The figures for these Financial Statements are prepared in accordance with accounting principles generally accepted in Japan. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts. This English text is a translation of the Japanese original. The original is authoritative.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the Third Quarter of FY 2016

February 2, 2017

NTT URBAN DEVELOPMENT CORPORATION
Stock Exchange: Tokyo Stock Exchange
Code Number: 8933
URL: https://www.nttud.co.jp/english/
Representative: Sadao Maki, President and Chief Executive Officer
Attn.: Yutaka Torigoe, Senior Vice President, Accounting and Finance
Tel: +81–3–6811–6424
Filing of quarterly report: February 3, 2017
Scheduled date for commencing payment of dividend: —
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

(Note that all amounts have been rounded down to the nearest million yen, unless otherwise specified.)

1. Consolidated Financial Results for the Third Quarter of FY 2016
(April 1, 2016 through December 31, 2016)

(1) Consolidated Results of Operations (cumulative) (Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	118,239	11.8	21,743	21.4	19,663	28.5	12,783	62.1
Nine months ended December 31, 2015	105,728	4.4	17,904	3.3	15,298	9.5	7,885	(8.5)

(Note) Comprehensive income: Nine months ended December 31, 2016: 7,443 million yen (3.5%)
Nine months ended December 31, 2015: 7,717 million yen (32.7%)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2016	38.84	—
Nine months ended December 31, 2015	23.96	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Million yen	Million yen	%
As of December 31, 2016	1,014,479	251,994	20.3
As of March 31, 2016	1,033,557	251,905	19.9

(Reference) Shareholders' equity: As of December 31, 2016: 206,102 million yen
As of March 31, 2016: 206,034 million yen

2. Dividends

	Dividends per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	8.00	—	9.00	17.00
Year ending March 31, 2017	—	9.00	—		
Year ending March 31, 2017 (Forecast)				9.00	18.00

(Note) Revisions to dividends forecast published most recently: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 2017 (April 1, 2016 through March 31, 2017)

(Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	190,000	3.8	31,000	(17.9)	28,000	(17.2)	17,000	2.7	51.65

(Note) Revisions to earnings forecast published most recently: No
.

* Notes

(1) Important changes in subsidiaries for the nine months ended December 31, 2016 (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: –

Exception: –

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes in accounting principles and changes or restatements of accounting estimates

(i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable

(ii) Changes in accounting principles other than (i): Applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatement of accounting estimates: Not applicable

For more information, refer to "(3) Changes in accounting principles and changes or restatements of accounting estimates" of "2. Matters Relating to Summary Information (Notes)" on page 8 of the accompanying materials.

(4) Number of shares outstanding (common stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:

As of December 31, 2016:	329,120,000 shares
As of March 31, 2016:	329,120,000 shares

(ii) Total number of treasury stock as of the end of each period:

As of December 31, 2016:	77 shares
As of March 31, 2016:	77 shares

(iii) Average number of issued shares for each period (cumulative period):

As of December 31, 2016:	329,119,923 shares
As of December 31, 2015:	329,119,979 shares

* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been reviewed at the time of the announcement of this financial summary.

* Cautionary note regarding use of the Forecast of Financial Results, and other special notations

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Therefore, they do not constitute a guarantee that they will be realized. Please note that actual results may be different due to various factors. For preconditions underlying the forecasts and notes to the forecasts, refer to "(3) Qualitative information on consolidated earnings forecast" of "1. Qualitative Information on Consolidated Operating Results, etc. for the nine months ended December 31, 2016" on page 7 of the accompanying materials.

Accompanying Materials ― Contents

1. Qualitative Information on Consolidated Operating Results, etc. for the Third Quarter of FY 2016

(1) Qualitative information on consolidated financial results

The Japanese economy continued to follow a moderate recovery trend, albeit with continued weakness, during the nine months ended December 31, 2016. Looking ahead, the economy is expected to continue to recover moderately, reflecting the ongoing improvements in the employment and income situation, thanks in part to government policies. However, concerns remain in overseas economies, attention needs to be paid to rising uncertainty over political and economic situations overseas, such as the changing financial and capital markets.

In the office leasing market, the vacancy rates continued to improve, and market rents were rising in some areas. In the condominium sales market, demand remained firm for condominiums in central Tokyo areas, although sales prices continued to go up due to rising land prices and the hovering of construction costs at a high level. In the suburbs, however, there were some condominiums for which sales were prolonged.

