Quarterly Report

(First Quarter of 31st term)

From April 1, 2015
to June 30, 2015

NTT Urban Development Corporation

4-14-1, Sotokanda, Chiyoda-ku, Tokyo

Contents

Page

Cover

Chapter 1 Corporate Information
Section 1 Overview of the Company's situation
1. Changes in major financial data 1
2. Businesses 1
Section 2 Business situation
1. Operating risks 2
2. Significant management contracts 2
3. Analysis of financial position, operating results, and cash flows 2
Section 3 Situation of submitting company
1. Shares of the Company
(1) Total number of shares and other information 7
(2) Stock acquisition rights 7
(3) Exercise of bonds with subscription rights to shares with amendments to exercise prices 7
(4) Features of rights plan 7
(5) Changes in number of shares outstanding and capital. 7
(6) Major shareholders 7
(7) Voting rights 8
2. Officers 9
Section 4 Financial status 10
1. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets 11
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income 13
Quarterly consolidated statements of income 13
Quarterly consolidated statements of comprehensive income 14
2. Other 19
Chapter 2 Information on the Guarantee Company of the Submitting Company 20

Cover

Document submitted	Quarterly Report
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Destination	Director General of the Kanto Finance Bureau
Date of submission	August 3, 2015
Quarterly accounting period	First quarter of 31st term (from April 1, 2015 to June 30, 2015)
Corporate name	NTT Toshi Kaihatsu Kabushiki Kaisha
Corporate name in English	NTT URBAN DEVELOPMENT CORPORATION
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Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Chapter 1 Corporate Information

Section 1 Overview of the Company's situation

1. Changes in major financial data

Term	30th term Three months ended June 30, 2014	31st term Three months ended June 30, 2015	30th term
Account period	From April 1, 2014 to June 30, 2014	From April 1, 2015 to June 30, 2015	From April 1, 2014 to March 31, 2015
Operating revenue (million yen)	36,272	26,681	152,052
Ordinary income (million yen)	5,217	3,113	20,395
Profit attributable to owners of parent (million yen)	3,513	2,918	16,235
Comprehensive income (million yen)	3,786	1,442	23,671
Net assets (million yen)	229,513	240,611	245,641
Total assets (million yen)	978,412	1,039,431	1,033,220
Net income per share (yen)	10.67	6.68	49.33
Net income per share (fully diluted) (yen)	—	—	—
Ratio of shareholders' equity to assets (%)	19.1	18.8	19.4

(Note 1) Since the Company has prepared quarterly consolidated financial statements, changes in major financial data of the submitting company are omitted.

(Note 2) Operating revenue does not include consumption tax.

(Note 3) Since there was no potential dilution, net income per share (fully diluted) is omitted.

(Note 4) The company has adopted "Revised Accounting Standard for Business Combination" (ASBJ Statement No.21, September 13, 2013), etc. and changed "Net income" to "Profit attributable to owners of parent" from the three months ended June 30, 2015.

2. Businesses

During the three months ended June 30, 2015, there were no significant changes in the major operations managed by the NTT Urban Development Group (the Company and its affiliates). In addition, there were no changes in major affiliates.

Section 2 Business situation

1. Operating risks

During the three months ended June 30, 2015, no new operating risks emerged.
In addition, there were no significant changes in the operating risks described in the annual securities report for the previous fiscal year.

2. Significant management contracts

There were no significant management contracts determined or concluded during the three months ended June 30, 2015.

3. Analysis of financial position, operating results, and cash flows

The forward-looking statements in the following text are based on the judgments of the Group as of the date of the submission of the quarterly report.

(1) Financial results

The Japanese economy experienced a moderate recovery during the three months ended June 30, 2015. The gradual recovery is expected to continue for the time being owing to the ongoing trend of higher employment and income levels, declining oil price, and effect of economic measures. However, attention needs to be paid to the risk of downward pressure caused by a downturn in the overseas economies.
In the office leasing market, vacancy rates continued to improve and market rents showed signs of bottoming out, and some rents, in fact, raised. In the condominium sales market, sales remained generally strong with the support of strong consumer sentiment encouraged by low-interest rates, despite a decreasing number of units supplied.
In this environment, the Company and its subsidiaries (collectively, the Group) operated their business steadily, aiming for sustainable growth based on the Group's Medium-Term Vision 2018. In the leasing business, thanks to lower vacancy rates at existing properties, etc., operating revenue was almost flat on a year to year comparison. In the residential business, however, the number of condominium unites delivered and average unit price also fell.
As a consequence, operating revenue amounted to ¥26,681 million (down ¥9,590 million, or 26.4% year-on-year), operating income was ¥3,918 million (down ¥2,326 million, or 37.3%), and ordinary income was ¥3,113 million (down ¥2,104 million, or 40.3%). Profit was ¥2,198 million (down ¥1,314 million, or 37.4%).

