



April 25, 2024

Consolidated Financial Results

For the Fiscal Year Ended March 31, 2024

<under Japanese GAAP>

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 principles generally accepted in Japan.

| | |
|--|---|
| Name of company listed : | Nomura Real Estate Holdings, Inc. |
| Shares traded : | TSE |
| Code number : | 3231 |
| URL : | https://www.nomura-re-hd.co.jp/english/ |
| Representative : | Satoshi Arai, President and Representative Director |
| Inquiries: | Hidehiro Sasaki, General Manager, Corporate Communications Dept. |
| Email: | nrehd-ir@nomura-re.co.jp |
| Scheduled date of Ordinary General Meeting of Shareholders: | June 21, 2024 |
| Scheduled starting date for dividend payments: | June 3, 2024 |
| Scheduled submitting date of securities report: | June 21, 2024 |
| Preparation of explanatory materials for financial results : | Yes |
| Information meetings arranged related to financial results : | Yes (for institutional investors and analysts, in Japanese) |

(Values of less than one million yen rounded down)

I. Consolidated operating results for the fiscal year from April 1, 2023 to March 31, 2024

(1) Consolidated business results

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

| Fiscal year ended | Operating revenue | | Operating profit | | Business profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-------------------|------|------------------|------|-----------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Mar. 31, 2024 | 734,715 | 12.2 | 112,114 | 12.6 | 113,665 | 8.1 | 98,248 | 4.4 | 68,164 | 5.6 |
| Mar. 31, 2023 | 654,735 | 1.5 | 99,598 | 9.2 | 105,172 | 13.4 | 94,121 | 14.0 | 64,520 | 16.6 |

(Note) Comprehensive income: Fiscal year ended March 31, 2024 : 66,548 million yen (down 1.1%)

Fiscal year ended March 31, 2023 : 67,294 million yen (up 14.4%)

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

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit margin on total assets | Operating profit margin |
|-------------------|--------------------------|----------------------------|------------------|--|-------------------------|
| | Yen | Yen | % | % | % |
| Mar. 31, 2024 | 392.29 | 391.57 | 10.1 | 4.5 | 15.3 |
| Mar. 31, 2023 | 365.26 | 364.35 | 10.1 | 4.5 | 15.2 |

(Reference) Share of profit (loss) of entities accounted for using equity method: Fiscal year ended March 31, 2024 : 1,035 million yen

Fiscal year ended March 31, 2023 : 4,872 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------|-----------------|-----------------|----------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| Mar. 31, 2024 | 2,251,456 | 692,440 | 30.7 | 4,002.79 |
| Mar. 31, 2023 | 2,110,693 | 655,737 | 31.0 | 3,756.30 |

(Reference) Shareholders' equity: As of March 31, 2024: 690,930 million yen As of March 31, 2023: 653,307 million yen

(3) Consolidated cash flows

| | Cash flows from (used in) operating activities | Cash flows from (used in) investing activities | Cash flows from (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|--|--|--|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Mar. 31, 2024 | 70,878 | (83,638) | 39,921 | 53,811 |
| Mar. 31, 2023 | (42,809) | (62,896) | 65,675 | 27,770 |

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 | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Mar. 31, 2023 | - | 55.00 | - | 65.00 | 120.00 | 21,451 | 32.9 | 3.3 |
| Mar. 31, 2024 | - | 65.00 | - | 75.00 | 140.00 | 24,707 | 35.7 | 3.6 |
| Mar. 31, 2025 (Forecast) | - | 82.50 | - | 82.50 | 165.00 | | 40.7 | |

(Note) The total amount of dividends includes the amount of dividends paid to the executive compensation BIP (Board Incentive Plan) trust and the ESOP (Employee Stock Ownership Plan) trust for granting stock (403 million yen in the fiscal year ended March 31, 2023 and 428 million yen in the fiscal year ended March 31, 2024).

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2024 to March 31, 2025

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

| | Operating revenue | | Operating profit | | Business profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|----------------------------------|-------------------|-----|------------------|-----|-----------------|-----|-----------------|-----|---|-----|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending Mar. 31, 2025 | 790,000 | 7.5 | 114,000 | 1.7 | 118,000 | 3.8 | 100,000 | 1.8 | 70,000 | 2.7 | 405.53 |

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions + gain or loss on sale of equity interest in project companies (*1) in the Overseas Business Unit

*1 They refer to SPCs, etc. which are mainly engaged in holding/development of real estate.

*2 "Gain or loss on sale of equity interest in project companies in the Overseas Business Unit" will be added to the existing definition of business profit. The change to this definition will be applied from the fiscal year ending March 31, 2025.

*3 The rate of changes from previous fiscal year in business profit for the previous fiscal year has also been calculated based on this definition.

*** 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. : None
- 2) Changes in accounting policies other than the above : None
- 3) Changes in accounting estimates : None
- 4) Restatements : None
- (3) Number of shares issued (common stock)

| | As of Mar. 31 | As of Mar. 31 |
|---|-------------------|-------------------|
| | 2024 | 2023 |
| 1) Number of shares issued at end of period (including treasury shares) | 183,268,237 | 182,938,437 |
| 2) Treasury shares at end of period | 10,656,043 | 9,015,395 |
| | Fiscal year ended | Fiscal year ended |
| | March 31, 2024 | March 31, 2023 |
| 3) Average number of shares outstanding during the period | 173,759,940 | 176,640,837 |

(Note) The number of treasury shares at end of each period includes the shares of Nomura Real Estate Holdings, Inc. (the “Company”) owned by BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust (3,053,251 shares as of March 31, 2024 and 3,553,057 shares as of March 31, 2023). The Company’s share owned by executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust are included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period (3,191,847 shares in the fiscal year ended March 31, 2024 and 3,018,085 shares in the fiscal year ended March 31, 2023).

* This Consolidated Financial Results is not required to be audited by certified public accountants or audit corporations.

* Proper use of forecasts of operating results, and other special matters

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to “1. Business Results and Financial Position (4) Consolidated Operating Result Forecasts” on page 8 of the Attachments.

(How to obtain the fact sheets)

The fact sheets will be disclosed on TDnet on April 25, 2024 and will be uploaded on the Company’s website.

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1. Business Results and Financial Position

(1) Business Results

During this fiscal year, the Japanese economy continued on a gradual recovery trend mainly due to an improvement in the employment/personal income environment and effects of various policies.

Regarding the real estate market conditions, in the housing sales market, while the annual number of housing units supplied decreased for the second year in a row in the Tokyo metropolitan area, there was a rise in selling prices as a result of continued vigorous demand. As the background of the vigorous demand, it is thought that stable movement of housing loan rates, rising household income of buyers due to an increase in double-income households, etc., and other factors brought about effects. In the leasing office market, vacancy rates improved chiefly in the central areas of Tokyo with demand for higher value-added offices in line with the diversification of work styles. In addition, the retail and hotel market, which had been severely affected by the COVID pandemic so far, service consumption and inbound demand recovered due to restrictions on movement and entry into Japan being largely lifted. In the real estate investment market, although long-term interest rates were on a gradually rising trend in Japan, the volume of property transactions remained strong due to a continued good fund procurement environment and strong appetite for investment by investors, and the size of the market continued to grow. Moreover, the brokerage market for used houses continued robustly, with the number of transactions for used condominiums in the Tokyo metropolitan area proceeding at a high level and transaction prices continuing to rise, etc. due to strong demand.

