

Creating Value through Change

Integrated Report 2014





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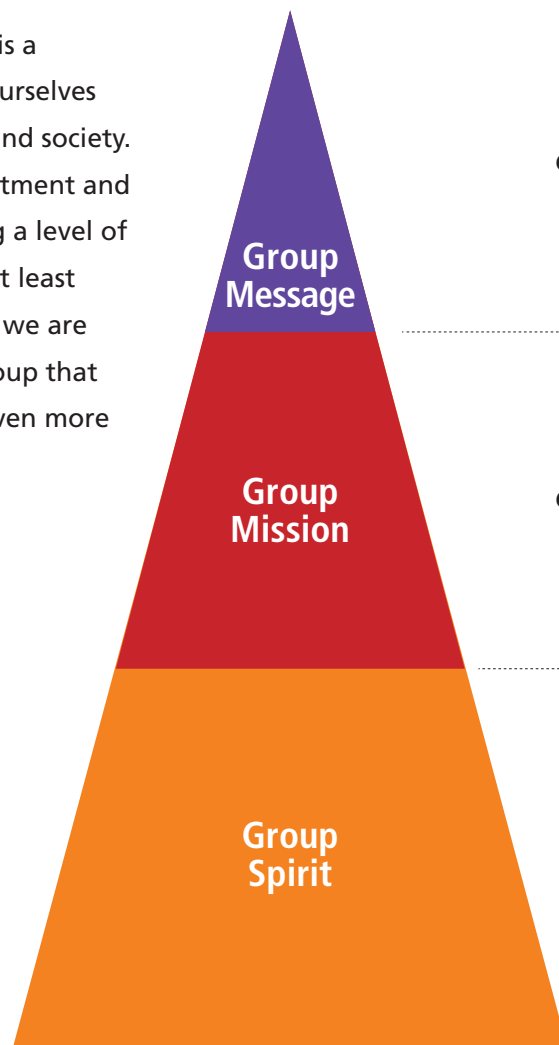
Editorial Policy

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

Forward-Looking Statements

This integrated report contains forward-looking statements about the future plans, strategies and performance of Nomura Real Estate Holdings, Inc. ("the Company") and its consolidated subsidiaries ("the Group"). These forward-looking statements are not historical facts. 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.

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.

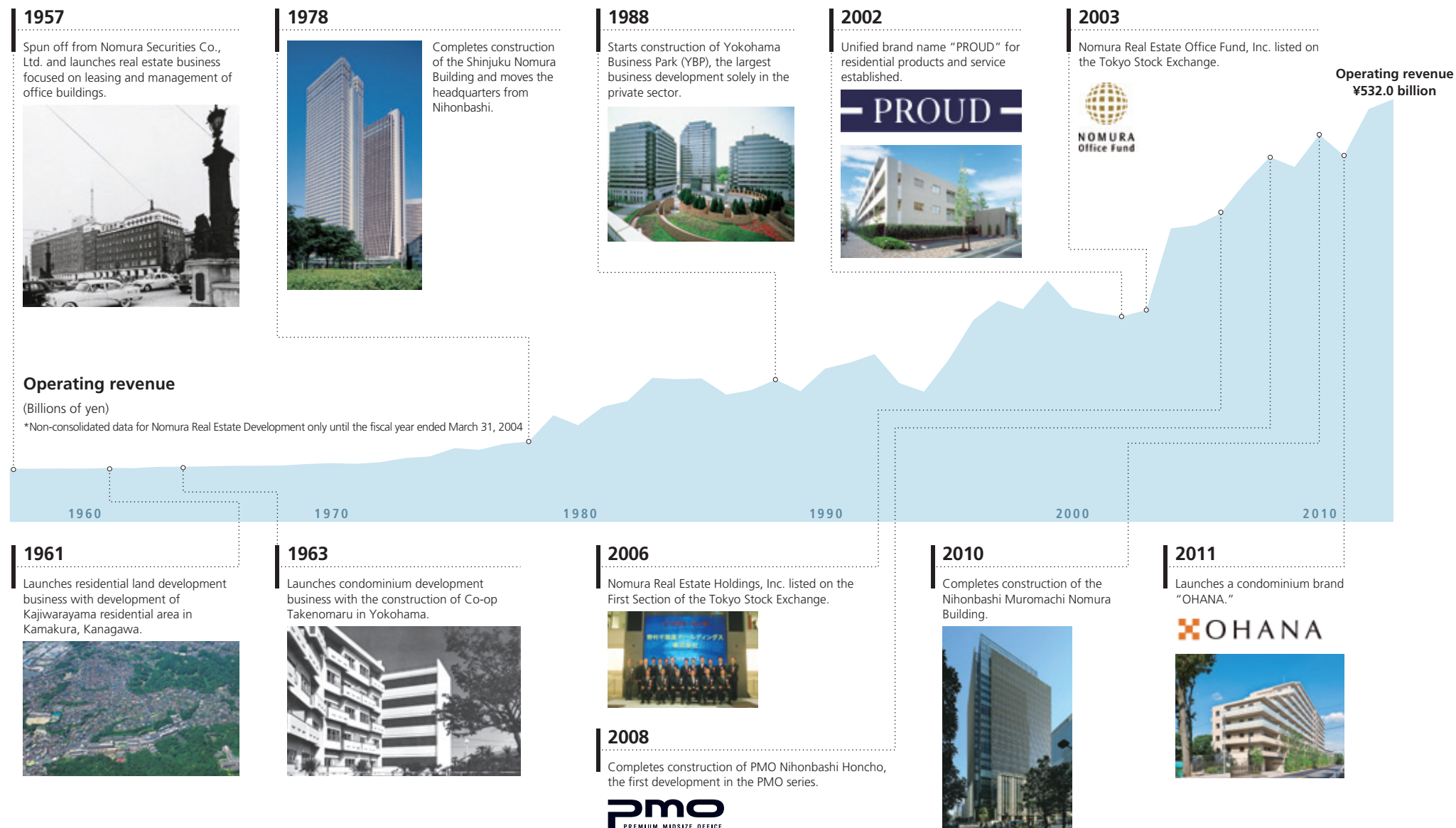
The Group Mission is positioned at the core of the philosophy of the Nomura Real Estate Group. It expresses the shared mission, sense of identity and goals for which the Nomura Real Estate Group everlastingly works.

Group Spirit

**Aim to be a very unique business group with creativity
The customers first
To the future with a youthful spirit and enthusiasm
Pursuit of a completely trustworthy brand
Being a part of a society**

The Group Spirit is the Group's attitude toward achieving its mission, and represents the value that all members of the Nomura Real Estate Group should continually share and treasure.

The Nomura Real Estate Group has continually been a forerunner in responding to the times and market changes while also tackling challenges and expanding its operations



Our established presence in the market is proof positive of trust earned from customers

Residential Development Business

Number of condominium units supplied (2nd in Japan in 2013)

6,517 units 

According to a study carried out by the Real Estate Economic Institute Co., Ltd., the Nomura Real Estate Group ranked second in Japan in terms of the number of condominiums supplied in 2013. Our medium-term sales target calls for the creation of a structure that can achieve a stable supply of 7,000 units annually and as a forerunner in the condominium sector we are committed to continually supplying high quality units to market and accommodating customer needs.

PROUD brand image

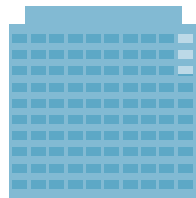
Number 1 in Japan 

According to the 2013 Condominium Brand Survey*1 conducted by Nikkei Inc., our core condominium brand PROUD received the top ranking in eight of ten categories, including "peace of mind," "sense of luxury," and "excellence." We will continue to maintain and improve the image of the PROUD brand moving forward.

Leasing Business

Vacancy rate of leased properties


(Roughly half the 6.70% vacancy rate*2 for the five wards of central Tokyo)

2.9% 

The Group has continually reinforced its tenant-focused sales and marketing activities and managed its properties to enhance tenant satisfaction. As a result, the vacancy rate of our leased buildings remains just 2.9%.

Investment Management Business

Assets under management (among Japan's largest real estate asset management companies)

Approximately
¥1.1 trillion 

The Group is one of Japan's largest real estate investment firms with more than one trillion yen in assets under management. The Group accommodates a broad range of investment needs through three listed J-REIT, privately-placed J-REIT, privately-placed funds, and privately-placed stock funds, among others.

Property Brokerage & CRE Business

"nomu.com" membership

Approximately
210,000 

The Group was the first in the industry to launch a real estate brokerage site and today nomu.com boasts the largest number of users and traffic in the industry.*3 The number of nomu.com members who belong to the membership service for buyers broke through 210,000 as of June 2014, making it a widely used site by many customers.

Property & Facility Management Business

Property management satisfaction of condominium residents

Number 1 
5 years in a row

The Group has earned the top ranking five years in a row in terms of customer satisfaction from a property management satisfaction survey conducted by SumaiSurfin (Home Surfing) of Attractors Lab Co., Ltd. (currently, Style Act Co., Ltd.). We will continue to improve customer satisfaction further by providing even more comfortable living environments, including Living Q Call which provides condominium residents with services for private areas.

*1 2013 Condominium Brand Survey was compiled based on 1,000 responses (786 male and 214 female) selected from the 1,824 responses received online following an ad placed in the morning edition of the May 22, 2013 Nikkei Newspaper calling for participants in the 2013 Condominium Brand Survey.

*2 Source: Office Report published by Miki Shoji Co., Ltd. (as of March 31, 2014)

*3 The number of users was approximately 1.5 million per the January 2014 Nielsen NetView (page views from home or work computers) and approximately 900,000 from smartphones per Nielsen Mobile NetView (page views from iOS or Android). This represents the largest number of monthly users for a real estate company (brokerage). There are redundant users among computer and smartphones, but Nielsen does not announce the number of non-redundant users for computers and smartphones. Therefore, the total number represents an estimate made by the Nomura Real Estate Group.

A business model that creates new value for customers and society

Primary Forms of Capital

Financial capital

- Total assets: ¥1.3 trillion
- Assets under management: ¥1.1 trillion

Human capital

- Employees: 5,747
- Temporary workers: 3,027

Intellectual capital

- Expertise in product development, sales and management
- R&D investment

Manufacturing capital

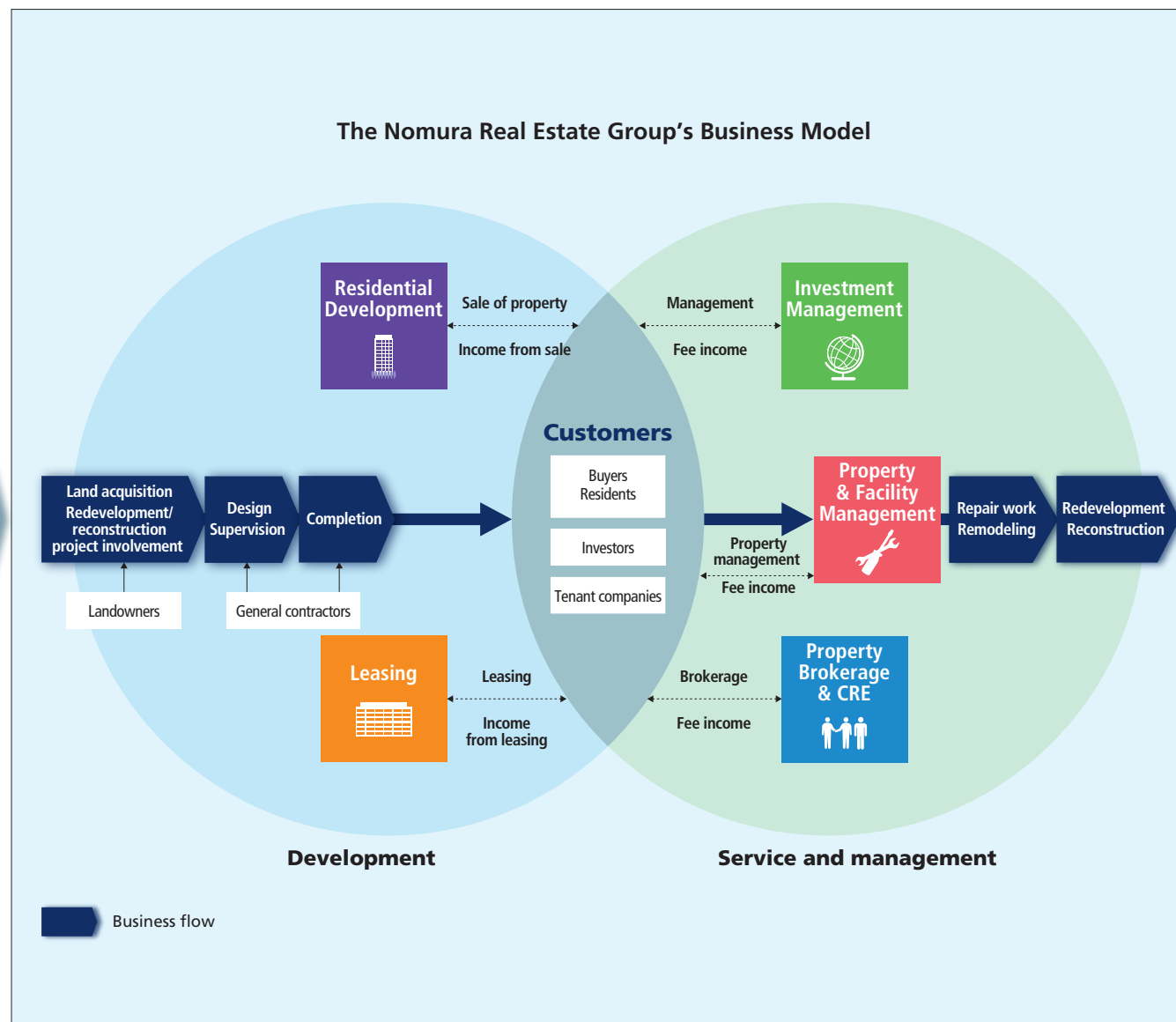
- Real estate for development
- Redevelopment/reconstruction projects

Social capital

- PROUD Owners Club: about 42,000 members
- Tenants: about 1,100 companies
- Corporate sales: over 5,000 companies

Environmental capital

- Energy usage*: 28,777 kl
- Waterworks usage*: 291,201 m³



Generated Value

Financial capital

- Operating income: ¥74.3 billion
- Shareholders' equity ratio: 27.1%
- ROA: 5.8%

Human capital

- Enhance capabilities of human resources and organizational performance

Intellectual capital

- Further enhance brand value
- New next-generation products, such as eco-friendly housing

Manufacturing capital

- Stock of sound assets, including residential and office
- Formation of high quality townscapes

Social capital

- Improve customer satisfaction
- Revitalize local communities
- Help companies maximize their real estate holdings

Environmental capital

- Amount of CO₂* reduced (YoY): 2,717 t
- Amount of waste* reduced (YoY): 246 t

*See page 52 for applicable buildings

The Nomura Real Estate Group's collective strengths and presence as an integrated developer





Realizing an enriching tomorrow for people and communities alike

“The best way for us to contribute to society is to put our full weight behind the construction of large-scale new towns to solve Japan’s housing problems.” This statement embodies the spirit of the social mission set forth by Nomura Real Estate Development Co., Ltd. when it opened its doors more than 50 years ago; and we have strived to live up to this ideal through the creation and development of communities that are in harmony with the environment and provide comfortable and enjoyable places for people to live and interact.

What the consumer public and society are looking for in communities and housing has been undergoing great change, and the issues that we are now addressing have expanded in scope to become much larger than anything we faced 50 years ago. These issues include changes in demographics caused by Japan’s declining birthrate and aging population, the growing importance of energy conservation, the need to provide safe, secure and high quality real estate to society, and the value of people-to-people and people-to-community connections.

To tackle these issues, we have been developing an understanding of the underlying causes of these changes, leveraging our unique expertise and experience as a developer and mobilizing all of our management resources. Furthermore, we have been developing our human resources and using organizational strengths driven by the diverse individual values of our people to face the future head on. I believe this approach will enable us to accurately identify changes in our increasingly complex and diverse management environment and open a path to sustainable growth and a continuing ability to give back to society.

“Bringing Tomorrow Today.” With this Group motto in mind, we strive to deliver new value ahead of the rest as changes take place in the world and continue to embrace the challenge of realizing a more enriching tomorrow for people and communities alike.



President

Review of Performance and Outlook

**Recorded our highest ever operating revenue and operating income.
Achieved our operating income target from Phase 1 of the Mid- to Long-term Business Plan two years ahead of schedule.**

For the fiscal year ended March 31, 2014, we posted operating revenue of ¥532.0 billion and operating income of ¥74.3 billion, both record highs. At the same time, we achieved the operating

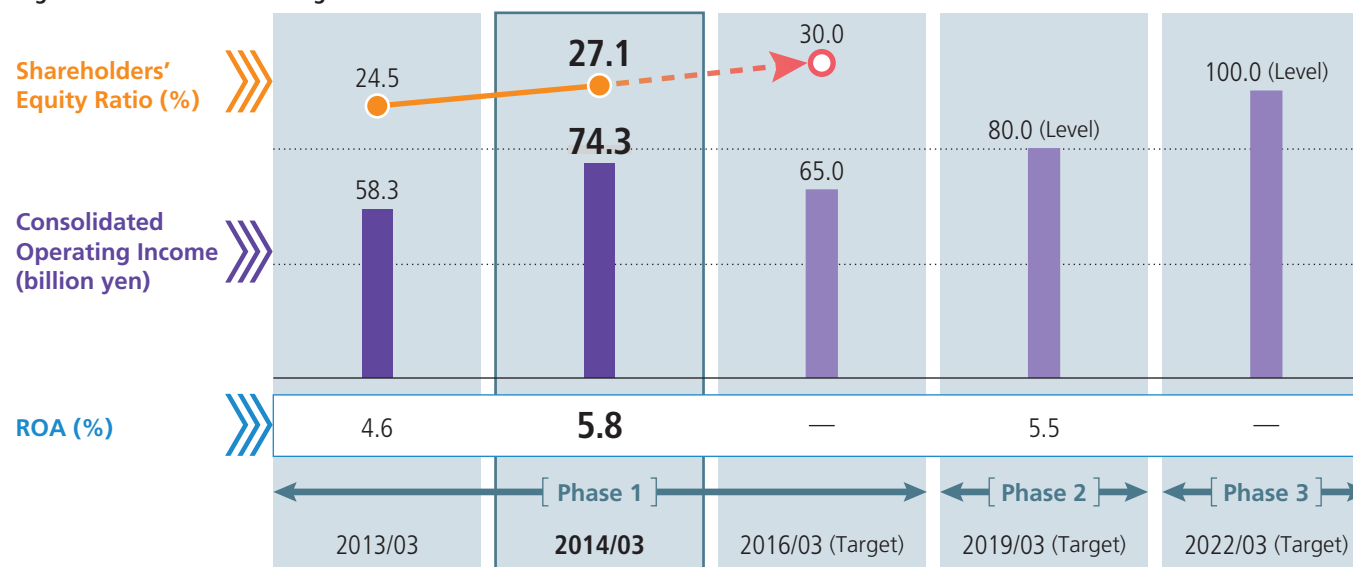
income target (¥65.0 billion) laid out for the final year of Phase 1 of the Mid- to Long-term Business Plan a full two years ahead of schedule.

Specifically, the Residential Development Business enjoyed record sales from growth in its mainstay brand PROUD, OHANA brand condominiums for suburban areas, as well as redevelopment and rebuilding projects, enabling us to establish a solid presence in the housing-for-sale market nationwide. The Leasing Business saw the PMO brand of midsize office buildings in Tokyo's downtown area capture a strong position in the market as well as steady growth in the number of development projects for the GEMS brand of urban-type commercial facilities and Landport brand of logistics facilities. The fact that we strived through these

businesses to deliver products and services in tune with the needs of the market made it possible to leverage the opportunities afforded by positive market conditions to the fullest.

We anticipate this business environment will continue going forward. As for performance in the fiscal year ending March 31, 2015, we anticipate that profits will dip compared to the fiscal year ended March 31, 2014 due to the impact felt from the partial relocation of Toshiba Corporation, our main tenant in the core Hamamatsucho Building. At the very least, however, we should be able to reach our operating income target (¥65.0 billion) for Phase 1, and we forecast an increase in profits for the fiscal year ending March 31, 2016 and beyond. Additionally, reinforcing our financial foundation aimed at future growth is another

Progress under the Mid- to Long-Term Business Plan



Quantitative Targets

Phase 1 (April 2012 to March 2016)

- Operating income of **¥65.0 billion**
- Shareholders' equity ratio of **30%**

Phase 2 (April 2016 to March 2019)

- Operating income of **¥80.0 billion level**
- ROA of **5.5%**

Phase 3 (April 2019 to March 2022)

- Earnings base for operating income of **¥100.0 billion level**

challenge we face. Yet, we fully expect to reach our targets for this indicator as well.

Given these factors, the Nomura Real Estate Group will shift to a more aggressive posture to unlock the next stage of its growth. We have already stepped up efforts on multiple redevelopment and mixed-use development projects in the downtown core of Tokyo in order to accumulate sound assets that will generate stable income streams well into the future.

In the fiscal year ended March 31, 2014 our dividend was ¥35, up ¥5 compared to initial forecasts, because of our strong earnings growth. For the fiscal year ending March 31, 2015, we expect to increase the dividend a further ¥5 to ¥40 to reflect our future outlook on performance.

