

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2021 (Six Months Ended September 30, 2020)**

[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: November 13, 2020
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2020
(April 1, 2020 – September 30, 2020)**

(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	%
Six months ended Sep. 30, 2020	18,496	15.3	1,637	78.4	1,453	159.9	1,196	141.0
Six months ended Sep. 30, 2019	16,039	(14.3)	917	(42.3)	559	(67.6)	496	(60.9)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 1,359 (up 306.5%)
Six months ended Sep. 30, 2019: 334 (down 52.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2020	65.45	-
Six months ended Sep. 30, 2019	27.42	27.39

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2020	73,967	24,224	32.7
As of Mar. 31, 2020	75,054	23,870	31.8

Reference: Shareholders' equity (million yen) As of Sep. 30, 2020: 24,224 As of Mar. 31, 2020: 23,870

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	55.00	55.00
Fiscal year ending Mar. 31, 2021	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2021* (forecasts)	-	-	-	25.00	25.00

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

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2020 (April 1, 2020 – December 31, 2020)

(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*	29,800	-	2,280	-	1,900	-	1,450	-	79.30

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

* The Nippon Commercial Development Co., Ltd. (hereinafter, "the Company") plans to change its accounting period (financial closing date) subject to approval of the proposal: *Partial Amendment to the Articles of Incorporation* at the extraordinary meeting of shareholders to be held on December 24, 2020. Upon approval of the proposal, effective from the 22nd fiscal year, the Company's accounting period will start on January 1 and end on December 31 instead of starting on April 1 and ending on March 31 of the following year. Accordingly, the dividend forecast and the consolidated forecast for the current fiscal year covers the period of nine months only from April 1, 2020 to December 31, 2020 as the current fiscal year will become a transitional period for a change in the accounting period (financial closing date). Therefore, year-on-year percentage changes are not shown in the above table.

*** 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: None

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 Sep. 30, 2020:	18,285,800 shares	As of Mar. 31, 2020:	18,285,800 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2020:	141 shares	As of Mar. 31, 2020:	141 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	18,285,659 shares	Six months ended Sep. 30, 2019:	18,114,649 shares
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The current quarterly financial report is not subject to quarterly review by an auditing firm.

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.

How to view presentation materials

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, December 9, 2020. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Six-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Segment and Other Information	8
Subsequent Events	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year (hereinafter, “the period under review”), the Japanese economy was severely impacted by the spread of the COVID-19 infection. Economic activities were critically affected by factors including voluntary refraining from dining out, a sharp drop in inbound tourists, and a sluggish personal spending due to restricted traveling nationwide. At the same time, the global economy saw a negative economic growth compared to the previous year. Back in Japan, largely curtailed economic activities are gradually ratcheting up, and yet corporate earnings and employment environment remain severe. In addition, concerns over resurgence and prolongation of the COVID-19 pandemic have cast uncertainty over the business outlook.

In the Japanese real estate and real estate finance industries, we expect factors such as prominently stagnant consumer spending in commercial areas and likely acceleration of the work-style reform represented by the growing trend of working from home to cause a decrease in demand of office buildings and a downward trend in rental rates. As such, it is necessary to pay continued close attention to the real estate market condition.

Under these difficult economic circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) has further promoted market expansion of the JINUSHI Business, a real estate investment method, which is expected to generate stable earnings for an extended period of time without additional investment. Specifically, we focused on purchasing real estate for sale, which will generate earnings in the future, in order to meet real estate needs of institutional investors. Consequently, the balance of real estate for sale at the end of the period under review amounted to 44,966 million yen.

Consequently, the Group reported a year-on-year growth in both sales and profits for the period under review: net sales of 18,496 million yen (up 15.3%), operating profit of 1,637 million yen (up 78.4%), ordinary profit of 1,453 million yen (up 159.9%), and profit attributable to owners of parent of 1,196 million yen (up 141.0%).

Nippon Commercial Development Co., Ltd. (hereinafter, “the Company”), JINUSHI Asset Management Co., Ltd. (hereinafter, “JINUSHI AM”) and JINUSHI Private REIT Investment Corporation (hereinafter, “JINUSHI REIT”) are engaged in the Sponsor Support Agreement, in which the Company is the sponsor. As announced on October 14, 2020 with “Notice on Sale of Real Estate for Sale to JINUSHI Private REIT Investment Corporation” (Japanese version only), the Company has resolved to sell eleven properties to JINUSHI REIT based on this agreement on January 8, 2021 with the aggregate sales price of 12,585 million yen.

