

Outline of Consolidated Financial Statements

For the Nine Months from April 1 to December 31, 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 :	February 9, 2016
Scheduled starting date for dividend payments :	-
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 Nine Months from April 1 to December 31, 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 nine months								
FY2015	380,749	8.0	53,048	31.2	47,131	40.4	28,431	70.5
FY2014	352,575	(9.8)	40,421	(31.0)	33,565	(33.3)	16,676	(33.7)

(Note) Comprehensive income: From April 1 to December 31, 2015 ¥29,015 million (up 16.4%)
From April 1 to December 31, 2014 ¥24,930 million (up 4.3%)

	Earnings per share	Earnings per share after adjusting for dilution
First nine months	yen	yen
FY2015	148.53	147.92
FY2014	87.33	87.02

(2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Dec. 31, 2015	1,413,486	439,296	30.3
Mar. 31, 2015	1,369,226	461,031	28.8

(Reference) Shareholders' equity: At December 31, 2015 ¥427,983 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: None

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	208.91

(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 P.7 “2. Summary Information (Notes), (1) Changes in Accounting Policies, Accounting Estimates, and Restatements” for more details.

(4) Number of shares issued (common stock)

	At December 31	At March 31
	2015	2015
1) Number of shares outstanding (including treasury shares)	191,632,701	191,119,700
2) Treasury shares	1,431	1,206
	From April 1 to December 31	From April 1 to December 31
	2015	2014
3) Average number of shares during the term	191,412,431	190,955,401

* 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.6 "1. Qualitative Information (3) Consolidated Operating Result Forecasts."

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on January 29, 2016 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 third quarter: Operating revenue of 380,749 million yen, which represents an increase of 28,173 million yen, or 8.0% year on year; operating income of 53,048 million yen, an increase of 12,626 million yen, or 31.2%; ordinary income of 47,131 million yen, an increase of 13,566 million yen, or 40.4%; and profit attributable to owners of parent of 28,431 million yen, an increase of 11,754 million yen, or 70.5%.

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.

Nomura Real Estate Wellness Co., Ltd., which newly established in April 2015, and MEGALOS CO., LTD., which used to be classified in the "Other Business Segment," were classified in the "Property & Facility Management Business Segment" from the first quarter in order to promote the unification of operations.

In line with these changes, the results of the third 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 216,934 million yen, which represents an increase of 11,131 million yen, or 5.4% year on year, and operating income was 19,143 million yen, an increase of 3,427 million yen, or 21.8%.

This was mainly due to a rise in sales price and profit margin of properties sold in housing sales sector.

Housing sales have remained strong, and we posted the sale of 3,785 units (a decrease of 447 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 4,697 units as of the end of the current third quarter (a decrease of 1,551 units over the end of the previous third 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 3Q		FY2015 3Q		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	3,585 units	172,088	3,399 units	187,976	5,426 units	270,397
	Kansai area	305 units	11,494	262 units	11,771	1,009 units	37,542
	Other	342 units	14,567	124 units	6,072	585 units	25,059
	Subtotal (Detached houses)	4,232 units (445 units)	198,151 (25,101)	3,785 units (288 units)	205,820 (18,637)	7,021 units (859 units)	332,999 (50,573)
Other			7,651		11,113		26,397
Total			205,802		216,934		359,397

Housing sales Period-end completed housing inventories

	As of December 31, 2014	As of December 31, 2015	As of March 31, 2015
Tokyo metropolitan area	108 units	76 units	76 units
Kansai area	3 units	17 units	13 units
Other	-	15 units	-
Total (Detached houses)	111 units (23 units)	109 units (45 units)	89 units (64 units)

Housing sales Sold but not recorded housing units

	As of December 31, 2014		As of December 31, 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	4,705 units	264,803	3,132 units	188,975	3,924 units	221,375
Kansai area	1,047 units	41,366	952 units	43,742	497 units	22,746
Other	495 units	21,736	612 units	30,636	345 units	15,773
Total (Detached houses)	6,248 units (311 units)	327,905 (19,342)	4,697 units (249 units)	263,354 (14,821)	4,767 units (51 units)	259,895 (4,438 units)

<Leasing Business Segment >

Operating revenue in this segment totaled 77,089 million yen, which represents an increase of 10,058 million yen, or 15.0% year on year, and operating income totaled 23,174 million yen, an increase of 5,589 million yen, or 31.8%.