Management Indices

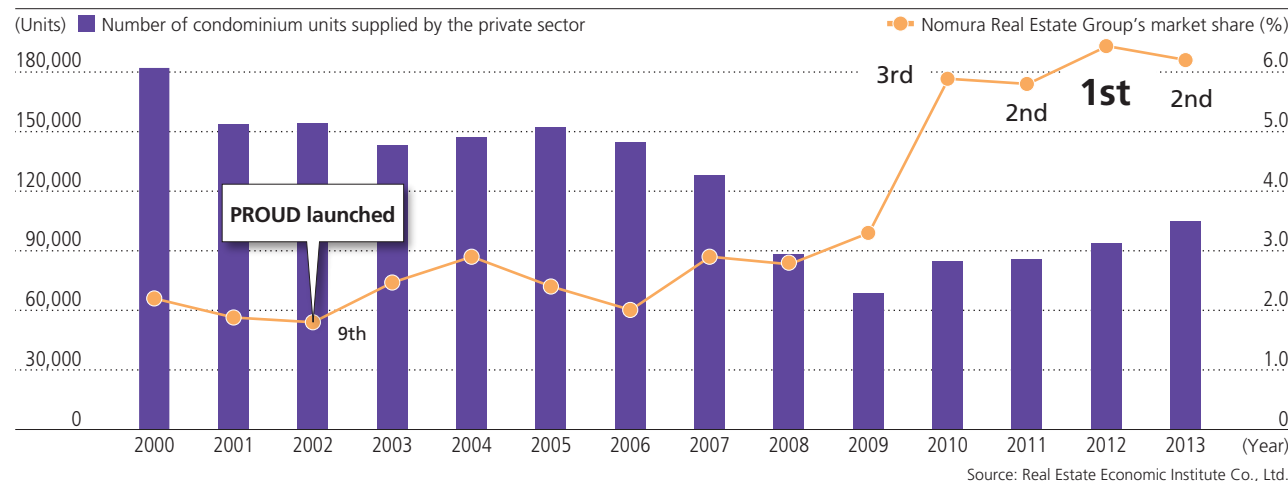
We are building a solid financial foundation and enhancing asset efficiency with an eye on further growth by pursuing a shareholders' equity ratio of over 30% and an ROA over 5.5%.

It goes without saying that a solid financial foundation is essential for the aggressive investments needed for future growth. For this reason, Phase 1 of the Mid- to Long-term Business Plan for April 2012 to March 2016 is the time to reinforce our financial foundation, with the achievement of a shareholders' equity ratio of over 30% as the target. Our shareholders' equity ratio as of

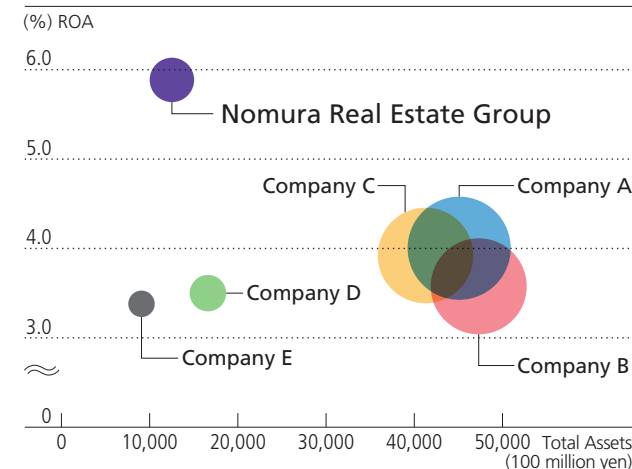
March 31, 2014 stood at 27.1%, which marks a solid improvement over the previous fiscal year end of 24.5%, inching us closer to the ultimate goal of 30%.

Another important performance indicator is achieving an ROA of over 5.5%, which is the target for Phase 2. This represents the highest ROA of any major company in the sector. Compared to our peers in the sector that have been around since before World War II, the Nomura Real Estate Group has a rather short history and does not have a huge portfolio of assets. Therefore, we will focus on enhancing asset efficiency to generate higher profits while leverage our strength in flexibility. In this regard, ROA represents a performance indicator closely in line with the direction we are seeking. We will steadily increase ROA by enhancing the profitability of our housing sales business and property development operations, and by growing businesses that do not use the balance sheet, such as Investment Management,

Private Sector Condominium Supply and Nomura Real Estate Group's Market Share



Comparison of ROA (Vertical) and Total Assets (Horizontal) of Major Real Estate Companies



*The size of the circle is determined by the amount of operating income.
 *ROA: (Operating income + Non-operating income) / Total assets at end of fiscal year
 Source: Created from the most recent year-end financial results documents of each company

Property Brokerage & CRE, and Property & Facility Management.

Growth Strategy

Rebuild our business portfolio to ensure each of our three core businesses accounts for an equal share of earnings and stabilize performance while achieving profit growth.

To obtain profit opportunities, developers face the inevitable need to anticipate volatility in the real estate market. Management, therefore, must give equal weight to both profit growth and performance stability. Given that our profit structure is slanted toward the Residential Development Business at the

moment, we will seek to stabilize growth in this business while increasing profit growth in our leasing, service and management businesses. The ultimate goal is to restructure our business portfolio to strike an equal balance among these three businesses to achieve stable performance.

Residential Development Business

It is unlikely that Japan's housing market will see further growth going forward due to an expected contraction caused by the prolonged decline in population. Nevertheless, if addressed correctly, changes in demographics caused by an increase in single-person and senior households, and further changes in customer needs caused by the diversification of lifestyle present sufficient potential to achieve stable business growth.

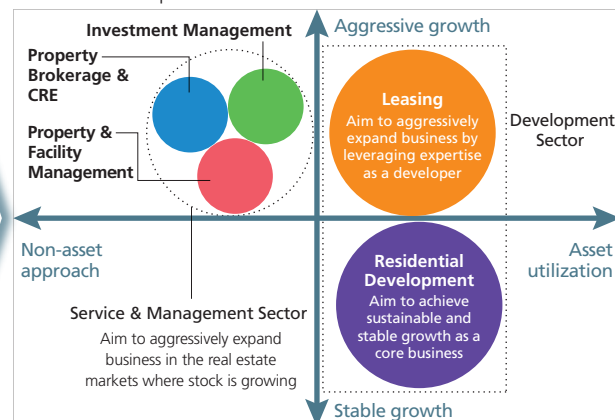
The strength of our Residential Development Business can be found in our ability to quickly reflect customer needs in products

Business Portfolio of the Nomura Real Estate Group

Prior to establishment of the Mid- to Long-term Business Plan

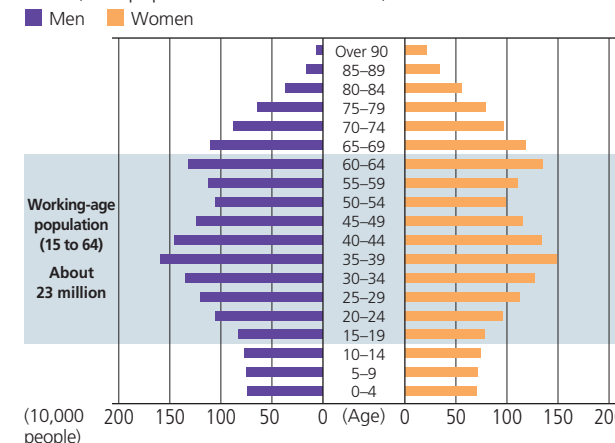


Future business portfolio

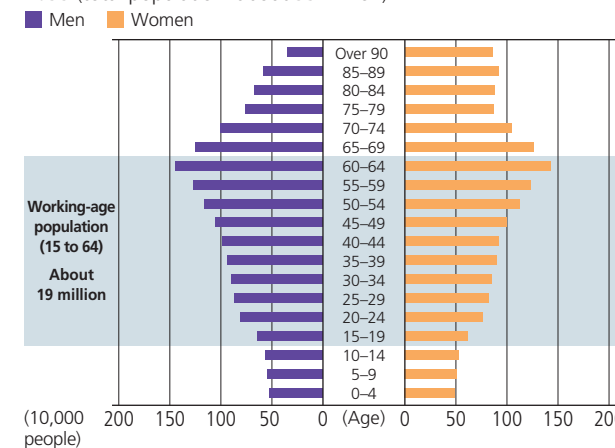


Population Pyramid (Greater Tokyo Metro Area)

2010 (total population: about 35 million)



2035 (total population: about 33 million)



Source: Graph created based on "Regional Population Projections for Japan" published by the National Institute of Population and Social Security Research

through an integrated structure that combines development, sales, and management. This strength is what has propelled PROUD brand condominiums to the top of the housing market. Leveraging this strength, we will work to develop the standard products of tomorrow ahead of our peers, products that meet the needs of rising environmental awareness and the increase in senior households, and products that provide new value to the housing market. This represents not only a key to business stability, but also our responsibility to society as a market leader.

With the rising number of people choosing condominiums as their primary residence, building up relations with existing customers has become more important than ever. Currently, we are working to build a Residential Value Chain that will serve as a platform as we link each of the businesses within the Nomura Real Estate Group. Deepening our brand value further and delivering life-long value to our customers through this value chain is a key to stable growth.



■ Leasing Business

The Leasing Business has been positioned as a key growth driver of future profits. Moving forward, we will agilely own and sell development properties in a manner that helps to boost profits.

As for ownership, we will stipulate the proper degree of investment and project volume in advance and expand our asset portfolio by incorporating only sound properties to ensure competitiveness over the long term. This in turn will enable us to realize growth in profits. On the sales side we will promote close cooperation with the Investment Management Business. We are committed to growing and expanding our Investment Management Business as well as selling development properties to REITs offered by the Nomura Real Estate Group.

■ Services and Management

Our Investment Management, Property Brokerage & CRE, and Property & Facility Management businesses help to generate stable earnings without increasing the balance sheet. Growing these businesses is essential to improving ROA and rebuilding our business portfolio.

In the Investment Management Business, heightened expectations for Japan's economic growth and inflation since the start of Abenomics have brought massive amounts of money into Japan's real estate fund market from individual and institutional investors in and outside of Japan, and from various national governments. The targets of real estate investments are also

increasingly diversified. Given this situation, the Nomura Real Estate Group will leverage its strengths in property acquisition and fund structuring as a pioneer in Japan's real estate fund market to continually deliver new products. We will also maintain our strong performance as an asset manager and expand profit opportunities by meeting investor expectations.

In the Property Brokerage & CRE Business, increasing housing stock in the retail segment has raised expectations for expansion in the existing housing market. The wholesale segment has also seen an increase in demand for Japanese real estate from foreign funds and requests from companies to more effectively utilize their real estate holdings. We will respond by working to establish an even stronger presence as a major property broker and by balancing both the retail and wholesale segments.

In the Property & Facility Management Business, with housing and building stock increasing in society, demand will grow to not only manage these buildings and homes, but also to maintain their asset value. To address these needs, we merged two of our real estate management companies in April 2014. This merger has established a structure through which we can leverage our collective strengths by combining the technological capabilities of the building management company and the operational know-how of the housing management company. Capitalizing on these collective strengths, we will move into new segments where growth is anticipated, such as large-scale repair work and PPP/PFI projects.

Aggressively Investing in Large-Scale Redevelopment Projects / Mixed-Use Development Projects

With momentum growing for urban renaissance in Tokyo's downtown areas, we will actively pursue the redevelopment business where we have a solid track record and experience.

"Being an enterprise group that continues to create high value through sustainable change." This long-term vision was adopted as a guideline for our Mid- to Long-term Business Plan and indicates the importance of our role as a real estate company in meeting the increasingly diverse needs of both customers and society while contributing to the resolution of social issues related to urban functions and housing, both key components of people's

lives and social infrastructure, through sustainable growth.

A major social issue and business opportunity emerging today is the aging nature of real estate stock in the central area of downtown Tokyo. Most of Tokyo's urban infrastructure was built for the 1964 Tokyo Olympics. The reconstruction of buildings that are now more than 50 years old and fail to meet current earthquake resistance codes is fast becoming a major issue as a result of heightened awareness for safety and security in the wake of the Great East Japan Earthquake that hit in March 2011. The National Strategic Special Zone program created as part of the government's growth strategy calls for the Greater Tokyo Metropolitan Area to be developed into the world's foremost business environment and made more competitive internationally with an eye on the 2020 Tokyo Olympics. Regulations such as floor-area ratio will be eased for this urban development in an effort to encourage the private sector to use its capital and know-how as much as possible. Revisions in the law* expected to come into effect in December will ease the requirements that must be met

to sell and demolish aging condominium buildings.

These factors are all working together to create a large-scale urban renaissance.

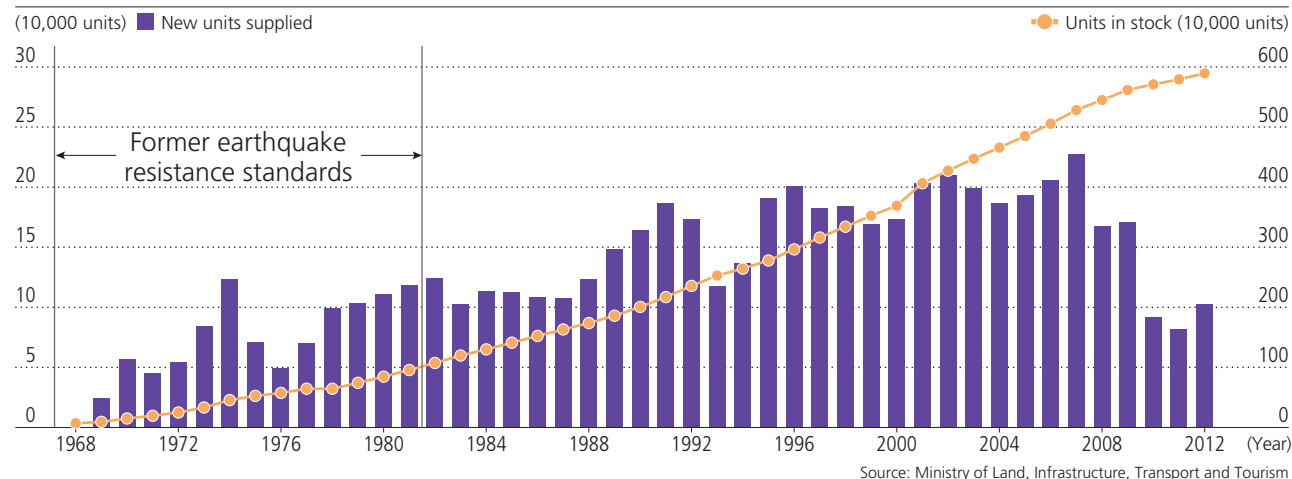
Building a high quality stock of real estate that can be used for the next several decades or longer through redevelopment and reconstruction will help the public to regain their sense of safety and security in communities and provide a sense of rejuvenation to both people and society, which represents the unique type of contribution to society that only a developer can make; and these efforts will allow us to make dramatic growth as a real estate company.

To reinforce this business, in April 2014 we set up a dedicated team that covers residential, office and commercial facility asset classes. As a leader in the redevelopment and reconstruction of housing, the Nomura Real Estate Group will leverage its track record and know-how to further strengthen its management capabilities through Group collaboration and pave the way for the success of multiple mixed-use development projects.

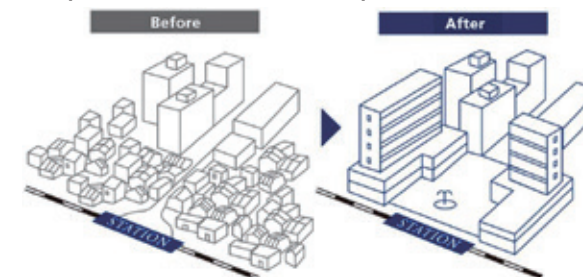
* The Act Revising Part of the Act on Facilitation of Reconstruction of Condominiums (the Revised Act on Facilitation of Reconstruction of Condominiums) passed in June 2014.



Nationwide Condominium Stock



Example of Station-front Redevelopment



New Business Creation with an Eye on the Future

We will continually produce new businesses that deliver value to society, with an eye on future changes.

The Nomura Real Estate Group is aspiring to create new, highly competitive businesses based on a long-term perspective in response to changes expected to take place in customer needs and social environment. To that end, we are pursuing research and development while collaborating with outside partners such as universities and companies in different sectors to collectively address a truly broad range of domains as a Group.

Environmental Business

Addressing environmental concerns and energy shortages is a critical issue for society, and private sector companies will not be able to continue as going concerns if they are unable to consider these elements in their business activities. The real estate industry, too, has seen rising demand for environmentally friendly products and services. Given this situation, the Nomura Real Estate Group has been steadily rolling out its electricity receiving service for entire buildings at new condominiums to help residents reduce their energy bills and improve the energy efficiency of the entire community. In the future, we will cultivate more new businesses, such as the commercialization of smart cities and smart condominiums, and the aggregation business once electricity retailing is deregulated.

Building Life Cycle Management

With need for high quality real estate stock increasing, it has become more important than ever to enhance the value of buildings not as durable goods, but rather as assets. The Nomura Real Estate Group is researching ways to streamline costs by preparing optimized long-term maintenance and repair plans, and ways to maintain and improve asset value based on an understanding of building life cycles.

Large-Scale Redevelopment/Mixed-Use Development Projects in Downtown Tokyo

Tomihisa Cross (Residential*)

Location: Tomihisacho, Shinjuku-ku
Area slated for redevelopment: about 2.5 ha
Schedule: Completely sold out; handover slated for 2015

Nishi-Shinjuku 3chome Redevelopment Project (Mixed-use*)

Location: Nishi-Shinjuku 3chome, Shinjuku-ku
Area slated for redevelopment: about 2.6 ha
Schedule: Established general partnership for redevelopment preparations

Akasaka Yagenzaka West Redevelopment Project (Residential*)

Location: Akasaka 7chome, Minato-ku
Area slated for redevelopment: about 1.1 ha
Schedule: Established general partnership for redevelopment preparations

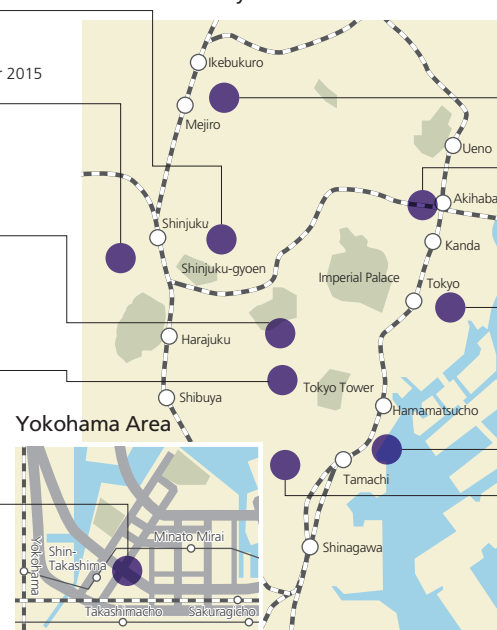
Nishi-Azabu 3chome Redevelopment Project (Mixed-use*)

Location: Nishi-Azabu 3chome, Minato-ku
Area slated for redevelopment: about 1.2 ha
Schedule: Established general partnership for redevelopment preparations in 2014

MM21 Block No. 46 Development Project (Office)

Location: Block No. 46, Minato Mirai 21 Central District, Nishi-ku, Yokohama-shi, Kanagawa Prefecture
Area slated for development: about 0.9 ha
Schedule: Plan to break ground in 2015

Downtown Tokyo Area



Higashi-Ikebukuro Station-front Redevelopment Project (Residential)

Location: Higashi-Ikebukuro 4chome, Toshima-ku
Area slated for redevelopment: about 0.4 ha
Schedule: Established general partnership for redevelopment preparations

Soto-Kanda 1chome South Redevelopment Project (Mixed-use)

Location: Soto-Kanda 1chome, Chiyoda-ku
Area slated for redevelopment: about 1.9 ha
Schedule: TBD

Nihonbashi 1chome Redevelopment Project (Mixed-use*)

Location: Nihonbashi 1chome, Chuo-ku
Area slated for redevelopment: about 2.3 ha
Schedule: Established general partnership for redevelopment preparations in April 2014

Shibaura 1chome Redevelopment Project (Mixed-use)

Location: Shibaura 1chome, Minato-ku
Area: about 3.4 ha
Schedule: Included in the Designated Urban Areas for Urgent Redevelopment in January 2012

Shirokane 1chome Redevelopment Project (Residential*)

Location: Shirokane 1chome, Minato-ku
Area slated for redevelopment: about 1.8 ha
Schedule: Plan to receive permissions to establish general partnership for redevelopment in 2014

Asterisk inside parenthesis indicates JV property

Community Building and Town Management

It is said today that people-to-people connections are growing more distant. This poses a major challenge because there are many issues such as childcare and community rejuvenation that can only be resolved through the power of communities. The Nomura Real Estate Group is researching ways to build real communities and management methods for the communities surrounding its large-scale mixed-use projects because our commitment is to providing more than just a place to live. In condominiums where young people and seniors live, for example, we are examining ways to utilize the knowledge that older residents have about childrearing for the benefit of young people. In this manner, we hope to provide a variety of communities to residents.

Senior Business

The senior market will continue to grow. In order to provide products and services that allow seniors to live in health and comfort with a sense of affluence in life, the Nomura Real Estate Group is drawing on its collective strengths to examine business ventures tailored to senior citizens. We hope to be able to announce a Group-wide policy on our senior business sometime this fiscal year.

Global Business

Japan's real estate business has traditionally been driven by domestic demand, but we hope to tackle the challenge of expanding more actively into global markets. A key point will be how we capture growth in emerging countries, especially in Asia. We recognize this to be an important management task facing the entire Nomura Real Estate Group, and we are currently searching for business opportunities through which we can utilize our established track record and the know-how we have accumulated in the Japanese market.

Diversity and Governance

Incorporating diverse perspectives is the key to sustainable growth. We will continue to focus on diversity-based management.

In order to continually create new value in response to the increasingly more complex and diverse needs of customers and society, it will be critical for us to revitalize our organization while fully leveraging the individuality of each and every employee. Since becoming president, I have taken the lead in building an environment to achieve this end.

Revitalizing our organization through the promotion of diversity represents another important management task for the Nomura Real Estate Group. I hope to foster an environment in which we openly accept the unique vantage points, thinking and work styles of our diverse human resources regardless of differences in age, gender, career or job title, and then leverage this for the benefit of our business performance. This represents the source of the company's long-term growth, and it is the vision we have established for the Group. If each and every one of our people can leverage their uniqueness, I am confident that we will be able to transform ourselves into something that exceeds the goals of the Mid- to Long-term Business Plan (through 2022/3). After seeing the latent capabilities of our people, I truly believe this more with each passing day.

