NEW VALUE, REAL VALUE — N.R.E. Group
NOMURA REAL ESTATE HOLDINGS

Financial Report

For the Year Ended March 31, 2022

2022

Management's Discussion and Analysis

Progress and Results of Business

Regarding the real estate market conditions, the housing sales market saw a robust sales trend with the number of housing units supplied recovering to pre-COVID levels, the first-month contract rate exceeding 70% for the first time in six years in the Tokyo metropolitan area, and other factors, underpinned by diversification of customer needs, the continuing low interest rate environment, etc. In the leasing office market, although vacancy rates are continuing at a high level for the recent few years, mainly in the central areas of Tokyo, the vacancy rates began declining in the middle of the fiscal year for certain areas, and for some areas we have begun to see demand emerging for office relocations with an eye to post-COVID business growth and further diversification of work styles. In addition, the logistics market continued to expand due to the spread of e-commerce and other factors, and the retail and hotel market, which was severely affected by the COVID pandemic, showed a gradual recovery trend. In the real estate investment market, property transactions were active mainly for logistics facilities and rental housing due to a good fund procurement environment and strong appetite for investment in domestic real estate by investors in Japan and overseas, and the size of the market continued to grow. Moreover, the real estate brokerage market continued robustly with the number of transactions and average transaction prices for used condominiums in the Tokyo metropolitan area proceeding at a high level, etc., particularly due to an increase in relocation demand and ongoing price differences between new properties and used properties in the retail business.

In this business environment, the Nomura Real Estate Group (the "Group") posted the following consolidated performance for the fiscal year ended March 31, 2022: Operating revenue of ¥645,049 million, which represents an increase of 11.1% year on year; operating profit of ¥91,210 million, an increase of 19.5%; business profit[*1] of ¥92,765 million, an increase of 21.3%; ordinary profit of ¥82,557 million, an increase of 25.2%; and profit attributable to owners of parent of ¥55,312 million, an increase of 31.1%.

Operating Results by Segment

An overview of segment achievements is given below:

Residential Development Business Unit

Operating revenue in the Residential Development Business Unit totaled ¥309,225 million, which represents an increase of 13.4% year on year, and business profit totaled ¥32,550 million, an increase of 45.3%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year. This was mainly due to an increase in the number of housing units sold and improvement in the gross margin ratio in the housing sales business.

In regard to housing sales, 4,329 units were recorded as sales (an increase of 660 units year on year), including condominiums at PROUD TOWER Kameido Cross and PROUD TOWER Higashi-Ikebukuro Station Arena and detached housing units at PROUD SEASON Tsukimino. The number of housing units contracted but not recorded as sales was 3,548 units as of the end of the fiscal year ended March 31, 2022 (an increase of 272 units year on year) and the contract progress rate against the scheduled housing sales for the next fiscal year was 74.6% at the beginning of the fiscal year ending March 31, 2023.

Furthermore, as initiatives to contribute to a sustainable society through business activities, the Residential Development Business Unit developed ZEH[*2] condominiums in addition to promoting the creation of housing aimed at net zero energy use through insulation, power saving and power generation, such as the "(temporary name) Sagami Ono 4-Chome Plan" and "(temporary name) Mukogaoka-yuen Collective Housing Plan," which will realize virtually zero CO_2 emissions by utilizing renewable electricity, etc. Moreover, it promotes the proactive use of domestically produced lumber to help reduce CO_2 emissions and so forth in our collective housing projects.

Commercial Real Estate Business Unit

Operating revenue in the Commercial Real Estate Business Unit totaled ¥202,460 million, which represents an increase of 13.0% year on year, and business profit totaled ¥38,590 million, an increase of 8.8%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year. This was mainly due to an increase in revenue from property sales.

Construction of 17 facilities including the Nomura Real Estate Otemachi North Building office building, the Landport Ome III logistics facility, the KAMEIDO CLOCK retail facility and the NOHGA HOTEL KIYOMIZU KYOTO hotel have been completed.

The Group has also continued to develop its PMO, H¹O and H¹T office brands that meet diversifying companies' needs and changes in workstyles, and has expanded its H¹T satellite offices to 216 branch locations as of the end of the fiscal year ended March 31, 2022. Moreover, towards achieving the targets of RE100[*3], which the Group has joined as an initiative towards realizing a carbon-free society, the Group will use renewable energy for all consumable electricity, including the portion for tenants, in all of its assets for lease in Japan[*4] by around the fiscal year ending March 31, 2024.

The Nomura Real Estate Tameikesanno Building was selected by the Ministry of Land, Infrastructure, Transport and Tourism for the 2021 Leading Project for Sustainable Buildings (Wooden Construction Leading Type) in recognition of its use of a hybrid wooden structure to reduce CO_2 emissions during construction and to create a pillarless wooden office space while ensuring high earthquake resistance and fire resistance.

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*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*2 Based on ZEH-M Oriented standards
*3 A global initiative leading the transition to 100% renewable electricity.
*4 Assets for lease for which Nomura Real Estate Development Co., Ltd. has direct power contracts with electric power companies (including those used by tenants). Excludes assets that Nomura Real Estate Development Co., Ltd. owns separately or jointly with other parties, assets subject to sale or demolition, and common areas of some rental housing.

Investment Management Business Unit

Operating revenue in the Investment Management Business Unit totaled ¥12,804 million, which represents an increase of 2.8% year on year, and business profit totaled ¥7,836 million, an increase of 3.3%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year. This was mainly due to increases in the assets under management in the domestic asset management companies.

Assets under management steadily increased in the core domestic REIT business with Nomura Real Estate Master Fund, Inc. (NMF) and Nomura Real Estate Private REIT, Inc. (NPR) having acquired a total of four properties (total transaction amount of ¥42,096 million) including Landport Narashino, PROUD FLAT Togoshiginza and MEFULL Urawa from Nomura Real Estate Development Co., Ltd., in addition to progress in the formation of private funds meeting the needs of investors.

Nomura Real Estate Asset Management Co., Ltd. has been meeting the expectations of investor needs in line with ESG (environment, society and governance) trends, and was the first real estate investment manager to receive the "2021 Minister of the Environment's Award for Climate Change Action" sponsored by the Ministry of the Environment in recognition of its ongoing efforts in climate change mitigation and adaptation at NMF and NPR. Furthermore, NMF and NPR have continuously received Global Real Estate Sustainability Benchmark (GRESB)[*1] ratings of at least four stars since 2016, and NPR was the first private REIT to obtain Eco-Action 21 certification[*2].

Property Brokerage & CRE[*3] Business Unit

Operating revenue in the Property Brokerage & CRE Business Unit totaled ¥43,762 million, which represents an increase of 11.0% year on year, and business profit totaled ¥11,716 million, an increase of 30.5%, resulting in increases in both operating revenue and business profit compared with the previous fiscal year. This was mainly due to increases in the number of transactions and total transaction value in property brokerage's retail business.

In the retail business at Nomura Real Estate Solutions Co., Ltd., we launched the REALIA service brand specializing in high-grade condominiums in the central areas of Tokyo in April 2021, and opened REALIA Azabu[*4]. In addition, the Shinagawa Center opened in June, and the Namba Center opened in October, bringing the total number of locations for individual customers to 89 as of the end of the fiscal year ended March 31, 2022.

In April 2021, the Company newly established the Partner Services Division, which engages in a service (middle business) for small- and medium-sized enterprises, business owners, and individual asset holders, etc. In addition, we are actively working to promote sustainability, such as by proposing store interiors that use environmentally friendly materials and CRE proposals with an awareness of the SDGs. Furthermore, with the aim of becoming a digitally advanced company, we will strive to further accelerate growth, develop new markets, and acquire new customers by strengthening digital marketing through aggressive DX investments and improving sales productivity and competitive advantage through the use of digital approaches, including the introduction of electronic contract systems and non-personal sales methods using online concierges.

Property & Facility Management Business Unit

Operating revenue in the Property & Facility Management Business Unit totaled ¥99,230 million, which represents an increase of 0.9% year on year, and business profit totaled ¥9,205 million, a decrease of 0.8%, resulting in an increase in operating revenue and a decrease in business profit compared with the previous fiscal year. This was mainly due to an increase in operation and management income resulting from an increase in the number of housing units under management, while at the same time construction income on orders received decreased due to postponement of planned repair work, etc., as a result of the COVID-19 pandemic.

As of the end of the fiscal year ended March 31, 2022, the number of buildings under management was 772 buildings (down 16 from the end of the previous fiscal year), and the number of condominiums under management was 186,549 units (up 3,387).

In addition, Nomura Real Estate Partners Co., Ltd. has developed re:Premium Duo, a new product that follows re:Premium (announced in 2017), a product that extends the cycle of large-scale repair work and which had only been available for the PROUD condominiums. As a result, through our business activities, which include expanding the targets for extending the cycle of large-scale repair work to Hills, States, Co-op Nomura and other properties sold by Nomura Real Estate Development Co., Ltd. before the PROUD condominiums and reducing life-cycle costs of buildings, we are promoting initiatives that contribute to sustainable urban development.

Furthermore, Nomura Real Estate Partners Co., Ltd. was ranked first in the 2021 SumaiSurfin "Management Company Customer Satisfaction Survey" for the 13th consecutive year and also ranked first in the "Tokyo Metropolitan Area Condominium Management Company" ranking for the fifth consecutive year, and ranked first in the "Tokai Area Condominium Management Company" ranking for the second consecutive year in the 2021 Oricon Customer Satisfaction Survey.

Overseas/Other

Operating revenue in the Overseas/Other totaled ¥2,755 million, which represents an increase of 33.1% year on year, and business profit totaled ¥92 million (business loss of the previous fiscal year was ¥1,495 million). This was mainly due to an increase in the number of housing units sold in the housing sales business overseas.

As for the housing sales business overseas, sales were recorded for condominiums of Grand Park Phase 2 in Ho Chi Minh City, Vietnam and other projects, and The Seasons Residences, a residential condominium project under development in Manila, Philippines, won the top prize in the Philippines at the International Property Awards, which recognizes outstanding real estate projects.

In the fiscal year ended March 31, 2022, the Company decided to establish a new joint venture company, Federal Land NRE Global Inc. in the Philippines with Federal Land Inc., a real estate company of the GT Group, one of the leading conglomerate groups in the country.

In the housing sales business in Asia, we are participating in the business from the planning and development phases, engaging in the KAIZEN project for quality improvement, and aiming to realize a sustainable society through the improvement of basic performance such as high quality and longevity of housing in each country. In May 2021, we also made an investment in Real Tech Ventures I, a venture capital fund specializing in real estate tech companies in Asia and Oceania. We will take on the challenge of realizing smart cities in large-scale township developments in Asia by utilizing the cutting-edge technologies acquired through this fund.

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*1 GRESB is an annual benchmark assessment that measures ESG considerations for property companies and funds.
*2 Eco-Action 21 Certification: A third-party certification system for environmental management system established by the Ministry of the Environment.
*3 CRE: Corporate Real Estate. Real estate strategy support services for enterprises (such as consulting on the effective utilization and trading of real estate).
*4 Name changed to "REALIA TOKYO" in April 2022

Analysis of Financial Position

Assets

Total assets were ¥2,040,506 million, which represents an increase of ¥119,199 million compared with the end of the previous fiscal year. This was mainly because other in current assets including withholding income tax on dividends from subsidiaries increased by ¥51,533 million, inventories increased by ¥18,708 million and investment securities increased by ¥14,726 million.

Liabilities

Total liabilities were ¥1,419,107 million, which represents an increase of ¥84,151 million compared with the end of the previous fiscal year. This was mainly because notes and accounts payable - trade increased by ¥19,829 million, deposits received increased by ¥18,717 million and interest-bearing debt increased by ¥14,235 million.

Net Assets

Net assets were ¥621,398 million, which represents an increase of ¥35,047 million compared with the end of the previous fiscal year. This was mainly because retained earnings increased by ¥12,785 million. In this fiscal year, the company cancelled ¥27,004 million of treasury shares and acquired ¥8,957 million of treasury shares.

The shareholders' equity ratio was 30.3%.

Cash Flows

Cash Flows From Operating Activities

Net cash provided by operating activities amounted to ¥52,793 million (a difference of ¥116,297 million compared with net cash used in operating activities in the previous fiscal year). This was mainly due to the recording of ¥81,052 million in profit before income taxes and increases in trade payables and deposits received, which were offset by payments of income taxes.

Cash Flows From Investing Activities

Net cash used in investing activities amounted to ¥46,277 million (a year-on-year decrease of ¥9,511 million). This was mainly due to the purchase of property, plant and equipment and intangible assets and the purchase of investment securities.

Cash Flows From Financing Activities

Net cash used in financing activities amounted to ¥9,619 million (a difference of ¥121,995 million compared with net cash provided by financing activities in the previous fiscal year). This was mainly due to the payment of dividends and the redemption of bonds despite fund procurement by long-term borrowings.

Facilities Situation

In the fiscal year ended March 31, 2022, the Group's total capital investments amounted to ¥50,706 million, including KAMEIDO CLOCK (Koto-ku, Tokyo).

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

Business Unit (Millions of yen)	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)	Change
Residential Development	¥ 541	¥ 1,381	¥ 839
Commercial Real Estate	43,776	45,519	1,742
Investment Management	42	25	(17)
Property Brokerage and CRE	534	668	133
Property and Facility Management	304	460	156
Other	210	300	89
Subtotal	45,410	48,355	2,945
Adjustments	165	2,351	2,186
Total	¥45,575	¥50,706	¥5,131

The following facilities, for which construction was still in progress at the end of the previous fiscal year, were completed in the fiscal year ended March 31, 2022.

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Area (m[2])	Completion	Acquisition Price (Millions of yen)
Nomura Real Estate Development Co., Ltd.	KAMEIDO CLOCK (Note) (Koto-ku, Tokyo)	Commercial Real Estate	Retail facility	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 1 floor below ground, 6 floors above ground	Building: 55,491 Land: 8,622	March 2022	¥35,444
Nomura Real Estate Development Co., Ltd.	NOHGA HOTEL KIYOMIZU KYOTO (Higashiyama-ku, Kyoto-shi, Kyoto)	Commercial Real Estate	Hotel	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 6 floors above ground	Building: 8,906 Land: 2,514	January 2022	11,420
Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Otemachi North Building (Chiyoda-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 10 floors above ground	Building: 7,768 Land: 886	June 2021	11,143

Note: Land area is the equity conversion areas.

In the fiscal year ended March 31, 2022, the following non-current asset was transferred to real estate for sale.

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Area (m[2])	Book Value (Millions of yen)
Mainly Nomura Real Estate Building Co., Ltd.	Toshiba Fukuoka Building (Note) (Chuo-ku, Fukuoka-shi, Fukuoka) and 18 other properties	Commercial Real Estate	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 17 floors above ground	Building: 23,711 Land: 4,597	¥20,055

Note: Data of Property Name, Major Use, Size of Construction or Details of Facility, etc. and Area information is for the Toshiba Fukuoka Building.

Major Facilities and Equipment

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

(1) Commercial Real Estate Business Unit

1) Office and retail facilities, etc.

