

# Outline of Consolidated Financial Statements

## For the Three Months from April 1 to June 30, 2016

Name of company listed : Nomura Real Estate Holdings, Inc.  
 Shares traded : TSE (First section)  
 Code number : 3231  
 URL : <http://www.nomura-re-hd.co.jp/english/>  
 Representative : Eiji Kutsukake, President  
 IR contact : Naoko Usami,  
 General Manager of Corporate Communications Dept.  
[info@nomura-re-hd.com](mailto:info@nomura-re-hd.com)  
 Scheduled submitting date of quarterly securities report: August 9, 2016  
 Scheduled starting date for dividend payments : -  
 Preparation of explanatory materials for financial results : Yes  
 Information meetings arranged related to financial results : Yes (for institutional investors and analysts, in Japanese)

Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purpose. All statements were based on Tanshin report prepared in accordance with the provisions set forth in accounting regulations and principals generally accepted in Japan.

(Values of less than one million yen rounded off.)

### I. Consolidated Operating Results for the Three Months from April 1 to June 30, 2016

#### (1) Consolidated business results

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
First three months	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016	78,475	(23.0)	8,835	(19.2)	6,802	(19.4)	4,824	8.0
FY2015	101,887	(10.3)	10,941	(16.9)	8,435	(23.1)	4,467	(25.8)

(Note) Comprehensive income: From April 1 to June 30, 2016 ¥4,380 million (down 23.3%)  
 From April 1 to June 30, 2015 ¥5,712 million (down 32.7%)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after adjusting for dilution
First three months	yen	yen
FY2016	25.16	25.08
FY2015	23.37	23.27

#### (2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2016	1,516,601	455,053	29.2
Mar. 31, 2016	1,485,449	456,408	29.9

(Reference) Shareholders' equity: At June 30, 2016 ¥443,420 million At March 31, 2016 ¥444,854 million

## II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY2015	—	27.50	—	30.00	57.50
FY2016	—				
FY2016 (Forecast)		30.00	—	30.00	60.00

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

## III. Forecasts of Consolidated Operating Results for the Fiscal Year from April 1, 2016 to March 31, 2017

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2016	589,000	3.4	76,000	(6.1)	67,000	(7.8)	43,000	(8.9)	224.30

(Note) Revision of operating result forecasts during this quarter: None

### \* Notes

(1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements :None

(3) Changes in accounting policies, accounting estimates, and restatements

- |   |        |
|---|--------|
| 1) Changes in accounting policies due to revision of accounting standards, etc. | : 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)

	At June 30	At March 31
	2016	2016
1) Number of shares outstanding (including treasury shares)	191,714,501	191,679,601
2) Treasury shares	1,601	1,508
	From April 1 to June 30	From April 1 to June 30
	2016	2015
3) Average number of shares during the term	191,692,306	191,177,262

\* Implementation status of quarterly auditing procedure

The financial summary and the accompanying materials including the consolidated financial statements are not subject to the quarterly review procedure by external auditors that are based on Financial Instruments and Exchange Act. The quarterly review procedure has not yet finished at the point of releasing this financial summary.

\* Use of earnings forecasts and other special remarks

(Forward-looking statements)

Certain statements other than historical facts in this document are forward-looking statements that reflect the company's plans and estimates based on currently available information. Therefore, the Company has no intention to promise the accomplishment of the forecasts. These statements include known and unknown risks, uncertainties, and other factors that may cause the company's actual future performance to differ from the forward-looking statements contained herewith.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on July 28, 2016 and will be uploaded on the Company's website.

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# 1. Qualitative Information

## (1) Business Results

The Nomura Real Estate Group posted the following consolidated performance for the current first quarter: Operating revenue of 78,475 million yen, which represents a decrease of 23,412 million yen, or 23.0% year on year; operating income of 8,835 million yen, a decrease of 2,106 million yen, or 19.2%; ordinary income of 6,802 million yen, a decrease of 1,632 million yen, or 19.4%; and profit attributable to owners of parent of 4,824 million yen, an increase of 357 million yen, or 8.0%.

