Items Disclosed on the Internet
in relation to the Notice of Convocation of
the 17th Ordinary General Meeting of Shareholders

The above information is provided to shareholders by means of disclosure through the Internet (on the website of Nomura Real Estate Holdings, Inc. (the "Company") at https://www.nomura-re-hd.co.jp/english/ir/) pursuant to the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.

Nomura Real Estate Holdings, Inc.

Please note that the following is an unofficial English translation of Japanese original text of the Items Disclosed on the Internet in relation to the Notice of Convocation of the 17th Ordinary General Meeting of Shareholders of Nomura Real Estate Holdings, Inc. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Business Report

Current status of the Group

Principal businesses (as of March 31, 2021)

A brief description of the businesses of the Nomura Real Estate Group (the "Group") is as follows:

Unit	Principal businesses
Residential Development Business Unit	Development and sale of condominiums and detached housing, development and sale of rental condominiums, development and operation of housing for the elderly, internet ad agency business, and businesses aimed at providing assistance to customers concerning their homes arrangements, etc.
Commercial Real Estate Business Unit	Development, lease, sale and entrusted management of office buildings, logistic facilities and retail facilities, planning, lease and operation of hotels, operation of fitness clubs, and planning and management of construction work, etc.
Investment Management Business Unit	Investment management business including REIT, privately placed real estate funds, and real estate securitization products
Property Brokerage & CRE Business Unit	Real estate brokerage and consulting, consignment sales for condominiums and detached housing, and insurance agency businesses
Property & Facility Management Business Unit	Operation, management and construction of condominiums and office buildings, remodeling construction business, operation of local cooling and heat supply business, entrusted management of cleaning of office buildings, etc.
Other Business Unit	Development and sale of condominiums and development and lease of office buildings outside Japan, and purchase and sale and lease of land and buildings in Japan that do not belong to the above business units

Principal business offices of major subsidiaries (as of March 31, 2021)

Company name	Name	Location
Nomura Real Estate Development Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Asset Management Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Urban Net Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Partners Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Building Co., Ltd.	Head office	Minato-ku, Tokyo
Nomura Real Estate Life & Sports Co., Ltd.	Head office	Nakano-ku, Tokyo
Nomura Real Estate Heating and Cooling Supply Co., Ltd.	Head office	Hodogaya-ku, Yokohama-shi, Kanagawa
Nomura Real Estate Retail Properties Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Wellness Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Hotels Co., Ltd.	Head office	Shinjuku-ku, Tokyo
UHM Co., Ltd.	Head office	Chiyoda-Ku, Tokyo
Nomura Real Estate Amenity Service Co., Ltd.	Head office	Shinjuku-ku, Tokyo
PRIME X. Co., Ltd.	Head office	Shinjuku-ku, Tokyo
First Living Assistance Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Lothbury Investment Management Limited	Head office	London, England
ZEN PLAZA CO., LTD.	Head office	Ho Chi Minh City, Vietnam

Share acquisition rights, etc.

Status of share acquisition rights (as of March 31, 2021)

Name of share acquisition rights	Date of resolution on issuance	Number of share acquisition rights	Number of common shares subject to share acquisition rights	Exercise period of share acquisition rights	Exercise price of share acquisition rights per share (Yen)
The 2nd share acquisition rights in FY2014	June 27, 2014	265	26,500	From July 23, 2016 to July 22, 2021	1
The 3rd share acquisition rights in FY2014	June 27, 2014	1,252	125,200	From July 23, 2016 to July 22, 2021	2,016
The 1st share acquisition rights in FY2015	June 26, 2015	87	8,700	From July 23, 2018 to July 22, 2023	1
The 2nd share acquisition rights in FY2015	June 26, 2015	502	50,200	From July 23, 2018 to July 22, 2023	1
The 3rd share acquisition rights in FY2015	June 26, 2015	3,142	314,200	From July 23, 2018 to July 22, 2023	2,741
The 5th share acquisition rights in FY2015	September 17, 2015	220	22,000	From October 14, 2018 to October 13, 2023	2,355
The 1st share acquisition rights in FY2016	June 29, 2016	378	37,800	From July 22, 2019 to July 21, 2024	1
The 2nd share acquisition rights in FY2016	June 29, 2016	1,262	126,200	From July 22, 2019 to July 21, 2024	1
The 3rd share acquisition rights in FY2016	June 29, 2016	2,513	251,300	From July 22, 2019 to July 21, 2024	1,927
The 1st share acquisition rights in FY2017	June 29, 2017	398	39,800	From July 21, 2020 to July 20, 2025	1
The 2nd share acquisition rights in FY2017	June 29, 2017	1,536	153,600	From July 21, 2020 to July 20, 2025	1
The 3rd share acquisition rights in FY2017	June 29, 2017	4,356	435,600	From July 21, 2020 to July 20, 2025	2,400
The 1st share acquisition rights in FY2018	June 26, 2018	107	10,700	From July 19, 2021 to July 18, 2026	1
The 2nd share acquisition rights in FY2018	June 26, 2018	494	49,400	From July 19, 2021 to July 18, 2026	1

Notes: 1. The number of the shares subject to a share acquisition right is 100.
2. In principle, a person who has received the allotment of the share acquisition rights must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Senior Advisor, Advisor, Special Officer, Special Advisor or employee of the Company or any of its subsidiaries, or in an equivalent position thereto until the time of exercise of the share acquisition rights on a continuing basis.
3. The number of share acquisition rights and the number of common shares subject to share acquisition rights are the numbers as of March 31, 2021.
4. The Company abolished the existing stock option with issuance of share acquisition rights using stock option as of the fiscal year ended March 31, 2018, and no share acquisition rights using stock option have been issued since then.

Status of share acquisition rights held by the officers of the Company (as of March 31, 2021)

Name of share acquisition rights	Directors (excluding Audit & Supervisory Committee Members and External Directors)		Directors (Audit & Supervisory Committee Members)	
	Number of share acquisition rights	Number of holders	Number of share acquisition rights	Number of holders
The 3rd share acquisition rights in FY2014	93	3	–	–
The 1st share acquisition rights in FY2015	38	1	–	–
The 3rd share acquisition rights in FY2015	160	4	–	–
The 1st share acquisition rights in FY2016	226	2	–	–
The 2nd share acquisition rights in FY2016	65	1	–	–
The 3rd share acquisition rights in FY2016	160	4	–	–
The 1st share acquisition rights in FY2017	337	5	–	–
The 3rd share acquisition rights in FY2017	216	5	–	–
The 1st share acquisition rights in FY2018	89	4	–	–

Status of share acquisition rights delivered to employees, etc., during the fiscal year under review

Not applicable.

Other important matters relating to share acquisition rights, etc.

Not applicable.

System to ensure the appropriateness of operations and the operational status of that system

<Outline of resolution on system to ensure the appropriateness of operations>

The Company has passed the following resolutions at meetings of Board of Directors regarding systems to ensure that Directors' execution of their duties is in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations.

