

## Outline of Consolidated Financial Statements

### For the Three Months from April 1 to June 30, 2015

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	<a href="http://www.nomura-re-hd.co.jp/english/">http://www.nomura-re-hd.co.jp/english/</a>
Representative :	Eiji Kutsukake, President
IR contact :	Naoko Usami, General Manager of Corporate Communications & Investor Relations Dept. info@nomura-re-hd.com
Scheduled submitting date of quarterly securities report:	August 14, 2015
Scheduled starting date for dividend payments :	-
Preparation of explanatory materials for financial results :	Yes
Information meetings arranged related to financial results :	Yes (for institutional investors and analysts, in Japanese)

Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purpose. All statements were based on Tanshin report prepared in accordance with the provisions set forth in accounting regulations and principals generally accepted in Japan.

(Values of less than one million yen rounded off.)

#### I. Consolidated Operating Results for the Three Months from April 1 to June 30, 2015

##### (1) Consolidated business results

(% indicates the rate of changes from previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months								
FY2015	101,887	(10.3)	10,941	(16.9)	8,435	(23.1)	4,467	(25.8)
FY2014	113,639	(18.7)	13,169	(37.1)	10,968	(38.9)	6,018	(40.8)

(Note) Comprehensive income: From April 1 to June 30, 2015 ¥5,712 million (down 32.7%)  
From April 1 to June 30, 2014 ¥8,491 million (up 20.0%)

	Net income per share	Net income per share after adjusting for dilution
First three months	yen	yen
FY2015	23.37	23.27
FY2014	31.52	31.43

##### (2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2015	1,371,452	457,479	28.7
Mar. 31, 2015	1,369,226	461,031	28.8

(Reference) Shareholders' equity: At June 30, 2015 ¥393,204 million At March 31, 2015 ¥394,059 million

## II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY2014	—	20.00	—	25.00	45.00
FY2015	—				
FY2015 (Forecast)		25.00	—	25.00	50.00

(Note) Revision of dividend forecasts during this quarter: None

## III. Forecasts of Consolidated Operating Results for the Fiscal Year from April 1, 2015 to March 31, 2016

(% indicates the rate of changes from previous fiscal year or term)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2015	585,000	3.1	73,000	1.5	64,000	0.5	38,000	(1.1)	198.72

(Note) Revision of operating result forecasts during this quarter: None

### \* Notes

(1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements :None

(3) Changes in accounting policies, accounting estimates, and restatements

1) Changes in accounting policies due to revision of accounting standards, etc. : Yes

2) Changes in accounting policies other than the above : None

3) Changes in accounting estimates : None

4) Restatements : None

(Note) Please refer to the Appendix P.7 “2. Summary Information (Notes), (1) Changes in Accounting Policies, Accounting Estimates, and Restatements” for more details.

(4) Number of shares issued (common stock)

	At June 30	At March 31
	2015	2015
1) Number of shares outstanding (including treasury shares)	191,235,900	191,119,700
2) Treasury shares	1,206	1,206
	From April 1 to June 30	From April 1 to June 30
	2015	2014
3) Average number of shares during the term	191,177,262	190,910,106

\* Implementation status of quarterly auditing procedure

The financial summary and the accompanying materials including the consolidated financial statements are not subject to the quarterly review procedure by external auditors that are based on Financial Instruments and Exchange Act. The quarterly review procedure has not yet finished at the point of releasing this financial summary.

\* Use of earnings forecasts and other special remarks

(Forward-looking statements)

Certain statements other than historical facts in this document are forward-looking statements that reflect the company's plans and estimates based on currently available information. Therefore, the Company has no intention to promise the accomplishment of the forecasts. These statements include known and unknown risks, uncertainties, and other factors that may cause the company's actual future performance to differ from the forward-looking statements contained herewith.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on July 30, 2015 and will be uploaded on the Company's website.

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## 1. Qualitative Information

### (1) Business Results

The Nomura Real Estate Group posted the following consolidated performance for the current first quarter: Operating revenue of 101,887 million yen, which represents a decrease of 11,751 million yen, or 10.3% year on year; operating income of 10,941 million yen, a decrease of 2,228 million yen, or 16.9%; ordinary income of 8,435 million yen, a decrease of 2,533 million yen, or 23.1%; and profit attributable to owners of parent of 4,467 million yen, a decrease of 1,551 million yen, or 25.8%.