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Building Co., Ltd.	Hamamatsucho Building / Toshiba Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed and reinforced concrete construction), 3 floors below ground, 39 floors above ground	158,732	March 1984	33,921	¥9,584	¥129,809	¥539	¥139,933
Nomura Real Estate Development Co., Ltd.	Yokohama Business Park *2 (Hodogaya-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 21 floors above ground, 11 other buildings	245,200	Mainly February 1990	70,693	25,845	14,557	750	41,153
Nomura Real Estate Development Co., Ltd.	KAMEIDO CLOCK *3 (Koto-ku, Tokyo)	Retail facility	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 1 floor below ground, 6 floors above ground	55,491	March 2022	8,622	14,520	19,991	931	35,444
Nomura Real Estate Building Co., Ltd.	LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 15 floors above ground	98,428	March 2013	9,764	11,652	22,245	576	34,474
Nomura Real Estate Development Co., Ltd.	TOKYO TORANOMON GLOBAL SQUARE *4 (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 4 floors below ground, 24 floors above ground	20,860	June 2020	1,183	11,860	22,187	356	34,404
Nomura Real Estate Development Co., Ltd.	Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 5 floors below ground, 21 floors above ground	44,989	September 2010	2,737	11,448	19,227	294	30,970
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Nihonbashi-honcho Building (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 8 floors above ground	29,430	April 1961	3,196	1,248	21,846	0	23,095
Nomura Real Estate Development Co., Ltd.	Shinjuku Nomura Building *2 *4 (Shinjuku-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 50 floors above ground	58,512	May 1978	4,639	5,638	16,303	335	22,278
Mainly Ryubundo Co., Ltd.	HOTEL NIWA TOKYO (Chiyoda-ku, Tokyo)	Hotel	Steel-framed construction (partially steel-framed reinforced concrete construction), 16 floors above ground, 2 other buildings	9,280	March 2009	1,710	3,083	16,418	198	19,700
Midosuji Mirai Development, LLC	Midosuji Nomura Building *2 (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 14 floors above ground	20,420	February 2009	1,939	3,040	15,707	11	18,759

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	Morisia Tsudanuma *2 (Narashino-shi, Chiba)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 3 floors below ground, 12 floors above ground, 1 other building	105,491	Mainly October 1978	19,194	¥928	¥16,544	¥25	¥17,499
Nomura Real Estate Development Co., Ltd.	Otemachi Nomura Building *2 *4 (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 5 floors below ground, 27 floors above ground	9,750	February 1994	749	1,487	12,584	5	14,076
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Shibadaimon Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 11 floors above ground	15,700	April 2010	2,447	2,870	10,650	56	13,577
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Ginza Building *4 (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 17 floors above ground	13,641	March 1982	1,624	868	11,565	19	12,453
Nomura Real Estate Development Co., Ltd.	SOCOLA Minamigyotoku *2 (Ichikawa-shi, Chiba)	Retail facility	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 2 floors above ground	35,612	[March 2016]	16,503	6,497	4,942	188	11,628
Nomura Real Estate Development Co., Ltd.	NOHGA HOTEL KIYOMIZU KYOTO (Higashiyama-ku, Kyoto-shi, Kyoto)	Hotel	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 6 floors above ground	8,906	January 2022	2,514	3,886	6,875	633	11,395
Nomura Real Estate Building Co., Ltd.	Toshiba Hamamatsucho Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 8 floors above ground	13,482	July 1974	2,907	343	10,956	3	11,303
Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Otemachi North Building (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete construction), 1 floor below ground, 10 floors above ground	7,768	June 2021	886	3,528	7,472	78	11,078
Nomura Real Estate Development Co., Ltd.	bono Sagamiono Shopping Center *4 (Minami-ku, Sagamihara-shi, Kanagawa)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 1 floor below ground, 11 floors above ground	43,059	January 2013	5,797	4,722	4,649	145	9,516
Nomura Real Estate Building Co., Ltd.	LAZONA Kawasaki Plaza *4 *5 (Saiwai-ku, Kawasaki-shi, Kanagawa)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 1 floor below ground, 6 floors above ground	98,254	September 2006	72,013	8,061	—	563	8,624
Nomura Real Estate Building Co., Ltd.	Shinyokohama Toshiba Building (Kohoku-ku, Yokohama-shi, Kanagawa)	Training facility	Reinforced concrete construction, 1 floor below ground, 4 floors above ground, 4 other buildings	28,822	Mainly June 1969	15,829	2,730	5,660	15	8,406
Nomura Real Estate Building Co., Ltd.	Fuchu Toshiba Building (Fuchu-shi, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 1 floor below ground, 8 floors above ground, 1 other building	32,299	April 1993	8,290	3,089	5,247	50	8,387

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Building Co., Ltd.	Toshiba Osaka Building / Nomura Fudosan Midosujihoncho Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 4 floors below ground, 10 floors above ground	15,220	October 1965	1,307	¥890	¥5,989	¥10	¥6,891
Nomura Real Estate Building Co., Ltd.	Umeda Sky Building *4 (Kita-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 3 floors below ground, 40 floors above ground	43,093	March 1993	8,325	2,258	4,585	46	6,890
Nomura Real Estate Building Co., Ltd.	NREG Midosuji Building / Nomura Fudosan Midosuji Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 10 floors above ground	21,007	April 1974	2,366	944	5,768	23	6,735
Nomura Real Estate Building Co., Ltd.	NREG Kawasaki Logistics Center (Kawasaki-ku, Kawasaki-shi, Kanagawa)	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground	49,046	March 2014	27,866	3,124	3,109	306	6,541
Nomura Real Estate Development Co., Ltd.	NOHGA HOTEL AKIHABARA TOKYO (Chiyoda-ku, Tokyo)	Hotel	Steel-framed construction, 10 floors above ground	4,016	June 2020	663	1,698	4,169	349	6,217
Nomura Real Estate Development Co., Ltd.	Nihonbashi 1-chome Naka District Urban Area Redevelopment Project *6 (Chuo-ku, Tokyo)	Land slated for building construction	—	—	[March 2008]	18,996	—	6,161	—	6,161
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Ichigaya Building (Chiyoda-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 9 floors above ground	6,753	January 1982	1,220	2,567	3,182	1	5,752
Nomura Real Estate Development Co., Ltd.	SOCOLA Musashikoganei Cross *7 *8 (Koganei-shi, Tokyo)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 4 floors above ground	10,040	March 2020	1,643	4,185	1,301	178	5,666
Nomura Real Estate Building Co., Ltd.	Tsurumi Toshiba Building (Tsurumi-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 10 floors above ground	20,648	March 1991	3,501	2,259	3,073	30	5,363
Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Tameikesanno Building Project (Minato-ku, Tokyo)	Land slated for building construction	—	—	[May 2016]	690	—	5,212	—	5,212
Nomura Real Estate Development Co., Ltd.	Fukuoka Tenjin Center Building *2 *4 (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 19 floors above ground	25,103	April 1976	2,256	724	4,413	33	5,172
Nomura Real Estate Building Co., Ltd.	Creare Toshiba Fuchu (Fuchu-shi, Tokyo)	Residential	Reinforced concrete construction (partially steel-framed reinforced concrete construction), 10 floors above ground	26,352	January 1992	20,590	3,558	1,516	25	5,101
Nomura Real Estate Building Co., Ltd.	GICROS GINZA GEMS (Chuo-ku, Tokyo)	Retail facility	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 3 floors below ground, 11 floors above ground	2,683	July 2019	312	1,768	2,979	42	4,790

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Building	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	PMO Nihonbashi Muromachi *4 (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 1 floor below ground, 9 floors above ground	5,333	January 2013	701	¥1,006	¥3,716	¥58	¥4,781
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Kaigan Building (Minato-ku, Tokyo)	Office	Steel-framed construction, 8 floors above ground	5,262	February 1992	1,307	1,308	3,465	2	4,775
Nomura Real Estate Building Co., Ltd.	Toshiba Manseibashi Building *5 (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 1 floor below ground, 9 floors above ground	5,319	September 1961	681	166	3,551	0	3,718
Nomura Real Estate Building Co., Ltd.	Toshiba Sendai Building *4 *5 (Aoba-ku, Sendai-shi, Miyagi)	Hotel	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 11 floors above ground	16,179	April 1975	1,731	636	2,817	10	3,464
Nomura Real Estate Building Co., Ltd.	Nomura Real Estate Nishi-Shinjuku Kyodo Building *4 (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 1 floor below ground, 8 floors above ground	6,716	October 1993	1,249	755	2,700	3	3,458

Notes: 1. “Building” represents building accounts, “land” represents land and leasehold interests in land accounts and “others” represents structures; machinery and equipment; tools, furniture and fixtures; vehicles; and leased asset accounts. “Total” represents the sum of leasehold interests in land accounts and property, plant and equipment excluding construction in progress accounts.
2. Includes the trust beneficial right.
3. Land area is the equity conversion areas.
4. Both the total floor area and land area are the equity conversion areas.
5. Land area includes leased land.
6. Land area is the site area for the entire redevelopment project.
7. Total floor area represents the exclusive element of a unit ownership building. Also, land area is multiplied by our ownership ratio.
8. Size of Construction or Details of Facility, etc. represents the retail facilities portion of unit ownership building.

2) Fitness club

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Life & Sports Co., Ltd.	MEGALOS Souka and other 37 facilities (Souka-shi, Saitama and others)	Fitness club	Reinforced concrete construction, 3 floors, 1 other building and fitness club	15,321	June 2002	15,430	¥7,649	¥—	¥899	¥8,549

Notes: 1. “Building” represents building accounts, “land” represents land and leasehold interests in land accounts and “others” represents structures; machinery and equipment; tools, furniture and fixtures; vehicles; and leased asset accounts. “Total” represents the sum of leasehold interests in land accounts and property, plant and equipment excluding construction in progress accounts.
2. “Total floor area” represents the total owned area of MEGALOS Kashiwa, MEGALOS Chikusa and MEGALOS Saginuma. “Land area” represents the leased land area of these facilities. “Size of construction or details of facility, etc.” and “Completion or [time of acquisition]” are in reference to MEGALOS Kashiwa.

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

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

(2) Other

Company Name	Property Name (Location)	Major Use	Size of Construction or Details of Facility, etc.	Total Floor Area (m^2)	Completion or [Time of Acquisition]	Land Area (m^2)	Book Value (Millions of yen)			
							Building	Land	Other	Total
127 Charing Cross Road Limited	127-133 Charing Cross Road (London, UK)	Office	Reinforced concrete construction, 1 floor below ground, 4 floors above ground	4,672	[February 2021]	1,244	¥2,029	¥7,093	¥—	¥9,123

Facilities Establishment, Removal and Others

As of March 31, 2022, the following facilities are scheduled to be established or renovated. There was no major expansion or removal of facilities.

(1) Establishment of major facilities

Company Name	Property Name (Location)	Business Unit	Major Use	Size of Construction or Details of Facility, etc.	Planned Aggregate Investment (Millions of yen)		Sources of funding	Schedule	
					Total	Amount Paid		Start	Completion
Nomura Real Estate Building Co., Ltd.	Shibaura Project South Tower (S tower) (Minato-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 3 floors below ground, 43 floors above ground	¥96,100	¥15,392	Borrowings and own funds	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2025
Nomura Real Estate Development Co., Ltd.	Nihonbashi 1-chome Naka District Urban Area Redevelopment Project (Chuo-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 2 floors below ground, 51 floors above ground, 2 other buildings	75,409	17,187	Borrowings and own funds	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2026
Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Tameikesanno Building Project (Minato-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially wooden construction), 1 floor below ground, 9 floors above ground	8,060	5,222	Borrowings and own funds	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024

(2) Renovation of major facility

Company Name	Property Name (Location)	Business Unit	Planned Aggregate Investment (Millions of yen)		Construction Period	Note
			Total	Amount Paid		
Nomura Real Estate Development Co., Ltd.	—	Commercial Real Estate	¥6,388	¥—	April 2022 – March 2023	Construction for facility renovation

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

Basic Policy Concerning Profit Distribution and Dividends
As for dividend, the Company set the year-end dividend for the fiscal year ended March 31, 2022 at ¥55.0 per share, which is an increase of ¥7.5 from forecasted. Combined with the second quarter-end dividend, the annual dividend per share is ¥97.5. As a result, total return ratio during this fiscal year, which included the acquisition of treasury shares, is 44.3%.
Under the Mid- to Long-term Business Plan, which was disclosed in April 2022, the Company set a policy of the total return ratio to be 40-50% in Phase 1 (from fiscal year ending March 31, 2023 to fiscal year ending March 31, 2025). In regard to the dividend for the next fiscal year, the Company intends to set both the second quarter-end and the year-end dividend for the fiscal year ending March 31, 2023 at ¥55.0 per share, therefore the annual dividend per share is expected to be ¥110.0.

Risks Affecting the Business of Nomura Real Estate Group
(1) Basic policy for risk management
The Group regards risk management as a "business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company's risk tolerance limits." With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

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

<Important risks needing to be managed among main risks>
O Risks that could have a major impact on Group management
O Risks that could have a major impact on society
O Risk of litigation or other serious problems
O Other major risks that should be managed by the Group

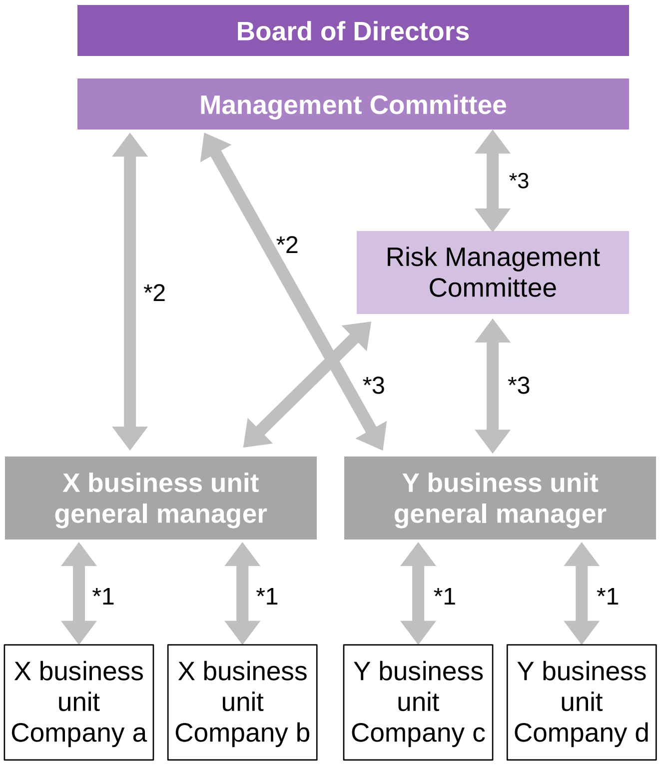
(2) Risk management structure
To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice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

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

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

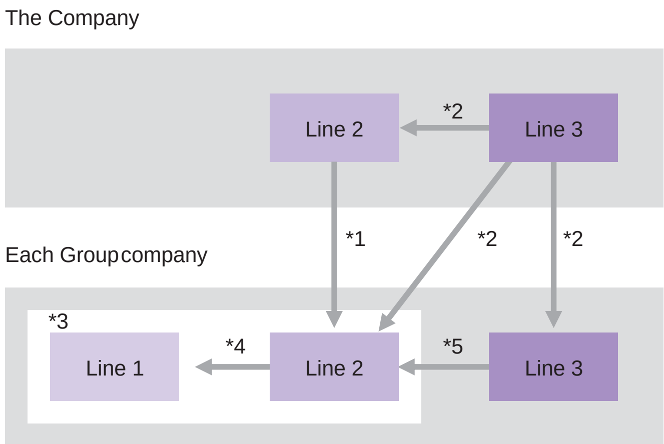
In the event of a major problem requiring urgency, the chair of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives responsible for relevant departments in accordance with the Risk Management Regulations and reports to the President and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

Risk Management System (conceptual diagram)



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

Three Lines Model (conceptual diagram)



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

(3) Details of main risks

The following are the main risks that the management recognizes that have the potential to significantly influence the financial position, business performance and cash flows of the Company and the consolidated subsidiaries. From these main risks the Company has selected risks requiring particular attention during the fiscal year ending March 31, 2023 taking into consideration factors such as the magnitude of the potential impact on its businesses and the external environment.

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

(Major risks)

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

(Risks requiring particular attention)

(A) Investment risk	• Risk that the Company will not earn the expected profits due to an increase in construction expenses caused by soaring materials prices • Risk of profitability deterioration and delays in anticipated project schedule occurring in projects with long-term project timeframes and large investment budgets, such as redevelopment projects • Risk of inability to secure the expected business volume and slowing profit growth due to intensifying competition for land acquisition, etc.
(B) External risk	• Risks arising from the impacts of prices for housing sales and property sales due to changes in Japan’s real estate market and financial conditions • Risk arising from deterioration in profitability and delay in profit recovery timing in overseas business due to deterioration in economies and real estate markets in countries overseas • Risk of a reduced competitive advantage of the Company’s businesses due to delays in response to changes in lifestyles and values, response to accelerating advances in digital technology, and response to sustainability, etc.
(C) Disaster risk	• Risk of inability to continue business due to increasingly severe natural disasters such as earthquakes, typhoons, and torrential rains
(D) Internal risk	• Risk due to inadequate design and construction in the real estate development business • Risk due to delay in preparing personnel systems to secure diverse human resources and enable human resources to continue playing an active role • Risk due to information leak by cyberattack, impact on business continuity, and incurrence and expansion of damage, etc.

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

Risk item	Risk category	Risk details	Main initiatives
1. Risk associated with real estate investment	(A) Investment risk	In the real estate investment and development business carried out by the Group, there are cases in which business does not proceed as planned due to such factors as unexpected soil pollution, delays in obtaining permits and licenses, the need for additional construction, and an increase in construction expenses. In such cases, the occurrence of changes in the initial business schedule, delays in completion and recognition timing, and additional costs, and profitability deterioration associated with an increase in construction costs could affect the Group's financial position and business performance.	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. In particular, for soil pollution the Company implements a historical survey and a pollution survey in advance and if pollution is confirmed the Company will cease the acquisition of the land or have the pollution removed by an external specialist. In addition, regarding the risk of an increase in construction expenses, the Company includes a certain amount of additional costs when acquiring land for development and carries out other measures. Following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially an important event occur, the department shall report this to the Management Committee or the Board of Directors of the Company or group companies when necessary and respond to the issues.
2. Risk associated with strategic investment (M&A) and new businesses	(A) Investment risk	The Group positions M&A as one of its growth strategies and aims to enhance the corporate value of the Group by implementing M&A for which synergies can be expected. However, the inability to achieve profit growth from the M&A target companies and synergies expected could affect the Group's financial position and business performance. The Group goes beyond the existing business domains to explore opportunities in new businesses as well as examines and makes investments in new asset types. However, the inability to execute business according to original plans or achieve synergies with group companies could affect the Group's financial position and business performance.	In executing M&A, the main investment targets and investment purposes shall be defined. At the same time, factors such as the synergies with the Group's existing businesses, business plans, financial details, and contract-related matters shall be carefully examined and considered and M&A shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by the Board of Directors or Management Committee.

Risk item	Risk category	Risk details	Main initiatives
3. Risk associated with market changes	(B) External risk	As the Group carries out a variety of real estate-related businesses, changes in economic conditions or the occurrence of disasters could lead to changes in the business environment or market conditions and have an impact on the Group's financial position and business performance. In the Residential Development Business Unit, a decline in customer desire to purchase leads to a decrease in sales prices and an increase in inventories and this could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories held are recorded. In Commercial Real Estate Business Unit, a decline in rent levels, a rise in vacancy rates and increase in the CAP rate that leads to a decline in asset price could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories and non-current assets held are recorded. In addition, a decline in demand in the real estate transaction market, a share price decline in the REIT market, a decline in demand for investment funds, and a rise in construction cost could have an impact on the Group's financial position and business performance.	The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business and improve precision. When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to ensure a certain level of soundness regarding our financial position even if market conditions change rapidly.
4. Risk caused by changes in economic conditions	(B) External risk	Domestic and overseas economic recessions, an increase in funding costs due to rising market interest rates, fluctuations in yen-denominated investments and recovered amounts, or amounts of foreign currency assets and liabilities on the consolidated financial statements due to fluctuations in exchange rates could have an impact on the Group's financial position and business performance.	Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.

