



January 31, 2024

**Consolidated Financial Results**  
**For the Nine Months from April 1 to December 31, 2023**  
**<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  
 Code number : 3231  
 URL : <https://www.nomura-re-hd.co.jp/english/>  
 Representative : Satoshi Arai, President and Representative Director  
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 Scheduled submitting date of quarterly securities report : February 13, 2024  
 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, 2023 to December 31, 2023**

## (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, 2023	518,345	22.7	78,619	27.9	80,421	20.9	69,626	19.7	43,225	5.6
Dec. 31, 2022	422,590	17.1	61,450	25.1	66,524	34.9	58,184	41.3	40,919	52.3

(Note) Comprehensive income: From April 1, 2023 to December 31, 2023 : 48,833 million yen (up 3.7%)

From April 1, 2022 to December 31, 2022 : 47,088 million yen (up 66.4%)

(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, 2023	248.41	247.93
Dec. 31, 2022	230.85	230.24

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2023	2,171,581	678,500	31.2
Mar. 31, 2023	2,110,693	655,737	31.0

(Reference) Shareholders' equity: As of December 31, 2023 : 676,986 million yen As of March 31, 2023 : 653,307 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, 2023	-	55.00	-	65.00	120.00
Fiscal year ending Mar. 31, 2024	-	65.00	-		
Fiscal year ending Mar. 31, 2024 (Forecasts)				65.00	130.00

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

## III. Forecasts of consolidated operating results for the fiscal year from April 1, 2023 to March 31, 2024

(% 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, 2024	750,000	14.5	109,000	9.4	110,000	4.6	95,000	0.9	65,000	0.7	374.13

(Note) Revision of operating results 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 Dec. 31	As of Mar. 31
	2023	2023
1) Number of shares issued at end of period (including treasury shares)	183,196,737	182,938,437
2) Treasury shares at end of period	9,646,391	9,015,395
	From April 1 to Dec. 31, 2023	From April 1 to Dec. 31, 2022
3) Average number of shares outstanding during the period	174,012,751	177,255,930

(Note) The number of treasury shares at end of each period includes the shares of Nomura Real Estate Holdings, Inc. (the “Company”) owned by BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust (3,063,607 shares as of December 31, 2023 and 3,553,057 shares as of March 31, 2023). 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 (3,231,911 shares from April 1 to December 31, 2023 and 2,857,593 shares from April 1 to December 31, 2022).

\* 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 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 31, 2024 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, 2023: Operating revenue of 518,345 million yen, which represents an increase of 95,755 million yen, or 22.7% year on year; operating profit of 78,619 million yen, an increase of 17,169 million yen, or 27.9%; business profit of 80,421 million yen, an increase of 13,897 million yen, or 20.9%; ordinary profit of 69,626 million yen, an increase of 11,441 million yen, or 19.7%; and profit attributable to owners of parent of 43,225 million yen, an increase of 2,306 million yen, or 5.6%.

(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:

1. Operating revenue for each business unit includes internal sales and transfer amount among business units.
2. Total figures may not match due to the rounding of fractions.
3. As of April 1, 2023, the merger has been carried out with PRIME X Co., Ltd. being the surviving company and Musashi Co., Ltd.

#### <Residential Development Business Unit>

Operating revenue in this Business Unit totaled 238,043 million yen, which represents an increase of 73,872 million yen, or 45.0% year on year, and business profit totaled 26,932 million yen, an increase of 17,693 million yen, resulting in increases in both operating revenue and business profit compared with the financial results of the nine months ended December 31, 2022.

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

In regard to housing sales, 2,659 units were recorded as sales (an increase of 340 units year on year) against the planned 4,300 units for this fiscal year. The contract progress rate was 99.8% as of the end of this third quarter against the projected operating revenue of housing sales for this fiscal year.

