



Oct 27, 2020

## Consolidated Financial Results

### For the Six Months from April 1 to September 30, 2020

#### <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 :	<a href="http://www.nomura-re-hd.co.jp/english/">http://www.nomura-re-hd.co.jp/english/</a>
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 13, 2020
Scheduled starting date for dividend payments:	December 1, 2020
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, 2020**

## (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, 2020	223,935	(9.3)	24,187	11.5	24,648	11.1	19,429	8.9	12,030	(3.5)
Sep. 30, 2019	247,015	6.8	21,684	(16.7)	22,181	(15.4)	17,844	(17.2)	12,468	(4.1)

(Note) Comprehensive income: From April 1, 2020 to September 30, 2020: 10,698 million yen (down 38.8%)

From April 1, 2019 to September 30, 2019: 17,477 million yen (up 27.3%)

(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, 2020	66.26	66.03
Sep. 30, 2019	67.86	67.51

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2020	1,847,576	560,078	30.2
Mar. 31, 2020	1,801,273	565,120	30.5

(Reference) Shareholders' equity: As of Sep 30, 2020: 557,055 million yen As of March 31, 2020: 550,177 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, 2020	-	40.00	-	40.00	80.00
Fiscal year ending Mar. 31, 2021	-	40.00			
Fiscal year ending Mar. 31, 2021 (Forecasts)			-	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, 2020 to March 31, 2021**

(% 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, 2021	600,000	(11.3)	61,000	(25.5)	60,000	(27.6)	49,000	(32.9)	31,000	(36.6)	170.68

(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
	2020	2020
1) Number of shares issued at end of period (including treasury shares)	192,985,701	192,875,301
2) Treasury shares at end of period	11,362,313	11,367,181
	From April 1 to Sep 30,	From April 1 to Sep 30,
	2020	2019
3) Average number of shares outstanding during the period	181,555,926	183,741,190

(Note) The number of treasury shares at end of each period includes the shares of the company owned by BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust (1,963,149 shares as of September 30, 2020 and 1,968,017 shares as of September 30, 2019). The Company's share owned by executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust are included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period. (1,965,668 shares as of September 30, 2020 and 1,906,811 shares as of September 30, 2019)

\*This Quarterly "Consolidated Financial Results" is not required to be audited by certified public accountants or audit corporations.

\*Proper use of forecasts of operating 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 are due to various factors. For matters related to the forecasts of financial results, please refer to "1. Business Results and Financial Position (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 27, 2020 and will be uploaded on the Company's website.

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## 1. Business Results and Financial Position

### (1) Business Results

The Nomura Real Estate Group (the “Group”) posted the following consolidated performance for the six months ended September 30, 2020: Operating revenue of 223,935 million yen, which represents a decrease of 23,079 million yen, or 9.3% year on year; operating profit of 24,187 million yen, an increase of 2,503 million yen, or 11.5%; business profit of 24,648 million yen, an increase of 2,466 million yen, or 11.1%; ordinary profit of 19,429 million yen, an increase of 1,584 million yen, or 8.9%; and profit attributable to owners of parent of 12,030 million yen, a decrease of 438 million yen, or 3.5%.

(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:

- (Note) 1. Operating revenue for each business unit includes internal sales and transfer amount among business units.  
2. Total figures may not match due to the rounding of fractions.  
3. From the first quarter, reportable segment, etc has been changed as follows. As of October 1, 2020, Geo Akamatsu Co., Ltd. changed the corporate name to Nomura Real Estate Retail Properties Co., Ltd.

(Changes in reportable segment, etc)

The overseas condominium development and sales business, which had been classified under the Residential Development Business Unit in Nomura Real Estate Development Co., Ltd. and the overseas office and other properties development and leasing business, and ZEN PLAZA CO., LTD., which had been classified under the Commercial Real Estate Business Unit in Nomura Real Estate Development Co., Ltd., have been reclassified under the Other.