An overview of segment achievements is given below:

Operating revenue for each segment includes internal sales and transfer amount among segments. Due to the rounding of fractions, total figures may not match.

From the current first quarter, MEGALOS Co., Ltd., which used to be classified in the “Other Business Segment,” and Nomura Real Estate Wellness Co., Ltd., which was newly established in the first quarter, were transferred to the “Property & Facility Management Business Segment” in order to facilitate comprehensive strategic judgment regarding property management business.

In addition, from the second quarter of the previous fiscal year, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment. The residential leasing business has also been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company’s leasing asset portfolio.

In line with these changes above, the results of the first quarter and full year of the previous fiscal year were calculated under the newly adopted method of cost allocation and segment classification.

#### <Residential Development Business Segment>

Operating revenue in this segment totaled 52,559 million yen, which represents a decrease of 14,382 million yen, or 21.5% year on year, and operating income was 2,206 million yen, a decrease of 3,596 million yen, or 62.0%.

This was mainly due to a decrease in the number of housing units sold in housing sales sector. However, housing sales have remained strong, and we posted the sale of 871 units (a decrease of 441 units year on year), including PROUD CITY Sengawa (Chofu-shi, Tokyo), PROUD CITY Shin-Kawasaki (Saiwai-ku, Kawasaki-shi, Kanagawa), PROUD Urawa-Takasago (Urawa-ku, Saitama-shi, Saitama), for condominiums, and PROUD SEASON Kami-Yoga (Setagaya-ku, Tokyo) for detached houses.

The number of sold but not recorded housing units totaled 4,998 units as of the end of the current first quarter (a decrease of 1,150 units over the end of the previous first quarter).

Number of units, sales, and outstanding contract amount sold for the joint-venture projects are calculated based on the Group’s share.

#### Breakdown of operating revenue

		FY2014 1Q		FY2015 1Q		FY2014	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	993 units	51,983	817 units	46,706	5,426 units	270,397
	Kansai area	179 units	7,334	3 units	210	1,009 units	37,542
	Other	139 units	5,623	50 units	2,588	585 units	25,059
	Subtotal (Detached houses)	1,312 units (162 units)	64,940 (8,155)	871 units (52 units)	49,505 (4,397)	7,021 units (859 units)	332,999 (50,573)
Other			2,000		3,053		26,397
Total			66,941		52,559		359,397

## Housing sales Period-end completed housing inventories

	As of June 30, 2014	As of June 30, 2015	As of March 31, 2015
Tokyo metropolitan area	79 units	132 units	76 units
Kansai area	-	10 units	13 units
Other	-	11 units	-
Total (Detached houses)	79 units (8 units)	153 units (55 units)	89 units (64 units)

## Housing sales Sold but not recorded housing units

	As of June 30, 2014		As of June 30, 2015		As of March 31, 2015	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	5,022 units	264,092	3,874 units	218,509	3,924 units	221,375
Kansai area	700 units	24,719	716 units	31,560	497 units	22,746
Other	425 units	18,506	407 units	18,596	345 units	15,773
Total (Detached houses)	6,148 units (146 units)	307,318 (8,351)	4,998 units (63 units)	268,667 (3,686)	4,767 units (51 units)	259,895 (4,438)

## &lt;Leasing Business Segment &gt;

Operating revenue in this segment totaled 22,632 million yen, which represents an increase of 582 million yen, or 2.6% year on year, and operating income totaled 6,857 million yen, an increase of 1,090 million yen, or 18.9%.

This was mainly due to the fact that progress in leasing up of Hamamatsucho Building (Minato-ku, Tokyo) and newly-acquired Nomura Fudosan Ginza Building (Chuo-ku, Tokyo) contributed to an income increase in leasing business sector, and the sales of PROUD FLAT Tsurumi I (Tsurumi-ku, Yokohama-shi, Kanagawa) were recorded in property development sector.

## Breakdown of operating revenue

	FY2014 1Q (Millions of yen)	FY2015 1Q (Millions of yen)	FY2014 (Millions of yen)
Leasing (offices)	11,311	12,143	46,563
Leasing (retail facilities)	2,649	2,575	10,323
Leasing (other)	1,395	1,447	5,552
Property development	656	4,810	16,026
Other	6,038	1,655	14,413
Total	22,050	22,632	92,878

(Note) Operating revenue of the residential leasing business which was transferred from the Residential Development Business Segment is allocated to "Property development."