1) System to ensure that the execution of duties of the Directors and Executive Officers complies with laws and regulations and the Articles of Incorporation	a. Aiming to be a trusted corporate group that prospers together with its customers and society, the Board of Directors has formulated the Nomura Real Estate Group Code of Action which sets forth the behavior that all Officers and employees should strive to exemplify. Directors and Executive Officers shall lead by example and comply with this Code of Action.
	b. The Company has formulated the Board of Directors Regulations and the Organization and Resolutions Rules, which form the basis for referring matters to, and reporting to, the Board of Directors. Directors and Executive Officers shall execute their duties in accordance with these Regulations and Rules.
	c. The execution of the duties by Directors and Executive Officers shall be audited by the Audit & Supervisory Committee.
2) System for the retention and management of information relating to the execution of duties of the Directors and Executive Officers	The Company has formulated the Information Security Provisions, which stipulate the basic matters concerning the information management system and the handling of information, to ensure that minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, and other documents containing information related to the execution of duties by Directors (excluding Directors as Audit & Supervisory Committee Members) and Executive Officers are stored in an appropriate place and saved for the stipulated period of time, so that they can be quickly accessed upon request by Directors or Executive Officers at any time.
3) Rules and other systems for management of risk of loss	a. The Board of Directors shall exercise overall control of risk management in accordance with the Risk Management Regulations, develop a system to ensure effective mutual check functions, assign personnel appropriately, provide education for the development of human resources, fully disseminate the importance of risk management to all Officers and employees, and formulate appropriate measures to prevent accidents.
	b. To deliberate business risks, the Company has established a Risk Management Committee comprising Directors, Executive Officers, etc. of the Company and Group companies designated by the Board of Directors as a subordinate body to the Executive Committee, with the Executive Committee set as the core of total risk management, to periodically monitor, assess, and analyze risks, and deliberate basic principles for measures to prevent risks that may occur during corporate management and business development, to respond when risks arise, and to prevent recurrence, in accordance with the Risk Management Regulations and the Meeting Bodies Rules. In addition, the Company has established a Group Risk Meeting comprising Directors, Executive Officers, etc. of Group companies designated by the chairman of the Risk Management Committee to share risk information and response policies within the Group. The Risk Management Committee and Group Risk Meeting shall in principle meet bimonthly or when necessary, respectively, and shall report the content of deliberations to the Board of Directors at least once every three months.
	c. When a risk requiring immediate action arises, in accordance with the Risk Management Regulations, the chairman of the Risk Management Committee and Executive Officers and general managers of departments and branch offices in charge of Group risk management, PR, management of affiliated companies, corporate administration, and finance stipulated by the Risk Management Regulations shall discuss and determine the basic policy for measures to address the risk. The Company and Group companies shall respond in accordance with this basic policy.
4) System to ensure the efficient execution of duties of the Directors and Executive Officers	a. To facilitate flexible decision-making concerning the execution of business, certain matters determined by resolution of the Board of Directors among the matters concerning the execution of business at all Group companies shall be decided through the Executive Committee or through an internal approval system.
	b. The Company has introduced an Executive Officer system aiming to strengthen Group management by separating management oversight and decision-making function from business execution function, thereby enhancing the execution function.
	c. The Board of Directors shall, by resolution, appoint Executive Officers in charge of the execution of business, stipulate their business, and delegate the

	business operations of the Company. Individual Executive Officers shall execute business based on the administrative authorities delegated in accordance with internal regulations, etc. and based on Company policies determined by the Board of Directors, decisions regarding business execution made by the Executive Committee, and the directions of the Chief Executive Officer.
	d. The Board of Directors shall create annual budgets and mid-term management plans, and manage progress on a monthly basis. The results of monthly progress management shall be reflected into the execution of duties.
5) System to ensure that the execution of duties of the employees complies with laws and regulations and the Articles of Incorporation	As a holding company, the Company established the following compliance system covering not just the Company itself but the entire corporate group.
	a. Aiming to be a trusted corporate group that prospers together with its customers and society, the Company has established the Nomura Real Estate Group Code of Action which sets forth the behavior that all Officers and employees should strive to exemplify, and ensures that all Officers and employees comply with the Code of Action.
	b. The Company has established the Risk Management Committee and Group Legal & Compliance Department, and promotes continual education and enlightenment activities for Officers and employees to increase awareness of compliance.
	c. The Company has established the Nomura Real Estate Group Help Line as an internal whistleblowing system for shared use by all Group companies. Reports and questions can be directed to internal parties (the chairman of the Risk Management Committee and the Group Legal & Compliance Department) and external parties (attorneys at law and contractors). Such reports remain strictly confidential to prevent informants from receiving adverse treatment based on having provided information.
6) System to ensure the appropriateness of operations in the corporate group consisting of the Company, its parent company and subsidiaries	The corporate group comprising the Company and its subsidiaries forms the Nomura Real Estate Group centered on the Company as the holding company. The Nomura Real Estate Group has established the following systems to ensure appropriate operations.
	a. Aiming to be a trusted corporate group that prospers together with its customers and society, the Company has established the Nomura Real Estate Group Code of Action which sets forth the behavior that all Officers and employees should strive to exemplify, and ensures that all Officers and employees comply with the Code of Action.
	b. The Executive Committee has been established in the Company to discuss important matters related to Group management, overall Group company business execution, and risks pertaining to Group management, and to determine certain matters related to overall Group company business execution. In addition, the Executive Committee ensures the common purpose of Group management through these activities.
	c. The Risk Management Committee has been established in the Company to discuss matters concerning disaster risks for the entire Group as well as matters related to internal risks, and to promote the sharing of information.
	d. The Company has established the Group Organizational Management Regulations that require Group companies to discuss with or report to the Company in advance when determining important matters.
	e. The Company has established the Group Internal Audit Department, which reviews internal audits performed by Group companies in accordance with the Group Internal Audit Regulations, thereby maintaining and improving the quality of audits throughout the entire Group.
	f. The Company has established the Sustainability Committee and Sustainability Management Department, and promotes continual education and enlightenment activities to increase CSR and ESG awareness throughout the entire Group.
	g. The Company has established the Nomura Real Estate Group Help Line as an internal whistleblowing system for shared use by all Group companies. Reports and questions can be directed to internal parties (the chairman of the Risk Management Committee and the Group Legal & Compliance Department) and external parties (attorneys at law and contractors). Such reports remain strictly confidential to prevent informants from receiving adverse treatment based on having provided information.
7) System to ensure the reliability of financial reporting	The Company has established the Internal Control Regulations for Financial Reporting for the Group in accordance with the Financial Instruments and Exchange Act and other related laws to ensure the reliability of the Nomura Real Estate Group's financial reporting. Based on the Regulations, the Company develops and operates the internal controls related to financial reporting and evaluates their effectiveness.

