



Trust
in Our
Future

The Nomura Real Estate Group comprises Nomura Real Estate Development and other Group companies, and operates in the Residential Development Business, Building Business, Investment Management & Development Business, Property Brokerage & Consignment Sales Business, and Other Business. Nomura Real Estate Holdings strategically manages the overall Group as its holding company, and works to improve the corporate value of the overall Group by providing products and services matched to markets in each area in which Group companies operate.



See P. 16 Outline of the Nomura Real Estate Group

Contents

01	Snapshot of Nomura Real Estate Holdings
02	Consolidated Financial Highlights
03	Segment Information
04	Interview with the President
10	Major Topics in Fiscal 2010
12	Major Completed or Acquired Properties in Fiscal 2010
14	Segments at a Glance
16	Outline of the Nomura Real Estate Group
18	Group Company Profile: Nomura Real Estate Reform Co., Ltd.
20	Corporate Governance
23	Board of Directors and Statutory Auditors
24	Corporate Social Responsibility
25	Management's Discussion and Analysis
30	Consolidated Balance Sheets
32	Consolidated Statements of Income
32	Consolidated Statements of Comprehensive Income
33	Consolidated Statements of Changes in Net Assets
34	Consolidated Statements of Cash Flows
35	Notes to Consolidated Financial Statements
54	Report of Independent Auditors
55	Investor Information

Forward-looking Statements:

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

Snapshot of Nomura Real Estate Holdings

1. Record High Housing Sales since Our Listing

Nomura Real Estate Holdings' housing sales reached a total of 5,077 units in fiscal 2010, the highest figure since our listing on the Tokyo Stock Exchange and provided a considerable boost to the increase in revenue and earnings during the period.

(→ See P. 10 TOPIC 1)



PROUD CITY Ikebukuro-honcho

2. Completion of Nihonbashi Muromachi Nomura Building

Nihonbashi Muromachi Nomura Building was completed in September 2010. This building combines the functions of an office zone with a commercial and services zone.

The building began operations with all floorspace fully occupied, and is contributing to increased revenue.

(→ See P. 11 TOPIC 2)



NIHONBASHI MUROMACHI
NOMURA BUILDING

3. Launch of Nomura Real Estate Private REIT

The Nomura Real Estate Group launched in November 2010 as Japan's first unlisted, open-ended private REIT, Nomura Real Estate Private REIT.

This is a new real estate investment product the Nomura Real Estate Group developed by drawing on its accumulated expertise in real estate fund management.

(→ See P. 11 TOPIC 3)



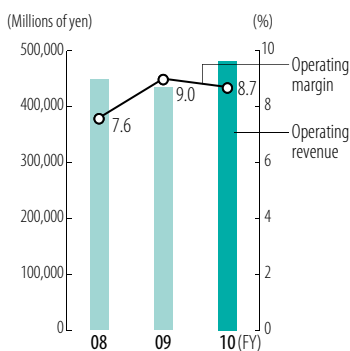
Consolidated Financial Highlights

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

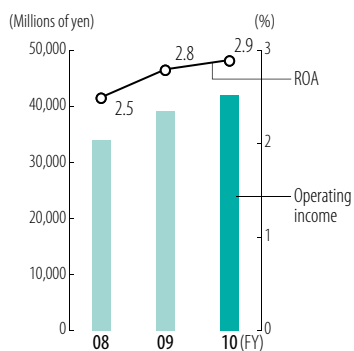
			(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
	2009	2010	2011	2011
For the Year:				
Operating Results:				
Operating revenue	¥ 448,656	¥ 434,226	¥ 480,983	\$ 5,784,523
Gross profit	100,764	105,576	107,222	1,289,505
Operating income	34,013	39,275	42,083	506,114
Net income	13,770	4,660	5,472	65,805
Cash flows from operating activities	(108,031)	19,266	33,948	408,270
Cash flows from investing activities	(141,789)	(24,571)	(33,731)	(405,660)
Cash flows from financing activities	295,508	13,098	(7,486)	(90,028)
Per Share Data (yen/dollars):				
Net income	¥ 92.21	¥ 25.69	¥ 28.74	\$ 0.35
Cash dividends	40.00	25.00	25.00	0.30
Balance Sheet Data (as of March 31):				
Total assets	¥1,385,532	¥1,405,424	¥1,474,331	\$17,730,981
Total net assets	281,376	349,437	357,366	4,297,845
Interest-bearing debt	778,074	759,637	816,910	9,824,534
Ratios:				
Return on assets (Note 2)	2.5%	2.8%	2.9%	
Return on equity	5.9%	1.7%	1.8%	
Operating margin	7.6%	9.0%	8.7%	
Dividend payout ratio	43.4%	97.3%	87.0%	
Equity ratio	17.0%	21.4%	20.7%	

Notes: 1. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the reader, using the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2011, which was ¥83.15 = U.S.\$1.00.
2. Return on assets = (Operating income + Non-operating income) / Total assets at end of fiscal year

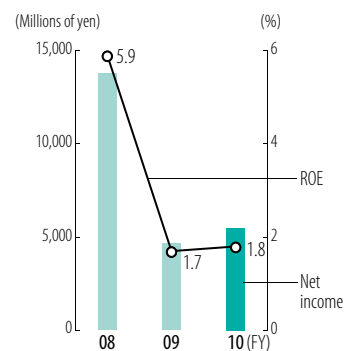
**Operating revenue
and Operating margin**



**Operating income
and ROA**



**Net income
and ROE**



FY2010: Year ended March 31, 2011

Segment Information

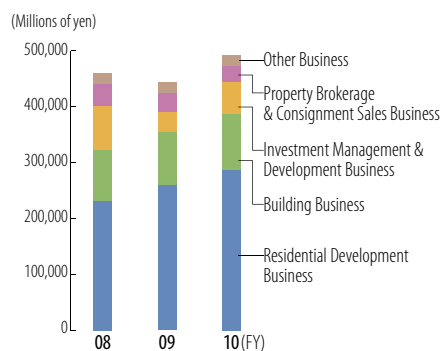
Nomura Real Estate Holdings, Inc. and its subsidiaries
Years ended March 31

			(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
	2009	2010	2011	2011
Operating Revenue:	¥448,656	¥434,226	¥480,983	\$5,784,523
Residential Development Business	231,629	259,070	286,135	3,441,195
Building Business	90,400	95,238	100,389	1,207,324
Investment Management & Development Business	78,078	36,189	56,047	674,044
Property Brokerage & Consignment Sales Business	39,764	33,964	28,955	348,232
Other Business	19,836	19,657	20,967	252,162
Eliminations or corporate	(11,051)	(9,892)	(11,510)	(138,435)
Operating Income:	¥ 34,013	¥ 39,275	¥ 42,083	\$ 506,114
Residential Development Business	11,787	10,735	15,803	190,062
Building Business	15,769	21,587	22,644	272,329
Investment Management & Development Business	10,117	8,498	6,773	81,456
Property Brokerage & Consignment Sales Business	1,554	2,690	1,220	14,670
Other Business	1,101	432	652	7,855
Eliminations or corporate	(6,315)	(4,667)	(5,010)	(60,258)
Return on Assets of Each Segment (Note 2)	2.5%	2.8%	2.9%	—
Residential Development Business	3.7%	3.5%	5.0%	
Building Business	2.9%	4.0%	3.6%	
Investment Management & Development Business (Note 2)	2.8%	2.1%	1.8%	
Property Brokerage & Consignment Sales Business (Note 2)	2.7%	6.0%	3.1%	
Other Business	3.9%	1.6%	2.3%	
Inventories	¥481,489	¥458,921	¥433,386	\$5,212,103
Residential Development Business	287,410	276,399	280,211	3,369,934
Building Business	3,215	5,921	7,287	87,625
Investment Management & Development Business (Note 2)	138,364	138,341	114,948	1,382,417
Property Brokerage & Consignment Sales Business (Note 2)	46,371	32,676	25,280	304,029
Other Business	6,132	6,059	6,265	75,346
Eliminations or corporate	(3)	(475)	(605)	(7,276)

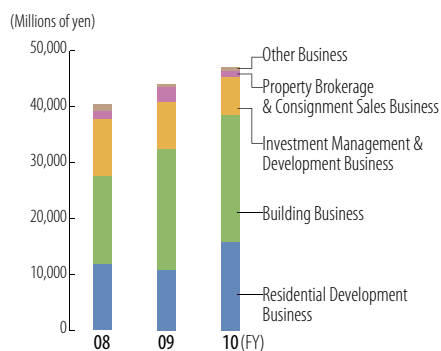
Notes: 1. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the reader, using the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2011, which was ¥83.15 = U.S.\$1.00.

2. ROA of each segment = Segment operating income / Segment assets at end of fiscal year

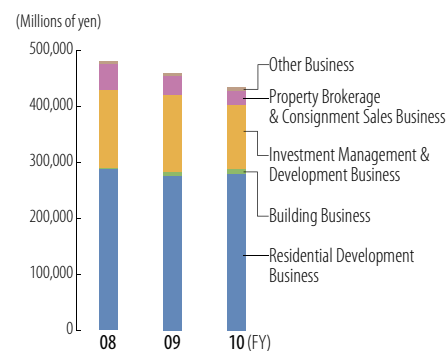
Operating revenue*



Operating income*



Inventories*



* "Eliminations or corporate" amounts are not reflected in graphs.

Interview with the President

Interview with the President

My name is Kamezo Nakai. I took office as the new president of Nomura Real Estate Holdings on June 29, 2011.

We placed the Nomura Real Estate Group (the Group) squarely on a path to earnings recovery in the year ended March 31, 2011 as a result of proactive growth initiatives in each business field.

In the Residential Development Business in particular, we acquired ample prime lands for development while strengthening our PROUD brand, and as a result expanded housing sales to a total of 5,000 units annually.

Although we expect the business environment to remain difficult, we will make a concerted effort as a corporate group and strengthen our earnings base.



President

A handwritten signature in black ink, reading "Kamezo Nakai".

Q₁: How would you characterize the real estate industry in fiscal 2010?

A: **The housing sales and real estate investment markets showed signs of recovery, but full-fledged recovery for the business environment is likely to take some time.**

I would like to explain the business environment by markets briefly. In the housing sales market, the contract rate steadily rose during fiscal 2010, the year ended March 31, 2011, bolstered by government policies such as low interest rates and an increase in the gift tax exemption. Recovery in the market was illustrated by the increase in new home sales.

In the real estate investment market, there were continued mergers and other types of restructuring among some J-REITs, and the financing environment improved on the back of

greater vitality in bond issuances by investment corporations, as well as in public offerings. The Bank of Japan's move to purchase investment units in J-REITs is expected to contribute to stable market growth. Real estate sales also showed signs of recovery, with an increase in transactions centered on real estate firms and ordinary corporations.

In the office market, although the rise in vacancy rates is gradually leveling off, lease rates remain weak.

Q₂: How was Nomura Real Estate Holdings affected by the Great East Japan Earthquake?

A: **We incurred no significant damage, including loss of life or collapsed buildings. The impact on earnings for the subject fiscal year was minimal.**

As a representative of the Group, I would like to offer prayers for those who lost their lives in the disaster, and heartfelt sympathies to all victims.

The Nomura Real Estate Group suffered no human loss or collapse of buildings, but there was partial damage to certain condominiums and leased assets.

We recorded an extraordinary loss in our fiscal 2010 financial statement of ¥2,612 million for projected restoration expenses, and delayed the delivery of some condominiums to fiscal 2011, the year ending March 31, 2012, but the impact on earnings for the subject fiscal year was minimal.

Q₃: What were the operating results for fiscal 2010?

A: We posted increases in both revenue and earnings, boosted by sales growth in the Residential Development Business and the Building Business, along with Groupwide reductions in expenses.

Consolidated operating revenue rose 10.8% from the previous fiscal year, to ¥480,983 million, in fiscal 2010. In the Residential Development Business, despite delays in recording some sales due to the effects of the earthquake, prior to the disaster we had concluded contracts at a steady pace to exceed 5,000 units, and posted a record high number of housing sales totaling 5,077 units, up 966 units from the previous fiscal year. In the Building Business, revenues were boosted by completion of Nihonbashi Muromachi Nomura Building, and the acquisition of joint ownership shares of Toshiba Building, which will house the head office of Toshiba Corporation. In the Investment Management & Development Business, revenue rose on an increase in gains from the property sales.

Operating income rose 7.2%, to ¥42,083 million. In the Residential Development Business, we recorded in cost of sales a ¥10,066 million valuation loss on inventories as a result of revisions to profitability, made in consideration of such factors as the delay in market recovery for upscale urban areas. However, we achieved an earnings increase through measures to boost sales, along with Groupwide efforts to cut costs.

Net income rose 17.4%, to ¥5,472 million. This was due mainly to the recording of extraordinary gains on sales of office buildings, offset by extraordinary losses including a loss on valuation of equity investments related to commercial-mortgage backed securities (CMBS), and the projected value of restoration work related to the Great East Japan Earthquake.



Q₄: What are your earnings forecasts for fiscal 2011?

A: We expect revenue to decline as a result of a decrease in housing sales, but are projecting that earnings will increase as a result of an improved gross margin ratio for housing and other factors in the subject fiscal year.

Consolidated operating revenue for fiscal 2011 is forecast to decline 18.9% year on year, to ¥390 billion. In the Residential Development Business, we are concerned about delays in construction schedules in the aftermath of the Great East Japan Earthquake stemming from disruptions in delivery of building materials and household equipment, along with power shortages in Tokyo during the summer. Consequently, delivery of some units will be recorded in the next fiscal year, and we anticipate that housing sales will decline by 1,577 units compared to fiscal 2010 for a total of 3,500 units, resulting in a considerable year-on-year decrease in revenue.

However, even in the aftermath of the earthquake the majority of new houses

placed on the market continue to sell immediately. Demand for prime housing remains firm, and we expect this to continue in fiscal 2011.

Operating income is forecast to rise 4.6% year on year, to ¥44 billion. This is due mainly to improvement in the gross margin ratio for housing, and the benefits from a full year of operations for Nihonbashi Muromachi Nomura Building and Toshiba Building.

Net income is projected to jump 137.6% year on year, to ¥13 billion. This is due mainly to the lack of extraordinary losses recorded in fiscal 2010, including the loss on valuation of equity investments related to CMBS, and losses stemming from the earthquake disaster.



PROUD CITY Inagekaigan, Mihama-ku, Chiba,
267 units (first and second round in first period),
sold on the first day of sales in June 2011

Q5: Explain your medium-term growth strategies.

A: We believe that the initiatives we took in the Residential Development Business and the Building Business during fiscal 2010 have paved the way for future growth. We will further enhance our strength in the Residential Development Business, while drawing on the experience and expertise of the Group to actively develop all our businesses.

Fiscal 2011 is the final year for the “Nomura Real Estate Group Medium-term Business Plan (2009–2011) – Growth and Development.”

The main focus of this plan is to further bolster the Residential Development Business in which Nomura Real Estate Holdings is able to take advantage of its strengths. During fiscal 2010, over and above building up our PROUD brand, we expanded the scale of the Residential Development Business to annual sales of just over 5,000 units as a result of our acquisition of ample prime lands for development.

We also completed construction of Nihonbashi Muromachi Nomura Building, and acquired joint ownership shares of Toshiba Building, augmenting the leased asset holdings that are our foundation for stable revenue. We believe that these measures, in combination with strengthening the Residential Development Business, put us squarely on a path to earnings recovery.

We are also evolving our development function. In particular, we are

actively developing our rebuilding and redevelopment business, an area where demand is expected to increase going forward. Rebuilding and redevelopment is a field with high barriers to entry, as it requires sophisticated know-how, experience, and trust. Nomura Real Estate Holdings has good brand recognition and a well-regarded track record in this field, and we intend to build on this to expand our business opportunities.

In the property development operations, one of the areas we have been developing is the Premium Midsize Office (PMO) brand. So far we have completed eight properties and have three more under construction or in the planning stage. The brand concept has been highly regarded by tenants, and each of the properties maintains a high occupancy rate. NREG TOSHIBA BUILDING Co., Ltd. will also generate a wide range of opportunities for the corporate real estate (CRE) business.



Rebuilding project of Sakurajosui Housing Complex, Setagaya-ku, Tokyo, is under construction



PMO Hacchobori II, Chuo-ku, Tokyo, completed in June 2010



Q6: What is your policy on profit distribution?

A: Net income for the subject fiscal year fell below our initial forecasts. However, this was due mainly to the recording of transient extraordinary losses, and we will pay a full-year dividend at our initially forecast amount of ¥25 per share.

Our basic policy is to provide profit distribution at a payout ratio of around 30% over the medium- to long-term in proportion to earnings, taking into account the operating environment, capital investment plan, and other factors, and with due consideration to internal reserves.

In fiscal 2010 we paid a year-end dividend of ¥12.50 per share, which combined with the interim dividend of ¥12.50 per share paid previously, is a total annual dividend of ¥25 per share.

Q7: What other message do you have for shareholders and investors?

A: The business environment is unpredictable, but we intend to strengthen the management structure for the corporate group and seek further growth.



Corporate production activity has slowed and consumer spending has been restrained in the aftermath of the Great East Japan Earthquake, and the outlook for the economy is unpredictable.

Under these circumstances, the Nomura Real Estate Group will utilize the market adaptability of its various

businesses to the fullest extent, and as a corporate group realize high earning and growth potential as we pursue greater corporate value.

