

# Financial Report

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For the Year Ended March 31, 2023

# 2023

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# Management's Discussion and Analysis

## Progress and Results of Business

Regarding the real estate market conditions, a robust sales trend continued in the housing sales market, with first-month contract rate exceeding 70% for the second year in a row in the Tokyo metropolitan area and completed housing inventories released for sale decreasing significantly to the level of approximately 10 years ago, etc. In the leasing office market, although vacancy rates for the past few years have continued to be high, as in the previous fiscal year, we saw demand for office relocations to higher value-added offices in line with the diversification of values and work styles. In addition, the retail and hotel market, which was severely affected by the COVID pandemic, showed an upward trend in sales and occupancy rates from the middle of the fiscal year onward as service consumption and inbound demand recovered due to the easing of restrictions on movement and entry into Japan, etc. In the real estate investment market, as in the previous fiscal year, the volume of property transactions remained strong particularly for logistics facilities and rental housing due to a good domestic fund procurement environment and strong appetite for investment by investors, and the size of the market continued to grow. Moreover, the real estate brokerage market continued robustly, with the number of transactions for used condominiums in the Tokyo metropolitan area proceeding at a high level and average transaction prices continuing to rise, etc., due to strong relocation demand.

In this business environment, the Nomura Real Estate Group (the "Group") posted the following consolidated performance for the fiscal year ended March 31, 2023: Operating revenue of ¥654,735 million, which represents an increase of 1.5% year on year; operating profit of ¥99,598 million, an increase of 9.2%; business profit<sup>\*1</sup> of ¥105,172 million, an increase of 13.4%; ordinary profit of ¥94,121 million, an increase of 14.0%; and profit attributable to owners of parent of ¥64,520 million, an increase of 16.6%.

## Operating Results by Segment

An overview of segment achievements is given below:

### ■ Residential Development Business Unit

Operating revenue in the Residential Development Business Unit totaled ¥302,480 million, which represents a decrease of 2.2% year on year, and business profit totaled ¥33,333 million, an increase of 2.4%, resulting in a decrease in operating revenue and an increase in business profit compared with the previous fiscal year.

In regard to housing sales, 4,142 units were recorded as sales (a decrease of 187 units year on year), including condominiums at PROUD TOWER Shibaura and PROUD Hankyu Tsukaguchi Ekimae and detached housing units at PROUD SEASON Seijo Court. The number of housing units contracted but not recorded as sales was 3,819 units as of the end of the fiscal year ended March 31, 2023 (an increase of 271 units year on year) and the contract progress rate against the scheduled housing sales for the next fiscal year was 74.8% at the beginning of the fiscal year ending March 31, 2024.

Furthermore, as initiatives to contribute to a sustainable society through business activities, the Residential Development Business Unit is promoting power saving and power generation initiatives, such as the development of ZEH<sup>\*2</sup> condominiums and the installation of solar panels on detached housing units to generate electricity on the same scale as mega solar power generation. In addition, as a DX initiative to create new value, it is promoting the digitalization of customer contact points, such as the introduction of a service that allows home-buying consultation in the metaverse and the provision of information using online tools, and it will continue to take on the challenge of pursuing more advanced customer experience value going forward.

### ■ Commercial Real Estate Business Unit

Operating revenue in the Commercial Real Estate Business Unit totaled ¥199,309 million, which represents a decrease of 1.6% year on year, and business profit totaled ¥39,529 million, an increase of 2.4%, resulting in a decrease in operating revenue and an increase in business profit compared with the previous fiscal year.

Construction of 16 facilities including the PMO EX Nihonbashi Kayabacho office building, the MEFULL Kawasaki retail facility, and the Landport Ageo II logistics facility have been completed.

The Group is also developing its PMO, H'O and H'T office brands that meet diversifying companies' needs and changes in workstyles to provide convenience, and has expanded its H'T satellite offices to 248 branch locations (including affiliates) as of the end of the fiscal year ended March 31, 2023.

Furthermore, as an initiative to reduce CO<sub>2</sub> emissions during construction, we have begun to introduce a hybrid wooden structure for the main structural components, and H'O Aoyama was the first mid to high-rise office building to be completed by a real estate developer<sup>\*3</sup> that uses this structure.

In addition, as a logistics DX initiative, we are implementing the intercompany co-creation program Techrum to optimize logistics operations through efficient use of automated equipment, etc., to solve issues faced by logistics companies and shippers, and to address social issues such as a significant increase in e-commerce demand and a serious labor shortage, thereby contributing to the achievement of a sustainable society.

\*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

\*2 Energy conservation performance index for newly constructed properties (Based on ZEH-M Oriented standards)

\*3 This is the first real estate developer to complete construction of a mid- to high-rise leasing office building that uses a hybrid wooden structure with steel construction for some of the pillars and beams of the main structural components.

#### ■ Overseas Business Unit

Operating revenue in the Overseas Business Unit totaled ¥6,770 million, which represents an increase of ¥4,141 million year on year, and business profit totaled ¥7,288 million, an increase of ¥6,996 million, resulting in increases in both operating revenue and business profit compared with the previous fiscal year. Share of profit (loss) of entities accounted for using equity method included in business profit in this Business Unit was ¥4,836 million.

In the housing sales business, sales continued to be recorded for delivery of residential condominiums of GrandPark Phase 2 in Ho Chi Minh City, Vietnam and other projects from the previous fiscal year.

In the fiscal year ended March 31, 2023, we participated in the Press Blocks Project, a redevelopment project in Portland, U.S., as part of our efforts in the property sales business, which is positioned as the next earnings pillar after the housing sales business in Asia.

Furthermore, in the housing sales business in Asia, we are participating in the business from the planning and development phases, engaging in the KAIZEN project for quality improvement, and aiming to realize a sustainable society through the improvement of basic performance such as high quality and longevity of housing in each country.

We will also take on the challenge of creating large-scale urban development and providing new value in developing countries by leveraging our knowledge of cutting-edge digital technologies acquired through our investment in Real Tech Ventures I, a venture capital fund<sup>\*1</sup> specializing in real estate tech companies in Asia and Oceania.

#### ■ Investment Management Business Unit

Operating revenue in the Investment Management Business Unit totaled ¥13,632 million, which represents an increase of 6.5% year on year, and business profit totaled ¥8,089 million, an increase of 3.2%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year.

Assets under management steadily increased in the core domestic REIT business with Nomura Real Estate Master Fund, Inc. (NMF) and Nomura Real Estate Private REIT, Inc. (NPR) having acquired a total of eight properties (total transaction amount of ¥52,484 million) including Landport Narashino, PMO Hamamatsu-cho II and PROUD FLAT Ueno Matsugaya from Nomura Real Estate Development Co., Ltd., in addition to progress in the formation of private equity funds meeting the needs of investors.

Furthermore, in the fiscal year ended March 31, 2023, NMF and NPR have set a goal of becoming carbon neutral by 2050, and are actively promoting energy-saving measures such as the introduction of electricity derived from renewable energy and double-sash windows. In conjunction with this, NPR held the investor information session focused on sustainability. As a result of these efforts, both NMF and NPR received a five-star rating, the highest rating in the 2022 Global Real Estate Sustainability Benchmark (GRESB) ratings<sup>\*2</sup>, and NMF and NPR were recognized as Asia Sector Leader (Diversified) in the listed category and non-listed category, respectively. We will continue to aim to enhance unitholder value through management that is aware of ESG trends and investor needs.

#### ■ Property Brokerage & CRE<sup>\*3</sup> Business Unit

Operating revenue in the Property Brokerage & CRE Business Unit totaled ¥47,700 million, which represents an increase of 9.0% year on year, and business profit totaled ¥13,822 million, an increase of 18.0%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year.

In the retail business at Nomura Real Estate Solutions Co., Ltd., the Kameido Center opened in April 2022 and the Tsukaguchi Center opened in November, bringing the total number of branches for individual customers to 88 as of the end of the fiscal year ended March 31, 2023.

In addition to the use of wooden furniture at new branches and relocated branches of Nomura no Chukai + (PLUS) for the purpose of forest conservation, and the use of environmentally friendly materials, such as diatomaceous earth wallpaper, an environmental material, for branch interiors, initiatives, etc. that take into consideration employees' health management were evaluated, and the company was recognized for the fifth consecutive year as one of the Certified Health & Productivity Management Outstanding Organizations 2023 (White 500 under the large enterprise category). In promoting DX, we will work to establish a competitive advantage and improve sales productivity through aggressive DX investments, such as joint research on online real estate transactions using My Number (the Individual Number) and transforming the customer experience through digital utilization starting with electronic contract procedures, in order to further accelerate growth.

#### ■ Property & Facility Management Business Unit

Operating revenue in the Property & Facility Management Business Unit totaled ¥105,474 million, which represents an increase of 6.3% year on year, and business profit totaled ¥9,878 million, an increase of 7.3%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year.

As of the end of the fiscal year ended March 31, 2023, the number of buildings under management was 782 buildings (up 10 from the end of the previous fiscal year), and the number of condominiums under management was 189,574 units (up 3,025).

In addition, Nomura Real Estate Partners Co., Ltd. has followed the development of re:Premium (announced in 2017) and re:Premium Duo (announced in 2021), products that extend the cycle of large-scale repair work, with a mechanism to extend the timing of construction implementation with a new proprietary defect insurance policy for management associations that are experiencing a shortage of repair reserve funds at the time of construction implementation. This is a system to delay the start of large-scale repair work by conducting surveys and maintenance in advance, and to improve the soundness of repair reserve funds in the meantime. This initiative has been recognized by the Ministry of Land, Infrastructure, Transport and Tourism as a model project for extending the life of condominium stock, and we are promoting initiatives that contribute to the creation of sustainable communities through our business activities.

Furthermore, Nomura Real Estate Partners Co., Ltd. was ranked first in the 2022 SumaiSurfin "Management Company Customer Satisfaction Survey" for the 14th consecutive year.

#### ■ Other

Operating revenue totaled ¥282 million, which represents an increase of ¥155 million year on year, and business profit totaled ¥147 million (business loss of the previous fiscal year was ¥199 million).

\*1 A fund aimed at identifying and fostering venture companies that develop new digital technologies to solve problems in real estate and construction

\*2 GRESB is an annual benchmark assessment that measures ESG considerations for property companies and funds.

\*3 Corporate Real Estate. Real estate strategy support services for enterprises (such as consulting on the effective utilization and trading of real estate).

## Analysis of Financial Position

### ■ Assets

Total assets were ¥2,110,693 million, which represents an increase of ¥70,187 million compared with the end of the previous fiscal year. This was mainly because inventories increased by ¥104,896 million and investment securities increased by ¥40,875 million, while other in current assets, including tax receivable due to income tax refund, decreased by ¥47,665 million and cash and deposits decreased by ¥39,974 million.

### ■ Liabilities

Total liabilities were ¥1,454,956 million, which represents an increase of ¥35,848 million compared with the end of the previous fiscal year. This was mainly because interest-bearing debt increased by ¥98,812 million, while deposits received decreased by ¥24,171 million, notes and accounts payable - trade decreased by ¥15,186 million, accounts payable decreased by ¥13,196 million and deferred tax liabilities decreased by ¥12,378 million.

### ■ Net Assets

Net assets were ¥655,737 million, which represents an increase of ¥34,338 million compared with the end of the previous fiscal year. This was mainly because retained earnings increased by ¥44,681 million and foreign currency translation adjustment increased by ¥2,093 million, while the company acquired treasury shares (decreased by ¥13,591 million).

The shareholders' equity ratio was 31.0%, an increase of 0.6 percentage point from the end of the previous fiscal year.

## Cash Flows

### ■ Cash Flows From Operating Activities

Net cash used in operating activities amounted to ¥42,809 million (a difference of ¥95,602 million compared with net cash provided by operating activities in the previous fiscal year). This was mainly due to an increase in inventories, a decrease in deposits received and an increase in trade receivables, while profit before income taxes of ¥88,088 million was recorded.

### ■ Cash Flows From Investing Activities

Net cash used in investing activities amounted to ¥62,896 million (a year-on-year increase of ¥16,618 million). This was mainly due to the purchase of property, plant and equipment and intangible assets and the purchase of investment securities.

### ■ Cash Flows From Financing Activities

Net cash provided by financing activities amounted to ¥65,675 million (a difference of ¥75,295 million compared with net cash used in financing activities in the previous fiscal year). This was mainly due to the fund procurement by long-term borrowings, while there were the payment of dividends and the purchase of treasury shares.

## Facilities Situation

In the fiscal year ended March 31, 2023, the Group's total capital investments amounted to ¥35,140 million, including Shibaura Project (Minato-ku, Tokyo).

The breakdown of capital investment by Business Unit is as follows.

Business Unit (Millions of yen)	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)	Change
Residential Development	¥ 1,381	¥ 2,103	¥ 721
Commercial Real Estate	45,519	28,806	(16,712)
Overseas	293	948	654
Investment Management	25	25	(0)
Property Brokerage and CRE	668	947	278
Property and Facility Management	460	251	(209)
Other	6	0	(6)
Subtotal	48,355	33,082	(15,273)
Adjustments	2,351	2,058	(293)
Total	¥50,706	¥35,140	¥(15,566)

In the fiscal year ended March 31, 2023, the following non-current asset was transferred to real estate for sale.

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Area (m <sup>2</sup> )	Book Value (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Otemachi Nomura Building <sup>1,2</sup> (Chiyoda-ku, Tokyo) and 5 other properties	Commercial Real Estate	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 5 floors below ground, 27 floors above ground	Building: 9,750 Land: 749	¥18,927

Notes: 1. Data on "Property Name", "Major Use", "Size of Construction or Details of Facility, etc." and "Area" information is for the Otemachi Nomura Building. Both the total floor area and land area are the equity conversion areas.  
2. Includes the trust beneficial right.

The following facility was sold during the fiscal year ended March 31, 2023.

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Area (m <sup>2</sup> )	Book Value (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Shinyokohama Toshiba Building (Kohoku-ku, Yokohama-shi, Kanagawa)	Commercial Real Estate	Training facility	Reinforced concrete construction, 1 floor below ground, 4 floors above ground, 4 other buildings	Building: 28,822 Land: 15,829	¥8,346

## Major Facilities and Equipment

Major facilities and equipment in the Nomura Real Estate Group (Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries) are as follows.

### (1) Commercial Real Estate Business Unit

#### 1) Office and retail facilities, etc.

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	Hamamatsucho Building / Toshiba Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed and reinforced concrete construction), 3 floors below ground, 39 floors above ground	158,732	March 1984	33,921	¥8,507	¥129,809	¥422	¥138,739
Nomura Real Estate Development Co., Ltd.	Yokohama Business Park <sup>2</sup> (Hodogaya-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 21 floors above ground, 11 other buildings	245,200	Mainly February 1990	70,693	25,009	14,557	762	40,329
Nomura Real Estate Development Co., Ltd.	KAMEIDO CLOCK <sup>3</sup> (Koto-ku, Tokyo)	Retail facility	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 1 floor below ground, 6 floors above ground	55,491	March 2022	8,622	13,969	21,391	902	36,264
Nomura Real Estate Development Co., Ltd.	TOKYO TORANOMON GLOBAL SQUARE <sup>4</sup> (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 4 floors below ground, 24 floors above ground	20,860	June 2020	1,183	11,434	22,187	306	33,927
Nomura Real Estate Development Co., Ltd.	LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 15 floors above ground	98,428	March 2013	9,764	11,001	22,245	528	33,775
Nomura Real Estate Development Co., Ltd.	Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 5 floors below ground, 21 floors above ground	44,989	September 2010	2,737	10,764	19,227	263	30,256
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Nihonbashi-honcho Building (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 8 floors above ground	29,430	April 1961	3,196	—	23,428	—	23,428
Nomura Real Estate Development Co., Ltd.	Shinjuku Nomura Building <sup>2</sup> <sup>4</sup> (Shinjuku-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 50 floors above ground	58,512	May 1978	4,639	5,303	16,303	263	21,870
Nomura Real Estate Development Co., Ltd.	HOTEL NIWA TOKYO (Chiyoda-ku, Tokyo)	Hotel	Steel-framed construction (partially steel-framed reinforced concrete construction), 16 floors above ground, 2 other buildings	9,280	March 2009	1,710	3,038	16,515	171	19,725
Midosuji Mirai Development, LLC	Midosuji Nomura Building <sup>2</sup> (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 14 floors above ground	20,420	February 2009	1,939	2,910	15,707	8	18,627

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	Morisia Tsudanuma <sup>2</sup> (Narashino-shi, Chiba)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 3 floors below ground, 12 floors above ground, 1 other building	105,491	Mainly October 1978	19,194	¥643	¥16,866	¥27	¥17,537
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Ginza Building <sup>4</sup> (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 17 floors above ground	13,641	March 1982	1,624	1,842	11,565	22	13,430
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Shibadaimon Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 11 floors above ground	15,700	April 2010	2,447	2,630	10,650	47	13,329
Nomura Real Estate Development Co., Ltd.	Toshiba Hamamatsucho Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 8 floors above ground	13,482	July 1974	2,907	346	10,956	2	11,305
Nomura Real Estate Development Co., Ltd.	SOCOLA Minamigyotoku <sup>2</sup> (Ichikawa-shi, Chiba)	Retail facility	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 2 floors above ground	35,612	April 2000	16,503	6,103	4,942	168	11,215
Nomura Real Estate Development Co., Ltd.	NOHGA HOTEL KIYOMIZU KYOTO (Higashiyama-ku, Kyoto-shi, Kyoto)	Hotel	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 6 floors above ground	8,906	January 2022	2,514	3,685	6,885	533	11,103
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Otemachi North Building (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 10 floors above ground	7,768	June 2021	886	3,425	7,472	67	10,966
Nomura Real Estate Development Co., Ltd.	bono Sagamion Shopping Center <sup>4</sup> (Minami-ku, Sagami-hara-shi, Kanagawa)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 1 floor below ground, 11 floors above ground	43,059	January 2013	5,797	4,426	4,649	82	9,157
Nomura Real Estate Development Co., Ltd.	Fuchu Toshiba Building (Fuchu-shi, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 1 floor below ground, 8 floors above ground, 1 other building	32,299	April 1993	8,290	2,889	5,247	39	8,176
Nomura Real Estate Development Co., Ltd.	LAZONA Kawasaki Plaza <sup>4,5</sup> (Saiwai-ku, Kawasaki-shi, Kanagawa)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 1 floor below ground, 6 floors above ground	98,254	September 2006	72,013	6,531	—	428	6,959
Nomura Real Estate Development Co., Ltd.	Toshiba Osaka Building / Nomura Fudosan Midosujihoncho 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	922	5,989	7	6,919
Nomura Real Estate Development Co., Ltd.	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	1,116	5,768	19	6,904

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	NREG Kawasaki Logistics Center (Kawasaki-ku, Kawasaki-shi, Kanagawa)	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground	49,046	March 2014	27,866	¥2,961	¥3,109	¥276	¥6,347
Nomura Real Estate Development Co., Ltd.	Nihonbashi 1-chome Naka District Urban Area Redevelopment Project <sup>16</sup> (Chuo-ku, Tokyo)	Land slated for building construction	—	—	[March 2008]	18,996	—	6,161	—	6,161
Nomura Real Estate Development Co., Ltd.	NOHGA HOTEL AKIHABARA TOKYO (Chiyoda-ku, Tokyo)	Hotel	Steel-framed construction, 10 floors above ground	4,016	June 2020	663	1,603	4,169	282	6,055
Nomura Real Estate Development Co., Ltd.	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	2,487	3,182	6	5,676
Nomura Real Estate Development Co., Ltd.	SOCOLA Musashikoganei Cross <sup>7</sup> <sup>8</sup> (Koganei-shi, Tokyo)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 4 floors above ground	10,040	March 2020	1,643	4,001	1,301	162	5,465
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Tameikesanno Building Project (Minato-ku, Tokyo)	Land slated for building construction	—	—	[May 2016]	690	—	5,311	—	5,311
Nomura Real Estate Development Co., Ltd.	Tsurumi Toshiba Building (Tsurumi-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 10 floors above ground	20,648	March 1991	3,501	2,182	3,073	26	5,282
Nomura Real Estate Development Co., Ltd.	Creare Toshiba Fuchu (Fuchu-shi, Tokyo)	Residential	Reinforced concrete construction (partially steel-framed reinforced concrete construction), 10 floors above ground	26,352	January 1992	20,590	3,385	1,516	36	4,937
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Kaigan Building (Minato-ku, Tokyo)	Office	Steel-framed construction, 8 floors above ground	5,262	February 1992	1,307	1,405	3,465	2	4,872
Nomura Real Estate Development Co., Ltd.	PMO Nihonbashi Muromachi <sup>14</sup> (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 1 floor below ground, 9 floors above ground	5,333	January 2013	701	943	3,716	63	4,723
Nomura Real Estate Development Co., Ltd.	GICROS GINZA GEMS (Chuo-ku, Tokyo)	Retail facility	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 3 floors below ground, 11 floors above ground	2,683	July 2019	312	1,687	2,979	28	4,695
Nomura Real Estate Development Co., Ltd.	Fukuoka Tenjin Center Building <sup>2</sup> <sup>4</sup> (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	0	4,413	0	4,413
Nomura Real Estate Development Co., Ltd.	Toshiba Manseibashi Building <sup>15</sup> (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 1 floor below ground, 9 floors above ground	5,319	September 1961	681	150	3,551	0	3,702
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Nishi-Shinjuku Kyodo Building <sup>14</sup> (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 1 floor below ground, 8 floors above ground	6,716	October 1993	1,249	¥745	¥2,700	¥2	¥3,448



Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	Toshiba Sendai Building <sup>4,5</sup> (Aoba-ku, Sendai-shi, Miyagi)	Hotel	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 11 floors above ground	16,179	April 1975	1,731	615	2,817	8	3,441

Notes: 1. "Building" represents building accounts, "Land" represents land and leasehold interests in land accounts and "Other" represents structures; machinery and equipment; tools, furniture and fixtures; vehicles; and leased asset accounts. "Total" represents the sum of leasehold interests in land accounts and property, plant and equipment excluding construction in progress accounts.

