

Outline of Consolidated Financial Statements

For the Six Months from April 1 to September 30, 2015

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 :	Eiji Kutsukake, President
IR contact :	Naoko Usami, General Manager of Corporate Communications & Investor Relations Dept. info@nomura-re-hd.com
Scheduled submitting date of quarterly securities report :	November 13, 2015
Scheduled starting date for dividend payments :	December 1, 2015
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, 2015

(1) Consolidated business results

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months								
FY2015	292,905	20.5	40,751	39.5	36,599	48.1	22,468	92.3
FY2014	243,074	(3.5)	29,208	(19.9)	24,718	(20.6)	11,684	(33.4)

(Note) Comprehensive income: From April 1 to September 30, 2015 ¥23,345 million (up 42.7%)
From April 1 to September 30, 2014 ¥16,354 million (down 2.5%)

	Earnings per share	Earnings per share after adjusting for dilution
First six months	yen	yen
FY2015	117.45	116.96
FY2014	61.20	60.99

(2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Sep. 30, 2015	1,397,987	438,793	30.6
Mar. 31, 2015	1,369,226	461,031	28.8

(Reference) Shareholders' equity: At September 30, 2015 ¥ 427,696 million At March 31, 2015 ¥394,059 million

II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY2014	—	20.00	—	25.00	45.00
FY2015	—	27.50			
FY2015 (Forecast)			—	27.50	55.00

(Note) Revision of dividend forecasts during this quarter: Yes

For the revision of dividend forecasts, please refer to “Notice of Revision of Financial Result and Dividend Forecasts of FY2015” released today (October 29, 2015).

III. Forecasts of Consolidated Operating Results for the Fiscal Year from April 1, 2015 to March 31, 2016

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2015	575,000	1.4	76,000	5.7	67,000	5.2	40,000	4.1	208.92

(Note) Revision of operating result forecasts during this quarter: Yes

* 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), (1) Changes in Accounting Policies, Accounting Estimates, and Restatements” for more details.

(4) Number of shares issued (common stock)

	At September 30	At March 31
	2015	2015
1) Number of shares outstanding (including treasury shares)	191,619,301	191,119,700
2) Treasury shares	1,269	1,206
	From April 1 to September 30	From April 1 to September 30
	2015	2014
3) Average number of shares during the term	191,304,867	190,926,251

* 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 detail of forecasts, please 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 29, 2015 and will be uploaded on the Company's website.

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1. Qualitative Information

(1) Business Results

The Nomura Real Estate Group posted the following consolidated performance for the current second quarter: Operating revenue of 292,905 million yen, which represents an increase of 49,831 million yen, or 20.5% year on year; operating income of 40,751 million yen, an increase of 11,543 million yen, or 39.5%; ordinary income of 36,599 million yen, an increase of 11,880 million yen, or 48.1%; and profit attributable to owners of parent of 22,468 million yen, an increase of 10,784 million yen, or 92.3%.

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 first quarter, MEGALOS Co., Ltd., which used to be classified in the “Other Business Segment,” and Nomura Real Estate Wellness Co., Ltd., which was newly established in the first quarter, were transferred to the “Property & Facility Management Business Segment” in order to promote the unification of operations.

In line with these changes, the results of the second quarter and full-year of the previous fiscal year were calculated under the newly adopted segment classification.

<Residential Development Business Segment>

Operating revenue in this segment totaled 192,876 million yen, which represents an increase of 51,151 million yen, or 36.1% year on year, and operating income was 21,310 million yen, an increase of 10,168 million yen, or 91.3%.

This was mainly due to an increase in the number of housing units sold and a rise in sales price and profitability of recorded properties in housing sales sector.

Housing sales have remained strong, and we posted the sale of 3,417 units (an increase of 490 units year on year), including Tomihisa Cross Comfort Tower (Shinjuku-ku, Tokyo), Sakurajosui Gardens (Setagaya-ku, Tokyo), OHANA Hachioji Oak Court (Hachioji-shi, Tokyo), Kyoto Katsuragawa Tsumugi-no-machi Gran Square (Minami-ku, Kyoto-shi, Kyoto) for condominiums, and PROUD SEASON Kami-Yoga (Setagaya-ku, Tokyo) for detached houses.

The number of sold but not recorded housing units totaled 3,634 units as of the end of the current second quarter (a decrease of 2,466 units over the end of the previous second quarter).