In this business environment, the Nomura Real Estate Group (the “Group”) posted the following business results for this fiscal year: Operating revenue of 734,715 million yen, which represents an increase of 79,979 million yen, or 12.2% year on year; operating profit of 112,114 million yen, an increase of 12,516 million yen, or 12.6%; business profit of 113,665 million yen, an increase of 8,493 million yen, or 8.1%; ordinary profit of 98,248 million yen, an increase of 4,127 million yen, or 4.4%; and profit attributable to owners of parent of 68,164 million yen, an increase of 3,643 million yen, or 5.6%.

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

An overview of business unit achievements is given below:

- (Notes) 1. Operating revenue for each business unit includes internal sales and transfer amount among business units.
2. Total figures may not match due to the rounding of fractions.
3. As of April 1, 2023, the merger has been carried out with PRIME X Co., Ltd. being the surviving company and Musashi Co., Ltd.

<Residential Development Business Unit>

Operating revenue in this Business Unit totaled 351,812 million yen, which represents an increase of 49,332 million yen, or 16.3% year on year, and business profit totaled 40,848 million yen, an increase of 7,514 million yen, or 22.5% year on year, resulting in an increase in operating revenue and an increase in business profit compared with the previous fiscal year.

This was mainly due to an increase in revenue from property sales.

In regard to housing sales, 4,298 units were recorded as sales (an increase of 156 units year on year), including PROUD TOWER Meguro MARC (Shinagawa-ku, Tokyo), PROUD CITY Toyoda Tamadaira-no-Mori (Hino-shi, Tokyo), PROUD CITY Otsukyo (Otsu-shi, Shiga) for condominiums, and PROUD SEASON Hikarigaoka Grace (Nerima-ku, Tokyo) for detached housings.

The number of housing contracted but not recorded as sales was 3,461 units as of the end of this fiscal year (a decrease of 358 units year on year) and the contract progress rate against the scheduled housings sales for the next fiscal year was 72.5% at the beginning of the fiscal year ending March 31, 2025.

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

Breakdown of operating revenue

| | | FY2022 (From April 1, 2022 to March 31, 2023) | | FY2023 (From April 1, 2023 to March 31, 2024) | |
|-----------------------|--------------------------------|---|--|---|--|
| | | Housing units sold | Operating revenue (Millions of yen) | Housing units sold | Operating revenue (Millions of yen) |
| Housing sales | Tokyo metropolitan area | 2,718 units | 199,905 | 3,069 units | 220,858 |
| | Kansai area | 650 units | 34,730 | 582 units | 32,304 |
| | Other | 773 units | 39,025 | 647 units | 29,825 |
| | Subtotal (Detached housing) | 4,142 units (353 units) | 273,662 (25,186) | 4,298 units (385 units) | 282,988 (31,537) |
| Rental housing (Note) | | - | 8,603 | - | 35,644 |
| Senior / Other | | - | 20,214 | - | 33,179 |
| Total | | - | 302,480 | - | 351,812 |

(Note) Rental Housing refers to properties developed for real estate investment market.

Housing sales period-end completed housing inventory (released for sale)

| | As of March 31, 2023 | As of March 31, 2024 |
|-----------------------------|------------------------|------------------------|
| Tokyo metropolitan area | 119 units | 133 units |
| Kansai area | 43 units | 52 units |
| Other | 60 units | 62 units |
| Total (Detached housing) | 222 units (0 units) | 248 units (2 units) |

Housing sales period-end completed housing inventory (unreleased)

| | As of March 31, 2023 | As of March 31, 2024 |
|-----------------------------|------------------------|------------------------|
| Total (Detached housing) | 199 units (0 units) | 279 units (2 units) |

Housing sales contracted but not recorded as housing sales

| | As of March 31, 2023 | | As of March 31, 2024 | |
|-----------------------------|----------------------------|---|----------------------------|---|
| | Housing units | Outstanding contract amount (Millions of yen) | Housing units | Outstanding contract amount (Millions of yen) |
| Tokyo metropolitan area | 2,968 units | 251,819 | 2,800 units | 283,445 |
| Kansai area | 421 units | 23,501 | 266 units | 15,385 |
| Other | 429 units | 21,090 | 394 units | 23,047 |
| Total (Detached housing) | 3,819 units (205 units) | 296,411 (15,810) | 3,461 units (153 units) | 321,878 (22,011) |

<Commercial Real Estate Business Unit>

Operating revenue in this Business Unit totaled 223,752 million yen, which represents an increase of 24,442 million yen, or 12.3% year on year; and business profit totaled 49,976 million yen, an increase of 10,447 million yen, or 26.4% year on year, resulting in an increase in operating revenue and an increase in business profit compared with the previous fiscal year.

This was mainly due to an increase in revenue from property sales.

Breakdown of operating revenue

| | FY2022 (From April 1, 2022 to March 31, 2023) (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) |
|--|--|--|
| Leasing (offices) | 41,191 | 37,756 |
| Leasing (retail facilities) | 16,195 | 16,414 |
| Leasing (other) | 3,323 | 3,128 |
| Property for sales (sale) (Note) | 97,471 | 115,517 |
| Property for sales (leasing) (Note) | 16,786 | 17,422 |
| Fitness | 15,040 | 16,113 |
| Other | 9,301 | 17,399 |
| Total | 199,309 | 223,752 |

(Note) Property for sales refers to properties such as office building, retail facility and logistic facility developed for real estate investment market.

Net lettable area

| | As of March 31, 2023 | As of March 31, 2024 |
|-----------------|------------------------|------------------------|
| Office | 538,982 m ² | 523,371 m ² |
| Retail facility | 158,102 m ² | 158,137 m ² |
| Total | 697,085 m ² | 681,509 m ² |

Vacancy rate (offices and retail facilities)

| As of March 31, 2023 | As of March 31, 2024 |
|----------------------|----------------------|
| 4.8% | 4.4% |

<Overseas Business Unit>

Operating revenue in this Business Unit totaled 4,616 million yen, which represents a decrease of 2,153 million yen, or 31.8% year on year, and business loss totaled 357 million yen (business profit of the previous fiscal year was 7,288 million yen), resulting in decreases in both operating revenue and business profit compared with the previous fiscal year. Share of profit (loss) of entities accounted for using equity method included in business profit in this Business Unit was 851 million yen.

