SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the First Quarter of FY 2015

July 31, 2015

NTT URBAN DEVELOPMENT CORPORATION
Stock Exchange: Tokyo Stock Exchange
Code Number: 8933
URL: http://www.nttud.co.jp/english/
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Filing of quarterly report: August 3, 2015
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 First Three Months of the Fiscal Year Ending March 2016
(April 1, 2015 through June 30, 2015)

(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	%
Three months ended June 30, 2015	26,681	(26.4)	3,918	(37.3)	3,113	(40.3)	2,198	(37.4)
Three months ended June 30, 2014	36,272	(10.1)	6,245	(40.4)	5,217	(43.6)	3,513	(37.9)

(Note) Comprehensive income: Three months ended June 30, 2015: 1,442 million yen (61.9%)
Three months ended June 30, 2014: 3,786 million yen (34.7%)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2015	6.68	―
Three months ended June 30, 2014	10.67	―

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Million yen	Million yen	%
As of June 30, 2015	1,039,431	240,611	18.8
As of March 31, 2015	1,033,220	245,641	19.4

(Reference) Shareholders' equity: As of June 30, 2015: 195,770 million yen
As of March 31, 2015: 200,910 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, 2015	―	8.00	―	8.00	16.00
Year ending March 31, 2016	―				
Year ending March 31, 2016 (Forecast)		8.00	―	8.00	16.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 2016 (April 1, 2015 through March 31, 2016)

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

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	168,000	10.5	25,000	0.7	21,000	3.0	12,000	(26.1)	37.00

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

* Notes

(1) Important changes in subsidiaries for the three months ended June 30, 2015 (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.: Applicable

(ii) Changes in accounting principles other than (i): Not 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 7 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 June 30, 2015:	329,120,000 shares
As of March 31, 2015:	329,120,000 shares

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

As of June 30, 2015:	– shares
As of March 31, 2015:	– shares

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

As of June 30, 2015:	329,120,000 shares
As of June 30, 2014:	329,120,000 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 three months ended June 30, 2015" on page 6 of the accompanying materials.

Accompanying Materials — Contents

1. Qualitative Information on Consolidated Operating Results, etc. for the three months ended June 30, 2015

(1) Qualitative information on consolidated 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 property sales 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%).

The table below shows operating revenue by business segment for the three months ended June 30, 2014. Operating revenue in each segment in the text includes inter-segment internal revenues and transfers.

(Million yen)

Business segment	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)
Leasing	21,151	21,079
Residential	12,883	3,097
Total operating revenue in reported segments	34,034	24,176
Other	3,340	3,710
Eliminations	(1,103)	(1,205)
Total	36,272	26,681

(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.

1) 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.

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.

2) 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 property sales 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).

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.

3) 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) Qualitative information on consolidated financial position

(Assets)

Total assets as of June 30, 2015 were ¥1,039,431 million, up ¥6,211 million from the end of the fiscal year ended March 2015.

Current assets stood at ¥136,965 million, rising ¥8,452 million from the end of the fiscal year ended March 2015. This result was attributable to a decline of ¥1,619 million in cash and deposit and of ¥3,326 million in notes and operating accounts receivable at the end of the term attribute to the delivery of condominium. Another factor is increase of 13,674 million in real estate for sale (including real estate for sale in progress) supported by the progress of acquisition in the residential business.

Non-current assets amounted to ¥902,466 million, decreasing ¥2,241 million from the end of the fiscal year ended March 2015. This decrease reflected depreciation (¥5,454 million) and the sales of properties (¥3,419 million) as a result of asset replacement despite the acquisition of two assets in Boston (¥6,135 million).

(Liabilities)

Total liabilities as of June 30, 2015 were ¥798,820 million, up ¥11,241 million from the end of the fiscal year ended March 2015. The main factors included an increase of ¥24,813 million in interest-bearing debt from the end of fiscal year ended March 2015 due to supported by the progress of acquisition in the residential business. and the acquisition of two assets in Boston, offsetting a decline of ¥5,654 million in in notes and operating accounts payable-trade reflecting payments of condominium construction costs.

Net interest-bearing debt, interest-bearing debt less cash and cash equivalents, etc., were ¥555,054 million, rising ¥28,128 million from the end of the fiscal year ended March 2014.

(Net assets)

Net assets as of June 30, 2015 were ¥240,611 million, down ¥5,030 million from the end of the fiscal year ended March 2015. This decrease mainly reflected a decline of 4,014 million yen in shareholders' equity (an increase of 2,198 million yen in profit attribute to owners of parent, a decrease of 2,632 million yen due to payment of cash dividends, and a decrease of 3,579 million yen due to the application of the retroactive processing in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21), etc.); and decreases of 1,125 million yen in accumulated other comprehensive income (declines of 43 million yen in valuation difference on available-for-sale securities, 1,065 million yen in foreign currency translation adjustment, and 16 million yen in remeasurements of defined benefit plans).

(3) Qualitative information on consolidated earnings forecast

Results for the three months ended June 30, 2015 were almost in line with the earnings forecast. Therefore, the consolidated earnings forecast announced on May 12, 2015 has not been changed.

The consolidated earnings forecast for the fiscal year ending March 2016 is as follows:

Consolidated earnings forecast for fiscal year ending March 2016

(Million yen)

Item	Annual
Operating revenue	168,000
Operating income	25,000
Ordinary income	21,000
Profit attributable to owners of parent	12,000

Consolidated segment forecast for fiscal year ending March 2016

(Million yen)

Item	Annual
Operating revenue	168,000
Leasing business	108,000
Residential business	47,000
Other	19,000
Eliminations	(6,000)
Operating income	25,000
Leasing business	26,000
Residential business	4,000
Other	2,000
Eliminations/Corporate	(7,000)

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.

(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 three months ended June 30, 2015

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)

(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.

3. Quarterly Consolidated Financial statements

(1) Quarterly consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2015)	Three months ended June 30, 2015 (As of June 30, 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 June 30, 2015 (As of June 30, 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)

(Three month ended June 30, 2014 and 2015)

(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)
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)
(Three month ended June 30, 2014 and 2015)

(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)
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

(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. 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	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	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.