

Nomura Real Estate Holdings, Inc.

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New Value, Real Value

Integrated Report 2017

To respond to customer needs and social challenges, the Nomura Real Estate Group is radically enhancing its technology and know-how as a corporate group that uses business to offer value to society while remaining committed to quality.

The mission on which the Company was founded was to develop new towns to mitigate the housing shortage in 1957. Not limiting ourselves to only residential development, we have since established a broad range of businesses, including leasing, investment management, property brokerage, property and facility management, and real estate development. Our history has been one of continuously creating value through business while remaining committed to quality and always responding to customer needs and social challenges with honesty. In order to meet the expectations of society, we are radically enhancing our technology and know-how. We will take the willingness to start from scratch and tackle unprecedented and highly difficult challenges, which we have inherited, and turn it into the source of our competitive strength.





The Nomura Real Estate Group strives for:

Developmental Strength Technological Strength Management Strength

By combining these three strengths, we will continue to pursue value beyond expectations for our customers and society using both tangible and intangible approaches.

By encouraging collaboration between highly competitive businesses, we will be able to create value that would not have been possible for them working alone. At present, real estate is something that loses value over time. That is why we are currently working on creating urban development projects that will gain value over time. Real estate is about more than just buildings. What we strive to offer is a high level of value demonstrative of the power of the Group as a whole to enable people living, working, gathering, and resting to spend their time in a satisfying manner. Our brand of real estate provides a rich array of services that connect people with people and people with their cities.

Our Group Vision

New Value, Real Value

Integrating all that is precious to people and communities, we build cities—dynamic stages that connect today with tomorrow's possibilities—and embrace every moment of life's pursuits.

We create new value, social value, and, above all, real value.



Additional information can be found on our website.
www.nomura-re-hd.co.jp/english

Integrated report

Financial and non-financial information,
value creation models, business unit overviews, etc.
www.nomura-re-hd.co.jp/english/ir/ir_library/annualreport.html

Company information

Company profile and history, list of corporate officers and organiza-
tional chart, corporate governance, list of Group companies, etc.
www.nomura-re-hd.co.jp/english/company/

Investor information

Management policies, IR library, information
for individual investors, FAQs, etc.
www.nomura-re-hd.co.jp/english/ir/

CSR report

Social and environmental initiatives,
activities that contribute to society, etc.
www.nomura-re-hd.co.jp/english/csr/

Nomura Real Estate Holdings, Inc. has been selected in
MSCI ESG indexes.



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Real Estate Group products and services. Neither is this an advertisement nor
promotion for MSCI.

Editorial policy

This report is published in order to foster understanding among shareholders,
investors, and other stakeholders about the Nomura Real Estate Group's strategies
and measures geared toward the creation of mid- to long-term value. The editing
and layout of this report follow the international integrated reporting framework of
the International Integrated Reporting Council (IIRC).

Period covered by the report

This report mainly covers the period from April 1, 2016 to March 31, 2017. Parts
may discuss information from times prior to this period or activities or outlooks for
times following this period.

Guidelines concerning the disclosure of non-financial information

- Global Reporting Initiative's G4 Sustainability Reporting Standards
- ISO 26000 Guidance on Social Responsibility

Scope of this report

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Group companies (19)



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Eiji Kutsukake
President and Representative Director, Group CEO



Seiichi Miyajima
Executive Vice President and Representative Director, Group COO



Forward-looking statements

This integrated report contains forward-looking statements about the future plans, strategies, and performance of Nomura Real Estate Holdings, Inc. (the "Company") and its consolidated subsidiaries (the "Group"). These forward-looking statements are not historical facts. Rather, they are estimates, forecasts, and projections based on information currently available to the Company and are subject to a number of risks and uncertainties, which include economic trends, intensification of competition in the real estate industry, the legal and taxation systems, and other regulations. As such, actual results may differ from those projected.

By Building Cities That Connect Today with Tomorrow's Possibilities, We Will Continue to Innovate and Persevere with the Goal of Enriching the Lives of Our Customers.

An Ambitious 60 Years and an Ambitious Future

This year, 2017, marks the 60th anniversary of the founding of the company that originated the Group, Nomura Real Estate Development, in 1957. Looking back, although we cannot claim sufficient management resources, we have achieved value creation in a cutting-edge and original fashion while daring to transform ourselves from whenever the times required. We also pride ourselves on always considering the needs of the customer and confronting the problems facing society head on. Whenever we were overwhelmed by the economic climate and unable to conduct management in the ways we had expected, we showed absolute perseverance and our executives and regular employees came together to rise above those circumstances. I believe that overcoming such difficulties strengthened the Company.

Fortunately, the Group's business has expanded with the development of society over these past 60 years, and these expanded business areas have become indispensable pillars of Group earnings. Furthermore, such business expansion has led to an increase in options for resource allocation as well as to a broadening in

the scope of management. However, even as our business expands, we can never neglect our dedication to quality and to meeting our customers' needs. For a Group established without abundant resources that was in competition with companies with more comprehensive management resources, this dedication to quality and to meeting our customers' needs was our way in.

Our predecessors were particularly dedicated to providing high-quality products and services to meet the needs of both customers and society, and this is something that we have carried on as part of our identity. This is a difficult path to walk; however, by challenging ourselves, we have raised the bar. As a result, these inherited strengths cannot be easily duplicated. We are currently working to consolidate these strengths, beginning with urban-type compact towns, to create new value by achieving successful functionality and building cities that are loved for generations.

Our promise is to build cities that connect today with tomorrow's possibilities according to our Group Vision—New Value, Real Value. That is how we will continue to innovate and persevere with the goal of enriching the lives of our customers.

Eiji Kutsukake

President and Representative Director,
Group CEO
Nomura Real Estate Holdings, Inc.



Seizing change and acting instantly

Seizing Change and Transforming It into Growth

Real estate is an industry subject to important social responsibilities. To continue to be of value as times change, we must reconcile our role in society with a changing world. That is why I describe real estate, both internally and externally, as a forward-looking and change-oriented industry. Because real estate has a long-term business cycle, we must take a five- to ten-year view, anticipating gradual changes in the environment. At the same time, planning for the next

10 years does not guarantee growth. Moreover, overlooking significant changes on the horizon can lead to missed opportunities for growth, leaving behind unexpected losses for the people yet to come.

With the long business cycles in the real estate industry, it is easy to become insensitive to changes occurring right in front of you. Neglecting those changes could lead to judgment failures when it comes to making investment decisions. However, it is our on-site employees who carry the business and must remain sensitive to such changes while working all out to create new value in their respective positions. I believe that we should work toward overall optimization by seizing the particulars of each change we are confronted with to make the most optimal decisions at the time. Those changes can reveal business challenges and opportunities, leaving the Company free from the restrictions posed by precedence and offering insight into how to approach decisions on

management resource allocation, regardless of department. This represents the work of the most comprehensive position in the Group—the job of CEO.

I have gained a great deal of experience over roughly 30 years of work in capital markets, which can change in an instant. I believe that the ability to seize change that I attained from that experience has aided me in making management decisions for the Group. By marshaling the opportunities that seem most optimal at the time, according to approaching changes, as part of a forward-looking strategy, I am confident in our power to achieve growth into the future.

Management to me entails feeling out changes, both right in front of us and on the horizon, while being prepared for fluctuations in short-term results caused by changes in external environments and executing all duties with determination and a commitment to results.

Coming Change and Business Opportunities

Development Sector

The multifunctional and highly convenient urban-type compact towns that have become our focus fulfill the needs of not only the families who comprise our main customer base but also those of senior citizens, a demographic that is increasing rapidly as a percentage of the population amid a declining birthrate and the aging of society. These compact towns condense residences, offices, hospitals, and commercial and public facilities into a consolidated area, as the name suggests, with the combined knowledge of each business unit indispensable to their construction. For this reason, I have focused on encouraging cooperation within the organization since I began my work as CEO. As a result, our ideal definition of an urban-type compact town has been gradually solidifying as opportunities for cooperation between business units increase.

While competition is heating up in the mixed-use development industry, I believe our focus should be on displaying our superior ability in terms of urban development, which we have cultivated through our residential development

Taking on the creation of high-added-value urban-type compact towns

business. Our dedication to leading the industry in terms of performance and design is a given, and in order to further improve our abilities, we are pursuing community-centered development, starting with Funabashi Morino City. Specifically, we are actively working toward building after-sale relationships with residents to create cities centered on their residents with the ultimate goal of using what we learn in future urban development projects (for details, see the Feature section on page 56). Because we have been involved in residential development for many years, we have an increasing number of aging condominiums and detached residences. Accordingly, we are accelerating initiatives to provide large-scale and emergency repair services.

Meanwhile, we are pursuing large-scale redevelopment initiatives in regions that are expected to see demand over the medium to long term, such as the area from Tokyo to Shinagawa and Toranomon. These regions do not simply require office buildings, but are seeing an increasing need for development that includes commercial facilities, hotels, and residences. Our focus is on mixed-use development, including the redevelopment of Shibaura 1-Chome.

With a high risk of disaster and buildings representing roughly 5 million m² of outdated earthquake proofing built to specifications formulated before 1981 in the 23 wards of Tokyo, reconstruction is becoming a pressing issue. Using our development know-how gained through medium-sized projects such as PMO, we are stepping up initiatives to address this issue, ensuring sufficient business opportunities moving forward.

Service & Management Sector

In the Investment Management Business Unit, the real estate securitization market, including listed REITs in particular, is showing signs of expansion in the medium to long term due to a rise in asset high expectations for growth of assets of the REITs and funds we manage, including Group REITs, which represent some of the largest assets in Japan.

In the Property Brokerage & CRE Business Unit, we anticipate steady expansion over the medium to long term as demand for existing properties shows signs of rising in the domestic real estate market. In response, we are working to expand our strengths and use our solid branding and sales capabilities to drive an increase in shares in the midst of such an environment. We also plan to prepare systems for buying and reselling PROUD properties to stay in line with the lifestyle changes that come with aging.

In the Property & Facility Management Business Unit, we predict that services for the elderly will be an important part of future, large-scale mixed-use developments and have recently invested and become involved in the elderly housing business. As this business requires the procurement and cultivation of human resources, and their corresponding knowledge and energy, to support the high-quality services we insist on, expanding this business will not fall to the Group alone, but will be conducted together with our exceptional partners.

Passion for Development and Services and Optimal Creation of Added Value Based on Customer Feedback

For the past decade or so, the Group has been strengthening both creation and service brands, including PROUD in the Development Sector and Nomura Chukai + in the Service & Management Sector. Our brands form the foundation of our growth strategy, which calls for creating inimitable products and services and

Reflecting development needs through customer dialogues and attention to markets

overwhelming passion, without which success is impossible.

The Group has shown a tenacious ability to start from nothing and persevere. In addition to building a distinctive business model, I strongly believe that it is vital to not falter, even given significant difficulties, but to persevere with passion.

Balance, however, is necessary. Being too consumed with creation and losing sight of customer needs defeat the purpose. Customer support is vital when it comes to desired product value. In terms of performance, this support determines not only intangibles, such as brand power and administrative abilities, but the value of condominiums, detached residences, and offices. Moreover, added value is created where processes for using dialogues with customers and attention to markets to reflect needs in development overlap. In other words, research trumps marketing.

Moving forward, we need to pursue a balance between passion for creation and thorough research based on dialogues with customers and attention to markets.

The Group Grows When All Employees Persevere

The Group has often been seen as a corporate group centered on residential development. Now, however, growth achieved by leveraging the balance between the Development Sector, which represents a source for added value creation, and the Service & Management Sector, which has a high level of asset efficiency, embodies a strength for the Group. Our strategy is to strive to expand the Development Sector,

which has asset-based profit creation as its foundation, in proportion to growth in the Service & Management Sector, which pursues earnings without the use of assets. This strategy is unique in the real estate industry and it is how we will raise both corporate value for the Group and value for our shareholders and investors.

While I believe that the brand we have built and our performance in the Residential Development Business Unit, for one, as well as our competitive advantage in various markets to date, are evidence of how we are trusted, this was achieved through the hard work of those who came before us, and not only thanks to the efforts of current executives and employees. To preserve our formidable presence in the industry, we need to maintain a level of perseverance

similar to that achieved at the Company's founding. As the work of those who came before contributed to our current competitive advantage, we must also strive to create a favorable position for the Company in the future. The Group grows when all employees persevere, and I want to ensure our continuation as a strong corporate group.

I appreciate and ask for the continued support of all of our shareholders, investors, and other stakeholders.

Eiji Kutsukake

President and Representative Director, Group CEO
Nomura Real Estate Holdings, Inc.



OUR VALUE MODEL

About Nomura Real Estate Holdings, Inc.

01

The Nomura Real Estate Group's Path

The Nomura Real Estate Group's Path of Creation and Ambition

In the 60 years since the Group's establishment, we have confronted the challenges facing our customers and society with honesty and used business to continuously meet their expectations. Moving forward, we will keep innovating and striving to create a sustainable society.



The New Value Created through Our Cultivated Strengths

Since the time of its inception, and all throughout its history, the sources of the Nomura Real Estate Group's competitive advantage have been what makes it different from other companies.

The Source of Our Competitive Advantage I

Creating Value by Finding Ways to Satisfy Market Needs

It has been necessary for the Group, which had not always found it easy to procure funds, to make its own growth investments through sales of the properties it develops. In order to achieve consistent sales of the products we produce, we have to put the customer first and foremost and meet their expectations. To avoid the danger of falling short of these expectations, we have prioritized sensitivity to customer needs as the base of our value creation strategy. This has given rise to a corporate culture that values incorporating information on client and market needs that we obtain directly from customers into the feedback process for our products. In product development and design, too, we are determining how to meet expectations and adding our wits and enthusiasm to our technical strength in addition to improving our ability to perform in terms of business promotion. As a result, our products and services boast a brand power that is at the top of the industry, such as the products and services of our housing brand PROUD.



PROUD CITY Asagaya

The Source of Our Competitive Advantage II

Operating as a Cooperative Organization

Nomura Real Estate Development, the Group's originating company, began its history as owner and manager of the Nomura Securities Company's new building—starting from scratch, essentially. Nevertheless, in order to compete on the same level as large, established developers, each and every employee took on a variety of roles, going beyond the boundaries of their respective departments in a unified effort to capitalize on opportunities when they arose. Organizations in the development industry are generally divided by function. But because Nomura Real Estate Development had limited resources, it operated as a cooperative organization to create new value through original ideas, which has led to the current process integrating development, sales, and management. We have extended this cooperative spirit to include business partners and have taken on numerous forms of added value creation under a shared mission.



Business discussion

The Source of Our Competitive Advantage III

Thorough Commitment to Quality

Commitment to quality has been an important part of the Nomura Real Estate Group since its inception, earning it the absolute trust of both customers and society. One of our strengths is the high rate of first-class licensed architects among our employees. Our commitment to quality takes many forms, including the preparation of quality management manuals that consolidate the know-how we have cultivated through handling roughly 180,000 residences as well as a regular after-service following completion and transfer of the property, performed on the basis of quality checks. But however much expertise we accumulate, commitment to quality is a never-ending undertaking. And however much we meet customer needs, offering quality services and acquiring knowledge and skills, an act which includes cultivating human resources, endless determination remains vital, not only in real estate development but also in brokerage and property and facility management in the service management field.



Quality management manuals consolidating 60 years of expertise



Regular, continuous support for comfortable living

The New Value Created

From Cooperation to Integration

Buildings and urban infrastructure constructed during periods of high economic growth are not only deteriorating but also are less resistant to earthquakes. Replacing these structures is becoming a larger social issue. Restoring buildings and communities, improving safety and accessibility, and raising the value of structures and neighborhoods through community-building are requirements of the era. Furthermore, population decline and an aging population coupled with a falling birth rate, changes in the family structure and lifestyles, and social progress for women have led to diversification of desired living and working situations. It has become even more necessary to address the non-physical side of re-establishing the power of local communities, such as supporting multigenerational and local interaction, working toward community-building and revitalization, and responding to the increasing healthcare and nursing care needs of the elderly, in particular. Given the current situation, the Group's goal is to both be a cooperative organization and achieve urban development with an eye to the future—development that goes

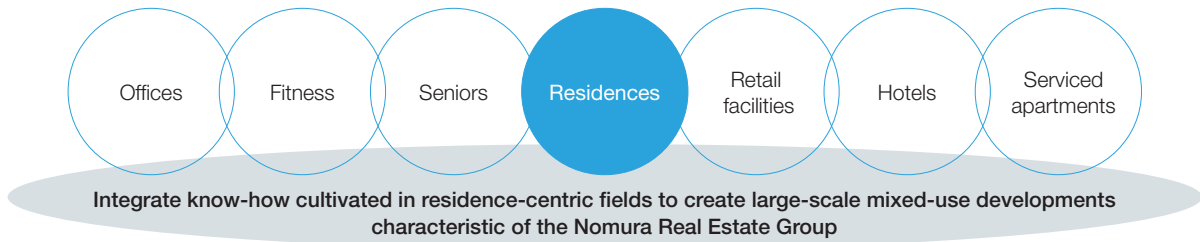
beyond the mere construction of buildings and integrates the technological, management, and developmental capabilities we have cultivated over the years. Giving careful consideration to what it is people want and with attention to growing together with society, we will strive to stay one step ahead of the industry.



ZUTTOCITY
(Redevelopment project in front of JR Tsukaguchi Station)



Funabashi Morino City



OUR VALUE MODEL

About Nomura Real Estate Holdings, Inc.

02

Value Creation Model

Building a Better Tomorrow through Business and Services

As our business has grown, so too has our number of employees and Group companies. But our priorities, handed down since the Company began, remain unchanged. Moving forward, we will continue to offer new value to our clients and society through innovative business and services while fully demonstrating our strengths in anticipation of social changes and diversifying customer needs.

Mid- to Long-term Business Plan

Implementing a growth model that emphasizes continuous expansion of revenue with ensured high asset efficiency by appropriately responding to changes in the social environment

Key strategy (1) Expand business volume and business domains in the Development Sector

Key strategy (2) Demonstrate differentiation and a competitive edge in the Service & Management Sector

Key strategy (3) Increase and reinforce customer base via Group-wide collaboration

Demonstrated Strengths

Creating value by finding ways to satisfy market needs

Operating as a cooperative organization

Thorough commitment to quality

Our Priorities Handed Down Since Our Establishment

- The customer comes first
- New value creation through original ideas
- Endless determination
- Growing together with society

Social Changes and Shifts in Customer Needs

- Declining birth rate and aging population
- Urban renewal and local revitalization
- Deterioration of existing stocks
- Shift from savings to investment
- Acceleration in globalization

Our Group Vision
New Value, Real Value

Integrating all that is precious to people and communities, we build cities—dynamic stages that connect today with tomorrow's possibilities—and embrace every moment of life's pursuits.

We create new value, social value, and, above all, real value.

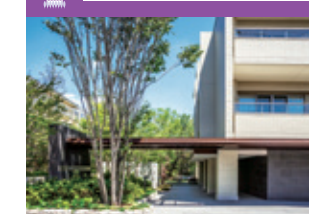
Business Activities

We offer products and services with high added value in a broad range of fields, from the Development Sector to the Service & Management Sector.

For information on growth strategies, please see Business Unit Overviews on page 34.

Development Sector

Residential Development Business Unit



Leasing Business Unit



Service & Management Sector

Investment Management Business Unit



Property Brokerage & CRE Business Unit



Property & Facility Management Business Unit



OUR VALUE MODEL

About Nomura Real Estate Holdings, Inc.

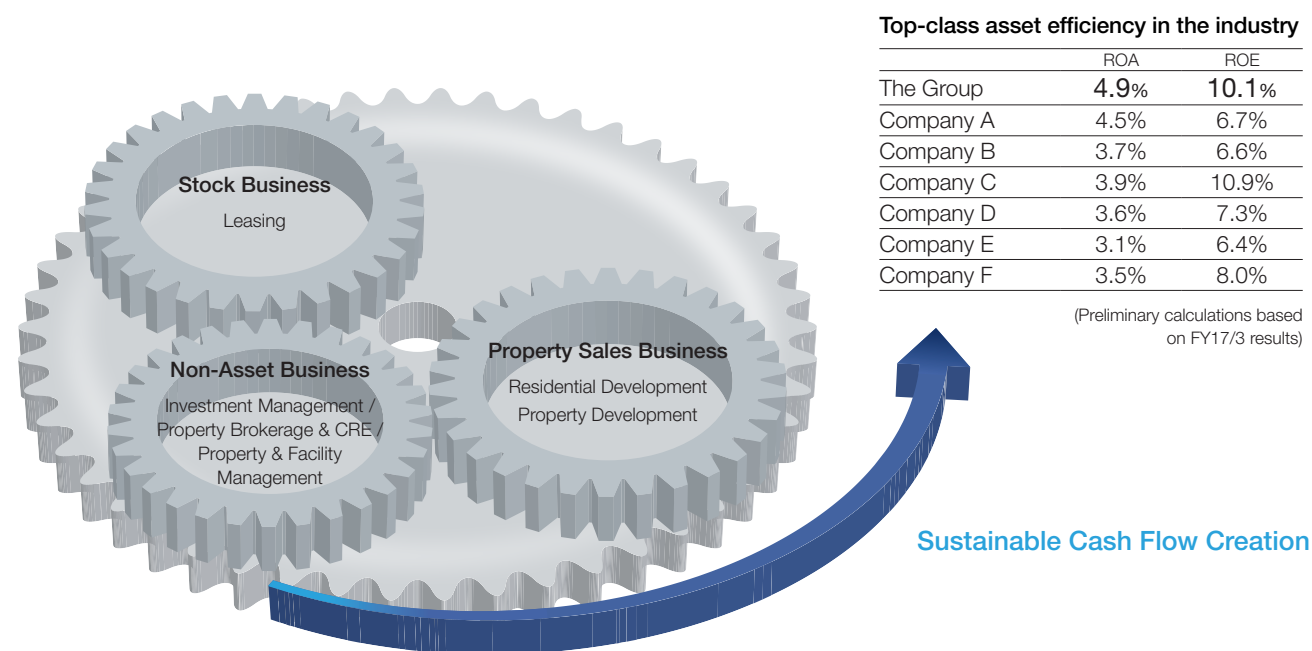
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The Nomura Real Estate Group's Distinctive Qualities

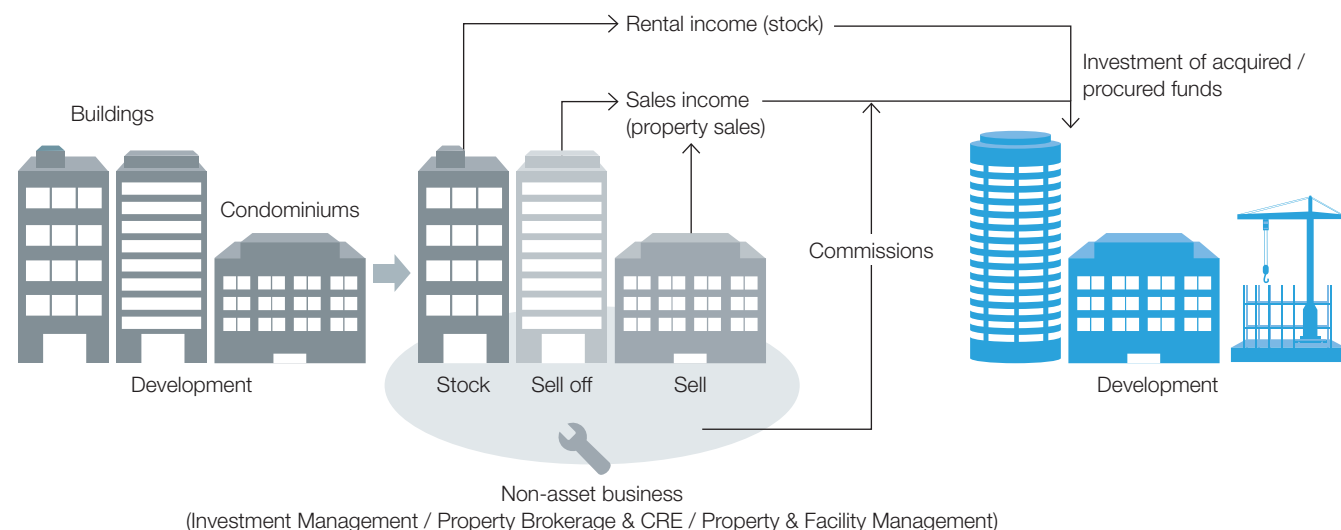
High-Efficiency Management

By combining the stock business which acquires rent, the property sales business which secures sales revenue and the non-asset business, we are able to achieve top-class, high asset efficiency among major competitors in these industries.

Sustainable Revenue Growth through High Asset Efficiency



Cash Flows (Revenue) and Investment Flowchart

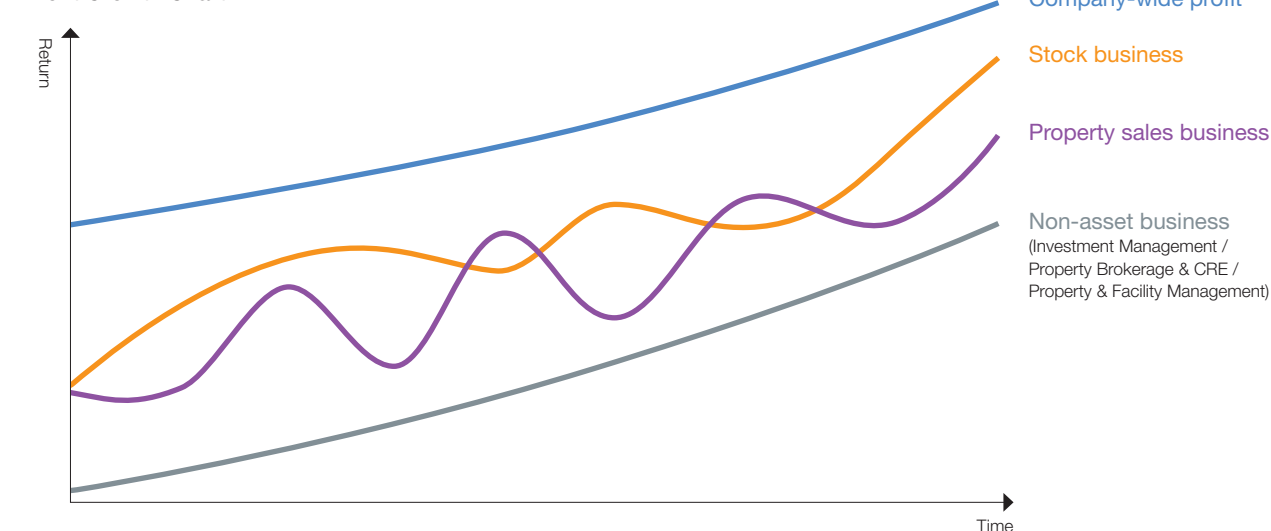


Earnings Foundation Resilient to Environmental Changes

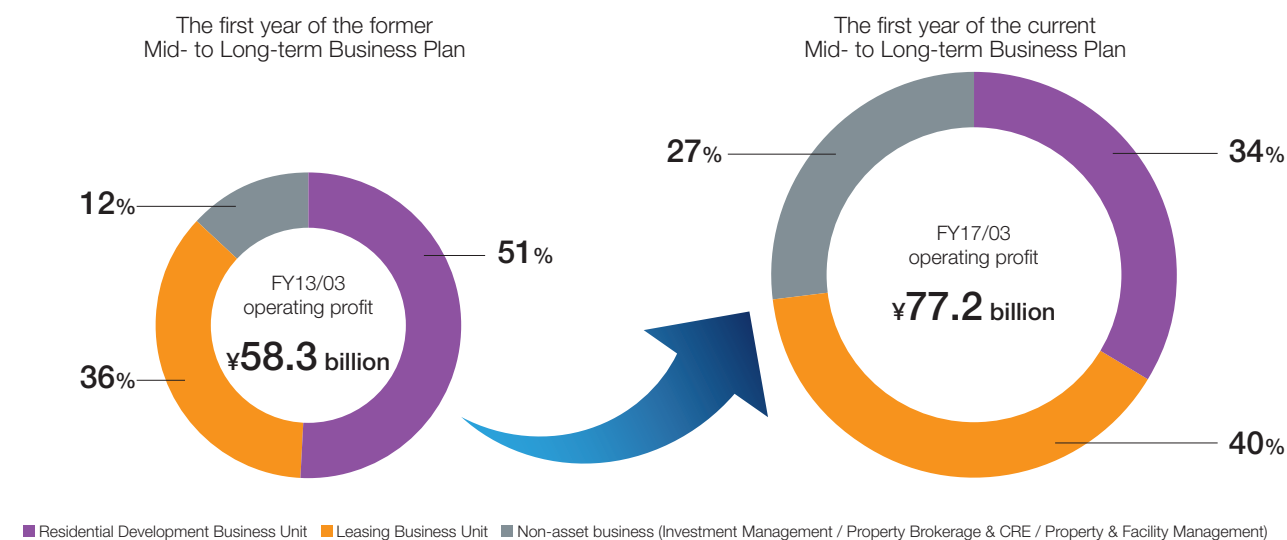
We work to balance our three businesses: the stock business (long term), the property sales business (short term), and the non-asset business, in accordance with the risks inherent to each. As a result, we are able to produce stable earnings while controlling risks, such as market fluctuations, to the extent it is possible.

Well-Balanced Business Portfolio

Profit Growth Chart



Progress from Residence-Centered to Well-Balanced Profit Structure



Residential Development Business Unit, Leasing Business Unit, Non-asset business (Investment Management / Property Brokerage & CRE / Property & Facility Management)

OUR VALUE MODEL

About Nomura Real Estate Holdings, Inc.

Mid- to Long-term Business Plan (–2025.3)—Creating Value through Change

To achieve our Group Vision and growth model, we will work to realize sustainable growth and to continually create new value for society by implementing three strategies.

Our Group Vision

Integrating all that is precious to people and communities, we build cities—dynamic stages that connect today with tomorrow’s possibilities—and embrace every moment of life’s pursuits. We create new value, social value, and, above all, real value.

Our Growth Model

Implementing a growth model that emphasizes continuous expansion of revenue with ensured high asset efficiency by appropriately responding to changes in the social environment.

Key Strategy (1)

Expand business volume and business domains in the Development Sector

Key Strategy (2)

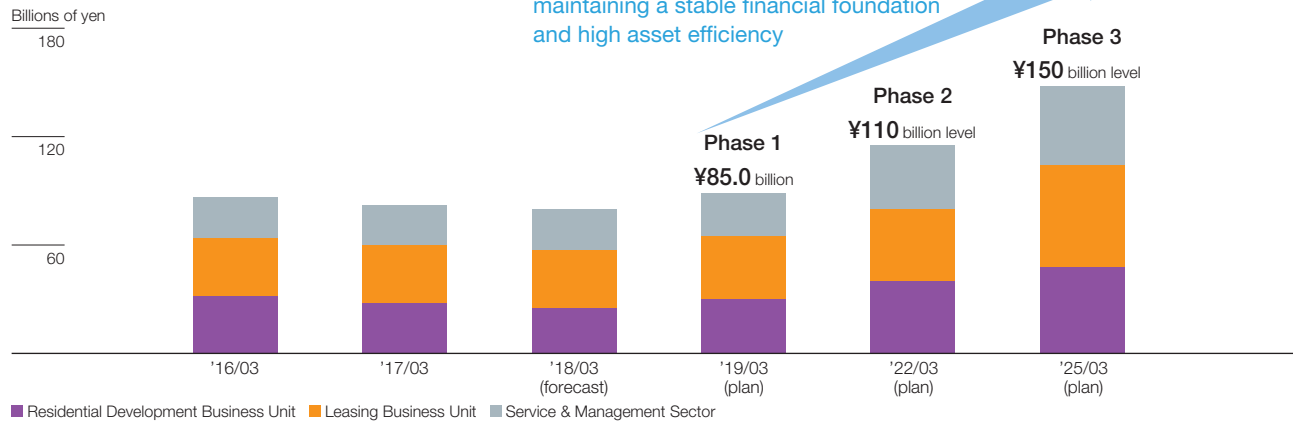
Demonstrate differentiation and a competitive edge in the Service & Management Sector

Key Strategy (3)

Increase and reinforce customer base via Group-wide collaboration

Long-Term Profit Goals

Operating Profit



Profit Plan by Business Unit (Operating Income)

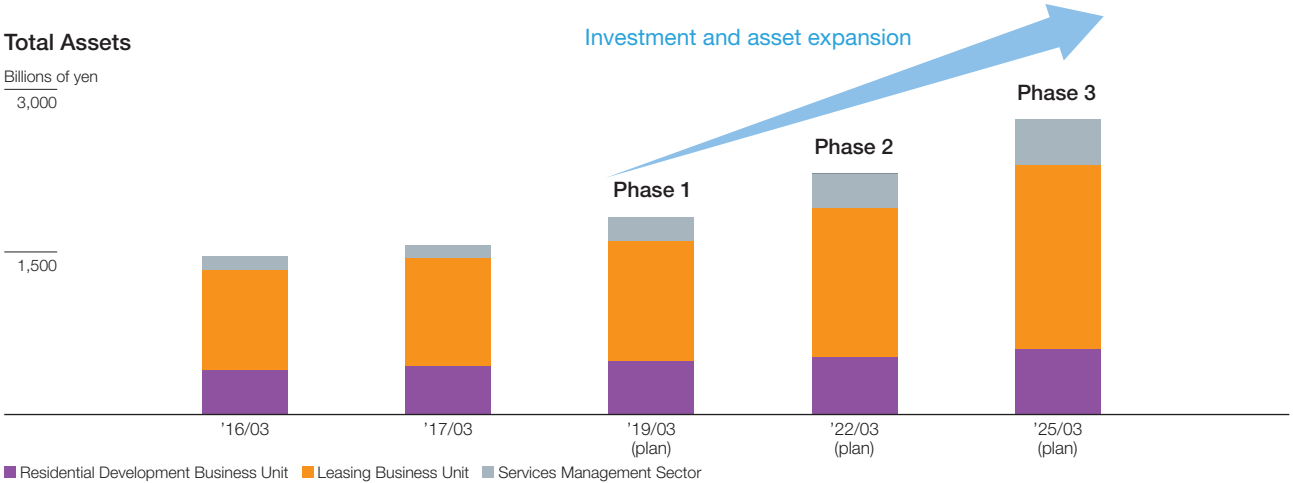
Billions of yen

	'17/3	Phase 1	Phase 2	Phase 3
Residential Development Business Unit	27.7	30.0	40.0	44.0–48.0
Leasing Business Unit	32.5	35.0	40.0	52.0–56.0
Service & Management Sector	22.0	23.5	35.0	40.0–44.0

Investment Plan

Total Assets

Billions of yen
3,000



Investment Plan

Billions of yen

		Phase 1	Phase 2	Phase 3	Total
Residential Development Business Unit	Investment	950.0	1,100.0	1,200.0	3,250.0
	Recovery	900.0	1,000.0	1,100.0	3,000.0
	Net investment	50.0	100.0	100.0	250.0
	Recovery-to-investment ratio	95%	91%	92%	92%
Leasing Business Unit	Investment	400.0	600.0	800.0	1,800.0
	Recovery	150.0	300.0	400.0	850.0
	Net investment	250.0	300.0	400.0	950.0
	Recovery-to-investment ratio	38%	50%	50%	47%
Strategic investment		50.0–100.0	50.0–100.0	50.0–100.0	200.0
Total	Investment	1,425.0	1,775.0	2,050.0	5,250.0
	Recovery	1,050.0	1,300.0	1,500.0	3,850.0
	Net investment	375.0	475.0	550.0	1,400.0
	Recovery-to-investment ratio	74%	73%	73%	73%

Financial and Capital Policies

Asset Efficiency

- Top-class asset efficiency among major competitors in the industry

ROA

Above 5%

Capital Efficiency

- Capital efficiency in line with shareholder expectations

ROE

10% level

Financial Soundness

- Financial foundation that enables flexible growth investment
- A level that enables sustainable business investment amid sudden environmental changes

Shareholders' equity ratio

30% level

Shareholder Returns

- Shareholder returns are made in consideration of stability and sustainability in terms of continuous profit growth

Dividend payout ratio

Approx. 30%

Progress in the Development Sector

- Aiming for medium- to long-term growth, we are steadily expanding existing businesses and sowing seeds of growth for new businesses.
- In Residential Development, we will secure business volume for FY20/3 onward while recovering our business speed.

	Items	Status	Future issues / strategies
Residential Development	Existing areas	<ul style="list-style-type: none"> Lower profitability due to high market fluctuation. No. 1 results in ongoing residential redevelopment projects. 	<ul style="list-style-type: none"> Recover business speed. Boost marketing research skills. Expand redevelopment stock/plans for future growth.
	New areas (Regional core cities)	<ul style="list-style-type: none"> Secured business opportunities in 4 cities (Toyama, Niigata, Shizuoka, Okayama). 	<ul style="list-style-type: none"> Expand business area and build business promotion strategy through alliance.
	New areas (overseas)	<ul style="list-style-type: none"> New acquisition in China / Southeast Asia. Satisfactory sale of project in HCMC, Vietnam. 	<ul style="list-style-type: none"> Build alliances with local, high-quality partners. Expand targeted countries and business enhancing investment ratio.
	Business for owners of condos we sold*	<ul style="list-style-type: none"> Launch of renovation business. Entry into home / living assistance business. (Established First Living Assistance) 	<ul style="list-style-type: none"> Early contribution to revenues. Contribution to Group revenues by strengthening of customer relations.
Leasing	Growth of leasing revenues	<ul style="list-style-type: none"> Focus on the Tokyo metropolitan area (large-scale mixed-use redevelopment, etc.). 600 billion yen in funds to invest by Phase 3. 	<ul style="list-style-type: none"> Promote acquisition targeting investment plan of 900 billion yen.
	Growth of sales revenues	<ul style="list-style-type: none"> Utilizing Group synergy to provide leasing value chain, etc., property stock for sale expanded to approx. 250 billion yen. 	<ul style="list-style-type: none"> Maintain acquisition and sales of 100 billion yen for each fiscal year.
	New areas (overseas)	<ul style="list-style-type: none"> Considering specifically on new properties in Southeast Asia. 	<ul style="list-style-type: none"> Focus on cities with higher priority. Look to expand acquirable assets.
	Entry into new sectors	<ul style="list-style-type: none"> Secured projects in the hotel business. 	<ul style="list-style-type: none"> Develop products and brand aimed at continuous business expansion.