The number of housing contracted but not recorded as sales were 3,715 units as of the end of this third quarter (a decrease of 862 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, 2022		First nine months ended Dec. 31, 2023		Fiscal year ended Mar. 31, 2023	
		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	1,539 units	103,047	1,938 units	153,536	2,718 units	199,905
	Kansai area	329 units	18,700	347 units	21,135	650 units	34,730
	Other	451 units	22,507	374 units	17,109	773 units	39,025
	Subtotal (Detached housing)	2,319 units (284 units)	144,255 (20,519)	2,659 units (278 units)	191,781 (23,134)	4,142 units (353 units)	273,662 (25,186)
Rental housing (Note)		-	6,544	-	21,886	-	8,603
Senior / Other		-	13,370	-	24,375	-	20,214
Total		-	164,170	-	238,043	-	302,480

(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, 2022	As of Dec. 31, 2023	As of March 31, 2023
Tokyo metropolitan area	69 units	106 units	119 units
Kansai area	31 units	39 units	43 units
Other	73 units	51 units	60 units
Total	173 units	196 units	222 units
(Detached housing)	(3 units)	(0 units)	(0 units)

Housing sales Period-end completed housing inventory (unreleased)

	As of Dec. 31, 2022	As of Dec. 31, 2023	As of March 31, 2023
Total	161 units	155 units	199 units
(Detached housing)	(0 units)	(0 units)	(0 units)

Housing sales Contracted but not recorded as housing sales

	As of Dec. 31, 2022		As of Dec. 31, 2023		As of March 31, 2023	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	3,396 units	269,169	2,869 units	257,522	2,968 units	251,819
Kansai area	624 units	33,153	303 units	14,008	421 units	23,501
Other	557 units	28,997	543 units	27,608	429 units	21,090
Total	4,577 units	331,320	3,715 units	299,139	3,819 units	296,411
(Detached housing)	(167 units)	(11,545)	(157 units)	(11,863)	(205 units)	(15,810)

<Commercial Real Estate Business Unit>

Operating revenue in this Business Unit totaled 165,717 million yen, which represents an increase of 17,290 million yen, or 11.6% year on year, and business profit totaled 34,555 million yen, an increase of 1,502 million yen, or 4.5%, resulting in increases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2022.

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

Breakdown of operating revenue

	First nine months ended Dec. 31, 2022 (Millions of yen)	First nine months ended Dec. 31, 2023 (Millions of yen)	Fiscal year ended Mar. 31, 2023 (Millions of yen)
Leasing (offices)	31,258	28,290	41,191
Leasing (retail facilities)	12,016	12,420	16,195
Leasing (other)	2,477	2,439	3,323
Property for sales (sale) (Note)	73,000	83,466	97,471
Property for sales (leasing) (Note)	12,185	13,319	16,786
Fitness	11,231	12,011	15,040
Other	6,256	13,769	9,301
Total	148,426	165,717	199,309

(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, 2022	As of Dec. 31, 2023	As of March 31, 2023
Offices	563,225 m <sup>2</sup>	524,975 m <sup>2</sup>	538,982 m <sup>2</sup>
Retail facilities	157,990 m <sup>2</sup>	158,137 m <sup>2</sup>	158,102 m <sup>2</sup>
Total	721,216 m <sup>2</sup>	683,113 m <sup>2</sup>	697,085 m <sup>2</sup>

Vacancy rate (offices and retail facilities)

As of Dec. 31, 2022	As of Dec. 31, 2023	As of March 31, 2023
5.4%	4.2%	4.8%

<Overseas Business Unit>

Operating revenue in this Business Unit totaled 3,457 million yen, which represents a decrease of 1,903 million yen, or 35.5% year on year, and business profit totaled 1,162 million yen, which represents a decrease of 5,592 million yen, or 82.8% year on year, resulting in decreases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2022. Share of profit of entities accounted for using equity method included in the business profit in this Business Unit was 1,201 million yen.