Risk item	Risk category	Risk details	Main initiatives
5. Risk caused by changes in political/ social conditions/ systems (law, tax system, accounting, others)	(B) External risk	As each of the Group's businesses are developed in Japan and overseas, there is the possibility of the occurrence of rising construction expenses, business schedule delays, etc. due to disruptions in the foreign exchange market, energy market and supply chain in the event of changes to the political and social situation, such as the emergence of geopolitical risks, such as Russia's invasion of Ukraine. Overseas in particular, there are risks specific to each country's political and social situations. In case there are changes in political and social situations that have been unexpected at the beginning of conducting business in each country, they may lead to obstacles to promote business, which could have an impact on the Group's financial position and business performance. Various types of laws and regulations in Japan and overseas are applicable to each of the Group's businesses. For example, in addition to the Real Estate Brokerage Act and the Building Standards Act, other real-estate related laws and regulations as well as the Financial Instruments and Exchange Act are applicable in Japan, and overseas, there are risks specific to each country's laws and regulations that differ from those in Japan. In case there are changes in these laws and regulations or other laws and regulations become applicable due to an expansion in the business scope in the future, they could have an impact on the Group's financial position and business performance as a result of the occurrence of new obligations and expenses. Also, in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business, the resulting increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans could have an impact on the Group's financial position and business performance.	We collect and analyze information on trends in political and social situations, various laws and regulations, tax systems and accounting systems in Japan and overseas from industry groups, external experts, business partners, and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. In overseas business in particular, we seek the knowledge of external experts regarding the forecast of the future political and social situations as well as applicable laws, regulations and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to the political and social situations as well as important related laws and regulations that have an impact on business strategy, revenue and expenditures, and progress in countries where we do business through the Overseas Business Monitoring Committee, etc. In the case that there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.

Risk item	Risk category	Risk details	Main initiatives
6. Risk from lagging behind innovation and changes in the social structure related to the business	(B) External risk	Should technological innovation or the emergence of innovative new participants in a variety of real estate-related businesses that the Group engages in result in a large change in the industrial structure or business environment and the Company is late in responding to changes in customer needs accompanying changes in the social structure, the Company's competitive advantage could decline and this could have an impact on the Group's financial position and business performance. In addition, the Group uses land and other natural resources and energy when conducting its business activities, and recognizes that climate change is a significant risk that could substantially impact its business. The changing needs of customers for real estate include increasing customer demands for functions related to the environment, energy saving, and disaster prevention due to the implementation and strengthening of greenhouse gas reduction regulations, etc. If the Company is late in responding with technologies related to high environmental performance and energy performance, the competitive advantage of the Company's products and services could decline and this could have an impact on the Group's financial position and business performance.	In the midst of a changing business environment, the Group has been creating new and highly unique value for society and customers by leveraging its strengths, such as real estate development capabilities based on the "market-in" concept and a commitment to quality in urban development and real estate-related services. In order to further enhance these strengths, we have established the DX & Innovation Management Dept., which is responsible for research and development of new business fields, planning, promotion, and support for innovation creation, digital strategies, etc. We have also established the "Business Idea Proposal System," which allows employees of Group companies to propose new businesses, products and services beyond the boundaries of their daily work. At the same time, through the Nomura Real Estate Group Awards, an internal award system, we are working to create a corporate culture that encourages the creation of value through innovation and to strengthen collaboration within the Group. In addition, through the provision of corporate venture capital, the Company is collaborating with the startups that it has taken stakes in, which possess innovative technologies and services, and has begun to provide services that utilize these digital technologies. The Group has formulated the Sustainability Policy as its vision for 2050 and identified five priority issues that especially need to be addressed by 2030: "Diversity & inclusion," "Human rights," "Decarbonization," "Biodiversity," and "Circular design." In order to respond to decarbonization and climate change, the Group has acquired SBT certification (35% reduction in CO_2 emissions by 2030 compared to FY2020/3 levels) and has joined various international initiatives, including RE100 (goal of switching to 100% renewable energy for electricity used in business activities of the entire Group by 2050). As a response to risks regarding climate change, the Group ascertains future scenarios, such as those in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, and the Sustainability Committee, chaired by the President and Executive Officer (Group CEO), deliberates strategies and policies for the entire Group, analyzes the risks and opportunities regarding events assumed in each scenario, evaluates and monitors the target, etc. of reducing greenhouse gas emissions for the Group, and periodically reports to the Board of Directors. The Group is working to reduce CO_2 emissions in its business through promotion of energy saving, low carbon, and renewable energy. The main initiatives include improving energy-saving performance in buildings being developed, conducting research and development for promoting use of low-carbon materials and installing solar power plants on the roofs of properties the Group is developing. In particular, the Shibaura Project is planned to achieve carbon neutrality and was selected by the Ministry of Land, Infrastructure, Transport and Tourism for the 2021 Leading Project for Sustainable Buildings (CO_2 Reduction Type). Furthermore, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the disclosure of four items (Governance/Strategies/Risk Management/Metrics and Targets), which TCFD recommends to be disclosed in relation to climate change, has been made. For details, please refer to the special topic page on the Company's sustainability website. https://www.nomura-re-hd.co.jp/english/sustainability/special/

Risk item	Risk category	Risk details	Main initiatives
			During the fiscal year ended March 31, 2022, the Board of Directors resolved to introduce a non-financial indicator related to officer compensation (set a target value for Building Energy-efficiency Index (BEI) for properties developed and supplied by the Group) and the Group is working to raise awareness among the Group's officers and employees regarding climate change and sustainability initiatives.
7. Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	(C) Disaster risk	Large earthquakes, storms and flood damage, and infectious disease epidemics could make it difficult for the Company and its business partners to undertake normal business and there could be cases of the occurrence of the risk of loss of earnings and the risk of delay of earnings. Risk of loss of earnings include decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities. Moreover, risk of delay of earnings include changes in sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors and these could have an impact on the Group's business results and financial position. In addition, natural disasters such as earthquakes, fires, storms and floods, or sudden accidents, could result in damage or loss of real estate owned, operated or managed by the Group and this could have an impact on the Group's financial position and business performance.	The Group recognizes that the frequency of disasters has increased, and this is an important social issue. Based on discussions with government and disaster preparedness experts, we are working to ensure the safety and security in the event a disaster occurs. We engage in disaster preparedness activities to ensure that, if a disaster occurs, its impact is minimized and the Group and its employees are able to continue business and their normal lives. We have formulated a business continuity plan (BCP) and action plan and engage in initiatives related to the Group's business continuity. In preparing for an earthquake occurring directly under the Tokyo Metropolitan Area, we have established a BCP and an emergency chain of command, assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Furthermore, once per year we hold Disaster Task Force Establishment Drills to ensure the responses prescribed by the BCP are effective, insuring the safety of executives and employees and establishing a chain of command system, so that we are prepared for restoring business after an emergency. In addition, the Company has established a checklist of actions to be taken when a typhoon's landfall is forecast and formulates an action plan for preparations and initial responses when a disaster occurs overseas. Regarding earthquakes, fires, storms, floods, and other sudden accidents, we have set up regulations for responses to torrential rains and flooding, formulated a disaster response manual, and created a disaster preparedness guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs. Moreover, regarding the spread of infectious diseases, particularly COVID-19, the Group selected core businesses for business continuity during epidemics, and formulated an action manual and common rules regarding infection prevention, etc. These were communicated internally to all officers and employees, and a Group-wide reporting and instruction system has been created for cases of an infected person, or a person who has been in close contact with an infected person. In addition, the Group has been carrying out various initiatives related to infection prevention measures, including workplace COVID-19 vaccinations for the Group's officers, employees, etc.

Risk item	Risk category	Risk details	Main initiatives
8. Risk of violations of laws and ordinances	(D) Internal risk	In the real estate brokerage business, the main business of the Group, there are cases when the Company receives administrative sanctions from government authorities due to a violation of laws such as an error in explaining important matters to customers, misrepresentation of facts, or non-notification of disadvantageous matters. Also, in the case the Group violates the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other laws related to the Group's business, the loss of the Group's credibility and the imposition of fines could have an impact on the Group's business performance.	The Company has formulated the Nomura Real Estate Group Code of Action that defines the basic code of actions for executives and employees, including complying with laws and regulations and acting with higher ethical standards, and prescribed internal rules. We are making efforts to familiarize employees with the Code of Action and internal rules through periodic training, promote education on an ongoing basis and facilitate enlightenment. For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for the status of compliance. In addition, regarding the inappropriate entertainment of foreign public officials and other civil servants, the Company has established "regulations to prevent the bribery of foreign public official and other civil servants" and "bribery prevention guidelines." The Company is implementing regular training for executives, employees and overseas local hires related to overseas businesses.
9. Risk of quality defect	(D) Internal risk	In case of deficiencies such as design and construction defects in the Group's real estate development business or in the case of a management deficiency in the properties for leasing or under management, the loss of trust in the Group, unexpected costs and delays in development plans and operation plans could have an impact on the Group's business performance.	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of creditability and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical) and the Quality Manuals and ensure thorough compliance from the parties with which we order design and construction work while also checking the state of construction and carrying out quality inspections as the ordering party. Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of a deficiency or accident.
10. Risk of occurrence of information system crisis	(D) Internal risk	To achieve sustainable growth as the diversity of products and services provided to customers grows, the Group believes it must further improve productivity and work efficiency and is actively utilizing the benefits of the Internet (the Cloud) (speed, flexibility, cost) for establishing an ICT environment and promoting DX to achieve these improvements. In addition, the Group handles a large volume of personal information in each business due to necessity in executing business. For this reason, in the unlikely case the Company's system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.	As we actively promote initiatives that utilize information systems and ICT, we believe that ensuring information security will be of unprecedented importance and we have strengthened measures to restrict access via Internet connections as well as measures for log management and the loss of information devices and are progressing with the establishment of an ICT environment in preparation for cyberattacks and information leaks by conducting system security diagnosis by the third party and introducing a behavior detection system for virus scanning and abnormal movements. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide education and enlightenment to our employees, protect the rights and interests of our customers and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.

Risk item	Risk category	Risk details	Main initiatives
11. Risk of inadequate response to matters related to human resources	(D) Internal risk	We regard human resources as our largest asset and the source of new value creation for the sustainable growth of the Group. Therefore, in the event that the working hours of Group executives and employees are not properly ascertained and long working hours damage the health of executives and employees and we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations, the outflow of the Group's human resources, the loss of trust, and the imposition of fines could have an impact on the Group's business performance. There is a risk that delays in the establishment of a labor environment that takes in a diverse range of human resources (employees that work short hours mainly due to childcare and nursing, sexual minorities, people with disabilities, seniors, foreign nationals and others) may result in the Group being unable to secure the necessary personnel, or the inability of secured personnel to continue working, leading to a decline in corporate competitiveness. In terms of personnel and labor management at overseas bases, there is risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor laws and customs, the risk of losing know-how due to the retirement of local employees, and a risk that the health of employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.	The Group prescribes working with vigor and achieving wellness as its action guideline. The Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. Along with introducing various systems, including recommendations to take paid leave, the promotion of teleworking, and a program for taking time off or working shorter hours for childcare and nursing and to build a labor environment conducive for a diverse workforce, we are working to improve the level of understanding related to diversity among executives and employees through regular training sessions. In order to properly grasp working hours, we have introduced an attendance management system to manage it, and especially for long working hours, we regularly monitor the situation. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks. Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help the staffs find, and provide support for visits to, medical institutions. From the fiscal year ended March 31, 2022, the Group established the Wellness and D&I Management Committee, which is chaired by the President and Executive Officer (Group CEO), in order to integrally promote wellness, work-style reforms and the ensuring of diverse human resources, and newly established the D&I Management Sect. in the Group Human Resources Development Dept. as the dedicated organization for the promotion of diversity & inclusion.
12. Risk of occurrence of fraud and negligence	(D) Internal risk	Within the Group, risk could occur due to fraud perpetuated by executives and employees, information leakage due to improper management of information, and operational negligence. In the case this risk emerges, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.	Group executives and employees comply with laws and regulations as well as with the internal rules and regulations established by each company of Nomura Real Estate Group. Furthermore, we have established the Nomura Real Estate Group Code of Ethics with the aim of acting in accordance with even higher ethical standards, and we continuously provide education and training sessions to executives and employees. In addition, the Company has established a system to enhance the effectiveness of compliance activities in each workplace by assigning a compliance promotion officer to each department, office and branch of the Company and Group companies. Furthermore, with the "Nomura Real Estate Group Risk Helpline," an internal whistleblowing system shared by all Group companies, the Company has set up internal and external contact points for reporting wrongdoing and seeking advice on how to proceed, and has developed and implemented systems based on the Whistleblower Protection Act.

Consolidated Balance Sheets

Nomura Real Estate Holdings, Inc. and its subsidiaries
March 31, 2021 and 2022

Assets	As of March 31, 2021 (Millions of yen)	As of March 31, 2022 (Millions of yen)
Current Assets		
Cash and deposits	¥ 71,625	¥ 69,038
Notes and accounts receivable - trade	19,635	—
Notes and accounts receivable - trade, and contract assets	—	22,025
Real estate for sale (Note 6)	336,308	371,504
Real estate for sale in process	326,165	333,860
Land held for development	212,727	188,417
Equity investments (Note 6,13)	28,770	33,871
Other	48,104	108,106
Allowance for doubtful accounts	(14)	(20)
Total current assets	1,043,321	1,126,802
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	361,895	375,232
Accumulated depreciation	(176,168)	(175,069)
Buildings and structures, net	185,727	200,163
Land (Note 6)	506,097	497,599
Other	34,988	41,746
Accumulated depreciation	(12,589)	(13,123)
Other, net	22,399	28,623
Total property, plant and equipment	714,224	726,386
Intangible assets	18,468	19,933
Investments and other assets		
Investment securities (Notes 6,13,14)	86,428	101,155
Leasehold and guarantee deposits (Note 12)	27,655	30,047
Deferred tax assets (Note 18)	23,097	27,322
Other	8,111	8,858
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	145,292	167,383
Total non-current assets	877,985	913,703
Total Assets	¥1,921,306	¥2,040,506

See notes to consolidated financial statements.

(Millions of yen)

Liabilities	As of March 31, 2021	As of March 31, 2022
Current Liabilities		
Notes and accounts payable - trade	¥ 61,162	¥ 80,992
Short-term borrowings (Note 26)	87,000	108,500
Current portion of bonds payable	10,000	10,000
Income taxes payable (Note 18)	18,572	22,299
Deposits received	25,140	43,857
Provision for bonuses	8,599	9,934
Provision for bonuses for directors (and other officers)	455	549
Provision for loss on business liquidation	13	8
Other	58,378	81,838
Total current liabilities	269,322	357,980
Non-Current Liabilities		
Bonds payable (Note 13,26)	160,000	150,000
Long-term borrowings (Note 13,26)	751,500	754,235
Leasehold and guarantee deposits received	58,855	59,301
Deferred tax liabilities (Note 18)	59,934	58,207
Deferred tax liabilities for land revaluation (Note 6)	3,891	3,902
Provision for share awards	2,734	3,567
Retirement benefit liability (Note 16)	16,216	16,644
Other	12,501	15,267
Total non-current liabilities	1,065,633	1,061,127
Total Liabilities	1,334,956	1,419,107
Net Assets		
Shareholders’ Equity (Note 10)		
Share capital	118,043	118,604
Capital surplus	114,433	114,993
Retained earnings	369,597	382,382
Treasury shares	(30,125)	(11,864)
Total shareholders’ equity	571,948	604,115
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,827	7,337
Deferred gains or losses on hedges	(1,342)	(332)
Revaluation reserve for land (Note 6)	7,869	7,868
Foreign currency translation adjustment	(995)	1,254
Remeasurements of defined benefit plans (Note 16)	(1,979)	(1,481)
Total accumulated other comprehensive income	11,379	14,646
Share acquisition rights	1,406	927
Non-controlling interests	1,616	1,708
Total Net Assets	586,350	621,398
Total Liabilities and Net Assets	¥1,921,306	¥2,040,506

See notes to consolidated financial statements.

