anonymously or by name, both inside and outside the Company using attorneys. The Company will ensure that any person who makes reports to the corporate ethics and compliance helpline is not treated unfairly;
 - e. NTT Urban Development establishes a framework to ensure information is concentrated in the relevant department and an appropriate response is formulated in the event of potential and actual non-compliance and unethical act;
 - f. Education and training with regard to corporate ethics and compliance is implemented on a continuous basis for all Directors and employees of the Group;
 - g. The Internal Audit Office is inaugurated as a means to evaluate the efficacy and management of the Internal Control Systems, and an audit review program is initiated for areas of particularly high risk to facilitate necessary and appropriate improvement;
 - h. A legal structure and framework, coordinated by the Legal Department, is maintained to ensure the appropriate checks and balances are in place. In addition, the Legal Department shall centrally coordinate the Company's legal consultation with lawyers;
 - i. As an operator of financial instruments, NTT Urban Development ensures appropriate business management and human resources structures, and develops structures to enforce the compliance with laws and ordinances, and risk management structures, and manages appropriate customer protection and customer information control;

- j. NTT Urban Development appropriately develops and manages internal control associated with financial reports to ensure the credibility of financial reports in accordance with the Financial Instruments and Exchange Act; and
 - k. NTT Urban Development is committed to not being associated, by any means, with antisocial forces or organizations that pose a threat to the order and safety of society, and to act decisively against these antisocial activities in cooperation with the appropriate authorities, such as the police.
- (ii) A structure for storing and managing information pertaining to the execution of duties by Directors. Under this structure:
- a. Minutes of meetings, associated documents and other information relating to the execution of duties by Directors are stored and managed by the relevant department in accordance with internal rules and regulations; and
 - b. Directors and Corporate Auditors regularly review the aforementioned documentation and information.
- (iii) Provisions and other structures concerning administration of the danger of losses. In this context:
- a. By establishing the Risk Management Committee and formulating regulations related to risk management, the Company shall regularly identify and assess the Group's risks as a whole and shall prevent and handle risks appropriately;
 - b. Careful consideration of investment risks and other factors by the Management Council in connection with investment projects is preceded by due diligence by the Investment Deliberation Council;
 - c. NTT Urban Development conducts risk management education and training in order to raise awareness among all Directors and employees of the Group; and
 - d. NTT Urban Development develops systems that enable it to take appropriate measures in the event of disaster by taking the necessary measures, such as establishing the Disaster Risk Management Promotion Committee and the Disaster Risk Management Promotion Office, developing a basic policy and a manual to respond to the occurrence of a major earthquake, and holding seminars and training in disaster management.
- (iv) A framework to ensure the efficient execution of duties by Directors. Under this framework, the Company:
- a. Clarifies department responsibilities, authority and decision-making procedures, based on internal rules and regulations that define the structure and scope of internal organizations as well as the division of duties, responsibilities and authority;
 - b. Formulates rules and regulations for the Board of Directors. In principle, the Board of Directors meets once a month to decide on important matters relating to the management of the Company in accordance with related legal requirements, decision-making principles and

recommendations based on due diligence. In addition, the Board of Directors periodically reports on the status of business execution. Moreover, the Company formulates rules and regulations for the Management Council, an organization that in principle meets once a week and reports to the Board of Directors; and