The importance of diversity is also clear when it comes to governance. We have appointed two External Directors and three External Audit & Supervisory Board Members. These officers examine our operations from an objective standpoint and point out issues and problems, which provides opportunities for us to

make changes in our status quo. Our External Directors include Mr. Shigeru Matsushima, a professor at the Tokyo University of Science Graduate School of Innovation Studies, who joined us last year, and Ms. Satoko Shinohara, a professor at the Japan Women's University, who joined us this year. I hope to further strengthen the Group's governance while incorporating diverse views.

A Message to Stakeholders

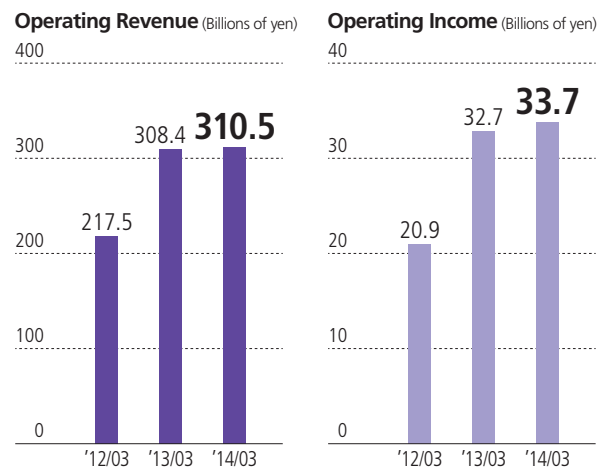
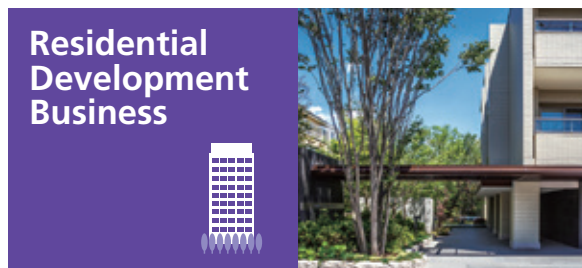
We will continually enhance corporate value by creating the new value that society demands.

The environment surrounding the Nomura Real Estate Group will undergo great change moving forward, and this will inevitably have an impact on our business operations. In response to these major changes, we will mobilize all of our management resources to provide pioneering new value and deliver affluence to both people and communities. This represents the very essence of our Group message "Bringing Tomorrow Today." The Group will continually transform itself to tackle new challenges with this message and long-term vision in mind to contribute to its sustainable growth in the future. We look forward to working with you and for you as we move into the future.

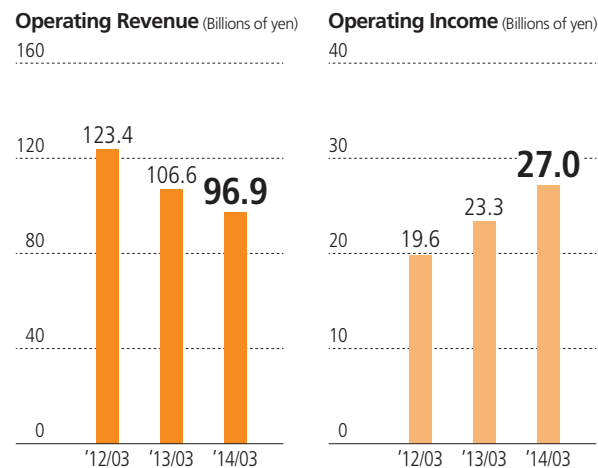
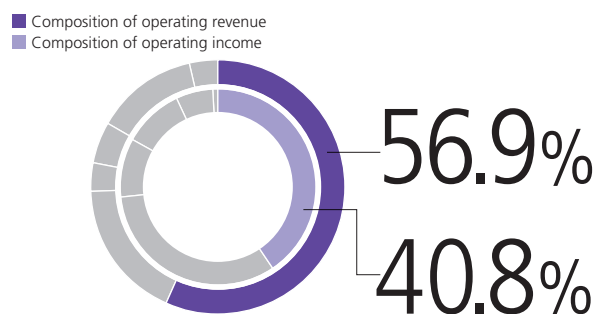


President

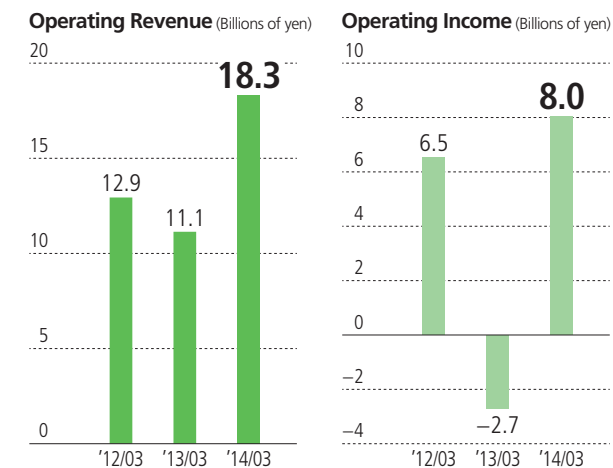
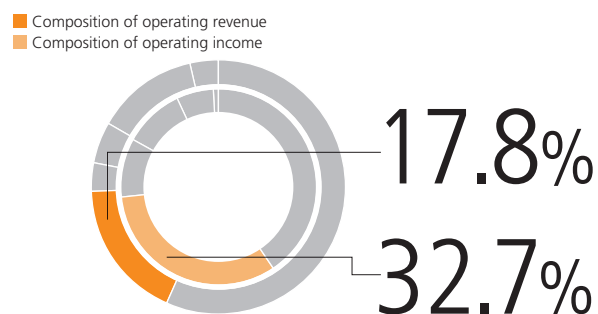
Review of Operations



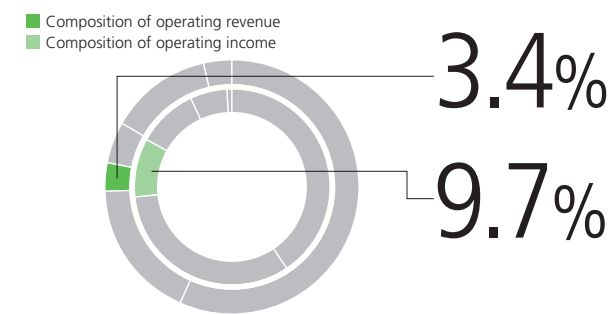
Composition of Operating Revenue and Operating Income (%)



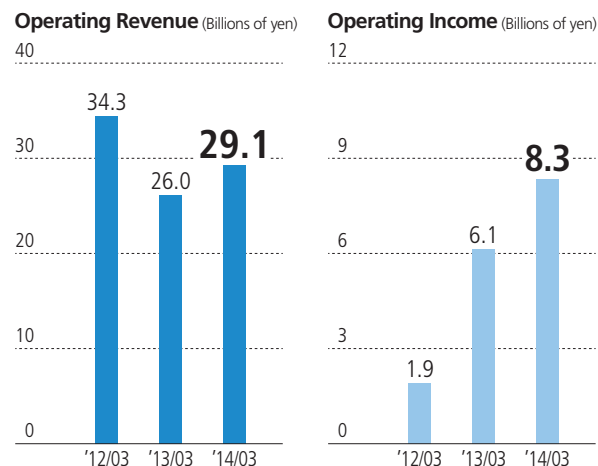
Composition of Operating Revenue and Operating Income (%)



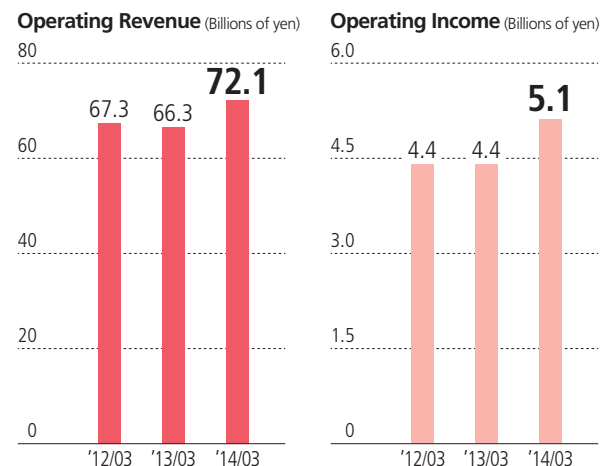
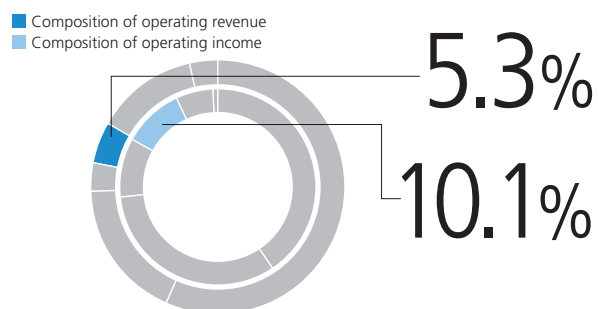
Composition of Operating Revenue and Operating Income (%)



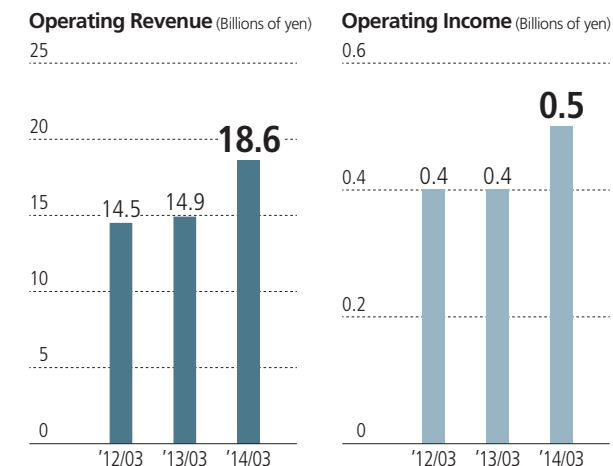
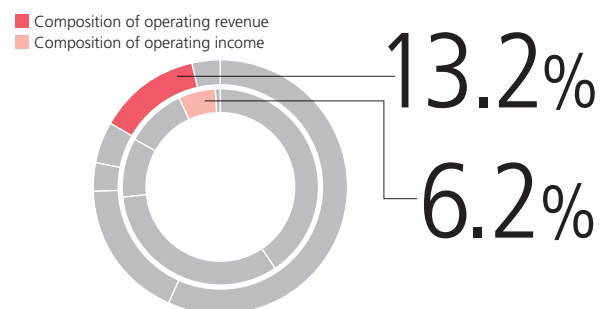
Review of Operations



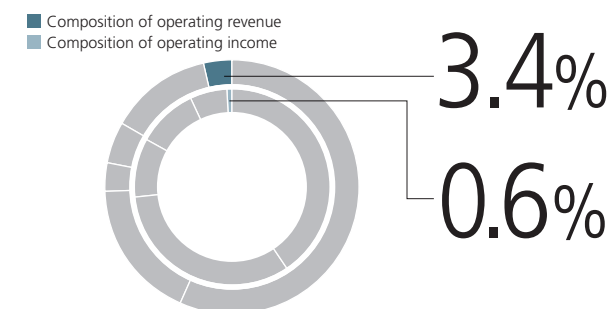
Composition of Operating Revenue and Operating Income (%)



Composition of Operating Revenue and Operating Income (%)



Composition of Operating Revenue and Operating Income (%)



Note: The composition ratio of operating revenue and operating income for each business segment is calculated based on the simple total of each.



Residential Development Business

Aiming to realize stable, sustained growth as a core business of the Group

Highlights from the fiscal year ended March 31, 2014

Operating revenue

¥310.5 billion
YoY Up **0.7%**

Operating income

¥33.7 billion
YoY Up **2.9%**

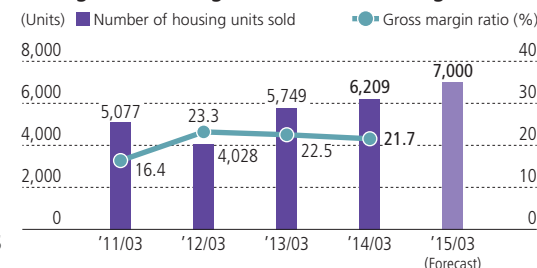
Number of housing units sold

6,209 units
YoY Up **8.0%**

Number of sites purchased

6,700 units
Site stock (excluding pending projects)
20,500 units

Changes in Housing Sales and Gross Margin Ratio



Seiichi Miyajima

Executive Officer
In charge of Residential Development Business

Record sales of housing units

The Residential Development Business in the fiscal year ended March 31, 2014 achieved record net sales and operating income thanks to record high housing sales totaling 6,209 units (460 more than the fiscal year ended March 31, 2013) driven by an improving economy, the implementation of strategy, low interest rates and an expanded scope of home loan tax deductions.

Our marketing efforts have also produced solid results with all 992 units of Tomihisa Cross, one of the largest mixed-use redevelopment projects inside the JR Yamanote loop, being sold within six months after being placed on the market in September 2013. Some 72% of the 7,000 housing units we plan on selling in the fiscal year ending March 31, 2015 were already under contract at the start of the year, keeping the contract rate at elevated levels.

Promoting a strategy closely in tune with medium- to long-term changes in the market

Japan's aging population and declining birthrate will create further changes in household compositions. Given this, the mission of the Nomura Real Estate Group's core Residential Development Business will be to achieve continual and stable growth. We will promote three strategies to realize this growth.

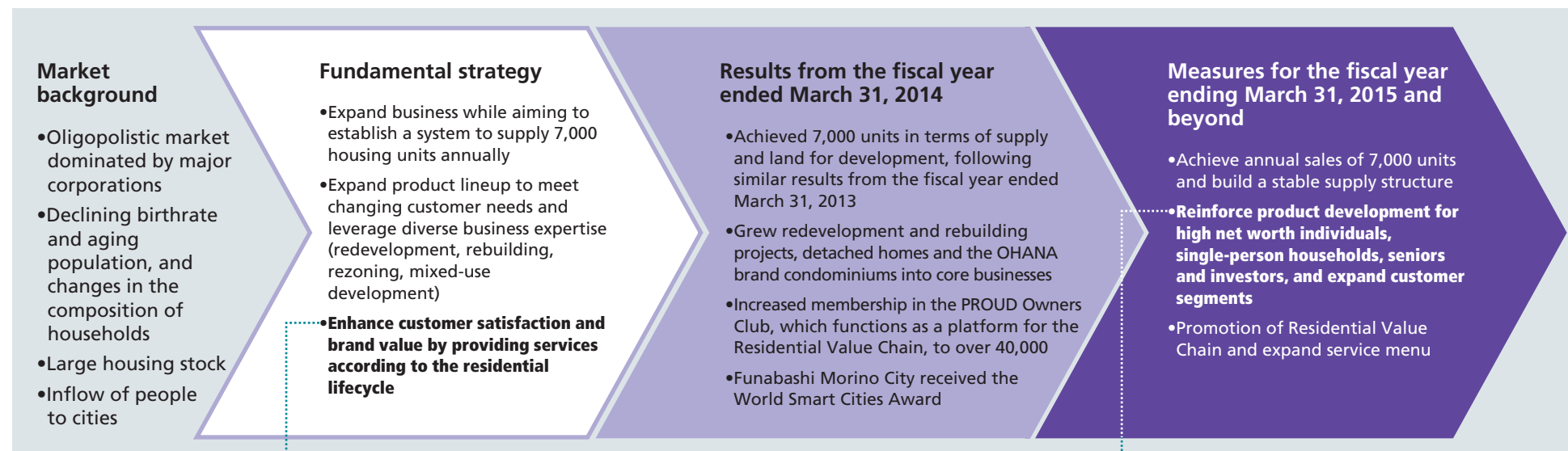
First, our 3-year Mid- to Long-term Plan through 2016/3 calls for the creation of a structure that can achieve a stable supply of 7,000 units annually. To achieve this ambitious plan, in the fiscal year ended March 31, 2014 we acquired land for the development of 6,700 units, which follows the 7,700 units' worth of land for development acquired in the fiscal year ended March 31, 2013. In terms of supply, we provided more than 7,000 units for the second consecutive year when combining both condominiums and detached houses. Second, we are developing a product lineup that meets the needs of customers and society. Currently, we are

developing products based on the increase in single-person and senior households, and the acquisition of major mixed-use development projects that include residential, commercial and office components. Finally, we are improving customer services by creating a Residential Value Chain and developing a business model that utilizes existing residential properties further. Group companies will provide seamless services according to the residential lifecycle, from move-in to remodeling to purchase of another home, which will increase our contact points with customers after they move in and enable us to build deeper relationships. The platform of this strategy, the PROUD Owners Club,* continues to see steady membership growth.

Going forward, with a structure leveraging the collective strengths of the Nomura Real Estate Group that integrates development, sales and management, we will be able to respond to the needs of customers and fulfill each of these strategies.

*PROUD Owners Club: An exclusive membership organization for owners and residents of condominiums or detached houses sold by Nomura Real Estate Development.

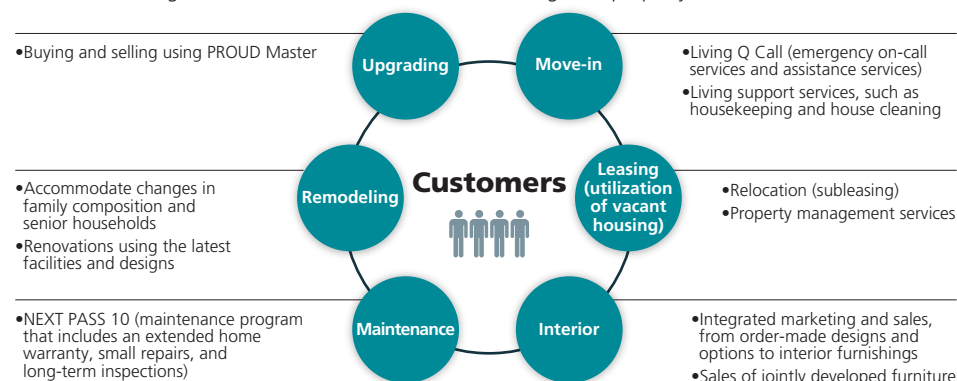
Residential Development Business Strategy in the Mid- to Long-Term Business Plan



In Focus

Expanding customer services by promoting a Residential Value Chain

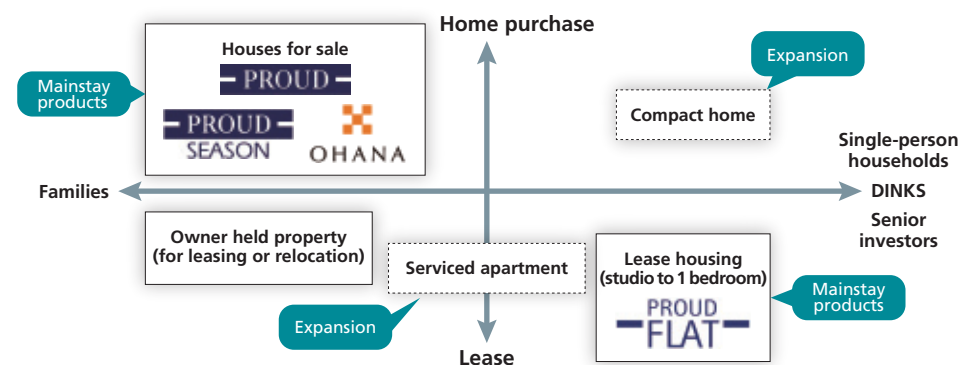
We are enhancing customer satisfaction throughout the lifecycle of condominiums and detached houses by providing seamless services through Group collaboration, from maintenance and repair work to interior furnishings, utilization of vacant homes, remodeling, and property sales.



In Focus

Providing homes that meet the needs of the changing market and society

In addition to our PROUD and OHANA condominium brands for families, we are expanding our lineup of housing products to meet the needs of senior and single-person households.



Highlight 2013 1

Funabashi Morino City wins World Smart Cities Award in the Project Category

A new initiative for the creation of sustained environmental value

Mixed-use development project under the Smart & Share Town Concept

Funabashi Morino City is an eco-friendly town development project undertaken by the Nomura Real Estate Group. It was recognized with a World Smart Cities Award in the Project Category during Smart City Expo World Congress 2013 in Barcelona, Spain.

Completed in May 2013 on a 17.6-hectare parcel of land in Funabashi City, Chiba Prefecture, Morino City represents one of the Tokyo Metro Area's largest mixed-use developments, comprising the PROUD Funabashi condominium tower with 1,497 units, 42 detached homes, and a number of commercial, medical, daycare and park facilities. The development has a total population of around 4,500.

The project, led by Nomura Real Estate Development and Mitsubishi Corporation, involves a number of other companies. Under the Smart & Share Town Concept, the project employs the latest in environmental technologies and community building systems to generate sustained environmental value. The project was

presented with this award because of its initiatives based on this concept.

Developing connections between residents and the community while incorporating leading environmental technologies

As part of its efforts to reduce environmental impact, Morino City strives to optimize energy consumption through the use of leading environmental and telecommunications technologies such as the Smart Condominium Energy Management System.

Additionally, we have begun a survey on energy conservation awareness and effectiveness* with the assistance of about 500 households from PROUD Funabashi to monitor the effect that differences in fee systems and the presence of electricity conservation information (reports on visualization of energy consumption and energy saving advice) has on energy conservation. This represents one of the energy conservation trials in Japan for collective housing with the same types of features and functions.



Funabashi Morino City

At the same time, we are supporting the development of a community that will become the foundation for sustained environmental value. As part of this effort, town meetings involving residents, companies and organizations have been set up. These meetings have become a place for people to meet and interact to build a more attractive and comfortable community.

Through these initiatives, we are working to create connections between people, nature and technology as well as build a sustainable community.

*Please visit the following website for more information about the survey on energy conservation awareness and effectiveness:
<http://www.nomura-re-hd.co.jp/csr/special/special01.html>

Stakeholder Voice

The energy conservation trials at PROUD Funabashi are extremely valuable for both Japan and the world as a case study in verifying the effectiveness of demand response for homes. The results so far have shown that energy usage is quite conservative. Perhaps this is because people with very strong awareness of the environment moved in. I anticipate that this lifestyle will spread around the world once the PROUD brand's smart and comfortable lifestyle, a lifestyle that includes energy conservation and community building, becomes known to all.



