

NTT Urban Development Group

CSR Report 2017

Digest Version

UD Statement

Integrity and Innovation

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.

Editorial Policy

We will report our CSR activities in line with the five CSR themes presented in the “NTT Urban Development Group CSR Basic Policy” and in a manner that reflects the Corporate Philosophy and business characteristics of the Group. We will also report our CSR activities with priority on those initiatives by the Group that respond to important social issues and demands. When setting report content, we will refer to the GRI standards*. To encourage reading of reports, we will succinctly summarize the essence of our CSR activities and priority is given to readability.

* International CSR reporting guidelines that are issued by Global Reporting Initiative (GRI), an NGO based in the Netherlands.

NTT Urban Development Group's CSR reporting tools



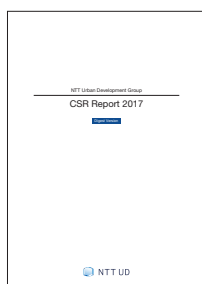
“CSR Information” website

The website provides general CSR information, including news, previous data and related links.



Full Version PDF

This report provides comprehensive CSR information for FY2016.



Digest Version PDF (this report)

Contains an outline of CSR information for FY2016.

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Organizations covered in reports

We report on activities and initiatives of the entire NTT Urban Development Group to the maximum extent possible. We specify the organizations being discussed in each report section in accordance with the following rules.

- “NTT Urban Development Group” and “the Group” → The entirety of the NTT Urban Development Group
- “NTT Urban Development” and “we” → NTT Urban Development Corporation only
- “(Group company name)” → The Group company that is referred to only

Reporting period

FY2016 (April 1, 2016, to March 31, 2017) * The report includes some content that refers to activities occurring before and/or after the reporting period.

Other matters

The architectural rendering shown is a conceptual image from the planning stage, and may change.

Month of publication

October 2017

(next scheduled publication: September 2018)

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Anticipating and carefully meeting society's challenges now and in the future, and contributing to the realization of a sustainable society

The goal of CSR (Corporate Social Responsibility) at NTT Urban Development Group lies in promoting urban development in a way that creates satisfaction and smiles for our customers and local communities, and contributes to the realization of a more comfortable and sustainable society through the provision of high-quality real estate services as a member of NTT Group. We continue to work hard and take on new challenges in our day-to-day business activities as we work towards achieving this goal. For NTT Urban Development Group, CSR is truly the foundation of our business.

In order to deliver better real estate services, we need to be sensitive to and accurately identify the needs facing society, both now and in the future, and help to solve these issues through our business. NTT Urban Development Group works hard to create business spaces that facilitate more productive work, commercial spaces that provide high-quality comfort for visitors, and living spaces that are carefully tailored to meet increasingly diverse values and lifestyles. At the same time, we hold earnest dialogue with a variety of people with a stake in urban development. As part of these efforts, we tackle a wide range of issues in each proj-

ect. This includes ensuring people's peace of mind and safety, including when natural disasters strike, working to promote barrier-free designs, contributing to a low-carbon society, creating opportunities for exchange and communities, passing down history and memories, and tackling the needs of an ageing society. We try to build the best solutions for these challenges in ways that meet the above needs with care, originality and ingenuity.

We also focus on creating workplaces to support these initiatives and respect diversity. Specifically, developing an environment that allows diverse human resources, including women, to have even more full and active careers is essential to the development of NTT Urban Development Group. We have worked to develop systems and raise awareness by introducing mechanisms that allow more flexible ways of working, including working from home and the implementation of diversity training. In 2015, NTT Urban Development was awarded with the "Nadeshiko Brand", which recognizes companies that actively promote women's careers. Moreover, since FY2015 we have promoted reforms to ways of working and worked hard on initiatives such as the promotion of greater work efficiency

and a better work-life balance. We plan to promote further initiatives in the future.

In order to contribute to the creation of a rich society, it is a given that each and every one of us maintains a feeling of gratitude, and carries out responsible and healthy business activities with high ethical standards and awareness of human rights. This is something that we reconfirm whenever we get the chance, for example through company-wide staff training.

Real estate companies have a long-term impact on the functions and scenery of the places they develop, and on the work and lives of the people affected by them. With the support of many people, NTT Urban Development Group will do everything within our power to make this impact a positive one, and in doing so contribute to sustainable development as a shared global goal.

Your ongoing guidance and support are greatly appreciated.

Hiroshi Nakagawa

President and CEO,
NTT Urban Development Corporation

CSR of the NTT Urban Development Group

The NTT Urban Development Group has compiled its fundamental philosophy and orientation vis-à-vis its corporate social responsibility (CSR) into a Basic CSR Policy. This policy is in accordance with the Group's Corporate Slogan, Corporate Philosophy and Action Guidelines and has been released to the public. Its core message is that our CSR activities shall be founded on promoting urban development that satisfies and delights our customers and local communities and on contributing to the realization of a comfortable and sustainable society by providing excellent real estate services as a member of the NTT Group. As part of our urban development, it is important that we learn about and fully utilize the historical and cultural aspects that make each location so special.



Basic CSR Policy of the NTT Urban Development Group (revised in September 2014)

CSR Message

As a member of the NTT Group, we will help create a sustainable society that offers comfortable lifestyles. We will achieve this by providing quality real estate services that realize urban planning that satisfies the needs of customers and members of the wider public and brings smiles to their faces.

CSR Themes

■ Communication with stakeholders

We view customers, members of the wider public, and every person and company involved in urban planning as important partners. By communicating with these partners sincerely, we will realize better urban planning.

■ Creation of comfortable and lively living spaces

By creating living spaces that are safe and comfortable for everyone and business spaces that are functional and convenient, we will develop appealing, lively urban areas.

■ Promotion of environmental stewardship

We will reduce the environmental burden associated with urban planning. Furthermore, we will innovate to develop comfortable urban areas that incorporate nature.

■ Creation of workplaces where diversity is respected

We will respect employees' individuality and emphasize diversity to create vibrant workplaces.

■ Sound business activities

Maintaining a strong sense of gratitude, ethics, and human rights, we will conduct business activities responsibly to enrich society.

Practical Application and Penetration of CSR

NTT Urban Development Group has set out, both internally and in public, our Basic CSR Policies and endeavored to substantiate and enhance “CSR through actual projects”. Since the 2011 accounting year we have been reinforcing initiatives to fulfill our CSR with emphasis on customer satisfaction (CS) activities, disaster countermeasures, environmental activities, and employee education (corporate ethics and social action activities) as important themes. These efforts are based on the general CSR platform that we have built thus far. Initiatives pertaining to these themes are continuing to steadily evolve. Please visit the relevant sections for information on specific initiatives.