- c. Strives to enhance efficiency in the execution of business. To this end, the Board of Directors formulates medium-term management policies and business plans of the Group and closely reviews performance on a monthly and quarterly basis.
- (v) A statement concerning the establishment of a system to ensure that the corporate group conducts activities appropriately. This system ensures that:
- a. Associated with the formulation of affiliate management regulations, etc., the Company requests that the Group companies deliberate with or report to the Company regarding important matters, including corporate ethics, compliance and risk management;
 - b. The internal control departments periodically call on the Group companies with the aim of monitoring and supervising the companies' operations;
 - c. Periodic meetings are convened for the Group companies to report to the Company the status of operations and their financial standing. This process enables the Company to maintain a comprehensive understanding of the Group companies activities and statuses and to ensure that the Group companies activities are conducted in an appropriate manner; and
 - d. Transactions between the parent company and the Group companies are conducted in an appropriate manner by examining contracts on the same terms and conditions as those with third parties.
- (vi) Items concerning the independence from Directors of employees who are appointed to assist Corporate Auditors in their duties and to secure the effectiveness of instructions to the employees. These items provide for:
- The establishment of the Corporate Auditors Office that reports directly to the Corporate Auditors and the appointment of full-time, specialist employees to support Corporate Auditors in the conduct of their duties.
 - Employees appointed to support Corporate Auditors do not engage in concurrent activities.
 - Assistants to Corporate Auditors conduct their duties based on the directions and orders of Corporate Auditors.
 - The opinions of Corporate Auditors are respected in handling the personnel changes, evaluations, and so on of employees who belong to the Corporate Auditors' Office.
- (vii) A system for Directors and employees to report to Corporate Auditors and for other reporting to Corporate Auditors. Under this system:
- a. A comprehensive reporting system is maintained in which Corporate Auditors attend not only the Board of Directors meetings but also the Management Council and other important

meetings;

- b. Directors and employees are required to report to Corporate Auditors on matters relating to the execution of their duties including the following; and
 - Matters that have led to significant damage or have the potential to lead to significant damage to the Company
 - Monthly business reports
 - The status of internal audits
 - Any risk of a breach of laws and regulations, the Company's Articles of Association and related rules and regulations
 - The status of reports made under the corporate ethics and compliance helpline
 - Important items reported by the Group companies
 - Important issues relating to corporate ethics and compliance other than those previously identified
- c. Directors are required to report to the Board of Directors on the status of the establishment and management of the Internal Control Systems through the Internal Audit Office.

(viii) Other structures to ensure that audits are performed effectively by Corporate Auditors. Based on this structure:

- a. Corporate Auditors conduct meetings with representative directors and related personnel on a quarterly basis to promote an exchange of opinions and ensure appropriate communication channels are maintained; and
- b. The Company will provide every support to Corporate Auditors in connection with any request for the use of external advisors including attorneys and certified public accountants.
- c. Corporate Auditors may charge expenses as necessary for the execution of their duties, and the Company shall make payments based on their expense claims.

(Note) In accordance with a resolution at a meeting of the Board of Directors held on April 24, 2015, the Company has added descriptions on the development of a system for ensuring the appropriateness of operations of the company group and a system for assisting Corporate Auditors in their audits. The Basic Policy above reflects the addition.

(2) Basic policy on the control of the Company

Reflecting the parent company's ownership of more than 50% of the Company's shareholder voting rights, the Company has not established a detailed basic policy on control of the Company and, at present, does not maintain takeover defense measures.

Amounts of money and volumes of sales in the Business Report are rounded down to the nearest unit. Ratios and other figures are rounded to the nearest unit.

Consolidated Balance Sheet

(As of March 31, 2015)

