



July 26, 2018

Consolidated Financial Results

For the Three Months from April 1 to June 30, 2018

<under Japanese GAAP>

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.

| | |
|--|---|
| 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 and Representative Director |
| Inquiries: | Naoko Usami, General Manager, Corporate Communications Dept. |
| Email: | nrehd-ir@nomura-re.co.jp |
| Scheduled submitting date of quarterly securities report: | August 9, 2018 |
| 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) |

(Values of less than one million yen rounded down)

I. Consolidated operating results for the Three Months from April 1, to June 30, 2018

(1) Consolidated business results

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

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------|-------------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| First three months ended | | | | | | | | |
| Jun. 30, 2018 | 118,903 | (10.0) | 14,568 | (11.4) | 12,389 | (14.7) | 7,523 | (21.7) |
| Jun. 30, 2017 | 132,149 | 68.4 | 16,440 | 86.1 | 14,524 | 113.5 | 9,603 | 99.0 |

(Note) Comprehensive income: From April 1 to June 30, 2018: 8,622 million yen (up 21.1%)
From April 1 to June 30, 2017: 7,120 million yen (up 62.6%)

| | Basic earnings per share | Diluted earnings per share |
|--------------------------|--------------------------|----------------------------|
| First three months ended | Yen | Yen |
| Jun. 30, 2018 | 40.01 | 39.75 |
| Jun. 30, 2017 | 50.05 | 49.82 |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio |
|---------------|-----------------|-----------------|----------------------------|
| As of | Millions of yen | Millions of yen | % |
| Jun. 30, 2018 | 1,677,233 | 515,847 | 29.9 |
| Mar. 31, 2018 | 1,673,099 | 514,982 | 30.0 |

(Reference) Shareholders' equity: As of June 30, 2018: 502,250 million yen

As of March 31, 2018: 501,491 million yen

II. Dividends

| | Dividend per share | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2018 | - | 35.00 | - | 35.00 | 70.00 |
| Fiscal year ending Mar. 31, 2019 | - | | | | |
| Fiscal year ending Mar. 31, 2019 (Forecast) | | 37.50 | - | 37.50 | 75.00 |

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

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2018 to March 31, 2019

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

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-------------------------------------|-------------------|------|------------------|-----|-----------------|-----|---|-----|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending Mar. 31, 2019 | 700,000 | 12.2 | 81,000 | 5.7 | 72,000 | 5.8 | 47,000 | 2.1 | 250.22 |

(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, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to revision of accounting standards, etc. : None
 - 2) Changes in accounting policies other than the above : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None

(4) Number of shares issued (common stock)

| | As of Jun. 30 | As of Mar. 31 |
|---|-------------------------|-------------------------|
| | 2018 | 2018 |
| 1) Number of shares issued at end of period (including treasury shares) | 192,179,901 | 192,155,201 |
| 2) Treasury shares at end of period | 4,419,210 | 3,956,956 |
| | From April 1 to June 30 | From April 1 to June 30 |
| | 2018 | 2017 |
| 3) Average number of shares outstanding during the period | 188,067,120 | 191,893,316 |

* Quarterly consolidated financial results are not required to be audited by certified public accountants or audit corporations.

* Proper use of forecasts of financial results, and other special matters

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to "1. Qualitative Information (3) Consolidated Operating Result Forecasts" on page 6 of the Attachments.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on July 26, 2018 and will be uploaded on the Company's website.

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1. Qualitative Information

(1) Business Results

The Nomura Real Estate Group (the “Group”) posted the following consolidated performance for the current first quarter: Operating revenue of 118,903 million yen, which represents a decrease of 13,246 million yen, or 10.0% year on year; operating profit of 14,568 million yen, a decrease of 1,871 million yen, or 11.4%; ordinary profit of 12,389 million yen, a decrease of 2,134 million yen, or 14.7%; and profit attributable to owners of parent of 7,523 million yen, a decrease of 2,079 million yen, or 21.7%.