* Business deriving from condos and houses sold in the past.

Progress in the Service & Management Sector

- Each business unit achieved business growth with faster speed than our expectations.
- We aim to accelerate expansion of market share and new business initiatives as pillars to support the Group's growth, and achieve earnings that exceed forecasts.

	Items	Status	Future issues / strategies
Investment Management	Listed REIT (NMF)	<ul style="list-style-type: none"> One of Japan's largest REITs with 1 trillion yen in assets due to merger with Top REIT. 	<ul style="list-style-type: none"> Grow assets to 1.5 trillion yen in 5-6 years' time by achieving external growth based on leasing value chain.
	Private REIT (NPR)	<ul style="list-style-type: none"> Ongoing capital increase backed by strong demand for funds. Asset growth to 180 billion yen. 	<ul style="list-style-type: none"> Steady growth to gain 200 billion yen in assets. Accept more long-term stable investors.
	Private funds	<ul style="list-style-type: none"> Promoted healthcare funds. 	<ul style="list-style-type: none"> Develop new private fund products aimed at making it the 3rd core revenue stream and expand J-REIT AUM.
	Stock funds	<ul style="list-style-type: none"> Built steady track record in J-REITs. 	
Property Brokerage & CRE	Retail business	<ul style="list-style-type: none"> Expanded to 73 sites as doubling revenue over 5 years through development of diverse services. 	<ul style="list-style-type: none"> Build structure with 100 sites and 1,000 sales staff by FY22/3 to expand market share.
	Wholesale business	<ul style="list-style-type: none"> Restructured Corporate Real Estate Service Division of Nomura Real Estate Development and Nomura Real Estate Urban Net. Launched new branches in Fukuoka and Kyoto 	<ul style="list-style-type: none"> Improve productivity through effects of restructuring.
Property & Facility Management	Expansion of stock of properties under management	<ul style="list-style-type: none"> Growth due to increase in properties supplied by the Company. 	<ul style="list-style-type: none"> Secure personnel with the aim of expanding operations. Improve productivity through workstyle reform.
	Business base expansion	<ul style="list-style-type: none"> Growth due to expansion of orders for large-scale condominium repair work. 	<ul style="list-style-type: none"> Expand PPP/PFI businesses. Expand energy management business.
	Evolution of service menus		
	Fitness club business	<ul style="list-style-type: none"> Reduced withdrawal rate through enhanced customer satisfaction and improved profitability. 	<ul style="list-style-type: none"> Expand member numbers steadily. Boost new club openings.
	Senior business	<ul style="list-style-type: none"> Announced OUKAS elderly housing brand. Planning to open first project, OUKAS Funabashi, in October 2017. Business and capital tie-ups with nursing care providers. 	<ul style="list-style-type: none"> Establish business model which plays an important role of "Urban-type Compact Town." Supply elderly housing of 5,000 units in 40 buildings in 10 years.

Message from the CFO



Hiroyuki Kimura
Director, Executive Officer
Group CFO

Raising Group Value in Capital Markets through Active Dialogues

Mid- to Long-term Business Plan Progress

We began our new Mid- to Long-term Business Plan in the fiscal year ended March 31, 2017, with each business unit steadily pursuing the goals established within. As a result, while earnings declined in the Residential Development Business Unit amid recent market fluctuations, operating profit reached ¥77.2 billion due to steady growth in the Leasing Business Unit and Service & Management Sector.

Medium- to long-term initiatives are also proceeding smoothly in each business unit. In the Development Sector, we are steadily implementing initiatives to expand existing business areas and pursue new businesses, including overseas businesses. In the Service & Management Sector, business growth has outpaced expectations in every business unit.

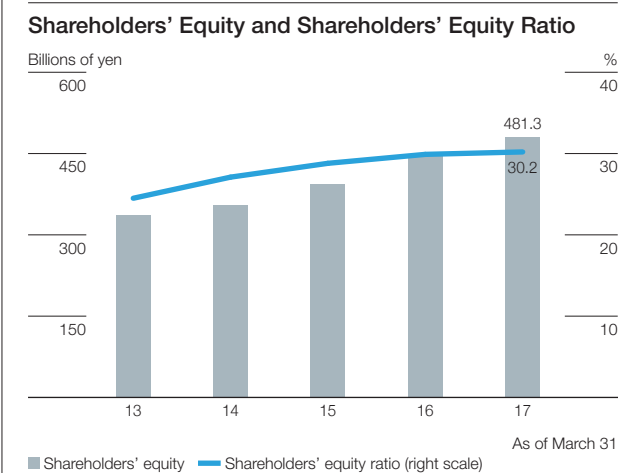
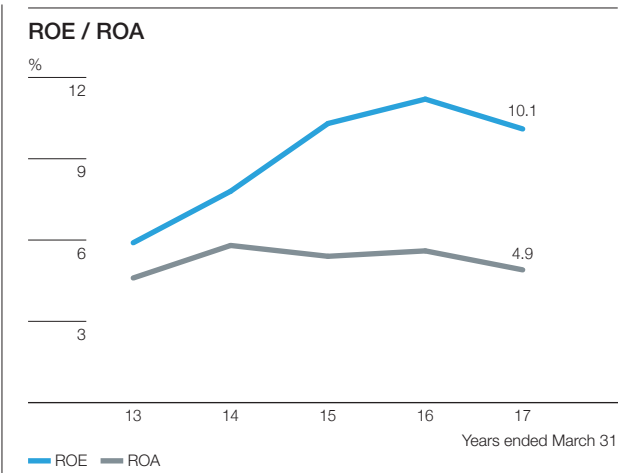
Our challenge moving forward is to execute course corrections appropriate to conditions in each business unit while striving for the targets of each phase laid out in the Mid- to Long-term Business Plan.

Our Business Portfolio Approach

In terms of the Group's business portfolio, I believe the way we combine the stock business (long term) with the property sales business (short term) and the fee business is a crucial point. By balancing these three businesses, we can diversify risks in the portfolio as a whole.

Projects in the disposition business (short term) span roughly three years from planning to sales, with profits and losses fluctuating in response to short-term market changes. When a new project starts three years after the previous one, it is implemented in accordance with market conditions at the time.

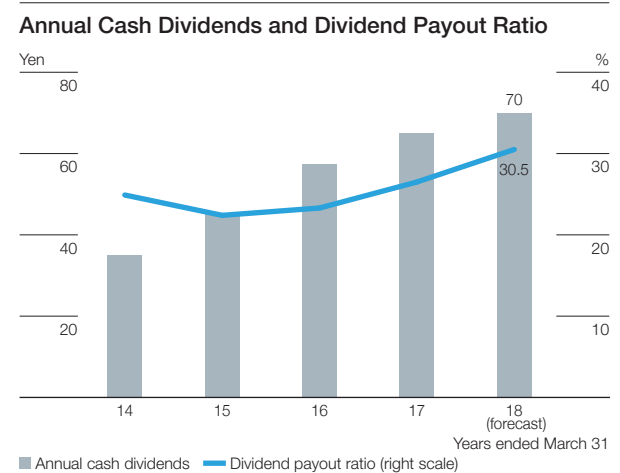
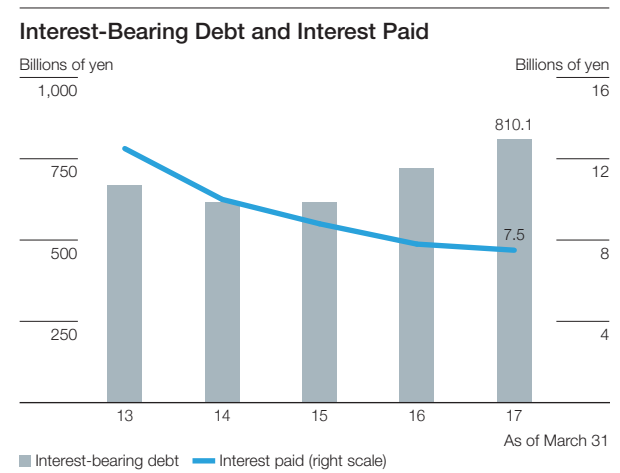
On the other hand, earnings in the stock business (long term) are stable in the short term, but long-term market fluctuation risks representing capital loss that can persist for long periods of time are also present, depending on when the property is readied. When markets are performing well, this is not a problem. However, because long-term



worsening of market conditions and damage to asset value could adversely influence ratings, there is substantial risk to balance sheets in this business.

In the fiscal year ended March 31, 2017, earnings decreased in the housing business, which is a part of the property sales business, with short-term market fluctuations. Meanwhile, earnings held stable in the leasing business, which is a part of the stock business, with the fee business also achieving steady growth. This enabled the Company as a whole to secure stable earnings. This conclusion has reconfirmed the importance of maintaining the balance between these three businesses, and we will continue to pursue business development in line with this policy moving forward.

In terms of the management benchmarks for ROE and ROA established in the Mid- to Long-term Business Plan, ROE was at 10.1% and ROA at 4.9% last fiscal year, a high level for a developer to sustain. This was accomplished by



maintaining awareness of the balance between the property sales, stock, and fee businesses, demonstrating the Group's uniqueness in this industry.

Financial Discipline and Capital Policy Approach

It may sound extreme, but financing from financial institutions such as banks is necessary for business continuation, as is financing from capital markets necessary for future growth.

Because real estate is a business that requires a large amount of financing, I have come to realize the importance of building relationships of trust with financial institutions. Our self-imposed standard is to maintain the shareholders' equity ratio at roughly 30%, which represents an important index when it comes to such relationships. Due to expansions of the balance sheet in the fiscal year ended March 31, 2017, interest-bearing debt increased ¥88.2 billion while



the shareholders' equity ratio rose to 30.2% as the result of a buildup of periodic income. In other words, financial discipline was maintained.

On the other hand, financing from capital markets is offered to corporations expected to grow and not for those showing no growth. Accordingly, I have been taking steps to speak with many of our investors and have our growth strategies evaluated. I have gathered that the Company is known for its unique ability to balance the three aforementioned businesses and maintain a high level of efficiency therein.

In terms of returns to investors, we have continued to increase dividends for five consecutive years along with realizing profit growth every fiscal year for a number of years. In the fiscal year ending March 31, 2018, we expect a year-on-year decrease in earnings. However, in order to maintain stable dividend payments and achieve our target dividend payout ratio of 30%, we plan to increase annual dividends ¥5.0 over the previous fiscal year, to ¥70.0. Our remaining income, which will become retained earnings, will be used to finance investment in growth moving forward as part of our efforts to increase corporate value.

For Investors

The stock market is pervaded by deep-rooted concern for Japan's long-term economic growth. With domestic markets as its main focus, the outlook for the Group does not seem encouraging. However, to have our ability to produce stable and continuous earnings evaluated even in the midst of such an environment, we must explain our processes more precisely.

While we have already received diverse feedback from investors, we at the Company will strive to use our own knowledge and experience to incorporate a number of business opportunities into the management process. It is also

my intention to conduct management that is consistent with the expectations of all of our investors while complying with stewardship and corporate governance codes.

Our goal is to conduct even more dialogues with our investors in the future. I ask for your continued understanding and support moving forward.

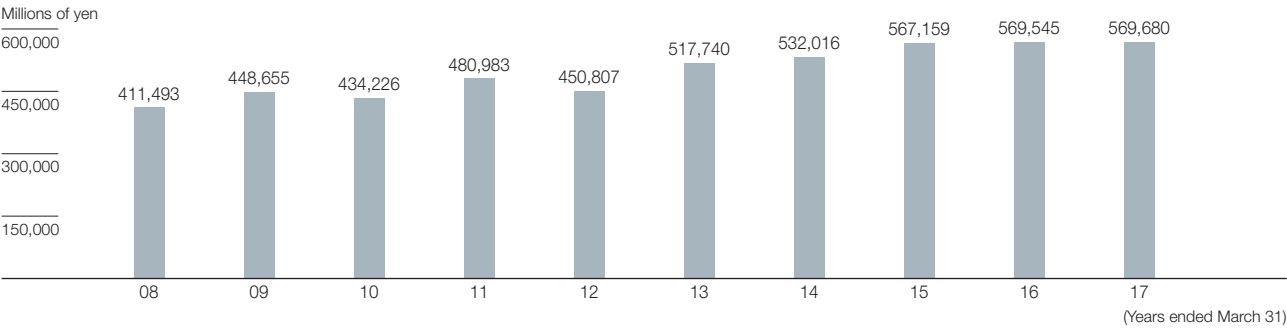
Column: Investor Engagement

The Company is working to deepen understanding of its long-term growth strategy by actively taking advantage of opportunities for dialogue between management and investors. In the fiscal year ended March 31, 2017, a total of 427 IR meetings were held with investors. Of these meetings, 199, or 47%, included members of top management, such as the CEO or CFO. Furthermore, both diverse feedback from our investors and shareholder trends are reported to the Board of Directors for use in forming and communicating management strategy.

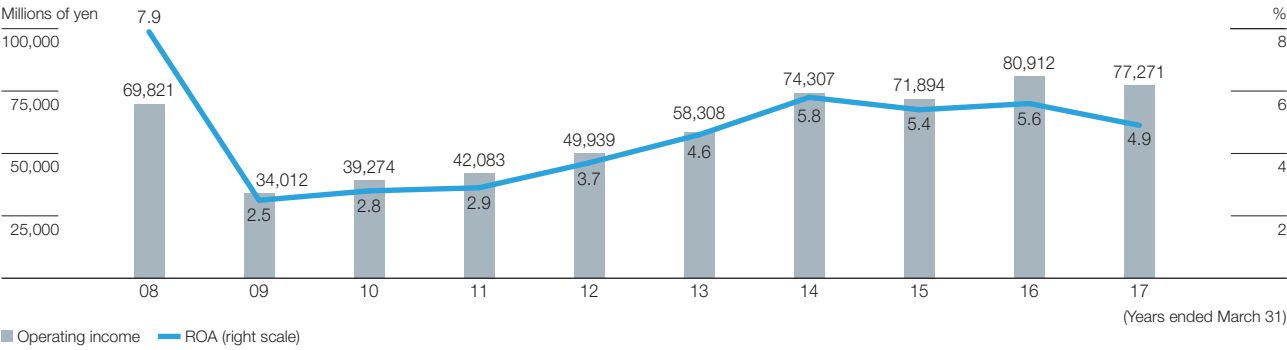


Main Financial Indicators

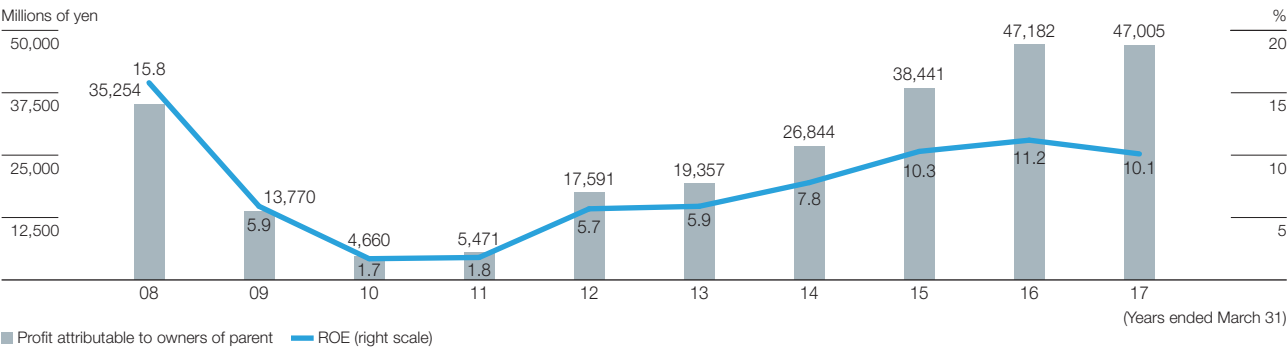
Operating Revenue



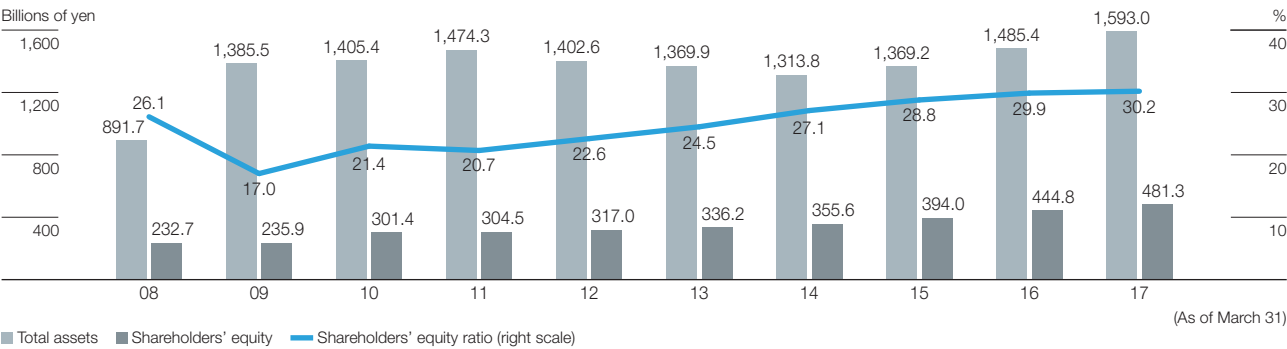
Operating Profit and ROA*1



Profit Attributable to Owners of Parent and ROE*2

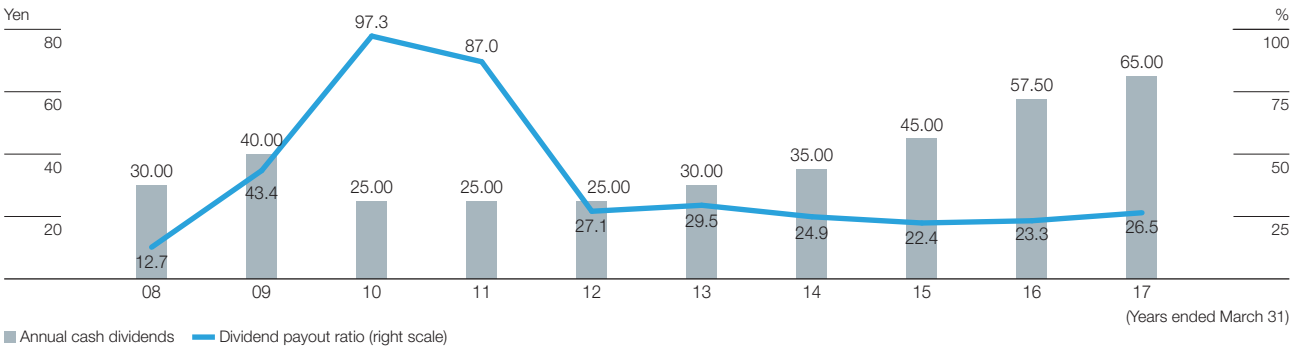


Total Assets, Shareholders' Equity, and Shareholders' Equity Ratio

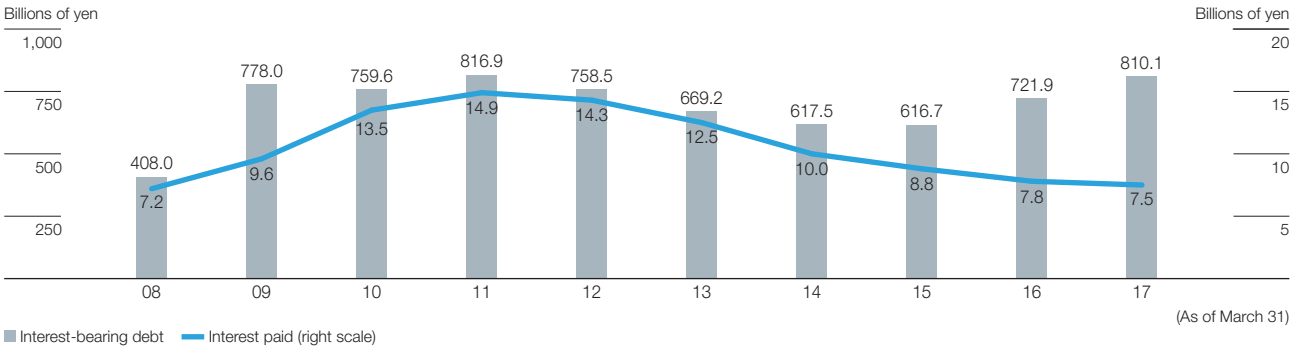


*1. ROA = (Operating income + Non-operating income) / Total assets at end of the fiscal year
*2. ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

Annual Cash Dividends and Dividend Payout Ratio

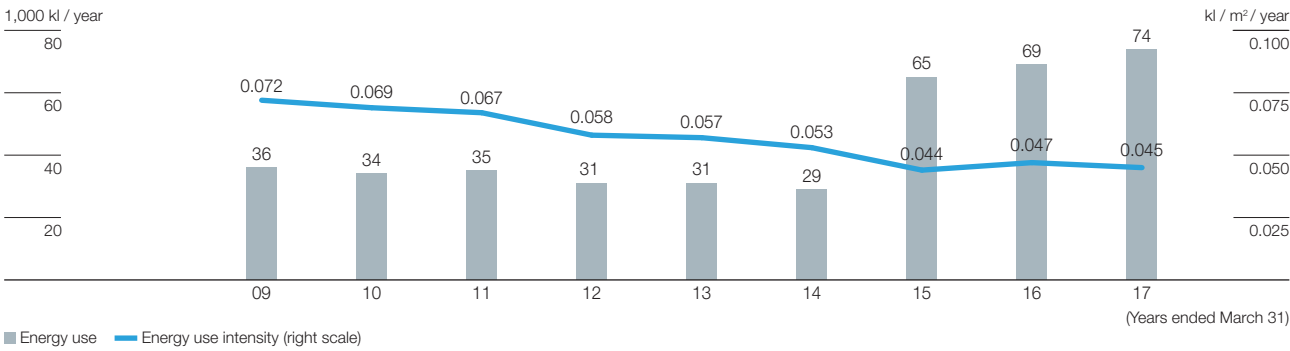


Interest-bearing Debt and Interest Paid

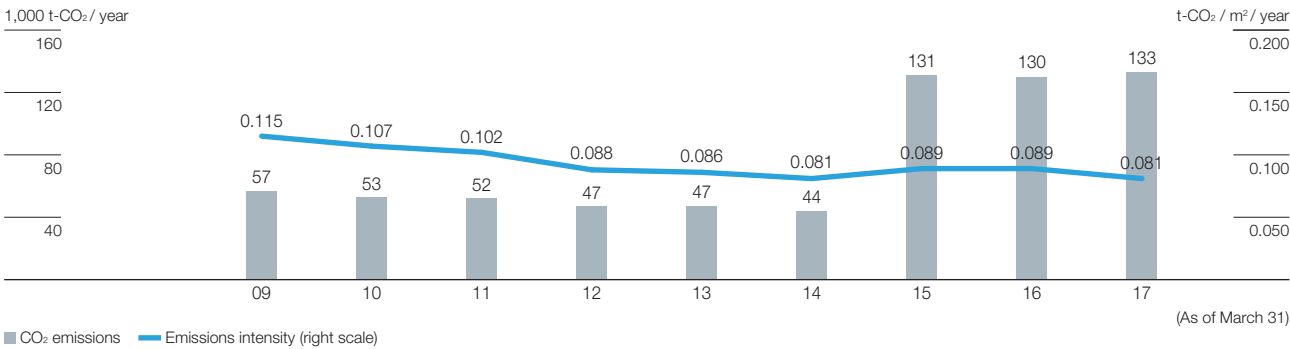


Main Non-Financial Data

Oil Converted Energy Use and Intensity*3



CO2 Emissions and Intensity*4



*3. Up until the fiscal year ended March 31, 2014, calculated for the 7 buildings (buildings with a primary use as office space) applicable to the Tokyo Metropolitan Ordinance on Environmental Preservation in which the Nomura Real Estate Group retains an interest of more than 50,000 m². Data for the fiscal year ended March 31, 2015 was calculated for 143 facilities, data for the fiscal year ended March 31, 2016 was calculated for 142 facilities, and data for the fiscal year ended March 31, 2017 was calculated for 181 facilities, subject to reporting requirements under the Energy Conservation Act, excluding condominium sales centers.
*4. CO2 emissions are calculated using the emissions coefficient designated in the Tokyo Metropolitan Ordinance on Environmental Preservation.

	'08/3	'09/3	'10/3	'11/3	'12/3	'13/3	'14/3	(Millions of yen)			
								'15/3	'16/3	'17/3	'18/3 (forecast)
Operating revenue	411,493	448,655	434,226	480,983	450,807	517,740	532,016	567,159	569,545	569,680	646,000
Operating gross profit	130,391	100,763	105,576	107,222	114,910	134,571	159,335	162,051	177,973	177,241	—
Operating profit	69,821	34,012	39,274	42,083	49,939	58,308	74,307	71,894	80,912	77,271	76,000
Ordinary profit	60,291	23,702	23,967	26,149	34,173	45,806	64,058	63,681	72,679	68,952	67,000
Profit attributable to owners of parent	35,254	13,770	4,660	5,471	17,591	19,357	26,844	38,441	47,182	47,005	44,000
Cash flows from operating activities	7,639	(108,030)	19,266	33,947	43,876	89,295	83,535	23,837	13,258	(31,889)	—
Cash flows from investing activities	(13,347)	(141,788)	(24,571)	(33,730)	7,809	(2,588)	(20,191)	(32,476)	(59,714)	(54,558)	—
Cash flows from financing activities	8,790	295,507	13,098	(7,485)	(63,296)	(94,666)	(57,858)	(8,983)	53,637	76,575	—
Capital investment* ¹	18,174	56,662	26,796	37,570	14,098	18,963	21,938	38,871	50,367	61,300	—
Depreciation and amortization* ²	4,892	7,148	10,758	12,835	13,534	13,513	14,333	15,258	16,026	16,877	—
Per Share Data (Yen):											
Profit attributable to owners of parent	236.09	92.21	25.69	28.74	92.38	101.61	140.70	201.28	246.42	245.10	229.31
Cash dividends	30.00	40.00	25.00	25.00	25.00	30.00	35.00	45.00	57.50	65.00	70.00
Balance Sheet Data (As of March 31):											
Total assets	891,700	1,385,531	1,405,424	1,474,331	1,402,624	1,369,949	1,313,887	1,369,226	1,485,449	1,593,093	—
Current assets	630,916	740,266	709,618	636,925	585,332	535,103	496,978	549,300	608,779	684,306	—
Inventories	454,621	481,489	458,921	433,386	396,857	369,667	349,167	429,764	496,910	570,888	—
Equity investment	92,873	109,076	94,889	60,948	41,895	29,578	7,128	6,316	819	2,567	—
Non-current assets	260,783	645,265	695,805	837,406	817,292	834,845	816,909	819,926	876,670	908,786	—
Total net assets	235,551	281,375	349,437	357,365	376,486	398,276	418,697	461,031	456,408	493,813	—
Interest-bearing debt	408,016	778,073	759,636	816,910	758,562	669,268	617,583	616,700	721,900	810,100	—
Management Benchmarks (%):											
ROA* ³	7.9	2.5	2.8	2.9	3.7	4.6	5.8	5.4	5.6	4.9	—
ROE* ⁴	15.8	5.9	1.7	1.8	5.7	5.9	7.8	10.3	11.2	10.1	—
Operating margin	17.0	7.6	9.0	8.7	11.1	11.3	14.0	12.7	14.2	13.6	11.8
Dividend payout ratio	12.7	43.4	97.3	87.0	27.1	29.5	24.9	22.4	23.3	26.5	30.5
Shareholders' equity ratio	26.1	17.0	21.4	20.7	22.6	24.5	27.1	28.8	29.9	30.2	—
Number of employees (people)	4,347	4,998	5,195	5,300	5,399	5,581	5,747	6,029	6,233	6,457	—

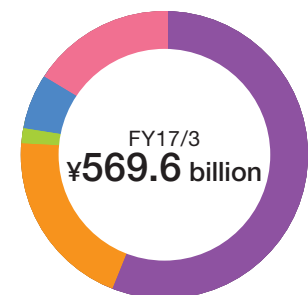
*1. Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" in the consolidated statements of cash flows.

*2. Depreciation and amortization represents the amount shown for "Depreciation and amortization" in the consolidated statements of cash flows.

*3. ROA = (Operating income + Non-operating income) / Total assets at end of the fiscal year

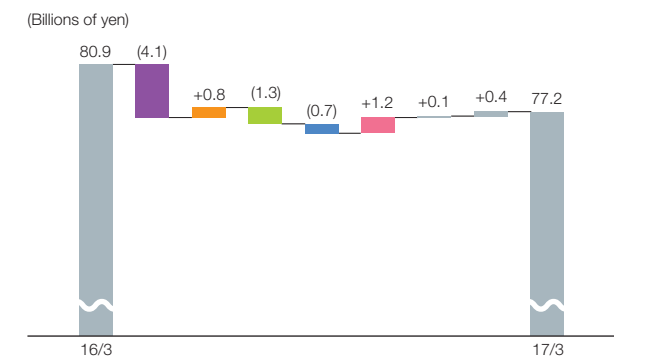
*4. ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

*5. From the fiscal year ended March 31, 2017, the classification of Yokohama Business Park Heating and Cooling Supply Co., Ltd. (now: Nomura Real Estate Heating and Cooling Supply Co., Ltd.) has been changed from the Leasing Business Unit to the Property & Facility Management Business Unit. Due to this change, the full-year results for the fiscal year ended March 31, 2016 are classified under the new classification.

Composition of Operating Revenue*⁵

(Millions of yen)	15/3	16/3	17/3
Residential Development Business Unit	359,397	334,514	329,787
Leasing Business Unit	92,878	110,226	115,009
Investment Management Business Unit	9,166	10,973	9,662
Property Brokerage & CRE Business Unit	30,232	35,373	34,820
Property & Facility Management Business Unit	85,837	91,552	95,764
Other Business Unit	3,008	1,353	106

Operating Profit Factor Analysis



Main Factors

Residential Development Business Unit	Decrease in units sold in housing sales
Leasing Business Unit	Increase in rents due to improved vacancy rates, etc.
Investment Management Business Unit	In response to asset acquisition fees from merging three REITs in fiscal 2015
Property Brokerage & CRE Business Unit	In response to inventory sales in fiscal 2015
Property & Facility Management Business Unit	Increase in income from construction ordered

A commitment to social and environmental issues has contributed to sustainable growth for the Group.

Seiichi Miyajima
Executive Vice President
Group COO



CSR and Earnings Growth on Equivalent Vectors

On April 1, 2017, I became the Group COO, taking on corporate management for not only the Development Sector, which I previously headed, but the Group as a whole. The role of COO is of vital importance in further demonstrating our capabilities as a general real estate group and in pursuing mixed-use redevelopment projects, particularly urban-type compact towns, for which, as a main focus of the Group, enhancing a wide array of assets and services is indispensable. I have also chaired the CSR Committee since April 2016, a job which has, most notably, involved spreading the word on the CSR aspects of each and every Group project, both within the Company and externally. In terms of real estate development, consideration for CSR is present from the planning stage onward so that our products and services can contribute to addressing the challenges facing society.

With “building cities that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits” as corporate philosophies, the Group has established safety/security, the environment, community, and health/comfort as its four key CSR themes. These philosophies and key themes support Group CSR activities and are fundamental to our medium- to long-term growth strategy. In actuality, executive management

has embedded these philosophies in its guidelines for conduct and decision-making from the beginning as a tool for tackling all types of issues that may arise. When I became the chair of the CSR Committee in April 2016, my first duty was to instill a stronger awareness of the importance of CSR in our employees. Real estate is an industry with strong connections to the establishment of social infrastructure and the laying of foundations on which people build their lives. I believe that this perspective will enable us to achieve sustainable growth for generations to come.

Concern for profits is natural for any company, but for me, I would rather develop properties that hold on to their value years down the line, even given the up-front costs. For instance, commitment to environmental performance may increase costs and affect profitability, but only temporarily. In my experience, each improvement strengthens our brand power as well as our image as a company deserving of trust and leads to sustainable profits in the medium to long term. Urban development takes many years to accomplish. For the Group, with urban development as its corporate mission, adding richness to the lives of the people living, working, gathering, and relaxing in our communities is of key importance. We intend to continue providing new value while pursuing this goal. If we do not keep moving forward, we will fall behind and lose the approval of society. In this

CSR Promotion Structure





sense, I believe that pursuing CSR with a strong focus on “building cities that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits” is indispensable to our growth strategy.

Tackling Environmental Issues to Expand Growth Opportunities

In 2009, the Group established its Environmental Statement to promote environmental initiatives, such as the Residential Development Business Unit’s PROUD Environmental Evaluation Sheets. In addition, the Leasing Business Unit instituted a policy to secure DBJ Green Building Certification and BELS Certification for properties acquired from April 2017 and thereafter, including offices, commercial and logistics facilities, and lease housing.

For tenants moved into residences, offices, and commercial buildings, high environmental performance brings comfort and lower running costs, including utilities expenses. You could say that using office buildings with high environmental performance levels is in itself part of the tenant company’s CSR activities. In addition, while we profit from selling developed real estate to Group REITs, those with properties earning above a certain level of environmental certification have been gaining in approval from capital markets.

External evaluations assess more than just environmental performance. Funabashi Morino City has earned the ÉcoQuartier quality label and a World Smart City Award, two examples of acknowledgments for urban development and community-building. Moreover, we are able to use the experience and know-how gained by taking on particularly cutting-edge initiatives in the development of other projects.

Evaluations from external sources are easily recognizable indicators of achievement. We need to use those evaluations to our benefit in order to gain renown for our dedication to performance and generate business opportunities. Increased opportunities to build smart cities overseas, should they present themselves, will provide further chances to use our extensive know-how. Although our

overseas business has just begun, we hope to attract demand for the expertise we have cultivated in Japan to be used in development projects overseas in accordance with local requests.

Achieving Growth in Line with Social Changes

As a result of population decline due to a low birth rate and aging society, social needs and customer values are becoming more diverse in Japan. We must, of course, change with them. The real estate industry, the Nomura Real Estate Group included, experienced heavy losses when the economic bubble burst in the 1990s. Consequently, we lost the ability to invest our resources freely. In the midst of those harsh circumstances, we established our PROUD brand. Over the past 15 years, our customers have been driving the elevation of the brand, which they have commended. This success, however, could box us in. There is concern that it will lead to homogeneous responses to changes at hand. “Diversity” has recently become a key word among corporations in reference to the use of human resources. Our approach to diversity avoids homogeneity and seeks to respond to changing times and a changing society.

Revising our systems that support child-rearing, caregiving, and reemployment is a given, but in keeping with the coming times, we have also revised our system for evaluating personnel for the first time in 20 years. The revised system stresses



the cultivation of human resources and fair evaluation of job performance in terms of allowing employees to fully demonstrate their abilities. The emphasis of our human resource cultivation strategy is to entrust our employees with their own development. This concept is part of the Nomura Real Estate Group’s DNA, and I believe it is the best way to avoid homogeneity. This does not mean, however, that they are neglected. Advice offered at the appropriate time is an indispensable part of development. But when employees are micromanaged, it can lead to a homogeneous workforce. Communication is key to respecting individuality and ideas and entrusting employees with their own development. I do not only mean vertical communication between superiors and subordinates. I also mean communication that facilitates the cooperation between diverse business units necessary to conduct urban development in the midst of the social changes I mentioned earlier from a perspective that is open-minded when it comes to real estate. We must proceed with human resource cultivation and value creation that pursue overall optimization and collaboration between departments and units. In this sense, vertical, horizontal, and diagonal communication are all of equal importance. One way we have worked to achieve such communication is to change the organizational structure of the Residential Development Business Unit from one divided by function into land acquisition, development, and management to one grouped by development area and project. Our sales representatives are in direct contact with customers and have many natural examples at hand to use in developing proper responses to diverse customer needs and requests. I feel positive about our team.

Linking Diversity to Growth

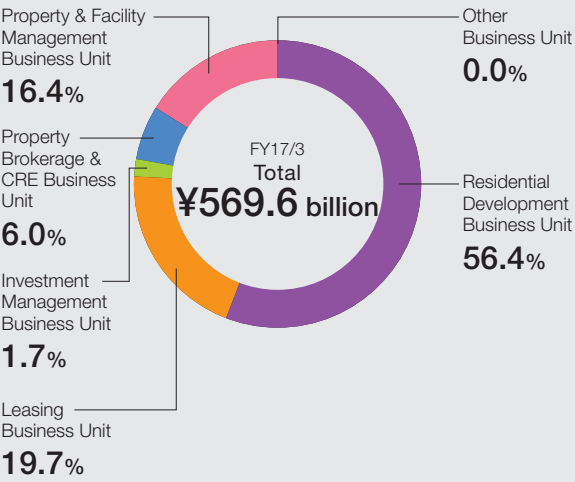
By being fastidious about superior quality, we have strived to achieve differentiation while creating new value and realized steady earnings growth. I myself come from a technical field and am quite fastidious. But perfectionism takes a lot of time. Japan is

now in the midst of workstyle reform. Increasing productivity and decreasing working hours are part of that reform. Reducing time spent on tasks may require being prepared to sacrifice a bit of our perfectionism. However, by spending time on fastidiousness, we will have experience to draw on the next time we face similar challenges, which will doubtless increase the speed with which we arrive at a solution. While this represents another style of working, we must first reform inefficient practices and work to increase productivity. Streamlining will increase free time, allowing employees to establish a work-life balance and find increased fulfillment in family, hobbies, self-improvement, and more. My hope is that this will result in an evolution of ideas, creating as yet unforeseen ways of generating added value. Increasing competitiveness by means of new value creation achieved through employee growth and the development of rich ideas and the production of new cycles for earnings growth are two concerns moving forward.

