



Oct 28, 2019

Consolidated Financial Results

For the Six Months from April 1 to September 30, 2019

<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: | Kensuke Ueha, General Manager, Corporate Communications Dept. |
| Email: | nrehd-ir@nomura-re.co.jp |
| Scheduled submitting date of quarterly securities report: | November 12, 2019 |
| Scheduled starting date for dividend payments: | December 2, 2019 |
| 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 Six Months from April 1, to September 30, 2019

(1) Consolidated business results

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

| | Operating revenue | | Operating profit | | Business profit | | Ordinary profit | | Profit attributable to owners of parent | |
|------------------------|-------------------|--------|------------------|--------|-----------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| First six months ended | | | | | | | | | | |
| Sep. 30, 2019 | 247,015 | 6.8 | 21,684 | (16.7) | 22,181 | (15.4) | 17,844 | (17.2) | 12,468 | (4.1) |
| Sep. 30, 2018 | 231,358 | (15.3) | 26,018 | (24.6) | 26,222 | - | 21,546 | (29.1) | 13,002 | (35.4) |

(Note) Comprehensive income: From April 1 to September 30, 2019: 17,477 million yen (up 27.3%)
From April 1 to September 30, 2018: 13,728 million yen (down 17.2%)

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

| | Basic earnings per share | Diluted earnings per share |
|------------------------|--------------------------|----------------------------|
| First six months ended | Yen | Yen |
| Sep. 30, 2019 | 67.86 | 67.51 |
| Sep. 30, 2018 | 69.26 | 68.84 |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio |
|---------------|-----------------|-----------------|----------------------------|
| As of | Millions of yen | Millions of yen | % |
| Sep. 30, 2019 | 1,731,031 | 547,709 | 30.8 |
| Mar. 31, 2019 | 1,759,455 | 541,562 | 29.9 |

(Reference) Shareholders' equity: As of September 30, 2019: 532,857 million yen

As of March 31, 2019: 526,748 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, 2019 | - | 37.50 | - | 37.50 | 75.00 |
| Fiscal year ending Mar. 31, 2020 | - | 40.00 | | | |
| Fiscal year ending Mar. 31, 2020 (Forecast) | | | - | 40.00 | 80.00 |

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

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2019 to March 31, 2020

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

| | Operating revenue | | Operating profit | | Business 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 | % | Millions of yen | % | Yen |
| Fiscal year ending Mar.31, 2020 | 739,000 | 10.5 | 79,500 | 0.4 | 80,000 | 0.5 | 70,000 | 1.0 | 46,000 | 0.3 | 251.54 |

(Note) Revision of operating results 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 Sep. 30 | As of Mar. 31 |
|---|------------------------|------------------------|
| | 2019 | 2019 |
| 1) Number of shares issued at end of period (including treasury shares) | 192,564,801 | 192,373,101 |
| 2) Treasury shares at end of period | 9,772,266 | 7,821,664 |
| | From Apr. 1 to Sep 30, | From Apr. 1 to Sep 30, |
| | 2019 | 2018 |
| 3) Average number of shares outstanding during the period | 183,741,190 | 188,726,805 |

(Note) 1,968,202 shares of the Company's share owned by executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust for granting stock are included to the number of treasury shares at end of period. 1,906,811 shares owned by the executive compensation BIP (Board Incentive Plan) trust and the ESOP (Employee Stock Ownership Plan) trust for granting stock 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" is 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 the fact sheets)

The fact sheets will be disclosed on TDnet on October 28, 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 six months ended September 30, 2019: Operating revenue of 247,015 million yen, which represents an increase of 15,656 million yen, or 6.8% year on year; operating profit of 21,684 million yen, a decrease of 4,333 million yen, or 16.7%; business profit of 22,181 million yen, a decrease of 4,041 million yen, or 15.4%; ordinary profit of 17,844 million yen, a decrease of 3,701 million yen, or 17.2%; and profit attributable to owners of parent of 12,468 million yen, a decrease of 533 million yen, or 4.1%.

