Oct. 29, 2018

Consolidated Financial Results

For the Six Months from April 1 to September 30, 2018
<under Japanese GAAP>

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

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	http://www.nomura-re-hd.co.jp/english/
Representative :	Eiji Kutsukake, President and Representative Director
Inquiries:	Naoko Usami, General Manager, Corporate Communications Dept.
Email:	nrehd-ir@nomura-re.co.jp
Scheduled submitting date of quarterly securities report:	November 9, 2018
Scheduled starting date for dividend payments:	December 3, 2018
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, 2018

(1) Consolidated business results

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
First six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 30, 2018	231,358	(15.3)	26,018	(24.6)	21,546	(29.1)	13,002	(35.4)
Sep. 30, 2017	273,045	10.0	34,497	3.3	30,375	4.1	20,115	(0.0)

(Note) Comprehensive income: From April 1 to September 30, 2018: 13,728 million yen (down 17.2%)
From April 1 to September 30, 2017: 16,585 million yen (down 20.6%)

	Basic earnings per share	Diluted earnings per share
First six months ended	Yen	Yen
Sep. 30, 2018	69.26	68.84
Sep. 30, 2017	104.81	104.28

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2018	1,710,201	518,811	29.5
Mar. 31, 2018	1,673,099	514,982	30.0

(Reference) Shareholders' equity: As of September 30, 2018: 505,035 million yen
As of March 31, 2018: 501,491 million yen

II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	35.00	-	35.00	70.00
Fiscal year ending Mar. 31, 2019	-	37.50			
Fiscal year ending Mar. 31, 2019 (Forecast)			-	37.50	75.00

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

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2018 to March 31, 2019

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Mar. 31, 2019	687,000	10.1	81,000	5.7	72,000	5.8	47,000	2.1	250.94

(Note) Revision of operating result forecasts during this quarter: Yes

* Notes

(1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None
(2) Adoption of specific accounting policies for quarterly consolidated financial statements : None
(3) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to revision of accounting standards, etc. : None
2) Changes in accounting policies other than the above : None
3) Changes in accounting estimates : None
4) Restatements : None

(4) Number of shares issued (common stock)

	As of Sep. 30 2018	As of Mar. 31 2018
1) Number of shares issued at end of period (including treasury shares)	192,277,401	192,155,201
2) Treasury shares at end of period	5,422,110	3,956,956

	From Apr. 1 to Sep. 30 2018	From Apr. 1 to Sep. 30 2017
3) Average number of shares outstanding during the period	187,726,805	191,927,100

(Note) 230,000 shares of the Company's share owned by executive compensation BIP (Board Incentive Plan) trust are included to the number of treasury shares at end of period. 16,464 shares owned by the executive compensation BIP (Board Incentive Plan) trust are also included to the number of treasury shares deducted in the calculation of average number of shares outstanding during the period.

* Quarterly consolidated financial results are not required to be audited by certified public accountants or audit corporations.

* Proper use of forecasts of financial results, and other special matters

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to "1. Qualitative Information (3) Consolidated Operating Result Forecasts" on page 6 of the Attachments.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on Oct. 29, 2018 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 current second quarter: Operating revenue of 231,358 million yen, which represents a decrease of 41,686 million yen, or 15.3% year on year; operating profit of 26,018 million yen, a decrease of 8,479 million yen, or 24.6%; ordinary profit of 21,546 million yen, a decrease of 8,829 million yen, or 29.1%; and profit attributable to owners of parent of 13,002 million yen, a decrease of 7,113 million yen, or 35.4%.

An overview of business unit achievements is given below:

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

From the first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the Property and Management Business Unit. As of August 1, 2018, the merger has been completed with Nomura Real Estate Partners Co., Ltd being the surviving company and Nomura Real Estate Reform Co., Ltd. being the absorbed company in absorption-type merger .

In line with this change, the financial results of the first six months ended September 30, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification.

