



Jan. 31, 2019

Consolidated Financial Results

For the Nine Months from April 1 to December 31, 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:	February 12, 2019
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 nine months from April 1, to December 31, 2018

(1) Consolidated business results

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

First nine months ended	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2018	350,857	(14.4)	37,010	(28.4)	30,126	(33.8)	20,566	(25.2)
Dec. 31, 2017	409,652	11.0	51,702	5.2	45,539	6.0	27,489	(5.8)

(Note) Comprehensive income: From April 1 to December 31, 2018: 20,483 million yen (down 12.6%)
From April 1 to December 31, 2017: 23,445 million yen (down 25.8%)

First nine months ended	Basic earnings per share	Diluted earnings per share
Dec. 31, 2018	Yen 109.92	Yen 109.27
Dec. 31, 2017	Yen 143.39	Yen 142.61

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2018	1,733,386	514,576	28.9
Mar. 31, 2018	1,673,099	514,982	30.0

(Reference) Shareholders' equity: As of December 31, 2018: 500,398 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	-	37.50			
Fiscal year ending Mar. 31, 2019 (Forecast)			-	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	674,000	8.1	77,000	0.4	68,000	(0.0)	46,000	(0.1)	246.56

(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, 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 Dec. 31	As of Mar. 31
	2018	2018
1) Number of shares issued at end of period (including treasury shares)	192,311,401	192,155,201
2) Treasury shares at end of period	7,363,564	3,956,956

	From Apr. 1 to Dec. 31	From Apr. 1 to Dec. 31
	2018	2017
3) Average number of shares outstanding during the period	187,098,706	191,704,748

(Note) 1,541,000 shares of the Company's share owned by executive compensation BIP (Board Incentive Plan) trust are included to the number of treasury shares at end of period. 314,221 shares owned by the executive compensation BIP (Board Incentive Plan) trust are also included to the number of treasury shares deducted in the calculation of average number of shares outstanding during the period.

* 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 January 31, 2019 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 nine months ended December 31, 2018: Operating revenue of 350,857 million yen, which represents a decrease of 58,795 million yen, or 14.4% year on year; operating profit of 37,010 million yen, a decrease of 14,692 million yen, or 28.4%; ordinary profit of 30,126 million yen, a decrease of 15,412 million yen, or 33.8%; and profit attributable to owners of parent of 20,566 million yen, a decrease of 6,922 million yen, or 25.2%.

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 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 has been completed 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 nine months ended December 31, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification.

<Residential Development Business Unit>

Operating revenue in this business unit totaled 160,953 million yen, which represents a decrease of 61,417 million yen, or 27.6% year on year, and operating profit totaled 2,075 million yen, which represents a decrease of 13,610 million yen, or 86.8% year on year, resulting in decreases in both operating revenue and operating profit compared with the financial results of the first nine months ended December 31, 2017.

This was mainly due to a decrease in the number of housing unit sales in the housing sales business. Compared to the previous fiscal year, a greater number of housings are planned to be constructed and recorded as sales in the fourth quarter.

In regard to housing sales, 2,583 units were recorded as sales (a decrease of 864 units year on year), including PROUD CITY Musashino-mitaka (Musashino-shi, Tokyo), PROUD Toyochō South (Koto-ku, Tokyo), OHANA Sobudai (Zama-shi, Kanagawa), PROUD Syukugawa COURT TERRACE (Nishinomiya-shi, Hyogo) for condominiums, and PROUD SEASON Chofu Yoko-no-machi (Chofu-shi, Tokyo) for detached housing. By considering the business progress and forecasts at this point, we revised the estimated number of housing sales for FY19/3 announced in April, 2018, which is 6,100 units, to 5,950 units. The contract rate against the revised estimated number was 91.6% as of the end of the current third quarter.

The number of housing contracted but not recorded as sales were 4,566 units as of the end of the current third quarter (an increase of 824 units compared with 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.

From the 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 nine months ended September 30, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification.