(Unit: million yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets		Current liabilities	
Cash and deposits	17,891	Notes and operating accounts payable–trade	8,473
Notes and operating accounts receivable	5,569	Lease obligations	48
Real estate for sale	33,361	Current portion of long-term loans payable	53,200
Real estate for sale in process	59,987	Income taxes payable	2,684
Costs on uncompleted construction contracts	169	Deferred tax liabilities	405
Raw materials and supplies	52	Other	34,062
Lease investment assets	3,837	Total current liabilities	98,874
Deposits paid	2,412	Non-current liabilities	
Deferred tax assets	1,075	Bonds payable	130,986
Other	4,189	Long-term loans payable	363,020
Allowance for doubtful accounts	(35)	Lease obligations	123
Total current assets	128,512	Lease and guarantee deposits received	68,715
Non-current assets		Negative goodwill	21,286
Property, plant and equipment		Deferred tax liabilities	59,555
Buildings and structures	322,063	Provision for directors' retirement benefits	23
Machinery, equipment and vehicles	1,815	Net defined benefit liability	6,335
Land	505,999	Asset retirement obligations	3,267
Lease assets	128	Other	35,407
Construction in progress	2,212	Total non-current liabilities	688,704
Other property, plant and equipment	2,573	Total liabilities	787,579
Total property, plant and equipment	834,792	Net assets	
Intangible assets	24,556	Shareholders' equity	
Investments and other assets		Capital stock	48,760
Investment securities	22,841	Capital surplus	34,109
Long-term prepaid expenses	15,635	Retained earnings	108,264
Net defined benefit asset	396	Total shareholders' equity	191,134
Deferred tax assets	354	Accumulated other comprehensive income	
Other	6,131	Valuation difference on available-for-sale securities	2,837
Total investments and other assets	45,359	Foreign currency translation adjustment	6,429
		Remeasurements of defined benefit plans	509
		Total accumulated other comprehensive income	9,776
Total non-current assets	904,708	Minority interests	44,730
Total assets	1,033,220	Total net assets	245,641
		Total liabilities and net assets	1,033,220

(Note) All amounts have been rounded down to the nearest million yen.

Consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Unit: million yen)

Account item	Amount	
Operating revenue		152,052
Operating cost		109,333
Operating gross profit		42,718
Selling, general and administrative expenses		17,881
Operating income		24,836
Non-operating income		
Interest income	22	
Dividends income	73	
Contributions	93	
Gain on donation of non-current assets	17	
Amortization of negative goodwill	1,780	
Equity in earnings of affiliates	45	
Other	115	2,148
Non-operating expenses		
Interest expenses	6,300	
Other	289	6,590
Ordinary income		20,395
Extraordinary income		
Gain on sales of non-current assets	1,850	1,850
Extraordinary losses		
Loss on sales of non-current assets	699	
Loss on retirement of non-current assets	1,220	
Impairment loss	1,455	3,375
Income before income taxes and minority interests		18,869
Income taxes-current	4,806	
Income taxes-deferred	(5,426)	(620)
Income before minority interests		19,490
Minority interests in income		3,255
Net income		16,235

(Note) All amounts have been rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(From April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of April 1, 2014	48,760	34,109	97,150	180,020
Cumulative effects of changes in accounting policies			144	144
Restated balance	48,760	34,109	97,294	180,164
Total changes of items during the year				
Dividends from surplus			(2,632)	(2,632)
Interim dividends			(2,632)	(2,632)
Net income			16,235	16,235
Net changes of items other than shareholders' equity				
Total changes of items during the year	—	—	10,969	10,969
Balance as of March 31, 2015	48,760	34,109	108,264	191,134

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2014	976	4,447	171	5,596	42,975	228,591
Cumulative effects of changes in accounting policies						144
Restated balance	976	4,447	171	5,596	42,975	228,735
Total changes of items during the year						
Dividends from surplus						(2,632)
Interim dividends						(2,632)
Net income						16,235
Net changes of items other than shareholders' equity	1,860	1,982	337	4,179	1,755	5,935
Total changes of items during the year	1,860	1,982	337	4,179	1,755	16,905
Balance as of March 31, 2015	2,837	6,429	509	9,776	44,730	245,641

(Note) All amounts have been rounded down to the nearest million yen.

(Reference)

Consolidated Statements of Cash Flows

(From April 1, 2014 to March 31, 2015)

(Unit: million yen)

Account item	Amount
Net cash provided by (used in) operating activities	36,988
Net cash provided by (used in) investing activities	(67,778)
Net cash provided by (used in) financing activities	31,777
Effect of exchange rate change on cash and cash equivalents	367
Net increase (decrease) in cash and cash equivalents	1,354
Cash and cash equivalents at beginning of period	18,798
Cash and cash equivalents at end of period	20,153

(Note) All amounts have been rounded down to the nearest million yen.

