April 28, 2016

Outline of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2016

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	http://www.nomura-re-hd.co.jp/english/
Representative :	Eiji Kutsukake, President
IR contact :	Naoko Usami, General Manager, Corporate Communications Dept. info@nomura-re-hd.com
Date of general meeting of shareholders :	June 29, 2016
Scheduled starting date for dividend payments:	June 8, 2016
Scheduled submitting date of annual securities report:	June 29, 2016
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 fiscal year from April 1, 2015 to March 31, 2016

(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	%
FY2015	569,545	0.4	80,912	12.5	72,679	14.1	47,182	22.7
FY2014	567,159	6.6	71,894	(3.2)	63,681	(0.6)	38,441	43.2

(Note) Comprehensive income: FY2015 ¥46,084 million (down 7.1%) FY2014 ¥49,603 million (up 95.8%)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income margin on total assets	Operating income margin
	yen	yen	%	%	%
FY2015	246.42	245.40	11.2	5.1	14.2
FY2014	201.28	200.55	10.3	4.7	12.7

(Reference) Equity in net income of affiliated companies: FY2015 ¥16 million FY2014 ¥17 million

(2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Mar. 31, 2016	1,485,449	456,408	29.9	2,320.84
Mar. 31, 2015	1,369,226	461,031	28.8	2,061.86

(Reference) Shareholders' equity: At March 31, 2016 ¥444,854 million At March 31, 2015 ¥394,059 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2015	13,258	(59,714)	53,637	57,591
FY2014	23,837	(32,476)	(8,983)	50,418

II. Dividends

	Dividend per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2014	-	20.00	-	25.00	45.00	8,597	22.4	2.3
FY2015	-	27.50	-	30.00	57.50	11,019	23.3	2.6
FY2016 (Forecast)	-	30.00	-	30.00	60.00		26.7	

(Note) Revision of dividend forecasts during this quarter: Yes

Please see "Notice Concerning Dividend of Retained Earnings," which was released today (April 28, 2016), for information on a revision of the expected dividend.

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2016 to March 31, 2017

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2016	589,000	3.4	76,000	(6.1)	67,000	(7.8)	43,000	(8.9)	224.33

*** Notes**

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

(2) Changes in accounting policies, changes in 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.24 "5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" for more details.

(3) Number of shares issued (common stock)

	At March 31 2016	At March 31 2015
1) Number of shares outstanding (including treasury shares)	191,679,601	191,119,700
2) Treasury shares	1,508	1,206

	From April 1 to March 31 2016	From April 1 to March 31 2015
3) Average number of shares during the term	191,472,373	190,982,951

* Implementation status of auditing procedure

The financial summary and the accompanying materials including the consolidated financial statements are not subject to the review procedure by external auditors that are based on Financial Instruments and Exchange Act.

The review procedure has not yet finished at the point of releasing this financial summary.

* 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 and reasonable 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. For more details of the forecast, please refer to the Appendix P.6 "1. Business Results and Financial Position (1) Business Results 2) Forecasts of financial results for the fiscal year ending March 31, 2017."

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on April 28, 2016 and will be uploaded on the Company's website.

Appendix - Contents

1. Business Results and Financial Position

(1) Business Results

1) Outline of consolidated financial results for the fiscal year under review

Although concern was expressed that the Japanese economy during the consolidated fiscal year under review would be influenced by economic downturn in China and other emerging countries in Asia, company performance was in an improving trend and continued to reveal gradual recovery supported by the government's economic policies and the Bank of Japan's monetary easing policies. While personal consumption is expected to improve along with improvement in the employment and income environment, there is concern about downturns in overseas economies, a situation that contributes to unpredictability in the Japanese economy.

In the housing sales market, although the number of supplied housing units decreased due to an increase in sales prices brought on by high construction costs, demand for housing centering on the properties in and around the Tokyo metropolitan area remained strong, showing steady growth with the help of low interest rates and other favorable factors. In the office market, vacancy rates showed a clear downward trend supported by the expansion of demand through the recovery of business performance and the transfer of offices to improve conditions associated with location; and the rent levels in the Tokyo metropolitan area gradually increased. In the real estate investment market, inflow of investment funds in J-REIT backed by the continuation of low interest rates supported real estate transactions, as did new listings on the market and continuing high capital increase through public offerings.

In this market, the Nomura Real Estate Group posted the following consolidated performance for the fiscal year under review: Operating revenue of 569,545 million yen, which represents an increase of 2,386 million yen, or 0.4% year on year; operating income of 80,912 million yen, an increase of 9,017 million yen, or 12.5%; ordinary income of 72,679 million yen, an increase of 8,998 million yen, or 14.1%; and profit attributable to owners of parent of 47,182 million yen, an increase of 8,740 million yen, or 22.7%.

Profit attributable to owners of parent increased by 2,854 million yen due to the reversal of deferred tax assets and liabilities caused by a reduction of corporate tax rates.

An overview of unit achievements is given below:

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

Nomura Real Estate Wellness Co., Ltd., which was established in April 2015, and MEGALOS Co., Ltd., which had been classified under the "Other Business Unit," were both classified into the "Property & Facility Management Unit" from the first quarter. In addition, NF Power Service Co., Ltd., which was established in December 2015, and newly incorporated in the "Property & Facility Management Unit" from the third quarter to promote business in conjunction with the property and facility management business.

The results of the previous fiscal year are calculated in line with the newly adopted unit classification.

<Residential Development Unit>

Operating revenue in this unit totaled 334,514 million yen, which represents a decrease of 24,882 million yen, or 6.9% year on year, and operating income was 31,909 million yen, a decrease of 1,902 million yen, or 5.6%. In housing sales, while sales prices of recorded housing units increased beyond those in the previous consolidated fiscal year, the number of housing units sold decreased, resulting in decreases in both income and profit. In regard to housing sales, and we posted the sale of 6,006 units (a decrease of 1,015 units year on year), including Toshima Cross Comfort Tower (Shinjuku-ku, Tokyo), Sakurajosui Gardens（Setagaya-ku, Tokyo）, OHANA Hachioji Oak-Court (Hachioji-shi, Tokyo), PROUD CITY Seishin-chuo (Nishi-ku, Kobe, Hyogo) for condominiums, and PROUD SEASON Musashi-koganei Garden Avenue (Kodaira-shi, Tokyo) for detached houses.

The number of sold but not recorded housing units totaled 3,493 units as of the end of the current fiscal year (a decrease of 1,274 units over the end of the previous fiscal year).

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		FY2015	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	5,426 units	270,397	4,721 units	260,494
	Kansai area	1,009 units	37,542	857 units	38,223
	Other	585 units	25,059	427 units	20,078
	Subtotal (Detached houses)	7,021 units (859 units)	332,999 (50,573)	6,006 units (643 units)	318,795 (39,514)
Other			26,397		15,719
Total			359,397		334,514

Housing sales Period-end completed housing inventories

	As of March 31, 2015	As of March 31, 2016
Tokyo metropolitan area	76 units	285 units
Kansai area	13 units	38 units
Other	-	25 units
Total (Detached houses)	89 units (64 units)	349 units (140 units)

Housing sales Sold but not recorded housing units

	As of March 31, 2015		As of March 31, 2016	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	3,924 units	221,375	2,569 units	162,146
Kansai area	497 units	22,746	535 units	26,577
Other	345 units	15,773	389 units	21,235
Total (Detached houses)	4,767 units (51 units)	259,895 (4,438)	3,493 units (74 units)	209,959 (4,613)

<Leasing Unit >

Operating revenue in this unit totaled 110,625 million yen, which represents an increase of 17,746 million yen, or 19.1% year on year, and operating income totaled 32,099 million yen, an increase of 7,651 million yen, or 31.3%.

In the leasing business, the contribution of profit from the Hamamatsu-cho Building (Minato-ku, Tokyo), which was steadily occupied, and an increase in the number of properties sold in the property development business resulted in increases in both income and profit over the previous consolidated fiscal year.

From the second quarter, the classification of the breakdown of operating revenue has been changed. According to this change, the figures for the third quarter and full year results of the previous fiscal year were calculated under the new classification.