Breakdown of operating revenue

		First nine months ended Dec. 31, 2017		First nine months ended Dec. 31, 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	2,756 units	170,371	1,988 units	117,437	4,483 units	269,685
	Kansai area	206 units	13,723	454 units	22,330	716 units	34,734
	Other	485 units	24,081	141 units	6,790	666 units	32,399
	Subtotal (Detached housing)	3,447 units (290 units)	208,176 (18,364)	2,583 units (271 units)	146,557 (17,089)	5,865 units (607 units)	336,819 (37,898)
Other		-	14,195	-	14,395	-	18,626
Total		-	222,371	-	160,953	-	355,445

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

	As of Dec. 31, 2017	As of Dec. 31, 2018	As of Mar. 31, 2018
Tokyo metropolitan area	229 units	163 units	145 units
Kansai area	21 units	60 units	75 units
Other	19 units	0 units	19 units
Total (Detached housing)	270 units (22 units)	224 units (25 units)	239 units (15 units)

Housing sales Period-end completed housing inventory (unreleased)

	As of Dec. 31, 2017	As of Dec. 31, 2018	As of Mar. 31, 2018
Total (Detached housing)	186 units (10 units)	64 units (13 units)	218 units (11 units)

Housing sales Contracted but not recorded as housing sales

	As of Dec. 31, 2017		As of Dec. 31, 2018		As of Mar. 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	2,736 units	172,033	3,191 units	214,513	2,118 units	134,060
Kansai area	672 units	30,364	562 units	29,647	346 units	17,872
Other	332 units	17,650	812 units	42,913	366 units	19,011
Total (Detached housing)	3,742 units (243 units)	220,048 (15,310)	4,566 units (274 units)	287,074 (20,019)	2,831 units (53 units)	170,944 (3,353)

<Leasing Business Unit >

Operating revenue in this business unit totaled 91,214 million yen, which represents an increase of 1,549 million yen, or 1.7% year on year, and operating profit totaled 23,745 million yen, a decrease of 306 million yen, or 1.3%, resulting in an increase in operating revenue and a decrease in operating profit compared with the financial results of the first nine months ended December 31, 2017.

This was mainly due to a decrease in revenues from the land for sales while increases in revenue from leasing and property development for sales. As for sales of property development, the progress in the fourth quarter will be in line with our plan.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2017 (Millions of yen)	First nine months ended Dec. 31, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Leasing (offices)	40,006	41,126	53,312
Leasing (retail facilities)	9,274	10,341	12,686
Leasing (other)	5,172	5,815	7,193
Property development (sale)	20,275	23,063	43,301
Property development (leasing)	3,516	3,446	4,724
Other	11,418	7,420	13,722
Total	89,665	91,214	134,941

Rentable area

	As of Dec. 31, 2017	As of Dec. 31, 2018	As of Mar.31, 2018
Offices	862,313 m ²	828,671 m ²	846,338 m ²
Retail facilities	174,642 m ²	174,622 m ²	174,666 m ²
Total	1,036,954 m ²	1,003,292 m ²	1,021,004 m ²

Vacancy rate (offices and retail facilities)

As of Dec. 31, 2017	As of Dec. 31, 2018	As of Mar.31, 2018
1.1%	3.9%	0.7%

<Investment Management Business Unit>

Operating revenue in this business unit totaled 7,094 million yen, which represents an increase of 6 million yen, or 0.1% year on year, and operating profit totaled 4,478 million yen, a decrease of 23 million yen, or 0.5%, resulting in an increase in operating revenue and a decrease in operating profit compared with the financial results of the first nine months ended December 31, 2017.

Assets under management were increased compared with the end of the previous third quarter and the end of the previous fiscal year due to the acquisition of 75% of the shares of Lothbury, a real estate investment manager in the UK, in November 2018.

	First nine months ended Dec. 31, 2017 (Millions of yen)	First nine months ended Dec. 31, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Operating revenue	7,088	7,094	9,378

Assets under management

	As of Dec. 31, 2017 (Millions of yen)	As of Dec. 31, 2018 (Millions of yen)	As of Mar.31, 2018 (Millions of yen)
REITs	1,183,768	1,243,351	1,209,259
Private funds, etc.	51,246	392,528	76,643
Total	1,235,015	1,635,880	1,285,903

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 25,513 million yen, which represents a decrease of 367 million yen, or 1.4% year on year, and operating profit totaled 4,352 million yen, a decrease of 1,350 million yen, or 23.7%, resulting in decreases in both operating revenue and operating profit compared with the financial results of the first nine months ended December 31, 2017.

This was mainly due to investments in human resources, stores and systems looking ahead to expand the business volume and 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, and Yokohama motomachi Center (Naka-ku, Yokohama-shi, Kanagawa) in October 2018.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2017 (Millions of yen)	First nine months ended Dec. 31, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Property brokerage	23,382	23,138	31,637
Other	2,498	2,375	4,065
Total	25,881	25,513	35,703

Number of transactions and transaction value of property brokerage

	First nine months ended Dec. 31, 2017	First nine months ended Dec. 31, 2018	Fiscal year ended Mar. 31, 2018
Number of transactions	6,226	6,492	8,561
Transaction value (Millions of yen)	593,289	540,237	800,739

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 77,251 million yen, which represents an increase of 2,626 million yen, or 3.5% year on year, and operating profit totaled 5,030 million yen, an increase of 434 million yen, or 9.5%, resulting in both increases in operating revenue and operating profit compared with the financial results of the first nine months ended December 31, 2017.