Breakdown of operating revenue

	First nine months ended Dec. 31, 2022 (Millions of yen)	First nine months ended Dec. 31, 2023 (Millions of yen)	Fiscal year ended Mar. 31, 2023 (Millions of yen)
Housing sales	4,677	2,485	5,876
Leasing	511	395	657
Other	171	575	235
Total	5,360	3,457	6,770

<Investment Management Business Unit>

Operating revenue in this Business Unit totaled 11,108 million yen, which represents an increase of 661 million yen, or 6.3% year on year, and business profit totaled 6,934 million yen, an increase of 517 million yen, or 8.1%, resulting in increases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2022.

	First nine months ended Dec. 31, 2022 (Millions of yen)	First nine months ended Dec. 31, 2023 (Millions of yen)	Fiscal year ended Mar. 31, 2023 (Millions of yen)
Operating revenue	10,447	11,108	13,632

Assets under management

		As of Dec. 31, 2022 (Millions of yen)	As of Dec. 31, 2023 (Millions of yen)	As of Mar. 31, 2023 (Millions of yen)
Domestic asset manager	REITs	1,441,211	1,555,579	1,465,984
	Private funds, etc. (Note)	254,066	201,290	252,957
Overseas asset manager		314,260	242,122	238,735
Total		2,009,538	1,998,993	1,957,676

(Note) Private funds, etc. include assets under management of Nomura Real Asset Investment Co., Ltd. based on the Company's equity stake. The assets under management of Nomura Real Asset Investment Co., Ltd. totaled 92,000 million yen as of the end of this third quarter.

**<Property Brokerage & CRE Business Unit>**

Operating revenue in this Business Unit totaled 35,343 million yen, which represents an increase of 1,091 million yen, or 3.2% year on year, and business profit totaled 9,785 million yen, a decrease of 417 million yen, or 4.1%, resulting in an increase in operating revenue and a decrease in business profit compared with the financial results of the first nine months ended December 31, 2022.

## Breakdown of operating revenue

	First nine months ended Dec. 31, 2022 (Millions of yen)	First nine months ended Dec. 31, 2023 (Millions of yen)	Fiscal year ended Mar. 31, 2023 (Millions of yen)
Property brokerage	32,579	33,995	45,257
(retail business)	(17,520)	(18,161)	(24,071)
(middle business)	(6,829)	(8,575)	(9,613)
(wholesale business)	(8,230)	(7,258)	(11,571)
Other	1,672	1,347	2,442
Total	34,251	35,343	47,700

The classification of Property brokerage is as follows.

\*Retail business: Real estate brokerage business for individuals

\*Middle business: Real estate brokerage business for small and midsize companies, business owners, some individual investors and high net worth individuals

\*Wholesale business: Real estate brokerage business for large corporations, funds and overseas investors

## Number of transactions and transaction value of property brokerage

	First nine months ended Dec. 31, 2022	First nine months ended Dec. 31, 2023	Fiscal year ended Mar. 31, 2023
Number of transactions	7,354	7,399	9,985
Total transaction value (Millions of yen)	760,358	866,428	1,060,313

**<Property & Facility Management Business Unit>**

Operating revenue in this Business Unit totaled 76,455 million yen, which represents an increase of 3,044 million yen, or 4.1% year on year, and business profit totaled 6,375 million yen, an increase of 23 million yen, or 0.4%, resulting in increases in both operating revenue and business profit compared with the financial results of the first nine months ended December 31, 2022.

## Breakdown of operating revenue

	First nine months ended Dec. 31, 2022 (Millions of yen)	First nine months ended Dec. 31, 2023 (Millions of yen)	Fiscal year ended Mar. 31, 2023 (Millions of yen)
Property & facility management	44,538	45,515	59,502
Construction ordered	24,394	26,313	39,875
Other	4,477	4,625	6,096
Total	73,410	76,455	105,474



Number of properties under management

	As of Dec. 31, 2022	As of Dec. 31, 2023	As of Mar. 31, 2023
Buildings under management	793	791	782
Condominiums under management (unit)	187,379	191,106	189,574

<Other>

Operating revenue totaled 203 million yen, which represents a decrease of 8 million yen, or 3.8% year on year, and business profit totaled 118 million yen, which represents an increase of 4 million yen, or 3.6% year on year.