2. Includes the trust beneficial right.

3. Land area is the equity conversion areas.

4. Both the total floor area and land area are the equity conversion areas.

5. Land area includes leased land.

6. Land area is the site area for the entire redevelopment project.

7. Total floor area represents the exclusive element of a unit ownership building. Also, land area is multiplied by our ownership ratio.

8. Size of Construction or Details of Facility, etc. represents the retail facilities portion of unit ownership building.

## 2) Fitness club

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Life & Sports Co., Ltd.	MEGALOS Souka and other 35 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	¥7,239	¥—	¥763	¥8,002

Notes: 1. "Building" represents building accounts, "Land" represents land and leasehold interests in land accounts and "Other" represents structures; machinery and equipment; tools, furniture and fixtures; vehicles; and leased asset accounts. "Total" represents the sum of leasehold interests in land accounts and property, plant and equipment excluding construction in progress accounts.

2. "Total Floor Area" represents the total owned area of MEGALOS Kashiwa, MEGALOS Chikusa and MEGALOS Saginuma. "Land Area" represents the leased land area of these facilities. "Size of Construction or Details of Facility, etc." and "Completion or [Time of Acquisition]" are in reference to MEGALOS Kashiwa.

In addition to the table above, the main subleased buildings leased by the Group in the Commercial Real Estate Business Unit are as follows.

Company Name	Property Name (Location)	Rentable Area (m <sup>2</sup> )
Nomura Real Estate Development Co., Ltd.	Across Shin Osaka (Yodogawa-ku, Osaka-shi, Osaka)	17,298
Nomura Real Estate Development Co., Ltd.	AKS Building (Chiyoda-ku, Tokyo)	7,522

## (2) Overseas Business Unit

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion or [Time of Acquisition]	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Building	Land	Other	Total
127 Charing Cross Road Limited	127-133 Charing Cross Road Project (London, UK)	Office	Reinforced concrete construction, 1 floor below ground, 4 floors above ground	4,672	[February 2021]	1,244	¥2,008	¥7,300	¥—	¥9,309

## Facilities Establishment, Removal and Others

As of March 31, 2023, the following facilities are scheduled to be established or renovated. There was no major expansion or removal of facilities.

## (1) Establishment of major facilities

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Planned Aggregate Investment (Millions of yen)		Sources of funding	Schedule	
					Total	Amount Paid		Start	Completion
Nomura Real Estate Development Co., Ltd.	Shibaaura Project South Tower (S tower) (Minato-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 3 floors below ground, 43 floors above ground	¥228,104	¥94,372	Borrowings and own funds	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2025
Nomura Real Estate Development Co., Ltd.	Nihonbashi 1-chome Naka District Urban Area Redevelopment Project (Chuo-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 2 floors below ground, 51 floors above ground, 2 other buildings	75,409	17,197	Borrowings and own funds	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2026
Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Tameikesanno Building Project (Minato-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially wooden construction), 1 floor below ground, 9 floors above ground	8,060	5,567	Borrowings and own funds	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024

## (2) Renovation of major facility

Company Name	Property Name (Location)	Business Unit	Planned Aggregate Investment (Millions of yen)		Construction Period	Note
			Total	Amount Paid		
Nomura Real Estate Development Co., Ltd.	—	Commercial Real Estate	¥4,015	¥—	April 2023 – March 2024	Construction for facility renovation

Note: Refers to renovation of major facilities of several existing properties owned by Nomura Real Estate Co., Ltd.

## Basic Policy Concerning Profit Distribution and Dividends

As for dividends, the Company set the year-end dividend for the fiscal year ended March 31, 2023 at ¥65.0 per share, which is an increase of ¥5.0 from forecasted. Combined with the second quarter-end dividend, the annual dividend per share is ¥120.0. As a result, total return ratio during this fiscal year, which included the acquisition of treasury shares, is 47.6%.

Under the Mid- to Long-term Business Plan, which was formulated in April 2022, the Company set a policy of the total return ratio to be 40-50% in Phase 1 (from fiscal year ended March 31, 2023 to fiscal year ending March 31, 2025). In regard to the dividend for the next fiscal year, the Company intends to set both the second quarter-end and the year-end dividend for the fiscal year ending March 31, 2024 at ¥65.0 per share, therefore the annual dividend per share is expected to be ¥130.0.

## Risks Affecting the Business of Nomura Real Estate Group

### (1) Basic policy for risk management

The Group regards risk management as a “business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company’s risk tolerance limits.” With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely “A: Investment risk,” “B: External risk,” “C: Disaster risk,” “D: Internal risk.” Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

<Important risks needing to be managed among main risks>

- Risks that could have a major impact on Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems
- Other major risks that should be managed by the Group

### (2) Risk management structure

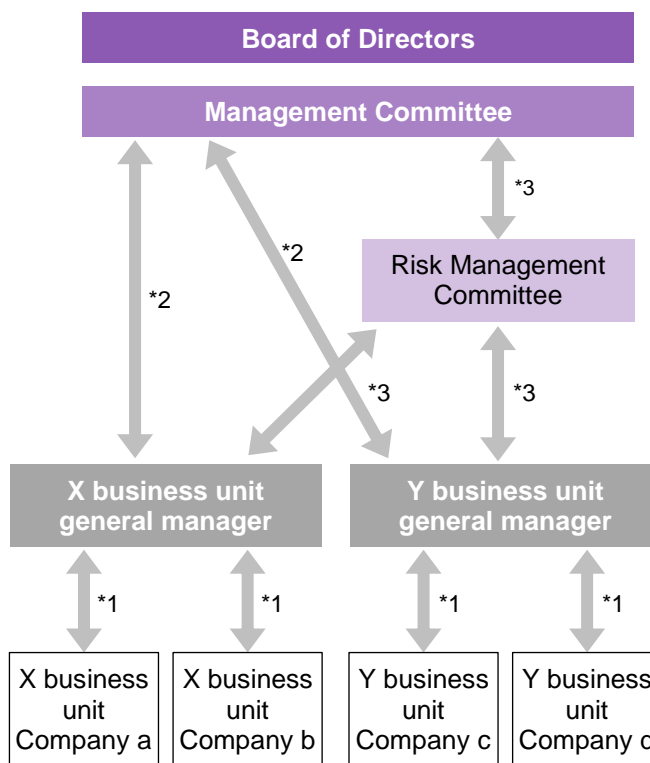
To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors. The Management Committee, which is the integrated management body, directly monitors “A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of “C: Disaster risk” and “D: Internal risk” and these committees discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence after risk occurs. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information and response policies within the Group.

With regard to risk management, each business unit manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each group company (the head of each division at Nomura Real Estate Development Co., Ltd.) are responsible for reporting risk management matters to the business unit manager in a timely and appropriate manner.

In addition, we have defined the organization in charge of business in each group company as the “first line” of risk management, the organization in charge of corporate operations at the Company and each group company as the “second line” of risk management, and the organization in charge of internal audits at the Company and each group company as the “third line” of risk management. With each “line” playing its role in risk management, for example, the “second line” and “third line” of the Company providing support, guidance and cooperation to the “second line” and “third line” of the group companies, respectively, we have established efficient organizations and processes that support governance and risk management.

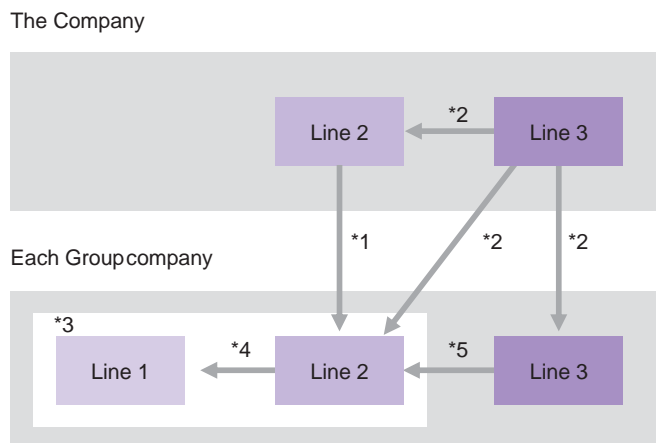
In the event of a major problem requiring urgency, the chair of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives responsible for relevant departments in accordance with the Risk Management Regulations and reports to the President and Executive Officer (Group CEO) and provides instructions such as response in accordance with the basic policy.

Risk Management System (conceptual diagram)



- \*1. Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.
- \*2. The head of each business unit reports to the Management Committee on "A: Investment risk" and "B: External risk" that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with "A: Investment risk" and "B: External risk" of each department.
- \*3. The head of each business unit reports to the Risk Management Committee on "C: Disaster risk" and "D: Internal risk" that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with "C: Disaster risk" and "D: Internal risk" of each business unit. Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit's risk management associated with "C: Disaster risk" and "D: Internal risk."

Three Lines Model (conceptual diagram)



- \*1. The Company's second defense line provides appropriate support and guidance for each group company's second defense line with respect to overall risk management based on the Group's management policy and strategic objectives and monitors each group company's second-line activities.
- \*2. The Company's third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third lines of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.
- \*3. The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.
- \*4. The second line of each group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.
- \*5. The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

(3) Details of main risks

The following are the main risks that the management recognizes that have the potential to significantly influence the financial position, business performance and cash flows of the Company and the consolidated subsidiaries. From these main risks the Company has selected risks requiring particular attention during the fiscal year ending March 31, 2024 taking into consideration factors such as the magnitude of the potential impact on its businesses and the external environment.

Matters concerning the future and the recognition of risks in the text are as determined by the Group as of the end of this fiscal year. The following, however, does not include all risks. Risks that are unpredictable or deemed insignificant at this point in time may impact on businesses in the future.

(Major risks)

Risk category	Definition	Main risk items
(A) Investment risk	Risks related to individual investments (real estate investments, strategic investments (M&A), etc.)	1) Risks associated with real estate investment 2) Risks associated with strategic investment (M&A) and new businesses
(B) External risk	Risks related to external factors influencing business	3) Risks associated with market changes 4) Risks generated by changes in economic conditions 5) Risks generated by changes in political/social conditions/systems (law, tax systems, accounting, others) 6) Risks due to lagging behind in innovation and changes in the structure of society related to the business
(C) Disaster risk	Risks generated by disasters that have a large impact on customers and business continuity	7) Risks related to disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious disease epidemics, etc.) that have a major impact on customers and business continuity
(D) Internal risk	Operational risks occurring at the Company and each group company	8) Risks related to the violation of laws and ordinances 9) Risks related to quality defects 10) Risks related to occurrence of information system crisis 11) Risks from inadequate responses to matters related to human resources 12) Risks related to occurrence of fraud and negligence

(Risks requiring particular attention)

(A) Investment risk	<ul style="list-style-type: none"> <li>Risk of inability to secure the expected business volume and making it difficult to secure the expected business volume and achieve the profit growth projected in the Mid- to Long-term Business Plan due to intensifying competition for land acquisition, etc.</li> <li>Risk that the Company will not earn the expected profits due to an increase in construction expenses caused by soaring materials prices, delays in construction periods, soaring energy procurement costs, etc.</li> <li>Risk of profitability deterioration and delays in anticipated project schedule due to changes in economic conditions regarding projects with long-term project timeframes and large investment budgets, such as redevelopment projects</li> </ul>
(B) External risk	<ul style="list-style-type: none"> <li>Risks arising from the impacts of prices for housing sales, property sales, as well as sale prices of asset replacement properties, due to changes in Japan's real estate market and financial conditions</li> <li>Risk arising from deterioration in profitability and delay in profit recovery timing in overseas business due to deterioration in economies and real estate markets, deterioration in the financial condition of general contractors and JV partners, and other factors in countries overseas</li> <li>Risk of a reduced competitive advantage of the Company's businesses due to delays in response to changes in lifestyles and values, response to accelerating advances in digital technology, and response to sustainability and human resources, etc.</li> </ul>
(C) Disaster risk	<ul style="list-style-type: none"> <li>Risk of inability to continue business due to increasingly severe natural disasters such as earthquakes, typhoons, and torrential rains</li> </ul>
(D) Internal risk	<ul style="list-style-type: none"> <li>Risk due to inadequate design and construction in the real estate development business</li> <li>Risk due to delay in preparing personnel systems to secure diverse human resources and enable human resources to continue playing an active role</li> <li>Risk due to information leak by cyberattack, impact on business continuity, and incurrence and expansion of damage, etc.</li> <li>Risk of violating laws and regulations and hindering the realization of smooth transactions with counterparties due to delays in strengthening the transaction system to realize the passing of appropriate price on to customers in light of rising material prices, energy costs, among other costs.</li> </ul>

(The details of each major risk item and main initiatives)

Risk item	Risk category	Risk details	Main initiatives
1. Risk associated with real estate investment	(A) Investment risk	<ul style="list-style-type: none"> <li>Risk that the Group's business performance, etc. may be affected as a result of delays in the timing of sales recording and deterioration of profitability due to unexpected discovery of soil pollution, delays in obtaining permits and licenses, occurrence of additional construction work, and increases in construction and energy expenses.</li> </ul>	<p>Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. Regarding the risk of an increase in construction expenses, the Company includes a certain amount of additional costs when acquiring land for development and carries out other measures.</p> <p>Following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially important event occur, after deliberation by the Management Committee or the Board of Directors of the Company or group companies when necessary, the department shall respond to the issues.</p> <p>In addition, for businesses that are in progress and completed, the progress of each business is monitored, and the results are reviewed so that issues and trends, etc., for each business type are grasped and analyzed.</p>
2. Risk associated with strategic investment (M&A) and new businesses	(A) Investment risk	<ul style="list-style-type: none"> <li>Risk that the Group's financial position and business performance, etc. may be affected if the Group fails to achieve profit growth or synergy expected by the target companies in which it invests in strategic investments (M&amp;A).</li> <li>Risk that the Group's financial position and business performance may be affected due to the inability to execute business according to original plans or achieve synergies with group companies in new businesses and investments in new asset types.</li> </ul>	<p>In executing strategic investment (M&amp;A), factors such as the synergies with the Group's existing businesses, and business plans, financial details and contract-related matters of targeted companies shall be carefully examined and considered and strategic investment (M&amp;A) shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&amp;A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies.</p> <p>In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by Management Committee or the Board of Directors of the Company or group companies.</p>
3. Risk associated with market changes	(B) External risk	<ul style="list-style-type: none"> <li>Risk that the Group's financial position and business performance, etc. may be affected by trends of competitors, the emergence of innovative new entrants, changes in economic, political, and social conditions, and the emergence of geopolitical risks, and the occurrence of disasters, etc., which may lead to changes in the business environment and market conditions.</li> </ul>	<p>The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business and improve precision.</p> <p>When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions.</p> <p>Moreover, we formulate an investment budget upon undertaking risk assessment to ensure a certain level of soundness regarding our financial position even if market conditions change rapidly.</p>

Risk item	Risk category	Risk details	Main initiatives
4. Risk caused by changes in economic conditions	(B) External risk	<ul style="list-style-type: none"> <li>• Risk that the Group's financial position and business performance, etc. may be affected by a decline in customers' purchase appetite in the housing sales business, a decline in the rent level of office buildings, etc., and an increase in the vacancy rate due to domestic and overseas economic recessions.</li> <li>• Risk that the Group's financial position and business performance, etc. may be affected by an increase in the Group's financing costs, a decline in customer desire to purchase in the housing sales business due to higher housing loan interest rates, resulting from a rise in market interest rates, and a decline in asset prices owing to a rise in cap rates.</li> <li>• Risk that the Group's financial position and business performance, etc. may be affected by fluctuations in the amounts of investment and collection translated into yen and fluctuations in assets and liabilities denominated in foreign currencies on the consolidated financial statements, due to fluctuations in exchange rates.</li> <li>• Risk that the Group's financial position and business performance, etc. may be affected by deterioration in the profitability of overseas businesses and delays in the timing of collecting profits due to deterioration in the financial condition of general contractors and JV partners in overseas countries, etc.</li> </ul>	<p>Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results.</p> <p>In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings.</p> <p>In the real estate investment and development business, we make investment decisions that limit the impact to a certain extent even in the event of a decline in asset prices due to a decline in rents and a rise in cap rates.</p> <p>For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.</p> <p>In addition, with regard to the status of general contractors and JV partners in overseas business, in addition to regular monitoring by the front line, we regularly confirm and deliberate on events that affect our business and their responses through the Overseas Business Risk Committee (the name has changed from the Overseas Business Monitoring Committee), etc., and deliberate at the Management Committee or the Board of Directors of the Company or group companies as necessary.</p>

Risk item	Risk category	Risk details	Main initiatives
5. Risk caused by changes in political/ social conditions/ systems (law, tax system, accounting, others)	(B) External risk	<ul style="list-style-type: none"> <li>• Risk that the Group's financial position and business performance, etc. may be affected by rising construction and energy expenses, the occurrence of delays in business schedule, etc., due to disruptions in the foreign exchange market, energy market, and supply chain in the event of changes to the political and social situations, such as the emergence of geopolitical risks, such as Russia's invasion of Ukraine.</li> <li>• In overseas business, risk that the Group's financial position and business performance, etc. may be affected due to obstacles to promote business in case there are changes in political and social situations that have been unexpected at the beginning of conducting business in each country, as there are risks specific to each country's political and social situations.</li> <li>• Risk that the Group's financial position and business performance, etc. may be affected as a result of the occurrence of new obligations and expenses in case there are changes in various types of laws and regulations in Japan and overseas applicable to each of the Group's businesses or other laws and regulations become applicable due to an expansion in the business scope in the future.</li> <li>• Risk that the Group's financial position and business performance, etc. may be affected as a result of increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business.</li> </ul>	<p>We collect and analyze information on trends in political and social situations, various laws and regulations, tax systems and accounting systems in Japan and overseas from industry groups, external experts, business partners, and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details.</p> <p>In overseas business in particular, we seek the knowledge of external experts regarding the forecast of the future political and social situations as well as applicable laws, regulations and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to the political and social situations as well as important related laws and regulations that have an impact on business strategy, revenue and expenditures, and progress in countries where we do business through the Overseas Business Risk Committee, etc. In the case that there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.</p>



Risk item	Risk category	Risk details	Main initiatives
6. Risk from lagging behind innovation and changes in the social structure related to the business	(B) External risk	<ul style="list-style-type: none"> <li>• Risk that the Group's financial position and business performance, etc. may be affected by a decline in the competitive advantage of the Company's products and services if there are delays in responding to changes in the social structure and changes in the industrial structure resulting from rapid technological innovation and the emergence of innovative new participants.</li> <li>• Risk that difficulties in securing human resources due to the declining birthrate and aging population will limit the Company's ability to develop products and services.</li> <li>• Risk that the Group's financial position and business performance, etc., may be affected by a decline in the competitive advantage of the Company's products and services if there are delays in responding to changes in demands related to the customer environment, energy conservation and disaster prevention resulting from the implementation and strengthening of greenhouse gas reduction regulations, etc., and technologies related to high environmental performance and energy performance.</li> </ul>	<p>In the midst of a changing business environment, the Group has been creating new and highly unique value for society and customers by leveraging its strengths, such as real estate development capabilities based on the "market-in" concept and a commitment to quality in urban development and real estate-related services.</p> <p>Drawing on these strengths, in order to respond to changes in social and industrial structure and the growing awareness of society and customers toward sustainability, we have established the DX &amp; Innovation Management Dept. and the Sustainability Management Dept., which are responsible for the research and development of new business fields, planning, and promotion of innovation creation, digital strategies, as well as initiatives for sustainability, etc.</p> <p>We have also established the "Business Idea Proposal System," which allows employees of each Group company to propose new businesses, etc., beyond the boundaries of their daily work to promote the commercialization of new businesses and new products and services, with the DX &amp; Innovation Management Dept. serving as the secretariat.</p> <p>At the same time, through the Nomura Real Estate Group Awards, an internal award system, we are working to create a corporate culture that encourages the creation of value through innovation and to strengthen collaboration within the Group. In addition, through the provision of corporate venture capital, the Company is collaborating with the startups that it has taken stakes in, which possess innovative technologies and services, continuing to provide services that utilize these digital technologies.</p> <p>Furthermore, in response to the difficulty of securing human resources, we are working to improve operational efficiency and conserve labor by utilizing digital technology.</p> <p>Please refer to P.20 to P.27 of Annual Securities Report issued on June 23, 2023 (Japanese only) for the Group's sustainability initiatives, including reducing greenhouse gases and improving the environmental and energy performance of the Company's products and services.</p>

Risk item	Risk category	Risk details	Main initiatives
7. Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	(C) Disaster risk	<ul style="list-style-type: none"> <li>• Risk of loss of earnings, such as decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities caused by disasters, including large earthquakes, storms and flood damage, and infectious disease epidemics.</li> <li>• Risk of delay of earnings caused by issues, such as changes in sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors caused by disasters, including large earthquakes, storms and flood damage, and infectious disease epidemics.</li> </ul>	<p>The Group recognizes that the frequency of disasters has increased, and this is an important social issue. Based on discussions with government and disaster preparedness experts, we are working to ensure the safety and security in the event a disaster occurs. We engage in disaster preparedness activities to ensure that, if a disaster occurs, its impact is minimized and the Group and its employees are able to continue business and their normal lives. We have formulated a business continuity action plan (BCP) in the event of a disaster.</p> <p>In preparing for an earthquake, and storm and flood damage, under the BCP we have determined an emergency chain of command, assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Once per year we hold Disaster Task Force Establishment Drills to ensure the prescribed details are effective, ensuring the safety of executives and employees and establishing a chain of command system, so that we are prepared for restoring business after an emergency. Concerning infectious diseases, based on the Group's response results to novel coronavirus infections (COVID-19), we have formulated a BCP for infectious diseases that summarizes responses according to the infection situation (establishment of a chain of command system, selection of core businesses for business continuity, formulation of common rules for infection prevention, etc.) from the time of infection confirmation to the spread of new infectious diseases in preparation for the emergence of new infectious diseases in the future. We have also formulated a BCP that stipulates preparations and initial responses to disasters not only in Japan but also overseas.</p> <p>Regarding earthquakes, fires, storms, floods, and other sudden accidents, we have set up regulations for responses to torrential rains and flooding, formulated a disaster response manual, and created a disaster preparedness guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs.</p>
8. Risk of violations of laws and ordinances	(D) Internal risk	<ul style="list-style-type: none"> <li>• Risk that the business performance may be affected by violation of the Real Estate Brokerage Act, the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Antimonopoly Act, Subcontract Act, and other related laws and regulations, resulting in loss of credibility and the imposition of administrative penalties and fines, etc.</li> </ul>	<p>The Group has formulated the Nomura Real Estate Group Code of Action for executives and employees to comply with laws and regulations and internal rules, and act with higher ethical standards, and it also has provided education on an ongoing basis.</p> <p>For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for the status of compliance. Concerning the Antimonopoly Act, etc., in order to realize an appropriate passing of price increases on to customers that takes into account increases in material prices, energy costs, etc., we are working to strengthen our trading system by formulating business rules according to the business characteristics and the scale of each Group company's business, creating manuals, and conducting training. In addition, regarding the inappropriate entertainment of foreign public officials and other civil servants, the Company has established regulations, etc. The Company is implementing regular training for executives, employees and overseas local hires related to overseas businesses.</p>