Breakdown of operating revenue

	FY2014 (Millions of yen)	FY2015 (Millions of yen)
Leasing (offices)	46,563	49,594
Leasing (retail facilities)	10,323	10,873
Leasing (other)	5,552	5,882
Property development (sale)	12,318	33,260
Property development (leasing)	3,167	3,320
Other	14,953	7,694
Total	92,878	110,625

Rentable area

	As of March 31, 2015	As of March 31, 2016
Offices	822,049 ㎡	829,312 ㎡
Retail facilities	106,580 ㎡	144,815 ㎡
Total	928,628 ㎡	974,127 ㎡

Vacancy rate (offices and retail facilities)

As of March 31, 2015	As of March 31, 2016
4.5%	2.2%

<Investment Management Unit>

Operating revenue in this unit totaled 10,973 million yen, which represents an increase of 1,806 million yen, or 19.7% year on year, and operating income totaled 7,376 million yen, an increase of 2,563 million yen, or 53.3%.

This was mainly due to an increase in acquisition fee associated with the merger of Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc., and Nomura Real Estate Residential Fund, Inc. in October 2015, and dividend from SPC on its property sales.

	FY2014 (Millions of yen)	FY2015 (Millions of yen)
Operating revenue	9,166	10,973

Assets under management

	As of March 31, 2015 (Millions of yen)	As of March 31, 2016 (Millions of yen)
REITs	1,011,029	1,012,630
Private funds, etc.	112,159	61,851
Total	1,123,188	1,074,481

<Property Brokerage & CRE Unit>

Operating revenue in this unit totaled 35,373 million yen, which represents an increase of 5,140 million yen, or 17.0% year on year, operating income totaled 9,900 million yen, an increase of 1,423 million yen, or 16.8%.

Due to increases in the number and amount of property brokerage transactions and property sales, the Property Brokerage & CRE Unit revealed increases in both income and profit over the previous consolidated fiscal year.

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, Nakano Center (Nakano-ku, Tokyo) in October 2015, Kachidoki Center (Chuo-ku, Tokyo) in November 2015, and Hiroo Center (Minato-ku, Tokyo) in January 2016.

Breakdown of operating revenue

	FY2014 (Millions of yen)	FY2015 (Millions of yen)
Property brokerage	25,833	28,028
Other	4,399	7,345
Total	30,232	35,373

Number of transactions and total transaction value of property brokerage

	FY2014	FY2015
Number of transactions	7,174	7,710
Total transaction value (Millions of yen)	710,980	713,574

<Property & Facility Management Unit>

Operating revenue in this unit totaled 90,294 million yen, which represents an increase of 4,456 million yen, or 5.2% year on year, and operating income totaled 5,314 million yen, a decrease of 443 million yen, or 7.7%.

This unit showed an increase in income and decrease in profit compared with the previous consolidated fiscal year. This was due mainly to an increase in retirement benefit expenses while the number of construction orders increased.

In fitness club business, we opened MEGALOS Nakanobu (Shinagawa-ku, Tokyo) in May 2015, Dayos 24 Kita-Ayase (Adachi-ku, Tokyo) in June 2015, Dayos 24 Keio-Hachioji Ekimae (Hachioji-shi, Tokyo) in September 2015, and MEGALOS Ichigaya (Chiyoda-ku, Tokyo) in March 2016.

As of April 1, 2016, Dayos 24 was changed to MEGALOS 24.

Nomura Real Estate Wellness Co., Ltd., which was established in April 2015, and MEGALOS Co., Ltd., which had been classified under the “Other Unit,” were both classified into the “Property & Facility Management Unit” from the first quarter. NF Power Service Co., Ltd. established in December 2015 was newly incorporated into the “Property & Facility Management Unit” from the third quarter. In line with these changes, the breakdown of sales was changed, and the figures for the previous consolidated fiscal year were calculated under the new classification.

Breakdown of operating revenue

	FY2014 (Millions of yen)	FY2015 (Millions of yen)
Property & facility management	49,511	50,662
Construction ordered	21,583	24,636
Fitness club & elderly care	14,742	14,995
Total	85,837	90,294

Number of properties under management

	As of March 31, 2015	As of March 31, 2016
Buildings under management	729	705
Condominiums under management (unit)	155,706	163,036

<Other Unit>

Operating revenue in this unit totaled 1,353 million yen, which represents a decrease of 1,654 million yen, or 55.0% year on year, and operating loss totaled 152 million yen (the previous year was operating loss of 113 million yen).

2) Forecasts of financial results for the fiscal year ending March 31, 2017

<Consolidated>

We expects to post operating revenue of 589,000 million yen, operating income of 76,000 million yen, ordinary income of 67,000 million yen, and profit attributable to owners of parent of 43,000 million yen for the fiscal year ending March 31, 2017.

	FY2016 Forecasts (Millions of yen)	FY2015 (Millions of yen)	Changes (Millions of yen)
Operating revenue	589,000	569,545	19,454
Operating income	76,000	80,912	(4,912)
Ordinary income	67,000	72,679	(5,679)
Profit attributable to owners of parent	43,000	47,182	(4,182)

<Forecasts by units>

The forecasts of operating results for the fiscal year ending March 31, 2017 by units are as follows. Yokohama Business Park Heat and Cooling Supply Co., Ltd., which had been classified under the "Leasing Unit," was transferred to the "Property & Facility Management Unit" to promote business in conjunction with the property and facility management business. In line with this change, the financial results for the fiscal year ended March 31, 2016 and forecasts of the financial results for the fiscal year ending March 31, 2017 are calculated under the new classification.

Operating revenue

	FY2016 Forecasts (Millions of yen)	FY2015 (Millions of yen)	Changes (Millions of yen)
Residential Development	339,000	334,514	4,485
Leasing	121,000	110,226	10,773
Investment Management	8,000	10,973	(2,973)
Property Brokerage & CRE	35,000	35,373	(373)
Property & Facility Management	96,000	91,552	4,447
Other	0	1,353	(1,353)
Adjustments	(10,000)	(14,449)	4,449
Total	589,000	569,545	19,454

Operating income

	FY2016 Forecasts (Millions of yen)	FY2015 (Millions of yen)	Changes (Millions of yen)
Residential Development	30,500	31,909	(1,409)
Leasing	30,500	31,719	(1,219)
Investment Management	4,500	7,376	(2,876)
Property Brokerage & CRE	8,500	9,900	(1,400)
Property & Facility Management	6,000	5,693	306
Other	0	(152)	152
Adjustments	(4,000)	(5,535)	1,535
Total	76,000	80,912	(4,912)

(2) Financial Position

1) Assets, Liabilities and Net Assets

	As of March 31, 2015 (Millions of yen)	As of March 31, 2016 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,369,226	1,485,449	116,223	8.5
Total liabilities	908,195	1,029,041	120,845	13.3
Of which, Interest-bearing debt	616,700	721,900	105,200	17.1
Net assets	461,031	456,408	(4,622)	(1.0)
Shareholders' equity ratio	28.8%	29.9%	-	-
Debt/equity ratio	1.6	1.6	-	-

(Note) Debt/equity ratio = Interest-bearing debt /Shareholder’s equity

Total assets were 1,485,449 million yen, which represents an increase of 116,223 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase in inventories including real estate for sales (an increase of 67,146 million yen) and land (an increase of 37,260 million yen).

Total liabilities totaled 1,029,041 million yen, increased by 120,845 million yen from the end of the previous fiscal year. This was due mainly to an increase of a long-term loans payable (increased by 92,700 million yen) and bonds payable (increase by 30,000 million yen).

Net assets totaled 456,408 million yen, decreased by 4,622 million yen from the end of the previous fiscal year. This was due mainly to a decrease of non-controlling interests (decrease by 55,539 million yen), while retained earnings (an increase of 37,134 million yen) and capital surplus (an increase of 16,324 million yen) increased.

The shareholders' equity ratio was 29.9%, an increase of 1.1 percentage points from the end of the previous fiscal year.

2) Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review totaled 57,591 million yen, which represents an increase of 7,173 million yen year on year.

The state of and factors associated with each cash flow of the fiscal year under review are shown below.

(Cash Flows from Operating Activities)

Net cash provided by (used in) operating activities increased by 13,258 million yen (a decrease of 10,578 million yen year on year). This was mainly due to the recording of income before income taxes and minority interests of 70,974 million yen, despite outflows resulted by the purchase of inventories.

