

Outline of Consolidated Financial Statements

For the Six Months from April 1 to September 30, 2014

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	http://www.nomura-re-hd.co.jp/english/
Representative :	Kamezo Nakai, President
IR contact :	Daisuke Kitai, General Manager of Corporate Communications & Investor Relations Dept. info@nomura-re-hd.com
Scheduled submitting date of quarterly securities report:	November 14, 2014
Scheduled starting date for dividend payments :	December 1, 2014
Preparation of explanatory materials for financial results :	Yes
Information meetings arranged related to financial results :	Yes (for institutional investors and analysts, in Japanese)

Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purpose. All statements were based on Tanshin report prepared in accordance with the provisions set forth in accounting regulations and principals generally accepted in Japan.

(Values of less than one million yen rounded off.)

I. Consolidated Operating Results for the Six Months from April 1 to September 30, 2014

(1) Consolidated business results

(% indicates the rate of changes from previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months								
FY2014	243,074	(3.5)	29,208	(19.9)	24,718	(20.6)	11,684	(33.4)
FY2013	251,944	13.2	36,457	17.9	31,121	23.2	17,553	32.2

(Note) Comprehensive income: From April 1 to September 30, 2014 ¥16,354 million (down 2.5%)

From April 1 to September 30, 2013 ¥16,772 million (10.9%)

	Net income per share	Net income per share after adjusting for dilution
First six months	yen	yen
FY2014	61.20	60.99
FY2013	92.05	91.74

(2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Sep. 30, 2014	1,343,489	431,687	27.3
Mar. 31, 2014	1,313,887	418,697	27.1

(Reference) Shareholders' equity: At September 30, 2014 ¥367,429 million At March 31, 2014 ¥355,680 million

II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY2013	—	15.00	—	20.00	35.00
FY2014	—	20.00			
FY2014 (Forecast)			—	20.00	40.00

(Note) Revision of dividend forecasts during this quarter: None

III. Forecasts of Consolidated Operating Results for the Fiscal Year from April 1, 2014 to March 31, 2015

(% indicates the rate of changes from previous fiscal year or term)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2014	560,000	5.3	65,000	(12.5)	55,000	(14.1)	29,000	8.0	151.87

(Note) Revision of operating result forecasts during this quarter: None

* Notes

(1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements :None

(3) Changes in accounting policies, accounting estimates, and restatements

1) Changes in accounting policies due to revision of accounting standards, etc. : Yes

2) Changes in accounting policies other than the above : None

3) Changes in accounting estimates : None

4) Restatements : None

(Note) Please refer to the Appendix P8 “2. Summary Information (Notes), (2) Changes in Accounting Policies, Accounting Estimates, and Restatements” for more details.

(4) Number of shares issued (common stock)

	At September 30	At March 31
	2014	2014
1) Number of shares outstanding (including treasury shares)	190,981,700	190,906,800
2) Treasury shares	1,206	1,206
	From April 1 to September 30	From April 1 to September 30
	2014	2013
3) Average number of shares during the term	190,926,251	190,708,657

* Implementation status of quarterly auditing procedure

The financial summary and the accompanying materials including the consolidated financial statements are not subject to the quarterly review procedure by external auditors that are based on Financial Instruments and Exchange Act. The quarterly review procedure has not yet finished at the point of releasing this financial summary.

* Use of earnings forecasts and other special remarks

(Forward-looking statements)

Certain statements other than historical facts in this document are forward-looking statements that reflect the company's plans and estimates based on currently available information. Therefore, the Company has no intention to promise the accomplishment of the forecasts. These statements include known and unknown risks, uncertainties, and other factors that may cause the company's actual future performance to differ from the forward-looking statements contained herewith. For the consolidated operating result forecasts, refer to the Appendix P.7 "1. Qualitative Information (3) Consolidated Operating Result Forecasts."

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on October 30, 2014 and will be uploaded on the Company's website.