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

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, Leasing Business Unit has been renamed Commercial Real Estate Business Unit. Nomura Real Estate Life & Sports Co., Ltd., and the senior business of Nomura Real Estate Wellness Co., Ltd. and Nomura Real Estate Development Co., Ltd., which had been classified under the Property & Facility Management Business Unit, have been reclassified under the Commercial Real Estate Business Unit and the Residential Development Business Unit, respectively. The rental housing business of Nomura Real Estate Development Co., Ltd., which had been classified under the Commercial Real Estate Business Unit, has been reclassified under the Residential Development Business Unit.

In line with this change, the financial results of the first six months ended September 30, 2018 and the fiscal year ended March 31, 2019 are calculated under the new classification.

As a result of the transfer of a portion of shares in NF Power Service Co., Ltd., the company ceased being a consolidated subsidiary on April 1, 2019.

<Residential Development Business Unit>

Operating revenue in this business unit totaled 64,457 million yen, which represents a decrease of 41,095 million yen, or 38.9% year on year, and business loss totaled 5,271 million yen (business profit of the first six months ended September 30, 2018 was 2,547 million yen), resulting in decreases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2018.

This was mainly due to a decrease in the number of housing units sold. Compared to the previous fiscal year, larger portion of housing planned to be sold in this fiscal year will be completed and recorded as sales in the fourth quarter.

In regard to housing sales, 5,100 units are planned to be recorded as sales in this fiscal year and 997 units were recorded as sales (a decrease of 396 units year on year) in the first six months ended September 30, 2019.

The contract progress rate was 81.8% at the end of the second quarter against the projected operating revenue of housing sales for this fiscal year.

The number of housing contracted but not recorded as sales were 4,275 units as of the end of the second quarter. (an increase of 116 units year on year).

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

| | | First six months ended Sep. 30, 2018 | | First six months ended Sep. 30, 2019 | | Fiscal year ended Mar. 31, 2019 | |
|-------------------------|-----------------------------------|---|--|---|--|------------------------------------|--|
| | | 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 | 1,090 units | 71,576 | 760 units | 43,415 | 4,295 units | 264,695 |
| | Kansai area | 166 units | 7,644 | 206 units | 10,434 | 830 units | 40,719 |
| | Other | 136 units | 6,559 | 30 units | 1,163 | 764 units | 36,641 |
| | Subtotal (Detached housing) | 1,393 units (165 units) | 85,779 (9,929) | 997 units (172 units) | 55,012 (11,443) | 5,890 units (647 units) | 342,055 (44,378) |
| Rental housing / Senior | | - | 9,474 | - | 3,488 | - | 12,615 |
| Other | | - | 10,299 | - | 5,956 | - | 20,701 |
| Total | | - | 105,552 | - | 64,457 | - | 375,373 |

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

| | As of Sep. 30, 2018 | As of Sep. 30, 2019 | As of Mar.31, 2019 |
|-----------------------------|-------------------------|-------------------------|-------------------------|
| Tokyo metropolitan area | 87 units | 94 units | 147 units |
| Kansai area | 41 units | 8 units | 62 units |
| Other | 3 units | 0 unit | 19 units |
| Total (Detached housing) | 132 units (18 units) | 103 units (28 units) | 229 units (35 units) |

Housing sales Period-end completed housing inventory (unreleased)

| | As of Sep. 30, 2018 | As of Sep. 30, 2019 | As of Mar.31, 2019 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Total (Detached housing) | 75 units (9 units) | 32 units (6 units) | 47 units (9 units) |

Housing sales Contracted but not recorded as housing sales

| | As of Sep. 30, 2018 | | As of Sep. 30, 2019 | | As of Mar. 31, 2019 | |
|-----------------------------|----------------------------|---|---------------------------|---|---------------------------|---|
| | 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 | 2,984 units | 180,341 | 3,103 units | 217,883 | 2,204 units | 156,292 |
| Kansai area | 599 units | 32,211 | 582 units | 31,717 | 410 units | 21,694 |
| Other | 575 units | 29,449 | 589 units | 33,451 | 381 units | 22,222 |
| Total (Detached housing) | 4,159 units (169 units) | 242,002 (11,185) | 4,275 units (89 units) | 283,053 (6,319) | 2,996 units (21 units) | 200,209 (1,608) |

<Commercial Real Estate Business Unit >

Operating revenue in this business unit totaled 121,042 million yen, which represents an increase of 52,122 million yen, or 75.6% year on year, and business profit totaled 18,846 million yen, an increase of 1,930 million yen, or 11.4%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2018.