<Residential Development Business Unit>

Operating revenue in this business unit totaled 96,078 million yen, which represents a decrease of 49,876 million yen, or 34.2% year on year, and operating profit totaled 857 million yen, which represents a decrease of 9,362 million yen, or 91.6% year on year, resulting in decreases in both operating revenue and operating profit compared with the financial results of the first six months ended September 30, 2017.

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

In regard to housing sales, 1,393 units were recorded as sales (a decrease of 806 units year on year), including PROUD Toyocho South (Koto-ku, Tokyo), PROUD Daikanyama Sarugakucho (Shibuya-ku Tokyo), OHANA Warabi Nishikicho (Warabi-shi, Saitama), PROUD TOWER Sendai Kotodai Koen (Aoba-ku, Sendai-shi, Miyagi) for condominiums, and PROUD SEASON Chofu Yoko-no-machi (Chofu-shi, Tokyo) for detached housing. The contract rate against the estimated number of housing sales for FY19/3, which is 6,100 units, was 78.2% as of the end of the current second quarter.

The number of housing contracted but not recorded as sales were 4,159 units as of the end of the current second quarter (an increase of 751 units compared with the end of the previous second quarter).

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

From the current first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. In line with this change, the financial results of the first six months ended September 30, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification.

Breakdown of operating revenue

		First six months ended Sep. 30, 2017		First six months ended Sep. 30, 2018		Fiscal year ended Mar. 31, 2018	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	1,752 units	108,821	1,090 units	71,576	4,483 units	269,685
	Kansai area	167 units	10,780	166 units	7,644	716 units	34,734
	Other	278 units	15,591	136 units	6,559	666 units	32,399
	Subtotal (Detached housing)	2,199 units (193 units)	135,193 (12,426)	1,393 units (165 units)	85,779 (9,929)	5,865 units (607 units)	336,819 (37,898)
Other		-	10,761	-	10,298	-	18,626
Total		-	145,954	-	96,078	-	355,445

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

	As of Sep. 30, 2017	As of Sep. 30, 2018	As of Mar.31, 2018
Tokyo metropolitan area	264 units	87 units	145 units
Kansai area	27 units	41 units	75 units
Other	18 units	3 units	19 units
Total (Detached housing)	311 units (19 units)	132 units (18 units)	239 units (15 units)

Housing sales　Period-end completed housing inventory (unreleased)

	As of Sep. 30, 2017	As of Sep. 30, 2018	As of Mar.31, 2018
Total (Detached housing)	321 units (-)	75 units (9 units)	218 units (11 units)

Housing sales　Contracted but not recorded as housing sales

	As of Sep. 30, 2017		As of Sep. 30, 2018		As of Mar.31, 2018	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	2,592 units	164,432	3,063 units	183,245	2,118 units	134,060
Kansai area	414 units	19,225	599 units	32,211	346 units	17,872
Other	401 units	18,206	496 units	26,545	366 units	19,011
Total (Detached housing)	3,408 units (136 units)	201,864 (7,859)	4,159 units (169 units)	242,002 (11,185)	2,831 units (53 units)	170,944 (3,353)

<Leasing Business Unit >

Operating revenue in this business unit totaled 70,270 million yen, which represents an increase of 9,110 million yen, or 14.9% year on year, and operating profit totaled 18,384 million yen, an increase of 2,493 million yen, or 15.7%, resulting in increases in both operating revenue and operating profit compared with the financial results of the first six months ended September 30, 2017.

This was mainly due to increases in revenue from leasing, property development for sales, and land for sales.