Risk item	Risk category	Risk details	Main initiatives
9. Risk of quality defect	(D) Internal risk	<ul style="list-style-type: none"> <li>Risk that the business performance may be affected by the loss of trust, unexpected costs and delays in development plans and operation plans due to management deficiencies such as design and construction defects, etc. in the real estate development business or in the case of a management deficiency in the properties for leasing or under management.</li> </ul>	<p>In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of credibility and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical), the Quality Manuals, etc. and ensure thorough compliance from the parties while also checking the state of construction and carrying out quality inspections as the ordering party (However, in joint ventures with other companies and redevelopment projects led by redevelopment associations, different methods may be adopted depending on the business form.) Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of a deficiency or accident.</p>
10. Risk of occurrence of information system crisis	(D) Internal risk	<ul style="list-style-type: none"> <li>Risk that the Group's business performance, etc. may be affected as a result of the delays in the Group's sales activities and business processing and the loss of credibility, and the resulting decrease in sales and damage compensation costs in the unlikely case the Company's information system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access.</li> </ul>	<p>In a situation where we are actively promoting DX initiatives to realize business transformation and sustainable growth using the Internet and cloud services, ensuring information security is becoming more critical than ever. We have installed security systems that block unauthorized access from the Internet, scan information terminals for viruses, and detect the behavior of malware, bots, and other intruders to prevent unauthorized transmission if they enter. In addition, alerts from these systems are monitored to ensure that the ICT environment is prepared for cyber-attacks and information leaks. Also, security checks are conducted prior to the use of cloud services to ensure that they are used safely.</p> <p>The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide information security enlightenment to our employees, protect the rights and interests of our customers and ensure the stable operation of an ICT environment within the Group.</p> <p>In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.</p>

Risk item	Risk category	Risk details	Main initiatives
11. Risk of inadequate response to matters related to human resources	(D) Internal risk	<ul style="list-style-type: none"> <li>• Risk that long working hours damage the health of employees in the event that the working hours of Group employees are not properly ascertained.</li> <li>• Risk that the Group's business performance, etc. may be affected as a result of the outflow of the Group's human resources, the loss of trust, and the imposition of fines in case we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations.</li> <li>• Risk that delays in the establishment of a labor environment that takes in a diverse range of human resources (employees that work short hours mainly due to childcare and nursing, sexual minorities, people with disabilities, seniors, foreign nationals and others) may result in the Group being unable to secure the necessary personnel, or the inability of secured personnel to continue working, leading to a decline in corporate competitiveness.</li> <li>• In terms of personnel and labor management at overseas bases, risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor laws and customs, risk of losing know-how due to the retirement of local employees, and risk that the health of employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.</li> </ul>	<p>The Group prescribes working with vigor and achieving wellness as its action guideline. The Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth.</p> <p>Along with introducing various systems, including recommendations to take paid leave, the promotion of teleworking, and a program for taking time off or working shorter hours for childcare and nursing and to build a labor environment conducive for a diverse workforce, we are working to improve the level of understanding related to diversity among executives and employees through regular training sessions. In addition, some group companies, such as Nomura Real Estate Development, have partially implemented paid leave for male employees' birth childcare leave and introduced an accumulated paid leave system.</p> <p>In order to properly grasp working hours, we have introduced an attendance management system to manage it, and especially for long working hours, we regularly monitor the situation. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks.</p> <p>Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help the staffs find, and provide support for visits to, medical institutions.</p> <p>The Group established the Wellness and D&amp;I Management Committee, which is chaired by the President and Executive Officer (Group CEO), in order to integrally promote wellness, work-style reforms and the ensuring of diverse human resources, and the Wellness and D&amp;I Management Sect. in the Group Human Resources Development Dept. as the dedicated organization for the promotion of diversity &amp; inclusion. From this fiscal year, we have formulated and announced the Group's D&amp;I promotion policy and medium- and short-term promotion roadmap to determine the "D&amp;I awareness development period" as Step 1 until the fiscal year ending March 2024, and set key goals of "(1) Achieving the target for taking annual paid leave and (2) Achieving the 100% rate of the childcare leave rate for male and female employees."</p>
12. Risk of occurrence of fraud and negligence	(D) Internal risk	<ul style="list-style-type: none"> <li>• Risk that the business performance may be affected as a result of the loss of credibility and the resulting decrease in sales and damage compensation costs due to fraud perpetuated by executives and employees, information leakage due to improper management, and operational negligence.</li> </ul>	<p>Group executives and employees comply with laws and regulations as well as with the internal rules, etc. established by each company of the Group. Furthermore, we have established the Nomura Real Estate Group Code of Ethics with the aim of acting in accordance with even higher ethical standards, and we continuously provide education and training sessions to executives and employees.</p> <p>In addition, the Company has established a system to enhance the effectiveness of compliance activities in each workplace by assigning a compliance promotion officer to each department, office and branch of the Company and Group companies. Furthermore, with the "Nomura Real Estate Group Risk Helpline," an internal whistleblowing system shared by all Group companies, the Company has set up internal and external contact points for reporting wrongdoing and seeking advice on how to proceed, and has developed and implemented systems based on the Whistleblower Protection Act.</p>

# Consolidated Balance Sheet

Nomura Real Estate Holdings, Inc. and its subsidiaries  
March 31, 2022 and 2023

	(Millions of yen)	
Assets	As of March 31, 2022	As of March 31, 2023
<b>Current Assets</b>		
Cash and deposits	¥ 69,038	¥ 29,063
Notes and accounts receivable - trade, and contract assets	22,025	40,890
Real estate for sale (Note 5)	371,504	447,194
Real estate for sale in process	333,860	368,384
Land held for development	188,417	182,714
Equity investments (Notes 5,12)	33,871	32,320
Other	108,106	81,751
Allowance for doubtful accounts	(20)	(14)
<b>Total current assets</b>	<b>1,126,802</b>	<b>1,182,306</b>
<b>Non-Current Assets</b>		
Property, plant and equipment		
Buildings and structures	375,232	388,798
Accumulated depreciation	(175,069)	(206,164)
Buildings and structures, net	200,163	182,634
Land (Note 5)	497,599	477,013
Other	41,746	63,586
Accumulated depreciation	(13,123)	(16,761)
Other, net	28,623	46,824
<b>Total property, plant and equipment</b>	<b>726,386</b>	<b>706,472</b>
Intangible assets	19,933	20,384
Investments and other assets		
Investment securities (Notes 5,12,13)	101,155	142,031
Leasehold and guarantee deposits (Note 11)	30,047	31,763
Deferred tax assets (Note 17)	27,322	18,756
Other	8,858	8,979
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>167,383</b>	<b>201,529</b>
<b>Total non-current assets</b>	<b>913,703</b>	<b>928,387</b>
<b>Total Assets</b>	<b>¥2,040,506</b>	<b>¥2,110,693</b>

See notes to consolidated financial statements.

(Millions of yen)

<b>Liabilities</b>	As of March 31, 2022	As of March 31, 2023
<b>Current Liabilities</b>		
Notes and accounts payable - trade	¥ 80,992	¥ 65,805
Short-term borrowings (Note 25)	108,500	117,864
Current portion of bonds payable	10,000	20,000
Income taxes payable (Note 17)	22,299	13,278
Deposits received	43,857	19,686
Provision for bonuses	9,934	11,204
Provision for bonuses for directors (and other officers)	549	600
Provision for loss on business liquidation	8	4
Other	81,838	79,385
<b>Total current liabilities</b>	<b>357,980</b>	<b>327,829</b>
<b>Non-Current Liabilities</b>		
Bonds payable (Notes 12,25)	150,000	130,000
Long-term borrowings (Notes 12,25)	754,235	853,684
Leasehold and guarantee deposits received	59,301	58,444
Deferred tax liabilities (Note 17)	58,207	45,829
Deferred tax liabilities for land revaluation (Note 5)	3,902	3,903
Provision for share awards	3,567	4,300
Retirement benefit liability (Note 15)	16,644	15,115
Other	15,267	15,849
<b>Total non-current liabilities</b>	<b>1,061,127</b>	<b>1,127,127</b>
<b>Total Liabilities</b>	<b>1,419,107</b>	<b>1,454,956</b>
<b>Net Assets</b>		
<b>Shareholders' Equity (Note 9)</b>		
Share capital	118,604	119,054
Capital surplus	114,993	115,444
Retained earnings	382,382	427,064
Treasury shares	(11,864)	(25,456)
<b>Total shareholders' equity</b>	<b>604,115</b>	<b>636,107</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation difference on available-for-sale securities	7,337	5,755
Deferred gains or losses on hedges	(332)	40
Revaluation reserve for land (Note 5)	7,868	7,868
Foreign currency translation adjustment	1,254	3,348
Remeasurements of defined benefit plans (Note 15)	(1,481)	186
<b>Total accumulated other comprehensive income</b>	<b>14,646</b>	<b>17,199</b>
Share acquisition rights	927	658
Non-controlling interests	1,708	1,772
<b>Total Net Assets</b>	<b>621,398</b>	<b>655,737</b>
<b>Total Liabilities and Net Assets</b>	<b>¥2,040,506</b>	<b>¥2,110,693</b>

See notes to consolidated financial statements.

# Consolidated Statement of Income

Nomura Real Estate Holdings, Inc. and its subsidiaries  
Years ended March 31, 2022 and 2023

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating Revenue	¥ 645,049	¥ 654,735
Operating Costs	439,737	432,073
Operating Gross Profit	205,312	222,662
Selling, General and Administrative Expenses	114,101	123,064
Operating Profit	91,210	99,598
Non-Operating Income		
Interest income	70	111
Dividend income	97	54
Share of profit of entities accounted for using equity method	895	4,872
Subsidy for cooperation income	269	—
Other	513	1,011
Total non-operating income	1,846	6,050
Non-Operating Expenses		
Interest expenses	8,825	10,221
Other	1,673	1,306
Total non-operating expenses	10,499	11,527
Ordinary Profit	82,557	94,121
Extraordinary Income		
Gain on sale of non-current assets (Note 6)	—	6,873
Total extraordinary income	—	6,873
Extraordinary Losses		
Impairment losses (Notes 1,6)	568	7,911
Loss on building reconstruction	655	4,993
Loss on COVID-19	281	—
Total extraordinary losses	1,505	12,905
Profit before Income Taxes	81,052	88,088
Income Taxes-Current	32,301	27,737
Income Taxes-Deferred	(6,629)	(4,349)
Total Income Taxes (Note 17)	25,671	23,387
Profit	55,380	64,701
Profit Attributable to Non-Controlling Interests	68	180
Profit Attributable to Owners of Parent	¥55,312	¥64,520

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Nomura Real Estate Holdings, Inc. and its subsidiaries  
Years ended March 31, 2022 and 2023

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	¥55,380	¥64,701
Other Comprehensive Income (Note 7)		
Valuation difference on available-for-sale securities	(487)	(1,589)
Deferred gains or losses on hedges	1,009	373
Revaluation reserve for land	(8)	(0)
Foreign currency translation adjustment	1,611	1,328
Remeasurements of defined benefit plans, net of tax	498	1,667
Share of other comprehensive income of entities accounted for using equity method	809	813
Total other comprehensive income	3,434	2,593
Comprehensive Income	¥58,814	¥67,294
(Breakdown)		
Comprehensive income attributable to owners of parent	¥58,572	¥67,073
Comprehensive income attributable to non-controlling interests	242	221

See notes to consolidated financial statements.



# Consolidated Statement of Changes in Net Assets

Nomura Real Estate Holdings, Inc. and its subsidiaries  
Years ended March 31, 2022 and 2023

(Millions of yen)

	Shareholders' Equity					Accumulated other comprehensive income							Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at March 31, 2021	¥118,043	¥114,433	¥369,597	¥(30,125)	¥571,948	¥7,827	¥(1,342)	¥7,869	¥(995)	¥(1,979)	¥11,379	¥1,406	¥1,616	¥586,350	
Changes during period															
Issuance of new shares	560	560	—	—	1,120	—	—	—	—	—	—	—	—	1,120	
Dividends of surplus	—	—	(15,515)	—	(15,515)	—	—	—	—	—	—	—	—	(15,515)	
Profit attributable to owners of parent	—	—	55,312	—	55,312	—	—	—	—	—	—	—	—	55,312	
Purchase of treasury shares	—	—	—	(8,957)	(8,957)	—	—	—	—	—	—	—	—	(8,957)	
Disposal of treasury shares	—	—	—	214	214	—	—	—	—	—	—	—	—	214	
Transfer from retained earnings to capital surplus	—	27,004	(27,004)	—	—	—	—	—	—	—	—	—	—	—	
Cancellation of treasury shares	—	(27,004)	—	27,004	—	—	—	—	—	—	—	—	—	—	
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of revaluation reserve for land	—	—	(7)	—	(7)	—	—	—	—	—	—	—	—	(7)	
Net changes in items other than shareholders' equity	—	—	—	—	—	(489)	1,009	(0)	2,249	498	3,267	(478)	92	2,880	
Total changes during period	560	560	12,785	18,260	32,167	(489)	1,009	(0)	2,249	498	3,267	(478)	92	35,047	
Balance at March 31, 2022	¥118,604	¥114,993	¥382,382	¥(11,864)	¥604,115	¥7,337	¥(332)	¥7,868	¥1,254	¥(1,481)	¥14,646	¥927	¥1,708	¥621,398	
Changes during period															
Issuance of new shares	450	450	—	—	901	—	—	—	—	—	—	—	—	901	
Dividends of surplus	—	—	(19,838)	—	(19,838)	—	—	—	—	—	—	—	—	(19,838)	
Profit attributable to owners of parent	—	—	64,520	—	64,520	—	—	—	—	—	—	—	—	64,520	
Purchase of treasury shares	—	—	—	(14,325)	(14,325)	—	—	—	—	—	—	—	—	(14,325)	
Disposal of treasury shares	—	—	—	734	734	—	—	—	—	—	—	—	—	734	
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cancellation of treasury shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Net changes in items other than shareholders' equity	—	—	—	—	—	(1,582)	373	(0)	2,093	1,667	2,552	(269)	63	2,346	
Total changes during period	450	450	44,681	(13,591)	31,992	(1,582)	373	(0)	2,093	1,667	2,552	(269)	63	34,338	
Balance at March 31, 2023	¥119,054	¥115,444	¥427,064	¥(25,456)	¥636,107	¥5,755	¥40	¥7,868	¥3,348	¥186	¥17,199	¥658	¥1,772	¥655,737	

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Nomura Real Estate Holdings, Inc. and its subsidiaries  
Years ended March 31, 2022 and 2023

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash Flows from Operating Activities</b>		
Profit before income taxes	¥81,052	¥88,088
Depreciation	19,089	20,593
Impairment losses	568	7,911
Gain on sale of non-current assets	—	(6,873)
Share of loss (profit) of entities accounted for using equity method	(895)	(4,872)
Increase (decrease) in allowance for doubtful accounts	6	(6)
Increase (decrease) in provision for loss on business liquidation	(5)	(3)
Increase (decrease) in retirement benefit liability	426	(1,530)
Interest and dividend income	(167)	(165)
Interest expenses	8,825	10,221
Decrease (increase) in trade receivables	(2,690)	(18,824)
Decrease (increase) in inventories	1,092	(85,968)
Decrease (increase) in equity investments	(5,077)	2,135
Increase (decrease) in trade payables	20,233	(15,208)
Increase (decrease) in deposits received	18,714	(24,176)
Other, net	(9,592)	(11,378)
<b>Subtotal</b>	<b>131,580</b>	<b>(40,058)</b>
Interest and dividends received	427	385
Interest paid	(8,386)	(9,484)
Income taxes paid	(70,828)	6,348
<b>Net cash provided by (used in) operating activities</b>	<b>52,793</b>	<b>(42,809)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(9,958)	(34,486)
Proceeds from sales and liquidation of investment securities	38	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(89)	—
Purchase of property, plant and equipment and intangible assets	(36,618)	(44,064)
Proceeds from sale of property, plant and equipment and intangible assets	237	16,749
Payments of leasehold and guarantee deposits	(2,489)	(1,516)
Proceeds from refund of leasehold and guarantee deposits	1,552	1,601
Repayments of lease and guarantee deposits received	(5,728)	(5,779)
Proceeds from lease and guarantee deposits received	5,536	4,646
Other, net	1,242	(46)
<b>Net cash provided by (used in) investing activities</b>	<b>(46,277)</b>	<b>(62,896)</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term borrowings	8,500	(756)
Repayments of finance lease liabilities	(104)	(234)
Proceeds from long-term borrowings	71,722	178,204
Repayments of long-term borrowings	(56,053)	(69,000)
Proceeds from issuance of shares	667	639
Redemption of bonds	(10,000)	(10,000)
Proceeds from sale of treasury shares	248	388
Purchase of treasury shares	(8,982)	(14,379)
Dividends paid	(15,515)	(19,838)
Dividends paid to non-controlling interests	(97)	(158)
Proceeds from investments in silent partnerships	—	810
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(5)	—
<b>Net cash provided by (used in) financing activities</b>	<b>(9,619)</b>	<b>65,675</b>
Effect of exchange rate change on cash and cash equivalents	273	6
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,831)</b>	<b>(40,023)</b>
Cash and cash equivalents at beginning of period	70,624	67,793
<b>Cash and cash equivalents at end of period</b>	<b>¥67,793</b>	<b>¥27,770</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Nomura Real Estate Holdings, Inc. and its subsidiaries  
March 31, 2022 and 2023

## 1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP, and translated into English for the benefit of readers outside Japan. In addition, the notes to the consolidated financial statements include information which may not be required under Japanese GAAP but is presented herein as additional information.

### (Significant Accounting Policies)

#### 1. Matters related to the scope of consolidation

##### (1) Number of consolidated subsidiaries

41 companies

HNO, LLC and Nomura Real Estate US, LLC are included in the scope of consolidation because they were newly established in the fiscal year ended March 31, 2023.

In addition, Nomura Real Estate Building Co., Ltd., UHM Co., Ltd., and UNJ Properties LLC are excluded from the scope of consolidation because Nomura Real Estate Building Co., Ltd. was absorbed and merged into Nomura Real Estate Development Co., Ltd., the Company's consolidated subsidiary, in the fiscal year ended March 31, 2023, UHM Co., Ltd. was absorbed and merged into Nomura Real Estate Hotels Co., Ltd., the Company's consolidated subsidiary, in the fiscal year ended March 31, 2023, and the liquidation of UNJ Properties LLC was completed in the fiscal year ended March 31, 2023.

##### (2) Names of major unconsolidated subsidiaries, etc.

Main non-consolidated subsidiaries

Minami-Azabu Development Co., Ltd.

##### (Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small and their combined total assets, revenues, net profit (amount corresponding to the Company's equity interest), retained earnings (amount corresponding to the Company's equity interest), etc., do not have a material impact on the consolidated financial statements.

#### 2. Application of the equity method

##### (1) Number of non-consolidated subsidiaries accounted for using the equity method

2 companies

Main company's name: Minami-Azabu Development Co., Ltd.

##### (2) Number of affiliated companies accounted for using the equity method

44 companies

Main company's name: Ginza Parking Center Co., Ltd.

Nomura Real Asset Investment Co., Ltd. and NRV Co., Ltd. are included under affiliated companies accounted for using the equity method because they were newly established in the fiscal year ended March 31, 2023. BRITANIA BANGNA KM.17 COMPANY LIMITED, STABLE TOWN COMPANY LIMITED, Federal Land NRE Global Inc., Ecopark Nomura Real Estate Joint Stock Company, ORIGIN PLAY SRI UDOM STATION COMPANY LIMITED, ORIGIN PLAY BANGKHUNNON COMPANY LIMITED, SO ORIGIN SIRIRAJ COMPANY LIMITED, Press Block LP Member LLC, Press Block Tower LLC, and ORIGIN PLUG & PLAY PHETKASEM COMPANY LIMITED are included under affiliated companies accounted for using the equity method because the Company newly acquired equity interests in these companies in the fiscal year ended March 31, 2023.

Changzhou Wanxiang Real Estate Co., Ltd., ORIGIN VERTICAL COMPANY LIMITED, and ORIGIN PRIME 2 COMPANY LIMITED are excluded from the scope of affiliated companies accounted for using the equity method because the Company sold its equity interests in these companies in the fiscal year ended March 31, 2023.

#### 3. Matters related to the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal years of the following companies end on December 31: NOMURA REAL ESTATE ASIA PTE, LTD., NOMURA REAL ESTATE HONG KONG LIMITED, HCMC office investment Limited, LIM HOLDINGS LTD, Lothbury Investment Management Group Limited and 12 other companies, Zen Plaza Investment Limited, ZEN PLAZA CO., LTD., NOMURA REAL ESTATE VIETNAM CO, LTD., NOMURA REAL ESTATE (THAILAND) CO., LTD., NOMURA REAL ESTATE UK LIMITED, 127 Charing Cross Road Limited, Nomura Real Estate Consulting (Shanghai), and Nomura Real Estate US, LLC. In addition, the fiscal year of Midosuji Mirai Development LLC and HNO, LLC ends on February 28.

