

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2020 (Nine Months Ended December 31, 2019)**

[Japanese GAAP]

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Securities code: 3252
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Listing: TSE/NSE, First Sections
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Scheduled date of filing of Quarterly Report: February 14, 2020
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2019
(April 1, 2019 – December 31, 2019)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2019	39,236	88.0	2,653	74.9	2,105	25.3	1,554	35.3
Nine months ended Dec. 31, 2018	20,875	73.2	1,517	76.5	1,680	240.8	1,148	268.2

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2019: 1,383 (up 84.0%)
Nine months ended Dec. 31, 2018: 752 (up 95.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2019	85.55	85.46
Nine months ended Dec. 31, 2018	63.93	63.46

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2019	94,821	22,279	23.5
As of Mar. 31, 2019	99,597	21,611	21.7

Reference: Shareholders' equity (million yen) As of Dec. 31, 2019: 22,279 As of Mar. 31, 2019: 21,591

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	55.00	55.00
Fiscal year ending Mar. 31, 2020	-	0.00	-		
Fiscal year ending Mar. 31, 2020 (forecasts)				55.00	55.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	74,000	85.8	5,100	14.7	4,400	1.7	3,100	15.5	170.59

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2019:	18,285,800 shares	As of Mar. 31, 2019:	18,039,200 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2019:	141 shares	As of Mar. 31, 2019:	141 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	18,171,860 shares	Nine months ended Dec. 31, 2018:	17,967,735 shares
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The current quarterly financial report is not subject to quarterly review by an auditing firm.

Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending March 31, 2020 (hereinafter, “the period under review”), the Japanese economy remained in a modest recovery amid ongoing improvement in the employment and income environment. However, careful attention was still warranted due to trends in consumer confidence after the consumption tax hike in Japan, as well as uncertainties of overseas economies such as tensions over trade issues.

The Japanese real estate and real estate finance industries continued to be favorable thanks to strong demand in commercial areas, as indicated by low vacancy rates of office buildings mainly in the urban areas.

Under such circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) further accelerated purchasing high-quality properties for sale to expand the market for “JINUSHI business,” aggressively expanding the assets under management of JINUSHI Private REIT Investment Corporation (hereinafter, “JINUSHI REIT”).

As already announced on October 11, 2019 in the timely disclosure on “Notice of Actions to Strengthen Financial Soundness” (Japanese version only), Nippon Commercial Development Co., Ltd. (hereinafter, “the Company”) switched to a new structure to improve its total asset turnover by reducing the period between the purchase and sale of properties, in order to respond to changes in the financial environment surrounding the real estate business. In this regard, the Company concluded basic agreements with SMFL MIRAI Partners Co., Ltd., a wholly owned subsidiary of Sumitomo Mitsui Finance and Leasing Co., Ltd., and ML Estate Company, Limited, a wholly owned subsidiary of Mizuho Leasing Company, Limited, respectively, to set a comprehensive facility for trading of real estate for sale. With this facility in place to expedite sale of real estate, the Company has further strengthened its financial soundness in order to expand its additional fund-raising capacity by improving the equity ratio and other financial indicators and decreasing interest-bearing debt and to realize gains at an earlier stage of development.

These efforts brought the prospect of selling multiple properties of real estate for sale by March 31, 2020, which would amount to more than 10% of the forecast net sales for the current fiscal year of 50,000 million yen announced on May 14, 2019. For this reason, the Group revised upward its earnings forecast as announced in “Notice Regarding Revision to Consolidated Forecast” (Japanese version only) on November 12, 2019.

As a result, the Group reported net sales for the period under review of 39,236 million yen (up 88.0% year on year), operating profit of 2,653 million yen (up 74.9% year on year), ordinary profit of 2,105 million yen (up 25.3% year on year), and profit attributable to owners of parent of 1,554 million yen (up 35.3% year on year).

The Company, JINUSHI Asset Management Co., Ltd., and JINUSHI REIT concluded a “Sponsor Support Agreement,” in which the Company became the sponsor. Under this agreement, the Group completed sale of 17 properties to JINUSHI REIT (with the aggregate sales of 26,075 million yen) on January 10, 2020, as announced on November 27, 2019 with “Notice of Sale of Real Estate for Sale to JINUSHI Private REIT Investment Corporation” (Japanese version only).