This was mainly due to progress in leasing up of Hamamatsucho Building (Minato-ku, Tokyo) in leasing business sector and an increase in the sale of properties in property development sector.

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

Breakdown of operating revenue

	FY2014 3Q (Millions of yen)	FY2015 3Q (Millions of yen)	FY2014 (Millions of yen)
Leasing (offices)	34,387	37,047	46,563
Leasing (retail facilities)	7,766	8,141	10,323
Leasing (other)	4,152	4,412	5,552
Property development (sale)	7,429	19,326	12,318
Property development (leasing)	2,193	2,608	3,167
Other	11,100	5,552	14,953
Total	67,030	77,089	92,878

Rentable area

	As of December 31, 2014	As of December 31, 2015	As of March 31, 2015
Offices	811,471 m ²	828,049 m ²	822,049 m ²
Retail facilities	106,580 m ²	108,194 m ²	106,580 m ²
Total	918,051 m ²	936,243 m ²	928,628 m ²

Vacancy rate (offices and retail facilities)

As of December 31, 2014	As of December 31, 2015	As of March 31, 2015
7.0%	3.3%	4.5%

<Investment Management Business Segment>

Operating revenue in this segment totaled 9,275 million yen, which represents an increase of 2,398 million yen, or 34.9% year on year, and operating income totaled 6,612 million yen, an increase of 3,119 million yen, or 89.3%.

This was mainly due to an increase in acquisition fee associated with the merger of Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc., and Nomura Real Estate Residential Fund, Inc. in October 2015, and dividend from SPC on its property sales.

	FY2014 3Q (Millions of yen)	FY2015 3Q (Millions of yen)	FY2014 (Millions of yen)
Operating revenue	6,877	9,275	9,166

Assets under management

	As of December 31, 2014 (Millions of yen)	As of December 31, 2015 (Millions of yen)	As of March 31, 2015 (Millions of yen)
REITs	982,554	945,628	1,011,029
Private funds, etc.	122,153	72,356	112,159
Total	1,104,707	1,017,984	1,123,188

<Property Brokerage & CRE Business Segment>

Operating revenue in this segment totaled 21,789 million yen, which represents an increase of 2,546 million yen, or 13.2% year on year, and operating income totaled 4,473 million yen, an increase of 706 million yen, or 18.8%.

This was mainly due to an increase in the number of transactions and total transaction value in property brokerage.

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, Oimachi Center (Shinagawa-ku, Tokyo) in May 2015, Nakano Center (Nakano-ku, Tokyo) in October 2015, and Kachidoki Center (Chuo-ku, Tokyo) in November 2015.

Breakdown of operating revenue

	FY2014 3Q (Millions of yen)	FY2015 3Q (Millions of yen)	FY2014 (Millions of yen)
Property brokerage	16,501	18,701	25,833
Other	2,741	3,087	4,399
Total	19,242	21,789	30,232

Number of transactions and total transaction value of property brokerage

	FY2014 3Q	FY2015 3Q	FY2014
Number of transactions	5,003	5,541	7,174
Total transaction value (Millions of yen)	437,598	461,365	710,980

<Property & Facility Management Business Segment>

Operating revenue in this segment totaled 63,062 million yen, which represents an increase of 1,202 million yen, or 1.9% year on year, and operating income totaled 3,468 million yen, a decrease of 238 million yen, or 6.4%.

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.

Nomura Real Estate Wellness Co., Ltd., which newly established in April 2015, and MEGALOS CO., LTD., which used to be classified in the "Other Business Segment," were classified in the "Property & Facility Management Business Segment" from the first quarter. In line with these changes, the breakdown of operating revenue for this segment has been changed and the figures for the third quarter and full-year results of the previous fiscal year are classified under the new classification.

Breakdown of operating revenue

	FY2014 3Q (Millions of yen)	FY2015 3Q (Millions of yen)	FY2014 (Millions of yen)
Property & facility management	36,819	37,639	49,511
Construction ordered	13,981	14,200	21,583
Fitness club & elderly care	11,059	11,223	14,742
Total	61,860	63,062	85,837

Number of properties under management

	As of December 31, 2014	As of December 31, 2015	As of March 31, 2015
Buildings under management	733	722	729
Condominiums under management (unit)	153,438	160,735	155,706

<Other Business Segment>

Operating revenue in this segment totaled 1,215 million yen, which represents an increase of 275 million yen, or 29.3% year on year, and operating loss totaled 109 million yen (the previous third quarter was operating loss of 201 million yen).