Appendix - Contents

- 1. Qualitative Information 2
 - (1) Business Results 2
 - (2) Financial Position 6
 - (3) Consolidated Operating Result Forecasts 7
- 2. Summary Information (Notes) 8
 - (1) Transfer of Important Subsidiaries during the Current Cumulative Second Quarter 8
 - (2) Changes in Accounting Policies, Accounting Estimates, and Restatements 8
- 3. Quarterly Consolidated Financial Statements 9
 - (1) Quarterly Consolidated Balance Sheets 9
 - (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income..... 11
 - Quarterly Consolidated Statements of Income
 - Six Months from April 1 to September 30, 2014 11
 - Quarterly Consolidated Statements of Comprehensive Income
 - Six Months from April 1 to September 30, 2014 12
 - (3) Quarterly Consolidated Statement of Cash Flows 13
 - (4) Notes to Quarterly Consolidated Financial Statements 15
 - (Notes to Going Concern Assumptions) 15
 - (Notes to Significant Changes in Shareholders' Equity) 15
 - (Segment Information) 15
 - (Significant Subsequent Events) 16

1. Qualitative Information

(1) Business Results

The Nomura Real Estate Group posted the following consolidated performance for the current second quarter: Operating revenue of 243,074 million yen, which represents a decrease of 8,870 million yen, or 3.5% from the previous second quarter; operating income of 29,208 million yen, a decrease of 7,249 million yen, or 19.9 %; ordinary income of 24,718 million yen, a decrease of 6,402 million yen, or 20.6 %; and net income of 11,684 million yen, a decrease of 5,869 million yen, or 33.4%.

An overview of segment achievements is given below.

Operating revenue for each segment includes internal sales and transfer amount among segments. Due to the rounding of fractions, total figures may not match.

From the current second quarter, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment. The house leasing business has also been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company's leasing asset portfolio.

The results of the previous second quarter and previous consolidated fiscal year were calculated in line with the newly adopted method of cost allocation and segment classification.

<Residential Development Business Segment>

Operating revenue in this segment totaled 141,725 million yen, which represents a decrease of 2,667 million yen, or 1.8 % from the previous second quarter, and operating income was 11,141 million yen, a decrease of 3,144 million yen, or 22.0 %. This was due mainly to the fact that sales prices and profitability have decreased while the number of housing units sold has increased compared with the previous second quarter in housing sales sector.

Housing sales have remained strong, and we posted the sale of 2,927 units (an increase of 187 units from the previous second quarter), including PROUD Omiya (Omiya-ku, Saitama-shi, Saitama), PROUD TOWER Shirokanedai (Mianto-ku, Tokyo), OHANA Kitatoda Gardenia (Toda-shi, Saitama), PROUD Senriyamada Front (Suita-shi, Osaka) for condominiums, and PROUD SEASON Eda-Minami (Tsuduki-ku, Yokohama-shi, Kanagawa) for detached houses. The number of contracted unrecorded housing units as of the end of the current second quarter totaled 6,100 units (a decrease of 953 units over the end of the previous second quarter).

Number of units, sales, and outstanding contract amount sold for the joint-venture are calculated based on the Group's allotments.

Breakdown of operating revenue

		FY2013 2Q		FY2014 2Q		FY2013	
		Number of housing units sold	Operating revenue (Millions of yen)	Number of housing units sold	Operating revenue (Millions of yen)	Number of housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	2,234 units	119,518	2,401 units	116,518	4,723 units	236,853
	Kansai area	345 units	12,634	242 units	9,267	930 units	35,143
	Other	160 units	6,580	283 units	11,683	555 units	23,925
	Subtotal (Of which, number of detached housing)	2,740 units (266 units)	138,732 (14,529)	2,927 units (323 units)	137,469 (17,291)	6,209 units (718 units)	295,923 (37,748)
Other			5,660		4,256		11,702
Total			144,393		141,725		307,625

Housing sales Period-end completed housing inventories

	As of September 30, 2013	As of September 30, 2014	As of March 31, 2014
Tokyo metropolitan area	41 units	172 units	31 units
Kansai area	1 unit	-	-
Other	-	-	-
Total	42 units	172 units	31 units
(Of which, number of detached housing)	(4 units)	(6 units)	(5 units)