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported sales of 18,219 million yen (up 15.3% year on year) with segment operating profit of 3,011 million yen (up 25.2% year on year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 275 million yen (up 17.6% year on year) with segment operating profit of 165 million yen (up 42.1% year on year).

iii) Planning and Brokerage Business

The segment reported sales of 1 million yen (up 358.2% year on year) with segment operating profit of 1 million yen (up 360.2% year on year).

(2) Explanation of Financial Position

Total assets decreased 1,087 million yen from the end of the previous fiscal year to 73,967 million yen at the end of the period under review. This decrease was attributable mainly to decreases of 608 million yen in advance payments-trade and 358 million yen in shares of subsidiaries and associates.

Total liabilities decreased 1,441 million yen from the end of the previous fiscal year to 49,743 million yen. This decrease was attributable mainly to a decrease of 1,065 million yen in income taxes payable.

Net assets increased 353 million yen from the end of the previous fiscal year to 24,224 million yen. This increase was attributable mainly to the profit attributable to owners of parent of 1,196 million yen, which was partially offset by the distribution of dividends of surplus of 1,005 million yen. Consequently, the equity ratio at the end of the period under review was 32.7%.

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

Both net sales and profits for the period under review have progressed as planned.

The Company plans to change its accounting period (financial closing date) subject to approval of the proposal: *Partial Amendment to the Articles of Incorporation* at the extraordinary meeting of shareholders to be held on December 24, 2020. Upon approval of the proposal, effective from the 22nd fiscal year, the Company's accounting period will start on January 1 and end on December 31 instead of starting on April 1 and ending on March 31 of the following year. Accordingly, the consolidated forecast for the current fiscal year covers the period of nine months only from April 1, 2020 to December 31, 2020 as the current fiscal year will become a transitional period for a change in the accounting period (financial closing date).

For more details, please refer to "Notice on Revisions to Consolidated Forecast and Dividend Forecast due to Change in the Accounting Period (financial closing date)" (Japanese version only) announced today and "Results of Operations for the First Half of the Fiscal Year Ending March 31, 2021," which are the supplementary materials for Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021 (available on the Company's website (*)).

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

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits	21,850,515	20,352,544
Operating accounts receivable	146,776	130,925
Real estate for sale	43,493,097	44,966,868
Advance payments-trade	1,130,891	522,745
Prepaid expenses	174,837	133,863
Other	89,429	122,128
Total current assets	66,885,548	66,229,075
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	359,588	347,272
Tools, furniture and fixtures, net	74,666	65,553
Land	3,758	3,758
Leased assets, net	84,342	102,020
Total property, plant and equipment	522,356	518,605
Intangible assets		
Other	13,975	44,018
Total intangible assets	13,975	44,018
Investments and other assets		
Investment securities	300,462	300,612
Shares of subsidiaries and associates	6,041,020	5,682,749
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	482,926	482,354
Long-term prepaid expenses	96,874	91,746
Other	291,608	197,847
Allowance for doubtful accounts	(89,160)	(89,160)
Total investments and other assets	7,632,895	7,175,311
Total non-current assets	8,169,226	7,737,934
Total assets	75,054,774	73,967,010

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Liabilities		
Current liabilities		
Trade accounts payable	224,555	92,369
Short-term borrowings	1,099,000	1,344,000
Current portion of long-term borrowings	2,770,374	1,922,836
Accounts payable-other	412,835	330,473
Income taxes payable	1,523,866	458,550
Accrued consumption taxes	29,395	5,909
Advances received	45,000	10,000
Current portion of guarantee deposits received	1,404,118	1,566,759
Other	345,097	281,668
Total current liabilities	7,854,242	6,012,567
Non-current liabilities		
Long-term borrowings	42,604,523	43,209,225
Long-term leasehold and guarantee deposits received	163,955	163,955
Other	561,337	357,255
Total non-current liabilities	43,329,816	43,730,435
Total liabilities	51,184,058	49,743,003
Net assets		
Shareholders' equity		
Share capital	3,048,547	3,048,547
Capital surplus	4,657,957	4,657,957
Retained earnings	16,995,921	17,187,085
Treasury shares	(79)	(79)
Total shareholders' equity	24,702,346	24,893,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(27,939)	(26,424)
Foreign currency translation adjustment	(803,690)	(643,079)
Total accumulated other comprehensive income	(831,630)	(669,504)
Total net assets	23,870,716	24,224,007
Total liabilities and net assets	75,054,774	73,967,010