Consolidated Statements of Income

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years ended March 31, 2021 and 2022

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating Revenue	¥ 580,660	¥ 645,049
Operating Costs	397,602	439,737
Operating Gross Profit	183,057	205,312
Selling, General and Administrative Expenses	106,724	114,101
Operating Profit	76,333	91,210
Non-Operating Income		
Interest income	95	70
Dividend income	63	97
Share of profit of entities accounted for using equity method	—	895
Gain on sale of non-current assets	96	19
Gain on reversal of share acquisition rights	123	25
Subsidy for cooperation income	—	269
Other	368	468
Total non-operating income	747	1,846
Non-Operating Expenses		
Interest expenses	9,015	8,825
Share of loss of entities accounted for using equity method	510	—
Other	1,590	1,673
Total non-operating expenses	11,115	10,499
Ordinary Profit	65,965	82,557
Extraordinary Income		
Subsidies for employment adjustment	565	—
Total extraordinary income	565	—
Extraordinary Losses		
Impairment losses (Note 2,7)	1,285	568
Loss on COVID-19	1,715	281
Loss on building reconstruction	708	655
Total extraordinary losses	3,710	1,505
Profit before Income Taxes	62,820	81,052
Income Taxes-Current	24,752	32,301
Income Taxes-Deferred	(4,159)	(6,629)
Total Income Taxes (Note 18)	20,593	25,671
Profit	42,227	55,380
Profit Attributable to Non-Controlling Interests	28	68
Profit Attributable to Owners of Parent	¥42,198	¥55,312

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years ended March 31, 2021 and 2022

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	¥42,227	¥55,380
Other Comprehensive Income (Note 8)		
Valuation difference on available-for-sale securities	4,910	(487)
Deferred gains or losses on hedges	(2,386)	1,009
Revaluation reserve for land	8	(8)
Foreign currency translation adjustment	(531)	1,611
Remeasurements of defined benefit plans, net of tax	1,970	498
Share of other comprehensive income of entities accounted for using equity method	821	809
Total other comprehensive income	4,793	3,434
Comprehensive Income	¥47,020	¥58,814
(Breakdown)		
Comprehensive income attributable to owners of parent	¥47,030	¥58,572
Comprehensive income attributable to non-controlling interests	(10)	242

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years ended March 31, 2021 and 2022

(Millions of yen)

	Shareholders' Equity					Accumulated other comprehensive income								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2020	¥117,822	¥111,065	¥342,081	¥(27,339)	¥543,630	¥2,915	¥1,044	¥7,860	¥(1,322)	¥(3,950)	¥6,547	¥1,850	¥13,091	¥565,120
Changes during period														
Issuance of new shares	221	221	—	—	442	—	—	—	—	—	—	—	—	442
Dividends of surplus	—	—	(14,682)	—	(14,682)	—	—	—	—	—	—	—	—	(14,682)
Profit attributable to owners of parent	—	—	42,198	—	42,198	—	—	—	—	—	—	—	—	42,198
Purchase of treasury shares	—	—	—	(2,798)	(2,798)	—	—	—	—	—	—	—	—	(2,798)
Disposal of treasury shares	—	—	—	11	11	—	—	—	—	—	—	—	—	11
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with non-controlling interests	—	3,146	—	—	3,146	—	—	—	—	—	—	—	—	3,146
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	4,911	(2,386)	8	327	1,970	4,831	(444)	(11,475)	(7,087)
Total changes during period	221	3,367	27,516	(2,786)	28,318	4,911	(2,386)	8	327	1,970	4,831	(444)	(11,475)	21,230
Balance at March 31, 2021	¥118,043	¥114,433	¥369,597	¥(30,125)	¥571,948	¥7,827	¥(1,342)	¥7,869	¥(995)	¥(1,979)	¥11,379	¥1,406	¥1,616	¥586,350
Changes during period														
Issuance of new shares	560	560	—	—	1,120	—	—	—	—	—	—	—	—	1,120
Dividends of surplus	—	—	(15,515)	—	(15,515)	—	—	—	—	—	—	—	—	(15,515)
Profit attributable to owners of parent	—	—	55,312	—	55,312	—	—	—	—	—	—	—	—	55,312
Purchase of treasury shares	—	—	—	(8,957)	(8,957)	—	—	—	—	—	—	—	—	(8,957)
Disposal of treasury shares	—	—	—	214	214	—	—	—	—	—	—	—	—	214
Transfer from retained earnings to capital surplus	—	27,004	(27,004)	—	—	—	—	—	—	—	—	—	—	—
Cancellation of treasury shares	—	(27,004)	—	27,004	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	(7)	—	(7)	—	—	—	—	—	—	—	—	(7)
Net changes in items other than shareholders' equity	—	—	—	—	—	(489)	1,009	(0)	2,249	498	3,267	(478)	92	2,880
Total changes during period	560	560	12,785	18,260	32,167	(489)	1,009	(0)	2,249	498	3,267	(478)	92	35,047
Balance at March 31, 2022	¥118,604	¥114,993	¥382,382	¥(11,864)	¥604,115	¥7,337	¥(332)	¥7,868	¥1,254	¥(1,481)	¥14,646	¥927	¥1,708	¥621,398

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nomura Real Estate Holdings, Inc. and its subsidiaries
Years ended March 31, 2021 and 2022

	Fiscal year ended March 31, 2021 (Millions of yen)	Fiscal year ended March 31, 2022 (Millions of yen)
Cash Flows from Operating Activities		
Profit before income taxes	¥62,820	¥81,052
Depreciation	20,021	19,089
Impairment losses	1,285	568
Share of loss (profit) of entities accounted for using equity method	510	(895)
Increase (decrease) in allowance for doubtful accounts	(5)	6
Increase (decrease) in provision for loss on business liquidation	(6)	(5)
Increase (decrease) in retirement benefit liability	(2,488)	426
Interest and dividend income	(159)	(167)
Interest expenses	9,015	8,825
Decrease (increase) in trade receivables	5,708	(2,690)
Decrease (increase) in inventories	(103,858)	1,092
Decrease (increase) in equity investments	2,213	(5,077)
Increase (decrease) in trade payables	(33,024)	20,233
Increase (decrease) in deposits received	(10,422)	18,714
Other, net	19,549	(9,592)
Subtotal	(28,840)	131,580
Interest and dividends received	284	427
Interest paid	(9,407)	(8,386)
Income taxes paid	(25,540)	(70,828)
Net cash provided by (used in) operating activities	(63,504)	52,793
Cash Flows from Investing Activities		
Purchase of investment securities	(19,827)	(9,958)
Proceeds from sales and liquidation of investment securities	150	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,334)	(89)
Purchase of property, plant and equipment and intangible assets	(45,665)	(36,618)
Proceeds from sale of property, plant and equipment and intangible assets	18,445	237
Payments of leasehold and guarantee deposits	(1,734)	(2,489)
Proceeds from refund of leasehold and guarantee deposits	2,255	1,552
Repayments of lease and guarantee deposits received	(6,401)	(5,728)
Proceeds from lease and guarantee deposits received	5,192	5,536
Other, net	129	1,242
Net cash provided by (used in) investing activities	(55,789)	(46,277)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings	9,000	8,500
Repayments of finance lease liabilities	(183)	(104)
Proceeds from long-term borrowings	149,500	71,722
Repayments of long-term borrowings	(50,000)	(56,053)
Proceeds from issuance of shares	105	667
Proceeds from issuance of bonds	49,737	—
Redemption of bonds	(20,000)	(10,000)
Proceeds from sale of treasury shares	11	248
Purchase of treasury shares	(2,803)	(8,982)
Dividends paid	(14,682)	(15,515)
Dividends paid to non-controlling interests	(83)	(97)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,226)	(5)
Net cash provided by (used in) financing activities	112,376	(9,619)
Effect of exchange rate change on cash and cash equivalents	(69)	273
Net increase (decrease) in cash and cash equivalents	(6,987)	(2,831)
Cash and cash equivalents at beginning of period	77,611	70,624
Cash and cash equivalents at end of period	¥70,624	¥67,793

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nomura Real Estate Holdings, Inc. and its subsidiaries
March 31, 2021 and 2022

1. Basis of Presentation of Consolidated Financial Statements

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

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

(Significant Accounting Policies)

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries

42 companies

Nomura Real Estate Consulting (Shanghai) is included in the scope of consolidation because it was newly established in the fiscal year ended March 31, 2022, and Musashi Co., Ltd. is included in the scope of consolidation because the Company newly acquired its shares in the fiscal year ended March 31, 2022.

Nomura Real Estate Consulting (Beijing) Co., Ltd. is excluded from the scope of consolidation due to the completion of liquidation in the fiscal year ended March 31, 2022.

Nomura Real Estate Urban Net Co., Ltd. changed its corporate name to Nomura Real Estate Solutions Co., Ltd.

(2) Names of major unconsolidated subsidiaries, etc.

Main non-consolidated subsidiaries

Minami-Azabu Development Co., Ltd.

(Reason for exclusion from the scope of consolidation)

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

2. Application of the equity method

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

2 companies

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

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

35 companies

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

TOKYO GAS Nomura Real Estate Energy Co., Ltd. is included under affiliated companies accounted for using the equity method because it was newly established in the fiscal year ended March 31, 2022. ORIGIN SUKHUMVIT SAILUAT COMPANY LIMITED, ORIGIN RAMINTRA COMPANY LIMITED, PARK RATCHADA COMPANY LIMITED, ORIGIN RAMKHAMHAENG INTERCHANGE COMPANY LIMITED, KNIGHTSBRIDGE KASET INTERCHANGE COMPANY LIMITED, SO ORIGIN PHAHOL 69 STATION COMPANY LIMITED and ORIGIN PLUG&PLAY SAMUTPRAKAN COMPANY LIMITED are included under affiliated companies accounted for using the equity method because the Company newly acquired equity interests in these companies in the fiscal year ended March 31, 2022.

In addition, ORIGIN SPHERE COMPANY LIMITED and ORIGIN RAMKHAMHAENG COMPANY LIMITED are excluded from the scope of affiliated companies accounted for using the equity method because the Company sold its equity interests in these companies in the fiscal year ended March 31, 2022. MCNR SY III Limited is excluded from the scope of affiliated companies accounted for using the equity method due to the completion of liquidation in the fiscal year ended March 31, 2022.

3. Matters related to the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year of UNJ Properties LLC ends on December 31.

In preparing the consolidated financial statements, the Company uses financial statements of this consolidated subsidiary that are based on a provisional closing of accounts on the consolidated closing date.

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

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

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

4. Matters related to accounting policies

(1) Valuation standards and methods for significant assets

1) Securities

Held-to-maturity debt securities

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

Available-for-sale securities

Securities, other than shares, etc. without market value

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

Shares, etc. without market value

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

2) Derivatives

The market value method is adopted.

3) Inventories

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

(2) Depreciation method for significant depreciable assets

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

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

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

Buildings and structures: 2 to 65 years

2) Intangible assets (except for leased assets)

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

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

3) Leased assets

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

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

(3) Standards for recognition of material allowances

1) Allowance for doubtful accounts

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

2) Provision for bonuses

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

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

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

4) Provision for losses on business liquidation

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

5) Provision for share awards

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

(4) Provision for retirement benefits

1) Period attribution method for expected retirement benefits

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

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

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

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

(5) Recognition of significant revenues and related costs

1) Accounting standard for revenue recognition

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

i. Residential development business

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

ii. Commercial real estate business

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

iii. Investment management business

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

iv. Property brokerage & CRE business

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

v. Property & facility management business

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

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

2) Accounting standards for advertising expenses

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

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

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

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

(7) Significant hedge accounting method

1) Hedge accounting method

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

2) Hedging instruments and hedged items

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

3) Hedging policy

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

4) Evaluation of effectiveness

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

(8) Amortization of goodwill

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

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

(10) Other significant matters for preparing the consolidated financial statements
Accounting for non-deductible consumption taxes
Non-deductible consumption taxes related to assets are included in the acquisition cost and other consumption taxes are expensed in the fiscal year as incurred.

2. Significant Accounting Estimates

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

(1) Amount recorded in the consolidated financial statements for the fiscal years ended March 31, 2021 and 2022

(Millions of yen)

	2021	2022
Loss on valuation of inventories	¥540	¥3,022

(2) Other information that contributes to the understanding of users of consolidated financial statements
1) Housing held for sale
i. Calculation method
The Company calculates this by comparing the net realizable value of the housing held for sale with the book value thereof. The net realizable value is based on the sale price, product cost, etc. determined in the business plan formulated at the time of site acquisition, construction order, and start of sale. In addition to the above, the net realizable value is subject to change depending on the progress of the business and sales.
ii. Key assumptions
The key assumptions used in the calculation of the net realizable value are the estimated sale price and the product cost, and these are estimated based on the location, size, product marketability, actual transactions in the surrounding area, market forecasts, and rents, occupancy rates, and cap rates based on past experience. With regard to the impact of the spread of COVID-19, the Company has made the assumption that the infection will be controlled and the impact on the real estate leasing market and real estate investment market will be limited.
iii. Impact on consolidated financial statements of the following fiscal year
Estimated sale prices and product costs, which are key assumptions, are subject to uncertainty. The estimated sale prices may differ from future results due to changes in the housing market and other factors, and estimates of product costs may differ from future results due to the changes in the construction market, the occurrence of additional construction, schedule delays, and other factors.

2) Commercial property held for sale
i. Calculation method
The Company performs calculations by comparing the net realizable value of commercial property held for sale with the book value thereof. The net realizable value is based on the estimated sale price, product cost, etc. determined at the time of site acquisition, construction order, start of leasing (tenant recruitment), and decision to sell. For commercial property held for sale where there is concern about a decline in profitability due to the progress of tenant recruitment, etc., the estimated sale price is based on the appraisal value of a real estate appraiser, etc.
ii. Key assumptions
The key assumptions used in the calculation of the net realizable value are the estimated sale price and the product cost, and these are estimated based on the location, size, product marketability, actual transactions in the surrounding area, market forecasts, and rents, occupancy rates, and cap rates based on past experience. With regard to the impact of the spread of COVID-19, the Company has made the assumption that the infection will be contained without being prolonged and that the impact on the real estate leasing market and real estate investment market will be limited.
iii. Impact on consolidated financial statements of the following fiscal year
Estimated sale prices and product costs, which are key assumptions, are subject to uncertainty. The estimated sale prices may differ from future results due to changes in real estate leasing and real estate investment markets, and estimated product costs may differ from future results due to the changes in the construction market, the occurrence of additional construction, schedule delays, and other factors.

2. Impairment of non-current assets
Non-current assets held by the Group mainly consist of office buildings, retail facilities, logistics facilities, hotels and other real estate (hereinafter “leasable real estate, etc.”) in Japan.
(1) Amount recorded in the consolidated financial statements for the fiscal years ended March 31, 2021 and 2022

(Millions of yen)

	2021	2022
Impairment losses	¥1,285	¥568

(2) Other information that contributes to the understanding of users of consolidated financial statements
i. Calculation method
When an indication arises that the carrying amount of leasable real estate, etc. may not be recoverable, the Company assesses and calculates the impairment losses on the relevant real estate.
(Indications of Impairment)
The Group considers the following events as indications of an impairment of leasable real estate, etc.
• Property that reports or is expected to report an operating loss for two consecutive terms

- Property in which any change that decreases its recoverable amount materially has occurred or is expected to occur
- Property whose business environment has deteriorated or is expected to deteriorate significantly
- Property whose market price has significantly declined (around 50% or more)

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

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

ii. Key assumptions
The key assumptions used in the calculation of undiscounted future cash flows and value in use are leasing revenues, leasing costs, etc., and discount rates. These are estimated based on the property's location, size, actual leasing transactions in the surrounding area, market forecasts, historical rents, guest room rates, occupancy rates, and cap rates. With regard to the impact of the COVID-19 pandemic, the Company has made the assumption that the infection will be controlled and not prolonged and that the impact on leasable real estate, etc. will be limited.

iii. Impact on consolidated financial statements of the following fiscal year
Estimates of leasing revenues, leasing costs, etc., which are key assumptions, are subject to uncertainty, and future results may differ from these estimates due to changes in the market conditions related to leasable real estate, etc. and other factors.

3. Changes in Accounting Policies

1. Application of the Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, March 31, 2020), from the beginning of the fiscal year ended March 31, 2022. It recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in paragraph 84 of the standard. The cumulative effect of applying with the new accounting policy retrospectively prior to the beginning of the fiscal year ended March 31, 2022, was reflected in retained earnings at the beginning of the fiscal year ended March 31, 2022, and the Company has applied the new policy to the balance at the beginning of the fiscal year.

As a result, the impact of application of the Accounting Standard for Revenue Recognition on the consolidated financial statements for the fiscal year ended March 31, 2022 is immaterial.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable - trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and accounts receivable - trade, and contract assets" from the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new method of presentation. Furthermore, notes to revenue recognition for the previous fiscal year have not been disclosed in accordance with the transitional treatment stipulated in paragraph 89-3 of the Accounting Standard for Revenue Recognition.

2. Application of the Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan), from the beginning of the fiscal year ended March 31, 2022. The Company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional treatment stipulated in paragraph 19 of Accounting Standard for Fair Value Measurement and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The impact of application of the Accounting Standard for Fair Value Measurement on consolidated financial statements for the fiscal year ended March 31, 2022 is immaterial.

Furthermore, we have decided to provide notes on breakdown by level of fair values of financial instruments and other information in "13. Financial Instruments." However, notes regarding the previous fiscal year have not been described as allowed by the transitional treatment stipulated in paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019).

4. Accounting Standards Published But Not Yet Applied

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan)

(1) Outline

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, Accounting Standards Board of Japan) was revised on June 17, 2021. When the Guidance was first announced on July 4, 2019, as the review of “fair value measurement of investment trusts” was considered to take a certain period of time for the deliberation with related parties and as the notes on fair values of “investments in partnerships for which an amount equivalent to the interest is carried on the balance sheet at net amount” required a certain review, the Guidance mentioned that those reviews would be implemented for approximately one year after the announcement of the “Accounting Standard for Fair Value Measurement.” Now those points for review were amended and the revised Guidance was announced.

(2) Scheduled date of adoption

The Company expects to adopt the implementation guidance effective from the beginning of the fiscal year ending March 31, 2023.

(3) Impact of the adoption of the Accounting Standard, etc.

The Company is currently evaluating the impact of the adoption of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” on its consolidated financial statements.

5. Additional Information

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

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

The shares of the Company remaining in the trust are recorded as treasury shares under net assets at the book value within the trust. The book value and number of such treasury shares were ¥4,892 million and 2,091,166 shares, respectively, as of March 31, 2022.

Furthermore, the estimated amount of the above executive compensation at the end of the fiscal year ended March 31, 2022 is recorded as provision for share awards.

ESOP Trust for Granting Stock

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

The shares of the Company remaining in the trust are recorded as treasury shares under net assets at the book value within the trust. The book value and number of such treasury shares were ¥1,077 million and 431,671 shares, respectively, as of March 31, 2022.