An overview of unit achievements is given below:

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

From the first quarter of the fiscal year ending March 31, 2017, Yokohama Business Park Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit to promote business in conjunction with the property and management business. In line with this change, the financial results for the first quarter of the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2016 are calculated under the new classification.

### <Residential Development Unit>

Operating revenue in this unit totaled 29,592 million yen, which represents a decrease of 22,966 million yen, or 43.7% year on year, and operating loss was 725 million yen, while the previous first quarter achieved operating income of 2,206 million yen.

In housing sales, both revenue and income decreased due to a decrease in housing units sold. This is mainly due to most of housing units planned to be recorded in this fiscal year are mainly posted after the second quarter. We posted the sale of 451 units (a decrease of 420 units from the previous quarter), including PROUD CITY Kaga-Gakuen-dori (Itabashi-ku, Tokyo), PROUD Sanno (Ota-ku, Tokyo), PROUD CITY Sendai Nagamachi-Minami (Taihaku-ku, Sendai-shi, Miyagi) for condominiums, and PROUD SEASON Tsuruse (Iruma-gun, Saitama) for detached houses.

The number of sold but not recorded housing units totaled 4,035 as of the end of June, 2016 (a decrease of 963 units over the end of previous first quarter).

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

### Breakdown of operating revenue

		FY2015 1Q		FY2016 1Q		FY2015	
		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	817 units	46,706	298 units	18,187	4,721 units	260,494
	Kansai area	3 units	210	26 units	1,623	857 units	38,223
	Other	50 units	2,588	125 units	5,594	427 units	20,078
	Subtotal (Detached houses)	871 units (52 units)	49,505 (4,397)	451 units (69 units)	25,405 (4,302)	6,006 units (643 units)	318,795 (39,514)
Other			3,053		4,187		15,719
Total			52,559		29,592		334,514

## Housing sales Period-end completed housing inventories

	As of June 30, 2015	As of June 30, 2016	As of March 31, 2016
Tokyo metropolitan area	132 units	271 units	285 units
Kansai area	10 units	50 units	38 units
Other	11 units	21 units	25 units
Total (Detached houses)	153 units (55 units)	343 units (120 units)	349 units (140 units)

## Housing sales Sold but not recorded housing units

	As of June 30, 2015		As of June 30, 2016		As of March 31, 2016	
	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	3,874 units	218,509	3,056 units	194,870	2,569 units	162,146
Kansai area	716 units	31,560	614 units	30,088	535 units	26,577
Other	407 units	18,596	364 units	20,071	389 units	21,235
Total (Detached houses)	4,998 units (63 units)	268,667 (3,686)	4,035 units (117 units)	245,030 (7,291)	3,493 units (74 units)	209,959 (4,613)

## &lt;Leasing Unit &gt;

Operating revenue in this unit totaled 20,007 million yen, which represents a decrease of 2,510 million yen, or 11.1% year on year, and operating income totaled 6,169 million yen, a decrease of 574 million yen, or 8.5%.

In the leasing business, while rental revenue increased due to improvement of vacancy rate, the number of properties sold decreased resulting decreases in both income and profit over the previous first quarter.

Since the previous second quarter, the classification of the breakdown of operating revenue was changed. According to this change, the figures for the previous first quarter results were calculated under the new classification.

Yokohama Business Park Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit from this first quarter. Thus, the financial results for the first quarter of the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2016 are calculated under the new classification.