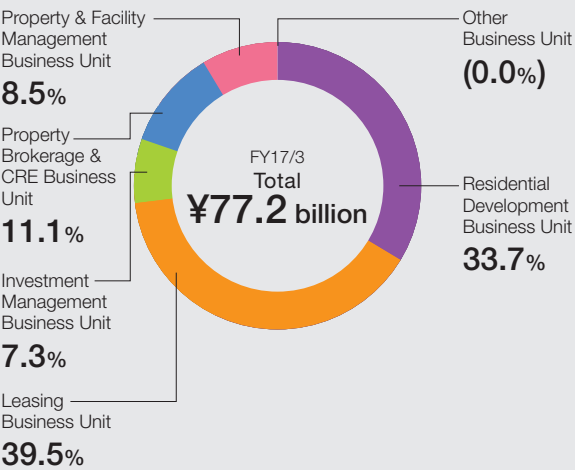
In Closing

Our strong relationship with the stakeholders most closely connected to our business activities is of extreme importance. In the housing business, for instance, it is important that our relationship with buyers does not end with the sale, but continues after move in. Customers have different needs corresponding to different life events, from after move in to management, repair, property brokerage, remodeling, relocation to assisted living facilities, and more. The Group strives to offer services that meet these needs. The understanding and cooperation of our business associates and partners are indispensable to accurately providing the most ideal products and services. In order to raise our corporate value for our shareholders and investors, we have to go after sustainable growth. As a corporate group with appeal and inimitable individuality, we will work determinedly on each challenge we face to earn the trust and faith of our stakeholders moving forward.

Composition of Operating Revenue*



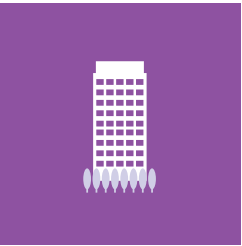
Composition of Operating Profit*



* The total shown at the center of the pie chart includes "eliminations or corporate" within segment information. As a result, data differs when totaling consolidated operating revenue and income from each business unit. The percentage breakdown is calculated based on the simple total amount of each segment. The resulting number is rounded to the first decimal place, which in some cases may mean the total does not add up to 100.0%.

Note: Yokohama Business Park Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Business Unit, was transferred to the Property & Facility Management Business Unit in the fiscal ended March 31, 2017. In line with this change, the financial results from the fiscal year ended March 31, 2016 have been calculated under the new classification.

Residential Development Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Reform Co., Ltd.
- PRIME X. Co., Ltd.
- First Living Assistance Co., Ltd.

Leasing Business Unit



- Nomura Real Estate Development Co., Ltd.
- NREG TOSHIBA BUILDING Co., Ltd.
- Geo-Akamatsu Co., Ltd.
- NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

Investment Management Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Asset Management Co., Ltd.

Property Brokerage & CRE Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Urban Net Co., Ltd.

Property & Facility Management Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Partners Co., Ltd.
- Nomura Real Estate Life & Sports Co., Ltd.
- Nomura Real Estate Heating and Cooling Supply Co., Ltd.
- Nomura Real Estate Wellness Co., Ltd.
- Nomura Real Estate Amenity Service Co., Ltd.
- NF Power Service Co., Ltd.

	Operating Revenue (Billions of yen)	Operating Profit (Billions of yen)	Performance Overview
	<div><div>359.3</div><div>334.5</div><div>329.7</div></div> <div>15/316/317/3</div>	<div><div>33.8</div><div>31.9</div><div>27.7</div></div> <div>15/316/317/3</div>	<ul style="list-style-type: none">• In the fiscal year ended March 31, 2017, operating revenue fell ¥4.7 billion, or 1.4%, to ¥329.7 billion, and operating profit fell ¥4.1 billion, or 12.9%, to ¥27.7 billion, largely due to a decrease in the total number of units in the Housing Sales Business. Condominium units sold decreased 478 year on year to 4,885, with the number of detached houses sold rising 39 to 682.
	<div><div>92.8</div><div>110.2</div><div>115.0</div></div> <div>15/316/317/3</div>	<div><div>24.4</div><div>31.7</div><div>32.5</div></div> <div>15/316/317/3</div>	<ul style="list-style-type: none">• In the fiscal year ended March 31, 2017, operating revenue rose ¥4.7 billion, or 4.3%, to ¥115.0 billion, and operating profit rose ¥800.0 million, or 2.7%, to ¥32.5 billion, due largely to an increase in rental income thanks to improvements in vacancy rates in the Leasing Business Unit and an increase in income from property sales in the property development business.
	<div><div>9.1</div><div>10.9</div><div>9.6</div></div> <div>15/316/317/3</div>	<div><div>4.8</div><div>7.3</div><div>6.0</div></div> <div>15/316/317/3</div>	<ul style="list-style-type: none">• In the fiscal year ended March 31, 2017, operating revenue fell ¥1.3 billion, or 11.9%, to ¥9.6 billion, and operating profit fell ¥1.3 billion, or 18.4%, to ¥6.0 billion, due largely to negative repercussions of asset acquisition fees related to the merger of the three listed REITs the Group manages (Nomura Real Estate Office Fund, Inc., Nomura Real Estate Residential Fund, Inc., and Nomura Real Estate Master Fund, Inc.) in the fiscal year ended March 31, 2016.
	<div><div>30.2</div><div>35.3</div><div>34.8</div></div> <div>15/316/317/3</div>	<div><div>8.4</div><div>9.9</div><div>9.1</div></div> <div>15/316/317/3</div>	<ul style="list-style-type: none">• In the fiscal year ended March 31, 2017, operating revenue fell ¥500.0 million, or 1.6%, to ¥34.8 billion, and operating profit fell ¥700.0 million, or 7.8%, to ¥9.1 billion, due largely to negative repercussions of recorded income from properties sold in the fiscal year ended March 31, 2016, despite an increase in brokerage transaction volume and value in the Property Brokerage & CRE Business Unit.
	<div><div>85.8</div><div>91.5</div><div>95.7</div></div> <div>15/316/317/3</div>	<div><div>5.7</div><div>5.6</div><div>6.9</div></div> <div>15/316/317/3</div>	<ul style="list-style-type: none">• In the fiscal year ended March 31, 2017, operating revenue rose ¥4.2 billion, or 4.6%, to ¥95.7 billion, and operating profit rose ¥1.2 billion, or 21.9%, to ¥6.9 billion, due largely to increases in work orders, such as large-scale repairs of condominiums, and in income from membership fees in the fitness club business.



Residential Development Business Unit

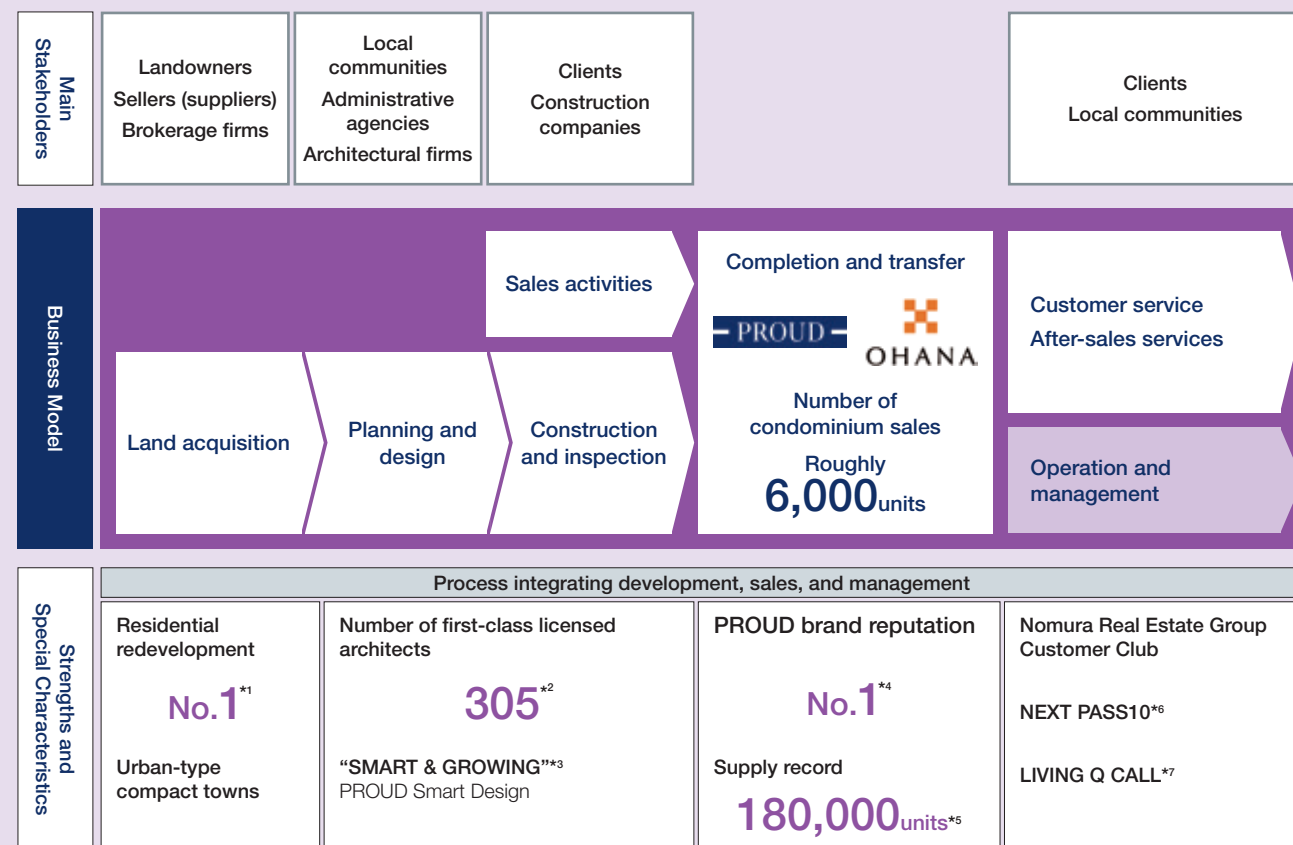
To achieve future growth, we are not only pursuing multifunctional and highly convenient urban development, starting with urban-type compact towns. We are also accelerating expansion into new areas, including core regional cities and locations overseas.

Shigeyuki Yamamoto

Executive Officer, in Charge of Residential Development Business Unit



Business Model



External Environments	Growth opportunities	<ul style="list-style-type: none">Diversifying residential needs due to changes in social environmentsContinuing trend toward more compact towns driven by the flow of people into urban areas
	Business risks	<ul style="list-style-type: none">Shrinking market for homes due to Japan's population declineRising home prices due to higher land prices and construction costs

^{*1} According to Company research

^{*2} License holders throughout the Group as of November 30, 2016

^{*3} The Group's original vision for next-generation condominiums can be found at: www.proud-web.jp/will/psd/ (Japanese only)

^{*4} According to Internet data applied to the 2016 Condominium Brand Survey published by Nikkei Inc. on May 23, 2016

^{*5} As of March 31, 2017

^{*6} Details on the industry's first maintenance support system can be found at: www.nomura-re-cc.jp/nextpass/ (Japanese only)

^{*7} Details on residence assistance services can be found at: www.nomura-pt.co.jp/qcall/ (Japanese only)



PROUD CITY Tsukaguchi Mark Forest



PROUD SEASON Sengawa Ryokukei no Machi

Business Environment

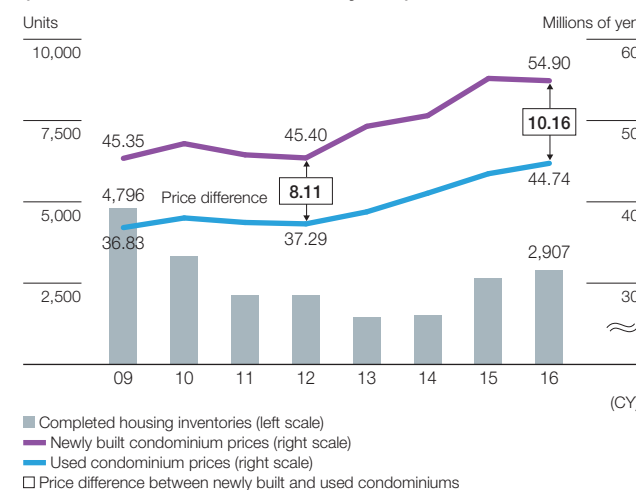
Due to increased land prices and construction costs, the selling price for homes has been rising since 2012. However, fiscal 2016 saw a letup, with prices remaining at largely the same level compared with the previous year. In addition to rising selling prices, completed housing inventories have been increasing, with both currently in the midst of a period of adjustment (Graph 1). Furthermore, due to increased selling prices, the number of contracts for newly built condominiums in the Tokyo metropolitan area has fallen to around 35,000

condominiums. On the other hand, the difference in price between newly built and used condominiums is rising, leading to an increase in contracts for used units, which surpassed those for newly built condominiums in 2016.

If we regard the total number of contracts for new and used condominiums as aggregate demand for condominiums in the Tokyo metropolitan area, actual demand is remaining stable at over 70,000 contracts per year (Graph 2).

Graph 1

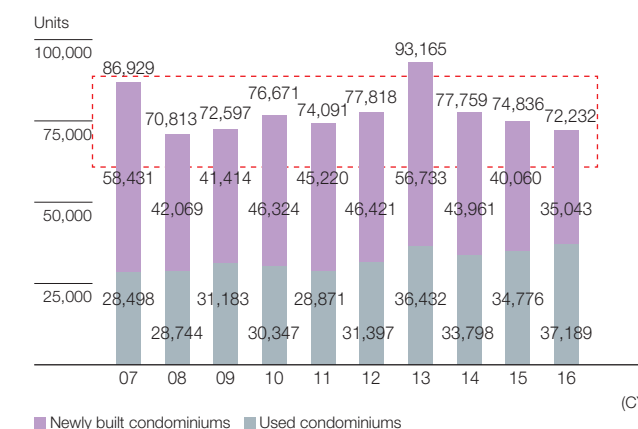
Completed Housing Inventories and Housing Prices of Newly Built and Used Condominiums (Constructed within the last 10 years)



Source: Created by the Company with information from Real Estate Economic Institute Co., Ltd. for newly built condominium prices and completed housing inventories, and the public interest incorporated foundation Real Estate Information Network for East Japan (REINS), for used condominium prices

Graph 2

Newly Built and Used Condominium Contracts (Tokyo Metropolitan Area)



Source: Created by the Company with information from Real Estate Economic Institute Co., Ltd. for the number of newly built condominium contracts, and the public interest incorporated foundation REINS, for the number of used condominium contracts

Overview of Mid- to Long-term Business Plan Progress

	Status	Policy on initiatives moving forward
Existing areas	<ul style="list-style-type: none">Lower profitability due to high market fluctuation.No. 1 results in ongoing residential redevelopment projects.	<ul style="list-style-type: none">Recover business speed. Boost marketing research skills.Expand redevelopment stock/plans for future growth.
New areas (Regional core cities)	<ul style="list-style-type: none">Secured business opportunities at 4 cities (Toyama, Niigata, Shizuoka, Okayama).	<ul style="list-style-type: none">Expand business area and build business promotion strategy through alliance.
New areas (overseas)	<ul style="list-style-type: none">New acquisition in China/Southeast Asia.Satisfactory sale of project in HCMC, Vietnam.	<ul style="list-style-type: none">Build alliances with local high-quality partners.Expand targeted countries and business enhancing investment ratio.
Business for owners of condos we sold*	<ul style="list-style-type: none">Launch of renovation business.Entry into home / living assistance business. (Established First Living Assistance)	<ul style="list-style-type: none">Early contribution to revenues.Contribution to group revenues by strengthening of customer relations.

* Business deriving from condos and houses sold in the past.

Business Policy and Mid- to Long-term Business Plan Progress

Recovering Business Speed in the Housing Sales Business

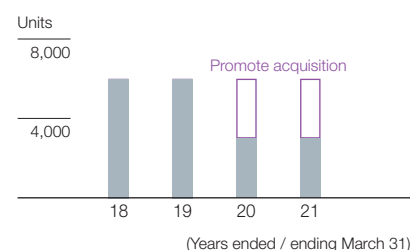
In terms of land acquisition, because we will have already secured the roughly 6,000 condominium units in our land bank that the plan calls for by the fiscal year ending March 31, 2018 and 2019, we will concentrate on making careful selections or purchases for the purpose of ensuring project volume from the fiscal year ending March 31, 2020 and onward (Graph 3).

In terms of business promotion, we are working to both enhance product appeal and reduce costs. All construction work on properties for the fiscal year ending March 31, 2018 has been ordered. However, in order to further improve product appeal and reduce costs before construction begins in the fiscal year ending March 31, 2019 and thereafter, we will work to strengthen our process integrating development, sales, and management (Graph 4).

In residential sales, we are working to recover business speed and secure contracts for 6,000 units per year (Graph 5). Specifically, along with taking steps to improve market research capabilities into such factors as movements in the market trends for newly built and used housing units and condominiums and demand forecasts, we are partnering with Nomura Real Estate Urban Net to enhance our sales structure. When it comes to property sales moving forward, what is most important is to be mindful of customers and the local community when setting prices. Other matters of importance include establishing new management styles and pursuing cost optimization in such areas as business expenses by, for instance, reexamining business activity processes based on customer needs.

Graph 3

Our Land Bank



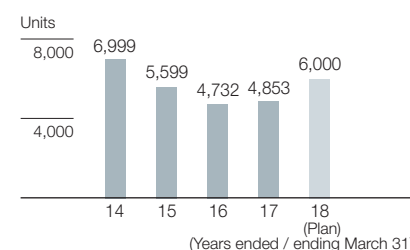
Graph 4

Status of Construction Orders



Graph 5

Trend of Our Condominium Sales



Strengthening Our Competitive Edge in Existing Areas of Operation in Japan

Our policy for securing project volume is to utilize various business techniques—including mixed-use development, redevelopment, and housing renovation—in areas, particularly the Tokyo metropolitan area, where we already conduct business.

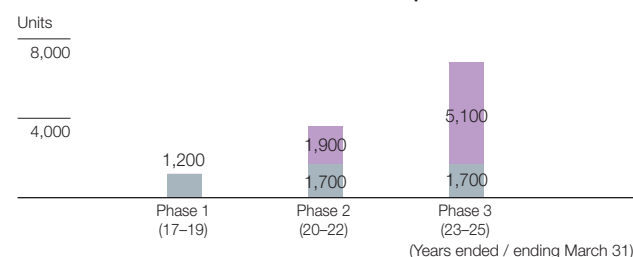
Of the roughly 100 residential redevelopment projects that are ongoing in the Tokyo metropolitan area, our share is approximately 30%, which puts us at the top of the industry. We aim to commercialize the 4,600 properties we will have accumulated by Phase 3 as well as the 7,000 properties still in the planning stage (Graph 6). Moving forward, we will work together with landowners, local communities, and all of our stakeholders to attain a strong position in terms of meeting

customer needs in reconstruction and redevelopment projects, such as work in areas surrounding stations.

In addition, urban-type compact towns, the focus of the Group, are currently being developed in the Tsunashima and Hiyoshi districts of Yokohama, Kanagawa. On top of multifunctional and highly convenient mixed-use urban development that utilizes smart infrastructure, we are promoting positive urban development—such as planning mixed-use redevelopment, including the elderly housing, of the Mitaka Shimorenjaku Project (tentative name) in Mitaka, Tokyo—together with Nomura Real Estate Wellness (Figure 1).

Graph 6

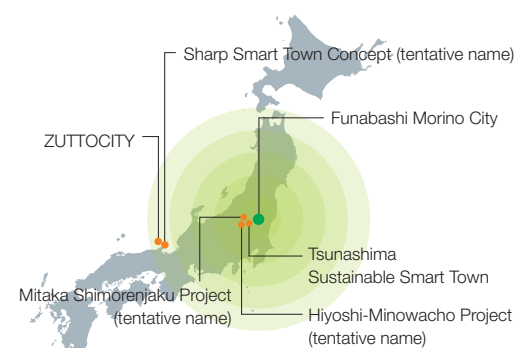
Total Units in the Residence Redevelopment Business



■ Housing land bank*1 ■ Project under planning*2
*1. Project schedules determined
*2. Project schedules not yet determined

Figure 1

Effort to Spread Urban-Type Compact Towns



Expanding the Overseas Business Built on Group Know-How

In the Overseas Business, we plan to invest ¥300.0 billion in both the Residential Development Business Unit and the Leasing Business Unit by Phase 3 (March 31, 2025), as mentioned in the Mid- to Long-term Business Plan.

We are pursuing policy based on alliances with exceptional local partners for thorough risk management and higher profits.

In order to utilize the skills and experience acquired by the Company, we are targeting rapidly growing ASEAN countries where the focus has shifted from quantity to quality. Specifically, we are involved in housing projects in Ho Chi Minh City and Shenyang, China, and mixed-use housing and commercial projects in Manila (Figure 2).

Figure 2

Overseas Business Initiatives



Ho Chi Minh City, Vietnam
Total number of units:
Approx. 2,300
Our share: 12.25%
Term to be posted:
FY2021/3



Shenyang, China
Total number of units:
Approx. 4,100
Our share: 11.25%
Term to be posted:
FY2020/3



Manila, the Philippines
Total number of units:
Approx. 1,400
Our share: 20.00%
Term to be posted:
around FY2022/3

Creating Environmental and Social Value through Business Activities

Certification for Sustainable Coexistence of Humans and Nature

With the goal of achieving sustainable coexistence between humans and nature, PROUD CITY Musashino Mitaka, a property extending over 1,600 m² with a large park and a total of 334 units, has acquired ABINC*1 Certification for biodiversity as well as an AA rating from JHEP.*2 Such double certification is a first in the for-sale housing industry in Japan. This property received ABINC Certification because it was evaluated as having over 20% of the building site preserved for biodiversity contributions. JHEP Certification compares biodiversity value before and after a project. The PROUD CITY property's high rating is due to its showing higher value after project completion than before it commenced, as well as other factors.



PROUD CITY Musashino Mitaka
*1 Certified by Association for Business Innovation in harmony with Nature and Community (general incorporated association)
*2 Certified by Japan Habitat Evaluation and Certification Program (public interest incorporated foundation)

By promoting urban development that is appealing to both residents and those in the surrounding community, the Group is working to increase corporate value in a sustainable manner.

Remodeling Proposals to Prepare Multigenerational Homes to Facilitate Future Nursing Care

The Remodeling Business, which is part of the business for owners of condos we sold, strives to not only meet the needs of individual clients but also contribute to the efficient use of social resources and energy in terms of property use. We are also taking on social needs, particularly through Nomura Real Estate Reform, including proposing remodels to prepare multigenerational homes to facilitate nursing care.



Wheelchair-accessible toilet



Steps removed and benches and handrails equipped in entryways

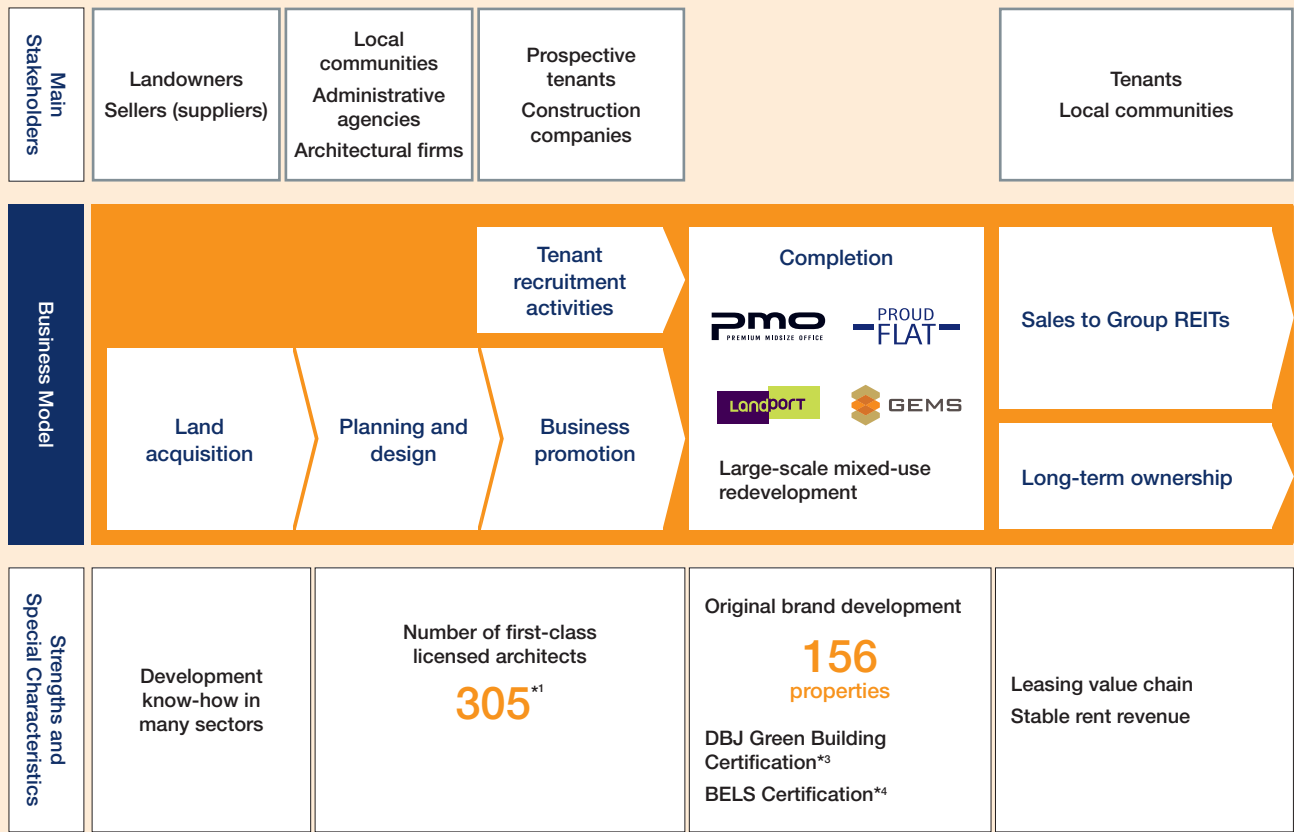
Leasing Business Unit

We are promoting property development and conducting large-scale mixed-use redevelopment, particularly in urban areas where reconstruction and redevelopment are ongoing.



Minoru Hatada
Executive Officer, in Charge of Leasing Business Unit

Business Model



External Environments	Growth opportunities	<ul style="list-style-type: none"> • Increase in demand for redevelopment and reconstruction projects given a rising number of aging buildings • Acceleration in urban development in central Tokyo • Increasingly diverse and sophisticated needs from each facility type
	Business risks	<ul style="list-style-type: none"> • Fall in demand for large-scale office buildings, etc., due to oversupply • Cutbacks in offices due to worsening corporate performance • Lack of suitable land for development • Reductions in sales opportunities due to worsening REIT markets

^{*1} License holders throughout the Group as of November 30, 2016
^{*2} Results for the period ended March 31, 2017 (including projects under construction)
^{*3} The Development Bank of Japan Inc.'s certification system to support real estate that is considerate of the environment and society
^{*4} Association for Housing Performance Evaluation & Labeling's (general incorporated association) certification system to provide third-party evaluation of energy saving performance based on Ministry of Land, Infrastructure and Transport guidelines



Yokohama Nomura Building



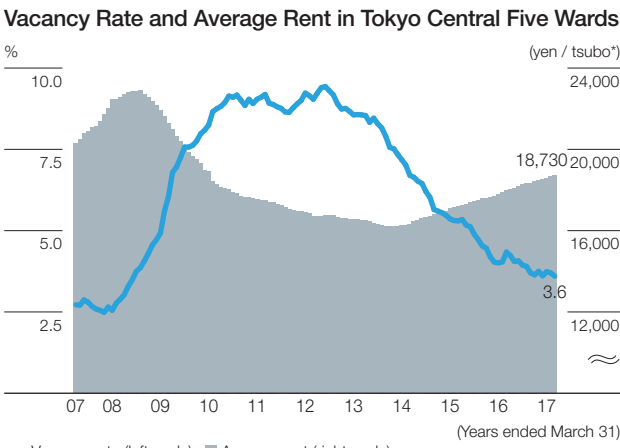
Nihonbashi Muromachi Nomura Building

Business Environment

Both vacancy rates and rent levels for office buildings in the five wards of central Tokyo are gradually improving (Graph 1). This is due to tenant needs for more office space and over 300,000 m² in stable new demand per year since the start of Abenomics. In terms of the outlook for all 23 wards of Tokyo, on the other hand, there is concern that markets will weaken as supply diminishes from 2018 onward, but supply levels from 2018 to 2020 are expected to remain consistent with past levels. Moreover, even if the impact of decreased floor space resulting from the destruction of older office buildings is temporary, the

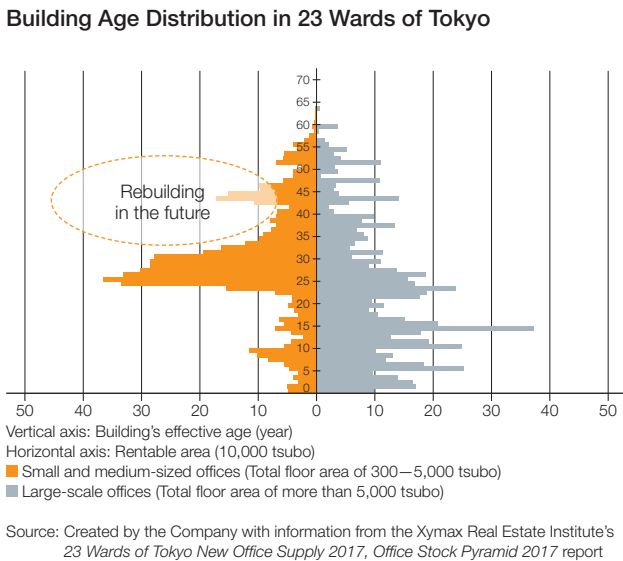
possibility of rapidly rising vacancy rates may still prove restrictive. Given the possibility of rent levels of S-class buildings influencing the market as a whole, it will be necessary to monitor shifts in those levels. In addition, small and medium-sized buildings built 35 years ago, or more, to outdated earthquake resistance standards account for roughly 5 million m² of leaseable floor space. Such buildings will need to be rebuilt in the future, presenting us with a new business opportunity that we are keeping an eye on (Graph 2).

Graph 1



Source: Created by the Company with information from Miki Shoji Co. Ltd.
^{*} 1 tsubo = 3.3 m²

Graph 2



Overview of Mid- to Long-term Business Plan Progress

	Status	Policy on initiatives moving forward
Growth of leasing revenues	<ul style="list-style-type: none"> • Focus on the Tokyo metropolitan area (large-scale mixed-use redevelopment etc.). • 600 billion yen in funds to invest up by phase 3. 	<ul style="list-style-type: none"> • Promote acquisition targeting for investment plan of 900 billion yen.
Growth of sales revenues	<ul style="list-style-type: none"> • Utilizing group synergy to provide leasing value chain, etc., property stock for sale expanded to approx. 250 billion yen. 	<ul style="list-style-type: none"> • Maintain acquisition and sales of 100 billion yen for each fiscal year.
New areas (overseas)	<ul style="list-style-type: none"> • Considering specifically on new properties in Southeast Asia. 	<ul style="list-style-type: none"> • Focus on cities with higher priority. • Look to expand acquirable assets.
Entry into new sectors	<ul style="list-style-type: none"> • Secured projects in the hotel business. 	<ul style="list-style-type: none"> • Develop product and brand aimed at continual business expansion.

Business Policy and Mid- to Long-term Business Plan Progress

Investment Policy

The Mid- to Long-term Business Plan calls for ¥1.8 trillion in investment in such activities as large-scale mixed-use redevelopment and property development in pursuit of successful lease asset acquisition and development. Of that, roughly 50% (¥900.0 billion) will be retained, with the remainder going to Group REITs (Figure 1). Along with pursuing large-scale mixed-use redevelopment of properties with outdated earthquake resistance measures requiring reconstruction and redevelopment, we are moving ahead with medium-scale property development of properties such as PMO, GEMS, PROUD FLAT, and Landport. The Group does more than conduct large-scale development. It also carries out distributed development, including medium-scale development.

Figure 1

Investment Plan

Billions of yen

	Phase 1	Phase 2	Phase 3	Total
Leasing Business				
Investment	400	600	800	1,800
Recovery	150	300	400	850
Net investment	250	300	400	950
Return on investment	38%	50%	50%	47%

Promoting Large-Scale Mixed-Use Redevelopment

By Phase 3, we hope to invest ¥600.0 billion in large-scale mixed-use redevelopment projects, mainly in central Tokyo (Figure 2). As part of that aspiration, the Shibaura 1-Chome Redevelopment Project is slated to be the Company's largest development project, with floor space covering 550,000 m².

We are looking into replacing a pedestrian walkway and three bridges as well as revitalizing travel by boat and hope to reach a city planning decision within the year. For the as yet unalocated ¥300.0 billion, we are actively examining individual projects for the purpose of new investment.

Figure 2

Major Redevelopment

Project name	Main use	Area planned to (except for residential)	Phase 1 (2017–2019)	Phase 2 (2020–2022)	Phase 3 (2023–2025)
Yokohama Nomura Building	Office	56,017 m²	Complete		
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	Office Retail	Approx. 12,000 m²	Start	Complete	
Musashi-Koganei Station 2nd District Redevelopment	Retail Residential	Approx. 12,000 m²	Start	Complete	
Minamikojiwa 6-chome Redevelopment*	Retail Residential	Approx. 4,500 m²		Start	Complete
Soto-Kanda 1-chome Redevelopment	Office	Approx. 43,000 m²		Start	Complete
Iidabashi Station Central Redevelopment	Office Residential	Approx. 20,000 m²			
Nishi-Azabu 3-chome Redevelopment*	Hotel Residential	TBD			
Nishi-Shinjuku 3-chome West Redevelopment*	Retail Residential	Approx. 21,000 m²			
Shibaura 1-chome Rebuilding* (Designated as National Strategic Special Zone)	Complex	Approx. 550,000 m² (Total floor area)		Start	
Nihonbashi 1-chome Central District Redevelopment* (Proposed as a National Strategic Special Zone)	Office	TBD		Start	
Nishi-Nippori Station-Front Redevelopment*	Retail Residential	Approx. 17,000 m²			
Shinbashi Station West Exit Redevelopment*	Office Retail	TBD			Start
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building)*	Office	TBD		TBD	

*JV projects
All projects are in the planning stage and are subject to change.

Expanding Property Development

Based on project expenses, we acquire roughly ¥100.0 billion in property development projects that support development and sales activities centered on the PMO series of office buildings, GEMS series of commercial facilities, PROUD FLAT series of lease condominiums, and Landport series of logistics facilities every period. Our policy is to sell the properties we develop, and so achieve a steady sales income. Based on this policy, we acquired 19 properties valued at ¥92.3 billion and sold nine properties valued at ¥35.3 billion in the fiscal year ended March 31, 2017 (Figure 3).

Figure 3

Acquisition and Sales in FY17/3

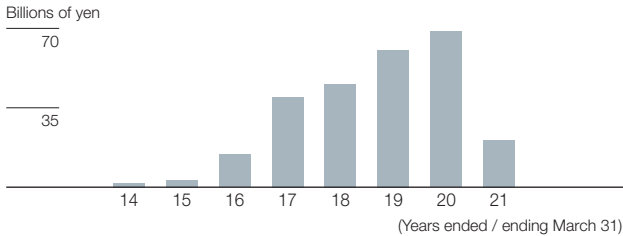
Offices (PMO, etc.)	Acquisition (Planned aggregate investment)	3 projects (About ¥27.5 billion*)
	Sale (Sale value)	1 project (¥5.1 billion)
Condominiums (PROUD FLAT, etc.)	Acquisition (Planned aggregate investment)	7 projects (About ¥13.5 billion)
	Sale (Sale value)	5 projects (¥4.9 billion)
Retail facilities (GEMS, etc.)	Acquisition (Planned aggregate investment)	4 projects (About ¥6.5 billion)
	Sale (Sale value)	1 project (¥5.1 billion)
Logistics facilities (Landport, etc.)	Acquisition (Planned aggregate investment)	5 projects (About ¥44.0 billion*)
	Sale (Sale value)	2 projects (¥20.2 billion)

Note: Offices, logistics facilities, and total investment planned for projects include additional acquisitions made in the fiscal year ended March 31, 2016.

As a result, current property development stock expanded to roughly ¥250.0 billion as of March 13, 2017 (Graph 3). We are pursuing more such projects, as well as aim of not only creating high-value-added products but also carefully selecting new projects to surpass our performance in the previous fiscal year and secure steady sales income each period with the ultimate goal of contributing to the growth of Group REITs.

Graph 3

Property Balance Stock (Classified by Completion period)



Creating Environmental and Social Value through Business Activities

Yokohama Nomura Building

We achieve high business continuity planning (BCP) performance by adopting natural ventilation fins with a vertical external design in consideration of the cityscape of the Minato-mirai area, mid-story seismic isolation structures, dual fuel generators that use medium-pressure gas, and cogeneration systems. We have also secured high energy-saving performance through water harvesting, energy use visualization, and other systems. Furthermore, we have passed all types of environmental performance evaluations.

