

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2019 (Nine Months Ended December 31, 2018)**

[Japanese GAAP]

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Securities code: 3252
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Listing: TSE/NSE, First Sections
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Scheduled date of filing of Quarterly Report: February 14, 2019
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2018
(April 1, 2018 – December 31, 2018)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2018	20,875	73.2	1,517	76.5	1,680	240.8	1,148	268.2
Nine months ended Dec. 31, 2017	12,054	0.5	859	(56.7)	493	(79.8)	311	(93.2)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: 752 (up 95.4 %)
Nine months ended Dec. 31, 2017: 384 (down 90.6 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	63.93	63.46
Nine months ended Dec. 31, 2017	17.46	17.32

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	89,360	20,263	22.7
As of Mar. 31, 2018	67,251	20,304	30.2

Reference: Shareholders' equity (million yen) As of Dec. 31, 2018: 20,243 As of Mar. 31, 2018: 20,278

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	55.00	55.00
Fiscal year ending Mar. 31, 2019	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	-	-	55.00	55.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	39,600	26.7	4,400	19.4	3,900	28.1	2,400	22.6	133.57

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2018:	18,027,200 shares	As of Mar. 31, 2018:	17,865,200 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	141 shares	As of Mar. 31, 2018:	141 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	17,967,735 shares	Nine months ended Dec. 31, 2017:	17,864,535 shares
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The current quarterly financial report is not subject to quarterly review by auditing firms.

Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending March 31, 2019 (hereinafter, “the period under review”), the Japanese economy remained on a modest recovery trend reflecting the improvements in corporate earnings and employment. On the other hand, we should still bear in mind the factors such as the impact of the development of the trade issues on the global economy, uncertainties in overseas economies and consequence of fluctuations in financial and capital market. Given such an environment, the Japanese real estate and real estate finance industries remained steady. The demand of the real estate market both for office buildings and for commercial land remained strong mainly in metropolitan areas.

Under such circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) further accelerated purchasing high-quality properties for sale to expand the market for “JINUSHI business”. We also worked diligently to expand the assets under management of JINUSHI Private REIT Investment Corporation (hereinafter, “JINUSHI REIT”).

As a result, the Group reported net sales for the period under review of 20,875 million yen (up 73.2% year on year) with operating profit of 1,517 million yen (up 76.5% year on year), ordinary profit of 1,680 million yen (up 240.8% year on year), and profit attributable to owners of parent of 1,148 million yen (up 268.2% year on year).

The main reasons for the year-on-year increases in net sales and profits are summarized as follows: i) Net sales increased substantially during the first quarter of the current fiscal year thanks to the progress in sales of the properties located in Minato-ku, Tokyo; Chuo-ku, Kobe city; Koga city, Fukuoka prefecture; etc. in the Real Estate Investment Business; ii) Operating profit, ordinary profit and profit attributable to owners of parent also increased substantially as a result of improved profitability along with the progress in sales in the Real Estate Investment Business.

It is noted that Nippon Commercial Development Co., Ltd. (hereinafter, “the Company”) has concluded a “sponsor support agreement” with JINUSHI Asset Management Co., Ltd. and JINUSHI REIT, under which the Company acts as a supporting company. As we announced in the news release dated November 21, 2018: “Notice on Selling Real Estate for sale to JINUSHI private REIT Investment Corporation,” we sold 11 properties (for the aggregate amount of 15,354 million yen) to JINUSHI REIT on January 11, 2019 in accordance with the sponsor support agreement.

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported sales of 19,992 million yen (up 74.5% year on year) with segment profit of 3,514 million yen (up 29.7% year on year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 325 million yen (up 13.1% year on year) with segment profit of 135 million yen (up 45.7% year on year).

iii) Planning and Brokerage Business

The segment reported sales of 193 million yen (up 824.2% year on year) with segment profit of 193 million yen (up 902.3% year on year).

iv) Other Businesses

The segment (*) reported sales of 406 million yen (up 23.6% year on year) with segment profit of 301 million yen (up 18.3% year on year).

