

English translation based on Japanese original

Quarterly Report

(Third Quarter of 32nd term)

From October 1, 2016
to December 31, 2016

NTT Urban Development Corporation

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

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Document submitted	Quarterly Report
Applicable law clause	Article 24-4-7, Paragraph 1 of Financial Instruments and Exchange Act
Destination	Director General of the Kanto Finance Bureau
Date of submission	February 3, 2017
Quarterly accounting period	Third quarter of 32nd term (from October 1, 2016 to December 31, 2016)
Corporate name	NTT Toshi Kaihatsu Kabushiki Kaisha
Corporate name in English	NTT URBAN DEVELOPMENT CORPORATION
Name and title of representative	Sadao Maki, President and Chief Executive Officer
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Contact person	Yutaka Torigoe, Senior Vice President, Accounting and Finance
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	31st term Nine months ended December 31, 2015	32nd term Nine months ended December 31, 2016	31st term
Account period	From April 1, 2015 to December 31, 2015	From April 1, 2016 to December 31, 2016	From April 1, 2015 to March 31, 2016
Operating revenue (million yen)	105,728	118,239	183,016
Ordinary income (million yen)	15,298	19,663	33,832
Profit attributable to owners of parent (million yen)	7,885	12,783	16,557
Comprehensive income (million yen)	7,717	7,443	16,399
Net assets (million yen)	243,633	251,994	251,905
Total assets (million yen)	1,062,129	1,014,479	1,033,557
Net income per share (yen)	23.96	38.84	50.31
Net income per share (fully diluted) (yen)	—	—	—
Ratio of shareholders' equity to assets (%)	18.7	20.3	19.9

Term	31st term Three months ended December 31, 2015	32nd term Three months ended December 31, 2016
Account period	From October 1, 2015 to December 31, 2015	From October 1, 2016 to December 31, 2016
Net income per share (yen)	6.47	19.74

(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.

2. Businesses

During the nine months ended December 31, 2016, 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.

The segment classification was changed in the first quarter of the consolidated fiscal year. Details are described in Section 4 Financial status 1. Quarterly consolidated financial statements Notes (Segment information, etc.).

Section 2 Business situation

1. Operating risks

During the nine months ended December 31, 2016, 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 nine months ended December 31, 2016.

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 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 %).

(i) 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.

(ii) 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 conducted 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.

(iii) 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) Operational and financial challenges to meet

During the nine months ended December 31, 2016, 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 that was changed in the first quarter of the consolidated fiscal year 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, 2016 (From April 1, 2016 to December 31, 2016)	Year on year (%)
Offices/Retail Business	67,501	102.0
Residential business	39,203	125.9
Total operating revenue in the reported segments	106,705	109.6
Other	15,779	123.0
Eliminations	(4,244)	—
Total	118,239	111.8

(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.

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

(Offices/Retail Business)

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
Offices/ Retail leasing	Operating revenue	62,144	62,522
	Rentable floor space	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.

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.

(Residential Business)

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.

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.

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

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.

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

The Company raised funds primarily through borrowings from financial institutions during the nine months ended December 31, 2016 in response to capital needs, including the repayment of borrowings, operating funds, and investments.

(7) 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 as of December 31, 2016	Number of shares issued on the date of the submission of the report (February 3, 2017)	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 m²) of ¥2,144 million).

(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 October 1, 2016 to December 31, 2016	—	329,120,000	—	48,760	—	34,109

(6) Major shareholders

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

(7) Voting rights

Since the Company cannot confirm the contents of the shareholder register as of December 31, 2016, 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 (September 30, 2016) instead.

(i) Shares issued

As of September 30, 2016

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 329,113,400	3,291,134	–
Fractional shares	Common shares 6,600	–	–
Total number of shares issued	329,120,000	–	–
Number of voting rights of all shareholders	–	3,291,134	–

(Note1) 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.

(Note2) Fractional shares include 77 shares of treasury shares.

(ii) Treasury stock

As of September 30, 2016

Owner	Address of owner	Number of shares held under the owner's own name (shares)	Number of shares held under the name of any other person (shares)	Total number of shares held (shares)	Ratio of holdings to the number of shares issued (%)
–	–	–	–	–	–
Total	–	–	–	–	–

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 December 31, 2016 (from October 1, 2016 to December 31, 2016) and for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016) 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, 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

Notes

(Change in the scope of consolidation or the scope of application of the equity method)

(1) Significant changes in the scope of consolidation

The Company newly included one consolidated subsidiary affiliated with UD USA Inc. in the scope of consolidation from the three months ended September 30, 2016.

(2) Significant changes in the scope of application of the equity method

The company newly invested in three companies, and the three companies are accounted for by applying the equity method from the three months ended December 31, 2016.

(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.

(Additional information)

(Apply of Implementation Guidance on Recoverability of Deferred Tax Assets)

The company applied Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Statement No.26, March 28, 2016) from the first quarter of the consolidated fiscal year

(Quarterly consolidated statement of cash flows)

The consolidated statement of cash flows for the nine months ended December 31, 2016 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 nine months ended December 31, 2016 are as follows:

(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)
Depreciation and amortization	17,976	13,986
Amortization of goodwill	8	8
Amortization of negative goodwill	1,444	1,444

(Shareholders' equity)

I. Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 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
Board of Directors meeting held on November 4, 2015	Common stocks	2,632	Retained earnings	8	September 30, 2015	December 1, 2015

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

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 21, 2016	Common stocks	2,962	Retained earnings	9	March 31, 2016	June 22, 2016
Board of Directors meeting held on November 8, 2016	Common stocks	2,962	Retained earnings	9	September 30, 2016	December 1, 2016

(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	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	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" decrease ¥19 million.

(Per-share information)

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

	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)
Net income per share	¥23.96	¥38.84
(Basis for calculation)		
Profit attributable to owners of parent (million yen)	7,885	12,783
Amount not attributable to common stockholders (million yen)	—	—
Net income relating to common stock (million yen)	7,885	12,783
Average number of shares during the period	329,119,979	329,119,923

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

(Significant subsequent events)

Not applicable

2. Other

The Company decided on interim dividends for the current fiscal year at the meeting of the Board of Directors held on November 8, 2016 as follows:

- | | |
|---|------------------|
| (a) Total amount of interim dividends | ¥ 2,962 million |
| (b) Dividend per share | ¥ 9 |
| (c) Effective date of payment requests and first payment date | December 1, 2016 |

(Note) Dividends were paid to shareholders listed or recorded on the shareholder register as of September 30, 2016.

Chapter 2 Information on the Guarantee Company of the Submitting Company

Not applicable