## (2) Financial Position

	As of March 31, 2023 (Millions of yen)	As of Dec. 31, 2023 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	2,110,693	2,171,581	60,887	2.9%
Total liabilities	1,454,956	1,493,080	38,124	2.6%
Net assets	655,737	678,500	22,763	3.5%
Shareholders' equity ratio	31.0%	31.2%	-	-

Total assets were 2,171,581 million yen, which represents an increase of 60,887 million yen compared to the end of the previous fiscal year. This was mainly because investment securities increased by 40,803 million yen, construction in progress, included in other (net) of non-current assets, increased by 20,581 million yen, and equity investments increased by 14,904 million yen, while notes and accounts receivable - trade, and contract assets decreased by 21,472 million yen.

Total liabilities were 1,493,080 million yen, which represents an increase of 38,124 million yen compared to the end of the previous fiscal year. This was mainly because interest-bearing debt increased by 78,499 million yen, while notes and accounts payable - trade decreased by 24,179 million yen, income taxes payable decreased by 8,640 million yen and provision for bonuses decreased by 5,226 million yen.

Net assets were 678,500 million yen, which represents an increase of 22,763 million yen compared to the end of the previous fiscal year. This was mainly because retained earnings increased by 20,149 million yen and foreign currency translation adjustment increased by 4,109 million yen.

The shareholders' equity ratio was 31.2%, 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 third quarter totaled 42,309 million yen, which represents an increase of 14,539 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities increased by 24,558 million yen (a year-on-year increase of 99,739 million yen). This was mainly because profit before income taxes of 62,979 million yen was recorded, while income taxes were paid.

Net cash provided by (used in) investing activities decreased by 61,333 million yen (a year-on-year decrease of 1,248 million yen). This was mainly due to the purchase of investment securities and the purchase of property, plant and equipment and intangible assets, despite the sales and liquidation of investment securities.

Net cash provided by (used in) financing activities increased by 51,330 million yen (a year-on-year decrease of 45,745 million yen). This was mainly due to the fund procurement by long-term borrowings.

### (3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2024 were revised from the figures announced on April 26, 2023, by examining the future outlook based on the operating results for the nine months ended December 31, 2023.

#### <Consolidated Forecasts>

The Group expects the following consolidated operating result for the fiscal year ending March 31, 2024: Operating revenue of 750,000 million yen; operating profit of 109,000 million yen; business profit of 110,000 million yen; ordinary profit of 95,000 million yen; and profit attributable to owners of parent of 65,000 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)	750,000	103,000	109,000	94,000	65,000	374.27
Revised forecasts (B)	750,000	109,000	110,000	95,000	65,000	374.13
Changes (B-A)	-	6,000	1,000	1,000	-	
Changes (%)	-	5.8%	0.9%	1.1%	-	
Actual results for the previous fiscal year	654,735	99,598	105,172	94,121	64,520	365.26

#### <Forecasts by Business Unit>

Forecasts for the fiscal year ending March 31, 2024 by business unit are as follows:

#### Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	350,000	360,000	10,000
Commercial Real Estate	240,000	230,000	(10,000)
Overseas Business	5,000	4,000	(1,000)
Investment Management	14,000	14,000	-
Property Brokerage & CRE	46,000	47,000	1,000
Property & Facility Management	109,000	109,000	-
Other	0	0	-
Adjustments	(14,000)	(14,000)	-
Total	750,000	750,000	-

Business profit

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	35,000	40,000	5,000
Commercial Real Estate	45,000	48,000	3,000
Overseas Business	5,000	(2,000)	(7,000)
Investment Management	8,500	8,500	-
Property Brokerage & CRE	12,000	13,000	1,000
Property & Facility Management	10,000	10,000	-
Other	0	0	-
Adjustments	(6,500)	(7,500)	(1,000)
Total	109,000	110,000	1,000