Housing sales Contracted unrecorded housing units

	As of September 30, 2013		As of September 30, 2014		As of March 31, 2014	
	Number of housing units	Outstanding contract amount (Millions of yen)	Number of housing units	Outstanding contract amount (Millions of yen)	Number of housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	5,376 units	277,975	4,886 units	269,979	4,995 units	270,318
Kansai area	1,080 units	39,873	803 units	29,075	697 units	25,429
Other	597 units	25,767	410 units	18,109	495 units	20,896
Total	7,053 units	343,616	6,100 units	317,164	6,189 units	316,643
(Of which, number of detached housing)	(268 units)	(13,831)	(125 units)	(8,216)	(185 units)	(9,431)

<Leasing Business Segment >

Operating revenue in this segment totaled 48,018 million yen, which represents a decrease of 1,576 million yen, or 3.2% from the previous second quarter, and operating income totaled 13,122 million yen, a decrease of 1,002 million yen, or 7.1%. This was due mainly to a decrease in the sale of properties in property development sector, and a partial moving of a tenant from the Hamamatsucho Building (Mianto-ku, Tokyo) to the LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa), which started operation in the third quarter of the previous fiscal year in the leasing sector.

In leasing business sector, NREG Kawasaki Logistics Center (Kawasaki-ku, Kawasaki-shi, Kanagawa) which completed in the previous fiscal year contributed to income. In property development sector, we posted the sale of PMO Kanda-Tsukasamachi (Chiyoda-ku, Tokyo).

Breakdown of operating revenue

	FY2013 2Q (Millions of yen)	FY2014 2Q (Millions of yen)	FY2013 (Millions of yen)
Leasing (offices)	23,482	23,302	48,131
Leasing (retail facilities)	5,161	5,287	10,544
Leasing (other)	2,566	2,770	5,151
Property development	11,761	8,890	25,608
Other	6,623	7,766	10,429
Total	49,594	48,018	99,866

Rentable floor area

	As of September 30, 2013	As of September 30, 2014	As of March 31, 2014
Offices	740,138 m ²	781,752 m ²	748,596 m ²
Retail facilities	106,799 m ²	106,601 m ²	106,601 m ²
Total	846,936 m ²	888,353 m ²	855,197 m ²

Vacancy rate (offices and retail facilities)

As of September 30, 2013	As of September 30, 2014	As of March 31, 2014
3.0%	6.3%	2.9%

<Investment Management Business Segment>

Operating revenue in this segment totaled 4,559 million yen, which represents a decrease of 2,866 million yen, or 38.6% from the previous second quarter, and operating income totaled 2,332 million yen, a decrease of 2,553 million yen, or 52.3%. This was due mainly to the recording of asset acquisition fee paid by Nomura Real Estate Master Fund, Inc. and dividend income through the sale of SPC's property in the previous second quarter.

	FY2013 2Q (Millions of yen)	FY2014 2Q (Millions of yen)	FY2013 (Millions of yen)
Operating revenue	7,426	4,559	18,326

Assets under management

	As of September 30, 2013 (Millions of yen)	As of September 30, 2014 (Millions of yen)	As of March 31, 2014 (Millions of yen)
REITs	890,030	965,229	941,385
Private funds, etc.	200,321	132,123	190,861
Total	1,090,351	1,097,352	1,132,246

<Property Brokerage & CRE Business Segment>

Operating revenue in this segment totaled 13,396 million yen, which represents an increase of 102 million yen, or 0.8% from the previous second quarter, operating income totaled 3,173 million yen, a decrease of 123 million yen, or 3.7%.

In retail operations, we opened new branch stores, Kitasenju Center (Adachi-ku, Tokyo) in April 2014 and Nishi-Kasai Center (Edogawa-ku, Tokyo) in July 2014.

Breakdown of operating revenue

	FY2013 2Q (Millions of yen)	FY2014 2Q (Millions of yen)	FY2013 (Millions of yen)
Property brokerage	11,281	11,277	24,520
Other	2,012	2,118	4,647
Total	13,294	13,396	29,168

Number of transactions and total transaction value of property brokerage

	FY2013 2Q	FY2014 2Q	FY2013
Number of transactions	3,701	3,357	7,437
Total transaction value (Millions of yen)	294,523	314,916	672,774

<Property & Facility Management Business Segment>

Operating revenue in this segment totaled 33,500 million yen, which represents an increase of 1,071 million yen, or 3.3% from the previous second quarter, and operating income totaled 2,086 million yen, an increase of 3 million yen, or 0.2%.