In the fitness club business, we opened MEGALOS HIBIYA chanter (Chiyoda-ku, Tokyo) in September 2018 and MEGALOS Reflet SHINSAIBASHI (Chuo-ku, Osaka-shi, Osaka) in November 2018.

From the 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 nine months ended December 31, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification. As of August 1, 2018, the merger has been completed 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.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2017 (Millions of yen)	First nine months ended Dec. 31, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Property & facility management	37,713	38,345	50,386
Construction ordered	20,250	20,898	31,604
Fitness club & elderly care	11,988	12,672	16,064
Other	4,671	5,334	6,526
Total	74,624	77,251	104,581

Number of properties under management

	As of Dec. 31, 2017	As of Dec. 31, 2018	As of Mar.31, 2018
Buildings under management	724	734	723
Condominiums under management (unit)	171,420	174,708	173,705

<Other Business Unit>

Operating revenue in this business unit totaled 69 million yen, which represents a decrease of 5 million yen, or 7.0% year on year, and operating loss totaled 23 million yen (operating loss of the first nine months ended December 31, 2017 was 5 million yen).

(2) Financial Position

	As of Mar. 31, 2018 (Millions of yen)	As of Dec. 31, 2018 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,673,099	1,733,386	60,286	3.6%
Total liabilities	1,158,116	1,218,810	60,693	5.2%
Net assets	514,982	514,576	(406)	(0.1%)
Shareholders' equity ratio	30.0%	28.9%	-	-

Total assets were 1,733,386 million yen, which represents an increase of 60,286 million yen compared to the end of the previous fiscal year. This was mainly due to increases in inventories (increased by 52,619 million yen) and equity investments (increased by 7,051 million yen).

Total liabilities were 1,218,810 million yen, which represents an increase of 60,693 million yen compared to the end of the previous fiscal year. This was mainly due to increases in long-term loans payable (increased by 60,000 million yen) and short-term loans payable (increased by 21,600 million yen) while income taxes payable (decreased by 12,848 million yen) and notes and accounts payable - trade (decreased by 10,347 million yen) decreased.

Net assets were 514,576 million yen, which represents a decrease of 406 million yen compared to the end of the previous fiscal year. This was mainly due to the acquisition of treasury shares (decreased by 7,834 million yen) while an increase in retained earnings (increased by 6,963 million yen).

The shareholders' equity ratio was 28.9%, a decrease of 1.1 percentage point from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of the current third quarter totaled 52,157 million yen, which represents a decrease of 9,189 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 57,611 million yen (a year-on-year increase of 1,870 million yen). This was mainly due to an increase in inventories and the payment of income taxes payable.

Net cash provided by (used in) investment activities decreased by 25,177 million yen (a year-on-year increase of 30,165 million yen). This was mainly due to the purchase of property, plant and equipment and intangible assets and investment securities.

Net cash provided by (used in) financing activities increased by 73,601 million yen (a year-on-year decrease of 45,193 million yen). This was mainly due to the procurement of funds by long-term loans payable while there were a payment of dividends and acquisition of treasury shares.

(3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2019 were revised from the figures announced on October 29, 2018, by examining the future outlook based on interim results for the nine months ended December 31, 2018.

<Consolidation>

The Group expects the following consolidated performance for the fiscal year ending March 31, 2019: Operating revenue of 674,000 million yen; operating income of 77,000 million yen; ordinary income of 68,000 million yen; and profit attributable to owners of parent of 46,000 million yen.

Changes from the previous consolidated result forecasts are as follows:

	Operating revenue	Operating profit	Ordinary profit	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)	687,000	81,000	72,000	47,000	250.94
Revised forecasts (B)	674,000	77,000	68,000	46,000	246.56
Changes (B-A)	(13,000)	(4,000)	(4,000)	(1,000)	-
Changes (%)	(1.9)	(4.9)	(5.6)	(2.1)	-
Actual results for the previous fiscal year	623,762	76,660	68,033	46,029	240.89

<By business unit>

Forecasts for the fiscal year ending March 31, 2019 by business unit are as follows:

Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	375,000	365,500	(9,500)
Leasing	166,000	167,000	1,000
Investment Management	9,500	9,500	-
Property Brokerage & CRE	40,500	38,500	(2,000)
Property & Facility Management	110,000	107,500	(2,500)
Other	0	0	-
Adjustments	(14,000)	(14,000)	-
Total	687,000	674,000	(13,000)