Furthermore, the estimated amount of the above compensation scheme at the end of the fiscal year ended March 31, 2022 is recorded as provision for share awards.

6. Notes to Consolidated Balance Sheets

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

Among notes and accounts receivable - trade, and contract assets, the amounts of receivables from contracts with customers and contract assets are shown in 3. (1) Balances, etc. of contract assets and contract liabilities under 21. Revenue Recognition in the Notes to Consolidated Financial Statements.

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Equity investments (shares, etc.)	¥28,770	¥33,871
Investment securities (shares, etc.)	¥46,296	¥61,636

3. Pledged assets and secured liabilities

Investment securities of ¥220 million are pledged as collateral for the debt of the investee.

4. Guaranteed liabilities

The Company has guaranteed borrowings from financial institutions, etc. by the following customers. The Company is obligated, along with the joint venture partners, to guarantee the debt of Origin One Sukhumvit 24 Co., Ltd. and Origin One Phromphong

Co., Ltd. in proportion to the percentage equity stake. The amounts of the Company's guarantee obligations, which are based on its percentage equity stakes in the two companies, are indicated in parentheses.

(Millions of yen)

FY2021/3 (as of March 31, 2021)		FY2022/3 (as of March 31, 2022)	
Customers using housing loans	¥ 75,666	Customers using housing loans	¥ 90,456
EBS Building Co-operators	243	EBS Building Co-operators	166
Haneda Mirai Specific Purpose Company	65	Haneda Mirai Specific Purpose Company	65
Tokio Property Services Pte Ltd	16		—
Origin One Sukhumvit 24 Co., Ltd.	290	Origin One Sukhumvit 24 Co., Ltd.	866
	(142)		(424)
Origin One Phromphong Co., Ltd.	134	Origin One Phromphong Co., Ltd.	570
	(65)		(279)
Total	76,416	Total	92,124
	¥ (76,199)		¥ (91,391)

5. Additional investment obligations, etc.

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

(Millions of yen)

FY2021/3 (as of March 31, 2021)		FY2022/3 (as of March 31, 2022)	
ORIGIN PARK T1 COMPANY LIMITED	¥ 8,881	ORIGIN PARK T1 COMPANY LIMITED	¥ 12,740
	(4,352)		(6,242)
ORIGIN VERTICAL COMPANY LIMITED	107		—
	(52)		
Origin One Thonglor Co., Ltd.	2,088	Origin One Thonglor Co., Ltd.	2,127
	(1,023)		(1,042)
PARK ORIGIN RATCHATHEWI COMPANY LIMITED	1,697	PARK ORIGIN RATCHATHEWI COMPANY LIMITED	2,110
	(831)		(1,034)
PARK ORIGIN PRARAM 4 COMPANY LIMITED	2,768	PARK ORIGIN PRARAM 4 COMPANY LIMITED	3,693
	(1,356)		(1,809)
	—	ORIGIN SUKHUMVIT SAILUAT COMPANY LIMITED	553
			(271)
	—	ORIGIN RAMINTRA COMPANY LIMITED	722
			(354)
	—	PARK RATCHADA COMPANY LIMITED	1,207
			(591)
	—	ORIGIN RAMKHAMHAENG INTERCHANGE COMPANY LIMITED	514
			(252)
Total	15,543	Total	23,669
	¥ (7,616)		¥ (11,598)

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

The amount equivalent to the tax on the difference is recorded in the liabilities section as "Deferred tax liabilities related to land revaluation," and the amount deducted is recorded in the net assets section as "Revaluation reserve for land."
Method of revaluation: Calculated using a method that makes reasonable adjustments to the assessed value of non-cur- rent asset for property tax, as stipulated in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 enacted on March 31, 1998)
Date of revaluation: March 31, 2002

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
From non-current assets to real estate for sale	¥56,798	¥17,694
From non-current assets to land held for development	¥—	¥2,361

7. Notes to Consolidated Statements of Income

1. Amounts of revenue from contracts with customers

Operating revenue does not differentiate revenue from contracts with customers and revenue other than those. The amounts of revenue from contracts with customers are shown in 1. Information on disaggregation of revenue from contracts with customers under 21. Revenue Recognition in the Notes to Consolidated Financial Statements.

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

(Millions of yen)

2021	2022
¥540	¥3,022

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

(Millions of yen)

	2021	2022
Advertising expenses	¥15,460	¥15,836
Employee salaries and allowances	36,987	39,060
Transfer of provision for bonuses	7,388	8,626
Transfer of provision for bonuses for directors (and other officers)	455	549
Retirement benefit expenses	3,002	3,034
Transfer of provision for allowance for doubtful accounts	¥ 5	¥ 13

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

(Millions of yen)

2021	2022
¥34	¥65

5. Impairment loss

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

FY2021/3 (From April 1, 2020 to March 31, 2021)

Main purpose of use	Type	Location
Stores and leased assets	Buildings	Sagamihara-shi, Kanagawa, etc.
Other	Land	
(Total: 8 locations)	Other tangible non-current assets	

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

As a result, during the fiscal year ended March 31, 2021, the carrying values of eight asset groups that were scheduled to be used for other purposes or be sold or for which income from operating activities had been continuously negative were reduced to their recover- able amounts. The amount of the reduction was recorded as an impairment loss (¥1,285 million) under extraordinary losses, and comprised ¥998 million on buildings, ¥18 million on land, and ¥269 million on other assets.

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

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

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

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

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

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

6. Loss due to COVID-19

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

8. Consolidated Statements of Comprehensive Income

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

(Millions of yen)

	2021	2022
Valuation difference on available-for-sale securities:		
Amount recognized during the year	¥6,853	¥(674)
Amount of recycling	224	(34)
Before income tax effect	7,078	(708)
Income tax effect	(2,167)	221
Valuation difference on available-for-sale securities	4,910	(487)
Deferred gains or losses on hedges:		
Amount recognized during the year	(3,439)	1,422
Amount of recycling	—	33
Before income tax effect	(3,439)	1,456
Income tax effect	1,053	(446)
Deferred gains or losses on hedges	(2,386)	1,009
Revaluation reserve for land:		
Income tax effect	8	(8)
Foreign currency translation adjustment:		
Amount recognized during the year	(531)	1,620
Amount of recycling	—	(8)
Before income tax effect	(531)	1,611
Income tax effect	—	—
Foreign currency translation adjustment	(531)	1,611
Remeasurements of defined benefit plans:		
Amount recognized during the year	2,157	(10)
Amount of recycling	681	729
Before income tax effect	2,838	718
Income tax effect	(868)	(219)
Remeasurements of defined benefit plans	1,970	498
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	1,184	1,166
Amount of recycling	—	0
Before income tax effect	1,184	1,167
Income tax effect	(362)	(357)
Share of other comprehensive income of affiliates accounted for using the equity method	821	809
Total other comprehensive income	¥4,793	¥3,434

9. Consolidated Statements of Changes in Net Assets

FY2021/3 (From April 1, 2020 to March 31, 2021)

1. Shares outstanding and treasury shares

	Number of shares as of April 1, 2020 (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	Number of shares as of March 31, 2021 (Thousands of shares)
Shares issued				
Common stock [1]	192,875	223	—	193,099
Total	192,875	223	—	193,099
Treasury shares				
Common stock [2, 3, 4]	11,367	1,128	5	12,490
Total	11,367	1,128	5	12,490

Notes: 1. The increase of 223,000 outstanding shares of common stock was due to the exercise of stock options.
2. The number of treasury shares in common stock includes the shares held by the BIP Trust and the ESOP Trust (1,962,000 shares as of March 31, 2021).
3. The increase of 1,128,000 treasury shares in common stock was due to the purchase of treasury shares by resolution by the Board of Directors.
4. The decrease of 5,000 treasury shares in common stock was due to the delivery and sale of the shares by the BIP Trust and the ESOP Trust.
5. At a meeting of the Board of Directors held on January 28, 2021, the Company resolved to cancel treasury shares pursuant to Article 178 of the Companies Act. Details of the portion of this treasury shares not yet cancelled as of March 31, 2021 are as follows:
Carrying value: ¥25,803 million
Type of shares: Common stock
No. of shares: 10,528,000 shares
Note that all of the above shares as well as the treasury shares acquired between April 1 and April 26, 2021 have been cancelled as of May 31, 2021.
Total no. of shares cancelled: 10,980,000 shares

2. Share acquisition rights and treasury share acquisition rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)				Balance as of March 31, 2021 (Millions of yen)
			As of April 1, 2020	Increase	Decrease	As of March 31, 2021	
Parent company	Acquisition rights as stock options	—	—	—	—	—	1,406

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 1, 2020	Common stock	7,339	40.00	March 31, 2020	June 9, 2020
Meeting of the Board of Directors on October 27, 2020	Common stock	7,343	40.00	September 30, 2020	December 1, 2020

Notes: 1. The total amount of dividends resolved at the meeting of the Board of Directors held on May 1, 2020 includes dividends distributed of ¥78 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.
2. The total amount of dividends resolved at the meeting of the Board of Directors held on October 27, 2020 includes dividends distributed of ¥78 million pertaining to shares of the Company stock held by the BIP Trust and the ESOP Trust.

(2) Dividends for which the record date was in the year ended March 31, 2021 and the effective date is in the year ended March 31, 2022

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on April 27, 2021	Common stock	7,759	Retained earnings	42.50	March 31, 2021	June 4, 2021

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

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

1. Shares outstanding and treasury shares

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

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

2. Share acquisition rights and treasury share acquisition rights

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

3. Dividends
(1) Dividends paid

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

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

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

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

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

10. Shareholders' Equity

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

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

As of March 31, 2022, the Group's capital reserve amounted to ¥114,993 million, and no legal reserve was recorded.

11. Supplementary Cash Flow Information

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

(Millions of yen)

	2021	2022
Cash and deposits	¥71,625	¥69,038
Time deposits with maturities of more than three months	(1,000)	(1,245)
Cash and cash equivalents	¥70,624	¥67,793

12. Leases

Lessees

1. Finance leases

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

2. Operating leases

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Due within 1 year	¥3,990	¥4,273
Due after 1 year	14,699	17,929
Total	¥18,689	¥22,203

Lessors

1. Finance leases

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

2. Operating leases

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Due within 1 year	¥30,062	¥27,462
Due after 1 year	78,214	79,016
Total	¥108,276	¥106,478

13. Financial Instruments

1. Matters concerning financial instruments

(1) Policies on financial instruments

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

(2) Details of financial instruments and risks

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

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

(3) Policies and systems for risk management

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

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

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

(4) Supplemental information on fair values

As various factors are incorporated into the fair value measurement of financial instruments, the resulting values may vary if different assumptions are provided. The contract amount shown in Note 15. Derivative Financial Instruments does not represent the market risk regarding the derivative transactions.

2. Fair values of financial instruments

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

FY2021/3 (as of March 31, 2021)	Book value	Fair value	Difference
	(Millions of yen)		
(1) Investment securities[3]	¥40,526	¥40,542	¥15
Total assets	40,526	40,542	15
(1) Bonds payable[4]	170,000	171,631	1,631
(2) Long-term borrowings[5]	807,500	823,714	16,214
Total liabilities	977,500	995,345	17,845
Derivative transactions[6]	¥(3,913)	¥(3,913)	¥—

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

2. The following financial instruments for which there is no market value and for which the fair value is extremely difficult to determine are not included in (1) Investment securities. They are presented as included in unlisted shares recorded in equity investments.
The book value of the financial asset on the Consolidated Balance Sheets is as follows.

Classification	(Millions of yen) FY2021/3 (as of March 31, 2021)
Unlisted shares	¥75,821

3. Includes government bonds, etc. presented as lease and guarantee deposits on the Consolidated Balance Sheets.
4. Current portion of bonds payable is included in (1) Bonds payable.
5. Current portion of long-term borrowings is included in (2) Long-term borrowings.
6. For derivative transactions, stated values are the net amounts of receivables and payables arising from the transactions. Figures in parentheses are liability amounts.

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

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

2. The book values in the Consolidated Balance Sheets for shares, etc. without market value and investments in partnerships are as follows, and are not included in (1) Investment securities. Shares, etc. without market value are unlisted shares, etc. and are not subject to disclosure of their fair values based on paragraph 5 of Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019). Investments in partnerships are investments for business entities that are recorded in the Consolidated Balance Sheets as the net amount equivalent to equity, and are not subject to disclosure of their fair values based on paragraph 27 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019).

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

3. Includes government bonds presented as lease and guarantee deposits and preferred equity securities presented as equity investments, etc. on the Consolidated Balance Sheets.
4. Current portion of bonds payable is included in (1) Bonds payable.
5. Current portion of long-term borrowings is included in (2) Long-term borrowings.
6. For derivative transactions, stated values are the net amounts of receivables and payables arising from the transactions. Figures in parentheses are liability amounts.

Notes: 1. Redemption schedule for financial assets with maturities

FY2021/3 (as of March 31, 2021)	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	¥71,625	¥—	¥—	¥—
Securities and investment securities				
Held-to-maturity debt securities				
(1) Government and municipal bonds, etc.	58	765	325	—
(2) Corporate bonds	—	—	—	—
Available-for-sale securities with maturities				
(1) Debt securities	3	—	—	—
(2) Others	—	—	—	—
Total	¥71,687	¥765	¥325	¥—

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

2. Repayment schedule for bonds payable and long-term borrowings at March 31, 2021 and 2022

FY2021/3 (as of March 31, 2021)	Within 1 year (Millions of yen)	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	¥31,000	¥—	¥—	¥—	¥—	¥—
Bonds payable	10,000	10,000	20,000	10,000	30,000	90,000
Long-term borrowings	56,000	69,000	77,500	64,000	120,000	421,000
Total	¥97,000	¥79,000	¥97,500	¥74,000	¥150,000	¥511,000

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

3. Breakdown by level of fair values of financial instruments

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

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

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

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

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

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

FY2022/3 (as of March 31, 2022) (Millions of yen)

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

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

FY2022/3 (as of March 31, 2022) (Millions of yen)

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

Investment trusts for which the transitional measures stipulated in paragraph 26 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019) were applied are not included in the above table. The amount of the investment trusts in the Consolidated Balance Sheets is ¥3,013 million.

Notes:

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

Investment securities

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

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

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

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

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

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

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

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

14. Securities

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

(Millions of yen)

FY2021/3 (as of March 31, 2021)	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
(1) Government and municipal bonds, etc.	¥1,152	¥1,168	¥15
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	1,152	1,168	15
Securities whose fair value does not exceeds book value:			
(1) Government and municipal bonds, etc.	—	—	—
(2) Bonds payable	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	¥1,152	¥1,168	¥15

(Millions of yen)

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

2. Available-for-sale securities with fair value

(Millions of yen)

FY2021/3 (as of March 31, 2021)	Book value	Fair value	Difference
Securities whose book value exceeds acquisition cost:			
(1) Shares	¥1,250	¥632	¥618
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	38,006	27,381	10,624
Subtotal	39,256	28,013	11,242
Securities whose book value does not exceed acquisition cost:			
(1) Shares	113	125	(12)
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	3	3	—
3) Other	—	—	—
(3) Other	—	—	—
Subtotal	117	129	(12)
Total	¥39,373	¥28,142	¥11,230

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

3. Sales of available-for-sale securities

Type	Proceeds from sales	Aggregate gains	Aggregate losses
	2021 (Millions of yen)		
(1) Shares	¥149	¥—	¥224
(2) Bonds			
1) Government and municipal bonds, etc.	—	—	—
2) Bonds payable	—	—	—
3) Other	—	—	—
(3) Other	—	—	—
Total	¥149	¥—	¥224

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

4. Securities subject to the recognition of impairment losses

Impairment losses of ¥27 million was recognized for securities in the fiscal year ended March 31, 2022.

15. Derivative Financial Instruments

1. Derivatives to which hedge accounting is not applied

(1) Currency-related derivatives

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

2. Derivatives to which hedge accounting is applied

(1) Currency-related derivatives

			FY2021/3 (as of March 31, 2021)		
			Contract amount	Contract amount due after one year	Fair value
Hedge accounting method	Type of derivatives	Major hedged items	(Millions of yen)		
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in U.S. dollars	Securities denominated in foreign currencies	¥30,066	¥—	¥(1,409)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Thai baht	Securities denominated in foreign currencies	9,175	1,774	(384)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Chinese Yuan	Securities denominated in foreign currencies	15,099	—	(1,114)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in Philippine peso	Securities denominated in foreign currencies	1,834	1,834	(292)
Deferral hedge accounting	Currency swaps Receipts in yen / Payments in British pounds		8,802	—	(594)
Deferral hedge accounting	Forward exchange contract Sell U.S. dollars / Buy yen	Securities denominated in foreign currencies	829	—	(44)
Deferral hedge accounting	Forward exchange contract Sell Thai baht / Buy yen		3,290	—	(74)
Total			¥69,098	¥3,609	¥(3,913)

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

(2) Interest rate-related derivatives

Hedge accounting method	Type of derivatives	Major hedged items	FY2021/3 (as of March 31, 2021) (Millions of yen) Contract amount	Contract amount due after one year	Fair value
Exceptional treatment for interest rate swaps	Interest rate swaps Receive floating rate / Pay fixed rate	Long-term debt	¥203,500	¥172,500	(Note)
Total			¥203,500	¥172,500	—

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

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

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

16. Retirement Benefits

1. Outline of retirement benefit plans

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

2. Defined benefit plan

(1) A reconciliation of the changes in retirement benefit obligations for the fiscal years ended March 31, 2021 and 2022 (excluding plans applying a simplified method)

	(Millions of yen) 2021	2022
Retirement benefit obligations at the beginning of the year	¥38,961	¥40,627
Service cost	1,936	2,014
Interest cost	182	190
Actuarial gain or loss	370	352
Retirement benefit payments	(822)	(852)
Retirement benefit obligations at the end of the year	¥40,627	¥42,332

(2) A reconciliation of the changes in balance of plan assets for the fiscal years ended March 31, 2021 and 2022 (excluding plans applying a simplified method stated in (3))

	(Millions of yen) 2021	2022
Fair value of plan assets at the beginning of the year	¥22,314	¥26,261
Expected return on plan assets	401	472
Actuarial gain or loss	2,506	335
Employer contributions	1,563	882
Retirement benefit payments	(525)	(507)
Fair value of plan assets at the end of the year	¥26,261	¥27,444

(3) A reconciliation of the changes in balance of retirement benefit liability applying a simplified method for the fiscal years ended March 31, 2021 and 2022

	(Millions of yen) 2021	2022
Retirement benefit liability at the beginning of the year	¥2,058	¥1,850
Retirement benefit expenses	127	124
Retirement benefit payments	(312)	(194)
Contributions to plan	(23)	(24)
Retirement benefit liability at the end of the year	¥1,850	¥1,755

(4) A reconciliation of retirement benefit obligations as well as plan assets at March 31, 2021 and 2022, and retirement benefit liability on the Consolidated Balance Sheets

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Funded retirement benefit obligations	¥33,503	¥34,817
Fair value of plan assets	(26,460)	(27,659)
Subtotal	7,043	7,158
Unfunded retirement benefit obligations	9,172	9,485
Net liabilities on the Consolidated Balance Sheet	16,216	16,644
Retirement benefit liability	16,216	16,644
Net liabilities on the Consolidated Balance Sheet	¥16,216	¥16,644

Note: It includes the plans applying a simplified method.