Due to the merger of Nomura Building Management Co., Ltd. and Nomura Living Support Co., Ltd. on April 1, 2014, the breakdown of operating revenue for this segment has been changed from "Building management" and "Housing management" to "Property & facility management" and "Construction ordered" since the first quarter of the current fiscal year. In line with this change, the figures for the second quarter and full-year results of the previous fiscal year are classified under the new classification.

Breakdown of operating revenue

	FY2013 2Q (Millions of yen)	FY2014 2Q (Millions of yen)	FY2013 (Millions of yen)
Property & facility management	25,033	25,308	50,967
Construction ordered	7,396	8,191	21,183
Total	32,429	33,500	72,150

Number of properties under management

	As of September 30, 2013	As of September 30, 2014	As of March 31, 2014
Buildings under management	724	716	703
Condominiums under management (unit)	141,712	151,641	147,516

<Other Business Segment>

Operating revenue in this segment totaled 8,028 million yen, which represents a decrease of 1,741 million yen, or 17.8% from the previous second quarter, and operating loss totaled 84 million yen (the previous second quarter was operating income of 290 million yen). This was due mainly to a decrease in the sale of assets owned by a sector other than the fitness club business.

In the fitness club business sector, we newly opened Dayos24 Unoki-Ekimae (Ota-ku, Tokyo) in June 2014.

	FY2013 2Q (Millions of yen)	FY2014 2Q (Millions of yen)	FY2013 (Millions of yen)
Operating revenue	9,769	8,028	18,640

(2) Financial Position

	As of March 31, 2014 (Millions of yen)	As of September 30, 2014 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,313,887	1,343,489	29,601	2.3
Total liabilities	895,190	911,801	16,611	1.9
Net assets	418,697	431,687	12,990	3.1
Shareholders' equity ratio	27.1%	27.3%	-	-

Total assets totaled 1,343,489 million yen, an increase of 29,601 yen from the end of the previous fiscal year. This was mostly due to an increase inventories including real estate for sale (increased by 50,159 million yen).

Total liabilities totaled 911,801 million yen, an increase of 16,611 million yen from the end of the previous fiscal year. This was due mainly to an increase in short-term loans payable (increased by 40,836 million yen) and commercial papers (increased by 9,000 million yen), while long-term loans payable decreased (decreased by 23,800 million yen).

Net assets totaled 431,687 million yen, an increase of 12,990 million yen from the end of the previous fiscal year. This was due mainly to an increase in retained earnings (increased by 8,143 million yen).

The shareholders' equity ratio was 27.3%, an increase of 0.2 percentage points from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of the current second quarter totaled 48,278 million yen, which represents a decrease of 19,704 million yen from the end of the previous fiscal year.

Net cash provided by (used in) operating activities in the current second quarter decreased by 23,944 million yen, a decrease of 85,793 million yen from the previous second quarter. This was due mainly to an increase in inventories, while the 21,166 million yen of quarterly income before income taxes and minority interests was recorded.

Net cash provided by (used in) investment activities in the current second quarter decreased by 17,604 million yen, an increase of 1,815 million yen from the previous second quarter. This mainly reflected the purchase of property, plant and equipment and intangible assets.

Net cash provided by (used in) financing activities in the current second quarter increased by 21,808 million yen, an increase of 68,812 million yen from the previous second quarter. This was due mainly to fundraising through short-term loans payable and commercial papers, while long-term loans payable were paid back.

(3) Consolidated Operating Result Forecasts

There is no change in the consolidated operating result forecasts announced on April 30, 2014.

From the current second quarter, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment. The house leasing business has also been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company's leasing asset portfolio.

In consideration of the results of the current second quarter, forecasts by segment have been revised from those announced on April 30, 2014 to those shown below.