(2) Financial Position

	As of March 31, 2015 (Millions of yen)	As of December 31, 2015 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,369,226	1,413,486	44,259	3.2
Total liabilities	908,195	974,189	65,993	7.3
Net assets	461,031	439,296	(21,734)	(4.7)
Shareholders' equity ratio	28.8%	30.3%	-	-

Total assets totaled 1,413,486 million yen, an increase of 44,259 million yen from the end of the previous fiscal year. This was mainly due to an increase in inventories including real estate for sale (increased by 37,683 million yen) and land (increased by 27,353 million yen), while buildings and structures (decreased by 7,189 million yen) and equity investments (decreased by 5,398 million yen) decreased.

Total liabilities totaled 974,189 million yen, an increase of 65,993 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term loans payable (increased by 47,200 million yen) and short-term loans payable (increased by 28,200 million yen), while notes and accounts payable-trade (decreased by 20,597 million yen) decreased.

Net assets totaled 439,296 million yen, a decrease of 21,734 million yen from the end of the previous fiscal year. This was mainly due to a decrease in non-controlling interests (decreased by 55,821 million yen), while retained earnings (increased by 18,383 million yen) and capital surplus (increased by 16,281 million yen) increased.

The shareholders' equity ratio was 30.3%, an increase of 1.5 points from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of the current third quarter totaled 46,726 million yen, which represents a decrease of 3,692 million yen from the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 28,306 million yen (a decrease of 12,015 million yen year on year). This was mainly due to an increase in inventories, and the payment of taxes.

Net cash provided by (used in) investment activities decreased by 35,360 million yen (a decrease of 1,793 million yen year on year). This mainly reflected the purchase of property, plant and equipment and intangible assets and purchase of shares of subsidiaries resulting in change in scope of consolidation.

Net cash provided by (used in) financing activities increased by 59,980 million yen (an increase of 38,374 million yen year on year). This was mainly due to the fact that funding through long-term and short-term loans payable was implemented, while there were the payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

(3) Consolidated Operating Result Forecasts

There is no change in the consolidated operating result forecasts announced on October 29, 2015.

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 third quarter and the fiscal year for the previous fiscal year have been restated.

In the cash flow statement of the cumulative third 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 third quarter of the accounting period under review decreased by 450 million yen, and the capital surplus at the end of the third 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 3Q (As of December 31, 2015)
Assets		
Current Assets		
Cash and deposits	47,420	46,728
Notes and accounts receivable-trade	15,029	11,404
Short-term investment securities	3,000	-
Real estate for sale	61,583	62,410
Real estate for sale in process	237,500	299,813
Land held for development	130,221	104,503
Equity investments	6,316	918
Deferred tax assets	5,688	3,491
Other	42,586	35,930
Allowance for doubtful accounts	(47)	(38)
Total current assets	549,300	565,161
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	236,787	229,597
Land	486,436	513,789
Other, net	6,852	12,368
Total property, plant and equipment	730,076	755,756
Intangible assets	10,277	10,309
Investments and other assets		
Investment securities	40,853	40,711
Lease and guarantee deposits	20,487	20,425
Deferred tax assets	14,979	15,323
Other	3,252	5,798
Allowance for doubtful accounts	-	(1)
Total investments and other assets	79,572	82,258
Total noncurrent assets	819,926	848,324
Total Assets	1,369,226	1,413,486