We believe that stronger awareness by each and every employee is an essential aspect of our effort to fulfill our CSR. For this reason, we provide annual training for all Group employees. Educational activities such as this lead to the spontaneous practice of CSR by each employee.

Framework for Fulfilling CSR

A “CSR Committee” organized to study CSR-related activities meets regularly within NTT Urban Development Group. The CSR Committee is chaired by the Senior Executive Vice President and is comprised of the heads of major organizations in the Group and the Audit & Supervisory Board Members. The committee serves as a venue for raising and aggregating diverse opinions concerning important matters, including measures to combat global warming, which has become a major social issue in recent years.

The Headquarters’ CSR Office acts in accordance with the CSR Committee’s decisions by working closely with divisions, branch offices, and Group companies to advance CSR-related activities at all work sites.

Participation in NTT Group activities

The NTT Urban Development Group’s Basic CSR Policy was prepared based on the NTT Group CSR Charter, which aims to “create a sustainable society by delivering the highest quality ICT solutions.” The NTT Group continuously advances Group-wide coordination in its CSR activities, and we actively participate in NTT Group CSR Conferences and other settings intended to strengthen Group coordination.

Basic outline of the NTT Group CSR Charter



Please see the official NTT web page “NTT Group CSR Charter” for more information in the Charter.



Helping to Enliven the Shinagawa Local Community

Using Shinagawa Season Terrace as a base for area management

Shinagawa Season Terrace was built and opened after NTT Urban Development Corporation made a successful bid for a project to utilize space above a water reclamation center in Tokyo. This is a valuable space that has been made available close to the center of Tokyo, and the space needs to be utilized as a hub for the community. In the following report, our interviewer discovers the lengths to which NTT Urban Development Corporation has gone to fulfill its mission.

Using three concepts to create an urban brand with the goal of enlivening the local community

Could you tell us about the relationship of the project to the Shinagawa Konan Area and the planned future direction for management of the area?

The Konan Exit area of Shinagawa Station, where Shinagawa Season Terrace is located, is one of Japan's most prestigious office districts. There is excellent airport access, and the area is served by the JR Yamanote Line and Tokaido Shinkansen. There are plans to open the Chuo Shinkansen in Shinagawa in 2027, and it is an important area for public transportation.

However, Shinagawa does not have many non-work destinations (reasons to visit). For this reason, NTT Urban Development Corporation came up with the idea of using Shinagawa Season Terrace as a base for building a new brand in the Konan Area called "New Shinagawa Style".

If "New Shinagawa Style" had to be described in a single word, it would be "futuristic". The following three concepts were defined as ways of realizing "New Shinagawa Style". The first concept is "Technology". Shinagawa hosts headquarters and important bases for several leading technology companies. The second concept is "Green". When combined with the neighboring Shibaura Chuo Park, Shinagawa Season Terrace's Event Space forms part of a 3.5-hectare lawn area. The third concept is "Openness". Shinagawa is an internationally-vibrant area with access to airports and a Shinkansen station. We believe it needs to be an area that allows people of all ages, genders, and nationalities, as well as people from different companies, to mix freely together side by side. We promote activities related to these three

key concepts in order to communicate a "New Shinagawa Style" that creates excitement, fun and comfort for people who work and live in Shinagawa.

How are these three key concepts embodied in actual activities?

In order to establish these key concepts, since opening in May 2015, Shinagawa Season Terrace has hosted around 100 events per year in total, mostly at the Event Space. These include approximately 90 regular events per year, and around 10 large-scale seasonal events.

For example, "Shina Tech Marche" is an event that has been hosted since immediately after Shinagawa Season Terrace opened. The event truly embodies all three key concepts. It uses "technology" as a way of allowing people of all ages and genders to come together on the green Event Space and have fun. The event exhibits games using the latest technology and offers

hands-on experiences. Its manufacturing-themed workshops have been extremely popular. It seems likely to become a regular annual event.

Increasing recognition by hosting of events, and the key role played by the seasons and SNS-friendliness

What do you prioritize when planning events?

As suggested by the building's name Shinagawa Season Terrace, we value a sense of the seasons. For example, in the summer we offer events such as waterslides on the grass, which is something that you don't normally get to experience in the center of Tokyo. It gives a sense of a special and unusual occasion. We also offer other events to give a sense of all four seasons.

We try to host performances that will

People from all generations visiting Shinagawa Open Theater





Helping to Enliven the Shinagawa Local Community

Using Shinagawa Season Terrace as a base for area management



Yakiimo Terrace advertising poster

encourage people to take photographs to be posted and disseminated on SNS. When we showed the film *The Mummy* at the open-air theater, we provided Tutankhamen headwear, and when we showed *Jurassic World* we arranged for dinosaur fossil replicas to be displayed and dinosaur characters to appear.

I've heard that the Shinagawa Yakiimo Terrace event held in January 2017 was incredibly popular...

We had predicted around 2,000 visitors during the whole week, but around 3,000 people came on the very first day. The event was picked up by word of mouth on SNS, and it was even shown on TV. We had around 30,000 visitors during the week.

The only problem was that it was so popular there were times when people had to queue for around three hours in the freezing cold to buy the yakiimo. The office quickly arranged for disposable heat packs, as well as candy and balloons for the children, so that we could make people's wait a little more comfortable.

Cooperating with events hosted by the local community as part of a "Local First" approach



Participants in fancy-dress at Shinagawa Halloween

In addition to hosting events, what other area management activities are you involved in?

We value our day-to-day links with the local community, under a slogan of "Local First". The Area Management Office is in close communication with residents and companies, as well as the local merchants' association, local government, and local associations, etc.

We also collaborate with groups responsible for area management in neighboring regions with a view to invigorating the wider Konan area.

Could you give us any specific examples of partnerships with the local community?

An excellent example is Shinagawa Halloween, which we held in both 2015 and 2016. A member of the residents' association of a neighboring apartment block asked if it would be possible to hold a Halloween event at Shinagawa Season Terrace. The event was planned by people from the local community, and NTT Urban Development Corporation provided the venue and sound equipment, etc., making it a truly "locally-made" event. We sought to create an event that would allow children to enjoy a fancy-dress parade in an environment that offered both peace of mind and safety.

In the future, we hope to collaborate with other area management groups to obtain a road use permit. We also plan to extend the length of the parade from Tennozu, through Shinagawa Season Terrace, and on to Shinagawa Intercity.