Results by business segment were as follows:

From the first quarter of the fiscal year ending March 31, 2020, the Group has changed the reportable segment classification. Accordingly, the prior-year figures have been reclassified into the new segments for comparison purposes.

i) Real Estate Investment Business

The segment reported sales of 38,888 million yen (up 94.5% year on year) with segment profit of 4,876 million yen (up 38.8% year on year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 346 million yen (up 6.5% year on year) with segment profit of 173 million yen (up 28.1% year on year).

iii) Planning and Brokerage Business

The segment reported sales of 1,466 thousand yen (down 99.2% year on year) with segment profit of 1,465 thousand yen (down 99.2% year on year).

The Group has reviewed the classification method of the reportable segment presented previously as “Other Businesses” and reclassified it into “Other (*)” as it is deemed immaterial.

(*) The “Other” segment represents the overseas PFI business.

(2) Explanation of Financial Position

Total assets decreased 4,775 million yen from the end of the previous fiscal year to 94,821 million yen at the end of the period under review. This decrease was attributable mainly to a decrease of 2,695 million yen in real estate for sale resulting from the early sale of properties, a decrease of 1,209 million yen in investment securities, and a decrease of 281 million yen in shares of subsidiaries and associates.

Total liabilities decreased 5,443 million yen from the end of the previous fiscal year to 72,541 million yen. This decrease was attributable mainly to a decrease of 5,069 million yen in borrowings due to the sale of real estate for sale.

Net assets increased 667 million yen from the end of the previous fiscal year to 22,279 million yen. This increase was attributable mainly to the booking of profit attributable to owners of parent of 1,554 million yen, which was partially offset by the distribution of dividends of surplus of 992 million yen. Consequently, the equity ratio at the end of the period under review was 23.5%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Both net sales and profits for the period under review have progressed as planned. Accordingly, net sales are expected to reach a record high level as already announced on November 12, 2019 with “Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)” in “Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (Six Months Ended September 30, 2019) [Japanese GAAP]” and “Notice Regarding Revision to Consolidated Forecast” (Japanese version only). For more details, please refer to “Results of Operations for the First Nine Months of the Fiscal Year Ending March 31, 2020” (Japanese version only), which are the supplementary materials for Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 (available on the Company’s website (*)).

(*) <https://www.ncd-jp.com/> (IR Information, IR News)

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

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	18,856,819	18,532,210
Trade accounts receivable	99,399	252,482
Real estate for sale	69,516,193	66,820,625
Advance payments-trade	1,300,963	972,104
Prepaid expenses	197,713	94,709
Other	49,279	132,893
Total current assets	90,020,368	86,805,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	334,414	260,229
Tools, furniture and fixtures, net	52,256	62,327
Land	3,758	3,758
Leased assets, net	65,505	87,977
Total property, plant and equipment	455,934	414,292
Intangible assets		
Other	9,347	11,159
Total intangible assets	9,347	11,159
Investments and other assets		
Investment securities	1,520,154	310,343
Shares of subsidiaries and associates	6,285,426	6,004,260
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	452,639	465,722
Long-term prepaid expenses	135,107	170,981
Other	421,832	219,138
Allowance for doubtful accounts	(212,582)	(88,491)
Total investments and other assets	9,111,738	7,591,116
Total non-current assets	9,577,020	8,016,569
Total assets	99,597,389	94,821,594