(Cash Flows from Investing Activities)

Net cash provided by (used in) investment activities decreased by 59,714 million yen (a year-on-year decrease of 27,238 million yen). This mainly reflected the purchase of tangible and intangible assets, and the acquisition of shares of subsidiaries accompanied by changes in the scope of consolidation.

(Cash Flows from Financing Activities)

Net cash provided by (used in) financing activities increased by 53,637 million yen (a year-on-year increase of 62,621 million yen). The reason for this was that long-term debt financing counteracted the impact of payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation

(3) Basic Policy regarding Profit Distribution and Dividends for the Current and Next Fiscal Year

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

In light of growth in business performance, the Company is planning an increase in the year-end dividend for the fiscal year ended March 31, 2016 of 2.5 yen per share from the previous forecast to 30 yen per share. Combined with the second quarter-end dividend, the annual dividend per share will be 57.5 yen. In regard to the dividend for the next fiscal year, the second quarter-end and year-end dividends will be 30 yen per share, and the annual dividend will be 60 yen per share.

2. Group Companies

Major business contents of the Nomura Real Estate Group and 28 affiliated companies (22 consolidated subsidiaries, and 6 affiliates and unconsolidated subsidiaries accounted for using the equity method), and consolidated subsidiaries involved in the relevant businesses, as well as the role of said consolidated subsidiaries are given below.

Business contents stated below are the same as the business classifications by a unit.

<Residential Development Business>

・Nomura Real Estate Development Co., Ltd. is engaged in the development and sale of condominiums and detached housing.

・Nomura Real Estate Reform Co., Ltd. is engaged in the remodeling and repair of condominiums and detached housing.

・Prime X. Co., Ltd. is engaged in Internet advertising for the real estate and housing industries.

<Leasing Business>

・Nomura Real Estate Development Co., Ltd. develops, builds and leases office buildings and retail facilities, and engages in the entrusted management of office buildings. The company is also engaged in the development and sale of profitable properties for the real-estate investment market, and the planning and management of construction work.

・NREG TOSHIBA BUILDING Co., Ltd. offers service that spans the development, construction, leasing, and management of office buildings, housing, and retail facilities, etc., as well as consultation on corporate real estate (CRE) utilization, and the development and sale of condominiums.

・Yokohama Business Park Heating and Cooling Supply Co., Ltd. services Yokohama Business Park (Hodogaya-ku, Yokohama, Kanagawa).

・Geo Akamatsu Co., Ltd. is engaged in the design and entrusted management of retail facilities.

・NREG TOSHIBA BUILDING FACILITIES Co., Ltd. offers maintenance and cleaning services for office buildings entrusted by NREG TOSHIBA BUILDING Co., Ltd.

<Investment Management Business>

・Nomura Real Estate Asset Management Co., Ltd. provides investment management services including privately placed real estate funds, real estate investment trusts (REITs), and real estate securitization products. Nomura Real Estate Development Co., Ltd. also has equity interest in the funds managed by Nomura Real Estate Asset Management Co., Ltd.

<Property Brokerage & CRE Business>

・Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Urban Net Co., Ltd. are engaged in real estate brokerage and consulting. Nomura Real Estate Urban Net Co., Ltd. also handles consignment sales for condominium units and detached housing.

<Property & Facility Management Business>

・Nomura Real Estate Partners Co., Ltd. is engaged in the entrusted management of condominiums, office buildings, and educational facilities as well as tenant construction and repair associated with management.

・MEGALOS Co., Ltd. manages fitness clubs.

・Nomura Real Estate Wellness Co., Ltd. is engaged in the development, planning, and operation of housing services for the elderly.

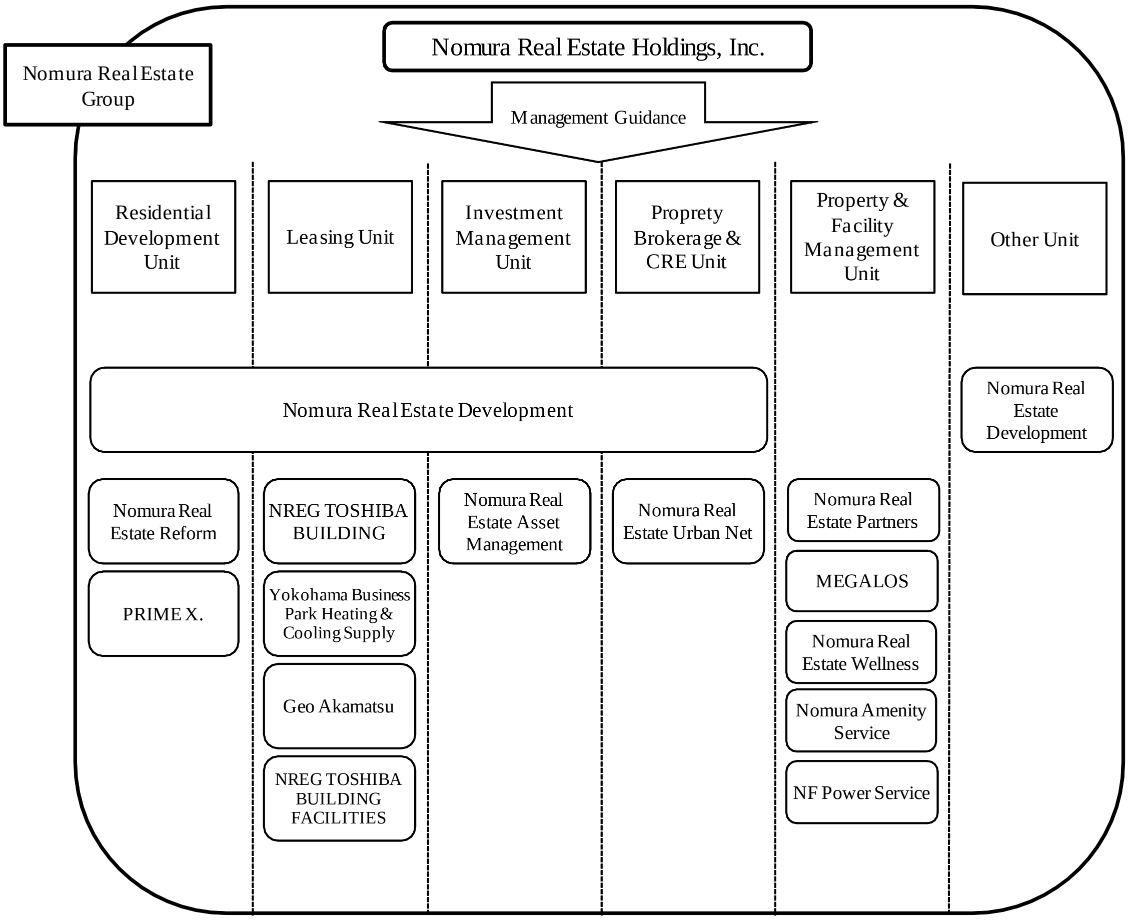
・Nomura Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Real Estate Partners Co., Ltd.

・NF Power Service Co., Ltd. is engaged in the sale, intermediation, and supply of electric energy.

<Other Business>

・Nomura Real Estate Development Co., Ltd. is engaged in the sale and lease of land and buildings.

The matters described above are shown in the following systematic business diagram.



(Note) Yokohama Business Park Heat and Cooling Supply Co., Ltd., which had been classified under the "Leasing Unit," was transferred to the "Property & Facility Management Unit" to promote business in conjunction with the property and facility management business. MEGALOS Co., Ltd. has changed its name to Nomura Real Estate Life & Sports Co., Ltd. as of April 1, 2016.

3. Management Policy

(1) Basic Management Policy

The Nomura Real Estate Group believes that our mission is to continue growing and flourishing with our customers and the society we serve through the development of high-quality social capital essential to quality of life, and the provision of wide ranging real estate services. To achieve this goal, we place a priority on the realization of high proficiency and growth throughout the entire group and increasing corporate value by taking more prominent positions in the markets where group companies are active to achieve synergetic effects.

In line with the Nomura Real Estate Group Principle of *Bringing Tomorrow Today* and the Group Mission of *Delivering the highest quality products and services while giving back to our customers and society*, we treasure each and every encounter, grateful for the opportunity to interact and grow with highly creative people and highly conscious of the dynamism it brings to our group.