Breakdown of operating revenue

	First six months ended Sep. 30, 2017 (Millions of yen)	First six months ended Sep. 30, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Leasing (offices)	26,668	28,155	53,312
Leasing (retail facilities)	5,708	6,877	12,686
Leasing (other)	3,363	3,845	7,193
Property development (sale)	20,275	23,063	43,301
Property development (leasing)	2,315	2,011	4,724
Other	2,828	6,316	13,722
Total	61,160	70,270	134,941

Rentable area

	As of Sep. 30, 2017	As of Sep. 30, 2018	As of Mar.31, 2018
Offices	864,802 m^2	828,531 m^2	846,338 m^2
Retail facilities	174,710 m^2	174,622 m^2	174,666 m^2
Total	1,039,512 m^2	1,003,152 m^2	1,021,004 m^2

Vacancy rate (offices and retail facilities)

As of Sep. 30, 2017	As of Sep. 30, 2018	As of Mar.31, 2018
0.6%	3.9%	0.7%

<Investment Management Business Unit>

Operating revenue in this business unit totaled 4,501 million yen, which represents a decrease of 44 million yen, or 1.0% year on year, and operating profit totaled 2,772 million yen, a decrease of 87 million yen, or 3.1%, resulting in decreases in both operating revenue and operating profit compared with the financial results of the first six months ended September 30, 2017.

	First six months ended Sep. 30, 2017 (Millions of yen)	First six months ended Sep. 30, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Operating revenue	4,546	4,501	9,378

Assets under management

	As of Sep. 30, 2017 (Millions of yen)	As of Sep. 30, 2018 (Millions of yen)	As of Mar.31, 2018 (Millions of yen)
REITs	1,176,858	1,229,804	1,209,259
Private funds, etc.	50,698	75,119	76,643
Total	1,227,556	1,304,924	1,285,903

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 16,969 million yen, which represents a decrease of 918 million yen, or 5.1% year on year, and operating profit totaled 2,882 million yen, a decrease of 1,575 million yen, or 35.3%, resulting in decreases in both operating revenue and operating profit compared with the financial results of the first six months ended September 30, 2017.

This was mainly due to a decrease in the total transaction value in property brokerage.

In the retail business, we opened the following new branches: Nagoya branch (Naka-ku, Nagoya-shi, Aichi) in April 2018, Toranomon Center (Minato-ku, Tokyo) in May 2018.

Breakdown of operating revenue

	First six months ended Sep. 30, 2017 (Millions of yen)	First six months ended Sep. 30, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Property brokerage	16,225	15,249	31,637
Other	1,662	1,719	4,065
Total	17,887	16,969	35,703

Number of transactions and transaction value of property brokerage

	First six months ended Sep. 30, 2017	First six months ended Sep. 30, 2018	Fiscal year ended Mar. 31, 2018
Number of transactions	4,267	4,375	8,561
Transaction value (Millions of yen)	420,676	356,396	800,739

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 51,172 million yen, which represents an increase of 918 million yen, or 1.8% year on year, and operating profit totaled 3,127 million yen, a decrease of 22 million yen, or 0.7%, resulting in an increase in operating revenue and a decrease in operating profit compared with the financial results of the first six months ended September 30, 2017.

In the fitness club business, we opened MEGALOS HIBIYA chanter (Chiyoda-ku, Tokyo) in September 2018.

From the first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. In line with this change, the financial results of the first six months ended September 30, 2017 and the fiscal year ended March 31, 2018 are calculated under the new classification. As of August 1, 2018, the merger has been completed with Nomura Real Estate Partners Co., Ltd being the surviving company and Nomura Real Estate Reform Co., Ltd. being the absorbed company in absorption-type merger.

Breakdown of operating revenue

	First six months ended Sep. 30, 2017 (Millions of yen)	First six months ended Sep. 30, 2018 (Millions of yen)	Fiscal year ended Mar. 31, 2018 (Millions of yen)
Property & facility management	24,969	25,478	50,386
Construction ordered	14,191	13,800	31,604
Fitness club & elderly care	7,947	8,336	16,064
Other	3,144	3,557	6,526
Total	50,253	51,172	104,581

Number of properties under management

	As of Sep. 30, 2017	As of Sep. 30, 2018	As of Mar.31, 2018
Buildings under management	724	728	723
Condominiums under management (unit)	170,641	173,845	173,705

<Other Business Unit>

Operating revenue in this business unit totaled 46 million yen, which represents a decrease of 5 million yen, or 10.3% year on year, and operating loss totaled 15 million yen (operating loss of the first six months ended September 30, 2017 was 1 million yen).