Yumiko Iwafune
Associate Professor
Collaborative Research
Center for Energy
Engineering
Institute of Industrial
Science
The University of Tokyo

Highlight 2013 2

Tomihisa Cross, one of the largest mixed-use redevelopment projects inside the JR Yamanote loop, sells out completely

Promoting redevelopment/rebuilding projects to address aging buildings

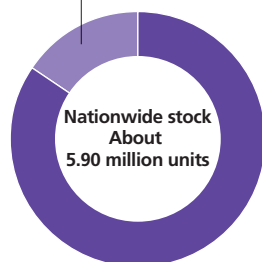
Revitalizing older buildings in urban areas to create new safe and secure communities

Nearly 1.06 million units of Japan's total condominium stock of about 5.9 million units (as of December 31, 2012) were built prior to the country's revised building code on earthquake

Rebuilding Projects Involving Condominiums Constructed Prior to the New Earthquake Resistance Standards

In compliance with old earthquake resistance standards
About 1.06 million units

(Of which about 14,000 have been rebuilt)

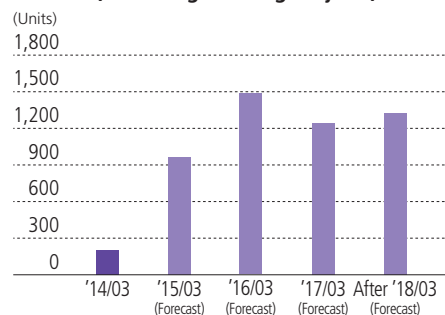


Source: Ministry of Land, Infrastructure, Transport and Tourism

resistance standards enacted in 1981. More than 30 years have passed since then, but only about 14,000 units have been rebuilt. Tokyo in particular has a large number of buildings that need to be redeveloped or rebuilt due to aging.

The role of Nomura Real Estate Group in redevelopment projects is to realize community design based on its expertise as a developer. By improving and upgrading community functions, we are able to revitalize entire communities.

Number of Redevelopment/Rebuilding Projects Involving our Site Stock by Year Booked (Excluding Pending Projects)



Artist's Rendering of Tomihisa Cross

One of our missions in society is to proactively engage in various redevelopment and rebuilding projects. As a forerunner in the industry with an aggressive stance toward business development, we have 4,500 units ready for redevelopment and 4,900 units undergoing redevelopment and rebuilding projects.

Encouraging residents to take the lead in community building that fosters lifelong bonds

Tomihisa Cross is a definitive redevelopment project located in Shinjuku Ward. This community redevelopment project began with reviews in the 1990s by local residents who considered excessive buying and selling of real estate during Japan's bubble economy to be a major issue. As a result of these reviews, an industry-government-academia-private sector project was launched. Plans call for the construction of Comfort Tower, a 55-story condominium that will stand as the tallest within the JR Yamanote loop, lease housing, a large supermarket, certified daycare, commercial facilities, a disaster

preparedness storehouse and large plaza, all on a 2.5-hectare plot of land. The creation of shared spaces and services has been based on 100,000 ideas collected from discussions and online surveys to realize a community that is both the most comfortable in the world and fully prepared for disaster.

With the highly positive feedback from these initiatives, all 992 units of Comfort Tower sold out in the space of only six months.

Expanding business by balancing fixed asset development and property development

Highlights from the fiscal year ended March 31, 2014

Operating revenue

¥96.9 billion

YoY Down
9.1%

Operating income

¥27.0 billion

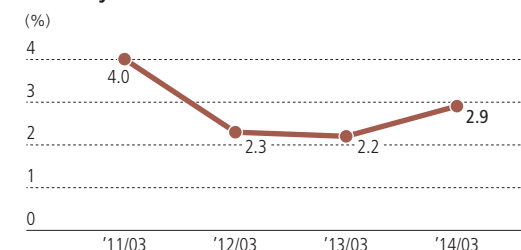
YoY Up
15.9%

Vacancy rate

2.9%

YoY Up
0.7 percentage points

Vacancy Rate



Tadashi Nakajima
Executive Officer
In charge of Leasing Business

Securing profit gains through the utilization of core assets

The Leasing Business seeks to achieve growth by balancing its fixed asset development business, in which we own and lease properties developed by the Nomura Real Estate Group and obtain stable income streams from tenant lease payments, and the property development business, in which we sell real estate to Nomura Real Estate Group affiliated J-REITs and other vehicles for a profit.

In the fiscal year ended March 31, 2014 we leased the entire LAZONA Kawasaki Toshiba Building, one of our core assets, to the Toshiba Group and began operations with full occupancy in November 2013. Our other leased properties also enjoyed elevated utilization rates throughout the year. In the property development business, in addition to further development in our PMO midsize office and Landport logistics facility brands, we sold the first GEMS brand commercial facility to Nomura Real Estate Master Fund to mark the launch of this new brand. As a result, the Leasing Business posted an increase in profits

during the fiscal year ended March 31, 2014.

Redevelopment projects in the central downtown area of Tokyo heating up

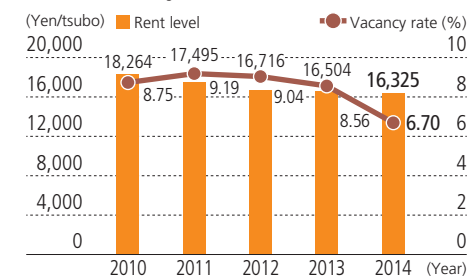
The property development business will accelerate development of PMO, Landport, and GEMS properties in the fiscal year ending March 31, 2015 and beyond given improving market conditions in the central downtown area of Tokyo, rising demand for highly functional logistics facilities, and increasing demand for the reconstruction of aging buildings.

Meanwhile, to unlock mid- to long-term growth, we will look to expand our ownership and leasing of fixed assets. In particular, we will focus on major mixed-use developments that combine office, commercial and residential in the same project. Already we have begun examining a number of large-scale development projects in the central downtown area of Tokyo, and in April 2014, a new dedicated organization called the Development Planning Division was set up within Nomura Real Estate Development.

Additionally, leveraging our expertise gained from the development of PMO properties, we are stepping up development of office buildings that are larger than PMO properties and expanding our real estate portfolio.

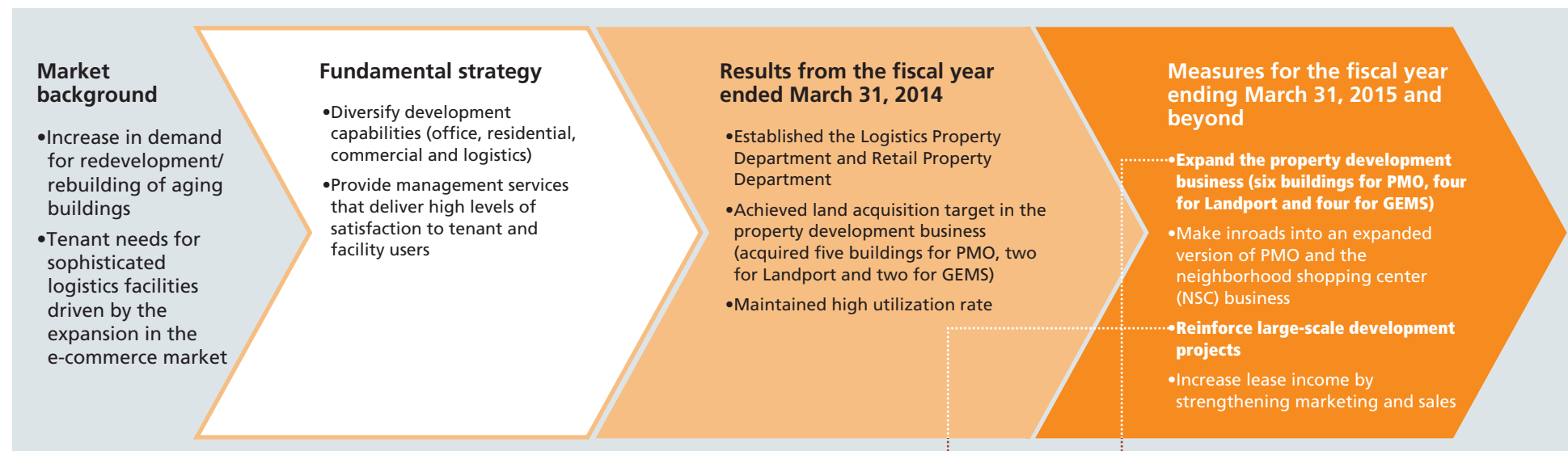
Expanding the Leasing Business will also help other businesses grow as well, including Investment Management, Property Brokerage, and Property & Facility Management. Going forward, we will seek to develop the Leasing Business into a core business that drives the growth of the entire Nomura Real Estate Group.

Vacancy Rate and Rents in the Five Wards of Central Tokyo (As of March 31)



Note: 1 tsubo equals 3.3 m²
Source: Miki Shoji Co., Ltd.

Leasing Business Strategy in the Mid- to Long-Term Business Plan



In Focus

Fixed asset development

Reinforcing large-scale redevelopment and mixed-use development projects in the central downtown area of Tokyo

Large-scale development projects require a development timeline of between five and ten years. Nomura Real Estate Development is proactively increasing the number of large-scale redevelopment and mixed-used development projects mainly in the central downtown area of Tokyo, led by its newly established Development Planning Division and with an eye on medium- to long-term growth.

Development project	Location	Area of land being developed
MM21 Block No. 46 Development Project	Nishi-ku, Yokohama, Kanagawa Prefecture	About 0.9 ha
Nishi-azabu 3-chome Redevelopment Project	Nishi-azabu 3-chome, Minato-ku	About 1.2 ha
Soto-kanda 1-chome South Redevelopment Project	Soto-kanda 1-chome, Chiyoda-ku	About 1.9 ha
Nihonbashi 1-chome Redevelopment Project	Nihonbashi 1-chome, Chuo-ku	About 2.3 ha
Nishi-shinjuku 3-chome Redevelopment Project	Nishi-shinjuku 3-chome, Shinjuku-ku	About 2.6 ha
Shibaura 1-chome Redevelopment Project	Shibaura 1-chome, Minato-ku	About 3.4 ha

In Focus

Property development

Accelerating the pace of property development in three brands

We will increase the size of our property development business by stepping up our development of office, logistics and commercial properties to 6/4/4 in the fiscal year ending March 31, 2015 and 8/5/5 in the fiscal year ending March 31, 2016.



Highlight 2013 1

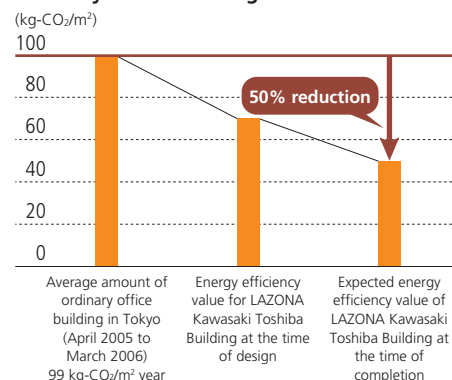
Equipped with the latest environmental building technologies, LAZONA Kawasaki Toshiba Building begins full-scale operations

Developing the next-generation environmentally conscious buildings

Achieving a high degree of energy efficiency and comfort

In November 2013 the LAZONA Kawasaki Toshiba Building opened. This office building development has been leased entirely to the Toshiba Group. The building features over 100,000 m² of floor space and offers large and open spaces.

Comparison of CO₂ Footprints with Ordinary Office Buildings



Consideration for the environment formed an important part of the development process. The building uses energy efficient facilities and equipment as well as the latest building energy management system (BEMS), delivering a comfortable environment to office workers while optimizing energy efficiency. The building produces about 50% less^{*1} CO₂ than ordinary buildings and was awarded DBJ Green Building^{*2} Platinum ranking and an S ranking from CASBEE Kawasaki,^{*3} both of which are the highest certifications in their respected programs.

Consideration also given to business continuity during a disaster and giving back to the community

With business continuity plan (BCP) consideration an important element today, the building adopts a seismically-isolated design and has emergency backup generators that can supply the building with electricity for up to 72 hours in case of a blackout. This ensures tenants will be prepared and ready to continue operations in case of a disaster.



- ① Unique exterior design that reduces the use of heating and air conditioning
- ② The first floor covers an area of 6,600 m² and has a large office space that can accommodate up to 800 workers
- ③ The Toshiba Science Museum, featuring exhibits of cutting edge technologies and hands on opportunities to learn about science



With an eye on harmonizing and revitalizing the surrounding community, the building has also been connected to pedestrian overpasses branching out from JR Kawasaki Station while part of the low-rise section is open to the public, providing an added degree of convenience for local residents and workers alike.

The development of this building was carried out as part of our initiatives for constructing a highly profitable business portfolio laid out in the Mid- to Long-term Business Plan. Going forward, we will develop and manage properties with significant value to society as well as continually seek to expand our foundation of stable income streams and enhance corporate value.

- *1 Compared to the average amount produced by ordinary office buildings in Tokyo (April 2005 – March 2006).
- *2 A certification scheme for environmentally and socially friendly real estate developed by the Development Bank of Japan.
- *3 A certification scheme based on the Institute for Building Environment and Energy Conservation (IBEC)'s Comprehensive Assessment System for Building Environment Efficiency (CASBEE) localized by the City of Kawasaki.

Stakeholder Voice

The LAZONA Kawasaki Toshiba Building is considered a showcase for our Smart Community Business, which is positioned as one of our key management pillars, as the building was built with Toshiba's latest technologies, facilities and systems from the planning stage. Image sensors are used to control the building's various facilities, providing a comfortable office environment and satisfying energy efficiency at the same time.

Susumu Fujishima
Chief Specialist
Human Resources and
Administration Div.
Human Resources and
Administration Support
Center Toshiba
Corporation



Highlight 2013 2

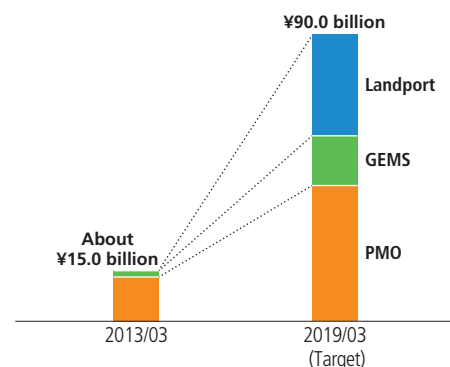
Accelerating development and brand promotion for PMO, GEMS and Landport

Developing two PMO properties jointly with Tokyo Metro

Reinforcing property development as a new pillar of growth

The Nomura Real Estate Group is focused on increasing development of high value added and high margin real estate as a new growth pillar. We are currently acquiring land and developing properties centered on the three brands of Premium Midsize Office (PMO),

Balance of Investments in the PMO, GEMS and Landport Brands



which are midsize office buildings with the quality of large-scale buildings, GEMS urban-type commercial facilities, and Landport logistics facilities.

Going forward, we plan on investing around ¥50 billion in all three brands every year to expand the size of these businesses as profit growth drivers after Phase II of the Mid- to Long-term Business Plan.

We will also establish a unique brand presence in the marketplace by continually expanding these businesses.

In the PMO brand, we have completed 15 buildings (as of July 31, 2014) since the first one in 2008, PMO Nihonbashi Honcho, with each maintaining a very high utilization rate, making PMO as a highly visible and well-regarded office building brand.

Contracted by Tokyo Metro to develop office buildings directly connected to Shinjuku-gyoenmae and Hanzomon stations

With the visibility of the PMO brand rising, we have been contracted to develop properties that



deliver upon our exceptional expertise in the field.

In the fiscal year ended March 31, 2014, we were contracted by Tokyo Metro to develop office buildings directly connected to Shinjuku-gyoenmae and Hanzomon stations as part of our PMO business. These projects will raise the visibility of the PMO brand further because they are a rare opportunity to develop properties directly connected to a railway station. We also anticipate added effects from the announcement of our tie-up with Tokyo Metro.

In the PMO business we will continue to use our conventional method of purchasing and developing land while also incorporating various other development methods such as contract-based schemes in order to generate new business opportunities. In turn, this will help us to build a solid presence in the market.



Conceptual image of PMO Shinjuku-gyoenmae (tentative name) upon completion





Investment Management Business

Expanding assets under management by delivering a broad range of investment opportunities through various funds

Highlights from the fiscal year ended March 31, 2014

Operating revenue

¥18.3 billion
YoY Up 64.6%

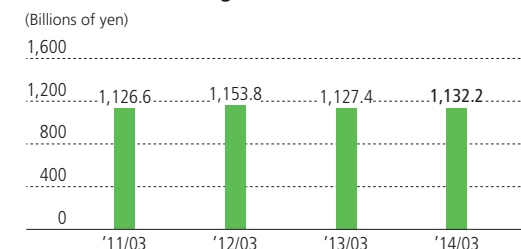
Operating income

¥8.0 billion
YoY Up ¥10.7 billion

Assets under management

¥1,132.2 billion
YoY Up 0.4%

Assets Under Management



Yasuaki Fukui
Executive Officer
In charge of Investment Management
Business

Accommodating a wide range of investment needs with three listed REITs

The real estate investment trust (REIT) market has been rejuvenated thanks to low interest rates in Europe, the United States and Japan, and the expectation among investors that both stock and real estate prices will appreciate. At the same time, there is rising demand among institutional investors for privately-placed REITs and funds.

Given this environment, the Investment Management Business focused on stable fund management in the fiscal year ended March 31, 2014 while acquiring ¥130 billion in real estate properties, including the massive Kojimachi Millennium Garden (office and residential) development. In June 2013 Nomura Real Estate Master Fund, which focuses on logistics and commercial properties, was listed on the Tokyo Stock Exchange. Together with our other two listed investment corporations focused on office and residential properties, this means that we now offer three different REITs that enable us

to meet the needs of a broad range of investors. As a result, the Investment Management Business enjoyed a significant boost in earnings in the fiscal year ended March 31, 2014.

Focus on the private-placement business and FORF arrangement to unlock further growth

Japan's markets for privately-placed REITs and funds are expected to grow in a fashion similar to Europe and the United States. These private-placement businesses demand customization tailored to the needs of institutional investors, which makes this segment an attractive new area for the Nomura Real Estate Group, with expertise in property acquisitions and identification of client needs. We will continue to expand our presence in the business as we increase our partnerships with external asset management firms and expand investment scope.

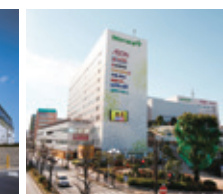
With the advent of Japan's NISA program, there is rising interest among individual investors in real estate as an asset class. This has shined the spotlight on risk-diversified instruments

geared toward these investors in which multiple funds are combined together into a Fund of REIT Funds (FORF). In December 2013, a pilot FORF fund was established, with the fund being managed by Nomura Asset Management and Nomura Real Estate Asset Management serving as advisor. This fund will begin full-scale management during the fiscal year ending March 31, 2015. Moving forward, we will consider incorporating foreign real estate assets into FORF to form a new investment vehicle for individual investors.

NOMURA REAL ESTATE MASTER FUND, INC.

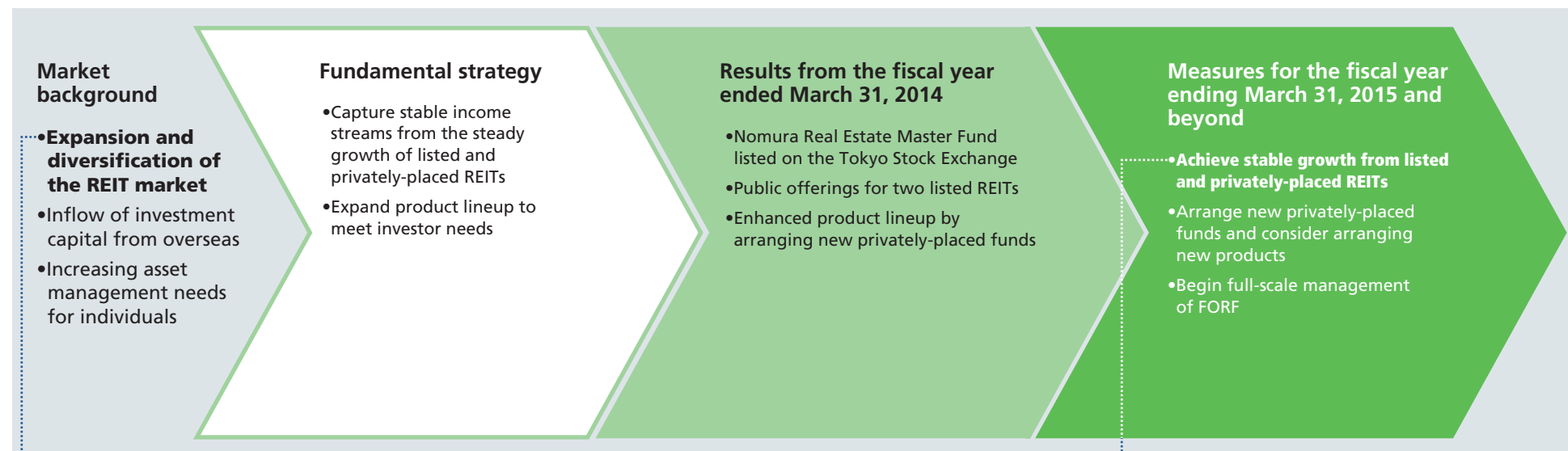


Landport Atsugi
(logistics facility)



Morisia Tsudanuma
(commercial facility)

Investment Management Business Strategy in the Mid- to Long-Term Business Plan

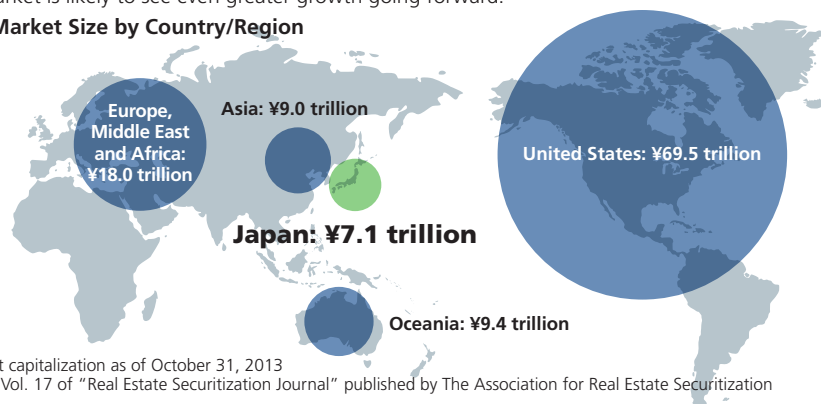


In Focus

Robust growth expected in J-REIT market

In the fiscal year ended March 31, 2014, market capitalization of J-REIT increased robustly from ¥4 trillion to ¥7.1 trillion, marking the largest rise on record. The number of listed J-REITs has also increased, and the market is likely to see even greater growth going forward.