This was mainly due to increases in revenues from properties for sales.

Breakdown of operating revenue

| | First six months ended Sep. 30, 2018 (Millions of yen) | First six months ended Sep. 30, 2019 (Millions of yen) | Fiscal year ended Mar. 31, 2019 (Millions of yen) |
|------------------------------|--|--|---|
| Leasing (offices) | 28,155 | 24,442 | 53,975 |
| Leasing (retail facilities) | 6,877 | 6,359 | 13,817 |
| Leasing (other) | 3,845 | 4,132 | 7,974 |
| Property for sales (sale) | 13,963 | 62,729 | 65,350 |
| Property for sales (leasing) | 1,799 | 3,712 | 4,533 |
| Fitness | 8,173 | 8,526 | 16,647 |
| Other | 6,103 | 11,138 | 9,312 |
| Total | 68,919 | 121,042 | 171,612 |

Net Lettable Area

| | As of Sep. 30, 2018 | As of Sep. 30, 2019 | As of Mar. 31, 2019 |
|-------------------|--------------------------|------------------------|------------------------|
| Offices | 828,531 m ² | 793,802 m ² | 784,122 m ² |
| Retail facilities | 174,622 m ² | 172,153 m ² | 169,497 m ² |
| Total | 1,003,152 m ² | 965,955 m ² | 953,620 m ² |

Vacancy rate (offices and retail facilities)

| As of Sep. 30, 2018 | As of Sep. 30, 2019 | As of Mar. 31, 2019 |
|---------------------|---------------------|---------------------|
| 3.9% | 4.3% | 4.7% |

<Investment Management Business Unit>

Operating revenue in this business unit totaled 5,953 million yen, which represents an increase of 1,452 million yen, or 32.3% year on year, and business profit totaled 3,460 million yen, an increase of 687 million yen, or 24.8%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2018.

This was mainly because a domestic asset manager's assets under management increased and Lothbury Investment Management, an real estate investment manager in the UK, became a consolidated subsidiary of the Company in the previous fiscal year.

| | First six months ended Sep. 30, 2018 (Millions of yen) | First six months ended Sep. 30, 2019 (Millions of yen) | Fiscal year ended Mar. 31, 2019 (Millions of yen) |
|-------------------|--|--|---|
| Operating revenue | 4,501 | 5,953 | 9,641 |

Assets under management

| | | As of Sep. 30, 2018 (Millions of yen) | As of Sep. 30, 2019 (Millions of yen) | As of Mar. 31, 2019 (Millions of yen) |
|---------------------------|---------------------|--|--|--|
| Domestic asset manager | REITs | 1,229,804 | 1,295,255 | 1,290,999 |
| | Private funds, etc. | 75,119 | 115,965 | 75,474 |
| Overseas asset manager | | - | 291,589 | 303,002 |
| Total | | 1,304,924 | 1,702,811 | 1,669,476 |

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 18,269 million yen, which represents an increase of 1,299 million yen, or 7.7% year on year, and business profit totaled 3,239 million yen, an increase of 356 million yen, or 12.4%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2018.

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

Breakdown of operating revenue

| | First six months ended Sep. 30, 2018 (Millions of yen) | First six months ended Sep. 30, 2019 (Millions of yen) | Fiscal year ended Mar. 31, 2019 (Millions of yen) |
|--------------------|--|--|---|
| Property brokerage | 15,249 | 17,036 | 33,136 |
| Other | 1,719 | 1,232 | 4,162 |
| Total | 16,969 | 18,269 | 37,298 |

Number of transactions and transaction value of property brokerage

| | First six months ended Sep. 30, 2018 | First six months ended Sep. 30, 2019 | Fiscal year ended Mar. 31, 2019 |
|-------------------------------------|---|---|------------------------------------|
| Number of transactions | 4,375 | 4,817 | 8,922 |
| Transaction value (Millions of yen) | 356,396 | 412,921 | 767,324 |

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 45,751 million yen, which represents an increase of 2,580 million yen, or 6.0% year on year, and business profit totaled 4,134 million yen, an increase of 1,021 million yen, or 32.8%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2018.