Balance Sheet (Non-Consolidated)

(As of March 31, 2015)

(Unit: million yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets		Current liabilities	
Cash and deposits	1,043	Operating accounts payable	6,681
Operating accounts receivable	3,544	Lease obligations	29
Real estate for sale	20,402	Current portion of long-term loans payable	52,000
Real estate for sale in process	56,822	Accounts payable-other	18,548
Costs on uncompleted construction contracts	117	Accrued expenses	1,351
Raw materials and supplies	25	Income taxes payable	2,267
Prepaid expenses	605	Advances received	6,656
Lease investment assets	3,837	Deposits received	6,134
Deposits paid	1,282	Other	2,536
Deferred tax assets	1,138	Total current liabilities	96,206
Other	3,916	Non-current liabilities	
Allowance for doubtful accounts	(35)	Bonds payable	129,968
Total current assets	92,700	Long-term loans payable	288,300
Non-current assets		Lease obligations	60
Property, plant and equipment		long-term accounts payable-other	35,313
Buildings	264,355	Lease and guarantee deposits received	68,126
Structures	4,077	Deferred tax liabilities	12,311
Machinery and equipment	1,811	Provision for retirement benefits	6,069
Tools, furniture and fixtures	2,404	Assets retirements obligations	3,267
Land	324,964	Other	49
Lease assets	59	Total non-current liabilities	543,467
Construction in progress	1,633	Total liabilities	639,637
Total property, plant and equipment	599,306	Net assets	
Intangible assets		Shareholders' equity	
Leasehold right	20,119	Capital stock	48,760
Software	905	Capital surplus	
Software in progress	727	Legal capital surplus	34,109
Lease assets	0	Total capital surplus	34,109
Other	119	Retained earnings	
Total intangible assets	21,873	Legal retained earnings	3,437
Investments and other assets		Other retained earnings	77,727
Investment securities	19,181	Voluntary retained earnings	35,606
Stocks of subsidiaries and affiliates	17,309	Retained earnings brought forward	42,121
Investments in other securities of subsidiaries and affiliates	29,829	Total retained earnings	81,164
Investments in capital	0	Total shareholders' equity	164,034
Long-term prepaid expenses	15,337	Valuation and translation adjustments	
Prepaid pension cost	210	Valuation difference on available-for-sale securities	2,837
Lease and guarantee deposits paid	8,639	Total valuation and translation adjustments	2,837
Other	2,157		
Total investments and other assets	92,665		
Total non-current assets	713,845	Total net assets	166,871
Total assets	806,545	Total liabilities and net assets	806,545

(Note) All amounts have been rounded down to the nearest million yen.

Statements of Income (Non-Consolidated)

(From April 1, 2014 to March 31, 2015)

(Unit: million yen)

Account item	Amount	
Operating revenue		
Operating revenues from leasing business	83,348	
Operating revenues from residential property sales business	46,601	
Operating revenues from other businesses	2,063	132,013
Operating cost		
Operating cost for leasing business	56,259	
Operating cost for residential property sales business	36,558	
Operating cost for other businesses	752	93,570
Operating gross profit		38,443
Selling, general and administrative expenses		16,610
Operating income		21,832
Non-operating income		
Interest income	4	
Dividends income	147	
Contributions	92	
Gain on donation of non-current assets	17	
Other	104	367
Non-operating expenses		
Interest expenses	4,217	
Interest on bonds	1,550	
Other	222	5,990
Ordinary income		16,208
Extraordinary income		
Gain on sales of non-current assets	1,850	1,850
Extraordinary loss		
Loss on sales of non-current assets	697	
Loss on retirement of non-current assets	1,214	
Impairment loss	1,455	3,368
Income before income taxes		14,690
Income taxes-current	4,162	
Income taxes-deferred	(139)	4,022
Net income		10,668

(Note) All amounts have been rounded down to the nearest million yen.