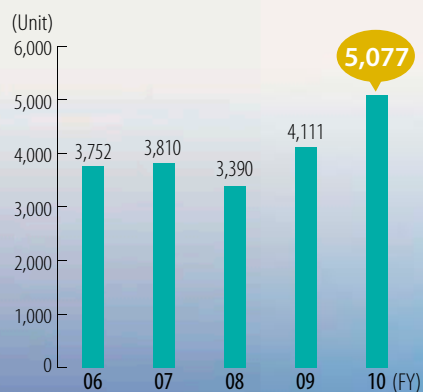
I would like to offer my sincere appreciation to shareholders and investors for their continued support of Nomura Real Estate Holdings.

TOPIC
1

Record High Housing Sales since Our Listing

Nomura Real Estate Holdings' housing sales reached a total of 5,077 units in fiscal 2010, the highest figure since our listing on the Tokyo Stock Exchange and provided a considerable boost to the increase in revenue and earnings during the period. Our sales performance rose steadily, with PROUD CITY Ikebukuro-honcho and other properties selling out instantly as we developed sales activities taking advantage of our strength in integrated development and sales, further underpinned by government policies, including low interest rates and an increase in the gift tax exemption.

Number of Housing Sold



TOPIC
2

Completion of Nihonbashi Muromachi Nomura Building

Nihonbashi Muromachi Nomura Building, completed in September 2010, is a large-scale building combining the functions of an office zone with a commercial and services zone called YUITO.

The building has a direct link to the Mit-sukoshimae subway station, and is highly regarded for its convenience and leading-edge facilities. The building began operations with all floorspace fully occupied, and contributes to increased revenue.



TOPIC
3

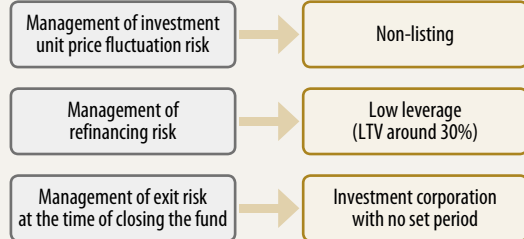
Launch of Nomura Real Estate Private REIT



In November of 2010, the Nomura Real Estate Group commercialized and began operation of a new type of real estate investment fund, completely different from listed REITs and traditional private placement real estate funds.

Through mechanisms to minimize the impacts of financial market risk and equities market risk, the fund's management emphasizes investment unit price stability and income return.

Features



Major Completed or Acquired Properties in Fiscal 2010

PROUD

Condominiums and Detached Houses Completed in Fiscal 2010



PROUD CITY Ikebukuro-honcho

Location: Toshima-ku, Tokyo/Units: 785



PROUD Shinjuku Gyoen Empire

Location: Shinjuku-ku, Tokyo/
Units: 93 (Our Company's allotments 35)



PROUD CITY Kanamachi Avenue

Location: Katsushika-ku, Tokyo/Units: 304



PROUD SEASON Hanakoganei

Location: Kodaira-city, Tokyo/Lots: 250



PROUD Motoazabu

Location: Minato-ku, Tokyo/Units: 32



PROUD CITY Ibaraki

Location: Ibaraki-city, Osaka/Units: 279

Joint projects with
NREG TOSHIBA
BUILDING



PROUD SEASON Nakano Kamisaginomiya

Location: Nakano-ku, Tokyo/Lots: 29



PROUD CITY Shin-senri Nishimachi

Location: Toyonaka-city, Osaka/Units: 55



● **Nihonbashi Muromachi
Nomura Building**
Location: Chuo-ku, Tokyo
Floor space: 44,947 m²
Completed: September 2010



● **NRE Shiba Daimon Building**
Location: Minato-ku, Tokyo
Floor space: 15,700 m²
Completed: April 2010



● **Toshiba Building**
(in which we acquired joint ownership shares)
Location: Minato-ku, Tokyo/
Floor space: 158,732 m²/Completed: March 1984



● **NREG Hongo Sanchome Building**
Location: Bunkyo-ku, Tokyo/
Floor space: 5,083 m²/Completed: February 2011



● **Miraza Shinjuku**
Location: Shinjuku-ku, Tokyo/
Floor space: 7,648 m²/Completed: August 2010



The Group is developing PMO (the Premium Midsize Office) brand, the new category of office buildings. PMO series are mid-sized office buildings which offer the same level of design, functionality and security found in large office buildings.

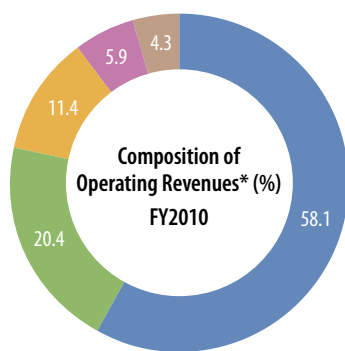


● **PMO Akihabara II**
Location: Chiyoda-ku, Tokyo/
Floor space: 3,502 m²/Completed: January 2011

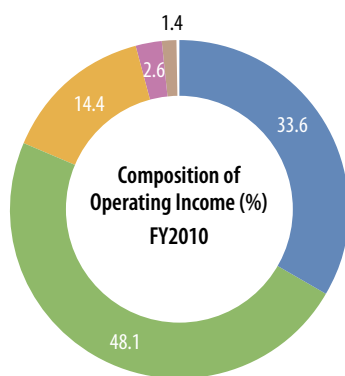


● **PMO Hacchobori II**
Location: Chuo-ku, Tokyo/
Floor space: 4,397 m²/Completed: June 2010

Segments at a Glance



- Residential Development Business
- Building Business
- Investment Management & Development Business
- Property Brokerage & Consignment Sales Business
- Other Business



* Operating revenues in each segment have been calculated including intersegment sales and transfers.

FY2010: Year ended March 31, 2011

	Main Business	Strengths	Major subsidiaries
Residential Development Business 	<ul style="list-style-type: none"> ● Sales of housing ● Management of condominiums 	<p>The Residential Development Business supplies condominium and detached housing, primarily in the Tokyo metropolitan area under the PROUD brand. By leveraging its integration in development and sales, the Group seeks to further improve its site selection, product planning and sales capabilities, as well as its management quality. Through these strategic measures, the Group seeks to enhance the PROUD brand.</p>	<ul style="list-style-type: none"> ● Nomura Real Estate Development Co., Ltd. ● Nomura Living Support Co., Ltd. ● PRIME X Co., Ltd. ● Nomura Real Estate Reform Co., Ltd.
Building Business 	<ul style="list-style-type: none"> ● Office leasing (owned) ● Office leasing (subleasing) ● Commercial facility leasing ● Property management and facility management 	<p>The Group owns and leases office buildings such as Shinjuku Nomura Building, Toshiba Building and Yokohama Business Park, as well as commercial facilities such as Lazona Kawasaki Plaza. In December 2008, NREG TOSHIBA BUILDING Co., Ltd., joined the Group, boosting rental revenue. The Group is also working to expand its fee-based businesses, including property management.</p>	<ul style="list-style-type: none"> ● Nomura Real Estate Development Co., Ltd. ● Nomura Building Management Co., Ltd. ● NREG TOSHIBA BUILDING Co., Ltd. ● YBP Heating and Cooling Supply Co., Ltd. ● NREG TOSHIBA FUDOSAN FACILITIES Co., Ltd. ● Nomura Amenity Service Co., Ltd.
Investment Management & Development Business 	<ul style="list-style-type: none"> ● Property development ● Investment management 	<p>The property development operations, which seek to generate capital gains by supplying products to the real estate investment market, are aggressively deploying the Premium Mid-size Office (PMO) brand. In investment management operations, the Group strives to meet diverse investor needs through the operation of REITs and private funds.</p>	<ul style="list-style-type: none"> ● Nomura Real Estate Development Co., Ltd. ● Nomura Real Estate Investment Management Co., Ltd. ● Nomura Real Estate Asset Management Co., Ltd. ● Nomura Real Estate Capital Management Co., Ltd.
Property Brokerage & Consignment Sales Business 	<ul style="list-style-type: none"> ● Property brokerage ● Consignment sales ● Real property sales 	<p>The segment conducts real estate brokerage targeting individuals and corporations, and sells condominiums and detached housing under consignment from operators outside the Group. In its individual brokerage operations, we are focusing on expanding sales office networks primarily in the Tokyo metropolitan area and on promoting an Internet strategy. Our corporate real estate brokerage operations employ direct networking channels to more than 3,000 companies that we have cultivated over a long period of time.</p>	<ul style="list-style-type: none"> ● Nomura Real Estate Development Co., Ltd. ● Nomura Real Estate Urban Net Co., Ltd.
Other Business 	<ul style="list-style-type: none"> ● Fitness club operation ● Architectural planning and management ● Planning of commercial facilities 	<p>In the fitness club operations MEGALOS manages 24 facilities mainly in the Tokyo metropolitan area. We expect to realize synergies with the Group for the maintenance and management of facilities as well as the acquisition of land information when opening facilities, achieving growth through the expansion of the facility network. Geo-Akamatsu also provides a wide range of services related to commercial facilities, including their planning, operation and management.</p>	<ul style="list-style-type: none"> ● Nomura Real Estate Development Co., Ltd. ● MEGALOS CO., LTD. ● Geo-Akamatsu Co., Ltd.

Fiscal 2010 topics

In the Residential Development Business, the Group aggressively developed its operations to leverage the strength of the PROUD brand, leading to the record-high sales of 5,077 units, including PROUD CITY Ikebukuro-honcho and PROUD Shin-urayasu Palm Court. In the area of housing management operations, efforts to expand the number of units under management led to this total of 127,000 units, causing a steady increase in revenues.

In the Building Business, we strove to expand marketing activities closely tailored to tenant needs, as well as to raise fee income from property management and facility management operations. In this fiscal year, Toshiba Building (in which we acquired joint ownership shares) and Nihonbashi Muromachi Nomura Building (which has a full occupancy ratio) contributed to the increase in revenues.

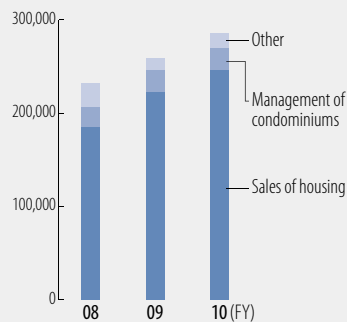
In the Investment Management Business, we started the management of Nomura Real Estate Private REIT, Inc., as a comprehensive-type, unlisted open-ended REIT. In the property development operations, we strove to expand sales, including selling products to Nomura Real Estate Private REIT, Inc. We completed the construction of PMO Hatchobori II and PMO Akihabara II in the PMO series.

In the property brokerage operations sales business, we enhanced the contents on our nomu.com website to reinforce brokerage targeting individuals and expanded our network of sales offices, resulting in an increase in the number of transactions and the transaction value. In the area of real estate property sales operations, we concentrated on sales promotion of properties in small and medium-sized development projects.

In the fitness club operations, MEGALOS ran renovations of existing clubs and various campaigns for an increase in memberships and higher member retention. We also opened MEGALOS Mitaka.

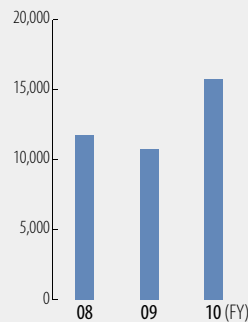
Operating revenue

(Millions of yen)



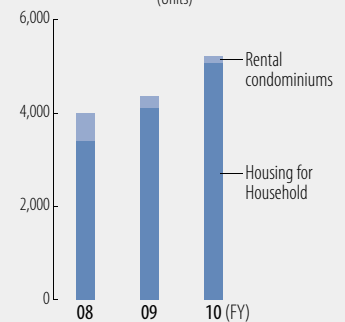
Operating income

(Millions of yen)



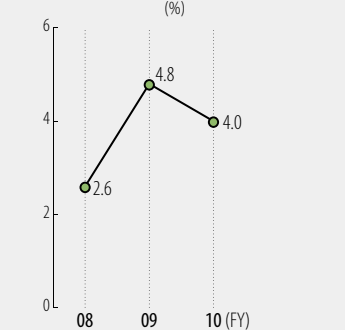
Operating-related indices

Housing sales
(Units)

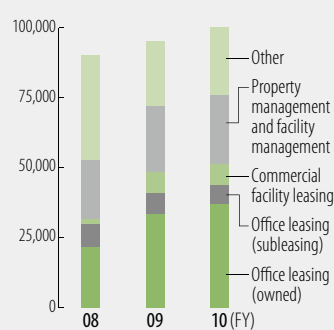


Vacancy rate at fiscal year-end

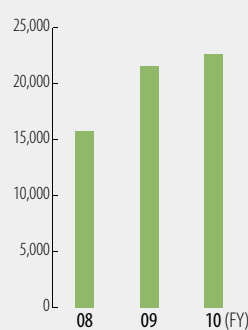
(%)



(Millions of yen)

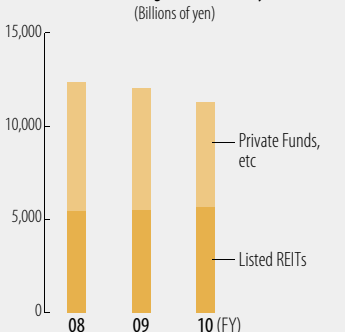


(Millions of yen)

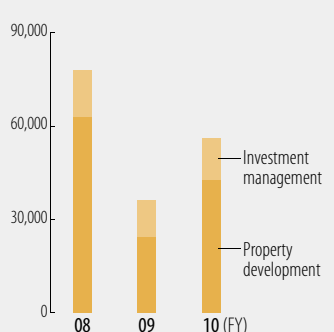


Assets under management at fiscal year-end

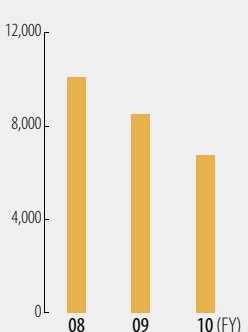
(Billions of yen)



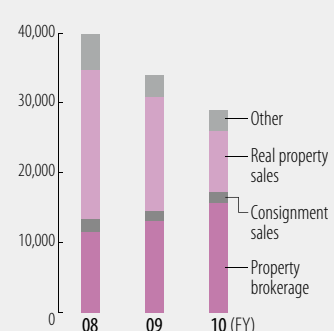
(Millions of yen)



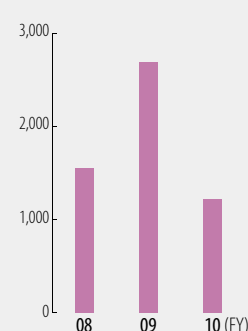
(Millions of yen)



(Millions of yen)

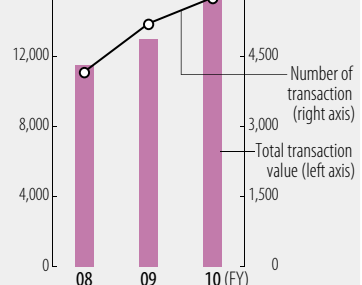


(Millions of yen)

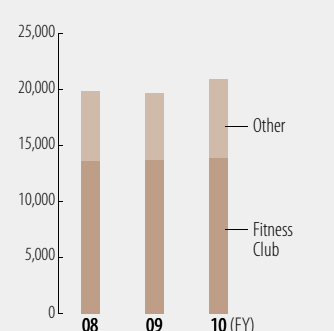


Number of transactions and total transaction value of brokerage

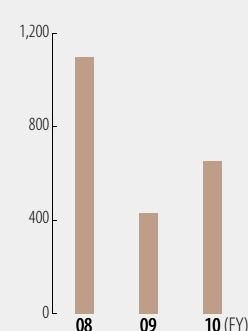
(Transactions/Millions of yen)



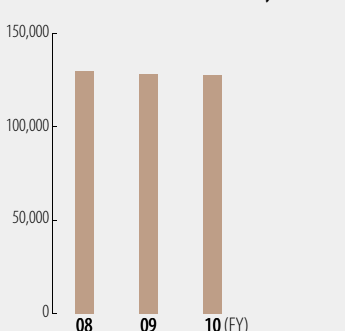
(Millions of yen)



(Millions of yen)



Number of MEGALOS Members at fiscal year-end



Outline of the Nomura Real Estate Group



NOMURA REAL ESTATE HOLDINGS

Residential Development Business

Development and sales of condominiums, detached housing, residential lots and other properties, as well as housing management and maintenance under contract from management associations after the sale of condominiums

Building Business

Development, construction, leasing, operation and management of office buildings, commercial facilities and other properties, as well as consulting on CRE utilization

Nomura Real Estate Development



Residential Development Company



Nomura Real Estate Development Co., Ltd.

<http://www.nomura-re.co.jp/english/>

Nomura Real Estate Development operates in three fields of business: residential development, which includes condominium and detached housing development and sales under the PROUD brand; corporate real estate, which involves real property development and brokerage services for corporate clients; and investment management, which targets high-profit investment.

● Nomura Living Support Co., Ltd.

<http://www.nomura-ls.co.jp/> (Only in Japanese)



Nomura Living Support responds to a broad range of customer needs, from managing condominiums to interior coordination and consultation. This

company is responsible for the management and maintenance aspects of the Nomura Real Estate Group's residential development, sales and management operations.

● PRIME X Co., Ltd.

<http://www.prime-x.co.jp/> (Only in Japanese)



Based on its accumulated real estate expertise, Prime X develops Internet advertising businesses that specialize in business in the real estate and housing

industries. Prime X delivers proposals that maximize customer benefits, ranging from the creation of corporate websites and project homepages to creating and managing membership organizations, and handling project sales promotions.

● Nomura Real Estate Reform Co., Ltd.

<http://www.nomura-rf.co.jp/>



Nomura Real Estate Reform Co., Ltd. meets the growing demand for renovation by applying the expertise in condominium renovation accumulated by

Nomura Living Support Co., Ltd. The company actively offers renovation proposals to customers living in housing sold by the Nomura Real Estate Group or purchased through Nomura Real Estate Urban Net Co., Ltd.