Breakdown of operating revenue

| | FY2022 (From April 1, 2022 to March 31, 2023) (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) |
|---------------|--|--|
| Housing sales | 5,876 | 3,359 |
| Leasing | 657 | 536 |
| Other | 235 | 720 |
| Total | 6,770 | 4,616 |

<Investment Management Business Unit>

Operating revenue in this Business Unit totaled 14,356 million yen, which represents an increase of 724 million yen, or 5.3% year on year, and business profit totaled 8,571 million yen, an increase of 481 million yen, or 6.0% year on year, resulting in increases in both operating revenue and business profit compared with the previous fiscal year.

| | FY2022 (From April 1, 2022 to March 31, 2023) (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) |
|-------------------|--|--|
| Operating revenue | 13,632 | 14,356 |

Assets under management

| | | As of March 31, 2023 (Millions of yen) | As of March 31, 2024 (Millions of yen) |
|---------------------------|----------------------------|---|---|
| Domestic asset manager | REITs | 1,465,984 | 1,557,617 |
| | Private funds, etc. (Note) | 252,957 | 246,546 |
| Overseas asset manager | | 238,735 | 218,442 |
| Total | | 1,957,676 | 2,022,606 |

(Note) Private funds, etc. include assets under management of Nomura Real Asset Investment Co., Ltd. based on the Company's equity stake. The assets under management of Nomura Real Asset Investment Co., Ltd. totaled 89,741 million yen as of the end of this fiscal year.

<Property Brokerage & CRE Business Unit>

Operating revenue in this Business Unit totaled 49,588 million yen, which represents an increase of 1,888 million yen, or 4.0% year on year, and business profit totaled 13,447 million yen, a decrease of 375 million yen, or 2.7% year on year, resulting in an increase in operating revenue and a decrease in business profit compared with the previous fiscal year.

Breakdown of operating revenue

| | FY2022 (From April 1, 2022 to March 31, 2023) (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) |
|----------------------|--|--|
| Property brokerage | 45,257 | 47,750 |
| (retail business) | (24,071) | (25,670) |
| (middle business) | (9,613) | (11,889) |
| (wholesale business) | (11,571) | (10,190) |
| Other | 2,442 | 1,838 |
| Total | 47,700 | 49,588 |

The classification of property brokerage is as follows.

*Retail business: Real estate brokerage business for individuals

*Middle business: Real estate brokerage business for small and midsize companies, business owners, some individual investors and high net worth individuals

*Wholesale business: Real estate brokerage business for large corporations, funds and overseas investors

Number of transactions and transaction value of property brokerage

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|---|---|---|
| Number of transactions | 9,985 | 10,204 |
| Total transaction value (Millions of yen) | 1,060,313 | 1,221,849 |

<Property & Facility Management Business Unit>

Operating revenue in this Business Unit totaled 108,190 million yen, which represents an increase of 2,716 million yen, or 2.6% year on year, and business profit totaled 10,088 million yen, an increase of 209 million yen, or 2.1% year on year, resulting in increases in both operating revenue and business profit compared with the previous fiscal year.

Breakdown of operating revenue

| | FY2022 (From April 1, 2022 to March 31, 2023) (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) |
|--------------------------------|--|--|
| Property & facility management | 59,502 | 60,817 |
| Construction ordered | 39,875 | 41,067 |
| Other | 6,096 | 6,305 |
| Total | 105,474 | 108,190 |

Number of properties under management

| | As of March 31, 2023 | As of March 31, 2024 |
|----------------------------------|----------------------|----------------------|
| Buildings under management | 782 | 794 |
| Housings under management (unit) | 189,574 | 193,959 |

<Other>

Operating revenue totaled 280 million yen which represents a decrease of 1 million yen, or 0.6% year on year, and business profit totaled 161 million yen which represents an increase of 13 million yen, or 9.2% year on year.

(2) Financial Position

(Assets, liabilities and net assets)

| | As of March 31, 2023 (Millions of yen) | As of March 31, 2024 (Millions of yen) | Changes (Millions of yen) | Changes |
|-----------------------------------|---|---|------------------------------|---------|
| Total assets | 2,110,693 | 2,251,456 | 140,762 | 6.7% |
| Total liabilities | 1,454,956 | 1,559,015 | 104,059 | 7.2% |
| (Of which, Interest-bearing debt) | (1,121,548) | (1,192,728) | (71,179) | 6.3% |
| Net assets | 655,737 | 692,440 | 36,702 | 5.6% |
| Shareholders' equity ratio | 31.0% | 30.7% | - | - |
| Debt / equity ratio | 1.7 | 1.7 | - | - |

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

Total assets were 2,251,456 million yen, which represents an increase of 140,762 million yen compared to the end of the previous fiscal year. This was mainly because investment securities increased by 36,918 million yen, construction in progress increased by 28,246 million yen, advance payments to suppliers increased by 28,111 million yen, and cash and deposits increased by 25,879 million yen.

Total liabilities were 1,559,015 million yen, which represents an increase of 104,059 million yen compared to the end of the previous fiscal year. This was mainly because interest-bearing debt increased by 71,179 million yen, notes and accounts payable - trade increased by 12,845 million yen, and deposits received increased by 10,296 million yen.

Net assets were 692,440 million yen, which represents an increase of 36,702 million yen compared to the end of the previous fiscal year. This was mainly because retained earnings increased by 45,088 million yen, while the Company acquired treasury shares (decreased by 6,447 million yen).

The shareholders' equity ratio was 30.7%, a decrease of 0.3 percentage point from the end of the previous fiscal year.

(3) Cash Flows

Cash and cash equivalents as of the end of this fiscal year totaled 53,811 million yen, which represents an increase of 26,041 million yen compared to the end of the previous fiscal year.

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

(Cash flows from operating activities)

Net cash provided by (used in) operating activities increased by 70,878 million yen (a year-on-year increase of 113,687 million yen). This was mainly because profit before income taxes of 96,653 million yen was recorded, while income taxes were paid.

(Cash flows from investing activities)

Net cash provided by (used in) investing activities decreased by 83,638 million yen (a year-on-year decrease of 20,741 million yen). This was mainly due to the purchases of property, plant and equipment and intangible assets, and investment securities, despite the sales and liquidation of property, plant and equipment and intangible assets, and investment securities.

(Cash flows from financing activities)

Net cash provided by (used in) financing activities increased by 39,921 million yen (a year-on-year decrease of 25,753 million yen). This was mainly due to the fund procurement by long-term borrowings, despite the payment of dividends and the redemption of bonds.

(4) Consolidated Operating Result Forecasts

<Consolidated Forecasts>

The Group expects the following consolidated results for the fiscal year ending March 31, 2025: Operating revenue of 790,000 million yen; operating profit of 114,000 million yen; business profit of 118,000 million yen; ordinary profit of 100,000 million yen; and profit attributable to owners of parent of 70,000 million yen.

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions + gain or loss on sale of equity interest in project companies (*1) in the Overseas Business Unit

*1 They refer to SPCs, etc. which are mainly engaged in holding/development of real estate.