As of April 1, 2020, the company acquired all shares of NREG TOSHIBA BUILDING Co., Ltd. held by non-controlling shareholders. In addition, NREG TOSHIBA BUILDING FACILITIES Co., Ltd., which had been a wholly owned subsidiary of it and had been classified under the Commercial Real Estate Business Unit, has been merged with Nomura Real Estate Partners Co., Ltd. which has been classified under the Property & Facility Management Business Unit. The merger has been carried out with NREG TOSHIBA BUILDING FACILITIES Co., Ltd. being the absorbed company and Nomura Real Estate Partners Co., Ltd. being the surviving company. As of the same date, NREG TOSHIBA BUILDING Co., Ltd., changed the corporate name to Nomura Real Estate Building Co., Ltd.

In line with this change, the financial results of the first six months ended September 30, 2019 and the fiscal year ended March 31, 2020 are based on the changed classification in the above and the new classification of business unit after the merger.

#### <Residential Development Business Unit>

Operating revenue in this business unit totaled 83,908 million yen, which represents an increase of 19,781 million yen, or 30.8% year on year, and business profit totaled 1,764 million yen (business loss of the first six months ended September 30, 2019 was 4,992 million yen) resulting in increases in both operating revenue and business profit compared with the financial results of the six months ended September 30, 2019.

This was mainly due to an increase in the average price of housing units sold and an improvement of the gross profit margin ratio in the housing sales business.

In regard to housing sales, 994 units were recorded as sales (a decrease of 3 units year on year) against the planned 3,700 units for this fiscal year. The contract progress rate was 86.6% at the end of this 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 3,328 units as of the end of this second quarter (a decrease of 947 units year on year).

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

Breakdown of operating revenue

		First six months ended Sep. 30, 2019		First six months ended Sep. 30, 2020		Fiscal year ended Mar. 31, 2020	
		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	760 units	43,415	902 units	69,550	3,448 units	225,349
	Kansai area	206 units	10,434	57 units	3,440	690 units	36,149
	Other	30 units	1,163	34 units	1,874	600 units	32,878
	Subtotal (Detached housing)	997 units (172 units)	55,012 (11,443)	994 units (81 units)	74,864 (4,742)	4,739 units (470 units)	294,376 (30,780)
Rental housing (Note)		-	3,264	-	436	-	19,001
Senior / Other		-	5,850	-	8,607	-	20,588
Total		-	64,127	-	83,908	-	333,966

(Note) Rental Housing refers to properties developed for real estate investment market.

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

	As of Sep. 30, 2019	As of Sep. 30, 2020	As of Mar. 31, 2020
Tokyo metropolitan area	94 units	217 units	261 units
Kansai area	8 units	39 units	5 units
Other	0 unit	50 units	55 units
Total (Detached housing)	103 units (28 units)	306 units (13 units)	321 units (22 units)

Housing sales period-end completed housing inventory (unreleased)

	As of Sep. 30, 2019	As of Sep. 30, 2020	As of Mar. 31, 2020
Total (Detached housing)	32 units (6 units)	224 units (7 units)	187 units (3 units)

Housing sales contracted but not recorded as housing sales

	As of Sep. 30, 2019		As of Sep. 30, 2020		As of Sep. 31, 2020	
	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	3,103 units	217,883	2,542 units	184,312	2,067 units	154,938
Kansai area	582 units	31,717	297 units	16,094	248 units	14,097
Other	589 units	33,451	488 units	26,507	295 units	17,039
Total (Detached housing)	4,275 units (89 units)	283,053 (6,319)	3,328 units (203 units)	226,914 (12,124)	2,611 units (60 units)	186,075 (3,604)

<Commercial Real Estate Business Unit >

Operating revenue in this business unit totaled 80,402 million yen, which represents a decrease of 39,340 million yen, or 32.9% year on year, and business profit totaled 15,295 million yen, a decrease of 3,525 million yen, or 18.7%, resulting in decreases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2019.

This was mainly due to a decrease in revenues of property sales, as well as the COVID-19 impact including the temporary closure of the fitness clubs, a decrease in leasing revenue in leasing (retail facilities) business and a decline in occupancy rate in hotel business.