(2) Medium-to Long-term Management Strategy, Target Indicators and Issues to be Addressed

The environment surrounding the Group is expected to remain uncertain and unstable into the foreseeable future due to, among other factors, a maturing domestic and a more borderless world economy.

The declining birthrate, aging population, changes in the composition of households, diversification of customer needs, an increase in residential and building properties, and advancing globalization are expected to have a long-term impact on the situation facing the Group.

In view of these circumstances, we have introduced a new mid- to long-term business plan, “Nomura Real Estate Group Mid- to Long-term Business Plan (through 2022/3) - Creating Value through Change -“, one which reflects our growth model and aims to realize sustainable growth throughout the entire organization.

We have set financial goals up to FY25/3 and have deployed growth strategies for their achievement. Meanwhile, the target period is divided into three phases, and the respective milestones are planned for each phase in anticipation of realizing stepwise growth.

- ■ Phase 1: FY17/3 through FY19/3
- ■ Phase 2: FY20/3 through FY22/3
- ■ Phase 3: FY23/3 through FY25/3

◇Our Ideal

Utilizing what people and communities mutually respect to engage in urban development that anticipates the future, and nurturing an affluent time to live in together with communities while creating new value for society

◇Key Strategies

(1) Expand business volume and business domains in the Development Sector

- Realize growth in the housing sales and leasing businesses through expansion of product categories, business areas and business methods.
- Increase both “revenue from property sales,” which also contributes to the improvement of asset efficiency, and stable “rental revenue.”
- Maximum leverage of business methods taking advantage of Group strengths such as complex development and/or large-scale redevelopment centering on metropolitan areas to advance the urban-type Compact Town concept initiative highlighting multifunctionality and superior comfort.

(2) Demonstrate differentiation and a competitive edge in the Service & Management Sector

- Demonstrate a competitive edge through the creation and/or provision of diverse services meeting market needs in the Investment Management Business, the Property Brokerage & CRE Business and the Property & Facility Management Business, as well as through the acquisition of external know-how and M&As to expand business domains.
- Improve asset efficiency and increase business opportunities for development by expanding the fee business to establish a competitive edge in the Service & Management Sector

(3) Increase and reinforce customer base via Group-wide collaboration

- Create synergies through the collaboration of Group companies and different business divisions to provide customers with high value by leveraging the collective strengths of the Group.
- Increase business opportunities and maximize the profit of the entire Group by establishing and enhancing our business base for

customers who continuously select Group products and/or services.

◇Quantitative Goals

Revenue goals:

Phase 1 (FY 19/3) : Operating income 85 billion yen

Phase 2 (FY 22/3) : Operating income 110 billion yen level

Phase 3 (FY 25/3) : Operating income 150 billion yen level, Operating revenue above 1 trillion yen

◇Business Strategy

<Residential Development Business>

— Sustainable growth as a core business by developing businesses compatible with environmental changes—

- Expand market shares and enhance earning power for existing business areas centering on the Tokyo metropolitan district of the housing sales business. Increase business volume by showing a presence in new business areas such as nucleated cities in Japan and overseas.
- Enhance the real estate stock-based business by promoting the customer relationship with the Group's customers.

<Leasing Business>

— Firmly establish the position as an urban developer with its business structuring power capable of forming a diversified product lineup—

- Demonstrate its business structuring power and develop excellent properties for lease with regard to, for example, the complex development through the reinforcement/expansion of the commercial property business and those in the asset-type sectors. (Investment of ¥1.8 trillion within the target period)
- Establish a solid revenue base by combining "Stable rental revenue" via the holding by the company with "Revenue from property sales that would contribute to high asset efficiency" via sales of relevant properties to the Group-affiliated REITs.

<Investment Management Business>

— Expand the stable revenue base primarily focusing on REITs and realize revenue growth through the ongoing supply of new products—

- Realize the growth of REITs by utilizing Nomura Real Estate Asset Management's capacity of managing REITs by taking advantage of its features as a real estate asset management firm and enforcing the Group-wide collaboration system to support its asset management capacity.
- Continually supply new funds that are precisely in tune with investors' needs and realize revenue growth in the private fund business and the stock fund business by strengthening responses to global investment needs.

<Property Brokerage & CRE Business>

— The expansion/enhancement of the business base and the provision of aggressive services compatible with customers' attributes/needs —

- Market share expansion via the reinforcement of face-to-face services and further utilization of ICT in the Retail Sector.
- Customer base expansion thorough customer orientation and the offering of sophisticated CRE proposals in the Wholesale Sector.

<Property & Facility Management Business>

— Expand business base and evolve service menus —

- Expansion of the stock of properties under management with measures such as the strengthening of Group-wide collaboration, customer satisfaction improvement, the evolution of service menus and the increase of asset-type services.
- Evolution of service menus by reinforcing services in highly operational service fields mainly for users.

◇New Initiatives toward Growth Acceleration

<Overseas Business>

— Aggressive expansion of overseas business by leveraging know-how regarding product and service planning nurtured through domestic businesses —

- Conduct housing sales and leasing businesses mainly in Asian countries where real estate–related needs are rising. (Investment of ¥300 billion within the target period)
- Develop asset management and property brokerage businesses to meet cross-border investment needs.

<Senior Citizen and Health-Related Services>

— Provide senior citizen and health-related services to help create desirable environments in which customers can live safe and comfortable lives —

- Develop housing for the elderly and offer secure and comfortable facility operation services with the aim of ensuring residents' health.
- Promote urban development for communities that help senior citizens to live vigorous lives through the provision of resources by the entire Group.

<Public-Private Partnership Business>

— Aggressively promote the PPP/PFI* businesses with the collective strengths of the Group —

- Demonstrate the Group's know-how on development, operation and management to resolve issues at public institutions.
- Contribute to raising the satisfaction of facility users through public service improvements with measures such as responses to the need of sale/enhanced utilization of public land, entrustment for the designated management of public facilities and participation in the public facilities management business (concession).

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

<Energy Management >

— Enhance environmental considerations and customer services by developing energy-related businesses —

- Deploy energy-related businesses such as the solar power generation business, the solar power generation business, the high-voltage bulk electricity supply service for entire condominium and the electricity retailing business.
- Enhance and expand the customer services of the Group including the supply of cheaper electricity to houses and commercial facilities.

<Accelerating Speed of Growth with Strategic Investments>

—Invest ¥200 billion as strategic investment such as M&As and business alliances by the end of the fiscal year ending March 2025—

- Increase business opportunities mainly in the Service & Management Sector and deploy businesses in new domains.
- Demonstrate synergies with existing businesses.
- Acquire external know-how and resources to accommodate recent trends including changes in the social environment and diversification of customer needs.

4. Basic Policies for Selecting Accounting Standards

Nomura Real Estate Group creates consolidated financial statements in accordance with the Japanese standards taking account of comparability of the consolidated financial statements over different accounting periods and between companies. The Group will adopt International Accounting Standards, as appropriate, considering shareholder composition and the movement of other domestic companies in the industry.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Assets		
Current Assets		
Cash and deposits	※2 47,420	※2 57,593
Notes and accounts receivable-trade	15,029	15,371
Short-term investment securities	3,000	-
Real estate for sale	61,583	78,132
Real estate for sale in process	237,500	269,546
Land held for development	130,221	148,729
Equity investments	6,316	819
Deferred tax assets	5,688	5,285
Other	42,586	33,338
Allowance for doubtful accounts	(47)	(38)
Total current assets	549,300	608,779
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures	364,363	374,378
Accumulated depreciation	(127,576)	(139,309)
Buildings and structures, net	※2 236,787	※2 235,068
Land	※4 486,436	※4 523,696
Other	13,821	28,164
Accumulated depreciation	(6,968)	(7,838)
Other, net	6,852	20,325
Total property, plant and equipment	730,076	779,091
Intangible assets	10,277	10,681
Investments and other assets		
Investment securities	※1, ※2 40,853	※1, ※2 45,511
Lease and guarantee deposits	20,487	21,379
Deferred tax assets	14,979	14,840
Other	3,252	5,167
Allowance for doubtful accounts	-	(0)
Total investments and other assets	79,572	86,897
Total noncurrent assets	819,926	876,670
Total Assets	1,369,226	1,485,449

(Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	48,662	51,162
Short-term loans payable	151,800	137,300
Current portion of bonds	3,000	-
Income taxes payable	13,097	13,232
Deposits received	25,095	29,617
Deferred tax liabilities	124	17
Provision for bonuses	6,218	7,073
Provision for directors' bonuses	606	738
Provision for loss on business liquidation	83	61
Other	56,498	49,903
Total current liabilities	305,188	289,107
Noncurrent Liabilities		
Bonds payable	30,000	60,000
Long-term loans payable	431,900	524,600
Lease and guarantee deposits received	※2 60,749	※2 63,766
Deferred tax liabilities	60,214	64,070
Deferred tax liabilities for land revaluation	※4 4,116	※4 3,900
Provision for loss on subleasing business	465	313
Net defined benefit liability	11,078	18,018
Other	4,483	5,264
Total noncurrent liabilities	603,007	739,933
Total Liabilities	908,195	1,029,041
Net Assets		
Shareholders' Equity		
Capital stock	116,188	116,598
Capital surplus	93,518	109,842
Retained earnings	170,069	207,203
Treasury shares	(2)	(3)
Total shareholders' equity	379,774	433,642
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	5,069	6,664
Deferred gains or losses on hedges	78	155
Revaluation reserve for land	※4 7,644	※4 7,861
Foreign currency translation adjustment	61	43
Remeasurements of defined benefit plans	1,431	(3,513)
Total accumulated other comprehensive income	14,285	11,212
Subscription Rights to Shares	1,563	1,685
Non-Controlling Interests	65,408	9,868
Total Net Assets	461,031	456,408
Total Liabilities and Net Assets	1,369,226	1,485,449

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	FY2014 (From April 1,2014 to March 31, 2015)	FY2015 (From April 1,2015 to March 31, 2016)
Operating Revenue	567,159	569,545
Operating Cost	※1, ※3 405,107	※1, ※3 391,571
Operating Gross Profit	162,051	177,973
Selling, General and Administrative Expenses	※2, ※3 90,157	※2, ※3 97,061
Operating Income	71,894	80,912
Non-Operating Income		
Interest income	50	71
Dividends income	1,123	1,007
Equity in earnings of affiliates	17	16
Other	507	459
Total non-operating income	1,699	1,555
Non-Operating Expenses		
Interest expenses	8,851	7,817
Other	1,060	1,970
Total non-operating expenses	9,912	9,787
Ordinary Income	63,681	72,679
Extraordinary Income		
Gain on sales of noncurrent assets	206	-
Dividends distribution from silent partnership associated with impairment loss	2,203	-
Other	137	-
Total extraordinary income	2,547	-
Extraordinary Losses		
Impairment loss	※4 8,170	※4 1,426
Loss on valuation of investment securities	-	278
Total extraordinary losses	8,170	1,705
Income before Income Taxes and Minority Interests	58,058	70,974
Income Taxes - Current	18,069	20,992
Income Taxes - Deferred	(2,664)	824
Total Income Taxes	15,405	21,817
Profit	42,653	49,157
Profit Attributable to Non-Controlling Interests	4,211	1,975
Profit Attributable to Owners of Parent	38,441	47,182

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2014 (From April 1,2014 to March 31, 2015)	FY2015 (From April 1,2015 to March 31, 2016)
Profit	42,653	49,157
Other Comprehensive Income		
Valuation difference on available-for-sale securities	5,764	1,595
Deferred gains or losses on hedges	53	77
Revaluation reserve for land	420	216
Foreign currency translation adjustment	6	(10)
Remeasurements of defined benefit plans, net of tax	689	(4,944)
Share of the other comprehensive income of associates accounted for using equity method	15	(7)
Total other comprehensive income	※1 6,950	※1 (3,073)
Comprehensive Income	49,603	46,084
(Breakdown)		
Comprehensive income attributable to owners of parent	45,386	44,109
Comprehensive income attributable to non-controlling interests	4,216	1,975

(3) Consolidated Statements of Changes in Net Assets

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2014	116,024	93,353	138,971	(2)	348,347
Cumulative effects of changes in accounting policies			1,571		1,571
Restated balance at April 1, 2014	116,024	93,353	140,543	(2)	349,918
Changes of Items during Period					
Issuance of new shares	164	164			329
Dividends of surplus			(7,637)		(7,637)
Profit attributable to owners of parent			38,441		38,441
Purchases of treasury shares					—
Increase due to the increase of consolidated subsidiaries			16		16
Decrease due to the increase of consolidated subsidiaries			(1,293)		(1,293)
Net changes of items other than shareholders' equity					
Total Changes of Items during Period	164	164	29,526	—	29,855
Balance at March 31, 2015	116,188	93,518	170,069	(2)	379,774

	Other Comprehensive Income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2014	(689)	25	7,224	32	742	7,333	1,273	61,742	418,697
Cumulative effects of changes in accounting policies									1,571
Restated balance at April 1, 2014	(689)	25	7,224	32	742	7,333	1,273	61,742	420,268
Changes of Items during Period									
Issuance of new shares									329
Dividends of surplus									(7,637)
Profit attributable to owners of parent									38,441
Purchases of treasury shares									—
Increase due to the increase of consolidated subsidiaries									16
Decrease due to the increase of consolidated subsidiaries									(1,293)
Net changes of items other than shareholders' equity	5,759	53	420	29	689	6,951	290	3,665	10,907
Total Changes of Items during Period	5,759	53	420	29	689	6,951	290	3,665	40,762
Balance at March 31, 2015	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2015	116,188	93,518	170,069	(2)	379,774
Cumulative effects of changes in accounting policies					—
Restated balance at April 1, 2015	116,188	93,518	170,069	(2)	379,774
Changes of Items during Period					
Issuance of new shares	410	410			820
Dividends of surplus			(10,047)		(10,047)
Profit attributable to owners of parent			47,182		47,182
Purchases of treasury shares				(0)	(0)
Increase by share exchanges		374			374
Changes in Parent Ownership Interests regarding the Transactions with Non-controlling Shareholders		15,539			15,539
Net changes of items other than shareholders' equity					
Total Changes of Items during Period	410	16,324	37,134	(0)	53,867
Balance at March 31, 2016	116,598	109,842	207,203	(3)	433,642

(Millions of yen)

	Other Comprehensive Income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2015	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031
Cumulative effects of changes in accounting policies									—
Restated balance at April 1, 2015	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031
Changes of Items during Period									
Issuance of new shares									820
Dividends of surplus									(10,047)
Profit attributable to owners of parent									47,182
Purchases of treasury shares									(0)
Increase by share exchanges									374
Changes in Parent Ownership Interests regarding the Transactions with Non-controlling Shareholders									15,539
Net changes of items other than shareholders' equity	1,595	77	216	(18)	(4,944)	(3,072)	121	(55,539)	(58,490)
Total Changes of Items during Period	1,595	77	216	(18)	(4,944)	(3,072)	121	(55,539)	(4,622)
Balance at March 31, 2016	6,664	155	7,861	43	(3,513)	11,212	1,685	9,868	456,408

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 (From April 1,2014 to March 31, 2015)	FY2015 (From April 1,2015 to March 31, 2016)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	58,058	70,974
Depreciation and amortization	15,258	16,026
Impairment loss	8,170	1,426
Loss (gain) on valuation of investment securities	-	278
Loss (gain) on sales of property, plant and equipment	(206)	-
Equity in (earnings) losses of affiliates	(17)	(16)
Increase (decrease) in allowance for doubtful accounts	(131)	(13)
Increase (decrease) in provision for loss on business liquidation	(29)	(21)
Increase (decrease) in provision for loss on subleasing business	(7)	(152)
Increase (decrease) in net defined benefit liability	(391)	(282)
Interest and dividends income	(1,173)	(1,079)
Interest expenses	8,851	7,817
Decrease (increase) in notes and accounts receivable-trade	(231)	(623)
Decrease (increase) in inventories	(77,796)	(67,146)
Decrease (increase) in equity investments	812	5,497
Increase (decrease) in notes and accounts payable-trade	11,033	2,497
Increase (decrease) in deposits received	15,920	4,522
Other, net	6,309	1,953
Subtotal	44,429	41,658
Interest and dividends income received	1,642	1,064
Interest expenses paid	(9,254)	(7,970)
Income taxes paid	(12,980)	(21,494)
Net Cash Provided by (Used in) Operating Activities	23,837	13,258
Net Cash Provided by (Used in) Investment Activities		
Purchase of investment securities	(1,066)	(3,989)
Proceeds from sales and liquidation of investment securities	1,095	2,907
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(9,692)
Purchase of property, plant and equipment and intangible assets	(38,871)	(50,367)
Proceeds from sales of property, plant and equipment and intangible assets	3,205	308
Payments for lease and guarantee deposits	(632)	(757)
Proceeds from collection of lease and guarantee deposits	1,324	1,502
Repayments of lease and guarantee deposits received	(3,231)	(2,558)
Proceeds from lease and guarantee deposits received	5,365	4,520
Other, net	334	(1,586)
Net Cash Provided by (Used in) Investment Activities	(32,476)	(59,714)