- LEED CS GOLD Certification
- SEGES Certification
- CASBEE S rank



Yokohama Nomura Building



Disaster preparedness center



Dual fuel generator

Raising Value and Customer Satisfaction in Regard to Bono Sagamiono

Geo-Akamatsu, which is responsible for the commercial facilities field within the Group, conducts in-store training for employees working in commercial facilities—the point of contact for customers. Bono Sagamiono, which manages the operations entrusted to it, carries out training on facility management policy, specific customer satisfaction targets, employee guidelines, and more. By sharing these operational elements, we are able to offer high-quality services and strive to raise both customer satisfaction and the value of the facility as a whole.



Training



Investment Management Business Unit

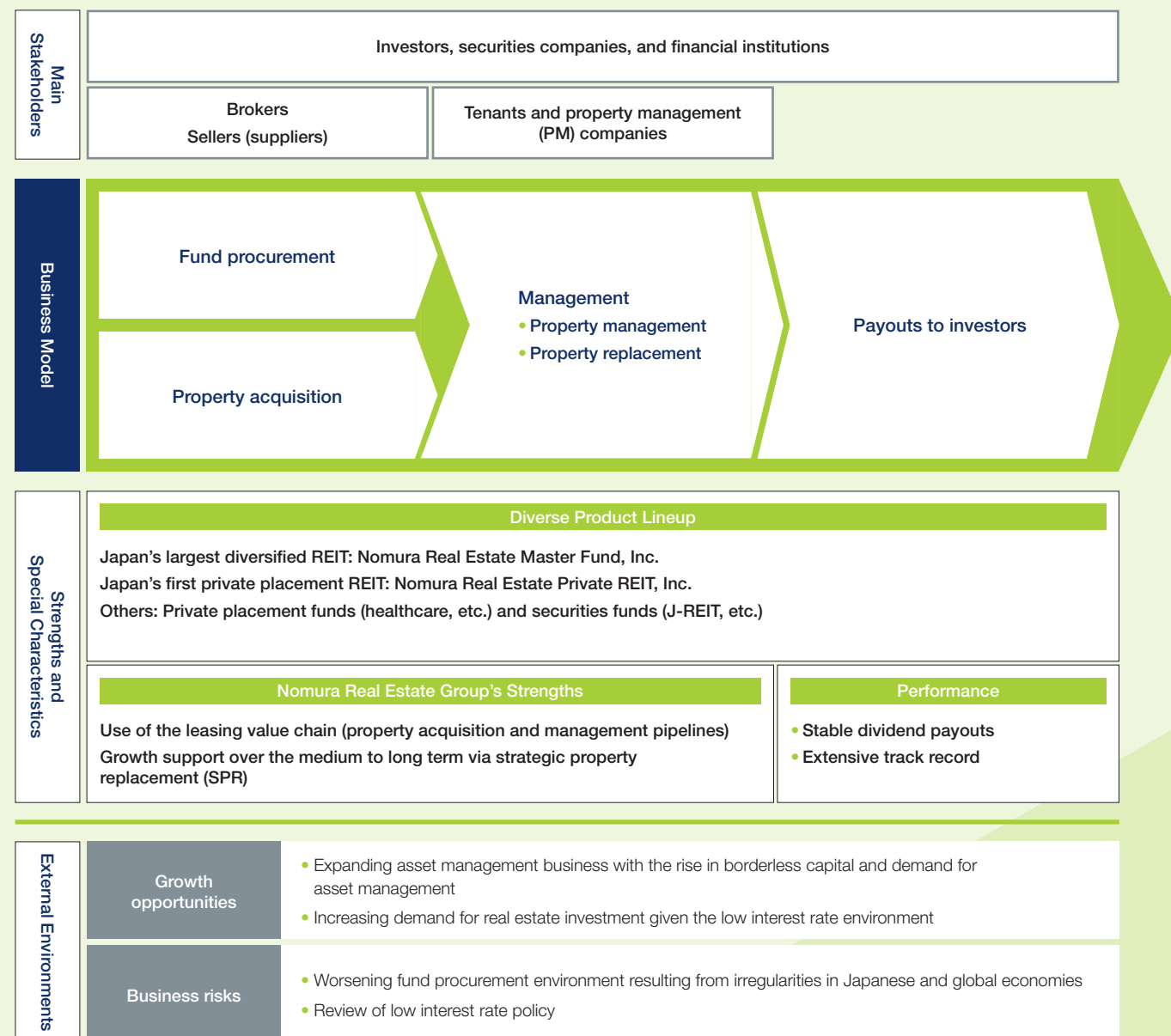
REIT markets are expected to grow moving forward. We will pursue stable fee income, with further growth hinging on Nomura Real Estate Master Fund, Inc. (NMF), Japan's largest diversified REIT in terms of assets, and Nomura Real Estate Private REIT, Inc. (NPR), Japan's first private placement REIT.

Norio Ambe

Executive Officer, in Charge of Investment Management Business Unit



Business Model



Landport Kashiwa-Shonan I



PMO Shibakoen

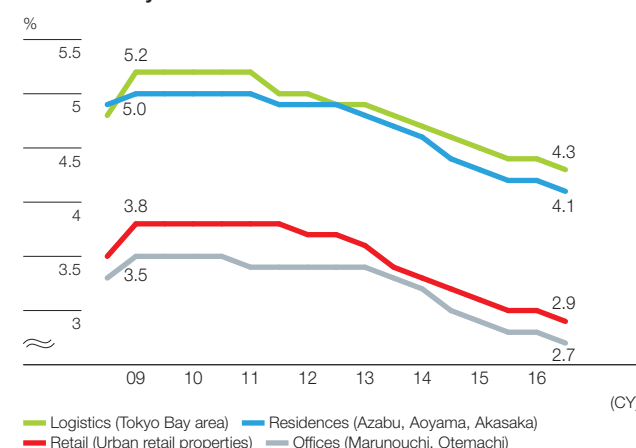
Business Environment

Current CAP rates have been updated to their lowest-ever levels for each asset type. While there are differences according to asset type, we are currently seeing CAP rates lower than pre-global financial crisis levels (Graph 1). This downward trend of CAP rates and sales transactions for property development is taking place amid an environment of increasing prices. On the other hand, investment demand for real estate remains steady, with listed REITs, in particular, expected to expand over

the medium to long term as a result of such factors as the Ministry of Land, Infrastructure, Transport and Tourism's setting a target of roughly ¥30 trillion for REIT market expansion by 2020. The listed REIT market currently consists of 58 stocks, with a total market value of ¥12 trillion and nearly ¥16 trillion in total assets. Private placement REITs are also growing, with 22 stocks and roughly ¥2 trillion in total assets (Graph 2).

Graph 1

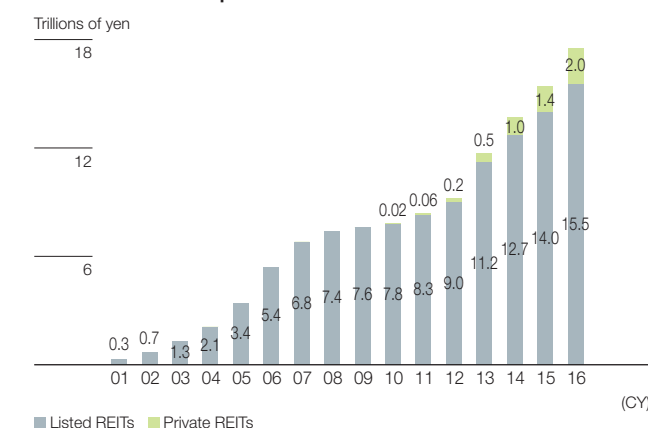
CAP Rate by Sector



Source: Created by the Company based on changes in the general incorporated foundation Japan Real Estate Institute's benchmarks

Graph 2

REIT Market in Japan



Source: Created by the Company with information from the general incorporated association Association for Real Estate Securitization

Overview of Mid- to Long-term Business Plan Progress

	Status	Policy on initiatives moving forward
Listed REIT (NMF)	<ul style="list-style-type: none"> One of Japan's largest REITs with 1 trillion yen in assets due to merger with Top REIT. 	<ul style="list-style-type: none"> Grow assets to 1.5 trillion yen in 5-6 years' time by achieving external growth based on leasing value chain.
Private REIT (NPR)	<ul style="list-style-type: none"> Ongoing capital increase backed by strong demand for funds. Asset growth to 180 billion yen. 	<ul style="list-style-type: none"> Steady growth to gain 200 billion yen in assets. Accepting more long-term stable investors.
Private funds Securities funds	<ul style="list-style-type: none"> Promoted health care funds. Built steady track record in J-REITs. 	<ul style="list-style-type: none"> Develop new private fund products aiming at making it the 3rd core revenue stream and expand J-REIT AUM.

Business Policy and Mid- to Long-term Business Plan Progress

Listed REITs

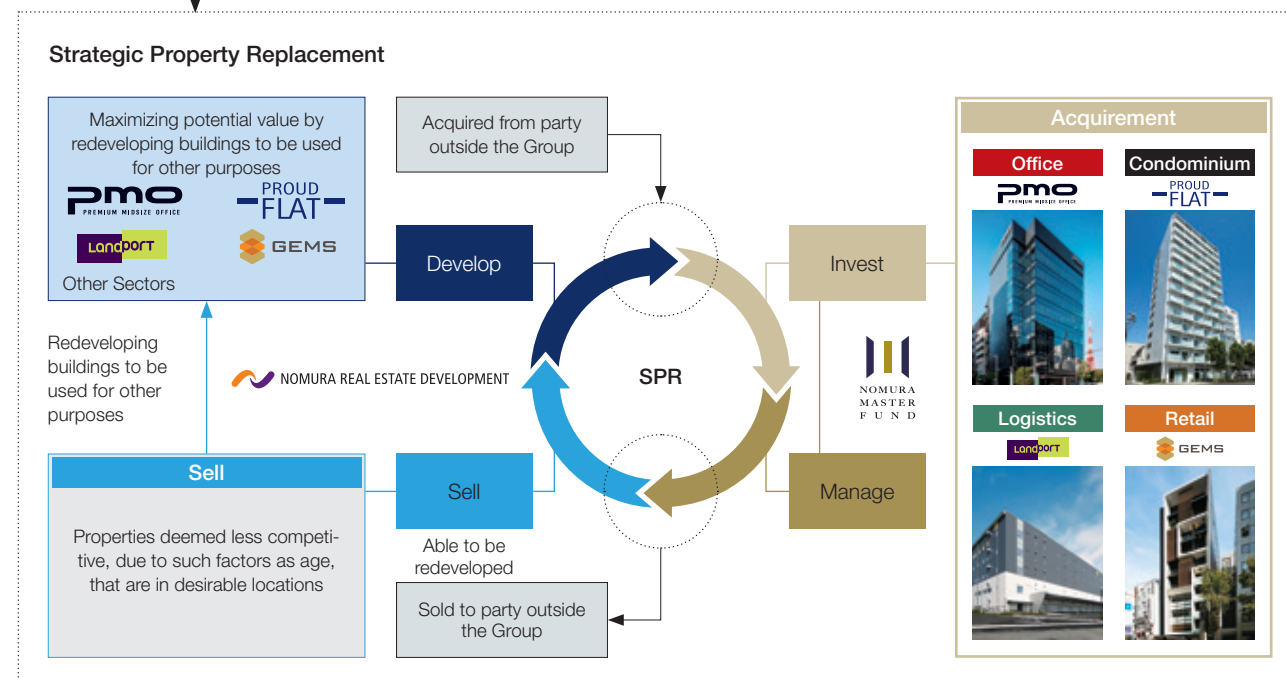
Not only have CAP rates hit low levels, particularly in central Tokyo, leasing markets are also continuing to see gradual increases in rent. In the midst of this environment, Nomura Real Estate Master Fund (NMF) is implementing strategic property replacement (SPR), with its (and the Group's) leasing value chain as a driving force. In the fiscal year ended March 31, 2017, NMF used the leasing value chain to acquire five properties, valued at ¥27.6 billion, from its sponsor, Nomura Real Estate Development, and sold to it six buildings in desirable locations, valued at ¥31.3 billion, that were deemed less

competitive due to aging as a part of SPR. After Nomura Real Estate Development reconstructed these properties, NMF received preferential negotiating rights in the sale of these properties, representing a major support in pursuing medium- to long-term growth.

Beyond working to improve the quality of our portfolio through SPR, we plan to expand our assets to ¥1.5 trillion in the next five to six years by such means as using the leasing value chain to acquire properties (Figure 1).

Figure 1

Nomura Real Estate Master Fund's Strategic Property Replacement



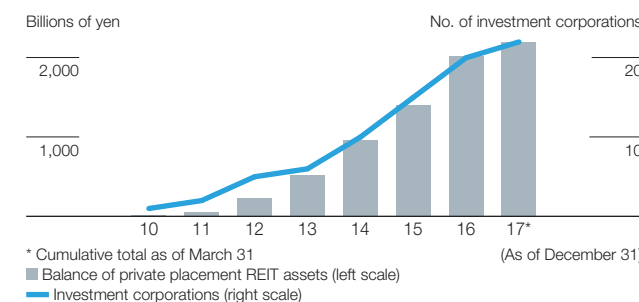
Private Placement REITs

Nomura Real Estate Private REIT, Inc. (NPR) started Japan's first private placement REIT. The private placement REIT market is steadily expanding given rising asset management needs for domestic pension funds and financial institutions. The market has currently expanded to 22 investment management companies and roughly ¥2.0 trillion in total assets, and this trend is expected to continue moving forward (Graph 3).

In the midst of this environment, NPR, as a private placement REIT pioneer, is establishing a stable track record. It has

Graph 3

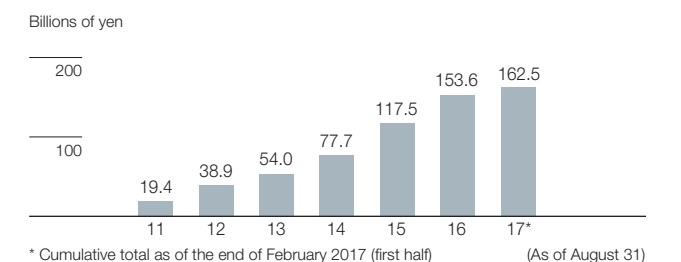
Balance of Private Placement REIT Assets and Investment Corporations



* Source: Created by the Company with information from the general incorporated association Association for Real Estate Securitization

Graph 4

Property Acquisition Costs for Nomura Real Estate Private REIT, Inc.



Private Placement Funds

In the private placement fund business, we are taking on new approaches to structuring products with the hope of attracting investors that differ from the traditional REIT investor. Private placement funds are characterized by a degree of freedom, which we use to create products tailored to the needs of

investors. In that vein, we are pursuing funds in fields that do not compete with REITs. We have already developed health-care funds and are also working to establish investment funds in new sectors, including low-return properties in central Tokyo and renewable energy.

Securities Funds

We are working to further expand our pool of investors and increase assets through improvements in management performance in regard to the J-REIT Value Fund, set up in June 2015, and the Overseas Open-End Fund FORF, set up in July 2016. In addition, we established a pilot US-REIT Investment

Trust fund for listed REITs in the United States in May 2016 to achieve quick commodification. To that end, we have partnered with the U.S. real estate investment management firm Harrison Street Real Estate Capital LLC to meet the strong need for overseas investment among Japanese investors.

Creating Environmental and Social Value through Business Activities

Receipt of the Highest Global Real Estate Sustainability Benchmark Rating for Environmental Performance

Nomura Real Estate Master Fund and Nomura Real Estate Private REIT have both earned a Green Star, the highest rating from the Global Real Estate Sustainability Benchmark (GRESB), a global ESG performance evaluation. GRESB does not apply to individual real estate, but is specially designed to evaluate the sustainability initiatives of real estate firms, REITs, and private placement funds for real estate. GRESB is referenced by roughly 60 investors in investment selection and conversations with investees, and it manages over ¥700.0 trillion in investment assets. The Green Star was earned for such initiatives as

Nomura Real Estate Asset Management, which was consigned to asset management for these funds, establishing a Sustainability Policy in December 2015.

Furthermore, we have also received DBJ Green Building Certification, created by the Development Bank of Japan Inc., to support real estate that is considerate of the environment and society.



DBJ Green Building Certification

Property Brokerage & CRE Business Unit

We are boosting our ability to deliver the Nomura Real Estate Group's unique solutions that accurately address increasing and diversifying real estate needs using a customer-oriented approach.

Juntaro Kimura

Executive Officer, in Charge of Property Brokerage & CRE Business Unit



Business Model



Strengths and Special Characteristics	Business Unit	Multifaceted solutions through cooperation between the retail and wholesale businesses Business collaboration with Nomura Securities
	Retail Business	Reinforcement of face-to-face services: Nomura Chukai + ICT utilization: nomu.com and Sumai-no AI Answer Expanded services: Home Staging, Repair Work Guarantee, and Replacement Guarantee
	Wholesale Business	Organizational structures responsive to customers throughout Japan Rich customer base and more than 20 years of experience Comprehensive corporate real estate (CRE) proposals through cooperation with the Group Cooperation with overseas locations in Hong Kong and Singapore

External Environments	Growth opportunities	<ul style="list-style-type: none"> Increases in the stock of exceptional housing and the need to relocate that accompanies social and lifestyle changes Growing needs related to business succession and real estate inheritance given Japan's aging society and amendments to the Inheritance Tax Act Growing demand for CRE strategy that focuses on improving capital efficiency Rise in the level of inbound investment from overseas investors
	Business risks	<ul style="list-style-type: none"> Decrease in consumer demand due to increasing interest rates and economic downturn Decline in property development amid drop in consumer spending due to increased property prices Intensified competition for human resources



Nomura Chukai + store



Meeting at the Corporate Real Estate Service Division

Business Environment

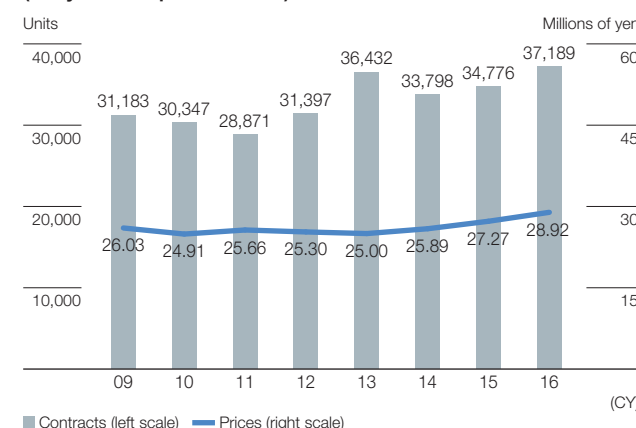
Amid rising prices and a declining supply of newly built condominiums, the market for used condominiums continues to perform favorably, with both the number of contracts and contract prices increasing (Graph 1). In 2016, the number of contracts for used condominiums in the Tokyo metropolitan area surpassed the number for newly built condominiums for the first time. Due to increases in exceptional housing stock,

sales of used condominiums are expected to continue to perform steadily in the medium to long term.

In the real estate investment market, rising prices caused by falling CAP rates have led to a decline in overall sales (Graph 2). Meanwhile, the need to efficiently utilize CRE is increasing with the introduction of corporate governance codes, a trend that seems likely to continue moving forward.

Graph 1

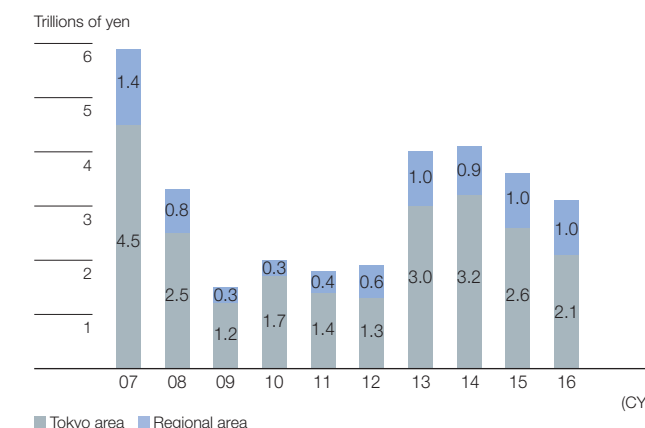
Contracts and Prices for Used Condominiums (Tokyo Metropolitan Area)



Source: Created by the Company with information from the public interest incorporated foundation REINS

Graph 2

Trading in Real Estate



Source: Created by the Company with information from the February 2017 Nikkei Real Estate Market Report

Overview of Mid- to Long-term Business Plan Progress

	Status	Policy on initiatives moving forward
Retail business	<ul style="list-style-type: none"> Expanded to 73 sites as doubling revenue over 5 years through development of diverse services. 	<ul style="list-style-type: none"> Build structure with 100 sites and 1,000 sales staff by FY22/3 to expand market share.
Wholesale business	<ul style="list-style-type: none"> Restructured and Corporate Real Estate Service Division of Nomura Real Estate Development and Nomura Real Estate Urban Net. Launched new branches in Fukuoka and Kyoto 	<ul style="list-style-type: none"> Improve productivity through effects of restructuring.

Business Policy and Mid- to Long-term Business Plan Progress

Retail Business

In the housing distribution business, which is the heart of the retail business, we have nearly doubled commissions since the fiscal year ended March 31, 2012, amid a continuously expanding market for used condominiums, by enhancing customer services, expanding our network of branch offices, and increasing sales personnel.

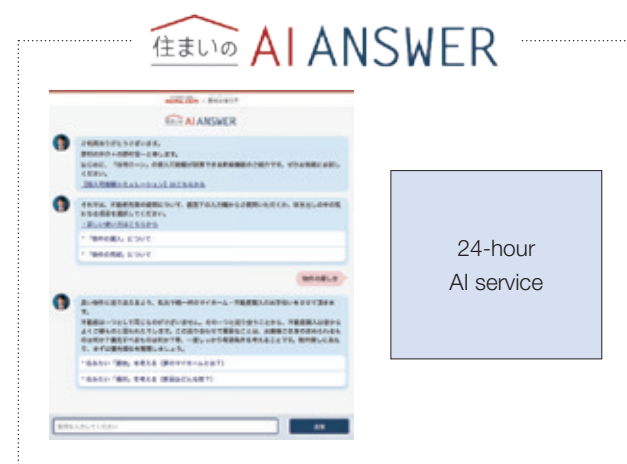
The Mid- to Long-term Business Plan lays out the management strategy of uniting face-to-face services and ICT utilization. We have looked into initiatives to produce synergistic effects with face-to-face services while striving to further utilize ICT, improve customer communication methods, and introduce new business models in the retail business. One result of the project team we established in April 2016 was the release of the first Q&A chatbot, Sumai-no AI Answer, in the real estate brokerage industry in December 2016 (Figure 1). By offering advanced services, we can deliver real estate transactions that leave both buyers and sellers even more satisfied.

Figure 1

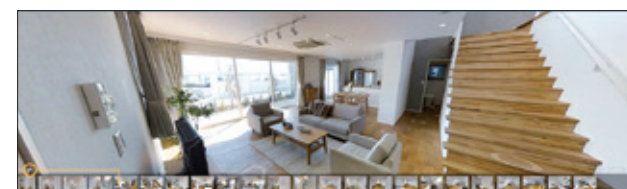
Further ICT Utilization



From smartphones and PCs



24-hour
AI service



Introduction of 3D walk-through videos

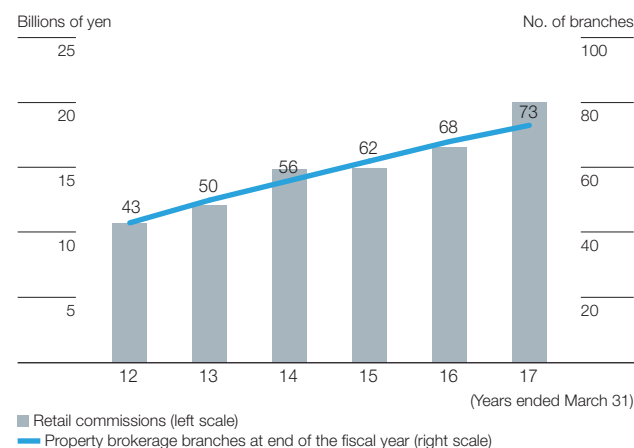
To improve face-to-face services, we have expanded the number of Nomura Chukai + locations to 73 as of March 31, 2017, and are actively working to raise that number to 100 in order to increase opportunities for customer contact. We are also enhancing our range of services through Home Staging, where we create model rooms of our available properties to promote sales, and through our Repair Work Guarantee service, which guarantees inspection and repair of faulty buildings and facilities to add a sense of security to transactions for both buyers and sellers (Figure 2). Through these services, we have increased customer satisfaction and contributed to our number one overall ranking in the 2016 Oricon Customer Satisfaction Report for real estate brokerages in both the condominium (purchases) and detached homes (sales) categories.

Figure 2

Face-to-Face Service Expansion

Expansion of Nomura Chukai + stores

Retail Commissions and Property Brokerage Branches at End of Fiscal Year



■ Retail commissions (left scale)
— Property brokerage branches at end of the fiscal year (right scale)

Service expansion



Home Staging

This service involves sales activities conducted through the use of model rooms of available properties. These model rooms are arranged with home furnishings and decorations for the purpose of facilitating sales.



Repair Work Guarantee

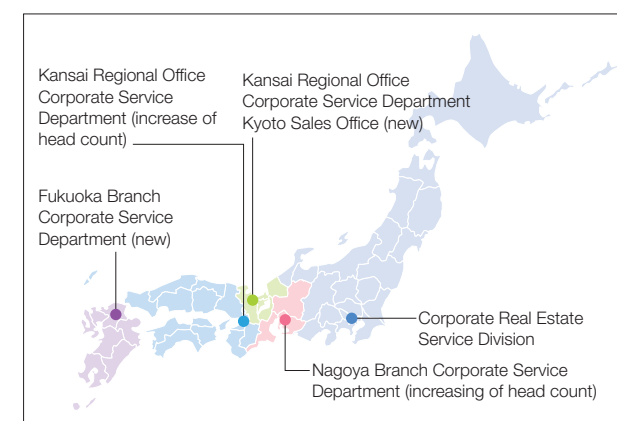
Depending on the type of property for sale, this service guarantees inspections and repairs. Furthermore, it adds a sense of safety and security to transactions through checks conducted by experts.

Wholesale Business

Until recently, the wholesale business was handled by Nomura Real Estate Development's Corporate Real Estate Service Division and Nomura Real Estate Urban Net's Asset Sales Division. However, in October 2016 their locations, employees, and functions were restructured and integrated into Nomura Real Estate Development's Corporate Real Estate Service Division. Due to this restructuring, the Corporate Real Estate Service Division has increased its employees to 270, with the head count growing in the Nagoya Branch Corporate Service Department and Kansai Regional Office Corporate Service Department. New locations have also been opened in Kyoto and Fukuoka as part of our efforts to build a system that can respond more quickly to our customers' real estate needs Japan-wide (Figure 3).

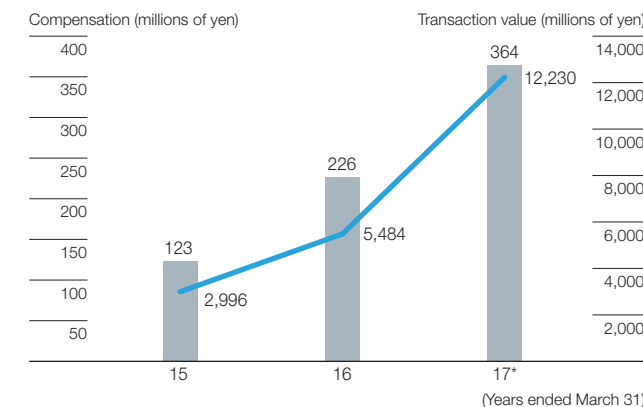
Figure 3

Business Area Expansion



Graph 3

Track Record of Handling Inbound Investments



■ Overseas-related compensation (left scale)
— Transaction value (right scale)
* As of February 16, 2017

Creating Environmental and Social Value through Business Activities

Area Branding Measures through CSR Activities

Nomura Real Estate Urban Net handles the retail business. Its Nomura Chukai + is responsible for community-based sales activities in the Tokyo and Kansai metropolitan areas. To attract people living in communities surrounding Nomura Chukai + stores as customers, we have been expanding our services of all kinds and engaging in community-based CSR promotion activities. Through these initiatives, we hope to improve brand recognition and create connections with local residents who have no day-to-day contact with real estate businesses.

Nomura Chukai + is rooted in community. Our goal is for it to be a brand that is familiar to locals. We believe that daily business activities create opportunities to contribute to local communities. Putting that belief into action, we joined the Shinagawa CSR Promotion Committee in April 2017. Moving forward, we will be participating in activities to assist senior residents in Shinagawa based on an agreement to establish a neighborhood network to help and support the elderly.

The conclusion of this agreement was the first of its kind for a real estate firm in Shinagawa.



Conclusion of the agreement with the Shinagawa Ward Office



Real estate information site nomu.com's neighborhood guide: Machikara

Property & Facility Management Business Unit

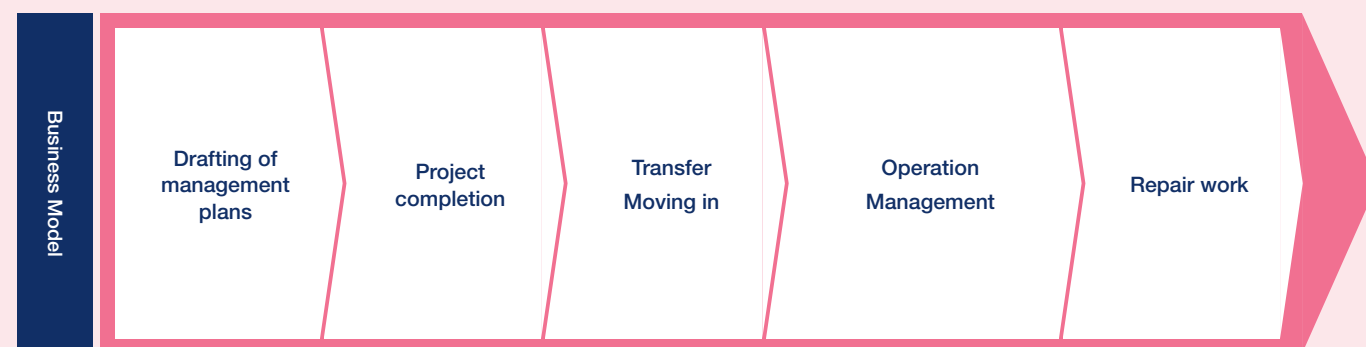
We do more than manage condominiums and office buildings; we offer services to bring them value and earn the trust of ever more clients.

Toshiaki Seki

Representative Director and Executive Officer, in Charge of Property & Facility Management Business Unit



Business Model



Strengths and Special Characteristics	Residences	170,337 ^{*1}	Management satisfaction among condominium residents	No.1 for eight years running ^{*2}	Licensed first-class building operation and management engineers	126 ^{*4}
	Buildings	720 ^{*1}	First ISO 20000 certification in the building management industry ^{*3}	Public and educational facilities, data centers, etc. Diverse management know-how		
	New properties for Group development					

External Environments	Growth opportunities	<ul style="list-style-type: none"> Increase in demand for large-scale repairs due to aging buildings Acceleration of public-private collaboration in the management of public facilities Rising healthcare needs underpinned by the upcoming Tokyo 2020 Olympics Rising awareness of energy use
	Business risks	<ul style="list-style-type: none"> Human resource acquisition given worker shortages Competitive discounting of management fees

^{*1}. As of June 30, 2017

^{*2}. Management satisfaction survey conducted by Sumai Surfin (as of September 2016)

^{*3}. Certification for IT service management pertaining to business administration (equipment and cleaning) services for data centers

^{*4}. License holders at Nomura Real Estate Partners Co., Ltd. (as of June 30, 2017)



Meeting at Nomura Real Estate Partners Co., Ltd.



MEGALOS_Reflet Ebisu

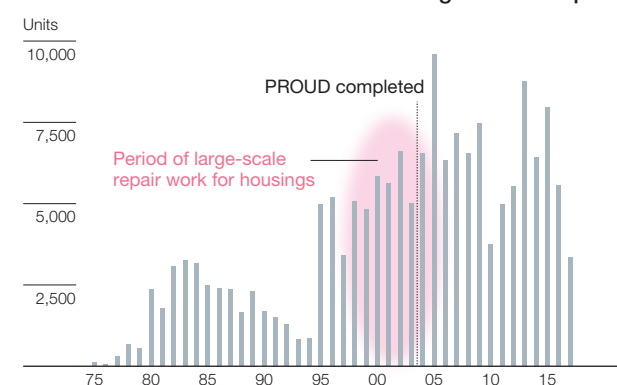
Business Environment

Large-Scale Repair Work

Over 13 years have passed since the completion of the first PROUD property in November 2003. Management stock has increased by an average of 6,000 units per year since 2000 with a rise in projects in the housing sales business, which handles the PROUD brand. Furthermore, a number of management properties are reaching the age when they will need large-scale repair work, and we hope to increase these undertakings going forward (Graph 1).

Graph 1

The Number of Residences under Management Completed



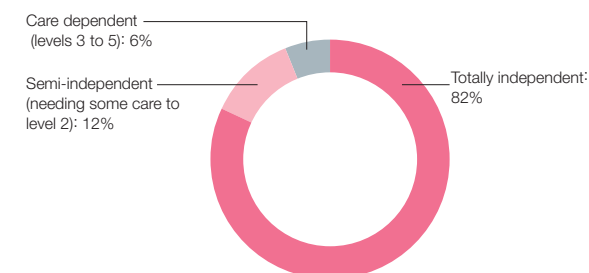
Senior Business, Fitness Business

While the overall population is declining, the number of people aged 65 and older is expected to rise.* Moreover, it is anticipated that over 90% of senior citizens will be capable of living independently (from totally independent to semi-independent). As such, enhancing preventive and other medical care and nursing care services as well as maintaining and improving health are becoming major social issues (Graph 2).

* From the National Institute of Population and Social Security Research's *Population Projections for Japan* (2017) based on medium fertility and medium mortality

Graph 2

Ratio of Senior Citizens Living Independently to Those in Nursing Care (FY2015)



Source: Created by the Company with information from the Ministry of Health, Labour and Welfare's *Insured Long-Term Care Report 2015*

Overview of Mid- to Long-term Business Plan Progress

	Status	Policy on initiatives moving forward
Expansion of stock of properties under management	<ul style="list-style-type: none"> Growth due to increase in properties supplied by the Company. 	<ul style="list-style-type: none"> Secure personnel with aim of expanding operations. Improve productivity through work-style reform.
Business base expansion Evolution of service menus	<ul style="list-style-type: none"> Growth due to expansion of orders for large-scale condominium repair work. 	<ul style="list-style-type: none"> Expand PPP/PFI businesses. Expand energy management business.
Fitness club business	<ul style="list-style-type: none"> Reduced withdrawal rate through enhanced customer satisfaction and improved profitability. 	<ul style="list-style-type: none"> Expand member numbers steadily. Boost new club openings.
Senior business	<ul style="list-style-type: none"> Announced OUKAS elderly housing brand. Planning to open our first project, OUKAS Funabashi, in October 2017. Business and capital tie-ups with nursing care providers. 	<ul style="list-style-type: none"> Establish business model which plays an important role of "Urban-type Compact Town." Supply elderly housings of 5,000 units in 40 buildings in 10 years.

Business Policy and Mid- to Long-term Business Plan Progress

Senior Business

Business activities for OUKAS Funabashi, our first project of elderly housing with supportive services, began in August 2017. We are in the final stages of preparation and hope to begin move in by October 2017.

Supportive measures for the increasing number of those requiring long-term nursing care have become a focal point in the housing market for the elderly, which depends on the long-term care insurance system. There is, however, a dearth of products and companies that promote true health to prevent the need for long-term care before it arises. The Nomura Real Estate Group is working to boost and maintain the health of the more than 90% of the older population who is capable of living independently. To that end, we are striving to be pioneers in a new type of elderly housing in pursuit of a rich society where seniors can live active lives. In order to become the number one brand in independent living for seniors, we are developing a variety of plans and working on the first OUKAS project—OUKAS Funabashi.

Meanwhile, even seniors who are able to live independently have concerns over a future need for care. Establishing a care system to address those concerns is indispensable to OUKAS's success. Consequently, we concluded a business partnership contract with Sousei Jigyoudan Co., Ltd., which specializes in the private assisted living facility business and manages care homes with a capacity for 5,000 residents, in March 2017 and subsequently invested in JAPAN LIFEDESIGN Inc., a wholly owned subsidiary of Good Time Alliance that manages private assisted living facilities.

Within the next 10 years, we plan to offer 40 elderly housing properties with 5,000 units. However, an important element of mixed-use housing development projects is to raise the value of the project as a whole. Accordingly, our second elderly housing project—the Hiyoshi-Minowacho Project—will contribute to urban development that integrates for-sale housing with commercial facilities (Figure 1).

Figure 1

Senior Business Expansion



The Nomura Real Estate Group's elderly housing

- In elderly housing, we aim to supply 5,000 units in 40 buildings in 10 years' time.

A Home for
Celebrating Life "Tomorrow
Healthier than Today"

Features of OUKAS

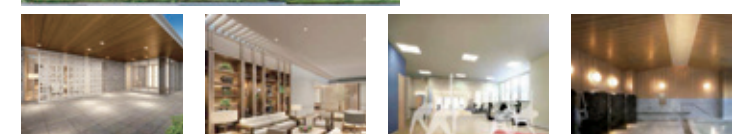
"Town planning" that enables any generation to walk and be active

"Health maintenance and promotion" to deliver physical and mental health

1st Project (OUKAS Funabashi)



Location: Funabashishi, Chiba
Access: 15-minute walk from Funabashi Station (JR Sobu Line)
5-minute walk from Shin-Funabashi Station (Tobu Urban Park Line)
Open: October 2017 (plan)
Total units: 125 units



Business tie-ups with nursing care providers

- Implement operational and capital tie-ups with providers with know-how in the nursing care business to strengthen elderly housing business

Sousei Jigyoudan Co., Ltd.