8) Items related to the Directors and employees aiding the duties of the Audit & Supervisory Committee, items related to the independence of these Directors and employees from other Directors (excluding Directors as Audit & Supervisory Committee Members), and items related to ensuring the effectiveness of the instructions from the Audit & Supervisory Committee to these Directors and employees	The Company has established the Audit & Supervisory Committee Department to assist duties of the Audit & Supervisory Committee, and dedicated staffs assigned to this department perform duties in accordance with the directions and orders issued by Audit & Supervisory Committee Members. Directors shall obtain the consent of the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee with respect to personnel matters concerning dedicated staff of the Audit & Supervisory Committee Department.
9) System for the Directors, Executive Officers and employees to report to the Audit & Supervisory Committee, system for Directors, Audit & Supervisory Board Members, Executive Officers, and employees of subsidiaries, and persons receiving reports from them to report to the Audit & Supervisory Committee, and system to ensure that these people conducting the reporting shall not be subjected to adverse treatment due to such reporting	a. When matters arise that may result in significant damage to the Company or Group companies or violate laws and regulations or the Articles of Incorporation, Directors, Executive Officers, and employees of the Company and Group companies, and Audit & Supervisory Board Members of Group companies shall immediately report such matters to the Audit & Supervisory Committee.
	b. The Group Internal Audit Department shall report to the Audit & Supervisory Committee the results of internal audits, the status of improvements, and the status of evaluations of internal controls related to financial reporting.
	c. Upon a request from Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee, Directors, Executive Officers, and employees of the Company and Group companies shall report the status of business execution at their respective companies.
	d. The chairman of the Risk Management Committee shall report the content of reports submitted to the Nomura Real Estate Group Help Line to the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee.
	e. Informants in all of the above items shall be protected against receiving adverse treatment based on having reported information.
10) Items related to the policies on procedures for the prepayment or reimbursement of expenses arising from the execution of duties of the Audit & Supervisory Committee Members, and the handling of other expenses or obligations arising from the execution of these duties	The Company shall bear the expenses deemed necessary for the execution of duties by Audit & Supervisory Committee Members. The Audit & Supervisory Committee may retain attorneys at law, certified public accountants, consultants, or other external advisors as necessary to perform audits.
11) Other systems to ensure the audits of the Audit & Supervisory Committee are implemented effectively	a. The Audit & Supervisory Committee shall periodically exchange opinions with the President.
	b. Audit & Supervisory Committee Members shall attend meetings of the Executive Committee and other important meeting bodies of the Company, to gather information and express their opinions on the execution of business.
	c. Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee may ask the Company and Group companies for explanations and reports about the execution of business, and investigate the state of business and finances when necessary.
	d. The Audit & Supervisory Committee shall closely cooperate with the Accounting Auditor and the Group Internal Audit Department. This cooperation shall include the periodic exchange of opinions and information concerning audits.
	e. The Group Internal Audit Department shall obtain the consent of the Audit & Supervisory Committee regarding the establishment of internal audit plans. In addition, the Audit & Supervisory Committee may provide the Group Internal Audit Department recommendations and instructions on changes in internal audit plans, additional audits, necessary investigations, etc., when necessary.

	f. Directors shall consult with the Audit & Supervisory Committee in advance with respect to appointments of responsible personnel in the Group Internal Audit Department.

<Outline of the operational status of the system to ensure the appropriateness of operations>

The outline of the operational status of the system to ensure the appropriateness of operations in the fiscal year under review is as follows.

1) Compliance	The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of the most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. Moreover, the Company has established the Risk Management Committee and Group Legal & Compliance Department in the Company to promote continual education and enlightenment activities for the officers and employees of the entire Group, and to provide support, guidance and monitoring to Group companies. In the fiscal year under review, group compliance training (online) for officers and employees was held 29 times, in addition to training and enlightenment activities such as e-learning for all officers and employees and the regular distribution of topics, etc. related to compliance.
2) 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. Furthermore, to discuss various risks related to group management, the Company set the Executive Committee as the core of total risk management to periodically monitor, evaluate, and analyze the status of major risks, and provide necessary guidance and advice to each business unit and Group company while periodically reporting details to the Board of Directors. Monitoring of "A: Investment risk" and "B: External risk" within the risk categories prescribed in the Risk Management Regulations is carried out by the Executive Committee, which is the core of total risk management. The Risk Management Committee, which was established as a subordinate body of the Executive Committee, periodically monitors, evaluates and analyzes "C: Disaster risk" and "D: Internal risk," and discusses the basic policy for countermeasures with regard to prevention before occurrence, response in the event of occurrence, prevention of recurrence, etc. In addition, the Company has established a Group Risk Meeting comprising Directors, Executive Officers, etc. of Group companies designated by the chairman of the Risk Management Committee to share risk information and response policies within the Group. During the fiscal year under review, the Risk Management Committee and the Group Risk Meeting held 13 meetings in total.
3) Internal audits	The Company has established the Group Internal Audit Department, which works to oversee, monitor and evaluate the internal audit function of the entire Group, as well as perform audits of each department within the Company. Also, results of audits are reported to the Board of Directors, and a system is in place to report results to the Audit & Supervisory Committee, aimed at collaboration with the Accounting Auditor. During the fiscal year under review, audit results were reported to the Board of Directors four times, and reported to the Audit & Supervisory Committee 11 times, thereby sharing both the problems identified through internal audits as well as improvement measures. Furthermore, the Company held ten meetings with the audit departments of each Group company and carried out training sessions three times in order to improve the quality of audits throughout the entire Group and share information.

4) Sustainability	The Group recognizes that it must fulfill its responsibility to future generations by solving various social issues for the realization of a sustainable society, and promotes sustainability initiatives in the environment and society as a member of society. The Group has established a Sustainability Committee consists of Directors and Executive Officers of the Company (chaired by the Executive Vice President and Representative Director of the Company) which carries out discussions regarding sustainability-related policies, action plans, etc. In the fiscal year under review, Sustainability Committee meeting was held three times, and details of the matters discussed are reported to the Board of Directors in the first half and the second half of the fiscal year.
5) Execution of duties of the Directors	The Board of Directors, in principle, holds its meeting on a monthly basis, decides important corporate matters, such as basic management policies, and supervises the execution of duties by Directors and business operations by Executive Officers. By assigning five out of the 13 Directors of the Board as Independent External Directors, the Company bolsters the oversight function of the Board of Directors and ensures fair and highly-transparent management. The Company has introduced an Executive Officer system aiming to strengthen Group management by separating management oversight and decision-making function from business execution function, both of which have traditionally been the responsibility of Directors, to enhance the execution function. Individual Executive Officers appointed by the Board of Directors execute business based on the administrative authorities delegated in accordance with internal regulations, etc. and based on Company policies determined by the Board of Directors and the directions of the Chief Executive Officer. The Company's Executive Committee comprises the Chief Executive Officer and Executive Officers nominated by the Board of Directors. The Executive Committee meets once a week in principle, and determines certain matters regarding overall Group company business execution. During the fiscal year under review, the Board of Directors meeting was held 15 times. At these meetings, in addition to deliberating and making decisions about important matters concerning company management, the Board of Directors regularly received reports from Directors and Executive Officers, allowing the Board of Directors to oversee the execution of duties and business. The Executive Committee meeting was held 50 times, and certain matters related to business execution by the Company and Group companies were deliberated and decided upon.
6) Execution of duties of the Audit & Supervisory Committee	The Audit & Supervisory Committee receives regular reports from the internal audit department on the implementation status and results of internal audits. When necessary, the Audit & Supervisory Committee may request a report to Directors, Executive Officers, or business execution departments of the Company or Group companies. The Audit & Supervisory Committee also audits and supervises the execution of duties by Directors and business operations by Executive Officers while cooperating with the Accounting Auditor as needed. Audit & Supervisory Committee Members attend Board of Directors meetings and other important meetings and request reports from business execution departments as necessary to collect information on the Company's execution of business operations. The Company has established the Audit & Supervisory Committee Department in order to assist the duties of the Audit & Supervisory Committee and assigns dedicated staff to implement measures for increasing the effectiveness of audit operations. During the fiscal year under review, the Audit & Supervisory Committee meeting was held 14 times.