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	2021	2022
Service cost	¥1,936	¥2,014
Interest cost	182	190
Expected return on plan assets	(401)	(472)
Amortization of actuarial gain or loss	901	735
Amortization of prior service cost	(197)	—
Retirement benefit expenses calculated by the simplified method	127	124
Other	20	20
Retirement benefit expenses for defined benefit plan	¥2,567	¥2,613

(6) Remeasurements of defined benefit plans

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

(Millions of yen)

	2021	2022
Prior service cost	¥(197)	¥—
Actuarial gain or loss	3,036	718
Total	¥2,838	¥718

(7) Remeasurements of defined benefit plans

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Unrecognized actuarial gain or loss	¥(2,853)	¥(2,134)
Total	¥(2,853)	¥(2,134)

(8) Composition of plan assets by major classifications

1) Major components of plan assets

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

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Claims	37%	24%
Equity	26%	25%
General account	13%	17%
Other	24%	34%
Total	100%	100%

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

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

(9) Calculation basis for actuarial calculations

Calculation basis for major actuarial calculations

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Discount rate	0.2-0.5%	0.2-0.5%
Expected rate of return on plan assets	1.8%	1.8%
Expected salary increase rate	2.0-7.5%	2.0-7.5%

3. Defined contribution plan

The required contributions to the defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2021 and 2022 are ¥791 million and ¥581 million.

17. Stock Options

1. Expenses for stock options and items

(Millions of yen)

	2021	2022
Selling, General and Administrative Expenses	¥17	¥—

2. Amount recorded as profit due to expiration due to non-exercise of rights

(Millions of yen)

2021	2022
¥123	¥25

3. Description, scale and fluctuation of stock options

(1) Description

Nomura Real Estate Holdings, Inc.

FY2015/3	2nd issue of stock options	3rd issue of stock options
Settlement date	June 27, 2014	June 27, 2014
Recipients	Directors and executive officers of the Company's subsidiaries (72 persons)	Directors of the Company (6 persons) Directors and executive officers of the Company's subsidiaries (72 persons) Employees of the Company's subsidiaries (187 persons)
Type/number of shares reserved (Note 1)	Common stock: 194,400 shares	Common stock: 352,300 shares
Grant date	July 23, 2014	July 23, 2014
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	July 23, 2016 – July 22, 2021	July 23, 2016 – July 22, 2021
Number of share acquisition rights (units) (Note 2)	—	—
Type, content and number of shares subject to the share acquisition rights (Note 2)	—	—
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	2,016 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 1,719 Capitalization amount: 859.5	Issuance price: 2,387 Capitalization amount: 1,193.5
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.	
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 7)

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Settlement date	June 26, 2015	June 26, 2015	June 26, 2015	September 17, 2015
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (76 persons)	Directors of the Company (6 persons) Directors and executive officers of the Company's subsidiaries (76 persons) Employees of the Company's subsidiaries (199 persons)	Directors of the Company's subsidiaries (3 persons) Employees of the Company's subsidiaries (20 persons)
Type/number of shares reserved (Note 1)	Common stock: 35,700 shares	Common stock: 157,500 shares	Common stock: 380,900 shares	Common stock: 24,000 shares
Grant date	July 23, 2015	July 23, 2015	July 23, 2015	October 14, 2015
Vesting conditions	No conditions attached	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified	No period specified
Exercisable period	July 23, 2018 – July 22, 2023	July 23, 2018 – July 22, 2023	July 23, 2018 – July 22, 2023	October 14, 2018 – October 13, 2023
Number of share acquisition rights (units) (Note 2)	87	403 [351]	2,765 [2,407]	172
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 8,700 shares	Common stock: 40,300 shares [35,100 shares]	Common stock: 276,500 shares [240,700 shares]	Common stock: 17,200 shares
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	2,741 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).	2,355 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 2,261 Capitalization amount: 1,130.5	Issuance price: 2,261 Capitalization amount: 1,130.5	Issuance price: 3,257 Capitalization amount: 1,628.5	Issuance price: 2,891 Capitalization amount: 1,445.5
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.			
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)	As indicated in (Note 7)

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Settlement date	June 29, 2016	June 29, 2016	June 29, 2016
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (83 persons)	Directors of the Company (6 persons) Directors and executive officers of the Company's subsidiaries (83 persons) Employees of the Company's subsidiaries (226 persons)
Type/number of shares reserved (Note 1)	Common stock: 56,700 shares	Common stock: 250,300 shares	Common stock: 421,800 shares
Grant date	July 22, 2016	July 22, 2016	July 22, 2016
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	July 22, 2019 – July 21, 2024	July 22, 2019 – July 21, 2024	July 22, 2019 – July 21, 2024
Number of share acquisition rights (units) (Note 2)	302	864	1,803 [1,737]
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 30,200 shares	Common stock: 86,400 shares	Common stock: 180,300 shares [173,700 shares]
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	1,927 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 1,594 Capitalization amount: 797	Issuance price: 1,594 Capitalization amount: 797	Issuance price: 2,304 Capitalization amount: 1,152
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.		
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Settlement date	June 29, 2017	June 29, 2017	June 29, 2017
Recipients	Directors of the Company (6 persons)	Directors and executive officers of the Company's subsidiaries (90 persons)	Directors of the Company (6 persons) Directors and executive officers of the Company's subsidiaries (90 persons) Employees of the Company's subsidiaries (241 persons)
Type/number of shares reserved (Note 1)	Common stock: 39,800 shares	Common stock: 228,300 shares	Common stock: 456,400 shares
Grant date	July 21, 2017	July 21, 2017	July 21, 2017
Vesting conditions	No conditions attached	No conditions attached	No conditions attached
Service period	No period specified	No period specified	No period specified
Exercisable period	July 21, 2020 – July 20, 2025	July 21, 2020 – July 20, 2025	July 21, 2020 – July 20, 2025
Number of share acquisition rights (units) (Note 2)	337	872 [854]	3,089 [2,842]
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 33,700 shares	Common stock: 87,200 shares [85,400 shares]	Common stock: 308,900 shares [284,200 shares]
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share	2,400 per share However, the said paid-in amount (hereinafter "exercise price") may be adjusted based on provisions in (Note 5).
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 1,840 Capitalization amount: 920	Issuance price: 1,840 Capitalization amount: 920	Issuance price: 2,799 Capitalization amount: 1,399.5
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)	As indicated in (Note 6)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.		
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)	As indicated in (Note 7)

FY2019/3	1st issue of stock options	2nd issue of stock options
Settlement date	June 26, 2018	June 26, 2018
Recipients	Directors of the Company (5 persons)	Directors and executive officers of the Company's subsidiaries (36 persons)
Type/number of shares reserved (Note 1)	Common stock: 10,700 shares	Common stock: 49,400 shares
Grant date	July 19, 2018	July 19, 2018
Vesting conditions	No conditions attached	No conditions attached
Service period	No period specified	No period specified
Exercisable period	July 19, 2021 – July 18, 2026	July 19, 2021 – July 18, 2026
Number of share acquisition rights (units) (Note 2)	89	235
Type, content and number of shares subject to the share acquisition rights (Note 2)	Common stock: 8,900 shares	Common stock: 23,500 shares
Amount paid-in (¥) upon exercise of the share acquisition rights (Note 2)	1 per share	1 per share
Stock issuance price and capitalization amount (¥) in the event of issuance of shares upon exercise of the share acquisition rights (Note 2)	Issuance price: 2,030 Capitalization amount: 1,015	Issuance price: 2,030 Capitalization amount: 1,015
Terms and conditions for exercising the share acquisition rights (Note 2)	As indicated in (Note 3)	As indicated in (Note 3)
Matters related to the transfer of share acquisition rights (Note 2)	Acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of this Company.	
Matters related to the grant of share acquisition rights in connection with corporate restructuring actions (Note 2)	As indicated in (Note 4)	As indicated in (Note 4)

Notes: 1. Described in terms of the number of shares.
2. Information as of the end of the fiscal year ended March 31, 2022 is indicated. Any part of the information which was changed during the period from the end of the current fiscal year to the end of the month previous to the filing date (May 31, 2022) is indicated inside brackets [ ] as of the end of the month previous to the filing date, and no change has been made in any other parts since the end of the current fiscal year.
3. i) A person who has received the allotment of the share acquisition rights (the “Eligible Person”) must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Counselor, Advisor, Special Officer, Special Advisor, or in an equivalent position thereto, or employee of the Company or any of its subsidiaries (collectively, the “Required Position”) until the time of exercise of the share acquisition rights on a continuing basis.
ii) Notwithstanding i) above, in the case the Eligible Person has lost the Required Position, the Eligible Person may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of “Exercisable period” in the above table (the “Exercise Period”), to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.
iii) When the Eligible Person has passed away, his/her heir is deemed to be able to succeed and exercise the share acquisition rights if the Eligible Person has met the conditions of i) above immediately before the death, or the Eligible Person had been able to exercise share acquisition rights in accordance with the provision of ii) above immediately before the death (such heir who succeeded the share acquisition rights is hereinafter referred to as the “Successor of Rights”); provided, however, that in the case of i) above, the Successor of Rights may exercise share acquisition rights only from and including whichever is later of the date of death of the Eligible Person or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of ii) above, the Successor of Rights may exercise share acquisition rights during the same period as the period allowed for the Eligible Person to exercise those in accordance with ii) above.
iv) When the Successor of Rights has passed away, his/her heir may not exercise the share acquisition rights.
v) The Eligible Person or the Successor of Rights may not exercise the allotted share acquisition rights in more than two times.
vi) A fraction of one share acquisition right may not be exercised.
vii) Other terms and conditions shall be as per specifications in the “Share Acquisition Rights Allotment Agreement” to be entered into between the Company and the Eligible Person.
4. The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, “Reorganization”), may issue the share acquisition rights of the company that survives the merger, the company incorporated as a result of the merger, the company which succeeds, in whole or in part, to any rights and obligations that a company effecting an absorption-type company split holds in connection with its business, the company that is incorporated in the incorporation-type company split, the company that acquires all of the issued shares of the company effecting the share exchange, or the company incorporated as a result of the share transfer (collectively, “Reorganized Company”) to each person holding share acquisition rights that remain outstanding at the time directly before when the effects of the Reorganization arises (collectively, “Remaining Share Acquisition Rights”), based on the conditions set forth below. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights. However, this shall be limited to the case where the issuance of share acquisition rights of the Reorganized Company is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement, or a share transfer plan in accordance with following conditions.
i) Number of share acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the Remaining Share Acquisition Rights shall be delivered to each such Eligible Person.
ii) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
To be Ordinary shares of the Reorganized Company
iii) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
To be determined in accordance with the “Number of shares underlying share acquisition rights” in the above table, taking into consideration the

conditions, etc. of the Reorganization.

iv) Value of property to be contributed upon exercise of share acquisition rights and calculation methods thereof
The subject of contribution upon exercise of share acquisition rights shall be cash and the amount shall be obtained by multiplying ¥1, which is the price to be paid per share, by the number of shares of the Reorganized Company underlying the share acquisition rights determined in accordance with iii) above.

v) Period during which share acquisition rights may be exercised
Period during which share acquisition rights may be exercised shall begin on the date of commencement of the Exercise Period or the effective date of the Reorganization, whichever is later, and end on the expiration date of the Exercise Period.

vi) Matters concerning share capital and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights

(1) The amount of share capital increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in share capital, etc., calculated in accordance with the provision in Paragraph 1, Article 17 of the Regulation on Accounting of Companies. Any fraction of less than ¥1 resulting from the calculation shall be rounded up to the nearest yen.

(2) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the share capital increase stipulated in (1) above from the maximum amount of increase in share capital, etc., described in (1) above.

vii) Restriction on acquisition of the share acquisition rights by transfer
Any acquisition of the share acquisition rights by transfer is subject to the approval of the Reorganized Company.

viii) Terms and conditions for exercise of share acquisition rights
To be determined in accordance with the aforementioned Note 3.

ix) Matters concerning acquisition of share acquisition rights
In cases where the Board of Directors of the Company resolves to call a General Meeting of Shareholders to approve any of the following agenda items (or if a resolution by the General Meeting of Shareholders is not necessary, in cases where a resolution of the Board of Directors of the Company is made concerning any of the following agenda items), or in cases where there is a call from shareholders to hold such General Meeting of Shareholders, and when the acquisition date has been determined by the Board of Directors, the Company may acquire all or part of share acquisition rights without contribution upon arrival of the date.

(1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company

(2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company

(3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary

(4) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company

(5) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares by resolution at a General Meeting of Shareholders

x) Treatment of any fractional shares arising upon exercise of share acquisition rights
Any fraction of less than one share included in the number of shares to be delivered to a share acquisition rights holder shall be discarded.

5. If the Company conducts a share split or share consolidation of its common stock, the Exercise Price shall be adjusted using the following formula, and fractional yen amounts due to the adjustment shall be rounded up.

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

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

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

“Number of outstanding shares” in the aforementioned formula is the total number of issued shares of the Company’s common stock minus the number of treasury shares of the Company’s common stock. For the disposal of treasury shares of the Company’s common stock, “Number of newly issued shares” is replaced by “Number of treasury shares to be disposed” and “Paid-in amount per share” by “Disposal price per share.”
Other than the above, in cases where the Company carries out an allotment without contribution of shares or share acquisition rights, or in other cases where it is necessary for the Company to adjust the Exercise Price, the Company shall adjust the Exercise Price as deemed necessary.

6. i) A person who has received the allotment of the share acquisition rights (the “Eligible Person”) must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Counselor, Advisor, Special Officer, Special Advisor, or in an equivalent position thereto, or employee of the Company or any of its subsidiaries (collectively, the “Required Position”) until the time of exercise of the share acquisition rights on a continuing basis.

ii) With regard to the Eligible Person, there must not be a situation where retirement under instruction or punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiaries, or a similar situation, as of the time of exercise of the share acquisition rights.

iii) Notwithstanding i) above, share acquisition rights may be exercised even when the Eligible Person has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the Eligible Person may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.

iv) When the Eligible Person has passed away, his/her heir is deemed to be able to succeed and exercise the share acquisition rights if the Eligible Person has met the conditions of i) and ii) above immediately before the death, or the Eligible Person had been able to exercise share acquisition rights in accordance with the provision of iii) above immediately before the death; provided, however, that in the case of i) above, the Successor of Rights may exercise share acquisition rights only from and including whichever is later of the date of death of the Eligible Person or the commencement date of the Exercise Period, to and including the date on which one year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of iii) above, the Successor of Rights may exercise share acquisition rights during the same period as the period allowed for the Eligible Person to exercise those in accordance with iii) above.

v) When the Successor of Rights passed away, his/her heir may not exercise the share acquisition rights.

vi) The Eligible Person or Successor of Rights may not exercise the share acquisition rights in multiple installments exceeding two installments.

vii) A fraction of one share acquisition right may not be exercised.

viii) Other terms and conditions shall be as per specifications in the “Share Acquisition Rights Allotment Agreement” to be entered into between the Company and the Eligible Person.