In preparing the consolidated financial statements, the financial statements of these companies as of their respective closing dates are used.

However, necessary adjustments have been made in consolidation for significant transactions that occurred between their respective closing dates and the consolidated closing date.

#### 4. Matters related to accounting policies

##### (1) Valuation standards and methods for significant assets

###### 1) Securities

###### Held-to-maturity debt securities

Held-to-maturity debt securities are stated at amortized cost by the straight-line method.

#### Available-for-sale securities

Securities, other than shares, etc. without market value

Securities, other than shares, etc. without market value, are stated at fair market value. (All valuation differences are processed by the direct net assets method, and the selling cost is calculated by the moving average method)

Shares, etc. without market value

Shares, etc. without market value are stated at cost by the moving-average method.

#### **2) Derivatives**

The market value method is adopted.

#### **3) Inventories**

Inventories are mainly stated at cost, determined by the specific identification cost method (the amounts of inventories in the accompanying Consolidated Balance Sheet are computed based on the write-down method reflecting decreased profitability).

#### **(2) Depreciation method for significant depreciable assets**

##### **1) Property, plant and equipment (except for leased assets)**

Depreciation of property, plant and equipment is computed mainly by the straight-line method.

Estimated useful lives used in the computation of depreciation are generally as follows:

Buildings and structures: 2 to 65 years

##### **2) Intangible assets (except for leased assets)**

Amortization of intangible assets is computed by the straight-line method.

Estimated useful life for costs of software is 5 years, which can be useful in the company.

##### **3) Leased assets**

Leased assets are depreciated using the straight-line method, assuming the lease period to be the useful life and the residual value to be zero.

Finance leases, other than those that transfer ownership that started on or before March 31, 2008, are accounted for as operating leases.

#### **(3) Standards for recognition of material allowances**

##### **1) Allowance for doubtful accounts**

In order to prepare for possible bad debt losses on notes and accounts receivable and loans, allowance for doubtful accounts is provided at an amount calculated on the basis of a historical bad debt ratio for a certain reference period for normal claims, plus an estimated uncollectible amount determined on the basis of individual assessments for specific claims with potential losses.

##### **2) Provision for bonuses**

The estimated amount of payments attributable to the current fiscal year is recorded to allocate expenditures for bonuses paid to employees.

##### **3) Provision for bonuses for directors (and other officers)**

The estimated amount of payments attributable to the current fiscal year is recorded to allocate expenditures for bonuses paid to directors.

##### **4) Provision for losses on business liquidation**

The estimated amounts of losses occurring due to withdrawal from businesses are recorded.

##### **5) Provision for share awards**

The amount to be incurred estimated at the end of the current fiscal year is recorded to prepare for the issuance of shares of the Company's stock to directors and employees based on stock delivery regulations.

#### **(4) Provision for retirement benefits**

##### **1) Period attribution method for expected retirement benefits**

To calculate retirement benefit obligations, the estimated amount of retirement benefits attributable to the fiscal year is determined based on the benefit formula method.

##### **2) Method for recording actuarial gains and losses and expenses for prior service costs**

Prior service costs are amortized as incurred by the straight-line method over 10 years, which is within the average number of remaining service years of the eligible employees.

Actuarial gains and losses are amortized in the following fiscal year in which the gain or loss is recognized by the straight-line method mainly 10 years, which is within the average number of remaining service years of the eligible employees.

#### **(5) Recognition of significant revenues and related costs**

##### **1) Accounting standard for revenue recognition**

Details of the main performance obligations in the principal businesses related to the Group's revenues from contracts with customers and the usual timing at which point the performance obligations are satisfied (the usual time at which revenues are recognized) are as follows. In addition, the amount of consideration does not include any significant financing component.

###### **i. Residential development business**

The residential development business is mainly engaged in the development and sale of condominiums and detached housing (housing sales business) and the development and sale of rental housings (sales of property development). For the housing sales business and sales of property development, the Company is obligated to transfer the subject property based on the real estate sales contract with the customer, and recognizes revenue at the time the customer obtains control of the property upon transfer. In the housing sales business, the Company generally receives a deposit when the contract is concluded and receives payment of the balance at the time of transfer, and in the sales of property development, the Company generally receives payment of the purchase price at the time of transfer.

## ii. Commercial real estate business

The commercial real estate business is mainly engaged in the development, lease and sale of office buildings, retail facilities, logistics facilities and other properties (sales of property development). For the sales of property development, the Company is obligated to transfer the subject property based on the real estate sales contract with the customer, recognizes revenue at the time the customer obtains control of the property upon transfer and generally receives payment of the purchase price at the time of transfer. Real estate lease revenue is accounted for in accordance with Accounting Standard for Lease Transactions (ASBJ Statement No. 13), and revenue is recognized over the lease term.

## iii. Overseas business

The overseas business is mainly engaged in providing advice in real estate development. For this business, the Company is obligated to carry out quality improvement, etc. based on the service agreement, etc. with the customer, and revenue is recognized over a certain period of time because control is conveyed to the customer as the service is provided. Payment is generally received within approximately three months from the time when the performance obligations are satisfied.

## iv. Investment management business

The investment management business is mainly engaged in providing investment management services including REITs, private funds and real estate securitization products. For this business, the Company is obligated to carry out fund management, etc. based on the asset management agreement, etc. with the customer, and revenue is recognized over a certain period of time because control is conveyed to the customer as the service is provided. The revenue is calculated by multiplying the total assets, etc. of the managed fund by the commission rate stipulated in the agreement, and payment is received within approximately three months from the time when the performance obligations are satisfied.

## v. Property brokerage & CRE business

The property brokerage & CRE business is mainly engaged in the real estate brokerage business. For this business, the Company is obligated to carry out a series of operations based on the brokerage agreement with the customer, such as the performance procedures from the work for concluding the real estate sales contract to the transfer of the subject property, and recognizes revenue at the time of transfer of the property in the real estate sales contract concluded through brokerage. The Company generally receives payment of half of the remuneration amount at the conclusion of the real estate sales contract concluded through brokerage, and receives payment of the balance at the transfer of the subject property.

## vi. Property & facility management business

The property & facility management business is mainly engaged in the operation and management of condominiums and office buildings, as well as contracting for repair and tenant works associated with management. For this business, the Company is obligated to carry out facility management and cleaning, building maintenance and repairs, etc. based on the real estate property management agreement, construction contract, etc. with the customer, and revenue is recognized over a certain period of time because control is conveyed to the customer as the service is provided.

However, for construction contracts for which the period from the commencement date of the transaction in the contract to the date the performance obligation is expected to be fully satisfied is very short, revenue is not recognized over a certain period of time. Instead, the Company judges that its performance obligation is satisfied at the time of transfer and recognizes revenue at that time. For operation and management, payment is generally received within approximately one month from the time when the performance obligations are satisfied, and for contracting, payment is generally received within approximately three months from the time of transfer.

## 2) Accounting standards for advertising expenses

In the housing sales business, to appropriately match expenses and revenues, advertising expenses of selling expenses incurred prior to delivery to customers are recorded as prepaid expenses and they are expensed in one lump at the time of delivery.

## (6) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen

All current and non-current accounts denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect on the consolidated balance sheet date. Differences arising from this translation are recognized as gain or loss.

The asset and liability accounts of the overseas subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing on the respective balance sheet dates of the subsidiaries and affiliates and the revenue and expense accounts are translated into Japanese yen at the average rates of exchange for the year.

## (7) Significant hedge accounting method

### 1) Hedge accounting method

Deferred hedge accounting is adopted. In addition, exceptional treatment is applied when interest rate swaps meet the conditions for exceptional treatment, and allocation treatment is applied when currency swaps meet the requirements for allocation treatment.

### 2) Hedging instruments and hedged items

<Hedging instruments>	<Hedged items>
Interest rate swap contracts	Borrowings
Currency swaps and foreign exchange forward contracts	Securities denominated in foreign currencies

### 3) Hedging policy

Hedging is used for interest rate fluctuation risk and foreign exchange fluctuation risk as prescribed by internal rules.

### 4) Evaluation of effectiveness

The Group evaluates hedge effectiveness by comparing changes in market fluctuations or in the cumulative cash flows of the hedged items with the corresponding changes in the hedging derivative instruments and using the ratio of the fluctuations. However, the evaluation of effectiveness is omitted for the interest rate swaps for which exceptional treatment is applied.

## (8) Amortization of goodwill

Goodwill is amortized using the straight-line method over a period of 5 to 20 years.

## (9) Scope of funds in the Consolidated Statement of Cash Flows

In preparing the Consolidated Statement of Cash Flows, cash on hand, readily-available deposits and short-term, highly liquid investments with a maturity of three months or less at the time of purchase and with an insignificant risk of market value fluctuation are considered to be cash and cash equivalents.

## (10) Other significant matters for preparing the consolidated financial statements

### Accounting for non-deductible consumption taxes

Non-deductible consumption taxes related to assets are included in the acquisition cost and other consumption taxes are expensed in the fiscal year as incurred.

## 2. Significant Accounting Estimates

### 1. Valuation of inventories

Inventories held by the Group consist mainly of housing held for sale and commercial property held for sale.

#### (1) Amounts recorded in the consolidated financial statements for the fiscal years ended March 31, 2022 and 2023

	(Millions of yen)	
	2022	2023
Loss on valuation of inventories	¥3,022	¥176

#### (2) Other information that contributes to the understanding of users of consolidated financial statements

##### 1) Housing held for sale

###### i. Calculation method

The Company calculates this by comparing the net realizable value of the housing held for sale with the book value thereof. The net realizable value is based on the sale price, product cost, etc. determined in the business plan formulated at the time of site acquisition, construction order, and start of sale. In addition to the above, the net realizable value is subject to change depending on the progress of the business and sales.

###### ii. Key assumptions

The key assumptions used in the calculation of the net realizable value are the estimated sale price and the product cost, and these are estimated based on the location, size, product marketability, actual transactions in the surrounding area, market forecasts, and rents, occupancy rates, and cap rates based on past experience. With regard to the impact of the spread of COVID-19, the Company has made the assumption that the impact on the housing market will be limited.

###### iii. Impact on consolidated financial statements of the following fiscal year

Estimated sale prices and product costs, which are key assumptions, are subject to uncertainty. The estimated sale prices may differ from future results due to changes in the housing market and other factors, and estimates of product costs may differ from future results due to the changes in the construction market, the occurrence of additional construction, schedule delays, and other factors.

##### 2) Commercial property held for sale

###### i. Calculation method

The Company performs calculations by comparing the net realizable value of commercial property held for sale with the book value thereof. The net realizable value is based on the estimated sale price, product cost, etc. determined at the time of site acquisition, construction order, start of leasing (tenant recruitment), and decision to sell. For commercial property held for sale where there is concern about a decline in profitability due to the progress of tenant recruitment, etc., the estimated sale price is based on the appraisal value of a real estate appraiser, etc.

###### ii. Key assumptions

The key assumptions used in the calculation of the net realizable value are the estimated sale price and the product cost, and these are estimated based on the location, size, product marketability, actual transactions in the surrounding area, market forecasts, and rents, occupancy rates, and cap rates based on past experience. With regard to the impact of the spread of COVID-19, the Company has made the assumption that the impact on the real estate leasing market and real estate investment market will be limited.

###### iii. Impact on consolidated financial statements of the following fiscal year

Estimated sale prices and product costs, which are key assumptions, are subject to uncertainty. The estimated sale prices may differ from future results due to changes in real estate leasing and real estate investment markets, and estimated product costs may differ from future results due to the changes in the construction market, the occurrence of additional construction, schedule delays, and other factors.

### 2. Impairment of non-current assets

Non-current assets held by the Group mainly consist of office buildings, retail facilities, logistics facilities, hotels and other real estate (hereinafter "leasable real estate, etc.") in Japan.

#### (1) Amounts recorded in the consolidated financial statements for the fiscal years ended March 31, 2022 and 2023

	(Millions of yen)	
	2022	2023
Impairment losses	¥568	¥7,911

#### (2) Other information that contributes to the understanding of users of consolidated financial statements

###### i. Calculation method

When an indication arises that the carrying amount of leasable real estate, etc. may not be recoverable, the Company assesses and calculates the impairment losses on the relevant real estate.

###### (Indications of Impairment)

The Group considers the following events as indications of an impairment of leasable real estate, etc.

- Property that reports or is expected to report an operating loss for two consecutive terms
- Property in which any change that decreases its recoverable amount materially has occurred or is expected to occur

- Property whose business environment has deteriorated or is expected to deteriorate significantly
- Property whose market price has significantly declined (around 50% or more)

(Recognition and Measurement of Impairment)

For properties that are judged to have signs of impairment, they are compared the book value with the total amount of undiscounted future cash flows, and recognized that it is necessary to carry out impairment if the book value is larger. For properties that are considered to be impaired, impairment losses are measured by reducing the book value to the recoverable amount.

The recoverable amount is calculated based on the net realizable value or the value in use. Net realizable value is based on the appraisal value of a real estate appraiser, etc. The value in use is calculated by discounting the future cash flows.

ii. Key assumptions

The key assumptions used in the calculation of undiscounted future cash flows and value in use are leasing revenues, leasing costs, etc., and discount rates. These are estimated based on the property's location, size, actual leasing transactions in the surrounding area, market forecasts, historical rents, guest room rates, occupancy rates, and cap rates. With regard to the impact of the COVID-19 pandemic, the Company has made the assumption that the impact on leasable real estate, etc. will be limited.

iii. Impact on consolidated financial statements of the following fiscal year

Estimates of leasing revenues, leasing costs, etc., which are key assumptions, are subject to uncertainty, and future results may differ from these estimates due to changes in the market conditions related to leasable real estate, etc. and other factors.

### 3. Changes in Accounting Policies

#### **Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement**

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, June 17, 2021), from the beginning of the fiscal year ended March 31, 2023. It has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact from the application of the Implementation Guidance on Accounting Standard for Fair Value Measurement on consolidated financial statements for the fiscal year ended March 31, 2023.

### 4. Additional Information

#### **Performance-based share-based compensation plan, etc. for Directors and Executive Officers**

The Company and certain consolidated subsidiaries have introduced a performance-based share-based compensation plan (the "Plan") as an incentive plan for Directors, Executive Officers or any other persons equivalent to these (excluding Directors serving as Audit & Supervisory Committee Members, External Directors and non-residents of Japan; "the Directors, etc."). The Plan is a compensation scheme that functions as an incentive for improving medium- to long-term corporate value of the Company and enables interests to be shared with the Company's shareholders by linking the compensation paid to the Directors, etc. to the Company's share price. Specifically, it utilizes the mechanism of an executive compensation Board Incentive Plan trust ("BIP trust"). The Company's shares are acquired in advance by an executive compensation BIP trust, and the Company's shares and an amount equivalent to the proceeds of converting the Company's shares into cash are delivered and paid to the Directors, etc. according to their position, etc.

The shares of the Company remaining in the trust are recorded as treasury shares under net assets at the book value within the trust. The book value and number of such treasury shares were ¥8,143 million and 2,976,697 shares, respectively, as of March 31, 2023.

Furthermore, the estimated amount of the above executive compensation at the end of the fiscal year ended March 31, 2023 is recorded as provision for share awards.

#### **ESOP Trust for Granting Stock**

The Company and certain consolidated subsidiaries have introduced an "Employee Stock Ownership Plan trust ("ESOP trust") for Granting Stock" (the "Plan") as an incentive plan for employees. The Plan is a compensation scheme that encourages employees to execute their duties with an awareness of the Company's share price because employees can enjoy economic benefits from an increase in the price of the Company's shares, and is expected to have the effect of increasing the motivation of employees and enable them to share interests with the Company's shareholders. Specifically, it utilizes the mechanism of ESOP trust for granting stock. The ESOP trust acquires the Company's shares in advance and grants them to employees who satisfy certain requirements.

The shares of the Company remaining in the trust are recorded as treasury shares under net assets at the book value within the trust. The book value and number of such treasury shares were ¥1,633 million and 576,360 shares, respectively, as of March 31, 2023.

Furthermore, the estimated amount of the above compensation scheme at the end of the fiscal year ended March 31, 2023 is recorded as provision for share awards.

#### **Real estate funds managed by the U.K. subsidiary**

Increasing cancellation requests from investors in real estate funds managed by the U.K. subsidiary of the Company resulting in a decrease in the amount of assets under management in the future may affect the valuation of intangible assets, etc., of the subsidiary. The balance of those intangible assets, etc., on the consolidated balance sheet as of March 31, 2023 translated into yen is ¥5,409 million.

## 5. Notes to Consolidated Balance Sheet

### 1. Amounts of receivables from contracts with customers and contract assets

Among notes and accounts receivable - trade, and contract assets, the amounts of receivables from contracts with customers and contract assets are shown in 3. (1) Balances, etc. of contract assets and contract liabilities under 20. Revenue Recognition in the Notes to Consolidated Financial Statements.

### 2. Matters related to non-consolidated subsidiaries and affiliates are as follows:

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Equity investments (shares, etc.)	¥33,871	¥32,181
Investment securities (shares, etc.)	61,636	101,670
Other (capital contribution) under investments and other assets	¥—	¥211

### 3. Pledged assets and secured liabilities

Investment securities of ¥227 million are pledged as collateral for the debt of the investee.

### 4. Non-recourse liabilities are as follows:

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Non-recourse long-term borrowings	¥—	¥3,000

Assets corresponding to non-recourse liabilities are as follows:

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Land held for development	¥—	¥5,327

### 5. Guaranteed liabilities

The Company has guaranteed borrowings from financial institutions, etc. by the following customers. The Company is obligated, along with the joint venture partners, to guarantee the debt of Origin One Sukhumvit 24 Co., Ltd. and Origin One Phromphong Co., Ltd. in proportion to the percentage equity stake. The amounts of the Company's guarantee obligations, which are based on its percentage equity stakes in the two companies, are indicated in parentheses.

(Millions of yen)			
FY2022/3 (as of March 31, 2022)		FY2023/3 (as of March 31, 2023)	
Customers using housing loans	¥ 90,456	Customers using housing loans	¥ 55,375
EBS Building Co-operators	166	EBS Building Co-operators	87
Haneda Mirai Specific Purpose Company	65	Haneda Mirai Specific Purpose Company	65
Origin One Sukhumvit 24 Co., Ltd.	866	Origin One Sukhumvit 24 Co., Ltd.	—
	(424)		(—)
Origin One Phromphong Co., Ltd.	570	Origin One Phromphong Co., Ltd.	2,033
	(279)		(996)
Total	92,124	Total	57,561
	¥ (91,391)		¥ (56,524)



## 6. Additional investment obligations, etc.

The Company, along with the joint venture partners, has additional investment obligations, etc. toward the following affiliated companies in connection with their borrowings from financial institutions, and these obligations are based on the percentage equity stake. The outstanding balances of borrowings by the affiliates are as follows, and the amounts of the Company's obligations, which are based on its percentage equity stakes, are indicated in parentheses.

(Millions of yen)			
FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)		
ORIGIN PARK T1 COMPANY LIMITED	¥ 12,740	ORIGIN PARK T1 COMPANY LIMITED	¥ 495
	(6,242)		(242)
Origin One Thonglor Co., Ltd.	2,127	Origin One Thonglor Co., Ltd.	2,130
	(1,042)		(1,044)
PARK ORIGIN RATCHATHEWI COMPANY LIMITED	2,110		—
	(1,034)		
PARK ORIGIN PRARAM 4 COMPANY LIMITED	3,693	PARK ORIGIN PRARAM 4 COMPANY LIMITED	5,454
	(1,809)		(2,672)
ORIGIN SUKHUMVIT SAILUAT COMPANY LIMITED	553	ORIGIN SUKHUMVIT SAILUAT COMPANY LIMITED	1,723
	(271)		(844)
ORIGIN RAMINTRA COMPANY LIMITED	722	ORIGIN RAMINTRA COMPANY LIMITED	1,308
	(354)		(641)
PARK RATCHADA COMPANY LIMITED	1,207	PARK RATCHADA COMPANY LIMITED	1,938
	(591)		(950)
ORIGIN RAMKHAMHAENG INTERCHANGE COMPANY LIMITED	514	ORIGIN RAMKHAMHAENG INTERCHANGE COMPANY LIMITED	570
	(252)		(279)
	—	KNIGHTSBRIDGE KASET INTERCHANGE COMPANY LIMITED	1,047
	—		(513)
	—	SO ORIGIN PHAHOL 69 STATION COMPANY LIMITED	989
	—		(484)
	—	ORIGIN PLUG&PLAY SAMUTPRAKAN COMPANY LIMITED	300
	—		(147)
	—	BRITANIA BANGNA KM.17 COMPANY LIMITED	967
	—		(474)
	—	STABLE TOWN COMPANY LIMITED	828
	—		(405)
	—	ORIGIN PLAY SRI UDOM STATION COMPANY LIMITED	974
	—		(477)
	—	Origin One Sukhumvit 24 Co.,Ltd.	1,970
	—		(965)
	—	ORIGIN PLAY BANGKHUNNON COMPANY LIMITED	656
	—		(321)
	—	SO ORIGIN SIRIRAJ COMPANY LIMITED	566
	—		(277)
Total	23,669	Total	21,921
	¥ (11,598)		¥ (10,741)

## 7. In accordance with the Act on Revaluation of Land (Act No. 34 enacted on March 31, 1998), land used for business purposes was revalued.

The amount equivalent to the tax on the difference is recorded in the liabilities section as "Deferred tax liabilities related to land revaluation," and the amount deducted is recorded in the net assets section as "Revaluation reserve for land."

Method of revaluation: Calculated using a method that makes reasonable adjustments to the assessed value of non-current asset for property tax, as stipulated in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 enacted on March 31, 1998)

Date of revaluation: March 31, 2002

## 8. As a result of a review of the purposes of holding assets, the following amounts have been reclassified.

(Millions of yen)		
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
From non-current assets to real estate for sale	¥17,694	¥18,927
From non-current assets to land held for development	¥2,361	¥—

## 6. Notes to Consolidated Statement of Income

### 1. Amounts of revenue from contracts with customers

Operating revenue does not differentiate revenue from contracts with customers and revenue other than those. The amounts of revenue from contracts with customers are shown in 1. Information on disaggregation of revenue from contracts with customers under 20. Revenue Recognition in the Notes to Consolidated Financial Statements.