Statement of Changes in Net Assets (Non-Consolidated)

(From April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Shareholders' equity						Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus	Retained earnings			Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Legal retained earnings	Other retained earnings				
				Voluntary retained earnings	Retained earnings brought forward			
Balance as of April 1, 2014	48,760	34,109	3,437	30,838	41,342	158,487	976	159,464
Cumulative effects of changes in accounting policies					144	144		144
Restated balance	48,760	34,109	3,437	30,838	41,486	158,632	976	159,609
Changes of items during the year								
Dividends from surplus					(2,632)	(2,632)		(2,632)
Interim dividends					(2,632)	(2,632)		(2,632)
Provision of reserve for advanced depreciation of non-current assets				4,619	(4,619)	—		—
Reversal of reserve for advanced depreciation of non-current assets				(139)	139	—		—
Provision of reserve for special depreciation				352	(352)	—		—
Reversal of reserve for special depreciation				(64)	64	—		—
Net income					10,668	10,668		10,668
Net changes of items other than shareholders' equity							1,860	1,860
Total changes of items during the year	—	—	—	4,767	634	5,402	1,860	7,262
Balance as of March 31, 2015	48,760	34,109	3,437	35,606	42,121	164,034	2,837	166,871

(Note) All amounts have been rounded down to the nearest million yen.

Independent Auditor's Report

May 8, 2015

The Board of Directors
NTT Urban Development Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshitaka Kuwamoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of NTT Urban Development Corporation as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of NTT Urban Development Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 8, 2015

The Board of Directors
NTT Urban Development Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshitaka Kuwamoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of NTT Urban Development Corporation as at March 31, 2015 and for the 30th business year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of NTT Urban Development Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

BOARD OF CORPORATE AUDITORS' REPORT

(English Translation)

Based on reports from each Corporate Auditor, and following discussion at meetings, the Board of Corporate Auditors has prepared this report regarding the execution of the duties of the Board of Directors in the 30th fiscal year from April 1, 2014, to March 31, 2015.

The Board of Corporate Auditors reports as follows:

1. Outline of Audit Methodology

The Board of Corporate Auditors established auditing policies, assignment of duties, etc., and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from the Board of Directors and the Independent Auditors regarding the execution status of their duties, and requested explanations as necessary.

On the basis of the Board of Corporate Auditors Rules, and in accordance with its auditing policies, assignment of duties and other relevant matters, the Corporate Auditors sought mutual understanding with the Directors, employees of the internal auditing department and other departments, and other persons in their efforts to collect information and achieve an environment conducive to audits, attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees regarding performance of their duties, requested explanations as necessary, perused important statements regarding decisions and approvals made and investigated the status of operations and assets at the head office and other principal business locations.

The Board of Corporate Auditors also carried out an audit and verification of the particulars of Board of Directors resolutions relating to the establishment, as set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, of structures necessary to ensure that Directors' performance of their duties is in conformity with laws and regulations and their company's Articles of Incorporation and to otherwise ensure the appropriateness of the business of a *kabushiki kaisha*, as well as the structures established pursuant to such resolutions (internal control system).

Regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchange of information with directors and corporate auditors and other persons of the subsidiaries, and where necessary received business reports from the subsidiaries.

Based on the above methodology, the Board of Corporate Auditors evaluated the business report and supplementary schedules for the fiscal year under review.

In addition, the Board of Corporate Auditors audited and verified whether the Independent Auditor maintained its independence and carried out its audits appropriately, received reports from the Independent Auditor regarding the execution of its duties and, where necessary, requested explanations.

Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that a "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Accounting Principles for Enterprises) had been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council, October 28, 2005), and where necessary requested

explanations.

Based on the above methodology, the Board of Corporate Auditors audited the non-consolidated financial statements related to the fiscal year under review (the Balance Sheet, Income Statement, Statement of Changes in Net Assets, and the individual notes thereto), related supplementary statements, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes in Net Assets and the consolidated notes thereto).