● Nomura Building Management Co., Ltd.

<http://www.nomura-bm.co.jp/> (Only in Japanese)



Nomura Building Management handles facility management and efficient property management, as well as the renewal of building interiors. The company

provides expertise regarding all aspects of management of buildings.

● NREG TOSHIBA BUILDING Co., Ltd.

<http://www.toshiba-building.co.jp/> (Only in Japanese)



NREG TOSHIBA BUILDING offers services spanning the development, leasing and management of office buildings, commercial facilities, warehouses,

condominiums and other properties, as well as property brokerage and consulting on corporate real estate (CRE) utilization.

● YBP Heating and Cooling Supply* Co., Ltd.

*YBP = Yokohama Business Park



This company is responsible for the supply of heating and cooling services to Yokohama Business Park, a large-scale business facility through its district

heating and cooling system. Using a "best-mix" system that combines gas and electricity, the company uses energy efficiently to curtail costs and minimize environmental impact.

● NREG TOSHIBA FUDOSAN FACILITIES Co., Ltd.

● Nomura Amenity Service Co., Ltd.

Investment Management & Development Business

Development and sales of profit-generating property for the real estate investment market, asset management under consignment from investment corporations, and asset management for real estate and real estate securitized instruments private funds.

Property Brokerage & Consignment Sales Business

Brokerage of real estate, sales of condominiums and detached housing for individual households consigned from outside the Group, and other services

Other Business

Operation of fitness clubs; construction design and supervision; and planning, design and management of commercial facilities

Corporate Real Estate Service Company

Investment Management & Advisory Company

● Nomura Real Estate Investment Management Co., Ltd.

<http://www.nreim.co.jp/english/>



Nomura Real Estate Investment Management structures and manages private funds with a wide range of risk-return preferences. These funds precisely

meet the varying needs of investors regarding real estate investment, including investments in offices, commercial and logistics facilities.

● Nomura Real Estate Asset Management Co., Ltd.

<http://www.nre-am.co.jp/english/>



In line with its basic policy of stable medium- to long-term asset management, Nomura Real Estate Asset Management manages two listed

REITs: Nomura Real Estate Office Fund, and Nomura Real Estate Residential Fund, as well as the unlisted private REIT, Nomura Real Estate Private REIT.

● Nomura Real Estate Capital Management Co., Ltd.

<http://www.nrecm.com/english>



Nomura Real Estate Capital Management specializes in managing securitized real estate funds varying from funds-of-funds to investment securities related

to real estate. It also handles investments on behalf of pension funds and other institutional investors.

● Nomura Real Estate Urban Net Co., Ltd.

<http://www.nomura-un.co.jp/> (Only in Japanese)



This company's services include residential real estate brokerage, which assist residential relocation, and commercial real estate brokerage. The company

also provides consignment sales business.

● MEGALOS Co., Ltd.

<http://www.megalos.jp/> (Only in Japanese)



Under the philosophy of "transforming customer satisfaction into happiness," MEGALOS plans, develops and manages fitness facilities offering top-of-the-line service

and equipment that are housed in the best facilities in each area.

● Geo-Akamatsu Co., Ltd.

<http://www.geo-akamatsu.co.jp/foreign/>



Geo-Akamatsu provides a full range of property consulting and other services that maximize its 40 years of accumulated expertise. These services include surveys

of commercial facilities, project planning, leasing, commercial space design and property management.

Nomura Real Estate Reform Co., Ltd.



Toshiaki Seki
President

Exercising Total Group Strengths to Expand the Condominium Renovating Business

Nomura Real Estate Reform Co., Ltd. began operations from April 1, 2011 as the Nomura Real Estate Group's only dedicated renovation and renovating works company.

The Group's renovating business has been developed by our housing management firm Nomura Living Support Co., Ltd. This business was spun off as a new separate company to more vigorously respond to growing renovating demand.

Nomura Real Estate Reform is expanding businesses using the accumulated know-how of the Nomura Real Estate Group to meet the growing renovating demand from customers who purchased houses or condominiums that the Group previously built and sold or brokered, or is presently managing, by providing comprehensive customer support that only the Group can offer. These include combined proposals to condominium associations for large-scale repairs to common areas together with renovating of areas owned by individual condo owners, and fixed-price renovating packages to customers purchasing brokered properties.

Nomura Real Estate Reform will manifest the strengths of the entire Nomura Real Estate Group to expand our renovating business by providing safe and reliable renovation services for quality housing maintenance and repair, so our customers can be satisfied with their housing throughout their lives.

● Corporate Profile



Head Office:	Chofu Shinjuku Building, 5-14-6 Shinjuku, Shinjuku-ku, Tokyo 160-8351, Japan
Representative:	Toshiaki Seki, President
Business Activities:	Remodeling, house cleaning, product sales, etc.
Shareholders:	Nomura Living Support Co., Ltd. (80%) Nomura Real Estate Urban Net Co., Ltd. (20%)
Capital:	¥100 million
Number of Employees:	40 (as of April 1, 2011)
Established:	December 22, 2010
Website:	http://www.nomura-rf.co.jp/



● Business Activities

Fixed-price Remodeling PICCA

The fixed-price remodeling PICCA makes use of our wealth of accumulated experience and performance so our customers can easily enjoy high quality. We offer reform plans that match family growth and lifestyle changes from a vast lineup of reform options.



Custom-made Reforms and Renovation

We propose customized living-space plans to meet individual customer needs for realizing a richer lifestyle.



Living Services

We support comfortable living with a variety of services ranging from house cleaning, small-scale repairs and termite removal to water filter cartridge sales.



Condominium Association Services

Nomura Real Estate Reform provides remodeling services for the areas owned by individual condominium owners, for improved asset value and the comfortable lifestyle of condominium residents.



Earthquake-resistance Testing and Retrofitting (detached houses)

Nomura Real Estate Reform handles seismic works ranging from general earthquake resistance diagnosis to retrofitting together with extensions and renovating.



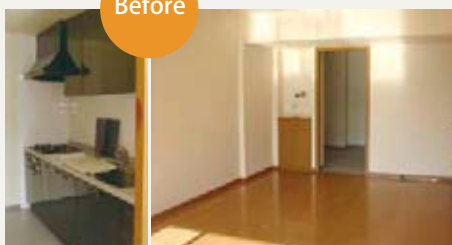
● Renovation Example

Remodel of a 10-year-old Condo to Greatly Increase Storage Space

The family realized that they needed remodeling when they moved in and saw that the beautiful rooms they had just bought were cluttered with their belongings.

The renovation provided a simple, bright and open space with a white-color tone for the kitchen and storage fixtures. The storage space was greatly increased, so the family could enjoy clean rooms without clutter.

Before



The kitchen was dark, separated by a wall from the living room. The living room provided almost no storage space.

After



Corporate Governance

Profile of Nomura Real Estate Group



● Group Philosophy

The Group Philosophy is a commitment to both ourselves and to our customers and society. By showing this commitment and continuously delivering a level of customer satisfaction at least commensurate with it, we are determined to be a Group that people can count on even more than in the past.

● Group Message

Bringing Tomorrow Today

The Group Message crystallizes the philosophy of the Nomura Real Estate Group.

● Group Mission

We hold each and every meeting in high esteem and are grateful for the fruit it has born. Our enthusiasm due to the dynamism of group effort and highly creative individuals enables us to produce the best quality service and product. Giving back to the customers and society is also a high priority for us.

The Group Mission is positioned at the core of the philosophy of the Nomura Real Estate Group. It expresses the shared mission, sense of identity and goals for which the Nomura Real Estate Group everlastingly works.

Basic Viewpoints Regarding Corporate Governance

The Company believes that the company must be governed in a way that continuously maximizes corporate value over the long term, while consideration is given to the interest of shareholders and all other stakeholders related to the Nomura Real Estate Group. Furthermore, we aim to enhance the earning power of the entire Group, and while acting as a holding company in managing and supervising the business activities of our subsidiaries, we will strive to build a highly transparent management organization.

Corporate Governance System

■ Outline of Corporate Governance System

The Company's Board of Directors comprises six directors. It decides important corporate matters and supervises the execution of business operations by directors. Statutory auditors attend meetings of the Board of Directors and provide their opinions as the need arises.

The Board of Statutory Auditors comprises five statutory auditors, three of whom are external auditors. The Board formulates such matters as audit policies and operational roles, and receives reports and conducts discussions regarding important matters relating to audits carried out on the basis of those policies and roles.

The Company has adopted a statutory auditor system. The Company believes that management supervision should be conducted primarily by statutory auditors. The Company enhances the effectiveness of its audit activities by assigning specialized staff to assist statutory auditors. Furthermore, the majority of statutory auditors are external statutory auditors, which preserves their independence from management and creates a structure that enables them to perform operational audits appropriately. The Company also has established risk management, compliance and internal audit systems, each of which report regularly to the Board of Directors. Such reports enable the board to effectively supervise directors' execution of duties.

As it is a holding company, the Company convenes Group Management Meetings, members of which include the Company's directors and the presidents of major subsidiaries. The purpose of these meetings is to unify intentions to promote Group management and verify the progress of the budgets of each operating company and the execution status of other business operations.

■ Risk Management and Compliance Framework

Risk Management System

The Company has established a Risk Management Committee whose members include officers in charge of administrative operations at the Company and Group companies, for the purpose of promoting risk management activities within the Group. The Committee deliberates matters relating to risk management, compliance, and information security for the entire Group, and also cooperates and provides guidance with regard to counter-measures when risks occur.

■ Compliance Systems

The Nomura Real Estate Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of the most important management issues. As a set of relevant guidelines, it has formulated the Nomura Real Estate Group Code of Action. To promote continuous educational and awareness activities for executives and employees, we have established a CSR Promotion Department in the Company. It provides advice, guidance, and support to Group companies. Furthermore, based on our priority of collecting information regarding risks, we have set up the Nomura Real Estate Group Risk Hotline as a point of contact for internal reporting by Group employees.

Internal Audit System and Statutory Auditor Audit System

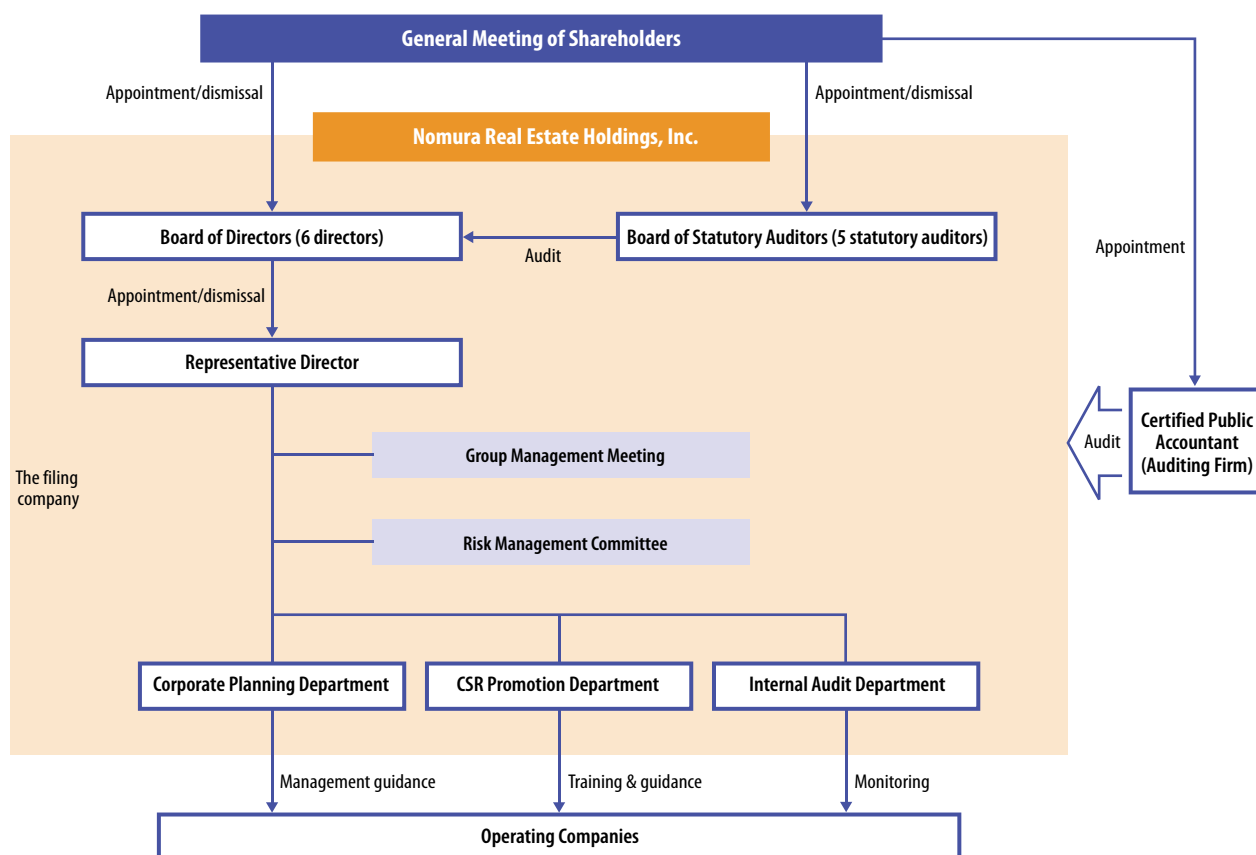
■ Internal Audit System

The Nomura Real Estate Group has established an internal audit department at each Group company, with the exception of some small companies. Each department is supervised under the direct jurisdiction of the Group company president or an officer who does not hold an additional office in a business operations division, which allows the department to maintain organizational independence. In addition, we have established the Internal Audit Department in the Company that supervises the internal audit functions of the entire Group and performs monitoring, evaluation and auditing in each division within the Company.

■ Statutory Auditor Audit System

The Company has appointed full-time staff in the Corporate Planning Department to support statutory auditor audits. Each statutory auditor attends meetings of the Board of Directors and other important meetings and audits the execution of the duties of directors while cooperating with the Internal Audit Department and the auditing firm as needed.

Corporate Governance System



■ Accounting Audits

The Company has concluded an auditing contract with Ernst & Young ShinNihon LLC. In addition to performing regular audits, Ernst & Young ShinNihon LLC discusses and verifies accounting issues as needed and conducts appropriate accounting practices.

All of the certified public accountants that carry out work have no more than seven years of continued experience in auditing the Company, and the auditing firm has adopted autonomous measures to ensure that its employees who carry out work do not participate for longer than a designated period in the Company's account auditing.

Assistants associated with audit operations comprise six certified public accountants and seven assistant certified public accountants and staff.

Compensation of Directors and Statutory Auditors

At the second annual general meeting of shareholders on June 26, 2006, it was resolved that the maximum annual compensation limit for directors and statutory auditors would be ¥650 million and ¥120 million, respectively. The Company paid the following compensation for fiscal 2010 to directors and statutory auditors.

The Company's compensation of directors and statutory auditors consists of fixed monthly compensation and variable compensation, comprising bonuses and stock-related compensation. Bonuses are determined according to the Company's business performance during the relevant fiscal year, as well as to individual contribution to that performance. Stock-related compensation, in the form of stock options, is designed to align executives' interests with those of the Company's shareholders, and to further enhance corporate value. Stock options are either market-value stock options, on which the exercise price (the amount payable when the right is exercised) is determined on the basis of market prices, or share compensation stock options, which have exercise prices of ¥1 per share. Stock-related compensation is not provided for statutory auditors.

Seven directors	¥272 million
Two statutory auditors (excluding external auditors)	¥56 million
Four external directors	¥31 million
Total: Thirteen persons	¥360 million

Auditor Compensation

Compensation paid to the Company's certified public accountants (auditing firm) for fiscal 2010 was as follows.

	Compensation paid for audit certification activities	Compensation paid for non-audit activities
The Company	¥64 million	0
Consolidated subsidiaries	¥116 million	¥26 million
Total	¥181 million	¥26 million

Matters Concerning Parent Company

The relations between the Company and its parent companies (Nomura Land and Building Co., Ltd., and Nomura Holdings, Inc.) are as follows.

1) Capital relationship with Nomura Land and Building Co., Ltd.

As of March 31, 2011, the Company's parent company, Nomura Land and Building Co., Ltd., held 50.9% of its shares.

Nomura Land and Building Co., Ltd. is a subsidiary of Nomura Holdings Inc., and therefore Nomura Holdings Inc., is also a parent company of the Company. This holding percentage could change in the event of a sale of the Company's shares or an increase in capitalization.

2) Business transaction relationships

In fiscal 2010, business transactions between NLB and companies in the Nomura Real Estate Group amounted to ¥4 million in the Building Business segment.

3) Personal relationships

Kamezo Nakai, the Company's President is concurrently serving as the President of NLB.

Moreover, Mitsuru Nakajima, the Company's external statutory auditor, is concurrently serving as a director of NLB. Apart from the persons mentioned above, no executives or employees of the Company are concurrently serving at NLB or on secondment from that company.

The relationship between the Nomura Real Estate Group and NLB is as described above, but it does not exert any influence on the Nomura Real Estate Group's free marketing activities or management decisions. The Company does not have any business competition with its parent companies or with their subsidiaries outside the Nomura Real Estate Group.

The Company performs business management independently from the parent companies based on the Company's own responsibility.

Board of Directors and Statutory Auditors

(As of June 29, 2011)



Chairman
Hirohisa Suzuki



President
Kamezo Nakai



Director
Seiji Matsumoto



Director
Toshiaki Takahashi



Director
Takao Orihara



Director
Yukoh Yoshida



Statutory Auditor
Shigeaki Yoshioka



Statutory Auditor
Mitsuharu Sato



Statutory Auditor*
Yasuaki Fukui



Statutory Auditor*
Shigeru Matsushima



Statutory Auditor*
Mitsuru Nakajima

Note: Yasuaki Fukui, Shigeru Matsushima and Mitsuru Nakajima are external statutory auditors as provided for in Article 2, Item 16 of the Company Law.