Operating Revenue

	Initial forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)	
			Revision of operating result forecasts	Changes in adjustments, etc. (Note)
Residential Development	356,000	349,000	(7,000)	(4,000)
Leasing	88,000	96,000	8,000	4,000
Investment Management	9,000	9,000	-	-
Property Brokerage & CRE	28,000	27,000	(1,000)	-
Property & Facility Management	73,000	73,000	-	-
Other	17,000	18,000	1,000	-
Adjustments	(11,000)	(12,000)	(1,000)	-
Total	560,000	560,000	-	-

Operating Income

	Initial forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)	
			Revision of operating result forecasts	Changes in adjustments, etc. (Note)
Residential Development	34,000	31,000	(3,000)	(3,500)
Leasing	22,000	23,500	1,500	(500)
Investment Management	5,000	4,500	(500)	-
Property Brokerage & CRE	7,500	6,000	(1,500)	(500)
Property & Facility Management	5,000	5,000	-	-
Other	500	0	(500)	-
Adjustments	(9,000)	(5,000)	4,000	4,500
Total	65,000	65,000	-	-

(Note) Changes due to a revision in the method of allocating costs and changes in the segmentation of house leasing business are included.

2. Summary Information (Notes)

(1) Transfer of Important Subsidiaries during the Current Cumulative Second Quarter

There were no applicable subsidiaries.

However, along with the Company's plans for commercialization utilizing land owned by Yokohama Mirai 46 Special Purpose Company, Ltd., the Company included it in the scope of consolidation from the current second quarter. Please see the Notice of Transfer of Subsidiary (Consolidation of a Special Purpose Company) announced on October 30, 2014 for more details.

(2) Changes in Accounting Policies, Accounting Estimates, and Restatements

Changes in Accounting Policies

(Adoption of Accounting Standards for Retirement Benefits)

The Group has applied the "Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26 issued May, 17 2012; hereinafter "Retirement Benefits Accounting Standards") and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25 issued May, 17 2012; hereinafter "Guidance") from the first quarter of the consolidated accounting period under review. In accordance with the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance, the Group reviewed the method of calculation for retirement benefit liabilities and service costs, and changed the method of attributing expected amount of retirement benefits to accounting periods from a straight-line attribution standard to a benefit formula, and changed the method of calculating discount rate from the use of the expected average remaining service years for employees to use of a single weighted average discount rate .

Adoption of the accounting standards for retirement benefits and Guidance is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards, and the amount of financial impact at the beginning of the second quarter of the consolidated accounting period under review as a result of the adoption of the new calculation method for retirement benefit liabilities and service costs is added to/ removed from retained earnings.

As a result, retirement benefit liabilities at the beginning of the current second quarter decreased by 2,445 million yen and retained earnings increased by 1,571 million yen. Consequently, operating income, ordinary income, and net income in the cumulative second quarter ended September 30, 2014 each increased by 64 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

Assets	資産の部	FY2013 (As of March 31, 2014)	FY2014 2Q (As of September 30, 2014)
Current Assets:	流動資産合計	496,978	523,972
Cash and deposits	現金及び預金	45,484	45,280
Notes and accounts receivable-trade	受取手形及び売掛金	14,770	12,293
Short-term investment securities	有価証券	22,500	3,000
Real estate for sale	販売用不動産	45,047	62,652
Real estate for sale in process	仕掛販売用不動産	217,838	199,141
Land held for development	開発用不動産	85,974	137,160
Equity investments	営業エクイティ投資	7,128	6,526
Deferred tax assets	繰延税金資産	7,384	6,385
Other	その他	51,025	51,571
Allowance for doubtful accounts	貸倒引当金	(177)	(39)
Noncurrent Assets:	固定資産合計	816,909	819,517
Property, plant and equipment	有形固定資産合計	716,093	726,121
Buildings and structures, net	建物及び構築物(純額)	242,176	237,748
Land	土地	467,610	480,986
Other, net	その他(純額)	6,306	7,386
Intangible assets	無形固定資産合計	9,382	9,951
Investments and other assets	投資その他の資産合計	91,433	83,444
Investment securities	投資有価証券	47,630	40,351
Lease and guarantee deposits	敷金及び保証金	19,223	19,927
Deferred tax assets	繰延税金資産	21,860	20,223
Other	その他	2,720	2,943
Allowance for doubtful accounts	貸倒引当金	(1)	(1)
Total Assets	資産合計	1,313,887	1,343,489