Breakdown of operating revenue

	First six months ended Sep. 30, 2019 (Millions of yen)	First six months ended Sep. 30, 2020 (Millions of yen)	Fiscal year ended Mar. 31, 2020 (Millions of yen)
Leasing (offices)	24,442	23,648	48,562
Leasing (retail facilities)	6,359	5,045	12,910
Leasing (other)	4,132	2,979	8,375
Property for sales (sale) (Note)	62,729	35,965	106,816
Property for sales (leasing) (Note)	3,712	5,948	7,037
Fitness	8,526	4,656	15,757
Other	9,839	2,157	12,674
Total	119,742	80,402	212,133

(Note) Property for sales refers to properties such as office building, retail facility and logistic facility developed for real estate investment market.

Net lettable area

	As of Sep. 30, 2019	As of Sep. 30, 2020	As of Mar. 31, 2020
Offices	782,261 m <sup>2</sup>	772,089 m <sup>2</sup>	768,310 m <sup>2</sup>
Retail facilities	172,153 m <sup>2</sup>	122,068 m <sup>2</sup>	145,136 m <sup>2</sup>
Total	954,414 m <sup>2</sup>	894,157 m <sup>2</sup>	913,446 m <sup>2</sup>

Vacancy rate (offices and retail facilities)

As of Sep. 30, 2019	As of Sep. 30, 2020	As of Mar. 31, 2020
4.3%	4.6%	4.0%

<Investment Management Business Unit>

Operating revenue in this business unit totaled 6,295 million yen, which represents an increase of 341 million yen, or 5.7% year on year, and business profit totaled 3,861 million yen, an increase of 400 million yen, or 11.6%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2019.

This was mainly due to an increase in a domestic asset manager's assets under management.

	First six months ended Sep. 30, 2019 (Millions of yen)	First six months ended Sep. 30, 2020 (Millions of yen)	Fiscal year ended Mar. 31, 2020 (Millions of yen)
Operating revenue	5,953	6,295	12,059

Assets under management

		As of Sep. 30, 2019 (Millions of yen)	As of Sep. 30, 2020 (Millions of yen)	As of Mar. 31, 2020 (Millions of yen)
Domestic asset manager	REITs	1,295,255	1,376,092	1,367,758
	Private funds, etc.	115,965	135,047	130,211
Overseas asset manager		291,589	263,553	300,614
Total		1,702,811	1,774,693	1,798,583

**<Property Brokerage & CRE Business Unit>**

Operating revenue in this business unit totaled 17,693 million yen, which represents a decrease of 575 million yen, or 3.1% year on year, and business profit totaled 3,145 million yen, a decrease of 198 million yen, or 5.9%, resulting in decreases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2019.

This was mainly due to a decrease in brokerage commission fee resulting from decreases in the number of transactions and total transaction value of retail business in property brokerage.

## Breakdown of operating revenue

	First six months ended Sep. 30, 2019 (Millions of yen)	First six months ended Sep. 30, 2020 (Millions of yen)	Fiscal year ended Mar. 31, 2020 (Millions of yen)
Property brokerage	17,036	15,870	35,156
(retail business)	(11,927)	(10,556)	(24,017)
(wholesale business)	(5,109)	(5,314)	(11,138)
Other	1,232	1,823	3,954
Total	18,269	17,693	39,110

## Number of transactions and transaction value of property brokerage

	First six months ended Sep. 30, 2019	First six months ended Sep. 30, 2020	Fiscal year ended Mar. 31, 2020
Number of transactions	4,817	4,281	9,515
Total transaction value (Millions of yen)	412,921	431,801	872,337

**<Property & Facility Management Business Unit>**

Operating revenue in this business unit totaled 43,265 million yen, which represents a decrease of 4,601 million yen, or 9.6% year on year, and business profit totaled 3,197 million yen, a decrease of 1,073 million yen, or 25.1%, resulting in decreases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2019.

This was mainly due to the decline of the number of construction ordered.

## Breakdown of operating revenue

	First six months ended Sep. 30, 2019 (Millions of yen)	First six months ended Sep. 30, 2020 (Millions of yen)	Fiscal year ended Mar. 31, 2020 (Millions of yen)
Property & facility management	27,477	28,076	55,530
Construction ordered	17,583	12,359	37,327
Other	2,805	2,828	5,417
Total	47,866	43,265	98,274

## Number of properties under management

	As of Sep. 30, 2019	As of Sep. 30, 2020	As of Mar. 31, 2020
Buildings under management	790	794	786
Housings under management (unit)	177,332	181,788	182,259

**<Other>**

Operating revenue totaled 592 million yen which represents an increase of 216 million yen, or 57.5% year on year, and business loss totaled 665 million yen (business loss of the first six months ended September 30, 2019 was 710 million yen).



