



Jan 27, 2022

Consolidated Financial Results
For the Nine Months from April 1 to December 31, 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 :	http://www.nomura-re-hd.co.jp/english/
Representative :	Eiji Kutsukake, President and Representative Director
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Scheduled submitting date of quarterly securities report:	February 7, 2022
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 Nine Months from April 1, to December 31, 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 nine months ended										
Dec. 31, 2021	361,004	(3.3)	49,135	3.4	49,299	3.1	41,178	2.8	26,859	3.5
Dec. 31, 2020	373,361	12.6	47,515	68.6	47,802	65.3	40,050	82.6	25,962	77.1

(Note) Comprehensive income: From April 1, 2021 to December 31, 2021: 28,300 million yen (up 6.1 %)

From April 1, 2020 to December 31, 2020: 26,681 million yen (up 48.4%)

(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 nine months ended	Yen	Yen
Dec. 31, 2021	149.15	148.68
Dec. 31, 2020	142.98	142.49

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2021	1,986,141	594,740	29.8
Mar. 31, 2021	1,921,306	586,350	30.4

(Reference) Shareholders' equity: As of December 31, 2021: 592,045 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	-	42.50	-		
Fiscal year ending Mar. 31, 2022 (Forecasts)				47.50	90.00

(Note) Revision from previous dividend forecasts: Yes

For the revision of dividend forecasts, please refer to "Announcement of Revision of Dividend Forecast" released today (January 27, 2022).

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	670,000	15.4	86,000	12.7	88,000	15.1	77,000	16.7	51,000	20.9	283.83

(Note) Revision from previous operating results forecasts: 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. | : 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 and Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 14 of the Attachments.

(4) Number of shares issued (common stock)

	As of Dec. 31	As of Mar. 31
	2021	2021
1) Number of shares issued at end of period (including treasury shares)	182,537,937	193,099,001
2) Treasury shares at end of period	3,308,891	12,490,613
	From April 1 to Dec 31, 2021	From April 1 to Dec 31, 2020
3) Average number of shares outstanding during the period	180,080,665	181,581,205

(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 (2,522,837 shares as of December 31, 2021 and 1,962,549 shares as of March 31, 2021).

The Company's share owned by executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust are included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period. (2,233,462 shares from April 1 to December 31, 2021 and 1,964,732 shares from April 1 to December 31, 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 8 of the Attachments.

(How to obtain the fact sheets)

The fact sheets will be disclosed on TDnet on January 27, 2022 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 nine months ended December 31, 2021: Operating revenue of 361,004 million yen, which represents a decrease of 12,356 million yen, or 3.3% year on year; operating profit of 49,135 million yen, an increase of 1,620 million yen, or 3.4%; business profit of 49,299 million yen, an increase of 1,497 million yen, or 3.1%; ordinary profit of 41,178 million yen, an increase of 1,127 million yen, or 2.8%; and profit attributable to owners of parent of 26,859 million yen, an increase of 897 million yen, or 3.5%.

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

An overview of Business Unit achievements is given below:

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 138,301 million yen, which represents an increase of 8,883 million yen, or 6.9% year on year, and business profit totaled 5,872 million yen, an increase of 3,677 million yen, or 167.6%, resulting in increases in both operating revenue and business profit compared with the financial results of the nine months ended December 31, 2020.

This was mainly due to increases in the number of housings sales and an improvement of the gross margin ratio in the housing sales business.

In regard to housing sales, 1,902 units were recorded as sales (an increase of 317 units year on year). At the end of this third quarter, the contracts to be recorded for the current fiscal year have been completed.