Number of units, sales, and outstanding contract amount as sold for the joint-venture projects are calculated based on the Group’s share.

Breakdown of operating revenue

		FY2014 2Q		FY2015 2Q		FY2014	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	2,401 units	116,518	3,120 units	171,211	5,426 units	270,397
	Kansai area	242 units	9,267	232 units	9,321	1,009 units	37,542
	Other	283 units	11,683	64 units	3,316	585 units	25,059
	Subtotal (Detached houses)	2,927 units (323 units)	137,469 (17,291)	3,417 units (174 units)	183,849 (11,795)	7,021 units (859 units)	332,999 (50,573)
Other			4,256		9,027		26,397
Total			141,725		192,876		359,397

Housing sales Period-end completed housing inventories

	As of September 30, 2014	As of September 30, 2015	As of March 31, 2015
Tokyo metropolitan area	172 units	133 units	76 units
Kansai area	-	13 units	13 units
Other	-	13 units	-
Total (Detached houses)	172 units (6 units)	160 units (59 units)	89 units (64 units)

Housing sales Sold but not recorded housing units

	As of September 30, 2014		As of September 30, 2015		As of March 31, 2015	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	4,886 units	269,979	2,508 units	152,360	3,924 units	221,375
Kansai area	803 units	29,075	688 units	31,077	497 units	22,746
Other	410 units	18,109	437 units	19,881	345 units	15,773
Total (Detached houses)	6,100 units (125 units)	317,164 (8,216)	3,634 units (106 units)	203,318 (6,508)	4,767 units (51 units)	259,895 (4,438)

<Leasing Business Segment >

Operating revenue in this segment totaled 42,859 million yen, which represents a decrease of 5,158 million yen, or 10.7% year on year, and operating income totaled 13,239 million yen, an increase of 117 million yen, or 0.9%.

This was mainly due to the fact that progress in leasing up of Hamamatsucho Building (Minato-ku, Tokyo) contributed to an increase in revenue and income in leasing business sector, while property sales decreased in property development sector.

From the current second quarter, the classification of the breakdown of operating revenue has been changed. According to this change, the figures for the second quarter and full year results of the previous fiscal year were calculated under the new classification.

Breakdown of operating revenue

	FY2014 2Q (Millions of yen)	FY2015 2Q (Millions of yen)	FY2014 (Millions of yen)
Leasing (offices)	23,302	24,695	46,563
Leasing (retail facilities)	5,287	5,351	10,323
Leasing (other)	2,770	2,922	5,552
Property development (sale)	7,429	4,496	12,318
Property development (leasing)	1,328	1,842	3,167
Other	7,900	3,550	14,953
Total	48,018	42,859	92,878

Rentable area

	As of September 30, 2014	As of September 30, 2015	As of March 31, 2015
Offices	781,752 m ²	828,171 m ²	822,049 m ²
Retail facilities	106,601 m ²	108,178 m ²	106,580 m ²
Total	888,353 m ²	936,348 m ²	928,628 m ²

Vacancy rate (offices and retail facilities)

As of September 30, 2014	As of September 30, 2015	As of March 31, 2015
6.3%	3.4%	4.5%

<Investment Management Business Segment>

Operating revenue in this segment totaled 5,096 million yen, which represents an increase of 537 million yen, or 11.8% year on year, and operating income totaled 3,372 million yen, an increase of 1,040 million yen, or 44.6%.

This was mainly due to the fact that dividend income associated with the sale of SPC's property was recorded on sales in the current second quarter.

	FY2014 2Q (Millions of yen)	FY2015 2Q (Millions of yen)	FY2014 (Millions of yen)
Operating revenue	4,559	5,096	9,166

Assets under management

	As of September 30, 2014 (Millions of yen)	As of September 30, 2015 (Millions of yen)	As of March 31, 2015 (Millions of yen)
REITs	965,229	1,024,271	1,011,029
Private funds, etc.	132,123	73,102	112,159
Total	1,097,352	1,097,374	1,123,188

<Property Brokerage & CRE Business Segment>

Operating revenue in this segment totaled 15,007 million yen, which represents an increase of 1,611 million yen, or 12.0% year on year, and operating income totaled 3,406 million yen, an increase of 233 million yen, or 7.4%.

In retail operations, we opened the following new branch stores: Kohoku New Town Center (Tsuzuki-ku, Yokohama-shi, Kanagawa) and Ibaraki Center (Ibaraki-shi, Osaka) in April 2015, and Oimachi Center (Shinagawa-ku, Tokyo) in May 2015.