## (2) Financial Position

	As of Mar. 31, 2020 (Millions of yen)	As of Sep. 30, 2020 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,801,273	1,847,576	46,302	2.6%
Total liabilities	1,236,153	1,287,497	51,344	4.2%
Net assets	565,120	560,078	(5,041)	(0.9%)
Shareholders' equity ratio	30.5%	30.2%	-	-

Total assets were 1,847,576 million yen, which represents an increase of 46,302 million yen compared to the end of the previous fiscal year. This was mainly because inventories increased by 88,752 million yen, while cash and deposits decreased by 32,410 million yen and advance payments - trade which is included in other in current assets decreased by 11,112 million yen.

Total liabilities were 1,287,497 million yen, which represents an increase of 51,344 million yen compared to the end of the previous fiscal year. This was mainly because interest-bearing debt increased by 155,500 million yen, while notes and accounts payable - trade decreased by 66,915 million yen, deposits received decreased by 23,803 million yen and income taxes payable decreased by 11,397 million yen.

Net assets were 560,078 million yen, which represents a decrease of 5,041 million yen compared to the end of the previous fiscal year. This was mainly because non-controlling interests decreased by 11,616 million yen, while retained earnings increased by 4,691 million yen and capital surplus increased by 3,251 million yen.

The shareholders' equity ratio was 30.2%, a decrease of 0.4 percentage point from the end of the previous fiscal year.

### (Cash Flows)

Cash and cash equivalents as of the end of this second quarter totaled 45,149 million yen, which represents a decrease of 32,462 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 152,598 million yen (a year-on-year decrease of 97,784 million yen). This was mainly due to an increase in inventories and a decrease in trade payables.

Net cash provided by (used in) investing activities increased by 19,274 million yen (a year-on-year decrease of 16,111 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 increased by 139,523 million yen (a year-on-year increase of 145,454 million yen). This was mainly due to the fund procurement by long-term borrowings and issuance of bonds payable.

## (3) Consolidated Operating Result Forecasts

No change in the consolidated operating result forecast which was announced on July 29, 2020.

## 2. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	78,401	45,990
Notes and accounts receivable - trade	25,359	17,193
Real estate for sale	234,973	273,859
Real estate for sale in process	298,787	317,371
Land held for development	180,358	211,854
Equity investments	30,983	29,682
Other	57,882	49,624
Allowance for doubtful accounts	(20)	(20)
Total current assets	906,726	945,557
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	206,958	219,639
Land	526,809	524,400
Other, net	22,553	21,389
Total property, plant and equipment	756,321	765,429
Intangible assets	20,223	18,258
Investments and other assets		
Investment securities	58,952	58,360
Leasehold and guarantee deposits	27,999	27,771
Deferred tax assets	22,696	23,875
Other	8,354	8,324
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	118,003	118,331
Total non-current assets	894,547	902,018
<b>Total assets</b>	<b>1,801,273</b>	<b>1,847,576</b>

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	94,197	27,282
Short-term borrowings	72,000	67,000
Commercial papers	—	20,000
Current portion of bonds payable	20,000	20,000
Income taxes payable	19,476	8,079
Deposits received	35,564	11,760
Provision for bonuses	8,410	8,399
Provision for bonuses for directors (and other officers)	473	242
Provision for loss on business liquidation	19	16
Other	51,927	49,870
<b>Total current liabilities</b>	<b>302,068</b>	<b>212,651</b>
Non-current liabilities		
Bonds payable	120,000	150,000
Long-term borrowings	658,000	768,500
Leasehold and guarantee deposits received	62,392	63,069
Deferred tax liabilities	61,389	61,185
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for share-based remuneration	1,541	1,926
Retirement benefit liability	18,705	18,184
Other	8,157	8,081
<b>Total non-current liabilities</b>	<b>934,084</b>	<b>1,074,846</b>
<b>Total liabilities</b>	<b>1,236,153</b>	<b>1,287,497</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	117,822	117,927
Capital surplus	111,065	114,317
Retained earnings	342,081	346,772
Treasury shares	(27,339)	(27,328)
<b>Total shareholders' equity</b>	<b>543,630</b>	<b>551,688</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,915	2,534
Deferred gains or losses on hedges	1,044	409
Revaluation reserve for land	7,860	7,860
Foreign currency translation adjustment	(1,322)	(1,834)
Remeasurements of defined benefit plans	(3,950)	(3,602)
<b>Total accumulated other comprehensive income</b>	<b>6,547</b>	<b>5,367</b>
Share acquisition rights	1,850	1,547
Non-controlling interests	13,091	1,474
<b>Total net assets</b>	<b>565,120</b>	<b>560,078</b>
<b>Total liabilities and net assets</b>	<b>1,801,273</b>	<b>1,847,576</b>