The number of housing contracted but not recorded as sales were 4,709 units as of the end of this third quarter (an increase of 686 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 nine months ended Dec. 31, 2020		First nine months ended Dec. 31, 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	1,439 units	103,275	1,290 units	93,145	2,981 units	211,465
	Kansai area	84 units	5,020	277 units	13,452	312 units	18,081
	Other	62 units	3,337	335 units	17,293	375 units	18,062
	Subtotal (Detached housing)	1,585 units (274 units)	111,632 (16,266)	1,902 units (364 units)	123,892 (23,683)	3,669 units (372 units)	247,609 (22,741)
Rental housing (Note)		-	5,726	-	2,679	-	5,960
Senior / Other		-	12,058	-	11,729	-	19,007
Total		-	129,417	-	138,301	-	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 Dec. 31, 2020	As of Dec. 31, 2021	As of Mar. 31, 2021
Tokyo metropolitan area	173 units	78 units	161 units
Kansai area	37 units	23 units	45 units
Other	29 units	20 units	33 units
Total (Detached housing)	239 units (18 units)	121 units (0 unit)	239 units (18 units)

Housing sales period-end completed housing inventory (unreleased)

	As of Dec. 31, 2020	As of Dec. 31, 2021	As of Mar. 31, 2021
Total (Detached housing)	190 units (11 units)	66 units (0 unit)	182 units (5 units)

Housing sales contracted but not recorded as housing sales

	As of Dec. 31, 2020		As of Dec. 31, 2021		As of Mar. 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	2,839 units	209,201	3,293 units	246,068	2,260 units	170,232
Kansai area	437 units	23,526	466 units	26,658	394 units	20,655
Other	746 units	39,370	948 units	50,392	622 units	34,075
Total (Detached housing)	4,023 units (148 units)	272,097 (9,439)	4,709 units (194 units)	323,119 (13,538)	3,276 units (159 units)	224,963 (10,425)

<Commercial Real Estate Business Unit >

Operating revenue in this Business Unit totaled 127,799 million yen, which represents a decrease of 25,448 million yen, or 16.6% year on year, and business profit totaled 27,706 million yen, a decrease of 4,844 million yen, or 14.9%, resulting in decreases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2020.

This was mainly due to a decrease in revenue from property sales.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2020 (Millions of yen)	First nine months ended Dec. 31, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Leasing (offices)	35,588	34,067	47,411
Leasing (retail facilities)	7,915	8,923	11,018
Leasing (other)	4,361	3,089	5,776
Property for sales (sale) (Note)	85,207	57,062	87,846
Property for sales (leasing) (Note)	8,807	10,170	11,239
Fitness	8,201	10,020	11,509
Other	3,165	4,464	4,426
Total	153,248	127,799	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 Dec. 31, 2020	As of Dec. 31, 2021	As of Mar. 31, 2021
Offices	762,110m ²	705,582m ²	706,771m ²
Retail facilities	122,068m ²	133,626m ²	120,966m ²
Total	884,178m ²	839,208m ²	827,737m ²

Vacancy rate (offices and retail facilities)

As of Dec. 31, 2020	As of Dec. 31, 2021	As of Mar. 31, 2021
4.6%	6.5%	5.1%

<Investment Management Business Unit>

Operating revenue in this Business Unit totaled 9,603 million yen, which represents a decrease of 235 million yen, or 2.4% year on year, and business profit totaled 6,028 million yen, a decrease of 246 million yen, or 3.9%, resulting in decreases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2020.

	First nine months ended Dec. 31, 2020 (Millions of yen)	First nine months ended Dec. 31, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Operating revenue	9,839	9,603	12,456

Assets under management

		As of Dec. 31, 2020 (Millions of yen)	As of Dec. 31, 2021 (Millions of yen)	As of Mar. 31, 2021 (Millions of yen)
Domestic asset manager	REITs	1,409,564	1,397,078	1,396,973
	Private funds, etc.	137,486	194,101	139,513
Overseas asset manager		267,468	310,865	279,159
Total		1,814,520	1,902,045	1,815,646

<Property Brokerage & CRE Business Unit>

Operating revenue in this Business Unit totaled 31,666 million yen, which represents an increase of 4,345 million yen, or 15.9% year on year, and business profit totaled 8,231 million yen, an increase of 2,746 million yen, or 50.1%, resulting in increases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2020.