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	29,063	43,511
Notes and accounts receivable - trade, and contract assets	40,890	19,417
Real estate for sale	447,194	451,376
Real estate for sale in process	368,384	370,824
Land held for development	182,714	171,119
Equity investments	32,320	47,224
Other	81,751	91,598
Allowance for doubtful accounts	△14	△12
<b>Total current assets</b>	<b>1,182,306</b>	<b>1,195,060</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	182,634	175,023
Land	477,013	478,104
Other, net	46,824	67,667
<b>Total property, plant and equipment</b>	<b>706,472</b>	<b>720,795</b>
Intangible assets	20,384	16,058
Investments and other assets		
Investment securities	142,031	182,834
Leasehold and guarantee deposits	31,763	32,346
Deferred tax assets	18,756	17,689
Other	8,979	6,796
Allowance for doubtful accounts	△0	△0
<b>Total investments and other assets</b>	<b>201,529</b>	<b>239,667</b>
<b>Total non-current assets</b>	<b>928,387</b>	<b>976,520</b>
<b>Total assets</b>	<b>2,110,693</b>	<b>2,171,581</b>

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	65,805	41,626
Short-term borrowings	117,864	105,230
Commercial papers	—	17,000
Current portion of bonds payable	20,000	10,000
Income taxes payable	13,278	4,637
Deposits received	19,686	14,635
Provision for bonuses	11,204	5,978
Provision for bonuses for directors (and other officers)	600	380
Provision for loss on business liquidation	4	2
Other	79,385	76,062
Total current liabilities	327,829	275,553
Non-current liabilities		
Bonds payable	130,000	140,000
Long-term borrowings	853,684	927,818
Leasehold and guarantee deposits received	58,444	58,947
Deferred tax liabilities	45,829	46,752
Deferred tax liabilities for land revaluation	3,903	3,906
Provision for share awards	4,300	4,415
Retirement benefit liability	15,115	15,283
Other	15,849	20,403
Total non-current liabilities	1,127,127	1,217,527
Total liabilities	1,454,956	1,493,080
<b>Net assets</b>		
Shareholders' equity		
Share capital	119,054	119,395
Capital surplus	115,444	115,557
Retained earnings	427,064	447,213
Treasury shares	△25,456	△28,006
Total shareholders' equity	636,107	654,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,755	8,221
Deferred gains or losses on hedges	40	△1,163
Revaluation reserve for land	7,868	7,876
Foreign currency translation adjustment	3,348	7,457
Remeasurements of defined benefit plans	186	432
Total accumulated other comprehensive income	17,199	22,825
Share acquisition rights	658	413
Non-controlling interests	1,772	1,100
Total net assets	655,737	678,500
Total liabilities and net assets	2,110,693	2,171,581

(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, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Operating revenue	422,590	518,345
Operating costs	275,029	346,205
Operating gross profit	147,561	172,140
Selling, general and administrative expenses	86,111	93,520
Operating profit	61,450	78,619
Non-operating income		
Interest income	63	101
Dividend income	52	78
Share of profit of entities accounted for using equity method	4,552	1,372
Other	327	566
Total non-operating income	4,996	2,119
Non-operating expenses		
Interest expenses	7,425	10,272
Other	836	840
Total non-operating expenses	8,261	11,112
Ordinary profit	58,184	69,626
Extraordinary income		
Gain on sale of non-current assets	6,873	—
Total extraordinary income	6,873	—
Extraordinary losses		
Impairment losses	6,642	5,881
Loss on building reconstruction	3,030	765
Total extraordinary losses	9,673	6,646
Profit before income taxes	55,384	62,979
Income taxes - current	15,960	18,882
Income taxes - deferred	△1,629	904
Total income taxes	14,331	19,787
Profit	41,053	43,191
Profit (loss) attributable to non-controlling interests	134	△34
Profit attributable to owners of parent	40,919	43,225