## Rentable area

	As of June 30, 2014	As of June 30, 2015	As of March 31, 2015
Offices	756,270 m <sup>2</sup>	827,827 m <sup>2</sup>	822,049 m <sup>2</sup>
Retail facilities	106,601 m <sup>2</sup>	108,178 m <sup>2</sup>	106,580 m <sup>2</sup>
Total	862,871 m <sup>2</sup>	936,005 m <sup>2</sup>	928,628 m <sup>2</sup>

Vacancy rate (offices and retail facilities)

As of June 30, 2014	As of June 30, 2015	As of March 31, 2015
4.4%	4.7%	4.5%

<Investment Management Business Segment>

Operating revenue in this segment totaled 1,766 million yen, which represents a decrease of 515 million yen, or 22.6% year on year, and operating income totaled 902 million yen, a decrease of 247 million yen, or 21.5%. This was mainly due to a decrease in income gain associated with the sale of SPC's property in the previous fiscal year.

	FY2014 1Q (Millions of yen)	FY2015 1Q (Millions of yen)	FY2014 (Millions of yen)
Operating revenue	2,281	1,766	9,166

Assets under management

	As of June 30, 2014 (Millions of yen)	As of June 30, 2015 (Millions of yen)	As of March 31, 2015 (Millions of yen)
REITs	949,175	1,010,750	1,011,029
Private funds, etc.	164,935	104,853	112,159
Total	1,114,110	1,115,604	1,123,188

<Property Brokerage & CRE Business Segment>

Operating revenue in this segment totaled 6,564 million yen, which represents an increase of 543 million yen, or 9.0% year on year, operating income totaled 971 million yen, a decrease of 6 million yen, or 0.7%.

In retail operations, we opened the following new branch stores: Kohoku New Town Center (Tsuzuki-ku, Yokohama-shi, Kanagawa) and Ibaraki Center (Ibaraki-shi, Osaka) in April 2015, Oimachi Center (Shinagawa-ku, Tokyo) in May 2015.

Breakdown of operating revenue

	FY2014 1Q (Millions of yen)	FY2015 1Q (Millions of yen)	FY2014 (Millions of yen)
Property brokerage	4,992	5,858	25,833
Other	1,029	706	4,399
Total	6,021	6,564	30,232

Number of transactions and total transaction value of property brokerage

	FY2014 1Q	FY2015 1Q	FY2014
Number of transactions	1,606	1,792	7,174
Total transaction value (Millions of yen)	124,607	142,450	710,980

<Property & Facility Management Business Segment>

Operating revenue in this segment totaled 20,653 million yen, which represents an increase of 2,076 million yen, or 11.2% year on year, and operating income totaled 778 million yen, an increase of 208 million yen, or 36.7%.

In fitness club business sector, we opened MEGALOS Nakanobu (Shinagawa-ku, Tokyo) in May 2015, and Dayos 24 Kita-Ayase (Adachi-ku, Tokyo) in June 2015.

The breakdown of operating revenue for this segment has been changed due to the fact that MEGALOS Co., Ltd., which used to be classified in the “Other Business Segment,” and Nomura Real Estate Wellness Co., Ltd., which was newly established in the first quarter, are classified in the “Property & Facility Management Business Segment.” In line with this change, the figures for the first quarter and full-year results of the previous fiscal year are classified under the new classification.

Breakdown of operating revenue

	FY2014 1Q (Millions of yen)	FY2015 1Q (Millions of yen)	FY2014 (Millions of yen)
Property & facility management	12,303	12,278	49,511
Construction ordered	2,691	4,754	21,583
Fitness club & healthcare	3,581	3,621	14,742
Total	18,577	20,653	85,837

Number of properties under management

	As of June 30, 2014	As of June 30, 2015	As of March 31, 2015
Buildings under management	715	737	729
Condominiums under management (unit)	149,082	156,640	155,706

<Other Business Segment>

Operating revenue in this segment totaled 194 million yen, which represents a decrease of 11 million yen, or 5.4% year on year, and operating loss totaled 44 million yen (the previous first quarter was operating loss of 104 million yen).



## (2) Financial Position

	As of March 31, 2015 (Millions of yen)	As of June 30, 2015 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,369,226	1,371,452	2,225	0.2
Total liabilities	908,195	913,972	5,777	0.6
Net assets	461,031	457,479	(3,551)	(0.8)
Shareholders' equity ratio	28.8%	28.7%	-	-

Total assets totaled 1,371,452 million yen, an increase of 2,225 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits (decreased by 8,994 million yen), while land increased (increased by 11,324 million yen).