In this environment, operating revenue amounted to ¥118,239 million (up ¥12,510 million, or 11.8% year-on-year), operating income was ¥21,743 million (up ¥3,838 million, or 21.4%), and ordinary income was ¥19,663 million (up ¥4,365 million, or 28.5 %). Profit attributable to owners of parent was ¥12,783 million (up ¥4,898 million, or 62.1 %).

The segment classification was changed in the first quarter of the consolidated fiscal year. The table below shows operating revenue by business segment for the nine months ended December 31, 2016. Operating revenue in each segment in the text includes inter-segment internal revenues and transfers.

(Million yen)

Business segment	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Offices/Retail Business	66,172	67,501
Residential Business	31,143	39,203
Total operating revenue in reported segments	97,316	106,705
Other	12,830	15,779
Eliminations	(4,417)	(4,244)
Total	105,728	118,239

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

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

(Note3) Operating results for the third quarter of the previous consolidated fiscal year have been reclassified into the segment classification that was changed in the first quarter of the consolidated fiscal year.

1) Offices/Retail Business

In the offices/retail business for the nine months ended December 31, 2016, the Company generates earnings from contribution of the property newly completed and acquired in the previous fiscal year, such as Two Oliver Street (Boston,United States) and Urbannet Nihonbashi 2-Chome Building (Chuo-ku, Tokyo) and Urbannet Ginza 1-Chome Building (Chuo-ku, Tokyo), and the existing properties that were fairly filled by leasing activities.

Operating revenue increased ¥1,328 million to ¥67,501 million (up 2.0 % year-on-year) due to a rise in rent income associated with the improved vacancy rate of existing buildings and increase in rent from new properties and from sales of properties. Operating income rose ¥6,367 million to ¥22,631 million (up 39.1 % year-on-year) mainly reflecting an improvement in revenue and expenditure of existing buildings and the sales of properties.

Development projects currently under way include Otemachi 2-Chome Area 1st class Urban Redevelopment Project Building A (Chiyoda-ku, Tokyo), Shimbashi 1-chome Project (Minato-ku, Tokyo) and Universal City Station Project (Osaka-shi, Osaka), etc.

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

(Million yen)

Classification		Nine months ended December 31, 2015	Nine months ended December 31, 2016
Office/Retail leasing	Operating revenue	62,144	62,522
	Rentable area	1,211,517 m^2 (Of the above, sub-leases: 65,967 m^2)	1,129,014 m^2 (Of the above, sub-leases: 99,140 m^2)
Sales of revenue-generating real estate	Operating revenue	3,786	4,601
Other	Operating revenue	241	377
Total operating revenue		66,172	67,501

(Note1) "Rentable areas" figures are as of the end of December 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.

(Note3) Operating results for the third quarter of the previous consolidated fiscal year have been reclassified into the segment classification that was changed in the first quarter of the consolidated fiscal year under review.

The table below shows the vacancy rate by area.

Classification	December 2015	March 2016	June 2016	September 2016	December 2016
Five wards of central Tokyo	9.2%	6.3%	4.2%	3.9%	2.9%
Nationwide	7.5%	5.7%	4.8%	4.5%	4.1%

(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.

2) Residential business

In the residential business, the number of condominiums delivered amounted to 415 units, centering on newly completed condominiums.The average sales price per unit was ¥39 million because the delivery was carried out mainly in suburban area in the nine months ended December 31, 2016. The company also conduced sales by share-outs.

As a result, for the nine months ended December 31, 2016, operating revenue in the residential business increased ¥8,060 million, or 25.9%, to ¥39,203 million, and operating income was down ¥2,337 million, or 47.6%, to ¥2,571 million.

The table below shows operating revenue in the residential business. All figures are consolidated results.

(Million yen)

Classification	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Residential property sales	28,985	37,867
Residential rentals	2,158	1,336
Other	—	—
Total operating revenue	31,143	39,203

(Note) Operating results for the third quarter of the previous consolidated fiscal year have been reclassified into the segment classification that was changed in the first quarter of the consolidated fiscal year under review.

