

## Consolidated Financial Results

### For the Three Months from April 1 to June 30, 2021

<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="https://www.nomura-re-hd.co.jp/english/">https://www.nomura-re-hd.co.jp/english/</a>
Representative :	Eiji Kutsukake, President and Representative Director
Inquiries:	Hidehiro Sasaki, General Manager, Corporate Communications Dept.
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Scheduled submitting date of quarterly securities report:	August 10, 2021
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)

(Values of less than one million yen rounded down)

#### I. Consolidated operating results for the Three Months from April 1, 2021 to June 30, 2021

##### (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 three months ended										
Jun. 30, 2021	146,544	7.4	30,493	70.3	30,519	68.5	27,825	80.5	18,606	110.6
Jun. 30, 2020	136,486	21.4	17,900	196.1	18,107	186.9	15,417	282.7	8,833	196.9

(Note) Comprehensive income: From April 1, 2021 to June 30, 2021: 23,364 million yen (up 278.7%)

From April 1, 2020 to June 30, 2020: 6,170 million yen (up 48.2%)

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

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
Jun. 30, 2021	103.16	102.78
Jun. 30, 2020	48.67	48.49

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Jun. 30, 2021	1,957,185	601,172	30.6
Mar. 31, 2021	1,921,306	586,350	30.4

(Reference) Shareholders' equity: As of June 30, 2021: 598,162 million yen As of March 31, 2021: 583,328 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, 2021	-	40.00	-	42.50	82.50
Fiscal year ending Mar. 31, 2022	-				
Fiscal year ending Mar. 31, 2022 (Forecasts)		42.50	-	42.50	85.00

(Note) Revision of dividend forecasts during this quarter: No

**III. Forecasts of consolidated operating results for the fiscal year from April 1, 2021 to March 31, 2022**

(% 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, 2022	680,000	17.1	77,000	0.9	84,000	9.9	72,500	9.9	49,500	17.3	274.98

(Note) Revision of operating results forecasts during this quarter: No

**\* 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. : Yes
  - 2) Changes in accounting policies other than the above : None
  - 3) Changes in accounting estimates : None
  - 4) Restatements : None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 13 of the Attachments.

- (4) Number of shares issued (common stock)

	As of Jun. 30	As of Mar. 31
	2021	2021
1) Number of shares issued at end of period (including treasury shares)	182,320,337	193,099,001
2) Treasury shares at end of period	1,924,446	12,490,613

	From April 1 to June 30, 2021	From April 1 to June 30, 2020
3) Average number of shares outstanding during the period	180,373,100	181,520,271

(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 (1,924,369 shares as of June 30, 2021 and 1,962,549 shares as of March 31, 2021).

The Company's share owned by executive compensation BIP trust and ESOP trust are included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period (1,952,943 shares as of June 30, 2021 and 1,967,366 shares as of June 30, 2020).

\* 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 July 21, 2021 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 three months ended June 30, 2021: Operating revenue of 146,544 million yen, which represents an increase of 10,057 million yen, or 7.4% year on year; operating profit of 30,493 million yen, an increase of 12,592 million yen, or 70.3%; business profit of 30,519 million yen, an increase of 12,411 million yen, or 68.5%; ordinary profit of 27,825 million yen, an increase of 12,407 million yen, or 80.5%; and profit attributable to owners of parent of 18,606 million yen, an increase of 9,772 million yen, or 110.6%.

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

An overview of business unit achievements is given below:

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

In Property Brokerage & CRE Business Unit, the real estate brokerage and consulting business had been conducted by two companies, Nomura Real Estate Development Co. Ltd. and Nomura Real Estate Urban Net Co. Ltd. As of April 1, 2021, the Company implemented the reorganization to integrate location, personnel and function, in which Nomura Real Estate Development Co., Ltd. being splitting company in absorption-type company split, and Nomura Real Estate Urban Net Co., Ltd. being succeeding stock company in absorption-type company split. In addition, Nomura Real Estate Urban Net Co., Ltd. changed its corporate name to Nomura Real Estate Solutions Co., Ltd. on the same day.