## Breakdown of operating revenue

	FY2015 1Q (Millions of yen)	FY2016 1Q (Millions of yen)	FY2015 (Millions of yen)
Leasing (offices)	12,143	12,597	49,594
Leasing (retail facilities)	2,575	2,898	10,873
Leasing (other)	1,447	1,468	5,882
Property development (sale)	3,800	840	33,260
Property development (leasing)	906	847	3,320
Other	1,644	1,355	7,295
Total	22,517	20,007	110,226

## Rentable area

	As of June 30, 2015	As of June 30, 2016	As of March 31, 2016
Offices	827,827 m <sup>2</sup>	832,492 m <sup>2</sup>	829,312 m <sup>2</sup>
Retail facilities	108,178 m <sup>2</sup>	144,797 m <sup>2</sup>	144,815 m <sup>2</sup>
Total	936,005 m <sup>2</sup>	977,289 m <sup>2</sup>	974,127 m <sup>2</sup>

Vacancy rate (offices and retail facilities)

As of June 30, 2015	As of June 30, 2016	As of March 31, 2016
4.7%	1.4%	2.2%

<Investment Management Unit>

Operating revenue in this unit totaled 2,203 million yen, which represents an increase of 436 million yen, or 24.7% year on year, and operating income totaled 1,312 million yen, an increase of 410 million yen, or 45.5%. This unit showed increases both in revenue and income compared to the previous first quarter. This was due to an increase in asset management fees associated with acquisition conducted by REITs.

	FY2015 1Q (Millions of yen)	FY2016 1Q (Millions of yen)	FY2015 (Millions of yen)
Operating revenue	1,766	2,203	10,973

Assets under management

	As of June 30, 2015 (Millions of yen)	As of June 30, 2016 (Millions of yen)	As of March 31, 2016 (Millions of yen)
REITs	1,010,750	1,010,487	1,012,630
Private funds, etc.	104,853	61,868	61,851
Total	1,115,604	1,072,356	1,074,481

<Property Brokerage & CRE Unit>

Operating revenue in this unit totaled 7,841 million yen, which represents an increase of 1,277 million yen, or 19.5% year on year, operating income totaled 1,851 million yen, an increase of 879 million yen, or 90.6%.

Due to increases in the number and amount of property brokerage transactions and property sales, the Property Brokerage & CRE Unit revealed increases in both income and profit over the previous first quarter.

In retail operations, we opened the following new branch stores in April 2016 : Iidabashi Center (Chiyoda-ku, Tokyo) and Toyonaka Center (Toyonaka-shi, Osaka) .

Breakdown of operating revenue

	FY2015 1Q (Millions of yen)	FY2016 1Q (Millions of yen)	FY2015 (Millions of yen)
Property brokerage	5,858	7,207	28,028
Other	706	634	7,345
Total	6,564	7,841	35,373

Number of transactions and total transaction value of property brokerage

	FY2015 1Q	FY2016 1Q	FY2015
Number of transactions	1,792	2,034	7,710
Total transaction value (Millions of yen)	142,450	186,111	713,574

<Property & Facility Management Unit>

Operating revenue in this unit totaled 21,165 million yen, which represents an increase of 189 million yen, or 0.9% year on year, and operating income totaled 923 million yen, an increase of 31 million yen, or 3.6%.

In fitness club business sector, we opened MEGALOS\_0+ Ebisu (Shibuya-ku, Tokyo) in April 2016, and MEGSLOS\_Reflet Ebisu (Shibuya-ku, Tokyo) in June 2016.

Yokohama Business Park Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit from this first quarter. In line with this change, the financial results for the first quarter of the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2016 are calculated under the new classification.

Breakdown of operating revenue

	FY2015 1Q (Millions of yen)	FY2016 1Q (Millions of yen)	FY2015 (Millions of yen)
Property & facility management	11,696	11,791	47,952
Construction ordered	4,754	4,520	24,636
Fitness club & elderly care	3,621	3,811	14,995
Other	903	1,040	3,967
Total	20,975	21,165	91,552

Number of properties under management

	As of June 30, 2015	As of June 30, 2016	As of March 31, 2016
Buildings under management	737	710	705
Condominiums under management (unit)	156,640	163,224	163,036

<Other Unit>

Operating revenue in this unit totaled 24 million yen, which represents a decrease of 170 million yen, or 87.6% year on year, and operating loss totaled 11 million yen (the previous first quarter showed operating loss of 44 million yen).