(i) Leasing business

In the leasing business for the three months ended June 30, 2015, the Company generates earnings from rent income of the property newly completed in the previous fiscal year, such as Trad Mejiro (Toshima-ku, Tokyo) and Shinagawa Season Terrace (Minato-ku, Tokyo), and the existing properties that were fairly filled by leasing activities in the previous fiscal year.
Operating revenue fell ¥72 million, to ¥21,079 million (down 0.3% year-on-year) due to temporary income (amount equivalent to construction to restore the original state) made in the consolidated financial statements for the three months ended June 30, 2014, despite an increase in rent income from new properties and lower vacancy rates at existing properties. Operating income decreased ¥977 million, or 16.6%, to ¥4,906 million.
Development projects currently under way include Urbannet Nihonbashi 2-Chome Building (Chuo-ku, Tokyo), Urbannet Ginza 1-Chome Building (Chuo-ku, Tokyo), Otemachi 2-Chome Area 1st class Urban Redevelopment Project Building A (Chiyoda-ku, Tokyo) and Universal City Station Project (Osaka-shi, Osaka), etc.

(ii) Residential business

In the residential business, the number of condominiums delivered declined 154 units from the three months ended June 30, 2014, to 66 units, as newly completed condominiums were fewer than in the previous fiscal year. While there were many deliveries of high-priced condominiums in central Tokyo in the three months ended June 30, 2014, many of the condominiums delivered in the three months ended June 30, 2015 were suburban property. As a result, the average per-unit price declined ¥22 million year-on-year to ¥35 million.

As a result, for the three months ended June 30, 2015, operating revenue in the residential business declined ¥9,785 million, or 76.0%, to ¥3,097 million, and operating income was down ¥1,399 million, or 92.0%, to ¥121 million.

In the three months ended June 30, 2015, the Company began distribution of Wellith Ginza 2-Chome (Chuo-ku, Tokyo) and Wellith Jonanbefu (Fukuoka-shi, Fukuoka).

(iii) Other

Operating revenue in other business for the three months ended June 30, 2015 increased ¥369 million, or 11.1% year-on-year, to ¥3,710 million, and operating income increased ¥9 million, or 5.1% to ¥195 million, primarily due to an increase in contract construction.

(2) Operational and financial challenges to meet

During the three months ended June 30, 2015, there were no significant changes in challenges facing the Company.

(3) Research and development

Not applicable

(4) Operating revenue

The table below shows operating revenue by business segment for the three months ended June 30, 2015. Operating revenue in each segment in the text includes inter-segment internal revenues and transfers.

(Million yen)

Business segment	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Year-on-year (%)
Leasing business	21,079	99.7
Residential business	3,097	24.0
Total operating revenue in the reported segments	24,176	71.0
Other	3,710	111.1
Eliminations	(1,205)	—
Total	26,681	73.6

(Note1) The numbers do not include consumption tax. Operating revenue in each segment includes inter-segment internal revenues and transfers.

(Note2) "Eliminations" refers to internal revenues and transfers duplicated in more than one segment.

The following shows breakdowns of operating revenue, etc. in the leasing business and residential business, major businesses of the Group.

(Leasing business)

The table below shows operating revenue etc. by use of properties in the leasing business. All figures are consolidated results.

(Million yen)

Classification		Three months ended June 30, 2014	Three months ended June 30, 2015
Office/Commercial	Operating revenue	20,022	19,873
	Rentable area	1,201,001 m^2 (Of the above, sub-leases: 25,640 m^2)	1,235,590 m^2 (Of the above, sub-leases: 65,967m^2)
Residential/Other	Operating revenue	1,129	1,205
Total operating revenue		21,151	21,079

(Note1) "Rentable areas" figures are as of the end of June of each fiscal year.

(Note2) The rentable area of sub-leases does not include the area that has been agreed upon between the Company and its consolidated subsidiaries.

The table below shows the vacancy rate by area.