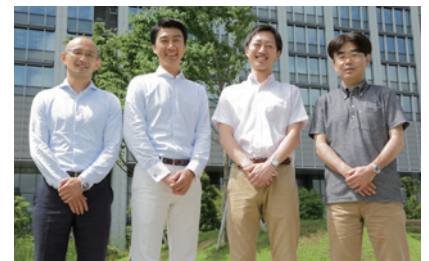


Group photograph of participants in Shinagawa Halloween

Please tell us what you want to achieve in the future in terms of Shinagawa Konan area management.

We want to increase the range of our activities. For example, this could include communicating the needs of residents to the authorities, or hosting events in a large green space that linked Shinagawa Season Terrace with Shibaura Chuo Park. At all times, we want to work in close partnership with the local community and keep our eyes and ears open to local needs.

I believe that the next turning point for the Shinagawa Konan area will be the opening of the new station on the Yamanote Line (provisionally scheduled for 2020). We have held a series of meetings with representatives of area management teams from other companies, and exchanged information. In business terms, we are rivals, but I hope we can work in a spirit of friendly rivalry to enliven the local community with the goal of adding to the convenience of the area.



From the left: Hirota Murakami, Shinagawa Season Terrace Building Management Corporation; Takeshi Uchiyama, Shinagawa Season Terrace Management Office, Commercial Business Headquarters; Yu Miyagi, Shinagawa Season Terrace Management Office, Office Building Business Headquarters; Hiroki Watanabe, Shinagawa Season Terrace Management Office, Commercial Business Headquarters

Our Role at the Heart of the Local Community

Initiatives to promote “peace of mind and safety” at Akihabara UDX

In recent years, a succession of major natural disasters has led to greater awareness among the public of the need to prepare for disasters. Office buildings continue to place greater emphasis on BCP (business continuity plan). NTT Urban Development Corporation has actively introduced new policies related to disaster prevention and BCP, especially at Akihabara UDX, where our Head Office is located. Members of the Office Building Business Headquarters and the Akihabara UDX Management Office explain the measures we have implemented.

Disaster prevention and BCP measures are demanded by both local communities and customers

Akihabara UDX carries out disaster prevention training above the legal requirements and actively communicates related information. It gives the impression of working enthusiastically on disaster prevention and BCP measures. What is the thinking behind this approach?

Akihabara UDX was redeveloped by NTT Urban Development Corporation on land that used to be a fruit and vegetable market and that attracted a lot of people. Given its history, Akihabara UDX needs to be seen as having a mission to provide a core role in the local community. It goes without saying that we also believe we should also be working hard on disaster prevention as part of our contribution to the local community.

When the Great East Japan Earthquake struck on March 11, 2011, numerous stranded people gathered in the lobby and spent the night here. We believe that Akihabara UDX should meet the expectations that Akihabara visitors have for us as a place of peace of mind and safety. This was why, in January 2013, NTT Urban Development Corporation concluded an agreement with Chiyoda Ward offering Akihabara UDX as a facility to receive stranded commuters in the event of a disaster.

Using advanced measures to increase awareness of the need for disaster prevention

Is there anything you focus on when coming up with specific disaster prevention policies?

Disaster prevention always has such a dull image, and we would like to dispel that if possible. In September 2016, we provided a next-generation evacuation training session called LUDUSOS at Akihabara UDX. The training can be played on a smartphone, like a computer game.

In addition to providing the training required under the Fire Services Act, we have also held our own training.

Participants formed teams and used the GPS function on their smartphones while walking around disaster prevention-related locations inside Akihabara UDX, such as emergency water wells. The teams then competed on their times. This disaster prevention training was picked up on by some media outlets, and the participants really enjoyed it.

There are three main categories of help that can be offered to the victims of natural disasters – self-help, mutual assistance, and public assistance. We believe that the first

thing it is important to focus on is self-help. If we take the example of an office building, if a tenant’s employees can protect themselves it becomes easier for the building management to tackle other things that need to be done. Raising the awareness of disaster prevention among tenants’ employees and helping them to respond and implement measures in the event of a disaster help to improve the disaster prevention capabilities of the office building itself.

Do you do anything else to get tenants’ employees interested in disaster prevention?

We gave participants the opportunity to experience earthquakes with an intensity of 4 to 6 on the seismic scale in an earthquake simulation vehicle provided by Chiyoda Ward. After hosting a meeting for tenants’ fire prevention and disaster prevention managers, we gave the managers a tour showing where the fire prevention shutters and doors close. We believe that combining hands-on experiences like these is an important way of promoting meaningful disaster prevention training and hosting joint disaster management meetings.

We have also added dedicated “SAFETY” pages to the Akihabara UDX website, introducing the disaster prevention features and performance of Akihabara UDX using photographs and drawings. To raise the level of people’s interest, we have posted photographs of disaster prevention facilities from locations visitors would not normally get to see. This includes flood protection sheets and cogeneration systems.

We have also prepared a handbook for tenants, and we display video clips related to disaster prevention on the digital signage inside Akihabara UDX. What’s more, we are planning to recruit participants from among our tenants to take a tour of an external disaster prevention facility.

NTT Urban Development Corporation is also a tenant of Akihabara UDX. What do you do at your company to raise awareness of disaster prevention?

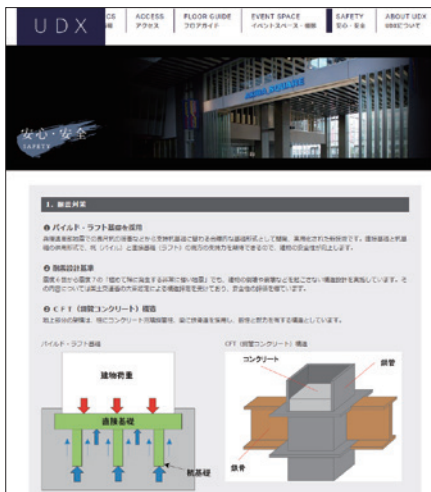


The LUDUSOS event, and a water well at Akihabara UDX for use in times of disaster



Our Role at the Heart of the Local Community

Initiatives to promote “peace of mind and safety” at Akihabara UDX



The “SAFETY” pages on the Akihabara UDX website



Flood protection sheets



A sandbag before absorbing water A sandbag after absorbing water

We have started an awareness-raising activity called “Monthly Disaster Prevention”. The Office Building Business Headquarters writes an article on disaster prevention, and this is posted on the company intranet around once every month. We have also held food tastings for emergency provisions, and we have encouraged people to take on unique challenges like purchasing disaster preparation goods at 100-yen shops.