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets for the year ended March 31, 2021

(Millions of yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2020	117,822	111,065	342,081	(27,339)	543,630
Changes during Period					
Issuance of New Shares	221	221			442
Dividends of Surplus			(14,682)		(14,682)
Profit Attributable to Owners of Parent			42,198		42,198
Purchase of Treasury Shares				(2,798)	(2,798)
Disposal of Treasury Shares				11	11
Change in Ownership Interest of Parent due to Transactions with Non-controlling Interests		3,146			3,146
Net Changes in Items Other Than Shareholders' Equity					
Total Changes during Period	221	3,367	27,516	(2,786)	28,318
Balance at March 31, 2021	118,043	114,433	369,597	(30,125)	571,948

	Accumulated Other Comprehensive Income						Share Acquisition Rights	Non-controlling Interests	Total Net Assets
	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			
Balance at April 1, 2020	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									442
Dividends of Surplus									(14,682)
Profit Attributable to Owners of Parent									42,198
Purchase of Treasury Shares									(2,798)
Disposal of Treasury Shares									11
Change in Ownership Interest of Parent due to Transactions with Non-controlling Interests									3,146
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	4,911	(2,386)	8	327	1,970	4,831	(444)	(11,475)	21,230
Balance at March 31, 2021	7,827	(1,342)	7,869	(995)	(1,979)	11,379	1,406	1,616	586,350

Note: The figures are denoted by rounding fractions down to the unit indicated.

Notes to Consolidated Financial Statements

1. Notes to Significant Matters for the Basis for the Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Consolidated subsidiaries

・Number of consolidated subsidiaries: 41

・Names of principal consolidated subsidiaries:

The names of principal consolidated subsidiaries are listed in "1. Current status of the Group (3) Status of parent company and major subsidiaries 2) Major subsidiaries" of the Business Report.

The Group acquired shares in NOMURA REAL ESTATE UK LIMITED and 127 Charing Cross Road Limited during the fiscal year under review, and they have been included in the scope of consolidation.

During the fiscal year under review, NREG TOSHIBA BUILDING FACILITIES Co., Ltd. was absorbed and merged into Nomura Real Estate Partners Co., Ltd., which is a consolidated subsidiary of the Company, and has been excluded from the scope of consolidation.

Furthermore, during the fiscal year under review, NREG TOSHIBA BUILDING Co., Ltd. and Geo Akamatsu Co., Ltd. changed their corporate names to Nomura Real Estate Building Co., Ltd. and Nomura Real Estate Retail Properties Co., Ltd., respectively.

2) Unconsolidated subsidiaries

・Name of principal unconsolidated subsidiary:

Minami Azabu Kaihatsu Co., Ltd.

・Reason for the exclusion from the scope of consolidation:

Unconsolidated subsidiaries are excluded from the scope of consolidation because they are all small companies and the Company's interests in their respective total assets, operating revenue and profit and loss (the amount equivalent to equity shareholdings) as well as retained earnings (the amount equivalent to equity shareholdings) do not significantly affect the consolidated financial statements of the Nomura Real Estate Group (the "Group").

(2) Application of Equity Method

1) Unconsolidated subsidiaries accounted for using the equity method

・Number of unconsolidated subsidiaries accounted for using the equity method: 2

・Name of principal unconsolidated subsidiary:

Minami Azabu Kaihatsu Co., Ltd.

2) Affiliated companies accounted for using the equity method

・Number of affiliated companies accounted for using the equity method: 30

・Name of principal affiliated company: Ginza Parking Center Co., Ltd.

MV VIET NAM REAL ESTATE TRADING JOINT STOCK COMPANY, DRI GP 2 Co., Ltd., and MV1 VIET NAM REAL ESTATE TRADING LIMITED LIABILITY COMPANY became the Company's affiliated companies accounted for using the equity method for reasons including that the Group acquired their shares during the fiscal year under review.

(3) Fiscal Year, Etc. of the Consolidated Subsidiaries

Among consolidated subsidiaries, the account closing date of UNJ Properties, LLC is December 31. The company's financial statements as of the consolidated account closing date, prepared on a basis similar to that for the year-end closing, are used in the preparation of consolidated financial statements.

Among consolidated subsidiaries, the account closing date of Nomura Real Estate Consulting (Beijing) Co., Ltd., 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 other 12 companies, Zen Plaza Investment Limited, ZEN PLAZA CO., LTD., NOMURA REAL ESTATE VIETNAM CO., LTD., NOMURA REAL ESTATE (THAILAND)

CO., LTD. and NOMURA REAL ESTATE UK LIMITED is December 31. The account closing date of Midosuji Mirai Development, LLC is February 28.

Financial statements for these companies as of that date are used in the preparation of consolidated financial statements. In the case of significant transactions that took place between the account closing date of the consolidated subsidiaries and the consolidated account closing date, necessary adjustments are made for consolidation purposes.

(4) Accounting Standards and Methods

1) Valuation standards and methods for principal assets

A. 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:

Available-for-sale securities with market value

Available-for-sale securities with market value are stated at fair market value based on market price, etc. at the account closing date. (Unrealized gains and losses are reported, net of the applicable taxes, as a separate component of Net Assets. Cost of securities sold is determined by the moving-average method.)

Available-for-sale securities without market value

Available-for-sale securities without market value are stated at cost by the moving-average method.

B. Derivatives: Derivatives are stated using the market value method.

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

2) Depreciation and amortization method for significant depreciable assets

A. Property, plant and equipment (except for leased assets)

Property, plant and equipment are depreciated mainly by the straight-line method. Useful lives are generally as follows:

Buildings and structures 2 to 65 years

B. Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Costs of software for internal use are amortized based on the useable period within the Company (5 years).

C. 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.

Of finance lease transactions not involving transfer of ownership, lease transactions which started on or before March 31, 2008 are accounted for in accordance with the method applicable to ordinary lease transactions.

3) Standards for the provision of significant allowances

A. Allowance for doubtful accounts: In order to prepare for possible bad debt losses on notes and accounts receivable - trade, loans and others, allowance for doubtful accounts is provided at an amount calculated on the basis of a historical bad debt ratio for normal claims, and at an estimated uncollectible amount determined on the basis of individual assessments of collectability for specific claims with potential losses.