Corporate Social Responsibility

The Nomura Real Estate Group strives, as a corporate citizen, to achieve the sustainable development of society, based on our Group message of “Bringing Tomorrow Today.” We advance our businesses based on the Nomura Real Estate Group Environmental Philosophy, provide high-quality products and services that our customers trust, and always remain aware of the impact our businesses have on the environment and society.

Environmental Efforts

■ PROUD Oi Jameszaka Embodies the PROUD ECO VISION

PROUD Oi Jameszaka embodies the PROUD ECO VISION of a comfortable residence in harmony with the environment. Based on the concept of a house that breathes, this condominium complex includes such design features as drawing breezes through the property leading into each residence.

■ Fourth Firefly Habitat Exhibition 2011 to Enjoy Nature Close at Hand

Nomura Real Estate held the Fourth Firefly Habitat Exhibition at the Yokohama Business Park Bellini Hill in June 2011. This environmental event featured observation of fireflies, rice planting for local elementary school students and other opportunities to experience nature close at hand and recognize the importance of the global environment.

Providing Reliable Services

Circle Aid for Customer Safety

Nomura Real Estate has launched the comprehensive Circle Aid program to protect customer safety at PROUD brand properties. Circle Aid supports self-help by residents themselves and mutual aid with local neighborhoods when disasters strike. The program aims at smooth coordination with fire departments, police and other public assistance. We are working to protect customers through both physical measures, such as earthquake-resistant construction and the installation of elevators with seismic sensors, and systems support including support for disaster drills that help form disaster-response communities at condominiums.



The PROUD ECO Vision—the environmental concept of the Residential Development Business

Bolstering thermal insulation as a means to realize energy consumption cuts and adopting an array of energy-saving equipment as a standard



Realizing ecological improvements through efforts to incorporate passive design as a means for considerate, creative energysaving design

Introducing equipment to harness natural energy sources (such as solar panels and wind power generators)



PROUD Oi Jameszaka



Firefly Habitat Exhibition 2011



Management's Discussion and Analysis

Trends in the Real Estate Industry

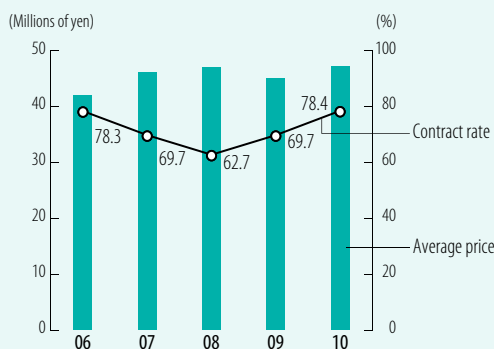
The condominium market in the Tokyo metropolitan area was favorable during calendar year 2010, with sales increasing 22.4% year on year, to 44,535 units, and contract rates at average first month up 8.7%, to 78.4%. The market was generally firm during fiscal 2010, ended March 31, 2011, with average sales prices rising 4.0%, to ¥47.16 million. Sales improved as real demand was sparked by policy support, including low interest rates and expanded exemptions from gift taxes.

In the real estate investment market, restructuring continued with several mergers of J-REITs toward achieving expanded scale and credit strength. There were signs of improvements in the funds procurement environment, with the active issuance of bonds and public offerings by investment corporations.

The Bank of Japan purchased some J-REIT investment units, and is expected to continue contributing to stable market growth in the future. Brokerage operations also showed signs of recovery, with increased transactions among realtors and regular business corporations.

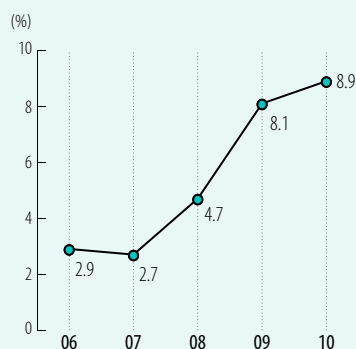
In the office market, the rise in vacancy rates eased with such positive signs as tenant moves to larger premises where rents have been decreased. Regardless, the office building vacancy rate in the five wards of central Tokyo reached a new record high of 8.91% at the end of December 2010, indicating that a full-scale recovery in demand has not yet emerged. Rent levels remained soft, although the rate of decline in rents gradually contracted.

Average prices and contract rates for condominiums in the Tokyo metropolitan area
For the calendar years



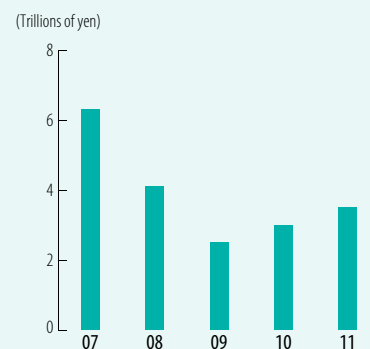
Source: Real Estate Economic Institute Co., Ltd.

Vacancy rates in the five wards of central Tokyo
As of December 31



Source: Miki Shoji Co., Ltd.

J-REIT market capitalization
As of March 31



Source: The Association for Real Estate Securitization

Analysis of Operating Results

In this environment, the Nomura Real Estate Group achieved higher consolidated sales and profits. Operating revenue rose ¥46,756 million, or 10.8%, to ¥480,983 million, on increases in the number of units sold in the Residential Development Business segment and greater gains from the sale of properties in the Investment Management & Development Business segment. In terms of profits, operating income rose ¥2,808 million, or 7.2%, to ¥42,083 million, even though the Group posted a ¥10,066 million valuation loss on inventories as a result of improved profitability. Operating income increased on the rise in unit sold in Residential

Development Business, revenues from acquired joint ownership of shares in Toshiba Building, and contributions from the recently completed Nihonbashi Muromachi Nomura Building, combined with broad-ranging expense reduction efforts. Net income grew ¥812 million, or 17.4%, to ¥5,472 million. The Company posted ¥14,766 million in valuation losses on equity investments (CMBSs) and ¥2,612 million in extraordinary losses from estimated reconstruction costs following the Great East Japan Earthquake. Those were partially offset by ¥11,066 million in extraordinary profits on gains from the sale of noncurrent assets.

Operating Results by Segment

Residential Development Business

In the Residential Development Business segment, the Company realized favorable sales performance. We implemented strategies to boost the value of the PROUD brand and strove to further strengthen site selection, product planning, and sales capabilities by leveraging the strengths from the integration of development and sales. Sales increased with condominium sales at PROUD CITY Ikebukuro-honcho (Toshima-ku, Tokyo), PROUD Shin-urayasu Palm Court (Urayasu City, Chiba Prefecture), PROUD CITY Kanamachi Avenue (Katsushika-ku, Tokyo), and PROUD CITY Ibaraki (Ibaraki City, Osaka Prefecture), combined with sales of detached houses at PROUD SEASON Hanakoganei (Kodaira City, Tokyo) and PROUD SEASON Fujisawa Shonan Terrace (Fujisawa City, Kanagawa Prefecture). The combined number of condominiums and detached houses sold rose 966 units year on year, to 5,077 units. The inventory of completed units at the end of the fiscal year declined 422 units, to 113 units, while concluded housing contracts not yet posted as sold rose 1,225 units, to 2,238 units.

We worked to boost earnings from housing management operations by actively soliciting external consignment orders, in addition to managing residences within the Group. We also introduced the "Living Q Call" lifestyle-support service for PROUD condominiums from April 2010 to further boost customer satisfaction. Nomura Real Estate Reform Co., Ltd. was established in December 2010 to conduct remodeling and renovation works on condominiums and detached homes.

As a result of these efforts, Residential Development Business segment operating revenue rose ¥27,065 million, or 10.4% year on year, to ¥286,135 million, while operating income rose ¥5,068 million, or 47.2%, to ¥15,803 million. Segment sales and profits both increased, mostly from the increase in the number of housing units sold.

Building Business

In the Building Business segment, Nomura Real Estate Development separated its building sales division from its building division in April 2010 and reinforced sales activities to meet tenant needs. As a result of such efforts, the vacancy rate at the end of the fiscal year declined 0.8 percentage point year on year, to 4.0%. Contributions from Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo), which began operations with full occupancy from October 2010, and from acquired joint ownership of shares in Toshiba Building (Minato-ku, Tokyo) contributed to the increased profits. In the property management and building management business, the Company continued to earn commissions and receive tenant orders for interior works.

As a result of these efforts, Building Business segment operating revenue rose ¥5,151 million, or 5.4% year on year, to ¥100,389 million, while operating income rose ¥1,057 million, or 4.9%, to ¥22,644 million.

Investment Management & Development Business

Investment management operations focused on the stable management of the various funds operated by the Nomura Real Estate Group. Nomura Real Estate Asset Management launched the Nomura Real Estate Private REIT in November 2010 as a comprehensive, unlisted, open-ended REIT.

In property development operations, the Company sold products to the Nomura Real Estate Private REIT and carried out other efforts to promote sales. We also realized steady progress in vigorously developing the Premium Mid-Sized Office (PMO) brand of mid-sized office buildings with the quality of large-scale buildings, with the completion of the PMO Hatchobori II (Chuo-ku, Tokyo) in June 2010 and the PMO Akihabara II (Chiyoda-ku, Tokyo) in January 2011.

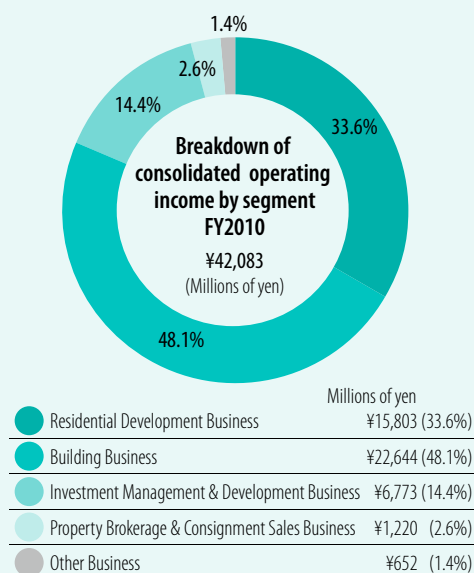
As a result of these efforts, Investment Management & Development Business segment operating revenue rose ¥19,858 million, or 54.9% year on year, to ¥56,047 million, while operating income declined ¥1,725 million, or 20.3%, to ¥6,773 million. This increase in sales with a decline in profits was mostly because while product sales increased in the property development operations, the Company posted investment valuation losses.

Property Brokerage & Consignment Sales Business

The Company promoted strategic use of Internet media in its property brokerage operations and actively promoted proposal-based businesses. We also developed our branch network closely tied to local communities to further strengthen retail operations by opening the new branches Mitaka Center (Musashino City, Tokyo) in May 2010, Kamata Center (Ota-ku, Tokyo) in October 2010, and Kinshicho Center (Sumida-ku, Tokyo) and Eifukucho Center (Suginami-ku, Tokyo) in February 2011.

In the area of real property sales, we promoted product sales of small and medium-sized development projects using wide-ranging property brokerage data.

Despite these efforts, Property Brokerage & Consignment Sales Business segment operating revenue declined ¥5,009 million, or 14.7% year on year, to ¥28,955 million, while operating income fell ¥1,470 million, or 54.7%, to ¥1,220 million. This decrease in sales and profits was mostly because while the property brokerage operations handled more properties with higher values, this was offset by a greater decline in property sales.



Note: Since operating income for each business does not include "eliminations or corporate" in segment information, the sum of operating income of the businesses presented in the pie chart differs from the total amount shown in the center of such pie chart. The shares of consolidated operating income by business have been calculated based on operating income for each segment.

Other Business

In the fitness club business, the Company implemented renovations of existing clubs and various campaigns to recruit new members and improve membership retention. We also opened a new club MEGALOS Mitaka (Musashino City, Tokyo) in May 2010.

As a result of these efforts, Other Business segment operating revenue rose ¥1,310 million, or 6.7% year on year, to ¥20,967 million, while operating income rose ¥221 million, or 51.3%, to ¥652 million.

Major operating-related indices for each business are shown in the table below:

Years ended March 31	2007	2008	2009	2010	2011
Residential Development Business:					
Condominium sales (units)	3,245	3,463	3,135	3,696	4,497
Detached housing sales (units)	507	347	255	415	580
Gross margin ratio of housing sales (%)	22.2	22.7	21.8	16.1	16.4
Completed housing units held in inventories (units)	6	275	265	535	113
Rental condominium sales for investors (units)	248	747	621	248	138
Condominiums under management (units)	97,847	103,102	110,365	121,212	127,567
Building Business:					
Vacancy rate at year-end (Offices, commercial facilities) (%)*	1.9	2.2	2.6	4.8	4.0
Investment Management & Development Business:					
Assets under management (millions of yen)**	771,211	1,031,528	1,235,611	1,204,546	1,126,601
Property Brokerage & Consignment Sales Business:					
Brokerage (number of transactions)	3,949	4,047	4,184	5,219	5,774
Brokerage-total transaction value (millions of yen)	388,479	406,635	293,047	386,446	425,274
Other Business:					
Members of MEGALOS	115,457	120,543	129,944	128,365	127,707

Notes: 1. Figures shown for fiscal 2007 and earlier were calculated by including the leased floor area of residential projects.
2. Methods for the calculation of REIT's AUM (Assets Under Management) have been changed since fiscal 2006.

Analysis of Financial Position

As of March 31, 2011, total assets stood at ¥1,474,331 million, up ¥68,906 million from a year earlier. This was mostly because while equity investment (down ¥33,941 million), real estate for sale and other inventory assets declined (down ¥25,535 million), property, plant and equipment (up ¥106,305 million) and investment securities (up ¥26,096 million) rose.

Total liabilities increased ¥60,978 million to ¥1,116,965 million. This was mostly because while long-term loans payable decreased

(down ¥27,856 million), short-term loans payable (up ¥52,310 million) commercial paper (up ¥20,000 million) and bonds payable (up ¥12,820 million) increased.

Net assets rose ¥7,928 million year-on-year to ¥357,365 million. This was mostly because minority interests (up ¥4,679 million) and retained earnings (up ¥2,140 million) increased.

Cash Flows

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥33,948 million, an increase of ¥14,682 million from the previous fiscal year. This was primarily due to the declines in property for sale and other inventory assets.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥33,731 million, an increase of ¥9,160 million from the previous fiscal year. This mostly reflected increased expenditures for the acquisition of property and equipment and intangible fixed assets.

Cash flows from financing activities

Net cash used in financing activities totaled ¥7,486 million, a decrease of ¥20,584 million from the previous fiscal year. The main inflows were from short-term loans payable and commercial paper, while outflows were led by repayment of long-term loans.

As a result of these cash flows, cash and cash equivalents stood at ¥82,066 million at the end of the fiscal year, a decline of ¥7,269 million from the end of the previous fiscal year.

Basic Policy Concerning Profit Distribution, and Dividends for Fiscal 2010 and Fiscal 2011

The Company's basic policy regarding the distribution of profits to shareholders is to aim at a payout ratio of approximately 30% over the middle to long term, in accordance with annual business performance, comprehensively considering the operating environment, capital investment plans, retained earnings, and other relevant factors.

The fiscal 2010, ended March 31, 2011, net income was below the initial projections, but this was primarily due to the posting of

one-time extraordinary losses. Consequently, the Company declared a year-end dividend of ¥12.5 per share as initially planned. Combined with the ¥12.5 interim dividend already paid, the annual dividend totaled ¥25 per share.

For fiscal 2011, ending March 31, 2012, the Company intends to maintain interim and year-end dividends of ¥12.5 for an annual dividend of ¥25 per share.

Consolidated Performance Outlook for Fiscal 2011

In fiscal 2011, the Company expects to realize ¥390,000 million in operating revenue, ¥44,000 million in operating income, and ¥13,000 million in net income.

Given the uncertainties regarding the procurement of many types of construction materials and the supply of electricity to projects under construction in our main residential development business, the fiscal 2011 consolidated performance projections were compiled incorporating delays in construction and periods

recognized operating revenues from the initial plans for some projects based on certain assumptions.

The Nomura Real Estate Group did not suffer major losses (such as loss of life or collapse of buildings) in the Great East Japan Earthquake of March 11, 2011. While there was minor damage to some structures, the estimated reconstruction expenses were posted as an extraordinary loss in fiscal 2010, so these should have only a minimal direct effect on the consolidated fiscal 2011 performance.

Risk Affecting the Business of Nomura Real Estate Group

We believe that the following major risks have the potential to significantly impact the operating results and financial condition of the group, as well as the stock prices. It should be noted that matters concerning the future in this document have been determined based on information available to the group on the scheduled submitting date of the fiscal 2010 annual securities report.

1) Trends in the real estate market

The Nomura Real Estate Group's performance for the fiscal year under review resulted in increased income and profit compared to the previous fiscal year. However, fears over declining corporate activity and restrained personal consumption due to the impact of the Great East Japan Earthquake have added to the prolonged strong yen, deflation, and rise in oil prices as causes for concern, and the situation is not conducive to predictions for economic outlook.

In the future, certain events could still cause a decline in purchasing sentiment among customers of the Residential Development Business and the Property Brokerage & Consignment Sales Business, our core businesses. These events include the current economic slowdown, an associated deterioration in corporate earnings, a decline in consumer spending, a rise in interest rates, or an excess supply in the real estate market. There may also be falls in selling prices or increases in inventories due to the decline in purchasing sentiment, or losses on valuation of inventories. For the Building Business and the Investment Management & Development Business, moreover, such events could also spark declines in office rents, increases in vacancy rates, falls in asset values, or drops in profit ratios. In addition, declining investment unit price and weakening demand for investment funds are possibilities in the REIT market. Such events could have an adverse impact on the Group's business performance.