7. The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, “Reorganization”), may issue the share acquisition rights of the company that survives the merger, the company incorporated as a result of the merger, the company which succeeds, in whole or in part, to any rights and obligations that a company effecting an absorption-type company split holds in connection with its business, the company that is incorporated in the incorporation-type company split, the company that acquires all of the issued shares of the company effecting the share exchange, or the company incorporated as a result of the share transfer (collectively, “Reorganized Company”) to each person holding share acquisition rights that remain outstanding at the time directly before when the effects of the Reorganization arises (collectively, “Remaining Share Acquisition Rights”), based on the conditions set forth below. In this case, the Remaining Share Acquisition Rights shall be extinguished and the Reorganized Company shall issue new share acquisition rights. However, this shall be limited to the case where the issuance of share acquisition rights of the Reorganized Company is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a share transfer plan in accordance with following conditions.

i) Number of share acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the Remaining Share Acquisition Rights shall be delivered to each such Eligible Person.

ii) Class of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
Ordinary shares of the Reorganized Company

iii) Number of shares of the Reorganized Company to be delivered upon exercise of share acquisition rights
To be determined in accordance with the “Number of shares underlying share acquisition rights” in the above table, taking into consideration the conditions, etc. of the Reorganization.

iv) Value of property to be contributed upon exercise of share acquisition rights and calculation methods thereof

The subject of contribution upon exercise of share acquisition rights shall be cash, and the amount shall be obtained by multiplying the price determined in accordance with the Exercise Price of "Paid-in amount on exercise of share acquisition rights" stated in the table by taking into consideration the conditions and other factors of the Reorganization, by the number of shares of the Reorganized Company underlying share acquisition rights in iii) above.

v) Period during which share acquisition rights may be exercised
Period during which share acquisition rights may be exercised shall begin on the date of commencement of the Exercise Period or the effective date of the Reorganization, whichever is later, and end on the expiration date of the Exercise Period.

vi) Matters concerning share capital and legal capital surplus increases in event of issuance of shares upon exercise of share acquisition rights
(1) The amount of share capital increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be half the maximum amount of increase in share capital, etc., calculated in accordance with the provision in Paragraph 1, Article 17 of the Regulation on Accounting of Companies. Any fraction of less than ¥1 resulting from the calculation shall be rounded up to the nearest yen.
(2) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the share acquisition rights shall be the amount obtained by subtracting the share capital increase stipulated in (1) above from the maximum amount of increase in share capital, etc., described in (1) above.

vii) Restriction on acquisition of the share acquisition rights by transfer
Any acquisition of the share acquisition rights by transfer is subject to the approval of the Reorganized Company.

viii) Terms and conditions for exercise of share acquisition rights
To be determined in accordance with the aforementioned Note 6.

ix) Matters concerning acquisition of share acquisition rights
In cases where the Board of Directors of the Company resolves to call a General Meeting of Shareholders to approve any of the following agenda items (or if a resolution by the General Meeting of Shareholders is not necessary, in cases where a resolution of the Board of Directors of the Company is made concerning any of the following agenda items), or in cases where there is a call from shareholders to hold such General Meeting of Shareholders, and when the acquisition date has been determined by the Board of Directors, the Company may acquire all or part of share acquisition rights without contribution upon arrival of the date.
(1) Agenda item for approval of a merger agreement under which the Company shall become a disappearing company
(2) Agenda item for approval of absorption-type company split agreement or incorporation-type company split plan under which the Company shall become a split company
(3) Agenda item for approval of a share exchange agreement or share transfer plan under which the Company shall become a wholly-owned subsidiary
(4) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company
(5) Agenda item for an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of shares to be delivered upon exercise of the share acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares by resolution at a General Meeting of Shareholders

x) Treatment of any fractional shares arising upon exercise of share acquisition rights
Any fraction of less than one share included in the number of shares to be delivered to a share acquisition rights holder shall be discarded.

(2) Outline of and changes in stock options

The number of stock options outstanding during the fiscal year ended March 31, 2022 is converted and presented as the number of shares.

1) Number of stock options

Nomura Real Estate Holdings, Inc.

FY2015/3	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	—
Granted	—	—
Forfeited	—	—
Vested:	—	—
End of the year	—	—
Vested: (shares)		
Previous fiscal year end	26,500	125,200
Vested:	—	—
Exercised	26,500	84,700
Forfeited	—	40,500
End of the year	—	—

Nomura Real Estate Holdings, Inc.

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Non-vested: (shares)				
Previous fiscal year end	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested:	—	—	—	—
End of the year	—	—	—	—
Vested: (shares)				
Previous fiscal year end	8,700	50,200	314,200	22,000
Vested:	—	—	—	—
Exercised	—	9,900	27,700	2,600
Forfeited	—	—	10,000	2,200
End of the year	8,700	40,300	276,500	17,200

Nomura Real Estate Holdings, Inc.

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested:	—	—	—
End of the year	—	—	—
Vested: (shares)			
Previous fiscal year end	37,800	126,200	251,300
Vested:	—	—	—
Exercised	7,600	39,800	70,000
Forfeited	—	—	1,000
End of the year	30,200	86,400	180,300

Nomura Real Estate Holdings, Inc.

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Non-vested: (shares)			
Previous fiscal year end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested:	—	—	—
End of the year	—	—	—
Vested: (shares)			
Previous fiscal year end	39,800	153,600	435,600
Vested:	—	—	—
Exercised	6,100	66,400	116,700
Forfeited	—	—	10,000
End of the year	33,700	87,200	308,900

Nomura Real Estate Holdings, Inc.

FY2019/3	1st issue of stock options	2nd issue of stock options
Non-vested: (shares)		
Previous fiscal year end	—	—
Granted	—	—
Forfeited	—	—
Vested:	—	—
End of the year	—	—
Vested: (shares)		
Previous fiscal year end	10,700	49,400
Vested:	—	—
Exercised	1,800	25,900
Forfeited	—	—
End of the year	8,900	23,500

2) Unit price data

Nomura Real Estate Holdings, Inc.

FY2015/3	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	2,016
Average price upon exercise (¥)	2,810	2,785
Fair value on grant date (¥)	1,718	371

Nomura Real Estate Holdings, Inc.

FY2016/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options	5th issue of stock options
Exercise price (¥)	1	1	2,741	2,355
Average price upon exercise (¥)	—	2,745	2,952	2,730
Fair value on grant date (¥)	2,260	2,260	516	536

Nomura Real Estate Holdings, Inc.

FY2017/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	1,927
Average price upon exercise (¥)	2,505	2,743	2,797
Fair value on grant date (¥)	1,593	1,593	377

Nomura Real Estate Holdings, Inc.

FY2018/3	1st issue of stock options	2nd issue of stock options	3rd issue of stock options
Exercise price (¥)	1	1	2,400
Average price upon exercise (¥)	2,940	2,766	2,847
Fair value on grant date (¥)	1,839	1,839	399

Nomura Real Estate Holdings, Inc.

FY2019/3	1st issue of stock options	2nd issue of stock options
Exercise price (¥)	1	1
Average price upon exercise (¥)	2,685	2,753
Fair value on grant date (¥)	2,029	2,029

4. Estimation of the number of vested options

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

18. Income Taxes

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

(Millions of yen)

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Deferred tax assets:		
Unrealized profits	¥12,582	¥12,649
Retirement benefit liability	4,967	5,097
Impairment losses	5,050	4,166
Excess of depreciation	2,751	4,115
Provision for bonuses	2,452	2,813
Inventory write-downs	698	1,550
Revaluation of assets on consolidation	395	330
Other	12,243	18,652
Gross deferred tax assets	41,142	49,375
Valuation allowance	(5,500)	(6,058)
Total deferred tax assets	35,641	43,317
Deferred tax liabilities:		
Revaluation of assets on consolidation	(49,832)	(49,074)
Reserve for deferred income taxes	(16,821)	(16,405)
Other	(5,825)	(8,722)
Total deferred tax liabilities	(72,478)	(74,202)
Net deferred tax liabilities	¥(36,836)	¥(30,885)

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

	FY2021/3 (as of March 31, 2021)	FY2022/3 (as of March 31, 2022)
Statutory tax rate	30.6%	The note has been omitted because the difference between the statutory tax rate and the effective tax rate is less than 5% of the statutory tax rate.
(Adjustment)		
Entertainment and other expenses that are permanently non-deductible	2.4%	
Tax effect related to investments in subsidiaries	0.4%	
Others	(0.7)%	
Effective income tax rate after application of tax effect accounting	32.8%	

19. Schedule of Asset Retirement Obligations

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

20. Real Estate for Rent

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

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

(Millions of yen)

	2021	2022
Real estate for rent		
Book value in the Consolidated Balance Sheets		
Balance at the beginning of the fiscal year	¥681,101	¥636,953
Changes during the fiscal year	(44,148)	2,071
Balance at the end of the fiscal year	636,953	639,024
Fair value at the end of the fiscal year	¥815,677	¥853,867
Properties including the portion used as real estate for rent		
Book value in the Consolidated Balance Sheets		
Balance at the beginning of the fiscal year	¥25,867	¥25,831
Changes during the fiscal year	(35)	(72)
Balance at the end of the fiscal year	25,831	25,758
Fair value at the end of the fiscal year	¥56,730	¥57,920

Notes: 1. Book values in the Consolidated Balance Sheet are the amounts determined by deducting accumulated depreciation from the acquisition cost.
2. Fair values as of March 31, 2021 and 2022 are determined based primarily on values according to Real Estate Appraisal Standards (including adjustments based on certain indexes). However, if no significant fluctuations in certain appraisal values or indexes considered to appropriately reflect market values have occurred since the time of acquisition from third party or the time of the most recent appraisal, the Group bases the fair value on an amount that has been adjusted using the aforesaid values or indexes.

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

(Millions of yen)

	2021	2022
Rental properties		
Operating profit	¥20,394	¥20,579
Others (gains (losses) on sale of property, etc.)	(964)	(635)
Other properties used as rental properties		
Operating profit	1,021	1,009
Others (gains (losses) on sale of property, etc.)	—	—

Notes: 1. As real estate of which some portions are used as rental property includes portions used by the Company and certain consolidated subsidiaries for providing services as well as management and administration, operating profit for this type of real estate is not recorded.
2. Others include impairment losses (¥655 million) in the fiscal year ended March 31, 2022.

21. Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

2022 (Millions of yen)

		Operating revenue from external customers			Internal sales and transfer amount among segments	Total
		Revenue from contracts with customers	Revenue from other sources (Note 1)	Subtotal		
Reportable segments	Residential Development	¥302,373	¥5,840	¥308,214	¥1,011	¥309,225
	Housing sales	284,015	—	284,015	—	284,015
	Property development (sales)	2,550	1,570	4,120	—	4,120
	Other	15,808	4,270	20,078	1,011	21,090
	Commercial Real Estate	72,943	122,581	195,524	6,935	202,460
	Property development (sales)	49,389	52,934	102,323	4,128	106,451
	Other	23,554	69,647	93,201	2,807	96,008
	Investment Management	11,475	1,249	12,724	79	12,804
	Property Brokerage & CRE	40,564	—	40,564	3,198	43,762
	Property & Facility Management	85,293	41	85,334	13,895	99,230
	Subtotal	512,649	129,712	642,361	25,120	667,482
Other (Note 2)		158	2,529	2,687	67	2,755
Total		512,808	132,241	645,049	25,188	670,237
Adjustments		—	—	—	(25,188)	(25,188)
Amount recorded in Consolidated Financial Statements		¥512,808	¥132,241	¥645,049	¥—	¥645,049

Notes: 1. "Revenue from other sources" includes revenue from sales of property development based on Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014) and lease revenue based on Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).
2. The "Other" category represents operating segments that are not included in reportable segments.

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

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

3. Information for understanding the amounts of revenue in the fiscal year ended March 31, 2022 and the fiscal year ending March 31, 2023

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

(Millions of yen)

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

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

(2) Transaction price allocated to the remaining performance obligations

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

22. Segment Information, etc.

Segment information

1. Segment summary

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

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

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

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

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

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition, and changed the way of accounting for revenue recognition from the beginning of the fiscal year ended March 31, 2022 as described in above "Changes in Accounting Policies." Therefore, the Company has similarly changed the measuring method of segment profit or loss. The impact of the change on operating revenue and profit or loss of reportable segments for the fiscal year ended March 31, 2022 is immaterial.

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

Results by segment for the fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments									
	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal	Other (Note 1)	Total	Adjustments (Note 2)	Amount Recorded in Consolidated Financial Statements (Note 3)
Operating revenue										
External customers	271,767	173,851	12,456	36,611	83,929	578,616	2,043	580,660	—	580,660
Inter-segment	809	5,376	—	2,824	14,455	23,466	26	23,492	(23,492)	—
Subtotal	272,577	179,227	12,456	39,436	98,384	602,083	2,070	604,153	(23,492)	580,660
Operating profit or loss (Note 3)	22,421	35,138	7,296	8,962	9,089	82,908	(798)	82,110	(5,776)	76,333
Share of profit (loss) of entities accounted for using equity method (Note 3)	(16)	57	—	13	163	217	(727)	(510)	—	(510)
Amortization of intangible assets associated with corporate acquisitions (Note 3)	—	273	291	—	29	594	30	624	—	624
Segment profit or loss (Business profit or loss) (Note 3)	22,404	35,469	7,587	8,976	9,281	83,720	(1,495)	82,224	(5,776)	76,448
Segment assets	505,976	1,160,805	42,868	25,201	50,095	1,784,946	89,237	1,874,184	47,122	1,921,306
Other items										
Depreciation	516	16,892	300	496	745	18,950	112	19,063	958	20,021
Investment in affiliates accounted for using equity method	529	973	—	87	262	1,852	72,638	74,490	576	75,067
Increase in property, plant and equipment and intangible assets	541	43,776	42	534	304	45,200	210	45,410	165	45,575

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

2. (1) The deduction of ¥5,776 million shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of ¥1,730 million and a deduction of ¥7,507 million for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of ¥47,122 million shown in the adjustments column for segment assets includes a deduction of ¥56,823 million for the elimination of inter-segment transactions and an addition of ¥103,946 million for corporate assets not allocated to each reportable segment.

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

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

(Millions of yen)

	Reportable segments									
	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal	Other (Note 1)	Total	Adjustments (Note 2)	Amount Recorded in Consolidated Financial Statements (Note 3)
Operating revenue										
External customers	308,214	195,524	12,724	40,564	85,334	642,361	2,687	645,049	—	645,049
Inter-segment	1,011	6,935	79	3,198	13,895	25,120	67	25,188	(25,188)	—
Subtotal	309,225	202,460	12,804	43,762	99,230	667,482	2,755	670,237	(25,188)	645,049
Operating profit or loss (Note 3)	32,519	38,286	7,515	11,713	9,114	99,148	(711)	98,437	(7,227)	91,210
Share of profit (loss) of entities accounted for using equity method (Note 3)	27	30	—	3	61	122	772	895	—	895
Amortization of intangible assets associated with corporate acquisitions (Note 3)	3	273	321	—	29	628	31	659	—	659
Segment profit or loss (Business profit or loss) (Note 3)	32,550	38,590	7,836	11,716	9,205	99,900	92	99,992	(7,227)	92,765
Segment assets	514,546	1,204,549	43,220	35,787	48,881	1,846,985	117,787	1,964,772	75,733	2,040,506
Other items										
Depreciation	486	16,071	298	538	750	18,146	135	18,281	808	19,089
Investment in affiliates accounted for using equity method	556	1,011	—	95	323	1,987	92,711	94,698	683	95,382
Increase in property, plant and equipment and intangible assets	1,381	45,519	25	668	460	48,055	300	48,355	2,351	50,706

Notes: 1. The “Other” category represents operating segments that are not included in reportable segments.
2. (1) The deduction of ¥7,227 million shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of ¥2,426 million and a deduction of ¥9,653 million for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
(2) The addition of ¥75,733 million shown in the adjustments column for segment assets includes a deduction of ¥69,609 million for the elimination of inter-segment transactions and an addition of ¥145,343 million for corporate assets not allocated to each reportable segment.
3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions.

Related Information

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

1. Information by product and service

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

2. Information by region

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

3. Information by major customer

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

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

1. Information by product and service

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

2. Information by region

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

3. Information by major customer

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

Impairment loss on noncurrent assets by reportable segment

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

2021	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	Total
Impairment loss	¥—	¥1,285	¥—	¥—	¥—	¥—	¥—	¥1,285

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

(Millions of yen)

2022	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	Total
Impairment loss	¥—	¥568	¥—	¥—	¥—	¥—	¥—	¥568

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

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

2021	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other	Adjustment amount	Total
Amortization	¥—	¥273	¥64	¥—	¥29	¥30	¥—	¥397
Balance at March 31, 2021	¥—	¥2,508	¥1,173	¥—	¥58	¥411	¥—	¥4,151

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

(Millions of yen)

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

Information concerning gain on negative goodwill by reportable segment

Not applicable.

23. Information on Related Parties

1. Transactions between the Company and related parties

(1) Officers and major shareholders of companies submitting consolidated financial statements (limited to individuals), etc.

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer	Shigeyuki Yamamoto	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	¥15	—	—
Officer of major subsidiary	Shinji Ono	—	—	Managing Executive Officer of Nomura Real Estate Urban Net Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	15	—	—
Officer of major subsidiary	Toru Kamizono	—	—	Managing Executive Officer of Nomura Real Estate Urban Net Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Officer	Toshiaki Seki	—	—	Executive Vice President and Director	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer	Takashi Kaku	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer of major subsidiary	Juntaro Kimura	—	—	Representative Director Chair of Nomura Real Estate Urban Net Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Katsuaki Mizuno	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer of major subsidiary	Kouichiro Suzuki	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	¥10	—	—

Notes: 1. Amount of transaction does not include consumption taxes.
2. Stock options were exercised by the Company pursuant to the Companies Act.