## (Quarterly Consolidated Statements of Comprehensive Income for the First Nine Months from April 1 to December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	41,053	43,191
Other comprehensive income		
Valuation difference on available-for-sale securities	590	2,465
Deferred gains or losses on hedges	1,362	△1,203
Revaluation reserve for land	△0	△0
Foreign currency translation adjustment	2,205	1,791
Remeasurements of defined benefit plans, net of tax	397	246
Share of other comprehensive income of entities accounted for using equity method	1,478	2,341
Total other comprehensive income	6,034	5,641
Comprehensive income	47,088	48,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,890	48,843
Comprehensive income attributable to non-controlling interests	197	△10



## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	55,384	62,979
Depreciation	15,317	15,297
Impairment losses	6,642	5,881
Gain on sale of non-current assets	△6,873	—
Share of loss (profit) of entities accounted for using equity method	△4,552	△1,372
Increase (decrease) in allowance for doubtful accounts	△3	△2
Increase (decrease) in provision for loss on business liquidation	△2	△1
Increase (decrease) in retirement benefit liability	280	165
Interest and dividend income	△116	△179
Interest expenses	7,425	10,272
Decrease (increase) in trade receivables	4,234	21,567
Decrease (increase) in inventories	△70,205	4,519
Decrease (increase) in equity investments	2,520	△13,652
Increase (decrease) in trade payables	△47,540	△24,271
Increase (decrease) in deposits received	△30,918	△5,053
Other, net	△7,405	△18,969
Subtotal	△75,813	57,180
Interest and dividends received	327	3,593
Interest paid	△6,107	△7,435
Income taxes refund (paid)	6,411	△28,779
Net cash provided by (used in) operating activities	△75,181	24,558
<b>Cash flows from investing activities</b>		
Purchase of investment securities	△25,505	△42,934
Proceeds from sales and liquidation of investment securities	—	10,662
Purchase of property, plant and equipment and intangible assets	△31,418	△30,002
Proceeds from sale of property, plant and equipment and intangible assets	16,748	25
Payments of leasehold and guarantee deposits	△988	△2,148
Proceeds from refund of leasehold and guarantee deposits	1,151	2,736
Repayments of lease and guarantee deposits received	△4,943	△3,190
Proceeds from lease and guarantee deposits received	3,504	3,200
Net decrease (increase) in short-term loans receivable	△18,707	—
Other, net	75	317
Net cash provided by (used in) investing activities	△60,084	△61,333

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△500	6,162
Repayments of finance lease liabilities	△221	△135
Net increase (decrease) in commercial papers	46,000	17,000
Proceeds from long-term borrowings	133,660	107,874
Repayments of long-term borrowings	△45,000	△53,000
Proceeds from issuance of shares	586	464
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	△10,000	△20,000
Proceeds from sale of treasury shares	388	736
Purchase of treasury shares	△8,689	△3,911
Dividends paid	△19,838	△23,068
Dividends paid to non-controlling interests	△120	△38
Proceeds from investments in silent partnerships	810	210
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△963
Net cash provided by (used in) financing activities	97,075	51,330
Effect of exchange rate change on cash and cash equivalents	35	△15
Net increase (decrease) in cash and cash equivalents	△38,154	14,539
Cash and cash equivalents at beginning of period	67,793	27,770
Cash and cash equivalents at end of period	29,638	42,309

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Business combination through acquisition)

Outline of business combination

At a meeting of the Board of Directors held on December 21, 2023, the Company resolved to acquire all the shares of UDS Ltd. and make it a consolidated subsidiary. On the same day, the Company concluded a share transfer agreement. The Company plans for this transaction to be fully completed on April 1, 2024.

1) Name of the acquired company and details of the acquired business

Company name: UDS Ltd. and three other companies

Description of business: Planning, design and construction business

Operation of hotels

Operation of other facilities (shared houses, coworking offices, restaurants, cafeterias, etc.)