An overview of business unit achievements is given below:

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

From the current first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the Property and Management Business Unit. As of August 1, 2018, the merger will be effected with Nomura Real Estate Partners Co., Ltd being the surviving company and Nomura Real Estate Reform Co., Ltd. being the absorbed company in absorption-type merger .

In line with this change, the financial results of the first quarter and the fiscal year ended March 31, 2018 were calculated under the new classification.

<Residential Development Business Unit>

Operating revenue in this business unit totaled 41,353 million yen, which represents a decrease of 31,529 million yen, or 43.3% year on year, and operating loss totaled 1,366 million yen (operating profit of the previous first quarter was 4,341 million yen), resulting in decreases in both operating revenue and operating profit compared with the previous first quarter.

This was due to a decrease in the number of housing unit sales in the housing sales business. The main reason for this is many housing units in this fiscal year are going to be sold after the second quarter.

In regard to housing sales, 670 units were recorded as sales (a decrease of 419 units year on year), including PROUD Toyochō South (Koto-ku, Tokyo), PROUD Urawa Tokiwa CINQUAGE (Urawa-ku Saitama-shi, Saitama), OHANA Warabi Nishikicho (Warabi-shi, Saitama), PROUD TOWER Sendai Kotodai Koen (Aoba-ku, Sendai-shi, Miyagi) for condominiums, and PROUD SEASON Chofu Yoko-no-machi (Chofu-shi, Tokyo) for detached housing. The contract rate against the estimated number of housing sales for FY19/3, which is 6,100 units, was 64.0% as of the end of the current first quarter.

The number of housing contracted but not recorded as sales were 3,544 units as of the end of the current first quarter (an increase of 738 units compared with the end of the previous first quarter).

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

From the current first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. In line with this change, the financial results of the first quarter and the fiscal year ended March 31, 2018 were calculated under the new classification.

Breakdown of operating revenue

| | | First three months ended Jun. 30, 2017 | | First three months ended Jun. 30, 2018 | | Fiscal year ended Mar. 31, 2018 | |
|------------------|-----------------------------------|---|--|---|--|------------------------------------|--|
| | | 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 | 931 units | 56,425 | 547 units | 28,848 | 4,483 units | 269,685 |
| | Kansai area | 112 units | 8,319 | 35 units | 1,458 | 716 units | 34,734 |
| | Other | 45 units | 1,823 | 87 units | 4,378 | 666 units | 32,399 |
| | Subtotal (Detached housing) | 1,089 units (82 units) | 66,568 (5,040) | 670 units (39 units) | 34,684 (2,529) | 5,865 units (607 units) | 336,819 (37,898) |
| Other | | - | 6,315 | - | 6,668 | - | 18,626 |
| Total | | - | 72,883 | - | 41,353 | - | 355,445 |

Housing sales Period-end completed housing inventory (released for sale)

| | As of June 30, 2017 | As of June 30, 2018 | As of March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|-------------------------|
| Tokyo metropolitan area | 238 units | 112 units | 145 units |
| Kansai area | 28 units | 65 units | 75 units |
| Other | 24 units | 8 units | 19 units |
| Total (Detached housing) | 292 units (17 units) | 186 units (12 units) | 239 units (15 units) |

Housing sales Period-end completed housing inventory (unreleased)

| | As of June 30, 2017 | As of June 30, 2018 | As of March 31, 2018 |
|-----------------------------|-------------------------|------------------------|-------------------------|
| Total (Detached housing) | 409 units (16 units) | 120 units (8 units) | 218 units (11 units) |

Housing sales Contracted but not recorded as housing sales

| | As of June 30, 2017 | | As of June 30, 2018 | | As of March 31, 2018 | |
|-----------------------------|----------------------------|--|----------------------------|--|---------------------------|--|
| | 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 | 2,131 units | 137,044 | 2,673 units | 168,366 | 2,118 units | 134,060 |
| Kansai area | 221 units | 11,144 | 472 units | 23,909 | 346 units | 17,872 |
| Other | 453 units | 23,460 | 399 units | 20,279 | 366 units | 19,011 |
| Total (Detached housing) | 2,806 units (111 units) | 171,649 (6,789) | 3,544 units (179 units) | 212,556 (10,708) | 2,831 units (53 units) | 170,944 (3,353) |

<Leasing Business Unit >

Operating revenue in this business unit totaled 46,058 million yen, which represents an increase of 17,689 million yen, or 62.4% year on year, and operating profit totaled 12,672 million yen, an increase of 5,414 million yen, or 74.6%, resulting in increases in both operating revenue and operating profit compared with the previous first quarter.