## (2) Financial Position

	As of March 31, 2016 (Millions of yen)	As of June 30, 2016 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,485,449	1,516,601	31,151	2.1
Total liabilities	1,029,041	1,061,548	32,506	3.2
Net assets	456,408	455,053	(1,354)	(0.3)
Shareholders' equity ratio	29.9%	29.2%	-	-

Total assets totaled 1,516,601 million yen, an increase of 31,151 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits (decreased by 11,581 million yen), while both inventories (an increase of 30,298 million yen) and land (an increase of 15,599 million yen) increased.

Total liabilities totaled 1,061,548 million yen, an increase of 32,506 million yen from the end of the previous fiscal year. This was mainly due to decrease in notes and accounts payable - trade (decreased by 23,610 million yen), while commercial papers (increased by 44,000 million yen) and bonds payable (increased by 20,000 million yen) increased.

Net assets totaled 455,053 million yen, a decrease of 1,354 million yen from the end of the previous fiscal year. This was mainly due to a decrease in retained earnings (decreased by 926 million yen) and valuation difference on available-for-sale securities (decreased by 842 million yen).

The shareholders' equity ratio was 29.2 %, a decrease of 0.7 point from the end of the previous fiscal year.

### (Cash Flows)

Cash and cash equivalents as of the end of the current first quarter totaled 46,010 million yen, which represents a decrease of 11,581 million yen from the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 77,593 million yen (a decrease of 35,941 million yen year on year). This was mainly due to deposit outflows resulted by the purchase of inventories and decreases in deposits received, and notes and accounts payable-trade.

Net cash provided by (used in) investment activities decreased by 19,048 million yen (a decrease of 3,685 million yen year on year). This mainly reflected the purchase of property, plant and equipment and intangible assets.

Net cash provided by (used in) financing activities increased by 85,066 million yen (an increase of 40,046 million yen year on year). This was mainly due to funding through short-term loans payable, commercial papers and bonds.

## (3) Consolidated Operating Result Forecasts

There is no change in the consolidated operating result forecasts announced on April 28, 2016.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of March 31, 2016)	FY2016 1Q (As of June 30, 2016)
<b>Assets</b>		
Current Assets		
Cash and deposits	57,593	46,012
Notes and accounts receivable-trade	15,371	10,273
Real estate for sale	78,132	95,319
Real estate for sale in process	269,546	291,573
Land held for development	148,729	139,761
Equity investments	819	1,866
Deferred tax assets	5,285	5,752
Other	33,338	37,904
Allowance for doubtful accounts	(38)	(39)
Total current assets	608,779	628,424
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	235,068	232,907
Land	523,696	539,296
Other, net	20,325	21,568
Total property, plant and equipment	779,091	793,772
Intangible assets	10,681	10,831
Investments and other assets		
Investment securities	45,511	42,576
Lease and guarantee deposits	21,379	21,225
Deferred tax assets	14,840	14,840
Other	5,167	4,932
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	86,897	83,573
Total noncurrent assets	876,670	888,177
Total Assets	1,485,449	1,516,601