*2 “Gain or loss on sale of equity interest in project companies in the Overseas Business Unit” will be added to the existing definition of business profit. The change to this definition will be applied from the fiscal year ending March 31, 2025.

*3 Business profit for the fiscal year ended March 31, 2024 has been stated based on this definition.

| | FY2024 (From April 1, 2024 to March 31, 2025) forecast (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) | Changes (Millions of yen) |
|---|--|--|------------------------------|
| Operating revenue | 790,000 | 734,715 | 55,284 |
| Operating profit | 114,000 | 112,114 | 1,885 |
| Business profit | 118,000 | 113,665 | 4,334 |
| Ordinary profit | 100,000 | 98,248 | 1,751 |
| Profit attributable to owners of parent | 70,000 | 68,164 | 1,835 |

<By Business Unit>

Forecasts for the fiscal year ending March 31, 2025 by Business Unit are as follows. From April 2024, hotel operations of Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Hotels Co., Ltd., etc., which had been classified under “Commercial Real Estate Business Unit”, have been reclassified as “Residential Development Business Unit” to promote businesses in an integrated manner with the residential development business. Accordingly, the financial results for the fiscal year ended March 31, 2024 and forecasts of the financial results for the fiscal year ending March 31, 2025 by business unit have been restated as figures after the change of the business unit.

Operating revenue

| | FY2024 (From April 1, 2024 to March 31, 2025) forecast (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) | Changes (Millions of yen) |
|--------------------------------|--|--|------------------------------|
| Residential Development | 380,000 | 359,180 | 20,819 |
| Commercial Real Estate | 240,000 | 216,384 | 23,615 |
| Overseas | 8,000 | 4,616 | 3,383 |
| Investment Management | 15,000 | 14,356 | 643 |
| Property Brokerage & CRE | 52,000 | 49,588 | 2,411 |
| Property & Facility Management | 110,000 | 108,190 | 1,809 |
| Other | 0 | 280 | (280) |
| Adjustments | (15,000) | (17,882) | 2,882 |
| Total | 790,000 | 734,715 | 55,284 |

Business profit

| | FY2024 (From April 1, 2024 to March 31, 2025) forecast (Millions of yen) | FY2023 (From April 1, 2023 to March 31, 2024) (Millions of yen) | Changes (Millions of yen) |
|--------------------------------|--|--|------------------------------|
| Residential Development | 45,000 | 41,541 | 3,458 |
| Commercial Real Estate | 47,000 | 49,283 | (2,283) |
| Overseas | 2,000 | (357) | 2,357 |
| Investment Management | 9,500 | 8,571 | 928 |
| Property Brokerage & CRE | 14,000 | 13,447 | 552 |
| Property & Facility Management | 9,500 | 10,088 | (588) |
| Other | 0 | 161 | (161) |
| Adjustments | (9,000) | (9,070) | 70 |
| Total | 118,000 | 113,665 | 4,334 |

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

As for dividend, the Company set the year-end dividend for the fiscal year ended March 31, 2024 at 75.0 yen per share, which is an increase of 10.0 yen from forecasted. Combined with the second quarter-end dividend, the annual dividend per share is 140.0 yen. As a result, total return ratio during this fiscal year, which included the acquisition of treasury shares, is 46.0%.

Under the Mid- to Long-term Business Plan, which was formulated in April 2022, the Company set a policy of the total return ratio to be 40-50% in Phase 1 (from fiscal year ended March 31, 2023 to fiscal year ending March 31, 2025). In addition, from the fiscal year ending March 31, 2025, the Company has set a policy of setting a level that meets DOE of 4% as the lower limit for annual dividend with the aim of increasing stability of dividends. Based on these policies, in regard to the dividend for the next fiscal year, the Company intends to set both the second quarter-end and the year-end dividend for the fiscal year ending March 31, 2025 at 82.5 yen per share, therefore the annual dividend per share is expected to be 165.0 yen.

(Note) DOE = annual dividend / average shareholders' equity during the period

2. Group Companies

As of the end of this fiscal year, the Group comprises the Company and 97 affiliated companies (45 consolidated subsidiaries, and 52 unconsolidated subsidiaries accounted for using the equity method and affiliates), and the major business contents of the major consolidated subsidiaries are given below.

<Residential Development Business Unit>

- Nomura Real Estate Development Co., Ltd. is engaged in the development and sale of condominiums, detached housing and rental housing and the development of senior housing.
- Nomura Real Estate Wellness Co., Ltd. is engaged in the planning and operation of housings for the elderly.
- Prime X Co., Ltd. is engaged in Internet advertisings.
- First Living Assistance Co., Ltd. provides services aimed at providing assistance to customers concerning their homes arrangements.

<Commercial Real Estate Business Unit>

- Nomura Real Estate Development Co., Ltd. is engaged in the development, leasing and sale of office buildings, retail facilities, logistic facilities and other properties, and also in the entrusted management of office buildings and logistic facilities. The company is also involved in the planning and management of construction work.
- Nomura Real Estate Life & Sports Co., Ltd. is engaged in the management of fitness club business.
- Nomura Real Estate Retail Properties Co., Ltd. is engaged in the design and entrusted management of retail facilities.
- Nomura Real Estate Hotels Co., Ltd. is engaged in the planning and operation of hotels.

<Overseas Business Unit>

- Nomura Real Estate Development Co., Ltd. is engaged in the development and sale of condominiums and detached housing, and the development and leasing of offices buildings and other properties.
- ZEN PLAZA CO., LTD is engaged in leasing business of office building in Vietnam (Ho Chi Minh City).

<Investment Management Business Unit>

- Nomura Real Estate Asset Management Co., Ltd. provides investment management services including real estate investment trusts (REITs), private funds and real estate securitization products.
Nomura Real Estate Development Co., Ltd. has equity interest in the funds managed by Nomura Real Estate Asset Management Co., Ltd.
- Lothbury Investment Management Limited provides investment management services including private funds and real estate securitization products.

<Property Brokerage & CRE Business Unit>

- Nomura Real Estate Solutions Co., Ltd. is engaged in real estate brokerage and consulting business, as well as the insurance agency business.