This was mainly due to an increase in sales revenue in the property development business as well as in leasing revenue in the leasing business.

Breakdown of operating revenue

| | First three months ended Jun. 30, 2017 (Millions of yen) | First three months ended Jun. 30, 2018 (Millions of yen) | Fiscal year ended Mar. 31, 2018 (Millions of yen) |
|--------------------------------|--|--|---|
| Leasing (offices) | 13,095 | 15,156 | 53,312 |
| Leasing (retail facilities) | 2,841 | 3,486 | 12,686 |
| Leasing (other) | 1,654 | 1,917 | 7,193 |
| Property development (sale) | 8,313 | 23,063 | 43,301 |
| Property development (leasing) | 1,051 | 883 | 4,724 |
| Other | 1,413 | 1,550 | 13,722 |
| Total | 28,368 | 46,058 | 134,941 |

Rentable area

| | As of June 30, 2017 | As of June 30, 2018 | As of March 31, 2018 |
|-------------------|------------------------|--------------------------|--------------------------|
| Offices | 862,523 m ² | 828,483 m ² | 846,338 m ² |
| Retail facilities | 135,330 m ² | 174,666 m ² | 174,666 m ² |
| Total | 997,853 m ² | 1,003,149 m ² | 1,021,004 m ² |

Vacancy rate (offices and retail facilities)

| As of June 30, 2017 | As of June 30, 2018 | As of March 31, 2018 |
|---------------------|---------------------|----------------------|
| 0.6% | 0.7% | 0.7% |

<Investment Management Business Unit>

Operating revenue in this business unit totaled 2,611 million yen, which represents an increase of 32 million yen, or 1.2% year on year, and operating profit totaled 1,755 million yen, an increase of 5 million yen, or 0.3%, resulting in increases in both operating revenue and operating profit compared with the previous first quarter.

| | First three months ended Jun. 30, 2017 (Millions of yen) | First three months ended Jun. 30, 2018 (Millions of yen) | Fiscal year ended Mar. 31, 2018 (Millions of yen) |
|-------------------|--|--|---|
| Operating revenue | 2,578 | 2,611 | 9,378 |

Assets under management

| | As of June 30, 2017 (Millions of yen) | As of June 30, 2018 (Millions of yen) | As of March 31, 2018 (Millions of yen) |
|---------------------|--|--|---|
| REITs | 1,184,172 | 1,231,343 | 1,209,259 |
| Private funds, etc. | 49,733 | 76,013 | 76,643 |
| Total | 1,233,905 | 1,307,356 | 1,285,903 |

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 7,899 million yen, which represents a decrease of 1,030 million yen, or 11.5% year on year, and operating profit totaled 990 million yen, a decrease of 1,337 million yen, or 57.4%, resulting in decreases in both operating revenue and operating profit compared with the previous first quarter.

This was mainly due to a decrease in the total transaction value in property brokerage.

In the retail business, we opened the following new branches: Nagoya branch (Naka-ku, Nagoya-shi, Aichi) in April 2018, Toranomom Center (Minato-ku, Tokyo) in May 2018.