2) Changes to real estate-related legislation or the tax system

A number of laws and regulations apply to the various businesses of the Nomura Real Estate Group, which will be subject to new regulations as it expands its operational scope in the future. Going forward, the Group may face new obligations and expense burdens if the Building Standards Law, the Building Lots and Buildings Transaction Business Law, the Financial Instruments and Exchange Law, or other real estate-related laws are revised, or if new legislation is implemented. Such events could adversely affect the Group's business performance.

Furthermore, if the tax system related to real estate is revised, this could lead to an increase in expenses for holding, acquisition, and sales of assets, or a decline in the purchasing sentiment of customers. It could also prompt a change in the facility strategies of companies and revisions of their investment plans. Such events could have an adverse impact on the Group's business performance.

3) Licenses and permits for major businesses

The Group obtains the licenses and permits, such as real estate brokerage and construction licenses, when carrying out business activities.

Currently, there are no reasons for any of these licenses or permits to be cancelled or subject to penalties. However, in the future, if such licenses or permits are cancelled or subject to penalties for whatever reason, this could adversely affect the Group's business performance.

4) Impact of interest-bearing debt

The Group aims to increase earnings by aggressively advancing its various businesses. To address these funding requirements, the Group carried out issuances of corporate bonds and commercial papers and took out loans from financial institutions. As a result, the balance of interest-bearing debt at fiscal year-end stood at ¥816,910 million, up ¥57,273 million from a year earlier (equivalent to 55.4% of total assets, 1.3 percentage points more than at the end of the previous fiscal year). Moreover, the equity ratio was 20.7%, down 0.7 percentage points. When raising funds by borrowing, the Group attempts to deal with the risk of a short-term rise in interest rates mainly by taking out long-term, fixed-rate loans. However, an increase in borrowing costs due to a rise in market interest rates could have a negative impact on the Group's business performance and financial condition.

5) M&A

The Company has positioned M&A as an important strategy for long-term growth, and aims at boosting group enterprise value by implementing M&A that can be expected to generate synergies while making the most of the advantages offered by the holding company system.

However, in the event of changes in the operating environment, the expected growth of the acquired company, or the synergy expected from the acquisition, may not be realized. This could have an adverse impact on the Group's business performance.

6) Natural disasters

Natural disasters, such as earthquakes and wind and flood damage, as well as sudden accidents, could lead to damage or destruction of real estate owned or managed by the Group. Such incidents could have a negative impact on the Group's business performance and financial condition.

7) Personal information

In the course of carrying out its operations, the various businesses of the Group handle large quantities of personal information. The Group endeavors to comply with various laws and regulations pertaining to personal information, such as the Law Concerning Protection of Personal Information, and also handle information in the proper manner. Moreover, Group companies have produced various documents, such as "Information Security Provisions," "Rules for Handling Personal Information" and "Guidelines for Entrusting the Handling of Personal Information." In these ways, the Group strives to train and educate employees and protect the interests of customers.

In the event of external leakage of personal information due to unforeseen circumstances, however, confidence in the Group could be lost, leading to a decrease in sales and the incurrence of expenses to pay compensation for damages. This could have an adverse impact on the Group's business performance.

8) Soil pollution

Under the Soil Contamination Countermeasures Law, owners of land are obliged to evaluate and report on the soil pollution status of their properties with respect to the presence of specific harmful substances, and also to take measures to remove such polluting substances.

When considering purchases of land for business use, the Group conducts historical and pollution assessments in advance. If the presence of pollution is confirmed, the Group either cancels the acquisition or engages specialists to remove such pollution. However, it is possible that the aforementioned assessments fail to confirm the full extent of soil pollution, or that the seller is unable to fulfill his or her guarantee against defects even if soil pollution is detected. Detection of soil pollution on land purchased by the Group, therefore, could lead to changes in the Group's original business schedules or to the incurrence of the additional expenses, which could have a negative impact on its business performance or financial condition.

9) Asbestos

Some of the buildings owned by the Group have been sprayed with materials that include asbestos. The Group has engaged third-party organizations to assess such buildings. According to the results of those assessments, the said materials are showing no signs of age-related degradation and are in stable condition. In the future, however, it is possible that asbestos may be scattered if age-related degradation occurs. Such an event could require removal or containment of the asbestos in question, resulting in the incurrence of additional costs that could have an adverse effect on the Group's business performance or financial condition.

10) Concentration of revenues in fourth quarter

In the Residential Development Business, which accounts for more than 50% of the Group's revenues, housing sales are registered as sales when properties are handed over to the customers. In many cases, however, the completion and handover occur in February or March of each year, in accordance with the requirements of customers taking up residence. For this reason, a large proportion of the Group's revenues is concentrated in the fourth quarter of each fiscal year.

Consolidated Balance Sheets

Nomura Real Estate Holdings, Inc. and its subsidiaries
March 31, 2010 and 2011

		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
ASSETS	2010	2011	2011
Current Assets:			
Cash and deposits (Notes 2 (3) and 3)	¥ 39,337	¥ 52,068	\$ 626,193
Notes and accounts receivable—trade	15,764	14,271	171,628
Short-term investment securities (Notes 2 (3), 3 and 4)	50,010	30,000	360,794
Real estate for sale (Note 6)	247,927	210,565	2,532,356
Real estate for sale in process (Note 8)	139,012	122,781	1,476,620
Land held for development	71,796	99,760	1,199,757
Equity investments (Notes 3 and 4)	94,890	60,948	732,989
Deferred tax assets (Note 11)	22,829	21,197	254,926
Other	28,198	25,424	305,755
Allowance for doubtful accounts	(144)	(89)	(1,066)
Total current assets	709,619	636,925	7,659,952
Investments and Other Assets:			
Investment securities (Notes 3 and 4)	17,044	43,140	518,822
Lease and guarantee deposits (Note 3)	26,036	23,791	286,126
Deferred tax assets (Note 11)	14,320	23,601	283,841
Other	3,881	4,251	51,121
Allowance for doubtful accounts	(18)	(19)	(234)
Total investments and other assets	61,263	94,764	1,139,676
Property and Equipment:			
Land (Notes 6, 8 and 15)	412,477	483,929	5,819,951
Buildings and structures (Notes 6, 8 and 15)	274,354	321,780	3,869,878
Construction in progress (Note 6)	10,313	6,851	82,391
Machinery and equipment (Note 6)	7,733	8,397	100,983
Other	430	606	7,294
	705,307	821,563	9,880,497
Accumulated depreciation	(79,039)	(88,990)	(1,070,236)
Net property and equipment	626,268	732,573	8,810,261
Intangible Assets	8,274	10,069	121,092
Total Assets	¥1,405,424	¥1,474,331	\$17,730,981

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	2010	(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
		2011	2011
Current Liabilities:			
Notes and accounts payable—trade	¥ 37,692	¥ 43,081	\$ 518,116
Short-term loans payable (Notes 3, 5 and 6)	108,586	160,896	1,935,011
Commercial paper	—	20,000	240,529
Income taxes payable (Note 11)	7,597	10,099	121,458
Deposits received	54,841	29,288	352,231
Provision for bonuses	4,321	4,135	49,726
Provision for directors' bonuses	97	176	2,113
Provision for loss on business liquidation	159	113	1,366
Provision for loss on disaster	—	2,608	31,363
Accounts payable-other	7,316	5,840	70,239
Accrued interest	2,362	2,357	28,343
Accrued consumption taxes	890	2,056	24,726
Advances received	11,358	19,485	234,334
Other	12,114	10,975	131,990
Total current liabilities	247,333	311,109	3,741,545
Noncurrent Liabilities:			
Bonds payable	20,180	33,000	396,873
Long-term loans payable (Notes 3, 5 and 6)	630,871	603,014	7,252,121
Lease and guarantees deposits received (Note 6)	49,983	55,360	665,779
Deferred tax liabilities (Note 11)	83,112	83,640	1,005,896
Deferred tax liabilities for land revaluation	4,996	5,034	60,540
Provision for retirement benefits (Note 7)	15,445	15,849	190,608
Provision for loss on subleasing business	1,937	2,002	24,082
Other	2,130	7,957	95,692
Total noncurrent liabilities	808,654	805,856	9,691,591
Total Liabilities	1,055,987	1,116,965	13,433,136
Net Assets:			
Shareholders' equity (Note 12):			
Capital stock	115,528	115,574	1,389,949
Capital surplus	92,858	92,904	1,117,305
Retained earnings	89,356	91,497	1,100,389
Treasury stock	(2)	(2)	(25)
Total shareholders' equity	297,740	299,973	3,607,618
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(2,181)	(1,076)	(12,946)
Deferred gains or losses on hedges	279	354	4,266
Revaluation reserve for land	5,999	5,962	71,699
Foreign currency translation adjustments	(425)	(677)	(8,144)
Total accumulated other comprehensive income	3,672	4,563	54,875
Subscription rights to shares	521	647	7,774
Minority interests	47,504	52,183	627,578
Total Net Assets	349,437	357,366	4,297,845
Total Liabilities and Net Assets	¥1,405,424	¥1,474,331	\$17,730,981

See notes to consolidated financial statements.

Consolidated Statements of Income

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years Ended March 31, 2010 and 2011

		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
Operating Revenue:	¥434,226	¥480,983	\$5,784,523
Operating revenue	434,226	480,983	5,784,523
Operating Expenses:	394,951	438,900	5,278,409
Operating cost	328,650	373,761	4,495,018
Selling, general and administrative expenses	66,301	65,139	783,391
Operating Income	39,275	42,083	506,114
Other Income and Expenses:	(25,805)	(23,783)	(286,025)
Interest income	152	65	782
Dividends income	28	455	5,476
Equity in earnings of affiliates	7	17	208
Gain on sales of property and equipment (Note 9)	364	11,066	133,087
Litigation adjustment	120	—	—
Interest expenses	(13,530)	(14,903)	(179,234)
Loss on valuation of equity investments	(10,486)	(14,767)	(177,593)
Impairment loss (Note 10)	(495)	(852)	(10,248)
Loss on disaster	—	(2,612)	(31,418)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(684)	(8,222)
Other, net	(1,965)	(1,568)	(18,863)
Income before Income Taxes and Minority Interests	13,470	18,300	220,089
Income Taxes (Note 11):			
Income taxes—current	11,624	15,884	191,028
Income taxes—deferred	(5,278)	(7,753)	(93,243)
Total income taxes	6,346	8,131	97,785
Income before minority interests	—	10,169	122,304
Minority interests in income	2,464	4,697	56,499
Net Income	¥ 4,660	¥ 5,472	\$ 65,805

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Note 18)

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years Ended March 31, 2010 and 2011

		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
Income before Minority Interests	¥—	¥10,169	\$122,305
Other Comprehensive Income:			
Valuation difference on available-for-sale securities	—	1,104	13,275
Deferred gains or losses on hedges	—	75	902
Revaluation difference for land	—	(37)	(451)
Share of other comprehensive income of associates accounted for using the equity method	—	(252)	(3,033)
Total other comprehensive income	—	890	10,693
Comprehensive Income:	¥—	¥11,059	\$132,998
(Breakdown)			
Comprehensive income attributable to owners of the parent	¥—	¥ 6,362	\$ 76,510
Comprehensive income attributable to minority interests	—	4,697	56,488

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years Ended March 31, 2010 and 2011

(Millions of yen)						
	Number of shares issued	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities
Balance at March 31, 2009	149,371,100	¥ 82,713	¥60,043	¥91,491	¥(1)	¥(3,922)
Issuance of new shares	40,959,900	32,815	32,815	—	—	—
Dividends from surplus	—	—	—	(6,794)	—	—
Net income	—	—	—	4,660	—	—
Purchases of treasury stock	—	—	—	—	(0)	—
Net changes of items other than shareholders' equity	—	—	—	—	—	1,741
Balance at March 31, 2010	190,331,000	¥115,528	¥92,858	¥89,357	¥(2)	¥(2,181)
Issuance of new shares	56,000	46	46	—	—	—
Dividends from surplus	—	—	—	(3,332)	—	—
Net income	—	—	—	5,472	—	—
Purchases of treasury stock	—	—	—	—	(0)	—
Net changes of items other than shareholders' equity	—	—	—	—	—	1,105
Balance at March 31, 2011	190,387,000	¥115,574	¥92,904	¥91,497	¥(2)	¥(1,076)

(Millions of yen)						
	Deferred gains/ losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2009	¥256	¥5,999	¥(638)	¥368	¥45,068	¥281,376
Issuance of new shares	—	—	—	—	—	65,630
Dividends from surplus	—	—	—	—	—	(6,794)
Net income	—	—	—	—	—	4,660
Purchases of treasury stock	—	—	—	—	—	0
Net changes of items other than shareholders' equity	24	—	213	152	2,435	4,565
Balance at March 31, 2010	¥280	¥5,999	¥(425)	¥520	¥47,503	¥349,437
Issuance of new shares	—	—	—	—	—	92
Dividends from surplus	—	—	—	—	—	(3,332)
Net income	—	—	—	—	—	5,472
Purchases of treasury stock	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	75	(37)	(252)	126	4,680	5,697
Balance at March 31, 2011	¥355	¥5,962	¥(677)	¥646	¥52,183	¥357,366

Thousands of U.S. dollars (Note 1)					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities
Balance at March 31, 2010	\$1,389,392	\$1,116,748	\$1,074,647	\$(24)	\$(26,233)
Issuance of new shares	557	557	—	—	—
Dividends from surplus	—	—	(40,063)	—	—
Net income	—	—	65,805	—	—
Purchases of treasury stock	—	—	—	(1)	—
Other changes	—	—	—	—	13,287
Balance at March 31, 2011	\$1,389,949	\$1,117,305	\$1,100,389	\$(25)	\$(12,946)

						Thousands of U.S. dollars (Note 1)
	Deferred gains/ losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2010	\$3,364	\$72,150	\$(5,111)	\$6,254	\$571,304	\$4,202,491
Issuance of new shares	—	—	—	—	—	1,114
Dividends from surplus	—	—	—	—	—	(40,063)
Net income	—	—	—	—	—	65,805
Purchases of treasury stock	—	—	—	—	—	(1)
Other changes	902	(451)	(3,033)	1,520	56,274	68,499
Balance at March 31, 2011	\$4,266	\$71,699	\$(8,144)	\$7,774	\$627,578	\$4,297,845

See notes to consolidated financial statements.

Note: The number of issued shares outstanding increased by 40,959,900 shares in the year ended March 31, 2010 due to a general offering and third party allotment, and increased by 56,000 shares in the year ended March 31, 2011 due to the exercise of stock options.

Consolidated Statements of Cash Flows

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years Ended March 31, 2010 and 2011

		(Millions of yen)	(Thousands of U.S. dollars) (Note 1)
	2010	2011	2011
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 13,470	¥ 18,300	\$ 220,089
Depreciation and amortization	10,758	12,836	154,371
Impairment loss	495	852	10,249
Gain on sales of property and equipment	(364)	(11,066)	(133,088)
Equity in earnings of affiliates	(7)	(17)	(208)
Decrease in allowance for doubtful accounts	(14)	(54)	(650)
Increase in provision for retirement benefits	1,162	404	4,861
Decrease in provision for loss on business liquidation	(56)	(45)	(540)
Increase in provision for loss on subleasing business	127	65	781
Increase in provision for loss on disaster	—	2,608	31,363
Interest and dividends income	(181)	(520)	(6,258)
Interest expenses	13,530	14,903	179,234
Increase in notes and accounts receivable—trade	15,664	1,525	18,336
Increase in inventories	19,780	26,117	314,095
Increase (decrease) in equity investments	(1,205)	10,001	120,283
Increase (decrease) in notes and accounts payable—trade	(31,886)	5,315	63,920
Increase (decrease) in deposits received	22,983	(25,553)	(307,314)
Other, net	(12,757)	3,297	39,652
Subtotal	51,499	58,968	709,176
Interest and dividends income received	162	265	3,186
Interest expenses paid	(13,155)	(15,059)	(181,111)
Income taxes paid	(19,240)	(10,226)	(122,981)
Net cash provided by operating activities	19,266	33,948	408,270
Cash Flows from Investing Activities:			
Purchase of investment securities	(1,771)	(6,226)	(74,876)
Proceeds from sales and liquidation of investment securities	394	75	902
Payments for investments in subsidiaries resulting in change in scope of consolidation	—	(13,664)	(164,330)
Net proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	2,169	26,092
Purchases of property and equipment and intangible assets	(26,796)	(37,571)	(451,846)
Proceeds from sales of property and equipment and intangible assets	1,011	18,820	226,342
Payments of loans receivable	(3)	—	—
Collection of loans receivable	45	128	1,537
Payments for lease and guarantee deposits	(652)	(1,032)	(12,413)
Proceeds from collection of lease and guarantee deposits	1,726	3,580	43,050
Repayments of lease and guarantee deposits received	(3,101)	(5,497)	(66,113)
Proceeds from lease and guarantees deposits received	4,527	5,367	64,552
Other, net	49	120	1,443
Net cash used in investing activities	(24,571)	(33,731)	(405,660)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	(109,200)	29,000	348,767
Increase in commercial paper	—	20,000	240,529
Repayments of finance lease obligations	(86)	(116)	(1,397)
Proceeds from long-term loans payable	147,300	76,850	924,233
Repayments of long-term loans payable	(83,197)	(130,769)	(1,572,683)
Proceeds from issuance of bonds	174	12,928	155,478
Redemption of bonds	(300)	(12,010)	(144,436)
Proceeds from issuance of common stock	65,251	0	1
Proceeds from issuance of common stock to minority shareholders	0	4	53
Purchase of treasury stock	0	0	(1)
Cash dividends paid	(6,794)	(3,331)	(40,063)
Cash dividends paid to minority shareholders	(50)	(42)	(509)
Net cash provided by (used in) financing activities	13,098	(7,486)	(90,028)
Net Increase (Decrease) in Cash and Cash Equivalents	7,793	(7,269)	(87,418)
Cash and Cash Equivalents at Beginning of the Fiscal Year	78,474	89,335	1,074,381
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	3,068	—	—
Cash and Cash Equivalents at End of the Fiscal Year (Note 2 (3))	¥ 89,335	¥ 82,066	\$ 986,963

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nomura Real Estate Holdings, Inc. and its subsidiaries
March 31, 2010 and 2011

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Nomura Real Estate Holdings, Inc. (the "Company") and its consolidated 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.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers using the prevailing exchange rate at March 31, 2011 of ¥83.15=U.S.\$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

(1) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries that the Company controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in the assets resulting from transactions among the consolidated companies has been eliminated.