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

Classification			Nine months ended December 31, 2015		Nine months ended December 31, 2016	
			Units/Lots	Operating revenue (million yen)	Units/Lots	Operating revenue (million yen)
Condominiums						
	Units delivered	Tokyo metropolitan area	479	20,520	310	14,893
		Other regions	168	7,616	104	19,812
	Completed in inventories		368	—	388	—
Residential Lots, etc.						
	Units/Lots delivered	Tokyo metropolitan area	1	151	54	1,737
		Other regions	35	696	101	1,423
	Completed in inventories		62	—	331	—
Subtotal (Condominiums/Residential Lots, etc.)						
	Units/Lots delivered	Tokyo metropolitan area	480	20,672	364	16,630
		Other regions	204	8,312	206	21,236
	Completed in inventories		430	—	719	—
Residential property sales other						
	Units/Lots delivered	Tokyo metropolitan area	—	—	—	—
		Other regions	—	—	—	—
	Completed in inventories		—	—	—	—
Operating revenue			—	28,985	—	37,867

(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 December of each fiscal year. The condominiums completed in inventories for the nine months ended December 31, 2015 and for the nine months ended December 31, 2016 include 73 units and 38 units, respectively, for which a contract has been completed but ownership has not yet been delivered. The residential lots, etc. completed in inventories for the nine months ended December 31, 2015 and for the nine months ended December 31, 2016 include 55 lots and 272 lots for which a contract has been completed but ownership has not yet been delivered.

(Note 3) Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

3) Other

Operating revenue in other business for the nine months ended December 31, 2016 was ¥15,779 million (up ¥2,948 million, or 23.0%), and operating income was ¥1,258 million (up ¥274 million, or 27.8%).

(2) Qualitative information on consolidated financial position

(Assets)

Total assets of December 31, 2016 were ¥1,014,479 million, down ¥19,077 million from the end of the fiscal year ended March 2016. Current assets stood at ¥167,340 million, decline ¥10,769 million from the end of the fiscal year ended March 2016. Main factors for this result was a decline of ¥9,355 million in inventory.

Non-current assets amounted to ¥847,139 million, down ¥8,307 million from the end of the fiscal year ended March 2016. This was mainly reflected the acquisition of ¥11,750 million of assets associated with investment in new development, despite a decline of property, plant and equipment attribute to depreciation (¥12,208 million) and foreign currency translation adjustment (¥7,481 million).

(Liabilities)

Total liabilities as of December 31, 2016 were ¥762,485 million, down ¥19,166 million from the end of the fiscal year ended March 2016. This was mainly reflected a decrease in interest-bearing debt of ¥2,291 million (balance at the end of the third quarter of FY2016 : ¥543,729 million) and a decrease of ¥25,694 million in accounts payable of construction cost included in “Others” of current and non-current liabilities, despite increase of income taxes payable ¥2,828 million and lease and guarantee deposits received ¥5,688 million. Net interest-bearing debt, interest-bearing debt less cash and cash equivalents, etc., were ¥524,354 million, down ¥5,499 million from the end of the fiscal year ended March 2016.

(Net assets)

Net assets as of December 31, 2016 were ¥251,994 million, up ¥88 million from the end of the fiscal year ended March 2016. This reflected an increase in shareholders’ equity ¥6,859 million despite a decrease in accumulated other comprehensive income (¥6,791million).

(3) Qualitative information on consolidated earnings forecast

Results for the nine months ended December 31, 2016 were almost in line with the earnings forecast. Therefore, the consolidated earnings forecast announced on May 11, 2016 has not been changed.

The consolidated earnings forecast for the fiscal year ending March 2017 is as follows:

Consolidated earnings forecast for fiscal year ending March 2017

(Million yen)

Item	Annual
Operating revenue	190,000
Operating income	31,000
Ordinary income	28,000
Profit attributable to owners of parent	17,000

The segment classification was changed in the first quarter of the consolidated fiscal year. The table below shows the segment forecast after change of business segments.

Consolidated segment forecast for fiscal year ending March 2017

(Million yen)

Item	Annual
Operating revenue	190,000
Offices/Retail Business	109,000
Residential Business	67,000
Other	18,000
Eliminations	(4,000)
Operating income	31,000
Offices/Retail Business	29,500
Residential Business	6,500
Other	1,500
Eliminations/Corporate	(6,500)

In the office and retail property leasing market, the vacancy rate continued to improve, and market rents were rising in some areas. The Company will place a higher emphasis on the “build-and-sell” approach than on the “build-and-own” approach and will strive to increase revenues by strengthening its development capabilities through efforts such as collaborations with other companies, launching mixed use property development projects of retail and residential properties, etc. and participating in the area redevelopment projects.

In the condominium sales market, demand remained firm for condominiums in central Tokyo areas, although sales prices continued to go up due to rising land prices and the hovering of construction costs at a high level. In the suburbs, however, there were some condominiums for which sales were prolonged. The Company will strive to secure revenues by increasing added value and making efforts to reduce costs.