### 2. Figures for end-of-term inventory reflect reductions in carrying value due to declines in profitability, and the following losses on valuation of inventories are included in the cost of sales:

(Millions of yen)	
2022	2023
¥3,022	¥176

### 3. Major components and amounts of selling, general and administrative expenses are as follows:

	(Millions of yen)	
	2022	2023
Advertising expenses	¥15,836	¥17,345
Employee salaries and allowances	39,060	41,379
Transfer of provision for bonuses	8,626	9,690
Transfer of provision for bonuses for directors (and other officers)	549	611
Retirement benefit expenses	3,034	3,159
Transfer of provision for allowance for doubtful accounts	¥ 13	¥ 3

### 4. Research and development expenses included in selling, general and administrative expenses and operating costs are as follows:

(Millions of yen)	
2022	2023
¥65	¥18

### 5. The details of gain on sale of non-current assets are as follows:

	(Millions of yen)	
	2022	2023
Land	¥—	¥1,000
Buildings and other	—	5,872
Total	¥—	¥6,873

### 6. Impairment loss

The Group recorded an impairment loss on the following asset group:

FY2022/3 (From April 1, 2021 to March 31, 2022)

Main purpose of use	Type	Location
Stores and leased assets	Buildings	Saitama-shi, Saitama, etc.
Other	Land	
(Total: 17 locations)	Other tangible non-current assets	

The Group has grouped its assets into the smallest units that generate cash flows that are largely independent of the cash flows of other assets or asset groups. The head office building and other buildings are considered to be common assets.

As a result, in the fiscal year ended March 31, 2022, the carrying values of 17 asset groups that are scheduled to be used for other purposes or be sold or for which income from operating activities has been continuously negative were reduced to their recoverable amounts. The amount of the reduction was recorded as an impairment loss (¥568 million) under extraordinary losses, and comprised ¥448 million on buildings, ¥116 million on land, and ¥3 million on other assets.

The recoverable amounts of these asset groups are measured based on the net selling price or the value in use, and the net selling price is the appraisal value of a real estate appraiser, etc. Furthermore, the value in use is assessed as zero because the future cash flow is expected to be negative.

FY2023/3 (From April 1, 2022 to March 31, 2023)

Main purpose of use	Type	Location
Stores and leased assets	Buildings	Chiyoda-ku, Tokyo, etc.
Other	Land	
(Total: 3 locations)		

The Group has grouped its assets into the smallest units that generate cash flows that are largely independent of the cash flows of other assets or asset groups. The head office building and other buildings are considered to be common assets.

As a result, in the fiscal year ended March 31, 2023, the carrying values of 3 asset groups that are scheduled to be used for other purposes or be sold or for which income from operating activities has been continuously negative were reduced to their recoverable amounts. The amount of the reduction was recorded as an impairment loss (¥7,911 million) under extraordinary losses, and comprised ¥3,394 million on buildings and ¥4,516 million on land.

The recoverable amounts of these asset groups are measured based on the net selling price, and the net selling price is the appraisal value of a real estate appraiser, etc.

## 7. Loss due to COVID-19

The main component of the loss due to COVID-19 was fixed costs such as personnel expenses and land lease fees related to fitness clubs and other facilities that closed temporarily during the pandemic.

## 7. Consolidated Statement of Comprehensive Income

### 1. The amount of recycling and amount of income tax effects associated with other comprehensive income

	(Millions of yen)	
	2022	2023
Valuation difference on available-for-sale securities:		
Amount recognized during the year	¥(674)	¥(2,281)
Amount of recycling	(34)	(6)
Before income tax effect	(708)	(2,288)
Income tax effect	221	698
Valuation difference on available-for-sale securities	(487)	(1,589)
Deferred gains or losses on hedges:		
Amount recognized during the year	1,422	(1,356)
Amount of recycling	33	1,896
Before income tax effect	1,456	539
Income tax effect	(446)	(165)
Deferred gains or losses on hedges	1,009	373
Revaluation reserve for land:		
Income tax effect	(8)	(0)
Foreign currency translation adjustment:		
Amount recognized during the year	1,620	1,328
Amount of recycling	(8)	0
Before income tax effect	1,611	1,328
Income tax effect	—	—
Foreign currency translation adjustment	1,611	1,328
Remeasurements of defined benefit plans:		
Amount recognized during the year	(10)	1,639
Amount of recycling	729	763
Before income tax effect	718	2,402
Income tax effect	(219)	(735)
Remeasurements of defined benefit plans	498	1,667
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	1,166	3,634
Amount of recycling	0	(2,462)
Before income tax effect	1,167	1,172
Income tax effect	(357)	(358)
Share of other comprehensive income of affiliates accounted for using the equity method	809	813
Total other comprehensive income	¥3,434	¥2,593

## 8. Consolidated Statement of Changes in Net Assets

### FY2022/3 (From April 1, 2021 to March 31, 2022)

#### 1. Shares outstanding and treasury shares

	Number of shares as of April 1, 2021 (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares as of March 31, 2022 (Thousands of shares)
Shares issued				
Common stock <sup>1</sup>	193,099	485	10,980	182,604
Total	193,099	485	10,980	182,604
Treasury shares				
Common stock <sup>2, 3, 4</sup>	12,490	3,311	11,097	4,704
Total	12,490	3,311	11,097	4,704

Notes: 1. The increase of 485,000 outstanding shares of common stock was due to the exercise of stock options. The decrease of 10,980,000 outstanding shares of common stock was due to the cancellation of treasury shares (cancellation date: May 31, 2021).  
2. The number of treasury shares in common stock includes the shares held by the BIP Trust and the ESOP Trust (2,522,000 shares as of March 31, 2022).  
3. The increase of 3,311,000 treasury shares in common stock was due to the increase of 2,633,000 shares acquired upon a resolution by the Board of Directors, the purchase of 678,000 treasury shares by the BIP Trust and the ESOP Trust, and the purchase of 0 thousand shares related to the purchase of shares of less than one share unit.  
4. The decrease of 11,097,000 treasury shares in common stock was due to the cancellation of treasury shares of 10,980,000 shares (cancellation date: May 31, 2021) and the delivery and sale of 117,000 shares of the Company stock by the BIP Trust and the ESOP Trust.

#### 2. Share acquisition rights and treasury share acquisition rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)			Balance as of March 31, 2022 (Millions of yen)
			As of April 1, 2021	Increase	Decrease	
Parent company	Acquisition rights as stock options	—	—	—	—	927

#### 3. Dividends

##### (1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on April 27, 2021	Common stock	7,759	42.50	March 31, 2021	June 4, 2021
Meeting of the Board of Directors on October 28, 2021	Common stock	7,756	42.50	September 30, 2021	December 1, 2021

Notes: 1. The total amount of dividends resolved at the meeting of the Board of Directors held on April 27, 2021 includes dividends distributed of ¥83 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.  
2. The total amount of dividends resolved at the meeting of the Board of Directors held on October 28, 2021 includes dividends distributed of ¥107 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.

##### (2) Dividends for which the record date was in the year ended March 31, 2022 and the effective date is in the year ended March 31, 2023

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on April 26, 2022	Common stock	9,923	Retained earnings	55.00	March 31, 2022	June 6, 2022

Note: The total amount of dividends resolved at the meeting of the Board of Directors held on April 26, 2022 includes dividends distributed of ¥138 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.

## FY2023/3 (From April 1, 2022 to March 31, 2023)

### 1. Shares outstanding and treasury shares

	Number of shares as of April 1, 2022 (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares as of March 31, 2023 (Thousands of shares)
Shares issued				
Common stock <sup>1</sup>	182,604	333	—	182,938
Total	182,604	333	—	182,938
Treasury shares				
Common stock <sup>2, 3, 4</sup>	4,704	4,619	308	9,015
Total	4,704	4,619	308	9,015

Notes: 1. The increase of 333,000 outstanding shares of common stock was due to the exercise of stock options.  
2. The number of treasury shares in common stock includes the shares held by the BIP Trust and the ESOP Trust (3,553,000 shares as of March 31, 2023).  
3. The increase of 4,619,000 treasury shares in common stock was due to the increase of 3,280,000 shares acquired upon a resolution by the Board of Directors, the purchase of 1,339,000 treasury shares by the BIP Trust and the ESOP Trust, and the increase of 0 thousand shares related to the purchase of shares of less than one share unit.  
4. The decrease of 308,000 treasury shares in common stock was due to the delivery and sale of 308,000 shares of treasury shares by the BIP Trust and the ESOP Trust.

### 2. Share acquisition rights and treasury share acquisition rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)			Balance as of March 31, 2023 (Millions of yen)
			As of April 1, 2022	Increase	Decrease	
Parent company	Acquisition rights as stock options	—	—	—	—	658

### 3. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on April 26, 2022	Common stock	9,923	55.00	March 31, 2022	June 6, 2022
Meeting of the Board of Directors on October 27, 2022	Common stock	9,915	55.00	September 30, 2022	December 1, 2022

Notes: 1. The total amount of dividends resolved at the meeting of the Board of Directors held on April 26, 2022 includes dividends distributed of ¥138 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.  
2. The total amount of dividends resolved at the meeting of the Board of Directors held on October 27, 2022 includes dividends distributed of ¥172 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.

#### (2) Dividends for which the record date was in the year ended March 31, 2023 and the effective date is in the year ending March 31, 2024

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on April 26, 2023	Common stock	11,535	Retained earnings	65.00	March 31, 2023	June 5, 2023

Note: The total amount of dividends resolved at the meeting of the Board of Directors held on April 26, 2023 includes dividends distributed of ¥230 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.

## 9. Shareholders' Equity

Under the Companies Act of Japan (the "Act"), all funds obtained through the issuance of common stock must be treated as common stock and, by resolution of the board of directors, an amount equivalent to less than half of those funds may be appropriated to the capital reserve (a component of capital surplus).

The Act provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the share capital account.

As of March 31, 2023, the Group's capital reserve amounted to ¥115,444 million, and no legal reserve was recorded.

## 10. Supplementary Cash Flow Information

A reconciliation of cash and deposits in the Consolidated Balance Sheet and cash and cash equivalents in the Consolidated Statement of Cash Flows is as follows:

	(Millions of yen)	
	2022	2023
Cash and deposits	¥69,038	¥29,063
Time deposits with maturities of more than three months	(1,245)	(1,293)
Cash and cash equivalents	¥67,793	¥27,770

## 11. Leases

### Lessees

#### 1. Finance leases

The note has been omitted due to the lack of materiality.

#### 2. Operating leases

Future lease payments under non-cancellable leases of operating lease transactions

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Due within 1 year	¥4,273	¥4,763
Due after 1 year	17,929	14,719
Total	¥22,203	¥19,482

### Lessors

#### 1. Finance leases

The note has been omitted due to the lack of materiality.

#### 2. Operating leases

Future lease receipts under non-cancellable leases of operating lease transactions

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Due within 1 year	¥27,462	¥27,534
Due after 1 year	79,016	75,391
Total	¥106,478	¥102,925

## 12. Financial Instruments

### 1. Matters concerning financial instruments

#### (1) Policies on financial instruments

It is the policy of the Group to limit its fund management to safe and highly liquid deposits while raising funds primarily through borrowings from financial institutions and the issuance of corporate bonds. Derivatives are utilized for hedging against the risks described below not for speculative purposes.

#### (2) Details of financial instruments and risks

Equity investments and investment securities primarily consist of shares, investment units and others held for the purpose of business promotion, all of which are exposed to market price fluctuations and issuer credit risk. In some derivative instruments, including currency swaps, forward exchange contracts are used to hedge risks from exchange rate fluctuations on securities in foreign currencies. Interest rate swaps are used to hedge risks arising from fluctuations in interest rates on long-term borrowings.

Derivative transactions are interest rate swap transactions for the purpose of hedging against the risk of fluctuations in interest payments related to borrowings, currency swap transactions for the purpose of hedging against the risk of fluctuations in foreign currencies related to foreign currency-denominated securities, and foreign exchange contract transactions. Regarding hedging instruments and hedging targets related to hedge instruments, hedging items, and methods for evaluating the effectiveness of hedging, see Note 1. "Basis of Presentation of Consolidated Financial Statements" "4. Matters related to accounting policies (7) Significant hedge accounting method."

#### (3) Policies and systems for risk management

The Company regularly checks the fair value of equity investments and investment securities, as well as the financial positions of their issuers.

The Finance Department conducts execution of derivative transactions and risk management based on the risk management policies and operational plan determined by the Director in charge of Finance. The Finance Department also reports the status of transactions and risk information to the Director on a regular basis. The consolidated subsidiaries conduct execution of derivative transactions and risk management in accordance with internal policies. The Company considers credit risk associated with these transactions is limited because of the transactions being conducted only with highly credit-worthy financial institutions.

Based on the reports from consolidated subsidiaries and all departments within the Group, the Finance Department of the Company creates and updates cash flow plans in a timely manner, managing liquidity risk through such methods as ensuring that a specific amount of on-hand liquidity is always available.

#### (4) Supplemental information on fair values

As various factors are incorporated into the fair value measurement of financial instruments, the resulting values may vary if different assumptions are provided. The contract amount shown in Note 14. Derivative Financial Instruments does not represent the market risk regarding the derivative transactions.

## 2. Fair values of financial instruments

The book values, fair values and differences of financial instruments are as follows.

FY2022/3 (as of March 31, 2022)	Book value	Fair value	Difference
	(Millions of yen)		
(1) Investment securities <sup>3</sup>	¥39,745	¥39,752	¥7
Total assets	39,745	39,752	7
(1) Bonds payable <sup>4</sup>	160,000	161,380	1,380
(2) Long-term borrowings <sup>5</sup>	823,235	833,133	9,897
Total liabilities	983,235	994,514	11,278
Derivative transactions <sup>6</sup>	¥(1,114)	¥(1,114)	¥—

FY2023/3 (as of March 31, 2023)	Book value	Fair value	Difference
	(Millions of yen)		
(1) Investment securities <sup>3</sup>	¥37,691	¥37,697	¥5
Total assets	37,691	37,697	5
(1) Bonds payable <sup>4</sup>	150,000	147,730	(2,269)
(2) Long-term borrowings <sup>5</sup>	932,798	931,286	(1,511)
Total liabilities	1,082,798	1,079,016	(3,781)
Derivative transactions <sup>6</sup>	¥1,000	¥1,000	¥—

Notes: 1. The figures for "Cash and deposits" and "Short-term borrowings" are omitted as the fair values approximate their book values because they are cash and settled in a short period of time.

2. The book values in the Consolidated Balance Sheet for shares, etc. without market value and investments in partnerships are as follows, and are not included in (1) Investment securities. Shares, etc. without market value are unlisted shares, etc. and are not subject to disclosure of their fair values. Investments in partnerships are investments for business entities that are recorded in the Consolidated Balance Sheet as the net amount equivalent to equity, and are not subject to disclosure of their fair values.

Classification	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Shares, etc. without market value	¥61,790	¥104,545
Investments in partnerships	¥34,551	¥33,565

3. Includes government bonds presented as lease and guarantee deposits and preferred equity securities presented as equity investments, etc. on the Consolidated Balance Sheet. Investment securities include investment trusts whose investment trust assets are real estate, to which the net asset value is deemed to be the fair value.

4. Current portion of bonds payable is included in (1) Bonds payable.

5. Current portion of long-term borrowings is included in (2) Long-term borrowings.

6. For derivative transactions, stated values are the net amounts of receivables and payables arising from the transactions. Figures in parentheses are liability amounts.

**Notes: 1. Redemption schedule for financial assets with maturities**

FY2022/3 (as of March 31, 2022)	(Millions of yen)			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	¥69,038	¥—	¥—	¥—
Securities and investment securities				
Held-to-maturity debt securities				
(1) Government and municipal bonds, etc.	174	771	145	—
(2) Corporate bonds	—	—	—	—
Available-for-sale securities with maturities				
(1) Debt securities	—	—	—	—
(2) Others	—	—	—	—
<b>Total</b>	<b>¥69,212</b>	<b>¥771</b>	<b>¥145</b>	<b>¥—</b>

FY2023/3 (as of March 31, 2023)	(Millions of yen)			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	¥29,063	¥—	¥—	¥—
Securities and investment securities				
Held-to-maturity debt securities				
(1) Government and municipal bonds, etc.	110	727	648	0
(2) Corporate bonds	—	—	—	—
Available-for-sale securities with maturities				
(1) Debt securities	—	—	—	—
(2) Others	—	—	—	—
<b>Total</b>	<b>¥29,174</b>	<b>¥727</b>	<b>¥648</b>	<b>¥0</b>

**2. Repayment schedule for bonds payable and long-term borrowings at March 31, 2022 and 2023**

FY2022/3 (as of March 31, 2022)	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(Millions of yen)					
Short-term borrowings	¥39,500	¥—	¥—	¥—	¥—	¥—
Bonds payable	10,000	20,000	10,000	30,000	—	90,000
Long-term borrowings	69,000	78,946	64,789	120,000	73,000	417,500
<b>Total</b>	<b>¥118,500</b>	<b>¥98,946</b>	<b>¥74,789</b>	<b>¥150,000</b>	<b>¥73,000</b>	<b>¥507,500</b>

FY2023/3 (as of March 31, 2023)	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(Millions of yen)					
Short-term borrowings	¥38,750	¥—	¥—	¥—	¥—	¥—
Bonds payable	20,000	10,000	30,000	—	—	90,000
Long-term borrowings	79,113	66,849	121,411	75,422	87,500	502,500
<b>Total</b>	<b>¥137,864</b>	<b>¥76,849</b>	<b>¥151,411</b>	<b>¥75,422</b>	<b>¥87,500</b>	<b>¥592,500</b>



### 3. Breakdown by level of fair values of financial instruments

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of inputs used in the fair value measurement.

Level 1 fair value: Of the observable inputs in the fair value measurement, the fair value is measured based on quoted prices in an active market for the subject asset or liability.

Level 2 fair value: Of the observable inputs in the fair value measurement, the fair value is measured using inputs other than those used for Level 1.

Level 3 fair value: The fair value is measured using inputs that cannot be observed.

When multiple inputs that have a significant effect on the fair value measurement are used and the inputs are within different levels of the fair value hierarchy, the fair value is classified as the lowest level of those inputs in the fair value hierarchy.

#### (1) Financial instruments with fair values whose book values are recorded on the Consolidated Balance Sheet

FY2022/3 (as of March 31, 2022)

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities	¥35,336	¥1,066	¥335	¥36,739
Total assets	35,336	1,066	335	36,739
Derivative transactions	—	1,114	—	1,114
Total liabilities	¥—	¥1,114	¥—	¥1,114

FY2023/3 (as of March 31, 2023)

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities	¥32,746	¥1,455	¥355	¥34,557
Derivative transactions				
Currency-related derivatives	—	978	—	978
Interest rate-related derivatives	—	21	—	21
Total assets	¥32,746	¥2,456	¥355	¥35,557

Investment trusts whose investment trust assets are real estate are not included in the above table. The amount of such investment trusts in the consolidated balance sheet is ¥3,139 million.

#### (2) Financial instruments with fair values whose book values are not recorded on the Consolidated Balance Sheet

FY2022/3 (as of March 31, 2022)

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Bonds payable	¥—	¥161,380	¥—	¥161,380
Long-term borrowings	—	833,133	—	833,133
Total liabilities	¥—	¥994,514	¥—	¥994,514

Investment trusts whose investment trust assets are real estate are not included in the above table. The amount of such investment trusts in the consolidated balance sheet is ¥3,013 million.

FY2023/3 (as of March 31, 2023)

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Bonds payable	¥—	¥147,730	¥—	¥147,730
Long-term borrowings	—	931,286	—	931,286
Total liabilities	¥—	¥1,079,016	¥—	¥1,079,016

#### Notes:

##### 1. Explanation of the valuation techniques and inputs used in the fair value measurement

###### Investment securities

For shares and investment units, fair values are determined mainly at the price quoted on an exchange. If transactions are conducted in an active market, the fair value is classified as Level 1 fair value, and if transactions are not conducted in an active market, the fair value is classified as Level 2 fair value.

The fair value of preferred equity securities is classified as Level 3 fair value because the fair value measurement uses some inputs that cannot be observed.

###### Bonds payable

These items are issued mainly by the Company and the fair values are calculated based on the market prices. However, because bonds issued by the Company are not traded on an active market, the fair value is classified as Level 2 fair value.

###### Long-term borrowings

For long-term borrowings, the fair value is calculated by discounting the total amount of principal and interest at an interest rate that would be charged for similar new loans, and the fair value is classified as Level 2 fair value.

For floating-rate long-term borrowings that are subject to exceptional treatment of interest rate swaps, the fair value is calculated by discounting the total amount of principal and interest that were treated as a part of the interest rate swaps at an interest rate that would be charged for similar loans, and the fair value is classified as Level 2 fair value.

###### Derivatives

Because the fair value is determined based on the prices obtained from counterparty financial institutions, etc., the fair value is classified as Level 2 fair value.

**2. Information on Level 3 fair value financial assets and financial liabilities with fair values whose book values are recorded on the Consolidated Balance Sheet**

Information on Level 3 fair value financial instruments is omitted because they are immaterial.

**3. Reconciliation of investment trusts whose investment trust assets are real estate**

Reconciliation of beginning balance to ending balance is omitted, because the book value recorded in the consolidated balance sheet for investment trusts whose investment trust assets are real estate is immaterial.