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Trade accounts payable	102,436	80,207
Short-term borrowings	4,967,800	2,546,000
Current portion of long-term borrowings	3,519,042	2,093,535
Accounts payable-other	447,211	298,026
Income taxes payable	919,968	601,206
Accrued consumption taxes	43,928	10,399
Advances received	30,648	10,000
Current portion of guarantee deposits received	1,385,877	1,786,099
Other	459,470	346,900
Total current liabilities	11,876,383	7,772,374
Non-current liabilities		
Long-term borrowings	65,207,001	63,984,875
Long-term leasehold and guarantee deposits received	178,055	163,955
Retirement benefit liability	43,367	-
Other	680,721	620,710
Total non-current liabilities	66,109,145	64,769,541
Total liabilities	77,985,528	72,541,916
Net assets		
Shareholders' equity		
Share capital	2,900,258	3,048,547
Capital surplus	4,509,668	4,657,957
Retained earnings	14,810,593	15,373,014
Treasury shares	(79)	(79)
Total shareholders' equity	22,220,441	23,079,440
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(24,217)	(20,332)
Foreign currency translation adjustment	(604,579)	(779,429)
Total accumulated other comprehensive income	(628,797)	(799,761)
Share acquisition rights	20,216	-
Total net assets	21,611,860	22,279,678
Total liabilities and net assets	99,597,389	94,821,594

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	20,875,022	39,236,265
Cost of sales	16,712,598	34,060,136
Gross profit	4,162,423	5,176,129
Selling, general and administrative expenses	2,645,420	2,523,051
Operating profit	1,517,003	2,653,077
Non-operating income		
Interest income	9,874	6,396
Interest on securities	4,526	4,396
Foreign exchange gains	111,198	-
Share of profit of entities accounted for using equity method	317,913	262,368
Gain on bad debts recovered	88,300	22,623
Outsourcing service income	78,352	71,741
Other	80,655	12,921
Total non-operating income	690,821	380,447
Non-operating expenses		
Interest expenses	446,307	596,180
Financing expenses	65,591	180,090
Foreign exchange losses	-	147,729
Other	15,346	4,235
Total non-operating expenses	527,244	928,236
Ordinary profit	1,680,580	2,105,288
Extraordinary income		
Gain on sales of investment securities	-	114,076
Gain on reversal of share acquisition rights	-	13,394
Total extraordinary income	-	127,470
Extraordinary losses		
Loss on sales of investment securities	69,442	-
Loss on valuation of investment securities	92,378	-
Office relocation expenses	49,732	-
Other	93	-
Total extraordinary losses	211,646	-
Profit before income taxes	1,468,934	2,232,759
Income taxes-current	335,680	661,997
Income taxes-deferred	(15,337)	16,192
Total income taxes	320,342	678,189
Profit	1,148,591	1,554,569
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,148,591	1,554,569

Quarterly Consolidated Statement of Comprehensive Income**(For the Nine-month Period)**

	(Thousands of yen)	
	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,148,591	1,554,569
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,148)	3,885
Foreign currency translation adjustment	(388,397)	(174,850)
Total other comprehensive income	(396,546)	(170,964)
Comprehensive income	752,044	1,383,604
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	752,044	1,383,604
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Other (Note)	Adjustments	Amounts shown on the quarterly consolidated statement of income
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	19,950,365	325,249	193,313	20,468,929	406,093	-	20,875,022
(2) Inter-segment sales and transfers	42,000	-	-	42,000	-	(42,000)	-
Total	19,992,365	325,249	193,313	20,510,929	406,093	(42,000)	20,875,022
Segment profit (loss)	3,514,074	135,595	193,273	3,842,943	301,401	(2,627,341)	1,517,003

Note: The "Other" segment represents businesses not included in any of the reportable segments and includes the overseas PFI business and entertainment business (golf course management).

2. Reconciliation of reported quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total reportable segment	3,842,943
Other	301,401
Elimination of inter-segment transactions	(42,000)
Corporate expenses (Note)	(2,585,341)
Operating profit in the quarterly consolidated statement of income	1,517,003

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	38,888,308	346,491	1,466	39,236,265	-	-	39,236,265
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	38,888,308	346,491	1,466	39,236,265	-	-	39,236,265
Segment profit (loss)	4,876,673	173,751	1,465	5,051,890	(983)	(2,397,828)	2,653,077

- Notes: 1. The “Other” segment represents businesses not included in any of the reportable segments and represents the overseas PFI business.
2. The adjustment to segment profit includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.
3. Segment profit is adjusted with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

3. Changes in reportable segments

From the first quarter, the Group has changed the classification method of the reportable segment presented previously as “Other Businesses” and reclassified it into “Other” as it is deemed immaterial.

The segment information for the first nine months of FY3/19 was prepared based on the classification after the change.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.