Breakdown of operating revenue

| | First three months ended Jun. 30, 2017 (Millions of yen) | First three months ended Jun. 30, 2018 (Millions of yen) | Fiscal year ended Mar. 31, 2018 (Millions of yen) |
|--------------------|--|--|---|
| Property brokerage | 7,945 | 7,107 | 31,637 |
| Other | 984 | 791 | 4,065 |
| Total | 8,930 | 7,899 | 35,703 |

Number of transactions and transaction value of property brokerage

| | First three months ended Jun. 30, 2017 | First three months ended Jun. 30, 2018 | Fiscal year ended Mar. 31, 2018 |
|-------------------------------------|---|---|------------------------------------|
| Number of transactions | 2,129 | 2,193 | 8,561 |
| Transaction value (Millions of yen) | 202,616 | 163,543 | 800,739 |

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 24,051 million yen, which represents an increase of 1,592 million yen, or 7.1% year on year, and operating profit totaled 1,115 million yen, an increase of 165 million yen, or 17.4%, resulting in increases in both operating revenue and operating profit compared with the previous first quarter.

This was mainly due to an increase in orders of construction.

From the current first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. In line with this change, the financial results of the first quarter and the fiscal year ended March 31, 2018 were calculated under the new classification.

Breakdown of operating revenue

| | First three months ended Jun. 30, 2017 (Millions of yen) | First three months ended Jun. 30, 2018 (Millions of yen) | Fiscal year ended Mar. 31, 2018 (Millions of yen) |
|--------------------------------|--|--|---|
| Property & facility management | 12,188 | 12,624 | 50,386 |
| Construction ordered | 4,855 | 5,677 | 31,604 |
| Fitness club & elderly care | 3,923 | 4,100 | 16,064 |
| Other | 1,490 | 1,648 | 6,526 |
| Total | 22,458 | 24,051 | 104,581 |

Number of properties under management

| | As of June 30, 2017 | As of June 30, 2018 | As of March 31, 2018 |
|--------------------------------------|---------------------|---------------------|----------------------|
| Buildings under management | 720 | 726 | 723 |
| Condominiums under management (unit) | 170,337 | 173,667 | 173,705 |

<Other Business Unit>

Operating revenue in this business unit totaled 23 million yen, which represents an increase of 0 million yen, or 1.2% year on year, and operating loss totaled 5 million yen (operating profit of the previous first quarter was 3 million yen).

(2) Financial Position

| | As of March 31, 2018 (Millions of yen) | As of June 30, 2018 (Millions of yen) | Changes (Millions of yen) | Changes |
|----------------------------|---|--|------------------------------|---------|
| Total assets | 1,673,099 | 1,677,233 | 4,133 | 0.2% |
| Total liabilities | 1,158,116 | 1,161,385 | 3,268 | 0.3% |
| Net assets | 514,982 | 515,847 | 864 | 0.2% |
| Shareholders' equity ratio | 30.0% | 29.9% | - | - |

Total assets were 1,677,233 million yen, which represents an increase of 4,133 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in investment securities (an increase of 5,723 million yen).

Total liabilities were 1,161,385 million yen, which represents an increase of 3,268 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in long-term loans payable (increased by 49,500 million yen) while notes and accounts payable – trade (decreased by 20,624 million yen) and income taxes payable (decreased by 12,842 million yen) decreased.

Net assets were 515,847 million yen, which represents an increase of 864 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in valuation difference on available-for-sale securities (increased by 1,340 million yen) and retained earnings (increased by 937 million yen) while there was the purchase of treasury shares (decreased by 1,205 million yen).

The shareholders' equity ratio was 29.9%, a decrease of 0.1 percentage point from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of the current first quarter totaled 62,232 million yen, which represents an increase of 885 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 27,373 million yen (a year-on-year increase of 34,925 million yen). This was mainly due to a decrease in notes and accounts payable – trade and an increase in the payment of income taxes.

Net cash provided by (used in) investment activities decreased by 9,887 million yen (a year-on-year decrease of 4,980 million yen). This was mainly due to the purchase of property, plant and equipment, intangible assets and investment securities.

Net cash provided by (used in) financing activities increased by 38,151 million yen (a year-on-year decrease of 28,109 million yen). This was mainly due to the procurement of funds by long-term and short-term loans payable, while there were the dividends paid and the purchase of treasury shares.