(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, 2020)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenue	247,015	223,935
Operating costs	175,324	150,272
Operating gross profit	71,690	73,663
Selling, general and administrative expenses	50,006	49,475
Operating profit	21,684	24,187
Non-operating income		
Interest income	23	46
Dividend income	39	28
Share of profit of entities accounted for using equity method	193	148
Gain on sales of non-current assets	—	100
Adjustment income for cancellation	398	—
Gain on sales of investment securities	102	—
Other	172	329
Total non-operating income	929	654
Non-operating expenses		
Interest expenses	4,320	4,562
Other	449	849
Total non-operating expenses	4,769	5,412
Ordinary profit	17,844	19,429
Extraordinary income		
Subsidies for employment adjustment	—	513
Gain on sales of non-current assets	393	—
Total extraordinary income	393	513
Extraordinary losses		
Loss on COVID-19	—	1,715
Total extraordinary losses	—	1,715
Profit before income taxes	18,238	18,226
Income taxes - current	6,995	7,134
Income taxes - deferred	(1,598)	(907)
Total income taxes	5,396	6,226
Profit	12,842	12,000
Profit (loss) attributable to non-controlling interests	373	(30)
Profit attributable to owners of parent	12,468	12,030

(Quarterly Consolidated Statements of Comprehensive Income for the First Six Months from April 1 to September 30, 2020)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	12,842	12,000
Other comprehensive income		
Valuation difference on available-for-sale securities	4,771	(382)
Deferred gains or losses on hedges	188	(635)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	(356)	(551)
Remeasurements of defined benefit plans, net of tax	112	348
Share of other comprehensive income of entities accounted for using equity method	(80)	(80)
Total other comprehensive income	4,635	(1,301)
Comprehensive income	17,477	10,698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,152	10,850
Comprehensive income attributable to non-controlling interests	325	(151)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	18,238	18,226
Depreciation	9,776	9,966
Share of loss (profit) of entities accounted for using equity method	(193)	(148)
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in provision for loss on business liquidation	(3)	(3)
Increase (decrease) in provision for loss on subleasing business	(8)	—
Increase (decrease) in retirement benefit liability	(216)	(519)
Interest and dividend income	(62)	(75)
Interest expenses	4,320	4,562
Decrease (increase) in trade receivables	3,602	8,133
Decrease (increase) in inventories	(27,422)	(88,752)
Decrease (increase) in equity investments	(3,613)	1,300
Increase (decrease) in trade payables	(26,134)	(66,872)
Increase (decrease) in deposits received	(15,447)	(23,802)
Other, net	(2,433)	7,887
Subtotal	(39,599)	(130,098)
Interest and dividends received	301	212
Interest paid	(3,799)	(3,785)
Income taxes paid	(11,716)	(18,927)
Net cash provided by (used in) operating activities	(54,814)	(152,598)
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(399)	(834)
Proceeds from sales and liquidation of investment securities	834	71
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	(8,429)	(37,233)
Proceeds from sales of property, plant and equipment and intangible assets	7,819	18,060
Payments of leasehold and guarantee deposits	(985)	(677)
Proceeds from refund of leasehold and guarantee deposits	765	1,115
Repayments of lease and guarantee deposits received	(1,371)	(2,874)
Proceeds from lease and guarantee deposits received	2,043	3,001
Other, net	138	95
Net cash provided by (used in) investing activities	(3,163)	(19,274)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	14,000	3,000
Repayments of finance lease obligations	(118)	(154)
Net increase (decrease) in commercial papers	—	20,000