Total liabilities totaled 913,972 million yen, an increase of 5,777 million yen from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts payable - trade (decreased by 14,031 million yen), while commercial papers increased (increased by 20,000 million yen).

Net assets totaled 457,479 million yen, a decrease of 3,551 million yen from the end of the previous fiscal year. This was mainly due to a decrease in non-controlling interests (decreased by 2,619 million yen) and capital surplus (decreased by 1,177 million yen).

The shareholders' equity ratio was 28.7%, a decrease of 0.1 point from the end of the previous fiscal year.

### (Cash Flows)

Cash and cash equivalents as of the end of the current first quarter totaled 38,424 million yen, which represents a decrease of 11,994 million yen from the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 41,652 million yen (a decrease of 10,976 million yen year on year). This was mainly due to a decrease in notes and accounts payable - trade and deposits received, and payment of taxes.

Net cash provided by (used in) investment activities decreased by 15,362 million yen (a decrease of 8,669 million yen year on year). This mainly reflected the purchase of property, plant and equipment and intangible assets.

Net cash provided by (used in) financing activities increased by 45,020 million yen (an increase of 39,316 million yen year on year). This was mainly due to funding through short-term loans payable and commercial papers.

## (3) Consolidated Operating Result Forecasts

There is no change in the consolidated operating result forecasts announced on April 30, 2015.

## 2. Summary Information (Notes)

### (1) Changes in Accounting Policies, Accounting Estimates, and Restatements

#### Changes in Accounting Policies

##### (Application of the Accounting Standards for Business Combinations)

Since the first quarter of the accounting period under review, the Company has applied the *Accounting standard for Business Combinations* (Accounting Standards Board of Japan “ASBJ” Statement No. 21, issued on September 13, 2013), the *Accounting Standard for Consolidated Financial Statements* (ASBJ Statement No. 22, issued on September 13, 2013), and the *Accounting Standard for Business Divestitures* (ASBJ Statement No. 7, issued on September 13, 2013). In line with the application of these standards, the Company included the balance resulting from the changes in a parent’s ownership interest in a subsidiary, in which the parent retains control, as capital surplus, and included the costs related to the acquisition of additional ownership interests in the costs of the fiscal period in which the relevant costs were incurred. In regard to the business combinations executed after the beginning of the first quarter of the accounting period under review, the Company has decided to revise the allocation of acquisition costs in response to the tentative decisions related to accounting processing, and to reflect this to the quarterly financial statements for the period in which the relevant business combinations are executed. The Company has also changed the method of disclosing quarterly net income, etc., and the method of reporting changes in minority interests to non-controlling interests. In order to reflect these changes, the financial statements of the cumulative first quarter and the fiscal year for the previous fiscal year have been restated.

In the cash flow statement of the cumulative first quarter, the cash flow for the costs of the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) financing activities, and the cash flow for the costs of the acquisition of ownership interests in subsidiaries resulting in change in scope of consolidation or the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) operating activities.

The accounting standards for business combinations have been applied in accordance with the transitional treatment provided in Paragraph 58-2(4) of the *Accounting Standard for Business Combinations*, Paragraph 44-5(4) of the *Accounting Standard for Consolidated Financial Statements*, and Paragraph 57-4(4) of the *Accounting Standard for Business Divestitures*. These standards were applied prospectively from the beginning of the first quarter of the accounting period under review.

As a result, the income before income taxes and minority interests during the first quarter of the accounting period under review decreased by 106 million yen, and the capital surplus at the end of the first quarter of the accounting period under review decreased by 1,298 million yen.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 1Q (As of June 30, 2015)
<b>Assets</b>		
Current Assets		
Cash and deposits	47,420	38,426
Notes and accounts receivable-trade	15,029	12,145
Short-term investment securities	3,000	-
Real estate for sale	61,583	64,532
Real estate for sale in process	237,500	257,546
Land held for development	130,221	114,617
Equity investments	6,316	6,281
Deferred tax assets	5,688	4,035
Other	42,586	42,071
Allowance for doubtful accounts	(47)	(47)
Total current assets	549,300	539,607
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	236,787	234,768
Land	486,436	497,760
Other, net	6,852	6,826
Total property, plant and equipment	730,076	739,355
Intangible assets	10,277	10,285
Investments and other assets		
Investment securities	40,853	41,321
Lease and guarantee deposits	20,487	20,442
Deferred tax assets	14,979	14,974
Other	3,252	5,464
Total investments and other assets	79,572	82,203
Total noncurrent assets	819,926	831,844
Total Assets	1,369,226	1,371,452