#### <Residential Development Business Unit>

Operating revenue in this business unit totaled 46,602 million yen, which represents a decrease of 8,684 million yen, or 15.7% year on year, and business profit totaled 1,734 million yen, a decrease of 2,453 million yen, or 58.6% resulting in decreases in both operating revenue and business profit compared with the financial results of the three months ended June 30, 2020.

This was mainly due to a decrease in the average price of housing units sold while an increase in the number of housing units sold in the housing sales business.

In regard to housing sales, 647 units were recorded as sales (an increase of 39 units year on year) against the planned 4,400 units for this fiscal year. The contract progress rate was 80.5% at the end of this first quarter against the projected operating revenue of housing sales for this fiscal year.

The number of housing contracted but not recorded as sales were 3,540 units as of the end of this first quarter (an increase of 1,280 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 three months ended Jun. 30, 2020		First three months ended Jun. 30, 2021		Fiscal year ended Mar. 31, 2021	
		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	561 units	47,413	406 units	29,325	2,981 units	211,465
	Kansai area	26 units	1,727	87 units	4,627	312 units	18,081
	Other	20 units	1,159	154 units	8,726	375 units	18,062
	Subtotal (Detached housing)	608 units (43 units)	50,300 (2,700)	647 units (138 units)	42,679 (8,931)	3,669 units (372 units)	247,609 (22,741)
Rental housing (Note)		-	210	-	318	-	5,960
Senior / Other		-	4,775	-	3,604	-	19,007
Total		-	55,286	-	46,602	-	272,577

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

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

	As of Jun. 30, 2020	As of Jun. 30, 2021	As of March 31, 2021
Tokyo metropolitan area	297 units	109 units	161 units
Kansai area	8 units	47 units	45 units
Other	48 units	34 units	33 units
Total (Detached housing)	353 units (25 units)	190 units (16 units)	239 units (18 units)

Housing sales Period-end completed housing inventory (unreleased)

	As of Jun. 30, 2020	As of Jun. 30, 2021	As of March 31, 2021
Total (Detached housing)	407 units (10 units)	78 units (6 units)	182 units (5 units)

Housing sales Contracted but not recorded as housing sales

	As of Jun. 30, 2020		As of Jun. 30, 2021		As of March 31, 2021	
	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	1,695 units	120,159	2,540 units	187,479	2,260 units	170,232
Kansai area	236 units	13,127	390 units	21,252	394 units	20,655
Other	328 units	18,533	609 units	31,716	622 units	34,075
Total (Detached housing)	2,260 units (30 units)	151,821 (1,608)	3,540 units (141 units)	240,447 (9,258)	3,276 units (159 units)	224,963 (10,425)

<Commercial Real Estate Business Unit >

Operating revenue in this business unit totaled 67,600 million yen, which represents an increase of 14,727 million yen, or 27.9% year on year, and business profit totaled 23,273 million yen, an increase of 12,910 million yen, or 124.6%, resulting in increases in both operating revenue and business profit compared with the financial results of the first three months ended June 30, 2020.

This was mainly due to an increase in revenue from property for sales business.

Breakdown of operating revenue

	First three months ended Jun. 30, 2020 (Millions of yen)	First three months ended Jun. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2020 (Millions of yen)
Leasing (offices)	11,560	11,076	47,411
Leasing (retail facilities)	1,590	2,943	11,018
Leasing (other)	1,499	1,002	5,776
Property for sales (sale) (Note)	33,270	45,489	87,846
Property for sales (leasing) (Note)	2,872	3,128	11,239
Fitness	1,168	2,921	11,509
Other	909	1,038	4,426
Total	52,872	67,600	179,227