(Millions of yen)

Liabilities	負債の部	FY2013 (As of March 31, 2014)	FY2014 2Q (As of September 30, 2014)
Current Liabilities :	流動負債合計	288,094	333,605
Notes and accounts payable-trade	支払手形及び買掛金	37,629	37,314
Short-term loans payable	短期借入金	152,683	193,520
Commercial papers	コマーシャル・ペーパー	—	9,000
Current portion of bonds	1年内償還予定の社債	10,000	10,000
Income taxes payable	未払法人税等	8,091	8,175
Deposits received	預り金	9,175	13,228
Deferred tax liabilities	繰延税金負債	148	265
Provision for bonuses	賞与引当金	6,087	5,956
Provision for directors' bonuses	役員賞与引当金	586	296
Provision for loss on business liquidation	事業整理損失引当金	112	98
Other	その他	63,580	55,750
Noncurrent Liabilities :	固定負債合計	607,095	578,196
Bonds payable	社債	23,000	23,000
Long-term loans payable	長期借入金	431,900	408,100
Lease and guarantee deposits received	受入敷金保証金	57,124	57,759
Deferred tax liabilities	繰延税金負債	67,421	67,324
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	4,537	4,537
Provision for loss on subleasing business	転貸事業損失引当金	473	436
Net defined benefit liability	退職給付に係る負債	14,901	11,545
Other	その他	7,737	5,492
Total Liabilities	負債合計	895,190	911,801
Net Assets	純資産の部		
Shareholders' Equity:	株主資本合計	348,347	356,607
Capital stock	資本金	116,024	116,082
Capital surplus	資本剰余金	93,353	93,411
Retained earnings	利益剰余金	138,971	147,115
Treasury shares	自己株式	(2)	(2)
Other Comprehensive Income:	その他の包括利益累計額合計	7,333	10,821
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(689)	2,287
Deferred gains or losses on hedges	繰延ヘッジ損益	25	46
Revaluation reserve for land	土地再評価差額金	7,224	7,224
Foreign currency translation adjustment	為替換算調整勘定	32	32
Remeasurements of defined benefit plans	退職給付に係る調整累計額	742	1,231
Subscription Rights to Shares:	新株予約権	1,273	1,695
Minority Interests:	少数株主持分	61,742	62,562
Total Net Assets	純資産合計	418,697	431,687
Total Liabilities and Net Assets	負債・純資産合計	1,313,887	1,343,489

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Six Months from April 1 to September 30, 2014)

(Millions of yen)

		FY2013 2Q (From April 1 to September 30, 2013)	FY2014 2Q (From April 1 to September 30, 2014)
Operating Revenue	営業収益	251,944	243,074
Operating Cost	営業原価	175,182	171,234
Operating Gross Profit	営業総利益	76,762	71,839
Selling, General and Administrative Expenses	販売費及び一般管理費	40,305	42,631
Operating Income	営業利益	36,457	29,208
Non-operating Income	営業外収益合計	747	525
Interest income	受取利息	40	30
Dividends income	受取配当金	430	218
Equity in earnings of affiliates	持分法による投資利益	9	17
Other	その他	267	259
Non-Operating Expenses	営業外費用合計	6,084	5,015
Interest expenses	支払利息	5,250	4,599
Other	その他	833	415
Ordinary Income	経常利益	31,121	24,718
Extraordinary Income	特別利益合計	514	2,547
Gain on sales of noncurrent assets	固定資産売却益	514	206
Dividends distribution from silent partnership associated with impairment loss	減損損失に伴う匿名組合損益分配額	—	2,203
Other	その他	—	137
Extraordinary Losses	特別損失合計	259	6,099
Impairment loss	減損損失	259	6,099
Income before Income Taxes and Minority Interests	税金等調整前四半期純利益	31,376	21,166
Income taxes-current	法人税、住民税及び事業税	6,674	8,445
Income taxes-deferred	法人税等調整額	5,447	(144)
Total income taxes	法人税等合計	12,121	8,301
Income before minority interests	少数株主損益調整前四半期純利益	19,254	12,864
Minority interests in income	少数株主利益	1,700	1,180
Net Income	四半期純利益	17,553	11,684