(2) Foreign Currency Translation

All current and non-current accounts denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect at the consolidated balance sheet date. Differences arising from such 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 at the respective balance sheet dates of the subsidiaries and affiliates and the revenue and expense accounts are translated into yen at the average rates of exchange for the year. Differences arising from such translation are presented as "Foreign currency translation adjustments" in Net Assets.

(3) Cash and Cash Equivalents

In preparing the Consolidated Statements of Cash Flows, cash on hand, readily-available deposits and short-term, highly-liquid investments with maturities not exceeding three months at the time of purchase and with an insignificant risk of market value fluctuation are considered to be cash and cash equivalents.

As of March 31, 2011, the balance of "Cash and cash equivalents" differed from the total balance of "Cash and deposits" and "Short-term investment securities" because it did not include time deposits with deposit terms exceeding three months of ¥2 million (\$21 thousand).

As of March 31, 2010, the balance of "Cash and cash equivalents" differed from the total balance of "Cash and deposits" and "Short-term investment securities" because it did not include time deposits with deposit terms exceeding three months of ¥2 million.

(4) Recognition of Revenues

Revenues from sales of housing and other real estate are recognized upon delivery and acceptance by customers.

(5) Inventories

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

Write-downs of inventories as a result of a decrease in profitability for the years ended March 31, 2010 and 2011 were ¥5,623 million and ¥10,066 million (\$121,060 thousand), respectively.

(6) Short-term Investment and Investment Securities

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

Available-for-sale securities with market value are stated at fair market value based on market quotations at the balance sheet date. Unrealized gains and losses are reported, net of the applicable taxes, as a separate component of Net Assets. Cost of securities sold is determined by the moving-average method. Available-for-sale securities without market value are stated at cost by the moving-average method.

(7) Property and Equipment (except for leased assets)

Depreciation of property 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

(8) Software (except for leased assets)

Costs of software for internal use are amortized using the straight-line method over an estimated useful life of five years.

(9) 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.

(10) Amortization of Goodwill

Goodwill is amortized using the straight-line method over a period of 14 to 20 years.

(11) 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.

(12) Income Taxes

Current income taxes are stated at the estimated amount payable during each fiscal year for corporation, enterprise and inhabitants' taxes in the Consolidated Statements of Income.

The tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes is recognized as deferred income taxes.

(13) Provision for Retirement Benefits

In order to provide for employees' retirement benefits, the Company and its subsidiaries account for the liability for retirement benefits based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year.

Prior service cost is accounted for as an expense calculated using the straight-line method based on a certain number of years (i.e., 10 years), which is equal to or less than the average remaining service period of the employees in service during the period in which it arises.

Actuarial gain or loss is included in the Consolidated Statements of Income from the year following the fiscal year in which the gain or loss is recognized on a straight-line basis over a 10-year period, which is shorter than the average remaining service period of the eligible employees.

(14) Per Share Information

Basic net income per share is computed by dividing the net income available for distribution to shareholders of common stock by the weighted-average number of shares of common stock outstanding during each fiscal year. Diluted net income per share is computed by dividing the net income available for distribution to the shareholders by the weighted-average number of shares of common stock outstanding during each fiscal year assuming full conversion of convertible bonds and full execution of warrants.

Net assets per share for the years ended March 31, 2010 and 2011 were ¥1,583.63 and ¥1,599.57 (\$19.24), respectively.

Net income per share for the years ended March 31, 2010 and 2011 were ¥25.69 and ¥28.74 (\$0.35), respectively.

Diluted net income per share for the years ended March 31, 2010 and 2011 were ¥25.63 and ¥28.70 (\$0.34), respectively.

(15) Land Revaluation

Under the "Law Concerning Revaluation Reserve for Land" promulgated on March 31, 1998, the Company revalued its land held for business use. The tax amount for the difference between the appraisal value and the carrying amount is accounted for as "Deferred tax liabilities for land revaluation" in Noncurrent Liabilities and the difference net of such tax amount is recorded as "Revaluation reserve for land" in Net Assets.

Method of revaluation:

Value of land is determined based on a reasonable adjustment to the assessed value of the fixed assets as stipulated in Item 3, Article 2 of the "Enforcement Ordinance Concerning Land Revaluation" (Ordinance No. 119 enacted on March 31, 1998).

Date of revaluation: March 31, 2002

At March 31, 2010 and 2011, market value was not less than book value after revaluation.

(16) Derivative Financial Instruments

In principle, net assets and liabilities arising from derivative financial instruments are measured at fair value, with any changes in unrealized gain or loss credited or charged to income. Hedging transactions are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as assets or liabilities until the losses or gains on the underlying hedged items are recognized.

As to interest rate swaps that meet certain hedging criteria, the Company applies exceptional treatment where the Company does not record these instruments at fair value but charges or credits the net cash flows from these instruments to the interest arising from the hedged borrowings and corporate bonds. For currency swaps and foreign exchange forwards that meet certain hedging criteria, the Company records cash flows from securities and loans denominated in foreign currencies at an amount determined by the swaps and forwards, and no gain or loss is recognized.

(17) Asset Retirement Obligations

Effective from the fiscal year under review, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued on March 31, 2008). As a result, both operating income and ordinary income decreased by ¥138 million (\$1,662 thousand) and income before income taxes and minority interests decreased by ¥822 million (\$9,884 thousand).

(18) Accounting Standard for Business Combinations

Effective from the fiscal year under review, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No.21 issued on December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 issued on December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23 issued on December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No.7 issued on December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16 issued on December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on December 26, 2008).

(19) Consolidated Statements of Income

Effective from the fiscal year under review, the Company adopted the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5 dated March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 dated December 26, 2008) and introduced the line item "Income before minority interests" under the application of said Cabinet Office Ordinance.

(20) Partial Change in the Method for Calculating Fair Value of Available-for-sale Securities

Nomura Real Estate Development Co., Ltd., a consolidated subsidiary of the Company, had equity interest in private investment funds that invest in commercial mortgage-backed securities (CMBS). However, in view of, among others, the default events that occurred among some of the larger deals that have fallen due for redemption during the fiscal year under review, the consolidated subsidiary decided to freeze the CMBS investment business and, on December 24, 2010, entered into an agreement to transfer said equity interest to Falcon Investment, LLC, another consolidated subsidiary of the Company established in December 2010, for the purpose of managing said equity interest separately from the assets of the asset management business as an asset held for disposition to facilitate the recovery of invested capital.

In the past, the fair value of said private investment funds was measured at net asset value (NAV) if the NAV information is available. However, given the difficulty in trading these funds in the current CMBS market at NAV, the Company has established a system for calculating fair value internally and measured the fair value of these funds at an amount calculated using a reasonable method based on reasonable estimates by the management. The transfer price of the equity interest mentioned above is based on the fair value determined in this manner.

As a result, the Company recognized a loss of ¥14,767 million (\$177,593 thousand) on said transfer as "loss on valuation of operating equity investments" in extraordinary loss in the consolidated statement of income for the year ended March, 2011 and recorded said equity interest as "investment securities" in investments and other assets in the consolidated balance sheet at its fair value of ¥15,976 million (\$192,134 thousand), which was calculated using a reasonable method based on reasonable estimates by the management.

(21) Accounting Standard for Presentation of Comprehensive Income

Effective from the fiscal year under review, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010).

(22) Provision for Loss on Disaster

In order to provide for the expected expenditure for recovery costs, etc. related to the Great East Japan Earthquake, the Company recognized a provision for loss on disaster at an estimated amount as of the end of the fiscal year under review.

3. Financial Instruments

(1) Policies on Financial Instruments

It is the policy of the Company and its consolidated subsidiaries to limit its fund management to safe and highly liquid deposits while raising funds primarily through loans 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

Short-term investment securities comprise safe and highly liquid negotiable deposits held for the purpose of managing temporary surplus funds.

Equity investments and investment securities primarily consist of stocks, investment units, units in an investment trust, preferred investments and investments in silent partnerships held for the purpose of business promotion, all of which are exposed to market price fluctuation and issuer credit risk. Currency swaps and 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 used by the Company are as follows.

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

The Company and its consolidated subsidiaries evaluate hedge effectiveness by comparing the cumulative changes in market fluctuations or in cash flows of the hedged items to the corresponding changes in the hedging derivative instruments.

(3) Policies and Systems for Risk Management

The Company regularly checks the market value of equity investments and investment securities, as well as the financial conditions 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 there is no substantial credit risk associated with these transactions because of the transactions being conducted only with highly creditworthy financial institutions.

Based on the reports from each division of the Company and the consolidated subsidiaries, 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

The fair values of financial instruments are based on their market prices. The fair values of financial instruments with no available market prices are determined by using prices calculated in a reasonable manner. However, as various factors are incorporated into these calculations, the resulting values may differ if different assumptions are provided.

(5) Fair value of financial instruments

The book values, fair values and differences of financial instruments as of March 31, 2011 are as follows. Items for which fair value is extremely difficult to determine have not been included.

2011						
	Book value		Fair value		Difference	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
(1) Cash and deposits	¥ 52,068	\$ 626,193	¥ 52,068	\$ 626,193	¥ —	\$ —
(2) Short-term investment securities	30,000	360,794	30,000	360,793	—	—
(3) Investment securities ¹	39,055	469,699	39,451	474,455	395	4,756
Total assets	121,123	1,456,686	121,519	1,461,441	395	4,756
(1) Short-term loans payable ²	55,000	661,455	55,000	661,455	—	—
(2) Commercial paper	20,000	240,529	20,000	240,529	—	—
(3) Bonds payable	33,000	396,873	33,633	404,486	633	7,613
(4) Long-term loans payable	708,910	8,525,676	723,357	8,699,417	14,447	173,741
Total liabilities	816,910	9,824,533	831,990	10,005,887	15,080	181,354
Derivative transactions ³	¥ 548	\$ 6,590	¥ 548	\$ 6,590	¥ —	\$ —

Notes: 1. Includes government bonds etc. presented as lease and guarantee deposits on the consolidated balance sheet.

2. Current portion of long-term loans payable is included in (4) Long-term loans payable.

3. 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. Investments in non-consolidated subsidiaries and affiliates are as follows:**

Investment securities (investments in silent partnership, etc.) ¥18,075 million (\$217,388 thousand)

2. Method of measuring the fair value of financial instruments**Assets****(1) Cash and deposits**

As these instruments are settled within a short term and their fair values and book values are nearly identical, their book values are assumed as their fair values.

(2) Short-term investment securities

As these instruments, primarily comprising negotiable deposits and CRF, are settled within a short term and their fair values and book values are nearly identical, their book values are assumed as their fair values.

(3) Investment securities

For stocks and investment units, fair values are determined mainly at the price quoted on an exchange. For investment trusts, fair values are determined at an amount reasonably calculated based on a reasonable estimate of the management.

Please see Note 4. Securities for information on those securities from (2) through (3).

Liabilities**(1) Short-term loans payable and (2) Commercial paper**

As these instruments are settled within a short term and their fair values and book values are nearly identical, their book values are assumed as their fair values.

(3) Bonds payable

Market prices of the bonds issued by the Company.

(4) Long-term loans payable

For long-term loans payable, fair value is determined by discounting the total amount of principal and interest at the assumed interest rate on new loans of the same type. Long-term loans with floating interest rates are subject to interest rate swap exceptional procedures, and, therefore, the fair value is determined by discounting the total amount of interest and principal together with the interest rate swap at the interest rate assumed in a reasonable manner for new loans of the same type.

Derivatives

Please see Note 13. Derivative Financial Instruments for information on derivative transactions.

3. Financial instruments for which fair value is extremely difficult to determine

		2011	
		Book value	
		(Millions of yen)	(Thousands of U.S. dollars)
Investment in silent partnership		¥65,755	\$790,802

Financial instruments for which there is no fair value and for which the fair value is extremely difficult to determine are not included in (3) Investment securities.

4. Redemption schedule for financial assets with maturities

								2011
	Within 1 year		1–5 years		5–10 years		Over 10 years	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits	¥51,993	\$625,297	¥ —	\$ —	¥ —	\$ —	¥—	\$—
Short-term investment securities and investment securities	—	—	—	—	—	—	—	—
Held-to-maturity debt securities	—	—	—	—	—	—	—	—
Government and municipal bonds, etc.	3	36	297	3,572	433	5,208	—	—
Corporate bonds	—	—	—	—	—	—	—	—
Available-for-sale securities with maturities	—	—	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—	—
Others	30,000	360,794	—	—	—	—	—	—
Total	¥81,996	\$986,127	¥297	\$3,572	¥433	\$5,208	¥—	\$—

5. Repayment schedule for bonds payable and long-term loans payable at March 31, 2011

	Within 1 year		1–2 years		2–3 years	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Bonds payable	¥ —	\$ —	¥ —	\$ —	¥ —	\$ —
Long-term loans payable	105,896	1,273,556	124,713	1,499,853	142,048	1,708,337
Total	¥105,896	\$1,273,556	¥124,713	\$1,499,853	¥142,048	\$1,708,337

	3–4 years		4–5 years		Over 5 years	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Bonds payable	¥ 10,000	\$ 120,264	¥ 3,000	\$ 36,080	¥ 20,000	\$ 240,529
Long-term loans payable	115,853	1,393,299	97,600	1,173,782	122,800	1,476,850
Total	¥125,853	\$1,513,563	¥100,600	\$1,209,862	¥142,800	\$1,717,379

4. Securities

The following tables summarize the acquisition cost, book value and fair value of securities held by the Company as of March 31, 2010 and 2011.

(1) Held-to-maturity Debt Securities with Fair Value

	2010		
	(Millions of yen)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	¥293	¥294	¥ 1
Subtotal	293	294	1
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	279	277	(2)
Subtotal	279	277	(2)
Total	¥572	¥571	¥(1)

	2011		
	(Millions of yen)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	¥307	¥313	¥6
Subtotal	307	313	6
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	431	429	(2)
Subtotal	431	429	(2)
Total	¥738	¥742	¥4

	(Thousands of U.S. dollars)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	\$3,689	\$3,761	\$72
Subtotal	3,689	3,761	72
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	5,182	5,163	(19)
Subtotal	5,182	5,163	(19)
Total	\$8,871	\$8,924	\$53

(2) Available-for-sale Securities with Fair Value

	2010		
	(Millions of yen)		
	Acquisition cost	Book value	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 624	¥ 1,199	¥ 575
Other	0	0	0
Subtotal	624	1,199	575
Securities whose book value does not exceed acquisition cost:			
Stocks	70	60	(10)
Other	79,817	76,085	(3,732)
Subtotal	79,887	76,145	(3,742)
Total	¥80,511	¥77,344	¥(3,167)

2011

	(Millions of yen)			(Thousands of U.S. dollars)		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities whose book value exceeds acquisition cost:						
Stocks	¥ 136	¥ 426	¥ 290	\$ 1,632	\$ 5,122	\$ 3,490
Other	5,280	5,320	40	63,499	63,985	486
Subtotal	5,416	5,746	330	65,131	69,107	3,976
Securities whose book value does not exceed acquisition cost:						
Stocks	507	446	(61)	6,098	5,361	(737)
Other	49,659	47,831	(1,828)	597,217	575,235	(21,982)
Subtotal	50,166	48,277	(1,889)	603,315	580,596	(22,719)
Total	¥55,582	¥54,023	¥(1,559)	\$668,446	\$649,703	\$(18,743)

(3) Sales of Available-for-sale Securities

The table below describes sales of available-for-sale securities for the years ended March 31, 2010 and 2011:

2010			2011			2011		
(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
Sales amount	Aggregate gains	Aggregate losses	Sales amount	Aggregate gains	Aggregate losses	Sales amount	Aggregate gains	Aggregate losses
¥88	¥—	¥53	¥0	¥0	¥—	\$0	\$0	\$—

(4) Impairment Losses on Equity Investments

During the fiscal year ended March 31, 2011, the Company incurred impairment losses of ¥14,767 million (\$177,593 thousand) on equity investments.

5. Short-term Loans Payable and Long-term Loans Payable

Short-term loans payable as of March 31, 2010 and 2011 mainly consisted of borrowings from banks with a weighted-average interest rate of 0.5% in 2010 and 2011.