This was mainly due to increases in the number of transactions and total transaction value of retail business in property brokerage.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2020 (Millions of yen)	First nine months ended Dec. 31, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property brokerage	24,509	28,746	34,718
(retail business)	(16,257)	(20,415)	(23,334)
(wholesale business)	(8,251)	(8,331)	(11,384)
Other	2,811	2,919	4,717
Total	27,320	31,666	39,436

Number of transactions and transaction value of property brokerage

	First nine months ended Dec. 31, 2020	First nine months ended Dec. 31, 2021	Fiscal year ended Mar. 31, 2021
Number of transactions	6,725	7,313	9,322
Total transaction value (Millions of yen)	644,467	688,467	893,423

<Property & Facility Management Business Unit>

Operating revenue in this Business Unit totaled 69,946 million yen, which represents an increase of 3,009 million yen, or 4.5% year on year, and business profit totaled 5,931 million yen, an increase of 643 million yen, or 12.2%, resulting in increases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2020.

This was mainly due to an increase in construction ordered.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2020 (Millions of yen)	First nine months ended Dec. 31, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property & facility management	42,444	43,728	56,783
Construction ordered	20,285	22,098	35,863
Other	4,206	4,119	5,737
Total	66,936	69,946	98,384

Number of properties under management

	As of Dec. 31, 2020	As of Dec. 31, 2021	As of Mar. 31, 2021
Buildings under management	793	781	788
Housings under management (unit)	182,206	183,221	183,162

<Other>

Operating revenue totaled 1,555 million yen which represents a decrease of 134 million yen, or 7.9% year on year, and business loss totaled 1,479 million yen (business loss of the first nine months ended December 31, 2020 was 651 million yen).

(2) Financial Position

	As of Mar. 31, 2021 (Millions of yen)	As of Dec. 31, 2021 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,921,306	1,986,141	64,834	3.4%
Total liabilities	1,334,956	1,391,401	56,445	4.2%
Net assets	586,350	594,740	8,389	1.4%
Shareholders' equity ratio	30.4%	29.8%	-	-

Total assets were 1,986,141 million yen, which represents an increase of 64,834 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 46,739 million yen, inventories increased by 31,206 million yen and investment securities increased by 10,017 million yen, while cash and deposits decreased by 31,844 million yen.

Total liabilities were 1,391,401 million yen, which represents an increase of 56,445 million yen compared to the end of the previous fiscal year. This was mainly because interest-bearing debt increased by 99,325 million yen, while notes and accounts payable -trade decreased by 31,802 million yen and income taxes payable decreased by 11,642 million yen.

Net assets were 594,740 million yen, which represents an increase of 8,389 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 22,094 million yen due to the cancellation of treasury shares (a contribution to an increase in net assets), while retained earnings decreased by 15,667 million yen due to the cancellation of treasury shares and the payment of cash dividends.

The shareholders' equity ratio was 29.8%, a decrease of 0.6 percentage point from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of this third quarter totaled 38,648 million yen, which represents a decrease of 31,975 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 83,556 million yen (a year-on-year increase of 45,379 million yen). This was mainly due to the payments of income taxes, and a decrease of debt payments..

Net cash provided by (used in) investing activities decreased by 27,937 million yen (a year-on-year increase of 13,114 million yen). This was mainly due to the purchase of property, plant and equipment and intangible assets and the purchase of investment securities.

Net cash provided by (used in) financing activities increased by 79,344 million yen (a year-on-year decrease of 56,302 million yen). This was mainly due to the fund procurement by the issuance of commercial papers.

(3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2022 were revised from the figures announced on October 28, 2021, by examining the future outlook based on the operating results for the nine months ended December 31, 2021.

<Consolidated Forecasts>

The Group expects the following consolidated operating result for the fiscal year ending March 31, 2022: Operating revenue of 670,000 million yen; operating profit of 86,000 million yen; business profit of 88,000 million yen; ordinary profit of 77,000 million yen; and profit attributable to owners of parent of 51,000 million yen.