This was mainly due to increases in the number of construction ordered.

Breakdown of operating revenue

| | First six months ended Sep. 30, 2018 (Millions of yen) | First six months ended Sep. 30, 2019 (Millions of yen) | Fiscal year ended Mar. 31, 2019 (Millions of yen) |
|--------------------------------|--|--|---|
| Property & facility management | 25,629 | 26,433 | 51,524 |
| Construction ordered | 13,982 | 16,512 | 32,371 |
| Other | 3,559 | 2,805 | 7,478 |
| Total | 43,171 | 45,751 | 91,374 |

Number of properties under management

| | As of Sep. 30, 2018 | As of Sep. 30, 2019 | As of Mar.31, 2019 |
|--------------------------------------|---------------------|---------------------|--------------------|
| Buildings under management | 728 | 727 | 732 |
| Condominiums under management (unit) | 173,845 | 177,303 | 177,582 |

<Other Business Unit>

Operating revenue in this business unit totaled 45 million yen, which represents a decrease of 1 million yen, or 2.7% year on year, and business loss totaled 59 million yen (business loss of the first six months ended September 30, 2018 was 15 million yen).

(2) Financial Position

| | As of Mar. 31, 2019 (Millions of yen) | As of Sep. 30, 2019 (Millions of yen) | Changes (Millions of yen) | Changes |
|----------------------------|--|--|------------------------------|---------|
| Total assets | 1,759,455 | 1,731,031 | (28,423) | (1.6%) |
| Total liabilities | 1,217,893 | 1,183,321 | (34,571) | (2.8%) |
| Net assets | 541,562 | 547,709 | 6,147 | 1.1% |
| Shareholders' equity ratio | 29.9% | 30.8% | - | - |

Total assets were 1,731,031 million yen, which represents a decrease of 28,423 million yen compared to the end of the previous fiscal year. This was mainly because securities decreased by 37,000 million yen and cash and deposits decreased by 26,979 million yen, while inventories increased by 27,422 million yen and investment securities increased by 6,398 million yen.

Total liabilities were 1,183,321 million yen, which represents a decrease of 34,571 million yen compared to the end of the previous fiscal year. This was mainly because notes and accounts payable-trade decreased by 26,141 million yen and deposits received decreased by 15,447 million yen, while borrowings increased by 5,500 million yen.

Net assets were 547,709 million yen, which represents an increase of 6,147 million yen compared to the end of the previous fiscal year. This was mainly because retained earnings increased by 5,483 million yen and valuation difference on available-for-sale securities increased by 4,771 million yen, while there was a decrease in net assets due to the acquisition of treasury shares by 4,418 million yen.

The shareholders' equity ratio was 30.8%, an increase of 0.8 percentage point from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of the current second quarter totaled 54,344 million yen, which represents a decrease of 63,985 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 54,814 million yen (a year-on-year decrease of 11,222 million yen). This was mainly due to an increase in inventories and a decrease in trades payables.

Net cash provided by (used in) investment activities decreased by 3,163 million yen (a year-on-year increase of 12,999 million yen). This was mainly due to the purchase of property, plant and equipment and intangible assets.

Net cash provided by (used in) financing activities decreased by 5,930 million yen (a year-on-year decrease of 59,347 million yen). This was mainly due to the payment of dividends and the acquisition of treasury shares while the procurement of funds by borrowings was conducted.