Long-term loans payable and bonds payable as of March 31, 2010 and 2011 are summarized as follows:

	(Millions of yen)		(Thousands of U.S. dollars)	
	2010	2011	2011	
Unsecured bonds (1.7%), due 2014	¥ 10,000	¥ 10,000	\$ 120,265	
Unsecured bonds (2.1%), due 2017	10,000	10,000	120,265	
Secured bonds (2.0%), due 2020	—	10,000	120,265	
Secured bonds (0.7%), due 2012	180	—	—	
Secured bonds (1.8%), due 2016	—	3,000	36,078	
Loans payable*				
Secured	52,512	52,619	632,823	
Unsecured	660,945	656,291	7,892,853	
Lease obligations**	346	415	4,996	
Subtotal	733,983	742,325	8,927,547	
Less amounts due within one year	(82,680)	(106,027)	(1,275,133)	
	¥651,303	¥636,298	\$7,652,414	

* Long-term loans payable as of March 31, 2010 and 2011 mainly consisted of borrowings from domestic Japanese banks and life insurance companies with a weighted-average interest rates of 1.3% in 2010 and 1.2% in 2011.

** The weighted-average interest rate for lease obligations is not shown because for some consolidated subsidiaries the lease obligations recorded in the consolidated balance sheets are the amounts before deducting the interest equivalents included in the total lease commitments.

The following table shows the maturities of lease obligations subsequent to March 31, 2011.

Years ending March 31	(Millions of yen)	(Thousands of U.S. dollars)
2013	¥132	\$1,592
2014	94	1,128
2015	43	518
2016	15	181
2017 and thereafter	0	0
	¥284	\$3,419

6. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2010 and 2011 are summarized as follows:

(1) Pledged Assets and Secured Liabilities

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
Pledged assets:			
Buildings and structures	¥ 8,927	¥ 8,751	\$ 105,245
Land	7,455	7,455	89,655
Other property and equipment	56	44	532
	¥16,438	¥16,250	\$195,432
Secured liabilities:			
Short-term loans payable (Including the current portion of long-term loans payable)	¥ 731	¥ 663	\$ 7,978
Long-term loans payable (Repayment periods of more than one year)	1,550	887	10,661
Lease and guarantee deposits received	89	82	983
Total	¥ 2,370	¥ 1,632	\$ 19,622

(2) Pledged Assets and Secured Liabilities for Non-recourse Loans

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
Pledged assets:			
Real estate for sale	¥ 4,742	¥ 4,609	\$ 55,426
Buildings and structures	13,769	16,614	199,806
Land	68,088	70,684	850,079
Construction in progress	1,914	13	151
Total	¥88,513	¥91,920	\$1,105,462
Secured liabilities:			
Short-term loans payable	5,100	6,203	74,603
Long-term loans payable	45,130	44,866	539,581
Total	¥50,230	¥51,069	\$ 614,184

These liabilities have arisen in relation to SHINJUKU MIRAI DEVELOPMENT, LLC, Metro Hongo, LLC, Metropolitan Seven, LLC, FLAGSHIP BUILDING, YK and three other companies, and the repayment obligations of these liabilities are limited to the assets of said companies including the pledged assets stated above. TJ Properties Special Purpose Company, Ltd. has, pursuant to the provisions of Article 128 of the Act on Securitization of Assets (Act No. 105 of 1998), pledged its assets as general security for specified corporate bonds of ¥3,000 million (\$36,079 thousand) and the repayment obligations of said company are limited to these pledged assets.

7. Retirement Benefits

(1) Outline of Retirement Benefit Plans

The Company does not have a retirement benefit plan. Among its consolidated subsidiaries that have adopted defined benefit plans, two subsidiaries have a lump-sum pension plan and a defined benefit corporate pension plan and one of them has also established a retirement benefit trust. Six subsidiaries have adopted only a lump-sum pension plan. Also, one consolidated subsidiary has a defined benefit lump-sum pension plan as well as a defined contribution pension plan. In certain cases, additional retirement benefit payments have been made.

In order to provide for employees' retirement benefits, the Company and its subsidiaries account for the liability for retirement benefits based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year. Prior service cost is accounted for as an expense calculated by using the straight-line method based on a certain number of years (i.e., 10 years), which is equal to or less than the average remaining service period of the employees in service during the period in which it arises. Actuarial gains and losses are accounted mainly for as an expense for an amount allocated to each period by using the straight-line method based on a certain number of years (i.e., 10 years), which is equal to or less than the average remaining service period of the employees in service during the fiscal year in which it arises, starting from the following fiscal year.

(2) Details of Retirement Benefit Obligation

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
(1) Projected benefit obligation	¥(25,009)	¥(21,181)	\$(254,731)
(2) Plan assets at fair value	7,290	7,876	94,725
(3) Unfunded retirement benefit obligation (1)+(2)	(17,719)	(13,305)	(160,006)
(4) Unrecognized actuarial gain or loss	2,274	1,214	14,599
(5) Unrecognized prior service cost	—	(3,758)	(45,201)
(6) Provision for retirement benefits (3)+(4)+(5)	¥(15,445)	¥(15,849)	\$(190,608)

Note: Certain consolidated subsidiaries applied a simplified method to calculate their projected benefit obligation.

(3) Details of Retirement Benefit Expenses

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
(1) Service cost	¥1,533	¥1,488	\$17,894
(2) Interest cost	446	465	5,591
(3) Less: Expected return on plan assets	(120)	(146)	(1,753)
(4) Amortization of actuarial gain or loss	661	579	6,961
(5) Amortization of prior service cost	—	(298)	(3,588)
(6) Additional retirement benefit payments	10	38	458
(7) Other	149	152	1,826
Retirement benefit expenses	¥2,679	¥2,278	\$27,389

Notes: 1. Retirement benefit expenses of consolidated subsidiaries applying a simplified method are included in "(1) Service cost."

2. "(7) Other" shows the contributions paid to defined contribution pension plans. Certain consolidated subsidiaries use a simplified method to calculate their projected benefit obligation.

Assumptions used in accounting for the retirement benefit plans are summarized as follows:

	2010	2011
Discount rate	2.00%	2.00%
Expected rate of return on plan assets	2.00%	2.00%

8. Reclassification of Assets

As a result of a review of assets held to maturity during the fiscal year ended March 31, 2011, ¥584 million (\$7,029 thousand) of property and equipment was reclassified as real estate for sale in process.

9. Gain on Sales of Property and Equipment

The breakdown of gain on sales of property and equipment for the fiscal year ended March 31, 2011 is as follows:

	(Millions of yen)	Gain on sales (Thousands of U.S. dollars)
Land	¥10,960	\$131,807
Buildings	106	1,280
Total	¥11,066	\$133,087

10. Impairment Loss

The Group recognized impairment loss on the following groups of assets for the fiscal year ended March 31, 2011:

Primary use	Type	Location
Leased assets (3 locations in total)	Buildings Land	Atsugi-shi, Kanagawa Prefecture and other locations

Assets of the Group are grouped into the smallest unit that generates identifiable cash flows that are largely independent of cash flows from other assets or groups of assets. The headquarters building and certain other assets are considered to be shared assets. As a result, with respect to three groups of assets that the Group plans to sell or with negative operating profit for several consecutive periods, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized as an impairment loss of ¥852 million (\$10,248 thousand) in extraordinary loss for the fiscal year under review. The impairment loss is broken down into an impairment loss of ¥571 million (\$6,865 thousand) on land and an impairment loss of ¥281 million (\$3,383 thousand) on buildings. The recoverable amount of these groups of assets is measured at the net realizable value and the net realizable value is, in turn, determined based on the expected sales price and the appraisal value provided by real estate appraisers.

11. Income Taxes

The statutory tax rate in Japan for the Company and its domestic subsidiaries was 40.7% for the years ended March 31, 2010 and 2011.

The table below presents an itemized breakdown of factors generating differences between the statutory tax rate and the effective tax rates of the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2011:

Significant differences between the statutory tax rate and the effective tax rate

	2010	2011
Statutory tax rate	40.7%	40.7%
Adjustments:		
Permanent differences including entertainment expenses	2.4	2.0
Retained earnings of affiliates	2.9	—
Valuation allowance	—	—
Other	1.1	1.7
Effective tax rates	47.1%	44.4%

The table below presents an itemized breakdown of deferred tax assets and liabilities as of March 31, 2010 and 2011:

Significant components of the Company's deferred tax assets and liabilities

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
Deferred tax assets:			
Unrealized profits	¥ 14,273	¥14,258	\$171,475
Inventory write-downs	13,169	13,882	166,957
Provision for retirement benefits	6,296	6,466	77,578
Provision for loss on subleasing business	1,013	1,040	12,505
Provision for loss on disaster	—	1,058	12,722
Provision for bonuses	1,760	1,711	20,580
Loss on valuation of equity investments	4,536	10,469	125,907
Accrued enterprise taxes	648	912	10,964
Excess of depreciation	1,786	2,482	29,853
Revaluation of assets on consolidation	2,527	4,394	52,843
Valuation difference on available-for-sale securities	1,503	925	11,122
Other	5,566	7,306	87,863
Gross deferred tax assets	53,077	64,903	780,549
Valuation allowance	(6,438)	(8,376)	(100,732)
Total deferred tax assets	46,639	56,527	679,817
Deferred tax liabilities:			
Revaluation of assets on consolidation	(69,419)	(65,932)	(792,928)
Reserve for deferred income taxes	(22,552)	(27,698)	(333,109)
Other	(630)	(1,737)	(20,909)
Total deferred tax liabilities	(92,601)	(95,368)	(1,146,946)
Net deferred tax liabilities	¥(45,962)	¥(38,842)	\$(467,129)

12. Shareholders' Equity

Companies in Japan were previously subject to the Commercial Code of Japan (the "Code"); however, the Code was superseded by the Companies Act of Japan (the "Act") which went into effect on May 1, 2006.

Under 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 capital stock account.

As of March 31, 2011, the Company's capital reserve amounted to ¥92,904 million (\$1,117,305 thousand), and no legal reserve was recorded.

13. Derivative Financial Instruments

(1) Derivatives to which hedge accounting is not applied

There are no derivative transactions to which hedge accounting is not applied.

(2) Derivatives to which hedge accounting is applied

(a) Currency related derivatives

Hedge accounting method	Type of derivatives	Major hedged items	Contract amount		Contract amount due after one year		Fair value	
			(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Deferral hedge accounting	Currency swaps	Securities denominated in foreign currencies	¥2,769	\$33,306	¥—	\$—	¥548	\$6,590
Total			¥2,769	\$33,306	¥—	\$—	¥548	\$6,590

Note: The fair value is determined based on the quoted price obtained from the financial institutions which are counterparties to the transactions.

(b) Interest rate related derivatives

Hedge accounting method	Type of derivatives	Major hedged items	Contract amount		Contract amount due after one year		Fair value	
			(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Specified treatment for interest rate swap	Interest rate swaps Receive floating rate/ Pay fixed rate	Long-term debt	¥548,365	\$6,594,894	¥473,692	\$5,696,839	(Note)	(Note)
Total			¥548,365	\$ 594,894	¥473,692	\$5,696,839		

Note: The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the paid or received under the swap agreements is recognized and included in interest expenses of income of the long-term debt as hedged items. Accordingly, the fair value of the interest rate swaps is considered to be included in the fair value of the long-term debt.

14. Leases

Details of significant lease transactions are as follows.

The table below presents the future lease payments and receipts of operating leases subsequent to March 31, 2010 and 2011.

	(Millions of yen)		(Thousands of U.S. dollars)
Operating leases	2010	2011	2011
Future lease payments:			
Due within 1 year	¥ 7,240	¥ 6,822	\$ 82,041
Due after 1 year	25,979	19,525	234,814
Total	¥33,219	¥26,347	\$ 316,855
Future lease receipts:			
Due within 1 year	¥ 9,957	¥14,314	\$ 172,144
Due after 1 year	49,453	77,528	932,392
Total	¥59,410	¥91,842	\$1,104,536

Note: The note for finance leases has been omitted due to lack of materiality.

15. Real Estate for Rent

Some of the Company's subsidiaries own rental office buildings and rental facilities (including land) in Tokyo and other regions.

The book values in the consolidated balance sheets, changes during the fiscal year under review, and fair values of real estate, of which some portions are used as rental property, are determined as follows.

(1) Fair value of rental and other properties in the fiscal year ended March 31, 2011

	March 31, 2010		Increase/Decrease		Book value		Fair value	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Rental properties	¥582,023	\$6,999,681	¥109,944	\$1,322,237	¥691,968	\$8,321,918	¥704,415	\$8,471,616
Other properties used as rental properties	25,267	303,870	(239)	(2,877)	25,028	300,993	49,521	595,563

Notes: 1. Book values in the consolidated balance sheets are the amounts determined by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

2. The change during the fiscal year under review is mainly attributable to the acquisition of Toshiba Building (¥52,707 million (\$633,883 thousand)).

3. Fair values as of March 31, 2011, are determined by the Company (including adjustments based on certain indexes) based primarily on their values according to real estate appraisal standards. However, if there have been no fluctuations in appraisal values or indexes considered to appropriately reflect market values since the recent appraisal or acquisition from third parties, the Company uses the appraisal values or amounts derived from the indexes as the fair values at March 31, 2011.

4. In the above table, Other properties used as rental properties includes portions used by the Company and certain consolidated subsidiaries.

(2) Income and loss on rental properties in the fiscal year ended March 31, 2011

	Operating income		Others (gains (losses) on sale of property, etc.)	
	(Millions of yen)	(Thousands of U.S. dollars)	(Millions of yen)	(Thousands of U.S. dollars)
Rental properties	¥25,400	\$305,471	¥9,031	\$108,614
Other properties used as rental properties	1,183	14,226	(3)	(30)

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 income for this type of real estate is not recorded.

2. Others include gain on sales of noncurrent assets (¥11,066 million (\$133,087 thousand)) and impairment loss (¥852 million (\$10,248 thousand)).

16. Segment Information

The Company and its consolidated subsidiaries mainly operate in five business segments: (1) Residential Development, (2) Building, (3) Investment Management & Development, (4) Property Brokerage & Consignment Sales, and (5) Other.

Results by segment for the fiscal years ended March 31, 2010 and 2011 were as follows:

Results by segment for the fiscal year ended March 31, 2010

	(Millions of yen)						
	Residential Development	Building	Investment Management & Development	Property Brokerage & Consignment Sales	Other	Subtotal	Eliminations or corporate
Operating revenue and operating income							
Operating revenue:							
External customers	¥258,659	¥ 88,401	¥ 35,650	¥ 32,511	¥ 19,005	¥ 434,226	¥ —
Inter-segment	411	6,837	539	1,453	652	9,892	(9,892)
Subtotal	259,070	95,238	36,189	33,964	19,657	444,118	(9,892)
Operating expenses	(248,335)	(73,651)	(27,691)	(31,274)	(19,225)	(400,176)	5,225
Operating income	¥ 10,735	¥ 21,587	¥ 8,498	¥ 2,690	¥ 432	¥ 43,942	¥ (4,667)
Total assets, depreciation, and capital expenditure							
Total assets	¥307,154	¥542,619	¥403,393	¥ 45,003	¥ 27,531	¥1,325,700	¥79,724
Depreciation	287	8,578	538	175	950	10,528	230
Impairment loss	0	0	0	0	495	495	0
Capital expenditure	580	17,530	8,686	101	696	27,593	(65)

Notes: 1. Business segments are determined according to the business activities of each company in the consolidated group.

2. Principal products and services within each segment

Residential Development Business

Sale of condominiums, detached housing and residential lots, overall management of condominiums

Building Business

Leasing and overall management of office buildings, district heating and cooling services

Investment Management & Development Business

Development and sale of profit-generating property management of and investment in real estate funds

Property Brokerage & Consignment Sales Business

Real estate brokerage and consulting services, sales representation of condominiums and detached housing, insurance brokerage

Other Business

Fitness club management

3. Operating expenses for the fiscal year ended March 31, 2010 consisted of ¥5,321 million of unallocable operating expenses which were included in "Eliminations or corporate." The principal items were expenses related to general administration of the Company and its consolidated subsidiary, Nomura Real Estate Development Co., Ltd.

4. Total assets at March 31, 2010 consisted of ¥111,441 million, of assets not allocated to a segment which were included in "Eliminations or corporate." The principal items were surplus funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets, and assets related to general administration of the Company and its consolidated subsidiary, Nomura Real Estate Development Co., Ltd.

Results by segment for the fiscal year ended March 31, 2011

(Millions of yen)

	Residential Development	Building	Investment Manage- ment & Development	Property Brokerage & Consignment Sales	Other	Subtotal	Eliminations or corporate	Total
Operating revenue and operating income								
Operating revenue:								
External customers	¥285,494	¥ 93,027	¥ 55,488	¥27,293	¥19,681	¥ 480,983	¥ —	¥ 480,983
Inter-segment	641	7,362	559	1,662	1,286	11,510	(11,510)	0
Subtotal	286,135	100,389	56,047	28,955	20,967	492,493	(11,510)	480,983
Segment income	15,803	22,644	6,773	1,220	652	47,094	(5,010)	42,083
Segment assets	¥313,078	¥624,749	¥379,753	¥39,790	¥28,604	¥1,385,974	¥88,357	¥1,474,331
Other items								
Depreciation	¥ 329	¥ 10,088	¥ 989	¥ 179	¥ 1,026	¥ 12,610	¥ 225	¥ 12,836
Amortization of goodwill	29	236	—	—	—	265	0	265
Investment in affiliates accounted for using equity method	12	754	8,526	90	—	9,381	—	9,381
Increase in property, plant and equipment and intangible assets	342	49,104	17,905	340	544	68,235	(31,274)	36,961

(Thousands of U.S. dollars)

	Residential Development	Building	Investment Manage- ment & Development	Property Brokerage & Consignment Sales	Other	Subtotal	Eliminations or corporate	Total
Operating revenue and operating income								
Operating revenue:								
External customers	\$3,433,481	\$1,118,780	\$ 667,326	\$328,242	\$236,694	\$ 5,784,523	\$ —	\$ 5,784,523
Inter-segment	7,714	88,544	6,718	19,990	15,469	138,435	(138,435)	—
Subtotal	3,441,195	1,207,324	674,044	348,232	252,162	5,922,958	(138,435)	5,784,523
Segment income	190,062	272,329	81,456	14,670	7,855	566,372	(60,258)	506,114
Segment assets	\$3,765,219	\$7,513,519	\$4,567,083	\$478,531	\$344,009	\$16,668,361	\$1,062,620	\$17,730,981
Other items								
Depreciation	\$ 3,958	\$ 121,317	\$ 11,893	\$ 2,155	\$ 12,324	\$ 151,646	\$ 2,724	\$ 154,371
Amortization of goodwill	352	2,833	0	0	0	3,185	0	3,185
Investment in affiliates accounted for using equity method	140	9,063	102,537	1,078	—	112,819	—	112,819
Increase in property, plant and equipment and intangible assets	411	590,546	215,329	4,086	6,545	820,623	(376,110)	444,513

Notes: 1. The "Other" category, which represents operating segments that are not included in reportable segments, includes fitness club and other businesses.