Changes from the previous consolidated operating result forecasts are as follows:

	Operating revenue	Operating profit	Business profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	670,000	82,000	84,000	74,000	49,500	275.30
Revised forecasts (B)	670,000	86,000	88,000	77,000	51,000	283.83
Changes (B-A)	-	4,000	4,000	3,000	1,500	-
Changes (%)	-	4.9%	4.8%	4.1%	3.0%	-
Actual results for the previous fiscal year	580,660	76,333	76,448	65,965	42,198	232.53

<Forecasts by Business Unit>

Forecasts for the fiscal year ending March 31, 2022 by business unit are as follows:

Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	305,000	305,000	-
Commercial Real Estate	220,000	220,000	-
Investment Management	12,000	12,000	-
Property Brokerage & CRE	43,000	43,000	-
Property & Facility Management	100,000	100,000	-
Other	2,000	2,000	-
Adjustments	(12,000)	(12,000)	-
Total	670,000	670,000	-

Business profit

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	29,500	31,500	2,000
Commercial Real Estate	37,500	37,500	-
Investment Management	7,500	7,500	-
Property Brokerage & CRE	9,500	10,500	1,000
Property & Facility Management	9,000	9,000	-
Other	(1,500)	(500)	1,000
Adjustments	(7,500)	(7,500)	-
Total	84,000	88,000	4,000

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	71,625	39,780
Notes and accounts receivable - trade	19,635	—
Notes and accounts receivable - trade, and contract assets	—	16,803
Real estate for sale	336,308	334,822
Real estate for sale in process	326,165	366,966
Land held for development	212,727	204,175
Equity investments	28,770	30,317
Other	48,104	102,730
Allowance for doubtful accounts	(14)	(15)
Total current assets	1,043,321	1,095,581
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	185,727	183,975
Land	506,097	505,301
Other, net	22,399	24,786
Total property, plant and equipment	714,224	714,064
Intangible assets	18,468	19,595
Investments and other assets		
Investment securities	86,428	96,446
Leasehold and guarantee deposits	27,655	29,437
Deferred tax assets	23,097	24,307
Other	8,111	6,708
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	145,292	156,899
Total non-current assets	877,985	890,559
Total assets	1,921,306	1,986,141

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	61,162	29,360
Short-term borrowings	87,000	123,000
Commercial papers	—	87,000
Current portion of bonds payable	10,000	10,000
Income taxes payable	18,572	6,930
Deposits received	25,140	17,743
Provision for bonuses	8,599	4,693
Provision for bonuses for directors (and other officers)	455	320
Provision for loss on business liquidation	13	9
Other	58,378	66,566
Total current liabilities	269,322	345,624
Non-current liabilities		
Bonds payable	160,000	150,000
Long-term borrowings	751,500	737,825
Leasehold and guarantee deposits received	58,855	60,658
Deferred tax liabilities	59,934	58,118
Deferred tax liabilities for land revaluation	3,891	3,902
Provision for share awards	2,734	3,130
Retirement benefit liability	16,216	16,590
Other	12,501	15,551
Total non-current liabilities	1,065,633	1,045,776
Total liabilities	1,334,956	1,391,401
Net assets		
Shareholders' equity		
Share capital	118,043	118,536
Capital surplus	114,433	114,926
Retained earnings	369,597	353,929
Treasury shares	(30,125)	(8,030)
Total shareholders' equity	571,948	579,362
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,827	7,313
Deferred gains or losses on hedges	(1,342)	(1,129)
Revaluation reserve for land	7,869	7,868
Foreign currency translation adjustment	(995)	223
Remeasurements of defined benefit plans	(1,979)	(1,593)
Total accumulated other comprehensive income	11,379	12,682
Share acquisition rights	1,406	1,031
Non-controlling interests	1,616	1,663
Total net assets	586,350	594,740
Total liabilities and net assets	1,921,306	1,986,141