Capital: ¥90 million
Number of employees: 845 (as of March 1, 2017)
Number of beds: approx. 5,000 beds (including Group companies)

Joint investment

JAPAN LIFE DESIGN CORPORATION

Operating elderly housing with nursing care (3 facilities)



Good time home Chofu



Good time home Fudomae



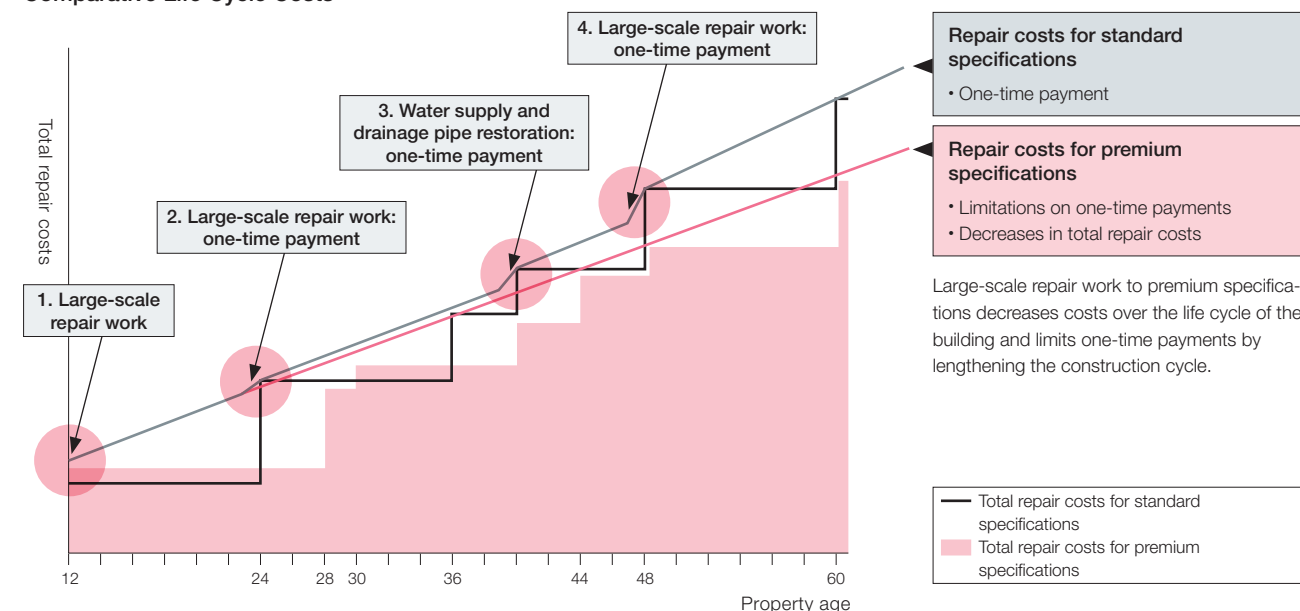
Good time home Tamagawa

Large-scale Condominium Repair Work

The number of the Group's management properties reaching an age when they will need large-scale repair work is growing. Using technical strengths gained through the merger between the two operational management companies, we are increasing orders for large-scale condominium repair work (Graph 3). Our policy is to propose large-scale repairs of a high quality (premium specifications) in order to decrease costs over a building's life cycle and with the goal of raising asset value (Figure 2).

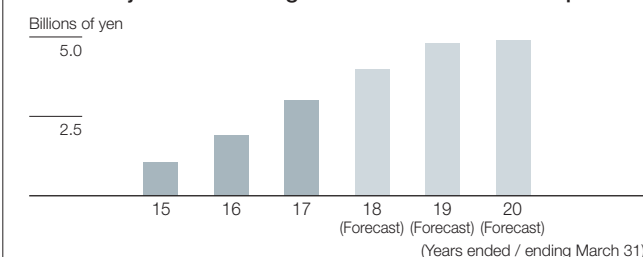
Figure 2

Comparative Life Cycle Costs



Graph 3

Sales Projections for Large-Scale Condominium Repairs



Creating Environmental and Social Value through Business Activities

Regular Vegetable Picking Experiences at Rental Farms

Nomura Real Estate Partners, which handles facility management for condominiums and offices, holds Partners Farm events at rental farms in Chiba Prefecture every summer and fall for residents of the condominiums it manages to experience vegetable picking.



November 2016 event

Ongoing Clothed Swimming Classes at Elementary Schools

In May 2017, Nomura Real Estate Life & Sports Co., Ltd. held clothed swimming classes with the Kanagawa Children and Families Support Section and the Kanagawa fire department at MEGALOS Kanagawa in the hopes of preventing water-related accidents. In the future, we plan to hold clothed swimming lessons from July to September at elementary schools all across Tokyo. We are expecting 14 schools and 1,600 students to participate, making it the largest event to date.



Clothed swimming lessons



Feature: The Nomura Real Estate Group's Urban Development

The Group's formula for ideal urban development is (location + facility + design + environmental awareness + services + community) x employee enthusiasm. Following is an explanation of how the Group performs urban development, with a focus on environmental awareness and community.

Evolving urban development: Our path to environmental and community awareness

2009

- Establishes the Nomura Real Estate Group Environmental Philosophy*
- Establishes PROUD ECO Vision of "Reduce, Create, and Utilize"
- Holds Housewarming parties at all properties

2010

- Introduces LIVING Q CALL
- Establishes PROUD Owners' Club

2011

- Construction of Funabashi Morino City begins
- 100 Design Techniques for Condominium Communities wins the Good Design Award
- Introduces PROUD Environmental Assessment Sheet as an internal standard to visually show environmental initiatives

2012

- enecoQ: Smart Energy System for Condominiums wins the Good Design Award

* Our mission is to use the power and blessings of nature to build a space between the natural environment and our harmonious cities in order to ensure a future for our beautiful planet. We are highly resolved to increase responsiveness to the environment and achieve optimal environmental quality.

The Nomura Real Estate Group's Goal of Providing Self-Sustaining Compact Towns

The Group details the challenges we faced and the value that was created throughout the trial-and-error process in the interview with the representative responsible for guiding resident-led community-building at Funabashi Morino City contained in the Feature section of this report.

Business Overview of Funabashi Morino City

Name:	Funabashi Morino City
Location:	Kita-Honcho 1-chome, Funabashi City, Chiba Prefecture
Development area:	Roughly 17.6 ha
Facilities:	1,497 condominium units (five blocks total), 42 detached houses, commercial facilities, hospital, and childcare support facility
Project owners:	Nomura Real Estate Development Co., Ltd. and Mitsubishi Corporation
Project period:	Started in 2011, completed in 2014

2013

- Establishes PROUD SMART & GROWING as an improvement to PROUD ECO Vision

2015

- Establishes Nomura Real Estate Group Customer Club to boost PROUD Owners' Club

2018

- Scheduled completion of ZUTTOCITY and Tsunashima Sustainable Smart Town, the next generation of urban-type compact towns following in the footsteps of Funabashi Morino City



Note: Nomura Real Estate Group Customer Club is a membership organization offering a variety of services for Group (four companies, with one excluded) customers.



The Nomura Real Estate Group’s Goal of Providing Self-Sustaining Compact Towns

In light of changes in the structure of society, such as a declining birth rate and aging population, the Nomura Real Estate Group is working toward timely advancement of its urban-type compact town strategy, which combines multifunctionality with a high level of convenience. Urban-type compact towns are neighborhoods that consolidate facilities with a variety of functions, such as residences, offices, commercial facilities, public facilities, hospitals, and elderly housing. But the city-building we have in mind goes beyond the mere physical aspects of urban development. We aim to build urban areas that impart a sense of purpose and fulfillment to the people who live, work, and visit there. Our intention is to build cities where progress is self-sustained by the people who live in them.

Tomoe Soda
Nomura Real Estate Development Co., Ltd.
Residential Development Division, Residential Product Planning & Marketing Department
Manager

Ms. Soda joined the Company in 1999. After gaining experience in the Condominium Sales Business, she spent roughly 10 years in product planning, including interior design for model rooms. She has been involved in the Funabashi Morino City project since 2012.



Toward Creating the Ideal Community

Q. What were project expectations at the planning stage?
Soda: The Funabashi Morino City Project (hereafter “this project”) began in 2011 and reached completion in 2014. The city, which is located on the 17-hectare site of a former factory, consists of roughly 1,500 residences, commercial facilities, medical facilities, and childcare facilities, as well as five parks and green spaces. As a local contributor, the city has been admired throughout the three-year construction process by many, including those who live there, of course, as well as residents of the surrounding areas.

Aims for this project included expanding our experience as a real estate developer by taking on new challenges and achieving city-building that emphasizes a sense of community to enrich the lives of residents for generations to come. This is something we had hoped to accomplish by means of consultations with Funabashi City from the planning stage onward. The Great East Japan Earthquake, which struck during the planning stage in 2011, made the need for stable energy infrastructure and coordination within communities stark. In addition, results of a residence “fondness survey” (Figure 1) conducted in 2007 indicated to the Company that beyond conditions at the time of purchase, interactions with residents after moving in and community-building efforts are key elements to creating a greater sense of fondness for one’s living situation.

In light of this information, project work began with the building of “smart city” foundations for urban development by utilizing the most advanced environmental technology and IT networks at the time while formulating the “Smart & Share Town Concept,” which offers a space for residents to cultivate the bonds between them (sharing spirit).



I joined this project before sales began. My mission was to approach residents after moving in and make community-building among them a reality. However, not a few of my coworkers were concerned about coming up against discontentment regarding the residences we had developed through direct contact with clients and about whether they could operate a city that satisfies its residents. Moreover, I was personally apprehensive about pressing for cooperation between the residents and the local community, as I find it inherently difficult to force social relationships. Despite these doubts, I changed my perspective when I began to reflect seriously on the disaster-stricken areas and the expansion of opportunities to take concrete action to assist in recovery efforts in the aftermath of the Great East Japan Earthquake. I did not want to let even that modest feeling of consideration for others fade away and came to realize that consideration for others is something that should be deeply connected to the Company’s city-building goals. I have come to believe that it is exactly because I find social relationships demanding that I was able to find the shortest route to ideal community-building.

Figure 1

Fondness Survey (Nomura Real Estate Development Survey: 2007) Key points for conducting next-generation urban development

	Convenience	Comfortable living	Status / Luxury	Trust / Security
Interaction and community	Residents' association activities	Residents and community	Resident's quality	Home owners' association
Services		Smile Supporter Ease of cleaning	Maintenance and management	Management company
Shared equipment		Shared facilities Courtyard and green space	Exterior and green space	Security
Private equipment	All-electric home	Barrier-free house Bathroom	Largeness	Specification and quality
Location (convenience, environment)	Surrounding environment	Natural environment	Property size	Brand

Building Cities That Sustain Themselves after Community-Building Support Ends

Q. What did you care about with respect to community-building?

Soda: To many, “community-building” implies events. But participating in events alone is not enough to create a community. What is necessary for residents is to maintain daily communication. It is our hope that community-building activities continue, even after our support for them ends.

Our first task was to establish the Morino City Community Building Association—currently the Morino City Residents’ Association (**Message 1**). The Company intended to support the activities of this association for three years following its establishment, and then have residents and local businesses take over leadership from the fourth year onward. 2017 marked that fourth year and, despite the end of Company support, residents and local businesses continued association activities, such as the summer festival and cleanup activities.

During the three years of Company support, the most challenging task was instilling a greater sense of autonomy in our residents. The Company was aware that taking too heavy a hand in operational leadership could rob the residents of their independence. At the same time, it is difficult to convince customers after they move into their newly purchased residences that it is Morino City residents who should run the association.



Clean Green activity in 2003



That was a communication challenge for the Company. When I encountered this obstacle, I shared the desires behind the construction of the city with the association. The Company hoped to make this city a better place. I asked the association how they wanted to use such a place and what they could do with it. This approach inspired great change in the residents, and members began to take more autonomous action than they had before. Now, management of the residents’ association is carried out independently by residents and local businesses. However, the importance of daily communication in returning leadership to residents was the major breakthrough.

As part of ongoing trial and error, we have worked to actively incorporate the opinions of outside parties. In particular, we received input from the office running the association and advice from a representative knowledgeable about self-governance from an external partner, which was especially useful. We held meetings in which we addressed, one by one, doubts that I myself may have had if I were a resident. As a result, we were able to smoothly communicate to residents our vision for the future, including the type of city-building we hope to achieve and our financial plans. It is precisely because no precedent for this existed, even within the Company, that we were able to find our way to the most ideal solutions for our residents, by always trying to see things from their perspective. This contributed to the development of my ability to provide convincing explanations.

We are also devising methods for the operation of the association itself. In order to guarantee the continuation of community-building activities, the system for operating costs must be

adjusted. As the organizer, the Company has taken on costs for both itself and the establishment of the association, such as personnel costs and the costs of holding early socializing events. However, while support for community-building activities was limited to three years, activities in the public interest, including disaster preparedness, tree planting, and beautification of the environment, are being covered by membership fees from residents and local businesses and have continued even after the Company’s support ended. Moving forward, the residents themselves will assume responsibility for personnel costs and will fund maintenance of the mechanism for activity agendas and administrative work through area management. I believe that a major factor in guaranteeing the continuation of community-building activities is securing both continuity and management that does not place inordinate strain on residents and local businesses.

Raising Awareness and Producing Results beyond the Introduction of Technology

Q. How did you pursue becoming environmentally friendly?

Soda: Cultivating autonomy in residents has produced significant results, even for the environment. No matter how many advances in environmental technology are introduced, experience suggests that energy saving efforts based on a sense of duty are generally unsustainable. This is another arena where a system is necessary so residents themselves can maintain a sense of environmental awareness and a shared vision for the city that includes cultivating green spaces, restoring the power of nature, and saving energy. Discoveries gained through environmental programs based on these ideals are proving effective as a source of motivation for residents. For instance, 240 households, roughly half, participated in growing “green curtains” on their balconies in the summer of 2013, prompting the establishment of a gardening group. This is a perfect example of self-sustaining community expansion.

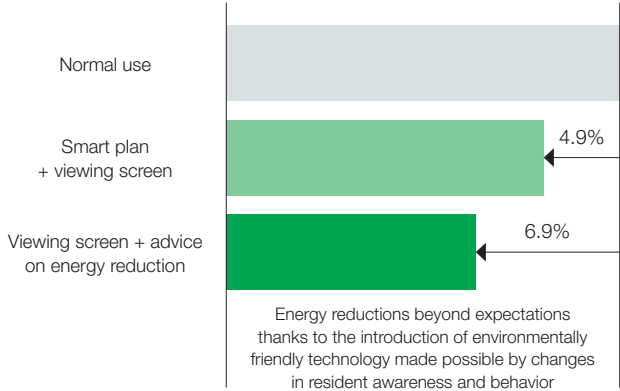
Funabashi Morino City has done more than just introduce advanced environmental technology. It is also characterized by

initiatives to raise awareness regarding energy conservation among residents and confirmation of participation in energy reduction by residents (**Message 2**). In fact, when we examined the results of reduced electricity use and limits on maximum power consumption covering 500 households, we found the energy savings we had achieved were higher than we had hoped. Measures such as the installation of monitors that visually display electricity use in private areas, the restriction of peak energy use by residents within their households, the introduction of billing systems for reduced utility costs, and the provision of advice tailored to each household have resulted in a change in both resident awareness and behavior (**Figure 2**).

Recently, observations from countries promoting the “smart city” concept have been on the rise. During observations, the foremost concern is energy management. In addition to the physical supply side and devices designed to reduce energy use, considerable changes in resident awareness and behavior have inspired a particularly significant response. The same obstacles to a rich life exist in all countries. We would like to make use of our knowledge to work together with people of differing values to find their solution.

Figure 2

Results of Energy Reduction Efforts over the Summer: Decline in Energy Consumption (kWh)



Message 1

A Comment from Masaki Kobayashi: Chair of the Morino City Residents’ Association

In fiscal 2016, I became the chair of the Morino City Residents’ Association for the second term. Over the past three years, the Nomura Real Estate Group has occasionally conducted joint community development activities with us. When it comes to community development, the goal is not to hand over responsibility to the residents but to achieve sustainable development. For that reason, it is necessary for management organizations and residents’ associations to work together to foster activity leaders. I believe it is important for everyone to participate in community development. It would be excellent if residents could build the hometown of the future with their own hands and grow with their communities.



Message 2

A Comment from Mr. and Mrs. Michinaka: Residents of PROUD Funabashi

The enecoQ system at Funabashi Morino City has a setup and functions that were designed with the user in mind. It has become a part of our lives. Because the energy consumption for each unit is displayed on monitors in real time, we have started to do housework in an order that mitigates wasteful concurrent use of power. It is surprising how much using enecoQ has changed our daily behavior. Another helpful element is that we can use the Internet to see the volume of energy we consume, making it easy to keep a record. Moving forward, we will do our best to stay motivated to continue building a better life here.



The ÉcoQuartier Quality Label and the Future of Funabashi Morino City

Soda: Such environmental initiatives have been highly acclaimed, with Funabashi Morino City becoming the first non-French project to be awarded the ÉcoQuartier quality label for environmentally friendly communities by the Ministry of Housing and Sustainable Home of France in 2016. In pursuit of sustainable urban development, the ÉcoQuartier quality label system focuses mostly on self-governing bodies. Since its establishment in 2012, over 800 French cities have earned approval and of 353 projects submitted, 51 gained certification, making this a highly successful system for promoting urban development in France.

The ÉcoQuartier quality label charter contains 20 criteria that illustrate the principles of sustainable urban development. These commitments are not specific numerical targets. They require that the contents be understood, measures taken to implement them, and the results analyzed. These administration-centered evaluation indicators are very diverse and, for developers, can function as a comprehensive form of evaluation for urban development.

We also plan to open OUKAS Funabashi—our first elderly housing project—in October 2017 on land adjacent to Funabashi Morino City. As a vital element of urban development, we are aiming to operate elderly housing that the local community can feel secure using.

As the results of our honest work on this project indicate, we tackle each challenge with enthusiasm and sincerity from the perspective of a developer and of a customer. I am confident that this approach, which we apply to offices and

20 ÉcoQuartier Certification Assessment Criteria

Approach and process	Territorial development
1- Carrying out projects that meet everyone's needs. 2- Management for the entire project period. 3- Incorporating the life-cycle-cost approach. 4- Taking account of users' practices and managers' constraints. 5- Implementing continuous assessment and improvement practices.	11- Balanced local economic development. 12- Providing a wide range of functions in the community. 13- Optimizing the consumption of resources and developing local sectors and short circuits. 14- Favoring walking/bicycling and public transport. 15- Deploying innovative services and networks.
Living environment	Preservation of resources and adaption to climate change
6- Working with the existing city and proposing an appropriate density. 7- Implementing conditions of mutual help. 8- Providing a safe and healthy living environment. 9- Taking account of landscape and architectural qualities. 10- Promoting the local heritage, history, and identity of the neighborhood.	16- Taking initiatives to anticipate and adapt to climate changes and risks. 17- Conserving energy and promoting the use of renewable energy resources and recovery. 18- Reducing, recovering, and recycling waste. 19- Preserving and managing water resources. 20- Preserving and promoting biodiversity, soils and natural environments.

commercial facilities as well, will bring us closer to solving the social issues we face both in Japan and abroad. It is our belief that our competitive edge as a company occupies the same vector as the creation of social value through urban development.

Summary: Outcomes Gained from Building Funabashi Morino City

Mixed-use urban development	Establishment of medical, commercial, and childcare facilities as well as parks and green spaces District planning, landscape guidelines, and maintenance of roadside green belts
Smart design	Introduction of CO ₂ reduction models and a highly acclaimed energy management system (first use of enecoQ) including not only green technology but also methods to verify how energy is used, and energy management verification
Shared spaces	Established a clubhouse for community activities and as a center for disaster preparedness and crime prevention activities Common facility for each block and car, bicycle, and equipment sharing
Community support	Creation of a place to foster bonds between residents Urban Development Committee: to promote urban development via residents and local businesses and support management of other committees Housing Complex Residents' Association: to promote interaction across generations through community clubs Various programs: big band (ongoing for 3 years), green curtain (ongoing for 1.5 years), disaster preparedness manual (ongoing for 6 months), etc.

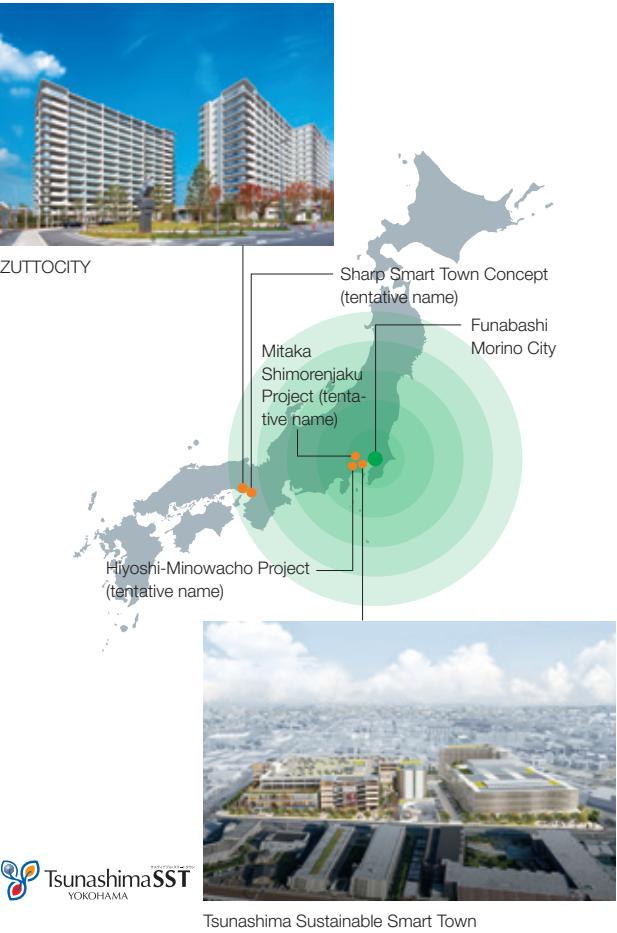
Third-Party Evaluation



ÉcoQuartier Quality Label (eco-district certification)
The first non-French project to be awarded the ÉcoQuartier quality label quality label for environmentally friendly communities by the Ministry of Housing and Sustainable Home of France

World Smart City Award
Presented a World Smart City Award in the Project category by the Smart City Expo World Congress 2013 for its highly acclaimed initiatives to create sustainable economic value in line with the "Smart & Share Town" concept

Effort to Spread Urban-Type Compact Towns



Tsunashima Sustainable Smart Town

Location	Yokohama, Kanagawa Prefecture
Special characteristics	Numerical targets, such as those for CO ₂ emissions, have been set and objectives urban-type smart cities should meet established in pursuit of creating a sustainable city. Unified operation under regulations and smart services to achieve sustainable and comfortable living through landscape and design.

ZUTTOCITY

Location	Amagasaki, Hyogo Prefecture
Special characteristics	We are taking part in initiatives to create a "smart community" certified by Amagasaki City, constructing a variety of facilities on an expansive site with roughly 8.4 ha of total land for development. A private childcare facility opened on the ZUTTOCITY site in April 2017.

Sharp Smart Town (Tentative) Concept

Location	Osaka, Osaka Prefecture
Special characteristics	We are planning to build cutting-edge "smart condominiums," in collaboration with Sharp Corporation, that incorporate the strengths of both companies. With the goal of conducting business to make the IoT a part of people's lives and creating a smart society where people can live more richly, we are combining smart homes that bring humans and machines together with smart offices where people can work energetically.

Tackling Services for Elderly Residents

The Nomura Real Estate Group has launched the new elderly housing brand—OUKAS—as an indispensable part of its aim to "build cities that connect today with tomorrow's possibilities." The concept behind OUKAS is residences that support life and facilitate "a healthier tomorrow." The aim of the facility is to try to extend healthy life expectancies through attention to both body and soul by such means as the exercise program we co-developed with Nomura Real Estate Life & Sports. We are working to incorporate this as an important function of urban development moving forward.

OUKAS Funabashi is scheduled to open in October 2017, as the first project with a total of 125 units located next to Funabashi Morino City. Within the next 10 years, we hope to offer 5,000 units at 40 buildings.

The Nomura Real Estate Group's elderly housing

OUKAS

A Home for
Celebrating Life "Tomorrow
Healthier than Today"

**First OUKAS project:
OUKAS Funabashi**
(Opening scheduled for October 2017)
Units: 125 Floor space per unit: 19—50 m²

On the Nomura Real Estate Group's Town Management

I would like to see the Company create legendary places that encompass more than just space, but also time, and are synonymous with “community.”

Satoko Shinohara

External Director
Professor at the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University
Satoko Shinohara Living Design Institute LLC

Ms. Shinohara has abundant knowledge, experience, and extensive insight regarding methods to create common spaces in apartment buildings gained not only from her many years working as an architect but also from her perspective as a researcher. She has been working as a director for the Company since 2014.



The atmosphere of a neighborhood can influence the level of attachment residents feel, just as a corporate atmosphere can influence employees' feelings about a company.

The Importance of a Climate of Cooperation between Residents

In addition to my job as an external director, I design buildings and work as a university professor. What I have been working on, in particular, in recent years, is studying the lives of residents of housing complexes and towns within Japan and the rest of Asia. When conducting my research, I have encountered a number of ideal communities. For instance, the Group's Co-op Nomura Sonnou in Inage, Chiba, does not have an elevator. When the residents' association examined possible improvements and repairs, they decided that if they could not install an elevator and make the building structurally barrier-free, younger residents would carry their elderly down from top floors, in the case of emergency. I admire the willingness to look beyond simple physical solutions. Many people

in this condominium become very attached to their residence and continue to live there for a long time because they have established an inclusive communication environment. Moreover, while the building itself is not at all in a good location, the majority of residents are so fond of their home, believing it to have a charm and value that transcend its location, people sign up for them immediately when units would sell immediately as soon as there are put on the secondary market. On the other hand, there were also examples of housing complexes that are easy for families with children to live in but dissatisfied the elder residents. There were also cases where high resident turnover led to a lack of communication among residents. This is an example of a lack of communication among residents.

As this research continued, I came to realize that even if it is the real estate companies that create the buildings, it is the residents themselves who must take the initiative to cooperate in order to create a place where they feel at ease and can continue living for a long time. The atmosphere of a neighborhood can influence the level of attachment residents feel, just as a corporate atmosphere can influence employees' feelings about a company. I believe

that planning large-scale apartment complexes is virtually town-building in a short period of time, and therefore the attachment to the town itself represents the true value of that location.

Funabashi Morino City is a project that embodies those concepts. Ms. Soda, who worked on this project, referenced the results of both the Company's and my research in conceiving a system to urge cooperation among residents. I was struck by the way she worked to instill a sense of autonomy and duty toward town-building in the residents. Moreover, continuing a relationship after the sale is key. There is a concern that being too conscious of the ideal town before the sale will cause services to swell, which will only bring the town further from that ideal. For instance, an elderly housing facility with supportive services is planned to open in Funabashi Morino City in October 2017, approximately four years after the sale. This represents an ideal approach whereby we gradually add value over a certain period of time. I believe service development that occurs all at once without an atmosphere of cooperation between the town's residents will eventually lead to a squandering of resources.

Of course, town-building is not only about the intangible aspects. The tangible ones are crucial, too. For instance, creating a formal entrance hall is a vital element to condominium construction, as it functions as the face of the building. However, it is also important to furnish that entryway in such a manner as to naturally encourage residents to not only greet each other but also stop and talk. Furthermore, as beautiful and peaceful as inner courtyards are, building tall enclosure walls to ensure safety and security would have a negative impact on the surrounding environment and do nothing to increase the value of the town itself. In such a case, it might be better to consider an arrangement more beneficial to both the town and the surrounding environment, such as a timed gate that opens onto the courtyard.

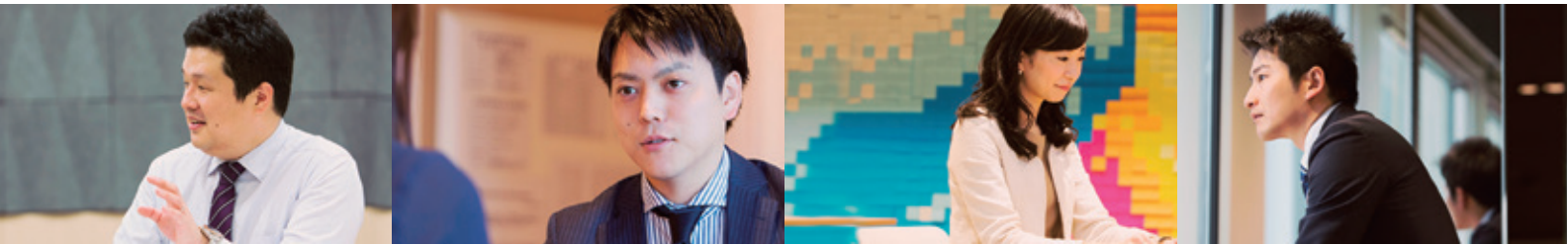
Expectations of the Nomura Real Estate Group

The Nomura Real Estate Group adopts a process integrating development, sales, and management. Given the fact that I am usually able to conduct an inspection of a property immediately

The responsibilities of a real estate company go beyond that of space. Time is also a crucial element.

after being contacted, I have been able to experience the functionality of this integrated process firsthand. The integrated process the Group has in place to provide timely feedback from the management company to the development department is functioning properly. Furthermore, by virtue of our foresight in focusing on residential communities, we collect useful information faster than our competitors. This is information that should be utilized as a part of our toolbox. For instance, town-building does not have to hinge on condominiums. It could be centered on detached houses. In regard to living space, the time when three-bedroom units were the standard is coming to an end. Couples that no longer live with children may block off a section of their living space and rent it out. When they retire, they may turn an extra room into a home office where they can work separately from where they live. The idea of one family to one residence is not a given. Unfortunately, renting a portion of one's residence to another is restricted under the law in Japan. However, as a company with intimate knowledge of the housing situation, it may be advisable for the Nomura Real Estate Group to recommend a policy aimed at shifting the government's stance.

The responsibilities of a real estate company go beyond that of space. Time is also a crucial element. Long-term survival as a company of value is not possible without that perspective. Objectively speaking, the Nomura Real Estate Group's pool of human resources who are well versed in construction is quite large when compared with other companies. The Group is also highly fastidious about its buildings and deliberate in the way it works. While it has several challenges to overcome, the Group will make great use of its strengths in order to create renowned spaces synonymous with community.



Basic Policy

In 2015, the Nomura Real Estate Group announced its Mid- to Long-term Business Plan for the period from April 2016 to March 2025. Achieving sustainable growth by raising the caliber of our human resources and offering innovative products and services to meet increasingly varied customer needs are necessary elements to fulfilling this plan. Each and every Group employee bringing diverse values and viewpoints to initiatives is a vital part of generating new ideas to continue creating

valuable products and services. As such, the Group considers human resources an essential component of its promotion infrastructure and is putting its energy into reforming work-styles, cultivating human resources, and promoting diversity in order to create a work climate where employees can express a range of thoughts and values, regardless of gender, age, job title, or disability.

Promoting Diversity

Workstyle Reform

To help achieve sustainable growth, the Group is pursuing reform addressed at resolving social and management issues. We hope to raise work and life satisfaction in our employees by shortening working hours, expanding break and free time, and enabling work-life balance. We believe this will create a virtuous circle of increased drive, performance, and productivity.

Initiatives for Disseminating Awareness throughout the Company

In 2013, Nomura Real Estate Development established the Diversity Promotion Committee (also called Diversity Challenge), chaired by then President Nakai (currently executive advisor to Nomura Real Estate Development) and representing all business units, to advocate for policies concerning Company-wide issues, information dissemination, and workplace environments. In the fiscal year ended March 31, 2017, we continued ongoing activities and took them a step further, installing diversity promotion systems in the Residential Development Division, Commercial Property Development & Management Division, Corporate Real Estate Service Division, Development Planning Division, Kansai Regional Office, Nagoya Branch, Sendai Branch, head office administration staff, and Nomura Real Estate Asset Management Co., Ltd., and accelerating diversity initiatives. To further disseminate awareness throughout the Company, we implemented the following measures in the fiscal year ended March 31, 2017.

- Began diversity promotion activities in each division
- Established diversity promotion committees in the head office and branch offices
- Expanded the Diversity Promotion Committee to 22 members
- Installed at least one diversity promotion representative in each department (principally senior managers), for a total of 95 representatives
- Continued the outside instructor-led training for directors, general managers, and senior managers started in the fiscal year ended March 31, 2016

Workplace Meetings

Beginning in 2015 and continuing into 2016, a total of 125 workplace meetings were held to disseminate diversity awareness to all Nomura Real Estate Development employees. In 2016, we expanded our target number of employees to participate in meetings to 1,491 of 1,830, or 81.4%. In these meetings, in addition to reporting on the initiatives implemented to date, we covered topics promoting diversity, such as the status of use of the system, effective working methods, and the practice of diversity management. We also held our third employee satisfaction survey in two years to discern our status in relation to other companies and the rest of the world. The results were analyzed by department and compiled into a report.

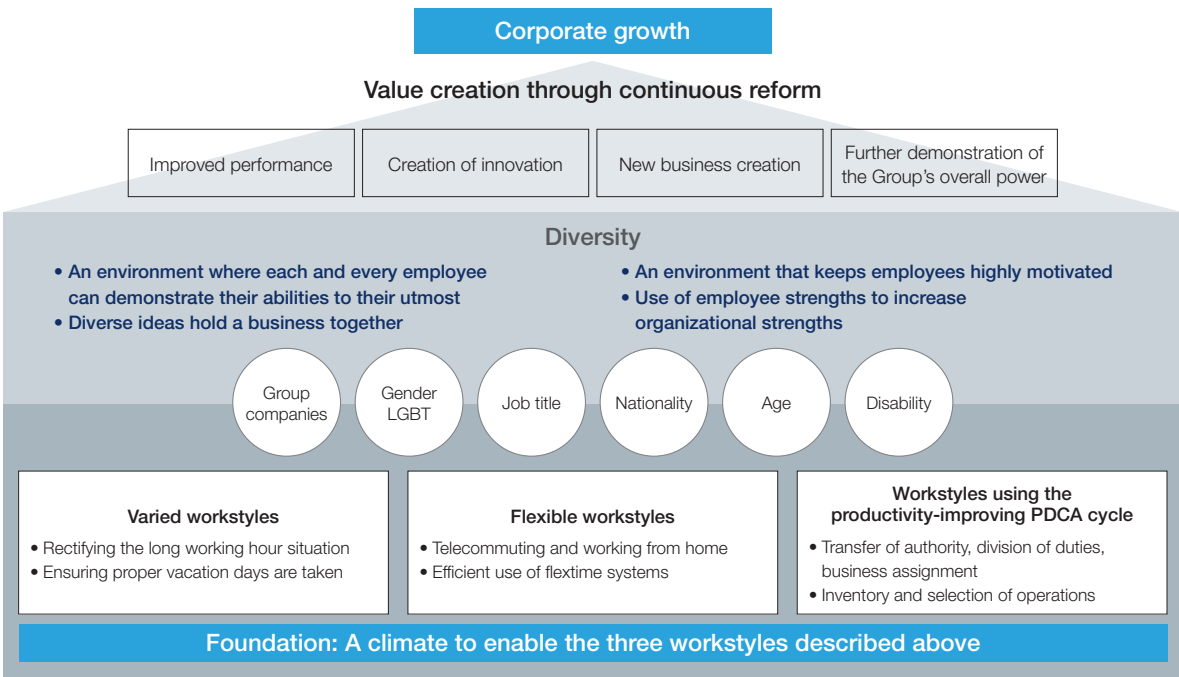


Diversity for Value Creation through the Nomura Real Estate Group's Continuous Reform

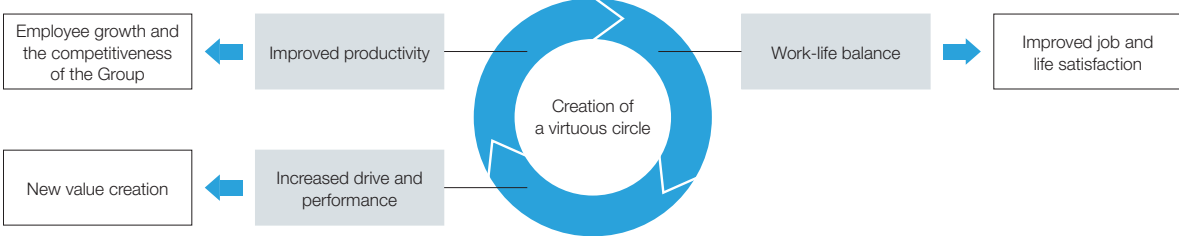
The Workstyle Reform Promotion Committee, chaired by Group COO Seiichi Miyajima, was instituted in April 2017, succeeding Nomura Real Estate Development's unique Diversity Challenge committee and launching the next stage of diversity initiatives throughout the entire Group. Moving forward, we plan to establish action plans and quantitative targets for each individual business unit and company in line with their situations and reform efforts

and based on Group-wide policies. We also intend to lay out standard quantitative targets for the Group as a whole. By improving productivity and the quality of labor, we hope to further spur the growth of our employees and, as a result, improve the Group's ability to compete. With the heads of each business unit committed to reform, we will work more than ever to achieve accelerated workstyle reform from a management perspective.