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 3Q (As of December 31, 2015)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	48,662	28,065
Short-term loans payable	151,800	180,000
Commercial papers	-	26,000
Current portion of bonds	3,000	3,000
Income taxes payable	13,097	5,414
Deposits received	25,095	10,865
Deferred tax liabilities	124	16
Provision for bonuses	6,218	3,479
Provision for directors' bonuses	606	448
Provision for loss on business liquidation	83	67
Other	56,498	50,086
Total current liabilities	305,188	307,444
Noncurrent Liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	431,900	479,100
Lease and guarantee deposits received	60,749	61,425
Deferred tax liabilities	60,214	65,646
Deferred tax liabilities for land revaluation	4,116	4,116
Provision for loss on subleasing business	465	383
Net defined benefit liability	11,078	10,874
Other	4,483	5,198
Total noncurrent liabilities	603,007	666,745
Total Liabilities	908,195	974,189
Net Assets		
Shareholders' Equity		
Capital stock	116,188	116,556
Capital surplus	93,518	109,800
Retained earnings	170,069	188,453
Treasury shares	(2)	(3)
Total shareholders' equity	379,774	414,807
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	5,069	4,176
Deferred gains or losses on hedges	78	31
Revaluation reserve for land	7,644	7,644
Foreign currency translation adjustment	61	53
Remeasurements of defined benefit plans	1,431	1,269
Total accumulated other comprehensive income	14,285	13,176
Subscription Rights to Shares	1,563	1,726
Non-Controlling Interests	65,408	9,586
Total Net Assets	461,031	439,296
Total Liabilities and Net Assets	1,369,226	1,413,486

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Nine Months from April 1 to December 31, 2015)

(Millions of yen)

	FY2014 3Q (From April 1 to December 31, 2014)	FY2015 3Q (From April 1 to December 31, 2015)
Operating Revenue	352,575	380,749
Operating Cost	248,917	259,359
Operating Gross Profit	103,658	121,389
Selling, General and Administrative Expenses	63,236	68,341
Operating Income	40,421	53,048
Non-Operating Income		
Interest income	39	52
Dividends income	229	1,006
Equity in earnings of affiliates	17	16
Other	409	247
Total non-operating income	697	1,322
Non-Operating Expenses		
Interest expenses	6,835	5,945
Other	717	1,293
Total non-operating expenses	7,553	7,239
Ordinary Income	33,565	47,131
Extraordinary Income		
Gain on sales of noncurrent assets	206	-
Dividends distribution from silent partnership associated with impairment loss	2,203	-
Other	137	-
Total extraordinary income	2,547	-
Extraordinary Losses		
Impairment loss	6,099	950
Loss on valuation of investment securities	-	278
Total extraordinary losses	6,099	1,229
Income before Income Taxes and Minority Interests	30,012	45,901
Income Taxes - Current	8,737	13,229
Income Taxes - Deferred	2,923	2,547
Total Income Taxes	11,660	15,777
Profit	18,352	30,124
Profit Attributable to Non-Controlling Interests	1,675	1,693
Profit Attributable to Owners of Parent	16,676	28,431

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine Months from April 1 to December 31, 2015)

(Millions of yen)

	FY2014 3Q (From April 1 to December 31, 2014)	FY2015 3Q (From April 1 to December 31, 2015)
Profit	18,352	30,124
Other Comprehensive Income		
Valuation difference on available-for-sale securities	6,581	(892)
Deferred gains or losses on hedges	(10)	(46)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	-	(7)
Remeasurements of defined benefit plans, net of tax	7	(161)
Total other comprehensive income	6,577	(1,108)
Comprehensive Income	24,930	29,015
(Breakdown)		
Comprehensive income attributable to owners of parent	23,252	27,322
Comprehensive income attributable to non-controlling interests	1,677	1,693

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 3Q (From April 1 to December 31, 2014)	FY2015 3Q (From April 1 to December 31, 2015)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	30,012	45,901
Depreciation and amortization	11,356	11,901
Equity in (earnings) losses of affiliates	(17)	(16)
Increase (decrease) in allowance for doubtful accounts	(136)	(13)
Increase (decrease) in provision for loss on business liquidation	(21)	(16)
Increase (decrease) in provision for loss on subleasing business	(55)	(81)
Increase (decrease) in net defined benefit liability	(154)	(224)
Interest and dividends income	(269)	(1,058)
Interest expenses	6,835	5,945
Decrease (increase) in notes and accounts receivable-trade	3,203	3,344
Decrease (increase) in inventories	(50,185)	(37,683)
Decrease (increase) in equity investments	551	5,398
Increase (decrease) in notes and accounts payable-trade	(4,761)	(20,599)
Increase (decrease) in deposits received	7,133	(14,230)
Other, net	(869)	(594)
Subtotal	2,623	(2,026)
Interest and dividends income received	742	1,047
Interest expenses paid	(7,105)	(5,948)
Income taxes paid	(12,551)	(21,377)
Net cash provided by (used in) operating activities	(16,290)	(28,306)
Cash Flows from Investing Activities		
Purchase of investment securities	(662)	(3,023)
Proceeds from sales and liquidation of investment securities	549	2,907
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(9,692)
Purchase of property, plant and equipment and intangible assets	(34,416)	(24,795)
Proceeds from sales of property, plant and equipment and intangible assets	905	175
Payments for lease and guarantee deposits	(431)	(526)
Proceeds from collection of lease and guarantee deposits	950	1,201
Repayments of lease and guarantee deposits received	(2,815)	(2,160)
Proceeds from lease and guarantee deposits received	3,324	2,790
Other, net	(971)	(2,237)
Net cash provided by (used in) investment activities	(33,567)	(35,360)