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Nine Months from April 1 to December 31, 2021)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Operating revenue	373,361	361,004
Operating costs	251,203	233,466
Operating gross profit	122,157	127,538
Selling, general and administrative expenses	74,641	78,402
Operating profit	47,515	49,135
Non-operating income		
Interest income	70	50
Dividend income	59	81
Gain on sale of non-current assets	96	19
Gain on reversal of share acquisition rights	123	24
Other	247	380
Total non-operating income	597	555
Non-operating expenses		
Interest expenses	6,818	6,638
Share of loss of entities accounted for using equity method	181	326
Other	1,062	1,548
Total non-operating expenses	8,062	8,513
Ordinary profit	40,050	41,178
Extraordinary income		
Subsidies for employment adjustment	548	—
Total extraordinary income	548	—
Extraordinary losses		
Impairment losses	331	405
Loss on COVID-19	1,715	281
Loss on building reconstruction	—	617
Total extraordinary losses	2,047	1,304
Profit before income taxes	38,552	39,873
Income taxes - current	13,478	16,076
Income taxes - deferred	(891)	(3,085)
Total income taxes	12,587	12,991
Profit	25,964	26,881
Profit attributable to non-controlling interests	2	22
Profit attributable to owners of parent	25,962	26,859

(Quarterly Consolidated Statements of Comprehensive Income for the First Nine Months from April 1 to December 31, 2021)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	25,964	26,881
Other comprehensive income		
Valuation difference on available-for-sale securities	2,048	(512)
Deferred gains or losses on hedges	(1,381)	212
Revaluation reserve for land	(0)	(8)
Foreign currency translation adjustment	(569)	1,088
Remeasurements of defined benefit plans, net of tax	466	386
Share of other comprehensive income of entities accounted for using equity method	152	251
Total other comprehensive income	717	1,418
Comprehensive income	26,681	28,300
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,768	28,155
Comprehensive income attributable to non-controlling interests	(86)	144

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	38,552	39,873
Depreciation	14,892	14,142
Share of loss (profit) of entities accounted for using equity method	181	326
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for loss on business liquidation	(4)	(3)
Increase (decrease) in retirement benefit liability	(581)	372
Interest and dividend income	(130)	(131)
Interest expenses	6,818	6,638
Decrease (increase) in trade receivables	8,160	2,490
Decrease (increase) in inventories	(89,356)	(28,844)
Decrease (increase) in equity investments	2,176	(1,663)
Increase (decrease) in trade payables	(67,287)	(31,375)
Increase (decrease) in deposits received	(20,126)	(7,397)
Other, net	8,858	(2,177)
Subtotal	(97,845)	(7,750)
Interest and dividends received	260	401
Interest paid	(5,882)	(5,438)
Income taxes paid	(25,468)	(70,769)
Net cash provided by (used in) operating activities	(128,935)	(83,556)
Cash flows from investing activities		
Purchase of investment securities	(18,892)	(9,669)
Proceeds from sales and liquidation of investment securities	71	35
Purchase of property, plant and equipment and intangible assets	(39,840)	(19,494)
Proceeds from sale of property, plant and equipment and intangible assets	18,166	212
Payments of leasehold and guarantee deposits	(1,128)	(1,503)
Proceeds from refund of leasehold and guarantee deposits	1,504	1,105
Repayments of lease and guarantee deposits received	(4,741)	(4,250)
Proceeds from lease and guarantee deposits received	3,743	4,266
Other, net	64	1,360
Net cash provided by (used in) investing activities	(41,051)	(27,937)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,000	23,500
Repayments of finance lease obligations	(192)	(189)
Net increase (decrease) in commercial papers	20,000	87,000
Proceeds from long-term borrowings	133,000	31,408
Repayments of long-term borrowings	(39,000)	(32,500)
Proceeds from issuance of shares	18	635
Proceeds from issuance of bonds	39,801	—
Redemption of bonds	(10,000)	(10,000)
Proceeds from sale of treasury shares	11	248
Purchase of treasury shares	—	(5,140)
Dividends paid	(14,682)	(15,515)
Dividends paid to non-controlling interests	(82)	(97)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,226)	(5)
Net cash provided by (used in) financing activities	135,647	79,344
Effect of exchange rate change on cash and cash equivalents	(107)	172
Net increase (decrease) in cash and cash equivalents	(34,447)	(31,975)
Cash and cash equivalents at beginning of period	77,611	70,624
Cash and cash equivalents at end of period	43,164	38,648

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Cancellation of treasury shares

The Company cancelled treasury shares of 10,980,064 shares as of May 31, 2021, based on the resolution approved at the meeting of the Board of Directors held on January 28, 2021. As a result, retained earnings and treasury shares decreased by 27,004 million yen respectively during this third quarter.