REIT Market Size by Country/Region



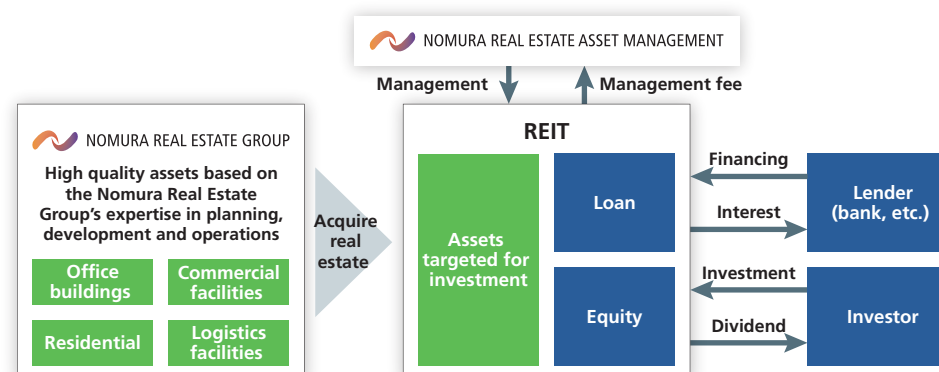
*Market capitalization as of October 31, 2013

Source: Vol. 17 of "Real Estate Securitization Journal" published by The Association for Real Estate Securitization

In Focus

Improving performance of listed REITs

We are improving the performance of our three listed REITs by acquiring real estate properties developed by the Nomura Real Estate Group and identifying excellent properties without the need for competitive bidding.





Property Brokerage & CRE Business

Aspiring to be the top brand in customer satisfaction for both the retail and wholesale segments

Highlights from the fiscal year ended March 31, 2014

Operating revenue

¥29.1 billion
YoY Up **11.8%**

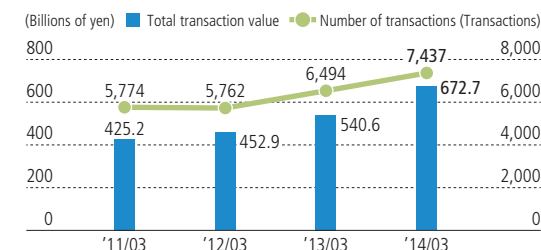
Operating income

¥8.3 billion
YoY Up **34.9%**

Number of transactions

7,437
YoY Up **14.5%**

Number of Transactions / Total Transaction Value



Seishi Miyajima
Executive Officer
In charge of Property Brokerage & CRE Business

Achieved highest ever operating income since listing

In retail operations, we moved forward with the expansion of our branch network and launched a new retail brand, Nomura no Chukai + (Plus), to attract greater numbers of customers and broaden our customer base. In wholesale operations, we focused on proposals optimized to corporate needs for effective use of their real estates, and sales and marketing efforts sensitive to changes in user needs.

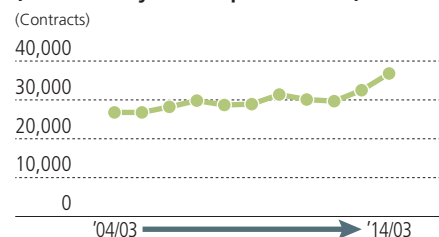
As a result, in the fiscal year ended March 31, 2014, the Property Brokerage & CRE Business achieved its highest ever operating income since listing.

Moving toward achieving the goal of 100 branches and 1,000 sales staff in retail operations

The retail side of the real estate market is expected to grow with a focus on existing homes with a push from government policy and changes in the social structure, such as popula-

tion inflow from rural areas and a growing outstanding housing stock. To capitalize on this positive business environment, we are taking advantage of business opportunities in the retail property brokerage business through our real estate information website nomu.com and Nomura no Chukai + (Plus) brand outlets. Our goal is to expand our branch network to a total of 100 outlets in the greater Tokyo and Kinki metro areas. Additionally, we will work to enhance the quality and quantity of our workforce utilizing a new human resources development program implemented in the fiscal year ended March

Number of Existing Condominium Contracts (Greater Tokyo Metropolitan Area)



Source: Real Estate Information Network for East Japan

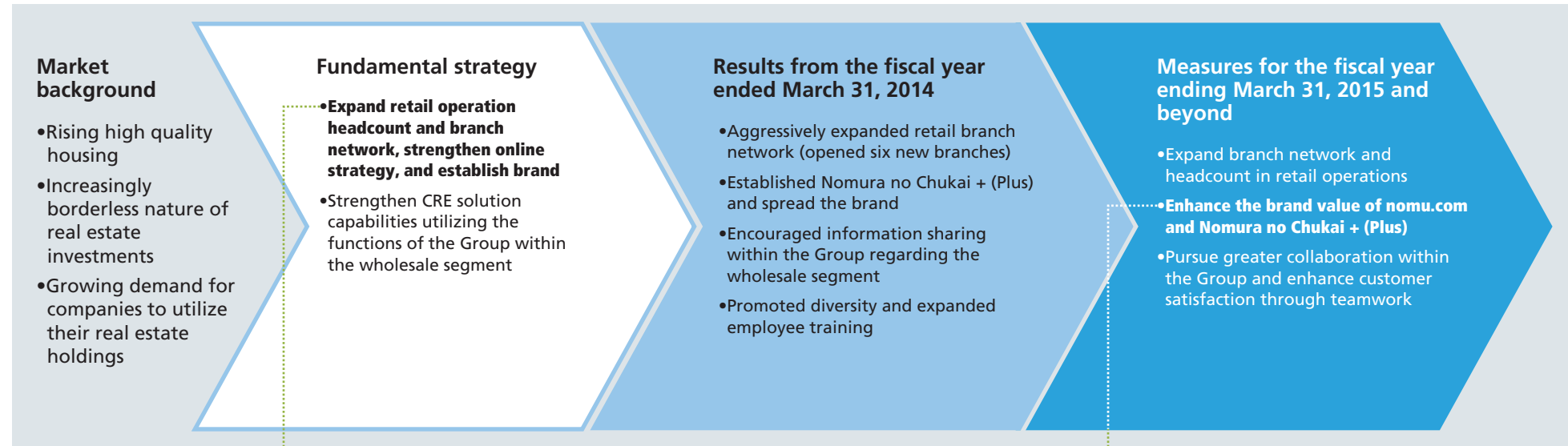
31, 2014 and the recruitment to increase our sales force to 1,000.

Becoming a market leader in the wholesale segment

In wholesale operations, there is growing demand from international funds and high net worth individuals for investments in Japanese real estate and from companies for utilizing their real estate holdings. To meet this demand, since the fiscal year ended March 31, 2014 we have expanded our organizational structure by adding corporate sales departments and teams dedicated to serving international investors.

We will focus on enhancing our ability to identify and respond to customer needs, which have also been the strengths of the Nomura Real Estate Group. As a group of professionals in the wholesale segment, which lacks a solid dominant player, our goal will be to build an overwhelming brand presence and become a market leader.

Property Brokerage & CRE Business Strategy in the Mid- to Long-Term Business Plan

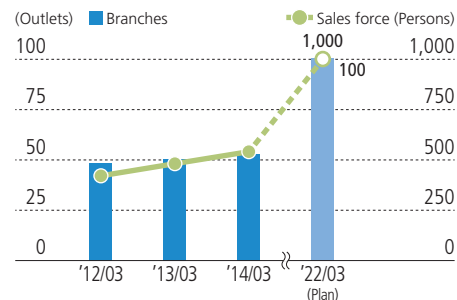


In Focus

Expanding our retail operations branch network and sales force

Our goal is to double our branch network to 100 outlets with an emphasis on central downtown locations of Tokyo, where there is a large volume of high-price transactions, and areas with the large numbers of condominiums that Nomura Real Estate Development has built and sold to clients. Additionally, we will almost double our sales force to some 1,000 while enhancing employee skill sets through expanded training opportunities.

Branches and Sales Force



Improve sales and marketing skills

- Establish permanent training center
- Establish proprietary human resource capacity building programs

Areas of new branch openings

- Areas with the large numbers of condominiums that Nomura Real Estate Development has built and sold to clients
- Central downtown locations of Tokyo with large volumes of high-price transactions

In Focus

Promoting a dual brand strategy with Nomura no Chukai + (Plus) and nomu.com

We are promoting branding at physical branches and online. Our goal is to become the undisputed leader in customer satisfaction by enhancing the quality of our information, services and people.

Nomura no Chukai + (Plus) retail store brand

あの人に、頼んでよかった。

野村の仲介+
PLUS

- Branch expansion with clear marketing vision
- Sales activities rooted in the local community
- Development of talented employees that can secure customer trust

Website brand nomu.com

nomu.com

- Enhance the quality and volume of property information
- Expand real estate-related content
- Improve usability
- Manage website with specific targets in mind, such as investors and women

Aspiring to be number one in customer satisfaction through the mutual growth of both brands

Establish a position as a major brokerage company by being the customer's choice



Property & Facility Management Business

Pursuing growth by maximizing merger effects and providing services

Highlights from the fiscal year ended March 31, 2014

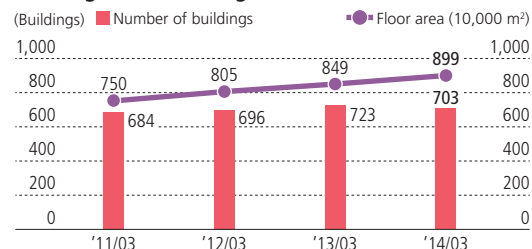
Operating revenue

¥72.1 billion
YoY Up **8.7%**

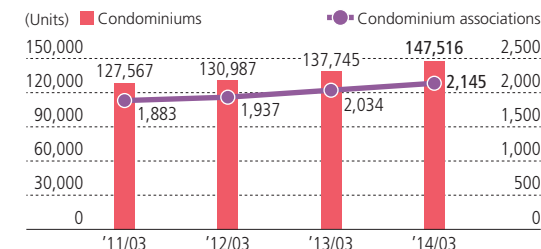
Operating income

¥5.1 billion
YoY Up **14.6%**

Buildings under Management and Floor Area



Condominiums under Management and Condominium Associations



Toshiaki Seki
Executive Officer
In charge of Property & Facility
Management Business

Nomura Real Estate Partners Co., Ltd. established

The Property & Facility Management Business in the fiscal year ended March 31, 2014 enjoyed an increase in both sales and income thanks to an increase in contract works in building management operations and an expansion of our service lineup in housing management operations. However, the mid- to long-term outlook of the market environment indicates the once ever-increasing new housing stock has peaked due to Japan's declining birthrate and aging population.

Given this, the Property & Facility Management Business must respond to the overall needs of the market in order to expand the domain further and unlock higher growth going forward. In April 2014, we merged our building and housing management companies within the Group to form Nomura Real Estate Partners Co., Ltd. Our goal is to apply our technological prowess in building management to housing management and our management prowess in housing management to building management, and achieve synergistic effects as quickly as possible.

Leveraging collective strengths to expand the business domain

Through this business merger, we will be able to deliver building management services for large-scale mixed-use developments using Nomura Real Estate Partners Co., Ltd. This will contribute to the Group's policy of focusing on the mixed-use development business and enhance the quality of our property and facility management operations. Additionally, we plan on leveraging our strengths in total property management to aggressively expand into the PPP*1 and PFI*2 markets, which are forecast to grow to ¥12 trillion.

We will maximize merger effects in the housing management segment as well. For example, leveraging expertise in energy management developed through our building management operations, we are moving forward with preparations to provide bulk electricity supply service for entire condominium buildings. With demand for smart condominiums rising, we believe this will provide excellent added value. Additionally, we anticipate an increase in contract

work in the fiscal year ending March 31, 2015 and beyond as major repairs will be needed at PROUD buildings as they reach their twelfth year. In carrying out this repair work, we plan on proposing new services that leverage our expertise in property and facility management.

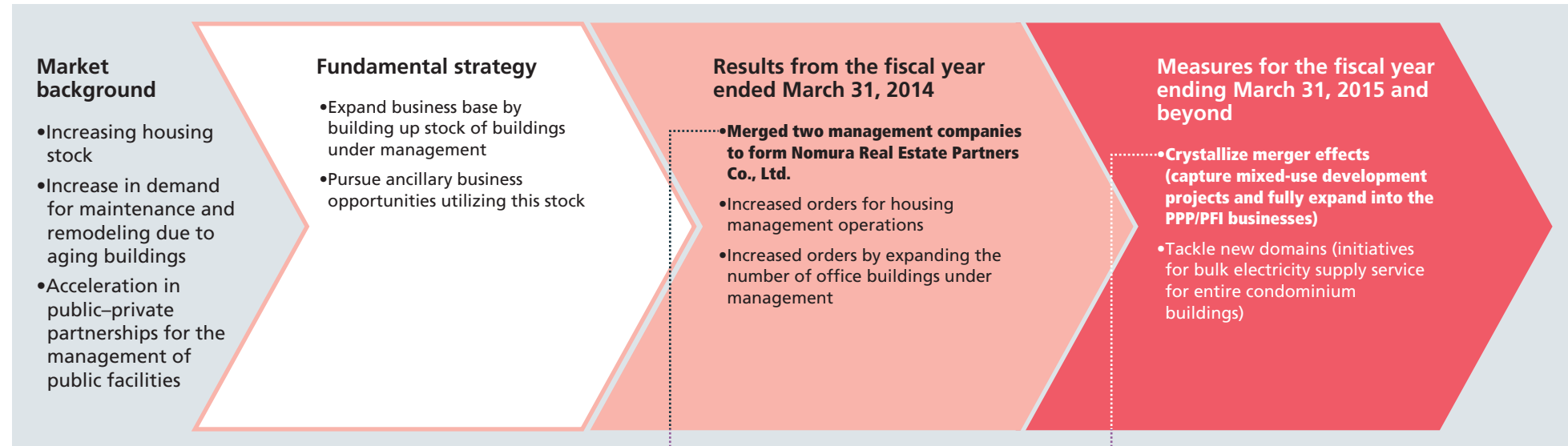
- *1 Public-Private Partnership (PPP): A scheme in which the public and private sector work together to provide a public service.
- *2 Private Finance Initiative (PFI): A scheme by which private sector capital, and management expertise and technologies are utilized to construct, maintain and manage public facilities.

Property Management Company Rankings (1st Five Years Running)

Company	Rank	Total satisfaction (points)
Nomura Living Support Co., Ltd. (Nomura Real Estate Partners Co., Ltd.)	1	73.2
Company A	2	66.0
Company B	3	64.7
Company C	4	64.1
Company D	5	61.3

Source: SumaiSurfin (Home Surfing), Attractors Lab Co., Ltd. (currently Style Act Co., Ltd.)

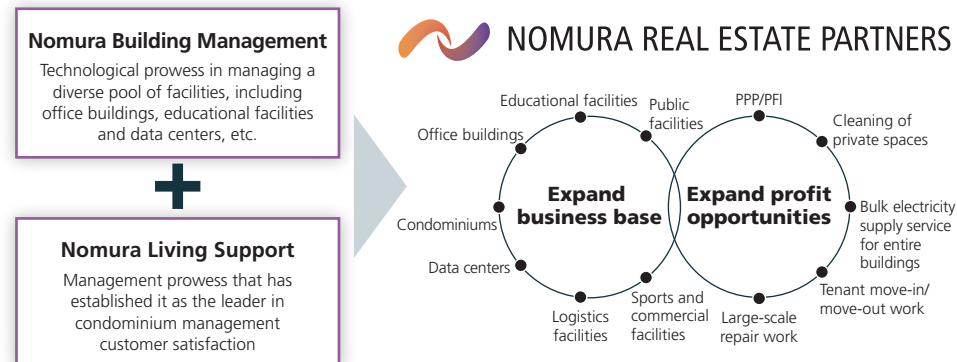
Property & Facility Management Business Strategy in the Mid- to Long-Term Business Plan



In Focus

Pursuing synergies between building management and housing management

Established in April 2014, Nomura Real Estate Partners Co., Ltd. will leverage the synergies of technological prowess in building management and management prowess in housing management to expand the domain and profit opportunities.

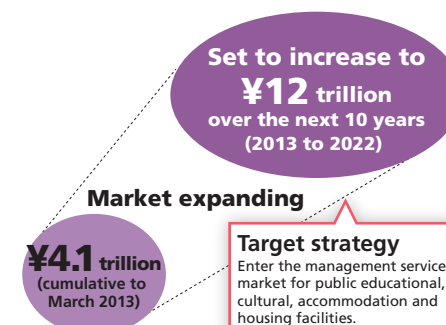


In Focus

Expanding into growth sectors to leverage technical and management prowess

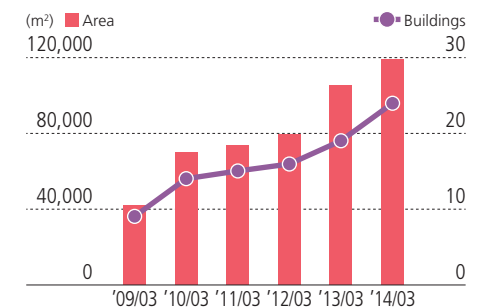
We will continue to aggressively expand into the PPP/PFI business and other growth sectors that are expected to see strong growth moving forward.

Entering the PPP/PFI Business



Source: Cabinet Office

Public Facilities and Floor Area under Designated Facility Manager Contracts



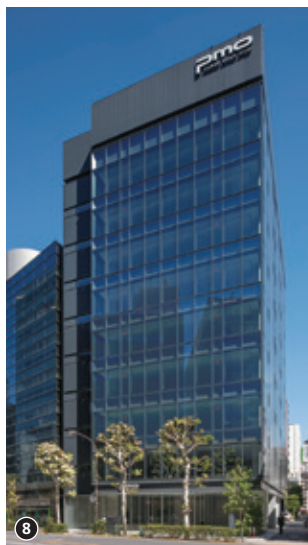
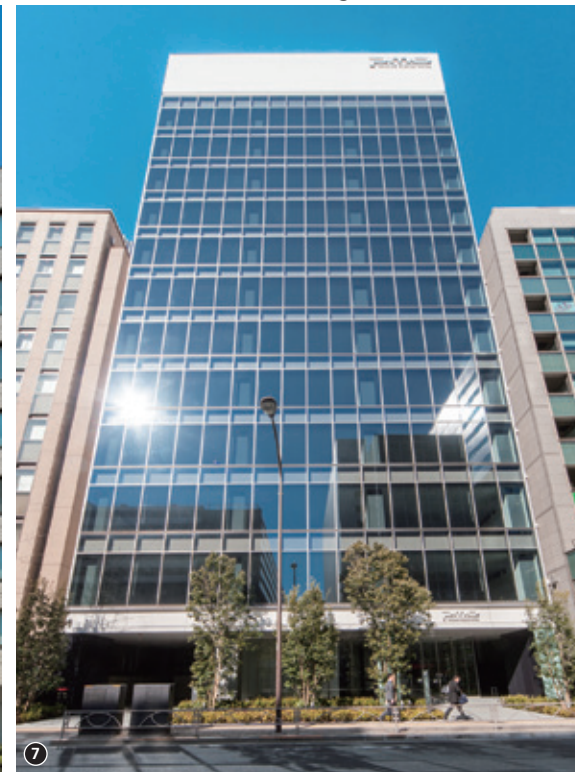
Major Completed Properties (April 2013 to March 2014)

① PROUD TOWER Shinonome Canal Court ② PROUD Minami-azabu ③ OHANA Tamagawajosui Gardenia



Major Completed Properties (April 2013 to March 2014)

④ PROUD SEASON Fujimino-Kamifukuoka ⑤ PROUD CITY Motosumiyoshi ⑥ PMO Yaesu-dori ⑦ PMO Tamachi ⑧ PMO Kanda-Tsukasamachi ⑨ NREG Kawasaki Logistics Center



Corporate Social Responsibility(CSR)



Kayabuki-no-sato Project
Local residents, Tsukuba University students, PROUD residents and employees helped to relocate and restore a traditional Japanese farming house that is over 150 years old. (See page 38 for more details.)

Promotion of CSR-Centric Management



Carrying out CSR-centric management based on the four key themes in order to quickly and aptly respond to diversifying customer needs and social issues

Yukoh Yoshida Executive Officer in charge of CSR

As a group of companies engaged in real estate, a core piece of social infrastructure, the Nomura Real Estate Group recognizes that it has a responsibility to help realize a sustainable and affluent society through products and services and by addressing social issues head on together with customers and communities.