(Note) Forward-looking statements in this section are based on judgments of the Group as of the date of the announcement of this document.

2. Matters Relating to Summary Information (Notes)

(1) Changes in significant subsidiaries during the nine months ended December 31, 2016

Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles and changes or restatements of accounting estimates

(Change in accounting principles)

(Change of Depreciation Method and Useful Life)

Although the Company and its consolidated subsidiaries in Japan applied the declining-balance method as the depreciation method for property, plant and equipment in the past, it switched to the straight-line method in the first quarter of the consolidated fiscal year.

The Group is reviewing the strategies for its businesses in the Revision of the Medium-Term Vision 2018 to respond to changes in the environment surrounding the Group. It believes the occupancy rate of office buildings will remain more stable by promoting investment in strategic renewal for existing flagship buildings and the future development pipeline.

Because the stable use of property, plant and equipment is expected in the future as a result of the review, we changed the depreciation method for property, plant and equipment, believing that is better to apply the straight-line method.

The Company and its consolidated subsidiaries in Japan have also revised the useful life for some property, plant and equipment based on their actual utilization from the first quarter of the consolidated fiscal year.

As a result, operating income, ordinary income, and income before income taxes and minority interests have increased ¥1,952 million.

The impact of this change on segment information is stated in the corresponding sections.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2016)	Nine months ended December 31, 2016 (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	14,846	18,916
Notes and operating accounts receivable	9,170	4,366
Real estate for sale	41,736	40,652
Real estate for sale in progress	99,374	90,975
Costs on uncompleted construction contracts	248	382
Raw materials and supplies	58	53
Lease investment assets	2,224	2,112
Deposits paid	1,360	457
Deferred tax assets	425	413
Other	8,665	9,011
Allowance for doubtful accounts	(0)	(0)
Total current assets	178,110	167,340
Non-current assets		
Property, plant and equipment		
Buildings and structures	617,052	616,796
Accumulated depreciation	(337,594)	(345,988)
Buildings and structures (net)	279,458	270,807
Machinery, equipment and vehicles	11,902	11,798
Accumulated depreciation	(10,345)	(10,446)
Machinery, equipment and vehicles (net)	1,557	1,351
Land	494,722	493,702
Lease assets	315	208
Accumulated depreciation	(222)	(142)
Lease assets (net)	92	65
Construction in progress	3,604	5,690
Other property, plant and equipment	13,675	13,698
Accumulated depreciation	(11,216)	(11,415)
Other property, plant and equipment (net)	2,459	2,283
Total property, plant and equipment	781,895	773,901
Intangible assets	25,994	25,119
Investments and other assets		
Investment securities	24,311	23,908
Long-term prepaid expenses	15,072	14,595
Net defined benefit asset	147	183
Deferred tax assets	556	498
Other	7,468	8,932
Total investments and other assets	47,557	48,118
Total non-current assets	855,447	847,139
Total assets	1,033,557	1,014,479

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2016)	Nine months ended December 31, 2016 (As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and operating accounts payable–trade	9,182	4,289
Short-term loans payable	6,530	48,364
Lease obligations	40	31
Current portion of long-term loans payable	36,775	34,211
Current portion of bonds payable	19,999	—
Income taxes payable	1,064	3,892
Deferred tax liabilities	380	247
Other	41,488	43,490
Total current liabilities	115,462	134,527
Non-current liabilities		
Bonds payable	110,975	110,979
Long-term loans payable	371,739	350,174
Lease obligations	87	55
Lease and guarantee deposits received	69,424	75,113
Negative goodwill	22,951	21,515
Deferred tax liabilities	58,658	59,071
Provision for directors' retirement benefits	27	31
Net defined benefit liability	8,215	8,321
Asset retirement obligations	2,424	2,362
Other	21,684	333
Total non-current liabilities	666,189	627,958
Total liabilities	781,651	762,485
Net assets		
Shareholders' equity		
Capital stock	48,760	48,760
Capital surplus	31,648	31,648
Retained earnings	118,437	125,296
Treasury shares	(0)	(0)
Total shareholders' equity	198,846	205,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,003	2,990
Deferred gains or losses on hedges	(9)	(43)
Foreign currency translation adjustment	5,261	(1,550)
Remeasurements of defined benefit plans	(1,066)	(999)
Total accumulated other comprehensive income	7,187	396
Non-controlling interests	45,871	45,891
Total net assets	251,905	251,994
Total liabilities and net assets	1,033,557	1,014,479

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated Statements of Income)
(Nine months ended December 31, 2015 and 2016)