Breakdown of operating revenue

	FY2014 2Q (Millions of yen)	FY2015 2Q (Millions of yen)	FY2014 (Millions of yen)
Property brokerage	11,277	12,636	25,833
Other	2,118	2,371	4,399
Total	13,396	15,007	30,232

Number of transactions and total transaction value of property brokerage

	FY2014 2Q	FY2015 2Q	FY2014
Number of transactions	3,357	3,732	7,174
Total transaction value (Millions of yen)	314,916	315,924	710,980

<Property & Facility Management Business Segment>

Operating revenue in this segment totaled 42,455 million yen, which represents an increase of 1,937 million yen, or 4.8% year on year, and operating income totaled 2,326 million yen, an increase of 163 million yen, or 7.6%.

In fitness club business sector, we opened MEGALOS Nakanobu (Shinagawa-ku, Tokyo) in May 2015, Dayos 24 Kita-Ayase (Adachi-ku, Tokyo) in June 2015, and Dayos 24 Keio-Hachioji Ekimae (Hachioji-shi, Tokyo) in September 2015.

From the first quarter, the breakdown of operating revenue for this segment has been changed due to the fact that MEGALOS Co., Ltd., which used to be classified in the “Other Business Segment,” and newly established Nomura Real Estate Wellness Co., Ltd. were classified in the “Property & Facility Management Business Segment.” In line with these changes, 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

	FY2014 2Q (Millions of yen)	FY2015 2Q (Millions of yen)	FY2014 (Millions of yen)
Property & facility management	24,463	25,051	49,511
Construction ordered	8,722	9,994	21,583
Fitness club & elderly care	7,331	7,408	14,742
Total	40,517	42,455	85,837

Number of properties under management

	As of September 30, 2014	As of September 30, 2015	As of March 31, 2015
Buildings under management	716	736	729
Condominiums under management (unit)	151,641	160,100	155,706

<Other Business Segment>

Operating revenue in this segment totaled 773 million yen, which represents an increase of 77 million yen, or 11.1% year on year, and operating loss totaled 80 million yen (the previous second quarter was operating loss of 160 million yen).

(2) Financial Position

	As of March 31, 2015 (Millions of yen)	As of September 30, 2015 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,369,226	1,397,987	28,761	2.1
Total liabilities	908,195	959,193	50,998	5.6
Net assets	461,031	438,793	(22,237)	(4.8)
Shareholders' equity ratio	28.8%	30.6%	-	-

Total assets totaled 1,397,987 million yen, an increase of 28,761 million yen from the end of the previous fiscal year. This was mainly due to an increase in land (increased by 26,865 million yen) and notes and accounts receivable - trade (increased by 19,469 million yen), while equity investments (decreased by 5,310 million yen) and buildings and structures (decreased by 4,627 million yen) decreased.

Total liabilities totaled 959,193 million yen, an increase of 50,998 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term loans payable (increased by 46,200 million yen) and deposits received (increased by 39,224 million yen), while short-term loans payable (decreased by 23,400 million yen) and notes and accounts payable - trade (decrease by 12,039 million yen) decreased.

Net assets totaled 438,793 million yen, a decrease of 22,237 million yen from the end of the previous fiscal year. This was mainly due to a decrease in non-controlling interests (decreased by 56,011 million yen), while retained earnings (increased by 17,690 million yen) and capital surplus (increased by 16,268 million yen) increased.

The shareholders' equity ratio was 30.6%, an increase of 1.8 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 44,331 million yen, which represents a decrease of 6,086 million yen from the end of the previous fiscal year.

Net cash provided by (used in) operating activities increased by 37,438 million yen (an increase of 61,383 million yen year on year). This was mainly due to an increase in deposits received and a decrease in equity investments, while income taxes were paid.

Net cash provided by (used in) investment activities decreased by 30,154 million yen (a decrease of 12,550 million yen year on year). This mainly reflected the purchase of property, plant and equipment and intangible assets.

Net cash provided by (used in) financing activities decreased by 13,374 million yen (a decrease of 35,182 million yen year on year). This mainly reflected payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation, while funding through long-term loans payable and issuance of bonds was implemented.

(3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2016 were revised from the figures announced on April 30, 2015, due to the fact that the performance of Investment Management Business and Leasing Business is expected to grow than the initial forecasts as a result of considering future outlook based on the results of the current second quarter.