Operating profit

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	24,000	22,000	(2,000)
Leasing	37,000	37,500	500
Investment Management	6,000	6,000	-
Property Brokerage & CRE	10,500	9,000	(1,500)
Property & Facility Management	7,500	7,500	-
Other	0	0	-
Adjustments	(4,000)	(5,000)	(1,000)
Total	81,000	77,000	(4,000)

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

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	52,347	52,157
Notes and accounts receivable - trade	17,308	14,550
Securities	9,000	—
Real estate for sale	102,884	129,155
Real estate for sale in process	261,278	345,961
Land held for development	228,326	169,714
Equity investments	9,612	16,663
Other	36,917	55,939
Allowance for doubtful accounts	(39)	(37)
Total current assets	717,635	784,105
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	239,026	233,604
Land	592,550	582,772
Other, net	16,797	17,624
Total property, plant and equipment	848,374	834,000
Intangible assets	12,364	16,625
Investments and other assets		
Investment securities	42,362	45,890
Lease and guarantee deposits	23,131	23,893
Deferred tax assets	20,843	20,971
Other	8,387	7,900
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	94,725	98,654
Total non-current assets	955,464	949,281
Total assets	1,673,099	1,733,386

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,696	31,349
Short-term loans payable	102,300	123,900
Commercial papers	—	13,500
Income taxes payable	14,993	2,144
Deposits received	18,807	11,380
Provision for bonuses	7,679	4,203
Provision for directors' bonuses	590	367
Provision for loss on business liquidation	36	29
Other	48,073	51,396
Total current liabilities	234,176	238,271
Non-current liabilities		
Bonds payable	140,000	140,000
Long-term loans payable	635,500	695,500
Lease and guarantee deposits received	60,241	61,118
Deferred tax liabilities	59,828	54,086
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for stocks payment	—	459
Provision for loss on subleasing business	102	63
Net defined benefit liability	18,375	18,082
Other	5,991	7,328
Total non-current liabilities	923,940	980,539
Total liabilities	1,158,116	1,218,810
Net assets		
Shareholders' equity		
Capital stock	117,072	117,237
Capital surplus	110,316	110,481
Retained earnings	275,299	282,262
Treasury shares	(10,004)	(17,838)
Total shareholders' equity	492,683	492,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,516	3,966
Deferred gains or losses on hedges	262	179
Revaluation reserve for land	7,860	7,860
Foreign currency translation adjustment	(225)	(376)
Remeasurements of defined benefit plans	(3,605)	(3,375)
Total accumulated other comprehensive income	8,807	8,254
Share acquisition rights	2,424	2,424
Non-controlling interests	11,067	11,752
Total net assets	514,982	514,576
Total liabilities and net assets	1,673,099	1,733,386

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Nine Months from April 1 to December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating revenue	409,652	350,857
Operating cost	282,782	239,657
Operating gross profit	126,870	111,199
Selling, general and administrative expenses	75,167	74,188
Operating profit	51,702	37,010
Non-operating income		
Interest income	34	33
Dividend income	65	56
Share of profit of entities accounted for using equity method	38	155
Gain on donation of non-current assets	—	54
Gain on transfer of right to request purchase of shares	111	—
Other	191	216
Total non-operating income	442	517
Non-operating expenses		
Interest expenses	5,529	6,612
Other	1,076	789
Total non-operating expenses	6,605	7,401
Ordinary profit	45,539	30,126
Extraordinary losses		
Impairment loss	3,614	—
Loss on building reconstruction	242	821
Loss on transfer of non-current assets	—	1,091
Total extraordinary losses	3,856	1,912
Profit before income taxes	41,682	28,213
Income taxes - current	13,933	10,776
Income taxes - deferred	(257)	(3,599)
Total income taxes	13,675	7,176
Profit	28,006	21,036
Profit attributable to non-controlling interests	517	470
Profit attributable to owners of parent	27,489	20,566

(Quarterly Consolidated Statements of Comprehensive Income for the First Nine Months from April 1 to December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	28,006	21,036
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,312)	(550)
Deferred gains or losses on hedges	(459)	(82)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	(20)	84
Remeasurements of defined benefit plans, net of tax	307	230
Share of other comprehensive income of entities accounted for using equity method	(76)	(235)
Total other comprehensive income	(4,560)	(553)
Comprehensive income	23,445	20,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,928	20,013
Comprehensive income attributable to non-controlling interests	517	470