Classification	June 2014	September 2014	December 2014 (Note 3)	March 2015 (Note 4)	June 2015 (Note 4)
Five wards of central Tokyo	6.8%	5.9%	2.9%	14.7% 1.7%	14.2% 2.2%
Nationwide	8.1%	8.3%	6.7%	10.9% 6.2%	10.5% 6.1%

(Note1) The numbers above are vacancy rate as of the end of each month.

(Note2) Five wards of central Tokyo are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku.

(Note 3) Properties of which leases were suspended for future redevelopment, etc. are excluded from the above calculation from December 31, 2014.

(Note 4) The rate written above shows the vacancy rate including Shinagawa Season Terrace, which was completed February 2015. The rate written below shows that of excluding Shinagawa Season Terrace.

(Residential business)

The table below shows operating revenue, etc. in the residential business by operation type and area.

Classification			Three months ended June 30, 2014		Three months ended June 30, 2015	
			Units/Lots	Operating revenue (million yen)	Units/Lots	Operating revenue (million yen)
Condominiums						
	Units delivered	Tokyo metropolitan area	80	7,788	44	1,650
		Other regions	140	4,997	21	869
	Completed in inventories		121	—	153	—
Residential Lots, etc.						
	Units/Lots delivered	Tokyo metropolitan area	2	50	1	151
		Other regions	3	46	20	425
	Completed in inventories		42	—	42	—
Residential (Condominiums/Residential Lots, etc.)						
	Units/Lots delivered	Tokyo metropolitan area	82	7,839	45	1,802
		Other regions	143	5,043	41	1,294
	Completed in inventories		163	—	196	—
Other						
	Units/Lots delivered	Tokyo metropolitan area	—	—	—	—
		Other regions	—	—	—	—
	Completed in inventories		—	—	—	—
Operating revenue			—	12,883	—	3,097

(Note1) For joint projects, the number of units, corresponding to the Company's share in the project, is rounded down to the nearest unit.

(Note2) "Completed in inventories" figures are as of the end of June of each fiscal year. The condominiums completed in inventories for the three months ended June 30, 2014 and for the three months ended June 30, 2015 include 22 units and 31 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The residential lots, etc. completed in inventories for the three months ended June 30, 2014 and for the three months ended June 30, 2015 include 26 lots and 30 lots, for which a contract has been completed but ownership has not yet been transferred.

(Note3) 1 lot (worth ¥151 million) of residential lots delivered for the three months ended June 30, 2015 were delivered through a portion sale of land.

(Note4) Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

(5) Facilities

Major changes to the Group's main facilities during the three months ended June 30, 2015 are as follows.

The following facility was sold during the three months ended June 30, 2015.

Name (Location)	Business segment	Primary use	Structure	Area (m^2)		Book value (million yen)				Completed
				Building	Land	Building, etc.	Land	Other	Total	
NTT Cred Okayama Building (Kita, Okayama)	Leasing Business	Office	Steel structure; 21 floors above ground and 2 below	21,410	2,496	3,045	83	38	3,167	February 1999

(Note 1) The property was sold in May 2015. The book value is as of April 30, 2015.

(Note 2) 60% of the trust beneficiary rights were sold.

(6) Factors affecting financial results and situation of and outlook for management strategy

The office market indicated lower vacancy rates and signs of a bottoming out in rent levels. The Company aims to increase its development capacity and earnings by shifting its focus away from conventional development on the assumption of long-term ownership to increase properties for sale. It also intends to focus on activities such as collaboration with other companies, combined development of commercial, residential, and other businesses, and participation in the regional redevelopment business.

The condominium sales market has remained generally strong. While facing challenges such as an increase in construction costs as well as in land and property prices, particularly in the Tokyo metropolitan area, the Company will continue to work on increasing added value and reducing costs to maintain earnings strength.

(7) Analysis of financial resources for capital and liquidity of funds

The Company raised funds primarily through borrowings from financial institutions during the three months ended June 30, 2015 in response to capital needs, including the repayment of borrowings, operating funds, and investments.

(8) Basic policy on the control of the stock company

Since the parent company holds more than 50% of the voting rights, the Company has not established any basic policy relating to the Stock Company and has not introduced any takeover defense.