(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 Jun. 30, 2020	As of Jun. 30, 2021	As of March 31, 2021
Offices	762,091 m <sup>2</sup>	712,258 m <sup>2</sup>	706,771 m <sup>2</sup>
Retail facilities	122,068 m <sup>2</sup>	120,609 m <sup>2</sup>	120,966 m <sup>2</sup>
Total	884,159 m <sup>2</sup>	832,866 m <sup>2</sup>	827,737 m <sup>2</sup>

Vacancy rate (offices and retail facilities)

As of Jun. 30, 2020	As of Jun. 30, 2021	As of March 31, 2021
4.2%	5.3%	5.1%

<Investment Management Business Unit>

Operating revenue in this business unit totaled 3,453 million yen, which represents an increase of 75 million yen, or 2.2% year on year, and business profit totaled 2,282 million yen, an increase of 60 million yen, or 2.7%, resulting in increases in both operating revenue and business profit compared with the financial results of the first three months ended June 30, 2020.

	First three months ended Jun. 30, 2020 (Millions of yen)	First three months ended Jun. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Operating revenue	3,378	3,453	12,456

Assets under management

		As of Jun. 30, 2020 (Millions of yen)	As of Jun. 30, 2021 (Millions of yen)	As of Mar. 31, 2021 (Millions of yen)
Domestic asset manager	REITs	1,388,126	1,396,973	1,396,973
	Private funds, etc.	130,693	174,135	139,513
Overseas asset manager		270,951	297,815	279,159
Total		1,789,771	1,868,924	1,815,646

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 10,621 million yen, which represents an increase of 2,046 million yen, or 23.9% year on year, and business profit totaled 3,195 million yen, an increase of 1,568 million yen, or 96.4%, resulting in increases in both operating revenue and business profit compared with the financial results of the first three months ended June 30, 2020.

This was mainly due to increases in the number of transactions and total transaction value of retail business in property brokerage, owing to a rebound from the the first three months ended June 30, 2020, when the Company partially refrained from sales activities on account of the COVID-19 impact.

Breakdown of operating revenue

	First three months ended Jun. 30, 2020 (Millions of yen)	First three months ended Jun. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property brokerage	7,593	9,642	34,718
(retail business)	(4,843)	(6,774)	(23,334)
(wholesale business)	(2,750)	(2,868)	(11,384)
Other	981	978	4,717
Total	8,575	10,621	39,436

Number of transactions and transaction value of property brokerage

	First three months ended Jun. 30, 2020	First three months ended Jun. 30, 2021	Fiscal year ended Mar. 31, 2021
Number of transactions	1,984	2,499	9,322
Total transaction value (Millions of yen)	183,144	220,007	893,423

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 21,618 million yen, which represents an increase of 1,829 million yen, or 9.2% year on year, and business profit totaled 1,540 million yen, an increase of 346 million yen, or 29.0%, resulting in increases in both operating revenue and business profit compared with the financial results of the first three months ended June 30, 2020.

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

Breakdown of operating revenue

	First three months ended Jun. 30, 2020 (Millions of yen)	First three months ended Jun. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property & facility management	14,132	14,293	56,783
Construction ordered	4,377	6,013	35,863
Other	1,279	1,311	5,737
Total	19,789	21,618	98,384

Number of properties under management

	As of Jun. 30, 2020	As of Jun. 30, 2021	As of Mar. 31, 2021
Buildings under management	801	795	788
Condominiums under management (unit)	181,504	182,844	183,162

<Other>

Operating revenue totaled 631 million yen, which represents an increase of 335 million yen, or 113.4% year on year, and business loss totaled 346 million yen (business loss of the first three months ended June 30, 2020 was 602 million yen).



## (2) Financial Position

	As of March 31, 2021 (Millions of yen)	As of Jun. 30, 2021 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,921,306	1,957,185	35,878	1.9%
Total liabilities	1,334,956	1,356,012	21,056	1.6%
Net assets	586,350	601,172	14,821	2.5%
Shareholders' equity ratio	30.4%	30.6%	-	-

Total assets were 1,957,185 million yen, which represents an increase of 35,878 million yen compared to the end of the previous fiscal year. This was mainly because other in current assets including withholding income tax on dividends from subsidiaries increased by 49,496 million yen, while cash and deposits decreased by 17,973 million yen.