(Million yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Operating revenue	105,728	118,239
Operating cost	75,383	83,507
Operating gross profit	30,345	34,732
Selling, general and administrative expenses	12,440	12,988
Operating income	17,904	21,743
Non-operating income		
Interest income	8	4
Dividends income	93	122
Amortization of negative goodwill	1,444	1,444
Equity in earnings of affiliates	253	281
Other	114	184
Total non-operating income	1,915	2,037
Non-operating expenses		
Interest expenses	4,481	3,757
Other	39	359
Total non-operating expenses	4,521	4,117
Ordinary income	15,298	19,663
Extraordinary income		
Gain on sales of non-current assets	382	－
Other	13	－
Total extraordinary income	395	－
Extraordinary loss		
Loss on sales of non-current assets	1,759	－
Loss on retirement of non-current assets	705	447
Impairment loss	1,043	－
Total extraordinary losses	3,507	447
Income before income taxes and minority interests	12,186	19,216
Total income taxes	3,155	4,981
Profit	9,030	14,234
Profit attributable to non-controlling interests	1,145	1,451
Profit attributable to owners of parent	7,885	12,783

(Consolidated statements of comprehensive income)
(Nine months ended December 31, 2015 and 2016)

(Million yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Profit	9,030	14,234
Other comprehensive income		
Valuation difference on available-for-sale securities	(286)	(12)
Deferred gains or losses on hedges	(37)	(34)
Foreign currency translation adjustment	(940)	(6,811)
Remeasurements of defined benefit plans	(48)	67
Total other comprehensive income	(1,312)	(6,790)
Comprehensive income	7,717	7,443
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,572	5,992
Comprehensive income attributable to non-controlling interests	1,145	1,451

(3) Notes regarding quarterly consolidated financial statements

(Notes regarding the premise of a going concern)

Not applicable

(Note if there is a considerable change to shareholders' equity)

Not applicable

(Segment information, etc.)

Segment information

I. Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

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

(Million yen)

	Reported segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount stated in consolidated financial statement (Note 3)
	Offices/ Retail Business	Residential Business	Total				
Operating revenue							
(1) Operating revenue to third parties	65,509	31,138	96,647	9,081	105,728	—	105,728
(2) Inter-segment internal revenues and transfers	663	4	668	3,749	4,417	(4,417)	—
Total	66,172	31,143	97,316	12,830	110,146	(4,417)	105,728
Segment profits	16,264	4,908	21,172	984	22,156	(4,252)	17,904

(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 -¥4,252 million in segment profits includes elimination of inter-segment transactions of ¥7 million and company-wide expenses of -¥4,260 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

(Significant Asset Impairment Losses)

(Million yen)

	Offices/ Retail Business	Residential Business	Other	Eliminations	Total
Impairment losses	1,043	—	—	—	1,043

II. Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

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)
	Offices/ Retail Business	Residential Business	Total				
Operating revenue							
(1) Operating revenue to third parties	66,749	39,193	105,942	12,297	118,239	—	118,239
(2) Inter-segment internal revenues and transfers	752	9	762	3,482	4,244	(4,244)	—
Total	67,501	39,203	106,705	15,779	122,484	(4,244)	118,239
Segment profits	22,631	2,571	25,202	1,258	26,460	(4,717)	21,743

(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 -¥4,717 million in segment profits includes elimination of inter-segment transactions of ¥2 million and company-wide expenses of -¥4,719 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

(Change of Reported Segments)

Starting with the first quarter of the consolidated fiscal year, we changed the reported segments from the old Leasing Business and the Residential Property Sales Business to the Offices/Retail Business and the Residential Business, considering current status of market environment and the Group’s organization.

Based on this change, we also transferred the residential rental business, which was included in the Leasing Business until the previous consolidated fiscal year, to the Residential Business segment for the purpose of integrated business management with residential property sales business.

Segment information of nine months ended December 31, 2015, has been reclassified into the new segment classification from nine months ended December 31, 2016.

(Change of Depreciation Method and Useful Life)

As stated in the “Change in accounting principles,” we changed the depreciation method for property, plant and equipment to the straight-line method in the first quarter of the consolidated fiscal year. We also revised the useful life for some property, plant and equipment.

As a result, segment income increased ¥1,836 million in the Offices/Retail Business, ¥83 million in the Residential Business, and ¥11 million in Other. Corporate-wide expenses that are not attributable to reported segment and included in "Adjustments" decreased ¥19 million.

(Significant subsequent events)

Not applicable