Proceeds from long-term borrowings	4,000	126,500
Repayments of long-term borrowings	(12,500)	(24,000)
Proceeds from issuance of shares	146	14
Proceeds from issuance of bonds	—	39,801
Redemption of bonds	—	(10,000)
Proceeds from sales of treasury shares	22	10
Purchase of treasury shares	(4,445)	—
Dividends paid	(6,985)	(7,339)
Dividends paid to non-controlling interests	(49)	(82)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(8,226)
Net cash provided by (used in) financing activities	(5,930)	139,523
Effect of exchange rate change on cash and cash equivalents	(76)	(112)
Net increase (decrease) in cash and cash equivalents	(63,985)	(32,462)
Cash and cash equivalents at beginning of period	118,330	77,611
Cash and cash equivalents at end of period	54,344	45,149

## (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 First six months from April 1 to September 30, 2019

## 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	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	63,756	117,472	5,953	18,007	41,449	246,639	376	247,015	—	247,015
Internal sales and transfer amount among segments	371	2,269	0	261	6,417	9,320	0	9,320	(9,320)	—
Subtotal	64,127	119,742	5,953	18,269	47,866	255,959	376	256,335	(9,320)	247,015
Operating profit (Note) 3	(4,986)	18,652	3,308	3,343	4,225	24,543	(848)	23,695	(2,010)	21,684
Share of profit (loss) of entities accounted for using equity method (Note) 3	(5)	32	—	—	30	56	137	193	—	193
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	136	151	—	14	303	—	303	—	303
Segment profit or loss (Business profit or loss) (Note) 3	(4,992)	18,821	3,460	3,343	4,270	24,903	(710)	24,192	(2,010)	22,181

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

2. The deduction of 2,010 million yen shown in the adjustments column for segment profit or loss (Business profit or loss) includes an increase in elimination of intersegment transactions of 1,109 million yen and a deduction of 3,120 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 non-current assets or goodwill by reportable segment

Not applicable



II First six months from April 1 to September 30, 2020

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	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	83,576	79,522	6,295	16,704	37,245	223,343	592	223,935	—	223,935
Internal sales and transfer amount among segments	332	880	—	989	6,020	8,222	0	8,222	(8,222)	—
Subtotal	83,908	80,402	6,295	17,693	43,265	231,565	592	232,158	(8,222)	223,935
Operating profit (Note) 3	1,777	15,101	3,716	3,145	3,119	26,860	(721)	26,138	(1,951)	24,187
Share of profit (loss) of entities accounted for using equity method (Note) 3	(12)	57	—	—	63	107	41	148	—	148
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	136	145	—	14	296	15	311	—	311
Segment profit or loss (Business profit or loss) (Note) 3	1,764	15,295	3,861	3,145	3,197	27,264	(665)	26,599	(1,951)	24,648

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

2. The deduction of 1,951 million yen shown in the adjustments column for segment profit or loss (Business profit or loss) includes an increase in elimination of intersegment transactions of 1,259 million yen and a deduction of 3,210 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 this first quarter, in accordance with the review of the organizational structure, as of April 1, 2020, NREG TOSHIBA BUILDING FACILITIES Co., Ltd., which had been classified under the Commercial Real Estate Business Unit, had been an absorbed company in an absorption-type merger with Nomura Real Estate Partners Co., Ltd. being the surviving company, which is the company’s consolidated subsidiary and has been classified under the Property Management & Facility Business Unit.

The overseas condominium development and sales business, which had been classified under the Residential Development Business Unit in Nomura Real Estate Development Co., Ltd. and the overseas offices and other properties development and leasing business, and ZEN PLAZA CO., LTD., which had been classified under the Commercial Real Estate Business Unit in Nomura Real Estate Development Co., Ltd., have been reclassified under the Other.

In line with this change, the segment information disclosed for the first six months ended September 30, 2019 is based on the changed classification.

3. Information regarding impairment loss on non-current assets or goodwill by reportable segment

Not applicable