(3) Consolidated Operating Result Forecasts

No change in the consolidated operating result forecast which was announced on April 26, 2018.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2018 | As of June 30, 2018 |
|---------------------------------------|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 52,347 | 53,232 |
| Notes and accounts receivable - trade | 17,308 | 14,463 |
| Securities | 9,000 | 9,000 |
| Real estate for sale | 102,884 | 87,697 |
| Real estate for sale in process | 261,278 | 332,635 |
| Land held for development | 228,326 | 174,728 |
| Equity investments | 9,612 | 9,306 |
| Other | 36,917 | 47,796 |
| Allowance for doubtful accounts | (39) | (40) |
| Total current assets | 717,635 | 728,819 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 239,026 | 235,750 |
| Land | 592,550 | 584,730 |
| Other, net | 16,797 | 17,324 |
| Total property, plant and equipment | 848,374 | 837,806 |
| Intangible assets | 12,364 | 12,401 |
| Investments and other assets | | |
| Investment securities | 42,362 | 48,086 |
| Lease and guarantee deposits | 23,131 | 23,664 |
| Deferred tax assets | 20,843 | 18,140 |
| Other | 8,387 | 8,315 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 94,725 | 98,205 |
| Total non-current assets | 955,464 | 948,413 |
| Total assets | 1,673,099 | 1,677,233 |

| | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 41,696 | 21,071 |
| Short-term loans payable | 102,300 | 98,800 |
| Income taxes payable | 14,993 | 2,150 |
| Deposits received | 18,807 | 16,136 |
| Provision for bonuses | 7,679 | 3,870 |
| Provision for directors' bonuses | 590 | 126 |
| Provision for loss on business liquidation | 36 | 33 |
| Other | 48,073 | 44,912 |
| Total current liabilities | 234,176 | 187,102 |
| Non-current liabilities | | |
| Bonds payable | 140,000 | 140,000 |
| Long-term loans payable | 635,500 | 685,000 |
| Lease and guarantee deposits received | 60,241 | 60,240 |
| Deferred tax liabilities | 59,828 | 59,481 |
| Deferred tax liabilities for land revaluation | 3,900 | 3,900 |
| Provision for loss on subleasing business | 102 | 89 |
| Net defined benefit liability | 18,375 | 18,329 |
| Other | 5,991 | 7,243 |
| Total non-current liabilities | 923,940 | 974,283 |
| Total liabilities | 1,158,116 | 1,161,385 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 117,072 | 117,101 |
| Capital surplus | 110,316 | 110,345 |
| Retained earnings | 275,299 | 276,236 |
| Treasury shares | (10,004) | (11,209) |
| Total shareholders' equity | 492,683 | 492,473 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,516 | 5,857 |
| Deferred gains or losses on hedges | 262 | △113 |
| Revaluation reserve for land | 7,860 | 7,860 |
| Foreign currency translation adjustment | (225) | (298) |
| Remeasurements of defined benefit plans | (3,605) | (3,528) |
| Total accumulated other comprehensive income | 8,807 | 9,777 |
| Share acquisition rights | 2,424 | 2,445 |
| Non-controlling interests | 11,067 | 11,151 |
| Total net assets | 514,982 | 515,847 |
| Total liabilities and net assets | 1,673,099 | 1,677,233 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Three Months from April 1 to June 30, 2018)

(Millions of yen)