Total liabilities were 1,356,012 million yen, which represents an increase of 21,056 million yen compared to the end of the previous fiscal year. This was mainly because deposits received including those related to withholding income tax on dividends from subsidiaries increased by 38,098 million yen and commercial papers increased by 20,000 million yen, while notes and accounts payable-trade decreased by 24,688 million yen.

Net assets were 601,172 million yen, which represents an increase of 14,821 million yen compared to the end of the previous fiscal year. This was mainly because the amount of treasury shares deducted from shareholder's equity decreased by 25,886 million yen due to the cancellation of treasury shares (a contribution to an increase in net assets), while retained earnings decreased by 16,157 million yen due to the cancellation of treasury shares and the payment of cash dividends.

The shareholders' equity ratio was 30.6%, an increase of 0.2 percentage point from the end of the previous fiscal year.

### (Cash Flows)

Cash and cash equivalents as of the end of this first quarter totaled 52,763 million yen, which represents a decrease of 17,861 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 24,444 million yen (a year-on-year increase of 96,128 million yen). This was mainly due to a decrease in trade payables and the payments of income taxes, while deposits received increased.

Net cash provided by (used in) investing activities decreased by 4,873 million yen (a year-on-year decrease of 9,064 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 11,224 million yen (a year-on-year decrease of 132,597 million yen). This was mainly due to the fund procurement by short-term borrowings and the issuance of commercial papers while there was a payment of cash dividends and redemption of bonds.

## (3) Consolidated Operating Result Forecasts

No change in the consolidated operating result forecast which was announced on April 27, 2021.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	71,625	53,652
Notes and accounts receivable - trade	19,635	—
Notes and accounts receivable - trade, and contract assets	—	15,160
Real estate for sale	336,308	331,873
Real estate for sale in process	326,165	318,431
Land held for development	212,727	226,681
Equity investments	28,770	29,791
Other	48,104	98,638
Allowance for doubtful accounts	(14)	(14)
Total current assets	1,043,321	1,074,214
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	185,727	186,242
Land	506,097	506,427
Other, net	22,399	24,126
Total property, plant and equipment	714,224	716,796
Intangible assets	18,468	19,610
Investments and other assets		
Investment securities	86,428	89,756
Leasehold and guarantee deposits	27,655	29,328
Deferred tax assets	23,097	20,496
Other	8,111	6,980
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	145,292	146,563
Total non-current assets	877,985	882,970
Total assets	1,921,306	1,957,185

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	61,162	36,474
Short-term borrowings	87,000	100,500
Commercial papers	—	20,000
Current portion of bonds payable	10,000	—
Income taxes payable	18,572	9,599
Deposits received	25,140	63,239
Provision for bonuses	8,599	4,393
Provision for bonuses for directors (and other officers)	455	106
Provision for loss on business liquidation	13	11
Other	58,378	57,887
Total current liabilities	269,322	292,214
Non-current liabilities		
Bonds payable	160,000	160,000
Long-term borrowings	751,500	747,843
Leasehold and guarantee deposits received	58,855	61,780
Deferred tax liabilities	59,934	58,257
Deferred tax liabilities for land revaluation	3,891	3,891
Provision for share awards	2,734	2,877
Retirement benefit liability	16,216	16,401
Other	12,501	12,747
Total non-current liabilities	1,065,633	1,063,798
Total liabilities	1,334,956	1,356,012
<b>Net assets</b>		
Shareholders' equity		
Share capital	118,043	118,289
Capital surplus	114,433	114,678
Retained earnings	369,597	353,440
Treasury shares	(30,125)	(4,239)
Total shareholders' equity	571,948	582,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,827	9,624
Deferred gains or losses on hedges	(1,342)	(91)
Revaluation reserve for land	7,869	7,869
Foreign currency translation adjustment	(995)	437
Remeasurements of defined benefit plans	(1,979)	(1,846)
Total accumulated other comprehensive income	11,379	15,993
Share acquisition rights	1,406	1,273
Non-controlling interests	1,616	1,736
Total net assets	586,350	601,172
Total liabilities and net assets	1,921,306	1,957,185