2) Main reason for the business combination

In the Group's hotel operations, which show promise as a future growth pillar of the Group, customer needs are on the rise due to the increasing inbound needs and other factors. In response to such demand, the Group intends to establish a solid business foundation at the earliest opportunity and accelerate growth. Additionally, the Group aims to enhance and evolve the product appeal and further expand business opportunities in the development of various asset types.

3) Date of the business combination

April 1, 2024 (planned)

4) Legal form of the business combination

The Company plans to acquire equity in consideration for cash.

5) Name of the acquired company after the business combination

Unchanged.

6) Ratio of voting rights of the acquired company after the planned acquisition

100%

## (Segment Information)

## 【Segment information】

I First nine months from April 1 to December 31, 2022

## 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 Develop- ment	Commercial Real Estate	Overseas Business	Investment Manage- ment	Property Brokerage & CRE	Property & Facility Manage- ment	Subtotal				
Operating revenue											
External customers	163,601	146,682	5,360	10,307	32,899	63,530	422,381	208	422,590	-	422,590
Internal sales and transfer amount among segments	569	1,744	0	139	1,352	9,880	13,686	2	13,689	(13,689)	-
Subtotal	164,170	148,426	5,360	10,447	34,251	73,410	436,067	211	436,279	(13,689)	422,590
Operating profit (Note) 3	9,230	32,823	2,240	6,173	10,202	6,273	66,944	114	67,058	(5,608)	61,450
Share of profit (loss) of entities accounted for using equity method (Note) 3	(2)	23	4,487	(13)	-	56	4,552	-	4,552	-	4,552
Amortization of intangible assets associated with corporate acquisitions (Note) 3	11	205	27	256	-	21	522	-	522	-	522
Segment profit or loss (Business profit or loss) (Note) 3	9,239	33,052	6,755	6,416	10,202	6,351	72,019	114	72,133	(5,608)	66,524

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

2. The deduction of 5,608 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 1,347 million yen and a deduction of 6,955 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 non-current assets or goodwill by reportable segment

(Significant impairment loss relating to non-current assets)

(Millions of yen)

	Residential Development	Commercial Real Estate	Overseas Business	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	6,642	-	-	-	-	6,642

II First nine months from April 1 to December 31, 2023

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 consolidate d financial statements (Note) 3
	Residential Develop ment	Commercial Real Estate	Overseas Business	Investment Manage ment	Property Brokerage & CRE	Property & Facility Manage ment	Subtotal				
Operating revenue											
External customers	237,301	163,878	3,457	10,960	34,476	68,070	518,145	200	518,345	-	518,345
Internal sales and transfer amount among segments	741	1,838	-	147	866	8,384	11,979	3	11,982	(11,982)	-
Subtotal	238,043	165,717	3,457	11,108	35,343	76,455	530,124	203	530,328	(11,982)	518,345
Operating profit (Note) 3	26,897	34,316	(68)	6,691	9,785	6,320	83,943	118	84,061	(5,441)	78,619
Share of profit (loss) of entities accounted for using equity method (Note) 3	23	34	1,201	59	-	54	1,372	-	1,372	-	1,372
Amortization of intangible assets associated with corporate acquisitions (Note) 3	11	205	29	183	-	-	429	-	429	-	429
Segment profit or loss (Business profit or loss) (Note) 3	26,932	34,555	1,162	6,934	9,785	6,375	85,745	118	85,863	(5,441)	80,421

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

- The deduction of 5,441 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 2,194 million yen and a deduction of 7,636 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. 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	Overseas Business	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	212	-	5,669	-	-	5,881

For the first nine months ended December 31, 2023, impairment losses of 5,669 million yen were recorded as extraordinary losses for intangible assets and goodwill associated with an asset group to which a UK subsidiary of the Investment Management Business Unit belongs. This was because that requests for cancellation from investors of real estate funds managed by that subsidiary were confirmed and the book value of the intangible assets and goodwill, which were recorded on the date of the business combination of that subsidiary, was written down to a recoverable amount.