B. Provision for bonuses: To prepare for the payment of employee bonuses, an estimated amount corresponding to the portion of the bonus payments in the fiscal year under review is reserved.

C. Provision for directors' bonuses: To prepare for the payment of directors' bonuses, an estimated amount corresponding to the portion of the bonus payments in the fiscal year under review is reserved.

D. Provision for loss on business liquidation

An estimated amount of losses arising in connection with the withdrawal from businesses is reserved.

E. Provision for Stocks Payment

To prepare for the delivery of the Company's shares to officers and employees pursuant to the share delivery regulation, an estimated cost as of the end of the fiscal year under review is reserved.

4) Other significant matters for the preparation of consolidated financial statements

A. Standards for the recording of net defined benefit liability

・Method for attributing estimated retirement benefits to periods:

To calculate retirement benefit liabilities, the estimated amount of retirement benefits is attributed to the period up to the end of the fiscal year under review based on a benefit formula basis.

・Method for amortization of actuarial gains and losses and prior service costs:

Prior service costs are amortized by the straight-line method over a certain number of years (10 years) within the average number of remaining service years of the eligible employees at the time of accrual.

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (mostly 10 years) within the average number of remaining service years of the eligible employees at the time of accrual in each fiscal year, and allocated proportionately from the fiscal year following the respective fiscal year of accrual.

B. Standards for the provision of significant revenues and expenses

・Basis for the recording of revenue and cost of completed work:

The percentage-of-completion method (percentage of completion is estimated based on cost method) is applied when the cost outcomes of the construction activities through until the end of the fiscal year under review can be measured with certainty; otherwise the completed-contract method is applied.

・Basis for the recording of advertising expenses

In the housing sales business, in order to appropriately reflect revenues and any related expenses, advertising expenses as selling expenses, incurred before the handover of property to customers are recognized as prepaid expenses and collectively expensed upon handover.

C. Standards for the translation of important foreign currency-based assets or liabilities into Japanese yen

All foreign currency-based monetary receivables and payables are translated into Japanese yen at the spot exchange rates in effect at the consolidated account closing date. Differences arising from such translation are recognized as gain or loss. The asset and liability accounts of the overseas subsidiaries and others are translated into Japanese yen at the spot exchange rates prevailing at the respective account closing dates of the subsidiaries and others and the revenue and expense accounts are translated into Japanese yen at the average rates of exchange for the year. Differences arising from such translation are presented as "Foreign currency translation adjustment" in Net Assets.

D. Significant hedge accounting method

・Hedge accounting method:

Hedging transactions are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as assets or liabilities until the losses or gains on the underlying hedged items are recognized. For interest rate swaps that meet certain hedging criteria, the Group applies exceptional treatment and for currency swaps that meet certain hedging criteria, the transactions are accounted for by the furiate (allocation) method.

・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

・Hedge policy: In accordance with internal rules, interest rate fluctuation and foreign exchange fluctuation risks are hedged.

・Method for assessing the effectiveness of hedges:

The Group evaluates hedge effectiveness based on the ratio of changes determined by comparing the cumulative changes in cash flows or cumulative market fluctuations of the hedged items to the cumulative changes in cash flows or cumulative market fluctuations of the hedging instrument. However, the Group omits the assessment of hedge effectiveness in the case of interest rate swaps for which the Group applies the exceptional treatment.

E. Amortization method and period of goodwill

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

F. Accounting for consumption taxes: The tax-exclusion method is used to account for national and local consumption taxes. However, non-deductible consumption taxes on assets are included in the acquisition costs, and other non-deductible consumption taxes are expensed as incurred.

(Additional Information)

The Group applied the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 revised on March 31, 2020) to its consolidated financial statements as of the end of and for the fiscal year under review. As the accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear, the "basis for the recording of advertising expenses" was newly disclosed in "B. Standards for the provision of significant revenues and expenses."

2. Change in Presentation Method

The Group applied the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 issued on March 31, 2020) to its consolidated financial statements as of the end of and for the fiscal year under review, and stated the "Notes on Accounting Estimates."

3. Notes on Accounting Estimates

(1) Valuation of Inventories

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

1) Amount recorded in the consolidated financial statements for the fiscal year under review
Loss on valuation of inventories: ¥540 million

2) Information that contributes to understand the content of accounting estimates

A. Property held for housing sale

i Calculation method

For property held for housing sale, the net selling value is compared to the book value to calculate a loss on valuation. The net selling value is based on the selling price set in each business plan that is developed at the time of land acquisition, construction order placement, and the start of sales, as well as the cost, and other variables. In addition to the above timings, the net selling value may be changed depending on the business progress or the selling situation.

ii Main assumptions

The main assumptions used to determine the net selling value are the selling price and the cost. The Company estimates them on the basis of the location, scale, and salability of a property, surrounding cases, market outlook, amount expected from past experience, and other information. The Company assumes that the novel coronavirus disease ("COVID-19") will pass and not last for a long time and that the effects of the spread of the COVID-19 on housing market conditions will be limited.

iii Effects on consolidated financial statements for the next fiscal year

Estimation of selling prices and costs, which are the main assumptions, involves uncertainty. The estimates of selling prices may differ from the future results for reasons including any change in housing market conditions, and estimates of costs may differ from the future results for reasons including any change in construction market conditions, additional construction work, or delays in construction.

B. Rental housing held for sale

i Calculation method

For rental housing held for sale, the net selling value is compared to the book value to calculate a loss on valuation. The net selling value is based on the expected selling price set at the time of land acquisition, construction order placement, the start of leasing (recruiting of tenants), and decision of selling, as well as the cost, and other variables. For rental housing held for sale for which there is concern about declining profitability given the progress of tenant leasing, the appraisal value by a real estate appraiser is used as the expected selling price.

ii Main assumptions

The main assumptions used to determine the net selling value are the expected selling price and the cost. The Company estimates them on the basis of the location, scale, and salability of a property, surrounding cases, market outlook, and rents, occupancy rates, and capitalization rates from past experience, and other information. The Company assumes that the COVID-19 will pass and not last for a long time and that the effects of the spread of the COVID-19 on real estate leasing market conditions and real estate investment market conditions will be limited.

iii Effects on consolidated financial statements for the next fiscal year

Estimation of expected selling prices and costs, which are the main assumptions, involves uncertainty. The estimates of expected selling prices may differ from the future results for reasons including any change in the market conditions of real estate leasing or investment, and estimates of costs may differ from the future results for reasons including any change in construction market conditions, additional construction work, or delays in construction.

(2) Impairment of Non-Current Assets

Non-current assets held by the Group mainly consist of property held for leasing.

1) Amount recorded in the consolidated financial statements for the fiscal year under review
Impairment losses: ¥1,285 million

2) Information that contributes to understand the content of accounting estimates

i Calculation method

If there is an indication that the book value of property held for leasing may not be recoverable, a determination is made regarding whether or not the property is impaired, and if it is, impairment losses are calculated.

(Indication of impairment)

The Group considers the following events as indications of an impairment of property held for leasing.