(2) Financial Position

	As of Mar. 31, 2018 (Millions of yen)	As of Sep. 30, 2018 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,673,099	1,710,201	37,102	2.2%
Total liabilities	1,158,116	1,191,390	33,273	2.9%
Net assets	514,982	518,811	3,828	0.7%
Shareholders' equity ratio	30.0%	29.5%	-	-

Total assets were 1,710,201 million yen, which represents an increase of 37,102 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in inventories (increased by 37,145 million yen).

Total liabilities were 1,191,390 million yen, which represents an increase of 33,273 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in long-term loans payable (increased by 48,500 million yen) while notes and accounts payable – trade (decreased by 13,323 million yen) decreased.

Net assets were 518,811 million yen, which represents an increase of 3,828 million yen compared to the end of the previous fiscal year. This was mainly due to increases in retained earnings (increased by 6,415 million yen) and valuation difference on available-for-sale securities (increased by 1,159 million yen) while the company acquired treasury shares (decreased by 3,567 million yen).

The shareholders' equity ratio was 29.5%, a decrease of 0.5 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 55,006 million yen, which represents a decrease of 6,340 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 43,591 million yen (a year-on-year increase of 5,869 million yen). This was mainly due to an increase in inventories and the payment of income taxes.

Net cash provided by (used in) investment activities decreased by 16,163 million yen (a year-on-year increase of 17,132 million yen). This was mainly due to the purchase of property, plant and equipment, intangible assets and investment securities.

Net cash provided by (used in) financing activities increased by 53,417 million yen (a year-on-year decrease of 70,353 million yen). This was mainly due to the procurement of funds by long-term loans payable while the company paid dividends and acquired treasury shares.

(3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2019 were revised from the figures announced on April 26, 2018, by examining the future outlook based on interim results for the six months ended 30 September, 2018..

<Consolidation>

The Group expects the following consolidated performance for the fiscal year ending March 31, 2019: Operating revenue of 687,000 million yen; operating income of 81,000 million yen; ordinary income of 72,000 million yen; and profit attributable to owners of parent of 47,000 million yen.

Changes from the previous consolidated result forecasts are as follows:

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	700,000	81,000	72,000	47,000	249.74
Revised forecasts (B)	687,000	81,000	72,000	47,000	250.94
Changes (B-A)	(13,000)	-	-	-	-
Changes (%)	(1.9)	-	-	-	-
Actual results for the previous fiscal year	623,762	76,660	68,033	46,029	240.89

<By business unit>

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

Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	379,000	375,000	(4,000)
Leasing	173,000	166,000	(7,000)
Investment Management	9,500	9,500	-
Property Brokerage & CRE	40,500	40,500	-
Property & Facility Management	112,000	110,000	(2,000)
Other	0	0	-
Adjustments	(14,000)	(14,000)	-
Total	700,000	687,000	(13,000)

Operating income

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	26,500	24,000	(2,500)
Leasing	35,000	37,000	2,000
Investment Management	6,000	6,000	-
Property Brokerage & CRE	10,500	10,500	-
Property & Facility Management	7,500	7,500	-
Other	0	0	-
Adjustments	(4,500)	(4,000)	500
Total	81,000	81,000	-

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	52,347	55,006
Notes and accounts receivable - trade	17,308	14,698
Securities	9,000	—
Real estate for sale	102,884	93,100
Real estate for sale in process	261,278	346,192
Land held for development	228,326	190,242
Equity investments	9,612	11,177
Other	36,917	48,249
Allowance for doubtful accounts	(39)	(37)
Total current assets	717,635	758,630
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	239,026	233,866
Land	592,550	588,373
Other, net	16,797	17,527
Total property, plant and equipment	848,374	839,768
Intangible assets	12,364	12,395
Investments and other assets		
Investment securities	42,362	47,946
Lease and guarantee deposits	23,131	23,826
Deferred tax assets	20,843	19,600
Other	8,387	8,035
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	94,725	99,407
Total non-current assets	955,464	951,571
Total assets	1,673,099	1,710,201

