

(10) Business Combinations

Acquisition of Lux e-shelter 1 S.a.r.l. ("e-shelter")

On June 22, 2015, NTT Communications acquired 86.7% of the outstanding shares of e-shelter, a German data center services provider, for ¥98,096 million. This business combination has been accounted for by applying the acquisition method. The fair values of the assets acquired and liabilities assumed, as well as the resulting goodwill and redeemable noncontrolling interests recognized as of the acquisition date were ¥130,829 million, ¥91,427 million, ¥70,422 million and ¥11,728 million, respectively.

(11) Investment Property

1. Investment Property

NTT Group maintains investment properties including office buildings.

2. Fair Value of Investment Property

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Amount included in the consolidated balance sheets ⁽¹⁾		
Balance at beginning of year	¥899,877	¥985,741
Increase (Decrease)	85,864	(9,912)
Balance at end of year	985,741	975,829
Fair value at end of year ⁽²⁾	¥1,718,560	¥1,828,057

(1) "Amount included in the consolidated balance sheets" represents the original acquisition cost reduced by the accumulated depreciation amount and the accumulated impairment loss.

(2) "Fair value at end of year" is calculated primarily through real estate appraisal standards.

(12) Additional Information

The Change in Corporate Tax Rates

Following the enactment of the Act for the Partial Revision of the Income Tax Act and the Act for the Partial Revision of the Local Tax Act on March 29, 2016, the corporate tax rates have been changed for fiscal years that began on or after April 1, 2016. Due to the change in the enacted tax rates, the statutory tax rate to be used for the calculation of deferred tax assets and liabilities decreased and as a result, when compared with the statutory tax rate applied before this revision, deferred tax assets(net) decreased ¥32,665 million and net income attributable to NTT decreased ¥23,703 million.

Release of valuation allowance of deferred tax assets

NTT West and NTT DOCOMO Group changed their estimates of the realizability of deferred tax assets. As a result, the release of valuation allowance for the deferred tax assets in the amount of ¥76,385 million was recorded as an income tax benefit in "Income tax expense (benefit)-Deferred" in the consolidated statements of income for the fiscal year ended March 31, 2016.

Acquisition of Dell Systems Corporation ("Dell Systems") (among Other Companies) and IT Services-Related Business

On March 28, 2016, NTT DATA, through its subsidiary NTT Data International L.L.C., entered into a definitive agreement with Dell Inc. to acquire the Dell Services Division, a provider of cloud services, applications-related services and BPO services primarily based in North America. Pursuant to this agreement, NTT Data International L.L.C. plans to acquire 100% of the shares of three companies, including Dell Systems, as well as other IT service-related business from Dell Inc. for US\$3,055 million during the fiscal year ending March 31, 2017.