2. (1) The deduction of ¥5,010 million (\$60,258 thousand) shown in the eliminations or corporate column for segment income includes a deduction of ¥84 million (\$1,012 thousand) for the elimination of inter-segment transactions and a deduction of ¥4,926 million (\$59,245 thousand) for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of ¥88,357 million (\$1,062,620 thousand) shown in the eliminations or corporate column for segment assets includes a deduction of ¥34,632 million (\$416,505 thousand) for the elimination of inter-segment transactions and an addition of ¥122,989 million (\$1,479,125 thousand) for corporate assets not allocated to reportable segments.

(3) The figure shown in the eliminations or corporate column for increase in property, plant and equipment and intangible assets is mainly attributable to reclassifications between segments.

3. The segment income by segment is reconciled to the operating income stated in the consolidated financial statements.

(Supplementary information)

Beginning with the fiscal year ended March 31, 2011, the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, Revised March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) are applied.

17. Contingent Liabilities

Contingent liabilities as of March 31, 2010 and 2011 were as follows:

		(Millions of yen)	(Thousands of U.S. dollars)
	2010	2011	2011
Guarantees for home loans of house purchasers from banks and other	¥67,305	¥80,083	\$963,120
Guarantees for loans to business partners in the business of commercial buildings for rent	1,014	948	11,402
	¥68,319	¥81,031	\$974,522

18. Consolidated Statement of Comprehensive Income

Information on comprehensive income for the fiscal year ended March 31, 2010

Comprehensive income for the year ended March 31, 2010:		
Comprehensive income attributable to owners of the parent		¥6,639 million
Comprehensive income attributable to minority interests		¥2,464 million
Total		¥9,103 million
Other comprehensive income for the year ended March 31, 2010:		
Valuation difference on available-for-sale securities		¥1,742 million
Deferred gains or losses on hedges		¥24 million
Share of other comprehensive income of affiliates accounted for using the equity method		¥213 million
Total		¥1,979 million

19. Schedule of Asset Retirement Obligations

A presentation of this schedule is omitted pursuant to the provisions of Article 92-2 of the Consolidated Financial Statements Regulations as the amount of asset retirement obligations is not more than 1% of the total amount of liabilities and net assets as of the end of the fiscal year under review.

20. Subsequent Events

Payment of Dividends

At the 7th Annual General Meeting of Shareholders held on June 29, 2011, a resolution for the payment of dividends of ¥12.5 (\$0.15) per share, ¥2,380 million (\$28,618 thousand) in total, to shareholders of record as of March 31, 2011 was approved.

Change of Parent Company

Nomura Holdings, Inc. purchased additional shares of NOMURA LAND AND BUILDING Co., Ltd. from JAFECO Co., Ltd., The Asahi Fire and Marine Insurance Company Limited and Obayashi Corporation on May 24, 2011, and acquired the majority of the voting rights in NOMURA LAND AND BUILDING Co., Ltd., which is the parent company of Nomura Real Estate Holdings, Inc. With this stock acquisition, Nomura Holdings, Inc. became the parent company of NOMURA LAND AND BUILDING Co., Ltd. and thus also became the new parent company of Nomura Real Estate Holdings, Inc.

21. Stock Options

In accordance with the Companies Act of Japan, on November 30, 2007, the Company granted certain stock options to certain directors, executive officers and employees of the Company and its consolidated subsidiaries.

Information regarding the Company's stock option plans is summarized as follows:

1. Description

Nomura Real Estate Holdings, Inc.

FY2007	2nd issue of stock options	3rd issue of stock options
Recipients	Directors of the Company's subsidiaries (43 persons)	Directors of the Company (5 persons) Directors of the Company's subsidiaries (45 persons) Employees of the Company's subsidiaries (116 persons)
Type/number of shares reserved (see Note)	Common stock: 52,300 shares	Common stock: 180,400 shares
Grant date	November 30, 2007	November 30, 2007
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	November 30, 2008 – November 29, 2013	November 30, 2009 – November 29, 2014

Nomura Real Estate Holdings, Inc.

FY2008	2nd issue of stock options	3rd issue of stock options
Recipients	Directors and executive officers of the Company's subsidiaries (51 persons)	Directors of the Company (5 persons) Directors and executive officers of the Company's subsidiaries (52 persons) Employees of the Company's subsidiaries (122 persons)
Type/number of shares reserved (see Note)	Common stock: 61,300 shares	Common stock: 191,200 shares
Grant date	August 11, 2008	August 11, 2008
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	August 11, 2009 – August 10, 2014	August 11, 2010 – August 10, 2015

Nomura Real Estate Holdings, Inc.

FY2009	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Recipients	Directors of the Company (8 persons)	Directors and executive officers of the Company's subsidiaries (51 persons)	Directors of the Company (8 persons) Directors and executive officers of the Company's subsidiaries (51 persons) Employees of the Company's subsidiaries (129 persons)
Type/number of shares reserved (see Note)	Common stock: 21,200 shares	Common stock: 59,500 shares	Common stock: 202,700 shares
Grant date	August 11, 2009	August 11, 2009	August 11, 2009
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	August 11, 2010 – August 10, 2015	August 11, 2010 – August 10, 2015	August 11, 2011 – August 10, 2016

Nomura Real Estate Holdings, Inc.

FY2010	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Recipients	Directors of the Company (7 persons)	Directors and executive officers of the Company's subsidiaries (57 persons)	Directors of the Company (7 persons) Directors and executive officers of the Company's subsidiaries (57 persons) Employees of the Company's subsidiaries (147 persons)
Type/number of shares reserved (see Note)	Common stock: 20,000 shares	Common stock: 66,100 shares	Common stock: 226,400 shares
Grant date	August 23, 2010	August 23, 2010	August 23, 2010
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	August 23, 2011 – August 22, 2016	August 23, 2011 – August 22, 2016	August 23, 2012 – August 22, 2017

MEGALOS CO., LTD.

FY2008	2nd issue of stock options
Recipients	Directors of the Company (3 persons) Employees of the Company (14 persons)
Type/number of shares reserved (see Note)	Common stock: 32,000 shares
Grant date	December 1, 2008
Vesting conditions	No conditions attached
Service period	No period specified
Exercisable period	December 1, 2009 – November 30, 2015

MEGALOS CO., LTD.

FY2009	1st issue of stock options	2nd issue of stock options
Recipients	Directors of the Company (3 persons)	Directors of the Company (3 persons) Employees of the Company (12 persons)
Type/number of shares reserved (see Note)	Common stock: 7,900 shares	Common stock: 27,000 shares
Grant date	August 3, 2009	August 3, 2009
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	August 3, 2010 – August 2, 2015	August 3, 2011 – August 2, 2016

MEGALOS CO., LTD.

FY2010	1st issue of stock options	2nd issue of stock options
Recipients	Directors of the Company (3 persons)	Directors of the Company (3 persons) Employees of the Company (12 persons)
Type/number of shares reserved (see Note)	Common stock: 7,900 shares	Common stock: 28,000 shares
Grant date	August 23, 2010	August 23, 2010
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	August 23, 2011 – August 22, 2016	August 3, 2012 – August 22, 2017

2. Scale of offer and status of changes

(1) Number of stock options

Nomura Real Estate Holdings, Inc.

FY2007	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	13,400	180,400
Vested:	—	—
Exercised	2,300	—
Forfeited	—	6,500
End of the year	11,100	173,900

Nomura Real Estate Holdings, Inc.

FY2008	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	184,100
Granted	—	—
Forfeited	—	—
Vested:	—	184,100
End of the year	—	—
Vested: (shares)		
Previous fiscal year end	23,800	7,100
Vested:	—	184,100
Exercised	6,100	—
Forfeited	—	—
End of the year	17,700	191,200

Nomura Real Estate Holdings, Inc.

FY2009	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	199,200
Granted	—	—	—
Forfeited	—	—	—
Vested:	—	—	10,900
End of the year	—	—	188,300
Vested: (shares)			
Previous fiscal year end	21,200	59,500	3,500
Vested:	—	—	10,900
Exercised	17,700	29,900	—
Forfeited	—	—	—
End of the year	3,500	29,600	14,400

Nomura Real Estate Holdings, Inc.

FY2010	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	—
Granted	20,000	66,100	226,400
Forfeited	—	—	—
Vested:	20,000	66,100	3,400
End of the year	—	—	223,000
Vested: (shares)			
Previous fiscal year end	—	—	—
Vested:	20,000	66,100	3,400
Exercised	—	—	—
Forfeited	—	—	—
End of the year	20,000	66,100	3,400

MEGALOS CO., LTD.

FY2008	2nd issue of stock options
Non-vested: (shares)	
Previous fiscal year end	28,000
Granted	—
Forfeited	—
Vested:	28,000
End of the year	—
Vested: (shares)	
Previous fiscal year end	—
Vested:	28,000
Exercised	6,000
Forfeited	2,000
End of the year	20,000

MEGALOS CO., LTD.

FY2009	1st issue of stock options	2nd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	27,000
Granted	—	—
Forfeited	—	2,000
Vested:	—	—
End of the year	—	25,000
Vested: (shares)		
Previous fiscal year end	7,900	—
Vested:	—	—
Exercised	7,900	—
Forfeited	—	—
End of the year	—	—

MEGALOS CO., LTD.

FY2010	1st issue of stock options	2nd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	—
Granted	7,900	28,000
Forfeited	—	2,000
Vested:	7,900	—
End of the year	—	26,000
Vested: (shares)		
Previous fiscal year end	—	—
Vested:	7,900	—
Exercised	—	—
Forfeited	—	—
End of the year	7,900	—

(2) Unit price data

Nomura Real Estate Holdings, Inc.

FY2007	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	3,380
Average price upon exercise (¥)	1,581	—
Fair value on grant date (¥)	2,903	714

Nomura Real Estate Holdings, Inc.

FY2008	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	2,255
Average price upon exercise (¥)	1,432	—
Fair value on grant date (¥)	2,131	770

Nomura Real Estate Holdings, Inc.

FY2009	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	1,663
Average price upon exercise (¥)	1,135	1,250	—
Fair value on grant date (¥)	1,533	1,533	641

Nomura Real Estate Holdings, Inc.

FY2010	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	1,194
Average price upon exercise (¥)	—	—	—
Fair value on grant date (¥)	1,119	1,119	437

MEGALOS CO., LTD.

FY2008	2nd issue of stock options
Exercise price (¥)	740
Average price upon exercise (¥)	1,016
Fair value on grant date (¥)	184

MEGALOS CO., LTD.

FY2009	1st issue of stock options	2nd issue of stock options
Exercise price (¥)	1	1,010
Average price upon exercise (¥)	1,042	—
Fair value on grant date (¥)	883	259

MEGALOS CO., LTD.

FY2010	1st issue of stock options	2nd issue of stock options
Exercise price (¥)	1	1,093
Average price upon exercise (¥)	—	—
Fair value on grant date (¥)	983	219

Note: With respect to stock options outstanding at March 31, 2011, the number of stock options is calculated based on the number of shares of common stock which would be required to be issued if all such stock options were to be exercised.

Report of Independent Auditors



ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
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Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Nomura Real Estate Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Nomura Real Estate Holdings, Inc. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nomura Real Estate Holdings, Inc. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 29, 2011

Investor Information

(As of March 31, 2011)

Corporate Data

Corporate Name:	Nomura Real Estate Holdings, Inc.
Representative:	Kamezo Nakai (appointment on June 29, 2011)
Head Office:	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Date of Establishment:	June 1, 2004
Number of Employees:	5,300 (on a consolidated basis)
Fiscal Year:	From April 1 to March 31
General Meeting of Shareholders:	June

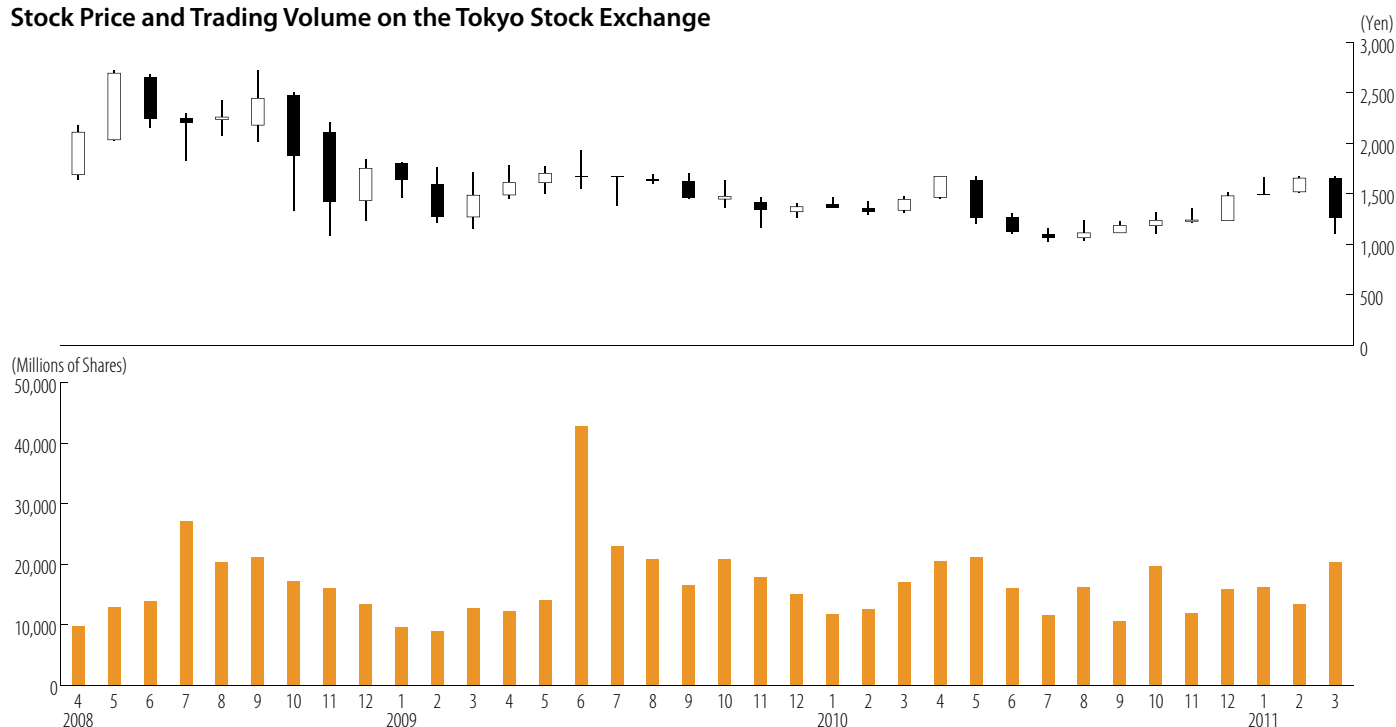
Stock Information

Common Stock:	¥115,574,287,600
Number of Authorized Shares:	450,000,000
Number of Shares Issued:	190,387,000
Market Listing:	First Section of Tokyo Stock Exchange
Minimum Trading Unit:	100 shares
Number of Shareholders:	51,592

Ten Largest Shareholders:

Name of Shareholder	No. of shares	Shareholding (%)
Nomura Land and Building Co., Ltd.	96,817,500	50.85
Japan Trustee Services Bank, Ltd. (Trust account)	7,867,200	4.13
The Master Trust Bank of Japan, Ltd. (Trust account)	7,837,600	4.11
The Chase Manhattan Bank NA London SL Omnibus Account	3,864,130	2.02
Nomura Real Estate Holdings Employee Shareholding Association	3,012,282	1.58
Japan Trustee Services Bank, Ltd. (Trust account 4)	1,966,100	1.03
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,760,700	0.92
NIPPONVEST	1,600,000	0.84
State Street Bank and Trust Company	1,489,334	0.78
The Bank of NY Treaty JASDEC Account	1,450,665	0.76

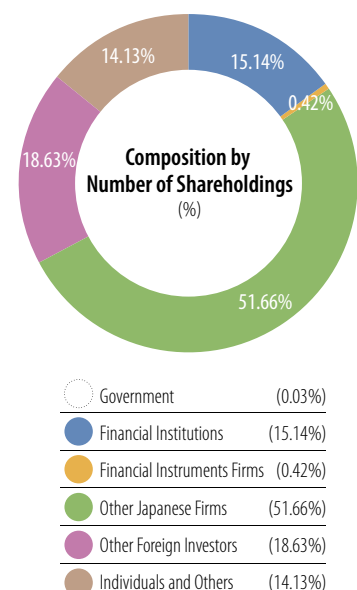
Stock Price and Trading Volume on the Tokyo Stock Exchange



IR site of Nomura Real Estate Holdings



<http://www.nomura-re-hd.co.jp/english/ir/index.html>



Nomura Real Estate Holdings, Inc.

Shinjyuku Nomura Building, 1-26-2

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