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 1Q (As of June 30, 2015)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable-trade	48,662	34,631
Short-term loans payable	151,800	164,200
Commercial papers	-	20,000
Current portion of bonds	3,000	3,000
Income taxes payable	13,097	1,529
Deposits received	25,095	11,758
Deferred tax liabilities	124	196
Provision for bonuses	6,218	3,191
Provision for directors' bonuses	606	151
Provision for loss on business liquidation	83	78
Other	56,498	49,617
Total current liabilities	305,188	288,355
Noncurrent Liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	431,900	443,900
Lease and guarantee deposits received	60,749	61,253
Deferred tax liabilities	60,214	60,376
Deferred tax liabilities for land revaluation	4,116	4,116
Provision for loss on subleasing business	465	434
Net defined benefit liability	11,078	11,045
Other	4,483	4,490
Total noncurrent liabilities	603,007	625,617
Total Liabilities	908,195	913,972
Net Assets		
Shareholders' Equity		
Capital stock	116,188	116,309
Capital surplus	93,518	92,340
Retained earnings	170,069	169,758
Treasury shares	(2)	(2)
Total shareholders' equity	379,774	378,406
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	5,069	5,670
Deferred gains or losses on hedges	78	49
Revaluation reserve for land	7,644	7,644
Foreign currency translation adjustment	61	62
Remeasurements of defined benefit plans	1,431	1,372
Total accumulated other comprehensive income	14,285	14,798
Subscription Rights to Shares	1,563	1,485
Non-Controlling Interests	65,408	62,788
Total Net Assets	461,031	457,479
Total Liabilities and Net Assets	1,369,226	1,371,452

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Three Months from April 1 to June 30, 2015)

(Millions of yen)

	FY2014 1Q (From April 1 to June 30, 2014)	FY2015 1Q (From April 1 to June 30, 2015)
Operating Revenue	113,639	101,887
Operating Cost	79,729	70,389
Operating Gross Profit	33,909	31,497
Selling, General and Administrative Expenses	20,739	20,556
Operating Income	13,169	10,941
Non-Operating Income		
Interest income	18	9
Dividends income	35	86
Equity in earnings of affiliates	17	16
Other	176	56
Total non-operating income	248	168
Non-Operating Expenses		
Interest expenses	2,341	2,045
Other	107	629
Total non-operating expenses	2,449	2,674
Ordinary Income	10,968	8,435
Extraordinary Income		
Gain on sales of noncurrent assets	206	-
Total extraordinary income	206	-
Extraordinary Losses		
Loss on valuation of investment securities	-	280
Total extraordinary losses	-	280
Income before Income Taxes and Minority Interests	11,174	8,154
Income Taxes - Current	2,152	1,312
Income Taxes - Deferred	2,255	1,645
Total Income Taxes	4,408	2,958
Profit	6,766	5,196
Profit Attributable to Non-Controlling Interests	748	729
Profit Attributable to Owners of Parent	6,018	4,467

(Quarterly Consolidated Statements of Comprehensive Income)  
(Three Months from April 1 to June 30, 2015)

(Millions of yen)

	FY2014 1Q (From April 1 to June 30, 2014)	FY2015 1Q (From April 1 to June 30, 2015)
Profit	6,766	5,196
Other Comprehensive Income		
Valuation difference on available-for-sale securities	1,615	603
Deferred gains or losses on hedges	24	(29)
Revaluation reserve for land	(0)	(0)
Foreign currency translation adjustment	-	0
Remeasurements of defined benefit plans, net of tax	85	(58)
Total other comprehensive income	1,725	515
Comprehensive Income	8,491	5,712
(Breakdown)		
Comprehensive income attributable to owners of parent	7,744	4,980
Comprehensive income attributable to non-controlling interests	747	731