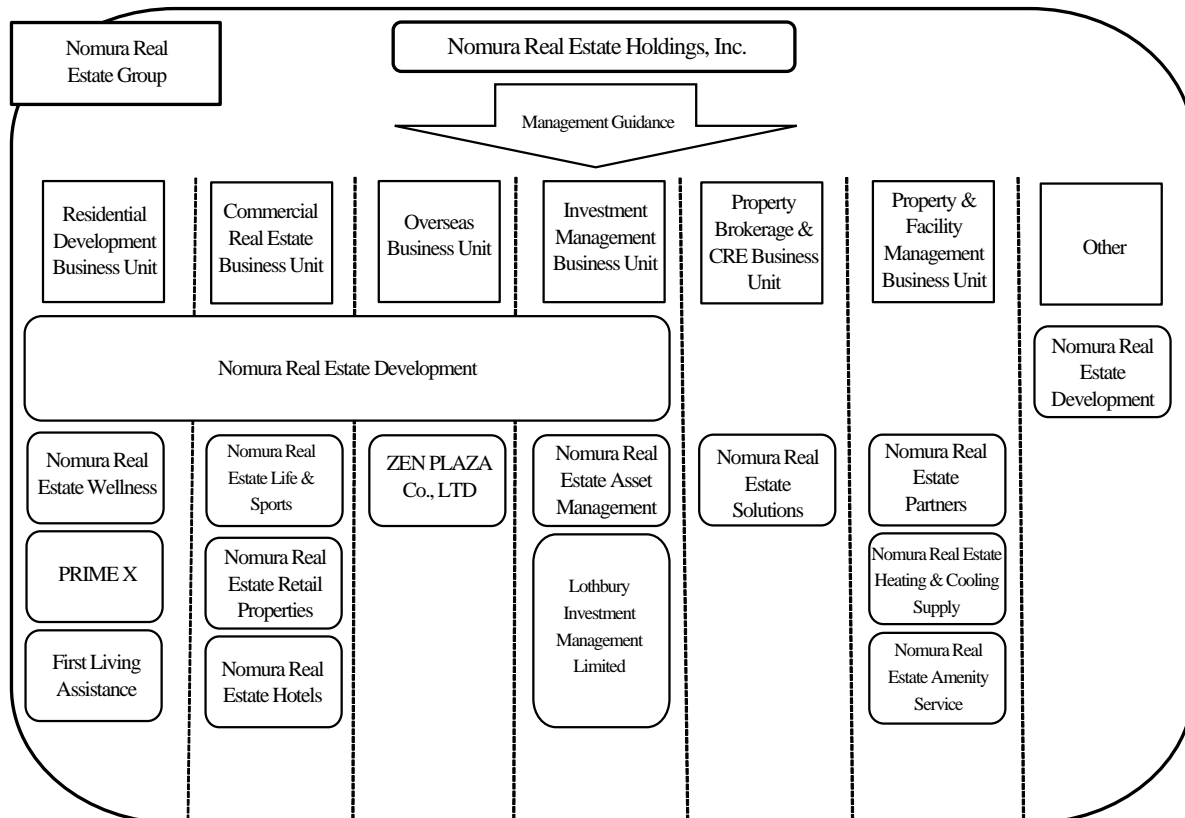
<Property & Facility Management Business Unit>

- Nomura Real Estate Partners Co., Ltd. is engaged in the operation and management of condominiums and office buildings, as well as contracting for repair and tenant works associated with management, and also engages in operations in renovation business.
- Nomura Real Estate Heating and Cooling Supply Co., Ltd. operates a local cooling and heat supply business in Yokohama Business Park (Hodogaya-ku, Yokohama, Kanagawa) and a solar power generation business utilizing logistics facilities managed by the Group.
- Nomura Real Estate Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Real Estate Partners Co., Ltd.

<Other>

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

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



*(Note) From April 2024, hotel operations of Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Hotels Co., Ltd., etc., which had been classified under “Commercial Real Estate Business Unit”, have been reclassified as “Residential Development Business Unit” to promote businesses in an integrated manner with the residential development business.

In addition, as of April 1, 2024, the Company acquired all the shares of UDS Ltd. and classified it under “Residential Development Business Unit.” UDS Ltd. is engaged in a real estate planning, design and construction business, and operation of hotels, etc.

3. Basic Policies for Selecting Accounting Standards

The 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.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 29,063 | 54,942 |
| Notes and accounts receivable - trade, and contract assets | 40,890 | 27,534 |
| Real estate for sale | 447,194 | 499,137 |
| Real estate for sale in process | 368,384 | 340,601 |
| Land held for development | 182,714 | 171,401 |
| Equity investments | 32,320 | 48,014 |
| Other | 81,751 | 115,155 |
| Allowance for doubtful accounts | △14 | △10 |
| Total current assets | 1,182,306 | 1,256,777 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 388,798 | 392,111 |
| Accumulated depreciation | △206,164 | △217,310 |
| Buildings and structures, net | 182,634 | 174,801 |
| Land | 477,013 | 490,547 |
| Other | 63,586 | 93,927 |
| Accumulated depreciation | △16,761 | △18,974 |
| Other, net | 46,824 | 74,953 |
| Total property, plant and equipment | 706,472 | 740,301 |
| Intangible assets | 20,384 | 17,336 |
| Investments and other assets | | |
| Investment securities | 142,031 | 178,949 |
| Leasehold and guarantee deposits | 31,763 | 32,467 |
| Deferred tax assets | 18,756 | 19,367 |
| Other | 8,979 | 6,255 |
| Allowance for doubtful accounts | △0 | △0 |
| Total investments and other assets | 201,529 | 237,039 |
| Total non-current assets | 928,387 | 994,678 |
| Total assets | 2,110,693 | 2,251,456 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 65,805 | 78,651 |
| Short-term borrowings | 117,864 | 97,688 |
| Current portion of bonds payable | 20,000 | 10,000 |
| Income taxes payable | 13,278 | 17,467 |
| Deposits received | 19,686 | 29,983 |
| Provision for bonuses | 11,204 | 12,667 |
| Provision for bonuses for directors (and other officers) | 600 | 564 |
| Provision for loss on business liquidation | 4 | 1 |
| Other | 79,385 | 84,040 |
| Total current liabilities | 327,829 | 331,064 |
| Non-current liabilities | | |
| Bonds payable | 130,000 | 140,000 |
| Long-term borrowings | 853,684 | 945,040 |
| Leasehold and guarantee deposits received | 58,444 | 60,057 |
| Deferred tax liabilities | 45,829 | 42,240 |
| Deferred tax liabilities for land revaluation | 3,903 | 3,906 |
| Provision for share awards | 4,300 | 5,016 |
| Retirement benefit liability | 15,115 | 12,798 |
| Other | 15,849 | 18,892 |
| Total non-current liabilities | 1,127,127 | 1,227,951 |
| Total liabilities | 1,454,956 | 1,559,015 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 119,054 | 119,479 |
| Capital surplus | 115,444 | 115,653 |
| Retained earnings | 427,064 | 472,152 |
| Treasury shares | △25,456 | △31,903 |
| Total shareholders' equity | 636,107 | 675,381 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,755 | 5,309 |
| Deferred gains or losses on hedges | 40 | △4,293 |
| Revaluation reserve for land | 7,868 | 7,876 |
| Foreign currency translation adjustment | 3,348 | 4,576 |
| Remeasurements of defined benefit plans | 186 | 2,079 |
| Total accumulated other comprehensive income | 17,199 | 15,548 |
| Share acquisition rights | 658 | 355 |
| Non-controlling interests | 1,772 | 1,154 |
| Total net assets | 655,737 | 692,440 |
| Total liabilities and net assets | 2,110,693 | 2,251,456 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Operating revenue | 654,735 | 734,715 |
| Operating costs | ※ 1 432,073 | ※ 1 490,250 |
| Operating gross profit | 222,662 | 244,464 |
| Selling, general and administrative expenses | 123,064 | 132,349 |
| Operating profit | 99,598 | 112,114 |
| Non-operating income | | |
| Interest income | 111 | 136 |
| Dividend income | 54 | 78 |
| Share of profit of entities accounted for using equity method | 4,872 | 1,035 |
| Other | 1,011 | 661 |
| Total non-operating income | 6,050 | 1,911 |
| Non-operating expenses | | |
| Interest expenses | 10,221 | 14,093 |
| Other | 1,306 | 1,684 |
| Total non-operating expenses | 11,527 | 15,777 |
| Ordinary profit | 94,121 | 98,248 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 6,873 | 5,983 |
| Total extraordinary income | 6,873 | 5,983 |
| Extraordinary losses | | |
| Impairment losses | 7,911 | 6,537 |
| Loss on building reconstruction | 4,993 | 1,041 |
| Total extraordinary losses | 12,905 | 7,578 |
| Profit before income taxes | 88,088 | 96,653 |
| Income taxes - current | 27,737 | 31,280 |
| Income taxes - deferred | △4,349 | △2,811 |
| Total income taxes | 23,387 | 28,469 |
| Profit | 64,701 | 68,184 |
| Profit attributable to non-controlling interests | 180 | 19 |
| Profit attributable to owners of parent | 64,520 | 68,164 |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Profit | 64,701 | 68,184 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △1,589 | △446 |
| Deferred gains or losses on hedges | 373 | △4,333 |
| Revaluation reserve for land | △0 | △0 |
| Foreign currency translation adjustment | 1,328 | 393 |
| Remeasurements of defined benefit plans, net of tax | 1,667 | 1,892 |
| Share of other comprehensive income of entities accounted for using equity method | 813 | 858 |
| Total other comprehensive income | 2,593 | △1,635 |
| Comprehensive income | 67,294 | 66,548 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 67,073 | 66,505 |
| Comprehensive income attributable to non-controlling interests | 221 | 43 |