(Millions of yen)

	FY2014 3Q (From April 1 to December 31, 2014)	FY2015 3Q (From April 1 to December 31, 2015)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	48,800	52,700
Increase (decrease) in commercial papers	12,000	26,000
Repayments of finance lease obligations	(115)	(112)
Proceeds from long-term loans payable	64,500	109,000
Repayment of long-term loans payable	(95,583)	(86,300)
Proceeds from issuance of bonds	9,936	9,936
Redemption of bonds	(10,000)	-
Proceeds from issuance of common stock	82	416
Proceeds from share issuance to non-controlling shareholders	3	105
Purchase of treasury shares	-	(0)
Cash dividends paid	(7,637)	(10,047)
Dividends paid to non-controlling interests	(379)	(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	21,605	59,980
Effect of Exchange Rate Change on Cash and Cash Equivalents	-	(5)
Net Increase (Decrease) in Cash and Cash Equivalents	(28,252)	(3,692)
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	39,766	46,726

(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 3Q (Nine months from April 1 to December 31, 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	205,212	65,482	6,874	17,740	56,326	351,636	939	352,575	-	352,575
Inter-segment	590	1,547	2	1,502	5,534	9,176	0	9,176	(9,176)	-
Subtotal	205,802	67,030	6,877	19,242	61,860	360,813	939	361,752	(9,176)	352,575
Segment income or loss	15,716	17,584	3,493	3,767	3,706	44,268	(201)	44,066	(3,644)	40,421

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

2. The deduction of 3,644 million yen shown in the adjustments column for segment income or loss includes a deduction of 121 million yen for the elimination of inter-segment transactions and a deduction of 3,523 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 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

II FY2015 3Q (Nine months from April 1 to December 31, 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	216,486	75,183	9,275	20,258	58,330	379,533	1,215	380,749	-	380,749
Inter-segment	448	1,905	0	1,531	4,732	8,617	0	8,617	(8,617)	-
Subtotal	216,934	77,089	9,275	21,789	63,062	388,151	1,215	389,366	(8,617)	380,749
Segment income or loss	19,143	23,174	6,612	4,473	3,468	56,872	(109)	56,762	(3,714)	53,048

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

2. The deduction of 3,714 million yen shown in the adjustments column for segment income or loss includes an addition of 872 million yen for the elimination of inter-segment transactions and a deduction of 4,587 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 third 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

(Significant impairment loss on noncurrent assets)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	-	-	-	950	950

(Significant Subsequent Events)

1. Straight Bond Issuance

On January 28, 2016, the Company issued straight bonds as described below.

1. The 6th unsecured straight bond issue (5-year)

- (1) Total amount issued: ¥10 billion
- (2) Issue price: ¥100 per face value of ¥100
- (3) Interest rate: 0.365% per annum
- (4) Closing date: January 28, 2016
- (5) Maturity date: January 28, 2021
- (6) Use of proceeds: Repayment of certain borrowings which will mature by June 30, 2016

2. The 7th unsecured straight bond issue (10-year)

- (1) Total amount issued: ¥10 billion
- (2) Issue price: ¥100 per face value of ¥100
- (3) Interest rate: 0.780% per annum
- (4) Closing date: January 28, 2016
- (5) Maturity date: January 28, 2026
- (6) Use of proceeds: Repayment of certain borrowings which will mature by June 30, 2016