2. Audit Results

(1) Results of the audit of the Business Report

- i. We find that the Business Report and its supplementary statements accurately reflect the conditions of the Company in accordance with law and the Articles of Incorporation.
- ii. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of law or the Articles of Incorporation were found.
- iii. We find that the particulars of Board of Directors' resolutions concerning the internal control system are appropriate. Further, no matters worthy of note were found with respect to Directors' execution of duties and status of this Business Report in regards to the internal control system.

(2) Results of the audit of performance of the duties by the Independent Auditor

No matters worthy of note were found with respect to the structure for ensuring the proper execution of duties by the Independent Auditor, KPMG AZSA LLC

(3) Results of the audit of the financial statements and supplementary statements

We find that the methodology and results of the audit by the Independent Auditor, KPMG AZSA LLC are appropriate.

(4) Results of the audit of the consolidated financial statements

We find that the methodology and results of the audit by the Independent Auditor, KPMG AZSA LLC are appropriate.

May 12, 2015

NTT Urban Development Corporation

Board of Corporate Auditors

Corporate Auditor (full-time)	Mitsuhiro Watanabe
Corporate Auditor (full-time)	Hiroshi Ikegawa
Corporate Auditor	Hisako Kato
Corporate Auditor	Shinji Kume

Note: Corporate Auditors are Outside Corporate Auditors as prescribed in the Companies Act.

END

(Reference)

Topics

Grand opening of Shinagawa Season Terrace

Shinagawa Season Terrace was completed in February 2015, and the entire building, including commercial zone, commenced full operation in May.

◆ Located in the Shinagawa area having good access to public transportation

Shinagawa Season Terrace is a six-minute walk from Shinagawa Station, where a number of lines stop, and has good access to Haneda Airport and Narita Airport, which are being used by more and more international flights.

It has been determined that the starting station of the Linear Chuo Shinkansen Line will be located in Shinagawa and a new station between Shinagawa and Tamachi stations on the Yamanote Line will be built. Shinagawa Season Terrace is intended to become a new symbol of the Shinagawa area, which is expected to grow.

◆ Environmentally friendly, high-specification building

- Each office floor is approx. 5,000m², one of the largest in Japan.
- The property has 3.5 ha of green gardens, which attracts people and generates interaction.
- Precious natural energy—light, wind, and water—is used.
- Safety and security assured by a building engineered with Japan's highest grade seismic isolation technology.
- The property has an adequate business continuity plan, including electric power supply for 72 hours in case of emergency.



Location; Minato-ku, Tokyo

Site area; 49,547 m² (in total)

Total floor space; 202,666 m² (in total)

Building scale; 32 floors above ground and 1 below

Main use; Office and commercial

Opening of Trad Mejiro

In November 2014, Trad Mejiro, a community-based commercial facility, opened for business in front of Mejiro station, Tokyo.

From the planning stage, we consulted with the community and the local government to create a facility that will exist together for a long time. We emphasized sedate streets and harmony with greenery around the building.

After the opening of the facility, we have planned and organized events that were intended to create a new community in cooperation with tenants and the community.



Location; Toshima-ku, Tokyo

Site area; 1,676 m²

Total floor space; 7,575m²

Building scale; 4 floors above ground and 2 below

Main use; Commercial (16 Shops. Restaurants, Retails and Services)

Serviced senior housing, TSUNAGU ‘connect with’ TOWN Project

We are developing serviced senior housing in locations adjacent to condominiums to create permanent homes that connect multi-generation family members.

We are proposing a new form of permanent multi-generational homes, making the most of the expertise that we have developed and the collective strengths of the NTT Group.