These internal publicity events are gradually having an effect. For example, at Summer Family Day 2016, around 60% of the games planned by our employees for children were related to disaster prevention. This event was planned and run by a different department to ours, so we were really

surprised, but we were delighted that awareness of the need for disaster prevention has increased.

Building bonds to work together in times of disaster

Do you have any policies aimed at contributing to the sense of community between tenants that might encourage mutual assistance in the event of a disaster?

When we hosted LUDUSOS at Akihabara UDX, we built bonds between tenants by getting their employees to work together in teams made up of closely located tenants. When a disaster strikes, it becomes difficult for people to work together if they don't know one another, even if they are all tenants of the same building. If people are already comfortable cooperating with one another ordinarily, it might encourage them to assist one another when difficulties arise.

What is your approach to working in partnership with the local community?

Akihabara TMO, Inc. was jointly established by Chiyoda Ward and leading local companies. NTT Urban Development Corporation is one of the participants. In addition to serving as the office for the operation of traffic-free zones and cleaning activities, Akihabara TMO, Inc. also acts as the secretariat of the local Stranded Commuters Assistance Association for the Akihabara Station area.

The Stranded Commuters Assistance Association works in partnership with Chiyoda Ward Council of Social Welfare and carries out training at the square in front of the station around March 11 every year, in preparation for the stranding of commuters. Information is broadcast using the disaster information radio service, and participants walk to facilities set up to receive stranded commuters, in accordance with the scenarios set out by Chiyoda Ward. Training is also given to international exchange students in recognition of the fact that Akihabara has numerous overseas visitors.

Lastly, could you please tell us about the future direction, and your determination to carry out further initiatives?

We want to hold disaster prevention training and joint disaster management meetings that make our tenants glad they took part.



Children take a disaster prevention quiz at Summer Family Day 2016

We want to be able to provide useful information that allows people to learn more about Akihabara UDX. We want to display supplies, and give people opportunities to look at things and have hands-on experiences. Because we are responsible for disaster prevention and disaster response at NTT Urban Development Corporation, we plan to come up with new ideas that will give many employees the opportunity to tackle disaster prevention with greater enthusiasm.

In addition to accepting stranded commuters in the event of a disaster, Akihabara UDX has a big role to play as an embodiment of NTT Urban Development Corporation's disaster prevention and BCP approach. We are located in an area that attracts large numbers of visitor both from Japan and overseas, and for this reason we want to continue developing disaster prevention and disaster response measures and raising awareness, including overseas.



From the left: Masaaki Ochi, Facility Management Group, Akihabara UDX Management Office; Shota Harada, Building Service Planning Department, Office Building Business Headquarters; Hideki Kawabata, Disaster Risk Management Office, Office Building Business Headquarters; Tomofumi Hirano, Facility Management Operations, Facility Management Group, Akihabara UDX Management Office

Initiatives in the Five CSR Themes

NTT Urban Development Corporation has set out five CSR themes. We work hard to promote urban planning that brings smiles to the faces of visitors, while also respecting history and culture.

* Please see P3 of the NTT Urban Development Group CSR Basic Policy for details of the CSR themes.

CSR Theme ① Communication with stakeholders

NTT Urban Development Group seeks to come up with and practice better quality urban planning, while working hard to engage in earnest dialog with people from a variety of positions who are affected by urban planning.

When developing office buildings, commercial facilities, hotels and apartments, etc., we work hard to reflect the diverse needs of the region and neighborhood in the plans. This includes an external building appearance that is in harmony with the surroundings. Specifically, we try to learn about the nature of the land we are developing, including its history and people's memories, and we have a strong focus on utilizing this essence in the designs for new buildings and spaces.

Even at the stage of operating developed properties, we try to play a useful role for the local community by actively participating in local council meetings, etc. and working hard to promote area management activities*1. For example, since the grand opening of Shinagawa Season Terrace (Minato Ward, Tokyo) in May 2015, we have hosted a variety of events that utilize its open green spaces.

We have used topics such as food, health, culture and sports to provide opportunities for local workers and residents to take part freely in events, and to enjoy new experiences and exchanges (see pages 5-6).

In our relationships with customers for office buildings and commercial facilities, etc., we listen to their opinions and work hard to improve CS (customer satisfaction). We hold regular meetings of our internal committees in order to share information on individual issues, apply what we have learned from excellent examples to other projects, and resolve issues in a cross-organizational manner. We also offer opportunities at each building for the staff involved in operation and management to improve their day-to-day services. What's more, we work hard to promote barrier-free design in ways that reflect the opinions of people with disabilities. In condominium housing, we have established "sections" to collect customers' opinions and respond in a carefully-tailored way.

*1 Activities promoted by residents, business-owners, and land-owners with the goal of maintaining and increasing the local environment and value.

Urban planning that utilizes history and culture

We have carried out developments at Shinpuhkan (Kyoto) and 1 King William Street (UK) in ways that respect local history and culture. We will continue to utilize history and culture in our urban planning.

Redeveloping the site of a former elementary school into a hotel in a project that retains for the future the character of local scenery and buildings

NTT Urban Development Corporation aims to create new value while protecting landscapes alive with history. In May 2016, we were selected as a candidate for contracts related to use of the site of the former Kiyomizu Elementary School in Higashiyama Ward, Kyoto City, and in July 2017 we reached an agreement on a utilization plan with Kyoto City and the residents' association.

Kyoto City regards the site of former elementary schools and similar sites as valuable assets for the city's people. It sought proposals from private contractors for utilization of these sites. One such site

was the former Kiyomizu Elementary School. The site still retains its distinctive scenery and faces onto Matsubara Street, which leads directly to the Kiyomizu Temple World Heritage Site. In the project, we retained the design of the existing buildings, which were built in the early Showa period. We proposed a profound space with a refined hotel that combines different elements - Japanese and Western, as well as modern and antique. The business concept was to "engrave memories and build links to the future". This stemmed from our desire to create a hotel that passes on local history and local

people's sensibilities, while also creating new memories for visitors and residents to pass on to future generations.