	FY2015 (As of March 31, 2016)	FY2016 1Q (As of June 30, 2016)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable-trade	51,162	27,551
Short-term loans payable	137,300	152,800
Commercial papers	-	44,000
Income taxes payable	13,232	1,888
Deposits received	29,617	11,910
Deferred tax liabilities	17	16
Provision for bonuses	7,073	3,629
Provision for directors' bonuses	738	150
Provision for loss on business liquidation	61	58
Other	49,903	46,229
Total current liabilities	289,107	288,236
Noncurrent Liabilities		
Bonds payable	60,000	80,000
Long-term loans payable	524,600	536,100
Lease and guarantee deposits received	63,766	64,458
Deferred tax liabilities	64,070	65,283
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for loss on subleasing business	313	301
Net defined benefit liability	18,018	18,034
Other	5,264	5,235
Total noncurrent liabilities	739,933	773,312
Total Liabilities	1,029,041	1,061,548
<b>Net Assets</b>		
Shareholders' Equity		
Capital stock	116,598	116,633
Capital surplus	109,842	109,877
Retained earnings	207,203	206,277
Treasury shares	(3)	(3)
Total shareholders' equity	433,642	432,784
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	6,664	5,822
Deferred gains or losses on hedges	155	327
Revaluation reserve for land	7,861	7,861
Foreign currency translation adjustment	43	50
Remeasurements of defined benefit plans	(3,513)	(3,426)
Total accumulated other comprehensive income	11,212	10,635
Subscription Rights to Shares	1,685	1,658
Non-Controlling Interests	9,868	9,974
Total Net Assets	456,408	455,053
Total Liabilities and Net Assets	1,485,449	1,516,601

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Three Months from April 1 to June 30, 2016)

(Millions of yen)

	FY2015 1Q (From April 1 to June 30, 2015)	FY2016 1Q (From April 1 to June 30, 2016)
Operating Revenue	101,887	78,475
Operating Cost	70,389	49,335
Operating Gross Profit	31,497	29,139
Selling, General and Administrative Expenses	20,556	20,304
Operating Income	10,941	8,835
Non-Operating Income		
Interest income	9	12
Dividends income	86	69
Equity in earnings of affiliates	16	83
Other	56	67
Total non-operating income	168	232
Non-Operating Expenses		
Interest expenses	2,045	1,924
Other	629	339
Total non-operating expenses	2,674	2,264
Ordinary Income	8,435	6,802
Extraordinary Income		
Gain on sales of noncurrent assets	-	653
Total extraordinary income	-	653
Extraordinary Losses		
Loss on valuation of investment securities	280	-
Total extraordinary losses	280	-
Income before Income Taxes and Minority Interests	8,154	7,456
Income Taxes - Current	1,312	1,496
Income Taxes - Deferred	1,645	1,002
Total Income Taxes	2,958	2,499
Profit	5,196	4,957
Profit Attributable to Non-Controlling Interests	729	132
Profit Attributable to Owners of Parent	4,467	4,824

## (Quarterly Consolidated Statements of Comprehensive Income)

(Three Months from April 1 to June 30, 2016)

(Millions of yen)

	FY2015 1Q (From April 1 to June 30, 2015)	FY2016 1Q (From April 1 to June 30, 2016)
Profit	5,196	4,957
Other Comprehensive Income		
Valuation difference on available-for-sale securities	603	(843)
Deferred gains or losses on hedges	(29)	171
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	0	7
Remeasurements of defined benefit plans, net of tax	(58)	86
Total other comprehensive income	515	(576)
Comprehensive Income	5,712	4,380
(Breakdown)		
Comprehensive income attributable to owners of parent	4,980	4,248
Comprehensive income attributable to non-controlling interests	731	132