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 1Q (From April 1 to June 30, 2014)	FY2015 1Q (From April 1 to June 30, 2015)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes and minority interests	11,174	8,154
Depreciation and amortization	3,757	3,913
Equity in (earnings) losses of affiliates	(17)	(16)
Increase (decrease) in allowance for doubtful accounts	(123)	0
Increase (decrease) in provision for loss on business liquidation	(7)	(5)
Increase (decrease) in provision for loss on subleasing business	(18)	(31)
Increase (decrease) in net defined benefit liability	(57)	(32)
Interest and dividends income	(53)	(95)
Interest expenses	2,341	2,045
Decrease (increase) in notes and accounts receivable-trade	4,510	2,883
Decrease (increase) in inventories	(30,938)	(7,523)
Decrease (increase) in equity investments	606	35
Increase (decrease) in notes and accounts payable-trade	(6,617)	(14,031)
Increase (decrease) in deposits received	4,592	(13,337)
Other, net	(9,900)	(8,607)
Subtotal	(20,752)	(26,647)
Interest and dividends income received	528	95
Interest expenses paid	(2,339)	(1,892)
Income taxes paid	(8,113)	(13,208)
Net cash provided by (used in) operating activities	(30,675)	(41,652)
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(573)	(100)
Proceeds from sales and liquidation of investment securities	549	1,808
Purchase of property, plant and equipment and intangible assets	(7,118)	(15,521)
Proceeds from sales of property, plant and equipment and intangible assets	904	4
Payments for lease and guarantee deposits	(174)	(179)
Proceeds from collection of lease and guarantee deposits	341	435
Repayments of lease and guarantee deposits received	(1,318)	(1,406)
Proceeds from lease and guarantee deposits received	769	1,839
Other, net	(73)	(2,243)
Net cash provided by (used in) investment activities	(6,693)	(15,362)

(Millions of yen)

	FY2014 1Q (From April 1 to June 30, 2014)	FY2015 1Q (From April 1 to June 30, 2015)
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term loans payable	23,500	32,400
Increase (decrease) in commercial papers	5,000	20,000
Repayments of finance lease obligations	(40)	(38)
Proceeds from long-term loans payable	8,000	20,000
Repayment of long-term loans Payable	(26,567)	(28,000)
Proceeds from issuance of bonds	-	9,936
Proceeds from issuance of common stock	6	160
Proceeds from share issuance to non-controlling shareholders	-	56
Cash dividends paid	(3,818)	(4,777)
Dividends paid to non-controlling interests	(376)	(1,464)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(3,253)
Net cash provided by (used in) financing activities	5,703	45,020
Effect of Exchange Rate Change on Cash and Cash Equivalents	-	0
Net Increase (Decrease) in Cash and Cash Equivalents	(31,665)	(11,994)
Cash and Cash Equivalents at Beginning of Period	67,982	50,418
Cash and Cash Equivalents at End of Period	36,317	38,424



(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Segment information

I FY2014 1Q (Three months from April 1 to June 30, 2014)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	66,739	21,528	2,281	5,383	17,500	113,433	205	113,639	-	113,639
Inter-segment	201	521	0	637	1,076	2,437	0	2,437	(2,437)	-
Subtotal	66,941	22,050	2,281	6,021	18,577	115,871	206	116,077	(2,437)	113,639
Segment income or loss	5,803	5,766	1,150	978	569	14,267	(104)	14,163	(993)	13,169

(Notes) 1. The "Other" category includes operating segments that are not included in reportable segments.

2. The deduction of 993 million yen shown in the adjustments column for segment income or loss includes an addition of 13 million yen for the elimination of inter-segment transactions and a deduction of 1,007 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. The segment income or loss is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Impairment loss on noncurrent assets or goodwill by reportable segments

Not applicable.

II FY2015 1Q (Three months from April 1 to June 30, 2015)

1. Information regarding revenue, and income or loss by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in Quarterly Consolidated Statements of Income (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	52,406	21,905	1,766	6,327	19,287	101,692	194	101,887	-	101,887
Inter-segment	152	727	0	237	1,366	2,483	0	2,483	(2,483)	-
Subtotal	52,559	22,632	1,766	6,564	20,653	104,176	194	104,371	(2,483)	101,887
Segment income or loss	2,206	6,857	902	971	778	11,715	(44)	11,671	(729)	10,941

(Notes) 1. The “Other” category includes operating segments that are not included in reportable segments.

2. The deduction of 729 million yen shown in the adjustments column for segment income or loss includes an addition of 333 million yen for the elimination of inter-segment transactions and a deduction of 1,063 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
3. The segment income or loss is reconciled to the operating income stated in the Quarterly Consolidated Statements of Income.

2. Changes in reportable segments

Since the second quarter of the previous accounting period, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment.

In addition, the house leasing business has been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company’s leasing asset portfolio.