<Consolidation>

The Group expects the following consolidated performance for the fiscal year ending March 31, 2016: Operating revenue of 575,000 million yen; operating income of 76,000 million yen; ordinary income of 67,000 million yen; and profit attributable to owners of parent of 40,000 million yen.

Changes from the previous consolidated result forecasts are as follows:

	Operating revenue	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	585,000	73,000	64,000	38,000	198.83
Revised forecasts (B)	575,000	76,000	67,000	40,000	208.92
Changes (B-A)	(10,000)	3,000	3,000	2,000	-
Changes (%)	(1.7)	4.1	4.7	5.3	-
Actual results for the previous fiscal year	567,159	71,894	63,681	38,441	201.28

<By business segment>

Forecasts for the fiscal year ending March 31, 2016 by business segment are as follows:

Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	357,000	343,000	(14,000)
Leasing	108,000	110,000	2,000
Investment Management	8,000	11,000	3,000
Property Brokerage & CRE	32,000	32,000	-
Property & Facility Management	91,000	91,000	-
Other	1,000	1,000	-
Adjustments	(12,000)	(13,000)	(1,000)
Total	585,000	575,000	(10,000)

Operating income

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	31,000	31,500	500
Leasing	29,000	30,000	1,000
Investment Management	4,500	7,000	2,500
Property Brokerage & CRE	8,000	8,000	-
Property & Facility Management	4,500	4,500	-
Other	0	0	-
Adjustments	(4,000)	(5,000)	(1,000)
Total	73,000	76,000	3,000

2. Summary Information (Notes)

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

Changes in Accounting Policies

(Application of the Accounting Standards for Business Combinations)

Since the first quarter of the accounting period under review, the Company has applied the *Accounting standard for Business Combinations* (Accounting Standards Board of Japan “ASBJ” Statement No. 21, issued on September 13, 2013), the *Accounting Standard for Consolidated Financial Statements* (ASBJ Statement No. 22, issued on September 13, 2013), and the *Accounting Standard for Business Divestitures* (ASBJ Statement No. 7, issued on September 13, 2013). In line with the application of these standards, the Company included the balance resulting from the changes in a parent’s ownership interest in a subsidiary, in which the parent retains control, as capital surplus, and included the costs related to the acquisition of additional ownership interests in the costs of the fiscal period in which the relevant costs were incurred. In regard to the business combinations executed after the beginning of the first quarter of the accounting period under review, the Company has decided to revise the allocation of acquisition costs in response to the tentative decisions related to accounting processing, and to reflect this to the quarterly financial statements for the period in which the relevant business combinations are executed. The Company has also changed the method of disclosing quarterly net income, etc., and the method of reporting changes in minority interests to non-controlling interests. In order to reflect these changes, the financial statements of the cumulative second quarter and the fiscal year for the previous fiscal year have been restated.

In the cash flow statement of the cumulative second quarter, the cash flow for the costs of the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) financing activities, and the cash flow for the costs of the acquisition of ownership interests in subsidiaries resulting in change in scope of consolidation or the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) operating activities.

The accounting standards for business combinations have been applied in accordance with the transitional treatment provided in Paragraph 58-2(4) of the *Accounting Standard for Business Combinations*, Paragraph 44-5(4) of the *Accounting Standard for Consolidated Financial Statements*, and Paragraph 57-4(4) of the *Accounting Standard for Business Divestitures*. These standards were applied prospectively from the beginning of the first quarter of the accounting period under review.

As a result, the income before income taxes and minority interests during the second quarter of the accounting period under review decreased by 435 million yen, and the capital surplus at the end of the second quarter of the accounting period under review increased by 15,539 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 2Q (As of September 30, 2015)
Assets		
Current Assets		
Cash and deposits	47,420	44,333
Notes and accounts receivable-trade	15,029	34,498
Short-term investment securities	3,000	-
Real estate for sale	61,583	63,094
Real estate for sale in process	237,500	263,471
Land held for development	130,221	105,628
Equity investments	6,316	1,005
Deferred tax assets	5,688	5,365
Other	42,586	33,828
Allowance for doubtful accounts	(47)	(52)
Total current assets	549,300	551,175
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	236,787	232,160
Land	486,436	513,301
Other, net	6,852	10,868
Total property, plant and equipment	730,076	756,330
Intangible assets	10,277	10,394
Investments and other assets		
Investment securities	40,853	39,037
Lease and guarantee deposits	20,487	20,130
Deferred tax assets	14,979	15,047
Other	3,252	5,873
Allowance for doubtful accounts	-	(1)
Total investments and other assets	79,572	80,087
Total noncurrent assets	819,926	846,812
Total Assets	1,369,226	1,397,987