* In the Other Businesses segment, we are engaged in the overseas PFI business and entertainment business (golf course management).

(2) Explanation of Financial Position

Total assets increased 22,109 million yen from the end of the previous fiscal year to 89,360 million yen at the end of the period under review. This increase was attributable mainly to an increase of 20,545 million yen in real estate for sale as a result of steady progress in purchase of high-quality properties.

Total liabilities increased 22,149 million yen from the end of the previous fiscal year to 69,097 million yen. This increase was attributable mainly to an increase of 24,324 million yen in loans payable to purchase real estate for sale.

Net assets decreased 40 million yen from the end of the previous fiscal year to 20,263 million yen. This decrease was attributable mainly to the booking of profit attributable to owners of parent of 1,148 million yen, which was more than offset by the distribution of dividends of surplus of 982 million yen and a 388 million yen decrease of foreign currency translation adjustment. Consequently, the equity ratio at the end of the period under review was 22.7%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Both of net sales and profits for the period under review have progressed as planned. Regarding the full-year consolidated forecast, we expect that net sales will reach a record high and profits will exceed the initial forecast as announced in “Notice on Revisions to Earnings Forecast” released today. For more details, please refer to “Results of Operations for the first nine months of the fiscal year ending March 31, 2019,” which are the supplementary materials for Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (available on our website (*)).

(*) <https://www.ncd-jp.com/> (IR Information, IR News) (Japanese version only)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	14,521,977	15,805,321
Operating accounts receivable	193,652	130,594
Real estate for sale	41,049,532	61,595,452
Advance payments-trade	553,732	1,036,152
Prepaid expenses	81,123	251,972
Other	75,396	294,842
Total current assets	56,475,414	79,114,336
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	104,228	367,891
Tools, furniture and fixtures, net	13,345	57,907
Land	3,758	3,758
Leased assets, net	66,556	68,822
Total property, plant and equipment	187,888	498,379
Intangible assets		
Other	12,128	11,551
Total intangible assets	12,128	11,551
Investments and other assets		
Investment securities	2,423,951	1,821,186
Shares of subsidiaries and associates	7,088,432	6,724,735
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Lease and guarantee deposits	282,292	465,294
Long-term prepaid expenses	76,510	124,918
Other	556,168	450,386
Allowance for doubtful accounts	(360,757)	(358,987)
Total investments and other assets	10,575,759	9,736,694
Total non-current assets	10,775,777	10,246,625
Total assets	67,251,191	89,360,962
Liabilities		
Current liabilities		
Operating accounts payable	139,789	64,654
Short-term loans payable	3,328,800	3,861,800
Current portion of long-term loans payable	764,215	4,187,555
Accounts payable-other	818,887	462,174
Income taxes payable	1,061,170	23,368
Accrued consumption taxes	8,111	51,034
Advances received	1,145,000	20,000
Current portion of guarantee deposits received	904,206	1,545,920
Provision for bonuses	14,760	1,566
Other	777,302	639,196
Total current liabilities	8,962,242	10,857,272