(3) Consolidated Statements of Changes in Shareholders' Equity
 FY2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 118,604 | 114,993 | 382,382 | △11,864 | 604,115 |
| Changes during period | | | | | |
| Issuance of new shares | 450 | 450 | | | 901 |
| Dividends of surplus | | | △19,838 | | △19,838 |
| Profit attributable to owners of parent | | | 64,520 | | 64,520 |
| Purchase of treasury shares | | | | △14,325 | △14,325 |
| Disposal of treasury shares | | | | 734 | 734 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | — |
| Reversal of revaluation reserve for land | | | | | — |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes during period | 450 | 450 | 44,681 | △13,591 | 31,992 |
| Balance at end of period | 119,054 | 115,444 | 427,064 | △25,456 | 636,107 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|------------------------------------|------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 7,337 | △332 | 7,868 | 1,254 | △1,481 | 14,646 | 927 | 1,708 | 621,398 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | | | | | | | | | 901 |
| Dividends of surplus | | | | | | | | | △19,838 |
| Profit attributable to owners of parent | | | | | | | | | 64,520 |
| Purchase of treasury shares | | | | | | | | | △14,325 |
| Disposal of treasury shares | | | | | | | | | 734 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | | — |
| Reversal of revaluation reserve for land | | | | | | | | | — |
| Net changes in items other than shareholders' equity | △1,582 | 373 | △0 | 2,093 | 1,667 | 2,552 | △269 | 63 | 2,346 |
| Total changes during period | △1,582 | 373 | △0 | 2,093 | 1,667 | 2,552 | △269 | 63 | 34,338 |
| Balance at end of period | 5,755 | 40 | 7,868 | 3,348 | 186 | 17,199 | 658 | 1,772 | 655,737 |

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 119,054 | 115,444 | 427,064 | △25,456 | 636,107 |
| Changes during period | | | | | |
| Issuance of new shares | 424 | 424 | | | 849 |
| Dividends of surplus | | | △23,068 | | △23,068 |
| Profit attributable to owners of parent | | | 68,164 | | 68,164 |
| Purchase of treasury shares | | | | △7,822 | △7,822 |
| Disposal of treasury shares | | | | 1,374 | 1,374 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | △216 | | | △216 |
| Reversal of revaluation reserve for land | | | △8 | | △8 |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes during period | 424 | 208 | 45,088 | △6,447 | 39,273 |
| Balance at end of period | 119,479 | 115,653 | 472,152 | △31,903 | 675,381 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|------------------------------------|------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 5,755 | 40 | 7,868 | 3,348 | 186 | 17,199 | 658 | 1,772 | 655,737 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | | | | | | | | | 849 |
| Dividends of surplus | | | | | | | | | △23,068 |
| Profit attributable to owners of parent | | | | | | | | | 68,164 |
| Purchase of treasury shares | | | | | | | | | △7,822 |
| Disposal of treasury shares | | | | | | | | | 1,374 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | | △216 |
| Reversal of revaluation reserve for land | | | | | | | | | △8 |
| Net changes in items other than shareholders' equity | △446 | △4,333 | 8 | 1,227 | 1,892 | △1,650 | △302 | △617 | △2,570 |
| Total changes during period | △446 | △4,333 | 8 | 1,227 | 1,892 | △1,650 | △302 | △617 | 36,702 |
| Balance at end of period | 5,309 | △4,293 | 7,876 | 4,576 | 2,079 | 15,548 | 355 | 1,154 | 692,440 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 88,088 | 96,653 |
| Depreciation | 20,593 | 20,445 |
| Impairment losses | 7,911 | 6,537 |
| Gain on sale of non-current assets | △6,873 | △5,983 |
| Share of loss (profit) of entities accounted for using equity method | △4,872 | △1,035 |
| Increase (decrease) in allowance for doubtful accounts | △6 | △3 |
| Increase (decrease) in provision for loss on business liquidation | △3 | △2 |
| Increase (decrease) in retirement benefit liability | △1,530 | △2,318 |
| Interest and dividend income | △165 | △214 |
| Interest expenses | 10,221 | 14,093 |
| Decrease (increase) in trade receivables | △18,824 | 13,434 |
| Decrease (increase) in inventories | △85,968 | △10,901 |
| Decrease (increase) in equity investments | 2,135 | △14,658 |
| Increase (decrease) in trade payables | △15,208 | 12,765 |
| Increase (decrease) in deposits received | △24,176 | 10,268 |
| Other, net | △11,378 | △30,977 |
| Subtotal | △40,058 | 108,103 |
| Interest and dividends received | 385 | 3,627 |
| Interest paid | △9,484 | △11,992 |
| Income taxes refund (paid) | 6,348 | △28,860 |
| Net cash provided by (used in) operating activities | △42,809 | 70,878 |
| Cash flows from investing activities | | |
| Purchase of investment securities | △34,486 | △43,273 |
| Proceeds from sales and liquidation of investment securities | — | 10,662 |
| Purchase of property, plant and equipment and intangible assets | △44,064 | △66,013 |
| Proceeds from sale of property, plant and equipment and intangible assets | 16,749 | 13,888 |
| Payments of leasehold and guarantee deposits | △1,516 | △2,838 |
| Proceeds from refund of leasehold and guarantee deposits | 1,601 | 3,325 |
| Repayments of lease and guarantee deposits received | △5,779 | △3,856 |
| Proceeds from lease and guarantee deposits received | 4,646 | 4,563 |
| Other, net | △46 | △96 |
| Net cash provided by (used in) investing activities | △62,896 | △83,638 |