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

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer of major subsidiary	Toshiaki Seki	—	—	Director of Nomura Real Estate Life & Sports Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	¥39	—	—
Officer of major subsidiary	Masaomi Katayama	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	36	—	—
Officer of major subsidiary	Minoru Hatada	—	—	Executive Vice President and Director of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	24	—	—
Officer of major subsidiary	Shingo Iwakiri	—	—	Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	18	—	—
Officer of major subsidiary	Seiichi Miyajima	—	—	Senior President of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	18	—	—
Officer of major subsidiary	Tetsuya Amano	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	16	—	—
Officer	Akihiro Fukuda	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	16	—	—
Officer	Hiroyuki Kimura	—	—	Director of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—
Officer of major subsidiary	Masatsugu Matsuzaki	—	—	President of Nomura Real Estate Building Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	14	—	—

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Advisor of major subsidiary	Atsushi Yoshikawa	—	—	Advisor of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer	Kenichi Maeda	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer of major subsidiary	Takashi Katsuta	—	—	Director of Nomura Real Estate Life & Sports Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	13	—	—
Officer of major subsidiary	Juntaro Kimura	—	—	Chair and Director of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer of major subsidiary	Yuko Yoshida	—	—	Executive Vice President and Director of Nomura Real Estate Asset Management Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	12	—	—
Officer	Daisaku Matsuo	—	—	Executive Vice President and Director of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer	Toshihide Tsukasaki	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Kouichiro Suzuki	—	—	Managing Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	11	—	—
Officer of major subsidiary	Masao Hirose	—	—	Executive Officer of Nomura Real Estate Development Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer	Shigeyuki Yamamoto	—	—	Executive Officer of the Company	Held 0.0%	Exercise of stock options	Exercise of stock options	10	—	—
Officer of major subsidiary	Fumiki Kondo	—	—	Director of Nomura Real Estate Asset Management Co., Ltd.	Held 0.0%	Exercise of stock options	Exercise of stock options	¥10	—	—

Notes: 1. Amount of transaction does not include consumption taxes.
2. Stock options were exercised by the Company pursuant to the Companies Act.

(2) Transactions between consolidated subsidiaries of the Company and related parties

Officers, major individual shareholders and others of the Company

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer	Eiji Kutsukake	—	—	—	Held 0.0%	Condominium sales and optional construction	Condominium sales and optional construction	¥58	—	—
A company in which officers and their close relatives own a majority of voting rights	Kengo Kuma & Associates (Note 3)	Minato-ku, Tokyo	10	Architectural Design	—	Outsourcing of design-related work	Outsourcing of design-related work	42	—	—
Officer	Tetsuro Higashi	—	—	—	—	Condominium sales	Condominium sales	¥40	—	—

Notes: 1. Amount of transaction does not include consumption taxes.
2. Terms of transactions are determined in the same way as for generally accepted practices and with reference to market prices.
3. Satoko Shinohara, the Director of the Company, and her close relatives own the majority of voting rights.

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

Type	Name	Location	Stated capital or capital contribution (Millions of yen)	Description of business or profession	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen)	Items	Fiscal year-end balance (Millions of yen)
Officer of major subsidiary	Hideki Saitou	—	—	Executive Officer of Nomura Real Estate Solutions Co., Ltd.	Held 0.0%	Purchase of land	Purchase of land	¥335	—	—
Officer and his/her close relatives	Close relatives of Eiji Kutsukake	—	—	—	—	Condominium sales	Condominium sales	¥33	—	—

Notes: 1. Amount of transaction does not include consumption taxes.
2. Terms of transactions are determined in the same way as for generally accepted practices and with reference to market prices.

24. Per Share Information

	2021	2022
	(Yen)	
Net assets per share	¥3,229.80	¥3,478.14
Basic earnings per share	232.53	307.81
Diluted earnings per share	¥231.73	¥306.89

The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

	2021	2022
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	¥42,198	¥55,312
Profit not attributed to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent available to common stock (Millions of yen)	42,198	55,312
Average number of shares of common stock outstanding during the period (Thousand shares)	181,479	179,695
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of shares of common stock (Thousand shares)	622	540
Of which, share acquisition rights (Thousand shares)	(622)	(540)
Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect	Nomura Real Estate Holdings, Inc. the 3rd Share Acquisition Rights in FY2016/3 (Number of rights: 3,142) Nomura Real Estate Holdings, Inc. the 5th Share Acquisition Rights in FY2016/3 (Number of rights: 220) Nomura Real Estate Holdings, Inc. the 3rd Share Acquisition Rights in FY2018/3 (Number of rights: 4,356)	—

Note: For the purposes of calculating net assets per share, the Company's shares owned by the executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) are included in the treasury shares deducted from the total number of shares issued at end of period. In calculating the basic earnings per share and diluted earnings per share, the said shares are included in the treasury shares deducted in the calculation of the average number of shares outstanding during the period. For the fiscal year ended March 31, 2021, the number of the treasury shares at the end of period deducted in calculating net assets per share was 1,962 thousand shares and 2,522 thousand shares for the fiscal year ended March 31, 2022, and the average number of treasury shares during the period deducted in calculating the basic earnings per share and diluted earnings per share was 1,964 thousand shares for the fiscal year ended March 31, 2021 and 2,300 thousand shares for the fiscal year ended March 31, 2022.

25. Significant Subsequent Events

Not applicable.

Schedule of Bonds Payable

Name	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
Nomura Real Estate Holdings, Inc.	4th unsecured bonds	October 28, 2014	10,000	10,000	0.8	None	October 28, 2024
Nomura Real Estate Holdings, Inc.	5th unsecured bonds	June 1, 2015	10,000	10,000	0.9	None	May 30, 2025
Nomura Real Estate Holdings, Inc.	7th unsecured bonds	January 28, 2016	10,000	10,000	0.8	None	January 28, 2026
Nomura Real Estate Holdings, Inc.	8th unsecured bonds	June 2, 2016	10,000	—	0.2	None	June 2, 2021
Nomura Real Estate Holdings, Inc.	9th unsecured bonds	June 2, 2016	10,000	10,000	1.0	None	June 2, 2036
Nomura Real Estate Holdings, Inc.	10th unsecured bonds	September 12, 2017	10,000	10,000 (10,000)	0.2	None	September 12, 2022
Nomura Real Estate Holdings, Inc.	11th unsecured bonds	September 12, 2017	10,000	10,000	1.0	None	September 11, 2037
Nomura Real Estate Holdings, Inc.	12th unsecured bonds	June 2, 2020	20,000	20,000	0.1	None	June 9, 2023
Nomura Real Estate Holdings, Inc.	13th unsecured bonds	June 2, 2020	10,000	10,000	0.2	None	June 9, 2025
Nomura Real Estate Holdings, Inc.	14th unsecured bonds	June 2, 2020	10,000	10,000	0.5	None	June 7, 2030
Nomura Real Estate Holdings, Inc.	15th unsecured bonds (Sustainability bonds)	February 26, 2021	10,000	10,000	0.4	None	February 26, 2031
Nomura Real Estate Holdings, Inc.	Unsecured bonds with 1st deferred interest payment clause/early redemption clause (with subordination agreement)	March 13, 2018	30,000	30,000	1.3	None	March 13, 2058
Nomura Real Estate Holdings, Inc.	Unsecured bonds with 2nd deferred interest payment clause/early redemption clause (with subordination agreement)	March 13, 2018	20,000	20,000	1.5	None	March 12, 2060
Total	—	—	170,000	160,000 (10,000)	—	—	—

Notes: 1. The figures in parentheses are the scheduled redemption amounts within one year.
2. The scheduled redemption amounts for the five years subsequent to the end of the fiscal year ended March 31, 2022 are as follows.

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

Schedule of Borrowings

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term borrowings	¥31,000	¥39,500	0.2	—
Current portion of long-term borrowings	56,000	69,000	0.6	—
Current portion of lease liabilities	226	255	—	—
Long-term borrowings (excluding current portion)	751,500	754,235	0.8	2023 to 2040
Lease liabilities (excluding current portion)	1,898	1,791	—	2023 to 2036
Total	¥840,625	¥864,783	—	—

Notes: 1. For the average interest rate, the weighted average interest rate for the balance of borrowings at year-end borrowings is stated.
2. The average interest rate on lease liabilities is not stated because some consolidated subsidiaries record lease liabilities on the consolidated balance sheet at an amount before deducting the interest equivalent amount included in the total lease fees.
3. The scheduled redemption amounts of long-term borrowings payable and lease liabilities (excluding current portion) for the five years subsequent to the end of the fiscal year ended March 31, 2022 are as follows.

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
		(Millions of yen)		
Long-term borrowings	¥78,946	¥64,789	¥120,000	¥73,000
Lease liabilities	289	249	249	194

Schedule of Asset Retirement Obligations

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

Other

Quarterly financial information for the fiscal year ended March 31, 2022

Cumulative period	1st Quarter (Three months ended June 30, 2021)	2nd Quarter (Six months ended September 30, 2021)	3rd Quarter (Nine months ended December 31, 2021)	4th Quarter (Fiscal year ended March 31, 2022)
Operating revenue (Millions of yen)	¥146,544	¥257,126	¥361,004	¥645,049
Profit before income taxes (Millions of yen)	27,138	34,456	39,873	81,052
Profit attributable to owners of parent (Millions of yen)	18,606	23,513	26,859	55,312
Basic earnings per share (Yen)	103.16	130.43	149.15	307.81

Each quarter	1st Quarter (Three months ended June 30, 2021)	2nd Quarter (Three months ended September 30, 2021)	3rd Quarter (Three months ended December 31, 2021)	4th Quarter (Three months ended March 31, 2022)
Basic earnings per share (Yen)	¥103.16	¥27.23	¥18.62	¥159.30

Independent Auditor's Report

The Board of Directors
Nomura Real Estate Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Nomura Real Estate Holdings, Inc. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Valuation of housing held for sale	
Description of Key Audit Matter	Auditor's Response
The Company records real estate for sale of ¥371,504 million, real estate for sale in process of ¥333,860 million and land held for development of ¥188,417 million under inventory on the consolidated balance sheet of which the primary components are housing held for sale (hereinafter, "housing for sale"), mainly the development	We performed the following procedures in relation to the assessment of the write-downs of housing for sale, among others. • In order to understand factors affecting the property valuation, such as changes in the sales policies, we reviewed the minutes of the board of directors'

and sales of condominiums in Japan, and also domestic commercial properties held for sale to real estate funds, such as REITs, and other businesses. Housing for sale is subject to risks such as declines in selling prices and increases in construction and sales costs driven by housing for sale market trends, changes in lifestyles and workstyles accelerated by the COVID-19 pandemic, development delays and other various reasons, which may result in write-downs. The amount of write-downs of housing for sale is measured by comparing net realizable value with the book value. Net realizable value is calculated by deducting sales costs from the selling price of properties, and in case of property under development, also deducting estimated construction costs to be incurred in the future. The Company estimates the selling price of a property based on the sales price included in the business plan for properties not yet available for sale. For properties available for sale, the selling price is estimated based on the recent contract price of other comparable property included in the same project. Management may revise selling prices for reasons related to their sales strategies. Also, there is a possibility that additional construction costs may be incurred due to events not anticipated in the business plan. The significant assumptions in the calculation of the net realizable value are selling prices and additional construction costs. The characteristics of housing for sale such as location, concept and type, sales strategy, and progress of sales and development vary. As a result, each property needs to be assessed on an individual basis even if overall market conditions are favorable. We have determined valuation of housing for sale to be a key audit matter, since we need to assess the reasonableness of management judgement related to the significant assumptions above by taking into consideration a combination of multiple factors related to specific properties.	meetings and other meetings and made inquiries of management and the relevant departments and evaluated whether those factors were considered in the valuation. • With regard to selling prices, which are a significant assumption, we considered the following for each property according to the stage of progress reached in selling the property. (1) Properties not yet available for sale In order to review the selling price of properties for which profit margins included in the respective business plans were below a certain threshold, we compared the selling prices and transaction results of comparable properties in the same area that were referenced by the Company when setting the price with available external data. (2) Properties available for sale We compared the selling price with the contract price in the same project, and made inquiries of management and the relevant departments about the possibility of changes to the sales policies. In addition, for certain properties whose sales progress was delayed compared with the plan, we conducted onsite visits and made inquiries of the sales manager of the property on the sales progress and the policies and reviewed documents related to sales activities. • With regard to additional construction costs, which are a significant assumption, we made inquiries of management and the relevant departments on the progress of development and whether there have been any events not anticipated in the business plan or delays, as well as the prospective development period and the possibility and amount of any additional construction costs to be incurred and reviewed the quotations from external contractors and considered the impact on the valuation.

Valuation of commercial property held for sale	
Description of Key Audit Matter	Auditor’s Response
The Company records real estate for sale of ¥371,504 million, real estate for sale in process of ¥333,860 million and land held for development of ¥188,417 million under inventory on the consolidated balance sheet of which the primary components are housing held for sale, mainly the development and sales of condominiums in Japan, and domestic commercial properties held for sale to real estate funds, such as REITs, and other businesses (hereinafter, “commercial property for sale”).	We performed the following procedures in relation to the assessment of write-downs of commercial property held for sale, among others. • In order to understand factors affecting the valuation such as difficulties in making leasing arrangements, we reviewed the minutes of the board of directors’ meetings and other meetings and made inquiries of management and the relevant departments and

Commercial property for sale is subject to risks such as trends in the commercial property market as well as development delays, difficulties in making leasing arrangements and changes in buyer preferences or the financing environment, which may result in declines in selling prices and therefore write-downs. The amount of write-downs of commercial property for sale is measured by comparing net realizable value with the book value. Net realizable value is calculated by deducting sales costs from the selling price of properties, and in case of property under development, also deducting estimated construction costs to be incurred in the future. The Company's selling price is based on the planned sales price included in the business plan for each property. The Company uses a valuation report prepared by an independent third-party real estate appraiser (hereinafter referred to as "external evaluation") for each of the properties that the Company recognizes as subject to relatively higher risks based on its own risk criteria in determining which properties require an external evaluation due to factors such as delays in leasing the property. The significant assumptions in the calculation of net realizable value are the rents, occupancy rates, and discount rates as factors in calculating the selling price. These assumptions should reflect the individual circumstances and risks for each property. In particular, for property under development that is not yet available for lease and property for which specifications and uses are less common and limited to certain particular users, the subjectivity of these assumptions become relatively higher. In addition, the Company holds numerous commercial properties for sale, and must extensively consider various factors and specific circumstances for each property in its evaluation, which is complex. Moreover, the book value of each commercial property for sale is significant, and the potential impact on the consolidated financial statements in case of write-downs is also significant. Therefore, we have determined valuation of commercial property for sale to be a key audit matter.	evaluated whether those factors were considered in the valuation. • We evaluated the risk criteria established by the Company to determine which property require an external evaluation, and examined whether the Company then obtained external evaluations following the determination in accordance with such criteria. • We evaluated the expertise, capabilities, and objectivity of the external real estate appraisers engaged by the Company. • We reviewed all external evaluations used by the Company. Furthermore, we selected certain properties using our own specific criteria and compared the rents, occupancy rates, and discount rates, which are significant assumptions used for the valuation, with past performance and publicly available external data such as information disclosed by listed REITs.

Impairment of commercial property mainly held for leasing business	
Description of Key Audit Matter	Auditor's Response
The Company records property, plant and equipment of ¥726,386 million and intangible assets of ¥19,933 million on the consolidated balance sheet. The main components are real estate used for domestic office space, commercial facilities, logistics facilities, and hotels (hereinafter referred to as "rental property").	We performed the following procedures on the estimation of market prices and future cash flows in the determination of indications of impairment and of impairment loss recognition of the rental property, among others.

Rental property is exposed to risks such as changes in market conditions for rental properties, and furthermore, decreases in rents, average daily rates (ADR), occupancy rates and/or market prices may bring its book value to be irrecoverable. Those risks vary depending on the characteristics of each property such as type, use, location, and building specifications. In impairment testing of rental property, the Company must determine whether or not any indications of impairment exist, and if so, the Company must determine whether recognizing an impairment loss is necessary. In assessing whether there is any decline in market prices, which is one indicator of impairment, the Company uses a valuation report prepared by an independent third-party real estate appraiser (hereinafter, “external evaluation”) in determining the market price. Also, the Company mainly uses external evaluations to calculate the undiscounted future cash flows that are compared against the book value in assessing whether recognizing any impairment loss is necessary; for certain properties, internal estimates are made without using the external evaluations. Rents, ADR, occupancy rates, and discount rates, which are significant assumptions used in both the external evaluations and the internal estimates to calculate the market price and future cash flows, should reflect the individual circumstances and risks for each property. In particular, for properties with variable rents and property of which specifications and uses are not common and limited to certain particular users, the subjectivity of such assumptions become relatively higher. In addition, the Company has numerous rental properties, and is required to comprehensively consider the unique characteristics of each property in the valuation, which is complex. Moreover, the book value of each rental property is significant and the potential impact on the consolidated financial statements in case of impairment is also significant. Therefore, we have determined impairment of rental property to be a key audit matter.	• In order to understand factors affecting the valuation such as major tenants vacating the properties and/or building reconstructions as well as the occupancy of properties, we reviewed the minutes of the board of directors’ meetings and other meetings, made inquiries of management and the relevant departments, and for certain properties, conducted onsite visits, and evaluated whether those factors were considered in the impairment assessment. • We evaluated the expertise, capabilities, and objectivity of external real estate appraisers engaged by the Company. • To assess the decline in market price in identifying indications of impairment, we selected certain properties using specific criteria and reviewed external evaluations used by the Company and compared the rents, ADR, occupancy rates, and discount rates, which are significant assumptions used for the valuation, with past performance and publicly available external data such as information disclosed by listed REITs. • For the properties of which indications of impairment were identified, we compared the rents, ADR, and occupancy rates for the estimated periods, which are significant assumptions for the undiscounted future cash flows with past performance and publicly available external data such as information disclosed by listed REITs.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

・ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 24, 2022

/s/ Toshihiro Morishige

Toshihiro Morishige
Designated Engagement Partner
Certified Public Accountant

/s/ Kenji Sato

Kenji Sato
Designated Engagement Partner
Certified Public Accountant

/s/ Natsuki Saiki

Natsuki Saiki
Designated Engagement Partner
Certified Public Accountant