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,696	28,372
Short-term loans payable	102,300	117,400
Income taxes payable	14,993	6,464
Deposits received	18,807	10,213
Provision for bonuses	7,679	7,621
Provision for directors' bonuses	590	245
Provision for loss on business liquidation	36	31
Other	48,073	47,491
Total current liabilities	234,176	217,839
Non-current liabilities		
Bonds payable	140,000	140,000
Long-term loans payable	635,500	684,000
Lease and guarantee deposits received	60,241	60,292
Deferred tax liabilities	59,828	59,104
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for stocks payment	—	301
Provision for loss on subleasing business	102	76
Net defined benefit liability	18,375	18,113
Other	5,991	7,762
Total non-current liabilities	923,940	973,551
Total liabilities	1,158,116	1,191,390
Net assets		
Shareholders' equity		
Capital stock	117,072	117,205
Capital surplus	110,316	110,449
Retained earnings	275,299	281,714
Treasury shares	(10,004)	(13,571)
Total shareholders' equity	492,683	495,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,516	5,676
Deferred gains or losses on hedges	262	(456)
Revaluation reserve for land	7,860	7,860
Foreign currency translation adjustment	(225)	(390)
Remeasurements of defined benefit plans	(3,605)	(3,451)
Total accumulated other comprehensive income	8,807	9,237
Share acquisition rights	2,424	2,457
Non-controlling interests	11,067	11,318
Total net assets	514,982	518,811
Total liabilities and net assets	1,673,099	1,710,201

(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, 2018)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Operating revenue	273,045	231,358
Operating cost	188,340	157,008
Operating gross profit	84,704	74,350
Selling, general and administrative expenses	50,206	48,332
Operating profit	34,497	26,018
Non-operating income		
Interest income	23	23
Dividend income	46	43
Share of profit of entities accounted for using equity method	37	71
Gain on donation of non-current assets	—	54
Gain on transfer of right to request purchase of shares	112	—
Other	114	89
Total non-operating income	333	282
Non-operating expenses		
Interest expenses	3,666	4,384
Other	789	370
Total non-operating expenses	4,455	4,754
Ordinary profit	30,375	21,546
Extraordinary losses		
Impairment loss	67	—
Loss on building reconstruction	189	821
Loss on transfer of non-current assets	—	1,091
Total extraordinary losses	256	1,912
Profit before income taxes	30,118	19,633
Income taxes - current	9,923	6,014
Income taxes - deferred	(205)	321
Total income taxes	9,718	6,335
Profit	20,400	13,298
Profit attributable to non-controlling interests	285	296
Profit attributable to owners of parent	20,115	13,002

(Quarterly Consolidated Statements of Comprehensive Income for the First Six Months from April 1 to September 30, 2018)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	20,400	13,298
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,644)	1,159
Deferred gains or losses on hedges	(285)	(718)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	(13)	(19)
Remeasurements of defined benefit plans, net of tax	205	153
Share of other comprehensive income of entities accounted for using equity method	(76)	(144)
Total other comprehensive income	(3,815)	429
Comprehensive income	16,585	13,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,300	13,432
Comprehensive income attributable to non-controlling interests	285	295