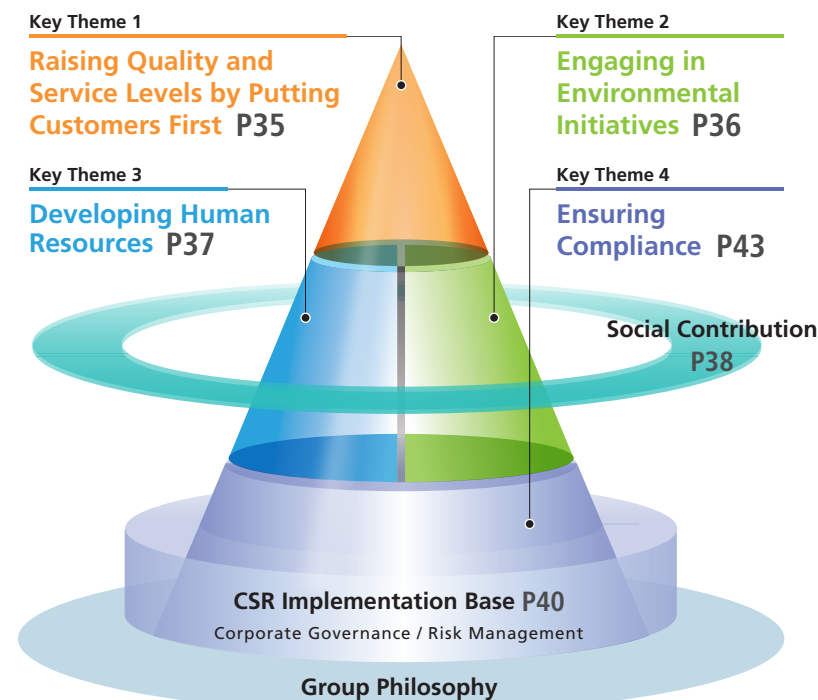
For this reason, we have established four key themes and are carrying out CSR-centric management. Among these, “Raising Quality and Service Levels” stands as the most important. We have come up with safety and security measures as well as a solid BCP, which have seen rising demand from society in the wake of the Great East Japan Earthquake. At the same time, we have provided assistance to community building as a cornerstone of these efforts.

The other three themes, “Engaging in Environmental Initiatives,” “Ensuring Compliance,” and “Developing Human Resources” serve to support “Raising Quality and Service Levels.” Environmental consideration has become a truly indispensable requirement for enhancing the asset value of real estate and this has led us to develop and supply smart condominiums and other ventures. In terms of human resource development, we are focusing on diversity-based management in order to leverage the perspectives and values of our diverse pool of human resources in our business operations. Compliance forms the foundation of all of our business activities and we continue to reinforce our compliance system.

In the fiscal year ending March 31, 2015 we will further reinforce our CSR-centric management by revamping systems and adding external directors to the CSR Committee, among other changes. Going forward, we will continually strive to enhance corporate value further in order to live up to the expectations and trust of our many stakeholders.

CSR Implementation Activities and the Four Key Themes

Resolving social issues and creating new value for society



Raising Quality and Service Levels

Basic Viewpoint

Delivering products and services that reflect and meet the needs of customers based on a customer first approach. This represents the very foundation of the Nomura Real Estate Group's business operations.

To sustain growth in a society with diversifying life and work styles, we will need to not only provide high quality and safe products and services that meet the needs of customers, but also generate new value required for tomorrow.

For this reason, we are tackling a number of new challenges for future to address social issues, such as making condominiums barrier free, helping develop community spirit in condominium developments, and addressing business continuity plan (BCP) needs in office buildings.

Initiatives for the Fiscal Year Ended March 31, 2014

Guidebook Created for Seniors and People with Disabilities

Together with Sonoda Lab of Meiji University Graduate School, we created the Barrier Free & Quality of Life Guidebook as part of an industry-academia joint research project. The guidebook represents a compilation of major design points required for a layout friendly to seniors, people in wheelchairs or the visually or hearing impaired, based on actual floor plans from Nomura Real Estate Group's custom-built condominium unit business launched in 2000. These floor plans provide spaces that are comfortable for those in need of care as well as supporting family members.



Wheelchair accessible bathroom and sink area

Stakeholder Voice

I don't think that seniors or persons with disabilities have special needs or require a special design when it comes to their home. I prefer to look at it as individual design preferences instead. On this occasion, I had the opportunity to come up with minute designs that met the individual preferences of people receiving care and their families. I hope that this type of effort to unearth diverse design preferences will spread into other sectors as well, where they can be used in the designs of office environments or public spaces.

Mariko Sonoda

Professor
School of Science and Technology
Meiji University



Helping Develop a Community Spirit in Condominium Buildings

The Nomura Real Estate Group, recognizing that a sense of community is indispensable to sustainable urban development, helps develop a spirit of community in various projects. For example, for the mixed-use development called Funabashi Morino City, we set up the Morino City Community Building Committee as a self-governing body comprising residents and companies and organizations related to the project that are working together to make the neighborhood more appealing. The Committee is involved in various initiatives, including discussing community development issues, beautification activities, and disaster preparedness workshops, among others.



Meet-and-greet meal held during a neighborhood block party

Disaster Preparedness Hub Set up for Office Building Tenants

The Nomura Real Estate Group is developing premium midsize offices (PMO) for small- and medium-sized enterprises that feature the same functions and design standards found in much larger office buildings. To respond to the disaster preparedness and BCP needs of tenants in PMO series buildings, we opened N-FORT, a type of disaster preparedness hub in April 2013, at PMO Nihonbashi Muromachi. N-FORT houses food rations for some 2,000 people and an emergency generator that can supply power for up to 72 hours following a blackout caused by a major disaster.



Disaster preparedness supplies at N-FORT

Engaging in Environmental Initiatives

Basic Viewpoint

Addressing environmental issues and energy shortages represent critical issues facing society. A company will not be able to continue as a going concern without addressing these issues. Additionally, environmental consideration now is considered one indicator for assessing asset value in the entire real estate sector, including residential and commercial properties.

Given this, the Nomura Real Estate Group is focusing a great deal of effort on developing and managing residential and commercial properties that are considerate of the environment thanks to advanced environmental and information communication technologies, passive designs that achieve co-existence with nature, and design features intended to create energy.

Additionally, we recognize that community involvement is essential to making environmental value sustainable and for this reason we support community building through events and town meetings as well as actively contribute to environmental education.

Initiatives for the Fiscal Year Ended March 31, 2014

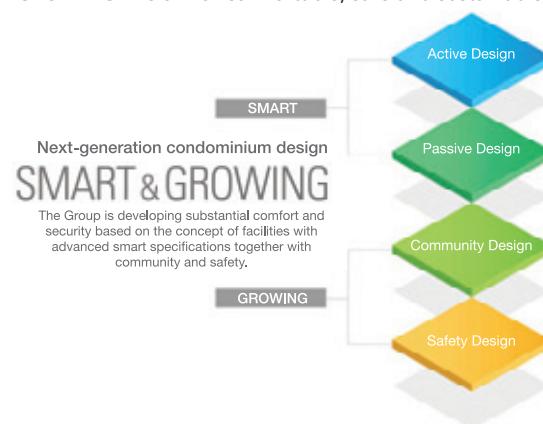
Initiatives in the Residential Development Business

“SMART & GROWING” PROUD Smart Design

PROUD developments are planned and designed based on the “SMART & GROWING” PROUD smart design.

SMART: vision for using advanced technologies and reducing environmental impacts through co-existence with nature.

GROWING: vision for comfortable, safe and sustainable living.



PROUD Environmental Guidelines

We created the PROUD Environmental Guidelines for construction partners to help reduce environmental impacts from construction sites. These guidelines include design consideration, such as greenery and use of recycled materials, and the promotion of the 3Rs (Reduce, Reuse, Recycle).

Summary

- Improve environmental awareness
- Reduce greenhouse gas emissions
- Reduce waste emissions and increase recycling rate
- Proper management and reduced usage of chemicals
- Reduce impacts on the natural environment and surrounding environment
- Promote the use of products, technologies and methods with fewer environmental impacts

Initiatives in the Leasing Business

Yokohama Business Park Receives ABINC Certification (Urban/SC Ver.)

Yokohama Business Park (YBP) received Association for Business Innovation in harmony with Nature and Community (ABINC) certification (urban/SC ver.)* for its consideration given to conserving biodiversity. YBP regularly holds the Exhibit of Urban Design for Firefly Habitats, rice-harvesting lessons, and biotope tours, where tenant companies and the surrounding community together think and learn about biodiversity and environmental issues.



Exhibit of Urban Design for Firefly Habitats 2013

* Association for Business Innovation in harmony with Nature and Community (ABINC) (urban/SC ver.): A certification program where ABINC reviews office buildings and commercial facilities considerate of biodiversity in accordance with the JBIB Guidelines for Sustainable Business Sites published by the Japan Business Initiative for Biodiversity. The purpose of the certification program is to encourage harmony between people and nature in corporate activities.

Encouraging CASBEE Assessments and Certification

PMO and office buildings developed by NREG TOSHIBA BUILDING Co., Ltd. are required to obtain an A ranking or above under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) according to their development plans. In the fiscal year ended March 31, 2014, the LAZONA Kawasaki Toshiba Building was awarded an S ranking, while three other PMO series office buildings were also certified.

Developing Human Resources

Basic Viewpoint

The Nomura Real Estate Group unveiled its Mid-to Long-term Business Plan through 2022/3. The theme of the plan is “Creating Value through Change.”

We recognize that individual employees maximizing their abilities as part of a diverse workforce is essential in order to continually create products and services with value and new approaches using a speedy response to the diversifying needs and changes of our business environment.

Based on this, the Nomura Real Estate Group promotes diversity management and human resource development to foster a corporate culture in which every employee accepts one another regardless of age, gender, or personality and shares their unique viewpoints and values.

Initiatives for the Fiscal Year Ended March 31, 2014

Promotion of Diversity Management and Human Resource Development

The Nomura Real Estate Group is promoting diversity management so that individual employees can maximize their abilities regardless of age, gender or personality. As part of these efforts, in June 2013 Nomura Real Estate Development established the Diversity Promotion Committee, chaired by the president and comprising male and female members from various departments and ranks. The Committee deliberates a broad range of matters, from work-life balance and ways to reinforce management abilities to mid- to long-term career development. The results of these deliberations will be incorporated into specific measures as part of a three-year plan.

Nomura Real Estate Urban Net Co., Ltd. established the Diversity Promotion Section within its Human Resource Department in April 2014. This organization is working on measures that will help employees achieve work-life balance and make the company a more rewarding place to work.



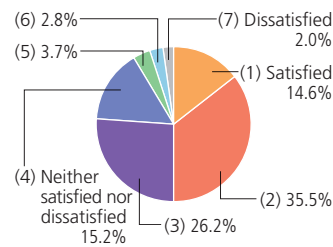
Diversity Promotion Committee

Main Activities (April 2013 to March 2014)

Employee Satisfaction Survey

In September 2013, Nomura Real Estate Development conducted its first-ever employee satisfaction survey. In addition to overall satisfaction, the 109-question survey covered other topics including how employees perceive work, supervisors, workplace environment and the company, and future career ambitions, among others. Responses were received from 1,415 of the company's 1,495 employees, or 94.6%.

Overall Satisfaction



* Responses given using a 7-step rating between satisfied and dissatisfied

Policy Changes for Childcare Support

Nomura Real Estate Development, recognizing that raising a child provides an opportunity for people to gain diverse perspectives and values, made changes to its human resource programs to ensure that both men and women are able to balance childcare with their professional life.

- (1) Holiday daycare support program
- (2) Extended age of child eligible for shortened working hours for childcare and nursing care leave to the start of fourth grade
- (3) Birth leave program for male employees

Policy Changes for Contract Workers

Nomura Real Estate Development currently employs 387 contract workers as of April 1, 2014. We recently made changes to our policies in order to provide greater motivation to these employees and help them advance their career.

- (1) Starting from the fiscal year ending March 31, 2016 we will eliminate employment contract renewal limits for contract workers that have been with the company more than one year
- (2) Instituted career advancement program where contract workers can become main career track employees after a three-stage process based on their skills
- (3) Increased base pay

Strengthening Engagement with Employees

We fostered greater understanding of diversity by strengthening engagement with employees through a results briefing of the employee satisfaction survey, meetings to discuss individual issues, meetings with expectant mothers, and a blog on diversity.

Nomura Real Estate Development's Ongoing Challenges for the Fiscal Year Ending March 31, 2015 (Excerpt)

- Strengthen management abilities
- Support mid- to long-term career development
- Expand nursing care leave program
- Revamp re-employment system for retired employees
- Offer employees the opportunity to work from home

Rainbow Forum

Nomura Real Estate Urban Net hosted the Rainbow Forum between June and September 2013 in which male and female employees from various departments and ranks gathered to talk about measures for promoting expanded roles for women in the workplace. The results of the forum's discussions were reported to senior management in the form of a recommendation on measures for work-life balance and for making the company a better place to work for all employees.

Social Contribution Activities

Basic Viewpoint

The Nomura Real Estate Group's business operations are closely rooted in the local community and supported by the people who live and work in these communities. We recognize that building relationships of trust and contributing to a better community are some of the most important elements of our business operations.

As a result, we carry out various initiatives that utilize the unique aspects of our businesses, including creating platforms for interacting with the local community and platforms for supporting culture and children's education.

Additionally, we are committed to continually supporting the rebuilding effort following the Great East Japan Earthquake together with local communities and NGOs.

Initiatives for the Fiscal Year Ended March 31, 2014

Donated Rice from the Kayabuki-no-Sato Project to Family Camp in Fukushima

The Nomura Real Estate Group donated a portion of the rice harvested by the Kayabuki-no-sato Project* to a family camp in Fukushima. Organized by volunteer group Karchanz, this project arranges for parents and children living in Fukushima Prefecture to go camping in Kanagawa Prefecture. The goal is to provide mental and physical healing by having participants enjoy nature and safe food.



A mother and child eating o-nigiri made from donated rice

* The Kayabuki-no-sato Project is an industry-private sector-government-academia project for passing down the traditions and satoyama culture of a rural community and environmental education. Under the project, our employees and people who live in PROUD condominiums work together to cultivate rice at the foot of Mt. Tsukuba in Ibaraki Prefecture. The project received a Good Design Award 2013 in three categories.

Stakeholder Voice

Karchanz is a volunteer group created by parents of children attending the Tsuchinoko Club Kindergarten. Children who at the start of the camp ran a fever or who were unhappy always recover after playing to their hearts content in nature. The rice we received was very delicious and the children asked for seconds a number of times. This direct and indirect involvement of various people has helped to encourage and uplift the people of Fukushima.

Aki Takeuchi
Representative
Karchanz



Supporting the Education of Children in Tohoku through Donations from Used Books

With the assistance of Chance for Children, we donated the proceeds from the sale of used books collected from employees to help fund extracurricular educational activities for children living in the Tohoku region.

Following the Great East Japan Earthquake, the disaster-stricken areas have seen a growing disparity in educational opportunities and academic ability caused by economic disparities. The goal of these activities is to provide children with equal opportunities for education and growth. As of June 2014, a total of 2,543 books had been collected and sold, with the proceeds used to fund private tutoring classes or cultural lessons.



Children benefiting from support
Photo by Natsuki Yasuda / studio AFTERMODE

Next-Generation Development Activities at Kokubunji Izumi Hall

The Nomura Real Estate Group, with the assistance of NPO Kids Arts Tokyo Conference, regularly holds hands-on arts events at Kokubunji Izumi Hall, one of the properties it manages. These events are held as part of the company's support for revitalizing the local community and attempt to broaden interaction and foster greater sensibilities in local families through the creation of art.



Roba Roba Festival



Corporate Governance

Corporate Governance

(as of June 27, 2014)

Basic Viewpoint

The Company believes that it 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

Board of Directors

The Company's Board of Directors comprises eight directors (of which two are external directors). The Board of Directors with the executive officers in attendance decides important corporate matters and supervises the execution of business operations by directors and executive officers. The Company has accepted an external director in order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management. Audit & Supervisory Board Members attend meetings of the Board of Directors and provide their opinions as the need arises.

Audit & Supervisory Board

The Company has adopted Audit & Supervisory Board Member system. Audit & Supervisory Board Members comprises five Audit & Supervisory Board Members, three of whom are external Audit & Supervisory Board Members. The Board formulates such matters as audit policies and the division of auditing roles, and receives reports and conducts discussions regarding important matters relating to audits carried out on the basis of those policies and divided roles.

The Company believes that management supervision should be conducted primarily by Audit & Supervisory Board Members. The Company enhances the effectiveness of its audit

activities through measures that include the establishment of an Office of Audit & Supervisory Board Members and the assignment of specialized staff to assist the Audit & Supervisory Board Members.

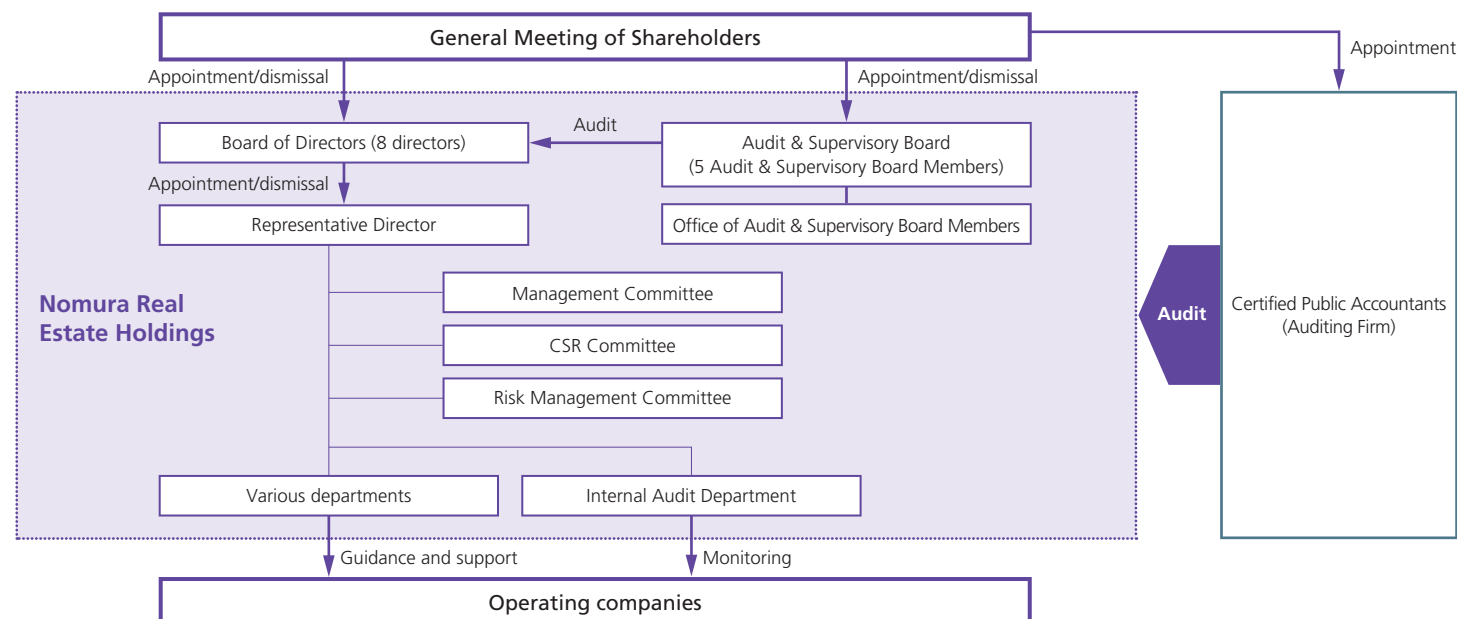
Executive Officers System

The Company has introduced a system of executive officers with an aim to strengthen Group management, to separate and enhance the business execution function from the decision-making and supervisory functions of the Board of Directors. Each executive officer appointed by the Board of Directors is delegated management authority based on the Company's internal rules and other stipulations to execute business under the direction of the president & CEO and policies approved by the Board of Directors of the Company.

Management Committee

The Management Committee includes Chief Executive and Executive Officers from Group companies so that the environment, needs and opinions of the entire Group can be accurately represented and reflected to management policy. Audit & Supervisory Board Members attend the Management Committee meetings as needed to contribute their opinion and expertise.

Corporate Governance System



External Directors

Name	Independent Director	Supplementary information	Reason for appointment as External Director	Attendance record
Shigeru Matsushima	○	Shigeru Matsushima is a professor at the Tokyo University of Science, Graduate School of Innovation Studies.	Shigeru Matsushima specializes in business administration. We selected him as an External Director to enhance the supervisory function of the Board of Directors and realize highly transparent management with his wealth of knowledge and experience, and his keen perception.	Attended 10 of 10 Board of Directors' meetings held since he was appointed on June 27, 2013.
Satoko Shinohara		Satoko Shinohara is a professor at Japan Women's University, Faculty of Human Sciences and Design, Department of Housing and Architecture.	We selected Satoko Shinohara as an External Director because she has wealth of knowledge and experience, and profound insights acquired through her many years working as an architect.	—

External Audit & Supervisory Board Members

Name	Independent Director	Supplementary information	Reason for appointment as External Audit & Supervisory Board Member	Attendance record
Shigeki Fujitani		—	We selected Shigeki Fujitani as an External Audit & Supervisory Board Member to enhance the supervisory function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception.	Attended 13 of 13 Audit & Supervisory Board meetings and 10 of 10 Board of Directors' meetings held since he was appointed on June 27, 2013.
Satoshi Ogishi	○	Satoshi Ogishi is a Partner at Nishimura & Asahi.	Satoshi Ogishi has practiced law for a number of years. We selected him as an External Audit & Supervisory Board Member to enhance the supervisory function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception.	Attended 17 of 17 Audit & Supervisory Board meetings and 12 of 14 Board of Directors' meetings held in the fiscal year ended March 31, 2014.
Akira Yamate	○	—	Akira Yamate has served as a Certified Public Accountant for a number of years. We selected him as an External Audit & Supervisory Board Member to enhance the supervisory function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception.	Attended 13 of 13 Audit & Supervisory Board meetings and 10 of 10 Board of Directors' meetings held since he was appointed on June 27, 2013.

Internal Audit System and Audit & Supervisory Board Member 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, in collaboration with the auditing firm, supervises the internal audit functions of the entire Group and performs monitoring, evaluation and auditing in each division within the Company.

Audit & Supervisory Board Member Audit System

The Company has appointed full-time staff in the Office of Audit & Supervisory Board Members to support Audit & Supervisory Board Member audits. Each Audit & Supervisory Board Member

attends meetings of the Board of Directors and other important meetings and audits the execution of the duties of directors and executive officers while cooperating with the Internal Audit Department and the auditing firm as needed.

Audit & Supervisory Board Member Takao Orihara has prolonged experience in finance and accounting, Audit & Supervisory Board Member Shigeki Fujitani has experience in finance and audit work over many years and Audit & Supervisory Board Member Akira Yamate possesses a qualification as a Certified Public Accountant. All three individuals thus have a considerable degree of professional insight regarding finance and accounting.