Since the first quarter of the accounting period under review, MEGALOS Co., Ltd. which used to be classified in the “Other Business Segment” was transferred to the “Property & Facility Management Business Segment” in order to facilitate comprehensive strategic judgment regarding property management business.

In this regard, the segment information for the first quarter of the previous accounting period has been prepared in accordance with the newly adopted method of cost allocation and segment classification.

3. Impairment loss on noncurrent assets or goodwill by reportable segment

Not applicable.

## (Significant Subsequent Events)

Nomura Real Estate Holdings, Inc. (“NREHD”) and Megalos Co., Ltd. (“Megalos”) resolved at the meetings of the Board of Directors of both companies held today to implement a share exchange (the “Share Exchange”) in which NREHD will become a wholly-owning parent company resulting from share exchange and Megalos will be a wholly-owned subsidiary resulting from share exchange, and executed a share exchange agreement (the “Share Exchange Agreement”) regarding the Share Exchange between NREHD and Megalos as follows.

### 1. Purposes of Making Megalos a Wholly-Owned Subsidiary by way of the Share Exchange

Megalos listed its shares on the Jasdq Securities Exchange operated by Jasdq Co., Ltd. (currently, the JASDAQ Market) in November 2007 for purposes such as securing financing and corporate creditworthiness, increasing corporate recognition, and securing human resource. Since being listed, Megalos has aimed to increase its corporate value by increasing profits in the existing fitness clubs and aggressively opening new clubs.

In recent years, however, Megalos has faced tasks such as intensifying competition due to the increased number of competitor fitness clubs in the fitness market, and changing and diversifying customer needs.

Under those circumstances, NREHD considers that as measures to be taken from the mid-to long-term perspective of Megalos, it is essential to review the fee system of the existing fitness clubs, and to otherwise roll out new clubs as a new model of fitness clubs in response to diversifying customer needs. However, given that such measures would involve temporary decreases in the membership revenue of existing fitness clubs, as well as an increase in investment in the opening of new model fitness clubs, there is a risk of a resulting short-term fall in the operating results of Megalos and uncertainty regarding subsequent profit recovery. Therefore, because it is possible that these measures would not necessarily receive an adequate evaluation in the capital market as measures taken by a listed company, it is also assumed that the share price of the shares of common stock of Megalos may be adversely affected. NREHD also recognizes that in maintaining the listing of Megalos, there is a problem that it may be unable to make quick decisions because it would be necessary to fully verify the validity and effectiveness of those measures.

Given these conditions, NREHD and Megalos determined that it would be possible for Megalos to implement bold measures that may entail a risk of a short-term fall in operating results or uncertainty based on quick decision-making by achieving integrated management of NREHD and Megalos under the relationship of a wholly-owning company and a wholly-owned company, and that it would be possible to achieve acceleration of Megalos’s growth based on mid-to long-term perspectives. NREHD and Megalos also determined that because they could expect to be able to leverage not only Megalos’s strengths but also the comprehensive strength of the integrated group, such integrated management will lead to an increase in the corporate value of Nomura Real Estate Group.

### 2. Overview of the Share Exchange

#### (1) Schedule of the Share Exchange

Resolution date of the meeting of the Board of Directors (NREHD and Megalos)	July 30, 2015
Execution date of the Share Exchange Agreement (NREHD and Megalos)	July 30, 2015
Final trading date (Megalos)	August 28, 2015 (scheduled)
Date of delisting (Megalos)	August 31, 2015 (scheduled)
Effective date of the Share Exchange	September 3, 2015 (scheduled)

#### (2) Method of the Share Exchange

Under the Share Exchange, NREHD will be a wholly-owning parent company resulting from share exchange and Megalos will be a wholly-owned subsidiary resulting from share exchange. The Share Exchange will be implemented without approval by resolution of the shareholders’ meeting of NREHD and Megalos by way of, in the case of NREHD, a simplified share exchange as prescribed in the main text of Article 796, Paragraph 2 of the Companies Act, and in the case of Megalos, a summary share exchange as prescribed in the main text of Article 784, Paragraph 1 of the Companies Act. The effective date of the Share Exchange is scheduled to be September 3, 2015. The effective date of the Share Exchange may be changed upon agreement by NREHD and Megalos.