# 13. Securities

## 1. Held-to-maturity debt securities with fair value

FY2022/3 (as of March 31, 2022)	(Millions of yen)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
(1) Government and municipal bonds, etc.	¥966	¥974	¥7
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	966	974	7
Securities whose fair value does not exceed book value:			
(1) Government and municipal bonds, etc.	126	126	(0)
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	126	126	(0)
Total	¥1,093	¥1,100	¥7

FY2023/3 (as of March 31, 2023)	(Millions of yen)		
	Book value	Fair value	Difference
Securities whose fair value exceed book value:			
(1) Government and municipal bonds, etc.	¥1,060	¥1,067	¥6
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	1,060	1,067	6
Securities whose fair value does not exceeds book value:			
(1) Government and municipal bonds, etc.	423	422	(0)
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	423	422	(0)
Total	¥1,483	¥1,489	¥5

## 2. Available-for-sale securities with fair value

FY2022/3 (as of March 31, 2022)	(Millions of yen)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
(1) Shares	¥1,343	¥746	¥596
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	37,182	27,271	9,911
Subtotal	38,525	28,018	10,507
Securities whose book value does not exceed acquisition cost:			
(1) Shares	—	—	—
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	¥38,525	¥28,018	¥10,507

FY2023/3 (as of March 31, 2023)	(Millions of yen)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
(1) Shares	¥1,427	¥746	¥681
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	34,640	27,049	7,591
Subtotal	36,068	27,795	8,272
Securities whose book value does not exceed acquisition cost:			
(1) Shares	—	—	—
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	138	138	—
Subtotal	138	138	—
Total	¥36,207	¥27,934	¥8,272

### 3. Sales of available-for-sale securities

Type	2022		
	(Millions of yen)		
	Proceeds from sales	Aggregate gains	Aggregate losses
(1) Shares	¥32	¥24	¥3
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	—	—	—
Total	¥32	¥24	¥3

FY2023/3 (From April 1, 2022 to March 31, 2023)  
Not applicable.

# 14. Derivative Financial Instruments

## 1. Derivatives to which hedge accounting is not applied

### (1) Currency-related derivatives

		FY2022/3 (as of March 31, 2022)			
Category	Type of derivatives	Contract amount	Contract amount due after one year	Fair value	Valuation gain or loss
		(Millions of yen)			
Transactions other than market transactions	Forward exchange contract Sell Australian dollars / Buy yen	¥84	¥—	¥(7)	¥(7)

		FY2023/3 (as of March 31, 2023)			
Category	Type of derivatives	Contract amount	Contract amount due after one year	Fair value	Valuation gain or loss
		(Millions of yen)			
Transactions other than market transactions	Forward exchange contract Sell Australian dollars / Buy yen	¥225	¥—	¥3	¥3
Transactions other than market transactions	Currency swaps Receipts in yen / Payments in British pounds	¥477	¥—	¥(22)	¥(22)

## 2. Derivatives to which hedge accounting is applied

### (1) Currency-related derivatives

		FY2022/3 (as of March 31, 2022)			
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
		(Millions of yen)			
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in U.S. dollars	Securities denominated in foreign currencies	¥29,835	¥—	¥(956)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Thai baht	Securities denominated in foreign currencies	3,899	—	(355)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Chinese Yuan	Securities denominated in foreign currencies	5,838	—	(710)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Philippine peso	Securities denominated in foreign currencies	1,829	1,829	(276)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in British pounds	Securities denominated in foreign currencies	10,315	—	(364)
Deferral hedge accounting	Forward exchange contract Sell U.S. dollars / Buy yen	Securities denominated in foreign currencies	17,718	—	153
Deferral hedge accounting	Forward exchange contract Sell Thai baht / Buy yen	Securities denominated in foreign currencies	7,095	—	(467)
Deferral hedge accounting	Forward exchange contract Buy Philippine peso / Sell yen	Securities denominated in foreign currencies	35,018	14,605	1,778
Deferral hedge accounting	Forward exchange contract Sell Chinese Yuan / Buy yen	Securities denominated in foreign currencies	11,853	—	92
Total			¥123,402	¥16,434	¥(1,107)

			FY2023/3 (as of March 31, 2023)		
			Contract amount	Contract amount due after one year	Fair value
Hedge accounting method	Type of derivatives	Major hedged items	(Millions of yen)		
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in U.S. dollars	Securities denominated in foreign currencies	¥35,946	¥9,394	¥(738)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Chinese Yuan	Securities denominated in foreign currencies	3,010	—	(104)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Philippine peso	Securities denominated in foreign currencies	1,829	—	(348)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in British pounds	Securities denominated in foreign currencies	14,558	1,802	(411)
Deferral hedge accounting	Forward exchange contract Sell U.S. dollars / Buy yen	Securities denominated in foreign currencies	17,322	—	496
Deferral hedge accounting	Forward exchange contract Sell Thai baht / Buy yen	Securities denominated in foreign currencies	10,323	—	(15)
Deferral hedge accounting	Forward exchange contract Buy Philippine peso / Sell yen	Securities denominated in foreign currencies	14,605	—	2,079
Deferral hedge accounting	Forward exchange contract Sell Chinese Yuan / Buy yen	Securities denominated in foreign currencies	3,436	—	40
<b>Total</b>			<b>¥101,032</b>	<b>¥11,196</b>	<b>¥997</b>

## (2) Interest rate-related derivatives

			FY2022/3 (as of March 31, 2022)		
			Contract amount	Contract amount due after one year	Fair value
Hedge accounting method	Type of derivatives	Major hedged items	(Millions of yen)		
Exceptional treatment for interest rate swaps	Interest rate swaps Receive floating rate / Pay fixed rate	Long-term debt	¥177,036	¥153,036	(Note)
<b>Total</b>			<b>¥177,036</b>	<b>¥153,036</b>	<b>—</b>

Note: The fair value of the interest rate swaps which qualify for exceptional treatment for interest rate swaps is considered to be included in the fair value of the long-term debt.

			FY2023/3 (as of March 31, 2023)		
			Contract amount	Contract amount due after one year	Fair value
Hedge accounting method	Type of derivatives	Major hedged items	(Millions of yen)		
Deferral hedge accounting	Interest rate swaps Receive floating rate / Pay fixed rate	Long-term debt	¥1,500	¥1,500	21
Exceptional treatment for interest rate swaps	Interest rate swaps Receive floating rate / Pay fixed rate	Long-term debt	161,674	126,160	(Note)
<b>Total</b>			<b>¥163,174</b>	<b>¥127,660</b>	<b>21</b>

Note: The fair value of the interest rate swaps which qualify for exceptional treatment for interest rate swaps is considered to be included in the fair value of the long-term debt.

## 15. Retirement Benefits

### 1. Outline of retirement benefit plans

The Company does not have a retirement benefit plan. As defined benefit plans, certain subsidiaries have the lump-sum pension plan and the defined benefit corporate pension plan, and defined contribution pension plans. In certain cases, additional retirement benefit payments may be made. For the lump-sum pension plan and the defined benefit corporate pension plan used by certain subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by the simplified method.

### 2. Defined benefit plan

#### (1) A reconciliation of the changes in retirement benefit obligations for the fiscal years ended March 31, 2022 and 2023 (excluding plans applying a simplified method)

	(Millions of yen)	
	2022	2023
Retirement benefit obligations at the beginning of the year	¥40,627	¥42,332
Service cost	2,014	2,070
Interest cost	190	198
Actuarial gain or loss	352	(2,321)
Retirement benefit payments	(852)	(1,215)
Retirement benefit obligations at the end of the year	¥42,332	¥41,064

**(2) A reconciliation of the changes in balance of plan assets for the fiscal years ended March 31, 2022 and 2023 (excluding plans applying a simplified method stated in (3))**

	(Millions of yen)	
	2022	2023
Fair value of plan assets at the beginning of the year	¥26,261	¥27,444
Expected return on plan assets	472	466
Actuarial gain or loss	335	(670)
Employer contributions	882	893
Retirement benefit payments	(507)	(556)
Fair value of plan assets at the end of the year	¥27,444	¥27,576

**(3) A reconciliation of the changes in balance of retirement benefit liability applying a simplified method for the fiscal years ended March 31, 2022 and 2023**

	(Millions of yen)	
	2022	2023
Retirement benefit liability at the beginning of the year	¥1,850	¥1,755
Retirement benefit expenses	124	122
Retirement benefit payments	(194)	(224)
Contributions to plan	(24)	(25)
Other	—	0
Retirement benefit liability at the end of the year	¥1,755	¥1,627

**(4) A reconciliation of retirement benefit obligations as well as plan assets at March 31, 2022 and 2023, and retirement benefit liability on the Consolidated Balance Sheet**

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Funded retirement benefit obligations	¥34,817	¥33,787
Fair value of plan assets	(27,659)	(27,814)
Subtotal	7,158	5,972
Unfunded retirement benefit obligations	9,485	9,142
Net liabilities on the Consolidated Balance Sheet	16,644	15,115
Retirement benefit liability	16,644	15,115
Net liabilities on the Consolidated Balance Sheet	¥16,644	¥15,115

Note: It includes the plans applying a simplified method.

**(5) Breakdown of retirement benefit expenses**

	(Millions of yen)	
	2022	2023
Service cost	¥2,014	¥2,070
Interest cost	190	198
Expected return on plan assets	(472)	(466)
Amortization of actuarial gain or loss	735	751
Retirement benefit expenses calculated by the simplified method	124	122
Other	20	50
Retirement benefit expenses for defined benefit plan	¥2,613	¥2,726

**(6) Remeasurements of defined benefit plans**

Breakdown of items recorded in the Consolidated Statement of Comprehensive Income as remeasurements of defined benefit plans, before tax is as follows.

	(Millions of yen)	
	2022	2023
Actuarial gain or loss	¥718	¥2,402
Total	¥718	¥2,402

**(7) Remeasurements of defined benefit plans**

Breakdown of items recorded in the Consolidated Balance Sheet as remeasurements of defined benefit plans, before tax is as follows.

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Unrecognized actuarial gain or loss	¥(2,134)	¥268
Total	¥(2,134)	¥268



**(8) Composition of plan assets by major classifications****1) Major components of plan assets**

The ratio of each major category to total plan assets is as follows.

	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Claims	24%	22%
Equity	25%	23%
General account	17%	21%
Other	34%	34%
Total	100%	100%

**2) Method for setting the expected long-term rate of return on plan assets**

The expected long-term rate of return on plan assets has been estimated based on the current and projected allocation of plan assets and the current and expected long-term rate of return on diverse assets which comprise plan assets.

**(9) Calculation basis for actuarial calculations****Calculation basis for major actuarial calculations**

	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Discount rate	0.2-0.5%	0.2-1.0%
Expected rate of return on plan assets	1.8%	1.7%
Expected salary increase rate	2.0-7.5%	2.0-7.5%

**3. Defined contribution plan**

The required contributions to the defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2022 and 2023 are ¥581 million and ¥607 million.

**16. Stock Options****1. Amount recorded as profit due to expiration due to non-exercise of rights**

(Millions of yen)	
2022	2023
¥25	¥6

## 2. Description, scale and fluctuation of stock options

### (1) Description

Nomura Real Estate Holdings, Inc.

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Settlement date	June 26, 2015	June 26, 2015	June 26, 2015	September 17, 2015
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (76 persons)	Directors of the Company (6 persons)  Directors and executive officers of the Company's subsidiaries (76 persons)  Employees of the Company's subsidiaries (199 persons)	Directors of the Company's subsidiaries (3 persons)  Employees of the Company's subsidiaries (20 persons)
Type/number of shares reserved (Note 1)	Common stock: 35,700 shares	Common stock: 157,500 shares	Common stock: 380,900 shares	Common stock: 24,000 shares
Grant date	July 23, 2015	July 23, 2015	July 23, 2015	October 14, 2015
Vesting conditions	No conditions attached	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified	No period specified
Exercisable period	July 23, 2018 – July 22, 2023	July 23, 2018 – July 22, 2023	July 23, 2018 – July 22, 2023	October 14, 2018 – October 13, 2023
Number of share acquisition rights (units) (Note 2)	49	258	1,374 [1,201]	122
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 4,900 shares	Common stock: 25,800 shares	Common stock: 137,400 shares [120,100 shares]	Common stock: 12,200 shares
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	2,741 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).	2,355 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 2,261 Capitalization amount: 1,130.5	Issuance price: 2,261 Capitalization amount: 1,130.5	Issuance price: 3,257 Capitalization amount: 1,628.5	Issuance price: 2,891 Capitalization amount: 1,445.5
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.			
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)	As indicated in (Note 7)

Nomura Real Estate Holdings, Inc.

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Settlement date	June 29, 2016	June 29, 2016	June 29, 2016
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (83 persons)	Directors of the Company (6 persons)  Directors and executive officers of the Company's subsidiaries (83 persons)  Employees of the Company's subsidiaries (226 persons)
Type/number of shares reserved (Note 1)	Common stock: 56,700 shares	Common stock: 250,300 shares	Common stock: 421,800 shares
Grant date	July 22, 2016	July 22, 2016	July 22, 2016
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	July 22, 2019 – July 21, 2024	July 22, 2019 – July 21, 2024	July 22, 2019 – July 21, 2024
Number of share acquisition rights (units) (Note 2)	252 [189]	645	1,370 [1,348]
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 25,200 shares [18,900 shares]	Common stock: 64,500 shares	Common stock: 137,000 shares [134,800 shares]
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	1,927 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 1,594 Capitalization amount: 797	Issuance price: 1,594 Capitalization amount: 797	Issuance price: 2,304 Capitalization amount: 1,152
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.		
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)

Nomura Real Estate Holdings, Inc.

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Settlement date	June 29, 2017	June 29, 2017	June 29, 2017
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (90 persons)	Directors of the Company (6 persons)  Directors and executive officers of the Company's subsidiaries (90 persons)  Employees of the Company's subsidiaries (241 persons)
Type/number of shares reserved (Note 1)	Common stock: 39,800 shares	Common stock: 228,300 shares	Common stock: 456,400 shares
Grant date	July 21, 2017	July 21, 2017	July 21, 2017
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	July 21, 2020 – July 20, 2025	July 21, 2020 – July 20, 2025	July 21, 2020 – July 20, 2025
Number of share acquisition rights (units) (Note 2)	288	656 [617]	2,254 [2,212]
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 28,800 shares	Common stock: 65,600 shares [61,700 shares]	Common stock: 225,400 shares [221,200 shares]
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	2,400 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 1,840 Capitalization amount: 920	Issuance price: 1,840 Capitalization amount: 920	Issuance price: 2,799 Capitalization amount: 1,399.5
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.		
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)

Nomura Real Estate Holdings, Inc.

FY2019/3	1st issue of stock options	2nd issue of stock options
Settlement date	June 26, 2018	June 26, 2018
Recipients	Directors of the Company (5 persons)	Directors and executive officers of the Company's subsidiaries (36 persons)
Type/number of shares reserved (Note 1)	Common stock: 10,700 shares	Common stock: 49,400 shares
Grant date	July 19, 2018	July 19, 2018
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	July 19, 2021 – July 18, 2026	July 19, 2021 – July 18, 2026
Number of share acquisition rights (units) (Note 2)	74	189 [176]
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 7,400 shares	Common stock: 18,900 shares [17,600 shares]
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 2,030 Capitalization amount: 1,015	Issuance price: 2,030 Capitalization amount: 1,015
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.	
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)

Notes: 1. Described in terms of the number of shares.

2. Information as of the end of the fiscal year ended March 31, 2023 is indicated. Any part of the information which was changed during the period from the end of the current fiscal year to the end of the month previous to the filing date (May 31, 2023) is indicated inside brackets [ ] as of the end of the month previous to the filing date, and no change has been made in any other parts since the end of the current fiscal year.
3. i) A person who has received the allotment of the share acquisition rights (the "Eligible Person") must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Counselor, Advisor, Special Officer, Special Advisor, or in an equivalent position thereto, or employee of the Company or any of its subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
- ii) Notwithstanding i) above, in the case the Eligible Person has lost the Required Position, the Eligible Person may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of "Exercisable period" in the above table (the "Exercise Period"), to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.
- iii) When the Eligible Person has passed away, his/her heir is deemed to be able to succeed and exercise the share acquisition rights if the Eligible Person has met the conditions of i) above immediately before the death, or the Eligible Person had been able to exercise share acquisition rights in accordance with the provision of ii) above immediately before the death (such heir who succeeded the share acquisition rights is hereinafter referred to as the "Successor of Rights"); provided, however, that in the case of i) above, the Successor of Rights may exercise share acquisition rights only from and including whichever is later of the date of death of the Eligible Person or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of ii) above, the Successor of Rights may exercise share acquisition rights during the same period as the period allowed for the Eligible Person to exercise those in accordance with ii) above.
- iv) When the Successor of Rights has passed away, his/her heir may not exercise the share acquisition rights.
- v) The Eligible Person or the Successor of Rights may not exercise the allotted share acquisition rights in more than two times.
- vi) A fraction of one share acquisition right may not be exercised.
- vii) Other terms and conditions shall be as per specifications in the "Share Acquisition Rights Allotment Agreement" to be entered into between the Company and the Eligible Person.
4. The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, "Reorganization"), may issue the share acquisition rights of the company that survives the merger, the company incorporated as a result of the merger, the company which succeeds, in whole or in part, to any rights and obligations that a company effecting an absorption-type company split holds in connection with its business, the company that is incorporated in the incorporation-type company split, the company that acquires all of the issued shares of the company effecting the share exchange, or the company incorporated as a result of the share transfer (collectively, "Reorganized Company") to each person holding share acquisition rights that remain outstanding at the time directly before when the effects of the Reorganization arises (collectively, "Remaining Share Acquisition Rights"), based on the conditions set forth below. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights. However, this shall be limited to the case where the issuance of share acquisition rights of the Reorganized Company is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement, or a share transfer plan in accordance with following conditions.
- i) Number of share acquisition rights of the Reorganized Company to be delivered  
A number equal to the number of the Remaining Share Acquisition Rights shall be delivered to each such Eligible Person.
- ii) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights  
To be Ordinary shares of the Reorganized Company
- iii) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights  
To be determined in accordance with the "Number of shares underlying share acquisition rights" in the above table, taking into consideration the

- conditions, etc. of the Reorganization.
- iv) Value of property to be contributed upon exercise of share acquisition rights and calculation methods thereof  
The subject of contribution upon exercise of share acquisition rights shall be cash and the amount shall be obtained by multiplying ¥1, which is the price to be paid per share, by the number of shares of the Reorganized Company underlying the share acquisition rights determined in accordance with iii) above.
  - v) Period during which share acquisition rights may be exercised  
Period during which share acquisition rights may be exercised shall begin on the date of commencement of the Exercise Period or the effective date of the Reorganization, whichever is later, and end on the expiration date of the Exercise Period.
  - vi) Matters concerning share capital and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights
    - (1) The amount of share capital increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in share capital, etc., calculated in accordance with the provision in Paragraph 1, Article 17 of the Regulation on Accounting of Companies. Any fraction of less than ¥1 resulting from the calculation shall be rounded up to the nearest yen.
    - (2) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the share capital increase stipulated in (1) above from the maximum amount of increase in share capital, etc., described in (1) above.
  - vii) Restriction on acquisition of the share acquisition rights by transfer  
Any acquisition of the share acquisition rights by transfer is subject to the approval of the Reorganized Company.
  - viii) Terms and conditions for exercise of share acquisition rights  
To be determined in accordance with the aforementioned Note 3.
  - ix) Matters concerning acquisition of share acquisition rights  
In cases where the Board of Directors of the Company resolves to call a General Meeting of Shareholders to approve any of the following agenda items (or if a resolution by the General Meeting of Shareholders is not necessary, in cases where a resolution of the Board of Directors of the Company is made concerning any of the following agenda items), or in cases where there is a call from shareholders to hold such General Meeting of Shareholders, and when the acquisition date has been determined by the Board of Directors, the Company may acquire all or part of share acquisition rights without contribution upon arrival of the date.
    - (1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company
    - (2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company
    - (3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary
    - (4) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company
    - (5) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares by resolution at a General Meeting of Shareholders
  - x) Treatment of any fractional shares arising upon exercise of share acquisition rights  
Any fraction of less than one share included in the number of shares to be delivered to a share acquisition rights holder shall be discarded.
5. If the Company conducts a share split or share consolidation of its common stock, the Exercise Price shall be adjusted using the following formula, and fractional yen amounts due to the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price after adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, in cases where the Company issues a call for subscribers for the shares of common stock that the Company thereby issued or the shares of common stock of the Company held by the Company thereby disposed of, and the amount to be paid in is particularly advantageous to the subscribers, the Exercise Price shall be adjusted in accordance with the following formula, and resulting fractions of less than ¥1 shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Fair value per share}}}{\text{Number of outstanding shares} + \text{Number of newly issued shares}}$$

"Number of outstanding shares" in the aforementioned formula is the total number of issued shares of the Company's common stock minus the number of treasury shares of the Company's common stock. For the disposal of treasury shares of the Company's common stock, "Number of newly issued shares" is replaced by "Number of treasury shares to be disposed" and "Paid-in amount per share" by "Disposal price per share."

Other than the above, in cases where the Company carries out an allotment without contribution of shares or share acquisition rights, or in other cases where it is necessary for the Company to adjust the Exercise Price, the Company shall adjust the Exercise Price as deemed necessary.