(Quarterly Consolidated Statements of Comprehensive Income)

(Six Months from April 1 to September 30, 2014)

(Millions of yen)

		FY2013 2Q (From April 1 to September 30, 2013)	FY2014 2Q (From April 1 to September 30, 2014)
Net Income before Minority Interests	少数株主損益調整前四半期純利益	19,254	12,864
Other Comprehensive Income	その他の包括利益合計	(2,481)	3,489
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(2,387)	2,979
Deferred gains or losses on hedges	繰延ヘッジ損益	(93)	21
Revaluation reserve for land	土地再評価差額金	(0)	(0)
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	—	489
Comprehensive Income	四半期包括利益	16,772	16,354
(Breakdown)	(内訳)		
Comprehensive income attributable to owners of the parent	親会社株主に係る四半期包括利益	15,075	15,172
Comprehensive income attributable to minority interests	少数株主に係る四半期包括利益	1,697	1,182

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

		FY2013 2Q (From April 1 to September 30, 2013)	FY2014 2Q (From April 1 to September 30, 2014)
Cash Flows from Operating Activities			
Income before income taxes and minority interests	税金等調整前四半期純利益	31,376	21,166
Depreciation and amortization	減価償却費	6,968	7,523
Equity in (earnings) losses of affiliates	持分法による投資損益	(9)	(17)
Increase (decrease) in allowance for doubtful accounts	貸倒引当金の増減額	(24)	(138)
Increase (decrease) in provision for retirement benefits	退職給付引当金の増減額	450	—
Increase (decrease) in provision for loss on business liquidation	事業整理損失引当金の増減額	(18)	(14)
Increase (decrease) in provision for loss on subleasing business	転貸事業損失引当金の増減額	(220)	(36)
Increase (decrease) in net defined benefit liability	退職給付に係る負債の増減額	—	(151)
Interest and dividends income	受取利息及び受取配当金	(470)	(248)
Interest expenses	支払利息	5,250	4,599
Decrease (increase) in notes and accounts receivable-trade	売上債権の増減額	1,946	2,477
Decrease (increase) in inventories	たな卸資産の増減額	17,072	(50,159)
Decrease (increase) in equity investments	営業エクイティ投資の増減額	20,216	602
Increase (decrease) in notes and accounts payable-trade	仕入債務の増減額	(15,878)	(314)
Increase (decrease) in deposits received	預り金の増減額	4,220	4,052
Other, net	その他	1,375	(1,045)
Subtotal	小計	72,254	(11,705)
Interest and dividends income received	利息及び配当金の受取額	1,273	725
Interest expenses paid	利息の支払額	(5,445)	(4,658)
Income taxes paid	法人税等の支払額	(6,233)	(8,306)
Net Cash Provided by (used in) Operating Activities	営業活動によるキャッシュ・フロー	61,848	(23,944)
Cash Flows from Investing Activities			
Purchase of investment securities	投資有価証券の取得による支出	(8,814)	(632)
Proceeds from sales and liquidation of investment securities	投資有価証券の売却及び清算による収入	101	549
Purchase of property, plant and equipment and intangible assets	有形及び無形固定資産の取得による支出	(16,608)	(18,787)
Proceeds from sales of property, plant and equipment and intangible assets	有形及び無形固定資産の売却による収入	6,138	905
Collection of loans receivable	貸付金の回収による収入	11	—
Payments for lease and guarantee deposits	敷金及び保証金の差入による支出	(166)	(275)
Proceeds from collection of lease and guarantee deposits	敷金及び保証金の回収による収入	580	599
Repayments of lease and guarantee deposits received	受入敷金保証金の返還による支出	(1,651)	(2,028)
Proceeds from lease and guarantee deposits received	受入敷金保証金の受入による収入	606	2,009
Other, net	その他	381	55
Net Cash Provided by (Used in) Investment Activities	投資活動によるキャッシュ・フロー	(19,420)	(17,604)

(Millions of yen)