(3) Consolidated Operating Result Forecasts

No change in the consolidated operating result forecast which was announced on April 25, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2019 | As of September 30, 2019 |
|---------------------------------------|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 81,351 | 54,371 |
| Notes and accounts receivable - trade | 26,601 | 23,004 |
| Securities | 37,000 | — |
| Real estate for sale | 161,224 | 133,836 |
| Real estate for sale in process | 290,398 | 311,186 |
| Land held for development | 184,650 | 218,877 |
| Equity investments | 18,066 | 21,679 |
| Other | 50,274 | 59,248 |
| Allowance for doubtful accounts | (39) | (37) |
| Total current assets | 849,528 | 822,168 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 223,385 | 219,670 |
| Land | 544,226 | 537,670 |
| Other, net | 19,421 | 19,736 |
| Total property, plant and equipment | 787,033 | 777,077 |
| Intangible assets | 18,104 | 20,615 |
| Investments and other assets | | |
| Investment securities | 50,522 | 56,920 |
| Leasehold and guarantee deposits | 25,448 | 26,810 |
| Deferred tax assets | 20,863 | 19,793 |
| Other | 7,956 | 7,645 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 104,789 | 111,170 |
| Total non-current assets | 909,926 | 908,863 |
| Total assets | 1,759,455 | 1,731,031 |

| | As of March 31, 2019 | As of September 30, 2019 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 53,927 | 27,785 |
| Short-term borrowings | 79,500 | 106,000 |
| Current portion of bonds | — | 10,000 |
| Income taxes payable | 13,318 | 7,982 |
| Deposits received | 26,915 | 11,467 |
| Provision for bonuses | 8,176 | 8,219 |
| Provision for bonuses for directors (and other officers) | 495 | 229 |
| Provision for loss on business liquidation | 26 | 23 |
| Other | 49,513 | 54,159 |
| Total current liabilities | 231,873 | 225,867 |
| Non-current liabilities | | |
| Bonds payable | 140,000 | 130,000 |
| Long-term borrowings | 694,500 | 673,500 |
| Leasehold and guarantee deposits received | 59,249 | 61,111 |
| Deferred tax liabilities | 61,563 | 61,586 |
| Deferred tax liabilities for land revaluation | 3,900 | 3,900 |
| Provision for share-based remuneration | 719 | 1,109 |
| Provision for loss on subleasing business | 15 | 7 |
| Retirement benefit liability | 18,175 | 17,959 |
| Other | 7,895 | 8,280 |
| Total non-current liabilities | 986,019 | 957,454 |
| Total liabilities | 1,217,893 | 1,183,321 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 117,293 | 117,473 |
| Capital surplus | 110,537 | 110,717 |
| Retained earnings | 307,570 | 313,053 |
| Treasury shares | (18,787) | (23,206) |
| Total shareholders' equity | 516,613 | 518,038 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,718 | 11,490 |
| Deferred gains or losses on hedges | (259) | (70) |
| Revaluation reserve for land | 7,860 | 7,860 |
| Foreign currency translation adjustment | (677) | (1,067) |
| Remeasurements of defined benefit plans | (3,507) | (3,394) |
| Total accumulated other comprehensive income | 10,134 | 14,818 |
| Share acquisition rights | 2,346 | 2,146 |
| Non-controlling interests | 12,467 | 12,706 |
| Total net assets | 541,562 | 547,709 |
| Total liabilities and net assets | 1,759,455 | 1,731,031 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Six Months from April 1 to September 30, 2019)

(Millions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|---|--|--|
| Operating revenue | 231,358 | 247,015 |
| Operating cost | 157,008 | 175,324 |
| Operating gross profit | 74,350 | 71,690 |
| Selling, general and administrative expenses | 48,332 | 50,006 |
| Operating profit | 26,018 | 21,684 |
| Non-operating income | | |
| Interest income | 23 | 23 |
| Dividend income | 43 | 39 |
| Share of profit of entities accounted for using equity method | 71 | 193 |
| Adjustment income for cancellation | — | 398 |
| Gain on sales of investment securities | — | 102 |
| Gain on donation of non-current assets | 54 | — |
| Other | 89 | 172 |
| Total non-operating income | 282 | 929 |
| Non-operating expenses | | |
| Interest expenses | 4,384 | 4,320 |
| Other | 370 | 449 |
| Total non-operating expenses | 4,754 | 4,769 |
| Ordinary profit | 21,546 | 17,844 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 393 |
| Total extraordinary income | — | 393 |
| Extraordinary losses | | |
| Loss on building reconstruction | 821 | — |
| Loss on transfer of non-current assets | 1,091 | — |
| Total extraordinary losses | 1,912 | — |
| Profit before income taxes | 19,633 | 18,238 |
| Income taxes - current | 6,014 | 6,995 |
| Income taxes - deferred | 321 | (1,598) |
| Total income taxes | 6,335 | 5,396 |
| Profit | 13,298 | 12,842 |
| Profit attributable to non-controlling interests | 296 | 373 |
| Profit attributable to owners of parent | 13,002 | 12,468 |