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	30,118	19,633
Depreciation	9,314	9,381
Share of loss (profit) of entities accounted for using equity method	(37)	(71)
Increase (decrease) in allowance for doubtful accounts	(5)	(1)
Increase (decrease) in provision for loss on business liquidation	(5)	(4)
Increase (decrease) in provision for loss on subleasing business	(41)	(25)
Increase (decrease) in net defined benefit liability	(162)	(262)
Interest and dividend income	(69)	(66)
Interest expenses	3,666	4,384
Decrease (increase) in notes and accounts receivable - trade	2,736	2,605
Decrease (increase) in inventories	(42,359)	(29,324)
Decrease (increase) in equity investments	(3,910)	(1,564)
Increase (decrease) in notes and accounts payable - trade	(6,894)	(13,323)
Increase (decrease) in deposits received	(21,125)	(8,593)
Other, net	(1,861)	(6,836)
Subtotal	(30,636)	(24,070)
Interest and dividend income received	60	222
Interest expenses paid	(3,488)	(3,622)
Income taxes paid	(15,396)	(16,121)
Net cash provided by (used in) operating activities	(49,461)	(43,591)
Cash flows from investing activities		
Purchase of investment securities	(388)	(4,337)
Proceeds from sales and liquidation of investment securities	64	59
Purchase of property, plant and equipment and intangible assets	(34,086)	(10,941)
Proceeds from sales of property, plant and equipment and intangible assets	43	0
Payments for lease and guarantee deposits	(719)	(230)
Proceeds from collection of lease and guarantee deposits	616	504
Repayments of lease and guarantee deposits received	(891)	(2,373)
Proceeds from lease and guarantee deposits received	2,369	1,037
Other, net	(303)	118
Net cash provided by (used in) investing activities	(33,295)	(16,163)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	56,000	35,500
Increase (decrease) in commercial papers	32,000	—
Repayments of finance lease obligations	(72)	(86)
Proceeds from long-term loans payable	47,000	61,000
Repayments of long-term loans payable	(24,400)	(32,900)
Proceeds from issuance of bonds	19,869	—

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Proceeds from issuance of common shares	121	106
Purchase of treasury shares	(0)	(3,571)
Cash dividends paid	(6,715)	(6,586)
Dividends paid to non-controlling interests	(31)	(44)
Net cash provided by (used in) financing activities	123,770	53,417
Effect of exchange rate change on cash and cash equivalents	(12)	(2)
Net increase (decrease) in cash and cash equivalents	41,001	(6,340)
Cash and cash equivalents at beginning of period	47,699	61,347
Cash and cash equivalents at end of period	88,700	55,006

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

【Segment information】

I FY2017 2Q (Six months from April 1 to September 30, 2017)

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

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	145,531	59,966	4,546	16,722	46,226	272,993	52	273,045	-	273,045
Inter-segment	422	1,193	-	1,165	4,027	6,808	0	6,808	(6,808)	-
Subtotal	145,954	61,160	4,546	17,887	50,253	279,801	52	279,854	(6,808)	273,045
Segment profit or losses	10,219	15,890	2,860	4,458	3,150	36,579	(1)	36,577	(2,079)	34,497

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

2. The deduction of 2,079 million yen shown in the adjustments column for segment profit or losses includes elimination of intersegment transactions of 1,327 million yen and a deduction of 3,406 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. The segment profit or losses is reconciled to the operating profit stated in the quarterly consolidated statements of income.

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

(Significant impairment loss on noncurrent assets)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	67	-	-	-	67

II FY2018 2Q (Six months from April 1 to September 30, 2018)

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

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	95,597	69,100	4,501	16,229	45,883	231,311	46	231,358	-	231,358
Inter-segment	480	1,170	-	740	5,288	7,679	0	7,679	(7,679)	-
Subtotal	96,078	70,270	4,501	16,969	51,172	238,991	46	239,038	(7,679)	231,358
Segment profit or losses	857	18,384	2,772	2,882	3,127	28,025	(15)	28,010	(1,991)	26,018

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

2. The deduction of 1,991 million yen shown in the adjustments column for segment profit or losses includes elimination of intersegment transactions of 736 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. The segment profit or losses is reconciled to the operating profit stated in the Quarterly Consolidated Statements of Income.

2. Changes in reportable segments

From the first quarter, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the property and management business.

In line with this change, the segment information for the first six months ended September 30, 2017 is calculated in accordance with the newly adopted segment classification.

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

Not applicable