Architectural rendering of the completed development

Working alongside people with disabilities to promote barrier-free designs

NTT Urban Development Corporation is promoting the “Otemachi 2-Chome District, Category 1 Urban Redevelopment Project” with a scheduled completion date of 2018. From the early planning stage, we received advice from NTT Claruty Corporation (which is a special subsidiary that promotes the employment of people with disabilities) regarding the flow planning and required equipment for the lower floors of the building, and we have looked at how to promote a barrier-free design from the perspective of people with disabilities. Specifically, we have installed daredemo toilets (multi-function toilets) on the ground floor, and equipped the facility

with flashlights that raise an alarm for the benefit of hearing impaired people in the event of a disaster. We also reviewed the flow of the whole building from the perspective of people with disabilities. For example, we installed vertical platform lifts for use with wheelchairs and buggies, and we have provided rising planting along the main flow of the outer periphery to prevent people with visual impairments from becoming lost. At the underground entrance that leads directly to the subway, we have installed intercoms fitted with braille guides and cameras designed to allow support staff to be deployed when called. We plan to carry out a detailed

investigation into voice guidance inside elevators and other details, and we will continue to promote barrier-free design for the entire building.



A meeting held to discuss barrier-free design in the “Otemachi 2-Chome District, Category 1 Urban Redevelopment Project”

Sharing case studies of CS initiatives within the company, and strengthening the communication of information to customers

NTT Urban Development Corporation is promoting initiatives aimed at increasing CS (customer satisfaction) awareness among the employees and awareness of related measures, for example through CS training and CS lecture sessions, and publication of the “CS TIMES” on the company intranet. In the “CS TIMES”, we provide examples of initiatives, the motivations behind our CS activities, the content of training sessions, and tools useful for improving CS. These efforts help us to raise awareness of CS.

In 2016, we published “IGOCOCHI” as

an office newsletter for the general public. The newsletter contains features of the tenants of buildings of the NTT Urban Development Corporation speaking about their buildings. The newsletter also features partner companies involved in project management, and shows how they work. It gives a clear insight into the buildings and services offered by NTT Urban Development Group. We plan to continue publishing the newsletter on a regular basis with the aim of utilizing it as a “door-knocking tool” that can improve the transmission of information to our custom-

ers, and raise employee satisfaction of our customers and partner companies.



Office newsletter for the general public, “IGOCOCHI”

CSR Theme ② Creation of comfortable and lively living spaces

NTT Urban Development Group develops and operates high-quality and highly reliable office buildings in outstanding locations throughout Japan’s major cities. We provide spaces that offer convenience, comfort and safety, and contribute to greater work productivity, while flexibly incorporating the latest technology. We have expanded our business overseas. As a first step in this direction, we renovated an office building at 1 King William Street (London, UK). We gave a property located in an historic buildings conservation area the latest equipment, but in a way that allowed its history to be passed on to the next generation.

In our residential building business, which focuses on condominium apartments, we work hard to build high-quality buildings that will retain their asset value in the long term, and to offer outstanding support that will protect and develop these important assets, under the Wellith brand. We have promised to uphold the following “six senses of quality” for our customers: PERMANENCE, CREATION OF LANDSCAPES, SAFETY AND SECURITY,

RELIABLE MANAGEMENT, COMFORTABILITY and ADVANCED INFORMATION TECHNOLOGY. We are also promoting new initiatives, including a project to renovate high-quality existing buildings, and a proposal for simultaneously developing housing for the elderly with care services next to condominium apartment buildings, and providing services as a package (the “Connecting TOWN Project”).

As part of our development and operation of commercial facilities, we are working in partnership with the local community and our tenants to provide attractive and lively spaces under our “business vision” – “a tale of towns built together with the local community ~ with each and everyone, one building at a time”.

The creation of these comfortable and lively spaces is backed up by our Policy on Safety and Quality. We work hard to maintain and improve quality at all stages – planning, design, construction, and management – in a way that ensures safety now, in the future, and in the unlikely event of something unexpected happening.

Renovation that allows a building to create value through time

NTT Urban Development Corporation aims to creating homes that can be lived in by successive generations, while maintaining the asset value of the building. Our renovated condominium business is a new initiative that seeks to achieve this goal.

Work on IKSIX Azabu-Juban was completed in July 2016. The communal spaces were refurbished, while the private areas were regenerated as freely-designed apartments, allowing customers to change the layout and the color of fittings in line with their needs. We have renovated the buildings so that their value increases with time. This includes a Furubiru design for the external appearance and entrance

that will not be affected by trends.

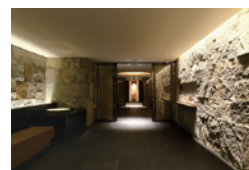
In January 2017, we completed construction on Woodville Azabu as the second project of the renovated condominium business. For the private spaces, we adopted a free design, similar to IKSIX Azabu-Juban. We chose a concept of “authenticity valued in the long term”, and carried out a review of the design, service and management. In terms of functions, we took into account maintainability, and made the building one that could be lived in by successive generations, while retaining and growing in value.

All of the properties were renovated with a view to a 100-year lifespan. We aim to

achieve “comfort” from a long-term perspective, including proposals for a 100-year long-term refurbishment plan.



Communal area at Woodville Azabu Before refurbishment of the entrance



After refurbishment of the entrance

Building homes in which multiple generations can live for years to come (Connecting TOWN Project)

In NTT Urban Development Corporation's “Connecting TOWN Project”, we have developed condominium apartments alongside housing for the elderly that offers care services (serviced retirement homes). In this way, we have achieved housing in which multiple generations can live comfortably for many years to come.

Wellith Musashino Sekimachi (condominium apartments) and Wellith Olive Musashino Sekimachi (serviced retirement homes) (Nerima Ward, Tokyo) form the second part of the project. We used a calm design for the exterior in harmony with the surroundings and Musashino's green and quiet location. The residential areas of the condominium apartments feature movable partitions that allow fami-

lies to adjust the number of rooms according to changes in family composition, generous storage space, and the flexibility to adapt to changes in lifestyles, including universal design. What's more, the residents of the condominium apartments can apply for and make use of the same services offered to the serviced retirement homes if these become necessary, and they have priority when moving to the neighboring serviced retirement homes, up to relatives within the second degree. We aim to offer a system that allows people to go on living with peace of mind in an area they are used to, and in a way that maintains their links to their local community and family.

The third development of the project,

Nakamachi, Machida (Machida City, Tokyo) will continue this model. As we look to the future, we will continue to promote ways of bringing people together, and linking people with their towns.