(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 nine months from April 1 to December 31, 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 first nine months from April 1 to December 31, 2020 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 nine months from April 1 to December 31, 2021 is immaterial.

(Segment Information)

【Segment information】

I First nine months from April 1 to December 31, 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	128,915	149,127	9,839	25,652	58,137	371,672	1,688	373,361	-	373,361
Internal sales and transfer amount among segments	502	4,120	-	1,668	8,798	15,089	0	15,090	(15,090)	-
Subtotal	129,417	153,248	9,839	27,320	66,936	386,762	1,689	388,451	(15,090)	373,361
Operating profit (Note) 3	2,212	32,287	6,057	5,485	5,163	51,206	(351)	50,855	(3,339)	47,515
Share of profit (loss) of entities accounted for using equity method (Note) 3	(18)	57	-	-	102	141	(322)	(181)	-	(181)
Amortization of intangible assets associated with corporate acquisitions (Note) 3	-	205	218	-	21	445	22	468	-	468
Segment profit or loss (Business profit or loss) (Note) 3	2,194	32,550	6,275	5,485	5,287	51,793	(651)	51,142	(3,339)	47,802

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

2. The deduction of 3,339 million yen shown in the adjustments column for segment profit or loss includes elimination of intersegment transactions of 1,608 million yen and a deduction of 4,948 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.

(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	-	331	-	-	-	331

II First nine months from April 1 to December 31, 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	137,809	121,381	9,562	29,822	60,876	359,452	1,551	361,004	-	361,004
Internal sales and transfer amount among segments	491	6,417	40	1,844	9,070	17,863	3	17,867	(17,867)	-
Subtotal	138,301	127,799	9,603	31,666	69,946	377,316	1,555	378,872	(17,867)	361,004
Operating profit (Note) 3	5,850	27,470	5,788	8,231	5,844	53,185	(1,059)	52,126	(2,990)	49,135
Share of profit (loss) of entities accounted for using equity method (Note) 3	21	30	-	-	64	116	(442)	(326)	-	(326)
Amortization of intangible assets associated with corporate acquisitions (Note) 3	-	205	240	-	21	467	22	490	-	490
Segment profit or loss (Business profit or loss) (Note) 3	5,872	27,706	6,028	8,231	5,931	53,769	(1,479)	52,290	(2,990)	49,299

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

- The deduction of 2,990 million yen shown in the adjustments column for segment profit or loss includes elimination of intersegment transactions of 2,033 million yen and a deduction of 5,024 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.
- 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

(Significant Subsequent Events)

(Establishment of a joint venture company)

The Company resolved to establish a joint venture company in the Philippines, at the meeting of the Board of Directors held on January 27, 2022. The joint venture company will be the Company's affiliated company accounted for using the equity method.

1. Purpose of the establishment

The Company decided to establish the new joint venture company to continuously expand the business volume of real estate development in the Philippines, where the future market growth is expected on the back of the increase of the middle-income class.

2. Outline of the joint venture company

Company Name	Federal Land NRE Global, Inc. (tentative name)
Address	GT Tower, 6813 Ayala Avenue corner H.V. dela Costa Street, Makati, Philippine
Date of establishment	April 2022 (Plan)
Share capital	Approx. 48.0 billion Philippine pesos (of which Nomura Real Estate Development plans to invest approx. 16.0 billion Philippine pesos, as of April 2023, the date of investment completion)
Shareholder composition	Federal Land Group (66%) Nomura Real Estate Development Co., Ltd. (34%)
Business outline	Township developments in the Philippines including initial 4 projects (Mandaluyong, Metro Park, Cavite, Cebu) (tentative name), as well as development, sales, and management of residence, office, and retail facility.