Section 3 Situation of submitting company

1. Shares of the Company

(1) Total number of shares and other information

(i) Total number of shares

Type	Total number of shares authorized to be issued by the Company
Common stocks	1,050,000,000
Total	1,050,000,000

(ii) Shares issued

Type	Number of shares issued at the end of fiscal year (June 30, 2015)	Number of shares issued on the date of the submission of the report (August 3, 2015)	Stock exchange or registered financial instruments dealers association	Remarks
Common stocks	329,120,000	329,120,000	The First Section of the Tokyo Stock Exchange	Number of shares of one share unit 100
Total	329,120,000	329,120,000	—	—

(Note) The number of shares issued includes 30,630,000 shares of an investment in kind (with buildings, etc. of ¥927 million and land (89,492 m^2) of ¥2,144 million yen).

(2) Stock acquisition rights

Not applicable

(3) Exercise of bonds with subscription rights to shares with amendments to exercise prices

Not applicable

(4) Features of rights plan

Not applicable

(5) Changes in number of shares outstanding and capital

Date	Change in number of shares outstanding (shares)	Number of shares outstanding (shares)	Change in capital (million yen)	Capital (million yen)	Change in capital reserve (million yen)	Capital reserve (million yen)
From April 1, 2015 to June 30, 2015	—	329,120,000	—	48,760	—	34,109

(6) Major shareholders

There are no items to state as the quarter under review is the first quarter.

(7) Voting rights

Since the Company cannot confirm the contents of the shareholder register as of June 30, 2015, it cannot describe voting rights as of that date. The Company describes voting rights based on the shareholder register as of the latest base date (March 31, 2015) instead.

(i) Shares issued

As of June 30, 2015

Classification	Number of shares	Number of voting rights	Remarks
Nonvoting shares	–	–	–
Shares with limited voting rights (treasury share, etc.)	–	–	–
Shares with limited voting rights (other shares)	–	–	–
Shares with complete voting rights (treasury share, etc.)	–	–	–
Shares with complete voting rights (other shares)	Common shares 329,115,000	3,291,150	–
Fractional shares	Common shares 5,000	–	–
Total number of shares issued	329,120,000	–	–
Number of voting rights of all shareholders	–	3,291,150	–

(Note) Shares with complete voting rights (other shares) include 800 shares under the name of the Japan Securities Depository Center. The number of voting rights includes 8 shares with complete voting rights under the name of the Japan Securities Depository Center.

(ii) Treasury stock

Not applicable

2. Officers

Not applicable

Section 4 Financial status

1 Methods of preparing quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared under the Regulations Concerning the Terminology, Forms, and Preparation Methods of the Quarterly Consolidated Financial Statements (Cabinet Ordinance No. 64 of 2007).

2 Audit certification

Under the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements of the Company for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015) and for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015) have received a quarterly review by KPMG AZSA LLC.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Three months ended December 31, 2015 (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	17,891	16,271
Notes and operating accounts receivable	5,569	2,243
Real estate for sale	33,361	31,602
Real estate for sale in progress	59,987	75,420
Costs on uncompleted construction contracts	169	230
Raw materials and supplies	52	54
Lease investment assets	3,837	3,798
Deposits paid	2,412	716
Deferred tax assets	1,075	995
Other	4,189	5,660
Allowance for doubtful accounts	(35)	(30)
Total current assets	128,512	136,965
Non-current assets		
Property, plant and equipment		
Buildings and structures	714,920	711,932
Accumulated depreciation	(392,856)	(394,106)
Buildings and structures (net)	322,063	317,826
Machinery, equipment and vehicles	13,593	13,350
Accumulated depreciation	(11,777)	(11,630)
Machinery, equipment and vehicles (net)	1,815	1,719
Land	505,999	506,378
Lease assets	347	339
Accumulated depreciation	(219)	(222)
Lease assets (net)	128	117
Construction in progress	2,212	2,648
Other property, plant and equipment	15,486	15,338
Accumulated depreciation	(12,913)	(12,927)
Other property, plant and equipment (net)	2,573	2,411
Total property, plant and equipment	834,792	831,102
Intangible assets	24,556	24,826
Investments and other assets		
Investment securities	22,841	23,289
Long-term prepaid expenses	15,635	15,589
Net defined benefit asset	396	400
Deferred tax assets	354	351
Other	6,131	6,906
Total investments and other assets	45,359	46,538
Total non-current assets	904,708	902,466
Total assets	1,033,220	1,039,431