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	41,682	28,213
Depreciation	14,063	14,162
Share of loss (profit) of entities accounted for using equity method	(38)	(155)
Increase (decrease) in allowance for doubtful accounts	(5)	(1)
Increase (decrease) in provision for loss on business liquidation	(8)	(6)
Increase (decrease) in provision for loss on subleasing business	(62)	(38)
Increase (decrease) in net defined benefit liability	(170)	(293)
Interest and dividend income	(100)	(89)
Interest expenses	5,529	6,612
Decrease (increase) in notes and accounts receivable - trade	1,373	3,051
Decrease (increase) in inventories	(57,227)	(44,798)
Decrease (increase) in equity investments	(5,872)	(7,051)
Increase (decrease) in notes and accounts payable - trade	(8,528)	(10,835)
Increase (decrease) in deposits received	(19,552)	(7,426)
Other, net	(522)	(10,301)
Subtotal	(29,440)	(28,961)
Interest and dividend income received	82	232
Interest expenses paid	(5,082)	(5,447)
Income taxes paid	(25,041)	(23,434)
Net cash provided by (used in) operating activities	(59,481)	(57,611)
Cash flows from investing activities		
Purchase of investment securities	(4,067)	(4,629)
Proceeds from sales and liquidation of investment securities	2,689	105
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,655)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	520
Purchase of property, plant and equipment and intangible assets	(55,975)	(17,325)
Proceeds from sales of property, plant and equipment and intangible assets	139	0
Payments for lease and guarantee deposits	(837)	(328)
Proceeds from collection of lease and guarantee deposits	980	706
Repayments of lease and guarantee deposits received	(1,336)	(2,822)
Proceeds from lease and guarantee deposits received	2,791	1,996
Other, net	273	254
Net cash provided by (used in) investing activities	(55,342)	(25,177)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	65,500	46,000
Increase (decrease) in commercial papers	46,000	13,500

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Repayments of finance lease obligations	(112)	(125)
Proceeds from long-term loans payable	60,000	89,500
Repayments of long-term loans payable	(43,900)	(53,900)
Proceeds from issuance of bonds	19,869	—
Redemption of bonds	(10,000)	—
Proceeds from issuance of common shares	206	114
Purchase of treasury shares	(5,301)	(7,840)
Cash dividends paid	(13,435)	(13,602)
Dividends paid to non-controlling interests	(31)	(44)
Net cash provided by (used in) financing activities	118,795	73,601
Effect of exchange rate change on cash and cash equivalents	3	(2)
Net increase (decrease) in cash and cash equivalents	3,973	(9,189)
Cash and cash equivalents at beginning of period	47,699	61,347
Cash and cash equivalents at end of period	51,673	52,157

(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 3Q (Nine months from April 1 to December 31, 2017)

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

(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	221,783	87,878	7,088	24,243	68,583	409,577	74	409,652	-	409,652
Inter-segment	587	1,786	-	1,637	6,041	10,052	0	10,052	(10,052)	-
Subtotal	222,371	89,665	7,088	25,881	74,624	419,630	75	419,705	(10,052)	409,652
Segment profit or losses	15,686	24,051	4,501	5,702	4,595	54,538	(5)	54,532	(2,829)	51,702

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

2. The deduction of 2,829 million yen shown in the adjustments column for segment profit or losses includes elimination of intersegment transactions of 1,876 million yen and a deduction of 4,705 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. Information regarding impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on non-current assets)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	3,614	-	-	-	3,614

II FY2018 3Q (Nine months from April 1 to December 31, 2018)

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

(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	160,316	89,462	7,094	24,273	69,640	350,787	69	350,857	-	350,857
Inter-segment	637	1,751	-	1,240	7,610	11,239	0	11,240	(11,240)	-
Subtotal	160,953	91,214	7,094	25,513	77,251	362,027	69	362,097	(11,240)	350,857
Segment profit or losses	2,075	23,745	4,478	4,352	5,030	39,681	(23)	39,657	(2,647)	37,010

- (Notes)
- The "Other" category represents operating segments that are not included in reportable segments.
 - The deduction of 2,647 million yen shown in the adjustments column for segment profit or losses includes elimination of intersegment transactions of 1,178 million yen and a deduction of 3,826 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.
 - 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 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 segment information for the first nine months ended December 31, 2017 is calculated in accordance with the newly adopted segment classification.

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

(Significant change in the amount of goodwill)

In the Investment Management Business Unit, goodwill increased 4,060 million yen in the first nine months ended December 31 2018, because Lothbury Investment Management Group Limited, a real estate investment manager in the UK had been included in the scope of consolidation. The amount of goodwill above is provisional since acquisition cost has not been allocated.