Accounting Audits

The Company has concluded an auditing contract with Ernst & Young ShinNihon LLC (the auditing firm). In addition to regular accounting audits by the auditing firm, the Company discusses and verifies accounting issues with the auditing firm as needed and strives to follow appropriate accounting procedures.

Certified Public Accountants involved in auditing are listed below.

Auditing Firm	Names of Certified Public Accountants	
Ernst & Young ShinNihon LLC	Designated and Engagement Partner	Tadayuki Matsushige
	Designated and Engagement Partner	Kazunori Takenouchi
	Designated and Engagement Partner	Hisashi Yuhara

* Length of auditing service of each of the above-mentioned Auditors is seven years or less; therefore, the number of years is omitted.

* Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in our accounting audits over an extended period of time.

* Assistants involved in auditing are listed below.

Certified Public Accountants 7/ Assistant Certified Public Accountant 5/ Other 4

Compensation of Directors and Audit & Supervisory Board Members and Compensation of Accounting Auditors

Policy and Decision-making Method Regarding the Amount and Calculation of Compensation and Other Remuneration for Directors and Audit & Supervisory Board Members

It was resolved that the maximum annual compensation limit for directors and Audit & Supervisory Board Members would be ¥650 million and ¥150 million, respectively.

The Company's compensation of directors and Audit & Supervisory Board Members 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

Compensation of Certified Public Accountants in Detail (fiscal year ended March 31, 2014)

	Compensation paid for audit certification activities (¥ million)	Compensation paid for non-audit activities (¥ million)
The Company	58	—
Consolidated subsidiaries	113	22
Total	171	22

Total Compensation of Directors and Audit & Supervisory Board Members by Type of Remuneration (fiscal year ended March 31, 2014)

	Total compensation (¥ million)	Total compensation by type of remuneration (¥ million)				Headcount
		Basic compensation	Stock option	Bonus	Retirement benefits	
Directors (excluding external directors)	298	153	54	91	—	5
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board Members)	71	52	—	19	—	2
External directors and Audit & Supervisory Board Members	60	50	—	9	—	6
Total	429	256	54	119	—	13

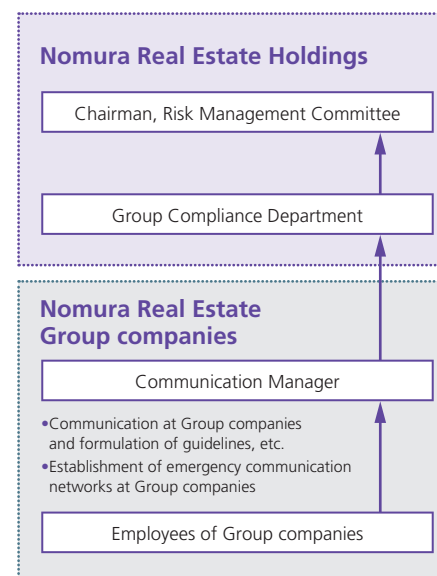
Notes: The number of directors at the end of the fiscal year ended March 31, 2014, which is five, includes one director who retired effective June 27, 2013.

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 Audit & Supervisory Board Members.

Policy for Deciding the Compensation of Accounting Auditors

The Company takes factors such as the days spent performing accounting audits, and the scale and business characteristics of the Company comprehensively into consideration in reaching an appropriate decision regarding the compensation of its auditing firm's certified public accountants and other accounting audit personnel.

Flow of Communication



Risk Management

Risk Management System

The Nomura Real Estate Group has established a Risk Management Committee whose members include directors and executive officers of the Company and Group companies, for the purpose of deliberating on risks facing the management of the Group. Group companies have established their own individual meeting bodies for risk management through which they strive to properly manage risks that arise from their business operations.

Risk Management Regulations

The Nomura Real Estate Group believes that ensuring sound management by properly addressing risks is fundamental to corporations. Accordingly, the Group has established Risk Management Regulations as its fundamental risk management guidelines. Risk management is predicated on the crucial task of understanding risk. The Group has thus established timely and proper reporting rules, including prompt escalation of situational reports to management after unforeseen incidents have occurred, in addition to regularly monitoring risks.

Summary of the Risk Management Regulations

- Risks that should be managed on a Group-wide level
- Establishment of Risk Management Committee
- Information conveyance system for incidents
- Emergency responses

Risk Management Committee Meetings

The Risk Management Committee meets, in principle, monthly to deliberate on matters concerning the risk management, compliance and information security within the entire Group. It also discusses response measures when risks do occur. Details of all deliberations and discussions are reported to the Board of Directors on a regular basis.

The Risk Management Committee provides necessary guidance, advice and support to Group companies, with the execution of regular inspections on legal compliance being once such example. Compliance with relevant laws is thoroughly ensured through compliance inspections for laws that relate to every Group company, such as the Building Lots and Buildings Transaction Business Act and Financial Instruments and Exchange Act, in which issues that require remedy are pointed out.

Establishment of a Business Continuity Plan (BCP)

Each company that belongs to the Nomura Real Estate Group has established a BCP with the scenario of a major earthquake striking directly underneath Tokyo. Group companies have also established command systems for emergencies and assigned duties for ensuring the continuity of the business. These systems will ensure that the Group can minimize any effects incurred from a disaster.

Compliance

Compliance Systems

The Nomura Real Estate Group regards compliance 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 of the entire Group, we have established a Group Compliance Department in the Company. It provides advice, guidance and support to Group companies.

Nomura Real Estate Group Risk Hotline

The Nomura Real Estate Group Risk Hotline serves as a point of contact for whistle-blowing

by Group employees. Two internal reporting channels are available: one to internal directors and the other to outside legal counsel. In the event that a compliance issue cannot be resolved in the workplace or in other related circumstances, employees may choose to consult with either point of contact.

Compliance Program

The Nomura Real Estate Group has established a compliance program under which it carries out training throughout the year. Compliance Hour is a program streamed to all officers and employees of Group companies over the Internet on a monthly basis in order to raise awareness about compliance.

Training and Educational Activities for Officers and Employees

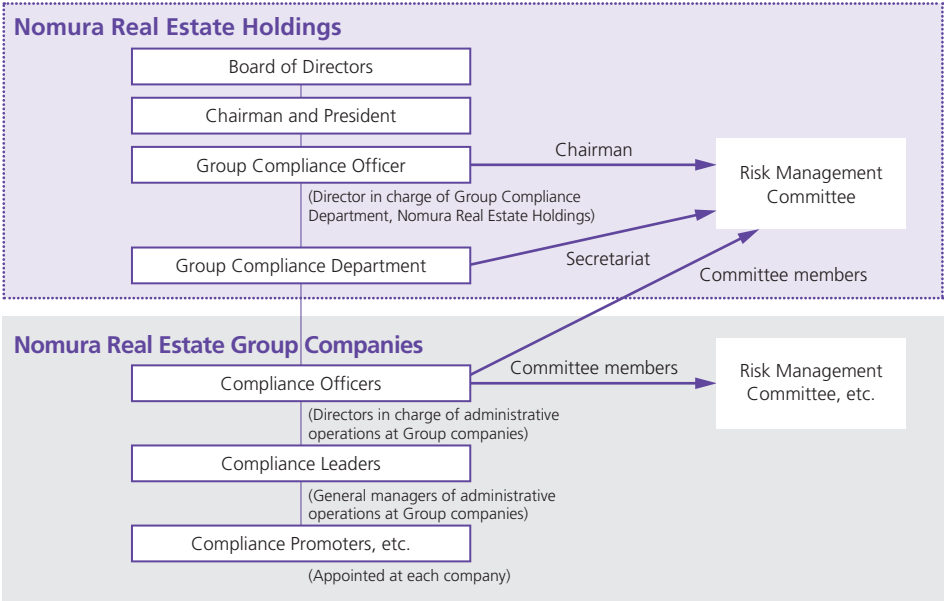
Program	Number of times held in the fiscal year ended March 31, 2014	For
Compliance Hour	11	All Group officers and employees
Group Officer Training	1	All Group officers
Group GM & Branch Manager Meeting	1	All Group GMs and branch managers

Disclosure System Concerning Timely Disclosure

Corporate Information Collection

Corporate information of the Company is aggregated by the person responsible for information handling (the corporate officer in charge of the Corporate Communications & Investor Relations Department) through the department responsible for information collection (Corporate Planning Department) from responsible individuals in each department within the Company. Regarding Nomura Real Estate Group companies, corporate information is aggregated by the person responsible for information handling (the corporate officer in charge of the Corporate Communications & Investor Relations Department) through the department responsible for information collection (Corporate Planning Department) from responsible individuals in each Group company. Information on incidents with significant urgency is aggregated by the person responsible for information handling (the corporate officer in charge of the Corporate Communications &

Nomura Real Estate Group Compliance Promotion Framework

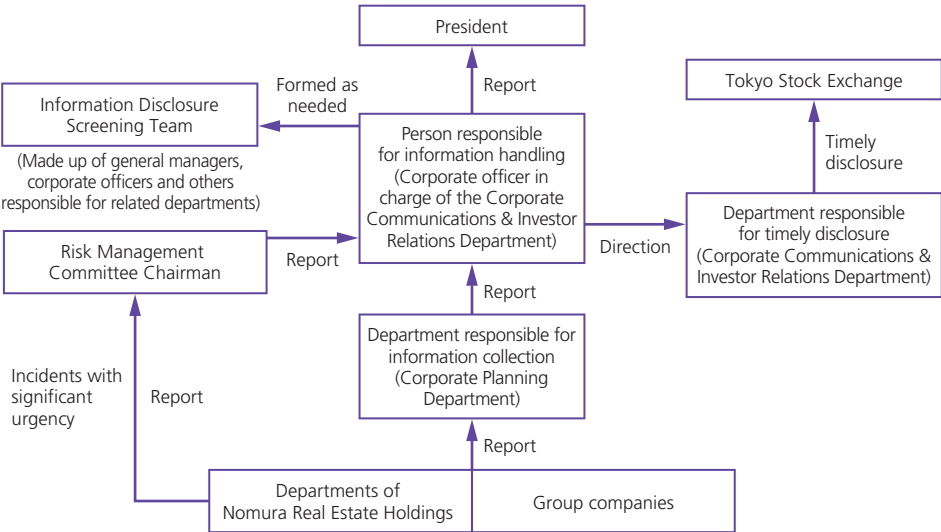


Investor Relations Department) through the Chairman of the Risk Management Committee.

Decisions on Timely Disclosure of Corporate Information

The person responsible for information handling (the corporate officer in charge of the Corporate Communications & Investor Relations Department) forms an Information Disclosure Screening Team, which is made up, as needed, of general managers, corporate officers and others responsible for related departments, if a decision is required on whether or not to disclose corporate information aggregated by the aforementioned system. This team decides whether or not to disclose information after looking at the necessity for timely disclosure, the disclosure details and other matters, and at the same time reports to the president.

Timely Disclosure System



Timely Disclosure

Corporate information that must be disclosed in accordance with the timely disclosure rules of the Tokyo Stock Exchange and corporate information that the Company decides needs to be disclosed in a timely manner is disclosed by the department responsible for timely disclosure (Corporate Communications & Investor Relations Department) under the direction of the person responsible for information handling (the corporate officer in charge of the Corporate Communications & Investor Relations Department). The department responsible for timely disclosure (Corporate Communications & Investor Relations Department) prepares the materials for disclosure and makes them public after receiving the approval of the person responsible for information handling (the corporate officer in charge of the Corporate Communications & Investor Relations Department).

Investor Relations Activities

Building Relationships with Analysts and Institutional Investors

Nomura Real Estate Holdings, Inc. regularly holds earnings briefings at the time of announcing annual and semi-annual results delivered by the representative as an opportunity to engage analysts and investor. During these briefings, an overview of earnings results is given and corporate strategy explained, and the streaming of earnings briefings is provided on the Company's website. We also conduct a conference call on the days when quarterly earnings results are announced, briefing sessions for business activities and property tours to help analysts and investors to better understand the Company.

Given the increasing shareholdings of foreign investors, we regularly provide financial closing information and streaming of earnings briefings in English. In addition, company representatives or Directors visit institutional investors in the U.S.A., Europe, and Asia to explain business and financial strategies and build relationships.



Corporate website (Investor Relations)

Communication with Individual Investors

Given the increase in the number of individual investors following the rollout of the Nippon Investment Savings Account (NISA) program, Nomura Real Estate Holdings, Inc. regularly holds information sessions for individual investors held by the Tokyo Stock Exchange and company briefings at branches of securities companies. In addition, we have expanded the Investor Relations section of our corporate website as part of our efforts to broaden understanding about the Company.



TSE IR Festa 2014

Main IR Activities (April 2013 to March 2014)

IR activities for institutional investors	Number of times held
Earnings briefings	2 times
Teleconferences	3 times
Meetings with investors and analysts (This number includes the following meetings)	Cumulatively 410 meetings
Overseas IR (Europe, U.S., Asia)	3 times
Conference organized by securities companies	Participated 6 times
Briefing sessions for business activities and property tours	3 times
Small meetings for the Residential Development Business	1 time
IR activities for individual investors	
Securities company branch briefings	7 times
IR fairs	1 time

Directors and Executive Officers



(Front row from left)

③ Seiichi Miyajima

① Kamezo Nakai

② Eiji Kutsukake

④ Toshiaki Seki

(Back row from left)

⑥ Yukoh Yoshida

⑧ Satoko Shinohara

⑦ Shigeru Matsushima

⑤ Hiroyuki Kimura

Directors and Executive Officers

(as of July 1, 2014)

Directors

1 Kamezo Nakai

President (Representative Director) & Chief Executive Officer

Apr. 1974: Joined Nomura Securities Co., Ltd.
Jun. 1995: Director of Nomura Securities Co., Ltd.
Apr. 1999: Managing Director of Nomura Securities Co., Ltd.
Apr. 2003: Director and Executive Vice President of Nomura Asset Management Co., Ltd.
Jun. 2003: Executive Vice President and Executive Managing Director of Nomura Asset Management Co., Ltd.
Jun. 2003: Executive Managing Director of Nomura Holdings, Inc.
Apr. 2008: Advisor of Nomura Asset Management Co., Ltd.
Apr. 2009: Advisor of Nomura Land and Building Co., Ltd.
Jun. 2009: President (Representative Director) of Nomura Land and Building Co., Ltd.
Jun. 2011: President (Representative Director) of Nomura Real Estate Holdings, Inc.
Apr. 2012: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (To present)
May 2012: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

2 Eiji Kutsukake

Director (Representative Director) & Executive Vice President

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

3 Seiichi Miyajima

Director (Representative Director) & Executive Officer
Head of the Residential Development Business and Supervisor of Development Planning

Apr. 1981: Joined Nomura Real Estate Development Co., Ltd.
Jun. 2002: General Manager of Residential Development Dept. (1) of the Residential Development Division, Nomura Real Estate Development Co., Ltd.
Jun. 2004: Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008: Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009: Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2012: Director (Representative Director) and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012: Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014: Director (Representative Director) and Executive Vice President of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2014: Director (Representative Director) and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

4 Toshiaki Seki

Director (Representative Director) & Executive Officer
Head of the Property & Facility Management Business

Apr. 1980: Joined Nomura Real Estate Development Co., Ltd.
April 2001: General Manager of Human Resource Dept. of Nomura Real Estate Development Co., Ltd.
Jun. 2003: Director of Nomura Real Estate Development Co., Ltd.
Mar. 2007: Managing Director of Nomura Real Estate Development Co., Ltd.
Apr. 2007: President (Representative Director) of Nomura Living Support Co., Ltd.
Apr. 2008: President (Representative Director) and Chief Executive Officer of Nomura Living Support Co., Ltd.
Dec. 2010: President (Representative Director) of Nomura Real Estate Reform Co., Ltd.
May 2012: Director of Nomura Real Estate Holdings, Inc.
Apr. 2013: Director of Nomura Building Management Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
Apr. 2014: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd. (To present)
Jun. 2014: Director (Representative Director) and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

5 Hiroyuki Kimura

Director & Executive Officer
CFO and Head of Investor Relations

Apr. 1984: Joined Nomura Real Estate Development Co., Ltd.
Feb. 2006: General Manager of Finance & Accounting Dept. of Nomura Real Estate Development Co., Ltd.
Apr. 2009: Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009: Director of Nomura Real Estate Holdings, Inc.
Apr. 2010: President (Representative Director) of Nomura Real Estate Investment Management Co., Ltd.
Apr. 2010: Director of Nomura Real Estate Capital Management Co., Ltd.
Apr. 2010: Director of Nomura Real Estate Asset Management Co., Ltd.
Oct. 2011: Managing Director of Nomura Real Estate Asset Management Co., Ltd.
May 2012: Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2013: Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2014: Director and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

6 Yukoh Yoshida

Director & Executive Officer
Head of Management Planning, Affiliate Control, Corporate Social Responsibility Management Dept., Group Human Resource Dept., and Corporate Communications & Investor Relations Dept., and Co-Head of the Leasing Business

Apr. 1986: Joined Nomura Real Estate Development Co., Ltd.
Jun. 2005: General Manager of Corporate Planning Dept. of Nomura Real Estate Development Co., Ltd.
Jun. 2005: General Manager of Corporate Planning Dept. of Nomura Real Estate Holdings, Inc.
Apr. 2009: Director and Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009: Director of Nomura Real Estate Holdings, Inc.
Apr. 2012: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (To present)
May 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

7 Shigeru Matsushima

Director (External)

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

8 Satoko Shinohara

Director (External)

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

Executive Officers

Seishi Miyajima

Executive Officer in charge of Property Brokerage & CRE Business

Takashi Kaku

Executive Officer in charge of Quality Management and Architectural Design

Yasuaki Fukui

Executive Officer in charge of Investment Management Business

Tadashi Nakajima

Executive Officer in charge of Leasing Business

Shigeyuki Yamamoto

Executive Officer in charge of Customer Relations of Residential Development

Kouzou Ise

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

Minoru Hatada

Executive Officer in charge of Development Planning

Makoto Haga

Executive Officer in charge of Corporate Planning Dept.

Haruki Nakamura

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

Noriyuki Jimbo

Executive Officer and General Manager of Group Human Resource Dept.

Audit & Supervisory Board Members



(From left to right)

⑤ Akira Yamate

② Takao Orihara

① Yoji Kurihara

③ Shigeki Fujitani

④ Satoshi Ogishi

Audit & Supervisory Board Members

(as of June 27, 2014)

1 Yoji Kurihara

Full Time Audit & Supervisory Board Member

Apr. 1976: Joined Nomura Securities Co., Ltd.
Jun. 2000: Director of Nomura Real Estate Development Co., Ltd.
May 2004: Director of Nomura Real Estate Holdings, Inc.
Jun. 2004: Managing Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2010: Director of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2010: Director of Nomura Real Estate Investment Management Co., Ltd.
Apr. 2010: Director of Nomura Real Estate Asset Management Co., Ltd.
Oct. 2011: President (Representative Director) of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2012: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2012: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc. (To present)

2 Takao Orihara

Full Time Audit & Supervisory Board Member

Apr. 1980: Joined Nomura Real Estate Development Co., Ltd.
Oct. 2004: General Manager of Corporate Planning Dept. of Nomura Real Estate Holdings, Inc.
Jun. 2005: Director of Nomura Real Estate Holdings, Inc.
Jun. 2005: Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008: Director and Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)
Apr. 2014: Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2014: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc. (To present)

3 Shigeki Fujitani

Full Time Audit & Supervisory Board Member (External)

Apr. 1981: Joined Nomura Securities Co., Ltd.
Apr. 2008: Executive Managing Director of Nomura Asset Management Co., Ltd.
Oct. 2008: Executive Officer of Nomura Holdings, Inc.
Apr. 2013: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc. (To present)

4 Satoshi Ogishi

Audit & Supervisory Board Member (External)

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

5 Akira Yamate

Audit & Supervisory Board Member (External)

Nov. 1977: Joined Price Waterhouse & Co.
Jul. 1991: Representative Partner of Aoyama Audit Corporation
Jul. 1991: Partner of Price Waterhouse & Co.
Apr. 2000: Representative Partner of Chuo Aoyama Audit Corporation
Apr. 2000: Partner of PricewaterhouseCoopers
Sep. 2006: Representative Partner of PricewaterhouseCoopers Arata
Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc. (To present)

Messages from External Directors and External Members of the Audit & Supervisory Board

External Directors

Helping develop spaces that meet the expectations of society both from a consumer's and holistic point of view

Shigeru Matsushima



Every day we travel between spaces for living, working and entertaining. The Nomura Real Estate Group is involved with the creation of all of these spaces. To make these spaces more comfortable, we need to engage in our business from a consumer's point of view.

The future of Japan's society is one of globalization for two reasons. First, more and more Japanese people will live and work overseas. Second, more and more foreign nationals will live and work in Japan. Therefore, to forecast the future, we need to have a holistic point of view.

Employees of the Nomura Real Estate Group are working hard to fulfill the expectations of society both from a consumer's and holistic point of view. As an external director, I hope to be involved in these efforts.

Profile

Shigeru Matsushima is a professor with the Tokyo University of Science's Graduate School of Innovation Studies. As an expert in business administration, Mr. Matsushima retains a wealth of knowledge, experience and understanding of corporate innovation processes, industrial policy, corporate management, and organizational theory, among other fields. He has been a member of our Audit & Supervisory Board since 2008 and a director since 2013.

Involved in the management of the Nomura Real Estate Group, which constantly strives to enhance real estate value, from the perspective of architects, consumers and residents

Satoko Shinohara



Japan's cities feature rather unique compositions. In most European cities blocks are clearly defined and whenever new construction takes place it does so within the confines of these blocks. In Tokyo, if you venture just a little ways from the downtown core you will find countless voids both large and small. Each building has a major influence on the characteristics of the community depending on how it is constructed. For this reason a great deal of responsibility goes along with each individual development plan. A single development can make the community more attractive or less attractive. If a development can make a location more attractive, then the value of the buildings will undoubtedly rise over the long term.