◆ An example of projects



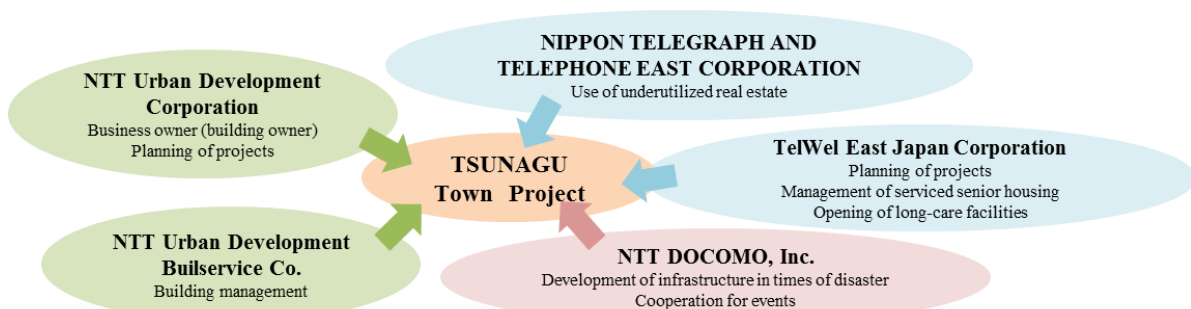
(Completion image)

Front;

Condominiums ‘Wellith Tsudanuma’

Back right;

Serviced senior housing ‘Wellith Olive Tsudanuma’



Development of global business

In 2009, we acquired the first overseas property in London, UK. Subsequently we have been developing global business in the United States, Australia, and Southeast Asia.



◆ London

- Acquired four properties
 - 103 Mount Street (2009 - Sold in 2012)
 - 1 King William Street (2011 - Under renovation)
 - 20 Finsbury Circus (2012)
 - 265 Strand (2013)

◆ Melbourne

- Acquired residential land (2011)
- Started selling (2014)

◆ Singapore

- Launched regional office (2013)
- Changed the office into brunch (2015)

◆ New York

- Joined a redevelopment project
 - 119 West 25th Street (2013)

◆ Boston

- Acquired two properties
 - 141 Tremont Street (2015)
 - 27 School Street (2015)

First real estate company designated as a Nadeshiko Brand (March 2015)

From FY2012, the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry have selected companies that provide outstanding support for the success of women in the workplace among those companies listed on the First Section of the Tokyo Stock Exchange as Nadeshiko Brands and have announced the selection. In FY2014, we became the first real estate company to be designated as a Nadeshiko Brand.

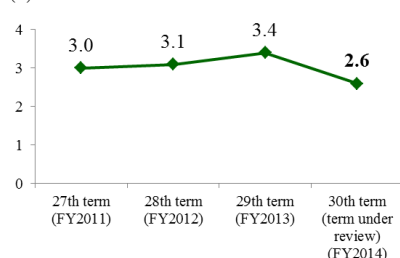
We have been developing systems for diverse human resources to actively participate in operations. In October 2014, we established the Diversity and Inclusion Office, which has worked to raise awareness of employee through training sessions and seminars. We will continue to take steps to make working in diverse ways possible.



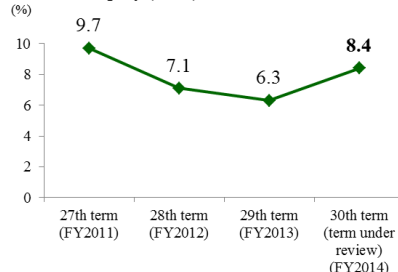
Major financial indicators (Consolidated)

Section	27th term (FY2011)	28th term (FY2012)	29th term (FY2013)	30th term (term under review) (FY2014)
Return on assets (ROA) (%)	3.0	3.1	3.4	2.6
Return on equity (ROE) (%)	9.7	7.1	6.3	8.4
Full-year dividend per share(yen)	14.00	16.00	16.00	(Note 2) 16.00
Dividend payout ratio (%)	29.6	43.6	46.4	(Note 2) 32.4
Net interest-bearing debt / EBITDA (X)	9.8	9.6	8.9	10.9
Net D/E ratio (X)	2.42	2.30	2.14	2.15