- Property that reports or is expected to report an operating loss, which is lease revenue less cost of lease revenue, for a second consecutive term
- 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 losses)

If the Group determines that there is an indication that a property may be impaired, the Group compares its book value to the total amount of undiscounted future cash flows and deems it necessary to recognize impairment losses if the book value is larger. The Group measures impairment losses for such property as the difference between the book value and the recoverable amount.

The recoverable amount of a property is its net selling value or its value in use. Appraisal value by a real estate appraiser or other value is used as the net selling value, and the value in use is calculated by discounting future cash flows.

ii Main assumptions

The main assumptions used to determine undiscounted future cash flows and the value in use are lease revenue, cost of lease revenue and discount rates. The Group estimates them on the basis of the location and scale of a property, surrounding leasing cases, market outlook, and rents, occupancy rates, and capitalization rates from past results, and other information. The Group assumes that the COVID-19 will pass and not last for a long time and that effects of the spread of the COVID-19 on real estate leasing market conditions will be limited.

iii Effects on consolidated financial statements for the next fiscal year

Estimation of lease revenue and cost of lease revenue, which are the main assumptions, involves uncertainty, and the estimates may differ from the future results for reasons including any change in real estate leasing market conditions.

4. Notes to Consolidated Balance Sheet

(1) Pledged Assets and Secured Liabilities

Investment securities in the amount of ¥158 million are pledged as collateral for a portion of liabilities of investee companies.

(2) Accumulated Depreciation of Property, Plant and Equipment ¥188,757 million

(3) Contingent Liabilities

1) Guaranteed Obligations

The following are customers for which bank loans, etc. have been guaranteed.
The Company and its business partners are under an obligation to guarantee debts of two companies, Origin One Sukhumvit 24 Company Limited and Origin One Phrom Phong Company Limited, according to their capital contribution ratio, and the figures in parentheses below represent the amounts guaranteed by the Company according to its capital contribution ratio.

Customers using housing loans	¥75,666 million
Joint operators of EBS buildings	¥243 million
Haneda Mirai Special Purpose Company	¥65 million
Tokio Property Services Pte Ltd	¥16 million
Origin One Sukhumvit 24 Company Limited	¥290 million (¥142 million)
Origin One Phrom Phong Company Limited	¥134 million (¥65 million)
Total	¥76,416 million (¥76,199 million)

2) Additional Capital Contribution Obligations, etc.

The Company has additional capital contribution obligations, etc. to the following subsidiaries and associates according to the capital contribution ratio with business partners in relation to loans received from financial institutions by the companies.

The outstanding loans payable by the subsidiaries and associates are as follows, and the figures in parentheses indicate the amount based on the Company's capital contribution ratio to the companies.

ORIGIN PARK T1 COMPANY LIMITED	¥8,881 million (¥4,352 million)
ORIGIN VERTICAL COMPANY LIMITED	¥107 million (¥52 million)
Origin One Thonglor Co., Ltd.	¥2,088 million (¥1,023 million)
PARK ORIGIN RATCHATHEWI COMPANY LIMITED	¥1,697 million (¥831 million)
PARK ORIGIN PRARAM 4 COMPANY LIMITED	¥2,768 million (¥1,356 million)
Total	¥15,543 million (¥7,616 million)

(4) Revaluation of Land

Under the "Act on Revaluation of Land" (Act No. 34 of March 31, 1998), the Company revalued its land held for business use. The tax amount for the valuation difference is accounted for as "Deferred tax liabilities for land revaluation" in Liabilities and the difference net of such tax amount is recorded as "Revaluation reserve for land" in Net Assets.

· Method of revaluation:

The value of land is determined based on a reasonable adjustment to the assessed value of fixed assets as stipulated in Item 3, Article 2 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet order No. 119 of March 31, 1998).

· Date of revaluation: March 31, 2002

(5) As a result of reviewing the purpose of holding assets, ¥56,798 million was transferred from non-current assets to real estate for sale.

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Total Number of Shares Issued

Type of shares	Number of shares as of April 1, 2020 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2021 (Thousand shares)
Common stock	192,875	223	–	193,099

Note: The increase in the number of issued shares among common stock of 223 thousand shares consists of an increase due to the exercise of stock options.

Note: The Board of Directors of the Company passed a resolution to cancel its treasury shares pursuant to the provisions of Article 178 of the Companies Act at the Board of Directors meeting held on January 28, 2021. Of the treasury shares, cancellation of the following has not been completed as of the end of the fiscal year under review.

Book value	¥25,803 million
Type of shares	Common stock
Number of shares	10,528,000 shares

The Company plans to cancel the above treasury shares and those purchased during the period from April 1 to 26, 2021 on May 31, 2021.

Total number of shares to be cancelled: 10,980,000 shares

(2) Dividends from Surplus

1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 1, 2020 Meeting of the Board of Directors	Common stock	7,339	40.0	March 31, 2020	June 9, 2020
October 27, 2020 Meeting of the Board of Directors	Common stock	7,343	40.0	September 30, 2020	December 1, 2020

Note: The total amount of dividends resolved in the meeting of the Board of Directors held on May 1, 2020 includes ¥78 million in dividends for the Company's shares held in the executive compensation BIP trust and ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.

Note: The total amount of dividends resolved in the meeting of the Board of Directors held on October 27, 2020 includes ¥78 million in dividends for the Company's shares held in the executive compensation BIP trust and ESOP trust for granting stock for employees.

2) Dividends whose record date is in the fiscal year under review but whose effective date is thereafter

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
April 27, 2021 Meeting of the Board of Directors	Common stock	7,759	Retained Earnings	42.5	March 31, 2021	June 4, 2021

Note: The total amount of dividends resolved in the meeting of the Board of Directors held on April 27, 2021 includes ¥83 million in dividends for the Company's shares held in the executive compensation BIP trust and ESOP trust for granting stock for employees.

(3) Share Acquisition Rights

The number of shares subject to the share acquisition rights (those for which the exercise period has arrived) as of March 31, 2021:

Nomura Real Estate Holdings, Inc.

The 2nd share acquisition rights in FY2014	Common stock	26,500 shares
The 3rd share acquisition rights in FY2014	Common stock	125,200 shares
The 1st share acquisition rights in FY2015	Common stock	8,700 shares
The 2nd share acquisition rights in FY2015	Common stock	50,200 shares
The 3rd share acquisition rights in FY2015	Common stock	314,200 shares
The 5th share acquisition rights in FY2015	Common stock	22,000 shares
The 1st share acquisition rights in FY2016	Common stock	37,800 shares
The 2nd share acquisition rights in FY2016	Common stock	126,200 shares
The 3rd share acquisition rights in FY2016	Common stock	251,300 shares
The 1st share acquisition rights in FY2017	Common stock	39,800 shares
The 2nd share acquisition rights in FY2017	Common stock	153,600 shares
The 3rd share acquisition rights in FY2017	Common stock	435,600 shares

6. Notes to Financial Instruments

(1) Status of Financial Instruments

The Group restricts fund management to deposits and others with safe and high market liquidity, and fund procurement is mainly treated by bank loans and bond issuance. In accordance with internal rules, derivatives are not used for speculative purposes, but for managing exposure to financial risks as described in detail below.