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income for the First Three Months from April 1 to June 30, 2021)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenue	136,486	146,544
Operating costs	94,569	89,774
Operating gross profit	41,917	56,769
Selling, general and administrative expenses	24,016	26,275
Operating profit	17,900	30,493
Non-operating income		
Interest income	22	20
Dividend income	17	30
Share of profit of entities accounted for using equity method	49	—
Gain on sale of non-current assets	91	—
Other	120	122
Total non-operating income	301	172
Non-operating expenses		
Interest expenses	2,220	2,186
Share of loss of entities accounted for using equity method	—	135
Other	565	518
Total non-operating expenses	2,785	2,841
Ordinary profit	15,417	27,825
Extraordinary losses		
Impairment losses	—	405
Loss on COVID-19	1,715	281
Total extraordinary losses	1,715	686
Profit before income taxes	13,701	27,138
Income taxes - current	4,025	9,012
Income taxes - deferred	904	(491)
Total income taxes	4,930	8,521
Profit	8,770	18,617
Profit (loss) attributable to non-controlling interests	(62)	10
Profit attributable to owners of parent	8,833	18,606

## (Quarterly Consolidated Statements of Comprehensive Income for the First Three Months from April 1 to June 30, 2021)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	8,770	18,617
Other comprehensive income		
Valuation difference on available-for-sale securities	(745)	1,797
Deferred gains or losses on hedges	(1,534)	1,250
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	(537)	1,194
Remeasurements of defined benefit plans, net of tax	229	133
Share of other comprehensive income of entities accounted for using equity method	(13)	372
Total other comprehensive income	(2,600)	4,747
Comprehensive income	6,170	23,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,344	23,220
Comprehensive income attributable to non-controlling interests	(174)	143

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,701	27,138
Depreciation	4,925	4,712
Share of loss (profit) of entities accounted for using equity method	(49)	135
Increase (decrease) in allowance for doubtful accounts	4	(0)
Increase (decrease) in provision for loss on business liquidation	(1)	(1)
Increase (decrease) in retirement benefit liability	(349)	184
Interest and dividend income	(39)	(50)
Interest expenses	2,220	2,186
Decrease (increase) in trade receivables	11,437	4,143
Decrease (increase) in inventories	(39,270)	(2,026)
Decrease (increase) in equity investments	1,978	(1,009)
Increase (decrease) in trade payables	(65,805)	(24,273)
Increase (decrease) in deposits received	(17,023)	38,095
Other, net	(6,641)	(6,610)
Subtotal	(94,915)	42,624
Interest and dividends received	46	172
Interest paid	(1,364)	(1,544)
Income taxes paid	(24,339)	(65,696)
Net cash provided by (used in) operating activities	(120,573)	(24,444)
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(604)	(701)
Proceeds from sales and liquidation of investment securities	69	1
Purchase of property, plant and equipment and intangible assets	(13,285)	(6,694)
Proceeds from sale of property, plant and equipment and intangible assets	17,798	274
Payments of leasehold and guarantee deposits	(424)	(369)
Proceeds from refund of leasehold and guarantee deposits	467	301
Repayments of lease and guarantee deposits received	(1,881)	(901)
Proceeds from lease and guarantee deposits received	1,922	1,898
Other, net	129	1,317
Net cash provided by (used in) investing activities	4,190	(4,873)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,000	7,000
Repayments of finance lease obligations	(92)	(77)
Net increase (decrease) in commercial papers	30,000	20,000
Proceeds from long-term borrowings	96,500	6,836
Repayments of long-term borrowings	(8,000)	(4,000)
Proceeds from issuance of shares	10	359
Proceeds from issuance of bonds	40,000	—
Redemption of bonds	—	(10,000)
Proceeds from sale of treasury shares	5	108