Merci Promenade Wellith Musashino Sekimachi and Wellith Olive Musashino Sekimachi

Creating spaces that allow links between people to bring about innovation - “Shibuya 30” Project

NTT Urban Development Corporation has cooperated with the “Shibuya 30” Project as part of our urban planning support. Under the project, representatives of companies, local government, NPOs and residents associated with Shibuya Ward work together to propose and execute solutions to challenges facing the local community, with the aim of realizing a vision for Shibuya Ward 20 years in the future.

NTT Urban Development Corporation offered the use of part of a property it owns called Harajuku Daiichi Mansions as

a base for Shibuya 30 to operate from December 1, 2016 through February 23, 2017. We set up a collaboration space within the facility known as the “Harajuku if space” to allow groups of between 5 and 100 people to work together, and we assisted in operation of the project in cooperation with the project leaders. One NTT Urban Development Corporation employee took part as a member of the project and helped to come up with ideas for overcoming the challenges facing Shibuya Ward along with the other team members.

We plan to continue contributing to urban planning by “creating spaces” that bring together people from a variety of perspectives and lead to innovation.



The closing presentation is given at the “Harajuku if space” venue

Comprehensive real estate companies have a social role of coming up with and achieving comprehensive visions for buildings and cities. As part of development business, they play the role of business proprietor and are required to promote urban planning in an environmentally-friendly and sustainable way in collaboration with other business partners, including construction companies and facilities management companies. NTT Urban Development Group collaborates with NTT Group to promote a variety of environment conservation activities, in a way that befits a comprehensive real estate company.

It goes without saying that we pursue environmentally-friendly design from a broad range of perspectives in our office buildings and commercial facilities. What's more, as part of our building operations and management, and at the repair and scrapping stages, we pursue potential energy savings, and try to reduce CO₂ emissions, counteract the heat island phenomenon, conserve biodiversity, reduce waste, and save water.

In respect to energy savings and reductions in CO₂ emissions (which is one of the most important challenges facing international

society), we give overall consideration at the design stage to the building structure, building materials, equipment, and control systems, and we also promote efficient energy use during operation. We work hard to provide information and to hold regular meetings to obtain the cooperation of tenants. What's more, we utilize natural energy in consideration of individual circumstances, including solar power generation and the purchase of green electricity. We are working towards a target of improving the energy consumption (consumption rate) in the buildings we own by an average of 1% per year in the medium to long term through these initiatives. In FY2016, our energy usage (crude oil equivalent) for the operational floor space of our buildings was 37.66l/ m², which was an improvement on the previous fiscal year.

In our residential business, we have utilized the knowhow gained from these initiatives to develop and operate condominiums and leased housing with outstanding environmental performance.

Making maximum use of natural light to achieve high environmental performance (Urbannet Nihonbashi 2-chome Building)

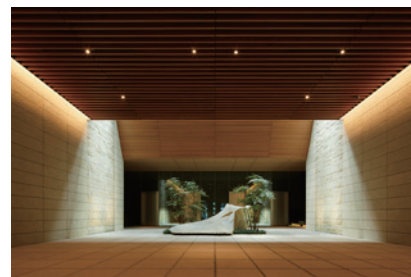
In 2016, construction was completed of the Urbannet Nihonbashi 2-chome Building, which has incorporated state-of-the-art environmental performance and BCP (business continuity plan). We used Japan's largest light duct for the Urbannet Nihonbashi 2-chome Building, with a width of approximately 10 meters. We successfully incorporated natural light from all four sides of the office. This helped us to improve environmental performance by saving on lighting energy etc., while supplementing the light needed for work. It also allows workers to work in a comfortable and highly

productive environment that allows them to sense from indoors the beauty of natural light as it changes with time.

The design was based on a theme of the traditions and character of the Nihonbashi area, including eaves reminiscent of a traditional Japanese store, and a tranquil overhang at the entrance lobby. The highly regarded design received the Good Design Award for FY2016.

NTT Urban Development Corporation will continue working hard to develop office buildings with outstanding energy savings and environmental performance,

while raising the comfort and intellectual productivity of office workers.



A light duct and inner courtyard are used to present the entrance hall (Photo: Forward Stroke)

A vast green area used as "ecological infrastructure" (Shinagawa Season Terrace)

Shinagawa Season Terrace (Minato Ward, Tokyo) is situated in a location that can productively link the coastal ecosystem of the Tokyo Bay waterfront with the forest ecosystem of the Musashino Terrace, which are divided by a built-up area. To allow Shinagawa Season Terrace to play the role of "ecological infrastructure" linking this ecological network, we have selected tree varieties in consideration of regional characteristics (including Oshima cherry, konara oak, sawtooth oak, bamboo-leaf oak, and Japanese flowering dogwood) and planted them in a vast green area of approximately 3.5 hectares. The tree layout is now encouraging wild

birds to visit the area. During preparation of the planting program, we created opportunities for discussions with local people and made every effort to reflect their opinions in the program. We also created a waterfront space (hygrophyte flower garden) that can be visited by dragonflies and waterfowl. In May 2017, ducks and ducklings were observed playing in the water and walking around the gardens.

As a result of these initiatives, Shinagawa Season Terrace was certified under the "Social and Environmental Green Evaluation System (Urban Development Edition SEGES)" of the Organization

for Landscape and Urban Green Infrastructure. In 2017, it was recognized by SEGES as an "Urban Oasis (enjoying greenery)", a category that recognizes initiatives that provide comfortable and safe urban green spaces.



A duck and ducklings take a walk around the gardens

Implementing multifaceted measures

The NTT Cred Motomachi Building (Naka Ward, Hiroshima City) and Akihabara UDX (Chiyoda Ward, Tokyo) are equipped with “dry mist.” This system artificially produces mist and helps to control the heat island phenomenon by lowering the surrounding temperature. We also actively utilize the practice of uchimizu, a traditional Japanese method of cooling that involves sprinkling water on the ground. At Grand Front Osaka (Kita Ward, Osaka City), we cooperate and participate in the “Umeda Uchimizu Daisakusen.” We have also taken

part in uchimizu events organized by Otemachi First Square and Otemachi Financial City (both located in Chiyoda Ward, Tokyo), as well as municipal and local councils in Hiroshima and Fukuoka.

In addition to these activities, NTT Urban Development Corporation implements multifaceted initiatives at the properties we own in many different regions — including arranging planted areas, planting vegetation in parking lots, and using water-retentive paving materials — to help alleviate the heat island phenomenon.