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | △756 | △8,374 |
| Repayments of finance lease liabilities | △234 | △178 |
| Proceeds from long-term borrowings | 178,204 | 157,148 |
| Repayments of long-term borrowings | △69,000 | △78,159 |
| Proceeds from issuance of shares | 639 | 573 |
| Proceeds from issuance of bonds | — | 19,892 |
| Redemption of bonds | △10,000 | △20,000 |
| Proceeds from sale of treasury shares | 388 | 757 |
| Purchase of treasury shares | △14,379 | △7,860 |
| Dividends paid | △19,838 | △23,068 |
| Dividends paid to non-controlling interests | △158 | △38 |
| Proceeds from investments in silent partnerships | 810 | 210 |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | — | △979 |
| Net cash provided by (used in) financing activities | 65,675 | 39,921 |
| Effect of exchange rate change on cash and cash equivalents | 6 | △1,119 |
| Net increase (decrease) in cash and cash equivalents | △40,023 | 26,041 |
| Cash and cash equivalents at beginning of period | 67,793 | 27,770 |
| Cash and cash equivalents at end of period | 27,770 | 53,811 |

(5)Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Consolidated Statements of Income)

*1 Inventory at the end of the fiscal year is the amount after devaluation of the book value in connection with decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

(Millions of yen)

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|--|---|---|
| | 176 | 715 |

(Real Estate for Rent)

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

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

(Millions of yen)

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|---|---|---|
| Real estate for rent | | |
| Book value in the consolidated balance sheets | | |
| Balance at the beginning of the fiscal year | 639,024 | 618,122 |
| Changes during the fiscal year | (20,901) | 26,240 |
| Balance at the end of the fiscal year | 618,122 | 644,362 |
| Fair value at the end of the fiscal year | 836,951 | 878,097 |
| Properties including the portion used as real estate for rent | | |
| Book value in the consolidated balance sheets | | |
| Balance at the beginning of the fiscal year | 25,758 | 25,340 |
| Changes during the fiscal year | (418) | (387) |
| Balance at the end of the fiscal year | 25,340 | 24,953 |
| Fair value at the end of the fiscal year | 59,040 | 58,010 |

- (Notes) 1. Book values in the consolidated balance sheet are the amounts determined by deducting accumulated depreciation from the acquisition cost.
2. Fair values as of March 31, 2023 and 2024 are determined based primarily on values according to Real Estate Appraisal Standards (including adjustments based on certain indexes). However, if no significant fluctuations in certain appraisal values or indexes considered to appropriately reflected market values have occurred since the time of acquisition from third party or the time of the most recent appraisal, the Group bases the fair value on an amount that has been adjusted using the aforesaid values or indexes.

(Segment Information)

【Segment information】

Information regarding sales, gains or losses, assets, liabilities and others, by reportable segment

FY2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | | | Other (Note) 1 | Total | Adjustments (Note) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|---|----------------------------|---------------------------|----------|--------------------------|--------------------------------|--------------------------------------|-----------|-------------------|-----------|-------------------------|--|
| | Residential Development | Commercial Real Estate | Overseas | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | | |
| External customers | 301,496 | 196,844 | 6,769 | 13,444 | 45,419 | 90,482 | 654,457 | 277 | 654,735 | - | 654,735 |
| Internal sales and transfer amount among segments | 983 | 2,465 | 0 | 187 | 2,280 | 14,991 | 20,908 | 4 | 20,913 | (20,913) | - |
| Subtotal | 302,480 | 199,309 | 6,770 | 13,632 | 47,700 | 105,474 | 675,366 | 282 | 675,649 | (20,913) | 654,735 |
| Operating profit (Note) 3 | 33,323 | 39,231 | 2,414 | 7,796 | 13,785 | 9,816 | 106,368 | 147 | 106,516 | (6,917) | 99,598 |
| Share of profit (loss) of entities accounted for using equity method (Note) 3 | (6) | 23 | 4,836 | (51) | 37 | 32 | 4,872 | - | 4,872 | - | 4,872 |
| Amortization of intangible assets associated with corporate acquisitions (Note) 3 | 15 | 273 | 37 | 344 | - | 29 | 700 | - | 700 | - | 700 |
| Segment profit or loss (Business profit or loss) (Note) 3 | 33,333 | 39,529 | 7,288 | 8,089 | 13,822 | 9,878 | 111,942 | 147 | 112,089 | (6,917) | 105,172 |
| Segment assets | 607,382 | 1,225,125 | 160,942 | 44,064 | 29,088 | 51,368 | 2,117,972 | 1,324 | 2,119,296 | (8,602) | 2,110,693 |
| Other items | | | | | | | | | | | |
| Depreciation | 1,131 | 16,313 | 149 | 354 | 569 | 749 | 19,269 | 9 | 19,278 | 1,314 | 20,593 |
| Investment in affiliate accounted for using equity method | 550 | 1,025 | 130,400 | 559 | 142 | 355 | 133,034 | - | 133,034 | 817 | 133,852 |
| Increase in property, plant and equipment and intangible assets | 2,103 | 28,806 | 948 | 25 | 947 | 251 | 33,082 | - | 33,082 | 2,058 | 35,140 |