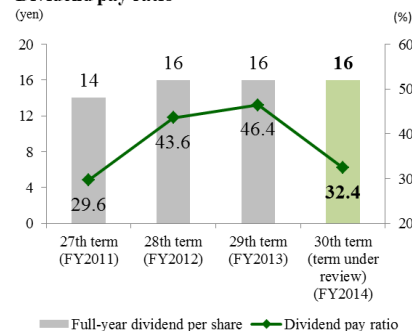
Return on assets (ROA)
(%)



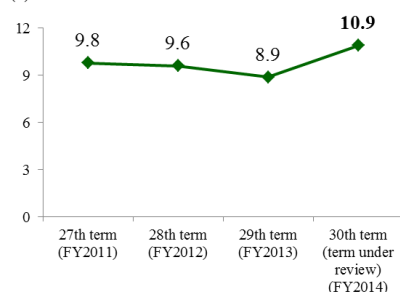
Return on equity (ROE)
(%)



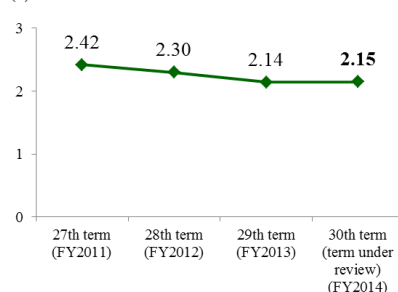
Full-year dividend per share /
Dividend pay ratio



Net interest-bearing debt / EBITDA
(X)



Net D/E ratio
(X)



(Note1) On October 1, 2013, we conducted a 100-for-1 common stock split and have calculated the annual dividend per share as if the stock split had been conducted at the beginning of the 27th term (FY2011).

(Note2) The full-year dividend per share and dividend payout ratio for the 30th term (term under review / FY2014) are stated on the assumption that First Item (Distribution of Surplus as Dividends) of the ordinary general meeting of shareholder is approved. We have already distributed a dividend per share of 8 yen of which the record date is September 30, 2014.

• Return on assets (ROA) = $(\text{Operating income} + \text{Equity in earnings of affiliates} + \text{Amortization of negative goodwill}) / \{ (\text{Total assets at the end of the previous fiscal year} + \text{Total assets at the end of the fiscal year under review}) / 2 \} \times 100$

• Return on equity (ROE) = $\text{Net income} / \{ (\text{Shareholders' equity at the end of the previous fiscal year} + \text{Shareholders' equity at the end of the fiscal year under review}) / 2 \} \times 100$

• Dividend payout ratio = $\text{Full-year dividend per share} / \text{Net income per share}$

• Net interest-bearing debt = $\text{Interest-bearing debt} - \text{Cash and deposits} - \text{Short-term (less than 3 months) investments included in other current assets}$

• EBITDA = $\text{Operating income} + \text{Depreciation and amortization}$

• Net D/E ratio = $\text{Net interest-bearing debt} / \text{Net assets}$

◆ Corporate Slogan

With Integrity, through Innovation

—connecting cities and people

◆ Corporate Philosophy (UD-Statement)

We will contribute to sustainable urban development through our real estate services. What we value most is seeing the satisfaction of our customers and members of the wider public, and bringing smiles to their faces.

For this, we will pay close attention to the changing needs of our customers and society, and thoroughly understand our customers' perspectives.

We make it a promise to continue our challenge of generating innovative services, where all of our management and employees will act with integrity and without fearing failure.

This challenge is fueled by a corporate culture conducive to all of our management and employees freely and proactively voicing opinions, where all of us may respect and value one another, and go about our jobs with a smile.

The cover is photographed by Forward Stroke.

NTT Urban Development Corporation

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<http://www.nttud.co.jp/english/>