Tenjin Uchimizu Daisakusen 2017

CSR Theme ④ Creation of workplaces where diversity is respected

NTT Urban Development Corporation promotes diversity management to help diverse employees perform to their full potential. In October 2014, we established the Diversity and Inclusion Office, and we are working hard to raise awareness of diversity management throughout our whole organization. In March 2016, we formulated a four-year “General Business Owner Action Plan” (up to March 2020) based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. In addition, we have collected opinions within the company from a variety of channels, such as questionnaire surveys targeting all employees, and used this in the planning and development of specific policies. In response to life events, such as childcare and nursing care, we are promoting the development of systems and policies related to childbirth and childcare (work reduction measures for pregnant employees, and support during, before and after leave), and we are developing a nursing care-related system. We are also working to promote understanding of how employees can manage both work and nursing care, for example by hosting the “Seminar on How to Achieve both Work and Nursing Care”. We have also introduced an employment system that allows employees who wish to continue working after retirement to stay on at work up to the age of 65, with the aim of utilizing the

knowledge and experience of veteran employees. Furthermore, we are working hard to promote understanding of the employment of people with disabilities and LGBT people. These measures are linked to the consideration NTT Urban Development Corporation gives to diversity as part of urban planning.

We continue to support efforts to ensure safety and hygiene, and to promote self-enlightenment among our employees. When relocating our Head Office in FY2016, we received the New Office Promotion Award at the 30th “Nikkei New Office Awards” for the innovative ways in which we created an office that is easy to work in and prioritizes creativity.

As a good corporate citizen, NTT Urban Development Group carries out social contribution activities in many locations, in ways that lead to the creation of affluent communities. We have promoted these activities based on the following pillars of our Citizenship Activities Policy: “1. Leveraging our core businesses,” “2. Working with communities,” and “3. Supporting the personal growth of employees.” In addition to continuing to carry out various activities at our branches that contribute to more beautiful and safer towns and the support of local communities, we also support employees’ volunteering activities and post-disaster reconstruction support.

Initiatives promoting a transformation in working styles

At NTT Urban Development Corporation, since FY2015 we have been promoting initiatives such as the Work Style Transformation Project with the dual aims of allowing our diverse human resources to display their creativity, and achieving efficient ways of working.

In the FY2016 Work Style Transformation Project, we formed teams at our major organizations, shared ideas about the challenges faced, set targets for each team, and promoted measures for around eight months. Progress in these measures was reported at “Interim Report Meetings” and “Final Report Meetings”, attended by executives and several employees, and these meetings were used as opportuni-

ties to exchange opinions between the team members and the executives.

The meetings were also used by the executives to communicate their own messages. In FY2016, we posted messages on the intranet website from the president and the heads of the organizations participating in the Work Style Transformation Project. This allowed our executives to explain in their own words to the employees their ideas on how to transform our ways of working.

We have also formulated the “Seven Principles for Meetings” as a set of rules for holding meetings, and we have displayed these on posters in meeting rooms and other locations in order to



Final Report Meeting for the Work Style Transformation Project

encourage more efficient meetings.

We will continue to work across the company to promote the realization of a better work-life balance.

Offices that facilitate work and bring about creativity

When relocating our Head Office in FY2016, we pursued innovative ways of creating an office that is easy to work in and prioritizes creativity. We have established a variety of ways of working based on the added-value creating concepts of “Collaboration”, “Innovation”, “Inspiration” and “Presentation”, while continuing to pursue the existing concepts of “Hospitality”, “Communication”, and “Security”.

For example, under the “Hospitality” concept, we have sought designs that will please our customers by creating clearer flows, and better open meeting spaces.

It is a given that we seek to promote

communication between employees. However, we also aim to help promote the creation of new ideas, the sharing of knowledge, and the realization of collaboration across different departments. We have allocated a variety of different spaces, including a café, a library, and semi-closed meeting spaces that allow training sessions, etc. to be held.

The Head Office was recognized for the way it encourages cross-communication and allows for sufficient space, and we were awarded the New Office Promotion Award at the 30th “Nikkei New Office Awards”. One of the tenants at a building

owned by NTT Urban Development Corporation received the same award. We will continue to create offices that facilitate work and bring about creativity.



A meeting space that promotes collaboration

Support for post-disaster reconstruction

We continue to provide support for post-disaster reconstruction.

Since 2011, the year of the Great East Japan Earthquake, we have been donating a portion of our spring/summer menu fair and summer festival sales at Akiba-ichi, a restaurant and shop in Akihabara UDX, as relief funds to support the Tohoku region's reconstruction through the Japanese Red Cross Society.

When an earthquake struck Kumamoto in April 2016, we collected donations at the NTT T-Building, Kiraekiki-dori Street Car Park Waiting Area (Kyushu Branch), and commercial facilities such as Motomachi Cred and Pacela, Cred Okayama (Chugoku Branch) and Blossa (Tokai Branch), and passed these donations on to the disaster-stricken areas.



Donations box set up at a store

CSR Theme ⑤ Sound business activities

We establish guidelines for corporate ethics and compliance for NTT Urban Development and make these known to employees via our intranet website. We have also set up a Corporate Ethics Promotion Committee that deliberates policy concerning corporate ethics and compliance as well as responses in the rare event that a violation occurs. Additionally, our executives and organizational heads routinely provide instructions and supervision to ensure that no compliance violations or corruption takes place. We also take thoroughgoing steps to build understanding of these topics by holding training on corporate ethics and compliance each year to cultivate awareness, and by conducting post-training questionnaire surveys.

Furthermore, we continually publicize our “Corporate Ethics and Compliance Helpline,” which serves as our contact point for related inquiries, among our employees. We make fully certain in our company regulations and actual procedures that no employees who report to the helpline will suffer disadvantageous treatment from the company because of their report. When beginning business with overseas companies, we conduct advance background checks that examine the applicability of sanctions lists among other items, and urge the inclusion of stipulations for corruption prevention in contracts. As a result of such initiatives, no employee of NTT Urban Development has ever received disciplinary punish-

ment for corruption, and we have never paid a fine or reparation related to corruption.

What's more, we have established an Information Security Management Committee and taken steps to ensure information security. The company-wide management structure is as follows: The chair of the Information Security Management Committee is the person with overall responsibility for information security. Below this person are organizational heads who are the people responsible for information security in their own organizations. Among other measures, these people continuously take physical and system-based measures to prevent unauthorized access as well as the loss, falsification, or leakage of information, and provide employee training and client supervision.

Furthermore, the NTT Urban Development Group firmly maintains a corporate posture of “respecting human rights and never practicing, allowing, or excusing discrimination,” with each and every executive and employee developing proper awareness and understanding of human rights issues. In addition to the development of internal systems led by the Human Rights Promotion Committee (CSR Committee), we carry out training through e-learning and other methods in order to increase the employees' correct knowledge and understanding of human rights issues.