Raising Corporate Value through Diversity and Workstyle Reform



Our Vision for Workstyle Reform



Nomura Real Estate Development's Initiatives to Decrease Working Hours

With the goal of rectifying the long working hour situation, we have instituted a 10 p.m. forced shutdown of all individual PCs. We have also set up a policy to ensure that employees working in residential sales who work on Saturday or Sunday get one three-day weekend per month. In addition, as a result of such active efforts at improvement as the introduction of flextime, the average number of hours of non-legal overtime logged by

residential sales employees fell an impressive 25.4% year on year in 2016. By ensuring sufficiently flexible work structures, we have achieved a number of successful results, including the positive performance of employees who have reduced their working hours.

Overtime Reduced by **25.4%** ↓

Initiatives to Improve Interdepartmental Communication

There are roughly 80 departments between the business divisions and branch offices of Nomura Real Estate Development. With the expansion of the organization, there is concern that communication between the headquarters and other areas will decrease. In 2016, we instituted the Boss Change program to allow each department head the opportunity to communicate with members of other departments. For instance, the heads of the commercial property business and residence customer service department at the Kansai Regional Office changed positions and got to know more about the business of a different department and its functions within the Company. By communicating with the head of another department with a differing business environment, each department member gained new insight and broadened their perspectives beyond their own department.

Training According to Rank

Nomura Real Estate Development conducts seminars and training on the importance of diversity in order to disseminate awareness. In the first half of the period ended March 31, 2017, we held diversity promotion representative training for 107 senior managers. During training, managers learned about the need for diversity and examples of diversity promotion at the Company.

In the second half, we implemented training for 293 management-level employees. During this round of training, we reconfirmed the importance of diversity as a part of leadership and management strategy when it comes to becoming a diversified organization.

Winner of New Diversity Management Selection 100 from the Ministry of Economy, Trade and Industry

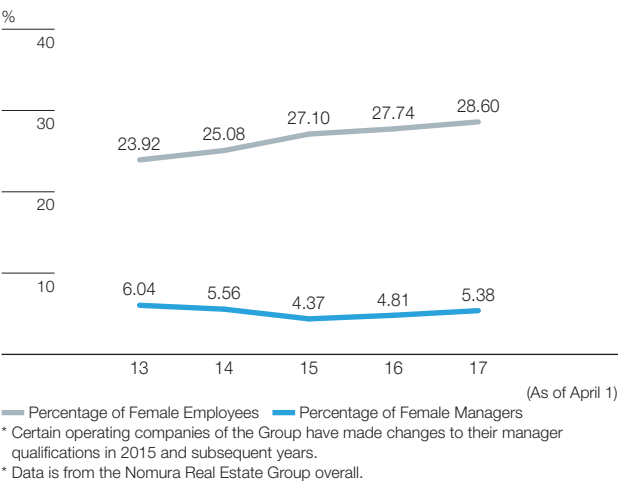
In 2016, Nomura Real Estate Development was chosen by the Ministry of Economy, Trade and Industry as a New Diversity Management Selection 100 recipient. The main topics influencing selection included the advancement and expansion of work fields welcoming to women, rectification of the need for long hours as part of workstyle reforms, and more. This marks the first time that a real estate company was recognized with this honor in the large corporation category (workforce of 301 employees or larger).



Encouraging the Active Participation of Women

At Nomura Real Estate Development, we are conducting initiatives to improve work-life balance with the goal of encouraging the active participation of women in the workplace and increasing the proportion of women in management positions. As part of these improvement efforts, we are using the Company intranet to raise awareness, introduce model employees, and take surveys to determine the mind-sets of all staff in order to raise the rate of personnel taking annual paid leave to above 50%. We are also looking into initiatives to encourage employees to take paid time off for stress relief and promote flexible workstyles. At the same time, we are conducting management-level training to increase awareness of these initiatives.

Percentage of Female Employees and Percentage of Female Managers



Receipt of “Eruboshi” certification

In 2016, Nomura Real Estate Development received “Eruboshi” certification, which is based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. Our receipt of this certification was likely due to our efforts to create an atmosphere that encourages the active participation of women, such as the establishment of a Women’s Forum for female employees in general positions, the implementation of a system to support child-rearing and caregiving while working as well as career advancement, and an awareness program for employees. Moving forward, we will strive to create a workplace where all of our diverse employees, including women, can work with enthusiasm and demonstrate their abilities to the fullest by putting workstyle reform and diversity management into practice.



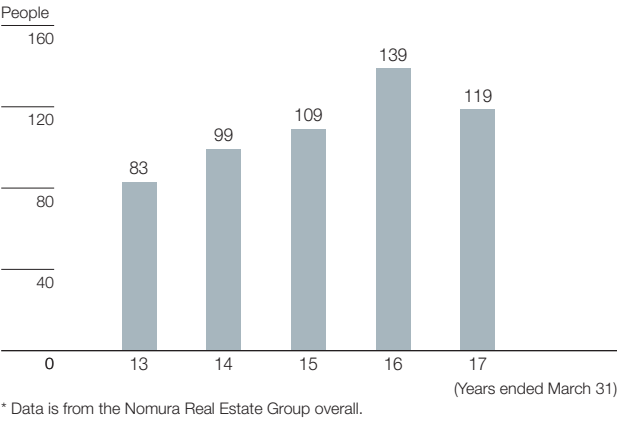
Support for Childcare

At the Nomura Real Estate Group, we consider childcare as an opportunity to learn a variety of viewpoints and values. Therefore, by having parental leave, reduced working hours for childcare, and an assistance program for holiday daycare, we offer an environment in which employees, both male and female, do not have to give up on work because they have a baby or because of childcare obligations.



In the fiscal year ended March 31, 2017, 119 employees benefited from the parental leave program and the rate of return is 94.1%. This sort of initiative is highly regarded and both Nomura Real Estate Development and Nomura Real Estate Urban Net have received Kurumin certification from the Ministry of Health, Labour and Welfare as companies that support childcare.

Number of Employees Taking Parental Leave



Employee Health

Preventing Overwork

The Nomura Real Estate Group has a variety of initiatives in place to prevent or limit overwork by employees. Specifically, Nomura Real Estate Development has introduced birthday leave and time off for stress relief as a means of encouraging employees to take paid leave. In addition, to shorten hours worked, the company has designated “no overtime” days and placed restrictions on computer use times. Moreover, the Executive Committee, which meets every month, creates labor reports and works systematically on further improvements. Employees whose working hours exceed a preset limit in a given month must complete an overwork self-assessment checklist to provide feedback to their general manager. When necessary, measures are implemented to ensure the health of the individual employee.

The Group is also included in the MSCI Japan ESG Select Leaders Index and the MSCI Japan Empowering Women Index (WIN) offered by MSCI. WIN is part of



the MSCI Japan IMI Top 500 Index, its parent index, and is based on employment data on women disclosed in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace, which is used by MSCI to calculate a multifaceted gender diversity score that is then used to select the corporations with the most impressive gender diversity within their industries.

Support for Nursing Care

With our approaching aging society, restrictions will arise on how employees work due to nursing care of relatives and, taking into consideration that concern is rising about leaving work because of nursing care, Nomura Real Estate Development held seminars on balancing both work and nursing care, aiming for recognition of support initiatives such as providing basic knowledge, preparations for nursing care, and explanations of in-house programs in 2016. Also, we are considering revising the nursing care leave and reduced working hours for nursing care programs and, going forward, expanding the work-from-home program.

Number of Employees Taking Nursing Care Leave

(Years ended March 31) (People)			
2014	2015	2016	2017
2	1	1	2

* Data is from the Nomura Real Estate Group overall.

Reinforcing Health Management

The Nomura Real Estate Group Code of Action states that the Group will “strive to maintain and enhance sound and pleasant workplace conditions.” Accordingly, we endeavor to prevent work-related accidents, facilitate appropriate management of physical and mental health, and ensure pleasant, employee-friendly workplaces. Group companies offer health checkups and examinations, and have set up mental and physical health hotlines and health consultation desks as part of proactive efforts to address mental health issues.

Atsushi Yoshikawa
Chairman of the Board of Directors



The Evolving Governance of Nomura Real Estate Holdings

Based on its Mid- to Long-term Business Plan, the Nomura Real Estate Group is working to expand its business domains and enhance its business value. As it pursues these endeavors, the Group is evolving its business management framework to reflect the changing times and its transforming business model. In this section, newly appointed Chairman Atsushi Yoshikawa and External Director and External Audit & Supervisory Committee Member Satoshi Ogishi discuss the characteristics of the Group's corporate governance structure as well as the changes that are occurring to that structure. By reading this section, we hope our stakeholders will gain a better understanding regarding the Group's business management structure.

Atsushi Yoshikawa
Chairman of the Board of Directors



Satoshi Ogishi
External Director (Audit & Supervisory Committee Member)

Satoshi Ogishi
External Director (Audit & Supervisory Committee Member)



Q. How would you evaluate the effectiveness of the Board of Directors?

Ogishi: With eight internal directors and five external directors, I believe that the Company's Board of Directors has a well-balanced ratio of internal directors to external directors. In addition, the Company's external directors, including myself, have a great deal of legal and accounting experience, and the presence of External Director Satoko Shinohara provides the Company with not only a woman's perspective but also a resident-based perspective. The structure of the Company's Audit & Supervisory Board is also extremely balanced, comprising three external directors and two internal directors. Recently, while there has been a trend among other Japanese companies of reducing the number of directors, the Company's Board currently consists of 13 directors. Although this may not be the best structure to have in the future, when I see how all directors actively participate in meetings of the Board of Directors and Audit & Supervisory Board and engage in meaningful discussions, I get a sense that the Company has appointed the necessary number of directors for ensuring a sufficient level of effectiveness.

Yoshikawa: The external directors we have appointed not only have an abundance of knowledge and experience, they also have extremely engaging personalities. While the Board of Directors is a forum for making decisions, it is also a forum for holding discussions based on the matter at hand. As far as I have observed, the discussions held at Board of Directors' meetings are well focused and incorporate a wide range of perspectives, thereby resulting in appropriate decision-making at these meetings.

Board of Directors' meetings were held 17 times in the fiscal year ended March 2017, with the external directors attending nearly all of these meetings. We distribute important materials to the external directors as quickly as possible, and they always make sure to fully digest the content of these materials. I am truly grateful to these directors for their efforts in this regard. However, it is not very beneficial to have the external directors spend much more time on reviewing materials and attending meetings. As such, to further enhance the quality of discussion going forward, we will leave matters regarding business execution up to the Management Committee and other relevant bodies and focus on utilizing Board of Directors' meetings as a forum for holding more meaningful discussions.

Q. Could you please explain the characteristics of the Company's decision-making process and the changes that are happening to that process?

Ogishi: When I was asked to be an external director, I was concerned that my role would be to simply approve matters that have already been decided without engaging in much debate. However, that turned out to be a needless concern, as all members of Board—whether internal or external—actively participate in discussions and voice their opinions. Furthermore, aside from Board of Directors' meetings, there are opportunities for external directors to exchange opinions amongst themselves, and off-site meetings are held with the executive officers. Accordingly, I do not believe it is necessary to extend the duration of Board

of Directors' meetings any further. With that said, it is not possible to hold truly meaningful discussions if the Board meets only once or twice a month for about three hours at a time. To implement better decision-making within the limited amount of time available for Board of Directors' meetings, I make sure to offer a different viewpoint and perspective to the executive officers when I feel that an agenda item needs to be discussed more thoroughly. I then ask that the executive officers once again discuss and examine the item internally and propose it again at the next Board of Directors' meeting.

Yoshikawa: As Ogishi has mentioned, by explaining business plans, answering questions, and addressing issues pointed out at Board of Directors' meetings, executive members are able to broaden their perspective on the Company's business, and their decision-making process has become more robust and transparent as a result.

In the past, the Residential Development Business was the main pillar of the Company's operations. However, under the current Mid- to Long-Term Business Plan, we have adopted a strategy that promotes business diversification to establish pillars that will stand alongside the residential business. While an approach that involves carrying out initiatives specific to each individual business is a natural one, there is a need for us to pursue Group-wide synergies to a greater extent than ever before. In other words, we must not only determine the profitability of each individual project but also give consideration from various perspectives to how a project will contribute to the overall development of the Company's business. The external directors often ask probing questions from a perspective that differs from the executive side's, and many of these questions involve fundamental issues, such as whether or not a project is truly something in which the Company should be engaging or how a project will help the Company realize its corporate philosophy. Thanks to these kinds of questions, executive members of the Board of Directors have become much more aware of their responsibility to not only generate profits from individual businesses but also promote Group-wide synergies and contribute to society as a whole.

Ogishi: In reality, the majority of agenda items brought up at Board of Directors' meetings relate to construction plans, starting with land acquisition, and property sales. After Kamezo Nakai, the former chairman, joined the Company, the discussion points of Board of Directors' meetings gradually began to change, going from simply discussing and approving a project based on its individual circumstances to discussing and approving a project while also considering its future outlook from a Group-wide perspective.

The external directors' understanding of each individual project is not necessarily as thorough as that of Nomura Real Estate's employees, who are well versed in the Company's operations. We therefore give consideration to whether or not a project has been thoroughly examined beforehand and if it is really something a certain division and the Group as a whole should be pursuing. Even when a project offers attractive business opportunities, we examine the balance the project will have with other business fields, the kinds of synergies it can generate,

and the position it will hold within the economic cycle. It is from such perspectives that we participate in discussions on projects at Board of Directors' meetings.

As the Board of Directors repeatedly holds discussions based on the above perspectives, the heads of business units and directors overseeing business units gradually become more aware of the perspectives the external directors take into account. Accordingly, consideration has already been given to such matters before an agenda item is proposed at Board of Directors' meetings. I believe that a Group-wide perspective is gradually being instilled in not only the members of the Board of Directors and Management Committee but also the employees on the front lines.

Also, the Board of Directors is paying particularly close attention to conflicts of interest. In cases where a corporation, such as Nomura Real Estate Holdings, has a major shareholder, there is a need to constantly monitor the risk of potential conflicts of interest and ensure that the corporation's management is operating in a way that benefits all of its shareholders, including general shareholders. While there are a number of directors who have come from the Company's major shareholders, I have never once gotten the impression that the Company's governance is being controlled by its major shareholder. Conversely, I feel that such directors have become a source for management talent that was missing in the Company or have functioned as a point of contact for collaboration with the major shareholder.

Q. What results have been achieved through the establishment of the Advisory Committee Relating to Nominations and Compensation? Also, what issues have occurred since the committee's establishment?

Ogishi: One year has passed since the Company established the Advisory Committee Relating to Nominations and Compensation, which acts as an advisory body to the Board of Directors. Even before the establishment of this committee, a small group of the Company's top management had been examining the ideal type of director compensation and the way successors are chosen. As such, I view the establishment of the Advisory Committee Relating to Nominations and Compensation as an endeavor to shed more light on such issues and ensure transparency in the processes for deciding nominations and compensation. Through discussions held by the committee, the Company's process for determining compensation has become clearer, and I view that as a major step forward. Also, discussions pertaining to director compensation systems have become much more meaningful from the perspective of improving corporate value. In the real estate industry, simply boosting share prices through short-term achievements is not sufficient. As a relatively long amount of time is needed from making an investment to obtaining a return, short-term achievements do not necessarily lead to improvements in corporate value. Furthermore, to improve both corporate value and shareholder value, growth must be realized not on an individual business unit basis but rather on a Group-wide basis. The Advisory Committee Relating to Nominations and Compensation therefore engages in discussions that focus on how to boost shareholder value over the medium to long term



and on how to reflect a director's contribution to Group-wide management in the Company's compensation system. These discussions have produced meaningful ideas for addressing these issues, and the Company is now at the stage where it must figure out how to put these ideas into practice.

Yoshikawa: While the activities of the Advisory Committee Relating to Nominations and Compensation have only just begun, the committee will help us further enhance the quality of our discussions and determine more specific policies over the upcoming year. I hope to convey these accomplishments to our shareholders.

Ogishi: Another issue for the Advisory Committee Relating to Nominations and Compensation to address is the development and nomination of successors. This is quite a difficult task, and it will take a bit more time before we see specific results start to appear. The committee shares information with the Board of Directors regarding the pool of candidates it has chosen for future management positions, and the Board intends to monitor these candidates' ways of thinking and abilities over the next several years. We often have these candidates explain agenda items at Board of Directors' meetings, which provides us with excellent opportunities to observe the approach and abilities of these candidates. However, making a comprehensive evaluation of these candidates is a difficult endeavor. While there are simple evaluation standards such as "excellent," "good," and "passable," checking whether or not a candidate has accomplished a certain initiative or project is also an important part of making an evaluation. We recognize that carrying out evaluations from this perspective in an objective and highly transparent manner is a major issue for us to tackle going forward. How we incorporate external management talent is another issue we must address.

Yoshikawa: In real estate development, construction of a project starts after development plans have been formulated and the



opinions of interested parties have been accounted for. However, in terms of mixed-used developments, in which many business units and personnel are involved, there are a large number of projects that take over 10 years to complete. It is therefore difficult to make quantitative evaluations that consider who contributed the most to a project and in what way. As such, those of us in management must take time to thoroughly observe and comprehend the work style of each employee if we wish to develop management talent for the next generation. Moreover, the type of management talent needed differs depending on the situation the Company is currently in. Accordingly, I believe a certain amount of flexibility is required in creating a pool of talent from a certain number of individuals and observing their actions over a long period of time.

Q. Could you offer us your opinion on the ideal state of the Board of Directors going forward?

Ogishi: The Company increased the number of its external directors, and discussions are being held at Board of Directors' meetings from the perspective of Group-wide management. These aspects can certainly be considered as progress in terms of strengthening governance. However, to further enhance the quality of Board of Directors' meetings, discussions need to be held from a medium- to long-term perspective that takes into account such factors as how the Company approaches the issues facing Japan and how the Company identifies ways for its overseas business to succeed. If the Company is able to engage in those kinds of discussions, the Board will transform from being a forum for approving specific projects to being a forum for discussing and determining the future direction of the Company while supervising the execution of specific projects.

Yoshikawa: As chairman of the Board of Directors, I would like to manage the Board in a way that allows it to deepen discussions regarding the Company's future direction. Supervising

business execution is an important function of the Board. However, at times when the executive officers are fulfilling their duties appropriately, I believe the Board will be able to devote more time to holding discussions about the future. I would like to continue to ask the external directors to help initiate lively discussion at Board meetings. I intend to ask probing questions until I receive a satisfying answer, and there will be times when I need to interject my opinion to put the discussion back on track. As the world continues to change, our business itself needs to change as well. However, there has been a tendency within the Company to draw conclusions based on past successes. Particularly, in the Residential Development Business, the establishment of the unified brand name "PROUD" was a major success for the Company, and I believe that experience can sometimes lead to overconfidence in our ability to succeed in any other business segment we enter into. We therefore need to closely examine whether shared assumptions within the Company are accurate and without pitfalls while incorporating the knowledge and expertise of each member of the Board of Directors.

Q. Mr. Yoshikawa, as the chairman of the Board of Directors, may I ask you to say a few words to the shareholders and other stakeholders?

Yoshikawa: When I was asked to be the chairman of the Company's Board of Directors, I had an earnest desire to leverage the experience I have gained thus far to play an important role in the Company's management. I was appointed to this position as a non-executive chairman. However, while fulfilling my duties as the Board's chairman, I aim to help boost the Group's corporate value by providing the Group with the personal network and management know-how I have cultivated over the years.

From my experience, I believe that new opportunities will always appear no matter how difficult the situation a corporation finds itself in. I have also come to realize that, after a company has enjoyed a favorable performance for a certain period of time, difficult times always seem to be on the horizon. Based on such experience, I will closely supervise the Company's business execution so that the executive members do not become overly self-confident within our businesses. I earnestly wish to turn Nomura Real Estate Holdings into a company that can offer all of its stakeholders, including its shareholders and other investors, reasonable explanations and provide them with satisfactory returns.

Thanks to the efforts of the Board of Directors, including the former chairman, and executive officers, the Company has enhanced both its risk management and corporate governance structures. However, as our business domains are vast and our contact with customers is extensive, it is hard to determine when an issue could occur that would negatively impact our reputation. While it is impossible to completely prevent such an issue from occurring, we will collaborate with our external directors to ensure that a prompt and appropriate response is taken in the event of a crisis.

To realize sustainable development for the Company, I intend to make every effort to fulfill my role as chairman. I therefore ask our stakeholders for their continued support going forward.

Basic Viewpoint on Corporate Governance

Nomura Real Estate Holdings believes that a company must be governed in a way that continuously maximizes corporate value over the long term while giving consideration to the interest of shareholders and all other stakeholders. It is based on this belief and following our Basic Corporate Governance Policy that we act as a holding company in managing and supervising the business activities of our subsidiaries and strive to build a highly transparent management organization, which in turn will enhance the earnings power of the entire Group.

Basic Corporate Governance Policy www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

Basic Corporate Governance Policy

Shareholder Rights and Securing Impartiality

Nomura Real Estate Holdings effectively maintains the same level of equality for every shareholder based on their shareholdings. We also strive to disclose information in a timely and appropriate manner so as to prevent information disparities among shareholders.

Nomura Real Estate Holdings has a policy concerning strategic shareholdings that acknowledges contributing to improving the Company's corporate value from a comprehensive perspective of strengthening transaction relations with counterparties and strategic business tie-ups, etc. We continuously examine the rationality of the holdings from the perspective of

contributing to improving the Company's corporate value. The Company makes appropriate decisions when exercising voting rights related to strategic shareholdings based on whether holdings contribute to improving the Company's corporate value through the enhancement of investee companies' corporate value.

Appropriate Cooperation with Stakeholders

Relationship Building with Stakeholders

In recognizing it is a member of society, the Nomura Real Estate Group has established the Nomura Real Estate Group Code of Action as a set of relevant guidelines that will enable directors, executive officers, and employees to follow a set of

highly esteemed ethics and social norms. We will continue collaborating as appropriate while closely considering the interests of shareholders, employees, customers, business partners, creditors, local communities, and other stakeholders.

Appropriate Information Disclosure and Transparency

System for Disclosing Information

Nomura Real Estate Holdings strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act, Financial Instruments & Exchange Act, as well as other laws and

Status of Shareholdings

- a. Investment shares held for purposes other than pure investment and the total amount on the balance sheet: 15 stocks / ¥3,843 million
- b. Stocks, number of shares, amount on the balance sheet, and purpose for investment shares held for purposes other than pure investment

Stock	Number of shares	Amount on balance sheet (millions of yen)	Purpose
Onward Holdings Co., Ltd.	500,000	381	To enhance corporate value by strengthening business ties

- c. The total amount recorded on the balance sheet, dividends received, gains/losses on sale, and gains/losses on valuation of investment shares held for the purpose of pure investment in the fiscal year ended March 31, 2017

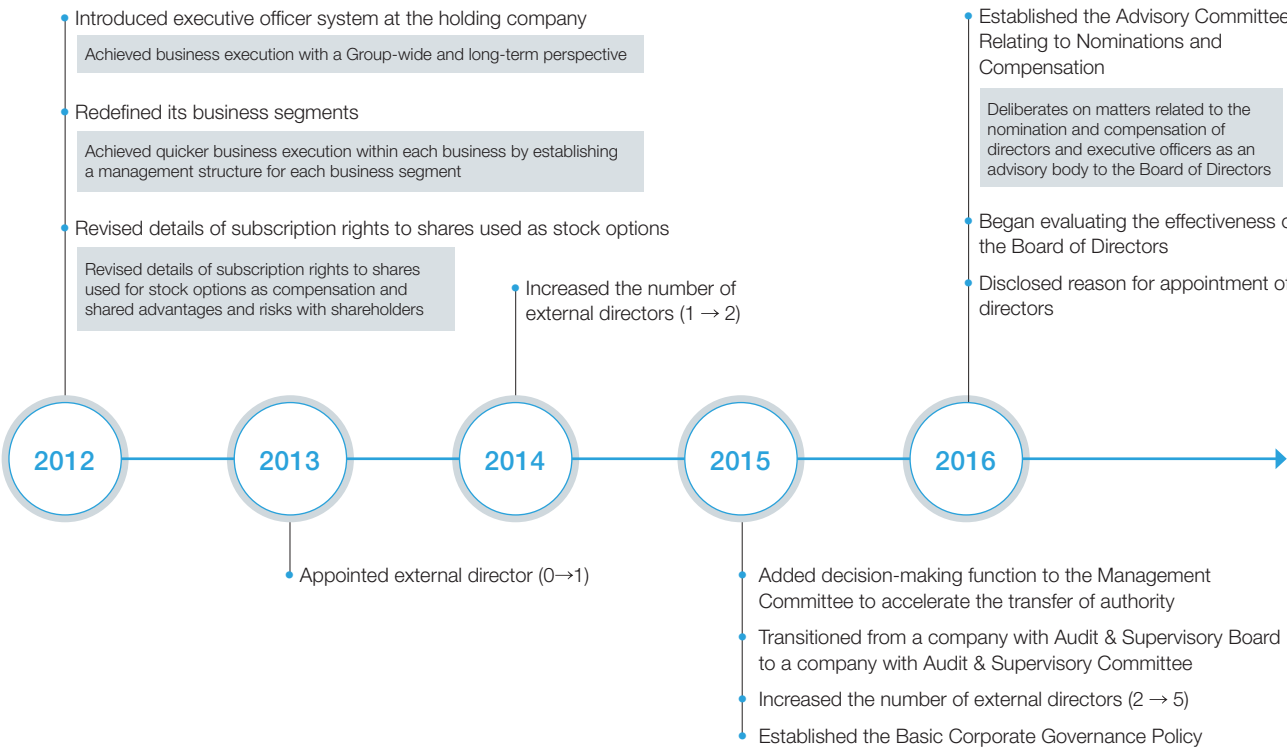
Category	Total amount on the balance sheet (millions of yen)	Total amount of dividends received (millions of yen)	Total amount of gains/losses on sale (millions of yen)	Total amount of gains/losses on valuation (millions of yen)
Non-listed shares	—	—	—	—
Other shares	1,408	26	0	784

the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system below indicates, the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department) collects information about the Company through the department responsible for information collection (Corporate Planning Department) from each business unit and Group company. If information must be reviewed to determine whether timely disclosure is required, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible for related departments

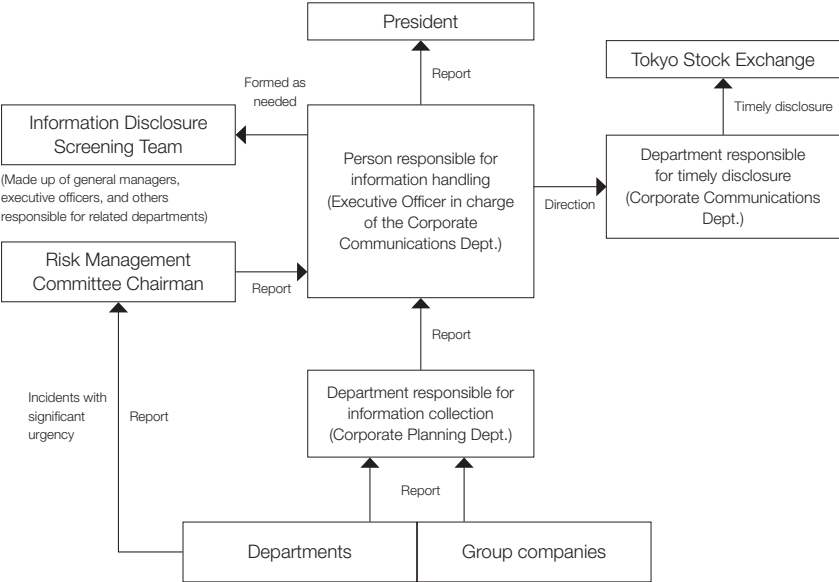
will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the department responsible for timely disclosure (Corporate Communications Department) at the instructions of the person responsible for information handling (Executive Officer responsible for the Corporate Communications Department).

The Group Internal Audit Department set carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors' and other important company meetings as well

The Nomura Real Estate Group's Efforts to Reinforce Corporate Governance



Timely Disclosure System



as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

Risk Management System

Nomura Real Estate Holdings has established Risk Management Regulations as a set of basic principles on risk management, recognizing that ensuring sound management and appropriate comprehension of and responses to various business risks facing the Group represents an important foundation of corporate governance. Within these regulations, we have established a flow of communication to the executive management team to promptly convey information in case of an unforeseen incident. The Risk Management Committee, comprising directors and executive officers of Nomura Real Estate Holdings and Group companies as members, has also been established. The committee meets monthly to deliberate on matters pertaining to risk management, compliance, and information security as they relate to the entire Group. It also discusses ways to respond to risks that do emerge and regularly reports to the Board of Directors.

	Risks	Risks and Issues	Specific Initiatives
Business Risks, etc.	Real estate market trends	Possibility of affecting results	• Continuous research into changes in residential development, leasing, and property brokerage markets
	Changes in real estate legislation and taxes	Possibility of affecting results	• Continuous research by means of regular information exchange with business groups and local governments
	Permits, licenses, etc., in key businesses	Possibility of affecting results	• Continuous research and understanding of licensing by making use of the legal department
	Effects of interest-bearing liabilities	Possibility of affecting results and financial status	• Relationships with financial institutions via the finance department
	M&A	Possibility of affecting results	• Continuous research through the Corporate Planning Department
	Natural disasters, etc.	Possibility of affecting results and financial status	• Establishment of Group BCP and periodic training and disaster preparedness meetings
	Personal information	Possibility of loss of credibility and of affecting results	• Information management through enhancement of risk management systems
	Overemphasis on period results	Possibility of affecting results	• Comprehension of the promotion of business activities in each business unit
	Capital ties with affiliated companies	Possibility of affecting management	• Continuous research through the Corporate Planning Department
Foundations Necessary for Business Continuity	Human resources	Responses to globalization and diversification Labor shortages and long working hours	• Continuous Company-wide initiatives for human resource cultivation and diversity through the human resource department and workstyle reform committee
	Management systems	Foundations necessary for business continuity	• Continuous corporate governance initiatives as a company with Audit & Supervisory Committee and compliance promotion by the Risk Management Committee, as well as risk management
Key Areas for the Company	Safety / Security	Natural disasters Aging of real estate stock	• Creation of the PROUD Standard Disaster Prevention Manual for residences • Establishment of disaster preparedness centers and implementation of emergency response drills
	Environment	Environmental problems Energy shortages	• Use of our original PROUD Environmental Assessment Sheets • Promotion of smart towns
	Community	Weakening family ties due to a declining birth rate and aging population Diminished function of local communities	• Publication of the Condominium Community Guide • Urban-type compact town initiatives
	Health / Comfort	Transition into an aging society Rising concern for health and comfort and diversifying needs	• Health promotion programs at the sports clubs we operate • Acceleration of the development of elderly housing with added services

Internal Audits and Audit & Supervisory Committee System

The Nomura Real Estate Group has established an internal audit department at each Group company, with the exception of some small companies. Each department is supervised under the direct jurisdiction of each Group company president or an officer who does not hold an additional office in a business operations division, which allows the department to maintain organizational independence. In addition, we have established the Group Internal Audit Department in the holding company that, in collaboration with the auditing firm, supervises the internal audit functions of the entire Group and monitors and evaluates as well as audits each division within the Company. Also, the results of audits are reported at meetings of the Board of Directors and the Audit & Supervisory Committee.

The Audit & Supervisory Committee receives regular reports from internal audit departments on the implementation and results of internal audits. When necessary, it can recommend or instruct additional audits

or necessary investigations to be carried out. The Audit & Supervisory Committee also audits and supervises the execution of duties by directors and business operations by executive officers while cooperating with the auditing firm as needed.

Audit & Supervisory Committee Members attend Board of Directors' and other important Company meetings and can request reports from business execution departments as necessary to collect information on Nomura Real Estate Holdings' execution of business operations. Nomura Real Estate Holdings has established an Audit & Supervisory Committee Department in order to aid the

duties of Audit & Supervisory Committee Members. This office has its own dedicated staff who work to implement measures for increasing the effectiveness of audit operations.

Nomura Real Estate Holdings has concluded an auditing contract with Ernst & Young ShinNihon LLC (the auditing firm). In addition to regular accounting audits by the auditing firm, the Company discusses and verifies accounting issues with the auditing firm as needed and strives to follow appropriate accounting procedures. Certified Public Accountants involved in auditing are listed below.

Auditing Firm and Certified Public Accountants (as of June 29, 2017)

Auditing Firm	Names of Certified Public Accountants	
Ernst & Young ShinNihon LLC	Designated and Engagement Partner	Hidetsugu Kaneko
	Designated and Engagement Partner	Kazunori Takenouch
	Designated and Engagement Partner	Toru Nakagiri

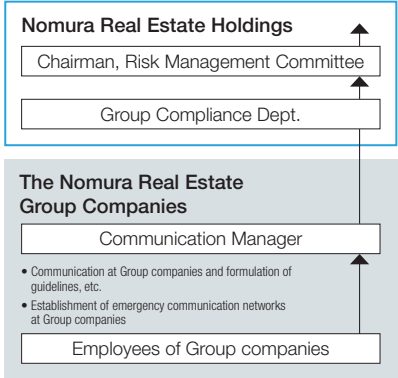
*1. The length of auditing service of each of the above mentioned Auditors is seven years or less; therefore, the number of years is omitted.
*2. Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in our accounting audits over an extended period of time. Assistants involved in auditing are listed below.
Certified Public Accountants 7 / Assistant Certified Public Accountants 5 / Other 4

Compliance Systems

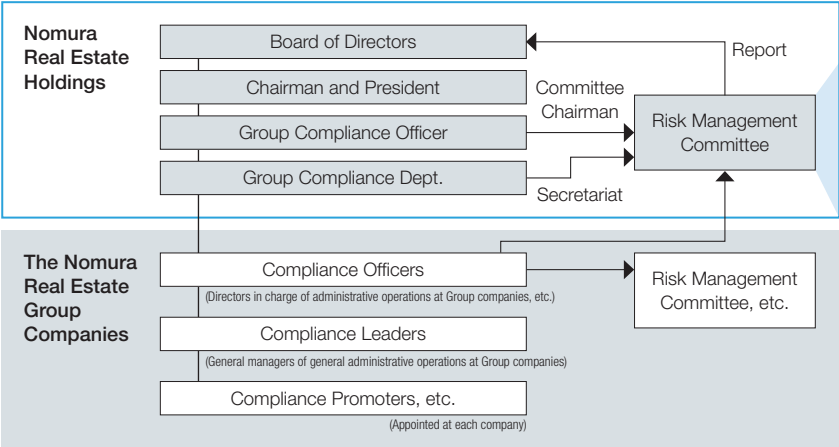
The Group Compliance Department spearheads Nomura Real Estate Holdings' efforts to promote continuous educational and awareness activities for executives and employees, and also provides advice, guidance, and assistance to Group companies. Specifically, training is carried out throughout the year following the compliance program, while Compliance Hour is a program streamed to all officers and employees over the Internet. These efforts and more ensure that continuous improvement is achieved in awareness of compliance.

The Nomura Real Estate Group Help Line was set up as a whistle-blower hotline independent from executive management for employees to report or receive consultations about illegal or unethical behavior they may have witnessed taking place within the Group. Employees who use the help line are ensured their information is kept confidential and they cannot be treated unfairly for reporting an incident using the help line.

Flow of Communication



Compliance Promotion Framework and Risk Management Framework



About the Risk Management Committee
<Customarily meets once a month>
<Extraordinary meetings held as necessary>
<Reports to the Board of Directors at least once every three months>
<Roles>
• Regular monitoring of risks
• Risk evaluation and analysis
• Preemptive preventive measures
• Incident response
• Measures to prevent repeat incidents
• Improving compliance awareness

Obligations of the Board of Directors

Nomura Real Estate Holdings has selected the management format of a company with Audit & Supervisory Committee in order to strengthen audit and oversight functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights during Board of Directors’ meetings. We have also reinforced the oversight function of the Board of Directors by appointing multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation, which has enabled us to realize a fair and highly transparent management system. Additionally, we have established a risk management system, compliance system, and internal control system, with each reporting to the Board of Directors on a regular basis, which ensures the effectiveness of the supervision by the Board of Directors concerning the execution of directors’ duties and business operations by executive officers.

Roles of the Board of Directors

The Board of Directors bears the responsibility to realize effective corporate governance for all shareholders and, by doing so, to continuously grow the Company and maximize long-term corporate value. To fulfill this responsibility, the Board of Directors ensures the fairness and transparency of management by supervising management and makes the best possible decisions for the Company through the determination of important business execution matters. The Board of Directors is made up of a diverse collection of directors who possess various knowledge, experience, and skills in order to achieve the necessary balance and diversity as a holding company that manages a number of subsidiaries engaged in various business segments. Specifically, the Board of Directors comprises eight directors (excluding directors who serve as Audit & Supervisory Committee Members), of whom two are external directors, and five directors who are also Audit & Supervisory Committee Members, of whom three are external directors. The Board of Directors decides important corporate matters, such as basic management policies, and supervises the execution of duties by directors and business operations by executive officers.

Roles of Independent External Directors

The primary roles of independent external directors are to use their own knowledge to provide appropriate advice from the perspective of the sustainable growth of the Company and enhancing corporate value, to fulfill a supervisory role over management through important decision-making by the Board of Directors, to monitor for conflicts of interest between the Company and executive management or primary shareholders, and to state the views of shareholders and other stakeholders appropriately to the Board of Directors using a stance independent from the executive management team. Nomura Real Estate Holdings has established its own set of criteria for determining the impartiality of independent external directors, in addition to the requirements of independent officers established by the Tokyo Stock Exchange.

Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Membership comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee performs audits utilizing the Company’s internal control system and receives periodic reports on internal audits and the results from the Internal Audit Department. The Audit & Supervisory Committee also has the authority to ask directors, executive officers, and business units of the Company and the Group to report such matters when necessary.