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Three months ended December 31, 2015 (As of December 31, 2015)
Liabilities		
Current liabilities		
Notes and operating accounts payable–trade	8,473	2,819
Short-term loans payable	—	26,698
Lease obligations	48	52
Current portion of long-term loans payable	53,200	40,200
Income taxes payable	2,684	467
Deferred tax liabilities	405	394
Other	34,062	29,303
Total current liabilities	98,874	99,935
Non-current liabilities		
Bonds payable	130,968	130,970
Long-term loans payable	363,020	374,133
Lease obligations	123	107
Lease and guarantee deposits received	68,715	69,747
Negative goodwill	21,286	24,387
Deferred tax liabilities	59,555	59,839
Provision for directors' retirement benefits	23	18
Net defined benefit liability	6,335	6,339
Asset retirement obligations	3,267	3,285
Other	35,407	30,054
Total non-current liabilities	688,704	698,885
Total liabilities	787,579	798,820
Net assets		
Shareholders' equity		
Capital stock	48,760	48,760
Capital surplus	34,109	31,648
Retained earnings	108,264	106,711
Total shareholders' equity	191,134	187,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,837	2,793
Foreign currency translation adjustment	6,429	5,363
Remeasurements of defined benefit plans	509	493
Total accumulated other comprehensive income	9,776	8,650
Non-controlling interests	44,730	44,840
Total net assets	245,641	240,611
Total liabilities and net assets	1,033,220	1,039,431

(2) Quarterly consolidated statements of income and quarterly statements of comprehensive income

(Quarterly consolidated Statements of Income)

(Nine month ended December 31, 2014 and 2015)

(Million yen)

	Three months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Three months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Operating revenue	36,272	26,681
Operating cost	26,027	19,181
Operating gross profit	10,244	7,500
Selling, general and administrative expenses	3,999	3,581
Operating income	6,245	3,918
Non-operating income		
Interest income	5	14
Dividends income	48	62
Amortization of negative goodwill	445	481
Equity in earnings of affiliates	31	88
Other	34	76
Total non-operating income	565	723
Non-operating expenses		
Interest expenses	1,560	1,521
Other	32	7
Total non-operating expenses	1,593	1,529
Ordinary income	5,217	3,113
Extraordinary income		
Gain on sales of non-current assets	377	382
Total extraordinary income	377	382
Extraordinary loss		
Loss on retirement of non-current assets	43	54
Total extraordinary losses	43	54
Income before income taxes and minority interests	5,551	3,441
Total income taxes	1,640	874
Profit	3,910	2,567
Profit attributable to non-controlling interests	397	368
Profit attributable to owners of parent	3,513	2,198

(Quarterly consolidated statements of comprehensive income)
(Nine month ended December 31, 2014 and 2015)

(Million yen)

	Three months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Three months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Profit	3,910	2,567
Other comprehensive income		
Valuation difference on available-for-sale securities	139	(43)
Foreign currency translation adjustment	(254)	(1,065)
Remeasurements of defined benefit plans	(9)	(16)
Total other comprehensive income	(124)	(1,125)
Comprehensive income	3,786	1,442
(Breakdown)		
Comprehensive income attributable to owners of parent	3,389	1,073
Comprehensive income attributable to non-controlling interests	397	368

Notes

(Change in accounting principles)

(Application of Revised Accounting Standard for Business Combination, etc.)

Effective from the fiscal year beginning on or after April1, 2014, "Revised Accounting Standard for Business Combination" (ASBJ Statement No.21, September 13, 2013 (hereinafter, "Statement No.21")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013 (hereinafter, "Statement No.22")) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013 (hereinafter, "Statement No.7")) (together, the "Business Combination Accounting Standards"), are permitted to be applied. The Company and its subsidiaries adopted these accounting standards from this current fiscal year, as a result, changed the accounting policies: to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues control; and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed the accounting policies for the reallocation of acquisition costs due to the completion of the provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. In addition, the Company has changed the title of net income and other items and the title of minority interests to non-controlling interest. To reflect these changes, the quarterly consolidated financial statements and consolidated financial statements for three months ended June 30, 2014, and fiscal year ended March 31, 2015, have been replaced.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in article 58-2 (3) of Statement No.21, article 44-5 (3) of Statement No.22 and article 57-4 (3) of Statement No.7 and recognized in capital surplus or retained earnings the cumulative effect as of the beginning of the current fiscal year that resulted from the retrospective application of the new accounting policies for all of the prior fiscal years.

As a result, goodwill, capital surplus and retained earnings as of the beginning of the current fiscal year decreased by ¥1,682 million, ¥2,461 million and ¥1,118 million, and negative goodwill increased ¥1,897 million respectively. Operating income, ordinary income and income before tax for the three months ended June 30, 2015, increased by ¥30 million and ¥66 million, respectively.