About NTT Urban Development Group

NTT Urban Development Corporation was established as a real estate company in January 1986 by Nippon Telegraph and Telephone Corporation (NTT) with the aim of utilizing idle land owned by NTT. Later, the company acquired other real estate companies established throughout Japan with similar aims, and the size of the company's real estate business grew to a nationwide scale. In 2004, the company was listed on the First Section of the Tokyo Stock Exchange.

NTT Urban Development Corporation is the only comprehensive real estate company in NTT Group. We are responsible for our own management, and carry out independent business operations.

Outline of the Company and Group

* As of March 31, 2017

Name	NTT Urban Development Corporation
Head Office	Akihabara UDX, 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo, 101-0021, Japan
Established	January 21, 1986
Listing	First Section of the Tokyo Stock Exchange
Capital	48,760 million yen
Branches	Tokai Branch, Kyoto Branch, Kansai Branch, Chugoku Branch, Kyushu Branch, Singapore Branch
Group companies	23 consolidated subsidiaries, and 17 equity method affiliates [Main group companies] ■ NTT Urban Development Building Service Corp. ■ NTT Urban Development Hokkaido Co. ■ UD EUROPE LIMITED ■ UD USA Inc. ■ UD AUSTRALIA PTY LIMITED ■ Premier REIT Advisors Co., Ltd.

Business Outline

■ Office Buildings and Commercial Business

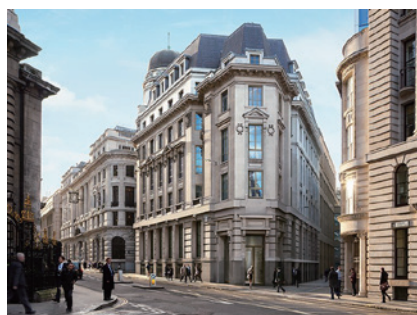
NTT Urban Development Group carries out a real estate leasing business for the office buildings, commercial facilities and hotels, etc. that we develop and own. In Japan, development of the business has focused on major cities, such as Tokyo, Nagoya, Kyoto, Osaka, Hiroshima, Fukuoka and Sapporo. Overseas, we have developed the business to the United States and the United Kingdom.

■ Residential Business

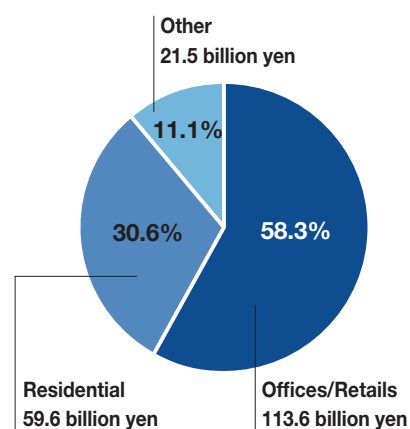
The group is also involved in rental housing and serviced retirement homes, with a focus on the condominium apartments business. In the condominium business, we offer the Wellith series of apartments, which is the apartment brand for NTT Urban Development Group.

■ Other Business

NTT Urban Development Group also carries out business in the fields of building design, construction/construction supervision, building management/supply of heating and air conditioning to office buildings, operation of food and beverage facilities at office buildings, and operation of real estate funds.

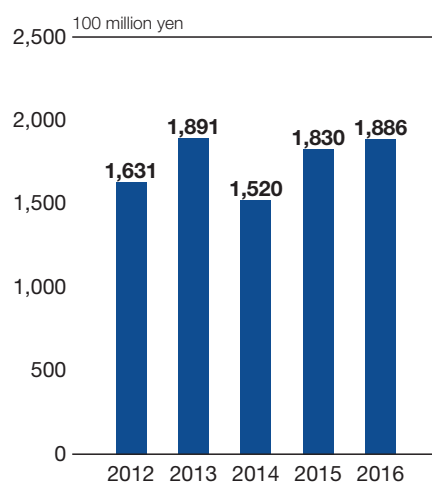


Operating revenues by business segment
(FY2016)

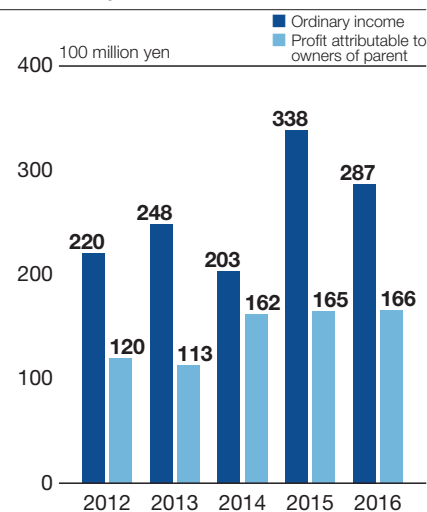


* Operating revenues include inter-segment internal revenues and transfers.

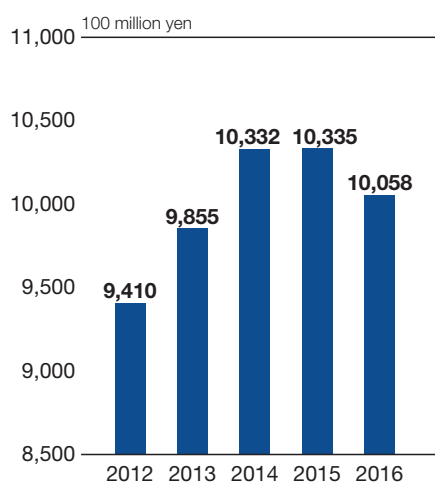
Operating revenues



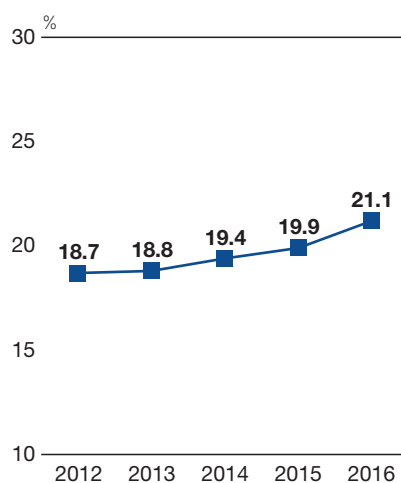
Ordinary income and profit attributable to owners of parent



Total assets



Shareholders' equity ratio



No. of employees