Equity investments and investment securities are principally stocks, investment units, etc., and these are held for the promotion of businesses. The fair values of stocks and investment units are obtained at the end of each month. Although securities denominated in foreign currencies are exposed to foreign exchange fluctuation risks, a portion are hedged through derivative transactions (currency swaps and foreign exchange forward contracts). Floating-rate loans payable are exposed to interest rate fluctuation risks, but derivative transactions (interest rate swaps) are utilized as hedging instruments for floating-rate long-term loans payable to hedge risks of fluctuations in interests paid and fix interest expenses.

(2) Fair Values of Financial Instruments

Book values in the consolidated balance sheet, fair values, and the differences between these values as of March 31, 2021 are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in the following table. (Please refer to Note 2.)

(Millions of yen)

	Book value in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	71,625	71,625	–
(2) Investment securities *1	40,526	40,542	15
Total assets	112,152	112,167	15
(1) Short-term loans payable *2	31,000	31,000	–
(2) Bonds payable *3	170,000	171,631	1,631
(3) Long-term loans payable *2	807,500	823,714	16,214
Total liabilities	1,008,500	1,026,345	17,845
Derivative transactions *4	(3,913)	(3,913)	–

*1. The stated amount includes Japanese government bonds that have been recorded in “Lease and guarantee deposits.”

*2. Current portion of long-term loans payable are included in “(3) Long-term loans payable.”

*3. Current portion of bonds are included in “(2) Bonds payable.”

*4. The value of assets and liabilities arising from derivatives is shown at net value. The figures in parenthesis indicate net liabilities.

Notes: 1. Method of fair value measurement of financial instruments

Assets

(1) Cash and deposits

Since these items are settled in a short period of time, the fair values approximate their book values. Accordingly, the book values are presented as their fair values.

(2) Investment securities

The fair values of stocks, investment units, etc. are mainly based on the prices on exchanges.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time, the fair values approximate their book values. Accordingly, the book values are presented as their fair values.

(2) Bonds payable

These items are issued mainly by the Company and the fair values are based on the market prices.

(3) Long-term loans payable

The fair value of long-term loans payable is based on the method of calculation whereby the sum of principal and interest is discounted by an interest rate assumed when a new, similar loan is made. Long-term loans payable with floating interest rates are prescribed to be subject to exceptional treatment applicable to interest rate swaps. Hence, the fair value is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate assumed when a similar loan is made.

Derivative transactions

The fair values of derivatives are based on the prices obtained from the counterparty financial institutions.

2. Financial instruments whose fair values are deemed extremely difficult to determine

(Millions of yen)

Category	Book value in the consolidated balance sheet
Unlisted stocks, etc. *1, 2	75,821

*1. Unlisted stocks, etc. are excluded from "(2) Investment securities" described above because they do not have market prices and their fair values are deemed extremely difficult to determine.

*2. "Unlisted stocks, etc." includes unlisted stocks, etc. recorded in "Equity Investments."

7. Notes to Real Estate for Rent

(1) Status of 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.

(2) Fair Values of Real Estate for Rent

(Millions of yen)

	Book value in the consolidated balance sheet	Fair value as of March 31, 2021
Real estate for rent	636,953	815,677
Properties including the portion used as real estate for rent	25,831	56,730

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 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 reflecting 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.

3. Some rental office buildings are regarded as properties including the portion used as real estate for rent since they are used by the Company and certain consolidated subsidiaries.

8. Notes to Per Share Information

(1) Net Assets Per Share ¥3,229.80

(2) Basic Earnings Per Share ¥232.53

Note: The Company's shares held in the executive compensation BIP trust and ESOP trust for granting stock for employees are included in the number of treasury shares deducted from the total number of shares issued at the end of the fiscal year when calculating net assets per share. Furthermore, these are included in the treasury shares deducted in the calculation of the average number of shares during the period used in the calculation of basic earnings per share. For the fiscal year under review, the number of these treasury shares deducted in the calculation of net assets per share was 1,962 thousand shares at the end of the period, and the average number of treasury shares during the period deducted in the calculation of basic earnings per share was 1,964 thousand shares.

9. Notes to Significant Subsequent Events

Not applicable.

10. Other Notes

Not applicable.

Non-Consolidated Financial Statements

Non-Consolidated Statement of Changes in Net Assets for the year ended March 31, 2021

(Millions of yen)

	Shareholders' Equity							
		Capital Surplus		Retained Earnings				
				Other Retained Earnings				
	Share Capital	Legal Capital Surplus	Total Capital Surplus	Reserve for Purchase of Specific Shares	Retained Earnings Brought Forward	Total Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2020	117,822	118,185	118,185	–	75,712	75,712	(27,339)	284,381
Changes during Period								
Issuance of New Shares	221	221	221					442
Dividends of Surplus					(14,682)	(14,682)		(14,682)
Provision of Reserve for Purchase of Specific Shares				33	(33)	–		–
Profit					21,918	21,918		21,918
Purchase of Treasury Shares							(2,798)	(2,798)
Disposal of Treasury Shares							11	11
Net Changes in Items Other Than Shareholders' Equity								
Total Changes during Period	221	221	221	33	7,202	7,235	(2,786)	4,891
Balance at March 31, 2021	118,043	118,407	118,407	33	82,914	82,948	(30,125)	289,273

	Valuation and Translation Adjustments				
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Total Valuation and Translation Adjustments	Share Acquisition Rights	Total Net Assets
Balance at April 1, 2020	(2)	(14)	(17)	1,850	286,214
Changes during Period					
Issuance of New Shares					442
Dividends of Surplus					(14,682)
Provision of Reserve for Purchase of Specific Shares					–
Profit					21,918
Purchase of Treasury Shares					(2,798)
Disposal of Treasury Shares					11
Net Changes in Items Other Than Shareholders' Equity	(2)	–	(2)	(444)	(446)
Total Changes during Period	(2)	–	(2)	(444)	4,444
Balance at March 31, 2021	(5)	(14)	(19)	1,406	290,659

Note: The figures are denoted by rounding fractions down to the unit indicated.

Notes to Non-Consolidated Financial Statements

1. Notes to Matters for the Significant Accounting Policies

(1) Valuation Standards and Methods for Assets

1) Valuation standards and methods for securities

・ Shares of subsidiaries and affiliated companies

Shares of subsidiaries and affiliated companies are stated at cost by the moving-average method.

・ Available-for-sale securities:

Available-for-sale securities without market value

Available-for-sale securities without market value are stated at cost by the moving-average method.

2) Valuation standards and methods for derivatives, etc.

Derivatives: Derivatives are stated using the market value method.

(2) Depreciation and Amortization Method for Noncurrent Assets

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

Property, plant and equipment are depreciated by the straight-line method.

2) Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Costs of software for internal use are amortized based on the useable period within the Company (5 years).

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.

