

# Revision of Medium-Term Vision 2018

**NTT Urban Development**

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November 6, 2014

While we continue to implement business reform based on the strategies of Medium-Term Vision 2018 “Ensuring customer- and market-centered orientation” and “Pursuing innovation”, the following revisions are made to match the changing market environment

## **1. Revising Strategies to Match Changing Market**

To address market change, such as continuing development boom for Class A buildings in central Tokyo, rising construction cost, and higher property prices in the Greater Tokyo Area, we revise strategies in each business areas as follows;

### **a. Office business**

- Shift from emphasis on “build-and-own” to “build-and-sell” approach
- Expand the range of development projects by collaborating with other companies  
(Enhance collaboration, such as rebuilding properties owned by Kenedix, Inc. and J-REIT, etc.)
- Strengthen CRE proposals in various fields to NTT Group companies.
- Participate in regional redevelopment projects
- Start feasibility studies for development of assets currently in use for tentative purposes
- Launch private-placement REITs, scheduled in FY2015, to utilize as a potential buyer of developed property of us  
Expand the amount of assets under management (AUM) to generate management fees
- Strategic renewal such as BCP of flagship buildings

#### b. Retail / Hotel Property Business

- Undertake hotel projects in Kyoto and Osaka area targeting primarily tourists from abroad
- Launch mixed use (such as retail and residential use) property development projects in central Tokyo

#### c. Residential Business

- Shift away from delivery-oriented strategy to profit-oriented strategies and keep a level of supply at about 1,300 units per year (before revision: FY2015 1,600units, FY2018 2,000units)
- Place greater weight on developing higher-value units, such as high grade condo for sale and mixed use development
- Collaborate with NTT Group to develop serviced rental condos for the elderly
- Enter new business areas, such as conversion of office buildings to residential use

#### d. Global Business

- Increase profits from global business to about 10% of the total profits by FY2018

## 2. Financial Targets Going Forward

	FY2014	FY2015	~	FY2017	FY2018
Operating Revenue	Revised upward to 153 billion yen	About 160 - 190 billion yen			200 billion yen
Operating Income	Revised upward to 23 billion yen	About 25 - 26 billion yen (before revision: FY2015 30 billion yen)			30 billion yen (before revision: 40 billion yen)

\* Operating revenue and operating income above include revenue and income from asset sales

### a. Investment and Land Acquisition (FY2014~FY2018)

- Set the investment target for the 5-year period of FY2014~18 at around 360 billion yen (including land-bank investment for “build-and-sell” model) (before revision: around 340 billion yen)
- Plan to spend about 20 billion yen per year in acquisition of land for condo development

### b. Acceleration of Capital Cycle

- Plan to sell assets totaling 150–200 billion yen in the 5-year period starting FY2014 to J-REITs, private-placement funds and others and to use as a part of the proceeds for investment

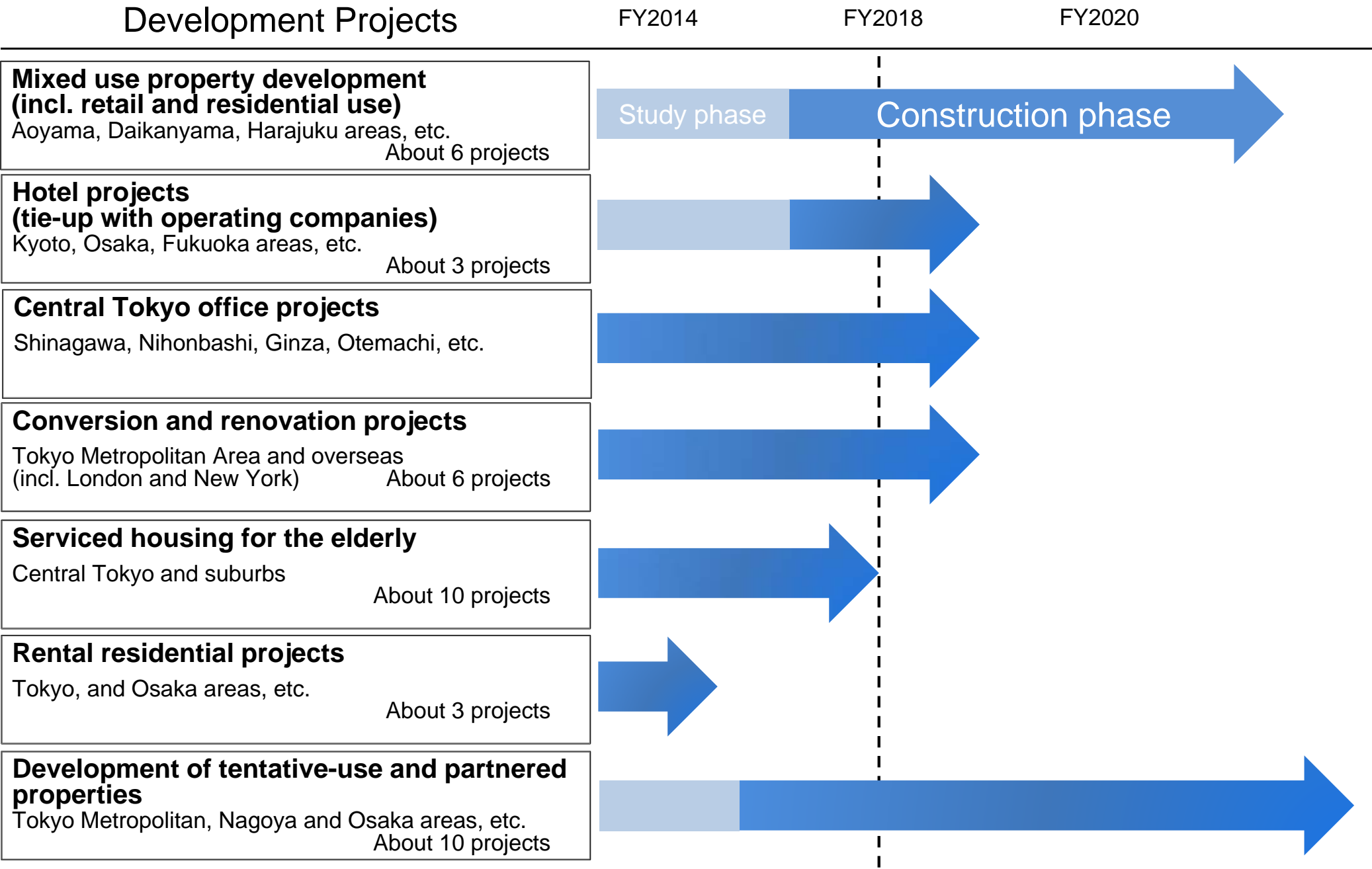
### c. Control of Interest-Bearing Debt

- Keep interest-bearing debt at the end of FY2018 at the current level (about 500 billion yen)  
(before revision: Net interest-bearing debt to EBITDA ratio 9 times at the end of FY2018)

Manage businesses with focus on key indicators

(ROE, ROA, Net Debt/Equity ratio, Net interest-bearing debt to EBITDA ratio etc.)

# 3. Development Pipeline



\* Above projects are subjects to change.

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