| | First Three months ended June 30, 2017 | First Three months ended June 30, 2018 |
|---|---|---|
| Operating revenue | 132,149 | 118,903 |
| Operating cost | 90,583 | 81,244 |
| Operating gross profit | 41,566 | 37,658 |
| Selling, general and administrative expenses | 25,126 | 23,090 |
| Operating profit | 16,440 | 14,568 |
| Non-operating income | | |
| Interest income | 10 | 11 |
| Dividend income | 37 | 35 |
| Share of profit of entities accounted for using equity method | 41 | 28 |
| Gain on donation of non-current assets | — | 54 |
| Gain on transfer of right to request purchase of shares | 113 | — |
| Other | 66 | 45 |
| Total non-operating income | 269 | 175 |
| Non-operating expenses | | |
| Interest expenses | 1,826 | 2,152 |
| Other | 358 | 201 |
| Total non-operating expenses | 2,184 | 2,354 |
| Ordinary profit | 14,524 | 12,389 |
| Extraordinary losses | | |
| Impairment loss | 67 | — |
| Loss on building reconstruction | 182 | — |
| Loss on transfer of non-current assets | — | 1,091 |
| Total extraordinary losses | 250 | 1,091 |
| Profit before income taxes | 14,274 | 11,298 |
| Income taxes - current | 3,051 | 1,774 |
| Income taxes - deferred | 1,486 | 1,870 |
| Total income taxes | 4,538 | 3,645 |
| Profit | 9,735 | 7,652 |
| Profit attributable to non-controlling interests | 132 | 128 |
| Profit attributable to owners of parent | 9,603 | 7,523 |

(Quarterly Consolidated Statements of Comprehensive Income for the First Three Months from April 1 to June 30, 2018)

(Millions of yen)

| | First Three months ended June 30, 2017 | First Three months ended June 30, 2018 |
|--|---|---|
| Profit | 9,735 | 7,652 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,553) | 1,340 |
| Deferred gains or losses on hedges | (65) | (375) |
| Revaluation reserve for land | (0) | (0) |
| Foreign currency translation adjustment | (25) | (63) |
| Remeasurements of defined benefit plans, net of tax | 102 | 76 |
| Share of other comprehensive income of entities accounted for using equity method | (73) | (9) |
| Total other comprehensive income | (2,614) | 969 |
| Comprehensive income | 7,120 | 8,622 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 6,988 | 8,493 |
| Comprehensive income attributable to non-controlling interests | 132 | 128 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | First Three months ended June 30, 2017 | First Three months ended June 30, 2018 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 14,274 | 11,298 |
| Depreciation | 4,601 | 4,669 |
| Share of loss (profit) of entities accounted for using equity method | (41) | (28) |
| Increase (decrease) in allowance for doubtful accounts | 0 | 1 |
| Increase (decrease) in provision for loss on business liquidation | (2) | (2) |
| Increase (decrease) in provision for loss on subleasing business | (20) | (12) |
| Increase (decrease) in net defined benefit liability | (62) | (46) |
| Interest and dividend income | (47) | (46) |
| Interest expenses | 1,826 | 2,152 |
| Decrease (increase) in notes and accounts receivable - trade | 3,225 | 2,840 |
| Decrease (increase) in inventories | (40,221) | 5,081 |
| Decrease (increase) in equity investments | 145 | 305 |
| Increase (decrease) in notes and accounts payable - trade | (7,686) | (20,624) |
| Increase (decrease) in deposits received | (12,079) | (2,670) |
| Other, net | (6,651) | (9,806) |
| Subtotal | (42,739) | (6,889) |
| Interest and dividend income received | 49 | 50 |
| Interest expenses paid | (1,407) | (1,154) |
| Income taxes paid | (18,200) | (19,378) |
| Net cash provided by (used in) operating activities | (62,298) | (27,373) |
| Cash flows from investing activities | | |
| Purchase of investment securities | (64) | (4,116) |
| Proceeds from sales and liquidation of investment securities | 31 | 29 |
| Purchase of property, plant and equipment and intangible assets | (4,657) | (5,177) |
| Proceeds from sales of property, plant and equipment and intangible assets | 41 | 0 |
| Payments for lease and guarantee deposits | (278) | (148) |
| Proceeds from collection of lease and guarantee deposits | 357 | 256 |
| Repayments of lease and guarantee deposits received | (418) | (1,244) |
| Proceeds from lease and guarantee deposits received | 693 | 430 |
| Other, net | (611) | 81 |
| Net cash provided by (used in) investing activities | (4,906) | (9,887) |