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2015 1Q (From April 1 to June 30, 2015)	FY2016 1Q (From April 1 to June 30, 2016)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes and minority interests	8,154	7,456
Depreciation and amortization	3,913	4,133
Equity in (earnings) losses of affiliates	(16)	(83)
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for loss on business liquidation	(5)	(3)
Increase (decrease) in provision for loss on subleasing business	(31)	(12)
Increase (decrease) in net defined benefit liability	(32)	15
Interest and dividends income	(95)	(81)
Interest expenses	2,045	1,924
Decrease (increase) in notes and accounts receivable-trade	2,883	5,095
Decrease (increase) in inventories	(7,523)	(30,298)
Decrease (increase) in equity investments	35	(1,047)
Increase (decrease) in notes and accounts payable-trade	(14,031)	(23,610)
Increase (decrease) in deposits received	(13,337)	(17,707)
Other, net	(8,607)	(8,612)
Subtotal	(26,647)	(62,830)
Interest and dividends income received	95	86
Interest expenses paid	(1,892)	(1,612)
Income taxes paid	(13,208)	(13,237)
Net cash provided by (used in) operating activities	(41,652)	(77,593)
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(100)	(405)
Proceeds from sales and liquidation of investment securities	1,808	1,324
Purchase of property, plant and equipment and intangible assets	(15,521)	(25,149)
Proceeds from sales of property, plant and equipment and intangible assets	4	3,500
Payments for lease and guarantee deposits	(179)	(96)
Proceeds from collection of lease and guarantee deposits	435	226
Repayments of lease and guarantee deposits received	(1,406)	(862)
Proceeds from lease and guarantee deposits received	1,839	1,528
Other, net	(2,243)	886
Net cash provided by (used in) investment activities	(15,362)	(19,048)

	FY2015 1Q (From April 1 to June 30, 2015)	FY2016 1Q (From April 1 to June 30, 2016)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	32,400	13,000
Increase (decrease) in commercial papers	20,000	44,000
Repayments of finance lease obligations	(38)	(40)
Proceeds from long-term loans payable	20,000	22,000
Repayment of long-term loans Payable	(28,000)	(8,000)
Proceeds from issuance of bonds	9,936	19,869
Proceeds from issuance of common stock	160	14
Proceeds from share issuance to non-controlling shareholders	56	-
Purchase of treasury shares	-	(0)
Cash dividends paid	(4,777)	(5,750)
Dividends paid to non-controlling interests	(1,464)	(26)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3,253)	-
Net cash provided by (used in) financing activities	45,020	85,066
Effect of Exchange Rate Change on Cash and Cash Equivalents	0	(11)
Net Increase (Decrease) in Cash and Cash Equivalents	(11,994)	(11,586)
Cash and Cash Equivalents at Beginning of Period	50,418	57,591
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	4
Cash and Cash Equivalents at End of Period	38,424	46,010

(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 FY2015 1Q (Three months from April 1 to June 30, 2015)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	52,406	21,757	1,766	6,327	19,435	101,692	194	101,887	-	101,887
Inter-segment	152	760	0	237	1,539	2,690	0	2,690	(2,690)	-
Subtotal	52,559	22,517	1,766	6,564	20,975	104,383	194	104,578	(2,690)	101,887
Segment income or loss	2,206	6,743	902	971	891	11,715	(44)	11,671	(729)	10,941

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

2. The deduction of 729 million yen shown in the adjustments column for segment income or loss includes an addition of 333 million yen for the elimination of inter-segment transactions and a deduction of 1,063 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. The segment income or loss is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Impairment loss on noncurrent assets or goodwill by reportable segments

Not applicable.



II FY2016 1Q (Three months from April 1 to June 30, 2016)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	29,502	19,411	2,203	7,730	19,602	78,451	24	78,475	-	78,475
Inter-segment	90	595	-	110	1,562	2,359	0	2,359	(2,359)	-
Subtotal	29,592	20,007	2,203	7,841	21,165	80,810	24	80,834	(2,359)	78,475
Segment income or loss	(725)	6,169	1,312	1,851	923	9,532	(11)	9,520	(685)	8,835

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

2. The deduction of 685 million yen shown in the adjustments column for segment income or loss includes an addition of 498 million yen for the elimination of inter-segment transactions and a deduction of 1,183 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
3. The segment income or loss is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Changes in reportable segments

Since this first quarter of the current accounting period, Yokohama Business Park Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit to promote business in conjunction with the property and facility management business.

In this regard, the segment information for the previous first quarter had been prepared in accordance with the newly adopted method of cost allocation and segment classification.

3. Impairment loss on noncurrent assets or goodwill by reportable segment

Not applicable.