(3) Allotments in Connection with the Share Exchange

	NREHD (wholly-owning parent company resulting from share exchange)	Megalos (wholly-owned subsidiary resulting from share exchange)
Allotment Ratio in Connection with the Share Exchange	1	0.77
Number of Shares to be Delivered in the Share Exchange	176,167 shares of common stock of NREHD (scheduled)	

(Note 1) Share Allotment Ratios

NREHD will furnish 0.77 shares of common stock of NREHD per share of common stock of Megalos, provided that NREHD will not allot shares in the Share Exchange in connection with shares that NREHD holds, consisting of the shares of common stock of Megalos (3,730,103 shares as of today) at the time (the "Record Time") immediately prior to its acquisition of all of the shares of common stock of Megalos (excluding the shares of common stock of Megalos held by NREHD) by way of the Share Exchange.

(Note 2) Number of Shares of Stock to be Delivered in the Share Exchange

NREHD plans to issue new shares of common stock when it delivers 176,167 shares of common stock of NREHD through the Share Exchange.

Because Megalos resolved at the meeting of the Board of Directors held today to retire all of the treasury shares (including treasury shares acquired through a purchase of shares pertaining to a demand for purchase of shares by a dissenting shareholder as prescribed in Article 785, Paragraph 1 of the Companies Act that may be exercised in relation to the Share Exchange) held by Megalos at the Record Time, the number of shares to be delivered in the Share Exchange described above assumes that such retirement is made. The number of shares to be delivered in the Share Exchange described above may be changed due to, for example, the acquisition of treasury shares of Megalos.

(Note 3) Treatment of Shares of Less Than One Unit

As a result of the Share Exchange, it is expected that new shareholders who hold shares of less than one unit of NREHD will arise. Shares less than one unit cannot be purchased or sold on a financial instruments exchange. All shareholders that come to hold shares less than one unit may participate in any of the buyback program for shares less than one unit in connection with shares of common stock of NREHD. Under this program instituted pursuant to Article 192, Paragraph 1 of the Companies Act, any holder of shares less than one unit may require that NREHD buy back the shares less than one unit held by the shareholder.

(Note 4) Treatment of Fractions of Less Than a Single Share

In association with the Share Exchange, if fractional shares of common stock of less than a single share of NREHD to be delivered in association with the Share Exchange arise, NREHD will deliver to the shareholders of Megalos funds in an amount equivalent to such fractions pursuant to Article 234 of the Companies Act and other relevant laws and ordinances.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Connection with the Share Exchange

NREHD holds all of the stock acquisition rights of Megalos, and will extinguish the stock acquisition rights by waiving all of the stock acquisition rights no later than the day immediately prior to the effective date of the Share Exchange.

Megalos has not issued any bonds with stock acquisition rights.

### 3. Basis for Allotments in Connection with the Share Exchange

#### Basis and Reason for Allotments

NREHD and Megalos made deliberation by reference to the results of the calculation of the share exchange ratio provided by their third-party valuation agents, and further negotiated and discussed with each other by taking into consideration the terms and conditions, and results of the Tender Offer conducted prior to the Share Exchange, the market price level of the shares of common stock of NREHD and other various factors.

Specifically, as a result of deliberation and examination by making reference to the share exchange ratio valuation report received from its financial advisor Nomura Securities on July 30, 2015 and other documents, NREHD determined that the allotment ratio (the “Share Exchange Ratio”) in relation to the Share Exchange described in “2.(3) Allotments in Connection with the Share Exchange” above is appropriate and will not impair the interests of the shareholders of NREHD and Megalos, and concluded that it is appropriate to implement the Share Exchange using the Share Exchange Ratio.

Regarding Megalos on the other hand, as a result of deliberation and examination on the terms and conditions of the Share Exchange, by taking into consideration the details of the share exchange ratio valuation report received from its financial advisor KPMG as a third-party valuation agent on July 30, 2015, legal advice from its legal advisor City Yuwa Partners, the report received from a third-party committee independent of NREHD and Megalos in July 30, 2015 to the effect that it does not deem the Share Exchange disadvantageous to the minority shareholders of Megalos, and other relevant materials, and by taking into consideration the request or other demands for fairness between the Megalos’s shareholders who tendered their shares in the Tender Offer and Megalos’s shareholders who did not tender their shares in the Tender Offer, since the level of the Share Exchange Ratio is reasonable by reference to the share exchange ratio valuation report received from KPMG on July 30, 2015, Megalos determined that the Share Exchange Ratio is not contrary to the interests of the minority shareholders of Megalos and concluded that it is appropriate to implement the Share Exchange using the Share Exchange Ratio.