(3) Standards for the Provision of Allowances

1) Allowance for doubtful accounts: In order to prepare for possible bad debt losses on notes and accounts receivable - trade, loans and others, allowance for doubtful accounts is provided at an amount calculated on the basis of a historical bad debt ratio for normal claims, and at an estimated uncollectible amount determined on the basis of individual assessments of collectability for specific claims with potential losses.

2) Provision for bonuses: To prepare for the payment of employee bonuses, an estimated amount corresponding to the portion of the bonus payments in the fiscal year under review is reserved.

3) Provision for directors' bonuses: To prepare for the payment of directors' bonuses, an estimated amount corresponding to the portion of the bonus payments in the fiscal year under review is reserved.

4) Provision for Stocks Payment: To prepare for the delivery of the Company's shares to officers and employees pursuant to the share delivery regulation, an estimated cost as of the end of the fiscal year under review is reserved.

(4) Other Basic Matters for the Preparation of Non-Consolidated Financial Statements

1) Accounting for deferred assets: The costs are fully charged to income when disbursed.

2) Significant hedge accounting method

・Hedge accounting method: Hedging transactions are accounted for using deferral hedge accounting, which requires the unrealized gains or losses to be deferred as assets or liabilities until the losses or gains on the underlying hedged items are recognized. For interest rate swaps that meet certain hedging criteria, the Group applies exceptional treatment.

・Hedging instruments and hedged items:

<Hedging instruments>	<Hedged items>
Interest rate swap contracts	Borrowings

・Hedge policy: In accordance with internal rules, interest rate fluctuation risks are hedged.

・Method for assessing the effectiveness of hedges:

The Company evaluates hedge effectiveness based on the ratio of changes determined by comparing the cumulative changes in cash flows of the hedged items to the cumulative changes in cash flows of the hedging instrument. However, the Company omits the assessment of hedge effectiveness in the case of interest rate swaps for which the Company applies the exceptional treatment.

3) Accounting for consumption taxes The tax-exclusion method is used to account for national and local consumption taxes.

2. Notes to Non-Consolidated Balance Sheet

(1) Accumulated Depreciation of Property, Plant and Equipment ¥176 million

(2) Monetary Receivables from and Payables to Subsidiaries and Associates

1) Short-term monetary receivables ¥291,147 million

2) Short-term monetary payables ¥45,325 million

(3) Contingent Liabilities

Guaranteed obligations

The following are the subsidiaries and associates for which bank loans, etc. have been guaranteed.

NOMURA REAL ESTATE (THAILAND) CO., LTD	¥845 million
Tokio Property Services Pte Ltd	¥16 million
Total	¥862 million

3. Notes to Non-Consolidated Statements of Income

Amount of business with subsidiaries and associates

Amount of operating transactions

Operating revenue ¥44,822 million

Operating expenses ¥125 million

4. Notes to Non-Consolidated Statements of Changes in Net Assets

The number of treasury shares

Type of shares	Number of shares as of April 1, 2020 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2021 (Thousand shares)
Common stock	11,367	1,128	5	12,490

Notes: 1. The above treasury shares include the treasury shares held in the trust account of the executive compensation BIP trust and ESOP trust for granting stock for employees.

2. The 1,128 thousand shares increase in treasury shares of common stock is due to an increase from the purchase of treasury shares by resolution of the Board of Directors.

3. The 5 thousand shares decrease in treasury shares of common stock is due to the delivery and sale of the Company's shares by the executive compensation BIP trust.

4. The Board of Directors of the Company passed a resolution to cancel its treasury shares pursuant to the provisions of Article 178 of the Companies Act at the Board of Directors meeting held on January 28, 2021. Of the treasury shares, cancellation of the following has not been completed as of the end of the fiscal year under review.

Book value ¥25,803 million

Type of shares Common stock

Number of shares 10,528,000 shares

The Company plans to cancel the above treasury shares and those purchased during the period from April 1 to 26, 2021 on May 31, 2021.

Total number of shares to be cancelled: 10,980,000 shares

5. Notes to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by major cause

	(Millions of yen)
Deferred tax assets	
Loss on valuation of shares of subsidiaries and associates	1,571
Allowance for doubtful accounts	388
Share-based compensation expenses	351
Provision for bonuses	77
Accrued enterprise tax	28
Others	50
Subtotal deferred tax assets	2,467
Valuation allowance	(1,971)
Total deferred tax assets	496
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(0)
Total deferred tax liabilities	(0)
Net deferred tax assets	495

6. Notes to Related Party Transactions

(1) Subsidiaries, Affiliated Companies and Others

Type	Name	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)
Subsidiary	Nomura Real Estate Development Co., Ltd.	Directly holding 100.0	Management guidance, borrowing and lending of funds	Lending of funds	471,823	Short-term loans receivable	260,540
					195,000	Long-term loans receivable from subsidiaries and associates	805,000
				Receipt of interest	12,820	–	–
Subsidiary	Nomura Real Estate Urban Net Co., Ltd.	Directly holding 100.0	Management guidance	Deposit of funds	77,308	Deposits received	17,688
Subsidiary	Nomura Real Estate Partners Co., Ltd.	Directly holding 100.0	Management guidance	Deposit of funds	111,976	Deposits received	18,298
Subsidiary	Nomura Real Estate Building Co., Ltd.	Directly holding 100.0	Management guidance, borrowing and lending of funds	Lending of funds	24,685	Short-term loans receivable	21,295

Notes: 1. The interest rates for lending and deposit of funds are determined in a rational manner by considering market interest rates.
2. Nomura Real Estate Urban Net Co., Ltd. changed its corporate name to Nomura Real Estate Solutions Co., Ltd. as of April 1, 2021.

(2) Officers, Major Individual Shareholders and Others

Title	Name	Voting rights holding or held (%)	Relationship with the Company	Transaction details	Amount of transaction (Millions of yen) (Note 1)	Items	Fiscal year-end balance (Millions of yen)
Officer	Shigeyuki Yamamoto	Held 0.0	Executive Officer of the Company	Exercise of stock options (Note 2)	15	–	–
Officer	Toshiaki Seki	Held 0.0	Director of the Company	Exercise of stock options (Note 2)	12	–	–
Officer	Takashi Kaku	Held 0.0	Executive Officer of the Company	Exercise of stock options (Note 2)	12	–	–

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

7. Notes to Per Share Information

(1) Net Assets Per Share	¥1,601.55
(2) Basic Earnings Per Share	¥120.78

Note: The Company's shares held in the executive compensation BIP trust and ESOP trust for granting stock for employees are included in the number of treasury shares deducted from the total number of shares issued at the end of the fiscal year when calculating net assets per share. Furthermore, these are included in the treasury shares deducted in the calculation of the average number of shares during the period used in the calculation of basic earnings per share. For the fiscal year under review, the number of these treasury shares deducted in the calculation of net assets per share was 1,962 thousand shares at the end of the period, and the average number of treasury shares during the period deducted in the calculation of basic earnings per share was 1,964 thousand shares.

8. Notes to Significant Subsequent Events

Not applicable.

9. Other Notes

Not applicable.