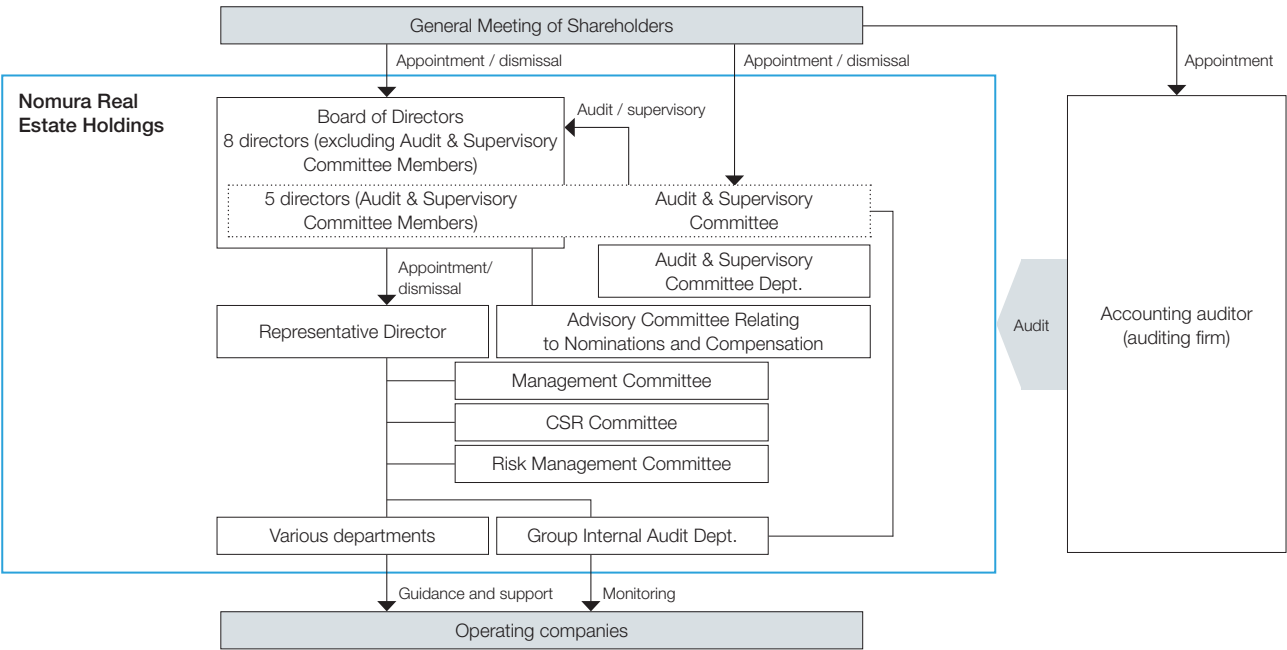
Criteria for Determining Impartiality of Independent External Directors (Article 14 of the Basic Corporate Governance Policy)

Article 14 In addition to Independent Director impartiality criteria set by the Tokyo Stock Exchange, the Board of Directors establishes criteria concerning the impartiality of Independent External Directors and nominates Independent External Directors having confirmed that they do not correspond to any of the following items.

- (1) Individuals who execute business for any other company with which the Company or its subsidiaries have a reciprocal employment relationship as each other’s External Directors;
- (2) Individuals who are employees of the Company’s or its subsidiaries’ major business partners*1 or who are employees at companies that consider the Company or its subsidiaries to be their major business partner*1 (or individuals involved in the execution of business if such business partner is a corporation);
- (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million in addition to Directors compensation from the Company or subsidiaries during the most recent business year;
- (4) Individuals affiliated to companies, etc. that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains*2 from the Company or subsidiaries;
- (5) Individuals who are or were involved in the execution of business at one of the Company’s major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
- (6) Close relatives of individuals stated in (1) to (5).

*1 A Major business partner means a business partner whose transactions with the Group exceed 2% of the Company’s or such business partner’s annual consolidated sales in the most recent business year.
*2 Large sums of money or other property gains means gains that exceed 2% of that company’s annual consolidated sales in the most recent business year.

Corporate Governance System



Advisory Committee Relating to Nominations and Compensation

In February 2016, Nomura Real Estate Holdings set up the Advisory Committee Relating to Nominations and Compensation, comprising mainly independent external directors, as an advisory body to the Board of Directors to strengthen the objectivity and impartiality of the functions of the Board of Directors in relation to director nominations and compensation. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation for directors and executive officers and reports the outcome of discussions to the Board of Directors.

Evaluating the Effectiveness of the Board of Directors

Directors conduct an annual self-assessment about the effectiveness of the Board of Directors and their contributions as a director, while the Board of Directors carries out an analysis and evaluation of the effectiveness of the entire Board of Directors, referencing the self-assessment of each director, and a summary of the results are disclosed appropriately. Annual evaluations will enable us to regularly ascertain the status of improvements and to further enhance the effectiveness of the Board of Directors.

Evaluation of the Effectiveness of the Board of Directors

Based on the results of the survey on the effectiveness of the Board of Directors in the fiscal year ended March 31, 2016, the following points were improved on in the fiscal year ended March 31, 2017.

Issues Based on the Result of Survey on the Fiscal Year Ended March 31, 2016	Improvements	Survey on the Fiscal Year Ended March 31, 2017
Explanations of proposals and document contents	<ul style="list-style-type: none">Sharing of points to be clarified in documents and proposal explanationsRisk analysis and assessmentPositioning of Mid- to Long-term Business Plan items	These improvements have been assessed as likely to contribute to the increased effectiveness of the Board of Directors.
Distribution of documents further in advance	<ul style="list-style-type: none">Acceleration of document distributionAccelerated preparation of Board of Directors’ meeting minutes	
Improvement in strategic discussions by the Board of Directors	<ul style="list-style-type: none">Refinement of Board of Directors’ meeting agendas	

In Pursuit of Further Improvements

- From April 2017, we have been implementing operational improvements, such as better document distribution prior to meetings and clarified proposal explanation and document discussion points.
- From April 2017, we have been implementing operational improvements, such as further refinements to Board of Directors’ meeting agendas and the establishment of deliberation opportunities outside of Board of Directors’ meetings.

List of External Directors

Name	Audit & Supervisory Committee Member	Independent Director	Supplemental Explanation of Compliance Item	Reason for Appointment as External Director	Attendance Record
Shigeru Matsushima	—	○	Mr. Matsushima is an External Director of CAC Holdings Corporation.	Mr. Matsushima has a wealth of knowledge and wide-ranging experience through his many years as an expert in business administration. He was appointed as an External Director since his experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management.	Attended 17 of the 17 Board of Directors' meetings held during the fiscal year ended March 2017.
Satoko Shinohara	—	○	Ms. Shinohara is a professor at the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University	Ms. Shinohara has worked for many years as an architect and has gained a wealth of knowledge and experience in her field. She was appointed as an External Director since her experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management. Spatial Design Studio, for which Satoko Shinohara serves as Representative Director, has the above described transactions with Nomura Real Estate Development Co., Ltd. However, the transaction amount in the most recent business year represents less than 2% of the sales of said company and of the consolidated operating revenue of the Company.	Attended 17 of the 17 Board of Directors' meetings held during the fiscal year ended March 2017.
Satoshi Ogishi	○	○	Mr. Ogishi is a Partner at Nishimura & Asahi.	Mr. Ogishi has established a wealth of expertise and wide-ranging experience as an attorney-at-law. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system. The Company and its subsidiaries engage in transactions concerning legal services with Nishimura & Asahi, of which Satoshi Ogishi is a Partner. However, the transaction amount in the most recent business year represents less than 2% of the sales of said law office and of the consolidated operating revenue of the Company.	Attended 17 of the 17 Board of Directors' meetings held during the fiscal year ended March 2017 and 11 of the 11 Audit & Supervisory Committee meetings held.
Akira Yamate	○	○	Mr. Yamate is an External Director of Mitsubishi UFJ Financial Group.	Mr. Yamate has been a Certified Public Accountant for many years and he has established a wealth of expertise and wide-ranging experience in his field. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 16 of the 17 Board of Directors' meetings held during the fiscal year ended March 2017 and 11 of the 11 Audit & Supervisory Committee meetings held.
Akira Ono	○	○	Mr. Ono is a Partner at Spring Partners.	Mr. Ono possesses a wealth of expertise and wide-ranging experience as an attorney-at-law with many years of professional experience. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 17 of the 17 Board of Directors' meetings held during the fiscal year ended March 2017 and 11 of the 11 Audit & Supervisory Committee meetings held.

Director Compensation

A resolution was passed at the ordinary general meeting of shareholders held on June 26, 2015 setting the annual compensation of directors (excluding those who serve on the Audit & Supervisory Committee) at no more than ¥650 million and that of directors who serve on the Audit & Supervisory Committee at no more than ¥150 million.

Nomura Real Estate Holdings' compensation of directors consists of fixed monthly compensation and variable compensation,

comprising bonuses and stock-related compensation. Bonuses are determined according to the Company's business performance during the relevant fiscal year. Stock-related compensation, in the form of stock options, is designed to align executives' interests with those of the Company's shareholders, and to further enhance corporate value. Stock options are either market-value stock options, on which the exercise price (the amount payable when the right is exercised) is determined on the basis of market prices,

or share compensation stock options, which have exercise prices of ¥1 per share.

In order to make our policy on determining director compensation more specific and based on the Mid- to Long-term Business Plan, we will examine solutions along with procedures for determining compensation that are highly objective and transparent.

Shareholder Engagement

Nomura Real Estate Holdings conducts proactive and constructive engagement

with shareholders based on its established systems and policy on initiatives to promote greater engagement. The director in charge of investor relations takes the lead in engaging shareholders, while the department in charge of investor relations supports these efforts. The department in charge of investor relations meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of investor relations reports the views and concerns of shareholders found during engagement to the executive management team, and regularly reports to the Board of Directors, which discusses this information. We have established Regulations Concerning the Prevention of Insider Trading in order to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, while a silent period has also been established.

Status of Investor Relations Activities

We strive to actively engage individual investors through investor relations fairs and Company information sessions conducted by the CEO and via the Internet. For analysts and institutional investors, at earnings briefings following

our announcement of semiannual and annual results, the CEO sits down with them to explain about the Company's performance and management strategy. Videos of this explanation are streamed through our corporate website. Additionally, we strive to foster greater understanding in the Company through conference calls when quarterly earnings results are announced as well as through small meetings with the president and property tours.

For overseas investors, we offer earnings information in English and stream English-language versions of earnings briefings via our corporate website. In addition, the CEO or CFO visits with overseas investors individually in the United States, Europe, and Asia where they strive to promote understanding of the Company through briefings on business performance and management strategy.

We have been working to improve the disclosure section of our website in order to justly and fairly provide information to our investors. Consequently, the Company earned a silver award from Gomez IR Site Ranking for the fiscal year ended March 31, 2017. Our comprehensive rank was 14, up from 52, putting us at number one in the industry, up from number three in the last fiscal year.

Main IR Activities during the Fiscal Year Ended March 31, 2017

IR activities for institutional investors	Number of times held
Earnings briefings	2
Conference calls on the earnings announcement days	4
Meetings with investors and analysts (This number includes the following meetings)	427
Small meetings with the president	2
Overseas IR (Europe, U.S., Asia) (including overseas conferences)	8
Conference organized by securities companies (Japan)	5
Property tours	4
SR meetings	11

IR activities for individual investors	Number of times held
Company information sessions by CEO	1
IR fairs	2
Company information session via the Internet	1

Please Visit Our IR Site.

Japanese:
www.nomura-re-hd.co.jp/ir/
English:
www.nomura-re-hd.co.jp/english/ir/

Compliance with Japan's Corporate Governance Code

Our reason for not implementing four of the 73 principles of Japan's Corporate Governance Code as of April 2017 is explained below. We are now working to implement these principles as soon as practical.

Principle	Reason for not implementing
[Principle 3-1] Enhance Information Disclosure	(3) Please refer to page 80 regarding the current compensation structure for directors. In order to make our policy on determining director compensation more specific and based on the Mid- to Long-term Business Plan, we have discussed policy, in particular, in the Advisory Committee Relating to Nominations and Compensation, but will continue to examine designs for thorough systems moving forward.
	(4) When nominating and appointing director candidates and executive officers, the Company nominates and appoints individuals who have outstanding character, insight, and capabilities, irrespective of their nationality or gender. Specifically, the president consults with the Company's directors and executive officers and prepares a list of candidates by, as necessary, exchanging opinions with officers at each Group company and conducting interviews with potential candidates, and nominates and appoints director candidates and executive officers following discussion at a meeting of the Board of Directors led by the Advisory Committee Relating to Nominations and Compensation. The Company will continue to investigate the policy and procedures taken to appoint members of management and nominate candidates for director by means of the Advisory Committee Relating to Nominations and Compensation.
[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO (Planning)	The Company provides training for executive officers and strives to train future members of management by providing opportunities for initiatives that deepen their knowledge and experience as managers, such as gaining experience working at numerous divisions and attending important meetings, including Management Committee meetings. The Company is aware that the appropriate appointment of management members in line with the Company's corporate philosophy and management strategies, including external candidates, is important for realizing sustainable growth. The Advisory Committee Relating to Nominations and Compensation will continue to conduct investigations so that we can formulate a succession plan for management that includes the systematic training of officers.
[Principle 4-14, Supplementary Principle 4-14-1, Supplementary Principle 4-14-2] Disclosure of Training Policy for Directors	The Company provides necessary management-level financial and legal training when appointing executive officers. The Company also establishes, using Company expenses, opportunities to train such officers leveraging external organizations after their appointment, and implements initiatives to deepen understanding with regard to management. We also provide explanations pertaining to our business activities, history, and operating environment to external directors with the aim of deepening understanding at the time we appoint them and after their appointment if needed. The Company is aware of the need to prepare a policy concerning the systematic training of directors and executive officers based on our corporate philosophy and management strategies. The Advisory Committee Relating to Nominations and Compensation will continue to investigate formulating and disclosing such a policy together with a management succession plan.

Total Compensation, etc., Total Compensation, etc., by Type, and the Number of Directors Applicable (fiscal year ended March 31, 2017)

Director category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type of remuneration (millions of yen)			Number of directors applicable
		Basic compensation, etc	Stock option	Bonus	
Directors (excluding Audit & Supervisory Committee Members) (excluding external directors)	516	247	98	171	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	77	57	—	20	2
External directors and Audit & Supervisory Board Members	67	67	—	—	5
Total	660	371	98	191	13

Directors



Atsushi Yoshikawa

Chairman of the Board of Directors

Apr. 1978 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Jun. 2000 Director of Nomura Securities Co., Ltd.
Oct. 2001 Director of Nomura Securities Co., Ltd.
Jun. 2003 Executive Officer of Nomura Securities Co., Ltd.
Apr. 2004 Executive Managing Director of Nomura Holdings, Inc. and Senior Corporate Managing Director of Nomura Asset Management Co., Ltd.
Apr. 2006 Executive Vice President of Nomura Asset Management Co., Ltd.
Apr. 2008 Director and President of Nomura Asset Management Co., Ltd.
Oct. 2008 Executive Managing Director of Nomura Holdings, Inc. and Director, President, and CEO of Nomura Asset Management Co., Ltd.
Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc. and CEO and President of Nomura Holding America Inc.
Aug. 2012 Representative Executive Officer and Group COO of Nomura Holdings, Inc.
Jun. 2013 Director, Representative Executive Officer, and Group COO of Nomura Holdings, Inc.
Jun. 2016 Advisor of Nomura Holdings, Inc.
Apr. 2017 Director of Nomura Real Estate Development Co., Ltd. (present)
Advisor of Nomura Real Estate Holdings, Inc. (present)
Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)



Toshiaki Seki

Representative Director and Executive Officer,
In charge of Property &
Facility Management Business Unit

Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2003 Director of Nomura Real Estate Development Co., Ltd.
Mar. 2007 Managing Director of Nomura Real Estate Development Co., Ltd.
Apr. 2007 President and Representative Director of Nomura Living Support Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
Apr. 2008 President and Representative Director, and Chief Executive Officer of Nomura Living Support Co., Ltd.
Dec. 2010 President and Representative Director of Nomura Real Estate Reform Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013 Director of Nomura Living Support Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
Apr. 2014 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd.
Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
Apr. 2015 Director of Nomura Real Estate Urban Net Co., Ltd. Chairman and Representative Director of Nomura Real Estate Partners Co., Ltd. (present)
President and Representative Director of Nomura Real Estate Wellness Co., Ltd. (present)
Jun. 2015 Director of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.) (present)



Eiji Kutsukake

President and
Representative Director, Group CEO

Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Apr. 2007 Director of Nomura Securities Co., Ltd.
Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2011 Executive Vice President of Nomura Securities Co., Ltd. Senior Corporate Managing Director of Nomura Holdings, Inc.
Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.
Aug. 2012 Deputy President of Nomura Securities Co., Ltd.
Apr. 2013 President and Deputy President of Nomura Securities Co., Ltd.
Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.
Jun. 2015 President and Representative Director, Chief Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2017 Chairman and Representative Director of Nomura Real Estate Development Co., Ltd. (present)



Hiroyuki Kimura

Director and Executive Officer,
Group CFO and Head of Investor Relations

Apr. 1984 Joined Nomura Real Estate Development Co., Ltd.
Apr. 2009 Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009 Director of Nomura Real Estate Holdings, Inc.
Apr. 2010 President and Representative Director of Nomura Real Estate Investment Management Co., Ltd. Director of Nomura Real Estate Capital Management Co., Ltd.
Director of Nomura Real Estate Asset Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
Oct. 2011 Managing Director of Nomura Real Estate Asset Management Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2013 Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2014 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)



Seiichi Miyajima

Executive Vice President and
Representative Director, Group COO

Apr. 1981 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2004 Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008 Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2012 Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014 Representative Director and Executive Vice President of Nomura Real Estate Development Co., Ltd.
Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2015 President and Representative Director, Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Apr. 2017 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)



Makoto Haga

Director and Executive Officer,
Head of Management Division,
Management of Affiliated Companies

Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
Oct. 2010 General Manager of Management Planning Department of Nomura Real Estate Development Co., Ltd.
Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc. (present)
Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Director of NREG TOSHIBA BUILDING Co., Ltd. (present)
Director of Nomura Real Estate Life & Sports Co., Ltd. (present)
Director of Geo Akamatsu Co., Ltd. (present)
Director of Nomura Real Estate Reform Co., Ltd. (present)
Director of PRIME X Co., Ltd. (present)
Director of Nomura Real Estate Wellness Co., Ltd. (present)
Jun. 2017 Director of Nomura Real Estate Holdings, Ltd. (present)



Shigeru Matsushima

Director (External)

Apr. 1973 Joined Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry)
Jun. 1998 Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry
Sep. 1999 Director-General of Chubu Bureau of International Trade and Industry of Ministry of International Trade and Industry
Apr. 2001 Professor, Faculty of Business Administration, Hosei University
Mar. 2007 External Director of CAC Corporation (currently, CAC Holdings Corporation) (present)
Apr. 2008 Professor, Tokyo University of Science Graduate School
Jun. 2008 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Apr. 2012 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
Jun. 2013 Director of Nomura Real Estate Holdings, Inc. (present)



Satoko Shinohara

Director (External)

Apr. 1983 Joined Kohyama Atelier (currently, Hisao Kohyama Atelier)
May 1987 Director of Spatial Design Studio
Oct. 1990 Director of Kengo Kuma and Associates
Nov. 2000 Representative Director of Spatial Design Studio (present)
Mar. 2009 Representative Director of Kengo Kuma and Associates (present)
Feb. 2010 Representative Partner of Satoko Shinohara Living Design Institute LLC (present)
Apr. 2010 Professor at Japan Women's University (present)
Jun. 2014 Director of Nomura Real Estate Holdings, Inc. (present)



Takao Orihara

Director (Audit & Supervisory Committee Member)

Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2005 Director of Nomura Real Estate Holdings, Inc.
Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008 Director and Senior Executive Officer of
Nomura Real Estate Development Co., Ltd.
Apr. 2009 Director and Managing Executive Officer of
Nomura Real Estate Development Co., Ltd.
May 2012 Director and Executive Officer of
Nomura Real Estate Holdings, Inc.
Apr. 2014 Audit & Supervisory Board Member of
Nomura Real Estate Development Co., Ltd. (present)
Audit & Supervisory Board Member and
Advisor of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of
Geo Akamatsu Co., Ltd. (present)
Jun. 2014 Audit & Supervisory Board Member of
Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of
Nomura Real Estate Urban Net Co., Ltd. (present)
Audit & Supervisory Board Member of
Nomura Real Estate Partners Co., Ltd. (present)
Audit & Supervisory Board Member of
MEGALOS CO., LTD. (present)
(currently, Nomura Real Estate Life & Sports Co., Ltd.)
Jun. 2015 Director (Audit & Supervisory Committee Member) of
Nomura Real Estate Holdings, Inc. (present)
Audit & Supervisory Board Member of
NREG TOSHIBA BUILDING Co., Ltd.



Akira Yamate

Director (Audit & Supervisory Committee Member)
(External)

Nov. 1977 Joined Price Waterhouse & Co.
Jul. 1991 Representative Partner of Aoyama Audit Corporation
Partner of Price Waterhouse & Co.
Apr. 2000 Representative Partner of
Chuo Aoyama Audit Corporation
Partner of PricewaterhouseCoopers
Sep. 2006 Representative Partner of PricewaterhouseCoopers Aarata
(currently, PricewaterhouseCoopers Aarata LLC)
Jun. 2013 Audit & Supervisory Board Member of
Nomura Real Estate Development Co., Ltd.
Audit & Supervisory Board Member of
Nomura Real Estate Holdings, Inc.
Jun. 2015 Director (Audit & Supervisory Committee Member) of
Nomura Real Estate Holdings, Inc. (present)
Outside Director of Mitsubishi UFJ Financial Group, Inc.
(present)
Audit & Supervisory Board Member of
Prudential Holdings of Japan, Inc. (present)



Shigeki Fujitani

Director (Audit & Supervisory Committee Member)

Apr. 1981 Joined Nomura Securities Co., Ltd.
(currently, Nomura Holdings, Inc.)
Apr. 2008 Executive Managing Director of
Nomura Asset Management Co., Ltd.
Oct. 2008 Executive Officer of Nomura Holdings, Inc.
Apr. 2013 Audit & Supervisory Board Member of
Nomura Real Estate Development Co., Ltd. (present)
Jun. 2013 External Audit & Supervisory Board Member of
Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of
Nomura Real Estate Urban Net Co., Ltd. (present)
Audit & Supervisory Board Member of
Nomura Building Management Co., Ltd.
(currently, Nomura Real Estate Partners Co., Ltd.) (present)
Apr. 2014 Audit & Supervisory Board Member of
PRIME X. Co., Ltd. (present)
Jun. 2014 Audit & Supervisory Board Member of
Nomura Real Estate Asset Management Co., Ltd. (present)
Audit & Supervisory Board Member of
NREG TOSHIBA BUILDING Co., Ltd. (present)
Jun. 2015 Director (Audit & Supervisory Committee Member) of
Nomura Real Estate Holdings, Inc. (present)
Jun. 2016 Audit & Supervisory Board Member of
Nomura Real Estate Reform Co., Ltd. (present)



Akira Ono

Director (Audit & Supervisory Committee Member)
(External)

Apr. 1998 Registered with Tokyo Bar Association
Joined Tokyo Aoyama Law Office
(currently, Baker & McKenzie [Gaikokuho Joint Enterprise])
Mar. 1999 Joined Okinobu, Ishihara & Sei Law Office
(currently, Spring Partners)
Jan. 2006 Partner of Spring Partners (present)
Jun. 2012 Audit & Supervisory Board Member of
MEGALOS CO., LTD.
(currently, Nomura Real Estate Life & Sports Co., Ltd.)
Jun. 2015 Director (Audit & Supervisory Committee Member) of
Nomura Real Estate Holdings, Inc. (present)



Satoshi Ogishi

Director (Audit & Supervisory Committee Member)
(External)

Dec. 1981 Registered with Dai-ichi Tokyo Bar Association
Joined Nishimura & Sanada (currently, Nishimura & Asahi)
Jan. 1987 Partner of Nishimura & Sanada
(currently, Nishimura & Asahi) (present)
Apr. 2005 Professor of Tokai University Law School
Executive Director of Nozomi Servicing Co., Ltd. (present)
Aug. 2011 External Director of Oracle Corporation Japan (present)
Jun. 2012 Audit & Supervisory Board Member of
Nomura Real Estate Development Co., Ltd.
Audit & Supervisory Board Member of
Nomura Real Estate Holdings, Inc.
Jun. 2015 Director (Audit & Supervisory Committee Member) of
Nomura Real Estate Holdings, Inc. (present)

Executive Officers

Takashi Kaku

Executive Officer in charge of
Quality Management and Architectural Design

Norio Ambe

Executive Officer in charge of
Investment Management Business Unit

Juntaro Kimura

Executive Officer in charge of Property Brokerage &
CRE Business Unit

Shigeyuki Yamamoto

Executive Officer in charge of
Residential Development Business Unit

Minoru Hatada

Executive Officer in charge of Leasing Business Unit

Akihiro Fukuda

Executive Officer in charge of Development Planning

Haruhiko Nakamura

Executive Officer in charge of
Group Human Resource Dept.

Hiroshi Kurokawa

Executive Officer in charge of Corporate Planning Dept.,
Corporate Communications Dept.

Haruki Nakamura

Executive Officer in charge of Finance & Accounting Dept.
and Finance Dept.

Yukio Ichihara

Executive Officer in charge of Secretariat,
Group IT Planning & Implementation Dept.,
and Group Corporate Administration Dept.,
Internal Audit and Compliance

Corporate and Financial Information

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Completion of Two Landport Facilities in the Kashiwa-shi Shonan Industrial Park

Landport Kashiwa Shonan I and Landport Kashiwa Shonan II were completed, making them the eighth and ninth in the series. These large-scale, highly functional logistics facilities consist of three floors, each measuring roughly 16,500 m², and will likely be used as a fashion and apparel-related shipping company. In addition to being designed with immovable stock and seasonable fluctuations in mind, consideration was given to environmental performance and secure employment.



On-site cafeteria



Receipt of “Eruboshi” Certification Based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

With diversity management positioned as part of our management strategy, we are taking on diversity promotion activities in an effort to create a corporate climate where each of our diverse employees, women included, can adequately demonstrate their abilities. We received the highest ranking, level 3, of “Eruboshi” certification, which is based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, from the Minister of Health, Labour and Welfare.



Selection of Business Partners for Large-Scale Mixed Redevelopment Project in Front of Nakano Station

We plan to build a multifunctional mixed-use facility, a source for culture, manufacturing, information, and people, as well as a large-scale hospitality facility, powerful in its draw and messaging ability. We are also researching layout plans to establish public foundations to improve traffic flow in the areas around the facilities and achieve a more functional layout.



Toranomon Station-Front First Urban Area Redevelopment

Along with installing an above- and below-ground plaza in front of Toranomon Station on the Ginza Line to contribute to making the station more multifunctional and to creating a barrier-free environment, we will employ qualitative improvements to business and commercial functions to add the features of an international business center and draw crowds. We also plan to give the area in front of the station a face-lift and will work to enhance the area’s international competitiveness by forming a multipurpose downtown core that is unique and attractive and offers a number of urban functions as part of our efforts to help realize these goals through development.



Establishment of First Living Assistance, a New Company of Home / Living Assistance Business

First Living Assistance Co., Ltd. develops advanced services that improve property value for its customers. In addition to working to maximize lifetime satisfaction for Group customers, this new company also develops high-quality services of home / living assistance for clients external to the Group. Offering services to customers of client companies is a part of this company’s business.



2016

Merger of Nomura Real Estate Master Fund, Inc. and TOP REIT, Inc.

Nomura Real Estate Master Fund, Inc. and TOP REIT, Inc. concluded a merger agreement. This merger brought our total acquisition price to over ¥930.0 billion and elevated us to number two in the J-REIT market in terms of asset size.

Development of Multifaceted Sports Club

In modern society, where life and workstyles are increasingly diverse, MEGALOS aims to create fitness styles to match its customers’ lifestyles. As such, MEGALOS is accelerating development of 24-hour facilities and facilities for women in order to meet varying customer needs.



Launch of Sumaino AI Answer

Sumaino AI Answer is the first Q&A chatbot in the real estate brokerage industry. It offers access to real estate companies without disclosing personal information and is available 24 hours a day to answer questions from customers buying and selling residences anytime, anywhere.



Funabashi Morino City Awarded the ÉcoQuartier Quality Label Certification for Environmentally Friendly Communities

With the cooperation of the public, the local government, and local businesses, Funabashi Morino City has been highly acclaimed for continuously creating environmental value and achieving urban development in pursuit of a low-carbon society. This is the first non-French project to earn the ÉcoQuartier quality label for environmentally friendly communities from the French government’s Ministry of Housing and Sustainable Home of France. → Please see the Feature section beginning page 56.



2017

Completion of 216 Units of PROUD Tower Akashi

Work on this mixed-use redevelopment project, including residences, a plaza for the station, administrative facilities, a medical clinic, commercial facilities, and a high-rise condominium with public and commercial facilities, has been completed. A pedestrian walkway has been installed to link the station plaza and south side of the complex with centers of urban commerce, such as the Uonotana Shopping Street. In this way, we hope to vitalize the entire local community.



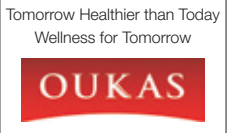
Completion of the Building with the Largest Standard Floor Space in Japan—Yokohama Nomura Building

With a standard floor space of nearly 4,000 m², Yokohama Nomura Building is the largest office building in Japan. The building has been certified with a LEED CS gold level, a CASBEE S ranking, and SEGES for its high performance in terms of business continuity planning (BCP), including cogeneration systems, equipment with a low carbon footprint, and trees and wall greening in correspondence to Company BCP and efforts to reduce environmental impact.



Announcement of New Elderly Housing Brand OUKAS

OUKAS, our new elderly housing brand, was developed to extend healthy life expectancies through both town planning and health maintenance and promotion as well as lifelong housing and independent living support. OUKAS Funabashi elderly housing with supportive services have been built next to Funabashi Morino City as the first in the series and a model project promoting smart wellness housing.



Nomura Real Estate Development Co., Ltd.



Nomura Real Estate Development conducts a range of businesses. The Residential Development Business provides quality residential properties under the PROUD and OHANA brands. Meanwhile, the Leasing Business plans, develops, and manages office buildings such as PMO, commercial facilities such as GEMS, and logistics and other facilities. In addition, the Corporate Real Estate (CRE) Strategic Support and Corporate Brokerage Business helps maximize the value of real estate held by companies.

Nomura Real Estate Asset Management Co., Ltd.



In October 2011, three investment management companies in the Nomura Real Estate Group merged and became one of the largest real estate investment management companies in Japan. Nomura Real Estate Asset Management provides a one-stop shop for a broad variety of financial products and investment management services, including privately placed REIT and funds to listed real estate investment trusts (REITs) and overseas real estate fund of funds.

Nomura Real Estate Urban Net Co., Ltd.



Nomura Real Estate Urban Net provides solutions for satisfying customers in the real estate services and consulting fields. These include residential real estate brokerage for helping customers in changing their place of residence, and commercial real estate brokerage, which addresses the real estate needs of companies and investors. Nomura Real Estate Urban Net also operates a consignment sales business where it sells condominium units and detached housing as a sales agent.

Nomura Real Estate Wellness Co., Ltd.



Nomura Real Estate Wellness designs and operates high-quality housing for the elderly that incorporates secure and reliable life-long management services.

Nomura Real Estate Amenity Service Co., Ltd.



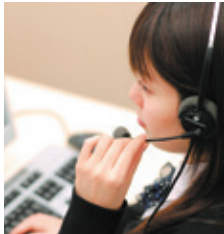
Nomura Amenity Service provides cleaning services of office buildings, schools, and condominiums to maintain the scenic beauty of properties as a cleaning company of the Property & Facility Management Business of the Nomura Real Estate Group.

NREG TOSHIBA BUILDING FACILITIES Co., Ltd.



NREG TOSHIBA BUILDING FACILITIES offers services to maintain or improve the property value through facility management, inspection, cleaning, security and construction, while providing safe and comfortable environment to all customers.

Nomura Real Estate Partners Co., Ltd.



This company represents the integration of building and condominium management operations with the capability to perform overall management of various building types. Nomura Real Estate Partners combines expertise in building and condominium management with property management to realize effective real estate management and construction aimed at handling large-scale repair, remodeling, and interior work.

NREG TOSHIBA BUILDING Co., Ltd.



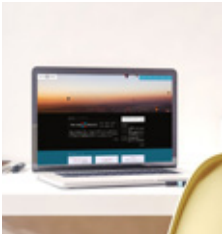
NREG TOSHIBA BUILDING offers services spanning the development, leasing, and management of office buildings, commercial facilities, warehouses, condominiums, and other properties, as well as property brokerage and consulting on CRE (corporate real estate) utilization.

Nomura Real Estate Life & Sports Co., Ltd.



Fitness facilities such as fitness clubs, kids' schools, and tennis schools are planned, developed, and managed under the MEGALOS brand name. The company also offers services aimed at corporations and local governments.

PRIME X. Co., Ltd.



Based on the accumulated expertise jointly developed with Nomura Real Estate Development, PRIME X. provides Internet advertising businesses that specialize in the real estate and housing industries. Prime X. delivers proposals that maximize customer benefits, ranging from the creation of corporate websites and project home pages to creating and managing membership organizations, and handling project sales promotions.

NF Power Service Co., Ltd.



NF Power Service efficiently procures electric power using unique electric power energy data accumulated from operations that supply energy to condominiums. The company offers added-value through energy services provided by the Group, which include a high-voltage collective receiving service.

First Living Assistance Co., Ltd.



We offer a home / living assistance service for the customers of our corporate clients, which we have built up through the Residential Development Business of Nomura Real Estate Development. We have developed a business that links corporate clients and their customers in a variety of lifestyle-related fields through a service that dispatches housing experts on home visits.

Nomura Real Estate Heating and Cooling Supply Co., Ltd.



Nomura Real Estate Heating and Cooling Supply is responsible for the supply of heating and cooling services to Yokohama Business Park, a large-scale business facility, through its district heating and cooling system. Using a "bestmix" system that combines gas and electricity, the company uses energy efficiently to curtail costs and minimize environmental impact.

Geo Akamatsu Co., Ltd.



Geo-Akamatsu provides a full range of property consulting and other services that maximize its 50 years of accumulated expertise. These services include surveys of commercial facilities, project planning, leasing, commercial space design, and property management.

Nomura Real Estate Reform Co., Ltd.



Nomura Real Estate Reform offers assistance in remodeling and repairing residential properties to provide people with comfortable places to live. This includes reform plans that match family growth and lifestyle changes.

NOMURA REAL ESTATE HONG KONG LIMITED



NOMURA REAL ESTATE HONG KONG offers inbound investment support specializing in the Japanese real estate market for international investors based in Hong Kong, and strengthens ties between local companies and investors, enhancing business opportunities for the Group.

Nomura Real Estate Consulting (Beijing) Co., Ltd.



Nomura Real Estate Consulting (Beijing) supports the Group's business in China by researching the real estate market, building a relationship with our partners, and exploring the possibilities of real estate development business including office buildings and residential properties in China.

NOMURA REAL ESTATE ASIA PTE. LTD.



NOMURA REAL ESTATE ASIA promotes the Group's businesses, including pursuing business opportunities in real estate development in Southeast Asia and supporting investors' demand for Japanese real estate.