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Non-current liabilities		
Long-term loans payable	36,900,557	57,268,331
Long-term lease and guarantee deposited	179,555	178,055
Net defined benefit liability	69,247	81,464
Other	835,568	712,000
Total non-current liabilities	<u>37,984,928</u>	<u>58,239,852</u>
Total liabilities	<u>46,947,170</u>	<u>69,097,124</u>
Net assets		
Shareholders' equity		
Capital stock	2,795,626	2,893,042
Capital surplus	4,405,036	4,502,452
Retained earnings	13,108,175	13,274,188
Treasury shares	(79)	(79)
Total shareholders' equity	<u>20,308,759</u>	<u>20,669,604</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(19,922)	(28,071)
Foreign currency translation adjustment	(9,845)	(398,243)
Total accumulated other comprehensive income	<u>(29,768)</u>	<u>(426,315)</u>
Share acquisition rights	<u>25,030</u>	<u>20,548</u>
Total net assets	<u>20,304,021</u>	<u>20,263,837</u>
Total liabilities and net assets	<u>67,251,191</u>	<u>89,360,962</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	12,054,296	20,875,022
Cost of sales	8,985,657	16,712,598
Gross profit	3,068,638	4,162,423
Selling, general and administrative expenses	2,209,064	2,645,420
Operating profit	859,573	1,517,003
Non-operating income		
Interest income	4,949	9,874
Interest on securities	4,544	4,526
Foreign exchange gains	-	111,198
Share of profit of entities accounted for using equity method	30,886	317,913
Gain on bad debts recovered	17,500	88,300
Fiduciary obligation fee	82,830	78,352
Other	30,814	80,655
Total non-operating income	171,524	690,821
Non-operating expenses		
Interest expenses	422,650	446,307
Financing expenses	81,163	65,591
Other	34,207	15,346
Total non-operating expenses	538,021	527,244
Ordinary profit	493,076	1,680,580
Extraordinary losses		
Loss on sales of investment securities	-	69,442
Loss on valuation of investment securities	-	92,378
Office transfer expenses	-	49,732
Other	-	93
Total extraordinary losses	-	211,646
Profit before income taxes	493,076	1,468,934
Income taxes-current	82,622	335,680
Income taxes-deferred	45,186	(15,337)
Total income taxes	127,809	320,342
Profit	365,267	1,148,591
Profit attributable to non-controlling interests	53,356	-
Profit attributable to owners of parent	311,910	1,148,591

Quarterly Consolidated Statement of Comprehensive Income**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	365,267	1,148,591
Other comprehensive income		
Valuation difference on available-for-sale securities	24,071	(8,148)
Foreign currency translation adjustment	(4,463)	(388,397)
Total other comprehensive income	19,608	(396,546)
Comprehensive income	384,875	752,044
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	327,940	752,044
Comprehensive income attributable to non-controlling interests	56,935	-

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Accounting Policies

(Application of Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.)

Effective from April 1, 2018, the Company applied “Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions” (Practical Issues Task Force No. 36, January 12, 2018; hereinafter, “PITF No. 36”) and other related pronouncements. Accordingly, the Company accounts for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions in accordance with “Accounting Standards for Share-based Payment” (Accounting Standards Board of Japan (ASBJ) No. 8, December 27, 2005) and other related pronouncements.

However, in respect of the application of PITF No. 36, pursuant to the provisional treatment stipulated in PITF No. 36, paragraph 10 (3), the Company will continue to apply the same accounting treatment as before for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions that were entered into prior to the effective date of PITF No. 36.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments	Amounts shown on the quarterly consolidated statement of income
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Other Businesses	Total		
Net sales							
(1) Sales to external customers	11,417,195	287,669	20,916	328,514	12,054,296	-	12,054,296
(2) Inter-segment sales and transfers	42,000	-	-	-	42,000	(42,000)	-
Total	11,459,195	287,669	20,916	328,514	12,096,296	(42,000)	12,054,296
Segment profit (loss)	2,710,401	93,092	19,282	254,837	3,077,613	(2,218,039)	859,573

2. Reconciliation of reported quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total reportable segment	3,077,613
Elimination of inter-segment transactions	(42,000)
Corporate expenses (Note)	(2,176,039)
Operating profit in the quarterly consolidated statement of income	859,573

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments	Amounts shown on the quarterly consolidated statement of income
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Other Businesses	Total		
Net sales							
(1) Sales to external customers	19,950,365	325,249	193,313	406,093	20,875,022	-	20,875,022
(2) Inter-segment sales and transfers	42,000	-	-	-	42,000	(42,000)	-
Total	19,992,365	325,249	193,313	406,093	20,917,022	(42,000)	20,875,022
Segment profit (loss)	3,514,074	135,595	193,273	301,401	4,144,344	(2,627,341)	1,517,003

2. Reconciliation of reported quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total reportable segment	4,144,344
Elimination of inter-segment transactions	(42,000)
Corporate expenses (Note)	(2,585,341)
Operating profit in the quarterly consolidated statement of income	1,517,003

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.