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

	(Thousands of yen)	
	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	16,039,067	18,496,075
Cost of sales	13,466,268	15,209,464
Gross profit	2,572,799	3,286,611
Selling, general and administrative expenses	1,655,001	1,649,419
Operating profit	917,797	1,637,192
Non-operating income		
Interest income	4,810	918
Interest on securities	2,929	2,840
Share of profit of entities accounted for using equity method	139,656	-
Recoveries of written off receivables	22,623	381,190
Outsourcing service income	49,068	49,407
Other	2,963	4,486
Total non-operating income	222,051	438,843
Non-operating expenses		
Interest expenses	393,105	265,367
Financing expenses	125,202	81,664
Foreign exchange losses	57,894	248,305
Share of loss of entities accounted for using equity method	-	17,731
Other	4,244	9,084
Total non-operating expenses	580,446	622,152
Ordinary profit	559,402	1,453,882
Extraordinary income		
Gain on sales of investment securities	114,077	-
Gain on reversal of share acquisition rights	13,394	-
Total extraordinary income	127,471	-
Profit before income taxes	686,874	1,453,882
Income taxes-current	111,022	389,834
Income taxes-deferred	79,197	(132,827)
Total income taxes	190,219	257,006
Profit	496,654	1,196,875
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	496,654	1,196,875

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

(Thousands of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit	496,654	1,196,875
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,967)	1,515
Foreign currency translation adjustment	(159,390)	160,610
Total other comprehensive income	(162,357)	162,126
Comprehensive income	334,296	1,359,002
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	334,296	1,359,002
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

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

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	15,804,311	234,478	277	16,039,067	-	-	16,039,067
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	15,804,311	234,478	277	16,039,067	-	-	16,039,067
Segment profit (loss)	2,406,389	116,803	276	2,523,469	(679)	(1,604,991)	917,797

Notes: 1. The "Other" segment represents businesses not included in any of the reportable segments and represents the overseas PFI business.

2. The adjustment to segment profit (loss) includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

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

Not applicable.

II. First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

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

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	18,219,046	275,756	1,272	18,496,075	-	-	18,496,075
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	18,219,046	275,756	1,272	18,496,075	-	-	18,496,075
Segment profit (loss)	3,011,656	165,976	1,272	3,178,905	(306)	(1,541,406)	1,637,192

Notes: 1. The "Other" segment represents businesses not included in any of the reportable segments and represents the overseas PFI business.

2. The adjustment to segment profit (loss) includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

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

Not applicable.

Subsequent Events

Change in accounting period (financial closing date)

The Company resolved at the Board of Directors meeting held on November 12, 2020 to change its accounting period (financial closing date) subject to approval of the proposal: *Partial Amendment to the Articles of Incorporation* at the extraordinary meeting of shareholders to be held on December 24, 2020. Upon approval of the proposal, effective from the 22nd fiscal year, the Company's accounting period will start on January 1 and end on December 31 instead of starting on April 1 and ending on March 31 of the following year.

Accordingly, the consolidated financial statements for the current fiscal year cover the period of nine months only from April 1, 2020 to December 31, 2020 as the current fiscal year will become a transitional period for a change in the accounting period (financial closing date).

1. Reasons for change

- (1) To facilitate the forecasting process of quarterly earnings for the first quarter onwards by making the January to March period the first quarter and selling real estate for sale to JINUSHI REIT in the first quarter; thereby seeking more efficient allocation of management resources
- (2) To streamline and stabilize management and business operations including budgeting and operations control by obtaining management information more properly and accurately through unifying the accounting period (financial closing date) of the Company's consolidated subsidiaries; thereby making business judgment and implementing business strategies more appropriately

2. Details of change in accounting period (financial closing date)

Accounting period before the change: From April 1 to March 31 of the following year

Accounting period after the change: From January 1 to December 31

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.