		FY2013 2Q (From April 1 to September 30, 2013)	FY2014 2Q (From April 1 to September 30, 2014)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term loans payable	短期借入金の純増減額	(2,750)	34,300
Increase (decrease) in commercial papers	コマーシャル・ペーパーの増減額	—	9,000
Repayments of finance lease obligations	ファイナンス・リース債務の返済による支出	(99)	(78)
Proceeds from long-term loans payable	長期借入れによる収入	37,000	35,500
Repayment of long-term loans Payable	長期借入金の返済による支出	(78,591)	(52,763)
Proceeds from issuance of common stock	株式の発行による収入	303	41
Proceeds from stock issuance to minority shareholders	少数株主からの払込みによる収入	13	3
Purchase of Treasury Shares	自己株式の取得による支出	(0)	—
Cash dividends paid	配当金の支払額	(2,858)	(3,818)
Cash dividends paid to minority shareholders	少数株主への配当金の支払額	(21)	(376)
Net Cash Provided by (Used in) Financing Activities	財務活動によるキャッシュ・フロー	(47,004)	21,808
Net Increase (Decrease) in Cash and Cash Equivalents	現金及び現金同等物の増減額	(4,576)	(19,740)
Cash and Cash Equivalents at Beginning of Period	現金及び現金同等物の期首残高	62,496	67,982
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	連結の範囲の変更に伴う現金及び現金同等物の増減額	—	36
Cash and Cash Equivalents at End of Period	現金及び現金同等物の四半期末残高	57,920	48,278

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Segment information

I FY2013 2Q (Six months from April 1 to September 30, 2013)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	144,032	48,634	7,426	12,417	29,667	242,176	9,768	251,944	-	251,944
Inter-segment	361	960	0	877	2,761	4,961	1	4,963	(4,963)	-
Subtotal	144,393	49,594	7,426	13,294	32,429	247,138	9,769	256,907	(4,963)	251,944
Segment income	14,286	14,124	4,885	3,296	2,082	38,676	290	38,966	(2,508)	36,457

(Notes) 1. The "Other" category, which represents operating segments that are not included in reportable segments, includes fitness club and other businesses.

2. The deduction of 2,508 million yen shown in the adjustments column for segment income includes an addition of 369 million yen for the elimination of inter-segment transactions and a deduction of 2,877 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. The segment income is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	259	-	-	-	259

II FY2014 2Q (Six months from April 1 to September 30, 2014)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	141,348	46,947	4,557	12,097	30,098	235,048	8,026	243,074	-	243,074
Inter-segment	377	1,071	2	1,299	3,401	6,152	2	6,155	(6,155)	-
Subtotal	141,725	48,018	4,559	13,396	33,500	241,201	8,028	249,229	(6,155)	243,074
Segment income or loss	11,141	13,122	2,332	3,173	2,086	31,855	(84)	31,771	(2,563)	29,208

(Notes) 1. The “Other” category, which represents operating segments that are not included in reportable segments, includes fitness club and other businesses.

2. The deduction of 2,563 million yen shown in the adjustments column for segment income includes an addition of 27 million yen for the elimination of inter-segment transactions and a deduction of 2,590 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
3. The segment income or loss is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Changes in reportable segments

From the current second quarter, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment.

In addition, the house leasing business has been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company’s leasing asset portfolio.

In line with these changes, segment income in the current cumulative second quarter decreased by 1,533 million yen in the Residential Development Business Segment, 383 million yen in the Leasing Business Segment, 87 million yen in the Investment Management Business Segment, and 173 million yen in the Property Brokerage & CRE Business Segment, and increased by 2,178 million yen in Adjustments.

In this regard, the segment information for the previous cumulative second quarter has been prepared in accordance with the revised classification and measurement.

3. Impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	-	6,099	-	-	6,099

(Significant Subsequent Events)

On October 28, 2014, the Company issued unsecured straight bonds as described below.

1. The 4th unsecured straight bond issue (10-year)

- (1) Total amount issued: ¥10 billion
- (2) Issue price: ¥100 per face value ¥100
- (3) Interest rate: 0.835% per annum
- (4) Closing date: October 28, 2014
- (5) Maturity date: October 28, 2024
- (6) Use of proceeds: Redemption of the 1st unsecured straight bond issue