6. i) A person who has received the allotment of the share acquisition rights (the "Eligible Person") must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Counselor, Advisor, Special Officer, Special Advisor, or in an equivalent position thereto, or employee of the Company or any of its subsidiaries (collectively, the "Required Position") until the time of exercise of the share acquisition rights on a continuing basis.
  - ii) With regard to the Eligible Person, there must not be a situation where retirement under instruction or punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiaries, or a similar situation, as of the time of exercise of the share acquisition rights.
  - iii) Notwithstanding i) above, share acquisition rights may be exercised even when the Eligible Person has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the Eligible Person may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.
  - iv) When the Eligible Person has passed away, his/her heir is deemed to be able to succeed and exercise the share acquisition rights if the Eligible Person has met the conditions of i) and ii) above immediately before the death, or the Eligible Person had been able to exercise share acquisition rights in accordance with the provision of iii) above immediately before the death; provided, however, that in the case of i) above, the Successor of Rights may exercise share acquisition rights only from and including whichever is later of the date of death of the Eligible Person or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of iii) above, the Successor of Rights may exercise share acquisition rights during the same period as the period allowed for the Eligible Person to exercise those in accordance with iii) above.
  - v) When the Successor of Rights passed away, his/her heir may not exercise the share acquisition rights.
  - vi) The Eligible Person or Successor of Rights may not exercise the share acquisition rights in multiple installments exceeding two installments.
  - vii) A fraction of one share acquisition right may not be exercised.
  - viii) Other terms and conditions shall be as per specifications in the "Share Acquisition Rights Allotment Agreement" to be entered into between the Company and the Eligible Person.
7. The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, "Reorganization"), may issue the share acquisition rights of the company that survives the merger, the company incorporated as a result of the merger, the company which succeeds, in whole or in part, to any rights and obligations that a company effecting an absorption-type company split holds in connection with its business, the company that is incorporated in the incorporation-type company split, the company that acquires all of the issued shares of the company effecting the share exchange, or the company incorporated as a result of the share transfer (collectively, "Reorganized Company") to each person holding share acquisition rights that remain outstanding at the time directly before when the effects of the Reorganization arises (collectively, "Remaining Share Acquisition Rights"), based on the conditions set forth below. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights. However, this shall be limited to the case where the issuance of share acquisition rights of the Reorganized Company is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a share transfer plan in accordance with following conditions.
- i) Number of share acquisition rights of the Reorganized Company to be delivered  
A number equal to the number of the Remaining Share Acquisition Rights shall be delivered to each such Eligible Person.
  - ii) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights  
Ordinary shares of the Reorganized Company
  - iii) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights  
To be determined in accordance with the "Number of shares underlying share acquisition rights" in the above table, taking into consideration the conditions, etc. of the Reorganization.
  - iv) Value of property to be contributed upon exercise of share acquisition rights and calculation methods thereof

- The subject of contribution upon exercise of share acquisition rights shall be cash, and the amount shall be obtained by multiplying the price determined in accordance with the Exercise Price of "Paid-in amount on exercise of share acquisition rights" stated in the table by taking into consideration the conditions and other factors of the Reorganization, by the number of shares of the Reorganized Company underlying share acquisition rights in iii) above.
- v) Period during which share acquisition rights may be exercised  
Period during which share acquisition rights may be exercised shall begin on the date of commencement of the Exercise Period or the effective date of the Reorganization, whichever is later, and end on the expiration date of the Exercise Period.
- vi) Matters concerning share capital and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights  
(1) The amount of share capital increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in share capital, etc., calculated in accordance with the provision in Paragraph 1, Article 17 of the Regulation on Accounting of Companies. Any fraction of less than ¥1 resulting from the calculation shall be rounded up to the nearest yen.  
(2) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the share capital increase stipulated in (1) above from the maximum amount of increase in share capital, etc., described in (1) above.
- vii) Restriction on acquisition of the share acquisition rights by transfer  
Any acquisition of the share acquisition rights by transfer is subject to the approval of the Reorganized Company.
- viii) Terms and conditions for exercise of share acquisition rights  
To be determined in accordance with the aforementioned Note 6.
- ix) Matters concerning acquisition of share acquisition rights  
In cases where the Board of Directors of the Company resolves to call a General Meeting of Shareholders to approve any of the following agenda items (or if a resolution by the General Meeting of Shareholders is not necessary, in cases where a resolution of the Board of Directors of the Company is made concerning any of the following agenda items), or in cases where there is a call from shareholders to hold such General Meeting of Shareholders, and when the acquisition date has been determined by the Board of Directors, the Company may acquire all or part of share acquisition rights without contribution upon arrival of the date.  
(1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company  
(2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company  
(3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary  
(4) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company  
(5) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares by resolution at a General Meeting of Shareholders
- x) Treatment of any fractional shares arising upon exercise of share acquisition rights  
Any fraction of less than one share included in the number of shares to be delivered to a share acquisition rights holder shall be discarded.

## (2) Outline of and changes in stock options

The number of stock options outstanding during the fiscal year ended March 31, 2023 is converted and presented as the number of shares.

### 1) Number of stock options

#### Nomura Real Estate Holdings, Inc.

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Non-vested: (shares)				
Previous fiscal year end	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested:	—	—	—	—
End of the year	—	—	—	—
Vested: (shares)				
Previous fiscal year end	8,700	40,300	276,500	17,200
Vested:	—	—	—	—
Exercised	3,800	14,500	131,000	5,000
Forfeited	—	—	8,100	—
End of the year	4,900	25,800	137,400	12,200

#### Nomura Real Estate Holdings, Inc.

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested:	—	—	—
End of the year	—	—	—
Vested: (shares)			
Previous fiscal year end	30,200	86,400	180,300
Vested:	—	—	—
Exercised	5,000	21,900	42,100
Forfeited	—	—	1,200
End of the year	25,200	64,500	137,000

#### Nomura Real Estate Holdings, Inc.

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested:	—	—	—
End of the year	—	—	—
Vested: (shares)			
Previous fiscal year end	33,700	87,200	308,900
Vested:	—	—	—
Exercised	4,900	21,600	77,900
Forfeited	—	—	5,600
End of the year	28,800	65,600	225,400

Nomura Real Estate Holdings, Inc.

FY2019/3	1st issue of stock options	2nd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	—
Granted	—	—
Forfeited	—	—
Vested:	—	—
End of the year	—	—
Vested: (shares)		
Previous fiscal year end	8,900	23,500
Vested:	—	—
Exercised	1,500	4,600
Forfeited	—	—
End of the year	7,400	18,900

**2) Unit price data**

Nomura Real Estate Holdings, Inc.

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Exercise price (¥)	1	1	2,741	2,355
Average price upon exercise (¥)	3,175	2,896	3,212	3,232
Fair value on grant date (¥)	2,260	2,260	516	536

Nomura Real Estate Holdings, Inc.

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	1,927
Average price upon exercise (¥)	2,908	3,053	3,227
Fair value on grant date (¥)	1,593	1,593	377

Nomura Real Estate Holdings, Inc.

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	2,400
Average price upon exercise (¥)	2,808	3,015	3,235
Fair value on grant date (¥)	1,839	1,839	399

Nomura Real Estate Holdings, Inc.

FY2019/3	1st issue of stock options	2nd issue of stock options
Exercise price (¥)	1	1
Average price upon exercise (¥)	3,010	3,211
Fair value on grant date (¥)	2,029	2,029

**3. Estimation of the number of vested options**

The estimation of the number of vested options is made based on the actual number of forfeited options due to difficulty in reasonably estimating future forfeitures.



## 17. Income Taxes

### 1. Breakdown of major causes of deferred tax assets and liabilities

	(Millions of yen)	
	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Deferred tax assets:		
Unrealized profits	¥12,649	¥12,567
Retirement benefit liability	5,097	4,628
Impairment losses	4,166	5,550
Excess of depreciation	4,115	5,541
Provision for bonuses	2,813	3,182
Inventory write-downs	1,550	498
Revaluation of assets on consolidation	330	298
Other	18,652	21,414
Gross deferred tax assets	49,375	53,682
Valuation allowance	(6,058)	(5,885)
Total deferred tax assets	43,317	47,797
Deferred tax liabilities:		
Revaluation of assets on consolidation	(49,074)	(41,511)
Reserve for deferred income taxes	(16,405)	(17,639)
Other	(8,722)	(15,719)
Total deferred tax liabilities	(74,202)	(74,870)
Net deferred tax liabilities	¥(30,885)	¥(27,072)

### 2. Breakdown of major causes of the difference between the effective statutory tax rate and the effective income tax rate after the application of tax effect accounting

	FY2022/3 (as of March 31, 2022)	FY2023/3 (as of March 31, 2023)
Statutory tax rate	The note has been omitted	30.6%
(Adjustment)	because the difference	
Entertainment and other expenses that are permanently non-deductible	between the statutory tax rate	(0.2)%
Tax effect related to investments in subsidiaries	and the effective tax rate is	0.5%
Share of profit (loss) of entities accounted for using equity method	less than 5% of the statutory	(1.7)%
Tax credit	tax rate.	(1.0)%
Others		(1.7)%
Effective income tax rate after application of tax effect accounting		26.5%

## 18. Schedule of Asset Retirement Obligations

The note has been omitted due to the lack of materiality.

## 19. Real Estate for Rent

Some of the Company's consolidated subsidiaries own rental office buildings and rental retail facilities (including land) in Tokyo and other regions. Some rental office buildings are regarded as properties including the portion used as rental properties since they are used by the Company and certain consolidated subsidiaries.

The book values in the Consolidated Balance Sheet, changes during the fiscal year and fair values of these rental properties and properties including the portion used as rental properties are as follows.

	(Millions of yen)	
	2022	2023
Real estate for rent		
Book value in the Consolidated Balance Sheet		
Balance at the beginning of the fiscal year	¥636,953	¥639,024
Changes during the fiscal year	2,071	(20,901)
Balance at the end of the fiscal year	639,024	618,122
Fair value at the end of the fiscal year	¥853,867	¥836,951
Properties including the portion used as real estate for rent		
Book value in the Consolidated Balance Sheet		
Balance at the beginning of the fiscal year	¥25,831	¥25,758
Changes during the fiscal year	(72)	(418)
Balance at the end of the fiscal year	25,758	25,340
Fair value at the end of the fiscal year	¥57,920	¥59,040

Notes: 1. Book values in the Consolidated Balance Sheet are the amounts determined by deducting accumulated depreciation from the acquisition cost.

2. Fair values as of March 31, 2022 and 2023 are determined based primarily on values according to Real Estate Appraisal Standards (including adjustments based on certain indexes). However, if no significant fluctuations in certain appraisal values or indexes considered to appropriately reflect market values have occurred since the time of acquisition from third party or the time of the most recent appraisal, the Group bases the fair value on an amount that has been adjusted using the aforesaid values or indexes.

Income and loss on rental properties and other properties used as rental properties are as follows.

	(Millions of yen)	
	2022	2023
Rental properties		
Operating profit	¥20,579	¥18,335
Others (gains (losses) on sale of property, etc.)	(635)	(1,065)
Other properties used as rental properties		
Operating profit	1,009	865
Others (gains (losses) on sale of property, etc.)	¥—	¥—

Notes: 1. As real estate of which some portions are used as rental property includes portions used by the Company and certain consolidated subsidiaries for providing services as well as management and administration, operating profit for this type of real estate is not recorded.

2. Others include gain on sale of non-current assets (¥6,873 million), impairment losses (¥2,892 million), and loss on building reconstruction (¥4,993 million) in the fiscal year ended March 31, 2023.

## 20. Revenue Recognition

### 1. Information on disaggregation of revenue from contracts with customers

2022	(Millions of yen)					
	Operating revenue from external customers			Internal sales and transfer amount among segments	Total	
	Revenue from contracts with customers	Revenue from other sources (Note 1)	Subtotal			
Reportable segments	Residential Development	¥302,373	¥5,840	¥308,214	¥1,011	¥309,225
	Housing sales	284,015	—	284,015	—	284,015
	Property development (sales)	2,550	1,570	4,120	—	4,120
	Other	15,808	4,270	20,078	1,011	21,090
	Commercial Real Estate	72,943	122,581	195,524	6,935	202,460
	Property development (sales)	49,389	52,934	102,323	4,128	106,451
	Other	23,554	69,647	93,201	2,807	96,008
	Overseas business	150	2,478	2,628	—	2,628
	Investment Management	11,475	1,249	12,724	79	12,804
	Property Brokerage & CRE	40,564	—	40,564	3,198	43,762
	Property & Facility Management	85,293	41	85,334	13,895	99,230
	Subtotal	512,800	132,190	644,990	25,120	670,110
	Other (Note 2)	8	50	58	67	126
Total	512,808	132,241	645,049	25,188	670,237	
Adjustments	—	—	—	(25,188)	(25,188)	
Amount recorded in Consolidated Financial Statements	¥512,808	¥132,241	¥645,049	¥—	¥645,049	

Notes: 1. "Revenue from other sources" includes revenue from sales of property development based on Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014) and lease revenue based on Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).

2. The "Other" category represents operating segments that are not included in reportable segments.

	Operating revenue from external customers			Internal sales and transfer amount among segments	Total	
	Revenue from contracts with customers	Revenue from other sources (Note 1)	Subtotal			
Reportable segments (Note 2)	Residential Development	¥296,091	¥5,405	¥301,496	¥983	¥302,480
	Housing sales	273,662	—	273,662	—	273,662
	Property development (sales)	4,800	1,500	6,300	—	6,300
	Other	17,629	3,905	21,534	983	22,518
	Commercial Real Estate	100,334	96,509	196,844	2,465	199,309
	Property development (sales)	70,762	26,708	97,471	—	97,471
	Other	29,572	69,800	99,373	2,465	101,838
	Overseas business	235	6,534	6,769	0	6,770
	Investment Management	12,185	1,258	13,444	187	13,632
	Property Brokerage & CRE	45,419	—	45,419	2,280	47,700
	Property & Facility Management	90,438	44	90,482	14,991	105,474
	Subtotal	544,705	109,752	654,457	20,908	675,366
	Other (Note 3)	8	269	277	4	282
Total	544,713	110,022	654,735	20,913	675,649	
Adjustments	—	—	—	(20,913)	(20,913)	
Amount recorded in Consolidated Financial Statements	¥544,713	¥110,022	¥654,735	¥—	¥654,735	

- Notes:
- "Revenue from other sources" includes revenue from sales of property development based on Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014) and lease revenue based on Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).
  - Changes in reportable segments are stated in "Segment information, Results by segment for the fiscal year ended March 31, 2023, 4. Notes relating to changes in reportable segments, etc." Figures in information on disaggregation of revenue from contracts with customers for the previous fiscal year are classified under the new reportable segment.
  - The "Other" category represents operating segments that are not included in reportable segments.

## 2. Information that provides the basis for understanding revenue from contracts with customers

Information that provides the basis for understanding revenue is stated in "1. Basis of Presentation of Consolidated Financial Statements, 4. Matters related to accounting policies, (5) Recognition of significant revenues and related costs."

## 3. Information for understanding the amounts of revenue in the fiscal year ended March 31, 2023 and the fiscal year ending March 31, 2024

### (1) Balances, etc. of contract assets and contract liabilities

(Millions of yen)

	2022	2023
Receivables arising from contracts with customers (Beginning balance)	¥13,171	¥15,418
Receivables arising from contracts with customers (Ending balance)	15,418	31,936
Contract assets (Beginning balance)	2,416	2,157
Contract assets (Ending balance)	2,157	2,929
Contract liabilities (Beginning balance)	26,665	34,483
Contract liabilities (Ending balance)	¥34,483	¥41,334

Note: Contract liabilities are mainly advances received as deposits for contracts related to the housing sales business, and the performance obligation is satisfied and revenue is recognized at the time of transfer of the residence to the customer. The contract liability balance related to the housing sales business was ¥23,513 million as of the beginning of the fiscal year ended March 31, 2022, and of this amount, ¥16,596 million was recognized as revenue during the fiscal year ended March 31, 2022. Regarding the contract liability balance as of the beginning of the fiscal year ended March 31, 2022 for contracts other than those for housing sales, the amount that was not recognized as revenue during the fiscal year ended March 31, 2022 was immaterial. The contract liability balance related to the housing sales business was ¥28,179 million as of the beginning of the fiscal year ended March 31, 2023, and of this amount, ¥23,306 million was recognized as revenue during the fiscal year ended March 31, 2023. Regarding the contract liability balance as of the beginning of the fiscal year ended March 31, 2023 for contracts other than those for housing sales, the amount that was not recognized as revenue during the fiscal year ended March 31, 2023 was immaterial.

### (2) Transaction price allocated to the remaining performance obligations

The total amount at the end of the fiscal year ended March 31, 2022 of the transaction price allocated to performance obligations that were not satisfied as of March 31, 2022 was ¥157,145 million, mainly in the housing sales business of the Residential Development business segment and in the sales of property development of the Residential Development business segment and Commercial Real Estate business segment, and the Company plans to recognize the revenue within approximately two years. In addition, in the consideration from contracts with customers, there are no significant amounts that were not included in the transaction price. The total amount at the end of the fiscal year ended March 31, 2023 of the transaction price allocated to performance obligations that were not satisfied as of March 31, 2023 was ¥194,582 million, mainly in the housing sales business of the Residential Development business segment and in the sales of property development of the Residential Development business segment and Commercial Real Estate business segment, and the Company plans to recognize the revenue within approximately three years. In addition, in the consideration from contracts with customers, there are no significant amounts that were not included in the transaction price. For these notes, the Company has applied paragraph 80-22 of the Accounting Standard for Revenue Recognition.

## 21. Segment Information, etc.

### Segment information

#### 1. Segment summary

The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and evaluate their performance.

With the Company as a pure holding company, the Group consists of business companies and divisions, such as Nomura Real Estate Development Co., Ltd. The business companies (or business divisions within Nomura Real Estate Development) formulate comprehensive strategies on respective products and services handled by them and conduct business activities based on such strategies.

Therefore, business segments of the Group are distinguished by products and services, primarily by business companies (or by business divisions within Nomura Real Estate Development).

#### 2. Methods for calculating net sales, income (loss), assets, liabilities and other items by reportable segment

The accounting method for reportable segments is almost equivalent to that specified in "Significant Accounting Policies." Reportable segment income is presented based on business profit. Intersegment sales and transfer amounts are presented based on market prices.

#### 3. Information regarding sales, gains or losses, assets, liabilities and other items by reportable segment

Results by segment for the fiscal year ended March 31, 2022

	(Millions of yen)									Amount Recorded in Consolidated Financial Statements (Note 3)	
	Reportable segments							Other (Note 1)	Total		Adjustments (Note 2)
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue											
External customers	308,214	195,524	2,628	12,724	40,564	85,334	644,990	58	645,049	—	645,049
Inter-segment	1,011	6,935	—	79	3,198	13,895	25,120	67	25,188	(25,188)	—
Subtotal	309,225	202,460	2,628	12,804	43,762	99,230	670,110	126	670,237	(25,188)	645,049
Operating profit or loss (Note 3)	32,519	38,286	(512)	7,515	11,713	9,114	98,636	(199)	98,437	(7,227)	91,210
Share of profit (loss) of entities accounted for using equity method (Note 3)	27	30	772	—	3	61	895	—	895	—	895
Amortization of intangible assets associated with corporate acquisitions (Note 3)	3	273	31	321	—	29	659	—	659	—	659
Segment profit or loss (Business profit or loss) (Note 3)	32,550	38,590	291	7,836	11,716	9,205	100,191	(199)	99,992	(7,227)	92,765
Segment assets	514,546	1,204,549	117,010	43,220	35,787	48,881	1,963,995	777	1,964,772	75,733	2,040,506
Other items											
Depreciation	486	16,071	131	298	538	750	18,277	3	18,281	808	19,089
Investment in affiliates accounted for using equity method	556	1,011	92,711	—	95	323	94,698	—	94,698	683	95,382
Increase in property, plant and equipment and intangible assets	1,381	45,519	293	25	668	460	48,348	6	48,355	2,351	50,706

Notes: 1. The "Other" category represents operating segments that are not included in reportable segments.

2. (1) The deduction of ¥7,227 million shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of ¥2,426 million and a deduction of ¥9,653 million for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of ¥75,733 million shown in the adjustments column for segment assets includes a deduction of ¥69,609 million for the elimination of inter-segment transactions and an addition of ¥145,343 million for corporate assets not allocated to each reportable segment.

3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions.

## Results by segment for the fiscal year ended March 31, 2023

	(Millions of yen)									Amount Recorded in Consolidated Financial Statements (Note 3)	
	Reportable segments								Other (Note 1)		Total
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue											
External customers	301,496	196,844	6,769	13,444	45,419	90,482	654,457	277	654,735	—	654,735
Inter-segment	983	2,465	0	187	2,280	14,991	20,908	4	20,913	(20,913)	—
Subtotal	302,480	199,309	6,770	13,632	47,700	105,474	675,366	282	675,649	(20,913)	654,735
Operating profit or loss (Note 3)	33,323	39,231	2,414	7,796	13,785	9,816	106,368	147	106,516	(6,917)	99,598
Share of profit (loss) of entities accounted for using equity method (Note 3)	(6)	23	4,836	(51)	37	32	4,872	—	4,872	—	4,872
Amortization of intangible assets associated with corporate acquisitions (Note 3)	15	273	37	344	—	29	700	—	700	—	700
Segment profit or loss (Business profit or loss) (Note 3)	33,333	39,529	7,288	8,089	13,822	9,878	111,942	147	112,089	(6,917)	105,172
Segment assets	607,382	1,225,125	160,942	44,064	29,088	51,368	2,117,972	1,324	2,119,296	(8,602)	2,110,693
Other items											
Depreciation	1,131	16,313	149	354	569	749	19,269	9	19,278	1,314	20,593
Investment in affiliates accounted for using equity method	550	1,025	130,400	559	142	355	133,034	—	133,034	817	133,852
Increase in property, plant and equipment and intangible assets	2,103	28,806	948	25	947	251	33,082	—	33,082	2,058	35,140

Notes: 1. The "Other" category represents operating segments that are not included in reportable segments.

2. (1) The deduction of ¥6,917 million shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of ¥3,187 million and a deduction of ¥10,105 million for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The deduction of ¥8,602 million shown in the adjustments column for segment assets includes a deduction of ¥59,013 million for the elimination of inter-segment transactions and an addition of ¥50,410 million for corporate assets not allocated to each reportable segment.

3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions.

### 4. Notes relating to changes in reportable segments, etc.

From the beginning of the fiscal year ended March 31, 2023, the Overseas Business Unit was added as a reportable segment with a restructuring of the organizational structure. The Overseas Business Division of Nomura Real Estate Development Co., Ltd. and overseas subsidiaries, etc., which had been classified under Other, have been reclassified under the Overseas Business Unit. The figures by reportable segment for the previous fiscal year reflect this new reportable segment classification.

### Related Information

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

#### 1. Information by product and service

Information by product and service is omitted because this same information is disclosed in "3. Information regarding sales, gains or losses, assets, liabilities and other items by reportable segment."

#### 2. Information by region

Information by region is omitted because sales to external customers in Japan and the amount of property, plant and equipment located in Japan exceeded 90% of sales in the Consolidated Statement of Income and the amount of property and equipment in the Consolidated Balance Sheet.

#### 3. Information by major customer

Information by major customer is omitted because there is no specific external customer that accounts for 10% or more of operating revenue in the Consolidated Statement of Income.