(Millions of yen)

	FY2014 (From April 1,2014 to March 31, 2015)	FY2015 (From April 1,2015 to March 31, 2016)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	16,000	(3,300)
Repayments of finance lease obligations	(154)	(148)
Proceeds from long-term loans payable	102,500	184,000
Repayment of long-term loans Payable	(119,383)	(102,500)
Proceeds from issuance of bonds	9,936	29,820
Redemption of bonds	(10,000)	(3,000)
Proceeds from issuance of common stock	131	426
Proceeds from share issuance to non-controlling shareholders	3	105
Purchase of treasury shares	-	(0)
Cash dividends paid	(7,637)	(10,047)
Dividends paid to non-controlling interests	(379)	(1,465)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(40,253)
Net Cash Provided by (Used in) Financing Activities	(8,983)	53,637
Effect of Exchange Rate Change on Cash and Cash Equivalents	4	(8)
Net Increase (Decrease) in Cash and Cash Equivalents	(17,618)	7,173
Cash and Cash Equivalents at Beginning of Period	67,982	50,418
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	54	-
Cash and Cash Equivalents at End of Period	※1 50,418	※1 57,591

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Basis for Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 22

The names of principal consolidated subsidiaries are listed in "2. Group Companies."

Nomura Real Estate Wellness Co., Ltd. and NF Power Service Co., Ltd. are included in the scope of consolidation due to their establishment within the consolidated fiscal year under review. Toranomon Real Estate Co., Ltd. is also included in the scope of consolidation due to the acquisition of shares. Flagship Building Inc. and Yokohama Mirai 46 Special Purpose Company are excluded from the scope of consolidation due to the completion of liquidation.

(2) Major unconsolidated subsidiaries

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited

(Reason for the exclusion of unconsolidated subsidiaries from the scope of consolidation)

Nonconsolidated subsidiaries are all small companies and the Company's interests in their respective total assets, operating revenue and net income and loss (the amount equivalent to equity shareholdings) as well as retained earnings (the amount equivalent to equity shareholdings) do not significantly affect the Group's consolidated financial statements.

2. Application of Equity Method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 3

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited.

(2) Number of affiliates accounted for by the equity method: 3

Principal affiliates: Ginza Parking Center Co., Ltd.

DNS ASIA INVESTMENT PTE. LTD. and MCNR SY III Limited were newly established in the consolidated fiscal year under review and included under affiliated company accounted for by the equity-method.

(3) Nonconsolidated subsidiaries (Dolphin Ichigou, LLC) are excluded from the scope application of the equity method as they have no material effect on consolidated income and loss (the amount equivalent to equity shareholdings), and retained earnings (the amount equivalent to equity shareholdings), and they are not important as a whole in terms of material influence on consolidated financial statements.

3. Accounting Period, etc. of the Consolidated Subsidiaries

Among consolidated subsidiaries, the date for the closing of accounts of TJ Properties Special Purpose Company is August 31, and the date for the closing of accounts of Toranomon Real Estate Co., Ltd . and UNJ Properties, LLC is December 31. Provisional consolidated financial statements for these companies as of the consolidated closing date are used in the preparation of consolidated financial statements.

Among consolidated subsidiaries, the date for the closing of accounts of Nomura Real Estate Consulting (Beijing) Co., Ltd. and NOMURA REAL ESTATE ASIA PTE. LTD. is December 31. The date for the closing of accounts of Midosuji Mirai Development, LLC, Shinjuku Mirai Development, is February 28. Consolidated 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 take place between the date of the closing of accounts 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

1) Short-term investments and investment securities

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

Available-for-sale securities with market value are stated at fair market value based on market quotations at the balance sheet date.

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

2) Derivatives

Derivatives are stated using the market value method.

3) Inventories

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

(2) Depreciation and amortization method for significant depreciable assets

1) Property and equipment (except for leased assets)

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

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

Buildings and structures 2 to 65 years

2) Noncurrent assets (except for leased assets)

Depreciation of noncurrent assets is computed by the straight-line method.

Costs of software for internal use are amortized using the straight-line method over an estimated useful life of 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. Finance leases, other than those that transfer ownership, which started on or before March 31, 2008, are accounted for as operating leases.

(3) Standards for the provision of significant allowances

1) Allowance for doubtful accounts

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

2) Provision for employee bonuses

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

3) Provision for director bonuses

To prepare for the payment of director bonuses, an amount corresponding to the portion of the bonus payments in the fiscal year under review is reserved.

4) Provision for loss on business liquidation

To prepare for losses in connection with the withdrawal from businesses, an estimated amount of the expenses for losses is reserved.

5) Provision for loss on subleasing business

To prepare for losses on properties that are highly likely to continue arising in the subleasing business, an estimated amount of the losses and an estimated amount for the next fiscal year and after is reserved.

(4) Method of accounting regarding retirement benefits

1) Attribution of estimated retirement benefits

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

2) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over 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 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.

(5) 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 is applied when the outcome of the construction activity during the fiscal year is deemed certain in the course of the activity (percentage of completion is calculated by dividing the related cost incurred by the estimated total cost); otherwise the completed-contract method is applied.

(6) Standards for the translation of important foreign currency-based assets or liabilities into Japanese yen

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

(7) Significant hedge accounting

1) 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.

2) Hedging instruments and hedged items

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

3) Hedge policy

In accordance with internal rules, interest rate swap transactions are conducted to avoid interest rate fluctuation and foreign exchange fluctuation risks.

4) Method for assessing the effectiveness of hedges

The Group evaluates hedge effectiveness by comparing the cumulative changes in market fluctuations or in cash flows of the Hedged items to the corresponding changes in the hedging derivative instruments. However, the Group does not evaluate hedge effectiveness of interest rate swaps for which the Group applies the exceptional treatment.

(8) Amortization of Goodwill

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

(9) Scope of cash in consolidated cash flow statements

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.

(10) Other important matters for the preparation of consolidated financial statements

The tax-exclusion method is used to account for national and local consumption taxes. However, non-deductible consumption taxes on fixed assets are included in "Other" under investments and other assets and amortized over 5 years, non-deductible consumption taxes on land (inventory assets) are included in the acquisition costs, and other non-deductible consumption taxes are expensed as incurred.

(Changes in Accounting Policies)

(Application of the Accounting Standards for Business Combinations)

Since the fiscal year 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 fiscal year 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 annual financial statements for the fiscal year in which the relevant business combinations are executed. The Company has also changed the method of disclosing annual 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 previous fiscal year have been restated.

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 fiscal year under review.

As a result, the income before income taxes and minority interests during the fiscal year under review decreased by 450 million yen, and the capital surplus of the fiscal year under review increased by 15,539 million yen.

In the cash flow statement of fiscal year under review, 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 closing balance of the capital surplus recorded in “Consolidated Statements of Changes in Net Assets” for the consolidated fiscal year under review increased by 15,539 million yen. The impact on net assets per share, net income per share, and diluted net income per share of the consolidated fiscal year under review is minor.

(Notes to Consolidated Balance Sheets)

*1 The following items are related to unconsolidated subsidiaries and affiliates. (Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Investment securities (shares, etc.)	2,169	2,177

*2 Pledged Assets and Secured Liabilities

(1) Pledged assets are as follows. (Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Buildings and structures	210	200

Secured liabilities are as follows. (Millions of yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Lease and guarantee deposits received	52	44

(2) Cash and deposits in the amount of ¥2 million are pledged as collateral for trade payables.