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 2Q (As of September 30, 2015)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	48,662	36,623
Short-term loans payable	151,800	128,400
Current portion of bonds	3,000	3,000
Income taxes payable	13,097	12,255
Deposits received	25,095	64,319
Deferred tax liabilities	124	15
Provision for bonuses	6,218	6,401
Provision for directors' bonuses	606	303
Provision for loss on business liquidation	83	72
Other	56,498	43,584
Total current liabilities	305,188	294,976
Noncurrent Liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	431,900	478,100
Lease and guarantee deposits received	60,749	60,838
Deferred tax liabilities	60,214	65,277
Deferred tax liabilities for land revaluation	4,116	4,116
Provision for loss on subleasing business	465	406
Net defined benefit liability	11,078	11,007
Other	4,483	4,471
Total noncurrent liabilities	603,007	664,217
Total Liabilities	908,195	959,193
Net Assets		
Shareholders' Equity		
Capital stock	116,188	116,543
Capital surplus	93,518	109,786
Retained earnings	170,069	187,759
Treasury shares	(2)	(2)
Total shareholders' equity	379,774	414,086
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	5,069	4,512
Deferred gains or losses on hedges	78	57
Revaluation reserve for land	7,644	7,644
Foreign currency translation adjustment	61	65
Remeasurements of defined benefit plans	1,431	1,329
Total accumulated other comprehensive income	14,285	13,609
Subscription Rights to Shares	1,563	1,700
Non-Controlling Interests	65,408	9,397
Total Net Assets	461,031	438,793
Total Liabilities and Net Assets	1,369,226	1,397,987

(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, 2015)

(Millions of yen)

	FY2014 2Q (From April 1 to September 30, 2014)	FY2015 2Q (From April 1 to September 30, 2015)
Operating Revenue	243,074	292,905
Operating Cost	171,234	203,824
Operating Gross Profit	71,839	89,081
Selling, General and Administrative Expenses	42,631	48,329
Operating Income	29,208	40,751
Non-Operating Income		
Interest income	30	31
Dividends income	218	838
Equity in earnings of affiliates	17	16
Other	259	123
Total non-operating income	525	1,009
Non-Operating Expenses		
Interest expenses	4,599	4,025
Other	415	1,136
Total non-operating expenses	5,015	5,161
Ordinary Income	24,718	36,599
Extraordinary Income		
Gain on sales of noncurrent assets	206	-
Dividends distribution from silent partnership associated with impairment loss	2,203	-
Loss on valuation of investment securities	137	-
Total extraordinary income	2,547	-
Extraordinary Losses		
Impairment loss	6,099	-
Loss on valuation of investment securities	-	274
Total extraordinary losses	6,099	274
Income before Income Taxes and Minority Interests	21,166	36,324
Income Taxes - Current	8,445	11,924
Income Taxes - Deferred	(144)	379
Total Income Taxes	8,301	12,304
Profit	12,864	24,020
Profit Attributable to Non-Controlling Interests	1,180	1,552
Profit Attributable to Owners of Parent	11,684	22,468

(Quarterly Consolidated Statements of Comprehensive Income)
(Six Months from April 1 to September 30, 2015)

(Millions of yen)

	FY2014 2Q (From April 1 to September 30, 2014)	FY2015 2Q (From April 1 to September 30, 2015)
Profit	12,864	24,020
Other Comprehensive Income		
Valuation difference on available-for-sale securities	2,979	(556)
Deferred gains or losses on hedges	21	(21)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	-	4
Remeasurements of defined benefit plans, net of tax	489	(101)
Total other comprehensive income	3,489	(675)
Comprehensive Income	16,354	23,345
(Breakdown)		
Comprehensive income attributable to owners of parent	15,172	21,792
Comprehensive income attributable to non-controlling interests	1,182	1,552