As an external director, I hope to play a supporting role in Nomura Real Estate Group's projects from the perspective of architects, consumers and residents so as to enhance the value of the location and the city.

Profile

Satoko Shinohara is a professor with the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University, and is Representative Director of Spatial Design Studio. Ms. Shinohara has worked professionally as an architect for many years and has accumulated a wealth of knowledge, experience and understanding as a researcher of common spaces for collective housing. She was appointed as director in 2014.

External Members of the Audit & Supervisory Board

Fulfilling my duties as an external member of the Audit & Supervisory Board to ensure the Group continually serves an indispensable role in society

Satoshi Ogishi



This is my third year serving as an external member of the Audit & Supervisory Board. As a lawyer, I have had the opportunity to serve on the boards of many companies. Compared to these other companies the Nomura Real Estate Group's governance structure is functioning very soundly. The Board of Directors candidly discusses the many resolutions and reports submitted for review. I have watched over these discussions with peace of mind and have also at times shared my honest opinion. Scandals and improprieties cannot be completely prevented in human society, but the Nomura Real Estate Group is steadily taking measures to improve its structure and prevent these from ever happening.

I believe the Mid- to Long-term Business Plan launched in the fall of 2012 will serve as a compass for the Group's solid future growth. Nevertheless, occasionally companies can't avoid a business environment plagued by storms and upheavals. I will fulfill my duties as an external member of the Audit & Supervisory Board to the best of my abilities so that the Nomura Real Estate Group continues to serve an important and indispensable role in society providing sound living and working environments, regardless of business environment.

Profile

Satoshi Ogishi is an attorney and partner at Nishimura & Asahi. Mr. Ogishi has developed advanced expertise and a wealth of experience in corporate law, M&A, and business restructuring as a law practitioner. He was appointed as a member of the Audit & Supervisory Board in 2012.

Helping realize sound governance using the objective perspective of an independent officer to secure the trust of all stakeholders

Akira Yamate



The Nomura Real Estate Group has a broad range of stakeholders while views on corporate value are also far from uniform. To accommodate the diverse needs of these stakeholders, it is no longer sufficient just to disclose conventional information about financial indicators, such as business plans and management results. Instead, truly comprehensive corporate information disclosures are necessary that also contain non-financial information, such as initiatives for human resource, the environment and energy issues. At the same time, establishing and operating an in-house system for ensuring the reliability and timeliness of these information disclosures has become an important management task.

As an independent officer, my role is to contribute to the sound implementation of governance with an objective perspective. Leveraging my many years of professional experience as a certified public accountant, I hope to provide an external perspective for the management of the Nomura Real Estate Group to take notice of important issues.

Profile

Akira Yamate is a certified public accountant and former Representative Partner and Head of Operations with PricewaterhouseCoopers Arata. Mr. Yamate has developed advanced expertise and a wealth of operational experience in audits and advisory operations for many Japanese and foreign companies, centered on banks, because of his many years as a certified public accountant. He was appointed as a member of the Audit & Supervisor Board in 2013.

*Comments from part-time officers only

Financial Data

Consolidated Financial Highlights

(Thousands of U.S. dollars)
(Millions of yen) (Note 5)

	2009/03	2010/03	2011/03	2012/03	2013/3	2014/03	2014/03
For the Year:							
Operating revenue	¥ 448,656	¥ 434,226	¥ 480,983	¥ 450,807	¥ 517,741	¥ 532,016	\$ 5,169,221
Gross profit	100,764	105,576	107,222	114,910	134,571	159,336	1,548,151
Operating income	34,013	39,275	42,083	49,939	58,308	74,308	721,997
Ordinary income	23,702	23,967	26,149	34,174	45,807	64,058	622,410
Net income	13,770	4,660	5,472	17,591	19,357	26,844	\$ 260,825
Cash flows from operating activities	(108,031)	19,266	33,948	43,877	89,295	83,535	811,651
Cash flows from investing activities	(141,789)	(24,571)	(33,731)	7,809	(2,588)	(20,192)	(196,187)
Cash flows from financing activities	295,508	13,098	(7,486)	(63,296)	(94,666)	(57,858)	(562,165)
Capital investment* ¹	56,663	26,796	37,571	14,098	18,963	21,939	213,165
Depreciation* ²	7,149	10,758	12,836	13,535	13,514	14,333	139,266
Per Share Data:							
Net income (yen)	¥ 92.21	¥ 25.69	¥ 28.74	¥ 92.38	¥ 101.61	¥ 140.70	\$ 1.37
Cash dividends (yen)	40.00	25.00	25.00	25.00	30.00	35.00	0.34
Balance Sheet Data (as of March 31):							
Total assets	¥1,385,532	¥1,405,424	¥1,474,331	¥1,402,624	¥1,369,949	¥1,313,888	\$12,766,106
Total net assets	281,376	349,437	357,366	376,486	398,276	418,697	4,068,180
Interest-bearing debt	778,074	759,637	816,910	758,562	669,269	617,584	6,000,618
Ratios:							
ROA* ³ (%)	2.5	2.8	2.9	3.7	4.6	5.8	
ROE* ⁴ (%)	5.9	1.7	1.8	5.7	5.9	7.8	
Operating margin (%)	7.6	9.0	8.7	11.1	11.3	14.0	
Dividend payout ratio (%)	43.4	97.3	87.0	27.1	29.5	24.9	
Shareholders' equity ratio (%)	17.0	21.4	20.7	22.6	24.5	27.1	
D/E ratio (times)	3.3	2.5	2.7	2.4	2.0	1.7	
Number of employees (people)	4,998	5,195	5,300	5,399	5,581	5,747	

Notes: 1. Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" on the consolidated statements of cash flows. 2. Depreciation and amortization represents the amount shown for "Depreciation and amortization" on the consolidated statements of cash flows. 3. ROA = (Operating income + Non-operating income) / Total assets at end of fiscal year. 4. ROE = Net income / Equity (as average over the fiscal year). 5. 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, 2014, which was ¥102.92 = U.S.\$1.

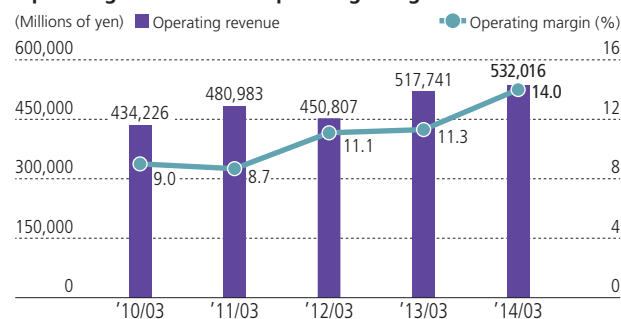
Key Points of Operating Results

Overview: During the year ended March 31, 2014, we achieved higher earnings on higher revenue thanks to an increase in the number of units sold in the housing sales business and because of a loss on valuation of equity investments in the previous year. Furthermore, figures for operating revenue, operating income and ordinary income were each the highest on record.

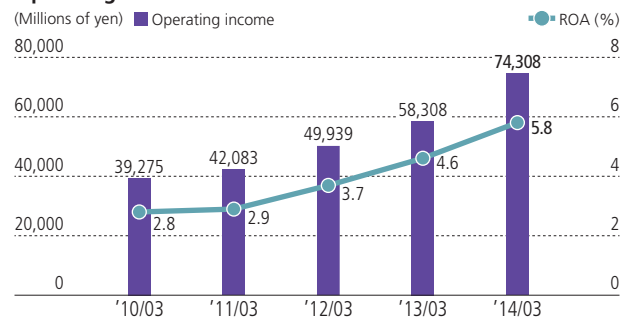
Dividends: The year-end dividend per share for the year ended March 31, 2014 was ¥35, which was ¥5 higher than the initial forecast, given the positive future outlook regarding the management environment and performance. We plan to increase the year-end dividend a further ¥5 in the year ending March 31, 2015 to ¥40 per share.

Main Financial Indicators

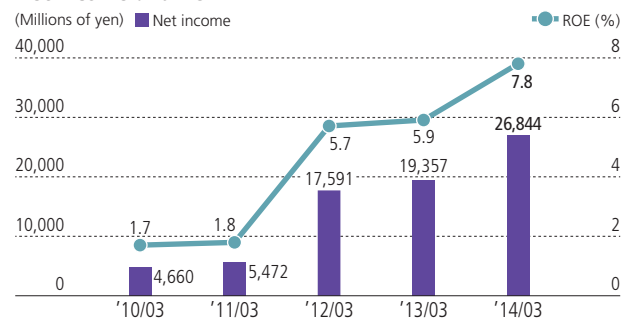
Operating Revenue and Operating Margin



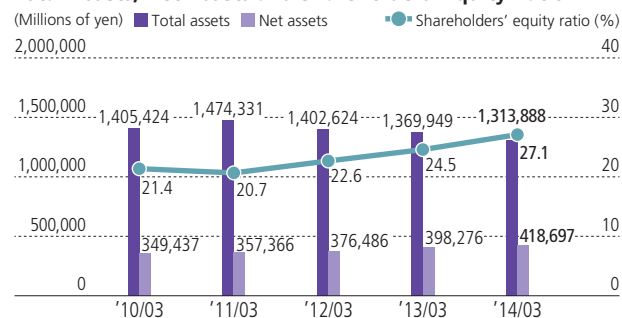
Operating Income and ROA



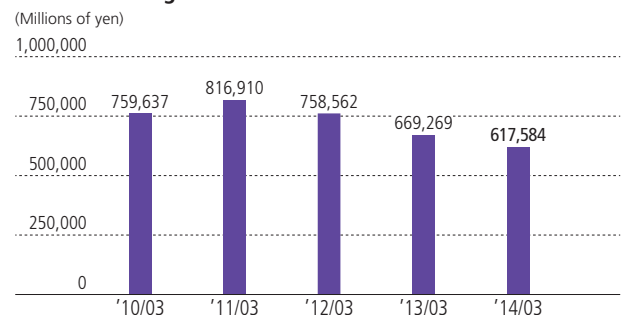
Net Income and ROE



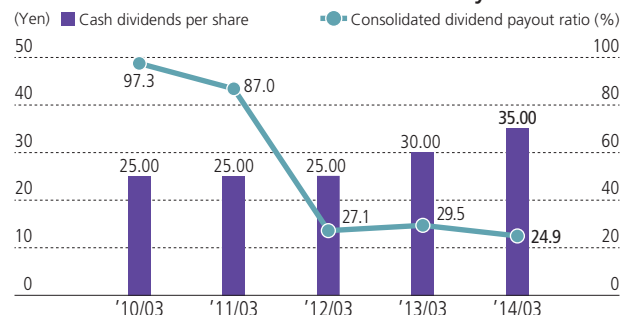
Total Assets, Net Assets and Shareholders' Equity Ratio



Interest-Bearing Debt

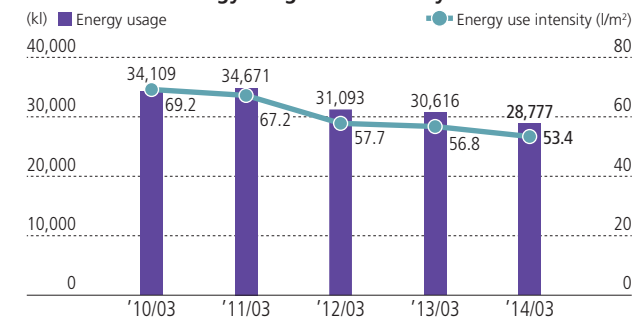


Consolidated Cash Dividends and Dividend Payout Ratio

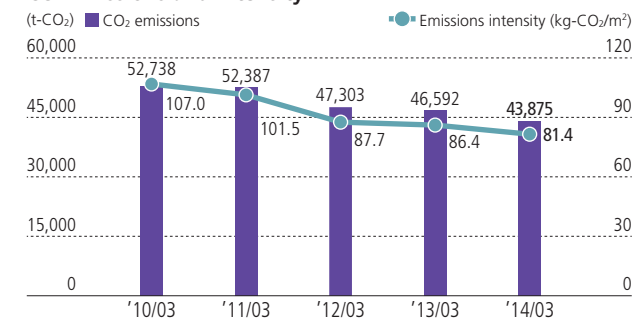


Non-Financial Data

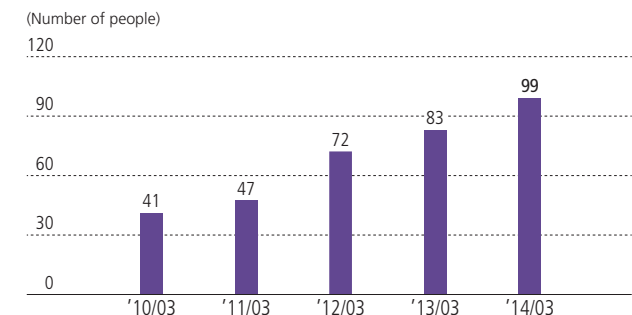
Oil Converted Energy Usage and Intensity*



CO₂ Emissions and Intensity*



No. of Childcare Leave Takers



* Applicable buildings: Of those buildings in the Nomura Real Estate Group's portfolio, those buildings applicable to the Tokyo Metropolitan Ordinance on Environmental Preservation and buildings in which the Nomura Real Estate Group retains an interest of more than 50,000 m² (mainly office buildings): Shinjuku Nomura Building, Toshiba Hamamatsucho Building, Hamamatsucho Building (Toshiba Building), Nihonbashi Muromachi Nomura Building, Fukagawa Gatharia Tower N, Fuchu Toshiba Building, and Yokohama Business Park. However, the Nihonbashi Muromachi Nomura Building has been included in the calculation from October 1, 2010, since it was completed at the end of September 2010.

Group Company Profile

Nomura Real Estate Development Co., Ltd.

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

Nomura Real Estate Development conducts a range of businesses. The residential development business provides quality residential accommodation under the PROUD and OHANA brands. Meanwhile, the building business, the commercial facility business, and the logistics facility business plan, develop and manage commercial, logistics and other facilities, including office buildings such as PMO, and GEMS urban-type commercial facilities. In addition, the corporate real estate (CRE) strategic support and corporate brokerage business helps maximize the value of real estate.



Nomura Real Estate Asset Management Co., Ltd.

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

In October 2011, three investment management companies in the Nomura Real Estate Group merged and became one of the largest real estate investment management companies in Japan with more than ¥1 trillion in assets under management. Nomura Real Estate Asset Management provides one-stop shopping for a broad variety of financial products and investment management services that meet a wide range of real estate investment needs, including privately placed real estate funds, to listed real estate investment trusts (REIT), debt investment in domestic real estate, overseas real estate fund of funds, and discretionary investment management contracts with institutional investors.



Nomura Real Estate Urban Net Co., Ltd.

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

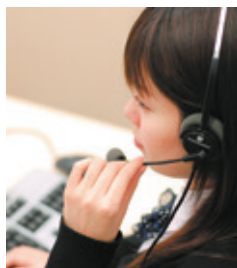
This company provides solutions for satisfying customers in the real estate services and consulting fields. These include residential real estate brokerage for helping customers in changing their place of residence, and commercial real estate brokerage, which addresses the real estate needs of companies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



Nomura Real Estate Partners Co., Ltd.

<http://www.nomura-pt.co.jp/> (Japanese only)

The Nomura Real Estate Group launched Nomura Real Estate Partners Co., Ltd. in April 2014. This new real estate management company represents the merger of building and condominium management operations with the capability to perform overall management of various building types. Nomura Real Estate Partners combines expertise in building and condominium management with property management to realize effective real estate management and construction aimed at handling large-scale repair, remodeling, and interior work.



NREG TOSHIBA BUILDING Co., Ltd.

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

NREG TOSHIBA BUILDING offers service 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.



Yokohama Business Park Heating and Cooling Supply Co., Ltd.

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.



Geo-Akamatsu Co., Ltd.

<http://www.geo-akamatsu.co.jp/> (Japanese only)

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.

<http://www.nomura-rf.co.jp/> (Japanese only)

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



Nomura Amenity Service Co., Ltd.

Nomura Amenity Service provides cleaning services of office buildings, schools, and condominiums to maintain scenic beauty of properties as a cleaning company of the property and facility management business of the Nomura Real Estate Group.



NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

<http://www.toshiba.co.jp/tfs/> (Japanese only)

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



PRIME X. Co., Ltd.

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

Based on the accumulated real estate expertise of the Nomura Real Estate Group, 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 home-pages to creating and managing membership organizations, and handling project sales promotions.



MEGALOS Co., Ltd.

<http://www.megalos.co.jp/> (Japanese only)

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.



Investor Information

(as of March 31, 2014)

Corporate Data

Corporate Name: Nomura Real Estate Holdings, Inc.

Representative: Kamezo Nakai, President

Head Office: Shinjuku Nomura Building,
1-26-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo 163-0566, Japan

Date of Establishment: June 1, 2004

Number of Employees: 5,747 (on a consolidated basis)

Fiscal Year: From April 1 to March 31

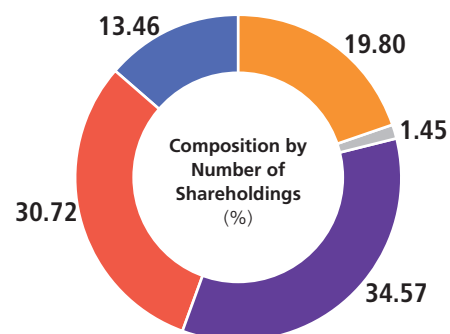
General Meeting of Shareholders: June

Stock Information

Common Stock	¥116,024,154,350
Number of Authorized Shares	450,000,000
Number of Shares Issued	190,906,800
Market Listing	First Section of Tokyo Stock Exchange
Minimum Trading Unit	100 shares
Number of Shareholders	48,613

Ten Largest Shareholders

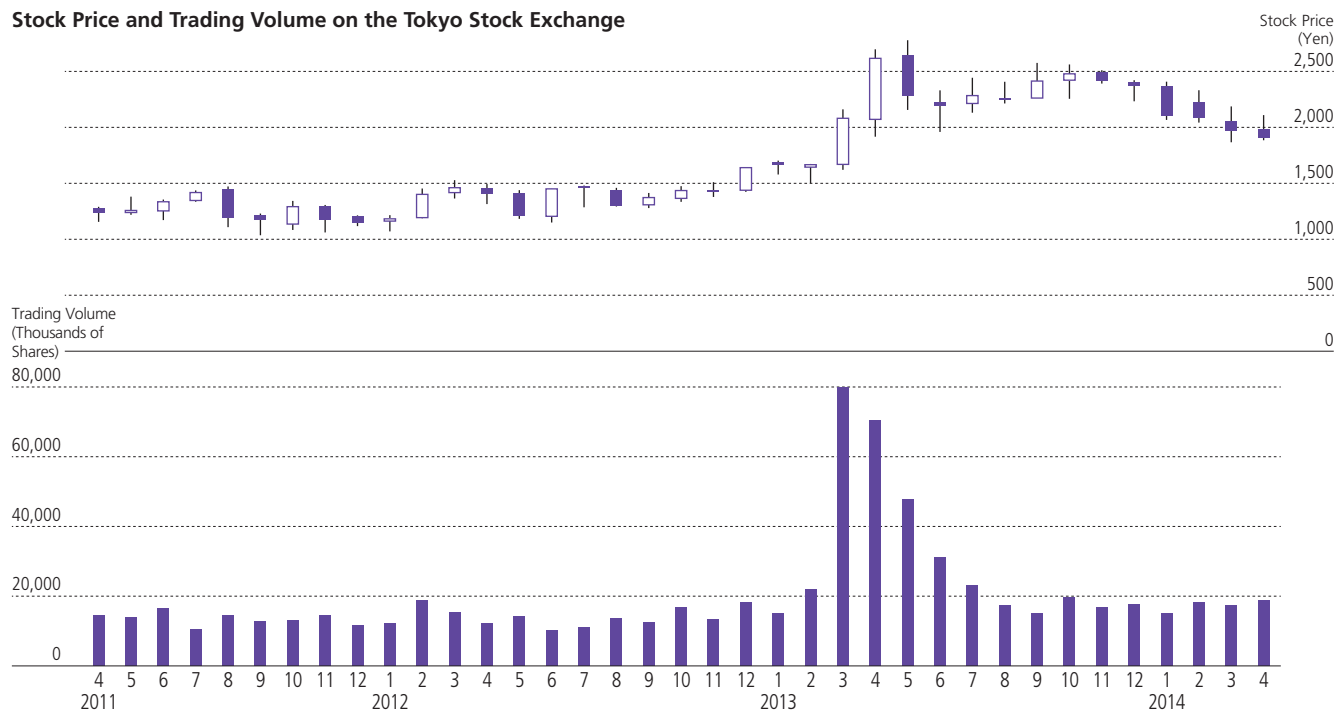
Name of Shareholder	No. of Shares	Shareholding (%)
Nomura Land and Building Co., Ltd.	64,777,500	33.93
Master Trust Bank of Japan (Trust account)	11,743,500	6.15
Japan Trustee Services Bank, Ltd. (Trust account)	5,979,200	3.13
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,274,000	1.71
Employees' Stockholding	2,882,482	1.50
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,477,329	1.29
State Street Bank-West Pension Fund Clients - Exempt	2,392,333	1.25
JAPAN RE FIDELITY	2,239,100	1.17
Japan Trustee Services Bank, Ltd. (Trust account 1)	2,092,600	1.09
Japan Trustee Services Bank, Ltd. (Trust account 6)	1,948,900	1.02



Composition by Number of Shareholdings (%)

Financial Institutions	19.80
Financial Instruments Firms	1.45
Other Japanese Firms	34.57
Other Foreign Investors	30.72
Individuals and Others	13.46

Stock Price and Trading Volume on the Tokyo Stock Exchange



Website



Nomura Real Estate Holdings Website

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



Investor Relations

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

Find the latest financial results, reports, shareholder information and future IR schedule for the Nomura Real Estate Group.



CSR

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

Learn more about the Nomura Real Estate Group's four key CSR themes, social contribution activities, and CSR implementation base.

Nomura Real Estate Holdings, Inc.

Shinjuku Nomura Building, 1-26-2
Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
URL: <http://www.nomura-re-hd.co.jp/english>