Investment securities in the amount of ¥10 million are pledged as a portion of liabilities of investee companies.

3 Guaranteed obligations

The following are customers for which bank loans, etc. have been guaranteed. (Millions of yen)

FY2014 (As of March 31, 2015)		FY2015 (As of March 31, 2016)	
Customers using housing loans	56,902	Customers using housing loans	58,400
Joint operators of EBS buildings	676	Joint operators of EBS buildings	608
Total	57,579	Total	59,008

*4 Under the "Law Concerning Revaluation Reserve for Land" (Act No. 34 promulgated on March 31, 1998), the Company revalued its land held for business use. The tax amount for the difference between the appraisal value and the carrying amount is accounted for as "Deferred tax liabilities for land revaluation" in Noncurrent Liabilities and the difference net of such tax amount is recorded as "Revaluation reserve for land" in Net Assets.

・Method of revaluation:

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

・Date of revaluation: March 31, 2002

(Notes to Consolidated Statements of Income)

*1 Closing inventory is the amount after devaluation of the book value in connection with decline in profitability, and the following valuation loss is included in the cost of goods sold. (Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
	171	3

*2 The following are the major items and amounts of selling expenses and general and administrative expenses. (Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Advertising expenses	22,456	22,607
Employees' salaries and allowances	27,494	29,444
Provision for bonuses	5,245	5,943
Provision for directors' bonuses	590	738
Retirement benefit expenses	1,716	1,728
Provision of allowance for doubtful accounts	5	26

*3 "Research and development expenses" included in "selling, general and administrative expenses" and in "operating cost" are shown below.

(Millions of yen)

FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
194	84

*4 Impairment Loss

The Group recognized impairment loss on the following groups of assets.

FY2014 (From April 1, 2014 to March 31, 2015)

Primary use	Type	Location
Leased assets Others (4 locations in total)	Buildings Land Tangible fixed assets–others	Shinagawa-ku, Tokyo and other locations

Assets of the Group are grouped into the smallest unit that generates identifiable cash flows that are largely independent of cash flows from other assets or groups of assets. The headquarters building and certain other assets are considered to be shared assets.

As a result, with respect to four groups of assets the profitability of which has dropped significantly due to the deterioration of the market conditions and the decline in rent level or that the Group plans to sell, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized as an extraordinary loss of ¥8,170 million for the fiscal year ended March 31, 2015.

The impairment loss is broken down into an impairment loss of ¥7,591 million on land and an impairment loss of ¥578 million on buildings and others.

The recoverable amount of these groups of assets is measured at the net realizable value and the net realizable value is determined based on the expected sales price and the appraisal value provided by real estate appraisers.

FY2015 (From April 1, 2015 to March 31, 2016)

Primary use	Type	Location
Stores, leased assets Others (5 locations in total)	Buildings Land Tangible fixed assets–others	Shibuya-ku, Tokyo and other locations

Assets of the Group are grouped into the smallest unit that generates identifiable cash flows that are largely independent of cash flows from other assets or groups of assets. The headquarters building and certain other assets are considered to be shared assets.

As a result, with respect to five groups of assets the profitability of which has dropped significantly due to the changes of usage, the deterioration of the market conditions and the decline in rent level or that the Group plans to sell, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized as an extraordinary loss of ¥1,426 million for the fiscal year ended March 31, 2016.

The impairment loss is broken down into an impairment loss of ¥561 million on building and an impairment loss of ¥864 million on land and others.

The recoverable amount of these groups of assets is measured at the net realizable value or the value in use and determination of the net realizable value is based on the expected sales price and the appraisal value provided by real estate appraisers. The value in use was assessed by setting the recoverable value at zero based on an expected negative future cash flow.

(Notes to Consolidated Statements of Comprehensive Income)

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

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Valuation Difference on Available-for-Sale Securities:		
Amount recognized during the year	9,587	2,877
Amount of recycling	(998)	(771)
Before income tax effect	8,588	2,106
Income tax effect	(2,824)	(511)
Valuation difference on available-for-sale securities	5,764	1,595
Deferred Gains or Losses on Hedges:		
Amount recognized during the year	87	148
Amount of recycling	(10)	(39)
Before income tax effect	76	109

Income tax effect	(23)	(31)
Deferred gains or losses on hedges	53	77
Revaluation Reserve for Land:		
Income tax effect	420	216
Foreign Currency Translation Adjustment:		
Amount recognized during the year	6	(10)
Amount of recycling	-	-
Before income tax effect	6	(10)
Income tax effect	-	-
Foreign currency translation adjustment	6	(10)
Remeasurements of Defined Benefit Plans:		
Amount recognized during the year	972	(6,850)
Amount of recycling	14	(351)
Before income tax effect	987	(7,201)
Income tax effect	(297)	2,257
Remeasurements of defined benefit plans	689	(4,944)
Share of Other Comprehensive Income of Affiliates Accounted for Using the Equity Method:		
Amount recognized during the year	21	(12)
Amount of recycling	-	-
Before income tax effect	21	(12)
Income tax effect	(5)	5
Share of other comprehensive income of affiliates accounted for using the equity method	15	(7)
Total Other Comprehensive Income	6,950	(3,073)

(Notes to Consolidated Statements of Changes in Net Assets)

FY2014 (From April 1, 2014 to March 31, 2015)

1. Type and number of shares issued and treasury shares

	Number of shares as of April 1, 2014 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2015 (Thousand shares)
Shares issued				
Common stock (Note) 1	190,906	212	-	191,119
Total	190,906	212	-	191,119
Treasury shares				
Common stock	1	-	-	1
Total	1	-	-	1

(Notes) 1. The total number of issued shares among common shares increased by 212 thousand shares as the result of the exercise of stock options.

2. Matters concerning stock acquisition rights including treasury stock acquisition rights

Classification	Breakdown of stock acquisition rights	Class of shares subject to the stock acquisition rights	Total number of shares subject to the stock acquisition rights				Balance at March 31, 2015 (Millions of yen)
			As of April 1, 2014	Increase	Decrease	As of March 31, 2015	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	1,533
Consolidated subsidiaries	-	-	-	-	-	-	30
Total		-	-	-	-	-	1,563

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 27, 2014 General meeting of shareholders	Common stock	3,818	20	March 31, 2014	June 30, 2014
October 30, 2014 Meetings of the Board of Directors	Common stock	3,819	20	September 30, 2014	December 1, 2014

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

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
June 26, 2015 General meeting of shareholders	Common stock	4,777	Retained earnings	25	March 31, 2015	June 29, 2015

FY2015 (From April 1, 2015 to March 31, 2016)

1. Type and number of shares issued and treasury shares

	Number of shares as of April 1, 2015 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2016 (Thousand shares)
Shares issued				
Common stock (Note) 1	191,119	559	-	191,679
Total	191,119	559	-	191,679
Treasury shares				
Common stock (Note) 2	1	0	-	1
Total	1	0	-	1

(Note) 1. The total number of issued shares among common shares increased by 559 thousand shares as a result of the exercise of stock options (383 thousand shares) and share exchange (176 thousand shares).

2. The total number of treasury shares among common shares increased by 0 thousand shares as the result of the purchase of treasury shares in an amount less than one unit.

2. Matters concerning stock acquisition rights including treasury stock acquisition rights

Classification	Breakdown of stock acquisition rights	Class of shares subject to the stock acquisition rights	Total number of shares subject to the stock acquisition rights				Balance at March 31, 2016 (Millions of yen)
			As of April 1, 2015	Increase	Decrease	As of March 31, 2016	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	1,685

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 26, 2015 General meeting of shareholders	Common stock	4,777	25	March 31, 2015	June 29, 2015
October 29, 2015 Meetings of the Board of Directors	Common stock	5,269	27.50	September 30, 2015	December 1, 2015

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

	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
April 28, 2016 Meetings of the Board of Directors	Common stock	5,750	Retained earnings	30	March 31, 2016	June 8, 2016

(Notes to Consolidated Statement of Cash Flows)

*1. Reconciliation of balance at the end of the period of cash and cash equivalents and items in the Consolidated Balance Sheets.