(Quarterly Consolidated Statements of Comprehensive Income for the First Six Months from April 1 to September 30, 2019)

(Millions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|--|--|--|
| Profit | 13,298 | 12,842 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,159 | 4,771 |
| Deferred gains or losses on hedges | (718) | 188 |
| Revaluation reserve for land | (0) | (0) |
| Foreign currency translation adjustment | (19) | (356) |
| Remeasurements of defined benefit plans, net of tax | 153 | 112 |
| Share of other comprehensive income of entities accounted for using equity method | (144) | (80) |
| Total other comprehensive income | 429 | 4,635 |
| Comprehensive income | 13,728 | 17,477 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 13,432 | 17,152 |
| Comprehensive income attributable to non-controlling interests | 295 | 325 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 19,633 | 18,238 |
| Depreciation | 9,381 | 9,776 |
| Share of loss (profit) of entities accounted for using equity method | (71) | (193) |
| Increase (decrease) in allowance for doubtful accounts | (1) | (2) |
| Increase (decrease) in provision for loss on business liquidation | (4) | (3) |
| Increase (decrease) in provision for loss on subleasing business | (25) | (8) |
| Increase (decrease) in retirement benefit liability | (262) | (216) |
| Interest and dividend income | (66) | (62) |
| Interest expenses | 4,384 | 4,320 |
| Decrease (increase) in trade receivables | 2,605 | 3,602 |
| Decrease (increase) in inventories | (29,324) | (27,422) |
| Decrease (increase) in equity investments | (1,564) | (3,613) |
| Increase (decrease) in trade payables | (13,323) | (26,134) |
| Increase (decrease) in deposits received | (8,593) | (15,447) |
| Other, net | (6,836) | (2,433) |
| Subtotal | (24,070) | (39,599) |
| Interest and dividends received | 222 | 301 |
| Interest paid | (3,622) | (3,799) |
| Income taxes paid | (16,121) | (11,716) |
| Net cash provided by (used in) operating activities | (43,591) | (54,814) |
| Cash flows from investing activities | | |
| Purchase of investment securities | (4,337) | (399) |
| Proceeds from sales and liquidation of investment securities | 59 | 834 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | — | (3,494) |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | — | (85) |
| Purchase of property, plant and equipment and intangible assets | (10,941) | (8,429) |
| Proceeds from sales of property, plant and equipment and intangible assets | 0 | 7,819 |
| Payments of leasehold and guarantee deposits | (230) | (985) |
| Proceeds from refund of leasehold and guarantee deposits | 504 | 765 |
| Repayments of lease and guarantee deposits received | (2,373) | (1,371) |
| Proceeds from lease and guarantee deposits received | 1,037 | 2,043 |
| Other, net | 118 | 138 |
| Net cash provided by (used in) investing activities | (16,163) | (3,163) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 35,500 | 14,000 |
| Repayments of finance lease obligations | (86) | (118) |
| Proceeds from long-term borrowings | 61,000 | 4,000 |

| | | |
|---|----------|----------|
| Repayments of long-term borrowings | (32,900) | (12,500) |
| Proceeds from issuance of shares | 106 | 146 |
| Proceeds from sales of treasury shares | — | 22 |
| Purchase of treasury shares | (3,571) | (4,445) |
| Dividends paid | (6,586) | (6,985) |
| Dividends paid to non-controlling interests | (44) | (49) |
| Net cash provided by (used in) financing activities | 53,417 | (5,930) |
| Effect of exchange rate change on cash and cash equivalents | (2) | (76) |
| Net increase (decrease) in cash and cash equivalents | (6,340) | (63,985) |
| Cash and cash equivalents at beginning of period | 61,347 | 118,330 |
| Cash and cash equivalents at end of period | 55,006 | 54,344 |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholder's Equity)

Not applicable.