Purchase of treasury shares	—	(1,214)
Dividends paid	(7,339)	(7,759)
Dividends paid to non-controlling interests	(36)	(23)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,226)	(5)
Net cash provided by (used in) financing activities	143,821	11,224
Effect of exchange rate change on cash and cash equivalents	(134)	233
Net increase (decrease) in cash and cash equivalents	27,304	(17,861)
Cash and cash equivalents at beginning of period	77,611	70,624
Cash and cash equivalents at end of period	104,916	52,763

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

1. Application of the Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2020, Accounting Standards Board of Japan"), from the beginning of the first three months from April 1 to June 30, 2021. It recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the beginning of the first three months from April 1 to June 30, 2021, was adjusted to retained earnings at the beginning of the first three months from April 1 to June 30, 2021, and the Company has applied the new policy to the balance at the beginning of the first three months from April 1 to June 30, 2021.

As a result, the impact of application of the Accounting Standard for Revenue Recognition, etc. on consolidated financial statements for the first three months from April 1 to June 30, 2021 is immaterial.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable – trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and accounts receivable - trade, and contract assets" from the first three months from April 1 to June 30, 2021. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

2. Application of the Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan,"), from the beginning of the first three months from April 1 to June 30, 2021.

The company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments," (ASBJ Statement No.10, July 4, 2019).

The impact of application of the Accounting Standard for Fair Value Measurement, on consolidated financial statements for the first three months from April 1 to June 30, 2021 is immaterial.



## (Segment Information)

## 【Segment information】

I First three months from April 1 to June 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	55,126	52,459	3,378	8,017	17,208	136,190	295	136,486	—	136,486
Internal sales and transfer amount among segments	159	413	—	557	2,580	3,711	0	3,711	(3,711)	—
Subtotal	55,286	52,872	3,378	8,575	19,789	139,902	295	140,197	(3,711)	136,486
Operating profit (Note) 3	4,197	10,237	2,147	1,627	1,156	19,365	(580)	18,784	(883)	17,900
Share of profit (loss) of entities accounted for using equity method (Note) 3	(8)	57	—	—	30	79	(29)	49	—	49
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	68	74	—	7	149	7	157	—	157
Segment profit or loss (Business profit or loss) (Note) 3	4,188	10,362	2,221	1,627	1,194	19,594	(602)	18,991	(883)	18,107

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

2. The deduction of 883 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 618 million yen and a deduction of 1,502 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

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

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

Not applicable

II First three months from April 1 to June 30, 2021

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	46,422	67,125	3,443	9,689	19,231	145,913	630	146,544	—	146,544
Internal sales and transfer amount among segments	179	474	9	931	2,386	3,982	0	3,983	(3,983)	—
Subtotal	46,602	67,600	3,453	10,621	21,618	149,896	631	150,527	(3,983)	146,544
Operating profit (Note) 3	1,726	23,174	2,204	3,195	1,508	31,810	(155)	31,654	(1,161)	30,493
Share of profit (loss) of entities accounted for using equity method (Note) 3	7	30	—	—	23	62	(198)	(135)	—	(135)
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	68	77	—	7	153	7	161	—	161
Segment profit or loss (Business profit or loss) (Note) 3	1,734	23,273	2,282	3,195	1,540	32,026	(346)	31,680	(1,161)	30,519

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

2. The deduction of 1,161 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 667 million yen and a deduction of 1,828 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.

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition, and changed the way of accounting for revenue recognition from the beginning of the first three months from April 1 to June 30, 2021 as described in above “Changes in Accounting Policies” Therefore, the Company has similarly changed the measuring method of segment profit or loss. The impact of the change on operating revenue and profit or loss of reportable segments is immaterial.

3. Information regarding impairment loss on non-current assets or goodwill by reportable segment  
 (Significant impairment loss relating to non-current assets)

(Millions of yen)

	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	405	-	-	-	405