(Quarterly consolidated statement of cash flows)

The consolidated statement of cash flows for the three months ended June 30, 2015 has not been prepared. Depreciation and amortization (including the depreciation and amortization of intangible assets other than goodwill) and the amortization of goodwill and negative goodwill for the three months ended June 30, 2015 are as follows:

(Million yen)

	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Depreciation and amortization	5,826	5,967
Amortization of goodwill	32	2
Amortization of negative goodwill	445	481

(Shareholders' equity)

I. Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

Dividends paid

(Resolution)	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 24, 2014	Common stocks	2, 632	Retained earnings	8	March 31, 2014	June 25, 2014

II. Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

Dividends paid

(Resolution)	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary shareholders' meeting held on June 23, 2015	Common stocks	2, 632	Retained earnings	8	March 31, 2015	June 24, 2015

(Segment information, etc.)

Segment information

I. Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

1. Information on operating revenue and profits or losses by reported segment

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in consolidated financial statement (Note 3)
	Leasing	Residential property sales	Total				
Operating revenue							
(1) Operating revenue to third parties	20,876	12,881	33,758	2,514	36,272	—	36,272
(2) Inter-segment internal revenues and transfers	275	1	276	826	1,103	(1,103)	—
Total	21,151	12,883	34,034	3,340	37,375	(1,103)	36,272
Segment profits	5,883	1,520	7,403	186	7,589	(1,344)	6,245

(Note1) Other is the business segment that is not included in the reported segments and other business activities that generate revenue. It includes design of building and other, construction and supervision of construction, office building maintenance and air-conditioning services, and management of restaurant facilities as incidental facilities of office buildings.

(Note2) Adjustment of - ¥1,344 million in segment profits includes elimination of inter-segment transactions of ¥9 million and company-wide expenses of - ¥1,354 million which is not allotted to the reported segments and other. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments and other.

(Note3) Segment profits are adjustment of operating income reported on quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets, goodwill and other information in reported segments

Not applicable

II. Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

1. Information on operating revenue and profits or losses by reported segment

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in consolidated financial statement (Note 3)
	Leasing	Residential property sales	Total				
Operating revenue							
(1) Operating revenue to third parties	20,854	3,095	23,949	2,732	26,681	—	26,681
(2) Inter-segment internal revenues and transfers	225	1	227	978	1,205	(1,205)	—
Total	21,079	3,097	24,176	3,710	27,887	(1,205)	26,681
Segment profits	4,906	121	5,027	195	5,222	(1,303)	3,918

(Note1) Other is the business segment that is not included in the reported segments and other business activities that generate revenue. It includes design of building and other, construction and supervision of construction, office building maintenance and air-conditioning services, and management of restaurant facilities as incidental facilities of office buildings.

(Note2) Adjustment of - ¥1,303 million in segment profits includes elimination of inter-segment transactions of ¥8 million and company-wide expenses of - ¥1,312 million which is not allotted to the reported segments and other. Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments and other.

(Note3) Segment profits are adjustment of operating income reported on quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets, goodwill and other information in reported segments

Not applicable

3. Change in reported segments

(Application of Revised Accounting Standard for Business Combination, etc.)

As stated in “Change in accounting principles”, the Company and its subsidiaries adopted the accounting standards from this current fiscal year, and as a result, changed the accounting policies: to recognize in capital surplus the differences arising from the changes in the Company’s ownership interest of subsidiaries over which the Company continues control; and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed the accounting policies for the reallocation of acquisition costs due to the completion of the provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place.

As a result, the segment profit in “Leasing business” and in “Other” for the three months ended June 30, 2015, increased by ¥29 million and ¥0 million, respectively.

(Per-share information)

The amount of net income per share and the basis for calculation are as follows:

	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2014)
Net income per share	¥10.67	¥6.68
(Basis for calculation)		
Profit attributable to owners of parent (million yen)	3,513	2,198
Amount not attributable to common stockholders (million yen)	―	―
Profit attributable to owners of parent relating to common stock (million yen)	3,513	2,198
Average number of shares during the period	329,120,000	329,120,000

(Note) Since there is no potential dilution, diluted net income per share is omitted.

(Significant subsequent events)

Not applicable

2. Other

Not applicable

Chapter 2　Information on the Guarantee Company of the Submitting Company

Not applicable