(Millions of yen)

| | First Three months ended June 30, 2017 | First Three months ended June 30, 2018 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 32,000 | 9,000 |
| Increase (decrease) in commercial papers | 34,000 | — |
| Repayments of finance lease obligations | (35) | (50) |
| Proceeds from long-term loans payable | 17,500 | 56,000 |
| Repayments of long-term loans payable | (10,500) | (19,000) |
| Proceeds from issuance of common shares | 44 | 40 |
| Purchase of treasury shares | (0) | (1,206) |
| Cash dividends paid | (6,715) | (6,586) |
| Dividends paid to non-controlling interests | (31) | (44) |
| Net cash provided by (used in) financing activities | 66,260 | 38,151 |
| Effect of exchange rate change on cash and cash equivalents | (17) | (6) |
| Net increase (decrease) in cash and cash equivalents | (961) | 885 |
| Cash and cash equivalents at beginning of period | 47,699 | 61,347 |
| Cash and cash equivalents at end of period | 46,737 | 62,232 |

(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 FY2017 1Q (Three months from April 1 to June 30, 2017)

1. Information regarding sales, gains or losses, by reportable segment

(Millions of yen)

| | Reportable segments | | | | | | Other (Note) 1 | Total | Adjustments (Note) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|--------------------|----------------------------|---------|--------------------------|--------------------------------|--------------------------------------|----------|-------------------|---------|-------------------------|--|
| | Residential Development | Leasing | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | |
| External customers | 72,737 | 27,807 | 2,578 | 8,297 | 20,704 | 132,126 | 23 | 132,149 | - | 132,149 |
| Inter-segment | 146 | 561 | - | 632 | 1,754 | 3,093 | 0 | 3,093 | (3,093) | - |
| Subtotal | 72,883 | 28,368 | 2,578 | 8,930 | 22,458 | 135,220 | 23 | 135,243 | (3,093) | 132,149 |
| Segment profit | 4,341 | 7,258 | 1,750 | 2,327 | 950 | 16,628 | 3 | 16,632 | (192) | 16,440 |

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

2. The deduction of 192 million yen shown in the adjustments column for segment profit includes an increase in elimination of intersegment transactions of 971 million yen and a deduction of 1,163 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. The segment profit is reconciled to the operating profit stated in the quarterly consolidated statements of income.

2. Information regarding 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 | - | 67 | - | - | - | 67 |

II FY2018 1Q (Three months from April 1 to June 30, 2018)

1. Information regarding sales, gains or losses, by reportable segment

(Millions of yen)

| | Reportable segments | | | | | | Other (Note) 1 | Total | Adjustments (Note) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|-----------------------------|----------------------------|---------|--------------------------|--------------------------------|--------------------------------------|----------|-------------------|---------|-------------------------|--|
| | Residential Development | Leasing | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | |
| External customers | 41,087 | 45,490 | 2,611 | 7,620 | 22,070 | 118,880 | 23 | 118,903 | - | 118,903 |
| Inter-segment | 266 | 568 | - | 279 | 1,980 | 3,094 | 0 | 3,094 | (3,094) | - |
| Subtotal | 41,353 | 46,058 | 2,611 | 7,899 | 24,051 | 121,974 | 23 | 121,997 | (3,094) | 118,903 |
| Segment profit or losses | (1,366) | 12,672 | 1,755 | 990 | 1,115 | 15,167 | (5) | 15,162 | (593) | 14,568 |

- (Notes)
1. The "Other" category represents operating segments that are not included in reportable segments.
 2. The deduction of 593 million yen shown in the adjustments column for segment profit includes an increase in elimination of intersegment transactions of 467 million yen and a deduction of 1,060 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
 3. The segment profit or losses is reconciled to the operating profit stated in the Quarterly Consolidated Statements of Income.

2. Changes in reportable segments

From the current first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the property and management business.

In line with this change, the financial results of the first quarter ended March 31, 2018 were calculated under the new classification.

3. Information regarding impairment loss on noncurrent assets or goodwill by reportable segment

Not applicable