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

#### 1. Information by product and service

Information by product and service is omitted because this same information is disclosed in, "3. Information regarding sales, gains or losses, assets, liabilities and other items by reportable segment."

#### 2. Information by region

Information by region is omitted because sales to external customers in Japan and the amount of property, plant and equipment located in Japan exceeded 90% of sales in the Consolidated Statement of Income and the amount of property and equipment in the Consolidated Balance Sheet.

#### 3. Information by major customer

Information by major customer is omitted because there is no specific external customer that accounts for 10% or more of operating revenue in the Consolidated Statement of Income.

**Impairment loss on noncurrent assets by reportable segment**

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

2022	(Millions of yen)								Total
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	
Impairment loss	¥—	¥568	¥—	¥—	¥—	¥—	¥—	¥—	¥568

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

2023	(Millions of yen)								Total
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	
Impairment loss	¥—	¥7,911	¥—	¥—	¥—	¥—	¥—	¥—	¥7,911

**Information on amortization of goodwill and the unamortized balance by reportable segment**

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

2022	(Millions of yen)								Total
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	
Amortization	¥3	¥273	¥31	¥70	¥—	¥29	¥—	¥—	¥408
Balance at March 31, 2022	¥75	¥2,234	¥425	¥1,228	¥—	¥29	¥—	¥—	¥3,993

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

2023	(Millions of yen)								Total
	Residential Development	Commercial Real Estate	Overseas	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	
Amortization	¥15	¥273	¥37	¥75	¥—	¥29	¥—	¥—	¥431
Balance at March 31, 2023	¥59	¥1,960	¥452	¥1,189	¥—	¥—	¥—	¥—	¥3,663

**Information concerning gain on negative goodwill by reportable segment**

Not applicable.

## 22. Information on Related Parties

### 1. Transactions between the Company and related parties

(1) Officers and major shareholders of companies submitting consolidated financial statements (limited to individuals), etc.  
Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer of major subsidiary	Toshiaki Seki	—	—	Director of Nomura Real Estate Life & Sports Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	¥39	—	—
Officer of major subsidiary	Masaomi Katayama	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	36	—	—
Officer of major subsidiary	Minoru Hatada	—	—	Executive Vice President and Director of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	24	—	—
Officer of major subsidiary	Shingo Iwakiri	—	—	Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	18	—	—
Officer of major subsidiary	Seiichi Miyajima	—	—	Senior President of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	18	—	—
Officer of major subsidiary	Tetsuya Amano	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	16	—	—
Officer	Akihiro Fukuda	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	16	—	—
Officer	Hiroyuki Kimura	—	—	Director of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Officer of major subsidiary	Masatsugu Matsuzaki	—	—	President of Nomura Real Estate Building Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Advisor of major subsidiary	Atsushi Yoshikawa	—	—	Advisor of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer	Kenichi Maeda	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer of major subsidiary	Takashi Katsuta	—	—	Director of Nomura Real Estate Life & Sports Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer of major subsidiary	Juntaro Kimura	—	—	Chair and Director of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer of major subsidiary	Yuko Yoshida	—	—	Executive Vice President and Director of Nomura Real Estate Asset Management Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer	Daisaku Matsuo	—	—	Executive Vice President and Director of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer	Toshihide Tsukasaki	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Kouichiro Suzuki	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Masao Hirose	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer	Shigeyuki Yamamoto	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer of major subsidiary	Fumiki Kondo	—	—	Director of Nomura Real Estate Asset Management Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	¥10	—	—

Notes: 1. Amount of transaction does not include consumption taxes.

2. Stock options were exercised by the Company pursuant to the Companies Act.

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer	Eiji Kutsukake	—	—	President and Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	¥22	—	—
Officer of major subsidiary	Seiichi Miyajima	—	—	Senior President of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	21	—	—
Officer of major subsidiary	Kouichiro Suzuki	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	21	—	—
Officer	Hiroshi Kurokawa	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	17	—	—
Officer of major subsidiary	Eiji Enomoto	—	—	Executive Vice President of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	16	—	—
Officer of major subsidiary	Seiichiro Wada	—	—	Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Officer of major subsidiary	Masatsugu Matsuzaki	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Officer	Makoto Haga	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer of major subsidiary	Noriyuki Jinbo	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer	Toshihide Tsukasaka	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer	Takashi Kaku	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Kyosuke Segawa	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Shingo Iwakiri	—	—	Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Tetsuji Kobayashi	—	—	Managing Executive Officer of Nomura Real Estate Partners Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Noriaki Ido	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Juntaro Kimura	—	—	Advisor of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer of major subsidiary	Minoru Hatada	—	—	Chair and Director of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer	Shigeyuki Yamamoto	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer	Hiroyuki Kimura	—	—	Director of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer	Tokuji Nakamura	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	¥10	—	—

Notes: 1. Amount of transaction does not include consumption taxes.

2. Stock options were exercised by the Company pursuant to the Companies Act.

(2) Transactions between consolidated subsidiaries of the Company and related parties  
Officers, major individual shareholders and others of the Company

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer of major subsidiary	Hideki Saitou	—	—	Executive Officer of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Purchase of land	Purchase of land	¥335	—	—



Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer and his/her close relatives	Close relatives of Eiji Kutsukake	—	—	—	—	Condominium sales	Condominium sales	¥33	—	—

Notes: 1. Amount of transaction does not include consumption taxes.

2. Terms of transactions are determined in the same way as for generally accepted practices and with reference to market prices.

#### Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer	Yoshio Mogi	—	—	Director of the Company	Held 0.0%	Remodeling works	Remodeling works	¥10	—	—
Officer of major subsidiary	Seichi Miyajima	—	—	Director of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Condominium sales	Condominium sales	70	—	—
Officer of major subsidiary	Noriaki Ido	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Remodeling works	Remodeling works	14	—	—

Notes: 1. Amount of transaction does not include consumption taxes.

2. Terms of transactions are determined in the same way as for generally accepted practices and with reference to market prices.

## 23. Per Share Information

	(Yen)	
	2022	2023
Net assets per share	¥3,478.14	¥3,756.30
Basic earnings per share	307.81	365.26
Diluted earnings per share	¥306.89	¥364.35
The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.		
	2022	2023
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	¥55,312	¥64,520
Profit not attributed to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent available to common stock (Millions of yen)	55,312	64,520
Average number of shares of common stock outstanding during the period (Thousand shares)	179,695	176,640
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of shares of common stock (Thousand shares)	540	443
Of which, share acquisition rights (Thousand shares)	(540)	(443)
Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect	—	—

Note: For the purposes of calculating net assets per share, the Company's shares owned by the executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) are included in the treasury shares deducted from the total number of shares issued at end of period. In calculating the basic earnings per share and diluted earnings per share, the said shares are included in the treasury shares deducted in the calculation of the average number of shares outstanding during the period. For the fiscal year ended March 31, 2022, the number of the treasury shares at the end of period deducted in calculating net assets per share was 2,522 thousand shares and 3,553 thousand shares for the fiscal year ended March 31, 2023, and the average number of treasury shares during the period deducted in calculating the basic earnings per share and diluted earnings per share was 2,300 thousand shares for the fiscal year ended March 31, 2022 and 3,018 thousand shares for the fiscal year ended March 31, 2023.

## 24. Significant Subsequent Events

Not applicable.

## 25. Consolidated Supplemental Schedules

### Schedule of Bonds Payable

Name	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
Nomura Real Estate Holdings, Inc.	4th unsecured bonds	October 28, 2014	10,000	10,000	0.8	None	October 28, 2024
Nomura Real Estate Holdings, Inc.	5th unsecured bonds	June 1, 2015	10,000	10,000	0.9	None	May 30, 2025
Nomura Real Estate Holdings, Inc.	7th unsecured bonds	January 28, 2016	10,000	10,000	0.8	None	January 28, 2026
Nomura Real Estate Holdings, Inc.	9th unsecured bonds	June 2, 2016	10,000	10,000	1.0	None	June 2, 2036
Nomura Real Estate Holdings, Inc.	10th unsecured bonds	September 12, 2017	10,000	—	0.2	None	September 12, 2022
Nomura Real Estate Holdings, Inc.	11th unsecured bonds	September 12, 2017	10,000	10,000	1.0	None	September 11, 2037
Nomura Real Estate Holdings, Inc.	12th unsecured bonds	June 2, 2020	20,000	20,000 (20,000)	0.1	None	June 9, 2023
Nomura Real Estate Holdings, Inc.	13th unsecured bonds	June 2, 2020	10,000	10,000	0.2	None	June 9, 2025
Nomura Real Estate Holdings, Inc.	14th unsecured bonds	June 2, 2020	10,000	10,000	0.5	None	June 7, 2030
Nomura Real Estate Holdings, Inc.	15th unsecured bonds (Sustainability bonds)	February 26, 2021	10,000	10,000	0.4	None	February 26, 2031
Nomura Real Estate Holdings, Inc.	Unsecured bonds with 1st deferred interest payment clause/early redemption clause (with subordination agreement)	March 13, 2018	30,000	30,000	1.3	None	March 13, 2058
Nomura Real Estate Holdings, Inc.	Unsecured bonds with 2nd deferred interest payment clause/early redemption clause (with subordination agreement)	March 13, 2018	20,000	20,000	1.5	None	March 12, 2060
<b>Total</b>	<b>—</b>	<b>—</b>	<b>160,000</b>	<b>150,000 (20,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes: 1. The figures in parentheses are the scheduled redemption amounts within one year.

2. The scheduled redemption amounts for the five years subsequent to the end of the fiscal year ended March 31, 2023 are as follows.

	Due within one year	Due after one year but within two years	Due after two years but within three years (Millions of yen)	Due after three years but within four years	Due after four years but within five years
<b>Bonds</b>	<b>20,000</b>	<b>10,000</b>	<b>30,000</b>	<b>—</b>	<b>—</b>

### Schedule of Borrowings

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term borrowings	¥39,500	¥38,750	0.2	—
Current portion of long-term borrowings	69,000	79,113	0.8	—
Current portion of lease liabilities	255	321	—	—
Long-term borrowings (excluding current portion)	754,235	850,684	0.8	2024 to 2042
Non-recourse long-term borrowings (excluding current portion)	—	3,000	1.4	2027
Lease liabilities (excluding current portion)	1,791	1,635	—	2024 to 2036
<b>Total</b>	<b>¥864,783</b>	<b>¥973,505</b>	<b>—</b>	<b>—</b>

Notes: 1. For the average interest rate, the weighted average interest rate for the balance of borrowings at year-end borrowings is stated.

2. The average interest rate on lease liabilities is not stated because some consolidated subsidiaries record lease liabilities on the consolidated balance sheet at an amount before deducting the interest equivalent amount included in the total lease fees.

3. The scheduled redemption amounts of long-term borrowings payable, non-recourse long-term borrowings, and lease liabilities (excluding current portion) for the five years subsequent to the end of the fiscal year ended March 31, 2023 are as follows.

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
<b>Long-term borrowings</b>	<b>¥66,849</b>	<b>¥121,411</b>	<b>¥75,422</b>	<b>¥84,500</b>
<b>Non-recourse long-term borrowings</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,000</b>
<b>Lease liabilities</b>	<b>290</b>	<b>273</b>	<b>204</b>	<b>175</b>

### Schedule of Asset Retirement Obligations

The schedule of asset retirement obligations at the beginning and end of the fiscal year is omitted in accordance with paragraph 92-2 of the Regulations for Consolidated Financial Statements because the amounts of asset retirement obligations were not larger than 1% of total liabilities and net assets at the beginning and end of the fiscal year.

**Other**

## Quarterly financial information for the fiscal year ended March 31, 2023

	1st Quarter (Three months ended June 30, 2022)	2nd Quarter (Six months ended September 30, 2022)	3rd Quarter (Nine months ended December 31, 2022)	4th Quarter (Fiscal year ended March 31, 2023)
Cumulative period				
Operating revenue (Millions of yen)	¥199,721	¥314,756	¥422,590	¥654,735
Profit before income taxes (Millions of yen)	36,308	45,516	55,384	88,088
Profit attributable to owners of parent (Millions of yen)	26,933	33,874	40,919	64,520
Basic earnings per share (Yen)	151.54	190.66	230.85	365.26
Each quarter				
Basic earnings per share (Yen)	¥151.54	¥39.07	¥39.91	¥134.94

## Independent Auditor's Report

The Board of Directors  
Nomura Real Estate Holdings, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Nomura Real Estate Holdings, Inc. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of housing held for sale	
Description of Key Audit Matter	Auditor's Response
The Company recorded real estate for sale of ¥447,194 million, real estate for sale in process of ¥368,384 million and land held for development of ¥182,714 million under inventory on the consolidated balance sheet of which the primary components are housing held for sale (hereinafter, "housing for sale"), mainly the development	We performed the following procedures in relation to the assessment of the write-downs of housing for sale, among others. (1) In order to understand factors affecting the property valuation, such as changes in the sales policies, we reviewed the minutes of the board of

<p>and sales of condominiums in Japan, and also domestic commercial properties held for sale to real estate funds, such as REITs, and other businesses.</p> <p>Housing for sale is subject to risks such as declines in selling prices and increases in construction and sales costs driven by housing for sale market trends, changes in lifestyles and workstyles accelerated by the COVID-19 pandemic, development delays and other various reasons, which may result in write-downs.</p> <p>As described in (2) 1) of 1. Valuation of inventories under (Significant Accounting Estimates) in Notes to Consolidated Financial Statements, the amount of write-downs of housing for sale is measured by comparing net realizable value with the book value. Net realizable value is calculated by deducting sales costs from the selling price of properties, and in cases of property under development, also deducting estimated construction costs to be incurred in the future. The Company estimates the selling price of a property based on the sales price included in the business plan for properties not yet available for sale. For properties available for sale, the selling price is estimated based on the recent contract price of other comparable property included in the same project.</p> <p>Management may revise selling prices for reasons related to their sales strategies. In addition, there is a possibility that additional construction costs may be incurred due to events not anticipated in the business plan.</p> <p>The significant assumptions in the calculation of the net realizable value are selling prices and additional construction costs. The characteristics of housing for sale such as location, concept and type, sales strategy, and progress of sales and development vary. As a result, each property needs to be assessed on an individual basis even if overall market conditions are favorable.</p> <p>We have determined valuation of housing for sale to be a key audit matter, since we need to assess the reasonableness of management judgement related to the significant assumptions above by taking into consideration a combination of multiple factors related to specific properties.</p>	<p>directors' meetings and other meetings and made inquiries of management and the relevant departments and evaluated whether those factors were considered in the valuation.</p> <p>(2) With regard to selling prices, which are a significant assumption, we considered the following for each property according to the stage of progress reached in selling the property.</p> <ul style="list-style-type: none"> <li>• Properties not yet available for sale In order to review the selling price of properties for which profit margins included in the respective business plans were below a certain threshold, we involved valuation specialists from our network firm and compared the selling prices and transaction results of comparable properties in the same area that were referenced by the Company when setting the price to available external data.</li> <li>• Properties available for sale We compared the selling price to the contract price in the same project, and made inquiries of management and the relevant departments about the possibility of changes to the sales policies. In addition, for certain properties whose sales progress was delayed compared to the plan, we conducted onsite visits and made inquiries of the sales manager of the property on the sales progress and the policies and reviewed documents related to sales activities.</li> </ul> <p>(3) With regard to additional construction costs, which are a significant assumption, we made inquiries of management and the relevant departments on the progress of development and whether there have been any events not anticipated in the business plan or delays, as well as the prospective development period and the possibility and amount of any additional construction costs to be incurred and reviewed supporting documentation and considered the impact on the valuation.</p>
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Valuation of commercial property held for sale	
Description of Key Audit Matter	Auditor's Response
<p>The Company recorded real estate for sale of ¥447,194 million, real estate for sale in process of ¥368,384 million and land held for development of ¥182,714 million under inventory on the consolidated balance sheet of which the primary components are housing held for sale, mainly the development and sales of condominiums in Japan, and</p>	<p>We performed the following procedures in relation to the assessment of write-downs of commercial property held for sale, among others.</p> <ul style="list-style-type: none"> <li>• In order to understand factors affecting the valuation such as difficulties in making leasing arrangements, we reviewed the minutes of the board</li> </ul>

domestic commercial properties held for sale to real estate funds, such as REITs, and other businesses (hereinafter, “commercial property for sale”).

Commercial property for sale is subject to risks such as trends in the commercial property market as well as development delays, difficulties in making leasing arrangements and changes in buyer preferences or the financing environment, which may result in declines in selling prices and therefore write-downs.

As described in (2) 2) of 1. Valuation of inventories under (Significant Accounting Estimates) in Notes to Consolidated Financial Statements, the amount of write-downs of commercial property for sale is measured by comparing net realizable value with the book value. Net realizable value is calculated by deducting sales costs from the selling price of properties, and in cases of property under development, also deducting estimated construction costs to be incurred in the future. The Company’s selling price is based on the planned sales price included in the business plan for each property. The Company uses a valuation report prepared by an independent third-party real estate appraiser (hereinafter, “external evaluation”) for each of the properties that the Company recognizes as subject to relatively higher risks based on its own risk criteria in determining which properties require an external evaluation due to factors such as delays in leasing the property.

The significant assumptions in the calculation of net realizable value are the rents, occupancy rates, and discount rates as factors in calculating the selling price. These assumptions should reflect the individual circumstances and risks for each property. In particular, for property under development that is not yet available for lease and property for which specifications and uses are less common and limited to certain particular users, the subjectivity of these assumptions becomes relatively higher.

In addition, the Company holds numerous commercial properties for sale, and must extensively consider various factors and specific circumstances for each property in its evaluation, which is complex. Moreover, the book value of each commercial property for sale is significant, and the potential impact on the consolidated financial statements in cases of write-downs is also significant. Therefore, we have determined valuation of commercial property for sale to be a key audit matter.

of directors’ meetings and other meetings and made inquiries of management and the relevant departments and evaluated whether those factors were considered in the valuation.

- We evaluated the risk criteria established by the Company to determine which property requires an external evaluation, and examined whether the Company then obtained external evaluations following the determination in accordance with such criteria.
- We evaluated the expertise, capabilities, and objectivity of the external real estate appraisers engaged by the Company.
- We reviewed all external evaluations used by the Company. Furthermore, we selected certain properties using our own specific criteria and compared the rents, occupancy rates, and discount rates, which are significant assumptions used for the valuation, to past performance and publicly available external data such as information disclosed by listed REITs.

Impairment of commercial property mainly held for leasing business	
Description of Key Audit Matter	Auditor's Response
<p>The Company recorded property, plant and equipment of ¥706,472 million and intangible assets of ¥20,384 million on the consolidated balance sheet. The main components are real estate used for domestic office space, commercial facilities, logistics facilities, and hotels (hereinafter, "rental property").</p> <p>Rental property is exposed to risks such as changes in market conditions for rental properties, and furthermore, decreases in rents, average daily rates (ADR), occupancy rates and/or market prices may bring its book value to be irrecoverable. Those risks vary depending on the characteristics of each property such as type, use, location, and building specifications.</p> <p>As described in (2) of 2. Impairment of non-current assets under (Significant Accounting Estimates) in Notes to Consolidated Financial Statements, in impairment testing of rental property, the Company must determine whether or not any indications of impairment exist, and if so, the Company must determine whether recognizing an impairment loss is necessary.</p> <p>In assessing whether there is any decline in market prices, which is one indicator of impairment, the Company uses a valuation report prepared by an independent third-party real estate appraiser (hereinafter, "external evaluation") in determining the market price. In addition, the Company mainly uses external evaluations to calculate the undiscounted future cash flows that are compared against the book value in assessing whether recognizing any impairment loss is necessary; for certain properties, internal estimates are made without using the external evaluations.</p> <p>Rents, ADR, occupancy rates, and discount rates, which are significant assumptions used in both the external evaluations and the internal estimates to calculate the market price and future cash flows, should reflect the individual circumstances and risks for each property. In particular, for properties with variable rents and property of which specifications and uses are not common and limited to certain particular users, the subjectivity of such assumptions becomes relatively higher.</p> <p>In addition, the Company has numerous rental properties, and is required to comprehensively consider the unique characteristics of each property in the valuation, which is complex. Moreover, the book value of each rental property is significant and the potential impact on the consolidated financial statements in cases of impairment is also significant. Therefore, we have determined impairment of rental property to be a key audit matter.</p>	<p>We performed the following procedures on the estimation of market prices and future cash flows in the determination of indications of impairment and of impairment loss recognition of the rental property, among others.</p> <ol style="list-style-type: none"> <li>(1) In order to understand factors affecting the valuation such as major tenants vacating the properties and/or building reconstructions as well as the occupancy of properties, we reviewed the minutes of the board of directors' meetings and other meetings, made inquiries of management and the relevant departments, and for certain properties, conducted onsite visits, and evaluated whether those factors were considered in the impairment assessment.</li> <li>(2) We evaluated the expertise, capabilities, and objectivity of external real estate appraisers engaged by the Company.</li> <li>(3) With regard to a decline in market price, which is one indicator of impairment, we examined whether there were any properties whose market price had declined to a certain level and whose book value was relatively significant among those properties that the Company determined not to be subject to a significant decline in market price.</li> <li>(4) For properties of which indications of impairment were identified, we considered the followings for the undiscounted future cash flows. <ul style="list-style-type: none"> <li>• We considered the rents, ADR, occupancy rates, and discount rates for the estimated periods, which are significant assumptions, by comparing them to past performance and publicly available external data such as information disclosed by listed REITs.</li> <li>• We involved valuation specialists from our network firm and considered rents, ADR, and occupancy rates of properties selected based on certain criteria set by us, such as properties with internal estimates made by the Company without using external evaluations.</li> </ul> </li> </ol>



## **Other Information**

The other information comprises the information included in Financial Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC

Tokyo, Japan

June 23, 2023

/s/ Toshihiro Morishige

Toshihiro Morishige

Designated Engagement Partner

Certified Public Accountant

/s/ Kenji Sato

Kenji Sato

Designated Engagement Partner

Certified Public Accountant

/s/ Natsuki Saiki

Natsuki Saiki

Designated Engagement Partner

Certified Public Accountant