(Segment Information)

【Segment information】

I For the Six Months from April 1, to September 30, 2018

1. Information regarding revenues, profits 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 | Commercial Real Estate | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | |
| External customers | 105,071 | 67,957 | 4,501 | 16,229 | 37,551 | 231,311 | 46 | 231,358 | - | 231,358 |
| Inter-segment | 481 | 961 | - | 740 | 5,619 | 7,803 | 0 | 7,803 | (7,803) | - |
| Subtotal | 105,552 | 68,919 | 4,501 | 16,969 | 43,171 | 239,114 | 46 | 239,161 | (7,803) | 231,358 |
| Segment profit or loss (Business profit or loss) (Note) 3 | 2,547 | 16,915 | 2,772 | 2,882 | 3,112 | 28,231 | (15) | 28,216 | (1,993) | 26,222 |
| Amortization of intangible assets associated with corporate acquisitions (Note) 3 | | | | | | | | | | (132) |
| Share of profit (loss) of entities accounted for using equity method (Note) 3 | | | | | | | | | | (71) |
| Operating profit (Note) 3 | | | | | | | | | | 26,018 |

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

2. The deduction of 1,993 million yen shown in the adjustments column for Segment profit or loss (Business profit or loss) includes elimination of intersegment transactions of 734 million yen and a deduction of 2,728 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. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

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

Not applicable

II For the Six Months from April 1, to September 30, 2019

1. Information regarding revenues, profits 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 | Commercial Real Estate | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | |
| External customers | 64,086 | 118,744 | 5,953 | 18,007 | 40,178 | 246,969 | 45 | 247,015 | - | 247,015 |
| Inter-segment | 371 | 2,297 | 0 | 261 | 5,573 | 8,505 | 0 | 8,505 | (8,505) | - |
| Subtotal | 64,457 | 121,042 | 5,953 | 18,269 | 45,751 | 255,474 | 45 | 255,520 | (8,505) | 247,015 |
| Segment profit or loss (Business profit or loss) (Note) 3 | (5,271) | 18,846 | 3,460 | 3,239 | 4,134 | 24,409 | (59) | 24,349 | (2,168) | 22,181 |
| Amortization of intangible assets associated with corporate acquisitions (Note) 3 | | | | | | | | | | (303) |
| Share of profit (loss) of entities accounted for using equity method (Note) 3 | | | | | | | | | | (193) |
| Operating profit (Note) 3 | | | | | | | | | | 21,684 |

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

2. The deduction of 2,168 million yen shown in the adjustments column for Segment profit or loss (Business profit or loss) includes elimination of intersegment transactions of 1,110 million yen and a deduction of 3,279 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. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

2. Notes relating to changes in reportable segments etc.

From the first quarter, Leasing Business Unit has been renamed Commercial Real Estate Business Unit. Nomura Real Estate Life & Sports Co., Ltd., and the senior business of Nomura Real Estate Wellness Co., Ltd. and Nomura Real Estate Development Co., Ltd., which had been classified under the Property & Facility Management Business Unit, have been reclassified under the Commercial Real Estate Business Unit and the Residential Development Business Unit, respectively. The rental housing business of Nomura Real Estate Development Co., Ltd., which had been classified under the Commercial Real Estate Business Unit, has been reclassified under the Residential Development Business Unit.

The segment information for the six months from April 1, to September 30, 2018 is prepared and disclosed based on the classification of reportable segments after this change.

3. Notes relating to changes in profit or loss calculation methods for each reportable segment

From the first quarter, the Company changed the method of calculation of profit or loss for each reportable segment to "Business profit and loss" in consideration of profit or loss in overseas business and amortization associated with mergers and acquisitions. The effect of this change on segment profit or loss (business profit and loss) for the six months from April 1, to September 30, 2019 was insignificant.

The segment information for the six months from April 1, to September 30, 2018 is prepared and disclosed based on the calculation methods after this change.

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

Not applicable