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Cash and deposits	47,420	57,593
Short-term investment securities	3,000	-
Time deposits with maturities of more than three months	(2)	(2)
Cash and cash equivalents	50,418	57,591

(Real Estate for Rent)

Some of the Company's subsidiaries own rental office buildings and rental retail facilities (including land) in Tokyo and other regions. Other properties used as rental properties includes portions used by the Company and certain consolidated subsidiaries.

The book values in the Consolidated Balance Sheet, changes during the fiscal year, and fair values of real estate, of which some portions are used as rental property, are as follows.

(Millions of yen)

		FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Rental properties			
Book value			
	Balance at the beginning of the fiscal year	676,475	689,655
	Changes during the fiscal year	13,180	48,347
	Balance at the end of the fiscal year	689,655	738,003
Fair value at the end of the fiscal year		735,723	824,257
Other properties used as rental properties			
Book value			
	Balance at the beginning of the fiscal year	25,590	25,336
	Changes during the fiscal year	(253)	662
	Balance at the end of the fiscal year	25,336	25,999
Fair value at the end of the fiscal year		49,530	50,740

(Notes) 1. Book values in the Consolidated Balance Sheet are the amounts determined by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

2. Fair values as of March 31, 2015 and 2016 are determined based primarily on values according to real estate appraisal standards (including adjustments based on certain indexes). However, if there have been no fluctuations in appraisal values or indexes considered to appropriately reflect market values, the Group uses the appraisal values or amounts derived from the indexes of the recent appraisal or acquisition from third parties as the fair values at March 31, 2015 and 2016.

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

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Rental properties		
Operating income	23,230	26,089
Others (gains (losses) on sale of property, etc.)	(5,760)	(186)
Other properties used as rental properties		
Operating income	968	996
Others (gains (losses) on sale of property, etc.)	-	-

(Notes) 1. As real estate of which some portions are used as rental property includes portions used by the Company and certain consolidated subsidiaries for providing services as well as management and administration, operating income for this type of real estate is not recorded.

2. Others include dividends distribution from silent partnership (2,203 million yen) and impairment loss (8,170 million yen) in the fiscal year ended March 31, 2015, and impairment loss (186million yen) in the fiscal year ended March 31, 2016.

(Segment Information)

a. Segment information

1. Segment summary

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

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

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

In addition, MEGALOS Co., Ltd., which had been classified into the "Other Unit", was transferred to the "Property & Facility Management Unit" from the consolidated fiscal year under review to promote business in conjunction with the property and facility management business.

The results of the previous consolidated fiscal year are calculated in line with the newly adopted segment classification.

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

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

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

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	358,490	90,642	9,163	27,934	77,919	564,150	3,008	567,159	-	567,159
Inter-segment	907	2,235	2	2,298	7,918	13,362	0	13,362	(13,362)	-
Subtotal	359,397	92,878	9,166	30,232	85,837	577,513	3,008	580,521	(13,362)	567,159
Segment income or losses	33,811	24,447	4,813	8,477	5,758	77,308	(113)	77,195	(5,300)	71,894
Segment assets	382,585	849,885	40,555	22,606	49,696	1,345,330	2,485	1,347,815	21,411	1,369,226
Other items										
Depreciation	121	13,221	130	303	1,270	15,047	11	15,058	200	15,258
Amortization of goodwill	-	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	31	1,064	275	-	-	1,372	-	1,372	-	1,372
Increase in property, plant and equipment and intangible assets	216	47,039	109	548	986	48,900	18	48,919	(15,023)	33,896

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

2. (1) The deduction of 5,300 million yen shown in the adjustments column for segment income includes an addition of 123 million yen for the elimination of inter-segment transactions and a deduction of 5,177 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.

   (2) The addition of 21,411 million yen shown in the adjustments column for segment assets includes a deduction of 38,450 million yen for the elimination of inter-segment transactions and an addition of 59,861 million yen for corporate assets not allocated to reportable segments.

3. The segment income or losses are reconciled to the operating income stated in the consolidated financial statements.

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	333,874	108,125	10,973	33,238	81,978	568,191	1,353	569,545	-	569,545
Inter-segment	639	2,499	0	2,134	8,316	13,590	0	13,590	(13,590)	-
Subtotal	334,514	110,625	10,973	35,373	90,294	581,781	1,353	583,135	(13,590)	569,545
Segment income or losses	31,909	32,009	7,376	9,900	5,314	86,601	(152)	86,448	(5,536)	80,912
Segment assets	414,812	922,748	36,692	32,047	51,403	1,457,704	1,565	1,459,269	26,180	1,485,449
Other items										
Depreciation	161	13,793	56	336	1,262	15,610	5	15,616	410	16,026
Amortization of goodwill	-	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	67	1,056	0	-	-	1,124	-	1,124	-	1,124
Increase in property, plant and equipment and intangible assets	685	48,348	45	633	872	50,585	6	50,591	1,213	51,805

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

2. (1) The deduction of 5,536 million yen shown in the adjustments column for segment income or losses includes an increase in elimination of intersegment transactions of 1,287 million yen and a deduction of 6,824 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.

(2) The addition of 26,180 million yen shown in the adjustments column for segment assets includes a deduction of 54,974 million yen for the elimination of inter-segment transactions and an addition of 81,155 million yen for corporate assets not allocated to reportable segments.

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

b. Related information

FY2014 (From April 1, 2014 to March 31, 2015)

1. Information by product and service

Information by product and service is omitted as categories or products and services are identical to “a. Segment information,” and “4. Information regarding sales, gains or losses, assets, liabilities, and other amounts by reportable segment.”

2. Information by geographical area

Information by geographical area is omitted because the operating revenue to unaffiliated customers in Japan and tangible fixed assets located in Japan accounted for more than 90% of operating revenue in the consolidated profit-and-loss statement and tangible fixed assets in the consolidated balance sheet, respectively.

3. Information by major customer

Information on each unaffiliated major customer is omitted because sales for each major customer accounted for less than 10% of consolidated operating revenue.

FY2015 (From April 1, 2015 to March 31, 2016)

1. Information by product and service

Information by product and service is omitted as categories or products and services are identical to "a. Segment information," and "3. Information regarding sales, gains or losses, assets, liabilities, and other amounts by reportable segment."

2. Information by geographical area

Information by geographical area is omitted because the operating revenue to unaffiliated customers in Japan and tangible fixed assets located in Japan accounted for more than 90% of operating revenue in the consolidated profit-and-loss statement and tangible fixed assets in the consolidated balance sheet, respectively.

3. Information by major customer

Information on each unaffiliated major customer is omitted because sales for each major customer accounted for less than 10% of consolidated operating revenue.

c. Impairment loss on noncurrent assets by reportable segment

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	1,645	6,099	425	-	8,170

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	186	-	-	1,239	1,426

d. Amortization and unamortized balance of goodwill by reportable segment

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2015	-	3,239	-	-	234	3,473

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2016	-	3,003	-	-	205	3,208

e. Gain on negative goodwill by reportable segment

Not applicable.

(Per Share Information)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net assets per share	2,061.86 yen	2,320. 84yen
Net income per share	201.28 yen	246.42yen
Diluted net income per share	200.55 yen	245.40 yen

(Note) The basis for the calculation of net income per share and diluted net income per share is as follows.

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net income per share		
Net income (Millions of yen)	38,441	47,182
Profit attributable to owners of parent	-	-
Profit (loss) attributable to owners of parent available to common shareholders	38,441	47,182
Average number of common stock during the period (Thousand shares)	190,982	191,472
Diluted net income per share		
Adjustment for profit attributable to owners of parent (Millions of yen)	0	-
Of which, difference in changes in equity associated with the stock acquisition rights issued by consolidated subsidiaries (Millions of yen)	0	-
Increase in number of shares of common stock (Thousand shares)	699	795
Of which, stock acquisition rights (Thousand shares)	699	795
Description of potentially dilutive common shares not included in the computation of diluted net income per share because of their anti-dilutive effect	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2008 (Total number of rights: 1,390) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Total number of rights: 3,311) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2014 (Total number of rights: 3,523) MEGALOS Co., Ltd. the 2nd Stock Acquisition Rights in FY2014 (Total number of rights: 350)	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2015 (Total number of rights: 3,809) Nomura Real Estate Holdings, Inc. the 5th Stock Acquisition Rights in FY2015(Total number of rights: 240)

(Significant Subsequent Events)

Not applicable.