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

2. (1) The deduction of 6,917 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 3,187 million yen and a deduction of 10,105 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
- (2) The deduction of 8,602 million yen shown in the adjustments column for segment assets includes a deduction of 59,013 million yen for the elimination of inter-segment transactions and an addition of 50,410 million yen for corporate assets not allocated to each reportable segment.
3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

| | Reportable segments | | | | | | | Other (Note) 1 | Total | Adjustments (Note) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|---|----------------------------|---------------------------|----------|--------------------------|--------------------------------|--------------------------------------|-----------|-------------------|-----------|-------------------------|--|
| | Residential Development | Commercial Real Estate | Overseas | Investment Management | Property Brokerage & CRE | Property & Facility Management | Subtotal | | | | |
| Operating revenue | | | | | | | | | | | |
| External customers | 350,622 | 221,236 | 4,616 | 14,157 | 48,252 | 95,554 | 734,439 | 275 | 734,715 | - | 734,715 |
| Internal sales and transfer amount among segments | 1,189 | 2,515 | - | 199 | 1,336 | 12,636 | 17,877 | 5 | 17,882 | (17,882) | - |
| Subtotal | 351,812 | 223,752 | 4,616 | 14,356 | 49,588 | 108,190 | 752,317 | 280 | 752,598 | (17,882) | 734,715 |
| Operating profit (Note) 3 | 40,803 | 49,668 | (1,248) | 8,303 | 13,444 | 10,050 | 121,023 | 161 | 121,184 | (9,070) | 112,114 |
| Share of profit (loss) of entities accounted for using equity method (Note) 3 | 28 | 34 | 851 | 81 | 2 | 37 | 1,035 | - | 1,035 | - | 1,035 |
| Amortization of intangible assets associated with corporate acquisitions (Note) 3 | 15 | 273 | 39 | 186 | - | - | 515 | - | 515 | - | 515 |
| Segment profit or loss (Business profit or loss) (Note) 3 | 40,848 | 49,976 | (357) | 8,571 | 13,447 | 10,088 | 122,574 | 161 | 122,735 | (9,070) | 113,665 |
| Segment assets | 596,016 | 1,287,099 | 216,896 | 58,865 | 29,091 | 49,920 | 2,237,889 | 1,310 | 2,239,199 | 12,256 | 2,251,456 |
| Other items | | | | | | | | | | | |
| Depreciation | 842 | 16,132 | 142 | 226 | 635 | 742 | 18,721 | 9 | 18,730 | 1,714 | 20,445 |
| Investment in affiliate accounted for using equity method | 578 | 1,046 | 162,488 | 530 | 144 | 393 | 165,183 | - | 165,183 | 703 | 165,886 |
| Increase in property, plant and equipment and intangible assets | 1,930 | 45,356 | 14,987 | 4 | 1,575 | 961 | 64,816 | 2 | 64,818 | 1,241 | 66,059 |

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

2. (1) The deduction of 9,070 million yen shown in the adjustments column for segment profit or loss (business profit or loss) includes elimination of intersegment transactions of 2,979 million yen and a deduction of 12,049 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
- (2) The addition of 12,256 million yen shown in the adjustments column for segment assets includes a deduction of 55,070 million yen for the elimination of inter-segment transactions and an addition of 67,327 million yen for corporate assets not allocated to each reportable segment.
3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

【Impairment losses on non-current assets by reportable segment】

FY2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Residential Development | Commercial Real Estate | Overseas | Investment Management | Property Brokerage & CRE | Property & Facility Management | Total |
|-------------------|----------------------------|---------------------------|----------|--------------------------|--------------------------------|--------------------------------------|-------|
| Impairment losses | - | 7,911 | - | - | - | - | 7,911 |

FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Residential Development | Commercial Real Estate | Overseas | Investment Management | Property Brokerage & CRE | Property & Facility Management | Total |
|-------------------|----------------------------|---------------------------|----------|--------------------------|--------------------------------|--------------------------------------|-------|
| Impairment losses | - | 775 | - | 5,762 | - | - | 6,537 |

For this fiscal year, impairment losses of 5,762 million yen were recorded as extraordinary losses for intangible assets and goodwill associated with an asset group to which a UK subsidiary of the Investment Management Business Unit belongs. This was because that requests for cancellation from investors of real estate funds managed by that subsidiary were confirmed and the book value of the intangible assets and goodwill, which were recorded on the date of the business combination of that subsidiary, was written down to a recoverable amount.

(Per Share Information)

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|----------------------------|---|---|
| Net assets per share | 3,756.30 yen | 4,002.79 yen |
| Basic earnings per share | 365.26 yen | 392.29 yen |
| Diluted earnings per share | 364.35 yen | 391.57 yen |

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

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Millions of yen) | 64,520 | 68,164 |
| Profit not attributed to common shareholders (Millions of yen) | - | - |
| Profit attributable to owners of parent available to common stock (Millions of yen) | 64,520 | 68,164 |
| Average number of shares of common stock outstanding during the period (Thousand shares) | 176,640 | 173,759 |
| | | |
| Diluted earnings per share | | |
| Adjustment for profit attributable to owners of parent (Millions of yen) | - | - |
| Increase in number of shares of common stock (Thousand shares) | 443 | 321 |
| Of which, stock acquisition rights (Thousand shares) | (443) | (321) |
| Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect | - | - |

(Note) For the purposes of calculating net assets per share, the Company's shares owned by the executive compensation BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) are included in the treasury shares deducted from the total number of shares issued at end of period. In calculating the basic earnings per share and diluted earnings per share, the said shares are included in the treasury shares deducted in the calculation of the average number of shares outstanding during the period. The number of the treasury shares at the end of period deducted in calculating net assets per share was 3,553 thousand shares for the fiscal year ended March 31, 2023 and 3,053 thousand shares for the fiscal year ended March 31, 2024, and the average number of treasury shares during the period deducted in calculating the basic earnings per share and diluted earnings per share was 3,018 thousand shares for the fiscal year ended March 31, 2023 and 3,191 thousand shares for the fiscal year ended March 31, 2024.

(Significant Subsequent Events)

(Business combination through acquisition)

1. Outline of business combination

At a meeting of the Board of Directors held on December 21, 2023, the Company resolved to acquire all the shares of UDS Ltd. and make it a consolidated subsidiary. On the same day, the Company concluded a share transfer agreement. The Company acquired all the shares of UDS Ltd. on April 1, 2024.

(1) Name of the acquired company and details of the acquired business

Company name: UDS Ltd. and three other companies
Description of business: Planning, design and construction business
Operation of hotels
Operation of other facilities (shared houses, coworking offices, restaurants, cafeterias, etc.)

(2) Main reason for the business combination

In the Group's hotel operations, which show promise as a future growth pillar of the Group, customer needs are on the rise due to the increasing inbound needs and other factors. In response to such demand, the Group intends to establish a solid business foundation at the earliest opportunity and accelerate growth. Additionally, the Group aims to enhance and evolve the product appeal and further expand business opportunities in the development of various asset types.

(3) Date of the business combination

April 1, 2024

(4) Legal form of the business combination

Acquisition of equity in consideration for cash

(5) Name of the acquired company after the business combination

Unchanged.

(6) Ratio of voting rights acquired

100%

(7) Main grounds for determining the acquiring company

The Company acquired equity interest in exchange for cash payment.

2. Breakdown of acquisition cost of the acquired company, and consideration by type

| | | |
|-----------------------------------|------|--------------------|
| Consideration for the acquisition | Cash | 22,759 million yen |
| Acquisition cost | | 22,759 million yen |

3. Details and amount of major acquisition-related expenses

Not finalized at this time.

4. Amount of goodwill that occurred, cause for the occurrence, amortization method, and amortization period

Not finalized at this time.

5. Amount of assets accepted and liabilities assumed on the date of the business combination, and major breakdown thereof

Not finalized at this time.