	(Millions of yen)	
	'16/3	'17/3
ASSETS		
Current Assets		
Cash and deposits	¥ 57,593	¥ 47,701
Notes and accounts receivable–trade	15,371	16,535
Real estate for sale	78,132	120,385
Real estate for sale in process	269,546	249,663
Land held for development	148,729	199,812
Equity investments	819	2,567
Deferred tax assets	5,285	5,555
Other	33,338	42,123
Allowance for doubtful accounts	(38)	(37)
Total current assets	608,779	684,306
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	374,378	394,607
Accumulated depreciation	(139,309)	(152,718)
Buildings and structures, net	235,068	241,888
Land	523,696	549,671
Other	28,164	26,053
Accumulated depreciation	(7,838)	(8,787)
Other, net	20,325	17,265
Total property, plant and equipment	779,091	808,825
Intangible assets	10,681	10,985
Investments and other assets		
Investment securities	45,511	46,252
Lease and guarantee deposits	21,379	21,738
Deferred tax assets	14,840	14,992
Other	5,167	5,992
Allowance for doubtful accounts	(0)	(0)
Total investments and assets	86,897	88,975
Total non-current assets	876,670	908,786
Total Assets	1,485,449	1,593,093

	(Millions of yen)	
	'16/3	'17/3
LIABILITIES		
Current Liabilities		
Notes and accounts payable–trade	¥ 51,162	¥ 35,612
Short-term loans payable	137,300	106,300
Current portion of bonds	—	10,000
Income taxes payable	13,232	16,052
Deposits received	29,617	29,459
Deferred tax liabilities	17	20
Provision for bonuses	7,073	7,516
Provision for directors' bonuses	738	639
Provision for loss on business liquidation	61	47
Other	49,903	50,149
Total current liabilities	289,107	255,799
Non-Current Liabilities		
Bonds payable	60,000	70,000
Long-term loans payable	524,600	623,800
Lease and guarantee deposits received	63,766	57,597
Deferred tax liabilities	64,070	63,592
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for loss on subleasing business	313	257
Net defined benefit liability	18,018	18,931
Other	5,264	5,402
Total non-current liabilities	739,933	843,481
Total Liabilities	1,029,041	1,099,280
NET ASSETS:		
Shareholders' Equity		
Capital stock	116,598	116,779
Capital surplus	109,842	110,023
Retained earnings	207,203	242,704
Treasury shares	(3)	(3)
Total shareholders' equity	433,642	469,503
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	6,664	7,947
Deferred gains or losses on hedges	155	119
Revaluation reserve for land	7,861	7,860
Foreign currency translation adjustment	43	62
Remeasurements of defined benefit plans	(3,513)	(4,129)
Total accumulated other comprehensive income	11,212	11,860
Subscription Rights to Shares	1,685	1,986
Non-Controlling Interests	9,868	10,462
Total Net Assets	456,408	493,813
Total Liabilities and Net Assets	1,485,449	1,593,093

Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	'16/3	'17/3
Consolidated Statements of Income		
Operating Revenue	¥569,545	¥569,680
Operating Cost	391,571	392,438
Operating Gross Profit	177,973	177,241
Selling, General and Administrative Expenses	97,061	99,970
Operating Profit	80,912	77,271
Non-Operating Income		
Interest income	71	52
Dividends income	1,007	252
Share of profit of entities accounted for using equity method	16	83
Other	459	310
Total non-operating income	1,555	698
Non-Operating Expenses		
Interest expenses	7,817	7,539
Other	1,970	1,477
Total non-operating expenses	9,787	9,017
Ordinary Profit	72,679	68,952
Extraordinary Income		
Gain on sales of non-current assets	—	946
Total extraordinary income	—	946
Extraordinary Losses		
Impairment loss	1,426	254
Loss on building reconstruction	—	337
Loss on valuation of investment securities	278	—
Total extraordinary losses	1,705	591
Profit before Income Taxes	70,974	69,307
Income Taxes—Current	20,992	22,957
Income Taxes—Deferred	824	(1,177)
Total Income Taxes	21,817	21,780
Profit	49,157	47,527
Profit Attributable to Non-Controlling Interests	1,975	521
Profit Attributable to Owners of Parent	47,182	47,005

	(Millions of yen)	
	'16/3	'17/3
Consolidated Statements of Comprehensive Income		
Profit	¥49,157	¥47,527
Other Comprehensive Income		
Valuation difference on available-for-sale securities	1,595	1,282
Deferred gains or losses on hedges	77	(36)
Revaluation reserve for land	216	(0)
Foreign currency translation adjustment	(10)	19
Remeasurements of defined benefit plans, net of tax	(4,944)	(616)
Share of other comprehensive income of entities accounted for using equity method	(7)	(0)
Total other comprehensive income	(3,073)	648
Comprehensive Income	¥46,084	¥48,175
(Breakdown)		
Comprehensive income attributable to owners of parent	¥44,109	¥47,654
Comprehensive income attributable to non-controlling interests	1,975	521

Consolidated Statements of Cash Flows

	(Millions of yen)	
	'16/3	'17/3
Cash Flows from Operating Activities		
Profit before income taxes	¥ 70,974	¥ 69,307
Depreciation	16,026	16,877
Impairment loss	1,426	254
Loss (gain) on valuation of investment securities	278	—
Loss (gain) on sales of non-current assets	—	(946)
Share of (profit) loss of entities accounted for using equity method	(16)	(83)
Increase (decrease) in allowance for doubtful accounts	(13)	(1)
Increase (decrease) in provision for loss on business liquidation	(21)	(13)
Increase (decrease) in provision for loss on subleasing business	(152)	(55)
Increase (decrease) in net defined benefit liability	(282)	912
Interest and dividends income	(1,079)	(304)
Interest expenses	7,817	7,539
Decrease (increase) in notes and accounts receivable—trade	(623)	(1,157)
Decrease (increase) in inventories	(67,146)	(73,977)
Decrease (increase) in equity investments	5,497	(1,748)
Increase (decrease) in notes and accounts payable—trade	2,497	(15,546)
Increase (decrease) in deposits received	4,522	(158)
Other, net	1,953	(2,244)
Subtotal	41,658	(1,346)
Interest and dividends income received	1,064	285
Interest expenses paid	(7,970)	(9,332)
Income taxes paid	(21,494)	(21,495)
Net cash provided by (used in) operating activities	13,258	(31,889)
Cash Flows from Investing Activities		
Purchase of investment securities	(3,989)	(1,499)
Proceeds from sales and liquidation of investment securities	2,907	1,410
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,692)	—
Purchase of property, plant and equipment and intangible assets	(50,367)	(61,300)
Proceeds from sales of property, plant and equipment and intangible assets	308	12,066
Payments for lease and guarantee deposits	(757)	(1,018)
Proceeds from collection of lease and guarantee deposits	1,502	964
Repayments of lease and guarantee deposits received	(2,558)	(12,448)
Proceeds from lease and guarantee deposits received	4,520	6,124
Other, net	(1,586)	1,142
Net cash provided by (used in) investing activities	(59,714)	(54,558)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	(3,300)	(500)
Repayments of finance lease obligations	(148)	(148)
Proceeds from long-term loans payable	184,000	160,000
Repayments of long-term loans payable	(102,500)	(91,300)
Proceeds from issuance of bonds	29,820	19,869
Redemption of bonds	(3,000)	—
Proceeds from issuance of common shares	426	88
Proceeds from share issuance to non-controlling shareholders	105	98
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(10,047)	(11,504)
Dividends paid to non-controlling interests	(1,465)	(26)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(40,253)	—
Net cash provided by (used in) financing activities	53,637	76,575
Effect of exchange rate change on cash and cash equivalents	(8)	(25)
Net increase (decrease) in cash and cash equivalents	7,173	(9,897)
Cash and cash equivalents at beginning of period	50,418	57,591
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	4
Cash and Cash Equivalents at End of Period	57,591	47,699

Operating Revenue

	(Millions of yen)						
	'14/3*4	'15/3*4	'15/3*5	'16/3*5	'16/3*6	'17/3*6	'18/3
Residential Development	¥307,625	¥359,397	¥359,397	¥334,514	¥334,514	¥329,787	¥365,000
Housing sales	295,923	332,999	332,999	318,795	318,795	308,960	—
Other	11,702	26,397	26,397	15,719	15,719	20,827	—
Leasing*1	99,866	92,878	92,878	110,625	110,226	115,009	143,000
Leasing (offices)	48,131	46,563	46,563	49,594	49,594	51,981	—
Leasing (retail facilities)	10,544	10,323	10,323	10,873	10,873	11,649	—
Leasing (other)	5,151	5,552	5,552	5,882	5,882	5,954	—
Property development	25,608	16,026	—	—	—	—	—
Property development (sale)	—	—	12,318	33,260	33,260	35,350	—
Property development (leasing)	—	—	3,167	3,320	3,320	4,054	—
Other	10,429	14,413	14,953	7,694	7,295	6,018	—
Investment Management	18,326	9,166	9,166	10,973	10,973	9,662	9,500
Property Brokerage & CRE	29,168	30,232	30,232	35,373	35,373	34,820	38,000
Property brokerage	24,520	25,833	25,833	28,028	28,028	30,283	—
Other	4,647	4,399	4,399	7,345	7,345	4,536	—
Property & Facility Management*2,3	72,150	71,635	85,837	90,294	91,552	95,764	104,000
Property & facility management	48,743	49,794	49,511	50,662	47,952	48,301	—
Construction ordered	23,406	21,841	21,583	24,636	24,636	26,857	—
Fitness club & elderly care	—	—	14,742	14,995	14,995	15,523	—
Other	—	—	—	—	3,967	5,081	—
Other	18,640	17,753	3,008	1,353	1,353	106	0
Adjustments (Eliminations or Corporate)	(13,761)	(13,905)	(13,362)	(13,590)	(14,449)	(15,470)	(13,500)
Total	532,016	567,159	567,159	569,545	569,545	569,680	646,000

Operating Income

	(Millions of yen)						
	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'20/3
Residential Development	31,177	33,811	33,811	31,909	31,909	27,787	25,000
Leasing	26,818	24,447	24,447	32,099	31,719	32,567	32,000
Investment Management	7,902	4,813	4,813	7,376	7,376	6,016	5,500
Property Brokerage & CRE	8,101	8,477	8,477	9,900	9,900	9,124	10,500
Property & Facility Management	5,107	5,477	5,758	5,314	5,693	6,939	7,000
Other	508	167	(113)	(152)	(152)	(30)	0
Adjustments (eliminations or corporate)	(5,307)	(5,300)	(5,300)	(5,536)	(5,535)	(5,132)	(4,000)
Total	74,307	71,894	71,894	80,912	80,912	77,271	76,000

*1. The breakdown of operating revenue for the Leasing Business Unit has been changed since the second quarter of the fiscal year ended March 31, 2016. In line with this change, the figures for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 are classified under the new classification.

*2. The breakdown of operating revenue for the Property & Facility Management Business Unit has been changed from “Building management” and “Housing management” to “Property & facility management” and “Construction ordered” since the first quarter of the fiscal year ended March 31, 2015. According to this change, the figures for the fiscal year ended March 31, 2013 and after are classified under the new classification.

*3. From the first quarter of the fiscal year ended March 31, 2016, the breakdown of operating revenue has been changed due to the fact that MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.), which used to be classified in the Other Business Unit, and Nomura Real Estate Wellness Co., Ltd., which was newly established in the first quarter of the fiscal year ended March 31, 2016, are classified in the Property & Facility Management Business Unit. In line with this change, the figures for the full-year results of the fiscal year ended March 31, 2015 are classified under the new classification.

*4. From the second quarter of the fiscal year ended March 31, 2015, a partially revised method of allocating Company-wide costs among adjustments to each business unit was incorporated. In addition, the house leasing business was transferred from the Residential Development Business Unit to the Leasing Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015 are reflected in the published figures.

*5. From the first quarter of the fiscal year ended March 31 2016, MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.), which used to be classified in the Other Business Unit, was classified in the Property & Facility Management Business Unit. In line with this change, the figures for the full-year results of the fiscal year ended March 31, 2015 are classified under the new classification.

*6. From the fiscal year ended March 31, 2017, the classification of Yokohama Business Park Heating & Cooling Supply Co., Ltd (Present: Nomura Real Estate Heating and cooling Supply Co., Ltd.) has been changed from the Leasing Business Unit to the Property & Facility Management Business Unit. Due to this change, the full-year results for the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017 are classified under the new classification.

Assets

	(Millions of yen)						
	'14/3*1	'15/3*1	'15/3*2	'16/3*2	'16/3*3	'17/3*3	'18/3
Residential Development	¥ 331,779	¥ 382,585	¥ 382,585	¥ 414,812	¥ 414,812	¥ 450,698	¥ 450,698
Leasing	776,097	849,885	849,885	922,748	918,710	993,985	993,985
Investment Management	67,346	40,555	40,555	36,692	36,692	35,649	35,649
Property Brokerage & CRE	21,142	22,606	22,606	32,047	32,047	22,873	22,873
Property & Facility Management	32,891	32,375	49,696	51,403	55,695	56,529	56,529
Other	34,133	19,833	2,485	1,565	1,565	929	929
Adjustments (Eliminations or Corporate)	50,496	21,383	21,411	26,180	25,926	32,427	32,427
Total	1,313,887	1,369,226	1,369,226	1,485,449	1,485,449	1,593,093	1,593,093

Inventories

	(Millions of yen)						
	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'20/3
Residential Development	¥281,698	¥338,530	¥338,530	¥377,849	¥377,849	¥403,232	¥403,232
Leasing	62,918	88,446	88,446	118,277	118,277	166,997	166,997
Investment Management	—	—	—	—	—	—	—
Property Brokerage & CRE	1,162	1,184	1,184	—	—	—	—
Property & Facility Management	92	49	168	271	271	964	964
Other	3,380	1,638	1,519	638	638	13	13
Adjustments (Eliminations or Corporate)	(84)	(84)	(84)	(126)	(126)	(319)	(319)
Total	349,167	429,764	429,764	496,910	496,910	570,888	570,888

Return on Assets (ROA)*4

	(%)						
	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'20/3
Residential Development	9.4	8.8	8.8	7.7	7.7	6.2	6.2
Leasing	3.5	2.9	2.9	3.5	3.5	3.3	3.3
Investment Management	11.7	11.9	11.9	20.1	20.1	16.9	16.9
Property Brokerage & CRE	38.3	37.5	37.5	30.9	30.9	39.9	39.9
Property & Facility Management	15.5	16.9	11.6	10.3	10.2	12.3	12.3
Other	1.5	0.8	—	—	—	—	—
Total*5	5.8	5.4	5.4	5.6	5.6	4.9	4.9

Business Unit Operating Results

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'20/3
Residential Development							
Condominiums sales (unit)	5,491	6,162	5,363	4,885	5,400	5,400	5,400
Detached housing sales (unit)	718	859	643	682	600	600	600
Gross margin ratio of housing sales (%)	21.7	21.1	21.9	21.7	—	—	—
Completed housing inventories (unit)*6	31	87	134	252	—	—	—
Completed housing inventories (unit)*6	0	2	215	402	—	—	—
Leasing							
Vacancy rate (%)	2.9	4.5	2.2	0.8	—	—	—
Investment Management							
Outstanding assets under management (millions of yen)	1,132,246	1,123,188	1,074,481	1,260,064	—	—	—
Property Brokerage & CRE							
Brokerage: Number of transactions	7,437	7,174	7,710	8,272	—	—	—
Brokerage: Total transaction value (millions of yen)	672,774	710,980	713,574	745,147	—	—	—
Property & Facility Management							
Buildings under management	703	729	705	702	—	—	—
Condominiums under management (unit)	147,516	155,706	163,036	168,999	—	—	—
Members of MEGALOS	141,564	140,395	144,263	140,743	—	—	—

*1. From the second quarter of the fiscal year ended March 31, 2015, a partially revised method of allocating Company-wide costs among adjustments to each business unit was incorporated. In addition, the house leasing business was transferred from the Residential Development Business Unit to the Leasing Business Unit. The full-year results for the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015 are reflected in the published figures.

*2. From the first quarter of the fiscal year ended March 31, 2016, the classification of MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.) has been changed to the Property & Facility Management Business Unit from the Other Business Unit. In line with this change, results for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 are classified under the new classification.

*3. From the fiscal year ended March 31, 2017, the classification of Yokohama Business Park Heating & Cooling Supply Co., Ltd. (Present: Nomura Real Estate Heating and cooling Supply Co., Ltd.) has been changed from the Leasing Unit to the Property & Facility Management Business Unit. Due to this change, the full-year results for the fiscal year ended March 31, 2016 and forecast results for the full-year of the fiscal year ended March 31, 2017 are classified under the new classification.

*4. ROA for each business unit = Business unit operating income / Business unit assets at end of the fiscal year

*5. Total ROA = (Operating income + Non-operating income) / Total assets at end of the fiscal year

*6. Classification for completed housing inventories changed as of the third quarter of the fiscal year ended March 31, 2017. As a result, data from the fiscal year ended March 31, 2014 to the year ended March 31, 2017 has been altered to reflect this change.

1. Status of Facilities

In the fiscal year ended March 31, 2017, we invested a total amount of ¥60,374 million in facilities, including the NOF Nihonbashi honcho Building (Chuo-ku, Tokyo).

Business Unit	FY16/3 (millions of yen)	FY17/3 (millions of yen)	Increase / Decrease (millions of yen)
Residential Development	685	427	(257)
Leasing	47,885	56,224	8,339
Investment Management	45	22	(23)
Property Brokerage & CRE	633	649	16
Property & Facility Management	1,335	1,754	419
Other	6	—	(6)
Subtotal	50,591	59,079	8,487
Adjustments	1,213	1,295	81
Total	51,805	60,374	8,569

We acquired the following properties in the fiscal year ended March 31, 2017:

Company Name	Property Name (location)	Business Segment	Use	Size of Construction or Details of Facility, etc.	Area (m²)	Acquisition Price (millions of yen)
Nomura Real Estate Development Co., Ltd.	Yokohama Nomura Building* (Nishi-ku, Yokohama-shi, Kanagawa)	Leasing	Office, Retail facility	Steel-framed concrete construction, 17 floors above ground / 1 other building	Building: 58,755 Land: 6,721	29,573
Nomura Rea Estate Development Co., Ltd.	NOF Nihonbashi honcho Building (Chuo-ku, Tokyo)	Leasing	Office	Steel-framed reinforced concrete construction, 8 floors above ground / 3 floors below	Building: 29,430 Land: 3,196	23,130
Nomura Real Estate Development Co., Ltd.	NOF Tameike Building (Minato-ku, Tokyo)	Leasing	Office	Steel-framed concrete construction, 9 floors above ground / 1 floor below	Building: 6,478 Land: 690	4,562
NREG TOSHIBA BUILDING Co., Ltd.	NREG Sapporo Building (Sapporo-shi, Hokkaido)	Leasing	Hotel, Retail facility	Steel-framed concrete construction, (partially steel-framed reinforced concrete construction), 10 floors above ground / 1 floor below	Building: 5,905 Land: 946	3,068

* Refers to calculated area owned, including both total floor and land area.

We sold the following properties in the fiscal year ended March 31, 2017:

Company Name	Property Name (location)	Business Segment	Use	Size of Construction or Details of Facility, etc.	Area (m²)	Selling Price (millions of yen)
Nomura Real Estate Development Co., Ltd.	Fukagawa Gyazaria Tower* (Koto-ku, Tokyo)	Leasing	Office	Steel-framed concrete construction, (partially steel-framed reinforced concrete construction), 22 floors above ground / 2 floors below	Building: 41,446 Land: 2,948	7,820

* Land area includes leased land.

2. Major Facilities and Equipment

Major facilities and equipment by business unit for the Nomura Real Estate Group and its consolidated subsidiaries are as follows.

1) Leasing Business Unit

Company Name	Property Name (location)	Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (time of acquisition)	Area of Property (m²)	Book Value (millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING	Hamamatsucho Building / Toshiba Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 3 floors below ground, 39 floors above ground	158,732	March 1984	33,921	15,795	129,809	313	145,918
Nomura Real Estate Development	Yokohama Business Park* ² (Hodogaya-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 21 floors above ground, 11 other buildings	245,200	Mainly February 1990	70,817	33,272	14,584	524	48,382
NREG TOSHIBA BUILDING	LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 15 floors above ground	98,428	March 2013	9,764	15,733	22,245	543	38,522
Shinjuku Mirai Development	MIRRAZA Shinjuku* ² (Shinjuku-ku, Tokyo)	Retail facility	Steel-framed construction (partially steel-framed reinforced concrete), 3 floors below ground, 10 floors above ground	7,628	August 2010	781	2,863	32,132	24	35,019
Nomura Real Estate Development	Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 5 floors below ground, 21 floors above ground	44,989	September 2010	2,737	15,141	19,227	348	34,717

Company Name	Property Name (location)	Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (time of acquisition)	Area of Property (m²)	Book Value (millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Development	Yokohama Nomura Building* ² (Nishi-ku, Yokohama-shi, Kanagawa)	Office, Retail facility	Steel-framed construction, 17 floors above ground, 1 other building	58,755	January 2017	6,721	20,168	8,809	594	29,573
Nomura Real Estate Development	Nomura Fudosan Ginza Building* ³ (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 5 floors below ground, 17 floors above ground	26,748	March 1982	3,184	1,868	22,677	18	24,564
Nomura Real Estate Development	NOF Nihonbashi Honcho Building (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, eight floors above ground	29,430	April 1961	3,196	2,080	21,026	—	23,107
Nomura Real Estate Development	Shinjuku Nomura Building* ^{2,3} (Shinjuku-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 5 floors below ground, 50 floors above ground	58,512	May 1978	4,639	5,955	16,303	163	22,422
Midosuji Mirai Development	Midosuji Nomura Building* ² (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 14 floors above ground	20,420	February 2009	1,939	3,835	15,707	27	19,571
Nomura Real Estate Development	Nomura Fudosan Tennozu Building* ^{2,3} (Shingawa-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 2 floors below ground, 26 floors above ground	39,943	June 1996	5,730	4,484	11,685	83	16,253
NREG TOSHIBA BUILDING	LAZONA Kawasaki Plaza* ^{3,4,5} (Saiwai-ku, Kawasaki-shi, Kanagawa)	Retail facility	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 1 floor below ground, 6 floors above ground	98,254	September 2006	72,013	15,611	—	379	15,990
Toranomon Real Estate	Toranomon Station-Front Redevelopment (tentative name) (Minato-ku, Tokyo)	Office, Land slated for building construction	Reinforced concrete construction (partially steel-framed reinforced concrete), 1 floor below ground, 7 floors above ground	3,289	October 1973	1,099	60	15,120	10	15,191
Nomura Real Estate Development	Nomura Fudosan Shibadaimon Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 11 floors above ground	15,700	April 2010	2,447	4,055	10,650	83	14,790
Nomura Real Estate Development	Otemachi Nomura Building* ^{2,3} (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 5 floors below ground, 27 floors above ground	9,815	February 1994	749	1,309	12,584	5	13,899
Nomura Real Estate Development	Nomura Musashikosugi Building N* ³ (Nakahara-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 1 floor below ground, 14 floors above ground	21,268	February 2010	3,979	5,764	7,529	9	13,303
NREG TOSHIBA BUILDING	Toshiba Hamamatsucho Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 8 floors above ground	13,482	July 1974	2,907	359	10,956	0	11,316
Nomura Real Estate Development	bono Sagamiono Shopping Center* ³ (Minami-ku, Sagamihara-shi, Kanagawa)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 1 floor below ground, 11 floors above ground	43,509	January 2013	5,797	6,153	4,649	418	11,221
Nomura Real Estate Development	Dai-ni Edobashi Building* ⁴ (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 9 floors above ground	13,359	November 1973	1,376	663	10,553	0	11,217
Nomura Real Estate Development	Minamigyotoku SC* ² (Ichikawa-shi, Chiba)	Retail facility	Steel-framed construction (partially reinforced concrete), 2 floors below ground, 2 floors above ground	35,612	April 2000	16,503	5,388	4,942	15	10,346
Nomura Real Estate Development	Landport Takatsuki Project (tentative name) (Takatsuki-shi, Osaka)	Land slated for building construction	—	—	(September 2014)	35,276	—	10,247	—	10,247
NREG TOSHIBA BUILDING	Fuchu Toshiba Building (Fuchu-shi, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 1 floor below ground, eight floors above ground, 1 other building	32,299	April 1993	8,290	3,917	5,247	23	9,188
NREG TOSHIBA BUILDING	Shinyokohama Toshiba Building* ⁵ (Kohoku-ku, Yokohama-shi, Kanagawa)	Training facility	Reinforced concrete construction, 1 floor below ground, four floors above ground, 4 other buildings	28,822	Mainly June 1969	15,829	3,082	5,660	33	8,776
Nomura Real Estate Development	Iidabashi Plano Stage Building* ³ (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 2 floors below ground, 38 floors above ground	3,958	February 2009	785	1,717	6,401	1	8,120
Nomura Real Estate Development	Nihonkouku Tamachi Building* ² (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 7 floors above ground	17,515	January 1984	4,134	75	7,820	—	7,895
NREG TOSHIBA BUILDING	NREG Kawasaki Logistics Center* ⁵ (Kawasaki-ku, Kawasaki-shi, Kanagawa)	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground	49,046	March 2014	27,866	3,975	3,109	465	7,550
NREG TOSHIBA BUILDING	Umeda Sky Building* ^{3,5} (Kita-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete), 2 floors below ground, 40 floors above ground	43,093	March 1993	8,325	2,404	4,585	85	7,075

Company Name	Property Name (location)	Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m ²)	Completion of Construction or (time of acquisition)	Area of Property (m ²)	Book Value (millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING	Toshiba Osaka Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 4 floors below ground, 10 floors above ground	15,220	October 1965	1,307	1,008	5,989	6	7,004
NREG TOSHIBA BUILDING	NREG Midosuji Building / Nomura Fudosan Midosuji Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 10 floors above ground	21,007	April 1974	2,366	596	5,768	27	6,391
Nomura Real Estate Development	Nomura Fudosan Ichigaya Building (Chiyoda-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 9 floors above ground	6,753	January 1982	1,220	3,098	3,182	3	6,285
NREG TOSHIBA BUILDING	Creare Toshiba Fuchu ^{*5} (Fuchu-shi, Tokyo)	Residential	Reinforced concrete construction (partially steel-framed reinforced concrete), 10 floors above ground	26,352	January 1992	20,590	4,378	1,516	43	5,938
Nomura Real Estate Development	Nomura Fudosan Nishishinjuku Building (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above ground	6,000	March 2010	1,078	1,632	4,115	48	5,796
Nomura Real Estate Development	Toranomon Central Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-reinforced concrete and steel-framed reinforced concrete), 3 floors below ground, 10 floors above ground	4,431	August 1977	548	762	4,999	0	5,762
NREG TOSHIBA BUILDING	Tsurumi Toshiba Building (Tsurumi-ku, Yokohama-shi, Kanagawa)	Office, Residential	Steel-framed reinforced concrete construction, 1 floor below ground, 10 floors above ground	20,648	March 1991	3,501	2,536	3,073	42	5,652
Nomura Real Estate Development	Fukuoka Tenjin Center Building ^{*2,*3} (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 19 floors above ground	25,103	April 1976	2,256	1,003	4,413	1	5,418
Nomura Real Estate Development	Nomura Musashikosugi Building S ^{*3} (Nakahara-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 1 floor below ground, 6 floors above ground	7,375	February 2010	2,878	2,093	3,210	2	5,307
Nomura Real Estate Development	PMO Yaesu Dori (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above ground	7,074	May 2013	931	1,428	3,840	32	5,300
Nomura Real Estate Development	PMO Nihonbashi Muromachi ^{*3} (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above	5,333	January 2013	701	1,078	3,716	14	4,809
Nomura Real Estate Development	NOF Tameike Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 9 floors above ground	6,478	July 1959	690	223	4,393	—	4,616
NREG TOSHIBA BUILDING	Toshiba Fukuoka Building (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 17 floors above ground	23,711	July 1993	4,597	2,063	1,918	30	4,013
NREG TOSHIBA BUILDING	Toshiba Manseibashi Building ^{*4} (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 1 floor below ground, 9 floors above ground	5,319	September 1961	681	260	3,551	1	3,813
NREG TOSHIBA BUILDING	Nomura Fudosan Nishishinjuku Kyodo Building ^{*3} (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete), 1 floor below ground, 8 floors above ground	6,716	October 1993	1,249	996	2,700	2	3,698
NREG TOSHIBA BUILDING	Toshiba Sendai Building ^{*3,4,} ⁵ (Aoba-ku, Sendai-shi, Miyagi)	Hotel Office	Steel-framed construction (partially reinforced concrete), 2 floors below ground, 11 floors above ground	16,179	April 1975	1,731	667	2,817	8	3,493
Nomura Real Estate Development	Nomura Fudosan Sendai Aoba-dori Building Project (tentative name) ^{*6} (Aoba-ku, Sendai-shi, Miyagi)	Land slated for building construction	—	—	(March 2005)	1,599	—	3,306	—	3,306
NREG TOSHIBA BUILDING	NREG Sapporo Building (Chuo-ku, Sapporo-shi, Hokkaido)	Hotel, Retail facility	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 10 floors above ground	5,905	August 2016	946	1,526	1,396	113	3,036

*1. "Facility" represents building accounts, "land" represents land and lease accounts, and "others" represents structures; machinery; tools, appliances, and fixtures; vehicles and delivery equipment; and leased asset accounts. "Total" represents the sum of lease accounts and tangible fixed assets excluding construction in progress accounts.
*2. Includes the trust beneficial right.
*3. Refers to calculated area owned including both total floor space and land area.
*4. Area of property includes rental property.
*5. The floor space of annexed buildings has been included in the floor space of the main building since March 2017.
*6. Construction of property completed in April 2017.

The following major Leasing Business Unit facilities for sublet are rented by the Group and do not appear in the previous table.

Company Name	Property Name (location)	Rentable Area (m ²)
Nomura Real Estate Development	Across Shin Osaka (Yodogawa-ku, Osaka-shi, Osaka)	17,298
Nomura Real Estate Development	AKS Building (Chiyoda-ku, Tokyo)	7,516

2) Property & Facility Management Business Unit

Company Name	Property Name (location)	Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m ²)	Completion of Construction or (Time of Acquisition)	Area of Property (m ²)	Book Value (millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Life & Sports	Megalos Souka and other 36 facilities (Souka-shi, Saitama and others)	Fitness Club	Reinforced concrete construction, 3 floors, 1 other building and fitness club	15,321	June 2002	15,430	8,360	—	1,136	9,497

*1. "Facility" represents building accounts, "land" represents land accounts, and "others" represents structures; machinery; tools, appliances, and fixtures; vehicles and delivery equipment; and leased asset accounts. "Total" represents tangible fixed assets excluding construction in progress accounts.
2. "Total floor area" represents the total owned area of Megalos Kashiwa, Megalos Chikusa, and Megalos Saginuma. "Area of property" represents the leased land area of the three preceding facilities. "Size of construction or details of facility, etc.," and "completion of construction of (time of acquisition)" are in reference to Megalos Kashiwa.

3. Construction and Renovation of Facilities

In the fiscal year ended March 31, 2017, we began constructing and renovating the following facilities. However, there was no major expansion or removal of facilities.

1) Construction of major facilities

Company Name	Property Name (location)	Business Segment	Size of Construction or Details of Facility, etc.	Use	Planned Aggregate Investment (millions of yen)		Sources of Funding	Schedule	
					Total	Amount Paid		Start	Completion
Nomura Real Estate Development	Toranomon Station-Front Redevelopment (tentative name) (Minato-ku, Tokyo)	Leasing	Office, Retail facility	Steel-framed concrete construction (partially steel-framed reinforced concrete construction), 24 floors above ground / 4 floors below	35,300	11,971	Loans payable and own funds	FY17/3	FY21/3
Nomura Real Estate Development	Landport Takatsuki Project (tentative name) (Takatsuki-shi, Osaka)	Leasing	Logistics facility	Steel-framed concrete construction (partially reinforced concrete) 5 floors above ground	21,600	12,602	Loans payable and own funds	FY16/3	FY18/3
Nomura Real Estate Development	Nomura Fudosan Sendai Aoba-dori Building Project (tentative name) (Aoba-ku, Sendai-shi, Miyagi)*	Leasing	Office	Steel-framed concrete construction (partially reinforced concrete), 10 floors above ground / 1 floor penthouse / 1 floors below	8,000	5,689	Loans payable and own funds	FY16/3	FY18/3
NREG TOSHIBA BUILDING CO., Ltd.	Ginza 6-chome Project (tentative name) (Chuo-ku, Tokyo)*	Leasing	Office	Steel-framed concrete construction (partially steel-framed reinforced concrete construction) 11 floors above ground / 3 floors below	4,600	2,083	Loans payable and own funds	FY18/3	FY19/3

* This building was completed in April 2017.

2) Renovation of major facility

Company Name	Property Name	Business Segment	Planned aggregate investment (millions of yen)		Construction Period	Note
			Total	Amount Paid		
Nomura Real Estate Development	Existing buildings	Leasing	3,300	—	April 2017–March 2018	Construction for facility renovation

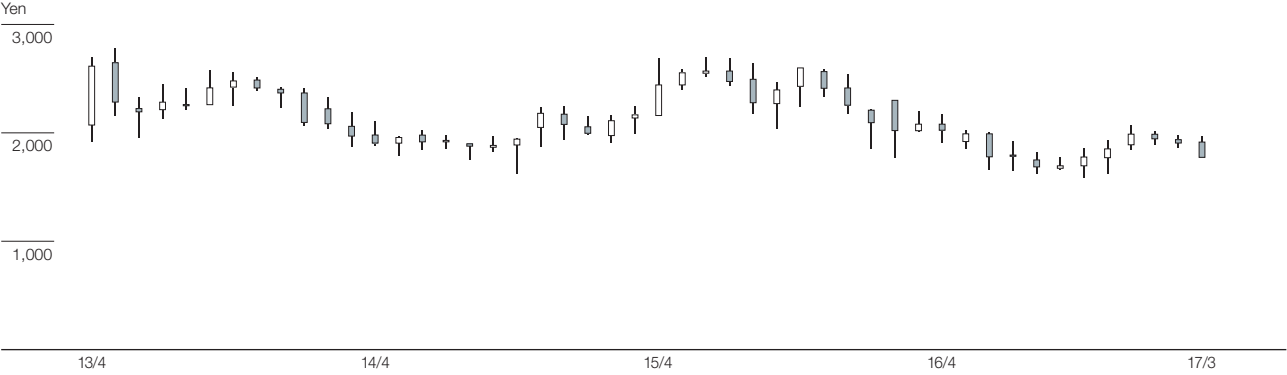
Corporate Data

Corporate Name:	Nomura Real Estate Holdings, Inc.
Representative:	Eiji Kutsukake, President
Head Office:	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Date of Establishment:	June 1, 2004
Number of Employees:	6,467 (As of March 31, 2017 on a consolidated basis)
Fiscal Year:	From April 1 to March 31
General Meeting of Shareholders:	June

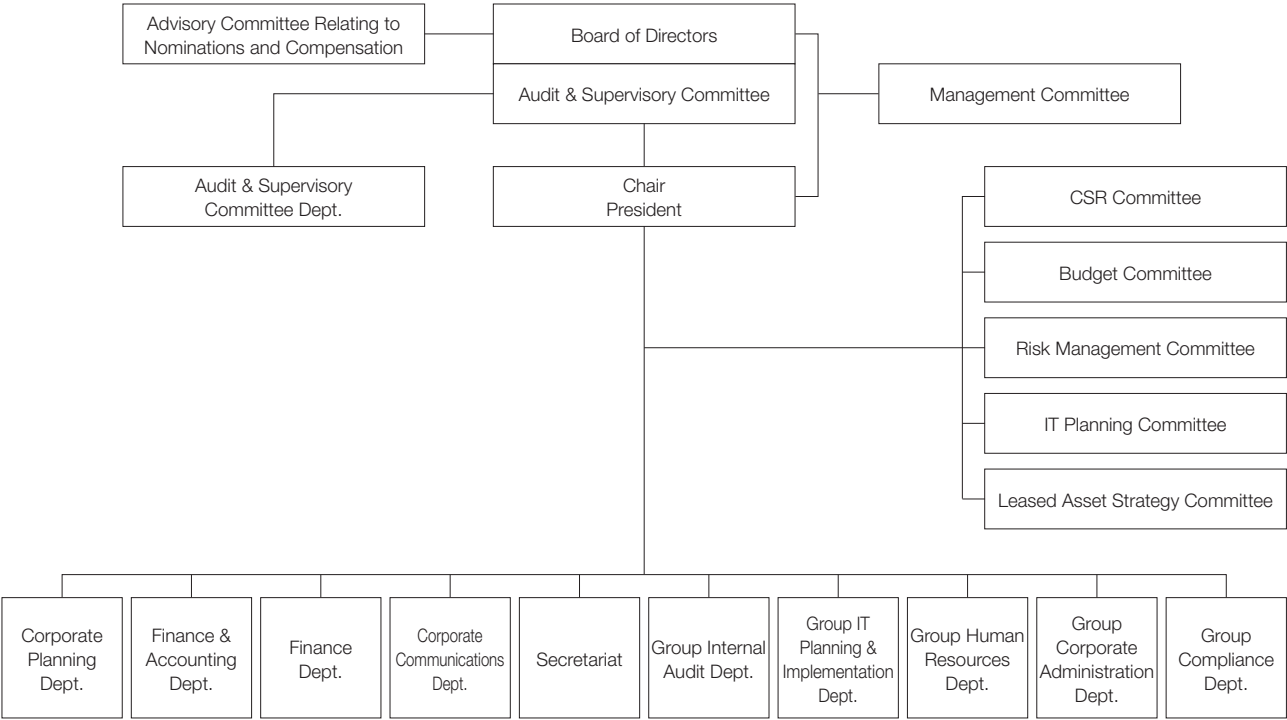
Stock Information (As of March 31, 2017)

Common Stock:	¥116,779,573,800
Number of Authorized Shares:	450,000,000
Number of Shares Issued:	191,877,801
Market Listing:	First Section of the Tokyo Stock Exchange
Minimum Trading Unit:	100 shares
Number of Shareholders:	39,407

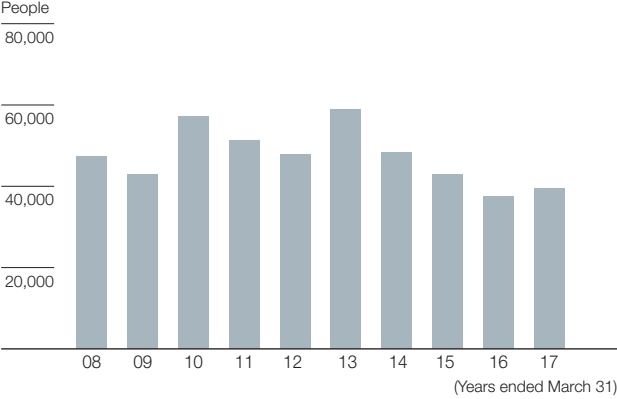
Stock Price



Organizational Chart



Trends of Number of Shareholders



10 Largest Shareholders

Name of Shareholders	No. of Shares	Shareholding (%)
Nomura Holdings, Inc.	64,777,500	33.75
Japan Trustee Services Bank, Ltd. (Trust account)	8,828,500	4.60
BNYML - NON TREATY ACCOUNT	7,028,400	3.66
Japan Trustee Services Bank, Ltd. (Trust account 9)	6,847,490	3.56
The Master Trust Bank of Japan, Ltd. (Trust account)	6,292,200	3.27
HSBC BANK PLC A/C CLIENTS 1	3,376,900	1.75
THE BANK OF NEW YORK 133972	3,368,612	1.75
Nomura Real Estate Holdings Employee Shareholding Association	3,073,282	1.60
STATE STREET BANK - WEST PENSION FUND CLIENTS- EXEMPT 505233	2,857,433	1.48
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,406,200	1.25

Composition by Number of Shareholdings