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 2Q (From April 1 to September 30, 2014)	FY2015 2Q (From April 1 to September 30, 2015)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	21,166	36,324
Depreciation and amortization	7,523	7,898
Equity in (earnings) losses of affiliates	(17)	(16)
Increase (decrease) in allowance for doubtful accounts	(138)	0
Increase (decrease) in provision for loss on business liquidation	(14)	(10)
Increase (decrease) in provision for loss on subleasing business	(36)	(59)
Increase (decrease) in net defined benefit liability	(151)	(91)
Interest and dividends income	(248)	(869)
Interest expenses	4,599	4,025
Decrease (increase) in notes and accounts receivable-trade	2,477	(19,746)
Decrease (increase) in inventories	(50,159)	(2,878)
Decrease (increase) in equity investments	602	5,310
Increase (decrease) in notes and accounts payable-trade	(314)	(12,041)
Increase (decrease) in deposits received	4,052	39,224
Other, net	(1,045)	(3,162)
Subtotal	(11,705)	53,906
Interest and dividends income received	725	858
Interest expenses paid	(4,658)	(3,998)
Income taxes paid	(8,306)	(13,328)
Net cash provided by (used in) operating activities	(23,944)	37,438
Cash Flows from Investing Activities		
Purchase of investment securities	(632)	(356)
Proceeds from sales and liquidation of investment securities	549	2,377
Proceeds from sales and liquidation of investment securities	-	(9,692)
Purchase of property, plant and equipment and intangible assets	(18,787)	(21,266)
Proceeds from sales of property, plant and equipment and intangible assets	905	5
Payments for lease and guarantee deposits	(275)	(302)
Proceeds from collection of lease and guarantee deposits	599	1,050
Repayments of lease and guarantee deposits received	(2,028)	(1,940)
Proceeds from lease and guarantee deposits received	2,009	2,202
Other, net	55	(2,232)
Net cash provided by (used in) investment activities	(17,604)	(30,154)

(Millions of yen)

	FY2014 2Q (From April 1 to September 30, 2014)	FY2015 2Q (From April 1 to September 30, 2015)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	34,300	4,100
Increase (decrease) in commercial papers	9,000	-
Repayments of finance lease obligations	(78)	(76)
Proceeds from long-term loans payable	35,500	78,000
Repayment of long-term loans payable	(52,763)	(59,300)
Proceeds from issuance of bonds	-	9,936
Proceeds from issuance of common stock	41	404
Proceeds from share issuance to non-controlling shareholders	3	56
Purchase of treasury shares	-	(0)
Cash dividends paid	(3,818)	(4,777)
Dividends paid to non-controlling interests	(376)	(1,465)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(40,253)
Net cash provided by (used in) financing activities	21,808	(13,374)
Effect of Exchange Rate Change on Cash and Cash Equivalents	-	3
Net Increase (Decrease) in Cash and Cash Equivalents	(19,740)	(6,086)
Cash and Cash Equivalents at Beginning of Period	67,982	50,418
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	36	-
Cash and Cash Equivalents at End of Period	48,278	44,331

(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 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	37,428	242,378	696	243,074	-	243,074
Inter-segment	377	1,071	2	1,299	3,088	5,839	0	5,840	(5,840)	-
Subtotal	141,725	48,018	4,559	13,396	40,517	248,218	696	248,914	(5,840)	243,074
Segment income or loss	11,141	13,122	2,332	3,173	2,162	31,932	(160)	31,771	(2,563)	29,208

(Notes) 1. The "Other" category includes operating segments that are not included in reportable segments.

2. The deduction of 2,563 million yen shown in the adjustments column for segment income or loss 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. Impairment loss on noncurrent assets or goodwill by reportable segments

(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

II FY2015 2Q (Six months from April 1 to September 30, 2015)

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	192,551	41,504	5,096	13,716	39,262	292,132	773	292,905	-	292,905
Inter-segment	325	1,354	0	1,290	3,193	6,164	0	6,164	(6,164)	-
Subtotal	192,876	42,859	5,096	15,007	42,455	298,296	773	299,069	(6,164)	292,905
Segment income or loss	21,310	13,239	3,372	3,406	2,326	43,655	(80)	43,575	(2,823)	40,751

(Notes) 1. The “Other” category includes operating segments that are not included in reportable segments.

2. The deduction of 2,823 million yen shown in the adjustments column for segment income or loss includes an addition of 526 million yen for the elimination of inter-segment transactions and a deduction of 3,350 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

Since the first quarter of the accounting period under review, MEGALOS Co., Ltd. which used to be classified in the “Other Business Segment” was transferred to the “Property & Facility Management Business Segment” in order to promote the unification of operations.

In this regard, the segment information for the second quarter of the previous accounting period has been prepared in accordance with the newly adopted segment classification.

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

Not applicable.